

GOVERNOR'S VETO MESSAGE

March 29, 2024

To the Honorable Members of the Assembly:

I am vetoing **Assembly Bill 388** in its entirety.

This bill establishes a child care center renovations revolving loan fund and program at the Wisconsin Economic Development Corporation, to be funded with the \$15,000,000 GPR reserved in the Joint Committee on Finance's supplemental appropriation during the 2023-25 biennial budget. Under the program, the corporation would award interest-free loans to licensed or certified child care providers or to those individuals who demonstrate that they will be licensed or certified within one year, for renovations of child care facilities. The child care provider must submit a business plan and 3-year financial forecast demonstrating that they will be able to repay the loan. If enrollment is not established or maintained after the loan is received, the corporation must terminate the loan agreement, and the child care provider must immediately repay the outstanding loan balance. The bill requires the corporation to award 60 percent of the funds to in-home child care providers, in awards not to exceed \$30,000, and 40 percent to child care providers that are not in-home child care providers, in awards not to exceed \$95,000.

I am vetoing this bill in its entirety because I object to the Wisconsin State Legislature's failure to address the looming child care industry fiscal cliff that, if unaddressed, will have serious consequences for our state's workforce and economy, including thousands of projected child care programs closures, child care job losses, tens of thousands kids without child care, and half a billion dollars in economic impacts between parents leaving the workforce and reduced employer productivity. The state must make the meaningful, sustainable investments necessary to stabilize the crucial child care industry and prevent its collapse.

I also further object to limiting the Wisconsin Economic Development Corporation's flexibility in disbursing these funds to child care providers given the Legislature's refusal to make substantial investments to bolster our state's child care industry and help keep child care providers open to support our state's workforce.

Finally, I believe that the funding that was made available in the 2023-25 biennial budget should be distributed as grants to child care providers instead of loans. As a loan balance would have to be immediately repaid if a child care provider is unable to maintain enrollment, even based upon factors beyond their

control, many providers, especially new providers, may be hesitant to accept these loans.

Making critical, long-term investments in our child care industry to maintain and expand access to child care in Wisconsin and reduce out-of-pocket child care costs for working families is about doing what is best for our kids, our families, and our economy. I remain hopeful the Legislature will join me in this important work.

Respectfully submitted,
TONY EVERS
Governor