



**STATE OF WISCONSIN**

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Janice Mueller  
State Auditor

DATE: April 5, 2011

TO: Senator Robert Cowles and  
Representative Samantha Kerkman, Co-chairpersons  
Joint Legislative Audit Committee

FROM: Janice Mueller *Janice Mueller*  
State Auditor

SUBJECT: Proposed Audit of FoodShare Wisconsin—Background Information

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering an evaluation of FoodShare Wisconsin, which is the State's version of the program created by the federal Food Stamp Act of 1964 to assist low-income 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). In Wisconsin, the program has been administered by the Department of Health Services since July 1, 2002, and by the Department of Workforce Development prior to that time. The Legislature shifted administrative responsibility for the program, based in part on the findings of our July 2000 audit of the Food Stamp Program (report 00-8), which raised concerns about recipients' access to benefits and to mistakes that had been made in determining appropriate benefit levels. The Governor's 2011-13 biennial budget proposal would transfer administrative responsibility for FoodShare Wisconsin to the Department of Children and Families.

Except for benefits to some qualified resident aliens, FoodShare Wisconsin benefits are entirely federally funded. Program administration costs are shared equally by the State and the federal government. Participation in FoodShare Wisconsin has grown substantially in the past few years. The average number of monthly recipients has grown from 372,308 in 2006 to 743,836 in 2010, and the value of their benefits grew from \$351.1 million in 2006 to approximately \$1.0 billion in 2010.

Historically, Wisconsin has had one of the highest benefit payment error rates in the nation. However, in June 2010 the USDA announced that Wisconsin had earned two bonus awards: \$1.9 million for having one of the lowest benefit payment error rates, and \$967,000 for being among the states with the most improved negative error rate, which measures the frequency with which the enrollment of eligible individuals is mistakenly denied or terminated.

Concerns have been raised about the extent of fraud in the program. For example, questions have been raised about the adequacy of controls in place to prevent fraud and ensure that benefit payments are made only to eligible individuals and spent only for eligible food items. Concerns have also been raised that replacement cards are being issued with increasing frequency, which may indicate participants are selling their cards for cash.

An audit of FoodShare Wisconsin could analyze:

- trends in the number of benefit recipients;
- trends in program costs, including information technology and other administrative expenditures;
- eligibility determination policies and practices;
- the frequency with which replacement cards have been requested and provided;
- existing efforts undertaken by state and local agencies to identify and address fraud and abuse; and
- best practices for preventing fraud and abuse in the future.

I hope you find this information helpful. If you have any additional questions regarding this request, please contact me.

JM/PS/bm

cc: Senator Mary Lazich	Representative Kevin Petersen
Senator Alberta Darling	Representative Robin Vos
Senator Kathleen Vinehout	Representative Andy Jorgensen
Senator Julie Lassa	Representative Jon Richards

Dennis Smith, Secretary  
Department of Health Services

Eloise Anderson, Secretary  
Department of Children and Families