

Jim Doyle  
Governor

Reggie Bicha  
Secretary



**State of Wisconsin**  
Department of Children and Families

201 East Washington Avenue, Room G200  
P.O. Box 8916  
Madison, WI 53708-8916

Telephone: 608-267-3905  
Fax: 608-266-6836  
dcf.wisconsin.gov

September 23, 2009

Honorable Mark Miller  
Senate Co-Chair, Joint Committee on Finance  
317 East, State Capitol  
Madison, WI 53702

Honorable Mark Pocan  
Assembly Co-Chair, Joint Committee on Finance  
309 East, State Capitol  
Madison, WI 53702

Dear Senator Miller and Representative Pocan:

Thank you for your letter and interest in the Wisconsin Shares program and child care regulation. There is nothing more important than ensuring the safety and well-being of Wisconsin's children *and* ensuring that taxpayer money is spent effectively and efficiently. I am happy and eager to directly address these important issues and the actions that the Department of Children and Families is taking to combat fraud in the Wisconsin Shares program and to address systemic flaws in child care regulation. I am rearranging pre-existing commitments so that I can personally appear before the Committee.

In 1996, the system was set up to benefit providers, and to give providers the benefit of a doubt. In addition, the system was set up with the presumption that providers would be honest and use good business practices. We now know that this is not always the case. We are taking action to rid the program of those fraudulent providers who have tarnished its intended purpose.

Today, as a result of the recent budget, the state has new tools to fight fraud at its disposal, and we are putting them to work. We can now suspend providers while we investigate them if we reasonably suspect fraud, which we did for 34 providers last week. We can now stop payments to providers for whom more than 40% of enrollees are the Shares authorized children of employees. We are developing a system to automatically collect attendance records from child care centers receiving Shares reimbursements – this system will also help us to identify potentially fraudulent activity at child care centers.

We have also identified providers we strongly believe to be those most likely defrauding the system. Last week, we sent an investigative firm to ten of the top providers in our red flag analysis. Nine were determined to be reasonably suspected of fraud and, thus, suspended from the program. To share a few examples, the investigative firm found zero children at a provider authorized to serve 43; four children at a center authorized to serve 28; three children at a center

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authorized to serve 24; and two children at a center authorized to serve 13. These are the types of results we expect to continue to realize in the days and weeks to come.

We have worked diligently to bring additional resources to bear to deliver fraudulent providers to law enforcement. The Department has hired all five members of its Fraud Detection and Prevention Unit, including two former police officers. Along with District Attorney John Chisholm, I have launched a Child Care Anti-Fraud Task Force in Milwaukee, which includes representatives from the Milwaukee County Sheriff, the Department of Justice, Milwaukee County, and the FBI. We are partnering with the Department of Revenue to ensure that fraudulent providers who have cheated on their taxes cannot escape the long arm of justice.

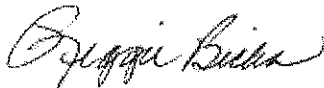
In addition to cracking down on fraud, we have also cracked down on child care providers who are violating child care rules and regulations. In fact, since the creation of the Department of Children and Families, we have revoked nearly 100 child care licenses!

At the same time, the Department has worked to ensure that children in care are safe by addressing systemic gaps identified by the Legislative Audit Bureau in their analysis of background checks conducted on licensed and certified child care providers. We now require counties and licensors to check the Sex Offender Registry, in addition to background checks mandated by Wis. Stat. s. 48.685, before licensing or certifying a provider. In addition, we have automated the connection of multiple data sources to the addresses of certified and licensed child care providers to ensure that no such individuals fall through the cracks of the existing system.

We look forward to working with the Legislature to strengthen statutory language to ban providers permanently for certain offenses, including Shares violations; to eliminate loopholes in the background check legislation; and to limit the instances in which self reporting is the procedure required or accepted by law.

Again, thank you for your attention to these important and urgent issues, and I look forward to continuing work with you to ensure that the Wisconsin Shares program is fixed, and above all, ensure the safety and well-being of children in Wisconsin.

Sincerely,



Reggie Bicha  
Secretary