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City Testimony City Council:

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First, I would like to thank the Mayor, the unionized employees and hopefully soon all of you for not cutting the Community Services budget as it relates to non-profits. We are facing multiple challenges due to recession and it is good to know that the city is not adding to our problems at this crucial time.

That said I want to talk a bit about the challenges facing early childhood providers serving low income families in Madison and once again suggest the need for more coordinated advocacy specifically focused on Human Services in Dane County. I am using child care and early education as an example- the fact is many other areas of human services are equally stressed.

During the Doyle Administration, a new payment system was instituted that redefined Dane County as part of an urban tier dropping its rates for one year. Then rates were frozen for the next 5 years – something will continue for this year and the second year of the state budget. The end result is that many programs and virtually all city accredited programs rates are way above the current maximum reimbursement level. The below charts give a sense of what type of losses many accredited programs and homes are facing. The 75th percentile column relates to where the maximum reimbursement rate should be set if the state was following federal guidelines and basing the rate on current market rates as opposed to an artificially created frozen rate.

Dane County Accredited Full Day Group Centers						
Weekly rates	Current maximum state rate	Percent of market available under that rate	current actual 75th percentile	Weekly Difference	Annual difference per child	
Infant Toddler under 2	\$232	24%	\$309	\$77	\$4,004	
Ages 2-3	\$200	16%	\$257	\$57	\$2,964	
Ages 4-5	\$180	21%	\$242	\$62	\$3,224	
Ages School Age	\$175	27%	\$220	\$45		

Accredited Family Child Care						
Weekly Rates	Weekly rates	Current maximum state rate	Percent of market available under that rate	current actual 75th percentile	Weekly Difference	Annual difference per child
Infant Toddler under 2	\$190	41%	\$290	\$100	\$5,200	
Ages 2-3	\$176	34%	\$250	\$75	\$3,874	
Ages 4-5	\$165	26%	\$250	\$85	\$4,420	

While the accredited programs have higher costs and thus higher losses the average program in Madison is also facing major losses to the tune of several thousand dollars a year for every child they serve on Wisconsin Shares- these are a lot higher than programs in surrounding counties.

Weekly rates	Current maximum state rate	Percent of market available under that rate	current actual 75th percentile	Weekly Difference	Annual difference per child
Dane County					
Full Day Group Centers					
Infant Tod	\$232	24%	\$285	\$53	\$2,756
Ages 2-3	\$200	16%	\$248	\$48	\$2,496
Ages 4-5	\$180	21%	\$226	\$46	\$2,392
Ages Scho	\$175	27%	\$210	\$35	
Family Child Care					
All prices a	Current maximum	Percent of market	current 75th percentile	Difference	Annual difference per child
Infant Tod	\$190	41%	\$260	\$70	\$3,640
Ages 2-3	\$176	34%	\$225	\$50	\$2,574
Ages 4-5	\$165	26%	\$200	\$35	\$1,820
Ages Scho	\$158	19%	\$200	\$43	

In addition to this during the past several months we have seen the state decide to increase the rates in 2013 under the new Youngstar program for accredited programs only 15% as opposed to the 25% originally proposed and all state licensed family child care homes have been shifted to an hourly as opposed to a weekly reimbursement method resulting additional major losses in many cases thousands of dollars for programs already clearing less than \$20,000 a year after expenses.

These levels of losses in the millions of dollars cannot be addressed by shifting them onto the property taxes; they need to be addressed at the state and federal levels. I would like to suggest again that the city incorporate the human services issues into its yearly advocacy and lobbying work. However I think we need to go beyond that and develop a county and city coordinated effort with as many groups and businesses within the county signing on in support so that we are all talking with a unified voice. There are things the city and county fund that is uniquely Madison or Dane County but both groups also cover emergency costs that should be covered by the state or federal government. It is time that that be addressed effectively at the state and federal levels.

There are reasons why the county and you have larger budgets for human and community services. While people write that off as something uniquely Dane County, a portion of it is not- it is built into formulas that divert state tax dollars away from Dane County and into other counties. There is a need to address this if we are to avoid disastrous future budget problems. I would like to suggest the city/county Liaison Committee as a place to start the dialogue.