

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4264-03
Bill No.: HB 1883
Subject: Food; Public Assistance; Children and Minors; Health and Senior Services
 Department
Type: Original
Date: February 21, 2018

Bill Summary: This proposal establishes the Missouri WIC Farmers' Market Nutrition Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(\$249,532)	(\$70,917)	(\$83,425)
Total Estimated Net Effect on General Revenue	(\$249,532)	(\$70,917)	(\$83,425)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Federal	\$22,206	\$63,026	\$75,666
Total Estimated Net Effect on <u>All</u> Federal Funds	\$22,206	\$63,026	\$75,666

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	0.25	0.825	1
Federal	-0.25	-0.825	-1
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§192.550 - WIC Farmers' Market Nutrition Program

Officials from the **Department of Health and Senior Services (DHSS)** state in calculating the fiscal impact, the DHSS assumes that the United States Department of Agriculture (USDA) will reopen the funding opportunity which would allow Missouri to submit a Women's, Infant and Children (WIC) Farmers' Market Nutrition Program State Plan and apply for a grant under the Farmer's Market Nutrition Program (FMNP). The next FMNP State Plans are due to the USDA by November 15, 2018. Based on information from the USDA, the earliest possibility of funding would be Federal Fiscal Year (FFY) 2020 (beginning October 1, 2019). Approval of an FMNP State Plan is not a guarantee of funding from the USDA.

Based on information available on the USDA website for the WIC FMNP, grants to states ranged from \$10,250 for Louisiana to \$3,803,537 for New York. Federal funds support 100% of the food costs of the program. Federal funds also support 70% of the administrative cost of the program. States operating the FMNP must match the federal administrative funds allocated to them for administrative costs by contributing at least 30% of the administrative cost of the program. Administrative costs under the FMNP may not exceed 17% of the total FMNP funds. Any costs incurred for food and/or administration above the federal grant level will be the state agency's responsibility.

For purposes of this fiscal note, DHSS estimates the WIC FMNP would receive funding at a level of \$256,290. The award would result in total federal administrative funds of \$43,570 ($\$256,290 \times 17\%$). This is the federal portion of the administrative costs (70%), therefore, a state match of \$18,673 (30%) is the required minimum. ($\$43,570 / 0.70 = \$62,243$ total admin costs - \$43,570 federal share = \$18,673 state share)

The portion of the WIC FMNP for food vouchers is \$212,720 ($\$256,290 - \$43,570$). The voucher may not be less than \$10 per year and no more than \$30 per year by each recipient, or by each family within a household (7 CFR 248.8(b)). For purposes of this fiscal note, Missouri elects to issue benefits on a recipient basis. DHSS assumes an average benefit of \$20 per participant ($\$10 + \$30 / 2 = \20), which results in 10,636 participants served through the WIC FMNP. ($\$212,720 / \$20 = 10,636$) Each participant will receive five (5) vouchers worth \$4 each to use monthly at participating farmers' markets from May through September.

DHSS would plan to pilot the WIC FMNP in four counties that have access to multiple farmers' markets, roadside stands, and Community Supported Agriculture (CSA) programs, and include both rural and urban communities. DHSS used caseload data from Henry, Lawrence and Pulaski counties to represent rural areas and the City of St. Louis to represent urban areas. DHSS

ASSUMPTION (continued)

estimates 10,926 WIC participants could receive benefits from this program based on the total number of women and children participating in WIC in these counties for the period of May through September 2017. DHSS did not include the number of infants in this estimate as only those over four months of age would be eligible for the program. DHSS assumes the vouchers will be similar to those currently utilized by the Missouri WIC program.

7 CFR 248.4(a)(9) requires State agencies to submit a plan to target areas of the state with high concentrations of eligible persons and access to farmers' markets. According to the USDA, there are 257 Farmers' Markets in Missouri. DHSS would target Henry county with three (3) farmer's markets; Lawrence county with five (5) farmers' markets; Pulaski county with four (4) farmers' markets; and St. Louis City with six (6) farmers' markets. Due to limited funding, DHSS will operate the program under a "first come, first serve" basis. Targeting these counties, an estimated 10,926 WIC participants (4,209 women and 6,717 children) would be eligible to participate. However, the first 10,636 to apply for the program are estimated to be served.

7 CFR 248.10 requires state agencies to establish criteria to authorize Farmers' Markets; enter into a written agreement with each farmer/Farmers' Market which includes a description of sanctions for noncompliance with FMNP requirements; conduct training for each farmer/Farmers' Market prior to start-up of the program; and conduct covert and overt monitoring of the farmers/Farmers' Market. Each state agency is responsible for monitoring ten (10) percent of farmers and ten (10) percent of Farmers' Markets annually. DHSS estimates \$2,500 in travel costs during FY19 to promote the FMNP to farmers and begin outreach activities. Travel costs for FY20 and FY21 are estimated to be \$7,500 to train and monitor farmers at participating Farmers' Markets annually.

The state agency is also required to review all local agencies every two years, which includes a review of WIC FMNP practices. Based on information received from other states and previous administration of the program, DHSS assumes that it will be able to utilize existing WIC staff; however, a portion of their time will be allocated to WIC FMNP rather than WIC Program (a transfer from federally paid to state paid).

Based on information received from other states and previous administration of the program, DHSS assumes that the following staff would be needed beginning September 1, 2018, to administer this program in Missouri:

Beginning September 1, 2018:

- Program Coordinator (\$54,276 annually) will develop the FMNP State Plan for submission by November 15, 2018 and provide program oversight. The State Plan is an extensive document that provides detailed information about the program operations and procedures. The State Plan is submitted annually. This position will devote thirty percent (30%) of their time to manage this program.

ASSUMPTION (continued)

Approval or denial of the State Plan is received within 30 days, but is not a guarantee of funding. Assuming funding is approved to begin an FMNP in FFY 2020, the Program Coordinator will complete the following tasks during FFY 2019 (October 1, 2018 through September 30, 2019):

- Development and award of a Request For Proposal (RFP) to obtain a banking service provider for FMNP benefit processing. This process could take up to a year to complete;
- Development materials for FMNP nutrition education services;
- Development of all training materials for the farmers' markets, roadside stands and CSA (Community Supported Agriculture) programs.

Beginning October 1, 2019, to administer this program in Missouri, the following staff will be utilized:

- Two full-time Health Program Representative (HPR) III (\$41,184 annually) to assist the Program Coordinator and distribute nutrition education materials for participants (7 CFR 248.9), conduct outreach, train farmers (vendors), conduct monitoring of the farmers and track compliance and sanctions, reconcile redeemed vouchers in collaboration with the banking contractor, provide program oversight. These positions will each devote 17.5% of their time annually (7 months/12 months = 58.3% X 30% = 17.5%) during seven (7) months of the year to work on this program.
- One full-time HPR II (\$35,640 annually) to oversee vendor agreements, arrange for printing and distribution of the vouchers, oversee payment of the vouchers, submitting participant information to banking contractor for the FMNP vouchers, and track banking and compliance information. This position will devote 17.5% of their time annually (7 months / 12 months = 58.3% X 30% = 17.5%) during seven (7) months of the year to work on this program.
- One Senior Office Support Assistant (\$26,340 annually) to assist with mailing program announcements, farmers' market applications, entering data from participant and farmer applications into the system, processing farmer applications, distributing materials for qualified farmers, and answering phone calls regarding the program from participants and farmers. This position will devote 17.5% of their time annually (7 months / 12 months = 58.3% X 30% = 17.5%) during seven (7) months out of the year to work on this program.

Beginning May 1, 2020:

- The local agencies in the Pilot areas will be given \$21,272 (\$2 X 10,636 WIC participants). These local agencies will be instructed to operate the program under a "first come, first serve" basis. They will administer the program which includes providing FMNP nutrition education, explaining appropriate voucher use, issuing the vouchers and doing data entry.

ASSUMPTION (continued)

Solutran is the current banking contractor for the Missouri WIC program and also for Farmers' Market Nutrition Programs in other states. The current contract with Solutran ends December 2018. In January 2017, Solutran provided a total estimated cost and suggested a fifteen percent increase to that estimate for services beginning in June 2020. The estimated cost is \$14,436 for 10,636 participants based on the following:

- Cost of processing the vouchers \$7,977 (10,636 participants X 5 vouchers =53,180 vouchers X \$0.15)
- Cost of returned vouchers \$1,125 (estimated 650 vouchers x \$1.73)
- Base, set up and programming fee \$2,476
- Voucher printing- 11,000 sheets without logs - \$259.81 per thousand sheets - \$2,858

DHSS estimates \$2,000 will be needed for printed materials that will be used to provide the participant nutrition education as required by the federal regulations of the FMNP. DHSS also estimates another \$500 will be needed for printed materials/manual used in training the authorized farmers' markets. DHSS also estimates that vendor stamps will be needed. At the start of the program, each Farmer will be issued a unique stamp number to be placed on all benefits when they are accepted by the farmer. Each stamp costs thirteen dollars (\$13) per stamp, and each farmer is provided two (2) stamps. DHSS projects at least five (5) farmers per farmer's market. Estimating twenty total farmer's markets with ten stamps needed at each, the total cost for stamps is \$2,600 (20 markets X 10 stamps X \$13 = \$2,600). DHSS projects an additional fifty stamps will be needed in FY 21 due to changes in participating farmers (100 X \$13 = \$1,300).

DHSS provided the response for the **Office of Administration (OA), Information Technology Services Division (ITSD)/DHSS**. ITSD officials assume no shared participant management between the Missouri WIC Information Network System (MOWINS) and the new applications. MOWINS would be used to identify eligibility for vouchers issued in the new application. WICNS (Women's, Infants and Children's Nutrition Services) would expect a file to be received from a payment processor to identify redeemed vouchers. This estimate is based on an assumed nine (9) month project with a project team consisting of a Project Manager, Business Analyst, Senior Developer and Developer. The State Data Center cost estimate is based on the use of three (3) database environments to include development, test and projection with a combined database size of 200 GB. The application would be hosted on an existing web server.

ITSD assumes that every new IT project/system will be bid out because all ITSD resources are at full capacity. The current contract rate for IT consultants is \$75 per hour. It is estimated that a total of 2,989.44 contract IT hours will be needed at a cost of \$224,208 to the General Revenue (GR) Fund in FY 19. Ongoing support will be needed at a cost of approximately \$47,000 per year.

ASSUMPTION (continued)

Oversight notes in discussion with DHSS officials that staff being used for the WIC FMNP were originally 100% assigned to the Federal WIC program and their salaries and related expenses paid with federal funds. Under this program 17.5% of their time will be used as part of the state match of administrative funds and that this time has been identified as a cost to General Revenue. Therefore, this transfer of costs from a federal program to GR will result in a savings to Federal funds.

Officials from the **Joint Committee on Administrative Rules** and **Columbia/Boone County Department of Public Health and Human Services** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the following **health departments**: Audrain County Health Unit, Cass County Health Department, Clay County Public Health Department, Cooper County Public Health Department, Harrison County Health Department and Hospice, Henry County Health Center, Hickory County Health Department, Howell County Health Department, City of Independence Health Department, Jefferson County Health Department, Knox County Health Department, Linn County Health Department, Madison County Health Department, Marion County Health Department, McDonald County Health Department, Miller County Health Center, Morgan County Health Center, Nodaway County Health Center, Platte County Health Department, Polk County Health Center, Pulaski County Health Center and Home Health Agency, Randolph County Health Department, Reynolds County Health Center, Ripley County Health Center, Shelby County Health Department, the St. Francois County Health Center and the St. Joseph Health Department did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Income</u> - Administrative Federal Funds	\$0	\$43,570	\$43,570
<u>Costs</u> - DHSS (§192.550)			
Personal service	(\$13,569)	(\$35,581)	(\$42,379)
Fringe benefits	(\$6,277)	(\$19,468)	(\$23,375)
Equipment and expense	(\$4,860)	(\$12,715)	(\$13,350)
ITSD costs	<u>(\$224,826)</u>	<u>(\$46,723)</u>	<u>(\$47,891)</u>
Total <u>Costs</u> - DHSS	<u>(\$249,532)</u>	<u>(\$114,487)</u>	<u>(\$126,995)</u>
FTE Change - DHSS	0.25 FTE	0.825 FTE	1.0 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND			
	<u>(\$249,532)</u>	<u>(\$70,917)</u>	<u>(\$83,425)</u>
Estimated Net FTE Change on the General Revenue Fund	0.25 FTE	0.825 FTE	1 FTE
FEDERAL FUNDS			
<u>Income</u> - DHSS (§208.285)			
Grant income	\$0	\$256,290	\$256,290
<u>Savings</u> - DHSS (§208.285)			
Personal service	\$13,569	\$35,581	\$42,379
Fringe benefits	\$6,277	\$19,468	\$23,375
Equipment and expense	<u>\$2,360</u>	<u>\$7,977</u>	<u>\$9,912</u>
Total <u>Savings</u> - DHSS	<u>\$22,206</u>	<u>\$63,026</u>	<u>\$75,666</u>
Reduction in FTE - DHSS	-0.25 FTE	-0.825 FTE	-1.0 FTE
<u>Costs</u> - DHSS (§208.285)			
Administrative costs	\$0	(\$43,570)	(\$43,570)
Vouchers	\$0	(\$212,720)	(\$212,720)
Total <u>Costs</u> - DHSS	<u>\$0</u>	<u>(\$256,290)</u>	<u>(\$256,290)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS			
	<u>\$22,206</u>	<u>\$63,026</u>	<u>\$75,666</u>
Estimated Net FTE Change on Federal Funds	-0.25 FTE	-0.825 FTE	-1.0 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would be expected to have a positive fiscal impact on small business farmers' markets and roadside stands.

FISCAL DESCRIPTION

This bill establishes the "Missouri WIC Farmers' Market Nutrition Program. " The Department of Health and Senior Services, through a federal grant program with the USDA Women, Infants, and Children (WIC) Farmers' Market Nutrition Program, will provide low-income pregnant and postpartum women, infants, and young children with vouchers from county designated distribution sites that may be exchanged for eligible foods at farmers' markets, roadside stands, and community supported agricultural programs.

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
Department of Social Services
Joint Committee on Administrative Rules
Office of Secretary of State

Ross Strobe



Acting Director
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