

# ANDRÉ JACQUE

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*Testimony before the Senate Committee on Human Services, Children and Families*

*Senator André Jacque*

*February 2, 2022*

Committee Members,

Thank you for the opportunity to testify in support of Senate Bill 882, disregarding earned income for purposes of determining eligibility for certain public assistance programs.

Wisconsin's public assistance programs play an important role in allowing some of our neighbors to maintain a standard of living in spite of situations or personal challenges that may make it harder for them to earn a regular living in our workplace economy.

Our menu of public benefits is envisioned to have as one of its goals, helping recipients work their way to a reduced level of public assistance or even eliminating entirely the need for such help. Of course, many recipients of public benefits (including Food Share, MA, and other programs) hold jobs. Some work part-time. Some work in entry-level roles.

When a worker who receives public benefits is offered new opportunities in employment, it should be a gain for them as an employee and it should lead to less dependence on benefits. Of course, employed beneficiaries know that if they take the promotion, the increased hours, the additional job, their benefits can or often will be reduced or eliminated since they would now be making more money.

For recipients of public benefits, life is not always a sure thing. Benefits recipients contemplating a new job, a better job, a second job all know that sometimes the change might not work out. They know that if that happens, they will be unable to keep the better job situation AND they will (in many cases) have had to give up some or all of the benefits that they counted on.

Senate Bill 882 is an effort to reduce the "benefits cliff" that sometimes discourages benefits recipients from making a job move. The proposal would require DHS, DCF, and DOA to disregard increases in earned income when determining eligibility for a range of benefit programs. The time limits and the programs affected are listed in the bill.

I believe that Senate Bill 882 could be a significant opportunity for Wisconsin to assist some individuals and families become more independent, to grow and develop professionally, and to be more empowered in their own lives. The proposal is designed to take some of the risk out of trying: Trying a better job, a longer work schedule, a second job. Any savings the state might accrue to its benefits spending would be welcome, but the savings are (I feel) incidental to the gains to be made in peoples' lives by helping them gain more independence for the long term.

Thank you for your consideration of Senate Bill 882.



# SCOTT KRUG

STATE REPRESENTATIVE • 72<sup>nd</sup> ASSEMBLY DISTRICT

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Rep.Krug@legis.wi.gov

TO: Senate Committee on Human Services, Children and Families  
FROM: Rep. Scott Krug  
RE: 2021 SENATE BILL 882  
DATE: February 2, 2022

I write today to thank the committee and Chair Sen. Jacque for holding this hearing on SB 882, and to express my support for the bill.

**Wisconsin is in need of big and bold ideas.** Employment-related income alone often does not cover basic needs for families. Consequently, policies that enable workers to continue receiving public benefits while their income increases are seen by some policymakers as a way to simultaneously increase employee retention and family stability. For businesses, such policies help keep employee turnover in check and mitigate the negative effects of worker shortages.

For workers, income disregards help them stay in the workforce and provide for their families.

Earned income disregards allow certain types and amounts of income to be excluded for purposes of determining eligibility and benefit levels for support programs. State and federal leaders are enacting policies that enable income disregards to reduce or eliminate the cliff effect that can happen with small increases in income.

Income disregards also help beneficiaries' transition to work by covering work-related expenses. Child support and wages are examples of income that can be disregarded in some states. Recipients of child support can disregard a portion of that benefit when determining eligibility for TANF. Similarly, noncustodial parents can exclude child support paid from income when determining eligibility for SNAP.

In 2018, Massachusetts implemented an earned income disregard of 100% for the first six months of employment while receiving TANF, as long as the family income is not over 200% of the federal poverty level. Maine enacted similar legislation in 2019. Twelve states have an earned income disregard for determining continuing eligibility for current TANF recipients.

***MORE***

SB 882 would allow Wisconsin's public assistance programs to play an important role in allowing some of our neighbors to maintain a standard of living in spite of situations or personal challenges that may make it harder for them to earn a regular living in our workplace economy.

Reducing the "benefits cliff" that often discourages benefits recipients from making a job move must be a top priority for Wisconsin in our current and in our future economy. The proposal would require DHS, DCF, and DOA to disregard increases in earned income when determining eligibility for a range of benefit programs which are listed in the bill which include the Wisconsin Works program, the food share program, housing programs offered by the Department of Administration, and more.

Our menu of public benefits is envisioned to have as one of its goals, helping recipients work their way to a reduced level of public assistance or even eliminating entirely the need for such help. Of course, many recipients of public benefits (including Food Share, MA, and other programs) hold jobs. Some work part-time. Some work in entry-level roles.

When a worker who receives public benefits is offered new opportunities in employment, it should be a gain for them as an employee and it should lead to less dependence on benefits. Of course, employed beneficiaries know that if they take the promotion, the increased hours, or the additional job, their benefits will be reduced or eliminated since they would now be making more money. The structure of this bill levels that drop off in tiers over the course of several months to allow time for adjustments, budgeting, child care costs and more.

Benefit recipients contemplating a new job, a better job, a second job all know that sometimes the change might not work out. They know that if that happens, they will be unable to keep the BETTER job situation AND they will (in many cases) have had to give up some or all of the benefits that they counted on. We want people to feel as though taking a risk is worth the effort needed.

I believe that SB 882 could be a significant opportunity for Wisconsin to assist some individuals and families become more independent, to grow and develop professionally, and to be more empowered in their own lives. The proposal is designed to take some of the risk out of trying: Trying a better job, a longer work schedule, a second job. Any savings the state might accrue to its benefits spending would be welcome, but the savings are (I feel) incidental to the gains to be made in peoples' lives by helping them gain more independence for the long term.

I ask for your support of Senate 882 and thank you for your consideration.



**TO:** Chair Jacque, Vice-Chair Ballweg, and Honorable Members of the Senate  
Committee on Human Services, Children, and Families

**FROM:** Amanda Merkwae, Legislative Advisor

**DATE:** February 2, 2022

**SUBJECT:** 2021 Senate Bill 882

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Thank you for the opportunity to provide written testimony for information regarding Senate Bill 822. The Department of Children and Families (DCF) is the agency responsible for administering the Wisconsin Works (W-2) program, one of the assistance programs included in the provisions of SB-882. W-2, Wisconsin's primary Temporary Assistance for Needy Families (TANF) program, seeks to provide the necessary training, case management services, and financial incentives for low-income parents to obtain permanent and stable employment.

SB-882 requires that DCF, the Department of Health Services (DHS), the Department of Administration (DOA), and the Wisconsin Housing and Economic Development Authority (WHEDA) develop a method to disregard a percentage of income earned from employment—during different periods of time specified in the bill—for purposes of determining eligibility for various public assistance programs. This income disregard applies if the increase in earned income is the result of becoming employed after being unemployed or is the result of a documented increase in work hours or pay rate.

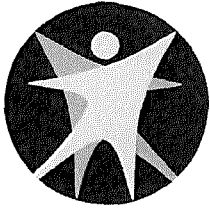
As written, this bill has no effect on the W-2 participant eligibility due to the structure of the program. The W-2 program puts participants into categories, called placements, based on participants' job readiness and needs. A participant can be put into a paid (receiving a benefit) or unpaid placement (not receiving a benefit). W-2 participants without a job are in placements where they are learning skills to become job-ready and are paid a benefit (considered subsidized employment). W-2 participants with an unsubsidized job do not receive a benefit and receive case management services, called the Case Management Follow-Up (CMF) placement. In cases where participants meet a minimum number of work hours, they receive a \$50/month supplemental payment and the placement is called Case Management Follow-Up Plus (CMF+). There is a 12 consecutive month limit to being in a CMF or CMF+ placement. Once participants are placed in a

CMF or CMF+ placement, their income and assets are excluded for eligibility. A participant only leaves the CMF or CMF+ placement due to a reduction in job hours, time limit for the placement, the loss of a job, or becoming non-financially eligible (e.g., no longer a custodial parent).

This bill does not make a distinction between subsidized and unsubsidized employment. This could mean that the bill is meant to include the subsidized employment placement of a Community Service Job (CSJ), where W-2 participants who are not ready for unsubsidized employment practice work habits and skills at a CSJ work site. For full-time participation in a CSJ placement, a participant receives a monthly benefit payment of \$653. However, there is no opportunity for financial raises or the ability to work more hours; therefore, this bill has no effect on this placement. Additionally, the CSJ is considered training, so it is unclear if it would be considered employment under the purview of this bill.

SB-882 would also have a significant impact on the Wisconsin Shares program. While Shares is not enumerated as a public assistance program in the bill language, s. 49.155 is included in the statutory range listed for the W-2 program. Under 2017 Act 59, the 2017-19 Biennial Budget, the Shares eligibility statutes were modified to scale down the subsidy with an increase in income rather than sharply dropping at the exit threshold, thereby remedying the "benefits cliff" that previously existed. In addition to altering the gradual subsidy decrease created by 2017 Act 59, it is anticipated that the changes proposed in SB-882 would result in significant implementation costs, including IT systems changes. Further, complex programming would be required in order to use DWD's self-sufficiency standard in eligibility determinations.

Thank you for the opportunity to provide written comments about this legislation. Please do not hesitate to contact me at [amanda.merkwae1@wisconsin.gov](mailto:amanda.merkwae1@wisconsin.gov) or (608) 513-7604 if there are any questions.



State of Wisconsin  
**Department of Health Services**  
Tony Evers, Governor  
Karen E. Timberlake, Secretary-Designee

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**TO:** Members of the Senate Committee on Human Services, Children and Families

**FROM:** HJ Waukau, Legislative Director Wisconsin Department of Health Services

**DATE:** February 2, 2022

**RE:** SB 882 relating to: disregarding earned income for purposes of determining eligibility for Certain public assistance programs

The Department of Health Services (DHS) would like to submit written testimony for information only on Senate Bill 882 (SB 882) regarding the creation of an earned income disregard as it relates to the FoodShare program administered by DHS. SB 882 proposes that DHS create an earned income disregard for FoodShare eligibility if there is an increase in earned income as a result of becoming employed after being unemployed, or if it is the result of a documented increase in work hours or pay rate. The earned income disregard would be applied starting with 100 percent of new income being disregarded and tapering off until all of the earned income would be counted over the course of 120 days.

Federal regulations prescribe how and what income must be counted for the Supplemental Nutrition Assistance Program (SNAP) eligibility which the FoodShare program must adhere to. Per § 7 CFR 273.9, all income must be counted unless specified as disregarded in § 273.9(c). In other words, the earned income disregard proposed in SB 882 is not allowable for FoodShare per federal regulations.

No other states currently have such an eligibility exception as described in SB 882, and DHS would need to seek approval for a demonstration waiver from the United States Department of Agriculture Food and Nutrition Service (FNS), for a change in eligibility standards. FNS establishes program rules for SNAPs like FoodShare so they are operated similarly by each state. SB 882 does not provide DHS the authority to submit a demonstration waiver to FNS and it is unknown at this time if or how FNS would grant such an approval, as the provisions SB 882 fall outside of the SNAP income exclusions allowed by federal regulation.

Further, implementing the proposal under SB 882 would require substantial system changes. DHS's Client Assistance for Re-employment and Economic Support (CARES) system would need to be updated. Based on previous experience for similarly complex system changes DHS estimates that such changes would require a one-time cost of \$6,525,000 in GPR funds. SB 882 does not provide funding for DHS to make these system updates.

SB 882 would also create additional fiscal implications for other areas impacted by the changes proposed under the bill. First, the provisions of SB 882 would likely result in increased annual workloads for income maintenance agencies who would either need to absorb the cost of these changes or fund additional costs with a county tax levy. No federal funding could be claimed for these costs. Second, SB 882 would require additional notices to be mailed for FoodShare households. Third, a new GPR appropriation to fund a new state food benefit program would need to be created based on the difference between under the provisions of SB 882 and FoodShare benefits under current law. This would require a new annual appropriation and DHS would need to complete a detailed analysis to determine the number of FoodShare households that would be impacted. Fourth, DHS's contract with its

electronic benefit transfer (EBT) vendor would need to be amended to cover the additional scope of services created by SB 882. Specifically the EBT vendor would be required to track state and federally funded benefits on member cards separately, necessitating DHS to develop caseload projections before entering into new contract negotiations. While the specific financial impact of all of these changes is unknown at this time they can be reasonably expected to be significant.

DHS is constantly evaluating new methods to improve the administration of its programs in service to the people of Wisconsin while being good stewards of taxpayer funds. We thank the Committee for the opportunity to provide written testimony for information only and offer ourselves as a resource for Committee members for any follow up or additional information that may be needed.



February 1, 2022

**To:** Chair Jacque  
Members of the Senate Committee on Human Services, Children and Families  
**From:** Wisconsin Primary Health Care Association  
**RE:** Consideration of SB 882, Disregarding earned income for purposes of determining eligibility for certain public assistance programs

Chair Jacque and Members of the Committee on Human Services, Children and Families,

The Wisconsin Primary Health Care Association (WPHCA), the member association for Wisconsin's 17 Federally Qualified Health Centers (Community Health Centers), is writing to provide feedback regarding Senate Bill 882 (SB 882), before your committee for consideration on February 2. **We neither support nor oppose the bill, but offer information for your consideration when pursuing legislation related to public benefits and employment considerations. We do, however, appreciate the general approach this legislation offers in terms of extending benefits in lieu of terminating critical benefits.**

In 2020, across nearly 200 Wisconsin locations, Community Health Centers served nearly 300,000 patients, providing primary care, dental, behavioral health, and other preventative services for Wisconsinites who are often missed by the traditional health care system – regardless of a patient's ability to pay. The majority of patients served by Community Health Centers are beneficiaries of public assistance programs such as Medicaid and FoodShare. In 2020, 55% of patients were Medicaid beneficiaries, and 79% were at or below 200% of the Federal Poverty Level (\$26,500 for a family of four).

Because of the population served by Community Health Centers, WPHCA is interested in maintaining and strengthening services for low-income and under-resourced families that leverage public assistance programs for health insurance, food assistance, childcare supports, and other programs that improve overall health and well-being. These programs enable individuals and families to seek employment, pursue education, and fully reach their potential. WPHCA also supports the work of Community Health Centers in facilitating outreach and enrollment in insurance market solutions, such as private insurance available through the Affordable Care Act marketplace.

**We appreciate that SB 882 aims to address benefit cliff concerns by briefly extending eligibility when income increases, rather than abruptly ending benefits.** We do not believe that adding administrative burdens or reducing eligibility, which is the case under other legislation recently introduced, will have the desired effect of stimulating employment. For example, many employers do not offer health insurance even for full-time employees, and increased income may be insufficient in covering child-care expenses, which may keep families out of the workforce.

**WPHCA thanks Senator Jacque for the introduction of SB 882, which recognizes the importance of public assistance programs such as FoodShare, Wisconsin Works, utilities assistance programs, and more.** These programs serve both rural and urban communities across Wisconsin and are critical for hundreds of thousands of low-income families. Without program-specific state data on the scope of benefit cliffs effects in Wisconsin, however, we do not believe that a one-size-fits-all





strategy, as indicated in SB 882, would necessarily lead to the effect of reducing potential increased employment disincentives. We are not aware of specific data that indicates how many families are actually experiencing benefit cliffs as a disincentive to increasing marginal employment. Further, the four-month extension indicated in SB 882 may not be sufficient to address increased income issues and transition from benefits.

We also have several concerns regarding the administrative impacts on enrolled participants and programs, which may outweigh potential gains in the bill. Finally, upon cursory review, we add that such eligibility extensions may not meet federal requirements. **We are interested in further discussion to identify evidence-based solutions supporting both employment and health outcomes, and welcome dialogue on this important issue.**

On behalf of Wisconsin's Community Health Centers, thank you for the consideration of our comments regarding SB 882. We are appreciative of this legislation's approach to identify barriers to employment, while acknowledging the role that public benefits play in supporting healthy families.

Sincerely,

Richelle Andrae  
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**To:** Members of the Senate Committee on Human Services, Children and Families  
Senator André Jacque, Chairman

**From:** Kathi Kilgore, WHLA Contract Lobbyist

**Date:** February 2, 2022

**Re:** Support for SB 882– Disregarding earned income for purposes of determining eligibility for certain public assistance programs

We would like to thank Senator Jacque and Representative Krug for introducing this important legislation, and we thank the committee for taking it under consideration.

As you are well aware, the labor crisis has had a significant impact on Wisconsin's lodging industry. In fact, a recent survey of our members shows that 23% of the jobs in our properties are vacant at this time. In the lodging world, this can mean later check-in times, reduced schedules for the coffee shops, restaurants and bars at lodging properties, and even removing hotel rooms from inventory simply because we cannot turn them over to accept more guests.

We recognize that there is no single silver bullet that will fix this problem, but legislation such as this is a great first step in alleviating some of the challenges that lodging properties are experiencing as employers. More than 50% of our members report that they are aware of employees who are not taking more hours and/or promotions due to the effect it would have on public benefits that they receive. By requiring various state agencies to disregard increases in earned income when determining eligibility for a range of benefit programs such as FoodShare and Medical Assistance, lodging properties will be able to put more heads in beds, provide better service to travelers in the state, and provide career paths to people from many different backgrounds and experiences.

By addressing this issue, we can help individuals and families to become independent of public assistance programs in the long term, by giving them the opportunity to work more and climb the career ladder in the lodging industry. This legislation is a step toward addressing this complex issue, and we ask for your support to help workers and employers throughout Wisconsin.

Please support SB 882. Thank you for your consideration.



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February 2, 2022

TO: Senate Committee on Human Services, Children and Families  
Senator Andre Jacque, Chair

FR: Susan Quam, WRA Executive Vice President

RE: Written Testimony on SB 882

Thank you for the opportunity to submit written testimony on SB 882. I apologize for not being able to attend in person.

One in every three adult workers had their first job working in a restaurant. This is because restaurants have many "entry-level" positions that are meant to be temporary stepping-stones as people enter the work force. Some people move their way up the career ladder within our industry. Others enter other career pathways. Either way, restaurants are where employees learn work soft skills, basic work ethics and how to work with colleagues. In most parts of the state, these entry level positions are now paying adults \$15/hour or more.

Our members tell us that many times when they wish to promote an employee to a new position, with higher pay and/or full time hours, often times the employee turns down the position. Why? Because the increase in pay may not cover the loss of the public assistance benefits the employee receives. In addition, current market conditions have significantly increased hourly wages in restaurants, making it even harder for employees to earn more without losing all of their benefits at once.

Our current public assistance programs play an important role in allowing people to maintain a standard of living in spite of situations or personal challenges that may make it harder for them to gain employment or work full time. However, the system is woefully out of date and actually keeps people it is meant to help from earning more money and moving up the career ladder.

Public assistance programs need to be updated and reformed to allow people to increase their income and gradually reduce their need for additional help. Unfortunately, many assistance programs cut off help abruptly or in drastic reductions, which make it impossible for people to take promotions or increase their work hours. Many times a \$1.00 increase in hourly wages or eight additional works hours/week can put a person above the benefit threshold, and they abruptly lose thousands of dollars in assistance, which is much higher in value than their increase. This upside down ratio – aka a cliff - makes it hard for a person to follow a career path that leads them to independence from assistance. The gradual decline needs to be a scale based on wages earned on not based on a definite timeline.

Our members real-world experiences with their employee's benefit cliffs has shown us that helping people off of assistance as they earn more in wages needs to be done on a at least a one to one ratio – for every dollar higher a person earns, they do not lose more than the equivalent value of one dollar in assistance. This may need to take employment related taxes the employee pays and the buying power of the benefit that is being reduced into consideration in developing the proper ratio.

WRA supports what SB 882 is designed to accomplish. We strongly suggest that the bill be amended to allow for the decrease in assistance be based wages and a gradual change in benefits rather than the



definite time based reduction in assistance it currently has. As we stated earlier, our experience has shown us that four months with a 25 percent reduction each month in assistance will not get people off the sidelines and working more. The unintended consequences will only make them more dependent by encouraging them to keep what they already have, which is "safer".

The Wisconsin Restaurant Association (WRA) represents over 7,000 restaurant locations statewide. Our organization represents all segments of the restaurant and hospitality industry; our membership includes *food establishments of all types and sizes, such as seasonal drive-ins, supper clubs, diners, bars, locally owned franchisees, fine-dining and hotels/resorts.* Over 75 percent of our membership are independent restaurants. Regardless of ownership type, all restaurants are the cornerstones of their neighborhoods and communities. Restaurants not only provide great food, drink and hospitality, they support schools, teams, charities and churches with fundraising and donations. They provide meeting places to celebrate, mourn and organize, or just provide a safe, tasty meal for a busy family.