Providers and the Recession: Insights from Urban Institute Research

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Sources

Insights gleaned from UI work on providers – specifically:

- *Understanding Quality in Context: Child Care Centers, Communities, Markets, and Public Policy* (Rohacek, Adams, and Kisker, under review)

- Research on vouchers and child care providers from *Child Care Providers and the Subsidy System* (various publications available and forthcoming)

* More information on these studies at end of handout
Possible Research Concerns

- What are providers experiencing in relation to economic downturn?
- How are providers (specifically center-based providers) responding?
- What does this mean for children and families?
Overarching Theme

Likely to see different responses for different providers, because provider behavior shaped by complexity of interacting factors:

- Individual provider characteristics
- Program characteristics
- Market/community context
- Policy context (combined federal, state, and local)
Subsidies (Funding & Administration)

Level & Stability of Available Resources, Director Management & Decision-Making about Resource Allocation

Provider & Program Characteristics

Provider Characteristics: Leadership, Experience, Knowledge of Quality, Connection to Networks

Program Characteristics: Auspice, Size, Sponsoring Organization Goals/Resources

Competition From Other Providers

Parent Demand For Quality & Ability to Pay

Community & Market Factors

Federal, State & Local Policies & Initiatives

Quality: Program Structure & Practices

Provider & Program Characteristics

Early Childhood Workforce: Experience, Qualifications, Wages

CCR&R, Other Community Org./Provider Support Networks

Community Values & Norms Related To Child Well Being & Child Care

Early Education/Prekindergarten Initiatives

Quality Initiatives

Food & Nutrition Programs/CACFP

Licensing & Other Regulations

Accreditation

Conceptual Framework
What Providers Experienced

- Some providers reported drops in enrollment – due to decreases in private pay parents or decreases in vouchers due to subsidy cuts
- Others holding steady but indicated concerns that this would occur
Strategies to Deal With Reductions in Revenue...

- Delaying payment of bills
- Reducing staff hours (difficult tradeoff with laying off staff)
- Combining partially-enrolled classrooms/closing one class
- Forgoing teacher salary increases
- Reducing benefits

continued...
...Strategies to Deal With Reductions in Revenue

- Putting plans for program improvement on hold (including capital improvements, sending teachers to school)
- Reducing own salary or putting own funds into program operation
- Delaying fee increases
- Making adjustments to keep families (reducing or waiving fees, accepting families with less optimal schedules, accepting families otherwise might reject)
Insights into Possible Program Types

Programs of different types seem likely to have different reactions to recession:

- Programs already struggling to keep doors open
- Programs able to keep doors open but not striving for quality improvement
- Programs with mixed or higher quality striving to improve
Insights into Key Dimensions Related to Program Types

- Resource levels, and how used
- Provider leadership, motivation, vision*
- Provider financial management authority and ability*
- Flexibility in allocating resources*

* Highlights importance of provider and program level information – do not have good measures
Insights on Voucher Patterns

- Willingness to accept vouchers (and how many) shaped by:
  - Provider characteristics (motivation, financial and business management abilities and goals)
  - Whether have alternatives to vouchers * (private pay parents, other income sources, or other funding streams)
  - Perception of, and experience with, voucher policies/practices, and with families receiving vouchers

- Whether actually serve families with vouchers, and how many, also depends upon # of families with vouchers applying to the program. Related to parent demand, voucher funding*, and provider outreach.

*Likely to be affected by recession
Implications for Research

- Assessments of the impact of the recession must allow for a diversity of reactions or effects.
- While preliminary, may be able to use provider types and key dimensions to simplify – challenge is that several dimensions are ones for which we do not currently have good measures.
- Consider (or explore) contextual complexities while designing research, as different factors likely to be in play for different providers in different communities.
- Consider collecting/using complementary data to inform analysis if needed, given limitations of datasets to capture multiple levels of information.
- Be aware of contextual factors in interpreting data.