



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #852

### *Temporary Assistance for Needy Families (TANF)*

### **Trial Jobs Plus Demonstration Project (DWD -- Economic Support and Child Care)**

[LFB 2005-07 Budget Summary: Page 553, #10]

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#### **CURRENT LAW**

Local Wisconsin Works (W-2) agencies assign W-2 participants to either unsubsidized employment or one of three types of subsidized employment. Placement in unsubsidized employment takes precedence over placement in subsidized employment. If a W-2 agency determines that placement in an unsubsidized job is inappropriate, the individual is placed in a subsidized employment position. Types of subsidized employment, which are described below, include the following, in order of priority placement: trial jobs, community service jobs (CSJs), and transitional placements. All subsidized employment benefits are paid by W-2 agencies.

*Trial Jobs.* Trial jobs provide work experience and training to assist W-2 participants to move into unsubsidized employment. Under a trial job placement, the employer is required to pay the W-2 participant at least minimum wage (either state or federal, whichever is applicable), provide worker's compensation coverage, and make good faith efforts to retain the participant as a permanent, unsubsidized employee after the wage subsidy is terminated. The W-2 agency pays a wage subsidy to the employer, not exceeding \$300 per month for full-time employment. Subsidies are prorated to reflect the actual hours worked if hours are missed or if employment is less than full-time. There is no maximum number of work hours. Trial jobs may include education and training activities prescribed by the employer as an integral part of the work performed in the placement. The hours spent in these education and training activities are included in determining the number of hours of work. Participation is limited to three months, which may be extended on a case-by-case basis for up to 24 months.

*Community Service Jobs.* Community service jobs provide work experience and training to assist participants to move into unsubsidized employment or trial jobs. CSJs are limited to projects that the Department of Workforce Development (DWD) determines serve a useful public purpose, or to projects for which the cost is partially, or wholly, offset by revenue generated by such projects. Participants may be required to work up to 30 hours per week. CSJs may include education and training activities assigned as part of an employability plan. Generally, education and training activities are limited to 10 hours per week, for a total of up to 40 hours per week for both work and education and training activities. CSJ participants receive a \$673 monthly grant paid by the W-2 agency. The grant is reduced by \$5.15 for every hour of work, education, or training missed without good cause. Benefits are prorated for individuals who work less than 20 hours per week. Generally, participation in a CSJ is limited to six months. Individuals may participate in more than one CSJ, but generally may not exceed 24 months in combined CSJ participation, which may be extended on a case-by-case basis.

*Transitional Placements.* W-2 transitional placements are for individuals who have additional barriers to employment, and who are determined to meet one or more of the following eligibility requirements: (a) on the basis of an independent assessment by the Division of Vocational Rehabilitation in DWD or a similar agency or business, it is determined that the individual has been, or will be, incapacitated for at least 60 days; (b) the individual is needed at home because of illness or incapacity of another member of the W-2 group; or (c) the individual is incapable of performing a trial job or a CSJ. Persons assigned to transitional placements are assigned work activities, such as a community rehabilitation program, a job similar to CSJ, or a volunteer activity. Placements may also include the same education and training activities as allowed for a CSJ. In addition, a participant may be required to participate in certain types of counseling, therapy, or other activities that the W-2 agency believes are consistent with the individual's capabilities. Generally, transitional placements may be required to engage in work activities (including counseling or other activities) for up to 28 hours per week, and to participate in education and training for up to 12 hours per week, for a total of up to 40 hours per week. Transitional placement participants receive a monthly grant of \$628 paid by the W-2 agencies. As with CSJs, benefits are reduced by \$5.15 for each hour of required activity missed, without good cause, and prorated if the individual participates less than full-time. Generally, participation in a transitional placement is limited to 24 months, which need not be consecutive, and may be extended on a case-by-case basis.

Persons in CSJs and transitional placements may be allowed to allocate more than the maximum hours per week for education in order to participate in a technical college program under the following circumstances: (a) the W-2 agency, in consultation with the community steering committee required under W-2, and the technical college district board, determines that the technical college education program is likely to lead to employment; (b) the participant maintains full-time status in the technical college education program and regularly attends all classes; (c) the participant maintains a grade point average of at least 2.0, or the equivalent; and (d) the participant is employed or engages in a CSJ or transitional placement for at least 25 hours per week.

While participation in each type of employment position is limited to a maximum of 24 months, which need not be consecutive, DWD or a W-2 agency may grant an extension to the 24-month time limit on a case-by-case basis. The total length of time an individual who is 18 years of age or older, or any adult in the individual's W-2 group, may participate in W-2 employment positions is limited to 60 months, which need not be consecutive. The 60-month limit may be extended only if the W-2 agency determines, in accordance with DWD rules, that unusual circumstances exist that warrant an extension.

*EITC and Homestead.* Under current law, participants in CSJs and transitional placements under W-2 do not qualify for the federal or state earned income tax credit (EITC) because they receive monthly grants rather than wages. Under the current homestead credit provisions, property taxes or rent used in calculating the credit must be reduced by one-twelfth for each month in which an individual participates in a W-2 CSJ or transitional placement. Participants in trial jobs qualify for the federal and state EITC and for the homestead credit under current law.

## **GOVERNOR**

Require DWD to design and conduct a pilot project for a trial jobs plus program from January 1, 2006, to June 30, 2007. The pilot project would include the following:

*Participants.* Limit the project to 1,000 participants.

*Location.* Conduct the project in at least one of the geographical areas established by DWD in Milwaukee County and in at least two geographical areas outside of Milwaukee County.

*W-2 Agencies and Intermediaries.* Authorize W-2 agencies to contract with an intermediary that would act as: (a) a placement agency; (b) an employer of record of a participant; or (c) a provider of supportive services, including coaching, mentoring, counseling, or job placement services.

*Wage Subsidy.* Require a W-2 agency or an intermediary to pay a wage subsidy to a participating employer in an amount that does not exceed the federal minimum wage (currently \$5.15 per hour) for 30 hours of work per week. Wage subsidy payments would continue until the participant completes participation in the pilot project, for any participant who is accepted into the program before June 30, 2007. Training activities prescribed by the employer consistent with training provided to other employees at the worksite could be considered work for purposes of calculating the wage subsidy.

*Employer Reimbursement.* Require the W-2 agency or intermediary, in addition to the wage subsidy, to reimburse the employer for up to 100 percent of all of the following costs related to the participant's employment: (a) federal social security taxes; (b) state and federal unemployment contributions or taxes, if any; and (c) worker's compensation insurance

premiums, if any. Reimbursement of these costs would continue until the participant completes the pilot project, for any participant accepted into the program before June 30, 2007.

*Employers.* Require an employer that employs a participant and receives a wage subsidy to agree to make a good faith effort to retain the participant as a permanent unsubsidized employee after the wage subsidy ends if the participant successfully completes participation. If the participant were not retained, the employer would be required to agree to serve as an employment reference for the participant or provide to the W-2 agency, or its intermediary, a written performance evaluation of the participant, including recommendations for improvements.

*Time Limits.* Limit participation in the pilot project to a maximum of six months. Participation could be extended for up to three months.

*Child Care Subsidy Eligibility.* Expand eligibility for a child care subsidy to participate in education or training activities to include pilot project participants. Under current law, W-2 participants placed in trial jobs, CJSs, or transitional jobs are eligible for child care subsidies to participate in education or training activities.

*Trial Jobs and Trial Jobs Plus.* Apply all provisions of the statutes related to the trial job program to the trial jobs plus pilot project. As a result, the employer would provide worker's compensation coverage, the participant would have to meet the nonfinancial and financial eligibility requirements of other W-2 employment placements, and the participant would receive at least minimum wage.

*Other Statutory Changes.* Create an exemption from the statutory definition of rule to specify that the statutory definition would not apply to the pilot project. This exemption would be repealed on July 1, 2007, after the completion of the project.

*Delete Nonstatutory Provision.* Delete a nonstatutory provision in 2003 Act 33 (the 2003-05 biennial budget) that directed the DWD Secretary to continue the creation and implementation of a subsidized W-2 work program. This provision referred to a new work category under W-2 -- transitional subsidized private sector jobs.

*EITC and Homestead.* Although the federal Internal Revenue Service would make the ultimate determination, the administration believes that participants in the pilot project would qualify for the federal EITC. If that is the case, participants would also qualify for the state EITC. Participants would also qualify for the state homestead tax credit, regardless of whether they qualify for the EITC.

*Development Zones Tax Credits.* Specify that the wage subsidies and other reimbursements received by an employer of a trial jobs plus participant would have to be subtracted in determining the amount of development zone jobs credit that could be claimed by the employer for members of target groups. This treatment applies to the wage subsidy provided under the current trial jobs program.

## DISCUSSION POINTS

1. Federal rules regarding the temporary assistance for needy families (TANF) block grant authorize states to pay wages and provide supportive services to recipients in lieu of a cash grant. These subsidized employment programs are generally called transitional jobs programs. In Wisconsin, there is currently a W-2 employment placement referred to as a W-2 transitional placement. However, as indicated above, the W-2 transitional placement is intended for participants who have more extensive barriers to employment than other TANF participants. Instead, in Wisconsin, the trial jobs component of W-2 most closely resembles a transitional jobs program.

2. Based on information provided by the National Conference of State Legislatures, as of December, 2004, 42 states had some sort of subsidized transitional jobs program, although few use this option on a large scale. Most of the programs are locally-based, serving a city or county. One of the largest statewide programs is in the State of Washington, which has served an estimated 9,700 participants since 1998.

3. While programs may vary, the main premise of transitional job programs is that the jobs are real jobs in which participants earn an hourly wage from their employer. Because participants earn a wage instead of a grant, as is the case under other welfare-type programs, they are eligible to receive the federal earned income tax credit.

4. Transitional jobs programs also tend to have the following characteristics: (a) provide a realistic experience of looking for and holding a job; (b) participants are closely monitored to ensure they have real responsibilities, receive training, and make real contributions to their employers; (c) are limited in time so that participants have an opportunity to gain marketable experience and skills, without losing incentive to find permanent employment; and (d) work is often concentrated in non-profit organizations, because the organizations are willing to provide supervision and training to participants in exchange for employees that they would not otherwise be able to afford.

5. Proponents of transitional jobs programs indicate that participation in a real employment experience, in addition to drawing additional income through the earned income tax credit, allows participants to: (a) obtain a work history; (b) increase job skills; (c) earn higher wages upon program completion; and (d) have psychological benefits from being treated like any other worker, as opposed to a welfare recipient.

6. In Wisconsin, the trial jobs placement was created under the W-2 program as a step in the W-2 ladder to provide individuals with private sector employment experience to help them obtain unsubsidized employment. However, because the trial job program has had very low participation, the program has failed to provide W-2 participants the bridge to unsubsidized employment that was intended.

7. The Governor's 2003-05 budget bill introduced a new work category under W-2, subsidized private sector transitional jobs. This work category was intended to be an additional way

to reach the overall goal of W-2 to help low-income adults secure unsubsidized employment in the private sector and increase their earnings. This would have been a permanent work category, rather than a demonstration project. Transitional subsidized private sector jobs would have reimbursed employers for wages, federal social security taxes, state and federal unemployment contributions or taxes, worker's compensation insurance premiums, liability insurance premiums, and supervisory costs and other overhead. Participants would have been paid minimum wage for the hours worked, for a maximum of 30 hours per week, and would have qualified for the EITC and homestead tax credit.

8. The Legislature deleted this proposal for transitional subsidized private sector jobs. Instead, the Legislature directed a DWD taskforce to continue its work reviewing and researching the creation and implementation of this work category and submit separate legislation based on its findings and recommendations. The Governor vetoed the requirement that the DWD taskforce continue to review and research the creation and implementation of a subsidized work program and propose legislation. The veto, through a nonstatutory provision, directed the Secretary of DWD to continue the creation and implementation of a subsidized work program under W-2.

9. Subsequently, the Joint Committee on Finance adopted a motion directing DWD to discontinue implementation of this program unless separate legislation is enacted that specified eligibility criteria, employer reimbursements, details regarding the employer-employee relationship between the participant and the employer, and other program parameters. The Governor vetoed this action, but the Committee overrode the Governor's veto.

10. The Governor's budget bill would implement a similar program as a demonstration project, the trial jobs plus demonstration project. Rather than establishing a permanent work category, the bill would establish this project in three of the state's geographic areas, one in Milwaukee County, for 1,000 participants between January 1, 2006, through June 30, 2007. In addition, the bill would delete the nonstatutory provision that directed the Secretary of DWD to continue the creation and implementation of a new subsidized work program under W-2.

11. The bill provides a framework for the demonstration project. However, the details of implementation of the project are left to DWD. The bill does not specify which geographic regions, other than one in Milwaukee County, which W-2 agencies, or which employers would be involved in the project. Any requirements established by DWD for the project would not fall under the statutory definition of "rule," so that DWD would not have to undergo the usual rules process to promulgate the design and implementation of the demonstration project.

12. DWD has indicated that the trial jobs plus demonstration project would be part of the request-for-proposals (RFP) process for the 2006-2007 W-2 agency contracts. Selection of the W-2 agencies for participation in the demonstration project would be determined through the RFP process. DWD expects the RFP to be released in June, 2005. W-2 participants for the demonstration project would be chosen by the selected W-2 agencies through the assessment process. Participating employers would be consulted to find the best match from the W-2 participants determined eligible for the demonstration project.

13. The current trial job placement under the W-2 program is similar to the trial jobs plus demonstration project in that it is intended to give participants real work experience in the private sector. Under the trial jobs placement, W-2 agencies pay a wage subsidy to the employer of \$300 per month for full-time employment. The employer is required to pay the individual at least minimum wage, and make a good faith effort to retain the participant as a permanent, unsubsidized employee after the wage subsidy is terminated.

14. As of February, 2005, there were only 22 participants in trial jobs, out of a total cash benefits caseload of 10,116. According to DWD, employers have not been interested in trial jobs, because: (a) employers find the paperwork involved extensive; (b) the \$300 monthly wage subsidy does not cover costs of hiring W-2 participants and does not compensate for the extra time employers might have to spend with W-2 participants because of additional problems they may bring to the workplace; and (c) participants lack necessary job skills.

15. Proponents of the trial jobs plus program indicate that the trial jobs plus project could fill the gap of the trial job placement in the W-2 program. Because employers would be reimbursed for a greater portion of their costs of employing the W-2 participant, more employers would be interested in the program.

16. DWD indicates that trial jobs plus could advance the recent aggressive efforts to quickly attach participants to the workforce and would enhance the existing trial jobs program to provide added incentives for employers to serve as trial job worksites and to make trial job participation a more effective path to permanent unsubsidized employment. These enhancements would include: (a) extending the time limit from three months for a trial job to six months for a trial jobs plus placement (both can be extended by an additional three months); (b) increasing the subsidy payable to the trial job employer from \$300 per month to a monthly amount equal to the cost of the participant's wages (maximum of 30 hours per week at the federal minimum wage, currently \$5.15 per hour), federal social security taxes, unemployment insurance contributions, and worker's compensation premiums; and (c) intensifying employer recruitment and participant case management through W-2 agencies or their intermediaries.

17. DWD also indicates that the demonstration project would allow a limited testing of the overall concept of a trial jobs plus work category with the ability to identify potential implementation challenges before it would become a permanent, statewide program.

18. The wage cost for an individual in a trial jobs plus placement, working 30 hours per week (the maximum number of hours allowed under the bill) would average \$671 per month. Based on the budgeted amount of \$564 per W-2 employment position participant per month under the bill, the budgeted amount would cover 84% of the employer's wage costs. This does not include reimbursement for any other employer costs, such as taxes, unemployment insurance, or worker's compensation. The current average monthly benefit level is \$585.80. If the amount of funding budgeted under the bill were adjusted to reflect the current average payment, the funding would cover approximately 87% of employers' wage costs.

19. The bill provides no funding for the demonstration project. Therefore, the three geographic areas chosen to participate in the demonstration project would fund wage subsidies and employer reimbursement through their allocations under the 2006-2007 W-2 agency contracts. Under the bill, the 2006-2007 W-2 agency contracts would be funded at a level that would serve a monthly cash benefit caseload of 7,500. As indicated, the cash benefit caseload in February, 2005, was 10,116.

20. It is assumed that the 1,000 participants in the trial jobs plus demonstration project would otherwise be placed in a CSJ if there were no demonstration project. As noted above, employers would be provided wage subsidies for a maximum amount of the employee's wages for 30 hours per week at minimum wage and would be reimbursed for up to 100% of the following: (a) federal social security taxes; (b) state and federal unemployment contributions or taxes, if any; and (c) worker's compensation insurance premiums, if any. The table below compares the estimated cost of a participant placed in the demonstration project to the estimated cost of placing the participant into a CSJ. The comparison addresses the costs to W-2 only. Therefore, costs due to the EITC and the homestead credit are not included. The estimate assumes no sanctions for the CSJ participant and assumes the maximum wage subsidy and reimbursements allowable under the demonstration project. Because participation in the demonstration project is limited to six months, the costs are projected over a six-month period.

**TABLE 1**

**Cost Comparison Between Community Service Jobs (CSJ) and Trial Jobs Plus  
(Six Month Placement)**

	<u>CSJ</u>	<u>Trial Jobs Plus</u>
Cash Benefit	\$4,038	\$0
Wages	0	4,028
Payroll Taxes	0	308
Worker's Compensation	162	161
Unemployment Insurance	<u>0</u>	<u>121</u>
Total	\$4,200	\$4,618

21. As shown in Table 1, it would cost \$418 more per participant to place a W-2 participant in a trial jobs plus position rather than a CSJ position. Therefore, for 1,000 participants, it would cost an additional \$418,000. The Committee could provide an additional \$418,000 for the 2006-2007 W-2 agency contracts to be distributed to the three W-2 agencies that participate in the demonstration project. Assuming 250 participants in 2005-06, as the demonstration project is implemented, and 750 participants in 2006-07, the Committee could provide \$104,500 in 2005-06 and \$313,500 in 2006-07.

22. However, although the cost for a CSJ placement over a six-month period would be \$4,200, the Governor budgets an average W-2 employment benefit amount of \$564 per participant

per month under the bill, or \$3,384 over a six-month period. Therefore, a trial jobs plus position could cost \$1,234 more per person than the amount included in the budget for a CSJ position. As a result, for 1,000 participants, it could cost an additional \$1,234,000. The Committee could provide \$308,500 in 2005-06 and \$925,500 in 2006-07.

23. As indicated above, under the trial jobs plus demonstration project, participants would be paid a wage by the employer for no more than 30 hours per week. Because participants would earn wages instead of a grant, participants could be eligible for the federal earned income tax credit.

24. While the ultimate determination as to whether the wages under the program would qualify for the EITC would be made by the federal Internal Revenue Service, based on a 1999 notice issued by the IRS and information regarding similar programs in other states, it does appear that trial jobs plus wages would qualify for the EITC. Drawing these funds would not only benefit the individuals, but also local and state economies. Since the program would begin January 1, 2006, most of the additional federal revenues would not be realized until state fiscal year 2006-07. Based on a caseload of 625 participants in the period from January, 2006, to December, 2006, the amount of additional federal EITC funds that would be brought into the state could potentially total \$2.0 million in 2006-07.

25. Under current law, full-year Wisconsin residents who are eligible for the federal EITC are also eligible for the state EITC. In addition, participants under the proposed program would also qualify for the state homestead tax credit under current law. Current homestead tax provisions provide that property taxes or rent used in calculating the credit must be reduced by one-twelfth for each month in which an individual participates in a CSJ or a W-2 transitional placement. This provision would not apply to participants under the proposed trial jobs plus demonstration project.

26. The table below compares the disposable income for a household with two children (the current average number of children per W-2 assistance group) under: (a) a current CSJ placement; (b) the proposed trial jobs plus placement; and (c) an unsubsidized job with an average annual income of \$9,291 [the average annual income in 2003 for W-2 participants who left W-2 during the last three months of 2002 as determined by the Legislative Audit Bureau in its April, 2005, report, *Wisconsin Works (W-2) Program*]. The estimates assume that the family uses full-time licensed day care for both children. The figures below are based on six months because that is the time limit for the trial jobs plus placement.

**TABLE 2**

**Comparison of Disposable Income Under a Community Service Job Placement Under Current Law with the Proposed Trial Jobs Plus Placement and Unsubsidized Employment (Six Month Placement)**

	<u>Current CSJ Placement</u>	<u>Trial Jobs Plus Demonstration Project</u>	<u>Unsubsidized Job (30 hours per week)</u>
Grant	\$4,038	N.A	N.A.
Wages		\$4,028	\$4,646
Payroll Taxes	N.A.	-308	-355
Federal EITC	N.A.	1,611	1,726
State EITC	N.A.	226	242
Homestead Credit	N.A.	378	356
Food Stamps	1,828	1,833	1,973
Child Care Copay	<u>-208</u>	<u>-208</u>	<u>-208</u>
Disposable Income	\$5,658	\$7,560	\$8,380

27. As shown in the table, participants in a trial jobs plus placement could have up to 33.6% more in disposable income than under a current CSJ placement. The additional income is primarily due to the federal and state EITC and the state homestead credit.

28. There may be concerns that the trial jobs plus program may be too attractive for W-2 participants, and would eliminate incentives that exist in the current W-2 program to obtain unsubsidized employment. As shown in the table, while there would still be a gap in the six-month disposable income of about \$820 between an unsubsidized job and a trial jobs plus placement, it would be much less than the \$2,722 gap between the disposable income of a CSJ participant and a person in an unsubsidized job. However, the trial jobs plus placement would be limited to six months.

29. In addition, there is some evidence that suggests a trial jobs plus placement would allow participants to obtain higher-paying unsubsidized jobs than under the current W-2 program and a higher percentage of trial jobs plus participants would move into unsubsidized employment than under the current W-2 program. A study by Heartland Alliance's Mid-America Institute of the Catholic Charities Transitional Community Jobs program in Chicago, Illinois, found: (a) 90 days after participants left training programs, 70.7% of the transitional subsidized jobs participants were employed in unsubsidized jobs, compared to 49.1% of the other training program participants; (b) after six months, the transitional subsidized job participants had 32% higher incomes than the other training program participants; and (c) the transitional subsidized job participants, from before the program to after the program, had a 68% decrease in the amount of TANF received, while participants in other training programs had less than a 2% decrease.

30. It should be noted that funding estimates for the state EITC and the homestead tax

credit under the bill do not include increased funding to reflect additional persons who would be eligible under the trial jobs plus demonstration project. Because the project would not begin until January 1, 2006, claims for these credits would not be filed until the spring of 2007 (fiscal year 2006-07). Based on a participation level of 625 in calendar year 2006, the estimated increased cost of the credits in 2006-07 would be approximately \$400,000 for the EITC and \$500,000 for the homestead tax credit, for a total cost compared to the bill of \$900,000.

31. While TANF funding could be used for the additional EITC costs, given that the TANF surplus would be depleted in 2005-06 and the projected TANF structural deficit would be \$6.9 million, GPR or some other state funding source would be required. TANF funding cannot be used for the homestead tax credit, and therefore, GPR would be required.

32. The Committee could reduce the cost of the proposed trial jobs plus demonstration project to the state by providing that persons in a trial jobs plus placement would not be eligible for the state EITC or homestead tax credit. While this would reduce the disposable income for individuals who participate in the program, their disposable income would still be up to 22.9% higher than under a CSJ placement due to the federal EITC.

33. However, excluding individuals who participate in the trial jobs plus demonstration project from the state EITC would require a separate schedule on the state income tax form, and complicate administration of the credit. Excluding such individuals from the homestead tax credit would not be expected to complicate administration of the credit.

34. Finally, as indicated, implementation of a trial jobs plus program would be a demonstration project in three geographic areas that would last 18 months. The issue of whether to implement a trial jobs plus program statewide or on a permanent basis would depend on the results of the demonstration project. The Committee could require DWD to prepare a report that would include the costs of the trial jobs plus program, the rates of attachment to the workforce, and the rates at which participants return to the W-2 program and provide the report by December 31, 2007, to the Governor and to the chief clerk of each house of the Legislature.

## **ALTERNATIVES**

1. Adopt the Governor's proposal to require DWD to design and conduct a pilot project for a trial jobs plus program from January 1, 2006, to June 30, 2007, and adopt either of the following:

a. Reestimate the EITC and homestead credit by providing \$900,000 GPR in 2006-07 to fund the estimated cost of the EITC and homestead tax credit for participants in the trial jobs plus demonstration project as follows: (a) \$400,000 in 2006-07 for the EITC; and (b) \$500,000 in 2006-07 for the homestead tax credit.

<b>Alternative 1a</b>	<b>GPR</b>
<b>2005-07 FUNDING</b> (Change to Bill)	\$900,000

b. Provide that individuals in the trial jobs plus demonstration project would not be eligible to receive the state EITC and homestead credit.

2. In addition to Alternative 1a or 1b, modify the Governor's proposal to provide additional funding under the 2006-2007 W-2 agency contracts for the agencies that participate in the trial jobs plus demonstration project in one of the following amounts:

a. \$418,000 FED to fund 1,000 participants in the trial jobs plus demonstration project based on the assumption that it would cost \$418 more to place an individual in the trial jobs plus demonstration project than it would to place the individual in a CSJ. The funding would be allocated as follows: (a) \$104,500 in 2005-06 to support 250 participants; and (b) \$313,500 in 2006-07 to support 750 participants.

<b>Alternative 2a</b>	<b>FED</b>
<b>2005-07 FUNDING</b> (Change to Bill)	\$418,000

b. \$1,234,000 FED to fund 1,000 participants in the trial jobs plus demonstration project based on the assumption that it would cost \$1,234 more to place an individual in the trial jobs plus demonstration project than it would to place in the individual in a CSJ. The funding would be allocated as follows: (a) \$308,500 in 2005-06 to support 250 participants; and (b) \$925,500 in 2006-07 to support 750 participants.

<b>Alternative 2b</b>	<b>FED</b>
<b>2005-07 FUNDING</b> (Change to Bill)	\$1,234,000

3. Require DWD to prepare a report regarding the results of the trial jobs plus demonstration project, which would include the costs of the trial jobs plus program, the rates of attachment to the workforce, and the rates at which participants return to the W-2 program, and require DWD to provide the report to the Governor and to the chief clerk of each house of the Legislature no later than December 31, 2007.

4. Delete provision.

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