Child Care Providers & the Subsidy System: A Study of 5 Counties

Gina Adams & Monica Rohacek

The Urban Institute

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Acknowledgements

■ Research team
Ellen Kisker, Matthew Stagner, Deborah Phillips
Kathleen Snyder, Debra Mekos, Sara Bernstein
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Foundations

■ Local collaborators
Resource & referral agencies, state and local subsidy
administrators & staff, center directors & teachers,
family child care providers
Why focus on providers & subsidies?

- Key role in supporting subsidy goals
  - Helping low-income parents work
  - Supporting children’s development

- Relatively little is known about...
  - Who cares for children receiving subsidies
  - Relationship between providers and the subsidy system
Research goals

- Explore...
  - Characteristics of providers
  - Voucher policies and implementation practices that may affect providers
  - Interaction between provider and voucher system characteristics
Study sites

- Jefferson County, AL (*Birmingham*)
- Hudson County, NJ (*Jersey City*)
- King County, WA (*Seattle*)
- Monterey County, CA
- San Diego County, CA
Mixed-methods research design

- **Quantitative** *(survey)*
  - Center directors & teachers, family child care
  - Characteristics of providers
  - Experiences with voucher system

- **Qualitative** *(focus groups/interviews)*
  - Center directors, family child care, subsidy administrators, caseworkers, local experts
  - Voucher policies and implementation practices
  - Experiences with voucher system
Project status

- Now available at [www.urban.org](http://www.urban.org):
  - Child Care Centers, Child Care Subsidies, and Faith-Based Organizations: Preliminary Findings on Five Counties in 2003
- Remaining reports to be released later this year
- Findings preliminary until final reports released
Part I.
Meeting the need?
A description of child care providers supported by the Child Care & Development Fund

Monica Rohacek
Survey methodology

- Stratified random sample of centers and family child care homes
  - Children under age 5
  - 40 hours per week
  - Fee-paying or voucher-subsidized clients*

- Instruments
  - Computer assisted telephone interview (CATI)
  - 45-60 minutes with center directors & family child care
  - 15 minutes with teachers
Survey methodology

- Sample size (response rate)
  - 407 center directors (≈82%)
  - 534 family child care providers (≈87%)
  - 385 teachers (≈77%)

- Analysis
  - Exploratory study → alpha = .10 for tests of significant differences
    - Reduces chance of Type II error
    - Increases chance of Type I error
  - Low power → only relatively large differences detectable
Rates of voucher receipt in centers and homes

- Any children whose fees are paid through vouchers?
- How many?
- If not, were there in the past?
Percent of centers that currently or recently cared for at least one child with a voucher

- Jefferson (AL)
- Hudson (NJ)
- King (WA)
- Monterey (CA)
- San Diego (CA)
Percent of centers and family child care homes that currently or recently cared for at least one child with a voucher
Percent of centers in which <1/3, 1/3-2/3, or >2/3 of children have a voucher (among centers with current/recent voucher children)
Characteristics of centers and family child care providers

- Operating days and hours
- Wages and benefits
- Education and training characteristics
- Ratio/group size and other proxies for quality
Offer care outside of traditional days/hours *(homes)*

<table>
<thead>
<tr>
<th>Homes</th>
<th>Jeff. AL</th>
<th>Huds. NJ</th>
<th>King WA</th>
<th>Mont. CA</th>
<th>SanD. CA</th>
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<tbody>
<tr>
<td><em>Offer evening care</em></td>
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<td><em>Open Sat. and/or Sun.</em></td>
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Arrows indicate sites in which subsidized providers were significantly higher or lower on measure than unsubsidized providers.

Purple arrow = subsidized providers look “better”
Green arrow = subsidized providers look “worse”
M = direction of difference depends on level of subsidy involvement
-- = no significant differences

* Significant difference in consistent direction in a majority of sites
+ Significant difference in a majority of sites but direction varies
## Education & training characteristics

<table>
<thead>
<tr>
<th>Centers</th>
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<tbody>
<tr>
<td></td>
<td>AL</td>
<td>NJ</td>
<td>WA</td>
<td>CA</td>
<td>CA</td>
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<tr>
<td>*Directors w/Bachelor+ degree</td>
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<td>▼</td>
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<tr>
<td>*Teachers w/Bachelor+ degree</td>
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<tr>
<td>Teachers w/no college or CDA</td>
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<tr>
<td>50% of teachers had 10+ hrs training</td>
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<tr>
<td>Early literacy training</td>
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<td>—</td>
<td>—</td>
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<tr>
<td>Offer paid time off for training (TS)</td>
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<td>—</td>
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<tr>
<td>+Training cost covered (TS)</td>
<td>▼</td>
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</table>

### Homes

| *10+ hours training previous year    | ▲     | ▲     | —    | ▲     | ▲     |
| *Early literacy training            | ▲     | ▲     | ▲    | ▲     | ▲     |
| Associate+ degree                   | —     | —     | —    | ▲     | —     |
# Wages & Benefits

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<tr>
<td>*Teacher wages</td>
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<tr>
<td>*Assistant wages</td>
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<td>▼</td>
<td>▼</td>
<td>▼</td>
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<tr>
<td>*Teacher raise last 12 months</td>
<td>▼</td>
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<td>▼</td>
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<tr>
<td>+Offers paid health insurance</td>
<td>▼</td>
<td>▼</td>
<td>—</td>
<td>M</td>
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<tr>
<td>+Teacher has any health insurance</td>
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<td>▼</td>
<td>△</td>
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<td>+Teacher has 2+ weeks leave</td>
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<td>△</td>
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<tr>
<td>*Teacher turnover</td>
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<td>△</td>
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<tr>
<td>+Assistant teacher turnover</td>
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<td>Has any health insurance</td>
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<tr>
<td>*Days closed for holiday/vacation</td>
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<td>▼</td>
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## Ratio/group size & proxies for process quality

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<tr>
<td>*Ratio/grp size don’t meet APHA rec.</td>
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<td>In field because... “It’s a career”</td>
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<td>“It’s a job with a paycheck”</td>
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<td>Would choose work in other field</td>
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<tr>
<td>*Traditional childrearing beliefs</td>
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<tr>
<td>Depressive symptoms</td>
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<tr>
<td>Average # literacy activities weekly</td>
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<td>*Number of children’s books</td>
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<td>+Take children to the library</td>
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<td>Never take children to the library</td>
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Concluding thoughts

- How much of the child care market is being reached with vouchers?
- How do programs with vouchers compare to programs fully funded through parent fees?
- Why do we care about this?
- What might contribute to these patterns?
Part II.

How Does it Work?
How Child Care Providers
Experience the Subsidy System

Gina Adams
Areas of Findings

- Centers and licensed family child care homes
- Faith-based providers
- Family, friend, and neighbor caregivers (FFN)
Overview of Center/Family Child Care Findings

- Administrative Context
- Payment Issues
- Working with the Agency
- Working with Parents
- Implications
Varied Administrative Context

- Number of agencies and programs
- Types of agencies
- How allocate provider-related functions:
  - Provider registration/approval
  - Authorizing level of payment (parent worker)
  - Payment logistics (checking attendance forms, approving payment)
  - Cutting the check
  - Problem resolution
Payment Issues

- Perceptions of overall payment
  - Overall
  - In comparison to private pay

- Experiences with selected policies affecting how much they receive
  - Absent days
  - Copayment policies/collection
  - Notification around transitions in/out of the program
Working with Subsidy Agency: “Hassle Factor”

- Paperwork
- Getting in touch with agency
- Resolving payment disputes
- Overarching perception about working with subsidy agency
Working with Subsidies: Benefits

- Will be paid
- Can serve families they otherwise couldn’t serve
- Agency can help deal with “problem” parents
- Program allows those who are “mission-driven” to serve low-income families
Working with Families

- Help navigate system
- Turnover
- Complexity / dynamic nature of client’s lives
- Work with parents who really need service
Implications

- Summary view depends on perspective and what is “good enough”

- System functioning for a good number of providers in a number of sites

- Yet key problem areas are cause for concern:
  - Result in lost revenue
  - Result in lost time and increased effort
Selected Findings on Faith-based Providers and Subsidies

- Defining “faith-based providers”
  - Affiliated with FBO or private religious school
  - Being housed by FBO
  - Providers who have prayer or religious instruction

- Focus here on faith-affiliated
Selected Findings: Faith-based Providers and Subsidies

- In most sites, no evidence of difference in voucher receipt among faith-affiliated providers
- No barriers perceived due to faith status
- May be more likely to have certain characteristics that make participation challenging
Selected Findings: FFN Providers and Subsidies

- Subsidized FFN providers not homogeneous
- Entry into subsidy system challenging
- Determining payment levels reflects agency priority and goals
- Collecting copayments different
Selected Findings: FFN Providers and Subsidies

- Once in system, care about same issues

- Agency respondents concerns:
  - Less understanding about subsidies
  - More complex/time-consuming approval
  - More potential for fraud
  - Less stable form of care
Next Steps

- Explore implications of these issues for providers and for the quality/stability of their care
- Examine these issues in the context of other factors that affect providers’ ability to provide quality care
- Identify innovative policy strategies that support providers
Slides to use if there are questions on levels of characteristics during Q&A...
Characteristics - Comparisons are by level of voucher involvement

- **Not involved (Unsubsidized)**
  - No current or recent children with vouchers

- **Less involved (Subsidized)**
  - Either current or recent children w/vouchers
  - Centers - <20% enrollment w/vouchers
  - Homes - <50% enrollment w/vouchers

- **More involved (Subsidized)**
  - Current children w/vouchers
  - Centers – 20%+ enrollment w/vouchers
  - Homes – 50%+ enrollment w/vouchers
Percent of family child care homes that offer evening care, by level of voucher involvement

Level of voucher involvement
- Not
- Less
- More

Percent of homes

<table>
<thead>
<tr>
<th>Location</th>
<th>Percent of Homes</th>
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<tbody>
<tr>
<td>Jefferson (AL)</td>
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<tr>
<td>Hudson (NJ)</td>
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<td>King (WA)</td>
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<td>Monterey (CA)</td>
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<td>SanDiego (CA)</td>
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</table>

* denotes statistical significance
Average percent of teachers in center who have a Bachelor or higher degree, by level of voucher involvement

Level of voucher involvement

- Not
- Less
- More

Percent of teachers w/BA+

0 20 40 60 80 100

Jefferson (AL) Hudson (NJ) King (WA) Monterey (CA) SanDiego (CA)
Average hourly wage for highest paid teachers, by level of voucher involvement

Level of voucher involvement
- Not
- Less
- More

Average hourly wage, $

- Jefferson (AL)
- Hudson (NJ)
- King (WA)
- Monterey (CA)
- SanDiego (CA)
Percent of homes that exceed recommended ratio and/or group size, by involvement with voucher system

Level of voucher involvement
- Not
- Less
- More

<table>
<thead>
<tr>
<th>City</th>
<th>Level of Voucher Involvement</th>
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<tbody>
<tr>
<td>Jefferson</td>
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<td>Hudson</td>
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