



## Issue Brief

# A Stimulus for Second-Generation QRIS

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On April 1, 2009, the states began to receive education and child care funds appropriated under the American Recovery and Reinvestment Act (ARRA, or "the stimulus").<sup>[1]</sup> Child care advocates in several states have urged policymakers to use some of the stimulus funds to launch or expand a statewide Quality Rating and Improvement System (QRIS) for providers of early childhood education and care.



## What Is QRIS?

Quality Rating Systems (QRS) are tools that measure, collect, and disseminate information about the quality of early childhood care and education (ECE) settings, including those based in centers, homes, preschools, and elementary schools. Many states supplement their rating systems by providing technical assistance and financial incentives—such as grants and teacher scholarships—to reward and encourage quality improvements. For this reason, the systems are also called Quality Rating *and Improvement* Systems (QRIS), a term that is often used interchangeably with QRS.

QRIS is a market-based approach to improving quality in early childhood care and education. It often uses a simple three- or four-star rating to summarize information on quality in multiple domains, such as child/staff ratios and teacher credentials, and presents it in formats, such as interactive Web sites, that parents (the consumers) can easily access and understand. By raising parents' awareness about the importance of quality in early childhood care and education, and helping them identify quality providers, QRIS creates incentives for providers to improve their services.

## Foundations of a QRIS Program

The design of QRIS programs varies from state to state, but most include five basic elements:

**Standards** – Widely accepted, research-based indicators of quality in early childhood settings. These generally include basic requirements to ensure children's health and safety, as well as *structural* quality mandates, such as teacher education levels and minimum teacher-child ratios. In a small but growing number of states, these standards also include *procedural* indicators that measure the quality of teaching and emotional support in early education settings. Standards are designed to supplement, not supplant, existing child care licensing requirements.

**Accountability** – Trained observers inspect and assess providers regularly to ensure that they meet and maintain standards of quality as outlined by the rating system. Many QRIS programs utilize existing research-based assessments, such as the Environment Rating Scale (ERS) or the Classroom Assessment Scoring System (CLASS).

**Parent Outreach** – Through media campaigns and consumer-friendly rating systems—either a point-based scale or star awards—parents are encouraged to consult the QRIS when choosing child care.

**Provider Outreach and Support** – QRIS administrators make sure providers are aware of the

QRIS standards, financial incentives, and assistance available to help them achieve higher levels of quality.

**Quality Improvement** – Technical assistance and financial incentives to encourage and help providers achieve higher levels of quality. These include grants and loans for teacher professional development, technical assistance, increased child care subsidies for higher-rated providers (also known as "tiered reimbursement"), and tax credits for parents who enroll children in rated programs.

Three-quarters of the nation's children between the ages of 3 and 5, and more than half of children aged 2 and under, spend time in some form of nonparental care. Many of these children are cared for by relatives, but a large proportion—57 percent of children aged 3 to 5 and 20 percent of infants and toddlers—are in center-based care.<sup>[2]</sup> The quality of care in ECE settings varies dramatically, however, with low-income children generally receiving the lowest-quality care.<sup>[3]</sup> Over the past decade, states have turned to voluntary QRIS evaluations as a way to close that gap and raise the overall level of quality.

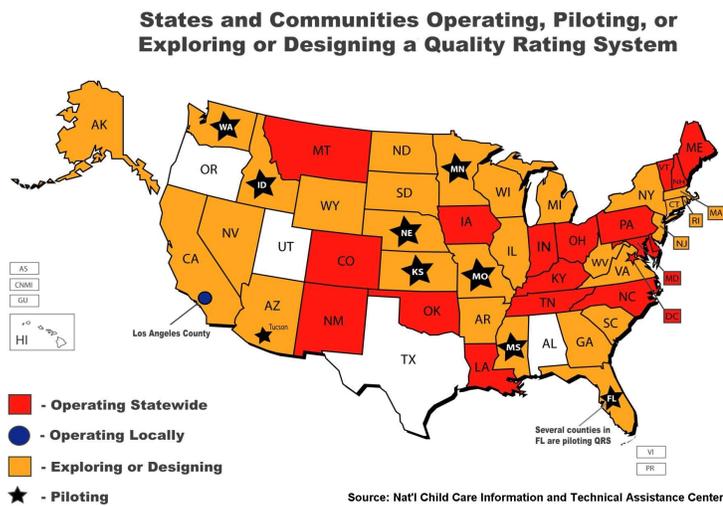
Participation in a QRIS evaluation is associated with improved levels of quality. A 2003 evaluation of the nation's oldest QRIS, Oklahoma's 10-year-old Reach for the Stars program, found that "global quality ratings [had] risen, and teacher-child interactions [were] generally positive" among participating providers.<sup>[4]</sup> A study of the Tennessee Report Card Program found that the quality of all types of providers rated by the state—including family/home care and preschool and school-aged care—improved while participating in the rating program.<sup>[5]</sup>

As the states and the federal government increase investment in early care and education, QRIS can also serve as an engine for states' efforts to build early education *systems*. QRIS unifies childcare quality initiatives that too often operate in independent policy silos, such as professional development, public child care subsidies, and early learning standards. QRIS institutionalizes and sustains cooperation among early childhood stakeholders in government, as well as educators, researchers, and community leaders. In doing so, it can even promote communication between the early childhood and K-12 education systems, improving alignment from preschool through the early elementary grades.

## Second-Generation QRIS

Now is a crucial time for QRIS nationwide. Seventeen states and the District of Columbia already operate QRIS, and 28 other states report that they are exploring or preparing to launch QRIS.<sup>[6]</sup> However, current state budget crises threaten existing systems as well as efforts to launch new ones.

Several pioneering states are now poised to move to "second generation" systems that will assess new settings that may not already be covered, such as infant and toddler centers and afterschool programs. Some second-generation systems seek to measure quality in richer, more complex ways by incorporating *procedural* elements of quality (how well a teacher teaches, how well the curriculum fits into the state's early learning guidelines) in addition to *environmental* indicators, such as safety standards and class size, which are already covered in most state QRIS evaluations. These more sophisticated definitions of quality allow states to better target improvements that directly affect children's early learning experiences.



## QRIS and the Stimulus

The stimulus presents a unique opportunity for states to invest in QRIS, which can help them ensure the quality of their growing investments in pre-K and early childhood programs while also driving improvements in child well-being and educational development across the ECE sector. Several states have "shovel-ready" plans for QRIS expansion or pilot programs that could put stimulus funds to work immediately.

States use a variety of funding streams to pay for QRIS, including federal funds from the Child Care and Development Block Grant (CCDBG), Temporary Assistance for Needy Families (TANF), and the Individuals with Disabilities Act (IDEA) programs, as well as general state revenues and private donations. The stimulus legislation includes increased funding for some of these programs: \$2 billion for the Child Care and Development Block Grant program (including a \$335.2 million set-aside for state quality activities such as QRIS<sup>[7]</sup>); \$400 million for IDEA preschool programs; and \$500 million for IDEA infants and toddlers programs.

The states will also receive \$53.6 billion through the State Fiscal Stabilization Fund (SFSF). Most of the SFSF monies under the stimulus legislation (\$39.7 billion) will go to elementary, secondary, and postsecondary education—and to early education in states that already fund it through their main education funding formula.<sup>[8]</sup> The remaining funds will be distributed through the Government Services Fund (\$8.85 billion) and through State Incentive Grants and the Innovation Fund (the "Race to the Top" funds, \$5 billion total), which can also be used to invest in QRIS.

States should be cautious, however, when using stimulus funds for QRIS. Developing a robust, comprehensive, and effective system requires significant investments of both time and money. That said, states can use stimulus funds for a variety of one-time investments that lay the groundwork for future QRIS investments or improve the quality of existing systems. States that make these investments now will be well situated to ensure the quality of future early childhood investments when the economy improves and they again have resources to invest in early childhood programs.

Ideas for states thinking about QRIS:

- Fund research to inform the development of QRIS. Feasibility studies and assessments of the ECE workforce can provide important data about current levels of child care quality, teacher salaries, and existing support systems that could be incorporated into QRIS.
- Create a stakeholders committee to oversee the planning and development of QRIS. Include staff members from government programs, as well as educators, child development experts, and community leaders. States should consider operating this committee as a part of or in partnership with state advisory councils on early childhood care and education that states are required to create under the 2007 Head Start reauthorization legislation. ARRA provides \$100 million in funding for these councils.<sup>[9]</sup>

Ideas for states ready to launch QRIS:

- Build an interactive database that can help in the collection, storage, and retrieval of QRIS data. Purchase software to help analyze and make data accessible. Design and create a Web site for parents to view ratings and search for information on provider quality.
- Provide training for assessors. In order to provide detailed and reliable assessments, many assessment tools (such as the Environment Rating Scale, or ERS<sup>[10]</sup>) recommend that assessors complete multi-day training courses as well as participate in ongoing in-service training to maintain reliability.
- Provide funding for the costs of launching a small-scale pilot program, such as initial outreach to providers and financial incentives for quality improvement.

Ideas for states wishing to expand existing QRIS:

- Fund media campaigns to raise parents' awareness of QRIS. This could include advertisements, mailings, or

even banners for rated providers to display outside their facilities. If the system is still relatively new, start small until after QRIS is well established.

- Provide bonus grants for child care providers to pay for quality improvements or professional development. A one-time "stimulus grant" program would encourage providers to boost quality despite the economic downturn and help raise provider awareness about quality.
- Provide targeted funding for start-up costs associated with expanding the system to include new provider groups that may not be covered by QRIS, such as those that care for infants and toddlers or home-based Family, Friend, and Neighbor (FFN) care. Expanding QRIS to rate settings beyond those that serve 3- and 4-year-olds will require new outreach strategies, administrative capacity, and the development of new standards and assessments.
- Fund an independent validation study. States need to know if the ratings they develop are realistic indicators of ECE effectiveness and if QRIS is helping them meet their goal of increased quality.

QRIS investments can complement other stimulus investments in Head Start and Child Care and Development Block Grant programs by helping improve quality across the range of publicly and privately funded early childhood programs. The stimulus legislation also promotes statewide longitudinal preK–12 data systems, which could integrate data from QRIS databases to help policymakers, educators, and researchers track the long-term impact of early education. Stimulus-funded investments in QRIS programs may also help build political support for expansion down the road.

### **Estimating the Costs of Implementation**

The cost of each of these options will vary based on a number of factors, including the size of the state, complexity of the system, generosity of quality-improvement incentives, and whether these incentives (such as teacher scholarships) are already in place. Costs are generally higher for QRIS that include infants and toddlers than for preschool-aged children. Several states have found it particularly costly to incorporate the Environment Rating Scale assessment in their QRIS.<sup>[11]</sup>

Price tags for different components of a program can range from thousands to several million dollars. For example, a five-day training course for the Early Childhood Environment Rating Scale (ECERS) typically costs around \$1,000 per person, but computer systems can run in the tens of thousands of dollars. A recent estimate of QRIS costs in Florida put a low-intensity media campaign (brochures, banners, and press releases) at \$638,100. A scholarship program to enable the state's 28,000 teachers with only a Child Development Associate (CDA) credential to earn an associate's degree in early childhood education would require an investment of \$25 million.<sup>[12]</sup>

Once a system is in place, validating it can also be costly. RAND Corporation's validation study of Colorado's Qualistar system in 2008 cost \$3 million.<sup>[13]</sup>

### **State Profile: Pennsylvania Keystone STARS Program**

Launched as a pilot program in 2002, the Pennsylvania Keystone STARS (Standards, Training and Professional Development, Assistance, Resources and Supports) went statewide in 2004 and now covers more than 5,000 providers serving 170,000 children across the Commonwealth.

Participants in Keystone STARS must first meet the basic health and safety standards required for licensing. The introductory program, Start with STARS, is for new entrants, and is followed by four levels: STAR 1, STAR 2, etc. Each level corresponds to higher levels of quality in terms of curriculum, teacher qualifications, and parent engagement. Programs that achieve a STAR 2 rating must also meet criteria under the Environment Rating Scale (ERS), a nationally recognized assessment of quality. Providers wishing to participate in the state pre-K program must have at least a STAR 2 rating.

Providers that move up to higher STAR levels are eligible for merit awards, increased payments from the state child care subsidy program, priority access to T.E.A.C.H. grants for teachers to obtain higher degrees, and

participation in the state's Early Childhood Mental Health Consultation Initiative. Providers at all levels can receive technical assistance or bonus grants from the state Office of Child Development and Early Learning and six regional "Keys," offices that administer the program. In 2007–08, 25 percent of STARS-rated providers moved up at least one level. The total cost of the Keystone STARS program in 2007–08 was approximately \$57 million.\*

\* *Governor's Mid-Year Budget Briefing, Commonwealth of Pennsylvania, December 12, 2007.*

[http://www.portal.state.pa.us/portal/server.pt/gateway/PTARGS\\_0\\_113914\\_336560\\_0\\_0\\_18/2007\\_Dec\\_Briefing\\_Web.pdf](http://www.portal.state.pa.us/portal/server.pt/gateway/PTARGS_0_113914_336560_0_0_18/2007_Dec_Briefing_Web.pdf)

## The Role of the Federal Government

The federal government should help states use stimulus funds to implement, expand, or improve QRIS. Specifically, it should:

- Provide clear guidance about stimulus funds that can be used to support QRIS, and recommendations about how to most effectively use these funds.
- Provide states with guidance and incentives to integrate QRIS and other early childhood data into stimulus-funded state longitudinal data systems.
- Consider state activities to improve early childhood education, not just K-12, when awarding \$5 billion in "Race to the Top" funds provided as part of the State Fiscal Stabilization Fund. Use these funds to reward states that are leading the way in establishing quality second-generation QRIS programs.
- Maintain increased levels of Child Care Development Block Grant funding post-stimulus, including the higher quality set-asides from the stimulus legislation, so that states will be able to use those funds to support ongoing QRIS costs.

The forthcoming reauthorization of the Child Care Development Block Grant program presents an opportunity for the federal government to further support QRIS. By encouraging states to make sound investments in QRIS now, the Administration can build the groundwork for increased attention to QRIS in CCDBG reauthorization. Congress should consider increasing the percentage amount of the quality set-aside that many states use to fund QRIS (currently at 4 percent), while also increasing overall CCDBG funding to preserve or increase the number of child care slots available. As the federal government considers further investments in early education, it should explore ways to include and support QRIS as a vehicle for improving and sustaining program quality.

As several states have already recognized, QRIS is essential to improving child care quality and later educational outcomes for all children. The stimulus legislation provides an opportunity to launch a new QRIS program or to grow a second-generation program. States should use this one-time investment to support *components* of QRIS, rather than full system implementation. Long-term viability of QRIS programs will require sustained investment on the part of states and the federal government alike.

## Notes

<sup>[1]</sup> *American Recovery and Reinvestment Act of 2009*, Pub. L. no. 111-5 111th Cong., 1st sess., [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=f:h1enr.txt.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.txt.pdf).

<sup>[2]</sup> 2005 data from the National Household Education Surveys Program. *America's Children in Brief: Key National Indicators of Well-Being, 2008*, Federal Interagency Forum on Child and Family Statistics, 2008, table FAM3.A. This data also includes 5- and 6-year-olds who are not in kindergarten.

<sup>[3]</sup> See, for example, Lynn Karoly et al., *Prepared to Learn: The Nature and Quality of Early Care and Education for Preschool-Age Children in California* (Santa Monica, CA: RAND Corporation, 2008).

<sup>[4]</sup> Deborah Norris, Lorraine Dunn, and Lisa Eckert, *Reaching for the Stars Center Validation Study Final Report*, prepared for the Oklahoma Department of Human Services, Division of Child Care, November 2003.

<sup>[5]</sup> Tennessee Department of Human Services, *Who Cares for Tennessee's Children? A Review of Tennessee's Child Care Evaluation Report Card Program*, January 2004. Additional validations studies of state QRIS programs may be found on the Web site of the National Child Care and Information Center, <http://nccic.acf.hhs.gov/poptopics/qrs-impactqualitycc.html>.

<sup>[6]</sup> National Child Care and Information Center. Data updated April 2009.

<sup>[7]</sup> Child Care Development Block Grant legislation mandates a 4 percent normal set-aside, which would amount to \$80 million of the \$2 billion allocated to CCDBG in the American Recovery and Reinvestment Act of 2009. The legislation specifies that an additional \$255,186,000 be used for programs to improve the quality of child care services, of which \$93,587,000 should be spent on programs for infants and toddlers.

<sup>[8]</sup> In 2008, 11 states and the District of Columbia allocated funds for public pre-K programs through their funding formulas. See Diana Stone, *Funding the Future: States' Approaches to Pre-K Finance, 2008 Update* (Washington, D.C.: *Pre-K Now*, February 2008).

<sup>[9]</sup> The 2007 Head Start reauthorization legislation mandated the creation of state early childhood advisory councils, but they were not funded. According to guidance released on April 2, 2009, by the Department of Health and Human Services, \$100 million of the total \$2.1 billion appropriated for Head Start in the stimulus will be used to support the creation of these councils.

<sup>[10]</sup> The Environment Rating Scales include four popular assessments tailored to different age groups and settings: the Infant/Toddler Environment Rating Scale (ITERS) for children aged 0 to 2 ½; the Early Childhood Environment Rating Scale (ECERS) for children aged 2 ½ to 5; the School Aged Care Environment Rating Scale (SACERS) for children aged 5 to 12; and the Family Child Care Environment Rating Scale (FCCERS) for infants through school-aged children.

<sup>[11]</sup> Gail Zellman and Michal Perlman, *Child-Care Quality Rating and Improvement Systems in Five Pioneer States* (Santa Monica, CA: RAND Corporation, 2008), 20.

<sup>[12]</sup> Anne Mitchell and Alisa Ghazvini, *Florida's Quality Rating System: A Conceptual Model for Estimating Cost Assumptions, Explanations and Supporting Data* (Auburndale, FL: The Policy Group for Florida's Families and Children, July 2007).

<sup>[13]</sup> Gail Zellman et al., *Assessing the Validity of the Qualistar Early Learning Quality Rating and Improvement System as a Tool for Improving Child-Care Quality* (Santa Monica, CA: RAND Corporation, 2008). The study was intended to be completed in three years, though it took nearly five. Study cost from personal communication, Paula Neth, Chief Operating Officer, Qualistar Early Learning, April 3, 2009.

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