



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #366

FoodShare Employment and Training Cost-to-Continue (DHS -- Medical Assistance -- Administration)

[LFB 2015-17 Budget Summary: Page 226, #2]

CURRENT LAW

FoodShare is Wisconsin's name for the federal supplemental nutrition assistance program (SNAP). The program provides federally-funded benefits to individuals and families with household income under 200% of the federal poverty level to purchase food from participating retailers. In 2015, this income limit is \$23,540 for an individual, \$31,860 for a couple, and \$40,180 for a family of three.

SNAP is administered on the federal level by the Food and Nutrition Service (FNS) in the U.S. Department of Agriculture (USDA). The state Department of Health Services (DHS) and counties are responsible for certain administrative functions, such as enrollment and eligibility management. Table 1 shows average monthly FoodShare enrollment and total benefits paid for calendar years 2010 through 2014.

TABLE 1

FoodShare Enrollment and Benefits Paid

	<u>Enrollment</u>	<u>Benefits Paid</u>
2010	743,836	\$1,039,285,600
2011	816,215	1,142,135,400
2012	840,193	1,177,814,200
2013	856,177	1,188,988,300
2014	836,118	1,111,198,000

Federal law limits SNAP eligibility to three months in a three-year period for able-bodied adults without dependents (ABAWDs) who are not working or participating in employment training programs for at least 20 hours per week. States may elect to waive these ABAWD work requirements under certain circumstances. Wisconsin previously waived these requirements.

2013 Wisconsin Act 20 included statutory changes to implement the federal work requirements in Wisconsin, and provided funding for DHS to expand the FoodShare Employment and Training (FSET) program, which ABAWDs may use to comply with the work requirements. The amount of funding provided in Act 20 was based on the assumption that the work requirements would take effect in Racine, Kenosha, and Walworth counties in July, 2014, and the rest of the state in January, 2015. Consequently, the 2014-15 base budget for FSET services does not fully fund the estimated annualized costs of these services.

GOVERNOR

Provide \$7,070,500 (\$1,139,200 GPR and \$5,931,300 FED) in 2015-16 and \$29,956,000 (\$16,971,700 GPR and \$12,984,300 FED) in 2016-17 to support increased costs of the FSET program associated with statewide implementation of FoodShare ABAWD work requirements.

DISCUSSION POINTS

SNAP Eligibility and Work Requirements

1. To enroll in SNAP, individuals must meet certain financial eligibility requirements based on household income. Individuals must also meet certain non-financial eligibility requirements related to citizenship, residency, and prior criminal violations. In addition, federal law requires non-exempt ABAWDs to meet work requirements in order to remain eligible for SNAP after exhausting three months of time-limited benefits in a 36-month period. An individual is considered an ABAWD if he or she is: (a) age 18 to 49; (b) able to work; (c) not residing in a household with a child under age 18, regardless of the relationship to the child; and (d) not pregnant.

2. ABAWDs are exempt from the work requirements if they meet any of the following conditions: (a) are determined unfit for employment due to receipt of temporary or permanent disability benefits, mental or physical inability to work, or verified as unable to work by a statement from a health care professional or social worker; (b) are the primary caregiver for a child under age six or an incapacitated person; (c) are receiving unemployment compensation, or have applied for unemployment compensation and are complying with unemployment compensation work requirements; (d) are participating in an alcohol or other drug abuse treatment or rehabilitation program; (e) are enrolled as a student of higher education; or (f) are receiving transitional FoodShare benefits.

3. Under the SNAP work requirements, non-exempt ABAWDs are limited to three months of SNAP benefits (known as time-limited benefits) unless they work an average of 20 hours per week, participate in and comply with the requirements of a work program for 20 hours per

week, or spend 20 hours per week in any combination of work and participation in a work program. For the purposes of this policy, work includes working in exchange for money, goods, or services, completing volunteer work, or self-employment. Qualifying work programs include Wisconsin Works (W-2), Refugee Employment and Training, Children First, Refugee Cash Assistance programs, programs under section 236 of the Trade Act, a Workforce Investment Act (WIA) program, or other approved employment and training programs such as FSET.

4. Certain options are provided to states to waive these requirements, which Wisconsin used during calendar years 2002 through 2015. These options include the following: (a) certain one-time federal legislation, such as the American Recovery and Reinvestment Act (ARRA), provided exemptions for ABAWDs in all states from the work requirements; (b) the Balanced Budget Act of 1997 authorized states to exempt 15 percent of ABAWDs who would have been subject to the work requirements from the requirements; and (c) states may request a waiver of this provision for certain areas with unemployment rates above 10 percent or that lack sufficient jobs.

5. In order to request a waiver from ABAWD work requirements related to the unemployment rate in a region or regions of a state, the state must submit evidence of one of the following: (a) a recent 12-month unemployment rate above 10%; (b) a recent three-month unemployment rate above 10%; (c) that the region has been designated as a Labor Surplus Area (LSA) by the Department of Labor; (d) that the state qualified for extended unemployment benefits; (e) a 24-month average unemployment rate 20% above the national average; (f) a low and declining employment-to-population ratio; (g) a lack of jobs in declining occupations or industries; or (h) being described in an academic study or other publication as an area where there is a lack of jobs.

6. Since 2008, most states have been eligible for a waiver of the ABAWD work requirement due to receipt of Emergency Unemployment Compensation from the Department of Labor. However, this program expired in January, 2014. As a result, many states will no longer be eligible for a waiver of the ABAWD work requirements, beginning in October, 2015.

7. In federal fiscal year 2015 (October, 2014 through September, 2015), 37 states and geographic areas, including Wisconsin, were eligible for a statewide waiver of the work requirements. In that same year, 31 states and territories, including the District of Columbia, elected to implement statewide waivers, 14 states, including Wisconsin, elected to implement partial ABAWD waivers for certain areas of the state or for only a portion of the year, and eight states elected to not implement ABAWD waivers. A state must notify the regional USDA FNS office by September 1 of its plans to implement an ABAWD waiver for the following federal fiscal year, beginning on October 1.

8. Some would argue that Wisconsin should either request a statewide waiver, or request waivers for different regions of the state, to waive the ABAWD work requirements. However, it is not clear whether the state would continue to be offered a statewide exemption by FNS, given the improving national economic condition and the expiration of the Emergency Unemployment Compensation program. In particular, according to data from the U.S. Bureau of Labor Statistics, the unemployment rate for Wisconsin is 5.0% as of January, 2015, as compared with the national unemployment rate of 5.7%. Further, both of these rates have been trending downward since early 2010.

9. Because federal waivers of the work requirements are provided on a year-by-year basis, if a state qualifies in one year and does not qualify in a subsequent year, it needs to implement sufficient employment and training services to serve the ABAWD population subject to the work requirements between the time that the state is notified that it will not qualify for a waiver (late May) and the beginning of the subsequent federal fiscal year (October 1). The Department has indicated that, based on the recent phase-in of the work requirements in Racine, Kenosha, and Walworth counties and the associated expansion of the FSET program, it does not have the capacity to expand employment and training services statewide in a limited time period. Accordingly, it may be difficult for the Department to provide sufficient employment and training resources if the state chooses to exempt ABAWDs from the work requirements in one year, and then the state is no longer eligible for a statewide exemption in a subsequent year. Further, while it is likely that certain areas of the state, such as Bayfield, Door, Iron, Menominee, and Sawyer counties, would qualify for an exemption from the work requirements, it is still unclear whether the Department could implement sufficient employment and training services in counties subject to the work requirements under the time constraints described previously.

FSET Program

10. Under federal law, the state is required to offer a SNAP employment and training program to SNAP enrollees. In Wisconsin, this program is known as the FoodShare Employment and Training program (FSET). ABAWDs subject to the work requirements may participate in the FSET program as one way to meet the work requirements and maintain FoodShare eligibility beyond three months of time-limited benefits.

11. The FSET program is offered statewide. The program was previously administered by 54 county-operated income maintenance agencies and six private agencies. In light of the implementation of the ABAWD work requirements, the administration determined that the program should be offered on a regional basis based on workforce development area boundaries, with eleven FSET regions and eight tribes administering and delivering FSET services within these regions of the state.

12. When an income maintenance (IM) worker conducts an eligibility determination or renewal for FoodShare benefits, he or she must explain the FSET program, including the services that may be available to the FoodShare recipient. If an individual is determined to be a non-exempt ABAWD during the initial FoodShare eligibility determination, he or she will automatically be referred to FSET. In addition, individuals who are not ABAWDs or who meet an exemption from the ABAWD work requirements will be referred to FSET upon request. These referrals are sent from the IM agency to the FSET agency on a daily basis. It is the responsibility of the FSET agency to reach out to individuals within five days of those individuals being referred to the FSET agency to schedule an initial appointment.

During the initial FSET appointment, the participant is provided with detailed program information and assessed for strengths, needs, and preferences related to employment. Following the assessment, the FSET worker develops an employability plan with the participant, which will determine the appropriate FSET activities and related supportive services, generally referred to as components, to which the individual will be assigned. The employability plan must include a clear

description of the individual's short-term and long-term employment goals, and the necessary supportive services that will be provided to achieve the intended goals. This plan must be developed within the first three weeks of enrollment in FSET and updated at least every three months for the duration of the participant's time in the program. The FSET worker is also responsible for monitoring whether the individual complies with his or her employability plans, and notifies the IM agency of non-compliance.

13. Services provided under the FSET program include the following: (a) job search services, which are activities designed to equip participants with the tools and skills needed for effective job search; (b) work experience, which offers participants the opportunity to be exposed to different kinds of employment to clarify job interests and career goals, and to develop a work reference, if needed; (c) education, which could include obtaining a General Educational Development (GED), English as a second language, adult basic education, vocational literacy, and short-term technical training, which may include enrollment in a technical or trades program if there is a direct link to employment that is in demand; (d) self-employment, which includes technical assistance to develop realistic business plans and sound financial and marketing plans, as well as assistance in obtaining financial support from grants, financial institutions, or other service providers; and (e) job retention, which may be provided for up to 90 days for employment that is obtained resulting from FSET participation, and includes participant reimbursement for initial expenses like transportation, uniforms, and childcare. The FSET handbook provides a list of services that may be provided using FSET funds, as well as activities for which FSET funds may not be used.

14. Table 2 shows FSET participation by program component in federal fiscal year 2012-13 and 2013-14. The program component categories in the table below reflect those that the Department is required to report to FNS, rather than the categories of components that DHS offers to participants and that are outlined above.

TABLE 2
FSET Participation by Component

	2012-13			2013-14		
	<u>ABAWD</u>	<u>Non-ABAWD</u>	<u>Total</u>	<u>ABAWD</u>	<u>Non-ABAWD</u>	<u>Total</u>
Education	676	335	1,011	782	509	1,291
Job Search	4,774	2,276	7,050	4,180	2,699	6,879
Job Search Training	2,465	1,216	3,681	2,570	1,682	4,252
Vocational Training	8	6	14	129	110	239
Other	1,123	460	1,583	1,776	902	2,678
Total Employment and Training Participants*	7,689	3,649	11,338	7,313	4,476	11,789

*Individual components do not sum to total because individuals may participate in more than one component.

FoodShare and FSET Enrollment Assumptions

15. Prior to implementing the ABAWD work requirements, approximately 5,436 individuals participated in the FSET program each month. Table 3 shows average monthly FSET participation for each year from calendar years 2009 through 2013, the last year for which information is available.

TABLE 3

Average Monthly FSET Participation

	<u>Number of Participants</u>
2009	5,120
2010	5,307
2011	5,998
2012	6,048
2013	5,441

16. Although the work requirements have been in place since July, 2014 in three counties, limited data is available that could be used to reestimate the Department's initial projections regarding FSET participation levels or program cost. In particular, while the work requirements are now in place in Kenosha, Racine, and Walworth counties and new FoodShare enrollees that are non-exempt ABAWDs are subject to the work requirements upon enrollment, non-exempt ABAWDs already enrolled in FoodShare are only required to comply with the requirements when their program eligibility is redetermined, which occurs annually for most FoodShare enrollees. Given that approximately nine months have passed since the implementation of the work requirements, it can be assumed that approximately three-quarters of ABAWDs are now required to comply with the work requirements in the three counties that are subject to the work requirements. However, non-exempt ABAWDs are permitted three months of time-limited benefits in which they do not need to comply with the work requirements and may continue to receive FoodShare benefits. Therefore, only non-exempt ABAWDs in Kenosha, Racine, and Walworth counties who enrolled or had their eligibility renewed from July, 2014 through January, 2015 would be complying with the ABAWD work requirements or disenrolled from the FoodShare program as a result of non-compliance with the work requirements at this time.

17. Table 4 identifies the administration's FSET enrollment estimates for the ABAWD population for fiscal years 2014-15 through 2016-17. These estimates reflect assumptions made during the 2013-15 biennial budget regarding total FoodShare enrollment, the percentage of FoodShare recipients that would be considered ABAWDs, the number of ABAWDs that would be subject to the work requirements, and the number of ABAWDs that would participate in the FSET program as a means by which to comply with the work requirements.

TABLE 4**DHS ABAWD Enrollment Estimates**

	<u>State Fiscal Year</u>		
	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Monthly Average Number of ABAWDs (Approximately 14.8% of All FoodShare Recipients)	16,505	109,200	144,014
Less Monthly Average Number of ABAWDs Exempt from Work Requirement (Approximately 47.3% of all ABAWDs)	<u>-7,810</u>	<u>-51,670</u>	<u>-68,143</u>
Monthly Average Number of ABAWDs Subject to Work Requirement	8,695	57,530	75,871
Monthly Average Number of ABAWDs Participating in FSET (50% of ABAWDs Subject to Work Requirement)	4,348	28,765	37,936

18. The Department's initial projections estimated FoodShare enrollment growth of approximately 5.11% in 2015-16 and 2016-17. The 5.11% assumption represents historical average FoodShare enrollment growth in non-recessionary years. While FoodShare enrollment declined by 2.3% in calendar year 2014, likely due to the improving economy, overall FoodShare enrollment has been increasing over time. It is unclear whether the decline in program enrollment experienced in 2014-15 due to the improving economy represents a trend that will continue into 2015-16 and 2016-17, or whether enrollment will resume growing at rates experienced prior to the recession, such as at the level estimated by the Department. Accordingly, there is insufficient data to revise the administration's enrollment assumption.

19. Under the Department's assumptions regarding the FoodShare ABAWD population, which were the same as those used in the 2013-15 budget, the estimated percentage of FoodShare enrollees that would be considered ABAWDs is 14.8%. Of that, 52.7% would be subject to the work requirements, meaning that approximately 7.8% of FoodShare enrollees would be considered non-exempt ABAWDs under the Department's initial assumptions. Table 5 shows the percentage of FoodShare enrollees that were identified as "work registrants" in October, 2012 and October, 2013, as reported by DHS to FNS. A work registrant refers to someone who has not met any federal exemptions from the work requirements. However, the Department indicates that this group is not solely non-exempt ABAWDs, in that some individuals in this group may be ages 50-59 and would, therefore, qualify for an exemption from the ABAWD work requirements.

TABLE 5**Percentage of FoodShare Recipients that are Work Registrants**

	<u>Number of Work Registrants Receiving FoodShare</u>	<u>Total FoodShare Recipients</u>	<u>Percentage of FoodShare Recipients that are Work Registrants</u>
October, 2012	163,267	849,562	19.2%
October, 2013	156,609	856,324	18.3%

These figures are supported by an FNS report issued in December, 2014 entitled, "Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2013," which indicates that approximately 21.8% of the SNAP recipients sampled in Wisconsin (19.9% nationally) were nondisabled adults ages 18-49 in childless households. The group identified in this study may include individuals who are exempt from the work requirements due to participation in alcohol or other drug treatment or rehabilitation programs, enrollment in a higher education program, receipt of transitional FoodShare benefits, or receiving certain benefits such as unemployment compensation, so it may overestimate the percentage of non-exempt ABAWDs in a similar way as Table 5.

The Department indicates that approximately 4.8% of FoodShare enrollees have been identified as non-exempt ABAWDs in calendar year 2015. However, this figure only applies to enrollment in January and February of 2015, which would represent only approximately 16.7% of the total FoodShare population. Accordingly, it is not clear if the Department's initial assumption of the percentage of non-exempt ABAWDs enrolled in FoodShare should be revised, given the limited and conflicting data from Wisconsin and relevant research.

20. Under Act 20, it was assumed that 50% of the 7.8% of FoodShare enrollees that would be considered non-exempt ABAWDs would comply with the ABAWD work requirements, or approximately 3.9% of the total number of FoodShare enrollees would participate in the FSET program.

21. As of March 15, 1,341 people have enrolled in the FSET pilot program in Kenosha, Racine, and Walworth counties. Total FoodShare enrollment in these counties equaled approximately 74,300 individuals in December, 2014, the most recent month for which data is available, meaning that approximately 1.8% of FoodShare enrollees in these counties are participating in FSET. Table 6 compares the actual enrollment in the FSET program with the Department's initial enrollment projections for these three counties.

TABLE 6

Projected and Actual FSET Enrollment by Non-Exempt ABAWDs for Kenosha, Racine, and Walworth Counties, July, 2014 through February, 2015

	<u>Projected</u>	<u>Actual</u>	<u>Difference</u>
2014			
July	249	153	96
August	498	356	142
September	748	545	203
October	997	757	240
November	1,246	904	342
December	1,495	1,063	432
2015			
January	1,756	1,054	702
February	2,017	1,099	918

22. On average, actual enrollment in the FSET program reflects approximately 67% of the enrollment levels initially projected by the Department. While it appears that, to date, the initial FSET enrollment has not reflected the administration's assumptions, but it is not clear that current enrollment levels will reflect long-term enrollment in the program once it has been fully phased in statewide. While arguments could be made to adjust downward the enrollment projections for the 2015-17 biennium based on the initial enrollment in FSET, it is not clear what the magnitude of this adjustment should be to more accurately reflect current enrollment in the program, while also accounting for full implementation of the program statewide and increased awareness of the FSET program over time.

23. It could be argued that the Department's initial estimates should be maintained, due to the significant publicity activities the Department has undertaken related to the FSET program among FoodShare recipients. The Department indicates that it is conducting the following activities to increase awareness of the FSET program: (a) 45 days before the renewal of a FoodShare case, a household receives a letter, separate from the letter regarding its FoodShare renewal, about the new FoodShare work requirement policy, including information about meeting the work requirement and exemptions from the work requirement; (b) the new FSET providers are participating in stakeholder trainings and have been involved in other community efforts with income maintenance offices to raise program awareness; (c) the Department provides updated information regarding the ABAWD work requirements and how FSET can help ABAWDs meet the work requirements on its website; (d) the Department has been in contact with the Department of Veterans Affairs to provide up-to-date information regarding FSET for veterans who may be receiving FoodShare benefits; and (e) IM workers provide information to all FoodShare enrollees regarding the FSET program upon enrollment, renewal, or in response to questions of FoodShare enrollees.

24. The Department cautions against making significant alterations to budgetary estimates of FSET program costs based on these initial data for the following reasons: (a) this data is self-reported from ResCare, the FSET vendor for Kenosha, Racine, and Walworth counties, and represents only approximately two-thirds of the individuals in the pilot counties that will be subject to the work requirements; (b) enrollment started slower than expected, but the Department anticipates increased growth as more individuals learn of the FSET program; and (c) the data collection methods have changed with the implementation of the statewide work requirement, and it may be too early to draw conclusions based on this data source.

FSET Cost Assumptions

25. Under Act 20, the administration projected that the estimated cost of providing services to an FSET enrollee would be approximately \$125 per enrollee per month. This estimate was based on the actual monthly FSET program costs of approximately \$150 per enrollee per month, combined with the assumption that economies of scale would be realized when the program was implemented statewide. Average monthly costs of serving an FSET participant in December, 2013, equaled approximately \$128.55, based on 14 counties with more complete data.

26. To administer the program, DHS contracts with agencies, such as ResCare, which currently provides FSET services in Kenosha, Racine, and Walworth counties. These contracts specify the terms and conditions of service provision, and provide funding up to a specified total

dollar amount. FSET vendors may receive reimbursement from DHS on a monthly basis for invoiced costs that are eligible under the FSET program. Table 7 shows the amount that ResCare invoiced DHS for FSET services in Kenosha, Racine, and Walworth counties for July, 2014 through February, 2015.

TABLE 7

FSET Costs in Racine, Kenosha, and Walworth Counties

	<u>Personnel</u>	<u>Operations</u>	<u>Participant Reimbursement</u>	<u>Job Retention</u>	<u>Total</u>
2014					
July	\$119,000	\$68,200	\$2,800	\$0	\$190,000
August	115,900	81,700	3,500	0	201,100
September	128,600	79,700	10,900	0	219,200
October	139,900	76,900	17,000	0	233,800
November	151,100	81,200	9,800	0	242,100
December	164,400	78,500	20,700	100	263,700
2015					
January	182,700	75,000	11,500	0	269,200
February	150,000	77,300	24,100	0	<u>251,400</u>
					\$1,870,500

27. Based on actual enrollment and cost data as of February, 2015, the average monthly cost of providing FSET services to ABAWDs who are not exempt from the work requirements is approximately \$245. However, the average cost per enrollee has been declining rapidly since the work requirements were implemented in Kenosha, Racine, and Walworth counties. The Department indicates that the anticipated economies of scale relating to administering the FSET program will not be realized until full enrollment in the program, which will occur by April, 2016. It is unclear what the actual average cost of serving each enrollee will be once the work requirements are fully implemented statewide.

28. In addition to using data from the FSET pilot counties, one may wish to draw from the experiences of other states in determining potential program costs. However, it appears that few other states have offered similar programs from which to draw conclusions about potential program enrollment and costs in Wisconsin. For example, Iowa has historically not used any waivers of the ABAWD work requirements, except for those notices from the Department of Labor Statistics that allow a state to suspend the ABAWD "clock," which would otherwise limit ABAWDs to three months of time-limited SNAP benefits in a thirty-six month period unless they comply with work requirements, during periods of high unemployment. The most recent waiver that Iowa had for this purpose expired on September 30, 2013. The state estimates that, currently, approximately 11,116 enrollees are subject to the ABAWD work requirement. Iowa offers an education component of its employment and training program, which can be used to meet work requirements. However, the program was implemented in a revised format in January, 2015, and currently has only 25 participants enrolled. Therefore, the administering agency is unable to provide an estimate of costs due to the low number of participants.

FSET Funding

29. FSET is funded from three sources: (a) state general purpose revenue (GPR); (b) local county contributions; and (c) federal funds, including a \$1.5 million contribution that does not require a state or local match, matching funds for local expenditures, and matching funds for state expenditures. In addition, certain states may qualify for federal "pledge state" funding based on a commitment to reach out to ABAWDs in their third month of FoodShare time-limited benefits in a three-year period and provide employment and training services to these individuals. There is \$20 million in federal funds available annually for FNS to award to pledge states, which FNS will distribute based on the number of ABAWDs in each pledge state.

30. Under Act 20, the amount of state and federal funding budgeted for FSET services for ABAWDs in 2014-15 (\$22,958,400 all funds) was based on the assumption that the work requirements would take effect in Kenosha, Racine, and Walworth counties in July, 2014, three other regions by October, 2014, and the rest of the state by January, 2015. Consequently, the agency's base funding for FSET services for ABAWDs does not reflect the annualized, statewide costs of these services with work requirements fully implemented statewide.

31. Table 8 shows funding for the program based on the Governor's recommendation. As shown in the table below, the bill would provide \$250,000 (\$125,000 GPR and \$125,000 FED) in 2015-16 and \$600,000 (\$300,000 GPR and \$300,000 FED) in 2016-17 for program evaluation. In addition, the bill would provide \$1,555,000 GPR annually for "incentive bonuses," which DHS would provide to FSET vendors to continue existing local-federal partnerships and take advantage of federal matching funds for the local dollars currently allocated to provide FSET services. The Governor's recommendation does not include any pledge state funding that the state may potentially receive.

32. The Governor's recommendation also assumes a carryover balance of approximately \$9.4 million GPR from fiscal year 2014-15 for 2015-16. The Department indicates that it has already expended approximately \$2.5 million on FSET services in the current fiscal year and, under the current contracts with FSET service providers, could be obligated to expend up to an additional \$14.7 million from April 1, 2015 through June 30, 2015. The Department's initial assumption of a \$9.4 million carryover was based on an assumption of only \$12.4 million in costs for FSET services. Therefore, this carryover balance may be overestimated, and the amount of funding providing in 2015-16 insufficient, if the Department expends close to its expenditure authority under the current contracts. However, it is unlikely that the Department would expend the full amount in the contract, as this dollar amount serves as a ceiling for FSET contractor expenditures.

33. The Committee may wish to adopt the Governor's recommendation to provide full funding that reflects the annualized, statewide cost of providing FSET services, as estimated by the Department [Alternative A1].

TABLE 8

**Budgeted Expenditures by Funding Source and Year
Governor's Recommendations**

	<u>GPR</u>	<u>County</u>	<u>FED</u>	<u>Total</u>
2015-16				
FSET Services				
Non-Exempt ABAWDs	\$21,573,800	\$0	\$21,573,800	\$43,147,600
Voluntary Participants	<u>671,000</u>	<u>1,700,000</u>	<u>3,871,000</u>	<u>6,242,000</u>
	\$22,244,800	\$1,700,000	\$25,444,800	\$49,389,600
Non-Service Costs				
DHS Program Management	\$250,000	\$0	\$250,000	\$500,000
Program Evaluation	125,000	0	125,000	250,000
Incentive Bonuses	1,550,000	0	1,550,000	3,100,000
Amount Reserved for 2016-17	<u>325,900</u>	<u>0</u>	<u>0</u>	<u>325,900</u>
	\$24,495,700	\$1,700,000	\$27,369,800	\$53,565,500
Amounts Available				
GPR Carryover Balance from 2014-15	\$9,431,200	\$0	\$0	\$9,431,200
Base Funding	<u>13,925,300</u>	<u>1,700,000</u>	<u>21,438,500</u>	<u>37,063,800</u>
	\$23,356,500	\$1,700,000	\$21,438,500	\$46,495,000
Difference -- Funding Increase in Bill	\$1,139,200	\$0	\$5,931,300	\$7,070,500
2016-17				
FSET Services				
Non-Exempt ABAWDs	\$28,451,800	\$0	\$28,451,800	\$56,903,600
Voluntary Participants	<u>421,100</u>	<u>1,700,000</u>	<u>3,621,000</u>	<u>5,742,100</u>
	\$28,872,900	\$1,700,000	\$32,072,800	\$62,645,700
Non-Service Costs				
DHS Program Management	\$500,000	\$0	\$500,000	\$1,000,000
Program Evaluation	300,000	0	300,000	600,000
Incentive Bonuses	<u>1,550,000</u>	<u>0</u>	<u>1,550,000</u>	<u>3,100,000</u>
	\$31,222,900	\$1,700,000	\$34,422,800	\$67,345,700
Amounts Available				
GPR Carryover Balance from 2015-16	325,900	0	0	325,900
Base Funding	<u>13,925,300</u>	<u>1,700,000</u>	<u>21,438,500</u>	<u>37,063,800</u>
	\$14,251,200	\$1,700,000	\$21,438,500	\$37,389,700
Difference -- Funding Increase in Bill	\$16,971,700	\$0	\$12,984,300	\$29,956,000

34. Table 9 shows an alternative estimate of funding that may be needed for the program, which reflects actual FoodShare enrollment in 2014, which was lower than projected under the Governor's budget proposal. In addition, the table reflects a reallocation of funds between federal and GPR sources and the "Non-Exempt ABAWDs" and "Voluntary Participants" categories to more accurately reflect how the FSET program is funded. Additionally, it includes the elimination of a planned carryover balance from 2015-16 of \$325,900 GPR.

35. DHS has applied for and received a pledge state funding award of approximately \$6.6 million in pledge state funding for federal fiscal year 2014-15. However, the Department indicates that this amount is under review, and that it does not anticipate receiving the full amount due to the phase-in of the work requirements based on eligibility redeterminations for FoodShare, as well as the delay in implementing the statewide work requirements. It is unclear how much the Department

anticipates actually receiving in this federal fiscal year, as well as subsequent years. In its 2015-17 agency budget request, the Department produced estimates of the range of pledge state funding that the state could receive, based on estimated ABAWD populations in Wisconsin and other states, which may also receive pledge state funding. These estimates ranged from \$1.9 million to \$3.8 million, with the former assuming that 19 states and territories would receive pledge funding, and the latter assuming that only six states would receive such funding. It is unclear how many states would choose to implement work requirements and pledge to provide employment and training services to this population during 2015-16 and 2016-17. Accordingly, an additional \$2.9 million FED for fiscal year 2015-16 has been included in the alternative budget estimate to reflect a conservative estimate of the level of pledge funding the state could receive. For fiscal year 2016-17, it is expected that additional states will qualify for pledge state funding, due to the expiration of many of the waivers that were previously utilized to waive the ABAWD work requirements. Because it is unknown how much the state could potentially receive in federal fiscal year 2016-17, an additional \$1.9 million FED has been included as a conservative estimate of the level of pledge state funding that the state would receive.

36. The Committee could choose to modify the funding in the bill to reflect the adjustments described above, including revised caseload and pledge state funding estimates. Under this option, funding in the bill would be increased by \$31,800 (-\$1,625,800 GPR and \$1,657,600 FED) in 2015-16 and \$376,600 (-\$598,800 GPR and \$975,400 FED) in 2016-17 [Alternative B1]. This alternative estimate is shown in Table 9.

TABLE 9

**FSET Expenditures by Funding Source and Year
Alternative Estimate**

	<u>GPR</u>	<u>County</u>	<u>FED</u>	<u>Total</u>
2015-16				
FSET Services				
Non-Exempt ABAWDs	\$17,588,700	\$1,423,700	\$23,625,400	\$42,637,800
Voluntary Participants	<u>3,413,700</u>	<u>276,300</u>	<u>3,477,000</u>	<u>7,167,000</u>
Subtotal -- Services	\$21,002,400	\$1,700,000	\$27,102,400	\$49,804,800
FSET Administration				
DHS Program Management	\$250,000	\$0	\$250,000	\$500,000
Program Evaluation	125,000	0	125,000	250,000
Incentive Bonus	<u>1,550,000</u>	<u>0</u>	<u>1,550,000</u>	<u>3,100,000</u>
Subtotal -- Administration	\$1,925,000	\$0	\$1,925,000	\$3,850,000
GPR Carryover from Previous Year	-\$9,488,662	\$0	\$0	-\$9,488,662
Base Funding	<u>-13,925,300</u>	<u>-1,700,000</u>	<u>-21,438,500</u>	<u>-37,063,800</u>
Updated Change to Base	-\$486,600	\$0	\$7,588,900	\$7,102,300
Governor's Recommendation	\$1,139,200	\$0	\$5,931,300	\$7,070,500
Change to Bill	-\$1,625,800	\$0	\$1,657,600	\$31,800
2016-17				
FSET Services				
Non-Exempt ABAWDs	\$24,580,600	\$1,481,900	\$29,026,300	\$55,088,800
Voluntary Participants	<u>3,617,600</u>	<u>218,100</u>	<u>4,271,900</u>	<u>8,107,600</u>
Subtotal -- Services	\$28,198,200	\$1,700,000	\$33,298,200	\$63,196,400
FSET Administration				
DHS Program Management	\$250,000	\$0	\$250,000	\$500,000
Program Evaluation	300,000	0	300,000	600,000
Incentive Bonus	<u>1,550,000</u>	<u>0</u>	<u>1,550,000</u>	<u>3,100,000</u>
Subtotal -- Administration	\$2,100,000	\$0	\$2,100,000	\$4,200,000
GPR Carryover from Previous Year	\$0	\$0	\$0	\$0
Base Funding	<u>-13,925,300</u>	<u>-1,700,000</u>	<u>-21,438,500</u>	<u>-37,063,800</u>
Updated Change to Base	\$16,372,900	\$0	\$13,959,700	\$30,332,600
Governor's Recommendation	\$16,971,700	\$0	\$12,984,300	\$29,956,000
Change to Bill	-\$598,800	\$0	\$975,400	\$376,600

37. In addition to choosing a funding level for the program (the Governor's recommendation -- Alternative A1 or an alternative estimate, as shown in Table 9 -- B1), the Committee could transfer the second year GPR funding increase (under either alternative) to the Joint Committee on Finance program supplemental appropriations, based on the current uncertainty of future FSET program costs. Under these options, DHS could request the release of these funds prior to the beginning of the 2016-17 fiscal year once additional information is available on actual FSET program costs. These options are presented as Alternatives A2 and B2.

The Committee should only choose from one of the two sets of alternatives, as the sets are mutually exclusive.

ALTERNATIVES

A. Funding Level Recommended by the Governor

1. Approve the Governor's recommended funding amounts for DHS to administer the FSET program to reflect statewide implementation of the FoodShare work requirements.

2. Approve the Governor's recommended funding for the program. However, transfer \$16,971,700 GPR from DHS to the Committee's program supplements appropriation in 2016-17. Require DHS to seek the release of these funds under s. 13.10 to support FSET program costs for 2016-17 prior to July 1, 2016.

ALT A2	Change to Bill
DHS	
GPR	- \$16,971,700
JFC	
GPR	\$16,971,700

B. Alternative Funding Estimate

1. Increase funding in the bill by \$31,800 (-\$1,625,800 GPR and \$1,657,600 FED) in 2015-16 and by \$376,600 (-\$598,800 GPR and \$975,400 FED) in 2016-17 to reflect program cost estimates shown in Table 9.

ALT B1	Change to Bill
GPR	- \$2,224,600
FED	<u>2,633,000</u>
Total	\$408,400

2. Increase funding in the bill by \$31,800 (-\$1,625,800 GPR and \$1,657,600 FED) in 2015-16 and by \$376,600 (-\$598,800 GPR and \$975,400 FED) in 2016-17 to reflect program cost estimates shown in Table 9. Transfer \$16,372,900 from DHS to the Committee's program supplements appropriation in 2016-17. Require DHS to seek the release of these funds under s. 13.10 to support FSET program costs in 2016-17 prior to July 1, 2016.

ALT B2	Change to Bill
DHS	
GPR	- \$16,372,900
JFC	
GPR	\$16,372,900

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