WISCONSIN COUNCIL ON
children
&families
Raising Voices to Make Every Kid Count

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Date: February 17, 2016
To: State Legislators
From: Ken Taylor
Re: Opposition to proposal relating to cliff effects (SJR 102 & AJR 109)

We appreciate the interest in alleviating cliff effects in public benefits, and we would like that to be done in a way that ensures public input and ongoing legislative oversight. Our concern is that some of the options for eliminating or reducing cliff effects for some families could hurt many other families who need public assistance. We want to make sure that doesn't happen.

The following are some of our more specific concerns about the proposal:

The proposal hasn't had a public hearing and there is nothing in it that ensures there will be meaningful public involvement in the subsequent steps – The design of public benefit programs is extremely important. Changes should not be set in motion without any opportunity for public review and comment, careful legislative deliberation, and a legislative sign-off for the changes developed by state agencies.

A study committee would be a better way to explore the pros and cons of potential solutions – There is bipartisan interest in the goal of alleviating cliff effects. To achieve that goal without hurting the people who need public assistance will require a deliberative, bipartisan effort. A better way to accomplish that would be to establish a Legislative Council study committee that includes legislators of both parties and outside experts.

Eliminating or reducing the cliff effect in programs like Wisconsin Shares could hurt far more people than it helps – The benefit program with the biggest cliff effect is the Wisconsin Shares child care subsidy program. One way to reduce that cliff effect, and the easiest to implement, would be for the Department of Children and Families to maintain the current eligibility limit, which is 200% of the federal poverty level (FPL), while increasing copays for families below that level. That can be done without any legislative change or new funding (and probably wouldn't require a waiver). However, that strategy would require very sharp copay increases that could be devastating for many of the 26,000 families who participate in Wisconsin Shares, only a very small portion of whom ever hit the income ceiling. (Among the families now receiving child care subsidies, only 12% are above 166% of FPL, compared to 47% who are below the poverty level).

The recommended remedy of seeking a waiver precludes other approaches that might be preferable – There are many ways to reduce cliff effects, and most of the ones that we believe would be equitable and effective don't require waivers. For example, reducing the cliff effect for Wisconsin Shares could be done by raising the current income ceiling and having graduated copays that phase down the benefit for families above the current income cap. That could be done without a waiver because the federal income limit (85% of median income) is far above the state's current ceiling (200% of FPL). Another option is to increase the child care tax deduction to avoid or reduce the cliff for people above 200% of FPL. These two options, which we think would be far preferable to increasing the copays for people who are already eligible, would need to be done via the budget bill.

In short, before the legislature directs two state agencies to seek federal waivers that could dramatically change public benefit programs in Wisconsin, legislators and the public should have a better idea of what those waivers will look like. We ask that the legislature hold off on this proposal and develop a process that explicitly calls for public involvement and continued legislative oversight.