

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-4477/2	Introduction Number AB-0898	
Description Trial job program and transitional jobs demonstration project and making an appropriation		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <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		
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 20.437 (2)(md)		
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Fiscal Estimate Narratives

DCF 4/13/2010

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Description Trial job program and transitional jobs demonstration project and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill modifies the W-2 Trial Jobs program and expands the Transitional Jobs Demonstration project beyond the current 2,500 slots in pilot counties on a temporary basis with funding from the federal TANF Emergency Contingency Fund (ECF), as long as those funds are available. The bill allocates \$60 million FED for these purposes in both SFY 10 and SFY 11. Under current federal law, Wisconsin is eligible to earn a maximum of \$94.35 million in TANF ECF through Sept. 30, 2010. Of this amount, \$5.6 million was allocated as part of the 2009-11 biennial budget.

Under current law, a W-2 recipient may participate in a Trial Job that pays at least the minimum wage from the employer for up to 40 hours of work per week, with the W-2 agency paying the employer a wage subsidy of up to \$300 per month. Under this bill, an individual in both the Trial Jobs program and the Transitional Jobs demonstration may participate for a maximum of 1,040 hours actually worked and is paid by the employer at not less than the minimum wage. An employer who employs an individual under either of these programs for at least 20 hours per week at a location in this state is eligible to receive a subsidy equal to the wages actually paid to the individual, up to 40 hours per week at the minimum wage. The bill also requires the Department to report quarterly to the Joint Committee on Finance on the progress in implementing the temporary expansion of the Trial Jobs program and the Transitional Jobs demonstration program.

The number of W-2 recipients receiving cash assistance totaled 9,649 in January 2010. The number of Trial Jobs participants varies by month, with an average of 10 over the past 6 months, which equates to an annual cost of trial jobs subsidies of about \$36,000 annually, or \$3,600 per slot at the \$300 monthly maximum reimbursement rate. With the changes in this bill, the annual costs for trial jobs and transitional jobs slots would range from \$8,000 per slot at 20 hours per week to \$16,000 per slot at 40 hours per week, including the cost of payroll taxes.

Local W-2 agency expenditures for job development and supervision are estimated at 33% of the cost of the placement, or up to \$5,300 annually per slot. These estimates are based on actual expenditures experienced by other states operating subsidized employment programs for both their TANF population and also the harder to serve persons who may be eligible for Transitional Jobs.

In addition, the Department estimates that it will need 4.0 FTE project positions to implement the transitional jobs program and the changes to the trial job program at an estimated annual cost of \$349,200.

It is unknown how many trial jobs and transitional jobs slots will be available from employers. If it is assumed that the full \$60 million is available for these two programs on an annual basis, the number of slots that could potentially be funded would range from 2,800 (5,600 participants) at the 40 hour per week rate to 5,600 (11,200 participants) at the 20 hour per week rate, if the slots were obtainable.

Long-Range Fiscal Implications