

State of Wisconsin

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Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: June 29, 2023

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 June 29, 2023.

Please review the material and notify **Senator Marklein** or **Representative Born** no later than **Wednesday, July 19, 2023**, 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

June 27, 2023

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 American Rescue Plan Act. 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,

A handwritten signature in cursive script that reads "Tony Evers".

Tony Evers
Governor

Date: June 29, 2023

Attachments

JUN 29 2023
JT. Finance



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Kathy Blumenfeld, Secretary
Brian Pahnke, Administrator

Date: June 26, 2023

To: The Honorable Tony Evers
Governor of Wisconsin

From: Kathy Blumenfeld, Secretary ^{DS}
Department of Administration *KB*

Subject: Notification of Federal Block Grant Modification

Recommendation:

Approve a modification to the expenditure of funds from the federal Child Care and Development Block Grant (CCDBG) Supplemental Discretionary 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 any unexpended federal American Rescue Plan Act (ARPA) Supplemental Discretionary funding in state fiscal year 2023-24.

The American Rescue Plan Act of 2021 included significant investments in the child care sector through three different funding streams, all aimed at supporting the industry during the COVID-19 pandemic. One of the funding streams is the CCDBG Supplemental Discretionary Grant funds, of which Wisconsin received just over \$223.2 million. These funds must be obligated by September 30, 2023, and fully expended by September 30, 2024.

In February 2022, the department requested and received approval to expend \$194,011,538 of the unallocated federal CCDBG Supplemental Discretionary funds from the federal appropriations under ss. 20.437(2)(mc) and (2)(md) to continue the Child Care Counts program as well as to fund new and expanded aids programs that were aimed at increasing healthy child development, supporting families and the early childhood workforce, and associated administrative costs. Consistent with the motion approved by the Joint Committee on Finance, the department intends to use any underspending from any allocation at the end of fiscal year 2022-23 on the Child Care Counts program in fiscal year 2023-24.

As part of the 2021-23 biennial budget, \$29.2 million was appropriated to Wisconsin Shares subsidies, \$11 million in fiscal year 2021-22 and \$18.2 million in fiscal 2022-23. However, due to Wisconsin Shares underspending in fiscal year 2021-22, the department was unable to utilize this funding because of federal regulations which stipulate that the ARPA funding may not be used to supplant Temporary Assistance to Needy Families (TANF) funding. Therefore, the department requests to spend the remaining \$11 million of ARPA on the Child Care Counts program in fiscal year 2023-24.

The Honorable Tony Evers, Governor
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June 26, 2023

As you know, the department developed the Child Care Counts program in calendar year 2020 to distribute funding received in earlier rounds of the Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020 allocation and then from ARPA. The program provided funding for child care providers that remained open or temporarily closed to cover payroll, mortgage or rent, and utility costs, as well as the costs of materials and supplies for cleaning and sanitation. The program has provided funding stability to many child care providers across the state both during and after the pandemic.

In addition, the department requests fiscal year 2023-24 expenditure authority to fully expend the funding previously approved for administrative support of the programs. As part of the February 2022 approved motion, \$2,918,173 was allocated for administration costs. The department has expended approximately \$700,000 in fiscal year 2022-23 as it has first been utilizing the ARPA Stabilization funding and has now moved to use ARPA Supplemental funding.

Administrative costs will continue to include contracts and personnel related to the following activities:

- **Child Care Related Systems (IT):** Updating IT system to accommodate the child care for vulnerable populations pilot, including modifications to eligibility and authorization systems, user acceptance testing and quality assurance;
- **Dashboard and Reporting (IT):** Ensuring program data is available and accurate, updating online dashboards, creating reports, and responding to internal and external data requests;
- **Communications:** Helping providers and families understand and access these programs; creating user guides, weekly listserv messaging to providers, counties, tribes and other stakeholders; social media posts; updating the department website including program overviews and Frequently Asked Questions; additional outreach to raise awareness of each program to providers, families and other stakeholders as appropriate;
- **Call Center:** Handling incoming calls and emails related to Child Care Counts; answering questions regarding eligibility, policies and application process; inputting applications over the phone for providers without internet access; providing support in multiple languages;
- **Financial Integrity:** Setting up correct coding for federal reporting, overseeing electronic payments, handling manual check payments, payment recoupment tracking, and reviewing terms and conditions and related communication; and
- **Program Integrity and Evaluation:** Ensuring that application information is accurate, ensuring that program terms and conditions are met and properly applied, monitoring and evaluating impact of funding on program objectives, communication with providers around documentation required for audits, internal and external auditing of programs, and reporting of audit results.

If the remaining ARPA Supplemental Discretionary funding is not obligated by the September 2023 obligation deadline, the remaining funding would lapse back to the federal government.

Prepared by: Olivia Rice
266-5468



Wisconsin Department of
Children and Families

Governor Tony Evers
Secretary Emilie Amundson
dcf.wisconsin.gov

DATE: June 23, 2023

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) American Rescue Plan Act (ARPA)

The Department of Children and Families (DCF or “the Department”) requests, under s.16.54(2)(a)(2), Wis. Stats., authority to spend up to the total remaining award from the Supplemental Discretionary CCDBG award amount in State Fiscal Year 2024 (SFY 24), in the appropriations under §20.437(2)(mc) and §20.437(2)(md). This funding was provided by the American Rescue Plan Act (ARPA). The total Supplemental award is \$223,211,538.

Under this proposal, DCF would spend any funds remaining at the federal obligation deadline from previously JCF approved ARPA aids programs along with the \$11 million in unspent ARPA funds originally allocated via 2021 Wisconsin Act 58, the 2021-23 Biennial Budget, for Wisconsin Shares subsidies in SFY 22 on the Child Care Counts program in SFY 24.¹

On February 9, 2022, the Joint committee on Finance (JCF) approved a request to spend the majority of ARPA supplemental funding. Consistent with the approved s.13.10 motion, DCF plans to use underspending from any allocation after SFY 23 on the Child Care Counts program in SFY 24.

Additionally, under this proposal, DCF would spend the remaining, previously approved administrative budget, \$2,918,713 in total, in ARPA supplemental funding in SFY 24.

Revenue Sources

The ARPA provided \$14.9 billion under the Child Care and Development Block Grant for Supplemental Discretionary funding. Wisconsin has received \$223.2 million of the total grant increase. Awarded funds must be obligated by September 30, 2023, liquidated by September 30, 2024.

Background

¹ DCF’s requests to spend ARPA Supplemental funds was approved under the procedures of Wis. Stat. § 13.10 on February 9, 2022.

The Child Care Supplemental Grants were appropriated in the American Rescue Plan Act (ARPA) (Public Law 117-2) signed into law on March 11, 2021. It appropriated funding for child care through three funding streams.

These funding streams include:

- \$14,990,000,000 for CCDF Supplemental Discretionary Funds, available until September 30, 2024;
- \$23,975,000,000 for child care stabilization grants, available until September 30, 2023; and,
- \$3,550,000,000 in Mandatory and Matching funding for CCDF, a permanent annual appropriation.

Wisconsin was awarded:

- \$223.2 million for CCDF Supplemental Discretionary Funds, \$194.0 million of which was approved by the Joint Committee on Finance(JCF) on February 9, 2022;
- \$357 million in Child Care Stabilization Grant, which was approved by JCF on November 1, 2021; and,
- \$9 million for Mandatory and Matching funding for CCDF, which was appropriated and allocated in the 2021-23 biennial budget.

In accordance with the federal guidelines, DCF may use these ARPA Supplemental funds for allowable CCDF uses and to provide child care assistance to workers deemed essential during the COVID-19 pandemic. Quality spending and direct services spending requirements do not apply to Supplemental funds. Administrative costs cannot exceed 5 percent of the total award. These funds may not supplant other federal, state, and local public funds expended to provide child care services for eligible individuals.

Originally, \$29.2 million of ARPA Supplemental funding was appropriated and allocated to Wisconsin Shares subsidies as part of 2021 Wisconsin Act 58, the 2021-23 biennial budget; \$11.0 million in SFY 22 and \$18.2 million in SFY 23. These funds could not be spent in SFY22, as overall Wisconsin Shares underspending caused lower spending from the Temporary Assistance for Needy Families (TANF) grant. ARPA Supplemental federal regulations state that ARPA funding may not be used to supplant TANF funding based on FFY 20 expenditures, and spending ARPA on WI Shares Subsidies while spending less TANF than previous years would have violated this requirement. DCF plans to spend the allocated \$18.2 million on Wisconsin Shares in SFY 23, as Wisconsin shares expenditures are at a level which allow it to meet the TANF spending requirement.

Analysis

DCF's request to spend the Supplemental funding in the following areas using SFY 24 authority, up to their allocated amounts and within the overall award amount. All other aids programs previously approved are encumbered under existing contracts.

Child Care Counts (CCC)

Redirect unobligated funding from the other ARPA-funded programs to CCC. This includes the unspent \$11 million of ARPA funding originally allocated to Wisconsin Shares subsidies. Below is description of the CCC eligibility and program design.

Eligibility:

Open providers would be eligible for Programs A and B under this proposal. Temporarily closed providers would only be eligible if they are closed because of a COVID-19 exposure.

Program A: Increasing Access to High-Quality Care

Program A is based on per child payments to providers, and the funds would be used by providers to cover operating expenses and program quality improvements. The per child payments are based on the following factors:

- Age;
- Part-time or full-time (20 hours or fewer for part-time, 21 hours or more for full-time);
- Participation in Wisconsin Shares

Allowable uses for funding would be:

- Covering operating expenses including but not limited to rent/space costs, utilities, insurance, and payroll/benefits;
- Expenses related to mitigating the risk of COVID-19, including but not limited to personal protective equipment (PPE) and supplies for cleaning and sanitation;
- Materials/supplies for enhancing the program environment, curriculum, and social emotional development supports;
- Mental health services for children and employees;
- Relief from copayments and tuition payments for families who receive Wisconsin Shares

Program B: Funding Workforce Recruitment and Retention

Program B is based on per staff payments to providers and is designed to enhance staff compensation and professional development opportunities. The per staff payments are based on the following factors:

- Part-time or full-time (20 hours or fewer for part-time, 21 hours or more for full-time)
- YoungStar rating

Allowable uses for funding would be:

- Employee wage increases, bonuses, and benefits; and
- Professional development, training, scholarships, and/or continuing education.

ARPA Supplemental Program Administration

The Department is projected to spend approximately \$700,000 of the previously approved \$2.9 million in administrative funds in SFY 23 and plans to spend the remainder in SFY 24. DCF has largely been using the approved administrative funding from the ARPA Stabilization funding and will now move to using ARPA Supplemental funding in SFY 24 to support the necessary administrative functions related to the previously approved programs and Child Care Counts.

Administrative costs will continue to include contracts and personnel related to the following activities:

- **Child Care Related Systems (IT):** IT updates to accommodate the child care for vulnerable populations pilot, including modifications to eligibility and authorization systems, user acceptance testing, and quality assurance
- **Dashboard and Reporting (IT):** Ensure program data is available and accurate, update online dashboards, create reports, and respond to internal and external data requests
- **Communications:** Help providers and families understand and access these programs; create user guides, weekly listserv messaging to providers, counties, tribes, and other stakeholders; social media posts; updates to DCF website including program overviews and Frequently Asked Questions (FAQs); additional outreach to raise awareness of each program to providers, families, and other stakeholders as appropriate
- **Call Center:** Handle incoming calls and emails related to Child Care Counts; answer questions regarding eligibility, policies, and application process; input applications over the phone for providers who do not have internet access; provide support in multiple languages
- **Financial Integrity:** Setting up correct coding for federal reporting, overseeing FIS (electronic) payments, handling manual check payments, payment recoupment tracking, and review of terms and conditions and related communication
- **Program Integrity and Evaluation:** Ensure that application information is accurate, ensure that program terms and conditions are met and properly applied, monitor and evaluate impact of funding on program objectives, communication with providers around documentation required for audits, internal and external auditing of programs, reporting of audit results.

Summary

DCF requests SFY 24 budget authority to spend up to the total remaining federal award amount from the CCDBG supplemental funding provided by the American Rescue Plan Act. DCF will use the funds for Child Care Counts and administration costs.

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