

# State of Wisconsin

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**John Nygren**

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Phone: (608) 266-2343

## Joint Committee on Finance

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Alberta Darling  
Representative John Nygren

Date: April 28, 2020

Re: 14-Day Passive Review Approval – DCF

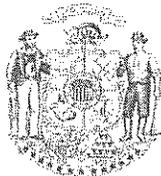
Pursuant to s. 16.54(2)(a)2, Stats., attached is a 14-day passive review request from the Department of Children and Families, received on April 28, 2020.

Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Friday, May 15, 2020**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AD:JN;jm



# Tony Evers

Office of the Governor | State of Wisconsin

April 28, 2020

The Honorable Alberta Darling, Co-Chair  
Joint Committee on Finance  
317 East, State Capitol  
Madison, WI 53702

APR 28 2020  
*St. Finance*

The Honorable John Nygren, Co-Chair  
Joint Committee on Finance  
309 East, State Capitol  
Madison, WI 53702

SUBJECT: Notification of Federal Block Grant

Dear Senator Darling, Representative Nygren and Members:

Attached is a request for the expenditure of additional Child Care and Development Block Grant funds being made available to the state by the Coronavirus Aid, Relief and Economic Security Act. Pursuant to s. 16.54(2)(a)2., the grant funds will be made available for encumbering through the allotment process, unless you notify me within 14 working days after the date of this notification letter that a meeting has been scheduled for the Joint Committee on Finance to review the proposed expenditure of grant monies.

Please also contact State Budget Director Brian Pahnke (266-1035) at the Department of Administration if you have any additional questions or if you schedule a meeting to review the proposed expenditure.

Thank you for your prompt attention to this notification letter.

Sincerely,

Tony Evers  
Governor

Attachments



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Governor Tony Evers  
Secretary Emilie Amundson  
Secretary's Office

DATE: April 27<sup>th</sup>, 2020

TO: Brian Pahnke, Administrator  
Division of Executive Budget and Finance  
Department of Administration

FROM: Emilie Amundson, Secretary

SUBJECT: s. 16.54 Request – Child Care and Development Block Grant (CCDBG) CARES Act Funding

The Department of Children and Families (DCF) requests, under s.16.54, Wis. Stats., authority to spend \$51.6 million FED Child Care and Development Block Grant (CCDBG) funding provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the appropriations under s.20.437(1)(mc) and (md).

DCF requests these funds to provide to support child care providers that have stayed open in order to serve the children of essential workers during the pandemic, hazard pay for the child care workers that are serving these children, to support child care providers that have been forced to close during the pandemic, and to cover administrative costs incurred in response to the COVID-19 emergency.

### **Revenue Sources**

The CARES Act provides \$3.5 billion FED under the Child Care and Development Block Grant, for payments to States to respond to the COVID-19 pandemic. Funding will remain available through September 30, 2021 and may be obligated by September 30, 2022. Wisconsin will receive \$51.6 million of the total grant increase.

### **Background**

Under Act 185, CCDBG funds received under the CARES Act shall be credited to the appropriations under s. 20.437(1)(mc) and (md), with those funds expended as provided under s.16.54(2)(a)2.

The CARES Act (Public Law 116-136), passed into law on March 27, 2020, contains provisions which increase funding for child care activities under the existing Child Care and Development Block Grant (CCDBG), with the following requirements that the funding:

- Will be provided to State, Territory, and Tribal Child Care and Development Fund (CCDF) Lead Agencies;
- May be used to provide continued payments and assistance to child care providers in the case of decreased enrollment or closures related to coronavirus, and to assure they are able to remain open or reopen;
- Can be used to provide child care assistance to health care sector employees, emergency responders, sanitation workers, and other workers deemed essential during the response to the coronavirus, without regard to the income eligibility requirements;
- Shall be available to eligible CCDF providers (e.g., meeting health and safety requirements, or eligible relative providers), even if such providers were not receiving CCDF assistance prior to the public health emergency as a result of the coronavirus, for the purposes of cleaning and sanitation, and other activities necessary to maintain or resume the operation of programs;
- May be used for any other allowable CCDF uses;
- Are exempted from the quality and direct services spending requirements;
- Can be used for allowable obligations incurred prior to enactment of the CARES Act; and
- Can be obligated by CCDF Lead Agencies in Fiscal Year (FY) 2020, FY 2021, or FY 2022.

This funding is supplementary to the FFY20 CCDBG award and must be used for the purposes stated above in a manner that does not supplant existing funding.

The COVID-19 pandemic has had a significant impact on the child care sector in Wisconsin. Due to declining enrollment and safety concerns, an estimated 40% of child care providers statewide have made the decision to close but continue to incur expenses such as unemployment insurance and rent. Providers that remain open, including those providing care for the children of essential workers, are incurring additional expenses to ensure the health and safety of staff, children, and families. These continued expenses threaten the stability of Wisconsin's child care sector.

The new programs proposed by DCF in this request aim to mitigate the effect of widespread disruption in the child care sector, while providing access to quality care for essential workers' children, and supporting child care employees who remain at risk by continuing to provide care during the pandemic. At this time, DCF anticipates approximately 2/3<sup>rd</sup> of the new funding will be used for the essential worker grant program with the remaining 1/3<sup>rd</sup> going towards the remaining two grant programs. DCF requests the flexibility to move funds between the three grant programs based on their need.

## Analysis

DCF plans to spend the new CCDBG funding in the following areas:

### Create a grant program for child care providers serving essential worker families

Under this program, “essential workforce” means employees, contractors, and other staff working in vital areas including health care; child welfare; long-term care; residential care; pharmacies; child care; government operations; critical infrastructure, such as sanitation, transportation, utilities, telecommunications, grocery, and food services; supply chain operations; and other sectors as determined by DCF.

Eligible applicants include regulated child care providers or organizations providing care in collaboration with a regulated child care provider. These applicants must:

- Prioritize and provide care for essential workforce families
- Follow the health and safety guidelines for child care providers as outlined by DCF
- Have a license or certification in good standing as outlined by DCF (or be in partnership with such a provider)

Funds are required to be used for payroll purposes and other allowable expenses, which include but are not limited to:

- Parent reimbursement for cost of care
- Mortgage/rent
- Utilities
- Materials/supplies for cleaning and sanitation

### Create a grant program to provide hazard pay to child care employees

This program would assist providers by providing monthly grants to certified child care providers, licensed child care centers, and child care providers contracted by or established by a school board in order to provide hazard pay to employees related to the public health emergency. All providers would be eligible regardless of whether they are providing care to families eligible for Wisconsin Shares.

This program will be limited to providers or individual educators (as identified by DCF) who provide care to children of essential workforce families.

Applicants for hazard pay grants must:

- Prioritize and care for essential workforce families
- Be currently open and providing care
- Follow the health and safety guidelines for child care providers as outlined by DCF
- Use the funds to pay current employees
- Have a license or certification in good standing as outlined by DCF (for regulated providers)

- Be identified as an individual educator by completing online information for DCF and passed a name-based background check (for individual educators)

Approximately 1,000 licensed group providers and 1,500 family providers remain open during the pandemic.

#### Create a grant program to support child care providers that have closed due to COVID-19

DCF would provide grants to certified child care providers, licensed child care centers, and child care providers contracted by or established by a school board that ceased operating because of the pandemic during the public health emergency. These grants would only cover lost revenue for services that would have been provided to families not eligible for Wisconsin Shares, and only if these families were not charged during the public health emergency. Providers that serve a mix of private pay and Wisconsin Shares children would be eligible for the closed provider grants, with the grant amount determined based on a proportion of private pay enrollment.

Eligible applicants include licensed or certified child care providers who are/were temporarily closed due to the COVID-19 pandemic.

Applicants must:

- Have a license or certification in good standing as outlined by DCF
- Be temporarily closed due to COVID-19 pandemic
- Plan to reopen in 2020
- Use funds to pay staff while program is closed

Approximately 1,200 licensed group and 350 certified or licensed family child care providers are temporarily closed.

#### Administrative Costs

DCF requests funds to cover administrative costs, which include costs incurred since the public health emergency declaration, including the costs for the creation and administration of the previously stated programs for hazard pay, essential workforce child care costs, and grants to closed providers, additional IT infrastructure enhancements, and the purchase and delivery of emergency supplies to the child care workforce.

Per CCDBG reporting requirements, spending on federal administrative activities will comprise no more than 5% of the newly awarded funds, approximately \$2.5 million.

#### Summary

DCF requests authority to spend \$51.6 million FED awarded from Child Care and Development Block Grant (CCDBG) funding provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the appropriations under s. 20.437(1)(mc) and (md). DCF will use the funds to support the child care providers that are serving the children of essential workers during

the pandemic, provide hazard pay to providers that remained open during the pandemic, , support child care providers that have been forced to close during the pandemic, and cover administrative costs incurred in response to the COVID-19 emergency.

Prepared By: Adam Hartung, Director  
Office of Budget and Policy  
(608) 422-6346

cc: Joel Brennan, Department of Administration