



## Legislative Fiscal Bureau

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May 20, 2003

Joint Committee on Finance

Paper #855

### *Temporary Assistance for Needy Families*

## **Program Reduction Options and Indirect Child Care Options (DWD -- Economic Support and Child Care)**

[LFB 2003-05 Budget Summary: Page 497, #9, Page 499, #10, Page 501, #17 & #20, Page 502, #21 & #22, Page 503, #25, and Page 505, # 32]

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### **CURRENT LAW**

Under current law, funds from the federal temporary assistance for needy families (TANF) block grant and child care development fund are used for a variety of programs to assist low-income families. Under the Governor's budget bill, it is projected that there would be a deficit in funding for TANF-related programs of \$2.1 million on June 30, 2005. Issue papers #849 and #850 provide a number of options to reduce the cost of child care subsidies and the Governor's proposal to expand grants to custodial parents of newborn infants. This paper explores possible reductions in other TANF-related programs that could be used to address the projected deficit, or to restore funding for programs that would be eliminated or reduced under the bill.

### **GOVERNOR**

The Governor recommends decreases in base funding for TANF programs of \$57,919,700 in 2003-04 and \$61,958,700 in 2004-05. According to the Executive Budget in Brief document, the decreases reflect an effort to bring the TANF programs, with an estimated annual structural deficit of \$95 million, into balance, while providing sufficient benefit funding to reflect increases in W-2 cash payment caseloads and expanding the caretaker of newborn infant grants, and retaining funding for programs that support low-income families. Based on the Governor's priorities, funding for a number of programs would be eliminated under the bill, including community reinvestment funds for W-2 agencies, a number of programs to improve child care quality and availability, transportation projects, legal services, literacy programs, aid

to Milwaukee Public Schools, DHFS adolescent, nutrition, and immunization services, the Adolescent Pregnancy Prevention and Pregnancy Services (APPPS) Board, and the Badger Challenge program.

## **DISCUSSION POINTS**

1. In the 1997-99 and 1999-01 biennia, the TANF program had a fairly large balance. This balance was mainly due to the dramatic decline in cash assistance caseloads when W-2 was first implemented. The Governor and Legislature used this balance to create new programs, supplement existing programs, and to replace GPR for existing programs. As TANF costs began to exceed ongoing revenues, the large TANF balance that had accumulated early in the program began to decline. For 2001-03, child care costs have continued to increase. In addition, the economy has caused more individuals to seek cash assistance under the W-2 program. As noted above, there is a projected \$95 million annual structural deficit in the TANF program going into the 2003-05 biennium, and child care costs, W-2 cash payment caseloads, and the caretaker supplement for children of parents who receive supplemental security income (SSI) are expected to continue to increase over the biennium.

2. To address the deficit, the Governor suggested eliminating funding for a number of programs as indicated above. The Committee could consider eliminating or reducing funding for several other programs in order to address the reestimated deficit and to fully fund child care subsidies, or to restore funding for areas that the Governor proposed eliminating funding. These are discussed below.

3. It should be noted that this paper will not discuss most of the programs for which the Governor has proposed eliminating funding due to the projected TANF deficit. The paper will, however, address funding for some indirect child care programs that would be eliminated under the budget, but for which the Governor has requested an amendment to restore funding. The Committee could propose using any of the reductions discussed below to restore funding for any TANF programs as long as the overall projected TANF deficit is addressed.

### **Children First**

4. The bill would maintain funding for the children first program at \$1,140,000 annually. The program provides job training and work experience to low-income or underemployed noncustodial parents to help them meet their child support financial obligations. A noncustodial parent who has no current means of meeting a child support obligation may be ordered by a court into the program. Children first participants often face significant barriers to meaningful employment, including low educational achievement, poor work histories, alcohol and/or drug abuse problems, and criminal records. The program is administered through partnerships between county child support agencies, W-2 agencies, and the county or tribal judicial system. It currently operates in 39 counties and with the Lac du Flambeau tribe.

5. Under the program, DWD reimburses the county child support or W-2 agency at a

rate of up to \$400 per participant. Currently, about 5,000 persons participate in the program per year. Costs above those reimbursed by DWD are funded by the county.

6. The Committee could eliminate the children first program and reduce funding by \$1,140,000 to offset the projected TANF deficit.

7. However, in the past, concerns have been raised about the need to provide additional services to noncustodial parents to enable them to provide enhanced financial support to their children. Increased child support payments could help some families achieve self-sufficiency and be less reliant on public assistance programs.

### **State Administration**

8. Under the bill, funding for state administration of the TANF program would be reduced by \$6,205,800 annually, including the budget efficiency measures, for total funding of \$18,487,400 annually.

9. The reductions would represent a 25% decrease in funding for state administration of the TANF program compared to the base level of \$24,693,200.

10. The Committee could consider reducing funds for state administration of the TANF program by an additional 5% for savings of \$924,400 per year. However, this would represent an almost 30% reduction in funding for state administration. It could be argued that such a reduction could jeopardize the state's ability to administer and monitor TANF programs so that they meet federal regulations and so that the programs reach the intended recipients.

### **English for Southeast Asian Children**

11. The bill would maintain funding for services for English for Southeast Asian children at \$100,000 annually. Under this program, funding is provided to the Wausau School District for English language training for Southeast Asian children ages three to five. According to DWD, the program served 154 students in the 2001-02 school year.

12. It could be argued that, given the potential TANF deficit for 2003-05, and the projected structural deficit for the 2005-07 biennium, funding for English language training for Southeast Asian children would not be considered a high priority. Therefore, the Committee could eliminate funding for English for Southeast Asian children and save \$100,000 per year.

13. However, providing English language skills to these children at a young age may help them stay in and succeed in school, and result in them being more successful, productive adults.

### **Workforce Attachment and Advancement**

14. The bill would provide \$2,000,000 annually for the workforce attachment and

advancement (WAA) program. Under this program, funds are split evenly between workforce development boards and W-2 agencies to provide post-employment services to assist with job retention; incumbent worker training to promote job advancement and increased earnings; services to employers to retain workers and provide job progression paths; job readiness and placement services to unemployed persons; and basic skills development. Services are provided to individuals with incomes at or below 200% of the federal poverty level.

15. The WAA program began in January, 2000. The first WAA contracts totaled \$19.7 million and covered the period January, 2000, through June, 2002. Expenditures under the contracts totaled \$17.4 million. According to DWD, 3,768 persons completed an activity under the WAA program during the first contract period. More individuals may have been enrolled in the program, but may not have completed an activity during that time.

16. Base funding for the program is \$7,842,200. DWD has contracted to spend the base funding level for the period July 1, 2002, through December 31, 2003. According to DWD, 1,402 persons completed a WAA activity during the period July, 2002, through February, 2003.

17. Since the WAA base funds are contracted through December 31, 2003, DWD intends to use one-third of the base funding (\$2,614,100) to fund the last six months of the contracts ending on December 31, 2003. As a result, under the bill, funding available for the program would total \$4,614,100 in 2003-04 and \$2,000,000 in 2004-05.

18. It could be argued that services being provided through the WAA program are already provided through the workforce investment act (WIA) program. Under the WIA program, DWD administers funds, primarily through workforce development boards, in several areas: (a) adult programs that are intended to increase employment, job retention, skill levels, and earning of participants, and to improve the overall quality of the workforce, reduce welfare dependency, and enhance productivity (funded at \$11,417,200 in program year 2002); (b) youth services programs that provide services to young persons between 14 and 21 years old, and are intended to improve educational and skill competencies and effective connections with employers (funded at \$12,972,900 in program year 2002); and (c) dislocated worker programs that provide services that are the same as those provided under the adult programs, but are aimed at dislocated workers with outdated skills, individuals who have lost their jobs due to competition from imports or a shift of production outside the country, farmers who have lost farms, self-employed individuals who are unemployed as a result of economic conditions, and workers dislocated by a mass layoff or business closure (funded at \$15,315,000 in program year 2002). Wisconsin's total allotment for program year 2002 is \$39.7 million.

19. The WIA state plan for the period 2000-2004, states that "generally there are adequate resources in Wisconsin to provide training services to TANF public assistance cash recipients. Therefore, there is no state requirement to prioritize the use of WIA adult program services funds on this population." The plan states that workforce development boards may consider a number of funding sources, including TANF funds, vocational rehabilitation funds, community service block grant funds, adult education funds, and other local resources in

determining whether there are adequate funds to serve public assistance recipients and low-income individuals.

20. It could be argued that, given the projected deficit in TANF funds, the WAA program could be eliminated, and DWD could be required to examine ways to use WIA funds and other funds available for education and training services to provide the types of services provided under the WAA program. This would generate savings of \$2,000,000 per year.

21. However, as noted, the WAA funding is currently split evenly between workforce development boards and W-2 agencies. It should be noted that W-2 agency services funding under the bill would be reduced by 28%. While WAA funds are under separate contracts and focus on different services than the W-2 agency program services, it could be argued that eliminating funding for WAA services would further reduce the W-2 agencies' ability to provide a full range of services to W-2 participants. Therefore, the Committee could reduce WAA funding by one-half to eliminate funding for the workforce development boards, but continue to provide \$1,000,000 annually for W-2 agencies.

22. On the other hand, there are a number of other types of federal employment and training programs that are currently administered by the workforce development boards and other agencies. WIA regulations require states to create a more comprehensive workforce investment system. Therefore, the impact of eliminating funding for the WAA program on employment and training services could be offset as the state continues to implement a more integrated system for delivering services under those programs.

### **Early Childhood Excellence**

23. The bill would reduce funding by \$250,000 annually for the early childhood excellence initiative, which provides grants to early childhood centers for children under age five who come from families with incomes at or below 200% of the federal poverty level. The centers provide child care educational services, outreach, and training for parents and child care providers. A local matching contribution of 25% is required. 2001 Act 16 (the 2001-03 biennial budget) included nonstatutory language earmarking \$250,000 annually for La Causa, Inc., in Milwaukee for day care services for the 2001-03 biennium. The reduction in grant funding reflects that the earmark would not be included under the bill. However, La Causa, Inc., could continue to receive a grant under the program. The allocation for grants under the bill would total \$2,500,000 per year.

24. The early childhood excellence program was created under 1999 Wisconsin Act 9 (the 1999-01 biennial budget) to develop early childhood centers that include appropriate environmental stimuli at the appropriate time in a child's development through the use of music, reading, foreign language, and educational games. It was also the intent that parents would be required to participate in the program before or after work, and would be given materials that describe the importance of the early years in children's brain development.

25. In June, 2002, the UW-Extension released some findings comparing the quality of

classrooms in the 28 early childhood excellence centers that had received funding. According to the findings, compared to the quality of the classrooms before the program, the quality of classrooms in the early childhood excellence centers had improved significantly for three- to five-year-olds, and improved, but not significantly, for infants and toddlers. Overall, the quality of classrooms in the early childhood excellence centers was significantly higher than for randomly selected classrooms in programs that had not received grants, both for the three- to five-year-olds and for the infant and toddler classes. In addition, before the early childhood excellence initiative, only 50% of the 28 centers were nationally accredited or met Head Start performance standards. By June, 2002, all of the centers had met or were in the process of meeting those standards.

26. For 2002-03, the \$2,500,000 (excluding the \$250,000 earmarked for La Causa) is allocated as follows: (a) \$1,750,000 to 18 early childhood excellence centers based on a per pupil amount of approximately \$687 per child; (b) \$500,000 for grants ranging from \$1,000 to \$3,000 to 180 child care program sites (some programs may have multiple sites) that serve low-income children and are nationally accredited as meeting high quality standards; and (c) \$250,000 for the University of Wisconsin-Extension for evaluation of the project, dissemination of best practices guidelines, and monitoring grantee compliance. In order to receive the \$1,000 to \$3,000 grants, grantees are required to participate in a training event offered by the early childhood excellence centers and UW-Extension. Grantees are required to use the grant funding to implement ideas learned from the centers.

27. While the UW-Extension evaluation would indicate that the early childhood excellence center initiative has improved the quality of learning in those centers, some would argue that the program was never intended to provide ongoing support for a limited number of programs. Instead, it was hoped that the program would provide some best practices in early childhood education that could be shared across the state.

28. The Wisconsin Child Care and Education Coalition has put forth two proposals regarding the DWD child care budget. Under the first proposal, the Coalition recommended eliminating the early childhood excellence program to provide funding for items with higher priorities, such as the child care scholarship and bonus program (discussed below), child care resource and referral agencies, and technical assistance. Under the second proposal, funding would be maintained to allow some statewide support for the grants to nationally accredited programs.

29. The Committee could eliminate funding for the early childhood excellence initiative, and, instead, use the \$2,500,000 per year to address the projected TANF deficit, or to restore funding for other programs that would be reduced or eliminated under the bill.

30. Alternatively, the Committee could eliminate the funding targeted toward the early childhood excellence centers, and retain the \$500,000 per year in grants to nationally accredited centers statewide that serve low-income children. This would generate savings of \$2,000,000 per year.

31. It should be noted that if the Committee eliminates or reduces funding for the early

childhood excellence program, the funding should be reinvested in other DWD efforts to improve the quality of child care so that funds are sufficient to meet federal earmarks required under the child care development block grant program.

### **Community Youth Grants/Boys and Girls Clubs**

32. Under current law, the community youth grant program is a competitive program to fund programs that improve the social, academic, and employment skills of youth who are eligible to receive TANF. 2001 Act 16 provided \$450,000 for competitive grants in 2001-02 and no additional funding for competitive grants in 2002-03. Act 16 also provided \$50,000 annually for the Boys and Girls Club of America. Competitive grants were not awarded for 2001-02, because of pending legislation that would have used all or a portion of those funds. 2001 Act 109 (the 2001-03 budget adjustment bill) allocated an additional \$250,000 annually for total grants of \$300,000 per year for the 30 Boys and Girls clubs in Wisconsin. According to DWD, the clubs plan on serving 1,200 high-risk youth over the two-year contract period.

33. Since no funding would be provided for competitive community youth grants under the bill, the program would be replaced with grants to the Boys and Girls Clubs of America. Funding for the Boys and Girls Clubs would be maintained at \$300,000 per year under the bill.

34. The Committee could eliminate grants to Boys and Girls Clubs, and, instead, use the \$300,000 per year to address the projected TANF deficit, or to restore funding for other programs that would be reduced or eliminated under the bill.

### **Head Start**

35. Under current law, state grants are provided as a supplement to the federal Head Start program, which provides comprehensive educational, health, nutritional, social, and other services to economically disadvantaged preschool children and their families. Funds are distributed to federally designated Head Start agencies, with preference given to those already receiving federal funding, to enable expansion of their programs. Grants may be used as a match for federal funds only if the state funds are used to secure additional federal support.

36. The Head Start state supplement was initially funded at \$2.0 million GPR in 1990-91, when federal funding for the program in Wisconsin totaled \$26.6 million. Beginning in 1999-00, 50% of the state funding is from TANF child care funds transferred to the Department of Public Instruction (DPI) from DWD. The state supplement totals \$3,712,500 GPR and \$3,712,500 FED in 2002-03, while federal funding for Head Start is expected to total \$88.7 million this year. The state supplement is used by the 34 Wisconsin Head Start agencies to enroll eligible children in the program who would otherwise be on waiting lists. Approximately 1,450 children are being served through this supplement in 2002-03.

37. Under the bill, the TANF portion of the Head Start supplement would be reduced by \$212,500 to \$3,500,000 annually. The remaining state supplement would be retained at the base level of \$3,712,500 GPR annually in the 2003-05 biennium. The Committee could choose to further

reduce or eliminate the TANF-funded portion of the supplement in order to address the projected TANF deficit, or to restore funding for other programs that would be reduced or eliminated under the bill.

### **Domestic Violence**

38. Under the bill, TANF funding for grants for services to victims of domestic violence would be reduced by \$250,000 annually, such that \$750,000 in TANF funding annually would be provided to support domestic violence services. DHFS provides funding to nonprofit and tribal domestic abuse programs in the state. Current funding for these programs includes \$5,070,200 GPR, \$1,642,200 in federal Family Violence Prevention and Services Act funding, \$1,000,000 TANF and \$365,000 PR from court assessments on perpetrators of domestic violence. Therefore, total annual funding for these grants is \$8,077,400. The TANF funds were added as part of the 1999-01 budget to augment the existing domestic abuse services program.

39. The \$1,000,000 TANF, as budgeted in 2002-03, funds 35 domestic abuse programs across the state, including nonprofit shelters, outreach programs, and tribal programs. The TANF grants support several services at these agencies, including: (a) services for children who witness domestic violence; (b) legal assistance to victims in need of legal protection and other court action; (c) specialized training and assistance for domestic abuse service providers; and (d) programs aimed at assisting victims to find employment and move into safe and affordable housing. These grants are awarded on a calendar year basis. In calendar year 2002, agencies receiving TANF funds provided TANF-funded services to 5,200 victims and children.

40. TANF funding for domestic violence services could be further reduced or eliminated in order to provide funds for other TANF-eligible purposes. Doing so would restore the program to its level before 1999-01 and would still allow \$7.1 million in funds to support domestic abuse programs. Deleting the remaining TANF funds for this program would free up \$750,000 in each year that could be used for other TANF-eligible purposes.

41. If the \$1.0 million in TANF funds were no longer available for grants for domestic abuse services, the total funding for local domestic agencies would be reduced by 12.4%. Regardless of the amount of TANF that is provided for domestic violence grants, the services that are currently supported with TANF would still be funded, because the funding amounts are required under current law. However, overall funding for the grant program would decrease and therefore, the same level of services may not be available to victims and children.

42. However, the Committee may wish to maintain TANF funding for these grants, in light of the recently effective administrative rules for W-2. As of January, 2003, DWD 12.14(3) requires W-2 agencies to provide an individual with information on community-based domestic abuse services, if that individual is a past or present victim of domestic abuse or if the individual is at risk of domestic abuse. The TANF funding for services for domestic abuse victims ensures that these services are provided in the community for TANF-eligible individuals.



## **Child Abuse and Neglect Prevention Board**

43. The Governor proposed maintaining TANF funds for the Child Abuse and Neglect Prevention Board at \$340,000 annually. These TANF funds were provided as part of the 1999-01 budget to augment funding for 17 existing family resource centers. Each center receives an annual \$20,000 TANF grant to increase direct services by increasing staff hours, and to do one or more of the following: (a) provide additional parenting skills training; (b) increase the capacity for fathers to support their children emotionally; and (c) promote parental access to their children by occasionally acting as a host site for supervised visitation. This TANF funding was allocated to the Board to allow the Board to maintain total annual grant awards of \$100,000 to these family resource centers. In 1998, the Board reduced the annual awards to the 17 centers by \$20,000 each to reflect a reduction in federal funding the Board received. The TANF funds were provided to replace the lost federal funds and reestablish the annual award amount at \$100,000.

44. The family resource center grants (including the TANF funds) are awarded on a fiscal year basis. In the 2003-05 biennium, the Governor's budget would provide \$340,000 annually to maintain the current grant level for these centers.

45. The Committee could consider reducing or eliminating the \$340,000 in TANF funds for the Board. This action would reduce the annual grants to family resource centers to \$80,000 and could provide \$340,000 in both 2003-04 and 2004-05 for other TANF-eligible purposes. However, the Board's staff indicate that family resource centers require an operating budget of \$350,000 in order to achieve positive outcomes. The grant awards from the Board provide base funding for these centers and allow the centers to leverage additional funds. A 20% reduction in the grants awarded by the Board to these centers would decrease staffing and the ability to offer services to families.

## **Child Welfare Prevention Services (Primary Prevention Grant Program)**

46. The Governor proposed maintaining TANF funding for the primary prevention grant program in the Department of Health and Family Services at \$1,489,600 annually. The TANF funding was first provided in 2000-01 and replaced GPR funding. State funding was initially provided as part of the state's assumption of child welfare responsibilities in Milwaukee County on January 1, 1998. The state agreed to continue funding this contract as part of its child welfare costs in Milwaukee County, since the county had supported this grant prior to the state assumption of child welfare activities in the county.

47. The TANF funding supports a grant to a child abuse neglect and prevention program in Milwaukee County. Community Advocates receives this grant as the lead agency for the Child Abuse Prevention (CAP) Network for a universal, primary prevention program for first-time parents in Milwaukee County. This program is called "Supporting Today's Parents." Child abuse and neglect assessors from the CAP Network meet with first-time parents in the hospital, on a voluntary basis, and provide the parents with community resource information, a t-shirt for the baby, and a year subscription to a monthly parenting newsletter. In addition, the family is assessed for their

level of stress to determine their risk of child abuse or neglect. For those families found to be at high levels of stress (the family cannot meet three or more of their basic needs), home visits and community-based services, including referrals for other social services needs (housing, job assistance, and healthcare) are provided. There are 38 home visitors from nine CAP Network agencies who meet with the family, as needed, to coordinate these services for the family and connect the family with community resources. Annually, approximately 4,000 parents (representing 93% of the families contacted) agree to meet with an assessor, and 50% of these parents receive home visits.

48. The Committee could consider reducing or eliminating funding for this program in order to provide TANF funds for other purposes. Deleting the TANF funds for this program would free up \$1,489,600 annually that could be used to address the projected TANF deficit, or to restore funding for programs that would be reduced or eliminated under the bill.

49. Eliminating these funds would impact the ability of this program to provide primary prevention activities. The funding for this grant is one of many sources that the CAP Network receives to support its child abuse and neglect programs. However, this funding directly supports one component of the Network – the "Supporting Today's Parents" program. Therefore, eliminating TANF funding would reduce the number of contacts and services available for first-time parents in Milwaukee County.

### **Indirect Child Care**

50. Under the bill, funding for indirect child care programs would total \$11,254,900 in 2003-04 and \$11,322,200 in 2004-05. Indirect child care programs include programs to improve child care quality and availability and the local pass-through program.

51. The local pass-through program provides grants to local public agencies that provide the required matching funds to improve the quality of child care. Under the bill, local agencies would be required to contribute a 50% match in order to obtain funding. Funding for grants would total \$4,395,500 annually under the bill. This is a reduction of \$12,857,700 to the base level of funding of \$17,253,200.

52. The amount provided under the bill for the local pass-through program is based on the amount of matching funds under the federal child care and development fund (CCDF) that are expected to be available for the 2003-05 biennium. Further reductions to the program are not recommended as the matching funds provided by the local agencies are used toward the state's overall matching requirement in order to obtain the full amount of federal funding available to the state. Therefore, any reduction in funding, if not offset by an increase in other state funds that could be used toward the matching contribution, would result in a loss of federal funds.

53. Under the bill, funding for programs to improve child care quality and availability would total \$6,859,400 in 2003-04 and \$6,926,700 in 2004-05. This would represent a reduction of \$8,598,600 in 2003-04 and \$8,531,300 in 2004-05 to base level funding. The table below provides

a comparison of base level funding with the Governor's recommendations.

**Programs to Improve Child Care Quality and Availability**

	<u>Base Funding</u>	<u>Governor's Recommendations</u>		<u>Change to Base</u>	
		<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>
Resource and Referral Agencies	\$1,355,300	\$1,219,800	\$1,219,800	-\$135,500	-\$135,500
DWD – Office of Child Care	786,500	1,199,000	1,199,000	412,500	412,500
DHFS – Licensing Staff	4,733,700	4,440,600	4,507,900	-293,100	-225,800
Child care scholarship and bonus	6,007,200	0	0	-6,007,200	-6,007,200
High Quality Demonstration Project – Racine County	1,000,000	0	0	-1,000,000	-1,000,000
Technical Assistance	995,300	0	0	-995,300	-995,300
Safe Child Care	<u>580,000</u>	<u>0</u>	<u>0</u>	<u>-580,000</u>	<u>-580,000</u>
Total	\$15,458,000	\$6,859,400	\$6,926,700	-\$8,598,600	-\$8,531,300

54. The increase in funding for the DWD Office of Child Care reflects a realignment of positions within DWD to more accurately reflect their duties. Base funding for the Office was reduced by about 10%, for a reduction of \$78,600. Funding was then increased by \$491,100 to reflect the position realignment, resulting in net funding of \$1,199,000 per year. [It should be noted that a technical correction would be needed to the bill to accurately reflect the \$2,418,800 that would be allocated for DWD's Office of Child Care, and grants to resource and referral agencies.]

55. As shown above, the bill would eliminate funding for a number of programs to improve the quality and availability of child care, including: (a) the child care scholarship and bonus program, which is described in more detail below; (b) a high quality child care demonstration project in Racine County that was authorized under 2001 Act 16; (c) a technical assistance program for child care providers and teachers; and (d) the safe child care program, which provides funds to counties and tribal agencies to increase the level of safety and health in certified day care homes.

56. Federal CCDF regulations require that states allocate 4% of child care funds to activities to improve the quality of child care services. In addition, under the federal program, the state has to meet certain earmarks to improve child care quality, increase the supply of quality care for infants and toddlers, and provide resource and referral services for school age children. The funding for programs to improve child care quality and availability are counted toward the federal requirements. If the federal requirements are not met, the \$83.2 million per year in anticipated CCDF revenues could be jeopardized. Therefore, further reductions to these programs are not

recommended.

57. Further, in public hearings around the state, the Committee heard from citizens concerned with the Governor's proposal to eliminate funding for the teacher education and compensation helps (TEACH) program and the rewarding education with wages and respect for dedication (REWARD) program. These programs are under the DWD child care scholarship and bonus program, which is funded at \$6,007,200 in 2002-03. Funding is currently allocated as follows: (a) \$3,395,200 for the TEACH program; (b) \$2,000,000 for the REWARD program; and (c) \$612,000 for a mentoring program.

58. The TEACH program provides scholarships to child care providers and teachers for educational costs directly related to the child care field. The scholarships cover a portion of the costs of tuition, books, and travel, and provide a bonus upon completion of a credential. Some funds may also be provided to the child care center so that the center can cover for the time a recipient attends classes. Both recipients and the child care center where the recipient is employed are also expected to contribute toward the educational expenses. In addition, recipients are required to commit an additional year to the sponsoring child care center upon completion of the program. The scholarship budget currently ranges from \$1,800 for a technical college scholarship to \$3,300 for a university scholarship. As of September, 2002, there were 1,132 active scholarship recipients.

59. The REWARD program provides an annual stipend to child care providers and teachers who have attained a certain level of education. The stipend increases with the level of education. Stipends currently range from \$875 to \$1,750 for an associate degree in early childhood education or higher level of education. In 2002, 1,427 stipends were awarded.

60. The intent of these programs is to enhance child care program quality by promoting professional development within the child care workforce, rewarding and retaining professionals who have attained early childhood education, encouraging commitment to the field, and reducing turnover in the child care workforce.

61. According to the Wisconsin Early Childhood Association (WECA), which administers the TEACH and REWARD programs, the turnover rate for child care workers statewide is approximately 40% annually. The turnover rate for participants receiving TEACH scholarships is 11%. WECA indicates that over 40,000 children have been served by recipients of TEACH scholarships.

62. Information is not yet available on the overall impact of the REWARD program. However, WECA indicates that a similar program in North Carolina reports that 75% of program recipients indicate that the program encourages them to stay in the field and/or to pursue further education. Directors of child care centers with staff in the program indicate that the program benefits children through improved child care quality.

63. The Governor has proposed an amendment that would restore \$2.3 million annually for the TEACH and REWARD programs. In correspondence to the Committee regarding this

amendment, DOA officials explained that the funds would come from the additional funding identified as a result of the way that child support funding has been calculated over the last several years. However, as noted in the reestimate paper, these funds will be required to fund the reestimated TANF costs for the 2003-05 biennium. Therefore, the Committee would have to reduce expenditures in other TANF programs by \$4.6 million over the biennium to restore funding for the TEACH and REWARD programs at the level recommended by the Governor.

64. The Wisconsin Child Care and Education Coalition has recommended restoring funding for the TEACH and REWARD programs at \$4.5 million per year. According to the Coalition, this is the minimum amount of funding needed to sustain the program over the biennium. In order to restore the TEACH and REWARD programs at this level, the Committee would have to reduce expenditures in other programs by \$9.0 million over the biennium.

65. The Governor has also proposed using the newly identified additional TANF funds to increase funding for the child care resource and referral (CCR&R) agencies by \$500,000 per year, for total funding of \$1,719,800 annually. There are 17 CCR&R agencies throughout the state. These agencies help to increase the supply of child care in areas that may be lacking sufficient care; offer start-up information and technical assistance to providers; assist parents in selecting quality child care; help communities, employers, school districts, W-2 agencies, and others develop local solutions to child care problems; and maintain information on the overall supply and quality of child care in the state. According to the Wisconsin Child Care and Education Coalition, in 2002, CCR&R agencies served 27,000 families, and hosted 900 training events attended by more than 25,000 providers

66. Base funding for CCR&R agencies is \$1,355,300. Under the bill, funding would be reduced to \$1,219,800, a reduction of \$135,300 per year, or about 10%. Under the Governor's proposed amendment to the bill, funding for the CCR&R agencies would be \$364,500 per year more than the base level of funding. According to DOA officials, the additional funds could be used to maintain the mentoring program for child care providers, which is administered by the CCR&R agencies under the current child care scholarship and bonus program that would be eliminated under the bill, or for other purposes as determined by the CCR&R agencies.

67. The Wisconsin Child Care and Education Coalition also recommends increased funding for the CCR&R agencies, particularly in light of the reductions in the local pass-through program and elimination of funding for the mentoring program under the bill.

68. The Committee could amend the bill to provide additional funds of \$500,000 per year for the CCR&R agencies, as requested by the Governor. However, because of the projected TANF deficit under the bill, funds for other TANF-related programs would have to be decreased by \$1.0 million over the biennium in order to support the increased funding for the CCR&R agencies.

## **ALTERNATIVES**

1. Approve the Governor's recommendations on funding levels for TANF programs

described in this paper as provided under the bill. In addition, modify the statutory allocations to accurately reflect the \$2,418,800 per year that would be available for DWD's Office of Child Care, and grants to resource and referral agencies under the bill.

2. Reduce funding for any combination of the following TANF programs, and delete the statutory authority and allocation, where appropriate. The Committee could also choose to reduce funding by some other amount. Savings generated by the reductions could be used to offset the \$2.1 million projected TANF deficit for the 2003-05 biennium, to restore funding for the TEACH and REWARD programs and/or child care resource and referral agencies, or to restore funding for other programs that would be reduced or eliminated under the bill.

<u>Program</u>	<u>Potential Reduction</u>	
	<u>2003-04</u>	<u>2004-05</u>
Children First	\$1,140,000	\$1,140,000
State Administration	924,400	924,400
English for Southeast Asian Children	100,000	100,000
Workforce Attachment and Advancement		
(a) Eliminate the workforce attachment and advancement program.	2,000,000	2,000,000
(b) Reduce the workforce attachment and advancement program by one-half, and eliminate funding for the workforce development boards.	1,000,000	1,000,000
Early Childhood Excellence		
(a) Eliminate the early childhood excellence program.	2,500,000	2,500,000
(b) Eliminate funding for early childhood excellence centers, but retain funding for grants to nationally accredited centers statewide that serve low-income children.	2,000,000	2,000,000
Grants to Boys and Girls Clubs	300,000	300,000
Head Start	3,500,000	3,500,000
Domestic Violence	750,000	750,000
Child Abuse and Neglect Prevention Board	340,000	340,000
Child Welfare Prevention Services	1,489,600	1,489,600

3. Provide \$2,300,000 FED annually to restore funding for the TEACH and REWARD programs at the level requested by the Governor after introduction of the budget bill.

<b><u>Alternative 3</u></b>	<b><u>FED</u></b>
<b>2003-05 FUNDING</b> (Change to Bill)	\$4,600,000

4. Provide \$4,500,000 FED annually to restore funding for the TEACH and REWARD programs at the minimum level recommended by the Wisconsin Child Care and Education Coalition.

<b><u>Alternative 4</u></b>	<b><u>FED</u></b>
<b>2003-05 FUNDING</b> (Change to Bill)	\$9,000,000

5. Provide \$500,000 FED annually to increase funding for the child care resource and referral agencies, as requested by the Governor following introduction of the budget bill. Funding would total \$1,719,800 per year over the biennium.

<b><u>Alternative 5</u></b>	<b><u>FED</u></b>
<b>2003-05 FUNDING</b> (Change to Bill)	\$1,000,000

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