



Child Care Stakeholder Meeting

February 27, 2008

DWD



Wisconsin Shares Subsidy Agenda

- Enrollment Growth
- Funding Projections
- Steps Considered
- Steps Taken
- Communications



Enrollment Growth

- 29% increase over last 6 years
- Relative flat federal funding



Current State Budget

- \$340,601,800 budget for SFY 08
- \$355,352,000 budget for SFY09.
 - Revenue from TANF Block Grant and federal Child Care and Development Block Grant (CCDF) dollars, with additional funds from state GPR and Program Revenue sources.
- Current annual budget consists of:
 - \$320.8 million for subsidies
 - \$16.8 million for county administration
 - \$2.5 million for on-site care at job centers
 - \$500,000 for migrant child care services



Current Authorizations Background

Authorizations are either enrollment-based or attendance-based.

- Enrollment-based authorizations= 77%
- Attendance-based authorizations= 23%



Enrollment-based Reimbursement

- Sets a regular number of hours per week of needed care.
- Provider receives a full weekly payment for authorization regardless of the actual hours of attendance.
- Certified providers are based on attendance and only the actual hours of attendance are paid.
- County and tribal child care workers monitor to ensure actual attendance supports the need for an enrollment authorization.
- County to either change the authorization to an attendance-based one or lower the number of hours on the enrollment authorization based on monitored activity.
- In a recent estimate, based on comparing six months of spending on full enrollment versus actual reported attendance, it was shown that Wisconsin pays \$45.4 m per year for child care services when the child is not actually attending.



Previous UU50 Policy

- Given budget pressures, on January 23, 2007, Secretary Gassman announced a new policy that payments to providers with enrollment-based authorizations would be paid for actual attendance if the child attended less than half of the hours that were authorized.
- UU50 saved the child care subsidy nearly \$2.8 m in SFY 07 and \$7.3 m in SFY 08.
- The UU 50 policy was withdrawn on October 28, 2007, allowing providers to again be paid for hours for which there was no care being provided, reflecting the recent state budget enactment and legislative feedback.



Third Quarter Review: Funding Shortfall

- Anticipating a deficit of \$18.6 million by the end of SFY 08



DWD Administrative Options

- Attendance-based reimbursement
- Across-the-board cuts to provider rates
- Co-payment increases for parents
- Reduction of county contracts
- Program integrity fraud investigation



DWD Options Requiring Statutory Changes

- Waiting Lists
- Reductions in Income Eligibility Limits
- Child Support Income Disregard



DWD Plan for SFY 08-09

- Reinstating UU50 is expected to save the child care subsidy \$3.5 m in SFY 08, \$18.5 m in SFY 09, resulting in savings of \$22 m over the biennium

UU 50 Reinstatement

- Effective March 30, 2008, UU 50 to be reinstated
- Payment to continue for:
 - Sick child
 - Parent temporarily laid off & provider to keep the slot open for the child
- As is currently the case, the parent is responsible for any provider charges above the amount paid by the Wisconsin Shares Child Care Subsidy. All child care providers are encouraged to maintain a written parent-provider agreement that details any such charges.



Exemptions Process

- Children designated as special needs within the system (defined in s. DWD 56.02(20), Wis. Adm. Rule).
- Care for children whose special needs require additional care or expense from a provider is often negotiated. This exemption will preserve those negotiations.
- Not all children with special health care or other needs are designated within the system because the need does not create special requirements for the provider.

Reporting Absences

- Parents must report absences for child care provider to be fully reimbursed:
 - Absences and excuses may be reported to the county or tribal child care worker
 - The absence will be excused if it meets criteria.
 - If the approved absence is for more than a one-week attendance period, appropriate documentation (such as a doctor's excuse) is required. A county or tribal worker may also require documentation for shorter absences.
 - With an approved absence, the child care provider will continue to be paid at the full authorized enrollment level.



Additional Changes-Federal Compliance

- Starting April 1, 2008, DWD will have one set of co-payments for licensed and certified providers, with variations still in place for federal poverty levels.



Implementation Plan

- *Administrative Rule* – Because the current policy is described in DWD 56, Wis. Adm. Rule, it is necessary for the department to submit an Emergency Rule change that revises this language. The Emergency Rule will be published by March 30, 2008.
- *On-going support* – Milwaukee County will have a Child Care Absence Reporting Hotline for Milwaukee County parents to report absences for which they are seeking approval. Statewide, parents should continue to contact their county or tribal agency since that is the location where individual cases are managed.



Communication Plan

For:

- Parents
- Child care providers
- Child care professionals
- Interested others

Communication tools include:

- Presentations to stakeholders
- Brochures mailed to parents and licensed providers and subscribers to the child care listserve
- Child Care Web Site
- Articles supplied to stakeholder organizations for publication in newsletters
- Information in the DWD provider newsletter, Sharing the News.