

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-4600/1		Introduction Number SB-654	
Description Participation of minor parents in Wisconsin Shares and granting rule-making authority			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <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 type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts			
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input checked="" type="checkbox"/> SEGS 20.437 (2) (mc) (md) (dz) (k) (s)			
Agency/Prepared By		Authorized Signature	Date
DCF/ Mark Mansfield (608) 266-9475		Robert Nikolay (608) 261-4349	3/29/2010

Fiscal Estimate Narratives

DCF 3/29/2010

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Description Participation of minor parents in Wisconsin Shares and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, an individual under age 18 may apply for a child-care subsidy and is eligible if the individual has a citizen child under age 13 for whom care is needed in order for the applicant individual to do certain activities, including meeting the Learnfare school-attendance requirement or, under certain other conditions, working in unsubsidized employment. An individual under age 18 that is not subject to the Learnfare school-attendance requirement is eligible for a Shares child-care subsidy to obtain a high-school diploma or GED only if also living with his or her custodial parent, a kinship-care relative, foster home or treatment foster home, subsidized guardianship home, a group home, or an independent living arrangement supervised by an adult.

Also under current law, a minor is subject to the Learnfare school-attendance requirement only if numerous conditions are met, including that the minor is a "dependant child" in a "Wisconsin Works group" based on the participation of certain older (18 or older) adults (as an example, a parent of the minor child is in a W-2 placement). If a minor is a dependant child in such a Wisconsin Works group, other current-law conditions that must be met in order for the minor to be subject to the Learnfare school-attendance requirement (and therefore eligible for a Shares subsidy to meet that requirement) include, if the dependent is the caretaker of a child, the child is at least 45 days old and child care is available at the school or the school provides an instruction program for the caretaker at home and, if child care services are necessary in order for the individual to attend school, a child care provider and transportation to and from the provider are available [s.49.26].

The bill applies to applicants for, and current recipients of, Wisconsin Shares child care subsidies who have not yet attained age 18, and would create specialized eligibility and application provisions only for this age group, including a specialized income-eligibility test for under-18 applicants living with parents. The bill would not extend Shares eligibility to minor parents in living situations not covered by current law.

This bill creates a new requirement that Shares applications by minors contain a signature from a parent of the minor or, if the individual demonstrates in the manner required by a rule to be promulgated by DCF that no parent is willing or available to sign the application, a signature by another relative, caseworker, school official, or school health professional attesting to the applicant minor's need for child care in order to do an otherwise eligible activity. Since minors can currently apply, this provision alone will have relatively little effect on program costs, but will require development of new application materials and processes.

The bill would also create a new restriction on Shares eligibility for minors, providing that they would be eligible only if child care is "not available at no cost at the individual's school." Current DCF co-payment policies for minors depend on whether or not they are subject to the Learnfare school-attendance requirement: Those that are subject to it have no co-payment requirement. Minors otherwise eligible for Shares to attend high school are subject to the lowest co-payment for their family size (currently \$6/week for 1 child, \$10/week for 2 children, regardless of family income).

The number of Shares families with at least one minor parent, defined as at least one payment to a provider for at least one child in a month averages about 300. It cannot be immediately determined to what extent the provider for these teen's children is the school, but readily available data does indicate payments to public schools totaling \$312,647 in February 2010 for 1,504 children in care. Some teen Shares participants could potentially lose eligibility for these subsidies if on-site care is available at their schools at no cost. However, it is assumed that the majority of the payments were associated with school-sponsored day care or after-school programs for children of non-teen Shares participants.

The bill modifies both statutory income-eligibility and non-statutory (policy/practice) eligibility criteria for minor-teen applicants for Shares. The income-eligibility modifications depend in part on the inclusion or exclusion of the income of the parent of the applicant teen, and the percentage of the federal poverty line (FPL) that the calculated income represents for a family the size of the applicant individual's family. In

general, the latter depends on that individual's living arrangements.

The bill could create new income-eligibility criteria specific to Shares applicants under age 18 who are living at home. It provides that "to the extent permitted under federal law," if the applicant is under 18 and living with his or her parent and if "the gross income of the applicant individual's family, calculated includes the income of the individual's parent, all of the following are true." The first condition is that the gross income of the individual's family calculated without the individual's parent's income is at or below 185% of the FPL for a family size the size of the individual's family or, for an individual already receiving Shares, 200% of the FPL for a family size the size of the individual's family. This first condition essentially mirrors current initial and continuing income eligibility, though it is not clear it would apply if the gross income to which current law is applied were to exclude the income of the applicant individual's parent or parents.

The second condition is that the gross income of the applicant individual's family calculated with the income of his or her parent is at or below 225% of the FPL, or 85% of the state's median income, for a family size the size of the individual's family. The 85% of median income is maximum allowable subsidy level for federal Child Care and Development Block Grant funds. However, it appears unlikely to be limiting (compared to the 225% FPL criterion). Median income (60%) is used for income-eligibility for the Low-Income Heat Energy Assistance program, but is not currently used in the Wisconsin Shares program. Based on 2009-10 median-income guidelines, 85% of the median income for a family size of 2 would be \$43,414 and for a family size of 3 would be \$53,629. In comparison, 225% of FPL for the same family sizes would be \$32,783 and \$41,198, respectively. While implementing the 85% provision could complicate eligibility and data-base programming, it appears that the FPL limitation in the calculation including the income of the applicant's parents would typically be more likely to limit the minor parent's eligibility. DCF cannot readily estimate the extent to which the alternate income-eligibility tests could potentially limit subsidies for minor parents. It could be noted that the bill creates a procedure for minors to apply without the cooperation of their parents. In these instances, information about the parent's income may not be available. The provision requiring DCF to implement the income-eligibility provisions "to the extent permitted under federal law" is unlikely to be limiting because of the size and mix of funding used for Wisconsin Shares.

The bill would create a "prohibited factor for determining eligibility" for Shares applicants under the age of 18. A county department or agency with which DCF contracts for Shares eligibility determinations, or the DHS-supervised Milwaukee-County enrollment services unit could not "condition eligibility on a finding that no adult relative, as defined in s.49.02 (15), of the individual is available or able to provide child care for the individual's child while the individual is participating in [an otherwise Shares-eligible activity]." While this is not a current statutory eligibility factor, current policy generally requires an applicant to "need child care" and, in the case of W-2 households, whether or not other adults are employed or engaged in other activities. If an adult relative of a minor applicant is not employed, the adult could be available to provide care for the minor's child. Under this bill, if a parent, adult relative, caseworker, or school official or health worker agreed that the minor needed child care for a Shares-eligible activity, it is assumed the intent is to disregard the availability or non-availability, or suitability, of potential adult relative caregivers. DCF does not, however, have data on the extent to which W-2 agencies (the agencies legally responsible for Shares eligibility prior to January 1, 2010) have previously denied Shares based on a finding that an adult relative was available to care for the minor's child. In addition, since the bill makes other changes to current eligibility practices, the effect of this policy change is relatively unpredictable.

There were 1,859 births to teens under 18 in 2008. If it is assumed that 2/3 of these are to individuals approximately age 17, and the balance are to individuals under 17 (who may be in school and receive a Shares subsidy under this bill for more than one year) and the majority of these individuals have only one infant, DCF assumes there could be 2,400 potentially eligible/needing care at any given time. DCF may be serving 300 of them now; while some of those may lose eligibility due to the availability of on-site care at no cost, it might be assumed that those losing eligibility would not be served, so the maximum number could be about 2,400 - 300, or 2,100. Of those, some would be ineligible due to the family income limitations in the bill, would not apply due to the availability of family or other assistance, or could at times be ineligible due to lack of an eligible activity (e.g., neither working nor attending school) or living in a non-approvable living arrangement. DCF has no ability to predict the potential participation rate for minor teens.

If 50% of the potentially eligible minors apply and meet other eligibility criteria, Shares might provide subsidies for 1,050 new kids. The subsidies for these kids would be entirely infant care, which could cost \$10,000 per year based on full-time care for an average of 10 months of the year, suggesting a potential additional program cost of \$10,500,000 annually.

The bill would also require some increased administrative costs, primarily for computer programming related to the income and other eligibility changes. DCF estimates about 150 hours of programming time at a cost of about \$77/hr, or \$11,600. This cost is absorbable within current appropriations.

The bill contains modification to a current-law requirement (s.49.90) generally providing that the parent or spouse of any "dependent person" that is unable to maintain himself or herself shall maintain such dependent persons "so far as able, in a manner approved by the authorities having charge of the dependent...." The bill amends a provision that states that persons receiving social security or state supplemental social security benefits "shall not be deemed dependent persons" under that statute to state that "parents under the age of 18 years receiving child care subsidy benefits under [Wisconsin Shares] shall also not be deemed "dependent persons." It appears that this provision relates to circumstances when a parent or spouse might be expected to contribute to the cost of care for certain dependent persons and would have no affect on the cost of Wisconsin Shares benefits for minor parents or DCF's costs to administer DCF programs and policies.

Long-Range Fiscal Implications