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### **Wisconsin Shares Child Care Subsidy Program**

Wisconsin Shares assists Wisconsin Works (W-2) participants and other low-income working families in paying for child care. It was created by 1995 Wisconsin Act 289 and is administered by the Department of Workforce Development. In fiscal year (FY) 1999-2000, it served approximately 33,000 families and 60,500 children, at a cost of \$191.3 million in federal and state funds. In July 2000, 15.3 percent of those receiving a child care subsidy were W-2 participants, while the others were working families with limited incomes.

Four types of providers offer subsidized care through the program. In FY 1999-2000, 63.6 percent of all participating children received care through licensed group providers, who generally operate large child care centers and are more heavily regulated than other licensed or certified providers.

#### **Program Participation Has Grown Substantially**

When the program began participation was low, but it has since increased markedly. From September 1997 through June 2000, monthly participation increased by 83.5 percent, growing from 18,671 to 34,268. Expenditures have also increased because of increased participation that resulted, in part, from expanded eligibility and reductions in the copayments that participating families are required to pay. In FY 1996-97, only half of the program's \$99.0 million budget was spent. However, in FY 1999-2000, expenditures exceeded the program's \$181.1 million budget by \$10.2 million.

There is potential for continued program growth, although it is not fully known how the most recent eligibility and copayment changes will affect participation. A federal report estimated that in 1998, approximately 14 percent of eligible Wisconsin families participated in the program. In comparison, Illinois, Michigan, and Ohio had participation rates that were substantially higher, ranging between 24 and 27 percent of those eligible. We identified a number of reasons why families do not participate, including costs to the families, availability of child care, and access to transportation. Although these reasons are faced by all families seeking regulated child care, families eligible for the program typically have fewer resources to help them in meeting these challenges.

#### **Management of Child Care Grant Programs Could Be Improved**

The Department has implemented an effective system to issue subsidy payments on behalf of program participants; however, its efforts to manage grants that it makes to providers for increasing the quality and availability of child care could be improved. For example, the percentage of licensed providers who achieved the required standards set forth in certain quality improvement grants has fallen consistently over the past several years, and less than half of licensed group providers awarded these grants between 1993 and 1995 achieved the standards.

In addition, although the amount of funds awarded for child care start-up and expansion grants has been relatively small, totaling \$529,100 in 1999, the Department could do more to determine whether child care program outcomes meet specified grant purposes. The need for enhanced oversight will be especially important given the establishment of a new program that will provide up to \$26.0 million in federal funds directly to counties and other local entities for child care-related services during the next two years.

#### **Funding Issues Will Need to Be Addressed**

Determining the level of funding to be provided for the program will be an important issue for consideration in the

2001-03 legislative session. In its current biennial budget request, the Department has asked for an additional \$51.9 million in federal funding for the program, an increase of 10 percent for FY 2001-02 and 5 percent for FY 2002-03. Furthermore, the source of any additional funds used to support the program will be an important consideration. Since FY 1997-98, Wisconsin has enhanced overall program funding by relying more heavily on the federal Temporary Assistance for Needy Families (TANF) grant allocation, which is scheduled to be reauthorized by Congress in 2002.

Rather than increase funding, the Legislature could lower program costs by, for example, allowing counties to establish waiting lists for families that cannot be served within existing budgets, possibly while also giving priority to W-2 clients. Alternatively, the Legislature could implement changes to the subsidy program that would require parents to contribute more toward the cost of care, or it could institute time limits on receipt of the subsidy or amend eligibility criteria to reduce the number of eligible families.

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[full report, PDF file \(216KB\)](#)