

YOUNGSTAR AT ONE YEAR:

An analysis of child care quality in Milwaukee County

 **Public Policy Forum**
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ABOUT THE PUBLIC POLICY FORUM

Milwaukee-based Public Policy Forum – which was established in 1913 as a local government watchdog – is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of regional public policy issues.

PREFACE AND ACKNOWLEDGMENTS

This report was undertaken to provide policymakers, citizens, and business leaders in the Milwaukee area with information that will allow them to better understand the potential impacts of Wisconsin's new child care quality rating and improvement system – “YoungStar” – on Milwaukee County providers. We hope that government and community leaders will use the report's findings to inform discussions during upcoming policy debates, budget deliberations, and civic gatherings regarding Milwaukee County's child care system.

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Study authors:

Joe Peterangelo, Researcher
Anneliese Dickman, Research Director

Rob Henken, President



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EXECUTIVE SUMMARY

In June 2010, the Wisconsin Legislature approved YoungStar, a new quality rating and improvement system (QRIS) for the state's nearly 8,500 regulated child care providers. The new system was designed to improve child care in Wisconsin by rating providers based on several measures of quality, offering supportive services and financial incentives to assist providers in making quality improvements, and sharing provider ratings with parents so they could make better-informed child care decisions. By establishing a framework for regular evaluation and observation, and by eliminating public subsidies for providers that failed to meet minimum health and safety standards, YoungStar also was seen as an important means of reducing fraud within the Wisconsin Shares child care subsidy system.

This report analyzes the progress of YoungStar implementation and its potential impacts on the Milwaukee County child care market. By analyzing initial data collected for Milwaukee County providers during the program's first year, we gain important insight into where key policy objectives are being realized, and where potentially unintended consequences are emerging.

Key findings from the Forum's analysis of YoungStar's first year include the following:

- In Milwaukee County, 46% of participating providers were rated by YoungStar as of December 2011. Of those 534 providers, a total of 428 (80.1%) received 2-star ratings, while 50 (9.4%) received the highest rating of five stars. An additional 33 providers (6.2%) received 1-star ratings, meaning they no longer will qualify for subsidy payments from the state's Wisconsin Shares program.
- In light of the state's plan to reduce payments for 2-star providers while providing a bonus for those who receive four or five stars, more than 80% of the providers rated thus far will receive less money under Wisconsin Shares when the tiered reimbursement system is implemented in July. Wisconsin's QRIS is the only such system in the country that uses this type of "carrot and stick" approach. Its impacts on the child care market in Milwaukee County will bear watching.
- The data reveal several significant differences between Milwaukee County's family providers (those who provide care in their home) versus group center providers. For example, 35% of group center providers received 5-star ratings compared to less than 1% of family providers. Conversely, 90% of family providers are at the 2-star level compared to 52% of group center providers. Thus, a much higher percentage of Milwaukee County's group center providers will receive additional state support, while far more of the county's family providers will feel the pinch of reduced state assistance.
- The rating data show there is considerable variation among providers at the same star level. Two-star providers, for example, which make up over 80% of the Milwaukee County providers rated thus far, vary dramatically in YoungStar's staff education category. It is evident that some 2-star providers have highly trained staff but fall short in YoungStar's other categories of assessment, while other providers with the same star rating have little to no relevant training in early childhood education.
- Some areas of the city and county enjoy significantly better access to high-quality child care than others. Among Milwaukee County's 35 ZIP codes, 13 have at least one high-quality child care provider (defined as receiving either four or five stars) for every 1,000 young children, and 19 have at least one high-quality provider for every 10,000 workers. For a handful of other ZIP codes concentrated in the City

of Milwaukee's northwest and far south sides, no high-quality options exist despite large populations of both children and workers.

- Many providers are close to achieving the minimum point totals required for a higher star rating, but may be unable to afford the investments necessary to move up the rating scale. In addition, the challenges of meeting YoungStar's minimum staff education requirements for 3-star ratings and above appear to be a major hurdle for many low-rated providers.

It is our hope that this initial snapshot will be informative to state officials and policy-makers, and prompt thoughtful deliberation regarding the program's potential impacts as its implementation proceeds.

INTRODUCTION

In June 2010, in the wake of detailed media accounts of widespread fraud in the Wisconsin Shares child care subsidy system and growing recognition that high-quality child care promotes desirable outcomes for disadvantaged youth, the Wisconsin Legislature approved a new quality rating and improvement system (QRIS) for the state's nearly 8,500 regulated child care providers. The new system – entitled “YoungStar” – was designed to improve the quality of child care in Wisconsin by rating providers according to several measures of quality, and sharing those ratings with parents so they could knowingly choose high-quality child care options.

In addition to motivating providers to make improvements needed to achieve higher ratings, the program was designed to offer technical assistance and other tools to encourage them to do so. Furthermore, by establishing a framework for regular evaluation and observation, and by eliminating public subsidies for providers that failed to meet minimum health and safety standards, the system was intended to help reduce incidences of fraud and ensure proper stewardship of public dollars used to support child care for low-income families.

Eighteen months later, YoungStar remains a work in progress, though several basic elements of the system have been put into place. All child care providers that accept state child care subsidy payments were mandated to participate in the system as of July 2011, and approximately 2,100 providers throughout the state had been rated by November.¹ In July of this year, the new “tiered reimbursement” approach will be implemented, under which providers may receive financial penalties or bonuses based on their quality rating.

In this report – the final in a multi-year series of reports by the Public Policy Forum analyzing the costs and benefits of high-quality early childhood education and the characteristics of Wisconsin's child care system – we examine and assess the progress of YoungStar implementation. By analyzing initial data collected for Milwaukee County child care providers during the program's first year, we gain important insight into the initial impacts of the new program on the county's unique child care market, including where key policy objectives are being realized, and where potentially unintended consequences are emerging. It is our hope that this initial snapshot will be informative to state officials and policy-makers, and prompt thoughtful deliberation regarding the program's strengths and weaknesses.

BACKGROUND

According to the Wisconsin Department of Children and Families (DCF), a QRIS is “a method to observe, assess, rate, and improve the quality of child care programming, and to communicate the level of child care quality to parents and families as they choose early care and education settings.”² Wisconsin is one of 26 states to have implemented a QRIS, and nearly all of the remaining states are in the process of developing such a system. While each state has crafted a unique system based on locally defined priorities, there are core features that characterize a complete QRIS, including: quality standards for child care programs and practitioners; supports and an infrastructure to meet such standards; monitoring and accountability systems; ongoing financial assistance linked to meeting quality standards; and engagement and outreach strategies.³

Wisconsin’s YoungStar program includes all of these components. Under the new system, providers are evaluated annually and given a rating from one to five stars based on the number of points earned across four categories of assessment. Many factors are considered in the annual assessments, including the educational qualifications of staff and the quality of the provider’s learning environment and curriculum. **Table 1** shows the categories used to evaluate both family providers (those who provide care in their homes) and group center providers, including the maximum points available for each category of assessment.

Table 1: YoungStar’s point system⁴

Category for Earning Points	Possible Points	
	Family	Group
Family Provider Qualifications	0-14	N/A
Group Teacher Qualifications	N/A	0-9
Group Director Qualifications	N/A	0-6
Learning Environment and Curriculum	0-14	0-13
Professional Practices (business practices, staff benefits, parent/family involvement)	0-7	0-7
Health and Wellness	0-5	0-5
Total	0-40 points	0-40 points

Specific requirements in each category of assessment must be met for providers to earn a 3-, 4-, or 5-star rating, but there is considerable flexibility built into the evaluation system that allows providers to qualify for a particular rating in a variety of ways. For example, as shown in **Table 2**, in order to achieve a 3-star rating, group center providers must earn a minimum of 11 total points. To achieve that minimum, the provider must earn two required points under the Group Teacher Qualifications category, one required point for each of the other categories, and at least five additional points from any of the remaining 34 possible items, regardless of which category of assessment those points fall under.⁵

For both family and group center providers, there are 40 total points possible and the same scale is used to determine the star level achieved. **Table 2** shows each star level and the corresponding range of total points earned.

Table 2: Star levels defined

Star Level	Points Earned	Definition
1 star	N/A	Does not meet health and safety standards, and therefore cannot participate in YoungStar
2 stars	0-10	Meets health and safety standards
3 stars	11-22	Meets proficiency levels of quality standards
4 stars	23-32	Meets elevated levels of quality standards
5 stars	33-40	Meets highest levels of quality standards

Currently, YoungStar is focused exclusively on early care and education providers, including licensed group, licensed family, and certified family child care providers. However, there is a plan in place to add afterschool programs serving school-age children to the YoungStar system beginning in July 2012.

REQUIREMENTS FOR REGULATED CHILD CARE PROVIDERS

Type of Provider	Provider Training	Continuing Education	Maximum Provider/Child Ratio
Licensed group	Post-secondary education courses and 80 working days of experience as a full-time assistant child care teacher, or 120 working days as a half-time assistant child care teacher	25 hours per year if provider works more than 20 hours per week; 15 hours per year if provider works 20 hours per week or less	Varies by age of child— 1:4 for infants to 1:18 for children 6 years and older. Maximum number of children per group varies by age of children
Licensed family	40 hours or 3 credits, plus 10 additional hours if caring for infants/toddlers	15 hours per year	1:8, depending on age of children; maximum of 8
Regularly certified	15 hours	Not required by State; counties and tribes may require up to 5 hours per year	1:6, depending on age of children; maximum of 6
Provisionally certified	None	None	1:6, depending on age of children; maximum of 6

Source: Legislative Audit Bureau

Note: all providers must have safety training.

The Rating Process

While it would be logical to assume that every child care provider participating in YoungStar is evaluated in the same way, the system actually uses several distinct evaluation methods depending on a variety of factors. For example, providers automatically qualify for 4- or 5-star ratings if they are already accredited by an approved accrediting body that conducts regular, on-site observation and meets national standards. Those providers are not subject to additional observation or evaluation by YoungStar staff. The accrediting bodies currently approved for these automatic ratings include the National Association for the Education of Young Children (NAEYC), National Accreditation Commission (NAC), Head Start Performance Standards, Council on Accreditation (COA), National Association for Family Child Care (NAFCC), and the City of Madison.

Additionally, all providers that meet basic health and safety standards have the option of choosing an automatic 2-star rating rather than taking part in YoungStar's on-site observation process. More than half of the providers that have received a YoungStar rating thus far have used this option. According to YoungStar program staff, many providers choose automatic 2-star ratings because they are not able to meet the minimum staff education levels required for a 3-star rating or higher.

For providers that do not fit into either of the above automatic rating categories, technical consultants contracted by DCF complete on-site ratings. (In Milwaukee County, only about 35% of providers that have been rated so far have been evaluated in this manner.) Even among this group, however, two types of evaluations are used depending on each provider's educational and budgetary qualifications. The technical consultants work with providers to decide if they are likely to qualify for a 4- or 5-star rating. If they are, the provider can opt for a *formal rating*, which involves intensive on-site observation and evaluation through the use of both YoungStar's evaluation criteria and an "environment rating scale" – a nationally-recognized method used to evaluate child care providers.⁶ If the provider is unlikely to qualify for a 4-star rating or higher, they can choose to have the consultant perform a *technical rating* by which the provider is evaluated using only the YoungStar quality indicators over the course of several on-site visits. Providers in this last group ultimately qualify for either 2- or 3-star ratings.

Support Structure and Financial Incentives

Financial tools and incentives are provided by the state to help providers meet standards and improve their ratings. For example, Wisconsin offers providers the opportunity to access T.E.A.C.H. (Teacher Education and Compensation Helps) scholarships, which pay a portion of the cost of credit-based education at local colleges and universities. There is no minimum star level needed to qualify for a T.E.A.C.H. scholarship. Through YoungStar, Wisconsin also makes mentoring and coaching available to providers and offers micro-grants to help pay for materials, resources, or professional development opportunities.

YoungStar's most noteworthy financial tool is its tiered reimbursement system, which incentivizes quality improvement by adding a bonus payment to a provider's Wisconsin Shares state subsidy reimbursement total if the provider achieves a sufficient rating. Under the initial structure envisioned in DCF's five year plan for Youngstar,⁷ which was approved by the Joint Committee on Finance in December 2010, 1-star facilities would have been out of regulatory compliance and therefore unable to participate in the program, 2-star facilities would have received no more than their base reimbursement

payment, 3-star facilities would have received their base reimbursement plus a 5% bonus, 4-star facilities would have received a 10% bonus, and 5-star facilities would have received a 25% bonus. This tiered subsidy reimbursement structure was set to take effect in July 2011.

The adopted 2011-2013 state budget, however, modified this plan by incorporating a “carrot and stick” approach and postponing implementation of the tiered reimbursement system until July 2012. Under the new plan, 4- and 5-star providers still will receive a “carrot” via increased reimbursement payments; however, the bonuses have been reduced to 5% for 4-star providers and 10% for 5-star providers. (The budget includes a plan to increase bonuses for 5-star providers to 25% starting in January 2013.) In contrast to the original plan, providers at the 3-star level no longer will receive a bonus over their base reimbursement and 2-star providers, who started participating in YoungStar under the impression that they would receive no change in their reimbursement, now will receive the “stick” via payments that are 5% lower than the base rate. As in the original plan, 1-star providers will not be eligible for state reimbursement.

These changes adopted in the state budget may have significant impacts on program outcomes. Among the providers statewide that have received a rating thus far, approximately 80% have received 2-star ratings. It is unclear whether these providers will be able to afford to make quality improvements while receiving lower reimbursement rates than in the past. Wisconsin is the first state with a QRIS that penalizes low-performing providers with reduced payments, so it is particularly difficult to predict the impacts of this policy change on provider quality.

SETTING THE BASE REIMBURSEMENT RATE AND IMPLICATIONS FOR YOUNGSTAR

To establish the base reimbursement rate, Wisconsin follows federal regulations, which require states to base their maximum subsidies on prevailing market rates. States must establish market rates based on a survey of the prices charged to parents by providers within a specified geographic area. Under federal rules, unless granted a waiver, the state’s two-year plan cannot rely on a market rate survey conducted more than two years prior. Federal rules suggest that states set their reimbursement rates such that the maximum subsidy amount allows low-income families to afford providers with prices up to the 75th percentile of cost (defined as the cost at which 75% of the slots can be purchased). States typically pay providers directly up to the “ceiling” established by the maximum rate. While Wisconsin’s reimbursement schedule meets federal guidelines and is within the national norm, like many other states, Wisconsin is now relying on an out-dated market rate survey to establish the 75th percentile. Due to state budget constraints, Wisconsin has kept the maximum rates frozen at 2006 levels for the past five years.*

*Paragraph excerpted from *Moving the Goal Posts: The Shift from Child Care Supply to Child Care Quality*, Public Policy Forum, December 2010.

INITIAL RATINGS FOR MILWAUKEE COUNTY PROVIDERS

While tiered reimbursement will not begin until July, YoungStar regional offices began evaluating providers in November 2010. Thus, one full year of ratings are now available on DCF's YoungStar website for parents to utilize. In Milwaukee County, 46% of participating providers have been rated. While these ratings do not capture the full universe of providers in Milwaukee County, they do provide an initial snapshot of provider quality in the county's child care system as defined by YoungStar.

Table 3 presents the breakdown of YoungStar ratings for Milwaukee County child care providers as of December 2011.⁸ Among the 534 participating providers that have been rated, the vast majority (428 or 80.1%) received two stars. A total of 50 providers (9.4%) received five stars. It is encouraging to note that, for the most part, the initial ratings for Milwaukee County's providers are proportionally in line with the state's ratings overall.⁹ For example, in both Milwaukee County and the state as a whole, approximately 80% of providers have received 2-star ratings while about 9% received five stars.

Table 3: Initial YoungStar ratings for Milwaukee County child care providers

	Group Centers	Group %	Family Providers	Family %	Total	Total %
1 star	8	6.0%	25	6.3%	33	6.2%
2 stars	69	51.5%	359	90.0%	428	80.1%
3 stars	10	7.5%	13	3.3%	23	4.3%
4 stars	0	0.0%	0	0.0%	0	0.0%
5 stars	47	35.1%	3	0.8%	50	9.4%
Subtotals	134	100%	400	100%	534	100%
<i>Rating Pending</i>	<i>192</i>	<i>40.5%</i>	<i>435</i>	<i>52.1%</i>	627	54.0%
Totals	326		835		1,161	

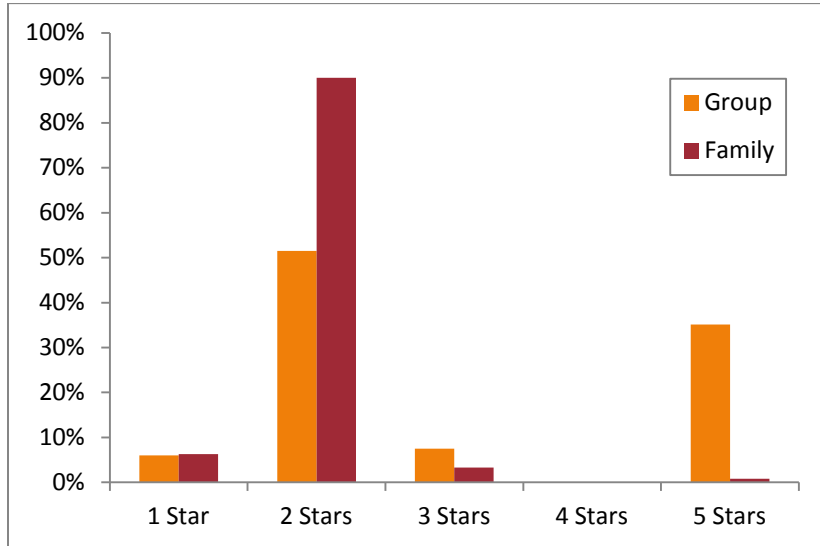
The only significant difference between Milwaukee County and statewide numbers is that 6.2% of Milwaukee County providers have received 1-star ratings while statewide that percentage is just 1.6%. Those providers are considered out of regulatory compliance and will not receive Wisconsin Shares subsidy reimbursements or be eligible for YoungStar quality improvement assistance unless they can meet the minimum health and safety standards required for licensing/certification in the future.

Notably, all of the Milwaukee County providers with 5-star ratings are accredited by an approved body and therefore did not go through YoungStar's formal rating process. Since all of the accredited providers in Milwaukee County have been rated already, and no providers have qualified for a 4- or 5-star rating thus far via YoungStar's formal rating process, it is likely that there are few 4- and 5-star providers remaining among those that have not yet been rated.

Also notable is the fact that approximately three-quarters (323 of 428) of the providers receiving two stars opted to accept an automatic 2-star rating rather than participate in the on-site observation and technical rating process. Presumably, the providers that opted for a technical rating did not view minimum staff education requirements as an impossible hurdle to overcome; those providers may have the best potential to move up the rating scale.

The data also reveal several significant differences between Milwaukee County’s family providers versus group center providers. For example, while 35% of group center providers received 5-star ratings due to their accreditation status, less than 1% of family providers have achieved 5-star ratings. Conversely, while 90% of family providers are at the 2-star level, less than 52% of group center providers have received 2-star ratings. **Chart 1** further illustrates these disparities.

Chart 1: YoungStar ratings for group center vs. family providers in Milwaukee County



Because of these differences in ratings, many group center providers will receive additional support through state reimbursements starting in July 2012, while nearly all of the county’s family providers will feel the pinch of reduced state assistance. In addition, we estimate that the collective annual amount lost by the county’s 1- and 2-star providers (\$1,003,206) from cuts in their reimbursements is nearly equal to the additional amount that will be paid to 5-star providers when 25% bonus payments take effect in January 2013 (\$1,179,213).¹⁰ To some extent, this will represent a direct transfer of Wisconsin Shares dollars from low-rated family providers to high-rated group center providers.¹¹

Since the capacity of child care providers varies widely, it is also useful to look at the number of children in each level of care. **Table 4** includes data for all Milwaukee County children that receive Wisconsin Shares subsidies and are cared for by providers that have been rated thus far, broken down by type of provider (group center or family) and by star rating.¹² Overall, approximately two-thirds (65.5%) of these children are cared for by providers that have received 2-star ratings. Another 31.1% are cared for by 5-star providers.

Table 4: Children in Milwaukee County child care by YoungStar rating

Milwaukee County	Group Centers	Group %	Family Providers	Family %	Total	Total %
Children in 1 star	30	0.7%	39	2.1%	69	1.1%
Children in 2 stars	2,425	53.3%	1,775	95.3%	4,200	65.5%
Children in 3 stars	123	2.7%	27	1.4%	150	2.3%
Children in 4 stars	0	0.0%	0	0.0%	0	0.0%
Children in 5 stars	1,968	43.3%	22	1.2%	1,990	31.1%
Subtotals	4,546	100.0%	1,863	100.0%	6,409	100.0%
<i>Children in Rating Pending</i>	<i>11,149</i>	<i>55.1%</i>	<i>4,014</i>	<i>51.9%</i>	15,163	54.2%
Total	15,695		5,877		21,572	

These data show an even stronger contrast between group center providers and family providers. For example, while 43.3% of children in group centers are cared for by 5-star providers, the same is true for only 1.2% of children in family care.

ANALYSIS OF YEAR ONE YOUNGSTAR DATA

Access to High-Quality Child Care

A growing body of research literature shows a substantial return on investment in high-quality early childhood care and education. The general consensus among researchers is that high-quality early childhood programming can result in better school readiness, both academically and socially. This foundation is then likely to result in better long-term outcomes, including higher wages, lower crime, and healthier families. For impoverished or disadvantaged children, the benefits have been shown to be even greater.¹³

The research also demonstrates, however, that the most significant long-term benefits have been found to accrue only from the highest-quality care. Mediocre or low-quality care may have some short-term benefits, but does not result in the same return on investment as higher-quality care. For purposes of this report, high-quality child care is defined as providers that receive 4- or 5-star ratings under YoungStar. Those providers are most likely to have many of the qualifications associated by researchers with high-quality care: teachers with four-year college degrees in early childhood education; assistant teachers with two-year degrees; teachers and assistant teachers who are well-compensated and have ongoing professional development opportunities (which results in low staff turnover); smaller teacher-child ratios; use of a professionally developed pre-kindergarten curriculum for three- and four-year olds; interventions with family units, such as supportive home visits; and monitoring and site visits by a government or accrediting agency.¹⁴

BENEFITS OF HIGH QUALITY

The benefits that have been found from high-quality early childhood education include:

For children

- Higher school readiness
- Improved cognitive ability/higher IQ
- Improved social skills
- Lower use of special education classes
- Lower rates of grade retention (being held back a grade)
- Higher standardized test scores in early grades
- Higher labor force participation
- Higher high school graduation rates and educational achievement
- Lower use of welfare
- Higher wages earned and therefore higher tax contributions
- Lower juvenile delinquency and lifetime participation in crime
- Lower rates of teen pregnancy and out-of-wedlock births

For parents

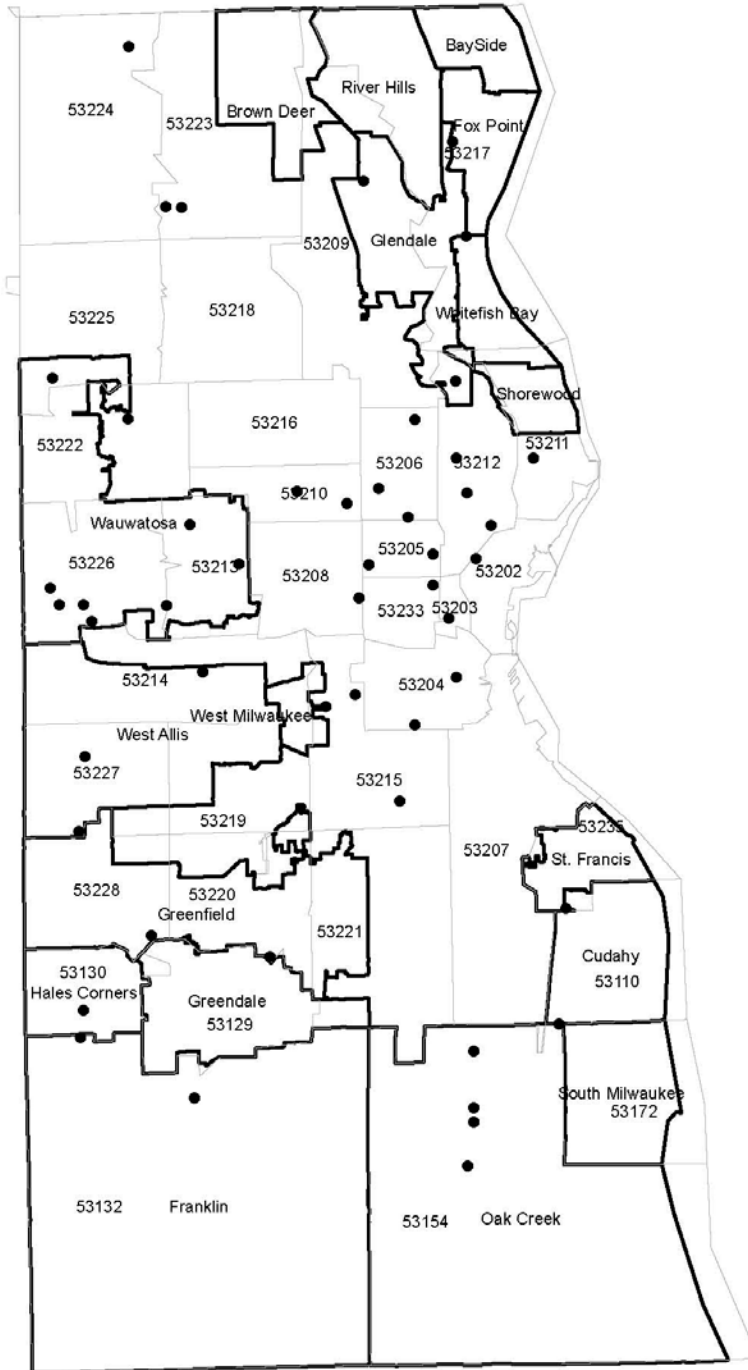
- Improved parenting skills
- Improved ability to find and keep work
- Higher wages

For research studies, see: www.publicpolicyforum.org/Matrix.htm

While researchers have established several tangible elements that are used to define quality, the Public Policy Forum has found that location is one of the primary factors parents consider when choosing a child care provider. In April 2008, the Forum surveyed parents throughout southeastern Wisconsin regarding what they value most about their child care providers. Among parents utilizing group center providers, convenient location was second only to quality of education among the factors parents value most.¹⁵

Since location is such a crucial factor, we thought it would be insightful to determine the geographic distribution of high-quality child care providers. That distribution is particularly critical for low-income families who could benefit the most from high-quality care. The implementation of YoungStar provides the opportunity to map child care quality for the first time. In Milwaukee County, where 46% of providers have been rated, including all of the accredited providers that automatically qualify for 4- or 5-star ratings, it is evident that some areas of the county enjoy much better access to high-quality child care than others. **Figure 1** illustrates the geographic distribution of Milwaukee County's 5-star providers.

Figure 1: Milwaukee County's 5-star child care providers



Source: Wisconsin Department of Children and Families

Prepared by the Nonprofit Center of Milwaukee 2011

This mapping exercise shows that Wauwatosa has eight 5-star providers and Oak Creek has four, while Cudahy has none. (There are no providers in Milwaukee County currently rated 4-stars.) In the city of Milwaukee, there are 26 providers with 5-star ratings, with a distinct concentration in inner city neighborhoods on the city's near-north and near-south sides. In contrast, seven ZIP codes, primarily on the city's northwest and far south sides, have no high-quality options.

Another way to measure the availability of high-quality child care throughout the county is to analyze the concentration of high-quality providers relative to the number of young children living in a given area. **Table 6** shows the concentration of 5-star providers relative to the population of children ages five and under for each Milwaukee County ZIP code. The Milwaukee County average is included as well.

Table 6: Concentration of high-quality child care relative to population of young children

ZIP Code	Municipality	Population of children ages five & under*	5-star Providers	5-star providers per 1,000 children ages five & under
53203	Milwaukee	35	1	28.57
53226	Wauwatosa	1,369	4	2.92
53233	Milwaukee	700	2	2.86
53205	Milwaukee	1,250	3	2.40
53202	Milwaukee	432	1	2.31
53130	Hales Corners	464	1	2.16
53235	St. Francis	549	1	1.82
53213	Wauwatosa/Milwaukee	1,966	3	1.53
53154	Oak Creek	2,664	4	1.50
53212	Milwaukee/Glendale	2,703	4	1.48
53227	West Allis/Milwaukee	1,671	2	1.20
53129	Greendale	850	1	1.18
53228	Greenfield/Milwaukee	868	1	1.15
53217	North Shore suburbs	2,134	2	0.94
53132	Franklin	2,261	2	0.88
53223	Milwaukee/Brown Deer	2,393	2	0.84
53172	South Milwaukee	1,441	1	0.69
53211	Milwaukee/Shorewood	1,474	1	0.68
53210	Milwaukee	3,100	2	0.65
53206	Milwaukee	3,168	2	0.63
TOTAL	MILWAUKEE COUNTY	82,401	50	0.61
53222	Wauwatosa/Milwaukee	2,247	1	0.45
53224	Milwaukee	2,376	1	0.42
53215	Milwaukee	7,426	3	0.40
53204	Milwaukee	5,570	2	0.36
53214	West Allis/Milwaukee	2,840	1	0.35
53225	Milwaukee/Wauwatosa	2,964	1	0.34
53209	Milwaukee/Glendale	4,554	1	0.22
53110	Cudahy	1,440	0	0.00
53220	Greenfield/Milwaukee	1,831	0	0.00
53207	Milwaukee	2,721	0	0.00
53219	Milwaukee/West Allis	2,791	0	0.00
53216	Milwaukee	3,057	0	0.00
53221	Milwaukee/Greenfield	3,148	0	0.00
53208	Milwaukee	3,396	0	0.00
53218	Milwaukee	4,548	0	0.00

*Source: Census 2010

While Milwaukee County has an overall rate of 0.61 high-quality child care providers for every 1,000 young children, four ZIP codes in Milwaukee and one each in Hales Corners and Wauwatosa have concentrations at least three times greater than the county average. On the other end of the spectrum, eight of the county's 35 ZIP codes have no high-quality providers, including several ZIP codes among those with the highest concentrations of young children in Milwaukee County.

If parents lack access to quality child care providers close to home, they may look for a quality provider near their workplaces. **Table 7** shows each Milwaukee County ZIP code and its concentration of 5-star child care providers relative to the size of its workforce.

Table 7: Concentration of high-quality child care relative to employment

ZIP Code	Municipality	Total Employment*	5-star Providers	5-star providers per 10,000 employees
53205	Milwaukee	1,679	3	17.87
53206	Milwaukee	2,119	2	9.44
53235	St. Francis	2,605	1	3.84
53210	Milwaukee	5,714	2	3.50
53213	Wauwatosa/Milwaukee	8,820	3	3.40
53130	Hales Corners	3,561	1	2.81
53228	Greenfield/Milwaukee	3,934	1	2.54
53212	Milwaukee/Glendale	15,931	4	2.51
53129	Greendale	4,245	1	2.36
53154	Oak Creek	17,240	4	2.32
53172	South Milwaukee	5,012	1	2.00
53132	Franklin	10,188	2	1.96
53215	Milwaukee	19,606	3	1.53
53217	North Shore suburbs	13,213	2	1.51
53227	West Allis/Milwaukee	13,722	2	1.46
53225	Milwaukee/Wauwatosa	8,230	1	1.22
53204	Milwaukee	16,706	2	1.20
53226	Wauwatosa	33,793	4	1.18
53211	Milwaukee/Shorewood	8,676	1	1.15
TOTAL	MILWAUKEE COUNTY	449,891	50	1.11
53233	Milwaukee	20,927	2	0.96
53223	Milwaukee/Brown Deer	20,927	2	0.96
53224	Milwaukee	15,221	1	0.66
53222	Wauwatosa/Milwaukee	15,336	1	0.65
53203	Milwaukee	15,836	1	0.63
53209	Milwaukee/Glendale	16,705	1	0.60
53214	West Allis/Milwaukee	23,998	1	0.42
53202	Milwaukee	57,546	1	0.17
53218	Milwaukee	5,169	0	0.00
53219	Milwaukee/West Allis	5,230	0	0.00
53216	Milwaukee	5,904	0	0.00
53220	Greenfield/Milwaukee	7,144	0	0.00
53110	Cudahy	8,796	0	0.00
53221	Milwaukee/Greenfield	9,611	0	0.00
53208	Milwaukee	11,905	0	0.00
53207	Milwaukee	14,642	0	0.00

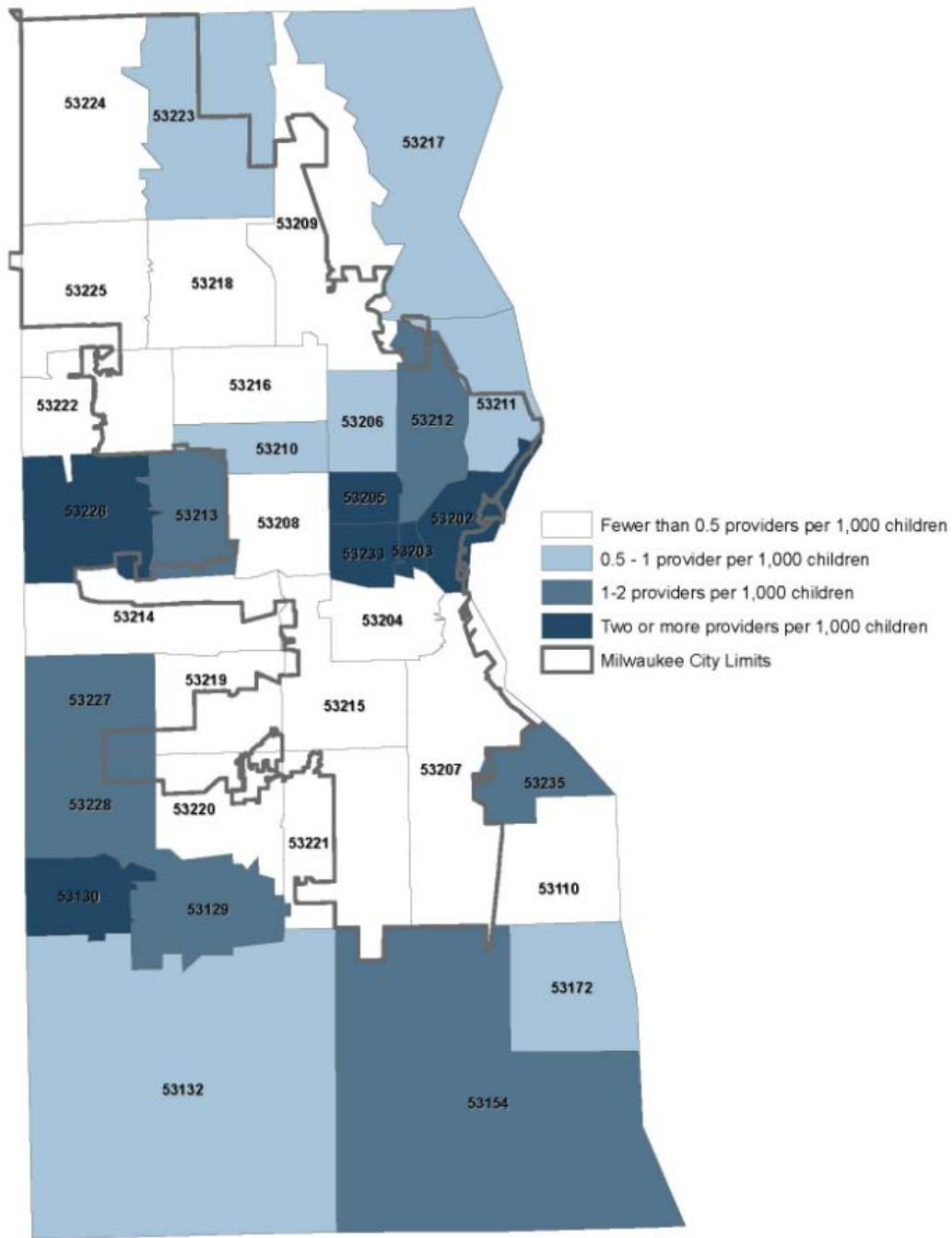
*Source: U.S. Census – County Business Patterns, March 2009

Clearly, high-quality child care providers are not clustered in downtown Milwaukee at a scale relative to the large concentration of downtown workers. For example, the 53202 ZIP code has only one 5-star provider, despite the fact that it is home to the highest concentration of employment in the county, with 57,546 workers.¹⁶ It may be that the high cost of locating downtown pushes child care providers to nearby areas that are more affordable.

In other employment centers throughout the city and county, high-quality child care is much more prevalent. The 53226 ZIP code in Wauwatosa, which has the second largest workforce in the county, has four high-quality providers – more than one for every 10,000 workers.

Figure 2 and **Figure 3** add greater insight into how the locations of 5-star providers match up with the population of young children and the distribution of employment throughout Milwaukee County. These maps may be useful in future efforts to improve access to high-quality child care.

Figure 2: Concentration of 5-star providers relative to population of children ages five and under

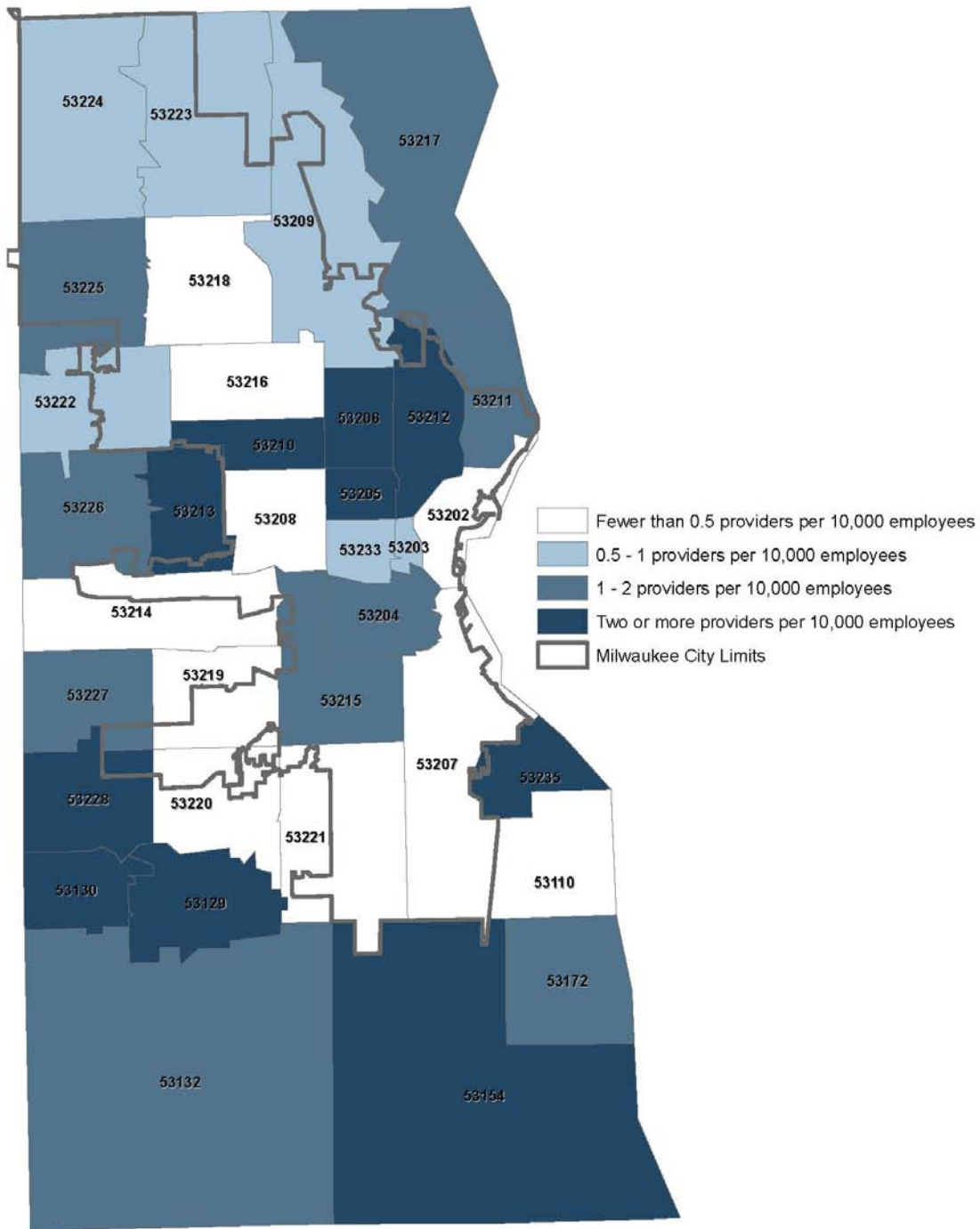


Source: Wisconsin Department of Children and Families

Prepared by the Nonprofit Center of Milwaukee 2011

This analysis reveals that much of the city of Milwaukee has poorer access to high-quality child care than most of the surrounding suburbs. The clear exceptions in the city are in and around downtown and the near north side, which enjoy much better access than the rest of the city. In the suburbs, Cudahy (53110) is the only ZIP code completely outside of the city of Milwaukee with fewer than 0.5 high-quality providers per 1,000 young children.

Figure 3: Concentration of 5-star providers relative to size of workforce



Source: Wisconsin Department of Children and Families

Prepared by the Nonprofit Center of Milwaukee 2011

The disparity between city and suburbs is somewhat less severe when basing the analysis on the size of the local workforce, yet most of the ZIP codes in the bottom tier are the same. This is largely due to the fact that eight of those ten ZIP codes have no high-quality providers at all.

Since the value of high-quality child care has been shown to be particularly beneficial to the academic and social outcomes of the most disadvantaged children, it is also important to analyze how the geographic distribution of high-quality providers lines up with poverty rates throughout the county. Based on Census 2000 figures, which are the most recent data available at the ZIP code level, the ZIP codes with the poorest access to high-quality child care in **Figure 2** and **Figure 3** have highly varied poverty rates ranging from 5.2% (53219) to 32.7% (53208). Of the eight Milwaukee County ZIP codes with poverty rates over 20%, only three are among those in the bottom tier in **Figure 2** (53204, 53208, and 53218), while two are in the top tier (53205 and 53233).

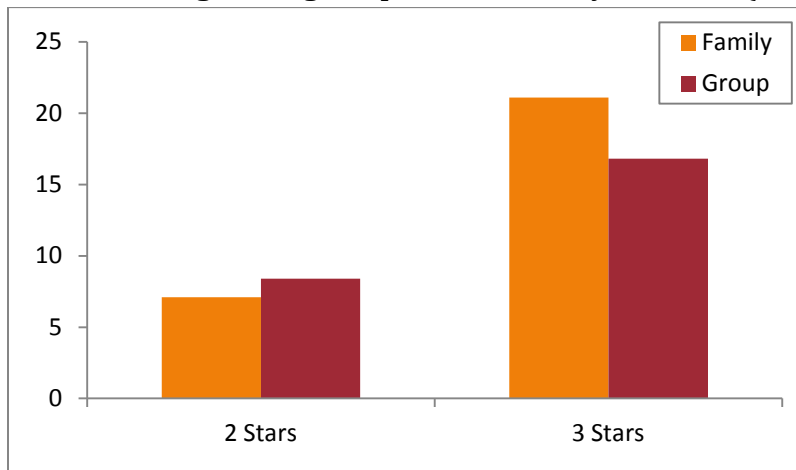
Thus, the data does not support the hypothesis that high-quality child care is less concentrated in high-poverty areas. At the same time, if high-quality care makes the biggest impact in high-poverty areas, investing in those areas that currently lack access to quality care may be a wise investment for city and state policy-makers.

Moving Up the Scale

The YoungStar ratings data collected to date also sheds light on how providers that did not receive an automatic rating, but rather participated in YoungStar’s formal or technical rating process, performed in that process and how far they have to go to move up the rating scale. Since 1-star providers are deemed out of regulatory compliance and thus earned no points, and no provider in Milwaukee County that has participated in YoungStar’s formal rating process has received four stars, only select 2- and 3-star providers can be analyzed in this manner.

Chart 2 shows the average total points attained by these providers, broken down by provider type and star rating.¹⁷ Overall, 161 providers participated in YoungStar’s technical rating process, averaging 9.5 total points. Of those, 105 received 2-star ratings and 56 received three stars.

Chart 2: Average YoungStar points earned by star level (automatic ratings excluded)



It appears promising that the 2-star providers averaged 7.4 points, which puts most within striking distance of the 11 points needed to qualify for three stars. Similarly, 3-star providers averaged a total of 19.3 points, which is close to the 23 points needed to qualify for four stars. For many of these providers, moving up the ranks could be well within reach. This may be particularly true for group center providers at the 2-star level and family providers at the 3-star level, as they are even closer, on average, to reaching the next tier.

As previously mentioned, in order to move up the rating scale, there are minimum requirements that must be met in each of YoungStar’s four categories of assessment. Since the minimum requirements pertaining to staff education are considered by many to be the biggest challenge for providers to overcome, it is helpful to analyze the available Milwaukee County data through a professional development lens.

Under the new rating system, family providers are able to earn a maximum of 14 points for their educational qualifications, while group center providers can earn up to 15 total points for the combined educational qualifications of their director and lead teachers. Points are earned based on staff credentials as verified by The Registry, Wisconsin’s professional development certification system for child care professionals. In order for group center providers to qualify for a 3-star rating, for example, the center’s director must complete at least 18 credits of college-level early childhood education courses and at least 50% of the center’s lead teachers must complete six credits of relevant coursework. Family providers must complete at least 12 credits of early childhood education courses to qualify for three stars.

The initial data indicate that many Milwaukee County providers that have participated in YoungStar’s technical rating process are at or close to the minimum staff education levels required to qualify for the next rating tier. However, for those currently receiving 2-star ratings, meeting the minimum staff education requirements to qualify for three stars could be daunting, particularly for family providers. **Table 5** shows the average points earned by these 2-star and 3-star providers in the staff education category, as well as the minimum points required for the next rating tier.¹⁸

Table 5: Average points earned in staff education category (automated ratings excluded)

	Family Provider	Group Staff	Group Director	Group Total
2-star Point Average	0.61	0.38	1.00	1.38
Minimum points required for 3-stars	4	2	1	3
3-star Point Average	10.85	3.69	3.31	7.00
Minimum points required for 4-stars	10	3	3	6

The most encouraging finding is that the 3-star providers, on average, already meet the 4-star education requirements for both family providers and group center providers. It may be easier, therefore, for those providers to advance to the 4-star level since the minimum requirements for YoungStar’s other categories of assessment may be less time-intensive and costly than for the staff education category.

Moving providers up the rating scale by improving child care quality is the central goal of YoungStar. As Milwaukee County providers receive additional assessments in the coming years, it will be important to determine whether the new system’s support structure and financial incentives are supporting quality improvement effectively and whether the minimum requirements for each star level are appropriate.

CONCLUSIONS & IMPLICATIONS

With nearly half of Milwaukee County's child care providers now rated by Wisconsin's new YoungStar program, several initial conclusions and observations can be gleaned about the program's design, how local providers are stacking up, and how the new QRIS system could impact providers in the future.

YoungStar's flexible design and use of several distinct evaluation methods have resulted in significant differences between child care providers at the same star level. YoungStar was designed to allow providers to qualify for the same star rating in a variety of ways based on their unique strengths. Adding to this variation is the fact that YoungStar utilizes a number of different methods to evaluate providers depending on several factors. Many providers receive *automatic ratings* based on their accreditation status and/or by choosing not to participate in YoungStar's observation and rating process. Other providers are given *technical ratings* by YoungStar consultants, and still others go through a more in-depth *formal rating* process involving intensive on-site observation and the use of an "environment rating scale". Even among the accredited providers that qualify for automatic 4- or 5-star ratings, there is a great deal of variation in evaluation methods due to the fact that there are six different accrediting bodies approved by YoungStar, each with its own methodology.

This multi-pronged evaluation system makes YoungStar less costly by fast-tracking ratings for most providers. Automatic ratings for both accredited providers and those that clearly are at the 2-star level reduce the demand on the state to evaluate every single provider. For parents, however, it will be important to understand that with multiple evaluation methods in play, there may be significant differences between providers at the same star level.

It is clear from the initial data that there is, indeed, considerable variation between providers at the same star level. Two-star providers, for example, which make up 80% of the Milwaukee County providers that have been rated thus far, vary dramatically in YoungStar's staff education category. For family providers with 2-star ratings, the number of points earned in this category ranged from zero to 13. Group center providers with 2-star ratings scored between zero and six points in this category. It is evident, therefore, that some 2-star providers have highly trained staff but fall short in YoungStar's other categories of assessment, while other providers with the same star rating have little to no relevant training in early childhood education.

For parents attempting to make informed child care decisions, it is important to know that due to this variation, YoungStar ratings may not be sufficient on their own and additional research may be necessary. While parents should be able to choose a child care provider based on their own set of priorities, without detailed information on each provider's strengths and weaknesses, an informed decision is impossible. DCF could easily remedy this situation by making the exact points earned by each provider in each category of assessment publicly available via the YoungStar website. DCF staff has indicated the department has a plan to do just that.

By and large, the initial ratings for Milwaukee County's child care providers are proportionally in line with the state's ratings overall. In both Milwaukee County and the state as a whole, approximately 80% of child care providers have received 2-star ratings and just over 9% have received 5-star ratings as of December 2011. The only significant difference between Milwaukee County and Wisconsin providers is that a higher percentage of Milwaukee County providers (6.2% compared to 1.6% statewide) have

received one star, therefore eliminating them from both YoungStar and the Wisconsin Shares subsidy reimbursement systems.

Since less than half of all providers have been rated thus far, it will be important to track these numbers as additional ratings are released to determine whether Milwaukee County continues to have a disproportionate number of low-rated providers dropping out of the child care system. From a budgetary perspective, it also will be important to determine the extent to which the savings obtained from state subsidy cuts to Milwaukee County's 1- and 2-star providers will be helping to fund bonuses for 4- and 5-star providers in other parts of the state.

Some areas of the city and county enjoy significantly better access to high-quality child care than others. With the implementation of YoungStar, child care quality can be mapped for the first time. We analyzed the concentration of high-quality providers relative to the number of young children and the number of workers in each ZIP code in Milwaukee County. This analysis revealed that among Milwaukee County's 35 ZIP codes, 13 have at least one high-quality child care provider for every 1,000 young children, and 19 have at least one high-quality provider for every 10,000 workers. For a handful of other ZIP codes concentrated in the city of Milwaukee's northwest and far south sides, no high-quality options exist despite large populations of both children and workers.

As documented in previous Public Policy Forum research, one of the primary factors parents consider when choosing a child care provider is location. Consequently, it is particularly important to have high-quality options accessible throughout the county. Child care providers may want to take into account underserved areas of the city as they consider where to open or expand operations.

In high-poverty areas, where research has shown the benefits of high-quality care to be greatest, access varies dramatically. The general consensus among researchers is that high-quality early childhood programming can result in better school readiness, both academically and socially. This foundation is then likely to result in better long-term outcomes, including higher wages, lower crime, and healthier families. For impoverished or disadvantaged children, the benefits have been shown to be even greater.

Analysis of the eight ZIP codes in Milwaukee County with poverty rates over 20% revealed that some high-poverty areas have much better access to high-quality child care than others. Two of those eight ZIP codes have at least two high-quality providers per 1,000 resident children, while two other ZIP codes have no high-quality providers at all. Improving access to high-quality child care in high-poverty areas may be an economic development imperative for city and state officials.

Many providers are close to achieving the minimum point totals required for a higher star rating, but may be unable to afford the investments necessary to move up the rating scale. Moving providers up the rating scale through quality improvement is the central goal of YoungStar, but many hurdles stand in the way. Some of these challenges are related to YoungStar's subsidy reimbursement structure, while others emanate from the costs providers must bear to meet the minimum requirements for 3-star ratings and above.

With regard to the reimbursement structure, approximately 80% of the providers that have been rated so far are at the 2-star level, so they will be operating with lower reimbursement payments from the state than they received in the past. It is unclear how great an impact these cuts will have on providers' ability to pursue quality improvements. Since Wisconsin is the first state with a QRIS that penalizes low-

rated providers through reduced subsidy reimbursement payments, it is particularly difficult to predict the impacts of this policy change on provider quality.

In addition, Wisconsin's base reimbursement rates currently are frozen at 2006 levels, so they likely do not reflect the current costs of providing care. This gap also may inhibit providers from making investments in quality improvement.

Finally, the 2011-2013 state budget added a mechanism allowing DCF to change the base reimbursement rates for the Wisconsin Shares child care subsidy program every year based on the overall program budget. This change could undermine the entire YoungStar system if providers who are considering quality improvement efforts do not feel they can depend on increased reimbursement in return.

In terms of the costs providers must bear to move up the rating scale, the highest hurdle may be YoungStar's minimum staff education requirements for 3-star ratings and above. In order for group center providers to qualify for a 3-star rating, for example, the center's director must complete at least 18 credits of college-level early childhood education courses and at least 50% of the center's lead teachers must complete six credits of relevant coursework. Family providers must complete at least 12 credits of early childhood education courses to qualify for three stars. The cost of completing this coursework, both in time and money, will pose a significant challenge for many low-rated providers. In the Forum's 2008 survey of child care providers in southeast Wisconsin, 41% cited the cost of training as a significant barrier to pursuing professional development opportunities.¹⁹

As Milwaukee County providers receive additional assessments in the coming years, it will be important to determine whether the new system is supporting quality improvement effectively. For example, the extent to which other components of YoungStar's support system (e.g. T.E.A.C.H. scholarships, micro-grants) are being directed toward helping 2-star providers meet the minimum educational requirements needed to move up the rating scale will be illuminating. It also will be important to monitor the YoungStar requirements for three stars to ensure that the jump from two stars to three stars is no more difficult to achieve than advances throughout the rest of the rating scale.

The State of Wisconsin will shift considerable financial support from small, family providers to larger, group center providers as a result of the implementation of YoungStar. According to the data collected thus far, over 35% of Milwaukee County's rated group center providers will receive additional state support because they received a 5-star rating, while less than 1% of family providers will receive these bonuses. On the other hand, while 90% of the county's family providers have received 2-star ratings and thus will feel the pinch of reduced state assistance, only 52% of group center providers will face the same cuts. Strikingly, the collective annual amount lost by the county's 1- and 2-star providers (\$1,003,206) through cuts in their reimbursements is nearly equal to the amount of additional payments that will be received by 5-star providers when 25% bonus payments take effect in January 2013 (\$1,179,213). To some extent, this will represent a direct transfer of Wisconsin Shares dollars from low-rated family providers to high-rated group center providers.

This shift in funding may be due, in large part, to YoungStar's emphasis on staff education qualifications. According to YoungStar program staff, many providers choose automatic 2-star ratings because they are unable to meet the minimum staff education levels required for a 3-star rating or higher and the current educational disparities between family and group center providers are significant. According to Wisconsin Early Childhood Association's (WECA) 2010 survey of Milwaukee County child care providers,

67% of group center directors and 56% of group center employees have an Associate's Degree or higher, compared with only 34% of family child care providers.²⁰

Many Wisconsin education policy leaders have pushed for this shift in funding based on research pointing to the importance of staff education for children's school readiness. It must be clearly understood, however, that an important consequence of this policy decision is a disproportionate loss of support for family providers, which may in turn impact the availability of these providers for parents who prefer them for reasons of convenience or other considerations.

ENDNOTES

¹ Data on YoungStar-rated providers provided by Wisconsin Department of Children and Families in November, 2011. Since ratings are rolling, additional providers have been rated since.

² Wisconsin Department of Children and Families, YoungStar FAQs: <http://dcf.wi.gov/youngstar/pdf/faq.pdf>

³ QRIS National Learning Network: <http://grisnetwork.org/glossary>

⁴ Wisconsin Department of Children and Families, YoungStar point system details: http://www.dcf.wisconsin.gov/youngstar/pdf/point_detail.pdf

⁵ Wisconsin Department of Children and Families, YoungStar minimum points requirements: http://dcf.wi.gov/youngstar/pdf/minimum_points_required.pdf

⁶ The environment rating scales used to evaluate providers are the Early Childhood Environment Rating Scale (ECERS), the Infant/Toddler Environment Rating Scale (ITERS), and the Family Child Care Environment Rating Scale (FCCERS). More information on environmental rating scales can be found at: <http://ers.fpg.unc.edu/>

⁷ Wisconsin Department of Children and Families, YoungStar five year plan: http://dcf.wi.gov/youngstar/pdf/101122_youngstar_5_year_plan.pdf

⁸ The data in **Table 3** were provided by Wisconsin Department of Children and Families in December 2011, at the request of the Public Policy Forum.

⁹ As of 11/7/11, the statewide percentages of YoungStar ratings were as follows: 1-star – 1.6%, 2-stars – 80.2%, 3-stars – 6.5%, 4-stars – 2.2%, and 5-stars – 9.5%.

¹⁰ Data on Wisconsin Shares subsidy reimbursements by provider type and star level provided by Wisconsin Department of Children and Families in November, 2011.

¹¹ For example, once the 25% bonuses for 5-star providers are in place, Milwaukee County's family providers will see a net loss of \$394,078 in annual reimbursements while group center providers will see a net gain of \$570,084 annually. These estimates are based on data provided by DCF in November 2011 and will continue to change as additional providers are evaluated.

¹² The data in **Table 4** were provided by Wisconsin Department of Children and Families in November 2011, at the request of the Public Policy Forum.

¹³ For a detailed matrix of research studies linking high-quality early childhood care and education to better academic and social outcomes, see: <http://www.publicpolicyforum.org/Matrix.htm>

¹⁴ Public Policy Forum review of relevant academic literature, including: Lynch, Robert G. Enriching Children, Enriching the Nation: Public Investment in High-Quality Prekindergarten. Economic Policy Institute: Washington, D.C. 2007.

¹⁵ Public Policy Forum, "Parents pleased with child care options and quality" – April, 2008: <http://publicpolicyforum.org/pdfs/ParentSurveyBrief.pdf>

¹⁶ U.S. Census Bureau: County Business Patterns – March, 2009

¹⁷ The data in **Chart 2** were provided by Wisconsin Department of Children and Families in December 2011, at the request of the Public Policy Forum.

¹⁸ The data in **Table 5** were provided by Wisconsin Department of Children and Families in December 2011, at the request of the Public Policy Forum.

¹⁹ Public Policy Forum, "Child-care Provider Survey Reveals Cost Constrains Quality" – May 2008: <http://publicpolicyforum.org/pdfs/ProviderSurveyBrief.pdf>

²⁰ *Child Care Professionals in 2010: The view from Wisconsin* – Wisconsin Early Childhood Association (WECA)