
Wisconsin Legislative Council

AMENDMENT MEMO



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Contact: Melissa Schmidt, Principal Attorney

2023 Senate Bill 421

Senate Amendment 1 to Senate Substitute Amendment 1

2023 SENATE BILL 421

2023 Senate Bill 421 requires the Wisconsin Economic Development Corporation (WEDC) to establish a child care revolving loan fund, and directs that funds appropriated to WEDC for child care providers in the 2023-25 fiscal biennium be credited to the fund, as must any funds received as repayments of loans awarded under the program.

The bill directs WEDC to award interest-free loans to licensed child care providers for renovations of licensed child care facilities. The bill limits loan awards to a maximum of \$30,000 for in-home licensed child care providers and \$100,000 to licensed child care providers that are not in-home.

Of the loans awarded under the program, WEDC must award 60 percent to in-home licensed child care providers, and 40 percent to licensed child care providers that are not in-home. Under the bill, an in-home child care provider must, within one year of receiving a loan under the program, establish or maintain enrollment in the provider's in-home facility. If enrollment is not established or maintained, WEDC must terminate the loan agreement and the provider is liable for the amount awarded.

SENATE SUBSTITUTE AMENDMENT 1

The substitute amendment maintains the child care revolving loan program as provided under the bill, but with the following changes:

- Expands program eligibility to child care providers who are licensed or certified,¹ or who demonstrate to WEDC that the provider will be licensed or certified within one year after receiving a loan under the program, rather limiting eligibility to licensed child care providers as under the bill.
- Requires providers to submit to WEDC a business plan and a three-year financial forecast demonstrating that the provider is capable of repaying the loan, as determined by WEDC.
- Authorizes WEDC to (1) conduct an inquiry into a provider's financial health three years after the loan award and (2) if WEDC determines the provider is no longer capable of repaying the loan, terminate the loan agreement and require the provider to immediately repay the outstanding loan balance.
- Requires all child care providers receiving a loan under the program to maintain or establish enrollment within one year of receiving the loan, and further specifies that the enrollment requirement applies only to nonrelative children, as defined in the amendment.

¹ Current law requires a person providing care and supervision for four or more children under age seven to be licensed by the Department of Children and Families, subject to certain exceptions. [s. [48.65\(1\)](#), Stats.] While persons caring for less than four children are not required to be licensed, such persons must be certified in order to receive payment for providing child care services for families receiving the state's child care subsidy. [s. [48.651\(1\)](#), Stats.]

SENATE AMENDMENT 1 TO SENATE SUBSTITUTE AMENDMENT 1

Senate Amendment 1 to Senate Substitute Amendment 1 modifies the substitute amendment as follows:

- Specifies that the loan program is not subject to restrictions under current law that require each new lending program implemented or administered by WEDC to adhere as closely as practicable to commonly accepted commercial lending practices.
- Reduces the maximum loan amount for providers who are not in-home from \$100,000 to \$95,000.
- Requires WEDC to determine loan repayment terms and secure loans with collateral or personal guaranty.
- Clarifies that the requirement that a provider establish or maintain enrollment within one year of receiving a loan under the program applies to providers who are licensed or certified at the time the provider receives the loan.
- Specifies that providers who are neither licensed nor certified at the time of receiving a loan must, within two years of receiving the loan, establish and maintain enrollment of nonrelative children in the facility, and if the enrollment requirement is not met, requires WEDC to terminate the loan agreement and the provider to immediately repay the outstanding loan balance.

BILL HISTORY

Senator James introduced both Senate Substitute Amendment 1 and Senate Amendment 1 to Senate Substitute Amendment 1 on September 20, 2023. On February 1, 2023, the Senate Committee on Mental Health, Substance Abuse Prevention, Children and Families voted to recommend adoption of Senate Amendment 1 to Senate Substitute Amendment 1, by a vote of Ayes, 5; Noes, 0. The committee then voted to recommend adoption of Senate Substitute Amendment 1, as amended, by a vote of Ayes, 5; Noes, 0; and voted to recommend adoption of the bill, as amended, by a vote of Ayes, 3; Noes, 2.

For a full history of the bill, visit the Legislature's [bill history page](#).

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