

Fiscal Estimate Narratives

DOA 11/30/2023

LRB Number	23-4869/1	Introduction Number	AB-0689	Estimate Type	Original
Description pay for performance grant requirements, use of public lands to provide temporary residence for the homeless, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

2023 Assembly Bill 689 (AB-689) contains provisions concerning eligibility requirements for homelessness-related grants and the designation of structured camping facilities for use by homeless individuals.

The proposed legislation would establish a “pay for performance” grant requirement under the newly established citation, 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 of Administration (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 the bill. 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-689, 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 administration of the proposed eligibility criteria and developing and maintaining adherence to the proposed legislation would be absorbable.

It should be noted that 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 amended under 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 would result in homeless service providers being required to meet several new measures when competing for funding under the proposed, and again as currently exists under Act 76, for the grantee to meet requirements to receive the funds.

AB-689 additionally 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. No additional budget authority or funding would be provided under the proposed legislation for carrying out these activities.

AB-689 would also 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 would also be able to permit these assigned persons to bring camping equipment and other personal items onto the facility. Furthermore, the Department would be required to condition temporary residence on the completion of

mental health or substance abuse evaluations in a manner prescribed by the Department, and it permits the Department to expel persons who fail to comply with its instructions. However, AB-689 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 would be guilty of a Class C misdemeanor, excepting cases where the person has no other reasonable options or would be denied admission to a homeless shelter due to its being at capacity.

The State currently has a significant amount of potential public land open to conversion to "structured camping facilities" under AB-689. 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.

Under the proposed legislation, the Department would need to consult with each land administering entity within the State to determine the allowability for creating these facilities and it would need to evaluate 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 up to \$100,000 on a one-time basis and would require ongoing system operations and maintenance costs of up to \$15,000 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 \$363,600 GPR in salary, \$142,200 GPR in fringe benefits, and \$66,000 GPR in personnel-variable supplies and services costs, for a total annual cost of \$571,800 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 varies between \$70/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. It should also be noted that under the bill, a structured camping facility may not be established without the approval of the local political subdivision. As such, an accurate estimation of the need for, and likely approved number of structured camping facilities, is indeterminate at this time.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description pay for performance grant requirements, use of public lands to provide temporary residence for the homeless, and providing a penalty			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$3,000 (\$18,000) estimated one-time equipment costs per new position (6 FTE); \$100,000 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".			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$505,800	\$
	(FTE Position Changes)	(6.0 FTE)	
	State Operations - Other Costs	81,000	
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$586,800	\$
B. State Costs by Source of Funds			
	GPR	586,800	
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$586,800	\$
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature	Date
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