September 2021

Wisconsin Legislators Fail to Invest Any New State Funds in Early Education

The Final 2021-23 Budget for Early Care and Education

The governor's budget included a number of significant changes in early education policy and financing that would have improved the well-being of our young children, reduced racial disparities, helped parents participate in the workforce, and boosted Wisconsin's long-term prosperity. Unfortunately, aside from adding federal money to the child care subsidy program and adopting a state version of the child care tax credit, none of these changes were approved in the final budget for 2021-23.

Some of these missed opportunities include:

- **Improving Access to Quality, Affordable Child Care**
  The Evers budget proposed a historic investment of $53 million per year of state funds to finance a child care quality improvement initiative called "Child Care Strong."

- **Investing in Social-Emotional Training**
  The Governor recommended a $3.3 million investment in social-emotional training and technical assistance.

- **Expanding the 53206 Early Care and Education Initiative**
  Building on the success of the 53206 early care and education initiative from the previous 2019-21 budget, Governor Evers wanted to expand the initiative to adjacent areas in Milwaukee.

- **Investing in the REWARD Program**
  Governor Evers proposed an increase of $500,000 annually for the REWARD program that provides salary supplements for child care professionals based on educational attainment and longevity in the field.

- **Quality Care for Quality Kids**
  The Governor's budget would have provided over $17.5 million per year for child care quality investments under this initiative.

There were two items that did get included in the final version of the budget:

- **Wisconsin Shares Child Care Subsidy Program**
  Using an increase in federal funding, the final budget allocates an additional $29 million over the next two years to raise rates for the Wisconsin Shares child care subsidy program. The increase is projected to boost rates from the 33rd percentile of market rates statewide to the 65th percentile.

- **Child and Dependent Care Tax Credit**
  The Legislature approved the Governor’s recommendation to create a nonrefundable state individual income tax credit for child and dependent care expenses, beginning in tax year 2022 (one year later than the governor recommended). The credit amount is set at 50% of the amount of the federal child and dependent care expenses tax credit. This new state tax credit replaces the current law deduction from income for child and dependent care expenses, and is expected to increase the child care tax break by nearly $10 million per year.