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FoodShare Wisconsin

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## Introduction and Overview

The federal Food Stamp Program is intended to increase levels of nutrition among individuals in low-income households by increasing their food purchasing power. The program is codified in federal law under Title 7, Chapter 51 of the United States Code and in state law under Chapter 49 of the Wisconsin statutes. The program has changed significantly since it became a permanent federal program under the Food Stamp Act of 1964. For example, until the enactment of the Food Stamp Act of 1977, recipients purchased food stamps by paying an amount that was approximately equal to what they would normally spend on food, and received food stamps with a greater value, which they could redeem for eligible foods.

In recognition that recipients no longer receive food stamps, Wisconsin's food stamp program is called FoodShare Wisconsin (FoodShare).

Although FoodShare benefits are supported entirely with federal funds, the program is administered through a joint state and federal partnership. At the federal level, the U.S. Department of Agriculture (USDA), Food and Nutrition Services (FNS) is responsible for funding benefits and ensuring that states' programs comply with federal requirements. In Wisconsin, the Department of Health and Family Services (DHFS) is responsible for administering the program.

Under the program, the state issues electronic debit cards to individuals enrolled in the program. Recipients use these cards to purchase eligible food items. In Wisconsin, counties perform the program eligibility function as part of their income maintenance activities. Although program benefits are supported entirely with federal funds, most state

and county costs of administering the program are funded on a 50% state (county)/50% FED cost-sharing basis.

Table 1 shows the number of Wisconsin households that received FoodShare benefits and the total cash value of those benefits for state fiscal years 1988 through 2006.

**Table 1: FoodShare Benefits in Wisconsin (\$ in Millions)**

State Fiscal Year	Average Monthly Number of Households	Total Cash Value of Benefits
1988	110,509	\$157.0
1989	100,509	156.2
1990	97,996	174.0
1991	98,839	199.0
1992	117,021	231.1
1993	126,661	231.4
1994	122,594	224.6
1995	120,541	217.2
1996	108,805	204.4
1997	91,405	167.4
1998	77,548	136.9
1999	71,534	122.7
2000	74,703	127.8
2001	83,176	145.5
2002	101,671	188.8
2003	116,563	223.5
2004	129,890	261.6
2005	147,094	352.9
2006*	156,174	348.6

\*2006 numbers are based on January-September 2006 monthly average.

## State and Local Administration

DHFS is responsible for ensuring the proper certification of applicant households, overseeing issuance of benefits, maintaining records, and submitting appropriate reports to USDA. The state

Department of Workforce Development (DWD), through a contract with DHFS, maintains administration of the food stamp employment and training (FSET) program. Individual eligibility determinations, issuance of debit cards, and implementation of the FSET program are generally conducted at a county level.

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## Eligibility

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Individuals are entitled to receive FoodShare benefits if they meet the nonfinancial and financial eligibility requirements described below.

**Nonfinancial Eligibility.** In order to be eligible for FoodShare, an individual must: (a) be a United States citizen or qualified resident alien; (b) live in the county where the application is made and not reside in an institution that provides meals, such as a nursing home; (c) provide a social security number for all members of their household; and (d) cooperate in providing all other information necessary for making a determination of eligibility. In addition, an individual is ineligible to receive FoodShare benefits for any month in which the person is a fugitive felon or violating a condition of probation, parole, or extended supervision imposed by a state or federal court. For households with a striking worker, FoodShare eligibility is based on their pre-strike circumstances, and income the household would have received from the striking employee's employment is included in the benefit calculation.

In order to be eligible for the FoodShare program, individuals are required to participate in the FSET program if they do not qualify for one of the exemptions. In addition to the FSET work requirement, the 1996 federal welfare reform legislation imposed a second work requirement specifically for able-bodied adults without dependents (ABAWDs). However, due to the level of unemployment in the state, FNS approved a

waiver exempting ABAWDs who fail to meet minimum food stamp work participation requirements from the time-limited food stamp benefit eligibility through March 31, 2007. In order to be eligible for FoodShare, an individual must also comply with certain requirements related to child support and paternity establishment. These provisions are described below.

*The Food Stamp Employment and Training Program.* Federal law requires individuals participating in the food stamp program to participate in the FSET program if the individual is physically and mentally fit, over the age of 16, and under the age of 60. Individuals between the ages of 16 and 18 are not required to participate in the FSET program if they are not the head of the household or are attending school or a training program. Under the FSET program, an individual may be required to participate in job search, workfare programs, employment experience, and other educational programs to improve basic skills and employability.

FSET is required for the following groups of FoodShare recipients: (a) individuals who receive only FoodShare; (b) individuals who receive FoodShare and general relief; (c) individuals who receive FoodShare and tribal general assistance; (d) individuals who receive FoodShare and medical assistance and/or state-subsidized child care; and (e) individuals who receive FoodShare and W-2 case management services, if they are placed in W-2 unsubsidized employment.

Federal law allows an individual to be exempt from the FSET program if he or she is complying with work requirements under the TANF program or unemployment compensation system, or is responsible for the care of a dependent child under the age of six or of an incapacitated person. Other exemptions are allowed in certain cases for the second parent in two-parent W-2 families, students, certain migrant workers, part-time workers, individuals in treatment programs, minors attending school or employment training programs, and minors who are not the head of household.

Wisconsin also has a state exemption for pregnant women.

Current state law requires DHFS to contract with DWD to administer an employment and training program for FoodShare recipients and authorizes DWD to contract with W-2 agencies to administer the program. Under state law, DWD may require all able individuals aged 18 to 60 who are not participants in a W-2 employment position to participate in the FSET program, except: (a) caretakers of a child under the age of 12 weeks; and (b) individuals who are enrolled at least half-time in a recognized school, training program, or institution of higher education. Such individuals must comply with the other requirements for FoodShare eligibility.

As noted above, federal law generally requires states to exempt caretakers of children under six years of age from the employment and training requirements. However, states that submitted waiver requests pertaining to this exemption prior to the enactment of the 1996 federal welfare reform legislation are allowed to require caretakers of children age one or older to comply with the work requirements. Under this provision, states are required to exempt caretakers of a child under age one, but may require caretakers of children over age one to participate. Federal law limits this exemption to three years. Wisconsin implemented this exemption from January, 1997, through December, 1999. A waiver request to implement the 12-week provision under current law was denied. Therefore, currently only caretakers of children ages six and over are required to participate in FSET in Wisconsin.

The average number of FSET participants enrolled in a work program component in 2005 was 7,329 per month. For 2006, the average number of participants was 7,650 as of September.

*Work Requirement for Able-Bodied Adults without Dependents.* Under federal law, able-bodied adults ages 18 to 50 are required to engage in work or

work programs for 20 or more hours per week. Individuals are ineligible for FoodShare benefits if they receive benefits for three or more months during the preceding 36-month period during which they generally were not engaged in work or work programs for 20 or more hours per week. Individuals may be exempt from the work requirements if under age 18 or over age 50, medically certified as unfit for employment, responsible for a dependent child, pregnant, or exempt under FSET. A state may also exempt any group of individuals in the state if the area in which the individuals reside has an unemployment rate of over 10% or does not have a sufficient number of jobs to provide employment to the individuals. FNS approved a statewide waiver exempting ABAWDs who fail to meet minimum FoodShare work participation requirements from the time-limited food stamp benefit eligibility through March 31, 2007.

*Child Support; Paternity Establishment.* Under federal law, states have the option to disqualify individuals who are delinquent in a court-ordered child support payment. States may also disqualify custodial or noncustodial parents who do not cooperate in establishing paternity and obtaining support for the child. State law specifies that individuals are ineligible to participate in the FoodShare program in any month that: (a) the individual does not cooperate in good faith with efforts to establish paternity and obtain support payments for (or other payments or property owed to) a child under the age of 18 for whom the individual is a parent or is alleged to be a parent, unless the individual has good cause for not cooperating; or (b) the individual is a noncustodial parent of a child under the age of 18 and the individual is delinquent in making court-ordered support payments for the child unless the delinquency is less than three months' of the payments, a court or county agency is allowing a delay in the payments, or the individual is complying with an approved payment plan.

**Categorical Eligibility.** Households with gross

monthly income at or below 200% of the federal poverty level and authorized to receive a TANF-funded benefit or service are categorically eligible to receive FoodShare benefits, except when the household includes a member sanctioned from the FoodShare program for a drug felony or fraud. Most FoodShare households in Wisconsin meet the categorical eligibility requirements because all FoodShare applicants are authorized to access JobNet, a partially-TANF funded job database service. Categorically eligible households or individuals are not required to meet the asset, gross income, or net income tests, but must meet the nonfinancial eligibility requirements. However, the group's net income is used to determine its allotment amount.

**Income Eligibility.** In establishing eligibility for households without an elderly or disabled member or who are not categorically eligible, the household must meet a monthly gross income test and net income test. To qualify for FoodShare benefits, a household must have gross cash income below 130% of the poverty income guidelines for the household size. Net income must be lower than 100% of the poverty income guidelines for the household size. For households with an elderly or disabled member who are not categorically eligible, only the net income test is applied. Table 2 shows the gross and net income limits for eligibility under the FoodShare program.

Net income is determined by subtracting the deductions described in the following sections from a household's gross monthly income plus W-2, kinship care, caretaker supplement, or SSI benefits.

**Earned Income.** Households may deduct 20% of earned income, in recognition of taxes and work expenses. Federal law disallows the 20% deduction for any income not reported in a timely manner, and for the public assistance portion of income earned under a work supplementation or support program (such as a trial job subsidy under W-2).

**Standard Deduction.** A monthly standard

**Table 2: FoodShare Monthly Income Eligibility Limits (October, 2006, through September, 2007)**

Household Size	Gross Income Limits	Net Income Limits
1	\$1,634	\$817
2	2,200	1,100
3	2,768	1,384
4	3,334	1,667
5	3,900	1,950
6	4,468	2,234
7	5,034	2,517
8*	5,600	2,800

\*For each additional household member, add \$568 to the gross income limit and \$284 to the net income limit.

deduction is allowed for each household and varies with the size of the assistance group. Households with fewer than five people receive a standard deduction of \$134, those with five people receive \$157, and those with six or more people receive a standard deduction of \$179.

**Child Care.** A deduction is allowed for the actual amount of child care expenses related to work and training. The deduction is capped at \$200 per month per dependent for children under age two and \$175 per month for older children.

**Medical Expenses.** Out-of-pocket medical expenses exceeding \$35 per month may be deducted for elderly and disabled persons.

**Child Support Payments.** Individuals who must provide child support for another individual under a court order may deduct the amount of child support paid from income. Individuals in households that receive legally owed child support must include the child support as income.

**Shelter and Utility Costs.** All FoodShare households may deduct from income excess shelter costs that exceed 50% of the household's income after the other deductions described above. The amount of the shelter deduction is currently limited to \$400 per month for most families. Shelter costs

include rent, mortgage payments, mobile home lot rent and loan payments, property taxes, special assessments, and home insurance. Shelter costs also include the following utility costs: telephone, heating and cooking fuel, electricity, water, sewer or wastewater treatment, installation charges, and garbage/trash collection fees. The maximum shelter utility deductions are listed in Table 3.

**Table 3: Shelter Utility Deduction Maximums**

Heating Standard	\$303
Limited Utility Allowance	195
Electric	67
Phone	25
Water or Sewer	60
Trash	15
Cooking Fuel	28

The shelter deduction is not limited for households with at least one member who is elderly or disabled. In addition, homeless groups may deduct actual expenses of shelter costs.

*Energy Assistance.* Energy assistance provided by state or local law is counted as income. An income disregard is allowed for one-time payments and allowances under a federal or state law for the costs of weatherization or emergency repair or replacement of unsafe or inoperative furnaces or other heating or cooling devices. In addition, heating assistance under the federal low-income home energy assistance program (LIHEAP) is disregarded as income.

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**Benefits**

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Table 4 shows the maximum monthly FoodShare benefit by FoodShare group size. The average household size in 2005 for recipients of FoodShare benefits in Wisconsin was 2.4.

**Table 4: FoodShare Benefits (October, 2006 through September, 2007)**

Household Size	Maximum Monthly Allotment
1	\$155
2	284
3	408
4	518
5	615
6	738
7	816
8*	932

\*Add \$112 for each additional household member.

The actual FoodShare benefit is calculated by subtracting 30% of net income from the maximum benefit amount. Therefore, in general, if a household's income increases, the household's FoodShare benefits will decrease by 30% of the increase in income.

In September, 2006, the average monthly allotment per household was \$187, while the average allotment for households containing an elderly, blind, or disabled member was \$118. Table 5 compares the average monthly benefit amount per household for Wisconsin recipients with the national average for federal fiscal years 2000-01 through 2004-05.

**Table 5: Average Monthly Benefit per Household -- Wisconsin and National Average Federal Fiscal Years 2001-2005**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
WI	\$146.72	\$155.51	\$162.87	\$170.44	\$184.11
National	173.93	185.65	194.86	199.62	212.91

Households may use FoodShare benefits to buy any food or food product for human consumption, and seeds and plants for use in home gardens to produce food. FoodShare benefits may not be used to buy alcoholic beverages, tobacco, lunch counter

items, vitamins or medicines, pet foods, or any non-food items. Elderly and disabled recipients may use FoodShare benefits to purchase certain prepared meals. Sales tax is not added to FoodShare items and FoodShare benefits may not generally be exchanged for cash.

**Benefits for Qualified Immigrants.** Under the 1996 federal welfare reform legislation, certain qualified legal immigrants became ineligible for federal food stamp benefits. However, under a 1997 federal law (P.L. 105-18), states were given the authority to issue food stamp benefits to qualified immigrants who were made ineligible for such benefits under the 1996 legislation. Wisconsin's state-funded food stamp benefits for qualified legal immigrants began on August 1, 1998.

The federal Farm Bill of 2002 (P.L. 107-171) restored eligibility for federal food stamp benefits to qualified immigrants who are otherwise eligible and who are: (a) receiving SSI; (b) are under 18 years of age; or (c) have lived in the United States continuously for five years as a qualified alien from the date of entry into the country. Formerly, immigrants were required to have a legal presence in the United States on August 22, 1996. State-funded benefits are provided to qualified immigrants that remain ineligible for federal food stamp benefits. These are primarily able-bodied adults who have lived in the United States for less than five years.

The elements that were restored under the Farm Bill of 2002 had different effective dates. Qualified and eligible immigrants who receive SSI were eligible for federal food stamp benefits beginning October 1, 2002. Qualified and eligible immigrants who have lived in the United States for five years were eligible for federal benefits on April 1, 2003. Finally, qualified and eligible immigrants who are under 18 years of age, regardless of entrance date, were eligible for federal benefits on October 1, 2003.

The number of qualified immigrants in Wisconsin receiving state-funded FoodShare benefits averaged 415 recipients per month in 2005.

**Electronic Benefits Transfer.** Since November, 2000, Wisconsin has distributed FoodShare benefits electronically through an electronic benefits transfer (EBT) system instead of through paper coupons. DHFS currently contracts with JP Morgan to provide the EBT system. Recipients receive a debit card, called the QUEST Card, which can be used at food stores to make purchases.

FoodShare benefits are automatically distributed to each recipient's EBT account within the first 15 days of each month. The benefit distribution is based on the 8<sup>th</sup> digit of the recipient's Social Security number.

Quest cards can be used at nearly all grocery stores. Individuals can identify which stores accept the Quest card by looking for a "Quest" sign on the door. Recipients pay for their purchases through the normal check-out lanes. After swiping the Quest card, recipients must enter a personal identification number (PIN) to access benefits. Individuals who forget their PIN number have three chances to enter the correct number before a "lock" is put on the card that prevents use of the card until the following day. Such persons must then call a customer service line to choose a new PIN.

When electronic devices are not functioning, recipients may still access their benefits by having the retailer verify the account balance by calling a customer service number. The goal of electronic benefits is to reduce delays in receiving benefits and reduce the stigma associated with the program. In addition, the program aims to limit fraud and reduce processing costs.

FoodShare recipients can find the balance remaining in their account by looking at their receipts, which automatically print out the balance. If the individual does not have a current receipt, he

or she can also call the customer service line. Individuals cannot spend more than the balance remaining on the card. Should a recipient try to do so, he or she will receive an error message reading "Insufficient Balance." In such cases, the individual may take items off the order, or pay the remaining balance with another form of payment.

Recipients who wish to return an item purchased with the Quest card must bring the item, receipt, and Quest card back to the store. The store will then issue a credit back to the individual's FoodShare account. Recipients do not get cash back for returns of items purchased with the Quest card.

FoodShare benefits that are unused remain in the account until the recipient uses those benefits. However, if a recipient does not use his or her Quest card for 365 days, all the benefits are removed from the account.

JP Morgan provides a 24-hour customer and retailer service line. This line can be used to report and replace lost, stolen, or damaged cards, obtain current account balances, obtain a transaction history for up to three months, change the PIN, and resolve disputes regarding account transactions. If disputes are not resolved by JP Morgan within 90 days, customer service refers the claim to state or county dispute resolution staff. The recipient can also request a hearing at any time. Lost benefits are generally replaced in the case of system malfunctions.

EBT equipment may be supplied by either the retailer or by DHFS. For those retailers without equipment, DHFS is required to provide the appropriate equipment or manual transaction capability.

DHFS has a \$3,300,000 (all funds) contract with JP Morgan for 2005-06. The contract amount is based on the number of estimated active FoodShare participants and other administrative fees. In 2006, DHFS issued a request for proposal (RFP) for an

EBT vendor for the EBT system beginning November 1, 2007. DHFS selected e-Funds and is beginning to work to convert the EBT system. The process will be seamless to recipients. Over the six-year life of the contract, DHFS expects to save over \$10 million.

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## Sanctions and Penalties

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Federal law provides sanctions for intentional violations of the Food Stamp Program and failure to comply with the employment and training requirements. The following provisions regarding FoodShare sanctions apply in Wisconsin.

**Participants in W-2 Employment Positions.** For participants in a W-2 transitional placement or community service job, the FoodShare benefit is calculated based on the pre-sanction W-2 benefit amount. Therefore a family's FoodShare benefit does not increase or decrease as a result of a cash sanction imposed because the participant missed work without good cause or for violation of the Learnfare school attendance requirement.

**All FoodShare Recipients.** An individual who fails to comply with the work requirements of the FSET program without good cause is ineligible to participate in the FoodShare program for the later of: (a) one month or until the person complies with the requirements for the first violation; (b) three months or until the person complies for the second violation; or (c) six months or until the person complies with the requirements for the third and subsequent violations.

**Drug Violations.** DHFS must require FoodShare applicants or recipients to state in writing whether they or any member of their household has been convicted in any state or federal court of a felony that has as an element possession, use, or distribution of a controlled substance. Further, DHFS must require applicants or recipients who

have been convicted of a drug-related felony after August 22, 1996, but not more than five years prior to the date of the written statement, to submit to a drug test as a condition of continued eligibility for FoodShare. If the test results are positive, the needs of the convicted individual will be disregarded in determining the household's eligibility for the FoodShare program, but the income and resources of the individual will be considered available to the household. If, after 12 months, the individual submits to another test for use of a controlled substance, and the test results are negative, the needs of the person will no longer be disregarded in determining the household's eligibility for FoodShare.

**Other Sanctions.** In addition to the sanctions identified above, penalties may be imposed on retailers or on FoodShare recipients for issuing or transferring benefits to individuals who are not eligible for FoodShare. Unauthorized individuals may not knowingly obtain, possess, or transfer FoodShare benefits. In addition, retailers may not knowingly accept FoodShare from ineligible individuals and individuals cannot knowingly fail to report changes in income. Penalties may also be imposed for issuing benefits to eligible recipients in

excess of the amount for which the person is eligible. Recipients may be fined or imprisoned for concealing facts with intent to secure or continue to receive benefits, and suppliers may be fined or imprisoned for obtaining FoodShare except as payment for food. Finally, a person who fraudulently misstates or misrepresents his or her identity or place of residence for the purpose of receiving multiple benefits simultaneously may be suspended from the FoodShare program for 10 years.

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**FoodShare Payment Accuracy (Error Rates)**

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Between federal fiscal year (FFY) 1993-94 and 2003-04, Wisconsin's payment error rates for the state's FoodShare program were above the national average. Consequently, USDA imposed penalties on the state. Wisconsin has always been permitted to develop a reinvestment plan as an alternative to making penalty payments to the federal government. Table 6 shows the national average error rate, Wisconsin's error rate, and the difference between the two, by federal fiscal year. The table

**Table 6: History of Wisconsin's FoodShare Error Rate and Penalties -- FFY 1993-94 through 2004-05**

Assessment Year (FFY)	National Average	Wisconsin's Error Rate	Difference (WI - Nat'l)	WI as % Above the National Average	Penalty Amount
1993-94	10.32%	10.51%	0.19	1.84%	\$8,544
1994-95	9.70	12.10	2.40	24.74	1,370,000
1995-96	9.20	11.61	2.41	26.20	1,224,955
1996-97	9.89	13.70	3.81	38.52	2,200,000
1997-98	10.69	14.58	3.89	36.39	689,391
1998-99	9.88	13.42	3.54	35.83	606,466
1999-00	8.91	12.72	3.81	42.76	1,671,222
2000-01	8.66	13.14	4.48	51.73	2,873,308
2001-02	8.26	12.69	4.43	53.63	3,486,101
2002-03	6.64	9.32	2.68	40.36	0
2003-04	5.88	6.65	0.77	13.09	771,525
2004-05	5.84	5.61	-0.23	-3.94	0

shows that although Wisconsin lagged behind the national average in improving error rates for several years, the situation has since improved. For example, in FFY 2004-05, Wisconsin's error rate was below the national average for the first time in over 10 years. Table 6 also shows Wisconsin's penalty amounts for the identified years. There are no penalties for FFY 2004-05, since Wisconsin's error rate was below the national average for that year.

There are a number of places where errors could occur in the FoodShare payment process. They include the following: (a) an agency preventable error, which is an error made by the local income maintenance (IM) agency in any aspect of eligibility or benefit determination that could have been prevented; (b) agency error, which is an error caused by the IM agency but it is unclear if the agency would have been able to prevent the error; (c) a client error, which occurs when the client fails to report changes in income, household status, or other required information or fails to report the change within the required time frame; or (d) a CARES or state error, which is an error caused by the state's automated eligibility system, CARES, or by the state.

Table 7 shows the changes in the causes of the FoodShare errors for FFY 1999 through FFY 2005. As the table shows, client errors and agency preventable errors have been the two largest sources of errors in the FoodShare program. The total dollars in error in the sample determines the state's error rate and determines the amount of the state's

penalty.

Wisconsin's FoodShare reinvestment plans have incorporated different activities, including: (a) changes in the CARES system, the informational system IM workers use to determine eligibility for a variety of programs, including FoodShare; (b) customer surveys; (c) the Milwaukee project, which was an in-depth analysis of Milwaukee County's FoodShare administrative system to reduce the county's error rate, which was much higher than the rest of the state; (d) the development and implementation of a database to integrate quality control reviews with other types of case data; (e) FoodShare training programs for county IM workers and a state conference; (f) the development of checklists for workers to complete at each eligibility review; (g) instituting a requirement that each local agency develop a quality assurance plan to address many internal issues; (h) putting the FoodShare manual on-line, to replace the paper manual; and (i) providing help desk services and hiring payment accuracy consultant positions to assist local agencies in developing effective internal quality control procedures.

Prior to the passage of the federal Farm Bill of 2002, each state's error rate was determined relative to other states. At any one time, an average of 19 states were under sanctions, based on the federal error rate formula.

*Penalties in FFY 2003-04 and FFY 2004-05.* For FFY 2004 Wisconsin was slightly above the

**Table 7: Categories of FoodShare Errors -- FFY 1999 through 2005**

	FFY 1999	FFY 2000	FFY 2001	FFY 2002	FY 2003	FY 2004	FY 2005
CARES/State	2%	5%	12%	11%	9.3%	4.0%	10.4%
Local Agency	11	7	3	4	4.1	4.0	1.5
Client	27	42	49	50	44.3	27.3	19.4
Local Agency Preventable Error	<u>60</u>	<u>46</u>	<u>36</u>	<u>35</u>	<u>42.3</u>	<u>64.7</u>	<u>68.7</u>
Total	100%	100%	100%	100%	100%	100%	100%

national average but within the 95% confidence interval of the 105% tolerance level and therefore did not incur a sanction for that federal fiscal year. However, because Wisconsin was above the average, the state was liable for \$871,500 in at-risk sanction funds associated with the FFY 2002 sanction. Wisconsin reduced this liability and agreed to reinvest approximately \$771,500.

For FFY 2005 Wisconsin was under the federal tolerance level and therefore did not incur a

sanction for that federal fiscal year and was not liable for \$871,500 in at-risk sanction funds associated with the FFY 2002 sanction.

Since Wisconsin did not incur a liability for FFY 2005, under the provisions of the federal Farm Bill of 2002, Wisconsin will not be subject for an error penalty until FFY 2007. Through the first seven months of FFY 2006 Wisconsin's error rate is within the tolerance levels set by federal law and regulation.