



## Legislative Fiscal Bureau

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May 2, 2007

Joint Committee on Finance

Paper #408

### **FoodShare Eligibility -- Noncompliance with Child Support Requirements (DHFS -- Medical Assistance -- Administration and FoodShare)**

#### *Bill Section*

[LFB 2007-09 Budget Summary: Page 298, #6]

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#### **CURRENT LAW**

The federal food stamp program is intended to increase levels of nutrition among individuals in low-income households by increasing their food purchasing power. Wisconsin's food stamp program is called FoodShare Wisconsin (FoodShare). Although FoodShare benefits are supported entirely with federal funds, the program is administered through a joint state and federal partnership. At the federal level, the U.S. Department of Agriculture (USDA), Food and Nutrition Service (FNS) is responsible for funding benefits and ensuring that states' programs comply with federal requirements. In Wisconsin, the Department of Health and Family Services (DHFS) is responsible for administering the program. Under the program, the state issues electronic debit cards to individuals enrolled in the program. Recipients use these cards to purchase eligible food items. In Wisconsin, counties perform the program eligibility function as part of their income maintenance activities. Although program benefits are supported entirely with federal funds, most state and county costs of administering the program are funded on a 50% state (county)/50% FED cost-sharing basis.

FoodShare benefits are currently denied to individuals who are noncompliant with child support enforcement procedures. The following individuals are currently ineligible for FoodShare benefits: (a) a custodial parent of a child under the age of 18 with an absent parent who does not fully cooperate in good faith with efforts to establish the paternity of a child or to establish or enforce a child support order; (b) a man alleged to be a father who refuses to cooperate in efforts to establish the paternity of a child; (c) a noncustodial mother of a child under the age of 18 who refuses to cooperate in efforts directed at establishing the paternity of a

child; (d) a noncustodial parent of a child under the age of 18 who refuses to participate in providing or obtaining child support; and (e) an individual obligated by court order to pay child support and is delinquent in making those court-ordered payments. Children of sanctioned individuals continue to be eligible for FoodShare.

## **GOVERNOR**

Repeal provisions that make certain individuals ineligible for FoodShare benefits due to their noncompliance with child support enforcement requirements, as described above.

## **DISCUSSION POINTS**

1. Currently, approximately 500 individuals in Wisconsin are sanctioned each year due to their failure to comply with child support enforcement requirements. Based on the average monthly FoodShare benefit these individuals receive (\$80), it is estimated that approximately \$480,000 in FoodShare benefits are withheld each year from these individuals (500 individuals x \$80 per month x 12 months per year). Consequently, if the Governor's provision were adopted, total FoodShare benefits to individuals who are currently sanctioned would increase by approximately this amount annually.

2. Because FoodShare eligibility is limited to individuals with gross incomes less than 130% of the federal poverty level, the administration argues that providing FoodShare benefits to these noncustodial parents would help to meet these individuals' basic needs, and make more funds available for these individuals to pay out in child support. Further, removing eligibility criteria relating to child support compliance may reduce barriers for some low-income families to achieve food security.

3. Wisconsin and Mississippi are the only two states that have chosen the federal option of denying food stamp benefits to individuals who either fail to cooperate with child support enforcement agencies, or are in arrears in court-ordered child support payments. Three additional states (Florida, Idaho, and Michigan) deny food stamp benefits to individuals who fail to cooperate with child support agencies, but do not deny food stamp benefits to individuals who are in arrears in court-ordered child support payments.

4. In addition to FoodShare, cooperation with child support enforcement efforts is required as a condition of eligibility for Wisconsin Works (W-2), child care assistance, and medical assistance (MA) coverage. However, cooperation with the child support agency is not a condition of MA eligibility for children or pregnant women.

There are several other provisions in state law that are intended to encourage noncustodial parents to cooperate with child support agencies. These provisions include: (a) tax refund, lottery, and benefits intercepts; (b) liens and levies against property; (c) financial record matching program; (d) license suspensions; (e) credit bureau reporting; (f) prohibition for state loans, grants, and

waivers; (g) court-ordered employment and training; (h) passport denial; and (i) criminal penalties for failure to provide support. The attachment lists all of the licenses that are subject to suspension for parents who owe past-due support or who fail to comply with subpoenas or warrants relating to paternity or child support proceedings.

5. In January of 2007, 380,481 individuals received FoodShare benefits, which included 196,928 children. Although children of sanctioned individuals are still eligible to receive FoodShare benefits, the overall household benefit is reduced once a parent becomes ineligible due to a sanction. Removing such sanctions would increase the total benefit provided to that family and increase food security for the entire household.

6. On the other hand, the current law was intended to provide a strong incentive for individuals to comply with child support enforcement efforts. It could be argued that repealing this provision would reduce noncustodial parents' incentives to cooperate with child support agencies.

### **ALTERNATIVES TO BILL**

1. Approve the Governor's recommendation to repeal provisions that require DHFS to deny FoodShare benefits to individuals who fail to comply with child support requirements.
2. Delete provision.

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## ATTACHMENT

### **Licenses and Credentials Subject to Suspension Requirements for Failure to Pay Support or Comply with a Warrant or Subpoena**

The following licenses and credentials are subject to suspension for failure to pay support or comply with a warrant or subpoena:

- a. A license to act as a lobbyist or a registration issued to a principal for the purpose of lobbying.
- b. An approval of a fish and game license by the Department of Natural Resources (DNR).
- c. A license issued by the Department of Health and Family Services for a child welfare agency, group home, shelter care facility, day care center, foster home, treatment foster home, or a county department of human/social services; or issued by the Department of Corrections for a secured child caring institution operated by a child welfare agency.
- d. A certification, license, training permit, registration, approval, or certificate issued to medical assistance providers, ambulance service providers, emergency medical technicians, operators of defibrillators, first responders, tattooists, body piercers, individuals who perform lead hazard reduction or lead management activities, lead training instructors, individuals performing asbestos abatement or management activities, individuals performing food protection activities, and persons who operate camp-grounds, swimming pools, camping resorts, recreational and educational camps, hotels, other lodging establishments, restaurants, vending machines, or tanning facilities.
- e. A business tax registration certificate issued by the Department of Revenue.
- f. Specified licenses, registrations, registration certificates, or certifications issued by the Department of Agriculture, Trade, and Consumer Protection.
- g. Specified licenses, permits, or certificates of certification or registration issued by the Department of Commerce regarding the regulation of industry, buildings, and safety.
- h. A license issued by DWD for: appearing on behalf of an individual in a worker's compensation hearing; employers of persons unable to earn the living wage in sheltered workshops and other settings; and employment agents.
- i. A certificate issued by DWD to an employer in a house-to-house street trade, a migrant labor contractor, or an operator of a migrant labor camp.
- j. A license or permit issued under state provisions relating to general school operations.
- k. A license or certificate of registration issued by the Department of Financial Institutions under provisions relating to precomputed loans, insurance premium finance companies, sellers of checks, sales finance companies, adjustment service companies, collection agencies, community currency exchanges, mortgage bankers, loan originators, loan solicitors, securities brokers-dealers, agents, or investment advisors.

l. A permit issued by the Board of Commissioners of Public Lands to raise and remove sunken logs from submerged land owned by the state.

m. A certification by the Law Enforcement Standards Board for a law enforcement, tribal law enforcement, jail, or secure detention officer.

n. A license, permit, or registration issued under provisions relating to motor vehicle manufacturers, distributors, dealers, and salespersons, mobile home dealers and salespersons, motor vehicle salvage dealers and buyers, motor vehicle auction dealers, moped dealers, motor vehicle transporters, analysis of blood and urine tests, driving schools, and driving instructors.

o. Specified licenses, registrations, or certifications issued by DNR relating to drinking water, water quality, servicing of septic tanks, solid waste disposal and incineration, and transporting hazardous waste or medical waste.

p. A motor vehicle operator's license or, with respect to restriction, limitation or suspension, an individual's operating privilege.

q. A credential, which means a license, permit, certificate or registration that is granted by the Department of Regulation and Licensing (R&L) or under state law relating to the regulation of nursing, accounting, architects, geologists, engineers, surveyors, boxing, funeral directors, chiropractors, dentistry, medical practices, optometry, pharmacy, acupuncture, real estate practice and appraisal, veterinary services, barbering, cosmetology, psychology, massage therapy, nursing home administration, social work and counseling, hearing and speech examination, and auctioneers.

r. A bingo supplier's license or a license issued under provisions relating to racing and pari-mutuel wagering.

s. A license issued under provisions relating to insurance agents, viatical settlement providers and brokers, and administrators of employee benefit plans; or a temporary license is-sued to an insurance marketing intermediary.

t. A license to practice law.

u. A fishing approval issued by the Lac du Flambeau Band of the Lake Superior Chippewa (subject to cooperation with the Lac du Flambeau).