

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-6188/1	Introduction Number SB-1104
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Description
broadband expansion grants; assistance for paying for Internet service; regulations of broadband service; electric providers using easements to provide broadband; municipal broadband service; counting pupils for state school aid purposes; calculating the amount to be appropriated for state general school aid; school aid factors; special adjustment aids; hold harmless aid; per pupil aid; school district revenue limits; the first dollar and school levy property tax credits; creating a one-year fee remission program to cover tuition and fees for resident students enrolled in technical colleges and University of Wisconsin System two-year campuses; granting rule-making authority; making an appropriation; and providing a penalty

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
 - Counties
 - School Districts
 - Village
 - Others
 - WTCS Districts
 - Cities

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input checked="checked" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 20.437(2)(md)	

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Fiscal Estimate Narratives

DCF 4/7/2022

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Description broadband expansion grants; assistance for paying for Internet service; regulations of broadband service; electric providers using easements to provide broadband; municipal broadband service; counting pupils for state school aid purposes; calculating the amount to be appropriated for state general school aid; school aid factors; special adjustment aids; hold harmless aid; per pupil aid; school district revenue limits; the first dollar and school levy property tax credits; creating a one-year fee remission program to cover tuition and fees for resident students enrolled in technical colleges and University of Wisconsin System two-year campuses; granting rule-making authority; making an appropriation; and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

Senate Bill 1104 makes various changes relating to broadband, state school aids, and a fee remission program for the Wisconsin Technical College System and University of Wisconsin System. Provisions of the bill affecting the Department of Children and Families (DCF) relate to creation of an Internet assistance program for low-income families and elimination of high-poverty school aid administered by the Department of Public Instruction (DPI).

Senate Bill 1104 provides \$20,000,000 federal Temporary Assistance for Needy Families (TANF) funds annually and \$9,958,400 GPR starting in SFY23 for an Internet assistance program. The program would make payments to Internet service providers on behalf of low-income families to assist with paying for Internet services. To be eligible, a family must have income at or below 200 percent of the federal poverty level and have exhausted other assistance program options. The department may contract for administration of the program and would be required to promulgate administrative rules to implement it.

The fiscal effect of the provisions creating the Internet assistance program is indeterminate. It is unknown at this time exactly how many families could be served under the program, as each case could have varying Internet costs and access to other Internet assistance programs. No additional funding is provided under the bill for the department to administer the program, so additional analysis would be required to determine whether current funding could be used to contract with local agencies for administration and whether existing administrative funding could cover the expected need for 1.0 FTE additional position for state administration and oversight of the program.

As drafted, the bill provides an allocation under s. 49.175 allocating \$20 million TANF to the Internet assistance program but does not provide \$20 million in increased federal expenditure authority to the appropriation under s. 20.437(2)(md) for the department to pay program expenses. This means that DCF may be limited to spending the \$9,958,400 GPR provided under the bill for Internet assistance payments to families until an additional \$20 million federal expenditure authority under (2)(md) is provided. Because the appropriation under (2)(md) is limited to the amounts in the schedule, expenditure authority cannot be increased without legislation or a request under s. 16.54 to the Legislature's Joint Committee on Finance that is approved. If DCF makes payments under the Internet assistance program without additional expenditure authority, it risks having insufficient authority to pay for other TANF-funded programs under current law.

Senate Bill 1104 also eliminates high-poverty school aid, effective June 30, 2022, which will decrease the amount of maintenance of effort (MOE) the state can report for the TANF block grant. Currently, DCF reports expenditures in four school aids programs for purposes of TANF MOE: Achievement Gap Reduction (AGR); high-poverty school aid; Wisconsin Morning Milk program; and school breakfast. Assuming similar expenditures to SFY21, elimination of high-poverty school aid would decrease TANF MOE by approximately \$12.75 million. Currently, Wisconsin reports MOE expenditures above the minimum requirements, so this decrease may not immediately put Wisconsin at risk of penalty for failing to meet MOE. However, it does reduce the amount of buffer the state may have to cover MOE expenditure decreases in other programs, particularly those administered by other state agencies. In addition, excess MOE expenditures can help reduce a state's work participation rate (WPR) under TANF. Reducing Wisconsin's MOE by \$12.75 million under the bill would potentially result in a higher WPR for the state to meet. If Wisconsin cannot meet a higher WPR, it is subject to penalty. Penalties for failing to meet MOE and WPR not only involve reductions to the state's TANF block grant but also require additional state funding to make up the reduction, which cannot be counted as MOE.

It is not expected that either the hold harmless aid or additional equalization aid for students eligible for free and reduced price lunch provided under the bill could be used in place of high-poverty school aid for purposes of TANF MOE. Federal regulations and guidance prohibit states from counting state-funded public education expenditures for TANF MOE because it is considered generally available to people who are not members of needy families. The department avoids this issue with current DPI-administered programs counted for MOE because not only are programs already limited to low-income students, but DCF applies an additional discount to state expenditures for AGR and high-poverty aid using each school districts free and reduced lunch participation rate. The hold harmless and additional equalization aid created under the bill would likely fail the general availability test for TANF MOE because neither program is limited to low-income or otherwise needy students. Although the additional equalization aid is targeted to districts according to free and reduced lunch participation, it appears to be a piece of an overall school aids payment that is available to all districts and students. Therefore, the result of the bill is a net reduction to TANF MOE.

Long-Range Fiscal Implications

If DCF is able to spend the \$20 million TANF provided under the bill, it would increase the structural deficit in the state's TANF program. Currently, ongoing expenditures exceed ongoing revenues. To resolve the structural deficit, more state GPR funds are needed, or the state would have to cut programs with ongoing expenditure commitments.

In addition, the \$12.75 million reduction to Wisconsin's TANF MOE would be ongoing without additional state funding provided for countable MOE expenditures.