State of Wisconsin

SENATE CHAIR
Howard Marklein

316 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-0703

ASSEMBLY CHAIR
Mark Born

308 East, State Capitol
P.O. Box 8592
Madison, WI 53708-8953
Phone: (608) 266-2540

Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: August 20, 2021

Re: 14-Day Passive Review Approval – Federal Block Grant

Pursuant to s. 16.54(2)(a)2, Stats., attached is a 14-day passive review request from the Department of Administration, received on August 20, 2021.

Please review the material and notify **Senator Marklein** or **Representative Born** no later than **Thursday, September 9, 2021,** 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

HM:MB:jm

Tony Evers

OFFICE OF THE GOVERNOR

August 20, 2021

AUG 2 0 2021
Jt. Finance

The Honorable Howard Marklein, Co-Chair
Joint Committee on Finance
316 East, State Capitol
Madison, WI 53702

The Honorable Mark Born, Co-Chair
Joint Committee on Finance
308 East, State Capitol
Madison, WI 53702

SUBJECT: Notification of Federal Block Grant

Dear Senator Marklein, Representative Born and Members:

Attached is a request for the expenditure of the remaining additional Child Care and Development Block Grant funds made available to the state by the Coronavirus Response and Relief Supplemental Appropriations Act of 2021. Pursuant to s. 16.54(2)(a)2., the grant funds will be made available 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

Tony Evers
Governor

Date: 8/20/2021

Attachments

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
Tony Evers, Governor
Joel Brennan, Secretary

Date: August 16, 2021

To: The Honorable Tony Evers
Governor of Wisconsin

From: Joel Brennan, Secretary JB
Department of Administration

Subject: Notification of Federal Block Grant

Recommendation:

Approve the expenditure of funds from the federal Child Care and Development Block Grant (CCDBG) award as proposed by the Department of Children and Families.

Description of Purposes of Expenditure:

The Department of Children and Families requests under s.16.54, Wis. Stats., the authority to spend the remaining federal CCDBG funds provided by the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA) from the appropriations under ss. 20.437(2)(mc) and (2)(md) for grant programs to provide support to child care providers.

In December 2020, the federal government enacted the Consolidated Appropriations Act, 2021, which included the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 under which $10 billion of CCDBG funding was allocated to states, territories and tribes to supplement existing state funding for COVID-19 response. Wisconsin's allocation of this funding was $148.8 million. These funds must be obligated by September 30, 2022.

In March 2021, the department requested and received approval to commit $133.8 million of these funds in fiscal year 2020-21. The bulk of these funds ($106 million) was allocated to the Child Care Counts program to help child care providers weather the pandemic. The department developed the Child Care Counts program in calendar year 2020 to disperse funding received in earlier rounds of CARES Act funding. The program provides funding for child care providers to cover payroll, mortgage or rent, and utility costs, as well as the costs of materials and supplies for cleaning and sanitation.

At the time of the first request, the department indicated that it would submit a second request in fiscal year 2021-22 for expenditure authority for the remaining federal funds ($15 million) and for any underspending from fiscal year 2020-21. The department estimates fiscal year 2020-21 spending at $109.1 million and encumbrances of $16.5 million in contract obligations, leaving at least $8.2 million in underspending.

This request is outlined, by program area, in the table below:

Table 1: Proposed Allocation of Additional CCDBG Funding

SFY 22 Request	
Program	**Budget**
Private/Public Partnerships	$10,000,000
Workforce Training and Communication	$5,000,000
Shared Services	$5,500,000
Administration	$2,234,588
Child Care Counts: Any underspending from other s.16.54 approved programs and recoupments	TBD

Program for Business Purchasing Child Care Slots in Private/Public Partnerships

To aid businesses that are struggling to recruit and retain staff because of COVID-19's impact on the availability of accessible or affordable child care, this program would offer funding to businesses to purchase infant and toddler child care slots for their employees. Businesses receiving funding would commit to a 12-month purchase of the slots. The program would require matching funds from the businesses at levels to be determined by the department.

Workforce Training and Communications

Because entry-level trainings required for the early care and education workforce are outdated in content and delivery mechanisms, the department indicated that this funding would be used to develop an on-line curriculum, including best practices in early care and education, that would be translated into multiple languages and for varying abilities.

Funding for Shared Services Networks

Based on the Joint Committee on Finance approval in April 2021, a contract was established with the sole license holder in Wisconsin for shared services networks, Wisconsin Early Childhood Association, to provide these payments in fiscal year 2021-22. This funding will support the creation of new shared services networks and the expansion of existing ones. Shared services networks allow providers to lower administrative and overhead costs associated with payroll, benefits and purchasing of materials. Because many child care providers have limited business management experience and expend a proportionally large amount of resources for administrative functions, supporting shared services networks would help many child care providers maximize their limited resources.

Administrative Costs

Administrative expenses are capped at 5 percent of the award total under federal requirements. In the first request, the department anticipated administrative costs to include the implementation of information technology system changes and the hiring of limited term employees or contractors needed to execute its plan. Total administrative costs, which have been largely for contract staff and information technology costs, totaled

approximately $65,000 in fiscal year 2020-21. The remainder of the administrative funds are expected to be spent on staff support and contracted services for fiscal year 2021-22 and fiscal year 2022-23.

Child Care Counts: Underspending from other CRRSA programs and any recoupments

In addition to the approximately $106 million of the original requested $133.8 million that has already been spent on Child Care Counts in state fiscal year 2020-21, the department is requesting to dedicate any recoupments and the remainder of underspending from other CRRSA programs towards the Child Care Counts program.

Summary

The above outlined program proposals are consistent with federal requirements and guidance for the additional grant funding. Based on timing, the department initially requested the authority to expend $133.8 million of the $148.8 million award in fiscal year 2020-21. This fiscal year 2021-22 request includes the remaining unobligated $15 million of CRRSA funds, renewed expenditure authority for shared services, unspent administrative funding, any recouped amounts for Child Care Counts, and authority to repurpose any potential underspending from already approved CRRSA programs on the Child Care Counts Program.

Prepared by: Jennifer Kraus
266-5878

Wisconsin Department of Children and Families

Governor Tony Evers
Secretary Emilie Amundson
dcf.wisconsin.gov

DATE: August 9th, 2021

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) Consolidated Appropriation Act Funding

The Department of Children and Families (DCF) requests, under s.16.54(2)(a)(2), Wis. Stats., authority to spend the remaining funds from the $148.8 million CCDBG award amount in State Fiscal Year 22 (SFY 22) in the appropriations under §20.437(2)(mc) and §20.437(2)(md). This funding was provided by the Coronavirus Response and Relief Supplemental Act (CRRSA) as part of the Consolidated Appropriations Act (CAA). At this time, DCF estimates spending at $109.1 million in SFY 21 while encumbering $16.5 million in contract obligations for the programs previously approved. This request seeks approval to spend the additional unobligated $15 million, the remaining administrative funds, funds for the Shared Services program, any funds recouped from the Child Care Counts Program and any underspending from the DCF CRRSA programs for a total of $148.8 million.

This is the second request, which is directly related to the plan approved by the Joint Committee on Finance (JFC) on April 1, 2021 which authorized DCF to spend $133.8 million of the CRRSA funding with the understanding that DCF would submit this second request in SFY 22 to approve the $15 million unobligated portion of the award and any underspending from the SFY 21 funds as shown in Appendix A below.

This request is outlined, by program area, in the table below:

SFY 22 Request	
Program	**Budget**
Private/Public Partnerships	$10,000,000
Workforce Training and Communication	$5,000,000
Shared Services	$5,500,000
Administration	$2,234,588
Child Care Counts: Any underspending from other s.16.54 approved programs and recoupments	TBD

Revenue Sources

The CRRSA provides $10.0 billion under the Child Care and Development Block Grant, for payments to States to respond to the COVID-19 pandemic. Wisconsin has received $148.8 million of the total grant increase. Awarded funds must be obligated by September 30, 2022 and would be used according to the plan below.

Background

The Coronavirus Response and Relief Supplemental Act (Public Law 116-260), passed into law on December 27, 2020, contains provisions which increase funding for child care activities under the existing CCDBG, including the following provisions, among others:

- Funds may be used to help providers to remain open or reopen as appropriate and applicable, including for fixed costs and increased operating expenses;
- States, Territories, and Tribes are encouraged to place conditions on payments to child care providers that ensure that child care providers use a portion of funds received to continue to pay the salaries and wages of staff;
- Lead agencies may use funds to support the stability of the child care sector to help providers afford increased operating expenses during the COVID–19 public health emergency; and,
- States, Territories, and Tribes shall use a portion of these funds to provide assistance to eligible child care providers that were not receiving CCDBG 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, including for fixed costs and increased operating expenses.

The Joint Committee on Finance (JFC) approved a plan on April 1, 2021 which authorized DCF to spend the vast majority of the $133.8 million of the CRRSA funding on the following programs:

- $106 million on the Child Care Counts program
- $10 million on the Technology Access program
- $10 million on the Workforce Recruitment and Retention program

Contracts have been established and funds have been obligated for the Technology Access program and the Workforce Recruitment and Retention program.

Analysis

Through this request, as described below, DCF is seeking authority to spend the remaining unobligated $15 million of CRRSA funds, recouped amounts for Child Care Counts, funding for

the previously approved Shared Service Network program, unspent administrative funding from SFY 21, and any potential underspending from the already approved CRRSA programs on the Child Care Counts Program.

Program for Business Purchasing Child Care Slots: $10 million

In an effort to help businesses that are struggling to recruit and retain staff because of a lack of child care, this program would offer funding to promote businesses purchasing child care slots for their employees. Preference for this program would be given to small and medium-size businesses. Businesses receiving the funds would commit to a minimum 12-month purchase of slots in regulated child care programs. The program would require matching funds from businesses, which will allow them to transition to a sustainable child care support program for their employees and diversify revenue for child care providers.

Workforce Training and Communications: $5 million

Currently, the entry level trainings that are required for early care and education (ECE) workforce are outdated in content and often inaccessible to educators who have a disability, live in rural or tribal communities without access to broadband, do not have appropriate technology, speak a language other than English, or do not live near a higher education institution.

Funding would be used to modernize curriculum, so that they include current best practices in ECE, including around health and safety. In addition, funding would allow these required courses to be made available online and in-person so they can be accessed throughout Wisconsin. The trainings also would be translated into multiple languages and for varying abilities. This program will make the process of entering the ECE workforce easier and more accessible for rural and tribal communities, multi-lingual educators, and individuals with disabilities.

Child Care Counts: Underspending from other DCF CRRSA programs and any recoupments

The vast majority of the CRRSA funding was used for the Child Care Counts program, which is the same program that was developed when DCF received earlier rounds of CARES Act funding in CY 2020. Approximately $106 million of the original requested $133.8 million was spent in SFY 21 on Child Care Counts. The Department conducted two rounds of funding in the spring and summer and distributed approximately $60,000,000 and $46,000,000, respectively. In addition to the amounts budgeted specifically for Child Care Counts, any recoupments identified and the remainder of underspending from other CRRSA programs will go towards the Child Care Counts program.

Funding for Shared Services Networks: $5.5 million

Based on the JCF approval from April 2021, a contract has been established with the sole license holder in Wisconsin for shared services networks, Wisconsin Early Childhood Association (WECA), to provide these payments in SFY 22.

Child care programs expend large amounts of resources to complete administrative functions and providers often have minimal experience in business management. With child care businesses operating on thin margins, and COVID-19 highlighting the need for sustainable business models, shared services networks aim to maximize resource efficiencies. They allow child care providers to lower administrative and overhead costs associated with payroll, benefits, and purchasing of materials.

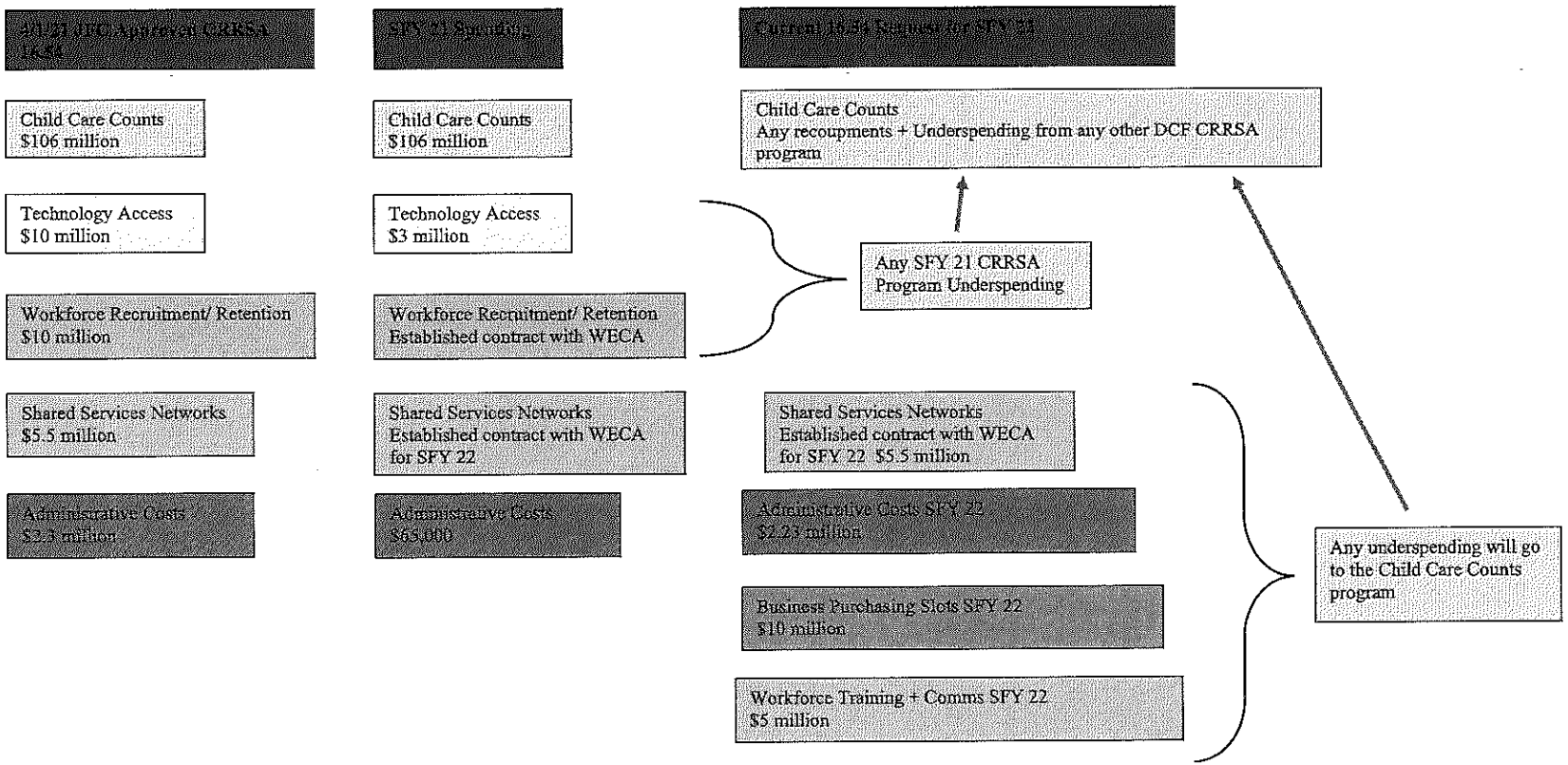
Administrative Funds: $2.23 million

Administrative costs for CRRSA programs have totaled approximately $65,000 in SFY 21. This consists largely of contract staff and IT costs. The remainder of the administrative funds are expected to be spent on staff support and contracted services for SFY 22 and SFY 23.

Summary

DCF requests authority to spend the remaining funds from the $148.8 million FED from the CCDBG funding provided by the Coronavirus Response and Relief Supplemental Act. DCF will continue to use the funds to support child care providers during the pandemic, increase technology access for providers, workforce recruitment and retention, funding for shared services networks, purchasing of child care slots, workforce training, and associated administrative costs. This request includes the unobligated $15 million of CRRSA funds, recouped amounts for Child Care Counts, Shared Services, unspent administrative funding, and any potential underspending from the already approved CRRSA programs on the Child Care Counts Program.

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

cc: Joel Brennan, Department of Administration

Appendix A: DCF s.16.54 CRRSA Spending Request Overview