

AN EVALUATION

Food Stamp Program

Department of Workforce Development

00-8

July 2000

1999-2000 Joint Legislative Audit Committee Members

Senate Members:

Gary R. George, Co-chairperson
Judith Robson
Brian Burke
Peggy Rosenzweig
Mary Lazich

Assembly Members:

Carol Kelso, Co-chairperson
Stephen Nass
John Gard
Robert Ziegelbauer
David Cullen

LEGISLATIVE AUDIT BUREAU

The Bureau is a nonpartisan legislative service agency responsible for conducting financial and program evaluation audits of state agencies. The Bureau's purpose is to provide assurance to the Legislature that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law and that state agencies carry out the policies of the Legislature and the Governor. Audit Bureau reports typically contain reviews of financial transactions, analyses of agency performance or public policy issues, conclusions regarding the causes of problems found, and recommendations for improvement.

Reports are submitted to the Joint Legislative Audit Committee and made available to other committees of the Legislature and to the public. The Audit Committee may arrange public hearings on the issues identified in a report and may introduce legislation in response to the audit recommendations. However, the findings, conclusions, and recommendations in the report are those of the Legislative Audit Bureau. For more information, write the Bureau at 22 E. Mifflin Street, Suite 500, Madison, WI 53703, call (608) 266-2818, or send e-mail to Leg.Audit.Info@legis.state.wi.us. Electronic copies of current reports are available on line at www.legis.state.wi.us/lab/windex.htm.

State Auditor - Janice Mueller

Editor of Publications - Jeanne Thieme

Audit Prepared by

Paul Stuber, Director and Contact Person
Victoria Flood
Sandra Hiebert
Rob Schoenbrunn
Joshua Smith

TABLE OF CONTENTS

LETTER OF TRANSMITTAL	1
SUMMARY	3
INTRODUCTION	9
Program Administration	10
Eligibility and Benefits	12
Nonfinancial Eligibility Criteria	14
Financial Eligibility Criteria	14
Program Expenditures and Participation	16
DECLINING FOOD STAMP PARTICIPATION	21
Estimating the Decline in Food Stamp Participation	21
Reasons for Declining Participation	22
Effects of W-2	23
More Frequent Recertification of Participant Eligibility	24
Increased Work Requirements for Some Recipients	26
Administrative Issues	27
Use of Alternative Food Programs	29
EFFORTS TO IMPROVE THE PROVISION OF SERVICES	33
Improving Program Administration	33
Enhancing Outreach Efforts	34
Expanding Hours of Service	35
Establishing Additional Application Sites	36
Working with Alternative Food Programs	37
Implementation of Electronic Benefits	38
FUTURE CONSIDERATIONS	43
Changing Reporting Requirements	43
Waiving Certain Work Requirements	46
Expanding Benefits and Eligibility	46

APPENDIX I - FOOD STAMP RECIPIENTS AND BENEFITS BY COUNTY

**APPENDIX II - FOOD STAMP PROMOTIONAL INFORMATION POSTED AND
AVAILABLE IN AGENCY WAITING AREAS**

**APPENDIX III - RESPONSE FROM THE DEPARTMENT OF WORKFORCE
DEVELOPMENT**



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

JANICE MUELLER
STATE AUDITOR

22 E. MIFFLIN ST., STE. 500
MADISON, WISCONSIN 53703
(608) 266-2818
FAX (608) 267-0410
Leg.Audit.Info@legis.state.wi.us

July 11, 2000

Senator Gary R. George and
Representative Carol Kelso, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator George and Representative Kelso:

As directed by the Joint Legislative Audit Committee, we have completed our evaluation of Wisconsin's Food Stamp Program, which is administered by the Department of Workforce Development. The program was created by the federal government in 1964 to assist low-income individuals and families in purchasing food. In January 2000, approximately 75 percent of those receiving program benefits in Wisconsin were either children, disabled, or over age 60.

Under federal law, food stamps are an entitlement to those who meet both nonfinancial and financial eligibility requirements. Program benefits are almost entirely federally funded. In fiscal year (FY) 1998-99, benefit costs were \$122.7 million; administrative costs, which are funded equally by the federal government and state general purpose revenue, totaled \$45.0 million. Approximately 311,800 Wisconsin individuals participated in the program in FY 1998-99.

In July 1999, a federal report showed that as welfare reforms were implemented nationally, Food Stamp Program participation declined faster in Wisconsin than in any other state. Our analysis confirmed this decline. Based on the best available data, we estimate that from 1994 through 1998, the percentage of individuals living in poverty in Wisconsin who received food stamps declined from 97 to 70 percent. A number of factors are likely responsible for this trend, including the effects of Wisconsin Works and other welfare reform initiatives, more frequent recertification requirements for benefit recipients, additional work requirements for some food stamp recipients, and administrative problems in local agencies. As Food Stamp Program participation has declined, alternative food programs that provide nonperishable food and meals have reported increased demand for their services.

The Department and local agencies have undertaken a number of initiatives to improve program administration, including providing caseworkers with additional training, expanding the number of program application sites and the hours during which applications are taken, and working with alternative food programs to facilitate access to food stamp benefits. If the Legislature believes additional efforts to expand program services are appropriate, a number of other options could be exercised, but some would require changes in federal law.

We appreciate the courtesy and cooperation extended to us by the Department of Workforce Development and staff of the local agencies we visited. The Department's response is Appendix III.

Respectfully submitted,

Janice Mueller
State Auditor

JM/PS/bm

SUMMARY

The Food Stamp Program was created by the federal Food Stamp Act of 1964 to assist low-income individuals and families in purchasing food. The program is administered at the federal level by the Food and Nutrition Service of the United States Department of Agriculture (USDA) and in Wisconsin by the Department of Workforce Development, which is responsible for determining applicant eligibility and providing benefits in the form of coupons or, more recently, through electronic debit cards. Nearly all program benefits are federally funded. Program administration costs are shared equally by the State and the federal government. In fiscal year (FY) 1998-99, approximately 118,000 assistance groups, representing 311,800 individuals, participated in the program in Wisconsin at a cost of \$167.7 million. Food stamp benefits accounted for \$122.7 million of that amount. The remaining \$45.0 million was administrative costs.

Under federal law, food stamps are an entitlement available to those who meet both nonfinancial and financial eligibility requirements. Federal regulations require that prospective food stamp recipients be made aware that program benefits are available to those who qualify and that qualified individuals be encouraged to apply on the first day they learn of the availability of benefits. Applicants who are determined eligible must receive food stamps within 30 days of application unless they are eligible for expedited food stamps, which must be provided within 7 days of application to those whose monthly income is less than \$150, to those whose monthly shelter costs exceed their monthly income, or to migrant workers under some circumstances. In order to continue receiving food stamp benefits, recipients must regularly report and verify relevant eligibility information, such as their current monthly income and allowable deductible expenses.

The total value of the benefits provided to a food assistance group depends on income, assets, and the number of individuals in the group. Benefit levels vary substantially. In January 2000, 28.6 percent of food assistance groups received benefits of \$10 or less per month, while 3.9 percent received more than \$500 per month. Households composed of Wisconsin Works (W-2) or Supplemental Security Income recipients are typically eligible for food stamps automatically. In December 1999, 11.0 percent of those receiving food stamps participated in W-2, and 68.8 percent received Medical Assistance benefits. For those individuals with earnings, average annual earned income was approximately \$11,200.

The gross income limit for a food assistance group is 130 percent of the federal poverty level; for example, the gross income limit for a family of three is currently \$18,048 annually. Net income, which is determined by applying deductions for child care, child support, medical expenses, utilities, and some shelter costs, must be below 100 percent of the federal poverty level. The gross income limit is waived if the assistance group has elderly or disabled members.

The costs of administering the Food Stamp Program are higher in Wisconsin than in other midwestern states. For federal fiscal year (FFY) 1998-99, USDA indicates the federal portion of administrative costs for the Midwest ranged from Wisconsin's high of 21.7 percent of total program costs to Indiana's low of 10.1 percent. At 16.6 percent of total program costs, Minnesota's administrative costs were the second-highest among midwestern states. Department staff attribute Wisconsin's high administrative costs to several factors, including the decentralized nature of its program. Both Wisconsin and Minnesota administer their Food Stamp Program at the county rather than the state level.

Concerns about Wisconsin's Food Stamp Program were raised when a series of reports issued in 1999 suggested that not all eligible individuals and families were receiving benefits to which they were entitled under federal law. In particular, a July 1999 report by the General Accounting Office indicated that as welfare reform measures were implemented nationally, the percentage decline in food stamp recipients was greater in Wisconsin than in any other state.

The most precipitous decline in program participation began in March 1995. Between this date and July 1999, the number of food stamp recipients declined by 147,370, or 45.2 percent, statewide. However, participation declined by 37.1 percent in Milwaukee County, compared to 52.0 percent in all other counties. Since July 1999, the number of food stamp recipients has increased an average of 0.8 percent each month, to 189,541 in January 2000. It is unclear whether this trend is likely to continue.

It is also difficult to measure how many eligible individuals do not receive food stamps. Estimates vary widely. For example, a January 2000 report issued by the University of Wisconsin-Milwaukee estimated that in 1998, 41,400 low-income working families in Milwaukee County may have been eligible for food stamps, whereas approximately 9,000, or 21.7 percent, received them. In contrast, a report by the General Accounting Office indicated that nationwide, the percentage of children living in poverty who received food stamps in 1997 was 84.1 percent.

Data maintained by state agencies do not permit a definitive analysis of the number of eligible individuals who did not apply for or receive food stamps. For example, if applicants for social services indicate they do not wish to apply for food stamps, not all of the information needed to determine eligibility for the Food Stamp Program is obtained. Tax return data do not show the extent to which eligible individuals may or may not have received benefits because those most likely to qualify for food stamps are not typically required to submit tax returns based on their limited income. However, by comparing Census Bureau data on the number of Wisconsin residents living in poverty with data on food stamp caseloads, we estimate that from 1994 through 1998, the number of people living in poverty who received food stamps declined by 120,500, from 97 to 70 percent. Reasons for the decline in Food Stamp Program participation include the effects of W-2 and other welfare reform initiatives; changes in frequency requirements for recertification to receive benefits; increased work requirements for some recipients; and administrative problems among W-2 and county human services agencies.

The implementation of W-2 has affected participation in the Food Stamp Program in ways that were intended and in ways that were not. The primary purpose of W-2 is to encourage participants' self-sufficiency. Agencies that administer W-2 were therefore directed to require that participants work and to impose time limits on their receipt of public assistance. As a result, W-2 and earlier welfare reform programs encouraged Food Stamp Program participants and those who had been receiving Aid to Families with Dependent Children to enter the workforce.

However, as income increases, food stamp benefits typically decrease. From January 1995 to January 2000, the number of assistance groups receiving monthly food stamp allotments of \$10 increased by 17 percent, from 11,945 to 13,994. A number of agency staff with whom we spoke believe that even though many individuals continue to qualify for food stamp benefits, a reduced level of benefits has discouraged them from continuing to participate in the program.

In addition, policy directives issued by the Department may have been misinterpreted by some administrative agencies. In its August 1996 request for proposals to implement W-2, the Department indicated that "the W-2 system provides only as much service as an eligible individual asks for or needs. Many individuals do much better with just a 'light touch'." In addition, in February 1998, as part of its monthly newsletter to W-2 staff, the Department included an article entitled "Case Management with a Light Touch," in which it indicated that "light

touch” is a philosophy rather than a process and that “it means that we don’t offer every support available to a family until we know a need exists.” As a result of confusion caused by these and other documents, as well as information conveyed during meetings and training sessions, some staff with whom we spoke indicated that W-2 agency workers applied the concept of “light touch” to all assistance programs, including the Food Stamp and Medical Assistance programs, during the seven-month transition period between Aid to Families with Dependent Children and W-2. For example, caseworkers in some of the agencies we visited indicated that at least during the first few months after W-2 was implemented in September 1997, they did not routinely offer food stamps to individuals who did not ask about the program directly. A number of caseworkers indicated they felt prohibited from telling families about food stamps, Medical Assistance, and child care unless these services were specifically requested.

The Department also required eligibility for food stamps to be recertified every three months, rather than every six months, beginning in October 1997. This change was made in an attempt to address inaccurate benefit calculations. Wisconsin’s benefit payment error rate has been higher than the national average during the past five years, and among the then highest nationally since FFY 1994-95. However, many of the caseworkers with whom we spoke indicated that three-month recertification presents a barrier to program participation because it requires food stamp recipients to take time off from work, find transportation, arrange child care, and provide documentation of their assets and sources of income more frequently.

Increases in work requirements for some program participants may also have contributed to the reduction in the number of individuals receiving food stamps. Food stamp recipients who do not participate in W-2, are not otherwise employed, or do not have any dependents are required to participate in employment and training activities. Local agency staff with whom we spoke indicated that many of these participants found it easier to find jobs on their own or decided to leave the program rather than comply with these new requirements.

Finally, administrative problems in W-2 and county human services agencies, including a failure to post and make accessible required informational materials, may have contributed to the decline in Food Stamp Program participation. From February through May 2000, we conducted on-site reviews of 16 W-2 and county human services offices to determine compliance with state and federal requirements related to the posting and accessibility of information on food stamps. Although sites visited by USDA in 1999 were almost entirely in compliance at the time of our visits, we found that a number of other offices did not display required posters and did not have the required brochures visible or in an accessible location.

The reduction in the proportion of eligible individuals who receive food stamps is associated with reported increases in demand for, and distribution of, nonperishable food through pantries and additional meals provided through a number of local programs. All but one of the organizations we contacted reported an increase in the number of individuals served over the past several years. We could not independently verify the increases reported by alternative food programs.

In response to concerns prompted by federal reviews and raised by local administrative agencies, a number of efforts have been undertaken by the Department and local agencies to improve Food Stamp Program administration and increase participation, including:

- reminding local agencies of their obligations under federal law to provide written information and to display information about the Food Stamp Program in places visible to applicants at all times and at all service locations;
- undertaking specific efforts to reduce errors in determining appropriate benefit levels, including establishing two teams of quality-control reviewers, one in 1999 and one in 2000, to intensively review cases for errors on an ongoing basis;
- spending approximately \$668,900 in state and federal funds to improve outreach efforts;
- expanding hours of operations and sites at which food stamp applications are taken; and
- working with alternative food programs to inform potential applicants of the continued availability of food stamps.

Because Food Stamp Program participation has increased only slightly since late 1999, it is unclear how effective these efforts have been. However, one change that has begun to be implemented statewide and may further facilitate access to food stamps is the replacement of paper food stamp coupons with electronic debit cards. By the end of 2000, all food stamps in Wisconsin will be distributed through electronic benefit transfer (EBT). EBT is intended to reduce fraud by limiting program participants' ability to trade coupons for cash, to reduce long-term program costs because it will eliminate the need to mail coupons, and to improve recipients' access to benefits because automatic transfers to recipients' accounts on the same day each month will eliminate mailing delays. It may also reduce the stigma some believe is associated with

participating in the Food Stamp Program, thereby increasing participation among eligible individuals.

Because the conversion to EBT is still ongoing, effects cannot yet be determined. However, some are concerned that certain groups, such as the elderly, may be harmed by implementation of EBT because they may not understand how to use their cards or because they may forget the personal identification numbers needed to access their benefits. Therefore, we have included a recommendation that the Department monitor participation in the Food Stamp Program and report to the Joint Legislative Audit Committee by July 1, 2001, on the changes in program participation among different groups that may have difficulty with the new system, such as the elderly and disabled.

Despite the Department's efforts to improve program administration and increase participation, concerns remain about the disparity between the number of individuals receiving food stamps and the number who appear to qualify for program benefits. Continued program monitoring, a focus on outreach, and implementation of EBT may help bridge this gap. However, additional efforts to facilitate participation in the Food Stamp Program would require either changes to federal law that could only be enacted by Congress or a waiver of existing federal regulations to reduce some of the extensive documentation and reporting requirements and eliminate some work requirements. Advocates also suggest that establishing consistent eligibility criteria for all public assistance programs would expand food stamp participation to a broader population and enhance the ability of other programs, such as W-2, to encourage self-sufficiency. On the other hand, some argue that additional changes are not needed given recent caseload increases and that any proposed changes to food stamp policies must be weighed against their cost.

INTRODUCTION

The Food Stamp Program was created by the federal Food Stamp Act of 1964 to assist low-income individuals and families in purchasing food. Recipients may use food stamps to buy food for human consumption, as well as to buy seeds and plants for growing food in home gardens, but not for alcoholic beverages, tobacco, medicines, pet food, or any other non-food items. The program is administered at the federal level by the Food and Nutrition Service of the United States Department of Agriculture (USDA), and in Wisconsin by the Department of Workforce Development.

**In FY 1998-99,
311,800 individuals
received food stamps
at a cost of
\$167.7 million.**

Except for benefits to some qualified resident aliens, Food Stamp Program benefits are entirely federally funded. Program administration costs are shared equally by the State and the federal government. In fiscal year (FY) 1998-99, approximately 118,000 assistance groups, representing 311,800 individuals, participated in the program in Wisconsin at a cost of \$167.7 million. Program benefits accounted for \$122.7 million of that amount. The remaining \$45.0 million was administrative costs.

**Food stamp use has
declined.**

Concerns about Wisconsin's Food Stamp Program were raised when a series of reports issued in 1999 suggested that not all eligible individuals and families were receiving benefits to which they were entitled under federal law. In particular, a July 1999 report by the General Accounting Office indicated that as welfare reform measures were implemented nationally, food stamp use declined more in Wisconsin than in any other state. Nationally, average monthly participation in the Food Stamp Program declined by 23 percent between federal fiscal year (FFY) 1995-96 and FFY 1997-98. In contrast, the decline was 31.9 percent in Wisconsin. Although a decline in food stamp use is consistent with the Governor's and the Legislature's long-term goal of reducing dependence on public assistance, concerns were raised because the federal report indicated that nationwide, the number of children receiving food stamps was declining faster than the number of children in poverty.

In addition, a 1999 USDA report indicated that Milwaukee County and several private agencies that provide services under Wisconsin Works (W-2) and help to administer the Food Stamp Program in Milwaukee County were not providing prospective recipients with sufficient information on the availability of food stamp benefits and were not always processing food stamp applications correctly. Consequently, questions were raised about the extent to which the decline in program

participation was at least in part the result of misinformation about continued program eligibility.

In response to these concerns, and at the direction of the Joint Legislative Audit Committee, we reviewed:

- trends in program participation;
- federal eligibility requirements and benefit levels;
- federal and state policies and procedures for determining eligibility and delivering services; and
- available data on the use of alternative food programs, such as the use of food pantries.

Food stamp participation and welfare reform issues are related.

Because the issues associated with food stamp participation are closely related to W-2—the State’s replacement for Aid to Families with Dependent Children—and because W-2 administrative agencies play a role in administering the program, the Joint Legislative Audit Committee directed that a review of food stamps be incorporated into our financial and program audits of W-2 that are required by s. 49.141(2g)(a), Wis. Stats. This is the second of several reports that will be issued in response to that requirement. The first, report 99-3, was released in February 1999 and included an analysis of W-2 contract expenditures from September 1997 through December 1998. Subsequent reports are expected to be issued on child care services and W-2 performance.

In conducting this evaluation, we interviewed officials and staff in the Department, counties, and W-2 administrative agencies, as well as representatives of local food pantries and interest groups. We analyzed program expenditures; reviewed state and federal laws, policies, and procedures for the Food Stamp Program; collected and analyzed data on program participation; and reviewed efforts to inform low-income individuals and families of food stamp availability.

Program Administration

Federal rules and regulations require the Department of Workforce Development to:

- ensure proper certification of applicant households;
- oversee the issuance of benefits, which in the past has involved the distribution of food stamp coupons but by the end of 2000 is expected to involve the use of electronic debit cards;

- maintain adequate records of expenditures and participation;
- submit regular, required reports to the federal government, including reports on program utilization and the extent to which food stamp benefit levels have been determined accurately; and
- administer the Food Stamp Employment and Training (FSET) Program, under which food stamp recipients between the ages of 16 and 60 who are capable of doing so are required to participate in job-related activities and educational programs in order to improve their basic skills and enhance employability.

Currently, food stamp coupons are mailed monthly to recipients by Systems and Methods, Inc., a Georgia-based contractor that is paid approximately \$877,000 annually for this service. As the paper coupons have been phased out and electronic benefits provided, Citicorp Services, Inc., has assumed responsibility for ensuring the proper distribution of electronic benefits through debit cards that are issued to recipients. In January 1999, Citicorp Services entered into a contract with the State to provide these services through 2005. The value of that contract is based on the number of food stamp recipients and is estimated to total \$12.4 million in state and federal funds over the contract's life.

Federal law requires that government employes determine eligibility for food stamps.

In order to facilitate public access to a number of social, employment, and other services, the State has for a number of years worked to provide public assistance services in an integrated manner through a single location, or job center, in each county. However, this objective has been complicated by federal regulations that require food stamp eligibility and benefit levels to be determined by public employes, even in the 11 counties in which W-2 is administered by private agencies (Milwaukee, Forest, Florence, Juneau, Kewaunee, Monroe, Oneida, Shawano, Vilas, Walworth, and Waukesha).

The private agencies administering W-2 have made arrangements to have county workers make food stamp eligibility determinations and monitor food stamp cases, as necessary. However, under the terms of their W-2 contracts, all W-2 agencies, including the private agencies, are responsible for providing program services to FSET participants. Consequently, applicants in any of the 11 counties with private W-2 agencies are required to see more than one caseworker to apply for different benefits and programs. In 6 of the 11 counties in which a private agency administers W-2, county employes are not available to take food stamp applications in the same facility on a full-time basis.

No response has been received to a request that would allow private W-2 agencies to determine food stamp eligibility.

To facilitate program administration, Wisconsin applied for a waiver of federal rules that would allow private W-2 agencies to determine eligibility and benefit levels. The Department submitted its initial waiver request in May 1996, and because the waiver had not been approved or denied by USDA, resubmitted its request in August 1998. To date, the federal government has not issued a decision with respect to these requests. However, a similar request by Arizona officials has been denied.

Eligibility and Benefits

Under federal law, food stamps are an entitlement to those eligible to receive them.

Under federal law, food stamps are an entitlement available to those who meet both nonfinancial and financial eligibility requirements. Federal regulations require local administrative agencies to make prospective participants aware that food stamps are available to those who qualify and to encourage qualified individuals to apply for benefits on the first day they learn of their availability. Applicants who are determined eligible must be provided with food stamps within 30 days of application unless they are eligible for expedited food stamps, which must be provided within 7 days of application to those whose monthly income is less than \$150 and who have less than \$100 in assets, to those whose monthly shelter costs exceed their monthly income, and for migrant workers under some circumstances. In order to continue receiving benefits, food stamp recipients must regularly report and verify relevant eligibility information, such as their current monthly income and allowable deductible expenses.

Table 1 provides a profile of food stamp recipients in Wisconsin in January 2000. The total value of the benefits provided to recipients depends on income, assets, and the number of individuals in a “food assistance group,” which may or may not include all members of a household. Assistance groups composed of W-2 or Supplemental Security Income recipients are typically eligible for food stamps automatically, although the amount of their benefits is adjusted based on a number of factors. In December 1999, 11.0 percent of those receiving food stamps participated in W-2, and 68.8 percent received Medical Assistance benefits. For those individuals with earnings, average earned income was approximately \$11,200 annually.

Table 1

Profile of Food Stamp Recipients
January 2000

	<u>Number</u>	<u>Percentage of Total</u>
Age of Recipients		
Under 18	106,210	56.0%
18 to 60 (able-bodied)	48,467	25.6
18 to 60 (disabled)	19,434	10.3
Over 60	<u>15,438</u>	<u>8.1</u>
Total	189,549	100.0%
Gender of Recipients		
Female	113,583	59.9%
Male	<u>75,966</u>	<u>40.1</u>
Total	189,549	100.0%
Ethnicity of Head of Assistance Group		
White	34,470	45.8
African-American	26,203	34.8
Other/Unknown	7,352	9.7
Hispanic	4,413	5.9
Asian	1,779	2.4
American Indian/Eskimo	<u>1,080</u>	<u>1.4%</u>
Total	75,297	100.0 %
Earned Income of Assistance Groups		
Number with earned income	24,385	32.4 %
Number with no earned income	<u>50,912</u>	<u>67.6</u>
Total	75,297	100.0 %

Nonfinancial Eligibility Criteria

During the application process, nonfinancial criteria for eligibility are determined first. To be eligible to receive food stamp benefits, individuals must:

- be United States citizens or qualified resident aliens;
- live in the county in which the application for benefits is being made and not reside in an institution that provides meals as part of its normal operation, such as a nursing home;
- provide social security numbers for all members of the assistance group; and
- participate in FSET unless they have been exempted.

In general, those who receive food stamps but are not employed, participating in W-2, or exempt because of disability or another reason are required to participate in the FSET program. Department policies require caseworkers to prepare employability plans within three weeks of the dates participants enroll in FSET. An employability plan outlines the participant's goals for reaching unsubsidized employment and details the components of the program in which he or she will be required to participate, which may include employment search, disability and occupational assessments, adult basic education, on-the-job training, classroom training in job skills, or work experience gained through unsubsidized employment.

Financial Eligibility Criteria

The rules governing the financial eligibility for food stamps are complex. In general, to be eligible for program services, assistance groups must not exceed gross income, net income, asset, and vehicle value limitations.

The gross income limit for a food assistance group is 130 percent of the federal poverty level (for example, it is currently \$18,048 annually for a family of three), unless the assistance group has elderly or disabled members. In that case the gross income limit is waived. Net income must be below 100 percent of the federal poverty level. Net income is determined by applying deductions to an assistance group's gross income, including deductions for child care, child support, medical expenses, utilities, and some shelter costs.

In addition to these income limits, an assistance group's assets are limited to no more than \$2,000 in cash, checking and savings account balances, stocks, bonds, or individual retirement accounts. The asset limit increases to no more than \$3,000 if the assistance group has a member who is at least 60 years old. Finally, the value of an assistance group's vehicle is limited to no more than \$4,650. Vehicle worth in excess of this amount counts against the food assistance group's asset limitation.

Table 2 shows monthly gross and net income limits for assistance groups of various sizes, as well as the maximum monthly food stamp benefit for FFY 1999-00. In January 2000, the average assistance group in Wisconsin included 2.5 individuals and received a benefit of \$141 per month.

Table 2

Food Stamp Income Limitations and Benefits
October 1999 through September 2000

<u>Assistance Group Size</u>	<u>Monthly Net Income Limits</u>	<u>Monthly Gross Income Limits</u>	<u>Maximum Monthly Benefit*</u>
1	\$ 687	\$ 893	\$127
2	922	1,199	234
3	1,157	1,504	335
4	1,392	1,810	426
5	1,627	2,115	506
6	1,862	2,421	607
7	2,097	2,726	671
8	2,332	3,032	767
9	2,567	3,338	863
10**	2,802	3,644	959

* The actual benefit typically is significantly less than these amounts.

** For each additional assistance group member \$235 is added to net income, \$306 to gross income, and \$96 to the maximum benefit.

Actual benefits received by food assistance groups varied substantially. As shown in Table 3, in January 2000, 28.6 percent of food assistance groups received benefits of \$10 or less per month, while only 3.9 percent received more than \$500 per month.

Table 3

Value of Food Stamp Benefits Received by Assistance Groups
January 2000

<u>Benefits</u>	<u>Number of Food Assistance Groups</u>	<u>Percentage of Total</u>
\$10 or less	21,549	28.6%
\$11 to \$50	7,370	9.8
\$51 to \$100	8,632	11.4
\$101 to \$200	16,679	22.2
\$201 to \$300	9,665	12.8
\$301 to \$400	5,539	7.4
\$401 to \$500	2,905	3.9
Over \$500	<u>2,958</u>	<u>3.9</u>
Total	75,297	100.0%

Program Expenditures and Participation

Expenditures for program benefits declined 47 percent over six years.

As shown in Table 4, the total value of food stamps provided to recipients declined by 47.0 percent from FY 1992-93 through FY 1998-99, from \$231.4 million to \$122.7 million. During the same period, administrative costs increased by 10.6 percent, from \$40.7 million in FY 1992-93 to \$45.0 million in FY 1998-99.

Table 4

Food Stamp Program Expenditures
 FY 1992-93 through FY 1999-00
 (in millions)

<u>Fiscal Year</u>	<u>Food Stamp Benefits</u>	<u>Administration</u>	<u>Total Expenditures</u>
1992-1993	\$231.4	\$40.7	\$272.1
1993-1994	224.6	44.8	269.4
1994-1995	217.2	53.1	270.3
1995-1996	204.4	53.5	257.9
1996-1997	167.4	49.2	216.6
1997-1998	136.9	48.9	185.8
1998-1999	122.7	45.0	167.7
1999-2000*	126.6	44.1	170.7

* Estimated

It should be noted that expenditures associated with FSET are not included in these totals because this program is administered by W-2 agencies under their contracts to provide employment services to W-2 and food stamp recipients. FSET expenditures and services will be analyzed more fully in a subsequent report that reviews the performance of W-2 administrative agencies.

Wisconsin's administrative costs for the Food Stamp Program are higher than other midwestern states'. For FFY 1998-99, USDA indicates the federal portion of administrative costs for the Midwest ranged from Wisconsin's high of 21.7 percent of total program costs to Indiana's low of 10.1 percent. At 16.6 percent of total program costs, Minnesota's administrative costs were second-highest. Department staff attribute Wisconsin's high administrative costs to several factors, including the decentralized nature of Wisconsin's program. The three midwestern states whose counties administer the program—Wisconsin, Minnesota, and Ohio—tend to have higher administrative costs than those that administer the program at the state level.

Administrative expenditures have increased despite falling caseloads.

Table 5 details the growing administrative costs of Wisconsin's Food Stamp Program. The cost increase is associated with the development, implementation, and operation of the data processing system used to track case-specific information, including eligibility determination and benefit calculations. In addition, caseloads for other programs, such as W-2, have fallen faster than the food stamp caseload, causing a greater percentage of the shared costs for public assistance programs to be

allocated to the Food Stamp Program. Expenditures for eligibility determination, which primarily include local agency staff costs, have consistently made up more than one-half of all administrative expenditures. Fraud prevention expenditures have decreased markedly in the past few years because of a decrease in federal funding and an increased focus on W-2 activities. Quality-control expenditures have increased in an attempt to reduce the high rate at which food stamp benefit levels are calculated incorrectly. Finally, issuance costs have declined, largely because the number of individuals receiving food stamps has declined.

Table 5

Food Stamp Administrative Expenditures
 FY 1992-93 and FY 1998-99
 (in millions)

<u>Type of Administrative Expenditure</u>	<u>FY 1992-93</u>	<u>FY 1998-99</u>	<u>Percentage Change</u>
Eligibility determination	\$22.2	\$24.8	11.7%
Data processing	3.8	9.7	155.3
Other*	2.4	4.3	85.0
Quality control	1.4	3.1	121.4
Fraud prevention	4.8	1.6	-66.7
Issuance costs	6.1	0.9	-85.2
Electronic benefit transfer	<u>0.0</u>	<u>0.6</u>	-
Total	\$40.7	\$45.0	10.6%

* Includes smaller general administrative expenditures that vary from year to year and cannot easily be placed into larger categories.

The decline in benefit expenditures is directly related to reduced caseloads.

The overall reduction in food stamp benefit expenditures is directly related to reduced caseloads. Although eligible income levels and maximum monthly benefits provided to assistance groups have increased each year since 1992, the number of food stamp recipients has declined at a rate that has reduced total spending. As shown in Table 6, except for 1995, the annual total of food stamp recipients has declined every year, decreasing from 522,334 in 1992 to 309,117 in 1999. Data on the number of recipients and benefits paid in each county are provided in Appendix I.

Table 6

Change in the Number of Food Stamp Recipients

<u>Calendar Year</u>	<u>Monthly Total for January*</u>	<u>Percentage Change</u>	<u>Annual Total (Unduplicated)*</u>	<u>Percentage Change</u>
1992	341,977	-	522,334	-
1993	340,728	-0.4%	511,137	-2.1%
1994	332,323	-2.5	438,930	-14.1
1995	326,610	-1.7	458,538	4.5
1996	296,060	-9.4	411,719	-10.2
1997	244,260	-17.5	353,244	-14.2
1998	204,155	-16.4	314,423	-11.0
1999	184,938	-9.4	309,117	-1.7

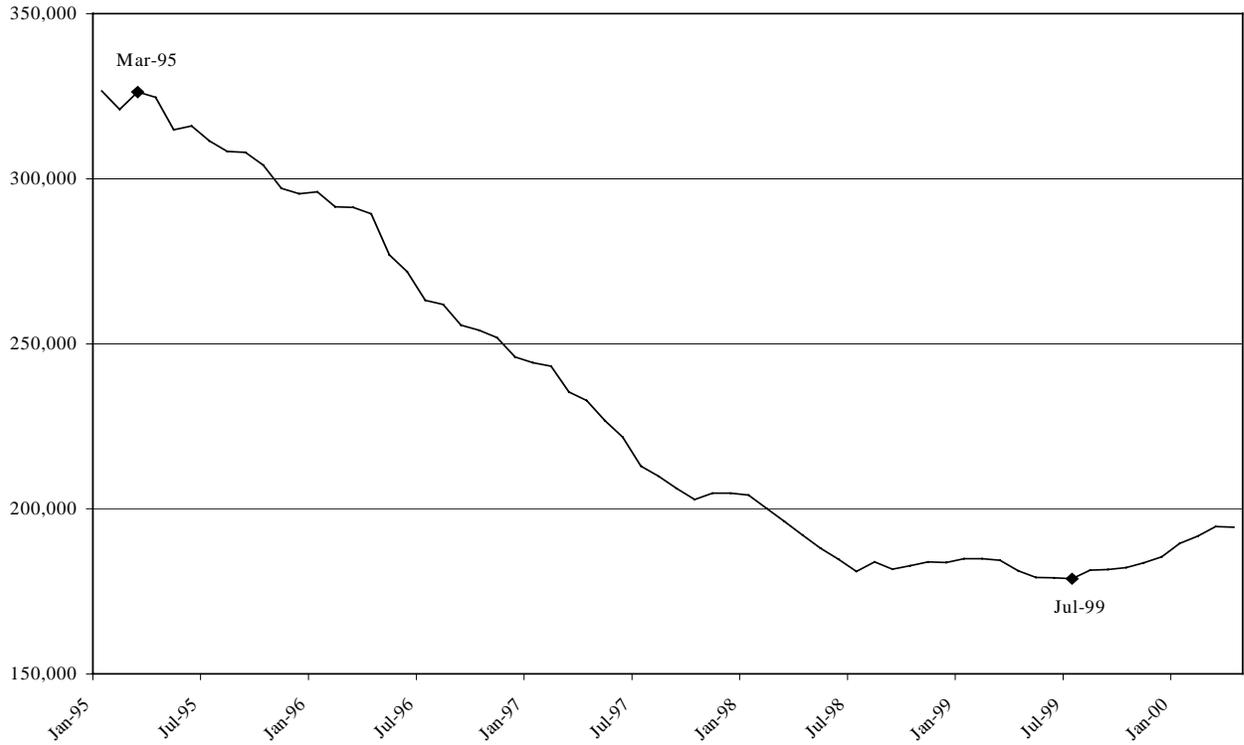
* Overstates the actual number of recipients because we were unable to remove those individuals who are considered recipients under federal regulations but whose level of benefits was \$0 in one or more months.

The most precipitous decline in caseloads began in March 1995.

The most precipitous decline in the number of food stamp recipients began in March 1995. As Figure 1 illustrates, between March 1995 and July 1999, the lowest point for food stamp participation in the past decade, the number of food stamp recipients declined by 147,370, or 45.2 percent. However, it should be noted that the decline in program participation was less pronounced in Milwaukee County than in other areas of the state. Between March 1995 and July 1999, the number of food stamp recipients in Milwaukee County declined by 37.1 percent, compared to a decline of 52.0 percent in the rest of the state. From July 1999 to April 2000, the number of food stamp recipients increased at an average of 0.8 percent each month. It was 194,451 in April 2000. However, it is unclear whether this trend is likely to continue.

Figure 1

Wisconsin Food Stamp Recipients
by Month from January 1995 to April 2000



DECLINING FOOD STAMP PARTICIPATION

Some argue that the decline in food stamp participation reflects the improved economic condition of Wisconsin families during the past several years, including the positive effects of the W-2 program, which encourages employment and economic self-sufficiency for low-income families. However, this does not fully explain the decline because the percentage of individuals living in poverty who receive food stamps has decreased in the last five years. A number of factors account for the decline in program participation among those eligible for food stamps, including programmatic and policy changes associated with administration of the Food Stamp Program, as well as the effects of W-2. The decline in Food Stamp Program participation is likely to have contributed to reported increases in the use of alternative food programs statewide, but we were unable to independently verify reported increases in food pantry and other alternative food program use.

Estimating the Decline in Food Stamp Participation

Data for measuring declining participation are limited.

It is difficult to measure the number of eligible individuals who do not receive food stamps. Estimates vary widely. For example, a January 2000 report issued by the University of Wisconsin-Milwaukee estimated that 41,400 low-income working families in Milwaukee County may have been eligible for food stamps in 1998, whereas approximately 9,000, or 21.7 percent, received them. In contrast, a report by the General Accounting Office indicated that in 1997, the percentage of children living in poverty nationwide who received food stamps was 84.1 percent.

Data maintained by state agencies do not permit a definitive analysis of the number of eligible individuals who did not apply for or receive food stamps. For example, if applicants for social services indicate they do not wish to apply for food stamps, not all of the income, asset, and deductible expense information needed to determine eligibility for the Food Stamp Program is obtained. Tax returns submitted to the Department of Revenue provide some useful information, but the data are limited because those most likely to qualify for food stamps are not required to submit tax returns based on their limited income. In 1999, single individuals earning less than \$5,280 annually and married couples earning less than \$9,040 annually were not required to file income tax returns.

In an attempt to quantify the change over time in the percentage of individuals who may be eligible and those who actually received food stamp benefits, we compared United States Census Bureau data on the number of Wisconsin residents living in poverty with data on food stamp caseloads. Because the most recent Census Bureau data on household income identifies those at the federal poverty level, and individuals and families with gross incomes as high as 130 percent of the poverty level may qualify for food stamps, our estimate of the number of individuals who may be eligible for food stamps but do not receive them is likely to be somewhat conservative.

Between 1994 and 1998, the percentage of individuals living in poverty who received food stamps declined from 97 to 70 percent.

As shown in Table 7, the decline in the number of individuals receiving food stamps was significantly greater than the decline in the number of individuals at the federal poverty level for 1996 through 1998. We estimate that the number of individuals living in poverty who may have been eligible for food stamps but did not receive them increased from 14,100 in 1994 to 134,600 in 1998, the most recent year for which Census Bureau data are available.

Table 7

Estimated Percentage of Wisconsin Individuals Living in Poverty Who Receive Food Stamps

<u>Year</u>	<u>Number of Individuals in Poverty*</u>	<u>Number of Individuals Receiving Food Stamps</u>	<u>Difference</u>	<u>Percentage of Individuals in Poverty Receiving Food Stamps</u>
1994	453,000	438,900	14,100	97%
1996	460,000	411,700	48,300	90
1998	449,000	314,400	134,600	70

* Based on US Census Bureau data estimates

Reasons for Declining Participation

There are a number of reasons for the disparity between the number of individuals who may have been eligible for food stamps and the number actually receiving them. For example, some have traditionally resisted receiving public assistance of any kind, while others have been unaware of their eligibility. However, it is likely that other reasons account for the growth in the disparity among those who are eligible and those who

receive food stamps. The effects of W-2 and other welfare reform initiatives; changes in the frequency of recertification for benefits; increased work requirements for some recipients; and administrative problems among W-2 and county human services agencies appear to be contributing factors to the decline in participation.

Effects of W-2

The decline in food stamp participation began before implementation of W-2; when W-2 was implemented in September 1997, the caseload had already dropped from March 1995 levels. Nevertheless, W-2 has affected participation in the Food Stamp Program in ways that were intended and in ways that were not, in part because W-2 policies were developed and disseminated before the program was implemented. As noted, the primary purpose of W-2 is to encourage participant self-sufficiency. Therefore, administrative agencies were directed to require work and to impose time limits on receipt of public assistance benefits. The introduction of W-2, and earlier welfare reform programs, encouraged Food Stamp Program participants and those who had been receiving Aid to Families with Dependent Children (AFDC) to enter the workforce.

There have been a number of positive effects of W-2. As some low-income individuals have gained employment, either on their own initiative or as a result of their participation in W-2, their incomes have increased. However, as income increases, food stamp benefits typically decrease. We confirmed this trend from January 1995 to January 2000, when the number of assistance groups receiving a monthly food stamp allotment of exactly \$10 increased by 17 percent, from 11,945 to 13,994. In January 2000, approximately one-third of assistance groups received benefits of \$25 or less per month. A number of agency staff with whom we spoke believe that even though many individuals continue to qualify for benefits, the reduction in the level of their benefits has discouraged them from continuing to participate in the program.

Staff in 10 of 16 local agencies at which we conducted site reviews during the course of our audit indicated that there also was confusion as a result of the implementation of W-2, either on the part of caseworkers who found it difficult to reconcile the goals of the entitlement program with W-2, which emphasizes economic self-sufficiency, or on the part of participants, who were confused about whether they continued to qualify for food stamps and Medical Assistance. Moreover, policy directives issued by the Department may have been misinterpreted by some administrative agencies. In its August 1996 request for proposals for implementation of W-2, the Department indicated that “the W-2 system provides only as much service as an eligible individual asks for

or needs. Many individuals do much better with just a ‘light touch’.” In addition, in February 1998, as part of its monthly newsletter to W-2 staff, the Department included an article entitled “Case Management with a Light Touch,” in which it indicated that “light touch” is a philosophy rather than a process and that “it means that we don’t offer every support available to a family until we know a need exists.”

Some caseworkers believed they were prohibited from informing applicants of the availability of food stamps during implementation of W-2.

As a result of confusion caused by these and other documents, as well as information conveyed during meetings and training sessions, some staff with whom we spoke indicated that W-2 agency workers applied the concept of “light touch” to all assistance programs, including the Food Stamp and Medical Assistance programs, during the seven-month transition period between AFDC and W-2. For example, caseworkers in some of the agencies we visited indicated that at least during the first few months after W-2 was implemented in September 1997, they did not routinely offer food stamps to individuals who did not ask about the program directly. A number of caseworkers indicated they felt prohibited from telling families about food stamps, Medical Assistance, and child care unless these services were specifically requested.

In response to concerns, the Department undertook more directed training efforts. Beginning in 1998, state trainers and local caseworkers discussed the need to ask additional questions and understand each person’s specific situation before asking what services applicants were interested in receiving. In addition, some of the Department’s regional offices issued clarifying statements. In February 1998, in response to the Department Secretary’s concern about a dramatic decrease in Medical Assistance caseloads, the Green Bay regional office issued a policy clarifying caseworkers’ responsibilities associated with informing applicants of support services. The policy states that caseworkers “should not only tell families about these services, they should also be proactive in helping customers do long-term planning for the day when they are no longer eligible for the support services.” However, it is not clear whether these efforts have sufficiently resolved all misunderstandings and made local agencies aware of their responsibilities to inform applicants of the continued availability of food stamps.

More Frequent Recertification of Participant Eligibility

In order to continue receiving benefits, recipients must regularly report and verify relevant eligibility information, such as their current monthly income and allowable deductible expenses, to ensure the amount of food stamp benefits provided is appropriate. A change in program policies requiring more frequent recertification for food stamp benefits appears to have contributed to lower program participation. In order to be consistent with W-2 and Medical Assistance program requirements, the Department in October 1997 changed how benefits are determined from a system that used past income to a system that estimates future income.

Because calculating benefits based on an estimate of future income could be less accurate than using historical income data, USDA encouraged the Department to implement shorter recertification periods.

Since FFY 1994-95, Wisconsin’s error rate in benefit calculations has been among the highest in the nation.

The Department chose to reduce the amount of time for recertification as an initial measure to address a benefit payment error rate problem, as Ohio and Indiana had done. The benefit payment error rate includes instances in which the amount of benefits provided was either higher or lower than the amount for which the assistance group was eligible. As shown in Table 8, Wisconsin’s benefit payment error rate has been higher than the national average during the past five years, and Wisconsin has had one of the ten highest error rates in the nation since FFY 1994-95. Based on USDA’s calculations, in FFY 1998-99, 9.6 percent of benefits paid in Wisconsin, with a value of \$11.9 million, were too high; 3.8 percent, with a value of \$4.7 million, were too low.

Table 8

Food Stamp Benefit Payment Error Rates
Federal Fiscal Years 1994-95 through 1998-99

	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
Wisconsin’s Error Rate	12.2%	11.4%	13.7%	14.6%	13.4%
National Average	9.7%	9.2%	9.8%	10.7%	9.9%
Wisconsin’s Error-rate Ranking	6	7	3	5	8

The benefit calculation error rate for Milwaukee County is higher than in other parts of the state.

The error rate in Milwaukee County, which accounts for about one-half of the State’s food stamp caseload, has been consistently higher than in the rest of the state. For example, in FFY 1998-99, the error rate in Milwaukee County was 14.2 percent, compared to 8.7 percent in the remainder of the state. Federal, state, and local staff with whom we spoke believe this is because urban centers such as Milwaukee typically have more difficult cases for which to correctly determine eligibility, and because staff turnover among Milwaukee County eligibility workers has been high.

Because food stamp benefits are federally funded, USDA can impose monetary sanctions on states with error rates above the national average. Since 1994, USDA has imposed a total of \$2.7 million in sanctions for Wisconsin’s high error rates. To date, rather than withholding or

requiring the return of federal funds, USDA has allowed the State to invest the sanctioned amounts in programs that attempt to improve payment accuracy. However, there is no guarantee that USDA will allow Wisconsin to reinvest future sanctioned amounts if error rates do not improve further.

Although more frequent recertification was implemented in response to concerns about the high error rate in benefit calculations, some believe it has created a barrier to program participation. Many of the caseworkers with whom we spoke indicated because of the three-month recertification requirement, individuals must take time off from work, find transportation, arrange child care, and provide documentation of their assets and sources of income more frequently. They believe it is a barrier to participation for those who are unable to attend these appointments because of scheduling conflicts, and that the effort required discourages some eligible individuals from participating in the program.

However, these concerns are not shared by all caseworkers. Other caseworkers stated that the change to three-month recertification is beneficial because it ensures greater agency contact with food stamp recipients, thereby allowing caseworkers to become better informed about their clients' current circumstances, to prevent fraudulent claims, and to better address their changing needs. With this recertification change, the Department also eliminated monthly reporting requirements for recipients. As noted, the precipitous decline in Food Stamp Program participation began in March 1995. Although food stamp participation continued a steady decline for a number of months after the change to three-month recertification, the extent to which this change influenced a continued decline or delayed the time at which participation began to increase cannot be quantified.

Increased Work Requirements for Some Recipients

Some may have been discouraged from participating based on increased work requirements.

Increases in work requirements under FSET that took effect in October 1996 may have contributed to the reduction in the number of individuals receiving food stamps. As noted, the FSET program is administered by W-2 agencies under their contracts to provide employment and training services to both W-2 participants and food stamp recipients. Food stamp recipients who do not participate in W-2, are not otherwise employed, or do not have any dependents are required to participate in the FSET program.

FSET participants without dependents must now meet specific work requirements:

- either the number of hours they work in a subsidized employment position or their participation in a work-based training program is generally required to equal their food stamp allotment divided by the minimum wage, and
- if they are sanctioned for nonparticipation three times, they must comply with the FSET requirements of working 80 hours in a 30-day period before regaining eligibility for food stamps. In contrast, other FSET participants are able to receive food stamps upon application and before engaging in participation requirements.

In addition, participants without dependents may receive food stamps for only 3 months in a 36-month period without meeting these work requirements. Local agency staff with whom we spoke indicated that many FSET participants found it easier to find jobs on their own or decided to leave the program rather than comply with these new requirements.

Administrative Issues

Administrative problems have likely contributed to the decline in food stamp participation.

Finally, administrative problems in W-2 and county human services agencies, including a failure to post and make required information accessible, have likely contributed to the decline in Food Stamp Program participation. In 1999, USDA conducted special reviews of the administration of food stamps in three of the five Milwaukee W-2 administrative agencies: Employment Solutions, Inc.; Maximus, Inc.; and YW Works, Inc. These reviews were conducted, in part, as a response to concerns raised by a Milwaukee-area congressman. As noted, county staff who remain responsible for determining eligibility for food stamps are stationed in W-2 agencies, which also have responsibilities associated with providing individuals access to information about food stamps and other public assistance benefits.

Among the findings in its reviews, USDA determined that:

- applicants were not always permitted to file an application on the same day that they inquired about the Food Stamp Program or were not always notified of their right to do so under federal law;

- applicants were provided with paper application forms only when the State's automated eligibility determination, benefit calculation, and caseload management system (CARES) was not in operation, even though agencies are required to provide paper applications forms to whomever requests them;
- applicants were not always permitted to apply for food stamps after 4:00 p.m. on certain days, even though the offices processing the applications were still open;
- agencies did not have adequate quantities of informational materials, such as posters and brochures, that were easily accessible to prospective recipients;
- not all individuals who were eligible to receive food stamps within seven days of application actually received expedited benefits; and
- staff sometimes incorrectly established the starting date from which food stamp benefits would be provided.

In following up on the USDA findings, we conducted on-site reviews of 16 W-2 and county human services offices throughout the from February through May 2000. Offices, job centers, and other locations at which food stamp applications are taken are required by federal law to make available the information contained on two posters: the *Food Stamp Rights* poster, which outlines five basic rights of food stamp applicants, and the *Justice for All* poster, which explains in several languages the federal policy prohibiting discrimination in the administration of benefits. In addition, since April 1999, the Department has required local agencies to make three food stamp publications accessible to applicants at each location applications are taken: one that provides basic information on the Food Stamp Program, a second that describes individuals' rights and responsibilities with respect to food stamps, and a third that provides information on the fair hearings procedures for food stamps and Medical Assistance.

Many of the agencies we visited did not have all required information displayed or accessible.

Although the sites visited by USDA in 1999 were almost entirely in compliance at the time of our visits, we found that a number of other offices did not have the posters displayed and did not have the required brochures visible or in an accessible location. For example:

- 11 offices did not display brochures discussing fair hearings;

- 8 offices did not display brochures discussing food stamp rights and responsibilities;
- 7 offices did not display a basic informational food stamp brochure;
- 6 offices did not display the *Justice for All* poster; and
- 4 offices did not display the *Food Stamp Rights* poster.

Appendix II provides more detailed information on the information displayed at each of the 16 locations we visited.

Use of Alternative Food Programs

Many have questioned whether the decline in Food Stamp Program participation has increased reliance on alternative food sources, such as food pantries and on-site meals provided by community-based organizations, religious organizations, and local charity groups. Advocates argue that the increase in reliance on these programs has been substantial, and the data reported by private organizations suggest use of their programs has increased in recent years. However, we could not independently verify the reported increase.

Food banks, food pantries, and meal programs are the main types of alternative food programs.

In general, three types of alternative food programs are operated by local organizations:

- food banks, which collect food from businesses and other donors and distribute it to pantries;
- food pantries, which package food for individual and family distribution and provide facilities where it may be claimed; and
- meal programs, which provide meals to individuals at designated sites or home delivery of meals to the elderly and disabled.

Alternative food programs are not intended to provide all of the food needed by low-income households.

These alternative food programs generally intend only to provide supplementary food to low-income families. For example, some food pantries restrict the receipt of food to once per month, while others limit receipt to four times per year or less. Meal programs vary, but few provide meals more than a few days each month. Most food programs require recipients to provide identification, such as a driver's license or other photo identification, and some require social security numbers,

addresses, and telephone numbers. However, the extent to which they document recipients' need varies. For example, while some food programs do not require any documentation of low-income status, others require individuals to be referred by county human or social services departments.

The types of individuals served by alternative food programs vary by location and need. However, based on preliminary results from an as yet unpublished study of food pantry users by the University of Wisconsin-Extension, service recipients are:

- mainly female (approximately 73 percent);
- households with children 17 years old or younger (44 percent);
- age 65 or older (19 percent); and
- those with low educational levels (37 percent lack a high school diploma).

Only 17 percent of those using alternative food programs reported using food stamps. However, it is not known how many of those surveyed would have qualified for food stamps had they applied.

In an attempt to quantify the extent to which alternative food program use has changed in the past few years, we contacted five of the larger food banks serving Wisconsin:

- the Hunger Task Force of Milwaukee, which distributes food to 83 pantries in southeastern Wisconsin;
- the Second Harvest Food Bank of Wisconsin in Milwaukee, which distributes food to more than 1,100 food pantries and local charities in 36 Wisconsin counties;
- the Second Harvest Food Bank of Southern Wisconsin, in Madison, which distributes food to 260 pantries and local charities in 17 southern Wisconsin counties;
- the Second Harvest Food Bank of St. Paul, which distributes food to more than 17 pantries, local charities, and other locations in northern Wisconsin; and

Food pantries and other programs have reported increased demand.

- Feed My People, which distributes food to pantries and other hunger prevention organizations in a 13-county area in northwest Wisconsin.

In addition, we contacted a number of hunger prevention organizations and local food pantries throughout the state. Most of these organizations obtain food, as well as funding to buy food, through donations and do not rely extensively on public funds to support their operations. Because they do not record food distribution data in a uniform manner or over identical time periods, a single measure of the change in the use of their services could not be calculated. However, the data reported to us by these organizations suggest the amount of food they distribute has increased. For example:

- the Hunger Task Force of Milwaukee reported increasing its food distribution by 83 percent over two years, from 1.2 million pounds in 1997 to 2.2 million pounds in 1999;
- the Second Harvest Food Bank of Wisconsin in Milwaukee reported increasing its food distribution by 16 percent over three years, from 9.2 million pounds in FY 1996-97 to 10.7 million pounds in FY 1998-99;
- the Second Harvest Food Bank of Southern Wisconsin reported increasing its food distribution by 21 percent from 1997 to 1998 and 35 percent from 1998 to 1999, from an estimated 1.4 million to 1.7 million and then 2.3 million pounds;
- the Second Harvest Food Bank of St. Paul reported increasing its food distribution in northern Wisconsin by 49 percent over two years, from 492,628 pounds in 1997 to 732,078 pounds in 1999; and
- Feed My People reported increasing its food distribution by 20 percent in one year, from 353,382 pounds in 1997 to 424,058 pounds in 1998.

It should be noted that an increase in pounds of food distributed by alternative food programs does not necessarily mean an increase in need. These organizations rely on donations to create their supply, and with the strong economy and more generous giving, more food has been available to distribute. However, some of these same organizations have also reported increases in the number of households or individuals served. For example:

- the Hunger Task Force of Milwaukee reported a 32 percent increase in the average number of people served per month from 1995 through 1999, from 26,841 to 35,366;
- the Second Harvest Food Bank of St. Paul reported a 66 percent increase in households served in northern Wisconsin over two years, from 7,612 in 1997 to 12,645 in 1999; and
- The ECHO Food Pantry in Rock County reported a 15 percent increase in the number of individuals served over two years from 12,389 in 1997 to 14,247 in 1999.

One alternative food program reported decreased use.

Only one of the alternative food programs we contacted reported a decrease in use during the past few years. The Community Action Coalition, which operates the Dane County Food Pantry Network, reported a 10 percent decrease in the number of individuals served over three years, from 140,414 in 1996 to 125,867 in 1998. However, participation increased to 139,167 in 1999.

In general, the organizations we contacted project increased demand for their food services through 2000. Representatives of these organizations are concerned that use of their food programs has increased while the economy has been strong, and they generally believe that the increase is a direct consequence of declining participation in the Food Stamp Program. Others, however, suggest that the larger role private organizations are playing in providing food to low-income individuals is both expected and appropriate. They believe that reduced reliance on governmental assistance is one of the goals of welfare reform and suggest that individuals may be choosing to use food programs rather than publicly funded food stamps.

Regardless of one's position on this issue, food stamp benefits remain an entitlement under federal law and, although individuals may choose not to take advantage of the benefit, federal regulations require that prospective recipients be made aware that program benefits are available to those who qualify and that qualified individuals be encouraged to apply on the first day they learn of the availability of benefits. Therefore, we reviewed efforts taken to respond to the concerns that have been identified and to improve the provision of food stamps to low-income individuals and families.

EFFORTS TO IMPROVE THE PROVISION OF SERVICES

In response to concerns prompted by federal reviews and raised by local administrative agencies, a number of efforts have been undertaken to improve Food Stamp Program administration and increase participation. Although the specific effects of these efforts have not been measured, program participation has increased slightly since July 1999. In addition, some administrative problems have not yet been adequately addressed.

Improving Program Administration

In an effort to improve the quantity of informational materials available to interested parties, the Department issued an operations memorandum in April 1999 reminding local agencies of their obligations under federal law to provide written information and to display information about the Food Stamp Program in places visible to applicants at all times and at all service locations. Despite this action, however, we noted a number of agencies that did not have food stamp posters or brochures displayed. Therefore, it is unclear how successful the Department's efforts to improve program administration have been in this area.

Steps have been taken to address administrative problems.

In June 1999, the Department emphasized that potential recipients should be given the opportunity to file an application on the same day they first contact a local agency for program information. In addition, the Department developed a one-page form for applicants to complete if it is not possible to complete the standard electronic CARES client registration process at the time of initial inquiry. This is important because it establishes the initial filing date that is used in calculating the point from which food stamp benefits will begin to be provided.

In response to questions and requests for policy clarification, the Department also issued three operational memoranda in June 2000 intended to address agencies' questions and concerns regarding the one-page application form, setting application filing dates, processing mail-in reviews, making accurate priority service determinations, and a number of other issues. Finally, the Department has undertaken specific efforts to reduce errors in determining appropriate benefit levels. These efforts are financed using the \$2.7 million in funding USDA has sanctioned since 1994 and include:

- requiring participants to recertify their eligibility more frequently;
- planning to establish, at the suggestion of USDA, a call center in Milwaukee to receive participant-reported changes in circumstances that affect eligibility and benefits;
- establishing two teams of quality-control reviewers, one in 1999 and one in 2000, to intensively review cases for errors on an ongoing basis; and
- convening an error-reduction conference in March 2000 in Milwaukee that was attended by 450 eligibility workers from both public and private agencies throughout the state.

Enhancing Outreach Efforts

Local agencies have worked to enhance their outreach efforts.

In addition to the efforts undertaken by the Department to address administrative concerns with the Food Stamp Program, several local agencies have taken steps to improve their outreach efforts and to increase program participation. In general, these efforts have focused on increasing the number of locations at which individuals can apply for benefits and expanding the hours during which applications will be taken.

Since FY 1995-96, local agencies have reported spending approximately \$668,900 in state and federal funds on outreach. In addition, in 1999 the five private W-2 agencies in Milwaukee County provided \$150,000 for outreach activities for the Food Stamp and Medical Assistance programs. The Department did not keep data or measure the effectiveness of local agencies' outreach activities. However, we discussed outreach efforts with local agencies that administer food stamp benefits and found that all had made efforts to improve the accessibility for interested applicants. Although the extent of these efforts has varied among agencies, the outreach efforts generally included expanding hours of service, establishing additional application sites, and working with alternative food programs.

Local agencies have expanded their hours of operation to receive applications.

Expanding Hours of Service

In general, local agencies are open to receive applications for food stamps between 7:30 a.m. and 5:00 p.m., Monday through Friday. However, in an effort to accommodate those who are employed or otherwise find it difficult to make application during standard hours of operation, all of the agencies we contacted have increased the number of hours they are open or have taken other steps to facilitate the application process. For example:

- in December 1999, each of the five W-2 administrative agencies in Milwaukee County was open three Saturdays before the Christmas holiday, in an attempt to provide greater access to those seeking to apply for benefits;
- in June 1998, Dane County first provided a 24-hour drop box at its job center so that applicants can leave materials needed to verify their eligibility during off-hours;
- in June 1999, Dane County expanded its hours of operation on Wednesdays from 7:00 a.m. to 7:00 p.m.; and
- in January 1998, Kenosha County began requiring its economic support staff to allow applicants and recipients to schedule appointments outside normal business hours, including after 5:00 p.m.

Local agencies indicate that modifying their hours of operation has been challenging because of limitations in the availability of their own staff, who are needed to complete the application process, and because of the limited availability of the CARES system, which is maintained centrally by the Department. CARES is generally available for case processing weekdays between 6:30 a.m. and 7:00 p.m.; on Wednesdays it is available until 9:00 p.m., and on Fridays it is available until 5:00 p.m. CARES is also usually available for two Saturday mornings each month. Officials in the Department indicate that local agency access to the CARES system must be limited to allow time for processing the day's cases. Although paper applications could still be taken and entered into CARES when it is in operation, agency officials do not believe that this would be an efficient way to process applications.

Local agencies have increased the number of locations at which applications are taken.

Establishing Additional Application Sites

Another strategy that most of the local agencies we visited have used to increase access to Food Stamp Program benefits is establishing application sites in locations other than their primary job center or W-2 intake facility. The majority of the additional sites are located in clinics or hospitals and were established primarily to enhance access to Medical Assistance benefits. Consequently, the success these sites have had in taking applications for food stamps has been mixed. For example, in the one and one-half years that Monroe County has been taking applications for public assistance services at the Cashton Health Center, only one person has applied for food stamps.

In contrast, Milwaukee County, which since July 1998 has accepted applications for food stamps at medical clinics and other community sites, has seen the number of food stamp applications accepted at these sites increase dramatically. For example, in January 1999, 37 people applied for food stamps at one of the 27 additional sites accepting applications at that time. By April 2000, that number had increased to 223 applications, even though the number of additional sites accepting applications had declined to 24.

Some agencies have made broader attempts to facilitate participation in the Food Stamp Program through the placement of staff in other types of locations. For example:

- Kenosha County has worked with local organizations and other public offices to designate 21 sites, including community centers, churches, and public health offices, at which individuals may apply for food stamps. Three full-time equivalent staff are dedicated to staffing these 21 locations at different days and times each month.
- Price County, in addition to its main office, has established two locations—one in Prentice that operates twice per month, and one in Park Falls that operates twice per week—to provide opportunities for interested parties to apply for food stamps and other social services. Paper applications are taken at the office in Prentice, because it is not connected to the CARES system.
- Vilas County sends a county worker to Forward Services, the county's W-2 agency, one day each week to take food stamp applications and recertification requests.

- Rock County arranges for county staff to conduct home visits if a person is not able to obtain transportation to a county office to apply for food stamps or other services, and takes applications at a second office in Beloit on an appointment basis.
- Milwaukee County has, since February 1999, stationed workers at a meal program site for two hours each week and, since July 1999, at a food pantry on two Saturdays each month for three hours per day in an attempt to provide greater access to the Food Stamp Program. In addition, the county will send eligibility staff to any location that will arrange to have at least 15 applicants present on any given day for events such as a job fairs or school functions, or at health clinics and other locations.

Local officials report that their attempts to enhance access through these additional sites have met with mixed success. In general, such attempts have been largely focused in urban areas, where agencies have more staff and, therefore, more flexibility. We found that it was less common for rural counties to provide opportunities to apply for benefits at sites other than their primary locations.

Working with Alternative Food Programs

Some agencies have attempted to coordinate their efforts with alternative food programs.

Instead of placing staff to take applications at alternative food program sites, a third strategy that local agencies have used to enhance their outreach efforts is coordinating their services with alternative food programs in their areas. The extent and frequency of these efforts has varied. While some agencies have made no attempts to coordinate their services, others have taken steps to work with local pantries and food banks in order to provide more comprehensive services. For example:

- YW Works, a private W-2 agency serving low-income individuals and families in Milwaukee, indicated that it is in the process of initiating an outreach program with two food pantries within its region: St. Vincent Center and Interchange. YW Works will provide funding for additional staff to keep the pantries open longer and will educate those collecting food at the pantries about the Food Stamp Program;

- Vilas County has worked with local pantries to encourage customers to sign release forms authorizing pantries to contact the county and arrange food stamp application appointments;
- Rock County is in the process of developing brochures to be distributed by food pantries and grocery stores, encouraging people to apply for food stamps; and
- in January 2000, United Migrant Opportunity Services, another private W-2 agency serving Milwaukee County, entered into a four-month \$64,000 contract with the Hunger Task Force of Milwaukee to conduct door-to-door visits to encourage people to apply for benefits and to conduct other outreach efforts.

Implementation of Electronic Benefits

By the end of 2000, all food stamp benefits in Wisconsin will be distributed electronically.

Although a number of initiatives have been taken to improve the provision of food stamps to eligible recipients, efforts have not been made in every county, and the extent and duration of these efforts vary significantly. However, one change that has begun to be implemented statewide and may further facilitate access to food stamps is the replacement of paper food stamp coupons with electronic debit cards. By the end of 2000, all food stamps in Wisconsin will be distributed through electronic benefit transfer (EBT). Although Wisconsin is one of the last states to initiate EBT for its Food Stamp Program, administrative problems have been encountered during initial EBT implementation, which the Department's officials indicate are to be expected in the early stages of any project of this magnitude.

In response to a 1995 Joint Legislative Council study committee's recommendations, the Legislature mandated implementation of EBT for food stamps as part of 1995 Wisconsin Act 368. Subsequently, changes to federal law have made the conversion to electronic benefits mandatory for all states. In January 1999, Citicorp Services, Inc., was selected by the Department to establish a system for EBT and was awarded a \$12.4 million contract to implement the program statewide. That contract included \$1.3 million for start-up costs and to pilot the program in Rock County.

Electronic benefits have several advantages over paper coupons.

EBT has a number of advantages over the distribution of paper coupons. First, EBT is intended to reduce fraud by limiting program participants' ability to trade coupons for cash and by providing an electronic record of every transaction. Second, it is hoped that EBT will reduce long-term

program costs because it will eliminate the need to mail coupons. Third, EBT is intended to improve recipients' access to benefits because automatic transfers to recipients' accounts on the same day each month will eliminate mailing delays. Finally, use of an EBT debit card, rather than paper coupons, may reduce the stigma some believe is associated with participating in the Food Stamp Program, thereby increasing participation among eligible individuals.

Although EBT is generally viewed as a positive step, some fear that implementation problems will impede access to services. Department and Rock County officials indicated that during the EBT pilot in October 1999, a number of problems were identified, including:

- incorrect denial of approximately 5 percent of recipients' EBT cards over a three-month period;
- initial failure to provide EBT cards to some recipients, or providing them at a date later than intended;
- difficulty in distributing EBT cards to recipients and providing instruction on their proper use—approximately 20 percent of recipients did not initially claim their cards, in part because the Department required them to attend a pre-scheduled training session at county offices; and
- providing poor customer service to food stamp recipients through the 24-hour customer assistance hotline, including providing incorrect information on EBT.

Electronic benefits are being implemented statewide in eight geographic groupings.

As shown in Table 9, EBT is being implemented around the state, beginning with Rock County in October 1999 and concluding with a three-month phased implementation in Milwaukee County in fall 2000. In general, county implementation of EBT has been grouped based on geographic region and the regional administrative office that oversees specific counties. To date, all counties have proceeded with the EBT conversion on schedule.

Table 9

Electronic Benefits Transfer Implementation

<u>Month of Implementation</u>	<u>Counties and Tribes</u>
October 1999	Rock
February 2000	Columbia, Dane, Dodge, Grant, Green, Iowa, Jefferson, Lafayette, Marquette, Richland, Sauk, Kenosha, Racine, Walworth
March 2000	Ozaukee, Washington, Waukesha
April 2000	Brown, Calumet, Door, Florence, Fond du Lac, Green Lake, Kewaunee, Manitowoc, Marinette, Menominee, Oconto, Outagamie, Shawano, Sheboygan, Waupaca, Waushara, Winnebago, Oneida (tribe), Stockbridge-Munsee (tribe)
May 2000	Adams, Forest, Langlade, Lincoln, Marathon, Oneida, Portage, Vilas, Wood, Lac du Flambeau (tribe), Sokaogon (tribe)
June 2000	Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor, Washburn, Bad River (tribe), Red Cliff (tribe)
July 2000	Barron, Buffalo, Chippewa, Clark, Crawford, Dunn, Eau Claire, Jackson, Juneau, La Crosse, Monroe, Pepin, Polk, St. Croix, Trempeleau, Vernon
August through October 2000	Milwaukee

Some problems have been encountered with the implementation of electronic benefits.

Because Rock County was the pilot, some problems were to be expected and most of the problems encountered in Rock County were identified and addressed. However, some of these problems have been experienced by other counties. For example, when Dane County implemented its EBT program in February 2000, all food stamp recipients were required to come to a single location over a four-day period to claim their cards and receive training. Approximately 50 percent of Dane County's 3,800 food stamp recipients did not arrive as requested. As a result, the county scheduled walk-in appointments at offices outside of Madison and delivered cards to the homes of elderly and disabled participants.

Other counties have also experienced difficulties during EBT implementation. For example, Kenosha County did not receive its state-developed promotional materials until three days before it was to begin training participants. The county believes the delay increased the number of individuals who did not participate in the initial training appointments. Grant County officials noted that the customer assistance information provided through the automated 24-hour telephone hotline has been confusing to some participants.

In addition, although EBT debit cards can be processed using standard credit card terminals at grocery store counters, not all stores have installed these terminals. Efforts have been made to address some of these concerns. For example, the Department paid for installation of three EBT terminals at three sites of a Madison grocery store that does not accept credit card payments for food purchases.

As noted, the last county to implement EBT will be Milwaukee County. In response to a request from Milwaukee County that was supported by the Senate Human Services and Aging Committee, conversion to EBT will occur there over a three-month period beginning in August 2000, so any problems that may develop can be identified and addressed. In an attempt to minimize the problems resulting from implementation of EBT, the Department has:

- provided approximately \$830,000 in federal and state funding to assist Milwaukee County in paying for the EBT conversion and the distribution of coupons and debit cards through October 2000;
- provided an additional \$200,000 to the State's remaining counties to cover costs associated with contacting each food stamp recipient who does not appear for scheduled EBT training; and
- dedicated \$52,400 to conducting an outreach campaign that has included broadcasting public service announcements on the radio and that may also include televised advertising in Milwaukee County.

Some groups of recipients may have difficulty accessing their benefits using EBT.

Federal officials have reviewed the EBT implementation plan for Milwaukee and believe that it is adequate. However, there is some concern that these efforts may not be sufficient. Many of the county human and social services administrators with whom we spoke expressed concern over the potential for some groups of recipients, such as the elderly, to be harmed by the use of EBT, suggesting that some may find learning a new system of benefits confusing or may forget personal identification numbers and be unable to use their EBT cards to access their benefits. Sufficient data are not currently available to assess the validity of these concerns. However, as counties have more experience with EBT, data will be available for analysis. Therefore, we recommend the Department of Workforce Development monitor the participation of individuals in the Food Stamp Program and report to the Joint Legislative Audit Committee by July 1, 2001, on the changes in program participation among groups that may have difficulty with the new system, including the elderly and disabled.

FUTURE CONSIDERATIONS

Despite the Department's efforts to improve program administration and increase participation, concerns remain about the disparity between the number of individuals receiving food stamps and the number who appear to qualify for program benefits. Continued program monitoring, a focus on outreach, and implementation of EBT may help bridge this gap. However, additional efforts to facilitate participation in the Food Stamp Program would require either changes to federal law or a waiver of existing federal regulations.

Advocates believe more could be done to facilitate or expand program participation.

Increasing program participation among those currently eligible to receive food stamps might be most effectively accomplished by reducing some of the extensive documentation and reporting requirements and by waiving some work requirements. Advocates also suggest that establishing consistent eligibility criteria for all public assistance programs would expand Food Stamp Program participation to a broader population and could enhance the ability of other programs, such as W-2, to encourage self-sufficiency. Expanding participation will increase program costs.

Changing Reporting Requirements

As noted, most local agency officials with whom we spoke cited barriers to participation associated with the Food Stamp Program's reporting requirements, including both the amount of documentation necessary to support an application and the frequency with which this information must be provided. Federal food stamp regulations for determining eligibility require applicants to verify a range of information, including:

- proof of residence, by providing a lease, mortgage receipt, utility bill, driver's license, or other similar documents;
- earned income, by providing check stubs or an employer-signed affidavit;
- unearned income, by providing award letters for such assistance as unemployment insurance, social security, retirement benefits, or disability insurance;

- assets, by providing bank statements for savings and checking accounts and other statements for retirement accounts, certificates of deposit, stocks or bonds, and life insurance; and
- expenses for housing, utilities, medical care, and child care, by providing such things as a lease or mortgage agreement, a landlord-signed affidavit, bills, child care payment receipts, or a signed affidavit from a child care provider.

Because of the amount of information required, the application process is time-consuming for both the applicant and the caseworker. In addition, recertification requires recipients to provide verification of income, expenses, and other information at each case review, even if their circumstances have not changed. State policy requires recertification every three months, which helps to reduce the rate at which an incorrect level of benefits is provided and assists agency workers in compiling current information on a recipient's case. Federal regulations require most changes in case information that affect benefit levels to be reported within 10 days, or else recipients must repay the value of benefits for which they were not eligible.

The Department could reduce some reporting requirements.

The Department could reduce some of these reporting requirements without federal action. For example, rather than being required at each three-month recertification, documentation of income, expenses, and other information could be required every six months, or annually. Alternatively, the Department could require that documentation be provided only when a recipient's circumstances change, such as when income increases by more than a specified amount.

In addition, the Department could change the frequency of recertification. As noted, the frequency was changed from six to three months in October 1997, in an attempt to reduce the frequency of incorrect benefit determinations. Because the accuracy of benefit calculations has not improved substantially over error rates before 1997, some believe that returning to six-month recertification would increase participation without negatively affecting error rates.

More substantive changes would require waivers of federal rules and regulations.

More substantive changes to current reporting requirements would require waivers of federal rules and regulations. In general, waivers are granted only for specific policies that federal rules and regulations suggest should have flexibility. However, states may seek demonstration waivers that attempt to test new approaches that are intended to better serve eligible populations, such as waivers intended to address an underserved segment of the population. If granted, these types of waivers generally require measurement of their effects using an experimental design with control and treatment groups.

Officials in the Department indicate that it is difficult to have waivers approved by USDA for two reasons. First, the federal government requires that all waiver requests be cost-neutral in each year of their implementation. Cost-neutrality is more easily achieved if it is distributed over the life of the waiver. Second, no time lines have been established for USDA's response to a waiver request. This can create planning difficulties for states.

A waiver allowing recertification by telephone has been approved.

Despite these difficulties, the Department sought waivers to address some of the potential barriers caused by complex reporting requirements. For example, the Department requested, and in 1999 received, a waiver that grants local agencies discretion to allow every other food stamp review to be conducted using a form that the participant completes and mails or the caseworker completes during a telephone conversation. However, local agency staff indicate that the benefits of this waiver have not been great. Caseworkers with whom we spoke generally believe telephone reviews have been beneficial, but they also indicated mail-in reviews were unsuccessful because the forms confused participants, which resulted in meetings with caseworkers. Consequently, some local agencies have indicated they do not intend to implement this option.

In 1999, the Department was granted a waiver to a federal requirement that any changes of \$25 or more in gross monthly income be reported within ten days. As a result of the waiver, participants with earned income no longer report changes based on a dollar amount, but rather report all changes in salary, employment status, or source of income. The Department indicates this waiver has reduced the number of changes participants must report.

Furthermore, in 2000, the Department was granted a waiver allowing participants with earned income to report changes in their circumstances on a quarterly basis, instead of within ten days of the change, without penalty. Although the waiver request was for the ability to apply quarterly reporting to FSET, W-2, and earned-income assistance groups, USDA approved it only for assistance groups with earned income. The Department has not implemented a change in procedures because officials believe doing so only for those with earned income would present administrative difficulties. Department officials indicate they are in the process of reviewing information obtained from local agencies and other program specialists to assess the benefits and drawbacks of moving to quarterly reporting.

Perhaps the most significant waiver that could be requested would allow initial food stamp applications to be completed by telephone and pertinent documentation to be mailed to the food stamp agency for verification of eligibility. The Department anticipates experimenting with the use of telephone applications in Milwaukee County as part of a federal project for which it recently applied, which is designed to more

closely coordinate Food Stamp and Medical Assistance Program eligibility procedures. If permitted, this type of option may facilitate access to food stamps while still requiring that applicants demonstrate their eligibility with adequate documentation. However, it will also raise concerns about the potential for fraud.

Waiving Certain Work Requirements

Other states have been granted waivers that some believe would facilitate access to food stamps in Wisconsin. For example, states are allowed to seek a waiver that would exempt able-bodied food stamp recipients without dependents from the more stringent work requirements of the federal Personal Responsibility and Work Opportunity Reconciliation Act in areas with either an unemployment rate greater than 10 percent or insufficient jobs to provide employment. Currently, 41 states and the District of Columbia have requested such a waiver for certain geographic areas within their jurisdictions.

Department officials indicate Wisconsin has not requested this waiver because they believe it would be unfair to families if single individuals were exempted from some work requirements. Moreover, even if such a waiver were granted, exempted individuals would still be required to meet the less-stringent work requirements of the FSET program. Given Wisconsin's low unemployment rate, it is also unlikely that many would currently qualify for this exemption under the federal criteria. Officials in the Department indicate that these same reasons explain why they have not implemented a state option that would allow Wisconsin to exempt up to 15 percent of able-bodied food stamp recipients without dependents from the more stringent work requirements.

Expanding Benefits and Eligibility

Advocates believe benefit levels and eligibility rules should be expanded.

Advocates have suggested that the State work with its congressional delegation to promote changes in federal law that would increase food stamp benefit levels and expand eligibility requirements in order to encourage participation by a broader population of individuals needing assistance. As noted, in January 2000, approximately one-third of assistance groups receiving food stamps received benefits of \$25 or less per month, and 28.6 percent received benefits of \$10 or less. Advocates believe that the current level of benefits, which are almost entirely federally funded, does not adequately address recipients' needs and that providing more meaningful assistance would encourage more people to participate. For example, some suggest that the minimum benefit level be set at \$20 per month, which they believe may be sufficient to encourage greater participation and provide a more meaningful subsidy. Such a change would require action by Congress and would increase program costs. For example, we estimate that if the minimum food

stamp benefit had been set at \$20 per month for those receiving benefits in 1999, benefit costs would have increased by approximately \$3.8 million in Wisconsin alone.

Alternatively, some advocates have suggested that eligibility criteria for the Food Stamp Program be expanded. They note that the federal government has not changed income limits for the program since 1977, despite the fact that income limits for other social service programs have increased. For example:

- The Wisconsin BadgerCare program, which was implemented in 1999 under federal waivers granted by the Department of Health and Human Services, is intended to provide health care coverage to individuals in low-paying jobs who cannot afford health care and would not otherwise qualify for Medical Assistance. The program allows participation for those with incomes of up to 185 percent of the federal poverty level. Currently, a family of three with income of up to \$26,177 per year would be eligible. Families are allowed to remain enrolled until their incomes surpass 200 percent of the federal poverty level. Currently, a family of three with an income of \$28,300 or less per year could remain enrolled.
- Wisconsin Shares, the State's child care subsidy program, increased its income limit for initial eligibility in March 2000 from 165 percent of the federal poverty level—that is, \$23,347 per year for family of three—to 185 percent of the federal poverty level. In addition, enrolled families may remain in the program until their incomes surpass 200 percent of the federal poverty level. Federal child care rules permit an even higher income limit, 85 percent of the state median income. Under federal rules, a family of three with an annual income of \$40,891 would be eligible for program services.

Table 10 shows the current comparative income limits for a number of state-administered programs that provide supportive services.

Table 10

Income Eligibility for Various Public Assistance Programs
July 2000

<u>Program</u>	<u>Gross Income as a Percentage of Federal Poverty Level Used in Determining Eligibility</u>	<u>Annual Income Limit for a Family of Three</u>
Food Stamps*	130%	\$18,048
Wisconsin Works	115%	\$16,272
Wisconsin Shares (Child Care)	185% for applicants 200% for recipients	\$26,177 \$28,300
BadgerCare	185% for applicants 200% for recipients	\$26,177 \$28,300
Healthy Start (Medical Assistance)**	185%	\$26,177
Healthy Start (Children Ages 6-18)	100%	\$14,150

* Federal poverty rates for 2000 will take effect in October 2000; other programs began using 2000 rates in May 2000.

** Covers pregnant women and children to age 6.

In addition to concerns about income limits, concerns have been expressed about the limit on assets affecting eligibility for food stamps. Some have suggested that the current federal limit of \$2,000, which has not changed since 1985, makes it difficult for working families to establish savings and work toward long-term self-sufficiency. In contrast, the asset limit for W-2 is currently set at \$2,500, an increase from the \$1,000 asset limit established under AFDC. There are currently no asset limits for participants in the BadgerCare and Healthy Start programs, and in March 2000 the Legislature abolished the asset limit for Wisconsin's child care subsidy program.

Another barrier to participation is the Food Stamp Program's federal vehicle asset limit, which generally limits families to a vehicle with a value of no more than \$4,650. Advocates note that the food stamp vehicle limit has been increased only 3 percent since it was established in 1977 and that it is substantially lower than limits in other programs for low-income individuals and families. For example, state statutes allow a W-2 recipient to own any vehicle worth up to \$10,000, while

Medical Assistance and child care subsidy programs do not place any limit on the value of a vehicle a recipient may own.

Proposed federal changes may modify the vehicle asset limit for food stamp participation.

Proposed federal rules to implement provisions of the federal Personal Responsibility and Work Opportunity Reconciliation Act would provide that the value of a vehicle would not be counted against the vehicle asset limit if the assistance group had less than \$1,000 in equity in the vehicle as a result of payments made to date. USDA has estimated that by 2005, these actions will increase the number of people eligible for food stamps nationally by 150,000, and the number of eligible assistance groups in Wisconsin by 1,125. The President's proposed budget for FFY 2000-01 would allow states to set their food stamp vehicle limits at those established for the Temporary Assistance to Needy Families (TANF) block grant program. It is estimated that doing so would enable an additional 245,000 people nationally to receive food stamps, including an additional 3,000 assistance groups in Wisconsin.

Income and asset limits can also be disregarded to expand program eligibility for certain groups of individuals. For example, action taken by USDA in October 1999 allows a food assistance group in which any member received a TANF-funded service to be categorically eligible for food stamps; in other words, these assistance groups do not have to meet gross income or asset limits, or restrictions on the value of their vehicle. It is important to note, however, that net income eligibility requirements must still be met. For example, a family of three that received a TANF-funded service and had a monthly income of \$2,000 would currently be categorically eligible for food stamps; however, unless allowable deductions, such as child care expenditures, lowered its net income to less than \$1,157, the family would receive no food stamp benefits.

Although a number of changes to expanding eligibility and benefits are possible, some argue that additional changes are not needed to encourage greater participation in the Food Stamp Program given recent caseload increases. They also argue that any proposed changes to food stamp policies will have to be weighed against their costs.

Appendix I

Food Stamp Recipients and Benefits by County

<u>County</u>	<u>Number of Recipients in January 1995</u>	<u>Number of Recipients in January 2000</u>	<u>Percentage Change</u>	<u>Benefits Paid in January 1995</u>	<u>Benefits Paid in January 2000</u>	<u>Percentage Change</u>
Adams	1,496	805	-46.2%	\$ 82,057	\$ 44,942	-45.2%
Ashland	1,397	828	-40.7	73,520	47,016	-36.1
Barron	2,774	1,446	-47.9	140,312	66,597	-52.5
Bayfield	639	393	-38.5	34,096	20,593	-39.6
Brown	9,447	4,185	-55.7	510,184	218,830	-57.1
Buffalo	748	328	-56.1	37,530	12,996	-65.4
Burnett	892	414	-53.6	47,373	19,716	-58.4
Calumet	677	404	-40.3	35,208	17,246	-51.0
Chippewa	3,173	1,458	-54.0	167,332	72,084	-56.9
Clark	1,245	555	-55.4	60,740	26,652	-56.1
Columbia	1,406	678	-51.8	70,885	31,171	-56.0
Crawford	824	349	-57.6	41,467	13,747	-66.8
Dane	13,648	8,877	-35.0	766,513	464,858	-39.4
Dodge	1,892	1,113	-41.2	94,824	46,696	-50.8
Door	1,055	417	-60.5	58,378	17,936	-69.3
Douglas	4,034	2,027	-49.8	226,612	109,493	-51.7
Dunn	2,505	1,218	-51.4	124,884	58,438	-53.2
Eau Claire	6,186	2,537	-59.0	328,064	115,870	-64.7
Florence	336	111	-67.0	16,405	5,518	-66.4
Fond du Lac	2,651	1,530	-42.3	136,639	76,799	-43.8
Forest	660	270	-59.1	33,862	9,493	-72.0
Grant	1,482	710	-52.1	72,673	29,452	-59.5
Green	949	562	-40.8	45,640	24,942	-45.4
Green Lake	715	344	-51.9	34,363	15,204	-55.8

<u>County</u>	<u>Number of Recipients in January 1995</u>	<u>Number of Recipients in January 2000</u>	<u>Percentage Change</u>	<u>Benefits Paid in January 1995</u>	<u>Benefits Paid in January 2000</u>	<u>Percentage Change</u>
Iowa	732	480	-34.4	\$ 34,126	\$ 20,735	-39.2
Iron	300	145	-51.7	16,071	4,829	-70.0
Jackson	1,238	470	-62.0	63,822	22,013	-65.5
Jefferson	1,597	620	-61.2	87,216	28,890	-66.9
Juneau	1,510	648	-57.1	73,735	26,866	-63.6
Kenosha	9,304	5,837	-37.3	541,249	333,089	-38.5
Kewaunee	455	210	-53.8	21,682	9,460	-56.4
La Crosse	6,519	3,506	-46.2	356,121	164,922	-53.7
Lafayette	472	201	-57.4	22,263	9,395	-57.8
Langlade	1,319	790	-40.1	63,887	40,587	-36.5
Lincoln	1,127	563	-50.0	57,511	27,396	-52.4
Manitowoc	2,469	959	-61.2	121,182	42,553	-64.9
Marathon	6,292	2,953	-53.1	333,453	135,639	-59.3
Marinette	2,183	937	-57.1	117,150	46,822	-60.0
Marquette	684	292	-57.3	33,017	14,436	-56.3
Menominee	1,011	473	-53.2	57,031	27,274	-52.2
Milwaukee	149,957	98,504	-34.3	9,079,573	5,994,086	-34.0
Monroe	2,032	1,135	-44.1	1,00,236	55,644	-44.5
Oconto	1,468	690	-53.0	70,491	35,690	-49.4
Oneida	1,734	1,037	-40.2	96,058	51,996	-45.9
Outagamie	3,534	1,718	-51.4	182,902	76,763	-58.0
Ozaukee	640	395	-38.3	36,812	19,260	-47.7
Pepin	282	101	-64.2	12,571	3,575	-71.6
Pierce	985	434	-55.9	52,928	20,233	-61.8
Polk	2,157	850	-60.6	113,877	38,454	-66.2
Portage	3,440	1,467	-57.4	187,291	70,053	-62.6
Price	994	562	-43.5	50,267	25,222	-49.8
Racine	12,145	6,541	-46.1	681,124	378,019	-44.5
Richland	987	534	-45.9	48,577	24,616	-49.3

<u>County</u>	<u>Number of Recipients in January 1995</u>	<u>Number of Recipients in January 2000</u>	<u>Percentage Change</u>	<u>Benefits Paid in January 1995</u>	<u>Benefits Paid in January 2000</u>	<u>Percentage Change</u>
Rock	9,617	4,925	-48.8	\$ 533,221	\$ 292,476	-45.1
Rusk	1,350	519	-61.6	70,954	28,365	-60.0
St. Croix	1,217	593	-51.3	65,899	30,230	-54.1
Sauk	1,856	1,032	-44.4	92,927	53,151	-42.8
Sawyer	1,708	665	-61.1	94,541	38,850	-58.9
Shawano	1,430	776	-45.7	70,459	38,855	-44.9
Sheboygan	3,314	1,475	-55.5	171,219	70,125	-59.0
Taylor	812	504	-37.9	42,959	25,245	-41.2
Trempealeau	1,633	680	-58.4	83,447	29,911	-64.2
Vernon	1,293	721	-44.2	60,422	29,465	-51.2
Vilas	710	338	-52.4	35,112	18,055	-48.6
Walworth	2,131	1,042	-51.1	119,925	53,560	-55.3
Washburn	1,042	450	-56.8	49,122	23,842	-51.5
Washington	1,821	1,090	-40.1	99,689	54,443	-45.4
Waukesha	3,986	2,227	-44.1	227,969	122,273	-46.4
Waupaca	1,769	715	-59.6	97,241	33,097	-66.0
Waushara	1,392	707	-49.2	69,121	35,928	-48.0
Winnebago	5,211	2,587	-50.4	277,725	118,680	-57.3
Wood	4,011	2,449	-38.9	212,274	123,985	-41.6
<u>Tribe</u>						
Red Cliff Tribe	311	347	11.6	18,666	20,531	10.0
Stockbridge Munsee	151	86	-43.0	9,252	4,337	-53.1
Lac du Flambeau Tribe	481	444	-7.7	26,431	29,402	11.2
Bad River Tribe	324	169	-47.8	17,803	9,153	-48.6
Sokaogon Tribe	--	110	--	--	7,007	--
Oneida Tribe	<u>642</u>	<u>287</u>	-55.3	<u>36,522</u>	<u>18,004</u>	-50.7
Total	326,610	189,549	-42.0	\$18,534,684	\$10,623,776	-42.7

Appendix II

Food Stamp Promotional Information Posted and Available in Agency Waiting Areas

<u>Agency</u>	<i>Food Stamp Rights and Responsibilities</i> <u>Poster</u>	<i>Justice for All</i> <u>Poster</u>	General Food Stamps <u>Brochure</u>	Rights and Responsibilities <u>Brochure</u>	Fair Hearings <u>Brochure</u>
Dane County	No	No	No	No	No
Eau Claire County	No	Yes	No	No	No
Grant County	Yes	No	No	No	No
Kenosha County	No	No	Yes	No	No
Milwaukee					
County office	Yes	Yes	No	No	No
Employment Solutions, Inc.	Yes	Yes	Yes	Yes	Yes
Maximus, Inc.	Yes	Yes	Yes	Yes	No
Opportunities Industrialization Center of Greater Milwaukee	Yes	No	Yes	Yes	Yes
United Migrant Opportunity Services, Inc.	Yes	Yes	Yes	No	No
YW Works	Yes	Yes	Yes	Yes	Yes
Monroe County	Yes	Yes	No	Yes	Yes
Price County	Yes	No	No	No	No
Rock County	Yes	Yes	No	No	No
Sawyer County	No	No	Yes	Yes	No
Vilas County office	Yes	Yes	Yes	Yes	Yes
Vilas County (Forward Services, Inc.)	Yes	Yes	Yes	Yes	No

Note: Review was conducted from February through May 2000 at the primary intake location for each agency.

Tommy G. Thompson
Governor

Linda Stewart, Ph.D.
Secretary



State of Wisconsin

Department of Workforce Development

July 7, 2000

Janice Mueller
State Auditor
Legislative Audit Bureau
22 E. Mifflin Street, Suite 500
Madison, WI 53703

Dear Ms. Mueller:

Thank you for the opportunity to respond to the Legislative Audit Bureau's evaluation of Wisconsin's Food Stamp Program. In addition, thank you for the opportunity to provide comments to your staff regarding the report draft prior to finalizing it for distribution. In our discussions prior to the report's release, it was clear that your staff faced the challenge of balancing a full and accurate presentation of complex information against minimizing the length and complexity of the report.

As we are all aware, the impetus of the evaluation was concern over the decline in Food Stamp Program participation. While the report discusses some factors that are likely responsible for this trend, the effects of these factors are not quantified. In addition, other potential factors are excluded. This is likely due to the fact that the dynamics surrounding the decline in program participation in recent years are quite complex. However, the report does not clearly articulate the difficulty faced in accurately determining the causes of the decline. As a result, theories regarding the causes of the decline remain theories, although they appear to have been accepted as fact.

Nevertheless, the decline in Food Stamp Program participation is real. We have been and will remain as concerned as others that those eligible for the Food Stamp Program have the opportunity to participate in it if they so choose. This commitment has resulted in improvements to program administration and other initiatives, many of which are noted in the report. As a result of these efforts, the number of people receiving food stamps has increased by more than 15,000 since May 1999.

In addition to addressing factors over which the Department has some control, we have also been actively working to draw attention to the need for changes to the program at the federal level. We believe, as do our peers in other states, that the federal Food Stamp Program needs to be modernized in order to ensure Wisconsin families, the elderly, and disabled can and do avail themselves of this valuable resource. We hope that others interested in ensuring the betterment of the program will work cooperatively with us to ensure adoption of our agenda.

It is in that spirit of cooperation that I offer the following information that I believe is relevant to a discussion of the Food Stamp Program. It is intended to supplement the information included in the report in an effort to ensure a full understanding of the program as it exists today, rather than at the time audit fieldwork was completed.

Increased Self-Sufficiency Has Affected Program Participation

The report emphasizes four potential reasons for the decline in Food Stamp Program participation. One cause noted in the report merits further discussion: the effects of Wisconsin Works (W-2) and other welfare reform initiatives to connecting people to appropriate work or work training, resulting in increased income and greater family self-sufficiency. Specific information regarding the effect of gains in earned income on eligibility for the program that were provided during the course of the evaluation were not included in the final report. This information provides a significant amount of insight on the effect of work on program participation.

For example, a single parent with two children receiving \$300 per month in child support (which was the average collection for public assistance cases), paying \$500 per month in rent, and working 2,080 hours per year at a wage of \$6.00 per hour with no additional income except the Earned Income Tax Credit, is potentially eligible for \$141 per month in food stamps. However, as income rises, which is the aim and purpose of W-2 and other support programs operated by the Department, the amount of benefits available declines substantially. This same wage earner at \$7.42 per hour (which was the average wage reported by first quarter W-2 "Leavers") is eligible for \$53 per month in food stamps. At \$8.25 per hour, available benefits drop to \$2 per month.

It is no small testament to the success many families are enjoying through employment that almost 40 percent of the food stamp caseload receive less than \$50 per month in food stamps. The federal formula for calculating food stamp benefits rapidly phases out benefits for those who increase their earnings. This federally prescribed "phasing out" may help to explain reports of increased reliance on alternative food resources as there is anecdotal evidence that many choose to forego participation in the program as a result of weighing the available benefits against the effort required to apply and receive food stamps.

Departmental Initiatives Have Improved Program Access and Administration

The Department has begun a number of initiatives aimed at improving access to the program. While some of these initiatives were highlighted in the report, a complete picture of all of our activities was not included.

For example, although the report describes the expansion of additional application sites, the effect of outstationing of eligibility workers in many counties was not fully reported. In late 1998, the Department, in conjunction with the Department of Health and Family Services, provided nearly \$2 million in Food Stamp Program and Medical Assistance funds to eight counties, including Milwaukee, to develop and expand outstationing of eligibility workers at community locations. From June through September 1999, over 4,000 applications were taken at more than 60 sites. Over 20 local agencies have also outstationed eligibility workers to accept applications at community sites (e.g., food pantries, schools, community centers, and clinics). In addition, as a customer service for working families and others with transportation problems, the Department requested and received a federal waiver in 1999 allowing phone-in and mail-in eligibility reviews for alternating 3-month periods. The Department is currently working with Milwaukee County to set up a change reporting call center, and will include initiating the phone-in and mail-in process.

The Department has also issued policy directives to local administrative agencies to ensure that the public is aware that food stamp applications, as well as applications for other supportive programs, may be filed at any W-2 or Economic Support Agency location at any time. This process initiates the application filing

date and allows for applicants to be screened for priority services. Local agency workers were also reminded in June 1999 of the right of potential food stamp applicants to file an application on the same day that they enter any agency office. In addition, the Department is conducting customer service reviews on over 2,000 new food stamp applications filed in FFY 2000 to ensure that they are processed in a correct and timely manner.

Other recent initiatives not specifically discussed in the report include:

- The Department created three television/radio public service announcements to encourage individuals to apply for food stamps by promoting the accessibility and ease of the new Electronic Benefits Transfer (EBT) card. The Department is also purchasing media time statewide to reach the majority of eligible food stamp participants.
- In November 1999, a Milwaukee W-2 agency began a \$350,000 media food stamp outreach and awareness initiative that includes 22 billboards, 25 bus placards, and 600 television and 374 radio spots. The initiative also included an information hotline, which received a reported 13,000 calls during a three-month period.
- The Department distributed 75,000 food stamp publications, which provide information on food stamp rights and responsibilities, for display in local offices statewide.
- The Department distributed 2,000 federal food stamp posters to local agencies to display in waiting and reception areas; Women, Infant and Children (WIC) sites; public resource areas; and community organizations.
- Currently, 33 local agencies are offering extended weekday business hours, between 7:00 a.m. and 8:00 p.m., to provide customer service for employed participants. This includes all six of the W-2 agencies in the Milwaukee region.
- The Department is developing a letter to send to specific closed food stamp cases to encourage them to reapply if pertinent to their situation.

In addition to improving access to the program, the Department has been successful in improving overall program administration. For example, in September 1999, a Milwaukee W-2 Agency customer service review conducted by the United States Department of Agriculture (USDA) yielded much praise and identified numerous best practices for the delivery of food stamps. The USDA report cited "excellent" public notification practices as well as five specific "best practices" including: a 24-hour hotline to answer inquiries related to food stamps, W-2, Medicaid and other services; an on-site child care center; early and late office hours; separate Food Stamp Employment and Training orientation sessions for families and single adults; and a resource center that is "fully utilized by residents of the community...a tremendous resource."

Finally, we have been working to reduce our error rate. The USDA Food and Nutrition Service notified the Department on June 26, 2000 that Wisconsin will receive an award at the Midwest Region's Big 10 Conference in August for the "most improved" state in terms of error rate reduction for FFY 1999. The reduction of 1.2 percent is considered statistically significant in the Food Stamp Program arena.

Electronic Benefits Transfer Implementation Has Been Successful

As noted in the report, a major statewide initiative related to the provision of benefits under the Food Stamp Program has been the implementation of EBT. Given the clear reduction in the stigma associated with food stamps as well as the use of an automated deposit process, we believe this initiative will improve access to and use of the Food Stamp Program. However, much of the information included in the report is historical and does not reflect the success of the program to date.

The Department conducted the pilot in Rock County to assess the operation of the system and the adequacy of the client conversion process. Such an assessment is the purpose of a pilot operation. As could be expected in a pilot, the Department identified the following problems discussed in the report and, as noted, took appropriate steps to resolve them.

- Performance - Through interactive diagnostic work between Rock County, the Department, and Citicorp Services, Inc. (CSI), problems with sporadic transaction denials and card issuance denials were resolved in January 2000 while the system was in the pilot stage. Neither has recurred.
- Customer Service – As a result of concerns regarding poor customer service via the CSI hotline, CSI terminated a customer service representative who was identified as being a party to at least one of the limited number of complaints received. The Department has continued to monitor and follow through on all instances of reported poor customer service.
- No Show Rate - At the strong recommendation of the advocate and retailer communities and based on “lessons learned” from other states, the Department is requiring that all clients attend in-person training. In Rock County, the final tally was that only 57 active cases (or 3 percent) of Food Stamp Program participants did not receive their cards by the end of the formal conversion period. At that point, the county began to make personal contact with the 57 participants and was able to convert another 35 of them to EBT.

Based on the results of the pilot, the Department enhanced its efforts, working in conjunction with other agencies, to assure that no Food Stamp Program participants, especially the elderly, will be harmed by the implementation of EBT. Among the steps being taken by local agencies, with the Department’s support, are:

- publicizing the conversion through the media and community-based organizations and in stuffers sent with the final two months of food stamp coupons;
- providing information on the conversion to clients prior to the start of the training;
- involving other county departments and community based organizations in the planning process and to identify clients who need transportation to conversion sites or home visits;
- setting up conversion training sites at W-2 offices, housing projects and senior centers;
- making personal contacts with individual clients prior to the training to provide assistance;

- establishing special “hotlines” for clients to get information on the conversion and to change their appointments; and
- following up by mail, phone, and, if necessary, personal contacts with client who do not show up for their scheduled appointments.

Based on the latest data available, these efforts have produced the following results: 76 percent of all open cases have EBT cards available by the end of the conversion month; 94 percent by the end of the first benefit month; and 97.5 percent by the end of the second benefit month. It should be noted that during the conversion month, clients receive food stamp coupons during the normal staggered cycle. During the first benefit month, clients have access to their EBT accounts on the same staggered basis. In addition, the Department has advised the counties that no client’s food stamp case may be closed due to initial non-conversion. The counties will continue to use every opportunity after the conversion month to convert the client to EBT.

We want to ensure the continued effective implementation of EBT. In addition to continuing our own proactive efforts to make EBT as “customer friendly” as possible, we will, as recommended in the report, monitor the participation of individuals in the Food Stamp Program. We will report to the Joint Legislative Audit Committee by July 1, 2001, on the changes in program participation among groups that may have difficulty with the new system, such as the elderly and the disabled.

Federal Requirements Hamper Service Delivery

Finally, we believe the report does not clearly delineate the need for a federal agenda to address concerns with the Food Stamp Program. Despite our best efforts to increase access to this important supportive service and improve program administration, federal law and related regulations still hamper our flexibility. We have identified 14 separate issues to be addressed at the federal level, including mandates to collect and verify voluminous amounts of data for participant eligibility, complete face-to-face eligibility reviews, base the food stamp allotment on exact net income, require low income eligibility thresholds, and require cost neutrality for waivers.

As an illustration of the difficulties these parameters represent, the USDA recently launched a series of “Food Stamp Conversations” aimed at seeking public input about the future of the program in light of federal reauthorization in 2002. Among the topics being discussed are bringing food stamp eligibility more in line with other support programs, assessing outcomes based on performance measures, and simplifying program requirements. Clearly, now is the time for all of us to work together to set the federal agenda for the future of the Food Stamp Program.

Again, thank you for the opportunity to respond to the evaluation. I look forward to working with the Legislature and the public in perfecting the administration of the Food Stamp Program in the future as a valuable employment support to Wisconsin families.

Sincerely,

Linda Stewart, Ph.D.
Secretary