

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-1110/1	Introduction Number AB-0607
-----------------------------	------------------------------------

Description
 Payments to child care providers, preventing fraud in the child care subsidy program, providing an exemption from rule-making procedures, and making an appropriation

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input checked="" 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
--	--	---

Local:

<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
--	--	---

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.437(2)(me) and 20.437(2)(mf)	

Agency/Prepared By DCF/ Sam Petricca (608) 422-6349	Authorized Signature Kim Swissdorf (608) 422-6351	Date 2/9/2016
---	---	-------------------------

Fiscal Estimate Narratives

DCF 2/9/2016

LRB Number	15-1110/1	Introduction Number	AB-0607	Estimate Type	Original
Description Payments to child care providers, preventing fraud in the child care subsidy program, providing an exemption from rule-making procedures, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, adjustments are made to a child care provider's maximum reimbursement rate under the state's quality rating and improvement system, YoungStar, as follows: (a) reduced up to 5% for a two-star rating; (b) receive up to the maximum rate for a three-star rating; (c) increased up to 10% for a four-star rating; and (d) increased up to 25% for a five-star rating. The bill eliminates the rate reduction for two-star providers and gives three-star providers a 5% rate increase. The annual estimated cost for this provision is \$7,900,000.

The bill also requires that the providers receive the full adjustment as put forward in statute, instead of just "up to" those amounts. The cost of these changes over the course of one year is estimated to be \$630,000 based on the SFY15 Wisconsin Shares issuance amounts by star level and total corresponding YoungStar adjustment.

The bill also changes the way different providers receive payments for care. Currently, licensed family providers are reimbursed based upon the attendance record of the child. This bill requires the department to calculate the payment for licensed family care centers based upon the enrollment of the child in the center. This change is estimated to cost the state an extra \$5,450,000 over the course of one year based on CY15 issuance for attendance-based authorizations.

The bill also requires that all overpayments recovered under the Wisconsin Shares program be used for the Shares program to fund direct child care services and to reduce fraud. In CY 14, DCF collected a total of \$2,100,000 in client and provider overpayments. Wisconsin Shares is funded with federal dollars available under both the Child Care and Development Block Grant (CCDBG) and the Temporary Assistance for Needy Families (TANF) Block Grant. Some of the overpayments recovered from the Shares program may be TANF dollars. By requiring the reinvestment of these dollars into the Wisconsin Shares program, fewer TANF dollars may be available for other TANF-related programs.

Finally, the bill requires the legislative audit bureau to conduct a financial and performance evaluation audit of the policies and procedures established by DCF for the fraud prevention program established under the bill. The bill authorized the legislative audit bureau to charge DCF for the costs of an audit. DCF currently has an annual contract with LAB to conduct audits, so this requirement will not have any extra cost. The current contract has an amount of \$143,000.

It is estimated that the changes required under the bill would cost approximately \$14 million annually.

Long-Range Fiscal Implications