

Fiscal Estimate Narratives

DHS 1/30/2024

LRB Number	23-5538/1	Introduction Number	SB-0948	Estimate Type	Original
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.

The Legislature previously established the Health Eating Incentive Pilot Program, under s. 49.79(7r), which sunsetted in December 2019. Unlike that previous program, this proposal specifies that the program be operated statewide and that participation be open to all FoodShare recipients and all authorized SNAP retailers. The bill limits administrative expenses under the program to 30% of available funding and requires the Department to seek any available federal matching funds through the Gus Schmacher Nutrition Incentive Program (GusNIP). Under the proposal, "fruits and vegetables" would mean fresh, canned, dried, or frozen fruits or vegetables that do not contain added sugar, fat, oil, or salt.

The legislation authorizes DHS to utilize an existing \$425,000 balance in the continuing GPR appropriation under s. 20.435(4)(bt) which cannot be spent by the Department under current law. The bill does not appropriate any additional non-federal funds. Assuming a 50% federal administrative match on that amount, the Department would have \$850,000 all funds to operate the program.

The costs to design, develop, implement, and administer this program are indeterminate at this time; however, it is likely that the costs would exceed the \$255,000 cap on administrative costs (30% of \$850,000).

The Department would need at minimum 1.00 additional FTE position to facilitate the design of the program; pursue federal grants each year; provide coordination between the selected vendor(s), the Department, and other FoodShare partners/vendors; provide technical assistance to members, agencies, retailers, and vendors; and manage workflows for the creation of public communications. The anticipated cost of this position (including salary, fringe, supplies, and services is estimated at \$114,800 all funds (\$57,400 GPR) annually.

In addition to the costs of a new position and for a contract with a non-profit vendor, potential costs include systems updates with the Department's electronic benefit transfer (EBT) card vendor (in order to track benefit utilization), changes to point of sale systems at all SNAP retailers in Wisconsin to differentiate between fruits and vegetables as defined in the bill from other SNAP-eligible grocery items, changes to the Client Assistance for Re-employment and Economic Support (CARES) system (which manages program eligibility and FoodShare benefit levels), and annual evaluations performed by an independent evaluator (which the Federal Nutrition Service has required for other GusNIP programs). These administrative costs are indeterminate at this time.

SNAP benefit allotment amounts are determined on a sliding scale based on income so that benefits approach zero as a household's income approaches the income eligibility limits. If the Healthy Food Incentive Program were to be similarly designed to provide the largest benefit to the households with the lowest incomes, this funding methodology is administratively complex and would result in significant ongoing costs related to the EBT and CARES contracts. These costs are indeterminate at this time.

Over the past 12 months ending in October 2023, there was an average of 372,442 households comprised of an average of 708,394 total individuals enrolled in the FoodShare program. Since the end of the pandemic emergency allotments, monthly FoodShare benefit allotments have averaged \$297.19 per household and \$156.20 per individual.

Assuming that the Department could manage all of these administrative costs under the cap in the bill, the Department would have \$595,000 all funds remaining to provide benefits. This would yield an average total

monthly benefit of \$1.60 per household and \$0.84 per individual.

For a sense of scale, an average monthly GusNIP benefit of \$10 per household (or a 3.4% net increase for FoodShare households) would cost about \$44,693,000 all funds (\$22,346,500 GPR) annually. However, under this scenario, the 30% cap on administrative expenses would likely be more than sufficient.

Long-Range Fiscal Implications