

# The Value and Cost of High-Quality Early Care and Education

Executive Summary 2023



*The Value and Cost of High-Quality Early Care and Education* is the first report in a series exploring the barriers to high-quality care and education.

High-quality early care and education prepares young children for future success and supports families in contributing to the

economy and workforce. In 2002, Pennsylvania launched Keystone STARS, a quality rating and improvement system (QRIS) to expand and promote access to high-quality early care and education programs across the state. This report explores the impact that insufficient public funding has on a program's ability to meet and sustain high quality standards.

## Overview of Keystone STARS and Benefits of High-Quality

Keystone STARS builds upon state child care licensing regulations by focusing more deeply on the essential elements of quality, including physical environment, instructional materials, program support structure, and most importantly, interpersonal relationships and daily interactions. In Pennsylvania, all licensed early care and education programs receive a STAR 1 rating upon receiving their full license. To promote continuous quality improvement, programs are encouraged to "move up" to a higher quality rating (where STAR 3 and 4 are considered high-quality) as demonstrated by their performance on program standards. The benefits of high-quality early care and education are numerous and have been confirmed by decades of research linking high-quality to positive childhood outcomes.

*“High-quality early learning programs are valuable because our children are valuable. It takes a lot of time, effort, education, sweat, and tears to create an environment that allows children and families to experience wonderful opportunities they would not receive elsewhere.”*

- **Eva Wood**, Ligonier Valley Learning Center/  
Latrobe Kinder-Schull, Westmoreland County

## Financial Barriers to Achieving High-Quality

Providing high-quality early care and education requires significant resources, with experienced, qualified teachers at the top of the list in both impact and cost. A program's ability to have their revenue match the true cost of providing high-quality early learning can be a barrier for many early learning programs regardless of program size or facility type.

A primary source of public funding support for early care and education programs is provided through child care subsidy. Pennsylvania's child care subsidy program, Child Care Works (CCW), is provided to families who qualify for Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), and/or whose household incomes are at or below 200% of the federal poverty level.

Pennsylvania's CCW currently reimburses providers at the 60th percentile of the market rate, well below the 75th percentile federal recommendation. Providers across the state agree that the 60th percentile reimbursement rate is insufficient to support the true cost of high-quality. Recently, several states have shifted from using a market rate approach (reflective of the cost that families can afford to pay) to an approved alternative option of cost estimation modeling. Start Strong PA recommends the shift to cost estimation, which would better account for the numerous expenses necessary to operate a high-quality early care and education program including a qualified workforce.

“  
... neither private tuition nor [child care subsidy] is covering the true cost of care...the staffing crisis and the lack of livable wages for childcare teachers is the biggest barrier to quality.”

- STAR 4 Early Learning Program Director, Indiana County

## Current and Past Program Incentives for High- Quality

Pennsylvania rewards programs with high-quality ratings who accept CCW through the receipt of a tiered reimbursement “add-on” rate. The quality add-on is only available to programs who accept CCW after they have increased their quality rating. There is no funding specifically focused on supporting programs as they work to meet the additional standards necessary to increase their quality. Currently, only 45% of children younger than age 5 who receive CCW are enrolled at a high-quality program. Additionally, the lack of adequate funding to support high-quality care and education is often felt most directly on the early care and education workforce - who are rapidly leaving the field for jobs with higher wages.

## Conclusion and Policy Next Steps

There are additional ways that policymakers can provide meaningful support to help more programs reach high-quality which will in return, increase access to quality programming for young children.

## Policy Recommendations:

Research inequity within Keystone STARS to better determine possible future revisions and/or additional support to help all certified provider types achieve high-quality.

Replace the market rate survey with a cost estimation study using an approved cost modeling tool to ensure CCW reimbursement rates meet the cost of care.

Increase program incentives within Keystone STARS.

Provide financial assistance and other resources to programs working to increase their quality.

Improve advertising of Keystone STARS so that families can be better educated about its value.

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