

# Hunger Task Force Position Paper

## Hunger Task Force Position

- Photo ID EBT does not reduce fraud. Photo ID EBT is expensive, ineffective and a waste of taxpayer dollars.
- Mandating FoodShare Employment & Training (FSET) for parents will increase childhood hunger in Wisconsin.
- Wisconsin passed an asset test for FoodShare last summer. This new punitive measure will needlessly take away a family's car.
- Requiring 120 hours per month of FSET participation for an average monthly FoodShare benefit of \$105.97 is a violation of federal law.
- The best way to end hunger is with family-sustaining jobs and high-quality job training that can provide a path to independence. However, rewarding contractors by providing bonuses for part-time and temporary employment, without any set benchmarks, does not help families. There should be a required evaluation for all contractors to measure impact. FSET should incentivize meaningful training that moves families toward careers.
- We need to fix Wisconsin's FSET program before we expand it.

## **Hunger Task Force OPPOSES the dramatic Special Session changes to FoodShare.**

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### **BACKGROUND**

FoodShare is Wisconsin's name for the Supplemental Nutrition Assistance Program (SNAP). SNAP is a program of the U.S. Department of Agriculture (USDA), administered in Wisconsin by the Department of Health Services (DHS). FoodShare benefits may only be used to purchase food, not including hot or prepared items. 43% of FoodShare recipients are minors. 40% of FoodShare households have a member who is either elderly, blind or disabled. 100% of FoodShare benefits are federal dollars coming into the State of Wisconsin. None of the Governor's proposed changes to FoodShare would save taxpayer dollars. In fact, some of these proposals would cost Wisconsin tens of millions.

The Governor's call for a special session of the legislature dramatically changes the FoodShare program in Wisconsin, gutting protections for families that truly need help. FoodShare helps the most vulnerable people in our state. The best way to end hunger is with family-sustaining jobs. Taking away access to food does not increase independence, it only increases hunger.

### **ANALYSIS**

#### **JR8 SB10 – Relating to: photo identification cards for FoodShare recipients**

Requires DHS to prepare and submit an implementation plan to USDA's Food Nutrition Service (FNS) to approve issuance of Electronic Benefit Transfer (EBT) cards, the card that FoodShare recipients receive their benefits on, which contain a Photo ID of recipients.

- FoodShare Photo ID EBT is expensive.
  - [SB624](#) and [AB702](#) propose adding a photo on Wisconsin's EBT card. The fiscal analysis demonstrated this proposal would cost taxpayers nearly [\\$10 million dollars](#), including millions of dollars in annual maintenance.
  - In Pennsylvania, the cost of each EBT card went from [\\$0.23 to \\$8 with a similar proposal](#). Pennsylvania ultimately did not add a photo ID to their EBT cards due to cost.
- Photo ID EBT is ineffective.<sup>1</sup>
  - Federal regulations require FoodShare recipients to be treated the same as other shoppers.<sup>2</sup> Additionally, [7 CFR §278.2\(h\) states](#): *Retailers must accept payment from EBT cardholders who have a valid PIN regardless of which State the card is from or whether the individual is pictured on the card. Where photo EBT cards are in use, the person presenting the photo EBT card need not be pictured on the card, nor does the individual's name need to match the one on the card if the State includes names on the card. However, benefits may not knowingly be accepted from persons who have no right to possession of benefits. If fraud is suspected, retailers shall report the individual to the USDA OIG Fraud Hotline.*
  - [States](#) across the country have tried to add photo ID in [various ways](#). All [have failed](#).
- Photo ID EBT is bad for business.
  - [JR8 SB10](#) states DHS' plan "shall require an individual to show an electronic benefit card when making a purchase using food stamp benefits."
  - This bill puts the onus on grocery store clerks to carry out this law by checking the photo EBT of every customer who comes through the line with an EBT card. Since FoodShare benefits are for the household, each household member can use the benefits. How will grocery store clerks deal with children or a grandparent purchasing food for their family when the parent isn't present?
  - This bill puts grocery store clerks in the position of possibly denying someone food who is legally able to purchase it and opens up grocers to potential lawsuits.

#### **[JR8 SB2](#) – Relating to: statewide FoodShare employment and training program requirement for able-bodied adults.**

Require statewide FoodShare employment and training program requirement for able-bodied adults.<sup>3</sup>

- This mandate will increase childhood hunger in Wisconsin.
  - FoodShare is a program to provide food aid to vulnerable families. It is not a jobs program.
  - Children, between ages 5-9 make up 13.2% of FoodShare recipients in Wisconsin, making them the largest percentage for any five-year grouping. 50% of FoodShare recipients are 24 and younger.
  - While the changes to FoodShare are intended for adults, kids will be the ones who suffer. When parents lose access to food aid, their children go hungry.

<sup>1</sup> **7 CFR 273.2(n) (3) Using benefits.** A household may allow any household member or nonmember to use its EBT card to purchase food or meals, if authorized, for the household.

<sup>2</sup> **7 CFR 278.2(2)(b):** No retail food store may single out coupon users for special treatment in any way.

<sup>3</sup> §49.49, Wis.Stats defines able-bodied adult as 18 to 50 years of age, not pregnant, not exempt from the work requirement under federal law, and not determined mentally or physically "unfit" for employment. 7 CFR 273.24(c)(5) and §273.7(b) exempts: a person caring for a dependent child under 6 or an incapacitated person; a person who applied for or is receiving unemployment, a participant in an AODA program, employed or self-employed person working 30 hours weekly, or a student enrolled at least half-time in any recognized school, training program or institution of higher education.



- FSET is broken. Mandating work does not create family-sustaining jobs.
  - FSET needs to be fixed before it is expanded. The data clearly shows that FSET has failed to help current participants gain employment. Taking away FoodShare for not complying with a failed program will not help struggling parents get a job. We need to ensure that parents have access to quality training and education, child care and reliable transportation that will help them to get and keep a job.
  - 84,267 FoodShare recipients have lost their benefits due to time-limited benefits between April 2015 and November 2017.
  - 9 FoodShare recipients lose access to food aid for every 1 FSET job reported. Adding [87,600](#) more participants to an already broken system will lead to more people falling through the cracks, losing FoodShare and needing emergency food.
  - Even while spending tens of millions of Wisconsin taxpayer dollars on FSET, an average of 41% of FSET enrollee program activity is categorized as “Job Search”.
  - Evidence shows that work requirements *do not* increase employment outcomes or reduce poverty.<sup>4</sup>
- There is no assurance that FSET placements would occur during the school day, leading parents to require adequate childcare when children are not in care of the school. Parents would have to choose between complying with FSET and spending time with their children.

**JR8 SB3 – Relating to: asset restrictions on eligibility for FoodShare, Wisconsin Works and Wisconsin Shares.**

Creates an asset test for non-exempt<sup>5</sup> adult participants of FoodShare. Participants have a \$20,000 limit on total equity of non-work-related vehicles, and a primary residence must be worth less than 200% of the median value of Wisconsin homes (\$321,000). The asset testing does not apply to individuals with hardship exemption IF DHS promulgates rules regarding a hardship exemption.

- This asset test will eliminate a family’s ability to have safe, reliable vehicles for both family and work obligations.
  - Welfare reform is intended to promote financially stable households. Eliminating a second family car that allows one parent to take kids to school, the doctor, church services or grocery shopping while the other parent is at work will not decrease hunger in Wisconsin or have a positive impact on families.
  - Taking away the family car will not lead the second parent to employment – decreasing transportation will hinder the second parent’s ability to attend job interviews, job training or other work related activities.
- Implementing this asset test will only add additional bureaucracy to the program.
  - The paperwork required to prove eligibility is daunting. Pennsylvania stopped their asset test after [111,000 households were denied benefits](#) because they had trouble producing all of the required documentation.
  - This will increase bureaucratic oversight for an already streamlined and efficient program and would require DHS to do significantly more work without adding any means to their budget.
- Implementing this asset test will disproportionately impact individuals living in rural areas in our state.
  - Individuals who live in rural areas do not have access to reliable public transportation. By mandating a choice between food and a car, Wisconsin would be taking away an individual’s freedom and sense of independence to safely travel throughout their community.

<sup>4</sup> <https://www.cbpp.org/research/poverty-and-inequality/work-requirements-dont-cut-poverty-evidence-shows>

<sup>5</sup> Exempts elderly, blind and disabled (EBD) FoodShare recipients and children from the new asset test.

- Most families are on FoodShare for short periods of time. Choosing between a car and putting food on the table will deny families an asset that improves their chances of finding work and becoming independent from FoodShare.
  - Asset limits do not help people move from benefits to self-sufficiency. Eligibility requirements that penalize savings and ownership are counterproductive to the goal of helping families achieve economic security.
  - Research suggests that access to a vehicle improves the likelihood that SNAP recipients will gain employment, obtain higher wages and transition off of public assistance.<sup>6</sup>

**JR8 SB1 – Relating to: required hours of participation in the FoodShare employment and training program.**

Requires DHS to set required hours of participation in FoodShare Employment and Training to coincide with the maximum allowed under federal law.

- The average monthly FoodShare benefit for an individual in 2017 was \$105.97.
- DHS may not set the maximum hours required for FSET at a level that exceeds the minimum wage. The Wisconsin minimum wage in 2017 was \$7.25. If an individual is receiving the average monthly benefit of \$105.97, they cannot be required to work more than 14.62 hours a month under this new proposal.
  - 7 CFR 273.7(e)(3)(ii) states: The time spent by the members of a household collectively each month in an E&T work program (including, but not limited to, those carried out under paragraphs (e)(1)(iii) and (e)(1)(iv) of this section) combined with any hours worked that month in a workfare program under paragraph (m) of this section must not exceed the number of hours equal to the household's allotment for that month divided by the higher of the applicable Federal or State minimum wage. The total hours of participation in an E&T component for any household member individually in any month, together with any hours worked in a workfare program under paragraph (m) of this section and any hours worked for compensation (in cash or in kind), must not exceed 120.
- Part-time college students would be the most vulnerable group who would likely drop off of the program.
  - Adding 30 hours a week of FSET on a part-time college course load can cause a major burden, especially when considering transportation, class scheduling and costs.

**JR8 SB6 – Relating to: payments based on performance for Wisconsin Works and FoodShare employment and training program contractors.**

Requires DHS and DCF to implement performance-based payment systems for Wisconsin Works (W-2) and FSET contracts.

- The requirement that the department establish outcomes for FSET is a step in the right direction. However, FSET contractors should not provide incentives for temporary employment and part-time placements.
  - *FSET contractors should have meaningful benchmarks that incentivize moving people toward careers, not temporary jobs.*
  - *FSET should remove real barriers to employment by connecting FoodShare recipients with drivers licenses, vocational certifications, GEDs or high school diplomas.*
  - *FSET should individualize employment plans based on skill set, location and need instead of handing out generic print-outs of temporary job openings.*

<sup>6</sup> <http://web.utk.edu/~dbruce/jue05.pdf>



- *FSET participation should not be a mandate. Wisconsin should eliminate time-limited FoodShare benefits. 10 counties and 3 cities in Wisconsin are designated as “labor surplus areas” where there are significantly more people looking for work than jobs available. Mandating work does not create jobs.*
- *FSET funding should be directed toward the Wisconsin technical colleges. Wisconsin technical colleges and the Wisconsin Transitional Jobs Program have proven track-records of creating real paths toward sustainable employment.*
- FSET lacks evaluation for contractors.
  - We fully support strong investment in high quality job-training that helps people obtain family-supporting careers. While this bill does have some performance outcome indicators, it fails to provide adequate benchmarks or, at minimum, a standardized form to report on those indicators.
  - During the 2017-19 State Budget process, [Governor Walker line-item vetoed evaluation reports to be conducted on the FSET program.](#)
  - Due to Governor Walker’s veto, DHS does not need to produce an “Outcome Report” to the Joint Finance Committee nor report any needed improvements and contract modifications for FSET. Taxpayer money is being used to pay vendors that are not held to any sort of evaluation or benchmark.
- Performance-based payments need to be transparent.
  - If taxpayer money is going to be used to incentivize companies to provide employment or job-training opportunities, the evaluation system should be easy to understand and navigate.
  - A standardized evaluation form with benchmarks set by the state will provide much of the transparency needed for accountability. If there are no parameters or rules, contractors may be more likely to cycle individuals through meaningless volunteer or temporary positions than work to find real careers for FoodShare recipients to achieve their bonus payment from the state.
- Individualized employment assessments and customized job-training sessions need to be a factor in performance-based payment.

Every Wisconsin resident deserves the opportunity to receive a great education and a family-supporting job. We should not take away a struggling family’s food in a rushed special session without real opportunity for input from those impacted by these proposals. FSET funding should be transparent and contractors should be accountable for how taxpayer money is spent. FSET contractors should not be rewarded for cycling vulnerable folks in and out of temporary jobs. Wisconsin should fix FSET before we expand it. Spending tens of millions of dollars on tactics that have failed across the country will cut people off the program, stretch income maintenance workers to their limit, and create a bureaucracy that pushes vulnerable families into dependence on food pantries and charities. This proposal will increase hunger in Wisconsin.

## FOODSHARE FACTS:

- SNAP participation has been found to reduce food insecurity for households.<sup>1</sup>
- Food insecurity has been found to have many negative impacts on the health of individuals including higher rates of diabetes, heart disease, and depression.<sup>2</sup>
- About 670,764 people (one in nine) in Wisconsin currently use SNAP / FoodShare benefits.<sup>3</sup> In 2016, more than 967 thousand people (17%) in Wisconsin received SNAP / FoodShare.<sup>4</sup>
- In 2017, about 68% of FoodShare recipients are either minors (43%) or elderly, blind or disabled (25%).<sup>5</sup>
- In 2017, about 32% of FoodShare households have at least one person working. 40% of adult recipients are employed.
- About 35% of FoodShare recipients are female adults and about 22% are male adults.
- Between 2009 and 2012, SNAP kept 125,000 people out of poverty in Wisconsin, including 54,000 children.<sup>6</sup>
- In 2016, the average allotment per SNAP/FoodShare individual in Wisconsin was about \$105.89 per month.<sup>7</sup>
- 100% of FoodShare benefits are paid by the federal government. Program administration is shared equally between the state and federal governments.<sup>8</sup>
- \$1.00 of FoodShare generates \$1.70 in local economic activity.<sup>9</sup>
  - Over 900 Million in FoodShare benefits were redeemed by 4,154 Wisconsin retailers in 2016.<sup>10</sup> This generated over 1.5 Billion dollars in the local economy.

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<sup>1</sup> Does SNAP decrease food insecurity?; USDA Economic Research Service Report Number 85, October 2009

<sup>2</sup> Olson, C.M. (1999). *Nutritional and Health Outcomes Associated with Food Insecurity and Hunger*. The Journal of Nutrition, 129: 521524.

<sup>3</sup> Wisconsin Department of Health Services (December, 2016)

<sup>4</sup> Wisconsin Department of Health Services (October, 2017)

<sup>5</sup> *FoodShare Wisconsin Program at a Glance, March 2017*. Wisconsin Department of Health Services.

<sup>6</sup> SNAP Factsheets. [http://www.cbpp.org/sites/default/files/atoms/files/snap\\_factsheet\\_wisconsin.pdf](http://www.cbpp.org/sites/default/files/atoms/files/snap_factsheet_wisconsin.pdf)

<sup>7</sup> Wisconsin Department of Health Services (December, 2016)

<sup>8</sup> Wisconsin Legislative Fiscal Bureau "Food Share Wisconsin". January 2011, pg. 5

<sup>9</sup> *Policy Basics: Introduction to the Supplemental Nutrition Assistance Program (SNAP)*. (2016). CBPP.

<https://www.ers.usda.gov/topics/food-nutrition-assistance/supplemental-nutrition-assistance-program-snap/economic-linkages/>

<sup>10</sup> <https://fns-prod.azureedge.net/sites/default/files/snap/2016-SNAP-Retailer-Management-Year-End-Summary.pdf>