

Original     Updated  
 Corrected     Supplemental

**1999 Session**

LRB or Bill No. -- Adm. Rule No.  
AB-5 --0319/1

Amendment No. if Applicable

**FISCAL ESTIMATE**  
DOA-2048 N(R10/94)

**Subject**  
W-2, EDUCATION

**Fiscal Effect**

**State:**  No State Fiscal Effect

Check columns below only if bill makes a direct appropriation  
or affects a sum sufficient appropriation

Increase Existing Appropriation     Increase Existing Revenues  
 Decrease Existing Appropriation     Decrease Existing Revenues  
 Create New Appropriation

Increase Costs - May be possible to Absorb  
Within Agency's Budget  Yes  No

Decrease Costs

Local:  No local government costs

1.  Increase Costs  
 Permissive  Mandatory

2.  Decrease Costs  
 Permissive  Mandatory

3.  Increase Revenues  
 Permissive  Mandatory

4.  Decrease Revenues  
 Permissive  Mandatory

5. Types of Local Government Units Affected

Towns     Villages     Cities

Counties     Others

School Districts     WTCS Districts

**Fund Sources Affected:**

GPR     FED     PRO     PRS     SEG     SEG-S

**Affected Ch. 20 Appropriations:**

**Assumptions Used in Arriving at Fiscal Estimate**

This bill permits W-2 participants to satisfy their entire hours-of-participation requirement by participating in a 12 month technical college program. The participant must be participating satisfactorily, the program must not exceed 12-months and the W-2 agency must determine that the program is likely to lead to employment. There is no direct fiscal impact to the state as the W-2 contracts are for a fixed amount with the W-2 agencies and include both service costs and benefit costs. Any increased cost due to this policy change would be absorbed by the local W-2 agency.

Under this bill the W-2 agency is responsible for making the determination on the appropriateness of a participant using this new program. The technical college program is to be "self-initiated." This implies that the participant is responsible for the funding of the technical college program rather than the W-2 agency. Based upon this, there is no immediate fiscal impact to the W-2 agencies for the cost of providing services.

Prior to implementation of the AFDC Pay for Performance (PFP) demonstration project, about 3300 cases were part of the Self-Initiated enrollment in a post-secondary education program under the JOBS program. It is estimated that between 650 and 1300 individuals will take advantage of this educational opportunity. This figure is lower than the 3300 cases cited above due to caseload reductions and the effects of the W-2 agency contract, which includes incentives to move people from welfare to employment.

There may be an increased incentive for individuals to avoid unsubsidized employment in favor of enrolling into a community service job in order to take advantage of educational opportunities while receiving a W-2 cash benefit. Also, because the bill prohibits W-2 agencies from requiring any hours of participation over and above those required for the technical college program, and in calculating the hours of participation the W-2 agency must add two hours for every hour that the participant spends in the classroom, there may also be an incentive for individuals already participating in a community service job to pursue a self-initiated post-secondary education program since it would likely reduce their hours of work activity.

(Continued on next page...)

**Long-Range Fiscal Implications**

This bill would delay the W-2 agency from pursuing a work attachment approach with the participant once the participant was permitted to take advantage of this new policy. The long term impact is a potential delay in the participant receiving work experience and thus a potential delay in achieving self-sufficiency. The cost of this delay is not possible to determine due to the number of variables involved. The delay in achieving self-sufficiency could be detrimental to the participant as they are using up their time limit for receiving cash benefits at the same time that they are exempt from workforce attachment.

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

Assuming that one out of two of these individuals would otherwise be in full-time unsubsidized employment, this is estimated to cost the W-2 agencies between \$1.95 million and \$3.9 million per year for benefit payments. In addition, it is estimated that local W-2 agencies will incur between \$650 thousand and \$1.3 million in costs associated with Financial & Employment Planner salary costs, overhead and ancillary service costs. It is assumed that, because the individuals will not be working a 40 hour week, they will be ineligible for a grant under the Employment Skills Advancement program.

The federal limit on the number of people engaged in vocational education training will require monitoring at both the state and local agency levels.

Agency/Prepared by:(Name & Phone No.)	Authorized Signature/Telephone No.	Date
DWD / Nikolay, Bob (266-9475)		1-28-99

**FISCAL ESTIMATE  
WORKSHEET**

**1999 Session**

Detailed Estimate of Annual Fiscal Effect DOA-2047(R10/94)	<input checked="" type="checkbox"/> Original <input type="checkbox"/> Corrected	<input type="checkbox"/> Updated <input type="checkbox"/> Supplemental	LRB or Bill No./Adm Rule No. AB-5 / 0319/1	Amendment No.
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Subject  
W-2, EDUCATION

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

II. Annualized Costs:	Annualized Fiscal Impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringes	\$0	- \$0
(FTE Position Changes)	(FTE)	(- FTE)
State Operations - Other Costs	\$0	- \$0
Local Assistance	\$0	- \$0
Aids to Individuals or Organizations	\$0	- \$0
<b>TOTAL State Costs by Category</b>	<b>\$0</b>	<b>- \$0</b>
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$0	- \$0
FED	\$0	- \$0
PRO/PRS	\$0	- \$0
SEG/SEG-S	\$0	- \$0
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	\$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:	\$0	\$5,200,000
Net Change in Revenues:	\$0	\$0

Agency/Prepared by:(Name & Phone No.) DWD / Nikolay, Bob (266-9475)	Authorized Signature/Telephone No. 	Date 1-28-99
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