

### Fiscal Estimate - 2021 Session

Original       Updated       Corrected       Supplemental

LRB Number **21-5714/1**      Introduction Number **SB-882**

**Description**  
disregarding earned income for purposes of determining eligibility for certain public assistance programs

**Fiscal Effect**

**State:**

- No State Fiscal Effect
- Indeterminate
  - Increase Existing Appropriations
  - Decrease Existing Appropriations
  - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
  - Yes
  - No
- Decrease Costs

**Local:**

- No Local Government Costs
- Indeterminate
  - 1.  Increase Costs
    - Permissive  Mandatory
  - 2.  Decrease Costs
    - Permissive  Mandatory
  - 3.  Increase Revenue
    - Permissive  Mandatory
  - 4.  Decrease Revenue
    - Permissive  Mandatory
- 5. Types of Local Government Units Affected
  - Towns     Village     Cities
  - Counties     Others
  - School Districts     WTCS Districts

**Fund Sources Affected**

- GPR     FED     PRO     PRS     SEG     SEGS 20.435(4)(a), (bm), and (bn)

**Affected Ch. 20 Appropriations**

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## Fiscal Estimate Narratives

DHS 1/31/2022

LRB Number	<b>21-5714/1</b>	Introduction Number	<b>SB-882</b>	Estimate Type	<b>Original</b>
<b>Description</b>					
disregarding earned income for purposes of determining eligibility for certain public assistance programs					

### Assumptions Used in Arriving at Fiscal Estimate

This proposal would temporarily shield increases in earned income from employment from eligibility determinations for several programs including FoodShare. Specifically, the proposal would disregard 100% of increases in earned income for the first 60 days after the increase, 75% of increases for the subsequent 30 days, and 50% of increases for the 30 days after that. After 120 days, all income would be considered as under current law. Of the various public programs impacted by the provisions of this bill, the Department of Health Services (DHS) is responsible for administering only the FoodShare program, which will be the sole focus of this analysis.

FoodShare eligibility and benefit allotments are determined on a monthly basis rather than on a daily basis as is suggested by language included in the bill. This fiscal estimate assumes that the proposal could be implemented so that it applies to the last day of the month in which the days in the timeline of the current proposal occur. For example, 100% of the increased income earned through employment would be discounted until the end of the month in which the 60th day after the income increase occurs.

FoodShare benefits costs are funded entirely with federal funding. This proposal appears to be in conflict with federal regulations under 7 CFR 273.9, which specifies how income is to be treated for the purpose of determining SNAP eligibility and benefit allotment amounts. The bill does not authorize the Department to submit a demonstration waiver to the U.S. Department of Agriculture. In addition, one condition of all federal demonstration waivers is that costs be budget neutral with regard to federal funding. For this reason, the temporary disregard of certain income appears to not be federally allowable for FoodShare, and all of the costs in this fiscal estimate are assumed to be GPR costs.

Implementing this proposal would require substantial changes to the Client Assistance for Re-employment and Economic Support (CARES) system, which determines eligibility for FoodShare benefits. Based on the experience with similarly complex system changes to implement work requirements for able-bodied adults without dependents (ABAWDs) on FoodShare, the Department estimates the system changes will require 45,000 programming hours at the CARES contract vendor rate of \$145 per hour, at an estimated one time cost of \$6,525,000 GPR.

The proposal would likely result in increased annual workloads for income maintenance (IM) agencies as these agencies would be required to explain eligibility changes and take additional actions to process earnings information. The estimated cost of this workload increase is indeterminate. In the absence of additional funding from the state, county IM agencies outside of Milwaukee would need to fund the additional cost with county tax levy. The Department operates IM services in Milwaukee County and would bear the costs associated with increased workload. No federal funding could be claimed for these costs.

The bill would also require additional notices to be mailed to FoodShare households. The cost of these additional notices is indeterminate because the number of FoodShare households that report a net increase in income earned from employment in an average month is unknown at this time.

The bill would require a new GPR appropriation to fund a new state food benefit program based on the difference between benefits under the proposal and FoodShare benefits under current law. The amount that would need to be appropriated annually is indeterminate at this time as the Department would first need to complete a detailed analysis to determine the number of FoodShare households that report a net increase in income earned from employment in an average month and determine the new benefits allowed under this proposal.

In addition, the Department's contract with its electronic benefit transfer (EBT) vendor would need to be

amended to cover the additional scope of services created by this proposal. Specifically, the EBT vendor would be required to load GPR and FED funded benefits onto member benefit cards separately. This cost is indeterminate as the Department would need to develop caseload projections before entering into negotiations with its vendor.

### **Long-Range Fiscal Implications**