



## Legislative Fiscal Bureau

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May 21, 2001

Joint Committee on Finance

Paper #1041

### *Temporary Assistance for Needy Families (TANF)*

## **Revised Estimates for Wisconsin Works (W-2) and TANF Related Programs (DWD -- Economic Support and Child Care)**

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### **INTRODUCTION**

The purpose of this paper is to establish a projected 2001-03 ending balance in federal funding from the temporary assistance for needy families (TANF) block grant. The Committee has elected to work from the Governor's recommended funding levels in the budget bill for items related to the Wisconsin Works (W-2) program and other TANF expenditures. However, according to a February 27, 2001, budget errata report from the Department of Administration, certain items included in the Governor's proposed revenues and expenditures contain inadvertent errors. This office has also prepared revised estimates of certain expenditures based on the most recent information available. In addition, the amount of TANF funds available in the 2001-03 biennium is dependent upon the ending TANF balance from the 1999-01 biennium. Therefore, this paper also addresses revised estimates of 2000-01 expenditures.

This paper would modify the Governor's proposal to account for inadvertent errors and revised estimates. Additional papers address modifications that could be considered by the Committee in establishing the budget for the W-2 and child care programs and other expenditures of TANF funds.

Table 1 shows estimated revenues and expenditures for W-2 and other public assistance programs under the budget bill. The table compares the administration's figures with the revised estimates prepared by this office. Note that the table shows the amount of revenue that would be

needed to fully fund programs that are not entitlements, specifically child care subsidies, kinship care and state food stamps for qualified immigrants. If these programs are not fully funded, programmatic changes, statutory changes and/or waiting lists would have to be implemented. The revised revenue and expenditure estimates are discussed in more detail in the sections following the table.

**TABLE 1**  
**Revised Estimates of Public Assistance Revenues and Expenditures**

	Governor		Revised Estimates		Difference	
	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03
<b>REVENUES</b>						
State General Purpose Revenue	\$150,427,200	\$150,427,200	\$150,152,200	\$150,152,200	-\$275,000	-\$275,000
Program Revenue in DWD	1,181,400	1,187,000	1,298,700	1,309,200	117,300	122,200
TANF Block Grant	317,505,200	317,505,200	317,505,200	317,505,200	0	0
Child Care Block Grant	78,114,100	78,114,100	62,008,700	78,033,000	-16,105,400	-81,100
Federal Food Stamp Employment and Training Funds	4,406,300	4,406,300	4,406,300	4,406,300	0	0
Federal Food Stamp Revenue	4,265,600	4,265,600	3,990,500	3,990,500	-275,100	-275,100
Program Revenue from DHFS for Medical Assistance	8,513,000	8,513,000	13,236,000	13,236,000	4,723,000	4,723,000
Child Support Collections	30,498,500	27,498,500	30,498,500	27,498,500	0	0
TANF Carryover from Prior Year	213,457,100	66,080,200	261,539,000	51,653,000	48,081,900	-14,427,200
<b>Total Revenues</b>	<b>\$808,368,400</b>	<b>\$657,997,100</b>	<b>\$844,635,100</b>	<b>\$647,783,900</b>	<b>\$36,266,700</b>	<b>-\$10,213,200</b>
<b>EXPENDITURES</b>						
<b>W-2 Agency Contract Allocations</b>						
Subsidized Employment Benefits	\$50,696,100	\$52,082,600	\$50,696,100	\$52,082,600	\$0	\$0
Administration/ Direct Services	127,047,300	125,660,800	126,100,300	125,660,800	-947,000	0
2000-2001 W-2 Contracts-Carryover from Prior Year	20,136,800	0	20,136,800	0	0	0
Local Agency Performance Bonuses	14,826,200	0	14,772,600	0	-53,600	0
Community Reinvestment-W-2 Agencies	39,383,200	5,559,800	36,353,700	5,539,700	-3,029,500	-20,100
Milwaukee Private Industry Council	500,000	500,000	500,000	500,000	0	0
<b>Child Care</b>						
Direct Child Care Subsidies	\$242,475,000	\$242,475,000	\$274,500,000	\$305,600,000	\$32,025,000	\$63,125,000
Programs to Improve Child Care Quality and Availability	16,253,800	16,439,000	25,226,100	16,390,200	8,972,300	-48,800
Local Pass-Through Program	17,495,000	17,481,100	25,210,800	17,253,200	7,715,800	-227,900
<b>Other Benefits</b>						
Kinship Care	\$24,565,300	\$24,565,300	\$24,852,600	\$24,852,600	\$287,300	\$287,300
Caretaker Supplement for Children of SSI Recipients	18,288,800	16,771,600	20,145,000	19,796,000	1,856,200	3,024,400
Emergency Assistance	3,300,000	3,300,000	3,300,000	3,300,000	0	0
Job Access Loans	1,000,000	1,000,000	1,000,000	1,000,000	0	0
State Food Stamps for Legal Immigrants	550,000	550,000	745,000	950,000	195,000	400,000
Employment Skills Advancement	100,000	100,000	100,000	100,000	0	0
Funerals/Burial Reimbursements	4,550,200	4,550,200	4,550,200	4,550,200	0	0
<b>Child Support Related to W-2</b>						
Child Support Payments	\$18,682,100	\$18,682,100	\$18,682,100	\$18,682,100	\$0	\$0
Children First	2,800,000	2,800,000	2,800,000	2,800,000	0	0
<b>Administrative Support</b>						
State Administration	\$21,745,200	\$21,745,200	\$21,795,300	\$21,807,800	\$50,100	\$62,600
Partnership for Full Employment	1,756,700	1,756,700	1,756,700	1,756,700	0	0
Fraud and Front-End Verification	680,200	686,500	661,400	661,400	-18,800	-25,100
Milwaukee County Liaison	54,100	54,100	54,100	54,100	0	0
W-2 Financial Oversight	500,000	500,000	500,000	500,000	0	0

	Governor		Revised Estimates		Difference	
	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03
<b>Other Support Services</b>						
Work-Based Learning Programs	\$6,399,000	\$2,000,000	\$6,399,000	\$2,000,000	\$0	\$0
Transportation	2,000,000	2,000,000	2,000,000	2,000,000	0	0
Fatherhood	200,000	200,000	200,000	200,000	0	0
<b>Grant Programs</b>						
Workforce Attachment and Advancement	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$0	\$0
Early Childhood Excellence	7,500,000	7,500,000	11,145,900	7,500,000	3,645,900	0
Community Youth Grants	7,079,700	0	7,079,700	0	0	0
Literacy-DWD	1,375,800	750,000	1,375,800	750,000	0	0
AODA Programs	500,000	0	500,000	0	0	0
<b>Expenditures in Other Programs</b>						
Earned Income Tax Credit	\$51,244,500	\$53,665,500	\$51,244,500	\$52,200,000	\$0	-\$1,465,500
Head Start	3,712,500	3,712,500	3,712,500	3,712,500	0	0
Aid to Milwaukee Public Schools	1,410,000	1,410,000	1,410,000	1,410,000	0	0
SSBG Transfer to DHFS/Community Aids	18,086,200	13,494,000	18,086,200	13,494,000	0	0
Adolescent Services/Pregnancy Prevention	1,821,300	1,821,300	1,816,500	1,816,500	-4,800	-4,800
Badger Challenge	83,200	83,200	83,200	83,200	0	0
Early Pregnancy Identification	100,000	100,000	100,000	100,000	0	0
Literacy-Governor's Office	50,000	50,000	50,000	50,000	0	0
Nutrition Services	1,000,000	1,000,000	1,000,000	1,000,000	0	0
Immunization	1,000,000	1,000,000	1,000,000	1,000,000	0	0
Domestic Violence	1,000,000	1,000,000	1,000,000	1,000,000	0	0
Child Abuse and Neglect Prevention Board	340,000	340,000	340,000	340,000	0	0
Total Expenditures	\$742,288,200	\$657,386,500	\$792,982,100	\$722,493,600	\$50,693,900	\$65,107,100
Balance in Federal TANF Funds	\$66,080,200	\$610,600	\$51,653,000	-\$74,709,700	-\$14,427,200	-\$75,320,300

As shown in the table, revenues available for the W-2 program, child care and other related programs are now estimated at \$844,635,100 in 2001-02 and \$647,783,900 in 2002-03. These amounts are higher than the administration's estimates by \$36,266,700 in the first year and lower by \$10,213,200 in the second year. Expenditures under the bill are currently estimated at \$792,982,100 in 2001-02 and \$722,493,600 in 2002-03. Compared to the administration's figures, these amounts are higher by \$50,693,900 in 2001-02 and \$65,107,100 in 2002-03.

As a result of these modifications, the balance in federal TANF funding at the end of the biennium under the bill is currently estimated at a deficit of \$74,709,700.

## REVENUES AVAILABLE FOR W-2 AND RELATED PROGRAMS

**TANF and Child Care and Development Fund (CCDF) Reauthorization.** The TANF block grant and the child care and development fund must be reauthorized by Congress by September 31, 2002. It is unknown at this time what impact reauthorization will have on revenues or maintenance of effort requirements. This paper assumes that revenues will continue at federal fiscal year (FFY) 2001 levels after reauthorization.

**General Purpose Revenue.** The amount of GPR available to fund the TANF program is currently estimated at \$150,152,200 annually. On an annual basis, this is \$275,000 lower than the administration's estimates. This change is based on DWD's current assumption of the amount

of GPR that is dedicated to the food stamp and medical assistance programs in the W-2 contracts.

**Program Revenue.** The bill included \$1,181,400 PR in 2001-02 and \$1,187,000 PR in 2002-03 from collections of public assistance overpayments and job access loan repayments. The amounts from overpayment collections have been increased to reflect anticipated revenues generated from the two positions proposed by the Governor for the public assistance collections unit. Total revenue is projected to be \$1,298,700 in 2001-02 and \$1,309,200 in 2002-03. These projections are greater than the amounts in the bill by \$117,300 in 2001-02 and \$122,200 in 2002-03.

**Child Care and Development Fund.** Total new revenues from CCDF are projected to be lower than the amount assumed by the administration by \$16,105,400 in 2001-02 and \$81,100 in 2002-03, due to an increase in the amount of CCDF discretionary funds available, a net decrease in the amount of CCDF matching funds available, and corrections needed to address inadvertent double counting of earmarked funds in FFYs 1998, 1999 and 2000 as described below. The revenue projections assume that the same amount of funding will be available in future years as for FFY 2001. However, the President's budget proposal includes a \$2.7 million increase in matching funds and a decrease in discretionary funds available after earmarks of \$3.1 million. The President's proposal also includes a new earmark of \$5.6 million that would provide parents with certificates to obtain after-school child care with a high-quality focus for eligible children less than 19 years of age

*a. CCDF Discretionary Funds.* As a result of a Joint Committee on Finance s. 13.10 action on April 24, 2001, \$2,080,100 in additional CCDF discretionary funds are available to be spent on child care programs in 2001-02. In addition, \$2,382,000 in additional quality earmark funds are available, bringing total new discretionary funds to \$4,462,100 in 2001-02. These funds were awarded for FFY 2001 and must be spent by September 30, 2002.

*b. CCDF Matching Funds.* The Governor's budget bill assumed that \$17,267,100 in FFY 2002 CCDF matching funds would be accessed in state fiscal year 2001-02 and allocated for the local pass-through program. However, since the budget was introduced, the administration has indicated that the FFY 2000 and FFY 2001 funds will be used to fund the local pass-through program in state fiscal year 2001-02, resulting in \$17,267,100 in FFY 2002 funds not being accessed by the state. Some state expenditures are used to access CCDF matching funds. Due to anticipated changes in the federal matching rate, the state will not be able to access \$56,900 in 2001-02 and \$81,100 in 2002-03 as assumed in the budget. The total change in matching funds is a decrease of \$17,324,000 in 2001-02 and \$81,100 in 2002-03.

*c. Error Correction for Child Care Quality Earmarks.* In past years, a total of \$3,243,500 earmarked for child care quality improvement was double counted and revenue in 2001-02 must be reduced by a corresponding amount.

**Federal Food Stamp Revenue.** The amount of federal funds for food stamp administration included in the W-2 contracts is estimated at \$3,990,500 annually, which is

\$275,100 less than assumed by the administration. This change is based on DWD's current assumption of the amount of federal revenue dedicated to the food stamp and medical assistance programs in the W-2 contracts.

**Program Revenue from DHFS for Medical Assistance Administration.** The bill included \$8,513,000 annually in program revenue from the Department of Health and Family Services (DHFS) to pay for the MA portion of the W-2 contracts. This amount has been reestimated at \$13,236,000, based on DWD's current assumption of the amount of federal revenue and GPR dedicated to the food stamp and medical assistance programs in the W-2 contracts. The new amount is \$4,723,000 higher than the administration's estimates. The budget bill did not increase DWD's interagency PR-S appropriation to account for this new revenue. An option to increase DWD's PR-S appropriation is included in a separate paper on the proposed transfer of MA administration from DWD to DHFS.

**Carryover of TANF funds from 2000-01 to 2001-02.** The estimated carryover of TANF funding from 2000-01 to 2001-02 is \$261,539,000. This amount is \$48,081,900 higher than the original estimate of \$213,457,100. While the carryover amount is higher than the administration's estimate, it includes \$37,876,800 that is rebudgeted in 2001-02 for the indirect child care program, local pass-through program and early childhood excellence initiative. As a result, only \$10,205,100 of the carryover amount is available for additional TANF-eligible expenditures. The new carryover amount results from several revised estimates of 1999-00 and 2000-01 revenues and expenditures as discussed below.

*a. Actions by Joint Committee on Finance.* Since the Governor's budget was submitted, the Joint Committee on Finance took action under s. 13.10 in April, 2001, to increase federal and GPR funding for child care, increase TANF funding transferred to the social services block grant for the community aids program and decrease the estimate for the amount of EITC payments. The administration assumed that these actions would take place, but at a slightly different amount. The modifications approved by the Committee reduced the 2001-02 opening balance by \$307,900 compared to the administration's assumption.

*b. General Purpose Revenue.* Total GPR for the W-2 program is currently projected at \$159,206,500 in 2000-01, which is \$7,941,700 higher than the amount assumed by the administration.

*c. Program Revenue.* Total program revenues from overpayment collections are expected to be less than budgeted. However, job access loan repayments are expected to be more than budgeted. The net impact of these changes is a decrease of \$20,500 in 2000-01.

*d. Food Stamp Employment and Training (FSET) Program.* Revenues from the FSET program are projected at \$5,400,000 in 2000-01, which is \$1,605,100 higher than the amount assumed by the administration.

e. *Federal Food Stamp and Medical Assistance Revenue.* Total revenues from food stamps and MA associated with the W-2 contracts are projected at \$13,400,000 in 2000-01, which is \$1,143,600 higher than the administration's estimate.

f. *Carryover of TANF funds from 1999-00 to 2000-01.* The amount of TANF funds carried over from 1999-00 to 2000-01 was \$203,700 higher than the administration's estimate, due to updated information on 1999-00 expenditures.

g. *Carryover from 1997-1999 W-2 Contracts.* Final payments for profit associated with the 1997-1999 W-2 contracts were \$2,869,300 higher in 2000-01 than estimated by the administration. In addition, community reinvestment funds associated with the 1997-1999 W-2 contracts are projected to be \$239,500 lower than the amount assumed by the administration based on the final community reinvestment contract amount. These changes result in a net increase of \$2,629,800 in 2000-01 over the amount assumed by the administration.

h. *Community Reinvestment for 2000-2001 W-2 Contracts.* DWD does not anticipate spending any community reinvestment funds associated with the 2000-2001 W-2 contracts in 2000-01 because the amount of community reinvestment that will be allocated to each agency will not be determined until after the contracts end in the next biennium. This represents a \$1,390,000 reduction from the administration's estimate.

i. *Programs to Improve Child Care Quality and Availability.* According to estimates by DWD, a total of \$9,020,100 from contracts to improve child care quality and availability will not be spent in 2000-01 and would need to be carried over to 2001-02. This carryover was not included in the Governor's bill.

j. *Local Pass-Through Program.* Based on recent information, expenditures will be approximately \$754,900 in 2000-01, which is \$25,210,800 less than estimated by the administration. A total of \$10,689,900 from the first round of contracts is not expected to be spent in 2000-01 and \$14,520,900 from the second round of contracts will not be spent because those contracts are not anticipated to be executed until June, 2001. A total of \$25,210,800 would be rebudgeted in 2001-02.

k. *Kinship Care.* The Joint Committee on Finance acted in March, 2001, to provide \$197,800 in 2000-01 to fund kinship care waiting lists. Based on current caseload, 2000-01 expenditures for the kinship care program are estimated at \$24,560,400, which is \$1,425,300 lower than the administration's original estimate.

l. *Caretaker Supplement for Children of SSI Recipients.* Based on current caseload data, caretaker supplement expenditures are estimated at \$20,275,600 in 2000-01, which is \$2,483,700 higher than the administration's original estimates.

m. *Emergency Assistance.* Based on expenditure data through March, 2001, the entire allocation for emergency assistance is likely to be utilized in 2000-01, whereas the administration assumed that there would be a \$500,000 savings.

n. *Food Stamps for Immigrants.* Based on recent caseload information, expenditures for food stamps for qualified immigrants are estimated at \$575,000 in 2000-01, which is \$155,000 higher than the administration's original estimates.

o. *Employment Skills Advancement Grants.* Based on recent and historical expenditure data for this program, expenditures are estimated to be \$95,000 less than projected by the administration.

p. *State administration.* Based on expenditures through March, 2001, it is estimated that \$24,837,600 will be spent on state administration of TANF programs and the partnership for full employment in 2000-01. This is \$1,175,700 less than the administration's estimate.

q. *Fraud and Front-End Verification.* Based on expenditures through March, 2001, a total of \$349,400 is projected to be spent on local level fraud prevention activities in 2000-01. This is \$312,000 less than the administration's estimate.

r. *Early Childhood Excellence Initiative.* Based on recent expenditure information, \$3,645,900 of the \$7,500,000 allocation will not be spent in 2000-01 and will have to be rebudgeted in 2001-02.

s. *Nutrition Services.* A total of \$1,049,300 is anticipated to be spent in 2000-01 on nutrition services, which is \$500,000 lower than assumed by the administration.

t. *Immunization.* A total of \$1,317,100 is anticipated to be spent in 2000-01 on immunization services, which is \$510,000 less than the administration's original estimates.

## **EXPENDITURES FOR W-2 AND RELATED PROGRAMS IN 2001-03**

**W-2 Contract Allocations.** Based on final contract amounts for the 2000-2001 W-2 contracts, funds for local administration of W-2 are reduced by \$947,000 in 2001-02.

**Performance Bonuses.** The amount of funding provided for performance bonuses associated with the 2000-2001 W-2 contracts is reduced by \$53,600 in 2001-02 to reflect 4% of the final W-2 contract amounts.

**Community Reinvestment.** Funding for community reinvestment is decreased by \$3,029,500 in 2001-02 and \$20,100 in 2002-03. These changes are composed of two components. First, funds are reduced by \$239,500 in 2001-02 based on the final contract amounts for community reinvestment associated with the 1997-1999 contracts. Second, funds are reduced by \$2,790,000 in 2001-02 and \$20,100 in 2002-03 to reflect that only 18 months of funding is anticipated to be needed for community reinvestment associated with the 2000-2001 W-2 contracts instead of 24 months as assumed by the administration, and to reflect the final community reinvestment amount included in the 2001-2002 W-2 contracts. Only 18 months funding would be needed because receipt of the community reinvestment funds for the 2000-

2001 W-2 contracts is tied to meeting the base contract standards and each agency's performance will not be known until after the contracts end in December 31, 2001.

**Child Care Subsidies.** Table 1 shows total estimated costs to fully fund the direct child care program under current law: \$274,500,000 in 2001-02 and \$305,600,000 in 2002-03. These estimates are higher than the funding included in the bill by \$32,025,000 in 2001-02 and \$63,125,000 in 2002-03. Separate papers have been prepared to provide the Committee with options to either change program requirements to limit costs or to provide additional funds for the program.

**Programs to Improve Child Care Quality and Availability.** The amount of funding provided for programs to improve child care quality and availability is reduced by \$47,800 in 2001-02 and \$48,800 in 2002-03 to reflect correct accounting for standard budget adjustments and an inadvertent error. In addition, funding for 2001-02 is increased by \$9,020,100 to reflect anticipated carryover from 2000-01.

**Local Pass-Through Program.** Funding provided for the local pass-through program is reduced by \$227,900 annually to correct an inadvertent error. In addition, funding for 2001-02 is increased by \$7,943,700 in 2001-02 to reflect anticipated carryover from 2000-01.

**Kinship Care.** Funding for the kinship care program is increased by \$190,600 annually to correct an inadvertent budgeting error and to make the allocation consistent with the DHFS budget. In addition, increased funds of \$96,700 would be needed annually for kinship care benefits if the Committee decides to fully fund the program. An alternative to fully fund kinship care is presented in a separate paper.

**Caretaker Supplement.** To correct an inadvertent budgeting error, funding provided is increased by \$138,000 annually. Based on current estimates of the state supplemental security income (SSI) caseload, funding in the bill should be increased by \$1,718,200 in 2001-02 and \$2,886,400 in 2002-03 to support the SSI caretaker supplement program in the 2001-03 biennium. It is currently projected that the regular SSI caseload will continue to decline and the caretaker supplement caseload will continue to increase.

**Food Stamps for Qualified Immigrants.** Expenditures for the food stamps for qualified immigrants program under current law are currently estimated at \$745,000 in 2001-02 and \$950,000 in 2002-03. These estimates are higher than the funding included in the bill by \$195,000 in 2001-02 and by \$400,000 in 2002-03. Because this program is not an entitlement, an option to fully fund this program is presented in a separate paper.

**State Administration.** Expenditures for state administration are increased by \$50,100 in 2001-02 and \$62,600 in 2002-03 to reflect correct accounting for standard budget adjustments and to reflect the TANF portion of the Governor's recommendation to augment the public assistance collections unit.



**Fraud and Front-End Verification.** The amount of funding for fraud prevention activities is reduced by \$18,800 in 2001-02 and \$25,100 in 2002-03. This funding represents the TANF portion of the Governor's recommendation to augment the public assistance collections unit and is instead reflected in the allocation for state administration above.

**Early Childhood Excellence.** The amount of funding for the early childhood excellence initiative is increased by \$3,645,900 to reflect anticipated carryover from 2000-01.

**Earned Income Tax Credit.** TANF provides funding for approximately 80% of the state earned income tax credit. Based on a current law reestimate, the amount for 2002-03 would be reduced by \$1,465,500. Approval of this reestimate is included in a separate paper.

**Adolescent Services and Pregnancy Prevention.** The amount of funding for adolescent services is reduced by \$4,800 annually to be consistent with the figure shown in the PR-S appropriation in DHFS.

## **ENDING TANF BALANCE**

As indicated in Table 1, the 2002-03 ending TANF balance under the provisions recommended by the Governor is now estimated to be a deficit of \$74.7 million. This assumes that funding for child care subsidies, food stamps for qualified immigrants and kinship care would be increased by the Committee to fully fund these programs. If the Committee chooses not to fully fund these programs, the ending balance would be a surplus of \$21.2 million.

In addition to the estimated \$74.7 million deficit at the end of 2002-03, the Committee should be aware of the structural imbalance in the W-2 program under the bill. Using the revised estimates, except for child care subsidies, ongoing revenues would be \$596.1 million annually and ongoing spending commitments would be \$665.6 million annually. [The \$596.1 million is \$647.8 million in total revenue in 2002-03 less the \$51.7 million carryover from the previous fiscal year.] Therefore, the bill would create a structural imbalance of \$69.5 million per year that would have to be addressed in the 2003-05 biennium. The amount of the structural deficit could be affected by TANF reauthorization. This deficit would be partially offset if not all funds are obligated or spent in the 2001-03 biennium. If additional state funds are not provided, it is likely that significant expenditure reductions in the TANF program would be necessary. It is important to note that if expenditures are cut or additional ongoing funds are provided to cover the anticipated child care shortfall, there would be no impact on the structural deficit.

## MODIFICATION

Modify the Governor's proposal to account for the following inadvertent errors and reestimates described above: (a) a reduction in GPR supporting the TANF program of \$275,000 annually; (b) an increase in program revenue in DWD of \$117,300 in 2001-02 and \$122,200 in 2002-03; (c) a reduction in CCDF revenue of \$16,105,400 in 2001-02 and \$81,100 in 2002-03; (d) a decrease in federal food stamp revenue of \$275,100 annually; (e) an increase in the TANF carryover estimate from 2000-01 to 2001-02 of \$48,081,900; (f) a decrease of \$947,000 in 2001-02 for administration and services in the current W-2 contracts; (g) a decrease of \$53,600 for performance bonuses associated with the current W-2 contracts; (h) a decrease of \$3,029,500 in 2001-02 and \$20,100 in 2002-03 for community reinvestment activities associated with the 2000-2001 W-2 contracts; (i) an increase of \$8,972,300 in 2001-02 and a decrease of \$48,800 in 2002-03 in programs to improve child care quality and availability; (j) an increase of \$7,715,800 in 2001-02 and a decrease of \$227,900 in 2002-03 for the local pass-through program; (k) an increase of \$190,600 annually for the kinship care program to correct an inadvertent error; (l) an increase of \$1,856,200 in 2001-02 and \$3,024,400 in 2002-03 for the caretaker supplement program to correct an inadvertent error and to fully fund the program; (m) an increase of \$50,100 in 2001-02 and \$62,600 in 2002-03 for state administration to correct an inadvertent error; (n) a decrease of \$18,800 in 2001-02 and \$25,100 in 2002-03 for fraud and front-end verification to correct an inadvertent error; (o) an increase of \$3,645,900 in 2001-02 for the early childhood excellence program; and (p) a decrease of \$4,800 annually for adolescent services/ pregnancy prevention programs to correct an inadvertent error. [Funding to account for the revised estimates of the cost of child care subsidies, food stamps for qualified immigrants, kinship care and the earned income tax credit are addressed in separate papers. A separate paper has also been prepared on the proposed MA transfer.]

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