

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # - 2939/2

INTRODUCTION # SB 199 ✓

Admin. Rule #

Subject
Child Care

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

s. 20.435(5)(bc)

Assumptions Used in Arriving at Fiscal Estimate:

The bill contains provisions which affect Department expenditures in two program areas: (1) child care for foster children and kinship children and (2) BadgerCare.

Child Care for Foster Children and Kinship Children

The bill expands the eligibility of foster parents and kinship parents for receiving a DWD child care subsidy. This potentially effects both DHFS and county expenditures since DHFS (for Milwaukee County foster parents and kinship parents) and the counties (for foster parents and kinship parents in all other counties) pay a lower portion of child care expenses for parents receiving the subsidy.

DWD uses funding from the federal child care and development block grant (CCDBG) to subsidize most of the child care expenses for foster children and for court-ordered kinship children. Under current law, the foster and kinship parents of these children are eligible for the DWD subsidy if the child's biological or adoptive family has a gross income that is at or below 200% of the poverty line and the child is under the age of 13. The bill changes the income requirement to at or below 85% of the state median income. Since 85% of state median income is a higher income threshold than 200% of the poverty line, this will have the effect of broadening eligibility for the subsidy. The bill also creates a special exception to the age requirement for disabled children, making their foster parents or kinship parents eligible for the subsidy until they reach 19 years old. This likewise broadens eligibility. Therefore, the consequence of the bill will be more foster and kinship parents qualifying for the DWD subsidy.

In the Milwaukee Child Protective Services (MCPS) budget for '97-'99 and '99-'01, it was assumed that all foster and kinship parents qualify for the DWD child care subsidy under the current eligibility standards. Therefore, the more liberal eligibility criteria in the proposed bill will have no fiscal effect on DHFS expenditures for MCPS, since it is believed that all foster and kinship parents are already eligible.

(Continued)

Long-Range Fiscal Implications:

Prepared By: / Phone # / Agency Name

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 John Kiesow, Exec. Asst., 266-0667

Date

07/19/99

The bill may have a fiscal effect on non-Milwaukee counties. Non-Milwaukee counties pay either part or all of child care expenses for foster and kinship children in their jurisdictions, depending on whether the foster parents or kinship parents are receiving the DWD subsidy. It is possible that more foster and kinship parents would qualify for the DWD subsidy under the new eligibility criteria. To the extent this is the case, county expenditures would decrease. The precise fiscal effect cannot be determined because there is no data on the number of additional foster parents and kinship parents who will become eligible under the new criteria.

BadgerCare

The bill would increase Department expenditures for the BadgerCare program. Currently, under the program, DHFS provides subsidized health care coverage for families with incomes below 185% of the federal poverty line who meet certain criteria. "Family" is defined as at least one dependent child and his or her custodial parent or parents. The bill expands Badger Care by allowing child care workers who work at least 30 hours a week to qualify for the program, regardless of whether they have dependent children. These workers would still be subject to the program's other financial and non-financial eligibility rules.

The Department would probably be required to fund the increased cost of the program with 100% GPR. It is unlikely that the federal Health Care Administration would approve a waiver allowing Medicaid coverage for single individuals, especially in this case where only individuals belonging to a particular occupational group would be covered.

Assuming expenditures would be funded solely from GPR, the cost to DHFS would be approximately \$4.9 million. There are about 25,000 child care workers in the state. Of these, about 80% would be financially eligible for BadgerCare. Additionally, based on Family Health Survey estimates for the population earning less than 200% of the federal poverty level, 20% would be uninsured. Of these 4,000 individuals, about 20% would not meet BadgerCare's other non-financial requirements. This would leave 3,200 new individuals that would be eligible for BadgerCare under the bill. Annual costs for this group would be \$4,876,800 per year (3,200 x 12 months x \$127/month cost). In addition, it is estimated that income maintenance costs carried out by county workers will increase by \$1,396,600 (3,200 x 12 months x \$36.37/month cost). This cost will also be 100% GPR.

This provision of the bill would have no fiscal impact on the counties, under the assumption that the state would fund the additional income maintenance costs.

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations - Other Costs	1,396,600	-
Local Assistance		-
Aids to Individuals or Organizations	4,876,800	-
TOTAL State Costs by Category	\$ 6,273,400	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$ 6,273,400	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
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

	STATE	LOCAL
NET CHANGE IN COSTS	\$ 6,273,400	\$ 0
NET CHANGE IN REVENUES	\$ 0	\$ 0

Prepared By: / Phone # / Agency Name DHFS/OSF Jason Witt, 266-9364	Authorized Signature/Telephone No.  John Klesow, Exec. Asst., 266-0667	Date 07/19/99
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