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TO: Senate Committee on Human Services, Children and Families
FROM: Rep. Scott Krug
RE: 2021 ASSEMBLY BILL 930
DATE: February 9, 2022

I write today to thank the committee and Chair Sen. Jacque for holding this hearing on AB930, and to express my support for the bill.

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

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

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

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

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

AB930 would allow Wisconsin's public assistance programs to play an important role in allowing some of our neighbors to maintain a standard of living in spite of situations or personal challenges that may make it harder for them to earn a regular living in our workplace economy.

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

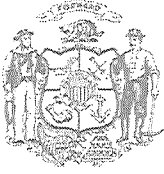
Our menu of public benefits is envisioned to have as one of its goals, helping recipients work their way to a reduced level of public assistance or even eliminating entirely the need for such help. Of course, many recipients of public benefits (including Food Share, MA, and other programs) hold jobs.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

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

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

I believe that AB930 could be a significant opportunity for Wisconsin to assist some individuals and families become more independent, to grow and develop professionally, and to be more empowered in their own lives. The proposal is designed to take some of the risk out of trying: Trying a better job, a longer work schedule, a second job. Any savings the state might accrue to its benefits spending would be welcome, but the savings are (I feel) incidental to the gains to be made in peoples’ lives by helping them gain more independence for the long term.

I ask for your support of Assembly Bill 930 and thank you for your consideration.



ANDRÉ JACQUE

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Testimony before the Assembly Committee on Housing and Real Estate

Senator André Jacque

February 9, 2022

Chair Summerfield and Committee Members,

Thank you for the opportunity to testify in support of Assembly Bill 930, disregarding earned income for purposes of determining eligibility for certain public assistance programs.

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

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

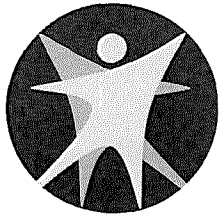
When a worker who receives public benefits is offered new opportunities in employment, it should be a gain for them as an employee and it should lead to less dependence on benefits. Of course, employed beneficiaries know that if they take the promotion, the increased hours, the additional job, their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

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

Assembly Bill 930 is an effort to reduce the "benefits cliff" that sometimes discourages benefits recipients from making a job move. The proposal would require DHS, DCF, and DOA to disregard increases in earned income when determining eligibility for a range of benefit programs. The time limits and the programs affected are listed in the bill.

I believe that Assembly Bill 930 could be a significant opportunity for Wisconsin to assist some individuals and families become more independent, to grow and develop professionally, and to be more empowered in their own lives. The proposal is designed to take some of the risk out of trying: Trying a better job, a longer work schedule, a second job. Any savings the state might accrue to its benefits spending would be welcome, but the savings are (I feel) incidental to the gains to be made in peoples' lives by helping them gain more independence for the long term.

Thank you for your consideration of Assembly Bill 930.



State of Wisconsin
Department of Health Services

Tony Evers, Governor
Karen E. Timberlake, Secretary-Designee

TO: Members of the Assembly Committee on Housing and Real Estate

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

DATE: February 9, 2022

RE: AB 930 relating to: disregarding earned income for purposes of determining eligibility for Certain public assistance programs

The Department of Health Services (DHS) would like to submit written testimony for information only on Assembly Bill 930 (AB 930) regarding the creation of an earned income disregard as it relates to the FoodShare program administered by DHS. AB 930 proposes that DHS create an earned income disregard for FoodShare eligibility if there is an increase in earned income as a result of becoming employed after being unemployed, or if it is the result of a documented increase in work hours or pay rate. The earned income disregard would be applied starting with 100 percent of new income being disregarded and tapering off until all of the earned income would be counted over the course of 120 days.

Federal regulations prescribe how and what income must be counted for the Supplemental Nutrition Assistance Program (SNAP) eligibility which the FoodShare program must adhere to. Per § 7 CFR 273.9, all income must be counted unless specified as disregarded in § 273.9(c). In other words, the earned income disregard proposed in AB 930 is not allowable for FoodShare per federal regulations.

No other states currently have such an eligibility exception as described in AB 930, and DHS would need to seek approval for a demonstration waiver from the United States Department of Agriculture Food and Nutrition Service (FNS), for a change in eligibility standards. FNS establishes program rules for SNAPs like FoodShare so they are operated similarly by each state. AB 930 does not provide DHS the authority to submit a demonstration waiver to FNS and it is unknown at this time if or how FNS would grant such an approval, as the provisions AB 930 fall outside of the SNAP income exclusions allowed by federal regulation.

Further, implementing the proposal under AB 930 would require substantial system changes. DHS's Client Assistance for Re-employment and Economic Support (CARES) system would need to be updated. Based on previous experience for similarly complex system changes DHS estimates that such changes would require a one-time cost of \$6,525,000 in GPR funds. AB 930 does not provide funding for DHS to make these system updates.

AB 930 would also create additional fiscal implications for other areas impacted by the changes proposed under the bill. First, the provisions of AB 930 would likely result in increased annual workloads for income maintenance agencies who would either need to absorb the cost of these changes or fund additional costs with a county tax levy. No federal funding could be claimed for these costs. Second, AB 930 would require additional notices to be mailed for FoodShare households. Third, a new GPR appropriation to fund a new state food benefit program would need to be created based on the difference between under the provisions of AB 930 and FoodShare benefits under current law. This would require a new annual appropriation and DHS would need to complete a detailed analysis to determine the number of FoodShare households that would be impacted. Fourth, DHS's contract with its

electronic benefit transfer (EBT) vendor would need to be amended to cover the additional scope of services created by AB 930. Specifically the EBT vendor would be required to track state and federally funded benefits on member cards separately, necessitating DHS to develop caseload projections before entering into new contract negotiations. While the specific financial impact of all of these changes is unknown at this time they can be reasonably expected to be significant.

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



TO: Chair Summerfield, Vice-Chair Allen, and Honorable Members of the Assembly
Committee on Housing and Real Estate

FROM: Amanda Merkwae, Legislative Advisor

DATE: February 9, 2022

SUBJECT: 2021 Assembly Bill 930

Thank you for the opportunity to provide written testimony for information regarding Assembly Bill 930. The Department of Children and Families (DCF) is the agency responsible for administering the Wisconsin Works (W-2) program, one of the assistance programs included in the provisions of SB-882. W-2, Wisconsin's primary Temporary Assistance for Needy Families (TANF) program, seeks to provide the necessary training, case management services, and financial incentives for low-income parents to obtain permanent and stable employment.

AB-930 requires that DCF, the Department of Health Services (DHS), the Department of Administration (DOA), and the Wisconsin Housing and Economic Development Authority (WHEDA) develop a method to disregard a percentage of income earned from employment—during different periods of time specified in the bill—for purposes of determining eligibility for various public assistance programs. This income disregard applies if the increase in earned income is the result of becoming employed after being unemployed or is the result of a documented increase in work hours or pay rate.

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

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

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

AB-930 would also have a significant impact on the Wisconsin Shares program. While Shares is not enumerated as a public assistance program in the bill language, s. 49.155 is included in the statutory range listed for the W-2 program. Under 2017 Act 59, the 2017-19 Biennial Budget, the Shares eligibility statutes were modified to scale down the subsidy with an increase in income rather than sharply dropping at the exit threshold, thereby remedying the “benefits cliff” that previously existed. In addition to altering the gradual subsidy decrease created by 2017 Act 59, it is anticipated that the changes proposed in AB-930 would result in significant implementation costs, including IT systems changes. Further, complex programming would be required in order to use DWD’s self-sufficiency standard in eligibility determinations.

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



To: Members of the Assembly Committee on Housing and Real Estate
Representative Rob Summerfield, Chairman

From: Kathi Kilgore, WHLA Contract Lobbyist

Date: February 9, 2022

Re: Support for AB 930– Disregarding earned income for purposes of determining eligibility for certain public assistance programs

The Wisconsin Hotel & Lodging Association (WHLA) represents hotels, motels, resorts, inns, bed & breakfasts, and lodging executives throughout the state. It is on behalf of these members that we respectfully request your support of AB 930. We would like to thank Representative Krug and Senator Jacque for introducing this important legislation, and we thank the Committee for taking it under consideration.

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

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

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

Please support AB 930. Thank you for your consideration.