



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #236

TANF Program Reduction Options (DCF -- Economic Support and Child Care)

[LFB 2009-11 Budget Summary: Page 163, #10, and Page 166, #17]

CURRENT LAW

Under current law, funds from the temporary assistance for needy families (TANF) block grant and child care development block grant (CCDBG) are used for a variety of programs to assist low-income families.

GOVERNOR

The following table shows base level funding, the Governor's recommended funding levels, and the proposed change to base for the TANF-related programs discussed in this paper.

<u>Program</u>	<u>Base Funding</u>	<u>Governor</u>		<u>Change to Base</u>	
		<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>
Children First	\$1,140,000	\$1,140,000	\$1,140,000	\$0	\$0
Child Welfare Prevention Services	1,489,600	1,489,600	1,489,600	0	0
TANF State Administration	16,425,200	15,939,000	16,040,800	- 486,200	-384,400

In addition, the bill would provide \$500,000 GPR annually to implement an automated system to monitor child care attendance in licensed child care centers that receive reimbursement under the Wisconsin Shares program.

DISCUSSION POINTS

1. As shown in a separate reestimate paper, Wisconsin Works (W-2) and TANF-

related programs show a structural deficit of \$20.8 million, which is primarily due to increased costs in the Wisconsin Shares program. In addition, the Governor, in AB 75, would implement several cost saving measures in the Wisconsin Shares program, including attendance-based reimbursement payments, using child support as income when determining eligibility, requiring higher copayments paid by parents, and the establishment of a waiting list.

2. The Committee may not wish to adopt some or all of the cost saving measures for the Wisconsin Shares program and could consider eliminating or reducing funding for several other programs in order to address the structural deficit in Wisconsin Shares or to increase funding for other TANF-related programs. These are discussed below.

Children First

3. The bill would maintain base funding of \$1,140,000 FED annually for the children first program (Alternative A1). The program provides job training and work experience to low-income or underemployed noncustodial parents to help them meet their child support financial obligations. A noncustodial parent who has no current means of meeting a child support obligation may be ordered by a court into the program. Children first participants often face significant barriers to meaningful employment, including low education achievement, poor work histories, alcohol and/or drug abuse problems, and criminal records. The program is administered through partnerships between county child support agencies, W-2 agencies, and the county or tribal judicial system. It currently operates in 30 counties and one tribe.

4. Under the program, the Department of Children and Families (DCF) reimburses the county child support or W-2 agency at a rate of up to \$400 per participant. Currently, about 3,000 persons participate in the program per year. Costs above those reimbursed by DCF are funded by the county.

5. The Committee could reduce the reimbursement rate from \$400 per participant to \$200 per participant and reduce funding by \$570,000 FED annually (Alternative A2). Prior to 2000, the reimbursement rate was \$200. However, the rate was increased to the current level under 1999 Wisconsin Act 9 (the 1999-01 biennial budget act) in recognition of the actual costs of the program.

6. Alternatively, the Committee could eliminate the children first program and reduce funding by \$1,140,000 FED annually to offset the Wisconsin Shares deficit or increase funding for other programs (Alternative A3).

7. However, in the past, concerns have been raised about the need to provide additional services to noncustodial parents to enable them to provide enhanced financial support to their children. Increased child support payments could help some families achieve self-sufficiency and be less reliant on public assistance programs.

Child Welfare Prevention Services (Primary Prevention Grant Program)

8. AB 75 would maintain TANF funding for child welfare prevention services at

\$1,489,600 FED annually (Alternative B1). The TANF funding was first provided in 2000-01 and replaced GPR funding that was previously budgeted for the program. State (GPR) funding was initially provided as part of the state's assumption of child welfare responsibilities in Milwaukee County on January 1, 1998. The state agreed to continue funding this contract as part of its child welfare costs in Milwaukee County, since the county had supported these services prior to the state's assumption of child welfare activities in the county.

9. The TANF funding supports two initiatives to reduce the incidence of child abuse and neglect in Milwaukee County: (a) home visiting for at-risk pregnant women and families residing in parts of Milwaukee County (\$912,100); and (b) community-based grants for prevention services (\$577,500). DCF allocated \$812,100 of the 2008-09 home visiting program funding to the City of Milwaukee Health Department (MHD) and \$100,000 to UW-Extension to train individuals who provide such services. DCF allocated all of the \$577,500 in community-based grants to the Brighter Futures Initiative in Milwaukee County. Of the Brighter Future funds, \$387,800 was awarded to Community Advocates. The remainder was provided to La Causa in the City of Milwaukee to fund the Crisis Nursery (\$189,700).

10. MHD administers the home visiting program in Milwaukee, known as Empowering Families of Milwaukee (EFM). The \$812,100 home visiting program funds help support 6.0 MHD staff positions (1.0 program manager, 1.0 project director, 1.0 health information specialist, 1.0 office assistance, and 2.0 public health nurses), as well as community health workers, supervisors, and social workers in three additional community-based organizations. These organizations (La Causa, Children's Service Society, and Vincent Family Resource Center) provide home visiting services, along with MDH staff to eight zip codes in Milwaukee County--53204, 53205, 53206, 53208, 53210, 53212, 53218, and 53233. EFM provides initial services to pregnant women and women with infants up to two months old who are at risk of poor birth or early childhood outcomes and reside in one of the eight mentioned zip codes. Services can be provided until the infant reaches five years of age. The program supports a maximum of 225 enrollees.

11. The Brighter Futures program seeks to: (a) prevent and reduce the incidence of youth violence and other delinquent behavior; (b) prevent and reduce the incidence of youth alcohol and other drug use and abuse; (c) prevent and reduce the incidence of child abuse and neglect; (d) prevent and reduce the incidence of non-marital pregnancy and increase the use of abstinence to prevent non-marital pregnancy; and (e) increase adolescent self-sufficiency by encouraging high school graduation, vocation preparedness, improved social and other interpersonal skills, and responsible decision-making.

12. The Committee could consider reducing or eliminating funding for this program in order to provide TANF funds for other purposes. The Committee could choose to reduce funding for one or both prevention programs (Alternatives B2 through B4). Deleting all of the TANF funds for this program would free up \$1,489,600 annually that could be used to offset the structural deficit, replace other revenue sources, or increase funding for other programs.

13. Eliminating these funds, however, would reduce the number of services available for parents and families in Milwaukee County to prevent the incidence of child abuse and neglect.

State Administration of Public Assistance Programs

14. AB 75 would reduce funding for TANF state administration by \$486,200 in 2009-10 and \$384,400 in 2010-11. These reductions reflect the net effect of standard budget adjustments, health insurance and compensation reserves, transfer of funds to licensing activities, elimination of a project position and other increased expenditure authority.

15. Under AB 75, the TANF allocation for state administration of public assistance programs includes increased expenditure authority of \$379,700 in 2009-10 and \$374,700 in 2010-11 (Alternative C1). However, information from DCF indicates these increases do not correspond to actual increases in expenditures. In addition, these increases do not correspond to historical overspending of the allocation.

16. Rather, these increases correspond to specific expenditures from the economic support general program operations appropriation (\$240,100 GPR annually) and the public assistance overpayment recovery, fraud and error reduction appropriation (\$139,600 PR in 2009-10 and \$134,600 PR in 2010-11). However, expenditures from these appropriations are already authorized under current law. No additional expenditure authority is needed.

17. The Committee could reduce funding by \$379,700 FED in 2009-10 and \$374,700 FED in 2010-11 to reflect that additional expenditures of federal funds for state administration of public assistance programs is unnecessary (Alternative C2).

Licensed Child Care Attendance Monitor System

18. Provisions under 2009 Wisconsin Act 2 provided \$500,000 FED in 2008-09 to implement a system to monitor child care attendance in licensed child care centers. The design of the system has not been fully developed, but could include a "swipe card" system that would allow for the electronic recording and monitoring of attendance at licensed child care facilities. The Department of Administration (DOA) indicated that implementation of this system would address concerns regarding reimbursement of child care providers for children who are not receiving child care or who have parents that may not be legitimately employed. DOA indicated that the system would only apply to licensed child care providers.

19. AB 75 would provide \$500,000 GPR annually to continue to design and implement this system (Alternative D1). DCF recently issued a request for information to vendors to find out more about how the system could work and how much it would cost to implement.

20. As shown in the separate TANF reestimate paper, the 2010-11 ending TANF balance is estimated to be \$17.6 million. In order to reduce GPR funding for TANF-related programs, the Committee could provide \$500,000 FED annually for the licensed child care attendance monitor system, rather than \$500,000 GPR annually (Alternative D2).

21. However, replacing state funding for this system with federal TANF funds increases the structural deficit for the TANF-related programs. While there is sufficient funding in 2009-11 to support this monitor system with TANF funds, there will be insufficient federal funds in the next

biennium to support current expenditures from TANF-related programs at the same level of funding.

22. In addition, a total of \$1.5 million would be allocated for this swipe card system under Act 2 and AB 75. However, little detail has been provided about how this system would be implemented. The Committee could place \$500,000 GPR annually (or \$500,000 FED annually if the GPR funds are replaced with TANF funds) in its general program supplementation appropriation and require DCF to submit a request under section 13.10 of the Wisconsin statutes to access these funds once a more detailed plan is in place for the swipe card system (Alternative D3).

ALTERNATIVES

A. Children First

1. Approve the Governor's recommendation on the funding level for children first as provided under the bill in the amount of \$1,140,000 FED annually

2. Reduce funding by \$570,000 FED annually to provide a reimbursement rate of \$200 per participant, rather than \$400 under current law.

ALT A2	Change to Bill Funding
FED	- \$1,140,000

3. Reduce funding by \$1,140,000 FED annually to eliminate the children first program. Delete the statutory authority and allocation.

ALT A3	Change to Bill Funding
FED	- \$2,280,000

B. Child Welfare Prevention Services

1. Approve the Governor's recommendation on the funding level for child welfare prevention services as provided under the bill in the amount of \$1,489,600 FED annually.

2. Reduce funding by \$912,100 FED annually to delete funding for the home visiting component of child welfare prevention services.

ALT B2	Change to Bill Funding
FED	- \$1,824,200

3. Reduce funding by \$577,500 FED annually to delete funding for the community-based grants component of child welfare prevention services.

ALT B3	Change to Bill Funding
FED	- \$1,155,000

4. Reduce funding by \$1,489,600 FED annually to eliminate TANF funding for child welfare prevention services. Delete the statutory allocation.

ALT B4	Change to Bill Funding
FED	- \$2,979,200

C. State Administration of Public Assistance Programs

1. Approve the Governor's recommendation on the funding level for state administration of public assistance programs of \$15,939,000 in 2009-10 and \$16,040,800 in 2010-11.

2. Modify the Governor's recommendation to reduce expenditure authority for state administration of public assistance programs by \$379,700 FED in 2009-10 and \$374,700 FED in 2010-11. Total funding for state administration of public assistance programs would be \$15,559,300 in 2009-10 and \$15,666,100.

ALT C2	Change to Bill Funding
FED	- \$754,400

D. Licensed Child Care Attendance Monitor System

1. Approve the Governor's recommendation to provide \$500,000 GPR annually for an attendance swipe card system.

2. Modify the Governor's recommendation to reduce funding by \$500,000 GPR annually and increase funding by \$500,000 FED annually to replace GPR funds with TANF funds.

ALT D2	Change to Bill
	Funding
GPR	- \$1,000,000
FED	<u>1,000,000</u>
Total	\$0

3. In addition to Alternative D1 or D2, place the \$500,000 annually budgeted for the swipe card system in the Committee's general program supplementation appropriation and require DCF to submit a request under section 13.10 of the Wisconsin statutes to access these funds, along with a detailed plan of how the swipe card system would work and how the funds would be spent.

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