



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #894

Emergency Assistance (DWD -- Economic Support and Child Care)

Bill Agency

[LFB 2007-09 Budget Summary: Page 616, #15]

CURRENT LAW

The emergency assistance program provides assistance to needy families in cases of fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness. Natural disasters include tornadoes, earthquakes, electrical or wind storms, hail, sleet, mud or rock slides, or explosions. The Wisconsin Works (W-2) agencies administer the emergency assistance program at the local level. Recipients must meet nonfinancial and financial eligibility requirements to be considered a needy person. Emergency assistance may be provided once in a 12-month period. The program is administered by the Department of Workforce Development (DWD) at the state level.

The actual payment amount is calculated as the lowest of the following three amounts: (a) the maximum payment amount per group member (\$150) multiplied by the number of members in the group; (b) the amount requested by the group; or (c) the costs due to an emergency less available income and resources. The maximum benefit amount has been \$150 per eligible family member since September 1, 1995. There is no maximum amount in cases of need due to an energy crisis. Payments may be made for one 30-day period within any 12 consecutive months. The 30-day period begins on the date of the first payment and ends 30 days after the initial payment, whether or not additional requests for payments for the same emergency are made.

GOVERNOR

Provide \$4,400,000 FED in 2007-08 and \$4,900,000 FED in 2008-09 to increase funding for the emergency assistance program to reflect increased demand for the program. Funding for the program would total \$8,900,000 in 2007-08 and \$9,400,000 in 2008-09. These funds are provided by the temporary assistance for needy families (TANF) block grant.

DISCUSSION POINTS

1. As noted above, recipients of emergency assistance must meet nonfinancial and financial eligibility requirements to be considered a needy person. The financial eligibility criteria include: (a) the amount of unpaid expenses and cost of needs due to an emergency exceed available income and resources; (b) the group has physical needs such as food, clothing, temporary housing, security deposit, home energy, household items, home repairs and appliances, transportation, and medical care; (c) the group must have gross income at or below 115% of the federal poverty level; (d) assets cannot exceed \$2,500 in combined equity value, excluding vehicles with an equity value of up to \$10,000, one home, assets with a fair market value of less than \$3,000 that would require liquidation at a loss, assets unavailable within 30 days, and available real property. Gross income is measured similar to W-2, but excludes W-2 benefits, kinship care, supplemental security income (SSI), and SSI caretaker supplement income. In addition, any income received in the month of the emergency, but before the date of the emergency, that was used to meet the group's needs is excluded.

2. The nonfinancial eligibility criteria include: (a) the emergency resulted from a fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness; (b) the family must be living and intending to reside in Wisconsin; (c) the family must be U.S. citizens or qualifying aliens; (d) the child involved was living with a qualified caretaker within six months prior to the application; and (e) assistance is needed to avoid destitution of the child or to provide living arrangements and the need is not due to the caretaker refusing to accept employment or training without good cause.

3. W-2 agencies must determine eligibility for emergency assistance within five working days. If the group is found eligible, assistance must be provided within the same five working days. Benefits are in the form of cash, voucher, or vendor payment. An individual may petition the W-2 agency for a review within 45 days of submitting an application for emergency assistance if: (a) the application for emergency assistance is not acted upon promptly; (b) assistance is partially or wholly denied; (c) the award is modified or canceled; or (d) the reward is insufficient. The person must be given reasonable notice and opportunity for a review, and a decision must be rendered as soon as possible. In addition, the individual may request that DWD review the agency's decision within 14 days of the decision.

4. Where the need for emergency assistance arises out of a fire, flood, or natural disaster, payments can only be used for temporary or transitional shelter. Recipients who are

homeless or facing impending homelessness may only use assistance to obtain or retain permanent living accommodations. W-2 agencies are also required to determine the emergency assistance group's social service needs and make appropriate referrals for services such as counseling, family shelter, and child care funding.

5. A family is considered homeless or facing impending homelessness if: (a) the family has left or must leave the current housing because it is uninhabitable; (b) the family is experiencing a financial crisis that makes it very difficult to make a rent, mortgage, or property tax payment and the family has been notified that it will be required to leave if the payment is not made immediately; (c) the family has a current shelter that is designed for temporary accommodations, such as a motel, hotel, or other shelter facility; (d) a member of the family was a victim of domestic abuse; (e) the family is without a fixed, regular, and adequate night-time residence, or (f) the family is living in a place that is not designed for, or ordinarily used as, a regular sleeping accommodation. Payments made for emergency assistance applicants facing impending homelessness are contingent on confirmation that the landlord, bank, or local government issuing the notice to terminate tenancy agrees not to proceed with the eviction or foreclosure action if they accept the emergency assistance payment on behalf of the recipient.

6. The following table shows the amount budgeted, the amount actually spent, and the number of emergency assistance grants issued for 2002-03 through 2005-06, as well as estimates for 2006-07.

**Emergency Assistance Funding and Grants
2002-03 through 2006-07**

<u>Year</u>	<u>Grants Issued</u>	<u>Amount Budgeted</u>	<u>Actual Amount Spent</u>	<u>Amount Spent Over Budget</u>
2002-03	8,084	\$3,300,000	\$6,974,300	\$3,674,300
2003-04	8,408	4,500,000	6,622,600	2,122,600
2004-05	8,113	4,500,000	6,086,500	1,586,500
2005-06	11,766	4,500,000	7,881,800	3,381,800
2006-07*	11,200	4,500,000	7,900,000	3,400,000

*Amounts estimated for 2006-07.

7. Although \$4.5 million annually has been budgeted for emergency assistance since 2003-04, DWD has indicated that all approved requests for assistance have been fully funded for many years. As a result, expenditures for the program have exceeded the amounts budgeted each year from \$1.6 million in 2004-05 to \$3.7 million in 2002-03. Generally, underspending that may occur in other TANF-related programs is applied to emergency assistance to cover overspending in this program.

8. In addition, prior to 2005 Act 25 (the 2005-07 biennium budget bill), emergency

assistance for homelessness or impending homelessness could only be provided once in a 36-month period. Act 25 changed this requirement to allow emergency assistance for homelessness or impending homelessness to be provided once in a 12-month period. Therefore, the number of applicants increased, the number of grants awarded increased from 8,113 in 2004-05 to 11,766 in 2005-06, and the amount expended increased from \$6.1 million in 2004-05 to \$7.9 million in 2005-06.

9. The bill would provide \$4,400,000 FED in 2007-08 and \$4,900,000 FED in 2008-09 to reflect actual expenditures for emergency assistance due, in part, to increased demand from the Act 25 provision. Funding for the program would total \$8.9 million in 2007-08 and \$9.4 million in 2008-09.

10. Given that expenditures totaled approximately \$7.9 million in each year of the 2005-07 biennium, the Committee could reduce funding by \$900,000 FED in 2007-08 and \$1,400,000 FED in 2008-09 to reflect estimated expenditures of \$8,000,000 FED in each year of the 2007-09 biennium.

11. As noted above, DWD has provided funding for all approved requests for assistance. However, although current law requires DWD to implement the emergency assistance program, there is no specific requirement that emergency assistance grants be provided to everyone who qualifies. DWD believes that the emergency assistance program is not an entitlement program for the following reasons: (a) DWD determines through rule who is a "needy person" for emergency assistance grants; (b) DWD establishes the maximum amount of aid to be granted, except for cases of energy crisis, per family member based on the overall funding level available for emergency assistance; (c) assistance provided could be less than the maximum amount established; (d) statutory language limits the ability to receive an emergency assistance grant to once in a 12-month period; (e) statutory language limits the use of emergency assistance grants in cases of homelessness or impending homelessness to obtain or retain permanent living accommodations; and (f) DWD specifies other financial and non-financial criteria by administrative rule.

12. Therefore, the Committee could delete the provision in the bill and reduce funding by \$4,400,000 FED in 2007-08 and \$4,900,000 FED in 2008-09. This alternative would require DWD either to fund emergency assistance with underspending in other TANF-related programs or to provide emergency assistance grants such that the total amount of grants provided would be \$4.5 million annually. As a result, DWD could change eligibility requirements or the maximum grant amount. Otherwise, when program funds have been completely expended, applicants would be denied emergency assistance, regardless of whether the applicant is eligible.

13. However, financial eligibility is set at 115% of the federal poverty level, and the maximum grant is only \$150 per group member and has not been changed since 1995. In addition, emergency assistance is provided for needy families in cases of fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness. Emergency assistance is provided in this unique set of circumstances to provide a safety net and assist with the family's basic needs. Without emergency assistance, needy families may become homeless. Given the nature of the assistance

provided, it could be desirable to provide adequate funding such that the family's basic needs are met.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide \$4,400,000 FED in 2007-08 and \$4,900,000 FED in 2008-09 to increase funding for the emergency assistance program. Funding for the program would total \$8,900,000 FED in 2007-08 and \$9,400,000 FED in 2008-09.

ALT 1	Change to Bill Funding	Change to Base Funding
FED	\$0	\$9,300,000

2. Modify the Governor's recommendation to reduce funding by \$900,000 FED in 2007-08 and \$1,400,000 FED in 2008-09. Funding for the program would total \$8,000,000 FED annually.

ALT 2	Change to Bill Funding	Change to Base Funding
FED	-\$2,300,000	\$7,000,000

3. Delete provision. Funding for the program would total \$4,500,000 FED annually.

ALT 3	Change to Bill Funding	Change to Base Funding
FED	-\$9,300,000	\$0

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