STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
DOA-2049 (R09/2016)

DIVISION OF EXECUTIVE BUDGET AND FINANCE
101 EAST WILSON STREET, 10TH FLOOR
P.O. BOX 7864
MADISON, WI 53707-7864
FAX: (608) 267-0372

ADMINISTRATIVE RULES
Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis
☒ Original ☐ Updated ☐ Corrected

2. Date

3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable)

DCF 201, Child care subsidy program

4. Subject

DCF 201, Child care subsidy program

5. Fund Sources Affected
☐ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEG-S

6. Chapter 20, Stats. Appropriations Affected
20.437 (2) (mc) and (md)

7. Fiscal Effect of Implementing the Rule
☐ No Fiscal Effect ☐ Increase Existing Revenues ☐ Increase Costs ☐ Decrease Costs
☐ Indeterminate ☐ Decrease Existing Revenues ☐ Could Absorb Within Agency's Budget

8. The Rule Will Impact the Following (Check All That Apply)
☐ State's Economy
☒ Local Government Units
☒ Specific Businesses/Sectors
☐ Public Utility Rate Payers
☒ Small Businesses **(if checked, complete Attachment A)**

9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1).
$

10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be $10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)?
☐ Yes ☒ No

11. Policy Problem Addressed by the Rule
Implementation of 45 CFR Part 98 and 2017 Wisconsin Acts 59 and 269

12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments.
The department solicited comments from the Wisconsin County Human Services Association, Wisconsin Council on Children and Families, Legal Action of Wisconsin, Wisconsin Early Childhood Association, Supporting Families Together Association, Wisconsin Afterschool Network, Wisconsin Child Care Administrators Association, Wiscnsin Family Child Care Association, and Wisconsin Inter-Tribal Child Care Association.

13. Identify the Local Governmental Units that Participated in the Development of this EIA.
No comments were received.

14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)
The rule will increase costs to the state. The increase cannot be absorbed within the department's budget.

Assumptions Used in Arriving at Fiscal Estimate

3-Month Period Before Termination

Under this policy, parents are afforded a time period of 3-months after a non-temporary job loss before their authorization is terminated.

The annual fiscal effect of this policy was estimated by looking at the number of cases which lost eligibility due to loss of an approved activity and average issuance per case in SFY18.

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12-Month Authorizations

The fiscal effect of providing 12-month authorizations reflects changes to four areas of Wisconsin Shares authorization policy. Estimates are calculated by re-running all child care subsidy transactions over a 12-month period from May 2017-April 2018. It is based on the actual EBT load for each child, with a 7% reduction applied for funds which lapse due to being unused:

1. Subsidy rates will not be altered over the course of a 12-month authorization for when children enter a new age bracket. Subsidy rates decrease as children enter higher age brackets. For example, a child under age 2 receives a higher subsidy than a child 2 or older. Under this policy, the subsidy amount will not decrease for this reason until the time of reauthorization, which creates a new cost.

2. Subsidy amounts will not be decreased over a 12-month authorization period due to a provider moving to a 2-Star YoungStar rating.

3. When parents report a change in their authorization in between eligibility re-determination, scheduled hours for their approved activity will continue to be assessed. The parents' time spent in their approved activity is a component of the schedule overlay, which compares the child, parent, and provider schedule to determine the number of hours of care needed. Continuity of care provisions of CCDBG encourage authorization workers to continue to authorize higher levels of subsidy even if the schedule overlay determines that fewer hours are needed. However, this policy will allow authorization workers to adjust the number of subsidy hours downward if the parents requests it, rather than keep all cases at the highest number of hours for the full 12 months. This estimate assumes that workers will adjust these changes in authorization roughly 50% of the time.

4. For famuilies with an income below 200% FPL, copayments will not increase for the duration of the 12-month authorization without a corresponding increase in authorized subsidy hours.

Copayments Above 200% FPL

This change allows eligibility to participating families whose incomes have increased above the 200% FPL exit threshold. The family's copayment increases by $1.00 for every $3.00 by which the family's gross income exceeds 200% FPL.

The cost estimate is calculated by measuring the number of cases which lost eligibility due to their income exceeding 200% FPL, over the period from April 2017-March 2018 and their benefit load for the month in which they moved above the 200% FPL threshold. It assumes that their income remains the same as when it exceeded 200% FPL, and that their copayment is adjusted by $1 for every $3 that they are above this threshold. This model also assumes that months following the first measured year will see the same rate of families entering the 200% FPL zone, and at the same issuance. A 7% benefit load lapse rate is applied to the final annual amounts to reflect subsidies that are loaded onto the parents' card but never used.

An attrition rate of 5% is applied to both incoming cohorts above 200% FPL, as well as the previous month's participants above 200% FPL, in order to reflect families leaving the program for reasons other than income ineligibility.

15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

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Receipt of federal funding from the Child Care Development Fund and compliance with 2017 Wisconsin Acts 59 and 269

16. Long Range Implications of Implementing the Rule

3-Month Period Before Termination
The estimated ongoing annual cost of this policy is $8.4 million.

12-Month Authorizations
The estimated cost of this policy change is $13.4 million annually.

Copayments Above 200% FPL
The estimated cost of this change is:
SFY 19: $3.6 million
SFY 20: $8.5 million
SFY 21: $13.5 million

17. Compare With Approaches Being Used by Federal Government

The rule implements federal requirements.

18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

All states are required to comply with 45 CFR Part 98

19. Contact Name	20. Contact Phone Number
Kim Swissdorf	(608) 422-6351

This document can be made available in alternate formats to individuals with disabilities upon request.

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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

Providers will receive a more stable income from families who receive a child care subsidy. There will be less fluctuation from month to month in the amount of the subsidy, and parents will have longer authorizations approving payment for a specific number of hours

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

NA

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

☐ Less Stringent Compliance or Reporting Requirements
☐ Less Stringent Schedules or Deadlines for Compliance or Reporting
☐ Consolidation or Simplification of Reporting Requirements
☐ Establishment of performance standards in lieu of Design or Operational Standards
☐ Exemption of Small Businesses from some or all requirements
☐ Other, describe:

NA

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

NA

5. Describe the Rule's Enforcement Provisions

NA

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

☐ Yes ☒ No