



Agency Recommendation Summary

The Fruit and Vegetable Incentive Program will not receive the expected federal revenue in fiscal year 2021 to support the program. This program provides incentives to food insecure populations with limited incomes to select healthy food choices. The Washington State Department of Health requests a one-time appropriation to maintain the program in fiscal year 2021 at current levels.

Fiscal Summary

| Fiscal Summary <i>Dollars in Thousands</i> | Fiscal Years | | Biennial | Fiscal Years | | Biennial |
|---|--------------|---------|----------|--------------|------|----------|
| | 2020 | 2021 | 2019-21 | 2022 | 2023 | 2021-23 |
| Operating Expenditures | | | | | | |
| Fund 001 - 1 | \$0 | \$1,280 | \$1,280 | \$0 | \$0 | \$0 |
| Total Expenditures | \$0 | \$1,280 | \$1,280 | \$0 | \$0 | \$0 |

Decision Package Description

In the 2019 legislative session, Substitute House Bill 1587 established the Fruit and Vegetable Incentives Program (FVIP), which increases fruit and vegetable consumption among food insecure individuals with limited incomes. This program, built with a four-year federal grant, provides extra grocery money to individuals if they use food assistance benefits to buy fruits and vegetables at participating farmers markets and grocery stores.

FVIP is an umbrella program for three incentive subprograms:

1. **Farmers Market Basic Food Incentives**—farmers markets provide Supplemental Nutrition Assistance Program (SNAP) participants with matching funds to purchase fruits and vegetables, thereby increasing participants' buying power;
2. **Grocery Store Basic Food Incentives**—grocery stores provide SNAP participants with matching funds to purchase fruits and vegetables; and
3. **Fruit and Vegetable Vouchers (aka Fruit and Vegetable Prescriptions)**—healthcare providers offer fruit and vegetable vouchers to their eligible patients for use at an authorized retailer.

DOH recently applied for a very competitive federal grant – the Gus Schumacher Nutrition Incentive Program grant – from the U.S. Department of Agriculture (USDA) to maintain and expand FVIP. In September 2019, DOH received notification the state was not awarded grant funding. Without this federal revenue, DOH will not be able to maintain FVIP operations in fiscal year 2021. The fiscal year 2021 funding shortfall is \$1.28 million.

Consequence of Non-Funding

If this proposal is not funded in fiscal year 2021, the Grocery Store Basic Food Incentives and Fruit and Vegetable Vouchers will stop in July 2020. This will negatively impact 29,100 low-income people (based on historical program use). These programs will be difficult to start back up, even if DOH receives federal funding in the future.

While the Farmers Market Basic Food Incentives will continue without the funding requested in this request, the incentive amounts will decrease by approximately 54 percent (from fiscal year 2020 to fiscal year 2021). This will impact approximately 6,400 low-income individuals. Additionally, the incentives which are normally spent at participating local farmers markets and support small to medium-sized Washington farmers, will disappear and negatively impact farm vendors.

Alternatives to State Funding

DOH will apply for the competitive federal grant again in calendar year 2020 to augment the FVIP budget in fiscal year 2022, incorporating feedback received by this year's grant reviewers.

DOH has solicited funds from private sources. To-date the state received \$1,050,000 from the Michael and Susan Dell Foundation to run the Grocery Store Basic Food Incentive subprogram, however the funding ends September 2019. Additionally, six healthcare organizations have already pledged \$57,000 for incentives to be used in fiscal year 2021. DOH will continue to solicit incentive funding from private sources.

Assumptions and Calculations

Expansion or alteration of a current program or service:

This request does not expand the program. It proposes to maintain the program by backfilling lost federal revenue with a state general fund appropriation in fiscal year 2021.

Detailed assumptions and calculations:

The \$1,280,000 requested in fiscal year 2021 will cover:

- \$1,052,000 for cash-value fruit and vegetable incentives to low-income participants, to be divided:
 - \$200,000 to Farmers Market Basic Food Incentives;
 - \$502,000 to Grocery Store Basic Food Incentives, and
 - \$350,000 to Fruit and Vegetable Vouchers;
- \$210,000 for contractors to implement the Fruit and Vegetable Incentive subprograms. Contractors can include farmers markets, retailers, government agencies and non-profit organizations;
- \$18,000 for other administrative and support costs.

Workforce Assumptions:

See attached financial calculator (FNCAL)

Strategic and Performance Outcomes

Strategic framework:

FVIP is connected with two goals in DOH's strategic plan: the Healthiest Next Generation goal to "ensure all children in Washington achieve their highest health potential," and the Healthy Living, Healthy Aging goal to "ensure health equity and improve population health." This request is aimed at making fruits and vegetables more affordable for food insecure, low-income families. Because fruit and vegetable incentives focus on low income populations, health equity will be improved.

Performance outcomes:

Fruit and vegetable incentives increase access to affordable and healthy foods for vulnerable families and individuals, while simultaneously supporting Washington farmers and businesses. The USDA estimates that for every SNAP dollar spent, \$1.54 is generated in economic activity; by that measure, the \$1,052,000 that will be allocated to direct incentives will generate \$1.62 million in economic activity in Washington State. Based on historic participation, DOH expects 40,900 people to benefit from the Fruit and Vegetable Incentive Program in fiscal year 2021 if this request is accepted. Specifically, 11,800 people will use Farmers Market Basic Food Incentives, 24,400 people will use Grocery Store Basic Food Incentives, and 4,700 people will use Fruit and Vegetable Vouchers.

Other Collateral Connections

Intergovernmental:

All governmental partners are expected to support maintenance of FVIP.

The City of Seattle's Office of Sustainability and Environment and the Spokane Regional Health District are current contracted partners. These entities can continue providing local technical assistance for FVIP subprograms if funding is received for this request. Additionally, DOH expects to contract with Public Health Seattle & King County in fiscal year 2020 to provide local technical assistance to King County farmers markets. If funding is received for this request, DOH can continue contracting with Public Health Seattle & King County to provide this service.

DOH holds Memorandums of Understanding (MOU) with the Nisqually Tribal Health Department and Public Hospital District No. 2, Snohomish County (doing business as Verdant Health Commission) to operate the Fruit and Vegetable Voucher program through March 2020. If additional state funding is available for fiscal year 2021, DOH can continue to work with these entities to offer the Fruit and Vegetable Voucher program to their clients. Fruit and vegetable incentive programs will positively impact fruit and vegetable consumption and food insecurity within Tribal Nations.

The Washington State Department of Social and Health Services (DSHS) administers SNAP within the state and is responsible for communicating with and serving low-income clients. DOH and DSHS work together for data sharing and communication/outreach efforts for

FVIP. DOH expects collaboration to continue if this request is approved. Additionally, the Washington State Department of Agriculture (WSDA) has been a critical partner by creating and disseminating incentive outreach materials to food banks and pantries throughout Washington. DOH anticipates continued support from WSDA if this request is approved.

Stakeholder response:

DOH anticipates all non-governmental stakeholders will support this proposal. Non-governmental stakeholders that will be impacted by this proposal include the following:

- American Heart Association;
- Anti-Hunger and Nutrition Coalition;
- Foundation for Healthy Generations, Northwest Harvest;
- Washington State Alliance of YMCAs;
- Washington State Farmers Market Association;
- Childhood Obesity Prevention Coalition;
- UnitedHealthcare Community Plan;
- MultiCare Health System- Center for Healthy Living;
- Virginia Mason Memorial Hospital;
- Seattle Children’s Odessa Brown Children’s Clinic;
- Catholic Charities of Spokane;
- Sea Mar Community Health Centers;
- Yakima Valley Farm Workers Clinics;
- Washington State University-Extension Clark County;
- Harborview Medical Center;
- Washington Food Industry Association;
- Albertson’s Companies;
- University of Washington’s Center for Public Health Nutrition (UW CPHN); and
- Public Health Seattle-King County.

Legal or administrative mandates:

This request is not driven by a legal or administrative mandate against the state.

State workforce impacts:

This request does not impact existing collective bargaining.

State facilities impacts:

This request does not impact facilities and workplace needs.

Changes from current law:

This request does not require any changes to statutes or rules.

Puget Sound recovery:

This request is not related to Puget Sound recovery efforts.

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No

Objects of Expenditure

| Objects of Expenditure <i>Dollars in Thousands</i> | Fiscal Years | | Biennial | Fiscal Years | | Biennial |
|---|--------------|---------|----------------|--------------|------|------------|
| | 2020 | 2021 | 2019-21 | 2022 | 2023 | 2021-23 |
| Obj. C | \$0 | \$210 | \$210 | \$0 | \$0 | \$0 |
| Obj. E | \$0 | \$18 | \$18 | \$0 | \$0 | \$0 |
| Obj. N | \$0 | \$1,052 | \$1,052 | \$0 | \$0 | \$0 |

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