

What's Next for Child Care From the State and Federal Governments

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In some ways, it is hard to recall what things were like "Pre-COVID-19." It wasn't that long ago -- just five months or so back when we thought things were pretty much "normal." How things have changed.

We also need to remind ourselves that, even before the pandemic, child care was in crisis. Centers had been closing at a rapid rate in recent years, unable to make ends meet. The state had many "child care deserts" where quality child care was not available. Center administrators were struggling, employees weren't getting paid enough, and families weren't getting the services they needed.

With COVID-19, the crisis has reached new heights. According to the Department of Children and Families (DCF), some 39% of centers closed during the early days of the pandemic. Some have reopened. Others will never reopen. One estimate is that 30% of centers will close permanently.

There was some relief provided in the form of federal funding passed through the state government. Wisconsin received \$51.6 million in federal child care and development block grant funds through the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

How the federal funding was allocated needed to be approved by the Legislature. In working with state officials, state legislators, and other interested groups, WCCAA made it clear that some funding should be provided to centers that closed and planned to reopen. This funding was included in the package approved at the state level.

Many centers also received funding through the federal Paycheck Protection Program (PPP), which provided forgivable loans that helped small businesses keep their payrolls going.

As far as additional action at the state level, discussions are under way on plans related to K-12 education. The idea is to use some existing education funds to provide child care in school settings. It is not clear how much support this proposal has within the education community, as K-12 faces its own set of challenges and issues.

It appears highly unlikely that the state will approve any new funding for child care with additional state tax or General Purpose Revenue (GPR) dollars. That's because the state has a balanced-budget requirement and the state is receiving much less tax revenue than previously projected due to COVID-19.

Just recently, the Legislative Fiscal Bureau (LFB) said state tax revenue was \$749 million less than anticipated for the 2019-20 fiscal year, which ended June 30. That number will improve as tax revenue increases with the July 15 filing deadline for state

income taxes. But the final number is still expected to be well below what was anticipated when the budget was originally passed.

If the numbers drop too low, the Legislature will be forced to take up a “budget repair bill.” Legislators will need to cut state spending or increase revenue (i.e. raise taxes) to balance the budget. These are not easy choices. The bottom line is that this would not bode well for any new spending items, including more state money for child care.

On the other hand, more action at the federal level, where there is no balanced-budget requirement, is a real possibility. The Democrats who control the House of Representatives and the Republicans who control the U.S. Senate have both expressed hope that they will get a new COVID bill passed.

In fact, the House has already passed what’s called the HEROES Act – the Health and Economic Recovery Omnibus Emergency Solutions Act. The HEROES Act would provide \$7 billion for the Child Care Development Block Grant (CCDBG) program. Using Wisconsin’s traditional 2% share of federal funding, that would mean an additional \$140 million in funding for the state.

U.S. Senate Republican leaders have made it clear they have no intention of taking up the HEROES Act. But, as noted earlier, they have indicated a willingness to do something, especially if a compromise includes language giving businesses some exemption from liability for COVID lawsuits. And just recently, a bipartisan plan to create a liability exemption was floated. So it is possible something could be passed soon.

What You Can Do: Please keep talking to your state and federal legislators. If you don’t know who your state legislators are, go to legis.wisconsin.gov and type your address in at “Who Are My Legislators?” Remind the legislators that child care is an essential business. Other businesses cannot thrive, or even exist, if child care is not available. Tell the legislators that quality early education is also essential if we want our kids to get a great start in kindergarten and beyond. We have already lost too many child care centers, and we don’t want to lose too many more. **Tell your legislators: *Please help us out!***