Child Care Quality: 
Does it Matter 
and Does it Need to Be Improved?

Presentation to the Wisconsin Family Impact Seminar 
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“Caring for and educating children are the cheap defense of nations.”
Edmund Burke 
British Prime Minister 
1729-1797
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In order to focus on child care, I will be ignoring some very important other kinds of related early childhood programs, such as 4-year-old kindergarten and Birth-to-3 special needs programs. A chapter at the back of your Briefing Report describes some of these other early childhood programs.

What is the public interest in child care?

In America, child care is purchased in the private marketplace. What might induce lawmakers to intervene in that private marketplace?

Two aspects of child care engage the public interest.

First, insuring adequate access to child care is crucial for the success of the state’s welfare reform policies. This explains most of the growth in state expenditures for child care in the last two decades, as Wisconsin began to use federal TANF dollars to finance a dramatic increase in child care subsidies available to low income, working parents, so they could get off welfare and into paying jobs. Wisconsin currently provides a child care subsidy to over 40,000 working, low-income families each month. The figure (which is in your handout) shows this dramatic increase in state funding, from 13 million dollars in 1986-87, to 306 million dollars in the current biennium, a 20-fold increase.

But the availability of child care is important for our economic development generally, not just for welfare reform. By making employed parenthood possible, child care expands the labor pool. For business development, child care is in the same category as having a 12-inch force-main sewer in a light industrial park: both are basic infra-structural supports for commerce.

The second public interest in child care is in its quality. To help insure the basic safety and health of children in child care settings, our Department of Health and Human Services has licensing standards, and a licensing field staff who aim for two compliance visits per year at each child care program in the state.

Higher quality child care also promotes tangible social goods such as increased school readiness, and lowered future delinquency and crime rates, particularly for children from low income families. This is the same public interest that causes us to create a public school system, and then to care deeply about how to improve it.

Having decent quality child care—not just an adequate supply—is also essential to the success of welfare reform. Research confirms that the higher the quality of child care, the more likely mothers are to keep their jobs and to work longer hours. In contrast, low quality child care
is a predictor of low income mothers quitting their jobs.

There is also a public desire for government action on this issue. In one after another public polls in recent years, and regardless of how the questions are worded or who conducts the poll, Americans have consistently and overwhelmingly reported a desire for greater public investment in early childhood programs.

So: there is certainly a justification for child care accessibility and quality being on the public policy agenda, and if we believe the opinion polls then there may also be political will for it. Of course, that does not tell us how high it ranks as a funding priority, which is a political (and not scientific) question that I thankfully leave to others of you!

**What do we mean by “quality” in child care?**

We usually measure quality in two ways: structural and process characteristics. The structural aspects of child care are the regulate-able features of the programs, such as their group size, adult-child ratios, and training of the staff. The “process” aspects are the observable things we can see happening in the child care setting that actually lead to differences in child development. The structural characteristics are only important because they tend to predict differences in the process variables, which are the real causes of outcomes. So, for example, when there are fewer children per adult in the setting, then we can observe that the adult caregiver spends more time per child in elaborating the child’s language, and those children’s verbal intelligence scores improve more.

One of these predictors of quality—the education and training of staff—is interesting. Some people are tempted to think that child care is something just anybody can do, but research consistently shows that each additional course in child development causes a predictable rise in quality, and in how much the children learn during the year. Very few occupations can boast such a clear link between training and productivity, and this verifies that child care is, indeed, a skilled occupation in which training of staff is crucial.

Quality indicators tend to cluster together, so for example we find that low wages are usually associated with untrained staff and high rates of staff turnover, and this cluster consistently predicts low quality care. Our research estimates a 40% annual turnover rate in staff, and that means you are constantly replacing trained staff with untrained staff, so quality simply cannot rise. Imagine if we lost 40% of our elementary teachers each year. Our early childhood teachers have just as big an impact on these children’s futures as do elementary teachers, and quite possibly a greater impact, so this 40% turnover rate hurts us all.

Wages, of course, are very low in this profession. Our most recent data on child care teachers associated with the Wisconsin Shares program show that over half of them (57%) earn less than $8 per hour, which translates to under $16,000 per year, full time. The other news about wages is that even with training and years of experience, your pay doesn’t rise much. Among child care teachers with education degrees, studies find that average pay is between half and three-quarters what a similarly trained Wisconsin kindergarten teacher earns.
We are unlikely to substantially raise the quality of child care in Wisconsin until we are able to keep the well trained staff from leaving for better paying jobs. In a few minutes I will turn to the question of why the private marketplace does not correct this problem on its own.

**How do we know that higher quality care actually causes long term improvements in children’s lives?**

The evidence comes from hundreds of studies, but the best ones are true experiments, in which children were randomly assigned to programs of differing quality, and then researchers followed them into their school years and adulthood to see how they turned out.

One of these, the *Perry Preschool* program in Michigan, found that by age 27 the children who had received the program as preschoolers, compared to the control group, were far more likely to complete their schooling, to avoid criminal arrests, to own their own homes, to have higher incomes, and to avoid welfare.

Here is the second of these very rigorous experiments, the *Carolina Abecedarian Project*. Its director, Craig Ramey, spoke to the Family Impact Seminar two years ago. You can see that by age 21, the children who had been in the early childhood program were much more likely to have become successful in their schooling. They were even delaying their childbearing years.

Both of these studies were of very high quality demonstration projects mounted by university researchers. We might wonder if they could scale up these projects to hundreds of child care sites and still maintain their quality. It seems doubtful. That makes a third, more recent study, all the more significant. The *Child-Parent Center Program* was created by the Chicago School District, by re-allocating existing public funds, and it was mounted in a large number of elementary schools in the city. Since 1967 the program has served over 100,000 families. So, unlike the other long-term experiments, this one tested a large-scale public program.

The head of the evaluation team for this project is Prof. Arthur Reynolds of our own UW-Madison. In the *Journal of the American Medical Association* this past Spring, Arthur reported that the Chicago youngsters who received the parent-child program had significantly higher math and reading scores during their school years, were far less likely to have been retained in grade, and by age 20 they were far more likely to have finished high school and to have avoided arrest.

By the way, across many studies the most powerful impacts on children are from the programs that create strong parent involvement and usually give real power to the parents, for example in helping to hire and evaluate the teachers. Some scholars believe, in fact, that programs like Head Start have much of their long-term impact on children indirectly, through their influence on those children’s parents.

These studies, because they were true experiments, allow us to say with some certainty that the early childhood programs caused these differences in life outcomes.
Recent research on brain development in childhood has helped explain how high quality early childhood programs can have such pervasive and long-lasting impacts on a child’s life. It turns out that the human brain is not fully formed at birth, but continues to grow its basic structures during the first several years of life. The brain is a work in progress, and early experiences can literally shape the brain, for better or for worse.

**Does Wisconsin have high quality child care?**

We certainly have a reputation for quality. *Working Mother* magazine consistently ranks us in the top 10 among states for our child care. This ranking is based primarily on our regulations.

What about the *observed* quality of care? This past fall we conducted half day observations in a random sample of programs that serve children in the Wisconsin Shares subsidy program. Our findings showed Wisconsin scoring the same as national averages from other studies. We judged the great majority of care to be fair in quality, neither excellent nor consistently harmful. As in the national study, we found 15% to be excellent. From these sites, our data collectors came back with stories of spectacular child care settings with intellectually stimulating activities and sensitive adults, places where children were happy, engaged, growing.

As in the national studies, we found 11% of settings to be of poor quality. You might ask what this really means. Of course, we expect programs to be on their best behavior while we are observing, and yet one of our data collectors told us about a child care teacher tying a child into his chair with rope, right in front of her. In another program, the teacher wiped juice from thawing meat with a rag, then wiped a toddler’s hands and face with the same rag. We observed child care classrooms in which there were no books for children, and in which children’s requests to be read to were consistently rebuffed by staff. These are programs that don’t even know enough to hide this from us when we are observing. They are harming our state’s children.

One piece of good news. The national studies to which we compare have tended to observe more expensive, middle-class child care programs, whereas our study was of the programs serving low income children in the subsidy program. So, overall, we believe Wisconsin may in fact be doing better than other states.

**If quality of care is so important, why doesn’t the marketplace provide it? Why do we have to work so hard to increase the quality of care?**

Economists who have studied child care agree that the private market does not work as well for child care as for other industries, like the manufacture of shoes or cheese, for three basic reasons.

First is the lack of consumer knowledge about quality. Parents are unsure how to judge the quality of child care, and so considerations of cost and convenience dominate their purchase
decisions. Research shows that about half of parents don’t even comparison shop for child care, but accept the first setting they find in their price range. These same parents would never buy a used car without comparison shopping. Their lack of ability to distinguish quality then tends to drive quality out of the market.

Second, the market may fail for child care due to what economists call “externalities.” These are benefits that accrue not to the child care consumer, but to the community at large. These benefits include those I described earlier as the life-span benefits of high quality care, such as lowered costs for later education, and reductions in crime. Unsafe and unhealthy child care may save money for the family in the short run, but research confirms that it costs the rest of us—the public—in the long run.

Third, child care market failure may result from an “imperfect capital market.” This is the result of families having the burden of child care costs at just the point in the family life cycle when earnings are lowest: when young adults are first beginning their families. In ten years these same families could more easily afford child care, but not at the beginning of their adult lives. Low-income families spend approximately one-sixth of their income on child care, so they simply cannot afford high quality care. Note that this same “market failure” would be present for elementary education if we asked parents to pay its full cost, with the result that quality would drop precipitously.

**What has the state done to increase the quality of child care?**

State spending for quality improvement has increased tremendously in the last 2 decades, especially since the passage of Wisconsin Works legislation. The figure shows the major items in this budget, beginning with the cost of state licensing and monitoring, and our state contribution to expand Project Head Start, which now reaches about one-third of eligible children. These have been fairly steady parts of the budget for many years.

The state also supports an infrastructure of organizations that help new child care businesses get started, provide ongoing technical assistance to them, and provide referral services for consumers throughout the state. This support for infrastructure is one of the key reasons for our high national reputation. Through these efforts, the state increases both supply and quality of child care, without directly intervening in the marketplace. Funding in this area was reduced in the current biennial budget.

Until recently the state administered a small grants program to help child care programs attain national accreditation, which is the highest professional standard in the field. The aim of this grant program was to create “flagship” programs that set a high standard for the state. This program was funded at $1 million per year, but has now been ended.

At the beginning in the last biennium, the state began an Early Childhood Excellence Initiative conceived by former Governor Thompson. It provided substantial funding to 31 child care programs in the state that serve primarily low-income families in the state subsidy program, raising their overall levels of funding to almost the level of funding for kindergarten children.
Like the accreditation grants program, this program aims to create high quality “flagship” programs, although this one also disseminates their “best practices” to other child care programs across the state. This program, funded at $15 in the last biennium, has been reduced to 2.5 million dollars for the final year of this biennium. It looks like it is probably being phased out.

Finally, the final quality improvement initiative in the figure is the Early Childhood Scholarship & Bonus Program. It provides scholarship funds so early childhood teachers can take college courses in child development or early education. Most of these funds actually go to our 2-year college system. The teacher, to be eligible, must promise to stay in the profession at least a year beyond their scholarship, and their centers must offer them a raise after they complete their college courses. Thus this program addresses a whole cluster of issues affecting quality simultaneously: staff training, staff wages, and staff turnover. It creates incentives without creating mandates: it is a voluntary program.

Evaluations of this program in other states have been promising so far, and I have to admit that this program excites my optimism more than any other I have seen in recent years. The logic model in this figure, which is also in your handouts, shows the causal chain, with each link supported by research, which ought to lead from this program to the long term public goods we know that high quality child care can produce.

Let me now summarize and close.

Quality matters in child care, and it matters in ways that are important to the public good, such as preparing children to succeed in their later schooling, to avoid criminal careers, and to become self-sufficient as adults. It matters in terms of lives made better, and future public spending averted.

The private marketplace does not currently produce nearly enough child care of high enough quality. While we have some extraordinarily high quality care in some of our programs, we also have harmful care in other places, and a great deal of mediocre care in between. Average child care, in Wisconsin as in the nation, is only fair in quality.

We have a reputation for high quality child care in Wisconsin, and relative to other states this reputation is largely deserved. We also have recent experience with a variety of quality improvement initiatives by state government. Just as important, other states have been experimenting with quality improvement initiatives that are thoughtfully designed and show great promise.

In fact, I can’t wait to hear what they have to tell us! Thank you.
# State Initiatives to Increase the Quality of Child Care

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Current Annual $millions</th>
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<tbody>
<tr>
<td>C Regulation (licensing &amp; monitoring)</td>
<td>4.5</td>
</tr>
<tr>
<td>C Expansion of Head Start</td>
<td>3.5</td>
</tr>
<tr>
<td>C Infrastructure</td>
<td>1.8</td>
</tr>
<tr>
<td>&lt; Resource &amp; Referral Network</td>
<td></td>
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<tr>
<td>&lt; Child Care Improvement Project</td>
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<tr>
<td>&lt; Child Care Information Center</td>
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<tr>
<td>&lt; Registry (of required CEU’s)</td>
<td></td>
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<tr>
<td>C Quality Improvement Grants Program</td>
<td>0</td>
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<tr>
<td>C Early Childhood Excellence Initiative</td>
<td>2.5</td>
</tr>
<tr>
<td>C Early Ch. Scholarship &amp; Bonus Program</td>
<td>6.0</td>
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</tbody>
</table>
The Public Interest in Child Care

Wisconsin Child Care

Government Interest

SUPPLY & ACCESS

--------> Welfare Reform
--------> Economic Development

QUALITY

--------> Health & Safety
--------> Social Goods
    * School Readiness
    * Reduced Crime
--------> Welfare Reform
    * Job Retention
    * Work Hours
Early Childhood Programs

C Home Visiting Programs (e.g. POCAN)

C Programs for children with disabilities (e.g. Birth-to-3)

C Public School early education programs, e.g.:
< 4- and 5-year-old Kindergarten
< Student Achievement Guarantee in Education (SAGE)
< Individuals with Disabilities Education Act (IDEA)

C Head Start

C Others

C* Child Care & Early Childhood Education
What do we mean by “quality” in child care?

<table>
<thead>
<tr>
<th>Program Structure</th>
<th>Proximal Processes</th>
<th>Child Dev. Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed</td>
<td>Nurturant caregiving</td>
<td>Health and physical development</td>
</tr>
<tr>
<td>Accredited</td>
<td>Time with child in teaching interactions</td>
<td>Cognitive and intellectual development</td>
</tr>
<tr>
<td>Group size</td>
<td>Elaboration on child’s language</td>
<td>Language development</td>
</tr>
<tr>
<td>Adult-child ratio</td>
<td>Imitation of the adults by the children</td>
<td>Social-emotional development</td>
</tr>
<tr>
<td>Staff education &amp; training</td>
<td>Age-appropriate materials &amp; activities</td>
<td>Lack of behavior problems</td>
</tr>
<tr>
<td>Etc.</td>
<td>Etc.</td>
<td>School readiness</td>
</tr>
</tbody>
</table>

Field tags include "Proximal processes" and "Child development outcomes."
Why doesn’t the marketplace provide more child care of high quality?

1. Lack of consumer knowledge

2. Externalities (benefits that accrue to others, or to the community)

3. Imperfect capital market (family income is lowest, and expenses highest, during early years of family formation).