



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #353

### **FoodShare Employment and Training Program Reestimate (Health Services -- Medical Assistance and FoodShare Administration)**

[LFB 2021-23 Budget Summary: Page 276, #7]

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#### **CURRENT LAW**

FoodShare is Wisconsin's name for the federal supplemental nutrition assistance program (SNAP). FoodShare enables low income individuals and households who meet a series of financial and non-financial eligibility criteria to receive monthly funds on an electronic benefit card to use on eligible food purchased at authorized retailers.

Able-bodied adults without dependents (ABAWDs) must meet a work requirement in order to remain eligible for FoodShare benefits. Under the work requirement ABAWDs must work, participate in qualifying education and training activities, comply with a workfare program, or a combination of these activities, for a total of at least 80 hours per month. ABAWDs who do not meet the work requirement can only receive FoodShare benefits for three months in a 36-month period.

FoodShare recipients in Wisconsin have the option to participate in the FoodShare employment and training (FSET) program, either as a way to meet the 80 hour per month work requirement for ABAWDs, or as a way to expand their career opportunities. The Department of Health Services (DHS) contracts with eight tribes and eight vendors in 11 FSET regions across the state to provide FSET services.

#### **DISCUSSION POINTS**

1. Federal law requires 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 ABAWD is any individual who 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 meeting the work requirements if they are: (a) 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) the primary caregiver for a child under age six or an incapacitated person; (c) receiving unemployment compensation, or have applied for unemployment compensation and are complying with unemployment compensation work requirements; (d) participating in an alcohol or other drug abuse treatment or rehabilitation program; (e) enrolled as a student of higher education and meeting the student eligibility requirements; or (f) receiving transitional FoodShare benefits.

3. Under the work requirement, ABAWDs must work, participate in qualifying education and training activities, comply with a workfare program, or a combination of these activities, for a total of at least 80 hours per month. Additionally, under federal law, the state is required to offer a SNAP employment and training program to SNAP enrollees who are subject to work requirements. In Wisconsin, this program is called FSET.

4. During the COVID-19 pandemic, the federal work requirement applicable to ABAWDs was largely suspended, pursuant to provisions in the federal Families First Coronavirus Response Act (FFCRA), and will remain suspended until the month after the national health emergency expires.

5. However, some "pledge" states, including Wisconsin, that agree to provide services to all ABAWDs who wish to participate in SNAP employment and training programs, qualify for an annual, sum certain 100% federally funded allocation to partially support eligible FSET costs. In order to maintain its eligibility for "pledge state" funding, Wisconsin was not able to suspend the ABAWD work requirement under FFCRA. Instead, DHS received federal approval to apply more broadly the ABAWD work requirement "good cause" exemption between March and July, 2020. Subsequently, the Department suspended the ABAWD work requirement by using administrative exemptions that expired on September 30, 2020.

6. The Department notified the U.S. Department of Agriculture, Food and Nutrition Services of Wisconsin's intent to temporarily suspend the ABAWD work requirement under provisions in federal law pertaining to high unemployment, effective October 1, 2020, through September 31, 2021. This request was approved on July 15, 2020.

7. The temporary suspension of the ABAWD work requirement has decreased enrollment in FSET compared to budgeted enrollment estimates in the 2019-21 biennium. The administration indicates that prior to the suspension of the ABAWD policy, approximately 1.35% of FoodShare participants were enrolled in FSET. Since the suspension of the ABAWD policy, approximately 0.95% of FoodShare participants have been enrolled in the FSET program. In estimating future FoodShare participation, the administration assumes that unemployment relating to the COVID-19 pandemic peaked in April, 2020, and that the economic recovery will largely mirror the recovery following peak unemployment during the Great Recession.

8. For the 2021-23 biennium, the administration anticipates that FSET enrollments will remain at 0.95% of FoodShare participants through September, 2021, returning to 1.35% of

FoodShare participants by December, 2021. As such, the Governor's funding recommendation for the program, as provided in his 2021-23 budget bill, is based on the administration's fall, 2020, total FoodShare caseload projections and the administration's FSET participation rate assumptions, yielding average monthly FSET caseload projections of 9,470 in 2021-22 and 10,764 in 2022-23.

9. However, with additional months of data, average monthly FSET enrollment is higher than anticipated for 2020-21. Specifically, while actual FSET enrollment has followed the assumption that approximately 0.95% of FoodShare participants will be enrolled in the FSET program during the suspension of the ABAWD work requirement, the total number of FoodShare enrollments has been higher than previously projected. In April, 2021, DHS estimated that average monthly FSET enrollment for 2020-21 would be 7,090. The average monthly FSET enrollment is now estimated to be 10,122 in 2021-22, and 11,493 in 2022-23.

10. Based on its original enrollment assumptions, the administration estimates that total per enrollee per month will be \$330.04 in 2020-21 and decrease to \$327.41 in 2021-22 and \$326.59 in 2022-23. These total expenses are primarily based on payments to the FSET program's vendors, but also include \$777,500 annually, which funds administrative expenses relating to the FSET program. Excluding the amounts for administrative expenses, the administration estimates average per enrollee per month payments to the FSET vendors of \$320.57 in both years of the 2021-23 biennium. When excluding administrative expenses, average monthly per enrollee payments to the FSET vendors have not changed based on the updated enrollment estimates.

11. FSET funding for the 2021-23 biennium will be offset by unspent carry over funding from 2020-21 resulting from a decrease in average monthly FSET enrollment between 2019-20 and 2020-21, in part due to the temporary suspension of the ABAWD work requirement. However, the updated data on FSET participation for 2020-21 and enrollment estimates for 2021-23, mean that available carry over funding will be less than estimated and costs will be higher than estimated in the Governor's recommendation.

12. Table 1 summarizes the Governor's original assumptions regarding caseload, cost, and funding estimates for the FSET program in the 2021-23 biennium.

**TABLE 1**

**Summary of 2021-23 FSET Expenses and Funding  
Governor's Recommendation**

	<u>2021-22</u>	<u>2022-23</u>
<b>Estimated Program Costs</b>		
Vendor Contracts		
Estimated Average Monthly Enrollment	9,470	10,764
Average Cost per Enrollee per Month	\$320.57	\$320.57
Annual Vendor Costs	36,429,600	41,407,400
DHS Program Administration	<u>777,500</u>	<u>777,500</u>
Total Program Costs	\$37,207,100	\$42,184,900
100% Federal Funding Offset (including "Pledge State" funds)	\$2,590,900	\$2,902,600
<b>Funding Needs</b>		
Remaining Costs after 100% FED Offset	\$34,616,200	\$39,282,300
50% GPR Expenses	17,308,100	19,641,000
50% FED Expenses	17,308,100	19,641,300
<b>Available GPR Funding</b>		
GPR Base Funding	\$14,623,800	\$14,623,800
Projected GPR Carry Over from Previous Year	<u>7,515,000</u>	<u>4,830,700</u>
Subtotal	\$22,138,800	\$19,454,500
<b>GPR Surplus/Deficit</b> (Available GPR minus 50% GPR Expenses)	\$4,830,700	-\$186,500

13. Table 2 summarizes the updated caseload, cost, and funding estimates for the FSET program in the 2021-23 biennium.

**TABLE 2**

**Summary of 2021-23 FSET Expenses and Funding  
May, 2021, Estimates**

<b>Estimated Program Costs</b>	<u>2021-22</u>	<u>2022-23</u>
Vendor Contracts		
Estimated Average Monthly Enrollment	10,122	11,493
Average Cost per Enrollee per Month	\$320.57	\$320.57
Annual Vendor Costs	\$38,937,700	\$44,211,700
DHS Program Administration	777,500	777,500
 Total Program Costs	 \$39,715,200	 \$44,989,200
 100% Federal Funding Offset (including "Pledge State" funds)	 \$2,902,600	 \$2,902,600
 <b>Funding Needs</b>		
Remaining Costs after 100% FED Offset	\$36,812,600	\$42,086,600
50% GPR Expenses	18,406,300	21,043,300
50% FED Expenses	18,406,300	21,043,300
 <b>Available GPR Funding</b>		
GPR Base Funding	\$14,623,800	\$14,623,800
Projected GPR Carry Over from Previous Year	<u>6,174,600</u>	<u>2,392,100</u>
Subtotal	\$20,798,400	\$17,015,900
 <b>GPR Surplus/Deficit</b> (Available GPR minus 50% GPR Expenses)	 \$2,392,100	 -\$4,027,400

14. In developing the Governor's budget, the administration did not revise the Department's September, 2020, FSET vendor contract cost estimates to reflect rising caseloads during the fall and early winter. Further, notwithstanding the Department's current FSET caseload and cost estimates for the 2021-23 biennium, the administration has not requested that the Committee increase the amount of funding in the Governor's bill to reflect the current vendor cost projections. Consequently, the Committee could choose to provide the same funding increase recommended by the Governor in his bill (\$186,500 GPR and \$186,500 FED in 2022-23) [Alternative 1].

15. However, following implementation of the 2017-19 budget act, when final FSET funding was budgeted at a lower level than the Department anticipated, DHS indicated that FSET vendors eliminated positions, leading to increased caseloads for case managers and reductions in the individualized services available to participants. Additionally, some FSET vendors closed or reduced hours of operation for satellite offices, which particularly impacted Milwaukee based and rural FSET participants.

16. In order to ensure a full array of services is available to FSET participants, the Committee could choose to provide additional funding, as shown in Table 2, to fully fund the current assumptions regarding enrollment in the FSET program [Alternative 2]. Under this alternative, \$1,409,900 FED would be provided in 2021-22 and \$5,616,000 (\$4,027,400 GPR and \$1,588,600 FED) would be provided in 2022-23.

17. The reestimates of federal funding under both Alternative 1 and Alternative 2 include only a portion of the federal funding reestimate. As recommended by the Governor, the remaining federal reestimate has been included as part of the Department's federal revenue reestimate item, under which the federal appropriation supporting vendor costs would be increased by \$4,333,400 in 2021-22 and \$6,791,700 in 2022-23.

18. In consideration of the ongoing uncertainty regarding enrollment in both FoodShare and FSET, the Committee could choose to place the funding provided under Alternative 2 in the Committee's program supplements appropriation and require the Department to seek the release of these funds, if DHS determines that current base funding is insufficient based on actual FSET enrollment in the 2021-23 biennium [Alternative 3].

19. Finally, the Committee could choose to take no action on this item, thereby retaining base GPR funding for the program. Under this alternative, DHS could be unable to increase funding for vendor contracts to meet anticipated FSET enrollment increases [Alternative 4].

## ALTERNATIVES

1. Increase funding for FSET by the amounts recommended by the Governor in his budget bill, based on the administration's fall, 2020 caseload estimates by providing \$373,000 (\$186,500 GPR and \$186,500 FED) in 2022-23.

ALT 1	Change to Base
GPR	\$186,500
FED	<u>186,500</u>
Total	\$373,000

2. Increase funding for FSET by \$1,409,900 FED in 2021-22 and by \$5,616,000 (\$4,027,400 GPR and \$1,588,600 FED) in 2022-23 to reflect the current estimates of FoodShare enrollment and FSET program participation in the 2021-23 biennium.

ALT 2	Change to Base
GPR	\$4,027,400
FED	<u>2,998,500</u>
Total	\$7,025,900

3. In addition to Alternative 2, place the GPR funding increase in the Committee's program supplements appropriation.

4. Take no action.

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