**Fiscal Facts: Child care subsidy payments tied to state ratings**

In 2017, the Wisconsin Department of Children and Families (DCF) began dispersing Wisconsin Shares child care payments for children from low-income families directly to families rather than to child care providers, which it had done previously. Families who are recipients of Wisconsin Shares funding now make payments to child care providers using an EBT card.

To encourage providers to improve the quality of their child care, YoungStar uses a “carrot and stick” approach that links Wisconsin Shares payments to provider ratings. Providers that meet “proficient levels of quality standards” are rated three stars and receive the baseline payment for eligible children under their care. The “stick” applies to providers that do not comply with basic health and safety regulations, which are rated one star and are not eligible for Wisconsin Shares funding. Similarly, those in compliance with state standards but not deemed proficient are rated two stars and receive a reduction in their Wisconsin Shares payments. Beginning in October 2018, these reductions for two-star providers will be 1 percent instead of the current 5 percent.

High-quality providers that exceed the state’s proficiency standards are rated four or five stars and receive a boost in their Wisconsin Shares payments. Those earning four stars receive up to 10 percent more than the baseline amount for each child, while five-star providers receive up to 25 percent more than the baseline.

*This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education.*