

2011 STAM – CCPRC Meeting  
Workshop B2  
November 16, 2011, 11:30 am-12:45 pm

## **Tradeoff of Subsidy Access and Quality**

### **Description**

One important OCC goal is high quality care for children whose parents obtain a child care subsidy. The focus on quality and stability of subsidized arrangements in a time of budget constraints requires States to review budgets and is likely to involve tradeoffs among competing priorities. State and Territory administrators have long faced budgets that constrain decisions related to key Child Care and Development Fund (CCDF) policies. Administrators have observed the impact of policy decisions and have thought about the information that would support their decisions. Building on the knowledge of administrators and existing research, participants worked together to identify specific questions with answers that support State and Territory tradeoff decisions.

### **Facilitator**

Roberta (Bobbie) Weber, Oregon State University

### **Presenters**

Helen Bank, National Women’s Law Center  
Nicole (Nikki) Forry, Child Trends  
Stephanie Gehres, Florida Agency for Workforce Innovation

### **Scribe**

Jennifer Cleveland, University of Minnesota, Child Trends

### **1. Documents in Session Folder**

- “Child Care and Development Fund: State Policy Decisions;” Roberta Weber, Oregon State University (Handout)

### **2. Summary of Presentations**

- **Summary of Presentation #1:** Bobbie Weber
  - After brief presentations, State Administrators and researchers will convene at tables in small groups for 30 minutes to answer three discussion questions (listed below). A notetaker at each table will volunteer to write down the questions the administrators would like addressed in helping them make child care fund allocations.
  - The goal is to generate a list of questions that would inform the difficult tradeoffs in administering the CCDF program. The need for assistance far exceeds the capacity of the States. The goal for families is to access care that supports child development and family well-being (this includes employment). Access versus quality doesn’t adequately capture the dilemma. States have always had to make tradeoffs because the need exceeds the capacity. The economic situation is worse now. States say that the decisions feel harder right now.

- Our panel will help provide evidence that will factor into the decision making for allocation of resources in one way versus another.
- **Summary of Presentation #1: Helen Blank** (national perspective)
  - At the national level it will be difficult to hold on to existing funding. Mandatory Child Care and Development Block Grant (CCDBG) funds are protected, although about \$2 billion is not protected from the sequester, which will not take place until 2013.
  - CCDBG was created an entitlement for mothers who were on welfare, but it didn't reach those who weren't on entitlement programs. In 1996, changes to welfare were debated, and additional child care funding was included in connection with Temporary Assistance for Needy Families (TANF).
  - There is now more discussion about improving the quality of child care. In these discussions, we need to keep in mind that: research shows that family income and education level directly relate to children's school outcomes; informal care needs to be a part of this conversation; when families lose child care benefits, they may also be out of TANF funds, contributing to parental stress; restricting access to child care assistance affects both families and providers including quality programs; and only three States reimburse providers at the 75<sup>th</sup> percentile today. This is not just a program for children ages 0–5, but for those who are school-age. We do children and families an injustice if we say we can meet these goals with fewer and fewer resources.
- **Summary of Presentation #3: Stephanie Gehres**
  - Stephanie Gehres discussed budgets from the State perspective.
  - In Florida, the Office of Early Learning administers school readiness. Local early learning coalitions administer programs locally. The statute is clear: serve children 0–13 years, have clear quality requirements, do child screening and assessments, have a developmentally appropriate curriculum, and follow health and safety standards.
  - Coalitions engage stakeholders, which helps in managing funds, and addressing pressures around quality and continuing to serve the same number of kids.
- **Summary of Presentation #3: Nikki Forry**
  - Nikki Forry shared an exploratory tool that provides a framework for organizing research by policy levers. She indicated that if participants in this session provide their contact information, they will receive the information that comes out of today's work about: eligibility policies, copayment levels, maximum payment rate policies, mix of vouchers and contracts, and investment in professional development and consumer education.
  - Nikki pointed participants to a packet marked "DRAFT," that includes a summary of research we are aware of. The handout is divided into sections about: (1) continuity of care, (2) access to subsidy and type of care, and (3) supply and quality of care. It is also divided by possible policy levers. This handout is intended to serve as a resource in the small group discussions. The table cannot be looked at in isolation. Each of the studies took place in States with unique and varied contexts.

### 3. Questions for Small-Group Discussions

- Note-takers will capture small-group discussion big-picture ideas as they are discussed from each small group.
  - What questions have you (or a State with whom you have worked) wished you had the capacity to answer in order to inform the policy decisions facing the State?
  - What impact on children, parents, and providers have you observed following from the decisions you have made? What have you learned from the decisions you have made?
  - What information do you wish you had to support the decisions you need to make?
- Summaries of group questions are as follows:
  - Group 1: What do we know about the idea that improving quality is worth restricting access? How does copay affect providers and families? There are challenges around family, friend, and neighbor care: do we invest QI there versus somewhere else? If we know more about the kids in subsidy system in poor quality care, what happens to them? More about policy levers.
  - Group 2: Tipping points versus wait lists versus decreasing eligibility; threshold issues. What is affordable care? Contextualizing research: the size and number of families that are being served, verifying that other, similar States have done this. Template idea: If you are going to do a study, let's see some basic facts about the State.
  - Group 3: Continuity of care issue. So much is equated with 12-month re-determination, but are there other ways to get at it? What are the effects of parent unemployment? How does this affect the child? Do children actually stay in the same place or do they move anyway? Child outcomes? Provider supply? Does it affect the supply of quality providers? What is the effect of overpayments? What is the cost to the State when considering these tradeoffs? Agency workload?
  - Group 4: What are decisions you can make to reduce expenditures? Are there some that have fewer impacts on families than others? Impacts on children, parents, and providers? How can some of our decisions adversely impact a center, for example? What percent of subsidy children are needed to support a center in areas with a high volume of low-income children?
  - Group 5: Cost-benefit analysis? Less costly QI? A licensing program with more frequent monitoring and higher standards? Is it a good investment? Because we don't have enough research funds, maybe we can help States decide which decisions to make. If you require teen parents to count their parents' income, what does that do?
  - Group 6: Budget tradeoffs—the difficulty of copay versus eligibility. Research doesn't arrive in a timely fashion to help with these last-minute decisions. The difficulty of deciding quality of access. There is discussion of QI, but we don't have a baseline about the quality effects of what we're doing right now. What is the baseline now? What are the incentive points for providers?
  - Group 7: Is the market rate survey the best information for determining provider rates?
  - Group 8: Are there interim child indicators we can look at?
  - Group 9: What are child and family indicators to track? What are the indicators we can track when families lose subsidy? Do providers drop out of the system if they are not being reimbursed? How are States spending their quality dollars? These decisions

are varied across the States. We had a hard time not going back to not trading off quality and access. It's hard not to do that when that's what administrators do.

### **3. Summary of Discussion with Presenters and Participants**

- Big-Picture Questions from Small-Group Discussions: Administrators would like more immediate feedback from researchers. Are there some possibilities to track interim indicators?
- When administrators are given research information about a particular State, can standard information about the State be given too? Which quality improvement initiatives give more “bang for the buck?” What happens to children when they lose subsidy? Answers to these questions will help State Administrators make very tough decisions, especially in worsening economic times.