

2003 Joint Committee on Audit

Food Stamp Program

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David Ward

Wisconsin State Assembly
Member: Joint Committee on Finance

JUL 07 2003

*Ward's Reply
Sept*

July 7, 2003

Representative Sue Jeskewitz
Co-chair, Joint Committee on Audit
State Capitol, Room 314N
Madison, WI 53708

Senator Carol Roessler
Co-chair, Joint Committee on Audit
State Capitol, Room 8S
Madison, WI 53707

Dear Co-chairpersons Jeskewitz and Roessler,

I recently read an article in the June 28th, 2003 edition of the Wisconsin State Journal entitled "Food-stamp Error Rate High Again". According to the article, Wisconsin ranks the 48th highest in food-stamp errors nationally. In addition, food-stamp resources are being directed toward people who do not qualify for them at an expense of the people who do. As a result of the consecutive consistency in errors, this has cost the state millions in federal fines. Please accept this letter as a formal request for an audit of this program.

I understand the Legislative Audit Bureau conducted a review of this program in July of 2000 at a time when the Department of Workforce Development administered the program. I believe it would be appropriate to update the work the Audit Bureau performed in 2000. Additionally, I believe it is important to focus on the reasons for the high error rates and what can be done to improve the program and its administration. At a time when the state is dramatically cutting efficient programs due to our budget deficit, we should be closely examining programs that may be inefficient.

I appreciate your time regarding this matter. For your convenience, I have enclosed a copy of the article for your review. I'd be happy to discuss this issue further at your convenience. Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,

David Ward
State Representative
37th Assembly District

*Hearing
supra*

*Very doable
esp in Milwaukee*

largely federally funded

*update
2003 audit
Depts
Promised
Hearings*

Enclosure

cc: Janice Mueller, State Auditor, Legislative Audit Bureau

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Food-stamp Error Rate High Again

Wisconsin's Program Ranks 48th In Nation

Wisconsin State Journal :: LOCAL/WISCONSIN :: B3

Saturday, June 28, 2003

Jenny Price Associated Press

Wisconsin had the third-worst error rate in the nation for its food-stamp program in 2002, mistakes that could cost the state up to \$3.5 million, according to data released Friday by the U.S. Department of Agriculture.

USDA spokeswoman Kathy Fiorito said the state can reinvest the fine to improve the food-stamp program rather than pay the money to the federal government.

Helene Nelson, secretary of the state Department of Health and Family Services, said she is committed to correcting the state's 2002 error rate of 12.69 percent and wants the fine to be Wisconsin's last.

*Not dairy you?
or finally
job.*

The average error rate nationwide was 8.26 percent last year. The USDA bases the error rate on a formula that takes into account the number of people who got too much or too little in food-stamp payments and the number of people who should not have been in the program.

States that meet the national average are not penalized and those with lower-than-average error rates get extra food-stamp funding.

Nelson said the federal government will allow the state to submit a plan for investing half of the \$3.5 million and will forgive the rest "if we get our performance in line." The program enrolled about 300,000 people as of March, and its numbers are increasing, she said.

Federal officials also said Wisconsin spent \$18.1 million more on food stamps than it should have in 2002 while failing to give \$6.9 million in food stamps to poor people who should have received them.

State officials said in April they were making changes to Wisconsin's troubled food-stamp system, which has cost the state millions in federal fines in the last six years because of administrative mistakes.

Most of that money has been reinvested in efforts to improve the error rate, but the state consistently exceeds the national error-rate average and has ranked among the top 10 poorest performing states every year since 1996.

Only California and Michigan had worse rates in 2002.

The state budget for the two-year period that begins July 1 includes a \$2.87 million fine USDA assessed in 2001, when the program's error rate was 13.14 percent. Nelson said the state intends to use the money to improve a computer system used to administer the program.

But money for the 2002 fine is not budgeted and Nelson's agency would have to find money within its budget to cover the cost of the reinvestment, according to the nonpartisan Legislative Fiscal Bureau. The state is facing a \$3.2 billion budget deficit for the upcoming two-year budget.

Sherrie Tussler, executive director for Hunger Task Force of Milwaukee, said the computer system has erroneously cut people's benefits in the past. She also said the program needs to increase the staffing levels and improve the technology in Milwaukee County.

"We're just totally under-resourced," she said. "The call volume is so high the system shuts down."

While Tussler said the group appreciates the state's commitment to improving food administration, she said she would reserve judgment on whether it would succeed.

"This time next year when the error rates are released, we'll have a better idea if the commitment is tangible," she said.

Nelson said the state is also aiming to increase enrollment rates.

[Return to story](#)

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Press Release

State Representative David Ward
37th Assembly District

FOR IMMEDIATE RELEASE:
July 8, 2003

CONTACT: DAVID WARD
(608) 266-3790

Ward Asks for Audit on Food Stamps

Representative Ward (R-Fort Atkinson) has sent a letter to Representative Sue Jeskewitz (R-Menomonee Fall) and Senator Carol Roessler (R-Oshkosh), Co-chairs of the Joint Committee on Audit, requesting an audit on the food stamp program.

According to data released by the U.S. Department of Agriculture, Wisconsin had the third-worst error rate in the nation for its food-stamp program in 2002. The average error rate nationwide was 8.26 percent last year, while Wisconsin's was 12.69 percent. This high error rate could result in a fine up to \$3.5 million by the Federal Government.

Wisconsin spent \$18.1 million more on food stamps than it should have in 2002 while failing to give \$6.9 million in food stamps to poor people who should have received them.

In the letter Representative Ward sent to Co-chairs Jeskewitz and Roessler he stated, "I believe it is important to focus on the reasons for the high error rates and what can be done to improve the program and its administration. At a time when the state is drastically cutting efficient programs due to our budget deficit, we should be closely examining programs that may be inefficient."

"I hope an audit will show us how we can avoid errors of the past and direct our food stamp resources to those who truly need the assistance," said Ward.

The Joint Committee on Audit will decide whether or not the audit should be conducted.

####

Asbjornson, Karen

just for

From: Halbur, Jennifer
Sent: Wednesday, July 09, 2003 9:52 AM
To: Asbjornson, Karen
Subject: FW: Information about the Food Stamp Program for Senator Cowles

Hi Karen,

I thought you might be interested in this. I saw that Rep Ward asked the Audit Committee for an audit of the Food Stamp Program.

Have a good day,
Jennifer

-----Original Message-----

From: Wood, Susan
Sent: Wednesday, July 09, 2003 9:40 AM
To: Halbur, Jennifer
Cc: Boroniec, Priscilla; Handrich, Peggy; McIlquham, Cheryl; Moody, Mark; Simpson, Joanne; Radloff, Gary; Welsh, Diane
Subject: Information about the Food Stamp Program for Senator Cowles

Hi Jennifer

this is in response to the request of Senator Cowles for information about what DHFS is doing to improve the Food Stamp program

Since this program was moved from DWD to DHFS a year ago, DHFS has focused on addressing problems with payment accuracy, improving participation, and improving program management.

Payment Accuracy

we now have a comprehensive payment accuracy plan in place that is expected to reduce the error rate so that we do not get sanctions in the future. The sanction notice that we received at the end of June for the period October 2001 to Sept 2002 should be the last one. For the prior year we tried to negotiate a settlement that would reduce the liability - but were not able to do that. However, for the latest notice, USDA offered all states in sanction status the option to reduce the liability based on future improvement.

This plan is responsive to the things that the counties have told us need to be done - such as coordinate policies and streamline the Food Stamp and Medicaid programs & provide a lot more automated support.

Access

We have had the highest caseload growth in the nation since 1999 - a 50% increase. This occurred because Wisconsin working families seeking health care coverage through Medicaid and BadgerCare also learned they could benefit from the Food Stamp program.

This has brought participation in the Food Stamp program back to the level that it was in the mid-1990s. However we estimate that there are about 200,000 people who could qualify but are not enrolled. Therefore we are focusing on outreach efforts to increase participation.

We have a new shorter application form that is on the DHFS web site.

And we have just been awarded a \$1.7 million federal grant to improve program participation that we are just thrilled about because it gives us the funding to make the eligibility system much easier to use for both workers and customers. The Department is issuing a press release this week about this grant.

Management

We have established responsibility for the Food Stamp program within DHFS and have been working extensively with counties and tribes that administer the program to make changes that meet their needs, recognizing the fiscal environment facing the state. We are trying to achieve the right balance between workload and funding by streamlining program administration. We have a good partnership with local IM agencies through an Income Maintenance Advisory Committee. The issues discussed and work going on in subcommittees is described in detail on the DHFS web - there is an Eligibility Management home page with links to a lot of information about IM administration. This is the link - <http://www.dhfs.state.wi.us/em/index.htm>

Sheryl Siegel, IM Supervisor in Brown county, is the co-chair of the subcommittee working on program and policy coordination and simplification.

This is the summary I promised to send - if you would like more information about any of these topics, please let me know.

Susan Wood, Division of Health Care Financing
Wisconsin Department of Health and Family Services
ht Thanks,
608-261-4958



State of Wisconsin
Department of Health and Family Services

JUL 21 2003

Jim Doyle, Governor
Helene Nelson, Secretary

July 18, 2003

The Honorable David Ward
State Representative
37th Assembly District
State Capitol
Madison, WI

Dear Representative Ward:

I am writing to provide you with information about the actions taken by DHFS to improve the Food Stamp Program. Since this program was moved from DWD to DHFS a year ago, DHFS has focused on addressing problems with payment accuracy, improving participation, and improving program management including the relationship with local government.

Payment Accuracy

For the past two years, Wisconsin has had the third highest food stamp error rate in the nation. We have solid information about the cause of errors and specific plans to address them. A comprehensive payment accuracy plan is now in place to reduce the error rate so that we do not get sanctions in the future. We are taking significant measures with the goal that the sanction notice that we received at the end of June for the period October 2001 to Sept 2002 will be the last one for Wisconsin.

This payment accuracy plan is responsive to the things that the counties have told us need to be done - such as coordinate and simplify policies to streamline the Food Stamp and Medicaid programs and to upgrade the automated support that is provided to eligibility workers. USDA has just approved a reinvestment plan that will fund CARES changes to automate functions now handled manually, automation and training support for new change reporting requirements to be implemented later this month, and to start the development of electronic case files.

Access

Improving access to nutrition assistance is a top priority for this administration. Good nutrition is essential to good health, and we will be seeking new opportunities to work with county, tribal and other community organizations to increase enrollment in the Food Stamp program. Increasing participation in the Food Stamp Program provides direct economic benefit to our state, with 100% federal funds. USDA estimates that each \$5 of Food Stamp benefits generates \$9 in economic stimulus.

As a state, we have had the highest caseload growth in the nation since 1999 - a 50% increase. This occurred because Wisconsin working families seeking health care coverage through Medicaid and BadgerCare also learned they could benefit from the Food Stamp program.

This has brought participation in the Food Stamp program back to the level that it was in the mid-1990s. We estimate however that there are about 200,000 people who could qualify for Food Stamps, but are not enrolled. Therefore we are

Wisconsin.gov

focusing on outreach efforts to increase participation. This outreach plan includes:

- new marketing efforts;
- a new shorter application form that is on the DHFS web site;
- many policy and process changes to make the program easier for workers to administer and easier for customers to understand and use; and
- training and technical assistance for community-based agencies such as staff of food pantries so that they can help their customers take advantage of the program.

In addition to these activities, the Department has just received a \$1.7 million federal grant to improve program participation that provides 100% federal funding to make the eligibility system much easier to use for both county workers and customers.

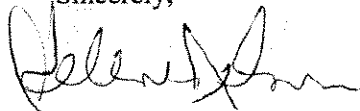
Program Management

We have incorporated the Food Stamp program into our management structure within DHFS and have been working extensively with counties and tribes that administer the program to make changes that meet their needs, recognizing the fiscal environment facing the state. We are trying to achieve the right balance between workload and funding by streamlining program administration.

I recognize that your request to the Audit Committee for an audit of this program reflects a concern about the quality of administration of this program. As I hope this letter illustrates, I am committed to quality administration of the Department's programs – including accurate eligibility decisions, proper stewardship of public funds, and assuring access and enrollment in programs that are here to serve our citizens. I am confident that we understand the Food Stamp issues and that we will make great progress in correcting past problems that we inherited.

The Legislature's Joint Committee on Audit has now directed the Legislative Audit Bureau to conduct an audit of one aspect of program integrity, the verification policies for Medicaid, BadgerCare and SeniorCare. This audit may encompass the Food Stamp error rate, and the efforts underway to improve it. This should give us all good information about how these programs operate, including recommendations for improvement and best practices.

Sincerely,



Helene Nelson
Secretary

cc: Janice Mueller, State Auditor, Legislative Audit Bureau
Representative Sue Jeskewitz, Co-Chair, Joint Committee on Audit
Senator Carol Roessler, Co-Chair, Joint Committee on Audit
Senator Robert Cowles, Member of Joint Committee on Audit
Senator Alberta Darling, Member of Joint Committee on Audit
Senator Gary George, Member of Joint Committee on Audit
Senator Jeffrey Plale, Member of Joint Committee on Audit
Representative Samantha Kerkman, Member of Joint Committee on Audit
Representative Dean Kaufert, Member of Joint Committee on Audit
Representative David Cullen, Member of Joint Committee on Audit
Representative Mark Pocan, Member of Joint Committee on Audit



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

JANICE MUELLER
STATE AUDITOR

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(608) 266-2818
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Leg.Audit.Info@legis.state.wi.us

September 11, 2003

Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, WI 53702

Dear Senator Roessler and Representative Jeskewitz:

At your request, we have updated information provided in our July 2000 audit of the Food Stamp Program (report 00-8). That audit was undertaken based on concerns raised about Wisconsin's Food Stamp Program, when a series of reports issued in 1999 suggested that not all eligible individuals and families were receiving benefits to which they were entitled. In particular, a July 1999 report by the General Accounting Office indicated that as welfare reform measures were implemented nationally, the percentage decline in food stamp recipients was greater in Wisconsin than in any other state.

The largest decline in the number of food stamp recipients began in March 1995 and reached its lowest point in July 1999. Since that time, the number of recipients has grown, increasing from 304,020 in 1999 to 417,371 in 2002. However, Wisconsin's food stamp benefit payment error rate—the extent to which the dollar value of program benefits is calculated inaccurately for program participants—has not improved with respect to the national average. In fact, during federal fiscal year (FFY) 2000-01 and FFY 2001-02, Wisconsin's error rate has been at an historical high of 4.4 percentage points above the national average. Since FFY 1993-94, the federal government has imposed a total of \$10.6 million in sanctions as a result of Wisconsin's high error rates.

The federal Farm Security and Rural Investment Act of 2002, which is known as the Farm Bill, made a number of changes to the Food Stamp Program that are intended to reward states that demonstrate good performance in administering the program and helping working families. In addition, the State is required to spend \$6.2 million in federal funds through FFY 2004-05 on projects intended to improve the accuracy of food stamp benefit determinations. If the State does not reduce its error rate to the national average for benefits paid in FFY 2003-04, it will be required to repay the federal government \$871,500, and an additional \$871,500 if it does not meet the national average in FFY 2004-05.

I hope you find this information helpful. Please contact me if you have any questions.

Sincerely,

Janice Mueller
State Auditor

JM/PS/bm

cc: Helene Nelson, Secretary
Department of Health and Family Services

Enclosure

FOOD STAMP PROGRAM

The Food Stamp Program was created by the federal Food Stamp Act of 1964 to assist low-income families in purchasing food. The program is administered at the federal level by the Food and Nutrition Service of the United States Department of Agriculture (USDA). In Wisconsin, the program has been administered by the Department of Health and Family Services (DHFS) since July 1, 2002, and by the Department of Workforce Development prior to that time. The Legislature shifted administrative responsibility for the program, based in part on the findings of our July 2000 audit of the Food Stamp Program (report 00-8), which raised concerns about limiting recipients' access to food stamp benefits and the extent to which mistakes had been made in determining appropriate benefit levels.

Except for benefits to some qualified resident aliens, Food Stamp Program benefits are entirely federally funded. Program administration costs are shared equally by the State and the federal government. In fiscal year (FY) 2002-03, an average of 288,855 recipients participated in the program each month and received benefits totaling \$223.1 million for the fiscal year.

Trends in Program Participation

The most precipitous decline in the number of food stamp recipients began in March 1995. Between March 1995 and July 1999, which is the lowest point for food stamp participation in the past decade, the number of food stamp recipients declined by 45.2 percent. Since July 1999, the number of food stamp recipients has grown by 37.3 percent. As shown in Table 1, the annual number of food stamp recipients has increased since 1999, growing from 304,020 in that year to 417,371 in 2002.

Table 1

Food Stamp Program Participation

<u>Calendar Year</u>	<u>Annual Number Of Participants*</u>	<u>Percentage Change</u>
1995	448,723	---
1996	404,212	(9.9)%
1997	346,309	(14.3)
1998	309,635	(10.6)
1999	304,020	(1.8)
2000	326,202	7.3
2001	365,406	12.0
2002	417,371	14.2

* Represents the unduplicated number of individuals who participated at any point during the year.

According to the Food Research and Action Center, a nonprofit and nonpartisan research and public policy center, Wisconsin had the highest percentage increase in food stamp participation (50.7 percent) among all states during the five-year period from March 1998 to March 2003. The Center based its conclusions on data from the USDA.

Accuracy of Benefit Calculations

In order to be consistent with W-2 and Medical Assistance program requirements, the State in October 1997 changed how benefits are determined from a system that used past income to a system that estimates future income. Because calculating benefits based on an estimate of future income can be less accurate than using historical income data, the USDA encouraged the State to implement shorter periods between recertification of recipients' eligibility for food stamp benefits. Beginning in October 1997, the Department required eligibility for food stamps to be recertified every three months, rather than every six months. This initiative did not reduce Wisconsin's benefit payment error rate and the Department reverted to six-month recertification periods in April 2001.

The benefit payment error rate includes instances in which the amount of benefits provided was either higher or lower than the amount for which the food stamp recipients were eligible. As shown in Table 2, Wisconsin's benefit payment error rate has been above the national average since at least federal fiscal year (FFY) 1994-95. Although Wisconsin's error rate declined in FFY 2001-02, the extent to which Wisconsin's error rate is above the national average has increased since FFY 1995-96, reaching a high of 4.4 percentage points above the national average in each of the past two federal fiscal years. As a result, Wisconsin had the third-worst error rate in the nation during these two years. Only California and Michigan had higher error rates than Wisconsin.

Table 2

Food Stamp Benefit Payment Error Rates

<u>Federal Fiscal Year</u>	<u>Wisconsin's Error Rate</u>	<u>National Average</u>	<u>Percentage Point Difference</u>
1994-95	12.2%	9.7%	2.5
1995-96	11.4	9.2	2.2
1996-97	13.7	9.8	3.9
1997-98	14.6	10.7	3.9
1998-99	13.4	9.9	3.5
1999-00	12.7	8.9	3.8
2000-01	13.1	8.7	4.4
2001-02	12.7	8.3	4.4

Based on calculations of USDA auditors, in FFY 2001-02, 9.2 percent of benefits paid in Wisconsin, with a value of \$18.1 million, were too high; 3.5 percent, with a value of \$6.9 million were too low. Because food stamps are federally funded, USDA can impose monetary sanctions on states with error rates above the national average. Since FFY 1993-94, USDA has imposed a total of \$10.6 million in sanctions for Wisconsin's high error rates. To date, rather than withholding or requiring the return of federal funds, USDA has allowed the State to reinvest the sanctioned amounts in programs and activities that attempt to improve payment accuracy.

It should be noted that special provisions apply to the \$3.5 million in sanctioned liability USDA has placed on the State for food stamp benefit calculation errors made in FFY 2001-02. Under the terms of an agreement between DHFS and USDA, the State must spend \$1.7 million on program improvements by the end of September 2005. Unless additional funds are appropriated, DHFS will need to identify funds within its existing appropriations to cover these costs. In addition, if Wisconsin's benefit payment error rate is not at or below the national average for FFY 2003-04, the State will be required to repay the federal government \$871,500, as well as repay an additional \$871,500 if Wisconsin does not meet the national average for FFY 2004-05.

DHFS officials believe that substantial progress has been made in reducing Wisconsin's food stamp benefit error rate. For the first seven months of FFY 2002-03, they have calculated an error rate of 9.5 percent. If this trend holds through the end of the year, it would represent a substantial decline in the State's error rate and reflect progress in addressing the problem.

National Changes in the Food Stamp Program

Reauthorization of the Food Stamp Program under the Farm Security and Rural Investment Act of 2002, known as the Farm Bill, has resulted in some program changes. Beginning in FFY 2002-03, USDA replaced its current system of quality control with a performance-based system that awards bonuses for exemplary achievements in payment accuracy and service to eligible households. However, states that have long-term benefit payment problems are still subject to monetary penalties, and the new rules may increase the likelihood that some states will be monetarily penalized. Under the new rules, states will be subject to monetary sanctions if their combined benefit payment error rates exceed 105 percent of the national average for two consecutive federal fiscal years.

In addition to changes affecting benefit error rates, the federal reauthorization of the Food Stamp Program has also led to a number of changes intended to benefit working families, who represent an increasing percentage of food stamp recipients. For example, these changes included:

- expanding from three months to five months the period during which states may provide food stamps to families who are transitioning into the workforce and would not otherwise remain eligible for the benefit;
- removing a cap on employment and training expense reimbursement for recipients participating in the food stamp employment and training program;
- modifying the standard fixed income deduction to one that varies with family size and increases with inflation, allowing many households to increase their level of benefits;

- raising the asset limit for a household with a disabled member from \$2,000 to \$3,000;
- allowing states to exclude certain types of income for the Food Stamp Program that it excludes as income from programs funded through Temporary Assistance for Needy Families or Medical Assistance programs; and
- simplifying the treatment of child care payments and the standard utility allowance.

Wisconsin has already taken action to implement many of the 2002 Farm Bill Provisions. For example, in October 2002, DFHS made policy changes modifying the standard fixed income deduction to one that varies with family size and reinstated food stamp eligibility for qualified aliens that receive a disability benefit. In 2003, it excluded student financial aid in determining income and excluded real property in counting assets; made the food stamp application available as a downloadable document from the DHFS website; and implemented a simplified change reporting policy. These changes did not require legislative review or approval.

State Efforts to Improve the Accuracy of Benefit Determinations

In June 2003, DHFS submitted a plan to the USDA regarding its proposal to address Wisconsin's payment error rate problem. This plan was submitted as a consolidation and update of five other existing plans and details numerous projects and activities intended to reduce Wisconsin's food stamp payment error rate. From FFY 1999-2000 through FFY 2004-05, DHFS has proposed to spend \$6.2 million on projects that it believes will reduce the statewide error rate to a level at or below the national average by FFY 2003-04, which includes the \$1.7 million it is required to spend on program improvements as a result of USDA sanctions for errors made in FFY 2001-02.

The projects include implementing program changes and enhancements to the Client Assistance for Reemployment and Economic Support (CARES) system, funding program improvement and payment accuracy staff, creating a reporting center in Milwaukee to address changes in the status of food stamp recipients that may affect their eligibility for program benefits, holding conferences and conducting workshops and other training sessions for eligibility determination workers, publishing updates to a desk aid reference for workers, and contracting with a private vendor to evaluate previous and current reinvestment activities undertaken by the State. A list of the projects and their estimated costs is shown in the Appendix. Although the projects included in the plan are subject to USDA review, we did not review them nor were they required to be reviewed or approved by the Legislature.

It should also be noted that in June 2003, DHFS was awarded a \$1.7 million USDA grant, which must be spent between June 2003 and March 2006. DHFS intends to use the grant funds to create a web-based customer services tool that will allow anyone with Internet access to assess their potential eligibility for food stamps, Medical Assistance, and other public assistance programs and to submit applications for these programs over the Internet.

Finally, changes in federal law and waivers of Food Stamp Program requirements, have allowed states to extend food stamp certification periods and reduce reporting requirements. Beginning in early 2004, DHFS plans to extend the certification period for most food stamp recipients to

12 months, while also making semi-annual efforts to collect information on changes in recipients' employment, income, and other conditions, as required by federal law.

Simply process for 90/75

Appendix

Wisconsin Food Stamp Reinvestment Plan Consolidation Projects

Turn over rate

<u>Project</u>	<u>Description</u>	<u>Budget</u>
Improved record management	Creating capacity to scan verification documents and provide online filing in order to provide workers with immediate access to these data and enhance case management.	\$1,761,808
Payment accuracy staff	Devote staff to promoting payment accuracy by identifying food stamp errors within local agencies and coaching workers responsible for errors.	1,462,500
CARES support and training	Move to a 12-month certification period with semi-annual change reporting of recipient status.	695,000
CARES updates	Enhance computerized systems to reduce errors related to changes in recipient status.	416,500
Food stamp conferences and training	Provide training to approximately 450 food stamp staff through 2004.	396,000
Program improvement staff	Provide central office staff to work directly with a corrective action team and others on error reduction initiatives.	372,000
Local error reduction projects	Support local projects, such as local agency change tracking and recipient education projects.	278,027
Performance measurement	Contract with an outside vendor to evaluate reinvestment activities and evaluate the effectiveness of food stamp program administration.	208,722
Change center creation and operation	Work with Milwaukee County to create a food stamp change-reporting center in Milwaukee in order to reduce the frequency of changes that are not acted upon or not reported.	190,000
Corrective action staff	Provide staff to work directly with program improvement and other staff on error reduction initiatives.	174,000
Outreach to nontraditional retailers	Allocate funds to the Fondy Farmers Market to participate in the delivery of food stamp benefits. Work with several food pantries and hunger groups to promote food stamps in low-income population areas.	100,000
Interviewing skills training	Improve the interviewing skills of approximately 1,500 workers through statewide training.	85,000
Error rate improvement events	Host two events for local and state agency staff.	36,466
Recipient education projects	Implement a recipient education campaign—through mass mailings, posters, and other materials—to inform recipients on when, how, and what to report to their case worker.	25,000
Payment accuracy workshops	Work with other states to share ideas and best practices to improve food stamp program administration.	10,000
Food stamp desk aid kit	Update the desk aid kit (publishing and printing) as policy changes occur or clarifications are needed.	10,000
Total		\$6,221,023

*over payment
→ food stamps*

*Payable
Schedule
of food stamps*

Reinvestment

*Future don't get together,
- Compliance schedule key deliverables deals*



WISCONSIN STATE LEGISLATURE
Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

September 29, 2003

Representative David Ward
324 East, State Capitol
Milwaukee, Wisconsin 53702

Dear Representative Ward: *David*

The Joint Legislative Audit Committee will hold a public hearing on Wednesday, October 8, 2003, at 10:00 a.m. in Room 412 East of the State Capitol. At this hearing, the Committee will review reports from the Legislative Audit Bureau on the Food Stamp Program (report 00-8 and associated follow-up) and discuss the concerns about the program's error rate that you and other legislators have raised.

The Committee will hear from invited speakers only. Therefore, we would like to invite you to attend the hearing to offer your testimony and share your concerns. Please plan to provide each committee member with a written copy of your testimony at the hearing.

Please contact us on or before Monday, October 6th to confirm your participation in the hearing. Should you have further questions, please let us know.

Sincerely,

Senator Carol A. Roessler
Co-chairperson
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz
Co-chairperson
Joint Legislative Audit Committee

Enclosure

cc: Janice Mueller
State Auditor

*David,
Please feel free to
invite your concerned
constituent.*



WISCONSIN STATE LEGISLATURE
Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

September 29, 2003

Mr. Robert Mohelnitzky, Executive Director
Second Harvest of Southern Wisconsin
2802 Dairy Drive
Milwaukee, Wisconsin 53718

Dear Mr. Mohelnitzky:

The Joint Legislative Audit Committee will hold a public hearing on Wednesday, October 8, 2003, at 10:00 a.m. in Room 412 East of the State Capitol. At this hearing, the Committee will review reports from the Legislative Audit Bureau on the Food Stamp Program (report 00-8 and associated follow-up).

At this hearing, the Committee will hear from invited speakers only. Therefore, we would like to invite you to attend the hearing to offer testimony and to respond to questions from committee members. Please plan limit your testimony to 15 minutes and provide each committee member with a written copy of your testimony.

Please contact us on or before Monday, October 6th to confirm your participation in the hearing. Should you have further questions, please let us know.

Sincerely,

Senator Carol A. Roessler
Co-chairperson
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz
Co-chairperson
Joint Legislative Audit Committee

Enclosure

cc: Janice Mueller
State Auditor



WISCONSIN STATE LEGISLATURE
Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

September 29, 2003

Ms. Anne Arnesen, Executive Director
Wisconsin Council on Children and Families
16 North Carroll Street, Suite 600
Milwaukee, Wisconsin 53703

Dear Ms. Arnesen:

The Joint Legislative Audit Committee will hold a public hearing on Wednesday, October 8, 2003, at 10:00 a.m. in Room 412 East of the State Capitol. At this hearing, the Committee will review reports from the Legislative Audit Bureau on the Food Stamp Program (report 00-8 and associated follow-up).

At this hearing, the Committee will hear from invited speakers only. Therefore, we would like to invite you to attend the hearing to offer testimony and to respond to questions from committee members. Please plan limit your testimony to 15 minutes and provide each committee member with a written copy of your testimony.

Please contact us on or before Monday, October 6th to confirm your participation in the hearing. Should you have further questions, please let us know.

Sincerely,

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State Auditor



WISCONSIN STATE LEGISLATURE
Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

September 29, 2003

Ms. Sherrie Tussler, Executive Director
Hunger Task Force of Milwaukee, Inc.
201 South Hawley Court
Milwaukee, Wisconsin 53214

Dear Ms. Tussler:

The Joint Legislative Audit Committee will hold a public hearing on Wednesday, October 8, 2003, at 10:00 a.m. in Room 412 East of the State Capitol. At this hearing, the Committee will review reports from the Legislative Audit Bureau on the Food Stamp Program (report 00-8 and associated follow-up).

At this hearing, the Committee will hear from invited speakers only. Therefore, we would like to invite you to attend the hearing to offer testimony and to respond to questions from committee members. Please plan limit your testimony to 15 minutes and provide each committee member with a written copy of your testimony.

Please contact us on or before Monday, October 6th to confirm your participation in the hearing. Should you have further questions, please let us know.

Sincerely,

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Co-chairperson
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Enclosure

cc: Janice Mueller
State Auditor



WISCONSIN STATE LEGISLATURE
Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

September 29, 2003

Ms. Helene Nelson, Secretary
Department of Health and Family Services
1 West Wilson Street
Madison, Wisconsin 53702

Dear Ms. Nelson:

The Joint Legislative Audit Committee will hold a public hearing on Wednesday, October 8, 2003, at 10:00 a.m. in Room 412 East of the State Capitol. At this hearing, the Committee will consider Legislative Audit Bureau report 00-8, *The Food Stamp Program*, and a follow-up letter dated September 11, 2003.

As this audit report and the associated follow-up letter relate to activities in the Department of Health and Family Services, we ask you to be present at the hearing to offer testimony in response to the audit findings and to respond to questions from committee members. Please plan to provide each committee member with a written copy of your testimony at the hearing.

Should you have questions about the hearing, please contact us.

Sincerely,

Senator Carol A. Roessler
Co-chairperson
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz
Co-chairperson
Joint Legislative Audit Committee

Enclosure

cc: Janice Mueller
State Auditor

Food Stamp Program

Legislative Audit Bureau
October 2003

1

Overview

- ◆ Evaluation of Food Stamp Program completed in July 2000
- ◆ Food stamps are a federal entitlement
- ◆ Administered at federal level by USDA
- ◆ Currently administered at state level by DHFS; prior to July 2002 by DWD

2

Benefits and Participation

- ◆ In FY 2002-03, an average of 288,900 monthly recipients received benefits totaling \$223.1 million
- ◆ Food stamp benefits entirely federally funded
- ◆ Wisconsin had sharpest decline in food stamp participation in the nation
- ◆ Between March 1995 and July 1999, total recipients declined by 147,000 (45 percent)

3

Central Finding from 2000 Report

- ◆ Estimated number of individuals in poverty who had received food stamps declined from:
 - 97 percent in 1994 to
 - 70 percent in 1998
- ◆ Represents a participation decrease of 120,000 individuals

4

Reasons for Declining Participation

- ◆ Positive effects of W-2 and other welfare reform initiatives
- ◆ Misinterpretation of state policy directives
- ◆ Increased work requirements for some participants
- ◆ Failure to display required posters and brochures

5

Findings from Update Letter

- ◆ Participation has increased each year since 1999
- ◆ Participation has grown from 304,000 in 1999 to 417,400 in 2002, or by 37 percent
- ◆ No significant improvement in Wisconsin's food stamp benefit payment error rate

6

Error Rate

- ◆ In FFY 2001-02, Wisconsin's error rate was 12.7 percent, which is 4.4 percentage points higher than national average
- ◆ Errors skewed toward overpayments:
 - \$18.1 million (9.2 percent) too high
 - \$6.9 million (3.5 percent) too low

7

Future Considerations

- ◆ Wisconsin must pay federal government \$871,500 for each of the next two years if error rate not addressed
- ◆ DFHS plans to spend \$6.2 million on error reduction projects
- ◆ 16 projects will be funded

8

Food Stamp Program

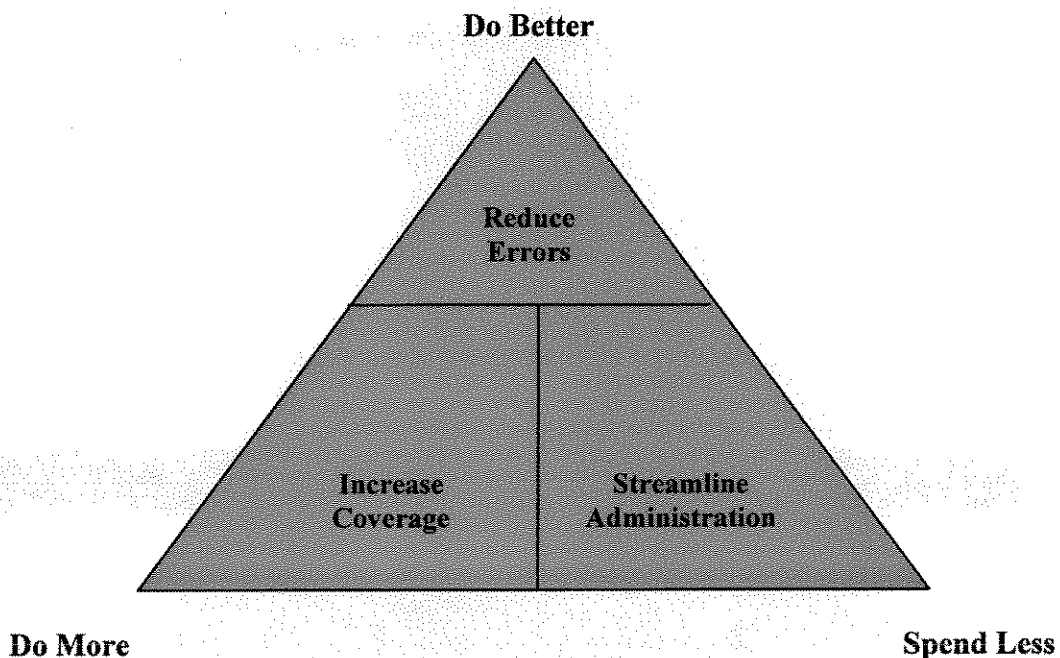
Legislative Audit Bureau
October 2003

9

**Joint Legislative Audit Committee
Testimony of Helene Nelson on Wisconsin Food Stamp Program
State Capitol, Room 412 East
October 8, 2003
10 a.m.**

Good Morning. I am Helene Nelson, Secretary of the Department of Health and Family Services. I would like to thank you for the opportunity to testify today about Wisconsin's Food Stamp program. I appreciate your interest and support for our efforts to improve the administration and outcomes of this program.

Our goals for Wisconsin's Food Stamp program:



And I am pleased to report that we are making good progress on all fronts:

- The error rate has dropped by 3% since October 2002;
- Participation has grown by 64% over the past five years; and
- Program rules have been simplified and administrative costs have been reduced.

While it is challenging to work on all three goals at the same time, we are committed to doing so because this makes good business sense and will produce excellent results for Wisconsin.

1. ACCURACY

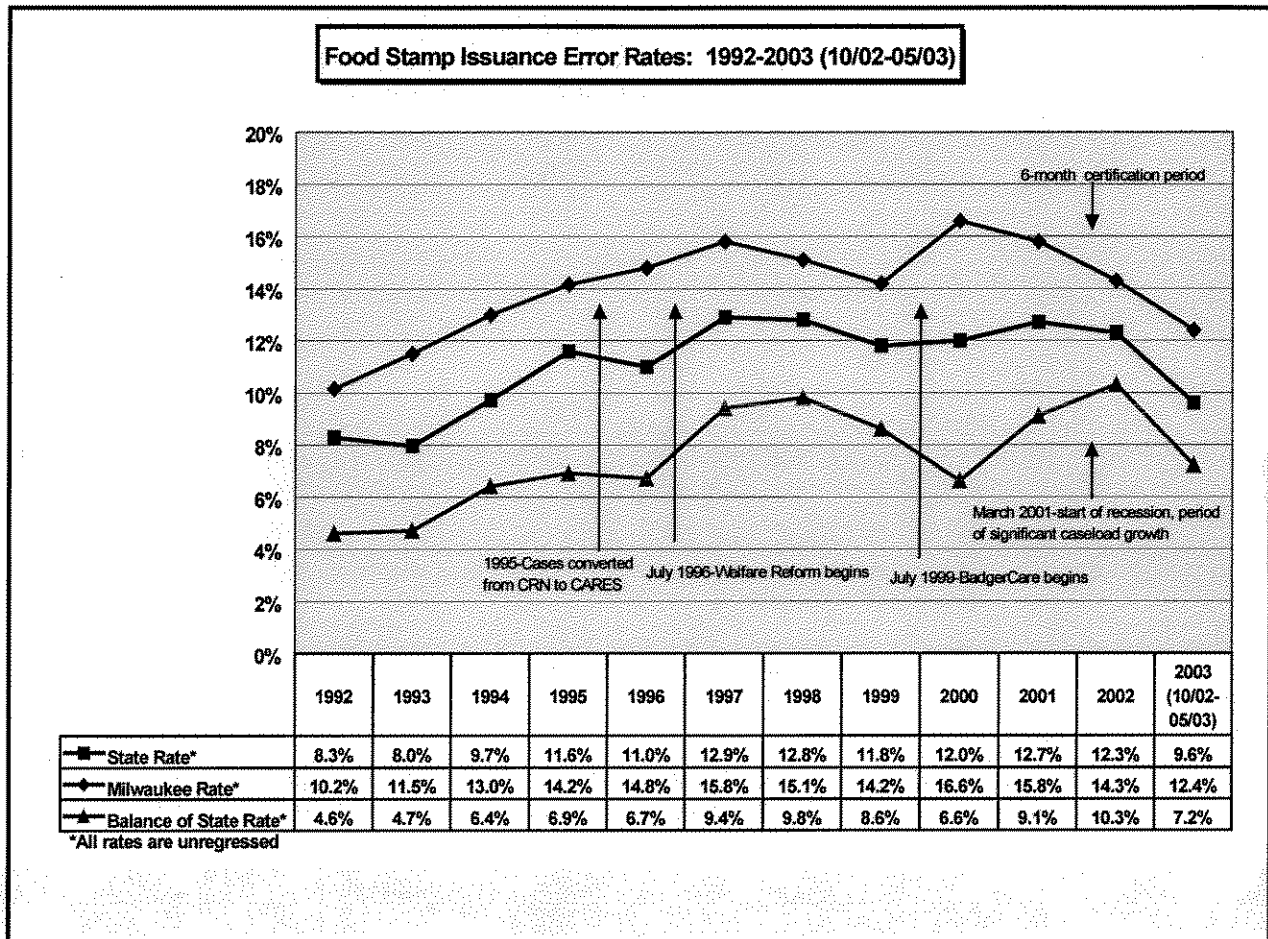
We are improving the accuracy of eligibility decisions to make sure that people get the right amount of benefits.

We do not want to pay sanctions to the federal government for high error rates.

Therefore we are taking aggressive steps to improve program performance and reduce errors.

- Our error rate for Federal Fiscal Year (FFY) 2002 was 12.69%. This is a combined error rate reflecting both over and underpayments. Of the cases reviewed, 3.49% received too little in benefits for the month of review and 9.19% received more in benefits than they should have, based on household income and other circumstances.
- This is a program with very complicated eligibility rules requiring current information from participants about income, household composition and shelter and utility costs.
- For example, if a working mom earns \$30 in overtime pay and forgets to report it, or reports it and the worker forgets to update the case, and the case is selected for quality control review – this case will be counted as part of the state's quality control error rate for the year.
- Errors in budgeting the right amount of earned income are the most frequent errors. Household composition is the second highest error category. About half of the errors in the sample are attributed to the local Income Maintenance (IM) agencies when workers fail to act or misapply policy and about half to households failing to report a change or reporting incorrect information.

The following chart shows Wisconsin's error rate over the past ten years.



- The chart provides the rate for Milwaukee in blue, the balance of state in red and statewide data in black. Error rates by year are shown across the bottom.
- As you can see, Milwaukee has a higher rate than the balance of the state, and this drives the state's error rate since Milwaukee represents almost 50% of the state's caseload. There are unique issues in Milwaukee County due to the mix of public and private agencies in the service delivery system, the large number of cases they manage and the impact of cuts in local funding.
- We are very pleased, however, to see the downward trend in Milwaukee since 2000.
- United States Department of Agriculture (USDA) has issued a sanction to Wisconsin each year since 1995 for an error rate that exceeds federal tolerance levels.
- Each year, the USDA has permitted the state to reinvest the sanction amount in program improvements – and for FFY 02 the USDA permitted the state to hold half of the penalty amount (\$1.7 million) at risk for repayment based on future performance.
- A formal "Reinvestment Plan" for FFY 02 was submitted in late August and is pending USDA approval. This plan earmarks most of the funding to help Milwaukee County maintain its downward trend in errors and to improve program administration.

- Our goal is to improve payment accuracy to 94% to achieve an error rate of 6% in FFY 04, which is projected to be below the national average.
- Current national average is 6.54% for the first eight months of FFY 03.
- The state's error rate for the first eight months of the current year is 9.6%; we project a final error rate for the year of 9.2%. This is a decrease of almost 3% from the FFY 02 rate of 12.69%.

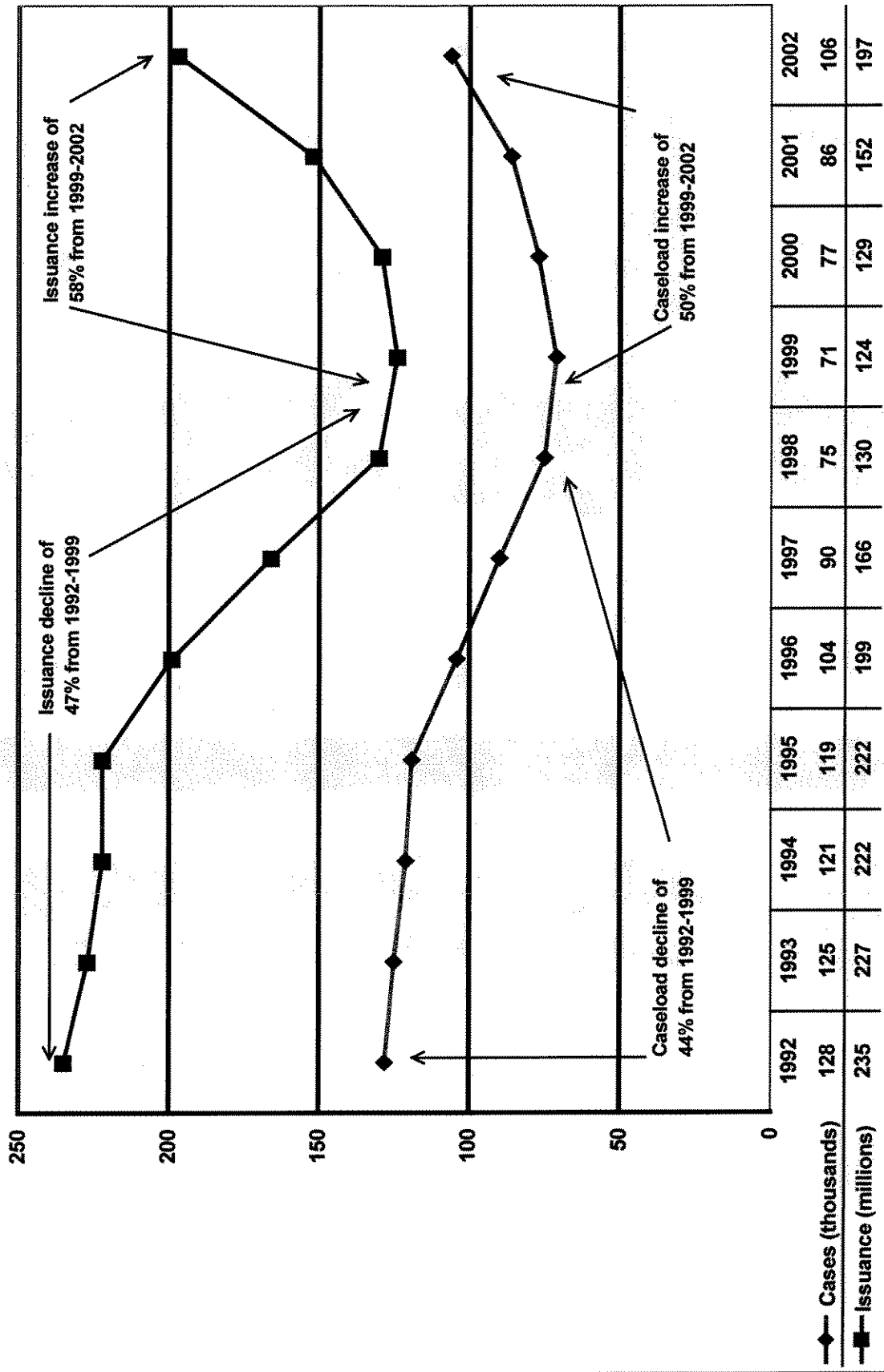
2. ACCESS

In 1974, Congress required all states to offer the Food Stamp program as a way to help support the nation's farmers and growers and to help address the nutritional needs of poor families. The benefits are fully funded by the federal government.

We want to increase enrollment to make sure that eligible people get the benefits that they need and are entitled to, so that the low-income families have more resources to spend on food products including those grown and raised in Wisconsin, and also so that Wisconsin gets its fair share of federal revenue.

- For example, only 28% of people on SSI in Wisconsin are receiving Food Stamps. Just as SeniorCare has helped people make ends meet and avoid having to choose between buying medicine and other necessities, Food Stamps can help our elders living on fixed incomes.
- We recently asked a group of elders in Milwaukee about barriers to participating in the program. One person told us that "my pension ... is \$351 a month and \$158 of that goes to health care each month. It's hard because you still want to have enough money to maintain your independence."
- Increasing enrollment also generates economic benefits – the USDA estimates that every \$5 in Food Stamps transacted at local grocery stores generates \$9.20 in economic activity for the community and the state.
- Improving access to nutritious food for poor people will help us in our efforts to improve health status. Healthier people will reduce our costs for health care services and improve the quality of life in Wisconsin.
- We are conducting outreach to increase enrollment. There is now a new shorter application form on our web site along with access to a self-screener to help people decide if they want to file an application. We have a new brochure titled "Food Stamps Make Wisconsin Healthier." We are training staff of community-based agencies such as food pantries about the basics of eligibility and how to apply so that they can help their customers access the Food Stamp program.
- After a significant decrease in participation in the mid to late 1990s, the Food Stamp caseload is just about back to the level that it was in the mid-1990s.
- The following chart shows the changes in benefits issued and caseload over the past ten years. The upper line in blue is the benefits issued in millions of dollars. The lower red line is the cases (in thousands). Participation has grown by 64% over the past five years, a rate that is the fourth highest growth rate in the nation.

Food Stamp Issuance & Caseload: 1992-2002



- The caseload growth that began in 1999 is due to the availability of the BadgerCare program, which brings low-income families into local agencies, where they also learn about Food Stamps, as well as the economic downturn and specific outreach activities initiated over the past year.
- Our current participation rate (% of eligible people who are enrolled) is estimated to be about the same as the national average – which is reported as 62%.
- Our goal for FFY 04 is to increase participation to 366,000 (another 57,000 people) to achieve a participation rate of 80%.

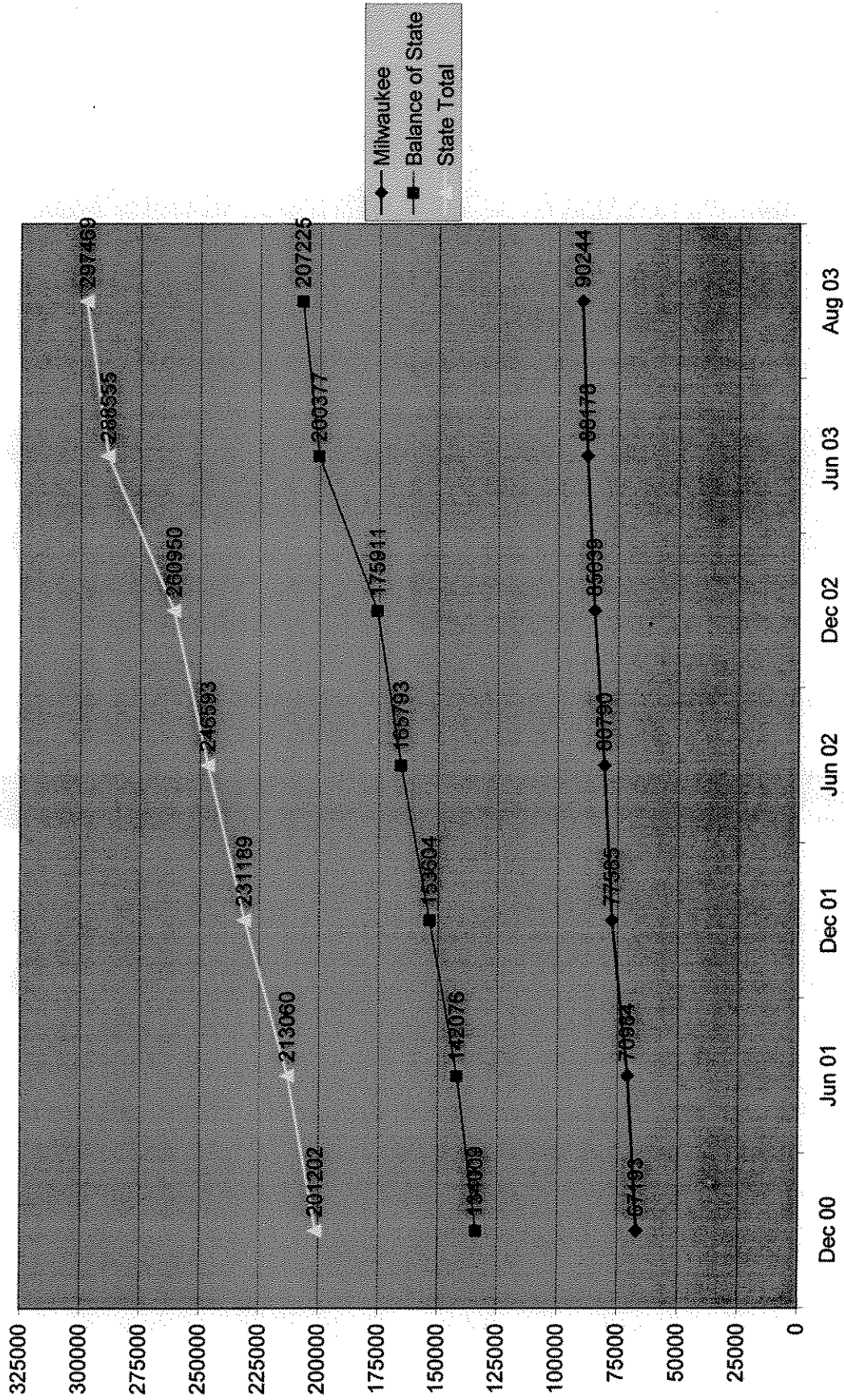
There is more information about people served in the program in our monthly report “Food Stamps At-a-Glance” that is attached.

3. ADMINISTRATIVE EFFICIENCY

We are working on many fronts to reduce the costs of government including policy simplification, coordination with other programs and streamlining the application process to make it easier for customers to navigate, easier for eligibility workers to administer, and less costly to operate.

- For example, we plan to increase the participation of our elders in this program without creating more bureaucracy. A worker at the Social Security Administration interviews people when they apply for SSI. The individual will get Medicaid automatically once the SSI eligibility decision is made, without the need for a separate application. We will request a waiver from USDA to count that in-person interview for Food Stamps too, so that the person does not have to make another trip to the IM agency for another interview in order to get food stamps.
- We are coordinating our efforts with the Medicaid/BadgerCare, W-2 and Child Care programs because they are all operated by the same agencies, using the same computer system. For example, SeniorCare notices now tell people about the Food Stamp program.
- Wisconsin has taken full advantage of new Food Stamp policy options created by Congress in the 2002 Farm Bill to streamline the program.
- Administrative costs per case continue to decline, as local agencies are handling more cases with no increase in funding and DHFS has cut state staff working on the IM programs by 10% over the past year.
- Over the past few years the caseload served by local agencies has grown significantly with no increase in funding for eligibility-related services. This growth in the cases handled by local agencies is shown on the following chart.

Unduplicated Cases for CC, FS, MA & W2
 (MA includes only those Cases that are entered into CARES)



- The top line in yellow shows that from December 2000 to August 2003, the unduplicated caseload served by local agencies statewide has increased by 48%, from 201,202 to 297,469 cases.
- The caseload in the balance of the state shown in red in the middle has increased by 55%, from 134,009 to 207,225 cases.
- The Milwaukee caseload shown in blue has increased by 34%, from 67,193 to 90,244 cases.
- Funding to the counties and the tribes that administer the IM programs for providing eligibility-related services will be reduced by about 11% for 2004.
- This cut in funding is based on administrative streamlining initiatives that will relieve the work required of eligibility workers – generally changes to the CARES system to automate functions and provide more timely and accurate data to workers.
- As this cut comes at a time of rapidly increasing caseload, DHFS is working with local agencies on both short and long range strategies for funding local services.
- This is a key challenge for us as we strive to reduce errors and reduce costs at the same time the caseload is growing dramatically.

In closing, I would like to reiterate the important role of the Food Stamp Program. It is the largest food assistance program in Wisconsin. It now serves about 5% of our citizens. We intend to increase participation so that poor families have the means to secure nutritious food and to bring more federal revenue to Wisconsin.

We are working on three tracks to improve program performance and we are making good progress on all three. The error rate is headed down, enrollment is up, and we are making many administrative changes to streamline operations.

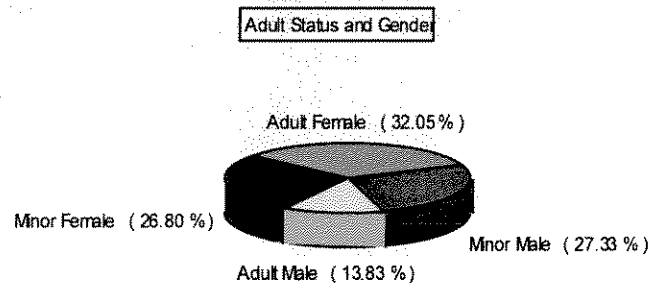
Thank you again for the opportunity to appear before the Committee.

Wisconsin Food Stamp Program At a Glance

All data is for (or as of) the month of August, 2003¹

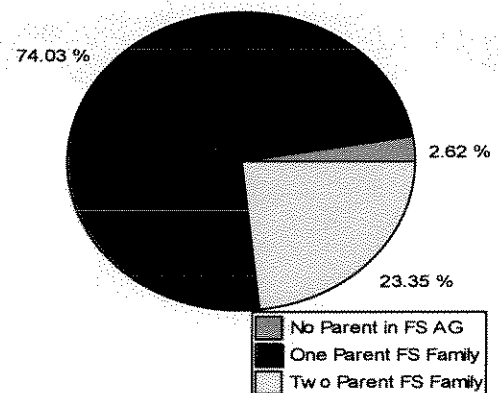
Who gets food stamps in Wisconsin?

- **Poverty:** 5.7% of the 5.4 million people in Wisconsin receive FS.² On average from 1998 - 2000, 8.8% of the state population was at or below the federal poverty rate.³
- **Assistance Groups (AGs)/Individuals:** 124,741 Assistance groups are made up of 309,249 individuals. The number of AGs continues to increase at a steady rate. There are an average of 2.5 people in an AG.
- **Gender:** 59% of the recipients are female and 41% are male.



- **Adults/Minors:** 46% are adults while 54% are minors. 60.2% of AG's have minors in them.

- **Minors and Their Parents:** Of the AGs that contain minors, 74% have one parent in the AG, 23.4% have two parents, and 2.6% have no parents in the household. "Parent" is defined as a biological or adoptive parent.



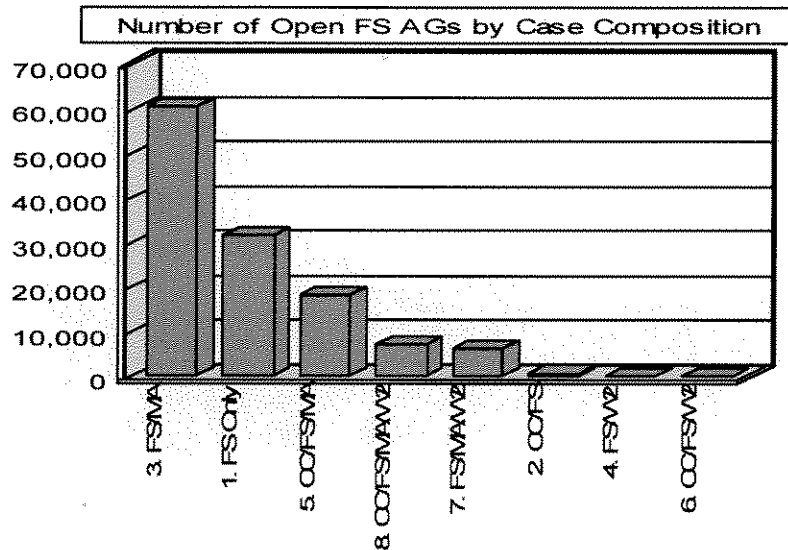
- **Parents That Are Minors:** 1,007 minors in 980 FS AGs are parents. That's 1/3 of 1 percent of the individuals that receive FS.

¹ Source: DWD/DWS FS Data Warehouse

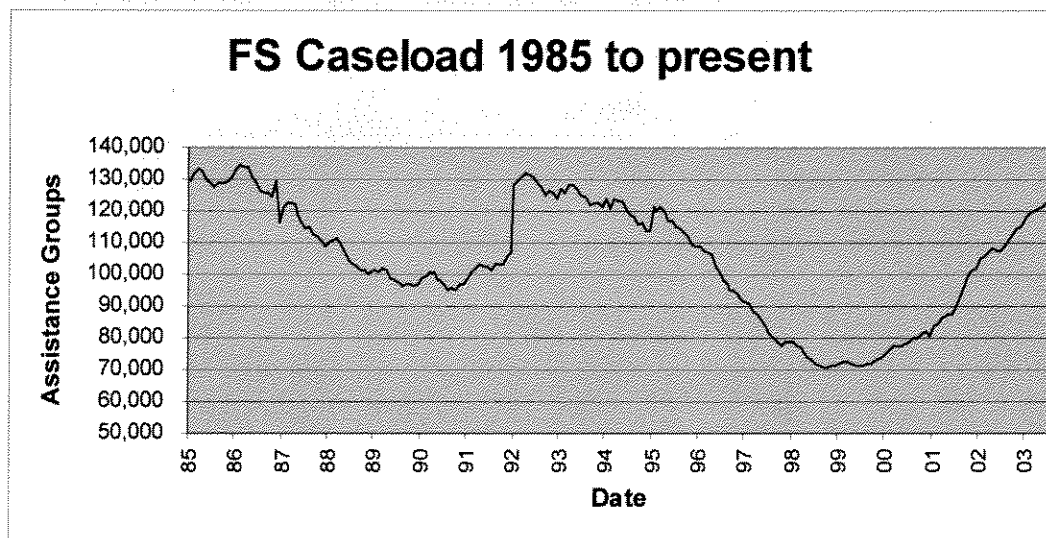
² Source: U.S. Census Bureau, <http://quickfacts.census.gov/qfd/states/55000.html>

³ Source: U. S. Census Bureau <http://www.census.gov/prod/2001pubs/p60-214.pdf>

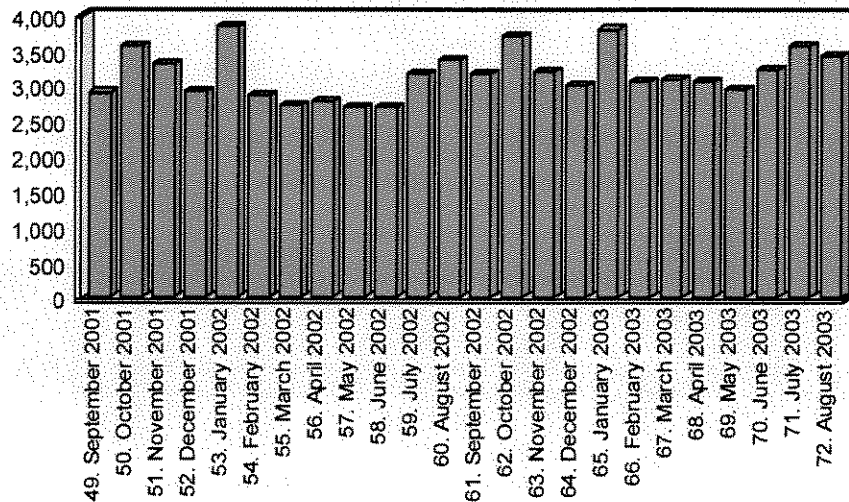
- **Case Composition:** The graph shows other types of CARES issued assistance that a FS AG receives.



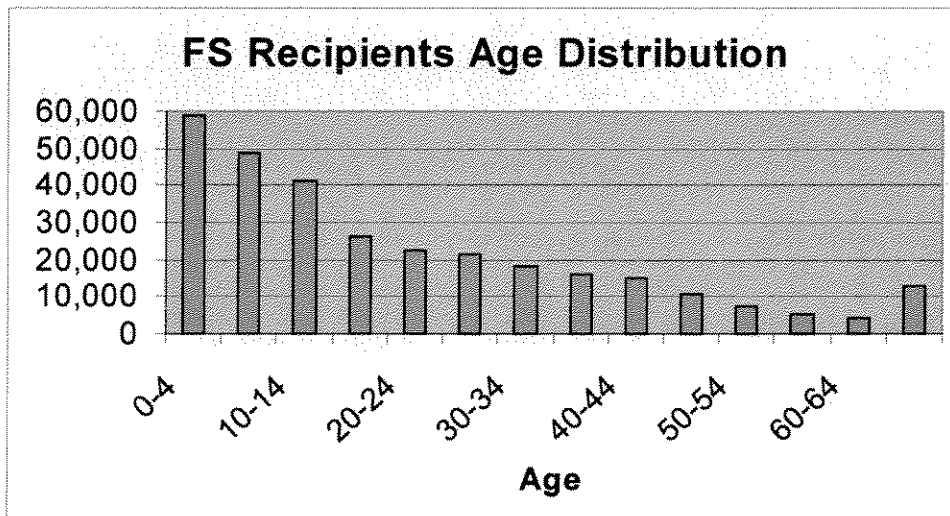
- **Historical Caseload Trend:** The statewide caseload had been increasing at a steady rate since September of 1999.



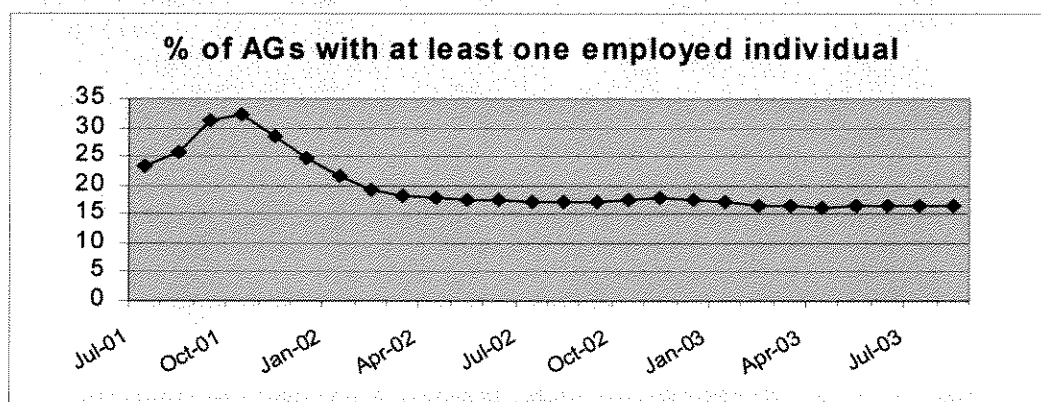
- First Time FS AG's:** This chart shows the number of first-time FS assistance groups over the last 2 years. Only AGs that have never received FS in Wisconsin before the month shown appear in this chart. For August 2003, 3,440 FS AGs received FS for the first time. This slightly reverses the trend of the previous three months.



- Age Distribution:** The chart below shows the number of FS recipients by age, in ranges of 5 years. Children under age 4 has largest number for any 5 year grouping making up 19% of recipients. 50% of the recipients are 15 and younger.



- **Elderly/Disabled:** 16.6% of FS recipients are either elderly, blind, or disabled. 40.7% of AGs contain at least one individual that is either elderly, blind, or disabled.
- **Work/Earnings:** 16.5% of the AGs have at least one person working. A very slight increase from last month. The average monthly earned income of those AGs' is \$970, a \$2 increase from last month.⁴ 33.1% of adult FS recipients are employed, slightly fewer than last month. Currently, the seasonally adjusted unemployment rate in Wisconsin is 5.9%, up 3 tenths from last month.⁵



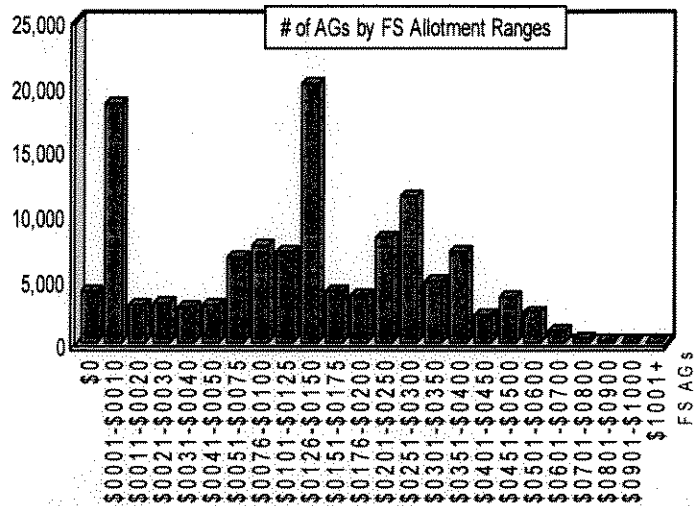
- **Working Families:** A "working family" is defined as a FS AG that contains at least one minor, at least one parent of a minor, and at least one employed recipient. This is an attempt to explore those FS recipients that have children and are working. Working families make up 27.6% of the statewide FS AGs, average 3.6 persons per AG, and average \$1,137 in earned income per month. Other stats are available below.

Parent in FS AG	FS AGs	Unduplicated FS Recipients	AG Earned Income Amt	AG Unearned Income Amt	FS Allotment Amt - FTM	Avg. Allotment per AG		
One Parent FS Family	24,367	77,755	\$25,766,364.65	\$1,057.43	\$4,853,626.72	\$199.19	\$4,057,480.00	\$166.52
Two Parent FS Family	10,123	48,546	\$13,468,650.68	\$1,330.50	\$2,086,255.62	\$206.09	\$2,546,344.00	\$251.54
Sum:	34,490	126,301	\$39,235,015.33	\$6,939,882.34	Sum:	\$6,603,824.00		

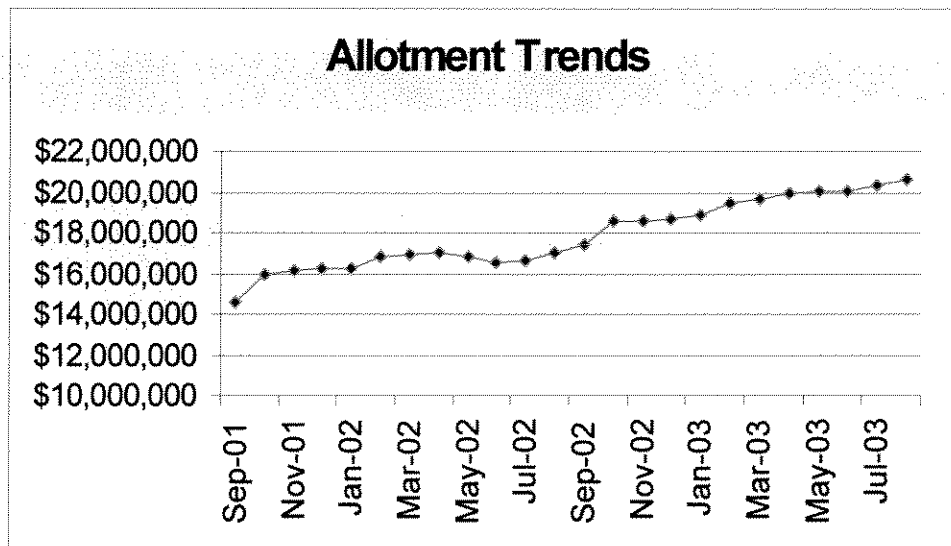
⁴ This statistic contains prospective income for cases that may have caused the case to close at the end of the report month. Therefore, the income reported here was not necessarily the income used to calculate eligibility for the allotment amount.

⁵ Source: DWD Labor Market Information at http://www.dwd.state.wi.us/lmi/employ_civilianlaborForce.htm

- Allotments:** A total of \$20.6 million in food stamp benefits were allotted for the month. The average allotment amount per AG is \$164. The average allotment for AGs that contain an elderly, blind, or disabled member remains stable at \$99. However, 38% of the EBD caseload receives between \$0 and \$10 in allotments.



- Statewide FS Allotments:** The graph below shows the total dollars in FS allotments spent on all FS AGs statewide for the past two years. The total has remained above \$20 million for last four months.



Talking Points From LAB Memo

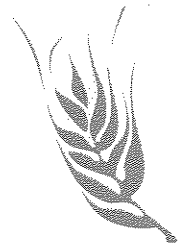
- Food stamp program moved from DWD to DHFS 1 year ago
- Wisconsin error rate above national average since FY 1994-95
 - 4.4 percentage points above national average for past 2 fiscal years
 - Increased since 1995-96, but now at all time high
- California and Michigan are the only states with higher error rates
- FY 01-02:
 - 9.2% of benefits paid too high (\$18.1 million value)
 - 3.5% of benefits paid too low (\$6.9 million value)
- Since 1993-94 USDA imposed total of \$10.6 million in sanctions because error rates above national average.
- By September 2005 state must spend \$1.7 million on program improvements and DHFS will need to identify fund within existing appropriations
- 1997:
 - Start using estimates of future income rather than past income
 - Because less accurate to use future income, use shorter recertification time
 - Department recertifies every 3 months rather than 6 months
 - Did not reduce benefit payment error and in 2001 Department went back to 6 months recertification
- For the first 7 months of FY 02-03, DHFS calculated the error rate of 9.5% (in 01-02 12.7%) if trend continues it shows a decline and progress.
- A recommendation I found in Food Stamp Original Audit:
 - Recommend DWD monitor the participation of individuals in the Food Stamp Program and report to the Joint Legislative Audit Committee by July 1, 2001, on the changes in program participation among groups that may have difficulty with the new system, including the elderly and disabled.

Media Accounts:

- DHFS tried to destigmatize the term “food stamps” and commissioned a Madison advertising firm to develop a new name for the program to make people less reluctant to sign on. DHFS paid \$10,000 to develop the new name and the advertising firm reportedly has several possibilities, which it is now evaluating using focus groups.
- State statistics from the past five years don't seem to indicate that signing people up is that much of a problem – caseload statewide has increased 56 % in past 5 years.
- It's an embarrassment - Wisconsin's' poor error rate has been an ongoing problem and we have been in the bottom 10 every year since 1996
- Critics say it is too tough to apply for food stamps in WI. Appears to be true the form on the DHFS web site is 16 pages long

Questions:

1. Are the food stamp application forms really 16 pages long? How long are other states application forms for this program? Can we reduce and streamline this without increasing errors?
2. Why did DHFS spend \$10,000 on a new name when Wisconsinites could have come up with lots of ideas and now the new names won't even be used? Waste of \$10,000 given we are cutting government.
3. How long is average for people to get benefits? Heard this is high
4. Are administrative costs really high for this?



**HUNGER
TASK
FORCE**

of Milwaukee

SINCE 1974

October 8, 2003

State Senator Carol Roessler, Co-Chair
Rep. Suzanne Jeskewitz, Co-Chair
Joint Legislative Audit Committee
State Capitol
Madison, WI 53702

Dear Members of the Joint Audit Committee:

Hunger Task Force is thankful for the opportunity to submit testimony on Wisconsin's Food Stamp Program, and we also thank Senator Roessler, Representative Jeskewitz, and all committee members for taking interest in this program that provides supplemental food benefits to over 300,000 low-income citizens in Wisconsin.

Hunger Task Force is an anti-hunger organization with a mission is feed people today, while working to end future hunger. We operate a food bank in Milwaukee County that assists approximately 100,000 individuals each month.

In addition to food banking, Hunger Task Force advocates for responsible public policy and effective management of government programs that are intended to feed the poor. Part of my role here today is to represent those in need of the Food Stamp Program by sharing information about their experience and need.

Hunger Task Force has significant first-hand experience with the Food Stamp Program. Since 1997 we have routinely accompanied applicants while they apply for benefits; we regularly visit application sites to monitor operations; we attend state facilitated meetings on both policy and procedure. We routinely communicate with the USDA's regional office regarding the program's operation in Milwaukee County. Hunger Task Force is committed to the successful operation of this program because we believe that it is the rightful first line of defense against hunger in our state. Our bottom line: we want the absolute best Food Stamp Program that this state can operate.

Food Stamps make the difference between hunger and health. They ensure that low-income citizens of our state know where their next meal is coming from. Food stamps help working families, seniors and people with disabilities avoid the troubling choices between eating and paying rent; eating and heating their home; eating and meeting medical costs. In short, Food Stamps are critical to meeting peoples' most basic needs.

201 S. Hawley Court

Milwaukee, WI 53214-1966

tel: 414 777-0483

fax: 414 777-0480

The Food Stamp Program is the federally regulated, primary public nutrition program that provides food buying benefits to income eligible people. It is not



**HUNGER
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“welfare.” Rather, it is a federal entitlement program that states must provide under the law.

Food Stamp benefits are funded with federal dollars. Recent increases in enrollment within the program are a measure of how Wisconsin could generate federal revenue from a well-run program. Food Stamps are money---they allow people to purchase food. Studies suggest that every \$5.00 in Food Stamps generate \$10.00 in economic activity within communities. Imagine if you can, every eligible person in Wisconsin fully participating in this program, millions of federal dollars would flow to Wisconsin. More importantly, thousands of moms would not be standing in bread lines tonight looking for a hand out for their children.

Hunger Task Force has witnessed almost ten years of program mismanagement in Wisconsin including violations of individual rights guaranteed under the law, poor customer service and insufficient infrastructure to meet the most basic obligations this program guarantees the citizens of our state. These are some of the details that may not already be part of the public record:

Federal regulation governs the application process. Regulations were established to encourage application by collecting sufficient information to verify eligibility and allow benefits. To receive help, applicants must show evidence of income, expenses, assets and household composition.

In Wisconsin, the Food Stamp application process is a barrier, rather than a gateway to receipt of Food Stamps. Lengthy wait times, counterproductive interview strategies and ineffective staffing and management of this program results in routine denial and delays to assistance.

Food Stamp households are very-low income and often first-time applicants often need help the very same day. To assure dignified and responsive assistance, federal regulation mandates specific rights for Food Stamp applicants:

- the right to receive an application;
- the right to apply for the program;
- the right to know their rights;
- and the right to complain if they feel that their rights have been violated.

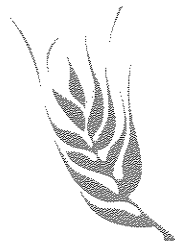
I remind the committee that this is a public program. With this reminder I state for the record that these rights have been routinely violated in Milwaukee County as a pattern and practice since 1997. In refusing or delaying help to those in need our State has created one of the nation’s leading error rates—a measure of our poor administration of the program; and effectively turned away those most in need, resulting in our under-enrollment issues.

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The Food Stamp Program requires high levels of payment accuracy. The federal government intends for people in need of help to get the benefits they are entitled to, on time. When this doesn't happen, states are assessed an error rate, which measures the inaccuracies and timeliness of benefits issued. In Wisconsin, our error rate is routinely above the national average and has resulted in millions of dollars in annual fines. The Legislative Audit Bureau staff have already done a great summarizing this debt, now totaling over ten million dollars, my thanks to them for this. What you may not know is that states that manage this program well actually receive bonus funding annually—federal funding that they can use to reinvest in program operations. And although this may seem like an inappropriate incentive to the committee members, the penalties themselves should serve as an annual reminder of how little value our state has placed on feeding its needy.

Wisconsin's Food Stamp problem can be closely linked to its implementation of welfare reform. Wisconsin Works, or W-2, and its precursor, Pay for Performance, created a system of public assistance that was centered on an exchange of work for pay. After the implementation of W-2, the front door of welfare offices in Milwaukee County were staffed by private agency employees that lacked awareness of the Food Stamp Program and their important role in assuring access. As a result, applications were not available and applicant rights were routinely violated. It is no coincidence that our error rate subsequently increased as our Food Stamp caseload dropped. In our efforts to reform welfare we created a system that valued caseload reduction over access to service.

The Food Stamp Program was a fatality of welfare reform, and food stamp eligible households its victims. The reality is that caseload drops recognized as successes by the Department of Workforce Development were in fact a measure of denials and delays in assistance to Food stamp recipients. People didn't all just get jobs and get better. They began visiting food pantries, homeless shelters and soup kitchens in record numbers. At Hunger Task Force alone our service statistics doubled while the amount of food required for distribution to the needy who now became dependent upon monthly help tripled. Under Wisconsin Works Food Stamp households were shifted away from the Food Stamp Program to charity and the private sector.

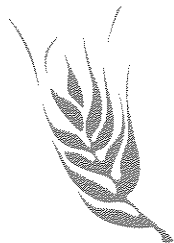
Only 56% of eligible Wisconsin residents are receiving Food Stamps. Under-enrollment in the Food Stamp Program can be attributed to many factors. The first is erroneous case closure. These are cases where data that is needed to verify or renew eligibility is not entered by the caseworker. The CARES system, Wisconsin's software program that supports case management and caseload reduction, routinely closes when necessary data is not entered. When the case is closed, the low-income recipient loses Food Stamp benefits, through no fault of their own.

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We can't however, blame the caseworker for these errors. Lets instead, examine caseload. In Milwaukee caseloads are so extremely high that they violate the Income Maintenance contract caps. Workers are required to manage 350 regular cases while juggling the cases assigned to vacant positions, effectively pushing their responsibilities well beyond any rational or manageable load. The Milwaukee County budget crisis will soon lead to further lay-offs exacerbating the issues of lengthy wait, poor customer service and errors in information management.

Under-enrollment in Milwaukee County is also caused be client ignorance and client choice. Our food pantry clients tell us that they do not participate in the program because they don't know they are eligible. They remain confused and lost over eligibility requirements for W-2 and Food Stamps. We could educate eligible persons through outreach. As an example, all people eligible for Child Care or Medical Assistance could be interviewed and made eligible for participation in the Food Stamp Program at their next determination interview. It's that simple. However, this kind of outreach cannot and should not be conducted until there are enough workers available to conduct the face-to-face interviews required for receipt of benefits.

Some clients who know they are eligible do not participate by choice. Former recipients and eligible households state that they do not to participate in the program because the base benefit amount is too low and the "hassles" associated with completing the application are too much to bear. In other words, in Wisconsin we have made it so difficult to receive a base food stamp benefit that eligible people would sooner stand in line at a food pantry than get the help they are legally entitled to from their government.

Hunger Task Force is often asked to identify a simple solution to fixing the Food Stamp Program in Wisconsin. The program's complexities leave plenty of room for improvements and simplifications. In our opinion, most of the work to date to improve program operation represents minor repair or obvious administrative tasks. No wide-scale reinvention has been considered.

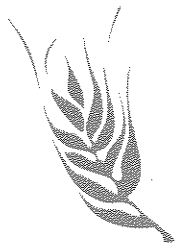
Today's expert testimony may leave you with your own ideas, but let me leave you with mine. The time is right to find a new model. We need to improve accountability, responsiveness and enrollment within this worthy program in Milwaukee and across the state. The time is right for a long, reflective look into the true underlying reasons why Wisconsin does not responsibly administer this program. The time is right to be creative, thinking about long-term solutions instead of little fixes. For the Food Stamp Program to be effective in Wisconsin, and particularly in Milwaukee County, we need a model that consistently, effectively and proactively helps people get the food benefits they are entitled to under the law. To do this we must clearly define administrative responsibility for program operation.

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My suggested solution is simple. If the State wants a well run Food Stamp Program, the state should run one. Rather than sub-contracting its responsibility to counties, tribes and welfare agencies, the state should run the program directly. Claim the program as your own. Remove the questions, doubts and blame that proliferates around the work. States across the nation run their food stamp programs and get federal bonus funding. They have effectively eliminated the error issues by directly managing their sites, staff and infrastructure.

Once the State chooses to do this, many of the perceived barriers to proper program administration would dissolve. The State could then use the resources it has to identify and implement solutions related to staffing, training, computers and the infrastructure that are currently blamed on other entities. Currently, income maintenance contracts with counties serve as a device to shift the burden of responsibility for both the work and the blame, to the local level. Milwaukee serves as the consummate example of how layering of administrative oversight among multiple authorities has lead to poor program outcomes and a loss of intended service to those most in need of help.

I have rifled through my food stamp files and brought along sample documents that support my experience with the Food Stamp Program over the years, including letters offering to support program improvement written to every Secretary responsible for the programs operation since Joe Leean. I have copies of applications and evidence of the rights violations. I can effectively compare Wisconsin's management of this program to the State of Mississippi, which enrolls more eligible households, runs the program cheaper, pays higher benefits and has lower administrative costs. If any committee member is interested in more information, Hunger Task Force staff are available to help in any way needed.

Once again, we thank you for the opportunity to testify on this important matter. Please do not hesitate to contact us if you have any questions.

Sincerely,

Sherrie Tussler
Executive Director

201 S. Hawley Court

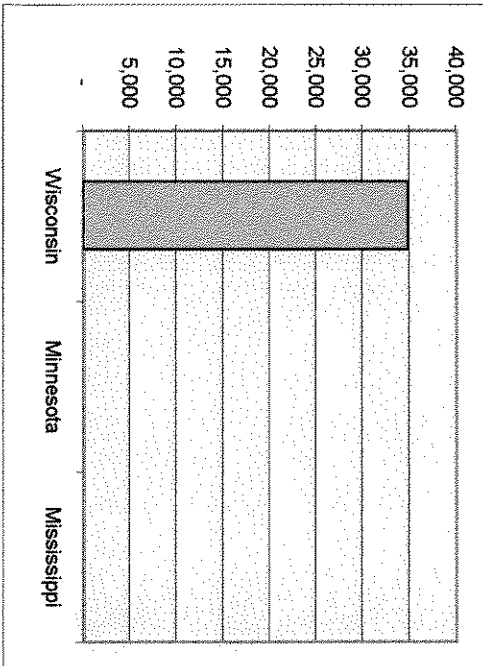
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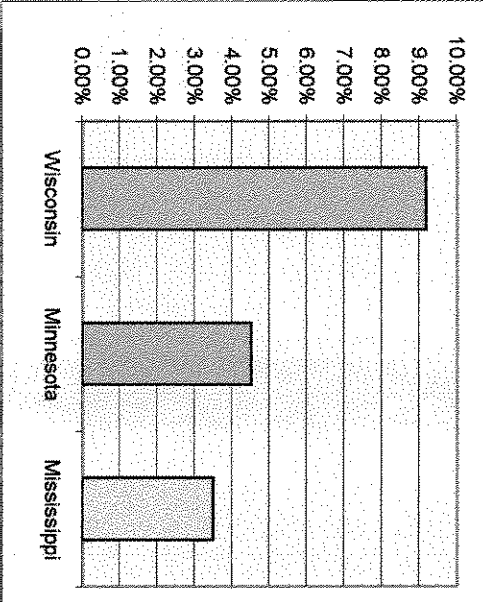
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	Over	Under	2002	Negative	Amount Owed	Bonus
Wisconsin	9.19%	3.49%	12.69%	10.30%	34,861	-
Minnesota	4.51%	1.22%	5.73%	2.21%	-	1,423,066
Mississippi	3.50%	0.89%	4.39%	2.80%	-	4,898,620

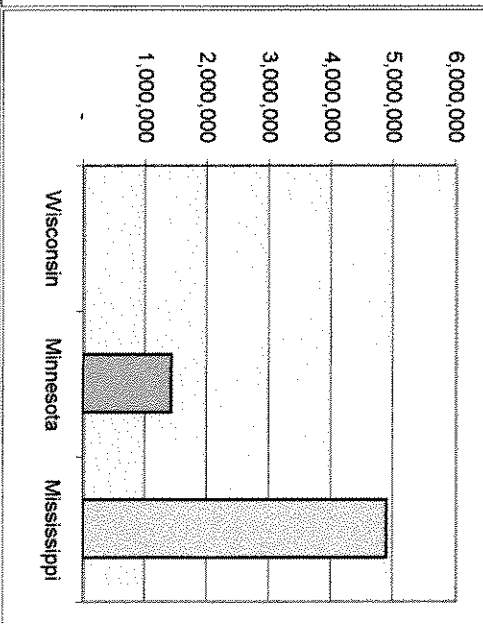
FY2002 Amount Owed



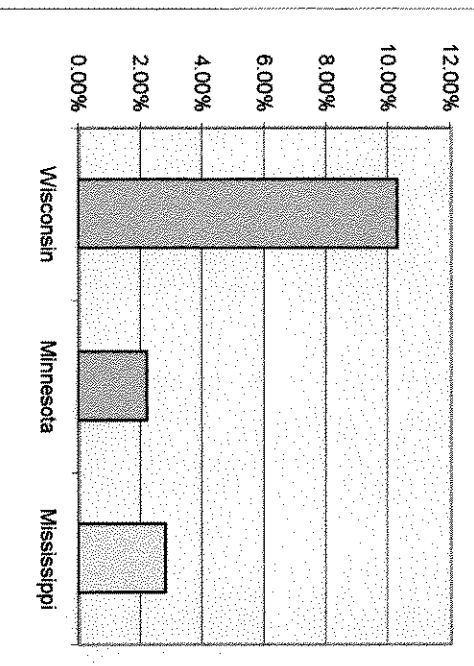
FY 2002 Over-Payments



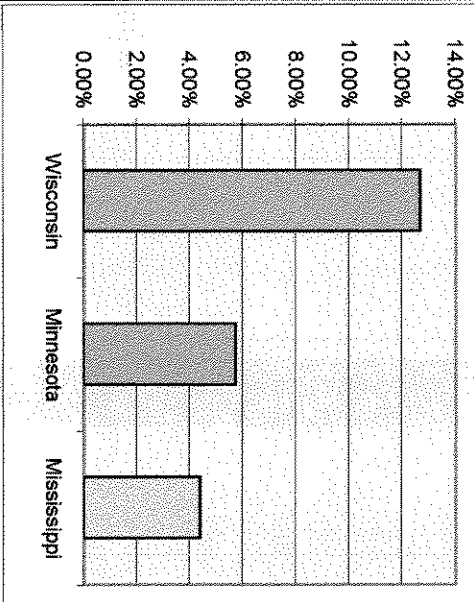
FY2002 Bonus



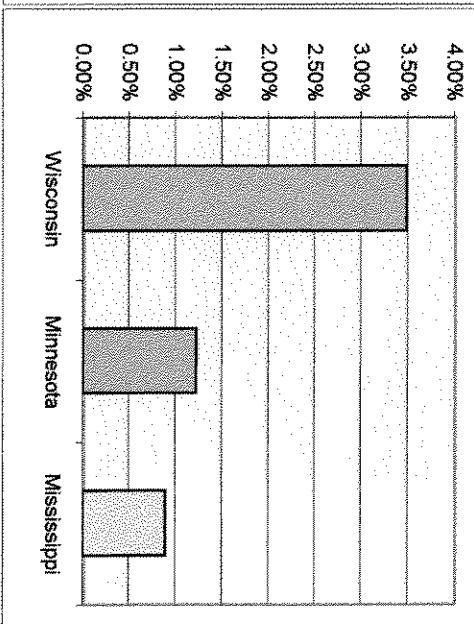
FY2002 Negative Error Rate



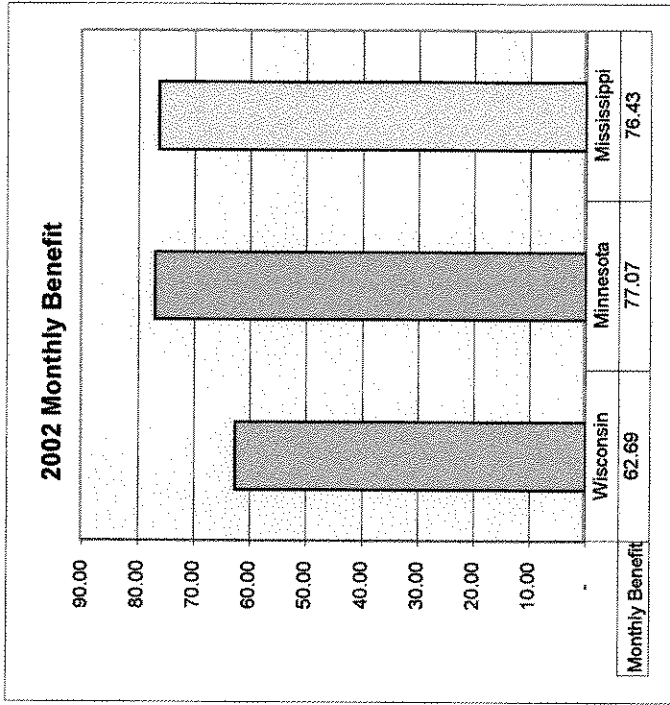
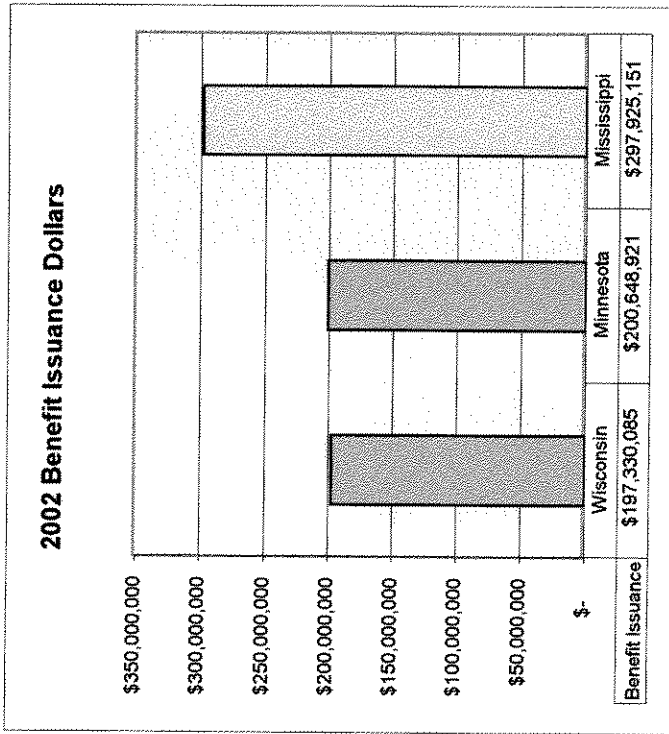
FY2002 Error Rate



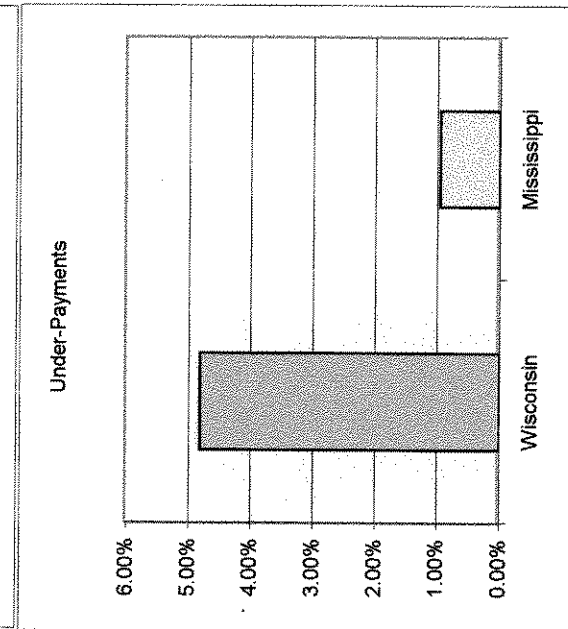
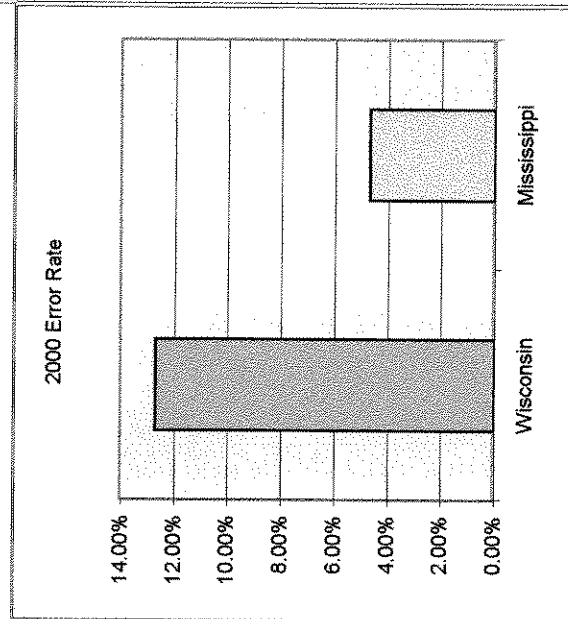
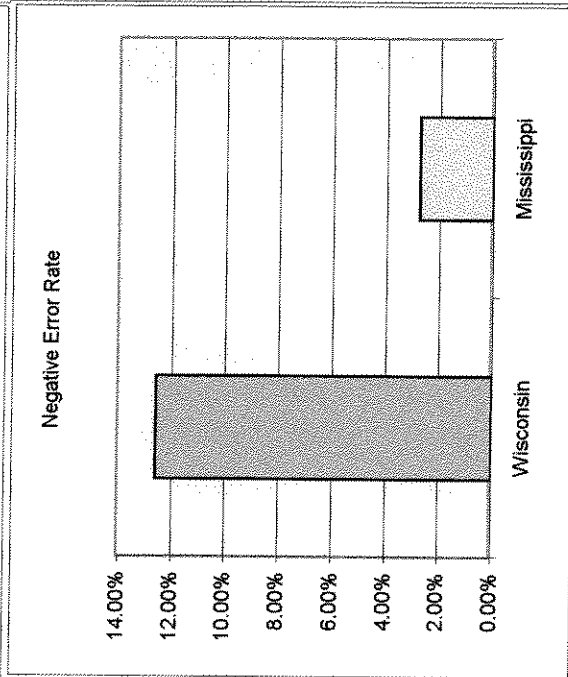
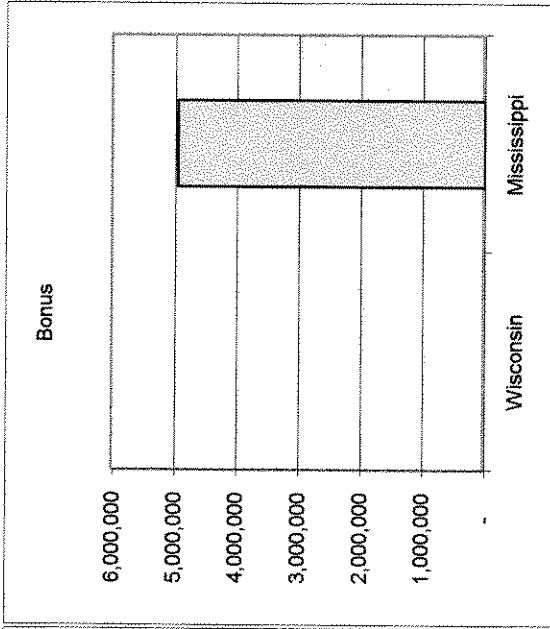
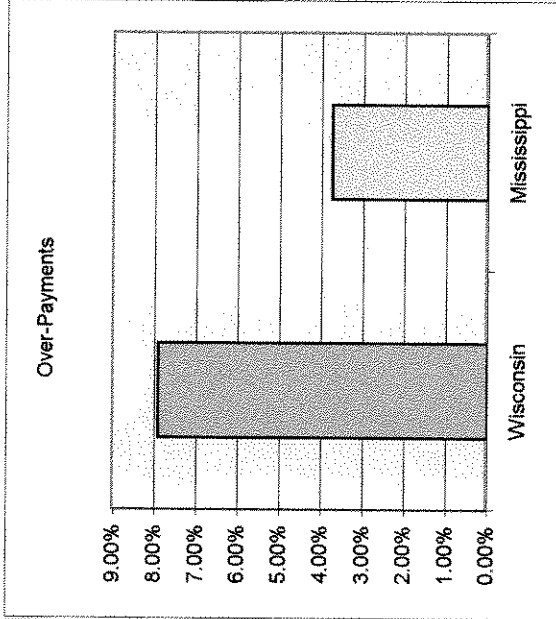
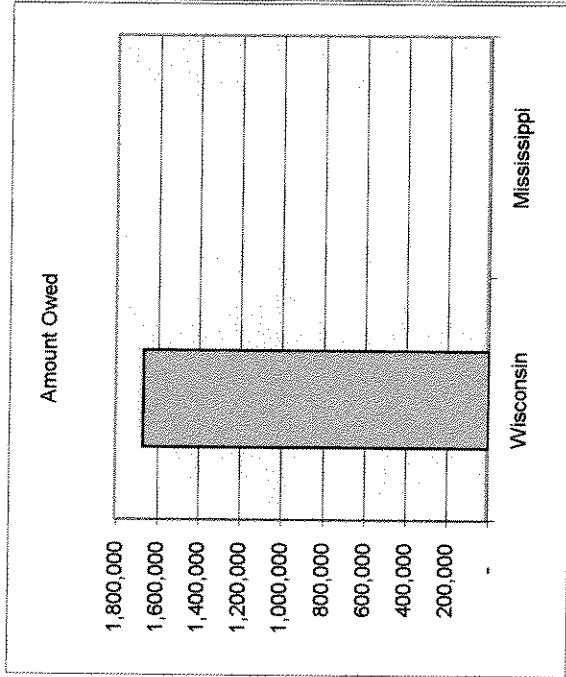
FY2002 Under-Payments



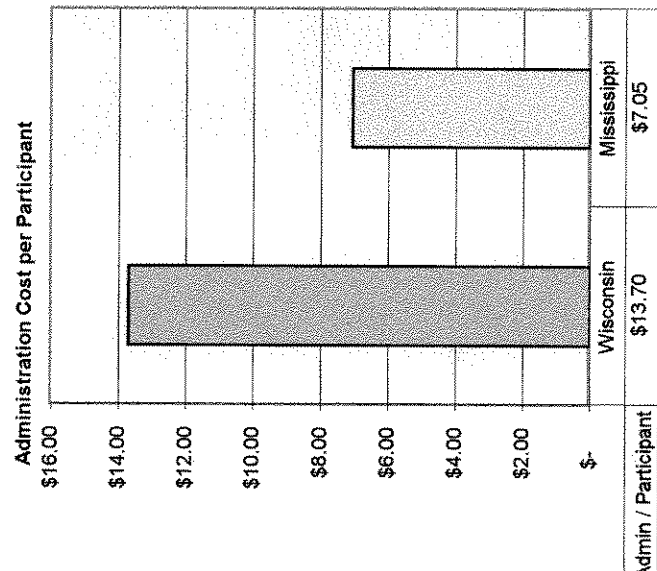
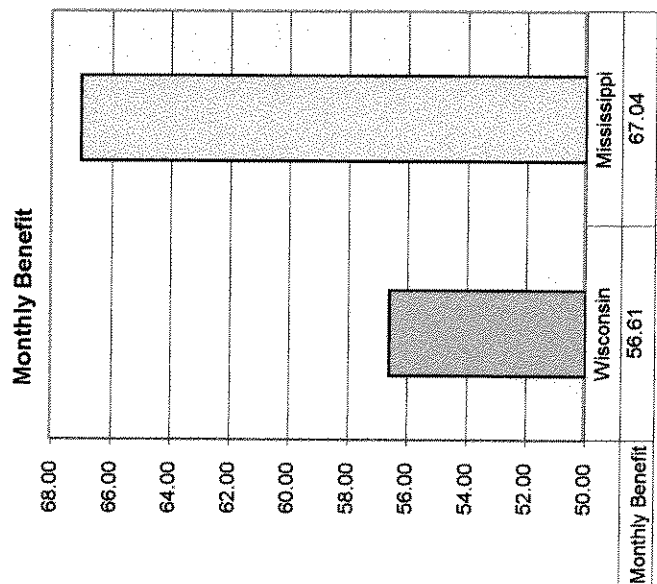
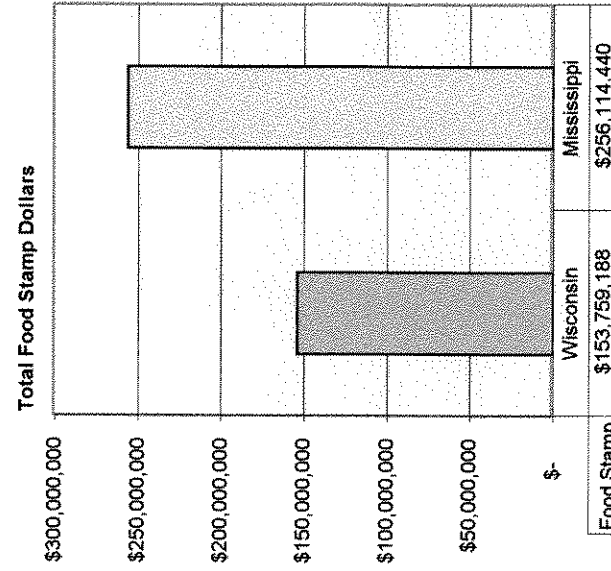
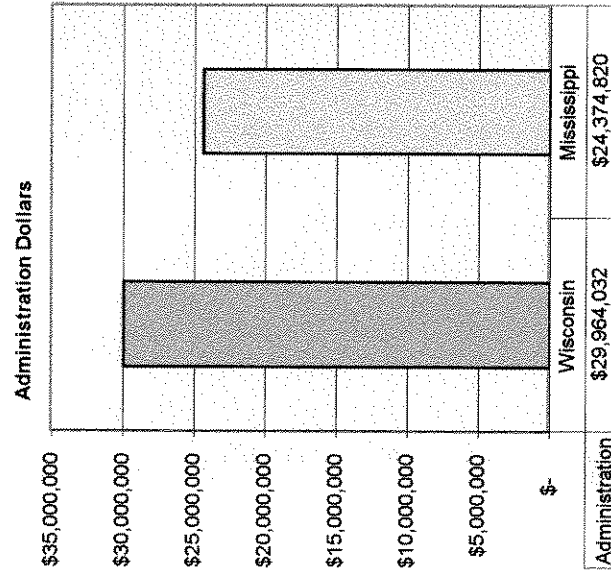
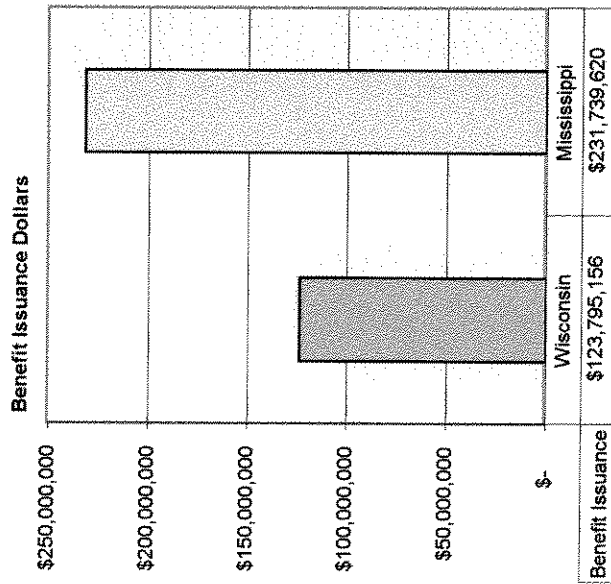
FOOD STAMP PROGRAM (FY1999) - FOOD RESEARCH AND ACTION CENTER (FRAC)



	Over Payments	Under Payments	2000 Error Rate	Negative Error Rate	Bonus Amount Owed
Wisconsin	7.91%	4.81%	12.72%	12.58%	1,671,223
Mississippi	3.74%	0.95%	4.69%	2.74%	-
					4,958,828



FOOD STAMP PROGRAM (FY1999) - FOOD RESEARCH AND ACTION CENTER (FRAC)





JOINT COMMITTEE ON AUDIT

Hearing on Food Stamp Report 00-8 and Follow-up Related to Error Rates

Testimony by Carol W. Medaris
Senior Staff Attorney
October 8, 2003

The Wisconsin Council on Children and Families is a statewide, non-profit, nonpartisan organization that works to improve the health and well-being of children and families, particularly vulnerable children. Food stamps are an important support for low-income families in this state, and I testified four years ago in support of Senator Rosenzweig's audit request because of serious problems families were having – particularly in gaining access to the program.

Progress since the last audit: more clients being served

At that time, as some of you will recall, Wisconsin had just gained the distinction of having the greatest drop in food stamp participation in the nation with the result that many fewer eligible families were being served. Since then, Wisconsin's food stamp caseloads have grown dramatically, although they are still well below levels obtained in the early 1990's. In addition, the state has made great strides in remedying most of the problems identified in that earlier audit that resulted in many eligible families being turned away without receiving the help they needed.

Access for working families: a continuing need for improvement

In order to get a sense of what problems remain, I spoke with Pat DeLessio, an attorney with Legal Action of Wisconsin. I am sorry that Legal Action was not asked to appear today, as that office is in the best position of all to tell you how clients are being served by the program; they have substantial and constant contact with low-income families in their everyday work.

Ms. DeLessio said that the problems that remain primarily concern access to the program by working families. Working family heads still face difficulties in reaching workers and scheduling reviews. However, recent

changes made by the Department of Health and Family Services should alleviate some of these problems, for example, changes expanding the time between reviews from every three months to every six months, and greatly simplifying and reducing reporting requirements.

These and other changes were developed with the help of a food stamp advisory committee which worked with the Department on implementing the 2002 Farm Bill provisions. I served on this committee along with other advocates and local agency representatives. Our main focus was making the program better serve low-income families – especially working families – but we also paid attention to how proposed changes would affect error rates.

Program changes and new federal rules: to reduce errors and penalties

Low-income working families are among the most difficult cases to serve. And, they are also the sorts of cases most susceptible of errors by the very nature of low-wage employment: often temporary and frequently involving cycling in and out of jobs. The same changes noted above, expanding the time between reviews and reducing and simplifying reporting requirements, should help not only to better serve this population but also to reduce error rates.

There are also new federal rules that will change the way monetary penalties are determined, as noted in the updated information from the Audit Bureau. Time will tell how much difference these new rules will make, along with the program changes just now being implemented.

Special problems in Milwaukee County: high caseloads further exacerbated by loss of funding

But the problem of error rates in Milwaukee County are likely to prove more difficult to solve. Case loads are already high: over 300 clients per worker in some cases, according to Ms. DeLessio, which is several times higher than averages in other counties. Now, reduced funding is causing not only hiring freezes but layoffs as well.

Without increased funding to Milwaukee County to actually reduce caseloads, continuing, substantial error rates are almost inevitable, despite the program changes the Department is implementing.

Wisconsin Community Action Program Association



October 8, 2003

Senator Carol Roessler and
Representative Suzanne Jeskewitz, Co-Chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, WI 53702

Dear Senator Roessler and Representative Jeskewitz,

WISCAP is the professional association of 16 Community Action Agencies (CAAs) in Wisconsin that provide diverse anti-poverty programs and services to low-income families statewide. CAAs help to coordinate the distribution of 10 million pounds of federal commodities to 270 food pantries, meal sites and shelters in the TEFAP network throughout the state and are deeply committed to improving the food security of low-income families. In this capacity we have reviewed LAB's recent report (9/11/03) updating the July 2000 audit of the food stamp program and would like to offer the following comments for the committee's consideration:

- Wisconsin has indeed made significant progress in the food stamp program on many important measures since the July 2000 audit. These include substantial increases in participation, an application that is 50% shorter, reduced documentation required to apply, longer certification periods & a simpler re-certification process, greatly reduced reporting of changes, the elimination of vehicles when determining assets and greater integration with MA policy. Recently DHFS partnered with WISCAP and others to secure a federal grant to put the food stamp application and a pre-screening tool on the internet – a promising development. Many of these recent changes were recommended by a DHFS workgroup composed of state government, county government and community organizations, of which WISCAP is an active member. But the creation of the workgroup and the swift implementation of its recommendations are evidence of DHFS' earnest efforts to increase food stamp access and reduce bureaucracy.
- Despite these significant strides there remains much to do. **There are at least 100,000 low-income people¹ in Wisconsin – perhaps more - who are eligible for but don't receive food stamps. The result is that thousands of food insecure families continue to lose tens of millions of nutrition dollars each year.** Because food stamp purchases are proven² to stimulate additional local spending, the negative impact of these lost resources on local economies is nearly twice as great. WISCAP strongly supports efforts to reduce food stamp errors but we must not ignore the larger fact that the value of missed food stamp benefits is staggering compared to the error rate penalties levied by the USDA.
- The stagnant economy has certainly increased demand on food pantries, but it is further increased when eligible low-income families don't receive food stamps. In FFY 2002 the 211 food pantries in the TEFAP network experienced a 27% increase in the number of persons served to more than

¹ 2001 Census Bureau figures estimate that 423,000 people in Wisconsin live below the poverty level. In August 2003 there were 309,000 people receiving food stamps in Wisconsin - a difference of 114,000 persons. This may be an underestimate as people with incomes up to 130% of poverty are income eligible for food stamps. Census Bureau figures (2001) show there are 556,000 people in Wisconsin with incomes below 125% of poverty.

² In 2002 the Economic Research Service of the USDA found that \$5 dollars in local food stamp purchases resulted in \$9 in local spending. *Changes in Food Stamp Expenditures Across the U.S. Economy, 2002, ERS.*