

CR 87-93

CERTIFICATE

STATE OF WISCONSIN)
) SS
DEPARTMENT OF HEALTH AND SOCIAL SERVICES)

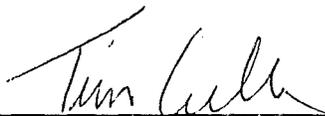
I, Timothy F. Cullen, Secretary of the Department of Health and Social Services and custodian of the official records of the Department, do hereby certify that the annexed rules relating to making Aid to Families with Dependent Children (AFDC) benefit payments through electronic funds transfer (EFT) were duly approved and adopted by this Department on November 17, 1987.

I further certify that this copy has been compared by me with the original on file in the Department and that this copy is a true copy of the original, and of the whole of the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Department at the State Office Building, 1 W. Wilson Street, in the city of Madison, on this 17th day of November, 1987.

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Timothy F. Cullen, Secretary
Department of Health and Social Services

SEAL:

ORDER OF THE
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
AMENDING AND CREATING RULES

To amend HSS 201.09(2)(a) and 201.10(3) and to create HSS 201.08(5), 201.10(2m), and 201.10(4), relating to making Aid to Families with Dependent Children (AFDC) benefit payments through electronic funds transfer (EFT).

Analysis Prepared by the Department of Health and Social Services

Section 49.50(2), Stats., directs the Department to adopt rules for the efficient administration of the Aid to Families with Dependent Children (AFDC) program. One of the Department's administrative responsibilities is mailing over 96,000 AFDC benefit checks each month. The mail delivery system has a number of disadvantages, including the potential for check loss, delay or theft, and the accompanying problems of forged endorsements, fraudulent claims for replacement checks, and increased agency expense and workload involved in issuing duplicate checks and investigating and prosecuting fraud.

These rules will permit the Department to make AFDC benefit payments through electronic funds transfer (EFT), a computerized mechanism for the direct deposit of benefit payments into recipients' checking or savings accounts. The ability to make AFDC payments through EFT rather than by mailing checks will benefit recipients and income maintenance agencies. Recipients will receive assistance payments on the same day each month without postal delays or fear of lost or stolen checks. EFT will simplify agencies' administration of AFDC by reducing or eliminating the workload and expense involved in handling client inquiries about delayed or lost checks, processing duplicate checks, handling returned checks, and investigating and prosecuting fraud. For the past several years, the Department has had an EFT pilot project in Milwaukee County. The Milwaukee County project has been effective in reducing check loss, the need to reissue checks, and fraud.

The rules authorize the Department to use EFT to make benefit payments to any recipient who has a checking or savings account and who wants to receive benefit payments through EFT. The rules permit income maintenance agencies to require recipients meeting criteria specified in the rules to receive benefit payments through EFT. In these cases, the Department will subsidize the cost of a savings account for the recipient and will restrict use of the account to AFDC deposits and in-person withdrawals.

The Department's authority to amend and create these rules is found in s.49.50(2), Stats. The rules interpret s.49.19(3), Stats.

SECTION 1. HSS 201.08(5) is created to read:

HSS 201.08(5) An agency may verify the original or a copy of the checking or savings account statement of a recipient who is receiving benefits by means of electronic funds transfer under s. HSS 201.10(4). The

verification shall be done at the time of eligibility review, or more often if the agency director or the director's designee decides more frequent verification is justified.

SECTION 2. HSS 201.09(2)(a) is amended to read:

HSS 201.09(2)(a) Timely and adequate notice shall be sent to applicants and recipients to indicate that AFDC has been authorized or that it has been reduced, denied, terminated or changed to a protective or vendor payment or payment by means of electronic funds transfer under s.HSS 201.10(4). In this subsection, "timely" means in accordance with s.49.19(13), Stats. In this subsection, "adequate notice" means a written notice that contains a statement of the action taken, the reasons for and specific regulations supporting the action, and an explanation of the person's right to request a hearing and the circumstance under which aid will be continued if a hearing is requested. Aid shall be continued in all circumstances except where it is not required by federal regulation.

SECTION 3. HSS 201.10(2m) is created to read:

HSS 201.10(2m) METHOD OF PAYMENT. Payment shall be made by check or by means of electronic funds transfer under sub. (4).

SECTION 4. HSS 201.10(3) is amended to read:

HSS 201.10(3) RESTRICTION ON USE OF ASSISTANCE NOT PERMITTED. Payment shall consist of an unconditional transfer and delivery of the ~~check~~ benefits to the payee with no restrictions imposed by the agency on the use of the funds.

SECTION 5. HSS 201.10(4) is created to read:

HSS 201.10(4) ELECTRONIC FUNDS TRANSFER. (a) In this subsection:

1. "EFT" or "electronic funds transfer" means a computerized mechanism for the direct deposit of payments into a checking or savings account in a bank, credit union, or savings and loan association located in Wisconsin, Illinois, Iowa, Minnesota, or Michigan. EFT functions as a "warrant" as that term is used in 45 CFR 234.11(a).

2. "State account" means a savings account owned by the department for which a record of transactions is provided by the bank, credit union or savings and loan association to the account's owner on a regular basis.

3. "State co-owned account" means a savings account owned jointly by the department and an AFDC recipient and for which a record of transactions is provided by the bank, credit union or savings and loan association to the account's owners on a regular basis.

(b) Payment of monthly AFDC benefits by means of EFT shall be made no later than the 5th working day of the month.

(c) Except as provided under par. (e), payment shall be made by means of EFT if:

1. A recipient who has an individual checking or savings account in a bank, credit union or savings and loan association that accepts electronic funds transfers requests that payments be transferred into that account by means of EFT; or

2. A recipient is required by the agency director or the director's designee to receive assistance payments by means of EFT. An agency may require EFT participation for a recipient who has:

a. Made 2 or more requests for duplicate checks in the past 6 months;

b. Been found guilty of fraud under s. 49.12 or 49.49, Stats., in the past 6 months;

c. Requested EFT participation but been refused ownership of an individual checking or savings account and, in the judgment of the agency director or the director's designee, would benefit from receiving payments by means of EFT; or

d. Failed to provide verification of a home address and there is reason to believe that the recipient is not a resident of the county in which the AFDC payments are made.

(d) A recipient shall apply to receive assistance payments by means of EFT on a form prescribed by the department.

Note: Application forms are available from county or tribal income maintenance agencies.

(e) The agency director or the director's designee may deny payments by means of EFT to a recipient who cannot produce verification of a home address and there is reason to believe that the recipient is not a resident of the county in which the AFDC payments are made or to a recipient who does not have a checking or savings account in a bank, credit union or savings and loan association in the community in which he or she lives and there is a bank, credit union or savings and loan association located in that community.

(f) If EFT participation is required under par. (c)2, payments shall be deposited in a state co-owned account. Financial transactions made with an account required under this paragraph shall be limited to AFDC benefit deposits by means of EFT and in-person withdrawals.

(g) If a recipient is required under par. (c)2 to receive assistance payments by means of EFT and refuses to cooperate in establishing a state co-owned account, payments shall be deposited in a state account. Financial transactions made with an account required under this paragraph

shall be limited to AFDC benefit deposits by means of EFT and in-person withdrawals by the recipient.

(h) If it is necessary to identify the AFDC grant in an account, a first-in, first-out accounting procedure shall be used to distinguish the AFDC grant from non-AFDC funds. In this paragraph, "first-in, first-out accounting procedure" means an accounting method under which it is assumed that funds are withdrawn from an account in the order in which they are deposited.

Note: For example, an AFDC grant of \$250.00 is deposited in an account on April 1. The balance in the account is \$250.00. On April 3, a deposit of \$25.00 is made, bringing the new balance to \$275.00. With first-in, first-out accounting, the AFDC funds are identified as the first \$250.00 to be withdrawn from the account after the deposit is made. If a portion of the \$250.00 has been withdrawn from the account and a portion remains in the account, the AFDC funds are the amount of withdrawals plus the amount remaining in the account equal to \$250.00. The non-AFDC funds are the monies remaining after the \$250.00 AFDC grant deposit has been accounted for.

(i)1. The agency director or the director's designee shall authorize mandatory EFT participation under par.(c)2 for a period not to exceed 12 months. This authorization shall be reviewed when redetermining the recipient's eligibility as provided in s.HSS 201.09(3) or whenever the circumstances that required EFT participation change.

2. The agency director or the director's designee may terminate mandatory EFT participation under par.(c)2 if the circumstances which required EFT participation have changed. In no case may mandatory EFT participation under par. (c)2 be required for more than 2 consecutive 12 month periods.

The rules contained in this order shall take effect on the first day of the month following publication in the Wisconsin Administrative Register as provided in s. 227.22(2), Stats.

Wisconsin Department of Health and
Social Services

Dated: November 17, 1987

By:



Timothy F. Cullen
Secretary

Seal:



State of Wisconsin

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
1 West Wilson Street, Madison, Wisconsin 53702

Tommy G. Thompson
Governor

Timothy F. Cullen
Secretary

Mailing Address:
Post Office Box 7850
Madison, WI 53707

November 17, 1987

Mr. Orlan Prestegard
Revisor of Statutes
7th Floor - 30 on the Square
Madison, Wisconsin 53702

Dear Mr. Prestegard:

As provided in s. 227.20., there is hereby submitted a certified copy of HSS 201.08 and 201.10, administrative rules relating to making Aid to Families with Dependent Children (AFDC) benefit payments through electronic funds transfer (EFT).

These rules are also being submitted to the Secretary of State as required by s. 227.20, Stats.

These rules concern county administration of a federal-state public assistance program. They do not directly affect small businesses as defined in s. 227.114(1)(a), Stats.

Sincerely,

Timothy F. Cullen
SECRETARY

Enclosure

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