

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-5222/1	Introduction Number AB-0003 (JR8)
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Description
 asset restrictions on eligibility for FoodShare, Wisconsin Works, and Wisconsin Shares

Fiscal Effect

State:

<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		

Local:

<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 <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	

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 s. 20.435(4)(bm), (bn), (nn), and (pa)	

Agency/Prepared By	Authorized Signature	Date
DHS/ Thomas Kelly (608) 266-0734	Andy Forsaith (608) 266-7684	1/30/2018

Fiscal Estimate Narratives

DHS 1/30/2018

LRB Number	17-5222/1	Introduction Number	AB-0003 (JR8)	Estimate Type	Original
Description asset restrictions on eligibility for FoodShare, Wisconsin Works, and Wisconsin Shares					

Assumptions Used in Arriving at Fiscal Estimate

This proposal makes several changes to the financial eligibility requirements for the FoodShare program.

Current law, as established by 2017 Act 59, provides that a household is ineligible for FoodShare in any month in which the household has liquid assets exceeding \$25,000. This restriction does not apply to households with elderly, blind, or disabled members since those households have different eligibility criteria.

The proposal restricts FoodShare eligibility for individuals who are at least 19 years of age and are not elderly, blind, or disabled in any month in which they: (1) own more than one home; (2) own a primary residence that is worth more than 200% of the statewide median home value (the value of agricultural land is excluded from this calculation); and (3) own more than \$20,000 in combined equity value in vehicles (vehicles used for business purposes are excluded). The proposal allows the Department to promulgate a rule to establish a hardship exemption to these financial eligibility restrictions.

Federal regulations of the FoodShare program require eligibility to be determined at the household level, rather than at the individual level. Therefore, any household including elderly, blind, or disabled members would need to be exempted from this policy. As a result, the bill would not apply to the 46% of FoodShare households with elderly, blind, and/or disabled members. Applying the vehicle limitation on an individual basis is similarly complicated by household eligibility determinations.

The number of member households who would be denied eligibility under this bill is presently indeterminate because information about these types of assets is not currently collected during eligibility determinations. However, because this bill makes additional changes to financial eligibility that are not in line with federal regulations, the bill will require a waiver from the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture.

One potential problem is that FNS may determine that the restrictions under this bill may not allow the state to maintain broad based categorical eligibility (BBCE) standards under s. 49.79(7) of the state statutes because the federal regulations do not include limits on home ownership. As a result, FNS may determine that these asset limits are more restrictive than federal regulations allow for BBCE. If FNS were to make this determination, the effect would be that the income limit for FoodShare eligibility could fall from 200% of the federal poverty limit (FPL) to 130% FPL. In September 2017, there were 43,338 households, 75,720 individuals, and 23,369 children on FoodShare with household incomes above 130% FPL. The loss of these federal benefits for these households would reduce FoodShare benefit expenditures by an estimated \$23.8 million FED annually. In addition, the loss of BBCE would result in households with elderly, blind, and disabled members having a strict \$3,500 limit on liquid assets as outlined under federal regulations while other households would have a \$25,000 liquid asset limit as provided under s. 49.79(1r).

The proposal would require significant upgrades to the Client Assistance for Reemployment and Economic Support (CARES) system to track assets. These costs are estimated at \$2,520,000 AF (\$1,260,000 GPR and \$1,260,000 FED) in one-time costs and \$756,000 AF (\$378,000 GPR and \$378,000 FED) in annual recurring costs.

The Department would need to employ a contract staff person to serve as a program and policy analyst to develop a policy consistent with federal requirements, work to promulgate the hardship exemption rule, and guide implementation of the new policy. The supplies and services cost is estimated at \$145,900 AF (\$72,950 GPR and \$72,950 FED) during implementation and \$135,900 AF (\$67,950 GPR and \$67,950 FED) annually thereafter. This assumes an hourly rate of \$65.34 for a staffing vendor to provide the Department with a suitable contract staff person as well as additional equipment costs in the first year. In

addition, one-time state staff development costs are estimated at \$59,300 AF (\$29,630 GPR and \$29,630 FED).

The one-time cost of developing interactive training sessions for income maintenance (IM) workers is estimated at \$12,700 AF (\$6,350 GPR and \$6,350 FED).

The annual ongoing cost for IM agencies to make eligibility determinations is estimated at \$1,846,300 AF (\$919,900 GPR and \$926,400 FED). Of this total, \$1,181,100 AF (\$587,300 GPR and \$593,800 FED) would go to IM consortia and tribal IM agencies while the remaining \$665,200 AF (\$332,600 GPR and \$322,600 FED) and 9.82 positions would be needed for Milwaukee Enrollment Services. This assumes an average of 10 additional minutes of IM worker time by per case per year to ask applicants about their assets and make necessary calculations to determine whether the assets of a given household renders the household members ineligible. Please note that tribal IM agencies receive a 75% federal match for FoodShare eligibility determinations instead of a 50% match.

The total one-time implementation costs for this proposal are estimated at \$2,737,900 AF (\$1,368,950 GPR and \$1,368,950 FED).

Long-Range Fiscal Implications

The annual ongoing costs for this proposal are estimated at \$2,738,200 AF (\$1,365,850 GPR and \$1,372,350 FED).

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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Description
 asset restrictions on eligibility for FoodShare, Wisconsin Works, and Wisconsin Shares

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 costs for this proposal are estimated at \$2,737,900 AF (\$1,368,950 GPR and \$1,368,950 FED).

II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs

A. State Costs by Category			
State Operations - Salaries and Fringes	\$665,200		\$
(FTE Position Changes)	(9.8 FTE)		
State Operations - Other Costs	891,900		
Local Assistance	1,181,100		
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$2,738,200		\$

B. State Costs by Source of Funds			
GPR	1,365,850		
FED	1,372,350		
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, etc.)

	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	\$2,738,200		\$
NET CHANGE IN REVENUE	\$		\$

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