

LEGISLATIVE FISCAL ESTIMATE

ASSEMBLY, No. 1492

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: JUNE 1, 2026

SUMMARY

Synopsis: Requires Secretary of Agriculture to establish Farm to School Local Food Procurement Reimbursement Grant Program to reimburse school districts for costs expended in sourcing and procuring local foods for students; appropriates \$4,500,000.

Type of Impact: Time-limited State expenditure increase; time-limited school district revenue and expenditure increases.

Agencies Affected: Department of Agriculture; school districts.

Fiscal Impact	Year 1	Year 2 & Thereafter
State Expenditure Increase	Up to \$4.5 million	Indeterminate
School District Revenue Increase	Up to \$4 million	Indeterminate
School District Expenditure Increase	Indeterminate	Indeterminate

- The Office of Legislative Services (OLS) determines that this bill would result in a State expenditure increase of up to \$4.5 million in the first year. If the full \$4.5 million is not expended in the first year, the remaining amount will be spent in subsequent fiscal years until the full \$4.5 million is exhausted. Of this amount, \$4 million would be dedicated to grant awards to school districts, and \$500,000 would be allocated for the administrative expenses of the Department of Agriculture to establish and operate the program.
- If the department determines that additional funds are necessary to support and continue program operations, facilitate the achievement of program goals, and finance individual program grant awards beyond the initial \$4.5 million appropriation, the department is to include this amount in its annual request for appropriations. School districts that elect to participate in the program will incur additional operating expenses as well as revenue from State reimbursements of up to \$4 million across all participating school districts.

BILL DESCRIPTION

This bill would require the Department of Agriculture to establish and operate the Farm to School Local Food Procurement Reimbursement Grant Program. The grant program would

provide reimbursement to eligible school districts in the State that undertake expanded or modified local food procurement policies and activities.

The department would be authorized to annually award a grant to each eligible school district in amounts between \$10,000 and \$250,000, depending upon the size of the district. Grants would be awarded to school districts on an equitable, pro rata basis, in accordance with a formula determined by the department. All funds would be used for the procurement of increased types or amounts of local foods. Districts would be permitted on a case-by-case basis to use up to 20 percent of the funds for technical assistance expenditures necessary to implement the district's proposed local food procurement plan. The department would annually submit a program status report to the Governor and Legislature upon submission of its annual budget request.

The bill would appropriate \$4.5 million from the General Fund to the department for the grant program. Of that amount, \$4 million would be deposited into the newly established Farm to School Local Food Procurement Reimbursement Fund for the financing of program grant awards. The remaining \$500,000 would support the department's program-related administrative expenses. The bill requires the department to include in its annual appropriations request a request for future funding necessary, not to exceed \$4.5 million, to support and continue program operations, facilitate the achievement of program goals, and finance individual program grant awards.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that this bill would result in a State expenditure increase of up to \$4.5 million in the first year. If the full \$4.5 million is not expended, the remaining amount will be spent in subsequent fiscal years until the full \$4.5 million is depleted. Of this amount, \$4 million would reimburse schools participating in the program. The remaining \$500,000 would support the administrative expenses of the Department of Agriculture to establish and operate the program, and the submission of an annual program report. If the department requires additional funding to support continued program operations and grant distribution, the department would be required to request the necessary amount in its annual request for appropriations.

School districts that elect to participate in the program will incur additional operating expenses, as well as revenue from State reimbursements of up to \$4 million across all participating school districts. At its discretion, the department may authorize a school district to use up to 20 percent of the funds annually awarded to reimburse technical assistance expenditures necessary to implement the district's proposed local food procurement plan. A school district receiving a reimbursement grant in a particular year is permitted to apply for a grant in subsequent years. However, school districts are prohibited from rolling grant funding from one year to the next. Subject to limited exceptions, any grant funds awarded to a school district that are uncommitted at the end of the annual disbursement period are to be reclaimed by the department and used for future grant program awards.

District administrative workloads may also increase to develop procurement plans, track expenditures, and comply with reporting requirements. The OLS cannot quantify these costs with available data.

For context, California Assembly Bill 675 of the 2025-2026 legislative session aimed to establish a similar Farm to School Program in the California Department of Food and Agriculture (CDFA); the bill passed the California Assembly but was held under submission in the Senate Appropriations Committee. The bill requires the CDFA to increase procurement of whole or minimally-processed foods, grown and produced in California, for school meal programs. The intent of the program was to increase hands-on nutrition education opportunities that educate pupils on the nutritional profiles of foods and advance the California farm to school network. Bill analyses included written statements from the CDFA verifying that the bill would result in an indeterminate fiscal impact. The CDFA determined that previous years' enacted budgets, which had approved \$4.4 million for its designated Office of Farm to Fork, could support the local planning and implementation of the new Farm to School program.

Section: Environment, Agriculture, Energy, and Natural Resources

*Analyst: Anna Heckler
Associate Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).