



Wisconsin Early Learning Coalition

Celebrate Children Foundation ♦ Disability Rights Wisconsin
Madison Area Accredited Early Childhood Association ♦ Milwaukee Child Care Alliance
Parents Plus ♦ School Administrators Alliance ♦ Supporting Families Together Association
Wisconsin Alliance for Infant Mental Health ♦ Wisconsin Association of School Boards
Wisconsin Child Care Administrators Association ♦ Wisconsin Council on Children and Families
Wisconsin Council for Exceptional Children - Division for Early Childhood
Wisconsin Early Childhood Association ♦ Wisconsin Family Child Care Association
Wisconsin Head Start Association

Working Together to Advocate for All Wisconsin's Young Children to Get a Great Start
*...by providing all Wisconsin children access to high quality early learning experiences and
nurturing care so they are happy, healthy, eager to learn and prepared to succeed*

Overview: Effective Early Childhood Programs Produce a Solid Return on Investment

Early childhood development and education are keys to Wisconsin's competitive growth and long-term prosperity. An increasing body of research confirms that development in the first five years sets the foundation of intelligence and social skills that are essential for success. Research has confirmed the extraordinary development in the first five years, including prenatal development. According to James Heckman, Nobel Laureate economist at the University of Chicago, early education investments produce the greatest return in human capital. Early learning, support for families, and parent engagement are essential elements to maximize child development. A 2010 report sponsored by the U.S. Chamber of Commerce endorsed early learning as a prudent investment in workforce development, and a good short-term and long-term investment worthy of business support.

Coalition Positions on the Governor's Budget Proposals for 2011-13

1. Opposition to Cuts in Wisconsin Shares Child Care Subsidy Program

The Coalition is concerned about the extent of cuts to the Wisconsin Shares child care subsidy program, and about the shift of decision-making authority to the Department of Children and Families (DCF). Despite over \$100 million in recent savings in Wisconsin Shares largely due to efforts to increase program integrity and address fraud, this budget makes even deeper cuts. Wisconsin Shares and YoungStar can both be fully funded if substantial TANF funding (\$37 million per year) is not transferred to the Earned Income Tax Credit to free up state GPR funds. The Coalition supports:

- Returning TANF funding to the child care budget, so that extensive cost-saving measures are not needed;
- Rejecting the statutory changes that give DCF total authority to impose cost-saving measures and set reimbursement rates (authority that has historically resided in the Legislature); and
- Ensuring that Wisconsin Shares is sufficiently funded so that child care is available to low-income working families as the economy improves and jobs are created.

Imposing waiting lists, increasing copays, and lowering payments to providers would reduce low-income parents the ability to accept and retain employment. Child care support for low-income working families that assures their children have good care and education is a sound investment for our children, our workforce, and the economy.

2. Support for YoungStar, but with Changes to Tiered Reimbursement

The Coalition is pleased that the Governor's budget continues to implement YoungStar, Wisconsin's quality rating and improvement system (QRIS). We agree with Governor Walker's commitment to providing parents

with rating information on child care providers using a 5-star scale to help them make informed child care choices. We also endorse his goal to ensure that taxpayer dollars fund only child care programs meeting reasonable quality standards.

However, we oppose changes to the tiered reimbursement schedule proposed by the Governor. The original tiered reimbursement approach approved by the Joint Committee on Finance in December 2010 provided substantial fiscal incentives for child care providers to improve their quality on a 5-star scale. The Governor's proposal uses tiered reimbursement as a way to save money (\$29 million) in the Wisconsin Shares child care subsidy program, including penalizing 2-star programs that are in solid regulatory compliance. The table below illustrates the Governor's changes to the original plan.

YoungStar Rating of Child Care Provider	Impact on WI Shares Payments: Original Schedule	Impact on WI Shares Payments: Governor's proposal	DIFFERENCE
One Star	No reimbursement	No reimbursement	No change
Two Stars	0% -No change	Up to 5% reduction	-5%
Three Stars	5% increase	No change	-5%
Four Stars	10% increase	Up to 5% increase	-5%
Five Stars	25% increase	Up to 10% increase	-15%

The Governor's proposal cuts way back on incentives for higher quality programs at 3-5 star levels. We support a tiered reimbursement system that would not penalize programs meeting regulatory compliance and provides at least modest incentives for improvement. The Coalition is ready to work with policymakers toward a compromise that would establish a reimbursement system that reasonably rewards quality, and doesn't unduly punish good programs. We believe improving the quality of care and education received by children from disadvantaged backgrounds, including children with disabilities, served by Wisconsin Shares is an excellent investment that helps these children get a great start.

3. Opposition to Cuts to Head Start and 4K Start-up

Head Start and 4-year-old Kindergarten (4K) are excellent investments to help prepare children for school and beyond. The ten percent cuts to Head Start and to 4K start-up grants would reduce early education opportunities for our children at a crucial point in their development. Decades of research have shown that effective pre-kindergarten programs have a substantial return on investment.



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