

Early Care and Education Scorecard: 2011-13 Wisconsin Budget

After Joint Finance action taken May 31, 2011 on the Governor's budget, here is our analysis of the pluses and minuses for key early care and education programs. The overall impact is reduced revenue for early learning and child care, but the cuts were not as deep as in many other areas of the state budget. Given the political climate, it is fair to say that it could have been much worse.

YoungStar & Quality Improvement

Plus: YoungStar Core Funding

After start-up efforts in 2010, YoungStar, Wisconsin's quality rating and improvement system, was funded at **\$8 million** annually including funding for training, technical assistance, rating programs, microgrants, administration and automation.

Minus: YoungStar Tiered Reimbursement

The plan for tiered reimbursement in DCF's 5-year plan approved by Joint Finance in 2010 took a significant hit. The plan was to pay progressively higher Wisconsin Shares payments to programs meeting higher quality standards, rated as 3-star, 4-star, and 5-star. While the plan was approved in 2010, tiered reimbursement was not yet funded going into the 2011-13 budget. The Governor's budget dramatically changed the original plan. Under that plan, two-star programs were penalized, and incentive payments were reduced, effectively July 2011. The Joint Finance Committee delayed tiered reimbursement until July 2012, and increased quality incentive payments to 5-star program higher than the Governor had proposed, effective January 2013. The net effect of tiered reimbursement in the 2nd year of biennium is **reduction of \$5.5 million** in payments to providers, because a large percentage of programs are expected to be 2-star as YoungStar gets underway. Here's a summary of impacts on child care program payments by star level, as we understand it at this time:

Program Rating	Impact on WI Shares Payments
One star	Prohibited from receiving from receiving Wisconsin Shares payments
Two star	Minus 5%, effective July 2012
Three star	No change
Four star	Plus 5%. Effective July 2012
Five star	Plus 10% effective July 2012 Increasing to 25% effective January 2013

Plus: T.E.A.C.H Early Childhood Increase

The TEACH scholarship and stipend program was approved at **\$500,000** per year higher than in the previous budget, sustaining an increase approved by the Joint Finance in 2010 to help launch YoungStar. The increase brings bringing the annual budget to \$4 million.

Analysis: Advocates who have worked for years to get YoungStar off the ground are disappointed that quality incentives have been scaled back and worried about the impact of reduced payment to 2-star programs, but relieved that YoungStar is still alive and moving forward.

Wisconsin Shares Child Care Subsidy Program

Minus: Child Care Funding Cuts

Wisconsin Shares child care subsidy program ended up with a modest **2.5% cut** (biennial budget compared to the estimated cost to continue child care subsidies.) The gap could have been much worse-- Joint Finance added \$21 million

to the WI Shares budget over the biennium. The cost of the Wisconsin Shares program dropped dramatically over the last two years, largely due to strong fraud enforcement measures and a weak economy. Both WI Shares caseloads and cost per child averages showed significant declines. Additional cost savings are to come primarily from frozen payment rates, lower payments in tiered reimbursement, and from policy changes (eligibility, copays, payment rates, imposing waiting list). The Department of Children and Families has statutory authority to make these changes.

Analysis: Child care subsidy advocates are worried about: (1) a shortage in Wisconsin Shares funding to support low-income working families if participation increases as the economy improves over the biennium, (2) continued frozen payment rates (since 2006) that destabilizes child care programs and their quality, and (3) impact of the cost saving measures to be imposed by the Department of Children and Families. They are relieved that the cuts to Wisconsin Shares were not as severe as they could have been.

Home visiting

No Change: Home Visiting Funding

Funding stayed stable at \$985,700. Note: the state funding is being combined with federal home visiting allocations to fund evidence-based home visiting to high-risk populations.

Analysis: Home visiting advocates are hoping that Wisconsin can move toward a system that supports evidence-based home visiting in more than a limited group of communities.

Four-year-old Kindergarten (4K)

Minus: Overall cuts to public education and cut to 4K start-up.

No specified cuts to 4K basic funding (despite efforts by some legislators), but major cuts to school funding—\$800 million (9%) over the biennium—could affect school district's funding of 4K. Start-up funds for to school districts to start 4K continued, but with a 10% cut. The cut is \$150,000, reducing the 4K start-up budget to \$1.35 million annually.

Analysis: 4K advocates are pleased that 4K services took no direct hits and that 4K start-up grants will continue, but worry about the cumulative effect of significant cuts in public education funding.

State Head Start Supplement

Minus: 10% Cut

The 10% cut reduces funding by \$700,000, resulting in an annual allocation of \$6.26 million.

Analysis: Advocates are concerned that the state Head Start supplement continues to shrink, threatening access to Head Start/Early Head Start services for vulnerable children and affecting the quality of services Head Start can deliver.