



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #1055

Temporary Assistance for Needy Families (TANF)

Joint Committee on Finance Authority to Review Expenditures of Federal TANF and Child Care Block Grant Funds (DWD – Economic Support and Child Care)

CURRENT LAW

Under current law, s. 49.175 of the statutes directs the Department of Workforce Development (DWD) to allocate funding from several state and federal appropriations for individual components of the temporary assistance for needy families (TANF) program. This provision also permits DWD, with the approval of the Secretary of the Department of Administration (DOA), to reallocate funds among the allocations listed in s. 49.175. Prior to the 1999-01 budget, any transfers of more than 10% of individual allocations had to be approved by the Joint Committee on Finance under a 14-day passive review process. Under current law, the Joint Committee on Finance does not have any approval role.

GOVERNOR

No provision.

DISCUSSION POINTS

1. The authority of DWD to transfer funds without the Committee's approval is intended to allow the Department to be responsive to changing needs for resources under the TANF program. As part of the 1997-99 biennial budget bill, DWD was permitted to transfer up to 10% per year of individual allocations without approval of the Joint Committee on Finance. Transfers in excess of 10% required approval by the Secretary of DOA and the Joint Committee on Finance through a 14-day passive review process.

2. Under the 1999-01 budget bill, as passed by the Legislature, DWD would have been prohibited from transferring any funds among the statutory allocations for the TANF program without approval by the Secretary of DOA and the Joint Committee on Finance, through a 14-day passive review process. However, this provision was partially vetoed by the Governor so that only DOA approval is required. Consequently, there is currently no review by the Finance Committee for annual transfers among the TANF allocations.

3. Provisions allowing DWD to transfer funds without legislative review were first put in place prior to the start-up of W-2. It was believed that significant administrative flexibility would be needed during the initial years of the program. However, with W-2 entering its fifth year of implementation, there is now greater certainty regarding the amount of funding that will be needed for the various components of the program. Consequently, it could be argued that the amount of flexibility provided to the Department should be reduced or eliminated.

4. Some of the statutory allocations involve very large dollar amounts. For example, under the budget bill, the allocation for the Wisconsin Shares child care subsidy program would be \$242.5 million annually. In addition, the amount for administration and services under the Wisconsin Works (W-2) contracts would be \$127.0 million in 2001-02 and \$125.7 million in 2002-03. Under current law, there is no limit to how much could be transferred from these allocations to other allocations in the TANF program without approval of the Joint Committee on Finance or any other legislative oversight.

5. If the Committee believes that this administrative flexibility should be modified, a statutory threshold for Joint Finance review could be reestablished. The amount could be reestablished at the 10% level. An example of the impact of the 10% limit would be that the Department could transfer up to \$24.3 million annually from the child care subsidy program to other allocations. Another option would be to establish a lower threshold such as 5%, which would allow the Department to transfer up to \$12.1 million annually from the child care subsidy program to other allocations. To provide the maximum amount of legislative oversight, the Legislature could require that all transfers among allocations be approved by the Secretary of DOA and the Joint Committee on Finance.

6. Another alternative would be to cap the amount that may be transferred from one of the statutory allocations in the TANF program to another statutory allocation by a specific dollar amount, such as \$5 million, \$1 million or any other amount.

ALTERNATIVES TO BILL

1. Require the Department of Workforce Development to obtain approval from the Secretary of the Department of Administration and the Joint Committee on Finance through a 14-day passive review process, for any proposed reallocation within the TANF program if the amount exceeds:

- a. 10% per allocation per year.

- b. 5% per allocation per year.
2. Require the Department of Workforce Development to obtain approval from the Secretary of the Department of Administration and the Joint Committee on Finance through a 14-day passive review process, for any proposed reallocation within the TANF program if the amount exceeds:
- a. \$5 million per allocation per year.
 - b. \$1 million per allocation per allocation per year.
3. Maintain current law.

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