

**Clearinghouse Rule 06-095**

**State of Wisconsin**

**Department of Workforce Development**

**Division of Workforce Solutions**

**Grants Supporting Community Child Care Initiatives**

**Chapter DWD 59**

The Wisconsin Department of Workforce Development proposes an order to amend ss. DWD 59.03(6)(a), 59.04(1), 59.05(intro.), 59.05(4)(a), 59.07(1)(intro.), 59.07(2)(a), and 59.07(2)(d); and to repeal and recreate ss. DWD 59.04(2) and 59.06(3), relating to grants supporting community child care initiatives.

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**Analysis Prepared by the Department of Workforce Development**

**Statutory authority:** Sections 49.137 (4m) and 227.11 (2), Stats.

**Statutes interpreted:** Section 49.137 (4m), Stats.

**Related statutes and rules:** 42 USC 9858 to 9858q and 45 CFR Part 98

**Explanation of agency authority.** Section 49.137 (4m), Stats., provides that the department shall award grants to local governments and tribal governing bodies for programs to improve the quality of child care. The department shall promulgate rules to administer the grant program, including rules that specify the eligibility criteria and procedures for awarding grants. Section 49.137 (4m) refers to the program as the local pass-through grant program.

The local pass-through grant program is funded by the federal Child Care and Development Fund (CCDF), a federal block grant that makes federal child care funding available to states that contribute the required match at the state's federal medical assistance percentage rate. The local pass-through program began in 1999 to bring CCDF funds into the state that had been left unmatched in the state budget. Through the local pass-through program, the department awards grants supporting community child care initiatives to all local governments and tribes that supply the match required to bring the CCDF funds into the state.

**Summary of the proposed rules.** In recent years, funding for grants supporting community child care initiatives has been cut by 86%. This reduced funding necessitates a change in the procedure for awarding the grants. Under the current rule, former initial grantees may receive continuing grants in the 2 following funding cycles of up to 75% of

the amount of their initial grants and then may also compete, along with any eligible jurisdiction in the state, for the remaining 25% of funding as initial grantees. The proposed rule will allow all grants in some years to be awarded as initial grants and all grants in other years to be awarded as continuing grants.

Offering only initial grants in some funding cycles and only continuing grants in other cycles will provide for equitable grant making over time while not requiring an overly complicated procedure for awarding the program's limited funding. Availability of initial grants gives new applicants the opportunity to apply for funding. Availability of continuing grants is important to local governments and tribes because they need to know that they will be able to receive funding for more than one year before they go through the effort and expense of starting a new program. Continuing grants support local governments and tribes that have shown an interest in receiving the grants, have the match on hand, and have the demand of grant-funded activities. There are currently 48 grantees representing approximately 86 local jurisdictions.

Offering both continuing grants and initial grants each year creates workload issues for both local governments and tribes and for the department. Local governments and tribes may receive funding through both the continuing and initial grant process and this causes duplicated work at the state and local level. Offering both initial and continuing grants each year creates workload issues for the department due to the effort in publicizing and promoting a statewide open RFP for initial grants, recalculating the fair share funding available for each county, and recalculating the proportions for each grantee within the fair share funding.

The current rule provides that a continuing grant may be offered for 2 funding cycles following the award of the initial grant. The proposed rule will allow a continuing grant for up to 3 funding cycles. This will allow more flexibility in managing the program. In addition, the current rule provides that continuing grants may be offered in an amount up to 75% of the amount of the initial grant. The proposed rule will allow a continuing grant in an amount up to 200% of the initial grant. The increase to 200% is proposed to avoid a mandatory RFP for initial grants if there is only a small amount of funding left to award. If the pass-through program received funding at a significantly higher level, the department could offer an RFP for initial grants to allow local governments and tribes to apply when they may not have considered the lower funding levels to be worthwhile.

The proposed rule will also:

- Amend the authority of the department to round the level of required match from the nearest higher full percentage point to the nearest higher percentage that can be expressed in whole dollars relative to the amount of the grant.
- Repeal descriptions of single, cooperative, and collaborative applications. This level of detail is more appropriate for the RFP.
- Repeal the subsection that provides for different percentages of the grant that may be spent on administrative costs based on the different types of applications and creates a provision that allows the department to limit the amount of funding that may be spent on administrative costs to a level no higher than 15%.
- Make minor language changes to clarify and simplify the rule.

**Summary of factual data and analytical methodologies.** The proposed rule is intended to simplify the procedures for applying for grants and awarding of grants due to the significantly reduced funding for the program.

**Comparison with federal law.** The statewide limit on administrative costs for a CCDF grant is 5%. The other issues in the proposed rules are not addressed in federal law.

**Comparison with rules in adjacent states.** None of the adjacent states have a comparable program.

**Effect on small businesses.** The proposed rules do not affect small businesses.

**Agency contact person and place where comments are to be submitted.** Written comments on the proposed rules must be received at the following address or email no later than August 17, 2006:

Elaine Pridgen  
Office of Legal Counsel  
Dept. of Workforce Development  
P.O. Box 7946  
Madison, WI 53707-7946  
(608) 267-9403  
elaine.pridgen@dwd.state.wi.us

**SECTION 1. DWD 59.03 (6) (a) is amended to read:**

**DWD 59.03 (6) (a)** Awarding ~~initial and continuing~~ grants pursuant to s. DWD 59.07 ~~(1) and (2)~~.

**SECTION 2. DWD 59.04 (1) is amended to read:**

**DWD 59.04 (1)** ~~ELIGIBLE APPLICANTS~~ INITIAL GRANTS. Any local government or tribe that is located in Wisconsin may submit an application for ~~funds~~ an initial grant under ~~this chapter~~ s. DWD 59.07.

**SECTION 3. DWD 59.04 (2) is repealed and recreated to read:**

**DWD 59.04 (2)** CONTINUING GRANTS. Any recipient of an initial grant may apply for a continuing grant under s. DWD 59.07 if a continuing grant RFP is offered.

**SECTION 4. DWD 59.05 (intro.), (4) (a), and (4) (d) are amended to read:**

**DWD 59.05 Match requirement.** A local government or tribe that applies for funds under this chapter shall certify that matching expenditures represent expenditures eligible for federal match as required under 42 USC 9858–9858q, 45 CFR Parts 98 and 99, this chapter, and the RFP. The department shall determine the minimum match expenditure to be either the federal medical assistance percentage for Wisconsin for the federal fiscal year in which the match expenditure occurs or a higher percentage rate needed to meet the state’s match requirements under 45 CFR 98.53 and 45 CFR 98.63 as affected by ss. 20.445 (3) (cm), 20.445 (3) (md), and 49.175 (1) (qm), Stats. The department may round this percentage of required match to the nearest higher ~~full~~ percentage point that can be expressed in whole dollars relative to the amount of the grant. A match expenditure shall comply with the following criteria:

**DWD 59.05 (4) (a)** Providing low-income working families with financial resources to find and access quality child care for their children.

**SECTION 5. DWD 59.06 (3) is repealed and recreated to read:**

**DWD 59.06 (3) LIMIT ON ADMINISTRATIVE COSTS.** The department may limit the amount of grant funding that may be spent on administrative costs to a percentage no higher than 15%.

**SECTION 6. DWD 59.07 (1) (intro.) and (2) (a) are amended to read:**

**DWD 59.07 Amount of grants. (1) INITIAL GRANT.** ~~No initial grant may be awarded if there is insufficient funding appropriation under s. 49.175 (1) (qm), Stats., to provide continuing grants under sub. (2) of at least 50% of the eligible grantees' initial grant levels from the previous 2 grant cycles.~~ If initial grants are awarded, the amount of an initial grant shall be based on the following:

**(2) CONTINUING GRANTS. (a)** A continuing grant may be offered to a local government or tribe for ~~2~~ up to 3 funding cycles after the initial grant was awarded.

**(d) 2.** At a level up to ~~75%~~ 200% of the initial grant if match requirements are met. ~~Additional funds may be provided if the applicant identifies sufficient match and funds are available under initial grant rules.~~

**SECTION 7. EFFECTIVE DATE.** This rule shall take effect the first day of the month following publication in the Administrative Register as provided in s. 227.22(2)(intro), Stats.