



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 31, 2011

Joint Committee on Finance

Paper #216

Child Care Subsidies (DCF -- Economic Support and Child Care)

[LFB 2011-13 Budget Summary: Page 102, #7]

CURRENT LAW

The Wisconsin Shares child care subsidy program is administered by the Department of Children and Families (DCF) through contracts with local Wisconsin Works (W-2) agencies and county human and social services departments. In order to receive a child care subsidy, families must need child care to do any of the following: (a) work in an unsubsidized job; (b) work in a W-2 employment position; (c) participate in the FoodShare employment and training (FSET) program; (d) participate in basic education or a course of study to obtain a GED, if the W-2 agency determines that basic education would facilitate the individual's efforts to maintain employment; (e) participate in a course of study at a technical college or participate in educational courses to provide an employment skill, if the W-2 agency determines that such education would facilitate the individual's efforts to maintain employment; (f) meet the Learnfare school attendance requirement for children of W-2 participants; or (g) obtain a high school diploma or participate in a course of study to obtain a GED if the parent is age 19 or younger. An individual may receive a child care subsidy under items (d) and (e) for up to two years.

Child care subsidies are available until a child reaches age 13, unless the child is disabled. In that case, child care assistance is available until the child is 19 years of age.

Provider Reimbursement Rates. Provider reimbursement rates are the maximum hourly rates, with a maximum weekly ceiling, that may be paid to a provider who cares for a child participating in Wisconsin Shares, and vary throughout the state based on where the provider is located. Effective February 25, 2006, four rate zones were established based on the percent of the population in each county that lives in an urban area: (a) 0-24%; (b) 25-49%; (c) 50-74%; and (d) 75-100%. Attachment 1 shows the counties in each rate zone. Each county was placed into one of these four zones based on U.S. census data. Rates were then set so that at least 75% of the number of places for children with licensed providers could be purchased at or below the maximum rate in each zone. Rates are determined by annually surveying licensed group and licensed family day care centers for the rates they charge to the general community. However,

reimbursement rates have been frozen since 2006. The current reimbursement rates are shown in Attachment 2.

Copayments. Families are required to pay a weekly copayment depending on the family's gross income, family size, and the number of children receiving child care. Copayments are not required for the following types of participants: (a) foster parents and kinship care parents who have court-ordered placement of a child; (b) FSET participants; and (c) teen parents who are Learnfare participants. The minimum copayment for the number of children receiving care is required for the following participants: (a) individuals who are under the age of 20 and attending high school or participating in a course of study to obtain a GED; (b) non-court-ordered kinship care parents; and (c) parents who have left a W-2 employment position for an unsubsidized job within the last month. Families with children who receive child care services for 20 hours or less in a week must pay one-half of the usual copay amount. DCF has the authority to change copayments administratively to account for the following factors: (a) child care price changes; (b) the amount of available child care funding; (c) inflation; (d) changes in the federal poverty level; and (e) other economic factors that affect the cost of care, such as change in demand. Attachment 3 shows the current 2011 copayment schedule.

Waiting List. Wisconsin Shares currently has no waiting list for families who wish to receive child care subsidies.

Child Care Provider Reimbursements. Under Wisconsin Shares, the state subsidizes the cost of child care for qualified families by making payments directly to the child care provider chosen by the parent. Licensed child care providers are reimbursed based on authorized units of service. Authorized units of service are the number of hours authorized for each child to be in child care, rather than the hours actually used. As a result, child care providers may be paid for hours the child is not attending.

Under 2009 Act 28, a new underutilization policy was enacted. If reimbursement to a child care provider is based on weekly authorized hours of child care, DCF must: (a) track a child's weekly usage of child care authorizations over a six-week period; (b) if the tracked hours show that less than 60% of the authorized hours are used, then reduce the authorized hours of child care to 90% of the maximum number of hours of child care that the child attended during any week of that six-week period; (c) provide written notice of the adjustment to the child's parent, the child care provider, and the applicable child care administrative agency; and (d) provide a grace period of two weeks after the number of authorized hours are reduced before implementation of the reduced payments to the child care provider.

All certified child care providers are reimbursed based on the actual attendance of the child. In addition, licensed child care providers may be reimbursed based on attendance if the child's schedule varies widely from week to week (these licensed providers receive a 10% rate increase for each child to whom this applies to account for absent days) or if the provider has significantly over-reported attendance in the past.

Income Eligibility. An individual's gross family income must be at or below 185% of the federal poverty level (200% once receiving a subsidy) in order for the person to be eligible for a

child care subsidy. The individual applying for care must be a custodial parent, guardian, foster parent, legal custodian, or person acting in place of a parent. If the applicant is a foster parent, subsidized guardian, or interim caretaker, then the biological or adoptive family must have gross income at or below 200% of the federal poverty level. Finally, if the applicant is a court-ordered kinship care relative, then the biological or adoptive family must have gross income at or below 200% of the federal poverty level. There are no resource limits for the program.

2009 Act 28 allocated \$402.5 million in 2010-11 for Wisconsin Shares. However, expenditures have gone down during the 2009-11 biennium due to the underutilization policy, fraud detection and prevention activities, and economic conditions. If unemployed, child care may be unnecessary. As a result, the adjusted base funding for Wisconsin Shares is \$342.0 million and expenditures are now estimated to be approximately \$300.8 million in 2010-11.

GOVERNOR

Reduce funding by \$51,957,500 in 2011-12 and \$53,981,700 in 2012-13 for direct child care services under the Wisconsin Shares program, including funding for child care subsidies, local administration, on-site child care at job centers and counties, and migrant child care. Funding for the Wisconsin Shares program under the bill would total \$290,042,500 in 2011-12 and \$288,018,300 in 2012-13.

In addition, authorize DCF to implement a number of cost saving measures for the Wisconsin Shares program to ensure that expenditures for the program would not exceed the amounts budgeted.

Provider Reimbursement Rates. Prohibit DCF from increasing the maximum reimbursement rates for child care providers before June 30, 2013, except for the tiered reimbursement rates for the child care quality rating and information system.

Notwithstanding this rate freeze, authorize DCF to adjust the amount of reimbursement paid to child care providers who provide child care services under Wisconsin Shares. Notwithstanding the maximum reimbursement rates and the reimbursement rate schedule, DCF would be allowed to adjust the amount of reimbursement paid, either more or less than indicated in the rate schedule, to any child care provider, as long as the overall effect of all of the cost-savings measures reduces costs in Wisconsin Shares. For example, DCF would be allowed to reduce the amount of reimbursement paid to a specific child care provider that is under the reimbursement rate schedule and pay another child care provider above the maximum reimbursement rate, as long as all of the actions taken under these cost savings measures reduce overall Wisconsin Shares expenditures.

Increase Copayments. Authorize DCF to increase the copayment amount that an individual must pay toward the cost of child care received under Wisconsin Shares. Copayments are paid by the parent, which results in savings to the child care subsidies program.

Income Eligibility. Authorize DCF to adjust the gross income levels for eligibility for receipt of a child care subsidy under Wisconsin Shares.

Waiting List. Authorize DCF to implement a waiting list for the receipt of a child care subsidy. An applicant on a waiting list would not receive a child care subsidy unless the available funding was sufficient to allow the applicant to receive a subsidy.

The administration has not estimated savings for each of the cost saving measures. Instead, DCF would have the authority to implement any of the above-mentioned cost saving measures in any combination to reduce program costs. The bill estimates total savings from all of these measures to be \$800,000 in 2011-12 and \$3,600,000 in 2012-13.

Funding for Wisconsin Shares under the bill also reflects additional savings from: (a) an automated attendance tracking system (-\$2,282,000 in 2011-12 and -\$3,406,000 in 2012-13); (b) additional program integrity measures (-\$2,668,000 in 2011-12 and -\$2,721,000 in 2012-13); and (c) tiered reimbursements to child care providers under YoungStar (-\$14,468,600 in 2011-12 and -\$14,613,300 in 2012-13). The automated attendance tracking system and tiered reimbursement under YoungStar, the state's child care quality rating and information system, are addressed in separate papers.

OVERVIEW

Prior to the 2009-11 biennium, costs for the Wisconsin Shares program had continued to increase every year, approaching nearly two-thirds of all TANF-related expenditures. This trend began to reverse itself with expenditures actually declining during the 2009-11 biennium. This decline may be due in part to current economic conditions and implementation of cost-saving strategies, such as the underutilization policy for licensed child care providers. A major factor in this decline is the greater emphasis placed on fraud detection and prevention in the Wisconsin Shares program. Attachment 4 shows a description compiled by DCF of the efforts undertaken during the 2009-11 biennium to address fraud and overall program integrity in the Wisconsin Shares program.

From the efforts to reduce fraud, there have been significant savings to the Wisconsin Shares program. With suspending child care providers from the Wisconsin Shares program, DCF initially found that from 40% to 60% of the children receiving subsidies did not reenter the program. As noted, actual costs in 2010-11 are now expected to total \$300.8 million.

At this point, DCF has indicated that most of these "phantom" children have been weeded out of the system and that most Wisconsin Shares children do now reenter the program if their child care provider has been suspended. It is assumed, therefore, that reductions in expenditures in the Wisconsin Shares program due to fraud detection and prevention have leveled off.

As shown in the TANF reestimate paper, child care subsidy expenditures are now estimated at \$297.7 million in 2011-12 and \$297.3 million in 2012-13. These numbers reflect: (a) new estimates under current law assuming base funding in 2010-11 of \$300.8 million and a 1% annual increase in participation and the average monthly subsidy payment (\$304.7 million in 2011-12 and \$309.5 million in 2012-13); (b) the Governor's estimates of savings from program integrity measures (-\$2,668,000 in 2011-12 and -\$2,721,000 in 2012-13); (c) a reestimate of

savings from the tiered reimbursement system (-\$3,500,000 in 2011-12 and -\$5,900,000 in 2012-13); and (d) the Governor's estimates of savings from other cost saving measures (-\$800,000 in 2011-12 and -\$3,600,000 in 2012-13).

Because the contract for the automated attendance tracking system was cancelled, savings from this system are no longer included in the estimates. It should be noted that although the current law child care estimates assume more growth in the Wisconsin Shares program during the 2011-13 biennium than the estimates under the bill (the bill assumes 0% overall growth in 2011-12 and 1% overall growth in 2012-13), the estimates are lower due a more recent estimate of expenditures in 2010-11. The 2010-11 expenditures provide the base for estimated expenditures in the 2011-13 biennium.

The estimated savings from the YoungStar tiered reimbursement system have been reduced significantly, because the administration's estimates assumed that a large number of children served by the lowest rated (one-star) providers were "phantom" children and would be removed from the subsidy program. It is now believed that these children do exist and will be served by other providers. More information regarding YoungStar is presented in LFB Paper #217.

In total, the new estimates are higher than the administration's figures by \$7.7 million in 2011-12 and \$9.3 million in 2012-13. Table 1 shows a comparison between child care subsidy estimates under the bill with the revised estimates included in the TANF reestimate paper.

TABLE 1

**Comparison of Wisconsin Shares Costs Under the Bill
and as Reestimated without Cost Saving Measures**

	<u>Governor</u>		<u>Reestimate</u>		<u>Change to Governor</u>	
	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>
Estimated Costs of Child Care Subsidies						
Under Current Law*	\$310,261,100	\$312,358,600	\$304,695,200	\$309,537,000	-\$5,565,900	-\$2,821,600
Cost Savings						
Automated Attendance Tracking System	-\$2,282,000	-\$3,406,000	\$0	\$0	\$2,282,000	\$3,406,000
Program Integrity Measures	-2,668,000	-2,721,000	-2,668,000	-2,721,000	0	0
Tiered Reimbursement	-14,468,600	-14,613,300	-3,500,000	-5,900,000	10,968,600	8,713,300
New Cost Saving Measures	<u>-800,000</u>	<u>-3,600,000</u>	<u>-800,000</u>	<u>-3,600,000</u>	<u>0</u>	<u>0</u>
Total	-\$20,218,600	-\$24,340,300	-\$6,968,000	-\$12,221,000	\$13,250,600	\$12,119,300
Total Direct Child Care Allocation	\$290,042,500	\$288,018,300	\$297,727,200	\$297,316,000	\$7,684,700	\$9,297,700

*Includes local administration, on-site child care, and migrant child care services of \$24,695,200 in 2011-12 and \$23,937,000 in 2012-13.

The TANF reestimate paper [LFB Paper #210] shows that the TANF program has a balance of \$10.9 million at the end of 2012-13 with these new child care subsidy estimates. If the Committee chooses not to implement any of the new cost saving measures under the bill,

funding for child care would have to be increased by \$0.8 million in 2011-12 and \$3.6 million in 2012-13, but there would still be a balance at the end of 2012-13 of \$6.5 million.

However, there has been some interest in continuing the transitional jobs demonstration project, and those expenditures are not included in the reestimate. Expenditures for the transitional jobs demonstration project are estimated at \$12.0 million annually, which would create a deficit in the TANF program if no other changes were made to the TANF program as shown in the TANF reestimate paper. It is also believed that the W-2 caseload is underestimated [LFB Paper #211]. The Committee may choose to implement some, or all, of the cost saving measures under the bill in order to provide funding for other TANF programs, such as the transitional jobs demonstration project and W-2 benefits.

This paper provides some background on the child care program and briefly describes the following cost saving measures that could be implemented: (a) modifying provider reimbursement rates; (b) increasing copayments; (c) implementing waiting lists; and (d) modifying income eligibility.

DISCUSSION POINTS

Background

1. Currently, Wisconsin's child care program is composed of four elements: (a) the direct child care program, which provides funding for child care subsidies through the Wisconsin Shares program, local administration, on-site child care at job centers and local administrative agencies, and migrant child care services; (b) programs to improve the quality and availability of child care, including YoungStar; (c) state administration of the child care program, including administration of YoungStar; and (d) child care licensing.

2. There are four sources of funds for Wisconsin's child care program: (a) the federal child care development block grant (CCDBG); (b) the federal temporary assistance for needy families (TANF) block grant; (c) child care licensing fees; and (d) GPR required to be spent as maintenance of effort for the CCDBG. Table 2 below details the amounts and distribution of child care funding for the next biennium as proposed by the Governor. The CCDBG, TANF, and licensing fee amounts reflect revised estimates as shown in a separate budget paper [LFB Paper #210] that projects revenues and expenditures under the TANF program for the 2011-13 biennium. This paper focuses on the direct child care program.

TABLE 2

Child Care Sources of Funding and Proposed Uses for 2011-13

	<u>2011-12</u>	<u>2012-13</u>
Funding Sources		
GPR	\$28,849,400	\$28,849,400
Licensing Fees	1,577,800	1,577,800
CCDBG	87,418,000	87,418,000
TANF	<u>206,745,700</u>	<u>204,485,900</u>
Total	\$324,590,900	\$322,331,100
Uses		
Direct Child Care	\$290,042,500	\$288,018,300
Child Care State Administration	10,278,200	10,359,900
Quality Care for Quality Kids	13,486,700	13,169,400
Child Care Licensing	<u>10,783,500</u>	<u>10,783,500</u>
Total	\$324,590,900	\$322,331,100

3. The amount of funding for direct child care reflects expected increases in the cost of the program under current law plus the implementation of the following cost-saving measures: (a) automated attendance tracking system; (b); additional program integrity measures; (c) tiered reimbursement under YoungStar; (d) frozen provider reimbursement rates; (e) other adjustments to provider reimbursement rates; (e) increased copayments; (f) a waiting list; and (g) modification of eligibility requirements. As noted above, the automated attendance tracking system and tiered reimbursements under YoungStar are addressed in separate papers. This paper will address the remaining cost saving measures.

4. A separate budget paper [LFB Paper #218] provides some additional options to reduce other TANF-related programs to generate savings to support other programs such as the transitional jobs demonstration project.

Cost Saving Measures

Increase Copayments

5. Federal CCDBG regulations require copayments to be affordable and to help ensure equal access to child care for low-income families. The rules indicate that copayments that consume no more than 10% of a family's income will help ensure access. Wisconsin's copayment schedule is currently structured so that copayments do not exceed 12.5% of a family's gross income. Attachment 5 provides a comparison of copayment levels among Midwestern states for families at 100% of the federal poverty level and at 150% of the federal poverty level. The information is based on a family of three with one child in care.

6. The bill would authorize DCF to increase copayments to any level in order to reduce costs to the Wisconsin Shares program in combination with other cost saving measures. Under the bill, DCF would be allowed to make these changes without promulgating rules or any other

legislative oversight. Therefore, the Committee could require DCF to promulgate a rule for any changes to the current copayments that DCF proposes to make (Alternative A1). Alternatively, the Committee could require DCF to submit a detailed plan of changes to copayments to the Committee under a 14-day passive review process before any changes may be made (Alternative B1).

7. The Committee could also consider setting a specific copayment amount under Wisconsin Shares as a way to reduce costs of the program (Alternative C1). Copayments total approximately \$42 million annually. For each 1% increase in copayments, annual savings for the Wisconsin Shares program would total \$420,000.

Modify Reimbursement Rates

8. Reimbursement rates for providers have been frozen at the 2006 level. The bill requires that these rates remain frozen through the 2011-13 biennium. In addition, the bill authorizes DCF to further modify reimbursement rates to achieve additional savings in the Wisconsin Shares program.

9. The Committee may choose to require legislative oversight of any changes to child care provider reimbursement rates under the Wisconsin Shares program. The Committee may require DCF to promulgate a rule for any changes to reimbursement rates DCF proposes to make (Alternative A1) or require DCF to submit a detailed plan of changes to child care provider reimbursement rates to the Committee under a 14-day passive review process before any changes may be implemented (Alternative B2).

10. Alternatively, the Committee may choose to set a specific reimbursement rate reduction (Alternative C2). Providers receive approximately \$320 million annually from subsidies paid by the state and from copayments paid by parents. For each 1% reduction in reimbursement rates, child care providers would receive \$3.3 million less each year.

Income Eligibility Limits

11. Another option to reduce child care subsidy costs would be to impose more strict income eligibility limits. In Wisconsin, the initial income eligibility limit is set at 185% of the federal poverty level. Once eligible, a family can retain eligibility until its income exceeds 200% of the federal poverty level.

12. The bill would authorize DCF to change income eligibility to achieve savings in the Wisconsin Shares program without being required to promulgate rules or otherwise have legislative oversight. The Committee may choose to require legislative oversight of any changes to the Wisconsin Shares program. The Committee may require DCF to promulgate a rule for any changes to income eligibility limits that DCF proposes to make (Alternative A3) or require DCF to submit a detailed plan of changes to income eligibility limits to the Committee under a 14-day passive review process before any changes may be implemented (Alternative B3).

13. Alternatively, the Committee may choose to set new income eligibility requirements (Alternative C3). The income eligibility as a percentage of the federal poverty level could be modified. Savings would depend on how many children are served at each federal poverty level

category. As an example, changing the eligibility level to 175% (190% once eligible) would produce savings of approximately \$2.5 million annually. Attachment 5 shows a comparison among Midwestern states of income eligibility as a percentage of the federal poverty level.

Waiting Lists

14. Another option would be to reduce the amount of funding provided under the bill for the child care subsidy program by some amount, and require DCF to implement a waiting list for families with incomes above a certain threshold. Based on information compiled by the National Women's Law Center, as of September, 2010, 19 states had statewide waiting lists for child care assistance or may have had waiting lists at the local level.

15. The bill would authorize DCF to implement a waiting list, in combination with other cost saving measures. An applicant on a waiting list would not receive a child care subsidy unless the available funding was sufficient to allow the applicant to receive a subsidy. Savings from implementation of a waiting list are essentially pre-determined amounts, since it would be implemented to generate the savings desired.

16. Savings provided by a waiting list would depend on when the waiting list was implemented. Under the bill, a waiting list would only be implemented if it were decided, in combination with other cost saving measures, that it would be needed to remain within the amounts allocated for the Wisconsin Shares program. Any waiting list should exempt W-2 participants so they would not have good cause exemption due to lack of child care to not participate in required work or education and training activities (Alternative C5).

17. The Committee may choose to require DCF to promulgate a rule that describes the criteria for a waiting list (Alternative A4) or require DCF to submit a detailed plan for a waiting list to the Committee under a 14-day passive review process before a waiting list is implemented (Alternative B4). The Committee could also require implementation of a waiting list and establish the criteria for individuals placed on the waiting list (Alternative C4).

ALTERNATIVES

A. Modify the Governor's proposal to require DCF to promulgate rules regarding changes to the Wisconsin Shares program for any of the following cost saving measures.

1. Increase in copayments.
2. Modify child care provider reimbursement rates.
3. Reduce income eligibility limit.
4. Implement a waiting list.

B. Modify the Governor's proposal to require DCF to submit a detailed plan to the Committee under a 14-day passive review process before changes to the Wisconsin Shares program for the following cost saving measures can be implemented.

1. Increase in copayments.
2. Modify child care provider reimbursement rates.
3. Reduce income eligibility limit.
4. Implement a waiting list.

C. Make one or more of the following modifications to the direct child care program to reduce projected costs. Costs for each option are not included because they will vary depending on the specific combination chosen.

1. Increase in copayments.
2. Modify child care provider reimbursement rates.
3. Reduce income eligibility limit.
4. Implement a waiting list.
5. In addition to Alternative A4, B4, or C4, specify that W-2 participants are exempt from a waiting list in the Wisconsin Shares program.

D. Delete one or more of the Governor's recommendations regarding cost saving measures.

1. Increase in copayments.
2. Modify child care provider reimbursement rates.
3. Reduce income eligibility limit.
4. Implement a waiting list.

E. Delete all of the Governor's recommendations regarding cost saving measures and provide additional funding of \$800,000 FED in 2011-12 and \$3,600,000 FED in 2012-13.

ALT E	Change to Bill Funding
FED	\$4,400,000

Prepared by: Kim Swissdorf
Attachments

ATTACHMENT 1

Urban Rate Zones

<u>Zone</u>	<u>County/Tribe</u>
0-24%	Adams, Bayfield, Buffalo, Burnett, Clark, Florence, Forest, Iowa, Juneau, Kewaunee, Lafayette, Marquette, Menominee, Oconto, Pepin, Polk, Price, Sawyer, Shawano, Taylor, Trempealeau, Vernon, Vilas, Washburn, Waushara, Red Cliff, Sokaogon, La Courte Oreilles, Lac du Flambeau, and Stockbridge-Munsee
25-49%	Ashland, Barron, Chippewa, Columbia, Crawford, Dodge, Door, Dunn, Grant, Green, Green Lake, Iron, Jackson, Langlade, Lincoln, Marinette, Monroe, Oneida, Pierce, Richland, Rusk, St. Croix, Waupaca, and Bad River
50-74%	Calumet, Douglas, Fond du Lac, Manitowoc, Marathon, Jefferson, Outagamie, Ozaukee, Portage, Sauk, Sheboygan, Walworth, Washington, and Wood
75-100%	Brown, Dane, Eau Claire, Kenosha, La Crosse, Milwaukee, Racine, Rock, Waukesha, Winnebago, and Oneida Tribe

ATTACHMENT 2 (continued) 2006-2011 Maximum Child Care Reimbursement Rates

	Licensed Group						Licensed Family						Regularly Certified						Provisionally Certified					
	0-2		2-3		4-5		6+		0-2		2-3		4-5		6+		0-2		2-3		4-5		6+	
	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate
Milwaukee	232.00	6.63	200.00	5.71	180.00	5.14	175.00	5.00	190.00	5.43	175.00	5.00	165.00	4.71	155.00	4.43	4.07	3.75	3.54	3.32	2.71	2.50	2.36	2.21
Monroe	145.20	4.15	128.70	3.68	119.90	3.43	115.50	3.30	131.00	3.74	115.50	3.30	115.50	3.30	110.00	3.14	2.81	2.48	2.48	2.36	1.87	1.65	1.65	1.57
Oconto	144.00	4.11	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Oneida	162.00	4.63	137.50	3.93	121.00	3.46	121.00	3.46	135.00	3.86	115.50	3.30	115.50	3.30	115.50	3.30	2.89	2.48	2.48	2.48	1.93	1.65	1.65	1.65
Outagamie	189.00	5.40	165.00	4.71	153.00	4.37	145.00	4.14	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Ozaukee	195.98	5.60	180.00	5.14	157.50	4.50	145.00	4.14	153.00	4.37	153.00	4.37	148.50	4.24	148.50	4.24	3.28	3.28	3.18	3.18	2.19	2.19	2.12	2.12
Pepin	138.00	3.94	114.84	3.28	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Pierce	162.00	4.63	145.00	4.14	140.00	4.00	130.00	3.71	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Polk	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Portage	189.00	5.40	165.00	4.71	153.00	4.37	145.00	4.14	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Price	126.50	3.61	125.00	3.57	110.00	3.14	110.00	3.14	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Racine	214.50	6.13	187.00	5.34	170.00	4.86	162.80	4.65	181.50	5.19	175.00	5.00	165.00	4.71	155.00	4.43	3.89	3.75	3.54	3.32	2.59	2.50	2.36	2.21
Richland	160.60	4.59	137.50	3.93	130.00	3.71	130.00	3.71	131.00	3.74	110.00	3.14	110.00	3.14	110.00	3.14	2.81	2.68	2.36	2.36	1.87	1.57	1.57	1.57
Rock	192.50	5.50	172.70	4.93	170.50	4.87	154.00	4.40	160.88	4.60	148.50	4.24	148.50	4.24	148.50	4.24	3.45	3.18	3.18	3.18	2.30	2.12	2.12	2.12
Rusk	138.00	3.77	115.50	3.30	115.50	3.30	93.50	2.67	123.75	3.54	110.00	3.14	110.00	3.14	110.00	3.14	2.65	2.36	2.36	2.36	1.77	1.57	1.57	1.57
St. Croix	175.50	5.01	157.50	4.50	144.00	4.11	130.00	3.71	139.50	3.99	126.00	3.60	121.50	3.47	121.50	3.47	2.99	2.70	2.60	2.60	1.99	1.80	1.74	1.74
Sauk	176.00	5.03	143.00	4.09	143.00	4.09	126.50	3.61	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Sawyer	126.50	3.61	104.50	2.99	104.50	2.99	104.50	2.99	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Shawano	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Shayobgan	189.00	5.40	165.00	4.71	143.00	4.09	144.10	4.12	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Sheboygan	126.50	3.61	125.00	3.57	120.00	3.43	115.00	3.29	110.00	3.14	110.00	3.14	110.00	3.14	110.00	3.14	2.36	2.36	2.36	2.36	1.57	1.57	1.57	1.57
Trempealeau	132.00	3.77	121.00	3.46	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Vernon	138.00	3.94	115.50	3.30	115.50	3.30	115.00	3.29	110.00	3.14	110.00	3.14	110.00	3.14	110.00	3.14	2.36	2.36	2.36	2.36	1.57	1.57	1.57	1.57
Vilas	180.00	5.14	121.00	3.46	110.00	3.14	115.00	3.29	125.00	3.57	111.38	3.18	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.59	1.57	1.57
Walworth	176.00	5.03	154.00	4.40	138.60	3.96	137.50	3.93	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Washington	138.00	3.94	125.00	3.57	120.00	3.43	110.00	3.14	110.00	3.14	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Washington	189.00	5.40	165.00	4.71	153.00	4.37	145.00	4.14	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Waukesha	232.00	6.63	200.00	5.71	180.00	5.14	175.00	5.00	190.00	5.43	175.00	5.00	165.00	4.71	155.00	4.43	4.07	3.75	3.54	3.32	2.71	2.50	2.36	2.21
Waupaca	148.50	4.24	145.00	4.14	121.00	3.46	121.00	3.46	121.00	3.46	110.00	3.14	110.00	3.14	104.50	2.99	2.59	2.36	2.36	2.36	1.73	1.57	1.57	1.49
Waushara	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Winneshago	\$225.50	\$6.44	\$183.70	\$5.25	\$169.40	\$4.84	\$159.50	\$4.56	\$165.00	\$4.71	\$148.50	\$4.24	\$143.00	\$4.09	\$143.00	\$4.09	\$3.54	\$3.18	\$3.06	\$3.06	\$2.36	\$2.12	\$2.04	\$2.04
Wood	154.00	4.40	137.50	3.93	137.50	3.93	132.00	3.77	137.50	3.93	126.50	3.61	126.50	3.61	126.50	3.61	2.95	2.71	2.71	2.71	1.96	1.81	1.81	1.81
Tribes*																								
Bad River	\$145.75	\$4.16	\$145.00	\$4.14	\$132.00	\$3.77	\$130.00	\$3.71	\$131.00	\$3.74	\$110.00	\$3.14	\$110.00	\$3.14	\$110.00	\$3.14	\$2.81	\$2.36	\$2.36	\$2.36	\$1.87	\$1.57	\$1.57	\$1.57
La Courte																								
Oreilles	126.50	3.61	104.50	2.99	104.50	2.99	104.50	2.99	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Lac du Flambeau	180.00	5.14	121.00	3.46	110.00	3.14	115.00	3.29	125.00	3.57	111.38	3.18	110.00	3.14	110.00	3.14	2.68	2.39	2.36	2.36	1.79	1.59	1.57	1.57
Oneida	206.80	5.91	169.40	4.84	148.50	4.24	147.40	4.21	143.00	4.09	132.00	3.77	126.50	3.61	122.10	3.49	3.06	2.83	2.71	2.62	2.04	1.89	1.81	1.74
Red Cliff	138.00	3.94	125.00	3.57	120.00	3.43	115.43	3.30	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Sokaogon	110.00	3.14	110.00	3.14	110.00	3.14	110.00	3.14	157.50	4.50	135.00	3.86	135.00	3.86	112.50	3.21	3.38	2.89	2.89	2.41	2.25	1.93	1.93	1.61

*Forest County Potawatomi, HoChunk, St. Croix, and Stockbridge-Munsee do not administer a child care subsidy program.
Source: Department of Children and Families

ATTACHMENT 3

Child Care Copayment Schedule 2011*

FPL	Gross Monthly Income by Family Size										Weekly Copay Requirement Children in Subsidized Care				
	2	3	4	5	6	7	8	9	10+	1	2	3	4	5+	
70%	\$850	\$1,068	\$1,286	\$1,504	\$1,723	\$1,941	\$2,159	\$2,377	\$2,595	\$6	\$10	\$15	\$19	\$25	
75	911	1,144	1,378	1,612	1,846	2,079	2,313	2,547	2,781	6	13	18	24	29	
80	971	1,221	1,470	1,719	1,969	2,218	2,467	2,717	2,966	8	14	20	26	32	
85	1,032	1,297	1,562	1,827	2,092	2,357	2,622	2,886	3,151	12	18	24	29	38	
90	1,093	1,373	1,654	1,934	2,215	2,495	2,776	3,056	3,337	14	22	29	36	43	
95	1,153	1,450	1,746	2,042	2,338	2,634	2,930	3,226	3,522	18	26	35	43	50	
100	1,214	1,526	1,838	2,149	2,461	2,773	3,084	3,396	3,708	20	29	38	48	55	
105	1,275	1,602	1,929	2,257	2,584	2,911	3,238	3,566	3,893	23	32	42	50	59	
110	1,336	1,678	2,021	2,364	2,707	3,050	3,393	3,735	4,078	26	36	46	53	61	
115	1,396	1,755	2,113	2,472	2,830	3,188	3,547	3,905	4,264	29	37	47	56	64	
120	1,457	1,831	2,205	2,579	2,953	3,327	3,701	4,075	4,449	32	42	50	58	68	
125	1,518	1,907	2,297	2,686	3,076	3,466	3,855	4,245	4,634	36	45	53	63	73	
130	1,578	1,984	2,389	2,794	3,199	3,604	4,009	4,415	4,820	37	49	59	69	80	
135	1,639	2,060	2,481	2,901	3,322	3,743	4,164	4,584	5,005	41	53	64	76	87	
140	1,700	2,136	2,573	3,009	3,445	3,882	4,318	4,754	5,191	43	56	68	79	92	
145	1,761	2,212	2,664	3,116	3,568	4,020	4,472	4,924	5,376	47	59	69	82	94	
150	1,821	2,289	2,756	3,224	3,691	4,159	4,626	5,094	5,561	50	61	74	85	98	
155	1,882	2,365	2,848	3,331	3,814	4,297	4,780	5,264	5,747	52	64	76	88	100	
160	1,943	2,441	2,940	3,439	3,937	4,436	4,935	5,433	5,932	56	68	79	92	104	
165	2,003	2,518	3,032	3,546	4,060	4,575	5,089	5,603	6,117	57	70	82	93	106	
170	2,064	2,594	3,124	3,654	4,183	4,713	5,243	5,773	6,303	58	74	85	98	109	
175	2,125	2,670	3,216	3,761	4,306	4,852	5,397	5,943	6,488	60	75	88	101	111	
180	2,186	2,747	3,308	3,869	4,430	4,991	5,552	6,113	6,674	62	78	92	104	114	
185	2,246	2,823	3,399	3,976	4,553	5,129	5,706	6,282	6,859	64	80	94	106	118	
190	2,307	2,899	3,491	4,083	4,676	5,268	5,860	6,452	7,044	65	82	98	108	120	
195	2,368	2,975	3,583	4,191	4,799	5,406	6,014	6,622	7,230	68	85	100	111	124	
200	2,428	3,052	3,675	4,298	4,922	5,545	6,168	6,792	7,415	69	86	103	114	126	

Look down the column of the appropriate family size until locating the gross monthly family income level or just less than the family income. Look to the right to find the co-pay.

* Non-court ordered kinship care parents and teen parents who are not Learnfare participants are subject to the minimum copay, which is found by selecting the lowest income line (70% FPL) and then finding the copayment listed for the appropriate number of children. Parents who have left a W-2 employment position for unsubsidized work also qualify for the minimum copay for one month. Children who are authorized for 20 hours or less are subject to one-half of their share of the family copay listed above. Foster care and kinship care parents who have court-ordered placement of a child, as well as Learnfare and food stamp employment and training participants, are not subject to copay requirements.

Source: Department of Children and Families

ATTACHMENT 4

Wisconsin Shares Program Integrity Summary

Child Care Subsidy Fraud Prevention:

- In 2009 established a 5.0 FTE separate program integrity unit within DCF's Division of Early Care and Education (DECE) to provide program integrity and fraud prevention activities specifically related to the Wisconsin Shares program.
- DCF has redesigned the procedures for investigating provider fraud to a proactive, comprehensive investigative approach. DCF provides counties and tribes with training, technical assistance, and funding (\$544,992 in CY2011/FFY11) to assist with the investigation of fraud.
- In 2009, DCF provided regional licensing offices and certifiers in the Milwaukee Early Care Administration (MECA) with newly developed fraud indicators for staff to use to identify suspected fraud during child care licensing/certification reviews.
- In 2009, the Legislature passed a law that stated authorizations for children of employees of the provider's child care center, cannot make up more than 40% of the total percentage of authorizations a child care provider may hold. DCF centrally monitors compliance with this law which is administered locally by counties and tribes.
- Beginning in 2010, DCF required counties and tribes to submit an annual fraud plan outlining prevention, detection, and overpayment recovery efforts.
- In early 2010, DOA approved the creation of 4.0 FED FTE project positions to supplement the staffing in the Program Integrity Unit.
- The Department originally hired 3.0 FTE LTE attorney positions to prosecute child care fraud cases. Later in 2010, DOA authorized 3.30 FTE project attorney positions and 1.0 FTE project paralegal position to handle the increased fraud caseload and replace the LTEs.
- In July 2010, DCF implemented a dedicated authorization unit in Milwaukee County and included training in the use of standardized fraud indicators during the child care subsidy authorization process.
- In 2010, DCF created a Quality Improvement Unit within the Southeastern regional licensing office which dedicated a unit of licensors to monitor licensed child care providers who have repeated licensing violations or child care subsidy violations that may also be common indicators of potential fraud.
- In 2010, DCF piloted in Milwaukee County a new attendance reporting format that captures the arrival and departure times for actual attendance of children, rather than the prior format of daily or weekly totals. This reporting format will allow for more detailed analysis and monitoring by DCF, counties and tribes and will aid in the prevention of fraud. The new reporting format has been made available to all counties in 2011.
- DCF worked with the provider community to develop a detailed training guide for statewide use with compliance rules.

Child Care Subsidy Fraud Detection and Overpayment Establishment:

- Since 2009, DCF has suspended payments to more than 230 providers and established overpayments against clients and providers totaling

- \$5.2 million in 2009 and
- \$9.2 million in 2010.
- Since September 2009, DCF has received over 3,000 fraud referrals.
 - DCF has implemented a public fraud hotline,
 - DCF has established systematic communication between the state's other public assistance programs, licensing districts, certifiers, counties and tribes who administer the public assistance programs; all entities have been directed to email or forward any fraud referral or indicator of subsidy fraud to DCF.
- DCF uses data mining to evaluate indicators commonly associated with fraud to identify child care providers that are more likely to be committing fraud.
- DCF tracks the movement of children who were displaced from providers closed due to fraud.
- DCF expanded MECA Program Integrity efforts in December 2010. DOA authorized 2.0 permanent FTE supervisors in MECA's Program Integrity Section and 5.0 project FTE auditor leads used to supplement the current staffing in the Program Integrity Section. In order to process the 3,000 fraud referrals timely, 20 temporary contract staff were hired to investigate and follow up on each referral.
- DCF is coordinating with regional licensing offices and MECA certifiers to perform second and third shift monitoring visits to ensure billed care is being provided.
- DCF has created child care anti-fraud task forces in Milwaukee, Racine, and Kenosha Counties to investigate child care providers whose fraudulent actions rise to the level of criminal violations. Milwaukee County has criminally charged 14 child care providers.
- MECA Client Investigations has increased usage of their fraud hotline and introduced a fraud email address for the public and agencies outside of DCF to report suspected fraud. MECA has partnered with UWM to cross-match data from multiple agencies to assist in locating fraud. MECA established \$3.7 million in client overpayments in 2010, and \$1.7 million in client overpayments in 2009.

Child Care Subsidy Overpayment Recovery:

- DCF has established \$14.4 million in overpayments against clients and providers since 2009. Note that not all overpayments are established as a result of suspected fraudulent activity
- During the course of client or provider fraud investigations, DCF or the counties or tribes may discover overpayments resulting from:
 - Overbilling,
 - Billing while out of compliance with licensing regulations, or
 - Not being eligible for subsidy payments.
- Providers still active in the subsidy program will have the overpayments offset against future issuances
- For providers no longer active in the subsidy program, DCF uses all tools available to the state to collect debt including: tax intercepts, levies, liens, and warrants. Since September 2009, \$2.4 million has been forwarded to the public assistance collections unit (PACU) for formal collections.
- MECA client fraud investigations conducted in 2010 resulted in approximately \$2.2 million in overpayments being established. They were successful in clearing the entire 2008-2009 accumulated child care referral backlog, investigating approximately 1,038 referrals. Most tips were received internally from the Department of Health Services and hotline calls from customers.

ATTACHMENT 5

Comparison of Copayment Levels and Income Eligibility Levels with Other Midwestern States

Monthly Copayment Comparison Out-of-Pocket Child Care Costs as a Percent of Income

<u>State</u>	<u>Families with Income at 100% of Federal Poverty Level</u>	<u>Families with Income at 150% of Federal Poverty Level</u>
Illinois	6%	8%
Indiana	0	7
Iowa	1	not eligible
Michigan	1	not eligible
Minnesota	3	3
Ohio	7	9
Wisconsin	5	9

Comparison of Initial Child Care Subsidy Program Eligibility Levels For Midwestern States

<u>State</u>	<u>Income Eligibility as a Percentage of the Federal Poverty Level</u>
Illinois	200%
Indiana	127
Iowa	145
Michigan	130
Minnesota	180
Ohio	150
Wisconsin	185