



To Whom it May Concern:

### Facts about Early Care programs:

- 70-80% of early care revenues go directly into staff wages/costs. 5% from fundraisers
- 95% of tuition costs come from private pay (parents) and WI Shares payments.
- High-quality programs charge higher fees because they have more requirements.
- Currently, high-quality programs provide care for upper middle-class families and lower middle-class families, but middle middle-class families are priced out of child care.
- To qualify for grant funding, YoungStar technical consultation must be applied for annually. (YoungStar Agency receives \$1200, and providers may qualify for \$1000)
- Licensing specialist and YoungStar technical advisors both visit early care programs a minimum of once a year or more.
- Licensing and YoungStar, separate agencies have separate rules and regulations early care programs must follow. Not always in sync.
- The majority of group and family early care programs are women-run small business.
- A variety of program formats allow parent-choice when choosing child care.

### 4yr old Preschool/PreK Reality:

- DPI funded (.5 FTE) 4-K programs in the public schools 10 years ago, this led to significant financial losses for early care programs and many closed. Child care cannot compete with free programs.
- Currently 23% of public schools collaborate with early care programs. 77% of public schools do 4-K in-house.
- A trend is moving to all day 4-K in public schools.
- School District and Child Care collaborative “partnership” are offered in some districts; however, these are at the expense of child care programs and sustain inequality
  - Child Care receives a **portion** of the 4-K income the schools receive. This portion is determined by the school as is the number of children in the EC program.
  - Annual contract renewal between the EC program and Public Schools
  - Providers provided classroom space
  - Degreed Teachers are supplied by the EC program or the school district
  - Supplies needed provided by EC program or the school district

### 3-K in Public Schools:

Public Schools are looking to add 3-year-old programming. The financial losses to providers would result in significant increases in Infant through 2-year-old fees. Double or tripling cost would further price families out of care and/or increase the closing of early care programs.

### YoungStar Reality:

- YoungStar required regulations and rules that many programs could not financially meet or sustain.
- YoungStar is directly tied to WI Shares subsidies payments. Parents will not qualify for child care assistance unless the provider is part of YoungStar.
- 4- & 5-Star programs receive a quality adjustment payment dependent on the WI Shares funding of 15% and 30% respectively.
- 3-Star programs receive no additional funding and 2-Star programs are penalized 1% of their WI Shares assistance. For programs with high percentage of WI Shares families this is a major disadvantage to families who then have to cover child care costs.

**With the introduction of YoungStar and 4-K in the public schools, the number of early care programs across the state declined by about 40%. Family Providers were hit the hardest.**

The Wisconsin Council on Children and Families worked with the Wisconsin Early Childhood Association to examine the cost of high-quality child care, using a cost modeling analysis developed by the Alliance for Early Childhood Finance. The cost modeling measured revenue available (such as parent fees and public subsidies) and expenses (such as staff costs, rent, and equipment). As the table below demonstrates, while a typically 2 Star program operates at a deficit, the deficit of a 5 Star program is thirty times larger (over \$100,000 a year).

| <b>Cost Comparison of Child Care Programs</b><br>It's much more costly to operate a 5 Star program than a 2 Star, a major disincentive for programs to meet high quality stands. |                        |                         |   |
|--|------------------------|-------------------------|---|
| Star Level   | Average Cost Per Child | Loss Per Child Per Year | Net Loss for a Typical Program Per Year |
| 2 Star   | \$9,000                | \$63                    | \$3,428                                 |
| 5 Star   | \$11,168               | \$1,881                 | \$102,335                               |

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Not surprisingly, the analysis showed that in Wisconsin's YoungStar child care quality rating and improvement system it costs much more to operate a 5 Star program than a 2 Star program. Typically, not only was it cheaper to operate a lower-quality program than a higher-quality one, it was also difficult to sustain higher quality standards over time without operating at a significant loss. <http://kidsforward.org/publication/crossroads-wisconsin-child-care/>

### Stabilizing Child Care across the state:

- Subsidize early care Teachers to a wage competitive with other Bachelor and Associate Degree wages.
- Subsidize benefit packages comparable to degreed packages across the state.
- Economic stabilization of early care programs would encourage program growth

- Stop the absorption of 3 and 4-year-olds into the public schools and consider a continuum of care for birth through graduation model.

### **Family Benefits:**

- With Teacher wages no longer part of the early care programs expenses, fees to families would be reduced and offer accessibility to quality programs for all families.
- Offer a family support model whereas degreed teachers would offer support to children and families.
- Early intervention lowers expulsion rates, school success and increase graduation rates.
- Funding that follows the child offers parent choice whether it is an early care setting or a public-school setting.

### **Improving Quality across the State:**

- Teacher wages comparable to other occupations with similar degrees would reduce the Teacher turnover rate, and make hiring degreed Teachers possible.
- Licensing and YoungStar currently duplicate services. They need to combine services and cross train to provide a more effective service to providers.
- YoungStar technical assistants need to develop a Quality Improvement Plan for every EC program, outlining what areas need improvement and the plan for meeting these improvements. Licensing needs to be part of this Quality Improvement Plan. Ensuring that every visit will involve mentoring the program towards higher quality.

### **Current Government funds coming into Early Care:**

- EBT payments to WI Shares families for child care assistance
- YoungStar \$1000,00 Micro-grant
- 4-5 Star Quality Adjustments
- TEACH and REWARD programs through WECA (Wisconsin Early Childhood Association)
- DPI food program reimbursement
- DPI payments to public school

### **Payment systems in place for providing more funding to early care programs:**

- EBT payments
- CARES grant

**In closing, full funding will not only stabilize our current Early Care and Education programs across the state. It will reignite the entrepreneurs in this industry to expand their programs as well as be feasible for new programs to open, providing more early care slots across the state and stabilizing the workforce in these areas.**

### **More Resources:**

**Ready Nation REPORT | Want to Grow the Economy? Fix the ECE Crisis.**

<https://www.strongnation.org/articles/780-want-to-grow-the-economy-fix-the-child-care-crisis>

### **National Association for the Education of Young Children (NAEYC) position paper:**

- Professional Standards and Competencies for Early Childhood Educators  
<https://www.naeyc.org/resources/position-statements/professional-standards-competencies>
- Advancing Equity in Early Childhood Education Position Statement  
<https://www.naeyc.org/resources/position-statements/equity>

### **A Fair Start: Ensuring All Students Are Ready to Learn; from the National Conference of State Legislatures**

If a child's education is considered to be a marathon, then it is imperative that each student begins the race at a fair starting line to ensure they have an equal chance to succeed. In the U.S., however, where children start, and their eventual educational success, can often be predicted their by race and socioeconomic status. <https://www.ncsl.org/.../state-policy-and-research-for-early-education-spree-working-group.aspx>

### **Early Childhood: A Return on Investment:**

Research shows high-quality, birth-to-five early childhood education provides a higher rate of return than preschool alone. <https://heckmanequation.org/resource/13-roi-toolbox/>

### **Investment in early childhood programs yields robust returns.**

<https://news.uchicago.edu/story/investment-early-childhood-programs-yields-robust-returns#:~:text=High%2Dquality%20early%20childhood%20development%20programs%20can%20deliver%20an%20annual,Heckman%20and%20researchers%20at%20the>

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