

Fiscal Estimate - 2021 Session

Original Updated Corrected Supplemental

LRB Number 21-6058/1	Introduction Number SB-1045	
<p>Description housing and homelessness; rental assistance program; indigent civil legal services; workforce development; community action agencies; poverty reports; mental health; economic security; reimbursement for nonemergency medical transportation services; urban mass transit aid; lead exposure and abatement services; lead service line replacement; providing an exemption from emergency rule procedures; granting rule-making authority; and making an appropriation</p>		
<p>Fiscal Effect</p> <p>State:</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Create New Appropriations </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around;"><input type="checkbox"/> Yes <input type="checkbox"/> No</div> <input type="checkbox"/> Decrease Costs </div> </div> <p>Local:</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 45%;"> <p>5. Types of Local Government Units Affected</p> <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts </div> </div>		
<p>Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS ss. 20.437(2)(fr) and (md)</p>		
Agency/Prepared By DCF/ Sasha Bong (608) 422-6348	Authorized Signature Adam Hartung (608) 422-6346	Date 4/7/2022

Fiscal Estimate Narratives

DCF 4/7/2022

LRB Number	21-6058/1	Introduction Number	SB-1045	Estimate Type	Original
Description housing and homelessness; rental assistance program; indigent civil legal services; workforce development; community action agencies; poverty reports; mental health; economic security; reimbursement for nonemergency medical transportation services; urban mass transit aid; lead exposure and abatement services; lead service line replacement; providing an exemption from emergency rule procedures; granting rule-making authority; and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

Senate Bill 1045 makes various changes to services for housing and homelessness, workforce development, health issues, and transportation. Programs administered by the Department of Children and Families (DCF) impacted by the bill include: increased financial eligibility for the Wisconsin Shares program; grants to the Wisconsin Trust Account Foundation (WisTAF) for civil legal services; creation of an Internet assistance program; additional funding and increased financial eligibility for skills enhancement services; additional funding for the Transitional Jobs program; and increased funding and income eligibility for services from community action agencies under the federal Community Services Block Grant (CSBG) program.

There is an indeterminate fiscal impact to raising the Wisconsin Shares initial eligibility threshold from 185 percent of the federal poverty level to 200 percent. This change would increase costs due to a larger number of applicants meeting initial income criteria. Costs are variable due to differences in group size, child age, the type of child care provider used, and geographic location. The new cost would be covered by federal Temporary Assistance for Needy Families (TANF) funding, but it is not expected that the department could cover costs within the current budget. The bill also does not fund the proposed eligibility changes, as there is no any increase to the direct child care services allocation under s. 49.175(1)(p) or additional federal expenditure authority to the appropriation under s. 20.437(2)(md) allowing the department to pay for the new cost.

The bill increases the total grant provided annually to WisTAF for civil legal services by \$500,000, to \$1,000,000 federal Temporary Assistance for Needy Families (TANF) annually. The bill also amends current law to allow use of grant funds from DCF to be used to provide civil legal services in eviction matters and removes unused provisions in the statutes relating to DCF providing matching funds up to \$500,000 to WisTAF.

Senate Bill 1045 provides \$10,000,000 GPR in a new appropriation and \$10,000,000 federal TANF funds to create 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 could promulgate emergency rules to implement it. 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 TANF administrative funding could cover the expected need for 1.0 FTE additional position for state administration and oversight of the program.

The bill also provides an additional \$1,000,000 federal TANF funds for the Transitional Jobs program. The department estimates a per-participant cost of \$10,000 for Transitional Jobs, so additional funding under the bill would expand the program to serve an additional 100 participants. Additional analysis would be needed to determine areas of the state to which the program could expand or serve unmet demand for services in existing Transitional Jobs regions.

Relating to community action agencies, the bill provides an additional \$500,000 GPR funding for the state's skills enhancement program and creates a GPR, sum sufficient appropriation to provide matching state funds equaling 25 percent of the state's Community Services Block Grant (CSBG) award. State match funds provided for CSBG would be used for the same purposes and under the same allocation percentages for community action agencies and state administration as federal CSBG funds. The bill also increases income eligibility by amending the definition of a "poor person" under s. 49.265(1)(b) as an individual served by a

community action agency whose income is at or below 200 percent of the federal poverty level. This eligibility change would allow for greater participation in the skills enhancement program, as individuals with income at or above 150 percent of the federal poverty level currently cannot be served by the program. However, this statutory language change complicates administration of the state's CSBG funds by community action agencies.

Although states can currently serve individuals with income up to 200 percent of the federal poverty level with CSBG funds, that income level is considered a temporary change effective with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). In an August 13, 2021, Dear Colleague letter to states from the federal Office of Community Services, states have been advised that income limits for CSBG funds reverted to 125 percent of the federal poverty level as of September 30, 2021. Therefore, the increased income eligibility under Senate Bill 1045 could only apply to state funds provided to community action agencies, otherwise Wisconsin risks compliance issues with federal CSBG laws and regulations. Changes under the bill would create inconsistency between federal and state laws, in that community action agencies would have to potentially manage funding on a case-by-case basis depending on an individual's income level. Having one income eligibility threshold for federal CSBG funds and another for state CSBG match funds can unnecessarily create confusion for community action agency administration of programs. In addition, it would likely increase DCF administrative expenses, as DCF would have to increase monitoring efforts to ensure agencies are applying the different income eligibility thresholds for federal and state CSBG appropriately.

Long-Range Fiscal Implications

The TANF increases provided under the bill would increase the existing structural deficit in TANF. This would also include the eligibility changes to Shares should funding be authorized. Currently, ongoing TANF expenditures exceed available ongoing TANF revenues. In order to resolve this deficit, additional state GPR or ongoing expenditure reduction is needed.

Provisions of the bill relating to income eligibility for CSBG-funded services would require community action agencies to track fund sources with two different income eligibility levels. This increases risks that agencies could apply funds to individual cases incorrectly, which increases risk of disallowed costs and subsequently has financial impacts to state and federal CSBG funds.