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Joint Committee on Finance

Paper #204

TANF Program Reduction Options (Children and Families -- Economic Support and Child Care)

[LFB 2013-15 Budget Summary: Page 118, #17 and Page 119, #18]

CURRENT LAW

Under current law, funds from the temporary assistance for needy families (TANF) block grant and child care development block grant (CCDBG) are used for a variety of programs to assist low-income families.

GOVERNOR

The following table shows base level funding, the Governor's recommended funding levels, and the proposed change to base for the TANF-related programs discussed in this paper.

TABLE 1

TANF Programs Included in Paper Base Funding and Funding Under AB 40

<u>Program</u>	<u>Base Funding</u>	<u>Governor</u>		<u>Change to Base</u>	
		<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>
Boys and Girls Clubs	\$350,000	\$1,500,000	\$1,500,000	\$1,150,000	\$1,150,000
Children First	1,140,000	1,140,000	1,140,000	0	0
Child Welfare Prevention Services	1,489,600	1,489,600	1,489,600	0	0
Emergency Assistance	<u>6,000,000</u>	<u>7,500,000</u>	<u>7,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Total	\$8,979,600	\$11,629,600	\$11,629,600	\$2,650,000	\$2,650,000

DISCUSSION POINTS

1. As shown in a separate reestimate paper [LFB Paper #195], Wisconsin Works (W-2) and TANF-related programs show an estimated balance of \$7.3 million at the end of the 2013-15 biennium, but an annual structural deficit of \$38.5 million going into the 2015-17 biennium. The Committee could consider eliminating or reducing funding for several TANF-related programs in order to address the structural deficit or increase funding for W-2 benefits, the W-2 contracts, Wisconsin Shares, or other TANF-related programs. These are discussed below.

Boys and Girls Clubs

2. The bill would increase TANF funding for the Boys and Girls Clubs of America by \$1,150,000 annually (Alternative A1). Funding is used to improve the social, academic, and employment skills of TANF-eligible youth.

3. Funding for the community youth grants program began in 1999-00, and was budgeted \$7.5 million. The program sought to improve social, academic, and employment skills, and to strengthen relationships between youth and their parents, schools, and neighborhoods. The program provided funds for targeted and competitive grants for services to youth ages five to 18 from TANF-eligible families with income at or below 200% of the federal poverty level. Services included parenting skills training, drug and pregnancy prevention, assessing and identifying learning disabilities, academic remediation and advancement, after-school care programs, cultural awareness programs, career counseling, and life management skills training.

4. Funding for the competitive grants was eliminated in 2002-03. Instead, \$300,000 annually was provided to the Boys and Girls Clubs of America. This grant was increased to \$350,000 annually under 2007 Wisconsin Act 20.

5. The Boys and Girls Clubs use the TANF funds for the targeted outreach program. The goal of the program is to keep children out of gangs, and the program serves youth in 33 sites throughout the state. The program provides after-school training to high-risk youth in five core service areas: (a) education and career development; (b) health and life skills; (c) cultural and arts; (d) sports and fitness; and (e) character and leadership development. Each child is assessed and enrolled in one or more of these areas, based on need.

6. The Boys and Girls Clubs of Greater Milwaukee evaluated the success of the program over several years. The evaluation concluded that children involved in the program are: (a) more likely to be proficient in reading and math than their peers; (b) more likely to graduate from high school; (c) less likely to engage in risky behaviors; (d) less likely to engage in criminal activity; and (e) more likely to exercise regularly and eat nutritious foods.

7. The Boys and Girls Clubs seek to increase funding to \$1.5 million annually to serve 3,000 youths over a two-year period for a new program called "Wisconsin after 3:00." The goals of the program are to: (a) instill good study habits and improve reading and math with tutoring; (b) expose youth to career options and role models through job readiness activities, college tours, business field trips, computer skills training, and job shadowing; (c) promote healthy relationships

and abstinence; and (d) expand the gang prevention efforts of the targeted outreach program.

8. The Committee could approve the Governor's proposal to increase funding for the Boys and Girls Clubs to \$1,500,000 annually. The funding level is still much lower than the funding provided for the community youth grants program before the program was eliminated. In addition, funding would be used to support the goal of youth becoming self-sufficient adults such that they would not need TANF benefits as adults.

9. Alternatively, the Committee could specify that the additional funding of \$1,150,000 annually would be provided as one-time funding (Alternative A2). As a result, the Boys and Girls Clubs would be able to serve 3,000 youth during the 2013-15 biennium, but still partially address the structural deficit for the 2015-17 biennium.

10. On the other hand, the Committee could provide an increase in the amount of TANF funding for the Boys and Girls Clubs, but less than the amount provided under the bill in order to partially address the structural deficit or provide funding to other TANF-related programs. The Committee could reduce funding by \$800,000 FED annually (Alternative A3). This would double the amount of TANF funding provided to the Boys and Girls Clubs (\$700,000 annually) to allow an expansion of services provided to TANF-eligible youth.

11. The Committee could reduce funding by \$1,150,000 annually (Alternative A4). This would leave TANF grant funding for the Boys and Girls Clubs of America at the same level (\$350,000 annually) as it has been since 2007-08.

12. Alternatively, the Committee could eliminate funding for the Boys and Girls Clubs of America (Alternative A5). This alternative would partially offset the TANF structural deficit for the 2015-17 biennium or make TANF funds available to support other TANF-related programs.

13. However, funding for community youth, either through the community youth grants program or the Boys and Girls Clubs of America, has been reduced from \$7,500,000. Without the funds for the Boys and Girls Clubs of America, there would be no TANF funding targeted to improve social, academic, and employment skills of TANF-eligible youth.

Children First

14. The bill would maintain base funding of \$1,140,000 FED annually for the children first program (Alternative B1). The program provides job training and work experience to low-income or underemployed noncustodial parents to help them meet their child support financial obligations. A noncustodial parent who has no current means of meeting a child support obligation may be ordered by a court into the program. Children first participants often face significant barriers to meaningful employment, including low educational achievement, poor work histories, alcohol and/or drug abuse problems, and criminal records. The program is administered through partnerships between county child support agencies, W-2 agencies, and the county or tribal judicial system. It currently operates in 24 counties and two tribes.

15. Under the program, DCF reimburses the county child support or W-2 agency at a

rate of up to \$400 per participant. Currently, about 3,000 persons participate in the program per year. Costs above those reimbursed by DCF are funded by the county.

16. The Committee could reduce the reimbursement rate from \$400 per participant to \$200 per participant and reduce funding by \$570,000 FED annually (Alternative B2). Prior to 2000, the reimbursement rate was \$200. However, the rate was increased to the current level under 1999 Wisconsin Act 9 (the 1999-01 biennial budget act) in recognition of the actual costs of the program.

17. Alternatively, the Committee could eliminate the children first program and reduce funding by \$1,140,000 FED annually to increase funding for other TANF-related programs or address the structural deficit in the TANF program (Alternative B3).

18. However, in the past, concerns have been raised about the need to provide additional services to noncustodial parents to enable them to provide enhanced financial support to their children. Increased child support payments could help some families achieve self-sufficiency and be less reliant on public assistance programs.

Child Welfare Prevention Services

19. The bill would maintain TANF funding for child welfare prevention services at \$1,489,600 FED annually (Alternative C1). The TANF funding was first provided in 2000-01 and replaced GPR funding that was previously budgeted for the program. State (GPR) funding was initially provided as part of the state's assumption of child welfare responsibilities in Milwaukee County on January 1, 1998. The state agreed to continue funding this contract as part of its child welfare costs in Milwaukee County, since the county had supported these services prior to the state's assumption of child welfare activities in the county.

20. The TANF funding supports: (a) the City of Milwaukee Health Department's Empowering Families Milwaukee program (\$812,100 annually); (b) the Milwaukee Brighter Futures Initiative (\$577,500 annually); and (c) the Bureau of Milwaukee Child Welfare (BMCW) (\$100,000 annually).

21. The Milwaukee Public Health Department (MPHD) administers the home visiting program in Milwaukee, known as Empowering Families Milwaukee (EFM). The \$812,100 in TANF funds, along with funding under the federal Patient Protection and Affordable Care Act, local tax levy, and federal medical assistance matching funds, is used to support 18 staff positions (seven social workers and 11 public health nurses). In addition, MPHD subcontracts with two community-based organizations (St. Vincent de Paul and Children's Hospital Community Services) that provide eight community health workers and two supervisors. These organizations provide home visiting services, along with MPHD staff, to 11 zip code areas in Milwaukee County. EFM provides initial services to pregnant women and women with infants up to two months old who are at risk of poor birth or early childhood outcomes and reside in one of the 11 zip codes. Services can be provided until the infant reaches five years of age. In federal fiscal year 2012, the program served 335 families.

22. The Brighter Futures Initiative is a statewide program that seeks to: (a) prevent and

reduce the incidence of youth violence and other delinquent behavior; (b) prevent and reduce the incidence of youth alcohol and other drug use and abuse; (c) prevent and reduce the incidence of child abuse and neglect; (d) prevent and reduce the incidence of non-marital pregnancy and increase the use of abstinence to prevent non-marital pregnancy; and (e) increase adolescent self-sufficiency by encouraging high school graduation, vocational preparedness, improved social and other interpersonal skills, and responsible decision-making.

23. The Brighter Futures Initiative is funded with \$864,900 GPR, \$2,977,400 FED, and \$865,000 PR. Of these funds, \$3,355,200 is distributed to La Causa Crisis Nursery (\$189,700) and Community Advocates, Inc. (\$3,165,500) in Milwaukee County. The Brighter Futures grant for La Causa Crisis Nursery is completely funded with TANF and served 909 people in calendar year (CY) 2012. The remaining TANF funding partially supports the grant for Community Advocates, Inc. (\$387,800), which served 835 people in CY 2012.

24. Finally, BMCW retains \$100,000 of the child welfare prevention services funding to support parental visitation with children who have been removed from their home.

25. The Committee could consider reducing or eliminating funding for the program in order to address the TANF structural deficit or to provide TANF funds for other purposes. The Committee could choose to reduce funding for one or more of the above-described uses of the child welfare prevention services funding (Alternatives C2 through C5). Deleting all of the TANF funds for this program would free up \$1,489,600 annually.

26. Eliminating these funds, however, would reduce the number of services available for parents and families in Milwaukee County to prevent the incidence of child abuse and neglect.

Emergency Assistance

27. The bill would increase TANF funding for the emergency assistance program by \$1,500,000 FED annually, for a total of \$7,500,000 annually (Alternative D1). The emergency assistance program provides assistance to needy persons with children in cases of fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness. The W-2 agencies administer the emergency assistance program at the local level. Emergency assistance may be provided once in a 12-month period.

28. The payment amount for emergencies other than energy crisis is calculated as the lower of the following two amounts: (a) the total of the maximum payment amount per group member for that group size multiplied by the number of members in the group; or (b) the total financial need. 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.

29. The maximum payment amount per group member for emergencies other than energy crisis is as follows: (a) \$258 per group member when the group is two members; (b) \$172 per group member when the group is three members; (c) \$129 per group member when the group is four or five members; and (d) \$110 per group member when the group is six or more members.

30. 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. Recipients who are homeless or facing impending homelessness may only use assistance to obtain or retain permanent living accommodations. The following table shows the number of emergency payments made and the total expenditures for these payments from 2004-05 through 2011-12. The table also shows this information in 2012-13 through April 3, 2013.

TABLE 2

**Emergency Assistance Payments Types and Expenditures
(2004-05 thru 2011-12 and July 1, 2012 thru April 3, 2013)**

<u>Emergency Type</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	July 1, 2012 thru <u>April 3, 2013</u>
Impending Homelessness	5,654	9,353	8,926	8,382	7,540	8,792	9,744	8,015	5,794
Homelessness	2,014	2,012	1,857	1,979	2,190	2,755	3,137	4,018	3,392
Energy Crisis	294	262	228	367	360	204	296	281	137
Fire	174	170	210	188	229	201	156	100	30
Natural Disaster	6	18	0	52	8	4	4	0	1
Flood	<u>2</u>	<u>4</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>1</u>	<u>0</u>
Total	8,144	11,819	11,221	10,970	10,329	11,958	13,340	12,415	9,354
Expenditures	\$4,486,500	\$6,281,800	\$5,656,300	\$5,525,000	\$5,347,400	\$6,015,000	\$6,920,300	\$7,515,000	\$5,538,500

31. From July 1, 2012, through March 28, 2013, 9,354 emergency assistance payments were made. Assuming a similar amount of emergency assistance payments are issued in each month, the total number of emergency assistance payments in 2012-13 would total 12,472. The Committee could approve the Governor's request. The total estimated number of emergency assistance payments in 2012-13 is comparable to the number issued in 2010-11 and 2011-12. Expenditures totaled approximately \$7.0 to \$7.5 million in those years.

32. On the other hand, as the economy improves, it could make emergency assistance for some people less likely. The Committee could provide base funding for the program of \$6,000,000 annually (Alternative D2). Under this alternative, the number of emergency assistance payments issued would be comparable to the number issued in 2009-10. Also, the emergency assistance program is not an entitlement program. DCF would be required to fund payments within the amount of funding available for that purpose.

33. However, in order to qualify for an emergency assistance payment, gross income must be at or below 115% of the federal poverty line and assets must be at or below \$2,500 in combined equity value, excluding vehicles of up to \$10,000 and one home. Emergency assistance payments may only be provided once in a 12-month period and are used to address a dire situation. In addition, if expenditures in the emergency assistance program are less than the amount budgeted, the excess may be distributed to other TANF-related programs that need additional funding, with approval from the Department of Administration, or is added to the TANF balance which is carried

over into the next year.

ALTERNATIVES

A. Boys and Girls Clubs of America

1. Approve the Governor's proposal to provide the Boys and Girls Clubs an additional \$1,150,000 FED annually in TANF funds for the Wisconsin After 3:00 program, for total TANF funding of \$1,500,000 annually.

2. Modify the Governor's proposal to specify that the additional TANF funding for the Boys and Girls Clubs of \$1,150,000 FED annually would be one-time funding during the 2013-15 biennium. As a result, base TANF funding for the 2015-17 biennium for the Boys and Girls Clubs would be \$350,000.

3. Modify the Governor's proposal to reduce funding by \$800,000 FED annually. TANF funding for the Boys and Girls Clubs would total \$700,000 annually.

ALT A3	Change to Bill Funding
FED	- \$1,600,000

4. Delete the Governor's proposal. As a result, \$350,000 annually would be provided for the Boys and Girls Clubs.

ALT A4	Change to Bill Funding
FED	- \$2,300,000

5. Reduce funding by \$1,500,000 FED annually to eliminate TANF funding for the Boys and Girls Clubs. Delete the statutory allocation.

ALT A5	Change to Bill Funding
FED	- \$3,000,000

B. Children First

1. Approve the Governor's proposal to maintain base funding for the children first program of \$1,140,000 FED annually.

2. Reduce funding by \$570,000 EFD annually, and reduce the reimbursement rate from

\$400 per participant to \$200 per participant.

ALT B2	Change to Bill Funding
FED	- \$1,140,000

3. Reduce funding by \$1,140,000 FED annually to eliminate the children first program. Delete the statutory authority and allocation.

ALT B3	Change to Bill Funding
FED	- \$2,280,000

C. Child Welfare Prevention Services

1. Approve the Governor's proposal to provide base funding of \$1,489,600 FED annually for child welfare prevention services in Milwaukee County.

2. Reduce funding by \$812,100 FED annually to delete TANF funding for the home visiting component of child welfare prevention services.

ALT C2	Change to Bill Funding
FED	- \$1,624,200

3. Reduce funding by \$577,500 FED annually to delete funding for the Milwaukee Brighter Futures Initiative component of child welfare prevention services.

ALT C3	Change to Bill Funding
FED	- \$1,155,000

4. Reduce funding by \$100,000 FED annually to delete funding in BMCW for the parental visitation component of child welfare prevention services.

ALT C4	Change to Bill Funding
FED	- \$200,000

5. Reduce funding by \$1,579,600 FED annually to eliminate TANF funding for child welfare prevention services. This amount includes \$90,000 annually in medical assistance matching funds for the UW-Extension. Delete the statutory allocation.

ALT C5	Change to Bill Funding
FED	- \$3,159,200

D. Emergency Assistance

1. Approve the Governor's proposal to increase funding by \$1,500,000 FED annually for the emergency assistance program. TANF funding for the emergency assistance program would total \$7,500,000 annually.

2. Delete the Governor's proposal. Base funding of \$6,000,000 annually would be provided for the emergency assistance program.

ALT D2	Change to Bill Funding
FED	- \$3,000,000

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