



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 27, 2009

Joint Committee on Finance

Paper #228

Benefits for Pregnant Women (DCF -- Economic Support and Child Care)

[LFB 2009-11 Budget Summary: Page 157, #6]

CURRENT LAW

A pregnant woman who would be eligible for a Wisconsin Works (W-2) employment position except that she is not a custodial parent of a dependent child is eligible for employment training, job search assistance services, and case management, provided by a W-2 agency. The pregnancy must be medically verified.

In addition, a person who meets the eligibility requirements for a W-2 employment position and who is a custodial parent of an infant who is 12 weeks old or less, may receive a monthly grant of \$673, unless another adult member of the W-2 group is participating in a W-2 employment position, or is employed in unsubsidized employment. The parent may not be required to participate in a W-2 employment position during the 12 weeks. Receipt of a caretaker of a newborn infant (CNI) grant does not constitute participation for purposes of time limits imposed on W-2 employment positions if the child was not born more than 10 months after the date the participant was first determined to be eligible for a W-2 employment position.

Participants in W-2 employment positions who receive temporary assistance for needy families (TANF) cash benefits are required to work a certain number of hours per week, and may be required to engage in education and training for a certain number of hours per week. Trial job participants do not have a number of required work hours, but are paid at least minimum wage for the number of actual hours worked. Community service job (CSJ) participants receive a grant of up to \$673 per month, may be required to work up to 30 hours per week, and may be required to participate in training activities for up to 10 hours per week. Participants in W-2 transitional placements receive a grant of up to \$628 per month, may be required to work up to 28 hours per week, and may be required to participate in education and training for up to 12 hours per week. Grants to persons in both CSJs and transitional placements are reduced by \$5.15 per hour for missed work or education and training activities.

GOVERNOR

Increase funding by \$469,200 GPR in 2009-10 and \$938,500 GPR in 2010-11 to extend W-2 grants, beginning January 1, 2010, in the amount of \$673 per month, to women who do not have children and who are in their third trimester of an at-risk pregnancy.

Eligibility would be limited to an unmarried woman who: (a) would be eligible for W-2 except that she is not a custodial parent of a dependent child; and (b) is in the third trimester of a pregnancy that is medically verified and shown by medical documentation to be at-risk, such that the woman is unable to participate in the workforce. A W-2 agency could not require such women to participate in any W-2 employment positions. Receipt of a grant under this provision would not constitute participation in a W-2 employment position for purposes of the time limits on program participation.

As under current law, the bill would make all other pregnant women, whose pregnancy is medically verified and who would be eligible for W-2 except that they are not custodial parents of a dependent child, eligible for employment training and job search assistance services provided by a W-2 agency.

DISCUSSION POINTS

1. Under federal TANF law, states have the option of making pregnant women eligible for cash assistance at any point during the pregnancy. Of the 50 states and the District of Columbia, 31 states and the District of Columbia offer TANF cash assistance to pregnant women who are not caring for a dependent child. Of the 31 states and the District of Columbia, pregnant women are eligible for cash assistance: (a) beginning in the first trimester of pregnancy in nine states; (b) beginning in the second trimester in 11 states and the District of Columbia; and (c) beginning in the third trimester in 11 states. Of the states that offer eligibility to pregnant women during the third trimester, five states (Delaware, Florida, Hawaii, Oregon, and Vermont) offer eligibility only during the ninth month of pregnancy. Of these five states, three (Florida, Oregon, and Vermont) offer benefits during the entire third trimester or, in Oregon, earlier if the pregnancy is at-risk. One state, Idaho, only offers eligibility to pregnant women during the last trimester if the woman is unable to work for medical reasons.

2. Similar to Idaho's policy, the Governor proposes to extend cash grants, beginning January 1, 2010, to eligible unmarried women who are not caring for a dependent child and who are in their third trimester of a medically verified, at-risk pregnancy, such that they cannot work. The grant amount would be the same as a CNI grant, which is \$673 per month. The bill provides \$469,200 GPR in 2009-10 and \$938,500 GPR in 2010-11 to fund grants for women who are in their third trimester of an at-risk pregnancy (Alternative A1).

3. Although GPR funding is provided under AB 75 to extend cash grants to eligible pregnant women, extension of these grants could be funded with TANF, rather than GPR. The Committee could delete the GPR funding and provide \$469,200 FED in 2009-10 and \$938,500

FED in 2010-11 to extend these grants with TANF funding, rather than GPR funding (Alternative A2). [The viability of using TANF for this provision instead of GPR would depend on other decisions made by the Committee regarding the TANF program.]

4. The funding provided under the bill reflects the grant amount for a monthly caseload of 144 at an average benefit level of \$542 per month. Although the grant amount would be \$673 per month under the bill, \$542 per month represents the average benefit amount paid per month for all W-2 placement types. The 144 monthly caseload estimate represents the portion of the CNI caseload who would be able to receive cash assistance prior to the birth of their child under the bill. The administration estimated the CNI caseload at 1,380 per month and assumed that 32.2% (444) of these individuals would not have another child, and that 32.5% of that group of individuals (144) would have at-risk pregnancies. The estimate was based on data from the Department of Health Services regarding the number of high-risk pregnancies for women receiving Medical Assistance.

5. However, a more recent estimate of the CNI caseload is 1,449 per month, rather than the 1,380 under the bill, a more recent estimate of the average benefit paid for CNI grant recipients is \$533. Due to the timing of when a CNI grant recipient enters or leaves the W-2 placement, the average grant amount is less than \$673 per month. The average of all CNI grant recipients received from July, 2008, through February, 2009, was \$533 per month.

6. In addition, the definition of at-risk pregnancy may include mothers who are able to work in their last trimester of pregnancy. For example, pregnant women over the age of 35 are considered to be at-risk. However, these women are able to work during the third trimester of their pregnancies unless other risk factors are present that prevent them from working. As a result, the conclusion that 32.3% of pregnancies are at-risk pregnancies such that the woman cannot work may be inflated. Information previously provided from the administration indicated that the percentage of at-risk pregnancies was 18.9% based on information from the Centers for Disease Control and Prevention (CDC) regarding the number of at-risk pregnancies.

7. Also, a paper issued by the U.S. Census Bureau in February of 2008, entitled *Maternity Leave and Employment Patterns of First-Time Mothers: 1961-2003*, provides information regarding the percentage of women who continued to work through to the last month of pregnancy, for women who worked during pregnancy. This paper indicates that of women who worked during their pregnancies, 79.7% continued to work up to one month or less before the birth of the child. Therefore, based on the percentage of first-time pregnant women working in their last trimester and the former CDC estimate of 18.9%, 20% may be a more realistic estimate of the number of at-risk pregnancies for first-time mothers, such that these women cannot work.

8. As a result, the caseload of pregnant women who are in their third trimester of an at-risk pregnancy would be 93. With a caseload of 93 and a benefit level of \$533 per month, benefits would total \$297,400 in 2009-10 and \$594,800 in 2010-11. The Committee could retain the statutory changes recommended by the Governor and reduce overall funding by \$171,800 in 2009-10 and \$343,700 in 2010-11 to reflect those revised estimates. This alternative provides funding with TANF block grant funds, rather than GPR. Therefore, the Committee could reduce funding by

\$469,200 GPR in 2009-10 and \$938,500 GPR in 2010-11 and increase funding by \$297,400 FED in 2009-10 and \$594,800 FED in 2010-11 (Alternative A3).

9. The Committee could also eliminate this provision. As indicated above, 19 states do not offer cash benefits to pregnant women. In addition, low-income pregnant women may receive services through a variety of programs, which could address basic needs such as medical care and food. However, these services are also provided to custodial parents of infants, and these custodial parents do receive cash benefits through CNI grants.

10. The bill would also exclude the receipt of grants of pregnant women in their third trimester of an at-risk pregnancy from the federal and state time limits imposed on TANF and W-2 recipients.

11. The Committee could require receipt of grants to pregnant women in their third trimester of an at-risk pregnancy to count towards the time limits. Although under current law receipt of CNI grants does not count towards the time limits if the child was not born more than 10 months after the date the participant was first determined eligible for a W-2 employment position, the bill would change current law so that receipt of CNI grants would count towards the time limits. The Committee could treat receipt of grants to pregnant women in their third trimester of an at-risk pregnancy the same as the receipt of CNI grants under the bill.

ALTERNATIVES

A. Funding Level

1. Approve the Governor's recommendation to provide \$469,200 GPR in 2009-10 and \$938,500 GPR in 2010-11 to extend grants, beginning January 1, 2010, to women who do not have children and who are in their third trimester of an at-risk pregnancy.

2. Modify the Governor's recommendation to eliminate GPR funding of \$469,200 GPR in 2009-10 and \$938,500 GPR in 2010-11 and provide TANF funding of \$469,200 FED in 2009-10 and \$938,500 FED in 2010-11 to extend grants to women who do not have children and who are in their third trimester of an at-risk pregnancy.

ALT A2	Change to Bill Funding
GPR	- \$1,407,700
FED	<u>1,407,700</u>
Total	\$0

3. Modify the Governor's recommendation to reduce total funding by \$171,800 in 2009-10 and \$343,700 in 2010-11 to account for revised estimates of providing the grants. Eliminate GPR funding of \$469,200 in 2009-10 and \$938,500 in 2010-11 and provide TANF funding of \$297,400 in 2009-10 and \$594,800 in 2010-11.

ALT A3	Change to Bill Funding
GPR	- \$1,407,700
FED	<u>892,200</u>
Total	- \$515,500

4. Delete provision.

ALT A4	Change to Bill Funding
GPR	- \$1,407,700

B. Time Limits

In addition to Alternative A1, A2, or A3:

1. Approve the Governor's recommendation that receipt of a grant for women who do not have children and who are in their third trimester of an at-risk pregnancy, such that the woman is unable to participate in the workforce, would not constitute participation in a W-2 employment position.

2. Modify the Governor's recommendation to specify that receipt of a grant for women who do not have children and who are in their third trimester of an at-risk pregnancy, such that the woman is unable to participate in the workforce, would constitute participation in a W-2 employment position.

Prepared by: Kim Swissdorf