



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2420

PRINTER'S NO. 3382

PRIME SPONSOR: Burgos

COST / (SAVINGS)

FUND	FY 2024/25	FY 2025/26
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY: HB 2420 PN 3382 establishes the Keystone Fresh Program. Certain sections of the legislation would take effect in 180 days while others in 245 days.

ANALYSIS: This legislation creates the Keystone Fresh Program under the Department of Education (PDE) which in consultation with the Department of Agriculture (PDA) would administer the program. The Keystone Fresh Program would consist of three grant programs: Fresh Schools Grant Program, Keystone Producer Grant Program, and the Keystone Assistance Grant Program.

Fresh Schools Grant Program

- To be administered by Department of Education
- Grants would reimburse school food facilities for purchases of local food used for school meals
- Eligible local foods, that are grown, harvested, or raised in Pennsylvania, include:
  - Fruits, vegetables, grains, meats, fish, beans, yogurt
- Eligibility:
  - Schools and school districts
  - Preference given to applicants who plan to source foods from:
    - Veteran farmers or ranchers
    - Farmers or ranchers who are from disadvantaged groups
    - New and beginning farmers or ranchers
    - Farmers or ranchers who utilize sustainable agricultural practices
- Grant Amounts:
  - Amount of grant funding would be determined based on student enrollment, within the following parameters:
    - Applicants with enrollment from 100 to 1,000 are eligible for an award from \$16,500 to \$45,000
    - Applicants with enrollment from 1,001 to 5,000 are eligible for an award from \$35,000 to \$120,000
    - Applicants with enrollment from 5,001 to 10,000 are eligible for an award from \$85,000 to \$200,000
    - Applicants with enrollment above 32,000 are eligible for an award from \$200,000 to \$650,000

- *Eligible uses* - Grants can be used to buy local whole and minimally processed foods, as well as up to 20% of the grant award for support equipment upgrades as well as staff training related to increasing the amount of local food used in school meals
- *Ineligible uses* –Fluid dairy milk
- Reporting – schools must submit invoices for reimbursement and report on their purchases including, the name location, and amount purchased per farm/food hub

#### **Keystone Producer Grant Program**

- To be administered by the Department of Agriculture
- The program would assist farmers and producer who want to participate in the program
- *Eligibility*: farms, food hubs, and local food aggregators
- *Grant Amount*: max award capped at no more than \$150,000 per grantee
- *Eligible uses*: equipment or marketing needed to meet school food standards

#### **Keystone Assistance Grant Program**

- To be administered by the Department of Agriculture
- The program would assist farmers and producer who want to participate in the program
- *Eligibility*: Nonprofits and institutions of higher education located in Pennsylvania
- *Grant Amount*: maximum award capped at no more than \$150,000 per grantee
- *Eligible uses*: to assist school food authorities in utilizing unprocessed and minimally processed products

#### **Program Administration**

- Authorizes both the Department of Education and the Department of Agriculture to use funds for program administration and management
- Authorizes the Department of Education to use funds to assist program participation by school districts
- Authorizes the Department of Agriculture to use funds to conduct outreach and training
- Authorizes the Department of Agriculture to use funds for the development of a website to be utilized as a resource which would include a list of participating farms, information on integrating local foods into school meals, and how producers can access school meal channels, and sample menus

#### **Program Evaluation**

Language articulates for biennial external review to be conducted by a nonprofit organization or academic institution

#### **Program Fund**

Legislation establishes the Keystone Fresh Fund and includes the following requirements related to deposited funds:

- No less than 60% shall be appropriated for the Fresh Schools Grant Program
- No less than 25% of shall be appropriated to cover administrative costs by Department of Education and Department of Agriculture
- No less than \$250,000 shall be reserved every two years for the purpose of carrying out the biennial external evaluations

## **Other Components**

- *Eligible School District:*
  - a kindergarten through grade 12 school district; or
  - school in this Commonwealth operating the National School Lunch Program, with at least 100 students.
- *Local Food* - Any fruits, vegetables, grains, meats, fish, beans, yogurt and cheese that are grown, harvested or raised and minimally processed products in this Commonwealth
- *Minimally Processed Products* – food products which have not been fundamentally altered and the primary item can still be identified, including:
  - freezing, pasteurizing milk for use in yogurt or cheese
  - butchering livestock and poultry
  - cleaning fish
  - dicing/slicing produce
  - forming ground food products into patties, griding/drying meat and grains
- *School Food Authority* – a body responsible for the administration of one or more schools that has the authority to operate the National School Lunch Program

**FISCAL IMPACT:** The fiscal impact, on Commonwealth funds, from enactment of this legislation would be a function of whether the General Assembly appropriates funds to Department of Education or the Department of Agriculture for grant awards and program administration.

**PREPARED BY:** Gueorgui Tochev, Budget Analyst  
House Appropriations Committee (D)

**DATE:** July 1, 2024

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*