

June 2011



better beginnings

EVERY CHILD DESERVES OUR BEST

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QRIS PARTICIPATION ACROSS THE U.S.

Examining What Works

Arkansas' Quality Rating and Improvement System (QRIS), Better Beginnings, "is designed to help programs improve their day to day environment for children, and to establish proven administrative practices"¹ with the desired output being long-term improvements for child outcomes. Better Beginnings is encouraged for all licensed and registered child care facilities and is completely voluntary. Because Better Beginnings is the approved quality rating system for the state Arkansas' publicly funded Arkansas Better Chance (ABC) Pre-Kindergarten, programs must meet Better Beginnings Level 1 standards or higher in addition to other ABC standards. Participation in Better Beginnings is still voluntary for these programs, but having to meet the requirements makes it more likely that programs will enroll.

PARTICIPATION IN BETTER BEGINNINGS

According to a facility list provided by DCCECE in May 2011, there are 2,735 licensed programs in the state, 737 (27%) of which are part of Better Beginnings. While this percentage is similar to those of other states, the vast majority of programs rolled over from Arkansas' early Quality Approval (QA) system, implemented in 1993. While QA required Environmental Rating Scale assessment, other requirements for QA were less stringent than those for Better Beginnings; for example, the Program and Business Administration Scales were not used. Therefore, it is difficult to tell how participation rates may change over time in the state of Arkansas. Programs will be required to reapply to Better Beginnings within one year of being granted 'conditional status' since Better Beginnings' inception in July 2010, and it remains to be seen how many programs will choose to continue to participate.

1. PARTICIPATION IN QUALITY RATING AND IMPROVEMENT SYSTEMS: LINKS TO INCENTIVES

States have devoted early QRIS evaluation to determine whether ratings confirm different levels of quality, to identify the number and characteristics of programs moving through the systems, and in some instances, to explore whether standards produce improved child outcomes. Investigations of which incentives most effectively drive QRIS participation have yet to be conducted.

Given that the literature on participation in QRIS is scarce, the evaluation team undertook additional efforts to understand participation in voluntary systems. We used the best QRIS resource, *Compendium of Quality Rating Systems and Evaluations* (Compendium; Kathryn Tout, et al., 2010), to try to determine incentives to participation used in other states/counties that have implemented voluntary quality systems. We systematically identified states with completely voluntary QRIS systems in the compendium (n=20). There were nine systems with high levels (participation rates over 20%), four systems with moderate levels (rates between 11% and 20%), and four systems with low levels (participation rates at 10% or lower) of participation. Three systems did not include information on participation rates in the compendium (see Table 1).

¹ <http://www.state.ar.us/childcare/bb/full%20book.pdf>

Table 1. Incentives Offered by Quality Rating and Improvement Systems with High Levels of Participation

	% Participating	Tiered Reimbursement	Quality Awards	Startup Support	Scholarships	Wage Enhancements	Retention Bonuses	Tax Credits*
Arkansas	27%**	No	Yes	No	Yes	No	No	Yes
High Participation Rate Comparison QRIS (Greater than 20%)								
California, Los Angeles County	36%	No	No	No	No	No	No	No
Washington, DC	50-60%	Yes	No	No	Yes	No	No	No
Florida, Miami-Dade	33% centers, 20% FCCs, 100% HS, 10% public school	Yes	Yes	No	Yes	Yes	No	No
Florida, Palm Beach	23% programs w/ subsidized children	No	Yes	Yes	Yes	Yes	Yes	No
Kentucky	26%	Yes	Yes	No	Yes	No	No	Yes
Louisiana	34%	Yes	No	No	Yes	No	No	Yes
Ohio	24%	Yes	Yes	No	Yes	No	No	No
Pennsylvania	60%	Yes	Yes	Yes	Yes	Yes	Yes	No
Vermont	24%	Yes	Yes	No	No	No	No	No
Moderate Participation Rate Comparison QRIS (11-20%)								
Colorado	20%	Yes	No	No	Yes	No	No	No
Iowa	18%	No	Yes	No	No	No	No	No
Minnesota	11%	Yes	No	No	Yes	No	Yes	No
Mississippi	19%	Yes	No	No	No	No	No	No
Low Participation Rate Comparison QRIS (10% or Less)								
Delaware	8%	No	Yes	No	Yes	No	No	No
Maryland	Less than 2%	Yes	No	No	Yes	No	No	No
New Hampshire	7%	No	No	No	No	No	No	No
Virginia	10%	No	Yes	No	No	No	No	No
Participation Rates Not Known								
Illinois	Not Available	Yes	No	No	Yes	Yes	Yes	No
Indiana	Not Available	Yes	Yes	Yes	Yes	No	No	No
Missouri	Not Available	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes; *Tax Credits were not reviewed in Compendium; data collected from individual states. **Many providers were part of the previous Arkansas QA system; participation rates for Better Beginnings estimated.

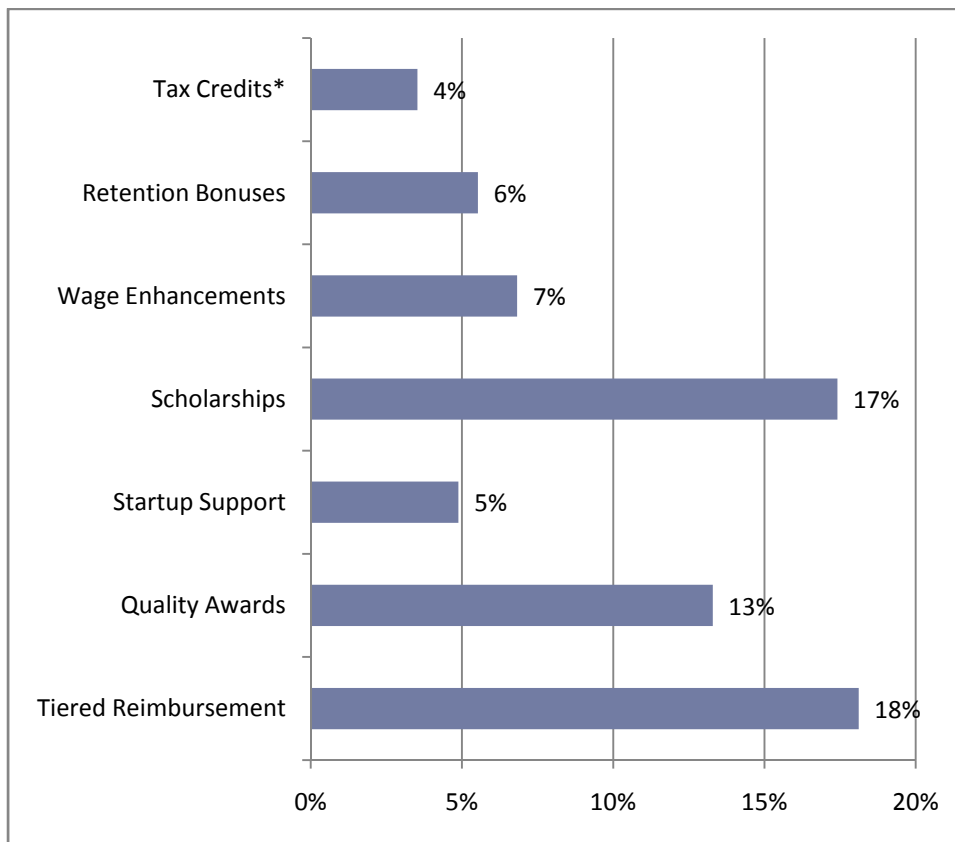
We were particularly interested in the incentives used by completely voluntary systems as relates to program participation rates. From the compendium, the incentives examined were:

1. Tiered Reimbursement: Higher maximum reimbursement rates for each child receiving child care subsidy served by a program meeting quality standards; typically linked to the levels of the quality system.
2. Quality Awards: Across QRIS systems, these awards are typically based on the size of the facility and, in some cases, the density of subsidized children served. Quality awards may be offered for

- achieving an initial quality level or for moving to a higher level. Some QRIS require that quality award funds be used to implement a quality improvement plan developed by the program.
3. Startup Support: Seed grants to support programs to make improvements required to enter the quality system.
 4. Scholarships: Incentives directed toward individual staff for assistance with increasing their educational attainment.
 5. Wage Bonuses: Salary incentives paid directly to staff for achieving educational goals and staying in workplace.
 6. Retention Bonuses: Incentives directed toward individual staff for staying in their workplace.
 7. Tax Credits: Available to teachers for completing education and to parents and businesses for choosing QRIS rated child care options.

We computed average participation levels for each incentive. When a range of participation was provided (as in Washington, DC) an average was used for computation. For Miami-Dade County in Florida, because the number of actual programs per type is unknown, the 33% participation for centers was used. Figure 1 shows the overall average participation rate based on the incentives systems utilized by each QRIS; as can be seen, tiered reimbursement, scholarships to enhance educational attainment of staff, and quality awards are incentives in states with the highest overall rates of participation.

Figure 1. Average Participation Rates in Quality Rating and Improvement Systems per Incentive Used



Differential Reimbursement

Tiered reimbursement is currently not an incentive being used in Better Beginnings. According to the compendium, 13 of the 20 completely voluntary programs use tiered reimbursement as an incentive.

Table 2. Tiered Reimbursement Policies in Completely Voluntary Quality Rating Systems*

QRIS	Participation	Description of Differential Reimbursement
California, LA County	High	A pilot in Santa Monica links STEP rating with subsidy. However, it is not a part of the fully-implemented program.
Colorado	Moderate	The option for tiered reimbursement is available at the county level. Three counties have a policy in place which provides a flat rate increase that varies based on the age category of child served and the star rating.
District of Columbia	High	A flat rate increase is provided that varies based on the age of child served and the star rating. Reimbursements vary from \$16 to \$50.
Florida, Miami-Dade	High	Programs with Gold Seal accreditation can receive a percentage increase of 20% per subsidized child.
Illinois	Unknown	Licensed programs can receive a percentage increase of 5% to 20% per subsidized child depending on star level. License exempt programs can receive 10% to 20% depending on tier level.
Indiana	Unknown	Programs with accreditation can receive a percentage increase of 10% per subsidized child.
Kentucky	High	A flat rate increase per subsidized child is provided that varies based on the density of subsidized children in the setting and star level. It is called a quality award, not tiered reimbursement.
Louisiana	High	Programs can receive a percentage increase of 3% to 20% per subsidized child depending on star level (with no increase for Star 1).
Maryland	Low	Programs can receive a percentage increase from 10% to 44% per subsidized child depending on the age of the child, type of care and level (starting with level two).
Minnesota	Moderate	Accredited programs can receive a percentage increase of 15% per subsidized child.
Mississippi	Moderate	Programs can receive a percentage increase from 7% to 25% per subsidized child, depending on star level (beginning at Star 2).
New Hampshire	Low	A change proposed for January 2010 would provide a percentage increase of 5% for Licensed-Plus programs and 10% for nationally accredited programs.
Ohio	High	Star rated programs that have not exceeded state customary rate get a percentage increase of 5%. This subsidy add-on is available for Star 2 and 3.
Pennsylvania	High	A flat rate increase per subsidized child is available that varies based on star level (beginning at Star 2). This is called an "add-on rate".
Vermont	High	Programs can receive a percentage increase from 4% to 20% per subsidized child depending on star level.

*Note: Table extracted from Compendium

Table 2 summarizes the tiered reimbursement structures. There are many differences in how quality systems provide differential reimbursement. For example, some states provide a higher rate of reimbursement only when programs are nationally accredited (n=3). About half of the remaining states employ a flat rate reimbursement, while the others offer a percentage increase; both often incorporate differences for the type of care and ages of the children served, as well as geographic location of the

program. Flat rates of increase are paid per child with a subsidy based on the level the provider meets in the QRIS (n=7). Percentage increases are added to the maximum rate a program could receive for the child with subsidized care and vary widely from the lower to the higher levels of quality (n=8).

While it would appear that tiered reimbursement is a strong incentive to enhance participation, there is little existing research to determine what level of reimbursement might be effective in the context of QRIS. Gormley and Lucas² compared differential reimbursement rates across states in supporting providers to seek national accreditation from the National Association for the Education of Young Children (NAEYC). The findings from the study suggested a minimum of a 15% reimbursement differential to have substantial increases in providers seeking accreditation.

Gormley and Lucas also discuss some caveats of its application that are important to consider for Arkansas. The authors suggest that differential reimbursement is most likely to impact providers who are already interested in providing quality care, not providers at the lower end of the spectrum who have trouble meeting minimum licensing requirements. They also suggest that differential reimbursement is one of many incentives to quality improvement, not a “magic bullet” that will drive participation.

Quality Awards

Quality awards are currently being used in the Better Beginnings program. Although in Arkansas, bonuses are tied to lower levels of quality, unlike the systems of other states that tend to increase award amounts as levels of quality increase (see Table 3). While we recognize the additional support needed at the lower levels of quality, it remains to be seen if providers interpret the higher levels of support at the lower levels of quality as a disincentive to strive for the highest quality. Data drawn from UAMS interviews with Arkansas providers suggests that this may be the case (see Provider Interview Report for more detail). Some providers participating in the qualitative interviews reported that they would remain at Level 1 of Better Beginnings as it was easier to accomplish and more funding was available. Increasing Quality Awards in higher levels would correct the disincentive to move up in quality. Also, one- or limited-time Startup Awards to help providers move into the quality system could be introduced. Limiting the timeframe of eligibility for Startup Support and Quality Awards could prevent providers from stagnating at the lower levels of Better Beginnings.

Scholarships

Scholarships for continuing education are also being employed in Arkansas, but differently than most of the programs in the compendium that use Teacher Education and Compensation Helps (T.E.A.C.H.[®]) as the model for implementation. T.E.A.C.H.[®] provides early childhood staff with scholarships to help cover the cost of tuition, which is a great obstacle in raising the level of teacher education. Most of the states reviewed in the compendium have developed infrastructures to subsidize tuition through T.E.A.C.H.[®]. Arkansas provides grants for programs to support the educational and professional education needs of providers. Scholarships are not directly provided to staff, but can be used by providers to cover the costs associated with professional development requirements and clock hour trainings.

² Gormley, W. T., Jr., & Lucas, J. K. (2000). Money, accreditation, and child care center quality. Working Paper Series. New York, NY: Foundation for Child Development.

Table 3. Quality Awards in Completely Voluntary Quality Rating Systems*

QRIS	Participation	Description of Quality Awards
Delaware	Low	Programs can receive a one-time Merit Award ranging from \$250 to \$2,500 depending on type/size of care offered and star level achieved.
Florida, Miami-Dade	High	Programs achieving 4 or 5 stars are eligible for an annual Achievement Award to address specific goals in their quality improvement plan.
Florida, Palm Beach	High	An award is available for programs above Star 1. Higher Star awards are calculated by star rating and number of children enrolled.
Indiana	Unknown	Programs are eligible for one-time Recognition Awards. At levels 2 and 3, programs can receive a non-cash award equivalent to \$300 (homes) or \$1,000 (centers or ministries). At levels 4, programs can receive a cash award of \$500 (homes) or \$1,500 (centers or ministries). An Accreditation Maintenance cash award is also available (\$300 for homes, and \$1,000 for centers or ministries).
Iowa	Moderate	Achievement bonuses are available when a rating is re-determined or renewed and range from \$400 to \$4,000 depending on the size of the program and star level achieved.
Kentucky	High	Programs can receive Initial Achievement, Annual Achievement (for programs moving up a level) or Annual Enhancement Awards (for programs at the top quality level) ranging from \$100 to \$5,000, depending on the size of the program and star level achieved.
Ohio	High	Programs can receive a Quality Achievement Award, with the base award ranging from \$600 to \$7,000 depending on type of care, size of program and star level. The award is supplemented with a set dollar amount per subsidized child served, ranging from \$50 to \$500 per child depending on type of care and star level. A minimum of 25% of the award must be spent on quality improvement, and the remainder on merit expenditures such as professional development, administrative supports such as computers, and staff compensation.
Pennsylvania	High	Programs at the Start with Stars or Star 1 level can receive a Support Award ranging from \$315 to \$9,450, depending on type and size of program, star level, and density of vulnerable and at-risk children (defined as receiving subsidy or participating in early intervention services). Using the same parameters for calculating awards, programs at Stars 2-4 can receive a Merit Award ranging from \$788 to \$63,000.
Vermont	High	Programs can receive a one-time incentive payment, ranging from \$250 to \$1,550, depending on stars earned.
Virginia	Low	Programs can receive a one-time award of \$500 – \$3,250 if more than 25% of the children they serve are subsidized. The award is based on size of program and star level.

*Note: Table extracted from Compendium

SUMMARY

Many states employ incentives for participation similar to some of those available to Better Beginnings providers. Using the data from the compendium on participation rates and incentives, differential reimbursement, quality awards, and scholarships for staff are linked the most strongly to overall participation. This analysis is simplified as the amount of reimbursements differ across systems for each

of the incentives, but it gives us areas to consider as we move to increase participation among providers in the state of Arkansas.

2. INTERVIEWS WITH STATE QRIS STAKEHOLDERS

To augment information reported in the compendium, we systematically identified key stakeholders in other quality systems, choosing programs with high (programs with participation rates over 20%) and low (programs with participation levels lower than 10%) levels of participation. To better understand key elements of participation we conducted phone and email interviews individualized to represent the information known about the systems from a review of the compendium and their QRIS documentation. Interviews addressed:

1. Perceptions of the effectiveness of incentives used by the QRIS
 - a. Tiered Reimbursement
 - b. Quality Awards/Grants
 - c. Scholarships
2. Other incentives perceived to drive participation
3. Barriers to participation in the QRIS
4. Changes made to the QRIS to address barriers

The systems included Los Angeles County, California; Colorado; Washington, DC; Palm Beach and Miami-Dade Counties, Florida; Kentucky; Louisiana; Mississippi; Pennsylvania; Virginia; Vermont; and New Mexico.

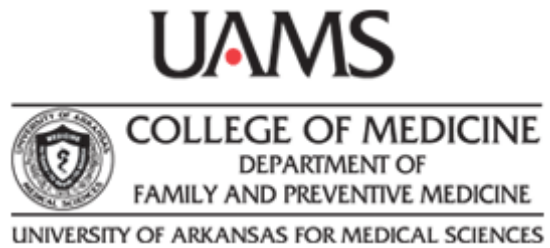
SUMMARY

Interviews were conducted focusing on the specific questions at hand, but many QRIS stakeholders were happy to share elements of their systems perceived as both supporting and hindering participation in their QRIS, but some information was considered sensitive. For that reason, the evaluation team is presenting only several points gleaned from conversations important to consider for Better Beginnings as we move forward:

- Financial Incentives
The perceived effectiveness of financial incentives is mixed, probably because some states struggle to provide consistent funding, and some report that there isn't sufficient awareness among providers about what is offered.
- Technical Assistance and Support
Technical assistance is consistently reported as a valuable incentive. Many stakeholders discussed the need to be supportive to providers – to ask many questions, to listen often, and to be responsive to providers. Providers value relationships and are more likely to participate if they feel supported.
- Media and Participation
Participation, not ratings, should be the primary message in public campaigns. One state with low levels of participation warned against using the rating in advertising and marketing providers. Providers were less likely to participate when lower ratings were

seen by parents and other providers as low quality, when in fact, the programs – even at the lower levels – were enhancing quality beyond minimum licensing. That was lost in the message and participation in the QRIS suffered.

- **Cost Savings for Materials**
Some states using grants/awards do not give funds directly to the center. Rather, they insure dollars are spent in ways that will help improve ratings by having Technical Assistance approve items and then use local or state procurement systems to purchase and deliver agreed-upon items. While bulk procurement may be less likely for Better Beginnings, approval and oversight of grants to insure the funds are used for quality enhancement is recommended.
- **Reciprocity and/or Streamlined Systems**
To ease burden of multiple assessments on providers, most states either tried to craft QRIS standards broad enough to align with multiple outside standards or have created alternate streamlined application processes for accredited and/or Head Start programs.
- **Making it Count**
Managers are looking for ways to shift concern with accreditation and/or environment to areas with stronger connections to child outcomes, such as social-emotional health and curriculum, in their systems.



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