Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2013 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **13-3902/2**	Introduction Number **SB-676**

Description
Education and training under Wisconsin Works; reducing Wisconsin Works benefits; a minimum copayment, maximum child care hours, and reducing income based on marriage for eligibility under Wisconsin Shares; changes to the food stamp program relating to financial eligibility for benefits, allowing an election to reduce benefits, recouping unused benefits, and prohibiting supplier discounts; prohibiting advertising concerning means-tested public assistance on radio or television; requiring consideration of the income and assets of all individuals in a household for purposes of eligibility for any means-tested public assistance; eligibility requirements for persons or families of low and moderate income to receive certain housing, housing assistance, grants, loans, or benefits from the Wisconsin Housing and Economic Development Authority, the Department of Administration, and local housing authorities; reducing the authority of local housing authorities; eligibility requirement for purposes of receiving low-income energy assistance; prohibiting new claims under the earned income tax credit; limiting eligibility for the homestead tax credit; elimination of certain grant programs administered by the Higher Educational Aids Board and transfer of the unencumbered balances in the appropriations for those programs to the University of Wisconsin System for the purpose of tuition reduction; consideration of the income and assets of both parents of a student under 22 years of age for purposes of awarding a grant or scholarship to such a student and the permissible uses of grant or scholarship moneys awarded; income eligibility requirements for enrollment in a private school participating in a parental choice program; the school lunch program; and granting rule-making authority

Fiscal Effect

State:
☐ No State Fiscal Effect
☒ Indeterminate
- ☐ Increase Existing Appropriations
- ☐ Decrease Existing Appropriations
- ☐ Create New Appropriations
- ☐ Increase Existing Revenues
- ☐ Decrease Existing Revenues
- ☒ Increase Costs - May be possible to absorb within agency's budget ☐ Yes ☒ No
- ☐ Decrease Costs

Local:
☐ No Local Government Costs
☒ Indeterminate
1. ☐ Increase Costs ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs ☐ Permissive ☐ Mandatory
3. ☐ Increase Revenue ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue ☐ Permissive ☐ Mandatory
5. Types of Local Government Units Affected
☐ Towns ☐ Village ☐ Cities ☐ Counties ☐ Others ☐ School Districts ☐ WTCS Districts

Fund Sources Affected
☐ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOA 3/31/2014

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Assumptions Used in Arriving at Fiscal Estimate

2013 SB 676 makes numerous changes and additions to eligibility provisions for various assistance programs, including low income energy assistance and housing (homelessness, rental and homeowner) assistance programs administered by the Department.

2013 SB 676 specifies that the income for any household applying for energy assistance that includes a married couple is reduced by $10,000, which may result in more households becoming eligible for energy assistance and currently eligible households qualifying for a larger benefit. An increase in the number of eligible households would result in a decrease in the average benefit available to each household whose income is not decreased. The Department does not currently collect information on the marital status of individuals comprising a household applying for assistance, and would need to upgrade IT systems and procedures to provide for the collection of this information. The financial impact of this workload, and the impact on the number of eligible households and the amount of the benefit paid to each household is not determinable at this time.

SB 676 would prohibit the Department or its partners from notifying a household of energy assistance eligibility more than twice in a 12-month period. The Department currently, initially estimates available benefits according to a base amount of funding the Department will receive. A subsequent notification of benefits available occurs if actual funding exceeds the initial estimate. There are also outreach-related notifications to households. SB 676 may result in un-utilized federal funds or an increase in the amount of benefits provided to households determined to be eligible, an amount of which is not determinable at this time. The un-utilized amount could be carried over to the subsequent year's funding.

SB 676 would require that any housing provided to a person or family of low or moderate income under s. 16.301 to 16.315, Stats., is restricted to 50 percent of the average square footage for a rental unit of average rental value in the applicant's county of residence. Currently, the Department must provide housing that meets federal minimum requirements, including space requirements. The number of individuals comprising the household is a factor in these current requirements, but is not a factor in SB 676's requirements. There is no data available to establish the average square footage for a rental unit of average rental value in each county, and if this size would conflict with the federal size requirements. The Department estimates that the requirement would reduce the number of individuals and households eligible for assistance and also to communities for the construction of housing if the housing constructed is limited to certain size maximums, but cannot make a determination as to the extent of the reduction. The bill may also impact occupancy rates in housing units that exceed the size maximum indicated by SB 676. The Department estimates a significant workload to establish and maintain a calculation of the average size for a rental unit of average rental value in each county. The cost of this workload is not determinable at this time.

The legislation requires that the income used to establish eligibility for housing program assistance include that of individuals who have resided in the household at least 15 nights in the 60 day period immediately before the date of the application. The Department does not currently collect this type of information and cannot estimate the impact on assistance eligibility. The Department estimates there would be a one-time and continuing costs associated with establishing and administering this eligibility requirement, including verification/enforcement mechanisms. The amount of these costs is indeterminable at this time.

SB 676 requires that any household with assets that exceed $2,000 in combined equity value or with a vehicle having an equity value of $10,000 or greater is not eligible for the assistance programs administered by the Department. It is estimated that this would reduce the number of households eligible for energy program assistance, and would increase the amount of this assistance provided to remaining, eligible households. The energy assistance programs administered by the Department do not currently collect asset information. Housing programs administered by the Department currently, generally utilize assets in the determination of eligibility and the home rehabilitation loan program requires an amount of home equity that generally exceeds the maximum provided by SB 676. SB 676 would not allow for the provision of some housing programs, and would decrease assistance provided for others. Also, the Department provides economic and community development funds to communities under s. 16.309, Stats, that would be impacted by this provision (e.g., funds utilized for emergency disaster assistance or jobs training assistance). SB 676 would reduce eligibility for this type of assistance. For federal housing funds, the reduction would result in an amount of unutilized funds that could be otherwise utilized by other applicants or in subsequent program years.

2013 SB 676 requires that if its provisions conflict with federal requirements, the Department must apply for a waiver of meeting the requirements from the programs' federal funding entities. The Department estimates that several of the provisions would conflict with federal requirements and waiver would be necessary to implement them. Some of these requirements cannot be waived (e.g., notification of energy assistance recipients). The Department estimates a one-time workload associated with waiver applications.

Generally, the legislation will increase the Department's and its partner's costs in implementing, updating eligibility requirements, and also in determining eligibility for its low income energy assistance and housing programs. The costs would include IT system updates, travel/training and staff costs. The bill would also decrease funding provided to individuals/households, partner entities and communities. For some programs, the funding opportunities that require a certain amount of equity, the funding would not be provided at all. There would be an increase in funding resulting from the reduction in income of households that include married couples, and a reduction in the number of applicants may result in an increase in the amount of benefits available to remaining, eligible applicants. The changes may result in federal funding being available for other projects and in subsequent years. These changes in costs and workload are not determinable at this time.

SB 676 would eliminate the transfer of $1,233,900 in indian gaming receipts to appropriations s. 20.235 (1) (k) and s. 20.235 (1) (km), Stats. The Department estimates this amount of indian gaming receipts would remain in s. 20.505 (8) (hm) and then be transferred to the general fund per s. 569.06, Stats.

Long-Range Fiscal Implications