

The Child Care Budget for 2003-05 A Graphic Look at the DWD Recommendations

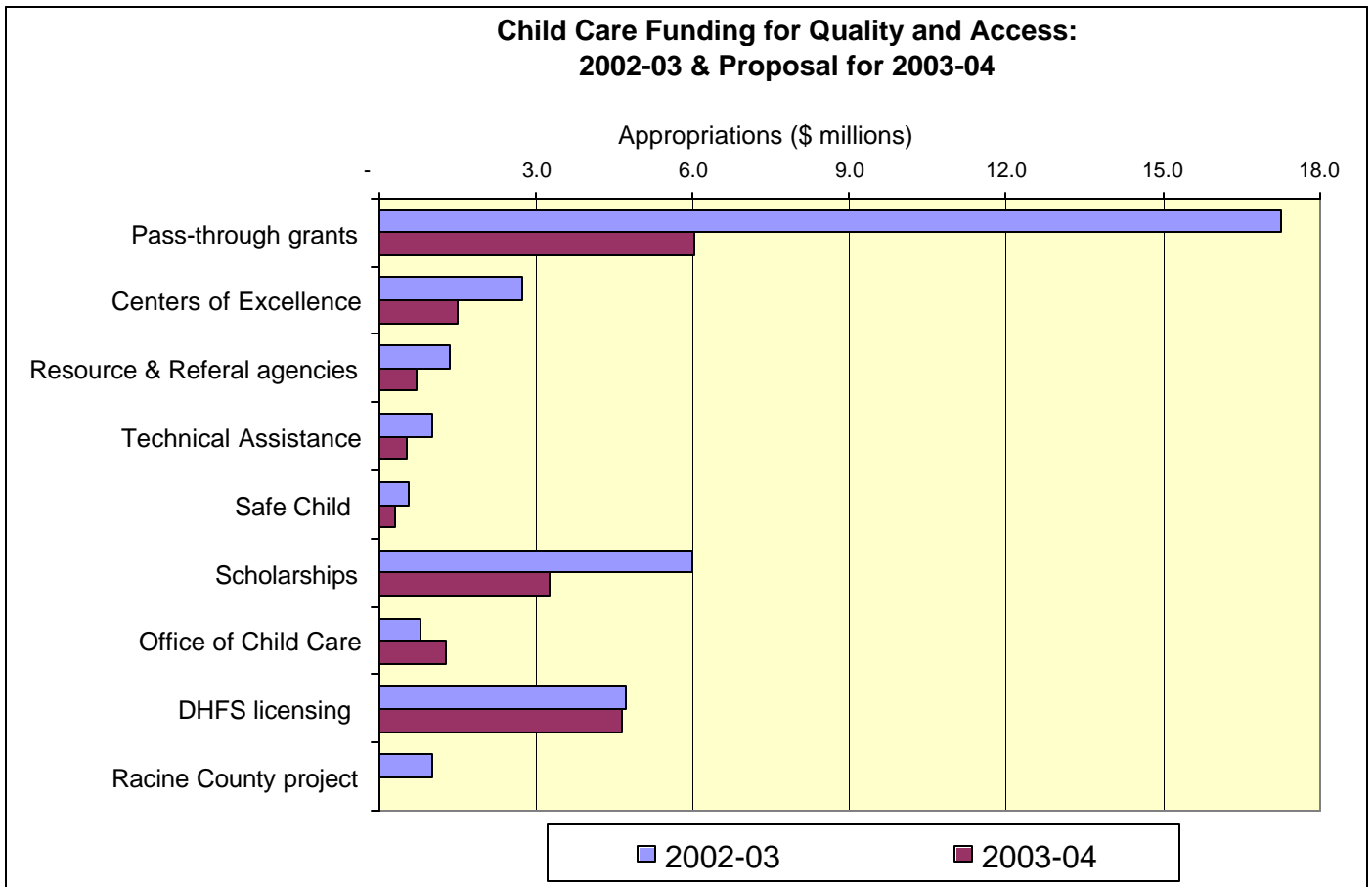
The Department of Workforce Development (DWD) submitted its recommendations for child care and Wisconsin Works (W-2) funding in mid-November. The following charts and tables illustrate the DWD recommendations and show “graphically” why an infusion of funding is needed to maintain the current child care programs in Wisconsin.

Most of the financing for child care programs in Wisconsin comes from the federal welfare reform block grant funds known as Temporary Assistance to Needy Families (TANF). However, Wisconsin has developed a large structural deficit in its TANF budget. The department calculates that this imbalance

between incoming TANF funds and the state’s current TANF expenditures is currently \$94 million per year.

The DWD budget proposal freezes funding for the Wisconsin Shares child care subsidy program, despite the steadily rising enrollment and costs in that program. The proposal eliminates the \$3.7 million TANF appropriation for Head Start and substantially cuts the grant program for local governments.

The chart below shows the cuts in that grant funding and in the various programs designed to preserve and improve child care access and quality in Wisconsin.



DWD's Proposed Child Care Appropriations: 2003-05
(compared with the 2002-03 base)

	Base		DWD Proposal		\$ Change		% Change	
	2002-03	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	
Wisconsin Shares	305,550,000	305,550,000	305,550,000	0	0	0	0	
Head Start	3,712,500	0	0	(3,712,500)	(3,712,500)	(100)	(100)	
Centers of Excellence	2,750,000	1,483,800	1,464,000	(1,266,200)	(1,286,000)	(46)	(47)	
Indirect Child Care								
Quality Demo - Racine	1,000,000	0	0	(1,000,000)	(1,000,000)	(100)	(100)	
Resource & Ref. Agencies	1,355,300	731,300	721,500	(624,000)	(633,800)	(46)	(47)	
Technical assistance	995,300	537,000	529,800	(458,300)	(465,500)	(46)	(47)	
Scholarship & Bonus	6,007,200	3,247,200	3,198,000	(2,760,000)	(2,809,200)	(46)	(47)	
Safe Child	580,000	312,900	308,800	(267,100)	(271,200)	(46)	(47)	
DHFS Licensing	4,733,700	4,641,100	4,742,200	(92,600)	8,500	(2)	0	
Office of Child Care	786,500	1,277,600	1,277,600	491,100	491,100	62	62	
Indirect - Subtotal	15,458,000	10,741,100	10,760,900	(4,716,900)	(4,697,100)	(31)	(30)	
Pass-through Grants	17,481,100	6,026,800	6,026,800	(11,226,400)	(11,226,400)	(65)	(65)	
TOTAL	344,951,600	323,801,700	323,801,700	(17,209,500)	(17,209,500)	(5)	(5)	

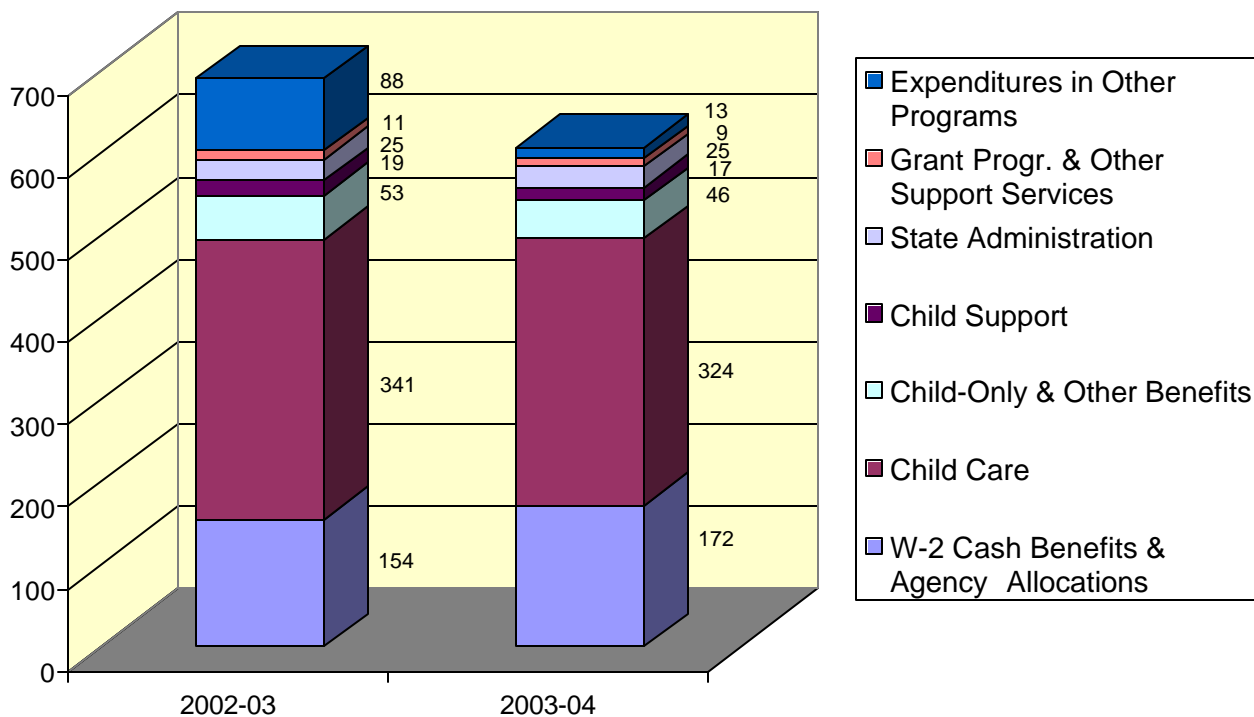
(A brief description of the various child care programs can be found in Appendix 1.)

Notes about the proposed appropriation levels:

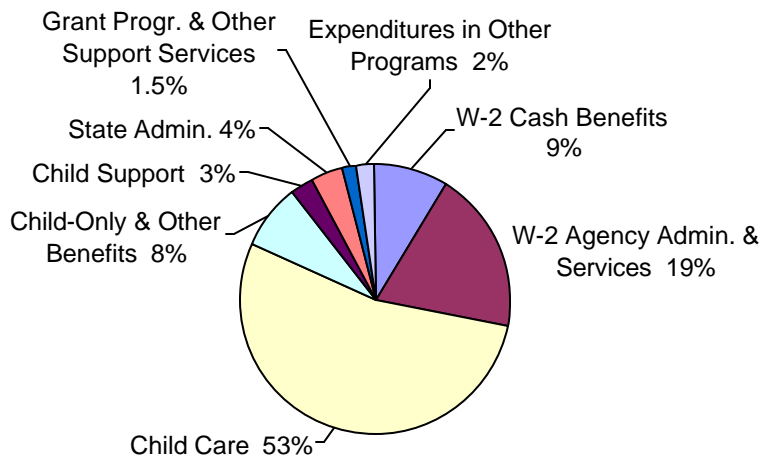
- *Total funding level* – The DWD budget assumes that federal TANF funding will be continued at the FY 2002 level and that the state will receive \$83.8 million per year in child care block grant funds.
- *Wisconsin Shares* – Although the appropriation for the child care subsidy program is relatively unscathed compared to other child care appropriations, the proposed funding level will still require significant changes in Wisconsin Shares to contain costs. Any increase in the average cost per child will require reductions in the number of children served, below the average number that the state anticipated serving in 2002-03.
- *Head Start* – The proposal completely eliminates the TANF appropriation for Head Start. It does not affect the other 50% of the program's state-level funding, which comes from a GPR appropriation in the Dept. of Public Instruction.
- *Centers of Excellence* – The department's plans for funding Centers of Excellence are unclear – the overall budget document appears to be inconsistent with a DWD letter explaining how it would make deeper GPR cuts.
- *Office of Child Care* – The increase is not for the purpose of raising spending, but instead reflects a boost in the percentage of DWD costs billed to the child care funding sources.
- *Pass-through Grants* – The reduction in funding for pass-through grants appears to reflect a lower level of child care block grant funding than was available in FY 2003. However, it is unclear how the department proposes to match all the federal funding that requires state/local matching funds.

Although the DWD recommendations include substantial cuts in programs for child care quality and access, other TANF-funded programs take much larger hits. The bar graph below illustrates that the principal area of cuts is in transfers to programs outside DWD – including the elimination of the \$3.7 million transferred to the Department of Public Instruction for Head Start, and a cut of almost \$42 million (76 percent) in TANF funding for the state Earned Income Tax Credit. The pie chart illustrates that child care would account for a little more than 53 percent of total TANF and W-2 related spending if the proposed budget were adopted.

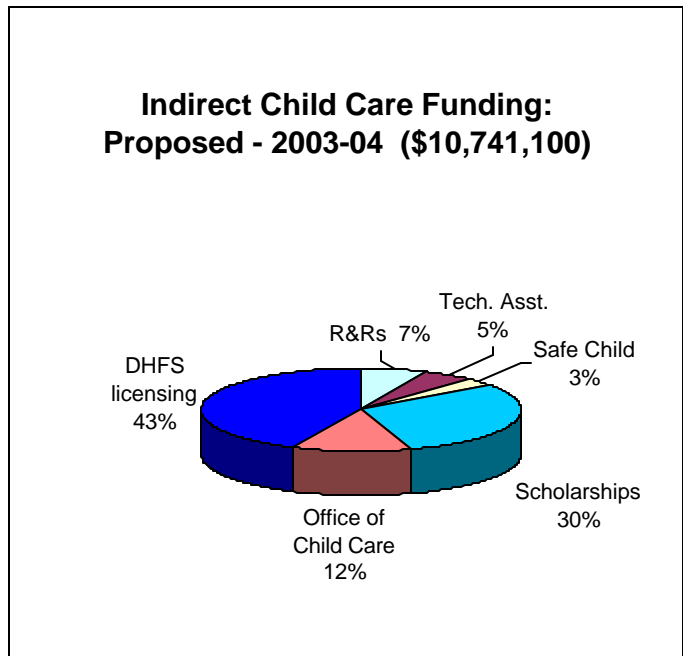
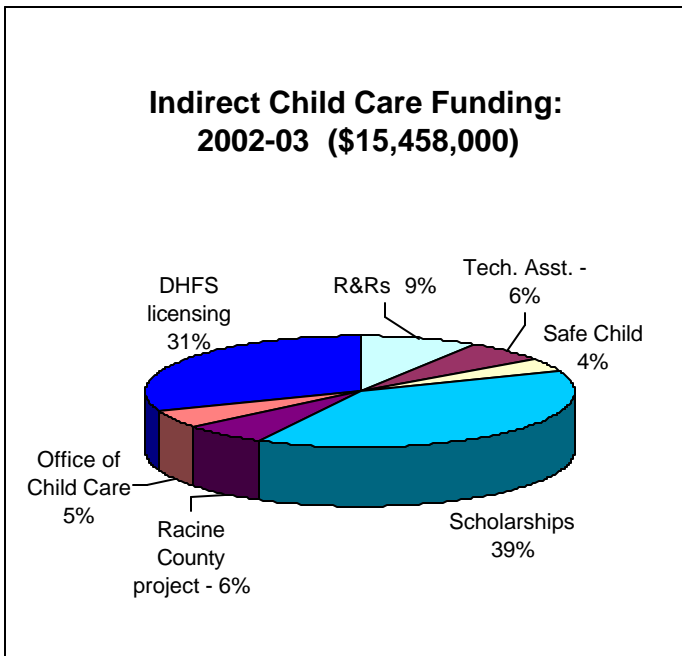
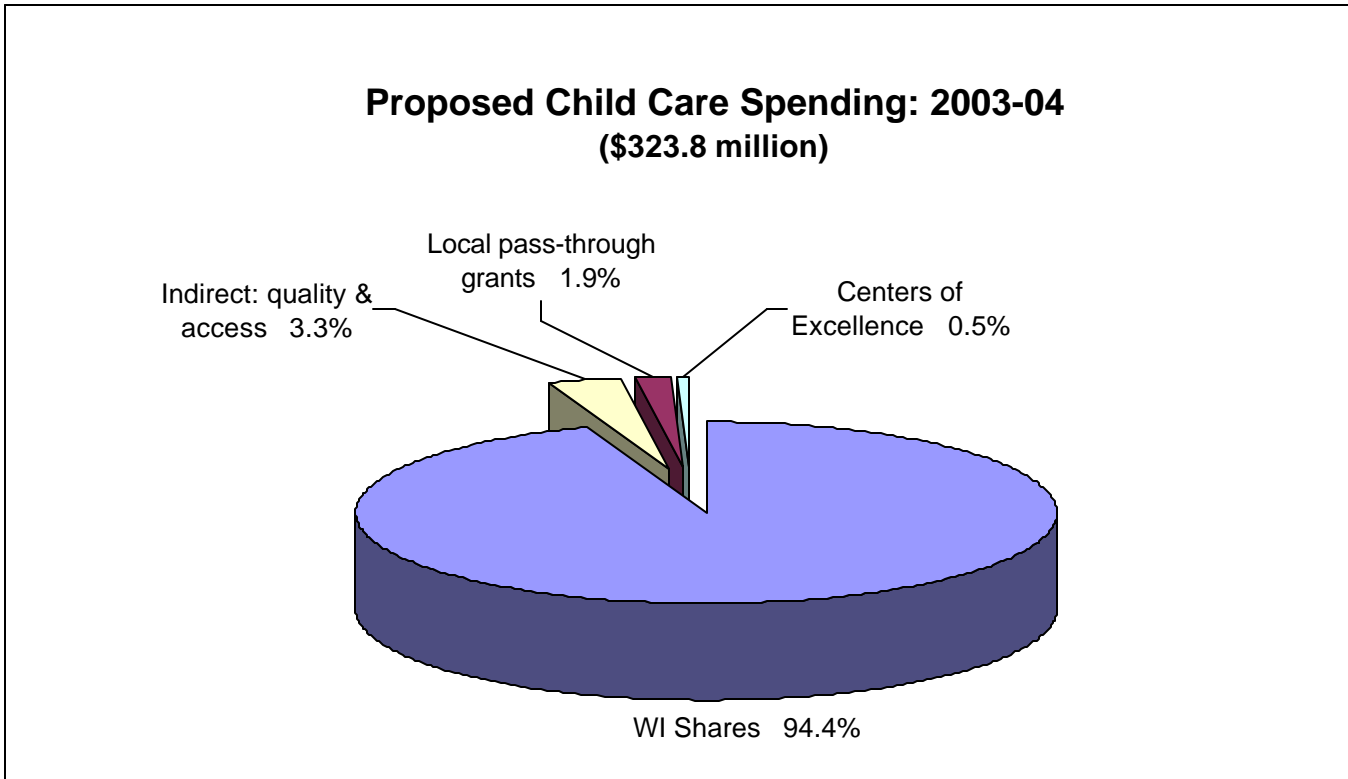
**TANF & W-2 Related Spending
(FY 2003 & Proposed Budget for FY 2004 -- Millions of Dollars)**



Proposed W-2 & TANF Spending: 2003-04



The charts below illustrate that more than 94 percent of the child care funding recommended by DWD in 2003-04 would be used in the child care subsidy program. The next two pie charts focus on the portion of the funding being used for “indirect” child care quality and access initiatives, comparing the current fiscal year, 2002-03, with the DWD recommendations for 2003-04. Appendix 2 shows the sources of the funding for child care and W-2 related programs.



Appendix 1:

A Brief Description of the Child Care Programs in the DWD Budget

The following are short summaries of the child care programs that are funded in the DWD budget for the 2001-03 biennium. Most of these summaries are condensed from the program descriptions on the DWD Office of Child Care's website. For the full descriptions go to:

<http://www.dwd.state.wi.us/dws/programs/childcare/programs.htm>

Wisconsin Shares – Subsidizes the cost of child care for low-income families that use licensed or certified child care.

Head Start – Head Start is a preschool program for low-income children and their families. Although most of the funding is outside the state budget, the state provides \$7,425,000 per year, half of which is state GPR funding appropriated directly to the Department of Public Instruction (DPI), and half is TANF funding transferred to DPI by DWD.

Pass-through Grants to Local Government – DWD makes “pass-through” grants to local government agencies that provide matching dollars for federal Child Care and Development Block Grant (CCDBG) funds. Grants have typically been used to improve the quality and supply of child care services.

Child Care Scholarship and Bonus programs – The state funds several programs aimed at the severe shortage of qualified, experienced child care teachers: T.E.A.C.H. Early Childhood, R.E.W.A.R.D., and the mentoring program. T.E.A.C.H. provides scholarships to child care workers to take credit-based coursework to improve their qualifications, combined with a bonus when the scholarship is completed. R.E.W.A.R.D. provides annual stipends to child care workers who have meet certain levels of education. The mentoring program matches child care workers with more experienced mentors to help them progress in the early childhood field.

Child Care Resource and Referral (CCR&R) – Wisconsin's 17 Child care resource and referral agencies help parents find and select child care, develop new child care services where needed, support and help sustain existing child care services, identify local child care needs and resources, and provide public information about child care.

Early Childhood Excellence Initiative –: This initiative is intended to create state-of-the-art early childhood learning centers for children under age 5 from low-income families. The centers serve as model programs that promote positive, holistic child development. The concept is that the best practices of the excellence centers will be replicated by other child care programs.

Technical Assistance for Early Childhood Programs – Provides resources that help programs improve quality, including consultation and information for child care programs, consumer information, and Training and Career Development for Early Childhood Professionals. This funding supports technical assistance and information services from several agencies, including Wisconsin Child Care Improvement Project, Child Care Information Center, the Registry, and the CCRR Network.

Safe Child Care – This funding strengthens county and tribal certification programs, helping them to increase on-site visits, and to provide training, technical assistance, and materials to certified child care providers.

Racine County demo project – The biennial budget earmarked funds for a high quality child care demonstration project in Racine County.

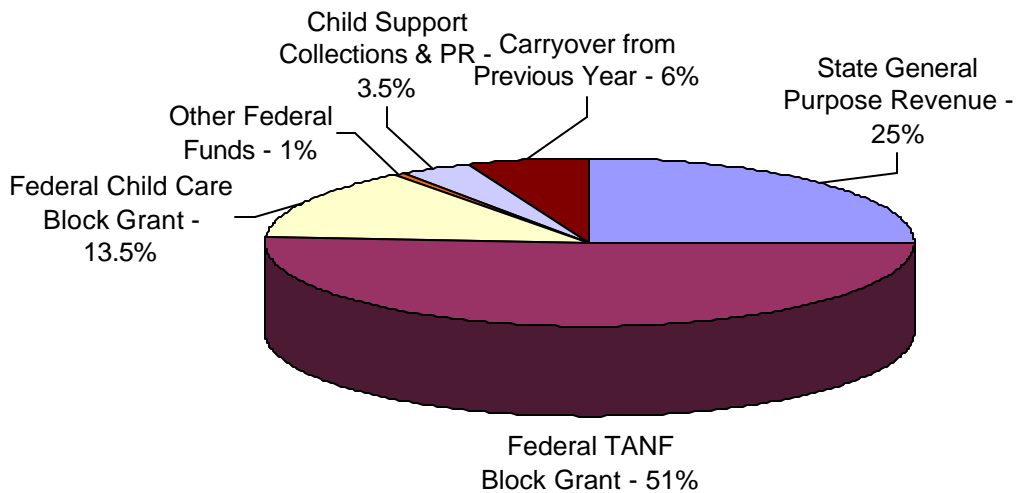
Appendix 2:

Sources of Funding for Child Care and W-2 Related Programs

Determining the sources of funding for child care expenditures in the DWD budget is complicated by a couple of factors. First, the proposed appropriations often are not tied to a specific funding source. Second, federal TANF dollars and state general purpose revenue (GPR) that is used for “maintenance of effort” (MOE) funding are frequently lumped together. The same is true of federal Child Care and Development Block Grant (CCDBG) funds and the state GPR funding used as match for those funds or as child care MOE. As a result, it is much safer to talk about the funding sources for all the TANF and W-2 related programs together, as shown in the first chart below. However, the second chart (which uses figures from the Wisconsin Child Care Research Partnership) focuses on the funding sources for Wisconsin Shares. The TANF figure in that chart includes both the federal TANF dollars and some TANF MOE funding from the state.

Total Child Care & W-2 Related Revenue - 2003-04

(\$621.7 million)



Revenue Sources for Wisconsin Shares: 2002-03

(\$305.5 million)

