

### Fiscal Estimate - 2017 Session

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>17-5213/1</b>	Introduction Number <b>AB-0002 (JR8)</b>
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**Description**  
 statewide FoodShare employment and training program requirement for able-bodied adults

**Fiscal Effect**

**State:**

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

**Local:**

<input type="checkbox"/> No Local Government Costs		<b>5. Types of Local Government Units Affected</b> <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
<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	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	s. 20.435(4)(a), (bm), (bn), (bp), (n), (nn), (np), and (pa)

<b>Agency/Prepared By</b> DHS/ Thomas Kelly (608) 266-0734	<b>Authorized Signature</b> Andy Forsaith (608) 266-7684	<b>Date</b> 1/30/2018
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## Fiscal Estimate Narratives

DHS 1/30/2018

LRB Number 17-5213/1	Introduction Number AB-0002 (JR8)	Estimate Type Original
<b>Description</b> statewide FoodShare employment and training program requirement for able-bodied adults		

### Assumptions Used in Arriving at Fiscal Estimate

This bill would require able-bodied adults to complete a work requirement in order to maintain eligibility for the FoodShare program as allowable under federal law beginning on October 1, 2019.

State and federal law provide several exemptions from this work requirement such as people who are pregnant, students, over 50 years of age, medically certified as physically or mentally unfit for employment, caretakers of children under the age of six, or otherwise exempt under federal law.

This bill would have the effect of extending work requirements to households with school-aged children. Households without any children are already subject to the work requirement for able-bodied adults without dependents (ABAWDs).

In September 2017, there were 110,238 children ages 6 to 18 living in 61,289 households with no children ages 0 to 6. Of these households, 34.8% are in Milwaukee County, 0.2% received eligibility determination through a tribal income maintenance (IM) agency, and 65.0% received eligibility determination through an IM consortium.

In the first year of the ABAWD policy, 79,399 ABAWDs were referred to the FoodShare Employment and Training (FSET) program. Of those, 43,585 ABAWDs lived outside Milwaukee County. During that same period and annually thereafter, the legislature appropriated \$4,730,100 AF to IM consortia and tribal IM agencies as a supplement to fund workload related to the ABAWD requirement. (The ABAWD supplement was absorbed into the base IM contracts for calendar year 2018.) This works out to \$108.53 per referral. Using this as a starting point, the IM costs would total \$6,651,300 AF annually under this bill. Of this total, \$4,337,300 AF (\$2,165,100 GPR and \$2,172,200 FED) would be needed for consortia and tribal costs. The remaining \$2,314,000 AF (\$1,157,000 GPR and \$1,157,000 FED) would be needed for Milwaukee Enrollment Services (MilES). MilES would also require 33.82 FTE positions to manage this workload.

Of 61,289 households who would be screened for compliance with the work requirement, the Department (DHS) anticipates that 14,096 referrals will meet the work requirement by enrolling and participating in the FSET program. This rate of enrollment is twice as high as the rate experienced during the implementation of the ABAWD policy; however, it is assumed that a higher percentage of able-bodied adults with school-age dependents will choose to participate in FSET.

There are currently 7,988 voluntary participants in the FSET program who account for an estimated \$28,458,800 AF of FSET costs. This estimate assumes that half of those participants (3,994) would be required to participate under this proposal, that they are currently participating for 12 hours per week and would increase to 20 hours per week required by the proposal. It also assumes that 20% of FSET agency costs are fixed and do not vary by enrollment. As a result, 3,994 current participants would increase their hours of participation by 8 hours per week at a cost of \$7,589,000 AF (\$28,458,800 AF x 50% (half of non-ABAWD participants) x (20 hours per week / 12 hours per week - 1) x 80% (100% of costs minus 20% fixed costs = \$7,589,000).

This estimate assumes that the remaining 10,102 participants estimated in this fiscal estimate are not currently enrolled in FSET. In federal fiscal year 2017, contract vendor expenses for supportive services averaged \$332.79 per member per month, or \$3,993.48 per member annually. The annual increase in FSET vendor contracts from these 10,102 new participants is estimated at \$40,342,100 AF.

The total increased cost for FSET vendor contracts is estimated at \$47,931,100 (\$23,965,550 GPR and \$28,147,000 FED).

The bill will require significant upgrades to the Client Assistance for Reemployment and Economic Support (CARES) system. These changes will be on par with the changes made to the system for the ABAWD policy. These implementation costs are estimated at \$5,625,000 AF (\$2,812,500 GPR and \$2,812,500 FED).

The Department will also require 1.5 FTE positions at a cost of \$145,900 AF (\$72,950 GPR and \$72,950 FED) during implementation and \$135,900 AF (\$67,950 GPR and \$67,950 FED) annually thereafter. This assumes an hourly rate of \$29.37, a fringe rate of 42.75%, and supplies and services costs. The reason that the total costs are higher in the implementation year is that some supply costs, such as computer equipment and office furniture, are one-time costs. In addition, the Department will require \$59,300 AF (\$29,650 GPR and \$29,650 FED) in one-time state staff development costs.

The cost to develop training materials for IM workers is estimated at \$12,700 AF (\$6,350 GPR and \$6,350 FED) during implementation and \$700 AF (\$350 GPR and \$350 FED) annual thereafter.

FSET participants are eligible for services under the Wisconsin Shares program administered by the Department of Children and Families (DCF). Since FSET is eligible for a 50% federal reimbursement for child care expenses, these DCF costs will be eligible for a 50% federal match. The DHS will need to coordinate with DCF to monitor Shares costs associated with FSET participant in order to claim the 50% federal match from the federal Food and Nutrition Service (FNS). The impact of this additional federal claiming is indeterminate at this time but will not impact the Department's GPR appropriations.

Finally, it is important to note that 2017 Act 59 appropriated \$4,236,400 GPR in the Joint Finance Committee's supplemental appropriation for a pilot program. If the committee releases this funding, it would cover the costs of implementing this proposal but not the ongoing operational costs.

The total one-time implementation cost of this proposal is estimated at \$5,842,900 (\$2,921,450 GPR and \$2,921,450 FED).

### **Long-Range Fiscal Implications**

The annual ongoing operational costs associated with this proposal are \$54,719,100 AF (\$27,356,000 GPR and \$27,363,100 FED). With the effective date of October 1, 2019, the cost in state fiscal year 2020 is estimated at \$42,736,300 AF (\$21,364,600 GPR and \$21,371,700 FED).

## Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original     
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<b>LRB Number</b> <b>17-5213/1</b>	<b>Introduction Number</b> <b>AB-0002 (JR8)</b>
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**Description**  
 statewide FoodShare employment and training program requirement for able-bodied adults

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

The total one-time implementation cost of this proposal is estimated at \$5,842,900 (\$2,921,450 GPR and \$2,921,450 FED).

<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs

A. State Costs by Category		
State Operations - Salaries and Fringes	\$135,900	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance	6,652,000	
Aids to Individuals or Organizations	47,931,200	
<b>TOTAL State Costs by Category</b>	<b>\$54,719,100</b>	<b>\$</b>

B. State Costs by Source of Funds		
GPR	27,356,000	
FED	27,363,100	
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		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>

NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$54,719,100	\$
NET CHANGE IN REVENUE	\$	\$

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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