



Child Care, Working Families, and the Wisconsin Economy

From Surviving to Thriving



The Challenge

In communities across Wisconsin, families struggle to access quality, affordable child care. Over half of Wisconsin residents live in a child care desert, where there is not enough care for families who need it.ⁱ And where care is available, it's often prohibitively expensive, with the cost of care for one infant exceeding 20 percent of the average Wisconsin household's annual income.ⁱⁱ When working parents don't have access to child care, or when the cost of child care is out of reach, they're forced to make hard choices like working fewer hours, changing jobs, or dropping out of the workforce altogether.ⁱⁱⁱ

The COVID-19 pandemic has exacerbated these long-standing gaps in access to quality, affordable child care. As a result of COVID-19 disruptions, child care programs have faced decreased revenue and increased expenses, putting many programs at risk of permanent closure. One in 3 Wisconsin child care providers reports losing money by staying open to care for the children of working parents.^{iv}

To support Wisconsin's economy and working families, we need to ensure that the child care sector survives these immediate pressures. But merely surviving is not enough. We also need to reimagine how we structure and finance child care for the long-term, so that child care providers – and the working families who rely on them – have the long-term, sustainable support they need to thrive.

The Opportunity

By effectively utilizing both one-time, emergency federal funds and making smart investments of state funds, Wisconsin leaders have an opportunity to support our state's workforce and economy by ensuring that working parents have access to quality, affordable child care.

For more information on the Wisconsin Infant Toddler Policy Project (WITPP) visit:
wisconsinearlychildhood.org/witpp/

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ⁱ Center for American Progress, Child Care Deserts

ⁱⁱ Economic Policy Institute, Child Care Costs in the United States

ⁱⁱⁱ UW-Madison Division of Extension, Are the Kids Alright? Women, Work, & Childcare

^{iv} National Association for the Education of Young Children, State Data: Child care providers are sacrificing to stay open and waiting for relief

Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020

\$131 million in federal funding for child care in Wisconsin

- CARES Act funds were used to create Child Care Counts
- COVID-19 Emergency Payment Program supported child care providers to stay open, keep staff employed, and safely serve children throughout 2020. Benefited over 2,700 child care programs, 20,000 child care workers, and more than 80,000 children
- COVID-19 Supplementary Payment Program supported high-quality child care, ensured health and safety practices were in place and funded staff recruitment and retention. Benefited over 2,800 child care programs, 19,000 child care workers, and 70,000 children under the age of 6
- All available CARES Act child care funds have been allocated

Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of 2021

\$148 million in federal funding for child care in Wisconsin

- \$106 million to expand the existing Child Care Counts program, which has proven to be effective in keeping child care programs open through short-term, significant disruptions
- Critical technology infrastructure (\$10 million)
- Early childhood education workforce recruitment and retention (\$10 million)
- Expansion of shared services networks to help providers take advantage of economies of scale (\$5.5 million)
- Incentivizing private sector partnerships (\$10 million)
- Early childhood educator training (\$5.5 million)

American Rescue Plan (ARP) Act of 2021

\$580 million in federal funding for child care in Wisconsin

This funding includes:

- **Child Care and Development Block Grant Funding**
One time emergency funds to support child care, including funding to help essential workers afford child care and no income limits on families who receive assistance
- **Child Care Stabilization Funding**
Creates a stabilization grant to help child care providers remain financially viable through the remainder of the pandemic



2021-23 Wisconsin State Budget Proposal

\$106 million investment of new funds over the biennium for an initiative totaling \$140 million designed to address quality, affordability, access, and equity for all children, including both those in subsidized and unsubsidized child care

Child Care Strong

- This new, innovative program will provide grants to all regulated child care providers and support the quality of care in all settings. The initiative creates financial incentives for providers to serve infants and toddlers (the most expensive group of children in care), and low income children, and encourages high quality care. To address child care workforce recruitment and retention, at least half of the monthly payments to providers must be allocated toward staff salaries and benefits
- 2 pilot programs in child care deserts to create a sustainable path towards accessibility

Other Budget Initiatives

- \$3 million for early childhood social emotional training and technical assistance
- \$500,000 annual TANF increase for the REWARD program for child care workers
- Creation of a non-refundable child and dependent care credit

State investment will provide the long-term, sustained support necessary for the child care sector—and the families that rely on it—to thrive.