



# THE QUEST FOR QUALITY

HOW YOUNGSTAR IS AFFECTING CHILD  
CARE IN MILWAUKEE COUNTY

PUBLIC POLICY FORUM

## ABOUT THE PUBLIC POLICY FORUM

The Milwaukee-based Public Policy Forum, 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 impacts of Wisconsin's child care quality rating and improvement system – YoungStar – on Milwaukee County providers, parents, and children. 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.

Report authors would like to thank the leadership and staff of the Wisconsin Department of Children and Families for their assistance in providing us with information and graciously sharing their knowledge and expertise.

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*How YoungStar is affecting child care  
in Milwaukee County*

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## INTRODUCTION/EXECUTIVE SUMMARY

The State of Wisconsin's YoungStar system was created by the Legislature and Governor in 2010 to "drive quality improvement in child care throughout the state."<sup>1</sup> YoungStar uses a five-star system to rate child care providers based on several measures of quality, including staff education levels, learning environment, business methods, and health/safety. The program's stated goals are to "create a clear, understandable tool to help parents choose quality child care; create incentives for providers to improve services, particularly for low-income children; link the quality of child care providers to Wisconsin Shares payments; and help prevent fraud in the Wisconsin Shares system."<sup>2</sup>

In 2012 and 2013 – as a follow-up to a multi-year research project that explored the economic impacts of high quality early childhood education – the Public Policy Forum published a pair of reports analyzing YoungStar's implementation. The reports covered the quality ratings received by child care providers in Milwaukee County and the challenges and opportunities for improving the quality of child care locally.<sup>3</sup> Since that time, YoungStar has undergone changes and additions, and the quality ratings of child care providers have changed.

This report provides an update on the impacts of YoungStar and how it has impacted child care quality in Milwaukee County. Specifically, it addresses the ratings of Milwaukee County providers and the accessibility of quality child care for Milwaukee County children and parents, as well as the tools and services available to providers to help them improve their YoungStar rating.

### KEY FINDINGS

**The majority of children receiving Wisconsin Shares subsidies in Milwaukee County (54%) are enrolled at 3 Star providers.** This is a substantial improvement since our last analysis in 2013, when 54% were enrolled at 2 Star providers. Under YoungStar's five-star system, a 3 Star provider "meets proficient levels of quality standards," while a 2 Star provider only meets the basic health and safety standards required to receive Wisconsin Shares payments.

**YoungStar is achieving success in moving 2 Star providers up the ratings scale.** In 2013, 71% of all providers in Milwaukee County were rated 2 Stars, but that percentage now has dropped to 47%. Meanwhile, the percentage of providers rated 3 Stars has grown from 23% to 40%. This suggests that there was considerable movement of providers from the 2 Star level to the 3 Star level, though a portion of the decrease in 2 Star providers likely was caused by some of those providers leaving the YoungStar program.

**Despite this overall success, home-based family providers appear to face unique difficulties in improving their YoungStar ratings.** Well over half of family providers (62%) are rated 2 Stars, while the majorities of all other provider types are rated 3 Stars. There also has been a 22% decline in the total number of family providers since 2013, whereas each of the other provider types (group centers and school-age providers) has experienced a small uptick in total providers.

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<sup>1</sup> Wisconsin Department of Children and Families. "About YoungStar." <http://dcf.wisconsin.gov/youngstar/program.htm>

<sup>2</sup> Ibid.

<sup>3</sup> Public Policy Forum. "YoungStar at One Year." <http://publicpolicyforum.org/sites/default/files/YoungStarYearOne.pdf> and "YoungStar Research Brief." [http://publicpolicyforum.org/sites/default/files/YS\\_Y2\\_ResearchBrief\\_final.pdf](http://publicpolicyforum.org/sites/default/files/YS_Y2_ResearchBrief_final.pdf)



**Nearly one in five (19%) children receiving Wisconsin Shares subsidies in Milwaukee County is enrolled at a high-quality (4 or 5 Star) provider.** That is nearly double the percentage enrolled in high-quality care in 2013 (9.4%). Yet, Milwaukee still lags behind the rest of the state, where about 28% of Wisconsin Shares children are enrolled in high-quality care.

**Two ZIP codes in Milwaukee County have no high-quality (4 or 5 Star) providers.** One of those is 53202 in downtown Milwaukee, despite the fact that it has the highest number of employees in the county. The other is 53206, which has the fourth highest number of children among all Milwaukee County ZIP codes and is the focus of a great deal of community attention because of its high rates of poverty, crime, and incarceration.

**Barriers to improved ratings differ by star level, but appear to be consistent across child care provider types.** We find that 2 Star providers continue to find staff education to be a major obstacle to improving their ratings, while 3 Star providers are held back by a lack of points in YoungStar's Learning Environment and Curriculum category, and to a lesser extent by staff education levels.

**YoungStar's tiered reimbursement system is producing increased total provider payments in Milwaukee County.** Previously, we found that the amount of money saved by reimbursement reductions to low-rated providers under YoungStar's tiered reimbursement system was roughly equal to the amount paid in increased reimbursements to 4 and 5 Star providers. That is no longer the case today. With fewer 2 Star providers and more 4 and 5 Star providers than in the past, the State now is paying \$3.7 million more in Wisconsin Shares funding to Milwaukee County child care providers than it would be paying if there was no tiered reimbursement system.



## BACKGROUND

YoungStar was developed in recognition of the benefits of high-quality child care (especially for underserved youth) and as a response to concerns about fraud within the Wisconsin Shares child care subsidy program. All child care providers who receive funds from Wisconsin Shares – which helps low-income families pay for child care – must participate in YoungStar. Originally, that requirement only included group child care centers and home-based family providers, but it has since expanded to include afterschool programs and day camps as well.

Under YoungStar, providers are evaluated on several measures of quality that are combined to produce an overall rating, which ranges from 1 to 5 Stars. Providers who receive a 1 Star rating are ineligible for Wisconsin Shares funding. Through YoungStar's tiered reimbursement system, providers rated 2 Stars receive a 5% decrease in their subsidy payments; 3 Star providers maintain the standard level of subsidy payments; and 4 and 5 Star providers receive increases of 10% and 25% respectively. This approach is intended to provide an incentive for providers to improve their rating, as well as to provide additional funds to highly rated providers to help offset the cost of higher quality care.

### YOUNGSTAR'S POINT SYSTEM

A provider's YoungStar rating is based on meeting minimum requirements and earning a minimum across four categories of evaluation. **Table 1** shows the number of points associated with each star level, which differ slightly for day camps versus all other provider types. **Table 2** shows the range of possible points providers can earn in each evaluation category, which vary slightly by provider type.

Specific points are *required* in each evaluation category for providers to earn a 3, 4, or 5 Star rating, but there is considerable flexibility built into the system that allows providers to qualify for a particular rating in a variety of ways. For

### YOUNGSTAR VALIDITY STUDY

As part of the original YoungStar Five Year Plan, DCF proposed an external evaluation of the program. This was completed in two parts by Dr. Magnuson at UW-Madison. The goal of the first part of the study was to determine whether the quality of lower-rated (2 Star) providers truly differed from higher-rated (3+ Star) providers. The results validated YoungStar's rating system; the quality of lower- and higher-rated providers differed significantly on three out of five subscales used to evaluate observed quality. Additionally, a meaningful difference was found between 2 Star and 3+ Star rated providers on global environmental rating scale (ERS) scores, which measure the quality of a child care environment.

The second part of the study was designed to determine whether YoungStar ratings predict children's levels of school readiness. When controlling for a variety of factors such as the child's gender, race and ethnicity, parents' education level, provider type, and region, the results of the study showed that higher YoungStar ratings did not predict higher levels of school readiness. The researchers suggest that "higher quality child care, within the range of moderate to good care, is necessary but not sufficient for intentionally and specifically developing children's early school readiness."<sup>4</sup>

<sup>4</sup> Wisconsin Department of Children and Families. "Wisconsin Early Child Care Study Findings on the Validity of YoungStar's Rating Scale: Executive Summary." May 2016. <http://dcf.wisconsin.gov/youngstar/pdf/FINAL-Combined-Executive-Summary-2016.pdf>



example, as shown in **Table 2**, in order to achieve a 3-star rating, group child care centers must earn a minimum of 11 total points. Six of those points are specific requirements for a 3 Star rating, while the remaining five points can be earned in numerous ways by meeting the evaluation system’s standards for *optional* items. In other words, providers must earn both the *required* points and the minimum number of *total* points to advance to the next star level.

**Table 1: Star levels defined<sup>5</sup>**

Star Level	Point Range for Group, Family, and School-age Providers	Point Range for Day Camps	Definition
1 Star	N/A	N/A	Does not meet health and safety standards, and therefore cannot participate in YoungStar
2 Stars	0-10	0-10	Meets health and safety standards
3 Stars	11-22	11-36	Meets proficiency levels of quality standards
4 Stars	23-32	Accreditation	Meets elevated levels of quality standards
5 Stars	33-40	Accreditation	Meets highest levels of quality standards

**Table 2: YoungStar’s point system<sup>6</sup>**

Evaluation Category	Family	Group	School-age	Day Camps
<b>Education</b>				
Family Provider Qualifications	0-14			
Group Teacher Qualifications		0-9		
Group Director Qualifications		0-6		
Group Leader			0-6	
Site Supervisor/Coordinator Qualifications			0-9	
Counselor/Group Leader Qualifications				0-6
Camp Director/Coordinator Qualifications				0-9
<b>Learning Environment and Curriculum</b>	0-14	0-13	0-13	0-9
<b>Business and Professional Practices</b>	0-7	0-7	0-7	0-7
<b>Health and Wellness</b>	0-5	0-5	0-5	0-5
<b>Total</b>	<b>0-40 points</b>	<b>0-40 points</b>	<b>0-40 points</b>	<b>0-36 points</b>

#### RECENT EXPANSION OF YOUNGSTAR PROGRAM TRACKS

One significant change to YoungStar since our last report was the addition of a new track for day camps, which are defined as regulated programs that operate for 14 weeks or fewer each year. As of June 1, 2014, licensed day camps that accept Wisconsin Shares subsidies fall under the scope of YoungStar. As with the other tracks, participation is voluntary for programs that do not currently serve families receiving Wisconsin Shares subsidies. Presumably, the addition of day camps was made based on the same reasoning that led to the addition of YoungStar’s school-age track for

<sup>5</sup> Wisconsin Department of Children and Families: <http://dcf.wisconsin.gov/youngstar/>

<sup>6</sup> Ibid.





afterschool providers in March 2012, which is that Wisconsin Shares subsidies can be used for the care of children up to age 13.

To achieve a 4 or 5 Star rating, day camp providers must be accredited by either the City of Madison, which confers an automatic 5 Star rating; or by the American Camp Association (ACA), which results in a 4 Star rating. Providers who are accredited by the ACA may meet an additional education requirement in order to receive a 5 Star rating.<sup>7</sup> Because of this unique rating structure, we are unable to evaluate obstacles to advancement for 3 Star providers in the day camp track, as we do with other tracks later in this report.

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<sup>7</sup> Wisconsin Department of Children and Families. "Quality Indicator Point Detail."  
[http://dcf.wisconsin.gov/youngstar/pdf/point\\_detail/2016-point-detail/point-detail-daycamp-2016.pdf](http://dcf.wisconsin.gov/youngstar/pdf/point_detail/2016-point-detail/point-detail-daycamp-2016.pdf)

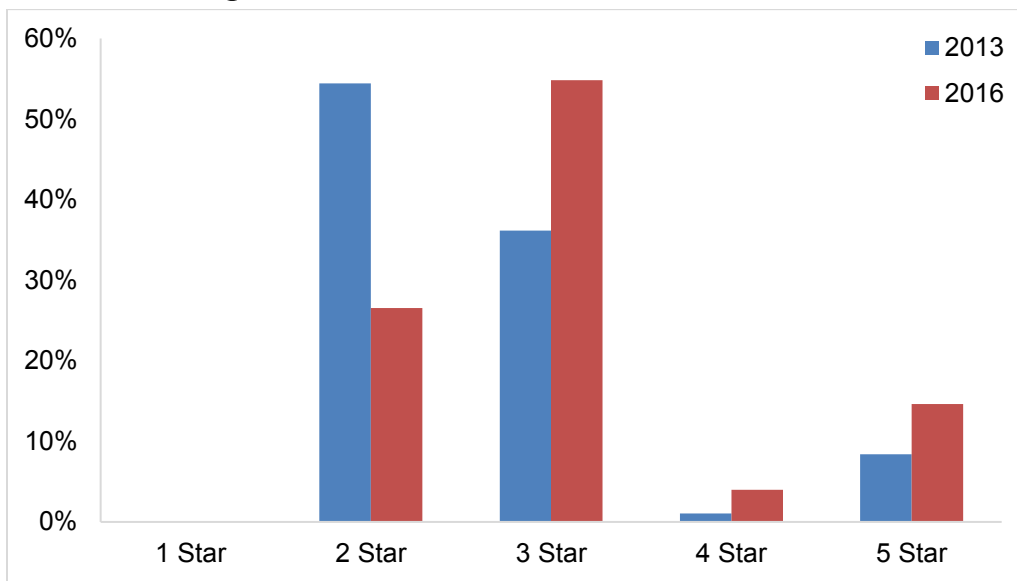


# CHILD CARE QUALITY IN MILWAUKEE COUNTY IS BETTER TODAY THAN THREE YEARS AGO

Although the exact requirements vary by YoungStar track, a 3 Star provider differs from a 2 Star provider in several ways. For example, employees of 3 Star providers typically have higher levels of education specific to child care than those of 2 Star providers. In addition, 3 Star providers must demonstrate that they maintain annual budgets and use sound recordkeeping practices, and they must show that they provide nutritious meals to the children in their care.

Over the past three years, there has been a marked improvement in the quality ratings of child care providers in Milwaukee County, which means that far more children are now enrolled in quality care.<sup>8</sup> As shown in **Chart 1**, in 2013, the majority (54%) of Milwaukee children receiving Wisconsin Shares subsidies were attending 2 Star providers. Currently, the majority (just over 54%) are enrolled at 3 Star providers.<sup>9</sup> This progress suggests that strategies that have focused on improving the ratings of 2 Star providers have been successful.

**Chart 1: Percentage of Wisconsin Shares children enrolled at each star level in Milwaukee County**



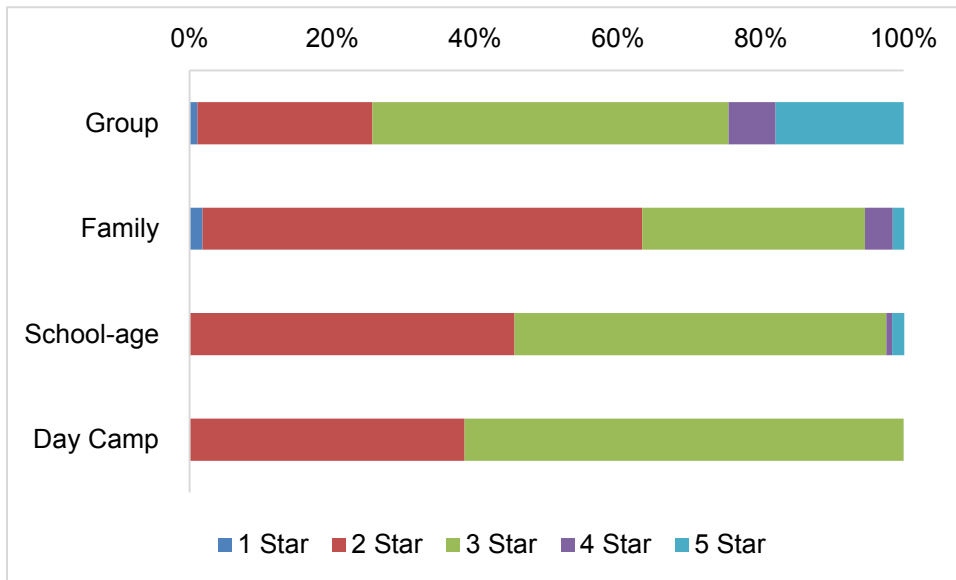
When the data are broken down by provider type, however, we see clear differences between group child care centers and home-based family providers. As shown in **Chart 2**, half of all group child care centers are rated 3 Stars. In contrast, only 31% of home-based family providers are rated 3 Stars, and the majority (62%) are rated 2 Stars. This finding indicates that family providers may be facing particular difficulties in improving their YoungStar ratings. We discuss possible barriers to improvement for each provider type later in this report.

<sup>8</sup> YoungStar defines 3 Star providers as providing “quality” care and 4 and 5 Star providers as providing “high-quality” care. For purposes of this report, we use those definitions of quality and high-quality care.

<sup>9</sup> All data on YoungStar provider ratings included in this report are the result of PPF analysis of data provided by the Wisconsin Department of Children and Families in June 2016.



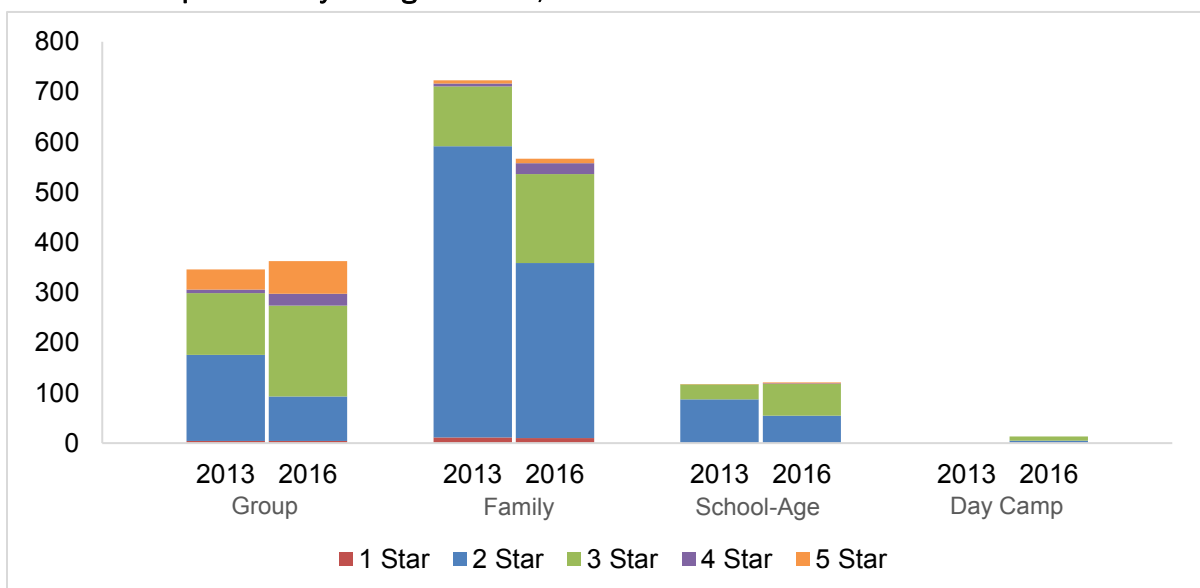
**Chart 2: Quality ratings of Milwaukee County providers, by YoungStar track**



Although the numbers of school-age and day camp providers are smaller, the majority of providers in both of those categories also are rated 3 Stars or higher. This represents a significant improvement for school-age providers, the majority (74%) of whom were rated 2 Stars in 2013.

We know that the overall increase of 3 Star providers in the group center and school-age categories can be attributed mostly to providers’ movement up the ratings scale – as opposed to 2 Star providers leaving the program – because the total number of providers in both categories increased between 2013 and 2016, as shown in **Chart 3**. The total number of family providers, on the other hand, has decreased by 22% in the last three years, which again suggests that family providers are experiencing unique challenges with the YoungStar system.

**Chart 3: Total providers by YoungStar track, 2013 and 2016**



While it is impossible to know for certain the factors that were responsible for the movement of providers to higher YoungStar ratings categories during the past three years, we do know that DCF made a concerted effort to identify and target 2 Star providers for improvement. Additionally, Milwaukee Succeeds – a community-wide collaboration focused on improving educational outcomes for Milwaukee children – recently conducted a pilot program for 2 Star providers that used technical assistance and other strategies to boost their capability to achieve higher ratings. Of the nine providers who completed that program, five were able to improve their star rating in the first year.

The recent movement of child care providers in Milwaukee County from 2 to 3 Stars is more significant from the standpoint of quality than it might otherwise seem. In order to advance to 3 Stars, a 2 Star provider must go beyond meeting basic health and safety standards by demonstrating that it provides care that is higher in quality and linked to better outcomes for children. To accomplish a rating improvement, providers must go through a technical rating process that assesses whether they meet the heightened criteria associated with a 3 Star rating. In contrast, those seeking to obtain a 2 Star rating may do so through a much less complex, automated process.



## ACCESS TO QUALITY CARE DIFFERS BY ZIP CODE

Efforts to improve the quality of child care in Milwaukee County not only hinge on increasing the number of high-quality providers, but also on ensuring that high-quality care is widely accessible throughout the county. To understand the accessibility of quality child care throughout Milwaukee County, we analyzed the number of providers rated 3 Stars or higher within each ZIP code and compared that number to the number of children living there and the number of employees working there. We chose these measures because previous Forum surveys of parents have shown that conveniently located child care (near home or work) is a high priority.

We first analyzed the number of providers rated 3 Stars or higher per 1,000 children age 13 or under living within each ZIP code. **Table 3** shows our findings, while **Figure 1** provides a visual depiction.

**Table 3: Quality (3+ Star) providers per 1,000 children, by ZIP code<sup>10</sup>**

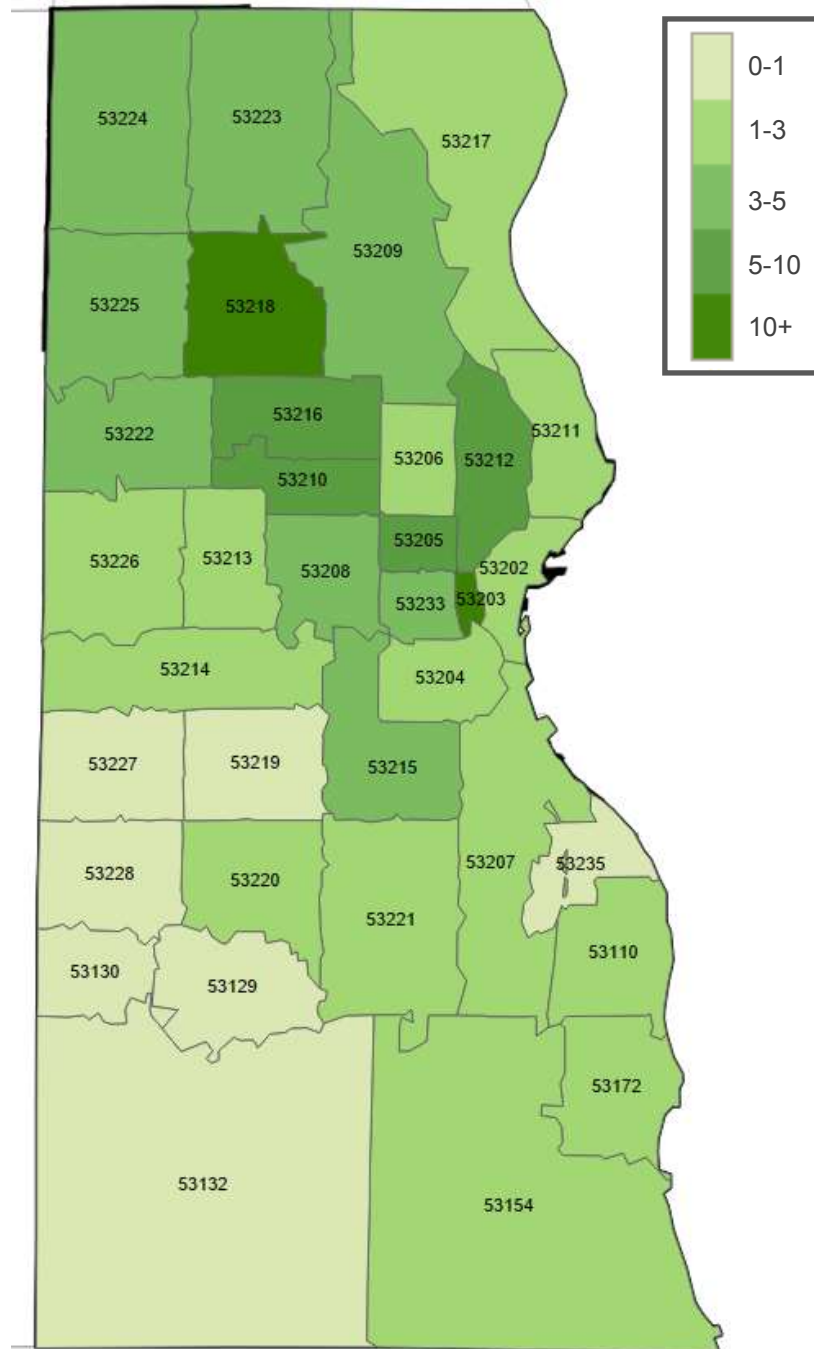
ZIP Code	Number of 3+ Star Providers	Number of Children 13 & Under	3+ Star Providers per 1,000 Children ages 13 & under
53203	1	44	22.73
53218	46	4,548	10.11
53216	49	7,350	6.67
53210	48	7,202	6.66
53205	17	2,780	6.12
53212	33	5,889	5.60
53209	44	10,427	4.22
53233	5	1,190	4.20
53215	58	16,315	3.56
53222	16	4,671	3.43
53208	24	7,342	3.27
53223	18	5,522	3.26
53225	20	6,483	3.08
53224	17	5,535	3.07
53206	22	7,372	2.98
53204	31	11,675	2.66
53207	11	5,552	1.98
53110	6	3,093	1.94
53217	10	5,521	1.81
53214	10	5,992	1.67
53226	5	3,043	1.64
53221	11	6,926	1.59
53154	10	6,334	1.58
53202	1	651	1.54
53220	6	4,018	1.49
53211	4	3,409	1.17
53172	4	3,499	1.14
53213	5	4,399	1.14
53228	2	2,099	0.95
53130	1	1,133	0.88
53132	5	5,689	0.88
53129	2	2,289	0.87
53227	3	3,441	0.87
53219	5	5,750	0.87
53235	1	1,160	0.86
<b>Milwaukee County</b>	<b>551</b>	<b>178,343</b>	<b>3.09</b>

<sup>10</sup> The number of children in each ZIP code was taken from the U.S. Census Bureau's 2010 Summary File 1, Table PCT12.



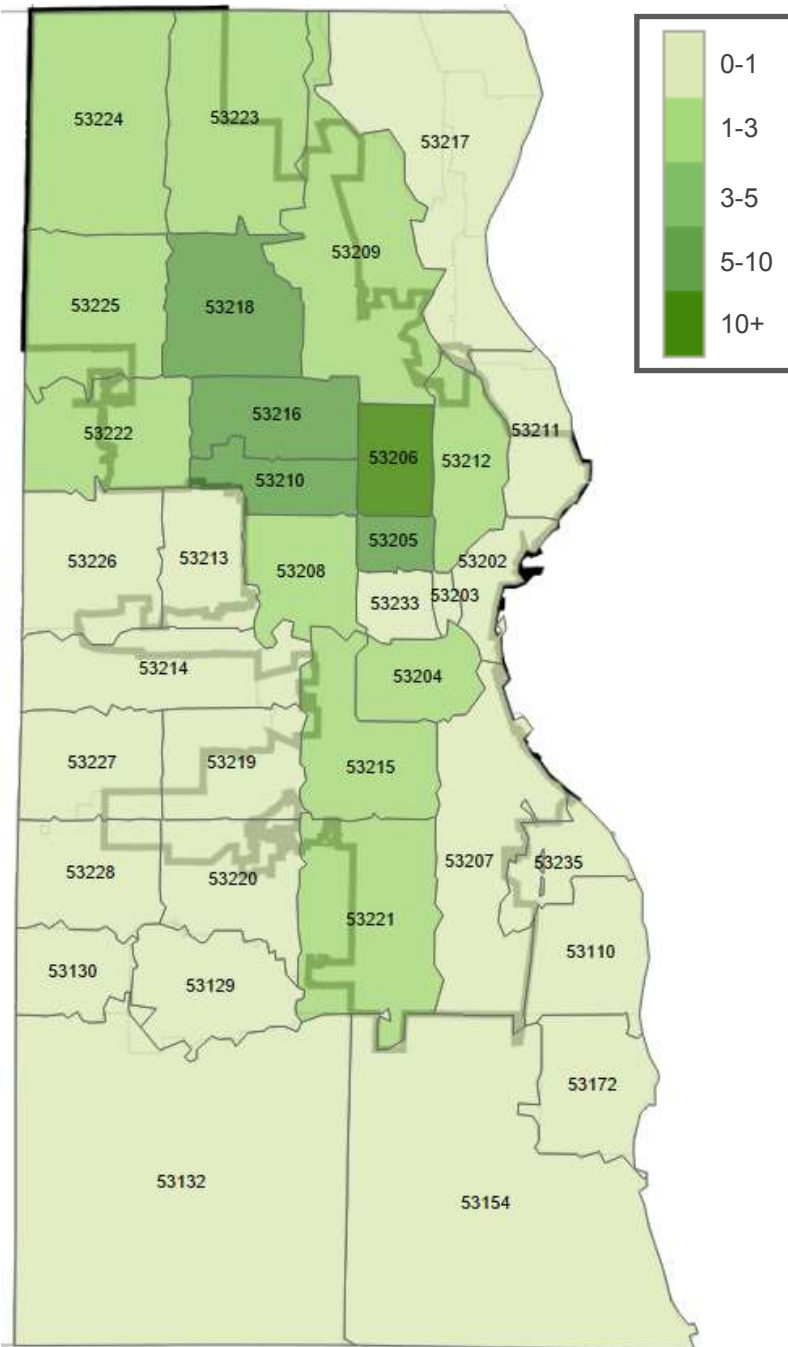
We see that the best access by this measure appears to be largely within the City of Milwaukee, and particularly within its central and northern ZIP codes. It should be noted, however, that while the 53203 ZIP code appears to provide outstanding access to quality child care under this measure, there are only 44 children ages 13 or under living there, and that ZIP code contains only a single quality provider.

**Figure 1: Access to quality child care by ZIP code – providers per 1,000 children ages 13 & under**



We also analyzed the number of 3 Star providers per 1,000 employees within each ZIP code. By this measure, access to quality child care appears to be concentrated in the City of Milwaukee, especially on the north side and parts of the south side of the city, as shown in **Figure 2** and **Table 4**. Interestingly, however, the four ZIP codes with the highest numbers of employees have some of the lowest numbers of quality child care providers per 1,000 employees. Three of those high employee ZIP codes (53202, 53226, and 53233) are among the bottom four ZIP codes on this measure of access, and all have fewer than 0.5 quality providers per 1,000 employees.

**Figure 2: Access to quality child care by ZIP code – providers per 1,000 employees**



The 53202 ZIP code was mentioned in our *YoungStar at One Year* report (January 2012) as having only one high-quality (5 Star) provider, despite being home to the highest concentration of employment in Milwaukee County at that time. It now has only one child care provider in total, which is rated 3 Stars. This limits the options of parents and guardians who work in downtown Milwaukee, and likely creates increased demand and competition for child care near their homes.

The area within the 53206 ZIP code on Milwaukee's north side appears to have the best access by this measure, with 11.9 providers per 1,000 employees. As seen in **Table 4**, however, this area has the second lowest total number of employees, so this access may be of limited benefit.

**Table 4: Quality (3+ Star) providers per 1,000 employees, by ZIP code<sup>11</sup>**

ZIP Code	Number of 3+ Star Providers	Total Employment	3+ Star Providers per 1,000 employees
53206	22	1,851	11.89
53205	17	1,710	9.94
53218	46	4,721	9.74
53216	49	5,462	8.97
53210	48	5,847	8.21
53215	58	19,226	3.02
53209	44	14,952	2.94
53225	20	8,112	2.47
53208	24	11,600	2.07
53204	31	16,144	1.92
53212	33	17,964	1.84
53221	11	8,921	1.23
53224	17	14,785	1.15
53222	16	14,251	1.12
53223	18	16,627	1.08
53219	5	5,053	0.99
53220	6	6,596	0.91
53207	11	12,793	0.86
53172	4	4,682	0.85
53217	10	12,789	0.78
53110	6	8,540	0.70
53154	10	15,279	0.65
53213	5	8,971	0.56
53228	2	4,032	0.50
53129	2	4,177	0.48
53132	5	10,481	0.48
53211	4	8,690	0.46
53214	10	22,514	0.44
53235	1	2,414	0.41
53130	1	3,470	0.29
53227	3	13,500	0.22
53233	5	23,189	0.22
53226	5	34,024	0.15
53203	1	15,720	0.06
53202	1	56,902	0.02
<b>Milwaukee County</b>	<b>551</b>	<b>435,989</b>	<b>12.64</b>

<sup>11</sup> The number of employees in each ZIP code was taken from the U.S. Census Bureau's 2010 County Business Patterns file.





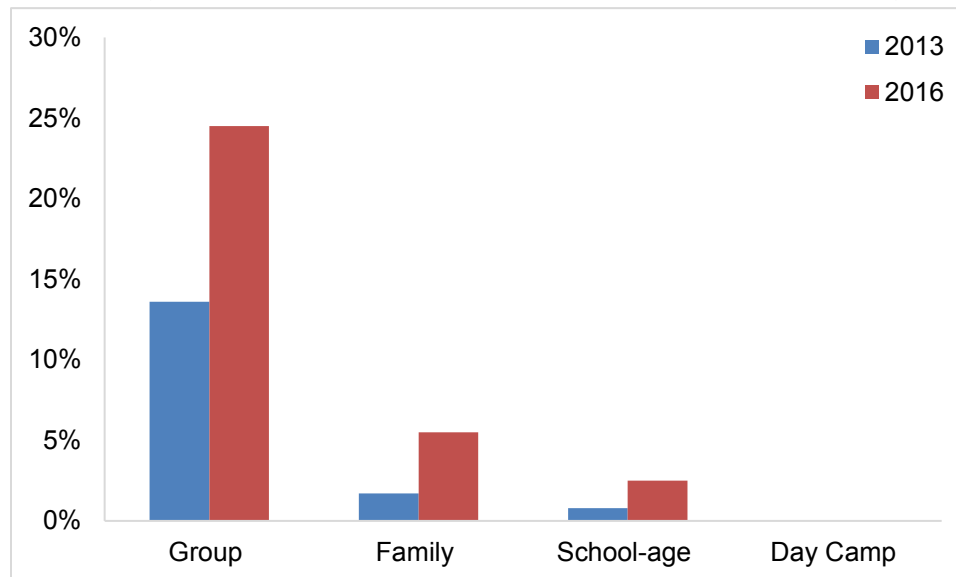
## ACCESS TO HIGH-QUALITY CARE HAS IMPROVED

Since one of the main goals of YoungStar is to increase the share of children in *high-quality* child care, we also examined the numbers of children enrolled at 4 and 5 Star providers. Since our previous report in 2013, the share of Milwaukee County children receiving Wisconsin Shares subsidies who are enrolled at a 4 or 5 Star child care provider has nearly doubled, from 9.4% to 18.6%. While this is encouraging progress, Milwaukee County still lags behind the state as a whole on this measure; 23.1% of children receiving Wisconsin Shares subsidies statewide are enrolled at high-quality providers. Removing Milwaukee County and looking only at the rest of the state, 28.2% of children are in high-quality care.

Although a direct comparison to our *YoungStar at One Year* report is not possible because many providers had not yet been rated when that report was released in 2012, the data do indicate that there has been improvement in the ability of Milwaukee County children to gain access to high-quality care. In 2012, no providers had 4 Star ratings, while today there are 47. Since 2012, Milwaukee County also has had a net gain of 26 providers with 5 Star ratings.

**Chart 4** shows how the percentages of high-quality (4 and 5 Star) providers have grown in Milwaukee County since our last update in 2013. Notably, there has been an increase in high-quality providers in all three of the YoungStar tracks that existed in 2013.

**Chart 4: High-quality child care providers in Milwaukee County, by YoungStar track**



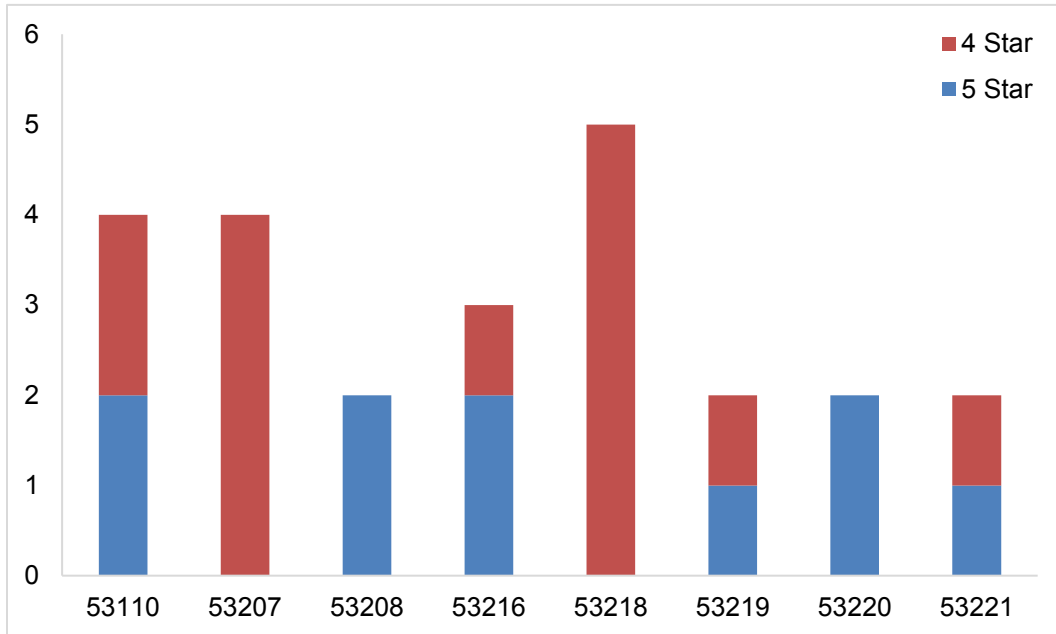
In our 2013 report, we also examined the access to high-quality child care within each ZIP code in Milwaukee County. Today, we find that access has improved in several ways.

In 2013, there were a handful of ZIP codes on Milwaukee's northwest and far south sides with no high-quality child care options despite having large populations of both children and workers. Since that time, all but two ZIP codes that were previously without high-quality care have added at least one 5 Star provider. The two exceptions (53207 and 53218) added several 4 Star providers (four



and five, respectively), meaning there are now high-quality child care options in all of those ZIP codes, as shown in **Chart 5**. Additionally, two other ZIP codes (53204 and 53215) have added even greater numbers of high-quality providers, (nine and 13, respectively) since the first year of YoungStar.

**Chart 5: Number of high-quality providers added since 2012 in ZIP codes that previously had none**



While progress was made in these ZIP codes that lacked high-quality child care options in 2013, two other ZIP codes (53202 and 53206) have experienced a downturn. At the time of our last report in 2013, 53202 had one high-quality provider and 53206 had two such providers. Both have since lost those high-quality providers and did not add any new 4 or 5 Star providers. These are now the only two ZIP codes in the City of Milwaukee without high-quality child care options.



## STAFF EDUCATION STILL A MAJOR CHALLENGE FOR 2 STAR PROVIDERS

In 2013, we found that earning sufficient points in YoungStar's education category was a considerable obstacle for 2 Star providers seeking advancement to 3 Stars. Today, we find that still is the case. It is worth noting that this is a particular problem for family providers, who now comprise 70% of the 2 Star providers in Milwaukee County.

Of the 258 providers with a 2 Star rating in Milwaukee County, 240 (97%) lack enough points in YoungStar's Education category to move to the 3 Star level. This obstacle is particularly substantial for family providers, of whom 161 out of 162 providers lack the necessary staff education levels to qualify for 3 Stars. We also found that there are 89 providers rated 2 Stars that have enough *total* points to advance to 3 Stars, but 79 of them did not meet the minimum 3 Star qualifications in the Education category, including 34 of the 35 family providers.

The challenges facing 3 Star providers in their efforts to advance to the 4 Star level are more varied than those faced by 2 Star providers. For example, although staff education also is an obstacle for some 3 Star providers, the four required points in YoungStar's Learning Environment and Curriculum category appear to be a stumbling block for *most* 3 Star providers.<sup>12</sup> To earn the required points, providers must score an average of four points on the appropriate Environment Rating Scale (ERS) for their track. Those assessments are conducted by a trained rating observer from YoungStar and look at items on seven subscales related to observed quality: space and furnishings; personal care routines; language-reasoning; activities; interaction; program structure; and parents and staff.<sup>13</sup>

An ERS evaluation takes place when a provider goes through YoungStar's *formal* rating process, which is required to earn a 4 or 5 Star rating. Providers who opt instead for a *technical* rating through YoungStar do not receive an ERS evaluation, which would allow them to earn the required points in the Learning Environment and Curriculum category.

Nearly all of the 3 Star providers (97% of family, 96% of group, and 100% of school-age) in Milwaukee County have opted for a technical rating, which explains their lack of points in this area. What is unclear is why so many providers opted for a technical rating. Many of those providers (62% of family, 46% of group, and 71% of school-age) have enough points in the Education category (a common obstacle) to justify pursuing a formal rating that could lead to a 4 or 5 Star rating. One possible explanation is that those providers have earned extra optional points in one or more categories, which push them over the threshold of total points needed, but they lack one or more specific required point(s) to move to the next level.<sup>14</sup> Another possibility, according to DCF, is that many providers believe ERS observations are stressful for their staff and they are reluctant, therefore, to undergo them.

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<sup>12</sup> Obstacles for 3 Star providers under the day camp track were not analyzed, as they must become accredited if they wish to advance to a 4 or 5 Star rating.

<sup>13</sup> Language-reasoning is referred to as "listening and talking" in the ERS for family providers. The ERS for school-age providers substitutes health and safety for personal care routines, and the language category is replaced by special needs.

<sup>14</sup> In addition to a required total, each category also has required points that must be earned in order to advance to the next star level. It is possible to earn optional points and exceed the total number required to advance, but without the required point, the provider cannot advance to the next star rating.



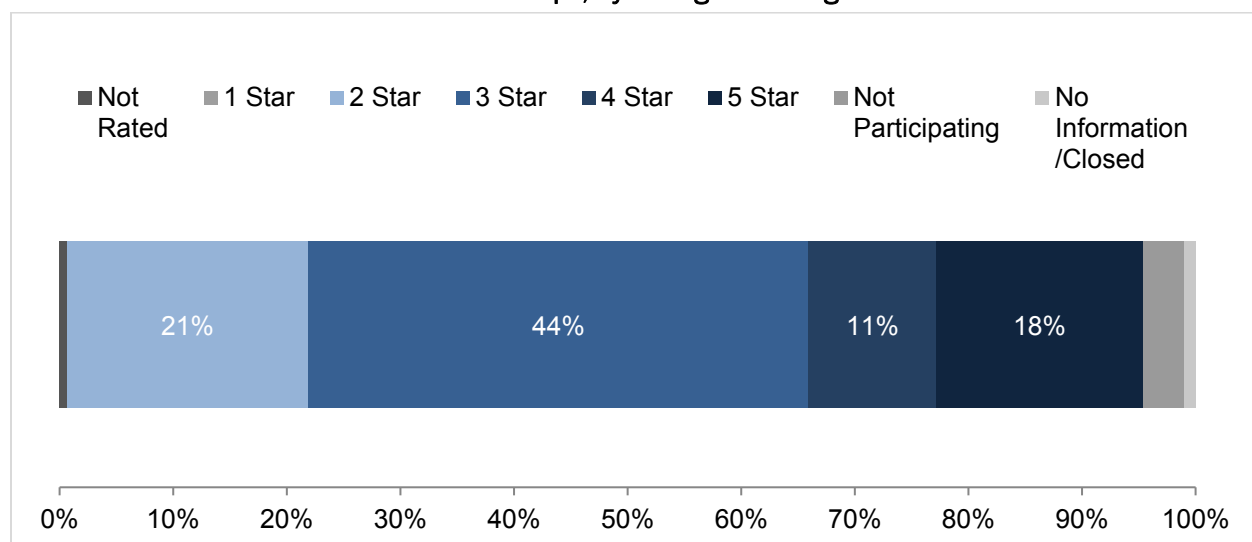
## HIGHER-RATED PROVIDERS MAKE GREATER USE OF QUALITY IMPROVEMENT RESOURCES

Given the importance of staff education in the YoungStar ratings scale and our finding that insufficient staff education levels are blocking advancement for a significant number of 2 Star providers, we sought to explore how the YoungStar system is addressing that issue. One way in which YoungStar seeks to assist providers in achieving higher staff education levels is to connect them and their employees with statewide Teacher Education and Compensation Helps (T.E.A.C.H.) scholarships to help offset the costs for staff to earn the necessary credits or credentials to advance to the next star level.

In order to be eligible for a T.E.A.C.H. scholarship, employees must meet certain requirements. For example, they must work a minimum number of hours per week at a child care facility, be employed at their sponsoring program for at least three months, and attend a Wisconsin-based college or university to earn their credits or credentials. The scholarship covers a “significant portion” of the recipient’s school expenses for tuition, books, and more. It also provides a travel stipend and reimbursement for work release. Upon completion of the contract, the employee also is eligible to receive a bonus from T.E.A.C.H. and a raise or bonus from her or his sponsoring program.<sup>15</sup>

While T.E.A.C.H. scholarships are not exclusively available to providers that participate in YoungStar, YoungStar does track the number of providers with at least one employee who has received a T.E.A.C.H. scholarship. As shown in **Chart 6**, the data show that the largest portion of providers in Milwaukee County with at least one employee receiving a T.E.A.C.H. scholarship (44%) were 3 Star providers. Meanwhile, about 21% of those receiving a T.E.A.C.H. scholarship were 2 Star providers, despite the fact that 2 Star providers comprise 47% of total providers in Milwaukee County. This also may be an indication that family providers are utilizing T.E.A.C.H. scholarships at lower rates, since they make up the majority of 2 Star providers.

**Chart 6: Distribution of T.E.A.C.H. scholarships, by YoungStar rating**



<sup>15</sup> Wisconsin Early Childhood Association. “Let’s get started!” <http://wisconsinearlychildhood.org/programs/TEACH/let-s-get-started/>

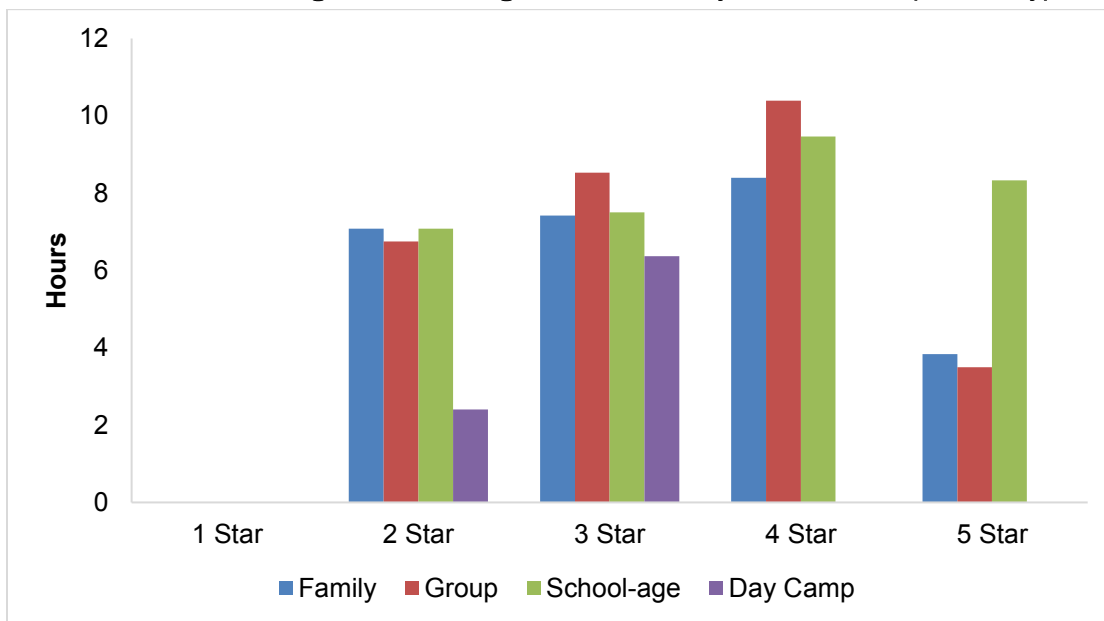


Since education is a substantial barrier for 2 Star providers seeking to advance to the 3 Star level, it is somewhat surprising that they are not taking advantage of this resource at higher rates. It is possible that other barriers, such as lack of time and transportation, are preventing some 2 Star employees from accessing the courses needed to improve their education level and move up to the next star rating. Meanwhile, 4 and 5 Star providers appear to be overrepresented: 4 Star providers make up 5% of providers but 11% of T.E.A.C.H. scholarship recipients, while 5 Star providers comprise 7% of providers but 18% of T.E.A.C.H. scholarship recipients.

As part of its support services, YoungStar also provides coaching and mentoring through its Technical Consultants. Technical Consultants can assist providers to complete self-assessments, which help identify the provider’s strengths and areas for improvement. Completing a self-assessment is required in order to earn a rating of 3 Stars or higher. Technical Consultants also can help providers develop quality improvement plans (QIPs) that outline the providers’ goals and steps to reach them. This document then can be used to apply for YoungStar micro-grants, which can pay for materials or services identified in the QIP that will help the provider make improvements and potentially advance its YoungStar rating.

The rates of participation in YoungStar’s mentoring and coaching are high across provider types and star levels. Across all tracks, 84% to 100% of providers took advantage of coaching and mentoring from YoungStar’s Technical Consultants between April 2015 and April 2016. There is a much larger range when the amount of technical assistance is considered, however. Among 2 Star family providers, for example, the time spent with a Technical Consultant ranges from 0.2 hours (about 10 minutes) to 31 hours, with a median of about seven hours.<sup>16</sup> The median time received for each provider type and star track is shown in **Chart 7**. Within most provider tracks, the median time received for coaching and mentoring was highest for 4 Star providers (the exception being day camps, as no day camp providers currently are rated above 3 Stars).

**Chart 7: Median coaching and mentoring time received, by star level and provider type**



<sup>16</sup> The extensive range likely is due to the Milwaukee Succeeds pilot program.



While we do not know for certain whether all providers seeking mentoring or coaching were doing so with the specific goal of improving their rating, we can measure the number of providers who improved to a higher star rating from April 2015 to April 2016 and whether they received mentoring or coaching services. The greatest shift occurred among 2 Star providers advancing to 3 Stars. We find that 12% of providers that had already been rated by YoungStar and that received mentoring and coaching services advanced at least one star level during that period. In contrast, during the same time period, 5% of providers who did not participate in YoungStar mentoring and coaching advanced at least one star level.

Finally, YoungStar offers professional development as a resource to providers. Participation rates vary widely, but in general, fewer providers took advantage of professional development opportunities than coaching/mentoring over the same period of time. The group with the highest rate of participation in professional development activities was 5 Star providers, who cannot improve but may work to maintain their high ratings. Overall, the median amount of time providers spent participating in professional development activities was less than one hour, with the exception of group providers, which had a median greater than one hour at all rating levels.

Again, while it is impossible to determine what each provider's goals were in working with YoungStar for professional development, we can measure whether providers that participated improved their star ratings. Levels of improvement were similar to those from mentoring and coaching (about 13%, compared to 8% who did not receive YoungStar professional development), and in fact may be attributable to both, as there likely was overlap among recipients of both services.

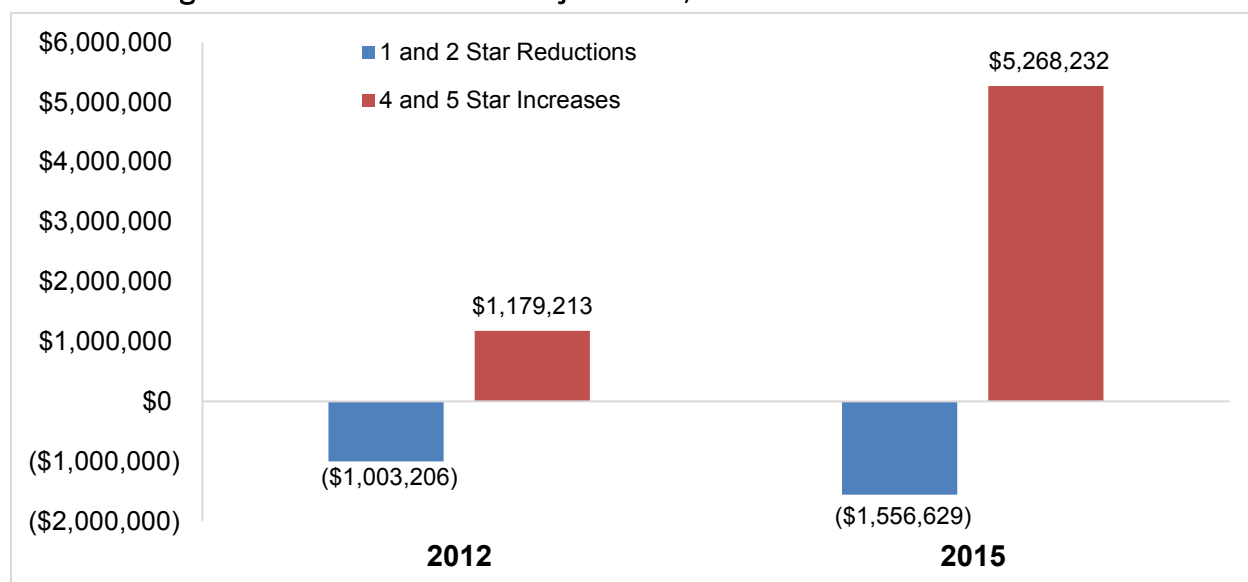


## INCREASED PAYMENTS TO HIGH-QUALITY PROVIDERS NOW EXCEED REDUCTIONS TO LOW-RATED PROVIDERS

In 2012, we noted that the money saved from YoungStar’s reduction in reimbursements to 1 and 2 Star providers<sup>17</sup> in Milwaukee County was almost equal to the amount spent on increased payments to high-quality providers (all rated 5 Stars at that point). When we analyzed that issue based on the most recent YoungStar data, we found that it is no longer the case.

As shown in **Chart 8**, in 2015, increased payments to high-quality providers exceeded reductions for 1 and 2 Star providers by \$3.7 million, meaning more funding is flowing to child care providers in Milwaukee County overall than would be the case if YoungStar’s tiered reimbursement system was not in place.<sup>18</sup> It should be noted that while \$3.7 million is not an insignificant amount of money, it represents only 3% of the total Wisconsin Shares funding issued to providers in Milwaukee County in the last year.

**Chart 8: YoungStar tiered reimbursement adjustments, 2012 and 2015**



This change in the financial dynamic likely can be attributed to the progress that has been made to improve the quality of YoungStar-rated child care providers, as there are fewer providers with 2 Star ratings and more 4 and 5 Star providers than there were in 2012. Other likely factors are a January 2013 change to YoungStar’s tiered reimbursement structure that increased tiered reimbursement payments for 5 Star providers from 10% to 25%, and a December 2013 change that increased tiered reimbursement payments for 4 Star providers from 5% to 10%.

In October 2016, Wisconsin will begin using a new system of reimbursing providers with Wisconsin Shares funds. Parents will be given an EBT card authorized with the amount of Wisconsin Shares

<sup>17</sup> The State saved money from 1 Star providers because those providers were deemed ineligible for Wisconsin Shares funding; 2 Star providers saw their reimbursement amounts decreased by 5%.

<sup>18</sup> This observation emerges from a broad, budgetary analysis of the Wisconsin Shares and YoungStar programs in Milwaukee County. Whether individual child care providers are receiving enough in Wisconsin Shares reimbursements to sustain their 4 and 5 Star ratings is beyond the scope of this analysis.



funds for which their children are eligible. They will use this card to pay their child care providers directly, allowing the provider to receive payment before services are rendered, instead of invoicing Wisconsin Shares for payment afterward. This has been promoted as a way to involve parents more directly with their child care providers, and to have Wisconsin Shares payments more closely resemble the private pay model.

In addition to the introduction of EBT cards, the new payment model originally included a plan to cap reimbursements at the provider's private pay rate. This meant that some providers would receive smaller reimbursement increases than they did previously. For example, if a provider's private pay rate is \$200 and a parent receiving Wisconsin Shares is responsible for paying \$30, the tiered reimbursement would be calculated using the \$170 difference. If the provider in question is a 5 Star provider, then the 25% increase would amount to \$42.50. However, since that payment would produce a total reimbursement of \$212.50, the increased reimbursement would be limited to only \$30, which would produce an effective reimbursement rate of only 17.6%.

YoungStar representatives defended this policy by stating that Wisconsin Shares reimbursements were never meant to allow providers to generate higher payments from families who receive Wisconsin Shares than from private pay families. However, those concerned with the new policy argued that the tiered reimbursement system originally was intended to incentivize providers to increase their rating, and that the new caps may not provide sufficient incentive to do so. They also asserted that the decrease in reimbursement payments could make it difficult for some high-quality providers to afford the actions necessary to maintain their star ratings, which could lead them to settle for lower ratings or to opt out of YoungStar (and Wisconsin Shares) altogether.

In response to extensive feedback received from child care providers and parents, DCF officials recently announced that during the transition to the new payment system, reimbursements for 4 and 5 Star providers will not be capped at the providers' private pay rates.<sup>19</sup> Parents' EBT cards will be loaded with the base subsidy amount, which only will be modified for those choosing 2 Star providers, who will see a 5% reduction in their balance. Reimbursement increases for 4 and 5 Star providers (10% and 25% respectively) will be paid separately as lump sum payments. This is only a temporary stop-gap measure while DCF looks for a more permanent solution.

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<sup>19</sup> Anderson, Eloise. Secretary of Wisconsin DCF. August 9, 2016  
<https://wccaa.wildapricot.org/resources/Documents/Letter%20from%20DCF%20-%20EBT%20Card.pdf>





## CONCLUSION

Our review of YoungStar ratings in Milwaukee County five years after implementation indicates progress has been made on the program's primary goal of improving child care quality. For example:

- The majority (54%) of children receiving care from rated providers in the county now are enrolled at 3 Star providers. That is a reversal from our last analysis three years ago, when 54% were enrolled at 2 Star providers.
- The majority of providers in YoungStar's group, school-age, and day camp tracks now possess 3 Star ratings. In 2013, the majority in each track had 2 Star ratings.
- The number of children enrolled in high-quality care (i.e. 4 and 5 Star providers) has doubled since 2013 to 19%. Meanwhile, access to high-quality care also has improved, with all but two ZIP codes within the county now housing at least one high-quality provider, as compared to eight in 2013.

However, our analysis also shows there is still room for improvement. For example, Milwaukee County trails the rest of the state in the percentage of children enrolled at high-quality child care providers. Given that an overriding goal of YoungStar is to increase the share of children in high-quality child care – and that the Milwaukee region houses the largest portion of Wisconsin Shares recipients – improving on this measure will be central to meeting the State's goal.

Additionally, progress has been uneven among different types of providers. In fact, home-based family providers, which comprise a majority of child care providers in Milwaukee County (54%), appear to face significant and unique obstacles within the YoungStar rating system. The majority of family track providers are rated 2 Stars, while the majority of providers in other categories are rated 3 Stars. Although the number of Wisconsin Shares children enrolled at family providers is comparatively small (about 17%), it is clear that these providers experience disproportionate difficulty in advancing to the 3 Star level. This, in turn, affects their funding. Perhaps relatedly, we have noted a significant decline in the number of family providers in Milwaukee County over the last three years, from 723 to 567.

Whether this sacrifice in quantity is an acceptable trade-off in the quest for quality is an issue that should be contemplated by policymakers. The elimination of significant numbers of family providers that are having difficulty attaining the program's definition of "quality" may be consistent with the program's overall objectives. However, YoungStar may be leaving families with fewer options for home-based child care and creating a system in Milwaukee County in which group child care centers are serving the vast proportion of children.

Overall, the picture painted by our analysis of YoungStar data in Milwaukee County is a positive one for children and families and a largely reassuring one for policymakers who sought to enhance the number of children receiving quality care. We plan to check back on the program's progress in another two to three years to determine whether these encouraging trends are continuing.

