



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 18, 2023

Joint Committee on Finance

Paper #175

Food Security Programs (Agriculture, Trade and Consumer Protection – Agricultural Assistance)

[LFB 2023-25 Budget Summary: Page 61, #1 (part) and Page 63, #2]

CURRENT LAW

In May 2020, the Department of Agriculture, Trade and Consumer Protection (DATCP) began administering the Food Security Initiative, funded through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA). \$65 million has been provided through the Food Security Initiative to Wisconsin hunger relief organizations. Additionally, in 2021, Wisconsin tribal nations received funding through the 2018 Farm Bill and subsequent grant awards from the U.S. Department of Agriculture (USDA) for the creation of a tribal elder community food box program. The tribal elder community food box program provided \$1.8 million in funding for improving food security in Wisconsin tribal nations through 2022.

Feeding Wisconsin, the statewide affiliate of the national food bank organization Feeding America, comprises six regional food banks in the state. Food banks are nonprofit organizations that collect food and distribute donated food to local food pantries or similar organizations. Food pantries in turn distribute food or meals to persons in need. Food banks, as charitable organizations, are barred by federal law from selling or transferring donated food in exchange for money, property, or services. Feeding Wisconsin reports distributing 86 million meals, or \$153 million in purchased and recovered food, through network food banks in 2021. Food Security Initiative funding was also provided to the Wisconsin Hunger Task Force, a nonprofit organization addressing food insecurity through food banks, public education, and community action.

The Wisconsin Community Action Program Association (WISCAP) provides support to 17 community action agencies and partnering organizations to coordinate distribution of federal commodities to food pantries or other organizations that disperse food to low-income individuals to alleviate hunger. Federal food commodities are provided under the federal Emergency Food

Assistance Program (TEFAP), which allocates surplus commodity food purchased by the USDA to states. WISCAP reports that in 2022, Wisconsin's network of approximately 340 food banks, food pantries, meal sites, and shelters distributed 60.5 million pounds of food, including 13.5 million pounds of TEFAP commodities, serving an estimated 148,000 people in Wisconsin each month.

The federal supplemental nutrition assistance program (SNAP), known as FoodShare in Wisconsin, provides federally-funded benefits to low-income individuals and families to buy food from participating retailers. In general, individuals qualify for FoodShare if they have gross incomes below 200% of the federal poverty line (\$55,300 annually in 2023 for a household of four). In 2022, approximately 940,000 individuals received a total of approximately \$2.1 billion in federal assistance under the FoodShare program.

DISCUSSION POINTS

Food Security Grant Program

1. Under the CARES Act, Wisconsin was provided \$2.0 billion in direct payments to support the state's response to the COVID-19 pandemic, including costs related to public health response and emergency operations, economic relief and support, education, and essential government operations. The Governor allocated \$25 million of this funding for the Food Security Initiative, which supported: (a) infrastructure improvements and operational costs at food assistance organizations, such as curbside pick-up or delivery services, additional food processing and packaging, increased cleaning, facility improvements to increase storage capacity, and other costs related to the COVID-19 pandemic; and (b) purchase of Wisconsin agricultural products for distribution to Wisconsin residents facing food insecurity. Approximately \$7 million supported infrastructure and operational costs at 17 food assistance organizations. The remaining \$18 million supported purchase of approximately 10 million pounds of food for distribution to those in need. The following table shows purchases of food supported by the initiative by type.

TABLE 1

Food Security Initiative Purchases

<u>Category</u>	<u>Amount</u>
Meat and Fish	\$6,866,100
Dairy	5,794,800
Pantry, Shelf Stable, and Prepackaged Food	3,934,500
Frozen Food	908,700
Eggs	284,300
Fresh Fruit and Vegetables	<u>272,400</u>
Total	\$18,060,800

2. DATCP also received an allocation of \$30 million from the State Fiscal Recovery Fund (SFRF) under the American Rescue Plan Act (ARPA) in December, 2021. The Hunger Task Force and Feeding Wisconsin were each allocated \$15 million to purchase food resources and to invest in storage, distribution, and transportation of purchased items. In October, 2022, an additional \$10 million in ARPA funding was provided to the organizations to continue support for these activities and to cover expenses incurred through June, 2023. Total funding for food security initiatives from May, 2020 through June, 2023 in Wisconsin from CARES and ARPA is \$65 million.

3. While CARES and ARPA funds were used to respond to food security issues exacerbated by the COVID-19 pandemic, food security in Wisconsin has arguably not made notable improvements as the pandemic has subsided. An April, 2023, annual report from the Department of Health Services (DHS) on hunger prevention in Wisconsin through 2021 indicates Wisconsin's percentage of food insecure households has decreased slightly in recent years, but the U.S. average has fallen faster and is more on par with Wisconsin's percentage of food insecure households. Feeding Wisconsin further reports as of February, 2023, 7.2% of Wisconsinites and 12.6% of Wisconsin children are considered food insecure.

4. Assembly Bill 43/Senate Bill 70 would create a biennial appropriation and provide \$15,000,000 each year for grants to eligible nonprofit food assistance organizations to support the purchase of food products made or grown in Wisconsin. Eligible organizations would include food banks, food pantries, and other nonprofit organizations that provide food assistance.

5. DATCP reports it would administer the proposed \$15 million in food security funding in the 2023-25 biennium similarly to funding provided under the CARES Act. DATCP administered CARES Act Food Security Initiative funding with two limited-term employees (LTEs) and existing permanent staff, and intends to support a corresponding state program with an LTE employee. Funding would support Wisconsin residents facing food insecurity, and eligible expenses would include: (a) purchases of food from Wisconsin farms, food processors and manufacturers, food retailers, and food distribution businesses; (b) food production projects that reduce and redirect food waste; (c) coordination efforts to simplify sourcing and delivery of food products to food assistance organizations; and (d) projects to support distribution and processing of surplus food production for donation to food assistance organizations.

6. The all-items Consumer Price Index increased 6% from February, 2022 to February 2023, with the index for food alone jumping 9.5%, according to USDA's Economic Research Service (ERS). Within that food category, grocery store prices jumped more than 10.2% and restaurant costs rose nearly 8.4%. In 2023, all food prices are predicted to increase 7.5%, according to the ERS.

7. In December, 2022, the federal Consolidated Appropriations Act, 2023, ended SNAP emergency allotment benefits that were providing additional funding to Wisconsin's FoodShare program. With emergency funding, Wisconsin FoodShare households were receiving base FoodShare benefits and additional COVID-19 benefits, based on the number of people per household, household income, and other allowable bill expenses. The last month of benefits received from the program was February, 2023. DHS emphasizes the impact that SNAP benefits had on Wisconsin families and points to the need for local resources such as food pantries and food banks to fill the gap left behind by SNAP.

8. Feeding Wisconsin is the state association of six Feeding America member food banks and 1,000 local food programs serving all 72 counties in the state. In February, 2023, Feeding Wisconsin reported that regional food banks and pantries were experiencing a 30 to 45% increase in demand, prior to the end of emergency SNAP benefits. Feeding Wisconsin contends that the allocation of \$15 million in the 2023-25 biennium would increase the capacity of food banks and pantries to acquire and distribute locally grown foods to low-income Wisconsin residents. Feeding Wisconsin also says that the program funding would allow flexibility and local decision making to better manage the needs that individual food banks may have.

9. Given that food insecurity continues to impact Wisconsinites and federal COVID-19 support for food security is subsiding, it could be considered appropriate to provide funding for the purchase and distribution of Wisconsin agricultural products to food assistance organizations. The Committee could consider providing \$15,000,000 GPR each year for this purpose [Alternative A1].

10. While inflation is still impacting grocery store and restaurant food prices, the ERS reports that inflationary pressures have begun to ease since 2022 highs. The Committee could consider providing \$5,000,000 GPR each year for food security grants given ongoing economic recovery [Alternative A2]. Considering the first-time nature of a state-funded program, funding could be provided on a one-time basis during the 2023-25 biennium, and subsequent allocations could be considered during 2025-27 budget deliberations [Alternative A3].

Tribal Food Security Program

11. According to the USDA Current Population Survey Food Insecurity Supplement, in 2021, food insecurity rates among the tribal and Alaskan native population in the United States were 10 percent higher than the rates of food insecurity among the white population. The UW-Madison Center for Integrated Agricultural Systems reports that most tribal lands in Wisconsin are located in regions designated as "frontier and remote" by USDA, indicating that these areas have limited access to food and healthcare. As a result, tribal communities often rely on federal food distribution programs, such as USDA's Food Distribution Program on Indian Reservations (FDPIR). USDA reports that many tribal households use FDPIR as an alternative to SNAP, because SNAP offices or authorized food stores are not always accessible near tribal lands.

12. Under the 2018 Farm Bill, eight tribal FDPIRs nationwide were awarded contracts to choose and purchase their own foods through the FDPIR Self-Determination Project, including three in Wisconsin. In 2021, USDA announced \$3.5 million would be provided to the selected FDPIRs for implementation of the project. With grant funding from the USDA and Feeding America National, the tribal elder community food box pilot program was created by a planning committee of tribal officials and farmers, food bank leaders, UW System staff, and the Wisconsin Food Hub Cooperative (WFHC) to facilitate the purchase and distribution of food to tribal elders. The planning committee has organized as the nonprofit Great Lakes Intertribal Food Coalition. Feeding Wisconsin staff and volunteers and the WFHC manage distribution of food boxes, which contain perishable items including a combination of meat and produce sourced from Indigenous and local producers, and recipes with suggested uses of box items.

13. In 2021, the pilot program served seven tribal Nations in Wisconsin and Michigan and delivered approximately 11,000 boxes of food produced by Indigenous farmers and local farmers. In 2022, the program served all 11 tribal Nations in Wisconsin and delivered approximately 24,400 boxes of food. Of boxes provided in 2022, approximately 59% of product inside the boxes was produced by Indigenous farmers, with the remaining amount produced by local farmers. In 2023, the program anticipates producing 30,000 boxes and supplying products from 20 or more Indigenous producers. In 2023, Feeding Wisconsin reports the program is shifting focus to allow some grant funding to go towards bolstering operations on Indigenous farms to ensure that farmers can keep up with anticipated program demand.

14. Federal funding for pilot programs under FDPIRs is authorized through 2023, when the 2018 Farm Bill expires. AB43/SB70 would provide \$2,000,000 tribal gaming PR annually for grants to nonprofit food assistance organizations that purchase and distribute food to tribal elders and to entities supporting the growth and operation of participating food producers. The bill specifies that grant recipients should give preference to indigenous-based food producers and local food producers when purchasing food for distribution. DATCP would be provided with rule-making authority to implement the program and would use existing food security LTE staff to administer the program.

15. The tribal gaming PR appropriation under the Department of Administration is estimated to begin the biennium in a deficit. Under AB43/SB70, it is anticipated no transfers of tribal gaming PR would be made to the general fund, but the deficit would be resolved by June 30, 2025, with revenues anticipated through the 2023-25 biennium.

16. According to DHS, Indigenous individuals in Wisconsin are three times more likely to die from diabetes than white individuals and also experience increased rates of heart disease, cancer, and obesity. Organizers of the tribal community food box program contend that the food and recipes provided in the boxes could improve the health of Wisconsin's Indigenous population.

17. Given the demand for the tribal community elder food box program since its inception in 2021 and the potential benefits of continuing the program for food security and population health, the Committee could consider providing additional funding to the program [Alternative B1]. The Committee could also consider taking no action. It is possible that with the passage of the 2023 Farm Bill, additional funding would be made available for the existing pilot program through 2028. Funding could be provided on a one-time basis in the 2023-25 biennium until Congress determines the potential allocation of additional federal funding under the Farm Bill [Alternative B2]. The Committee could also take no action [Alternative B3].

ALTERNATIVES

A. Food Security Grants

1. Provide \$15,000,000 GPR each year for grants to nonprofit food assistance organizations to support the purchase of food products made or grown in Wisconsin. Authorize DATCP to promulgate rules to administer the program, including issuing an emergency rule while a final rule is being promulgated. Allow the emergency rule to be issued without the finding of an

emergency, preparation of a statement of scope, or submittal of a final draft rule to the Governor.

ALT A1	Change to Base
GPR	\$30,000,000

2. Provide \$5,000,000 GPR each year for grants to nonprofit food assistance organizations to support the purchase of food products made or grown in Wisconsin. Authorize DATCP to promulgate rules to administer the program, including issuing an emergency rule while a final rule is being promulgated. Allow the emergency rule to be issued without the finding of an emergency, preparation of a statement of scope, or submittal of a final draft rule to the Governor.

ALT A2	Change to Base
GPR	\$10,000,000

3. In addition to Alternatives A1 or A2 above, specify that funding be provided on a one-time basis during the 2023-25 biennium.

4. Take no action.

B. Tribal Food Security Program

1. Provide a \$2,000,000 tribal gaming PR each year for grants to nonprofit food assistance organizations that purchase and distribute food to tribal elders and to entities supporting the growth and operation of participating food producers.

ALT B1	Change to Base
PR	\$4,000,000

2. In addition to Alternative B1, specify that funding be provided on a one-time basis in the 2023-25 biennium.

3. Take no action.

Prepared by: Margo Poelstra