



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #223

### **Revised Estimates for TANF-Related Programs (DCF -- Economic Support and Child Care)**

[LFB 2009-11 Budget Summary: Page 147, #12; 149, #1; Page 158, #7;  
Page 159, #8; Page 165, #14; Page 166, #16, Page 167, #19; Page 168, #22]

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#### **CURRENT LAW**

The purpose of this paper is to establish a projected 2009-11 ending balance in federal funding from the temporary assistance for needy families (TANF) block grant. The paper includes reestimates of revenues and expenditures for 2009-11 based upon more recent information, and fully funding projected costs of certain programs.

The paper provides a new TANF base for the Committee to work from based on projected costs of programs under the bill. Subsequent papers address alternatives that the Committee could consider in establishing the budget for Wisconsin Works (W-2), child care, and other TANF-related programs.

Table 1 shows the estimated revenues and expenditures for W-2 and other public assistance programs under the bill. The table compares the administration's figures with revised estimates prepared by this office. Note that the table includes a reestimate of the W-2 agency contracts based on the amount that would be required to fully fund the program with the Governor's proposals to extend grants to pregnant women in their third trimester of an at-risk pregnancy and to custodial parents of newborn infants from 12 weeks to 26 weeks. In addition, the reestimate for the child care program is based on the amount that would be required to fully fund the program with the Governor's proposals to extend grants to custodial parents of newborn infants from 12 weeks to 26 weeks and to implement the following cost-saving measures: (a) attendance-based reimbursement payments; (b) increased copayments; and (c) changes to income eligibility that require the inclusion of child support in calculating gross income. The reestimate for the child care program does not include savings that would result from implementing a waiting list. Revised estimates are discussed in more detail in the sections that follow the table.

**TABLE 1**

**W-2 and TANF Related Revenues and Expenditures Under the Governor's Budget Bill**

	Governor		Revised Estimates		Difference	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
<b>Revenues</b>						
State General Purpose Revenue in DCF (GPR)	\$174,031,000	\$153,166,500	\$174,031,000	\$153,166,500	\$0	\$0
AFDC Overpayment Recoveries (PR)	297,900	292,900	297,900	292,900	0	0
W-2 Agency Filing Fees (PR)	900	1,000	1,000	1,000	100	0
TANF Contingency Funds (FED)	15,725,000	0	15,725,000	0	0	0
Child Care Block Grant Stimulus Funds (FED)*	15,246,700	15,246,700	0	0	-15,246,700	-15,246,700
Overpayment Recoveries (FED)	2,500,000	2,530,000	2,500,000	2,530,000	0	0
TANF Block Grant (FED)	314,499,400	314,499,400	314,499,400	314,499,400	0	0
Child Care Block Grant (FED)	84,480,700	85,189,000	86,266,600	86,266,600	1,785,900	1,077,600
Public Benefits Fund (SEG)	9,139,700	9,139,700	9,139,700	9,139,700	0	0
Child Support Collections (PR)	6,987,700	6,076,100	6,127,800	5,594,900	-859,900	-481,200
TANF Carryover (FED)*	456,500	17,316,500	32,570,000	38,401,800	32,113,500	21,085,300
Total	\$623,365,500	\$603,457,800	\$641,158,400	\$609,892,800	\$17,792,900	\$6,435,000
<b>Expenditures</b>						
<b>W-2 Agency Contracts</b>						
Benefits	\$44,283,000	\$45,947,500	\$44,626,800	\$46,496,700	\$343,800	\$549,200
Administration	10,701,100	10,701,100	10,701,100	10,701,100	0	0
Services	38,471,500	38,471,500	38,471,500	38,471,500	0	0
<b>Child Care</b>						
Direct Child Care Subsidies**	375,736,400	375,736,400	371,908,000	372,636,300	-3,828,400	-3,100,100
Child Care State Administration	3,487,100	3,796,000	2,708,500	3,017,400	-778,600	-778,600
Quality Care for Quality Kids	6,329,400	7,038,300	6,329,400	7,038,300	0	0
Day Care Licensing	4,985,300	4,985,300	5,763,900	5,763,900	778,600	778,600
<b>Other Benefits</b>						
Kinship Care Benefits and Assessments	23,892,400	23,903,500	24,435,000	24,435,000	542,600	531,500
Caretaker Supplement for Children of SSI Recipients	29,899,800	29,933,200	29,899,800	29,933,200	0	0
Emergency Assistance	7,000,000	6,000,000	7,000,000	6,000,000	0	0
<b>Administrative Support</b>						
State Administration	15,939,000	16,040,800	15,939,000	16,040,800	0	0
Kinship Care Administration	237,500	237,500	237,500	237,500	0	0
Fraud Prevention/Program Integrity	605,500	605,500	605,500	605,500	0	0
<b>Other Support Services</b>						
Children First	1,140,000	1,140,000	1,140,000	1,140,000	0	0
<b>Grant Programs</b>						
Boys and Girls Clubs	350,000	350,000	350,000	350,000	0	0
<b>Expenditures in Other Programs</b>						
Earned Income Tax Credit	6,664,200	6,664,200	6,664,200	6,664,200	0	0
Social Services Block Grant	13,420,500	13,420,500	13,420,500	13,420,500	0	0
Child Welfare Safety Services	6,700,700	6,700,700	6,350,300	6,350,300	-350,400	-350,400
Child Welfare Prevention Services	1,489,600	1,489,600	1,489,600	1,489,600	0	0
Milwaukee Child Welfare/WISACWIS	1,532,100	1,532,100	1,532,100	1,532,100	0	0
<b>Repayment of Federal Funds</b>						
AFDC Overpayment	13,183,900	0	13,183,900	0	0	0
Total Expenditures	\$606,049,000	\$594,693,700	\$602,756,600	\$592,323,900	-\$3,292,400	-\$2,369,800
Ending Balance	\$17,316,500	\$8,764,100	\$38,401,800	\$17,568,900		

\*The TANF carryover reestimate includes all funds from the ending balance in 2008-09 of \$2,076,600 plus the entire amount of amount of CCDBG stimulus funds under the ARRA.

\*\*Reestimates for child care subsidies include: (a) a reestimate to fully fund the child care subsidy program under current law; (b) savings from the provision to extend caretaker of a newborn infant (CNI) grants; (c) reestimated cost savings from attendance-based reimbursements; (d) cost savings from including child support in gross income in determining eligibility; and (e) required increases in copayments under AB 75. These reestimates do not include savings from the implementation of a waiting list.

## REVENUES AVAILABLE FOR W-2 AND RELATED PROGRAMS

**TANF and Child Care Development Block Grant (CCDBG).** The TANF and CCDBG programs were reauthorized under the federal Deficit Reduction Act of 2005. The TANF block grant was funded through September 30, 2010, at the same level. It is assumed that this program will be reauthorized at the same funding levels such that Wisconsin will continue to receive \$314.5 million annually during the 2009-11 biennium. Under more recent estimates, funding for the CCDBG would total \$86.3 million annually, for an increase of \$1.8 million in 2009-10 and \$1.1 million in 2010-11.

**W-2 Agency Filing Fee.** All W-2 agencies, which are not county departments or tribal governing bodies, are required to include a statement of economic interests and a \$50 filing fee with the submission of a bid to participate in W-2 under the W-2 agency contracts. The Department of Children and Families (DCF) estimates that \$1,000 annually would be received from these filing fees. The amount for the filing fee has been increased by \$100 in 2009-10 to reflect this amount.

**Child Support Collections.** A more recent estimate of the revenue generated from child support collections assigned to the state by public assistance recipients shows total revenue of \$6.1 million in 2009-10 and \$5.6 million in 2010-11, for a decrease of \$0.9 million in 2009-10 and \$0.5 million in 2010-11. This reestimate takes into consideration that revenue would be lost by passing through the state share of assigned child support collected to kinship care recipients, the reduction to the state share of assigned child support collections due to the release of pre-assistance TANF arrears, and a reduction of 1% annually of these revenues as a result of the provision to reduce most non-federal appropriations by an across-the-board 1% reduction.

**Carryover of TANF funds from 2008-09 to 2009-10.** It is estimated that actual child care expenditures in 2008-09 will be less than the amount budgeted under 2007 Wisconsin Act 20 and 2009 Wisconsin Act 2 by \$4.5 million. Some of these funds were reallocated to other TANF-related programs, such as W-2. As a result, it is anticipated that the 2008-09 ending balance will be \$2.1 million.

In addition, the federal American Recovery and Reinvestment Act of 2009 (ARRA) provides additional CCDBG stimulus funds. Wisconsin's share of these additional stimulus funds is \$30.5 million. AB 75 allocated one-half of the amount Wisconsin is anticipated to receive (\$15.2 million) in 2009-10 and one-half in 2010-11. However, the state has received its entire allocation in 2008-09. Therefore, the ARRA CCDBG stimulus funds are reflected in the TANF carryover amount from 2008-09 to 2009-10. There is no overall increase or reduction to the amount of these funds allocated to W-2 and TANF-related programs.

## EXPENDITURES FOR W-2 AND RELATED PROGRAMS FOR THE 2009-11 BIENNIUM

**Subsidized Employment Benefits.** Table 1 includes a reestimate of funding for subsidized employment benefits, under the bill, of \$44.6 million in 2009-10 and \$46.5 million in 2010-11. The increased cost of \$0.3 million in 2009-10 and \$0.5 million in 2010-11 reflects that

any savings in child care due to extending grants to caretakers of newborn infants would appear in direct child care subsidies, rather than W-2 benefits.

**Child Care Subsidies.** Table 1 includes the estimated cost to fully fund the direct child care subsidy program under the bill of \$371.9 million in 2009-10 and \$372.6 million in 2010-11. This includes a reestimate to fully fund the direct child care subsidy program under current law of \$386.1 million in 2009-10 and \$402.0 million in 2010-11, less: (a) savings from the provision under the bill that would extend grants to caretakers of newborn infants from 12 weeks to 26 weeks for individuals eligible under AB 75; (b) the reestimated savings from attendance-based provider reimbursements of \$9.0 million in 2009-10 and \$18.0 million in 2010-11; (c) the inclusion of child support in gross income when determining eligibility at 185% of the federal poverty level of \$3.3 million in 2009-10 and \$6.6 million in 2010-11; and (d) required copayment increases of \$1.5 million in 2009-10 and \$4.2 million in 2010-11.

These estimates do not show any savings from implementing a waiting list. Because a waiting list would be implemented to produce a savings such that child care expenditures would not exceed the amount budgeted for child care, the savings from the implementation of a waiting list would depend on how much funding is available for the child care subsidy program.

**Child Care State Administration and Day Care Licensing.** Funding of \$0.8 million annually is currently budgeted in child care state administration for licensing activities. An adjustment of reducing funding for child care state administration by \$0.8 million annually and increasing funding for day care licensing by \$0.8 million annually more accurately reflects expenditures of these funds.

**Kinship Care.** Certain relatives who provide care and maintenance for a child may receive a kinship care payment of \$215 per child per month if: (a) there is a need for the child to be placed with the relative and the placement is in the best interests of the child; (b) the child meets the criteria, or would be at risk of meeting the criteria, for a child or juvenile in need of protection or services, if the child were to remain at home; and (c) the relative meets other non-financial requirements, including a background check.

Funding in the bill should be increased by \$0.5 million in each year to reflect current estimates of the funding that is needed to support the kinship care payments in the 2009-11 biennium. The estimate includes fully funding all current wait-listed and county-funded cases. Kinship care caseloads are expected to remain stable over the biennium. With this change, \$24.4 million annually would be budgeted for DCF and counties to make these payments.

**Child Welfare Safety Services.** Safety services are provided to families where threats to child safety have been identified, but the Bureau of Milwaukee Child Welfare (BMCW) staff determines that a child can remain at home safely if appropriate services are provided to the family. These services include, but are not limited to, supervision, observation, basic parenting assistance, child care, family crisis counseling, and respite care. Funding provided in BMCW accurately reflects the \$6.4 million annually budgeted for these services. However, TANF funds

budgeted for these services overstates the amount transferred to BMCW by approximately \$0.4 million annually.

### **ENDING TANF BALANCE**

As indicated in Table 1, the reestimated 2010-11 ending balance under the bill would be \$17.6 million. This assumes that funding for the 2010-2011 W-2 agency contracts would be increased and that funding for child care subsidies would be reduced by the Committee to reflect the provisions that would: (a) extend CNI grants to parents of newborn children from 12 weeks to 26 weeks for individuals eligible under AB 75; and (b) implement child care cost saving measures of attendance-based provider reimbursements, including child support in income eligibility determinations, and increasing copayments.

Although there would be an ending TANF balance of \$17.6 million at the end of 2010-11, there would be a structural deficit of \$20.8 million for W-2 and TANF-related programs. Removing one-time revenues from 2010-11 (as reflected in the TANF carryover) would result in TANF-related expenditures exceeding available TANF-related revenues by \$20.8 million.

### **MODIFICATION**

Modify the Governor's recommendations to reflect reestimates for 2009-11 as follows: (a) increase estimated revenues from W-2 agency filing fees by \$100 PR in 2009-10, from the CCDBG by \$1,785,900 FED in 2009-10 and \$1,077,600 FED in 2010-11, the TANF carryover by \$1,620,100 FED in 2009-10, and decrease child support collections by \$859,900 PR in 2009-10 and \$481,200 PR in 2010-11 to reflect reestimates of these revenue sources; (b) increase funding for W-2 benefits by \$343,800 in 2009-10 and \$549,200 in 2010-11 and decrease funding for child care subsidies by \$343,800 in 2009-10 and \$549,200 in 2010-11; (c) increase funding for day care licensing by \$778,600 annually and reduce funding in child care state administration by \$778,600 annually; (d) increase funding for kinship care by \$542,600 in 2009-10 and \$531,500 in 2010-11; and (e) reduce funding for child welfare safety services by \$350,400 annually. Any other changes to child care subsidies would be addressed in a separate paper. No change to the bill is shown below because the amount of change would depend on a number of other decisions the Committee would make on funding issues in other TANF-related budget papers.

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