

OFFICE OF POLICY AND LEGAL ANALYSIS

To: Members, Joint Standing Committee on Agriculture, Conservation and Forestry
From: Karen S. Nadeau, Legislative Analyst
Date: April 29, 2021
Subj: **LD 1299** An Act To Permit Emergency Funding for Food Banks When a State of Emergency is Declared

SUMMARY:

Authorizes the Governor to distribute up to \$400,000 from the Maine Budget Stabilization Fund during a state of emergency to nonprofit entities, including food banks, food pantries and soup kitchens, that provide or distribute food to low-income, indigent or unemployed individuals or households without charge.

TESTIMONY

Proponents: *Good Shepard Food Bank of Maine; written only: Resident of Waldoboro; Bath Area Food Bank*

- The Food Bank played a critical role in responding to the COVID-19 pandemic throughout the state – ensuring continued access to nutritious food despite challenges with availability and access to food compounded by statewide heightened need.
- In total, the Food Bank spent \$8.5 million more in the pandemic year than in the prior year with \$7.5 million of this cost growth attributable to the pandemic.
- Based on our FY20 financials, 87% of revenue is attributable to private contributions and philanthropic grants. If you include the value of donated food, its closer to 96%.
- Mainers responded and because of their generosity, we were able to cover this significant increase in expenses, but this is a very vulnerable and risky way to plan for emergency response.
- The cost of the Food Bank’s response to the pandemic was significant; our role in the state’s emergency response is critical.’

Opponents: *None*

NFNA: *Department of Agriculture, Conservation and Forestry*

- DACF operates The Emergency Food Assistance Program (TEFAP) which supplies shelf-stable food to authorized food banks, food pantries and soup kitchens. TEFAP is funded by the USDA, which supplies a steady source of food and basic administrative funding year-round. Our TEFAP program supplies approx. 250 food pantries and other sites with shelf-stable food at no charge.
- Food pantry partners indicated most were receiving sufficient food and funding by early summer, a response time which the department expects will remain consistent in any future emergency. Pantries and other feeding sites weathered 2 or more months of challenges before new supplies and funding became available; this bill could address that gap in a future emergency.
- Will there be parameters around how the funds are spent (limited to food and personnel or extended to indirect costs?)
- How the funds will be allocated; department advocates for ensuring that pantries and other sites of all sizes and in all geographic locations be eligible to access the funds.
- DACF suggests that the State have the ability to advance rather than simply reimburse the funds.
- DACF also suggests that there be a ready mechanism in place for monies from the stabilization fund to be repaid to the fund if circumstances allow and stipulations to prevent “double dipping.”

RELEVANT STATUTES

Title 5 §1532. Maine Budget Stabilization Fund

1. Generally; stabilization fund established. The Maine Budget Stabilization Fund is hereby established. Amounts in the stabilization fund may not exceed 18% of total General Fund revenues in the immediately preceding state fiscal year and, except as provided by section 1533, may not be reduced below 1% of total General Fund revenue in the immediately preceding state fiscal year. For the purposes of this subsection, at the close of a fiscal year, "immediately preceding state fiscal year" means the fiscal year that is being closed.

2. Expenditures from fund. Except as otherwise provided in this section, amounts in the stabilization fund may be expended only to offset a General Fund revenue shortfall.

3. Fund to be nonlapsing. The balance of the stabilization fund may not lapse but must be carried forward to carry out the purposes of this chapter.

4. Investment of funds. The money in the stabilization fund may be invested as provided by law with the earnings credited to the stabilization fund.

5. Investment proceeds; exception. At the close of every month during which the stabilization fund is at the 18% limitation described in subsection 1, the State Controller shall transfer from the General Fund to the Retirement Allowance Fund established in section 17251 an amount equal to the investment earnings that otherwise would have been credited to the stabilization fund.

6. Death benefits. The Governor shall allocate funds from the stabilization fund as needed to pay benefits due pursuant to Title 25, chapter 195-A. Allocations may be made upon written request of the Chief of the State Police, the State Fire Marshal, the Director of Maine Emergency Medical Services or the Commissioner of Corrections and after consultation with the State Budget Officer.

7. State valuation adjustments.

8. Emergency management assistance compact transfers. The State Controller may transfer up to \$1,000,000 from the stabilization fund to the Military Training and Operations program within the Department of Defense, Veterans and Emergency Management based on amounts certified by the Commissioner of Defense, Veterans and Emergency Management to be necessary to fulfill the responsibilities of the department under the emergency management assistance compact under Title 37-B, section 921 or the International Emergency Management Assistance Compact under Title 37-B, section 935. These transfers are authorized only if the Legislature has adjourned sine die and only to the extent needed to meet the obligations of the department within that fiscal year that are in excess of available appropriations and any other funding sources. These funds must be allotted by financial order upon the recommendation of the State Budget Officer and approval of the Governor. Any amounts transferred from the stabilization fund must be returned to the stabilization fund upon receipt of reimbursement from the affected state or province.

PRELIMINARY FISCAL IMPACT STATEMENT: *Not yet received.*