

YoungStar Bonuses Should Not Be Placed on EBT Cards and Payments Should Not Be Capped!

While well-intentioned, a proposed policy by the Department of Children and Families (DCF) will have serious negative unintended consequences for the very people the department is trying to help: Wisconsin's children and families. It will harm the highest-quality child care programs and weaken the YoungStar quality rating and improvement program. The proposed policy, part of the implementation of EBT parent payment cards, will reduce payments to the programs rated at 4 Stars and 5 stars in the YoungStar program. It will do this by putting YoungStar bonuses on the cards and capping the total payment at the market rate. Many providers will lose the co-payments they currently receive from families.

EBT Proposal Ramifications

Combining the YoungStar bonus with the Shares payment on the capped EBT card will:

- Negatively impact the programs now providing the highest quality care to the children of Wisconsin as many will have to make the decision to no longer accept Wisconsin Shares families or be forced out of business due to this financial hit. This equates to less availability for not only Wisconsin Shares families, but all families in Wisconsin.
- Reduce program revenue, impacting the purchasing power that the child care industry adds to the economy (see supporting information).
- Reduce program revenue which reduces the programs ability to pay competitive wages to maintain and recruit degreed teachers (see supporting information).
- Reduce the effectiveness of the YoungStar QRIS program on all star levels as it removes the incentive for programs to move past a three star quality rating.

We request that YoungStar quality incentives, earned at star levels 4 and 5, be safeguarded with payments made directly to providers while families pay for market-based services with the EBT cards. The bonus payments are between the state (YoungStar) and the provider. The EBT card payment is between the parents and the Shares program, with the difference between EBT payment and the programs rates being paid by the parents. We also request there be no cap on payments to providers. The YoungStar quality improvement system was established as a "bonus" to programs to achieve and maintain quality and capping payments will negate that.

Background Information

The child care industry makes important contributions to Wisconsin's educational and commercial landscape. Comprised of local businesses, this industry contributes substantially to the State's economic growth. Child care businesses employ approximately 37,000 employees in Wisconsin's workforce (WECA 2010). These early learning programs allow parents across the state to go to work knowing that their children are in safe, cognitively and socially stimulating environments that provide a foundation for success in school.

The YoungStar quality rating improvement system is a contract between the State and child care programs to improve the quality of child care across the state. The incentive for reaching higher star levels are bonuses which the program can use to enhance or sustain quality through staff education, retention of degreed staff or enhancing learning environments. These bonuses are paid over and above the Shares payments.

Currently 43,540 Wisconsin children whose parents are below or near poverty and receive Shares subsidy. Of these children, 9,957 are in 4- or 5- star programs with 20,852 in 3- star programs (YoungStar statistics). A key objective of the YoungStar QRIS is to help these children prepare for school, by narrowing the school achievement gap.

Supporting Information

Elements in Determining Child Care Payments	Current Policy	Proposed EBT Policy With Continued Parent Copay	Proposed EBT Policy Without Continued Parent Copay
Child care provider's weekly private price	\$180	\$180	\$180
Maximum Shares weekly rate for a 2-3 year old	\$170	\$170	\$170
Parent weekly copay	\$20	\$20	\$0
Shares subsidy weekly payment to provider	\$150	\$150	\$150
25% YoungStar bonus payment	\$37.50	\$30	\$30
Total: program would receive per week	\$207.50	\$200	\$180

Loss for the 5-Star program:

Impact from “Proposed EBT Policy With Continued Parent Copay”: The 5-Star provider would be **paid \$7.50 per week per child less (\$390 annually)** under the proposed EBT policy than under the current policy. If the program serves 30 subsidized children, the impact would be an **\$11,700 loss per year** for the 5-Star provider.

Impact from “Proposed EBT Policy Without Continued Parent Copay”: The 5-Star provider would be **paid \$7.50 per week per child less (\$390 annually)** in YoungStar bonus payment AND the provider would be paid **\$20 per week less (\$1040 annually less)** by losing parent copays because the full weekly private pay rate would be loaded on the EBT card. If the program serves 30 subsidized children, the impact would be a **\$42,900 loss per year** for the 5-Star provider.

Capping the YoungStar bonus at the provider’s private price and allowing parents to use the EBT funds to cover their copays will have a significant negative impact on many of Wisconsin’s highest-quality child care programs struggling to maintain high quality. It does not seem prudent to reduce support for Wisconsin’s finest child care programs serving children potentially at risk. By capping the payment to providers and putting the YoungStar Bonuses on the EBT card, it will be hurting not only high-quality programs, but the children and families in this State that YoungStar was designed to target. Those most in need will truly now be at an even higher risk!

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