

Modeling the Cost of Quality in Early Achievers Centers and Family Child Care

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I. Goals and Incentives in Providing Quality Care

Goal: To increase the number of high quality programs, e.g. programs that result in improved child development and learning, readiness for school success at kindergarten entry, reading by the end of the third grade, etc. The top Levels of Early Achievers embody the program and practitioner characteristics.

Financial incentives within a state QRIS are monetary awards which are generally intended to help support the costs of improving program quality and maintaining program quality. For any child enrolled in a program to experience quality the entire program must improve and maintain a given level of quality.

Awards can be structured to encourage programs to participate in a QRIS, to create incentives for programs to serve low-income children, and/or generally to promote and sustain improvement in overall quality.

The overall package a state creates for its QRIS should focus squarely on quality and address:

- The cost of improving from one level to another;
- The cost of maintaining quality (i.e. cost of annual operations at a given level taking into account what the genuine cost drivers are in the QRIS at that level); and
- The provision of sufficient funds to incentivize behaviors and practices that are in the best interest of children’s learning and development and their future outcomes.

II. Current Supports and Incentives

Improving Quality

- Level 2 Trainings
- Level 2 Technical assistances and consultation
- Professional development scholarships
- Coaching for programs completing the level 2 requirement

Maintaining Quality

- Annual quality improvement awards

	<i>Centers</i>	<i>Homes</i>
Level 3	\$5,000	\$2,000
Level 4	\$7,500	\$2,250
Level 5	\$9,000	\$2,750

- 2% subsidy bonus for programs in Early Achievers Levels 2-5

III. Study Results

- Base subsidy rates are adequate and do not need to be increased, rather financial supports are needed for Level 4 and Level 5 centers and homes.

- Financial incentives need to be carefully calibrated to incentivize centers and homes to progress toward higher quality rather than overly rewarding programs for entering Early Achievers. Setting time limits on awards at lower levels is one approach.

IV. Menu of Incentive Options

Quality Improvement

- Quality improvement grants
- Scholarships or other professional development support
- TA consultants/coaching
- Loans linked to EA participation

Quality Maintenance

- Quality achievement grants or merit awards
- Pay for selected materials
- Practitioner wage initiatives
- Tax credits for families linked to quality rating

Subsidies

- Higher subsidy payments for higher quality
- Subsidy only to programs in EA
- Subsidy only to higher quality programs
- Contract for slots in higher quality programs
- Reduce family co-pay for higher quality programs

V. What is a recommended package of incentives/supports to incentivize quality in WA state?

- Reimbursement rates and incentives are sufficient for Levels 1 and 2. WA should focus its resources on improving and maintaining quality for Levels 3, 4 and 5:
 - Provide quality improvement grants to assist centers and homes in attaining quality care;
 - Quality improvement awards for Levels 4 and 5 should be increased in value to reflect the resources needed in order to maintain quality care and realize net annual revenue in a financially healthy range.
- Incentivize parents to put children in higher quality care by reducing co-pays;
- DEL should streamline/align licensing processes so that providers who meet Levels 3, 4 and 5 have some level of assumption that they are meeting licensing standards;
- DEL should strategically contract for child care slots in order to incentivize providers to provide high quality child care.

- Which practitioners would be eligible to apply for a contract? EL Level? Programs that integrate child care with preschool programming? Programs in compliance with licensure?
- What is an appropriate number of contracts and vouchers?
- When would a child's enrollment in a contracted slot be terminated because of absence or attendance for insufficient hours?
- What are parent co-pay requirements for contracted slots?
- Other