

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4596/1		Introduction Number AB-0702	
Description photo identification cards for FoodShare recipients			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
<input type="checkbox"/> Cities			
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.435(4)(a), (bm), (bn), (n), (nn), and (pa)			
Agency/Prepared By		Authorized Signature	
DHS/ Thomas Kelly (608) 266-0734		Andy Forsaith (608) 266-7684	
Date			
12/13/2017			

Fiscal Estimate Narratives

DHS 12/13/2017

LRB Number	17-4596/1	Introduction Number	AB-0702	Estimate Type	Original
Description photo identification cards for FoodShare recipients					

Assumptions Used in Arriving at Fiscal Estimate

The proposed legislation would require the Department of Health Services to prepare and submit a comprehensive implementation plan to the Food and Nutrition Service (FNS) of the federal Department of Agriculture (USDA) for approval to place photos on the electronic benefit transfer (EBT) card for FoodShare recipients. The legislation would require DHS to submit a waiver request to FNS to allow DHS to require FoodShare recipients to show an EBT card containing a photograph when making FoodShare purchases. Finally, this bill would require DHS to implement the proposals to the degree they are approved by FNS.

Federal law, under 7 CFR Parts 271, 272, 273, 274, and 278, indicate that states may add photographs to EBT cards as a condition of issuance, provided that a state has procedures and policies in place to continue to allow all appropriate household members or authorized representatives to access the benefits regardless of whether their photo is on the card. In addition, federal law specifies: (1) that states must issue both benefits and EBT cards without delay whether or not a photo is on the card; (2) that expedited households are exempt from a mandatory photo EBT card policy until the next recertification; (3) that states may not charge households card replacement fees for any card issued as part of the implementation of a photo EBT card policy; (4) that households have the right to permit other individuals to use the household's EBT card on an ad hoc basis for the purpose of attaining assistance with purchasing food; (5) that EBT cards from any state are valid with or without a photo at all Supplemental Nutrition Assistance Program (SNAP) retailers; (6) that retailers must treat all FoodShare customers in the same manner as non-FoodShare customers; and (7) that states wishing to implement and enforce a photo EBT card policy must also include text onto the cards that state that anyone with a valid PIN may use the card even if he or she is not pictured on the card. Given the number of items that need to be addressed within the implementation plan, full implementation of photo identification on FoodShare EBT cards will take a minimum of 24 months. This estimate assumes the Department would implement the plan only if approved and that federal administrative funds would be available.

The State would need to employ a contract staff person to serve as a program and policy analyst-advanced to develop a policy consistent with federal requirements and guide implementation of the new policy for the first year. The supplies and services cost is estimated at \$446,400 AF (\$223,200 GPR and \$223,200 FED) over a three year period. This assumes an hourly rate of \$71.54 for a staffing vendor to provide the Department with a suitable contract staff person.

The State would need to make a significant number of modifications to CARES, the public assistance eligibility information system, to meet federal requirements. System changes include a way to track or identify who is exempt from the photo policy; an update to track who has had photos taken or received from Department of Transportation (DOT) files; the ability to send notices to clients about the policy change and information about where to get photos taken; and the ability to hold benefits in abeyance if a non-exempt individual chooses not to comply with the photo requirement. These changes would total approximately \$1,212,000 AF (\$606,000 GPR and \$606,000 FED) and would take approximately 12 months to implement. Ongoing annual CARES costs are estimated at \$363,600 AF (\$181,800 GPR and \$181,800 FED).

Under federal law, DHS will be responsible for providing education, training, and outreach to FoodShare clients, retailers, and other stakeholders. Printing and mailing information to these stakeholders during the implementation period would cost \$1,024,400 AF (\$512,200 GPR and \$512,200 FED). This amount assumes 3 mailings to 336,000 current FoodShare households and 4,271 currently authorized SNAP retailers, plus 2 mailings to all food banks, pantries, meal programs, and other non-profits, at \$1 per mailing. Ongoing annual costs of \$48,800 AF (\$24,400 GPR and \$24,400 FED) would be incurred to inform new FoodShare households about the policy. This assumes an average of 4,064 new assistance groups each month requiring one mailing at \$1 per mailing per year. The federal government will be responsible for educating new retailers after implementation. The ongoing cost of outreach to other stakeholders is indeterminate but should be able to be absorbed within the Department's budget.

Creating and distributing new EBT cards for existing FoodShare clients would be the largest implementation cost as well as the largest ongoing cost. FoodShare eligibility is determined on a household basis, rather than an individual basis. Based on the experience of other states, it is assumed that about 60% of FoodShare recipients will need a photo on their EBT card. It is assumed that Wisconsin would issue an EBT card to every household member who shops for the family, including children. Approximately 300,900 photo EBT cards would be issued to the 670,800 current FoodShare clients. It is assumed that 80% of FoodShare clients, ages 19 and older, have a driver's license or state identification card and a smaller percentage of children ages 16 through 18 have a driver's license or state identification card, whose photo could be used for the EBT card. Therefore, about 196,550 individuals would have a photo on file with Wisconsin DOT while 104,350 individuals would need a photo taken for the EBT card. DHS would establish a data exchange process with DOT to obtain photos. This data transfer would need to comply with Section 11(e)(8) of the Food Stamp Act of 1977 and would limit DHS ability to provide information to DOT with which to secure the photos. Therefore, this initial data exchange systems changes would total \$600,000 AF (\$300,000 GPR and \$300,000 FED). Ongoing data exchanges are assumed to cost about \$100,000 AF (\$50,000 GPR and \$50,000 FED) annually.

To print and mail the replacement cards to existing FoodShare clients would cost \$1,722,700 AF (\$861,350 GPR and \$861,350 FED). The state would create and mail 344,500 cards prior to implementation. It is assumed that each card costs \$4.00 to create. Wisconsin's DOT contracted with a third-party vendor to create 1.2 million identification cards in 2014, at an average cost of \$3.10 per card. DHS costs are assumed to be higher per card due to the reduced volume. In addition, it is assumed to cost \$1.00 to mail each card (printing informational materials, postage, returned mail, and contractor time). Annually the state would need to print 43,700 new photo EBT cards for new FoodShare clients, at an annual cost of \$283,900 AF (\$141,950 GPR and \$141,950 FED). Having more FoodShare cards in circulation will increase the number of cards that need to be reprinted because they are lost, stolen, or damaged. The increased number of replacement cards will cost \$206,500 AF (\$103,250 GPR and \$103,250 FED) annually.

To support the increased data transfer, increased call volume, increased reissuance of cards, and increased number of cards per open case, it is assumed that the contract with the EBT card vendor would increase. The cost of implementation will be \$1,272,000 AF (\$636,000 GPR and \$636,000 FED). The ongoing, annual costs are estimated at \$479,000 AF (\$239,500 GPR and \$239,500 FED).

There would be additional costs for Income Maintenance (IM) consortia, Milwaukee Enrollment Services (MilES), and tribal IM agencies. Since Milwaukee County represents about 35% of the statewide FoodShare population, this estimate assumes that 35% of IM costs would be incurred at MilES with the costs split evenly between GPR and FED. Similarly, this estimate assumes that 1% of IM costs would be incurred at tribal IM agencies with the costs split 25% GPR and 75% FED. The remaining 64% of IM costs would be incurred at IM consortia with the costs split evenly between local property tax levy and FED. This cost to local property taxpayers could be offset by an increase to the GPR appropriation under s. 20.435(4)(bn).

Individuals who do not already have a photo on file with DOT would have their photos taken at their local Income Maintenance (IM) offices. IM offices would need to purchase cameras, backdrops, tripods, and software to transfer the files to the EBT card vendor and provide staff time to take photos. Staff time and office equipment for one-time implementation of the policy would cost \$339,800 AF (\$60,400 GPR, \$108,700 Local, and \$170,700 FED). Annually, equipment and staff costs for new FoodShare clients to have their photo taken at their local IM offices would cost \$82,400 AF (\$14,600 GPR and \$26,400 local, and \$41,400 FED).

The Department and local IM agencies would likely receive questions from recipients about the new policy. It is assumed that about one third of FoodShare households would call their local IM agency or call center. The increased call volume may necessitate additional staff during the implementation phase. During implementation, it is assumed that costs would increase \$393,800 AF (\$69,900 GPR, \$126,000 Local, and \$197,900 FED). Ongoing costs are estimated at \$35,600 AF (\$6,300 GPR, \$11,400 Local, and \$17,900 FED) annually.

Finally, once the policy is implemented, the state will be required to submit a post implementation review to FNS. The cost of this review is estimated at \$600,000 AF (\$300,000 GPR and \$300,000 FED).

The total, one-time, implementation cost of the policy is estimated at \$7,611,100 AF (\$3,569,050 GPR, \$234,700 Local, and \$3,807,350 FED).

Long-Range Fiscal Implications

The annual ongoing costs are estimated at \$1,599,800 AF (\$761,800 GPR and \$800,200 FED) in state level

costs and \$37,800 in local costs.

One-Time Implementation Costs

	GPR	Local	FED	AF
Contract Staff	223,200	-	223,200	446,400
CARES Modifications	606,000	-	606,000	1,212,000
Education, Outreach & Training	512,200	-	512,200	1,024,400
DMV Data Exchange	300,000	-	300,000	600,000
Print & Mail Replacement Cards	861,350	-	861,350	1,722,700
EBT Contract	636,000	-	636,000	1,272,000
Photos at IM Agencies	60,400	108,700	170,700	339,800
Call Centers	69,900	126,000	197,900	393,800
Post-Implementation Review	300,000	-	300,000	600,000
TOTAL	\$3,569,050	\$234,700	\$3,807,350	\$7,611,100

Annual Ongoing Costs

	GPR	Local	FED	AF
CARES Maintenance	181,800	-	181,800	363,600
Education, Outreach & Training	24,400	-	24,400	48,800
DMV Data Exchange	50,000	-	50,000	100,000
Print & Mail Replacement Cards	245,200	-	245,200	490,400
EBT Contract	239,500	-	239,500	479,000
Photos at IM Agencies	14,600	26,400	41,400	82,400
Call Centers	6,300	11,400	17,900	35,600
TOTAL	\$ 761,800	\$ 37,800	\$ 800,200	\$1,599,800

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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 Corrected
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LRB Number 17-4596/1	Introduction Number AB-0702	
Description photo identification cards for FoodShare recipients		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The total, one-time, implementation cost of the policy is estimated at \$7,611,100 AF (\$3,569,050 GPR, \$234,700 Local, and \$3,807,350 FED).		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes (FTE Position Changes)	\$	\$
State Operations - Other Costs	1,481,800	
Local Assistance	80,200	
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$1,562,000	\$
B. State Costs by Source of Funds		
GPR	761,800	
FED	800,200	
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$1,562,000	\$37,800
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
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