

Fiscal Estimate Narratives
DWD 3/1/2004

LRB Number	03-3564/1	Introduction Number	SB-308	Estimate Type	Original
Subject					
Medical Assistance family planning demonstration project eligibility change, effective 7/1/04					

Assumptions Used in Arriving at Fiscal Estimate

W-2 PAID PARTICIPANT COSTS

Funding estimates were based on the following assumptions

- Without the waiver 15, 16, 17 year olds would not receive family planning services and would become parents eligible for W-2 Community Service Job (CSJ) W-2 Transition (W2-T) placement services at age 18.
- Effect on W-2 program would be 1 year behind DHFS implementation of non-waiver activities. In addition, financial impact was calculated based on the year the individual would be 18 years of age and eligible for CSJ/W-2T services. (e.g. cost of additional 17 year olds will not occur until 1 year later, for the W-2 program; 16 year olds 2 years later; 15 year olds 3 years later).
- The increase in non-waiver participants is calculated based on the number of CSJ/W-2T placements using the 2003 data by specific age group. (The participants' age at parenthood was identified using the age of the eldest child).
- The above number was used as the standard baseline of activity with the waiver in effect. The additional CSJ/W-2T participants due to non-family planning service/without waiver was calculated using the DHFS annual ratio of births with the waiver less the number of births without the waiver, divided by the number of births without waiver. This was used to calculate the estimated percentage increase of births due to removal of the waiver and therefore the increased number of individuals with children eligible for CSJ/W-2T services at age 18.

Example: DHFS Year 2 - # of Births with waiver = 363

DHFS Year 2 - # of Births without waiver = 1110

DWS number of CSJs 17 years of age (2003 data) = 284

$(1110-363)/1110 \times 284 = 191$ additional participants due to removal of the waiver. Total number of participants without the waiver would equal 284 (current participants) plus 191 (anticipated additional participants) for a total of 475 CSJ/W-2T participants.

Annualized cost for the additional 191 participant services was calculated using the \$673 for CSJ per month (\$8,076 annual) cost and for W-2T was calculated using the \$628 per month (7,536 annual) cost.

With the Waiver

Year 1	Year 2	Year 3	Year 4	Year 5
CSJ No effect	\$2,293,600	\$3,020,400	\$3,270,800	\$3,270,800
W-2T No effect	\$ 105,500	\$ 143,200	\$ 180,900	\$ 180,900
Total No effect	\$2,399,100	\$3,163,600	\$3,451,700	\$3,451,700

Without the Waiver

Year 1	Year 2	Year 3	Year 4	Year 5
CSJ No effect	\$3,836,100	\$5,071,700	\$5,499,800	\$5,499,800
W-2T No effect	\$ 173,300	\$ 233,600	\$ 301,400	\$ 301,400
Total No effect	\$4,009,400	\$5,305,300	\$5,501,200	\$5,501,200

Additional Cost due to increased W-2 CSJ and W-2 T participants

Year 1	Year 2	Year 3	Year 4	Year 5
CSJ No effect	\$1,542,500	\$2,051,300	\$2,229,000	\$2,229,000
W-2T No effect	\$ 67,800	\$ 90,400	\$ 120,600	\$ 120,600
Total No effect	\$1,610,300	\$2,141,700	\$2,349,600	\$2,349,600

Projected increased cost to the W-2 program would be more than if the waiver services were available to the 15 to 17 year olds.

CHILD CARE SUBSIDY COSTS

Child care subsidies (Wisconsin Shares) are available to families whose income does not exceed 185% of the appropriate federal poverty level (initial eligibility) and 200% of the appropriate federal poverty level (continuing eligibility). To the extent that births to 15 to 17 year olds would increase, there is an estimated increase in the number of minor parents seeking childcare. Infant and toddler childcare is the most expensive kind of subsidized childcare.

The average amount that Wisconsin Shares paid in January 2004 for care to children birth to 2 years old is \$605; 448 minor parents received Wisconsin Share benefits in January 2004. Approximately 60% of W-2 participants receive childcare assistance. The 60% was applied to the additional W-2 participants to estimate the costs.

With the Waiver Year 1 Year 2 Year 3 Year 4 Year 5
Child Care No effect \$1,298,100 \$1,711,900 \$1,868,700 \$1,868,700

Without Waiver Year 1 Year 2 Year 3 Year 4 Year 5
Child Care No effect \$2,169,300 \$2,870,600 \$3,140,700 \$3,140,700

Additional Cost due to more W-2 participants requiring child care assistance
Year 1 Year 2 Year 3 Year 4 Year 5
Child care No effect \$ 871,200 \$1,158,700 \$1,272,000 \$1,272,000

The total estimated cost due to the increased number of W-2 participants is:
Year 1 Year 2 Year 3 Year 4 Year 5
CSJ No effect \$1,542,500 \$2,051,300 \$2,229,000 \$2,229,000
W-2T No effect \$ 67,800 \$ 90,400 \$ 120,600 \$ 120,600
Child care No effect \$ 871,200 \$1,158,700 \$1,272,000 \$1,272,000
TOTAL No effect \$2,481,500 \$3,300,400 \$3,621,600 \$3,621,600

Minor parents (their parents' income is also used in determining eligibility) may receive childcare benefits. The funding estimate does not include the cost for child care assistance for minor parents (prior to age 18 when eligible for W-2 services).

LOCAL ADMINISTRATIVE AND SERVICES COSTS

W-2 Agency administration and service costs were calculated based on W-2 contracts for the period of 1/1/2002 - 12/31/2003. These costs were annualized using one half of W-2 Agency Administrative Cost (\$21,387,387) and W-2 Agency Service costs (\$121,688,684) for the period 1/1/02-12/31/03; identifying the number of unduplicated Paid/Unpaid W-2 participants (27,308) and determining an average per participant cost (\$5,239.35). This average per participant cost was multiplied by the number of anticipated additional participants (191) to identify the additional administrative cost \$1,000,714. This amount was added to the average of the five year service costs \$2,605,200. This combined total \$3,605,914 is anticipated to cost an additional 30% against GPR (\$1,081,774) and 70% (\$2,524,140) against Federal funding.

No cost estimate was made for those in unpaid placements.

Long-Range Fiscal Implications

- Teen mothers are less likely to complete high school (only one-third receive a high school diploma) and only 1.5% have a college degree by age 30. Teen mothers are more likely to end up on welfare (nearly 80 percent of unmarried teen mothers end up on welfare).
- The children of teenage mothers have lower birth weights, are more likely to perform poorly in school, and are at greater risk of abuse and neglect.
- The sons of teen mothers are 13 percent more likely to end up in prison while teen daughters are 22 percent more likely to become teen mothers themselves.

Source - Teen Pregnancy Prevention: National Teen Pregnancy and Birth Data ;V General Facts and Stats., teenpregnancy.org.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-3564/1		Introduction Number SB-308	
Subject			
Medical Assistance family planning demonstration project eligibility change, effective 7/1/04			
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 funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance	3,605,914		
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$3,605,914		\$
B. State Costs by Source of Funds			
GPR	1,081,774		
FED	2,524,140		
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, ets.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$3,605,914		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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