

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-5538/1	Introduction Number SB-0948
Description healthy food incentive program	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 20.435(4)(bt) and (pv)	
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Date 2/14/2024	

Fiscal Estimate Narratives

DHS 2/14/2024

LRB Number	23-5538/1	Introduction Number	SB-0948	Estimate Type	Updated
Description healthy food incentive program					

Assumptions Used in Arriving at Fiscal Estimate

This legislation requires the Department to develop and administer a Healthy Food Incentive Program to incentivize the purchase and consumption of fruits and vegetables among FoodShare recipients. (The federal Supplemental Nutrition Assistance Program (SNAP) is known as FoodShare in Wisconsin. While these terms may be used interchangeably in Wisconsin, this estimate uses the term FoodShare in reference to Wisconsin-specific policies and SNAP in reference to federal policies.) The proposal requires the Department to contract with one or more nonprofit organizations to administer the program. Furthermore, this proposal utilizes \$425,000 in available GPR funds from the continuing appropriation under s. 20.435(4)(bt) to fund the non-federal share of the program costs and requires DHS to seek federal matching funds from the Gus Schumacher Nutrition Incentive Program (GusNIP), which is administered by the USDA's Food and Nutrition Service (FNS). The bill also limits administrative expenses to 25% of the available funding.

The Legislature previously established the Health Eating Incentive Pilot Program, under s. 49.79(7r), which sunsetted in December 2019. That program was expected to cover 2,000 SNAP households for a period of 10 months. Because the law predated the GusNIP program, FNS required DHS to seek a waiver prior to releasing a request for proposals (RFP) from potential contract vendors, which resulted in the Department being unable to implement the program prior to its sunset date. However, the continuing appropriation established for this project was not repealed and these funds remain available. With a potential 50% federal match available through the GusNIP program, this estimate assumes a total program budget of \$850,000 all funds.

Over the past 12 months ending in December 2023, there was an average of 372,086 households comprised of an average of 707,439 individuals enrolled in the FoodShare program. Since the end of the pandemic emergency allotments, monthly FoodShare benefit allotments have averaged \$299.61 per household and \$157.61 per individual. Total federal SNAP benefits for calendar year 2023 totaled nearly \$1.5 billion in Wisconsin.

In the Department's previous estimate, the Department interpreted this proposal as mandating a statewide program for potentially all FoodShare households and potentially at all SNAP retail locations. Under this interpretation of the bill, such a statewide GusNIP program would have several categories of administrative costs that would total more than 25% of the funding currently appropriated under s. 20.435(4)(bt) plus a federal match. Those costs would include: (1) costs for changes to the state's EBT vendor's systems, (2) costs for updating and maintaining updated point of sale EBT systems for SNAP retailers, (3) costs for system changes to the CARES system, (4) costs of annual program evaluations that will likely be required by FNS to receive federal matching funds, and (5) costs and FTE position authority to manage a statewide program. The total impact for these costs for a statewide is indeterminate at this time.

Assuming that the Department could manage administrative costs for a statewide program under the cap in the bill, the Department would have \$637,500 all funds available to provide benefits. For a statewide program covering all FoodShare households, this would yield an average total benefit of \$1.71 per household and \$0.90 per individual.

If, on the other hand, the legislative intent for this proposal is to create a small-scale Healthy Food Incentive Program at a limited number of SNAP retail locations, the following section describes the Department's estimate of what level of programming could be implemented within the funding already appropriated under s. 20.435(4)(bt) plus any federal match under the GusNIP program.

The Department estimates that a smaller-scale program using available funding could be operated at five large-sized SNAP retailer locations and three medium sized SNAP retailer locations for one year at a cost of \$640,000 all funds. Alternatively, the program could operate at two large-sized SNAP retailer locations and four medium sized SNAP retailer locations for two years at a similar cost. The Department would decide the exact structure of the program and the retail locations as it contracts with nonprofit partner(s) to implement the program.

Under the provisions of this bill and based on available funds, approximately \$210,000 all funds would be available to support program administrative costs. Of that amount, \$50,000 would be necessary for an evaluation of the program, \$5,600 would be needed for one-time upgrades to point of sale EBT systems, and \$8,300 would be required for annual maintenance of the upgraded point of sale EBT systems. The remaining \$146,100 all funds would be available to fund contract costs for one or more nonprofit organizations to further develop, promote, and administer the program including data collection (which would be aided by the upgrades to point of sale EBT systems).

The provisions of this bill do not provide additional staff for DHS to develop and support this program. However, program implementation would require a substantial investment of state resources, including applying for the GusNIP grant, developing an RFP to select one or more nonprofit organizations, evaluating the responses to the RFP, and finalizing vendor contracts. The Department estimates it would need 1.0 FTE and \$117,000 all funds (\$58,500 GPR) in additional funding to ensure timely implementation of the provisions of this bill. In the absence of additional staffing resources, the Department estimates it would take approximately two years for the Department to finalize one or more vendor contracts and additional time for the vendor(s) to implement the program.

Long-Range Fiscal Implications