

Proposed Budget Cuts Affecting Children and Families

The following is a preliminary list of proposed cuts in the funding for programs affecting children and families. The list is based on agency recommendations for the 2003-05 biennium. It is sure to change as these proposals and other potential cuts are reviewed by the incoming administration.

The number and size of cuts is likely to grow substantially if the Governor and Legislature tackle the state's huge deficit solely by reducing spending. Thus far, most of the significant cuts are in programs that the state has been financing for the last few years with funds from the federal welfare reform block grant, known as Temporary Assistance to Needy Families (TANF). In the text following the list, we elaborate on some of the cuts, explain the reason for the elimination or reduction of many TANF appropriations, and outline why we are likely to see a much longer list of cuts in state-funded programs as the budget process proceeds.

| | 2003-04 Cut | 2004-05 Cut |
|---|--------------------|--------------------|
| TANF transfers to other agencies | | |
| Earned Income Tax Credit | (41,678,600) | (41,678,600) |
| Community Aids (see also DHFS) | (13,494,000) | (13,494,000) |
| Child welfare funding - subtotal | (8,923,700) | (8,923,700) |
| Child Abuse and Neglect Board | (340,000) | (340,000) |
| Child welfare safety services | (7,094,100) | (7,094,100) |
| Child welfare prevention services | (1,489,600) | (1,489,600) |
| Head Start | (3,712,500) | (3,712,500) |
| Adolescent serv./pregnancy prevention | (1,816,500) | (1,816,500) |
| Aid to Milwaukee Public Schools | (1,410,000) | (1,410,000) |
| Nutrition services | (1,000,000) | (1,000,000) |
| Immunization | (1,000,000) | (1,000,000) |
| Domestic violence services | (1,000,000) | (1,000,000) |
| W-2 Related Services & Benefits | | |
| Workforce Attachment & Advancement | (2,614,100) | (2,614,100) |
| Emergency assistance | (3,300,000) | (3,300,000) |
| Partnership for Full Employment | (1,756,700) | (1,756,700) |
| Transportation | (900,000) | (900,000) |
| Job access loans | (600,000) | (600,000) |
| Literacy-DWD | (750,000) | (750,000) |
| Child Care Quality and Access | | |
| Child care pass-through grants | (11,226,400) | (11,226,400) |
| Early Childhood Excellence Centers | (1,266,200) | (1,286,000) |
| Child care teacher scholarships | (2,766,000) | (2,809,200) |
| Other quality & access initiatives | (2,349,400) | (2,370,500) |
| Dept. of Health & Family Services | | |
| Community aids (see also TANF transfers) | (1,023,600) | (1,023,600) |
| Kinship care | (696,900) | (696,900) |
| DPI —school library aid | (2,500,000) | +500,000 |
| Dept. of Corrections – Mendota Juvenile Treatment Center | (1,007,000) | (945,500) |

Wisconsin Budget Project

As noted above, most of the major cuts are in programs that the state has been financing for the last few years with federal TANF funds. According to the Department of Workforce Development (DWD), the state is spending \$94 million per year more from that welfare reform block grant than it is receiving. After other agencies submitted their budget requests, DWD unveiled its plans to stop almost all of the transfers of TANF funds to other agencies. As a result, many important programs are cut – though that does not necessarily reflect an intent to eliminate or significantly reduce the funding for all of those programs when the Governor’s budget is submitted. Unfortunately, restoring any of those appropriations will be very difficult. Unless there is an infusion of state or federal funding, restoration of any of the funds will require cutting in core elements of the Wisconsin Works program.

In reviewing this preliminary list, keep in mind that the cuts proposed by agencies to date do not begin to balance the budget. The requests for state general purpose revenue (GPR) total just over \$25 billion for the biennium, which would be a \$2.7 billion increase over the base year doubled. Obviously, if the budget deficit is addressed solely by cutting spending, the list of cuts will have to be much, much longer, and the size of the cuts will grow dramatically.

Notes on the programs that would be cut

The following are brief explanations of some of the cuts that have been proposed:

Earned Income Tax Credit (EITC) – Federal rules adopted in 1999 allow TANF funds to be used for the refundable portion of state earned income tax credits. Wisconsin has been using that authority to finance 80% of the cost of the state’s EITC with TANF funding, saving the state an average of about \$50 million GPR per year since FFY 1999, including \$55,160,000 in 2002-03. The DWD proposal would reduce TANF funding for the EITC by 76%, which amounts to roughly a 60% cut in total funding for the state EITC.

Community aids – The Community Aids program is essentially a block grant, using a combination of state and federal funds, that helps counties pay for a broad range of state-mandated human service programs. Some of the funding for Community Aids, almost \$13.5 million in 2003-04, comes from federal TANF funds that have been transferred into the Social Service Block Grant and used to supplant state GPR funding for Community Aids. DWD proposes eliminating the TANF transfer, and the Department of Health and Family Services (DHFS) proposes an additional cut of a little over \$1 million per year, reflecting reductions in various sources of federal funds.

Head Start – Head Start is a preschool program for low-income children and their families. Although most of the funding is outside the state budget, the state provides \$7,425,000 per year, half of which is state GPR funding appropriated to the Department of Public Instruction (DPI). The DWD budget proposal would eliminate the other half, which is a TANF transfer to DPI.

Child welfare funding – The DWD budget would eliminate the TANF funds transferred to DHFS for three appropriations relating to child welfare:

- *Child Abuse and Neglect Prevention Board* – The CANP Board receives \$340,000 per year to fund early childhood family education centers for child abuse and neglect

Wisconsin Budget Project

prevention programs. The elimination of the TANF funds for these grants amounts to a 13% cut in the Board's annual budget.

- *Child welfare safety services* – A \$1,489,000 TANF transfer funds a grant to Community Advocates for a child abuse and neglect prevention program that works with first-time parents in Milwaukee County.
- *Child welfare prevention services* – Since FY 2002, DHFS had received about \$7.1 million in TANF funds each year for child welfare services in Milwaukee County.

Adolescent pregnancy prevention – The Adolescent Pregnancy and Prevention Programs and Services (APPPS) Board receives a \$351,400 annual TANF transfer for grants to organizations that serve high-risk adolescents. Those TANF funds provide 81% of the financing for the Board's grants and state operations.

Aid to Milwaukee Public Schools – DWD's proposed budget would eliminate the \$1.4 million TANF appropriation for Milwaukee Public Schools' alternative education programs for learnfare pupils and its early childhood education contracts with day care centers.

Nutrition Services – For the last several years the state has used \$1 million per year transferred from TANF for the Women Infants and Children (WIC) supplemental food program, to support nutrition services and administrative activities. DHFS staff estimate that WIC serves an additional 7,746 people annually due to the availability of these funds.

Immunizations – Since 1999 DHFS has been using \$1 million annually from TANF funds to support immunization programs. Elimination of that TANF transfer would cut total immunization funding by 5.3%.

Domestic Violence Services – The state operates grant programs that assist about 60 agencies and 11 tribes in providing services to victims of domestic abuse. The proposed elimination of the \$1 million per year TANF appropriation would result in a 12.3% reduction in funding for domestic abuse services.

Child care pass-through grants to local government – DWD makes "pass-through" grants to local government agencies that provide matching dollars for federal Child Care and Development Block Grant (CCDBG) funds. Grants have typically been used to improve the quality and supply of child care services. The DWD budget would cut the pass-through grants by 65%.

Child care quality and access initiatives – A number of state initiatives, sometimes lumped together in budget documents under the heading "indirect child care," are designed to improve child care quality and improve access. The DWD proposal would cut each of the following by 46%, except for the Racine County demo, which would be eliminated:

- *Scholarship and bonus programs* – The 2002-03 budget includes slightly over \$6 million for several programs aimed at the severe shortage of qualified, experienced child care teachers: T.E.A.C.H. Early Childhood, R.E.W.A.R.D., and the mentoring program. The DWD proposal would cut about \$2.8 million per year.
- *Child Care Resource and Referral (CCR&R)* – DWD proposes cuts of more than \$600,000 per year in the funding used by Wisconsin's 17 Child Care Resource and

Wisconsin Budget Project

Referral agencies to assist parents find and select child care and to develop and support child care services.

- *Technical assistance for early childhood programs* – Roughly \$460,000 per year would be cut from the technical assistance provided to help child care programs improve quality and survive financially.
- *Safe child care* – The DWD proposal would cut about \$270,000 annually from the funding that strengthens county and tribal certification programs, helping them to increase on-site visits and to provide training, technical assistance, and materials to certified child care providers.
- *Racine County demo project* – The proposal would eliminate the \$1 million per year now earmarked for a high quality child care demonstration project in Racine County.

Early Childhood Excellence Initiative – This initiative is intended to create model early childhood learning centers for children under age 5 from low-income families. The DWD budget would cut the current \$2.75 million appropriation by 46%.

Library Aid – The \$2.5 million cut in 2003-04, which is an 8.8% reduction from the current level of school library aid, reflects the projected reduction in interest earned by the common school fund.

Jon Peacock
December 23, 2002