

**Department of Workforce Development  
Hearing Summary**

**Proposed Rules Relating to Child Care Rates  
DWD 56.06 (1)  
CR 08-009**

A public hearing was held in Madison on March 10, 2008.

141 people commented or registered against the proposed rules  
0 commented in support of the proposed rules

**The following commented or registered against the proposed rules:**

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| 1. Dave Edie, Early Education Policy Analyst<br>Wisconsin Council on Children and Families<br>Madison | 2. Ruth Schmidt, Executive Director<br>Wisconsin Early Childhood Association<br>Madison                        |
| 3. Daithi Wolfe, Coordinator<br>Bright & Early Public Education Campaign<br>Madison                   | 4. Wendy Rakower, Executive Director<br>Red Caboose Day Care Center<br>Madison                                 |
| 5. Rebecca Ebbott, parent<br>Madison  | 6. Tammy Hammell, Regional Vice President<br>Knowledge Learning Corporation (owner of KinderCare)<br>Wauwatosa |
| 7. Alex Scott, Director<br>KinderCare<br>Monona   | 8. Jill Schlag, Director<br>KinderCare<br>Neenah   |
| 9. Faye Manley, Director<br>KinderCare<br>New Berlin  | 10. Jaclyn Orozio, Director-in-Training<br>KinderCare<br>Greendale   |
| 11. Jennifer Costa, Director<br>KinderCare<br>Greenfield  | 12. Annette Peters, Director<br>KinderCare<br>Kimberly   |
| 13. Kelly Grohall, Director<br>KinderCare<br>West Allis   | 14. Jeani Meehan, Director<br>KinderCare<br>Madison  |
| 15. George Hagenauer, Acting Director<br>4-C Community Coordinated Child Care, Inc.<br>Madison        | 16. Brenda Danielczak, provider<br>Merrill   |
| 17. Silke O'Donnell<br>AFSCME<br>Madison  | 18. Genniene Lovelace-Michel<br>AFSCME<br>Sauk City  |

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| 19. Oma Vic McMurray<br>Bridges Child Care<br>Madison | 20. Susanne Hoesler<br>Madison    |
| 21. Venus Childs<br>Kenosha                           | 22. Carrie Palmer<br>Milwaukee    |
| 23. Tee White<br>Milwaukee                            | 24. Deborah Tofte<br>Stoughton    |
| 25. Rosalind Hawkins<br>Milwaukee                     | 26. Tamara Larson<br>Cameron      |
| 27. Lori Schweiger<br>Superior                        | 28. Myrna Tirado<br>Racine        |
| 29. Sarah Standaert<br>Glenwood City                  | 30. Heather Long<br>Milwaukee     |
| 31. Alleen Scott<br>Milwaukee                         | 32. Betty Morgan<br>Milwaukee     |
| 33. Pam Lane<br>Manitowoc                             | 34. Terrie Stinski<br>Shawano     |
| 35. Dora Martinez<br>Milwaukee                        | 36. Marjorie Nicholson<br>Madison |
| 37. Martha Parker<br>Milwaukee                        | 38. Barbara Kelley<br>Milwaukee   |
| 39. Taleka Saffold<br>Milwaukee                       | 40. Lola Sailer<br>Cambria        |
| 41. LaQuetta Clipps<br>Milwaukee                      | 42. Martha Jean Gray<br>Milwaukee |
| 43. Yolanda McFadden<br>Milwaukee                     | 44. Elijah Shaw<br>Milwaukee      |
| 45. Irma Johnson<br>Milwaukee                         | 46. Becki Schillinger<br>Ashland  |
| 47. Georgette Bruhn<br>Siren                          | 48. Roxann Zastrow<br>Algoma      |
| 49. Sherlon Butler<br>Milwaukee                       | 50. Sheryl Sabur<br>Kenosha       |
| 51. Norma Yera<br>Milwaukee                           | 52. Susan Kringle<br>Rice Lake    |
| 53. Mary Killins<br>Milwaukee                         | 54. Nancy Weaver<br>Oregon        |

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| 55. Cassandra Butcher<br>Madison    | 56. Shauna Schmidt<br>Appleton     |
| 57. Debbie Marks<br>Monona          | 58. Angelia Langston<br>Milwaukee  |
| 59. Sue McNamara<br>Monona          | 60. Janice Fletcher<br>Milwaukee   |
| 61. Gena Kraemer<br>West Allis      | 62. Sasha Allen<br>Milwaukee       |
| 63. Christine Gerke<br>Tomah        | 64. Patricia Henning<br>Madison    |
| 65. Stacey Martinez<br>Manitowoc    | 66. Tina Williams<br>Milwaukee     |
| 67. Betty Ross<br>Milwaukee         | 68. Marie Woodruff<br>Milwaukee    |
| 69. Tammy Schultz<br>Brookfield     | 70. Sally Rodriguez<br>Milwaukee   |
| 71. Carla McCluster<br>Beloit       | 72. Blanca Cordero<br>Milwaukee    |
| 73. Marlene Sylvester<br>Eau Claire | 74. Tammy Dannhoff<br>Oshkosh      |
| 75. Heather Burbank<br>Altoona      | 76. Beth Winsand<br>Alma           |
| 77. Wendi Lanou<br>Mosinee          | 78. Katherine Johnson<br>Almond    |
| 79. Shelby Weber<br>Beaver Dam      | 80. Barbara Bolter<br>Janesville   |
| 81. Marie Mueller<br>Baraboo        | 82. Connie Lent<br>Madison         |
| 83. Jerrica Bluntson<br>Milwaukee   | 84. Pam Winningham<br>Rice Lake    |
| 85. Valerie Steger<br>Berlin        | 86. Paolor Yang<br>Milwaukee       |
| 87. Lori Whitehead<br>Viroqua       | 88. Zeanie Henderson<br>Milwaukee  |
| 89. Berdina Howard<br>Milwaukee     | 90. Catherine Zabel<br>Fond du Lac |

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| 91. Johnneice Jones<br>Milwaukee  | 92. Jolene Ibeling<br>Cambridge     |
| 93. Alisha Jordan<br>Milwaukee    | 94. Julie Canik<br>Park Falls       |
| 95. Elizabeth Ramos<br>Elkhorn    | 96. Angela Gomez-Mendez<br>LaCrosse |
| 97. Stacey Johnson<br>Madison     | 98. Kay Manske<br>Hubertus          |
| 99. Belinda Whitley<br>Milwaukee  | 100. Azil Ferguson<br>Madison       |
| 101. Traci Frisque<br>Appleton    | 102. Dorran Hiller<br>Mercer        |
| 103. Joann Burk<br>Rosholt        | 104. Stephanie Colvin<br>Watertown  |
| 105. Tracy Hartman<br>Stoughton   | 106. Peggy Rainbow<br>Madison       |
| 107. Saprina Johnson<br>Milwaukee | 108. Catherine Junior<br>Milwaukee  |
| 109. Katie Burzynski<br>Stanley   | 110. Karen Brendemihl<br>West Allis |
| 111. Amanda VonKaenel<br>Monroe   | 112. Wanda Key<br>Milwaukee         |
| 113. Linda Acevedo<br>Kenosha     | 114. Pamela Monk<br>Milwaukee       |
| 115. Irene Alexander<br>Madison   | 116. Sheila Strong<br>Milwaukee     |
| 117. Denise Mirkin<br>Madison     | 118. Denita Sublett<br>Milwaukee    |
| 119. Kevin Kaleck<br>Kenosha      | 120. Cheryl Wagner<br>Monroe        |
| 121. Maaina Mack<br>Madison       | 122. Cindy Ruland<br>Reedsburg      |
| 123. Katy Mattison<br>Eau Claire  | 124. Jillene Johnson<br>Superior    |
| 125. Katherine Bass<br>Marshfield | 126. Peggy Neau<br>Pleasant Prairie |

127.Dorenda Heflin  
Milwaukee

129.Karen Metcalf  
Hayward

131.Florida Willis  
Madison

133.Delores Neal  
Milwaukee

135.Liz Holloway  
Racine

137.M. Berg  
Mondovi

139.Patricia Hoffman  
Wisconsin Rapids

141.Linda Yarbrough  
Racine

128.Jolene Genett  
Appleton

130.Julie Cox  
Brodhead

132.Corinne O'Neill  
Horicon

134.Amanda McManus  
Rice Lake

136.Stacy Allen  
Kenosha

138.Susan Pawlak  
Stevens Point

140.Tanya Lockett  
Milwaukee

## **1. Wisconsin Council on Children and Families**

We understand that freezing child care rates through the biennium was part of the budget deal that added \$69 million to the Wisconsin Child Care Subsidy Program. So DWD 56.06 (1) is implementing the intent of the budget. However, we wanted to comment on the negative effect of this policy on child care providers and parents. The cumulative impact of frozen rates year after year is having serious effects on child care providers and on low-income families, who are often charged for the costs not covered by the rates.

Child care programs are a major part of the state's infrastructure supporting work and the economy. We urge state leaders to find a way to fairly compensate child care providers serving some of our most vulnerable children as soon as possible, hopefully tied to quality standards. The combination of this policy, the new copayment policy required by the federal government, and the reinstatement of the payment for absences policy is causing serious problems for programs across the state trying to meet the child care and early learning needs of children and families.

## **2. Wisconsin Early Childhood Association**

We oppose the rule freezing child care subsidy rates through 2009 and request instead that the state shore up Wisconsin Shares in the budget repair bill. The Governor, DWD, and WECA share the goal of improving the quality of services offered to young children and their families.

We can't have both good quality care and cheap care. Recently there have been news stories about violations of child care licensing rules. The National Association of Child Care Resource and Referral Agencies ranked Wisconsin 47<sup>th</sup> in the nation in oversight of child care centers. There is no way to maintain or improve quality when subsidy revenue has been frozen two years and is proposed to be frozen two more years.

Child care is one of the lowest income industries in the state yet provides a service that supports the economic backbone of Wisconsin. Without child care providers, literally hundred of thousand of parents wouldn't be able to work. In Wisconsin, 71% of children under 6 have all available parents the workforce, the 4<sup>th</sup> highest in the nation.

A rate freeze may contribute to erosion of quality care, higher turnover of child care providers, and decreased access for low income parents who need child care to maintain employment. Early childhood care and education is necessary for a stable workforce and is a critical piece of sound economic development policy.

## **3. Bright and Early Public Education Campaign**

Federal regulations require payment rates that are "sufficient to ensure equal access." The current rates clearly do not meet this standard. Wisconsin Shares is an efficiently-run program that faces increasing demand. I would like our Legislature to prioritize Wisconsin Shares and take responsibility for fully funding it. Fair taxation would be a great place to start. Close the Las Vegas loophole and renew the inheritance tax. I am also opposed to the failed UU50 policy.

## **4. Red Caboose Day Care Center**

Red Caboose's mission since its inception in 1972 has been to offer high quality child care to all children, regardless of income. The freeze effectively increases the parent copayment every year. This is a burden that neither the low-income families nor our organization can bear. It

threatens our ability to serve low income families. I urge you to raise the reimbursement to meet the market rate in Dane County and not to reinstate the under-utilization policy.

#### **5. Parent with child at Red Caboose**

I oppose the rate freeze because I cannot afford my copayment to get any higher. Many other parents have moved their children to programs with a lower copayment, but I am very happy with the quality of care my daughter receives at Red Caboose and cannot consider moving her.

#### **6 to 14. Regional VP of Knowledge Learning Corporation (owner of KinderCare) and KinderCare directors**

Knowledge Learning Corporation operates 59 KinderCare and Knowledge Beginnings early care and education center in Wisconsin. Our centers employ 1,400 Wisconsinites, contribute \$37 million each year to the state's economy, and provide early care and education to approximately 3,000 children every day.

Nearly half of the children we serve in Wisconsin are from low-income families. This is a higher percentage of low-income children than in any of the other 37 states in which we operate. Our ability to serve such a large proportion of low-income families is directly related to Wisconsin's exemplary record of providing fair reimbursement to providers. This proposed freeze, particularly on top of a freeze in 2007, threatens Wisconsin's leadership role in child care and puts our state on a slippery slope to mediocrity.

The freeze does have a significant economic impact on some providers. While state subsidies may average 21% of provider revenue, they are 50% in my company and 90% in some other centers.

In addition, we strongly oppose a return to UU50 and also encourage the state to process authorizations more quickly.

Given the high rate of return on investment in high quality early childhood education, we must do all we can to minimize cuts. When and if cuts have to be made, it is better to provide full reimbursement and high quality early care and education to a smaller number of very disadvantaged children than to spread the funds more thinly and provide lower quality care to a larger number of children.

#### **15. 4-C Madison**

The rate freeze undermines the existing quality structure that pays higher rates for accredited care. Accredited child care programs lose the most because they have the highest rates and the freeze increases the gap between what the state pays and the cost of the accredited care.

A rate freeze decreases options for low income parents and likely causes higher rates for both subsidy and fee paying parents.

The rate freeze is delaying the problem. When rates are finally increased, the increase will be higher than in the case of a gradual increase because the private market will have had larger than normal increases to make up for the losses in the subsidy system.

## **16. Provider**

Don't put budget fix on shoulders of providers. To get money for the child care budget, the state should do the following:

- Count child support as income when determining eligibility.
- Improve program integrity. County workers approve anyone for any amount of hours.
- Close the horrible child care programs.

## **17 to 141. AFSCME Family Child Care Providers and Supporters**

**17.** I began my child care program 15 years ago. Until recently, I dedicated my business to serving both Wisconsin Shares and private-pay clients. In the past few years Wisconsin Shares has taken a turn for the worse. I now have two children on subsidy in my program and that's because they are my great nieces. Providers accepting subsidy families have had the following cuts over the past few years.:

- Regional rates, causing decreased payments in Dane County.
- Elimination of enrollment fees.
- Increase in parent copayments.
- Rate freeze.
- Reduction in maximum hours authorized.
- Elimination of two-week notice.
- Attendance-based payment when the authorization is underutilized by 50% or more

It's the State's job to fix the budget, but it shouldn't be on the backs of child care providers.

**18.** In the 7 years I have been a child care provider, I have seen significant increased expectations put on providers in licensing rules and standards. With these higher standards comes higher cost with maintaining a quality business. DWD compares Wisconsin rates to states surrounding us but Wisconsin has the highest standards put on providers. DWD is not considering this when comparing money standards. Providers' costs have gone up. The rate freeze will reduce quality care and mean fewer providers.

**19.** The rate freeze is destabilizing the child care industry and its workforce. The rate freeze, UU50 absence policy, increased copayment for families using certified providers, and regionalization of rates are collectively devastating child care programs. I have chosen to stop providing care for Wisconsin Shares children. I can no longer gamble and do business with the State even though I know children at high risk need dependable child care programs to support them.

**20 to 141.** The rate freeze has hurt family providers and it has hurt child care centers. Our business expenses have continued to rise, but our Wisconsin Shares reimbursement rates have remained flat. This has made it more difficult for us to provide quality child care. Some providers may choose to stop providing subsidized care or to reduce the number of subsidized children in their program in favor of more private-pay children. Providers in low-income areas may simply choose to stop providing child care.

The rate freeze has also made it more difficult for Wisconsin's low-income families to have access to quality care for their children.

I oppose this rule change and believe the rates should be adjusted upwards according to the results of the most recent market rate survey.



## Department Response

The Department agrees that child care programs are a major part of the state's infrastructure supporting work and the economy. Early childhood care and education is a critical piece of sound economic development policy. Wisconsin has one of the highest rates in the nation of all available parents of children under 6 in the workforce. Without child care providers, literally hundreds of thousands of parents wouldn't be able to work. Wisconsin businesses need a stable workforce and child care is a crucial work support.

The Department also agrees that many studies have documented that investment in quality early childhood education has a high rate of return.

- Every \$1 invested in high quality early care and education programs for disadvantaged children saves as much as \$17 down the road with tangible results measured by lower crime rates, fewer teen parents, and higher individual earning and education levels. (Schweimhart, 2004).
- The 40-year longitudinal High/Scope Perry Preschool research in Michigan continues to prove that high-quality early learning experiences prepare children for success in school, work, and life. (Rolnick&Grunewald, 2003).
- The Abecedarian Project reported that low-income children who were enrolled in an intensive early care and education child care center as preschoolers had higher intellectual and academic gains through age 12 than non-enrolled children. The earlier the children were enrolled, the more enduring the gain. (Campbell & Ramey, 1994).
- The Chicago Child-Parent Center study, directed by Dr. Arthur Reynolds at the University of Wisconsin, found substantial economic benefits from a comprehensive early childhood program in the Chicago public schools. The study found that at the age of 20, participants were more likely to have finished high school than children who were not in the program. (Reynolds, 2001).
- National research indicates that quality child care programs, regardless of size, share certain defining characteristics. Quality indicators include director and teacher qualifications, learning environments and curricula, and professional practices. Findings from the *Cost, Quality and Child Outcomes Study (1995)* indicated that the quality of child care is related to staff-child ratios, staff education, wages, and administrators' experience, curriculum support, and teacher turnover.

We are proud that Wisconsin has one of the most generous child care assistance programs in the nation to help low-income families access care of the same quality as middle-income families. The National Women's Law Center study *State Child Care Assistance Policies 2007: Some Steps Forward, More Progress Needed* found that Wisconsin was one of 9 states that had provider reimbursement rates at or above the 75<sup>th</sup> percentile of the market rate in 2007.

Over the past 6 years, there has been a 29% increase in the number of children enrolled in the Wisconsin Shares program with essentially flat federal funding. The number of children served in the most recent issuance was 57,034.

The current state budget provides \$340.6 million in SFY 08 and \$355.5 million in SFY 09 for child care assistance. These funding levels assume a rate freeze for the SFY 08-09 biennium. Without the rate freeze, the Wisconsin Shares program would have additional costs of \$14.2 million in direct child care subsidies on a full-year annualized basis for SFY 08 and \$21.3 million in SFY 09. Even with the rate freeze, the child care budget is facing a \$16.2 million budget shortfall by the end of SFY 08. In addition, published reports indicate that the state is facing a budget shortfall of up to \$650 million.