

Original Updated
 Corrected Supplemental

1999 Session

LRB or Bill No. -- Adm. Rule No.
SB-341 --LRB-3560/1

Amendment No. if Applicable

FISCAL ESTIMATE
DOA-2048 N(R10/94)

Subject

W-2 TIME LIMITS

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:

445(3)(md), 445(3)(dz)

Assumptions Used in Arriving at Fiscal Estimate

Currently, under Wisconsin Works (W-2), a participant may not participate in any single employment position for more than two years. Additionally, state and federal statutes limit the receipt of cash assistance by the participant to no more than five years. This bill deletes the two-year time limit for employment position categories but leaves the five year time limit intact.

W-2 was designed to invoke a sense of urgency on the part of both the participant and the W-2 Agency about improving the participant's level of financial self-sufficiency. Not only does the time-limit lead to greater workforce attachment for the participants, it also prepares the participant to avoid the 60-month federal time limit by finding and retaining work.

Removing the 24-month time limit would likely discourage participants from attaching themselves to the workforce until their federal time limit draws near. The impact of this is two-fold: the participant will have less available resources at the end of their 60-month time limit than they would have under the 24-month limit; and the cost of the program would increase due to the increased length of stay by the participants. Further, removing the 24 month limit would also remove the incentive for participants to strategically manage their use of W-2 by "banking" their benefit months. In the month of December 1999, the average length of stay for a Community Service job was approximately four months. Data suggests that participants tend to use W-2 as a safety net for their attempts towards self sufficiency by receiving benefits for a few months at a time while trying to regain employment.

(Continued on next page...)

Long-Range Fiscal Implications

Agency/Prepared by:(Name & Phone No.)

DWD / James Bates 266-1123

Authorized Signature/Telephone No.

M. Reed

Date

2-25-00

Assumptions Used in Arriving at Fiscal Estimate (Continued)

The average length of stay of approximately four months equates to about 17% of the total time limit. Assuming that the participant would have an average length of stay equal to 17% of the time limit, regardless of the time limit's length, the average length of stay under the 60-month federal time limit would be ten months. This would result in a 150% increase in the ongoing caseload. At a cash benefit rate of \$673 per month, the annual cost for CSJs would increase \$38,159,100. Similarly, the average length of stay for W-2 Transition cases is about 5.5 months which, using the same assumptions would lead to an average length of stay of over 14 months, or a 158% increase in the ongoing caseload. At a cash benefit rate of \$628 per month, the annual cost for W-2 Transition cases would increase \$26,475,600. Currently, benefits are 62% funded by GPR and 38% federal funds.

Under current law, s. 49.147(3)(c), (4)(b) and (5)(b)2, Stats., participants in the Wisconsin Works (W-2) program may be required to participate in one of three wholly or partially subsidized employment positions. The W-2 employment positions include Trial Jobs (TJ), Community Service Jobs (CSJ) and Transitional placements (W-2 T). A participant may not participate in any one of these three employment positions for more than 24 months each.

Under current law, this time limit may be extended by a W-2 agency, with approval from the Department of Workforce Development, if it is determined that a participant meets the appropriate statutory criteria. If a TJ or CSJ participant, after making appropriate efforts to find unsubsidized employment, is unable to find employment because local labor market conditions prevent a reasonable job opportunity and, in the case of CSJ participants, no Trial Job opportunities exist, he or she may be approved for an extension. For W-2 T participants, the law only states that an extension may be granted. For that reason, the Department has begun the permanent rulemaking process to incorporate the criteria for deciding on W-2 T extensions into Ch. DWD 12, Wis. Adm. Code. The criteria for a W-2 T participant is that he or she has cooperated with all assigned activities and that significant barriers exist that would prevent advancement to a higher W-2 employment position.

Of the individuals who, between September 1999 and December 1999, reached their 24-month time limit, 101 were approved for extensions by their local W-2 agency and the Department. Seventy-six participants were determined not eligible for an extension by their local W-2 agency during this same timeframe. A majority of these participants were determined not eligible for an extension because they failed to cooperate with program requirements. All participants found ineligible for an extension have a right to appeal the decision through a dispute resolution process. Despite loss of eligibility for a W-2 employment position, these individuals may still be eligible for food stamps, Medicaid and Child Care if they continue to meet program-specific eligibility requirements.

Under their current contract, W-2 agencies have a finite amount of funding with which to pay cash benefits to participants. This bill would put fiscal burdens on local agencies and their ability to effectively manage their programs.

FISCAL ESTIMATE WORKSHEET

1999 Session

Detailed Estimate of Annual Fiscal Effect DOA-2047(R10/94)	<input type="checkbox"/> Original	<input type="checkbox"/> Updated	LRB or Bill No./Adm Rule No. SB-341 / LRB-3560/1	Amendment No.
	<input checked="" type="checkbox"/> Corrected	<input type="checkbox"/> Supplemental		

Subject
W-2 TIME LIMITS

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	\$44,551,600	- \$0
Aids to Individuals or Organizations	\$38,780,800	- \$0
TOTAL State Costs by Category	\$64,634,700	- \$0
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$40,073,500	- \$0
FED	\$24,561,200	- \$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
TOTAL State Revenues:	\$0	- \$0

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
Net Change in Costs:	\$64,634,700	\$0
Net Change in Revenues:	\$0	\$0

Agency/Prepared by:(Name & Phone No.) DWD / James Baker 266-1123	Authorized Signature/Telephone No. 	Date 2-25-00
---	--	-----------------