



Starting Early, Starting Now: Investing in Teachers to Grow Child Care Quality

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Childhood Association
Because small lives get bigger

EXECUTIVE SUMMARY

Starting Early, Starting Now: Investing in Teachers to Grow Child Care Quality explores an unresolved problem facing Wisconsin and our nation: How do we set young children on a positive life trajectory through quality early education while paying near poverty-level wages to those professionals who care for and teach them?

There's a growing consensus among myriad stakeholders that high quality early education is vitally important. Without putting solutions on the table that support financing the early education system at a level where wages improve, however, we are caught circling around the issue of quality and not achieving the outcomes for children that we desire.

THE PROBLEM IS MULTI-FACETED:

Demand is high for quality child care. Decades of research reveal that early brain development has lifelong consequences. More recently, economists have demonstrated how the investments we make now reap big returns in our future economy and social well-being.

Child care in particular needs more revenue to sustain quality. Our current system of early education is fragmented and inequities abound across the three primary early education sectors: Child Care, Head Start and Public Pre-School (4K). The source of the inequities are largely explained by the amount of public investment each receives. Currently, child care, which serves the greatest numbers of children is the sector receiving the least public support, resulting in teachers being paid the lowest salaries.

Parents can't pay more. The cost of child care falls largely on the fees that parents can pay. This cost has risen in the U.S. more than 70% since 1985. Currently, a year of child care costs more than annual tuition in a Wisconsin college, but parents with young children are at a low point in their earning potential. Wisconsin's public support for low-income families (through the Wisconsin Shares program) at best matches that of private-paying families, which is not enough to support quality.

Programs can't retain well-educated teachers. The Early Care and Education Cost Model – described here – suggests that we have created an unsustainable business model. In Wisconsin, implementation of a Quality Rating and Improvement System (YoungStar), has meant more teachers increasing their educational qualifications so programs can improve their quality level and associated star rating. Higher star ratings, however, are tenuous because of current wage levels. The Cost Model shows that a child care program loses money incrementally as it moves up star levels.

Teachers leave for better paying jobs. Teachers are key to achieving and sustaining quality. It is their consistent and nurturing relationships with children that lay the foundation for all future learning. And yet child care teachers leave their work at over twice the rate of the average Wisconsin worker. Quality suffers when well-educated teachers leave.

Education begins early and today's children can't wait. We must invest now in teachers to grow child care quality.

“If one thing is true from the infant child care room to the college lecture hall, it is that the teacher is the most important ingredient in a high-quality learning experience.”

-Shannon Rudisill, Director, Office of Child Care, U.S. Department of Health and Human Services¹

The notion that education begins at kindergarten is outdated. There is a growing recognition that a child’s education begins at birth. Across the nation, a conversation that was once focused on access to child care to support working parents has shifted to a conversation on the importance of high-quality experiences during the early years as foundational for children’s success in school and life.

As a nation, we have moved from understanding child care as simply a private choice parents make and pay for, to understanding early learning as integral to healthy communities and our overall social and economic well-being. We all have a stake in ensuring children get the best start possible.

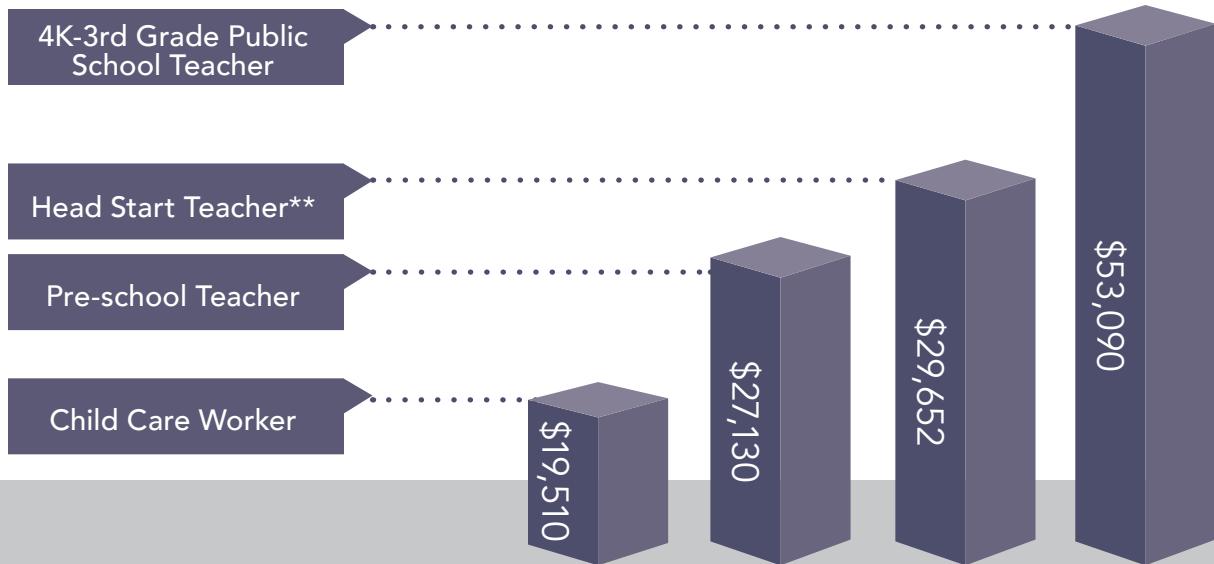
Those engaged in the conversation have shifted as well. Law enforcement and military personnel, judges within the juvenile justice system, pediatricians, social workers, K-12 educators, economists, community development specialists, as well as mayors, governors, and politicians from both major parties are the new messengers in support of high-quality early education. And their

message is spreading into communities. In a recent national poll (2014), 85% of Americans prioritized giving children a strong start in life, second only to jobs and the economy, and they want Congress to act.²

With a growing recognition of the importance of high-quality early education, we must face the reality that what we are currently offering young children is not good enough. We need a well-educated, highly skilled professional workforce teaching our youngest children. Let’s take a closer look at the inequities that exist across educational sectors and target our investments where they will really make a difference: in the compensation, retention and professional development of teachers and providers of early care and education. The key to ensuring our children receive the best early care and education possible so they enter the K-12 system prepared to succeed is ensuring highly qualified teachers in all early childhood settings. It is time now to recognize that the struggle to attract and retain a well-educated workforce of early childhood educators depends on improving compensation.

EARLY CHILDHOOD WORKFORCE SALARIES

Median Annual Pay*



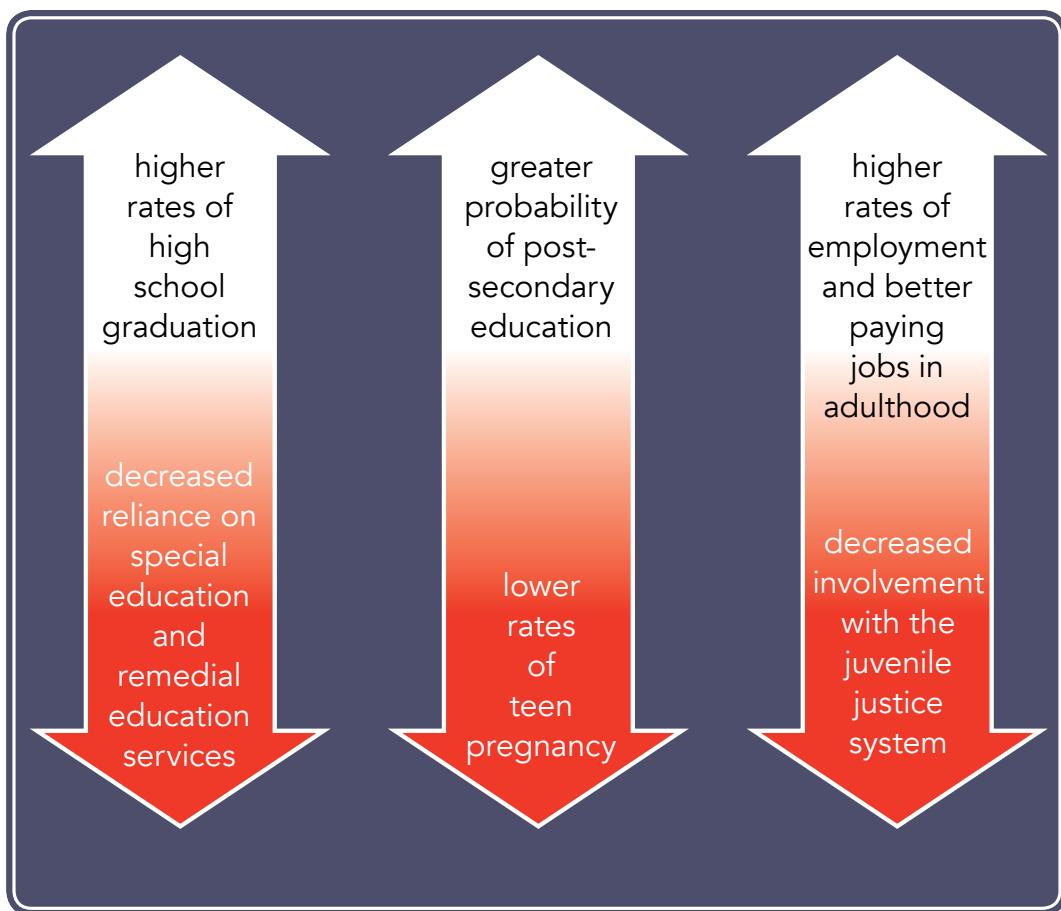
* US Bureau of Labor Statistics, Wisconsin wage data, 2012

**State of Preschool Yearbook 2013, National Institute of Early Education Research

EARLY LEARNING MATTERS

Why the new focus on early education? Research is clear: early learning matters. Solid evidence in neuroscience informs us that early brain development plays a foundational role in future learning and overall well-being.³ Additionally, longitudinal studies (including the HighScope Perry Preschool, the Abecedarian Project, and the Chicago Parent-Child Centers) have found many long term positive outcomes are correlated with high-quality early learning experiences, including:





Recent studies have found that the quality of early experiences also impacts later health and physical well-being⁴, third grade reading scores and vocabulary acquisition,⁵ and optimal social-emotional development.⁶ There is also growing recognition of the value of early intervention when young children experience trauma.⁷

Economists are lending their voices to why early learning matters as well. As we consider that today's children are our future workforce, we are compelled to consider the impact of early learning on our local, state,

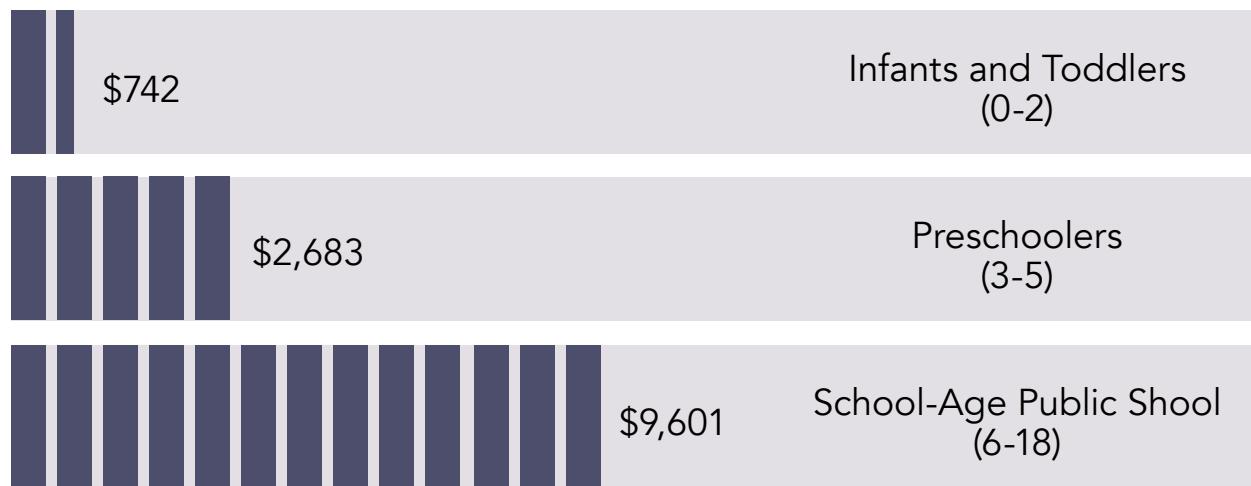
national, and global economies. According to James Heckman, a Nobel Prize-winning economist at the University of Chicago, "We cannot afford to postpone investing in children until they become adults, nor can we wait until they reach school age—a time when it may be too late to intervene. Learning is a dynamic process and is most effective when it begins at a young age and continues through adulthood."⁸ Improving the quality of early education could be a significant means to fixing many of society's ills and enhancing our economic well-being.

INEQUITIES ACROSS EDUCATIONAL SECTORS

There is growing consensus on the importance of preparing children to succeed in school. A child's success relies heavily on the value of what has transpired in the first five years of life. However, the public investment in early education versus K-12 education does not support this notion.

ANNUAL FEDERAL & STATE EDUCATIONAL EXPENDITURES

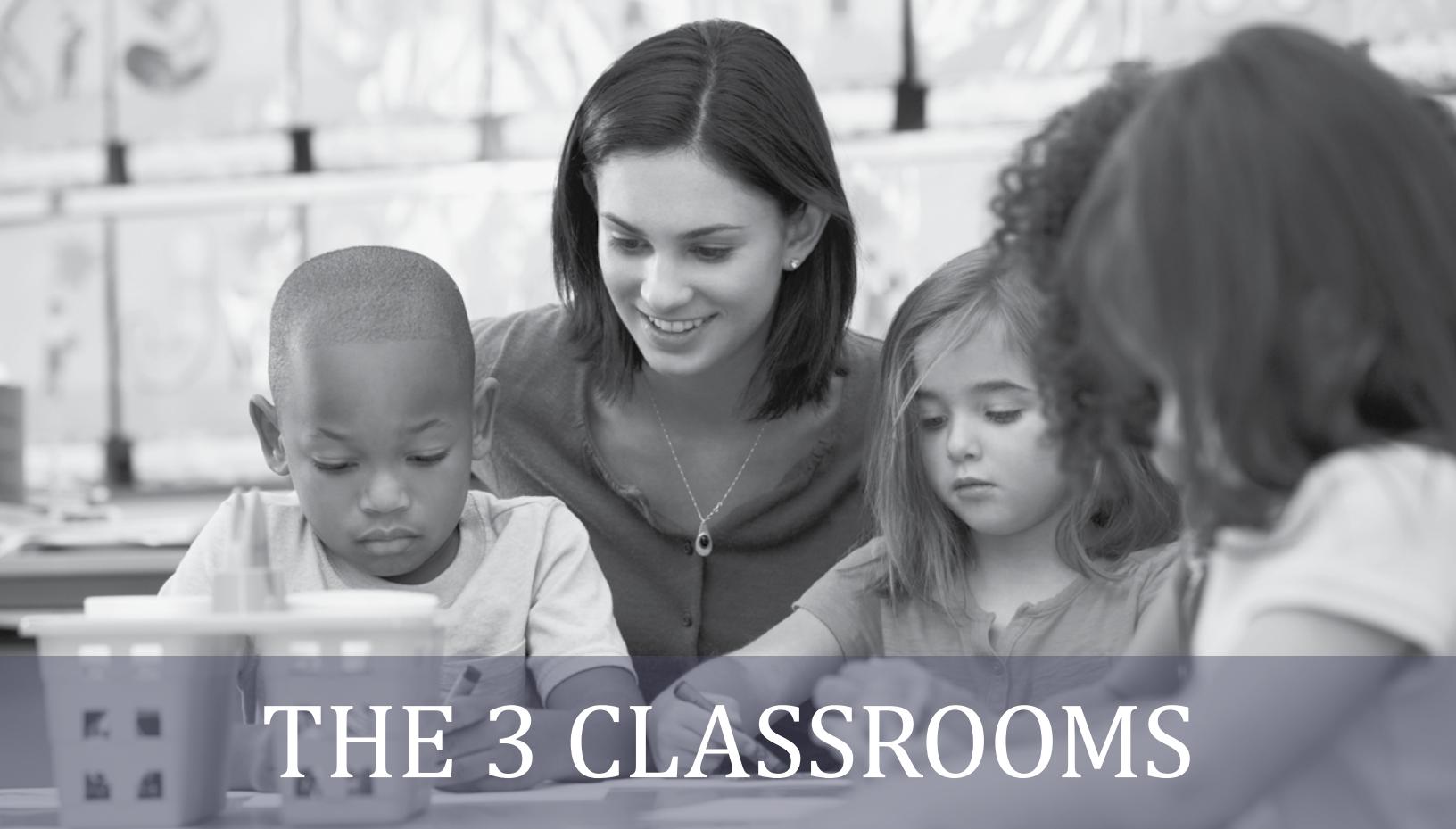
By Age Group—State of Wisconsin*



* Voices for America's Children (2010) Early Learning Left Out: Building an Early Learning Childhood System to Secure America's Future, Washington, D.C.

As a state, Wisconsin spends significantly less for children infant to age 5 than it does for children ages 6-18. The investment per child ages 3-5 is more than 3 times the investment per child ages 0-2. The investment per child ages 6-18 is more than 12 times the investment per child ages 0-2.

The impact of this disparity in public investment extends to the classroom as well. The following three vignettes portray a teacher with a bachelors degree working in different sectors of early education: a public school four-year-old kindergarten (4K) classroom, a Head Start program and a child care center. The 4K and Head Start settings are fully supported by public dollars; the child care setting reflects a program largely financed by private pay families. These vignettes reflect teachers doing very similar work with similar educational preparation, yet with unequal access to resources to support their work.



THE 3 CLASSROOMS

"I teach in public school 4K."

I work at Standard Elementary School in the four-year-old kindergarten program. I have 21 four-year-olds for three hours in the morning and 19 for three hours in the afternoon, four days a week. Using the Wisconsin Model Early Learning Standards as my guide, I create the social, intellectual and emotional foundations that the children need to succeed in school and grow into adulthood. I have a bachelor's degree in early childhood education and am certified by the Wisconsin Department of Public Instruction. I earn an annual salary of \$53,000. In addition to spring and winter breaks, I have full

health care benefits through my school district, a pension for my retirement, and access to substitute teachers when I'm ill or unable to teach. In addition to my six contact hours with children four days a week, I spend additional time planning, preparing child assessments, and consulting with colleagues. Professional development includes a mentor relationship with an experienced teacher and support for advancing my career through credit-based opportunities offered to me at no cost through the school district.

Facts about 4K

Number of children served:
46,321 children in the
2013-14 school year

Scope of services: 2.5 to
3-hour sessions per group
during the school year, with
the exception of school
breaks, 4 or 5 days per week

Funding source: State of
Wisconsin through tax-
supported public school
funds

Teacher qualifications:
Bachelor's degree

Source: The State of Preschool
2013, National Institute of Early
Education Research.

"I teach in Head Start."

I work at Badgertown Head Start program as a Lead Teacher in a classroom of 16 three-to-five year old children – a group in the morning and another group in the afternoon—all of whom are income eligible for Head Start services. My program adheres to the Head Start Performance Standards which align with Wisconsin Model Early Learning Standards. My plans are based on assessment of children's needs. With the support of a teacher aide and parent volunteers, I plan activities and learning experiences to create the social, intellectual and emotional foundations that the children will need to succeed in

school and grow into adulthood. I collaborate with other Head Start staff to ensure that the children and their families receive the comprehensive services that our agency provides to support their health and well-being. I have a bachelor's degree in early childhood education and earn an annual salary of \$30,000. I have employer-supported health care coverage and paid vacation and sick days. As my education increases, I receive salary increases and can count on our program administrators to help me meet my professional development needs and provide adequate supervision.

Facts about Head Start

Number of children served:
About 20,000 children.
(Head Start funding is limited so this figure represents only a fraction of income-eligible children in Wisconsin).

Scope of services: Typically half day with breakfast and lunch included. Often partners with child care and/or 4K to provide a full day of services.

Funding source: Federal Head Start funds.

Teacher qualifications – Minimally a Child Development Associate (CDA) or associate degree. By 2015, all lead teachers will have a bachelor's degree.

Source: Wisconsin Head Start Association Annual Report (2013).





"I teach in Child Care."

I work at ABZ Child Care Center as a lead teacher in a classroom of 18 three-to-five year old children. With my co-teacher, we use Wisconsin Model Early Learning Standards as our guide to plan activities and learning experiences to create the social, intellectual and emotional foundations that the children will need to succeed in school and grow into adulthood. I have a bachelor's degree in early childhood education. I earn an annual salary of \$23,000. Wage increases happen "as the budget allows." I have no health insurance or retirement

benefits through my employer and earn one sick day per month but cannot count on available or qualified substitute teachers when I'm ill. I receive two weeks of paid vacation per year, and work eight hours per day with children, doing most of my planning at home after work hours or while on the job (during naptime which is also my break time). Professional development is limited to an occasional workshop when the center can afford it and monthly staff meetings, which may or may not have a training component.

Facts about Child Care

Numbers of children served:
Based on number of families with all parents in the workforce, over 295,000 children under the age of six are in need of care outside of the home.

Scope of services: Children can be in care up to 10 hours per day, every day of the work week, sometimes on weekends, year-round.

Funding source: Privately paying families, plus income-eligible families receiving Wisconsin Shares subsidies.

Teacher qualifications: 80 hours of non-credit course work required; credit-based education is encouraged and is recognized as a measure of quality.

Source: U.S. Census Bureau (2010-2012 three-year estimates)

Notably, child care is the early education sector that serves the majority of Wisconsin's young children, receives the least public support, provides meager supports to its workforce, benefits least from merged funding streams, and is increasingly called on to achieve and sustain quality improvements. From this perspective, it's clear that there is a systemic problem to achieving the outcomes for children that we all desire.



We acknowledge that as sectors, 4K, Head Start and child care have different basic teacher qualifications. We chose these vignettes to demonstrate that the way these sectors are financed dramatically influences their ability to compensate teachers, even teachers with comparable qualifications. Unfortunately, how systems of education are paid for doesn't change the basic premise that all children, regardless of the setting they are in, have the same needs for good care, consistent relationships with adults, and an environment that encourages learning.

The majority of young children in Wisconsin are in child care: about 295,000 children compared with one quarter of those in a part-time public school 4K program, and one-tenth of those in a partial year Head Start program. All of these children deserve a system of care that ensures them the best teachers who are committed to stay. It is not acceptable to have a system of early care and education where the brightest and the best teachers leave child care (the lowest paying sector) to move to Head Start and perhaps then to the public schools to earn better compensation and benefits. While this might make sense for the teacher, it leaves thousands of Wisconsin's young children short-changed.



A SYSTEMIC RESPONSE: YOUNGSTAR

Passing the Wisconsin legislature in 2010 and implemented in 2011, YoungStar, Wisconsin's Child Care Quality Rating and Improvement System (QRIS), is our state's most significant effort to date to improve quality. Child care programs, both group and family child care, are rated on a 5-star scale. Quality indicators for YoungStar fall under four major categories: educational qualifications of staff, curriculum and learning environment for children, business and professional practices, and health and well-being.

Programs serving families who receive child care subsidies are mandated to participate in YoungStar; many others do so voluntarily.

In the first year of implementation, 84% of

rated programs received a 2-star rating, a level that ensures only that the basic health and safety requirements of licensing/certification are being met (Note: a program with a 1-star rating does not comply with licensing requirements and cannot care for Wisconsin Shares children). Since 2011 we've made amazing progress. The percentage of programs with a 2-star rating has dropped to 60% and those earning 3- to 5-star ratings have increased to 40%. And this is good news for children, especially low-income children who have the most to gain from high-quality programs. Currently, 70% of children in Wisconsin Shares are in programs that have earned 3-to-5 star ratings, up from 35% in 2012.⁹

WHAT QUALITY COSTS: AN EARLY CARE AND EDUCATION COST MODEL

In order to determine the likelihood of child care programs maintaining higher quality ratings (3, 4, and 5 stars), we have applied the Early Care and Education (ECE) Cost Model¹⁰ to Wisconsin's child care system. Developed by the Alliance for Early Childhood Finance and used to study the cost of quality care in states across the nation, the Cost Model demonstrates the impact of a wide range of variables on a program's bottom line. Variables include: center demographics, revenue sources, YoungStar level, fixed and variable expenses (including the cost of personnel), professional and business practices, enrollment and non-collectible fees.

Applying the model to a typical mid-size Wisconsin child care program, we learn that despite a rise in subsidy rates for low-income children to reward quality improvements, a 5-star program likely loses more than \$1,800 per child per year. Even programs at the lowest star rating struggle to stay in business, but the struggle becomes more pronounced as quality rises. The snapshot provided by the Cost Model tells us that despite all the efforts programs put into improving quality, these small business are in serious trouble. Not only is it more cost effective to operate a low-quality program than a high-quality one, it is also nearly impossible to sustain quality improvements over time at higher star levels.

TODAY: A Typical Wisconsin Child Care Program

YoungStar Level

Average Cost Per Child

Loss
Per Child Per Year

Program's
Net Loss Per Year



\$9,000

-\$63

-\$3,428



\$10,306

-\$1,222

-\$66,504



\$11,149

-\$1,772

-\$96,386



\$11,168

-\$1,881

-\$102,335

What changed as programs moved from 2 stars to 5 stars in YoungStar?

In the program of TODAY:

- ★ A teacher assistant or aide is added to the staff.
- ★ Health insurance costs rise from 0 to 50% employer contribution.
- ★ Substitutes for staff leave time rises from 5 to 10 days.

- ★ Average Lead Teacher salary rises from 90% to 130% of the average child care wage* (\$18,630 to \$26,910)
- ★ Director wages rise from 75% to 100% of the average Preschool Administrator salary* (\$37,395 to \$49,860)

*Data from US Bureau of Labor Statistics (2012)

TOMORROW: The same program, but with wages commensurate with educational level

YoungStar Level	Average Cost Per Child	Loss Per Child Per Year	Program's Net Loss Per Year
	\$10,515	-\$1,432	-\$77,889
	\$11,672	-\$2,295	-\$124,848
	\$12,745	-\$2,928	-\$159,260

In the program of tomorrow, the only variable that changed was the salary of the Lead Teachers. If we aspire to have Lead Teachers who are well-educated and committed to remaining in their programs, they must be paid commensurate with other Wisconsin workers with similar education. At the highest star level, all Lead Teachers are required to have an associate degree; at \$37,620 their salaries are on par with the average of all Wisconsin workers with an associate degree.

Both of these scenarios demonstrate an unsustainable business structure. It is unsustainable today, and it is even more unsustainable tomorrow.



As the call for child care quality gets louder, the financial burdens on parents grow. According to a recent report by the Pew Research Center, the cost of child care in the U.S. is up more than 70% since 1985.¹¹ A report by Child Care Aware America® found that in 31 states, including Wisconsin, a year of child care costs more than annual tuition in college.¹²

THE HIGH COST OF CHILD CARE

It can be difficult to understand how child care can cost so much when child care teachers are paid so poorly. Child care is a labor-intensive industry; regulation requires low teacher-to-child ratios to ensure a young child's safety and optimal development. In a licensed group child care program, for example, a teacher can have five or six toddlers. In contrast, a kindergarten teacher may have a class of as many as 25 five-year-olds. Staffing is a child care program's single biggest budget expense; payroll and payroll-related expenses can consume as much as 80% of the child care program budget. Costs for building space, learning materials, supplies, utilities, food and insurance make up the balance of the budget.

All of these costs contribute to what parents pay. Parents who are income-eligible for public assistance for child care (Wisconsin Shares) still

must contribute some level of co-pay, with the total payment matching that of private paying families. Yet as high as parent fees currently are, they are not high enough to pay for the full cost of high-quality care. In 4K programs and Head Start programs, as in K-12, there is no expectation that parents can or should shoulder this financial burden.

Because child care program administrators must balance affordability for parents, adequate compensation for staff, and quality care for children, no one wins. Children lose the most when parents choose substandard care because it is less expensive, or when consistency and quality of care is disrupted by staff who leave for better paying jobs or take second jobs. Currently, turnover in the child care industry is more than twice what it is in the Wisconsin workforce in general.¹³

A PERSISTENT PROBLEM: POOR COMPENSATION

Twenty-five years ago The National Child Care Staffing Study¹⁴ documented for the first time the link between quality care for children and adequate compensation for the child care workforce. Studies to follow replicated these results. "Worthy Wages for Worthy Work" was the rallying cry of the 1990's.

Solving the compensation problem took a back seat, however, as the national trend to develop child care quality rating and improvement systems, including YoungStar in Wisconsin, took prominence.

And yet, compensation is one component of quality that if left unattended, could potentially undermine all the other investments Wisconsin makes to improve its child care system.

THE ELEMENTS OF COMPENSATION

Wages. Those who work in child care are paid considerably less than other professionals who work with children. According to the federal Bureau of Labor Statistics (BLS), "child care workers" are included within the category of "Personal Care and Service Occupations" with educational levels listed as a high school diploma or equivalency; the job is defined as "meeting basic needs" of children. "Preschool teachers," on the other hand, are included within the "Educational, Training and Library Occupations" category, along with elementary teachers among others; educational levels are listed as an associate degree or higher.

These BLS categorizations do not accurately reflect the child care field. What we know today is that specialization in early childhood education is essential for meeting the developmental needs of young children. Teachers of young children in all early childhood settings are being challenged to raise their educational levels and adhere to similar core competencies in their work.

Benefits. According to the 2010 Wisconsin child care workforce study, benefits for child care professionals are inadequate as well. From a wide array of benefits, only two – paid vacation and paid sick days – were available to more than 50% of the people who responded.¹⁵ Health insurance is perhaps the most significant and sought-after benefit in the field. In Wisconsin, less than half of group child care centers provide any employer contribution to health care.¹⁶ It is estimated that nationally about 25% of the child care workforce has no access to health care coverage with the remaining 75% accessing health care in a variety of ways: with help from employers, through a spouse's plan, purchased individually, or through one of the major public programs.¹⁷ This statistic could change under the Affordable Care Act, but this initiative only mandates employer support when there are 50 or more employees. Additionally, there is no system to provide substitute teachers in child care to guarantee coverage when an employee is sick or injured.

SOCIETY PAYS A COST FOR POOR COMPENSATION

When the child care workforce (estimated at 36,000 individuals in Wisconsin¹⁸) earn wages at or below the federal poverty level, there are negative effects. Among them:

NEED FOR PUBLIC ASSISTANCE

Currently, a child care teacher earning a salary of \$23,000 is at 100% of the federal poverty level if supporting a family of four and at 150% of the federal poverty level if supporting a family of two. As a result, child care teachers often rely on food stamps, housing subsidies, low-income health care programs, and child care subsidies to make ends meet.

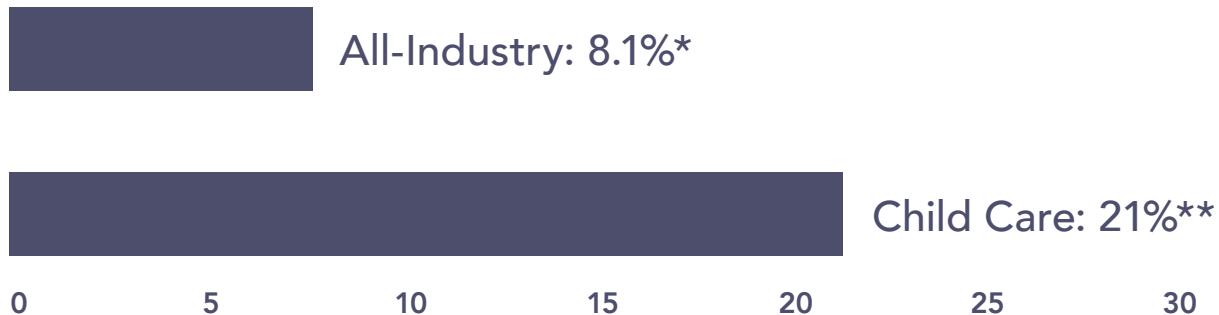
LOSS OF TAX REVENUE

When people earn more, they have more to give back. Low wage jobs in general do not contribute to a thriving economy.

THE COST OF TURNOVER TO PROGRAMS

Low wages result in high turnover. High turnover is expensive and detracts from child care quality improvement efforts. Costs related to turnover include direct costs such as the recruitment, selection, and training of new people. There are also indirect costs like increased workloads for remaining staff, overtime and reduced productivity associated with low employee morale, and the cost of lost opportunities (for example, less time available to engage families in the program or to adequately supervise staff). In addition, teacher vacancies may result in loss of revenue because parents may be reluctant to enroll their children in a classroom headed by a substitute teacher. Turnover costs vary from as low as a few hundred dollars to as high as four times the annual salary of the employee.¹⁹

AVERAGE TURNOVER RATES—WISCONSIN



* US Census Bureau, Quarterly Workforce Indicators (2008)

** Workforce Study prepared by WECA in partnership with the Public Policy Forum (2010) Child Care Professionals in 2010: The view from Wisconsin.



THE COST CHILDREN PAY

For thousands of Wisconsin children in child care, the cost of low compensation is measured by loss of consistent and trusting relationships due to teacher turnover. High turnover is detrimental to the healthy development of children. Turnover puts stress on children, creates a sense of loss for the children, impacts teaching practices, influences child outcomes, and strains the program resources overall.²⁰ In the extreme or for especially vulnerable children, it may even contribute to “toxic stress,” a condition that neuroscientists at the Center on

the Developing Child at Harvard University use to describe the negative impact of prolonged stress on early brain development.

In Wisconsin’s most recent workforce study released in 2010, the two highest rated reasons for leaving employment in child care were: “better pay elsewhere,” followed by “unsatisfactory working conditions.” The number one response to “If I could change one thing about my job” was “wages and benefits.”²¹

MAINTAINING OUR INVESTMENTS

Historically, Wisconsin was known nationally for its leadership in investing in early care and education. As we put money into our system, we want to make sure our quality improvement efforts “stick.” We are fortunate to have elements of an infrastructure upon which to build and strengthen.

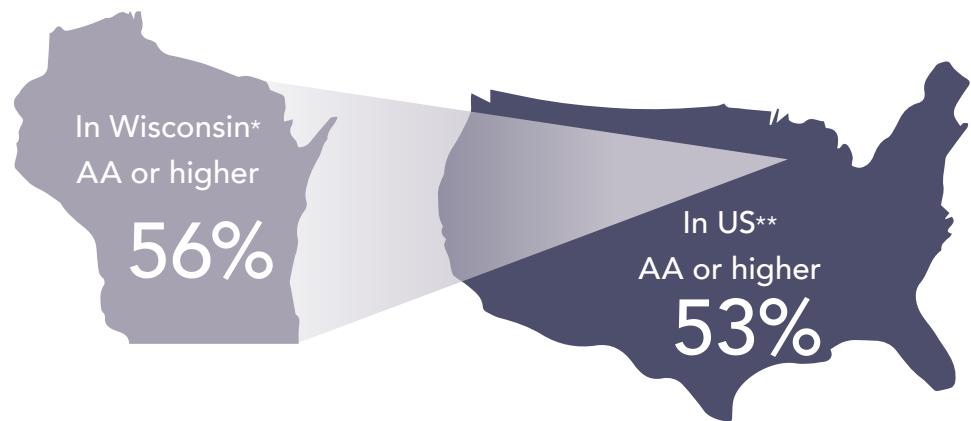
CAN WE IMPROVE OUTCOMES FOR CHILDREN WITHOUT IMPROVING COMPENSATION?

EDUCATIONAL QUALIFICATIONS OF THE CHILD CARE WORKFORCE

With a renewed focus on improving child care quality, there is increasing demand for higher education of child care teachers, directors, and family child care providers. Low wages coupled with the rising costs of a college education present significant barriers to this workforce. In the decade 2000-2010, the cost for a bachelor's degree tuition in Wisconsin rose by approximately 84% and the cost of tuition for an associate degree rose by approximately 63%.²³ Moreover, researchers at Georgetown University's Center on Education found an early childhood education degree among the least lucrative of all college majors.²⁴

In spite of rising costs for education and limited return on one's investment in a college education, there is a national trend towards higher educational levels of child care teachers. A new nationwide report finds that when reporting highest level of education, 53% of center-based teaching staff have some level of college degree – an increase from 36% reported in previous studies. Moreover, 26% of those surveyed have a bachelor's degree.²⁵ The Wisconsin child care workforce study of 2010, prior to implementation of YoungStar, found that 56% of respondents had completed some level of college degree.²⁶

HIGHEST EDUCATIONAL LEVEL OF TEACHERS IN GROUP CHILD CARE



* WECA Workforce Study (2010)

**NSECE Research Brief (October 2013)

A PROVEN PATH TO HIGHER EDUCATION: T.E.A.C.H. SCHOLARSHIPS AND REWARD STIPENDS

The T.E.A.C.H. Early Childhood® WISCONSIN Scholarship Program is the single most successful program in our state to encourage and support credit-based education for the child care field. This comprehensive scholarship program helps those currently working in child care afford to take credit-based education, and includes a compensation component in the form of a bonus from T.E.A.C.H. and from the student's employer (or a 1-2% raise in salary) upon completion of a scholarship contract. Despite some increase in funding in the last biennial state budget, funding for the program has not kept up with demand created by YoungStar. To meet the demand, a greater share of educational expenses now rests with individual scholarship recipients and their sponsoring programs; the contribution from T.E.A.C.H. towards tuition has decreased from 80% to 55%.

T.E.A.C.H. requires a commitment to one's program at the completion of a contract, generally one year, but some center directors report that people leave as soon as, if not before, their commitment period

is expired. Until we link education to increased compensation, scholarship recipients will continue to leave for positions where they can make more money. One effort to create this link is the REWARD Wisconsin Stipend Program.

REWARD was designed to keep well-educated professionals in the field by providing annual stipends to enhance wages. REWARD was created with the goal of providing thousands of dollars in wage enhancement to well-educated child care professionals to close the gap between current wage levels and a wage that reflects their educational commitment and attainment. Unfortunately, since the program's inception in 2000, funding has been cut in half. Consequently, fewer people receive stipends, stipend amounts have decreased, and a wage cap of \$16.50/hour was put into place to limit eligibility. Today, the program operates with a waiting list and those who receive stipends increase their overall wages by a mere 1.5% annually.





YOUNGSTAR STANDARDS AND THE NEEDS OF TEACHERS

Quality indicators within YoungStar have created higher expectations for child care teachers to pursue credit-based education. They have also redefined the job responsibilities to reflect the skills needed to achieve quality outcomes for children. For example, to achieve higher ratings, child care teachers and family child care providers must meet more criteria like documenting ongoing assessment of children, and aligning curricula to meet the individual needs of each child.

Wages commensurate with the skills required by the job, however, are not specifically addressed as a standard of quality, although some other elements of a good work environment are required at higher star levels or can earn optional points. One of the required indicators includes the development of a salary schedule. No specific salary guidelines, however, are provided.

Financial incentives to improve quality are primarily limited to the benefits of a tiered Wisconsin Shares reimbursement system; programs at higher star levels receive higher reimbursements. The overall financial impact depends on the number of low-income

families a program serves. It is noteworthy that the original design of YoungStar called for incentives to begin at the 3-star level. Wisconsin is currently the only state in the nation to provide a dis-incentive: Wisconsin programs at the 2-star level receive a 5% decrease in Wisconsin Shares reimbursements, and incentives begin at the 4- and 5-star levels where reimbursements are raised by 10% and 25% respectively.

Although retention of well-educated staff is regarded as paramount to sustaining a high star level, there is no mandate for higher reimbursements to impact compensation. In 2011, the Center on the Study of Child Care Employment prepared a policy report that looked at QRIS systems around the country to address the question: Are Quality Rating and Improvement Systems Addressing All of the Key Ingredients Necessary for Change? Their investigation focused on: staff qualifications, financial incentives for professional development, direct compensation including salary and benefits, and adult learning environments.²⁷ Findings from this study reveal that there is much more we must do to address these key ingredients of quality.

THE IMPACT OF WISCONSIN SHARES ON CHILD CARE COMPENSATION

When public dollars pay a portion of child care fees, as in the case of Wisconsin Shares, it is reasonable that the public gets a sound return on their investment. This means ensuring that low-income children, those who have the most to gain from high-quality programs, can access them. For this reason, we have created public policy that mandates all programs serving Wisconsin Shares families participate in YoungStar.

These programs, however, are not receiving Shares payments in amounts sufficient to improve or sustain quality. Not only have Wisconsin Shares rates not kept up with inflation, but the rates were frozen between 2006 and 2013 while other costs to programs were on the rise. According to a 2013 report by the Wisconsin Council on Children and Families, "the freeze has negative implications for the quality and stability of child care programs, the services children are receiving, and the ability of

parents to afford child care." One might also add that there are negative implications for improving compensation.

In 2006, prior to the freeze, the standard for setting reimbursement rates was 75% of the market rate; a low-income parent seeking child care could afford 75% of the child care programs available in the county in which they live. As a result of the freeze, in 2013 reimbursement rates represented 23% of the market rate, making most high-quality child care unaffordable to families receiving Wisconsin Shares. Consequently, lower quality care is often the only affordable option for families using Shares subsidies, and the public is less likely to get a sound return on their investment. Had rates not been frozen, child care providers would now be receiving significantly higher payments. In some counties, this adds up to as much as \$3,000 more per child per year.²⁸ This lost income for programs represents money that is not only inaccessible to improve wages, but it hinders other quality improvements as well. The freeze was lifted in the last legislative session, although to date there has been no statewide increase in rates. It could take a long time to restore rates to levels that reflect the current child care market.



SOLVING THE PROBLEM

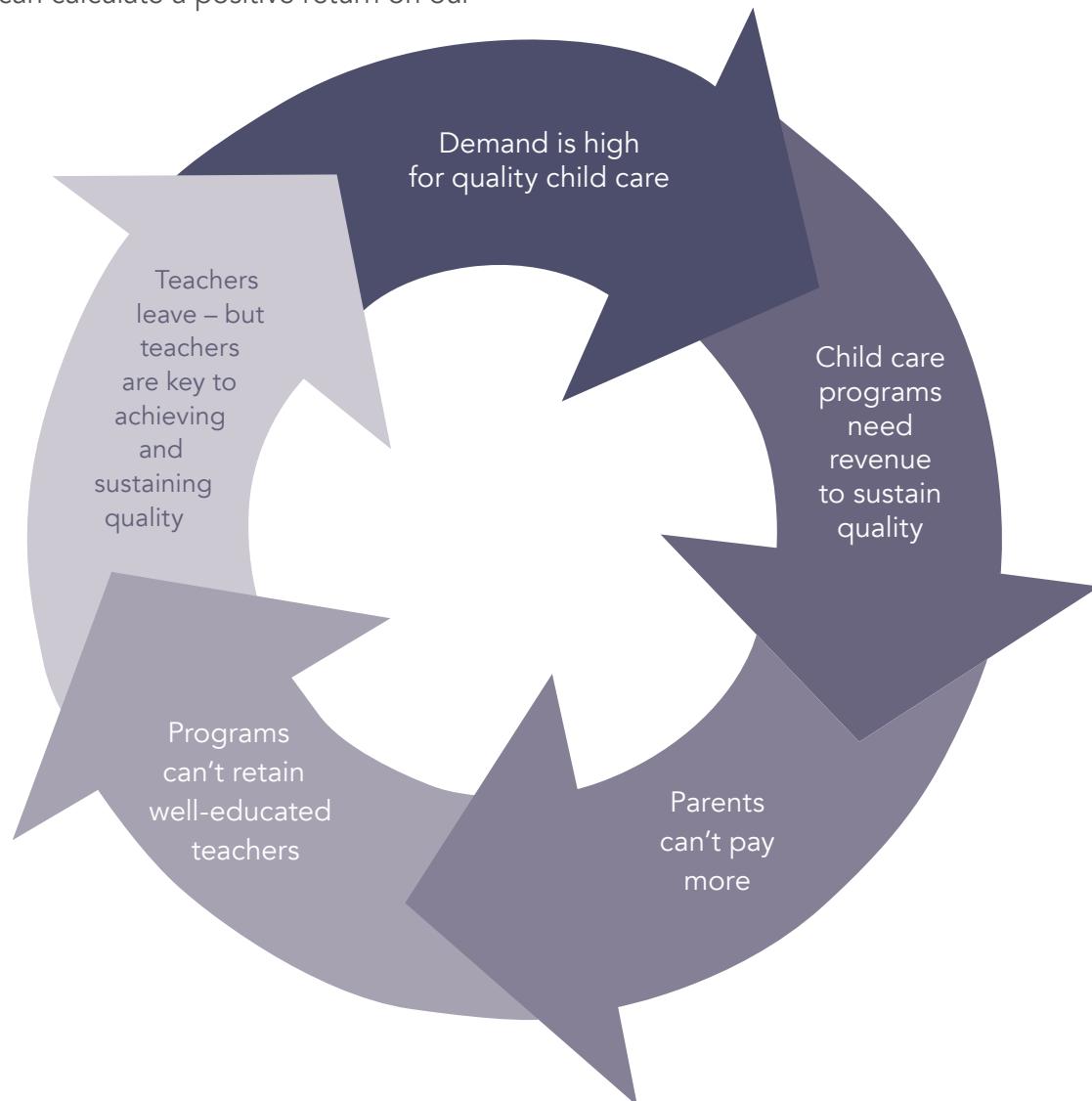
The problem is circular and leads to an outcome no one wants: demand for high-quality child care is high because we know it positively influences outcomes for children; child care programs need more revenue to provide higher quality. Parents can't pay any more. Without more money, the programs can't afford to retain well-educated teachers. Yet the teachers are key to achieving and sustaining the high-quality care that is in demand.

Solving the problem will not rest with a single solution and will require a variety of strategists working in concert.

A few things have changed since the compensation issue first surfaced in the public policy arena. Longitudinal studies repeatedly demonstrate the long-term impact of high-quality care on children. Economists can calculate a positive return on our

investments, some showing a return of \$7 to \$17 for every one dollar invested. The field of early education is defining high-quality standards for itself, and consequently there is a national trend towards more highly educated child care teachers.

It is more than evident that significantly more money must be invested in child care. As George Lightbourn, past-president of the Wisconsin Policy Research Institute, wrote: "Existing research and experience suggests that moving half of the children attending 2-star centers to 5-star centers would have a significant impact. Moving those children would create about \$20 million in new costs, however doing so would generate a \$60 million a year return in future benefits. This is indicative of the substantial economic benefits Wisconsin can generate through wise investment in early childhood programs."²⁹



Let's look more closely at the three sources where more money could come from: parents, private investments, and public investments.



PARENTS

The obvious solution to the money problem calls for child care programs to increase their fee structures so they can afford to hire and retain well-educated, experienced teachers by paying them fairly. Unfortunately, the average young family cannot afford to pay \$10,000 a year for child care for an infant, or if they have 2 children spending upwards of \$18,000 a year. Paying the true cost of high-quality care is not a tenable solution for most families, as quality care would then be limited to only the few who could afford it. Unfortunately, forcing the child care market to establish a price point based on what families can afford gives us what we have today: a system of care that is not reliably preparing all Wisconsin's young children for success.

Parents are, however, in the position to work in partnership with their child's teachers and child care programs to help drive the public will and political pressure to create the investments we need. It begins with parents becoming conscientious consumers – asking questions about the educational and

experiential backgrounds of the teachers, asking how long teachers stay and what the program is doing to retain them, talking to their own employers about child care supports they need in order to bring the best to their jobs, joining with the child care workforce in sharing their stories about the impact of low compensation of teachers on their lives and the lives of children.

Engaged families are also likely to keep a child care program more accountable for the work environment that is created for staff. Until programs can afford to pay staff according to the value of their work, they are challenged to create an organizational climate where staff want to stay—a program that holds up its teachers in high esteem, engages teachers in decisions that impact their day-to-day lives, supports their on-going learning, and advocates for their well-being. An early education program must be as intentional about creating a good work environment for staff as they are about creating a good learning environment for children.



PRIVATE INVESTMENTS: PHILANTHROPY, COMMUNITY ORGANIZATIONS AND BUSINESS

While long-term systemic change cannot be achieved solely through investments from private sources, there are important roles for private investors. Philanthropic and community organizations have the potential to move the issue of compensation forward in the public discourse by convening stakeholders, funding promising research projects and pilot programs, and promoting legislation that addresses child care workforce needs.

The business community can support and promote such legislation as well. More importantly, businesses can invest their company resources to ensure high-quality child care for their employees. Onsite or near-site employer-sponsored child care may be an option for increasing the quality of care offered to children, especially when efforts are made to ensure that these centers hire qualified teachers and pay them fairly for their work. Another option for businesses is to provide family-friendly work policies and child care benefits to employees, for example, subsidizing enrollment slots in an existing community-based child care program that

demonstrates high-quality care and education. According to research conducted by the Families and Work Institute³⁰, employers that address the needs of working families benefit themselves as evidenced by reduced absenteeism, enhanced productivity and retention of employees.

Additionally, businesses and philanthropies in Wisconsin can align with the Celebrate Children Foundation (CCF), a pioneer in public-private partnerships in our state. CCF, as a partner in YoungStar, raises funds to help sustain quality improvement efforts of child care programs across Wisconsin. Examples of CCF initiatives include expanded funding for educational scholarships for child care providers, underwriting training in the areas of professional business practices and health and wellness for children, and the Child Care Purchasing Alliance which helps child care programs operate more efficiently. These initiatives help to free up valuable dollars in a child care program's budget to invest in compensation and other quality initiatives.

PUBLIC INVESTMENT: POLICYMAKERS

Promising solutions to ensuring high-quality care with highly qualified and equitably compensated teachers must, in part, be driven by meaningful government involvement. Public financing solutions and strong early learning policy will gain traction as we embrace the idea that caring well for our young children is not just a private concern of families, but is in fact a public good, worthy of our collective investment.

LOCALLY AND STATEWIDE, we start by building on the strengths of the current systems in place. Where communities have initiatives in place to support early education, new questions must be asked about how they can be expanded or modified to address low compensation and better retention of the workforce. At the state level, we can take a critical look at our current efforts to improve quality and consider how they can respond to the need for better compensation. These include: our YoungStar Quality Rating and Improvement System, the Wisconsin Shares Child Care Subsidy Program, the T.E.A.C.H. Early Childhood® WISCONSIN Scholarship Program, the REWARD Wisconsin Stipend Program, The Registry, and our professional development initiatives.

NATIONALLY, we must look at current and proposed child care initiatives and ask how we can build on them. For example, we could increase funds for quality set-asides within the Child Care and Development Block Grant and direct a portion of these set-asides specifically for improved compensation. We could look to new monies and designate funds specifically for compensation improvement strategies linked to increased credential or degree completion in an effort to raise the bar on quality.

ON BOTH THE STATE AND NATIONAL LEVEL, we are challenged to explore new policy initiatives as well. We can, for example, explore the use of the school funding formula as a mechanism for financing education from birth through grade 12. The delivery of early education relies on a strong system of child care to meet family needs and remain developmentally appropriate for children birth through age eight. This does not preclude a single financing mechanism for the entire educational system, beginning at birth. We could provide tax credits and other incentives to businesses that provide employer-sponsored high-quality child care, to parents who choose high-quality programs as determined by YoungStar, and/or to child care programs who raise their star ratings and provide a good work environment for staff. We could design and promote loan forgiveness programs that reward child care teachers for longevity in the field. We could develop a financial assistance program for families modeled after higher education in which loans and/or grants could be accessed based on financial need.

Our commitment to create good public policy and workable solutions will undoubtedly lead to more questions. These are a few to consider:

What is the cost to Wisconsin taxpayers to provide incremental or full financing of high-quality early learning for all of our young children, to include fair compensation for their teachers?

What is the true cost of high-quality early education?

How can we use the Early Care and Education Cost Model to support investments in the child care workforce?

How do we better understand staff turnover, monitor trends, and track where individuals go when they leave the field or move to other sectors within the field of early education?

Where are the gaps in data collection? What is needed to achieve a coordinated statewide early care and education data system that encompasses all sectors of early education?

We must remind ourselves that the stakes are high, the need is urgent, and the children are counting on us. Wisconsin has a dedicated early education workforce that is working hard to improve quality, advance their levels of education, and put new ideas into practice. We know that these efforts are paying off. To keep the momentum going, we must see solving the problem of poor compensation in light of our overarching goal: to take excellent care of our children and set them on a path of lifelong learning and discovery.



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