CHILD CARE QUALITY IN MICHIGAN

Children that receive quality early childhood care and education are provided a foundation for lifelong achievement, health, and well-being. Michigan supports quality child care for families through the Great Start to Quality program, which identifies and helps to improve the quality of child care providers in the state. Michigan also provides child care subsidies, through the Child Development and Care (CDC) assistance program, to offset the cost of quality child care for families. To help ensure that all families can afford quality care, the State offers higher child care reimbursement the higher the quality rating of the child care provider.

This brief presents an overview of child care quality and how it is changing in Michigan. The findings from an analysis of data on quality ratings of child care, include:

- Participation in Great Start to Quality continues to rise, with over half of providers having a quality rating as of 2019. At the same time, the total number of child care providers has decreased.
- Quality ratings are likely to increase over time; providers that have participated in Great Start to Quality for longer periods have higher quality ratings on average.
- The statewide average quality rating has decreased since 2014 largely due to the increase in Great Start to Quality participation; new star ratings tend to be lower and therefore bring down the statewide average.
- If trends in Great Start to Quality participation stay the same, the statewide average quality rating will reverse its downward trend and start to increase over time.
- The number of providers with mid-range quality ratings is on the rise.
- Child care centers have the highest quality ratings and are most likely to participate in the Great Start to Quality program.

About Great Start to Quality

Michigan's child care quality rating and improvement system (QRIS), Great Start to Quality, provides quality ratings, resources, and training for child care providers and assistance to families during their child care search. The program is administered by the Michigan Department of Education, Office of Great Start, and the Early Childhood Investment Corporation. Participation in the program is voluntary.

To receive a quality rating, called star ratings, providers must complete several steps including an assessment of over 40 quality indicators that fall into the following categories:

- Staff qualifications and professional development
- Family and community partnerships
- Administration and management
- Environment, including safety and health and wellness supports
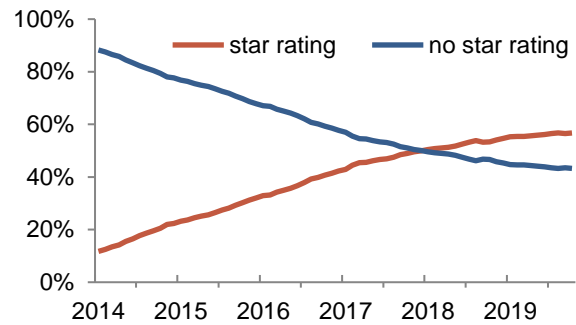- Curriculum and instruction

The Great Start to Quality program assigns providers a star rating between 1 and 5, with 5 being the highest rating possible. The star ratings correspond with level of quality, meaning the higher the star rating, the higher the quality of the child care program.

Results

Participation in Great Start to Quality is increasing.

As of September 2019, over half of licensed providers had a star rating compared to 1 of 10 licensed providers in 2014. The total number of providers with a star rating also increased from around 1,200 in 2014 to 4,400 in 2019. On average, 45 providers start to participate in the star program every month.

While participation in the program has increased, the total number of child care providers has decreased by over 2,800 providers during this time, reducing access to child care for families. The total number of providers has decreased for all license types (center, family home, and group home), but most substantially for family home providers.[1]
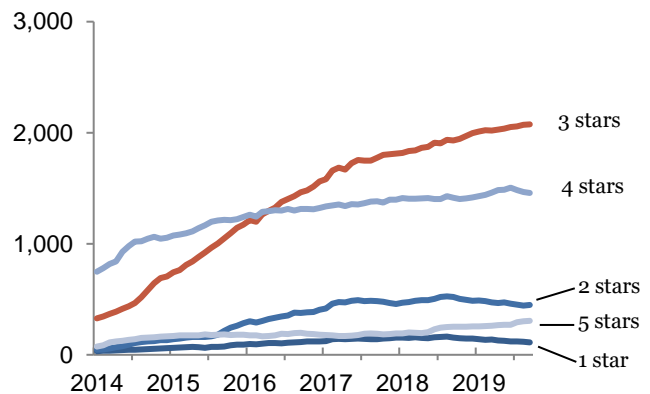
Provider quality ratings tend to increase over time.

Once a provider participates in the star program, their rating is far more likely to increase than decrease. About twice as many providers gain a higher rating than drop a rating on a monthly average. Star ratings were found to increase the longer the provider has participated in the Great Start to Quality program.

The number of providers with mid-range quality ratings is on the rise.

As of 2019, most (80%) rated providers had 3 or 4 stars. Forty-five percent of providers had a quality rating of 3 stars, with the number of providers with this rating rising faster than any other rating. There are few child care providers with star ratings on either extreme of the scale (i.e., 1 star or 5 stars).
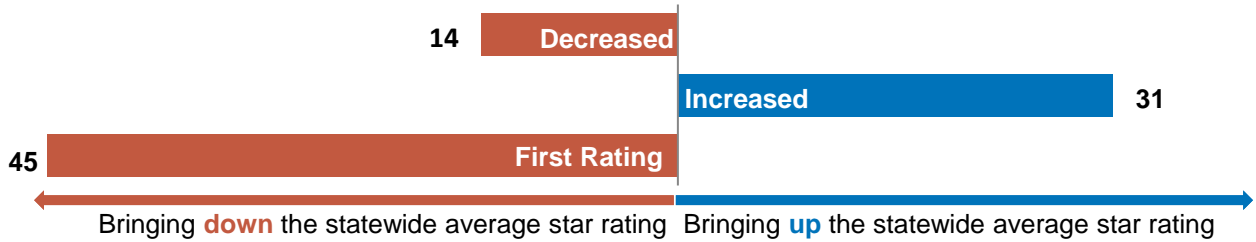
Initial star ratings of new participating providers caused the statewide average quality rating to decrease.

The statewide average quality rating dropped from 3.6 in 2014 to 3.3 in 2019. This decrease is largely due to more providers entering the Great Start to Quality program and receiving their first star rating. The average score of providers receiving their first star rating is lower than the average score for all providers. Therefore, as providers enter the program, it brings down the statewide average. Another factor that brings down the average is that a handful of providers see a decrease in their rating each month (e.g., drop from a rating of 3 to 2). While more providers increase their rating than decrease on

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[1] See the Methods section for information about which providers are included in this analysis.

average each month, the decreases coupled with providers entering the program for the first time more than cancels out any gains in the statewide average from providers that increase their ratings. (See figure below.)

Number of Providers That Receive a Quality Rating for the First Time or Have a Change in Their Quality Rating, Monthly Average

14 — Decreased

Increased — 31

45 — First Rating

Bringing **down** the statewide average star rating | Bringing **up** the statewide average star rating
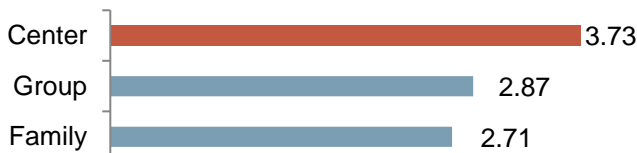
The statewide average quality rating will start to increase, should Great Start to Quality participation trends stay constant.

Every month there are fewer providers receiving a quality rating for the first time than the month before. This makes sense because as more providers start to participate in the Great Start to Quality program, there is a smaller pool of providers that have never received a quality rating. Furthermore, as providers participate in the program for longer periods of time, their quality ratings tend to increase. Therefore, if participation trends stay the same, in time the statewide average quality rating will begin to rise.
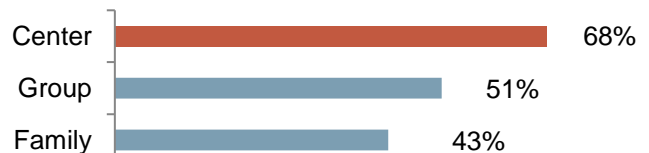
Centers have the highest quality ratings and are most likely to participate in Great Start to Quality.

When examined by license type, centers on average have a star rating of 3.7 compared to 2.9 for group homes and 2.7 for family homes. Additionally, nearly 70% of child care centers have star ratings compared to 51% of group homes and 43% of family homes.

Average Star Ratings by License Type

Center — 3.73
Group — 2.87
Family — 2.71

Percentage of Providers With a Star Rating

Center — 68%
Group — 51%
Family — 43%

Methods

The Department of Licensing and Regulatory Affairs (LARA) licenses Michigan child care providers, and the Early Childhood Investment Corporation tracks the QRIS ratings of providers monthly. The time period for the analysis was January 2014 through September 2019.

PPA analyzed the data using descriptive statistics including taking counts of providers by license type and calculating trend lines using monthly averages. Statistical analysis was conducted using Newey-West standard errors. A significance level of .05 was used to determine statistical significance of trend lines as well as to compare each group. Lags for the Newey-West standard errors were calculated using a rule of thumb of $0.75*T^{1/3}-1$.

This analysis does not include data on tribal, license-exempt, and unlicensed child care providers. There is no data source on the quality of license-exempt and unlicensed providers because they are not eligible to participate in the Great Start to Quality star rating program, while there was too little data for licensed tribal providers to do meaningful analysis.

There were some data inconsistencies in the data set. For two months, tracked records were missing. As a proxy, for these months, PPA carried data forward from the previous month to make the time series continuous. Additionally, star rating update dates varied each month.

In October 2019 LARA updated their reporting systems. This update caused over 700 previously existing providers to re-enter the system. It is unclear whether all these providers were mistakenly added back into the data set, or they were incorrectly removed in the previous system. This might result in a slight error or underreporting in the trends.