

POLICY BRIEF

Wisconsin Shares: Continued Access

Because the Wisconsin Shares child care subsidy program is so essential to families who are struggling economically, there has been steady growth in enrollment. Our working families want affordable settings for their children that are safe and nurturing, and that prepare their kids for school. The emphasis of recent child care budgets has been on providing child care financial assistance so that needy families can go to work and maintain employment.

While affordable access for families is essential, it is also necessary to improve the quality of the child care programs serving their children in order to help these kids prepare for school.

Efforts to ensure early learning and development are particularly needed for children from disadvantaged backgrounds whose families are severely affected by the current recession

It is time for the Wisconsin Shares program to address both access and quality to ensure that parents can work **and** their children can thrive.

What Challenges Face Wisconsin Shares?

Flat federal child care revenue has plagued the Wisconsin Shares program over the last several years. The two primary federal funding sources for child care have been stagnant, with Wisconsin allocations from the federal Child Care Development Block Grant (CCDBG) largely flat-funded for seven straight years, and the Temporary Assistance for Needy Families (TANF) allocations frozen at 1997 levels. However, Wisconsin cannot rely on federal funds alone if we are to provide to quality child care for disadvantaged children.

Wisconsin Shares funding was a priority in the state's 2007-09 biennial budget and the adjustment bills, with \$87.6 million added to ensure that all eligible children could be served and fair policies maintained. However, to cut costs, payment rates to child care providers remained frozen, so now all participating child care providers in the state are facing either their third or fourth year with no rate increases as we head into the 2009-11 budget.

Who is Served by Wisconsin Shares?

- Over 60,000 children from 34,000 families are served monthly on average.
- Half of the children are in poverty, and 89 percent have income below 166 percent of poverty. The remaining 11% are from families at 200% of the poverty level.
- 90 percent of the children served are from single-parent families.

Why is Early Learning Important?

Recent research confirms that the foundation of a child's intellect and personality is formed by age 5, with astonishing brain development occurring during those early years. Research demonstrates that high-quality early childhood settings that promote healthy development and stimulate early learning help children achieve in school and in life, with particularly positive impacts for disadvantaged children.

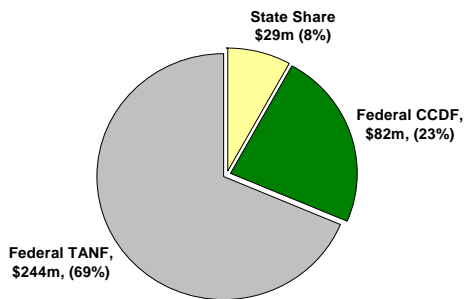
According to James Heckman, Nobel Laureate economist at the University of Chicago, investments in high-quality early learning programs have the highest rate of cost-benefit return of any social investment (2008).

What Do We Know About Funding and the Need

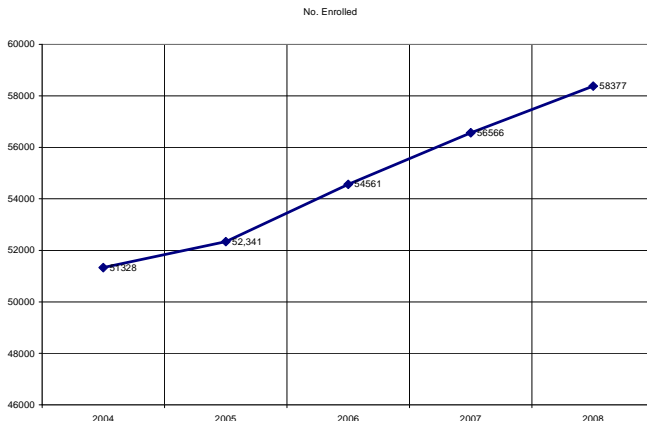
The charts below illustrate the landscape of federal and state funding in comparison to the need for child care subsidies in Wisconsin. Note:

- Federal support for programs across the nation like Wisconsin Shares has remained relatively constant
- Wisconsin has made strides in increasing funding for Wisconsin Shares primarily through increased use of TANF funds
- The demand for Wisconsin Shares continues to grow

Funds Allocated to WI Shares Child Care FY 2008-09 (in million)



WI Shares Enrollment Trend



As illustrated, the bulk of current WI Shares funding comes from allocations of TANF funds. These allocations from TANF could be applied to other TANF-eligible programs but have been used to meet the need for child care (although a

“gap” remains between what has been allocated and the need based on enrollment), but it will be difficult, if not impossible, to meet the continuing growing need by relying on TANF. The ability to reallocate more TANF funds without severely making even greater cuts in other eligible and needed programs is limited. And, TANF funds coming into the state have remained flat (in real dollars, meaning a decline in adjusted dollars).

What Needs to be Done to Maintain a Strong Wisconsin Shares Program

Goal: Maintain Sound Subsidy Policies:

Wisconsin should maintain a child care subsidy program that provides access to all eligible families through sound policies that are fair to participating families and to child care providers who serve kids under the program.

Strategy: Wisconsin should streamline policies and procedures for cost-saving, and allocate sufficient funds to maintain the basic core policies of the program:

- Serve all eligible families, with no waiting lists.
- Maintain current eligibility levels, with the initial eligibility threshold at 185 percent of poverty.
- No increases in family co-payments.
- Fair provider payment policies based on market rates, adjusted annually.

Rationale: Wisconsin Shares is an essential support to low-income working families, allowing them to work with the assurance that their children are safe and well cared for.

Recommendation & Cost: The cost of meeting the anticipated need for child care subsidies, absent some additional federal funds or other reallocations is estimated at \$90 million over the 2009-11 biennium.

Refer to the WCCF Policy Brief on *“Investing in Early Learning”* to learn more details on improving the quality of child care programs.