



National Child Care Information Center

A service of the Child Care Bureau



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Tiered Strategies: Quality Rating, Reimbursement, Licensing* November 2002

***NOTE:** Tiered Strategies, Tiered Quality Strategies (TQS), and Tiered Quality Rating Strategies refer to a series of approaches States have developed to promote quality including tiered reimbursement, rated licensing, quality rating systems, and a combination of these strategies. Increasingly, States are combining their approaches and using more multi-level systems. As State practices have evolved, NCCIC has moved to reflect these changes, using the terminology Quality Rating Systems (QRS) and focusing on elements that make up QRS. This will reflect more accurately what States are doing as they work on systemic approaches to improve quality. Information about QRS is available on the NCCIC Web site at <http://nccic.org/poptopics/index.html#qrs>.

State	No Tiered Strategies (N), In Planning (P), or Operational (O)	Date Began	Number of Levels (and Rate Enhancements) ^{1, 2, 3, 4}	
			Center	Family Child Care
Alabama	P			
Alaska	P			

¹ Includes basic licensing as Level 1. (Some States include basic licensing as a rated level and others do not.)

² Information in this chart is based upon the best information available to NCCIC as of September 2002. Additional information is available on many State child care Web sites—visit <http://nccic.org/dirs/Statehp.html> on the Web for links to these homepages.

³ This appendix does not include as tiered quality rating strategies practices in those States (e.g., Michigan, Oregon, and South Dakota) that have implemented stipends for completion of additional training hours or lowered ratios, nor differentials for certified, registered, or licensed child care programs. Only systems focused on care in the regulated arena and that met our definitions of quality rating systems, tiered reimbursement, and rated license are included in this table.

⁴ The following acronyms are used in this appendix: CDA (Child Development Associate); NAEYC (National Association for the Education of Young Children); NAFCC (National Association for Family Child Care); NECPA (National Early Childhood Program Accreditation); NSACA (National School-Age Care Alliance).

ITERS: Infant Toddler Environment Rating Scale; ECERS-R: Early Childhood Environment Rating Scale-Revised; FDCRS: Family Day Care Rating Scale; SACERS: School-Age Care Environment Rating Scale.

State	No Tiered Strategies (N), In Planning (P), or Operational (O)	Date Began	Number of Levels (and Rate Enhancements) ^{1, 2, 3, 4}	
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Arizona	O	1999	2 levels Accredited programs receive 10% differential.	2 levels Up to 10% differential given for CDA ⁴ or accreditation by NAFCC ⁴ .
Arkansas	O	2002	2 levels All ABC (Arkansas Better Chance) providers must meet the following core quality components of ABC program regulations: low student to teacher ratio/well compensated staff; professional development; developmental screening; meaningful parent and community engagement activities; and proven curricula and learning processes. Funding is based on these core quality components. State Early Childhood Accreditation/Quality Approval of the program with an overall average of 5.5, with a minimum of 4.5 in each sub-scale of the Early Childhood Environment Rating Scale, is required based on an annual program monitoring visit. A program meeting these standards will be reimbursed at a rate directly related to the cost of that care and education. Programs achieving the Arkansas Early Childhood Accreditation/Quality Approval Status receive annual incentive grants ranging from \$700 to \$1,700, depending upon the size of the program.	2 levels Same as for center care.
California	N			
Colorado	O	2000	Rates are set at county option; one county currently pays higher rates for higher quality.	Rates are set at county option; one county currently pays higher rates for higher quality.

State	No Tiered Strategies (N), In Planning (P), or Operational (O)	Date Began	Number of Levels (and Rate Enhancements) ^{1, 2, 3, 4}	
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Connecticut	O	1993	2 levels Licensed programs that are accredited by nationally recognized accrediting organizations are eligible to receive an additional 5% per week per subsidized child from the State's child care certificate program. Connecticut has authorization to implement new payment incentives tied to accreditation and professional development when funds become available.	2 levels Licensed homes that are accredited by nationally recognized accrediting organizations are eligible to receive an additional 5% per week per subsidized child from the State's child care certificate program. Connecticut has authorization to implement new payment incentives tied to accreditation and professional development when funds become available.
Delaware	N			
District of Columbia	O	2000	4 levels Bronze, Silver, or Gold ratings required above minimum licensing for reimbursement in DC's <i>Going for the Gold</i> system. Rate enhancements vary for infant, toddler, preschool, and school-age. For preschool, the daily rate is Bronze, \$23.55; Silver, \$28.70; Gold, \$33.86.	4 levels Bronze, Silver, or Gold ratings required above minimum licensing for reimbursement in DC's <i>Going for the Gold</i> system. Rate enhancements vary for infant, toddler, preschool, and school-age. For preschool, the daily rate is Bronze, \$18; Silver, \$19.80; Gold, \$22.60.
Florida	O	1996	2 levels In 1996, the Florida Legislature established the <i>Gold Seal Quality Care Program</i> . Child care centers accredited by nationally recognized associations receive an increase in their reimbursement rate. Legislation passed in 2001 allows for local discretion of the Partnership for School Readiness Coalitions to determine a quality rating system.	2 levels In 1996, the Florida Legislature established the <i>Gold Seal Quality Care Program</i> . Family child care homes accredited by nationally recognized associations receive an increase in their reimbursement rate. Legislation passed in 2001 allows for local discretion of the Partnership for School Readiness Coalitions to determine a quality rating system.

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Georgia	O	2001	4 levels Participants must be licensed/registered by the Department of Human Resources (DHR) or the Office of School Readiness (OSR), and serve children subsidized by DHR's Childcare and Parent Services Program. Tiered reimbursement is initially limited to selected (five) counties. Tier 1 is licensing. At Tier 4 – National Accreditation +Plus+, in addition to national accreditation, programs must meet certain criteria: higher staff to child ratios, smaller group sizes, higher lead teacher qualifications, and higher director qualifications.	4 levels Participants must be licensed/registered by the Department of Human Resources (DHR) or the Office of School Readiness (OSR), and serve children subsidized by DHR's Childcare and Parent Services Program. Tiered reimbursement is initially limited to selected (five) counties. Tier 1 is licensing. At Tier 4 – Family National Accreditation +Plus+, in addition to national accreditation, family/group providers must also have: more training hours (120 in five years), higher provider qualifications, three examples of parent involvement, and three examples of professional/community affiliation.
Hawaii	O	1999	2 levels Accredited centers receive \$475 monthly for full-time care, an 11.76% increase over licensed centers, which receive \$425 monthly.	2 levels Licensed and accredited family child care homes, \$425 monthly, licensed family child care homes, \$375, monthly.
Idaho	N			
Illinois	P			
Indiana	O	2000	2 levels Accredited programs receive rates that are 10% above market rate.	2 levels Accredited programs receive rates that are 10% above market rate.
Iowa	N			
Kansas	P			
Kentucky	O	1997	4 levels At Level 4, programs are accredited by NAEYC ⁴ and other approved accrediting bodies; levels 2-4 receive one-time Star Achievement Awards and quality incentive payments based on the number of subsidy children served. Broad legislation was passed in 2000 and Kentucky piloted a new system in 2001. The new system was implemented Statewide July 1, 2001.	4 levels A new voluntary quality rating system was piloted from January through June 2002, with Statewide implementation effective July 1, 2002. The program is based on principles similar to the center-based program.

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Louisiana	O	1998	2 levels NAEYC ⁴ -accredited Class A centers receive a quarterly bonus equal to 10% of all payments received by that provider from the Child Care Assistance Program for child care services provided during the calendar quarter. Class A centers are those approved to receive State and/or Federal funds.	
Maine	O	2000	3 levels Centers making “substantial progress” toward meeting accreditation standards receive a 5% increase for one year. Accredited providers receive a 10% increase in their reimbursement rate.	3 levels Accredited providers receive a 10% increase in their reimbursement rate. Providers also receive a 10% increase for the CDA ⁴ credential or an Associate’s, Bachelor’s, Master’s, or higher degree in Early Childhood Education or a related field. Family child care providers who have made “substantial progress” toward accreditation or CDA ⁴ receive a 5% increase for one year.
Maryland	O	2001	4 levels 3 levels above basic licensing requirements.	4 levels Same as for center care, except that training requirements and reimbursement rates vary.

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Massachusetts	O	2000	<p>4 levels</p> <p>Massachusetts implemented a 4-level tiered reimbursement rate system based on provider participation in quality initiatives. The first initiative, <i>Literacy Development for School Readiness</i>, is mandatory. The other three initiatives (<i>Program Self-Assessment</i> using the ITERS⁴, ECERS-R⁴, and SACERS⁴ quality assessment tools; <i>Salary Incentive Program for Professional Development</i>; and <i>Longitudinal Literacy Study</i>), are optional. Four tiers of maximum rates are created that vary by age of child and region based on a market rate survey and legislation. Regional center-based rates for Tier 1 (for Regions 1-6) range as follows: Infant, \$41.25 to \$46.50; Infant/Toddler, \$39.50 to \$44.00; Toddler, \$37.50 to \$41.50; Preschool, \$29.00 to \$31.50; and School-age, \$17.00 to \$18.50. Head Start partner rates are also specified. There is an additional option of stipends for child care providers who wish to participate, but do not wish to raise their published private rate. (The contracted/voucher rate cannot be more than the published private rate.)</p>	<p>4 levels</p> <p>The 4-level tiered reimbursement rate system for independent family child providers and family care systems is similar to that for centers. Family Child Care Providers must participate in the first initiative, <i>Literacy Development for School Readiness</i>. The other three initiatives (<i>Program Self-Assessment</i>, <i>Salary Incentive Program for Professional Development</i> and <i>Longitudinal Literacy Study</i>), are optional. (Family child care providers use the FDCRS⁴ quality assessment tool for the <i>Program Self-Assessment</i> initiative.) Maximum rates vary by region and across the four tiers. Regional family child care rates for Tier 1 (for Regions 1-6) range from a low of \$22.00 to a high of \$35.75. There is an additional option of stipends for family child care providers who wish to participate, but do not wish to raise their published private rate. (The contracted/voucher rate cannot be more than the published private rate.)</p>
Michigan	N			
Minnesota	O	1984	<p>2 levels</p> <p>Licensed programs accredited by NAEYC⁴ or other approved organization are eligible to receive up to 10% above the market rate established in each county, but not more than the private pay rate.</p>	<p>2 levels</p> <p>Licensed programs that are accredited by NAFCC⁴ or other approved organization, or have a CDA⁴ or a bachelor's degree in early childhood are eligible to receive up to 10% above the market rate, but not more than the private pay rate.</p>
Mississippi	O	1997	<p>2 levels</p> <p>Accredited programs receive rates that are 10% above market rate.</p>	

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Missouri	O	1999	2 levels Accredited programs receive rates that are 20% above the State's current child care reimbursement rate.	2 levels Accredited programs receive rates that are 20% above the State's current child care reimbursement rate.
Montana	O	2002	2 levels (all levels must have a 2- to 3-year extended license) 2-Star Level Program Criteria: Licensed facilities accredited by NAEYC ⁴ or NSACA ⁴ are eligible to receive 15% above the market rate established in each child care resource and referral District. Each facility must have 75% of primary caregivers at Level 2 or higher including one primary caregiver at Level 3 or higher on the Montana Practitioner Registry Career Path. Average annual turnover rate of primary caregivers is less than 40%. 1-Star Level Program Criteria: Centers meeting the following are eligible to receive 10% above the market rate established in each CCR&R District. 50% of primary caregivers meet Level 2 or higher on the Montana Practitioner Registry Career Path. Average annual turnover rate of primary caregivers is less than 50%. Must meet quality indicators in Developmental Plan, Parent Involvement and Personnel Policies.	2 levels (all levels must have a 2- to 3-year extended registration) 2-Star Level Program Criteria: Registered facilities accredited by NAFCC ⁴ are eligible to receive 15% above the market rate established in each child care resource and referral District. Each facility must have 50% of family and group primary caregivers at Level 2 or higher and must include one staff member at Level 3 or higher on the Montana Practitioner Registry Career Path. Average annual turnover rate is less than 40%. 1-Star Level Program Criteria: Family and group homes meeting the following are eligible to receive 10% above the market rate established in each CCR&R District. 50% of primary caregivers meet Level 2 or higher on the Montana Practitioner Registry Career Path. Average annual turnover rate of primary caregivers is less than 50%. Must meet quality indicators in Developmental Plan, Parent Involvement and Personnel Policies.
Nebraska	O	1998	2 levels Accredited programs are paid at rates equal to the 90 th percentile of market rate—non-accredited programs receive 60 th percentile.	2 levels Accredited programs are paid at rates equal to the 90 th percentile of market rate—non-accredited programs receive 60 th percentile.

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Nevada	O	2002	3 levels 3 levels above licensed status Accredited programs are paid 15% more than licensed facilities. Those in the process of accreditation receive 5% and 10% respectively depending on how much they have achieved toward accreditation.	3 levels 3 levels above licensed status Accredited programs are paid 15% more than licensed facilities. Those in the process of accreditation receive 5% and 10% respectively depending on how much they have achieved toward accreditation.
New Hampshire	N			
New Jersey	O	1998	2 levels Licensed programs that are accredited by an approved organization are eligible to receive up to 5% above the established ceiling rate.	2 levels Licensed programs that are accredited by an approved organization are eligible to receive up to 5% above the established ceiling rate.
New Mexico	O	1997	5 levels New Mexico's <i>Aim High</i> replaced <i>Go For The Gold</i> , which had three rating levels—Bronze, Silver, and Gold—in July 1999. <i>Aim High</i> has five levels. Level One is basic licensing. Levels Two through Five have financial increments in place based upon specific criteria. Programs seeking Level Five status must meet all criteria in Levels One, Two, Three, and Four and become accredited by a recognized national accrediting body (including NAEYC ⁴ , NECPA, and NSACA ⁴).	5 levels <i>Aim High</i> has 5 levels. Level One is basic licensing. Levels Two through Five have financial increments in place based upon specific criteria. Programs seeking Level Five status must meet all criteria in Levels One, Two, Three, and Four and become accredited by a recognized national accrediting body (including NAFCC ⁴). <i>Aim High</i> is implemented through contracts with the Training and Technical Assistance Infrastructure Programs.
New York	O	1999	2 levels Counties have the option of paying a rate differential for accredited providers up to 15% of the allowable market rate ceiling.	2 levels Counties have the option of paying a rate differential for accredited providers up to 15% of the allowable market rate ceiling.

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North Carolina	O	1999	5 levels North Carolina's <i>Five-Star Rated License</i> provides higher market rates for extra stars. One star means the provider is meeting minimum licensing requirements. Rates vary by county, by age of child, and by star rating.	5 levels North Carolina's <i>Five-Star Rated License</i> provides fixed State rate supplement levels for extra stars. One star means the provider is meeting minimum licensing requirements. Rates vary by county, by age of child, and by star rating.
North Dakota	N			
Ohio	O	1997	2 levels Licensed programs that are accredited by an approved organization are eligible to receive up to 5% above the established ceiling rate, but not more than the private pay rate. The State is planning to pilot a model tiered reimbursement system designed by a locally based shareholders group that will include three levels of voluntary quality standards that exceeds Ohio's basic child care licensing requirements.	2 levels Licensed programs that are accredited by an approved organization are eligible to receive up to 5% above the established ceiling rate, but not more than the private pay rate.
Oklahoma	O	1998	4 levels Oklahoma's <i>Reaching for the Stars</i> One Star rating is in compliance with licensing standards. Rates vary in five age categories. For children ages 2-4, center-based rate enhancements in metropolitan areas for One Star, \$13; One Star Plus, \$17; Two Stars, \$21; and Three Stars, \$23.	4 levels Oklahoma's <i>Reaching for the Stars</i> One Star rating is in compliance with licensing standards. Rates vary in five age categories. For children ages 2-4, family child care home rate enhancements in metropolitan areas for One Star, \$12; One Star Plus, \$16; Two Stars, \$19; and Three Stars, \$22.
Oregon	N			

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Pennsylvania	O	2002	<p>4 levels</p> <p>For child care centers and group day care homes, Pennsylvania's <i>Keystone Stars</i> is four levels of quality performance standards that correspond to a Star One, Star Two, Star Three, or Star Four designation. These star ratings are above minimum licensing. Phase I - Initial rollout of <i>Keystone Stars</i> is 1. A Star One or 2. A Star Four based on accreditation. Star Four designation is based on NAEYC/NSACA/NAFCC⁴ (for Group Home) accreditation OR Star Three requirements plus higher Performance Standards than Star Three for staff, learning environment, and administration (Star Four non-accreditation designation). Phase II – Selection and Participation: Selected providers will receive financial and technical support to achieve a Star Two, Three or Four and will receive awards upon achieving the star designation. Awards will increase at each star level, and the amount of award increases in relation to program size (small, medium, large).</p>	
Rhode Island	N			

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South Carolina	O	1992	3 levels Level 1, Participating Provider, meets licensing regulations; Level 2, Enhanced Provider, meets voluntary standards above basic licensing; Level 3, Accredited Provider, meets Level 2 and is accredited by NAEYC ⁴ . Enhanced Providers in an urban county receive up to \$8 more per week per child for a child age 0-2; Accredited Providers in an urban county receive up to \$16 more for a child age 0-2. Payment rates vary by urban/rural counties, the child's age, the type of provider, type of care (full or half day), and the level of care provided. The higher maximum allowed rates include a \$5 quality incentive bonus per week per child for accredited and Enhanced Providers. These are the maximum payments allowed. The ABC (Advocates for Better Care) Child Care Program does not pay more than the provider charges the private paying family.	3 levels Level 1, Participating Provider, meets licensing regulations; Level 2, Enhanced Provider, meets voluntary standards above basic licensing; Level 3, Accredited Provider, meets Level 2 and is accredited by NAFCC ⁴ . Accredited Providers in an urban county receive up to \$13 more for a child age 0-2. Payment rates vary by urban/rural counties, the child's age, the type of provider, type of care (full or half day), and the level of care provided. The higher maximum allowed rates include a \$5 quality incentive bonus per week per child for accredited and Enhanced Providers. These are the maximum payments allowed. The ABC (Advocates for Better Care) Child Care Program does not pay more than the provider charges.
South Dakota	N			
Tennessee	O	2001	4 levels <i>Tennessee Star Quality Licensing System</i> became operational in August 2001. The levels are No Star Rating (meets minimum standards), One Star Rating, Two Star Rating, and Three Star Rating. Participating facilities with a One Star Rating receive rates at the 70 th percentile of market rate plus a 5% bonus; Two Star Rating, 70 th percentile plus a 15% bonus; Three Star Rating, 70 th percentile plus a 20% bonus.	4 levels <i>Tennessee Star Quality Licensing System</i> became operational in August 2001. The levels are No Star Rating (meets minimum standards), One Star Rating, Two Star Rating, and Three Star Rating. Participating facilities with a One Star Rating receive rates at the 70 th percentile of market rate plus a 5% bonus; Two Star Rating, 70 th percentile plus a 15% bonus; Three Star Rating, 70 th percentile plus a 20% bonus.

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Texas	O	1999	3 levels The Texas <i>Rising Star</i> program is available Statewide to child care providers that are a part of the subsidized child care program. Providers in licensed centers are certified at the Two-Star, Three-Star or Four-Star levels. Certified providers progress to the next higher level by meeting more measures within the criteria. Local Workforce Boards are required to pay <i>Texas Rising Star</i> providers who exceed minimum licensing standards a rate differential of at least 5%, although they are permitted to establish a higher differential if they choose to do so. Some Boards pay higher rates for each level of provider. Payment may not exceed the provider's published rate.	2 levels The Texas <i>Rising Star</i> program is available Statewide to child care providers that are a part of the subsidized child care program. Providers in registered family homes and licensed group day homes are either fully certified or provisionally certified. Programs that meet a set of criteria that exceed minimum licensing standards must be reimbursed at least 5% above the maximum rate for non-Texas <i>Rising Star</i> providers for the same category of care, but not more than the vendor's published rate.
Utah	O	1998	2 levels Accredited providers receive an average increase of about 5% more than the base rate.	2 levels Accredited providers receive an average increase of about 5% more than the base rate.
Vermont	O	1994	2 levels Accredited programs receive a child care subsidy bonus of 5% of the total subsidy earned each quarter. On average, this equals an increase of approximately 15%.	2 levels Accredited providers or providers who hold valid CDA ⁴ credentials allow them to receive a 15% bonus.
Virginia	N			
Washington	N			
West Virginia	O	1999	2 levels Accredited providers receive an additional \$4 per day per child.	2 levels 2 family child care homes participate in enhanced payments of \$4 daily to programs accredited by an approved national organization.

State	No Tiered Strategies (N), In Planning (P), or Operational (O)	Date Began	Number of Levels (and Rate Enhancements) ^{1, 2, 3, 4}	
			Center	Family Child Care
Wisconsin	O	1997	2 levels Licensed programs that are accredited by NAEYC ⁴ are eligible to receive up to 10% above the market rate, but not more than the private pay rate.	2 levels Family child care homes that are accredited by NAFCC ⁴ or the Wisconsin Early Childhood Association or have a CDA ⁴ for family child care are eligible to receive up to 10% above the market rate, but not more than the private pay rate.
Wyoming	N			

The National Child Care Information Center does not endorse any organization, publication or resource.