Relationship between Child Care Subsidy and the Stability of Care

Yoonsook Ha
University of South Carolina

Katherine Magnuson
University of Wisconsin-Madison

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Research Questions

• How does patterns of child care subsidy contribute to the stability of child care arrangement among low-income working families?
  • Is the number of subsidy spells related to the number of child care providers?
  • What other factors might be related to the number of child care providers?
Stability in Subsidy Use and Child Care Arrangements

- Subsidy Spells are often “short,” several months at most, but multiple spells are common (Meyers et al., 2006; Ha, 2008)

- Instability of subsidy receipt may be due to changes in...
  - Eligibility (e.g., income or employment)
  - Availability of care, parental preference/need for care
  - Difficulties with recertification
  - Administrative error

- Concern that instability in subsidy receipt might lead to instability in child care arrangements
  - Generates stress for parents (Chaudry, 2004)
  - Linked with worse outcomes for children (Loeb et al., 2004; NICHD ECCRN, 1998)

- But, to date no empirical evidence on links between multiple spells of subsidy and number of care arrangements
  - Difficult to know whether instability in care arrangements is due to instability of subsidies per se, or more general instability in family life.
Policy Context in Wisconsin

- Initial income eligibility: 185% of the federal poverty line
  - $2,823 per month for family of three in 2009
- On-going income eligibility: 200% of the poverty line
- No waiting lists, no priority rules
- Reimbursement rate: 75 percentile of market rate
- Copayment rate: no higher than 12% of family income
- Recertification period: every 6 months
- Average monthly amount of subsidy received: $610 in 2008
- 5% of subsidy users were welfare recipients in 2006
Data and Sample

- **Data**
  - Wisconsin administrative data from 2000 to 2005

- **Sample** (n=13,893)
  - Children under age 3 at the time of entry
  - Followed until children turn to age 5 (at least 25 months)
  - Children living in single- or two-parent families
  - Excluded children in foster care or kinship care
Method & Measures

- Child-level analysis using OLS regressions
- Subsidy-receipt spells
  - One spell defined as one or more months of non-receipt following several months of receipt
- Total number of child care providers
  - Number of providers children used while receiving subsidies
- Control variables in multivariate analysis selected to control for other sources of possible instability
  - Characteristics of child/family/care used
  - Mothers’ employment patterns and earnings
  - Family mobility: Number of times moved
## Sample Characteristics (n=13,893)

<table>
<thead>
<tr>
<th>Family Type</th>
<th>%</th>
<th>County of Residence</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-parent family</td>
<td>69</td>
<td>Milwaukee</td>
<td>39</td>
</tr>
<tr>
<td>Two-parents family</td>
<td>31</td>
<td>Other urban Counties</td>
<td>36</td>
</tr>
<tr>
<td>Race of Child</td>
<td></td>
<td>Rural Counties</td>
<td>26</td>
</tr>
<tr>
<td>White</td>
<td>50</td>
<td>Type of Care Providers at entry</td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td>38</td>
<td>Group day care</td>
<td>57</td>
</tr>
<tr>
<td>Hispanic</td>
<td>5</td>
<td>Family day care</td>
<td>18</td>
</tr>
<tr>
<td>Others</td>
<td>7</td>
<td>Certified care</td>
<td>25</td>
</tr>
<tr>
<td>Average monthly earnings of mothers</td>
<td>$874</td>
<td>Others</td>
<td>1.2</td>
</tr>
</tbody>
</table>
## Descriptive Results

<table>
<thead>
<tr>
<th></th>
<th>All sample (n=13,893)</th>
<th>Children’s age at entry</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Age 0 (n=6,517)</td>
<td>Age 1 (n=3,673)</td>
<td>Age 2 (n=3,703)</td>
</tr>
<tr>
<td>Average number of spells</td>
<td>2.3</td>
<td>2.6</td>
<td>2.2</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>Median length of spells (months)</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Average total number of care providers</td>
<td>2.8</td>
<td>3.0</td>
<td>2.7</td>
<td>2.6</td>
<td></td>
</tr>
</tbody>
</table>
# Descriptive Results, cont.

<table>
<thead>
<tr>
<th></th>
<th>Children with single spell (n=5,146)</th>
<th>Children with multiple spells (n=8,747)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median length of spells</td>
<td>13 months</td>
<td>6 months</td>
</tr>
<tr>
<td>Average total number of care providers used</td>
<td>1.9</td>
<td>3.4</td>
</tr>
<tr>
<td>Proportion of children with at least one consistent care provider in each spell</td>
<td>65%</td>
<td>64%</td>
</tr>
<tr>
<td>Proportion of children who returned to the same provider in the prior spells</td>
<td>-</td>
<td>29% (45% of total subsequent spells)</td>
</tr>
</tbody>
</table>
Association between Subsidy Spells and the Number of Care Providers

<table>
<thead>
<tr>
<th>Selected characteristics</th>
<th>All sample (n=13,893)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of subsidy spells</td>
<td>0.61**</td>
</tr>
<tr>
<td>Family day care (vs. Group day care)</td>
<td>0.15**</td>
</tr>
<tr>
<td>Certified care (vs. Group day care)</td>
<td>0.22**</td>
</tr>
<tr>
<td>Number of quarters with mothers’ employment</td>
<td>0.06**</td>
</tr>
<tr>
<td>Number of mothers’ employment spells</td>
<td>0.16</td>
</tr>
<tr>
<td>Number of times that family moved</td>
<td>0.24**</td>
</tr>
</tbody>
</table>

Note: The model also includes other baseline characteristics variables (race of children, mothers’ education, average monthly earnings of mothers, family type, location of residence at entry, average number of non-parental adult in the household) and indicators for missing values. ** P.<05
Discussion of Preliminary analysis

- Positive relationship between the number of subsidy spells and the number of care providers...
  - Not clear that the association is causal
  - Worry about other sources of instability that lead both to multiple subsidy spells and care arrangements as well as reverse causality
  - Take into account the supply-side issues

- Children in licensed group daycare are likely to experience greater continuity in care arrangement
  - But not necessarily greater continuity in caregiver, as teacher turnover is also a concern

- If further research shows a causal link, policy makers should consider mechanisms to increase continuity in subsidy receipt
  - For example, reduce recertification burden and administrative errors
Acknowledgement

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  - Child Care Research Scholar Grant from OPRE
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- Any views expressed in the study are the authors and not necessarily those of the sponsoring institutions.