



WISCAP

PUBLIC POLICY REPORT

January 2002

Richard Schlimm, Public Policy Director

Our Most Important Public Policy Activity in 2002:

Meet regularly with our State Legislators and our Federal Congressional Delegation
To discuss the important work of community action at the local level in their district
and the very important issues contained in this report!

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Federal Issues

2002 Appropriations:

NCAF scored another victory with real benefits to community action in the 2002 Labor-HHS-Education Appropriations process. CSBG funding received an 8.3% increase to \$650 million. Increases are also obtained for CFNP, CED, Rural Facilities, LIHEAP (21% increase in core funds to \$1.7 billion), Head Start (\$300 million increase to \$2.1 Billion) and others. The SSBG was cut by \$25 million to \$1.7 Billion.

NCAF Legislative Conference March 6 – 8, Hyatt Regency on Capitol Hill:

David promises an exciting agenda on the future of CSBG, TANF reauthorization, budget and appropriations and the faith-based initiative. He asks folks to make reservations soon.

A number of WISCAP member agencies are planning to attend! (So far, I am aware of the following: NEWCAP, CAP Services, West CAP, Lakeshore, Coulee, and WISCAP.) Please let Dick Schlimm know if you are attending and if you want WISCAP to set up appointments for congressional visits. We will have many things to talk about: Our agencies, CSBG, TANF, faith-based initiatives, and other items.

The Faith-Based Initiative:

You may recall that after passage of HR-7 in the House last summer, the President's "FBI" proposal seemed stalled in the Senate. In December, OMB Watch reported that further progress had been made between leaders in the Senate (Rick Santorum & Joe Lieberman) and the White House on a compromise that provides for:

- Tax incentives for charitable giving (a deduction for nonitemizers, a deduction for charitable gifts from IRA rollovers, an increase in the ceiling on corporate charitable deductions, incentives for donations of food inventory, a reduction of excise taxes on private foundations, and IDAs).
- Equal treatment of non-governmental organizations that apply for federal grants. (Rather than extending the provisions of "charitable choice", the compromise prohibits discrimination against NGOs applying for federal funds on the basis of prior grant experience, having religious criteria for membership on board of directors, presence of religious symbols, religious references in the organization's name, or mission statements that contain religious language.)
- Fast track processing by the IRS of applications for 501(c)(3) status by small organizations applying for federal funds, and
- Funding for six new programs (Four Compassion Capital Funds at HHS, CNCS, Justice and HUD; a mentors for children of prisoners program, and group homes for unwed mothers.)

The "Compassion Capital Funds" would allow the four Department Secretaries to award grants/cooperative agreements with NGOs to:

- Provide technical assistance for community based organizations (grant writing, management, incorporation and tax exempt status applications, and other)
- Provide information and assistance to CBOs on capacity building, best practices, etc.
- Assist with replicating social services programs
- Research on best practices of social service organizations

Note: CBOs are defined as nonprofits with no more than 6 employees involved in social service delivery or having an annual budget of less than \$450,00. HHS may award seed money for state or local faith-based offices through grants or cooperative agreements.

A Senate Bill containing this compromise has not yet been introduced but partial drafts have been circulated.

The FY2002 Labor-HHS-Education appropriation includes \$30 million for a Compassionate Capital Fund. There is little specificity about the program; the conference report says it is to provide "grants to public/private partnerships that help small faith-based and community-based organizations replicate or expand model social services programs". WISCAP will seek additional information for members on this item.

Faith-based agency loses a Federal Court Ruling in Wisconsin:

On a related note, US District Judge Barbara Crabb has ordered DWD to stop funding Faith Works--a faith-based agency in Milwaukee that uses spirituality to help fathers recover from addictions and get jobs.

Individual Development Accounts:

AFIA: Congress appropriated full funding of \$25 Million for the Assets for Independence Program for the new federal fiscal year. CFED expects that OCS will announce an a new RFP process soon. WISCAP and member agencies will need to determine whether we wish to apply for another grant (in addition to our two current grants) for our IDA program.

Savings for Working Families Act: CFED reports that SWFA came very close to becoming law but fell through when related negotiations on the "economic stimulus" bill collapsed in the final days of last year. According to CFED, SWFA was included in a Lieberman-Santorum-White House faith-based package ("CARE"). This bill would have created a much larger IDA Program that would be separate from AFIA. The bill would have provided a tax credit to financial institutions for supporting and matching the savings of up to 900,000 low-income families with AGI below \$20,000 (single), \$30,000 (Head of Household) and \$40,000 (married). Federal funds would match 1:1 up to \$500

per person per year for use in purchase of a home, small business development or expansion, or post-secondary education and training. CFED succeeded in securing a provision in the bill that allows other taxpayers (beyond financial institutions) to claim the tax credit.

CFED expects to release its public policy plan for 2002 yet this month. It is possible that CFED will continue to push SWFA as part of CARE in addition to a stand-alone bill. CFED claims that President Bush will refocus his energies next year on domestic issues with the compassion (CARE) bill high on his list of priorities.

Treasury Department has released the RFP for the new “First Accounts” Program:

The “First Accounts” Program was first authorized by Congress at the end of 2000 and Treasury has now released an RFP. The program aims to help “bank” millions of “unbanked” persons. The initiative will “support pilot partnerships between financial services providers and community organizations to provide the unbanked with access to low-cost accounts, ATMs and other electronic banking points, and financial literacy education.”

Treasury intends to award \$8 million to a number of grant applicants that either directly, or through one or more partners, provide low-cost electronic, checking, or other types of accounts to low- and moderate-income individuals who currently don't have an account with an insured depository institution or an insured credit union. Eligible grant recipients include depository institutions; credit unions; non-profits; employers of unbanked, low- and moderate-income individuals; state and local governments; Indian Tribal governments; labor organizations; and financial service electronic networks.

Applications are due to Treasury, March 20, 2002. To download a copy of the Application form, go to the following website address:

<http://www.ustreas.gov/firstaccounts/application.pdf>.

TANF Reauthorization:

DHHS has received more than 700 comments on TANF Reauthorization. WISCAP submitted comments (after receiving input from many of our member agencies). CAP Services, West CAP and Coulee CAP also submitted additional comments directly to DHHS.

Of particular note: NASCSP's comments included two recommendations for 1) An allocation of \$3 Billion to the Community Services Network to continue to provide intensive services to welfare recipients and to increase its capacity to move even more low-income individuals to self-sufficiency and 2) Specific language allowing TANF state agencies to partner with the Community Services Network by transferring TANF funds to the CSBG program.

Congress will become active on TANF Reauthorization issues after returning on January 23. There will be many bills introduced on TANF and/or the reauthorization of the Child Care and Development Block Grant or Food Stamp reauthorization. A very progressive bill has already been introduced (HR 3113) by Rep. Patsy Mink (Hawaii) and its companion bill is expected to be introduced in the Senate by Wellston (D-MN) and Jon Corzine (D-NJ). A more moderate bill that might receive support from mainstream Democrats in Congress is expected from Rep. Benjamin Cardin (D-MD). President Bush is expected to unveil his proposals in late February.

WISCAP will keep track of the TANF Reauthorization progress and provide you with information on which bills respond to our concerns or threaten our programs.

The State Budget

The "Budget Reform" Bill:

Governor McCallum has called a special session of the legislature to deal with the state's fiscal problems and he has proposed a budget repair bill (dubbed "budget reform") on January 22. The State faces a \$1.1 Billion (or more) shortfall in the current budget (July 2001-June 2003). Already, state departments have implemented a 5% budget cut called for by the legislature when this budget was established.

WISCAP has not yet (but will) study the details of the Governor's proposals. The materials released on January 22 provides us with the following information on our programs:

Public Benefits: The governor's budget proposal leaves low-income public benefits alone. However, it does propose reallocating \$22.3 million in energy efficiency and renewable public benefits dollars during the remaining 18 months of the biennium. The reallocated funds would go to help pay utility costs for the UW system, DHFS institutions and the Veterans Department.

JBD: The GPR appropriation to community action agencies under the "Employment Opportunity Demonstrations" is cut by \$8,800 in FY02 and \$12,500 in FY03. Presumably, DWD offered these reductions given that GLITC dropped out of participation in JBD at the end of 2001.

Other: The "Business Development Initiative Program" at Commerce is eliminated in the Governor's proposal for FY02 and 03. Furthermore, the Governor's budget eliminates the state supplement for "federally qualified health centers" (at \$3,075,000) in FY03.

Renew and maintain legislative relationships:

It is absolutely essential for each of us (all member agencies & WISCAP) to continue to build productive relationships with our legislators. Please invite state and federal legislators to your agency! Invite them to speak at a board meeting, staff meeting, your annual meeting or at an open house or any special event. Consider holding a “legislative reception” and invite all legislators. Use any opportunity to talk to them about what you are doing for their constituents.

The time that you devote now to work with your legislators and to educate them about the good work that you do will make it much easier to contact them throughout this very important year—at both the state and federal levels!!!

Please call Dick Schlimm if you would like any help in scheduling any activities with your legislators!

A WISCAP Legislative Day???

WISCAP staff are considering a Community Action Legislative Day for this Spring. We are tentatively planning on a half-day (or so) legislative advocacy training and meeting with legislators. We would like to hold the event in conjunction with our Annual Meeting (on either Monday, April 29 in the afternoon or on Tuesday morning which would require that we defer Roundtables to the afternoon). Alternatively, we could schedule a separate stand-alone event on a separate day in March or April in Madison. We need your advice & direction in scheduling this activity. Most importantly, we need to know if you will commit to have staff and board members attend this event.

Other News/Notes

Senate Committee Hearing on the Confirmation of DHSS Secretary Phyllis Dube:

Senator Rod Moen (Chair of the Senate Committee on Health, Utilities, Veterans and Military Affairs) scheduled the consideration of the confirmation of Phyllis Dube as Secretary of DHFS on January 16. WISCAP submitted a letter to the Committee in support of the confirmation. The Committee questioned Secretary Dube for over 2 hours and did not take any action. The committee clerk has reported that committee members from both parties are concerned about the Secretary’s response to questions on a variety of programs and issues.

Campaign Finance Reform Action Alert

Senate Bill 104 is a compromise campaign reform plan negotiated by Sen. Mike Ellis, the Senate's leading Republican reform proponent and Sen. Gary George, the chair of the Senate Judiciary, Consumer Affairs and Campaign Finance Reform Committee. SB 104 is comprehensive and bipartisan.

SB 104 is supported by the 47 public interest groups in the Voters First Coalition. We are a member of the Voters First Coalition, we support passage of SB 104 and urge our members to help pass this important campaign finance reform legislation.

Senate Bill 104 has passed the Senate Judiciary Committee, on a 4 to 1, bipartisan vote. It also passed the Senate Organization Committee and is in the Joint Finance Committee. Senate Bill 104 is supported by almost all Senate Democrats, a majority of Senate Republicans and the Assembly Democrats. Several key Assembly Republicans have acknowledged SB 104 as a vehicle for compromise. Governor McCallum has agreed to sign any bipartisan campaign finance reform plan

Speaker Jensen asked the Assembly chair of Joint Finance to release SB 104 to the Senate, urged the Senate to pass the bill and made a commitment to take it up in the Assembly. While Assembly Republicans are working on their own version of comprehensive reform, Speaker Jensen's commitment to take up SB 104 indicates a willingness to enter into negotiations with Senate Democrats.

We are in the best position to achieve meaningful reform than at anytime in many years.

Please contact your Senate and Assembly representatives. Ask them to support of SB 104 in the form it was passed by the Senate Judiciary Committee.

In communicating with your representatives, the following points can be made:

- SB 104 embodies the referendum question, approved by 90% of Wisconsin voters in the 2000. The bill limits campaign spending, requires stricter contribution limits, and requires greater disclosure of election related activities.
- SB 104 represents a compromise that has support from Republican and Democrat lawmakers.
- The estimated cost of SB 104 is \$4 million per year. However, in the last state budget, the Wisconsin Democracy Campaign identified over \$800 million of budget pork that went to special interest groups in exchange for campaign contributions.
- Eliminating the legislative caucuses will also free up money to fund campaign finance reform.

(For more information contact Paul Uebelher at the Wisconsin Democracy Campaign, 608-255-4260 or uebelher@wisdc.org)