

**1999 DRAFTING REQUEST**

**Bill**

Received: **01/25/99**

Received By: **yacketa**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Sajna**

This file may be shown to any legislator: **NO**

Drafter: **yacketa**

May Contact:

Alt. Drafters:

Subject: **Public Assistance - misc**

Extra Copies:

**Topic:**

DOA:.....Sajna - Individual development accounts

**Instructions:**

See Attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	yacketa 01/26/99	ygeller 01/26/99	ismith 01/27/99	_____	lrb_docadmin 01/27/99		Local
/2	yacketa 01/29/99		martykr 01/29/99	_____	gretskl 01/29/99		Local
/3	yacketa 02/1/99	ygeller 02/1/99	martykr 02/1/99	_____	lrb_docadmin 02/1/99		Local

FE Sent For:

<END>

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/1	yacketa 01/26/99	jgeller 01/26/99	ismith 01/27/99	_____	lrb_docadmin 01/27/99		Local
/2	yacketa 01/29/99	<i>3/2/99 jg</i> martykr 01/29/99	<i>2/1/99</i> _____	<i>2/1/99</i> _____	gretskl 01/29/99		Local

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FE Sent For:

*1/2/29 jg*      *ism/29*      *ll*  
*ism/29*

<END>

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1/?	yacketa	1/26 JG	IS 1/27/99	IS/JF 1/27/99			

FE Sent For:

<END>

01/22/99.

16:47

DIU BUDGET AND FINANCE → 608 264 8522

STATE OF WISCONSIN  
 DEPARTMENT OF ADMINISTRATION  
 DIVISION OF EXECUTIVE BUDGET AND FINANCE  
 DCA-6167 N(ROSES)

**FACSIMILE COVER MESSAGE**

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If you received this communication in error, notify the sender immediately by telephone. If required for confidential purposes, the sender will provide instructions for returning the FAX message by U.S. mail.

THE FACSIMILE MACHINE COPIES ONE SIDE OF DOCUMENT

<b>TO</b>		
Name	Tina Vacker	Facsimile Telephone Number
Location	Room Number	Telephone Number
<b>FROM (Sender)</b>		
Name	S. Sajin	Facsimile Telephone Number (608) 267-0372
Location	Number of Pages Including This Cover Sheet	Telephone Number
101 East Wilson Street, 10th Floor; Madison, WI 53702		

**COMMENTS / INSTRUCTIONS**

Dianne will have  
 specific drafting inst.  
 come 1<sup>st</sup> thing Monday.

9.

## INDIVIDUAL DEVELOPMENT ACCOUNTS (IDAs) An Investment in Wisconsin's Future!

**WHAT ARE INDIVIDUAL DEVELOPMENT ACCOUNTS?** Individual Development Accounts (IDA) are savings accounts aimed at assisting low-income individuals in saving money for high return investments. The federal Assets for Independence Act (AFIA) authorizing the Department of Health and Social Services to conduct an IDA demonstration for five years beginning in FY 1999. The AFIA provides a federal 1:1 match with nonfederal funds from public or private sources.

Individuals eligible for an IDA include families eligible for Temporary Assistance to Needy Families (TANF) or for the Earned Income Tax Credit (EITC) and have assets less than \$10,000. The program requires eligible participants to deposit *earned* income into an established IDA. Then, once every three months, nonfederal matching funds of up to 4:1 and federal funds equaling the nonfederal match are also deposited into the participant's IDA. The federal funds in any one IDA cannot exceed \$2,000 per individual over the course of the demonstration. The total savings must be spent on one of the following:

- First-home purchase;
  - Post-secondary education;
  - Small business capitalization; or
  - Specified emergencies: medical expenses, preventing eviction, meeting expenses following loss of employment.
- AND
- Economic and financial education is a mandatory component of the program.

### THOMPSON DOES IT FIRST AND BEST AGAIN!

No state has put forth a statewide program. Community Action Agencies (CAAs) are willing and anxious to be the vehicle, **AND THEY WOULD BE RESPONSIBLE FOR RAISING THE LOCAL MATCH.** It would require NO GPR: Total budget of \$5.3 million over the biennium (\$2m in local match, \$2m in federal dollars and \$1.3m in TANF).

### WHY INVEST IN IDAs?

It is good public policy representing the type of forward thinking that will impact Wisconsin's low-income families **AND** our economy. An IDA program would increase savings and investments for approximately 2,400 of Wisconsin's low-income families who do not have enough income to fully participate in traditional savings programs. It would also effectively integrate these families into Wisconsin's economic mainstream and thereby positively impact Wisconsin's future economic well-being.

**New Federal dollars for Wisconsin.** By receiving the competitive AFIA grant, Wisconsin would further the Administrations's goal of increasing the infusion of federal dollars into Wisconsin due to the potential to access up to \$2 million in federal funds over the biennium.

Because the goals are similar—responsibility, empowerment and self-sufficiency—IDAs build logically on the success of W-2 making it an appropriate "next step" in providing opportunities to low-income families. We can provide these families with the opportunity to look beyond a paycheck in order to increase their economic self-sufficiency. This can be achieved through savings for high-return investments. The first phase of W-2 is getting and keeping a job. The second phase is learning how to manage your money, including saving for the future. That is the beginning of how you generate self-sufficiency, first creating an attachment to the workforce, then becoming "banked" as part of sound fiscal management.

A statewide IDA program would offer an opportunity for further community-wide public/private partnerships. Non-profit organizations would manage the programs, provide training and education and recruit participants. Corporations, financial institutions and religious institutions could provide match and administrative funds, education resources and the financial structure for establishing accounts. These entities, together with the W-2 agencies and local government, would develop broad strategies to assist individuals and ensure their success.

IDAs are not considered "free money." First and foremost, it is the responsibility of the participants to deposit *earned* income into their accounts. The philosophy behind IDAs is similar to the philosophy behind 401(K)s except that IDAs use small matching deposits as incentive rather than tax breaks. Furthermore, because the money deposited may be used for emergency purposes, IDAs would further reduce the need for low-income families to access existing government and community-based resources such as W-2, Emergency Assistance, local homeless shelters, food pantries, etc.

- WIC  
- self help  
- equal

**Yacker, Tina**

---

**From:** Sajna, Jennifer  
**Sent:** Monday, January 25, 1999 11:43 AM  
**To:** Yacker, Tina  
**Subject:** FW: IDA drafting instructions

Call if you have questions

-----Original Message-----

**From:** REYNOLDS, DIANE  
**Sent:** Monday, January 25, 1999 11:06 AM  
**To:** Sajna, Jennifer  
**Cc:** NIKOLAY, BOB; ROGERS, JEAN; MCMAHON, MARGARET; Agnew, Ann; ROSAS-DELEON, LEONOR  
**Subject:** IDA drafting instructions

[[ IDAS.DOC : 4367 In IDAS.DOC ]]

Let's discuss.



IDAS.DOC

Dianne

**FY99-01 BIENNIAL BUDGET**

**STATUTORY LANGUAGE PROPOSAL FORMAT**

Division: Economic Support  
 Appropriation: 20.445(3)  
 Issue: Wisconsin Works (W-2); Individual Development Accounts (IDAs)  
 Contact: Leonor Rosas DeLeon, Director  
 Bureau of Welfare Initiatives

**PROBLEM**

W-2 participants and low income families have low savings rates. W-2 participants may not have countable assets that exceed \$2,500 not including the homestead and vehicles whose equity value do not exceed \$10,000. Low saving rates and policies that inhibit saving keep families from saving for emergencies, home buying, education and other future needs.

**PROPOSED CHANGE**

Create language directing the Department to establish a statewide program to provide for Individual Development Accounts (IDAs) authorized under 42 USC 604(h) and the Assets for Independence Act, P.L. 105-285. The Department will contract with Community Action Agencies to administer the program. The CAAs must provide economic and financial education as part of their administration of the program.

To be eligible an individual must be at least 18 years of age, be a custodial parent and have family income of 200% or less of the federal poverty level or be eligible for the federal Earned Income Tax Credit and have countable assets of less than \$10,000. An individual who has an IDA may only deposit earned income as defined in section 911(d)(2) of the Internal Revenue Code of 1986 into the account. Federal funds in any one IDA may not exceed \$2,000 per individual over the course of the demonstration. Funds in an IDA account must be disregarded in determining eligibility for W-2, other TANF funded programs and other federal public assistance programs such as food stamps and Medicaid.

IDA funds may only be used for the following purposes:

- First-home purchase
- Post-secondary education
- Small business capitalization; or
- Specified emergencies: medical expenses, preventing eviction, meeting expenses following loss of employment.

IDA holders must participate in the economic and financial education programs offered by the CAAs.

**EXPLANATORY NOTE**

Individual Development Accounts (IDAs) are saving accounts aimed at assisting low-income individuals in saving money. Families eligible for IDAs include those eligible for Temporary Assistance for Needy Families (TANF) program benefits and services or for the federal Earned Income Tax Credit (EITC) and who have assets less than \$10,000.

**FISCAL IMPACT**

Total budget of \$5.3 million over the biennium (\$2 million in local match, \$2 million in federal dollars under AFIA and \$1.3 million TANF. No GPR dollars are required.

**DESIRED EFFECTIVE DATE**

Upon enactment.

*location*





*VERY SOON*  
**State of Wisconsin**  
**1999 - 2000 LEGISLATURE**

LRB-1989/1

TAY...A:...

*JG*  
*RMR*

DOA:.....Sajna – Individual development accounts

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

*do not gen*

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

✓ **HEALTH AND HUMAN SERVICES**

✓ **PUBLIC ASSISTANCE**

Current federal law permits states to establish a demonstration project under which certain low-income individuals may establish savings accounts, referred to as individual development accounts. The funds deposited into an individual development account may be used for certain expenses associated with postsecondary education, first home purchases, business capital expenses or medical expenses or to make payments necessary to prevent the eviction of the individual from his or her residence or the foreclosure on the mortgage for the principal residence of the individual. An individual may only deposit earned income into the account. For every dollar that the individual deposits into the account, the administering state or local agency or tribal governing body, or a qualified nonprofit agency must deposit at least ~~two~~ <sup>50</sup> cents and not more than four dollars. The federal government makes a grant to the matching contributor that equals the lesser of the aggregate amount of funds committed as matching contributions from non-federal funds or \$1,000,000.

This bill requires the department of workforce development (DWD) to establish the individual development account demonstration project in accordance with the federal law.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           SECTION 1. 49.145 (3) (a) <sup>X</sup> of the statutes is amended to read:

2           49.145 (3) (a) *Resource limitations.* The individual is a member of a Wisconsin  
3 works group whose assets do not exceed \$2,500 in combined equity value. In  
4 determining the combined equity value of assets, the Wisconsin works agency shall  
5 exclude the equity value of vehicles up to a total equity value of \$10,000, the value  
6 of an individual development account established under s. 49.187 <sup>✓</sup> and one home that  
7 serves as the homestead for the Wisconsin works group.

History: 1995 a. 289; 1997 a. 27, 191, 237, 283.

8           SECTION 2. 49.175 (1) (hd) <sup>X</sup> of the statutes is created to read:

9           49.175 (1) (hd) For deposits into individual development accounts under s.  
10 49.187, <sup>✓</sup>\$650,000 in each fiscal year.

\*\*\*\*NOTE: The instructions indicated that the \$1.3M was the total expenditure for the biennium. Do you want it divided in a different way?

11          SECTION 3. 49.187 <sup>X</sup> of the statutes is created to read:

12          **49.187 Individual development accounts.** (1) ADMINISTRATION. <sup>✓</sup>The  
13 department shall establish a program to permit individuals who are eligible under  
14 sub. (2) <sup>✓</sup>to establish individual development accounts in accordance with P.L.  
15 105-285. The department <sup>✓</sup>may contract with community action agencies under s.  
16 46.30 <sup>✓</sup>to administer the program under this section.

17          (2) ELIGIBILITY. An individual is eligible to establish an individual development  
18 account if the all of the following criteria with respect to the individual are met:

19          (a) The individual is at least 18 <sup>✓</sup>years old.

20          (b) The individual is a custodial parent, as defined in s. <sup>✓</sup>49.141 (1) (b).

1 (c) The individual qualifies for the federal basic earned income credit under  
2 section 32 (b) (1) (A) to (C) of the Internal Revenue Code, or the income of the  
3 individual's family does not exceed 200%<sup>✓</sup> of the poverty line.

4 (d) The combined equity value of all countable assets of the individual do not  
5 exceed \$10,000<sup>✓</sup>.

6 (3) FUNDING FOR AND USE OF AN INDIVIDUAL DEVELOPMENT ACCOUNT<sup>✓</sup>. An individual  
7 who establishes an individual development account under this section may deposit  
8 into the account only earned income, as defined in section 911(d)(2) of the Internal  
9 Revenue Code of 1986. For every ~~one dollar~~<sup>\$1</sup> that the individual deposits in the  
10 account, the community action agency with which the department contracts under  
11 sub. (1)<sup>✓</sup>, or, if the department does not enter into a contract under sub. (1), the  
12 department, shall deposit not less than ~~\$0.50~~<sup>50 cents nor</sup> more than \$4 into the account.  
13 Moneys deposited in an individual development account may be used only for  
14 qualified expenses specified under P.L. 105-285 section 404 (8).

15 (END)<sup>✓</sup>

STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION  
DIVISION OF EXECUTIVE BUDGET AND FINANCE  
DOA-5187 N(ROB/85)

### FACSIMILE COVER MESSAGE

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THE FACSIMILE MACHINE COPIES ONE SIDE OF DOCUMENT

<b>TO</b>		
Name	Tina Yacker	Facsimile Telephone Number
Location	Room Number	Telephone Number
<b>FROM (Sender)</b>		
Name	J. Sajna	Facsimile Telephone Number (608) 267-0372
Location	Number of Pages Including This Cover Sheet	Telephone Number 6 8219
101 East Wilson Street, 10th Floor; Madison, WI 53702		

COMMENTS / INSTRUCTIONS

IDA - I think we should do #'s in  
# 1 (2<sup>nd</sup> bullet pt. only)  
# 2  
# 3  
# 6 (maybe)

## InterOffice Memo

Department of Workforce Development  
Division of Economic Support

**Date:** January 28, 1999

**To:** Bob Nikolay  
Administrative Services Division

**From:** Dianne Reynolds, Section Chief  
Policy Planning and Development Section  
Bureau of Welfare Initiatives

**Subject:** REVIEW OF IDA STATUTORY LANGUAGE DRAFT

DES staff have reviewed LRB 1989/1, relating to Individual Development Accounts (IDAs) and have the following comments:

1. Section 49.187(2) provides that in order to be eligible for an IDA an individual must meet certain eligibility conditions. We would like that subsection modified to include the following additional eligibility criteria:

- The individual meets the eligibility criteria under s.49.145(2)(c), (f), (m) and (r). This will add the TANF eligibility requirements related to being a U.S. citizen or qualified alien, cooperating with child support, and not being a probation or parole violator or fugitive felon.

① IDA account holders must participate in economic and financial education programs offered by the administering agencies.

② In section 49.187(2)(d), the language provides that the combined equity value of all countable assets of the individual do not exceed \$10,000. Does a cross-reference need to be added to s.49.145(3)(a) to make clear that, in determining countable assets, that vehicles up to a total equity value of \$10,000 and one home that serves as the homestead are excluded?

③ In s.49.187(3), the language provides that money deposited in the IDA may only be used for qualified expenses specified under Public Law 105-285, section 404(8). However, emergency withdrawals are not covered by the reference to sub. (8) but are specified in section 404(3). Also, in the analysis section, the drafter should also include payments necessary to enable the individual to meet necessary living expenses following loss of employment in the list of expenses for which the IDA may be used.

4. Language should be added to make clear that federal funds deposited in the account may not exceed \$2,000, as provided under Section 410(b) of P.L. 105-285.

④ Language should be added to make clear that when an individual qualifies because of being eligible for the federal earned income tax credit the agency must make a determination of net worth as provided under section 408(a) of P.L. 105-285.

*change after they find out more info*

6) Does language need to be added to the Medicaid/Badger Care statutory language to exempt IDAs from being considered assets in determining eligibility for these programs? What about the child care eligibility requirements?

cc: Jean Rogers, AO  
Ann Agnew, AO

*add title*

*[Handwritten scribble]*

7) P. 2, § 3 dept may est prog. if est's program shall...

SOON

RMR

DOA:.....Sajna - Individual development accounts

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

to meet necessary living expenses following loss of employment

do not get

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**PUBLIC ASSISTANCE**

Current federal law permits states to establish a demonstration project under which certain low-income individuals may establish savings accounts, referred to as individual development accounts. The funds deposited into an individual development account may be used for certain expenses associated with postsecondary education, first home purchases, business capital expenses or medical expenses or to make payments necessary to prevent the eviction of the individual from his or her residence or the foreclosure on the mortgage for the principal residence of the individual. An individual may only deposit earned income into the account. For every dollar that the individual deposits into the account, the administering state or local agency or tribal governing body, or a qualified nonprofit agency must deposit at least 50 cents and not more than four dollars. The federal government makes a grant to the matching contributor that equals the lesser of the aggregate amount of funds committed as matching contributions from nonfederal funds or \$1,000,000.

This bill <sup>allows</sup> requires the department of workforce development (DWD) to establish the individual development account demonstration project in accordance with the federal law.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1 SECTION 1. 49.145 (3) (a) of the statutes is amended to read:

2 49.145 (3) (a) *Resource limitations.* The individual is a member of a Wisconsin  
3 works group whose assets do not exceed \$2,500 in combined equity value. In  
4 determining the combined equity value of assets, the Wisconsin works agency shall  
5 exclude the equity value of vehicles up to a total equity value of \$10,000, the value  
6 of an individual development account established under s. 49.187 and one home that  
7 serves as the homestead for the Wisconsin works group.

8 SECTION 2. 49.175 (1) (hd) of the statutes is created to read:

9 49.175 (1) (hd) For deposits into individual development accounts under s.  
10 49.187, \$650,000 in each fiscal year.

\*\*\*\*NOTE: The instructions indicated that the \$1.3M was the total expenditure for the biennium. Do you want it divided in a different way?

11 SECTION 3. 49.187 of the statutes is created to read:

Program under this section the program shall be administered

12 **49.187 Individual development accounts. (1) ADMINISTRATION.** The  
13 department ~~shall~~ <sup>may</sup> establish a program to permit individuals who are eligible under  
14 sub. (2) to establish individual development accounts <sup>if the department establishes the</sup> in accordance with P.L.  
15 105-285. The department may contract with community action agencies under s.  
16 46.30 to administer the program under this section.

17 (2) ELIGIBILITY. An individual is eligible to establish an individual development  
18 account if the all of the following criteria with respect to the individual are met:

19 (a) The individual is at least 18 years old.

20 (b) The individual is a custodial parent, as defined in s. 49.141 (1) (b).



→ (c) The individual is a member of a household that is eligible for temporary assistance for needy families under 42 USC 601 et seq. or the adjusted gross income of the individual's household does not exceed the earned income amount described in Section 32 of the Internal Revenue Code of 1986.

1 (c) The individual qualifies for the federal basic earned income credit under  
2 section 32 (b) (1) (A) to (C) of the Internal Revenue Code, or the income of the  
3 individual's family does not exceed 200% of the poverty line.

4 (d) The combined equity value of all countable assets of the individual do not  
5 exceed \$10,000.

INSERT  
3-5

6 (3) FUNDING FOR AND USE OF AN INDIVIDUAL DEVELOPMENT ACCOUNT. (a) An individual  
7 who establishes an individual development account under this section may deposit  
8 into the account only earned income, as defined in section 911 (d) (2) of the Internal  
9 Revenue Code of 1986. For every \$1 that the individual deposits in the account, the  
10 community action agency with which the department contracts under sub. (1), or, if  
11 the department does not enter into a contract under sub. (1), the department, shall  
12 deposit not less than 50 cents nor more than \$4 into the account. Moneys deposited  
13 in an individual development account may be used <sup>withdrawn</sup> only for qualified expenses  
14 specified under P.L. 105-285, section 404 (8).

15 (b) An individual who establishes an individual development account under this section shall participate in financial planning and economic education programs offered by the community action agency or by the department.

emergencies as provided under P.L. 105-285, section 404 (3) or for

(end)

if calculating the combined equity value of all countable assets of the individual, the community action agency, or the department, shall exclude the ~~market~~ equity value of vehicles up to a total equity value of \$10,000 and one home that serves as the homestead of the individual.

**1999-2000 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1989/2ins  
TAX.....

**insert 3-5**

(c) The individual meets the eligibility requirements under P.L. 105-285, section 408 (a). In determining the net worth of an individual's household, as required under P.L. 105-285, section 408 (a) (2), the community action agency or the department shall exclude the equity value of vehicles up to a total equity value of \$10,000 and one home that serves as the homestead of the individual's household.



*Today*  
State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1989/13  
TAY:jlg:km

*KMR*

DOA:.....Sajna - Individual development accounts

FOR 1999-01 BUDGET -- NOT READY FOR INTRODUCTION

*do not gen*  
1 AN ACT ...; relating to: the budget.

---

*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**PUBLIC ASSISTANCE**

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This bill allows the department of workforce development (DWD) to establish the individual development account demonstration project in accordance with the federal law.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

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1           **SECTION 1.** 49.145 (3) (a) of the statutes is amended to read:

2           49.145 (3) (a) *Resource limitations.* The individual is a member of a Wisconsin  
3 works group whose assets do not exceed \$2,500 in combined equity value. In  
4 determining the combined equity value of assets, the Wisconsin works agency shall  
5 exclude the equity value of vehicles up to a total equity value of \$10,000, the value  
6 of an individual development account established under s. 49.187 and one home that  
7 serves as the homestead for the Wisconsin works group.

8           **SECTION 2.** 49.175 (1) (hd) of the statutes is created to read:

9           49.175 (1) (hd) For ~~deposits into~~<sup>the</sup> individual development accounts <sup>✓ program</sup> under s.  
10 49.187, \$650,000 in each fiscal year.

11           **SECTION 3.** 49.187 of the statutes is created to read:

12           **49.187 Individual development accounts. (1) ADMINISTRATION.** The  
13 department may establish a program to permit individuals who are eligible under  
14 sub. (2) to establish individual development accounts. If the department establishes  
15 the program under this section, the program shall be administered in accordance  
16 with P.L. 105-285. The department may contract with community action agencies  
17 under s. 46.30 to administer the program under this section.

18           **(2) ELIGIBILITY.** An individual is eligible to establish an individual development  
19 account if the all of the following criteria with respect to the individual are met:

20           (a) The individual is at least 18 years old.

21           (b) The individual is a custodial parent, as defined in s. 49.141 (1) (b).

1           (c) The individual meets the eligibility requirements under P.L. 105-285,  
2 section 408 (a). In determining the net worth of an individual's household, as  
3 required under P.L. 105-285, section 408 (a) (2), the community action agency or the  
4 department shall exclude the equity value of vehicles up to a total equity value of  
5 \$10,000 and one home that serves as the homestead of the individual's household.

6           **(3) FUNDING FOR AND USE OF AN INDIVIDUAL DEVELOPMENT ACCOUNT.** (a) An  
7 individual who establishes an individual development account under this section  
8 may deposit into the account only earned income, as defined in section 911 (d) (2) of  
9 the Internal Revenue Code of 1986. For every \$1 that the individual deposits in the  
10 account, the community action agency with which the department contracts under  
11 sub. (1), or, if the department does not enter into a contract under sub. (1), the  
12 department, shall deposit not less than 50 cents nor more than \$4 into the account.  
13 Moneys deposited in an individual development account may be withdrawn only for  
14 emergencies as provided under P.L. 105-285, section 404 (3) or for qualified expenses  
15 specified under P.L. 105-285, section 404 (8).

16           (b) An individual who establishes an individual development account under  
17 this section shall participate in financial planning and economic education programs  
18 offered by the community action agency or by the department.

19

(END)



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1989/3  
TAY:jlg:km

DOA:.....Sajna - Individual development accounts

FOR 1999-01 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

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*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**PUBLIC ASSISTANCE**

Current federal law permits states to establish a demonstration project under which certain low-income individuals may establish savings accounts, referred to as individual development accounts. The funds deposited into an individual development account may be used for certain expenses associated with postsecondary education, first home purchases, business capital expenses or medical expenses, to meet necessary living expenses following loss of employment or to make payments necessary to prevent the eviction of the individual from his or her residence or the foreclosure on the mortgage for the principal residence of the individual. An individual may only deposit earned income into the account. For every dollar that the individual deposits into the account, the administering state or local agency or tribal governing body, or a qualified nonprofit agency must deposit at least 50 cents and not more than four dollars. The federal government makes a grant to the matching contributor that equals the lesser of the aggregate amount of funds committed as matching contributions from nonfederal funds or \$1,000,000.

This bill allows the department of workforce development (DWD) to establish the individual development account demonstration project in accordance with the federal law.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 49.145 (3) (a) of the statutes is amended to read:

2           49.145 (3) (a) *Resource limitations.* The individual is a member of a Wisconsin  
3 works group whose assets do not exceed \$2,500 in combined equity value. In  
4 determining the combined equity value of assets, the Wisconsin works agency shall  
5 exclude the equity value of vehicles up to a total equity value of \$10,000, the value  
6 of an individual development account established under s. 49.187 and one home that  
7 serves as the homestead for the Wisconsin works group.

8           **SECTION 2.** 49.175 (1) (hd) of the statutes is created to read:

9           49.175 (1) (hd) For the individual development accounts program under s.  
10 49.187, \$650,000 in each fiscal year.

11           **SECTION 3.** 49.187 of the statutes is created to read:

12           **49.187 Individual development accounts. (1) ADMINISTRATION.** The  
13 department may establish a program to permit individuals who are eligible under  
14 sub. (2) to establish individual development accounts. If the department establishes  
15 the program under this section, the program shall be administered in accordance  
16 with P.L. 105–285. The department may contract with community action agencies  
17 under s. 46.30 to administer the program under this section.

18           **(2) ELIGIBILITY.** An individual is eligible to establish an individual development  
19 account if the all of the following criteria with respect to the individual are met:

20           (a) The individual is at least 18 years old.

21           (b) The individual is a custodial parent, as defined in s. 49.141 (1) (b).

