



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

February 17, 2020

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Administration: Section 13.10 Request to Provide Additional Funding to the State Shelter Subsidy Grant Program -- Agenda Item I

REQUEST

On February 11, 2020, the Department of Administration (DOA) submitted a request to transfer \$1,000,000 GPR (\$500,000 annually) from the Joint Committee on Finance's general program supplementation appropriation [s. 20.865(4)(a)] to DOA's biennial shelter for homeless and housing grants appropriation [20.505(7)(fm)] to provide additional funding for the state shelter subsidy grant (SSSG) program.

The requested funds were allocated to the Committee's supplemental appropriation under 2019 Act 9 (the biennial budget act), which reserved a total of \$3,750,000 annually to address homelessness. Further, the request corresponds with the process provided under 2019 Act 76, which authorizes the Committee to transfer funds reserved for the SSSG program through s. 13.10 of the statutes without the finding of an emergency.

BACKGROUND

Under current law, SSSG provides grants to local units of government, nonprofit organizations, for-profit organizations, and other entities for shelter operations, renovations, expansions, or for the development of an existing building into a shelter. The program is allocated \$1,113,600 GPR per year. In December, 2019, SSSG grants totaling \$1,171,600 (\$1,113,600 GPR and \$58,000 PR from real estate trust accounts) were awarded to 37 entities serving 42 counties.

ANALYSIS

The Interagency Council on Homelessness was created under 2017 Act 74. In November, 2018, the Council published a statewide action plan with recommendations to reduce homelessness

in Wisconsin. The Council indicates that emergency shelter is a "critical piece in any community's homeless response" because it "offers a bed and a meal in times of crisis, it is a convenient spot for community resources to gather and provide outreach, and it offers short-term respite." In 2018, 18,197 people stayed in emergency shelters (9,363 in Milwaukee, Dane, and Brown counties, and 8,834 in other counties). According to the Council, funding for SSSG has remained at nearly the same level since the program's creation in 1991. The Council recommended that funding for SSSG be increased by \$500,000 annually.

As introduced, 2019 AB 56 (the 2019-21 budget bill) would have codified the fiscal recommendations of the Council, including the allocation of an additional \$500,000 GPR annually for SSSG. In executive session, the Committee modified the budget bill to reserve funds for homelessness initiatives in the Committee's supplemental appropriations, rather than providing funds directly to agencies. Subsequently, Act 9 reserved \$3,250,000 GPR and \$500,000 PR per year for homelessness initiatives, including \$500,000 GPR per year for SSSG.

In March, 2019, a number of separate housing bills were introduced in both chambers of the Legislature to codify the recommendations of the Council. The fiscal components of these bills were similar to the provisions in the biennial budget bill. Eight housing bills (2019 AB 119, 120, 121, 122, 123, 124, 125, and 144) passed the Assembly by voice vote in June, 2019.

Seven housing bills are currently pending full Senate consideration. However, AB 119 passed the Senate and was enacted as 2019 Act 76 on January 28, 2020. As introduced, AB 119 would have increased funding for SSSG by \$500,000 GPR annually. Instead, to facilitate the transfer of funds reserved under Act 9, Assembly Amendment 1 eliminated funding under the bill and specified that DOA could request reserved funds under s. 13.10 of the statutes without the finding of an emergency. In addition, as a result of Senate Amendment 1, Act 76 requires the Wisconsin Housing and Economic Development Authority (WHEDA) to pay \$1,000,000 from its surplus fund (Dividends for Wisconsin Plan) to the general fund by June 30, 2020.

The Department indicates it will be able to expend additional funds because SSSG applications have recently exceeded expenditure authority. For example, applications totaled approximately \$11.0 million in 2018-19, exceeding the amount of available funds by \$9.9 million. Further, DOA has encumbered all available program funds for 2019-20. The Department announced awards on December 10, 2019, sent contracts to grantees on December 13, 2019, and, as of January 10, 2020, encumbered \$1,171,600 in SSSG funds for the 2020 program year.

The current request provides the funds reserved for SSSG during the budget process in accordance with Act 76.

CONCLUSION

The Department's request to transfer funds from the Committee's supplemental appropriation for the state shelter subsidy grant program is aligned with the provisions of Act 76. In addition, sufficient funding is available in the Committee's supplemental appropriation to make the transfer.

Prepared by: Angela Miller