

Children and Families

Economic Support and TANF-Funded Programs

(LFB Budget Summary Document: Page 61)

LFB Summary Items for Which an Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
1 & 23 (part)	Revised Estimates for TANF-Related Programs (Paper #185)
12	Transform Milwaukee Jobs for Childless Adults (Paper #186)
13	Children First (Paper #187)
14 & 15	Wisconsin Shares Child Care Subsidies (Paper #188)
16	Wisconsin Shares Rates for Certified Providers (Paper #189)
17 & 19	Child Care Quality and Availability Initiatives (Paper #190)
24 & 25 & 29 & 30	TANF-Funded Grant Programs (Paper #191)
-	Background Checks -- Fee Collections (Paper #192)



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2019

Joint Committee on Finance

Paper #185

Revised Estimates for TANF-Related Programs (Children and Families -- Economic Support and TANF-Funded Programs)

[LFB 2019-21 Budget Summary: Page 61, #1 and Page 75, #23 (part)]

INTRODUCTION

This paper provides reestimates of revenue and expenditures for economic support programs administered by the Department of Children and Families (DCF) for the 2019-21 biennium. These programs are supported primarily with: (a) the temporary assistance for needy families (TANF) block grant (FED); state general purpose revenue (GPR), which the state is required to provide to comply with TANF maintenance of effort requirements; (c) the federal child care development fund (FED), together with several other minor funding sources. These revenue sources are combined to fund a wide range of programs, including the Wisconsin Shares, Wisconsin Works (W-2), several other benefits and grant programs, and programs administered by other agencies.

The paper includes reestimates of revenues, expenditures, and program balances for the 2019-21 biennium based on the most recent information available, including estimates of costs to fully fund current programs and the Governor's 2019-21 budget recommendations that remain for the Committee's consideration.

The table on the following page shows the estimated revenues and expenditures for W-2 and other public assistance programs under the bill, updated for actions of the Committee through the date of this paper. The table compares the administration's figures with revised estimates prepared by DCF and this office. Subsequent papers address alternatives that the Committee could consider regarding specific TANF-related programs.

W-2 and TANF-Related Revenue and Expenditures

	Governor		Reestimate		Change to Governor	
	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
Carryover from Previous Year	\$275,538,200	\$162,189,100	\$303,984,700	\$217,119,400	\$28,446,500	\$54,930,300
Revenues						
State General Purpose Revenue (GPR)	\$160,373,800	\$160,381,400	\$160,373,800	\$160,381,400	\$0	\$0
TANF Block Grant (FED)	308,124,300	312,059,600	308,124,300	312,059,600	0	0
Child Care Development Fund (FED)	128,174,600	128,174,600	126,889,000	126,889,000	-1,285,600	-1,285,600
TANF and CCDF Recoveries (FED)	4,287,600	4,287,600	4,287,600	4,287,600	0	0
Child Support Collections (PR)	2,703,900	2,749,000	2,703,900	2,749,000	0	0
Child Care Licensing Fees (PR)	1,750,000	1,750,000	1,750,000	1,750,000	0	0
AFDC Recoveries, State Share (PR)	160,600	160,600	160,600	160,600	0	0
SSBG from DHS (PR)	100,000	100,000	100,000	100,000	0	0
Utility Public Benefits Funding (SEG)	<u>9,139,700</u>	<u>9,139,700</u>	<u>9,139,700</u>	<u>9,139,700</u>	<u>0</u>	<u>0</u>
Total Revenues	\$614,814,500	\$618,802,500	\$613,528,900	\$617,516,900	-\$1,285,600	-\$1,285,600
Total Available (Including Carryover)	\$890,352,700	\$780,991,600	\$917,513,600	\$834,636,300	\$27,160,900	\$53,644,700
Expenditures						
<i>Wisconsin Works</i>						
Subsidized Employment Benefits	\$41,156,900	\$41,157,200	\$31,110,000	\$31,732,200	-\$10,046,900	-\$9,425,000
Worker Supplement	2,700,000	2,700,000	2,700,000	2,700,000	0	0
Service Contracts	51,528,300	51,528,300	50,000,000	50,000,000	-1,528,300	-1,528,300
Other TANF Employment Programs						
Transform Milwaukee/Transitional Jobs	8,000,000	9,000,000	8,000,000	9,000,000	0	0
Child Support Related to W-2						
Children First	2,280,000	2,280,000	2,280,000	2,280,000	0	0
Child Care						
Direct Child Care Subsidies	367,968,000	376,852,600	367,133,800	376,018,400	-834,200	-834,200
Child Care State Administration	39,722,100	40,215,200	40,152,100	41,555,200	430,000	1,340,000
Quality Care for Quality Kids	16,532,700	16,683,700	16,532,700	16,683,700	0	0
Other Benefits						
Kinship Care Benefits	26,847,200	28,448,100	26,847,200	28,448,100	0	0
SSI - Caretaker Supplement	25,013,300	25,013,300	25,013,300	25,013,300	0	0
Emergency Assistance	6,000,000	6,000,000	6,000,000	6,000,000	0	0
Administrative Support						
State Administration	16,461,200	16,608,300	16,671,200	17,268,300	210,000	660,000
Local Fraud Aids	605,500	605,500	605,500	605,500	0	0
Grant Programs						
Grants to Boys and Girls Clubs of America	2,675,000	2,675,000	2,675,000	2,675,000	0	0
Wisconsin Community Services	425,000	425,000	425,000	425,000	0	0
Fostering Futures - Connections Count	560,300	560,300	560,300	560,300	0	0
GED Testing	115,000	115,000	115,000	115,000	0	0
Adult Literacy	41,600	41,600	41,600	41,600	0	0
Legal Services	500,000	500,000	500,000	500,000	0	0
Homeless Grants	1,000,000	1,000,000	1,000,000	1,000,000	0	0
Families and Schools Together	250,000	250,000	250,000	250,000	0	0
Offender Reentry	825,000	825,000	825,000	825,000	0	0
Substance Abuse Prevention	500,000	500,000	500,000	500,000	0	0
Child Abuse Prevention Grant	500,000	500,000	500,000	500,000	0	0
Expenditures in Other Programs						
Earned Income Tax Credit	85,700,000	86,700,000	69,700,000	69,700,000	-16,000,000	-17,000,000
SSBG Transfer to DHS/Community Aids	14,653,500	14,653,500	14,653,500	14,653,500	0	0
Child Welfare Safety Services	9,300,900	10,191,900	9,300,900	10,191,900	0	0
Child Welfare Prevention Services	<u>6,302,100</u>	<u>7,464,600</u>	<u>6,302,100</u>	<u>7,464,600</u>	<u>0</u>	<u>0</u>
Total Expenditures	\$728,163,600	\$743,494,100	\$700,394,200	\$716,706,600	-\$27,769,400	-\$26,787,500
TANF Balance	\$162,189,100	\$37,497,600	\$217,119,400	\$117,929,700	\$54,930,300	\$80,432,100

Program Reestimates

As shown in the table, revised estimates of TANF-related revenues are \$1.3 million lower annually and expenditures are lower by \$27.8 million in 2019-20 and by \$26.8 million in 2020-21 than previously estimated. The closing TANF balance for the 2019-21 biennium is estimated to be \$80.4 million higher than projected under the bill. This is primarily due to two factors -- a greater carryover of TANF funding from 2018-19, and lower projected expenditures for W-2 benefits and services and the earned income tax credit (EITC) in the 2019-21 biennium.

Carryover of TANF Funds from 2018-19 to 2019-20. TANF-related revenue is expected to exceed TANF-related expenditures in 2018-19 by \$304.0 million. This excess revenue is carried forward and may be expended in future years. This amount is \$28.4 million higher than the estimate the administration used in preparing the Governor's budget recommendations. Overall, the additional carryover amount is due to a reduction in projected 2018-19 program costs.

Revenue in 2018-19 is lower than expected due to DCF receiving approximately \$1.0 million less from discretionary federal child care development funds (CCDF) than projected under the bill. This funding is now reflected in the 2018-19 carryover into 2019-20.

Based on more recent caseload and issuance information, the following estimated expenditures for 2018-19 are less than previously estimated: (a) direct child care subsidies under Wisconsin Shares (-\$28,369,200); and (b) emergency assistance (-\$1,800,000). Finally, expenditures for grants to the Boys and Girls Clubs of America are expected to be \$1.0 million more than estimated under the bill due to a reallocation of TANF funding approved by the Department of Administration (DOA) on March 22, 2019. The grant contract was underspent during 2017-18 and the reallocation increased the 2018-19 TANF allocation in order to expend those funds in the current contract year.

W-2 Benefits. Participants in W-2 are assigned by the local W-2 agency to either unsubsidized employment or one of three types of subsidized employment: trial employment match program (TEMP) jobs, community service jobs (CSJ), and transitional placements. W-2 grants may be provided to custodial parents of newborn infants (CMC) and to at-risk pregnant women. From the W-2 benefits allocation, DCF pays a monthly grant amount to W-2 participants placed in subsidized employment positions and to participants who receive a caretaker of a newborn infant grant or an at-risk pregnancy grant.

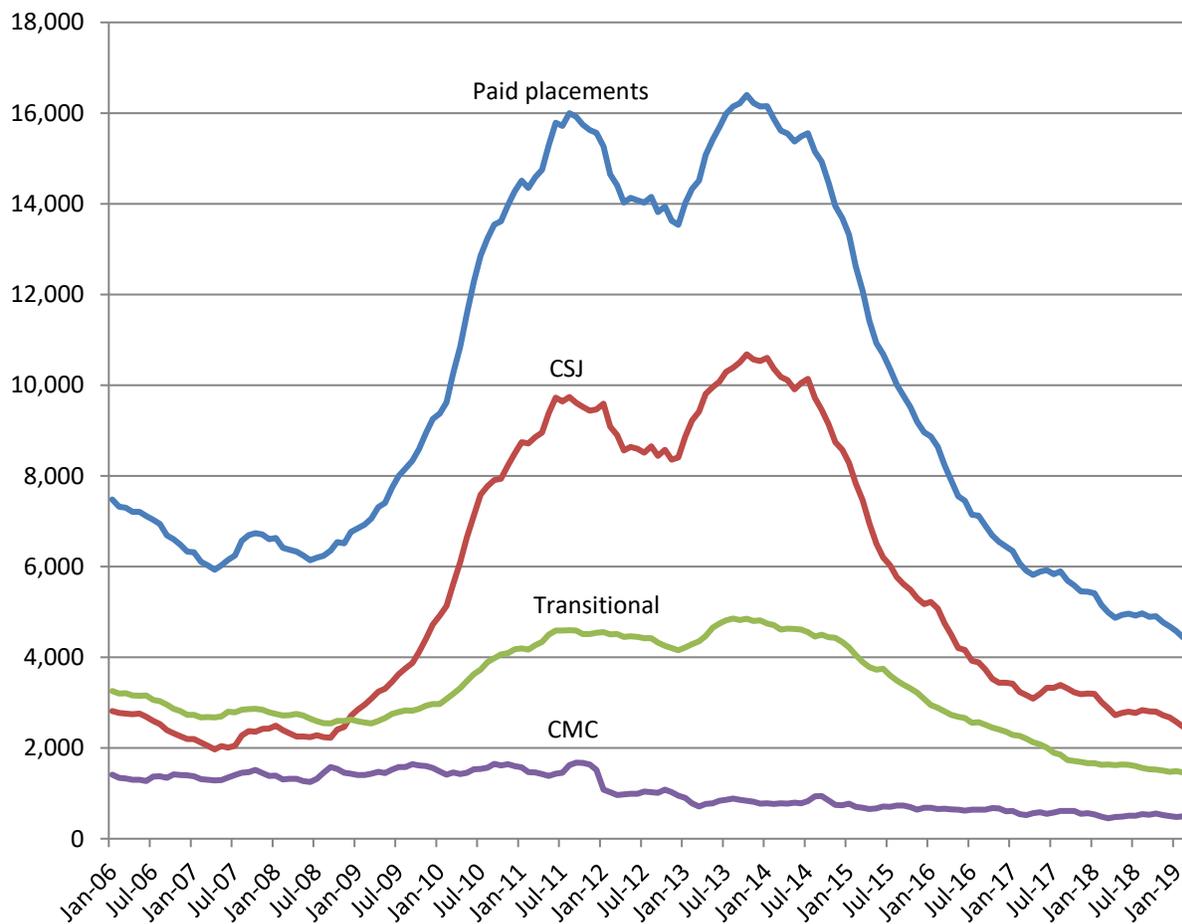
Under the bill, the estimated expenditures for W-2 benefits were based on the assumption that caseload and spending levels would stabilize in the 2019-21 biennium above base year spending levels. However, the estimated expenditures for W-2 benefits in the 2019-21 biennium under the bill are \$19.5 million lower than previously forecast. This is so for two reasons. First, as part of its Executive Session on May 9, 2019, the Committee approved Motion #5, which removed the Governor's recommended funding of \$5.3 million annually for W-2 Internet service provider subscriptions.

Second, the table includes the revised estimated costs of W-2 benefits under the bill and is based on more recent caseload and issuance data through February, 2019. The estimated cost of

W-2 benefits is lower by \$4.8 million in 2019-20 and by \$4.1 million in 2020-21. For similar reasons, the service costs under the W-2 contracts are lower by \$1.5 million annually.

As shown in the chart below, there has been significant volatility in W-2 paid placements over the previous decade. Two main factors contributed to the increase in caseloads beginning in 2008-09. First, the recession in 2008 and 2009 increased demand for the program and the slow subsequent recovery period made it more difficult to transition out of a W-2 employment placement into unsubsidized employment. Second, the W-2 service delivery system was restructured in January, 2013, from a mix of county and private agencies into eight private agencies serving 10 large geographic areas. DCF indicates that the new contract structure and performance goals changed the W-2 programs in several ways which led to higher caseloads

**Paid W-2 Placements
(January, 2006-February, 2019)**



As shown in the figure, there was a substantial decline in program participation after 2014. DCF indicates that this is due to job gains after the 2008-2009 recession ended. Other factors contributing by an unknown degree are a renewed emphasis on work requirements by W-2 agencies and sanctions for nonparticipation in work activities. DCF indicates that the 48-month

lifetime participation limit on W-2 work placements instituted under 2015 Act 55 is not a contributing factor because the limit has not yet been implemented.

Because of the decrease in caseloads, total W-2 benefit payments have decreased substantially over the last few years. Total W-2 benefit payments decreased by 34.4% in 2016-17 and by 16.9% in 2017-18. Through February, 2019, total W-2 benefit payments have decreased by 16.1% in 2018-19 compared to 2017-18. Another factor in decreased expenditures is that the average monthly cost per case fell from \$514 in 2014-15 to \$449 in 2017-18. This may be due in part to two reasons: (a) individuals participating for a shorter time period in CSJ placements than in prior years due to finding unsubsidized employment; and (b) non-participation leading to increased sanctions and lower payments.

Program Modifications

Several other changes to the administration's initial TANF budget are described below.

Earned Income Tax Credit (EITC). As part of Motion #5 (May 9), the Committee removed the Governor's recommended expansion of the EITC, which would have increased the amounts qualifying individuals could claim. The refundable portion of the EITC is funded by TANF. By removing this item, estimated TANF funding for the program is decreased by \$16.0 million in 2019-20 and by \$17.0 million in 2020-21. This reduction was shown in the fiscal effect and section of Motion #5.

CCDF Revenue. The table shows a decrease of \$1.3 million in 2019-20 and 2020-21 from funding the state receives under the CCDF for child care programs. This is due to a decrease in discretionary funding received under the federal program, which is based on each state's share of children under age five, the state's share of children receiving free or reduced-price lunches, and state per capita income. CCDF funding in the 2019-21 biennium is project to remain at the same decreased level of funding for 2018-19.

Wisconsin Shares Child Care Subsidies. The cost of expanding the financial eligibility threshold for the Wisconsin Shares child care subsidy program under 2017 Act 59 (discussed in LFB Paper #188) is \$1.0 million less annually than estimated under the bill. Further, as part of Motion 5, the Committee removed the Governor's recommended extension of W-2 benefits by four weeks for custodial parents of infants. Expanding the placement for caretakers of infants has the estimated effect of decreasing costs in the Wisconsin Shares child care subsidy program by \$165,800 annually due to the anticipated decrease in child care use by parents with infants. Removal of the item increases the estimated costs of child care subsidies by the same annual amount.

State Administration of Public Assistance Programs and Child Care Programs. The bill provides for 2% general wage adjustments in both 2020 and 2021. However, the TANF allocations for state administration are not eligible to receive an increase through the pay plan supplement process. Further, the increased funding needed to cover the cost of the proposed wage adjustments were not included into the base funding for TANF-related programs as part of the budget bill. Thus, these costs are estimated as part of this paper. The cost of the wage adjustments approved

by the Committee is estimated as \$0.4 million in 2019-20 and \$1.3 million in 2020-21 under the TANF allocation for child care state administration and \$0.2 million in 2019-20 and \$0.7 million in 2020-21 under the TANF allocation for state administration of public assistance programs.

Projected Ending Balance

As indicated in the table, the revised estimate for the 2020-21 ending TANF balance is \$117.9 million. However, ongoing expenditures are estimated to exceed ongoing revenue by approximately \$99.2 million in 2020-21. Projected over the 2021-23 biennium, the structural imbalance would be \$80.4 million more than the 2020-21 ending balance. As a result, increased revenues or reductions in program spending may be required in order to fund TANF-related expenditures in the 2021-23 biennium.

In addition, the closing TANF balance may be needed to cover shortfalls and unexpected expenses in TANF-related programs in the 2019-21 biennium. For example, recent changes in federal law from the reauthorization of the Child Care Development Block Grant may require the state to incur additional costs in child care administration in order to comply with updated federal regulations.

Finally, if the Committee chooses to add funding to any TANF-related programs, such as child care provider reimbursement rates, or to provide funding for new programs, then the ending balance would be reduced and/or reductions in other TANF programs would be required.

MODIFICATION

Modify the Governor's recommendations to reduce federal funding budgeted for TANF related expenditures by \$27,769,400 FED in 2019-21 and \$26,787,500 FED in 2020-21 due to reestimates for the 2019-21 biennium as follows: (a) decrease funding for W-2 benefits by \$10,046,900 in 2019-20 and by \$9,425,000 in 2020-21; (b) decrease funding for W-2 service contracts by \$1,528,300 annually; (c) decrease funding for direct child care subsidies by \$834,200 annually; (d) increase funding for child care state administration by \$430,000 in 2019-20 and by \$1,340,000 in 2020-21; (e) increase funding for state administration of public assistance programs by \$210,000 in 2019-20 and by \$660,000 in 2020-21; and (f) decrease funding for the refundable portion of the EITC by \$16,000,000 in 2019-20 and by \$17,000,000 in 2020-21.

	Change to	
	Base	Bill
FED	- \$24,367,800	- \$54,556,900

Explanation: This modification reflects more recent TANF-related program revenue and expenditure information than was available when the Governor's budget was prepared (data through March, 2019, instead of data through January, 2019, used in developing the Governor's bill).

Prepared by: John D. Gentry



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2019

Joint Committee on Finance

Paper #186

Transform Milwaukee Jobs for Childless Adults (Children and Families -- Economic Support and TANF-Funded Programs)

[LFB 2019-21 Budget Summary: Page 69, #12]

CURRENT LAW

Transform Milwaukee and Transitional Jobs. The Transform Milwaukee Jobs program offers training and subsidized work to low-income individuals in Milwaukee County and provides employers with a wage subsidy to offset costs of hiring program participants. In contrast with W-2, childless individuals may qualify for the Transform Milwaukee Jobs program under certain conditions, and the income eligibility limit is higher (150% of the federal poverty level, which is \$18,735 for a single individual in 2019).

Transform Milwaukee Jobs has two target populations: the general public and individuals ages 18 to 24 years old who were in out-of-home care at or after age 16. The Department of Children and Families (DCF) contracts with United Migrant Opportunity Services/UMOS Inc. (UMOS), to serve the general population and with the Milwaukee Area Workforce Development Board to serve the out-of-home care population.

To be eligible to participate in the program, an individual must: (a) be at least 18 years of age; (b) if older than 24 years of age, be a parent of a child under age 18 or be a relative and primary caregiver of a child under age 18; (c) have an annual household income below 150% of the FPL; (d) be unemployed for at least four weeks; (e) be ineligible to receive unemployment insurance benefits; (f) not be participating in a W-2 employment position; and (g) satisfy certain controlled substances screening, testing, and treatment requirements.

Furthermore, pursuant to the Transform Milwaukee Jobs policy manual, members of the general public that meet the eligibility requirements listed above must either be a young childless adult between 18 to 24 years of age, or a parent with a child support order, a reunification plan, or

an ex-offender. However, these additional requirements do not apply to individuals between 18 to 24 years of age who were in out-of-home care at or after age 16.

Under the program, DCF may reimburse an employer or contractor for a minimum of 20 hours per week for any of the following costs that are attributable to the employment of an eligible individual: (a) a wage subsidy equal to the amount of wages paid to the individual for hours actually worked, not to exceed 40 hours per week at the applicable federal or state minimum wage; (b) federal Social Security and Medicare taxes; (c) state and federal unemployment taxes; and (d) worker's compensation insurance premiums. An employer or, subject to DCF's approval, a contractor, may pay a participant an amount that exceeds the wage subsidy. Participants can work in the program for a maximum of 1,040 hours.

Subsequent to the enactment of the Transform Milwaukee Jobs program, 2013 Act 113 authorized DCF to establish a similar program in areas outside of Milwaukee County, to the extent funding is available. DCF must give priority to areas with relatively high rates of unemployment and childhood poverty and other areas with special needs that DCF prioritizes. The same eligibility and program requirements apply to both programs. The Transitional Jobs program has expanded to Adams, Ashland, Bayfield, Clark, Florence, Forest, Iron, Jackson, Juneau, Langlade, Menominee, Racine, Rock (only in the City of Beloit), Rusk, Sawyer, and Taylor Counties.

In 2018-19, \$8,000,000 FED (TANF) is budgeted for the program.

Temporary Assistance for Needy Families (TANF). Under federal law, there are three ways in which a state may use TANF funds. First, a state may transfer up to 30% of the TANF block grant to the programs funded by the federal child care block grant and the social services block grant (but no more than 10% to programs funded under the social services block grant). Second, a state may expend TANF funds for any use that was allowable under the previous aids to families with dependent children (AFDC) programs that were replaced by TANF. Third, a state may expend TANF funds in any manner that is reasonably calculated to accomplish one of the four purposes of the TANF program: (1) to provide assistance to needy families so children may be cared for in their homes or in the homes of relatives; (2) to end the dependence of needy parents on government by promoting job preparation, work, and marriage; (3) to prevent and reduce the incidence of out-of-wedlock pregnancies; and (4) to encourage the formation and maintenance of two-parent families.

Programs that meet the first or second purposes of TANF must serve needy families or parents. Generally, this is limited to families with children having income and assets at or below the income or asset levels set by the state in the TANF plan submitted to the federal government. Programs that meet the third and fourth purposes of the TANF program can serve both needy and non-needy families.

Federal regulations make a distinction between expenditures that provide "assistance" and those that do not. Expenditures that are classified as "assistance" include cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs, such as food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses. These benefits also include supportive services, such as child care and transportation, for unemployed

families. They do not include work subsidy payments to employers to cover the costs of employee wages. If the expenditure is for "assistance," then certain requirements apply under federal law.

GOVERNOR

Provide \$500,000 GPR annually to create a program identical to the Transform Milwaukee Jobs program for childless adults over the age of 24. The bill would not extend the program outside the Milwaukee County.

DISCUSSION POINTS

1. Assuming that wage subsidies and other reimbursements for each participant would cost approximately \$10,000 on average (1,040 hours of participation at minimum wage plus payments for other costs of employment), it is estimated that providing \$500,000 could provide capacity for 50 participants each year. By contrast, there were 1,009 total participants in Transform Milwaukee Jobs in 2018 and 395 participated in February, 2019.

2. However, the funding increase recommended by the Governor is intended to expand the program to provide subsidized employment opportunities for individuals that do not qualify for the current program due to the current age requirements and restrictions on the use of federal TANF funding. For example, the expanded program could provide subsidized employment opportunities for individuals over the age of 24 with criminal records and other individuals that have difficulty finding unsubsidized employment. For these reasons, the Committee could approve the Governor's recommendation and provide \$500,000 GPR annually to create a program substantially identical to Transform Milwaukee Jobs for childless adults in Milwaukee County (Alternative 1).

3. The new program would have administrative costs that could not be shared with the existing Transform Milwaukee Jobs program because federal law restricts commingled funding structures.

4. Federal policy guidance has clarified that states have discretion to provide non-assistance benefits, such as subsidized private sector employment, to youth under the age of 25 when the non-assistance benefits are reasonably calculated to accomplish the first TANF purpose. This is because federal law limits TANF assistance to a minor child, whereas the first TANF purpose refers to "children" as opposed to a "minor child." Federal guidance has also clarified that TANF funding cannot be used for non-assistance programs, such as subsidized private sector employment, to serve childless adults age 25 or older. Such persons are neither children nor parents, and hence the first TANF purpose would not be applicable.

5. Thus, combining TANF funds with state funds for the costs of the proposed program for childless adults, such as by using a preexisting contract for administration of Transform Milwaukee Jobs, utilizing staff for operations whose salaries are in part funded with TANF, or by storing data in a TANF funded data system, would result in TANF restrictions on expenditures applying to the separate state program. Since this would result in the entire childless adult population over the age of

25 becoming ineligible for wage subsidies, commingling funding sources and expenditures in this manner would effectively terminate the program.

6. As a result, only state funding could be used for the administrative costs of the childless adult program. The state may create its own separate state program, funded with GPR, to provide subsidized private sector employment for such persons. DCF may also use existing program resources to the extent that they are allocated solely to state funding and are not TANF supported.

7. Therefore, in addition to providing for the costs of subsidizing private sector employment, the funding provided by the bill would also need to provide for the costs of implementing and administering a program, which allocates a portion of staff and administrative resources to GPR funding. Consequently, it is likely that the level of funding provided under the bill would not be sufficient to provide capacity for 50 participants a year in Milwaukee County.

8. If the Committee wishes to approve the Governor's proposal, it may also wish to provide additional GPR funding to administer the program. It is estimated that an additional \$363,000 GPR and 1.25 GPR position, beginning in 2019-20, would be needed to administer the program (Alternative 2). Under this option, DCF would amend the current Transform Milwaukee contract and use existing resources funded solely with GPR to increase the scope of services for childless adults. For example, DCF would allocate a portion of existing staff and administrative systems and information technology processes to GPR funding that is not counted as maintenance of effort under federal TANF regulations.

9. The additional funding would be used to support the following costs: (a) \$18,000 to modify the existing information technology resources; (b) \$124,900 for staff costs for 1.0 FTE employee and 0.25 FTE supervisor; and (c) \$170,100 for various administrative costs, such as rent, charging staff time to GPR, and other supplies and services. Further, DCF indicates that ongoing information technology costs would be \$50,000 annually.

10. Alternatively, because Transform Milwaukee Jobs is limited to Milwaukee County, the proposed childless adult Transform Milwaukee program would not provide funding for wage subsidies for childless adults in the remainder of the state. The Committee could decide to provide additional funding of \$880,000 GPR annually to establish a similar program outside of Milwaukee County for childless adults that is substantially identical to Transitional Jobs (Alternative 3). This funding would also allow DCF to administer the program separately from the TANF-funded Transitional Jobs and Transform Milwaukee Jobs programs.

11. Finally, the Committee could decide to reject the Governor's proposal and instead expand the Transform Milwaukee and Transitional Jobs program by increasing the eligibility for childless adults from up to age 24 to up to 25 (Alternative 4). Under this alternative, TANF funding of \$500,000 FED annually could support expanding statewide services for persons older than 24 but younger than 25 under the existing Transform Milwaukee and Transitional Jobs programs.

ALTERNATIVES

1. *Governor's Recommendation.* Approve the Governor's recommendation to provide \$500,000 GPR annually to fund subsidized employment services to childless adults over the age of 24 in Milwaukee County.

ALT 1	Change to	
	Base	Bill
GPR	\$1,000,000	\$0

2. *Governor's Recommendation with Administration Funding.* Modify the Governor's recommendation to provide additional funding of \$363,000 GPR annually, and 1.25 GPR positions, beginning in 2019-20, to implement and administer the GPR-funded childless adult program separately from the TANF-funded Transform Milwaukee Jobs program.

ALT 2	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$1,726,000	1.25	\$726,000	1.25

3. *Governor's Recommendation, with Administration Funding and Statewide Expansion.* Modify the Governor's recommendation to: (a) provide additional funding of \$363,000 GPR annually, and 1.25 GPR positions, beginning in 2019-20, to implement and administer the GPR-funded childless adult program separately from the TANF-funded Transform Milwaukee Jobs program; and (b) provide an additional \$517,000 GPR annually to establish a similar program outside of Milwaukee County for childless adults that is substantially identical to Transitional Jobs.

ALT 3	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$2,760,000	1.25	\$1,760,000	1.25

4. *Expand Transform Milwaukee and Transitions Jobs.* Reject the Governor's proposal and instead provide \$500,000 FED from federal TANF block grant funds to support expanding the eligibility of childless adults in the Transform Milwaukee and Transitional Jobs programs from up to age 24 to up to age 25.

ALT 4	Change to	
	Base	Bill
GPR	\$0	-\$1,000,000
FED	<u>1,000,000</u>	<u>1,000,000</u>
Total	\$1,000,000	\$0

5. Take no action.

ALT 5	Change to	
	Base	Bill
GPR	\$0	- \$1,000,000

Prepared by: John D. Gentry



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2019

Joint Committee on Finance

Paper #187

Children First (Children and Families - Economic Support and TANF-Funded Programs)

[LFB 2019-21 Budget Summary: Page 69, #13]

CURRENT LAW

The Children First program provides job training and work experience to noncustodial parents to promote the emotional and financial responsibility that noncustodial parents have for their children. A noncustodial parent who has no current means of meeting a child support obligation may be ordered to participate in the program by a court under an action to create or modify a support order or in a contempt of court proceeding to enforce a child support order. A court may order a noncustodial parent to a Children First program in another county if the program is reasonably close and the other county agrees to accept the parent.

A court may order a parent into Children First if it determines that the parent is able to work full-time, works on average less than 32 hours per week, is earning less than his or her ability to earn, and lives in a county offering Children First services. Participation in Children First does not reduce the parent's child support liabilities, which must still be paid. A participant successfully completes the program by fulfilling child support obligations for three consecutive months or by completing 16 weeks of employment and training activities. Participants are reimbursed a maximum of \$25 per month for transportation costs associated with participating in the program.

The Children First program is administered by the Department of Children and Families (DCF). However, DCF may contract with a county child support agency, county human/social services agency, tribal governing body, or Wisconsin Works (W-2) agency to administer the program locally. DCF is required to pay a W-2 agency, county, or tribal governing body administering the program up to \$400 per year to provide services to each participant. Additional program costs are paid by the agency, county, or tribal governing body.

In 2018-19, \$1,140,000 is budgeted for the program from federal funds under the Temporary Assistance for Needy Families (TANF) block grant.

GOVERNOR

Provide an additional \$1,140,000 FED (TANF) annually to increase funding for the Children First program, so that \$2,280,000 FED would be budgeted for the program annually. The funding is intended to double the maximum reimbursement to participating agencies, from up to \$400 per year for each participant, to up to \$800 per year for each participant.

DISCUSSION POINTS

1. Program participants receive services that are intended to improve their ability to pay court ordered support and to provide overall support to their children. These services may include case management, services to assist the noncustodial parent in finding and maintaining employment, skills training, and parenting. Local programs may offer additional services to enhance program outcomes, such as fatherhood and peer support services. However, Children First funding may only be used to support activities pertaining to employment. The activities of all Child First enrollees are tracked and monitored in the state's client assistance for re-employment and economic support (CARES) system.

2. In 2017, courts ordered 1,652 parents owing support to participate in Children First. Of those persons, 691 participants successfully completed the 16-week program and another 263 parents became consistent in making their child support payments.

3. DCF indicates that the current maximum payment of \$400 per participant per year does not fully fund program costs. As a result, a significant number of counties have discontinued their participation in the program.

4. The attachment provides information on current and past county participation in the program. The attachment shows that more than 40 local programs have discontinued offering the program since its inception in 1990, when two pilot counties, Racine and Fond du Lac counties, began offering services as part of the state's welfare reform initiatives, pursuant to 1987 Wisconsin Act 413. In 2008, 35 counties and 1 tribe contracted to administer a local program. In 2014, only 21 counties and 1 tribe administered the program.

5. For calendar year 2019, DCF contracted with 13 counties and two W-2 agencies to operate Children First in 22 counties: Dane, Jefferson, Kenosha, Marinette, Milwaukee, Oneida, Outagamie, Portage, Racine, Sheboygan, Walworth, Waukesha, Wood, Workforce Connections (WCI), and Workforce Resource (WRI). The contract with Outagamie County also serves Calumet County. Workforce Connections is under contract to serve Buffalo, Monroe, Juneau, Trempealeau, and La Crosse Counties. Workforce Resource is under contract to serve Ashland, Burnett, and Pierce Counties.

6. The reimbursement from DCF to participating local programs was most recently

increased from up to \$200 per year for each participant to up to \$400 per year for each participant in 1999 Act 9. Act 9 established the current annual funding level for the program (\$1,140,000), beginning in 1999-00. Thus, total state funding for the program and the annual maximum per capita reimbursement payments to local programs has not increased since then.

7. According to DCF, the proposed increase in payment from \$400 per participant to \$800 per participant would create a greater incentive for counties to participate in the program. On May 1, 2019, the Department of Administration submitted an errata seeking a modification to the bill to update the statutes relating to the children first program so that the \$400 limit would be increased to \$800, reflecting the administration's intent.

8. It is not known how many, or which, counties would choose to participate with the higher annual maximum per capita payments.

9. Based on the decline in local participation in the program, the Committee could approve the Governor's recommended funding increase for the program. As part of this alternative, the current annual maximum reimbursement limit would be increased from \$400 to \$800 per year (Alternative 1). Alternatively, the Committee could reduce funding in the bill by \$570,000 FED annually, and increase the annual per capita reimbursement limit from \$400 to \$600 (Alternative 2).

10. In recent years, DCF has not fully expended the TANF amounts budgeted for the program, due to decreasing local participation. TANF- funded program costs totaled \$673,600 in 2016-17 and \$596,200 in 2017-18 -- approximately 52% of the amount budgeted for the program.

11. Since DCF is not currently expending the full amount of the TANF allocation for the program, the Committee could maintain base funding for the program (\$1,140,000 FED), but increase the maximum reimbursement for currently participating counties from \$400 per year for each participant to \$800 per year for each participant (Alternative 3). This alternative would likely enable DCF to fully expend base funding for the program, and may encourage other counties and tribes to participate in the program in the future.

ALTERNATIVES

1. Approve the Governor's recommendation to allocate an additional \$1,140,000 FED annually from TANF block grant funds to increase payments to participating counties, W-2 agencies, and tribal governments, so that \$2,280,000 annually would be budgeted for the program. In addition, increase, from \$400 to \$800 the maximum annual per capita reimbursement rate.

ALT 1	Change to	
	Base	Bill
FED	\$2,280,000	\$0

2. Reduce funding in the bill by \$570,000 FED annually from TANF block grant fund to increase payments to participating counties, W-2 agencies, and tribal governments so that \$1,710,000

FED annually would be budgeted for the program. In addition, increase from \$400 to \$600 the maximum annual per capita reimbursement rate.

ALT 2	Change to	
	Base	Bill
FED	\$1,140,000	- \$1,140,000

3. Delete the funding increase in the bill (-\$1,140,000 FED annually). In addition, increase from \$400 to \$800 the maximum annual per capita reimbursement rate.

ALT 3	Change to	
	Base	Bill
FED	\$0	- \$2,280,000

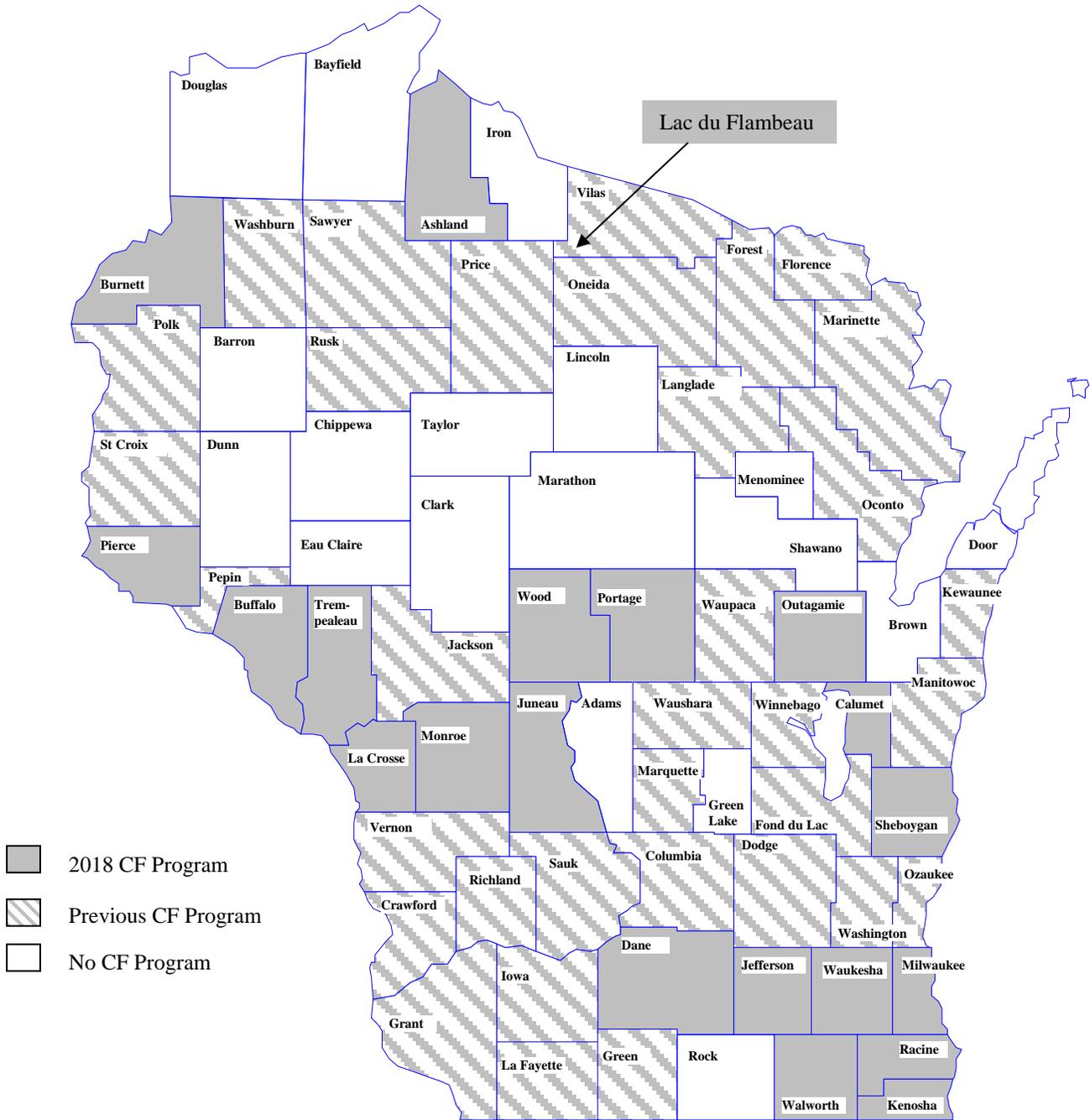
4. Take no action.

ALT 4	Change to	
	Base	Bill
FED	\$0	- \$2,280,000

Prepared by: John D. Gentry
Attachment

ATTACHMENT

Children First Programs



Counties and Tribes with 2018 Children First Programs		
Ashland	Buffalo	Burnett
Calumet	Dane	Jefferson
Juneau	Kenosha	La Crosse
Lac du Flambeau Tribe	Milwaukee	Monroe
Pierce	Portage	Outagamie
Racine	Sheboygan	Trempealeau
Walworth	Waukesha	Wood



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2019

Joint Committee on Finance

Paper #188

Wisconsin Shares Child Care Subsidies (Children and Families -- Economic Support and TANF-Funded Programs)

[LFB 2019-21 Budget Summary: Page 70, #14 and #15]

CURRENT LAW

Wisconsin's child care subsidy program, Wisconsin Shares, provides child care assistance for low-income families to enable parents and other caretakers to work or to prepare for employment through work programs and education or training. Under the program, the state subsidizes the cost of child care charged by providers chosen by the parent.

The Department of Children and Families (DCF) is required to establish maximum reimbursement rates for child care so that the reimbursement rate would fully pay the price of at least 75 percent of the slots for children within the licensed capacity of all child care providers (the 75th percentile). DCF uses market surveys to establish the maximum reimbursement amount for each county. Families must pay a portion of this amount depending on the size of the family, income, and other factors (the copay).

DCF prospectively calculates the subsidy amount based on the projected hours of child care needed by the parent. The subsidy is transferred to an electronic benefit transfer (EBT) account established on behalf of the parent at the beginning of each payment period (generally at the beginning of each month). Parents are free to transfer funds at any time from the EBT account via telephone, website, or an EBT "swipe" card. The charged amounts are immediately and electronically transferred into the child care provider's bank account. Parents are responsible for managing the subsidy they receive and are free to decide whether to reserve a slot at a child care provider, purchase hourly child care, or save subsidy amounts for future use as needed.

A participating child care provider may charge more than the state's maximum reimbursement rates, but a family that chooses such a provider must pay the difference between

the provider's rate and the state's subsidy payment.

DCF sets separate maximum reimbursement rates based on the child's age. Separate rates are also provided for the different types of child care: licensed group care (which may care for nine or more children), licensed family care (which may care for up to eight children), and provisional and regular certified care providers (which may care for three or fewer children). By statute, the maximum rate for Level I certified providers cannot exceed 75% of the rate for licensed family child care providers, and the maximum rate for Level II certified providers cannot exceed 50% of the rate for licensed family child care providers.

The state may pay higher reimbursement rates than the established maximum rates, on a case-by-case basis, for children with special needs. Lower rates are provided for part-time child care. Payment rates may also be adjusted for individual child care providers based on the provider's YoungStar rating. Finally, notwithstanding how rates are established and modified, in order to manage costs in the Wisconsin Shares program, DCF is authorized to adjust the amount of reimbursement paid to child care providers.

GOVERNOR

Cost to Continue Previous Program Changes. Provide \$24,951,800 FED in 2019-20 and \$33,201,600 FED in 2020-21 to fund the costs to continue direct child care services under the Wisconsin Shares child care subsidy program.

As shown in the Table 1, the funding in the bill includes reestimates of the following ongoing costs: (a) continuing child care subsidy payments at base levels for the estimated caseloads and subsidy amounts; (b) subsidy adjustments for two-, four- and five-star providers under the YoungStar child care provider ratings system; (c) implementing a minimum eligibility period of 12 months, as required by the federal CCDBG Reauthorization Act of 2014 (the CCDBG Act); (d) maintaining the same level of funding for the cost of allowing a three-month period of eligibility for individuals whose work activities have terminated, as required by the CCDBG Act; (e) growth in provisionally certified child care providers becoming licensed or regularly certified due to compliance with federal health and safety regulations under the CCDBG Act; (f) continuing the across-the-board rate increase provided under 2017 Act 236 on an annual basis; (g) continuing the provisions of 2017 Act 59 that mitigate the benefit drop-off in Wisconsin Shares for families with income exceeding the exit threshold of 200% FPL; (h) a 5% rate increase for children younger than two years of age; (i) continuing a 5% rate increase for children between the ages of two and four years old; (j) continuing a statewide \$5 minimum hourly subsidy for infants in licensed childcare providers; (k) maintaining a partial reduction in the 5% subsidy reduction for 2-Star providers under the YoungStar provider rankings system; (l) maintaining funding for local administration, including contracts for onsite care at job centers and migrant child care; and (m) disregarding the social security income of the child as part of financial eligibility determinations, as required by a recent court ruling.

TABLE 1

**Wisconsin Shares Child Care Subsidy Program
Governor's Budget Recommendations**

	Base	2019-20		2020-21	
		Change to Base	Total	Change to Base	Total
Cost to Continue					
(a) Base Subsidies	\$256,214,600	-\$10,603,900	\$245,610,700	-\$8,147,800	\$248,066,800
(b) YoungStar Adjustment	13,881,600	6,104,500	19,986,100	6,603,900	20,485,500
(c) CCDBG 12-Month Eligibility	14,100,000	-632,000	13,468,000	-671,300	13,428,700
(d) CCDBG Pre-Termination Grace Period	6,200,000	0	6,200,000	0	6,200,000
(e) CCDBG Health and Safety	1,118,000	-855,900	262,100	-855,900	262,100
(f) 2017 Act 236 Rate Increase	8,000,000	8,000,000	16,000,000	8,000,000	16,000,000
(g) Mitigating Benefit Drop-off*	4,000,000	4,545,000	8,545,000	9,519,500	13,519,600
(h) 5% Rate Increase (Ages 0 to 2) **	0	3,392,000	3,392,000	3,392,000	3,392,000
(i) 5% Rate Increase (Ages 2 to 4) **	0	4,291,800	4,291,800	4,291,800	4,291,800
(j) \$5 Minimum Infant Hourly Rate**	0	521,400	521,300	521,400	521,300
(k) Reduced 2-Star Penalty*	0	2,213,600	2,213,600	2,213,600	2,213,600
(l) County Contracts	14,855,000	0	14,855,000	0	14,855,000
(m) Disregard Child SSI	<u>0</u>	<u>7,975,300</u>	<u>7,975,300</u>	<u>8,334,400</u>	<u>8,334,400</u>
Subtotal -- This Item	\$318,369,200	\$24,951,800	\$343,320,900	\$33,201,600	\$351,570,800
New Items in the Bill					
(n) W-2 Caretaker of Infant Time Limit		-\$165,800	-\$165,800	-\$165,800	-\$165,800
(o) Increase Licensed Provider Rates to 50th Percentile		22,922,800	22,922,800	23,494,600	23,494,600
(p) Increase Rates for Certified Providers		1,700,000	1,700,000	1,700,000	1,700,000
(q) Milwaukee Child Care Grants		<u>190,000</u>	<u>190,000</u>	<u>253,000</u>	<u>253,000</u>
Subtotal -- Other Items in the Bill		\$24,647,000	\$24,647,000	\$25,281,800	\$25,281,800
Grand Total	\$318,369,200	\$49,598,800	\$367,967,900	\$58,483,400	\$376,852,600

*The cost of continuing item (G) is reestimated as part of LFB Paper #185.

**Items implemented October 1, 2018.

New Items. The bill would provide additional funding to support four new items. Item (o) would increase all maximum reimbursement rates under Wisconsin Shares to the 50th percentile of the market rate, as measured in the 2017 market survey. Item (n) is the projected cost decrease that would result by expanding the benefits available to custodial parents of newborns under the W-2 program, which would reduce the use of subsidies in Wisconsin Shares. However, this provision was removed by the Committee for consideration on May 9. Item (p) would enable certified providers to receive the same payment rate as licensed providers, a policy change discussed in LFB Paper #189. Item (q) would create a grant program to support quality child care in the City of Milwaukee and is discussed as part of LFB Paper #190.

This paper addresses items (h) through (j) -- the October, 2018, rate increase, item (f) -- the January, 2019, rate increase, and item (o) -- the rate increase to the 50th percentile.

DISCUSSION POINTS

1. Caseload data indicate that the difference between private market rates and Wisconsin Shares reimbursement rates has contributed to a marked decline in program participation.

2. As shown in Table 2, participation in Wisconsin Shares has decreased significantly during the past 10 years. During this period, total participation decreased by 37.6% in Wisconsin, including a 26.5% decrease in the number of children participating in Milwaukee County, and a 48.5% decrease in the number of children participating in the balance of the state.

TABLE 2

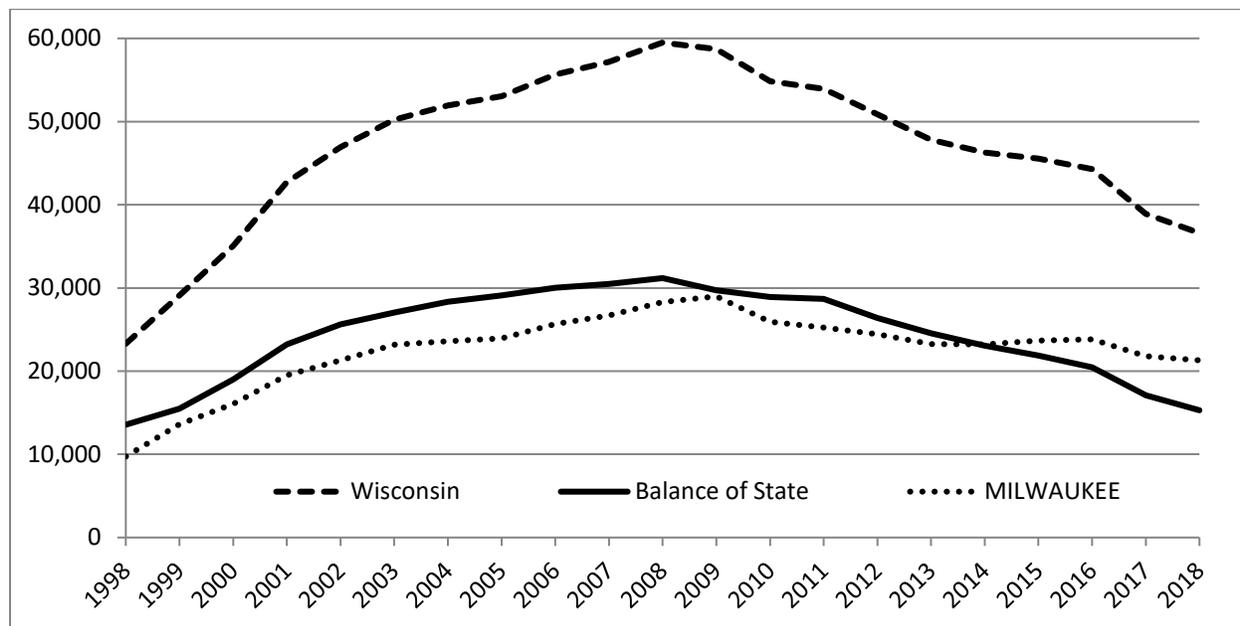
**Children Participating in Wisconsin Shares
2009 through 2018**

	<i>Number of Children</i>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Milwaukee County	28,987	25,932	25,233	24,451	23,257	23,213	23,675	23,823	21,794	21,307
Balance of State	29,709	28,897	28,681	26,401	24,552	23,067	21,883	20,454	17,108	15,308
Wisconsin	58,696	54,829	53,914	50,852	47,809	46,280	45,558	44,277	38,902	36,615

	<i>Percentage Growth from Previous Year</i>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
Milwaukee County	-10.54%	-2.70%	-3.10%	-4.88%	-0.19%	1.99%	0.63%	-8.52%	-2.23%	
Balance of State	-2.73%	-0.75%	-7.95%	-7.00%	-6.05%	-5.13%	-6.53%	-16.36%	-10.52%	
Wisconsin	-6.59%	-1.67%	-5.68%	-5.98%	-3.20%	-1.56%	-2.81%	-12.14%	-5.88%	

3. The following chart shows that prior to 2009, participation in Wisconsin Shares had been increasing since its inception in late 1997 as part of larger reforms of public assistance programs. Several factors contributed to the abrupt change in trends. First, the Great Recession likely reduced eligibility for the program due to job losses and relatively high unemployment. Second, a seven-year rate freeze starting in 2006 controlled costs and prevented rates from increasing along with private market rates over the period. Third, an expansion of program integrity and fraud prevention efforts beginning in 2009 resulted in substantial program savings. Fourth, it is likely that an unknown amount of parents are choosing to use unregulated child care providers or family members instead of care at licensed or certified providers.

Number of Children Participating in Wisconsin Shares



4. Prior to February, 2006, each county established the maximum child care rates using a market survey of licensed group and licensed family child care providers. The maximum reimbursement rate was set so that at least 75% of the number of slots for children with licensed providers could be purchased at or below the maximum rate. Effective February 25, 2006, the Department of Workforce Development (DWD), which administrated Wisconsin Shares at the time, modified the methodology of calculating subsidy rates in order to make the program more equitable and efficient across the state. DWD established four rate zones based on the percent of the population in each county living in an urban area: (a) 0-24%; (b) 25-49%; (c) 50-74%; and (d) 75- 100%. Each county was placed into one of these four zones based on U.S. census data. Rates were then set to the 75th percentile for each zone (instead of by county) as measured by market surveys. The planned transition to the urban rate zone system was capped such that each county's maximum rate increase or decrease could not exceed 10% from the 2005 rate.

5. Before the transition to the new system was completed, rates were frozen at the 2006 level due to limited funding and increased costs for the child care subsidy program. Provisions of 2011 Act 32 prohibited DCF from increasing rates before July, 2013. Because market rates continued to rise during this time period, the maximum reimbursement rate fell below the 75th percentile in all four rate zones.

6. The rate freeze ended on June 30, 2013, when 2013 Act 20 provided funding to increase the maximum rates. Act 20 also introduced several changes which permit DCF more discretion in setting rates. For example, DCF (as opposed to counties) directly determines the rates and state law no longer ties reimbursement rates to specific counties.

7. The allocation of funding for Wisconsin Shares has not been sufficiently increased since the rate freeze in 2006 to allow DCF to raise the maximum reimbursement rates to the 75th percentile.

8. The maximum reimbursement rates were adjusted in October, 2013, to bring all county/tribal rates to within 25% of the 75th percentile based on the 2012 market rate survey. The rates were again adjusted in November, 2014, to bring all county rates within 18% of the 75th percentile based on the 2012 market survey.

9. Attachments 1 and 2 compare the maximum reimbursement rates against the average price of child care slots in each county, based on the DCF's 2017 Market Survey. Based on the survey results, DCF estimates that the overall maximum reimbursement rates for the state are in the 15th percentile of the market price for child care slots. This means that the 2017 maximum reimbursement rates, before adjusting downward for parent copays, were sufficiently large enough to pay for the entire cost of 15% of the child care slots available in the statewide survey. Conversely, the 2017 maximum rates did not cover the full costs of 85% of the child care slots in the statewide survey.

10. Based upon actual issuance from June, 2017, through May, 2018, it is estimated that subsidy issuance would have increased by approximately 20% if the maximum reimbursement rates had been set at the 75th percentile, as measured by the 2017 market rate survey.

11. Following the passage of the federal Consolidated Appropriations Act of 2018, federal CCDF discretionary funding for child care increased significantly. CCDF support for Wisconsin child care programs increased by more than \$25.4 million in 2017-18.

12. As a result, in October, 2018, DCF increased rates for children under the age of four by 5% statewide and increased all maximum rates for infants to a minimum of \$5 per hour.

13. Further, effective January 1, 2019, additional TANF funding was provided under 2017 Act 236 for the purpose of increasing the child care payment rates for child care services. DCF was required to expend \$7,250,000 in fiscal year 2018-19, distributed as a uniform percentage increase for child care rates in every county. As explained in LFB Paper #190, Act 236 also increased the maximum allowed YoungStar adjustment for four- and five-star providers, and thus DCF used the remaining \$750,000 FED towards that purpose.

14. Attachment 3 shows the January, 2019, maximum reimbursement rates now in effect.

15. The bill would provide \$15,455,200 FED annually to maintain the October, 2018, and January, 2019, rate increases. Further, the bill would provide an additional \$22,922,800 FED in 2019-20 and \$23,494,600 FED in 2020-21 to further increase all reimbursement rates to the 50th percentile as measured by the 2017 market rate survey.

16. The Committee could approve the Governor's recommendation to allocate \$38,378,000 FED in 2019-20 and \$38,949,800 FED in 2020-21 to increase Wisconsin Shares reimbursement (Alternative 1). Increasing the maximum reimbursement rates to more closely match the cost of child care in the marketplace could support increased participation in Wisconsin Shares and assist working families maintain employment across the state.

17. Alternatively, the Committee could choose to provide \$15,455,200 FED in 2019-20 and \$38,939,800 FED in 2020-21 to maintain the October, 2018, and January, 2019, rate increases but

delay a further rate increase to the 50th percentile until July 1, 2020 (Alternative 2). Because rates have been increased twice since October, 2018, the Committee could conclude that it is unnecessary to raise rates again in the first year of the 2019-21 biennium.

18. Alternatively, in addition to allocating \$16,205,200 FED annually to maintain the October, 2018, and January, 2019, rate increases, the Committee could choose to provide a different level of funding to raise maximum reimbursement rates: (a) \$4,961,600 FED in 2019-20 and \$5,085,400 in 2020-21 to raise rates to the 25th percentile; (b) \$11,630,800 FED in 2019-20 and \$11,920,900 FED in 2020-21 to raise all rates to be within 25% of their 75th percentile rate; and (c) \$61,402,100 FED in 2019-20 and \$62,933,700 FED in 2020-21 to raise rates to the 75th percentile (Alternative 3).

19. Finally, the Committee could determine that increased funding is unnecessary for several reasons, and instead choose to delete the proposed increase to the 50th percentile (Alternative 4). First, as shown in Table 1, under the Governor's recommendations the bill would already allocate a substantial amount of total funding equal to \$24,951,800 FED in 2019-20 and \$33,201,600 FED in 2020-21 to continue the costs of maintaining recent program changes in Wisconsin Shares and the October, 2018, and January, 2019, rates increases. Second, the Committee could find that there is insufficient data to determine funding levels needed for a rate increase, since DCF only recently implemented changes for disregarding SSI income and extending eligibility under 2017 Act 59 and the CCDBG Act. The issue could be studied at a later date when DCF has obtained Wisconsin Shares payment and caseload data under the program modifications in the bill, similar to the January, 2019, increase. Third, DCF currently is able to increase rates if there is underspending in the program, similar to the October, 2018, rate increase. Fourth, the funding increase in the bill for child care subsidies is the most significant contributing factor to the structural imbalance in the TANF program. As discussed in LFB Paper #185, under the bill with the modifications the Committee has made to date, ongoing expenditures are estimated to exceed ongoing revenue by approximately \$99.2 million in 2020-21, which may require increased revenues or program reductions in TANF-funded programs in the 2021-23 biennium.

ALTERNATIVES

1. *Governor's Recommendation.* Approve the Governor's recommendation to: (a) allocate \$15,455,200 FED annually to maintain the cost to continue the October, 2018, and January, 2019, rate increases; and (b) provide an additional \$22,922,800 FED in 2019-20 and \$23,494,600 FED in 2020-21 to further increase all reimbursement rates to the 50th percentile as measured by the 2017 market rate survey.

ALT 1	Change to	
	Base	Bill
FED	\$77,327,800	\$0

2. *Delay Governor's Increase by One Year.* Modify the Governor's recommendation by

reducing funding in the bill by \$22,922,800 FED in 2019-20 to increase all reimbursement rates to the 50th percentile, as measured by the 2017 market rate survey, effective in 2020-21, rather than in 2019-20, as recommended by the Governor.

ALT 2	Change to	
	Base	Bill
FED	\$54,405,000	-\$22,922,800

3. *Alternative Rate Increases.* Modify the Governor's recommendation to allocate \$15,455,200 FED annually to maintain the cost to continue the October, 2018, and January, 2019, rate increases and an additional amount to increase reimbursement rates with the following funding amounts: (a) \$4,961,600 FED in 2019-20 and \$5,085,400 FED in 2020-21 to raise rates to the 25th percentile; (b) \$11,630,800 FED in 2019-2020 and \$11,920,900 FED in 2020-21 to raise rates to be within 25% of their 75th percentile rate; and (c) \$61,402,100 FED in 2019-20 and \$62,933,700 FED in 2020-21 to raise rates to the 75th percentile.

ALT 3	Change to	
	Base	Bill
3a FED	\$40,957,400	-\$36,370,400
3b FED	\$54,462,100	-\$22,865,700
3c FED	\$155,246,200	\$77,918,400

4. *Fund Cost to Continue Current Rates.* Approve the Governor's recommendation to allocate \$15,455,200 FED annually to maintain the cost to continue the October, 2018, and January, 2019, rate increases, but delete the additional funding to increase rates to the 50th percentile (-\$22,922,800 FED in 2019-20 and -\$23,494,600 FED in 2020-21).

ALT 4	Change to	
	Base	Bill
FED	\$30,910,400	-\$46,417,400

Prepared by: John D. Gentry
Attachments

ATTACHMENT 1

2017 Child Care Market Survey (Weekly Price) Licensed Group Providers

Counties	Licensed Group							
	0 and 1 Year		2 and 3 Years		4 and 5 Years		6 Years and Older	
	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot
Adams	\$113.00	\$153.57	\$110.00	\$139.29	\$110.00	\$132.14	\$105.00	\$125.00
Ashland	146.00	165.75	145.00	161.23	132.00	149.45	130.00	144.18
Barron	121.00	148.60	110.00	139.77	110.00	131.71	110.00	122.11
Bayfield	138.00	N.A	125.00	N.A	120.00	N.A	116.00	N.A
Brown	207.00	248.46	170.00	211.40	149.00	188.06	148.00	177.83
Buffalo	138.00	N.A	110.00	N.A	110.00	N.A	110.00	N.A
Burnett	138.00	N.A	126.00	N.A	126.00	N.A	126.00	N.A
Calumet	182.00	211.30	165.00	196.13	153.00	179.22	144.00	179.29
Chippewa	162.00	212.66	153.00	202.34	149.00	195.40	135.00	177.73
Clark	121.00	158.52	117.00	151.45	117.00	143.94	117.00	132.74
Columbia	169.00	201.81	156.00	183.62	140.00	166.38	130.00	157.52
Crawford	172.00	256.05	160.00	237.15	139.00	205.65	127.00	N.A
Dane	250.00	315.79	221.00	271.65	193.00	247.00	181.00	224.33
Dodge	165.00	205.23	165.00	180.42	143.00	158.61	143.00	160.55
Door	162.00	212.29	152.00	194.63	144.00	181.92	140.00	185.00
Douglas	165.00	176.94	157.00	166.72	141.00	155.77	132.00	144.10
Dunn	148.00	210.28	145.00	198.76	138.00	180.34	123.00	164.01
Eau Claire	184.00	211.64	172.00	192.63	158.00	177.91	149.00	162.27
Florence	153.00	158.00	153.00	158.00	135.00	114.00	126.00	104.00
Fond du Lac	171.00	207.47	153.00	185.77	138.00	166.37	137.00	152.72
Forest	158.00	N.A	135.00	N.A	135.00	N.A	113.00	N.A
Grant	151.00	158.99	151.00	148.68	151.00	148.68	151.00	148.68
Green	171.00	195.00	151.00	179.00	151.00	164.00	151.00	140.00
Green Lake	161.00	206.00	145.00	189.00	139.00	179.00	139.00	162.00
Iowa	152.00	184.00	140.00	160.00	120.00	160.00	115.00	160.00
Iron	135.00	N.A	125.00	N.A	124.00	N.A	124.00	N.A
Jackson	154.00	179.18	117.00	152.04	117.00	142.96	117.00	142.96
Jefferson	182.00	202.84	154.00	180.98	137.00	164.65	137.00	139.28
Juneau	161.00	173.77	161.00	153.96	161.00	145.47	161.00	195.00
Kenosha	222.00	227.50	200.00	212.11	176.00	194.65	171.00	192.22
Kewaunee	138.00	194.61	125.00	177.41	120.00	158.06	115.00	154.72
La Crosse	171.00	202.49	143.00	178.15	143.00	167.66	141.00	159.91
Lafayette	151.00	165.00	151.00	145.00	151.00	145.00	151.00	145.00
Langlade	162.00	181.16	145.00	155.59	140.00	143.22	130.00	N.A
Lincoln	150.00	140.00	125.00	143.84	120.00	125.62	120.00	123.22

ATTACHMENT 1 (continued)

**2017 Child Care Market Survey (Weekly Price)
Licensed Group Providers**

Counties	Licensed Group							
	0 and 1 Year		2 and 3 Years		4 and 5 Years		6 Years and Older	
	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot
Manitowoc	\$165.00	\$195.95	\$149.00	\$178.54	\$149.00	\$176.90	\$145.00	\$167.20
Marathon	189.00	228.26	165.00	194.30	153.00	180.35	149.00	172.69
Marinette	138.00	153.78	121.00	146.15	121.00	130.71	121.00	124.59
Marquette	152.00	N.A	145.00	N.A	145.00	N.A	145.00	N.A
Menominee	138.00	N.A	125.00	N.A	120.00	N.A	115.00	N.A
Milwaukee	246.00	294.49	220.00	264.69	191.00	232.92	179.00	200.82
Monroe	146.00	186.97	132.00	165.57	120.00	157.62	116.00	149.62
Oconto	148.00	157.15	125.00	138.17	120.00	132.47	115.00	128.85
Oneida	162.00	195.69	138.00	141.74	121.00	140.00	121.00	133.27
Outagamie	190.00	235.01	174.00	214.40	157.00	193.40	155.00	186.74
Ozaukee	218.00	250.40	205.00	232.62	181.00	219.37	161.00	172.12
Pepin	138.00	N.A	120.00	N.A	120.00	N.A	115.00	N.A
Pierce	170.00	181.62	160.00	168.97	140.00	155.29	130.00	130.00
Polk	138.00	175.29	125.00	166.49	120.00	159.12	115.00	152.84
Portage	189.00	210.72	165.00	199.26	153.00	183.93	145.00	173.33
Price	144.00	145.37	125.00	132.56	110.00	122.80	110.00	122.80
Racine	215.00	242.16	187.00	213.75	170.00	192.96	163.00	182.10
Richland	161.00	N.A	151.00	N.A	151.00	0.00	151.00	N.A
Rock	193.00	227.99	173.00	192.43	171.00	173.53	154.00	160.67
Rusk	132.00	N.A	116.00	N.A	116.00	N.A	110.00	N.A
St. Croix	176.00	200.42	144.00	186.10	143.00	168.56	130.00	146.40
Sauk	127.00	206.75	110.00	189.22	110.00	177.43	110.00	172.57
Sawyer	138.00	155.00	125.00	135.00	120.00	135.00	115.00	135.00
Shawano	189.00	161.89	165.00	147.83	145.00	142.93	145.00	141.62
Sheboygan	181.00	219.60	169.00	189.78	156.00	170.31	141.00	164.50
Taylor	132.00	180.00	132.00	180.00	132.00	150.00	132.00	114.99
Trempealeau	132.00	136.51	121.00	134.30	120.00	134.30	115.00	134.30
Vernon	139.00	192.35	118.00	177.73	116.00	162.11	116.00	153.53
Vilas	180.00	216.60	132.00	146.42	119.00	137.17	119.00	140.00
Walworth	176.00	236.26	154.00	193.79	139.00	169.47	138.00	147.20
Washburn	138.00	150.00	125.00	N.A	120.00	N.A	110.00	N.A
Washington	201.00	204.00	165.00	188.14	160.00	175.38	145.00	168.49
Waukesha	234.00	284.66	205.00	251.44	185.00	224.84	179.00	191.84
Waupaca	151.00	166.93	148.00	149.60	132.00	139.60	132.00	137.93
Waushara	138.00	135.00	125.00	135.00	120.00	125.00	115.00	125.00
Winnebago	226.00	246.27	184.00	221.01	170.00	202.01	160.00	185.63
Wood	154.00	185.67	147.00	176.20	147.00	168.70	147.00	167.43

ATTACHMENT 2

2017 Child Care Market Survey (Weekly Price) Licensed Family Providers

Counties	Licensed Group							
	0 and 1 Year		2 and 3 Years		4 and 5 Years		6 Years and Older	
	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot
Adams	\$123.00	\$150.00	\$119.00	\$122.50	\$119.00	\$117.50	\$105.00	\$117.50
Ashland	131.00	129.44	110.00	126.67	110.00	123.89	110.00	123.75
Barron	115.00	133.17	110.00	136.85	110.00	132.35	110.00	134.81
Bayfield	125.00	133.39	110.00	110.39	110.00	110.39	110.00	110.39
Brown	143.00	169.42	132.00	157.82	127.00	152.35	123.00	145.60
Buffalo	124.00	N.A	110.00	N.A	110.00	N.A	110.00	N.A
Burnett	132.00	140.00	119.00	140.00	115.00	130.00	115.00	130.00
Calumet	156.00	165.83	144.00	150.83	144.00	150.83	130.00	142.00
Chippewa	131.00	150.62	125.00	137.50	120.00	135.00	120.00	133.33
Clark	112.00	120.83	110.00	119.17	110.00	117.50	110.00	112.00
Columbia	131.00	137.04	125.00	137.04	120.00	135.37	120.00	136.58
Crawford	131.00	151.25	115.00	129.67	115.00	129.67	115.00	135.00
Dane	205.00	232.33	193.00	221.66	185.00	215.03	164.00	207.87
Dodge	135.00	145.53	125.00	143.42	122.00	141.32	122.00	134.67
Door	131.00	N.A	125.00	N.A	123.00	N.A	123.00	N.A
Douglas	150.00	148.75	135.00	144.29	135.00	142.86	130.00	142.00
Dunn	131.00	140.00	125.00	137.50	120.00	135.00	120.00	135.00
Eau Claire	165.00	158.04	149.00	148.63	149.00	147.45	149.00	138.29
Florence	153.00	N.A	153.00	N.A	117.00	N.A	117.00	N.A
Fond du Lac	138.00	167.50	127.00	147.50	127.00	132.50	127.00	127.50
Forest	158.00	155.00	135.00	135.00	135.00	135.00	113.00	135.00
Grant	121.00	129.38	110.00	122.50	110.00	120.36	110.00	110.71
Green	131.00	147.58	125.00	140.48	120.00	137.57	120.00	146.74
Green lake	131.00	167.33	125.00	146.67	120.00	146.67	120.00	130.00
Iowa	125.00	135.00	115.00	125.00	115.00	125.00	115.00	125.00
Iron	135.00	N.A	125.00	N.A	120.00	N.A	120.00	N.A
Jackson	123.00	167.50	110.00	157.50	107.00	145.00	99.00	130.00
Jefferson	164.00	178.75	135.00	152.00	135.00	147.00	130.00	136.67
Juneau	124.00	135.00	110.00	135.00	110.00	115.00	110.00	115.00
Kenosha	190.00	180.62	175.00	168.75	165.00	162.50	155.00	149.29
Kewaunee	119.00	146.25	113.00	138.75	113.00	138.75	113.00	123.33
La Crosse	143.00	153.10	132.00	146.59	127.00	145.45	116.00	136.94
Lafayette	125.00	120.00	110.00	120.00	110.00	120.00	110.00	120.00
Langlade	131.00	125.00	125.00	125.00	120.00	125.00	120.00	125.00
Lincoln	135.00	145.00	125.00	132.50	120.00	132.50	120.00	135.00

ATTACHMENT 2 (continued)

**2017 Child Care Market Survey (Weekly Price)
Licensed Family Providers**

Counties	Licensed Group							
	0 and 1 Year		2 and 3 Years		4 and 5 Years		6 Years and Older	
	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot
Manitowoc	\$149.00	\$125.00	\$135.00	\$115.00	\$135.00	\$115.00	\$130.00	\$115.00
Marathon	150.00	160.13	135.00	146.74	135.00	144.33	130.00	140.94
Marinette	131.00	143.33	116.00	136.67	116.00	127.50	116.00	130.00
Marquette	125.00	140.00	122.00	140.00	122.00	120.00	122.00	110.00
Menominee	125.00	N.A	113.00	N.A	110.00	N.A	110.00	N.A
Milwaukee	190.00	222.13	177.00	206.27	165.00	187.02	155.00	170.13
Monroe	131.00	139.69	116.00	127.79	116.00	126.36	110.00	125.69
Oconto	125.00	143.33	111.00	135.00	110.00	121.67	110.00	130.00
Oneida	135.00	150.00	116.00	135.00	116.00	135.00	116.00	N.A
Outagamie	150.00	177.85	136.00	164.31	135.00	161.21	130.00	154.07
Ozaukee	160.00	N.A	153.00	N.A	149.00	N.A	149.00	N.A
Pepin	132.00	120.00	123.00	110.00	123.00	110.00	110.00	110.00
Pierce	131.00	147.33	125.00	139.00	120.00	135.67	120.00	135.00
Polk	125.00	126.00	110.00	110.02	110.00	119.50	110.00	119.50
Portage	150.00	162.83	136.00	158.48	136.00	158.04	136.00	158.04
Price	125.00	125.00	110.00	100.00	110.00	100.00	110.00	100.00
Racine	182.00	195.00	175.00	190.00	165.00	180.00	155.00	186.67
Richland	131.00	128.33	110.00	123.33	110.00	123.33	110.00	125.00
Rock	161.00	175.00	149.00	168.33	149.00	163.58	149.00	160.27
Rusk	124.00	N.A	110.00	N.A	110.00	N.A	110.00	N.A
St. Croix	150.00	158.52	136.00	152.41	135.00	151.67	130.00	142.39
Sauk	125.00	155.43	110.00	146.39	110.00	144.65	110.00	138.68
Sawyer	125.00	142.50	111.00	135.00	110.00	135.00	110.00	135.00
Shawano	150.00	140.00	135.00	135.00	135.00	130.00	130.00	125.00
Sheboygan	140.00	179.50	126.00	162.00	122.00	158.25	122.00	176.00
Taylor	110.00	129.17	110.00	129.17	110.00	129.17	110.00	129.17
Trempealeau	125.00	130.00	110.00	130.00	110.00	130.00	110.00	130.00
Vernon	123.00	120.00	111.00	110.00	111.00	110.00	111.00	110.00
Vilas	125.00	135.00	112.00	135.00	111.00	130.00	111.00	130.00
Walworth	150.00	171.00	140.00	161.67	135.00	152.67	130.00	152.67
Washburn	125.00	150.00	113.00	140.00	110.00	135.00	110.00	135.00
Washington	150.00	192.50	135.00	192.50	135.00	165.00	130.00	160.00
Waukesha	202.00	222.08	175.00	188.75	165.00	177.50	155.00	179.00
Waupaca	121.00	130.00	110.00	120.00	110.00	120.00	110.00	120.00
Waushara	125.00	152.86	112.00	144.29	112.00	137.62	110.00	130.71
Winnebago	165.00	177.52	149.00	165.75	143.00	162.95	143.00	158.33
Wood	138.00	143.00	130.00	147.50	127.00	145.00	127.00	145.00

ATTACHMENT 3

Maximum Child Care Reimbursement Rates, Effective January 1, 2019

	Licensed Group								Licensed Family								Regularly Certified				Provisionally Certified			
	0 and 1		2 and 3		4 and 5		6+		0 and 1		2 and 3		4 and 5		6+		0 and 1	2 and 3	4 and 5	6+	0 and 1	2 and 3	4 and 5	6+
	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Hourly	Hourly	Hourly	Hourly	Hourly	Hourly	
Counties																								
Adams	5.25	798.97	3.47	528.08	3.30	502.21	3.15	479.39	5.25	798.97	3.75	570.70	3.57	543.30	3.15	479.39	3.94	2.82	2.68	2.37	2.63	1.88	1.79	1.58
Ashland	5.25	798.97	4.57	695.49	3.96	602.66	3.90	593.52	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Barron	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Bayfield	5.25	798.97	3.94	599.61	3.61	549.39	3.48	529.61	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Brown	6.53	993.77	5.37	817.24	4.48	681.79	4.45	677.23	5.25	798.97	4.16	633.09	3.82	581.35	3.69	561.57	3.94	3.12	2.87	2.78	2.63	2.08	1.92	1.85
Buffalo	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Burnett	5.25	798.97	3.97	604.18	3.78	575.26	3.78	575.26	5.25	798.97	3.75	570.70	3.46	526.56	3.46	526.56	3.94	2.82	2.60	2.60	2.63	1.88	1.74	1.74
Calumet	5.74	873.54	5.20	791.36	4.59	698.53	4.32	657.44	5.25	798.97	4.54	690.95	4.32	657.44	3.90	593.52	3.94	3.41	3.25	2.93	2.63	2.27	2.17	1.96
Chippewa	5.25	798.97	4.82	733.53	4.48	681.79	4.06	617.87	5.25	798.97	3.94	599.61	3.61	549.39	3.61	549.39	3.94	2.97	2.71	2.71	2.63	1.98	1.81	1.81
Clark	5.25	798.97	3.69	561.57	3.51	534.17	3.51	534.17	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Columbia	5.34	812.67	4.93	750.27	4.20	639.18	3.90	593.52	5.25	798.97	3.94	599.61	3.61	549.39	3.61	549.39	3.94	2.97	2.71	2.71	2.63	1.98	1.81	1.81
Crawford	5.42	824.84	5.04	767.01	4.17	634.61	3.82	581.35	5.25	798.97	3.64	553.96	3.46	526.56	3.46	526.56	3.94	2.73	2.60	2.60	2.63	1.82	1.74	1.74
Dane	7.88	1,199.22	6.97	1,060.73	5.79	881.15	5.43	826.37	6.47	987.64	6.08	925.29	5.56	846.15	4.93	750.27	4.86	4.56	4.17	3.70	3.24	3.05	2.79	2.47
Dodge	5.25	798.97	5.20	791.36	4.30	654.40	4.30	654.40	5.25	798.97	3.94	599.61	3.67	558.52	3.67	558.52	3.94	2.97	2.76	2.76	2.63	1.98	1.84	1.84
Door	5.25	798.97	4.79	728.97	4.32	657.44	4.20	639.18	5.25	798.97	3.94	599.61	3.69	561.57	3.69	561.57	3.94	2.97	2.78	2.78	2.63	1.98	1.85	1.85
Douglas	5.25	798.97	4.96	754.84	4.24	645.27	3.96	602.66	5.25	798.97	4.27	649.83	4.06	617.87	3.90	593.52	3.94	3.20	3.05	2.93	2.63	2.14	2.03	1.96
Dunn	5.25	798.97	4.57	695.49	4.14	630.05	3.69	561.57	5.25	798.97	3.94	599.61	3.61	549.39	3.61	549.39	3.94	2.97	2.71	2.71	2.63	1.98	1.81	1.81
Eau Claire	5.81	884.20	5.42	824.84	4.74	721.36	4.48	681.79	5.25	798.97	4.71	716.79	4.48	681.79	4.48	681.79	3.94	3.53	3.36	3.36	2.63	2.36	2.24	2.24
Florence	5.25	798.97	4.82	733.53	4.06	617.87	3.78	575.26	5.25	798.97	4.82	733.53	3.51	534.17	3.51	534.17	3.94	3.63	2.64	2.64	2.63	2.42	1.76	1.76
Fond du Lac	5.40	821.80	4.82	733.53	4.14	630.05	4.11	625.48	5.25	798.97	4.02	611.79	3.82	581.35	3.82	581.35	3.94	3.01	2.87	2.87	2.63	2.01	1.92	1.92
Forest	5.25	798.97	4.27	649.83	4.06	617.87	3.40	517.43	5.25	798.97	4.27	649.83	4.06	617.87	3.40	517.43	3.94	3.20	3.05	2.56	2.63	2.14	2.03	1.71
Grant	5.25	798.97	4.76	724.40	4.53	689.40	4.53	689.40	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Green	5.40	821.80	4.76	724.40	4.53	689.40	4.53	689.40	5.25	798.97	3.94	599.61	3.61	549.39	3.61	549.39	3.94	2.97	2.71	2.71	2.63	1.98	1.81	1.81
Green Lake	5.25	798.97	4.57	695.49	4.17	634.61	4.17	634.61	5.25	798.97	3.94	599.61	3.61	549.39	3.61	549.39	3.94	2.97	2.71	2.71	2.63	1.98	1.81	1.81
Iowa	5.25	798.97	4.41	671.14	3.61	549.39	3.46	526.56	5.25	798.97	3.64	553.96	3.46	526.56	3.46	526.56	3.94	2.73	2.60	2.60	2.63	1.82	1.74	1.74
Iron	5.25	798.97	3.94	599.61	3.72	566.13	3.72	566.13	5.25	798.97	3.94	599.61	3.61	549.39	3.61	549.39	3.94	2.97	2.71	2.71	2.63	1.98	1.81	1.81
Jackson	5.25	798.97	3.69	561.57	3.51	534.17	3.51	534.17	5.25	798.97	3.47	528.08	3.22	490.04	2.98	453.51	3.94	2.61	2.42	2.24	2.63	1.74	1.61	1.50
Jefferson	5.74	873.54	4.86	739.62	4.11	625.48	4.11	625.48	5.25	798.97	4.27	649.83	4.06	617.87	3.90	593.52	3.94	3.20	3.05	2.93	2.63	2.14	2.03	1.96
Juneau	5.25	798.97	5.08	773.10	4.83	735.06	4.83	735.06	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Kenosha	7.00	1,065.30	6.30	958.77	5.29	805.06	5.14	482.23	6.00	913.11	5.52	840.06	4.95	753.32	4.66	709.18	4.50	4.14	3.72	3.50	3.01	2.77	2.48	2.34
Kewaunee	5.25	798.97	3.94	599.61	3.61	549.39	3.46	526.56	5.25	798.97	3.57	543.30	3.40	517.43	3.40	517.43	3.94	2.68	2.56	2.56	2.63	1.79	1.71	1.71
La Crosse	5.40	821.80	4.52	687.88	4.30	654.40	4.24	645.27	5.25	798.97	4.16	633.09	3.82	581.35	3.48	529.61	3.94	3.12	2.87	2.62	2.63	2.08	1.92	1.75
Lafayette	5.25	798.97	4.76	724.40	4.53	689.40	4.53	689.40	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Langlade	5.25	798.97	4.57	695.49	4.20	639.18	3.90	593.52	5.25	798.97	3.94	599.61	3.61	549.39	3.61	549.39	3.94	2.97	2.71	2.71	2.63	1.98	1.81	1.81
Lincoln	5.25	798.97	3.94	599.61	3.61	549.39	3.61	549.39	5.25	798.97	3.94	599.61	3.61	549.39	3.61	549.39	3.94	2.97	2.71	2.71	2.63	1.98	1.81	1.81
Manitowoc	5.25	798.97	4.71	716.79	4.48	681.79	4.35	662.01	5.25	798.97	4.27	649.83	4.06	617.87	3.90	593.52	3.94	3.20	3.05	2.93	2.63	2.14	2.03	1.96
Marathon	5.96	907.02	5.20	791.36	4.59	698.53	4.48	681.79	5.25	798.97	4.27	649.83	4.06	617.87	3.90	593.52	3.94	3.20	3.05	2.93	2.63	2.14	2.03	1.96
Marquette	5.25	798.97	3.83	582.57	3.64	553.96	3.64	553.96	5.25	798.97	3.66	557.00	3.48	529.61	2.62	529.61	3.94	2.75	2.62	2.62	2.63	1.83	1.75	1.75
Marquette	5.25	798.97	4.57	695.49	4.35	662.01	4.35	662.01	5.25	798.97	3.86	587.44	3.67	558.52	3.67	558.52	3.94	2.89	2.76	2.76	2.63	1.94	1.84	1.84
Milwaukee	7.76	1,180.96	6.95	1,057.69	5.75	873.54	5.37	817.24	6.00	913.11	5.59	850.72	4.95	753.32	4.66	709.18	4.50	4.19	3.72	3.50	3.01	2.80	2.48	2.34

	Licensed Group								Licensed Family								Regularly Certified				Provisionally Certified			
	0 and 1		2 and 3		4 and 5		6+		0 and 1		2 and 3		4 and 5		6+		0 and 1	2 and 3	4 and 5	6+	0 and 1	2 and 3	4 and 5	6+
	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Hourly	Hourly	Hourly	Hourly	Hourly	Hourly	Hourly
Counties (continued)																								
Monroe	5.25	798.97	4.16	633.09	3.61	549.39	3.48	529.61	5.25	798.97	3.66	557.00	3.48	529.61	3.30	502.21	3.94	2.75	2.62	2.48	2.63	1.83	1.75	1.65
Oconto	5.25	798.97	3.94	599.61	3.61	549.39	3.46	526.56	5.25	798.97	3.50	532.65	3.30	502.21	3.30	502.21	3.94	2.63	2.48	2.48	2.63	1.76	1.65	1.65
Oneida	5.25	798.97	4.35	662.01	3.64	553.96	3.64	553.90	5.25	798.97	3.66	557.00	3.48	529.61	3.48	529.61	3.94	2.75	2.62	2.62	2.63	1.83	1.75	1.75
Outagamie	6.00	913.11	5.49	835.50	4.72	718.32	4.66	709.18	5.25	798.97	4.30	654.40	4.06	617.87	3.90	593.52	3.94	3.23	3.05	2.93	2.63	2.16	2.03	1.96
Ozaukee	6.88	1,047.03	6.47	984.64	5.43	826.37	4.83	735.06	5.25	798.97	4.82	733.53	4.48	681.79	4.48	681.79	3.94	3.63	3.36	3.36	2.63	2.42	2.24	2.24
Pepin	5.25	798.97	3.80	578.31	3.61	549.39	3.46	526.56	5.25	798.97	3.88	590.48	3.69	561.57	3.30	502.21	3.94	2.91	2.78	2.48	2.63	1.95	1.85	1.65
Pierce	5.37	817.24	5.04	767.01	4.20	639.18	3.90	593.52	5.25	798.97	3.94	599.61	3.61	549.39	3.61	549.39	3.94	2.97	2.71	2.71	2.63	1.98	1.81	1.81
Polk	5.25	798.97	3.94	599.61	3.61	549.39	3.46	526.56	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Portage	5.96	907.02	5.20	791.36	4.59	698.53	4.35	662.01	5.25	798.97	4.30	654.40	4.09	622.44	4.09	622.44	3.94	3.23	3.07	3.07	2.63	2.16	2.05	2.05
Price	5.25	798.97	3.94	599.61	3.30	502.21	3.30	502.21	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Racine	6.78	1,031.82	5.90	897.89	5.11	777.67	4.90	745.71	5.74	873.54	5.52	840.06	4.95	753.32	4.66	709.18	4.31	4.14	3.72	3.50	2.87	2.77	2.48	2.34
Richland	5.25	798.97	4.76	724.40	4.53	689.40	4.53	689.40	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Rock	6.08	925.29	5.45	829.41	5.14	782.23	4.62	703.10	5.25	798.97	4.71	716.79	4.48	681.79	4.48	681.79	3.94	3.53	3.36	3.36	2.63	2.36	2.24	2.24
Rusk	5.25	798.97	3.66	557.00	3.48	529.61	3.30	502.21	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Sauk	5.56	846.15	4.54	690.92	4.30	654.40	3.90	593.52	5.25	798.97	4.30	654.40	4.06	617.87	3.90	593.52	3.94	3.23	3.05	2.93	2.63	2.16	2.03	1.96
Sawyer	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Shawano	5.25	798.97	3.94	599.61	3.61	549.39	3.46	526.56	5.25	798.97	3.50	532.65	3.30	502.21	3.30	502.21	3.94	2.63	2.48	2.48	2.63	1.76	1.65	1.65
Sheboygan	5.96	907.02	5.20	791.36	4.35	662.01	4.35	662.01	5.25	798.97	4.27	649.83	4.06	617.87	3.90	593.52	3.94	3.20	3.05	2.93	2.63	2.14	2.03	1.96
St Croix	5.71	868.98	5.34	812.67	4.69	713.75	4.24	645.27	5.25	798.97	3.97	604.18	3.67	558.52	3.67	558.52	3.94	2.99	2.76	2.76	2.63	1.99	1.84	1.84
Taylor	5.25	798.97	4.16	633.09	3.96	602.66	3.96	602.66	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Trempealeau	5.25	798.97	3.83	582.87	3.61	549.39	3.46	526.56	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Vernon	5.25	798.97	3.72	566.13	3.48	529.61	3.48	529.61	5.25	798.97	3.50	532.65	3.33	506.78	3.33	506.78	3.94	2.63	2.50	2.50	2.63	1.76	1.67	1.67
Vilas	5.67	862.89	4.16	633.09	3.57	543.30	3.57	543.30	5.25	798.97	3.53	537.22	3.33	506.78	3.33	506.78	3.94	2.65	2.50	2.50	2.63	1.77	1.67	1.67
Walworth	5.56	846.15	4.86	739.62	4.17	634.61	4.14	630.05	5.25	798.97	4.41	671.14	4.06	617.87	3.90	593.52	3.94	3.31	3.05	2.93	2.63	2.21	2.03	1.96
Washburn	5.25	798.97	3.94	599.61	3.61	549.39	3.30	502.21	5.25	798.97	3.57	543.30	3.30	502.21	3.30	502.21	3.94	2.68	2.48	2.48	2.63	1.79	1.65	1.65
Washington	6.34	964.85	5.20	791.36	4.80	730.49	4.35	662.01	5.25	798.97	4.27	649.83	4.06	617.87	3.90	593.52	3.94	3.20	3.05	2.93	2.63	2.14	2.03	1.96
Waukesha	7.39	1,124.65	6.47	984.64	5.56	846.15	5.37	517.24	6.37	969.42	5.52	840.06	4.95	753.32	4.66	709.18	4.78	4.14	3.72	3.50	3.19	2.77	2.48	2.34
Waupaca	5.25	798.97	4.68	712.23	3.96	602.66	3.96	602.66	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Waushara	5.25	798.97	3.94	599.61	3.61	549.39	3.46	526.56	5.25	798.97	3.53	537.22	3.36	511.34	3.30	502.21	3.94	2.65	2.52	2.48	2.63	1.77	1.68	1.65
Winnebago	7.13	1,085.08	5.81	884.20	5.11	777.67	4.80	730.49	5.25	798.97	4.71	716.79	4.30	654.40	4.30	654.40	3.94	3.53	3.23	3.23	2.63	2.36	2.16	2.16
Wood	5.25	798.97	4.64	706.14	4.41	671.14	4.41	671.14	5.25	798.97	4.10	623.96	3.82	581.35	3.82	581.35	3.94	3.08	2.87	2.87	2.63	2.05	1.92	1.92
Menominee	5.25	798.97	3.94	599.61	3.61	549.39	3.46	526.56	5.25	798.97	3.57	543.30	3.30	502.21	3.30	502.21	3.94	2.68	2.48	2.48	2.63	1.79	1.65	1.65
Tribes*																								
Red Cliff	5.25	798.97	3.94	599.61	3.61	549.39	3.48	529.61	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Stockbridge-Munsee	5.25	798.97	3.94	599.61	3.61	549.39	3.46	526.56	5.25	798.97	3.50	532.65	3.30	502.21	3.30	502.21	3.94	2.63	2.48	2.48	2.63	1.76	1.65	1.65
Potawatomi	5.25	798.97	4.27	649.83	4.06	617.87	3.40	517.43	5.25	798.97	4.27	649.83	4.06	617.87	3.40	517.43	3.94	3.20	3.05	2.56	2.63	2.14	2.03	1.71
Lac du Flambeau	5.67	862.89	4.16	633.09	3.57	543.30	3.57	543.30	5.25	798.97	3.53	537.22	3.33	506.78	3.33	506.78	3.94	2.65	2.50	2.50	2.63	1.77	1.67	1.67
Bad River	5.25	798.97	4.57	695.49	3.96	602.66	3.90	593.52	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Sokaogon	5.25	798.97	4.27	649.83	4.06	617.87	3.40	517.43	5.25	798.97	4.27	649.83	4.06	617.87	3.40	517.43	3.94	3.20	3.05	2.56	2.63	2.14	2.03	1.71
Oneida Nation	6.56	993.77	5.37	817.24	4.48	681.79	4.45	677.23	5.25	798.97	4.16	633.09	3.82	581.35	3.69	561.57	3.94	3.12	2.87	2.78	2.63	2.08	1.92	1.85
Lac Courtes Oreilles	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	5.25	798.97	3.47	528.08	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.74	1.65	1.65
Menominee Tribe	5.25	798.97	3.94	599.61	3.61	549.39	3.46	526.56	5.25	798.97	3.57	543.30	3.30	502.21	3.30	502.21	3.94	2.61	2.48	2.48	2.63	1.79	1.65	1.65



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2019

Joint Committee on Finance

Paper #189

Wisconsin Shares Rates for Certified Providers (Children and Families -- Economic Support and TANF-Funded Programs)

[LFB 2019-21 Budget Summary: Page 72, #16]

CURRENT LAW

Wisconsin's child care subsidy program, Wisconsin Shares, provides child care assistance for low-income families to enable parents and caretakers to work or prepare for employment through W-2, the FoodShare employment and training (FSET) program, or through a combination of work and education or training programs. Under the program, the state subsidizes the cost of child care charged by providers chosen by the parent. The parent must pay a copay amount based on income, family size, and the number of children in care.

In general, child care providers must be licensed by the Department of Children and Families (DCF) to receive compensation for caring for four or more children under the age of seven. Licensed group child care centers may provide care for nine or more children. Licensed family child care centers, usually operating out of the provider's home, may provide care for up to eight children.

Providers caring for three or fewer children under the age of seven must be certified by the local administrator in order to receive payment from Wisconsin Shares. There are two certification categories: Level I (regular) family child care and Level II (provisional) family child care. Certified programs must meet basic health and safety standards and are monitored for compliance with applicable state and federal law. For example, both regularly and provisionally certified providers, and all employees, substitutes, and volunteers of those providers, must complete training on the most current, medically accepted methods of preventing sudden infant death syndrome and shaken baby syndrome. In addition to meeting certification standards, Level I providers must complete an additional training in early childhood education.

Payments to child care providers are capped at maximum weekly reimbursement rates set by DCF for each county. Separate rates are set based on the child's age. Separate rates are also provided for the different types of child care. By statute, the maximum rate for Level I certified providers cannot exceed 75% of the rate for licensed family child care providers, and the maximum rate for Level II certified providers cannot exceed 50% of the rate for licensed family child care providers. The maximum hourly rate for licensed providers is the maximum weekly rate divided by 35 hours. For regularly and provisionally certified providers, the maximum hourly rate is 75% and 50% of the licensed family hourly rate, respectively.

GOVERNOR

Repeal the ceiling on reimbursement under Wisconsin Shares for regularly and provisionally certified providers, so that DCF could set the maximum reimbursement rate for these providers to be no more than the rates established for the licensed family hourly rate. The bill would allocate an additional \$1,700,000 FED annually from federal temporary assistance for needy families (TANF) block grant funds to support the cost of increasing Wisconsin Shares child care subsidies paid to certified providers.

DISCUSSION POINTS

1. Unregulated child care providers do not qualify to participate in Wisconsin Shares. Certification requirements ensure that programs receiving public reimbursement through Wisconsin Shares adequately protect the health, safety, and development of children.
2. According to DCF, certified child care is popular in areas that have fewer child care options available. The administration indicates that the most certified providers are located in rural areas of the state. Most certified child care is based in the provider's home.
3. The availability of certified child care providers has decreased significantly in recent years. In 1998, there were 5,117 certified family providers. For comparison, according to the DCF annual report on early care and education in Wisconsin, as of December 31, 2014, there were 1,215 certified providers serving an estimated 7,290 children. As of December 31, 2017, there were 748 certified family providers serving an estimated 4,488 enrolled children. As of December 31, 2018, there were 580 certified family providers serving an estimated 3,480 enrolled children.
4. The number of certified providers at the end of 2018 has declined by 22.5% compared to 2017, by 52.3% compared to 2014, and by 85% compared to 1998.
5. Under current law, a parent choosing a Level I certified child care provider receives 75% of the amount that would have been available under if they had selected a licensed provider. The rating of a certified child care provider under the YoungStar quality rating and improvement system makes no difference as to whether the reduced payment rate applies. Thus, the subsidy for a four-star certified provider would be 75% of the subsidy for a three star licensed family provider (before accounting for the YoungStar bonus).

6. DCF indicates that this payment disparity discourages families participating in Wisconsin Shares from choosing certified child care over licensed child care.

7. If the Committee determines that the statutory cap on reimbursement under Wisconsin Shares for certified providers has played a part in the significant decrease in availability of certified child care across the state, it could approve the Governor's recommendation (Alternative 1). The TANF allocation for Wisconsin Shares subsidies would increase by \$1,700,000 FED annually, based on the assumption that DCF would increase payments for certified providers to be equal to those it sets for licensed family care.

8. The bill would not require the payment rates for licensed family providers and certified providers to be equal. DCF could set the rates for certified providers at any amount, as long as these rates do not exceed the rates established for licensed providers. The Committee could decide to modify the Governor's recommendations to require DCF to set reimbursement under Wisconsin Shares for regularly and provisionally certified providers to be equal to the maximum reimbursement rates set by DCF for licensed providers (Alternative 2).

9. Licensed child care providers have additional training and regulatory oversight compared to certified providers. The tiered reimbursement under current law is intended to reflect the additional costs of, and the quality benefits associated with, increased administration, compliance review, training, and continuing education. Providing increased subsidies under Wisconsin Shares for licensed provide an incentive for providers caring for three or fewer children to become licensed and improve the quality of their services.

10. The Committee could find that the maximum reimbursement rates for certified providers should not be the same as the rates for licensed providers. The Committee could instead choose to increase the cap on reimbursement to be 90% of the rates established for licensed providers (Alternative 3). Alternatively, the Committee could reject the Governor's recommendation and maintain the current limits on reimbursement for certified providers (Alternative 4).

ALTERNATIVES

1. *Governor's Recommendation.* Approve the Governor's recommendation to repeal the limits on setting maximum reimbursement rates under Wisconsin Shares for regularly and provisionally certified providers, so that DCF could set the rates for these providers to be up to 100% of the licensed family hourly rate, instead of up to 75% and 50%, respectively. Provide \$1,700,000 FED annually to increase rates for certified providers.

ALT 1	Change to	
	Base	Bill
FED	\$3,400,000	\$0

2. *Establish Certified Rates Equal to Licensed Rates.* Modify the Governor's recommendations to require DCF to set maximum reimbursement rates under Wisconsin Shares for

regularly and provisionally certified providers to be equal to the rates set by DCF for licensed family providers.

ALT 2	Change to	
	Base	Bill
FED	\$3,400,000	\$0

3. Modify the bill to limit reimbursement under Wisconsin Shares for regularly and provisionally certified providers to be no more than 90% of the maximum reimbursement rates set by DCF for licensed family providers. Reduce funding in the bill by \$680,000 FED annually.

ALT 3	Change to	
	Base	Bill
FED	\$2,040,000	-\$1,360,000

4. Take no action on this item.

ALT 4	Change to	
	Base	Bill
FED	\$0	-\$3,400,000

Prepared by: John D. Gentry



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2019

Joint Committee on Finance

Paper #190

Child Care Quality and Availability Initiatives (Children and Families -- Economic Support and TANF-Funded Programs)

[LFB 2019-21 Budget Summary: Page 72, #17 and Page 74, #19]

CURRENT LAW

Wisconsin's child care subsidy program, Wisconsin Shares, provides child care assistance for low-income families to enable parents and other caretakers to work or to prepare for employment through work programs and education or training. Under the program, the state subsidizes the cost of child care charged by providers chosen by the parent.

Federal law requires states to use a portion of federal and state child care funding sources for quality improvements. In addition, funding the state receives under the federal child care and development fund (CCDF) is earmarked for certain kinds of activities, including expansion of child care, child care quality improvements, and resource and referral services.

Quality Rating and Improvement System (YoungStar). Child care providers, except for certain licensed exempt programs, must participate in the YoungStar quality rating and improvement system in order to participate in Wisconsin Shares. YoungStar assesses child care providers up to five stars on a publically searchable scale when they apply to be in YoungStar, and every other year thereafter when they renew their YoungStar contract. Child care providers receive an adjustment to their reimbursement under Wisconsin Shares based on the number of stars they earn under YoungStar. The rate adjustment applies after the parent copayment.

Under 2017 Act 236, the tiered reimbursement amounts under YoungStar are as follows: (a) one-star providers are prohibited from receiving reimbursement under Wisconsin Shares; (b) two-star providers receive a reduction of up to 5% from the base reimbursement rate; (c) three-star providers receive up to the base reimbursement rate; (d) four-star providers receive an increase of up to 15% from the base reimbursement rate; and (e) five-star providers receive an increase of up to 30% from the base reimbursement rate.

Beginning October 2018, DCF changed the YoungStar adjustment for two-star programs from -5% to -1%. Beginning January, 2019, DCF changed the YoungStar adjustment for four-star providers from 10% to 11% and for five-star providers from 25% to 27%.

Child Care Scholarships and Stipends. The teacher education and compensation helps (TEACH) program and the rewarding education with wages and respect for dedication (REWARD) program are designed to address child care staffing shortages and low staff retention rates. The TEACH program provides scholarships to teachers and child care providers for educational costs directly related to the child care field. The scholarships, which vary in length and amount, cover a portion of books, travel, and the costs of tuition (from three to 18 credits), and provide a raise or a bonus for staff that complete a credential in the registry credential system for the child care and education profession.

The REWARD program provides stipends to child care providers and teachers that meet certain requirements for education, employment, and longevity. Stipend amounts are based on the individual's career level in the registry.

TEACH and REWARD program expenditures totaled \$4.0 million in 2017-18. In 2018-19, \$4.0 million is budgeted for these programs.

Pyramid Model. The pyramid model is a framework of evidence-based interventions for child care providers, parents and professionals to support optimal early childhood development and to prevent challenging behaviors by infants, toddlers, and preschoolers. Key components of the pyramid model include positive teacher-student relationships, partnerships between teachers and families, structured classroom environments, explicit instruction in social and emotional skills, and individualized supports for children demonstrating more challenging behaviors. The Wisconsin Alliance for Infant Mental Health (AIMH) has provided statewide coordination for the implementation of the Wisconsin pyramid model since 2009. The Wisconsin pyramid model training is part of the YoungStar quality rating and improvement evaluation criteria.

In 2018-19, CCDF funding of \$100,000 supports training on the pyramid model, which is provided through the contract for YoungStar administration with the Supporting Families Together Association. Additional CCDF funding of \$50,000 supports training through locally based child care resource and referral agencies.

GOVERNOR

Modify child care quality and availability programs as described below.

YoungStar Adjustment. Maintain the YoungStar adjustment for two-star providers at -1%, for four-star providers at 11%, and five-star providers at 27%. As discussed in LFB paper #188, because funding for the recent changes to the YoungStar adjustment is not in the adjusted base for Wisconsin Shares, the bill would increase the allocation from temporary assistance for needy families (TANF) block grant programs for direct child care subsidies by: (a) \$2,213,600 FED annually for the adjustment for two-star providers (item "k"); and (b) \$750,000 FED annually for the adjustment for four- and five-star providers (part of item "f").

Wisconsin Pyramid Model. Provide \$415,000 FED in 2019-20 and \$535,000 FED in 2020-21 from CCDF monies budgeted in the TANF allocation for child care quality improvement programs to support the implementation of the Wisconsin pyramid model at daycare providers.

Milwaukee Grant Program. Provide \$655,000 FED in 2019-20 and \$749,000 FED in 2020-21 for DCF to award grants to improve overall child care for families that reside in a geographic area with high-poverty levels (as identified DCF) in the City of Milwaukee. The program would include two aspects.

First, the bill would provide direct child care subsidy payments for eligible families, totaling \$190,000 FED in 2019-20 and \$253,000 FED in 2020-21 from TANF block grant funds, as grants to child care providers to support access to high-quality child care. A grant could be used for start-up costs, ongoing operational costs, including subsidy payments for eligible families, and quality improvement activities. A child care provider that is awarded a grant would be required to contribute matching funds equal to 25 percent of the amount awarded. The matching contribution could be in the form of money or in-kind goods or services.

Second, the bill would provide CCDF funding of \$465,000 FED in 2019-20 and \$496,000 FED in 2020-21 from the allocation for child care quality initiatives for DCF to provide grants to child care providers and employees of child care providers and educational institutions to educate employees of child care providers. DCF indicates that the funding would support awards through the TEACH program, the REWARD program, and Milwaukee Area Technical College training programs.

Other Child Care Quality Programs. Maintain funding at base levels for other child care quality and availability programs, such as TEACH, REWARD, and the administrative contract costs of YoungStar. Under the bill, total funding for child care quality and availability programs would be \$16,532,700 in 2019-20 and \$16,683,700 in 2020-21.

DISCUSSION POINTS

YoungStar

1. 2017 Act 236 allocated an additional \$8,000,000 FED (TANF) in 2018-19 to increase reimbursement rates for child care services under the Wisconsin Shares program. Of the funds provided, Act 236 required DCF to use \$7,250,000 FED to increase rates as a uniform percentage increase in every county. Act 236 also increased the maximum YoungStar adjustment beginning in 2019 for four-star providers from 10% to 15% and for five-star providers from 25% to 30%. The act provided \$750,000 FED to fund the increased costs of YoungStar adjustment in the second half of 2018-19.

2. After the passage of Act 236, the federal Consolidated Appropriations Act of 2018 significantly increased federal CCDF discretionary funding. CCDF support for Wisconsin child care programs increased by more than \$25.4 million in 2017-18.

3. On June 13, 2018, the Governor approved several changes to Wisconsin Shares under authority provided to DCF under current law. DCF increased the YoungStar adjustment for two-star

providers from a 5% reduction to a 1% reduction. DCF implemented the changes beginning in October, 2018.

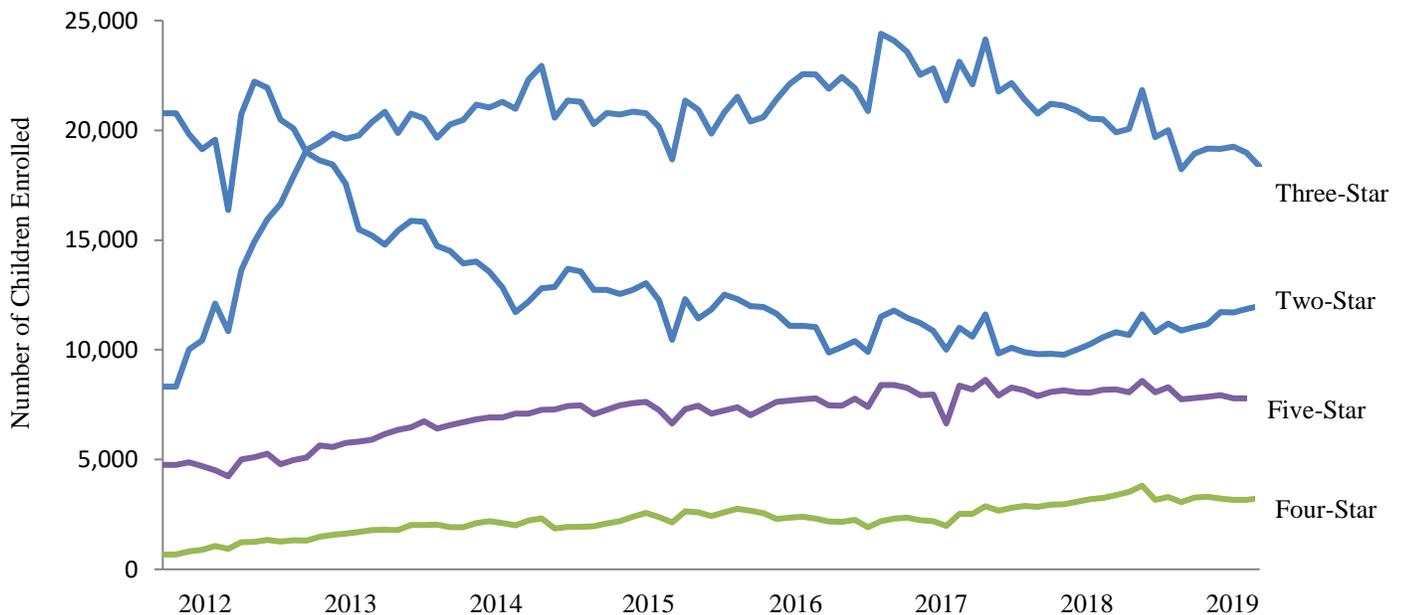
4. As directed by Act 236, DCF used \$7,250,000 FED to increase Wisconsin Shares reimbursement rates in January, 2019. Based on its projections of rate changes that could be funded with the remaining \$750,000 FED under Act 236, DCF increased the YoungStar adjustment for four-star and five-star providers to 11% and 27%, respectively.

5. DCF estimated that the costs of increasing the YoungStar adjustment to the maximum allowed under Act 236 in the second half of 2018-19 would be approximately \$2,100,000.

6. For comparison, DCF projected, based on caseloads before to the rate increases, that the TANF allocation for direct child care subsidies would be underspent by approximately by \$5.0 million (1.5% of the allocation). However, due to the many recent changes to Wisconsin Shares including changes in federal law, Act 59 (the 2017-19 budget act), and the October rate increases, it was uncertain whether the projected underspending in Wisconsin Shares would allow for further increases to the YoungStar adjustments.

7. Tiered reimbursement under YoungStar is intended to incent child care providers to improve the quality of their programs. The chart below shows the participation of children in Wisconsin Shares by the star level since March, 2012. As shown in the chart, there has been a substantial shift in participation at two-star programs into three-star programs. Further, participation in four- and five-star programs has markedly increased.

Authorized Wisconsin Shares Enrollment, by YoungStar Rating



8. Table 1 compares of Wisconsin Shares children authorized for subsidies under Wisconsin Shares in January, 2015, and January, 2019. As shown in Table 1, the decrease in

authorizations for enrollment at two- and three- star providers has been greater than the increase in authorizations for enrollment at four-, and five-star programs.

TABLE 1

Wisconsin Shares Enrollment Authorized by YoungStar Rating

	<u>Two- Star</u>	<u>Three- Star</u>	<u>Four- Star</u>	<u>Five- Star</u>	<u>Total</u>	<u>Percent Two-Star</u>	<u>Percent Four and Five-Star</u>
January, 2015	12,727	20,789	2,090	7,260	42,866	29.7%	21.8%
January, 2019	<u>11,701</u>	<u>19,258</u>	<u>3,163</u>	<u>7,781</u>	<u>41,903</u>	27.9	26.1
Difference	-1,026	-1,531	1,073	521	-963	-1.8%	-4.3%

* One-star rated providers are not eligible to participate in Wisconsin Shares

9. As shown in Table 2, there has been a substantial decline in two-star and three-star rated programs over the previous four years. There has been no comparable increase in the number of four- and five-star providers.

TABLE 2

YoungStar-Rated Child Care Facilities

	<u>One- Star</u>	<u>Two- Star</u>	<u>Three- Star</u>	<u>Four- Star</u>	<u>Five- Star</u>	<u>Total</u>	<u>Percent Percent Two-Star</u>	<u>Four and Five-Star</u>
January, 2015	14	2,312	1,267	184	372	4,149	55.7%	13.4%
January, 2019	<u>9</u>	<u>1,634</u>	<u>1,216</u>	<u>229</u>	<u>509</u>	<u>3,597</u>	45.4	20.5
Difference	-5	-678	-51	45	137	-552	-10.3%	7.1%

* One-star rated providers are not eligible to participate in Wisconsin Shares

10. As discussed in LFB Paper #139, the number of certified providers has greatly declined over the past decade. Most providers are rated two-stars as part of the automated rating process in YoungStar.

11. Structural changes in the child care industry have had similar effects on licensed family care providers, more than half of which are rated two-stars. In recent years, children have increasingly enrolled in group care centers. Because group care centers are typically more expensive than licensed family providers and certified providers, this trend has contributed to the increasing costs of child care in Wisconsin.

12. The Committee could approve the Governor's recommendation to maintain the 1%

YoungStar reduction for two-star providers and provide \$2,213,600 FED annually (Alternative A1). The Committee could reasonably conclude from current industry trends that it is unnecessary to reduce subsidies under YoungStar for two-star providers in order to provide an incentive for them to improve their YoungStar rating.

13. Alternatively, the Committee could conclude that the overall decrease in child care authorizations under Wisconsin Shares over the last four years suggests that the increase in the licensed capacity at higher quality programs has not kept pace with the loss of capacity at two-star providers, especially in rural areas of the state lacking larger day care programs. Thus, the Committee could increase funding in the bill by \$1,935,700 FED annually to also increase the YoungStar adjustment for four- and five-star programs to the maximum allowed under Act 236 (Alternative A2). Under this Alternative, DCF would be directed to increase the YoungStar adjustment effective on the date of the bill through June 30, 2021. On and after July 1, 2021, DCF would retain authority to set the YoungStar adjustments up to 15% and up to 30%, for four- and five-star programs respectively.

14. The Committee could also find that tiered reimbursement under YoungStar should reward more highly rated programs and thus decide that the decline in the number of two-star providers does not warrant a change in YoungStar adjustment. In this case, the Committee could provide \$2,685,700 FED annually and require DCF to set the YoungStar adjustment for two-star providers to -5%, for four-star providers to 15%, and for five-star providers to 30% effective on the date of the bill (Alternative A3) through June 30, 2021. The net fiscal effect of this option is to reduce funding in the bill by \$227,900 FED annually.

Wisconsin Pyramid Model

15. Research indicates that preschool children are three times more likely to be removed from programs than children in kindergarten through grade 12 combined. DCF indicates that programs with consultation and support in addressing the behavioral needs of children, such as the Wisconsin Pyramid Model, can help decrease behavioral issues and the levels of expulsion of children in early childhood programs. The pyramid model is designed for use by early educators at child care, preschool, early intervention, Head Start, and early childhood special education programs.

16. A study conducted by UW-Whitewater researchers evaluated Wisconsin classrooms using the pyramid model and found, similar to results of national studies, problem behaviors decreased more in classrooms that used the pyramid model than the reported behaviors of students in the comparison classrooms. The reductions in problem behaviors and the increases in social skills for students with more challenging behaviors in classrooms that used the pyramid model were so great that these students were reported to display typical behaviors and expected social skills of four-year-old children at the conclusion of the school year. Further, the growth in early comprehension skills was greater for the students with challenging behaviors in these classrooms.

17. As a result, the Committee could find that reducing challenging behavior in children via the pyramid model makes it more likely that children will enter school with the social competence and emotional control necessary to have academic success. Thus, the Committee could choose to approve the Governor's recommendation and provide \$415,000 FED in 2019-20 and \$535,000 FED in 2020-21 to continue to expand the pyramid model in child care programs across the state (Alternative B1).

18. Although not specified under the bill, DCF indicates that the funding to implement the pyramid model would be used as follows: (a) \$125,000 annually for an administrative contract with AIMH; (b) \$100,000 in 2019-20 and \$160,000 in 2020-21 to train a statewide coach to provide on-site support to child care programs; (c) \$75,000 annually for child care provider training; (d) \$50,000 in 2019-20 and \$75,500 in 2020-21 for a week-long training event for programs selected to be implementation sites; and (e) \$65,000 in 2019-20 and \$100,000 in 2020-21 to develop trauma-informed practices as part of the model.

19. Alternatively, the Committee could decide to provide \$1,825,000 FED annually more than the Governor recommended to accelerate the expansion of the program statewide. DCF indicates that the funding would be used as follows: (a) \$550,000 annually for an administrative contract with AIMH; (b) \$1,030,000 annually for coaching on-site support; (c) \$170,000 annually for child care provider training; and (d) \$75,000 for a week-long training event for programs selected to be implementation sites. (Alternative B2).

Milwaukee Grant Program

20. As shown in Table 3, compared to the rest of the state, Milwaukee has a higher amount of participation at two-star providers and a lower amount of participation at five-star providers.

TABLE 3

Wisconsin Shares Enrollment Authorized by YoungStar Rating (March, 2019)

	<u>Two-Star</u>		<u>Three-Star</u>		<u>Four-Star</u>		<u>Five-Star</u>		<u>Totals</u>
Milwaukee	7,773	32.0%	10,918	45.0%	2,033	8.4%	3,546	14.6%	24,270
Balance of State	<u>4,215</u>	24.6	<u>7,431</u>	43.4	<u>1,206</u>	7.0	<u>4,265</u>	24.9	<u>17,117</u>
Total	11,988	29.0%	18,349	44.3%	3,239	7.8%	7,811	18.9%	41,387

* One-star rated providers are not eligible to participate in Wisconsin Shares

21. According to DCF licensing data, more than half of the child care providers in Milwaukee are licensed or certified home care providers. Typically, these smaller providers are rated two-stars.

22. The administration indicates that the funding for the Milwaukee grant program is intended to target the 53206 zip code area of Milwaukee. According to federal Census Bureau's 2013-2017 American Community Survey, 40% of families with children under the age of 18 who live in that zip code had income below the federal poverty level (FPL) in the past 12 months. Among families having children under the age of five, 53.6% had income below the poverty level. The administration indicates that there are currently no five-star providers located in the 53206 zip code.

23. In order to earn a five-star rating, a child care provider must be accredited from one of a variety of organizations (such as the National Association for the Education of Young Children) or by undergoing an intensive formal on-site review using the YoungStar quality indicators,

environmental rating scales (which are used by quality rating and technical assistance programs to observe classrooms throughout the country), and program administration and business administration scales (which review business practices, professional development, staff benefits and family involvement). In either case, the education and training of the provider's teaching staff and administration is a critical component of the ratings process. For example, a five-star rating is not attainable under the YoungStar review process by a licensed family provider unless the provider has a minimum of a level 12 Registry qualification, which is equivalent to an associate's degree in early childhood and youth development, a bachelor's degree in another field, or an associate's degree in another field with certain additional credentials and education required.

24. As previously indicated, in order to improve the quality of child care in economically disadvantaged areas in the City of Milwaukee, the bill would provide \$465,000 in 2019-20 and \$496,000 in 2020-21 for DCF to provide grants for the purpose of educating employees of child care providers. DCF indicates that the funding would support awards through the TEACH program, the REWARD program, and Milwaukee Area Technical College training programs. Further, direct child care subsidy payments for eligible families (\$190,000 FED in 2019-20 and \$253,000 FED in 2020-21 from TANF block grant funds) would be provided as grants to child care providers to support access to high-quality child care.

25. The administration indicates that the grants are intended to be awarded as part of a request for proposals to establish the first five-star program in zip code 53206. Conditions of such a grant could include a required number of child care slots available, required hours of operation, guarantee slots available to local residents, and a time frame for reaching five-star status.

26. The Committee could approve the Governor's recommendation (Alternative C1) if it determines that additional funding to improve child care quality in Milwaukee could improve the availability high quality programs. The grant program could allow local providers to educate, train, and retain their staff, thereby enabling them to improve their YoungStar rating.

27. Alternatively, the Committee could modify the Governor's proposal by providing an additional \$1,000,000 FED annually to expand the grant program statewide (Alternative C2). DCF would award grants to the programs it selects with the goal of improving those program's YoungStar ratings to four and five stars. Finally, Committee could find that it is unnecessary to fund a new child care quality initiative for a specific area of Milwaukee (Alternative C3).

ALTERNATIVES

A. YoungStar

1. Approve the Governor's recommendation to: (a) provide \$2,213,600 FED annually for the projected increase in payments to child care providers to maintain the YoungStar adjustment for two-star providers at -1%; and (b) provide \$750,000 FED annually to fund projected increase in payments to child care providers to maintain the YoungStar adjustment for four- and five-star providers at 11% and 27%, respectively.

ALT A1	Change to	
	Base	Bill
FED	\$5,927,200	\$0

2. Modify the Governor's recommendation to provide an additional \$1,935,700 FED annually to increase the YoungStar adjustment for four- and five-star providers to 15% and 30%, respectively, effective on the date of the bill.

ALT A2	Change to	
	Base	Bill
FED	\$9,798,600	\$3,871,400

3. Delete the Governor's recommendation to provide funding to maintain a YoungStar adjustment of -1% for two-star child care providers and direct DCF to set the YoungStar adjustment for two-star providers to -5%, effective on the date of the bill for a period running through June 30, 2021. Further, increase the YoungStar adjustment for four- and five-star providers to 15% and 30%, respectively, effective on the date of the bill through June 30, 2021. Reduce funding in the bill by \$227,900 FED annually to reflect the net fiscal effect of these changes. The TANF allocation for direct child care subsidies would be increased by \$2,685,700 FED annually.

ALT A3	Change to	
	Base	Bill
FED	\$5,371,400	-\$555,800

B. Wisconsin Pyramid Model

1. Approve the Governor's recommendation to provide \$415,000 FED in 2019-20 and \$535,000 FED in 2020-21 from the CCDF to increase use of the pyramid model in child care programs statewide.

ALT B1	Change to	
	Base	Bill
FED	\$950,000	\$0

2. Modify the Governor's recommendations to increase funding in the bill by \$1,825,000 FED annually to accelerate the use of the pyramid model in child care programs across the state.

ALT B2	Change to	
	Base	Bill
FED	\$4,600,000	\$3,650,000

3. Take no action.

ALT B3	Change to	
	Base	Bill
FED	\$0	- \$950,000

C. Milwaukee Grant Program

1. Approve the Governor's recommendation to provide a total of \$655,000 FED in 2019-20 and \$749,000 FED in 2020-21 for DCF to award grants to improve overall child care for families that reside in a geographic area with high-poverty levels (as identified DCF) in the City of Milwaukee. Of these funds, \$190,000 FED in 2019-20 and \$253,000 FED in 2020-21 would increase the TANF allocation for direct child care subsidy payments and \$465,000 FED in 2019-20 and \$496,000 FED in 2020-21 would increase the TANF allocation for child care quality initiatives.

ALT C1	Change to	
	Base	Bill
FED	\$1,404,000	\$0

2. Modify the Governor's recommendation to increase funding in the bill by \$1,000,000 FED annually so that a total of \$1,655,000 FED in 2019-20 and \$1,749,000 FED in 2020-21 would be provided for DCF to award grants to improve overall child care for families that reside in a geographic area with high-poverty levels (as identified DCF) across the state. Of these funds, \$490,000 FED in 2019-20 and \$553,000 FED in 2020-21 would increase the TANF allocation for direct child care subsidy payments and \$1,165,000 FED in 2019-20 and \$1,196,000 FED in 2020-21 would increase the TANF allocation for child care quality initiatives.

ALT C2	Change to	
	Base	Bill
FED	\$3,404,000	\$2,000,000

3. Take no action.

ALT C3	Change to	
	Base	Bill
FED	\$0	- \$1,404,000

Prepared by: John D. Gentry



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2019

Joint Committee on Finance

Paper #191

TANF-Funded Grant Programs (Children and Families -- Economic Support and TANF-Funded Programs)

[LFB 2019-21 Budget Summary: Page 75, #24, Page 76, #25, #26, #27, and Page 77, #29, #30]

CURRENT LAW

Under current law, federal funds the state receives from the temporary assistance for needy families (TANF) block grant and child care development fund (CCDF) support programs that assist low income families. Most of the federal funding, together with several sources of state funds, support child care subsidies under the Wisconsin Shares program and Wisconsin Works (W-2) related benefits. However, in addition to Wisconsin Shares and W-2 related programs, the Department of Children and Families (DCF) distributes some of the federal funding as grants to counties and nonprofit entities to support programs that are intended to achieve the purposes of these federal programs.

The current grant funding represents a minor share of the total program funding for DCF's economic assistance programs. In 2017-18, of the total DCF expenditures for TANF-related program (\$560.5 million), DCF expended \$11.5 million for grant programs, which included: (a) child welfare safety services (\$3.8 million); child welfare prevention services (\$5.2 million) and grants to various organizations to support specific programs (\$2.6 million).

The four purposes of the TANF program are as follows: (a) to provide assistance to needy families so that children can be cared for in their own homes; (b) to reduce the dependency of needy parents by promoting job preparation, work and marriage; (c) to prevent and reduce the incidence of out-of-wedlock pregnancies; and (d) to encourage the formation and maintenance of two-parent families

GOVERNOR

Increase TANF funding for four grant programs, as shown in the following table.

<u>Program</u>	<u>Base Funding</u>	<u>Governor</u>		<u>Change to Base</u>	
		<u>2019-20</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2020-21</u>
Grants to Boys and Girls Clubs of America	\$1,275,000	\$2,675,000	\$2,675,000	\$1,400,000	\$1,400,000
Wisconsin Community Services	400,000	425,000	425,000	25,000	25,000
Child Abuse Prevention Services	5,289,600	6,302,100	7,464,600	1,012,500	2,175,000
Offender Reentry Program	250,000	825,000	825,000	575,000	575,000
Child Welfare Safety Services	<u>7,314,300</u>	<u>9,300,900</u>	<u>10,791,900</u>	<u>1,986,600</u>	<u>3,477,600</u>
Total	\$14,528,900	\$19,528,000	\$22,181,500	\$4,999,100	\$7,652,600

DISCUSSION POINTS

1. This paper discusses the grant programs shown above for which the Governor recommends additional funding for the 2019-21 biennium.

Boys and Girls Clubs of America

2. DCF provides \$1,275,000 FED TANF annually for grants to the Wisconsin Chapter of the Boys and Girls Clubs of America to fund programs that improve social, academic, and employment skills of youth. Most of this funding (\$1,100,000 annually) supports the Wisconsin After 3 program, which provides structured afterschool programming to youth five days a week focused on improving fluency in reading and math and career preparation for low-income youth in the greater Milwaukee area. Services include online learning for reading and math, homework help, and job readiness and career preparation sessions.

3. Current law also directs DCF to provide up to \$75,000 (TANF) annually to the Green Bay Boys and Girls Clubs for the Be Great: Graduate program, in the amount of matching funds that the program provides. Pursuant to 2017 Act 59, funding of up to \$100,000 was provided to expand the Be Great: Graduate program to the Milwaukee, Oshkosh, and Appleton Boys and Girls Clubs (equally, in the amount of matching funds that the program provides).

4. The Boys and Girls Club of Green Bay reported that services were provided to 103 TANF-eligible middle and high school teens identified as at-risk of not graduating during the second semester of the 2017-2018 academic year. Project activities included weekly interactions with positive adult graduation coaches and efforts to establish a connection between the student's school, parents, and the Boys and Girls Club. In addition to receiving school engagement support, teenagers who participated in the Be Great: Graduate program were connected to other programming designed to increase employability skills and post-secondary education readiness. All eight (100%) of the program's high school seniors graduated on time. Graduation coaches worked with school staff to provide wraparound supports for these seniors. Three of the program's 2018 graduates were enrolled

as first generation college students and continue to receive support from their graduation coaches. The Boys and Girls Clubs in Milwaukee, Oshkosh, and Appleton, working with local schools, provided similar services for 105 students in the first six months of the program (January through June 2018).

5. The bill would allocate an additional \$1,400,000 FED TANF annually to increase annual grants to the Wisconsin Chapter of the Boys and Girls Clubs of America from \$1,275,000 to \$2,675,000. Further, the bill would repeal the provisions directing funding to the Green Bay and Milwaukee, Oshkosh, and Appleton Boys and Girls Clubs, and instead direct that, of the total amount budgeted for grants, up to \$1,400,000 in each fiscal year would be budgeted for the Be Great: Graduate program in the amount of matching funds the program provides.

6. As a result, under the bill \$1,400,000 FED would be available annually statewide for the Be Great: Graduate program, and \$1,275,000 annually statewide would be available for other grants to Boys and Girls Clubs.

7. The Committee could modify the bill to delete the provisions which remove the direction for DCF to provide \$75,000 to the Green Bay Boys and Girls Club and \$100,000 to the Milwaukee, Oshkosh, and Appleton Boys and Girls Clubs for the Be Great: Graduate Program (Alternative A2), so that the current statutory annual funding allocations would continue. This alternative would ensure that those programs would continue to be funded in the 2019-21 biennium in those amounts. However, this change would prevent DCF from providing more than these amounts to these Boys and Girls Clubs. Alternatively, the bill could be modified to require DCF to provide to each of the Boys and Girls Clubs an amount equal or more than to the current allocations specified in the statutes (Alternative A3).

Wisconsin Community Services

8. Current law requires DCF to allocate \$400,000 FED (TANF) annually to Wisconsin Communities Services, Inc. to support training for workshop facilitators to provide services for TANF-eligible individuals in the City of Milwaukee.

9. The bill would increase the TANF allocation by \$25,000 FED annually and require DCF to provide this amount as an annual grant to the "We Got This" program in the City of Milwaukee. The bill would also rename the TANF allocation from "Wisconsin community services" to "Community grants."

10. "We Got This" is a summer mentorship program for boys, ages 12 to 17 that focuses on neighborhood cleanup and gardening. Each Saturday morning in the summer, boys from throughout the City of Milwaukee gather at the corner of 9th and Ring Street to clean up trash in the surrounding neighborhoods, and work in a community garden. The boys are required to arrive before 8:00 am, and each receives \$20 for the work they provide, funded from donations. The program is staffed with volunteer adult mentors, and is intended to instill a work ethic in the boys that participate. In the fall, produce from the community garden is given away to families in need.

Child Welfare Prevention Services

11. TANF funding may be used to provide assistance that addresses a child's needs during a period of temporary absence from the home or for a child welfare program that furthers the goals of TANF (such as providing assistance to needy families so that children can be cared for in their own homes).

12. Total child abuse prevention services funded by TANF were \$5,289,600 in 2018-19 for: (a) the Brighter Futures Initiative (\$577,500); (b) home visiting services in the City of Milwaukee (\$812,100); and (c) the Family Foundations Home Visiting (FFHV) program (\$3,900,000).

13. FFHV provides grants to local agencies to provide voluntary home-visiting services to at-risk communities to prevent child abuse and neglect. DCF provides FFHV grants to county agencies, cities, nonprofit agencies, and tribal organizations. Many programs are collaborations involving multiple agencies, with a primary contractor and one or more subcontractors. Home visitors (nurses, social workers, and teachers) generally meet weekly with program participants. Activities focus on access to prenatal care, screenings and assessments, health education, connecting to community resources, and offering strategies for parents to support their child's development.

14. The bill would increase the TANF allocation for prevention services by \$1,012,500 FED in 2019-20 and \$2,175,000 FED in 2020-21 (Alternative C1). Although the bill does not state so, the administration indicates that the funding is intended to increase funding for the FFHV program to increase the number of families that can be served, both by expanding services provided by existing grantees, and by contracting with new entities to provide services where the FFHV services are not currently available. The bill would maintain base funding for the Milwaukee Brighter Futures program and home visiting services in the City of Milwaukee.

15. Alternatively, the Committee could provide for a smaller increase for prevention services of \$500,000 FED in 2019-20 and \$1,500,000 FED in 2020-21 (Alternative C2).

Child Welfare Safety Services

16. Safety services are provided to ensure the safety of children who DCF or a county determines may remain in their homes if appropriate services are provided. Consistent with federal TANF regulations, safety services are targeted to predominantly needy families to promote the formation and maintenance of two-parent families and prevent and reduce non-marital pregnancies.

17. Safety services are available to families in Milwaukee County and 42 other counties and one tribe where abuse and neglect issues have been identified, but the child protective services agency determines that the child can remain at home safely. These services may include: (a) supervision, observation, basic parenting assistance, social and emotional support, and basic home management; (b) child care; (c) routine and emergency drug and alcohol screening and treatment services; (d) family crisis counseling; (e) routine and emergency mental health services; (f) respite care; (g) housing assistance; and (h) transportation. Families receive services that are appropriate to their specific situations based on the safety plan.

18. Current law requires DCF to allocate \$7,314,300 FED (TANF) annually for safety services, including \$541,400 for family intervention and support services in Milwaukee County, \$3,490,500 for intensive in-home services in Milwaukee County, and \$3,282,400 for in-home safety services in counties other than Milwaukee.

19. The bill would increase funding for child welfare safety services by \$1,986,600 in 2019-20 and \$2,877,600 in 2020-21 (Alternative D1). Although not specified in the bill, the administration indicates that the additional funding would support the continued expansion of services statewide. Under the bill, the total TANF funding that would be budgeted for safety services and for services for families with children placed in out-of-home care would be \$9,300,900 in 2019-20 and \$10,191,900 in 2020-21.

20. Alternatively, the Committee could provide for a smaller increase for child welfare safety services of \$1,000,000 FED in 2019-20 and \$2,000,000 FED in 2020-21 (Alternative D2).

Offender Reentry Program

21. Under 2017 Act 59, federal TANF block grant funding of \$187,500 in 2017-18 and \$250,000 in 2018-19 was provided to support a portion of a five-year offender reentry demonstration program to aid the successful community transition out of incarceration by noncustodial fathers in the City of Milwaukee via the Alma Center.

22. The program uses a cohort approach over three years. In the first year, participants receive services while incarcerated. In the second year, participants receive re-entry services, followed by a third year of follow up services. Each cohort serves 80 participants and family members also receive services (with an average of 2 family members per participant). One cohort (January, 2018, through December, 2019) is currently being served. An additional cohort will begin in January, 2020, through December, 2021, for a total of 160 participants served in the demonstration project period. DCF is required to conduct an evaluation of the demonstration project by June 30, 2023.

23. The target populations are offenders who are noncustodial parents that are expected to be released to the Milwaukee community and the members of their family and relationship network who will impact their re-entry process. The program is intended to create individual and family restoration, as indicated by reduced incarceration, improved ability to maintain stable employment, and increased financial and emotional support of children.

24. In 2018-19, DCF funding covers the costs of 20 of the current 80 slots. The remaining funding is provided by the Department of Justice, such as "Safe Neighborhood" and "Smart Reentry" grants (which provide one time funding of \$373,000 through February, 2020).

25. It is estimated that serving one cohort of 80 participants would cost \$775,000 annually, assuming a cost of \$9,688 per participant. Funding of \$50,000 annually would support program evaluation.

26. The bill would provide \$575,000 annually to increase TANF funding from \$250,000 in

2018-19 to \$825,000 annually for the costs to continue the offender reentry demonstration project (Alternative E1). Funding would replace one-time funding previously provided from the Department of Justice, fully fund direct services for 80 participants each year, and support the costs of program evaluation.

ALTERNATIVES

A. Boys and Girls Clubs of America

1. Approve the Governor's recommendation to: (a) allocate an additional \$1,400,000 FED (TANF) annually to increase grants to the Wisconsin Chapter of the Boys and Girls Club of America; and (b) repeal the provisions directing funding to the Green Bay and Milwaukee, Oshkosh, and Appleton Boys and Girls Clubs, and instead direct that, of the total amount budgeted for grants, up to \$1,400,000 in each fiscal year would be budgeted for the Be Great: Graduate program in the amount of matching funds the program provides.

ALT A1	Change to	
	Base	Bill
FED	\$2,800,000	\$0

2. Modify the Governor's recommendation by deleting provisions that would repeal the current statutory funding allocations for the Green Bay, Milwaukee, Oshkosh, and Appleton Boys and Girls Clubs, so that the current statutory funding allocations would be maintained.

ALT A2	Change to	
	Base	Bill
FED	\$2,800,000	\$0

3. Modify the Governor's recommendation by deleting provisions that would repeal the current statutory funding allocations for the Green Bay, Milwaukee, Oshkosh, and Appleton Boys and Girls Clubs. Instead, specify that DCF must allocate an annual amount to for the Green Bay, Milwaukee, Oshkosh, and Appleton Boys and Girls Clubs that is at least equal to the current statutory annual allocations.

ALT A3	Change to	
	Base	Bill
FED	\$2,800,000	\$0

4. Take no action.

ALT A4	Change to	
	Base	Bill
FED	\$0	-\$2,800,000

B. Wisconsin Community Services - "We Got This"

1. Approve the Governor's recommendation to: (a) allocate an additional \$25,000 FED (TANF) annually to increase grants for Wisconsin community services for the "We Got This" program; and (b) retitle the TANF allocation "Community grants."

ALT B1	Change to	
	Base	Bill
FED	\$50,000	\$0

2. Take no action.

ALT B2	Change to	
	Base	Bill
FED	\$0	-\$50,000

C. Child Welfare Prevention Services

1. Approve the Governor's recommendation to allocate an additional \$1,012,500 FED in 2019-20 and \$2,175,000 FED in 2020-21 from federal TANF block grant funds to increase child abuse prevention services.

ALT C1	Change to	
	Base	Bill
FED	\$3,187,500	\$0

2. Reduce funding in the bill by \$512,500 FED in 2019-20 and by \$675,000 FED in 2020-21 to allocate an additional \$500,000 FED in 2019-20 and \$1,500,000 FED in 2020-21 from TANF block grant funds to increase child abuse prevention services.

ALT C2	Change to	
	Base	Bill
FED	\$2,000,000	-\$1,187,500

3. Take no action.

ALT C3	Change to	
	Base	Bill
FED	\$0	-\$3,187,500

D. Child Welfare Safety Services

1. Approve the Governor's recommendation to allocate an additional \$1,986,600 FED in 2019-20 and \$2,877,600 FED in 2020-21 from federal TANF block grant funds to increase child welfare safety services.

ALT D1	Change to	
	Base	Bill
FED	\$4,864,200	\$0

2. Reduce funding in the bill by \$986,600 FED in 2019-20 and by \$877,600 FED in 2020-21 to allocate \$1,000,000 FED in 2019-20 and \$2,000,000 FED in 2020-21 from federal TANF block grant funds to increase child welfare safety services.

ALT D2	Change to	
	Base	Bill
FED	\$3,000,000	-\$1,864,200

3. Take no action on this item.

ALT D3	Change to	
	Base	Bill
FED	\$0	-\$4,864,200

E. Offender Reentry Program

1. Approve the Governor's recommendation to allocate an additional \$575,000 FED annually from federal TANF block grant funds to support the cost-to-continue the offender reentry demonstration program.

ALT E1	Change to	
	Base	Bill
FED	\$1,150,000	\$0

2. Take no action.

ALT E2	Change to	
	Base	Bill
FED	\$0	- \$1,150,000

Prepared by: John D. Gentry



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2019

Joint Committee on Finance

Paper #192

Background Checks -- Fee Collections (Children and Families -- Economic Support and TANF-Related Programs)

CURRENT LAW

Pursuant to recent changes in federal law, the Department of Children and Families (DCF) is required to ensure that certain background checks are conducted for child care workers, including name-based criminal history reviews and fingerprint scans.

DCF will provide funding for the Department of Justice (DOJ) to conduct fingerprint-based background checks for all new child care workers, including child care workers with a previous background check if there is a gap in child care employment that exceeds 180 days. DOJ will conduct fingerprint-based background checks for child care workers every five years thereafter. Operators, adult household members, caregiver employees, and caregiver volunteers are subject to an annual review of DOJ criminal history checks and records maintained by the Department of Health Services. Non-caregiver employees are not subject to the annual background check.

Current law does not specify who must pay for a background check. Currently, DCF charges child care providers a fee of \$39 for each background check. The fee funds the cost of the fingerprint capture (\$7.75) and the cost of the FBI and DOJ fingerprint-based background check (\$31.25). The cost of an annual DOJ name-based background check is currently \$10 for each individual. Background check fees collected by DCF are accounted for in the program revenue appropriation that funds child care licensing and certification activities.

GOVERNOR

No provision.

MODIFICATION

Create a new all monies received program revenue appropriation for the collection of fees

related to DOJ background checks. All funding collected by DCF under the appropriation would be transferred to DOJ for that purpose. Based upon estimates of fee collections, the amounts in the schedule would be \$2,040,000 in 2019-20 and \$886,000 in 2020-21. Reduce funding by corresponding amounts from a current PR appropriation that funds child care licensing activities [s. 20437(2)(jn)].

Explanation: Expenditures for programs funded with federal temporary assistance for needy families (TANF) block grant funds are specifically limited to the amounts allocated under Wis. Stat. § 49.175(1). DCF indicates that background check fees received and transferred to DOJ could overspend the amount allocated for child care administration simply by collecting more fees than estimated. Creating a new appropriation would remove the need to track such transfers as part of the TANF allocation for child care administration.

Prepared by: John D. Gentry

CHILDREN AND FAMILIES

Economic Support and TANF-Funded Programs

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
2	Wisconsin Works Benefits
9	Wisconsin Works Administrative Contracts
11	Transform Milwaukee and Transitional Jobs
18	Child Care Administration and Licensing
21	Caretaker Supplement
22	Emergency Assistance
23	State Administration of Wisconsin Works and Other Related TANF Programs (part)
27	Offender Reentry
31	TANF Revenue Adjustments
33	Child Care Background Check Modifications
34	Skills Enhancement Grant

LFB Summary Item Addressed in a Previous Paper

<u>Item #</u>	<u>Title</u>
20	Kinship Care (Paper #209)
26	Grant for Case Management Services for Homeless Individuals (Paper #115)

LFB Summary Items Removed From Budget Consideration

<u>Item #</u>	<u>Title</u>
3	Wisconsin Works Lifetime Limit on Participation
4	W-2 Education and Training Limits
5	Limits on Participation in W-2 Placements
6	W-2 Temporary Employment Match Program
7	W-2 Internet Service Provider Subscriptions
8	W-2 Caretaker of Infant Time Limit
10	Controlled Substance, Screening, Testing, and Treatment Eligibility Requirements
28	Earned Income Tax Credit
32	TANF Reallocation Approval