

RAISING WISCONSIN 2025-27 STATE BUDGET ASK

THE ASK

Raising Wisconsin is advocating for at least \$480 million to support the child care sector in Wisconsin's 2025-27 state budget. This will have proven short- and long-term returns for the early childhood workforce, working families, economic productivity, and community health to reflect child care's status as a vital public good.

BACKGROUND

- **Pandemic Funding Did Its Job, Now It's Expiring**
 - The child care sector endured incredible struggles with the onset of the pandemic, revenue's plummeted 36% (compared to 14% of all service sectors) and employment rates declined 31% (compared to 14% of all service sectors) ([Committee for Economic Development, 2024](#)).
 - More than \$800 million in federal funds were allocated to stabilize Wisconsin's child care sector and address these urgent needs through the Child Care Counts program.
 - Child Care Counts helped more than 4,877 providers to remain open and provide care for 312,630 children ([Wisconsin Department of Children and Families, 2024](#)).
 - Child Care Counts raised wages for early educators and family child care providers. Without a permanent investment, the current program, Child Care Counts, will end June 30, 2025, and Wisconsin's child care system could face widespread collapse.
- **Need for a State Investment**
 - Despite child care's critical nature, decades of limited public investment have created a failed child care market. Currently, the state only meets the minimum requirement (\$16 million) for state funding to draw down federal Child Care Development Block Grant (CCDBG) dollars ([First Five Years Fund, 2024](#)).
 - This equates to a state investment of roughly \$59 per child, especially minimal when compared to state funding for K-12 education (roughly \$14,000 per child).
 - Lack of investment leads to poverty level wages for early educators (\$12.99/hr) providing care and education to our youngest Wisconsinites ([Center for the Study of Child Care Employment, 2024](#)).
 - Without needed state investment, parents, child care providers, businesses and the Wisconsin economy are paying the price – a combined loss of between \$4.2 and \$6.4 billion ([Bipartisan Policy Center, 2021](#)).
- **Parents Can't Bear the Financial Burden Alone**
 - The Child Care Counts payments have been decreasing as the available funds run out. With this change, child care programs have been forced to raise their rates to make up the difference.
 - Between 2022 and 2023, child care costs increased an average of 14% due, in large part, to reductions in Child Care Counts payments. These prices far outpaced Wisconsin's overall 4.9 percent inflation rate between the two years ([Department of Children and Families, 2024](#)).
 - With Child Care Counts funding scheduled to end in June 2025, further dramatic price hikes are expected, placing more pressure on families' already-strained budgets.
 - Wisconsin's birth rate has dropped by 18% over the past 15 years. The high cost of birthing and raising children contributes to this decline. Median income families with young children in nearly every county of the state spend more on child care than on housing and health care and often end months in debt due to the high cost of child care (Egan-Robertson, 2024).

- **Care is Getting Harder to Find**

- Razor-thin margins and the increasing staffing crisis have led to steep declines in available care. Currently, child care “deserts” exist across more than 50% of the state and 70% of Wisconsin’s rural areas, meaning there are more than three children under age five for every licensed child care slot ([Center for American Progress, 2020](#)).
- 70% of rural child care providers have significant waiting lists of families who need care, totaling 25,506 spots ([Institute for Research on Poverty, 2024](#)).
- Families with infants and toddlers are disproportionately in need of access to care. 34,158 infants and toddlers in Wisconsin don’t have access to safe and regulated care today ([Institute for Research on Poverty, 2024](#)).
- Wisconsin has 26% fewer regulated child care programs now than it had more than a decade ago in 2013, putting working families with young children in an especially difficult position to find care in their communities ([Department of Children and Families, 2024](#)).
- Rural areas of Wisconsin have seen a reduction of nearly two-thirds of its family child care options that most effectively serve rural families ([Department of Children and Families, 2024](#)).

- **Funding for Child Care Creates Necessary Workforce Infrastructure**

- Employment levels in child care programs are closely linked to maternal employment. The more early educators employed in child care, the more mothers are able to join the workforce. Nationwide, the support from American Rescue Plan Act funding for child care has contributed to women’s prime-age labor force participation reaching its highest level on record ([Council of Economic Advisers, 2023](#)), ([Council of Economic Advisors, 2024](#)).
- Stable and affordable child care allows parents and grandparents to enter and remain in the workforce, which strengthens the state’s economy and addresses the ongoing labor shortage.
- When affordable child care is accessible, private employment levels are higher, more new businesses are created and overall economic activity increases.

- **Good Returns Long Into Adulthood**

- Children who have access to high-quality child care tend to have overall enhanced educational attainment, improved career options in adulthood, higher earnings, and improved health outcomes ([National Bureau of Economic Research, 2024](#)).
- Children who receive quality child care tend to show improved cognitive, social, and emotional growth ([Carr, 2021](#)).
- Access to high quality child care reduces the emotional and financial stress on families leading to overall higher familial outcomes ([US Public Health Service, 2024](#)).
- Communities with access to affordable, quality child care spend less on special education, criminal justice interventions, and social welfare programs ([National Bureau of Economic Research, 2017](#)).

IT’S CLEAR

It is long past time for Wisconsin to support children, families and the child care sector through a significant investment of state revenue. The majority of Wisconsin families cannot cover the gap of funding needed to sustain the child care industry. This lack of funding will continue to result in an under provision of care.

Wisconsin children, families, and employers deserve better. **The returns are wide-ranging and vital for a thriving Wisconsin economy. Not investing is a loss we cannot afford. Let’s fund child care as the public good it is to our state.**