



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #234

Quality Rating System for Child Care Providers (DCF -- Economic Support and Child Care)

[LFB 2009-11 Budget Summary: Page 165, #12]

CURRENT LAW

The Department of Children and Families (DCF) may license a person to operate a day care center, and no person may provide care and supervision for four or more children under the age of seven for less than 24 hours a day unless the person obtains a license to operate a day care center. In addition, a county department of human services or social services may certify a day care provider for reimbursement under the Wisconsin Shares program (the child care subsidy program), and a school board may establish or contract for the provision of day care programs for children. Child care providers must meet minimum standards and requirements to be licensed or certified, but the providers are not rated as to the quality of the services they provide in relation to each other.

GOVERNOR

Provide \$1,108,400 FED in 2009-10 and \$1,727,300 FED in 2010-11 to establish a child care quality rating system. Of these amounts, \$192,300 in 2009-10 and \$44,300 in 2010-11 would support information technology changes and \$826,100 in 2009-10 and \$1,683,000 in 2010-11 would support rating assessments and technical assistance. Federal funds for the quality rating system are from the child care development block grant (CCDBG).

Require DCF to provide a child care quality rating system that rates the quality of child care of a licensed child care provider that receives reimbursement under Wisconsin Shares or of any child care provider that volunteers for rating. The bill would require DCF to rate the quality of child care of licensed child care providers that receive reimbursement under Wisconsin Shares by June 30, 2011.

Also, require DCF to make the rating information available to parents, guardians, and legal custodians of children who receive or would receive care and supervision from a child care provider that is rated under the system. DCF would be required to post this rating information on its Internet site.

DISCUSSION POINTS

Background

1. In June, 2004, the Governor established a task force, the Quality Counts for Kids Task Force, to develop a program that would rate the quality of child care providers, guide parents in choosing a child care provider for their children, and reimburse child care providers through the Wisconsin Shares program based on their quality rating. The task force examined national research and experiences in other states to develop a potential quality rating system. The Quality Counts for Kids Task Force recommended a tiered reimbursement system and a quality rating system.

2. In tiered reimbursement systems, states provide higher rates of pay for child care providers that participate in subsidy programs and achieve one or more levels of quality beyond basic licensing requirements. In a quality rating system, the state develops and markets a quality rating indicator for use as a child care consumer guide, sometimes referred to as a "report card."

3. Under the Governor's proposed 2005-07 biennial budget, both a quality rating system and a tiered reimbursement system were included. The quality rating system would have assessed a rating to the child care provided by a state licensed or certified child care provider or provided by a day care program established or contracted for by a school board, based on a five-star system. Participation in the quality rating system would have been mandatory for providers that received reimbursement from Wisconsin Shares. For child care providers that participated in Wisconsin Shares, reimbursement for child care provided would depend on the provider's quality rating. However, the Legislature deleted both of these provisions.

4. Under the Governor's proposed 2007-09 biennial budget, a provision for the quality rating system was included. Participation in the quality rating system would have been mandatory for licensed child care providers that received reimbursement under Wisconsin Shares. Licensed providers that did not receive reimbursement from Wisconsin Shares could volunteer to be rated. The quality rating system would not apply to certified child care providers.

5. Under AB 75, the Governor includes a provision similar to the one provided under the proposed 2007-09 biennial budget. However, unlike the previous version, certified child care providers could volunteer to be rated, and DCF would have to rate any child care provider that volunteered to be rated.

Quality Rating Systems

6. According to the National Child Care Information Center (NCCIC), quality rating systems are a method to assess, improve, and communicate the level of quality in early care and education settings. Quality rating systems consist of the following five elements: (a) standards that are based on the foundation of compliance with the state's child care licensing regulations and two or more levels of quality criteria above the basic licensing requirements; (b) accountability, through appropriate means of assessment and monitoring, for compliance with the specific criteria of the standards; (c) program and practitioner outreach and support, including efforts to promote participation in the quality rating system, as well as technical assistance, training, mentoring, and other supports; (d) financing incentives specifically linked to compliance with quality standards, such as quality bonus payments, tiered reimbursement rates, contracts, quality grants, and wage supplements; and (e) parent education designed to ensure that parents understand the quality rating system and how it benefits children, families, and the early care and education system as a whole, including a five-star system.

7. According to the NCCIC, as of March, 2009, 17 states and the District of Columbia had a statewide quality rating system with multiple levels: Colorado, Delaware, District of Columbia, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Montana, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Pennsylvania, Tennessee, and Vermont.

8. There are three common approaches to rating child care providers. First, in the building block approach, every quality level consists of particular standards, and all standards at a lower rating level must be met in order to move to the next level. Second, under a point system, every standard is assigned a number of points, which are combined to determine the quality rating, with higher ratings requiring more points. Finally, in a combination approach, both the building block approach and the point system are incorporated.

AB 75

9. Although prior versions of the quality rating system have been based on a point system, DCF now indicates that the quality rating system would be based on a building block approach. There would be five levels--each level with its own standards and each level building on the prior level.

10. DCF provides several reasons for adopting the building block, rather than the point system, approach. First, the building block approach builds on the existing child care infrastructure. The first and fifth levels are determined by existing structures, which reduces the administrative burden. Second, the building block approach is easier for providers to understand. Each level assumes that the child care provider has met all of the qualifications from the lower levels. Under the point system, a child care provider can do well in one area, poorly in another area, and receive a higher rating than a provider who has a medium rating in all areas. Third, the building block approach is easier for parents to understand. There would be minimum standards in each level that build on each other, rather than points that could conceal a particular weakness with a child care

provider. Finally, DCF indicates that use of the building block approach incorporates input from child care providers and what they thought might be a better approach.

11. Under the system contemplated by DCF, the first level would consist of child care providers who are either licensed or certified and request assessment. These providers would receive a certificate that shows one star has been earned.

12. To receive a two-star certificate, child care providers would have to meet the requirements of level one plus an additional set of requirements as defined by an environment rating scale. Environment rating scales include requirements such as having separate well-equipped, clearly-defined learning areas. The specific scale to be used by DCF has not yet been determined.

13. To receive a three-star certificate, a provider would have to meet the requirements of level two plus additional professional practices standards. These standards would include participation in the child care food program, staff retention plans, and parent involvement activities. These standards would also include a curriculum that incorporates the Wisconsin model early learning standards and a demonstration of practices that would provide quality child care to children with special needs. The exact form of professional practices standards DCF will use has not yet been determined.

14. To receive a four-star certificate, a provider would have to meet the requirements of level three plus additional director and staff qualifications. These qualifications would be defined in terms of the Registry levels. The Registry documents and quantifies individuals' credit-based training. Attachment 1 shows these levels. Specific criteria have not yet been determined.

15. Finally, to receive a five-star certificate, a provider would have to be nationally accredited by an accreditation body recognized by DCF. It is assumed that accreditation would incorporate the first four levels. One of the accrediting bodies is the National Association for the Education of Young Children (NAEYC). Attachment 2 sets forth some of the requirements to be accredited by NAEYC.

16. Participation in the quality rating system would be mandatory for licensed child care providers who receive reimbursement under Wisconsin Shares. Any other provider could volunteer to be rated. DCF indicates that the intent is to focus on providers that serve the highest concentrations of children in the Wisconsin Shares program and that this provision would cover approximately 85% of the children in Wisconsin Shares. Once the infrastructure is in place, it could be expanded to cover more child care providers. DCF indicates that there are approximately 5,500 licensed child care providers. Of these, approximately 75% (4,100) currently participate in Wisconsin Shares.

Evaluation of Quality Rating Systems

17. The RAND corporation completed an evaluation of the quality rating system in Colorado (called Qualistar). Qualistar contains five components, which are also contained in the quality rating system proposed under AB 75: (a) classroom environment; (b) child-staff ratios; (c)

staff and director training and education; (d) parent involvement; and (e) accreditation. Qualistar uses a point system, and points earned for each component are converted to a summary rating of zero to four stars.

18. The evaluation found that the component measures listed appear to correlate with each other and that the overall quality of child care improved. However, overall quality improvement could not unequivocally be attributed to the quality rating system. In addition, the evaluation found: (a) limited relationships between accreditation status and other measures of quality; (b) star ratings are generally unrelated to measures of staff-child interaction; (c) few relationships exist between components and child outcomes, and virtually no relationship exists between star ratings and child outcomes; and (d) outcomes for low-income children and children who have a high rate of exposure to child care did not differ from other children in the evaluation.

19. Another review by RAND of quality rating systems in Oklahoma, Colorado, North Carolina, Pennsylvania, and Ohio summarizes some of the issues involved in the implementation of a quality rating system. One of the issues raised was that the systems were implemented too quickly, which led to reassessments and revisions to the systems.

20. The Colorado evaluation concluded that building a quality rating system takes time and should probably be done incrementally. Each construct should be clearly articulated, designed, tested, and validated in the context in which it will be used. One of the recommendations is to conduct a pilot program and resolve any issues before it is implemented statewide. It is difficult to make any changes after statewide implementation without raising concerns with child care providers.

21. Other recommendations include establishing a process and adequate funding for child care providers to improve, adequate funding for the system, and an evaluation of the system that assesses best practices and child outcomes.

Funding for the Quality Rating System

22. Subsequent to introduction of AB 75, DCF has created a model to fund the quality rating system. DCF indicates that funding provided for the quality rating system would support: (a) quality assurance monitoring; (b) professional development; (c) technical assistance for program improvement; (d) improvement grants; (e) financial incentives for child care programs (this would occur under a tiered reimbursement system); (f) financial incentives for child care practitioners; (g) communication; (h) information technology; and (i) ongoing evaluation. This funding structure incorporates many of the recommendation suggested by an evaluation of quality rating systems.

23. Quality assurance monitoring includes funds to complete onsite assessments, application and document reviews, training, technology, and supervisors. Professional development includes programs like the teacher education and compensation helps (TEACH) program and the rewarding education with wages and respect for dedication (REWARD) program.

24. AB 75 would provide \$1,018,400 FED in 2009-10 and \$1,727,300 FED in 2010-11

for the quality rating system (Alternative 1). This level of funding could provide the following support for 497 licensed child care providers in 2009-10 and an additional 773 licensed child care providers in 2010-11: (a) \$477,000 in 2009-10 and \$696,000 in 2010-11 for quality assurance monitoring; (b) \$198,800 in 2009-10 and \$386,500 in 2010-11 for technical assistance for program improvement; (c) \$50,000 in 2009-10 and \$200,000 in 2010-11 for improvement grants; (d) \$102,000 annually for communication; (e) \$150,000 annually for information technology; and (f) \$37,000 in 2009-10 and \$65,100 in 2010-11 for ongoing evaluation. No funding would be provided as financial incentives for child care programs and providers. The total amounts under (a) through (f) differ from the amounts budgeted under AB 75 because they are estimates based on the DCF quality rating system model and use different assumptions than those initially used under AB 75.

25. DCF has requested an increase in funding for the quality rating system by \$284,000 in 2009-10 and \$575,100 in 2010-11, for a total of \$1,302,400 in 2009-10 and \$2,302,400 in 2010-11 (Alternative 2). This level of funding could provide the following support to assess 787 licensed child care providers in 2009-10 and 1,159 in 2010-11: (a) \$623,000 in 2009-10 and \$1,100,000 in 2010-11 for quality assurance monitoring; (b) \$314,700 in 2009-10 and \$579,700 in 2010-11 for technical assistance for program improvement; (c) \$50,000 in 2009-10 and \$200,000 in 2010-11 for improvement grants; (d) \$102,000 annually for communication; (e) \$150,000 annually for information technology; and (f) \$54,700 in 2009-10 and \$99,300 in 2010-11 for ongoing evaluation. No funding would be provided for financial incentives for child care programs and providers. The total amounts under (a) through (f) differ slightly from the requested amounts from DCF because the requested amounts are based on a specific funding level available and not on the quality rating system model.

26. Alternatively, the Committee could incorporate one of the major findings from the RAND evaluation and limit implementation of the quality rating system to a small number of child care providers under a pilot program to work out any issues before it would be implemented on a statewide basis. Under this alternative, \$523,300 in 2009-10 and \$946,700 FED in 2010-11 would be needed to assess 69 child care providers in 2009-10 and an additional 276 child care providers in 2010-11, which represents 5% of the licensed child care providers. Compared to the bill, the Committee could reduce funding by \$495,100 FED in 2009-10 and \$780,600 FED in 2010-11 (Alternative 3). Funding would be distributed as follows: (a) \$185,000 in 2009-10 and \$331,000 in 2010-11 for quality assurance monitoring; (b) \$27,600 in 2009-10 and \$138,000 in 2010-11 for technical assistance for program improvement; (c) \$50,000 in 2009-10 and \$200,000 in 2010-11 for improvement grants; (d) \$102,000 annually for communication; (e) \$150,000 annually for information technology; and (f) \$8,700 in 2009-10 and \$25,700 in 2010-11 for ongoing evaluation. No funding would be provided for financial incentives for child care programs and providers.

27. Finally, the Committee could delete this provision (Alternative 4). Given the results of the RAND evaluation of Qualistar and the limited CCDBG funding available, CCDBG funds could be used to fund other child care quality and availability improvement programs or direct child care subsidies. However, it does appear that some of the concerns from the RAND evaluation have been considered in the quality rating system proposal.

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$1,018,400 FED in 2009-10 and \$1,727,300 in 2010-11 to establish a child care quality rating system that requires licensed child care providers who receive reimbursement under Wisconsin Shares to participate and requires DCF to make the rating information available on its Internet site.

2. Modify the Governor's recommendation to provide \$284,000 FED in 2009-10 and \$575,100 FED in 2010-11 in additional funds for the quality rating system, as requested by DCF. Funding for the quality rating system would total \$1,302,400 in 2009-10 and \$2,302,400 in 2010-11.

ALT 2	Change to Bill
	Funding
FED	\$859,100

3. Modify the Governor's recommendation to reduce funding by \$495,100 FED in 2009-10 and \$780,600 FED in 2010-11 to implement the quality rating system as a pilot program. Under this alternative, 69 child care providers in 2009-10 and an additional 276 child care providers in 2010-11, which represents 5% of the licensed child care providers, would be assessed a rating.

ALT 3	Change to Bill
	Funding
FED	- \$1,275,700

4. Delete provision.

ALT 4	Change to Bill
	Funding
FED	- \$2,745,700

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Attachments

ATTACHMENT 1

The Registry Career Levels

Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10
Entry Level training requirements for any Wisconsin regulated position	Level 1 requirements + Verified High School diploma or GED	Approved Training ⁵			Non-Credit Credentials ¹	Credit Based Credentials ¹			
		80 hours tiered training (any tier)	120 hours tiered training (any tier)	160 hours tiered training (40 of which are tier 2 or 3 training)	CDA OR School-Age Credential OR Non-credit Family Services Credential	Mentor and Mentor-Protege ³ (5 credits)	Family services Credential (6-9 credits)	Registry Credentials Infant/Toddler (12 credits) OR Inclusion (12 credits)	Administrator Registry Credential (18 credits) OR Apprenticeship (18 credits) OR Preschool (18 credits)
		This includes entry level course hours	This includes entry level course hours	This includes entry level course hours					
						Credit Based Credentials			
						6 related credits	12 related credits	18 related credits	24 related credits

Level 11	Level 12	Level 13	Level 14	Level 15	Level 16	Level 17
Early Childhood and Youth Development Degrees						
1 Year Diploma	Associate Degree	Associate Degree + Registry Credential	Bachelor's Degree OR Bachelor's + DPI License ²	Bachelor's Degree + Registry Credential OR Bachelor's + Registry Credential + DPI License ²	Master's Degree OR Master's + DPI License ²	Doctorate OR Doctorate + DPI License ²
Credit Based Increments	Degree in Another Field ⁴					
30 related credits	Bachelor's Degree OR Associated Degree + 30 related credits	Bachelor's Degree + Registry Credential OR Bachelor's Degree + 30 related credits	Master's Degree OR Bachelor's Degree + 36 related credits	Doctorate	Master's Degree + 36 related credits	Doctorate + 36 related credits

¹ Montessori and other credentials submitted from other states will be evaluated on an individual basis and placed on a Wisconsin career Level.

² DPI licenses recognized are numbers 080, 083, 086, 088, 090, 100, 103, 106, 108, 109, 808, and 809.

³ Must be taken as a role of mentor.

⁴ Those with a degree in another field *must also meet* entry level requirements for the position held.

⁵ Approved training is training awarded a specific tier as approved by the registry and taught by a registry approved instructor.

ATTACHMENT 2

Candidacy Requirements for NAEYC Accreditation

To become a candidate, the program must do the following:

- Submit a completed Candidacy Materials (including the Program Self-Assessment Report)
- Maintain good standing in its licensing or regulatory status by having no serious issues of noncompliance within the last year or since its last inspection
- Demonstrate necessary early childhood and management and leadership expertise among its teaching and leadership staff (see Tables below)
- Provide documentation of a collaborative process used to complete its Candidacy Materials (including program self assessment report), which has actively engaged the program administrator, teaching staff, families and the program's governing body (when applicable)
- Believe that it can meet each of the 10 NAEYC Early Childhood Program Standards and that it can document satisfactory performance on at least 80 percent of the NAEYC Accreditation Criteria for each standard.

TABLE 1

Candidacy Requirement for Educational Qualifications of Program Administrators and Teaching Staff

Program Administrator

Must have at least a baccalaureate degree with

- at least 9 credit-bearing hours of specialized college-level course work in administration, leadership, and/or management, and
- at least 24 credit-bearing hours of specialized college-level course work that addresses child development and learning from birth through kindergarten in early childhood education, child development, elementary education or early childhood special education

Documents that a plan is in place to meet these qualifications within 5 years.

OR

Documents meeting an appropriate combination of relevant education and work experiences as outlined in Table 2.

Teachers

If the criteria related to qualifications of teaching staff (teachers and assistant teachers/teaching assistants) are not met, the program must describe how it is ensuring the provision of early childhood expertise to guide curriculum and learning, by providing a detailed professional development plan. In addition, 75% of the teachers must meet one of the following:

- Have a minimum of CDA awarded by the Council for Professional Recognition or equivalent (see Note below)
- Be working on an Associate's or higher degree in early childhood education, child development/family studies, early childhood special education, or elementary education with a concentration in early childhood education or the equivalent (see Note below)
- Have a degree (Associate's or higher) outside of the early childhood field and 3 or more years work experience in an NAEYC-accredited program
- Have a degree (Associate's or higher) outside of the early childhood field with 3 or more years work experience in non-accredited program, and at least 30 contact hours of relevant training during that past 3 years .

Assistant Teacher/Aides

If the criteria related to qualifications of teaching staff (teachers and assistant teachers/teaching assistants) are not met, the program must describe how it is ensuring the provision of early childhood expertise to guide curriculum and learning, by providing a detailed professional development plan. In addition, 50% of all assistant teachers and/or teaching assistants must have or be working on a CDA or equivalent (see Note below) or an Associate's or higher degree in ECE/CD, or the equivalent (see Note below)

Notes:

The candidacy requirements will apply to programs seeking NAEYC Accreditation or reaccreditation. They are used in the Annual Reporting process and in verification visits of programs accredited (or reaccredited) after September 16, 2006. For further information about the CDA credential, see www.cdacouncil.org. The equivalent of a CDA credential awarded by the Council for Professional Recognition is defined as a minimum of 12 college credits (semester hours) in child development, early education, elementary education, or early childhood special education that encompasses the following: child development and learning of children birth through kindergarten; family and community relationships; observing, documenting and assessing young children; teaching and learning; and professional practices and development, including relevant field-based experience.

The equivalent of an associate's degree is defined as 60 college credits (semester hours) with 30 college credits (semester hours) in child development, early education, elementary education, or early childhood special education that encompasses the following: child development and learning of children birth through kindergarten; family and community relationships; observing, documenting and assessing young children; teaching and learning; and professional practices and development, including relevant field-based experience.

Baccalaureate degrees should be in early childhood education, child development, elementary

education or early childhood special education that encompasses the following: child development and learning of children birth through kindergarten; family and community relationships; observing, documenting and assessing young children; teaching and learning; and professional practices and development. Equivalence is defined as a baccalaureate degree in any discipline with a minimum of 36 college credits (semester hours) in early childhood education, child development, elementary education or early childhood special education that encompasses the following: child development and learning of children birth through kindergarten; family and community relationships; observing, documenting, and assessing young children; teaching and learning; and professional practices and development, including relevant field-based experience.

TABLE 2

Alternative Pathways to Achieve Educational Qualifications of a Program Administrator

Individuals who can provide documentation of having achieved a combination of formal education, experience and relevant training equaling at least 100 points by the values assigned below are considered to meet the qualifications identified in the NAEYC Accreditation Criteria.

Formal Education		Experience		Relevant Training/Credentials
<i>Must be able to document educational experiences equaling a minimum of 50 points and a maximum of 70 points from this column</i>		<i>Must be able to document work experiences equaling a minimum of 15 and a maximum of 50 points from this column</i>		<i>Must be able to document a minimum of 5 points and a maximum of 35 points from this column</i>
Baccalaureate degree or higher in early childhood education, child development & family studies, early childhood special education, or elementary education that encompasses development and learning of children birth through kindergarten; but lacking 9 credit hours in leadership, management and/or administration	70	At least 5 years experience as a program administrator that includes leading a program through and maintaining NAEYC Accreditation for at least 2 years	50	College credits or training hours must be related to management knowledge/skills and early childhood knowledge/skills 1 college credit = 4 points 4 contact hours of training within past 5 years = 1 point
Baccalaureate degree or higher in educational leadership, management or a related field (human services administration, business administration, organizational development, public administration) but lacking 24 credit hours that encompass development and learning of children birth through kindergarten	65	At least 3 years experience as a program administrator that includes successfully leading the program through the NAEYC Accreditation process (at least 12 months prior to visit)	40	State director credential approved by NAEYC = 35 pts <u>NAEYC - Approved State Director/Administrator Credentials</u>
		At least three years experience as a program administrator in a NAEYC-accredited program during which accreditation has been consistently maintained. (Updated April 2006)	30	
Baccalaureate degree or higher in ECE-related field (social work, psychology) without 24 credit hours that encompass development and learning of children birth through kindergarten and without 9 credit hours in leadership, management, and/or administration	60	At least 5 years of experience as a program administrator in a program not accredited by NAEYC	25	
Associate degree in ECE/CD	55	At least 3 years of experience as a program administrator in a program not accredited by NAEYC	15	