

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1020-01  
Bill No.: SB 198  
Subject: Health Department; Public Assistance; Children and Minors  
Type: Original  
Date: April 9, 2013

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Bill Summary: This proposal requires, subject to appropriations, an expansion of the variety of kosher foods approved under the Women, Infants and Children (WIC) Special Supplemental Food Program.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Unknown, could exceed \$100,000)	(Unknown, could exceed \$100,000)	(Unknown, could exceed \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown, could exceed \$100,000)</b>	<b>(Unknown, could exceed \$100,000)</b>	<b>(Unknown, could exceed \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Health and Senior Services (DHSS)** provided the following information regarding this proposal:

#### § 191.807. 3 - Foods under WIC to include wider variety of kosher foods:

The Missouri Women, Infants, and Children Special Supplemental Food (WIC) Program has approved any brand of milk and store/generic brands of cheese that meets DHSS' criteria and maximum pricing requirements, including kosher items. However, kosher products often exceed the criteria and maximum pricing requirements and are, therefore, not approved. The changes proposed in this bill 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:

- 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 \$4.00 = \$500 one-time cost).
- 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 = 680 x \$1.33 = \$904 one-time cost).
- ITSD Programming Change - The participant data collection system allows internal WIC staff to program changes to food items and prices. No external assistance from Information Technology Services Division (ITSD) staff are required to revise the system food information.
- Local WIC Provider and Vendor Training - Training will have to be provided to 111 local WIC providers and 680 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 (6 sessions x \$225 = \$1,350).
- Video Remake - Revise WIC vendor training video to include new food information and other related changes. Duplicate and distribute new video (one-time cost (680 x \$10 = \$6,800).
- Vendor Manual Reprint - Revise and reprint WIC Vendor Manuals for WIC retail vendors (1,500 manuals @ \$5.334 = \$8,001 one-time cost).

ASSUMPTION (continued)

- Food List Reprint - Revise and reprint of WIC approved food list (25,000 color brochures x \$0.30 plus 50,000 food lists @ \$0.075 = \$11,250 one-time cost).
- Local WIC Provider Information Reprinting and Mailing - Mail revised WIC Vendor Manual and application packets to 680 retail vendors via certified mail. (1,500 manuals + 500 application packets = 2,000 pieces x \$6.50 = \$13,000 one-time cost).

It is assumed that special kosher milk and cheese products could cost an additional \$1,280,260. The calculations for these 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 1.1115 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 x 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 breastfeeding 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 include 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 - \$4.25 a gallon; cheese - \$4.49 per pound.  
Average prices for specialty kosher foods: milk \$10.48 a gallon; cheese \$12.48 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 but have not been included in the fiscal impact estimated. Since DHSS cannot estimate how many of the affected individuals will actually choose the kosher foods, it are unable to accurately determine the total

ASSUMPTION (continued)

cost of these products. Therefore, DHSS has included a range for all three fiscal years. The minimum is the administrative costs alone to change the program to include specialty kosher foods. The maximum includes those costs plus the calculated food costs for just milk and cheese.

**Oversight** obtained internet information from the Jewish Virtual Library which estimates the 2012 Jewish population in Missouri to be 59,175 persons. Missouri Quick Facts estimates Missouri's total 2012 population to be 6,021,988. Oversight determined the Jewish population represents 0.98% of Missouri's total population. Using this percentage, Oversight recalculated DHSS' estimated costs for kosher milk and cheese and estimates the annual cost for these products could be as high as \$1,126,678.

However, based on the most recent survey available (2007) from the Pew Forum on Religion and Public Life, less than 0.3% of Jewish people consider themselves Orthodox Jews, the group most likely to routinely use kosher food products. Assuming this percentage has held constant, this would indicate approximately 178 persons in Missouri (59,175 persons X 0.3%) would consider themselves Orthodox Jews. Further assuming DHSS' calculation of 2,500 Jewish women and children in Missouri live below the poverty level, if 0.3% of those individuals considered themselves Orthodox, it would indicate approximately 8 persons (women and children) would be Orthodox Jews living below the poverty level. If all 8 persons were breastfeeding women (the group receiving the highest benefit amount), the annual increase in costs to the WIC program would be less than \$10,000. For this reason, Oversight assumes the total annual costs for this fiscal note to be unknown, but could exceed \$100,000, depending on what foods are added to the WIC list of approved foods.

Officials from the **Department of Social Services (DSS)** state the Women, Infants and Children (WIC) Program is administered by the Department of Health and Senior Services DHSS. It is further assumed that state supplemental funding for the WIC program, if any, would be appropriated to DHSS. Therefore, there is no fiscal impact to DSS.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DHSS ( \$191,807.3)</u>			
Equipment and expense	(\$41,805)	(\$1,364)	(\$1,377)
Program costs - WIC food	<u>(Unknown, could exceed \$58,195)</u>	<u>(Unknown, could exceed \$98,636)</u>	<u>(Unknown, could exceed \$98,623)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(Unknown, could exceed \$100,000)</u></b>	<b><u>(Unknown, could exceed \$100,000)</u></b>	<b><u>(Unknown, could exceed \$100,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could have a direct effect on small business grocers that sell kosher products.

FISCAL DESCRIPTION

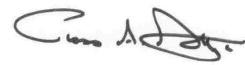
This proposal provides that subject to appropriations, the Department of Health and Senior Services shall broaden the foods approved under the Women, Infants and Children Special Supplemental Food Program (WIC) to include a wider variety of kosher foods currently excluded from the WIC food list due to such kosher foods failing to meet the established 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.

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SOURCES OF INFORMATION

Department of Health and Senior Services  
Department of Social Services



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Acting Director  
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