



# YoungStar: Key Obstacles Are Blocking Progress

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High-quality early care and education is one of the most effective tools in ensuring a child succeeds in life. Research has shown that when children receive high-quality child care, they are much more likely to perform well in school, graduate on time, and be productive members of society. This is why it's critical that there are investments made into early care and education programs and that efforts are made to get low-income children, who often face significant barriers throughout their lives, into these programs. Wisconsin's child care quality rating and improvement system, YoungStar, is one program that has the potential to be a valuable tool in increasing success among low-income children.

For the past five years, Kids Forward has been closely analyzing trends among the children and child care programs participating in YoungStar. Trends show a significant increase of children in higher-rated programs and a pronounced decline of children in the lowest-rated programs.

## Background

YoungStar was launched in late 2010 to improve the quality of child care programs in Wisconsin, particular those programs that serve the low-income children who participate in the Wisconsin Shares (WI Shares) child care subsidy program. Ninety percent of families receiving these subsidies are from single-parent families and live in poverty or near poverty. The goal of YoungStar is to get these children into higher-quality child care programs and help them be prepared for school and beyond.

The YoungStar program rates the quality of child care programs through a 5-Star system. Quality ratings are based on the education qualifications of teachers and administrators, the learning environment and curriculum, profession and business practices, and child health and well-being practices. State law requires that child care programs that serve subsidized WI Shares children must participate in the YoungStar program. By mid-2012 YoungStar was fully operating.

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### Star Level Explanations

- 1 Star: Does not meet health and safety standards
  - 2 Star: Meets health and safety standards
  - 3 Star: Meets proficient levels of quality standards
  - 4 Star: Meets elevated levels of quality standards
  - 5 Star: Meets highest levels of quality standards
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## Change Over the Last Two Years: More Children in Higher-Quality Programs

Kids Forward’s first analysis was to track the number of children in programs rated 2 to 5 stars (programs rated at 1-Star are prohibited to receive WI Shares). The data show that there has been a clear trend of children attending higher-quality rated child care programs.

The highest-rated programs (4-Star and 5-Star) saw a significant increase from the end of 2015 to the end of 2017: from 9,687 to 11,111 children, an increase of 14.7% over two years. At the same time, there was a decline in children in the lowest-rated 2-Star program of 2,213, a drop of 23.3%.

<b>Change in the Number of Wisconsin Shares Children Participating in YoungStar Over Two Years</b>					
December 2015 to December 2017					
	<b>2-Star</b>	<b>3-Star</b>	<b>4-Star</b>	<b>5-Star</b>	<b>Total</b>
<b>December 2015</b>	11,988	20,397	2,664	7,023	<b>42,072</b>
<b>December 2017</b>	9,775	21,126	2,959	8,152	<b>42,012</b>
<b>Change in Enrollment</b>	-2,213	+729	+ 295	+ 1,129	
<b>Percent Change</b>	-23.3%	+3.5%	+7.0%	+19.4%	

## Change Over Five Years: Dramatic Shift into Higher-Quality Programs

When YoungStar trends are examined over five years, from the end of 2012 to the end of 2017, we find a dramatic shift of children from lower-rated programs to higher-rated programs. Over five years there was an increase of 5,517 more children in the highest-rated programs (4-Star and 5- Star), a 91.1% increase. Over the same timeline, we see a marked decline of children in 2-Star programs of 10,710, a 52.3% drop. These trends are dramatic. Wisconsin’s YoungStar efforts have resulted in a clear shift of WI Shares-subsidized children into higher-quality child care settings.

<b>Change in the Number of Wisconsin Shares Children Participating in YoungStar Over Five Years</b>					
December 2012 to December 2017					
	<b>2-Star</b>	<b>3-Star</b>	<b>4-Star</b>	<b>5-Star</b>	<b>Total</b>
<b>December 2012</b>	20,485	16,648	1,261	4,792	<b>43,186</b>
<b>December 2017</b>	9,775	21,126	2,959	8,152	<b>42,012</b>
<b>Change in Enrollment</b>	-10,710	+4,478	+1,698	+3,459	
<b>Percent Change</b>	- 52.3%	+ 26.9%	+134.7%	+72.2%	

## Have Recent Trends Led to More Children in Higher-Quality Programs?

While the changes have many roots, here are some of our speculations:

- YoungStar put a spotlight on high-quality child care, with clear measures and star rating that was easy to understand. Child care programs across the state focused on the quality of their programs and worked hard to improve the quality of the early learning operations. Most of Wisconsin's child care workforce worked hard to provide high-quality services to their children and families.
- Technical assistance, micro-grants, and T.E.A.C.H. scholarships helped programs to improve their quality standards.
- Tiered reimbursement from WI Shares paid incentives for programs rated 4-Star (10%) and 5-Star (25%). The extra support was helpful. However, the incentives have lost their power because there has been a freeze on WI Shares payment rates, and the incentives are less powerful as inflation raises the cost of child care.

## Trends Have Slowed Down the Quality of Child Care

- While most group child care centers participated in YoungStar, family child care programs have declined significantly. While many family child care program have been moving to higher ratings, in the last two years, participation of licensed family child care in YoungStar has dropped 14.5%. Certified family child care has dropped 30%.
- A key to meeting high-quality programs is to have qualified teachers and administrators, but in recent years, child care programs have struggled to attract and retain high-quality staff so they can meet 4-Star and 5-Star requirements. The primary problem is low wages and sparse benefits. A 2015 study of Wisconsin's child care workforce by Wisconsin Early Childhood Association and COWS-UWSC found that median starting wages for teachers was \$10 per hour and the median highest wage was \$13 per hour. The annual turnover rate for child care teachers was 30%.

## Recommendations to Ensure Progress

### 1. Support the child care workforce.

Address the low compensation for the child care workforce. Most child care programs cannot afford to pay wages that draw highly qualified teachers. Options include tax credits for child care teachers, increasing T.E.A.C.H. and REWARD programs to support the child care workforce, and other options.

### 2. Increase funding stream to support quality child care programs.

Two programs have been on the decline:

**WI Shares subsidy payment rates** have been frozen since 2006. The rates are so low that the subsidy rates can cover only 23% of the child care market price in Wisconsin counties. The low rates are damaging child care programs serving WI Shares children, causing a strain on their budgets and their ability to hire skilled teachers and to meet their budgets. It's high time to increase the rates.

- a. Tiered Reimbursement:** Because the subsidy payments are static, the 10% and 25% increase in tiered reimbursement are not keeping up with inflation. Increasing these percentages could help programs maintain quality standards.

## Promising Opportunity

At the start of 2018, Congress passed a bipartisan budget which included a historic \$5.8 billion for the Child Care and Development Block Grant (CCDBG) over two years—this budget was signed and approved by the President. The CCDBG is the primary source of United States federal funding for child care subsidies for low-income working families and it provides resources to improve child care quality. This may be the largest increase in federal child care funding in history. Hopefully, Wisconsin's share of the funds will help us address some of the deficits we have been struggling with.