

Offices of Research and Education Accountability

Comptroller of the Treasury
JOHN G. MORGAN

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EVALUATING CHILD CARE: TENNESSEE'S STAR-QUALITY PROGRAM



May 2007



STATE OF TENNESSEE

COMPTROLLER OF THE TREASURY

John G. Morgan

Comptroller

STATE CAPITOL

NASHVILLE, TENNESSEE 37243-0264

PHONE (615) 741-2501

May 14, 2007

The Honorable Ron Ramsey
Speaker of the Senate
The Honorable Jimmy Naifeh
Speaker of the House of Representatives
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243

Ladies and Gentlemen:

Public Chapter 724 (2006) requires the Office of Research to review the Star-Quality Program and child care transportation issues. The Office of Research bases its conclusions and recommendations on a review of relevant laws, policies and regulations, interviews with current and former members of the General Assembly and key staff of state agencies and child care providers, and a statewide survey of child care providers conducted in late 2006. The report provides recommendations for legislative and administrative consideration.

Sincerely,

John G. Morgan
Comptroller of the Treasury

Comptroller of the Treasury, Office of Education Accountability.
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EVALUATING CHILD CARE:

TENNESSEE'S STAR-QUALITY PROGRAM



Russell Moore
Principal Legislative Research Analyst

Nneka Gordon
Associate Legislative Research Analyst

Ethel R. Detch, Director
Douglas Wright, Assistant Director
Offices of Research and Education Accountability
500 Deaderick St., Suite 1700
Nashville, TN 37243-0268
Phone 615/401-7911
Fax 615/532-9237
www.comptroller.state.tn.us/orea/reports

John G. Morgan
Comptroller of the Treasury

May 2007

Executive Summary

Tennessee's approach to child care licensure and regulation has changed dramatically since 2000. The General Assembly passed comprehensive child care reform legislation that year following several fatal incidents at a few Memphis-area child care agencies. The reform legislation called for a new child care licensing and evaluation system. The system's purpose is to enable parents to make informed decisions when choosing child care and encourage the improvement of out-of-home child care. The Department of Human Services (DHS), in association with the Tennessee Commission on Children and Youth, designed the system, which became effective in October 2001.

The system includes two primary components:

- 1. Mandatory report card** – *required* of all licensed agencies, the report card is designed to inform child care providers, parents, and the public about a child care provider's quality and regulatory compliance.
- 2. Star-Quality Program** – a *voluntary* program for all licensed agencies designed to recognize practices above and beyond minimum licensing standards. Participating providers receive a rating of one, two, or three stars and qualify for financial and regulatory benefits.

To better understand the program's overall impact and effectiveness, the General Assembly passed Public Chapter 724 (2006), urging the Comptroller's Office of Research to study the Star-Quality Program and certain transportation issues including the:

- overall implementation, impact, and benefits of the program;
- development of standards for assessment under the program;
- function and role of DHS assessment staff;
- impact of changes to transportation rules and regulations on the safety of children and on child care providers; and
- impact of changes in transportation reimbursement on child care providers and access to child care.

The Office of Research bases its conclusions and recommendations on:

- a review of relevant laws, policies, regulations;
- interviews with current and former members of the General Assembly and key staff of state agencies and child care agencies; and
- a statewide survey of child care providers conducted in late 2006.

The report concludes:

Although a majority of survey respondents believed the Star-Quality Program's purpose is clear, respondents were divided on whether the program has improved their care quality. A majority of respondents (69 percent) believed the program's purpose is clear. Almost 25 percent of respondents did not believe the program's purpose is clear. Provider understanding of the program's purpose is important for the program's success.

Fifty-one percent of respondents either "agreed" or "strongly agreed" the Star-Quality Program had improved their care quality; however, 39 percent either "disagreed" or "strongly disagreed." Such results reveal considerable division among respondents about the realization of one of the program's fundamental goals: to improve the quality of child care in Tennessee. (See pages 15-17.)

A majority of survey respondents believed that DHS assessment staff are knowledgeable of the assessment instrument but were divided on the question of whether assessment staff are fair when scoring their agencies. DHS assessment staff use Environment Rating Scales to evaluate licensed child care providers and assign each agency a program assessment score. Sixty-four percent of

respondents believed assessment staff are knowledgeable about the Environment Rating Scales. Survey respondents diverged sharply on assessor fairness, however. Exactly half of respondents either agreed or disagreed that assessment staff score their agencies fairly. (See pages 17-18.)

Survey respondents believed the Star-Quality Program has strengths and weaknesses. Survey respondents' opinions of the program's strengths were as follows:

- **Standards for performance** - Respondents liked that the program holds all participating child care providers to the same standards and establishes quality rankings.
- **Training and technical assistance** – Respondents expressed appreciation for the training and technical assistance provided for participating agencies. One agency director explained that the training opportunities "opened the doors for a number of [my staff] to start working towards their associate's degree or CDA [child development associate degree]."
- **Enhanced funding** - Respondents praised the bonus payments for star-rated agencies. Such agencies qualify for enhanced subsidy payments through Tennessee's Child Care Certificate Program, which helps make child care more affordable for low-income and at-risk children through government subsidies:
 - a one-star earns a five percent bonus,
 - a two-star earns a 15 percent bonus, and
 - a three-star earns a 20 percent bonus.

Survey respondents' opinions of the program's weaknesses were as follows:

- **Inconsistent scoring, assessor subjectivity** - Respondents stated assessors' opinions of providers' performance are inconsistent, resulting in assessment scores that change from year to year, sometimes dramatically. Respondents believed such variance from year to year and among different assessors calls the Star-Quality Program's credibility into question.
- **Rating scales are impractical** – Respondents emphasized that the Environment Rating Scales do not accurately assess program quality in some cases. Some respondents believed some scale standards, particularly in the areas of health and safety, were "impossible to achieve." Respondents called instead for an assessment instrument that incorporates "common sense."
- **Assessment frequency and duration** – DHS staff assess all licensed child care agencies annually, with a typical assessment length of four hours. Respondents believed assessing an agency for half a day out of the year was an insufficient basis for rendering an accurate, reliable assessment score. (See pages 18-20.)

The majority of respondents found Child Care Resource and Referral's training and technical assistance useful. There are 11 Child Care Resource and Referral Centers (CCR&Rs) in Tennessee, providing free assistance to both parents and providers in all counties. For parents, the CCR&Rs offer information on area child care providers and serve as an information resource. For providers, CCR&Rs offer technical assistance and training opportunities, including training on the Environment Rating Scales. In addition, CCR&R provides both pre-assessment and post-assessment services to interested child care agencies.

Almost three-fourths of respondents either agreed or strongly agreed with the usefulness of this support service. Despite general approval, some respondents lacked confidence in the program assessment-related technical assistance provided by CCR&R. One respondent complained about receiving a low program assessment score despite implementing all the improvement recommendations made by CCR&R. (See pages 20-21.)

Some child care providers significantly alter their operations on the day of their assessment, qualifying for star-ratings that do not reflect their typical practices. DHS notifies agencies of their assessment date several weeks in advance. Some survey respondents expressed frustration about other

child care agencies that significantly alter their normal practices on their assessment day. DHS officials have acknowledged that provider manipulation of the assessment process occurs. This practice undermines the Star-Quality Program's credibility and rewards providers who take advantage of DHS assessment policy.

Joint visits by licensing and assessment staff could reduce the incidences of providers significantly adjusting their normal routine to score high on the report card's program assessment component. Since licensing staff visit all licensed child care facilities at least five times each year, they are more familiar with providers' standard operating procedures and can make the assessor aware of whether provider practices reflect the usual state of affairs. DHS released an official policy regarding joint visitations in August 2006, and department officials indicate licensing and assessment staff began conducting joint visitations in 2006. (See pages 21-22.)

DHS lacks a policy allowing providers to correct their assessment scores short of appealing them, which most survey respondents have never done. Only 22 percent of survey respondents indicated they had ever appealed their assessment scores. Appeal data for the 2005-06 program year obtained from DHS shows that out of the 5,706 assessments conducted, only 387 (6.8 percent) were appealed. Of those 387 appealed assessments, 262 (67.7 percent) did not result in an assessment score or star-level change. Providers lack an opportunity to improve their scores during the length of their current license, short of appealing or paying for a reassessment.

Survey results show that some providers may refrain from appealing for various reasons. Several respondents indicated the amount of time they would have to devote to pursuing the appeal is prohibitive. Other respondents, including some that have filed appeals in the past, expressed doubt about the credibility of the entire process and believe that DHS will always win every appeal. In addition, one respondent stated some providers may refrain from filing appeals for fear of retaliation by the state. Other respondents indicated their appeals were successful, however. (See pages 22-23.)

DHS discontinued funding for Quality Enhancement Grants in 2003, reducing providers' ability to address identified weaknesses. DHS awarded \$2 million in quality enhancement grants to child care providers from 2001 to 2003. Child care providers could qualify for up to \$20,000 in improvement monies by submitting to DHS an agency improvement plan based on their Star-Quality Program rating. However, DHS redirected grant funding in 2003 to cover the rise in the state's Families First caseload, discontinuing funding for the grants.

Child care providers that wish to address weaknesses identified through the Star-Quality Program no longer have access to this important funding source. (See page 23.)

DHS no longer provides a free copy of the Environment Rating Scales to child care providers and providers may not be aware they can meet with CCR&R or DHS field staff to discuss their assessment scores and assessor notes. DHS assesses all licensed child care agencies using one or more of four Environment Rating Scales. For the first two years of the program, DHS paid for the scales for all providers. Survey results and interviews with providers indicate they wish DHS would again provide free copies of the scales.

DHS includes additional notes detailing the specific reasons for providers' low scores (a score of three or below on a scale of seven is considered a low score) with the assessment results. The assessment results also include a page outlining the agency's high scores (those areas in which the agency received a score of four or above). Providers do not receive additional notes for these high scores, although they can request them from DHS. Providers can also request a meeting with Child Care Resource and Referral (CCR&R) or DHS field office staff to review assessment scores and assessor notes. Some respondents were aware they can request the additional assessor notes, but others complained that the

additional notes are unavailable, which may indicate a lack of awareness that they can be requested from DHS. (See pages 23-24.)

Child care reimbursement rates lag behind the current cost of providing high-quality care.

T.C.A. § 71-1-130 requires DHS to perform an annual market rate study of child care rates to determine whether the state's subsidy rates for low-income and at-risk children are competitive with the market. The most recent rate increase was in July 2005, when DHS brought all infant, toddler, and preschool reimbursement rates up to the 45th percentile of the market. The department has not increased reimbursement rates since then, but has submitted budget requests for the past three fiscal years (2004-05, 2005-06, and 2006-07) for increased funding. The department again requested funding for this purpose for FY2007-08. Absent sufficient funding, reimbursement rates grow less reflective of market rates with each passing year, which can negatively impact certificate-eligible children's access to child care. (See pages 24-25.)

The Early Childhood Environment Rating Scale may not be the most appropriate instrument to determine a child care provider's eligibility as a pre-kindergarten site. Although the scope of this report did not address the relationship of the three-star program to pre-kindergarten in detail, it appears that the requirements of three-stars to be a pre-k provider may, to some extent, restrict eligibility by private and non-profit providers. For example, if a center failed to achieve three-star status because of difficulties in its infant room, then it is being held to a more stringent standard than a public school classroom.

In early May 2007, DHS officials indicated approximately 32 percent of licensed child care centers had a three-star rating (1,210 three-star child care centers out of 3,789 licensed centers). One county (Perry) has no three-star child care center out of four licensed child care centers. Thirteen counties have only one three-star child care center.

Although Tennessee uses the Early Childhood Environment Rating Scale (ECERS) for assessing child care quality, using it to determine educational quality is problematic in some respects. DHS officials have expressed a desire to explore other assessment tools in addition to the ECERS to measure provider and child interactions. This discussion indicates a need to better capture the quality of child/teacher interactions and early learning development standards through assessments other than the ECERS. (See pages 25-27.)

Parents may not fully understand the Star-Quality Program's components and purpose. Although DHS publicizes the Star-Quality Program through informational materials, its support network, and media outlets, the department has not surveyed parents to determine their familiarity with the program and their opinion of its usefulness.

The Office of Research found there is doubt about parents' understanding of the program. Absent a parental survey, policymakers lack statewide, authoritative information on whether one of the Star-Quality Program's primary objectives is being accomplished: to enable parents to make informed decisions when choosing child care. (See page 27.)

Amendments to DHS transportation rules and regulations have improved children's safety, particularly the prohibition of 15-passenger vans; however, these amendments posed significant costs for some survey respondents. Child care vehicles designed to carry 10 or more passengers must conform to certain federal school bus structural and crash standards as of January 1, 2007. This new regulation prohibits the use of 15-passenger vans. The National Transportation Safety Board analyzed fatalities for occupants younger than 19 riding in school buses and 12- and 15-passenger vans between 1993 and 2002. The analysis showed a higher fatality rate for the 12- and 15-passenger vans. Over the nine-year study period, 57 fatalities occurred in school buses compared with 574 fatalities in 12- and 15-passenger vans.

Most survey respondents who reported providing transportation immediately before the new rules' effective date indicated they still provide transportation. Transitioning to vehicles that conform to federal school bus standards was a major change for providers, as most previously used 15-passenger vans. Some respondents indicated they spent a considerable amount of money on new vehicles to comply with the regulations. One respondent reported spending approximately \$52,500 each for two buses, while another respondent indicated spending approximately \$105,000 on three buses. Other respondents spent smaller amounts (between \$3,000 and \$16,000) on a used bus or minivan. (See pages 30-32 for information on the impacts of other changes to DHS transportation rules and regulations.)

The discontinuance of state transportation subsidies had a disproportionate impact on survey respondents from Memphis, although most of these respondents report they still provide transportation. DHS subsidized child care transportation for children enrolled in the child care certificate program at a rate of \$10 per child per week from 1999 to 2003, awarding providers \$22,600,000 in transportation subsidies. State law does not require DHS to subsidize child care transportation, however, and fiscal pressures from the rise in the state's Families First caseload led DHS to discontinue transportation funding.

Although most survey respondents indicated they had never received transportation subsidies, 24 respondents reported they had received them and the loss posed additional financial difficulties for them. The annual amount of transportation subsidies received by these respondents averaged \$31,083. The largest annual subsidy amount received was \$93,600; the smallest was \$5,200. Nineteen of the 24 respondents who lost subsidies indicated they are still transporting children.

The loss of transportation funding had a disproportionate effect on Memphis providers. Providers in this area of the state serve a large number of certificate children and provide most of the child care transportation in Tennessee. Nineteen of the 24 respondents who received subsidies were located in Memphis. These 19 respondents lost a combined annual total of \$393,470 (average annual loss of \$35,770). Fifteen of the 19 respondents indicated they still provide transportation services despite the loss of subsidies. (See page 32.)

RECOMMENDATIONS

Legislative Recommendations (See page 33.)

The General Assembly may wish to fund an increase in child care provider reimbursement rates. As reimbursement rates grow less reflective of market rates, child care quality may decrease for certificate-eligible children.

Administrative Recommendations (See pages 33-38.)

The Department of Human Services should restore Quality Enhancement Grant funding, in whole or in part. Providers have indicated lack of funding is a primary barrier to making positive changes to their program.

The Department of Human Services should supply child care providers with complimentary copies of the Environment Rating Scales.

The Department of Human Services should enhance its efforts to inform child care providers about the opportunity to review assessment scores and assessor notes through CCR&R or DHS field offices.

The Department of Human Services should continue evaluating the effectiveness of joint visitations by licensing and assessment staff.

The Department of Human Services should create an assessment follow-up process and allow providers that successfully complete the process a chance to improve their assessment scores.

The Department of Human Services and the Department of Education should make the pre-kindergarten eligibility standards for all sites more consistent.

The Department of Human Services should conduct a statewide survey to evaluate parents' familiarity with the Star-Quality Program.

Agency Comments

See Appendix H for the response from the Department of Human Services. DHS officials either completely or partially concurred with all recommendations except one. Department officials were unsure why the recommendation for more consistent pre-k eligibility standards was directed at DHS since Department of Education (DOE) policies determine eligibility standards. However, DHS stated they would assist DOE in considering possible changes to these standards. The Office of Research intentionally addressed this recommendation to both DHS and DOE. Its purpose is to encourage a collaborative reexamination of the standards by both departments. See DHS responses to specific recommendations shown on pages 33-38.

The Comptroller's Office of Research submitted relevant report excerpts to the Department of Education for its review and comment before publication.

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Introduction

Tennessee's approach to child care licensure and regulation has changed dramatically since 2000. The General Assembly passed comprehensive child care reform legislation that year following several fatal incidents at a few Memphis-area child care agencies. Newspaper articles and headlines from *The Commercial Appeal* document the tragic context:

- A four-month-old child died from heat stroke after being left in a van¹
- Two forgotten toddlers die in stifling day care vans²

Such events generated intense pressure for legislative action, and the General Assembly responded, passing Public Chapter 981(2000). Among other changes, the law mandated development of a new child care licensing and evaluation system. The law required the Department of Human Services and the Tennessee Commission on Children and Youth to design the system, which became effective in October 2001. The system evaluates all licensed child care agencies to:

- Enable parents to make informed decisions regarding the care of their children by comparing the quality of services offered by child care agencies, and
- Encourage the improvement of out-of-home child care for Tennessee's children.³

The system includes two primary components:

1. **Mandatory report card** – *required* of all licensed agencies, this component informs child care providers, parents, and the public as to a child care provider's quality and regulatory compliance.
2. **Star-Quality Program** – a *voluntary* program for all licensed agencies designed to recognize quality practices above and beyond minimum licensing standards. Participating providers receive a rating of one, two, or three stars and qualify for financial and regulatory benefits.

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- overall implementation, impact, and benefits of the program;
- development of standards for assessment under the program;
- function and role of DHS assessment staff;
- impact of changes to transportation rules and regulations on the safety of children and on child care providers; and
- impact of changes in transportation reimbursement on child care providers and access to child care. (See Appendix B for a copy of Public Chapter 724.)

Methodology

This report's conclusions and recommendations are based on:

- A review of relevant state and federal laws, policies, and regulations;
- Interviews with current and former members of the General Assembly;
- Interviews with key staff of state and local agencies and organizations, including:
 - Department of Human Services (DHS)
 - Department of Education (DOE)
 - University of Tennessee College of Social Work Office of Research and Public Service (SWORPS)
 - Child Care Provider Empowerment Association (CCPEA)
 - Child Care Resource and Referral (CCR&R)
 - Tennessee Association for the Education of Young Children (TAEYC)
 - Tennessee Early Childhood Training Alliance (TECTA)
 - Tennessee Family Child Care Alliance (TNFCCA)

- Child care providers;
- A statewide survey of child care providers in September – November 2006;
- Attendance at Star-Quality Advisory Council meetings;
- An analysis of annual and miscellaneous evaluation reports and memos produced by SWORPS; and
- A review of national and state child care research, data, and publications.

Background

T.C.A. § 71-3-501, et. seq., defines “child care” as providing supervision and protection and, at a minimum, meeting the basic needs of a child or children for less than 24 hours a day, and requires that care be licensed by the Department of Human Services.

Most Tennessee child care agencies fall into three regulatory categories: family day care homes, group day care homes, and child care centers, based on the number of children served.⁴

Exhibit 1: Provider Categories

Provider Type	Number of Children Served	Number Licensed (as of 4/5/07)	Capacity
Family Day Care Homes	5 - 7	684	4,781
Group Day Care Homes ^a	8 – 12	593	7,917
Child Care Centers	13 or more	3,771	337,132

a: In addition, group day care homes can have up to three additional school-age children who will be present only before and after school, on school holidays, on school snow days, and during summer vacation.

Source: Rules of the Tennessee Department of Human Services, Adult and Family Services Division, Chapter 1240-4-1-01, p. 3; Chapter 1240-4-2-02, p. 3; Department of Human Services, “Child Care Providers map,” <http://www.tennessee.gov/humanserv/childcare/providers-map.htm>; interview with Anne Turner, Director of Licensing, Department of Human Services, September 1, 2006.

The majority of Tennessee's licensed child care agencies are child care centers, meaning they serve 13 or more children. An individual may keep up to four unrelated children, along with any number of related children, without being licensed by DHS.

Child care providers certified by the Department of Education

Some child care agencies are certified by the Tennessee Department of Education (DOE). Agencies certified by the DOE must be considered a school (i.e., have a licensed teacher in each program, have a curriculum that meets early learning standards, and serve children up to kindergarten age).⁵ DOE-certified providers include before- and after-school child care, school-administered school-age child care, school-administered Head Start programs, early childhood education/preschool programs, private, church-related schools as defined in *Tennessee Code Annotated* § 49-50-801, and approved Montessori schools.⁶ DOE-certified providers may elect to participate in either the report card program or the Star-Quality Program.⁷ DHS staff conducts assessments for DOE agencies that choose to participate.⁸ Only four percent (60 of 1,500) of DOE-certified providers elected to participate in the Star-Quality Program for the 2005-06 school year.⁹

Creating the Mandatory Report Card and Star-Quality Program

Following the General Assembly's mandate for a new licensing and regulatory structure, the Department of Human Services (DHS) and the Tennessee Commission on Children and Youth (TCCY) created the new system during 2000 and 2001. DHS and TCCY assembled two separate teams of child care

professionals, including child care providers, to develop the new rating system's evaluation criteria and components. One team focused on the evaluation of child care centers and the other on family and group homes. Consultants from the National Child Care Information Center collaborated with program planners from Tennessee to identify key indicators of child care quality and best child care assessment and evaluation practices.¹⁰ DHS officials indicate successful child care improvement programs in North Carolina and Oklahoma served as models for Tennessee's program.¹¹

Upon producing the proposed evaluation components and criteria, the planning team members disseminated the proposal to approximately 2,000 child care providers through public meetings across the state. These public meetings afforded child care providers an opportunity to comment on and critique the proposal and voice any criticisms. DHS also mailed the proposal to all licensed and approved child care providers and related professional organizations in the state. After consideration of the public comments, DHS finalized the new evaluation method. It became effective in October 2001.

Importance of early childhood education/social and emotional development

Another factor influencing the Star-Quality Program's creation was the growing recognition of early childhood education's importance. Policymakers now recognize the benefits of improving not only the quality of child care but the importance of early childhood education and school readiness. The brain grows to about 80 percent of adult size by three years of age and 90 percent by age five.¹²

Results from several studies demonstrate that children who receive quality child care measure higher on school readiness indicators than children who do not. In addition, policymakers and researchers have come to recognize the benefits of high quality child care on children's educational, social, and emotional development. Quality child care also serves a vital economic function, not only for owners and employees of child care providers, but for working parents.

Conversely, poor quality child care has been shown to be detrimental to children's development. An issue brief by the National Governors Association notes that children who receive care from poor quality child care providers have been found to:

- spend substantial amounts of unoccupied time tuned out and unengaged in social interactions;
- be insecurely attached to their caregivers;
- display more aggression towards other children and adults; and
- be delayed in their cognitive and language development, pre-reading skills, and other age appropriate behaviors.¹³

System Components

The two primary components of Tennessee's child care licensing and regulatory system – the mandatory report card and the Star-Quality Program – correspond with the function and roles of two separate child care evaluators within DHS: licensing and assessment. These two child care evaluators' roles correspond with structural and process evaluation aspects. Structural components (such as staff education and experience) are the more easily quantifiable aspects of a child care agency's operations. In contrast, process components encompass qualitative aspects of an agency, such as the interaction between a teacher and child. Exhibit 2 compares structural and process aspects.

Exhibit 2: Structural versus Process Aspects

Structural Aspects (DHS Licensing Staff)	Process Aspects (DHS Assessment Staff)
Staff education and experience	Teacher-to-child and child-to-child conversations and other interactions
Physical facility	Types of space, activities, and materials available to children
Ratios and group sizes	How everyday personal care routines are handled

Source: State of Tennessee Department of Human Services, "Tennessee Child Care Evaluation and Report Card Program Assessment Policy and Procedures Manual July 2005," Background, p. 3.

Tennessee's previous licensing framework (pre-mandatory report card and Star-Quality Program) focused more on structural aspects. Tennessee's new framework retained the structural aspects while expanding and incorporating process aspects.

Licensing

As stated in DHS rules and regulations, a child care license is an annual permit authorizing an agency to provide child care in accordance with the provisions of the license, state law, and DHS regulations. Licensing staff assess child care providers for compliance with specific quality indicators, including:

- health and safety;
- training, education, certification, and credentials of all supervisory staff, including the director;
- staffing ratios;
- child development and enrichment;
- accreditation status; and
- adequacy of physical facilities.¹⁴

DHS inspects every licensed child care provider in Tennessee at least five times per year; four of the five visits are unannounced.¹⁵ DHS licensing regulations require unannounced inspections of every licensee to ensure that "all agencies will receive enough minimum visits each licensing year to evaluate for ongoing compliance with every area of the licensing regulations."¹⁶ In addition, licensing staff make at least one unannounced visit per year for agencies that provide transportation.¹⁷ DHS has 149 licensing program evaluator positions, all of which are funded through federal dollars.¹⁸

Child care providers must display their report card results with their license in a conspicuous place so parents can clearly see them. The public display of results furthers one of the report card and Star-Quality Program's goals and objectives: to enable parents to make informed decisions regarding the care of their children by comparing the quality of services offered by child care agencies.

Assessment

The other primary component of Tennessee's child care licensing and evaluation framework – the Star-Quality Program – is in one sense a part of licensure: an agency's Star-Quality rating is determined by its program assessment score, which is a report card component. However, the Star-Quality Program is a separate, voluntary component designed to encourage and recognize quality that exceeds minimum licensing standards.

DHS policy calls for annual program assessments to be completed approximately two to three months prior to an agency's license expiration date.¹⁹ Assessors must follow specific policies and procedures to produce a complete and valid assessment.

Exhibit 3: Classroom Assessment Requirement

Number of Groups/Classrooms	Minimum Number of Observations Required
1-4	1
5-7	2
8 – 10	3
11 – 13	4
14 – 16	5
17 – 19	6
20	7

Source: Tennessee Child Care Evaluation and Report Card Program Assessment Policy and Procedures Manual, July 2005, 200 series, p. 20.

The assessment protocol includes a pre-assessment interview with the director/owner to explain the process, obtain general program information, confirm the number and age of children in the agency's care, and conduct a random drawing of classrooms to determine which ones will be assessed. The number of groups/classrooms determines the minimum number of classrooms that must be assessed. (See Exhibit 3.)

Assessors observe approximately one-third of provider classrooms in the agency as a whole, as well as one-third of each type of classroom (e.g., infant and toddler, early childhood, school-age).²⁰

Following the pre-assessment interview, DHS staff conduct an on-site observation and evaluation lasting at least three hours, taking detailed notes on providers' performance in relation to established criteria.

The assessment evaluates child care providers in several categories:

- physical environment;
- basic care;
- curriculum;
- schedule and program structure;
- caregiver conversations/interviews; and
- interactions with the children.²¹

Assessments must occur on a "typical day." Assessment policies and procedures define "typical day" as follows:

- there should be no special events planned such as field trips or parties;
- at least 50 percent of the children must be in attendance;
- only adults who normally work with the children are present; and
- the program operates as normal.²²

Afterward, the assessor interviews the observed teacher to clarify observations and gather additional information. Assessors cannot provide any immediate feedback, except for pointing out hazardous/dangerous situations.²³ Upon completing the on-site visit, the assessor submits the rating score sheet, notes, and playground assessment notes to the University of Tennessee Social Work Office of Research and Public Service (SWORPS).²⁴

SWORPS, which is housed at the University of Tennessee-Knoxville School of Social Work, is a vital administrative and research component of the Star-Quality Program. SWORPS scores the provider assessments and enters the information into a database to generate an Assessment Results Report.²⁵ SWORPS then forwards a copy of all materials to DHS for use in determining the agency's rating on the report card's program assessment component.²⁶

Funding

Over 88 percent of the DHS child care budget goes directly to child care providers; federal regulations require at least 75 percent of state child care dollars fund the direct provision of child care services for low-income families. In FY2006, DHS expended a total of \$176,634,599 for child care services.²⁷

The remaining 12 percent of the agency's child care budget funds the licensing and assessment staff, training services, child care brokers, and administrative costs, with administrative costs limited to no more than five percent of the total child care allocation per federal regulation.²⁸ The annual expenditures for the Report Card and Star-Quality Program and support services totaled \$30,293,848 for 2005-06, with almost 60 percent of the total devoted to Star-Quality bonus payments.²⁹

Star-Quality Program

Although all providers are assessed annually through the mandatory report card program's assessment component, not all providers are eligible to participate in the Star-Quality Program or choose to participate. To qualify for participation, providers must be:

- fully licensed;
- receive at least a one-star rating on two report card components (Compliance History and Program Assessment); and
- receive at least a one-star rating overall.³⁰

Eligible providers that participate receive one, two, or three stars for each report card component, along with an overall rating of one, two, or three stars.³¹ Child care facilities without any stars have either not qualified for the stars during their evaluation, are too new to be eligible for an evaluation, or have chosen not to participate in the program.

Financial and Regulatory Benefits of Star-Quality Program Participation

Participating providers can realize the following financial and regulatory benefits:

- Three-star child care centers are eligible to serve as a **state pre-kindergarten site**;
- Providers who participate in Tennessee's Child Care Certificate Program, which helps make child care more affordable for low-income and at-risk children through government subsidies, qualify for **enhanced subsidy payments**.
 - a one-star earns a five percent bonus,
 - a two-star earns a 15 percent bonus, and
 - a three-star earns a 20 percent bonus.³²
- Reduced licensing fees and extended licensing renewal time frames** for two- and three-star programs. DHS charges all licensed child care providers annual licensing fees, which vary by provider type. Exhibit 4 shows the reduction in licensing fees for two- and three-star facilities.

Exhibit 4: Licensing Fees (as of January 1, 2001)

Agency Type	Annual Fee	Biennial Fee (annual license fee equivalent)	Triennial Fee (annual license fee equivalent)
Family Child Care Home	\$100	\$150 (\$75)	\$175 (\$58.3)
Group Child Care Home	\$125	\$175 (\$87.5)	\$200 (\$67)
Child Care Center	\$200	\$250 (\$125)	\$300 (\$100)

Source: Rules of the Tennessee Department of Human Services, Adult and Family Services Division, Chapter 1240-4-5-03.

Note: Child Care Centers with more than 100 children pay a higher annual licensing fee; the biennial and triennial licensing discount still applies.

- Fewer facility inspections** - Agencies without stars receive six unannounced visits per licensing year, while one-star agencies receive five unannounced visits and two- and three-star agencies receive four. (See Exhibit 5.)³³

Exhibit 5: Number of Required Unannounced Visits (UAV) Based on Star Rating

Type of Agency	Number of Unannounced Visits Required (per licensing year) ^a
New Agencies & Agencies not eligible for Stars	6
Agencies Eligible for 1 Star	5
Agencies Eligible for 2 or 3 Stars	4

a: Agencies that provide transportation receive a minimum of one additional unannounced visit, regardless of their star rating.
Source: Child Care and Development Fund Plan for Tennessee FFY 2006-2007, p. 58.

DHS officials note that the financial and regulatory benefits are "a way of rewarding agencies that demonstrate quality and to encourage others to work hard towards improving quality."³⁴

The Environment Rating Scales

DHS assessors use four different Environment Rating Scales to evaluate and score child care providers. These scales rate child care providers on several components, including the physical environment, curriculum, schedule structure, and staff education. Assessors are trained to utilize the scale most appropriate for the majority of children in a particular classroom. (See Exhibit 6.)

Exhibit 6: Appropriate Environment Rating Scale by Age Group

Type of Environment Rating Scale	Age Group
Infant/Toddler Environment Rating Scale (ITERS-R)	Birth to 2 ½ years (30 months)
Early Childhood Environment Rating Scale (ECERS-R)	2 ½ years (30 months) – 5 years
School-Age Care Environment Rating Scale (SACERS)	5 – 12 years
Family Day Care Rating Scale (FDCRS)	Used for all ages in family and group day care homes ^a

a: If only school-age children are in the program, the SACERS scale is used instead of FDCRS since the SACERS provides a more accurate assessment of the concepts that are important to the physical, cognitive, social, and emotional growth of children between the ages of five and 12.

Source: Tennessee Child Care Evaluation and Report Card Program Assessment Policy and Procedures Manual, July 2005, Background, p. 6, and 200 Series, p. 18.

Note: DHS officials have omitted some items from the assessments citing their duplicative and inconsequential nature.

The scales focus on three basic components of quality: protection of health and safety; social/emotional development and guidance for positive interactions; and activities for language and intellectual development.³⁵ One of the scales, the Early Childhood Environment Rating Scale (ECERS), includes seven subscales – Space and Furnishings, Personal Care Routines, Language-Reasoning, Activities, Interaction, Program Structure, and Parents and Staff. Exhibit 7 shows a sample of several items from the ECERS.

Exhibit 7: Sample of ECERS Subscales, Items, and Indicators

Subscale	Item and Indicator
Space and Furnishings	<i>Item:</i> Room arrangement for play <i>Indicator:</i> Quiet and active centers placed to not interfere with one another (Example: Reading or listening areas separated from blocks or housekeeping.)
Personal Care Routines	<i>Item:</i> Toileting/Diapering <i>Indicator:</i> Child-size toilets and low sinks provided.
Language-Reasoning	<i>Item:</i> Encouraging children to communicate <i>Indicator:</i> Communication activities take place during both free play and group times (Example: Child dictates story about painting; small group discusses trip to store.)
Activities	<i>Item:</i> Use of TV, video, and/or computers <i>Indicator:</i> Time children allowed to use TV/video or computer is limited (Example: TV/videos limited to one hour daily in full-day program; computer turns limited to 20 minutes daily.)
Interaction	<i>Item:</i> Discipline <i>Indicator:</i> Staff react consistently to children's behavior (Example: Different staff apply same rules and use same methods; basic rules followed with all children.)
Program Structure	<i>Item:</i> Free play <i>Indicator:</i> Free play occurs for a substantial portion of the day both indoors and outdoors (Example: Several free play periods scheduled daily.)
Parents and Staff	<i>Item:</i> Provisions for parents <i>Indicator:</i> Parents involved in decision making roles in program along with staff (Example: parent representatives on board.)

Source: Thelma Harms, Richard M. Clifford, and Debby Cryer, "Early Childhood Environment Rating Scale, Revised Edition," Teachers College Press, New York, 2005.

There are five general quality levels: inadequate (1), minimal (3), average (4), good (5) and excellent (7).³⁶ Requirements at the "good" level incorporate the newest recommendations for health and safety practices.³⁷

A program's overall assessment score is the average of the classroom scores, unless one of the classrooms received a score of 2.99 or lower, in which case the lowest classroom score is used as the agency's overall program assessment score.³⁸ Classrooms receiving an overall score of five or higher, equivalent to three stars, are thought to be providing the kind of care that gives children what they need to be successful in life.³⁹

Exhibit 8 shows overall assessment scores and their corresponding Star-Quality Program rating.

Exhibit 8: Overall Program Assessment Score and Corresponding Star-Quality Rating

Overall Program Assessment Scores	Corresponding Star-Quality Rating
3.99 or below	0 Star
4.00 - 4.49	1 Star
4.50 - 4.99	2 Stars
5.00 or above	3 Stars

Source: The University of Tennessee College of Social Work Office of Research and Public Service, "Tennessee Report Card & Star Quality Program – Year 4 Annual Report," March 2006, p.29.

Providers who score below a three receive a follow-up evaluation from licensing because a score this low may reflect a lack of compliance with licensing rules and regulations according to DHS officials. The authors clarify that "the important thing to remember, however, when considering scores on the Environment Rating Scales, is that the individual requirements of the scales are far less important than the average total score for any classroom. *It is the average total score that is related to positive child development, but not any of the single requirements by themselves.*"⁴⁰ The scales' authors have weighted the items through repetition of important requirements to ensure that the most important elements for positive development are more heavily represented than single details.⁴¹

Developing the Assessment Standards

Public Chapter 724 (2006), which authorizes the Comptroller to perform this study, requires an examination of the "contracting practices in the development of standards for assessment under the system." Information from DHS officials indicates the department did not contract with outside parties to develop the assessment standards. However, DHS did contract with SWORPS to research and find a valid and reliable assessment instrument, determine how such an instrument would be administered to child care providers, and provide an ongoing training process on the selected instrument.⁴² DHS also contracted with SWORPS personnel for training in the use of the scales. SWORPS personnel are now responsible for assessor training and reliability checks.

The earliest published Environment Rating Scale, the ECERS, was published in 1980, followed by the FDCRS (1989), ITERS (1990), SACERS (1996), and ECERS-Revised Edition (1997). All of the Environment Rating Scales were published well in advance of the Star-Quality Program's implementation in 2001. DHS purchased copies of the Environment Rating Scales from the Frank Porter Graham Child Development Institute at the University of North Carolina at Chapel Hill, where the scales were developed. The Teacher's College Press at Columbia University, a publishing company, owns the scales, which states can buy as a package.

Most states with child care quality rating systems use Environment Rating Scales, according to 2006 data from the National Child Care Information Center. The method of use varies by frequency of assessment, the percent/number of observed classrooms, and use of the scores (e.g., whether the scores are averaged, whether agencies must earn a specific score to reach a certain level).⁴³

A January 2007 report from the California Legislative Analyst's Office indicates the most widely used Environment Rating Scale "has been validated and measures many aspects of child care quality," though noting the significant costs associated with administering such instruments.⁴⁴ The National Child Care

Information Center indicates the most common environmental measurement instrument used by states is the ECERS, which “requires classroom observations by trained observers who have achieved a specific level of reliability.”⁴⁵

An evaluation from the University of Pittsburgh and Pennsylvania State University notes that one of the scales has “been widely used in the early childhood field for more than 17 years to determine the quality of early learning programs for research and program improvement.”⁴⁶ However, a 2005 report on the development of a child care rating system for Wisconsin, though acknowledging the scales’ strengths (e.g., a comprehensive measure of quality, tested tool with a quantifiable result), expressed concern about the use of the ERS:

Task Force members expressed concerns about the validity of using scores from environmental rating scales, which were designed as self-assessment and research tools, to determine funding levels in a tiered reimbursement system, and the challenge of maintaining reliability across the system.⁴⁷

The Wisconsin task force ultimately recommended against the use of the scales as part of the proposed quality rating system, identifying their expense, difficulties in maintaining reliability, and possible challenges and disputes.⁴⁸

Assessor Training

According to DHS officials, assessors must undergo extensive training and be highly qualified in the assessment process before they are allowed to rate an agency.⁴⁹ Assessors are trained by SWORPS staff on the proper use of the Environment Rating Scales.⁵⁰ Prospective assessors conduct practice observations under the supervision of a trained and reliable user and must achieve and maintain a certain reliability score before they can score an agency on their own.⁵¹

Assessors undergo at least one reliability check every six months on each scale to maintain their reliability and must attend two training events each year. Experienced assessors who demonstrate a consistently verifiable reliability level, and do not experience recurring problems with assessment instruments or processes, can qualify for extended reliability status. An assessor must meet certain conditions to achieve extended reliability, including:

- use of the Environment Rating Scale to conduct assessments for a minimum of six months;
- three consecutive reliability check averages of 90 percent or higher;
- no documented ongoing behavior or personnel problems; and
- no recurring problems with the Assessor’s Notes.⁵²

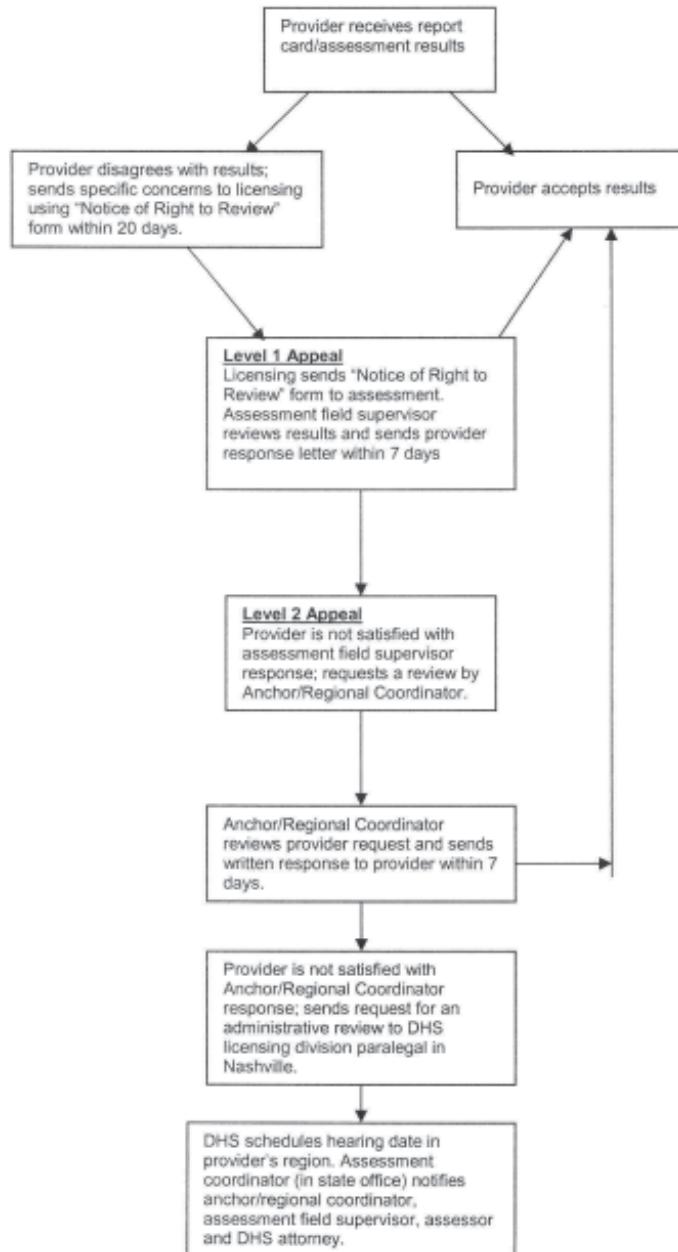
SWORPS also conducts reliability checks of all assessors and tracks the pattern of reliability of each assessor.⁵³

Provider Complaint Procedures

Providers dissatisfied with their assessment scores can file an appeal. DHS policy indicates providers are notified of their appeal rights along with their assessment results. Providers must appeal their scores within 20 days of receiving their licensing packet.⁵⁴ Providers that appeal must supply evidence that the assessors did not follow DHS policy in order for the administrative hearing officer to find in their favor.⁵⁵ If providers remain dissatisfied with the DHS administrative review process results, they can appeal their cases in Chancery Court; however, DHS officials indicate no providers have done so.⁵⁶

Dissatisfied child care providers may also have their agency reassessed, although there is a fee (\$400 per classroom).⁵⁷ DHS will reassess an agency without charge if the provider completes the appeal process and DHS determines that the overall assessment was incorrect.⁵⁸ Agencies appealing their scores may choose to continue receiving their current Star-Quality bonus payments during the review process.⁵⁹ However, if their lower Star-Quality rating is upheld, the provider must pay back the bonus payments over and above their new rating. For example, if a three-star rated agency receives a two-star

Exhibit 9: Assessment Review Process (as of January 2007)



Source: Glenda Shearon, Assistant Commissioner, "Assessment Review Process, January 4, 2007."

rating on their latest assessment and decides to appeal, it would continue to receive three-star bonus payments until the conclusion of the appeal process. If the appeal is successful, the provider would continue to receive three-star level bonus payments. If the provider's appeal is unsuccessful, however, the subsidy amounts received in excess of the two-star rating would be withheld from future child care certificate payments until the extra bonus money is repaid.⁶⁰

Program Support Organizations

The report card and Star-Quality Program provide program support services to help providers improve their operations and quality. Such support services include technical assistance, professional development, assessment, and quality assurance.⁶¹ This report provides detailed information on the two most prominent program support organizations: Child Care Resource and Referral and the Tennessee Early Childhood Training Alliance. DHS sponsors and funds both organizations.

Child Care Resource and Referral

There are 11 Child Care Resource and Referral Centers (CCR&Rs) in Tennessee, providing assistance to both parents and providers in all of Tennessee's 95 counties. For parents, the CCR&Rs offer information on area child care providers and serve as a resource for parents' questions. For providers, CCR&Rs offer technical assistance and training opportunities.⁶² In addition, CCR&R provides both pre-assessment and post-assessment services, as shown in Exhibit 10.

DHS encourages child care providers to take advantage of CCR&R-provided assistance to better understand the methods and process of assessment, interpret assessment scores, and address identified program deficiencies. Funding for CCR&R increased 2.7 percent between FY03-04 and FY06-07.

CCR&R recently expanded its services to enable its representatives to engage in intensive consultation with providers on their most recent assessment results. They hope that providers will better understand the reasons for their assessment score and make changes to improve their quality. A crucial component of this initiative is the training CCR&R staff will receive on the scales from SWORPS. Increasing CCR&R staff's knowledge of the scales should improve the advice and assistance they offer to providers. SWORPS released a review of the Star-Quality Program in November 2006, recommending DHS "provide more in-depth training for CCR&R and licensing staff on the environment rating scales and the program assessment procedure."⁶³

Tennessee Early Childhood Training Alliance

The other prominent program support organization, the Tennessee Early Childhood Training Alliance (TECTA), is a statewide early childhood training and professional development system. There are nine TECTA sites housed on community college and university campuses.⁶⁴ TECTA is based on the belief that early childhood education program personnel should have professional knowledge and skills to provide appropriate care and education for young children. TECTA training is based on current research-based practices and state and national standards for the preparation of early childhood education personnel.

Exhibit 10: Child Care Resource and Referral Pre- and Post-Assessment Services

Pre-Assessment Services

- Technical assistance, consultation, materials (i.e. resource lending items such as books and prop boxes), and resources on developmentally appropriate and health-related practices
- On-site consultation for child care, health and inclusion issues

Post-Assessment Services

- Provide Environment Rating Scale liaison staff to discuss and explain assessment results
- Assist providers in identifying unmet training needs
- Provide information on existing training opportunities or arrange for training when none exists

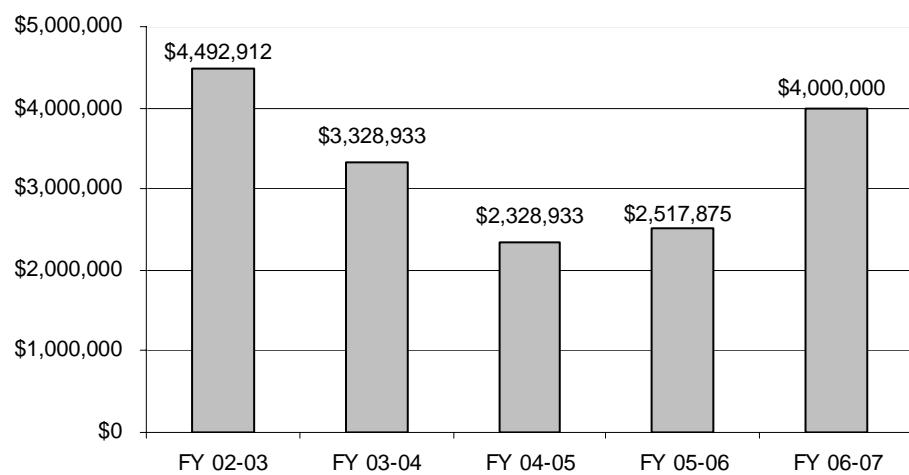
Source: Tennessee Department of Human Services, "Child Care Resource and Referral Centers," accessed November 18, 2006, <http://www.tennessee.gov/humanserv/dfam/crrc.htm>; Judy Smith, Child Care Planning and Development Director, Department of Human Services, "Re: Three Star Report," Email to authors, January 23, 2007.

TECTA provides 30 hours of free training in one of five Orientation Specializations: Administrator, Center-based, Family Child Care, Infant/Toddler, and School-age.⁶⁵ In addition, TECTA subsidizes the education of child care staff working toward a Childhood Development Associate (CDA) designation.

TECTA funding had declined to almost half of its FY02-03 funding levels by FY04-05, as shown in Exhibit 11.

Although funding has increased since then, including a boost of \$1.5 million in FY06-07, the current level is still short of FY03 levels by \$493,000. DHS staff indicate the TECTA funding reductions resulted from the rise in the state's welfare caseload, which led DHS to redirect funding for TECTA and other support programs to cover increased Families First expenditures.⁶⁶

Exhibit 11: Tennessee Early Childhood Training Alliance funding trends FY 2003-2007



Source: Judy Smith, Child Care Planning and Development Director, Department of Human Services, "Re: Three Star Report," Email to the authors, January 23, 2007.

Star-Quality Advisory Council

T.C.A. § 71-3-502(j) 5 calls for the creation of a 12-member advisory council (the Star-Quality Advisory Council.) The council's sole purpose is to provide recommendations to DHS regarding the report card and Star-Quality Program. The council is required to meet at least once each year.

The council's membership is appointed by the governor and composed of representatives from:

- six child care centers,
- three group child care homes, and
- three family child care homes.

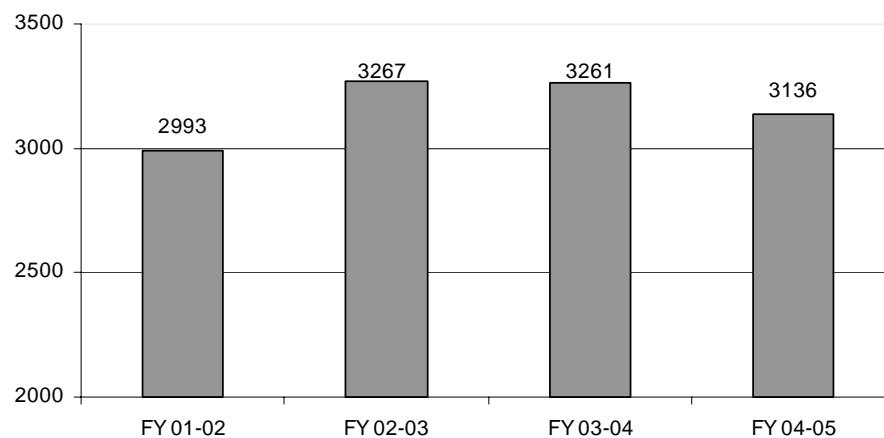
State statute requires council membership to have one representative from group and family child care homes and two from child care centers for each grand division. Membership should, as much as possible, "represent a cross section of private-pay and subsidized child care providers and the ethnic populations represented in the child care industry."

Trends in Star-Quality Program Participation

Office of Research staff analyzed the annual evaluation reports of the Star-Quality Program conducted by the University of Tennessee Social Work Office of Research and Public Service (SWORPS) from 2003 to 2006. These annual evaluation reports provide important quantitative and qualitative information on program trends. The following information is derived from the SWORPS reports.

Although the participation rate has increased overall since the program's inception, recent numbers show a decline. There has been almost a five percent increase (a gain of 143 providers) in the number of child care agencies opting for Star-Quality Program participation since the program began. DHS officials indicate one reason for the increased program participation from year one to year two was a policy change: providers had to specifically state they wanted to participate in the program's first year. DHS later changed this policy to assume program participation unless the provider stated otherwise. (See Exhibit 12.)

Exhibit 12: Number of Star-Quality Program participating agencies



Source: University of Tennessee College of Social Work Office of Research & Public Service, "Tennessee Child Care Evaluation and Report Card Program: Year 4 Data for Shelby County and State," dated January 31, 2006, p.3.

Star-Quality program participation peaked in the program's second year; by the program's fourth year, 131 providers had decided not to continue participating.

In the November 2006 SWORPS study, administrators and several field staff expressed concern that providers view the Star-Quality Program as a negative experience and worry that more providers will want to drop out of the program.⁶⁷

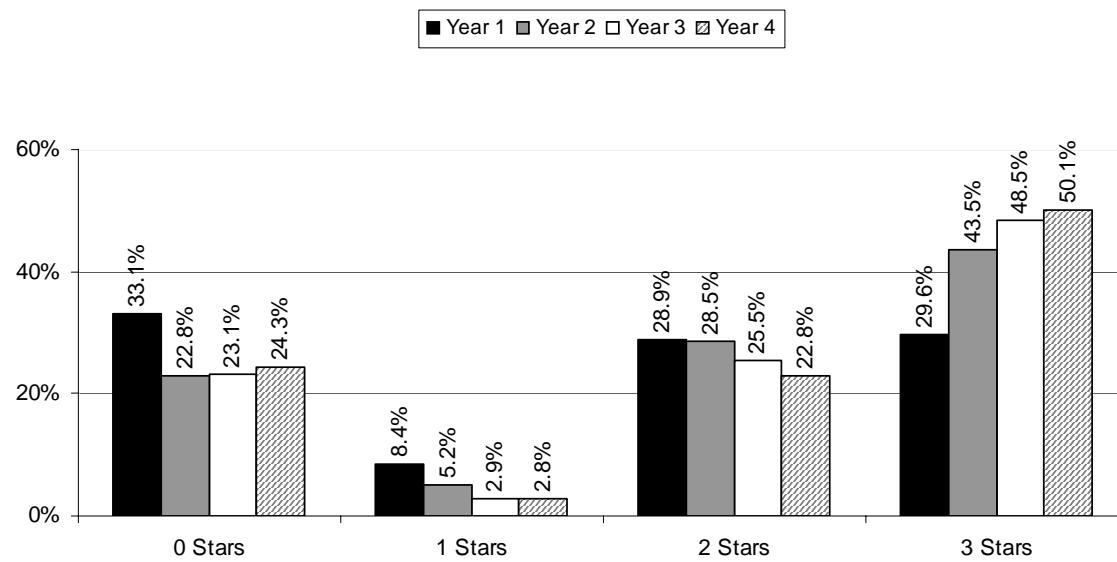
Overall, the percentage of three-star agencies has increased since the program's inception while the percentage of providers at all other star levels declined. As Exhibit 13 shows, the percentage of three-star agencies has increased since the program's inception while the percentage of providers at all other star levels has declined. One DHS official has commented on this phenomenon, noting that when at least half of participating providers attain the highest quality level it may be time to raise the bar.⁶⁸

Although agencies without stars displayed an initial reduction the program's second year, the number of such agencies showed a 1.1 percent increase from year two to year three and a 1.4 percent increase from year three to year four. However, there has been a nine percent reduction in the number of agencies without stars since the program's beginning.

Average observation scores have risen overall since the program's first year, although recent trends show a decline. DHS officials stated that the first year scores were mediocre (usually lower than four) but that provider scores went up a statistically significant amount in the second year, and decreased slightly in years three and four.⁶⁹ (See Exhibit 14.)

An early analysis of score trends by DHS and TCCY suggested providers became more knowledgeable of the assessment process and instrument and were more likely to access assessment-related technical assistance and training.⁷⁰ Anecdotally, DHS officials state that providers may experience a drop in program assessment scores if they altered their program's composition in some way (i.e., introduced infant classrooms, teacher turnover).

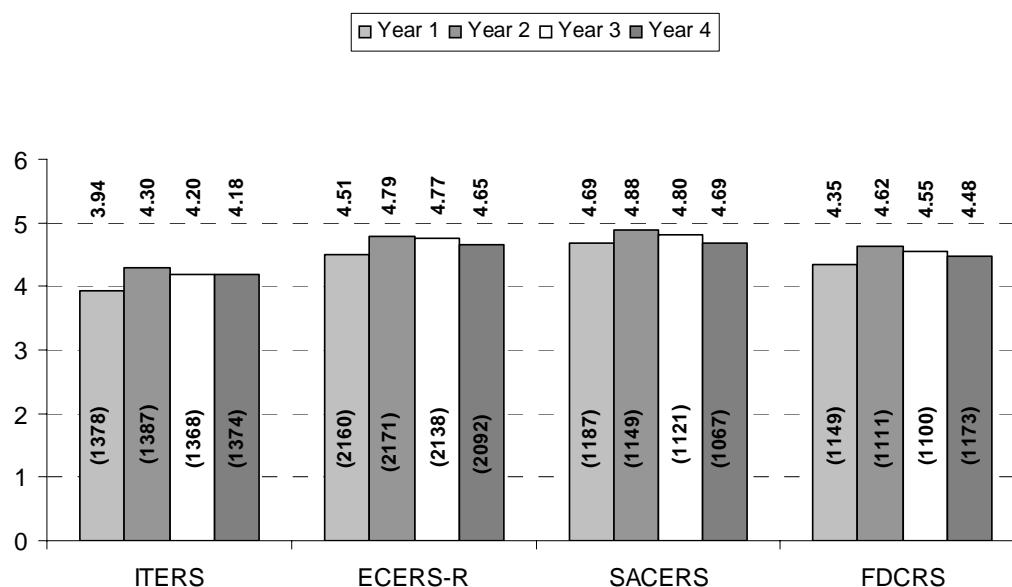
Exhibit 13: Distribution of Overall Report Card Scores for All Evaluated Agencies in Tennessee



Note: Year 1 n=2993 agencies; Year 2 n=3267 agencies; Year 3 n=3261 agencies; Year 4 n=3136 agencies

Source: University of Tennessee College of Social Work Office of Research & Public Service, "Tennessee Child Care Evaluation and Report Card Program: Year 4 Data for Shelby County and State," dated January 31, 2006, p.3.

Exhibit 14: Average Classroom/Home Observation Environment Rating Scale Scores (Total Participating Classrooms)



Note: 1=Inadequate care, 3=Minimal care, 5=Good care, 7=Excellent care

Source: University of Tennessee College of Social Work Office of Research & Public Service, "Tennessee Child Care Evaluation and Report Card Program: Year 4 Data for Shelby County and State," dated January 31, 2006, p.9.

ANALYSIS AND CONCLUSIONS

The Office of Research bases many of this report's conclusions on the results of a survey of child care providers conducted in late 2006.⁷¹ Providers were grouped according to:

- **Population concentration** - rural, urban, suburban
- **Provider type** - family/group home, child care center
- **Assessment scores** - actual assessment scores were used in lieu of overall star ratings; such ratings are highly correlated with providers' overall star ratings

The Office of Research's sample included 505 child care providers. The survey response rate was 52.28 percent. Sixty-five percent of respondents were child care centers and 35 percent were family/group homes. Eighty respondents were from West Tennessee, 96 were from Middle Tennessee, and 83 respondents were from East Tennessee. See Appendix A for a copy of the child care provider survey. A slight majority of respondents (51 percent) had participated since the program's inception in 2001. Only three percent of respondents indicated they had participated for one year or less.

Star-Quality Program Conclusions

Although a majority of survey respondents believed the Star-Quality Program's purpose is clear, respondents were divided on whether the program has improved their care quality.

A majority of respondents (69 percent) believed the program's purpose is clear. Almost 25 percent of respondents did not believe the program's purpose is clear. Child care provider understanding of the program's purpose is important for its success. Without a clear understanding of the purpose, providers may not be as committed to the program's goals. This may lead providers to comply technically with the criteria without a complete understanding of the reasons for the program's existence. T.C.A. § 71-3-502 states the goals and objectives of the program:

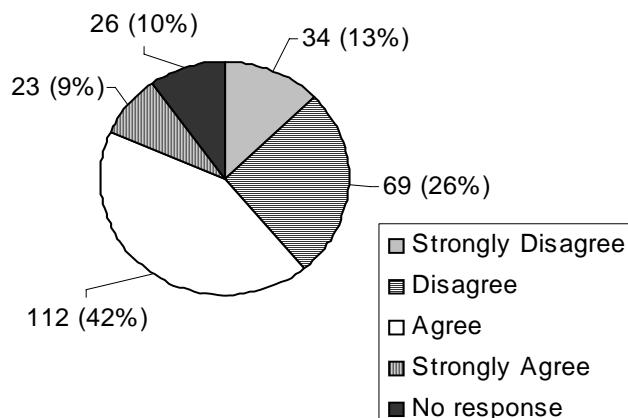
1. to enable parents to make informed decisions regarding the care of their children by comparing the quality of services offered by child care agencies, and
2. to encourage the improvement of out-of-home child care for Tennessee's children.

Those respondents who indicated the program's purpose is not clear may not understand because of inadequate communication from DHS. Some survey respondents stated they struggle to keep pace with DHS licensing and assessment policy changes. The November 2006 SWORPS evaluation found that constant change is a weakness of the system for providers and DHS field staff.⁷²

Fifty-one percent of respondents either "agreed" or "strongly agreed" the Star-Quality Program had improved their care quality; however, 39 percent either "disagreed" or "strongly disagreed." Exhibit 15 analyzes provider responses for this question.

Such results reveal considerable division among respondents about one of the program's fundamental goals: to improve the quality of child care in Tennessee. Analysis of answers by respondent locality reveals that a

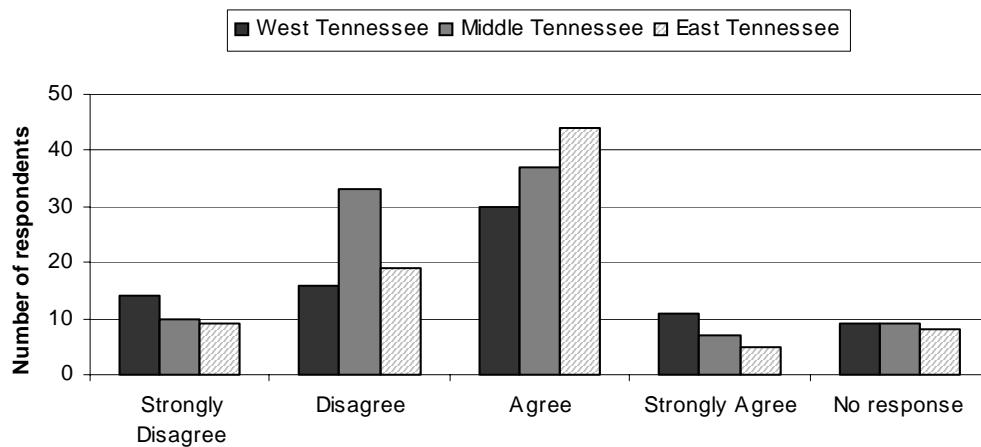
Exhibit 15: Survey respondents' level of agreement with whether the Star-Quality Program has improved agencies' quality of care



Note: N=264. Source: Office of Research Child Care Provider Survey, October 2006.

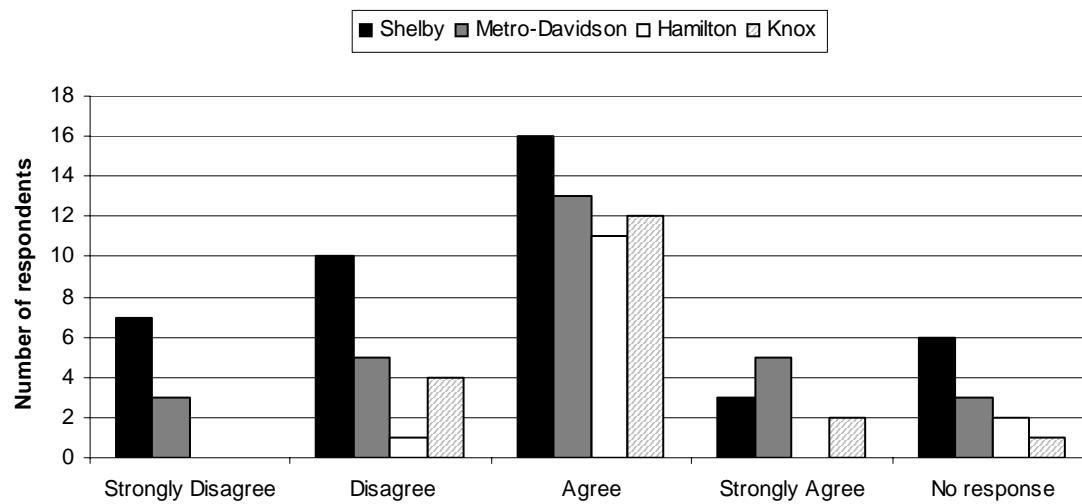
majority believe the program is accomplishing this goal. However, survey respondents from non-urban counties in Middle Tennessee were less likely to respond that the program had improved care. (See Exhibits 16-18.)

Exhibit 16: Survey respondents' level of agreement with whether the Star-Quality Program has improved agencies' quality of care by grand division



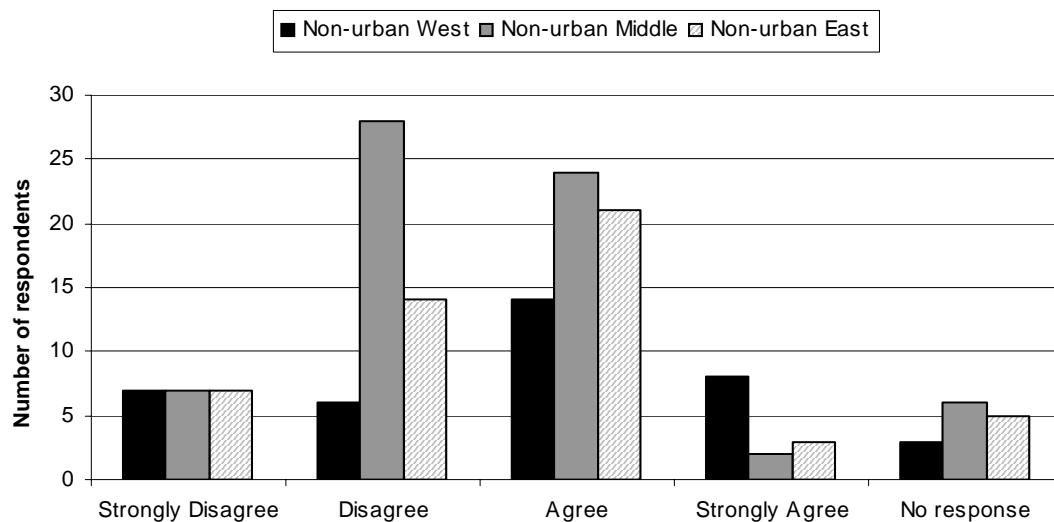
Source: Office of Research Child Care Provider Survey, October 2006.

Exhibit 17: Survey respondents' level of agreement with whether the Star-Quality Program has improved agencies' quality of care, urban



Source: Office of Research Child Care Provider Survey, October 2006.

Exhibit 18: Survey respondents' level of agreement with whether the Star-Quality Program has improved agencies' quality of care, non-urban counties



Source: Office of Research Child Care Provider Survey, October 2006.

The SWORPS November 2006 study found that providers were generally supportive of the Star-Quality Program and felt the program was well-intended and had resulted in overall improvement in the quality of care for Tennessee children.⁷³ The study found that 60 percent of providers interviewed reported that they or their program had benefited from participation.⁷⁴

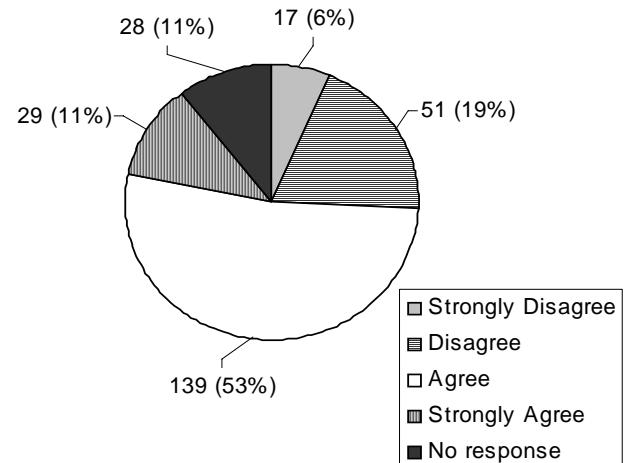
A majority of survey respondents believed that DHS assessment staff are knowledgeable of the assessment instrument but were divided on the question of whether assessment staff are fair when scoring their agencies.

A majority of survey respondents believed the process used by DHS to assess their agency is clear (66 percent) and that assessment staff are knowledgeable about the scales used to evaluate their agencies (64 percent). Twenty-five percent of respondents either disagreed or strongly disagreed with these two statements.

Assessors undergo extensive training before they are allowed to evaluate an agency by themselves. Applicants must have a bachelor's degree from an accredited college or university. In addition, the job qualifications require experience equivalent to one year in several relevant areas, including professional child care program evaluation or administration and/or professional care of children.⁷⁵ DHS assessment officials stated in interviews that the training and reliability checks of assessors are designed to create consistency among assessors' scores.⁷⁶

Respondents diverged sharply on assessor fairness, with half of respondents either agreeing or disagreeing with the statement, as shown in Exhibit 20.

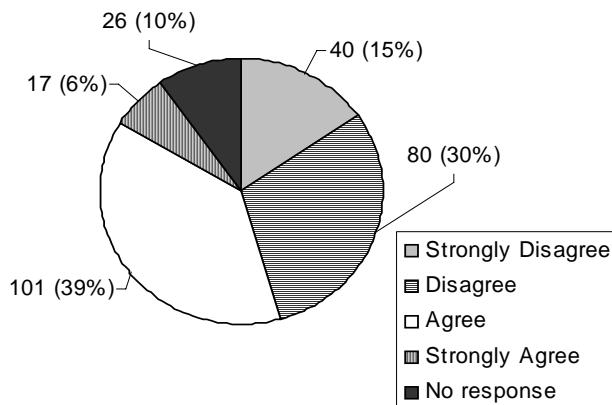
Exhibit 19: Survey respondents' level of agreement with whether DHS assessment staff are knowledgeable about the Environment Rating Scales



Note: N=264. Source: Office of Research Child Care Provider Survey, October 2006.

Fairness in scoring is a critical component of the program's credibility. In open-ended responses, survey participants stated they saw scoring as arbitrary, based on a partial or incomplete review, or widely divergent among assessors. A scoring process that is fair and perceived by providers as fair is essential to preserving support for the program and maintaining and increasing participation. The November 2006 SWORPS study found that 42.7 percent of child care providers agreed that the assessment process is fair, while 41.3 percent disagreed.⁷⁷ The SWORPS study also asked providers if they felt that the rated license, as currently implemented, provides a fair representation of their program; 47 percent responded negatively compared to 36 percent positively.⁷⁸

Exhibit 20: Survey respondents' level of agreement with whether DHS assessment staff are fair when scoring agencies.



Note: N=264. Source: Office of Research Child Care Provider Survey, October 2006.

Survey respondents believed the Star-Quality Program has strengths and weaknesses.

The Office of Research survey asked respondents to list the top three strengths and top three weaknesses of the Star-Quality program. Exhibit 21 shows the most frequent responses for these two survey questions.

Survey Respondents' Perceptions of Program Strengths

Respondents stated the Star-Quality system's standards ensure consistency for all child care agencies and hold providers accountable. As one respondent explained, "I am proud that Tennessee works to better conditions and safety for young children. We strive to do our best and be our best for families and children. The star-quality system reinforces recognized standards and makes my job, as a supervisor, easier." Some interviewees also indicated they understand and believe in the star quality standards and participate because they like the accountability and ability to use their scores as a marketing tool with parents.

Exhibit 21: Strengths and Weaknesses of Star-Quality Program

Top Three Strengths

1. Standards for performance
2. Training, technical assistance
3. Enhanced funding

Top Three Weaknesses

1. Inconsistent scoring, Assessor subjectivity
2. Rating scales are impractical
3. Assessment frequency and duration

Source: Office of Research analysis of open-ended survey responses, October 2006.

Training and technical assistance were cited as one of the program's top strengths. One child care director explained that TECTA "opened the doors for a number of [my staff] to start working towards their associate's degree or CDA."⁷⁹ Office of Research survey respondents felt they benefited from the professional development and continuing education funding, as well as the technical assistance and training available through CCR&R.

Finally, respondents praised the bonus payments available for star-rated agencies. Providers who serve DHS child care certificate children qualify for enhanced subsidy payments, with a five percent bonus for one-star agencies, a 15 percent bonus for two-star agencies, and a 20 percent bonus for three-star agencies. One

respondent indicated that the center uses its bonus payments to make child care more affordable to their customers. "The three star bonus is nice – we apply ours back to what they (sic) parents pay. This helps the families."

Survey Respondents' Perceptions of Program Weaknesses

Respondents stated assessors' opinions and assessment scores are inconsistent, resulting in assessment scores that change from year to year, sometimes dramatically. These respondents question the process' credibility. One survey respondent summed up this weakness:

Although DHS Program Assessors are trained to meet reliability standards, and their reliability is verified frequently, there does appear to be some discrepancies between assessors that could raise concern regarding the credibility of the observers [assessors] . . . Our teachers now view these assessors as the 'easy' one and the 'hard' one. That shouldn't be, particularly in a program with uniform standards . . . across classrooms and centers.

The November 2006 SWORPS study also found providers felt "subjectivity and inconsistency are a common problem in the system."⁸⁰ Providers complained of inconsistency in the application of licensing rules. The study also comments on assessor subjectivity/inconsistency in policies related to the assessment: "Some structural aspect of the playground that had been deemed acceptable by one assessor, would be noted as unacceptable by another. Perhaps caregivers did not fully understand assessors' criteria or the assessor's notes, but the perception was that the assessors were inconsistent – therefore, unreliable and, for some, unfair."⁸¹

Respondents also emphasized the Environment Rating Scales do not accurately assess overall program quality in some cases. Respondents called for an assessment instrument that incorporates "common sense" reasoning. In addition, respondents thought some scale standards, particularly in the areas of health and safety, were "impossible to achieve." One respondent commented:

Some of the practices they expect for a three star are not practical in the 'real world' of childcare. Example: when you touch a child for a fever – you are suppose[d] to go wash hands. A touch for a fever and a hug are the same contact. Do we go wash after a hug?

Another respondent observed:

I am all for handwashing as an RN but the fact is we all live intimately in a class room setting and share germs from the environment, with hugs, lap sitting and those sneezes and coughs young children are still learning to contain. I [am] not complaining about the sanitation measures deemed necessary by the adult staff, however, teachers cannot be expected to see every nose touch to send a child to the sink nor is it appropriate.

One of the overall findings of the November 2006 SWORPS study was that some assessment rules are seen as unrealistic, inflexible, or nit-picky.⁸² Specifically, caregivers found fault with what they considered unrealistic expectations (i.e., the hand washing rule and 10-step diapering process) and unnecessary inflexibility characterized by the program assessment.⁸³ The study also found that while field staff are aware that some providers hold this opinion of assessment rules, field staff either agree with the provider's judgment (one field staff person said the instrument was "just a little bit out there") or they regarded providers' negativity as a failure to make the connection between the assessment tool and quality care. The SWORPS study found that "most administrators and field staff felt the scales were a good tool, though misunderstood."⁸⁴

Finally, respondents criticized the frequency and duration of assessments. DHS assesses every licensed child care agency annually, with a typical assessment length of four hours. Respondents thought assessing an agency for half a day out of the year was an insufficient basis for rendering an accurate, reliable assessment score, especially when the assessment day is out of the ordinary.

Additional concerns about the program included:

Late assessments and scheduling problems

DHS policy calls for annual program assessments to be completed approximately two to three months prior to the license expiration date, but this not happening in some cases.⁸⁵ Several respondents indicated late assessments were a problem for them, noting their assessments were completed after the expiration of their child care license. Since providers cannot renew their licenses until their assessment is complete, this delay has economic consequences. Providers that might qualify for a higher star rating cannot receive their enhanced child care certificate bonuses until DHS completes the assessment and issues a renewed license. Some respondents cited assessor understaffing as the reason for late assessments.

Assessor omissions/errors

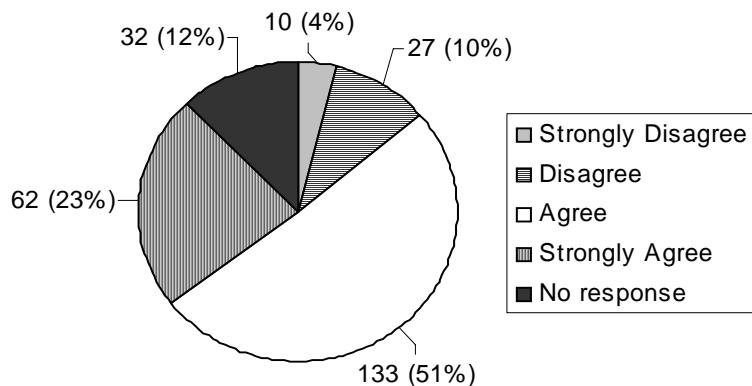
Twenty-nine survey respondents cited assessor errors or omissions as a programmatic weakness. One respondent summed up these frustrations: "points cannot be given for certain indicators if the assessor does not witness them." Another respondent indicated that assessors might overlook the agency's toys and books, noting that the assessors do not ask how many books the agency has in a classroom, and some toys or books could be stored in a closet or containers that the assessor failed to see during the observation.

Part of these respondents' frustrations stem from DHS policy regarding provider/assessor interaction during the assessment. DHS policy states, "throughout the observation the assessor will remain as unnoticeable as possible."⁸⁶ And although there is communication between the assessor and the classroom teacher following the observation, only the assessor asks questions. There is no formal portion of this post-observation interview devoted to allowing the classroom teacher to clarify something with the assessor or confirm that the assessor is aware of certain items, like toys, books, or finger puppets. As one respondent states, "[Providers] can't communicate during assessment so [they] can't check with providers to verify that something is there they do not see."

The majority of respondents found Child Care Resource & Referral's training and technical assistance useful.

Almost three-fourths of respondents either agree or strongly agree with the usefulness of this support service. (See Exhibit 22.)

Exhibit 22: Survey respondents' level of agreement with whether Child Care Resource & Referral technical assistance and training is useful



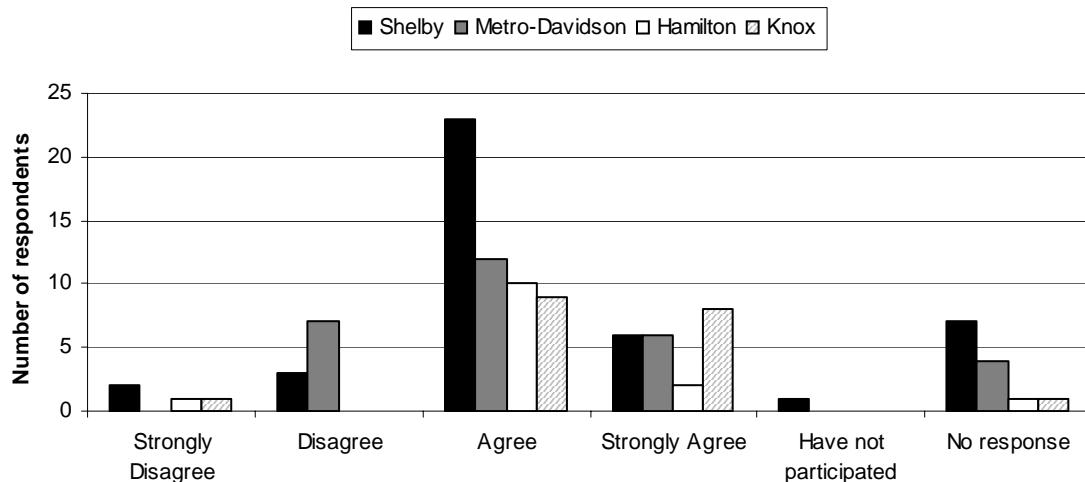
Note: N=264. Source: Office of Research Child Care Provider Survey, October 2006.

Analysis by rural/urban location also indicates general satisfaction with CCR&R training. Over 67 percent of Shelby county respondents either agree or strongly agree with the usefulness of CCR&R. Only two percent of Shelby county respondents have not participated in these services. (See Exhibit 23.) Respondents in all other urban counties indicated they had participated in CCR&R.

Despite general approval, some respondents lacked confidence in the operational advice from CCR&R, stating it was no guarantee of a high assessment score. One respondent expressed frustration over receiving a low assessment score despite implementing all the program recommendations made

by CCR&R. The SWORPS November 2006 study found that while CCR&R training was cited as a valuable learning tool by a majority of providers, CCR&R trainings were criticized for being repetitious, limited, unsuitable, and sometimes poorly delivered.⁸⁷

Exhibit 23: Survey respondents' level of agreement with whether Child Care Resource & Referral is useful, urban counties



Source: Office of Research Child Care Provider Survey, October 2006.

Some child care providers significantly alter their operations on the day of their assessment, qualifying for star-ratings that do not reflect their typical practices. Some survey respondents expressed frustration about child care agencies that significantly alter their normal practices on the day of their assessment and then revert back to regular practices. This practice undermines the credibility of the Star-Quality Program and rewards providers who take advantage of announced assessment visits. Providers refer to this phenomenon as "ECERS for a day," referring to one of the rating scales – the Early Childhood Education Rating Scale – used to assess agencies.

Agencies are notified of the assessment date several weeks in advance, and some providers take advantage of this to create a false picture of their usual practices. DHS officials have acknowledged that provider manipulation of the assessments occurs, noting their concerns.⁸⁸ A review of the Star-Quality Advisory Council's minutes shows this has been a frequent topic of discussion. One council member stated that "[Some] providers . . . cringe at the word, assessment. For those providers the focus seems to be on having everything right for the day of the assessment and this focus defeats the purpose of the assessment. Providers use the CCR&R plus other sources to borrow materials for the day of the assessment and those materials go back the next day."⁸⁹ The Star-Quality Advisory Council has recommended unannounced visits by DHS assessors to curb this practice.

Similarly, one of the November 2006 SWORPS study's findings was that "Cheaters' damage the integrity of the STARS system and discourage those providers making honest efforts." The study also noted that "some of the providers that complained about the widespread practice [of ECERS for a day] suggested that the assessment be unannounced in order to make everyone play by the same rules."⁹⁰

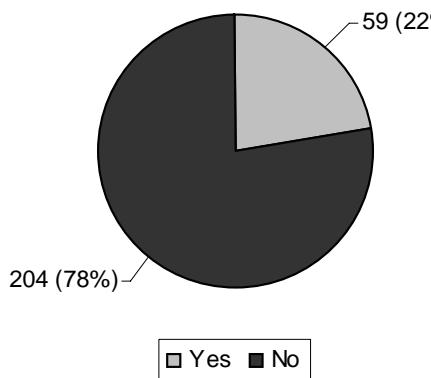
Joint visits by licensing and assessment staff could reduce the incidences of providers significantly adjusting their normal routine to score high on the report card's program assessment component. Since licensing staff visit all licensed child care facilities at least five times each year, they are more familiar with providers' standard operating procedures and can make the assessor aware of whether provider practices reflect the usual state of affairs. DHS released an official policy regarding joint visitations in

August 2006, and department officials indicate licensing and assessment staff began conducting joint visitations in 2006.⁹¹

DHS lacks a policy allowing providers to correct their assessment scores short of appealing them, which most survey respondents have never done.

Only 22 percent of survey respondents indicated they had ever appealed their assessment scores. (See Exhibit 24.)

Exhibit 24: Number and percent of survey respondents who have appealed assessment scores



Note: N=264. Source: Office of Research Child Care Provider Survey, October 2006.

Appeal data for the 2005-06 program year obtained from DHS shows that out of the 5,706 assessments conducted only 387 (6.8 percent) were appealed. Of those 387 appealed assessments, 262 (67.7 percent) did not result in an assessment score or star-level change.⁹²

Survey results show that some providers may refrain from appealing for various reasons. Several respondents indicated the amount of time they would have to devote to pursuing the appeal is prohibitive. Respondents in the November 2006 SWORPS study found that some providers who were discontent with their assessment results did not file an appeal, since they felt it "wasn't worth the effort."⁹³

Other respondents, including some that

have filed appeals in the past, expressed doubt about the credibility of the entire process and believed that DHS will always win every appeal. In addition, one respondent stated some providers may refrain from filing appeals for fear of retaliation by the state. Other respondents indicated their appeals were successful, however.

Specific aspects of the appeal process were criticized by respondents. One shortcoming concerned the lack of communication between providers and DHS. A review of a Level 1 appeal results letter shows that DHS invites providers to schedule a meeting with the assessment field office to review the informal notes used to score the agency.⁹⁴ In addition, DHS policies and procedures state that assessment field supervisors should "speak directly to the primary caregiver or director of the program to obtain additional information regarding the specific concerns about the assessment." Some survey responses indicate this is a problem, however. One appellant thought DHS should visit the agency in person. Another respondent felt dialogue between providers and DHS staff is absent from the appeal process. Providers lack an opportunity to improve their scores during the length of their current license, short of appealing or paying for a reassessment.

The number of appeals tripled once DHS officials increased communication efforts regarding the right to appeal and began enforcing the appeal deadline.⁹⁵ In addition, providers apparently began filing appeals to preempt the deadline without fully considering whether they had sufficient grounds.⁹⁶ DHS recently altered its appeal policy, extending the Level 1 appeal window from 10 to 20 days. The intent of the extended time frame is to allow providers sufficient time to consider their disagreements with the scores and contact a CCR&R representative for a post-assessment consultation.

The Star-Quality Advisory Council also noted an extension might allow providers "time to consult with the assessment supervisor or CCR&R representatives and reduce the number of appeals made due to not

understanding the assessment results.⁹⁷ DHS officials indicate this extension has reduced the number of appeals filed and the number of items appealed in each case.

One survey respondent's case illustrates how consultations with CCR&R can determine if a provider will appeal their scores. This respondent stated that their agency was initially unhappy with its scores but decided against appealing after consulting with a CCR&R representative, who apparently helped the respondent understand the reason for the score. Another interviewee, following a visit with a CCR&R representative, indicated she refined her appeal to focus on only those items that were scored incorrectly; this provider's appeal was successful.⁹⁸

Some DHS assessment staff indicated a provider's appeal is usually successful when the department receives additional information that was not provided during the assessment. For example, one provider noted they placed a child with acid reflux on his or her stomach to sleep, which resulted in a lower score. The provider successfully appealed this score after producing a doctor's note explaining the child's condition and unique sleeping arrangements.⁹⁹ Providers may also win their appeal if the DHS assessment staff has insufficient documentation to justify a particular score.

DHS discontinued funding for Quality Enhancement Grants in 2003, reducing providers' ability to address identified weaknesses.

Tennessee's Child Care and Development Fund Plan for FFY2006-07 lists several activities states can take to improve the availability and quality of child care. Although Tennessee is providing most of the quality enhancement activities, the state no longer provides grants to help providers meet state and local standards. From 2001 to 2003, the Department awarded \$2 million in quality enhancement grants to child care providers. Based on their Star-Quality Evaluation results, providers submitted agency improvement plans and could qualify for up to \$20,000 in improvement monies.

According to the DHS Child Care Planning and Development Director, grant funds could be used to make minor improvements to the physical environment, purchase program supplies and equipment, and fund staff development, including in-service training. Funds could also be used for parent education and involvement materials and activities, to hire substitutes for the provider to participate in training and education, or for improvements.¹⁰⁰

A majority (59.3 percent) of providers who received Quality Enhancement Grants in the program's first year had no stars; thus, these providers had room for Star-Quality rating improvement.¹⁰¹ However, DHS redirected these Quality Enhancement Grant funds to cover the rise in the state's Families First caseload, awarding the final grants in March 2003. Because of this, child care providers that wish to improve their child care quality and star rating have lost an important funding source designed to further one of the program's primary goals: to encourage the improvement of child care for Tennessee's children.¹⁰²

Notably, the November 2006 SWORPS study found that financial considerations were the primary barrier to providers making positive changes in their programs. Moreover, some of the providers expressed regret that the quality enhancement grants were stopped and voiced that they believed some of the decline in assessment scores can be attributed to the lack of these grants.¹⁰³

DHS no longer provides a free copy of the Environment Rating Scales to child care providers and providers may not be aware they can meet with CCR&R or DHS field staff to discuss their assessment scores and assessor notes.

DHS assesses all licensed child care agencies using one or more of four Environment Rating Scales. Based on the number of classrooms assessed in the first year, approximately 5,500 scales were provided at a cost of \$15 each for a total of \$82,500.¹⁰⁴ For the first two years of the program, DHS paid for the scales for all providers.¹⁰⁵

Survey results and interviews with providers indicate they wish DHS would again provide free copies. Providers with multiple classrooms, especially infant/toddler classrooms that require more teachers because of lower adult:child ratios, would benefit if each teacher were familiar with the scales. However, providing each teacher with his or her own copy of the scales may be cost prohibitive for smaller agencies. In addition, some interviewees state some providers lack copies of the scales and are unfamiliar with their assessment requirements.

Additionally, providers are responsible for being up-to-date on any additional notes released for the scales. The additional notes are posted on the Internet and DHS expects providers to be familiar with this information. Providers in the November 2006 SWORPS study stated that they feel it is a burden to be expected to know changes in the interpretation of scale items and the requirements for the change in practice because of Internet postings.¹⁰⁶

DHS currently sends providers detailed assessor notes for those indicators on which they score a three or below (on a scale of one to seven, scores of three are equivalent to minimal care). The additional assessor notes detail the specific problems with providers' operations that resulted in the low score, which gives more specific information to use for improvement. The assessment report received by providers includes a page outlining programmatic strengths: those areas in which the provider received a score of four or above.¹⁰⁷ However, providers with a score of four or above do not receive additional notes for those scores, although they can request them from DHS. Providers can also request a meeting with Child Care Resource and Referral (CCR&R) or DHS field office staff to review assessment scores and assessor notes. Some respondents were aware they can request the additional assessor notes, but others complained that the additional notes are unavailable, which may indicate a lack of awareness that they can be requested from DHS.

Child care reimbursement rates lag behind the current cost of providing high-quality care.

T.C.A. § 71-1-130 requires DHS to perform an annual market rate study of child care rates. In collaboration with UT's Center for Business and Economic Research, DHS conducts this study to determine whether the state's subsidy rates for low-income and at-risk children are competitive with the market, to ensure qualifying children have equal access to child care. State law requires the DHS commissioner to report the market rate study results and the department's annual requested reimbursement rate in its budget to the governor and the general assembly.

The department's long-term goal is to reimburse all providers at the 70th percentile, meaning the subsidy providers are reimbursed at the rate at which 70 percent of providers' reported rates are lower.¹⁰⁸ DHS sets provider rates based on the market analysis results and funding levels, modifying reimbursement rates by population and wealth (i.e., the top 15 counties with either the highest population and/or the highest per capita income receive higher rates), provider type (e.g., family, group, or center), and child age (e.g., infant through school age).

The most recent reimbursement rate increase was in July 2005, when DHS brought all infant, toddler, and preschool rates up to the 45th percentile. The September 2004 UT-CBER market rate study showed the highest percentile reimbursement rate was at the 73rd percentile for the top 20 counties and at the 81st percentile for all the other counties and the lowest percentile was at the 45th percentile for the top 20 counties and at the 37th percentile for the other counties. The department has not increased reimbursement rates since then, but has submitted budget requests for the past three fiscal years (2004-05, 2005-06, and 2006-07) that would continue funding provider subsidies at no less than the 45th percentile. The requested funding amount has risen along with the rise in child care market rates, rising from a funding request of \$3,475,600 for FY 2005-06 to \$11,679,500 for FY 2007-08. These requests were not funded, however. The department has again requested funding for this purpose for FY2007-08.¹⁰⁹ Absent sufficient funding, subsidy reimbursement rates grow less reflective of market rates with each passing year, which can negatively impact certificate-eligible children's access to child care.

Changes to the adult:child ratios make it more costly for child care providers to provide high-quality care especially for infants and toddlers since state law and child care rules and regulations require one adult for every four infants/toddlers.¹¹⁰ Prior to January 1, 2002, the ratio was one adult for every six infants/toddlers. Increased reimbursement rates may also encourage more child care providers to provide infant/toddler care.

And although DHS created separate reimbursement rates for infants and toddlers beginning in FY2006, recognizing infant and toddler care as the most expensive for providers, insufficient funding limits the department's ability to fund this care at competitive rates. In addition, the Star-Quality Advisory Council has considered further lowering the ratios for infants in child care centers. If ratios continue to be lowered, adequate subsidy reimbursement will become ever more important for providers. In addition, because Star-Quality bonus payments are funded as a percentage of the subsidy rates, this financial benefit's value declines accordingly and may provide less incentive to improve quality.

The majority of certificate children (22,460) are in agencies with a two or three star quality rating. (See Exhibit 25.) However, 10,559 certificate children are enrolled in child care agencies without any stars.

Exhibit 25: Child Care Certificate Program enrollment by Provider Type and Star-Quality Rating

Provider Type	3 Star	2 Star	1 Star	0 Star	Total
Child Care Center	14, 887	4,906	216	9,458	29,467
Family Day Care Home	891	500	50	592	2,033
Group Day Care Home	879	497	55	509	1,940
Total	16,657	5,903	321	10,559	33,440

Source: Department of Human Services, Jan, 2007, Child Care Stats, obtained from Paul Lefkowitz, March 6, 2007.

The Early Childhood Environment Rating Scale may not be the most appropriate instrument to determine a child care provider's eligibility as a pre-kindergarten site.

Although the scope of this report did not specifically address the relationship of the three-star program to pre-kindergarten, it appears that the requirement of a three-star rating to be a pre-k provider may restrict eligibility for private and non-profit providers. For example, a center that fails to achieve three-star status because of deficiencies in its infant room is being held to a more stringent standard than a public school classroom. Conversely, a center with high scores in its infant and school-age rooms could achieve three-star status despite lower scores in its early childhood room.

Although the ECERS is used in other states for assessing child care quality, using it to determine educational quality, such as provider and child interactions, is problematic in some respects. Other versions of ECERS, such as ECERS-E, focus more on academics rather than the environment.

DHS officials, through the work of the Star-Quality Advisory Council, have expressed a desire to explore other assessment tools in addition to the ECERS to measure provider and child interactions. One idea is that three-star providers would be assessed using the ECERS every other year, with a child/teacher level assessment conducted in the intervening years.

Although there have been no definite decisions made on this issue, the discussion indicates a need to better capture the quality of child/teacher interactions and early learning development standards through assessments other than the ECERS. DHS officials also stated another assessment tool could help measure the implementation of the Tennessee Early Learning Development Standards, the curriculum standards for early childhood education.

Only four percent (60 of 1,500) of DOE-certified providers elected to participate in the Star-Quality Program for the 2005-06 school year. Department of Education officials indicate the instruments they use to evaluate DOE-certified providers are more focused on state pre-kindergarten program objectives than the Early Childhood Environment Rating Scale.¹¹¹ Without a three-star rating, a child care provider would

Exhibit 26: Comparison of DHS and DOE Pre-kindergarten Eligibility Requirements (as of July 1, 2003)

Category	DHS 3-Star Agencies	DOE
Adult:child ratios	4 year old - 1:13 (class size 20) 3 year old – 1:8 (class size 16)	4 year old - 1:10 (class size 20) 3 year old – 1:8 (class size 16)
Number of inspections	At least 4 times a year (4 unannounced and 1 announced)	Minimum of twice a year (1 may be unannounced) ^a
Assessment material	ECERS	<ul style="list-style-type: none"> • Family Survey • Early Language & Literacy Classroom Observation (ELLCO) • ECERS self-evaluation • TN Teacher Framework for Evaluation • End of Year Monitoring Report
Curriculum	Determined by individual agency	Appropriate, research-based educational curriculum, aligned with the Tennessee Early Childhood Education – Early Learning Developmental Standards (TN-ELDS)
Teacher qualification	50 % of staff meet one of the following: BA; AA and 1 yr exp; CDA and 2 yr exp; documented enrollment in CDA program and 3 yr exp; or enrollment in TECTA orientation, TN Tech Center and 4 yr exp	Need licensed teacher in each room; curriculum must be aligned with ELDS

a: Rules of the State Board of Education Office of the Commissioner, Chapter 0520-12-1-05, p. 6.

Sources: Department of Education, "Scope of Services for 2006-2007 Voluntary Pre-k for Tennessee program"; Department of Education, Office of School-based Support Services: Implementation of T.C.A. § 49-6-302 (l), 49-6-1101-1109; Child Care Program Evaluators located in Field Service Centers; Rules of the State Board of Education, Office of the Commissioner, Chapter 0520-12-1-07.

lose its eligibility to serve as a pre-kindergarten site.¹¹² Exhibit 26 displays the criteria required of DHS and DOE agencies. In early May 2007, DHS officials indicated approximately 32 percent of licensed child care centers had a three-star rating (1,210 three-star child care centers out of 3,789 licensed centers). Exhibit 27 shows the top five and bottom five counties based on the number of three-star centers as a percentage of the total number of licensed centers.

One county (Perry) has no three-star child care center out of four licensed child care centers. Thirteen counties have only one three-star child care center. Eleven of these 13 counties have less than 10 licensed child care centers. Two of the 13 counties (Wayne and Johnson) have 12 and 13 licensed child care centers, respectively.

Thirty-four percent of Davidson County child care centers have a three-star rating (132 three-star child care centers out of 389 licensed centers.) Forty-six percent of Hamilton County centers have a three-star rating (95 three-star child care centers out of 208 licensed centers.) Fifty percent of Knox County child care centers are three-star agencies (110 three-star child care centers out of 219 licensed centers.) A low number of Shelby County child care centers have a three-star rating. Only 198 out of 768 licensed centers (26 percent) have a three-star rating.¹¹³

Exhibit 27: Number of Three-Star Centers as a percentage of all Licensed Centers

	Number of Three-Star Centers	Number of Licensed Centers	Three-Star Centers as a percentage of all Licensed Centers
Top Five Counties			
Trousdale	4	5	80 %
Hancock	2	3	67 %
Benton	5	8	63 %
Sequatchie	5	8	63 %
Hawkins	14	26	54 %
Bottom Five Counties			
Lawrence	3	29	10 %
Carter	4	47	9 %
Johnson	1	13	8 %
Wayne	1	12	8 %
Wilson	6	72	8 %

Source: Glenda Shearon, Assistant Commissioner, Department of Human Services, "response from DHS," Email to author, May 9, 2007.

Child care providers are also concerned about the financial impact the expansion of pre-kindergarten will have on their programs. Because the adult:child ratio requirements for four- and five-year-old children are high, providers need fewer staff to supervise them.

In contrast, infants and toddlers have much lower adult:child ratios, requiring more staff, making care for infants and toddlers more expensive. Child care providers claim that the higher profit margin on four- and five-year-olds allows them to provide the comparatively more expensive infant and toddler care and remain financially viable. With the expansion of pre-kindergarten, providers without a three-star rating, or those who choose not to provide pre-K, claim that they face the loss of their high-profit margin four- and five-year olds to new pre-kindergarten sites, leaving them with the more expensive infants and toddlers.¹¹⁴

Parents may not fully understand the Star-Quality Program's components and purpose.

Although DHS publicizes the Star-Quality Program through its support network and media outlets, the department has not surveyed parents to determine their familiarity with the program and their opinion of its usefulness. One of the Star-Quality Program's primary objectives is to enable parents to make informed decisions by comparing the quality of services offered by child care agencies. Absent a survey of parents to determine their familiarity with the program, policymakers lack information on their progress in accomplishing this objective. The First Years Institute, a Memphis-based community collaborative effort focused on improving the health and welfare of Shelby County children, has surveyed the public about the Star-Quality Program, but a statewide survey of parents has not been conducted by DHS.¹¹⁵

While DHS publishes informational materials for parents designed to explain the purpose of the report card and Star-Quality program and its particulars, the Office of Research found doubt about parents' understanding of the program. The former director of DHS Licensing believes most parents do not know about the report card.¹¹⁶ Survey respondents also noted that parents neither ask about the Star-Quality Program nor express familiarity with it.

Transportation Conclusions

Public Chapter 724 (2006) also urged the Comptroller's Office to study certain transportation issues, including:

- Amendments to DHS transportation rules and regulations and their impact on children's safety and on child care providers, and
- The impact of changes in state transportation reimbursement on child care providers and access to care.

Just as tragic circumstances fueled the Star-Quality Program's creation, a fatal 2002 wreck involving a Memphis-area child care provider's 15-passenger van resulted in significant changes to DHS transportation rules and regulations. The wreck left four children and the driver dead, with the remaining two passengers, both children, sustaining serious injuries.¹¹⁷

Governor's 2002 Child Care Review Panel

Following this incident, Governor Don Sundquist appointed an independent child care review panel to review safety issues in licensed child care agencies. The report concluded the problems in child care transportation "create[d] an emergency" and that the state was not doing enough to protect children from harm. One of the panel's primary safety issues concerned the danger of 15-passenger vans like the one involved in the Memphis crash. The report stated, "It is unreasonably dangerous to transport children in 15-passenger vans. They have a tendency to roll over, and they lack structural integrity. The only safe way to transport a group of children is to use vehicles meeting FMVSS [Federal Motor Vehicle Safety Standards] for school buses." The report cited several organizations that recommended against the use of 15-passenger vans, including the National Transportation Safety Board, the National Association of State Directors of Pupil Transportation, and the National Conference on School Transportation, while also noting the U.S. Department of Transportation identified the increased rollover risk of such vehicles under certain conditions. Because most child care providers in Tennessee transported children in 15-passenger vans or other smaller vehicles, the panel recommended all child care vehicles purchased by providers meet FMVSS applicable to school buses by January 1, 2005.¹¹⁸

National Transportation Safety Board Investigation

The National Transportation Safety Board (NTSB) conducted its own separate investigation of the 2002 wreck, determining the probable cause of the accident was an absence of oversight by the child care provider and the driver's condition (e.g., the driver fell asleep, likely suffered from sleep apnea, and marijuana use may have also played a role). In addition, the NTSB also cited the lack of DHS oversight of child care transportation as a contributory factor; the child care provider was not in compliance with several DHS rules and regulations, including criminal background checks and vehicle maintenance records.

The NTSB also cited the danger of 15-passenger vans and nonuse of appropriate restraints, noting both contributed to the severity of injuries in the crash. The NTSB recommends that all states require vehicles carrying more than 10 passengers to and from school and school-related activities, including day care centers, meet school bus structural standards. Past NTSB reports indicate school buses provide better crashworthiness and occupant protection than 15-passenger vans. The NTSB's 2002 investigation of the Memphis crash concluded that if the child care provider had used "a vehicle built to school bus standards to transport the children to and from school, rather than a 15-passenger van, the resulting injuries might have been less severe." NTSB analyzed fatalities for occupants younger than 19 riding in school buses and 12- and 15-passenger vans between 1993 and 2002. The analysis showed a higher fatality rate for the 12- and 15-passenger vans. Over the nine-year study period, 57 fatalities occurred in school buses compared with 574 fatalities in 12- and 15-passenger vans.¹¹⁹ The NTSB first recommended agencies

that transport children discontinue use of such vehicles in 1983.¹²⁰ Most states have been slow to adopt this recommendation; the 2002 NTSB report indicates only 11 states have implemented it.¹²¹

New DHS Rules and Regulations

As a result of the 2002 crash and the subsequent investigations, DHS promulgated many new rules and regulations governing transportation. These new laws include requirements for the use of vehicles built to school bus standards and age-appropriate restraints; for annual vehicle inspections; for driver background checks; drug tests, and medical examinations; for commercial driver's licenses; and for vehicle identification.¹²² Public Chapter 724 (2006) asks the Comptroller's Office to look at regulations that became effective on the following dates:

- July 1, 2003;
- December 13, 2003;
- January 1, 2005; and
- October 17, 2005.

Exhibit 28: Effective dates of revised DHS Transportation Rules and Regulations

DHS Rule/Regulation	Effective Date
All vehicles used to transport 10 or more passengers must conform to all Federal Motor Vehicle Safety Standards governing school buses	January 1, 2007
All vehicles used to transport six or more passengers must be equipped with a vehicle monitoring device, prompting staff to inspect the vehicle before an alarm sounds ^a	May 1, 2005
Individuals must pass a drug screening test no later than 10 days prior to the individual's employment or assignment as a driver	September 3, 2006
Upon receipt of a positive drug screen result, provider must enter into a safety plan with DHS	August 1, 2003/ January 1, 2004
Current or potential drivers must complete a first aid course	July 1, 2004
Child care staff must complete an inspection of all the agency's vehicles; necessary repairs must be completed before transportation can resume. A certified mechanic must inspect each vehicle at least every 4,000 miles	December 13, 2003
All buses must have factory-installed passenger restraint anchorages and restraints for all children, belt-positioning booster seats required for smaller/younger children, adult lap and shoulder belt required for all children above certain weight/height requirements ^b	January 1, 2007

Source: Office of Research analysis of 2003-2007 DHS transportation rule changes. DHS Rules and Regulations, Transportation, 1240-4-3-.10. Office of Research staff conducted follow-up telephone calls in early 2007 with those survey respondents that indicated they provided transportation.

a - Vehicle monitoring devices are not required on vehicles in which all children being transported are five years of age and in kindergarten, or older, with exceptions for children with special needs and for vehicles used exclusively for occasional field trips.

b - DHS amended the restraint rules and regulations in September 2006 to exempt large school buses from restraint requirements. New DHS rules and regulations governing restraints are effective September 1, 2007.

Exhibit 28 shows the DHS rules and regulations that were finalized on those dates and the effective dates of the regulations.

DHS notified providers of these rule changes through informational documents published on its web site and mailings to providers, as well as explanations of the effective date and requirements by DHS licensing staff.

Along with other operational areas, DHS considers transportation to be a "high risk" activity that can pose significant risk to children and requires licensing staff to inspect providers for compliance with

transportation rules and regulations at each visit.¹²³ In addition, licensing staff make at least one additional unannounced visit per year for agencies that provide transportation.

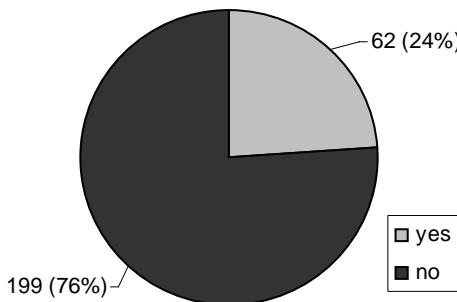
Amendments to DHS transportation rules and regulations have improved children's safety, particularly the prohibition of 15-passenger vans; however, these requirements posed significant costs for some survey respondents.

Child care vehicles designed to carry 10 or more passengers must now conform to certain federal school bus structural and crash standards (49 Code of Federal Regulations 571). The vehicle requirements were originally set to take effect on January 1, 2005, as recommended by the Governor's Day Care Review Panel. DHS extended the effective date by two years to grant providers more time to come into compliance. Providers can purchase three types of school buses to comply with the regulation: a large school bus, a small school bus, or a multifunction school activity bus. Child care providers that exclusively transport children in their care in family cars, SUVs, and passenger vans with fewer than 10 passengers comply with the regulation, though these vehicles must comply with passenger restraint requirements.¹²⁴

Most survey respondents that provided transportation immediately before the new rules became effective still provide transportation, though they complied through different methods. Sixty-two respondents who reported providing transportation in late 2006 were still providing transportation in early 2007. One respondent, citing the prohibition on 15-passenger vans and related expenses, discontinued transportation services at the end of 2006. Three respondents who indicated they were providing

transportation in late 2006 had apparently gone out of business by early 2007.¹²⁵ Another respondent stated they were temporarily suspending transportation services until they have enough funding to purchase a bus that complies with the new regulations. Exhibit 29 shows the number of survey respondents who indicated they were transporting children.

Exhibit 29: Number and percent of survey respondents that provide transportation



Note: N=261.

Source: Office of Research Child Care Provider Survey, October 2006. Office of Research staff conducted follow-up telephone calls in early 2007 with those survey respondents that indicated they provided transportation. Total includes five respondents that omitted survey identification number. Three respondents were not included because they were no longer in business.

considerably smaller amount (between \$3,000 and \$16,000) on a used bus or minivan. One respondent reported spending \$5,000 per month to contract for two buses.

The manner in which survey respondents complied with the new prohibition on 15-passenger vans differs, however. Some respondents chose to purchase vehicles designed to carry fewer than 10 passengers, such as seven- or eight-passenger minivans, which are exempt from the new rules. Other respondents bought or leased new or used school buses. Respondents have disposed of their 15-passenger vans in a variety of ways, either selling them, keeping them for other purposes, donating them,

or trading them toward new vehicle purchases. Some respondents said they still own their 15-passenger vans but are not using them.

Vehicle Monitoring Devices

DHS requires monitoring devices on all vehicles used to transport six or more passengers, with some exceptions. This device requires the driver or other staff member to walk to the back of the bus, where the alarm is located, and turn it off, thereby ensuring no child is left on the vehicle. Most survey respondents reported no problems with this requirement. One respondent stated they thought this requirement was ridiculous at first until they found a sleeping five-year-old child on their bus as they shut off the alarm. Another respondent agreed, stating the devices are a great safety feature and the reason kids are not being left on buses.

Another respondent indicated the initial cost of such devices was expensive, though noting the cost has come down since that time. The vehicle monitoring device requirement did not apply to some respondents, such as those that serve only school-age children or provide transportation only for occasional field trips.

Drug Screenings

DHS requires that all individuals must pass a drug screen no later than 10 days prior to the individual's employment or assignment as a child care driver. The drug test screens drivers for amphetamines, marijuana, cocaine, opiates, and PCP.¹²⁷ All survey respondents indicated they received their drug screen results in a timely manner. All respondents except two indicated they pay for their employees' drug screens. Two respondents mistakenly believed DHS paid for some or all of the drug screen cost. A DHS official indicates the department does not pay for drug screen costs in whole or in part, leaving it up to the employer to decide on the payment policy.¹²⁸

DHS licensing policy requires child care providers to review employees' drug screen results and immediately prohibit any individual with a positive drug result from driving.¹²⁹ DHS licensing policy states the decision to terminate an employee with a positive drug test is the decision of the provider. Providers must also enter into a safety plan with DHS for each employee with a positive drug screen.¹³⁰ The safety plan prohibits employees from driving until they have submitted a negative drug screen result. DHS monitors provider compliance with safety plans through additional on-site visits or by having providers fax to department officials a copy of laboratory results certifying that the employee has successfully passed a subsequent drug screen.¹³¹ Only two survey respondents indicated they had entered into such a plan with DHS.

First Aid Course

DHS requires that all current or potential drivers must complete a first aid course. Most respondents indicated they had no major issues or problems with this requirement, although some respondents stated the expense of the course and its availability was problematic. One respondent mentioned they have encountered problems when the monitor for their child care vehicle, who had completed the first aid course, was out sick and the substitute for that day had not completed the course.

Vehicle Inspections

DHS requires child care providers to inspect all vehicles daily before using them to transport children. Providers must make any necessary repairs before resuming transportation. In addition, a certified mechanic must inspect certain vehicle parts (e.g., brakes, oil level/coolant, transmission fluid, tires, etc.) at least every 4,000 miles. The majority of respondents indicated they had no problems complying with these inspection requirements. Respondents who recently purchased new vehicles to comply with the January 1, 2007, requirements indicated those vehicles are covered by their warranty. Six respondents, however, noted problems with the requirements, especially the cost of the inspections and the availability

of certified mechanics. One respondent stated there were problems with locating a convenient certified mechanic because they operate in three counties, two of which are rural and lack mechanics who meet the requirements.

Restraints

Current DHS rules require factory-installed passenger restraint anchorages and restraints for all children transported on a small school bus or multi-function school activity bus, belt-positioning booster seats for smaller/younger children, and adult lap and shoulder belts for all children above certain weight/height requirements.

One respondent reportedly spent approximately \$4,000 on DHS-approved restraints for two vehicles. Several providers indicated the buses they purchased to comply with the DHS vehicle requirements came equipped with the necessary restraints. Other respondents indicated they transport school-age children in large school buses, which are exempt from the restraint requirements.

Federal Motor Vehicle Safety Standards require the installation of either lap belts or lap-shoulder belts at all designated passenger seating positions in small school buses.¹³² The requirement for small school buses applies because their size and weight are closer to those of passenger cars and trucks, and seat belts in those vehicles are necessary to provide occupant protection.

Providers that serve only school-aged children and transport them in large school buses are not currently required to equip their vehicles with restraints. The NTSB does not recommend restraints for large school buses because they are structurally designed to protect passengers in the event of a crash.

The discontinuance of state transportation subsidies had a disproportionate impact on survey respondents from Memphis, although most of these respondents indicate they still provide transportation.

Public Chapter No. 724 (2006) also asks the Comptroller's Office to study the impact of changes in state transportation reimbursement on child care providers and access to care. State law authorizes DHS to subsidize child care transportation but does not require it.¹³³ DHS subsidized child care transportation for children enrolled in the child care certificate program at a rate of \$10 per child per week from 1999 to 2003, awarding providers \$22,600,000 in transportation subsidies.¹³⁴ The rise in TANF participation rates led DHS to alter funding, spending more on child care for TANF participants and less on other competing services such as transportation subsidies.¹³⁵

Most survey respondents indicated they had never received transportation subsidies; however, 24 respondents indicated they previously received them. The average amount of transportation subsidies received by these respondents totaled \$31,083 per year. These respondents indicated the loss of the subsidies posed additional financial difficulties for them. The largest subsidy amount received was \$93,600 per year; the smallest subsidy was \$5,200. The respondent who received the largest subsidy amount no longer provides transportation, citing the cuts in transportation subsidies, insurance costs, and gas expenses. However, 19 of the 24 respondents who lost subsidies indicated they are still transporting children. Some respondents stated they have little choice but to provide transportation regardless of their financial losses because their customers lack alternative transportation options.

Shelby County and Memphis disproportionately felt the effects of this funding loss since providers in this area of the state serve a disproportionate number of certificate children and also because most of the child care transportation in Tennessee occurs in this area. The Governor's Day Care Review panel noted that the advent of Families First in 1996 led to an increase in child care demand.¹³⁶ The report found 85 percent of all the subsidy payments for 2001 (\$5,788,656) went to Shelby County providers (\$4,927,601).

Nineteen of the 24 respondents who received subsidies were located in Memphis. These 19 respondents lost a combined total of \$393,470 (average loss of \$35,770) in transportation subsidies.¹³⁷ Fifteen of the 19 respondents indicated they still provide transportation services despite the loss of subsidies.

RECOMMENDATIONS

Legislative Recommendations

The General Assembly may wish to fund an increase in child care provider reimbursement rates.

The state's Child Care Certificate program subsidizes child care for low-income and at-risk children across the state. DHS sets the subsidy reimbursement rates based on an analysis of child care rates in the private market and funding availability. The department's long-term goal is to reimburse all providers at the 70th percentile, meaning the subsidy providers are reimbursed at the rate at which 70 percent of providers' reported rates are lower. The most recent reimbursement rate increase in July 2005 brought all infant, toddler, and preschool rates up to the 45th percentile.

The state has not increased reimbursement rates since then, and DHS officials reported during December 2006 budget hearings that provider reimbursement rates now range from a low of the 17th percentile to above the 45th. Although the department has submitted budget requests for the past three fiscal years (2004-05, 2005-06, and 2006-07) that would continue funding provider subsidies at no less than the 45th percentile, these requests were not funded. The department has again requested funding for this purpose for FY2007-08.

Absent sufficient funding, subsidy reimbursement rates grow less reflective of market rates with each passing year, which can negatively impact certificate-eligible children's access to child care. Changes to the adult:child ratios make it more costly for child care providers to provide high-quality care especially for infants and toddlers since state law and child care rules and regulations require one adult for every four infants/toddlers.¹³⁸ Prior to January 1, 2002, the ratio was one adult for every six infants/toddlers.

Increased reimbursement rates may also encourage more child care agencies to provide infant/toddler care. And although DHS created separate reimbursement rates for infants and toddlers beginning in FY2006, recognizing infant and toddler care as the most expensive for providers, insufficient funding limits the department's ability to fund infant and toddler care at rates competitive with the market.

In addition, because Star-Quality bonus payments are funded as a percentage of the subsidy rates, this financial benefit's value declines accordingly and may not influence providers to improve their quality.

DHS Response: We concur.

Administrative Recommendations

The Department of Human Services should restore Quality Enhancement Grant funding, in whole or in part.

Tennessee's Child Care and Development Fund Plan for FFY2006-07 lists several activities states can take to improve the availability and quality of child care. Although Tennessee is providing most of the quality enhancement activities, the state no longer provides grants to help providers meet state and local standards. From 2001 to 2003, the Department awarded \$2 million in quality enhancement grants to child care providers. Based on their Star-Quality Evaluation results, providers could submit agency improvement plans and qualify for up to \$20,000 in improvement monies. However, DHS redirected these funds to cover the rise in the state's Families First caseload, awarding the final grants in March 2003.

Because of this, child care providers that wish to improve their child care quality and star rating have lost an important funding source designed to further one of the program's primary goals: to encourage the improvement of child care for Tennessee's children.

Notably, the November 2006 SWORPS study found that financial considerations were the primary barrier to providers making positive changes in their programs.¹³⁹ Moreover, some of the providers expressed regret that the quality enhancement grants were stopped and voiced that they believed some of the decline in assessment scores can be attributed to the lack of these grants.¹⁴⁰

Such funding is particularly important to improvement efforts at family/group homes. Restoration of Quality Enhancement Grants could enable certain providers to upgrade their programs and earn a higher quality rating score through additional funding. Because such agencies serve only a small number of children – family homes serve five through seven children, while group homes serve eight through 12 children – they have a very small amount of money available for improvements. If the grant funds are restored, DHS should retain the funding condition requiring applicants to create an improvement plan based on their assessment results. The department may wish to phase in funding for the program to accommodate the expenditure increase into its budget.

DHS Response: *We concur in part.*

We agree that these grants were helpful to agencies in gaining and maintaining star ratings. The year in which we fully executed these grants (2002) was the year in which we saw the greatest gain in star levels. However, without additional funding, the Department is likely to be faced with a choice of serving non-mandated child care certificate eligible families or fully funding these grants. Even if we were to phase in the grants, that could result in funding reductions to our system of free provider training and technical assistance.

The Department of Human Services should supply child care providers with complimentary copies of the Environment Rating Scales.

The Department of Human Services should provide each facility with at least one copy of the relevant Environment Rating Scales. For the first two years of the program, DHS paid for the scales for all providers.¹⁴¹

Survey results and interviews with providers identified the discontinuance of the complimentary copies as a problem. Providers with multiple classrooms, especially infant/toddler classrooms that require more teachers because of lower adult:child ratios, would benefit if each teacher were familiar with the scales. However, providing each teacher with his or her own copy of the scales may pose financial difficulties for smaller agencies. In addition, some interviewees state some providers lack copies of the scales and are unfamiliar with their assessment requirements.

DHS Response: *We concur.*

We believe there is merit in providing one complimentary copy or set of the scales to every provider. However, we also think it is reasonable for providers to pay for additional copies they may want. The cost of supplying center providers with up to three (3) scale books apiece (ITERS, ECERS, SAERS) at \$17.95 per book we estimate to be \$118,200. Adding the cost of \$22,832 to provide one scale (FDCRS) to all Family Home and Group Home providers results in a total cost of \$141,032 (but does not take into account providing copies to new centers that open throughout the year). If additional copies are desired, we do not believe that a large center paying \$52.50 for three (3) scales, or a Family Home provider paying \$17.50 for one scale will place an undue financial burden on those providers. Also, child care providers are already aware that they may borrow copies of the scales from the local CCR&R.

We also want to note that simply having the scale books does not necessarily help the provider improve their program or understand the assessment process better. Most providers will continue to need and benefit from hands on training in understanding the definitions and procedures that, in turn, serve as the basis for adequately understanding the requirements and/or use of the scales as a self-assessment tool to improve their performance. That is the reason we have enhanced our free Environment Rating Scales (ERS) training opportunities through the CCR&R network and instituted our new Child Care Resource & Referral ERS Liaison process. With these processes, providers will have a much better opportunity for understanding the requirements and fundamentals of the assessment process.

The Department of Human Services should enhance its efforts to inform child care providers about the opportunity to review assessment scores and assessor notes through CCR&R or DHS field offices.

DHS currently sends providers detailed assessor notes for those indicators on which they score a three or below (on a scale of one to seven, scores of three are equivalent to minimal care). The additional assessor notes detail the specific problems with providers' operations that resulted in the low score, which gives more specific information to use for improvement. The assessment report received by providers includes a page outlining programmatic strengths: those areas in which the provider received a score of four or above.¹⁴² However, providers with a score of four or above do not receive additional notes for those scores, although they can request them from DHS. Some respondents were aware they can request the additional assessor notes, but others complained that the additional notes are unavailable, which may indicate a lack of awareness that they can be requested from DHS.

Providers can also request a meeting with Child Care Resource and Referral (CCR&R) or DHS field office staff to review assessment scores and assessor notes. Given that some providers seem unaware they can request additional assessor notes, DHS should enhance its efforts to inform providers of this opportunity. The more informed child care providers are about the post-assessment services provided by CCR&R and DHS, the more likely they are to request an in-depth review of assessment scores and notes, which should further continuous improvements in care quality.

DHS Response: We concur in part.

Since August 2006, we have been providing agencies with indicator-level notations that allow the provider to see the indicator number for items scored 4 and above. The provider may then reference the indicator number in the scale books to see the high scoring items. Further, the Child Care Resource & Referral ERS Liaison staff have been calling each provider as soon as the provider receives the assessment results and offering assistance in understanding the report. Assistance ranges from answers to questions, arranging for the provider to see the informal notes with the assessment supervisor, arranging a targeted technical assistance (TTA) visit to review the report and any other assistance the provider needs to understand individual items, scores and actions to correct and improve scores. We will continue to follow these processes carefully to determine if providers are willing to take advantage of the information about the assessment results and are, therefore, gaining a better understanding of the assessment as a tool for improving quality.

The Department of Human Services should continue evaluating the effectiveness of joint visitations by licensing and assessment staff.

Agencies are notified of their assessment date several weeks in advance, and some providers allegedly take advantage of this to create a false picture of their usual practices. Some survey respondents expressed frustration about those agencies that significantly alter their normal practices on the day of their assessment. DHS officials have acknowledged that provider manipulation of the assessments occurs.¹⁴³ This practice undermines the credibility of the Star-Quality program and rewards providers who take advantage of announced assessment policy.

Joint visits by licensing and assessment staff should reduce the frequency of providers significantly adjusting their normal routine on the assessment day. Since licensing staff visit all licensed child care facilities at least five times each year, they are more familiar with providers' standard operating procedures and can make the assessor aware of whether provider practices reflect the usual state of affairs. DHS released an official policy regarding joint visitations in August 2006, and department officials indicate licensing and assessment staff began conducting joint visits statewide in 2006. Greater coordination between these staff should improve the efficiency and effectiveness of both the licensure and assessment processes.

DHS Response: We concur.

The Department of Human Services should create an assessment follow-up process and allow providers that successfully complete the process a chance to improve their assessment scores.

The Star-Quality Advisory Council has examined the possibility of offering providers a re-assessment in response to their efforts to improve certain areas identified in the assessment. Providers that are using their assessment results to improve practices should be afforded an opportunity to improve their score without waiting for next year's assessment or filing an appeal. Offering providers an alternative to the appeal process might also reduce the number of appeals and focus provider and DHS energies into more constructive channels.

DHS encourages child care providers to take advantage of CCR&R-provided assistance to better understand the methods and process of assessment, interpret assessment scores, and address identified program deficiencies. CCR&R recently expanded its services in this area to enable its representatives to engage in intensive consultation with providers on their most recent assessment results so they will make changes to improve their quality. A crucial component of this initiative is the training CCR&R staff will receive from SWORPS. Increasing the CCR&R staff's knowledge of the scales should improve the advice and assistance they offer to providers. DHS should continue funding and encouraging this effort, ensuring a post-assessment consultation is offered to all providers.

DHS officials indicate they are designing a pilot program where child care providers would conduct self-assessments in conjunction with targeted technical assistance and creation of a program implementation plan.¹⁴⁴

DHS should consider allowing providers that demonstrate commitment to program improvements the opportunity to improve their assessment scores in advance of the next year's assessment.

DHS Response: We concur in part.

The Department instituted the follow-up process referenced here (CCR&R ERS Liaison) in August 2006 and fully intend to continue this service. While we agree it would be good to do another assessment after follow-up, we do not have sufficient staff to perform both a re-assessment and the statutorily mandated annual assessment. The \$400 per classroom charge covers the additional cost of assessing, scoring and processing the results. However, the Department is evaluating the idea of conducting a pilot project in which more frequent assessments could be performed by teaching providers to self-assess, then using CCR&R, TECTA, and Licensing staff to complete mid-year joint provider/DHS assessments. This concept is still in the preliminary planning stage, but we do understand and are committed to seeking reasonable alternatives to overcome the problems inherent in a process whereby an annual assessment determines the provider's star status for an entire year.

The Department of Human Services and the Department of Education should make the pre-kindergarten eligibility standards for all sites more consistent. Although the scope of this report did not address the relationship of the three-star program to pre-kindergarten in detail, it appears

that the requirement of three-stars to be a pre-k provider may, to some extent, restrict eligibility by private and non-profit providers. For example, if a center failed to achieve three-star status because of difficulties in its infant room, then it is being held to a more stringent standard than a public school classroom.

In early May 2007, DHS officials indicated approximately 32 percent of licensed child care centers had a three-star rating (1,210 three-star child care centers out of 3,789 licensed centers). One county (Perry) has no three-star child care center out of four licensed child care centers. Thirteen counties have only one three-star child care center. Eleven of these 13 counties have less than 10 licensed child care centers. Two of the 13 counties (Wayne and Johnson) have 12 and 13 licensed child care centers, respectively.

Thirty-four percent of Davidson County child care centers have a three-star rating (132 three-star child care centers out of 389 licensed centers.) Forty-six percent of Hamilton County centers have a three-star rating (95 three-star child care centers out of 208 licensed centers.) Fifty percent of Knox County child care centers are three-star agencies (110 three-star child care centers out of 219 licensed centers.) A low number of Shelby County child care centers have a three-star rating. Only 198 out of 768 licensed centers (26 percent) have a three-star rating.

Although all counties have three-star agencies, the Department of Education can only partner with child care *centers*. Without a three-star rating, a child care provider would lose its eligibility to serve as a pre-kindergarten site.

Making the standards more consistent between DHS-approved agencies and DOE-certified would ensure all potential pre-k providers are held to similar standards.

DHS Response: *We are uncertain as to why this recommendation is directed at DHS. The Department of Education (DOE), its statutes, rules, and policy determine the pre-kindergarten (pre-k) eligibility standards. For example, if DOE so wishes, it could move to change the statute, rules or policy to allow for-profit and/or non-profit providers to be eligible for pre-k classrooms with an Early Childhood Environment Rating Scale (ECERS) score equivalent to a 3 star rating in its four year old room without the need for the agency's overall rating to be 3 star. Conversely, DOE could move to remove the 3 star rating from its statute all together. If DOE considered any of these changes, DHS would assist in any way needed.*

Office of Research Comment: *The Governor and the General Assembly have initiated pre-kindergarten as one method to improve children's chances for success in school. We intentionally address our recommendation to both the Department of Human Services and the Department of Education. Its purpose is to encourage a collaborative reexamination of the standards by both departments. Our report found the requirements for a DHS three-star rating differ from DOE pre-kindergarten eligibility standards, particularly in the type and method of assessment. This causes confusion for providers and may discourage participation in the pre-kindergarten initiative. Bringing greater consistency to the eligibility standards would necessarily involve both the Department of Human Services and the Department of Education working together. The DOE also indicated a willingness to work on these issues.*

The Department of Human Services should conduct a statewide survey to evaluate parents' familiarity with the Star-Quality Program.

Although DHS publicizes the Star-Quality Program through its support network and media outlets, the department has not surveyed parents to determine their familiarity with the program and their opinion of its usefulness. The Office of Research found there is doubt about parents' understanding of the program. The former director of DHS Licensing believes most parents do not know about the report card.¹⁴⁸ Survey respondents also noted that parents either don't ask about the Star-Quality Program or express familiarity with it.

One of the Star-Quality program's primary objectives is to enable parents to make informed decisions regarding the care of their children by comparing the quality of services offered by child care agencies. Absent a survey of parents to determine their familiarity with the program, policymakers lack information on their progress in accomplishing this objective. The department may wish to partner with SWORPS to conduct the survey.

DHS Response: We concur.

This is also a recommendation of the UT SWORPS study to which we are committed.

Endnotes

¹ "Recent day care incidents," *The Commercial Appeal*, July 21, 1999, accessed March 8, 2007, <http://www.commercialappeal.com>.

² Bill Dries and Michael Erskine, "Two forgotten toddlers die in stifling day care vans," *The Commercial Appeal*, July 22, 1999, accessed January 22, 2007, <http://www.commercialappeal.com>.

³ T.C.A. § 71-3-502 (j) (1) (B). Note: Implementation of both of these components is the administrative responsibility of the Department of Human Services.

⁴ Providers may also be classified as a "drop-in center," meaning they serve 15 or more children for a limited number of hours per week and per day while parents are engaged in short-term activities that do not include employment. As of September 1, 2006, a DHS official indicated the department was aware of only one drop-in center.

⁵ Interview with Bobbie Lussier, Executive Director of Early Learning, Department of Education, and Jan Bushing, Director of School Based Support Services, Department of Education, September 18, 2006.

⁶ Department of Education, Office of School-based Support Services, "Implementation of T.C.A. § 49-6-302(l), 49-6-1101-1109 Child Care Program Evaluators located in Field Service Centers"; Rules of The State Board of Education, Office of the Commissioner, Chapter 0520-12-1-05; confirmed by Department of Education officials, April 30, 2007.

⁷ Department of Human Services, "Tennessee Child Care Evaluation and Report Card Program Assessment Policy and Procedures Manual July 2005," Background, p. 1.

⁸ Interview with Judy Smith, Director of Child Care Planning and Development, and Teresa Dorian, Child Care Assessment Program Director, Department of Human Services, August 2, 2006.

⁹ Interview with Bobbie Lussier and Jan Bushing, September 18, 2006.

¹⁰ The National Child Care Information Center partners with the U.S. Department of Health and Human Services to provide technical assistance to states.

¹¹ Department of Human Services and Tennessee Commission on Children and Youth, "Child Care Evaluation and Report Card Program Legislative Report," January 15, 2003, p. 2.

¹² Zero to Three, "Brain Development: Frequently Asked Questions," accessed January 16, 2007, <http://www.zerotothree.org/>.

¹³ National Governors Association Issue Brief, "Key Facts About Child Care and Early Education," June 30, 1998, accessed June 13, 2006, <http://www.nga.org>,

¹⁴ Rules of Department of Human Services, Adult and Family Services Division, Chapter 1240-4-7-01.

¹⁵ Tennessee Department of Human Services Licensing Policy Manual, June 2006, p.60. DHS requires a minimum of four to six unannounced visits (depending on the child care agency's star rating) and at least one announced visit per year for each licensed child care provider in the state; providers that do not participate in the Star-Quality Program or that do not earn at least one star receive six unannounced visits annually along with one announced visit.

¹⁶ Ibid., p. 60.

¹⁷ Child Care and Development Fund Plan for Tennessee FFY 2006-2007, p. 41. Unregulated family home providers exempt from licensing and participating in the assistance program are not subject to unannounced visits but are required to complete one annual scheduled visit by DHS or its contract agency staff. Child Care and Development Fund Plan for Tennessee FFY 2006-2007, p. 58.

¹⁸ Glenda Shearon, Assistant Commissioner, "Comptroller Report," Email to author, May 4, 2007.

¹⁹ Department of Human Services, "Tennessee Child Care Evaluation and Report Card Program Assessment Policy and Procedures Manual July 2005," 200 Series, p. 2. DHS may request that school-age programs or child care programs operating on an academic year schedule be assessed earlier than normal to accommodate the school calendar year.

²⁰ DHS, Policy and Procedures Manual, July 2005, 200 Series, p. 20.

²¹ DHS and TCCY, Legislative Report, January 15, 2003, p. 5.

²² DHS, Policy and Procedures Manual, July 2005, 200 Series, p. 17.

²³ Department of Human Services, "Sample letter to provider regarding upcoming program assessment," Policy and Procedures Manual, July 2005.

²⁴ DHS, "Tennessee Child Care Evaluation and Report Card Program Assessment Policy and Procedures Manual, July 2005," 400 Series, pp. 2-7.

²⁵ Ibid., p. 4.

- ²⁶ Ibid., p. 7.
- ²⁷ Deborah Neill, Director of Child Care, Adult and Community Programs, Department of Human Services, "Memorandum to author," April 16, 2007.
- ²⁸ Child Care and Development Fund Plan for Tennessee FFY 2006-2007, p. 6.
- ²⁹ Neill, "Memorandum to author," April 16, 2007.
- ³⁰ University of Tennessee College of Social Work, Office of Research and Public Service, "The TN Star-Quality Child Care Program – Qualifying for the Star-Quality Program," accessed June 21, 2006, <http://tnstarquality.org/html/star-quality.htm>.
- ³¹ DHS and TCCY, Legislative Report, January 15, 2003, p. 4.
- ³² Child Care and Development Fund Plan for Tennessee FFY 2006-07, p. 73.
- ³³ Ibid., p. 58.
- ³⁴ Department of Human Services, "Letter to Memphis/Shelby County child care providers regarding Misinformation about Child care in Shelby County dated July 20, 2006," accessed September 25, 2006, <http://www.tennessee.gov/humanserv/adfam/memphis-shelby-ccprovider-letter.pdf>, p. 2.
- ³⁵ Thelma Harms, FPG Child Development Center, "Key Issues related to the Environment Rating Scales, dated January 2, 2002," in Department of Human Services Tennessee Child Care Evaluation and Report Card Program Assessment Policy and Procedures Manual, July 2005.
- ³⁶ The University of Tennessee College of Social Work Office of Research and Public Service, "Tennessee Report Card and Star Quality Program – Year 4 Annual Report," March 2006, p. 28.
- ³⁷ Harms, July 2005.
- ³⁸ SWORPS, Year 4 Annual Report, March 2006, pp. 28-29.
- ³⁹ DHS, Policy and Procedures Manual July 2005, Program Assessment Results Summary Report for DHS Child Care Centers.
- ⁴⁰ Debby Cryer, Frank Porter Graham Child Development Center, University of North Carolina at Chapel Hill, "Understanding the Meaning of Environment Rating Scale Scores" in Department of Human Services Tennessee Child Care Evaluation and Report Card Program Assessment Policy and Procedures Manual, July 2005.
- ⁴¹ Ibid.
- ⁴² Judy Smith, Child Care Planning & Development Director, Department of Human Services, "Re: Three Star Report," Email to the authors, January 23, 2007.
- ⁴³ Sheri Azer and Judy Collins, "Quality Rating Systems: How states are improving the quality of early care and education programs," Presentation of the National Child Care Information Center, June 15, 2006.
- ⁴⁴ Elizabeth G. Hill, "Issues and Options: Developing Safety and Quality Ratings for Child Care," California Legislative Analyst's Office, January 2007, p. 20.
- ⁴⁵ National Child Care Information Center, "Assessment and Evaluation: Becoming an Educated Consumer," updated June 2005, p. 6. This publication notes that ECERS is also used for self-assessment purposes by some programs.
- ⁴⁶ University of Pittsburgh Office of Child Development and the Pennsylvania State University Prevention Research Center, "Evaluation of Pennsylvania's Keystone STARS Quality Rating System in Child Care Settings," December 2006, p. 4.
- ⁴⁷ David Edie, Diane Adams, Dave Riley, and Mary Roach, "Developing a Child Care Quality Rating System: Wisconsin's Approach," Wisconsin Child Care Research Partnership, Report No. 5, March 2005, p. 20.
- ⁴⁸ Ibid., p. 17.
- ⁴⁹ DHS, Letter to Memphis providers, July 20, 2006, p. 3.
- ⁵⁰ Department of Human Services, "Star Quality Child Care Program: Is Your Child Care a Star?," p. 2.
- ⁵¹ Department of Human Services, "Tennessee Child Care Evaluation and Report Card Program Assessment Policy and Procedures Manual, July 2005," 600 Series, p. 11.
- ⁵² Ibid., 500 Series, p. 8.
- ⁵³ Ibid., 500 Series, p. 2.
- ⁵⁴ Department of Human Services, "Letter to DHS Licensed Child Care Providers about Amendments to the Report Card and Rated Licensing Rules dated December 20, 2006," Email to authors.
- ⁵⁵ DHS, Letter to Memphis providers, July 20, 2006, p. 2.
- ⁵⁶ Glenda Shearon, Assistant Commissioner, "Comptroller Report," Email to author, May 4, 2007.
- ⁵⁷ Smith, "Re: Three Star Report," Email to the authors, January 23, 2007.
- ⁵⁸ Department of Human Services, "Tennessee Child Care Evaluation and Report Card Program Assessment Policy and Procedures Manual July 2005," 700 Series, p. 4.
- ⁵⁹ Ibid., p. 2.
- ⁶⁰ Tennessee Department of Human Services, "Tennessee Child Care Evaluation and Report Card Program Assessment Policy and Procedures Manual, July 2005, Notice of Right to Request Review."
- ⁶¹ The University of Tennessee College of Social Work Office of Research and Public Services, "What is working? What is not working? Report on the Qualitative Study of the Tennessee Report Card and Star-Quality Program and Support System," prepared for Tennessee Department of Human Services, November 2006, p. 1.

⁶² Department of Human Services website, "Child Care Resource & Referral Centers," <http://www.tennessee.gov/humanserv/adfam/ccrrc.htm>, accessed April 16, 2007.

⁶³ SWORPS, "What is working? What is not working?" Report," November 2006, p. 3.

⁶⁴ Tennessee Early Childhood Training Alliance, "TECTA Training Sites," <http://www.tecta.info/training.htm>, accessed April 26, 2007.

⁶⁵ Tennessee Early Childhood Training Alliance, "What is TECTA?," <http://www.tecta.info/what.htm>, accessed October 25, 2006.

⁶⁶ Deborah Neill, Director of Child Care, Adult and Community Services, Department of Human Services, "Memorandum to author," February 26, 2007.

⁶⁷ SWORPS, "What is working? What is not working? Report," November 2006, p. 47.

⁶⁸ Star-Quality Advisory Council Meeting Minutes, July 18, 2005, obtained from Judy Smith, Director of Child Care Planning and Development, Department of Human Services.

⁶⁹ Interview with Judy Smith, Director of Child Care Planning and Development, Department of Human Services, August 2, 2006; SWORPS, Year 4 Annual Report, p. 3.

⁷⁰ DHS and TCCY, Legislative Report, January 15, 2003, p. 17.

⁷¹ SWORPS staff assisted the Office of Research by pulling the provider sample from its internal database of child care providers.

⁷² SWORPS, "What is working? What is not working? Report," November 2006, p. 51.

⁷³ Ibid., p. 27.

⁷⁴ Ibid.

⁷⁵ Smith, "Re: Three Star Report," Email to the authors, January 23, 2007. Applicants may also meet the experience requirements through professional education, professional social services, professional inspection of facilities for compliance with fire, safety, or health regulations, and/or non-professional experience assisting teachers or in child care at a facility licensed or certified by a local, state, or federal government.

⁷⁶ Interview with Department of Human Services staff: Gary Smith, Program Supervisor; Deborah Pierce, Field Supervisor; and Ellen Linville, Field Supervisor, September 8, 2006.

⁷⁷ SWORPS, "What is working? What is not working? Report," November 2006, p. 20. Note: 14.7 percent of SWORPS survey respondents were not sure if the assessment process is fair or not.

⁷⁸ Ibid., p. 36.

⁷⁹ Interview with Cindy Lea-Ligon, Director of McKendree United Methodist Child Care Center, November 1, 2006.

⁸⁰ SWORPS, "What is working? What is not working? Report," November 2006, p. 40.

⁸¹ Ibid., pp. 42-43.

⁸² Ibid., p. 44.

⁸³ Ibid., p. 44.

⁸⁴ Ibid., pp. 44-45.

⁸⁵ DHS, Policy and Procedures Manual July 2005, 200 Series, p. 2. DHS may request that school-age programs or child care programs operating on an academic year schedule be assessed earlier than normal to accommodate the school calendar year.

⁸⁶ DHS, "Tennessee Child Care Evaluation and Report Card Program Assessment Policy and Procedures Manual, July 2005, sample assessment notification and information letter."

⁸⁷ SWORPS, "What is working? What is not working? Report," November 2006, p. 53.

⁸⁸ Star-Quality Advisory Council Meeting Minutes, July, 18, 2005.

⁸⁹ Ibid.

⁹⁰ SWORPS, "What is working? What is not working? Report," November 2006, p. 35.

⁹¹ Shearon, "Comptroller Report," Email to author, May 4, 2007.

⁹² Neill, "Memorandum to author," April 16, 2007.

⁹³ SWORPS, "What is working? What is not working? Report," November 2006, p. 48.

⁹⁴ Letter from Department of Human Services Memphis Field Office to Vera Corely-Sims, October 22, 2006.

⁹⁵ Shearon, "Comptroller Report," Email to author, May 4, 2007.

⁹⁶ Star-Quality Advisory Council Meeting Minutes, January 9, 2006.

⁹⁷ Ibid.

⁹⁸ Interview with Lea-Ligon, November 1, 2006.

⁹⁹ Interview with DHS staff: Smith, Pierce, and Linville, September 8, 2006.

¹⁰⁰ Judy Smith, Child Care Planning and Development Director, Department of Human Services, "Re: Three Star Report," Email to the authors, January 23, 2007.

¹⁰¹ DHS and TCCY, Legislative Report, January 15, 2003, p. 20.

¹⁰² T.C.A. § 71-3-502 (j) (1) (B).

¹⁰³ SWORPS, "What is working? What is not working? Report," November 2006, p. 57.

¹⁰⁴ Smith, "Re: Three Star Report," Email to the authors, January 23, 2007.

- ¹⁰⁵ Ibid.
- ¹⁰⁶ SWORPS, "What is working? What is not working? Report," November 2006, p. 51.
- ¹⁰⁷ Tennessee Report Card and Star Quality Program, Assessment Results Report, August 11, 2006.
- ¹⁰⁸ Child Care and Development Fund Plan for Tennessee, FFY 2006-2007, p. 25.
- ¹⁰⁹ Neill, "Memorandum to author," February 26, 2007.
- ¹¹⁰ Shearon, "Comptroller Report," Email to author, May 4, 2007.
- ¹¹¹ Conference call with Bobbi Lussier, Jan Bushing, and Connie Casha, Department of Education, April 30, 2007.
- ¹¹² Interview with Bushing and Lussier, September 18, 2006; Department of Education, "Scope of Services for 2006-2007 Voluntary Pre-k for Tennessee program."
- ¹¹³ Glenda Shearon, Assistant Commissioner, Department of Human Services, "Response from DHS," Email to author, May 9, 2007.
- ¹¹⁴ Statement by Commissioner Gina Lodge, Commissioner, DHS Budget Hearing, December 8, 2006.
- ¹¹⁵ Deborah Neill, "Re: Draft of Comptroller's Report," E-mail to author, April 17, 2007.
- ¹¹⁶ Interview with Anne Turner, Director of Licensing, Department of Human Services, September 1, 2006.
- ¹¹⁷ Office of Governor Don Sundquist, News Release, "Governor Announces Independent Day Care Review Panel," April 26, 2002; Aaron Brown, Jr., Lucie Roane, and Jane Walters, "Report of the Governor's Committee to Review Transportation Safety of Child Care Agencies," June 2002, p.1.
- ¹¹⁸ Brown, Jr., Roane, and Walters, "Report of the Governor's Committee" June 2002, pp. i, ii, 5-6, 11.
- ¹¹⁹ National Transportation Safety Board, "15-Passenger Child Care Van Run-Off-Road Accident Memphis, Tennessee, April 4, 2002," Highway Accident Report, pp. vi, 18, 23, 36-37.
- ¹²⁰ National Transportation Safety Board, "Highway Special Investigation Report: Pupil Transportation in Vehicles not Meeting Federal School Bus Standards," adopted June 8, 1999, p. 21.
- ¹²¹ NTSB, "15-Passenger Child Care Van," Highway Accident Report, p. 36.
- ¹²² National Transportation Safety Board, "Safety Recommendation," April 21, 2004, p. 5.
- ¹²³ DHS Licensing Policy Manual, June 2006, p. 68.
- ¹²⁴ Department of Human Services, "Frequently Asked Questions about the Department of Human Services' 2007 Child Care Transportation Vehicle Requirements," no date.
- ¹²⁵ The Office of Research was unable to determine what role, if any, the cost of coming into compliance with DHS transportation rules and regulations may have played in their closure.
- ¹²⁶ DHS, "Frequently Asked Questions," no date.
- ¹²⁷ DHS Licensing Policy Manual, June 2006, p. 70-71.
- ¹²⁸ David Shirk, "Re:Fwd:Transportation rule changes for Russell Moore," Email to the author, March 7, 2007.
- ¹²⁹ DHS Licensing Policy Manual, June 2006, p. 70.
- ¹³⁰ DHS Rules and Regulations, 1240-4-3-.13 (5) (f) 3 (ii).
- ¹³¹ DHS Licensing Policy Manual, June 2006, p.72.
- ¹³² National Transportation Safety Board, "Highway Special Investigation Report: Pupil Transportation in Vehicles not Meeting Federal School Bus Standards," adopted June 8, 1999, p. 11.
- ¹³³ Tennessee Code Annotated § 71-1-130 (d).
- ¹³⁴ Shearon, "Comptroller Report," Email to author, May 4, 2007.
- ¹³⁵ Neill, "Memorandum to author," February 26, 2007.
- ¹³⁶ Sundquist, News Release, April 26, 2002; Brown, Jr., Roane, and Walters, "Report of the Governor's Committee," June 2002, p. 3.
- ¹³⁷ One respondent received only a few months of the transportation subsidy since the subsidies ended a couple months after the child care opened.
- ¹³⁸ Shearon, "Comptroller Report," Email to author, May 4, 2007.
- ¹³⁹ SWORPS, "What is working? What is not working? Report," November 2006, p. 57.
- ¹⁴⁰ Ibid.
- ¹⁴¹ Smith, "Re: Three Star Report," Email to the authors, January 23, 2007.
- ¹⁴² Tennessee Report Card and Star Quality Program, Assessment Results Report, August 11, 2006.
- ¹⁴³ Star-Quality Advisory Council Meeting Minutes, July 2005.
- ¹⁴⁴ Agency comment meeting with DHS officials, May 3, 2007.
- ¹⁴⁵ Paul Lefkowitz, Director of Families First, Department of Human Services, "Jan 2007 Child Care Stats," Email to Ethel Detch, March 6, 2007.
- ¹⁴⁶ Lussier, "Three Star Centers," Email to author, May 7, 2007. Note: A Department of Education official indicates family and group homes are not eligible for pre-kindergarten partnerships.
- ¹⁴⁷ Interview with Bushing and Lussier, Department of Education, September 18, 2006; Department of Education, "Scope of Services for 2006-2007 Voluntary Pre-k for Tennessee program."
- ¹⁴⁸ Interview with Turner, September 1, 2006.

APPENDIX A: Copy of Office of Research Survey Instrument



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF RESEARCH
505 Deaderick Street, Suite 1700
Nashville, Tennessee 37243-0268
Phone 615/401-7911
Fax 615/532-9237

October 20, 2006

Child Care Providers:

In accordance with Public Chapter 724 of 2006, the Comptroller's Office is performing a study of the Star-Quality Rating system and child care transportation issues at the request of the General Assembly. We have enclosed a copy of this law. As part of this study, we are surveying child care providers around the state. Our office chose your agency as part of a sample of family homes, group homes and child care centers.

Please take the time to complete our survey and provide us with your agency's input. Your participation in this study is very important because your survey responses will form the basis for our recommendations to the General Assembly and the Department of Human Services. **Your responses to this survey will be reported in aggregate form only. Neither individuals nor agencies will be identified by name.**

Please complete the survey and return it to the Office of Research by November 3, 2006. The survey may be returned in the enclosed business reply envelope or via fax at (615) 532-9237. **No postage is required.** If you have any questions about the survey or this study, please contact one of the following analysts:

- Russell Moore at (615) 401-7880, email Russell.Moore@state.tn.us
- Nneka Gordon at (615) 401-7877, email Nneka.Gordon@state.tn.us
- Katie Cour at (615) 401-7873, email Katie.Cour@state.tn.us.

Thank you for your time and cooperation.

With kind regards,

Ethel Detch, Director
Offices of Research and Education Accountability

State of Tennessee
Comptroller of the Treasury
Office of Research
Child Care Provider Survey

Your responses to this survey will be reported in aggregate form only. Individuals and providers will not be identified by name. Thank you for your participation.

General Star Quality Participation Information:

1. Are you currently participating in the Star-Quality Program?

a. Yes No

b. If no, please explain why you are not currently participating in the Star-Quality Program in the space below and then proceed to question number 17 on page 5.

2. How long have you participated in the Star-Quality Program?

- Less than one year
 One year
 Two years
 Three years
 Four years
 Five years
 Since the program began (October 2001)

3. If you have participated in the Star-Quality Program for more than one year, please list the number of stars you received in past years in the table below.

Year	Number of Stars
2006-07	
2005-06	
2004-05	
2003-04	
2002-03	
2001-02	

Star-Quality Program:

Please indicate your level of agreement with the following statements about the Star-Quality Program by circling the appropriate number.

4. Overall, the Star-Quality Program has improved the quality of child care provided by my agency.

Strongly Disagree	Disagree	Agree	Strongly Agree
1	2	3	4

5. The purpose of the Star-Quality Program is clearly stated.

Strongly Disagree	Disagree	Agree	Strongly Agree
1	2	3	4

6. The process used by DHS to assess the quality of my child care agency is clear.

Strongly Disagree	Disagree	Agree	Strongly Agree
1	2	3	4

7. DHS Program Assessment staff are knowledgeable about the environment rating scales used to assess my agency.

Strongly Disagree	Disagree	Agree	Strongly Agree
1	2	3	4

8. DHS Program Assessment staff are fair when scoring my agency.

Strongly Disagree	Disagree	Agree	Strongly Agree
1	2	3	4

9. Working with DHS to schedule my agency's assessment is relatively easy.

Strongly Disagree	Disagree	Agree	Strongly Agree
1	2	3	4

10. If I receive a lower star rating than expected, what I need to do to improve the quality of child care at my agency and improve my score is clear.

Strongly Disagree	Disagree	Agree	Strongly Agree
1	2	3	4

11. The technical assistance and training provided by Child Care Resource and Referral (CCRR) is useful to my agency.

Have not Participated	Strongly Disagree	Disagree	Agree	Strongly Agree
0	1	2	3	4

12. The training provided by the Tennessee Early Childhood Training Alliance (TECTA) is useful to my agency.

Have not Participated	Strongly Disagree	Disagree	Agree	Strongly Agree
0	1	2	3	4

13. Please explain your answers to any or all of the above statements (Questions 4-12) in more detail in the space below. If the space we have provided for your comments is insufficient, please feel free to write on the back of the survey or attach additional sheets as needed.

14. Please list the top three strengths of the Star-Quality Rating system.

1 - _____

2 - _____

3 - _____

15. Please list the top three weaknesses of the Star-Quality Rating system.

1 - _____

2 - _____

3 - _____

16. Have you ever appealed your assessment scores to DHS?

a. Yes No

b. If yes, please provide information about your most recent appeal and the outcome.

Transportation:

17. Does your agency provide transportation?

Yes
 No, never (please go to question 28)
 No, but did in past

18. Has the discontinuance of transportation subsidies by DHS in 2003 impacted your agency's ability to provide transportation?

a. Yes No (If no, go to question 21)

19. If yes, how much funding did you receive from DHS transportation subsidies during the last year such subsidies were available to your agency? \$ _____

20. If yes, please indicate the percentage of your agency's budget made up by DHS transportation subsidies the last year your agency received such subsidies _____ %

21. Over the past five years, have you purchased a vehicle or vehicles to comply with the DHS rules which prohibit the use of vans and require child care agency vehicles to meet federal "school bus" standards, scheduled to go into effect on January 1, 2007?

a. Yes No (If no, go to question 25)

22. If yes, how many vehicles have you purchased over the last five years to comply with the rules?

23. If yes, how much did you spend on each of those vehicles?

24. If yes, are you planning to purchase any more vehicles that will comply with the DHS rules before January 1, 2007?

Yes No

25. If no, are you planning to purchase such vehicles by January 1, 2007?

Yes No

26. How many of your agency's vehicles currently comply with DHS rules and meet federal "school bus" standards, scheduled to go into effect on January 1, 2007?

- None
 1
 2
 3
 4
 Other (please specify _____)

27. How many of your agency's vehicles **do not** currently meet the DHS rules (do not meet federal "school bus" standards), scheduled to go into effect on January 1, 2007?

- None
 1
 2
 3
 4
 Other (please specify _____)

General Agency Information:

28. Please list the number of staff members working at your agency as of October 1, 2006, by assigning them to one of the following categories. Indicate shared or part-time personnel according to the portion of full-time equivalent (e.g., 0.5 teachers, 3 teacher assistants). Please also list the total number of employees and volunteers at your agency.

- Owner(s)
 Director(s)
 Lead Teacher(s)
 Teacher assistant(s)
 Volunteer(s)
 Other position (please specify _____)
 Other position (please specify _____)
- Total number of employees at my agency
 Total number of volunteers at my agency

29. Please indicate the number of children served by your agency as of October 1, 2006, by age group.

- # of the children who I typically serve are infants and toddlers (<30 months)
 # of the children who I typically serve are preschoolers
(two and one half years – five years)
 # of the children who I typically serve are school aged children
(five years - twelve years)
 Total number of children served by your agency

30. Do you accept DHS childcare certificate program children?

b. Yes No

31. For September 2006, how much did your agency receive in Star Quality bonus payments? _____

Final Thoughts:

32. What other pertinent information about the Star-Quality System and transportation-related issues, not addressed by the other questions in this survey, would you like to share with us?

Please provide us with your title (e.g., director, owner, lead teacher, etc)

Would you like a copy of the published report by the Office of Research?
If so, please check here _____

Please complete the survey and return it to the Office of Research by November 3, 2006. The survey may be returned in the enclosed business reply envelope. If the space we have provided for your comments is insufficient, please feel free to write on the back of the survey or attach additional sheets as needed.

Do you have questions? Please contact one of the following analysts:

Russell Moore at (615) 401-7880 or russell.moore@state.tn.us

Nneka Gordon at (615) 401-7877 or nneka.gordon@state.tn.us

Katie Cour at (615) 401-7873 or katie.cour@state.tn.us

Thank you for your time and cooperation.

APPENDIX B: Copy of authorizing legislation**PUBLIC ACTS, 2006****CHAPTER NO. 724****HOUSE BILL NO. 2977****By Representatives Cooper, Marrero, Rowe, Lois DeBerry, Larry Turner, Miller, Kernal,****Pruitt, Langster, Brown, Towns****Substituted for: Senate Bill No. 3171****By Senators Williams, Harper, Kyle, Bowers**

AN ACT to amend Tennessee Code Annotated, Title 71, Chapter 1 and Title 71, Chapter 3, relative to child care.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The comptroller of the treasury is urged to study the implementation and impact of the "Three Star System" as it implements the voluntary child care agency rated licensing system authorized by Tennessee Code Annotated, Section 71-3-502(j). As a part of the study the comptroller shall examine contracting practices in the development of standards for assessment under the system and role of monitors in such assessments. The study shall assess benefits to child care associated with the system and impacts on child care providers who participate in the system. The comptroller shall consult with the department of human services and child care providers in developing this study. If a study is conducted, the comptroller shall report any findings and recommendations of such study to the general assembly on or before January 15, 2007.

SECTION 2. The comptroller of the treasury is urged to study the requirements concerning transportation related to child care imposed by amendments to Rule 1240-4-3-.10 that took effect on July 1, 2003, December 13, 2003, January 1, 2005, and October 17, 2005. The study shall assess the impact of such rules on the safety of children and on child care providers. The study shall also assess the impact of changes in reimbursement for transportation authorized by Tennessee Code Annotated, Section 71-1-130 on child care providers and on access to child care, as a part of the study shall assess any impacts on access to child care services associated with such changes. The comptroller shall consult with the department of human services and child care providers in developing this study. If a study is conducted, the comptroller shall report any findings and recommendations of such study to the general assembly on or before January 15, 2007.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May 10, 2006

APPROVED this 19th day of May 2006

APPENDIX C: Copy of sample report card

Family- Group Home Report Card Component Areas

Report card STARS

Professional Development	Compliance History	Parent & Family Involvement	Business Management	Program Assessment
				

Center Report Card Component Areas

Report card STARS

Director's Qualification	Professional Development	Compliance History	Parent & Family Involvement	Ratio & Group Sizes	Staff Benefits	Program Assessment
						

APPENDIX D: Report Card and Star-Quality Program Glossary

Component	Definition	Importance of component
Director Qualifications ^B	Offers how much education and experience the center's director has.	Director plans the program and trains and supervises staff, thus establishing the quality of the program.
Professional Development ^{A, B}	Tells how much education and experience the caregivers have. ¹	Caregivers with more experience, education and up-to-date training on developmentally appropriate practices are more likely to understand and address children's development needs.
Compliance History ^{A, B}	Tells if there has been any legal enforcement action such as probation or civil penalties because the provider has broken licensing rules.	Basic foundation of quality care is safe care.
Parent/family Involvement ^{A, B}	Tells how the provider involves parents and family in the child care program.	Children in programs that emphasize active partnerships with parents generally receive higher quality care.
Ratio and group size ^B	Tells how many adults are supervising the children in the center and how many children are grouped together.	Children receive more individualized attention when ratios and group sizes are smaller.
Staff Compensation ^B	Provides information on the center's pay scales and benefits. More specifically, this area tells if all staff are included in a defined pay scale and whether the scale for the teachers is related to their experience, education and training.	Staff turnover is stressful for young children, and caregivers who receive better pay and benefits are more likely to remain with the childcare agency.
Program Assessment ^{A, B}	A 3-4 hour independent, on-site observation in which the agency is rated on the quality of care observed.	This rating gives parents a good overall view of the program's quality.
Business Management ^A	Tells the Home's policies, philosophy, and business and financial management practices.	Good business practices lead to more stable facilities with less turnover and more longevity.

A: Applicable to Family/
Group Homes

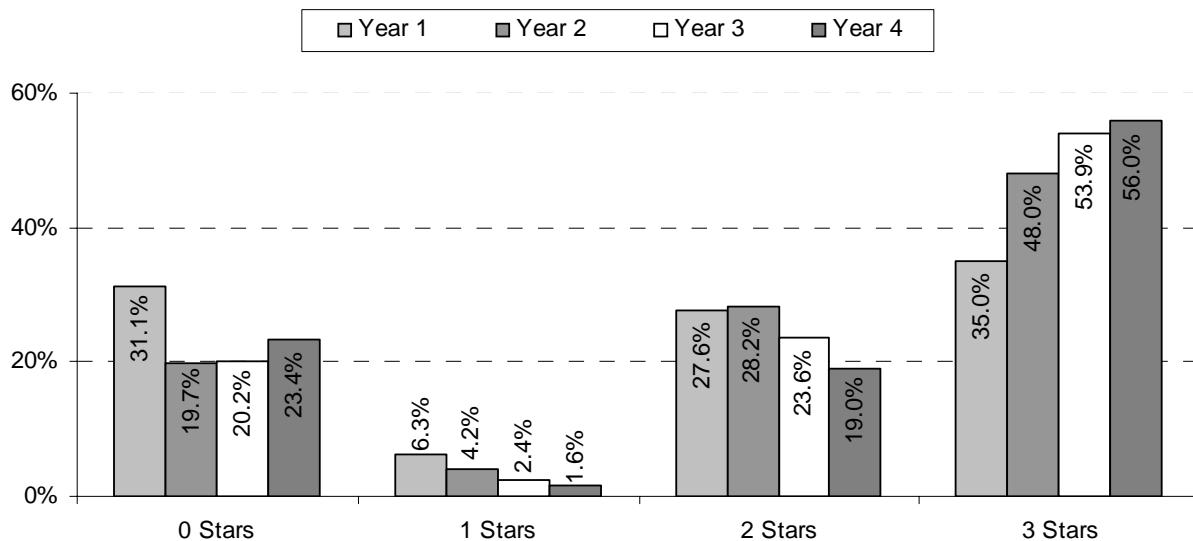
B: Applicable to Child Care
Centers

¹ For Family/Group Day Care Homes,
professional development applies to the
Primary Caregiver.

Source: DHS Star-Quality Child Care Program: A Parent's Guide to Choosing Quality Child Care in Tennessee – Handy Workbook; Rules of TN Dept of Human Services, Adult and Family Services Division, Chapter 1240-4-7-03.

APPENDIX E: Distribution of Report Card Scores for Centers and Homes in Tennessee

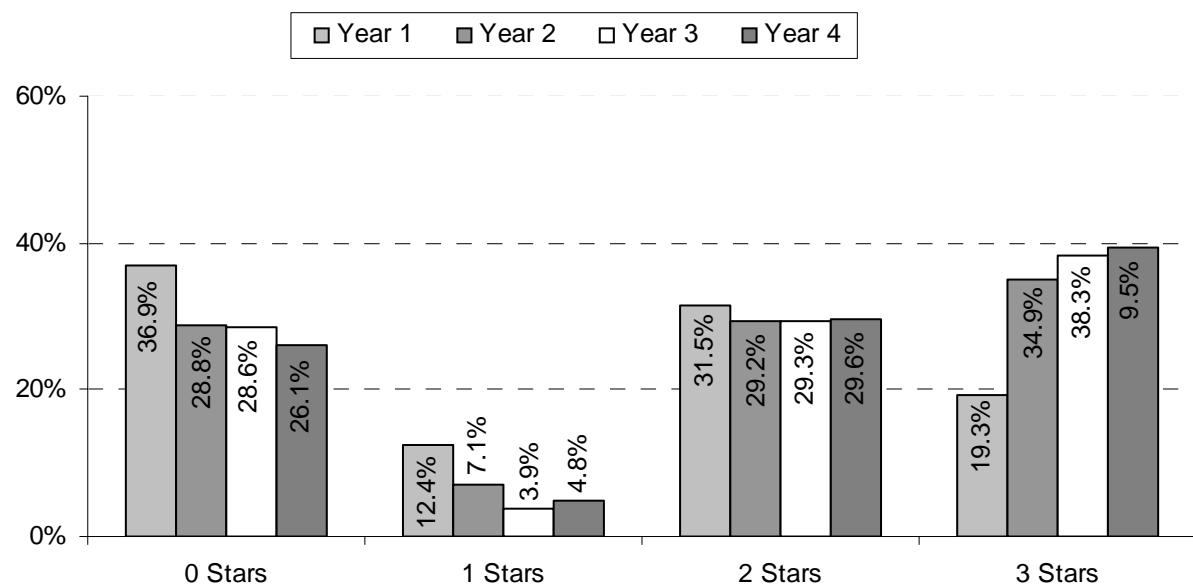
Distribution of Overall Report Card Scores for All Evaluated Child Care Centers in TN



Year 1 n=1966; Year 2 n=2158; Year 3 n=2148; Year 4 n=2021

Source: University of Tennessee College of Social Work Office of Research & Public Service, "Tennessee Child Care Evaluation and Report Card Program: Year 4 Data for Shelby County and State", Dated January 31, 2006, p. 5.

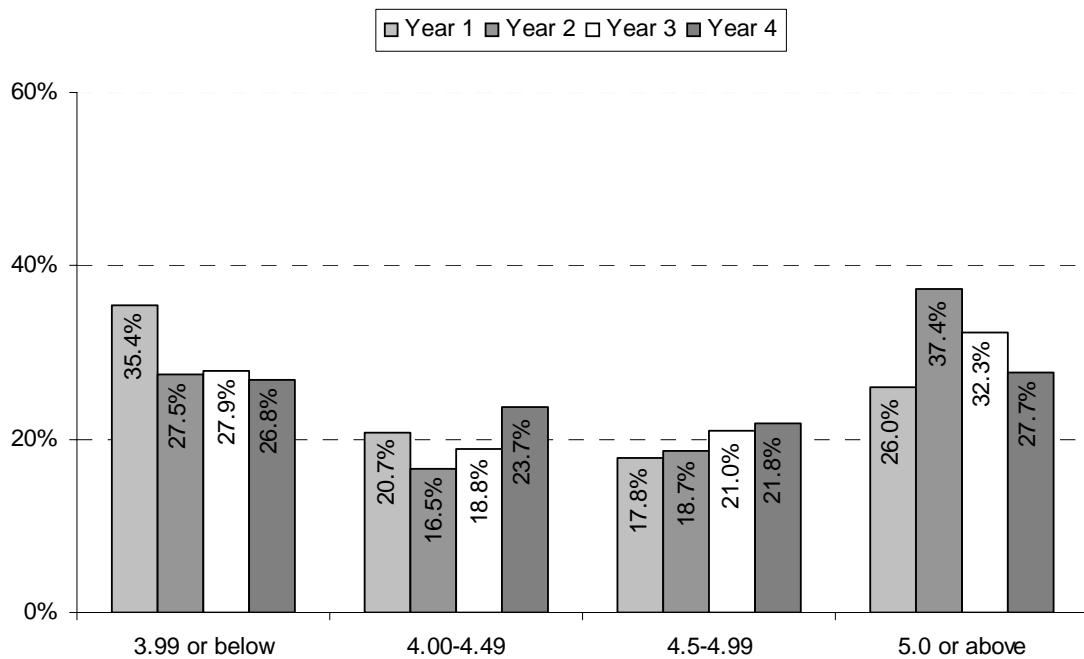
Distribution of Overall Report Card Scores for All Evaluated Family and Group Homes in TN



Year 1 n=1027; Year 2 n=1109; Year 3 n=1113; Year 4 n=1115

Source: University of Tennessee College of Social Work Office of Research & Public Service, "Tennessee Child Care Evaluation and Report Card Program: Year 4 Data for Shelby County and State", Dated January 31, 2006, p. 7.

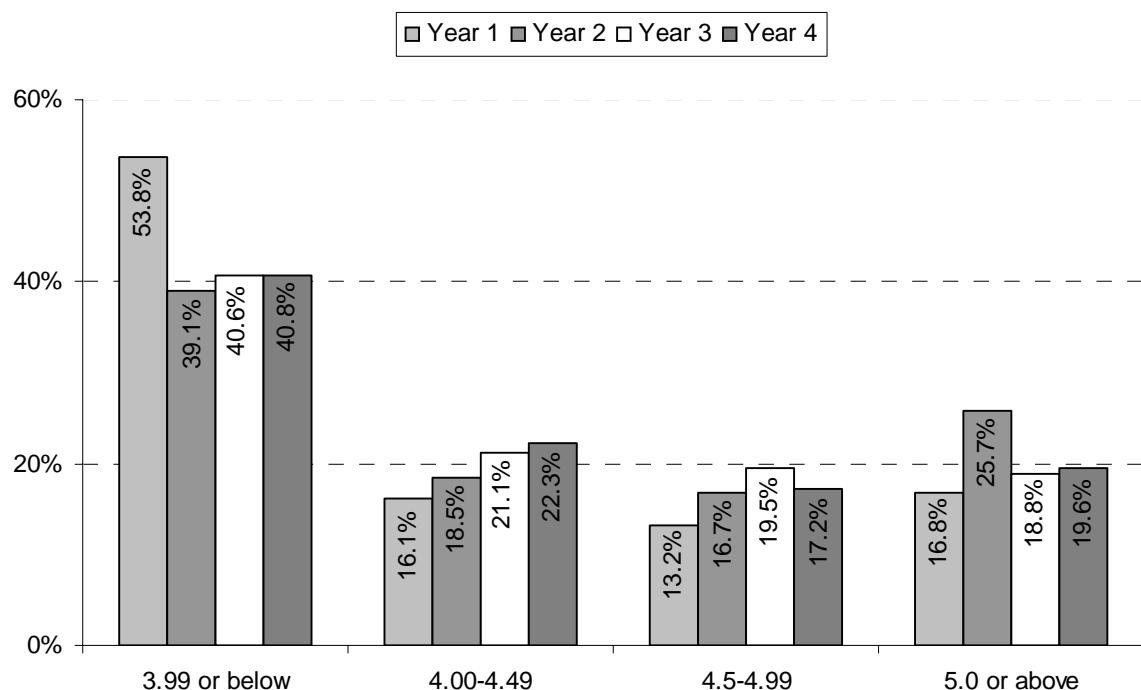
Distribution on Home Observation Scores for all Evaluated Family and Group Homes in TN - FDCRS



Year 1 n=1149; Year 2 n=1111; Year 3 n=1100; Year 4 n=1173

Source: University of Tennessee College of Social Work Office of Research & Public Service, "Tennessee Child Care Evaluation and Report Card Program: Year 4 Data for Shelby County and State", Dated January 31, 2006, p. 11.

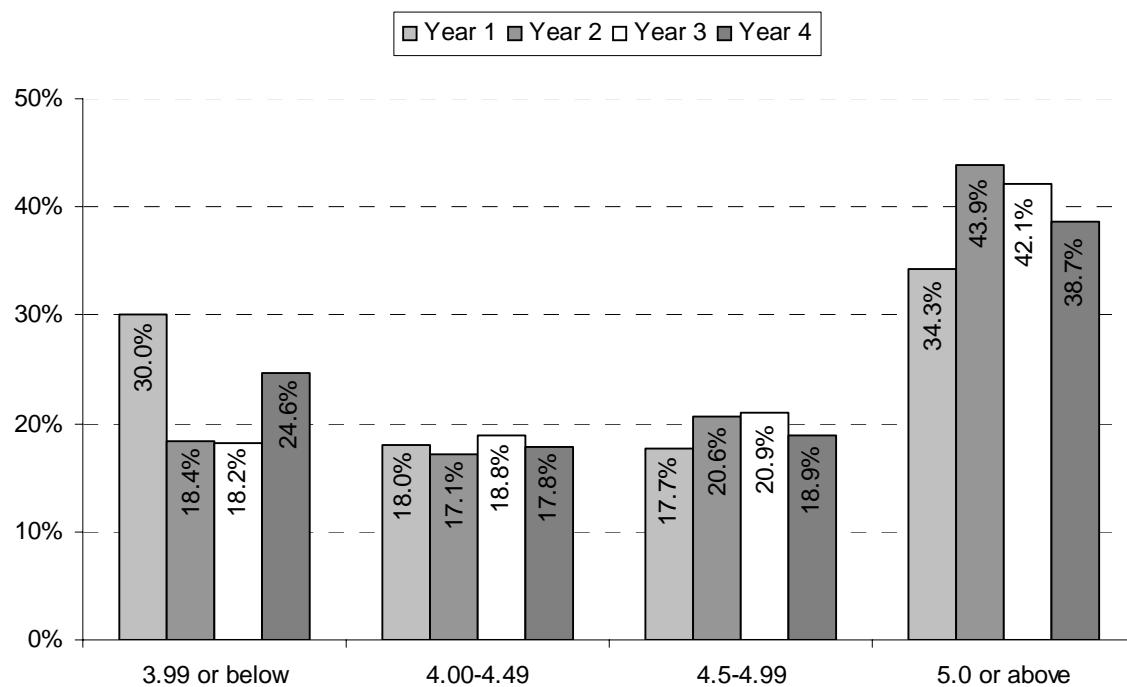
Distribution of Classroom Observation Scores for All Evaluated Centers in TN - ITERS



Year 1 n=1378; Year 2 n=1387; Year 3 n=1368; Year 4 n=1374

Source: University of Tennessee College of Social Work Office of Research & Public Service, "Tennessee Child Care Evaluation and Report Card Program: Year 4 Data for Shelby County and State", Dated January 31, 2006, p.13.

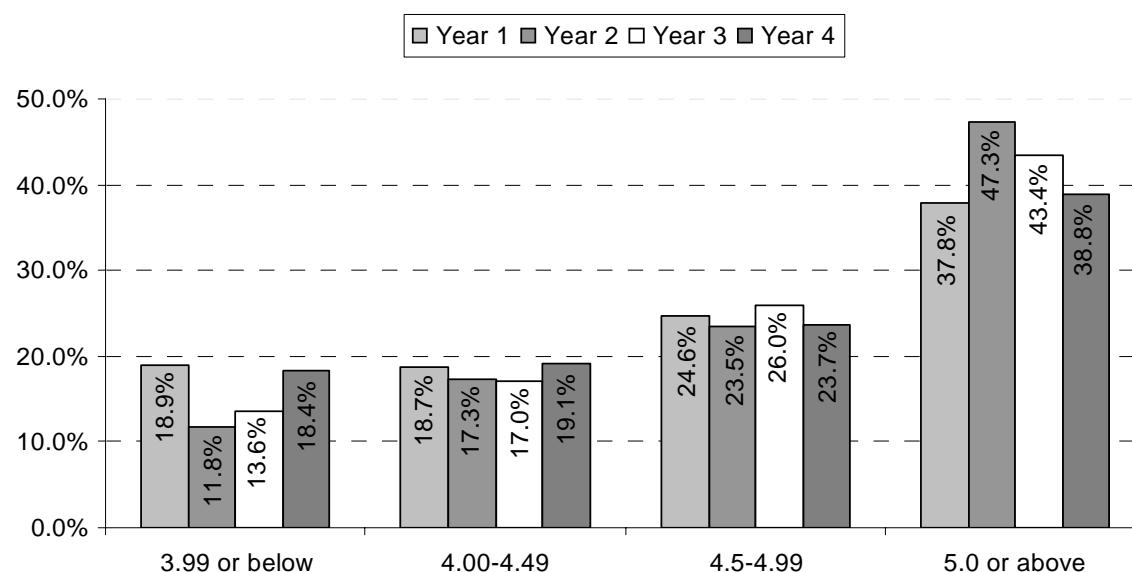
Distribution of Classroom Observation Scores for All Evaluated Centers in TN ECERS-R



Year 1 n=2160; Year 2 n=2171; Year 3 n=2138; Year 4 n=2092

Source: University of Tennessee College of Social Work Office of Research & Public Service, "Tennessee Child Care Evaluation and Report Card Program: Year 4 Data for Shelby County and State", Dated January 31, 2006, p.15.

Distribution of Classroom Observation Scores for All Evaluated Center in TN SACERS

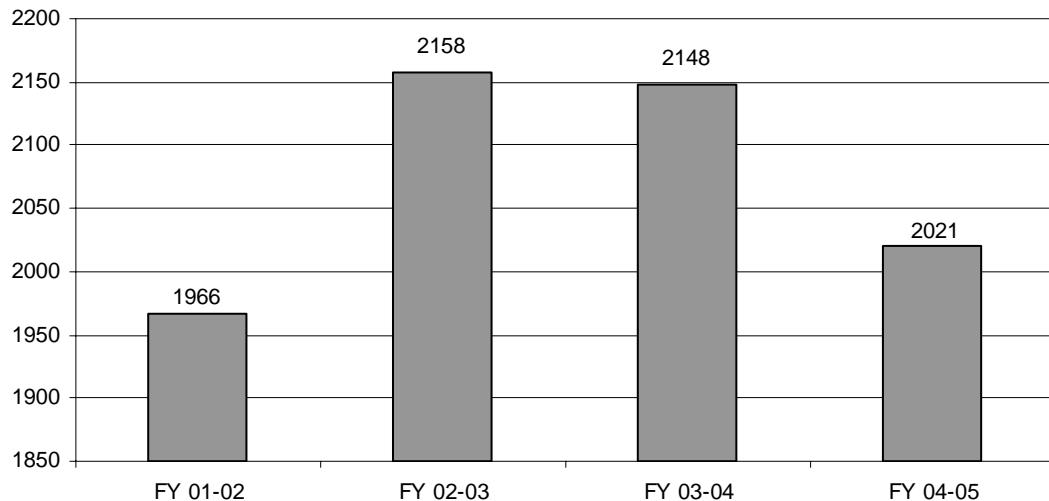


Year 1 n=1187; Year 2 n=1149; Year 3 n=1121; Year 4 n=1067

Source: University of Tennessee College of Social Work Office of Research & Public Service, "Tennessee Child Care Evaluation and Report Card Program: Year 4 Data for Shelby County and State", Dated January 31, 2006, p.17.

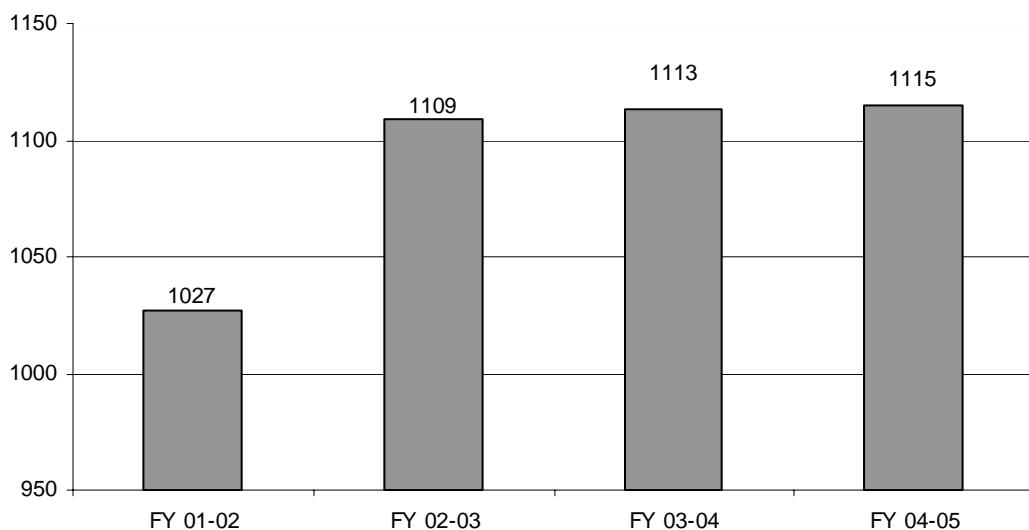
APPENDIX F: Number of agencies participating in Star-Quality program

Number of participating Child Care Centers



Source: University of Tennessee College of Social Work Office of Research & Public Service, "Tennessee Child Care Evaluation and Report Card Program: Year 4 Data for Shelby County and State", Dated January 31, 2006, p.5.

Number of participating family/group homes



Source: University of Tennessee College of Social Work Office of Research & Public Service, "Tennessee Child Care Evaluation and Report Card Program: Year 4 Data for Shelby County and State", Dated January 31, 2006, p.7.

APPENDIX G: Persons Consulted

Department of Human Services

Deborah Neill
Director, Child Care, Adult and Community Programs

Judy Smith
Director, Child Care Planning and Development

Anne Turner
Director of Licensing

Theresa Dorian
Child Care Assessment Program Director

Gary Smith
Assessment Program Supervisor

Becky Sowers-Armstrong
Assessment Program Supervisor

Deborah Pierce
Assessment Field Supervisor

Ellen Linville
Assessment Field Supervisor

Linda Roach
Licensing Program Supervisor

Joan Conley
Assessment Field Supervisor

Denise Leigh Clove
Assessment Field Supervisor

Department of Education

Bobbie Lussier
Executive Director, Office of Early Learning

Jan Bushing
Director of School-based Support Services

Connie Casha
Director of Voluntary Pre-K

Janet Coscarelli
Director of Head Start, State Collaboration Office

The University of Tennessee, College of Social Work

Office of Research and Public Service

Bingham Pope
Assistant Director, Program Evaluation

Maryanne Cunningham
Associate Director, Research and Evaluation

JoAnna Cheatham
Associate Director

Karen Homer
Statistics and Data Management

Other

The Honorable Barbara Cooper
State Representative

Carol Chumney
Memphis City Council Member

Katherine Yoder
Program Coordinator, Davidson County Child Care Resource and Referral

LaWanda Allen
Program Coordinator
Shelby County Child Care Resource and Referral

Evelyn Hale
Program Director for Statewide Management Office
Tennessee Early Childhood Training Alliance

Tracy Harper
Tennessee State University Coordinator
Tennessee Early Childhood Training Alliance

Julie Gwinn
Executive Director
Tennessee Association for the Education of Young Children

Kathy Ennis
President
Tennessee Association for the Education of Young Children

Elaine Piper Membership Chair/Family Child Care Representative Tennessee Association for the Education of Young Children	Tonya Bryson Executive Director/BASICS Director Tennessee School Age Care Alliance
Geraldine Harris President Child Care Provider Empowerment Association	Cindy Lea-Ligon Director McKendree United Methodist Child Care Center
Vera Corley-Sims Vice-President Child Care Provider Empowerment Association	Virginia Mena Director American Day Care
Shirlee McClesky Black Child Development Institute Nashville Affiliate Director Shrader Lane Child Care Center	Sandy Governor Director Sandy's School Daze
Tammy Hardison President Tennessee Family Child Care Alliance	Polly Roberts Director Polly's Day Care
Diane Neighbors Tennessee Alliance for Early Education and Director Vanderbilt Child Care Centers	Diane Manning Director Riverview-Kansas Myra Dreifus Day School
	Pam Sharp President Nashville Family Child Care Network

APPENDIX H: Letter of Response from the Department of Human Services



**STATE OF TENNESSEE
DEPARTMENT OF HUMAN SERVICES**
CITIZENS PLAZA BUILDING
400 DEADERICK STREET
NASHVILLE, TENNESSEE 37248
Telephone: 615-313-4700 FAX: 615-741-4185
TTY: 1-800-239-1249
www.state.tn.us/humanserv/

PHIL BREDesen
Governor

VIRGINIA T. LODGE
Commissioner

May 10, 2007

Ms. Ethel Detch
Director of the Office of Research
Comptroller of the Treasury
505 Deaderick Street, Suite 1700
Nashville, TN 37243-0268

Dear Ms. Detch:

Thank you for the opportunity to review and comment on the draft report on the Tennessee Report Card and Star Quality Program and the Child Care Licensing Transportation Rules. We have continuously improved our Quality Rating System (QRS) since its inception and are currently evaluating or implementing further improvements. Your recommendations are both timely and helpful towards that end.

We are justifiably proud of our unique Quality Rating System. It is currently one of only 14 such systems in the nation, but the only one that is mandatory for all providers under the jurisdiction of the child care licensing agency. It is based upon more than a decade of longitudinal research findings on quality child care, employs valid and reliable instruments, and comprehensively measures both structural and process indicators of quality. In addition, the program is subject to ongoing, independent evaluation and research to assist us in our continuous improvement efforts and to determine if the program is achieving quality outcomes.

That said, we certainly agree more can be done to improve the QRS, especially in the areas of enhancing provider understanding of the workings of the evaluation process, streamlining procedures, and improving DHS communication with providers. In recognition of those issues, in fact, we commissioned the UT-SWORPS "What is Working? What is Not Working?" study in 2006. From the time the report was presented to the Department in December 2006 to the present, we have fully implemented six of the fifteen recommendations and are close to completion of two more. Additionally, as you reference in the report, the Star Quality Advisory Council has completely reviewed the Report Card criteria and issued formal recommendations to us. Of the twenty-seven recommendations offered, we have embraced twenty and I have directed that the rulemaking process (to include public hearings) be initiated in order to carry out those recommendations.

Ms. Ethel Detch
May 10, 2007
Page 2

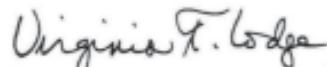
Based on our experience with the program since 2001, research-derived data from the University of TN Social Work Office of Research and Public Service (SWORPS), and feedback we have obtained from providers ourselves, we do want to make an observation about an aspect of your report that may be open to potential misinterpretation by readers.

In the section in which the results of your provider survey are discussed, it is unfortunate that some responses appear to reflect the "Lake Wobegon effect." In this situation, that would be the tendency of an evaluated provider to view their own performance as clearly "above average." But of course, if that is not reflected in the report card scoring, the reaction is to blame external factors—the assessment process, the assessor, the instruments, etc.—for any negative variance between their perceptions and their scores and/or ratings.

This observation is not meant to diminish the importance of providers' views about the program. However, while practical cost:benefit considerations obviously do affect the QRS process—we freely acknowledge it is not a perfect system—the facts are that the design of the program, the standards set for the instruments used, their administration and the reliability of the assessors, and the continuing evaluation studies are all quite rigorous. As a direct result, as shown in the independent research conducted to date, the quality of child care in Tennessee has improved in measurable ways. That outcome is something for which we all can be proud.

Thank you again for this informative, thoughtful, and helpful report. We will begin immediately to integrate these recommendations into the work already underway to improve the Quality Rating System.

Sincerely,



Virginia T. Lodge
Commissioner

VTL:dsn:ap~~ea~~

Attachments

Offices of Research and Education Accountability Staff

Director

◆ Ethel Detch

Assistant Director

(Research)

◆ Douglas Wright

Assistant Director

(Education Accountability)

Phil Doss

Principal Legislative Research Analysts

◆ Russell Moore

◆ Kim Potts

Senior Legislative Research Analysts

◆ Erin Do

Jessica Gibson

◆ Katie Cour

Kevin Krushenski

Susan Mattson

Associate Legislative Research Analysts

Stephanie Barca

Keith Boring

◆ Nneka Gordon

Eric Harkness

Patrick Hultman

Cara Huwieler

Mike Montgomery

Regina Riley

Executive Secretary

◆ Sherrill Murrell

◆ indicates staff who assisted with this project

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Offices of Research and Education Accountability
Suite 1700, James K. Polk Building
505 Deaderick Street
Nashville, TN 37243-0268
615-401-7911
<http://comptroller.state.tn.us/cpdivea.htm>