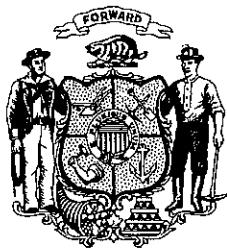


# State of Wisconsin

SENATE CHAIR  
**Howard Marklein**

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ASSEMBLY CHAIR  
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## Joint Committee on Finance

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Howard Marklein  
Representative Mark Born

Date: March 12, 2021

Re: 14-Day Passive Review Approval – Federal Block Grant

Pursuant to s. 16.54(2)(a)2, Stats., attached is a 14-day passive review request from the Department of Administration, received on March 12, 2021.

Please review the material and notify **Senator Marklein** or **Representative Born** no later than **Wednesday, March 31, 2021**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

HM:MB;jm



# Tony Evers

OFFICE OF THE GOVERNOR

March 12, 2021

MAR 12 2021

*St. Finance*

The Honorable Howard Marklein, Co-Chair  
Joint Committee on Finance  
316 East, State Capitol  
Madison, WI 53702

The Honorable Mark Born, Co-Chair  
Joint Committee on Finance  
308 East, State Capitol  
Madison, WI 53702

SUBJECT: Notification of Federal Block Grant

Dear Senator Marklein, Representative Born 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 Response and Relief Supplemental Appropriations Act of 2021. Pursuant to s. 16.54(2)(a)2., the grant funds will be made available 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,

*Tony Evers*

Tony Evers  
Governor

Date: 3/12/2021

Attachments



# STATE OF WISCONSIN

## DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor  
Joel Brennan, Secretary

**Date:** March 10, 2021

**To:** The Honorable Tony Evers  
Governor of Wisconsin

**From:** Joel Brennan, Secretary *JB*  
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 \$133.8 million FED from the appropriations under ss. 20.437(2)(mc) and (2)(md) for grant programs to provide support to child care providers. The source of the federal funds is CCDBG funding provided by the Coronavirus Response and Relief Supplemental Appropriations Act of 2021.

In Wisconsin, as in all states, COVID-19 has had a substantial impact on the child care sector. Declining enrollment and safety concerns have resulted in an estimated 40 percent of the 4,500 child care providers statewide closing as of April 2020. While 65.2 percent of the affected providers had reopened by October, the industry is still incurring higher costs and lost revenue.

For background, in March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act provided \$3.5 billion of federal funding under CCDBG, of which Wisconsin received \$51.6 million. In May 2020, a s. 16.54 request from the department that outlined an expenditure plan was approved. In addition, \$79.9 million of federal Coronavirus Relief Funding was allocated in later summer and fall of 2020 to provide additional assistance to child care providers.

In December 2020, the federal government enacted the Consolidated Appropriations Act, 2021, which includes the Coronavirus Response and Relief Supplemental Appropriations Act of 2021. Within the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, \$10 billion of CCDBG funding was allocated to states, territories and tribes to supplement existing state funding for COVID-19 response. Wisconsin's allocation of this funding is \$148.8 million. These funds must be obligated by September 30, 2022.

The Honorable Tony Evers, Governor  
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The department proposes to allocate the additional \$148.8 million CCDBG funding to seven different program categories, as outlined in the following table and program descriptions.

**Table 1: Proposed Allocation of Additional CCDBG Funding**

<b>Program</b>	<b>Budget</b>
Child Care Counts Payments	\$106,000,000
Technology Access Program	10,000,000
Workforce Recruitment and Retention Program	10,000,000
Funding for Shared Services Networks	5,500,000
Program for Business Purchasing Child Care Slots*	10,000,000
Workforce Training and Communications*	5,000,000
Administrative Costs	2,300,000
<b>Total</b>	<b>\$148,800,000</b>

\*Spending authority for these programs will be requested in fiscal year 2021-22.

#### *Child Care Counts Payments*

The department developed the Child Care Counts program in calendar year 2020 to disperse funding received in earlier rounds of CARES Act funding. The program provides funding for child care providers to cover payroll, mortgage/rent and utility costs, as well as the costs of materials and supplies for cleaning and sanitation. Under the requested plan, the department would continue to utilize the program to provide funding to child care providers that are open or temporarily closed, including eligible providers that were not receiving CCDBG assistance prior to the public health emergency, as required under the federal act. There would be two rounds of funding, the first in the spring of 2021 (\$60 million) and the second in the summer of 2021 (\$46 million).

Open providers would be eligible for a base payment and a per-child stipend. In addition, they may also receive funding for incentive pay for teachers. Temporarily-closed providers would also be eligible, based on the number of staff they employ. These providers would be expected to open by a set target date in order to be eligible.

#### *Technology Access Program*

To address concerns that providers, especially those in rural or tribal communities, have expressed about the limited Internet availability and cost of technology, this program would provide funding for the purchase of computers, tablets, hotspots and Internet service. Additional access would lower the cost of technology for the providers and provide critical support for children in child care programs to complete homework, virtual school, research projects, and learning applications and programs.

#### *Workforce Recruitment and Retention Program*

Because early childhood educators make on average \$10 to \$13 an hour and have a 40 percent turnover rate, this program would provide funding to providers, based on the number of staff, for recruitment and retention efforts. This program would be available to all child care providers that are already in compliance with the background check requirement or will be in compliance prior to applying for funding from the program. The

The Honorable Tony Evers, Governor  
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March 10, 2021

program would have two application periods – one in spring and one in summer of 2021 – to help meet the federal background check compliance deadline of September 30, 2021.

#### *Funding for Shared Services Networks*

The department would provide funding for the creation of new shared services networks and the expansion of existing ones. Shared services networks allow providers to lower administrative and overhead costs associated with payroll, benefits, and purchasing of materials. Because many child care providers have limited business management experience and expend a proportionally large amount of resources for administrative functions, supporting shared services networks would help many child care providers maximize their limited resources.

#### *Program for Business Purchasing Child Care Slots*

To aid businesses that are struggling to recruit and retain staff because of COVID-19's impact on the availability of accessible or affordable child care, this program would offer funding to businesses to purchase infant and toddler child care slots for their employees. Businesses receiving funding would commit to a 12-month purchase of the slots. The program would require matching funds from the businesses at levels to be determined by the department. This program is anticipated to start in fiscal year 2021-22.

#### *Workforce Training and Communications*

Because entry-level trainings required for the early care and education workforce are outdated in content and delivery mechanisms, the department indicated that this funding would be used to develop an on-line curriculum, including best practices in early care and education, that would be translated into multiple languages and for varying abilities. This initiative is anticipated to be completed in fiscal year 2021-22.

#### *Administrative Costs*

The department anticipates administrative costs to include the implementation of information technology system changes and the hiring of limited term employees or contractors needed to execute their plan. Administrative expenses are capped at 5 percent of the award total under federal requirements.

The above outlined grant program proposals are consistent with federal requirements and guidance for the additional grant funding. Based on timing, the department requests the authority to expend \$133.8 million of the \$148.8 million award in fiscal year 2020-21. The remaining \$15 million, along with any unexpended fiscal year 2020-21 funding, would be included in a subsequent request in fiscal year 2021-22 or pursued through the 2021-23 biennial budget.

Prepared by:     Olivia Rice  
                          266-5468



DATE: March 3, 2021

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)  
Consolidated Appropriation Act Funding

The Department of Children and Families (DCF) requests, under s.16.54(2)(a)(2), Wis. Stats., authority to spend \$133.8 million of the total \$148.8 million CCDBG award amount in State Fiscal Year 21 (SFY 21) in the appropriations under §20.437(2)(mc) and §20.437(2)(md) in order to use funding provided by the Coronavirus Response and Relief Supplemental Act (CRRSA) as part of the Consolidated Appropriations Act (CAA).

DCF requests these funds to provide support for child care providers that are both open and temporarily closed during the pandemic, increased technology access for providers, workforce recruitment and retention, funding for shared services networks, purchasing of child care slots, workforce training, and associated administrative costs. Because the plan outlined in this request will spend CRRSA funds across a biennium, in SFY 21 and SFY 22, DCF will submit a similar request in SFY 22 to continue funding the plan for the \$15 million remainder and any unspent SFY 21 funds, or pursue an increase in the 2021-23 biennial budget.

### **Revenue Sources**

The CRRSA provides \$10.0 billion under the Child Care and Development Block Grant, for payments to States to respond to the COVID-19 pandemic. Wisconsin will receive \$148.8 million of the total grant increase. Awarded funds must be obligated by September 30, 2022 and would be used according to the plan below in SFY 21 and SFY 22.

### **Background**

The Coronavirus Response and Relief Supplemental Act (Public Law 116-260), passed into law on December 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:

- Funds are available to states, territories, and tribes;
- CCDBG State plans do not need to be amended;

- Funds may be used for costs of providing relief from copayments and tuition payments for families;
- Funds may pay that portion of the child care provider's cost ordinarily paid through family copayments to provide continued payments and assistance to child care providers in the case of decreased enrollment or closures related to coronavirus;
- Funds may be used to help providers to remain open or reopen as appropriate and applicable, including for fixed costs and increased operating expenses;
- States, Territories, and Tribes are encouraged to place conditions on payments to child care providers that ensure that child care providers use a portion of funds received to continue to pay the salaries and wages of staff;
- Lead agencies may use funds to support the stability of the child care sector to help providers afford increased operating expenses during the COVID-19 public health emergency;
- Lead Agencies shall publicize widely the availability of, and provide technical assistance to help providers apply for, funding available, including among center-based child care providers, family child care providers, and group home child care providers;
- Lead agencies are encouraged to implement reimbursement based on enrollment rather than attendance even when providers are closed due to the Covid-19 emergency;
- Funds can be used provide child care assistance to health care sector employees, emergency responders, sanitation workers, farmworkers, and other workers deemed essential during the response to coronavirus by public officials, without regard to the income eligibility requirements of the CCDBG;
- States, Territories, and Tribes shall use a portion of these funds to provide assistance to eligible child care providers that were not receiving CCDBG 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, including for fixed costs and increased operating expenses;
- Funds may be used to provide technical assistance to child care providers to help providers implement practices and policies in line with guidance from State and local health departments and the Centers for Disease Control and Prevention regarding the safe provision of child care services while there is community transmission of COVID-19; and,
- Funds may be used to restore amounts, either directly or through reimbursement, for obligations incurred to prevent, prepare for, and respond to coronavirus, domestically or internationally, prior to the date of enactment of this Act.

### **Analysis**

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

#### **Child Care Counts payments: \$106 million**

The vast majority of the CRRSA funding requested in this plan will be used for the Child Care Counts program, which is the same program that was developed when DCF received earlier

rounds of CARES Act funding in CY 2020. This request would continue the program by making funds available to child care providers that are open or temporarily closed.

Open providers would be eligible to receive program support funds in the form of a base amount plus an additional stipend per enrolled child. They could also receive an amount for incentive pay for teachers.

Temporarily closed providers would be eligible to receive an amount based on the number of staff they employ. There would be two rounds of funding for temporarily closed providers in the spring and summer with a different target date for those providers to open in order to be eligible.

#### **Technology Access Program: \$10 million**

This program will provide funding technology improvements for child care providers. Funds could be used for computers, tablets, hotspots, and internet service. A portion of the funds may also be used for technical assistance with tablet and hotspot setup.

Through the Preschool Development Grant Listening Sessions, rural and tribal child care providers shared that limited internet connectivity prevented them from enrolling in online professional development trainings and applying for state and federal grant programs, including COVID relief funds. Even where broadband internet is readily available, tablets, computers, and monthly internet fees are unaffordable for many providers. Additional access to tablets and computers will give critical support for children in child care programs completing homework, virtual school, research projects, learning applications, and programs.

#### **Workforce Recruitment and Retention Program: \$10 million**

Through this program, DCF would give payments to providers for workforce recruitment and retention. The funds would be distributed by providers to their staff. The size of the awards will depend on the number of staff that a provider employs.

A requirement to receiving the payment is full compliance with federal and state background check requirements. This program would run in Spring and Summer of 2021 to help meet the federal background check deadline of September 30, 2021. This incentive payment program would be available to all child care providers who are already in compliance with the background check requirement or fall into compliance prior to the payment program.

#### **Funding for Shared Services Networks: \$5.5 million**

Funding would be provided for the creation of new shared services networks and the expansion of existing ones. Potential applicants for this funding may include nonprofit organizations, chambers of commerce, and existing shared services networks.

Child care programs expend large amounts of resources to complete administrative functions and providers often have minimal experience in business management. With child care businesses operating on thin margins, and COVID-19 highlighting the need for sustainable business models, shared services networks aim to maximize resource efficiencies. They allow child care providers to lower administrative and overhead costs associated with payroll, benefits, and purchasing of materials.

#### **Program for Business Purchasing Child Care Slots: \$10 million**

In an effort to help businesses that are struggling to recruit and retain staff because of a lack of child care, this program would offer funding to businesses to purchase infant and toddler child care slots for their employees. Businesses receiving the funds would commit to a 12-month purchase of the slots. The program would require matching funds from businesses, which will allow them to transition to a sustainable child care support program for their employees.

#### **Workforce Training and Communications: \$5 million**

Currently, the entry level trainings that are required for early care and education (ECE) workforce are outdated in content and delivery mechanisms

Funding would be used to modernize curriculum, so that they include current best practices in ECE, including around health and safety. In addition, funding would allow these required courses to be made available online so they can be accessed throughout Wisconsin. The trainings also would be translated into multiple languages and for varying abilities. This program will make the process of entering the ECE workforce easier and more accessible for rural and tribal communities, immigrant populations, and individuals with disabilities.

#### **Administrative Costs: \$2.3 million**

Administrative costs are expected to include IT costs associated with implementing the system changes, along with the LTES or contractors needed to execute this plan. Administrative expenses are capped at 5% of the award total under federal requirements.

**Summary**

DCF requests authority to spend \$133.8 million of the \$148.8 million FED awarded from CCDBG funding provided by the Coronavirus Response and Relief Supplemental Act. DCF will use the funds to support child care providers that are both open and temporarily closed during the pandemic, increased technology access for providers, workforce recruitment and retention, funding for shared services networks, purchasing of child care slots, workforce training, and associated administrative costs. DCF will submit a similar request in SFY 22 to continue funding the plan for the \$15 million remainder and any unspent SFY 21 funds, or pursue an increase in the 2021-23 biennial budget.

Prepared By: Adam Hartung, Director  
Office of Budget and Policy  
(608) 422-6346

cc: Joel Brennan, Department of Administration