

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-1573/1	Introduction Number AB-0222
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Description Photo identification cards for FoodShare recipients

<p>Fiscal Effect</p> <p>State:</p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> No State Fiscal Effect</td> <td><input type="checkbox"/> Increase Existing Revenues</td> <td rowspan="2"><input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</td> </tr> <tr> <td><input type="checkbox"/> Indeterminate</td> <td><input type="checkbox"/> Decrease Existing Revenues</td> </tr> <tr> <td><input type="checkbox"/> Increase Existing Appropriations</td> <td><input type="checkbox"/> Decrease Costs</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Decrease Existing Appropriations</td> <td></td> <td></td> </tr> <tr> <td><input type="checkbox"/> Create New Appropriations</td> <td></td> <td></td> </tr> </table> <p>Local:</p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> No Local Government Costs</td> <td></td> <td rowspan="5"> 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <u>0</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts </td> </tr> <tr> <td><input type="checkbox"/> Indeterminate</td> <td></td> </tr> <tr> <td>1. <input type="checkbox"/> Increase Costs</td> <td>3. <input type="checkbox"/> Increase Revenue</td> </tr> <tr> <td><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</td> <td><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</td> </tr> <tr> <td>2. <input type="checkbox"/> Decrease Costs</td> <td>4. <input type="checkbox"/> Decrease Revenue</td> </tr> <tr> <td><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</td> <td><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</td> <td></td> </tr> </table>	<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<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"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Decrease Costs		<input type="checkbox"/> Decrease Existing Appropriations			<input type="checkbox"/> Create New Appropriations			<input type="checkbox"/> No Local Government Costs		5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <u>0</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	<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	
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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 4(bm), 4(a), 4(bn), 4(n), 4(pa), 4(nn)	

Agency/Prepared By	Authorized Signature	Date
DHS/ Michele Dickinson (608) 266-5362	Andy Forsaith (608) 266-7684	5/21/2015

Fiscal Estimate Narratives

DHS 5/21/2015

LRB Number	15-1573/1	Introduction Number	AB-0222	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 274.8(b)(5) and FNS policy guidance indicate that states may add photographs to EBT cards, 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. FNS guidance outlines the items that must be addressed within the implementation plan and stipulated the implementation plan must be submitted no fewer than 120 days prior to the State's planned implementation date. In addition, federal law indicates states may not require retailers to request identification from FoodShare customers. Given this guidance from FNS and 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 hire one full-time LTE Program and Policy Analyst-Advanced to develop policy consistent with Federal requirements and guide implementation of the new policy. The salary, fringe, and supplies and services cost for this LTE, over a three year period, would be \$270,800 AF (\$135,400 GPR and \$135,400 FED).

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 \$1,000,000 AF (\$500,000 GPR and \$500,000 FED) and would take approximately 12 months to implement. Ongoing CARES costs would be \$300,000 AF (\$150,000 GPR and \$150,000 FED).

FNS indicates it will require DHS to provide education, training, and outreach to FoodShare clients, retailers, and other stakeholders. Printing and mailing information to these stakeholders would cost \$1,264,800 AF (\$632,400 GPR and \$632,400 FED). Ongoing costs of \$41,600 AF (\$20,800 GPR and \$20,800 FED) would be incurred to inform new FoodShare households and retailers about the policy.

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 368,100 photo EBT cards would be issued to the 823,500 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 kids ages 16 through 18 have a driver's license or state identification card, whose photo could be used for the EBT card. Therefore, about 242,600 individuals would have a photo on file with Wisconsin DOT while 125,500 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.

Individuals who do not already have a photo on file with DOT would have their photos taken at their local Income Maintenance (IM) office. 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 implementation of the policy would cost \$390,100 AF (\$195,050 GPR and \$195,050 FED). Annually, equipment and staff costs for new FoodShare clients to have their photo taken at their local IM offices would cost \$71,200 AF (\$35,600 GPR and \$35,600 FED).

To print and mail the replacement cards to existing FoodShare clients would cost \$1,845,600 AF (\$922,800 GPR and \$922,800 FED). The state would create and mail 368,100 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 31,600 new photo EBT cards for new FoodShare clients, at an annual cost of \$238,500 AF (\$119,250 GPR and \$119,250 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 \$252,400 AF (\$126,200 GPR and \$126,200 FED) annually to reprint and mail.

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. During implementation, and every year thereafter, the cost would be \$950,000 AF (\$475,000 GPR and \$475,000 FED).

Finally, 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 \$478,700 AF (\$239,300 GPR and \$239,400 FED). Ongoing costs would increase \$41,300 AF (\$20,600 GPR and \$20,700 FED) annually.

Once the policy is implemented the state is required to submit a post implementation review to FNS. This review would cost \$600,000 AF (\$300,000 GPR and \$300,000 FED).

In sum, implementation of the policy would cost \$7.4 million AF (\$3.6 million GPR and \$3.6 million FED) and ongoing costs would be \$2 million AF (\$1 million GPR and \$1 million FED) annually.

Long-Range Fiscal Implications

none

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-1573/1	Introduction Number AB-0222	
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): \$7,400,000 All Funds (\$3,700,000 GPR, \$3,700,000 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	1,882,500	
Local Assistance	117,500	
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$2,000,000	\$
B. State Costs by Source of Funds		
GPR	1,000,000	
FED	1,000,000	
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	\$2,000,000	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
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		5/21/2015