

## Fiscal Estimate - 2007 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>07-4036/1</b>	<b>Introduction Number</b> <b>SB-510</b>	
<b>Description</b> Requiring the combined reporting of corporate income and franchise taxes; supplemental funding for the renewable energy grant and loan program; Wisconsin higher education grants for technical college students; income eligibility for child care subsidies; incentive grants to technical college district boards for training in advanced manufacturing skills; airport development zone and technology zone tax credits; funding for the Department of Transportation; the Regional Transit Authority and commuter rail transit systems; authorizing the Wisconsin Health and Educational Facilities Authority to issue bonds to finance projects related to research facilities; and making an appropriation		
<b>Fiscal Effect</b>  <b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" 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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input checked="" type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input checked="" 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 checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input checked="" 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)(cm), 20.437(2)(md)		
<b>Agency/Prepared By</b> DWD/ Michael Holland (608) 266-9469	<b>Authorized Signature</b> Hector Colon (608) 266-2284	<b>Date</b> 3/14/2008

## Fiscal Estimate Narratives

DWD 3/14/2008

LRB Number	<b>07-4036/1</b>	Introduction Number	<b>SB-510</b>	Estimate Type	<b>Original</b>
<b>Description</b> Requiring the combined reporting of corporate income and franchise taxes; supplemental funding for the renewable energy grant and loan program; Wisconsin higher education grants for technical college students; income eligibility for child care subsidies; incentive grants to technical college district boards for training in advanced manufacturing skills; airport development zone and technology zone tax credits; funding for the Department of Transportation; the Regional Transit Authority and commuter rail transit systems; authorizing the Wisconsin Health and Educational Facilities Authority to issue bonds to finance projects related to research facilities; and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

This fiscal estimate addresses only the child care portion of SB 510. Currently in order to be eligible for Wisconsin Shares child care subsidy, a family's gross income must be less than 185% of the Federal Poverty Level (FPL). Once found eligible, the family's income may be as high as 200% of the FPL before losing eligibility. Under this bill, the initial eligibility level would be 210% of the FPL and ongoing eligibility would be raised to 225%.

For both initial and ongoing eligibility changes, the increase represents a 25% range of income eligibility (from 185% to 210% for initial and from 200% to 225% for ongoing). Thus a representative sample of costs representing a 25% range was used to estimate costs. The Department assumes that increased expenditures for the proposed expanded population (185%-210% FPL) is proportional to expenditures for the current highest income levels in the child care program (160%-185% FPL). Using data from December 2006 through November 2007, the cost of child care subsidies for the 160% to 185% range of incomes was \$23,416,800. Assuming proportional expenditure growth that stays within the 2007 Wisconsin Act 20 allocation for direct child care services, the estimated increased costs for subsidy payments attributable to this bill would be \$25,791,800 in SFY 09.

This estimate assumes that the copayment rates for the expanded population will be consistent with the current graduated copayment schedule.

In addition to the increased subsidy payment costs, there will also be administrative costs related to the County/Tribal agencies that administer the child care subsidy. Wisconsin Statute 49.155(3m)(b) provides that Counties and Tribes will receive up to 5% of the subsidy amount spent within their area as an annual contract level. For calendar year 2008, these contracts represented about 4.7% of the total subsidy expenditures. Thus this bill would increase the future contracts by 4.7% of the increased subsidy cost or \$1,212,200 annually.

As a result the total increased costs associated with this bill will be the sum of subsidy costs at \$25,791,800 plus \$1,212,200 for administrative contracts, which is equal to \$27,004,000.

### Long-Range Fiscal Implications

DWD estimates the current annualized cost at \$27.0 million, which will grow in future years as the program expands.

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 07-4036/1	<b>Introduction Number</b> SB-510							
<b>Description</b> Requiring the combined reporting of corporate income and franchise taxes; supplemental funding for the renewable energy grant and loan program; Wisconsin higher education grants for technical college students; income eligibility for child care subsidies; incentive grants to technical college district boards for training in advanced manufacturing skills; airport development zone and technology zone tax credits; funding for the Department of Transportation; the Regional Transit Authority and commuter rail transit systems; authorizing the Wisconsin Health and Educational Facilities Authority to issue bonds to finance projects related to research facilities; and making an appropriation								
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>								
<b>II. Annualized Costs:</b>								
	<b>Annualized Fiscal Impact on funds from:</b>							
	Increased Costs      Decreased Costs							
<b>A. State Costs by Category</b>								
State Operations - Salaries and Fringes	\$	\$						
(FTE Position Changes)								
State Operations - Other Costs								
Local Assistance	1,212,200							
Aids to Individuals or Organizations	25,791,800							
<b>TOTAL State Costs by Category</b>	<b>\$27,004,000</b>	<b>\$</b>						
<b>B. State Costs by Source of Funds</b>								
GPR								
FED	27,004,000							
PRO/PRS								
SEG/SEG-S								
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>								
	Increased Rev	Decreased Rev						
GPR Taxes	\$	\$						
GPR Earned								
FED								
PRO/PRS								
SEG/SEG-S								
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>						
<b>NET ANNUALIZED FISCAL IMPACT</b>								
	State	Local						
NET CHANGE IN COSTS	\$27,004,000	\$						
NET CHANGE IN REVENUE	\$	\$						
<table style="width: 100%; border: none;"> <tr> <td style="width: 45%; border: none;"><b>Agency/Prepared By</b></td> <td style="width: 35%; border: none;"><b>Authorized Signature</b></td> <td style="width: 20%; border: none;"><b>Date</b></td> </tr> <tr> <td style="border: none;"> </td> <td style="border: none;"> </td> <td style="border: none;"> </td> </tr> </table>			<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>			
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3/14/2008