

Fiscal Estimate Narratives

DHS 4/8/2013

LRB Number	13-1032/1	Introduction Number	AB-0110	Estimate Type	Original
Description Pilot program to limit foods under FoodShare and providing an exemption from rule-making procedures					

Assumptions Used in Arriving at Fiscal Estimate

This bill would require the Department to apply for a waiver from the United States Department of Agriculture, Food and Nutrition Service to implement a pilot program which limits the use of Supplemental Nutrition Assistance Program (SNAP) benefits for food and beverages to items with sufficient nutritional value. The SNAP program is termed FoodShare in Wisconsin.

In order to implement the provisions of this bill, the Department would need 1.0 FTE to develop policy and waiver documents and to implement and administer the pilot program. The estimated annual cost of this ongoing position is \$87,000 AF (\$43,500 GPR) per year.

FoodShare participants and vendors participating in the pilot would need to be educated on the list of foods eligible for purchase in the pilot program. The Department currently contracts with the UW-Extension to provide FoodShare participant education; this education is funded with Federal FoodShare funds. The Department would use these existing resources to educate FoodShare participants in the pilot program.

The Department will need an additional position for vendor education and/or recruitment activities. The waiver could be structured to mandate that all vendors in the pilot area participate or could rely on voluntary participation. The Department will expend staff time either to educate all vendors under a mandatory program or recruit and educate vendors under a voluntary arrangement. In either case, the Department anticipates one project FTE will be needed for 12 months to complete vendor recruitment and vendor education tasks at the beginning of the pilot. The estimated cost of the FTE is \$73,700 AF (\$36,900 GPR) for one year.

The current FoodShare program allows for purchase of foods to be eaten at home and excludes liquor, tobacco products, non-food items, pet food, and hot food. In grocery stores with an electronic scanning system, the foods allowed for purchase using FoodShare benefits are programmed into the store's computer system. Grocers will incur a cost to modify their store systems for the pilot program. In addition, the point-of-sale electronic benefit transfer (EBT) card system is programmed to identify unallowable purchases. The point-of-sale units in the pilot program will need to be re-programmed to exclude specific food items and must be continuously updated to reflect universal product code (UPC) for excluded items, as food stores make changes to the products they sell. The vendor has indicated this would require significant programming work, but was unable to provide a precise estimated cost at this time.

A general requirement of waivers is that they demonstrate and provide evidence of the value of the revised policy. An evaluation will likely be required. The Department assumes it can complete an evaluation using existing and contracted staff for approximately \$150,000 AF (\$75,000 GPR).

In summary, the estimated one-time costs of this bill would be \$223,700 AF (\$111,900 GPR) for an evaluation and 1.0 FTE project staff to recruit and educate FoodShare vendors. There would be additional point-of-sale programming expenses incurred by the Department's EBT vendor; the amount is unknown at this time. Grocers would incur costs to educate staff and modify grocer scanning equipment for the pilot program. The ongoing costs of the proposed bill are an estimated \$87,000 AF (\$43,500 GPR) for 1.0 FTE Program and Policy Analyst.

Long-Range Fiscal Implications