Department of Agriculture and Markets

30% New York State Initiative

Report 2024-S-13 | October 2025

OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller
Division of State Government Accountability

Audit Highlights

Objective

To determine whether the Department of Agriculture and Markets is adequately administering the 30% New York State Initiative to ensure that New York State food products are provided to children as part of their lunch meal in school, while also supporting local farmers and the local economy. The audit covered the period from July 2022 through June 2025.

About the Program

New York State households with children have experienced the highest rates of food insecurity since 2020—as high as 16% in 2022. Even with lower rates of food insecurity in the first 3 months of 2024, roughly one in nine families with children in New York reported they sometimes or often do not have enough to eat due to lack of money or other resources.[1]

Providing meals for students is a strategy to reduce food insecurity, support learning, and improve physical health if the meals provided are high quality and healthy. The Department of Agriculture and Markets (AGM), through its Food and Nutrition Unit, administers the 30% New York State Initiative (Initiative). Established under Chapter 56 of the Laws of 2018, the Initiative is intended to provide healthy New York-sourced food products to children as part of their lunch meal in school. Annually, $10 million is appropriated to support the Initiative, which provides School Food Authorities (SFAs)—entities responsible for the administration and operation of school food programs—with reimbursement for school lunch meals. The Initiative increases the reimbursement schools receive for lunches from 5.9 cents per meal to 25 cents per meal. SFAs are eligible to participate in the Initiative when at least 30% of their total food costs for lunches in the preceding school year[2] is spent on eligible State-produced and -processed food products. SFAs must apply to AGM annually to participate in the Initiative. Applications are due in August, and SFAs must submit all child nutrition reimbursement claims from the previous school year prior to completing their applications. SFAs report information from the previous school year's food purchases on the application. Beginning with the 2022-23 school year, AGM developed an audit function that included conducting a review of the documents SFAs used to qualify for the Initiative, such as documentation relating to how the SFAs calculated that they meet the Initiative and supporting information for total annual food costs. As of June 12, 2025, for the 2024-25 school year, 73 SFAs were reimbursed approximately $2.9 million under the Initiative.

Key Findings

AGM is adequately fulfilling its responsibility to administer the Initiative; however, we found areas AGM could improve to enhance participation and access to eligible food products. Further, AGM could improve practices to increase assurance that the Initiative funds eligible foods that support local farmers and provide healthy choices for children, and to reduce certain administrative burdens on SFAs. Specifically:

- Although the Initiative was established over 7 years ago, and despite incremental increases since AGM became the lead agency in 2022 (taking the lead from the State Education Department), participation by SFAs remains relatively low. There are 762 SFAs eligible to participate in the Initiative outside New York City; however, only 73 (10%) have been approved for reimbursement

1 https://www.osc.ny.gov/reports/food-insecurity-persists-post-pandemic

2 A school year is the period July 1 through June 30.

under the Initiative, and just $2.9 million of the $10 million (29%) appropriated had been reimbursed for the most current school year (2024-25) to SFAs as of June 2025. SFA officials cited several barriers, but the most common reason cited was the administrative burden of having to account for school lunch costs separately from other food costs, such as breakfast or snacks. Of the 758 SFAs we surveyed, 253 responded. Of the 253 SFAs, 106 (42%) cited the administrative burden as an issue; however, several other factors were noted as well. For example, 60 (24%) cited difficulty sourcing eligible products from farms and distributors and 41 (16%) raised concerns over the cost of eligible products. While expanding the Initiative to include food costs other than lunch and increasing the reimbursement rate to align more with increases in food costs could only be made through legislative change, AGM could reduce some of the administrative burden built into the Initiative and improve access to eligible foods by connecting SFAs with suppliers and distributors or developing other resources to assist with sourcing eligible foods.

- Although AGM has developed a process to review and approve applicants, we found it could be improved if AGM required SFAs to include support for the total annual food costs incurred, allowing AGM the ability to verify the 30% calculation necessary to determine eligibility during the application process. AGM only required SFAs to submit supporting documentation for the total annual food costs during an audit but not with the application. Because the total annual food cost is a key number to determine if the SFA qualifies for the Initiative, without documentation to support this number, AGM cannot be certain a school qualifies unless AGM conducts an audit.
- To reduce the administrative burden on both AGM staff and SFAs, we identified areas within AGM's audit process that could be simplified or streamlined. We found that AGM did not standardize documentation requirements that SFAs use to support food costs, which may have contributed to errors in calculating eligibility percentages by SFAs or lack of support for costs. We reviewed 30 audits performed by Cornell Cooperative Extension and AGM and found four instances (13%) where support for total annual food costs was not found in documentation provided by the SFA and another seven instances (23%) where the total annual food costs provided by the SFA were incorrect, causing discrepancies in the application numbers related to total annual food costs and calculation of eligibility percentage.

Key Recommendations

- Take steps to improve participation in the Initiative, which may include but not be limited to: continuing or increasing outreach and assistance efforts; reducing the administrative burden and streamlining requirements where practicable; and developing and maintaining information to assist SFAs with identifying and purchasing eligible food products.
- Improve the administration of the Initiative, which may include but not be limited to: requiring SFAs to submit support for total food costs as part of the application process; providing guidance on documentation requirements to support eligible food costs; and standardizing and streamlining documentation requirements as practicable.

Office of the New York State Comptroller
Division of State Government Accountability

October 16, 2025

Richard A. Ball
Commissioner
Department of Agriculture and Markets
10B Airline Drive
Albany, NY 12235

Dear Commissioner Ball:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By so doing, it provides accountability for the tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit entitled *30% New York State Initiative.* This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Division of State Government Accountability

Contents

Glossary of Terms

Term	Description	Identifier
AGM	Department of Agriculture and Markets	*Auditee*
CCE	Cornell Cooperative Extension	*AGM Contractor*
Initiative	30% New York State Initiative	*Key Term*
Law	Chapter 56 of the Laws of 2018	*Law*
New York State food product	A food item that is grown, harvested, or produced in New York State; or a food item processed in or outside New York State comprising over 51% agricultural raw materials grown, harvested, or produced in New York State, by weight or volume	*Key Term*
Processing	Any alteration of a food product from its raw or original state to enhance its value or render it suitable for consumption; examples include, but are not limited to, butchering of meat or poultry, and cooking, pasteurizing, and/or packaging food products	*Key Term*
Producing	The production of food grown upon and/or harvested from the soil or waters through agricultural, horticultural, aquacultural, or dairying processes	*Key Term*
SED	State Education Department	*State Agency*
SFA	School Food Authority	*Key Term*
Vendor	A company that prepares, cooks, and packages unitized/bulk form meals at their own facilities and then delivers them	*Key Term*

Background

New York State households with children have experienced the highest rates of food insecurity since 2020—as high as 16% in 2022. Even with lower rates of food insecurity in the first 3 months of 2024, roughly one in nine families with children in New York reported they sometimes or often do not have enough to eat due to lack of money or other resources.[3] Providing meals for students is a strategy to reduce food insecurity, support learning, and improve physical health if the meals provided are high quality and healthy. Healthy food options are key in preventing childhood obesity, which the Department of Health reports has increased more than 13% since the COVID-19 pandemic among children and adolescents in public school districts outside New York City. When schools use food products from local sources, they are supporting local farmers and providing healthy choices for children in school meal programs, while also supporting the local economy.

Photo Source: LightFieldStudios iStock/Getty Images Plus

The mission of the Department of Agriculture and Markets (AGM) is to promote New York State agriculture and its high-quality and diverse products, foster agricultural environmental stewardship, and safeguard the State's food supply, land, and livestock to ensure the viability and growth of the State's agriculture industries. In support of its mission, AGM, through its Food and Nutrition Unit, administers the 30% New York State Initiative (Initiative). Established under Chapter 56 of the Laws of 2018 (Law), the Initiative is intended to provide healthy New York-sourced food products to children as part of their lunch meal in school. The State Education Department (SED) was initially the lead agency responsible for administering the Initiative; however, Chapter 56 of the Laws of 2022 established AGM as the lead.

Annually, $10 million is appropriated to support the Initiative, which provides School Food Authorities (SFAs)—entities responsible for the administration and operation of school food programs—with an increased reimbursement for school lunch meals. The Initiative increases the reimbursement schools receive for lunches from 5.9 cents per meal to 25 cents per meal. SFAs are eligible to participate in the Initiative and receive the additional reimbursement when at least 30% of their total food costs for lunches in the preceding school year[4] is spent on eligible State-produced or -processed food products.

Eligible Food Products Under the Initiative:

- ***Food grown, harvested, or produced in the State***
- ***Food processed in or outside the State comprising over 51% New York raw agricultural materials grown, harvested, or produced in State by weight or volume***

SFAs that purchase food items and prepare their own school lunches, or that contract with a food service management company to purchase food items and prepare school lunches, are eligible to participate in the Initiative. SFAs that procure school lunches from a vendor (a company that prepares, cooks, and packages unitized/bulk form meals off site at their own facilities and then delivers them) are not eligible to participate. When purchasing processed State food products, SFAs must obtain a signed product formulation statement from the product manufacturer certifying these products contain 51% New

3 https://www.osc.ny.gov/reports/food-insecurity-persists-post-pandemic

4 A school year is the period July 1 through June 30.

York raw agricultural materials; otherwise, these products cannot be counted. The Law requires AGM to publish SFA participation information on its website commencing September 1, 2022 and annually each September 1 thereafter.

SFAs must apply to AGM annually to participate in the Initiative. Applications are due in August, and SFAs must submit all child nutrition reimbursement claims from the previous school year prior to completing their applications. SFAs report information from the previous school year's food purchases on the application including the total:

- Cost of all food purchased—breakfast, lunch, snack, à la carte, etc.
- Amount of revenue from federal and State reimbursement for all child nutrition programs.
- Amount of revenue from reduced-price and paid lunch meal sales.
- Cost of eligible food products purchased for the school lunch program.

The cost of reimbursable lunches is used as the basis to determine the minimum amount of New York food product purchases each SFA is required to incur to receive reimbursement. To assist SFAs in determining the minimum purchase amount of State food products required to qualify for the Initiative, AGM offers a 30% Calculation Tool on its website. As part of the application process, an SFA official is required to fill out an attestation statement certifying the information submitted on the application is true and correct.

Beginning with the 2022-23 school year, AGM developed an audit function that included conducting a review of the documents SFAs used to qualify for the Initiative, such as documentation relating to how the SFAs calculated that they meet the Initiative and supporting information for total annual food costs. For each year that SFAs participate in the Initiative, they are required to maintain documentation substantiating that at least 30% of the total food costs for its school lunch program in the preceding school year represents purchases from New York farmers, growers, producers, or processors, qualifying them for subsidy in the following year. This documentation may include, but is not limited to, solicitations, contracts, purchase orders, price lists, labels, invoices, receipts, production records, and State product lists. The SFA must retain the documents for a period of 3 years after the date of the final claim for reimbursement for the fiscal year to which it pertains or, in the event of an audit, as long as required for the resolution of the issues raised by the audit. When an SFA is first approved for the Initiative, it undergoes an initial audit. If the SFA passes the initial audit and is approved for reimbursement, it will undergo a subsequent audit every 3 years; otherwise, it will be subject to an audit each year it applies until it meets the necessary requirements.

To assist with the administration of the Initiative, AGM contracted with Cornell University for the primary goal of increasing the volume and variety of local food products purchased by SFAs for use in child nutrition food programs. Cornell Cooperative Extension (CCE) provides direct support to supply chain partners, including SFAs, producers, processors, manufacturers, and distributors. Some of the tasks performed by CCE included offering training in partnership with AGM, assisting

AGM in the review and preparation of documents for the 2021-22 SFA audits, and maintaining the 30% New York State Eligible Database, which contains a listing of State food products.

Audit Findings and Recommendations

AGM is adequately fulfilling its responsibility to administer the Initiative; however, we found areas AGM could improve to enhance participation and access to eligible food products. Further, AGM could improve practices to increase assurance that the Initiative funds eligible foods that support local farmers and provide healthy choices for children, and to reduce certain administrative burdens on SFAs.

SFA Participation

Although the Initiative was established over 7 years ago, and despite incremental increases since AGM became the lead agency in 2022, participation by SFAs remains relatively low. There are 762 SFAs eligible to participate in the Initiative outside New York City; however, only 73 (10%) have been approved for reimbursement under the Initiative and just $2.9 million of the $10 million (29%) appropriated had been reimbursed for the most current school year (2024-25) as of June 2025. New York City is not excluded from participating in the Initiative but has not applied. The following table details reimbursements from the Initiative since AGM became the lead in 2022.

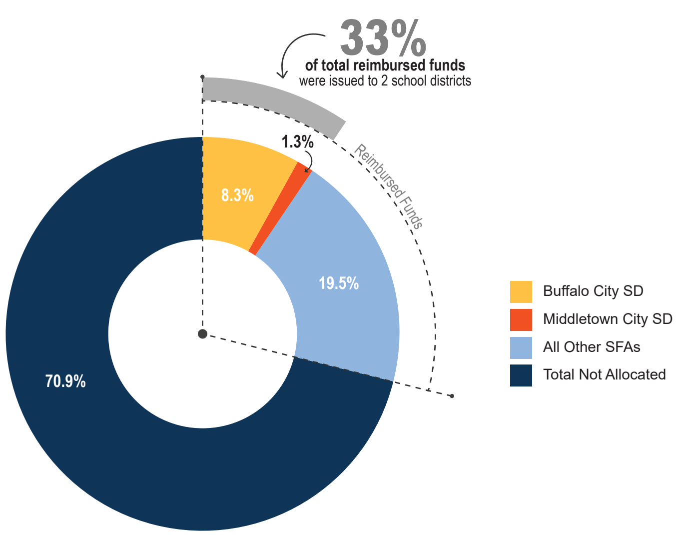
Initiative Reimbursements*

School Year	Approved SFAs	Total Reimbursed	Remaining Amount	Percent of $10 Million Reimbursed
2022-23	51	$2,472,972	$7,527,028	24.73%
2023-24	59	$2,813,025	$7,186,975	28.13%
2024-25**	73	$2,907,049	$7,092,951	29.07%

*Data received from SED's Child Nutrition Management System
**Reimbursements through June 12, 2025

Additionally, two school districts (Buffalo and Middletown) accounted for 33% of total reimbursed funds (nearly $960,000 of the $2.9 million reimbursed) and 10% of the total appropriation for the 2024-25 school year, as shown in the figure below.

Reimbursement by SFA and Unallocated Funds 2024–25 School Year



According to AGM, there are no formal written strategic plans for the Initiative, but the goal is to increase SFA participation. SFA officials cited several barriers, but the most common reason cited was the administrative burden of having to account for school lunch costs separately from other food costs, such as breakfast or snacks. Of the 758 SFAs we surveyed, 253 responded. Of the 253 SFAs, 106 (42%) cited the administrative burden as an issue; however, several other factors were noted as well. For example, 60 (24%) cited difficulty sourcing eligible products from farms and distributors and 41 (16%) raised concerns over the costs of eligible products. The SFA officials we interviewed expanded further on these issues, stating there were difficulties in sourcing eligible products and the increased costs incurred by purchasing qualifying products outweighed the Initiative's reimbursement. AGM officials also conducted outreach to SFAs to determine barriers to participation in the Initiative and found similar issues noted.

Spending on Food Has Risen Sharply:

Food costs increased by 46.4% nationally between 2012-13 and 2022-23 and in the New York City metropolitan area rose by 56.2%.

While expanding the Initiative to include food costs other than lunch and increasing the reimbursement rate to align more with increases in food costs could only be made through legislative change, AGM could reduce some of the administrative burden built into the Initiative and improve access to eligible foods by connecting SFAs with suppliers and distributors or developing other resources to assist with sourcing eligible foods. For example, although CCE developed the 30% New York State Eligible Database, one SFA we spoke with stated they found that products in the database may be out of date or no longer available. Also, SFAs are required to obtain yearly documentation from the farmer or producer to substantiate the sourcing of ingredients for non-New York State Grown & Certified products, and two different SFAs buying from the same farmer need to separately obtain product information and certification from the farmer. According to one SFA, tracking down product information from farmers is difficult and it is hard to get farmers to respond in some cases.

AGM officials stated they have made efforts to assist with reducing the administration burden by accepting distributor reports instead of invoices as proof of purchase. Additionally, during our audit, AGM officials stated they started outreach to SFAs to begin to pre-verify products not in the database maintained by CCE. They did so by reaching out to SFAs that qualified during the 2023-24 school year to obtain a list of products and/or distributors from whom they purchase eligible products that are not currently in the database.

To help support the administration of the Initiative, AGM's contract with CCE tasks them with partnering with AGM on developing a technology-based solution to support Initiative tracking and the application process. According to the final progress report submitted by CCE and received by AGM in April 2024, this task was not completed because a suitable technology-based solution could not be found.

AGM officials further stated that they continue to look for ways to improve the Initiative for all users. During our audit, AGM continued to develop alternative technology-based solutions, including a new planning calculator to help SFAs estimate the 30% target and additional reimbursement when replacing existing products with eligible food products. This calculator is available on AGM's website for SFAs to use in the 2025-26 application process. According to AGM officials, they also intend to implement the use of a shared drive for SFA file sharing. Also, to help increase Initiative participation across the State, AGM conducted 26 outreach events with SFAs between February 2023 and February 2025 and 19 outreach events with producers between December 2023 and March 2025. At these events, AGM provided training, offered information about Initiative updates and changes, and advised of available resources. AGM officials stated outreach efforts for the 2024-25 school year aimed to build greater administrative assistance into the Initiative, provide better resources for planning SFA finances, and showcase how purchasing eligible foods doesn't cause the perceived financial burden.

We recommend AGM continue outreach and assistance efforts and work with SFAs to connect with suppliers and distributors of eligible foods and reduce administrative burden, streamlining requirements where practicable.

Administration of the Initiative

Application Reviews

Although AGM has developed a process to review and approve applicants, we found it could be improved if AGM required SFAs to include support for the total annual food costs incurred, allowing AGM the ability to verify the 30% calculation necessary to determine eligibility. AGM only required SFAs to submit supporting documentation for the total annual food costs during an audit but not with the application. Because the total annual food cost is a key number to determine if the SFA qualifies for the Initiative, without documentation to support this number, AGM cannot be certain a school qualifies unless AGM conducts an audit.

Officials stated AGM intends to take several actions to improve its application process. Beginning with the 2025-26 school year, AGM plans to update the Initiative application and require SFAs to provide more detailed information and documentation related to the calculation of their total food costs. This includes the sale of reimbursable meals, meal debt, à la carte sales, adult meals, catering sales, vendor rebates, Boards of Cooperative Educational Services aid, Child and Adult Care Food Program reimbursement, and revenue from vending meals to other programs. Additionally, according to AGM officials, they will begin verifying all numbers in the calculation used to determine eligibility for additional reimbursement through the Initiative (including a school's total annual food costs) during application reviews.

Audits

To reduce the administrative burden on both AGM staff and SFAs, we identified areas within AGM's audit process that could be simplified or streamlined. We found that AGM did not standardize documentation requirements that SFAs use to support food costs, which may have contributed to errors in calculating eligibility percentages by SFAs or lack of support for costs. We reviewed 30 audits performed by CCE and AGM and identified four instances (13%) where support for total annual food costs was not found in documentation provided by the SFA and another seven instances (23%) where the total annual food costs provided by the SFA were incorrect, causing discrepancies in the application numbers related to total annual food costs and calculation of eligibility percentage. We determined that the difference in the total annual food costs did not affect the SFA's approval to participate in the Initiative.

Because AGM did not create a standardized process or detailed guidance for SFAs on how to support food costs, SFAs provided varying types of documentation based on the financial software used by the school to support their total annual food costs. For example, as support for its total annual food costs, one SFA provided a detailed report that included totals of all salaries, equipment expenditures, and total food/milk purchases. In this instance, the total annual food costs reported on the SFA's application were accurate and supported by the documentation maintained. However, another SFA submitted a report with less detailed documentation, using three different numbers which were highlighted, and the total was handwritten on the document to support the total annual food costs. In this instance, the three numbers added up to $48,219, which differed from the amount of $49,143 provided on the original application submission.

According to AGM, different reports from a school's financial software were accepted to reduce the administrative burden that would be created by requiring SFAs to input all the same information into another form. We recognize the need to balance the review of eligible costs and the administrative burden placed on SFAs; however, without streamlining the process and providing detailed guidance to SFAs on the information and documentation required to support food costs, it may cause confusion and increase the risk of errors in calculating the percentage of eligible food products. Coupled with clear guidance from AGM, a standardized process for documenting food costs and purchases may reduce the burden on SFAs over time while providing assurance to AGM that the Initiative funds eligible foods that support local farmers and provide healthy choices for children.

To assist SFAs, in May 2025, AGM published a handbook for food service directors on its Initiative website with guidance on the type of documentation that must be provided to support food costs. The handbook requires documentation from financial system reports that show the total annual food costs and any additional cost budget lines to be included. It further states that profit and loss statements from the SFA will not be accepted as proof of food costs and calculations to determine net food costs will not be accepted, including using beginning and ending inventory.

Public Information

For school year 2024-25, AGM did not publish required Initiative information relating to each SFA that applied for and received the Initiative reimbursement subsidy on its website on time. The required information was published online in November

2024; however, prior to September 2024, AGM did provide SED with a tentative list of approved SFAs in August 2024. AGM guidance requires SFAs to submit annual Initiative applications no later than August 15, providing a very limited 2-week time frame in which AGM must review, approve, and publish this information by September 1, contributing to the delay. If possible, adjusting the application date to allow more time for AGM to comply with reporting requirements might be warranted.

Recommendations

1. Take steps to improve participation in the Initiative, which may include but not be limited to:
   - Continuing or increasing outreach and assistance efforts;
   - Reducing the administrative burden and streamlining requirements where practicable; and
   - Developing and maintaining information to assist SFAs with identifying and purchasing eligible food products.
2. Improve the administration of the Initiative, which may include but not be limited to:
   - Requiring SFAs to submit support for total food costs as part of the application process;
   - Providing guidance on documentation requirements to support eligible food costs;
   - Standardizing and streamlining documentation requirements as practicable; and
   - Publishing SFA participation information by September 1.

Audit Scope, Objective, and Methodology

The objective of our audit was to determine whether AGM is adequately administering the Initiative to ensure that New York State food products are provided to children as part of their lunch meal in school, while also supporting local farmers and the local economy. The audit covered the period from July 2022 through June 2025.

To accomplish our objective and assess related internal controls, we reviewed applicable laws, policies, procedures, and documentation provided by AGM related to its oversight of the Initiative. We interviewed AGM officials to gain an understanding of the procedures for reviewing SFA applications, certifying SFAs, and AGM's audit of SFAs' supporting documentation to qualify for the Initiative. We also met with officials from SED and CCE to gain an understanding of their role in and experience with this Initiative. Additionally, we met with four SFAs to understand their experience with the Initiative and conducted a voluntary informational survey of 758 SFAs—to which 253 SFAs responded—to better understand their experience with and understanding of the Initiative. We also analyzed public data available from the Child Nutrition Management System.

We used a non-statistical sampling approach to provide conclusions on our audit objective and to test internal controls and compliance. We selected judgmental samples. However, because we used a non-statistical sampling approach for our tests, we cannot project the results to the respective populations. Our samples, which are discussed in detail in the body of our report, include:

- A judgmental sample of 15 SFA applications out of 190 to determine if Initiative applications are complete and accurate and to confirm approval or denial. We selected these applications based on the largest lunch budgets each year, not duplicating SFAs selected in the previous years, and included a lower-dollar lunch budget SFA that was selected for 2 consecutive years. We also selected all seven denied applications for the 3 years in our scope period.
- We selected a judgmental sample of 30 audit reviews out of 69 performed by AGM and CCE. We reviewed all 10 audits for the 2021-22 school year performed by CCE, all 16 for the 2022-23 school year performed by AGM, and four for the 2023-24 school year out of 43 performed by AGM, based on schools that had not been reviewed in the previous years. The four audits included one with high-dollar lunch budget spending, one with low-dollar lunch budget spending, and two that were new to the Initiative.

We relied on data obtained from the Child Nutrition Management System, which is recognized as an appropriate source, and used this data for widely accepted purposes. Therefore, this data is sufficiently reliable for the purposes of this report without requiring additional testing.

Statutory Requirements

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. These duties could be considered management functions for the purposes of evaluating organizational independence under generally accepted government auditing standards. In our professional judgment, these duties do not affect our ability to conduct this independent performance audit of AGM's oversight and administration of the 30% New York State Initiative.

Reporting Requirements

A draft copy of the report was provided to AGM officials for their review and comment. Their comments were considered in preparing this final report and are attached in their entirety at the end of it. In their response, AGM officials generally agreed with our recommendations and indicated actions they would take or already have taken to implement them.

Within 180 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Department of Agriculture and Markets shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

Agency Comments

Department of Agriculture and Markets

KATHY HOCHUL
Governor

RICHARD A. BALL
Commissioner

September 2, 2025

Heather Pratt
Office of the State Comptroller
Division of State Government Accountability
110 State Street - 11th Floor
Albany, NY 12236-0001

Dear Ms. Pratt,

Thank you for the opportunity to comment on the draft audit report 2024-S-13, "30% New York State Initiative."

The 30% New York State Initiative is intended to provide healthy New York sourced food products, such as farm fresh products, to children as part of their lunch meal in school. When schools use food products from local sources, they are supporting local farmers and providing healthy choices for children in school meal programs, while also supporting the local economy.

In the three years that the Department of Agriculture and Markets (AGM) has maintained the program, AGM has:

- increased participation to 73 School Food Authorities (SFAs), a 43% increase from the 51 participants in 2022.
- conducted outreach to SFAs to identify improvement opportunities and discuss barriers and ways to reduce them.
- hosted webinars to discuss the program and highlight best practices.
- published guidance, including a handbook for food service directors.
- added new administrative tools to assist SFAs.
- developed a planning calculator for SFAs to estimate the 30% target.

AGM is committed to continuing to improve the program to make it easier for schools to serve New York farm fresh products to school children.

AGM's response to the Office of the Comptroller's (OSC) recommendations are as follows:

<u>OSC Recommendation 1</u> – Take steps to improve participation in the Initiative, which may include, but not be limited to:

- Continuing or increasing outreach and assistance efforts;
- Reducing the administrative burden and streamlining requirements where practicable; and

- Developing and maintaining information to assist SFAs with identifying and purchasing eligible food products.

Response to Recommendation 1 – AGM agrees with this recommendation to continue with our current efforts to increase participation. The program participation has increased 43% since AGM took the lead on the Initiative, and AGM has an ongoing goal of continuing to increase participation. As the audit report notes, AGM has and will continue to work to increase participation and improve administration:

- AGM conducted over 40 outreach events to SFAs and producers from February 2023 through March 2025. Similar outreach events for both SFAs and producers are planned for the 2025-2026 school year, and program staff will continue to make themselves available for individualized technical assistance.
- AGM created a planning calculator to help SFAs estimate the 30% target and additional reimbursement when replacing existing products with eligible food products. AGM will continue to teach SFAs how to use this tool.
- AGM published a Food Service Director's Handbook and provided it to SFAs via the 30% NYS Initiative website. The handbook provides guidance on the application process and specifically on the documentation needed to support food costs to clearly outline requirements for SFAs.

OSC Recommendation 2 – Improve the administration of the Initiative, which may include but not be limited to:

- Requiring SFAs to submit support for total food costs as part of the application process;
- Providing guidance on documentation requirements to support eligible food costs;
- Standardizing and streamlining documentation requirements as practical; and
- Publishing SFA participation information by September 1.

Response to Recommendation 2 – AGM agrees with this recommendation and as the audit report notes, many of these items have already been addressed:

- AGM has updated the application for the 2025-2026 school year and requires SFAs to provide documentation to support total food costs with the application.
- The Food Service Director's Handbook that is available on the 30% NYS Initiative website provides clear guidance on standardized documentation needed to support food costs.
- AGM published the list of approved SFAs for the 2025-2026 school year by the September 1 deadline.

NEW YORK STATE | Department of Agriculture and Markets

KATHY HOCHUL
Governor

RICHARD A. BALL
Commissioner

Thank you for the opportunity to comment on the draft report. If you need anything further, please feel free to reach out to Shelly Taleporos, Director of Internal Audit.

Sincerely,

Richard A. Ball

Richard A. Ball
Commissioner

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