



## PUBLIC POLICY FORUM

IMPARTIAL RESEARCH. INFORMED DEBATE.

**For more information:**

Rob Henken  
President, Public Policy Forum  
414-276-8240 or 414-708-4392 (c)  
[rhenken@publicpolicyforum.org](mailto:rhenken@publicpolicyforum.org)

**For immediate release**

August 18, 2016

### **Quality of Child Care Improving in Milwaukee County** *Gains are mostly occurring in group centers as number of family providers declines*

A report released today by the Milwaukee-based Public Policy Forum finds that five years after initial implementation of the State's YoungStar quality rating and improvement program, an increased number of children are receiving child care from quality providers. The report also finds that while large group centers have made considerable progress in improving their ratings, smaller home-based family providers continue to struggle.

"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," says the report. "However, progress has been uneven among different types of providers...in fact, home-based family providers, which comprise the majority of child care providers in Milwaukee County, appear to face significant and unique obstacles within the YoungStar system."

YoungStar was created by the Legislature and Governor in 2010 to "drive quality improvement in child care throughout the state." YoungStar uses a five-star system to rate providers that accept Wisconsin Shares child care subsidy reimbursements based on several measures of quality, including staff education levels, learning environment, business

methods, and health/safety. The goal is to provide parents with a means of being able to choose quality child care; create incentives for providers to improve services; and help prevent fraud in the Wisconsin Shares system.

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 Forum published a pair of reports analyzing YoungStar’s implementation. The Forum's latest report provides an update on the impacts of YoungStar, specifically addressing the ratings of Milwaukee County providers and the accessibility of quality child care for Milwaukee County children.

Among the report's 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 the Forum's 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 basic health and safety standards.
- **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%.
- **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.
- **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.

The report also explored YoungStar's financial payments and found that the program's "tiered" reimbursement system – which provides enhanced payments to high-quality providers and reduced payments to 2 Star providers – 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," says the report. "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."

In analyzing the difficulties faced by family providers, the report notes that the funding reduction experienced by 2 Star family providers may be a contributing factor to the sharp decline in the number of such providers in the 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," concludes the report. "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."

The full report can be downloaded at the Forum's website, [www.publicpolicyforum.org](http://www.publicpolicyforum.org).

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 public policy issues.

####