

**Preliminary Analysis of Joint Finance Action
Child Care & 4K Issues: Biennial Budget 2009-11
Passed May 29, 2009**

A. CHILD CARE

1. Wisconsin Shares Child Care Subsidy Program

Governor's Proposal

Budget Developments	2009-10	2010-11	Comments
Administration estimate for cost to continue with no changes in policies	\$394.2 m.	\$ 414.0 m.	
Governor's Budget Proposal	375.7 m.	375.7 m.	The Governor's proposal kept funding where it was in 2008-09 (\$375.7 m. per year) after funding was increased through budget adjustments during the 2007-09 biennium to address rising participation in the program. The proposal's intent was to keep funding level by implementing 4 cost-cutting measures: (1) new attendance payment policy, (2) higher co-pays, (3) waiting lists, and (4) change in what income counts in determining eligibility. These measures were estimated to save \$18.5 m. in 2009-10 and \$38.3 m. in 2010-11

Joint Finance Committee (JFC) Decisions

JFC accepted LFB re-estimate of the cost-to-continue WI Shares	386.1 m.	402.0 m.	Leg. Fiscal Bureau estimated lower costs, based on more recent rates of participation, reducing cost estimates by \$8.0 m in 2009-10 and \$12.0 m. in 2010-11
JFC passed a cost savings measure that would lower child care authorizations that were underused.	382.0 m.	396.5 m.	Adjusting authorizations based on a pattern of under use was estimated to save \$4.1 m in 2009-10 and \$5.5 m. in 2010-11
JFC rejected all 4 proposals for cost-savings proposed by Gov. budget	\$0	\$0	The cumulative effect of the re-estimate, the cost-saving measure, and the rejection of 4 cost-saving measures was a \$27 million increase over the Governor's WI Shares proposal for the biennium.
JFC proposal: WI Shares budget	382.0 m.	396.5 m.	WI Shares budget approved by JFC omnibus motion #744
Local Administrative Funding Shift	385.0 m.	402.5 m	Joint Finance moved administrative dollars from W-2 ancillary services allocation to the WI Shares budget, \$3 m. in 2009-10 and \$6 m. in 2010-11, since the budget provided greater authority to DCF to decide what agencies to fund for local administration.
FINAL WI SHARES BUDGET	\$385.0 m	402.5 m	Final total for WI Shares after Joint Finance action

Other Wisconsin Shares Details

- **Authorization Adjustment Policy:** Joint Finance Committee (JFC) action specified that the number of hours authorized would be modified to require DCF to: (a) track hourly usage of child care authorizations over a 6-week period; (b) automatically adjust authorizations where usage is less than 60% of the authorized hours in all 3 of the consecutive two-week periods; (c) adjust the authorizations to reflect 90% of the maximum number of hours attended.
- **End Freeze on Rates in 2011:** The freeze for child care provider reimbursement rates would no longer apply beginning June 30, 2011

2. Child Care Quality and Availability

a. Baseline from 2007-09 Budget

The 2007-09 biennial budget specified that funding for child care quality and availability would be at the 4% minimum for quality under CCDBG regulations, estimated at \$10,111,600 per year.

The budget specified:	2007-08	2008-09
TEACH/REWARD scholarships and stipends	3,475,000	3,475,000
CCR&R	1,225,000	1,225,000
Child care licensing	4,800,600	4,800,600
Discretionary	611,000	611,000
TOTAL	\$10,111,600	\$10,111,600

Note: Because the 4% for quality is calculated based on actual expenditures of state and federal CCDBG funds, including how much TANF is transferred to CCDBG, the amount can fluctuate from year to year.

b. 2009-11 Proposal #1: Governor's Initial Budget Request

The Governor's initial budget proposed:	2009-10	2010-11
TEACH/REWARD scholarships and stipends	3,475,000	3,475,000
CCR&R	1,225,000	1,225,000
Child care licensing	5,763,900	5,763,900
Child Care Information Center	113,000	113,000
Technical Assistance	498,000	498,000
Time study	217,300	217,300
Quality Rating System	1,018,400	1,727,300
TOTAL	\$12,310,600	\$13,019,500

c. 2009-11 Proposal # 2: Revised Administration Proposal by Department of Children and Families

The Department of Children and Families (DCF) made a revised proposal based on re-estimated requirements of CCDBG to meet the 4% for quality minimum, at a level of \$13,881,000.

DCF's revised proposal included:	2009-10	2010-11
TEACH/REWARD scholarships and stipends	4,075,000	3,475,000
CCR&R	1,225,000	1,225,000
Child care licensing	5,763,900	5,763,900
Child Care Information Center	113,000	113,000
Technical Assistance	498,000	498,00
Time study	217,300	217,300
Quality Rating System	1,302,400	2,302,400
Supporting Families Together Contract	287,000	287,200
Educare	300,000	0
Boys and Girls Club	100,000	0
TOTAL	\$13,881,800	\$13,881,800

d. Joint Finance Action: Child Care Quality and Availability

On May 29, 2009, the Joint Committee on Finance adopted motion #744 to modify the Governor's recommendation by reducing funding for quality by \$944,800 in 2009-10 and \$1,653,700. Joint Finance removed all the funding for a Quality Rating System, and specified that child care resource and referral services would increase by \$73,600 annually to at least \$1,298,600.

The new total for child care quality and availability would be: **\$11,365,000 annually, \$1.25 million higher** than the \$10,111,000 level in the 2007-09 budget, but lower than the amounts in either of the Governor's proposals.

The Committee voted not to transfer any of the TANF block grant to the CCDBG (20% of TANF was transferred in prior years. This change reduced the amount of CCDBG funds used to calculate the 4% for quality minimum, thereby lowering the required spending on quality from \$13,881,800 m. requested by the Department of Children and Families, to \$11, 365,800.

It is not clear, but it appears that the Joint Finance Committee intended that the Governor's *initial* budget request (see b. above) would be adjusted as follows:

LINE ITEM	2009-10	2010-11	
TEACH/REWARD scholarships and stipends	3,475,000	3,475,000	
CCR&R (child care resource and referral)	1,298,600	1,298,600	<i>Added \$73,600 annually</i>
Child care licensing	5,763,900	5,763,900	
Child Care Information Center	113,000	113,000	
Technical Assistance	498,000	498,00	
Time study	217,300	217,300	
Quality Rating System	0	0	<i>Eliminated \$1,018,400 in 2009-10 and \$1,727,300 in 2010-11</i>
TOTAL	11,365,800	11,365,800	

However, the Joint Finance Committee motion that passed *did not clearly specify* any line items, except for the amount for child care resource and referral. We are waiting for clarification of the detailed line items in the child care quality and availability budget. It may be that DCF will have some discretion, with some minimum amounts required—similar to provisions in the 2007-09 budget.

e. Quality Rating System

While funding was eliminated for the Quality Rating and Improvement System, the Joint Finance Committee voted to require the Department of Children and Families to return with a specific plan with several components. See the motion below:

10. *Quality Rating System.* Modify Alternative 1 in LFB Paper #234, which authorizes DCF to create a quality rating system for licensed child care providers who receive Wisconsin Shares subsidies, by eliminating the funding provided of \$1,018,400 FED in 2009-10 and \$1,727,300 in 2010-11. Instead, require DCF to return to the Joint Committee on Finance with a specific plan for the quality rating system. Require the plan to include: (a) various options for a quality rating system, with each option requiring certified child care providers to be included in the rating system; (b) various options for quality assurance monitoring; (c) details of estimated program expenditures, including financial incentives for providers to achieve a higher rating; (d) the information and training for child care providers that specifies steps for improvement that are not restricted to new licensure or certification requirements; (e) how the system would ensure that the quality rating information is accessible and presented in a way that is valuable to families and providers; (f) the process for ongoing evaluation, which must consider input from child care providers and other participants; and (g) any other relevant information.

B. FOUR-YEAR-OLD KINDERGARTEN (4K)

The Joint Finance Committee action approved \$3 million for 4K start-up grants in 2009-10, \$1,075,000 less than proposed in the Governor's budget, and eliminated funding for 4K start up grants in 2010-11. It appears that school districts that received a first year of funding in 2008-09 will receive a 2nd year of funding in 2009-10.

C. HEAD START SUPPLEMENT

Joint Finance action reduced funding for Head Start supplement grants by 3.5% from a base level of \$7,212,500 in 2008-09. A 3.5% cut also applied to 26 other programs in the DPI budget receiving categorical aids.

D. HOME VISITING

The amount of funding for home visiting under Family Foundations stayed the same. Joint Finance action eliminated a 25% match requirement for grantees proposed by the Governor, and retained current law which restricted which counties/tribes can participate.

E. TAX DEDUCTIONS

JFC action delayed implementation of the state child care tax deduction program to apply to tax year 2011 instead of 2009.

E. NEXT STEPS

The budget approved by the Joint Finance Committee can be adjusted by the full Legislature, which must pass the budget, and is subject to veto action by the Governor.

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