

A Guide to Governor Walker's Proposed Changes to Public Assistance

Governor Scott Walker has called a special session to make sweeping changes to Wisconsin's public assistance program. Most of the bills in the Governor's special session will restrict eligibility for important safety net programs or create administrative barriers to participation in those programs. While Kids Forward supports expanding Wisconsin's workforce, the changes proposed in the special session bills will be counterproductive because they impede access to programs that enable workers to provide for their families, such as health care, nutrition, and affordable housing programs.

Most people participating in public assistance programs are already working. Many of those who are not working, are struggling with barriers to work— such as finding affordable child care and obtaining reliable transportation. Or they are serving as the primary caretaker for a relative with a disability. To increase work participation, state policymakers need to take steps that remove the obstacles to work, rather than creating new impediments to accessing public assistance programs. For example, state lawmakers should:

- stop suspending driver's licenses for reasons unrelated to driving;
- expand the Earned Income Tax Credit.
- improve access to child care; and
- raise the minimum wage.

In this paper, Kids Forward summarize concerns and questions about eight of the special session bills:

JR8 SB1 – FoodShare Hours of Participation – The first bill in the package will require the Department of Health Services (DHS) to increase the required hours of participation in the FoodShare employment and training program (FSET) to 30 hours per week. **Kids Forward opposes this bill because:**

- Most FoodShare participants are children, and they will suffer along with the rest of the family if their parents are sanctioned.
- Because DHS cannot set the maximum hours required for FSET at a level that exceeds the minimum wage, someone receiving the average monthly benefit of about \$106 per month cannot be required to work more than 14.6 hours per month.
- An increase in the maximum hours could be very problematic for college students.

JR8 SB2 – FoodShare Employment – This proposal will expand the FoodShare employment and training (FSET) requirement to include able-bodied parents of school-age children. **Kids Forward opposes this bill because:**

- The state shouldn't expand the current work or training requirement to include parents until the program has been evaluated and fixed.

- For each job in Wisconsin attributed to FSET, nine people have lost access to food support.
- Because people who receive public benefits often only need them for short periods of time, it is misleading to attribute their post-FoodShare employment to FSET.
- FSET generally hasn't provided effective training and does not help create family supporting jobs.
- State officials estimate that implementing the bill would cost more than \$68 million per year, plus about \$5.8 million in start-up costs.

JR8 SB3 – Asset Restrictions for Public Benefits – This bill will restrict eligibility for FoodShare, Wisconsin Works, and Wisconsin Shares by setting new asset limits that would apply to people applying for the programs. This means, the value of assets, such as vehicles, would be capped for people utilizing these programs, and the amount of money a family can spend on reliable transportation would be restricted. **Kids Forward opposes this bill because:**

- By forcing families to choose between putting food on their table and reliable transportation, this bill would make it harder for people to find work and become independent from FoodShare.
- It will disproportionately impact people in rural areas who do not have access to public transportation.
- Many states that formerly had asset tests dropped them because they add significant administrative costs and bureaucracy to programs and do not help people climb out of poverty.
- Pennsylvania dropped its asset test after 110,000 households were denied food stamp benefits because they had difficulty providing documentation that their assets did not exceed the assets test.
- Advocates for victims of domestic violence are very concerned about this policy because victims of abuse may own assets without having control of those assets.

JR8 SB4 –Employability Plans and Drug Screening – Under this bill, local public housing authorities will be required to develop employability plans for residents in public housing, conduct drug screening of those residents, and offer people who test positive for drugs the opportunity to participate in substance abuse treatment. **Kids Forward opposes this bill because:**

- Housing authorities likely do not have the resources, staff capacity, or capability to make determinations of residents' employability and their status as an "able-bodied adult," or to create an employability plan.
- This bill creates impediments for low-income families to get or retain housing, and does so without providing resources to local housing authorities to effectively administer the new requirements or offer supportive services.
- The bill can be expected to increase homelessness and racial disparities in housing.

JR8 SB5 – Earned Income Periodic Payments – This proposal will create a pilot and then a permanent program for making periodic payments to eligible recipients of the earned income tax credit (EITC).

- Although advocates and policymakers have long thought that periodic payments make good sense, the utilization rate of the federal option was very low, and that option was eventually eliminated. (That isn't meant to suggest that it wouldn't be worth trying it again on a pilot basis.)
- As the bill is drafted, it will put the periodic payments in place statewide in 2021 regardless of the results of the pilot.

- If the change in the payment process is implemented statewide, it will apparently be mandatory for everyone, even though researchers have found that many EITC recipients prefer lump-sum payments.
- The pilot project and expansion statewide are both contingent upon reaching an agreement with IRS, which is a long shot. According to the Legislative Fiscal Bureau analysis of the bill, “Staff at the Department of Administration are not aware of any authority for the IRS to enter into such an agreement.”

JR8 SB8 – Medical Assistance Child Support Compliance – This bill will require child support compliance in the Medical Assistance program. **Kids Forward opposes this bill because:**

- Taking health care away from low-income people who cannot afford significant child support obligations will make their situation worse and will not encourage or support more gainful employment.
- The bill will increase administrative costs for implementation, training, tracking of delinquent payments, and eligibility changes.
- It will probably lead to increased costs for uncompensated care when people lose their health coverage, and will be problematic for managed care organizations as people lose and regain BadgerCare eligibility.
- Studies show that low-income men who are not paying child support are doing so because they cannot afford to make the payments. This bill will exacerbate their challenges by suspending their BadgerCare eligibility, and it will probably increase the large racial and ethnic disparities in our state.

JR8 SB9 – Medicaid Savings Accounts – Under this bill, the Department of Health Services will have to establish accounts similar to Health Savings Accounts (HSAs) in the Medical Assistance program. **Kids Forward opposes this bill because:**

- Wisconsin will be the only state to require a health savings account (HSA) for adults under the poverty level. Arkansas had one, but repealed it because it was costly and largely ineffective.
- The bill doesn’t specify where the funds in HSAs would come from, but other states have used the premium payments. In Wisconsin, it will take many years for enough premiums to build up in an HSA to make it useable.
- There are significant administrative costs required to develop and implement HSAs. After Arkansas suspended a requirement for people between 50% and 100% of the federal poverty line to make account contributions, the state Medicaid agency projected that the administrative costs will be reduced by \$6 million.
- The evaluation for the Healthy Indiana Plan (HIP) showed 45,000 participants were sanctioned (downgraded to skimpier benefits) because they did not make their first month’s required HSA payments.
- Lower income people are less likely to have access to bank accounts, internet, and debit/credit cards, so making monthly contributions may be onerous.
- Evaluations have shown that HSA participants may decrease utilization and delay necessary care, which could lead to more expensive care and hospitalization.

JR8 SB10 – FoodShare ID – This bill would require a photo ID on the electronic benefit transfer (EBT) cards used by FoodShare recipients. **Kids Forward opposes this bill because:**

- The general intent of a photo ID requirement is incompatible with federal law, which does not allow states to prohibit the use of a benefit card by people who are not pictured on the card.
- If federal officials allowed an ID requirement to be implemented, it will impede legitimate use of Food Share cards by seniors, people who have disabilities, or others who need to have a friend or family member purchase food for them.
- The bill is a very costly and inefficient use of tax dollars. The Department of Health Services estimates that implementing the requirement will require spending about \$7.6 million for start-up costs, plus about \$1.6 million per year for ongoing costs.
- In addition, the ID requirement is likely to lead to fewer people being able to access food because some cannot easily go to a welfare office to be photographed for their ID.