



**State of Wisconsin**  
**Department of Children and Families**  
**Division of Early Care and Education**  
**Bureau of Early Childhood Education**

October 6, 2009

RE: Increased Program Integrity Requirements-Wisconsin Act 28

Dear Child Care Program:

As you are aware, the Wisconsin Department of Children and Families (DCF) is responsible for statewide administration of the Wisconsin Shares Child Care Subsidy Program and is responsible for monitoring program integrity under Wisconsin Statute 49.155. Additional laws were approved by the Legislature on July 1, 2009, in Wisconsin Act 28 as part of the State's ongoing commitment to eliminate fraud within Wisconsin Shares. This letter outlines changes that will strengthen the program integrity of Wisconsin Shares.

***Expansion of Fraud Statutes***

The Department will place a higher priority than ever on making sure Wisconsin Shares reimburses only eligible child care programs and not programs that knowingly violate child care policy. That is what program integrity means. Act 28 expands the child care fraud Statutes. It authorizes DCF or a local entity administering Wisconsin Shares to refuse to pay a child care provider if either of the following applies to the child care provider, an employee, or any person living on the premises where child care is provided:

- a) The person has been convicted of a felony or misdemeanor that DCF or the local administering entity determines substantially relates to the operation of a business, or
- b) DCF or the local administering entity reasonably suspects that the person has violated any provision under the Wisconsin Shares Program or any rule related to the program.

The payment suspension will remain in effect indefinitely if, after an investigation, the Department or the County continues to reasonably suspect that the provider has fraudulently billed the State of Wisconsin. Providers will have the right to appeal suspensions through the fair hearing process.

***Children of Employees***

Act 28 prohibits DCF from making Wisconsin Shares payments for child care services provided for a child by a provider who employs either the parent of the child or a person who resides with the child unless:

- a) the child care provider is licensed, and
- b) at least 60% of the children cared for by the provider are qualified children who do not reside with center employees and are not the children of employees.

Child care programs will have up to 6 weeks to raise the percentage of qualifying children for whom care is provided to meet at least the 60 percent minimum requirement. **If the 60 percent**

**requirement is not met by that point, Wisconsin Shares payments to the child care provider will be discontinued for child care services provided for every child who is not a qualifying child.**

***Limit the Number of Hours of Child Care***

Act 28 limits the number of hours that a child may receive child care under Wisconsin Shares to 12 hours per day. The limit may be increased to 16 hours per day if a Wisconsin Shares participant provides additional written documentation of work and transportation that exceed 12 hours per day.

***Written Attendance Records***

Act 28 requires providers to maintain a written daily attendance record for each subsidy child (including arrival and departure times) and **retain such records for at least 3 years** beyond the final day of attendance regardless of whether the child care provider is still receiving or is eligible to receive payments under Wisconsin Shares.

***DCF Response to Fraud***

ACT 28 requires DCF to establish new rules, policies and procedures, which will permit DCF to respond to fraud. It permits DCF to do all of the following if a child care provider submits false, misleading, or irregular information to DCF or if a provider fails to comply with the terms of Wisconsin Shares and fails to provide to DCF's satisfaction an explanation of the noncompliance:

- a) recoup payments made to the child care provider
- b) withhold payments from the child care provider
- c) impose a forfeiture on the child care provider

The Department of Children and Families is outraged by fraud that has been committed in the Wisconsin Shares Program. However, we know that nobody is angrier about Wisconsin Shares fraud than the thousands of honest and legitimate child care providers offering high quality child care to Wisconsin's children. We are working with federal, state, and local law enforcement and the Department of Revenue to bring perpetrators of fraud to justice. If you have any information regarding fraudulent activities by a parent or other child care provider, please call 1-877-302-FRAUD. We look forward to your continued partnership in program integrity efforts to eliminate fraud in this valuable program.

Sincerely,



Jim Bates, Section Chief  
Program Integrity Unit