

# WISCONSIN 2009-11 STATE BUDGET RESULTS

In a surprising development, the state budget added \$27 million to the Wisconsin Shares child care subsidy program. Governor Jim Doyle signed the 2009-11 state budget on June 29, 2009, just before the end of the state fiscal year. This is the first time the state budget has been completed on time since 1997. This issue summarizes the key provisions in the new budget related to early care and education.

To put the budget deliberations in context, the state was facing a \$6.6 billion budget deficit as the budget was put together, the largest deficit in state history. So any funding increases were noteworthy, and many programs received large cuts. Overall, early care and education did not receive serious cuts, and the Wisconsin Shares child care subsidy program got a significant boost. Here is a summary of final provisions in the budget.

## A. CHILD CARE

### 1. Wisconsin Shares Gets \$27 Million Increase

The state budget added \$27 million to the Wisconsin Shares child care subsidy budget when compared to the final 2008-09 allocation of \$375 million (the original budget was adjusted by two budget adjustment bills). However, if the new budget for Shares is compared to the *original* budget for 2008-09, the increase is \$67.8 million. Given the severe budget deficit, the increase was an extraordinary increase demonstrating a strong commitment to the Wisconsin Shares program.

The Legislature clearly gave high priority to Wisconsin Shares, adding funds to help the program keep up with growing caseloads and to make it possible to reject several cost-saving proposals in the Governor's budget. The final budget addressed key Wisconsin Shares policies as follows:

- ***Attendance-based reimbursements:*** The Legislature rejected a proposal to reimburse child care providers only for hours when children were attending. Under the final budget provisions, child care providers will continue to be paid based on hours *authorized*.
- ***Family copayments:*** The Legislature rejected a proposal to raise family copayments.
- ***Waiting lists:*** The Legislature rejected a proposal to authorize implementation of a waiting list if funding is insufficient to meet demands.
- ***Income eligibility:*** The final bill changes income eligibility rules by counting as income court-ordered child support or family support payments only if the amount exceeds \$1,250 per month.

- **Freezing provider payments:** The budget left payment rates frozen for the biennium, but modified the provision so that the freeze would no longer apply after June 30, 2011. Child care reimbursement rates will remain frozen at 2006 levels during the 2009-10 biennium.
- **Adjusting authorizations:** The final bill also included a provision to adjust the number of hours authorized for child if there is a pattern of underuse. The Governor adjusted the provision by veto so that the hours authorized will be adjusted if there is an average usage of less than 60 percent over a six-week period. The new provision was based on a proposal made by the Wisconsin Early Learning Coalition.
- **Limit on hours:** Children are limited to 12 hours of care, except in unusual situations.

The bill also addressed fraud and overpayment in the Wisconsin Shares program, funding an integrity unit to investigate fraud, increasing enforcement authority, funding other efforts to increase fiscal integrity in the Wisconsin Shares program.

Wisconsin Shares is the single largest budget item related to early care and education. The program has grown steadily in recent years, so that now about 60,000 children from 34,000 families are served monthly.

The final budget allocates \$385 million in 2009-10 and \$402.5 million in 2010-11 for Wisconsin Shares.

## **2. Child Care Quality Improvement—Little Change; Funding for Quality Rating and Improvement System Rejected**

Overall there was a modest increase in child care quality improvement funding. Originally, the Governor had proposed a significant increase (\$2.7 million) to implement a child care quality rating and improvement system, and then the Department of Children and Families proposed to add an additional \$2.5 million for quality improvement, to total \$5.2 million over the biennium—all from new federal stimulus funding made available to the state and earmarked for quality.

However, Legislative action eliminated the proposal for the quality improvement system, but directed the Department of Children and Families to return to the Joint Finance Committee with a detailed plan for a system by June 30, 2011. The final budget flat funded other quality improvement items, except for a significant increase in the child care licensing budget and a modest increase in child care resource and referral (\$73,600 per year). The table below compares base funding in 2008-09 with the annual line items for child care quality in the new budget:

<b>QUALITY IMPROVEMENT LINE ITEMS</b>	<b>2008-09 base</b>	<b>Annual Allocations in 2009-11 budget</b>
TEACH/REWARD scholarships and stipends	\$3,475,000	\$3,475,000
CCR&R (child care resource and referral)	1,225,000	1,298,600
Child care licensing	4,800,000	5,763,900
Technical Assistance & Child Care Information Center	611,000	611,000

Advocates for the Quality Rating and Improvement System and other child care quality investments anticipated that the federal stimulus funding would result in an increase of over \$5 million in the child care quality budget over the biennium. But the Legislature decided to move the federal funding to shore up Wisconsin Shares by a fiscal maneuver (backing TANF funds out of the Child Care and Development Fund). The shifting of funds reduced the dollar amount Wisconsin had to spend on quality in order to meet the federal “four percent for quality” requirement by \$5 million.

**B. 4-YEAR-OLD KINDERGARTEN (4K) – Start-up Grants Continue, with a Reduction in the 2<sup>nd</sup> Year.**

4K start-up grants will continue in both years of the 2009-11 biennium, with \$3 million in year one, and \$1.5 million in year two. The base level was \$3 million in 2008-09. The priority for 4K start-up grants is for school districts using “community approaches” to 4K delivery.

**C. HEAD START SUPPLEMENT- Reduced 3.5%**

The budget included a 3.5 % cut in the state supplement to Head Start, along with 25 other categorical aids programs.

**D. HOME VISITING- No Increase**

The amount of funding for home visiting stayed the same, and no significant changes were made to the program.

**E. CHILD CARE TAX DEDUCTIONS- Delayed 2 Years**

Child care tax deductions originally passed in the 2007-09 budget and then delayed, were postponed until tax year 2011.

**For more Information on the state budget:**

Go to WCCF's matrix that tracks a wide range of children and families issues through the budget process:

[http://www.wccf.org/pdf/budget\\_summary\\_2009-11\\_analysis\\_AB75.pdf](http://www.wccf.org/pdf/budget_summary_2009-11_analysis_AB75.pdf)

To see WCCF's response to the final budget, go to:

[http://www.wccf.org/pdf/budget\\_final\\_response\\_063009pr.pdf](http://www.wccf.org/pdf/budget_final_response_063009pr.pdf)

**(July 3, 2009/Dave Edie, WCCF Early Education Policy Analyst)**