



2008 – 2018

Children accessing  
Wisconsin Shares subsidy

**-35.4%**

*The structure of early care, learning and childcare programs within the state creates a disjointed system that can be challenging to coordinate.*

2012 – 2019

Subsidy-accepting providers

**-63%** **-14%**  
Family-based Center-based

One question is whether the government should be involved in the early care and education of young children at all.

# Off Track: An Assessment of Wisconsin's Early Care and Learning System for Young Children

The landscape of childcare in Wisconsin faces a problem: Evidence suggests that an overemphasis on quality regulation likely has driven some providers out of the market, resulting in fewer low-income children served by Wisconsin Shares, the state's subsidized childcare program, and less overall parental choice and higher costs, without measurable improvements in outcomes.

## BACKGROUND

Research shows that children do better when they experience environments conducive to healthy development, especially time with their parents and families. Some out-of-home childcare programs with enriched environments have shown good results, but regrettably, the record of achievement for large-scale, government-funded pre-kindergarten programs is lacking.

Children who participate in universal pre-kindergarten programs may be more kindergarten-ready than other children who do not participate, but academic gains quickly fade.

Wisconsin spends a great deal of money on such programs. Combined federal and state funding for Head Start, childcare subsidies and home visiting programs alone totaled almost \$400 million for Wisconsin families in federal fiscal year 2019, aside from millions more in tax credits and tax preferences for families.

## YOUNGSTAR

Wisconsin attempts to regulate higher-quality care. To receive state subsidies for childcare in Wisconsin Shares, parents must use providers that participate in YoungStar, the childcare quality rating system. Families who use an unrated provider get no subsidy. Payments depend on a provider's rating.

State regulation of childcare sets rules for things such as supervision, staff, operations, physical settings, programming and transportation. Raters give higher scores to providers with higher levels of education. Providers must verify their education level, adding to the administrative burden.

Other requirements govern the number of books, specific time requirements for play and rules on parental communication. Providers must apply for a license and pass an inspection every two years to be rated.

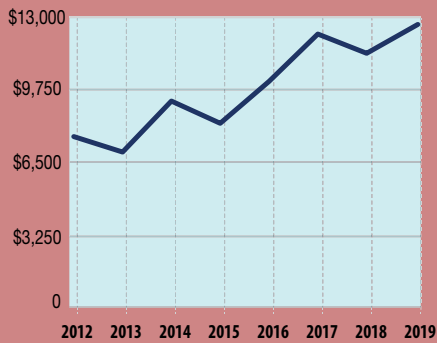
Officials acknowledge that they have little evidence that children are doing better after the implementation of YoungStar. Indeed, researchers say there is no evidence that YoungStar ratings predict children's kindergarten readiness. →

# \$400 million

Combined federal and state funding for Head Start, childcare subsidies and home visiting programs for Wisconsin families in FY 2019

Millions more in tax credits and tax preferences were provided to families.

Annual cost per child based on Child Care and Development Fund state expenditures (2019 dollars)



Source: U.S. Department of Health and Human Services Administration for Children and Families

Explore the creation of early education savings accounts for Head Start and Wisconsin Shares.

## DECLINE

The system's complexity has led to dramatic changes in the availability of childcare slots. Overall capacity in Wisconsin was largely unchanged from 2005 to 2019, but licensed and certified family childcare slots — childcare provided in a smaller home-based setting — declined by 38%.

The shift from family childcare slots to slots in larger childcare centers affects average cost because family childcare is generally more affordable. Overregulation and government interference likely explains some of this decline, suggesting that an overhaul of the regulatory environment could help bring more family childcare providers back into the system.

The number of Wisconsin children receiving Wisconsin Shares childcare subsidies has been declining. The start of the decline coincides with the 2012 implementation of YoungStar ratings.

## RECOMMENDATIONS

Instead of more regulation and higher costs, the answer is to reduce government regulations and place more authority into the hands of parents and childcare providers. Here is how:

- **Streamline Wisconsin's oversight of childcare and early learning, enabling now-absent accountability.**
- **Reform YoungStar to reduce the deterrent regulatory burden on providers.**
- **Begin collecting data on early childhood enrollment and outcomes.**
- **Reorient the state's strategy around granting more authority to parents and childcare providers to choose options they find best.**
- **Channel state subsidies through a parent-controlled mechanism such as education savings accounts. Allow unsubsidized parents to access such tax-deferred accounts and make them independent of employment status to enable stay-at-home parents to benefit.**



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[badgerinstitute.org/mandate-for-madison](https://badgerinstitute.org/mandate-for-madison)