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September 1, 2015

Chairman Born and Committee Members:

Thank you for the opportunity to testify before you today in support of Assembly Bill 188.

I drafted this legislation with Sen. Cowles in order to align Wisconsin's FoodShare program with federal Supplemental Nutrition Assistance Program (SNAP) guidelines regarding the removal of benefits from inactive accounts and expungement of benefits if they remain unused after a one year period. While I have been involved with legislation regarding the FoodShare program in the past, I owe the idea for this particular proposal to an investigative story by Fox 11 last fall year.

It is important to remember that FoodShare is intended to be a needs-based program to assist those with lower incomes in affording a nutritional diet. Yet the report found many examples of FoodShare recipients accumulating thousands upon thousands of dollars in unused benefits, with balances as high as \$12,000 and even over \$14,000. For every county where data was provided, the highest account balances reached into several thousand dollars.

For the program to function as it was meant to be, the amount of the assistance through Foodshare should be used by recipient households on a monthly basis to supplement nutritional needs, not as a savings account. Program participants that use their benefits as intended are rightly stunned and even upset when they learn of the excessive surplus funds amassed by some recipients, and law enforcement officers are concerned that the hoarding of large balances will serve as an invitation for fraudulent activity.

Late last year, my former staffer Jamie Julian began looking into tools available to states to curb the accrual of excessive balances. I appreciate her efforts in working with Anna Henning from Legislative Council and Marga Deninno from the Federal Department of Agriculture's Food and Nutrition Service to identify and draft these changes, which are authorized under federal code and in accordance with the Food and Nutrition Act of 2008, thus making a waiver request unnecessary.

Under this legislation, DHS must remove and store offline all FoodShare benefits posted to a recipient's benefit account if the account has not been accessed in six months or longer. The benefits must be made available again to the recipient if the recipient requests them or reapplies for FoodShare benefits, whichever is appropriate under the circumstances. In addition, benefits would be expunged from the account if they are not used within one year, following Federal guidance. While Wisconsin has generally been following the latter practice, AB 188 will put that practice into state law.

While I do not believe that a waiver request is required for AB 188 as proposed, I understand that the impact of this legislation is somewhat limited by the accompanying constraint of Federal limitations on FoodShare administration. I would like to offer that I would respect the will of this committee should you decide to modify my current proposal and request a waiver to more directly require a re-evaluation of FoodShare's needs-based eligibility for recipients that are carrying over truly excessive amounts, as either a dollar amount or multiple of monthly benefit received, regardless of account activity, in order to ensure the program is working as it should.

Please keep Wisconsin's FoodShare program targeted to those in need. Failing to do so, jeopardizes both the integrity and sustainability of the program as a safety net for the most vulnerable. Thank you for your consideration of AB 188.

STANDING COMMITTEES:

Energy, Consumer Protection, and
Government Reform, Chair

State and Federal Relations, Vice-Chair

Transportation, Public Safety,
and Veterans and Military Affairs



JOINT COMMITTEES

Audit Committee, Co-Chair
Information Policy and Technology
Transportation Projects Commission

September 1, 2015

Testimony on Assembly Bill 188
Senator Rob Cowles

This bill is aimed to align Wisconsin's FoodShare program with federal Supplemental Nutrition Assistance Program (SNAP) guidelines. Currently, some people receiving Foodshare benefits are using them like savings accounts. In some instances maintaining balances as high as \$14,000 dollars. With such high balances being carried over, the potential for abuse of Wisconsin Foodshare benefits are high. It's possible that in instances that accounts are remaining unused for over a year that those benefits may not be entirely necessary.

While I understand that people may have a need to carry over some of their Foodshare dollars from month to month, this bill targets accounts that have been inactive and unused for over six months and remain unused for one year. This program is intended to help feed families in need and not remain unused in an electronic account for up to one year.

In 2012, the Legislative Audit Bureau released report 12-8: Foodshare Wisconsin which raised concerns that a form of fraud called "benefits trafficking" (when a benefit recipient sells their electronic cards for cash) is occurring in Wisconsin. It is my hope that this bill will not only ensure that Foodshare is running as intended, but that it deters fraudsters from cashing in on a big payday at the taxpayers' expense.

Reforms, like the bill before you, help to ensure that our programs are running as they have been intended to run and are providing the necessary benefits to those who truly need them. Additionally, these changes are authorized under federal code, no waiver request is necessary.

This bill can be a vital tool in updating and addressing Wisconsin Foodshare benefit payments and can potentially help to save expending federal tax dollars and deter those you may potentially fraud the system.



State of Wisconsin
Department of Health Services

Scott Walker, Governor
Kitty Rhoades, Secretary

September 01, 2015

Assembly Committee on Public Benefit Reform

2015 AB 188 relating to: FoodShare benefits from an inactive account and expunging unused benefits after one year

WI Department of Health Services Position: testifying for information only

Chairman Born and members of the Committee on Public Benefits Reform, thank you for the opportunity to testify on Assembly Bill 188, relating to FoodShare benefits from an inactive account and expunging unused benefits after one year. My name is Bill Hanna, and I am the Assistant Deputy Secretary at the Department of Health Services (DHS). Sitting next to me is Alan White, our Inspector General, and Kevin Moore, our State Medicaid Director.

Assembly Bill 188 makes two changes to how Wisconsin administers its FoodShare program. First, if a FoodShare recipient does not use a benefit for six months or more, then DHS would be required to remove all benefits from the electronic account and store the benefits offline. DHS would be required to attempt to notify a recipient before removing the benefits and must provide information describing the steps an individual must take to return the benefits to the account.

Second, Assembly Bill 188 requires DHS to expunge any benefits that have not been used after a one year period. FoodShare benefits are currently distributed to eligible recipients on a monthly basis. Currently, unused benefits rollover from month to month indefinitely, with one exception. If benefits have not been accessed for one year, then the benefits are expunged. AB 188 would still allow beneficiaries to rollover benefits from month to month for up to 12 months. However, it would require DHS to expunge any FoodShare benefits that have been rolled over for more than 12 months. DHS *may* need a waiver to implement this provision. The DHS Office of Legal Counsel is currently reviewing federal regulations and FNS guidance.

The fiscal estimate prepared for AB 188 includes system changes that would be have to be made by the FoodShare EBT vendor, FIS, and to the public assistance eligibility information system, CARES. The changes would be needed to transfer dollars to offline accounts, notifying recipients, and expunge benefits older than 12 months. The estimated to cost is approximately \$1.3 million, half of which would be funded with federal dollars and half with state general purpose revenue.

As Alan White, the Department's Inspector General can attest to, we take FoodShare fraud seriously in Wisconsin. In calendar year 2014, the DHS Office of Inspector General (OIG) established over \$6.6 million in FoodShare overpayment claims and completed more than 7,000 investigations. The OIG currently monitors accounts that have large balances. Accounts may develop large balances for

numerous reasons, but regardless of the reason the OIG closely monitors the FoodShare program to detect and prevent fraud.

Thank you again for the opportunity to testify. We would be happy to take any questions on the bill.

Hunger Task Force Position Paper

- AB188 will have the greatest impact on the most vulnerable FoodShare recipients.
- AB188 is expensive.
- AB188 will increase hunger for elderly, blind and disabled FoodShare recipients.

Hunger Task Force OPPOSES AB188 without an exemption for EBD FoodShare recipients

This policy paper discusses AB188 which proposes to move FoodShare benefits offline if they remain unused after six months.

EBT cards are used to distribute SNAP/FoodShare benefits to authorized households. The implementation of EBT and the use of Personal Identification Numbers (PIN) eliminated the need for Food Stamp coupons. The EBT card allows Wisconsin DHS to track purchases and spot suspicious patterns.

FoodShare is required by federal law to be distributed only by EBT. Wisconsin has used EBT cards, commonly known as the Quest card, in the FoodShare program since October 2000. In order to accept EBT for FoodShare purchases, the retailer must meet all federal requirements and be authorized by the United States Department of Agriculture.

Currently unused FoodShare benefits are expunged after 365 days in accordance with federal regulations¹.

FoodShare benefits cannot be used to purchase non-food items like alcohol, tobacco products, toiletries, vitamins and medicine. FoodShare benefits are exempt from sales tax and fees and cannot be exchanged for cash.

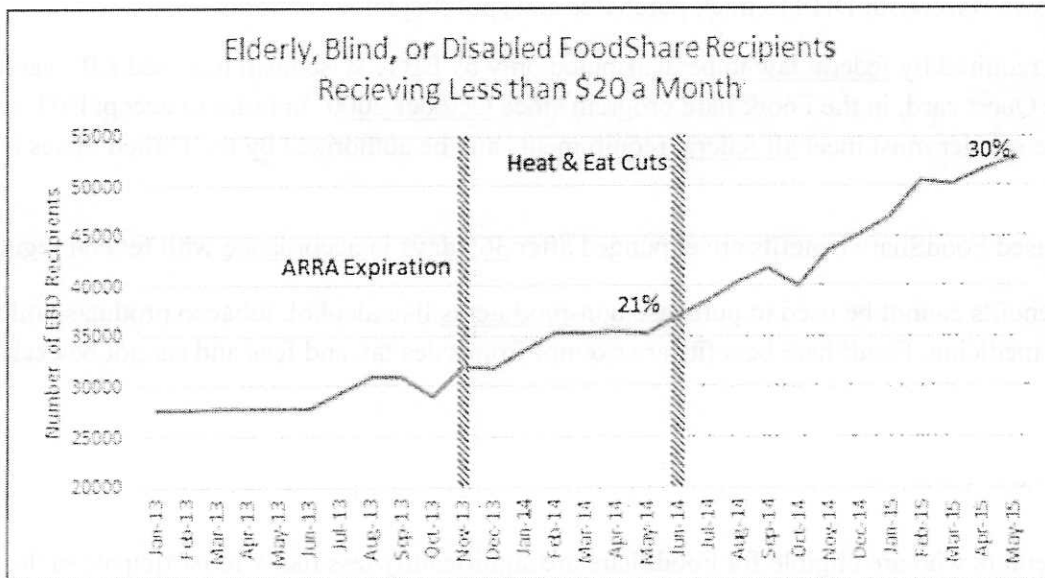
ANALYSIS

1. Seniors who are eligible for FoodShare are significantly less likely to participate in the program than other demographic groups.
 - Only about 40% of seniors who are eligible utilize the FoodShare program, compared to over 80% in the general population. Many factors contribute to this low participation rate including barriers related to mobility, technology, program stigma, and widespread myths about how the program works and who qualifies.

¹ 7 CFR §274.2(h)

August 31, 2015

- Many seniors receive the minimum monthly allotment of \$16/month which limits the usefulness of a trip to the grocery store to spend one month's benefits. Furthermore, issues with mobility and transportation may also impact seniors' access to monthly trips to the grocery store.
- 41% of FoodShare households contain at least one individual that is either elderly, blind, or disabled (EBD.)
- The average allotment for FoodShare households that contain an elderly, blind, or disabled member is \$133/month.
- Almost one third of the EBD caseload is receiving an allotment of \$20 or less. Often, these households save up their benefits from month-to-month to aid in the efficiency of making food purchases.



2. AB188 is costly and inefficient.

- Wisconsin already expunges unused FoodShare benefits after 365 days.
- Moving unused benefits offline after 6 months will likely have a chilling effect on seniors who are already reluctant to use the FoodShare program.

August 31, 2015

- Nationally, 80% of SNAP/FoodShare recipients spent their benefits in the first 2 weeks of receipt and 97% in the month received.
- Spending \$1Million dollars to target the most vulnerable families is wasteful spending.

3. AB188 will increase hunger. FoodShare recipients that are elderly, blind or disabled should not have an additional program requirement that would restrict their access to food. Doing so increases the chances that the hungry individuals that need the program will choose hunger over re-activating their account. The bill would increase the stigma associated with the program and provide another hurdle for the already under-enrolled demographic of seniors. We respectfully request that the Public Benefit Reform Committee include an exemption in AB188 for FoodShare EBD recipients. We ask that AB188 not apply if the individual or household contains a member that is elderly, blind or disabled. For the purposes of this request, an elderly, blind or disabled individual is defined as:

- An elderly individual is a food unit member age 60 or older
- A disabled individual is a food unit member that meets one or more of the following criteria:
 - Received disability or blindness benefits from any of these programs: SSA, MA, SSI or SSI related MA, Railroad Retirement Board
 - Receives a VA payment and is a disabled veteran
 - If an individual is certified as disabled or blind by one of the above agencies, but has not received the initial benefit
 - An individual receiving retirement benefits from the RRB and found eligible for Medicare by the RRB
 - An individual who receives GA and meets SSI program disability criteria
 - Received a disability retirement benefit from a governmental agency because of a disability considered permanent under section 221(i) of the Social Security Act.

Hunger Task Force works to feed hungry people with respect and dignity. Hunger does not respect age, sex, race or background. Many visitors to local pantries and soup kitchens never would have anticipated the unforeseen circumstances that put them in the position of asking for help. We do not believe that people struggling to feed themselves are second class citizens. One of the benefits of the FoodShare program is it gets people out of the food pantry system and into the grocery store.

August 31, 2015





WISCONSIN BOARD FOR PEOPLE
WITH DEVELOPMENTAL DISABILITIES

September 2, 2015

Assembly Public Benefits Reform Committee
Representative Mark Born, Chair
State Capitol, Room 312 North
Madison, WI 53708

Dear Representative Born and members of the committee:

Thank you for the opportunity to provide comment on AB 188. The Wisconsin Board for People with Developmental Disabilities (BPDD) requests an amendment to the bill that would exempt older adults and people with disabilities from the provisions that would remove FoodShare benefits that have not been accessed within six months.

Many people with disabilities in Medicaid programs are also FoodShare recipients¹.

At the federal level, cuts to the last Farm Bill have resulted in the number of people with disabilities receiving less than \$20 per month in FoodShare growing considerably. An estimated 30% of older adults and people with disabilities on FoodShare are receiving an allotment of \$20 or less.

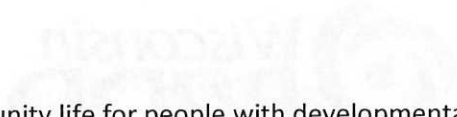
The low purchasing power afforded by the monthly allotment of as little as \$16 per month as well as the difficulty of arranging a trip to the grocery store mean that many people with disabilities carryover benefits. Saving up multiple months of aid to spend during one trip is more efficient.

Access to food stores may be dependent on family or caregiver schedules or the availability of Medicaid or state/county ride programs that can accommodate accessibility needs. Limits on the number of rides and requirements to schedule rides well in advance—at least 24 hours—further restrict transportation options and flexibility.

In a recent BPDD survey, 75% of people with disabilities said limited access to transportation impacted their ability to shop at local businesses. 64% said transportation is limited on evenings and weekends. 34% said rides are often canceled or don't come on time. These factors further complicate an individual's ability to reliably access stores, and make the option of carrying over benefits attractive until time consuming logistical arrangements can be made.

The BPDD is charged under the federal Developmental Disabilities Assistance and Bill of Rights Act with advocacy, capacity building, and systems change to improve self-determination, independence, productivity,

¹ People with physical, intellectual/developmental, and mental health disabilities often are participants in Wisconsin's Elderly Blind and Disabled Medicaid health insurance (BadgerCare, SeniorCare) or long term care (Family Care, Family Care Partnership, and IRIS) programs. Income at or below 100% of the Federal Poverty Level (\$11,770 annual income for an individual) and an asset limit of \$2000 is threshold for eligibility for Medicaid these programs; 100% FPL is also the income threshold to qualify for FoodShare.



and integration and inclusion in all facets of community life for people with developmental disabilities. Our role is to seek continuous improvement across all systems—education, transportation, health care, employment, etc.—that touch the lives of people with disabilities. Our work requires us to have a long-term vision of public policy that not only sees current systems as they are, but how these systems could be made better for current and future generations of people with disabilities.

Thank you for your consideration,

Beth Swedeen

Beth Swedeen, Executive Director
Wisconsin Board for People with Developmental Disabilities

September 2, 2014
Assembly Office Building
Representative Mark Groner
State Capitol
Madison, WI 53706

Thank you for the opportunity to provide comment on the Wisconsin Board for People with Developmental Disabilities (BDD) request for an amendment to the Bill that would require people with disabilities from the private sector to provide benefits that are not less than what is provided to other employees.

Many people with disabilities in Wisconsin are also food bank recipients. At the federal level, cuts to the SNAP program have resulted in the number of people with disabilities who are food bank recipients increasing significantly. As a result, many people with disabilities are struggling to meet their basic needs.

The job market is very difficult for people with disabilities, and the unemployment rate for people with disabilities is significantly higher than for people without disabilities. Many people with disabilities are struggling to find employment and are often underemployed.

Access to food is a critical issue for people with disabilities. Many people with disabilities are unable to afford the cost of food, and this can lead to health and safety issues. It is important to ensure that people with disabilities have access to the food they need to live healthy and productive lives.

In fiscal year 2013, 75% of people with disabilities who applied for unemployment benefits were denied. This is a significant barrier to employment for people with disabilities. It is important to address this issue and ensure that people with disabilities have access to the unemployment benefits they need to support themselves and their families.

The BDD is a unique and important organization that provides support and advocacy for people with developmental disabilities. It is important to ensure that the BDD has the resources it needs to continue to provide this vital support to the community.

I am pleased to provide this comment and support the BDD's request for an amendment to the Bill. I believe that this amendment is a critical step towards ensuring that people with disabilities have access to the food and financial resources they need to live healthy and productive lives.

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