



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #346

FoodShare Employment and Training Program -- Universal Referrals (Health Services -- FoodShare)

[LFB 2017-19 Budget Summary: Page 225, #2]

CURRENT LAW

The Supplemental Nutrition Assistance Program (SNAP, referred to as FoodShare in Wisconsin) provides federally funded benefits to low-income families and individuals to assist with their food purchases. The program is administered jointly by the Food and Nutrition Service (FNS) in the U.S. Department of Agriculture (USDA), the Wisconsin Department of Health Services (DHS), and local and tribal governments.

Able-bodied adults without dependents or ABAWDs (individuals ages 18 to 49 who are able to work, not residing in a household with a child under age 18, and not pregnant) must engage in either work or a qualifying employment and training program for at least 80 hours per month to maintain eligibility for FoodShare benefits beyond three months in a 36-month period.

Federal law requires states to establish an employment and training program for SNAP participants to allow them to meet work requirements, and to provide them the education, skills, and work experience necessary to obtain competitive employment and enhance earning potential. In Wisconsin this program is called the FoodShare Employment and Training (FSET) program.

Any adult FoodShare enrollee may participate in FSET, whether they need to meet the work requirement or not. Currently, income maintenance (IM) staff refers nearly all ABAWDs to FSET. This includes those ABAWDs who need to meet the work requirement and also those who are exempt from meeting the work requirement.

GOVERNOR

Increase funding for the FSET program by \$470,400 (\$235,200 GPR and \$235,200 FED) in 2017-18 and \$29,573,200 (\$14,786,600 GPR and \$14,786,600 FED) in 2018-19 to fund estimated costs of referring all eligible able-bodied adults to the FSET program, including those with children up to the age of 18, and those who care for incapacitated persons, who are not required to meet the work requirement.

DISCUSSION POINTS

1. DHS administers the FoodShare program by contracting with 10 multi-county income maintenance (IM) consortia (consisting of county staff) and tribes in 71 counties. The one exception is Milwaukee County, where DHS staff performs IM functions through Milwaukee Enrollment Services (MilES).

2. IM staff perform program enrollment and caseload management functions, provide electronic benefit card services to enrollees, and ensure compliance with federal law for the FoodShare program.

3. As part of the eligibility and enrollment process, IM workers will determine if the FoodShare applicant is an ABAWD and if so, will generally refer him or her to FSET regardless of whether he or she needs to meet the work requirement.

4. ABAWDs may be exempt from meeting the work requirement if they are: (a) determined unfit for employment; (b) receiving unemployment compensation; (c) regularly participating in an alcohol or other drug abuse treatment or rehabilitation program; (d) 18 years of age or older and attending high school at least half-time; (e) a student of higher education who meets certain criteria; (f) the primary caregiver for a child under age six or an incapacitated person; or (g) receiving transitional FoodShare benefits.

5. Alternatively, the ABAWD may be meeting the work requirement outside of FSET through work, another allowable training and employment program, or a combination of the two. Other allowable training and employment programs include, but are not limited to: Wisconsin Works (W-2), Refugee Employment and Training Program, and Workforce Innovation and Opportunity Act programs.

6. Currently, IM workers are required to provide information about the FSET program to non-exempt ABAWDs and other FoodShare applicants during the FoodShare application and annual renewal interviews. IM workers may also provide FSET program information to FoodShare recipients at any time, not just during the application and renewal process.

7. Under the Governor's proposal, in addition to providing information about FSET, IM staff would refer all eligible able-bodied adult FoodShare recipients to the program, including those with children up to the age of 18, and those who care for incapacitated persons, who are not currently required to meet the work requirement. Although these individuals would not be required

to participate in FSET, the administration assumes that by increasing the number of individuals referred to the program, enrollment would increase.

8. A reestimate of the total costs associated with this proposal are outlined in the table below. The reestimate accounts for completed contract negotiations with Deloitte, the company with which DHS contracts to provide programming and maintenance services for the Client Assistance for Reemployment and Economic Support (CARES) computer system. IM workers use CARES to track eligibility and enrollment in FoodShare and other state public assistance programs. Due to the renegotiated contract, all 2017-18 CARES contract amounts have increased by 2.12% since the time the administration completed its estimate of implementation costs.

Reestimated Costs Associated with the Governor's Proposal

	2017-18			2018-19			Biennium		
	GPR	FED	All Funds	GPR	FED	All Funds	GPR	FED	All Funds
State Staff									
Development	\$29,600	\$29,600	\$59,200	\$0	\$0	\$0	\$29,600	\$29,600	\$59,200
CARES	204,300	204,300	408,600	0	0	0	204,300	204,300	408,600
IM Training	5,600	5,600	11,200	200	200	400	5,800	5,800	11,600
FSET Agency	0	0	0	14,786,400	14,786,400	29,572,800	14,786,400	14,786,400	29,572,800
Total	\$239,500	\$239,500	\$479,000	\$14,786,600	\$14,786,600	\$29,573,200	\$15,026,100	\$15,026,100	\$30,052,200
Amount in Bill	235,200	235,200	470,400	14,786,600	14,786,600	29,573,200	15,021,800	15,021,800	30,043,600
Change to Bill	\$4,300	\$4,300	\$8,600	\$0	\$0	\$0	\$4,300	\$4,300	\$8,600

9. The funding in the bill budgeted for 2017-18 is intended to support costs associated with initial implementation, including IM and DHS staff training and development, and programming for CARES

10. Costs in 2018-19 would mainly be driven by the intensified referral, and subsequent FSET enrollment, of individuals caring for minor children and incapacitated individuals, since ABAWDs already receive these referrals. The administration estimates that an additional 87,600 individuals would be referred to FSET under this proposal and that approximately 10,100 of these individuals would enroll in FSET services at an approximate cost of \$2,928 all funds (AF) per participant per year, or a total of \$29,572,800 AF (\$14,786,400 GPR).

11. However, the enrollment estimate used to generate the administration's cost estimate appears high. In the twelve months between April, 2016 and March, 2017, approximately 12,000 adults who did not need to meet the work requirement newly enrolled in FSET. The administration's estimate would therefore equal an 83% increase in the number of FSET enrollees who do not need to meet the work requirement but choose to participate in FSET regardless.

12. Further, since all adult FoodShare recipients are already informed about, and are eligible to enroll in FSET, interested individuals with minor children may already be enrolled due to current enrollment efforts. Individuals who have not enrolled under current efforts may be

prevented from enrolling due to life circumstances that intensified referral efforts would not resolve, such as needing specialized care for an individual who is incapacitated, or a shortage of accessible childcare in more isolated communities.

13. Finally, the number of people referred to FSET under this proposal would be affected by the Governor's proposal to pilot, and eventually expand, the ABAWD work requirement to individuals with children over the age of six, if that proposal is approved by the Committee. Currently, in approximately 75% of FoodShare assistance groups that include at least one minor, all minors are between the ages of six and 18. Barring other circumstances and exemptions, these individuals could be subject to mandatory work requirements under the Governor's other budget proposal, starting with the pilot counties in April, 2019. This other proposal is discussed in LFB paper #347.

14. If the Committee approves both proposals, the funding for this proposal should be reduced by \$1,171,200 (\$585,600 GPR and \$585,600 FED) in 2018-19 to account for individuals with children age six or older, who reside in the pilot counties and therefore would be subject to mandatory work requirements starting in April, 2019. This funding adjustment could be addressed by the Committee following its actions on both of these proposals, since the alternatives presented in this paper cannot anticipate the Committee's action on the other item.

15. DHS notes that the overlap between the two proposals is intentional. Specifically, this proposal would generate additional opportunities for FoodShare members to become familiar with FSET and the services it provides prior to the possible implementation of the work requirement for adults with school-age dependents in April, 2019, and January, 2020. In addition, this policy would help prepare people with children who are not yet old enough for school for the work requirement when their children are old enough for school. As such, the Committee may want to approve the Governor's recommendation.

16. Further, the Committee may want to support this proposal in order to encourage voluntary participation in FSET among those who may find it beneficial. By ensuring that the program is well publicized, while still remaining voluntary, the FSET program can continue to focus resources on those individuals who are motivated and likely to succeed [Alternative 1].

17. Due to the considerable uncertainty regarding FSET enrollment resulting from this proposal, the Committee could approve the Governor's recommendation, but transfer half of the funding budgeted for 2018-19 to the Joint Committee on Finance program supplemental appropriations. Under this option, DHS could request the release of these funds prior to December 31, 2018, once additional information is available on actual enrollment and costs [Alternative 2].

18. Alternatively, the Committee could choose to estimate increased enrollment for this item as a percentage of current voluntary FSET participation. Under this alternative the Committee could assume a 25% increase in voluntary enrollment (approximately 3,050 individuals) instead of the 83% increase used by the administration in developing its estimate.

19. Reducing the estimated enrollment increase will not affect state staff, computer programming, or training costs, as shown in the cost table above. However, it will reduce the

funding allocated for the FSET vendors, which is the largest cost category associated with this proposal. Specifically, by reducing anticipated enrollment to 3,050 new enrollees, funding for the FSET vendors would total \$8,930,400 all funds (\$4,465,200 GPR and \$4,465,200 FED) in 2018-19, rather than \$29,572,800 all funds (\$14,786,400 GPR and \$14,786,400 FED) in 2018-19 that would be provided in the bill [Alternative 3].

20. On the other hand, the Committee could delete the Governor's recommendation, since this effort would largely be duplicative, based on current requirements that IM workers provide all FoodShare applicants and participants information about the FSET program at least annually, as well as current practice of referring all ABAWDs to FSET regardless of whether they need to meet the work requirement.

21. Further, the Committee may want to consider whether FSET is the most cost effective way of providing job training and other skills to individuals not needing to meet the work requirement under FoodShare. FSET is intended to meet federal and state regulations for employment and training in order to retain FoodShare eligibility, which means that a large portion of FSET vendor services relate to case management. For example extensive communication with IM agencies; tracking eligible hours, income, and activities; and communication regarding time-limited benefits, are all necessary services for ABAWDs who need to meet the work requirement but serve little purpose for voluntary participants for whom these services are less, if at all, applicable [Alternative 4].

ALTERNATIVES

1. Approve the Governor's proposal. However, increase funding in the bill by \$8,600 (\$4,300 GPR and \$4,300 FED) in 2017-18 to reflect reestimates of CARES programming costs.

ALT 1	Change to	
	Base	Bill
GPR	\$15,026,100	\$4,300
FED	<u>15,026,100</u>	<u>4,300</u>
Total	\$30,052,200	\$8,600

2. Approve the Governor's proposal. However, transfer \$7,393,300 GPR from DHS to the Committee's program supplements appropriation in 2018-19. Require DHS to seek the release of these funds under s. 13.10 to support FSET universal referral costs for the second half of 2018-19, prior to December 31, 2018.

ALT 2	Change to	
	Base	Bill
DHS		
GPR	\$7,393,300	-\$7,393,300
Program Supplements		
GPR	\$7,393,300	\$7,393,300

3. Modify the Governor's proposal by reducing funding in the bill by \$20,642,400 (-\$10,321,200 GPR and -\$10,321,200 FED) in 2018-19 by assuming a 25% increase in voluntary FSET enrollment as a result of this proposal.

ALT 3	Change to	
	Base	Bill
GPR	\$4,704,900	- \$10,321,200
FED	<u>4,704,900</u>	<u>- 10,321,200</u>
Total	\$9,409,800	- \$20,642,400

4. Delete provision.

ALT 4	Change to	
	Base	Bill
GPR	\$0	- \$15,021,800
FED	<u>0</u>	<u>- 15,021,800</u>
Total	\$0	- \$30,043,600

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