



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873  
Email: [fiscal.bureau@legis.wisconsin.gov](mailto:fiscal.bureau@legis.wisconsin.gov) • Website: <http://legis.wisconsin.gov/lfb>

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Joint Committee on Finance

Paper #347

### **FSET Pilot for Able-Bodied Adults with Dependents (Health Services -- FoodShare)**

[LFB 2017-19 Budget Summary: Page 225, #3]

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#### **CURRENT LAW**

FoodShare is Wisconsin's name for the federal supplemental nutrition assistance program (SNAP), which provides federally-funded benefits to low-income households to buy food. The program is administered jointly by the U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS), the Wisconsin Department of Health Services (DHS), and local income maintenance (IM) consortia and tribes.

The FoodShare Employment and Training (FSET) program is intended to provide education, skills, and work experience to enable FoodShare recipients to obtain competitive employment and enhance earning potential. Any adult FoodShare enrollee may participate in the FSET program, including certain able-bodied adults without dependents (ABAWDs), who may participate in FSET to fulfill the ABAWD work requirements necessary to maintain eligibility for FoodShare benefits.

#### **GOVERNOR**

*Funding.* Provide \$2,850,800 (\$1,425,400 GPR and \$1,425,400 FED) in 2017-18 and \$5,648,600 (\$2,824,300 GPR and \$2,824,300 FED) and 1.50 position (0.75 GPR position and 0.75 FED position) to expand the ABAWD work requirement on a pilot basis, beginning in 2018-19, to able-bodied adults with dependents age six or older.

*Statutory Changes.* Authorize DHS to require that certain FoodShare recipients enroll in FSET, including all able-bodied FoodShare recipients who are 18 to 60 years of age, or a subset of these individuals to the extent allowed by the federal government. This requirement currently

applies to ABAWDs and would be expanded under the bill to include parents and other adults residing in households where all children are at least six years of age. In the 2017-19 biennium, authorize DHS to implement this requirement in certain areas of the state, as determined by DHS.

Create a new definition of "able-bodied adults," to mean an individual who is not any of the following: younger than 18 years of age; 50 years of age or older; determined by DHS to be medically certified as physically or mentally unfit for employment as described in federal law; or exempt from the work requirement as described in federal law. Authorize DHS to require able-bodied adults to participate in FSET.

Create a statutory definition of "able-bodied adults without dependents" (ABAWDs), to mean an able-bodied adult who is not any of the following: a parent of a household member who is younger than 18 years old; residing in a household that includes a household member who is younger than 18 years old; or pregnant. ABAWDs must meet work requirements as a condition of maintaining their eligibility for FoodShare benefits.

Authorize DHS to screen, test, and treat able-bodied adults with dependents who participate in FSET for the use of controlled substances, in addition to ABAWDs, as provided under current law.

## **DISCUSSION POINTS**

1. The FSET program aims to identify the strengths, needs, and preferences of job seekers and offers individualized services to improve job-seeking skills and increase employment opportunities. Services provided under the FSET program include job search activities, education and vocational training, workfare and work experience, self-employment, and job retention services.

2. Currently, ABAWDs 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 or both work or a qualifying employment and training program for a combined total of at least 80 hours per month to maintain eligibility for FoodShare benefits.

3. 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.

4. Non-exempt ABAWDs who fail to meet the work requirement are eligible to receive FoodShare benefits for three months during a 36-month period. These three months do not have to be used consecutively and are commonly known as time limited benefits.

5. In some circumstances ABAWDs who have used their time limited benefits and

subsequently meet the work requirement but then stop meeting the ABAWD work requirement, may be eligible for an additional three months of FoodShare benefits. Like the time limited benefits, this extension of benefits can only be granted once during a 36-month time period. However, unlike the time limited benefits, the three months must be applied consecutively, regardless of changes in FoodShare eligibility or ABAWD status.

6. The ABAWD work requirements were first implemented on a pilot basis in Kenosha, Racine, and Walworth Counties on July 1, 2014, with statewide expansion to all non-exempt ABAWDs on April 1, 2015.

7. The 2017-19 biennial budget bill would expand the work requirement on a pilot, and then statewide, basis to individuals residing with children age six or older. DHS notes that only households where all minors are six years of age or older would be subject to the work requirement. The administration's rationale for this cut off is that children over the age of six should be enrolled in school.

8. The administration indicates that it was not its intent to require any pregnant women to participate in FSET, although the bill would not specifically exempt pregnant women from the new definition of "able-bodied adult." To clarify the administration's intent, the alternatives in the paper include changes to the bill that would exclude pregnant women from the new definition, to better meet the administration's intent.

9. DHS indicates that it has not yet been determined which counties would be included in the pilot phase of the expanded work requirements starting in April, 2019. However, since Milwaukee County represents such a large portion of FoodShare enrollment, Milwaukee County would not be part of the pilot region.

10. Statewide implementation of the expanded work requirement would not occur until the 2019-21 biennium, with a projected expansion date of January, 2020. The pilot program would not be a study or demonstration pilot and so would not be formally evaluated prior to statewide expansion. However, DHS notes that implementation on a pilot basis will help ensure that that all systems are functioning appropriately and to create best practices for the IM agencies and FSET vendors, prior to statewide implementation.

11. The requirement in the bill would be similar to the ABAWD work requirement in that it would require able-bodied individuals between the ages of 18 and 49, to participate in an approved activity such as work or FSET, for an average of 80 hours per month. DHS states that while not finalized, it is likely that any exemptions from the work requirement would mirror the ABAWD exemptions outlined in Discussion Point 3, to the extent allowed by federal law.

12. However, the sanctions for non-compliance with the work requirement would differ from the sanctions applied to ABAWDs who do not meet the work requirement. Under the bill the non-compliant individual would have their benefits sanctioned for one month for their first offense, three months for their second offense, and six months for their third and subsequent offenses.

13. Similar to ABAWDs participating in FSET, FSET participants subject to work

requirements under the bill would also be subject to the drug screening, testing, and treatment required by 2015 Act 55 (the 2015-17 biennial budget act).

14. DHS indicates that the FSET drug screening, testing, and treatment will start in calendar year 2018. Proposed rules for implementing the requirement indicate that the costs of screening and testing would be paid by the IM agencies. As to treatment costs, DHS estimates that 60% of FoodShare recipients are Medicaid enrollees, with the remaining 40% seeking treatment through county human services agencies or private insurance. No funding has been provided in the Governor's budget for drug screening, testing, or treatment.

15. Funding for this provision would be split 50/50 between federal and state funds. Table 1 shows a reestimate of the administration's costs to implement the provision in the next two biennia since the expanded work requirement would not be fully implemented until 2020-21.

16. Currently, approximately 23% of referred non-exempt ABAWDs, who need to meet the ABAWD work requirement, participate in the FSET program. In developing the cost estimates for the FSET vendors, the administration assumed that the same percentage of individuals referred to FSET under the new requirement would enroll at an approximate annual cost per enrollee of \$2,928 all funds.

17. The administration's referral, and therefore enrollment, estimates are somewhat high compared to current FoodShare participation trends and have therefore been reestimated downwards for 2017-19. This results in lower IM agency and FSET vendor costs than those included in the bill.

18. Funding for 2019-21 has been adjusted based on current FoodShare enrollment and to eliminate an inadvertent double funding of services for Milwaukee County. However, if the trend of lower FoodShare enrollment continues in to the next biennium, the Committee may find that the estimated amounts for IM agency and FSET vendor costs for the 2019-21 biennium, as shown in Table 1, will be too high and can be reestimated downwards in the next biennial budget.

19. Additionally, 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% and all 2018-19 amounts have increased by 1.61% since the time the administration completed its estimate of implementation costs.

**TABLE 1****Summary of Cost Estimates for FSET Expansion Project  
Fiscal Years 2017-18 through 2020-21**

	2017-18			2018-19		
	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>
State Staff Development	\$0	\$0	\$0	\$29,700	\$29,600	\$59,300
CARES Modifications	1,395,300	1,395,300	2,790,600	1,457,700	1,457,700	2,915,400
Training for Income Maintenance Staff	0	0	0	6,300	6,400	12,700
DHS Program Management (Support for DHS Positions)	59,100	59,100	118,200	68,800	68,800	137,600
IM Consortia and Tribal IM Assistance	0	0	0	98,100	98,100	196,200
IM -- Milwaukee Enrollment Services	0	0	0	0	0	0
FSET Funded Child Care	0	0	0	12,500	12,500	25,000
FSET Vendor Costs (Begins April, 2019)	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,108,900</u>	<u>1,108,900</u>	<u>2,217,800</u>
Total	\$1,454,400	\$1,454,400	\$2,908,800	\$2,782,000	\$2,782,000	\$5,564,000
Amount in Bill	1,425,400	1,425,400	2,850,800	2,824,300	2,824,300	5,648,600
Change to Bill	\$29,000	\$29,000	\$58,000	-\$42,300	-\$42,300	-\$84,600
	2019-20			2020-21		
	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>
State Staff Development	\$0	\$0	\$0	\$0	\$0	\$0
CARES Modifications	0	0	0	0	0	0
Training for Income Maintenance Staff	400	300	700	400	300	700
DHS Program Management (Support for DHS Positions)	68,800	68,800	137,600	68,800	68,800	137,600
IM Consortia and Tribal IM Assistance	761,000	761,000	1,522,000	1,268,300	1,268,300	2,536,600
IM -- Milwaukee Enrollment Services	416,100	416,200	832,300	693,600	693,600	1,387,200
FSET Funded Child Care	150,000	150,000	300,000	250,000	250,000	500,000
FSET Vendor Costs (Begins April, 2019)	<u>13,306,900</u>	<u>13,306,900</u>	<u>26,613,800</u>	<u>22,178,100</u>	<u>22,178,200</u>	<u>44,356,300</u>
Total	\$14,703,200	\$14,703,200	\$29,406,400	\$24,459,200	\$24,459,200	\$48,918,400
Amount in Bill	15,636,000	15,636,000	31,272,000	26,197,400	26,197,400	52,394,800
Change to Bill	-\$932,800	-\$932,800	-\$1,865,600	-\$1,738,200	-\$1,738,200	-\$3,476,400

20. One major difference when comparing the costs of implementing the ABAWD work requirement to the estimate in Table 2 is the cost of childcare, since the population affected by the work requirements in this bill will all have minor children. However, it is anticipated that since the work requirement will be for 80 hours per month or an average of 20 hours per week, and only for individuals residing with children age six or older, most of the hours necessary to meet the work requirement could be completed while the participant's children are at school.

21. Unlike administrative costs, FoodShare benefits are supported entirely with federal

funds. As a result, adopting this provision would not result in any state savings from withholding benefits from individuals who are determined to be non-compliant with the proposed work requirement.

22. Further, federal law only allows the individual who is not in compliance with the work requirement to be sanctioned. Although children of sanctioned individuals are still eligible to receive FoodShare benefits, the overall household benefit is reduced once a parent or other household member becomes ineligible due to a sanction. Implementing sanctions for non-compliance with the work requirement would decrease the total amount of benefits available for the entire household but would only result in federal savings equal to the sanctioned individual's portion of the total monthly benefit payment.

23. Despite the absence of state savings, the Committee could approve the provision as it may encourage more FoodShare recipients to improve job-seeking skills and increase employment opportunities in order to remain eligible for FoodShare benefits [Alternative 1].

24. Alternatively, the Committee could approve only the pilot implementation of this provision and recommend an evaluation of the FSET program as it pertains to this population prior to statewide implementation. If the Committee adopts this alternative, the Committee could require the pilot to continue in 2019-20 prior to the evaluation to ensure that at least one year of data could be collected and evaluated [Alternative 2].

25. While the funding for the 2017-19 biennium would not be affected by this alternative, the funding for 2019-20 would be reduced to equal a full year of pilot expenses, not a year of statewide expansion, as shown in Table 2.

**TABLE 2**

**Summary of Cost Estimates to Extend FSET Pilot to Fiscal Year 2019-20**

	2019-20			2020-21		
	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>
State Staff Development	\$0	\$0	\$0	\$0	\$0	\$0
CARES Modifications	0	0	0	0	0	0
Training for Income Maintenance Staff	400	300	700	400	300	700
DHS Program Management (Support for DHS Positions)	68,800	68,800	137,600	68,800	68,800	137,600
IM Consortia and Tribal IM Assistance	392,400	392,400	784,800	1,268,300	1,268,300	2,536,600
IM -- Milwaukee Enrollment Services	0	0	0	693,600	693,600	1,387,200
FSET Funded Child Care	150,000	150,000	300,000	250,000	250,000	500,000
FSET Vendor Costs (Begins April, 2019)	<u>4,435,600</u>	<u>4,435,700</u>	<u>8,871,300</u>	<u>22,178,100</u>	<u>22,178,200</u>	<u>44,356,300</u>
Total	\$5,047,200	\$5,047,200	\$10,094,400	\$24,459,200	\$24,459,200	\$48,918,400
Amount in Bill	15,636,000	15,636,000	31,272,000	26,197,400	26,197,400	52,394,800
Change to Bill	-\$10,588,800	-\$10,588,800	-\$21,177,600	-\$1,738,200	-\$1,738,200	-\$3,476,400

26. Otherwise, the Committee could delete this provision. Specifically, the Committee may be concerned about creating an entitlement program for this population. If the Committee approves this provision, FoodShare applicants and recipients with children age six or older will be entitled to receive FSET services. However, if the FSET program continues to be offered as an optional resource to this population, the program may establish waitlists or deny services to prospective participants when funding is limited.

27. Further, the program may be more successful if resources are spent on voluntary participants who are motivated to participate as opposed to on those who are not dedicated to their success in FSET [Alternative 3].

**ALTERNATIVES**

1. Approve the Governor's recommendation as reestimated. Reduce funding in the bill by \$58,000 (-\$29,000 GPR and -\$29,000 FED) in 2017-18 and increase funding in the bill by \$84,600 (\$42,300 GPR and \$42,300 FED) in 2018-19. Modify the bill to exclude pregnant women from the new definition of "able-bodied adult."

ALT 1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$4,236,400	0.75	- \$13,300	0.00
FED	<u>4,236,300</u>	<u>0.75</u>	<u>- 13,300</u>	<u>0.00</u>
Total	\$8,472,700	1.50	- \$26,600	0.00

2. Modify the Governor's recommendation by only approving the pilot portion of the work requirement and requiring an evaluation of the pilot prior to statewide implementation. Reduce funding in the bill by \$58,000 (-\$29,000 GPR and -\$29,000 FED) in 2017-18 and increase funding in the bill by \$84,600 (\$42,300 GPR and \$42,300 FED) in 2018-19. Modify the bill to exclude pregnant women from the new definition of "able-bodied adult."

ALT 2	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$4,236,400	0.75	- \$13,300	0.00
FED	<u>4,236,300</u>	<u>0.75</u>	<u>- 13,300</u>	<u>0.00</u>
Total	\$8,472,700	1.50	- \$26,600	0.00

3. Delete this provision.

ALT 3	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$0	0.00	- \$4,249,700	- 0.75
FED	<u>0</u>	<u>0.00</u>	<u>- 4,249,700</u>	<u>- 0.75</u>
Total	\$0	0.00	- \$8,499,400	- 1.50

Prepared by: Alexandra Bentzen