

Executive Summary

Illinois Study of License-Exempt Child Care: Interim Report

*Steven G. Anderson, Dawn M. Ramsburg, and Bari Rothbaum
University of Illinois at Urbana-Champaign*

Background and Research Questions

This interim report presents the first-year research findings from the Illinois Study of License-Exempt Care, which is investigating subsidized license-exempt care provision through the Illinois Child Care Program (ICCP). The use of license-exempt caregivers, such as relatives and neighbors, is common in Illinois and in other subsidized child care programs across the United States. Its prevalence raises important policy questions in subsidized child care programs.

The Illinois Department of Human Services (IDHS) received funding for the study through the Child Care Bureau, Administration on Children, Youth and Families, U.S. Department of Health and Human Services. IDHS is contracting with researchers at the University of Illinois at Urbana-Champaign to conduct project research activities. The three-year study is using a variety of survey and administrative data methods to examine license-exempt caregiving issues, with an emphasis on learning about the perspectives of both subsidized license-exempt caregivers and parents who use this type of care. Most of the project research is being carried out in three diverse geographic areas: the North Lawndale and South Lawndale neighborhoods in Chicago (urban), Peoria County (mid-sized urban), and the “Southern Seven” Illinois counties (rural).

For study purposes, we have defined license-exempt care as child care provided in home settings that have been legally exempted from state licensing requirements for no more than three children, including the provider’s own children (unless all children are from the same household). Four types of care settings are included in this definition:

- 1) Non-relatives who provide care in their own home);
- 2) Non-relatives who provide care in the child’s home;
- 3) Relatives who provide care in the relative’s home; and,
- 4) Relatives who provide care in the child’s home.

Six principal research questions are guiding project research activities:

- 1) What are the patterns of care for families and children that utilize subsidized license-exempt child care, and how do these differ from families and children that rely on subsidized licensed child care?
- 2) Do parents who use license-exempt child care differ in demographic characteristics and other important respects from parents who rely on licensed care?
- 3) What factors influence families to choose license-exempt child care providers rather than licensed providers, or to choose a mix of these providers?
- 4) What are the characteristics of license-exempt subsidized child care providers, and what levels of experience and training do they have in providing child care?

- 5) How do parents and license-exempt child care providers assess the quality of license-exempt care, and what specific strengths and weaknesses do they identify with this type of care?
- 6) Based on study findings and analysis of related research, what policy implications can be drawn for enhancing the quality of subsidized license-exempt child care?

Data and Methods

Several data collection methods were employed to gather information on these research questions during the first year of the project. Some research activities were conducted statewide, while others focused on the three geographic study areas.

Administrative Data. Administrative data statewide were collected from three sources for data analysis 1) the IDHS Child Care Tracking System (CCTS), which records monthly subsidy payment and service information for families receiving subsidy assistance, as well as their basic demographic characteristics and information on their service providers; 2) the IDHS Client Database, which contains monthly cross-sectional extracts of public assistance cases (including TANF/AFDC, Medicaid, and Food Stamp receipt); and 3) the Illinois Department of Employment Security Unemployment Insurance (UI) wage records of quarterly earnings reported by employers to state UI agencies.

Researchers from the Chapin Hall Center for Children at the University of Chicago linked data records from the CCTS to records from the Client Database and UI wage records to allow description of the service use and earnings patterns of subsidy recipients. Both point-in-time and longitudinal assessments of license-exempt child care usage and characteristics of users then were conducted using this data.

Key Informant Interviews. Key informant interviews were conducted in each of the three study areas to gain perspectives on prominent license-exempt child care issues, as well as to learn about local child care supply issues. Key informants were identified through discussions with state officials and with the local child care resource and referral (CCR&R) agency director in each area. A total of 14 key informant interviews were conducted. Key informants included the local CCR&R director, other CCR&R staff, IDHS local office directors, child care center staff, and other community service providers. Project directors used an interview guide with broad, open-ended questions.

CCR&R Interviews. A structured statewide telephone survey was conducted with a random sample of 115 CCR&R subsidy specialists, who complete initial ICCP eligibility determinations and re-determinations, and who answer any follow-up questions that subsidy recipients might have. Key informants also identified several other categories of CCR&R staff who have unique perspectives on subsidized license-exempt care issues. Therefore, semi-structured in-person interviews also were conducted with 10 total additional CCR&R staff in the three study areas. These staff typically were involved in a variety of child care quality enhancement initiatives.

Focus Groups. Fifteen focus groups with a total of 115 license-exempt providers and parents who use license-exempt care were conducted in each of the three study areas. Separate focus groups were conducted for parents and providers, and the groups were organized with the

assistance of the CCR&R's in the three areas. Focus group participants were recruited through mailings to lists of parents active in the subsidy program. Focus groups were held in the local communities.

Focus group participants were asked to complete a background questionnaire which collected basic demographics at the beginning of their group. Project staff facilitated the groups, using separate parent and provider focus group guides. Two focus groups were conducted in Spanish, as key informants in South Lawndale noted the prevalence of Hispanic families in this community. Each focus group included 6-10 participants and generally lasted two hours. Focus groups sessions were audio-taped, transcribed, and then coded. Analysis centered on identifying both common and divergent themes between parents and providers, and between the different geographic areas.

Strengths of this study include the utilization of multiple methods and a diversity of informants to investigate these research questions. Limitations of the study include a focus only on subsidized license-exempt caregiving in one state program context and three study areas. In addition, our study does not include direct observation of caregiving situations, so interpretations about the quality of care are limited to the perspectives of the persons interviewed.

Summary of Major Findings

Who Uses the Illinois Child Care Program (ICCP) Overall?

(Administrative data, January 2001)

- The number of families using the ICCP grew approximately 61 percent between July 1998 and January 2001, and the number of children receiving care through the ICCP grew approximately 60 percent during this same period.
- In January 2001, nearly 87,000 families received subsidized child care services. Of those, over half (53.5 percent) used a single license-exempt provider, 38.6 percent used a single licensed provider, and the remaining 7.8 percent used a mixture of license-exempt and licensed providers.
- In January 2001, over 172,000 children were in subsidized child care. Of those, 63.9 percent were cared for by a single license-exempt provider.
- Nearly three-fourths of the families using the ICCP have either one (41.5 percent) or two (32 percent) subsidized children in care.
- In January 2001, just over half (53.5 percent) of the household heads receiving subsidies were in their twenties, and 40.3 percent were age 30 and over. The ICCP predominantly serves families with very low incomes (average quarterly income was \$3,253, which equates to \$13,012 annually). Nearly two-thirds of families also received TANF, Medicaid, or Food Stamps in January 2001.

What Are the Patterns of Care for Families Using Subsidized License-Exempt Home Care?

(Administrative data, January 2001)

- About four-fifths of children aged six and over, and over three-fifths of infants (61.2 percent) were in license-exempt care. Just over half of the toddlers (54.8 percent) and preschoolers (52.7 percent) were in license-exempt settings.

- In January 2001, over three-fifths of the families using license-exempt care had a relative caregiver (37.1 percent used a relative in the relative's home and 24.4 percent used a relative in the child's home). Over one-third (34.7 percent) of families used non-relative caregivers in the child's home, and only 4.9 percent of families used license-exempt family child care home providers.
- Young children are more likely to be cared for by relatives, with about 64 percent of infants and toddlers cared for by relatives, compared to 57.7 percent of school-age children. Nearly 40 percent of school-age children are cared for by non-relatives in their own homes, compared to 29.9 percent of infants and toddlers.

What Are the Characteristics of ICCP License-Exempt Providers?

(Administrative data, January 2001; Focus group data, Spring 2002)

- In January 2001, roughly three-fifths (60.4 percent) of license-exempt providers were caring for either one or two subsidized children, and an additional 22.8 percent were caring for three subsidized children.
- Just over one-fourth (27.1 percent) of license-exempt providers were using TANF, Medicaid or Food Stamps in January 2001, and nearly 40 percent had used one of these services at some point in the last two years.
- Provider focus group data revealed that providers generally provided full-time care, with an average of 34.6 hours per week. Most caregivers provided some care for children in the evenings (55.9 percent) , over two-fifths (42.4 percent) provided care on weekends.

What Factors Influence Families to Choose License-Exempt Care?

(Focus group data, Spring 2002; Child care professional interviews, Spring 2002)

- The most important choice factor mentioned in focus groups, key informant and CCR&R interviews is the trust parents have in their license-exempt caregivers. Trust in the caregiver provided a sense of confidence that children would be safe in care, and fostered the belief that providers shared parental philosophies about child-rearing.
- Parents, key informants, and CCR&R staff also highlighted the convenient and flexible care provided in license-exempt settings. Care that was convenient and flexible was especially important to parents who were struggling to balance the demands of work and family, particularly if the parent had a non-traditional work schedule. Even parents who had positive opinions of licensed child care preferred care in their own home during evening hours, because it was less disruptive for the children, and re-assured the parent about the child's safety and comfort during evening hours.
- As previously noted, most license-exempt providers cared for a small number of children. This finding is consistent with focus group parents emphasis on the desirability of license-exempt care because of low child to caregiver ratios.
- Licensed child care supply shortages during traditional care hours were infrequently emphasized as child care choice factors. Key informants and CCR&R staff who highlighted supply issues tended to view it as a localized community factor. In addition, information deficiencies about licensed child care availability were mentioned by some key informants and CCR&R staff as affecting child care choices.

- Cost was mentioned as another constraint on parental choice. Although the ICCP payment policy was intended to be cost neutral with respect to type of provider selected, the cost considerations for parents favored license-exempt caregivers for several reasons. These include: 1) fees charged by licensed child care programs were not covered by ICCP (e.g., registration, supply, or transportation fees), 2) subsidy reimbursement rates in some areas of the state do not cover price of care which results in parents paying additional out-of-pocket fees beyond the co-payment, and 3) waiver or deferral of co-payments by some license-exempt providers allow parents more payment flexibility.
- Cultural issues limited access to licensed care in some communities. In South Lawndale, some Hispanic study participants noted concerns that both lack of knowledge and fears about involvement with formal agencies constrained choice. In these instances, parents were seen as favoring license-exempt caregivers, who provided a sense of cultural comfort.

What Motivates Caregivers to Provide License-Exempt Care?

(Focus group data, Spring 2002; Child care professional interviews, Spring 2002)

- Providers stressed a desire to care for children, and an enjoyment of providing care as motivators for license-exempt caregiving. Grandparents and other relatives commonly expressed love for child care. The sense of enjoyment included interests in teaching children at various ages through skill development and social interactions. Grandparents were interested in staying active and involved in the children's development.
- Providers, key informants, and CCR&R staff mentioned helping parents as another caregiving motivator. Care provision was a critical factor in allowing parents to work. Caregivers spoke of the importance of intervening with troubled families, and the care they provided was critical to improving the quality of daily life for children and their families. Providers also mentioned their interest in helping to shape the character of the children, or serving as role models.
- Key informants and CCR&R staff emphasized earning an income as the driving motivation for license-exempt caregiving. Yet, providers mentioned this factor infrequently during focus groups; they noted compensation was not a major motivation partly because the pay level was low.
- Providers, especially grandparents, often indicated during focus groups that they had begun caring for children before they began receiving subsidy. Many also indicated that they would continue caring for these children even if they did not receive subsidies, although they noted that the subsidy promoted consistency of care and allowed the purchase of supplies and activities for the children that enhanced the quality of care for children.

How Do License-Exempt Providers, Parents Using License-Exempt Care, and Community Child Care Professionals Describe the Quality of License-Exempt Care?

(Focus group data, Spring 2002; Child care professional interviews, Spring 2002)

- Few study participants thought that the positive aspects they discussed concerning license-exempt care were substantially offset by losses in quality of care.

- Most key informants and CCR&R staff pointed out that child care quality varied widely in both license-exempt and licensed child care settings, and consequently one could not assume that licensed child care quality was better. They indicated that they believed there was a quality of care continuum within both licensed and license-exempt care settings, meaning that both licensed child care settings and license-exempt child care settings each had a range of high quality and low quality options within them.
- Parents stressed during focus groups the personalized attention that occurred in license-exempt settings. Parents and providers also mentioned the close, ongoing personal relationships that extend beyond the child care arrangement. They stressed that such relationships established positive caregiving interactions that were the framework for accomplishing developmental goals with children.
- Parents in the focus groups mentioned the consistency of care provided in license-exempt settings because of regular interaction with the same provider. In contrast, they discussed high child to staff ratios and staff turnover as compromising the consistency of care and the development of personalized caregiving relationships in child care centers.
- Providers in the focus groups and CCR&R staff emphasized the importance of a positive relationship between the parent and provider as a key quality of care factor. This relationship was viewed as providing parents with confidence about the provider's caregiving ability, and as assuring parents that providers shared their caregiving views.
- Some parents emphasized the importance of having children's basic physical needs met (clean, well-fed, healthy environment). In addition, parents with difficult daily work lives appreciated providers who took extra steps for the parent, such as cleaning the house or getting the children ready for bed.
- CCR&R staff underscored the importance of caregiver interactions with the children as important to the quality of care. They emphasized the value of having caregivers who took an interest in the children, who interacted warmly with and nurtured the children, and who had access to age appropriate activities for children in their care.
- Parents and providers in the focus groups discussed the importance of caregivers playing a variety of teaching roles, ranging from traditional educational concerns, to safety issues, to social skills and character development.
- CCR&R staff mentioned the importance of having caregivers who are trained on caring for children. In contrast, parents and providers often argued that they did not need further training on how to care for children because they had years of experience raising children. Some providers did express an interest, however, in receiving more information and resources on caring for children.

What Are the Concerns about License-Exempt Care?

(Focus group data, Spring 2002; Child care professional interviews, Spring 2002)

- Key informants and CCR&R staff identified the lack of regulation and monitoring as the main weakness of license-exempt care. Key informants noted that it is difficult to know if license-exempt providers are complying with the legal guidelines for license-exempt care.

- Another key informant and CCR&R staff concern was the provider's skill level and physical abilities to care for the children. Interviewees noted that most license-exempt caregivers that they had worked with had not received any training on caring for children.
- Some key informants were concerned about lack of care consistency in license-exempt arrangements. For example, having different caregivers for different schedules during the week. Yet, many parents and providers in the focus groups did not share this concern, and suggested that the personalized relationships between the family and caregiver promoted consistency of care.
- Most study participants believed licensed care settings better provided teaching opportunities for children.

Conclusions and Implications

Most study participants believed that license-exempt care is an essential, legitimate child care option that supports the needs of working parents and their children. Consequently, there was widespread support among study participants for continued subsidization of license-exempt care arrangements. The study findings suggest that steps to reinforce license-exempt care, through policies to enhance resource provision and training, would be supported by parents, providers, and child care staff. While licensing was considered a desirable goal by most child care professionals, most parents and providers in our focus groups were skeptical about the potential benefits of licensed care, and many license-exempt providers had little interest in becoming licensed.

Suggestions for Improving License-Exempt Care

(Focus group data, Spring 2002; Child care professional interviews, Spring 2002)

- **Raise subsidy payment rates.** Study participants noted the low payment rates for license-exempt caregivers when compared to other types of work. Some providers noted that by the time they paid for food and other costs associated with the provision of care, they had little to show for their efforts. Some suggested that low payment levels sent a negative signal concerning the level of care that was acceptable or expected.
- **Provide resources to license-exempt providers.** Study participants identified several different types of resources and information that they thought could enhance license-exempt caregiving. These include:
 - Teaching and recreation-related materials and equipment (e.g., lending libraries, outdoor equipment)
 - Information about available child care and community resources and programs
 - Idea exchanges, support groups, and other networking arrangements with providers or child care staff
 - Training on various child care topics (e.g., health and safety topics, FirstAaid and CPR)
 - Information about how the subsidy program works
 - Information or assistance with licensing

Suggestions for Improving the Illinois Child Care Program

(Focus group data, Spring 2002; Child care professional interviews, Spring 2002)

- **Improve Payment and Co-Payment Process.** Aside from raising payment levels, several other payment related suggestions were offered. Some suggested that the ICCP could reimburse providers for the cost of food they provided to children, or else make them eligible for food programs comparable to those available to licensed providers. Other care-related tasks for which reimbursement was requested included activities for children and costs associated with transporting children to various activities. Many participants felt co-payments should be eliminated or reduced. If co-payments were necessary, then providers preferred that payments be collected by the state. Providers also complained that the state did not withhold income taxes from their checks, which left many surprised by their tax amounts when filing income taxes.
- **Ensure Minimum Quality of Care Standards and Offer Support for Licensing.** Many study participants thought the state needed to play a stronger role in assuring that providers offered adequate care. In particular, key informants and CCR&R staff often suggested that license-exempt caregivers should have to meet minimum health and safety standards and training requirements. They also thought that more information on licensing benefits and requirements should be provided to the subset of providers interested in becoming licensed. Indicated barriers to licensing included inadequate housing and inaccessibility of classes
- **Improve Information Delivery about ICCP.** Many study participants discussed the importance of disseminating information about the ICCP. CCR&R staff frequently noted that they spent a large amount of time explaining and clarifying the program rules, and focus group parents and providers often displayed a lack of knowledge about important program features. Some CCR&R staff suggested offering ICCP program orientations for parents and providers to introduce them to the program policies and procedures. In addition, new methods of delivering information may be needed for license-exempt users and providers, such as welcome visits to their homes.

Future Project Activities

Two structured survey instruments are being developed using the results from this interim report—one for parents using license-exempt care and one for license-exempt providers. These surveys will be administered to a random sample of 300 linked pairs of license-exempt users and providers in the three project study areas. The intent is to develop a more systematic assessment of parental and provider perspectives on various license-exempt care issues. Administrative data analysis of statewide ICCP subsidy use patterns will continue to allow for longitudinal analysis of license-exempt care patterns.

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