



## Wisconsin Early Learning Coalition

Celebrate Children Foundation ♦ Disability Rights Wisconsin  
Madison Area Accredited Early Childhood Association ♦ Milwaukee Child Care Alliance  
Parents Plus ♦ School Administrators Alliance ♦ Supporting Families Together Association  
Wisconsin Alliance for Infant Mental Health ♦ Wisconsin Association of School Boards  
Wisconsin Child Care Administrators Association ♦ Wisconsin Council on Children and Families  
Wisconsin Council for Exceptional Children - Division for Early Childhood  
Wisconsin Early Childhood Association ♦ Wisconsin Family Child Care Association  
Wisconsin Head Start Association

---

### Position and Alternative: YoungStar Tiered Reimbursement

The Early Learning Coalition is pleased that the Governor's budget continues to implement YoungStar, Wisconsin's quality rating and improvement system (QRIS). We agree with Governor Walker's commitment to providing parents with rating information on child care providers using a 5-star scale to help them make informed child care choices. We also endorse his goal to ensure that taxpayer dollars fund only child care programs meeting reasonable quality standards.

However, we oppose changes to the tiered reimbursement schedule proposed by the Governor. We are concerned that the Governor's proposal reverses efforts to provide quality incentives to improve the quality of child care, affecting Wisconsin's most disadvantaged children. Here are our primary concerns:

- 1. TANF Funding for Child Care Should Not Be Shifted to EITC:** The state should not shift \$37 million in TANF funds annually from the child care budget to pay for EITC and free up GPR, as proposed by the Governor. This shift would reduce funding for both Wisconsin Shares and YoungStar, leading to significant cuts in Wisconsin Shares subsidies and cutbacks in the YoungStar tiered reimbursement system. In late 2010 the Legislative Fiscal Bureau indicated there were "sufficient funds in the TANF program through 2014-15 to support YoungStar and WI Shares." With the proposed TANF shift, funds are now *insufficient*.
- 2. Need for Legislative Oversight:** The Governor's budget gives new overarching statutory authority to the Department of Children and Families to set tiered reimbursement rates for child care programs in the YoungStar program and to implement a wide range of cost-saving measures in Wisconsin Shares. We believe the Legislature should continue to have oversight authority over these programs.
- 3. Firewall Needed Between Wisconsin Shares and YoungStar Tiered Reimbursement:** We believe that the WI Shares child care subsidy program and the YoungStar tiered reimbursement system should be treated as separate budget items. YoungStar should provide fiscal incentives for programs to improve, **not** serve as a way to reduce payments and save money in the WI Shares program.
- 4. Fiscal Incentives, Not Penalties:** YoungStar should include quality improvement *incentives* through a tiered reimbursement system that rewards higher quality. Higher payments should go to programs that meet the more challenging standards of quality at the 3-, 4-, & 5-star levels, and should not *penalize* programs that meet regulatory standards but have not yet moved beyond the 2\* level. Child care rates under Wisconsin Shares have been frozen since 2006, with the Governor proposing to continue the freeze through the 2011-13 biennium. Further reductions in rates are likely to have negative impacts on children and programs. No other state with a QRIS program reduces rates to child care programs.

## COALITION TIERED REIMBURSEMENT ALTERNATIVE

- A. Star 1 should be removed from YoungStar.** Under YoungStar, the Star 1 level is for child care programs that are significantly out of regulatory compliance, and therefore not eligible to receive WI Shares payments. We believe Star 1 should be removed from the rating system. Star 1 is really not a quality rating, but regulatory determination that disqualifies programs from receiving public WI Shares funds. Disqualification from Wisconsin Shares is expected to reduce Shares use and save money: an estimated \$23 million over the biennium.
- B. YoungStar tiered reimbursement should be separated from WI Shares and apply to child care programs with ratings of 2 stars through 5 stars.** The tiered reimbursement budget should be focused on how best to provide incentives for child care programs to improve their quality, rather than a vehicle to save the cost of payments in WI Shares.
- C. Tiered reimbursement should start in the 2<sup>nd</sup> year of the biennium.** In the first year of the biennium there should be no change in reimbursement. This would give child care programs time to determine their rating and to take steps to improve to a higher star level, steps that would include child care staff completing credit-based courses, improving the learning environment, and making other program changes.
- D. An alternative tiered reimbursement system should be implemented in year two of the biennium.** The table below shows the alternative (3) we recommend, shown side by side with (1) the original tiered reimbursement system approved by the Joint Committee on Finance in December 2010, and (2) the Governor’s tiered reimbursement budget proposal. Though we would prefer the initial plan, our alternative proposal would be considerably scaled back from the original proposal, and it would eliminate the 5% penalty to 2-star programs in the Governor’s proposal, with progressively higher incentive payments at 3-, 4-, and 5- star levels.

YoungStar Rating of Child Care Provider	(1) Impact on WI Shares Payment: Initial Plan Approved by Joint Finance December 2010	(2) Impact on WI Shares Payment: Governor’s proposal for 2011-2013 budget	(3) ALTERNATIVE Proposal: Early Learning Coalition- starting in 2 <sup>nd</sup> year of the biennium
Two Stars	0% -No change	Up to 5% reduction	0% -No change
Three Stars	5% increase	No change	2.5 % increase
Four Stars	10% increase	Up to 5% increase	5 % increase
Five Stars	25% increase	Up to 10% increase	15% increase

Contact: Dave Edie, WCCF  
[dedie@wccf.org](mailto:dedie@wccf.org)  
 608-284-0580 ext.315

