

## Fiscal Estimate - 2021 Session

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

<b>LRB Number</b> <b>21-4712/1</b>	<b>Introduction Number</b> <b>AB-0604</b>	
<b>Description</b> pay for performance grant requirements, housing navigator grants, use of public lands to provide temporary residence for the homeless, making an appropriation, and providing a penalty		
<b>Fiscal Effect</b>  <b>State:</b> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No State Fiscal Effect  <input type="checkbox"/> Indeterminate  <input type="checkbox"/> Increase Existing Appropriations  <input type="checkbox"/> Decrease Existing Appropriations  <input type="checkbox"/> Create New Appropriations                 </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Existing Revenues  <input type="checkbox"/> Decrease Existing Revenues                 </div> <div style="width: 33%;"> <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget  <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> Yes                         <input checked="" type="checkbox"/> No                     </div> <input type="checkbox"/> Decrease Costs                 </div> </div> <b>Local:</b> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No Local Government Costs  <input type="checkbox"/> Indeterminate  <div style="display: flex;"> <div style="width: 50%;">                         1. <input type="checkbox"/> Increase Costs  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                          2. <input type="checkbox"/> Decrease Costs  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                     </div> <div style="width: 50%;">                         3. <input type="checkbox"/> Increase Revenue  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                          4. <input type="checkbox"/> Decrease Revenue  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                     </div> </div> </div> <div style="width: 33%;"> <b>5.Types of Local Government Units Affected</b>  <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> Towns  <input type="checkbox"/> Counties  <input type="checkbox"/> School Districts                         </div> <div style="width: 33%;"> <input type="checkbox"/> Village  <input type="checkbox"/> Others  <input type="checkbox"/> WTCS Districts                         </div> <div style="width: 33%;"> <input type="checkbox"/> Cities                         </div> </div> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div> <b>Fund Sources Affected</b>  <input checked="" type="checkbox"/> GPR   <input checked="" type="checkbox"/> FED   <input type="checkbox"/> PRO   <input checked="" type="checkbox"/> PRS   <input type="checkbox"/> SEG   <input type="checkbox"/> SEGS                     </div> <div> <b>Affected Ch. 20 Appropriations</b>                          ss. 20.505 (1) (mb); (7) (a); (7) (b); (7) (fm); (7) (ft); (7) (h); (7) (kg)                     </div> </div>		
<b>Agency/Prepared By</b>  DOA/ Robert Albrecht (608) 264-6343	<b>Authorized Signature</b>  Robin Malicki (608) 264-9576	<b>Date</b>  10/22/2021

## Fiscal Estimate Narratives

DOA 10/22/2021

LRB Number	21-4712/1	Introduction Number	AB-0604	Estimate Type	Original
<b>Description</b> pay for performance grant requirements, housing navigator grants, use of public lands to provide temporary residence for the homeless, making an appropriation, and providing a penalty					

### Assumptions Used in Arriving at Fiscal Estimate

2021 Assembly Bill 604 (AB-604) contains provisions concerning eligibility requirements for homelessness-related grants, the designation of structured camping facilities for use by homeless individuals, and a proposed housing navigator grant to be funded by federal monies allocated under the American Rescue Plan Act of 2021 (ARPA). These three components of the proposed legislation would be primarily administered by the Department of Administration (Department).

The proposed legislation would establish a "pay for performance" grant requirement under a new s. 16.3087, Wis. Stats. With this requirement, grants awarded under ss. 16.306 (2), Wis. Stats. (Housing Assistance Program); 16.307, Wis. Stats. (grants from Interest-Bearing Real Estate Trust Account (IBRETA)); 16.308 (2) (a), Wis. Stats. (State Shelter Subsidy Grant Program); and 16.3085 (2), Wis. Stats., (Homeless Case Management Services Grant Program) would be subject to between 10 and 50 percent of the total eligible award being withheld by the Department for at least six months after the date of award. This 10 to 50 percent may only be released once the grant recipient demonstrates that it has met one or more of performance objectives related to securing housing and employment for homeless individuals, as outlined in AB-604. The Department would be responsible for verifying that these objectives are being met prior to releasing the withheld funds.

With respect to the pay for performance requirement, the Division of Energy, Housing and Community Resources (DEHCR) would update its award templates to identify this new requirement. Also, the Homeless Management Information System (HMIS, administered by a third-party vendor) may be required to be further developed as a platform for the grant recipient to report objective metrics under the proposed requirements. Under AB-604, once a grantee has met one of the three identified objectives, the Department would be authorized to provide the withheld funds. As these programs are structured on a cost reimbursement basis for the duration of the agreement, in cases where the performance requirement is met, the impact of withholding funds would be largely mitigated based on the timing of reimbursement requests, assuming the Department withheld the minimum amount (10 percent) identified under the legislation.

However, the ability and process for the Department to accurately validate that grant recipients are meeting one of the objectives is not able to be determined at this time. The Department is also not able to determine which grant recipients may not be able to adhere to the requirements and any resulting total award amounts to be withheld (at 10 percent of the award). The Department would adhere to federal and state grant requirements for reuse of unspent and unobligated funds per any sustained unmet objectives. The Department anticipates staff efforts for developing and maintaining adherence to the proposed legislation is absorbable.

To note, the State Shelter Subsidy Grant program, required under the proposed pay for performance model, and funded with a mix of state General Purpose Revenue (GPR) and IBRETA Program Revenue (PR) funds, was recently amended (2019 Wisconsin Act 76) to require the consideration of nine performance measures, based on the grantee's success in previous years, in the awarding of funds by the Department. This, in combination with the proposed, result in homeless service providers being required to meet several new measures when competing for funding, and again to meet requirements once funding is obtained to receive the funds.

AB-604 includes provisions regarding "structured camping facilities," enabling the Department to designate any public property for use as a structured camping facility. When such a designation occurs, the Department would be responsible for ensuring provisions for public safety at the location, and that potable water and adequate sanitary facilities are available. The proposed bill expands the authorized usage of several existing Department appropriations in order to fund the construction of such facilities and related amenities. Affected appropriations include: ss. 20.505 (7) (b), Wis. Stats., Housing grants and loans; general purpose revenue (numeric 703); 20.505 (7) (fm), Wis. Stats., Shelter for homeless and housing grants (numeric 707); 20.505 (7) (ft), Wis. Stats., Employment grants (numeric 710); 20.505 (7) (h), Wis. Stats, Funding for the homeless

(numeric 723); and 20.505 (7) (kg), Wis. Stats., Housing program services (numeric 727). No additional budget authority or funding would be provided to these appropriations under the proposed legislation.

AB-604 also would permit the Department to assign a homeless individual or family to a specific location at a designated structured camping facility for them to set up temporary residence, and the Department may also permit these assigned persons to bring camping equipment and other personal items onto the facility. Furthermore, the Department would be permitted to condition temporary residence on the completion of mental health or substance abuse evaluations, as prescribed by the Department and permits the Department to expel persons who fail to comply with instructions. However, AB-604 does not identify the entity to administer, or the fund source to provide for, the mental health and substance abuse evaluations. Persons that set up a temporary residence on public property not designated for recreational camping or as a structured camping facility person who violates the prohibition is guilty of a Class C misdemeanor.

According to the Wisconsin Board of Commissioners of Public Lands, "Currently there are almost 5.9 million acres of public land in the State of Wisconsin which is almost 17% of the state's total land area (~34,759,000 acres)." However, the federal government owns 5.33 percent of Wisconsin's total land, 1,865,375 acres. Thus, the total amount of public land potentially impacted totals 32,893,625 acres. These lands are administered by a mix of state and local units of government, established under a mix of statutorily defined purposes, with which this legislation may be in conflict. For example, statutes generally preclude a person from camping in a location for an extended period of time, thus establishing residency in a location.

Given the extraordinary amount of potential public land open to conversion to "structured camping facilities" under AB-604, the Department would need to consult with each land administering entity within the state to determine the allowability for creating these facilities, balanced against the local need to create such facilities. This undertaking would be extensive and would require an indeterminate amount of additional Departmental staffing resources to achieve. In addition, the Department would require additional supplies and services to create a database of allowable "structured camping facilities", mapping resources to identify areas within such lands to create the "structured camping facilities". Depending on the scope of the development, the development of the database infrastructure could cost anywhere between \$5,000 to \$50,000 on a one-time basis, and would require ongoing system operations and maintenance costs (of potentially approximately \$5,000 annualized). These costs, and all other GPR operational costs mentioned in this analysis, would be supported under s. 20.505 (7) (a), Wis. Stats., general program operations (numeric 701, annual, GPR).

The Department may create regions to administer the program, with one staff member assigned to administer each region. Given the size of the state and the distribution of the public land base, it is likely that a minimum of six regions would need to be created. The State anticipates it would require 6.0 GPR FTE Program and Policy Analysts to administer the program; assuming the average filled rate of Program and Policy Analysts in the Department, the annualized cost of these positions would be equal to an annualized \$346,900 GPR in salary, \$134,200 GPR in fringe benefits, and \$60,000 GPR in personnel-variable supplies and services costs, for a total annual cost of \$541,100 GPR. In addition to this, an estimated total \$18,000 GPR for one-time equipment and office supply costs is anticipated. The costs for the administration and the positions is not able to be absorbed using current position or expenditure authority under s. 20.505 (7) (a), Wis. Stats., and would need to be requested and granted through legislative action.

It is likely that each area would need portable restrooms, shower facilities, first aid stations and community areas where residents would receive services, such as mental health screenings as identified in the proposed legislation. Cost estimates for each of these facilities vary widely based on location, type, and volume of use. For example, the cost to rent a portable restroom vary between \$50/day to \$650. Department would potentially enter into agreements with local units of government to ensure the safety and security of persons camping within the "structured camping facilities" and to provide potable water and adequate bathroom facilities.

If the Department were to broadly estimate a minimum of one "structured camping facility" in each county of the state, plus a minimum of one additional "structured camping facility" in each of the 10 largest municipalities, the annual costs to administer 82 "structured camping facilities" throughout the state would total \$19.6 million annually in facility costs alone, in excess of the statutorily identified funds to administer the program (\$4,600/week x 82 sites x 52 weeks). Given the lack of available amounts from the currently awarded grant funds under the programs proposed, the costs to provide for public safety and adequate facilities in each of the estimated 82 sites would need to be determined and legislative action would be necessary to appropriate funds, as possible and authorized under each program. Alternatively, and as possible, it may be determined that certain costs are the responsibility of each pertaining local unit of government.

Lastly, AB-604 also would establish a housing navigator grant program, to be disbursed in equal grants to each of the designated Continuum of Care organizations in the State. The funds are required to be allocated out of funds received by the State under the American Rescue Plan Act of 2021 for an annual amount of \$300,000 in

each year of the 2021-23 biennium. An annual amount of \$600,000 GPR was proposed for a similar program in the 2021-23 Executive Budget but was not enacted as part of 2021 Wisconsin Act 58. Funds would be required to be used by the Continuum of Care organizations to hire housing navigators to engage in activities which the section defines.

The Department is responsible for the administration of the State's Coronavirus State Fiscal Recovery Fund (CSFRF) under section 602 of the Act as amended by ARPA. As such, the Department would be responsible for: determining the eligibility and any restrictions of use of those funds for all aspects of the housing navigator grants; if eligible, awarding the ARPA grant funds to its selected recipients; and for administering the grant to the selected recipient. The grant amount would be deployed from the State's ARPA funding allocation as administered by the Department and would consequently not be available for granting or allocating under other purposes.

The Department anticipates one-time and ongoing staff efforts necessary for the granting and administration of funds. Departmental staff efforts would be required for federal reporting for the grants, including for Treasury reporting, etc., for providing technical assistance to the grant recipients, and for the necessary reporting and auditing of the use of ARPA funds awarded by the Department. Departmental staff time would be required to award the grants and for coordination to receive spend and obligation reporting.

The Department may require a limited term employee (LTE) staff resource to administer the program. Assuming the average filled-rate of Grants Specialists - Advanced in the Department, the annualized cost (1,040 hours) of this LTE would be equal to an annualized \$31,700 GPR in salary, \$2,400 GPR in fringe benefits, and \$10,000 GPR in personnel-variable supplies and services costs. In addition to this, an estimated \$3,000 GPR for one-time equipment and office supply costs is anticipated. Together with the other fiscal impacts associated with this bill, additional GPR funding would be needed to support this limited-term appointment. The costs for position is not able to be absorbed using current expenditure authority under s. 20.505 (7) (a), Wis. Stats., and would need to be requested and granted through legislative action.

An increase in financial support would also be required from the Department's Division of Enterprise Operations (DEO). DEO financial management personnel resources would be required for: assisting in meeting reporting requirements, assisting in the issuing and changing Purchase Orders, managing expenditures, monitoring audits, and the handling of any lock-box information. The Department anticipates it would be able to absorb the workload within current staffing levels and expenditure authority.

### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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<b>LRB Number</b> 21-4712/1	<b>Introduction Number</b> AB-0604	
<b>Description</b> pay for performance grant requirements, housing navigator grants, use of public lands to provide temporary residence for the homeless, making an appropriation, and providing a penalty		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  \$3,000 (\$21,000) estimated one-time equipment costs per new position (6 FTE, 1 LTE); \$50,000 for one-time development cost estimated to create a database of allowable "structured camping facilities", mapping resources to identify areas within such lands to create the "structured camping facilities".		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$515,200	\$
(FTE Position Changes)	(6.0 FTE)	
State Operations - Other Costs	75,000	
Local Assistance		
Aids to Individuals or Organizations	300,000	
<b>TOTAL State Costs by Category</b>	<b>\$890,200</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR	590,200	
FED	300,000	
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$890,200	\$Indeterminate
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b> <b>Authorized Signature</b> <b>Date</b>		
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