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To: Members of the Senate Committee on Children and Families
and Workforce Development, Senator Bob Jauch, Chair

From: Charity Eleson, Executive Director

Re: Testimony on the Effects of the State Biennial Budget Proposal
on Children and Families

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Thank you for the opportunity to speak today about some of the impacts that AB75, if enacted, would have on children and families in the state. As we are all painfully aware, the fiscal challenges for the state in assembling this budget are acute. At the same time, the loss of jobs, the increasing rate of home foreclosure, the increasing rate of bankruptcies and the rise in the number of families seeking economic assistance from county human services all point to the extreme difficulties families are facing as they try to navigate an economic recession that has no precedent in the past three decades.

Government can be a valued partner in helping families cope with the difficulties they face during times of great economic upheaval. It can provide a safety net to ensure families do not lose housing. It can ensure that economic assistance benefits are efficiently and effectively administered and accessible to those who are eligible, and it can ensure that critical intervention systems—such as the child welfare system—are strong enough to effectively protect children and address the personal and emotional upheaval that often occurs within families facing high levels of economic stress.

So, in times of difficulty, government is actually needed to do more, not less, which calls on policy makers to lead in an environment that is often politically hostile to allocating new resources needed to address human need.

This budget takes some positive steps in that direction. For example:

- It maintains the commitment to ensuring that all children have access to health care coverage through the maintenance of funding needed for their health care through Medicaid and BadgerCare Plus. There are more than 375,000 children in Wisconsin who receive health care coverage plans through the state, so maintaining funding for this critical service clearly has a substantial and positive effect on those served.
- It makes a number of changes in the state's W-2 program to make it somewhat more responsive to the needs of the state's lowest income families. Changes include making it possible for low-income parents to remain home with their infants for up to 6 months, making time limits within specific work categories more flexible to respond to participant needs instead of an arbitrary time limit, and encouraging more proactive reconciliation steps for families threatened with losing cash payments as a result of a sanction. While the enrollment rate has not grown at a pace that suggests a strong correlation with the economic displacement that families are facing, it is still providing support to a substantial number of children, serving nearly 18,000 children in March.
- It substantially increases funding for expansion of services for the child welfare system administered by the Bureau of Milwaukee Child Welfare, and it provides a one year increase in funding to facilitate the state takeover of administration of income maintenance programs in Milwaukee, a change that holds the promise of improving the administration of economic assistance benefits for families in that community, which is long overdue.
- It takes the first important step toward creating a high quality early childhood system by creating a quality rating and improvement system for licensed providers receiving payments through the Shares child care tuition assistance program. While we have yet to learn more about how this initiative will be implemented, we have learned from the Department of Children and Families that over the course of the biennium they expect to be able to assess quality for between 1,200 and 2,400 of the 3,800 licensed providers serving Shares supported children.
- It funds the Shares child care tuition assistance program at \$375 million annually, which is a \$40 million increase over the biennium from the last biennial budget. In March, there were just over 33,000 families and about 58,000 children participating in Shares.

While these measures positively affect thousands of Wisconsin's lowest income children, there are other challenges that this budget poses for the Legislature as it deliberates changes that need to be made in the months ahead. First, there are a number of cuts that affect children, youth and families served by county human services:

- Funding that counties receive for the delivery of child welfare services and juvenile justice services is cut. Cuts in IV-E dollars and Community Aids, which counties rely on to protect children, add up to \$20.6 million over the biennium. The most recent data shows that counties and the Bureau of Milwaukee Child Welfare receive and process about 56,000 reports of abuse and neglect of children annually. Of those, just over 6,500 are substantiated and likely to lead to a comprehensive array of services that may include out of home care, counseling, mental health treatment and case management. About 1,700 of those substantiated cases are in Milwaukee County and the remaining 4,800 are in the other 71 counties in the state. The needs of children in Milwaukee County are acute, and the state must be responsive to those needs. However, cuts in funding for protecting children in the other 71 counties in the state make no sense in these times. There is a substantial overlap between child maltreatment and poverty, and economic stress is clearly a factor in abuse and neglect. Families in counties throughout the state are not immune to these changes.
- This budget also cuts Income Maintenance Administrative funds by \$11 million statewide. Counties rely on IMA to pay for staff to administer benefits like food stamps and Medical Assistance. At a time when those caseloads are increasing, it makes sense to increase funds to ensure that benefits can be administered in a timely, effective manner. In food stamp caseloads alone, there's been a 39 percent increase in caseload between March, 2007 and March of this year.
- Counties would also receive a nearly \$12 million reduction in their Youth Aids allocation, likely jeopardizing local efforts to divert youth from more expensive and less effective institutional placements.

These services are mandated services that the counties must provide, and they are core services that, if cut, will have a substantial impact on thousands of low income Wisconsin families and their children. WCCF has recommended to the Joint Committee on Finance that these cuts be restored. We are advocating for a couple of options that would allow funds to be restored: 1) restore Wisconsin's estate tax, generating an additional \$100 million over the biennium; or 2) treating Capital Gains as ordinary income which could generate up to \$300 million over the biennium, beyond what the Governor has already done.

I have reserved my comments regarding funding for early childhood programs for last. I do so because I want to stress how crucial it is that state policymakers commit to transforming the early childhood system into a high quality system with well-educated staff and effective programming. The level of need for many of the programs I've already discussed that are so essential to support low-income, at risk children and their families, could be reduced over time if we got smarter about how we are investing in early childhood programs. High quality early childhood programs that serve children birth to five have demonstrated remarkable effectiveness in reducing reliance on costly

intervention programs and have increased children's ability into adulthood to retain employment, avoid the criminal justice system and live a life of greater economic independence.

- This budget takes a small, but significant first step to create a system that will assess the quality of licensed child care providers serving children in Shares. That's important, and we support it, but we are advocating that you go further. At minimum, the state should invest the full amount in new federal stimulus dollars that have been earmarked for quality improvement. Based on our best estimates, we believe the state must devote at least \$5,041,253 to new quality improvement measures, but has only devoted the \$2.8 million allocated for the quality rating system. We are advocating for the remainder of those funds to be allocated to assistance to licensed providers who wish to improve their teaching staff qualifications or other areas of programming that will assist them in creating a high quality program for young children.
- We are also opposing measures in this budget that would create a waiting list for Shares-eligible families and increase co-payments required. While we have yet to see the details of how the new co-payment policy will be applied, our current read of it suggests greater expense for families who are already struggling financially, and we believe that a waiting list is simply short-sighted and ill-considered.
- Finally, we appreciate the challenge that the Department of Children and Families has had in managing the costs of the Shares budget. In the last two years alone, the Legislature and the Governor have approved \$108 million in new funding for Shares to meet increased demand. In this budget, DCF is proposing a new attendance policy that would no longer pay providers for days of care when children are sick or absent.
- While it does not save as much money as the proposed attendance policy, we are encouraging legislators to consider a change that would modify authorization of Shares payments when a family has a pattern of repeated absences. This would accomplish two things. First, it would authorize payments to families that are closer to their actual use; and second, it would allow providers to be able to plan more accurately for their staffing needs to ensure that staff-to-child ratios are in keeping with state licensure requirements.

This budget does not go nearly as far as we would like in improving quality. Our vision includes Shares payments that reward high quality providers and allow them to attract and retain highly qualified staff. This budget does not do that. Our vision also includes a substantial investment to provide the resources for providers to improve teacher qualifications and credentials, improve programming and reduce class size. The budget does not do that either. We also believe that this is an area where the state could and should encourage a strong private public partnership, using state and federal dollars to

leverage local, private investment in improving early childhood programs in every community in Wisconsin. We will continue to work on these goals with you, the Doyle administration and our partners around the state. It is one of the most critical areas of work we can do together to improve student achievement, close the achievement gap and help kids at-risk become adults who thrive and contribute to their communities.

Thank you for the opportunity to share these ideas and recommendations with you today.