

## **Child Care Graduate Student Research Program: 2019 Research Scholars**

### **Jonathan Borowsky**

**Project Title:** Provider Choice in a CCDBG-Subsidized Population: The Role of QRIS, Distance, Local Supply Variation, and Household Characteristics

**Mentor:** Dr. Elizabeth Davis

**Project Funding Years:** 2019-2020

**University Affiliation:** The University of Minnesota

**Project Abstract:**

Two important goals of the 2014 CCDBG Reauthorization Act are to support parents in making informed choices, and to provide equal access to high quality care for young children. Achieving these policy goals requires understanding parent decision-making about which child care provider to use. In order to understand what options are meaningful and assess the effect of interventions or market trends, it is necessary to understand how households make tradeoffs between different desirable and undesirable provider attributes, and how parents' decisions are shaped by what is available. Specifically, how do households weigh quality, distance, type of care and other characteristics, within the context of the options available to them?

This project addresses three major research questions, each focused on families receiving child care subsidies: First, what is the effect of Quality Rating and Improvement System (QRIS) ratings on choice of provider? Second, what is the effect of distance on choice of provider? Third, what role do changes in local supply versus changes in preferences play in explaining the declining use of family child care in the subsidized population?

We will answer these research questions by using extremely rich administrative data to estimate a nested logit model of provider choice for a subsidy-receiving population. Through a data sharing agreement, the Minnesota Department of Human Services (DHS) has provided seven years of de-identified administrative data from the CCDBG-funded Child Care Assistance Program (CCAP), which we have geocoded to obtain household and provider locations. This data set is supplemented by merging it with provider characteristics and additional data on QRIS ratings and provider history provided by DHS.

Typically, research on child care choice has abstracted away from selection of a particular provider by using broad categories (e.g. private center vs. public center vs. family day care), as the outcome. Our innovative approach is to model the choice of an individual provider, and this has several important advantages. First, it allows us to directly test hypotheses about characteristics that vary at the provider level, such as location or quality rating. Second, child care choice is best viewed as an accommodation, where what is chosen is shaped by what is locally available. Existing research on child care choice is limited because it does not incorporate data on the full set of nearby providers. We address the role of local variation using data on the characteristics of individual providers and the geographic locations of households and providers. Third, we avoid relying on arbitrary boundaries to define child care markets. By modeling provider choice as a function of distance as well as other provider and household characteristics, we are able to capture how these factors interact to affect families' decisions.

The project will enhance policymakers' understanding of child care choices of families receiving subsidies in order to increase access to high-quality care. The research is conducted in collaboration and consultation with the Minnesota Department of Human Services.