

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0754-01
Bill No.: HB 151
Subject: Health Care; Health Department; Health, Public
Type: Original
Date: January 18, 2007

Bill Summary: This bill 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 2008	FY 2009	FY 2010
General Revenue	(\$42,319) to (\$774,191)	(\$1,236) to (\$905,829)	(\$1,273) to (\$933,004)
Total Estimated Net Effect on General Revenue Fund	(\$42,319) to (\$774,191)	(\$1,236) to (\$905,829)	(\$1,273) to (\$933,004)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services (DHSS)** state the Missouri Women, Infants, and Children (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 our criteria and maximum pricing requirements and are therefore NOT approved because of those reasons, not because they are kosher. This proposal will require a complete revision of the entire WIC food program. The following actions will be necessary and take approximately 3-4 months to accomplish:

- 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 @ \$2.95 = \$369 one-time cost).
- Application/Contract Reprint - Will need to revise WIC program minimum stocking requirements, vendor compliance monitoring tools to include new food items, vendor quarterly price survey and application form (survey and application form reprint costs = 750 @ \$1.33 = \$1,000 one-time cost).
- ITSD Programming Change - 1) Programmers will have to make changes to the HANDS (mainframe data system) to reflect changes in the new food package; 2) Programmers will also have to make programming changes to the HANDS system to reflect changes in data system reports. No additional funding is requested for this activity. WIC will delay other planned programming changes in the HANDS system to cover these costs.
- 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 \$200 = \$1,200).
- Video Remake - Revise WIC vendor training video to include new food information and other related changes. Duplicate and distribute new video (one-time cost - \$7,500).
- Vendor Manual Reprint - Revise and reprint WIC Vendor Manuals for WIC retail vendors (1,500 manuals @ \$5.33 = \$8,000 one-time cost).
- Food List Reprint - Revise and reprint of WIC approved food list (25,000 color brochures @ \$.30 and 50,000 food lists @ \$.075 = \$11,250 one-time cost).

ASSUMPTION (continued)

- 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 = \$13,000 one-time cost).
- Increased Food Costs - The first year (10 months) cost for Kosher foods is estimated at \$731,872 (878,246/12 X10).

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% of the population. Of the 62,500 Jewish Missourians, approximately 51.4 % (32,125) are women. Of all Missouri women, approximately 127,317 are at the poverty level. Applying the 1.1% to Jewish 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. For the purposes of calculating this fiscal estimate, DHSS assumes approximately 2 members in each of those families. Applying the 1.1% factor would place 530 Jewish families in this category and eligible for WIC services, or approximately 1,060 individuals.

Using the above figures for women and the number of families with children under 5, DHSS estimates the number of persons to be affected by this proposal at 2,500 (530 x 2 = 1,060 + 1,400 = 2,460; rounded to 2,500). DHSS has further estimated that 1,400 are women with 18% breast-feeding and the remainder are children.

For purposes of this proposal, we are only calculating food costs for milk and cheese since these are the specific food items that we are aware participants have been requesting. Additional kosher alternatives could be made available in the WIC food package. Note that the wording of the 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 - \$4.40 per pound. Average prices for specialty kosher foods: milk \$7.79 a gallon; cheese \$11.36 per pound. This would result in a total increase of \$878,246 (see schedule on next page) to the food package cost. Since USDA considers these to be "specialty foods", no federal reimbursement would be allowed for these products.

ASSUMPTION (continued)

Package Eligible**	Package	Est.* Population	Milk Gallons/Yr	Milk Cost	Cheese Pound(s)/Yr	Cheese Cost	Total Package Cost/Yr	Increase Cost with Special Kosher Food Requested
Women								
Breast-feeding	Current Food	252	84	\$3.50	12	\$4.40	\$87,393.60	
	Special Kosher	252	84	\$7.79	12	\$11.36	\$199,251.36	\$111,857.76
Prenatal-Postpartum	Current Food	1,148	60	\$3.50	12	\$4.40	\$301,694.40	
	Special Kosher	1,148	60	\$7.79	12	\$11.36	\$693,070.56	\$391,376.16
Children								
	Current Food	1,100	60	\$3.50	12	\$4.40	\$289,080.00	
	Special Kosher	1,100	60	\$7.79	12	\$11.36	\$664,092.00	\$375,012.00
* Census figures of impacted population								
**Food Package Categories Allowed by USDA							Cost Estimate on Fiscal Note Worksheet	\$878,245.92

For the purposes of this proposal we have included a cost estimate range of (\$42,319) to (\$774,191) for FY08, (\$1,236) to (\$905,829) for FY09 and (\$1,273) to (\$933,004) for FY10. The costs relating to reprinting materials noted above will be required regardless of how many individuals choose kosher foods. Our calculations for the increased food costs represent the maximum estimated increase associated with making these foods available to WIC participants. Since we do not know how many of the affected individuals will actually choose the kosher foods, we are unable to accurately determine the total cost of these products. Therefore, we have included a range for all three fiscal years.

Adding additional specific brands of kosher food items will increase food costs as these items are 2-3 times more expensive than like food items currently provided by the WIC program. Additional food costs above the current USDA approved WIC foods will need to be covered with state revenues. Staff time will be needed to assess the nutritional value of kosher food items, revise vendor materials, provide training to vendors on food package changes, amend vendor contracts, conduct quarterly price surveys, and revise the WIC Operations Manual used by local WIC providers. Expenses will increase for printing the approved food list, training materials; mailing of revised manuals, contracts, approved food lists, and quarterly price survey. Information technology staff will be needed to make the programming changes in the Health Agency Network Data System that generates food checks, tracks redemptions, produces reports, etc.

ASSUMPTION (continued)

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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GENERAL REVENUE FUND

Cost - Department of Health and Senior
 Services

Program costs	<u>(\$42,319) to</u> <u>(\$774,191)</u>	<u>(\$1,236) to</u> <u>(\$905,829)</u>	<u>(\$1,273) to</u> <u>(\$933,004)</u>
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**ESTIMATED NET EFFECT ON
 GENERAL REVENUE FUND**

<u>(\$42,319) to</u> <u>(\$774,191)</u>	<u>(\$1,236) to</u> <u>(\$905,829)</u>	<u>(\$1,273) to</u> <u>(\$933,004)</u>
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<u>FISCAL IMPACT - Local Government</u>	<u>FY 2008</u> <u>(10 Mo.)</u>	<u>FY 2009</u>	<u>FY 2010</u>
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposed change could have a negative impact on small business WIC participating grocers. At least 410 of the 710 authorized WIC vendors could be affected. One of the requirements of the WIC program is foods that are approved must be stocked or made available from every authorized vendor. The proposal would cause the smaller vendors to stock specialty food items not currently needed by cultural or religious groups in the local area or at the very least require food items to be special ordered upon request.

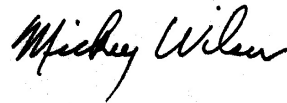
FISCAL DESCRIPTION

This legislation requires the Department of Health and Senior Services, subject to appropriation, to broaden the foods approved under the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Program) to include a variety of kosher foods currently excluded because of failure to meet the federal guidelines.

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, flowing style.

Mickey Wilson, CPA
Director
January 18, 2007