

Wisconsin State Legislature

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Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: December 18, 2014

Re: 14-Day Passive Review Approval – DCF

Pursuant to s. 49.131(3m), Stats., attached is a 14-day passive review request from the Department of Children and Families, received on December 18, 2014.

Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Monday, January 12, 2015**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AD:JN;jm



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Governor Scott Walker
Secretary Eloise Anderson

Secretary's Office

December 16, 2014

The Honorable Alberta Darling, Senate Co-Chair
Joint Committee on Finance
Room 317 East, State Capitol
Madison, WI 53707

RECEIVED
DEC 18 2014

The Honorable John Nygren, Assembly Co-Chair
Joint Committee on Finance
Room 309 East, State Capitol
Madison, WI 53708

BY: St. Finance

Dear Senator Darling and Representative Nygren:

Pursuant to s. 49.131(3m), as enacted in 2013 Wisconsin Act 20, the Department of Children and Families (DCF) submits its plan for implementing a program to deliver child care subsidies under s. 49.155 by electronic means. With this plan, the Department requests the release of \$1,265,000 FED in 2014-15 from the Joint Committee on Finance's (JCF) federal funds general program supplementation appropriation under s. 20.865(4)(m) to the DCF appropriation under s. 20.437(2)(mc) Federal block grant operations to fund initial implementation of the Wisconsin Shares Electronic Benefits Transfer (EBT) Card System.

Background

As part of Act 20, a total of \$300,000 in 2013-14 and \$2,000,000 in 2014-15 was placed in the JCF federal funds general program supplementation appropriation. DCF was required to submit a plan under a 14-day passive review process for implementation of any program to deliver W-2 benefits or child care subsidies by electronic means. In that plan, the Department is required to include specific information on the vendor selected, the total start-up and ongoing costs, and how issues of fraud and program integrity will be addressed. The action specified that the funds in the JCF appropriation could be released and the plan could be implemented only upon approval of the Committee.

Proposed Plan

Attached to this memo is the overall project implementation work plan, as required. In addition, this memo addresses three specific areas of JCF interest: the selected vendor, startup and ongoing costs, and how fraud/program integrity will be addressed.

Vendor: The Department conducted a competitive procurement process and issued an Intent to Award to eFunds Corporation, a wholly owned subsidiary of Fidelity National Information Services, Inc. (also known as FIS). FIS provides electronic benefit payment services to several states, for several programs. It is the current vendor for Wisconsin's SNAP program and is experienced in providing electronic payment card services for child care subsidy beneficiaries in several states.

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Start-Up and Ongoing Costs: The anticipated startup costs total \$675,000 and reflects FIS' ability to use a current platform and adapt it to be responsive to the DCF program needs. It is anticipated that \$75,000 will be expended in 2014-15 and \$600,000 will be expended in 2015-16 for the costs of requirements and design, and development of the system by the vendor. Ongoing vendor costs are expected to total \$421,200 per year, and reflect a cost per month per case of \$1.17. Finally, a total of \$63,000 is included in the five-year contract to allow for any needed changes to the program baseline after implementation.

The current plan is for the phased rollout of the benefit card to begin in October 2016 and be completed in February 2017. Prior to that time, the Department will need to make a number of changes to its child care information technology systems. Several portals will need to be created or modified so both parents and providers have the necessary information and tools to participate in the Parent Pay environment. The provider portal that currently exists will be modified and a new parent portal will be created as a tool for parents to manage their child care benefits. Additionally, the child care authorization system will need updates to better reflect the Parent Pay requirements for authorizations to be processed. As these online systems are created or modified, there will be corresponding changes to the data warehouse to store transaction history which will aid in mitigating fraudulent activities. The Department estimates that the online systems IT changes will cost \$935,000 in 2014-15, and \$1,344,700 in 2015-16. The data warehouse changes are estimated to cost \$255,000 in 2014-15, and \$935,000 in 2015-16. Once the system is implemented, ongoing Department IT costs are estimated to be about \$500,000 annually.

Start up and ongoing staff support of the EBT services are addressed in the DCF biennial budget request and include the 1.0 FTE EBT Project Manager in SFY 2015-2016 and a 0.5 FTE Accountant, beginning in 2016-17, which are expected to cost \$212,100.

Fraud/Program Integrity: Fraud and program integrity are addressed in two ways: first, on the front end, by restricting cardholder use of benefits to prior approved child care providers (card will not work with non-authorized providers). Second, on the back end, the program implementation plan allows for a nine month development process to adapt current program integrity strategies to the new program, and for state and county staff training on these new strategies.

If you have any questions regarding this request, please free to contact Bob Nikolay, Division of Management Services Administrator. His phone number is (608) 261-4349.

Sincerely,


Eloise Anderson
Secretary

cc: Mike Huebsch, DOA
Bob Lang, LFB

Parent Pay Implementation - Milestones **July 2014 – June 2017**

July – December 2014

- Policy development: Clarify magnitude, scope and timing of needed policy decisions
 - Identify key policies, statutes and administrative rule changes needed
 - Includes new program integrity approaches
 - Determine IT and related impacts, costs, timelines (ACCESS, authorization changes)
- Implementation planning/biennial budget proposal development
 - Based on scope/timing decisions, proceed with implementation planning for current biennial budget (specifically, IT systems design and requirements development for ACCESS parent portal, authorization changes)
- Stakeholder outreach/communications – develop and implement plan
- Submit implementation plan to JCF for approval
- Finalize contract with card services vendor
- Work with contractor to finalize Project Management Plan and develop business requirements for card services implementation

January – June 2015

- Finalize card services system design, business requirements & IT changes per Project Management Plan
- Schedule ACCESS changes with Deloitte
- Refine program integrity plan, identify needed monitoring and audit reports
- Ongoing stakeholder outreach/communications process for input re proposed program changes, rollout issues
- Identify design changes to Data Mart

June – December 2015

- Develop plan to implement any BB 15-17 changes
- Develop authorization accuracy QA/QI plan for counties/MECA
- Develop program operations policies for approved program changes
- Work with contractor per Project Management Plan (development, testing, etc.)
- Develop legacy system phase-out plan
- Revise administrative rules, as needed
- Stakeholder input re proposed program changes

January – July 2016

- Identify state/county/MECA roles for fraud detection
- Revise county contracts
- Revise policy and training manuals for counties/MECA
- Work with contractor per Project Management Plan (development, testing, etc.)
- Implement ACCESS changes (Deloitte)
- Conduct intensive parent and stakeholder outreach/communications
- Develop County/MECA worker training plans (content, methods, curriculum, delivery)

July – December 2016

- Provider enrollment by contractor
- Parent and provider training provided by contractor
- Train County/MECA workers on revised policies/processes
- Update system manuals (user guides)
- Phase 1: Rollout card services to a small group of counties in October
- Implement program changes and program integrity plan

January – June 2017

- Phase 2: Rollout card services statewide in February
- Implement QA/QI plan
- Ongoing training as needed
- Ongoing adjustments as needed
- Retire legacy system 6 months after statewide rollout