

ATTACHMENT 1

Representative Grigsby
Senator Miller
Representative Pocan
Senator Taylor

CHILDREN AND FAMILIES

TANF and Other Child Care Modifications [Agenda Items VI, VII, VIII, and IX]

Motion:

Move to approve the following:

Transfer from Temporary Assistance for Needy Families Block Grant to the Social Services Block Grant

Transfer \$1,416,800 FED in 2010-11 from the Department of Children and Families' (DCF) economic support federal block grant aids appropriation [s. 20.437(2)(md)] to the federal aids; community aids appropriation in the Department of Health Services [s. 20.435(7)(o)] to reflect the transfer of funds from the temporary assistance for needy families (TANF) block grant to the social services block grant (SSBG).

Child Care Fraud Detection and Prevention Activities

Transfer \$3,200,000 FED in 2010-11 from DCF's economic support federal block grant aids appropriation [s. 20.437(2)(md)] to its economic support federal block grant operations appropriation [s. 20.437(2)(mc)] to reflect that funds from the child care development block grant (CCDBG) and the TANF block grant would support the administrative costs of child care fraud detection and prevention activities, rather than aids.

Regulatory Compliance and Wisconsin Shares Integrity

Request DCF to review rules on child care subsidies and whether compliance with licensure and certification requirements should be a factor when issuing child care subsidy payments. Recommend DCF establish and define a serious high-risk violation status, suspend subsidy payments to providers who are in serious high-risk violation status, and specify that providers undergoing the appeals process would be eligible to receive back payment for subsidies during the suspension period if the finding of serious high risk violation status is overturned on appeal.

Automated Attendance Tracking System

Transfer \$1,000,000 FED in 2010-11 from DCF's economic support federal block grant aids appropriation [s. 20.437(2)(md)] to the economic support federal block grant operations appropriation [s. 20.437(2)(mc)] to reflect that the costs for the automated attendance tracking system (AATS) are for an administrative expense, rather than an aids expense.

Require DCF to submit quarterly reports to the Joint Committee on Finance regarding the AATS that detail: (a) the actual costs of operating the AATS during the previous quarter for DCF and for the child care providers participating in the AATS; (b) the status of statewide implementation of the AATS; (c) the number of child care providers added to the AATS during the previous quarter; (d) the cumulative number of child care providers included in the AATS; and (e) a summary of successes and challenges experienced in its implementation. However, require the first report to include information available regarding the AATS from implementation to November 30, 2010, to be submitted to the Committee no later than December 31, 2010. Beginning in 2011, require quarterly reports to be submitted by the end of the month after the quarter ends, with the first quarterly report due no later than April 30, 2011.

Automatic Authorization of Child Care Hours System

Require DCF to include in its monthly Wisconsin Shares reports to the Joint Committee on Finance information regarding the system to automatically adjust the number of authorized hours per child if reimbursement to a child care provider under Wisconsin Shares is based on authorized hours of care, as established under 2009 Wisconsin Act 28. Specify that these reports must detail: (a) the number of changes made to the authorized hours during the previous month; (b) what were the changes made to the authorized hours during the previous month; (c) the estimated savings due to the automatic authorization system during the previous month; (d) whether any child care quality improvements can be identified as a result of the automatic authorization system; and (e) the estimated annualized ongoing costs to operate the automatic authorization system. Require the first report be submitted in the August, 2010, Wisconsin Shares report.

Quality Rating and Improvement System

Reallocate Wisconsin Shares child care subsidy savings of \$5,616,900 FED in 2010-11 for the quality rating and improvement system (QRIS), known as YoungStar, as described below. In addition, transfer \$4,429,900 FED in 2010-11 from DCF's economic support federal block grant aids appropriation [s. 20.437(2)(md)] to the Committee's federal funds general program supplementation appropriation [s. 20.865(4)(m)] to reflect that DCF would be required to return to the Committee to request any further expenditure of these funds for YoungStar in 2010-11.

State Administrative Costs. Reallocate \$616,900 in 2010-11 to fund 3.0 FTE positions in DCF authorized to oversee and implement YoungStar, for information technology costs, and for other administrative costs. In addition, transfer \$616,900 in 2010-11 from DCF's economic support federal block grant aids appropriation [s. 20.437(2)(md)] to its economic support federal block

grant operations appropriation [s. 20.437(2)(mc)] to reflect that these funds would be used for administrative expenses, rather than aids.

Accredited Child Care Providers. Require DCF, beginning July 1, 2010, to post on its website a list of all child care providers in the state that are accredited by: (a) the National Association for the Education of Young Children; (b) the National Accreditation Commission; (c) the City of Madison Accreditation for group center or family child care providers; (d) the National Association for Family Child Care; and/or (e) Head Start programs with no non-compliance findings. Require that all accredited child care providers must be listed whether or not they serve children participating in Wisconsin Shares.

Data Collection and Assessment. Reallocate \$3,000,000 in 2010-11 for data collection and assessment activities. Beginning July 1, 2010, require DCF to contract with regional entities throughout the state to collect information from child care providers that serve children who participate in Wisconsin Shares. Specify that the data collected must include information regarding the following quality indicators, which should be directly tied to possible evaluation measures: (a) teacher qualifications; (b) director qualifications (if applicable); (c) learning environment and curriculum; (d) professional practices; and (e) health and wellness. Require DCF to report on the data collected and preliminary ratings no later than November 22, 2010.

Specify that the data collected must also include information related to: (a) life experience of and continuing education participated in by the child care provider; (b) participation of children with disabilities; and (c) what the child care providers believe they need for quality improvement. Require the regional entities to provide recommendations to the child care providers for quality improvement during the data collection process.

Child Care Scholarship and Stipend Programs. Reallocate \$500,000 in 2010-11 to increase funding for child care scholarship and stipend programs (TEACH and REWARD) during the 2010-11 school year.

Immediate Training and Technical Assistance. Reallocate \$1,500,000 in 2010-11 to provide immediate training and technical assistance for child care providers that are located in the 12 counties described below and that would participate in YoungStar, using the model of Together Quality Grows, beginning July 1, 2010. This funding would support training and technical assistance for child care providers in the 10 counties that have the greatest total number of Wisconsin Shares providers and in the two counties that have total population under 17,000 and that have the highest ratio of Wisconsin Shares providers to the total number of licensed and certified child care providers located in the county. Specify that training and technical assistance may be provided by educational entities.

Require DCF to report to the Joint Committee on Finance by March 1, 2011, regarding the outcomes of the expanded training and technical assistance efforts.

Five-Year YoungStar Sustainability Plan. Require DCF to prepare an updated and amended

five-year sustainability plan for the implementation and ongoing activities of a statewide QRIS. By November 22, 2010, require DCF to seek approval of the five-year plan from the Joint Committee on Finance through a 14-day passive review process.

Require the plan to include a description of YoungStar based on the actual data collected from the contracted entities noted above and an analysis of this data. In addition, require the plan to include consideration of child care-related experience and continuing education requirements, and to present an appeals process. Also, require the plan to: (a) include a mechanism to direct intense training and technical assistance where needed; (b) address tiered reimbursements to providers; (c) include before- and after-school programs; (d) identify anticipated revenues and expenditures; (e) include a method for evaluation, what will be measured, and an evaluation timeline ending with a report to the Committee; (f) provide for communication with parents; (g) specify how child care providers that do not currently serve children in Wisconsin Shares can participate in YoungStar; (h) include a requirement that child care providers that participate in YoungStar cannot deny care for children who participate in Wisconsin Shares; (i) include a review of all possible funding sources for YoungStar; and (j) establish a process for a child care provider to submit new information for consideration before a rating for that provider is posted.

Finally, require the plan to describe how DCF would work with the Department of Public Instruction (DPI) to conduct a longitudinal study that directly links individual child outcomes in YoungStar to long-term school readiness.

Additional Requirements Pending Approval of Five-Year Plan. Specify that, at the same time DCF seeks approval for its five-year plan, DCF may submit a request under a 14-day passive review process to access the \$4,429,900 FED placed in the Committee's federal funds general program supplementation appropriation [s. 20.865(4)(m)] for: (a) micro-grants for child care providers seeking to make quality improvements; (b) additional training and technical assistance funding; and (c) other expenditures related to YoungStar.

In addition, once the five-year plan has been approved, require DCF to post the quality rating system established and the ratings for individual child care providers on its website, beginning January 1, 2011.

Future Commitments. Once YoungStar is fully implemented, require DCF to provide the Joint Committee on Finance with: (a) quarterly reports regarding the status of YoungStar; (b) a report on the evaluation of YoungStar based on the five-year plan; (c) notification of when the child care provider rate increase based on the five-year plan becomes effective; and (d) notification of when the before- and after-school child care providers are included in YoungStar based on the five-year plan.

Early Learning Challenge Grants. Should the state receive an early learning challenge grant for its QRIS, require DCF to submit its plan to spend these funds to the Joint Committee on Finance under a 14-day passive review process.

Transitional Jobs Demonstration Project

Increase expenditure authority in DCF's economic support federal block grant aids appropriation [s. 20.437(2)(md)] of \$17,151,500 FED in 2010-11 to reflect the allocation of federal American Recovery and Reinvestment Act of 2009 (ARRA) funds in DCF to support the transitional jobs demonstration project.

Summer Food Service Program

Increase expenditure authority in DCF's economic support federal block grant aids appropriation [s. 20.437(2)(md)] of \$300,000 FED in 2010-11 to reflect the allocation of ARRA funds in DCF to provide additional funding to DPI for the summer food service program.

Earned Income Tax Credit

Increase expenditure authority in DCF's economic support federal block grant aids appropriation [s. 20.437(2)(md)] by \$19,240,700 FED in 2009-10 to reflect the allocation of ARRA funds in DCF to provide additional TANF funding for the earned income tax credit (EITC).

Modify the Governor's request to increase expenditure authority for the earned income tax credit; temporary assistance for needy families appropriation [s. 20.835(2)(kf)] to allow additional TANF funds to be spent on the EITC by \$19,240,700 FED in 2009-10.

Transfer funds in the amount of \$29,000,000 FED in 2009-10 and \$9,759,300 FED in 2010-11 from savings under Wisconsin Shares from DCF's economic support federal block grant aids appropriation [s. 20.437(2)(md)] to the Committee's federal funds general program supplementation appropriation [s. 20.865(4)(m)] to reflect that DCF would be required to return to the Committee to request any further expenditure of these funds.

Increased Expenditure Authority for Unspecified Expenditures

Deny the Governor's request to increase expenditure authority in DCF's economic support federal block grant aids appropriation [s. 20.437(2)(md)] by \$52,055,400 FED in 2010-11 to reflect the balance of ARRA funds in DCF that have not been allocated for a specific purpose. Instead, if additional TANF emergency funds under ARRA are received, permit DCF to submit an expenditure plan of these funds to the Committee under a 14-day passive review process.

Note:

Transfer from Temporary Assistance for Needy Families Block Grant to the Social Services Block Grant

DCF is in the process of creating a graduated foster care licensing system. In the first phase,

court-ordered kinship care providers are becoming licensed as level 1 foster care providers. Under Title IV-E of the federal Social Security Act, these providers would then become eligible for reimbursement under Title IV-E, estimated at \$6.5 million in 2010-11. However, these child care providers would still be paid with TANF funds, which cannot be used to leverage additional Title IV-E funds. This motion would transfer the TANF funds (\$1,416,800 in 2010-11) that would have been used for level 1 foster care providers that were formerly court-ordered kinship care providers to the SSBG. The SSBG would then be distributed to counties through their children and family aids allocations. Counties would then use freed-up local revenue to pay the level 1 foster care providers. These expenditures would qualify for additional reimbursements under Title IV-E, estimated at \$368,400 in 2010-11.

Child Care Fraud Detection and Prevention Activities

As part of efforts authorized under Act 28 and subsequent legislation to increase child care fraud detection and prevention activities, an additional 15.0 full-time permanent employees, 4.0 full-time project positions, and 15.0 limited-term employees were authorized. DCF, with the DOA Secretary's approval, reallocated \$3,200,000 in 2010-11 from savings in Wisconsin Shares to fund these positions. This motion would transfer these funds from the TANF and CCDBG aids appropriation to the operations appropriation to reflect that these are administrative costs, rather than aids costs.

Regulatory Compliance and Wisconsin Shares Integrity

This motion would request DCF to review rules on child care subsidies and whether compliance with licensure and certification requirements should be a factor when issuing child care subsidy payments. Recommend DCF establish and define a serious high-risk violation status, suspend subsidy payments to providers who are in serious high-risk violation status, and specify that providers undergoing the appeals process would be eligible to receive back payment for subsidies during the suspension period if the finding of serious high risk violation status is overturned on appeal.

Automated Attendance Tracking System

The AATS was first authorized in 2009 Wisconsin Act 2 when \$500,000 was initially provided to implement a system to monitor child care attendance in licensed child care centers. The design was not fully developed, but there was an indication that it could be a "swipe card" system that would allow for the electronic recording and monitoring of attendance at licensed child care facilities. Provisions of 2009 Wisconsin Act 28 (the 2009-11 biennial budget bill) provided an additional \$500,000 GPR annually for the swipe card system, but placed the money in the Committee's general program supplementation appropriation and required DCF to request the funds with a detailed plan of how the swipe card system would work and how the funds would be spent.

On March 23, 2010, DCF provided the Committee with an update of the status of the AATS. In its update, DCF reported its research on an AATS and indicated that a request for proposals

(RFP) would be issued in April. DCF now indicates that evaluation of the RFP responses is underway and a contract start date is estimated to be August 1, 2010.

In addition, rather than seek the GPR funds in the Committee's appropriation, DCF, with the approval of the Department of Administration Secretary's approval, reallocated \$1,000,000 from savings in the Wisconsin Shares program to the AATS. However, these funds are in the TANF and CCDBG aids appropriation, rather than the operations appropriation.

This motion would: (a) transfer \$1,000,000 from the TANF and CCDBG aids appropriation to the operations appropriation in 2010-11 to reflect that the funds for the AATS are administrative, rather than aids, costs; and (b) require DCF to report quarterly to the Committee on a variety of factors regarding the status of the AATS, beginning in April, 2011, with an initial report due by the end of December, 2010.

Automatic Authorization of Child Care Hours System

Act 28 required DCF to do all of the following with respect to establishing and adjusting the number of authorized hours per child if reimbursement to a child care provider under Wisconsin Shares is based on authorized hours of child care: (a) track a child's hourly usage of child care authorizations over a six-week period; (b) reduce the authorized hours of child care for the child to 90% of the maximum number of hours of child care that the child attended during that six-week period if the child's hourly usage is less than 60% of the authorized hours of child care during that six weeks; (c) provide written notice of the proposed adjustment to the child's parents, the child's child care provider, and the applicable county department or agency; and (d) provide a grace period after the number of authorized hours is reduced, during which time the child care subsidy amount paid to the child care provider for the child would remain the same as before the reduction in authorized hours was made.

In addition, the following was excluded from the calculation of a child's hourly usage: (a) one week per year of vacation time for the child's child care provider; (b) one week per year of sick time for the child's child care provider; and (c) two weeks per year of vacation time for the child's parents with the child. DCF implemented the automatic authorization system in May, 2010.

This motion would require DCF to report monthly to the Committee on a variety of factors regarding the status of this new system, beginning with its August, 2010, Wisconsin Shares report.

Quality Rating and Improvement System

Act 28 required DCF to submit its QRIS plan to the Committee for approval before YoungStar could be implemented. DCF submitted its plan to the Committee on March 24, 2010. There was an objection to the plan, and this motion makes several modifications to the plan. First, the motion requires DCF to begin with data collection before the final QRIS plan is developed and any ratings take place and provides \$3,000,000 to contract with regional entities for this purpose. The motion requires DCF to update and expand its plan to a five-year plan, with specific

information included in the plan, for the statewide QRIS based on this data collected.

Second, before implementation of a statewide QRIS, funding is provided in the interim to provide targeted technical assistance to improve the quality of child care providers. Funding is provided for: (a) TEACH and REWARD (\$500,000); (b) immediate training and technical assistance (\$1,500,000); and (c) state administrative costs (\$616,900).

The teacher education and compensation helps (TEACH) program provides scholarships to child care providers to attend technical or private colleges or universities to achieve a higher educational level by completing a specific education path. The rewarding education with wages and respect for dedication (REWARD) program provides stipends to child care teachers, providers, and directors based on their level of education specific to the child care field. Base funding for TEACH and REWARD is \$3,475,000.

The Together Quality Grows program provided technical assistance and on-site coaching and mentoring to test the technical assistance infrastructure of a QRIS in 40 licensed child care providers in five cities (Eau Claire, Hayward, Menasha, Madison, and Milwaukee) throughout the state. Data was collected on specific research-based quality indicators, including classroom environment and professional practices. The licensed child care providers volunteered for the pilot project. The results showed an improvement in the quality of these child care providers at an average cost of \$6,000 per provider. This motion would provide immediate training and technical assistance based on this program in 12 specified counties and provide \$1,500,000, which could fund an additional 250 child care providers. The motion would also require DCF to report on the outcomes of the expanded training and technical assistance efforts by March 1, 2011.

As of March, 2010, the top 10 counties that have the greatest total number of Wisconsin Shares providers are: Milwaukee, Dane, Racine, Kenosha, Marathon, Waukesha, La Crosse, Rock, Eau Claire, and Wood. As of March, 2010, the two counties that have total population under 17,000 and that have the highest ratio of Wisconsin Shares providers to the total number of licensed and certified child care providers located in the county are Iron and Washburn.

Third, the motion provides additional steps for DCF once the five-year plan is approved. DCF would be permitted to seek additional funds from the Committee for micro-grants and other training and technical assistance. DCF would also be required to post on its website the quality rating system established and the ratings for individual child care providers. [It should also be noted that beginning immediately, DCF would be required to post all accredited child care providers on its website.]

Finally, the motion would require DCF, once YoungStar is fully implemented, to provide the Committee with additional reports and notifications of progress on YoungStar, as well as a spending plan for the early learning challenge grant if the state were awarded one.

DCF, with the DOA Secretary's approval, has reallocated \$10,046,800 in 2010-11 from savings in Wisconsin Shares to YoungStar. However, these funds cannot be spent unless the

Committee approves the QRIS plan. This motion would allocate \$5,616,900 of these funds for the following: (a) state administrative costs for YoungStar (\$616,900); (b) data collection (\$3,000,000); (c) child care scholarship and stipend programs (\$500,000); and (d) immediate training and technical assistance (\$1,500,000). The motion would place the remaining amount (\$4,429,900) in the Committee's federal funds general program supplementation appropriation for future expenditures for micro-grants, technical assistance, or other YoungStar-related request.

Transitional Jobs Demonstration Project

2009 Wisconsin Act 28 required DCF to conduct a demonstration project that offers transitional jobs to low-income adults. The demonstration project would provide up to 2,500 transitional jobs allocated among Milwaukee County, Dane County, Racine County, Kenosha County, Rock County, Brown County, and other regions of the state. DCF was required to seek federal funds to pay for the cost of operating the demonstration project and was authorized to conduct the demonstration project only to the extent that federal funds were obtained.

This motion would provide \$17,151,500 in 2010-11 in federal TANF emergency funds under ARRA for this demonstration project. DCF has committed to a two-year plan with total costs at \$34.3 million for 1,518 job slots in the following potential counties: Ashland, Barron, Bayfield, Brown, Burnett, Chippewa, Clark, Columbia, Dane, Dodge, Douglas, Dunn, Eau Claire, Iron, Jefferson, Kenosha, La Crosse, Manitowoc, Marquette, Milwaukee, Ozaukee, Pepin, Pierce, Polk, Price, Racine, Rock, Rusk, Sauk, Sawyer, Sheboygan, St. Croix, Taylor, Washburn, Washington, and Waukesha.

Summer Food Service Program

The summer food service program continues to provide nutritious meals during the summer months for school-age children. During the summer of 2009, 124 sponsors served a total of 1,756,600 meals across the state. This motion would provide an additional \$300,000 for the summer food service program from the TANF emergency funds under ARRA, which is an allowable use of TANF emergency funds.

Earned Income Tax Credit

Through the reallocation process of Wisconsin Shares savings (\$29.0 million in 2009-10 and \$9.8 million in 2010-11) and a request for ARRA funds (\$19.2 million), the administration seeks approval to spend an additional \$29.0 million annually in TANF funds for the EITC. As a result, fewer GPR funds would be spent for the EITC by \$29.0 million annually.

This motion would approve additional TANF funding for the EITC in the amount of \$19.2 million in 2009-10 from the ARRA TANF emergency funds. Therefore, \$19.2 million GPR less in 2009-10 would be spent on the EITC, improving the general fund balance. The portion of the request due to the reallocation of Wisconsin Shares savings (\$29.0 million in 2009-10 and \$9.8 million in 2010-11) would be transferred from DCF's economic support federal block grant aids

appropriation to the Committee's appropriation. DCF would be required to seek Committee approval for expenditure of these funds.

Increased Expenditure Authority for Unspecified Expenditures

The Governor seeks approval for expenditure authority for the balance of the TANF emergency funds that has not yet been received or allocated for a specific purpose (\$52.1 million). This motion would deny that request. However, rather than require DCF to return to the Committee under 2009 Wisconsin Act 2 requirements for approval of expenditure of ARRA funds, the motion would permit DCF to submit an expenditure plan under a 14-day passive review process.

Fiscal Effect

Under the motion, the funding for the SSBG, child care fraud detection and prevention activities, the AATS, and the QRIS is from reallocations of existing appropriations. New ARRA funding is provided for the transitional jobs demonstration project (\$17,151,500 in 2010-11), the summer food service program (\$300,000 in 2010-11), and the EITC (\$19,240,700 in 2009-10), which is shown in the brackets below.

[Fiscal Effect: \$36,692,200 FED]