Board of Directors Meeting Agenda

Thursday, August 27, 2026, 6:30 pm

1) Call to Order
2) Roll Call & Welcome
3) Approval of Consent Agenda Items

----- CONSENT AGENDA -----

4) Approval of Minutes
   a. July 2026 SWCAP Board Minutes
5) Action Items
   a. (USDA) Child and Adult Care Food Program Report June 2026
   b. Job Description - Community Development Specialist
6) Other Items

-----END OF THE CONSENT AGENDA-----

----- REGULAR AGENDA -----

7) Board Discussion & Training Items
   a. Items moved from the Consent Agenda
   b. Financial Reports for June 2026
   c. Financial Reports for July 2026
   d. Meadows Farmworker Housing Project
8) Program Reports & Executive Staff Reports
   a. Senior Directors Report
   b. Executive Directors Report
9) Next Board Meeting
   a. September 24, 2026, 6:30PM
10) Adjournment

Mission:

"We work to mitigate the causes and conditions of poverty in Southwestern Wisconsin, building resilience and self-sufficiency by providing supportive services and collaborating with partners."

Board of Directors Meeting Minutes

Thursday, July 23, 2026, 6:30 pm

1) Call to Order

The meeting of the Southwestern Wisconsin Community Action Program was called to order by the Board Chair, Carol Beals at 6:31 pm

2) Roll Call & Welcome

Shyanne Cushman, Assistant Executive Director, called the roll.

Present: Carol Beals, Michael Brit, Mathew Flowers, Mike Furgal, Brian Johnsrud, Susan Nelson, Leeann Prochaska, Paula Schoenberg, Martha Boyer and Adam Stucki; quorum present.

Absent: Clarissa Aide, Bob Leaser and Bob Frank

Excused: Ben Gruber and Mark Pinch

Others present: Bret White, Chris Frakes, Courtney Messer, Shyanne Cushman and Craig Woodhouse of SWCAP and Liani McCarthy of Wegner CPAs

3) Approval of New Board Member – David Scribbens

a. David Scribbens would like to join the SWCAP Board of Directors.
b. A motion was made to approve David Scribbens as a new board member of SWCAP by Matt Flowers, second by Mike Britt. All present voted in favor; the motion was carried.

4) Approval of Consent Agenda Items

a. Carol Beals presented a motion to approve 5a, 6a, and 6b of the consent agenda
b. A motion was made to approve the SWCAP Board of Directors' Consent Agenda by Brian Johnsrud, second by Leeann Prochaska. All present voted in favor; the motion was carried.

----- CONSENT AGENDA -----

5) Approval of Minutes

a. June 2026 SWCAP Board Minutes

6) Action Items

a. Head Start Monitoring Report
b. Head Start Job descriptions
    i. Child Nutrition Specialist
    ii. Head Start Assistant Director

7) Other Items

-----END OF THE CONSENT AGENDA-----

----- REGULAR AGENDA -----

8) Board Discussion & Training Items

a. Items moved from the Consent Agenda
b. Whole Family

Mission:

"We work to mitigate the causes and conditions of poverty in Southwestern Wisconsin, building resilience and self-sufficiency by providing supportive services and collaborating with partners."

Frakes discussed the ongoing implementation of the Whole Family Approach strategy to meet the agency's mission of helping families get out, and stay out, of poverty. Head Start is a natural place to more fully realize this two-generational approach. Our process involves family-centered coaching. We walk with families to set goals for every member of the family. We have established a 3-tier staffing structure with families assigned to a Head Start family advocate or to a CHW family centered coach who they meet with on a regular basis to receive support, connection to resources, and barrier removal assistance. Additional elements to implement involve low-income and middle-class families meeting together to foster social mobility, connection, and community engagement.

9) Program Reports & Executive Staff Reports

a. Senior Directors Report

Frakes provided updates on the Darlington Dental Building that is for sale. The realtor is conversation with the City of Darlington to see if the space can be used for residential vs. commercial redevelopment. If approved, the list of potential buyers would likely be expanded. Frakes also talked about The Meadows. The Meadows provides affordable housing for current, retired, or disabled agricultural workers. Realizing the viability of this project has been challenging due to the eligibility criteria including income level and citizenship requirement. There are a total of 32 units; 9 are currently vacant and 5 additional move out notices have been issued due to delinquent accounts. We need 30 units to be occupied to break even on the project. A modified use application has been submitted to Rural Development to change the project from agricultural use exclusively to agricultural worker preferred. If approved, apartments would be available to low-income households not working in agriculture.

Our All-Staff meeting is Tuesday, August 25 from 8am-3pm at Hidden Valley Church in Dodgeville. In the morning there will be training for staff, lunch, and a poverty simulation in the afternoon. All Board members are welcome.

b. Executive Directors Report – Discussion

Brett White announced that we broke ground our Phase I in Lancaster for the first 2 homes. We have 7 more homes for Phase II. We expect that to be done in 2027. We have 4 houses in Cuba City that we reached an agreement on and will begin excavation for this fall. Our intentions will be to build 18-24 per year in the future. Habitat for Humanity is interested in buying homes from us, we will meet with them soon. We are making remarkable traction with the program.

Brett spoke about SWISH and the overview of the program via attachment. He spoke about the profiles of District 2 and District 3, talking about non-profits and the social sector.

10) Next Board Meeting

a. August 27, 2026, 6:30PM

11) Adjournment

A motion to adjourn the meeting was made by Brian Johnsrud, second by Adam Stucki. All present voted in favor; the motion was carried, meeting adjourned at 7:40 p.m.

WISCONSIN DEPARTMENT OF **Public Instruction**

Total Meals: 1150
Head Start Meals: 472
Infant-Toddler Meals: 678
Total Reimbursement: $3,554.26
Head Start Reimbursement: $1457.25
Infant-Toddler Reimbursement: $2097.01

Child and Adult Care Food Program (CACFP)
[Participation Reimbursement Information]

256801 - Southwest Wisconsin CAP INC

General Information		Payment	Amount
Program	Child Care Food Program (CCI)	+ Meal Reimbursement	3,420.98
Claim Date:	06/01/2026	- Advance	0.00
Non-needy Category:	0	- Meal Overpayment Rec.	0.00
Reduced Category:	0	= Meal Reimb. bal. due.	3,420.98
Free Category:	151	+ Cash in Lieu (CIL)	133.28
Total Number of Enrolled Children:	151	- CIL Overpayment Rec.	0.00
Number of Days of Service:	20	= CIL Reimb. bal. due.	133.28
		Total	3,554.26
		Voucher No.	2027000092
		Date Submitted:	07/08/2026
		Date Processed:	
		Date Paid:	

Total Reimbursable Meals Summary Based on Site(s) Participation Information

Total Breakfasts	Total AM Snack	Total Lunches	Total PM Snack	Total Suppers	Total Additional Snack	Total Lunches 2nd	Total Supper 2nd	Total Meals
427	**0**	**437**	**286**	**0**	**0**	**0**	**0**	**1,150**

Site Participation Information

Site No.	Non-Needy	Reduced Price	Free	Total Enrollment	Days Operating	ADA	Breakfasts	AM Snack	Lunches	Lunches 2nd	PM Snack	Suppers	Supper 2nd	Additional Snack
1854	0	0	13	13	3	9	25	0	24	0	0	0	0	0
6319	0	0	26	26	19	17	145	0	152	0	101	0	0	0
7521	0	0	28	28	19	15	78	0	80	0	65	0	0	0
8509	0	0	39	39	20	15	114	0	113	0	57	0	0	0
8516	0	0	17	17	5	7	32	0	29	0	25	0	0	0
801607	0	0	9	9	20	4	7	0	7	0	7	0	0	0
801620	0	0	19	19	5	7	26	0	32	0	31	0	0	0

[CERTIFICATION]

I HEREBY CERTIFY to the best of my knowledge that this claim is true, correct, and in accordance with the terms of existing agreement, that records are available to support this claim, and that payment has not been received. Meal counts have been reviewed and analyzed to ensure accuracy. I acknowledge that failure to submit accurate claims will result in recovery of an over claim and may result in the withholding of payments, suspension, or termination of the program. I understand that the information on this claim is being given in connection with the receipt of federal funds and that deliberate misrepresentation or withholding of information may result in prosecution under applicable State and Federal statutes.

Preparer Name and Telephone No.: Deb Sander 1-608-553-1429

BACK

JOB DESCRIPTION

Job Title: Community Development Specialist	**Program/Department:** Household Stability
Primary Work Location: Remote	**Reports To:** Executive Director
Job Grade: 13, SWCAP Wage Scale **Work Schedule:** 36 hours/week	**Classification:** ☒ Full-Time ☐ Part-Time ☐ Limited-Term
FLSA Status: ☒ Exempt ☐ Non-Exempt	**Updated:** **If new position-Approved by Personnel Comm.:**
Remote Work Status: ☒ Eligible ☐ Not Eligible	**Social Media Responsibility:** ☐ Yes ☒ No

Position Summary:
The Community Development Specialist will lead regional efforts to welcome, connect, and empower immigrant communities across southwest Wisconsin. This role focuses on creating opportunities for immigrants to thrive as integral and influential members of their communities.

Success of this position will be measured by its outcomes and eventual redundancy, when immigrant leaders, organizations, and enterprises are thriving independently and shaping the region's future on their own terms.

Key long-term outcomes will include:
- Increased representation of immigrants in local leadership roles
- Growth of immigrant-led organizations and initiatives
- Expansion of immigrant-owned small businesses
- Development of worker cooperatives and community-owned enterprises
- Existing organizations display growth capacity to welcome, collaborate with, and tangibly support immigrants

Essential Duties and Responsibilities:
- Relationship Building & Maintenance
  - Grow and sustain strong, trusting relationships with local immigrant communities.
  - Identify, support, and collaborate with existing community leaders; cultivate new leaders.
  - Act as a liaison between communities and external advocacy, legal, and service orgs.
  - Foster partnerships with local governments, economic development agencies, and community service providers.

- **Opportunity Development & Project Support**
  - Identify needs and opportunities for immigrant-focused community and economic development initiatives.
  - Provide translation and cultural support for organizations serving immigrant communities.
  - Offer technical assistance and capacity-building for immigrant-led projects and initiatives.

- **Cooperative & Small Business Development**
  - Develop and share Spanish-language business development resources tailored to immigrant entrepreneurs.
  - Engage with aspiring business owners to overcome barriers to entrepreneurship.
  - Connect entrepreneurs with organizations/resources that support small businesses.

- Collaborate with cooperative development organizations to design and deliver bilingual cooperative education programs, support existing co-ops, and launch new co-ops.

- **Immigration & Legal Support**
  - Stay informed on immigration policies relevant to Wisconsin residents.
  - Convene and expand rotating legal clinics in key communities.
  - Connect residents with qualified legal resources and professionals as needed.
  - Provide personal navigation support to local immigrants in need of support when realistic.
  - Build functional local support systems for functions such as Individual Taxpayer Identification Numbers (ITINs), work permits, etc.
  - Listen actively to community concerns to better understand local immigration needs and challenges.

Supervisory Responsibilities: None

Qualified Requirements: To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skills, and/or abilities required. Reasonable accommodations may be made to ensure individuals with disabilities to perform the essential functions.

Cultural Competency, Empathy & Language

- Fluency in English and Spanish, written and spoken; minimum C1 Common European Framework of Reference (CEFR) or Advanced High American Council on the Teaching of Foreign Languages (ACTFL) recommended.
- Experience living/working in rural, as well as multicultural and multilingual environments.
- Understanding of or strong interest in learning about Latino cultures.
- Deep empathy and human-centered understanding of migration drivers in the Americas and immigrant experiences in the US.
- Ability to uphold the strictest of confidentiality to ensure safety for all communities.

Resilience & Flexibility

- Comfort with experimentation, iteration, and learning from failure.
- Ability to work a flexible schedule, including evenings and weekends, as needed.
- Self-motivated and capable of identifying opportunities, developing initiatives, and executing projects with limited oversight.

Organization & Communication

- Strong ability to manage numerous relationships and projects across a broad geographic area; project management skills for conveying complex ideas across diverse audiences, in English and Spanish, including complex topics to individuals with low literacy levels.
- Confidence speaking publicly, facilitating workshops, and leading group discussions.
- Ability to set clear meeting agendas and facilitate productive discussions.
- Exceptional organizational skills to track and report on events, partnerships, and outcomes.

Work Environment and Physical Requirements:

The physical demands described here are representative of those that must be met by employees to successfully perform the essential functions of this class. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The above statements are intended to describe the general nature and minimum level of work being performed. These statements are not intended to be construed as exhaustive of all duties, responsibilities, and skills required for this position. The employee will be required to perform any other job-related duties as required by the job objectives, the leadership and mission and core values of SWCAP. This description does not modify any employee's at-will status and is not a contract for continued employment of any duration. SWCAP is an equal opportunity employer.

SOUTHWESTERN WISCONSIN COMMUNITY ACTION PROGRAM, INC.

Financial Statements

June 30, 2026 and 2025

CONTENTS

SWCAP, Inc.
Statements of Financial Position
As of June 30, 2026 and 2025

	06/30/2026	06/30/2025
Assets		
Current Assets		
Cash and Cash Equivalents	$ 3,163,165	$ 3,630,502
Accounts Receivable, Net	264,709	140,289
Grants Receivable	1,445,962	1,505,568
Lease Receivable - ST	1,418,835	1,515,550
Employee Advances / Loans	-	88
Prepaid Expenses	147,552	48,743
Inventory	454,156	244,696
Intercompany Receivable	96,708	(24,333)
Total Current Assets	6,991,087	7,061,103
Long-term Assets		
Right of Use Asset	51,835	85,927
Property & Equipment, Net of Accumulated Depreciation	4,869,086	5,061,361
Total Long-term Assets	4,920,921	5,147,288
Intangible Assets, Net	8,671	34,750
Loans Receivable	7,287,386	6,415,894
Total Assets	$ 19,208,065	$ 18,659,035
Liabilities and Net Assets		
Liabilities		
Short-term Liabilities		
Accounts Payable	$ 100,392	$ 176,376
Accrued Liabilities	547,572	258,375
Short-term Lease Liability	38,202	39,902
Grant Advances	228,216	213,000
Other Short-term Liabilities	730,308	442,143
Total Short-term Liabilities	1,644,690	1,129,796
Long Term Liabilities		
Long-term Lease Liability	13,301	45,615
Loans Payable - Long Term		
Notes Payable	2,192,332	2,583,683
Revolving Loans Payable	4,971,970	4,159,959
Total Loans Payable - Long Term	7,164,302	6,743,642
Total Long Term Liabilities	7,177,603	6,789,257
Total Liabilities	8,822,293	7,919,053
Net Assets	10,385,772	10,739,982
Total Liabilities and Net Assets	$ 19,208,065	$ 18,659,035

These financial statements are presented for management use only. They have not been audited, reviewed, or compiled, and no assurance is provided on them.

SWCAP, Inc.
Statement of Activities - Two Year Comparative
For the Years to Date Ended June 30, 2026 and 2025

	Year to Date 06/30/2026 Actual	Year to Date 06/30/2026 Budget	Year to Date 06/30/2026 Under/(Over) Budget	Annual 2025 Budget	Prior Year To Date 06/30/2025 Actual
Revenues					
Contributions	$ 103,893	$ 25,439	(78,454)	$ 50,878	$ 87,652
Grant Revenues	4,973,499	5,578,141	604,642	11,156,282	5,180,435
Program Fee for Service Revenue	455,456	554,914	99,457	1,109,827	559,091
Contract Revenue	9,822	72,615	62,794	145,232	12,075
Net Investment Income	32,197	12,705	(19,492)	25,409	12,654
Other Revenue					
Rental Income	111,358	116,479	5,120	232,958	130,584
Gain (Loss) on Disposal of Asset	203,929	-	(203,929)	-	168,677
Other Revenue	241,695	342,618	100,924	685,236	228,010
Program Transfer	-	7,646	7,646	15,291	-
In Kind Contributions	488,676	-	(488,676)	-	622,320
Match-In Kind	18,091	-	(18,091)	-	17,840
Total Other Revenue	1,063,749	466,743	(597,006)	933,485	1,167,431
Total Revenues	6,638,616	6,710,557	71,941	13,421,113	7,019,338
Operating Expenses					
Personnel					
Salary and Wages	2,734,845	2,481,111	(253,735)	4,962,220	2,604,912
PR Taxes	217,003	198,361	(18,642)	396,720	199,391
PR Benefits	461,215	578,714	117,499	1,157,423	606,890
Total Personnel	3,413,063	3,258,186	(154,878)	6,516,363	3,411,193
Program Expenses	1,267,321	1,290,157	22,837	2,580,315	1,130,001
Occupancy	135,064	190,263	55,199	380,524	147,936
Professional Fees	431,737	663,186	231,449	1,326,371	535,009
Grants Awarded Expense	24,647	20,868	(3,780)	20,868	10,459
Other Operating Expenses	920,290	975,927	55,637	1,951,851	945,605
Other Expenses	526,500	500,732	(25,768)	1,001,465	637,731
Total Operating Expenses	6,718,622	6,899,319	180,696	13,777,757	6,817,934
Total Changes in Net Assets	**$ (80,006)**	**$ (188,762)**	**(108,756)**	**$ (356,644)**	**$ 201,404**
+ Net Assets - Beginning	**10,465,779**				**10,538,578**
Net Assets - Ending	**$ 10,385,773**				**$ 10,739,982**

These financial statements were prepared by Wegner CPAs LLP. The statements were not subject to an audit, review, or compilation engagement, and no assurance is provided on them. Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

SWCAP, Inc.
Statement of Functional Expenses
For the Year to Date Ended June 30, 2026

	Family Development 06/30/2026	Health & Wellness 06/30/2026	Household Stability 06/30/2026	Energy Services 06/30/2026	Transportation 06/30/2026	Buildings 06/30/2026	Affiliates 06/30/2026	Total Program	Management & General 06/30/2026	
								Programs		Total
Expenses										
Salary and Wages	$ 954,383	$ 433,666	$ 119,739	$ 355,477	$ 335,911	$ 70	$ 74,184	2,273,431	$ 90,706	2,364,137
PR Benefits	175,441	62,826	45,592	54,870	52,931	-	6,289	397,948	11,308	409,256
PR Taxes	94,773	41,992	11,279	33,654	36,931	5	8,661	227,297	(43,567)	183,729
Program Expenses	31,200	60,037	519,709	648,391	2,110	-	4,815	1,266,260	979	1,267,239
Occupancy	70,557	26,225	2,439	5,277	1,649	12,668	9,269	128,084	878	128,963
Professional Fees	133,317	6,990	20,916	39	-	2,690	1,815	165,768	1,468	167,236
Grants Awarded Expense	-	-	20,862	-	-	-	3,786	24,647	-	24,647
Advertising and Promotion	-	1,554	-	-	46	-	5,328	6,928	-	6,928
Business Licenses and Permits	901	-	-	-	-	-	-	901	-	901
Conferences, Conventions, and Meetings	42,399	1,145	(900)	8,060	(137)	-	-	50,569	14,509	65,078
Depreciation	44,338	34,541	2,385	11,306	46,326	17,024	-	155,918	18,267	174,184
Dues and Subscriptions	12,403	8,709	2,406	799	10,284	-	541	35,144	2,107	37,252
Finance Charges	5,305	1,944	-	-	-	-	-	7,248	-	7,248
Insurance	44,602	24,489	4,090	35,760	20,175	-	2,896	132,011	5,453	137,465
Interest Expenses	3,945	4,719	-	-	730	37,500	-	46,894	-	46,893
Office Supplies	2,502	6,827	638	1,626	634	-	1,956	14,182	632	14,814
Postage and Delivery	312	1,661	33	797	265	-	-	3,068	270	3,338
Repairs and Maintenance	33,701	21,452	3,328	2,562	35,452	5,625	-	102,120	2,168	104,288
Taxes	-	-	-	-	-	7,483	-	7,483	-	7,484
Telecommunication	43,225	19,840	4,283	11,216	12,264	-	2,688	93,517	8,014	101,529
Travel Expenses	33,263	10,533	7,189	14,691	56,247	-	468	122,391	6,569	128,961
Allocated Indirect Costs	87	-	-	-	-	-	-	88	812,383	812,471
Staff Retention	3,453	-	-	-	21	-	-	3,473	-	3,474
Other Operating Expense	3,657	769	3,408	3,006	883	26	467	12,217	(486)	11,731
In Kind Expense	-	-	-	-	26,825	-	-	26,825	-	26,824
In Kind Volunteer Time	416,213	-	-	-	-	-	-	416,213	-	416,213
In Kind Space/Utilities	36,788	-	-	-	-	-	-	36,788	-	36,788
In Kind Travel	1,569	-	-	-	-	-	-	1,569	-	1,569
In Kind Other	7,282	-	-	-	-	-	-	7,282	-	7,282
Closed Project Transfer	-	-	20,000	-	-	-	-	20,000	-	20,000
Suspense	396	-	-	-	-	-	-	396	303	700
Total Expenses	$ 2,196,012	$ 769,919	$ 787,396	$ 1,187,531	$ 639,547	$ 83,091	$ 123,163	5,786,660	$ 931,961	6,718,622

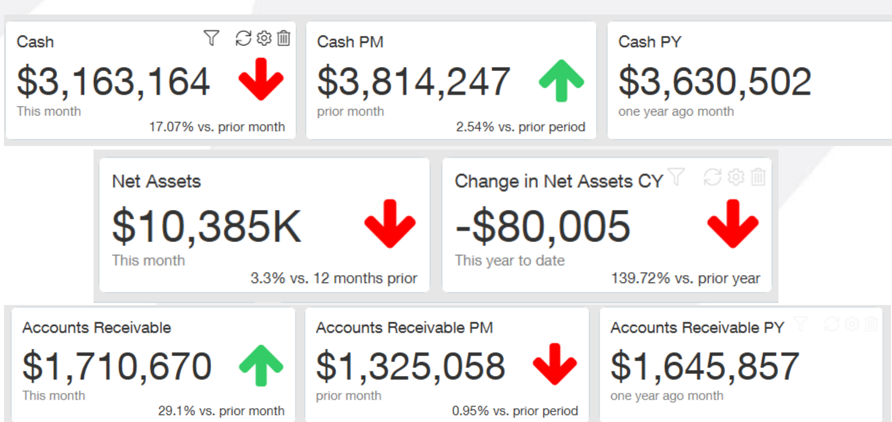
Wegner CPAs

SOUTHWESTERN WISCONSIN COMMUNITY ACTION PROGRAM

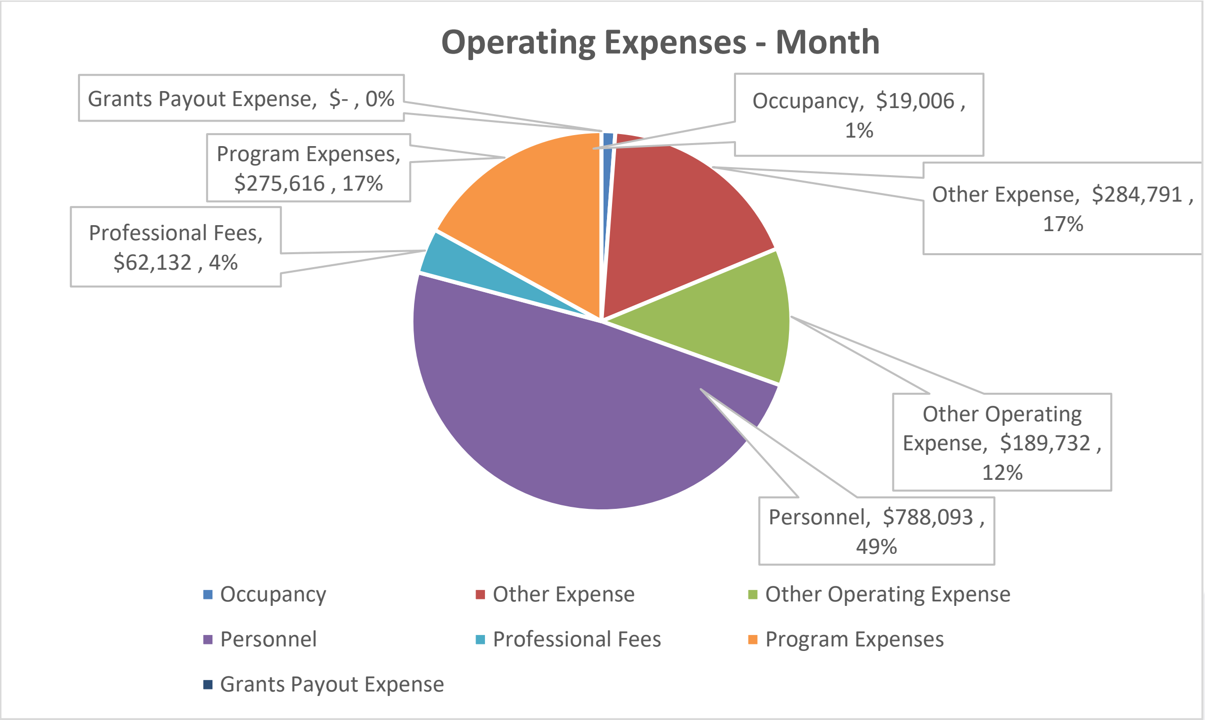
Financial Statement Brief Overview – June 2026

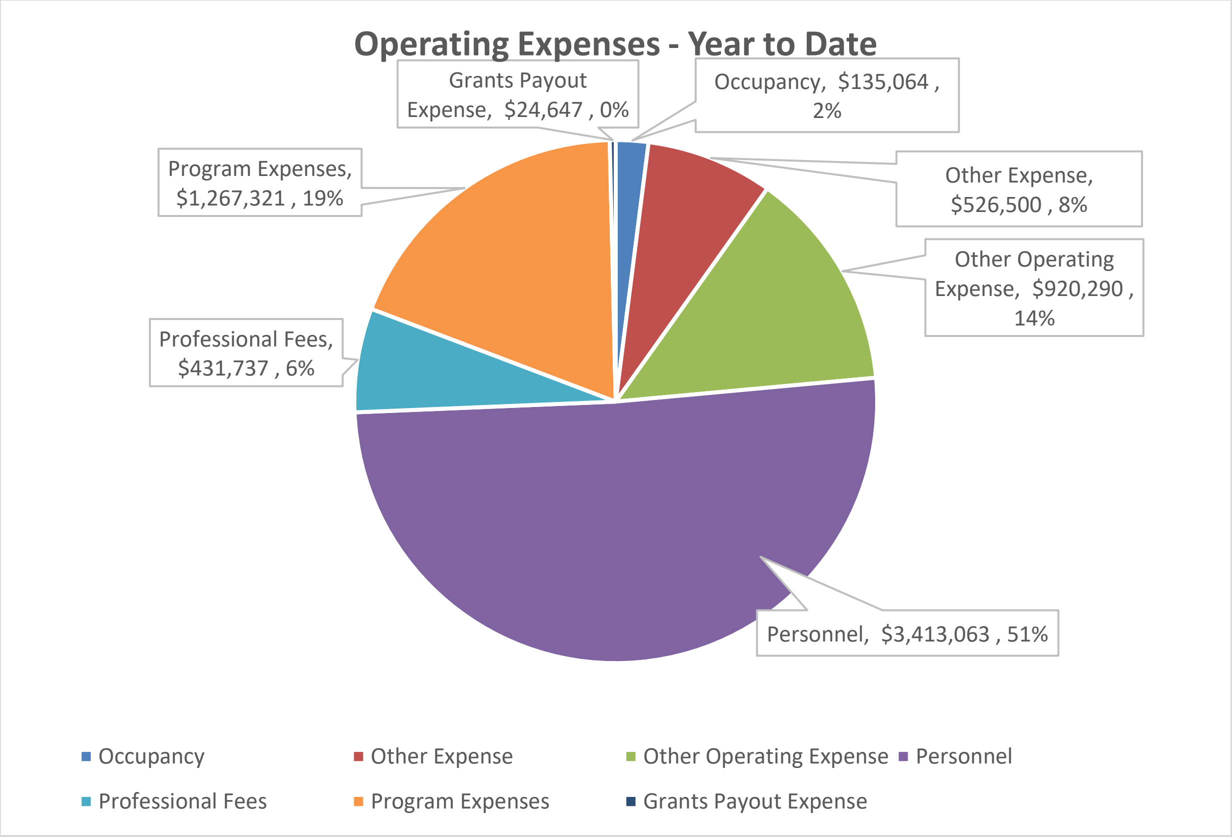
Below is a very high overview of the financials, along with visual graphics. The more granular details are provided to just the finance committee, but available to the board upon request.

- GAAP deficit year-to date is approximately ($80,000). Modified cash basis deficit (excludes depreciation, amortization, accrued vacation expense, vehicle purchases, and construction in process) is ($175,000).
  - There is approximately $254,000 of construction in process related to workforce housing phase 1. During this phase, 2 houses will be built and then sold. The goal is that these houses will generate more cash than they have used.
  - N00.1333 generated a surplus of approximately $355,000. This is the largest source of unrestricted surplus for the organization. If this continues throughout the year, that will be $710,000 of unrestricted revenue for the organization.
- Transactions over $15,000 in June were as follows:
  - Recurring:
    - Quartz $88,563– health insurance
    - Tri-County Title Services - $60,000 and $42,375for HOME loans, which is reimbursed by DoA
    - Midwest Title Corp $34,375 - HOME loans, which is reimbursed by DoA
    - West Bend $26,035 – business insurance and 2025 audit adjustment
    - Professional Title $53,250 - HOME loans, which is reimbursed by DoA
    - Wegner $31,423 – monthly accounting fees
  - Non-recurring:
    - Skyline Homes $222,594 - this is for the construction of the workforce housing phase 1
    - W.P. Custom Builders LLC $30,000 - this is for the construction of the workforce housing phase 1

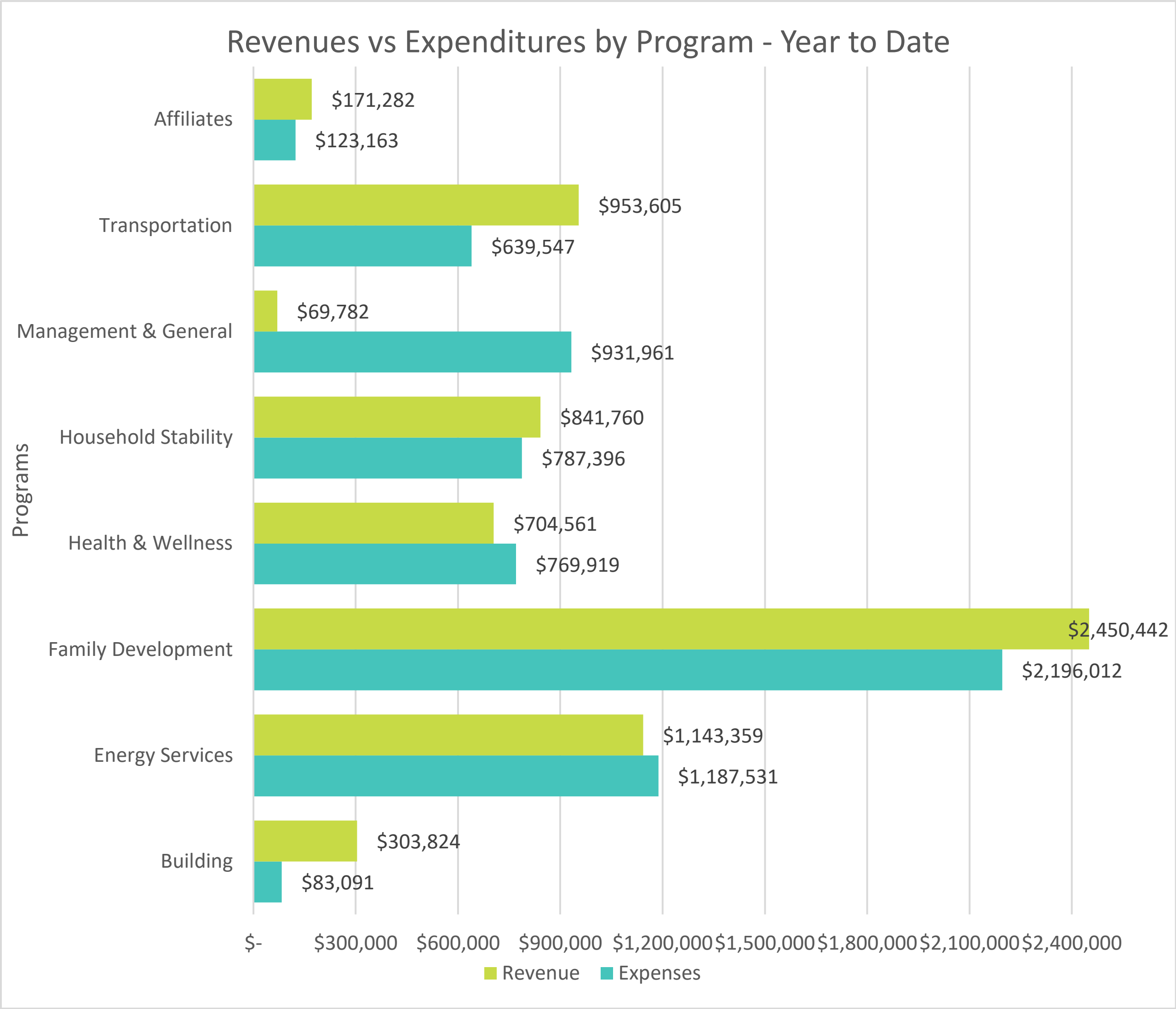


Wegner CPAs

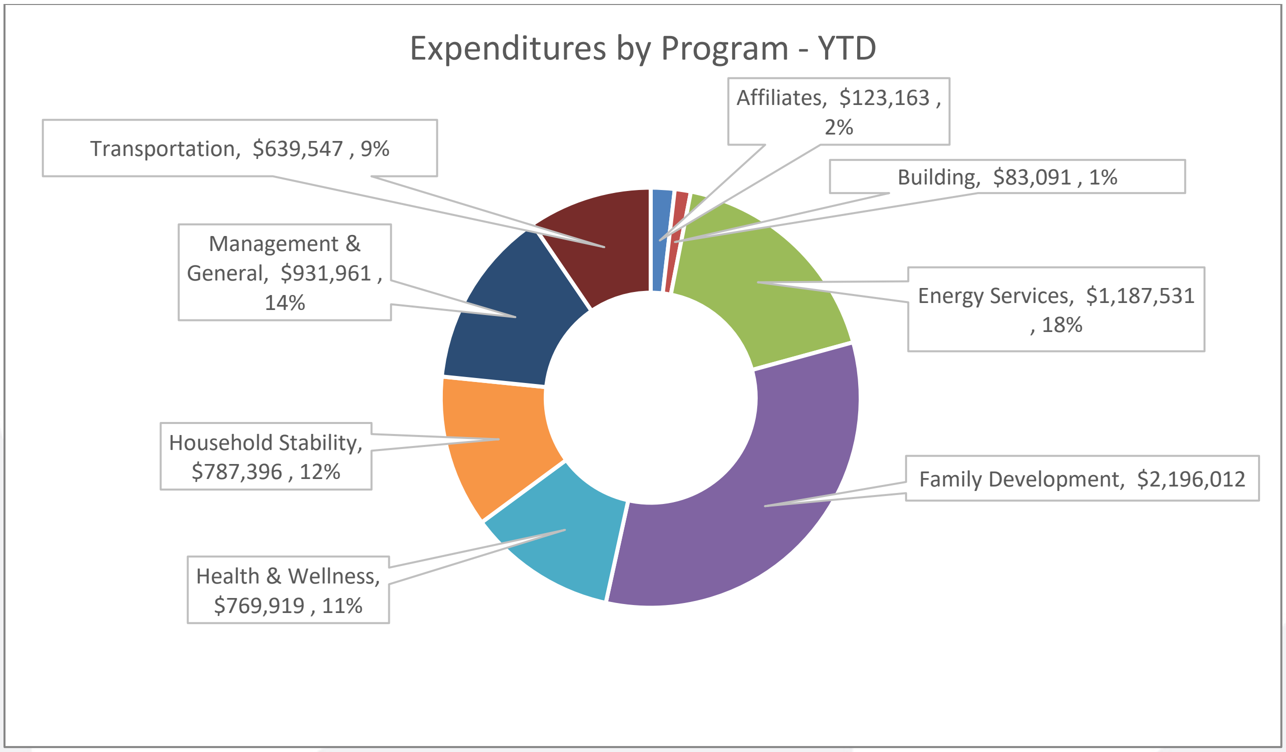

Operating Expenses - Month
Grants Payout Expense, $- , 0%
Occupancy, $19,006 , 1%
Program Expenses, $275,616 , 17%
Other Expense, $284,791 , 17%
Professional Fees, $62,132 , 4%
Other Operating Expense, $189,732 , 12%
Personnel, $788,093 , 49%
Occupancy
Other Expense
Other Operating Expense
Personnel
Professional Fees
Program Expenses
Grants Payout Expense


Operating Expenses - Year to Date
Grants Payout Expense, $24,647 , 0%
Occupancy, $135,064 , 2%
Program Expenses, $1,267,321 , 19%
Other Expense, $526,500 , 8%
Other Operating Expense, $920,290 , 14%
Professional Fees, $431,737 , 6%
Personnel, $3,413,063 , 51%
Occupancy
Other Expense
Other Operating Expense
Personnel
Professional Fees
Program Expenses
Grants Payout Expense

Wegner CPAs



Revenues vs Expenditures by Program - Year to Date
Programs
Affiliates
$171,282
$123,163
Transportation
$953,605
$639,547
Management & General
$69,782
$931,961
Household Stability
$841,760
$787,396
Health & Wellness
$704,561
$769,919
Family Development
$2,450,442
$2,196,012
Energy Services
$1,143,359
$1,187,531
Building
$303,824
$83,091
$- $300,000 $600,000 $900,000 $1,200,000 $1,500,000 $1,800,000 $2,100,000 $2,400,000
Revenue
Expenses


Expenditures by Program - YTD
Affiliates, $123,163 , 2%
Building, $83,091 , 1%
Energy Services, $1,187,531 , 18%
Family Development, $2,196,012
Health & Wellness, $769,919 , 11%
Household Stability, $787,396 , 12%
Management & General, $931,961 , 14%
Transportation, $639,547 , 9%

START® EARLY | Together for Head Start
IN PARTNERSHIP WITH HEAD START ASSOCIATIONS

August 6, 2026

On August 6, 2026, the Department of Health and Human Services shared proposed changes to the Head Start Program Performance Standards. The proposed changes represent the largest ever overhaul of the standards. If enacted, these changes would significantly impact the children and families served and the services that they receive. You can read the entire text of the proposed regulation here.

This is a proposed rule and is open for public comment for 60 days. After the comment period, HHS must review and respond to comments before issuing a final rule. **Head Start programs should not change how they operate based on this proposal**. Any changes would take effect only after a final rule is published and an effective date is announced, a process that will likely take several months.

Join Together for Head Start for a webinar on August 7, 2026 at 2pm CT/3pm ET to learn more about the proposed standards and how to comment. Register here and find additional resources here.

Here are the main takeaways, with further analysis to follow. This is not a comprehensive list of changes.

1. **Eliminates most Head Start standards.** The proposal eliminates most of the Head Start standards, including mention of standards related to health, mental health, oral health, and developmental screenings. Most teaching and learning standards have been removed.The regulation's Policy Council provisions are removed — though the Head Start Act still requires every agency to have a Policy Council — and parent committees are changed from required to optional. The current standards are about 50,000 words and the proposal is approximately 3,600 words, reflecting more than a 90% reduction in the standards. The preamble mentions the statutory requirements related to teaching and learning, comprehensive services, and parent engagement, but they are no longer part of the HSPPS and HHS claims the program will cost less to administer due to these changes.

2. **Changes to eligibility procedures.** The proposed rule eliminates self-attestation as an acceptable form of documentation to determine eligibility, which will have significant impacts on children experiencing homelessness. Self-attestation is also often used to establish a child's age and could have broader implications for families that do not have immediate access to documentation, delaying enrollment and removing access for some families. The proposed standards no longer state that programs can reserve 3% of slots for children experiencing homelessness and children in foster care. Finally, the proposal includes a requirement for programs to report staff who violate eligibility determination regulations to HHS. HHS indicates that it retains the provision that allows families to demonstrate eligibility for Head Start if they are enrolled in SNAP, although this is not codified in regulation.

3. **Removes quality teaching and learning standards.** The proposal removes most requirements related to teaching and learning, including requirements for teacher training and coaching, curricula, group size, and teacher-child ratios. The proposed rule instructs Head Start programs to follow the child care licensing requirements in their state for group size and ratios. This applies to programs regardless of whether or not they are required to be licensed by their state. According to the [Children's Equity Project](), this provision would result in larger class sizes (and by extension less individual attention) for 80% of children enrolled in Head Start.

4. **Eliminates health and safety standards.** The proposal eliminates critical health, safety, and quality measures. Requirements for annual staff training on preventing abuse and neglect are removed, and the requirement to supervise children at all times is also removed. Programs would instead be governed by state licensing and child-protection laws, which vary from state to state; mandatory reporting of suspected abuse and neglect under CAPTA and state law continues to apply, and programs are still required to report child health and safety incidents to the Office of Head Start within 7 calendar days. HHS's own analysis acknowledges that the added flexibility for programs not subject to licensing "could introduce some risk." The proposed rule shifts oversight of background checks and transportation practices to states

5. **Weakens Policy Council and parent role.** The proposed standards remove several protections for parent decision-making. They do not include impasse procedures that describe what happens when the Policy Council, which is composed of majority parents, and the Governing Board do not agree. Current standards require a third-party mediator to facilitate a solution. The Head Start Act still requires the Policy Council to approve major decisions, including budgets, funding applications, and enrollment priorities (Sec. 642(c)(2)(D)), and directs HHS to maintain impasse policies (Sec. 642(d)(1)) — but the proposal removes the required resolution process without replacing it, leaving governance disputes with no mandated path to resolution. The proposal also removes the requirement for parent committees and makes these optional.

6. **Significantly weakens comprehensive services.** The proposed standards remove most mentions of health and mental health, dental care, and developmental screenings. Instead, the revised standards require that a "program must establish goals and measurable outcomes including provisions of evidence-based educational practices, health, nutritional, and family engagement." Programs need to provide these services only as required by the Head Start Act. The proposal eliminates the requirement to provide a developmental screening within 45 days of enrollment and to determine within 90 days whether a child has a medical and dental home. The proposal also removes requirements to track follow-up care and ensure children receive treatment and intervention for any identified issues.

7. **Removes services related to maternal and infant health.** The proposed rule removes many provisions related to services for pregnant women, expectant families, and newborns. The rule retains a requirement for a newborn visit and some educational requirements for expectant families, but removes current requirements related to timely medical care for the mother and newborn. The

proposed rule removes requirements for key evidence-based aspects of the Early Head Start home visiting model, including caseload, visit duration, and home visitor qualifications.

8. **Requires all instruction to be in English.** A new requirement states that all instruction for children must be conducted in English, with an exception for Tribal grantees that include Tribal languages as part of their heritage. The proposed rule removes standards for serving dual language learners, including supporting the child's home language alongside English and conducting assessments and family engagement services in the preferred language of the child and family.

9. **Reduces the administrative cap.** The proposal reduces the administrative cap from 15% to 5%. This change applies to federal funds and the non-federal match. The Head Start Act sets the administrative cap at 15% with the option of a waiver. Under the proposal, programs can apply for a waiver from the new 5% limit, provided it is approved by OHS.

10. **Removes additional services for children with disabilities.** The proposal eliminates requirements that children with disabilities receive services that allow them to fully participate in all aspects of the Head Start program, including receiving individualized services while they are being evaluated for IDEA eligibility. Instead, the proposed regulation requires Head Start programs to follow applicable federal and state statutes in providing services to children with disabilities. HHS notes that the Head Start Act requires the Secretary to provide procedures for referrals and services for children with disabilities and indicates that it will provide future policies on services for children with disabilities. HHS does not indicate what these policies might be.

11. **Removes suspension and expulsion prohibitions.** The proposed standards eliminate prohibitions on suspending or expelling children from the Head Start program. Current standards provide limits on suspensions as a last resort in situations involving a serious safety threat, and require programs to take all possible steps to meet the child's needs and help the child return to the program. Current standards also prohibit expulsion. HHS indicates that programs should adhere to local and state licensing requirements and their own approach to discipline.

12. **Adds new staff hiring considerations.** The proposal adds new "hiring considerations" that prohibit programs from requiring or incentivizing post-secondary education credits, hours, or credentials unless the program can demonstrate that the position requires skills that can only be obtained through this pathway. In addition, programs would also have to allow other ways to demonstrate the required skills, such as assessments, industry-recognized credentials, or relevant work experience. Statutory education requirements for certain Head Start positions would remain.

13. **Adds nutrition and physical activity requirements.** The proposal adds requirements to provide "nutrient-dense, whole foods consistent with USDA Child and Adult Care Food Program meal standards" and requires programs to talk with parents about healthy eating, physical activity, preparing healthy meals and the negative consequences of "sugar-sweetened beverages and grain-based

desserts." The proposed standards also require programs to provide at least 30 minutes of physical activity per 3.5 hours of programming, with a preference for outside activities.

14. **Removes details on how the Office of Head Start will designate grants for competition.** The proposed standards remove much of the detail about how the Office of Head Start (OHS) will determine whether a grant must be competed. They retain conditions that result in a grant being designated for competition, as under the current standards, but include significantly less detail. For example, the proposed standards mention that a grant is subject to competition if it receives two deficiencies, but they remove the reference to the "relevant time period." They also remove specific references to CLASS and its competitive thresholds. Instead, the proposed standards state that a grant may be competed if an "agency has been determined not to be delivering classroom quality," with a reference to the applicable section of the Head Start Act. They also include an additional catch-all condition for other measures specified in the Head Start Act. It is not clear from the revised standards how OHS plans to implement the Designation Renewal System (DRS) or make these determinations in practice.

15. **Allows waivers for some provisions.** The proposed rule indicates that programs can apply for waivers (provided they do not violate state or federal statute and do not impact child health or safety) for any provision of the standards, except for eligibility, nutrition, and physical activity. This presumably includes the English-only language provision and administrative cap, but OHS would need to approve each individual program's waiver request.

Regulatory impact analysis

HHS's analysis estimates that the changes in the proposed rule could result in up to an additional 236,000 children served in Head Start programs. These estimates are based on assumptions about how much funding programs would save by meeting the proposed standards and how those savings would be used. The proposal says that these changes could free up about $2.2 billion a year by 2031. But that does not mean Head Start programs would receive $2.2 billion in new federal funding. **The proposal adds no new funding to the Head Start budget.**

Most of the estimated savings would come from Head Start programs:

- Having fewer teachers or other staff;
- Serving more children in each classroom;
- Offering fewer hours of service;
- Spending less on coaching, home visiting, health, and mental health supports; and
- Moving money from administration to direct services.

The largest estimated cost savings (ranging from $334 million to $1 billion) come from an expectation that Head Start programs will change teacher-child ratios, with each teacher taking care of more children. The proposal estimates a 16% to 32% increase in the average number of children per teacher.

The analysis also estimates savings from lowering the maximum administrative-cost cap from 15 to 5%. Administrative spending can include fiscal management, human resources, information technology, data systems, facilities management, and organizational leadership. These functions do not disappear because the allowable percentage is lowered. Programs might reclassify some work, share functions, reduce administrative staffing, cut other operations, or request waivers. The proposal reports that:

- Only 3.7% of Head Start grants currently operate at or below 5% in administrative costs.
- Another 27.7% operate between 5 and 10%.
- The estimated amount that would have to be moved out of administrative costs is $754 million.
- About half of Head Start grants serve 200 or fewer children, meaning many smaller programs have fewer participants over which to spread fixed administrative costs.

In general, the estimated savings depend heavily on programs reducing staffing and services, including having larger group sizes, fewer teachers and support staff, shorter program days, fewer home visits, and fewer health and mental health supports. The analysis places a dollar value on those reductions while leaving many potential consequences for Head Start children, families, staff, program quality, and state systems unpriced. These possible consequences include:

- Families needing other child care if program hours are shortened;
- Effects of larger classes and fewer teachers on classroom quality;
- Effects of fewer home visits, coaches, mental health consultants, and family-service staff;
- Barriers for families that cannot easily produce eligibility or age documentation;
- Educational and family-engagement effects of English-only instruction;
- Staff workload, turnover, burnout, and employment losses;
- Differences between stronger and weaker state licensing systems; and
- Additional state or local responsibilities created by relying more heavily on state standards.

The proposed rule says the freed-up money could support up to 236,000 more Head Start slots. However, it does not provide new funding or require programs to use the savings to create new slots.

The proposed rule would require most Head Start education to be provided in English, and estimates this could affect about 18,800 classrooms, or 1/3 of non-Tribal Head Start settings. The proposal estimates the change would create about $99 million in one-time costs, including:

- $47 million to replace curricula, books, toys, and other materials containing non-English words.
- $52 million to retrain teachers or recruit and hire new staff.

The proposal also estimates about $139 million in possible harm to workers if some teachers lose or change jobs rather than receive training to meet the new English-only requirement.

<u>**Estimated Annual Spending Reductions**</u>

Projected annual reductions at full implementation in 2031

Proposed flexibility	Primary annual reduction assumed

Following state teacher-child ratios instead of current Head Start ratios	**$668 million**
Reducing Head Start Preschool service hours	**$214 million**
Reducing coaching expenditures	**$179 million**
Reducing home visitor staffing due to changes in visit frequency, duration, and caseloads	**$173 million**
Reducing health and mental health personnel and contracted-service expenditures	**$111 million**
Reducing compensation for certain non-teaching positions by removing qualification requirements	**$57 million**
Reducing bus-monitor staffing	**$40 million**
Reducing child development specialist positions	**$19 million**
Reducing staff time for required data analysis and community-assessment activities	**$2.5 million**

SWCAP v2.0 Strategic Priorities for 9/2026 - 2029

The term SWCAP v2.0 simply identifies the next step in the organizational change process that we've been undertaking over the past couple of years, which will continue and expand over the 2026 – 2029 timeframe. Truthfully, this is an endless process, with older priorities phasing out and new ones being added over time. Over the next few years, we'll be concentrating upon:

- Solidifying the transition from programs to departments
- Capital stacks, recognizing that unrestricted revenue > gross revenue
- Understanding that impact > process > practices ("how we do things here")
- Real partnerships, joint ventures, strategic alliances can be giant impact multipliers
- Digitization of operations, administration and record-keeping
- We can no longer lose a little money on each transaction and then make it up in volume – SWCAP already tried
- Margins matter...Impact matters even more
- Mission defines success; Effort, compliance and good intentions do not
- Recognizing that institutional ego can be corrosive unless it's built upon a foundation of fact and failure

We've continued to experience the abject failure of the federal budgeting process since February of 2025, so we know that uncertainty and change are constant. That said, waiting for something to happen before you grudgingly do just enough to quiet things down isn't a response; it's simply a reaction. Hoping that change will go away is not a strategy. It solves nothing, usually if it feels like the "safest" option. History **is** the demonstration of such folly.

Over the '26 – '29 period, we'll prioritize the following...

1. Enhance revenue diversification and growth via earnings, income & grants (toward 10/10/80%...earned/donated/contracted)
2. Build sustainable partnerships and alliances
3. Implement strategies and support to catalyze long-term change in SWCAP's institutional & programmatic cultures
4. Actively manage the disposition of all SWCAP capital assets in support of both financial and impact-related interests
5. Make on-going security improvements to enhance staff and customer safety
6. Initiate capital planning and strengthening core IT assets and talent sufficient to build, maintain and expand both an electronic "front door" to all SWCAP services and the digitalization of operating processes and systems
7. Build HR as an integrative agent
8. Assess and update employee-related processes and standards

9. Optimize recruitment, training and compensation systems, including the establishment of standards of conduct
10. Plan and implement both a unified document management system and CRM (Empower) system throughout SWCAP

And initiate...

11. ROMA (**or alternative**) integration into SWCAP operational management and impact assessment systems
12. Whole Family Approach (WFA) integration across SWCAP services, programs and management functions as fundamental strategic priority
13. Systematic identification and implementation of customer service improvements throughout SWCAP practices and processes
14. Design, integrate and execute long-term intraorganizational performance standards and expectations, including the introduction and utilization of key performance indicators (KPI's) across programmatic and institutional practices
15. Implementation of SWCAP's Communications Plan

"In any moment of decision, the best thing you can do is the right thing. The worst thing you can do is nothing."

Theodore Roosevelt

Reasons & Rationales

1. Enhance revenue diversification and growth via earnings, income & grants (@ 10/10/80%)

   SWCAP is over-reliant upon public resources (both federal and state). It is highly improbable that SWCAP as we know it could ever reach a point where public sector investment isn't most of our revenues, but we clearly need to diversify our capital sources and uses on an accelerated schedule. This is not a short-term undertaking; it takes years to meaningfully alter the capital structure oof an organization by going out and developing multimillion-dollar pipelines of major gifts, planned giving, targeted solicitations, earned income and the odd grant. We have begun.

2. Build sustainable partnerships and alliances

   I'm going to let you in on a poorly kept secret, one that every nonprofit organization publicly swears allegiance to but generally never tries... nonprofits **cannot** succeed without partners. That is truer today than it ever has been. This definition of "success", though, is intentionally fuzzy. How much we care, how hard we try, how long we've been doing this program or that service are not measures of performance, though they often get used as if they were. Partners aren't people that go to meetings at the same time or that sign a letter of support for this or that proposal. A partnership is predicated on one very important quality: No one succeeds unless everyone succeeds. Partners share risks and losses. We don't win unless our partners win. This is where people start to lose interest. Frankly, our squeamishness about sharing risk is long past its expiration date. We have far more to gain than to lose. Far more.

Collaborations, joint ventures, strategic alliances, etc. are precisely what SWCAP has been and must continue to pursue, to develop, to fail and to succeed with as well. There are two simple reasons... 1) none of our work can be accomplished alone, no matter who we are or how powerful, brilliant or accomplished our organization thinks it is. Poverty is a much bigger and far more complicated issue than commonplace pundits, politicians and opinionated next-door neighbors seem to believe. It always has been, and 2) the primary challenge we face isn't money. The world is full of money; ours is the wealthiest society that has ever existed, yet poverty persists. What we lack is coordination, cooperation and quality control. Absent these, far too many small groups constantly bump into one another on the way to their common objectives.

3. Implement strategies and support to catalyze long-term change in SWCAP's institutional & programmatic cultures

   We gladly acknowledge that there has been some substantive change taking place in both the culture and expectations within SWCAP. This reflects a beginning, not a sustained transformation but forward motion, nonetheless. This process will remain a key priority as we enter the next stage of genuinely unlearning old habits, attitudes and behaviors.

4. Actively manage the disposition of all SWCAP capital assets in support of both financial and impact-related interests

   SWCAP still possesses or occupies a large amount of facility space for its operations, but we have been actively trimming that number. As we move toward a more robust digital operating platform, we expect that it will allow us to further downsize our fleet of owned/leased properties. This will take years, but we'll persist in what we've started.

5. Make on-going security improvements to enhance staff and customer safety

   Over the past year, we have made security improvements in some of SWCAP's facilities, particularly in Head Start buildings. Things like emergency lock down doors and security cameras connected with recording devices and off-site data storage. This hasn't been cheap, nor will it be in the future, but it is necessary to protect our staff and the children with and for whom we work. We can't make these enhancements quickly enough, but we can and will continue to integrate higher-level safety features into all of our utilized capital assets as resources will allow. When resources don't exist then we'll use guerilla tactics to do all we can.

6. Initiate capital planning and strengthening core IT assets and talent sufficient to build, maintain and expand both an electronic "front door" to all SWCAP services and the digitalization of operating processes and systems

   SWCAP is in the information business. For financial and accounting, personnel and human resources, facilities and infrastructure, service records and plans, we're in a digital world. Data management and utilization are essential processes today which require scalable, reliable, and networked infrastructure. We must vastly improve our data management, storage, and utilization practices. The most important type of infrastructure at SWCAP is no longer buildings or facilities; it's our networked data systems.

7. Build HR as an integrative agent

   We established SWCAP's first dedicated HR office a couple of years ago. While it's taken time to get the right people in the proper spots, I doubt many would disagree that our efforts to give staff access to people both willing and capable of professionally addressing the employment-related issues that everyone faces was in vain. Having people who genuinely care about the people they work with shouldn't be revelatory, but it has been. Long way to go, but we're finally underway.

8. Assess and update employee-related processes and standards

   Making sure that everyone in the organization has the information they need is an elemental function. Likewise, making sure that employees genuinely have the skills, training, and capacity for their role is also vital. SWCAP must function transparently, equitably, and genuinely. So must each of us here. If someone makes a mistake, that's OK. Learn from it and move on. If someone chooses not to decide when they can and should, that's a different issue.

9. Optimize recruitment, training and compensation systems, including the establishment of standards of conduct

   How do we recruit, train, and compensate quality employees? How successful are we, really? Do we understand and communicate our expectations? Do our staff understand and fulfill their responsibilities? Based upon what standard? Is everyone clear on what success and failure look like? Do we even know?

10. Plan and implement both a unified document management system and CRM (Empower) system throughout SWCAP

    There are two massive infrastructural needs facing SWCAP. First, we need to take enormous piles of paper, files, reports, etc. and consolidate them someplace where we can find and utilize them. Secondly, given that this is the 21st century, we must establish and utilize an integrated customer relationship management (CRM) system so that we can integrate personal/medical/financial information that can be streamlined and protected. Our obligation to customers to protect their personal information is clear and systemized when it involves health-related data. Well, while the other protection protocols needn't be as strict as those, our moral obligation is to treat everyone's data at our disposal as if it is of equivalent value. Now, this issue isn't cut and dried, as we're part of a system of public and private services that occasionally need to have access to the same information. How we design and execute this isn't clear, though it must be done. The process is underway and will be ongoing for the foreseeable future. We've started, but so much is yet to be done.

11. ROMA **(or alternative)** integration into SWCAP operational management and impact assessment systems

    Results Oriented Management and Accountability (ROMA) is an established protocol for community action agencies/programs to use in assessing whether the services they provide work for their customers and communities. It honestly doesn't matter if we think we're doing good and helpful things. It matters if our customers do **and** it matters if we have an impact on people objectively. Not one measure; but both.

12. Whole Family Approach (WFA) integration across SWCAP services, programs and management functions as fundamental strategic priority

    The Whole Family Approach (WFA) is a comprehensive strategy and practice that comes from the world of early childhood education, but it is applicable across SWCAP. It can appear complicated, but it's simply a process that both allows and creates an institutional focus on the multigenerational nature of who we serve and why we do so. We work with children, parents, grandparents, etc. But our purpose is to help families and communities get out of poverty while working locally and regionally to eradicate the causes of poverty. In a world where resources are packaged, distributed, and reported in very discrete categories over which we have no control, it's important to remember that we can't and don't fix people's problems. What we're trying do each day is help individuals and families navigate their own futures.

13. Systematic identification and implementation of customer service improvements throughout SWCAP practices and processes

    Currently, we as an organization do far too little to understand and improve the experience of people when they interact with SWCAP as an organization. Are we doing well? How do we know? What should we abandon, improve or expand? Why? No organization exists simply to exist. How do we assess our performance, learn from our mistakes, and concentrate on areas where we can make an outsized impact? These questions matter and need to be both asked and answered systematically.

14. Design, integrate and execute long-term intraorganizational performance standards and expectations, including the introduction and utilization of key performance indicators (KPI's) across programmatic and institutional practices

    From year to year, organizations such as ours need to evaluate our own institutional performance, not for funders, but so that we understand what we genuinely have and have not accomplished. Often, these processes produce a litany of numbers, charts, graphs and the occasional picture as if to say that "this is our success story".

That's not even close to true. Organizational performance, particularly for those in the community action field, can only truly be assessed outside the walls of our buildings, classrooms, centers, clinics, etc. Success is impact. The efforts of our work on the lives and self-determination of individuals and families reflect performance. Measures like compliance, budget growth, number of programs or service awards – all of these reflect the process, not the value of what we do.

We will use intraorganizational performance standards and key performance indicators as part of our systems management process. But the true standard of our value lies in people, both outside and inside our organization.

We are very fortunate to work daily to make the lives of others tangibly better. It is hard, frustrating, infuriating and makes even the strongest person wonder why in the world they keep doing this. But somedays, you get reminded. When a child giggles, the relief of an overstressed parent or the immensely valuable small victories that make an entire family relax so much that others can feel it as well. Nobody who works at SWCAP makes much money or wins any social status contests, but most understand that what we do genuinely matters to real people in the real world. This is what impact is made of and to what we continue to aspire.

15. Implementation of SWCAP's Communications Plan

The traditional perspective toward "marketing" is that it entails 'pushing' a consistent narrative, both internally and externally, that the sender hopes will provide a common and yet controllable premise that is widely accepted across multiple markets (i.e. funders, investors, customers, regulators, politicians, neighbors, regional organizations, etc.). There are a variety of challenges to this model of communication, not the least because it is ultimately impossible for any organization to control their own narrative in the real world, once it's out of their hands

Constantly saying the same thing over and over pales in comparison to consistently delivering on our own priorities. Nothing succeeds like learning what does and doesn't work and then changing your approach, if necessary. Welcome and acknowledge shortcomings. Everyone makes mistakes. Confident organizations don't try to control perceptions, it's literally impossible. Rather, they acknowledge facts, assess honestly, respond genuinely and then explain (both the bad and the good) what was learned.

We don't need to convince anyone that we're great. We simply have to be great. No acting required.

What and why

The Southwestern Wisconsin In-Fill Solutions to Housing (SWISH) project is a regional partnership designed to address the critical shortage of workforce housing in southwest Wisconsin while strengthening municipal tax bases and expanding opportunities for homeownership. Communities throughout the United States are experiencing substantial housing demand that is not being met by traditional, profit-driven developers, particularly for moderate-income households who are often essential to local towns, cities and economies.

The SWISH project focuses on developing high-quality modular homes within existing municipal boundaries that are already (or easily can be) served by public utilities. By prioritizing infill development, the project minimizes infrastructure costs, avoids sprawl, and ensures efficient use of public resources. The first initial phase will take place in Lancaster, Wisconsin, where SWCAP purchased 3.17 acres of land in 2024. On this site, SWCAP plans to install nine homes, creating a small, well-integrated residential development that aligns with community planning goals.

The homes developed through the SWISH project will target households of essential community workers (e.g. teachers & school staff, nurses, medical technicians and hospital staff, municipal/county employees such as police officers, sheriff deputies, fire fighters, paramedics, operational staff, utility and road crewmembers, etc.) with an annual income roughly between $60,000 and $120,000. Such households regularly earn too much to qualify for traditional housing assistance but not enough to compete in the current housing market. By targeting this underserved segment, the project fills a critical gap in the regional housing continuum and supports workforce retention for local employers.

SWCAP is partnering with Skyline Homes, a regional manufacturer known for producing high-quality modular housing, also in Lancaster, Wisconsin. Through this partnership, SWCAP has become a licensed dealer for Skyline Homes, allowing the organization to purchase homes at significant discounts from retail pricing. This unique position enables SWCAP to sell homes to workforce housing developers that incorporate value-enhancing features such as full basements and/or garages, immediately increasing the market value of each home while keeping sales prices affordable. As a result, homes will be sold with market value exceeding their purchase price, providing buyers with immediate equity (monetizable wealth) upon purchase.

HUD funding has been secured to support the installation of infrastructure necessary to make this development possible. Eligible uses of funds include extending plumbing and electrical infrastructure to the property and individual home sites, including sewer, water, electrical, concrete, fiber-optics, etc. These investments are essential to ensure that the homes are built efficiently, safely, and in compliance with all local and federal requirements.

Beyond the initial development in Lancaster, the SWISH project is a scalable model that can be replicated across southwest Wisconsin. Communities including Argyle, Boscobel, Cuba City, Dodgeville, Mineral Point, Richland Center and Superior have already contacted us to express interest in exploring modular installation to address their own housing shortages.

The project targets increased housing supply, expanded homeownership opportunities, and measurable growth in local property tax bases. Most importantly, it will provide safe, high quality and affordable housing for working families, helping to ensure the long-term economic vitality of rural communities in southwestern Wisconsin (and perhaps a bit beyond).

SWCAP and its partners are mission-focused organizations. This means that our success will come through optimizing rather than maximizing our return on the development and sale of these homes. Each project must produce 1) quality homes that can serve multiple generations at 2) a price point that our target buyers can and will afford. That means we won't try to shove in every available option. If we did, it would tend to be less expensive but of lower quality. Some folks want all the 'bells and whistles', even if they're of lesser quality. They are not our target buyers.

Our original, current and future focus lies upon building high quality homes that have select amenities and the chance to add others at a later date. In exchange, buyers get a home that is already worth more than they paid for it and, from our perspective, people who work hard deserve a nice place to call home <u>and</u> our communities deserve a means to grow rather than slowly fade away. Houses alone won't fix things, but they make the future for so many a great deal more comfortable and more secure.

Workforce Housing Development

Background:

Workforce housing is a term that is generally used by planners, government, and organizations concerned with housing policy or advocacy. It is gaining cachet with realtors, developers and lenders. Workforce housing can refer to any form of housing, including ownership of single or multi-family homes, as well as occupation of rental units. Workforce housing is generally understood to mean affordable housing for households with earned income that is insufficient to secure quality housing in reasonable proximity to the workplace.

Overview:

Consideration of workforce housing minimally includes these four principal factors:

Workforce

The term "workforce" is meant to connote those who are gainfully employed, a group of people who are not typically understood to be the target of affordable housing programs. Workforce housing, then, implies an altered or expanded understanding of affordable housing. Our projects are currently targeted at "essential workers" in a community i.e. police officers, firemen, teachers, nurses, medical personnel, related specialists etc. Some communities define "essential" more broadly to include service workers, as in the case of resort communities where one finds high real estate costs and a high number of low-paying service jobs essential to the local economy. Workforce housing may be targeted more generally at certain income levels regardless of type of employment, with definitions ranging from 50% to 150% of Area Median Income (AMI).

Affordability

Mortgage lenders typically impose a limit of 28% to 36% of household income allowable for principal, interest, taxes and insurance (PITI). Pricing calculations aimed at renters, who represent approximately one third of US households, define a desirable workforce housing cost as at or below 30% of household income. Affordability is a function of the relationship between one's income and the housing costs of the area, which leads to variation in the percentage of AMI that may be used to describe people who might need workforce housing.

Proximity

In rural areas, "workforce housing" may not be located in or near employment centers. This is an important distinction from urban locations in that the expanding distance between gainful employment and housing made affordable by the income it provides regularly creates urban sprawl, typified by traffic congestion, lengthy commutes, convenience stores and strip retail centers and the rapid consumption of open space. Traditionally prevalent in US metropolitan areas, workforce housing issues may arise anywhere that land values or other restrictions on creation or availability of quality affordable housing units are constrained by zoning, market forces or physical boundaries. In rural communities, housing is commonly comprised of older stock that has, over decades of use, declined in safety and livability or has sat empty for extended periods because there was simply no demand.

Quality and supply

For many decades, federal programs have focused on providing housing subsidies or vouchers and building and maintaining public housing projects for low-income households, which has been the basis for so much public housing infrastructure in urban and metropolitan communities. Housing affordability for everyone else has been supported mainly through programs for home buyers, especially through mortgage financing. Whether seeking to rent or to buy in areas facing an identified shortage of workforce housing, such units as can be found in proximity to workplaces are often of poor quality. In larger communities, new housing built during economic booms have regularly included low numbers of affordable units which are often means-tested to exclude all but the poorest residents, and the less expensive housing tends to be built at a distance where land is cheaper. Proximity to work often means a tradeoff in quality of housing stock, school quality, personal safety. In real terms, living in low quality housing or marginal neighborhoods is a tradeoff between access to income and access to resources such as rising home equity or quality education.

History

The concept of workforce housing has its early roots in the ski towns of Telluride and Aspen, Colorado. In 1974, in response to locals not being able to purchase homes due to the disparity between wages and the cost of homes and land rising sharply due to buyers from New York and Hollywood, a conference was organized in Aspen, where a plan was developed to create a secondary and separate "local worker" housing market which was based on local wages and affordability. One standard tool invented to create affordably priced homes for local workers that would stay affordable for future generations was a deed restriction, which in its most simple form states that to qualify for purchasing a home the applicant must live in the community, not own another home in the community, must work essentially full-time and must have lived in the community for a minimum period of time. Also, the owner can only sell the home to someone that meets the same criteria. Later provisions added over the years include income restrictions to qualify, and capped rates on the amount of profit an owner is allowed to make in order to guarantee that the home will remain affordable forever. The workforce housing problem seemed to be an anomaly in the ski resorts, made worse due to limited land for development due to mountains and federally owned land, which made "sprawling" unrealistic. Instead, it seems to have been a precursor to the problems now facing vacation communities and metropolitan areas all around the country and the world. In the early 2000s record low mortgage interest rates spurred a nationwide surge in housing demand. Record housing construction and record home prices in many communities drove land costs higher. Construction materials and labor costs amplified the problem to create a critical dilemma: in too many communities, average income households cannot afford a median-priced home.

For a while, the low interest rates and availability of creative financing options bridged the gap between housing costs and income for some households, enabling people to obtain mortgages that consumed more than 30% of their income or to use rising equity in their home to compensate for the affordability gap. Both mortgage market mayhem (i.e. the subprime mortgage crisis of 2007-2009) and exceptionally unstable economic policy currently raises substantial questions as to the ability of financing tools and private developers to effectively solve current affordable housing shortages.

Policy

The term "workforce housing" increasingly appears in policy discussions at all three market scales - national, state and local-levels. While typically defined by regional housing statistics, (i.e. area median income, fair market rent, the employment base of the particular region, etc.), without the ready ability to fund initiatives or to create sufficient incentives or mandates, it continues to be exceptionally difficult to have any sustained impact on affordability. As with all housing initiatives, local governments **may** use existing tools like inclusionary zoning, up zoning, density bonuses, code variances, etc. to create desired outcomes, though communities willing to undertake such efforts are seemingly less common than in the past. Incentives may include a waiver of fees (like building permit fees or water and sewer fees) and tax abatements (real estate transfer taxes and retail sales taxes can provide funding in states where local governments have the power to raise revenue in this way), though current political machinations and personal rather than public interests make actionable policies appear unpalatable to current leaders across both major political parties.

SWISH as a partnership-based rural development project

What

Infill housing is an approach as old as time and pretty simple in design. As housing demand grew in post-World War II America, development focused on increasing the density of single-family houses in what came to be known as subdivisions. Through mass production techniques and rising personal incomes, American homeownership exploded. Over time, many people reached a point where they wanted/needed more space and found homes further outside of town, establishing themselves as commuters. Their former homes might have found buyers at lower price points or simply be bypassed by the exodus "out of town". This coincided with multiple generations becoming enamored with the premise of "more"; bigger cars parked in front of bigger houses sitting on bigger lots with bigger yards full of grass, plants, flowers and shiny decorative balls resting on pedestals that look like a birdbath and serve no functional purpose whatsoever. This growth spurred the expansion of towns and cities, as more and more property outside of existing communities was turned into more, larger lots that became what most of us know as the suburbs.

But the homesites in what was "in town" remained, often with dilapidated housing interspersed amongst newer multi-family developments for people who couldn't afford or simply didn't want the new American dream of homeownership. Property prices in these denser communities began to fall, spurring even more departures, creating location-specific "islands" of poverty; the places where "those people" lived of necessity, not choice.

While this reflects the plight of far too many urban communities, the same dynamic has occurred throughout rural America as well. People lived and then they moved, either outside of town or somewhere else entirely. Cities became towns and towns became villages, at least in reality. The Great Mobility Machine had taken root in American culture and we continue in its grip to this day.

At present, many city/village/township lots remain either with dilapidated structures or as empty and undeveloped parcels, hollowing-out neighborhoods through either abandonment or having fallen to the possession of public agencies for issues such as property tax-liens.

The simple truth? So many people can't afford more, nor do they need it. But they can afford enough, particularly if it's genuine value.

Where

For the first phase of this project, we consider workforce housing to be focused on single-family homes owned by the residents in participating communities, townships and villages within Iowa, Grant, Lafayette, Green, Richland and Crawford Counties in Wisconsin.

Why

Affordable housing (generally ascribed as being available residential properties priced below a certain percentage of one's income), is a persistent challenge in communities around the world. A common answer to this problem is multi-family rental properties (i.e. apartments, duplexes, etc.).·But the severe lack of workforce housing in communities throughout the country is another structural circumstance with immense economic consequences via market-driven high per-unit costs.

While this challenge is obvious for individuals and families living below the poverty-line, it likewise affects those with moderate incomes, living above traditional poverty definitions. SWCAP is vitally interested not only in helping low-income families climb out of poverty, but likewise in supporting families from falling into poverty. As pertains to fundamental affordability for both residents and developers, we see helping families stay out of poverty as a high impact, lower per-unit cost avenue of attention.

Over the past few months, conversations amongst organizations and governmental entities have been held regarding the viability of undertaking a replicable project to create housing through infill development. This is one approach to address the paucity of housing options for many individuals and families that have earned incomes above the federally defined limits of poverty. But, they too are priced out of the current market for single family homes, given both the lack of available stock and the inflated prices associated with demand far outpacing that lack of supply.

It is exceedingly common for affordable housing development (often conceived and executed as multi-family rental units) to be considered impossible without public grants, tax credits or other forms of subsidy, primarily because these projects simply don't generate enough cash-flow to support commercial debt service of any appreciable size. But there are two common consequences of a project's capital stack becoming layered with publicly-supported capital, 1) long-term attention becomes focused on sustaining debt service from sub-market revenue streams that result in exceptionally thin operating margins, rather than in making unplanned improvements over the life cycle of the project, and 2) project development timelines become highly elongated, creating substantial structural delays in moving from project conception to opening. Moreover, from the community action perspective, affordable rental units fail to create the opportunity for families to build any wealth through equity appreciation. Rental units provide much needed shelter, but they do not constitute a means to build value from appreciated assets, even in small amounts. Higher net-worth family's control, by definition, assets that generate direct and/or passive income streams upon which they can rely for liquidity. Both low-income and many middle-income families do not, and this shortfall of available assets perpetuates a reality of "one crisis away from homelessness" for far too many people.

Workforce housing doesn't **necessarily** constitute the same challenges. In this context, we refer to workforce housing as ownership-based single-family residences where financial value is directly reflected by market demand **and** is affordable to traditionally middle-class families who work as teachers and paraprofessionals, civil servants, nurses and medical technicians, bank tellers, factory and administrative workers and full-time in the trades, specialties and customer service, retail/restaurant employees. By creating and selling smaller, high-quality housing to lower middle-income families near but still below regional average housing prices, people can take possession of a home that not only addresses their domiciliary needs, but that automatically provides monetizable equity value that can be used when and if necessary. Of equal importance, these homes would be taxable property that would generate new tax revenues to the local tax authority.

In some regions around the U.S., there has been an upward trend in the use of the term "workforce housing", though often unassociated with that target market. Because of substantial increases in development costs driven, in part, by atypical inflationary pressures and construction costs (and subsequent sales prices) for most new "middle class" homes across the country (absent upper-end properties) have skyrocketed such

that buyers from traditional middle-class and lower-middle class families simply can't afford to purchase homes equivalent to those that their parents bought at their age. This reality has driven some developers to reintroduce the "workforce homes" moniker as a way to distinguish houses that so many can no longer afford. This sleight-of-hand obscures the reality that these new homes are directly marketed toward buyers still affluent enough to purchase a new home but not wealthy enough to satisfy their aspirations. That fundamental distinction between what a person needs and what they want defines so much of our history and continues to do so today.
SWCAP's workforce housing efforts are developed and targeted toward essential (necessary) public- and private-sector workers throughout SW Wisconsin and who, given the effects of inflationary costs, may qualify for home financing, but simply can't afford to maintain and operate that to which they aspire.

Our focus is on quality over quantity (e.g. an excellent mid-sized home on a smaller lot vs. a big house sitting on a huge lot; a quality single family home rather than multiple family units; opportunity to build additional equity value through improvements over time) and tightly constrained cost management, our premise is that it is possible to create 1100 sf - 1400 sf, 2 bed/2 bath and/or 2 bed/1.5 bath homes on existing lots within villages/townships/city limits throughout Southwestern Wisconsin at a total home cost of less than $250,000 (btw, when this project first began development in 2024, our targeted price was under $200,000; a direct result of inflation-driven building costs). While an arbitrary price, it remains a fair reflection of the type of housing stock that is no longer produced by commercial developers far more focused upon higher priced/higher margin single family homes.

How to produce the best housing unit at an affordable price? Three variables take precedence - quality control, price point discipline and transactional velocity. We must concentrate on excellent construction without unplanned cost overruns built and sold as quickly as possible. In this model, the time value of money is paramount. **We'll be paying cash for essentially everything, so value supersedes niceties and disciplined execution is of fundamental importance.** A key reason for this is our express intention to sell homes for less than their inherent market value such that buyers will already have positive equity value in their homes from the day of purchase.

To assure use as a stable residence and not primarily as a fiscal asset, we will place a short-term (4-5 year) equity-participation codicil in the sales agreement to dissuade anyone from buying the house and then quickly looking to resell it at a higher price. This may be more appropriate in some communities than in others.

Who

At present, the Southwestern Wisconsin Regional Planning Commission (SWWRPC) and the Southwestern Wisconsin Community Action Program (SWCAP) have agreed to seek city/town/village partners to undertake a proof-of-concept project to test this premise.

It is important to be clear about our intentions: No partner seeks to generate net revenue from this pilot project. At the same time, each partner seeks not to lose money from its execution. Between the two, we'll lean toward making a dollar rather than losing one, but profitability is not the priority. Each is willing to absorb its own indirect costs during the initial proof-of-concept phase. SWCAP is committing to using its own balance sheet to finance these homes, as necessary. Moreover, in order to keep development costs as low as possible, communities will be asked to assist, as they can, in each development.

No one is setting out to create a "program" that would require long-term sustainment. We're interested in determining if this approach works for small communities. If it can be executed successfully, then we add an additional tool for rural communities to use. If it doesn't, we learn our lessons and either modify our assumptions or simply stop pursuing this path. It's a simple idea that we're willing to bet our own money on.

Wisconsin: District - 02
Representative: Mark Pocan

CONGRESSIONAL DISTRICT PROFILE

NATIONAL LOW INCOME HOUSING COALITION

KEY FACTS

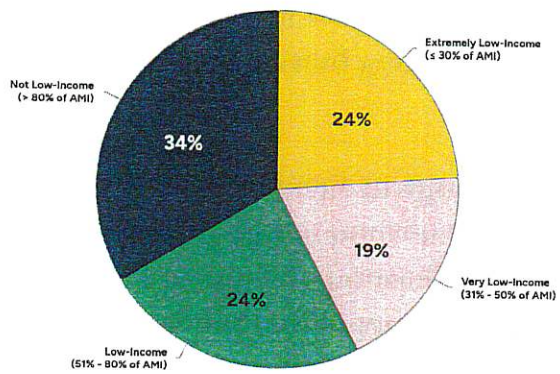
28,177 or **24%** of renter households have extremely low incomes.

$36,458 is 30% of Area Median Income (AMI), or extremely low-income.

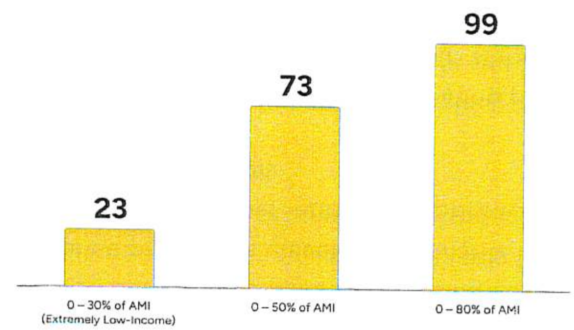
-21,624 Shortage of rental homes affordable and available for extremely low-income renters.

$58,659 Annual household income needed to afford a two-bedroom rental home at HUD's Fair Market Rent.

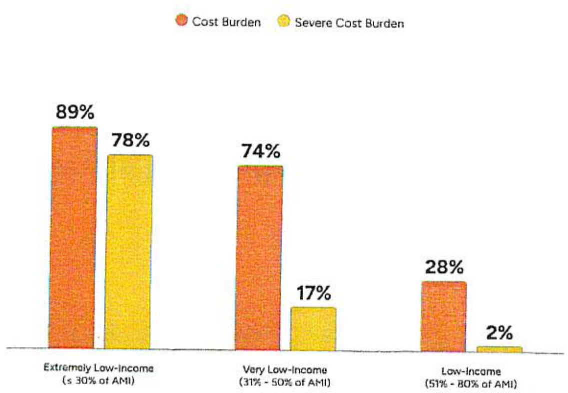
24% of Renter Households Have Extremely Low-Incomes



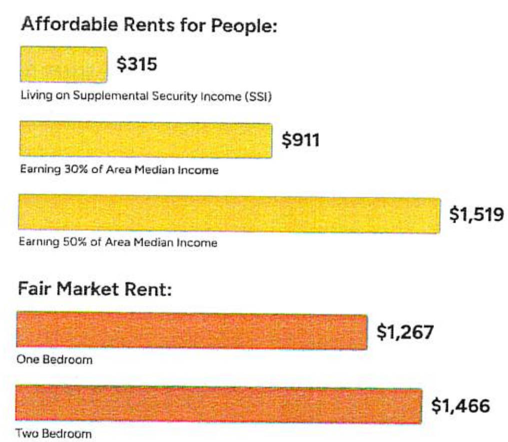
Only 23 Rental Homes Are Affordable and Available Per 100 Extremely Low-Income Renter Households



78% of Extremely Low-income Renter Households Are Severely Cost Burdened



Rents Are Out of Reach in WI-02



Wisconsin: District - 02
Representative: Mark Pocan

CONGRESSIONAL DISTRICT PROFILE

NATIONAL LOW INCOME HOUSING COALITION

$1,466 is the average Fair Market Rent (FMR) for a two-bedroom rental home in this district. It is **$1,267** for a one-bedroom rental home.

$911 is the monthly rent a household at 30% of the area median income (AMI) can afford in this district. A household at 50% AMI can afford a monthly rent of **$1,519**.

$4,888 is what a household in this district must earn monthly to afford the average two-bedroom FMR – without paying more than **30%** of their income on housing. This translates to an annual income of **$58,659**. A household must earn **$4,223** monthly or **$50,680** annually to afford a one-bedroom home at FMR.

$28.20 is the two-bedroom Housing Wage in this district. It is the hourly wage a worker must earn – assuming a 40-hour work week for 52 weeks per year – to afford a two-bedroom rental home. The one-bedroom Housing Wage is **$24.37**.

SOLUTIONS

- Provide significant resources to build and preserve homes affordable to renters with the lowest incomes through investments in public housing and the national Housing Trust Fund.
- Encourage states and local communities to reform zoning and land use regulations that prevent housing from being built and push up housing costs.
- Bridge the gap between incomes and housing costs by expanding rental assistance so that it is universally available to all eligible households or consider other innovative approaches, such as a fully refundable renters' tax credit.
- Prevent evictions and homelessness by creating permanent tools, such as emergency rental assistance, to help stabilize families in crisis.
- Other federal housing resources, including the Low-Income Housing Tax Credit, should be reformed to better address the underlying market failure that results in the rental housing shortage for extremely low-income households.

Sources: 2017-2021 HUD CHAS; 2024 HUD Picture of Subsidized Households; 2024 5-Year ACS. HUD Small Area Fair Market Rents. 2025.
For full methodology, contact research@nlihc.org.

Wisconsin: District - 03
Representative: Derrick Van Orden

CONGRESSIONAL DISTRICT PROFILE

NATIONAL LOW INCOME HOUSING COALITION

KEY FACTS

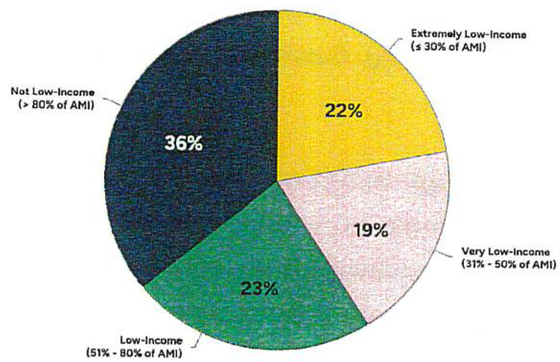
19,566 or **22%** of renter households have extremely low incomes.

$29,288 is 30% of Area Median Income (AMI), or extremely low-income.

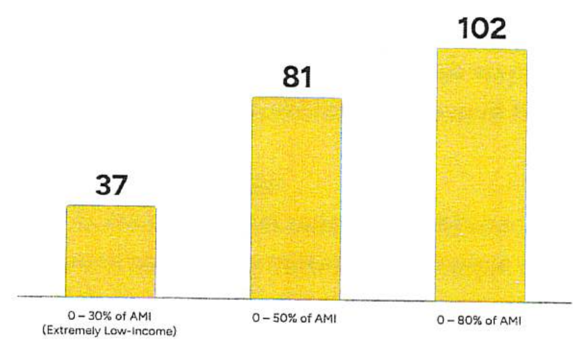
-12,300 Shortage of rental homes affordable and available for extremely low-income renters.

$44,348 Annual household income needed to afford a two-bedroom rental home at HUD's Fair Market Rent.

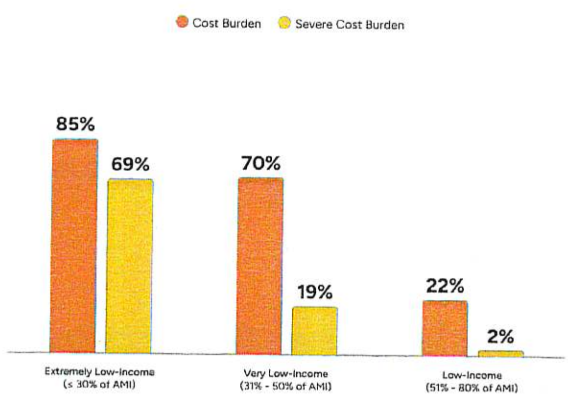
22% of Renter Households Have Extremely Low-Incomes



Only 37 Rental Homes Are Affordable and Available Per 100 Extremely Low-Income Renter Households



69% of Extremely Low-income Renter Households Are Severely Cost Burdened



Rents Are Out of Reach in WI-03

Wisconsin: District - 03
Representative: Derrick Van Orden

CONGRESSIONAL DISTRICT PROFILE

NATIONAL LOW INCOME HOUSING COALITION

$1,109 is the average Fair Market Rent (FMR) for a two-bedroom rental home in this district. It is **$879** for a one-bedroom rental home.

$732 is the monthly rent a household at 30% of the area median income (AMI) can afford in this district. A household at 50% AMI can afford a monthly rent of **$1,220**.

$3,696 is what a household in this district must earn monthly to afford the average two-bedroom FMR – without paying more than **30%** of their income on housing. This translates to an annual income of **$44,348**. A household must earn **$2,929** monthly or **$35,148** annually to afford a one-bedroom home at FMR.

$21.32 is the two-bedroom Housing Wage in this district. It is the hourly wage a worker must earn – assuming a 40-hour work week for 52 weeks per year – to afford a two-bedroom rental home. The one-bedroom Housing Wage is **$16.90**.

SOLUTIONS

- Provide significant resources to build and preserve homes affordable to renters with the lowest incomes through investments in public housing and the national Housing Trust Fund.
- Encourage states and local communities to reform zoning and land use regulations that prevent housing from being built and push up housing costs.
- Bridge the gap between incomes and housing costs by expanding rental assistance so that it is universally available to all eligible households or consider other innovative approaches, such as a fully refundable renters' tax credit.
- Prevent evictions and homelessness by creating permanent tools, such as emergency rental assistance, to help stabilize families in crisis.
- Other federal housing resources, including the Low-Income Housing Tax Credit, should be reformed to better address the underlying market failure that results in the rental housing shortage for extremely low-income households.

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