



Legislation Text

File #: 05868, **Version:** 1

Fiscal Note

There is currently \$965,000 available in Contingent Reserve. No impact on the tax levy or cost controls.

Title

Amending the 2007 Operating Budget to appropriate \$20,000 from Contingent Reserve and authorizing the expenditure of an additional \$20,000 in Child Care Stabilization Funds through the City Child Care Assistance Program.

Body

Background

The 2000 budget provided \$20,000 within the child care assistance budget for a Child Care Stabilization fund to assist City of Madison accredited child care programs serving low-income children. The funding was intended to stabilize care for low-income families for the following reasons:

- 1) Low-income families more often lose their jobs and in turn lose their child care subsidies, leaving centers with unpaid bills.
- 2) Low-income families on state assistance are often unable to pay their assigned co-payments under the state system, and therefore fall behind, leaving the center with bad debt.
- 3) Staff turnover in centers serving low-income children is higher due to lower wages.
- 4) The more low-income children the center serves, the less financially stable the center is.

When centers serving low-income children close, they are not replaced, because it is not financially feasible. This fund was designed to provide timely help to prevent the closing of badly needed services for children and families, and to provide for help that families are ineligible for assistance from the State.

From 2000 to the early part of 2006, the state child care assistance program (Wisconsin Shares) remained fairly stable. While centers continued to experience difficulty with bad debt, City of Madison Stabilization funds allowed centers in 2006 to keep 247 families in care that would otherwise have been disenrolled due to bad debt.

In 2006 and 2007, the state has taken actions that further jeopardize the ability of centers to serve children on subsidies and survive financially. Among those actions are:

- 1) Averaging Dane County rates with other, lower cost counties, thereby reducing the state reimbursement rate for Madison child care centers
- 2) Freezing child care reimbursement rates at 2006 levels
- 3) Increasing parent co-pays by 8%
- 4) Freezing income guidelines at the 2006 Poverty levels, effectively removing some families from eligibility for state-subsidized child care.
- 5) Possibly reducing payments to an hourly level when children are sick or absent for other reasons half the week.

These changes have put the Madison child care centers serving low-income children in an increasingly risky financial position. In 2007, available stabilization funds are not adequate to preserve the stability of the centers. Accredited centers serving low-income children approached the Early Childhood Care and Education Board at the meeting of February 28, 2007, to discuss their dilemma and ask the City of Madison for help.

NOW, THEREFORE BE IT RESOLVED that the Common Council appropriates \$20,000 from the Contingent Reserve to increase the Child Care Stabilization funding to \$40,000;

BE IT FURTHER RESOLVED that funds shall be used as specified in Council Resolution 56977, adopted on March 7, 2000;

BE IT FURTHER RESOLVED that the Common Council, recognizes that Child Care Stabilization funds, even at double

the current level, will not solve the problem;

BE IT FINALLY RESOLVED that the Mayor and Common Council call upon the Governor to restore the Wisconsin Shares program to its 2005 level of support for parents, and call upon the County Executive to make a county contribution to child care funds to enable low-income families to secure stable child care while they work.