

State of Wisconsin

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Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: September 2, 2022

Re: 14-Day Passive Review Approval – DCF

Pursuant to s. 49.175(2), Stats., attached is a 14-day passive review request from the Department of Children and Families, received on September 2, 2022.

Please review the material and notify **Senator Marklein** or **Representative Born** no later than **Thursday, September 22, 2022**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

HM:MB:jm



September 2, 2022

The Honorable Howard Marklein, Senate Co-Chair
Joint Committee on Finance
Room 316 East, State Capitol
Madison, WI 53707

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The Honorable Mark Born, Assembly Co-Chair
Joint Committee on Finance
Room 308 East, State Capitol
Madison, WI 53708

Dear Senator Marklein and Representative Born:

Pursuant to s. 49.175(2), Wisconsin Statutes, the Department of Children and Families (DCF) requests the following SFY23 reallocation between statutory allocations for activities related to the Temporary Assistance for Needy Families (TANF) program, which are specified under s. 49.175(1):

<u>Allocation</u>		<u>Change</u>
49.175(1)(f)	Homeless Case Management Services Grants	\$257,800
49.175(1)(m)	Children First	(\$257,800)

Background

Under s. 16.3085, Wisconsin Statutes, the Division of Energy, Housing and Community Resources (DEHCR) within the Department of Administration can award up to 10 grants of up to \$50,000 each to a shelter facility for homeless families. Shelter facilities then provide intensive case management services to homeless families, including financial management services; employment-related services; services intended to ensure continued school enrollment for children; and services related to enrolling unemployed or underemployed parents in the FoodShare Employment and Training program or the Wisconsin Works program. The Homeless Case Management Services Grant program is allocated \$500,000 TANF in each fiscal year of the current biennium.

Request

The department requests a reallocation in order to allow DEHCR to issue the full \$500,000 in contracts for SFY23 for the Homeless Case Management Services Grant program. The 2019 contracts were issued for a two-year period from July 1, 2019, to June 30, 2021, however, due to unforeseen conditions brought about by the COVID-19 pandemic, an amendment was completed in May of 2021 to extend six contracts through December 31, 2021. Per the programs appropriation statutory language, the department encumbered the unexpended, but obligated, contract balances. In addition to \$496,814.72 in SFY22 contract expenses, DEHCR also paid \$57,777.23 for the remainder of SFY20 contracts and \$199,971.68 for the remainder of SFY21 contracts in SFY22.

Therefore, \$257,800 of the total amount of DEHCR expended funds for SFY22 will be counted against the SFY23 allocation of \$500,000, leaving a balance of only \$242,200 available for FY23 expenditures and contracts. If this request is not approved, DEHCR will need to reduce individual contract amounts by more than half of the normal \$50,000 allowed under s. 16.3085.

DEHCR does not contract for more than the annual allocation amount, however, due to contracts timing and timing of payment requests by grantees, actual program expenses in a given fiscal year may not match the annual allocation amount. The below table shows DEHCR program expenditures by contract year and the allocation authority used in each fiscal year since the program inception.

	FY18	FY19	FY20	FY21	FY22	Reallocation Request	Total
Allocation Authority	\$500,000*	\$500,000*	\$500,000	\$500,000	\$500,000		\$2,500,000
Allocation Authority Used	0	\$689,816	\$359,631	\$420,073	\$500,000	\$257,748	\$2,227,268

*No funds were expended in SFY18 due to late contracting in the program's first year. A reallocation request was approved in December 2018 to allow DEHCR to expend the \$500,000 FY18 allocation in SFY19.

Generally, the Wisconsin Accounting Manual allows for agencies to encumber funds for carry-over into the next state fiscal year to cover remaining obligations on a contract. However, DCF has not historically encumbered federal TANF funds to cover the amount allocated by the legislature during the biennial budget process for this program. At this time, DCF believes this reallocation is the clearest path forward to meet the intent of the allocations made by the legislature for this program and to cover the funds that were encumbered by DOA for prior year contracted obligations.

Senator Howard Marklein
Representative Mark Born
September 2, 2022
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The Children First program has historically underspent its TANF allocation. Over the past five years, program expenditures have averaged \$540,600 with an annual allocation of \$1,140,000. The department expects there to be similar expenditures for the program in SFY23, which would accommodate this reallocation request.

If you have any questions about this request, feel free to contact me or Adam Hartung, DCF Budget Director, at (608) 422-6346.

Sincerely,



Emilie Amundson
Secretary

Cc: Brian Pahnke, Department of Administration
Robert Lang, Legislative Fiscal Bureau