

## POLICY SNAPSHOT

### How Wisconsin's Child Care Subsidy Program Stacks Up

Wisconsin's child care subsidy program, Wisconsin Shares, falls short in key areas—subsidy rates, co-payments, and eligibility—when compared to other states, making child care less accessible and affordable for families in need. The analysis highlights that Wisconsin's payment rates are below federal compliance levels, co-payments are excessively high, and eligibility thresholds limit access, ultimately affecting families' ability to secure and afford quality child care.

[Wisconsin Shares](#) is designed to assist families facing financial challenges with child care costs. The program supports parents or caregivers who are employed, attending school, or participating in approved work training programs. Wisconsin Shares is primarily funded through the federal Child Care and Development Fund (CCDF). This snapshot compares Wisconsin's subsidy program to those of other states in three key areas: payment rates, co-payment amounts, and eligibility criteria.

#### Subsidy Rates

CCDF requires states to use data collected through [market rate surveys](#) or an approved alternative methodology to set appropriate subsidy rates that ensure:

- Participating families have the same level of access to child care within a community as non-eligible or private-pay families.
- Child care providers earn enough through the subsidy amount to cover their costs of delivering high-quality care and offering appropriate compensation to educators in the child care workforce.

Subsidy rates typically are expressed as a percentage of the market rate, representing the portion of child care options a family can afford with the subsidy. For example, at the 50th percentile, a family could afford care at the least expensive half of the child care programs in the community. The Office of Child Care has determined states with payment rates less than 50% to be out of compliance with CCDF equal access requirements. Recently, the Administration of Children and Families reviewed [subsidy plans of each state](#). Here's how Wisconsin Shares rates compare to the 49 other states and the District of Columbia.

Wisconsin Base Payment Rates as Percentile of Market Rate Survey				
	Infant center	Toddler center	Toddler family care	Preschool family care
Percent of Market Rate	45%*	34%*	38%*	50%
National Rank	45	48	47	42

Retrieved from Administration of Children and Families<sup>1</sup>

\*Out of compliance with CCDF equal access requirements

#### Co-Payments

Wisconsin Shares is designed to assist with child care costs but not cover the full expense. As such, families using the program are required to pay a co-payment based on income and family size. In addition to the co-payment, participating families also are responsible for covering the difference between the full cost of care a provider charges and the subsidy + co-payment amount. CCDF prohibits states from setting co-payments above 7% of family income to ensure affordability. Here's how Wisconsin Shares compare to the 49 other states and the District of Columbia.

<sup>1</sup> Administration of Children and Families, <https://acf.gov/sites/default/files/documents/occ/CCDF-Provider-Payment-Rates-by-State.pdf>



Maximum monthly co-payment as dollar amount and percentage of family income				
	Max Monthly Co-Payment Family of 3	Percentage of Income Family of 3	Max Monthly Co-Payment Family of 4	Percentage of Income Family of 4
Amount/ percent	\$1,073	17%*	\$1,184	15%*
Rank	50	50	51	51

Retrieved from Administration of Children and Families<sup>2</sup>

\*Out of compliance with CCDF co-payment requirements

### Eligibility

CCDF rules set the income eligibility limit for families at or below 85% of the State’s Median Income (SMI). However, some states use general funds to extend eligibility beyond this federal threshold and others set the limits below 85% of SMI. To qualify for a subsidy, children must be U.S. citizens or qualifying immigrants, and parents or caregivers must participate in an approved activity such as work, school, or employment training.<sup>3</sup> Here’s how Wisconsin Shares compare to the 49 other states and the District of Columbia.

Initial Income eligibility limit in dollars and as percentage of State Median Income (SMI)				
	Eligibility as percentage of SMI Family of 3	Income Eligibility Threshold (monthly) – Family of 3	Eligibility as percentage of SMI Family of 4	Income Eligibility Threshold (monthly) – Family of 4
Threshold as percentage or income	57%	\$4,303	58%	\$5,200
Rank	33	30	35	29

Retrieved from Administration of Children and Families<sup>4</sup>

Less than [20% of eligible families](#) use Wisconsin Shares.<sup>5</sup> Roughly 60% of Shares payments have been utilized by families with school aged children (5+) and less than 15% is used to help pay for care for children under the age of 2. This imbalance could be connected to the availability of care for young children and the [rising cost of care](#) outside of what the subsidy covers. Child care subsidies enable parents and caregivers to work. Increased funding for child care subsidies or vouchers has been found to increase the supply of high-quality child care.<sup>6</sup>

<sup>2</sup> Administration of Children and Families, <https://acf.gov/sites/default/files/documents/occ/CCDF-Family-Co-Payments-by-State.pdf>

<sup>3</sup> Department of Children and Families, <https://dcf.wisconsin.gov/wishares/apply>

<sup>4</sup> Administration of Children and Families, <https://www.acf.hhs.gov/sites/default/files/documents/occ/CCDF-Family-Income-Eligibility-Levels-by-State.pdf>

<sup>5</sup> Department of Children and Families, <https://dcf.wisconsin.gov/wishares/stats>

<sup>6</sup> Zhou, X., & Miller, L. C. (2021). *The Effects of Child Care Subsidies on the Supply and Quality of Early Childhood Education Programs*. National Bureau of Economic Research. <https://doi.org/10.3386/w29312>