



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #237

### **Emergency Assistance (DCF -- Economic Support and Child Care)**

[LFB 2009-11 Budget Summary: Page 167, #21]

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#### **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 Children and Families (DCF) at the state level.

Prior to implementation of an emergency rule, effective April 22, 2009, a permanent rule specified that the actual payment amount was calculated as the lowest of the following three amounts: (a) the maximum payment per group member 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 had been \$150 per eligible family member since September 1, 1995. There was no maximum amount in cases of need due to an energy crisis. The emergency rule is discussed in more detail below.

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.

Base level funding for the program is \$6,000,000 annually, but an additional \$1,000,000 was provided in 2008-09 under 2009 Wisconsin Act 2 (the budget adjustment legislation), for a total of \$7,000,000.

## **GOVERNOR**

Provide \$1,000,000 FED in 2009-10 to increase funding for the emergency assistance program to reflect potential increased demand for the program due to current economic conditions. Funding for the program would total \$7,000,000 in 2009-10 and \$6,000,000 in 2010-11. These funds are provided by the temporary assistance for needy families (TANF) block grant.

The bill would require DCF to establish the amount of aid to be granted and to publish the maximum amounts in the Wisconsin Administrative Register if DCF does not establish the amounts by rule. This requirement would take effect on January 1, 2010, and would first apply to determinations of emergency assistance aid payment amounts that are made on that date.

## **DISCUSSION POINTS**

### **Funding for the Emergency Assistance Program**

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; and (c) 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 award 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 DCF 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 services 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 2007-08, as well as estimates for 2008-09.

**Emergency Assistance Funding and Grants  
2002-03 through 2008-09**

<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	11,189	4,500,000	6,691,500	2,191,500
2007-08	10,878	6,000,000	7,125,000	1,125,000
2008-09*	10,623	7,000,000	5,505,800	- 1,494,200

\*Amounts estimated for 2008-09.

7. Although a set amount of funding has been budgeted for emergency assistance, DCF 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 (prior to the current fiscal year) from \$1.1 million in 2007-08 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. However, estimated expenditures in 2008-09, based on actual expenditures through February 28, 2009, total \$5,505,800, which is \$1,494,200 less than what was budgeted for the emergency assistance program under 2007 Wisconsin Act 20 and 2009 Wisconsin Act 2. Underspending, if any, in the emergency assistance program in 2008-09 may be because the emergency assistance program will not be transferring funds to the Wisconsin home energy assistance program (WHEAP) in 2008-09. Typically, in addition to individual grants, DCF transfers emergency assistance funds to WHEAP annually in an amount that exceeds \$1 million. This transfer is not expected to occur, beginning in 2008-09, due to increases in federal funding under the federal low-income home energy assistance program. Although this increase in federal funds may occur only in 2008-09, DCF indicates that the decision to no longer transfer emergency assistance funding to WHEAP would be ongoing.

9. The bill would provide an additional \$1,000,000 FED in 2009-10. Funding for the program would total \$7,000,000 in 2009-10 and \$6,000,000 in 2010-11. Based on estimated expenditures in 2008-09 of \$5.5 million, the Committee could delete the provision in the bill, and provide \$6,000,000 annually for the emergency assistance program (Alternative A3).

10. On the other hand, prior to 2008-09, expenditures for the emergency assistance program have exceeded \$6,000,000 in each fiscal year since 2002-03. In addition, the administration indicates that the current state of the economy could increase the risk of homelessness and the number of applications for emergency assistance based on homelessness or impending homelessness. The administration anticipates a need to be ready for this situation.

11. Alternatively, the Committee could provide half of what the Governor recommended. Based on the number of grants issued, there has been no significant increase in applications for emergency assistance that was anticipated under 2009 Act 2. The Committee could reduce the Governor's recommendation by \$500,000 FED in 2009-10, which would provide funding of \$6.5 million in 2009-10 and \$6.0 million in 2010-11 for the emergency assistance program (Alternative A2).

### **Emergency Assistance Program Changes**

12. As noted above, the maximum payment per group member of \$150 had been the same since September 1, 1995, for payments made in cases of fire, flood, natural disaster, homelessness, or impending homelessness. There was no maximum payment when the need was due to an energy crisis. DCF determined this maximum amount and published any changes to it in the Wisconsin Administrative Register.

13. DCF holds monthly W-2 Contracts and Implementation (C&I) Committee meetings for representatives from W-2 agencies across the state. The C&I meetings provide an opportunity to explain new W-2 policies, address current issues and/or concerns in the W-2 program, and examine how to improve the W-2 program. As a subgroup to the C&I Committee, an emergency assistance workgroup was established to develop program changes to improve the program and better meet the needs of the applicants. In addition to representatives of W-2 agencies, this subgroup included advocacy groups representing families who could be affected by changes to the emergency assistance program.

14. The emergency assistance workgroup examined the previous maximum benefit of \$150 per group member. It was determined that this maximum benefit amount was inadequate to prevent homelessness or impending homelessness for small families. For example, a family with three members would receive \$450, while a family of six would receive \$900. The family of three most likely would not have a sufficient payment amount for a security deposit for new housing or to pay an owed amount to retain current housing. On the other hand, the family of six may have more than needed to obtain housing. In addition, the maximum payment did not take into account that rental rates vary across the state. The workgroup recommended the ability to develop a benefit structure that would assist families to obtain or retain housing based on family size, rental rates, and what would be needed for that family.

15. The emergency assistance workgroup also examined payments for energy crisis. The maximum payment did not apply to cases of need due to energy crisis. The workgroup recommended that an energy payment cap be implemented in order to avoid large energy payments that would drain the emergency assistance allocation amount. DCF indicates that, at times, thousands of dollars can be paid to a single family due to energy payments. The workgroup reasoned that emergency assistance primarily serves families to avoid homelessness and that other programs, such as the low-income home energy assistance program, existed for on-going energy needs such as weatherization services, energy crisis intervention, and energy payments.

16. The efforts of the emergency assistance workgroup have resulted in an emergency rule that makes several changes to the emergency assistance program effective April 22, 2009. First, the rule specifies that families in rental units facing impending homelessness because of a foreclosure action against their landlord are eligible for emergency assistance. The permanent rule required that the family must have been notified that if they do not make their rental payment immediately, the family will be required to vacate the premises. This notification did not always occur before enactment of 2009 Wisconsin Act 2, which provided new protections for tenants in foreclosure actions that commence on or after March 5, 2009. The emergency rule will assist families who are affected by foreclosure actions that began before March 5, 2009, and do not meet the notification requirements under the permanent rule.

17. Second, the emergency rule changes the maximum payment amounts for types of need other than energy crisis. The \$150 maximum payment per group member was changed to the following: (a) for a group of two members, \$258 per group member; (b) for a group of three members, \$172 per group member; (c) for a group of four or five members, \$129 per group

member; and (d) for a group of six or more members, \$110 per group member. The following table shows this information as the maximum payment amount per family for the different sizes of the family.

**Emergency Assistance Maximum Payment Per Family by Family Size  
Under the Emergency Rule in Effect April 22, 2009**

<u>Number of Members in Group</u>	<u>Maximum Payment Amount</u>
2 to 4 members	\$516
5 members	645
6 members	660
7+ members	660 plus 110 for each additional member

18. Finally, the emergency rule set a maximum payment amount for emergency assistance based on need due to an energy crisis at \$500. In addition, the emergency rule requires that in order to receive an emergency assistance grant based on energy crisis the family must have exhausted resources available through WHEAP and assistance available through local utility companies as required by the Public Service Commission.

19. The following table shows emergency assistance expenditures and the number of grants issued from July 1, 2008, through February 28, 2009, for each emergency assistance type.

**Emergency Assistance Grants by Type  
July 1, 2008, through February 28, 2009**

<u>Emergency Type</u>	<u>Grants Issued</u>	<u>Percent Of Total</u>	<u>Total Payment</u>	<u>Percent Of Total</u>	<u>Average Payment Per Grant</u>
Energy Crisis	306	4.3%	\$177,200	4.8%	\$579
Fire	133	1.9	70,400	1.9	529
Flood	3	0.1	1,500	0.1	500
Homelessness	1,494	21.1	801,000	21.8	536
Impending Homelessness	5,144	72.6	2,619,700	71.4	509
Natural Disaster	<u>2</u>	<u>0.0</u>	<u>700</u>	<u>0.0</u>	<u>350</u>
<b>Total</b>	<b>7,082</b>	<b>100.0%</b>	<b>\$3,670,500</b>	<b>100%</b>	<b>\$518</b>

20. Grants for energy crises have the highest average payment per grant. Although, grants for energy crisis represent 4.3% of the total number of grants issued and 4.8% of the total amount of expenditures, the average energy crisis payment per grant is 11.8% more than the average payment for all grants. In addition, the average payment for an energy crisis grant is 8% more than the next highest average payment per grant for homelessness.

21. The bill would eliminate the requirement that DCF establish the maximum amount of aid to be granted, except for cases of energy crises, per family member based on funding available under TANF and TANF maintenance-of-effort. Instead, DCF would be required to establish the amount of aid to be granted. In addition, DCF would be required to publish maximum amounts in the Wisconsin Administrative Register, as it currently publishes the maximum amount along with any changes to the maximum amount, if DCF does not establish the maximum amounts by rule.

22. Under the bill, DCF would have to determine the amount of aid to be granted for each family. There is no requirement that DCF establish a maximum amount, but if DCF does establish maximum amounts, it could do so for cases of energy crisis as well as cases of fire, flood, natural disaster, homelessness, or impending homelessness. If maximum amounts are established, they would have to be published in the Wisconsin Administrative Register, if they are not established by rule. These changes are consistent with the emergency rule in effect on April 22, 2009, and would not substantially change administration of the emergency assistance program.

## **ALTERNATIVES**

### **A. Funding for the Emergency Assistance Program**

1. Approve the Governor's recommendation to provide \$1,000,000 FED in 2009-10 to increase funding for the emergency assistance program. Funding for the program would total \$7,000,000 FED in 2009-10 and \$6,000,000 FED in 2010-11.

2. Modify the Governor's recommendation to reduce funding by \$500,000 FED in 2009-10. Funding for the program would total \$6,500,000 FED in 2009-10 and \$6,000,000 FED in 2010-11.

<b>ALT A2</b>	<b>Change to Bill</b>
	Funding
FED	- \$500,000

3. Delete provision. Funding for the program would total \$6,000,000 FED annually.

<b>ALT A3</b>	<b>Change to Bill</b>
	Funding
FED	- \$1,000,000

### **B. Emergency Assistance Program Changes**

1. Approve the Governor's recommendation to require DCF to establish the amount of aid to be granted, rather than the maximum amount of aid to be granted per family member for cases other than energy crisis, and to publish any maximum amounts in the Wisconsin

Administrative Register if DCF does not establish maximum amounts by rule beginning January 1, 2010.

2. Delete provision. As a result, DCF would continue to be required to establish the maximum amount of aid per family member for emergency assistance grants, except for cases of energy crisis, and to publish any changes to the maximum amount in the Wisconsin Administrative Register.

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