



## Legislative Fiscal Bureau

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May 21, 2001

Joint Committee on Finance

Paper #1051

### *Temporary Assistance for Needy Families (TANF)*

### **Food Stamps for Qualified Immigrants (DWD – Economic Support and Child Care)**

[LFB 2001-03 Budget Summary: Page 741, #17]

#### **CURRENT LAW**

Under current law, state-funded food stamps are required to be provided to immigrants who are not eligible for federally-funded food stamps. Funds for this program come from the temporary assistance for needy families (TANF) program. In many cases, immigrants are not eligible for federal food stamps if they entered the country after August 22, 1996, or were present in the United States prior to that date but have reached the age of 18. The classifications of immigrants who are only eligible for the state food stamp program are shown in the Appendix.

#### **GOVERNOR**

Increase funding for food stamps for qualified immigrants by \$130,000 FED annually for a total allocation of \$550,000 annually.

#### **DISCUSSION POINTS**

1. 1997 Wisconsin Act 296 created a state food stamp benefit for qualified immigrants who had become ineligible for federal benefits under the 1996 federal welfare reform legislation (P.L. 104-193). After passage of Act 286, a new federal law was enacted which restored federal food stamp benefits to certain qualified immigrants. The state program provides benefits to qualified immigrants that remain ineligible for federal food stamp benefits.

2. As of March, 2001, seven other states had food stamp programs for immigrants.

Like Wisconsin, three states serve all legal immigrants who are ineligible for the federal food stamp program: California, Maine and Nebraska. The other states only serve specific populations. Illinois serves persons who were in the U.S. on August 22, 1996, who are parents of food stamp eligible children or are age 60 to 64. Maryland serves children under age 18 who arrived in the U.S. after August 22, 1996. New York serves persons age 60 to 67 who have been living in the same county since August 22, 1996. Ohio is phasing out its program but serves supplemental security income (SSI) recipients who resided in Ohio as of August 22, 1996. Five other states are running separate state programs outside of the federal option program: Connecticut, Massachusetts, New Jersey, Rhode Island and Washington. These states add a state-funded account to food stamp recipients' electronic benefit transfer (EBT) cards.

3. The 2000-01 allocation for the state food stamp program is \$420,000. Based on current caseload estimates, the projected need for the program in 2000-01 is \$575,000, which exceeds the Governor's recommendation of \$550,000 annually for the next biennium. The Department of Workforce Development (DWD) has the authority to reallocate funds within its budget to address shortfalls, subject to approval by the Department of Administration. The administration indicates that the projected deficit in 2000-01 could be funded if savings are identified in 2000-01 exceeding those assumed in the Governor's year-end projection for the TANF program. This funding need has been taken into account when estimating the TANF carryover balance in Paper #1041.

4. The number of participants in the state food stamp program rose from 834 in March, 2000, to 1,063 in March, 2001, representing a 27.5% increase. According to DWD, this increase is due to the fact that many immigrants who entered the country after 1996 are not eligible for federal food stamps, and this population grows annually as more immigrants enter the state. In addition, DWD indicates that the caseload has also been growing because many immigrants become ineligible for federal food stamps when they turn 18.

5. According to the U.S. Census Bureau, new immigration into Wisconsin averaged 2,725 persons annually from 1990 to 1999 and immigrants are approximately 3.6% of the state's population. Immigrants have become an increasing portion of the state's annual population change, ranging from a low of 3.5% in 1991, to a high of 12.5% in 1997 and 1998.

6. From July, 2000, through March, 2001, the caseload for the state food stamp program has been increasing at an average rate of 1.9% per month. Assuming this growth rate continues, the caseload would increase to 1,770 by June, 2003. At this rate of growth, state food stamps would cost approximately \$745,000 in 2001-02 and \$950,000 in 2002-03. Since current law requires the state to provide these benefits, the Committee could provide an additional \$195,000 in 2001-02 and \$400,000 in 2002-03 to meet this anticipated demand.

7. Because the state food stamp program is not required by federal law, the Committee could choose not to provide any additional funds beyond the Governor's proposal. If savings in other TANF-funded programs are identified throughout the biennium, they could be allocated to the program. However, it is possible that no savings would be available because the child care subsidy

program has a large projected shortfall and it could be argued that fully funding child care subsidies should take precedence over other funding increases.

If no additional funds are provided, the state statutory provision authorizing this program would have to be modified to require the state to only provide benefits under the program to the extent funds are available. In addition, the state would have to modify its plan with the U.S. Department of Agriculture (USDA) to describe how it would limit participation in the program. The state could have a waiting list, provide a smaller benefit amount than in the federal food stamp program, serve only certain populations, and/or adopt stricter eligibility limitations. DWD indicates that it would seek to modify the plan if insufficient funds were available for the program, but has not yet formulated specific options. The Committee may want DWD to submit any revised plan to the Committee for approval through a 14-day passive review process prior to sending it to USDA.

8. Alternatively, the Committee could opt to maintain current law and not provide any additional funding for the state food stamp program in order to allocate more funds to child care subsidies. As with the alternative above, the statutory provision authorizing this program would have to be modified to require the state to only provide benefits under the program to the extent funds are available. In addition, the state would have to modify its plan with the federal government to state how it will limit participation in the program. Options for how to limit participation are discussed in the point above. The Committee may want DWD to submit its revised plan to the Committee for approval through a 14-day passive review process prior to sending it to USDA.

## **ALTERNATIVES TO BILL**

1. Approve the Governor's recommendation to increase funding for the state food stamp program for qualified immigrants by \$130,000 FED annually.

a. Modify the statutes to require the state to only provide benefits under the program to the extent funds are available.

b. Require the Secretary of DWD to submit any plan to limit participation in the state food stamp program for immigrants to the Joint Committee on Finance prior to submitting it to USDA. DWD would not be permitted to send the plan to the USDA until it has been approved by the Committee through a 14-day passive review process.

2. Provide an additional \$195,000 FED in 2001-02 and \$400,000 FED in 2001-02 for the state food stamp program for qualified immigrants to reflect recent caseload projections.

<b>Alternative 2</b>	<b>FED</b>
<b>2001-03 FUNDING</b> (Change to Bill)	\$595,000

3. Delete the Governor's recommendation and maintain funding at \$420,000 annually.

a. Modify the statutes to require the state to only provide benefits under the program to the extent funds are available.

b. Require the Secretary of DWD to submit any plan to limit participation in the state food stamp program for immigrants to the Joint Committee on Finance prior to submitting it to USDA. DWD would not be permitted to send the plan to the USDA until it has been approved by the Committee through a 14-day passive review process.

<b>Alternative 3</b>	<b>FED</b>
<b>2001-03 FUNDING</b> (Change to Bill)	- \$260,000

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## APPENDIX

### Classifications of Immigrants Eligible Only for the State Food Stamp Program

The following classifications of immigrants who entered the United States before August 22, 1996, are only eligible for the state food stamp program:

- Persons legally admitted for permanent residence and parolees who: (a) have not worked for at least 10 years; (b) do not have a United States military connection; (c) are not blind or disabled; (d) are not Hmong or Laoation; (e) were not age 65 or older on August 22, 1996; or (f) are age 18 or older.
- Refugees, asylees, Cubans, Haitians, Amerasians, and persons whose deportation has been withheld who have been in the country for more than seven years and: (a) have not worked for at least 10 years; (b) do not have a United States military connection; (c) are not blind or disabled; (d) are not Hmong or Laoation; (e) were not age 65 or older on August 22, 1996; or (f) are age 18 or older.

The following classifications of immigrants who entered the United States on or after August 22, 1996, are only eligible for the state food stamp program:

- Persons legally admitted for permanent residence and parolees who: (a) have not worked for at least 10 years; (b) do not have a United States military connection; or (c) are not Hmong or Laoation.
- Refugees, asylees, Cubans, Haitians, Amerasians, and persons whose deportation has been withheld who have been in the country for more than seven years and: (a) have not worked for at least 10 years; (b) do not have a United States military connection; (c) are not blind or disabled; (d) or are not Hmong or Laoation.