

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis

Original Updated Corrected

2. Administrative Rule Chapter, Title and Number

DCF 201

3. Subject

Self-Employment Policies for the Child Care Subsidy Program

4. Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

5. Chapter 20, Stats. Appropriations Affected

6. Fiscal Effect of Implementing the Rule

No Fiscal Effect Increase Existing Revenues Increase Costs
 Indeterminate Decrease Existing Revenues Could Absorb Within Agency's Budget
 Decrease Cost

7. The Rule Will Impact the Following (Check All That Apply)

State's Economy Specific Businesses/Sectors
 Local Government Units Public Utility Rate Payers
 Small Businesses **(if checked, complete Attachment A)**

8. Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes No

9. Policy Problem Addressed by the Rule

The department's policies regarding parents who are self-employed and are applying for or receiving payments under the child care subsidy program are not in rule.

10. 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.

WI Family Child Care Association, WI Child Care Administrator Association, WI Head Start Association, UMOS. WI Afterschool Network, Milwaukee Child Care Association, and Chris Lanser, a day camp representative.

11. Identify the local governmental units that participated in the development of this EIA.

No comments were received.

12. 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 have little impact because it is primarily adopting existing policy into rule. Pat DeLessio of Legal Action of Wisconsin commented that the rule should not require parents to file a business tax return if the parent's net income is below the IRS threshold for filing. The department's requirement to file taxes is based on the requirement in s. 49.155 (1m) (c) 1. a., Stats., that financial eligibility be determined on "net earnings reported to the IRS" and as a program integrity safeguard because income reported to the IRS is more likely to be accurate than income reported on self-employment income reports to the department.

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

The rule largely incorporates existing department policy. Promulgating the rule will bring the department into compliance with s. 227.10 (1) and (2m), Stats.

14. Long Range Implications of Implementing the Rule

None

15. Compare With Approaches Being Used by Federal Government

Not applicable

ADMINISTRATIVE RULES

Fiscal Estimate & Economic Impact Analysis

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

Minnesota-To be eligible for child care assistance for self-employment, a parent must work for at least an average of 20 hours per week (10 hours if a full-time student) with a gross income of at least the minimum wage. If the parent meets this minimum activity requirement, the number of hours of subsidized child care that is authorized is the lesser of the following:

- The parent's annual gross earned income from the self-employment activity, divided by 52 weeks, and then divided by the applicable minimum wage.
- The actual hours the parent spends in the self-employment activity.

Iowa-The number of hours of subsidized child care authorized for a self-employed parent is based on a statement from the parent on the number of hours needed, unless the agency has a reason to question the parent's statement.

Illinois-The numbers of hours authorized cannot exceed the parent's income divided by the state minimum hourly wage.

Michigan-Child care assistance is approved based on a parent's completion of a form with self-employment income and expenses.

17. Contact Name

Elaine Pridgen

18. Contact Phone Number

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ADMINISTRATIVE RULES
Fiscal Estimate & Economic Impact Analysis

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)

Parents who are self-employed are required to file personal and business taxes.

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:

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
