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FISCAL IMPACT REPORT

SPONSOR Pirtle ORIGINAL DATE 03/09/21
LAST UPDATED _____ HB _____
SHORT TITLE Restrict SNAP Program Food Purchases SB 373
ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$91.25		\$91.25	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act of 2021

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Bill 373 (SB373) proposes the Human Services Department (HSD) submit a waiver to the United States Department of Agriculture (USDA) to restrict food items recipients of federal Supplemental Nutrition Assistance Program (SNAP) benefits can purchase. SB373 proposes to restrict SNAP purchases to eligible items under the Women, Infant, and Children (WIC) supplemental nutrition program and including meat.

FISCAL IMPLICATIONS

HSD indicates SB373 would require the Income Support Division to educate SNAP recipients, HSD employees, and community agencies of the changes in SNAP eligible foods. Adding or modifying the Notice of Case Action (NOCA) in the ASPEN integrated eligibility system to reflect this information would cost approximately \$182.5 thousand and would take approximately a month to complete the IT system changes. SNAP administrative costs are matched by the federal government at 50 percent, resulting in a cost of \$91,250 in federal funds and \$91,250 in state general fund.

Grocers and other authorized EBT vendors may see increased costs to update point-of-sale (POS) systems that process EBT transactions with the proposed restrictions.

As of December 2020, there were 506,658 New Mexican's receiving SNAP benefits, of which 203,391 are children. In 2020, New Mexico issued \$960,801,164 in federal SNAP benefits. Under the provisions of the bill, the state would lose a significant portion of these incoming federal SNAP dollars.

SIGNIFICANT ISSUES

SNAP is a federal program that provides nutrition benefits to low-income individuals and families that are used at stores to purchase food. The United States Food and Nutrition Act of 2008 (the Act) defines eligible food as any food or food product for home consumption and also includes seeds and plants which produce food for consumption by SNAP households. The act precludes the following items from being purchased with SNAP benefits: alcoholic beverages, tobacco products, hot food and any food sold for on-premises consumption. Nonfood items such as pet foods, soaps, paper products, medicines and vitamins, household supplies, grooming items, and cosmetics, also are ineligible for purchase with SNAP benefits.

The criteria for SNAP purchases are federal policies and not set by states. Some states across the country have submitted waivers to the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) to restrict SNAP purchases. To date, the USDA has rejected all applications for waivers. (<http://www.snapttohealth.org/snap-inovations/snap-and-restriction/>)

SB373 would limit eligible SNAP purchases to approximately 20 types of foods and to only certain brands of food. The WIC program targets pregnant and postpartum women, infants, and young children. The foods provided through the WIC program supplement the participant's diets with specific nutrients. WIC eligible foods include breakfast cereal, infant cereal, infant food fruits and vegetables, infant food meat, infant formula, exempt infant formula, milk, cheese, tofu, soy-based beverages, mature legumes, peanut butter, fruits and vegetables, canned fish, whole wheat bread, and other whole grains, juice, and eggs. SNAP benefits allow those participants with special diets or medical conditions to purchase additional multiple foods than what WIC allows.

ADMINISTRATIVE IMPLICATIONS

Under the bill's provisions, each individual state food vendor would need to re-program their current point of sale and grocer systems to further restrict the capability of purchasing certain types and brands of food.

If enacted, SB373 will increase the administrative effort by both WIC and SNAP agencies with increased calls, customer clarifications, and fair hearings due to the restrictions.

TECHNICAL ISSUES

HSD reports SB373 proposes HSD request a waiver of current regulations cited in 7 CFR 274.7(a) where the definition of SNAP eligible food is described as, "Program benefits may be used only by the household, or other persons the household selects, to purchase eligible food for the household, which includes, for certain households, the purchase of prepared meals, and for other

households residing in certain designated areas of Alaska, the purchase of hunting and fishing equipment with benefits.” Section 7 CFR 274.7(g) contradicts the provisions outlined in SB373 as it identifies households that require foods outside the limits imposed by WIC and is a major reason other efforts to limit SNAP eligible foods have failed.

OTHER SUBSTANTIVE ISSUES

SNAP provides benefits to people with in financial need including basic subsistence for elderly, homebound, handicapped, and homeless people. Unlike WIC, SNAP benefits include foods that are easy to prepare, ready-made to heat and eat, or pre-prepared. SB373 could negatively impact elderly, battered, disabled, and homeless who may not be able to prepare their own foods either due to skill level, disability, or homelessness.

HSD reports in FY20, WIC served 452,226 families that struggle to find WIC-eligible foods. The bill’s proposal to restrict the 255,483 current SNAP households (506,658 individuals) to only purchasing WIC-eligible foods would cause a strain on providers as well as grocers. Nutritious food items would decrease when limited under WIC-eligible foods resulting in food banks and other community resources needing to supplement the loss of shelf stable and freezable food items.

New Mexico is ranked fifth in the nation for food insecurity by Feeding America’s most recent Map the Meal Gap 2020 study. The study estimates because of the Covid-19 pandemic, the number of food insecure New Mexicans will grow from 315,900 individuals in 2019 to 372,490 individuals in 2020.

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