

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-4001/5	Introduction Number AB-921
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Subject
 Transitional jobs demonstartion project

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input checked="" type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 445(3)(md)	

Agency/Prepared By DWD/ James Bates (608) 266-1123	Authorized Signature JoAnna Richard (608) 266-3131	Date 3/2/2004
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Fiscal Estimate Narratives

DWD 3/2/2004

LRB Number	03-4001/5	Introduction Number	AB-921	Estimate Type	Original
Subject					
Transitional jobs demonstration project					

Assumptions Used in Arriving at Fiscal Estimate

This bill directs DWD to create and implement a subsidized work program as a demonstration project for trial jobs under the Wisconsin Works (W-2) program. The demonstration is to be run from July 1, 2004 to December 31, 2005 in no more than four W-2 geographic areas and with no more than 1,000 participants. Under the project, a W-2 agency pays a wage subsidy and reimburses federal social security taxes, state and federal unemployment contributions, and worker's compensation insurance premiums to employers that employ a project participant and that agree to make a good faith effort to retain the participant as an unsubsidized employee after the wage subsidy ends if the participant successfully completes participation in the project.

This bill further requires that DWD request funding for the project from the Joint Committee on Finance and provide a detailed budget and implementation plan to the Committee. Additionally, DWD will be required to submit a series of three reports to the Legislature that describe the project participants, the number offered permanent jobs by the employer, the average cost per participant, a follow-up on the employment status of the participant after they leave the project, and an accounting of project expenditures.

Assuming a total of 1,000 participants through the life of the demonstration project, the Department estimates the cost of the subsidized wages to be \$4,000,500 (\$3,172,600 in SFY05 and \$827,900 in SFY06) for the eighteen month period. This calculates the cost of each participant at Minimum Wage (\$5.15) for 30 hours per week for six months with a utilization rate of 90 percent and includes the costs of the employer's contribution to Social Security, state and federal unemployment contributions, and worker's compensation insurance premiums. This estimate also assumes that the decreased costs associated with participants that leave the program prior to six months will equal the increased costs associated with participants that are granted extensions of up to three months.

The Department also estimates a cost of \$302,100 (\$239,600 in SFY05 and \$62,500 in SFY06) associated with ongoing mentoring costs for the participant at an assumed rate of \$50 per month per participant. Additionally, the Department estimates a cost of up to \$2,000,000 (\$1,333,300 in SFY05 and \$666,700 in SFY06) for the support of an optional intermediary function which will maintain the tracking, assignment, case management, and subsidized employment administration of the participants. These service related costs represent approximately 37 percent of the overall cost of the project, whereas the cost of similar services under the W-2 program represent approximately 43 percent of the W-2 program as a whole.

Costs associated with Department administration for the purposes of statistical and financial reporting will be absorbed within the Department's existing budget.

Pursuant to action taken at the December 16th s. 13.10 Wisconsin Statutes meeting, the Joint Committee on Finance transferred \$15,734,800 from DWD's appropriation s. 20.445(3)(md) to the Joint Committee on Finance's supplemental appropriation s. 20.865(4)(m). The Department, under the direction of this bill, would request funding for this project to be transferred from s. 20.(865(4)(m) back to the Department's appropriation s. 20.445(3)(md).

Long-Range Fiscal Implications

As this is a demonstration project with a certain time period, there is no long range fiscal implication.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
Transitional jobs demonstration project			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
The demonstration project directed by this bill is for a specified amount of time and thus is a one time cost of \$6,302,600 for the eighteen month period. Of that amount, \$4,745,400 will be in State Fiscal Year 2005.			
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			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
GPR			
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		\$	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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