



Legislative Fiscal Bureau

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June, 2023

Joint Committee on Finance

Paper #465

FoodShare Employment and Training Program (Health Services -- FoodShare and Public Assistance Administration)

[LFB 2023-25 Budget Summary: Page 300, #1]

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, age 18 to 49, 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.

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.

FoodShare recipients in Wisconsin have the option to participate in Wisconsin's 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 states to offer a SNAP employment and training (E&T) program, although states have significant flexibility in designing their E&T programs. States determine which SNAP recipients to serve through their E&T programs, what kind of activities to provide, and where to provide them. States are required to reimburse E&T program participants for certain costs they incur that are necessary for their participation in SNAP E&T programs, such as transportation, books, safety equipment, and child care. States have the option to offer E&T on a voluntary basis to some or all adult SNAP participants.

2. Under the federal Families First Coronavirus Response Act, the ABAWD policy has been suspended since March, 2020. This suspension is currently in effect and will remain so until the end of the month subsequent to the month that the U.S. Secretary of Health and Human Services declares that the COVID-19 public health emergency has ended. With the federal public health emergency ending in May, 2023, the ABAWD policy will be re-implemented statewide beginning in July, 2023. Due to the length of time that the ABAWD policy has been suspended, the Food and Nutrition Services is requiring states to restart the 36-month clock for all ABAWDs.

3. With the resetting of the 36-month clock for all ABAWDs, the Administration assumes that the percentage of total FoodShare participants who will enroll in FSET under the reinstated ABAWD policy will largely mirror the percentage of total FoodShare participants who enrolled in FSET during the initial implementation of the ABAWD policy statewide beginning in April, 2015 (1.37%) and the percentage of total FoodShare participants who enrolled in FSET in the year prior to the COVID-19 pandemic (1.35%). Based on additional months of data, the Administration estimates that average monthly FSET enrollment will be 7,130 in 2022-23, 10,174 in 2023-24, and 8,796 in 2024-25, which differs slightly from prior assumptions used for Assembly Bill 43/Senate Bill 70 (AB 43/SB 70) of 7,079 in 2022-23, 10,292 in 2023-24, and 8,796 in 2024-25.

4. Based on its original enrollment assumptions, the Administration estimated that total per enrollee per month expenses would be \$410.72 in 2022-23 and decrease to \$394.88 in 2023-24 and subsequently increase to \$400.84 in 2024-25. These total expenses were primarily based on payments to the FSET program's vendors, but also included \$1,371,800 annually, which would fund administrative expenses relating to the FSET program. Excluding the amounts for administrative expenses, the Administration estimated average per enrollee per month payments to the FSET vendors would be \$383.77 in 2023-24 and \$387.84 in 2024-25.

5. As such, at the time AB 43/SB 70 was introduced, it was estimated that \$7,444,000 (\$4,067,500 GPR and \$3,376,500 FED) in 2023-24 and \$5,420,400 (\$5,023,700 GPR and \$396,700 FED) in 2024-25 would be required to fund costs of projected increases in the number of individuals who would participate in the FSET program upon the resumption of the federal ABAWD policy.

6. Table 1 summarizes updated assumptions regarding caseload, cost, and funding estimates for the FSET program in the 2023-25 biennium. As shown, FSET funding for the 2023-25 biennium will be offset by unspent carry over funding from 2022-23 resulting from a decrease in average monthly FSET enrollment between 2020-21 and 2021-22, in part due to the temporary suspension of the ABAWD work requirement.

2023-25 FSET Expenses and Funding

	<u>2023-24</u>	<u>2024-25</u>
Total Annual Administrative Expenses	\$1,371,800	\$1,371,800
Total Annual Vendor Expenses	\$46,887,800	\$40,937,600
Average Monthly Enrollment	10,174	8,796
Per Enrollee per Month Vendor Expenses	<u>\$384.05</u>	<u>\$387.84</u>
Total Program Expenses (Total Annual Vendor + Administrative Expenses)	\$48,259,600	\$42,309,400
100% Federal Funding Offset	\$3,014,400	\$3,014,400
Total Program Expenses After FED Offset	\$45,245,200	\$39,295,000
50% GPR Expenses	\$22,622,600	\$19,647,400
50% FED Expenses	\$22,622,600	\$19,647,600
Existing GPR Funding		
GPR Base Funding	\$14,623,800	\$14,623,800
Projected GPR Carry Over	\$4,074,400	-\$3,924,400
GPR Surplus/Deficit (Base GPR - 50% GPR Expenses)	-\$3,924,400	-\$8,948,000

7. As shown in the table, a portion of FSET costs are offset by 100% federal funding, which is made up of two primary components. The first is Wisconsin's share of a federal appropriation for SNAP E&T grants which is capped at \$80 million nationally and dispersed to states using a population-based formula. Based on recent awards, Wisconsin's 100% FED SNAP E&T grant funding is anticipated to be \$1,814,400 in each year. The second is pledge state funding, under which pledge states receive additional funding in exchange for agreeing to serve all ABAWDs seeking to participate in SNAP E&T programs. The Administration anticipates that DHS will seek pledge state status for federal fiscal year 2024 and 2025 and receive approximately \$1.2 million in each year.

8. SNAP works as a counter-cyclical government assistance program. This means that more low-income households participate in the program during an economic downturn or recession and fewer households participate during an economic expansion. This is because, during a recession, some households that lose part or all of their incomes become eligible and participate in SNAP. Moreover, for households that were already participating before the recession, SNAP benefits increase if their income falls.

9. According to USDA, there is a strong historical relationship between the unemployment

rate, a key indicator of economic conditions, and SNAP caseloads. However, direct connections between the two may be impacted by changes in policy, such as the suspension of the ABAWD policy during the COVID-19 pandemic. In April, 2023, the Wisconsin Department of Workforce Development and the U.S. Bureau of Labor Statistics released preliminary employment estimates for the month of March, 2023, which showed that Wisconsin's seasonally adjusted unemployment rate dropped to a record low of 2.5%. It is difficult to predict whether current economic trends, including unemployment rates, will continue on their current trajectory in the 2023-25 biennium.

10. In addition to current assumptions being based on historical data regarding FSET enrollment and costs, enrollment in FSET is based on estimates of FoodShare program participation as a whole in 2023-25. As such, the Administration assumes that enrollment in FoodShare will return to pre-pandemic enrollment levels adjusted for population growth 15 months after the reimplementing of the ABAWD policy, with an average of 1.35% of FoodShare participants enrolling in FSET between October, 2023 (the first month when ABAWDs could lose their FoodShare benefits for not meeting the ABAWD work requirement), and June, 2025.

11. With passage of the Fiscal Responsibility Act of 2023, some SNAP recipients will be considered ABAWDs up to age 54. This requirement will be expanded first (in federal fiscal year 2024) to ABAWDs ages 50 to 52 and then (in federal fiscal years 2025 and later) to ABAWDs up to age 54. However, new exemptions will be enacted for veterans and individuals who are homeless regardless of their age, as well as youth ages 18 to 24 who age out of foster care. These changes are set to end in 2030. Congressional Budget Office analysis of the provisions found that during the 2025–2030 period, when the group of people up to the age of 54 would be subject to the work requirement and the new exclusions are in effect, the changes will largely offset each other, but approximately 78,000 people will gain SNAP benefits nationwide in an average month, on net (an increase of about 0.2 percent in the total number of people receiving SNAP benefits). The actual impact on individual states, including Wisconsin's FoodShare benefits and FSET program, is not known at this time.

12. Based on the most current data available, the Committee could provide \$7,046,200 (\$3,924,400 GPR and \$3,121,800 FED) in 2023-24 and \$5,420,200 (\$5,023,600 GPR and \$396,600 FED) in 2024-25 to fund costs of projected increases in the number of individuals who would participate in the FSET program upon the resumption of the federal ABAWD policy. [Alternative 1]

13. In consideration of the ongoing uncertainty regarding enrollment in both FoodShare and FSET, especially in light of the reimplementing of the ABAWD work requirement, the Committee could choose to place the funding provided under Alternative 1 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 2023-25 biennium. [Alternative 2]

14. Finally, the Committee could choose to take no action on this item, thereby retaining base GPR funding for the program. Wisconsin pays FSET vendor agencies on a reimbursement basis for necessary, reasonable, and actual costs, up to the contract limit. Under this alternative, DHS could be unable to increase funding for vendor contracts to meet anticipated FSET enrollment increases. One recent example of final FSET funding being budgeted at a lower level than the Department anticipated, was in the 2017-19 budget act. In response, 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 affected Milwaukee-based and rural FSET participants. [Alternative 3]

ALTERNATIVES

1. Provide \$7,046,200 (\$3,924,400 GPR and \$3,121,800 FED) in 2023-24 and \$5,420,200 (\$5,023,600 GPR and \$396,600 FED) in 2024-25 to fund costs of projected increases in the number of individuals who would participate in the FSET program in the 2023-25 biennium.

ALT 1	Change to Base
GPR	\$8,948,000
FED	<u>3,518,400</u>
Total	\$12,466,400

2. In addition to Alternative 1, place the GPR funding increase in the Committee's program supplements appropriation.

3. Take no action.

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