

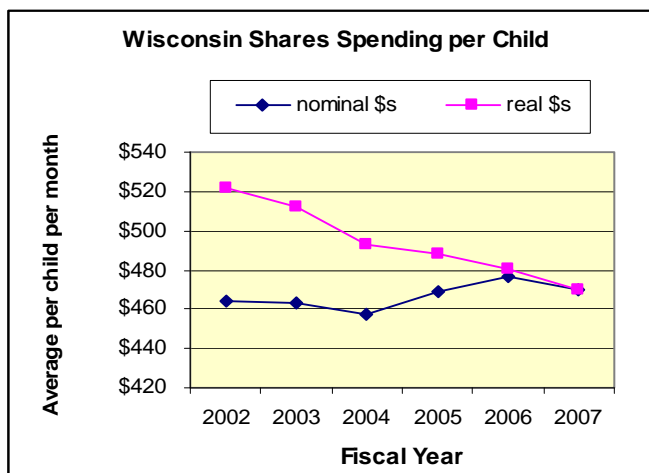
Trends in the Wisconsin Shares Child Care Subsidy Program (through Feb. 2007)

Wisconsin Shares spending would be significantly reduced in 2007-09

- The budget bill, as introduced, would reduce funding for the child care subsidy program by about \$14 million in 2007-08 and \$13 million in 2008-09, relative to the estimated spending in the current fiscal year.
- An additional \$7 million per year that the Governor has recommended adding (per his March 19 errata letter) would reduce the spending cut, but would still decrease support for Wisconsin Shares by a total of about \$13 million over the next two years.
- Because of that cut, the budget bill proposes to indefinitely continue a rate freeze that was initiated this year, lower the income eligibility limit, reduce reimbursements by utilizing a new absence policy (beginning in April 2007), and begin to use waiting lists.

Spending for Wisconsin Shares has not been growing out of control

- Over the last five years, through February 2007, the average spending per child has increased only 1 percent, and when measured in real (inflation-adjusted) dollars it has decreased 10 percent.
- Total spending growth has averaged 3.2 percent per year over the last four years, and just 0.6 percent per year above the average inflation rate during that time (based on rough projection of \$329 million in spending in FY 2007).
- The increase in Wisconsin Shares spending looks substantial compared to the current appropriation level, thanks in large part to the fact that the program was flat funded last session, and no allowance was made for the increased enrollment that occurred (4.2% in FY 2006 and 3.4% during the first 8 months of FY 2007).



The growth in Wisconsin Shares reflects an increase in low-income working families (as well as increased participation upon those who are eligible)

- Wisconsin's welfare reform programs have resulted in a steep increase in the number of low-income parents in the workforce who need child care assistance.

Total state (GPR) spending for child care, W-2 and the EITC is far below the level in 1996, before W-2 began. Spending Trends

Table 1 shows the Wisconsin Shares appropriations since the 2002-03 fiscal year – in current dollars and real (inflation-adjusted) dollars. It also shows the trends in the amounts actually spent (including the rough projection that spending in 2006-07 will be \$329 million). It illustrates the flat appropriations for the program – which, in inflation-adjusted terms, have decreased by an average of 1.8 percent over the last 4 years. Spending, on the other hand, has exceeded the appropriation levels and has averaged 0.6 percent above the inflation rate over the last four years.

**Table 1: Wisconsin Shares Appropriations and Spending
(in nominal and inflation-adjusted dollars)**

Fiscal year	Appropriation		Actual Spending	
	\$s (millions)		\$s (millions)	
	Nominal \$s	Real \$s	Nominal \$s	Real \$s
2002-03	305.6	337.9	290.3	321.1
2003-04	289.6	312.0	299.8	323.0
2004-05	308.0	321.0	311.5	324.6
2005-06	310.3	313.3	324.9	328.0
2006-07	313.4	313.4	329.0 ??	329.0 ??
FY 03 - FY 07 average change per year	0.7%	-1.8%	3.2%	0.6%

Table 2: Governor’s 2007-09 Budget

(As introduced in SB 40, and as revised by the errata letter)

	Nominal \$s (millions)	Percent Change (vs. previous year’s appropriation)
2007-08 SB 40	314.9	0.5%
2008-09 SB 40	315.8	0.3%
2007-08 errata letter	321.9	2.7%
2008-09 errata letter	322.8	0.3%

The chart below shows enrollment and spending trends from 2002 through 2007. It illustrates that Wisconsin Shares is not a program that is “out of control.” Instead, the stats show:

- As noted above, spending per child has not been keeping up with inflation.
- Enrollment growth has slowed and has averaged 3.2% per year over the last 3 years.

FY	Children per month		\$s per month (millions)		Cost per child	
	#	% change	\$s	% change	\$s (per mo.)	% change
2002	44,985	13.8%	20.9	14.8%	464	0.9%
2003	48,854	8.0%	22.5	7.7%	463	-0.3%
2004	51,328	5.6%	23.5	4.4%	458	-1.1%
2005	52,341	2.0%	24.5	4.4%	469	2.4%
2006	54,561	4.2%	26.0	6.0%	476	1.7%
2007*	56,408	3.4%	26.5	2.0%	470	-1.4%

(* The FY 2007 figure is the monthly average for the first 8 months of the fiscal year.)