

State of Wisconsin

SENATE CHAIR
Alberta Darling

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-5830



ASSEMBLY CHAIR
John Nygren

308 East, State Capitol
P.O. Box 8593
Madison, WI 53708-8953
Phone: (608) 266-2343

Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: July 1, 2019

Re: 14-Day Passive Review Approval – DHS

Pursuant to s. 20.940(3)(b)4, Stats., attached is a 14-day passive review request from the Department of Health Services, received on July 1, 2019.

Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Friday, July 19, 2019**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AD:JN:jm



State of Wisconsin
Department of Health Services

Tony Evers, Governor
Andrea Palm, Secretary

July 1, 2019

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ST. FINANCE

The Honorable Alberta Darling, Senate Co-Chair
Joint Committee on Finance
Room 317 East
State Capitol
P.O. Box 7882
Madison, WI 53707

The Honorable John Nygren, Assembly Co-Chair
Joint Committee on Finance
Room 309 East
State Capitol
P.O. Box 8953
Madison, WI 53708

Dear Senator Darling and Representative Nygren:

Per s. 20.940(3)(b)4., created by 2017 Act 370, I am submitting for Committee approval the proposed final waiver of federal Supplemental Nutrition Assistance Program (SNAP) regulations 7 CFR 274.7(e) and 278.2(b). This waiver allows DHS to implement the FoodShare Healthy Eating Incentive Pilot Program created by 2017 Wisconsin Act 266. Under this program, a discount on fresh produce and other healthy foods will be offered at the point-of-sale to 2,000 FoodShare-eligible families in both rural and urban areas for a period of 10 months. Federal waiver approval by the U.S. Department of Agriculture Food and Nutrition Service (FNS) was granted effective May 2, 2019.

Per s. 49.79(7r)(b), upon approval of the final waiver by the Committee, DHS would initiate a procurement process to select a vendor to administer a healthy savings program. The selected vendor would be responsible for managing all financial transactions between program participants, retailers, food manufacturers, and DHS, along with establishing an adequate network of participating retailers. As a condition of federal waiver approval, FNS requires DHS to seek federal approval of the terms and conditions of the proposed vendor contract prior to finalizing the procurement.

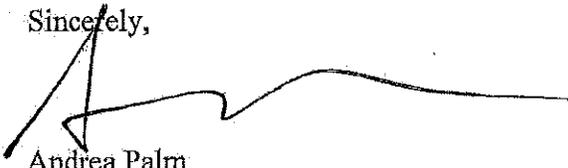
I also wish to bring to your attention that a statutory change is needed to enable DHS to implement the pilot. The timeframe required for federal waiver approval has delayed the anticipated program implementation date until CY 2020. Act 266 appropriated \$425,000 GPR in one-time funding and directed that the funds be spent or encumbered by December 31, 2019. DHS will be unable to complete the procurement process, finalize a contract, and encumber funds by December 31, 2019. To ensure sufficient time to complete the pilot, the Department

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recommends revising the deadline for spending the funds from December 31, 2019 to December 31, 2021.

Please contact me if you have any questions about the federal waiver approval.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andrea Palm', with a long horizontal flourish extending to the right.

Andrea Palm
Secretary-designee



United States Department of Agriculture

Food and
Nutrition
Service

Park Office
Center

3101 Park
Center Drive
Alexandria
VA 22302

MAY 02 2019

Rebecca McAtee
FoodShare Director
State of Wisconsin
Department of Health Services
1 West Wilson Street
Madison, Wisconsin 53701

Dear Ms. McAtee:

This is in response to your request of May 1, 2018, to the Food and Nutrition Service (FNS) on behalf of the Wisconsin Department of Health Services (DHS) to waive Supplemental Nutrition Assistance Program (SNAP) regulations at 7 CFR 278.2(b) and 274.7(f) to pilot a nutritious food incentive program in the State of Wisconsin. We appreciate your patience in awaiting a response.

SNAP regulations at 7 CFR 278.2(b) and 274.7(f) require that SNAP clients receive treatment equal to that received by other customers at all retail stores authorized to participate in SNAP with the exception that sales tax may not be charged on eligible foods purchased with SNAP benefits. This waiver will allow DHS to provide State funded incentives to SNAP recipients for the purchase of nutritious foods. In order to incentivize a broad list of foods, DHS has elected to closely align its incentive program with WIC-approved foods, except for juice, infant cereals, formula, and infant fruits and vegetables. However, the State will not incentivize certain product brands and will not impose any size restrictions.

DHS has been appropriated \$425,000 in State funding to pilot this incentive program. In order to gather innovative proposals for the offering of nutrition incentives to SNAP households, DHS will issue a request for proposals (RFP) to select a third-party contractor to implement and manage the pilot program. Through the incentive program, the State anticipates serving 2,000 SNAP households in urban and rural areas of Wisconsin for a 10-month period. DHS will contract with the Office of Health Informatics to conduct a study of the pilot program for the review and analysis on how the pilot affects food purchases and the health of participating families.

DHS anticipates the pilot start date will be November 1, 2019 and conclude by January 1, 2021.

Ms. Rebecca McAtee

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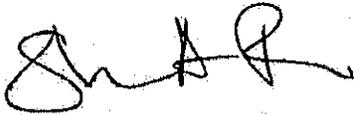
Approval

The 2018 Farm Bill instructed FNS to provide guidance clarifying the process by which an approved retail food store may seek a waiver to offer an incentive, which may be used only for the purchase of eligible incentive food at the point of purchase to a SNAP participant. Until guidance is issued, FNS is approving this request with the attached conditions. Once guidance is issued, FNS will work with Wisconsin to ensure Wisconsin's request is in compliance with the guidance.

This waiver is approved pursuant to 7 CFR 272.3(c)(1)(ii), which allows FNS to approve waivers that would result in more effective and efficient administration of SNAP.

If you have any questions regarding this waiver or its implementation, please contact Marchello Middlebrooks of my staff at (703) 457-7730 or Marchello.Middlebrooks@fns.usda.gov.

Sincerely,



for Andrea Gold
Director
Retailer Policy and Management Division

Attachment

Attachment:
Conditions of Approval for Wisconsin DHS Nutrition Incentive Pilot

1. Only WIC-approved foods can be incentivized under this pilot, except for juice, infant cereals, formula, and infant fruits and vegetables. Any dairy product incentivized must be low fat or fat free, in accordance with dietary guidelines.
2. DHS will not incentivize certain product brands and will not impose any size restrictions.
3. Retailers selected to participate in this pilot to offer incentives must be SNAP-authorized and in good standing. DHS must submit the FNS number, store name, and address of each firm for review and approval to FNS prior to pilot implementation.
4. If DHS opts not to exercise this waiver (in whole or in part), or plans to change the items that will be incentivized, the change must be reported to FNS for review prior to implementation of the incentive.
5. DHS must notify FNS of the planned method of incentive delivery at the point of sale prior to implementation of the pilot incentive program.
6. DHS and the participating vendor will ensure SNAP participants' personally identifiable information (PII) is protected from unwarranted disclosure, to include those who opt in to participate in the pilot and the control group.
7. At the conclusion of the incentive project, DHS will submit a final evaluation report to FNS by February 1, 2021. The final evaluation should include the following information:
 - The number of SNAP customers that participated in the incentive program;
 - Information on the percentage change – increase/decrease – in the purchase of incentivized foods among SNAP households at the participating grocery stores over each month;
 - A narrative of any barriers or challenges experienced while offering incentives; and
 - Lessons learned.