



Tony Evers

Office of the Governor | State of Wisconsin

April 28, 2020

The Honorable Alberta Darling, Co-Chair
Joint Committee on Finance
317 East, State Capitol
Madison, WI 53702

The Honorable John Nygren, Co-Chair
Joint Committee on Finance
309 East, State Capitol
Madison, WI 53702

SUBJECT: Notification of Federal Block Grant

Dear Senator Darling, Representative Nygren and Members:

Attached is a request for the expenditure of additional Child Care and Development Block Grant funds being made available to the state by the Coronavirus Aid, Relief and Economic Security Act. Pursuant to s. 16.54(2)(a)2., the grant funds will be made available for encumbering through the allotment process, unless you notify me within 14 working days after the date of this notification letter that a meeting has been scheduled for the Joint Committee on Finance to review the proposed expenditure of grant monies.

Please also contact State Budget Director Brian Pahnke (266-1035) at the Department of Administration if you have any additional questions or if you schedule a meeting to review the proposed expenditure.

Thank you for your prompt attention to this notification letter.

Sincerely,

A handwritten signature in cursive script that reads "Tony Evers".

Tony Evers
Governor

Attachments



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Joel Brennan, Secretary

Date: April 28, 2020

To: The Honorable Tony Evers
Governor of Wisconsin

From: Joel Brennan, Secretary
Department of Administration



Subject: Notification of Federal Block Grant

Recommendation:

Approve the expenditure of funds from the federal Child Care and Development Block Grant (CCDBG) award as proposed by the Department of Children and Families.

Description of Purposes of Expenditure:

The Department of Children and Families requests under s.16.54, Wis. Stats., the authority to spend \$51.6 million FED CCDBG funding provided by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) for grant programs to provide support to child care providers that have stayed open in order to serve children of essential workers during the pandemic, provide hazard pay for the child care workers that are serving these children, provide support for child care providers that have been forced to close during the pandemic and cover administrative costs incurred in response to the coronavirus emergency (COVID-19).

The CARES Act passed into law on March 27, 2020, and provides an additional \$3.5 billion of federal funding under CCDBG, with Wisconsin receiving \$51.6 million of the total grant increase. This funding will remain available through September 30, 2021, and must be obligated by September 30, 2022. The additional grant payments to states are for response to the COVID-19 pandemic.

Per 2019 Wisconsin Act 185, CCDBG funds received under the CARES Act shall be credited to the appropriations under s. 20.437(1)(mc) and (md), with the funds expended as provided under s. 16.54(2)(a)2.

In Wisconsin, as in all states, COVID-19 has had a substantial impact on the child care sector. Declining enrollment and safety concerns has led to an estimated 40 percent of the 4,500 child care providers statewide to close. This has affected between 57,000 and 140,000 children and over 12,000 child care employees, who are no longer working due to the closures. These providers, despite having closed, continue to incur expenses such as unemployment insurance, rent and in some cases payroll expenses. Providers that remain open, including those providing care for the children of essential workers, are incurring

additional expenses to ensure the health and safety of staff, children and families. These continued expenses are coupled with decreased revenue for many providers.

The department proposes three grant programs to mitigate the negative impact COVID-19 has placed on the child care sector and to help prevent additional negative impacts now and in the near future in providing access to quality child care for the children of Wisconsin. In general, applicants of the programs must have a license or certification in good standing as outlined by the department or be in partnership with such a provider and follow health and safety guidelines for open child care providers as outlined by the department. The grant programs are as follows.

Funding for child care providers that have remained open to serve the children of essential workers during the pandemic

This program would provide grants to regulated child care providers or organizations providing care in collaboration with a regulated child care provider who serve children of essential workers. The grant funds would be required to be used for payroll purposes and other allowable expenses, which include, but are not limited to, parent reimbursement for cost of care, mortgage/rent, utilities and materials/supplies for cleaning and sanitation. The department has defined "essential workforce" to mean employees, contractors and other staff working in vital areas including health care; child welfare; long-term care; residential care; pharmacies; child care; government operations; critical infrastructure, such as sanitation, transportation, utilities, telecommunications, grocery and food services; supply chain operations; and other sectors as determined by the department.

Approximately 1,000 licensed group providers and 1,500 family providers remain open during the pandemic.

Funding to provide hazard pay to child care employees

This program would provide monthly grants to certified child care providers, licensed child care centers, child care providers contracted by or established by a school board, and individual educators (as defined by the department), who provide care to children of essential workforce families in order to provide hazard pay to employees related to the public health emergency. All providers would be eligible regardless of whether they are providing care to families eligible for Wisconsin Shares.

Funding to support child care providers that have closed due to COVID-19

The department would provide grants to certified child care providers, licensed child care centers, and child care providers contracted by or established by a school board that are temporarily closed due to the COVID-19 pandemic during the public health emergency, but plan to reopen in calendar year 2020. These grants would only cover lost revenue for services that would have been provided to families not eligible for Wisconsin Shares, and only if these families were not charged during the public health emergency. Providers that serve a mix of private pay and Wisconsin Shares children would be eligible for the grant, with the grant amount based on a provider's proportion of private pay enrollment. Funding must be used to pay staff while the program is closed.

The Honorable Tony Evers, Governor

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Approximately 1,200 licensed group and 350 certified or licensed family child care providers are temporarily closed.

Administrative Costs

The department requests funds to cover administrative costs incurred during the public health emergency declaration, including the costs for the creation and administration of the proposed grant programs for essential workforce child care costs, hazard pay and grants to closed providers. Additional costs would include IT infrastructure enhancements and the purchase and delivery of emergency supplies to the child care workforce.

The federal CCDBG reporting requirements allow for no more than 5 percent of the grant funds to be spent on federal administrative activities, which would cap administrative costs for the newly awarded funds at approximately \$2.5 million of the \$51.6 million.

The above outlined grant program proposals are consistent with federal requirements and guidance for the additional grant funding. The department anticipates two-thirds of the new funding will be expended on the program that will support providers who have remained open to serve the children of essential workers, and the balance will be expended on the remaining two programs and administrative costs. In addition, the department requests the flexibility to move funds between the three grant programs based on demonstrated need.

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Governor Tony Evers
Secretary Emilie Amundson

Secretary's Office

DATE: April 27th, 2020

TO: Brian Pahnke, Administrator
Division of Executive Budget and Finance
Department of Administration

FROM: Emilie Amundson, Secretary

SUBJECT: s. 16.54 Request – Child Care and Development Block Grant (CCDBG) CARES Act Funding

The Department of Children and Families (DCF) requests, under s.16.54, Wis. Stats., authority to spend \$51.6 million FED Child Care and Development Block Grant (CCDBG) funding provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the appropriations under s.20.437(1)(mc) and (md).

DCF requests these funds to provide to support child care providers that have stayed open in order to serve the children of essential workers during the pandemic, hazard pay for the child care workers that are serving these children, to support child care providers that have been forced to close during the pandemic, and to cover administrative costs incurred in response to the COVID-19 emergency.

Revenue Sources

The CARES Act provides \$3.5 billion FED under the Child Care and Development Block Grant, for payments to States to respond to the COVID-19 pandemic. Funding will remain available through September 30, 2021 and may be obligated by September 30, 2022. Wisconsin will receive \$51.6 million of the total grant increase.

Background

Under Act 185, CCDBG funds received under the CARES Act shall be credited to the appropriations under s. 20.437(1)(mc) and (md), with those funds expended as provided under s.16.54(2)(a)2.

The CARES Act (Public Law 116-136), passed into law on March 27, 2020, contains provisions which increase funding for child care activities under the existing Child Care and Development Block Grant (CCDBG), with the following requirements that the funding:

- Will be provided to State, Territory, and Tribal Child Care and Development Fund (CCDF) Lead Agencies;
- May be used to provide continued payments and assistance to child care providers in the case of decreased enrollment or closures related to coronavirus, and to assure they are able to remain open or reopen;
- Can be used to provide child care assistance to health care sector employees, emergency responders, sanitation workers, and other workers deemed essential during the response to the coronavirus, without regard to the income eligibility requirements;
- Shall be available to eligible CCDF providers (e.g., meeting health and safety requirements, or eligible relative providers), even if such providers were not receiving CCDF assistance prior to the public health emergency as a result of the coronavirus, for the purposes of cleaning and sanitation, and other activities necessary to maintain or resume the operation of programs;
- May be used for any other allowable CCDF uses;
- Are exempted from the quality and direct services spending requirements;
- Can be used for allowable obligations incurred prior to enactment of the CARES Act; and
- Can be obligated by CCDF Lead Agencies in Fiscal Year (FY) 2020, FY 2021, or FY 2022.

This funding is supplementary to the FFY20 CCDBG award and must be used for the purposes stated above in a manner that does not supplant existing funding.

The COVID-19 pandemic has had a significant impact on the child care sector in Wisconsin. Due to declining enrollment and safety concerns, an estimated 40% of child care providers statewide have made the decision to close but continue to incur expenses such as unemployment insurance and rent. Providers that remain open, including those providing care for the children of essential workers, are incurring additional expenses to ensure the health and safety of staff, children, and families. These continued expenses threaten the stability of Wisconsin's child care sector.

The new programs proposed by DCF in this request aim to mitigate the effect of widespread disruption in the child care sector, while providing access to quality care for essential workers' children, and supporting child care employees who remain at risk by continuing to provide care during the pandemic. At this time, DCF anticipates approximately 2/3rd of the new funding will be used for the essential worker grant program with the remaining 1/3rd going towards the remaining two grant programs. DCF requests the flexibility to move funds between the three grant programs based on their need.

Analysis

DCF plans to spend the new CCDBG funding in the following areas:

Create a grant program for child care providers serving essential worker families

Under this program, “essential workforce” means employees, contractors, and other staff working in vital areas including health care; child welfare; long-term care; residential care; pharmacies; child care; government operations; critical infrastructure, such as sanitation, transportation, utilities, telecommunications, grocery, and food services; supply chain operations; and other sectors as determined by DCF.

Eligible applicants include regulated child care providers or organizations providing care in collaboration with a regulated child care provider. These applicants must:

- Prioritize and provide care for essential workforce families
- Follow the health and safety guidelines for child care providers as outlined by DCF
- Have a license or certification in good standing as outlined by DCF (or be in partnership with such a provider)

Funds are required to be used for payroll purposes and other allowable expenses, which include but are not limited to:

- Parent reimbursement for cost of care
- Mortgage/rent
- Utilities
- Materials/supplies for cleaning and sanitation

Create a grant program to provide hazard pay to child care employees

This program would assist providers by providing monthly grants to certified child care providers, licensed child care centers, and child care providers contracted by or established by a school board in order to provide hazard pay to employees related to the public health emergency. All providers would be eligible regardless of whether they are providing care to families eligible for Wisconsin Shares.

This program will be limited to providers or individual educators (as identified by DCF) who provide care to children of essential workforce families.

Applicants for hazard pay grants must:

- Prioritize and care for essential workforce families
- Be currently open and providing care
- Follow the health and safety guidelines for child care providers as outlined by DCF
- Use the funds to pay current employees
- Have a license or certification in good standing as outlined by DCF (for regulated providers)

- Be identified as an individual educator by completing online information for DCF and passed a name-based background check (for individual educators)

Approximately 1,000 licensed group providers and 1,500 family providers remain open during the pandemic.

Create a grant program to support child care providers that have closed due to COVID-19

DCF would provide grants to certified child care providers, licensed child care centers, and child care providers contracted by or established by a school board that ceased operating because of the pandemic during the public health emergency. These grants would only cover lost revenue for services that would have been provided to families not eligible for Wisconsin Shares, and only if these families were not charged during the public health emergency. Providers that serve a mix of private pay and Wisconsin Shares children would be eligible for the closed provider grants, with the grant amount determined based on a proportion of private pay enrollment.

Eligible applicants include licensed or certified child care providers who are/were temporarily closed due to the COVID-19 pandemic.

Applicants must:

- Have a license or certification in good standing as outlined by DCF
- Be temporarily closed due to COVID-19 pandemic
- Plan to reopen in 2020
- Use funds to pay staff while program is closed

Approximately 1,200 licensed group and 350 certified or licensed family child care providers are temporarily closed.

Administrative Costs

DCF requests funds to cover administrative costs, which include costs incurred since the public health emergency declaration, including the costs for the creation and administration of the previously stated programs for hazard pay, essential workforce child care costs, and grants to closed providers, additional IT infrastructure enhancements, and the purchase and delivery of emergency supplies to the child care workforce.

Per CCDBG reporting requirements, spending on federal administrative activities will comprise no more than 5% of the newly awarded funds, approximately \$2.5 million.

Summary

DCF requests authority to spend \$51.6 million FED awarded from Child Care and Development Block Grant (CCDBG) funding provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the appropriations under s. 20.437(1)(mc) and (md). DCF will use the funds to support the child care providers that are serving the children of essential workers during

the pandemic, provide hazard pay to providers that remained open during the pandemic, , support child care providers that have been forced to close during the pandemic, and cover administrative costs incurred in response to the COVID-19 emergency.

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cc: Joel Brennan, Department of Administration