

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

| | | |
|---|---|--------------------------|
| LRB Number 17-1680/1 | Introduction Number AB-0973 | |
| Description universal basic income program and making appropriations | | |
| Fiscal Effect | | |
| State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input 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 checked="" 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 checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.435(4)(y), 20.435(4)(yg), 20.835(f), 20.835(kf) | | |
| Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984 | Authorized Signature Michael Oakleaf (608) 261-5173 | Date 2/27/2018 |

Fiscal Estimate Narratives

DOR 2/27/2018

| | | | | | |
|--|-----------|---------------------|---------|---------------|----------|
| LRB Number | 17-1680/1 | Introduction Number | AB-0973 | Estimate Type | Original |
| Description universal basic income program and making appropriations | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

This bill requires the Department of Health Services (DHS) to create a universal basic income program to provide a cash benefit to individuals whose earned income through employment is less than the state's per capita personal income. The bill requires DHS and the departments of children and families (DCF) and administration (DOA) to submit waiver requests to the federal government to use the benefits paid by the federal government under the Wisconsin Works and Wisconsin Shares program and FoodShare, known as the food stamp program, and certain housing assistance programs for the universal basic income benefit. Those federal benefits, in addition to the amounts expended for Wisconsin Works, Wisconsin Shares, FoodShare, and the housing assistance programs are deposited in the universal basic income fund for the universal basic income program. Also, if the federal government approves the waivers for use of the Wisconsin Works, Wisconsin Shares, FoodShare, and housing assistance benefit moneys, money saved by eliminating the state-based earned income tax credit (EITC) is also included in the moneys to pay for the universal basic income program.

The benefit under the universal basic income program is a monthly amount equal to the state's minimum wage per hour for 40 hours per week for those eligible individuals earning equal to or less than the state's minimum wage per hour for 40 hours per week. For individuals earning more, the benefit decreases with an increase in earned income such that an individual who earns income equal to the state's per capita personal income receives no benefit from the universal basic income program. To be eligible for the universal basic income benefit, an individual must have verifiable earned income from full-time, part-time, or intermittent employment, be receiving unemployment compensation benefits, or be unable to work due to a verified disability. Full-time students and members of the military on active duty are not eligible for the universal basic income benefit.

The department expects to absorb one-time costs of \$27,500 in order to develop/administer a procedure to use tax return data to verify the income and eligibility of individuals for the purposes of the program.

As the bill pertains to the state EITC, 2017 Wisconsin Act 59 appropriated \$30.1 million of GPR to the EITC in fiscal year 2018 and \$35.0 million of GPR in fiscal year 2019. Additionally, it appropriated \$69.7 million of federal TANF money for the EITC in fiscal year 2018 and \$69.7 million in fiscal year 2019. If the credit is eliminated beginning in fiscal year 2021, comparable amounts may be allocated to pay for the universal basic income program.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

| | | |
|--|--|---------------|
| LRB Number 17-1680/1 | Introduction Number AB-0973 | |
| Description universal basic income program and making appropriations | | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): | | |
| The department expects to absorb one-time costs of \$27,500 in order to develop/administer a procedure to use tax return data to verify the income and eligibility of individuals for the purposes of the program. | | |
| II. Annualized Costs: | Annualized Fiscal Impact on funds from: | |
| | Increased Costs Decreased Costs | |
| A. State Costs by Category | | |
| State Operations - Salaries and Fringes | \$ | \$ |
| (FTE Position Changes) | | |
| State Operations - Other Costs | | |
| Local Assistance | | |
| Aids to Individuals or Organizations | | |
| TOTAL State Costs by Category | \$ | \$ |
| B. State Costs by Source of Funds | | |
| GPR | | |
| FED | | |
| 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 | | |
| TOTAL State Revenues | \$ | \$ |
| NET ANNUALIZED FISCAL IMPACT | | |
| | <u>State</u> | <u>Local</u> |
| NET CHANGE IN COSTS | \$See Text | \$ |
| NET CHANGE IN REVENUE | \$ | \$ |
| Agency/Prepared By | | |
| Authorized Signature | | Date |
| DOR/ Bradley Caruth (608) 261-8984 | | 2/27/2018 |
| Michael Oakleaf (608) 261-5173 | | |