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Quality Improvement Efforts and Opportunities in Michigan's Child Care System

Michigan's Child Development and Care (CDC) program supports employment, education, and training to low-income families by providing child care assistance to qualifying families; and promotes safe, affordable, accessible, quality child care. Child care assistance through CDC is currently available to Michigan's most challenged families who qualify under the following criteria:

1. public assistance (Family Independence Program) recipients who are employed, participating in an approved employment preparation and/or training activity, completing their high school education, or participating in an approved family preservation activity;
2. income eligible families (approximately 122% of federal poverty line) who are employed, participating in an approved employment preparation and/or training activity or post-secondary education program, or completing their high school education;
3. licensed foster parents caring for foster children; and
4. families with open child protective services or preventive services cases.

As research confirms, where and how children spend their days will determine much about their success in school and in life, particularly for young children when the brain is rapidly developing. Access to high quality child care can ensure that young children are building the foundational base they need to learn soft skills, develop basic literacy, and protect against poverty-related risk factors while reducing the equity gap. For school-aged children, access to high quality after-school programming is essential for children who are struggling in school by allowing them to access supports during out-of-school time to stay academically on-track. Thus, high quality child care provides the greatest benefit to the state's most challenged children, including children of color and children from low-income families. In fiscal year 2012, 50,000 children in Michigan spent part or all of their day (and sometimes evenings or weekends) with a non-parent caregiver who received public child care assistance. Therefore, ensuring that the CDC program promotes access to high quality settings that support children's learning and development is essential.

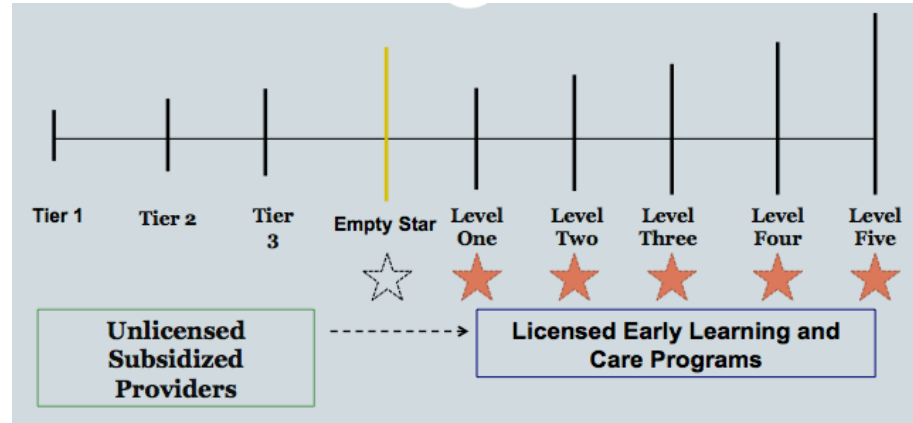
Over the past several years, Michigan has begun progress towards better understanding the quality of our child care system. In 2010, Michigan launched its quality rating and improvement system (QRIS) known as Great Start to Quality (GSQ), which is now in full operation. Quality rating and improvement systems are structured to provide families with information to help assess the quality of their child care options, providers with an understanding of the elements of quality and a path to improving the quality of their care, and policymakers with information to help target scarce resources to improving and supporting higher-quality services. Michigan's GSQ is no different. With star ratings advertised on Great Start CONNECT, a public website, GSQ provides a clear quality identification system for parents as they seek out high quality child care options for their children. And, GSQ provides a clear path for quality improvement efforts for all early learning providers including licensed and unlicensed child care providers. Because GSQ is still a relatively new system, policymakers have yet to utilize GSQ to target scarce child care resources, though targeting of resource based on GSQ has been done for the state's publicly funded preschool program, the Great Start Readiness Program.

The GSQ Tiers and Stars:

Currently, GSQ is set-up into two structures – a three-tiered structure for unlicensed providers and a five-star structure for licensed providers. For unlicensed providers, the minimum tier requires all providers to undergo a minimum of six hours of “Great Start to Quality Orientation” training. This training is mandatory for unlicensed providers to be eligible to receive the minimum child care subsidy payment. The second tier of GSQ requires an additional ten hours of training for a slightly higher reimbursement rate, and the third tier requires unlicensed providers to complete twenty hours of training and work with a quality improvement specialist to develop a quality improvement plan that could lead to licensure for no additional reimbursement.

Michigan’s Great Start to Quality Structure

Source: MI Dept. of Education – Office of Great Start Presentation to the House Appropriations Subcommittees on School Aid and Education, 8/6/2013



For licensed child care centers, group homes, and family homes; all providers enter into GSQ with one empty star to indicate that they’ve met basic licensing requirements but have not yet opted in to participate in GSQ. From there, providers who opt to participate in GSQ can move up the quality continuum through five star levels, with one filled-in star indicating the lowest level of quality and five filled-in stars indicating the highest level of quality. Quality standards in GSQ fall under five categories – staff qualifications and professional development, family and community partnerships, administration and management, environment, and curriculum and instruction. Currently, licensed providers have no financial incentive to move up the quality levels since Michigan does not have a tiered reimbursement structure for licensed providers and no other financial incentives to move up the star levels.

Quality Improvement Efforts

As all systems building work goes, implementation and participation in GSQ has been challenging. Since there is minimal incentive for providers to participate in GSQ and extremely limited assistance to support quality improvement efforts – efforts that are important but typically very costly – participation in GSQ has been low. Now that GSQ is in place, Michigan can make systemic reforms that support child care providers’ quality improvement efforts while simultaneously making concerted efforts to move more children into higher levels of care. Some of these efforts have been written into Michigan’s Race to the Top – Early Learning Challenge (RTT-ELC) grant application, which was submitted in October 2013. State-based efforts to improve access to high quality child care across the state, including those outlined in Michigan’s RTT-ELC application, are outlined below.

Incentivize Providers to Participate in GSQ. As previously mentioned, all licensed child care providers are part of GSQ but no incentives are in place for them to participate in moving up the star levels. Unless providers are a five-star rated program, advertising their lower quality on a public website could be

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potentially damaging to their business. This is evidenced by the fact that currently only ten percent of programs have completed and submitted assessments of program quality against the GSQ standards and a vast majority of them are of high quality. However, entering into GSQ gives providers access to a quality improvement specialist who can assist them in creating a quality improvement plan to move up the quality levels. But, taking the first step to participate in GSQ is essential. Thus, in Michigan's RTT-ELC grant application, a one-time \$500 incentive for providers to participate in GSQ is written into the plan. This incentive coupled with extra supports to improve quality can help build a more robust, high quality child care market.

Implement a Tiered Reimbursement Structure for Licensed Providers. A majority of states that have implemented a QRIS have also implemented a tiered reimbursement structure to incentivize and support providers as they increase their quality. In Michigan, tiered reimbursement only applies to unlicensed providers, and no tiered payment structure is in place for licensed providers who require the most financial supports to move up the quality continuum. Incentivizing and supporting providers by creating a tiered reimbursement structure that appropriately compensates providers for higher quality of care can assist more providers in moving up the quality continuum. Tiered reimbursement coupled with other quality improvement incentives can ensure that high quality child care providers are appropriately supported.

Support Quality Improvement Efforts for Licensed Providers. Currently, Michigan providers rely on the efforts available by regional resource centers, quality improvement specialists, and their own finances to implement quality improvement efforts. However, these efforts are often very costly and can range from purchasing and implementing an evidence-based curriculum to hiring an additional teacher to support lower teacher-child ratios than required by licensure to provide higher quality instruction. Providers need financial assistance to support these and other types of quality improvement efforts, and one mechanism to do so is through quality improvement grants. Many states have implemented quality improvement grants to financially support providers' efforts to move up the quality levels within their QRIS, and it's often coupled with a tiered reimbursement structure. Michigan wrote support for quality improvement grants ranging from \$1,000 to \$1,500 in its RTT-ELC application specifically for programs rated one star to three stars to assist them in achieving their quality improvement plans. These quality improvement grants coupled with other strategies can assist more child care providers to reach higher levels of quality.

Support Child Care Professionals. Child care systems across the states are no different in that child care professionals are inadequately compensated for their critical roles in teaching and nurturing children. Understanding the limited revenues that child care providers work with, some states have implemented wage and retention awards that are coupled with quality improvement grants and tiered reimbursement. Wage and retention awards are specifically used by child care providers to bolster their teachers' salaries to attract and retain credentialed, quality staff. Michigan currently does not offer wage and retention awards but does, like many states, provide T.E.A.C.H. scholarships – a statewide scholarship program designed to help child care providers, teachers, directors, and other early childhood educators meet their professional development goals. Within the T.E.A.C.H. scholarship is a bonus structure that provides bonuses to child care providers as they make progress towards completing a higher credential. However, unlike wage and retention awards, once a teacher completes their credentialing, no other additional financial incentive is in place to retain that higher credentialed staff person unless his/her employer has the means and opts to provide a salary raise.

Create Scholarships for High Needs Children, with a Focus on Infants and Toddlers. Michigan’s current child care subsidy reimbursement rate falls well below the federally recommended 75th percentile of the market rate. This makes it extremely challenging for low-income working families who rely on the child care subsidy to access high quality care since child care providers can charge families the difference between their actual tuition and the subsidy amount through co-pays. Providing scholarships to the highest need families – particularly for families with infants and toddlers when child care is most costly – can allow more families to access higher quality care. Furthermore, for providers, receiving scholarships in a lump sum rather than an hourly payment as our current CDC subsidy is structured allows them to have more consistent revenue that can then be used towards quality improvement efforts. While Michigan wrote 300 child care scholarships for high needs children ages zero to three in its RTT-ELC grant application, these scholarships are targeted to specific communities and a more statewide system could benefit more children and more providers.

Supporting Family, Friend, and Neighbor (FFN) Care. For the most challenged families, often FFN care is the most affordable and accessible form of child care that’s provided by a trusted individual. However, FFN care is typically unlicensed care where the state knows very little about the quality of care being provided. In Michigan’s RTT-ELC grant application, several strategies to support FFN care are laid out including opportunities for peer-to-peer learning communities where unlicensed providers would come together and complete a series of training modules in cohorts where providers can not only learn from trained professionals but also from each other. Also, a \$500 incentive is written into the RTT-ELC application for unlicensed providers who meet Tier 3 requirements, thus moving more unlicensed providers towards higher quality. These and other supports and incentives targeted towards FFN care is essential since many families prefer this type of care over a child care center for a variety of reasons.

All families want the best care for their children. Ensuring that families can access high quality child care and supporting providers to reach higher levels of quality is essential to integrate Michigan’s CDC program into a prenatal through age 20 education framework. While Michigan has written many quality improvement strategies into its RTT-ELC grant application that would bolster the child care system, some of these strategies are targeted to specific communities or to a limited number of providers and children. As a state, we must work towards advancing the child care system as a whole so that all of Michigan’s most challenged children – regardless of geography – can better access high quality care. This means talking to your legislators about the importance of quality child care and providing solutions, like those laid out here, to advance the system.