



555 West Washington Ave, Suite 200  
Madison, WI 53703

www.wccf.org  
☎ 608-284-0580  
✉ 608-284-0583

## Overview: Child Care and Early Learning in the Governor's 2013-15 Budget

Governor Scott Walker's budget proposal related to child care and early learning is disappointing. For those hoping for a significant strengthening of YoungStar and adjustments in Wisconsin Shares payment policies will find little to cheer about, except for a modest change in the YoungStar tiered reimbursement system.

### **Wisconsin Shares: Funding reduced by \$35 million over 2 years.**

The proposed budget reduces Wisconsin Shares child care subsidy funding by \$17 million in year one, and \$18 million in year two over the biennium, with no clear indication of a significant adjustment in the base payment rates. The proposal would lift the freeze to the base payment rate that has been in place since 2006, but the only indication of rate changes is a possible 0.3% increase (\$1 million) in the second year. However, there are indications that the Department of Children and Families will review the funding structure and payment system. TANF funds that could have improved Wisconsin Shares policies and strengthened YoungStar were shifted to free up state funds for other priorities.

### **YoungStar: 4-star programs can get increases up to 10%, but likely flat funding**

The good news here is that for 4-star rated programs in YoungStar, the reimbursement is modified to a maximum rate increase of up to 10 percent instead of 5 percent. The budget for Young Star implementation is difficult to decipher from the information available, but there appears to be no increase. Overall, it appears that efforts to improve child care quality are not getting an increase. **Note:** Apart from this budget, federal funds from Wisconsin's Race to the Top-Early Learning Challenge grants will add resources to strengthen YoungStar.

### **Child Care Administration and Licensing: Increase of over \$10 million per year**

The budget level increases by \$10 million. This increase in Child Care State Admin and Licensing is largely due to the conversion of Milwaukee child care administration to state staff approved 9-19-11 (\$9,809,400). The \$9.8 million was moved from the Wisconsin Shares budget to the state child care administration budget.

The other significant change was an increase of \$300,000 in FY14 and \$2,000,000 in FY15 to provide funding to develop the child care parent pay system.

### **The budget proposes several changes related to fraud and administrative cost-saving:**

- **Electronic benefit cards:** Create an electronic benefit card to streamline access to benefits for families and reduce the risk of fraud. Initially, the card will be used for the W-2 program and will then be expanded to include child care subsidies.
- **Fraud positions:** Create permanent positions to replace expiring child care fraud positions to continue efforts to prevent and eliminate fraud in the child care program.

- **Fingerprinting:** Modify current law to clarify that the Department of Children and Families may require Wisconsin Shares child care providers to be fingerprinted, and expand the requirement to adults who reside in the home and the child care program employees of Wisconsin Shares child care providers.
- **Modify the child care subsidy system** to provide the subsidy directly to parents using the electronic benefit card. According to the Governor's Budget summary, this will reduce fraud, simplify administration, involve the parents in ensuring program integrity and reflect how providers are typically paid in the marketplace.

**Literacy assessments to expand to 4K and 1<sup>st</sup> and 2<sup>nd</sup> grade**

The Governor recommends providing funding to expand the early reading assessment program to pupils in four-year-old kindergarten, first grade and second grade.

To see more details, go to the budget summary for Department of Children and Families:

<http://www.doa.state.wi.us/debf/docview.asp?budid=62>

To see all department budgets, go to: <http://www.doa.state.wi.us/debf/excbudget.asp>

*3/15/13 Updated Analysis by Dave Edie, Wisconsin Council on Children and Families, [dedie@wccf.org](mailto:dedie@wccf.org), and Sabrina Gentile, [sgentile@wccf.org](mailto:sgentile@wccf.org)*