



Financing Quality Rating Systems: Lessons Learned

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Introduction

Investing in our children's earliest years sets the stage for lifelong learning. Research has shown that high-quality early care and education can result in increased school success, lower crime rates, higher lifetime incomes, and many other benefits. But not all programs produce these results; program quality is key.

As interest in early learning has grown, so has the focus on outcome-based budgeting and accountability. Government and private sector funders are seeking ways to ensure that the dollars they invest in early childhood programs actually produce results. Parents are also concerned about results, and increasingly ask for easy ways to evaluate the early childhood programs in their community. To meet these needs, many states and communities have launched early childhood quality rating systems that evaluate early care and education programs and report this information in an easily understood fashion, like the five-star ratings commonly used to assess restaurants or hotels.

What is a Quality Rating System?

A quality rating system (QRS) is a tool to evaluate the quality of an early childhood program. Quality rating systems have multiple uses: as a consumer guide, a benchmark for provider improvement and an accountability measure for funding. The symbols that are used to represent the quality rating levels can vary, but are commonly easily understood icons such as stars or gold/silver/bronze seals.

Quality ratings can be mandatory (as is the case in North Carolina and Tennessee, where the rating is part of, or linked to, the child care licensing process) or voluntary (as it is in most states.) Even in a voluntary system quality rating may be used as a funding standard. That is, a specific rating may be required to secure funds from a philanthropy or to obtain a government contract. A "tiered reimbursement" strategy could be linked to the quality rating system and award higher child care subsidy payments to programs that attain higher quality levels. Quality rating can also guide tax policy. For example, Maine doubles the state dependent care tax credit for parents who enroll their children in programs that have attained a Maine Quality Certificate.

Effective Quality Rating Systems

- Have multiple levels, or steps, that are clearly articulated so that participants understand what is expected and how to comply;
- Are research-based and validated;
- Have a broad scope, that includes all types of early care and education programs;
- Are statewide or are local pilots of what will eventually become a statewide system;
- Are linked to consultation, financial incentives and support systems with a focus on continuous quality improvement; and
- Have a public awareness component aimed at consumer education and engagement.

Quality ratings are also an important consumer tool. Many states post quality rating information on the web, and encourage child care resource and referral agencies to share this information with parents.

Effective quality rating systems have multiple levels, or steps, are research-based, include all types of early care and education programs and, ideally, are statewide. Multiple levels, or "steps to quality," are needed so that all early care and education programs can realistically participate and focus on continuous quality improvement. Rooting system standards and procedures in research is key to ensuring that the QRS is a valid and reliable quality measure. A broad scope is important so that consumers and policy makers know that quality early learning is not based solely on a particular funding stream (such as Head Start or pre-kindergarten or another state initiative) but can occur in a wide range of center and home-based settings.

Taking steps to ensure that quality ratings are applicable statewide is not only important to consumer education but also to overall trust in the system. A parent who enrolls their child in a five star center in Pleasantville is likely to look for another five star center if the family moves to Anchorville. If these two cities rate programs differently, the parent will not only be confused but could lose faith in the concept of early childhood program rating altogether. Likewise, if government links funding to a quality rating system, but the standards upon which the rating is based are not consistent statewide, then public officials could lose faith in quality rating as an effective accountability measure.

The Cost of a Quality Rating System

Most consumers, business leaders, policy makers and advocates would agree that information on the quality of early childhood programs is important. But how can we deliver these results at an affordable price? What does it take to develop systems that can "go to scale" and engage all, or at least a significant percentage of, the early care and education programs in the state? And what financing sources are available to support these efforts?

The cost of developing and implementing a QRS can vary widely, depending on the standards and scope of the effort.

Administrative costs are driven by the quality levels and standards that are established, the tools that are used to measure compliance, and the frequency with which those tools are used. Systems that require programs to participate in an environmental assessment (using an observational tool like the Early Childhood Environmental Rating Scale, or ECERS) conducted by staff from the QRS are more expensive to administer than those that rely on ERS classroom assessments conducted by other entities (such as accreditation by a national early childhood organization) or a program self-

It is simply not possible to cite a standard or customary cost for implementing a QRS because system standards, staffing patterns and monitoring intensity vary widely from state to state.

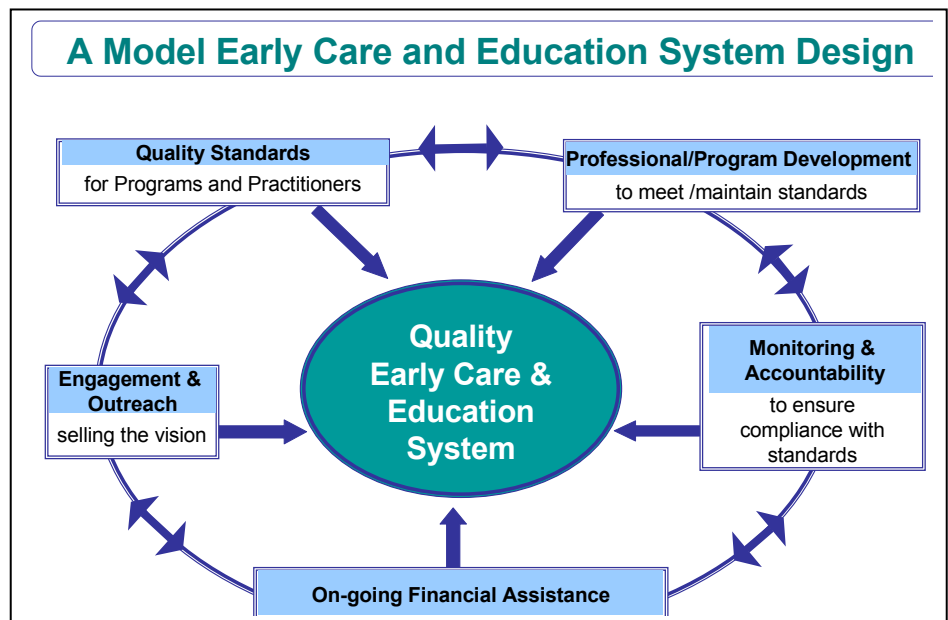
evaluation process. Systems that require an intense level or frequency of assessment, such as requiring all classrooms in all programs to be assessed twice a year, are more expensive than those that require only annual or biannual ERS classroom assessments of a sample of classrooms in a single program. Additionally, validating and/or ensuring the reliability of a quality rating system will further increase costs. In short, it is simply not possible to cite a standard or customary cost for implementing a QRS.

Furthermore, financing a QRS isn't just limited to the cost of assigning a rating. States that initiate early childhood quality rating systems find that the process of evaluating programs opens up new opportunities for quality improvement. As one state administrator noted "we learned early on that simply rating programs, without follow-up and consultation, is a lost opportunity."¹ Thus, the various consultation, incentives and support systems that states have developed as part of, or linked to, their quality rating systems are an important part of the financing discussion.

An effective financing strategy is not just about raising new funds; it is also about redirecting existing resources. If quality rating systems are structured from the outset so that they build on and incorporate the standards and policies of existing sub-systems (e.g. child care, Head Start, pre-kindergarten, early intervention, etc.) then the resources that currently support those systems can, over time, be tapped. Additionally, if a QRS is used to frame the state's overall approach to early childhood system reform, and linked to outcomes or benchmarks, then it can increase the effectiveness of existing public and private initiatives such as the technical assistance provided by Child Care Resource and Referral (CCR&R) agencies, quality improvement grants, or the early care and education career development system.

Approach

To reinforce a holistic approach to quality rating, this paper is structured around five basic elements of an early care and education system and based on a model developed by the Alliance for Early Childhood Finance (see graphic, right.) The specific elements and services that



¹ Nancy Von Barga, Oklahoma – personal communication, May 2004.

need to be financed in a quality rating system (e.g. the "boxes" in the systems model) will be discussed including how those elements are currently funded, and possible alternative financing approaches that have not yet been tried.

The information presented in this paper was drawn from a literature search as well as telephone interviews with key informants from nine states that have established early care and education quality rating systems (CO, KY, MT, NM, NC, OK, PA, TN, VT.)² The chart on pages 5-9 includes a brief summary of each of these systems. It should be noted that these states may not have created a QRS that meets all of the criteria identified in the *Effective Quality Rating Systems* box on page one. However, each of these states has important lessons to share about system development, administration and finance.

² According to the National Child Care Information Center, 36 states have some form of tiered quality strategy (although only 32 have approaches that are available statewide) and eighteen systems have ratings at multiple levels. However, many of these "tiered quality strategies" are limited to tiered reimbursement rates for the child care subsidy system and therefore do not fit the definition of Quality Rating Systems used in this paper. (Dry and Collins, July 2004. *National Overview of Tiered Quality Strategies: A Preliminary Analysis*. State Child Care Administrators Meeting, Washington D.C.)

Nine Statewide Quality Rating Systems

State	Name of QRS	Date QRS Launched	Number of Participating Programs (May 2004)	Number of Levels in QRS*	Frequency of Quality Rating (e.g. When renewed?)	Percent of Classrooms Assessed at Each Site (If ERS classroom assessment is required.)	Frequency of classroom assessment (If ERS classroom assessment is required.)	Staffing Pattern for QRS Administration	Funding Sources Linked to Program QRS Levels
CO	Educare Colorado QRS	Began 1999, went statewide in 2001	270 centers (16% of all licensed) 40 homes (1.4% of all licensed)	4	Annually	100% of all classrooms at each site	Annually	Mostly private sector employees 13 Quality Rating Specialists	Varies by locality: <ul style="list-style-type: none"> • Tiered Reimbursement in Denver • Support Grants (equip, supplies, training, etc.) in some counties & for school readiness program participants • Staff "bonuses" linked to qualifications in some counties
KY	STARS for KIDS NOW	2001	528 Centers (25% of all licensed) 164 homes (15% of all regulated)	4	Annually	1/3 of the classrooms in a facility--at least one at each age group	Annually	Mostly State Employees 18 Star Raters in Licensing 4 Anchor Trainers in state child care division 18 Quality Coordinators* in CCR&Rs	<ul style="list-style-type: none"> • Participant Achievement Award (one-time) • Per-child Annual Incentive Award (for 2-4 Stars only; based on % of subsidy children)
MT	Star Quality Rating System	2002	26 centers (10% of all licensed) 45 homes (4% of all licensed)	3	n/a	ERS Classroom Assessment Not required: Rating based on accreditation	Not required: Rating based on accreditation	One State Employee Best Beginnings Program Officer	Tiered Reimbursement Large Provider Program Grants are linked to accreditation (the requirement for 2 stars)

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NM**	AIM HIGH	1999	177 centers (28% of all licensed) 68 licensed homes (18% of all licensed) 18 registered homes (0% of all registered)	5	n/a	All Classrooms	ERS classroom assessments are completed on an "as needed" basis & Are typically not done above level 3	Some State employees; mostly private sector 2 Office of Child Development Coordinators* (25% time each) 12.5 FTE field staff in local Training/TA Agencies	Tiered Reimbursement
NC	5 Star Child Care License	1999 (centers) 2000 (homes)	All licensed providers must participate -- currently @10,000 participate; about 50/50 centers and homes	5	Every three years	1/3 of the classroom in a facility--at least one classroom at each age group ERS assessments are not required of all settings	Annually	State & private sector employees @ 100 licensing consultants* 66 staff of UNC - RLAP, including Coordinators, assessors, anchor trainers, faculty liaisons*	<ul style="list-style-type: none"> • Tiered Reimbursement • Special loan programs (after floods/hurricane) convert to grants if raise STAR level (Note: In NC essentially all quality funds are linked to STARS because participation in STARS is mandatory.)
OK	Reach for the Stars	1998	100% of licensed providers participate Currently 1, 212 centers and 1,623 homes (@42% of all regulated) are at the one star plus level or above.	4	Renewed every 2 years (compliance verified at licensing visits that occur at least 3 times a year)	1 scale in one classroom per facility (randomly selected) ERS Assessment only required of 2 star and above	Every two years	Mostly state employees; some private sector 36 additional licensing staff (added to help implement QRS) 5 stars outreach specialists	<ul style="list-style-type: none"> • Tiered Reimbursement • Priority access to accreditation support projects • Scholars program limited to 1Star plus & higher • STARS participants receive double # of training vouchers

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PA	Keystone Stars	2004	1,167 centers and 69 group homes (25% of all licensed) 77 family child care homes (almost 2% of all regulated homes)	5	Annually	1/3 of the classrooms in a facility -- at least one classroom at each age group ERS Assessment only required of 2 star and above	Annually	Mostly private sector employees 25 Stars Managers & 6 ERS Assessors at Child Care Resource Development Agencies	<ul style="list-style-type: none"> • Star Support Grants • Merit Awards • Education and Retention Awards • Reduced Fees for PA Pathways training • Priority for Core Series Training • Priority for TEACH • Subsidy participants priority for STARS TA
TN	Report Card and Star-Quality Child Care Program	August 2001	2,322 centers and 1,474 homes (100% of all DHS regulated providers) participate in the Report Card 1,710 centers (74% of all regulated) and 749 homes (51% of regulated) participate in the Star Quality Program	3	Annually	1/3 of the classroom in a facility--at least one classroom at each age group	Annually	State employees (licensing) 158 licensing evaluators & field supervisors 72 ERS assessors	Tiered Reimbursement

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VT	Step Ahead Recognition System for Child Care Programs (STARS)	Summer 2003	The first 3 rating certificates were awarded in Fall of 2004	5	Annually	ERS classroom assessment not required	ERS classroom assessment not required	Presently 2, part time contract staff	<p>Programs that receive child care subsidy <i>contracts</i> or infant/toddler grants must participate in STARS.</p> <p>Other supports are in transition, e.g. the following incentives are currently linked to accreditation but will be linked to STARS in the future:</p> <ul style="list-style-type: none"> • One-time Quality Incentive Bonus • Rate Supplement for accredited providers who serve subsidized children
<p>**New Mexico AIM HIGH is currently not a comprehensive, statewide QRS. However, the initiative is being revised and the state plans to roll-out a revised, five-star, statewide QRS in July 2005.</p> <p>*These individuals have other responsibilities in addition to QRS administration</p>									

Notes:

*The number of levels in the quality rating system (QRS) do not include licensing, unless the State includes licensing in their definitions of the QRS levels.

Source:

Stoney, Louise. 2004. *Financing Quality Rating Systems: Lessons Learned* (United Way of America, Success By 6).

The Elements of a Quality Rating System

Developing Standards for the QRS

The first step in establishing a QRS is developing standards. This means defining the various quality levels that will be included in the system. Copies of the standards used by states³ that have established a QRS, as well as documents that summarize the similarities and differences among these approaches, are available from the National Child Care Information Center.⁴

Most states have used the in-kind services of staff from state agencies or private sector organizations to develop the standards for their quality rating system. In six of the nine states interviewed for this paper (KY, MT, NC, NM, OK, TN) staff from the Child Care and Development Fund (CCDF) Lead Agency led the process of developing standards. Development of Pennsylvania's Keystone Stars system was led by the in-kind services of a staff person from the United Way of Southeastern Pennsylvania. Vermont contracted with a private consulting firm. And in Colorado the system was developed by a non-profit, private sector entity with staff paid by private funds.

While the amount of staff time expended for system development varied across states, they used, on average, approximately two staff at 33% time for 18 months. These staff typically performed the following duties (not necessarily in this order):

- Gather information on quality rating systems in other states (key informants noted that the amount of time needed for this step has reduced significantly as the NCCIC data base on QRS has grown.)
- Gather information on any quality standards or assessments currently used in the state (such as NAEYC accreditation, Head Start and pre-kindergarten performance standards, quality initiatives that require classroom assessment, and so forth.)
- Gather information on the qualifications of the state's current early care and education workforce, as well as any available data on the quality of care currently provided by early care and education programs in the state.

Step One: Quality Rating System Research and Development

Estimated Staff Time: Approximately 2 staff @33% time for 18 months.

Funding Sources: States typically use in-kind services from government or private sector entity, CCDF quality funds, private foundations, United Way.

³ For purposes of this paper, the term state is used to refer to the state in which a quality rating system is located and is not intended to mean state government only. To date, most quality rating systems have been funded and administered by a government entity. Sometimes, however, they are funded and administered by the private sector. And sometimes they are a partnership of the two.

⁴ <http://nccic.org/poptopics/index.html#tiered>

- Gather information on the state's current supports for practitioners and programs (e.g. training opportunities, accreditation facilitation projects, quality improvement initiatives, etc.)
- Draft proposed standards, often in collaboration with an advisory committee.
- Host meetings, hearings or forums to share draft standards and gather input. (These meetings were often held in collaboration with, or sponsored by, child care resource and referral agencies.)
- Revise standards based on input from providers and others; share revised standards with advisory committee, providers and others.
- Develop a work plan and implementation budget that specifies how the system will be administered (see step two, on the following page, for more details.)

Key informants noted that quality rating system research and development was often an iterative process. Colorado's Qualistar, for example, has been working closely with evaluators from the Rand Corporation since the program's inception. In addition to gathering data needed to ensure that the QRS is a valid and reliable measure of quality, staff from Rand have worked closely with Qualistar to guide development of the system and ensure that the components are configured in the most effective and efficient way possible. When the Rand staff suggests revisions, Qualistar implements the change. RAND then gathers additional data to test the effectiveness of the revision. Thus, research and development of the system is ongoing rather than at a single point in time.⁵

Infrastructure to Monitor/Assess Compliance with Standards

Each of the nine QRSs reviewed for this paper has an administrative system to initially assess where programs are in the QRS

**Step Two:
Infrastructure to Award Ratings & Monitor Compliance**

Estimated Costs: Implementation costs vary widely. Factors that determine staffing and other administrative costs include:

- Number of participating programs,
- Number of programs that require ERS classroom assessments,
- Number of classrooms that must participate in ERS at each site,
- Frequency of the ERS assessment and/or rating assignment,
- QRS staff training needs & reliability checks for classroom assessors.
- Automation systems to support the QRS
- Evaluation needs and resources.

Funding Sources: States currently use CCDF quality dollars, TANF, Tobacco Settlement, and private sector contributions.

⁵ RAND is currently conducting a five-year evaluation of the Qualistar QRS model, due for completion in December 2005.

(e.g. award an initial star level) and monitor progress to assure continued compliance and improvement. Seven of the states required some or all programs to participate in an observation-based classroom assessment using an Environmental Rating Scale (ERS) such as the Infant/Toddler Environmental Rating Scale (ITERS), the Early Childhood Environmental Rating Scale (ECERS), the Family Day Care Rating Scale (FDCRS) or the School-Age Child Care Environmental Rating Scale (SACERS). These tasks -- assigning a star rating, monitoring compliance with QRS standards and conducting ERS classroom assessments -- are typically performed by a mix of government employees and contract staff.

Staffing. States use different approaches to staff QRS administration. Three states (NC, OK and TN) use state licensing staff to gather and validate the information needed to award a program rating and monitor compliance. In Pennsylvania this function is conducted by staff from the regional Child Care Resource Development agencies. At the time interviews were conducted, all four of these states contracted with a university or child care resource and referral agency to conduct the ERS classroom assessments required to assign a program rating. However, Tennessee recently transferred responsibility for ERS classroom assessments to state agency staff, and Oklahoma has made ERS assessors permanent employees of their state professional development center.

Three states (CO, KY and NM) use a case management approach, in which a single staff person is responsible for both gathering and validating the information needed to award a program rating and conducting any required ERS classroom assessments. In Colorado both of these functions are performed by staff from Qualistar, a private, non-profit entity⁶. In New Mexico both of these functions are performed by staff from the state's child care Training and Technical Assistance Centers. At the time interviews for this paper were conducted, Kentucky used a case management model but employed different agencies to conduct ratings and ERS classroom assessments for

What Does it Cost to Conduct ERS Classroom Assessments?

The cost of ERS classroom assessment will vary, based on the scope and intensity of the process. To determine costs, estimate the average staff time required to assess and monitor each program. Remember to include the following:

- Number of centers & homes that require ERS classroom assessments;
- Number of classrooms that must participate in ERS at each site;
- Frequency of the ERS assessment and/or rating assignment;
- Staff time spent on "debriefing", reporting, data entry and other administrative tasks;
- Staff time spent participating in training and reliability checks;
- Staff time required to travel among sites.

⁶ Qualistar is a recent merger of Educare Colorado, the entity that developed the QRS as an accountability tool, and the Colorado Office of Resource and Referral Agencies, Inc., the network responsible for linking parents with early care and education programs.

different providers. Staff in the licensing division handled all child care centers, with the assistance of staff from Child Care Resource and Referral Agencies⁷ and staff in the subsidy division handled family child care. The state is presently in the process of transferring responsibility for rating, monitoring and conducting ERS classroom assessments on all programs to the state child care licensing division.

Two states (VT and MT) do not require ERS classroom assessments, and therefore only need staff to assign and renew program star ratings. The Vermont system is based on five "arenas of action" that are enforced by a variety of entities, including a program self-assessment. The Montana system is based on accreditation and participation in the state's professional development registry. Since these are both small states the staffing needs are minimal.

Caseloads. Staffing and caseloads for assigning ratings and assessing classrooms varied widely (from a high of 1:90 to a low of 1:30) based on the number of participating programs, the number of programs that require ERS classroom assessments⁸, the number of classrooms that must be assessed at each site, and the frequency of the ERS assessment and/or star rating assignment. In some cases the staff responsible for assigning and monitoring compliance with ratings, or conducting ERS classroom assessments, were also responsible for providing additional practitioner supports (step three, below). In this model, caseloads were even lower.

Training and reliability checks. The key informants interviewed for this study were quick to point out that staff training and on-going reliability checks for ERS classroom assessors must be built into the system. Tennessee provides six months of training for each ERS assessor, including three months on-the-job training. This training is conducted by four Assessment Anchors who were trained by Harms and Cryer and are reliable on all four ERS scales.

Several states contracted with the state university to develop and conduct training for ERS classroom assessors. One state (PA) sent ERS assessment staff to the University of North Carolina for Harms/Clifford training on environmental rating, and three others (KY, NC, OK) brought UNC staff to the state to conduct this training. Kentucky has since established Anchor Trainer positions on staff to conduct training and routinely check the reliability of ERS classroom assessors. Both NCRLAP, the contractor that conducts ERS classroom assessments in North Carolina, and Colorado's Qualistar also employ Anchor Trainers.

The frequency of reliability checks among ERS classroom assessors varies among the states. North Carolina checks the reliability of its assessors – on each scale –

⁷ Child Care Resource and Referral agencies assist in conducting ratings for Level I centers.

⁸ Some QRS do not require classroom ERS classroom assessments for one-star programs, but only for programs that are seeking to attain higher quality levels. Some allow programs to assess quality in multiple ways, with classroom assessment as one -- but not the only -- option.

every six to ten classroom assessments. This means that assessors are checked about every two weeks. Tennessee also conducts reliability checks every six to ten classroom assessments, depending upon assessor's mastery of the scales. If an assessor demonstrates three consecutive reliability checks of 90% or above, their checks are completed every 10th assessment. On average, each Tennessee assessor receives about 11 reliability checks each year. Other states check reliability less frequently. Colorado's Clayton Foundation is currently conducting research aimed at clarifying how frequently the interrater reliability among ERS assessors should be checked.

Key informants stressed that all staff -- not just those involved in classroom assessment -- need ongoing training. Oklahoma and North Carolina, two states that employ licensing staff to assign star ratings and monitor continued compliance with QRS standards, reported that on-going staff training was essential. In Colorado, the Clayton Foundation is establishing a statewide institute for QRS coaches that will not only train staff engaged in implementing the quality rating system but also offer professional development opportunities to staff that provide on-going technical assistance to programs (see discussion of program and practitioner supports, below.)

The North Carolina Rated License Assessment Project (NCRLAP)

NCRLAP is a collaborative project between the North Carolina Division of Child Development and other North Carolina institutes of higher education. NCRLAP's purpose is to conduct ERS classroom assessments for child care centers and homes that participate in the North Carolina Star Rated License system. A brochure that describes how quality is assessed, how to prepare for the visit, and what to expect during and after an assessment, is available on the web. Additionally, NCRLAP has analyzed assessment scores over time to help the state learn how it can most effectively improve the care and education that children receive. For more information, go to <http://web.uncg.edu/ncrlap>.

Administrative costs and funding sources. Staffing patterns, caseloads and training needs are an important part of this discussion because they drive system costs. Interviews with key informants indicated that states often made strategic decisions to use licensing or subsidy staff to perform ratings, monitor compliance and/or conduct ERS classroom assessments so that they could use existing funds to help support the quality rating system. North Carolina, for example, made the QRS part of the state's child care licensing law and completely redefined the job of a licensor when they implemented the new system. They intentionally did not develop a separate budget for the STARS system but rather included the cost of implementation in their overall licensing budget. Oklahoma requested funds to hire 36 additional licensing staff and, later, five stars outreach specialists. Funds were

also allocated to contract with an outside agency for five full-time equivalent staff to conduct ERS classroom assessments. Pennsylvania developed a separate QRS budget for their initiative, which is not linked to licensing but is administered by regional Child Care Resource Development agencies.

Most states report that administration of their QRS is currently funded by federal Child Care and Development Fund (CCDF) quality dollars. A few states tap federal Temporary Assistance for Needy Families (TANF) funds or state general revenues. Kentucky relies on a blend of CCDF and Tobacco Settlement funds to cover the cost of administering their QRS. Colorado's Qualistar is largely funded by the private sector, although they also receive funds from a state school readiness act that taps CCDF dollars and uses private contributions as a match.

Key informants noted, however, that they began their systems using funds that were most readily available. As the experience with and use of quality rating systems grows, so do potential funders. Head Start is a promising source. Early childhood programs that receive Head Start funds frequently participate in, and receive support and technical assistance from, a state QRS. Head Start programs represented 22% of all center-based participants in Colorado's Qualistar, 17% in Tennessee's Star Quality program, and about 8% in North Carolina's system. An evaluation of Kentucky's STARS for KIDS NOW initiative indicated that programs receiving Head Start funds participate more in STARS than do other program types and that Head Start programs perceived the most benefit from participation in the QRS.⁹ To strengthen linkages with Head Start, Colorado has launched a new QRS initiative with the state Head Start Collaboration Office (see box, above.)

Colorado QRS Links to Head Start

In 2004, the Colorado Head Start Collaboration Office targeted \$100,000 of supplemental and carryover money to support quality ratings in the state. Part of the money was targeted for the following purposes:

- \$5,000 for focus groups in the Colorado Head Start Association to discuss the use of the QRS and align Head Start Performance Standards to the Quality Rating;
- \$15,000 for Quality Ratings expansion to new sites;
- \$40,000 to expand T.E.A.C.H. in quality improvement efforts.

Several states have begun to explore QRS links to public pre-kindergarten initiatives. The North Carolina Department of Education uses the states' five-Star Child Care license/quality rating system as a common standard, and then layers additional requirements (for their "More at Four" preschool program) on this base. Colorado is currently negotiating with the state preschool program to develop

Several states have begun to explore QRS links to public pre-kindergarten initiatives. The North Carolina Department of Education uses the states' five-Star Child Care license/quality rating system as a common standard, and then layers additional requirements (for their "More at Four" preschool program) on this base. Colorado is currently negotiating with the state preschool program to develop

⁹ Grisham-Brown et al. October, 2003. *Interim Report for the Evaluation of the KIDS NOW Initiative*. Lexington: University of Kentucky.

systemic links to the Qualistar quality rating system. And the Los Angeles Universal Preschool Master Plan recommends a five-star quality rating system for the proposed preschool program, aligned with existing rating standards including California Desired Results, Accreditation, and Head Start Performance Standards.¹⁰

The private sector can also help support the administrative cost of a QRS. While Colorado has made this their primary funding source, it is possible to strategically link private sector support to pieces of the system or specific providers. For example, the private sector could support staff who provide on-site technical assistance or coaching to programs participating in a QRS, similar to the Portland/Vancouver example in the box, right. The Success By 6® in Buffalo, New York initiated an accreditation facilitation project four years ago. This project is currently being revised and will soon be based on ERS assessments and quality improvement plans – similar to those used in many quality rating systems.

Private Sector Support for Program Improvement

The Portland/Vancouver area Success By 6® supports a Child Care Improvement Project that brings home-based child care providers together in local or culturally-based networks. Each provider receives an ERS assessment, targeted technical assistance, small grants, business/marketing training and peer support. While this system is not, at present, based on a QRS, it is a model that could easily be adapted to this purpose.

Private sector funds could also be used to support QRS staff training costs and/or a statewide institute (that is rooted in the QRS goals) for staff engaged in any aspect of promoting quality in early care and education, similar to the QRS institute that is being launched in Colorado by the Clayton Foundation.

Another way that local United Way agencies, community foundations, employers and other funders could promote QRS would be to make participation in QRS a funding standard. Rather than supporting their own, separate program monitoring, these agencies could require that the early childhood programs they fund participate in the state's QRS. Any private sector funds that were formerly spent on program monitoring could be used for additional program supports or to help support the QRS as a whole.

Automation. Every state QRS examined for this study had developed some sort of automation system to store, analyze and report data gathered to assign ratings. In most cases, states adapted existing automation systems to incorporate QRS needs. However, three states (CO, KY, PA) reported that they had built a new automated system to maintain QRS data, and one (VT) is not yet automated. Sometimes states

¹⁰ Hill-Scott, K. *The Sky's the Limit! Los Angeles Universal Preschool Master Plan*. First 5 LA. http://www.prop10.org/docs/Partnerships/UPK/Proj_UPK_MasterPlanFinalDraft.pdf, pp 41, 66, 67.

(such as TN) took a hybrid approach; that is, they developed a separate system to maintain data until the larger state systems could be reprogrammed.

Oklahoma made sure that state automation staff were at all of the STARS planning meetings so that they understood the intent of the initiative and what automated supports were needed. STARS status is now linked to the state's licensing data base, the subsidy payment data base and the CCR&R referral data base. Montana was in the process of building an entirely new, web-based automation system at the time that they developed their QRS. As a result, the system incorporates the QRS data needs.

The cost of building or adapting automation systems to support QRS ranged from zero (in cases where the QRS was embedded in existing automation systems and development services were "in kind") to over \$400,000 (for an entirely new system).

Some states still struggle with automation. Problems were most frequently reported in situations where a state contracted out for ERS classroom assessments and these data were maintained on a separate automation system that did not link to the state systems used to maintain overall ratings.

Qualistar has learned that the amount of time spent on verifying rating information and preparing reports can be significantly reduced by automation. They developed an automation system that supports their case management approach to QRS. Qualistar's quality rating technology supports their Quality Specialists from initial contact to delivery of the Quality Performance Profile (QPP) that is given to programs after the assessment. The QPP outlines strengths and weaknesses, provides a detailed action plan, a timeline for program improvement and a list of resources for further

RAND Evaluates Qualistar

Qualistar has committed to a nationally recognized multi-year evaluation by the RAND Corporation to validate its Quality Rating System as an effective tool for measuring quality. The evaluation began in the fall of 2000 and is scheduled to finish in late 2005. Goals of this research include demonstrating that:

- Children in higher quality programs are more likely to succeed in kindergarten and beyond.
- Early Childhood Educators who receive helpful feedback on their programs can contribute to improved school readiness and child outcomes.
- Parents can be confident that choosing quality settings will mean real benefits for their children.
- Policy makers and other funders can invest in quality programs that result in improved outcomes for children.

assistance. The system also generates customer information, program rating packets and calculates quality ratings as data are returned. Automating the process has reduced the staff time needed to prepare a QPP from two days to three hours.

Evaluation. Evaluation is a helpful tool for any new initiative and especially needed in efforts aimed at quality improvement and system reform. In evaluating their QRS, states are seeking to learn a variety of things, including:

- If the rating system is a reliable and valid measure of quality;
- If there are significant differences in quality between each star level;
- If the overall effort (QRS plus provider technical assistance, supports and incentives) is improving program quality;
- If the procedures and tools used to administer the QRS are efficient and effective;
- Which standards/requirements are the best predictors of quality;
- If children attending high quality settings (e.g. those with higher quality ratings) have better outcomes in terms of language/cognitive development and social competence.

The focus and scope of QRS evaluations varies among states. Oklahoma, which has consistently evaluated their initiative over a five year period, has focused largely on the first three bullets: ensuring that the system is reliable, valid and actually results in improved program quality. More recently, Oklahoma evaluations have begun to identify which Stars requirements are most important for program quality.

After initial implementation, the North Carolina STARS system was validated by the Frank Porter Graham Center at the University of North Carolina Chapel Hill (http://www.fpg.unc.edu/smartstart/Reports/Validating_Licensing_System_Brochure.pdf). Additionally, the state has supported an on-going evaluation effort, conducted by NCRLAP (see box, page 14) that has paid particular attention to tracking the reliability of their assessors. NCRLAP has also begun to identify the lowest scoring items in the ERS classroom assessment process, information that can be a helpful guide for technical assistance efforts.

Colorado's Qualistar has been engaged in a multi-year evaluation to measure the QRS impact on children's development and school readiness in addition to validating the reliability, validity and effectiveness of the system. Additionally, Qualistar has been using data from the RAND evaluation to make continuous improvements to the QRS. For example, evaluation data from the initial prototype was used to streamline administrative tasks prior to launching the first pilot, and data from the pilots was used to strengthen the system before rolling out statewide.

The Pennsylvania QRS is quite new. As a result, the first year study was designed as a process evaluation. The research team focused largely on assessing the overall

structure of the QRS standards and initial implementation through interviews with providers and others involved in QRS administration. Additionally, baseline data was gathered on the quality of care in selected programs. New Mexico has also conducted several process evaluations of the AIM HIGH initiative and used this data to inform revisions of the QRS.

Kentucky took a completely different approach and conducted an evaluation of their comprehensive KIDS NOW initiative, of which the QRS is one part. This approach allowed them to examine early childhood program quality in a broader context.

Program & Practitioner Support & Technical Assistance

Ensuring that early childhood programs and practitioners are able to participate in the QRS, and work toward continuous improvement, is key to success. To this end, many states that have developed a QRS have also invested in training and technical assistance for programs and practitioners, linked to participating in the QRS. The types of support vary from state to state, but generally fall into the following categories.

General information about the QRS: what is expected and how to participate. Of the nine state QRSs examined for this paper, most had QRS information posted on the web and also offered introductory training on the system. Oklahoma conducted training via satellite video, using an existing contract with Saturn to support the costs. Colorado, Kentucky, Montana and North Carolina asked CCR&Rs to conduct training and information sessions as part of their routine provider outreach activities. Tennessee and Montana asked the agencies with whom they contract for practitioner training to include information on the QRS. In states where the QRS was linked to or administered by licensing, this agency was asked to include information on the QRS in their basic provider orientation materials.

More advanced training on classroom assessment: what is expected and how to prepare. States that made classroom assessment a central part of their QRS often developed targeted training on ITERS/ECERS/SACERS. In Oklahoma, ERS classroom assessments are not required for one-star programs. The first requirement for a program seeking to attain a two-star rating, however, is that someone from the program

<p style="text-align: center;">Step Three: Linking Technical Assistance to QRSs</p> <p>Many states have linked program and practitioner support to participation in a QRS. These efforts include:</p> <ul style="list-style-type: none">• General information about the QRS and the benefits of participation• More advanced training on classroom assessment: what is expected and how to prepare• A baseline quality rating and an improvement plan• On-going, on-site coaching• Targeted training and mentoring opportunities• Priority when applying for existing quality improvement grants or other support services

attend a four hour workshop on program evaluation that includes a self-assessment checklist and an overview of the environmental rating scales. There is a \$20 charge for this training. The Tennessee Early Childhood Training Alliance (TECTA) has developed workshops on both the QRS in general as well as environmental rating scales in particular.

A baseline quality rating and an improvement plan. Six of the nine state systems reviewed for this paper (CO, KY, NM, OK, PA and TN) include some form of program evaluation process in the rating system. In Colorado, for example, the Quality Rating Specialist who conducts the ERS classroom assessments prepares a Quality Performance Profile that contains detailed information about the criteria used to assign the rating as well as program strengths and weaknesses. Based on the QPP, a Quality Improvement Plan is negotiated with the center or family home and a coach is assigned to work with the program and help implement the plan.¹¹ New Mexico takes a similar approach. In Oklahoma, program evaluators conduct an exit conference with the program director to go over the score and talk about possible improvements. Within the next month, each provider receives a follow-up phone call to check on progress and offer ideas and advice. In addition to a rating, Kentucky providers receive a strengths and weaknesses report that may be shared with the local Child Care Resource and Referral agency, which provides free technical assistance aimed at helping the program improve quality.

Tennessee has made participation in an improvement plan part of the assessment component of their QRS. All licensed providers are required to participate in an ERS assessment that is linked to an annual Report Card, and are given a copy of the assessor's notes for the ERS items on which they scored below a 4.0. The provider then has the option of making a Quality Improvement Plan, and if they choose to do so, they receive credit under the Assessment component of the Report Card. Additionally, providers may contact their local CCR&R agency to request technical assistance in developing and/or implementing an improvement plan.

On-going, on-site technical assistance. Both Colorado's Qualistar and New Mexico's AIM HIGH have designated funding to support on-going, on-site technical assistance for programs linked to the QRS. In states like Tennessee and North Carolina, where all providers are required to participate in the QRS, links to technical assistance are implied rather than specifically designed. For example, Tennessee makes funds available to CCR&R agencies to support technical assistance to providers and to the Tennessee State University for an early childhood training alliance. The state also supports an accreditation facilitation project mentoring program for family child care providers, and several other training initiatives. It is assumed that all of these efforts are focused on helping providers increase their star level--because that is the direction in which all quality improvement efforts are focused.

¹¹ Colorado's Qualistar coaches average more than 50 personal or telephone contacts with the provider during the year after ratings are conducted.

Rather than explicitly linking quality improvement efforts to their QRS, North Carolina uses QRS standards in their Smart Start Performance Based Incentive System (PBIS). The minimum PBIS requirement for early care and education child placements (including subsidy placements) is a 3.2 average star rating. For children with special needs receiving subsidies, the minimum standard is a 4.0 average star rating.

Training, education and counseling for early childhood practitioners. Some states have also linked practitioner supports to their QRS. The Oklahoma Board of Regents

"Everything is examined through the lens of STARS. Every time we launch a new initiative we ask ourselves if this will be an incentive or disincentive to the STARS rating system..."

Peggy Ball, North Carolina's State Child Care Administrator

funds Early Childhood Scholar Coordinators in each of the state's community colleges. The Coordinators recruit staff from child care into early childhood degree programs, assist them in applying for financial aid and provide general support and cheerleading. Participation in this program is now limited to staff who work in programs that have received one star plus or higher in the state's QRS. The Pennsylvania Pathways career development system has developed a new curriculum designed to support providers in meeting the requirements of their QRS, including training on preparing for and/or conducting an ERS classroom assessment. New Mexico earmarks 30% of the training and technical assistance budget received by their local child care training and technical assistance agencies specifically for supports to programs participating in AIM HIGH. These funds are often used for practitioner training.

Links to local initiatives. Even if the state does not specifically link funding to QRS a local entity may choose to do so. For example, the CCR&R agency in Missoula, Montana operates a local mentoring program that they link to participation in the state's QRS. The Child Care Services Association in North Carolina sponsors a host of program and practitioner support services, including a meal service program that caters food for early childhood programs and several substitute programs. Participation is limited to programs that have attained at least 3 stars in the statewide QRS.¹² Kentucky supports local Early Childhood Development Councils, some of which make grant funds available to assist providers in improving their STAR rating. And several of the local Success By 6® initiatives in Oklahoma have developed grant programs and/or other support services aimed at increasing

¹² For more information on these initiatives, see Stoney, L. (2004). Collective Management of Early Childhood Programs: Approaches That Aim to Maximize Efficiency, Help Improve Quality and Stabilize the Industry. Smart Start National Technical Assistance Center & Cornell University *Linking Economic Development and Child Care Research Project*.

participation in the Oklahoma Reach for the Stars quality rating system (see box, page 23).

Financial Assistance Linked to QRS

Quality rating systems offer policy makers, private sector leaders and other funders opportunities to link their dollars to the pursuit of excellence. They also offer early care and education programs a way to distinguish themselves from the crowd -- and perhaps garner higher fees from consumers in the process.

As noted earlier, most states that have established a QRS have linked or embedded QRS administration into existing structures such as licensing, CCR&R networks or other training and technical assistance systems. These states have also begun to link early childhood program operating assistance and quality grants to the QRS in a number of ways, including those identified below:

Tiered child care subsidy

reimbursement. All states help low-income working families pay for child care, and typically make funds available as portable child care vouchers or certificates that follow the child to whatever program is selected. In recent years, states have begun to link the reimbursement rates they pay to the quality of the program. In some cases states use a single standard like program accreditation or participation in a special staff training effort to measure quality. In others, funding is linked to a multi-level quality rating system. According to the National Child Care Information Center thirty-four states currently have some form of tiered child care reimbursement system, and fifteen of those states have ratings at multiple levels.¹³ Tiered reimbursement rates are typically financed as part of the child care subsidy system, using CCDF, TANF or state general funds.

Eight of the nine quality rating systems profiled for this paper (CO, KY, MT, NM, NC, OK, TN, VT) have established some form of tiered child care subsidy reimbursement that is linked to a program's star rating.¹⁴ In Colorado, tiered reimbursement is a local option and to date only one locality (the City of Denver) has established a tiered

Step Four:

Linking Funding to QRSs

There are many ways to link a QRS to public or private-sector funding, including:

- Tiered child care subsidy reimbursement
- Quality grants or merit awards for programs linked to quality rating
- Loans linked to quality rating
- Tax credits linked to quality rating
- Practitioner Wage Initiatives, with availability or priority linked to QRS
- Professional Development Initiatives
- Higher tuition/fees for higher quality programs

¹³ Dry and Collins (July 2004). *National Overview of Tiered Quality Strategies: A Preliminary Analysis*. State Child Care Administrators Meeting, Washington D.C. Available at <http://www.NCCIC.org>.

¹⁴ In some cases tiered financing approaches were referred to as Incentive Awards (KY) or Rate Supplements (VT) because they were in addition to the market price and based on the percentage of subsidized children served by a program.

reimbursement system. Several Colorado county pilots have, however, established grant programs to supplement the local rate. Pennsylvania does not have a tiered reimbursement system but instead funds several annual operating grant programs that are made available to programs to supplement subsidy reimbursement and parent fees (see box, next page).

In addition to making child care vouchers available to low-income families, Vermont negotiates contracts with a limited number of programs that provide early care and education services. These providers, who receive a higher rate of reimbursement, are now required to participate in STARS.

Quality grants or merit awards for programs. Eight of the nine states reviewed for this paper (CO, KY, MT, NC, OK, PA, TN, VT) made grant funds available to programs linked to quality levels. These funds were available in addition to a tiered child care subsidy reimbursement payment and were typically not limited to programs that serve subsidized children. In most cases, quality grants are funded with CCDF quality dollars or state general funds. Unfortunately, these grants are often vulnerable to budget cuts and in competition with subsidy dollars. Tennessee, for example, had to eliminate their quality improvement grants program due to a budget crisis. Key informants believe, however, that making quality grants available during the time the Report Card and Star Quality program was first launched was crucial to securing buy-in from providers.

Success By 6® Supports Oklahoma Reach for the Stars

Several years ago the Success By 6® Initiative in Lawton, OK launched an innovative initiative aimed at encouraging local early childhood programs to participate in the state's quality rating system. Programs that had a clean licensing record were offered \$1,250 incentive grants when they submitted a Reach for the Stars application, and another \$1,250 grant when they achieved a higher star rating. Home-based care was offered similar, but smaller, incentives. The results were significant. Comanche County is now one of three (of 77) Oklahoma counties with the highest percentage of subsidized children enrolled in two or three star programs.

In most cases quality grants are offered as only one-time awards, designed as incentives to encourage programs to participate in the quality rating system or attain a higher star level. For example, Kentucky's Participant Achievement Award and Vermont's Quality Incentive Bonus are non-renewable awards to programs that attain a higher quality level. Oklahoma achieves a similar end by giving programs that participate in their QRS priority for quality improvement grants. Private sector funders could also establish incentive programs aimed at increasing participation in a QRS, similar to the approach taken by several local Success By 6® initiatives in Oklahoma (see box above)

Several states have established annual grants linked to participation in QRS. Montana has two, on-going quality grant programs--mini grants and large provider grants--that are linked to participation in the QRS or other quality improvement efforts such as professional development. Mini-grants are between \$1,000 and \$1,500 per year. Large Provider Grants can be up to \$15,000 a year for up to three years. Pennsylvania has established several grant programs linked to Keystone Stars. Star Support Grants are available, for up to three years, to programs that are participating in Keystone Stars up to the three-star level and show continuous improvement. Annual Merit Awards are available to three- and four-star programs. The Pennsylvania grants range from \$1,250 to \$12,000 per center per year, depending upon the program size and star level. Grants for home-based care range from \$500 to \$2,000 a year. Vermont has a special annual grant to improve the quality of selected infant-toddler settings. Providers who receive these grants are now required to participate in STARS.

Colorado established a unique school-readiness grants program that targets early childhood programs in poor performing school districts and links participation to the Qualistar QRS.

Loans linked to quality rating. Quite a few states and communities have established special low- or no-interest loan initiatives for early care and education programs. Frequently these efforts include a program assessment as part of the loan process. North Carolina took this approach a step further. Several years ago, when the state established special loan initiatives to help early childhood programs make needed repairs (after two natural disasters: floods and a hurricane) they linked these efforts to the state's QRS. Early childhood programs that raised their star level during the loan period had all or a portion of their loan converted to a grant, depending upon the level of quality improvement.

Tax credits linked to quality rating. As noted earlier, a key factor in the success of a QRS is consumer engagement. When consumers start to pay attention to these systems, and use them as a benchmark for choosing programs, real system change begins to occur. Two states – Maine and Arkansas – have linked child care tax credits to quality measures.¹⁵ Maine doubles the state dependent care tax credit (DCTC) for families who use a child care provider that has received a Maine Child Care Quality Certificate. Programs that have attained certificates are posted to a website that can be easily accessed by consumers. Arkansas made the state DCTC refundable, but only for taxpayers who enrolled their child in an accredited program.

Colorado School-Readiness Grant

In 2002, Colorado established a school-readiness child care subsidization program (HB 1297) that used private funds (from Qualistar) to match federal child care funds. The initiative made three-year grants available to child care centers that fed into low performing public schools. To receive three-year funding the centers were required to obtain a quality rating and show improvement within 18 months.

¹⁵ While neither of these states has a multi-level QRS, the examples are still relevant to this discussion.

Several years ago Colorado developed a unique proposal that linked the state DCTC to the Qualistar star levels and also created a new, refundable tax credit for early care and education businesses that was also linked to the QRS. Due to the dramatic drop in state revenues that occurred in SFY2001, the proposal did not pass. It was, however, instrumental in building support for HB1297 and other efforts to link funding to the QRS.

Practitioner wage initiatives. Although quite a few states or communities have established early childhood practitioner wage initiatives, these efforts are rarely directly linked to participation in a QRS. The individuals interviewed for this paper were quick to point out, however, that these efforts were in effect linked because each level on the QRS includes standards for both programs and practitioners. Thus, there is a strong incentive for programs that seek to advance up the QRS to build linkages with the state or local practitioner wage initiative. One state (PA) makes education and retention awards available only to programs with ratings of two stars or higher.

Professional development initiatives. Most states have established a number of professional development initiatives, including scholarships or linked scholarships and awards such as T.E.A.C.H. Early Childhood¹⁶, mentoring, and so forth. Some states link these efforts to their QRS. When applying for T.E.A.C.H., Pennsylvania gives priority to practitioners who work in programs at a two-star or higher level.

Higher tuition for higher quality programs. Early care and education practitioners often report that consumers are unwilling to pay more for child care, even in higher quality early care and education programs. Perhaps this is because early care and education markets lack product differentiation. Consumers routinely pay top dollar for restaurants that receive five stars from the Zagat Survey guide, or hotels with a four star rating from the AAA. These ratings affect consumer behavior and have an impact on price and demand. But early care and education markets lack these benchmarks. Most consumers know that center-based child care is different from home-based child care, but they do not have an easy way to measure the differences among various centers, nor are they able to determine if one program is more likely to provide high-quality early learning opportunities than another. Indeed, many families cannot possibly pay more for early care and education. But there are families who can, and who might be willing to pay more if they understood that it made a difference in program quality.

¹⁶ The T.E.A.C.H. Early Childhood® Project gives scholarships to child care workers to complete course work in early childhood education and to increase their compensation. T.E.A.C.H. Early Childhood® scholarships link continuing education with increased compensation and require that recipients and their sponsoring child care programs share in the cost.

Consumer and Practitioner Engagement and Outreach

As noted earlier, ensuring that consumers understand and rely on the QRS is crucial to success. Early childhood programs and practitioners must also be engaged in the system and believe that active participation is in their interest. These goals are not mutually exclusive. In fact, they are interdependent. When practitioners see that consumers take quality rating seriously, they will begin to participate more actively. Maine's experience is a case in point. When tax forms were distributed explaining the new, increased tax credit for quality child care, parents began calling their child care providers with a new question: *do you have a quality certificate?* Providers who were not familiar with the program began calling the Regional Child Care Development Centers seeking information. Enrollment in accreditation facilitation projects and professional development efforts increased dramatically. The system began to change because a new incentive had been created, an incentive that had clear benefits for consumers and practitioners.

Investments in public awareness campaigns linked to QRSs vary considerably. Some are limited to web-based information while others are very extensive. Eight of the QRS examined for this paper (CO, KY, MT, NC, NM, OK, TN, VT) posted rating information on the web, and in all but one case (CO) the state website was used for this purpose. Key informants in Pennsylvania indicated that they believed their system was too new to post ratings on the web, although they intended to use the web to post information for providers. Five states (CO, MT, OK VT, TN) contracted with a private sector entity to prepare outreach materials such as brochures, posters, billboards, window decals, certificates and pins for providers, TV and radio public service announcements, and so forth.

Tennessee aggressively markets their QRS to the media. This includes offering interviews, Letters to the Editor, and regular information updates. Every television outlet in the state's four urban areas now runs weekly "Star Results" that list the ratings of each early childhood program evaluated that week and what the rating means in lay language (e.g. OK, Good, Better, Top Score.)

States frequently conduct outreach in partnership with the CCR&R network. Tennessee developed several resource materials specifically for this purpose. The state contracted with Tennessee State University to develop a parent information pack that explains the report card and star quality program in detail. The packets are given to all parents that use the CCR&R network as well as those attending parent education training. Additionally, a "Do Your Own Press Release" kit is given to providers, who can fill in the blanks and send the release to local media outlets to announce their star rating.

Of the nine state QRSs examined for this paper, Colorado has made the most extensive financial investment in public awareness, spending almost \$3 million for this purpose since the system was launched. These funds have been used for a website dedicated to the QRS and a public awareness campaign that includes

television and radio advertisements and other information for consumers and practitioners. Qualistar's QRS was featured as a cover story in Denver's leading magazine "5280", which provided information on the QRS and rated programs. In the month following the coverage, calls to Qualistar increased from the customary 300 to 15,000 – clearly demonstrating how public awareness efforts related to QRS can awaken parent interest.

Several states noted that they use the child care license itself as a consumer education tool. In North Carolina each child care license has five big stars across the top. The program's star rating is graphically displayed by highlighting the appropriate number of stars in color. All programs are required to post their licenses in a prominent place. The Tennessee "Report Card" is poster size, and also must be prominently displayed by all licensed programs.

Most states, with the exception of Colorado, fund outreach and education activities with CCDF quality dollars. However, many of the key informants interviewed for this paper believed that consumer education was a good fit for private sector funding. Indeed, North Carolina and Tennessee -- two states in which all licensed providers participate in the QRS -- report that they spend very little on consumer outreach and education but that they have been successful in securing private sector sponsorship for this work. In Tennessee, a public/private partnership that includes the state human services department, and United Way of the Mid-South, Success By 6®, Tennessee State University and TECTA produced two parent brochures on the quality rating system. In North Carolina, Success By 6®, United Way of North Carolina and Bank of America joined forces with the Partnership for Children and Division of Child Development to produce posters about quality child care and the North Carolina star ratings.

Working with the private sector on outreach activities is not only a wise financing strategy, it also lends credibility to the QRS. Including the name of a local businesses or foundation on an information brochure adds an additional stamp of approval to the effort.

Conclusion

Creating an Integrated Early Care and Education System with QRS as a Lynchpin
 Establishing a statewide QRS can be a powerful tool for system development. In addition to establishing a clear focus on pursuing excellence in early care and education, a QRS can be used to begin the process of aligning the funds, policies and procedures that govern existing early care and education sub-systems. This approach not only helps to build a cohesive vision, it is also a way to maximize and track all existing funds and resources, as well as bring new funds into the system.

The graphic, right, is based on a standards and financing scenario that was developed for the Maine Children's Congress. It is simply a hypothetical example. Nothing like this currently exists in Maine, however, it is a helpful way to explain the potential links between a QRS, existing early care and education systems and their funding streams.

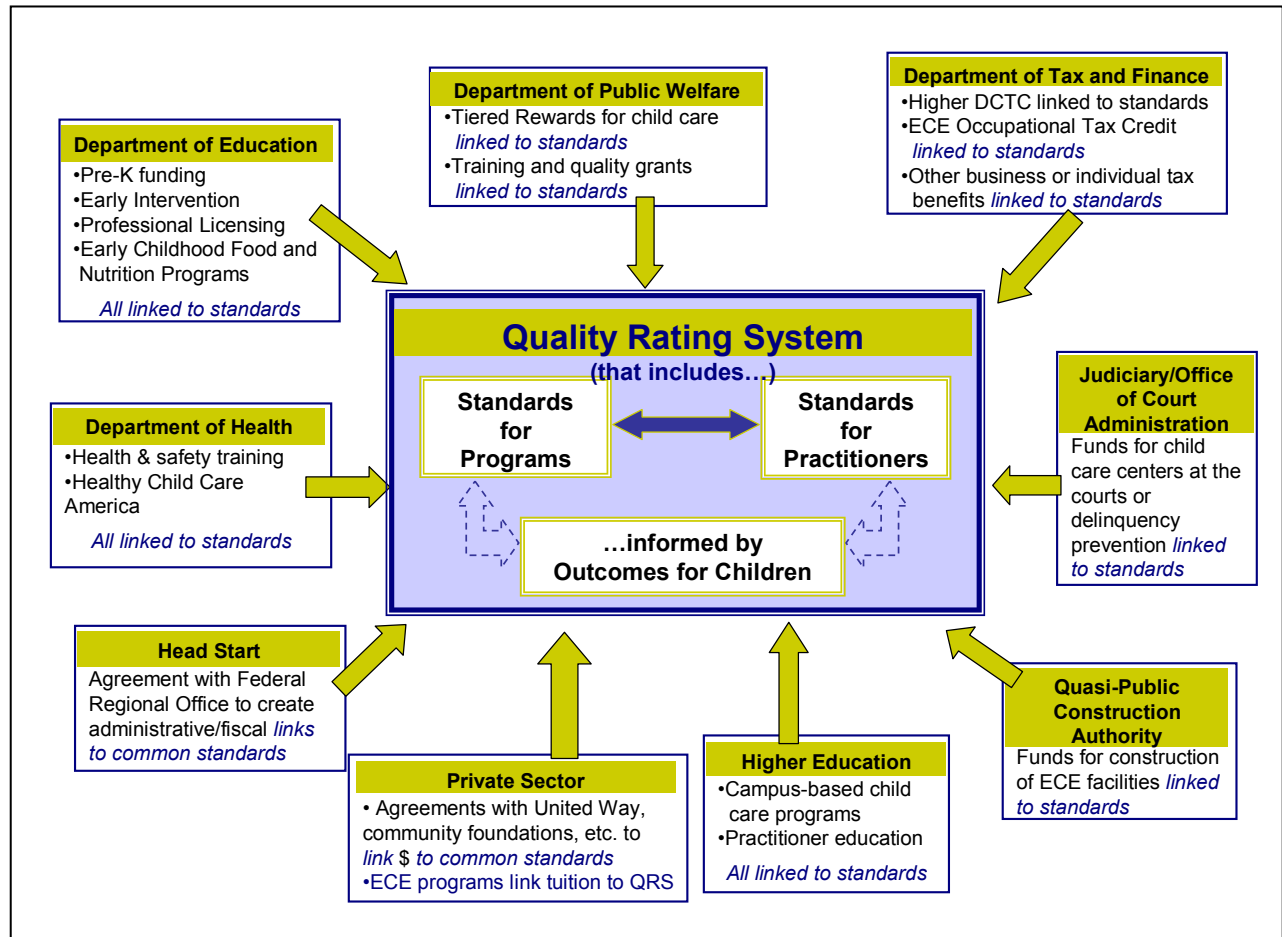
**Funding Linked to a Quality Rating System:
One Possible Approach for Maine**

Level	Requirements	Equivalent Standards	Available Funds
★	Minimum child care licensing regulations	State Child Care Licensing Regulations	DHS child care vouchers State Dependent Care Tax Credit (Basic)
★★	All One-Star requirements, plus....	Maine Quality Certificate Accreditation	DHS vouchers (enhanced) DHS contracts (enhanced) State Dependent Care Tax Credit (enhanced) Head Start
★★★ ★	All Two-Star requirements, plus....	Head Start Prekindergarten	DHS vouchers (enhanced +) DHS contracts (enhanced +) State Dependent Care Tax Credit (enhanced +) Head Start State Prekindergarten \$

In this example, a one-star program would be required to comply with standards that are roughly equivalent to the current Maine child care licensing standards. One-star programs would qualify for a basic child care voucher rate (if they serve children who receive a child care subsidy), and the families served by this program could claim the basic state Dependent Care Tax Credit. A two-star program would be required to comply with standards that are roughly equivalent to the current Maine Quality Certificate standards and/or NAEYC Accreditation. Two-star programs would qualify for a higher child care voucher rate and/or a child care subsidy contract which also reimburses at a higher rate. Families who enroll their children in a two-star program would be eligible for the Maine "Quality" DCTC--which is currently nearly double the base rate. Three-star programs would be required to comply with standards that are roughly equivalent to Head Start and pre-kindergarten standards. Three-star programs would be eligible for a child care voucher or contract reimbursement rate that is even higher than the two-star rate. And families that enroll their children in a three-star program would also receive an even higher DCTC benefit.

The approach described above allows funds from multiple sources to be layered into a single program. It maximizes the monitoring and support services offered by multiple, existing agencies. It promotes efficiency, cost effectiveness and a shared vision for the early care and education system as a whole. And it creates

opportunities to bring new funds into the system. The graphic, below, is designed to demonstrate that it is possible to link the funding streams that are administered by a wide range of public and private sources to a common set of standards that are defined by the Quality Rating System.



Next Steps

The key informants interviewed for this paper had many words of wisdom for those involved in planning, launching or implementing a Quality Rating System. These include the following:

- Start slow and small, and plan, plan, plan. Don't be afraid to make changes as you go along, using early pilots to refine and improve the system before you take it statewide.
- Develop pilots that are aimed at going statewide. The long-term goal should be to include all of the early care and education providers in a state (or at least as many as possible.) A QRS that only reaches a minuscule percentage of the state's providers -- even if it is well-designed and validated -- cannot produce the broad systems change that is needed.

- Develop standards that are based on research, and that are consistent with those required by all sectors of the early care and education delivery system. Prior to drafting QRS steps or levels, review the standards and guidelines used by other ECE systems. Make the top level high enough that the system will be meaningful to all early care and education programs and practitioners.
- Build enough steps or levels within the QRS so that access -- and moving from one level to the next -- is attainable. Prior to establishing the QRS levels, gather demographic data on early care and education programs and practitioners in the state (e.g. number of practitioners with CDA, AA, BA degrees; number of accredited programs, etc.) These data will help you think more clearly about where QRS levels should begin and end.
- Make sure that the QRS will be sustainable over the long haul. Recognize that you can often implement parts of the system with existing staff and existing funds. This is especially true with quality improvement funds and system supports; many of these services already exist in the community and just need to be aligned with the QRS.
- Reach out to all providers and all types of care. Too often, quality rating systems focus only on licensed child care centers and forget home-based care as well as pre-kindergarten, Head Start and school-age programs. Think about links to public school and, if possible, build in some transition from early care and education to the local school system. Some states have a large number of center and home-based providers that are exempt from regulation. These states need to think carefully about how to bring these providers into the QRS in a meaningful way.
- Remember that administration can be divided by function. Explore where existing government employees may be used and which tasks are best accomplished via outsourcing.
- Don't forget the key role that automation can play in streamlining tasks and promoting cost-effective administration.
- Build in some form of evaluation that will yield accountability to the program and provide necessary data to support the QRS as a whole. If possible, link this evaluation to child outcomes.
- Think carefully about provider support, outreach, and financial incentives. Ensure that these efforts are sufficient to engage child care providers that serve the neediest children.

- Explore ways that the QRS can be used to tie pieces of the early childhood system together. Even if participation is voluntary, a QRS can be strategically linked to licensing, to funding, to accountability, performance standards or benchmarks and reporting requirements.
- Don't re-invent the wheel. Gather materials from other states and learn from their experiences.

Appendix

Individuals Interviewed

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