WISCONSIN COUNCIL ON
children
&families
Raising Voices to Make Every Kid Count

555 West Washington Ave, Suite 200
Madison, WI 53703

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

Restore $35 million in Child Care Funding:

Proposed budget squanders opportunity to grow investment that's working for Wisconsin's children, families, businesses and communities.

Two years ago the Wisconsin Legislature approved YoungStar with strong bipartisan support. This was a prudent investment to improve early learning for children from low-income working families receiving Wisconsin Shares subsidy payments. Research shows that when early care and education programs for disadvantaged children meet quality standards, taxpayers and communities benefit from short- and long-term savings from lower special education costs, lower crime rates, higher graduation rates, lower teen pregnancy rates, and higher earnings. Through YoungStar we now have a clear snapshot of Wisconsin's child care quality. Over two-thirds of YoungStar-rated programs have low quality ratings: one or two stars on a 5-star scale. Statewide YoungStar efforts to raise the level of quality in these programs are making progress; this is a pivotal time to invest in strengthening YoungStar.

What Governor Walker is proposing: The Governor's proposed budget reduces Wisconsin Shares child care subsidy funding by $35 million over the 2013-15 biennium ($17 million less in year one, and $18 million in year two), compared to the $289 base budget level of the 2012-13 state fiscal year. The $35 million is shifted from the federally- funded Temporary Assistance to Needy Families (TANF) to the Earned Income Tax Credit (EITC). In turn, state funds currently allotted to EITC would be diverted to the general operating budget. While the move is legal, it misses the opportunity to build on efforts to help child care programs become high quality early learning programs that help children thrive.

Who loses? The over 44,488 children cared for through Wisconsin Shares have the most to lose by the Governor's proposal. The 3,774 child care programs who receive payments for their services through Shares continue with payments way below market rates. Families needing reliable child care so that they can work are affected. And Wisconsin communities will experience the ongoing impact of low-quality early childhood education as children are unprepared for school and beyond, resulting in lower educational advancement, higher rates of crime, and lower earnings as adults. High-quality early education is a sound economic investment.

What the Early Learning Coalition is proposing: *The $35 million in TANF funds should be kept in the child care budget to help our child care programs improve early learning.* The funds are essential for growing child care quality by fair Wisconsin Shares rates and investing in YoungStar – an investment that pays off.

Wisconsin Early Learning Coalition Positions on Child Care

The $35 million should be invested to improve child care by:

1. Establishing Fair Wisconsin Shares Payment Policies
Wisconsin Shares policies improve the base payment rate that has been frozen since 2006 and change the policies so licensed family child care programs do not get docked for child absences.

2. Increasing Support to Help Programs Move to a Higher Star Level in YoungStar
Wisconsin should invest in training, scholarships and rewards for credit-based education (T.E.A.C.H. Early Childhood and R.E.W.A.R.D. stipends), on-site technical consultation, and micro-grants to help child care programs improve and move up the YoungStar 5-star quality rating scale. Qualified, effective teachers are crucial to early learning and development.

3. Improving the YoungStar Tiered Reimbursement System
The tiered reimbursement system should be adjusted to ***eliminate the five percent penalty*** for 2-star child care programs and to provide the following fiscal incentives:

- 3-star programs would receive a 5% increase;
- 4-star programs would receive a 10% increase: and
- 5-star programs would continue to receive a 25% increase.

A call for fiscal policy that supports YoungStar, rather than undermining it
It appears that the Governor's proposals will continue to keep Shares base payment rates well below market rates, penalize 2-star programs by 5%, and dock payments to providers by not paying for absent days. These combined policies have reduced funding from far more programs than those that receive higher rates—not a recipe for quality improvement.

The chart below shows that under YoungStar tiered reimbursement policies, 65% of child care programs are receiving cuts, 26% are getting no increase, and only 9% (rated at 4 or 5 stars) are receiving increased payments. Without significant change, this pattern will continue. We were pleased with the Governor's proposal to raise the fiscal incentive for 4-star programs from 5% to 10%, but that policy affects only 3% of child care programs.

YoungStar Rating of Child Care Provider	Impact on WI Shares Payments: Original Schedule 2010	Impact on WI Shares Payments: Governor's proposal 2013-15	Percent of child care programs receiving payments by star level (Feb. 2013 data)
One Star	No reimbursement	No reimbursement	**0%**
Two Stars	0% -No change	**Up to 5% reduction**	**65%**
Three Stars	5% increase	No change	**26%**
Four Stars	10% increase	**Up to 10% increase***	**3%**
Five Stars	25% increase	Up to25% increase	**6%**

According to a National Women's Law Center national study, Wisconsin child care providers were being paid a base rate 13% **below** the market rate in 2012, due to the multi-year freeze on rates. Keeping rates below market rates fosters instability and turnover in the child care profession, slowing efforts to improve quality, and ultimately resulting in harmful repercussions for children, families, child care providers, businesses and communities. Improving base rates in Wisconsin Shares provides a solid foundation for improving early learning.

Contact: Dave Edie, dedie@wccf.org, 608-284-0580 x315