



Legislative Fiscal Bureau

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Joint Committee on Finance

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Emergency Assistance (Children and Families -- TANF and Economic Support)

[LFB 2021-23 Budget Summary: Page 92, #18]

CURRENT LAW

The emergency assistance program provides assistance to needy families with children in cases of fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness. Benefits are in the form of cash, voucher, or vendor payment. Wisconsin Works (W-2) agencies administer the emergency assistance program by reviewing applications, determining the emergency assistance group's social service needs, and making appropriate referrals for services such as counseling, family shelter, and child care funding.

The program is funded by the temporary assistance for needy families (TANF) block grant. The TANF allocation for emergency assistance is \$6,000,000 in 2020-21.

The Department of Children and Families (DCF) has substantial authority to set payment amounts and determine financial eligibility for the emergency assistance program. DCF may set the maximum amounts of aid either by publishing them in the Administrative Register or by promulgating them by rule. DCF defines the "needy persons" eligible for emergency assistance by rule.

Current law sets several nonfinancial eligibility requirements, including that: (a) emergency assistance may not be provided to a needy person more than once in a 12-month period; and (b) qualifying emergencies are fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness. A family is considered homeless or facing impending homelessness if: (a) the family has left or must leave its current housing because it is uninhabitable; (b) the family is experiencing a financial crisis that makes it 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.

By law, recipients who are homeless or facing impending homelessness may only use assistance to obtain or retain permanent living accommodations. By rule, emergency assistance payments can only be used for temporary or transitional shelter in cases where the need arises out of a fire, flood, or natural disaster.

DISCUSSION POINTS

Cost to Continue

1. Table 1 shows the recipients and amounts by type of emergency assistance for calendar year 2019, the most recent year for which information is available.

TABLE 1
Statewide Emergency Assistance by Type (2019)

<u>Type of Assistance</u>	<u>Recipients</u>	<u>Amount</u>
Energy Crisis	846	\$401,665
Fire	29	16,147
Flood	1	645
Natural Disaster	0	0
Homelessness (Domestic Abuse)	213	115,511
Homelessness (No housing)	688	373,362
Homelessness (Temporary housing)	1,610	879,031
Homelessness (Uninhabitable)	14	8,041
Impending Homelessness (Domestic Abuse)	161	86,261
Impending Homelessness (Financial Crisis and Notice to Terminate Tenancy)	4,910	2,633,331
Impending Homelessness (Renters-Foreclosure)	21	11,182
Impending Homelessness (Uninhabitable Housing)	<u>17</u>	<u>8,827</u>
Total	8,510	\$4,534,003

2. Due to the economic disruptions caused by the COVID-19 pandemic, millions of Americans continue to have difficulty paying for housing and household expenses. The Census Bureau's household pulse survey for March 17 through March 29, 2021, indicates that 8.6% of responding home owners in Wisconsin were behind on their mortgage payments and that 18.2% of responding renters in Wisconsin were behind on rent payments.

3. Federal and state programs provided substantial housing assistance to families during the COVID-19 pandemic. In particular, federal law imposed a moratorium on evictions and

foreclosures. This included certain protections for tenants under the Coronavirus Aid, Relief, and Economic Security Act, an order by the Centers for Disease Control creating a nationwide moratorium on eviction of renters through June 30, 2021, and a moratorium on foreclosures of federally guaranteed mortgages extended by Presidential executive orders through June 30, 2021.

Although these programs have reduced evictions and foreclosures so far, the measures eventually will expire. Afterwards, it is unclear how many households will be in danger of homelessness due to the large amounts of rent and mortgage payments due and owing from the previous year

4. AB 68/SB 111 would increase TANF funding for emergency assistance by \$929,500 in 2021-22 and \$36,400 in 2020-21 to reflect the administration's estimates of the amount of funding that will be needed to fund the emergency assistance program, based on current eligibility standards and benefits. These estimates, prepared by the DCF Division of Family and Economic Services (DFES), are based on the expectation that program costs will increase in the short term as the economy recovers from the COVID-19 pandemic and housing assistance programs and eviction moratoriums expire.

Generally, emergency assistance applications and program costs follow W-2 benefit trends, which, in turn, follow unemployment trends. DFES reviewed several unemployment forecasts, and based its emergency assistance cost projections on unemployment forecasts developed by the National Association for Business Economics. However, these estimates have not been updated since the Department developed them in the summer of 2020. Moreover, there is considerable uncertainty regarding the amount of funding that will be needed to support emergency assistance requests in the 2021-23 biennium, based on current eligibility standards and benefits.

5. The Committee could adopt the administration's recommendation to provide \$929,500 in 2021-22 and \$36,400 in 2022-23 to reflect its projections of program costs in the 2021-23 biennium, based on current law (Alternative A1). Alternatively, in light of the uncertainty regarding program utilization in the 2021-23 biennium, the Committee could increase base funding for the program by \$1.0 million in 2021-22 to support potential non-recurring so that \$7.0 million would be budgeted in 2021-22 and there would be no increase in base funding for the program in 2022-23. Finally, based on actual 2019 benefits costs (\$4.5 million), the Committee could maintain base funding for the program (\$6.0 million), to fund the program, based on current eligibility and payment levels (Alternative A3).

Program Eligibility Expansion Proposals

6. In his 2021-23 budget bill, the Governor recommended expanding eligibility for the emergency assistance program, by: (a) increasing the financial eligibility threshold from 115% of the federal poverty level (\$25,254 for a family of three in 2021) to 200% (\$43,920 for a family of three in 2021); (b) providing emergency assistance to childless adults, ages 18 through 23 years of age; (c) enabling applicants to qualify for emergency assistance if they had not received emergency assistance within the previous six months, rather than 12 months, as under current policy; and (d) specifying that a family that is delinquent on a rent payment, a mortgage payment, or a property tax payment is considered homeless, for program eligibility purposes, during a

national emergency declared by the U.S. President or a state of emergency declared by the Governor.

7. The administration estimates that these proposed changes would increase benefits provided under the program by \$3.9 million annually, the funding increase in the Governor's bill. However, as with the cost-to-continue estimate, there is considerable uncertainty regarding the costs of these program expansions. Further, DCF is currently unable to provide cost estimates for each of these expansion proposals individually. The Governor's bill would provide an additional \$58,800 FED annually to support ongoing administrative costs of implementing these eligibility changes.

8. The current 115% FPL income limit for emergency assistance was established in 2009 in part to simplify administration of the program for W-2 agencies, since this income standard is the same as the standard used for W-2 eligibility.

9. DCF indicates that the current income limit excludes too many low-income families that have difficulty paying housing costs. For example, for a family of two, \$10 per hour (\$20,800 per year) exceeds the 115% FPL income limit (\$20,033). Based on data from the FoodShare program, DCF estimates that roughly 113,000 families were eligible for emergency assistance as of October, 2020, based on the current income standard, but approximately 130,000 families would have qualified if the income eligibility standard had been 200% of the FPL.

10. Second, under the administration's proposal, DCF would expand eligible families to include families with childless adults, ages 18 through 24 years of age. Currently, eligible assistance groups must have children under the age of 18. Specifically, the nonfinancial eligibility rules require that: (a) a child was living with a qualified caretaker within six months prior to the application; and (b) 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.

11. DCF states that the change is needed because childless adults as a group typically do not have as many resources available to them, particularly for youth who have aged out of the foster care system. DCF indicates that young adult's ages 18 through 24 years of age are at increased risk of homelessness, especially for youth previously in the out-of-home care system. The Transform Milwaukee and Transitional Jobs programs are some of the only DCF programs with eligibility for childless adults, but these programs depend on being able to find a work placement with a participating employer. However, homelessness creates a challenge to finding and retaining employment, even a subsidized job. When childless adults cannot find work placement through the Transform Milwaukee and Transitional Jobs programs, there are few other programs that provide emergency assistance.

12. Third, current law would be changed to reduce the requirement that applicants must not have received emergency assistance within the previous 12 months down to six months. DCF indicates that doing so would allow 2,033 families to immediately become eligible. This timeframe would coincide with the impending lapse of the moratorium on evictions and foreclosure, and therefore provide assistance for families who would otherwise be barred from seeking assistance

when they are most likely to need it.

13. Fourth, DCF would specify that a family delinquent on a rent payment, a mortgage payment, or a property tax payment is considered homeless for purposes of the emergency assistance program, and therefore eligible for aid, during a national emergency declared by the U.S. President or a state of emergency declared by the Governor.

14. Currently, by rule, a family may be considered to be homeless or facing impending homelessness if the family has received written or oral notice that they will be removed from their rental housing because of a foreclosure action against the owner. However, approximately 600 applications denials per year occurred from 2017 through 2020 for lack of legal notice of non-payment. DCF indicates the rule change is necessary because families face impending homelessness even before they have been served with notice of eviction or foreclosure during periods of national emergency. For instance, during the pandemic, the eviction moratorium prevent families from removal. However, due to past due rent owed, a family can still face the impending prospect of being served notice once the moratorium expires or through the informal pressure exerted by landlords.

15. Finally, DCF would increase the maximum payment amount to \$1,200. Currently, by rule, the actual payment amount a family receives for emergencies other than an energy crisis is calculated as the lower of the following two amounts: (a) the maximum payment amount per group member multiplied by the number of members in the group; or (b) the total financial need. For these cases, the maximum payment amount per group member published in the Administrative Register are as follows: (1) \$258 per group member when the group is two members (a maximum of \$516); (2) \$172 per group member when the group is three members (a maximum of \$516); (3) \$129 per group member when the group is four or five members (a maximum of \$516 and \$645, respectively); and (4) \$110 per group member when the group is six or more members. The payment for energy crisis is the maximum payment amount for the group (\$500) or the amount needed to obtain or maintain essential utility service, whichever is lower.

16. These maximum amounts have not changed since 2009. Prior to that, the maximum amount had been \$150 per group member for many years, but were increased because they were insufficient for smaller households to obtain or retain permanent housing accommodations.

17. By contrast, housing costs have risen significantly since 2009. For example, according to the Census Bureau's five-year American Community Survey, the median monthly rent agreed upon, including utilities, (contract rent) in the state was \$596. In 2019, the statewide median contract rent increased to \$746. Further, rents vary widely across the state, and thus the current income limit and maximum payment limit disparately impacts communities with higher rental costs.

18. For these reasons, the Committee could adopt the Governor's recommendations to expand the program by increasing funding for program benefits by \$3,900,000 FED annually and providing \$58,800 FED annually to fund administrative costs associated with implementing these eligibility changes (Alternative B1).

19. Alternatively the Committee could choose to provide a portion of the requested funding to support some, but not all of the Governor's recommended proposals (Alternative B2). For example, the Committee could choose to increase the maximum payment amount to \$1,200 and expand the financial eligibility threshold from 115% FPL to 200% FPL. However, DCF has not estimated the costs of each of these changes, individually. DCF would need to conduct additional work to determine the cost estimates for each of these program changes. In light of this uncertainty, the Committee could provide \$3.0 million FED annually in the Committee's program supplements appropriation, which would enable DCF to seek the release of these funds after it estimates the costs of the program expansion proposals the Committee chooses. Such a contingency could also be used to provide supplemental funding for the program should utilization increase beyond the amounts that would be provided as cost-to-continue funding.

20. Finally, the Committee could decide that it is unnecessary to provide additional funding at this time (Alternative 3). As shown in Table 2, the number of approved applications substantially decreased between calendar year 2017 and 2019, the year before the economic disruption caused by the COVID-19 pandemic.

TABLE 2

Number of Approved Emergency Assistance Applications, by Type

<u>Emergency Type</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Energy Crisis	659	637	846	82
Fire	34	31	29	31
Flood	0	7	1	0
Natural Disaster	12	2	0	0
Homelessness				
Domestic Abuse	242	212	213	120
No housing	994	863	688	342
Temporary housing	2,107	1,663	1,608	931
Uninhabitable	17	11	14	4
Impending Homelessness				
Domestic Abuse	136	123	161	87
Financial Crisis and Notice to Terminate Tenancy	5,488	4,803	4,907	3,123
Renters-Foreclosure	30	20	21	8
Uninhabitable Housing	<u>16</u>	<u>12</u>	<u>17</u>	<u>10</u>
Wisconsin State Total	9,735	8,384	8,505	4,738

Definition of Domestic Violence

21. Under current law, a person may qualify for economic assistance if they are facing homelessness due to domestic violence, which is statutorily defined as any of the following engaged in by an adult against his or her former spouse, an adult with whom the person currently or formerly resides, or an adult with whom the person has a child in common: (a) intentional

infliction of physical pain , physical injury or illness; (b) intentional impairment of physical condition; (c) violation of criminal code provisions relating to first, second, or third-degree sexual assault; or (d) a physical act that may cause the other person reasonably to fear imminent engagement in the conduct described under (a) through (c).

22. The Governor's bill would repeal the current statutory definition of domestic violence. Instead, the emergency assistance program would use the rules defining "domestic violence" by DCF for purposes of domestic abuse screening in the W-2 program. This would broaden the definition to be any of the following acts affecting an individual by a spouse or former spouse, and adult with whom the individual has, or had a dating relationship, an adult with whom the individual has a child in common, an adult or minor family member, or an adult or minor with whom the person resides or formerly resided: (a) physical acts resulting in pain, illness or injury; (b) sexual abuse or assault; (c) threatened or attempted physical or sexual abuse; (d) emotional or mental abuse; (e) verbal abuse; (f) deprivation or destruction of physical or economic resources; (g) neglect or deprivation of medical care; (h) forced isolation; or (i) stalking or harassment.

23. According to DCF, the codified definition of domestic violence for the EA program is out of date because it has not been updated for almost two decades. As a result, current law does not recognize the behaviors described in Discussion Point 23 as abuse and thus excludes survivors of domestic abuse from the emergency assistance program.

24. Further, using the same definition of domestic violence for both the W-2 and emergency assistance program would likely make these programs easier to administer for local W-2 agencies, as they administrate both programs to serve a similar population using the same federal funding source.

ALTERNATIVES

A. Cost to Continue

1. Increase funding for emergency assistance program by \$929,500 FED in 2021-22 and \$36,400 FED in 2022-23 so that \$6,929,500 FED in 2021-22 and \$6,036,400 would be budgeted to reflect the administration's estimate of funding that will be needed to fund program benefits, based on current law.

ALT A1	Change to Base
FED	\$965,900

2. Increase funding for the emergency assistance program by \$1.0 million FED in 2021-22 so that \$7.0 million FED in 2021-22 and \$6.0 million FED would be budgeted for the program to support program benefits, based on current law.

ALT A2	Change to Base
FED	\$1,000,000

3. Take no action, thereby retaining base funding (\$6.0 million annually) for the program to support program benefits, based on current law.

B. Program Expansion

1. Adopt all of the program expansion provisions recommended by the administration, as described in Discussion Point 6. Increase emergency assistance program benefits funding by \$3.9 million FED annually, and provide \$58,000 FED annually to support ongoing administrative costs of implementing these changes.

ALT 2	Change to Base
FED	\$7,916,000

2. Adopt one or more of the following options that would expand eligibility and benefits under the emergency assistance program, effective January, 2022.

a. Increase the financial eligibility threshold from 115% to 200% of the federal poverty level.

b. Provide eligibility for adults, ages 18 through 24, without dependent children,

c. Provide eligibility for applicants that have not received emergency assistance payments within the previous six months, rather than 12 months, as provided under current law.

d. Specify that a family that is delinquent on a rent payment, a mortgage payment, or a property tax payment is considered homeless, and therefore eligible for aid, during a national emergency declared by the U.S. President or a state of emergency declared by the Governor

e. Increase the maximum payment limit to \$1,200.

Provide \$3.0 million FED in 2022-23 in the Committee's program supplements appropriation, which could be released upon request by DCF after it estimates the costs of any of the program expansion proposals the Committee adopts.

ALT 2	Change to Base
FED	\$3,000,000

3. Take no action.

C. Definition of Domestic Violence

1. Repeal the current definition of "domestic violence" used for emergency assistance program purposes, and instead specify that the evidence stated under the rules defining "domestic violence" by DCF for purposes of domestic abuse screening in the W-2 program would be sufficient for purposes of the EA program, as described in Discussion Point 23.

2. Take no action.

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