



A Summary of the Final 2017-19 Budget for Early Care and Education

The final 2017-19 budget bill provides a significant increase in funding for the Wisconsin Shares child care subsidy program relative to the current spending level, especially in the second fiscal year of the 2017-19 two year budget. Nevertheless, the increased appropriations are far below the amounts expended in past years, before the state made policy changes that have significantly reduced the reimbursement rates and the number of families and providers participating in the subsidy program. The budget also includes additional funding for home visiting.

The two-year budget period runs through June 2019.

INCREASE IN WISCONSIN SHARES CHILD CARE SUBSIDIES

The budget bill indicates that spending for Wisconsin Shares subsidies will increase in the first fiscal year by \$8.5 million and by \$29.6 million in the second fiscal year, compared to the 2016-17 appropriation level, an increase of \$38.1 million over the biennium.

A significant portion of the increase in subsidy spending in the second fiscal year is due to implementation of new federal Child Care Development Block Grant (CCDBG) Reauthorization requirements, including a 12-month eligibility modification. Under the updated CCDBG law, all children determined eligible for child care assistance must be considered eligible for a minimum of 12 months. Eligibility in Wisconsin Shares has typically been for six months or less. Research suggests that longer authorizations reduce the risk of losing benefits, support stable parental employment, and increase the continuity of care for the child.

Another positive change is that the budget alleviates the “cliff effect” experienced by families who lose eligibility for subsidies once they reach the income ceiling of 200% of the federal poverty level, which is about \$49,000 for a family of four. The bill mitigates the sudden drop-off in benefits that occurs when a family’s income reaches the current limit by allowing working families with incomes above that level to continue to receive child care subsidies, with a sliding scale for copayments. The bill includes \$4 million in 2018-19 to cover the cost of this change. The 12-month authorization and the adjustment of the income threshold both take effect in fiscal year 2018-19.

A problematic part of the bill is a new requirement that families show they have less than \$25,000 in savings, excluding retirement accounts and the value of a car or house. This test could add another complication for families applying for eligibility.

Changes in Wisconsin Shares Subsidy Amounts

In millions.

FISCAL YEAR	TOTAL AMOUNT	CHANGE FROM 2016-17 BASE
2017-18	\$289.2	+\$8.5
2018-19	\$310.4	+\$29.6

Source: Analysis of 2017-19 budget bill

WISCONSIN BUDGET PROJECT

The Wisconsin Shares child care subsidy program has shown a serious decline over the last decade, with annual subsidy payments dropping over \$130 million in current dollars. There has been an 18% decline in participating child care programs, and a decline of over 20% in children served – particularly in rural areas. Subsidy payment rates continue to be well below market rates in nearly every county. The bill provides some improvements, but the foundation of Wisconsin Shares continues to look shaky without reasonable payment rates.

IMPACT ON CHILD CARE QUALITY

The budget does not appear to strengthen child care quality. The Quality Care for Quality Kids budget stays basically the same at \$15.7 million in each year, with a very modest \$200,000 increase, a 1% change.

The budget includes no mention of investments to improve the quality of child care, such as: (1) grants to help programs meet and sustain high quality standards, (2) increased funding for scholarships and stipends to improve the child care workforce, or (3) increased Wisconsin Shares payment rates. Any of these policies would support quality improvement.

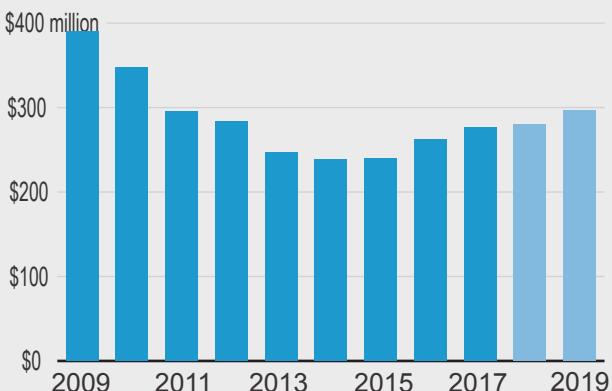
HOME VISITING BOOST

The bill increases the Family Foundations Home Visiting (FFHV) Program's budget by \$3.9 million in each year of the biennium. FFHV supports pregnant women and families and helps parents of children from birth to age five to develop the skills to raise children who are physically, socially, and emotional healthy. The increase in funding will cover an estimated 400-550 families that will benefit from evidence-based models shown by research to improve child outcomes, family self-sufficiency, and health and safety. In 2016 federal funds for home visiting were reduced by 20%. The bill restores that funding and provides additional resource for expansion.

Dave Edie

Even with Increase, State Spending on Child Care Subsidies Will Be Below Historical Levels

Wisconsin Shares subsidy payments by fiscal year, in millions, presented in current dollars. Amounts for 2015 and earlier represent actual spending on subsidies. Amounts for 2016 and 2017 represent budgeted levels, and amounts for 2018 and 2019 are the levels included in the 2017-19 budget.



Source: Department of Children and Families and Department of Administration
WISCONSIN BUDGET PROJECT