

Fluctuation in Child Care Cost Burden: The Effect of Increasing Subsidy Policy Generosity on Parental Decision Making

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Project Description. This study uses secondary analysis of administrative data to examine the amount of variability in the parent share of child care cost experienced by participants in the subsidy program and the effect of cost burden variation on decisions related to continuation in the program and type of care selected. Substantial changes in Oregon child care subsidy policy in October 2007 provided the impetus for this study. Oregon went from having the least to having nearly the most generous subsidy policies in the country and this change provided an opportunity to examine how subsidy policy impacts families.

Research questions.

1. How predictable is the child care cost burden of a parent using a child care subsidy, as indicated by changes in copay, hours authorized, hours billed, and payments made to providers?
2. To what extent did the 2007 policy change affect the amount of financial assistance and the predictability of parent cost burden associated with the subsidy program?
3. To what extent are the October 2007 policy changes associated with changes in type of care and stability of subsidy use?

Sample. The administrative data sample includes 41,402 unique parents who entered the Oregon child care subsidy program between October 2005 and September 2009. The number of non left-censored spells are 61,070, and there are 397,310 monthly observations.

Methods. A quasi-experimental pre-post comparison design is used by tracking families using child care subsidies in Oregon before and after the policy change. Analysis is conducted on a longitudinal database composed of four years (2005 – 2009) of Oregon subsidy and other administrative datasets.

Progress Update. Two journal articles have been prepared that address the research questions

for this project. One article will be published this fall and the other will be sent out for review in September 2012. Specific issues or findings that we will be able to address in October 2012 at the CCPRC Annual Meeting correspond with our research questions.

Implications for policy/practice

- (1) Understanding variability in cost burden may help explain low subsidy take-up rates and short spells of subsidy use.
- (2) Increase our understanding about how policy parameters affect parental decision making.
- (3) Describe the characteristics of low-income families using child care subsidies before and after the policy change. State child care administrators can use the information to understand more about the families who are served.
- (4) Increase our knowledge of how child care subsidies expand the options available to parents and how this changes their decisions about child care use and type.

Implications for research

This study is part of a larger research project that uses a sequential, mixed method design in which three studies provide a more complete picture of parents' experiences than could be provided with any single study. There were many lessons learned and insights gained from using multiple methods that could contribute to the research field.

For more information:

Grobe, D., Weber, R. B., Davis, E. E., Scott, E. K. (Forthcoming). Struggling to Pay the Bills: Financial Stress and Child Care Subsidies. Contemporary Perspectives in Family Research.

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