Investments in quality, affordable child care provide high returns because quality early education enables children to be ready for school and to reach their full potential. It also enables parents to participate in the workforce, and it’s an important strategy for reducing the unacceptable racial disparities in Wisconsin.

Although Wisconsin has historically had a good early education system, we have a rapidly worsening shortage of skilled early educators, and that problem is becoming especially acute for rural and low-income Wisconsinites. Key factors contributing to that shortage include the very low pay for child care teachers and low reimbursement rates for providers participating in the Wisconsin Shares child care subsidy program.

Wisconsin’s low reimbursement rates for the subsidy program also mean that families participating in the program struggle to find affordable child care. Most families are responsible for a co-pay to cover part of the costs for their child care, but when the state reimbursement falls below the market rate, the participating families have to cover the remaining costs. Federal guidelines recommend that states set reimbursement rates high enough that families can choose between 75 percent of child care slots, without having to pay more than the standard co-pay. However, in Wisconsin at this time only 15% of slots are affordable, which is among the lowest rates in the nation. As a result, paying for child care is a financial burden for most of the low-income families using the subsidy program, and participation has declined sharply.

**Some Increased Investments in Wisconsin Shares and YoungStar**

Governor Evers’ proposed budget would have made significant progress in improving access to high-quality child care and family well-being by increasing support for YoungStar and Wisconsin Shares. YoungStar is Wisconsin’s Quality Rating and Improvement System that rates child care programs on a five star scale.

- The final budget allocates only half of what the Governor requested, **$23 million** over two years, instead of $46 million which would have increased the Shares reimbursement rates enough that half of the slots in each county would be affordable. The smaller funding increase that was enacted means that the portion of slots that are affordable will probably fall short of one third of the slots in most counties.

- **$15 million** over two years to fund a 5% raise to the rates for children under the age of four (infants and toddlers). This change happened in October 2018.
• The final budget allocates $2 million (the Governor had proposed $3 million) over two years to increase funding for certified providers, many of whom are in rural areas of the state.

• $1.4 million over two years for costs to support access to high quality child care for families that reside in a geographic area with high-poverty levels, as identified by the Department of Children and Families, in the City of Milwaukee.

Pyramid Model
The final budget invests $1 million over two years to expand funding for the Pyramid Model, which is a tiered intervention framework/strategy that enhances social and emotional competence in infants, toddlers, and young children, such as the ability to play well with others, to listen and follow directions, to identify and express emotions, and to problem solve.

Home Visiting
The final budget increases funding for home visiting by $500,000 in the first year and $2.5 million in the second year to reduce the incidence of child abuse and neglect through the Family Foundations Home Visiting program.

Urban Excellence
The final budget does not include the Governor’s proposal to use $5 million from state tax revenue in fiscal year 2020-21 to support the expansion and creation of early childhood education programs in the five largest school districts in the state. This program is intended to reduce achievement gaps in these districts by ensuring children are ready to start school. Research points to the importance of early childhood investments in improving student readiness and lifelong outcomes.

Conclusion
We are very disappointed that the Legislature did not substantially increase Wisconsin Shares reimbursement rates to at least the median rate in each county. However, we are grateful for the $1.4 million for Milwaukee child care initiatives and $1 million for the Pyramid model that addresses children’s social/emotional health.