

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-3548/2	Introduction Number AB-754
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Description
 Requiring a Wisconsin Works grant recipient who is a custodial parent with an infant to attend parenting skills training and to meet with a financial and employment planner.

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<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"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input checked="" type="checkbox"/> No Local Government Costs		5. Types of Local Government Units Affected
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties <input type="checkbox"/> Others
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<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"/> SEGS	391 (20.445(3) (md)), 315 (20.445 (3) (dz))

Agency/Prepared By DWD/ Janet Van Vleck (608) 266-6722	Authorized Signature JoAnna Richard (608) 267-3200	Date 11/7/2005
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Fiscal Estimate Narratives

DWD 11/7/2005

LRB Number	05-3548/2	Introduction Number	AB-754	Estimate Type	Original
Description Requiring a Wisconsin Works grant recipient who is a custodial parent with an infant to attend parenting skills training and to meet with a financial and employment planner.					

Assumptions Used in Arriving at Fiscal Estimate

AB 754 Fiscal Estimate for CMC Required Participation

- It is assumed that all costs associated with drafting policy, procedures and training to effect this bill will be absorbed by current staff.
- It is estimated that for SFY 06 estimate there will be 7400 unduplicated CMC participants.
- As in 2005, 20% or 1480 of the CMCs will have previously been in another W-2 paid placement.
- It is assumed that all of the CMCs previously in another W-2 paid placement will not be sanctioned for non-participation in parenting classes or for meeting with their Financial and Employment Planner (FEP) since they were already being compliant with W-2 requirements prior to becoming a CMC.
- 80% or 5920 will not have previously been in a W-2 paid placement.
- The average length of time of all W-2 participant in a CMC placement is just under 65 days of the 84 possible days in the 12 week CMC period.
- Assuming the 20% who were previously in a paid W-2 placement use 84 days, the remaining 80% (5920) average 60.5 days or 2 months.
- The bill requires CMC participants to attend parenting classes in the first 4 weeks or if unable to do so, in the second 4 weeks.
- In addition, the CMC participant must meet with the FEP in the final four weeks to plan to do an employability plan, arrange for child care, etc.
- It is assumed that the 5920 CMCs who were not in another W-2 paid placement prior to becoming a CMC begin receiving CMC approximately one month after delivery of the child and then receive CMC benefits for the remaining 2 months.
- It is assumed that either the parenting class or the county will ensure that the CMC has child care since that is a federal requirement for requiring participation.
- It is assumed that the parenting class costs \$10 per participant funded by the W-2 agency, is two hours in length, is held on one day, and transportation for the CMC to and from the parenting class averages \$6 for a total cost of \$16 per participant.
- It is assumed that 90% (5328) will participate in the parenting class and 5% (296) be excused for lack of child care or other good cause. For these 5328 the cost of participating in the parenting class is \$85,248.
- It is assumed that about 50% (2664) of the CMCs attending the parenting class will incur no child care costs with family taking care of the infant and 25%(1406)will be able to bring their children to their classes or the classes will have infant child care facilities on site. For those remaining 25% (1332) who need to pay for infant child care, these costs average for an infant age 4 weeks to 12 weeks \$50 for the two hours plus any transportation time to/from the child care provider for a total cost of \$70,300
- It is assumed that the remaining 5% (296) will not participate in the parenting class or not be excused due to lack of child care or other good cause. These 296 each lose their second (final) month of W-2 for the current CMC period and all future possible CMC periods. For the first CMC episode the savings for the 296 of \$673 for that remaining month is \$199,208.
- Up to 2% (6) of these 296 CMCs will have had subsequent CMC episodes but will not be eligible due to failure to participate in the parenting classes. The savings for these 6 being ineligible for repeat CMC episodes for 12 weeks is \$12,114.
- It is assumed that of the 95% (5624) who participate in the parenting class or are excused due to lack of child care 95% (5343) will meet with the Financial and Employment Planner (FEP) in their second and final CMC month. The average cost for services and administration for a W-2 participant is \$679 per month. In that these participants will be receiving a limited range of services required under this bill (many will be returning to prior jobs), it is estimated that the cost per participant will average one-third of \$679 or \$226. The cost for these 5343 participants is \$1,207,518.
- The remaining 5% (281) who don't meet with the FEP will lose an average of two weeks of benefits or \$336.50 per 281 participants for a total savings of \$94,557.
- The annual maintenance cost to deal with CARES problems that arise is \$500.
- The net annual savings are \$305,789 and the net costs are \$1,358,866.
- It is assumed that the W-2 agencies cannot absorb these additional costs within the current legislatively

approved level for the W-2 contracts without displacing other required activities. In addition, all funds budgeted including TANF, GPR and Segregated funds have been fully used for the W-2 contracts for this next biennium.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Description Requiring a Wisconsin Works grant recipient who is a custodial parent with an infant to attend parenting skills training and to meet with a financial and employment planner.			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
To assure that CMCs are appropriately monitored and sanctioned, CARES development to needed to add the two new components, end payments for non-participation, and features added to assure that a CMC who does not participate in a parent class is excluded from being a CMC in the future. It is estimated that such additions to CARES for W-2 participants will cost approximately \$61,100 on a one-time basis.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$0	0
	(FTE Position Changes)	(0.0 FTE)	(0.0 FTE)
	State Operations - Other Costs	0	0
	Local Assistance	0	0
	Aids to Individuals or Organizations	1,359,866	-305,879
	TOTAL State Costs by Category	\$1,359,866	\$-305,879
B. State Costs by Source of Funds			
	GPR	1,359,866	-305,879
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$1,053,987	\$
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By			
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		JoAnna Richard (608) 267-3200	
		Date	
		11/7/2005	