

Fiscal Estimate Narratives

DHS 5/6/2015

LRB Number	15-2184/1	Introduction Number	SB-136	Estimate Type	Original
Description Waiver to limit the number of FoodShare replacement cards					

Assumptions Used in Arriving at Fiscal Estimate

The proposed legislation would require DHS to submit a waiver to the United States Department of Agriculture (USDA), Food and Nutrition Service (FNS) to allow Wisconsin to limit the number of replacement FoodShare cards to no more than 4 in a 12-month period.

Under federal regulation, there is currently not a limit to the number of replacement cards that must be issued to a household that reports their card lost, stolen, or damaged. 7CFR 274.6 gives states two options to address excessive card reissuance. States can choose to require a FoodShare (FS) recipient to contact the state for any replacement card after the fourth card in a 12 month period and provide an explanation of why the cards continue to be lost, stolen, or damaged. Alternatively, states can issue a letter to recipients that warn that continued excessive reissuance could result in fraud investigation. Wisconsin has chosen the latter policy option, which will be fully implemented in October 2015.

In March of 2013 the Department piloted this policy and sent 1,730 letters on a one time basis to recipients who had requested at least six replacement cards in the prior full calendar year. This policy was very successful in reducing the number of cards these individuals requested. In a five month follow-up to the pilot it was found that 1,266 (73%) individuals did not request additional replacement cards, 281 individuals requested one replacement card, and 119 requested two cards. Seven individuals requested 6 or more cards in the five-month period following the letter and the Department's Office of Inspector General (OIG) pursued intentional program violation (IPV) sanctions for five of them. It was determined the remaining two individuals did not understand how to use the card. Between November 2013 and October 2014, 908 individuals have requested more than four cards (this includes the original issue card). DHS has decided to implement this policy on an ongoing basis, issuing letter to anyone who requests more than four cards in a year. Changes to CARES, the public assistance eligibility system, to automate these letters has cost the state \$327,600 AF (\$163,800 GPR \$163,800 FED). The State's FS card vendor, who is responsible for issuing and replacing FS cards, provides the State with a daily card 4+ file at a cost of \$15,000 AF (\$7,500 GPR \$7,500 FED) annually.

The current FS benefit system automatically issues replacement cards to recipients upon their request. Limiting the number of replacement cards issued would require a similar level of CARES changes as those for the warning letters. It is assumed that implementation of such a policy would cost \$330,000 AF (\$165,000 GPR \$165,000 FED). Ongoing costs of maintaining systems changes and sending notices to FS clients would be \$33,000 AF (\$16,500 GPR \$16,500 FED) annually. The State's FS card vendor estimates this policy would require complex systems changes requiring moderate development effort. It is assumed implementation costs for the FS card vendor would be approximately \$500,000 AF (\$250,000 GPR \$250,000 FED). It is assumed it would cost about \$21,900 AF (\$10,950 GPR \$10,950 FED) annually for IM Consortia and tribes to answer questions and concerns from FS clients in regards to this policy.

In sum, implementation costs would be \$830,000 AF (\$415,000 GPR \$415,000 FED) and ongoing costs would be \$54,900 AF (\$27,450 GPR \$27,450 FED).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Waiver to limit the number of FoodShare replacement cards			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$830,000 AF \$415,000 GPR \$415,000 FED			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs	33,000	
	Local Assistance	21,900	
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$54,900	\$
B. State Costs by Source of Funds			
	GPR	27,450	
	FED	27,450	
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$54,900	\$
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature	Date
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