

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0804-01
Bill No.: HB 296
Subject: Children and Minors; Health Care; Health, Public
Type: Original
Date: February 24, 2009

Bill Summary: This legislation requires, subject to appropriation, an expansion of the variety of kosher foods approved under the Special Supplemental Nutrition Program for Women, Infants, and Children.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$42,593) to (\$996,066)	(\$1,391) to (\$1,179,883)	(\$1,432) to (\$1,215,279)
Total Estimated Net Effect on General Revenue Fund	(\$42,593) to (\$996,066)	(\$1,391) to (\$1,179,883)	(\$1,432) to (\$1,215,279)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 191.807:

Officials from the **Department of Health and Senior Services (DHSS)** assume the Missouri WIC program has approved any brand of milk and store/generic brands of cheese that meets our criteria and maximum pricing requirements, including kosher items. However, kosher products often violate the criteria and maximum pricing requirements and are therefore not approved. The changes proposed in this legislation will require a complete revision of the entire WIC food program. The following actions will be necessary and take approximately three to four months to accomplish:

1. WIC Manual and State Plan Revision - 1) Revise WIC Operations Manual for Local WIC Providers; 2) Revise WIC State Plan to indicate changes in WIC Vendor Manual, Vendor Agreement, Vendor application Packet, WIC Operation Manual, and WIC Approved food list; 3) Send food package changes to USDA for approval; and 4) Copy changes onto disk and distribute to local WIC providers (125 disks plus mailing costs x \$3.95= \$494 one-time cost).
2. Application/Contract Reprint - Revise WIC program minimum stocking requirements, vendor compliance monitoring tools to include new food times, vendor quarterly price survey, and application form (survey and application form reprint costs = 750 x \$1.33 = \$998 one-time cost).
3. ITSD Programming Change - WIC is transitioning to a new participant data collections system. The new participant data collection system allows internal WIC staff to program changes to food items and prices. No external assistance from ITSD staff are required to revise the system food information.
4. Local WIC Provider and Vendor Training - Training will have to be provided to 118 local WIC providers and 750 vendors on changes in the food packages. Training will be provided by a contractor at six district sites throughout the state. Given the large turnover of WIC vendors and the need to reinforce the specific requirements associated with Kosher foods, this training will have to be offered on an annual basis (First year cost = 6 sessions x \$225 = \$1,350).
5. Video Remake - Revise WIC vendor training video to include new food information and other related changes. Duplicate and distribute new video (one-time cost (750 x \$10 = \$7,500).
6. Vendor Manual Reprint - Revise and reprint WIC Vendor Manuals for WIC retail vendors (1,500 manuals @ \$5.334 = \$8,001 one-time cost).
7. Food List Reprint - Revise and reprint of WIC approved food list (25,000 color brochures x \$.30 plus 50,000 food lists @ \$.075 = \$11,250 one-time cost).

ASSUMPTION (continued)

8. Local WIC Provider Information Reprinting and Mailing - Mail revised WIC Vendor Manual and application packets to retail vendors via certified mail. (1,500 manuals + 500 application packets = 2,000 pieces x \$6.50 x 750 retail vendors = \$13,000 one-time cost).
9. Increased Food Costs - Women Breast-feeding \$158,621; Women Prenatal-Postpartum \$480,920; Children \$504,625; Total \$1,144,166.

The calculations for food costs are based on the following assumptions. The group primarily affected is the Jewish population. The estimated Jewish population is 62,500 out of 5,603,000 persons or 1.1 percent of Missouri's population. Of all Missouri women, approximately 127,317 are at the poverty level. Applying 1.1 percent to 127,317 women equates to approximately 1,400 Jewish women in poverty and qualifying for WIC services. In Missouri, there are 48,233 families with children under age 5 below the poverty level. Applying 1.1 percent to 48,233 families equates to 530 Jewish families in this category and eligible for WIC services. DHSS assumes an average of two additional children in each of those families would be eligible for WIC services, which would equate to 1,060 (530 x 2) children for the purposes of calculating this fiscal estimate.

Using the above figures for women and the number of families with children under age five, DHSS estimates approximately 2,500 ($530 \times 2 = 1,060 + 1,400 = 2,460$; rounded to 2,500) individuals would be affected by the provisions of this bill. DHSS assumes 1,400 are women (18 percent breast-feeding and 82 percent prenatal-postpartum) and the remaining 1,100 are children.

For fiscal note purposes, DHSS calculated food costs for milk and cheese only. Additional kosher alternatives could be made available in the WIC food package. Note that the wording of the proposed legislation "a wider variety of kosher foods" could be interpreted to affect many more items than milk and cheese.

Calculations for the increased food package costs are based on the following prices:
WIC Current Statewide Average Price for: milk - \$3.50 a gallon; cheese - \$4.90 per pound.
Average prices for specialty kosher foods: milk \$9.19 a gallon; cheese \$11.36 per pound.

The costs relating to reprinting materials will be required regardless of how many individuals choose kosher foods. Calculations for the increased food costs represent the maximum estimated increase associated with making these foods available to WIC participants, however additional kosher alternatives could be made available in the WIC food package which have not been included in the fiscal estimated. Since the DHSS does not know how many of the affected individuals will actually choose the kosher foods, the DHSS is unable to accurately determine the total cost of these products. Therefore, DHSS has included a range for all three fiscal years.

<u>FISCAL IMPACT - State Government</u>	<u>FY 2010</u> <u>(10 Mo.)</u>	<u>FY 2011</u>	<u>FY 2012</u>
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GENERAL REVENUE FUND

<u>Cost - Department of Health and Senior Services</u>	<u>(\$42,593) to</u>	<u>(\$1,391) to</u>	<u>(\$1,432) to</u>
Program costs	<u>(\$996,066)</u>	<u>(\$1,179,883)</u>	<u>(\$1,215,279)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$42,593) to</u> <u>(\$996,066)</u>	<u>(\$1,391) to</u> <u>(\$1,179,883)</u>	<u>(\$1,432) to</u> <u>(\$1,215,279)</u>

<u>FISCAL IMPACT - Local Government</u>	<u>FY 2010</u> <u>(10 Mo.)</u>	<u>FY 2011</u>	<u>FY 2012</u>
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposed change could have a fiscal impact on small business entities that are WIC participating grocers.

FISCAL DESCRIPTION

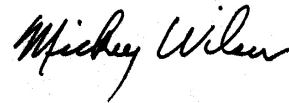
Section 191.807:

This legislation requires the Department of Health and Senior Services, subject to appropriations, to broaden the foods approved under the Women, Infants, and Children (WIC) Special Supplemental Food Program to include a wider variety of kosher foods currently excluded because of failure to meet the federal criteria for nutrition content and price.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized 'M' and 'W'.

Mickey Wilson, CPA
Director
February 24, 2009