



# *Child Care Providers and the Subsidy System*

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# *Background*



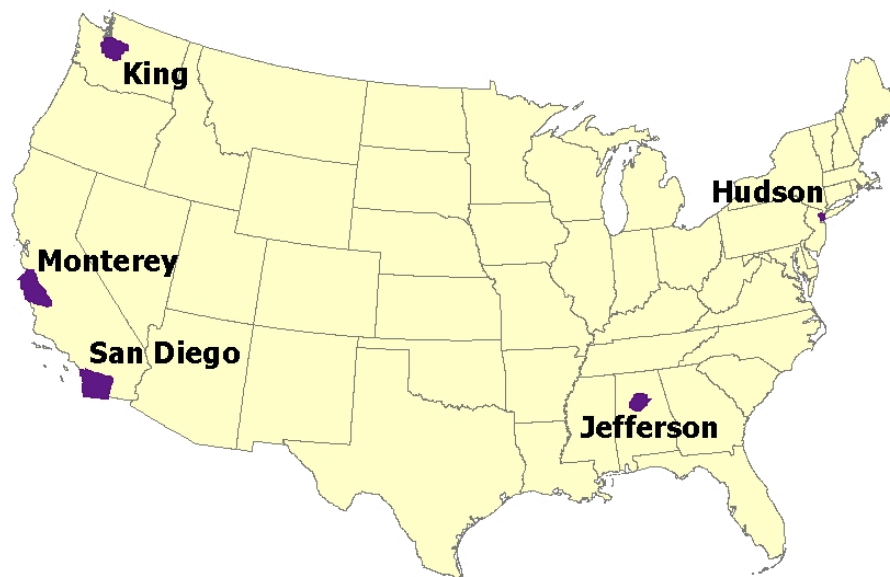
## *Study Motivation*

- ⊙ Not enough is known about which child care providers do or don't participate in the subsidy system including their basic characteristics and the quality of care they provide
- ⊙ This study builds on focus groups & interviews conducted during The Urban Institute's 1999 Assessing the New Federalism Case Studies
- ⊙ Focus groups in 1999 revealed that subsidy policies and implementation have important implications for child care providers
- ⊙ We hypothesize that subsidy policy and implementation practices may affect the availability and quality of care for low-income families by:
  - Affecting the willingness of providers to care for children receiving vouchers
  - Directly affecting the quality of care offered by providers in the subsidy system



## *The Study Sites*

- ④ 5 counties: Hudson (NJ), Jefferson (AL), Monterey (CA), San Diego (CA), King (WA)
- ④ States selected to build on 1999 data collection and to obtain variation in voucher policies, program implementation, and early childhood system characteristics





# *Quantitative and Qualitative Data Collection*



## *Quantitative Data Sources*

- ② Collected administrative data on population of licensed providers through Resource & Referral agencies, state licensing records, and voucher payment records from state and local subsidy agencies
- ② Conducted a telephone survey of center-based directors, center-based teachers, and licensed family child care providers
- ② Administrative data collection was completed in Winter 2003; survey data collection by Mathematica Policy Research, Inc was completed in Fall 2003



## *Survey Sample*

- ⊙ Administrative data used to create the sampling frame
- ⊙ Sampling frame stratified by voucher status in order to ensure adequate sample sizes for comparison of voucher participants and non-participants
- ⊙ Sampling frame consists of all centers and licensed family child care providers that:
  - Serve at least some preschool-age children
  - Are open for at least 40 hours per week
  - Are not funded solely through contracts





## *Survey Sample (cont.)*

- ② Provides a representative picture of centers and licensed homes in each community on a range of key characteristics
- ② Examines the extent to which providers participate in the subsidy system
- ② Inquires as to how providers experience or perceive the subsidy system

## *Survey Response Rates*

	<b>Number Surveyed</b>	<b>Response Rate</b>
Center Directors	≈ 420	≈ 83%
Family Child Care Providers	≈ 530	≈ 88%



## Qualitative Data Sources

- ② Collected information on child care subsidy policy and implementation practices through interviews, focus groups, and document reviews

Respondent Type / Data Collection Method	# Groups/ Interviews	Number of Participants
Licensed Provider Focus Groups	20	≈ 169
License-Exempt Provider Focus Groups	6	≈ 77
Staff / Supervisor Focus Groups	6	≈ 22
Key Informant/Administrator Interviews	24	≈ 45
Faith-Based Interviews	8	≈ 8

- ② Data collection period: Nov. 2003 – March 2004



## *Qualitative Respondents*

### Focus Groups with Providers

- ④ Purposeful sub-samples were recruited from among center and home-based survey respondents
- ④ Participants were categorized into four groups according to the extent of their participation in the subsidy system:
  - Heavily subsidized
  - Lightly or recently subsidized
  - Served subsidized children more than 6 months ago
  - Never served subsidized children
- ④ Legally unregulated, subsidized providers were identified and recruited by local subsidy agencies



## *Qualitative Respondents (cont.)*

### Subsidy Agency Staff

- @ Subsidy agency staff were selected for interviews/focus groups based on the structure of the individual agencies
- @ We spoke with:
  - Administrators
  - Caseworkers working with providers
  - Caseworkers working with parents
  - Payment staff



# *Mixed Methods Approach*



## *Qualitative Work Informing Quantitative Work...*

- ② 1999 focus groups with providers identified key issues to quantify through survey data
- ② 2003 focus group data will deepen understanding of survey results by collecting additional details about how providers experience the voucher system and how policies and implementation affect the care providers offer
- ② Data about voucher policies and implementation from key informants will help explain survey results and differences across sites



## ***Quantitative Work Informing Qualitative Work...***

- ② Survey work prior to site visits helped prioritize qualitative research questions
- ② Descriptive analysis of child care providers in each site will help assess the “representative-ness” of the providers in focus groups
- ② Focus group participants recruited from random survey sample to reduce selection bias in qualitative data and to allow for purposeful grouping of participants by level of reliance on subsidies
- ② Survey data will quantify the prevalence of issues discussed in focus groups



# *Research Goals*





# *Research Goal I*

Describe centers and homes  
caring for subsidized children



## ***Goal I Research Questions***

- A. What proportion of centers and homes care for any children receiving vouchers?
- Ⓞ Currently
  - Ⓞ In the past 6 months
  - Ⓞ In the past 2 years
  - Ⓞ Ever
- B. How reliant are providers on voucher funding?
- Ⓞ As a share of revenue
  - Ⓞ Proportion of enrolled children with vouchers
- C. To what extent are there similarities and differences in the characteristics of heavily subsidized, lightly subsidized, and unsubsidized providers?
- Ⓞ Financing Characteristics
    - Sources/stability of revenue
    - Profit in last year
    - Fees charged



## ***Goal I Research Questions (cont.)***

- ⊙ **Operating Characteristics**
  - Program size (# of kids and budget)
  - Ages served
  - Capacity/enrollment/vacancies
  - Organization type/affiliations
  - Days/hours of operation
  - For profit/not-for-profit status
  
- ⊙ **Client Characteristics**
  - Child turnover
  - Low-income
  - Non-English speaking
  - Special needs
  
- ⊙ **Staffing**
  - Ratios/group size
  - Turnover
  - Wages/benefits
  - Education and training



## ***Goal I Research Questions (cont.)***

- ⊙ Care Environment
  - Early literacy materials and activities
  - Depression scale
  - Views of Children scale
  - Accreditation

## ***Goal I Emerging Themes***

- ⊙ Providers appear to care for children receiving vouchers at high rates
  - Centers: In 3 counties, more than 75% appear to care for at least one child with a voucher; and in 2 counties, appears that more than 50% do so
  - Homes: In 4 counties, approximately 40-60% care for at least one child with a voucher; and in 1 county, appears that more than 75% do so
- ⊙ Very early analysis suggests there are some differences in key quality indicators among subsidized and unsubsidized providers



## *Research Goal II*

Describe providers' experiences with subsidy programs and the policies and implementation practices that can affect providers



## ***Goal II Research Questions***

A. How are local voucher programs/agencies set up to administer subsidies?

- Ⓢ # of voucher programs/agencies in county
- Ⓢ Types of administrative agencies
- Ⓢ Division of staff responsibilities related to:  
working with parents, enrolling providers,  
processing payments
- Ⓢ Frequency with which checks are cut

B. What are the key subsidy policies and implementation practices that can affect providers and how are they experienced by providers?

- Ⓢ Procedures for enrolling providers and setting them up to receive payments
- Ⓢ Factors that affect payment amounts:
  - Reimbursement ceilings
  - Differential rates
  - Coverage for absent days and extra fees
  - Accuracy of payments
  - Notifications of changes that affect payments
  - Co-pay and family fee collection



## ***Goal II Research Questions (cont.)***

- ⊙ Factors that affect the ease of working with voucher program:
  - Interactions with subsidy agency (i.e., ease of reaching staff by phone, staff knowledge)
  - Timeliness of payments
  - Paperwork

### **C. What are providers' opinions about working with children & families receiving vouchers?**

- ⊙ Helping families meet subsidy requirements
- ⊙ Helping meet families' basic needs



## ***Goal II Emerging Themes***

### **Ⓢ Payment amounts**

- In some sites, providers and staff thought payment levels were too low
- In other sites, providers were more concerned with recent changes in weekend/evening rates
- However, a number of providers and staff still felt that subsidies are preferable because it is “a check that won’t bounce.”

### **Ⓢ Working with the subsidy agency**

- Frequently-reported difficulty reaching caseworkers by phone
- Providers generally resigned to retrospective payments
- Some problems with late payments and delayed first payments, though less so than in 1999
- Mistakes in paperwork submitted by providers (and agency procedures for fixing mistakes) seem to play a key role in problems of late and delayed payments and not receiving the amount expected





# *Research Goal III*

Understand the interplay between child care subsidy policies/implementation practices, how they affect providers, and who participates in the subsidy system



## ***Goal III Research Questions***

- A. What is the relative importance of various factors that could affect who cares for subsidized children? Possible factors include:
- Ⓢ Geographic location
  - Ⓢ Opinions about working with low-income families
  - Ⓢ Opinions about working with voucher programs
- B. How, if at all, are participation in subsidy programs and subsidy policies and implementation practices related to providers' financial stability/quality of care?
- C. Do the subsidy policies and implementation practices that matter for providers vary based on providers' level of reliance on vouchers?



## **Goal III Analytic Approach**

- ② Identify emerging patterns in the survey data related to subsidy participation and characteristics of subsidized providers
- ② Draw on qualitative data to shed light on possible reasons for patterns, including what providers and others report about the effect of subsidy policies and implementation on:
  - Providers' willingness to serve children receiving vouchers
  - Quality of care
  - Financial stability

## **Goal III Emerging Themes**

- ② Policies and implementation may have more effect on willingness of *lightly* subsidized providers and less effect on willingness of *heavily* subsidized
- ② However, quality/financial stability of *heavily* subsidized providers may be more sensitive to policies and implementation practices



# *Special Topics*



## *Special Topic I*

### Faith-Based Providers

- ④ Survey topics include questions about affiliations with faith-based organizations
- ④ Qualitative data collection includes key informant interviews with faith-based centers and representatives of faith-based provider associations
- ④ Research questions include:
  - To what extent are faith-based providers part of the center-based child care market?
  - To what extent do faith-based providers participate in the subsidy system?
  - What are the experiences of faith-based providers in working with the subsidy system?
  - What are the implications for policy?



## *Special Topic II*

### License-Exempt Family, Friend, and Neighbor Care

- ④ Many children receiving subsidies are cared for by legally unregulated providers, but very little is known about how subsidy policies and practices affect them
- ④ To begin to understand these issues, we conducted focus groups in three sites with unregulated providers caring for children receiving subsidies
- ④ Questions focused on understanding the unique ways that subsidy policies and practices affect these providers



- ② Findings may be used to inform future research on license-exempt providers