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TO: **Income Maintenance Supervisors**
Income Maintenance Lead Workers
Income Maintenance Staff
W-2 Agencies
Workforce Development Boards
Job Center Leads and Managers
Training Staff
Child Care Coordinators

FROM: Laura Saterfield
Child Care Section
Bureau of Workforce Programs
Division of Workforce Solutions

DWS OPERATIONS MEMO					
No:	08-11 CORRECTION				
DATE:	03/11/08				
FS	<input type="checkbox"/>	MA	<input type="checkbox"/>	SC	<input type="checkbox"/>
CTS	<input type="checkbox"/>	CC	<input checked="" type="checkbox"/>	W-2	<input type="checkbox"/>
FSET	<input type="checkbox"/>	EA	<input type="checkbox"/>	CF	<input type="checkbox"/>
JAL	<input type="checkbox"/>	JC	<input type="checkbox"/>	RAP	<input type="checkbox"/>
WIA	<input type="checkbox"/>	Other	EP	<input type="checkbox"/>	★
PRIORITY: HIGH					

SUBJECT: Reinstatement of the Under-Utilization Policy/Change in Co-Payment
Table/Emergency Rule

CROSS REFERENCE: Operations Memos [06-16](#), [07-15](#), [07-28](#) and reverses [07-61](#)
Child Care Manual, Chapter 3, sections 1.2.1 and 2.4.0

EFFECTIVE DATE: March 30, 2008

PURPOSE

The purpose of this memo is to inform W-2 and Child Care Subsidy Administrative Agencies about reinstatement of the Under-Utilization policy explained in memo 07-15 implemented last year from 4/1/07 and cancelled on 10/27/07. These changes are likely to generate an increase in phone calls to local child care workers from parents and providers. A teleconference will be held on March 20th, 2008 at 9 am to cover this topic as well as the Co-pay change that will be implemented on 3/30/08. An email will be sent to the county/tribal Child Care Coordinators with further information on the conference call.

BACKGROUND

The Wisconsin Shares child care subsidy program has grown steadily from 14,525 families and 25,992 children in September 1998 to 34,516 families and 61,858 children in September 2007. However, the program's federal funding level has remained flat. The budget for the biennium is \$340,601,800 for State Fiscal Year (SFY) 08 and \$355,352,000 for SFY 09.

The Wisconsin Shares Child Care subsidy program is currently estimated to incur a deficit of approximately \$18 million by the end of the SFY 08 (June 30, 2008). The UU50 policy is expected to save the child care subsidy program \$3.5M in SFY 08 and \$18.5M in SFY 09.

The Department of Workforce Development has been placed in a position to implement program funding changes to contain costs. The department will be re-implementing the Under-Utilization Policy that was in effect between 4/1/07 and 10/27/07. Under this policy, the payment for enrollment-based authorizations will be paid on attendance for child care reimbursement when attendance is less than 50% of the authorized amount.

POLICY CHANGE – 50% UNDER-UTILIZATION (UU50)

Beginning March 30st, 2008, enrollment authorized child care will be paid on an attendance basis when the actual attendance of a child is less than one-half (50%) of the hours authorized for the week. Therefore, if a child is authorized for 50 hours per week and attends 20 hours, the Department will pay the provider the appropriate hourly rate for only 20 hours of care instead of a full week of attendance. In these cases, providers will receive the same 10% increase that providers receive when they provide attendance based authorized child care. The UU50 policy was automated in the Child Care Statewide Administration (CSAW) system last year. The Department will re-implement those automation changes.

Approved Absence Policy for Under-Utilization (UU50)

Payments will automatically be reduced to an hourly rate for enrollment based authorizations when attendance is less than one-half (50%) of the hours authorized unless the county or tribal child care worker approves the absence. Approved absence reasons are restricted to the following reasons:

- Medical reason (child or parent)
- Parent vacation (up to 2 weeks/year)
- Provider vacation (1 week/year)
- Death in family

Absence approvals are time-limited to no later than 30 calendar days after the end of the two-week attendance period during which the absence occurred. CSAW will automatically stop accepting absence approvals after the time-limit deadline. If the request is submitted after the 30 days has passed, the agency may make a positive adjustment if the reason for absence is valid.

If the approved absence is for a one-week attendance period, the worker may require verification of the absence reason. If the approved absence is for more than one-week (other than the parent vacation), appropriate documentation (such as a doctor's excuse) is required. Verification documentation must be retained in the record either in either paper or electronic format.

System Changes

Last year, CCPI and CSAW screens were modified to include both weekly and hourly rate when authorizing to a licensed provider. Those automation changes still remain in the system. Please see memo [07-15](#), page 3 for further information on the systems changes that were implemented last year.

Emergency Rule

In order to implement the under-utilization policy, it is necessary for the department to submit an Emergency Rule change that revises the language in DWD 56. The Emergency Rule will be published on March 30, 2008

ATTENDANCE BASED AUTHORIZATION FOR LICENSED PROGRAMS

The emergency rule removes the preference for enrollment-based authorizations and instead ties the choice of authorization type to the child's need for care or history of using care. This is intended to clarify that local agencies must select an authorization type for reasons tied to the individual case. The exception to this occurs when a provider has 3 or more documented instances of over-reporting attendance; if this has happened, the worker and agency may choose to make all authorizations to the provider on an attendance basis.

The emergency rule language:

DWD 56.04 (2)(d) a child care administrative agency shall authorize payment to a licensed child care provider as follows:

1. If the need for care is anticipated to be the same number of hours each week, the agency shall authorize payment on enrollment based on the number of hours needed.
2. If the need for care is **anticipated** to vary from week to week or **if the child has a history of variable attendance**, the agency shall authorize payment based on the number of hours of actual attendance used by each child, up to the maximum authorized hours.
3. The agency may authorize payment on the basis of hours of actual attendance, up to the maximum authorize hours, if the provider has 3 or more documented instances of overreporting the attendance of any child.

Notifying Providers and Parents About the Change

During the week of March 17, 2008 the Department will send out a brochure to all parents who currently have children in licensed family, licensed group center, or in a public school program. The letter will also be sent in Spanish and Hmong if the parent is currently receiving CARES notices in those languages.

During the week of March 17, 2008 all licensed family, licensed group centers, and programs run by public schools will receive a letter (not a check stuffer) explaining the change in the Attendance Policy.

The documents will be posted on <http://dwd.wisconsin.gov/childcare/wishares/policychanges2008.htm>. An email will be sent to the coordinators as the materials are posted.

Notice Changes

The text on notices will be reverted to the language that was there prior to 10/27/07. The following text will be added to the authorization notices:

"If there is a weekly and hourly amount, the authorization is based on enrollment and payments will be made on weekly amount, unless the child attends less than 50% of the authorized hours."

If only an hourly amount is displayed, the authorization is based on attendance and the payments will be made on hourly amount for each hour the child attends."

Special Needs Cases

Child care authorizations that identify a child as having special needs are exempt from this policy as these are negotiated arrangements between the worker and the provider.

PARENT CO-PAYMENT CHANGE

DWD was notified by the federal Department of Health and Human Services that our current method of having two co-payment schedules for licensed and certified care was not allowable under Federal Regulations (63 FR 39960). Instead there is to be a single co-payment schedule that covers all types of care. In order to meet this requirement, DWD has increased the co-payment levels for certified care to the same level as licensed care. This represents a co-pay increase of approximately 40% for families using certified care.

At the same time that this change is implemented, the Federal Poverty Levels (FPL) for the co-payment calculation will also be updated to reflect the 2008 levels. The FPL update applies to both licensed and certified care. The new co-payment schedule will be effective March 30, 2008 and effect authorizations beginning that week. Parents and providers who experience a change in their authorizations due to the co-payment update will receive an authorization letter March 24, 2008 explaining the change in authorization.

ACCURATE ATTENDANCE

As in the 2007 implementation of UU50, the administrative rules for re-implementing UU50 will include enhanced penalties for over-reporting attendance. Existing law in DWD 56 only allows a provider to be suspended from receiving Wisconsin Shares payments for a maximum of 6 months. Penalties are increased in the emergency rule to allow:

- Up to 6 months suspension for first offenses involving less than \$1000.
- Up to 1 year for second offenses or first offenses involving \$1000 to \$5000.
- Up to 5 years for third or subsequent offenses or offenses involving more than \$5000.

Note that all penalty levels allow discretion in whether or not to pursue maximum penalties.

CONTACTS

DWD Child Care Helpdesk 608-261-6317, option 2

Program Categories CC – Child Care, W-2 – Wisconsin Works, FSET – Food Stamp Employment and Training.

DWD/DWS/BDS/scm/jwb/pz