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Memorandum

Date: May 27, 2009

To: Members of Committee on Joint Finance

From: Charity Eleson, Executive Director, WCCF

Re: DCF Budget Papers #224, 228, 229 and 237 (W-2 Contracts, Benefits for Pregnant Women, Caretaker of a Newborn Infant, and Emergency Assistance)

The Wisconsin Council on Children and Families urges you to support the following alternatives:

#224 – W-2 Contracts: A2, B2, and C2.

#228 – Benefits for Pregnant Women: A3, B1

#229 – Caretaker of a Newborn Infant: 2B, 5B

#237 – Emergency Assistance: A1, B1

#224 – W-2 Contracts

The alternatives we are recommending do not represent an expansion of the W-2 program or a shifting of the program's focus, but instead are merely recognition of current caseload numbers and trends.

W-2 caseloads have risen significantly over the course of the past year, something that should come as no surprise given the dramatic economic recession we are still working our way through. AB 75, however, assumed a flat caseload for the next biennium and W-2 contract period. Assuming flat caseloads at a time of significantly increasing need will only result in decreased services and a less relevant TANF work program.

Two other reasons exist for adopting the alternatives listed above. First, unemployment typically continues to rise even after an economy activity has begun to increase (something we are only beginning to see the first glimpses of). Other alternatives in paper 224 assume a pick up in economic activity in the second year of the biennium – a problematic assumption in general and one that certainly may not include an increase in hiring. In fact, the recovery from this recession is expected to be very gradual, with businesses unlikely to resume hiring on a large scale any time soon.

Secondly, an important opportunity exists due to the recent federal American Recovery and Reinvestment Act. Federal stimulus funds are available to states that experience an increased TANF work program caseload. Wisconsin will be able to tap these funds to pay for 80 percent of the cost of using accurate caseload projections. The remaining 20 percent would be paid, under the alternatives above, by federal TANF block grant funds already coming to Wisconsin.

Fiscal Impact of Recommended Alternatives

A2 – Benefits – A revenue increase of \$6,008,700 (due to the ARRA funds) and a funding increase of \$14,209,400, for a net funding increase of \$8,200,700 in federal TANF block grant funds (FED).

B2 – Services – A funding increase of \$7,659,600 FED.

C2 – Administration – Due to a re-estimate, a decrease of \$4,908,200 FED.

The net fiscal impact over the 2009-2011 biennium of these alternatives is \$10,952,100 in federal TANF block grant funding.

#228 – Benefits for Pregnant Women

This benefit would adjust current law which allows pregnant women with no dependent children currently to receive case management and job search assistance in W-2. This change would allow those pregnant women who are in a medically verifiable at-risk pregnancy to qualify for a cash benefit instead of having to search for employment during that period of the pregnancy.

Fiscal Impact of Recommended Alternatives

Eliminate GRP funding of \$469,200 in 2009-2010 and \$938,500 in 2010-11 and provide TANF funding of \$297,400 in 2009-10 and \$594,800 in 2010-11.

#229 – Caretaker of a Newborn Infant

This provision would allow those women who have been in a W-2 employment category for three months and with a newborn infant to qualify for a cash benefit for 26 weeks instead of the current 12.

Fiscal Impact of Recommended Alternatives

Reduce GPR funding by 421,600 in 2009-10 and \$1,616,800 GPR in 2010-11 and provide \$325,100 FED in 2009-10 and \$650,300 FED in 2010-11.

#237 – Emergency Assistance

The Governor has recommended an increase in emergency assistance funding in the first year of the biennium of \$1 million above base level of \$6 million. During these extremely difficult times, it is important to meet at least part of the dramatic increase in demand for such assistance. EA funds are primarily used by families to avoid eviction and homelessness.

Fiscal Impact of Recommended Alternatives

\$1,000,000 in additional FED TANF funding over base in the first fiscal year, with funding returning to base level of \$6 million the second year.