

Raising Wisconsin State Budget Request

\$300 Million for Child Care in the 2023-25 Biennium

Raising Wisconsin calls for a **\$300 million state investment over the 2023-25 biennium to continue Child Care Counts**. Child Care Counts continues to be essential for Wisconsin early childhood care and education programs, and, by extension, is critical for families, early childhood educators, businesses, and the economy. Raising Wisconsin calls on policymakers to commit this funding as a central budget priority to provide ongoing stability to the child care industry and, subsequently, Wisconsin's workforce.

Child Care Counts has been a vital lifeline in the midst of the ongoing effects of COVID-19, which significantly worsened **Wisconsin's already fragile child care infrastructure**. Even prior to the pandemic, Wisconsin faced a child care crisis driven by the lack of available quality child care.

Child Care Counts – launched in 2020 and supported through COVID-relief funding – has provided this **long-needed** direct support to child care programs to allow them to remain open and retain staff. A total of more than \$700 million is allocated to Child Care Counts through January 2024. Payments assist with operating expenses, supplement early educator compensation, and, in turn, make care more affordable for families. Even with this significant relief funding, programs still struggle and remain at a critical breaking point, further underscoring **the need for significant state investment**.

Without financial support, programs would have been forced to close or reduce their availability at even higher rates, causing a ripple effect across the state of families struggling to find already-scarce care and the resulting workforce and economic implications. In fact, the long-term negative economic impact of the state's child care crisis is estimated at **\$4.2 to \$6.4 billion**, driven in part by a higher rate of working mothers (68%) than the national average (62%).

January 2024 will mark the start of a **damaging cliff** if policymakers do not allocate significant state funding for continuity in support of child care. Wisconsin historically invests the minimum state general purpose revenue to leverage its federal Child Care and Development Block Grant at just more than \$16 million, which equates to a minimal \$50 per child investment at nearly 320,000 children under age 5. The CCDBG funds are limited to only families who qualify for Wisconsin Shares (185% of the federal poverty level). The pandemic underscored how **much more is required to keep child care affordable and available**, businesses operating, and communities thriving.

In fact, more than 90 percent of center-based and family child care providers who received stabilization grants said the funding helped their programs stay open. Three-quarters of providers said the end of stabilization grants, like Child Care Counts, would have a negative effect on their programs, according to research from the National Association for the Education of Young Children (NAEYC). More than 45,000 Wisconsin child care slots have been **saved by American Rescue Plan Act (ARPA) funding**.

The state's child care landscape underscores the need for **significant public investment**: An average family with children under age 5 spends one-fifth to one-third of their household income on care, which is increasingly scarce. About 50 percent of Wisconsin, and 70 percent of rural areas, are child care "deserts," where there is only one regulated slot for every three children under age 5.

Meanwhile, programs operate on razor-thin margins with budgets balanced on parent fees, which, despite being costly to families, do not cover the full cost of programs providing high-quality care. As a result, child care professionals are paid poverty-level wages averaging \$11 to \$13 an hour while rarely accessing benefits despite the importance of their profession. The result is a **blatantly broken business model the free market cannot address**.

It's essential for Wisconsin policymakers to invest significant state funding to support child care – an **incredibly vital yet historically under-resourced public good**. Families, child care programs, early childhood educators, businesses, and communities have felt the effects of this reality for years yet policymaker action has notably lagged behind.

Funding levels must finally **match the critical importance of early care and education** for children, families, the economy, and our communities.