

Rhode Island Department of Human Services



Child Care Choices of Families Receiving Child Care Subsidies

Annual Meeting, Child Care Policy Research
Consortium

Washington, DC—April 13-16, 2004



The Questions



What Impacts on Child Care Choices

- I. Large reimbursement rate increases
- II. Introduction of portable child care vouchers not tied to provider; crack down on illegal informal providers
- III. Household characteristics
- IV. Number of children
- V. Community characteristics



Data



- Monthly database on all RI child care subsidy recipients from July 1998 through June 2002—almost 20,000 families
- Data sources
 - Administrative Data from the Cash Assistance and Child Care Subsidy Programs
 - Information on the availability of center care, family child care, Head Start & kindergarten
 - Monthly information on employment growth in each RI townships
 - Census 2000 data for all RI townships



Models For 1 Subsidized Child, 2 Subsidized Children & 3 Subsidized Children



- Parent selects care for each subsidized child
 - ✓ Center, family child care or informal care
- They Choose the care type they feel best for their family over the time they think they will have subsidies
- Their Choices Are Constrained by
 - ✓ The Information Available
 - ✓ Labor Market Conditions
 - ✓ The Availability of Child Care Willing to Accept Subsidized Children

Family with Two
Subsidized
Children

(1) Center Care for
both

(2) Family Child
Care for both

(3) Informal Care
for both

(4) Center for 1 &
Family Child Care
for 1

(5) Center for 1 &
Informal Care for 1

(6) Family CC for 1
& Informal Care for
1

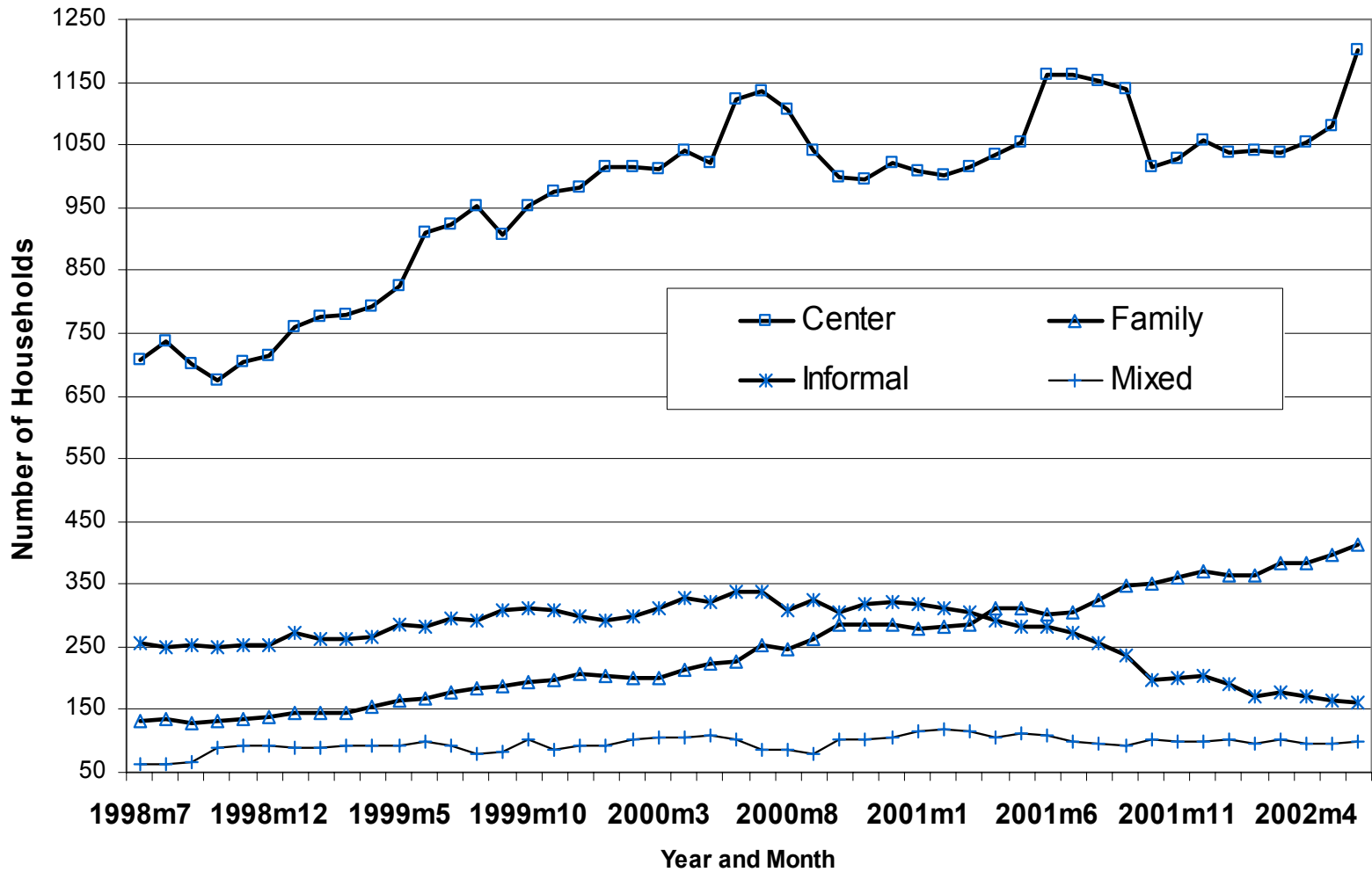


Descriptive Finding I



- Families overwhelmingly place all children in the same type of care
 - Less than 6% of families with 2 children, place one child in one type of care & the other in another
 - The vast majority of subsidized children are in center care
 - Use of family child care grew rapidly
 - Use of formal care declined markedly

Figure 6
Child Care Choices--Current/Former FIP Families with
Two Children in Subsidized Care
Rhode Island July 1998-June 2002





Descriptive Finding II



- Current & former cash assistance recipients with child care subsidies are significantly different from families with subsidies that have never received cash assistance
 - Current & former recipients
 - Better educated
 - More likely to be US citizens
 - Less likely to receive child support
 - Younger



Analytic Findings



Controlling for

- Wide Range of Socio-Demographic Variables
- Availability, accessibility & stability of early care & education
- Local labor market conditions
- Community Characteristics
- Unobserved family-specific effects
- Unobserved time-effect

Question I

What Impact Large Reimbursement Rate

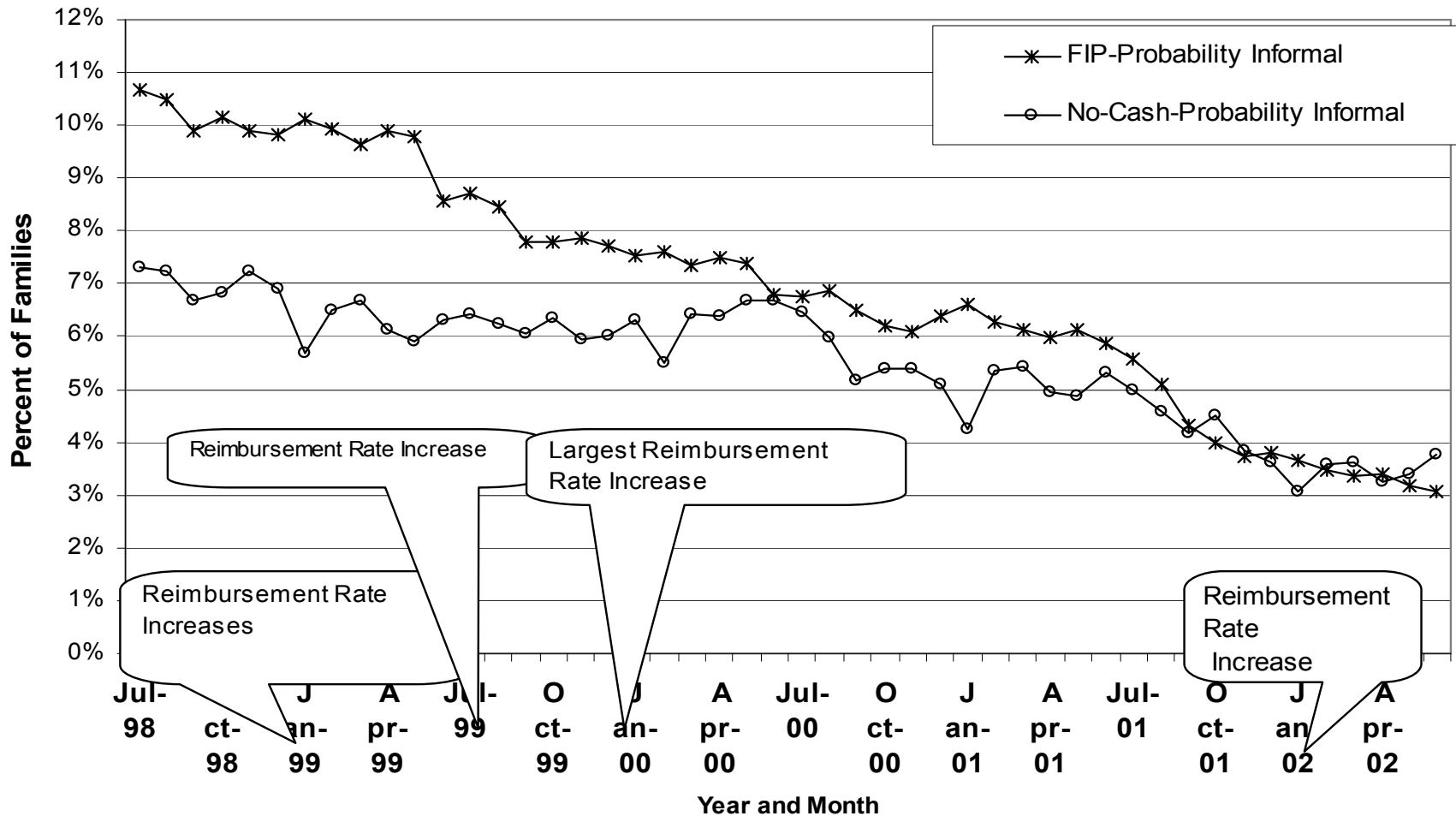
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Increases?

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- Significantly increased the availability of formal care, particularly family child care & school-age care
- Significantly increased the likelihood that families with child care subsidies would choose formal care, particularly family child care

Figure 13
Estimated Probability of Using Informal Child Care
Current & Former FIP vs. No-Cash Families With Median Characteristics
One Child in Subsidized Care - Rhode Island, July 1998-June 2002



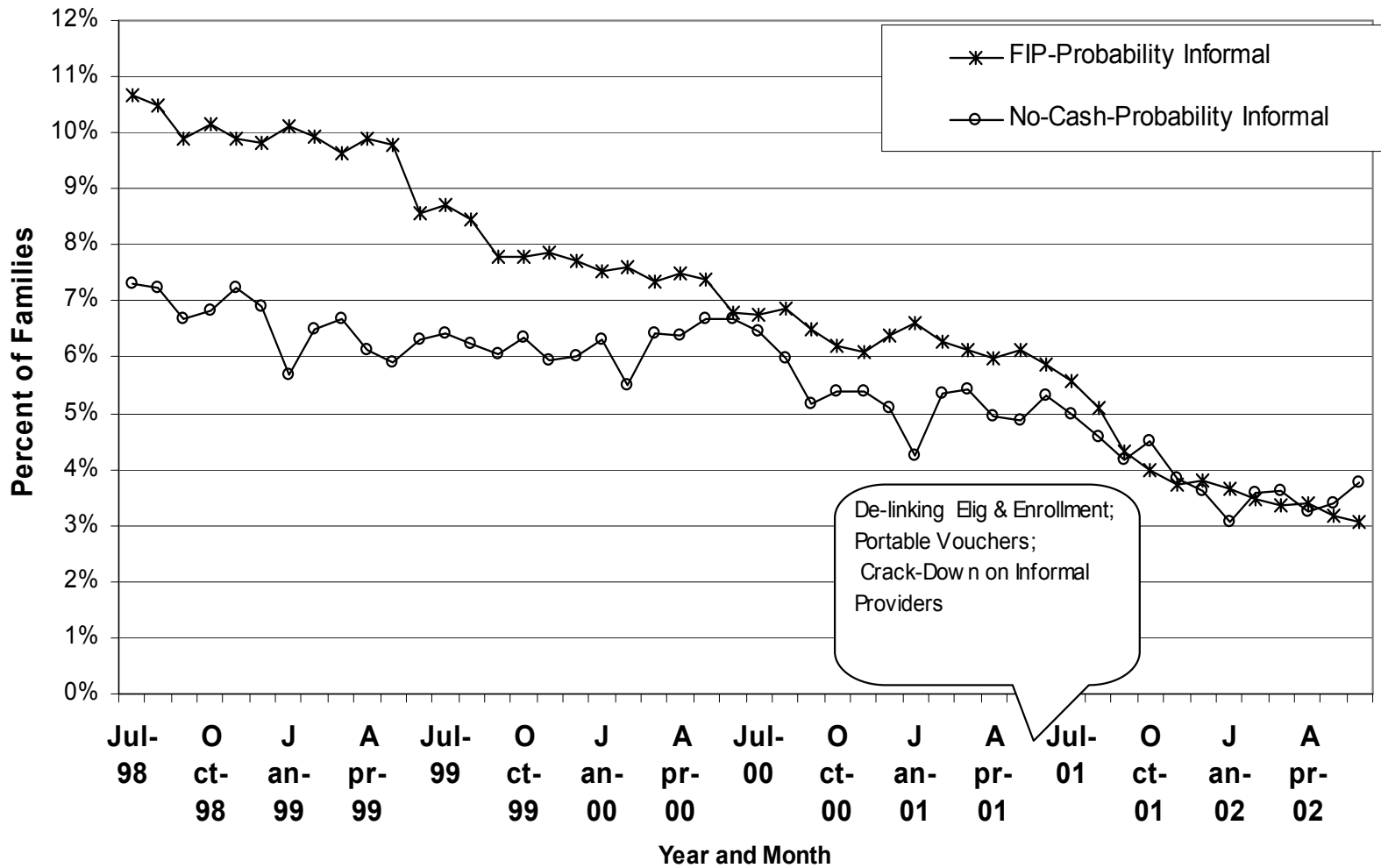
Question II

What Impact Portable Vouchers & Crackdown on Illegal Informal Providers?



- Families significantly more likely to use formal care, particularly family child care

Figure 13
Estimated Probability of Using Informal Child Care
Current & Former FIP vs. No-Cash Families With Median Characteristics
One Child in Subsidized Care - Rhode Island, July 1998-June 2002





Question III



What Impact Household Characteristics?

- Age of head of household
 - Older current & former recipients more likely to choose center care
 - No significant age effect for families never on cash
- Age of children
 - As oldest or youngest child age, both types families more likely to choose center care



Question III

What impact Household Characteristics? (cont'd)

- Education of head of household
 - Better educated current & former recipients more likely to choose center care
 - Better educated families never on cash more likely to choose family child care
- Citizenship status of head of household
 - US Citizens more likely to choose center care



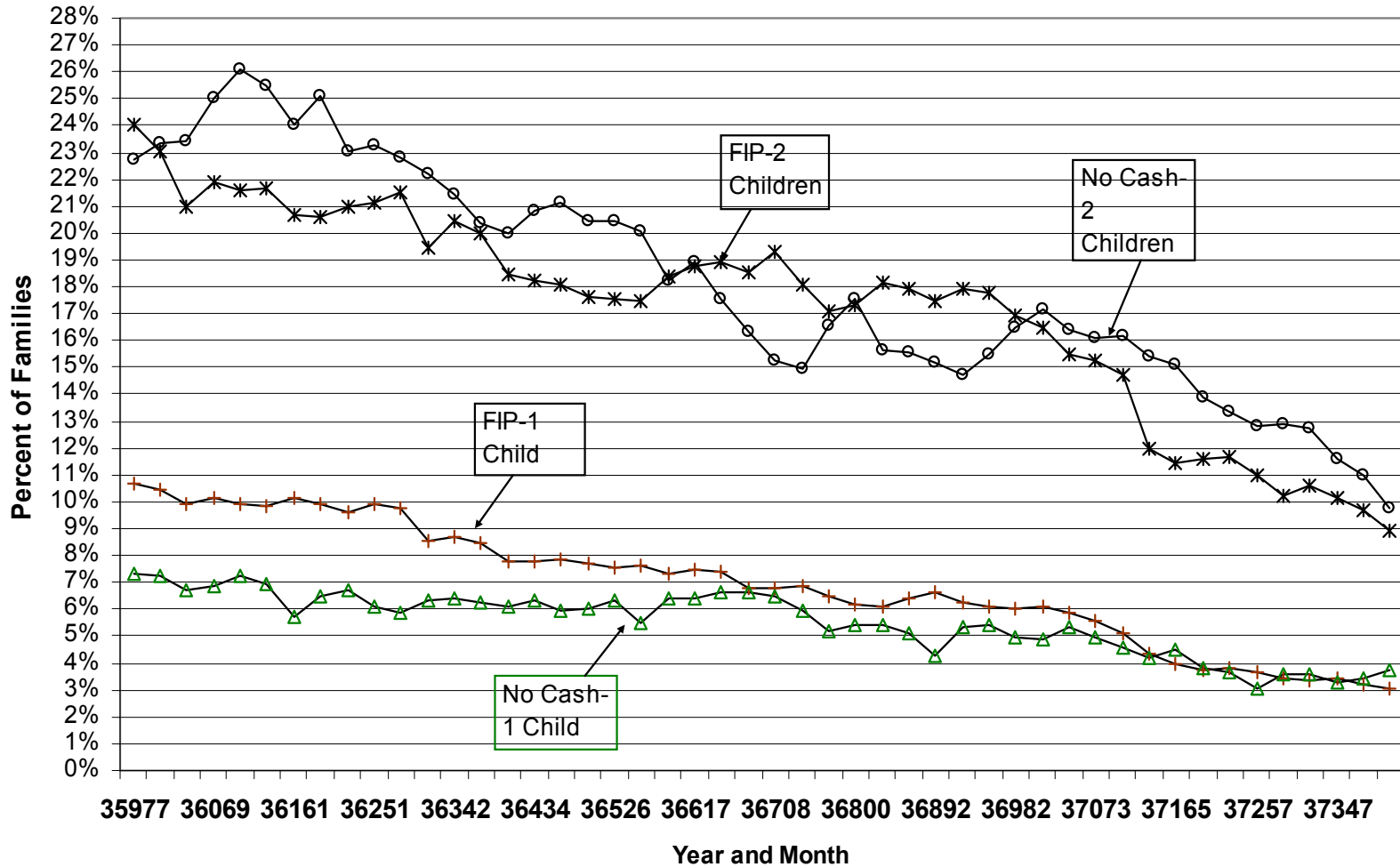
Question IV



What Impact Number of Children?

- Median families with only 2 subsidized children much more likely to choose informal care than median families with 1 subsidized children

**Estimated Probability of Using Informal Child Care
Current & Former FIP vs. No-Cash Families With Median Characteristics
1 & 2 Children in Subsidized Care - Rhode Island, July 1998-June 2002**





Question V

Community Characteristics?

- Increased availability of center care, Head Start & kindergarten significantly increase the probability that families with child care subsidies will choose center care

Summary

- ✓ Large Increases in Reimbursement Rates for Formal Care
 - ❖ Significantly Increases the Availability of Formal Care
 - ❖ Significantly Increases the Likelihood that Families with Subsidies Will Use Formal Care
- ✓ Increased Parental Choice & Crackdown on Illegal Informal Providers
 - ❖ Significantly Increases the Likelihood that Families with Subsidies Will Use Formal Care



Summary

- ✓ Household Characteristics
 - ❖ Older Current & Former Cash Recipients More Likely to Choose Formal Care
 - ❖ As Either Oldest Or Youngest Child Age, All Subsidized Families More Likely To Choose Formal Care
 - ❖ Better Educated Families with Subsidies More Likely to Choose Formal Care
 - ❖ US Citizens with Subsidies More Likely to Choose Formal Care than Non-Citizens



Summary

- ✓ Number of Subsidized Children
 - ❖ Families with 1 Subsidized Child More Likely to Choose Formal Care than Families with 2 Subsidized Children
- ✓ Community Characteristics
 - ❖ Increased availability of center care, Head Start & kindergarten significantly increase the probability that families with child care subsidies will choose center care





Wellesley Child Care Research Partnership

- Copies of the Complete Paper Are Available at

<http://www.wellesley.edu/Economics/partner/>

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