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## **Achieving child care quality will be costly**

*But regional economy could see big benefits from higher quality programs*

**MILWAUKEE** – *Tuesday, December 22, 2009* –The annual cost of operating a high-quality child care or early education center in southeast Wisconsin is an estimated \$11,500 per child, more than double the cost of a typical program in the region today, according to the Public Policy Forum’s latest report from its three-year research initiative on early childhood care and education.

“Providing high-quality early learning environments in child care centers throughout southeast Wisconsin will not be cheap,” says Rob Henken, Forum president. “Yet, the national research shows that it is only those high-quality programs that reap the long-term benefits our region needs most, such as better student achievement and improved graduation rates.”

Noting that many other states have invested in child care quality improvement policies in order to capture those long-term benefits, the Forum’s report is intended to help policymakers cost out their options for improving child care quality in Wisconsin. The report provides fiscal estimates on a status quo scenario, a mid-level option and a high quality scenario for state policymakers to consider. While the report’s estimates include only the seven-county southeast Wisconsin region, the policy decisions likely will be made at the state level.

The Forum found:

- The direct costs of operating the region’s current system of early childhood care and education is an estimated \$370.5 million annually to serve over 66,700 children. To operate the same sized system at a high-quality level would cost an estimated \$700.7 million annually;
- Policies aimed at maximizing quality would be the most expensive, while a more modest improvement in quality in the region would result in total direct costs of \$506.2 million;
- While taxpayers pay for direct costs only to the extent that they subsidize costs for low-income families, certain indirect costs are paid for by taxpayers, including regulation and monitoring of child care providers. These indirect costs would increase if policies were put in place to improve quality in the region and are estimated to total almost \$7.5 million during the initial phases of any quality improvement initiative;
- The long-term economic and social benefits that can result from improved quality care and education are maximized when the care is of the highest quality. In addition, the benefits for at-risk and low-income children are larger than for other children.

“Our findings suggest that policymakers need to be aware of the nuances of the cost-benefit equation,” Henken says. “Maximizing quality will maximize costs, but will also be the only chance at maximizing benefits.”

The report presents several policy options for policymakers, ranging from low-cost and low-return on investment to high-cost and high-return. The least costly option is to maintain the current regulatory system and the focus on fraud prevention. The most costly option is to reform the system as a whole, requiring smaller caregiver-child ratios and requiring caregivers to have four-year degrees, for example. Other options include incremental improvements in quality over a period of time, focusing on improving quality for the neediest children, or a Quality Ratings and Improvement System that gives parents information about the relative quality of programs.

The report also analyzes five different models for financing quality improvement initiatives, noting the advantages and limitations of each, as well as pointing out which models could be implemented at the local level.

“The Governor and the Legislature have child care on their radar screens right now in light of the serious fraud problems that have arisen in the Wisconsin Shares program,” says Henken. “For the sake of our regional economy, stamping out fraud in Wisconsin Shares must also involve consideration of how to improve quality. Hopefully, this report’s overview of costs and policy options will provide valuable context for upcoming legislative deliberations.”

Milwaukee-based Public Policy Forum, established in 1913 as a local government watchdog, is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of public policy issues. The full report can be downloaded from the Forum’s Web site at [www.publicpolicyforum.org](http://www.publicpolicyforum.org).