
Wisconsin Legislative Council

STUDY COMMITTEE MEMO



Memo No. 3

TO: MEMBERS OF THE STUDY COMMITTEE ON INCREASING OFFENDER EMPLOYMENT OPPORTUNITIES

FROM: Katie Bender-Olson, Principal Attorney, and Peggy Hurley, Senior Staff Attorney

RE: Background Information Requested at October Study Committee Meeting

DATE: November 3, 2022

This memo provides information requested by members of the Study Committee on Increasing Offender Employment Opportunities during the October 21, 2022 meeting. The information addresses the following topics: (1) fidelity bonding available for employers who hire qualifying individuals with prior convictions; (2) housing navigators who assist individuals in obtaining low-cost housing; and (3) state law requirements for agencies to issue requests for proposals (RFP) when contracting for services.

FIDELITY BONDING

Committee members inquired about the Fidelity Bonding Program (FBP) available to employers who hire justice-involved individuals. The FBP is a federal program administered in Wisconsin and other states. It is intended to encourage employers to hire justice-involved individuals by providing a fidelity bond that would cover certain financial losses caused by the hired individual.

Fidelity bonds are available for the first six months of an individual's employment and may be applied to any financial loss caused by theft, embezzlement, forgery, or other types of stealing. The bonds do not cover other liability for which an employer may be responsible, such as damages caused by poor workmanship or injuries incurred on the job.

Justice-involved individuals often are not considered "bondable" for purposes of employment. By participating in the FBP for six months of successful employment, an insurance company may determine that the person may be bonded in the same manner as any other employee. A private insurance company under contract with the U.S. Department of Labor (currently the Union Insurance Group) provides bonds via the FBP and, subject to the standard underwriting process, can offer bonding to qualifying employees after the six-month FBP bond terminates. Currently, this insurance is underwritten and provided by ACE American Insurance Company and its underwriting company affiliates.

In Wisconsin, specialists within the Department of Workforce Development (DWD) and the Department of Corrections (DOC) coordinate FBP administration. Job seekers receiving assistance

from DWD's Job Centers can work with a regional FBP representative to apply for a bond and inform potential employers that he or she is bondable.¹

Wisconsin law does not address the FBP, and instead, the program is contained entirely within federal law. Consequently, there is no existing statutory program the committee could expand to cover additional bonding for justice-involved individuals, such as bonding related to housing.

HOUSING NAVIGATORS

The committee received testimony indicating that DOC provides certain housing assistance and transitional housing programming for persons leaving incarceration. Committee members also inquired as to the role of community "housing navigators" and how they assist persons seeking affordable or subsidized housing in Wisconsin.

Typically, housing navigation is a service provided by county housing divisions. Housing navigation may encompass emergency rent assistance, temporary shelter for homeless persons, assistance obtaining housing for homeless persons, housing for homeless or housing-insecure veterans, or housing for low-income families. Many of these programs are partly or wholly federally funded and administered by county agencies, although public housing may be provided by city-run programs.²

One prevalent program is the housing choice voucher program, often referred to as the "Section 8" program.³ This program connects qualified individuals, typically persons or families with very low income, or who are elderly or disabled, with safe and affordable housing. The program is funded with federal dollars but administered by local public housing authorities, typically at the county level. Qualified individuals are able to locate suitable housing and, provided the housing meets [certain health and safety criteria](#), the program pays a portion of the rent directly to the landlord. The qualified resident pays the balance of the rent due. According to information provided by the federal Department of Housing and Urban Development (HUD):

The [local public housing authority] determines a payment standard that is the amount generally needed to rent a moderately-priced dwelling unit in the local housing market and that is used to calculate the amount of housing assistance a family will receive. However the payment standard does not limit and does not affect the amount of rent a landlord may charge or the family may pay. A family which receives a housing voucher can select a unit with a rent that is below or above the payment standard. The housing voucher family must pay 30% of its monthly adjusted gross income for rent and utilities, and if the unit rent is greater than the payment standard the family is required to pay the additional amount. By law, whenever a family moves to a new unit where the rent exceeds the payment standard, the family may not pay more than 40 percent of its adjusted monthly income for rent.

¹ Additional information about the federal FBP and its administration may be [found here](#), and information relating to DWD's administration of the program in Wisconsin may be [found here](#).

² A list of Wisconsin's public housing authorities may be [found here](#).

³ Additional information about the housing choice voucher program may be [found here](#).

Individuals with certain criminal convictions are ineligible for the “Section 8” program. Under federal standards, a person who is permanently on a sex offender registry or who has been convicted of manufacturing or selling methamphetamines in or near subsidized housing is ineligible to participate.

Local housing authorities may also establish additional disqualifying criteria. For example, [according to the Milwaukee County fact sheet](#), a person may not participate in the “Section 8” housing voucher program if he or she, or a member of his or her household, meets one or more of the following criteria:

- Is subject to a lifetime registration requirement under a state sex offender registration program.
- Has been convicted of drug-related criminal activity for the production or manufacture of methamphetamines.
- Engaged in any of the following criminal activities within the past five years, although the seriousness of offense, time since conviction, and the person’s recent history and rehabilitation is taken into consideration:
 - Drug-related criminal activity, defined by HUD as the illegal manufacture, sale, distribution or use of a drug, or the possession of a drug with intent to manufacture, sell, distribute, or use the drug.
 - Violent criminal activity, defined by HUD as any criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force substantial enough to cause, or be reasonably likely to cause, serious bodily injury or property damage.
- Has been evicted from federally assisted housing in the last five years.
- Has been terminated by Milwaukee County’s rent assistance program.
- Provides incomplete documentation or fraudulent information.
- Owes a debt to Milwaukee County Rent Assistance Program or any other Housing Authority.

Housing navigators employed to carry out requirements for the federal housing programs are not addressed in current state law. Consequently, there is no existing statutory program that the committee could expand to address the justice-involved population specifically.

BIDDING THRESHOLD

The committee heard testimony regarding the experience of a community-based organization that previously provided mentoring services within Wisconsin correctional institutions. However, DOC issued a RFP for mentoring services and this organization was underbid and did not receive the contract to provide such services going forward.

Committee members asked about the dollar threshold at which DOC must issue an RFP for services. State law requires agencies to solicit bids and award a contract to the “lowest responsible bidder” when the estimated cost of materials, supplies, equipment, or contract services exceeds \$50,000. [s. [16.75 \(1\)\(b\) 1.](#), Stats.] Thus, DOC lacks discretion to award a contract exceeding this amount to the organization of its choice, but must obtain services through the low-bid process.

KBO:PJH:ksm