

Increasing Child Care Quality in Delaware: Recommendations from the Cost of Quality Care Study



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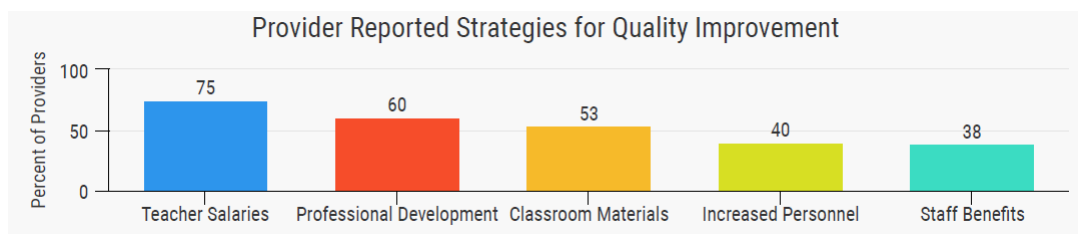
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Introduction to the Cost of Quality Care Study

The Cost of Quality Care Study (Ernst & Young, 2020), funded by Delaware's Preschool Development Grant Birth through Five (PDG B-5) award in 2018, was conducted to assist the State of Delaware with identifying the key components of early childhood quality and estimate the cost of care and operations for child care providers across the State. The cost of quality study uses a cost-based approach which relied on interviews and surveys of providers in Delaware to estimate a base case cost reflective of a baseline number of children served and staff employed separated by provider type and the ages of the children enrolled. Data comes from 146 providers across all program types (64% center-based, 36% home-based) and counties in the State. 36% of respondents participated in Delaware Stars for Early Success, the state's quality rating and improvement system. The report identified key components of early childhood quality, from the perspective of providers. It also gathered input pertaining to the costs and needs of providers associated with providing quality care, in the context of revisions to Delaware Stars.

Key Findings

The Cost of Quality Care Study modeled out scenarios to enhance the quality of programs, but each scenario is a substantial and costly undertaking. Given limited availability of funds, the most important needs for providers and the options that are most related to quality experiences for young children must be prioritized. The graph below depicts provider responses from the statewide survey that are most related to quality improvement identified in the statewide survey. In addition to the suggestions summarized from providers by Ernst and Young (2020) such as increased teacher salaries and additional personnel, providers cited increased professional development and classroom materials as areas for which to invest to increase program quality of care. When asked the same set of questions specifically *about serving children receiving Purchase of Care*, increased teacher salaries (66%), class materials (58%), and increased personnel (44%) were among the most commonly cited provider needs. Somewhat different proportions emerged when providers reported areas of investment to *increase their program's quality for children with special needs*, with professional development topping the list (69%) followed by classroom materials (58%), increased personnel (50%), and increased teacher salaries (48%).



The report identified three primary ways that providers can improve their quality standards, based on the cost analysis and recommendations of program administrators. Two of the suggestions are around attracting and retaining a quality ECE workforce, namely increasing salaries and the inclusion of all benefits (health, dental, workers compensation) for full-time employees. A third suggestion is to increase the total personnel dedicated to serving ECE providers.

PDG B-5 Cost of Quality Care Study's Possible Models for Increasing Quality



Increase salaries: Specifically, models of salaries based on Delaware K-12 salaries and a midpoint to K-12 parity were presented alongside the baseline salary in Delaware ECE programs and a high salary case (based on 75% of salaries in 5-star rated programs) to model ways to increase salaries.



Inclusion of all benefits: Full-time employees should have access to health, dental, and workers compensation benefits.



Increase personnel: The provider survey and interviews revealed a need for more personnel to improve the standard of quality in programs with a goal of reducing the burden on existing teachers and helping children with social adjustments.

Implications for Delaware Policy & Practices

Results from the Cost of Quality Care study in Delaware raise a need for further consideration of the best ways to support the ECE workforce. As a next step, how can the findings be put into action? We have identified three major sets of topics to be addressed in future policy discussions and potentially incorporated into the revision of Delaware Stars. Delaware should consider these questions below when prioritizing strategies and allocating funds. This will help in determining the most cost-effective and meaningful services and incentives in which to invest.



Attracting & Retaining a High Quality ECE Workforce

- What level of salary increase would be linked with higher retention rates for Delaware's ECE workforce, especially highly qualified staff?
- What types of benefits are cited as highest need? Which benefits would be associated with higher staff retention rates?



Personnel Expansion

- Which types of personnel (e.g., more teachers, support staff) should be prioritized to enhance workforce productivity and the overall quality of ECE programs in Delaware?
- Using a shared services approach, how can the state help providers that need additional personnel to increase overall program quality? How can ECE providers benefit from sharing staff such as social workers with other child care programs in order to offer similar specialized family support services across different providers?



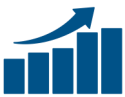
Using Existing and/or Expanded Delaware Stars Services to Better Support ECE Programs & Staff

- How can Delaware Stars be revised to help build the administrative capacity of programs to address the key quality issues identified in the survey?
- In addition to increasing staff qualifications, what additional professional development, training, and coaching/mentoring opportunities are needed to further improve program quality? How are these supports related to recruiting and retaining qualified staff?
- How can the financial incentives linked to Delaware Stars be restructured to assist program administrators in addressing quality improvement?

Recommendations

Based on the findings of the Cost of Quality Care Study, we propose several recommendations.

These recommendations can be carried out in a variety of ways by the state of Delaware. Although the recommendations apply to all programs in the State, some specifically relate to mechanisms and funding available through Delaware Stars.



Collect More Data

More research is needed to determine what financial and other programmatic incentives, when made available to Delaware providers, can improve child care program quality. Specifically, when funds are limited, which incentives (e.g., increased salaries, access to full benefits, offering family support services, etc.) are the most meaningful to providers? More data can also be collected to identify the types of personnel (e.g. social workers, specialists) that would be most impactful for providers.



Restructure Financing of Early Care & Education

Financial incentives can be restructured by increasing existing subsidy and tiered reimbursement payment rates, and by expanding availability of grants to support quality programming. The funds must be used toward research-identified quality-related services, including increasing salaries for the workforce, increasing benefits for staff, and/or hiring additional support staff.

- **Subsidy:** Subsidy reimbursement rates for all providers should be increased to reflect the cost of quality care.
- **Tiered Reimbursement:** Modifications to the existing tiered reimbursement system can include increased reimbursement rates or allowing all enrolled providers to be eligible for higher reimbursement rates, regardless of Star level.
- **Quality Improvement Grants:** Eligible providers can apply for an annual quality improvement grant to be used at their discretion to enhance their program's quality of care. Providers would specify the aspects of quality that would be addressed in their grant applications.
- **Capacity Grants:** Providers meeting specified criteria can continue to apply for existing capacity grants to be used specifically for items such as research-supported curriculum materials, and funds can be dedicated to expand the reach of the capacity grants.



Develop State-Sponsored Shared Service Models to Assist Child Care Providers in Delivering High Quality Care

Increased awareness of existing Delaware Stars supports and services among providers should be prioritized. Exploration of the use of state-sponsored hubs or shared service models should also occur. For example, Delaware Stars or another state partner can assist with the provision of shared family support services or specialists. Under a shared service model, the State would take on the cost of hiring a specialist or providing family support services to be used across multiple programs, providing an essential support for providers without negatively impacting programs' bottom line. In addition, there is a need to explore how Delaware Stars can provide specialized professional development and technical assistance to meet the unique needs of providers that would improve quality in a cost-effective way.

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