



Legislative Proposals in the Special Session on Welfare Reform

Investing in the programs that help our friends and neighbors with the training, skills, and resources to gain employment is a goal that we all support. A good job with healthcare and stable housing are the best antidotes to hunger and we support policies that provide the supports and create the pathways and opportunities for Wisconsinites to achieve these goals.

While we support some of the proposals in the package, we are concerned that many of the legislative proposals place untargeted, untested and overly-broad requirements that do not address the real challenges that low-income individuals and families face in participating with the workforce and will put the ability for these individuals to receive and utilize vital nutrition assistance at-risk, making them and their families less healthy and less ready for work.

Proposals we support

- **Special Session Assembly Bill 5: Relating to: creating a pilot and permanent program for making periodic payments to eligible recipients of the earned income tax credit and making an appropriation.**

The Earned Income Tax Credit is an important benefit for working Americans with low-wages. Currently, EITC recipients receive their benefits annually when they file their taxes. While this structure creates a mandatory savings program, having periodic payments could help families living paycheck to paycheck use the extra money to buy food or pay utilities. Advance EITC (AEITC) was a federal program that made monthly payments to EITC recipients. It ended in 2011 due to low uptake and administrative complexity.

We support the spirit of giving people the independence to choose having their EITC benefits paid on a monthly basis or annually. The pilot should aim to build on the learnings from AEITC to understand how to best implement this program in a way that fits into the lives and helps working families.

The program should be a voluntary option and it shouldn't inadvertently penalize recipients due to the variable nature of their work. For example, taking an annual expected credit of \$4,000 and splitting it up into 12 monthly payments may not take into account real time worked and so some workers may find themselves owing taxes when they file. Rather, the program should be built in a way accurately pays recipients for the credit they are eligible for within the most recent month.

- **Special Session Assembly Bill 7: Relating to: pay for success contracting, establishment of pay for success trust fund, and making an appropriation.**

Social impact bonds (SIB) - or pay for success contracting - are an emerging financing and contracting model to address deep social issues and shift the measurements in social service delivery from outputs to outcomes.

While some of the initial SIB projects have not yielded the levels of success that many have hoped for, we believe that there is more that needs to be learned about how pay for success could work and how it can be implemented more successfully.

Our concern is that no matter how successful SIBs are, they should not be seen as a replacement for public funding of social services. The private sector, including businesses and NGOs, can be a useful partner for deliver services, but funding for quality public services like schools, public healthcare, and other social safety net programs still must have reliable public funding since they often do not offer quick financial returns.

Proposals that we could support

- **Special Session Assembly Bill 6: Relating to: payments based on performance for Wisconsin Works and FoodShare employment and training program contractors.**

Last year, we released four principles that state and federal policymakers should follow for positive FoodShare reform. The second principle was that work training has to work.

Over the last two years, Wisconsin has reinstated a 20-hour work requirement for single adults without children. While over 20,000 people were connected to jobs, more than 100,000 didn't enroll in FSET, many of whom also then lost their food benefits.

We know from our FoodShare outreach work, that a population that is extremely hard to reach is childless adults. Many are dealing with undiagnosed disabilities or have other challenges that make it difficult for them to engage with the labor force.

Success metrics must ensure that:

1. Cases are determined with a high rate of accuracy
2. Client are connected to good paying jobs within a certain timeframe
3. When clients may not be eligible for W2 or FSET that there are warm hand-offs and proper diversion into other programs
4. Clear, consistent and accurate application of work requirement exemption policy
5. The program adequately addresses the existing barriers to participating in the labor market, such as access to childcare and transportation
6. Contractors engage with stakeholders to further refine program administration, including clients

Success metrics should not simply be based on capitation, where contractors are paid for the number of people being referred and processed.

Proposals we oppose

Increasing and Expanding Work Requirements in FoodShare

- **Special Session Assembly Bill 1: Relating to: required hours of participation in the FoodShare employment and training program.**
- **Special Session Assembly Bill 2: Relating to: statewide FoodShare employment and training program requirement for able-bodied adults.**

While a good paying job with enough hours is the best anti-hunger program, FoodShare is not a jobs program. It is a nutrition program that supports people with the food they need to work, learn and support themselves and their families.

FoodShare Employment and Training (FSET) has shown some promise connecting FoodShare participants to jobs, but with 1 in 9 people referred to FSET losing FoodShare benefits, there is still opportunity for improvement to fine tune the program.

Our support of Special Session Assembly Bill 6 is our hope that working together, we can improve the FSET program so that it works for all people opting to utilize it as a way to meet the existing work requirement for single adults.

Overly broad work-requirements such as the ones being proposed here do not address the many variables in participant employability, geographic distribution of jobs, availability of hours and other supports needed for successful employment.

One of the most common things our FoodShare specialists report when talking to clients is that many of them want more hours at work but that there aren't any more available.

We are concerned that by expanding the required work hours would hurt the vast majority of FoodShare participants who are working hard, playing by the rules, and waiting for the extra hours on the job.

By increasing the work hours required for individuals to meet the work requirement, it may actually create disincentives for work, especially if the work opportunities or hours may not be available where people live, or if they have to take on additional costs for childcare.

We urge the Public Benefits Reform Committee to:

- Amend these proposals to be regional pilots, with rigorous evaluation studies to understand the local labor market, the challenges to employment, including availability of reliable transportation and quality childcare, and the potential impact on program participation. These evaluation studies should be conducted in conjunction with local stakeholders, employers, and FoodShare participants.

Asset Testing

- **Special Session Assembly Bill 3: Relating to: asset restrictions on eligibility for FoodShare, Wisconsin Works, and Wisconsin Shares.**

Asset limits discourage families from saving and since the average FoodShare participant has only \$333 in savings, this proposal creates an unnecessary administrative barrier for people to essentially prove that they are poor.

High asset limits, such as the ones proposed here, may force families in temporary need to liquidate their hard-earned assets in order to seek some basic safety net assistance to get through a tough time.

During the Great Recession hundreds of thousands of Wisconsinites who had worked hard and played by the rules lost their jobs. If a similar asset test had been in place, many of them would have had to potentially sell a car or a house just to qualify for very basic nutrition assistance, making it much harder for them to make it through an already tough time.

The way asset limits are implemented also create disincentives for families to honor their obligations. For example, if a family falls onto hard times and they are a few payments away from the \$20,000 equity value of their car, an asset limit such as the one being proposed becomes a disincentive for the family to continue paying off their loan.

Good policy ought to provide incentives for families to build assets in order to achieve self-sufficiency, not the other way around.

We urge the Public Benefits Reform Committee to:

- Amend this asset test to fully exempt the elderly, blind and disabled (EBD)
- Ensure that the burden of verification is low enough to ensure that the vast majority of program participants who do not own homes or cars with values that would trigger the asset limit are not caught up in a bureaucratic paper chase to prove that they are poor

FoodShare Photo ID

- **Special Session Assembly Bill 10: Relating to: photo identification cards for FoodShare recipients**

We support policies and efforts to reduce fraud and increase program accountability. We are opposed to FoodShare Photo IDs because these laws do not accomplish either objective.

FoodShare Photo ID reduces program accountability by shifting the burden of verification and fraud detection from the federal and state government to private businesses, specifically super market store cashiers. In addition, since federal law allows anybody in a household to use the FoodShare card to buy food, it puts supermarket cashiers in an impossible position to accurately determine whether the person using the card is in a qualified assistance group with the person in the photo.

The major source of FoodShare fraud is known as benefit trafficking and it involves the exchange of benefits for cash. FoodShare Photo ID does not adequately address this because benefit trafficking requires another person, often an employee at a store processing EBT benefits, to agree to exchange the benefits into cash. A photo on an EBT card would be ineffective at preventing this type of fraud.

Nationally, the SNAP program enjoys historic highs in program accuracy (96.2% in 2010) and historic lows in program fraud (1.5 cents per benefit dollar). The transition to EBT cards, which utilize advance data matching and audit techniques to track and flag transactions in real-time, has been credited with this increased program integrity. In Wisconsin, total annual overpayments due to fraud amount to less than 1% of the entire program.

The USDA has ramped up efforts to address both of these types of most common fraud and is aggressively pursuing repayment of benefits that may have been fraudulently obtained.

If the committee decides to pursue FoodShare Photo ID, we strongly urge the committee to consider the following amendments:

- Amend the bill to include adding a photo to all debit cards in Wisconsin. If the state believes that adding a photo to EBT cards fights fraud, it should cover all holders of debit banking cards to ensure that all Wisconsinites have the same protection against fraud.
- Create a system to train and monitor store cashiers to ensure accurate and proper administration of the law, which allows anyone in the assistance unit to utilize the card, and not just the person pictured.
- Amend the bill to ensure that FoodShare photo ID cards are a valid form of voter ID. If the state issues these Photo FoodShare ID cards, they be a state issued identification card and people who receive one should be able to use it to vote.

For more information, please contact David Lee, Executive Director, Feeding Wisconsin, at dlee@FeedingWI.org