2017 Session

FISCAL ESTIMATE DOA-2048 N(R03/97)	☒ ORIGINAL ☐ UPDATED ☐ CORRECTED ☐ SUPPLEMENTAL	LRB or Bill No./Adm. Rule No. DCF 102 and 201 Amendment No. if Applicable

Subject Child Care Subsidy Program

Fiscal Effect

State: ☐ No State Government costs ☐ Indeterminate

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

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

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

☐ Decrease Costs

Local: ☑ No local government costs ☐ Indeterminate

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	Affected Ch. 20 Appropriation
☐ GPR ☑ FED ☐ PRO ☐PRS ☐ SEG ☐ SEG-S	**20.437 (mc), 20.437 (md)**

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 SFY15. This estimate assumes that cases will retain their authorization for both a 3-month time period before a job loss becomes “non-temporary”, as well as the subsequent 3-month period of job search before termination.

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.

Long-Range Fiscal Implications

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

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
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