

<input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected <input type="checkbox"/> Supplemental	<b>1999 Session</b> LRB or Bill No. -- Adm. Rule No. <b>SB-487 --LRB-4728/1</b>  Amendment No. if Applicable	
<b>FISCAL ESTIMATE</b> DOA-2048 N(R10/94)		
<b>Subject</b> W-2 EDUCATION AND TRAINING		
<b>Fiscal Effect</b>  <b>State:</b> <input type="checkbox"/> No State Fiscal Effect Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation  <input type="checkbox"/> Increase Existing Appropriation <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriation <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriation		
<input checked="" type="checkbox"/> Increase Costs - May be possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No local government costs		
1. <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory  2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory  4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
<b>Fund Sources Affected:</b> <input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S		<b>Affected Ch. 20 Appropriations:</b> 445(3)(md), 445(3)(dz)
<b>Assumptions Used in Arriving at Fiscal Estimate</b>  <p>Current law states that individuals in a W-2 Transitions (W-2T) or Community Service Job (CSJ) employment position under W-2 may count up to 15 hours per week of technical education towards their participation requirements if they are otherwise engaged in work or work preparation activities for at least 25 hours per week. Currently, only post-secondary courses that are approved by the W-2 Agency and incorporated into the participant's Employment Plan may count toward the required hours of participation. The W-2 Agency is not obligated to pay the costs of technical education. Senate Bill 487 allows someone in a W-2T or CSJ to self-initiate participation in a technical college education program without limit save that the participant also be engaged in work or work related activities of an unspecified nature or term. Furthermore, it specified that the W-2 agency cannot mandate that the participant be engaged in work or work related activities for more than 25 hours per week. It is assumed that the cost of a self initiated education program will continue to be the responsibility of the W-2 participant.</p> <p>It is assumed that this legislation may have the effect of encouraging participants to stay on W-2 for longer periods of time while engaged in technical education programs and encouraging more people to apply for W-2 as an avenue to technical education.</p> <p>Prior to the implementation of Pay for Performance in March 1996, 3300 cases were part of the self-initiated enrollment in post-secondary education programs under JOBS. As of February 2000, approximately 30% (or 1,721) of the 5,738 W-2T and CSJ participants have either a high school diploma or equivalent. It is not possible to calculate the exact percentage of participants that would take advantage of the provisions of this bill. Assuming that 60% of participants with a high school diploma or equivalent would want to attend technical college education programs, it can be assumed that at least 1,000 current participants will elect to self-initiate in a technical college education program. Furthermore, because W-2T participants generally have barriers to employment that would make pursuing a technical college education difficult, most of those who would elect to self-initiate into a program such as that offered by the legislation would be in a CSJ.</p> <p>(Continued on next page...)</p>		

**Assumptions Used in Arriving at Fiscal Estimate (Continued)**

As of December 1999, the average length of stay for CSJ participants was four months. W-2T participants had an average length of stay of 5.5 months. Many technical college education programs are two year programs. However, assuming 1000 participants participate in technical college education programs that average only 1 year in duration and that the participants would remain on W-2 during the time they are in the education program, this would add an average of seven months to the participant's length of stay and W-2 agencies could experience close to a 3 fold increase in the demand for cash benefits not currently included in the contract. CSJ participants are eligible for a benefit check of \$673 per month. Thus the benefit cost to the agency that would have been \$3.3 million for a length of stay of five months (1000 participants\*673\*5) is now \$8 million for a length of stay of 12 months (1000\*673\*12). Thus, the increase in costs for benefits could potentially be \$4.7 million.

According to case closure study data on people who left AFDC or W-2 from August 1997-October 1999, 752 cases left welfare for "other" reasons, including the desire to go to school. Additionally, the DWD "Survey of Those Leaving AFDC or W-2" indicates that 3% (420 cases per year annualized) of those leaving welfare do so to pursue their education. Thus, it can be assumed that 400 cases no longer on welfare will request W-2 assistance as an avenue to pursue their educational goals. Assuming these 400 cases remain on W-2 for 12 months, the increased benefit costs would total \$3.2 million.

Increased benefit administration costs can also be calculated at nearly \$1.4 million (15% of \$9.3 million) associated with FEP salary, overhead and ancillary services.

**Long-Range Fiscal Implications**

The federal regulations for TANF state that no more than 30% of the current TANF caseload being counted by the state as being engaged in work activities can have their educational activities count as their work participation. Moreover, For FFY 2000 and beyond, TANF recipients must work or be engaged in work activities for at least 30 hours per week to meet federal work participation requirements. If DWD and local agencies are not given the means by which to limit the number of participants who can self-initiate technical education, Wisconsin could potentially be out of compliance with this TANF provision, thus putting the entire TANF Block Grant at risk.

Agency/Prepared by:(Name & Phone No.) DWD / Shawn Smith - 261-8089	Authorized Signature/Telephone No. 	Date 3/31/00
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**FISCAL ESTIMATE WORKSHEET**

**1999 Session**

Detailed Estimate of Annual Fiscal Effect DOA-2047(R10/94)	<input checked="" type="checkbox"/> Original	<input type="checkbox"/> Updated	LRB or Bill No./Adm Rule No. SB-487 / LRB-4728/1	Amendment No.
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Subject  
W-2 EDUCATION AND TRAINING

**I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on State funds from:</b>	
	<b>Increased Costs</b>	<b>Decreased Costs</b>
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$1,394,000	- \$0
(FTE Position Changes)	(FTE)	(- FTE)
State Operations - Other Costs	\$0	- \$0
Local Assistance	\$7,900,000	- \$0
Aids to Individuals or Organizations	\$0	- \$0
<b>TOTAL State Costs by Category</b>	<b>\$9,294,000</b>	<b>- \$0</b>
<b>B. State Costs by Source of Funds</b>	<b>Increased Costs</b>	<b>Decreased Costs</b>
GPR	\$4,647,000	- \$0
FED	\$4,647,000	- \$0
PRO/PRS	\$0	- \$0
SEG/SEG-S	\$0	- \$0
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>	<b>Increased Rev.</b>	<b>Decreased Rev.</b>
GPR Taxes	\$0	- \$0
GPR Earned	\$0	- \$0
FED	\$0	- \$0
PRO/PRS	\$0	- \$0
SEG/SEG-S	\$0	- \$0
<b>TOTAL State Revenues:</b>	<b>\$0</b>	<b>- \$0</b>

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
Net Change in Costs:	\$9,294,000	\$0
Net Change in Revenues:	\$0	\$0

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