

Guiding Stars

Child care quality ratings are improving, but progress is uneven

More children are enrolled in child care programs that meet or exceed the state's proficiency standards than in the past. Yet access to high-quality child care options varies greatly across Wisconsin. Milwaukee County, which has the most providers and most children in child care, has a lower share of children enrolled in high-quality programs than the statewide average, but has gained ground in recent years.

Statewide, the Wisconsin Shares Child Care Subsidy program helps more than 20,000 low-income families afford child care. YoungStar, a companion program adopted in 2010, is designed to improve child care quality in Wisconsin by evaluating and rating providers, sharing those ratings with parents to encourage their selection of high-quality options, and providing technical and financial assistance to providers to help them achieve higher quality.

To understand how child care providers in Wisconsin (and its largest urban center, Milwaukee County) are faring under YoungStar, and the extent to which the program is having its intended effect of improving child care quality, we analyzed the ratings of providers from 2013 to

2018. We also identified common barriers that may impact the ability of child care providers to improve their YoungStar ratings.

HOW THE RATINGS WORK

Under YoungStar, child care providers are rated on a scale of 1 to 5 Stars based on their performance on a range of quality indicators. All child care providers that accept Wisconsin Shares subsidies are required to participate in YoungStar, while participation is optional for those that do not.

Providers are divided into four tracks: “group” child care centers, home-based “family” providers, “school-age” providers (afterschool programs), and “day camps” (typically summer-only programs). Eval-

uation criteria are similar across the four tracks, though they are tailored to some extent to account for differences in each child care setting.

To receive a YoungStar rating, providers may choose one of several evaluation options. Automated ratings only consider whether a provider is in compliance with Wisconsin's licensing or certification regulations and generate a 1 Star (not in compliance) or 2 Star (in compliance) rating. Technical ratings consider regulation compliance plus YoungStar evaluation criteria and

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allow providers to earn up to a 3 Star rating. To earn a 4 or 5 Star rating, providers can either become accredited by one of several approved organizations or undergo a formal rating, which is the most in-depth evaluation option. Formal ratings consider regulation compliance, YoungStar evaluation criteria, and on-site observation of the program environment.

When providers are evaluated, they earn points in each of four categories of evaluation: staff education, learning environment and curriculum, business and professional practices, and health and wellness practices. The points are then totaled and the provider earns the rating that coincides with the number of points accumulated. (See Figure 1.) In addition to needing to earn enough total points, certain specific points are required in each category to advance to a higher rating.

YoungStar’s Education category measures the training of the individuals providing care. For family providers, that is typically one adult who provides care in their home, whereas larger group child care centers typically employ several teachers and a director. The relevant education and training of each individual providing care is reviewed using The Registry, an organization that documents and verifies the credentials of child care professionals in Wisconsin.

In the Learning Environment and Curriculum category, points are earned based on factors like space and furnishings, personal care routines, language, learning activities, interactions, and overall program structure. Other points may come from using developmentally appropriate practices and tracking child outcomes.

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Providers earn points in the Business and Professional Practices category for having a budget and written employment policies, and for encouraging family involvement. In the Health and Wellness category, points are earned by promoting healthy nutrition and adequate physical activity, and by encouraging social and emotional development.

HOW SHARES PAYMENTS WORK

In 2017, the Wisconsin Department of Children and Families (DCF) began dispersing Wisconsin Shares funds directly to parents rather than to child care providers, which it had done previously. Parents who are recipients of Wisconsin Shares funding

Figure 1: YoungStar’s Points and Star Ratings Based on Health, Safety, Quality *
 Points from 0-40, Stars from 1-5



*Day camps follow a slightly different point structure than this one, which is used for YoungStar’s three other tracks.

now make payments to child care providers using an EBT card.

To encourage providers to improve the quality of their child care, YoungStar uses a “carrot and stick” approach that links Wisconsin Shares payments to provider ratings. Providers that meet “proficient levels of quality standards” are rated 3 Stars and receive the baseline payment for eligible children under their care. The “stick” applies to providers that do not comply with basic health and safety regulations, which are rated 1 Star and are not eligible for Wisconsin Shares funding. Similarly, those in compliance with state standards but not deemed proficient are rated 2 Stars and receive a reduction in their Wisconsin Shares payments. Beginning in October 2018, these reductions for 2 Star providers will be 1% instead of the current 5%.

High-quality providers that exceed the state’s proficiency standards are rated 4 or 5 Stars and receive a boost in their Wisconsin Shares payments. Those earning 4 Stars receive up to 10% more than the baseline amount for each child, while 5 Star providers receive up to 25% more than the baseline.

MOST CARE FAIR TO HIGH-QUALITY

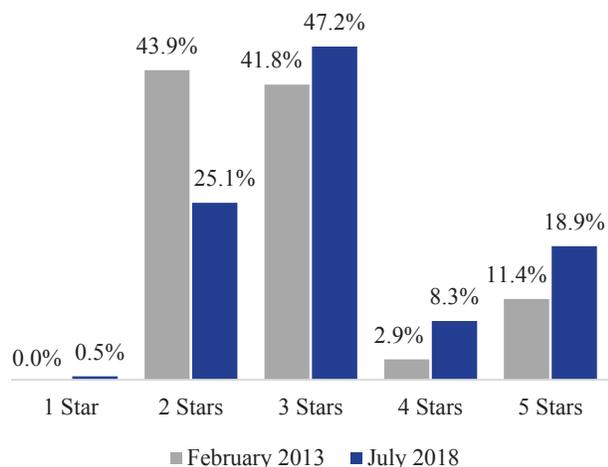
As of July 2018, nearly three of every four children in participating child care programs were receiving care from providers rated 3 Stars or above, meaning they met “proficient levels of quality standards” or better. Nearly half (47.2%) were receiving care from providers rated 3 Stars, while more than one in four (27.2%) were enrolled in high-quality programs rated 4 or 5 Stars.

Data from DCF also show a great deal of progress has been made over the last five years in moving more children into higher-quality care. (See Figure 2.) In February 2013, only 56.1% of children were enrolled in programs rated 3 Stars or higher compared with 74.4% in July 2018. During the same period, enrollment in high-quality 4 and 5 Star programs increased from 14.3% to 27.2%.

According to DCF, a number of factors have contributed to the shift that has taken place toward higher-quality care, including:

- As explained below, group child care centers tend to have higher ratings than home-based family providers. In recent years, the number of group child care centers has increased while the number of family providers has decreased, which has led to higher ratings overall.

Figure 2: More Children in Higher-Quality Care
Statewide Enrollment by YoungStar Rating



- The federal government began requiring Head Start programs to participate in YoungStar in 2017, and many Head Start programs are accredited and thus highly rated.

- DCF conducted an advertising campaign in 2015 and 2016 encouraging parents to choose higher-quality child care options.

- DCF provides additional technical consultation and free college courses to 2 and 3 Star providers to help them advance.

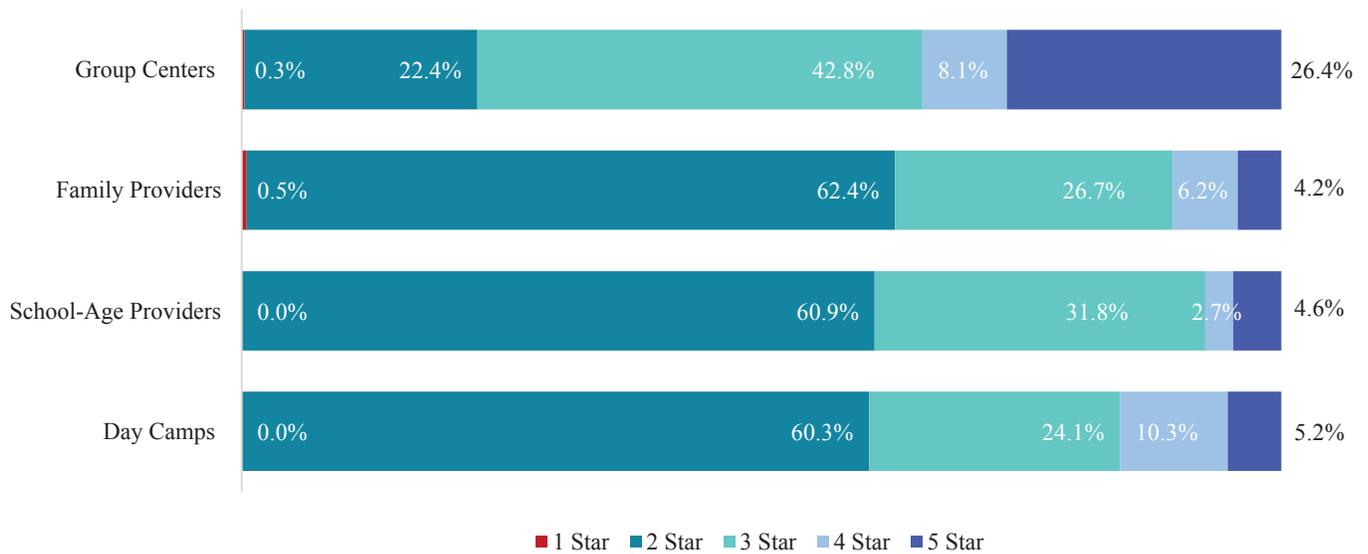
- DCF has distributed 1,200 free “environment kits” to 2 and 3 Star providers, which include books, art and dramatic play materials, and materials to support math and fine motor development. To receive a kit, providers must allow DCF staff to provide on-site training and technical assistance. The kits have incentivized some providers to participate in YoungStar for the first time, and have led others to choose technical or formal ratings rather than automated ratings.

GROUP CENTERS OUTPERFORM OTHERS

Consistent with previous Forum research, group child care centers continue to have better overall YoungStar ratings than family providers, school-age providers, and day camps. A relatively small percentage of group centers statewide are rated 2 Stars (22.4%) compared with those in the other tracks (60% or more in each), and a much larger share are rated 3 Stars and 5 Stars. (See Figure 3 on page 4.)

That could be due, in part, to the larger size of group centers, which may provide them with greater resources to invest in professional development and other improvements than small family providers. Likewise, whereas group centers typically employ

Figure 3: Higher Ratings for Group Centers
Quality Ratings by YoungStar Track, Statewide (July 2018)



full-time teachers, school-age providers have part-time staff and day camps have seasonal staff, which may make it more challenging to attract employees with the educational qualifications YoungStar requires of higher-rated providers.

While day camps have the next highest share of high-quality 4 and 5 Star providers, there are only 58 day camp providers statewide compared with roughly 1,500 in both the group center and family provider tracks.

Although more Wisconsin children are enrolled in programs rated 3 Stars than any other rating level, the highest number of providers are rated 2 Stars. (See Figure 4.) This is largely due to the fact that group child care centers, which tend to have higher YoungStar ratings, also care for larger numbers of children. Conversely, while over 60% of family providers are rated 2 Stars, they care for small numbers of children in home settings.

ACCESS TO QUALITY VARIES BY REGION

Unsurprisingly, the two counties in Wisconsin with the largest populations (Milwaukee and Dane) have the most high-quality 4 and 5 Star child care providers (152 and 181, respectively). When we look at the share of providers in each county with those high-quality ratings, however, a different picture emerges. (See Figure 5 on page 5.) Dane County ranks third statewide, as its 181 high-quality providers comprise roughly 42% of all providers in the county. In Milwaukee County, however, the 152 providers with 4 and 5 Star ratings account for just 13% of the county’s total of 1,130.

Vilas and Bayfield counties in far northern Wisconsin rank the highest in the concentration of high-quality child care providers, with 67% and 60% of all providers in each county respectively rated 4 or 5 Stars. Burnett and Shawano counties—also in the northern half of the state—round out the top five, with approximately 40% each. With the exception of Dane, however, the counties with the highest concentrations of high-quality providers have small numbers of regulated care options, with 10 total providers or fewer.

Figure 4: Many Providers Remain at 2 Stars
of Providers by Rating and Track, Statewide (July 2018)

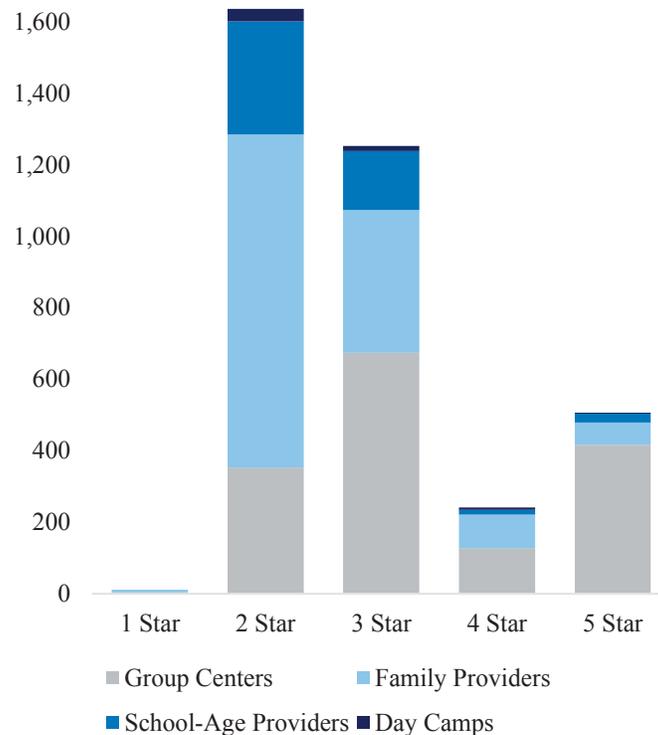
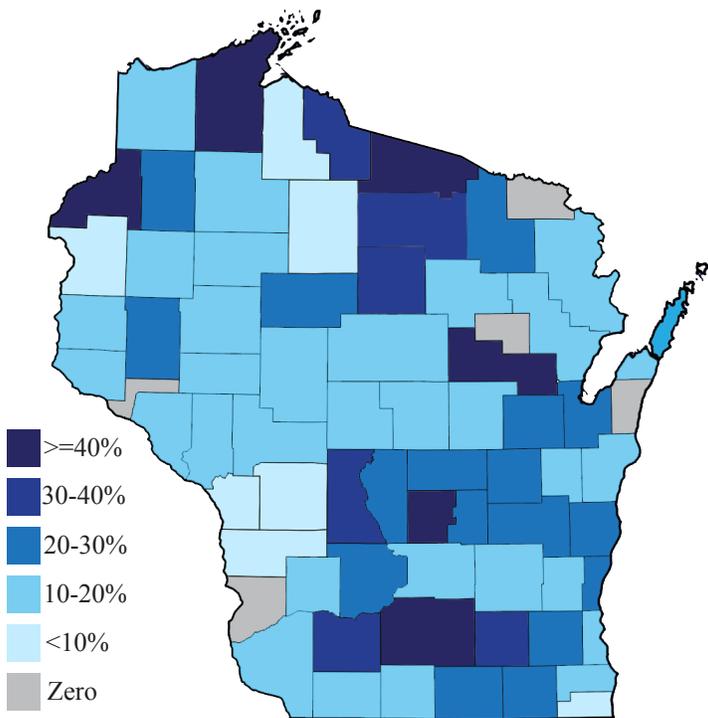


Fig. 5: High-Quality Options Not Evenly Distributed
Share of Providers Rated 4 or 5 Stars by County, July 2018



It is also noteworthy that five counties in Wisconsin have no high-quality child care providers. Those are Crawford, Florence, Kewaunee, Menominee, and Pepin counties.

MILWAUKEE CO. LAGS IN QUALITY CARE

Since Milwaukee County is the largest county in the state and has the most children in child care, we took a closer look at provider ratings there. (See Table 1.) This analysis also follows up on several earlier Forum reports that examined the relationship between YoungStar and child care providers in Milwaukee County.

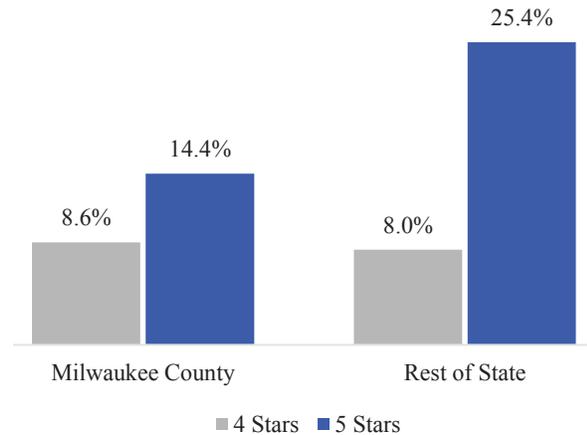
When we compare Milwaukee County child care providers with those in the rest of the state using the latest data, we see that the county has higher proportions of providers rated 1, 2, and 3 Stars. Meanwhile, the share of providers rated 5 Stars in the rest of the state is much higher than in Milwaukee County.

Table 1: Low % of Milwaukee Providers Get 5 Stars
Provider Ratings for Milwaukee County vs. State, July 2018

YoungStar Rating	Wisconsin	Milwaukee County	Rest of state
1 Star	0.3%	0.7%	0.1%
2 Stars	44.6%	47.0%	43.6%
3 Stars	34.5%	38.2%	32.9%
4 Stars	6.6%	6.4%	6.6%
5 Stars	14.0%	7.7%	16.7%

Milwaukee also lags the rest of the state in the share of children enrolled in 4 and 5 Star programs. While 23% of Milwaukee County children are enrolled in those high-quality programs, the same is true for more than 33% of those in the rest of the state. (See Figure 6.)

Fig. 6: Low % of Milwaukee Children in 5 Star Care
Share of Children in 4 and 5 Star Care, July 2018

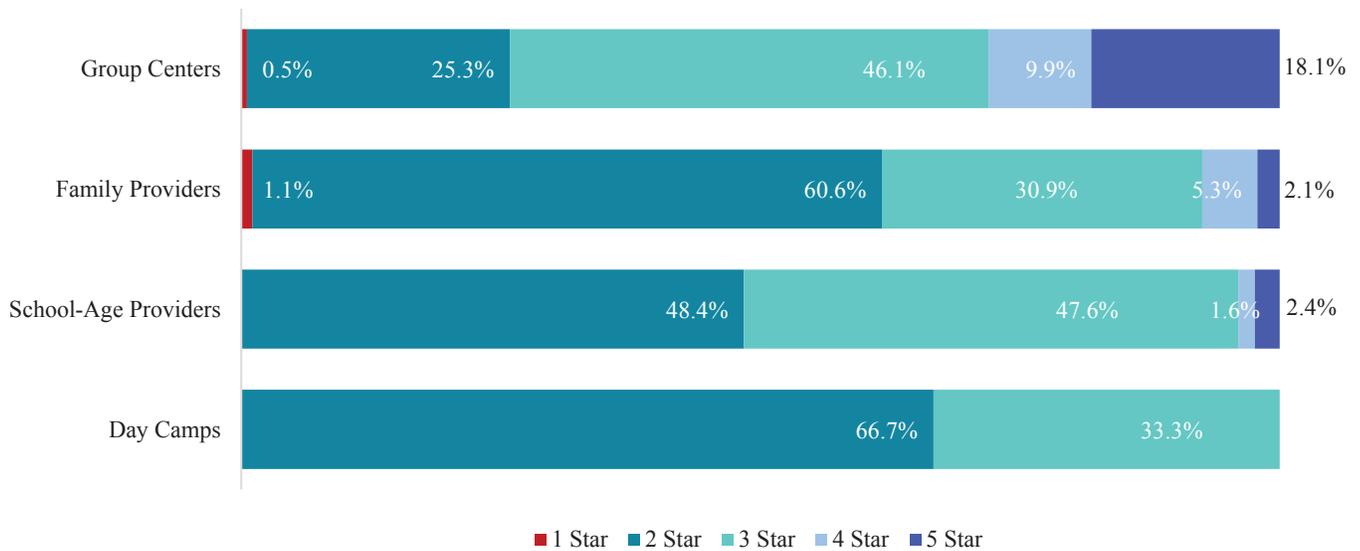


As is the case statewide, group child care centers in Milwaukee County have much higher YoungStar ratings than other providers. (See Figure 7 on page 6.) A total of 105 group centers in Milwaukee County are rated 4 or 5 Stars, compared with just 42 family providers, five school-age providers, and zero day camps. This again speaks to the difficulty and expense of attaining and maintaining a 4 or 5 Star rating for family providers, which are smaller than group centers, and for school-age providers and day camps, which employ part-time or seasonal staff.

Home-based family providers make up a larger share of child care providers in Milwaukee County than in the rest of the state (53% vs. 37%), which could be one reason why Milwaukee County’s ratings are a bit lower overall. In the county, 61% of family providers are rated 2 Stars compared with just 25% of group centers.

Overall, family providers currently account for more than two-thirds of the providers in Milwaukee County that are rated 2 Stars and thus receive reductions in their Wisconsin Shares payments. Since 2013, we have seen the total number of family providers in Milwaukee County decrease 22% (from 723 to 564), with most of that drop taking place between 2013 and 2016. According to DCF, the reduction in family providers follows a national trend. Whether the implementation of YoungStar

Figure 7: Group Centers Lead Other Tracks in Milwaukee County
Quality Ratings by YoungStar Track, July 2018



also has influenced this reduction in family providers by reducing or eliminating their Wisconsin Shares funding is a question we cannot answer at this time.

Access to high-quality child care in Milwaukee County varies greatly by ZIP code. (See Figure 8.) While three ZIP codes have at least 10 high-quality providers, many have three or fewer and one (53202 in downtown Milwaukee) has none.

MILWAUKEE CO. GAINING GROUND

Despite lagging the state in its proportion of high-quality providers, Milwaukee County has made progress in this area over the past five years. Between February 2013 and July 2018, the number of child care providers in Milwaukee County rated 4 or 5 Stars increased from 60 to 152. Group centers and family providers accounted for almost all of the growth in high-quality providers during that period; the number of group centers rated 4 or 5 Stars more than doubled from 47 to 105, while the number of family providers rated 4 or 5 Stars jumped from 12 to 42.

Perhaps more important, Milwaukee County also has made progress in the number and percentage of children enrolled in 4 and 5 Star child care programs. In fact, the number of children in high-quality care more than tripled between 2013 and 2018, increasing from 1,693 to 6,077. (See Figure 9 on page 7.) Meanwhile, the percentage of children enrolled in 4 or 5 Star programs increased from 9.4% to 23%. As of July 2018, 72.2% of participating children in Milwaukee County were enrolled in programs rated 3 Stars or higher, while the same was true for only 45.6% of children in February 2013.

While progress in Milwaukee County has been strong, it has been playing catch-up with other parts of the state.

Outside Milwaukee County, enrollment in 4 and 5 Star providers only increased by 37% between 2013 and 2018, from 4,511 to 6,184. Yet, as previously noted, Milwaukee County remains behind the rest of the state in its share of children enrolled with high-quality providers.

Fig. 8: Access to Quality Varies in Milwaukee County
Number of 4 and 5 Star Providers by ZIP Code, July 2018

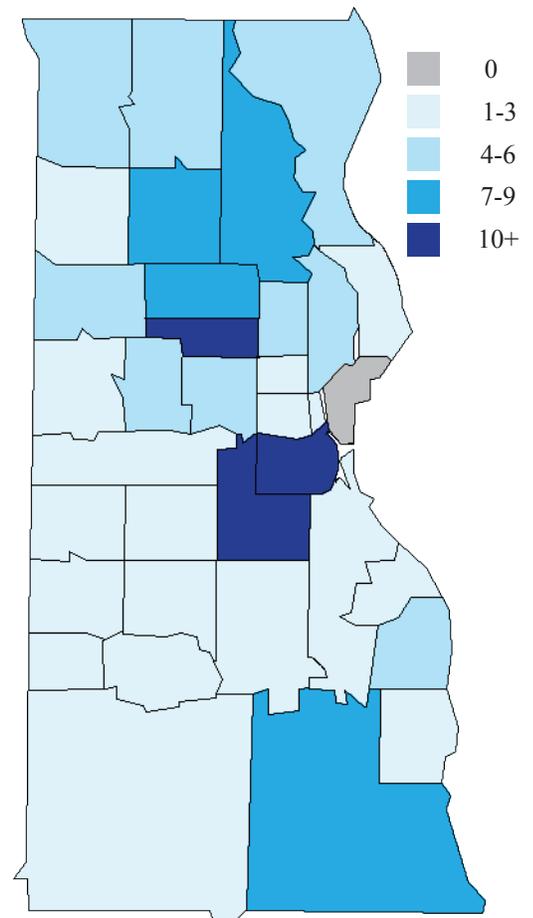
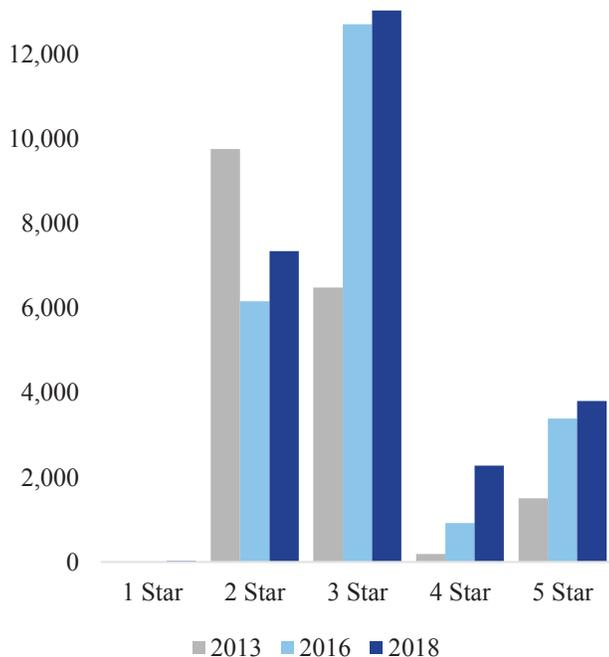


Figure 9: Shift to Higher-Quality Care
Enrollment in Milwaukee County by Provider Rating



EDUCATION KEY TO RATINGS

One of the key findings of our previous YoungStar research was that staff education was a key barrier preventing many 2 Star providers from advancing to 3 Stars or higher. We continue to see this trend in the data.

In July 2018, there were 51 family providers in Wisconsin rated 2 Stars that had enough total points to earn a 3 Star rating, but that were missing required points in at least one of YoungStar’s four evaluation categories. Among them, 43 providers (84%) did not meet requirements in the Education category. This issue affected 48% of school-age providers and 36% of group centers in the same situation. We could not identify specific challenges for day camp providers, as only four day camps in Wisconsin are rated 2 Stars and have enough total points to qualify for 3 Stars.

Recently, DCF announced that the Education requirements to qualify for a 3 Star rating would change for providers being evaluated in 2019-2020. According to DCF, this change will “reduce cost and other structural barriers to higher education completion and support family child care programs.” Specifically, the change reduces the educational requirements for care providers, although it does so in different ways for different tracks. It also adds a new requirement: for providers to qualify for 3 Stars, they must be observed providing developmentally appropriate interactions, materials, and environments to the children in their care. This change

A key finding of our previous YoungStar research was staff education was a key barrier preventing many 2 Star providers from advancing to 3 Stars. We continue to see this trend.

allows 2 Star providers to display a strong knowledge of high-quality program practices in lieu of completing college coursework. While this change may reduce the barrier 2 Star providers face in pursuing 3 Stars, some may contend that it does so by lowering the educational standards required of providers.

For 3 Star providers looking to improve to a 4 or 5 Star rating, YoungStar’s Learning Environment and Curriculum category may pose the greatest challenge. Statewide, 135 of 206 family providers (66%) with 3 Star ratings that have enough total points to advance to 4 Stars do not have enough points in the Learning Environment and Curriculum category to do so. The same was true for 78% of school-age providers and 22% of group centers in the same situation.

It is also important to note that most 3 Star providers choose YoungStar’s technical evaluation option rather than its formal evaluation option, which eliminates the possibility of earning a 4 or 5 Star rating. In fact, nearly 99% of family providers, 96% of group centers, and 99% of school-age providers rated 3 Stars chose the technical rating option for their most recent evaluation. Technical ratings do not require providers to undergo additional on-site observation and evaluation, which may be one reason some providers prefer them.

CONCLUSION

A primary objective of YoungStar was to ensure that more children in the state were enrolled in early childhood education settings that provide high-quality care. With over 74% of Wisconsin Shares children statewide enrolled in programs rated 3 Stars or higher in July 2018—compared with 56% in February 2013—YoungStar appears to be making substantial progress toward achieving that fundamental goal.

Still, progress is uneven. Milwaukee County is behind in its share of high-quality providers and its proportion of children enrolled in high-quality programs, and five smaller counties have no high-quality child care options at all. In addition, home-based family providers statewide continue to struggle more than larger group child care centers to meet YoungStar’s quality standards. Policymakers should consider further efforts to address these disparities.

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POLICY NOTES

■ **Counties Could See More Sales Taxes.** Starting Oct. 1, the state of Wisconsin will begin collecting taxes on more sales made by out of state and internet retailers to consumers here. The move follows a June 21 U.S. Supreme Court decision in *South Dakota v. Wayfair, Inc.* to give states wider latitude under federal law in taxing these sales.

As the Wisconsin Policy Forum explained in issue 14 of our publication, *Focus*, this move will lead to an estimated \$120.9 million increase in annual state and local sales tax collections and may trigger a cut in the state income tax as well.

At WPF's request, the state Department of Revenue (DOR) provided estimates on how much local governments are expected to receive out of this larger total. That includes a combined \$9.7 million a year to the 66 counties that levy a 0.5% sales tax on top of the 5% state tax and nearly \$745,000 to the Miller Park stadium district that collects 0.1% from the five-county greater Milwaukee area.

Complete county by county totals can be found on the WPF website, but we give a partial list of counties in the accompanying table. The state's two largest counties, Milwaukee and Dane, together accounted for just over one-

County or Local Govt.	Projected yearly increase in \$
Milwaukee	1,721,947
Dane	1,616,884
Brown	490,169
Kenosha	350,067
Rock	292,947
Washington	290,241
Ozaukee	262,003
Marathon	235,238
St. Croix	218,279
Walworth	212,265
Miller Park	744,656

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third of the projected increase in yearly sales tax collections, or \$3.3 million. The next three counties—Kenosha, Rock, and Washington—are expected to collect an additional \$933,300 combined.

■ **State Tax Collections Hit Target.** DOR reports that preliminary state tax revenues rose 4% in fiscal 2018 (ended on June 30) to \$16.1 billion. This was \$18.4 million more than the amount projected by the Legislative Fiscal Bureau in January. If the state fails to hit its targets for tax collections, that can lead to budget shortfalls, triggering in turn calls for either cutting services or raising taxes to cover the missing amount.

■ **SchoolFacts17.** Get the only comprehensive fact-book on the state's 422 school districts, filled with a wide range of data, for the discounted price of \$16.95: Send an email to publications@wispolicyforum.org or call Gina Staskal at 608-241-9789 ext. 26.

In FOCUS . . . recently in our biweekly newsletter

- Are "Dark Store" Property Tax Challenges on the Rise? (#16-18)