

### Fiscal Estimate - 2013 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>13-3054/2</b>	<b>Introduction Number</b> <b>AB-0400</b>	
<b>Description</b> Participation in certain training by unemployment insurance claimants, granting rule-making authority, and making an appropriation		
<b>Fiscal Effect</b>		
<b>State:</b>		
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate		
<input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input 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"/> Decrease Costs	
<b>Local:</b>		
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> 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		
<b>Fund Sources Affected</b>		
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.445 (1) (fw); 20.445 (1) (a)		
<b>Affected Ch. 20 Appropriations</b>		
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DWD/ Richard Chao (608) 266-7713	Jonathan Barry (608) 267-3200	10/8/2013

## Fiscal Estimate Narratives

DWD 10/8/2013

LRB Number	<b>13-3054/2</b>	Introduction Number	<b>AB-0400</b>	Estimate Type	<b>Original</b>
<b>Description</b> Participation in certain training by unemployment insurance claimants, granting rule-making authority, and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

The bill directs the DWD to designate three areas served by local workforce development boards in which the program shall be offered. DWD must offer the program throughout each designated area, where the training consists of voluntary placements of UI claimants of up to six weeks for periods of not more than 40 hours per week with employers who elect to offer the training directly.

The bill provides that a claimant who receives special occupational training is not disqualified from receiving UI benefits solely as a result of participating in the training. The bill requires each claimant to maintain eligibility for UI benefits while receiving special occupational training, except that a claimant is exempt from the requirement under the UI law to search for work for each week the claimant receives at least 20 hours of occupational training under the program and is not required to accept other suitable work under the UI law if there is a reasonable expectation that the claimant will receive a job offer from the employer providing the training. Under the bill, a claimant who participates in special occupational training receives a stipend of \$75 from DWD for each week in which the claimant participates in the training.

This bill would continue 2011 Wisconsin Act 123, Wisconsin Workers Wins, which expired in SFY13. The current bill recreates the pilot program to serve a similar participant pool, with three major differences: 1.) A UI claimant is exempt from the requirement under the UI law to search for work for each week the claimant receives at least 20 hours of occupational training under the program; 2.) A UI claimant is not required to accept other suitable work under the UI law if there is a reasonable expectation that the claimant will receive a job offer from the employer providing the training; and 3.) The maximum allowable number of hours of training per week has been increased to 40.

In the pilot program, due to restrictions on the program, the program lapsed \$202,000 of the \$225,000 allocated for stipends. Of the total participants, 143 were directly hired without requiring stipend funding. In addition, the pilot program in nine months of operations achieved approximately \$82,300 in savings to the UI Trust Fund. Due to the modifications in the program parameters as listed above, it is projected that the training participation rate will increase and the savings to the UI trust fund will also increase. However, because of the complex nature of the program and the differences between the proposed bill and the pilot program, it is not possible to currently estimate the increase in savings to the UI trust fund.

Under the current bill, it is assumed that DWD will undergo an RFP process for contractors to provide service in the three areas. As a result, it is estimated that the Year 1 will have six months of operations and Year 2 will have 12 months of operations. Based on the experience of the 2011 Act 123, and modifications prescribed in AB400, DWD estimates the following costs for the bill.

Administrative costs are estimated to be \$315,500 in Year 1 and \$631,000 in Year 2.

Administrative funding for the program is needed. The annualized estimate of administrative costs from the fiscal estimate for Act 123 was for \$750,000. The pilot program spent \$430,100 in total program administrative costs for nine months of operations. These expenditures were for the three contracted organizations to provide program services and DWD administrative costs. DWD conducted a competitive RFP process which resulted in contracts of \$611,000 for one year of service. This total contract amount was reduced due to the shortened time frame of the program. In addition, during the pilot, DWD incurred direct costs for program administration, contract monitoring, and program audit and evaluation functions. These expenditures are estimated to be \$20,000 annually.

Stipend costs are projected to be \$45,000 in Year 1 and \$90,000 in Year 2.

In the pilot program for nine months of operations, the program incurred approximately \$23,000 in stipend costs. DWD lapsed approximately \$202,000 GPR back to the general fund after the program ended. Due to

the modifications in the program parameters as listed above, it is projected that the training participation rate will increase by 400%. As a result, it is estimated that annual stipend amount needed will be \$90,000.

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

Because the program is scheduled to sunset two years after the publication date of the Bill, there are no long-range fiscal implications.

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Description</b> Participation in certain training by unemployment insurance claimants, granting rule-making authority, and making an appropriation			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  Year 1: (six months) Admin Contracting and Operating Costs – \$316,000 Stipend Costs - \$45,000 Year 2: Admin Contracting and Operating Costs – \$632,000 Stipend Costs - \$90,000			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b> <b>Authorized Signature</b> <b>Date</b>			
DWD/ Richard Chao (608) 266-7713		Jonathan Barry (608) 267-3200	10/8/2013