

Lessons from Massachusetts’ “dual-mechanism” subsidy delivery system

Learning from mapping and examining
local variation



MASSACHUSETTS
Department of
Early Education and Care

Institute for Child, Youth and Family Policy

BRANDEIS UNIVERSITY

The Heller School FOR SOCIAL POLICY AND MANAGEMENT



Boston University School of Social Work

Authors

A policy research partnership between:

- MA Dept. of Early Education and Care
 - Jennifer Louis (On-site PI)
- Brandeis University
 - Pam Joshi and Erin Hardy (Co-PIs)
 - Kate Giapponi
- Boston University
 - Yoonsook Ha (Co-PI)

Funded by:

HHS/ACF/OPRE Child Care Research Partnership
Grant

Introduction

- Subsidy income-eligible children in MA served via a “dual-mechanism” system
 - Vouchers and contracts
- Voucher holders can use their vouchers with any subsidy-accepting provider
 - Voucher-Only Provider or Contracted Provider
- Dual-mechanism systems not widely studied, but will become more common post-CCDBG reauthorization

Why study dual-mechanism systems?

- Lessons to guide states introducing contracts
 - Understand (im)balance in a mature voucher/contract system and be able to describe local counters
 - Understand more about how voucher holders are making decisions about providers – how is the market shaping decisions?
 - Identify downstream effects of using contracts to bolster supply

Why study dual-mechanism systems?

- Relevant to broader policy discussions about dual (i.e. “choice/provision”) systems
 - Housing choice vouchers vs. public housing units
 - School choice vouchers vs. public or charter schools

Four Research Questions

1. Capacity: How does the licensed capacity of contracted providers vs. voucher-only providers vary locally?
2. Usage: How does the share of subsidized children that use contracted vs. voucher-only providers vary locally?
 - With an in-depth look at the share of voucher holders using contracted providers

Four Research Questions

3. What's the connection between capacity and usage?
 - Are voucher holders more likely to use contracted providers in local markets with greater contracted provider presence?
4. What's the connection between capacity, usage, and local need?
 - Do local markets with greater contracted provider presence have lower unmet need?

Data and Methods

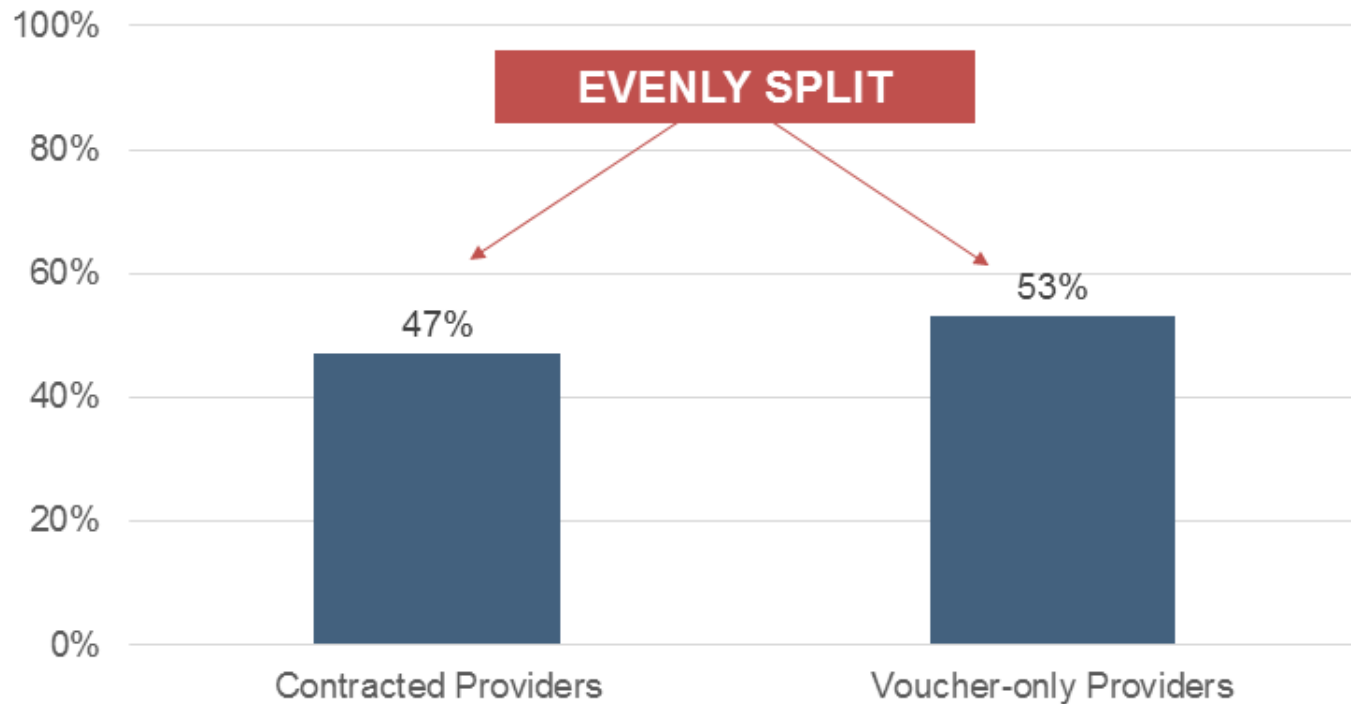
- Massachusetts CCDF administrative data (Dec 2014)
 - Data harmonized from three different data modules: provider/licensing, billing/placement, family
- American Community Survey (2010-14)
- U.S. Census TIGER LINE boundary files (2014)
- Geocoded children and providers to town-level for 9,696 providers; 31,731 income-eligible, subsidy-participating children

Capacity:

How does the capacity of contracted vs. voucher-only providers vary locally?

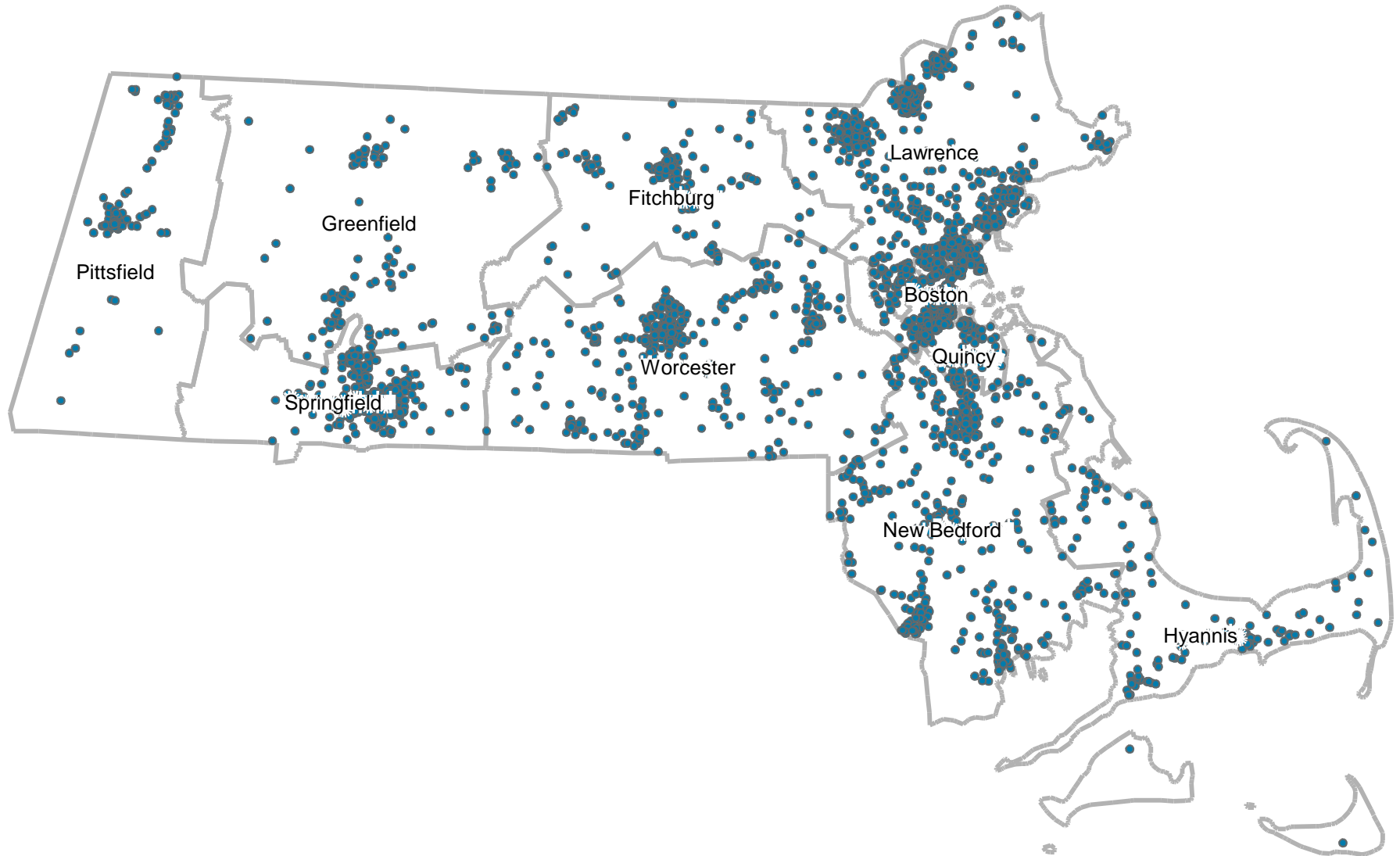
Statewide Subsidy Provider Capacity

Share of Total Licensed Capacity of All Subsidy Providers

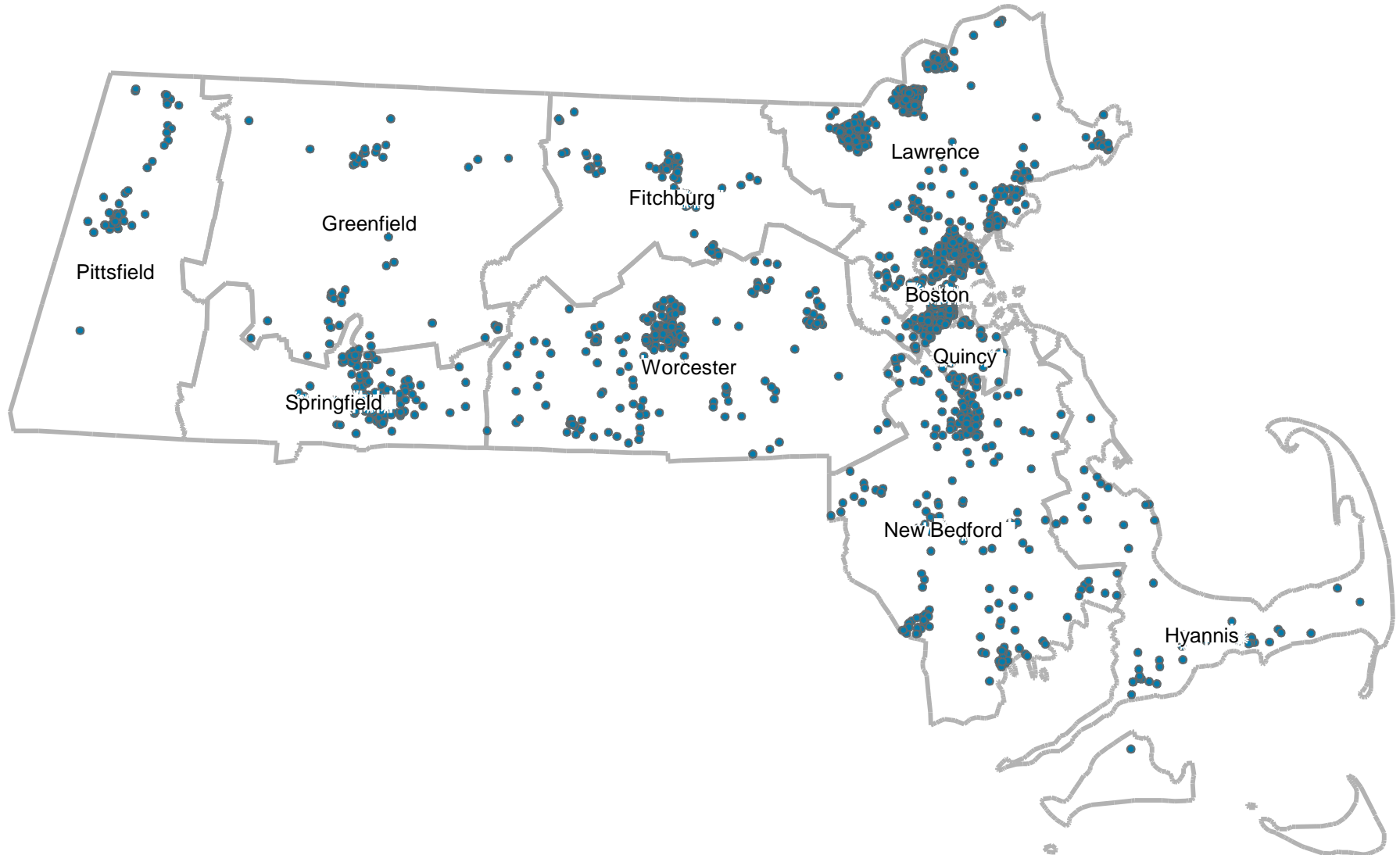


Statewide, capacity in the subsidy system is balanced between contracted providers and voucher-only providers.

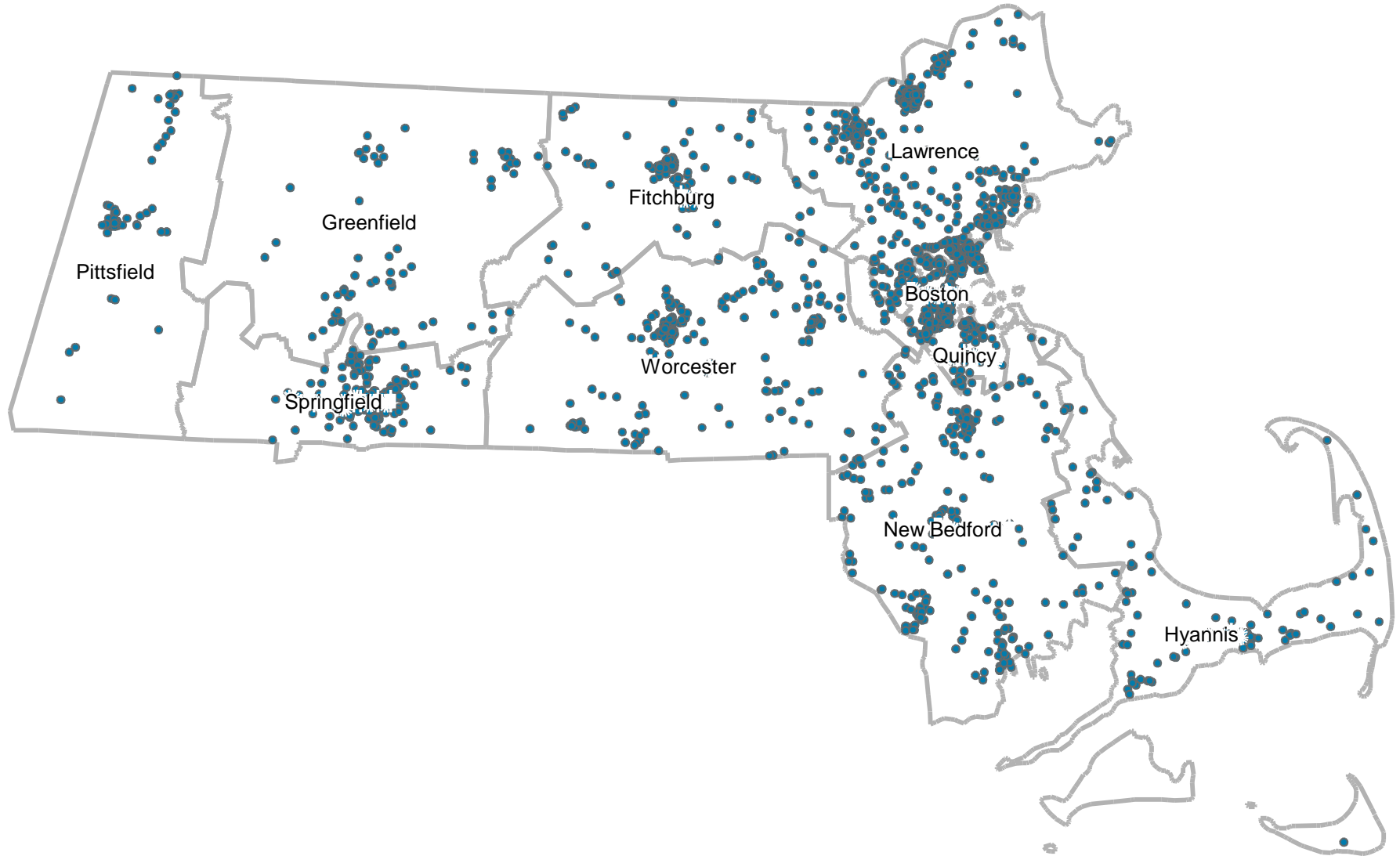
Location of all subsidy providers



Location of all contracted providers

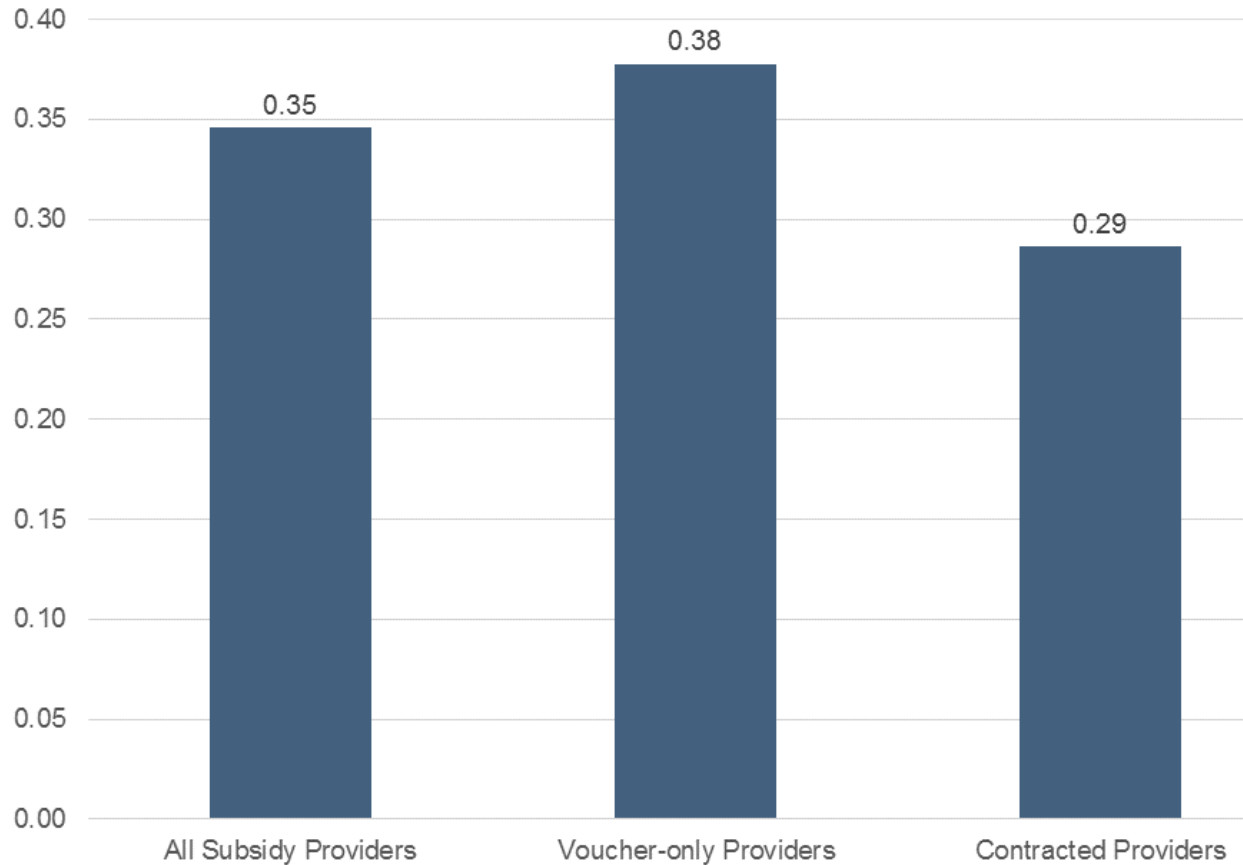


Location of all voucher-only providers



Clustering Patterns by Provider Type

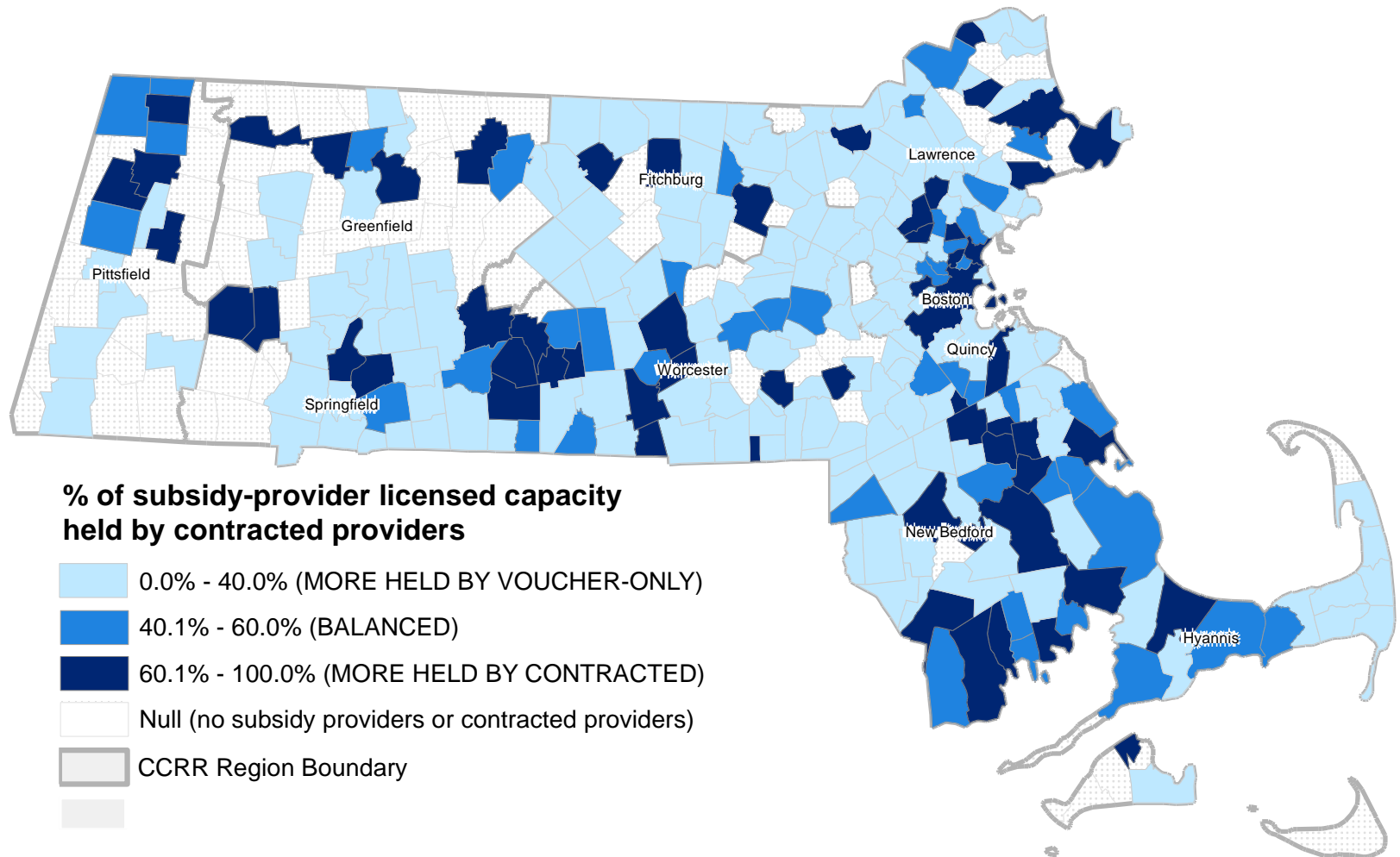
Nearest Neighbor Ratio by Provider Type



Closer to zero = more clustered

$p < 0.01$ for all NNRs

Share of subsidy provider capacity held by contracted providers



Usage patterns:

How does the share of subsidized children that use contracted vs. voucher-only providers vary locally?

→ With an in-depth look at the share of voucher holders using contracted providers

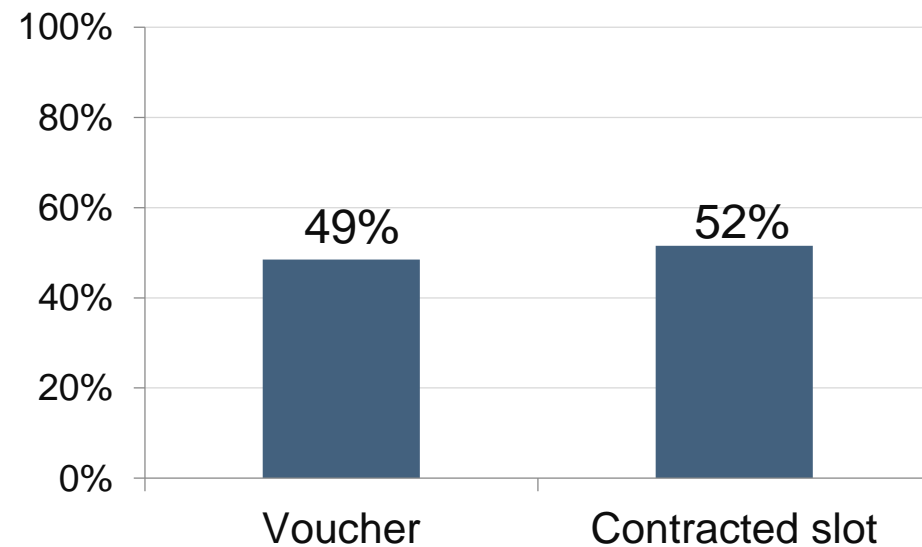
Statewide usage patterns: A not-so-dual mechanism system?

- ✓ 50% of children under 6 are served by vouchers
- ✓ 50% served by contracted slot

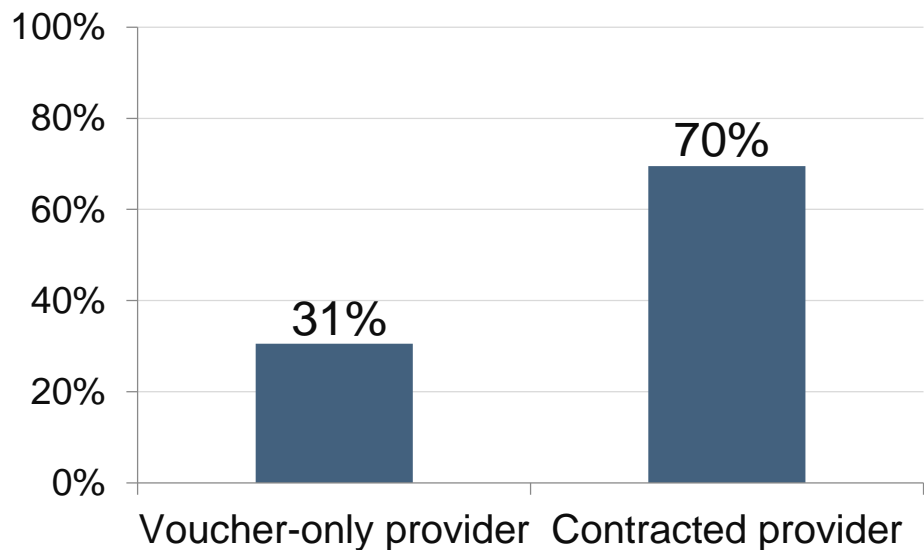
...**BUT**

- 70% of income-eligible children under 6 are served by contracted providers

N=19,567



N=19,567

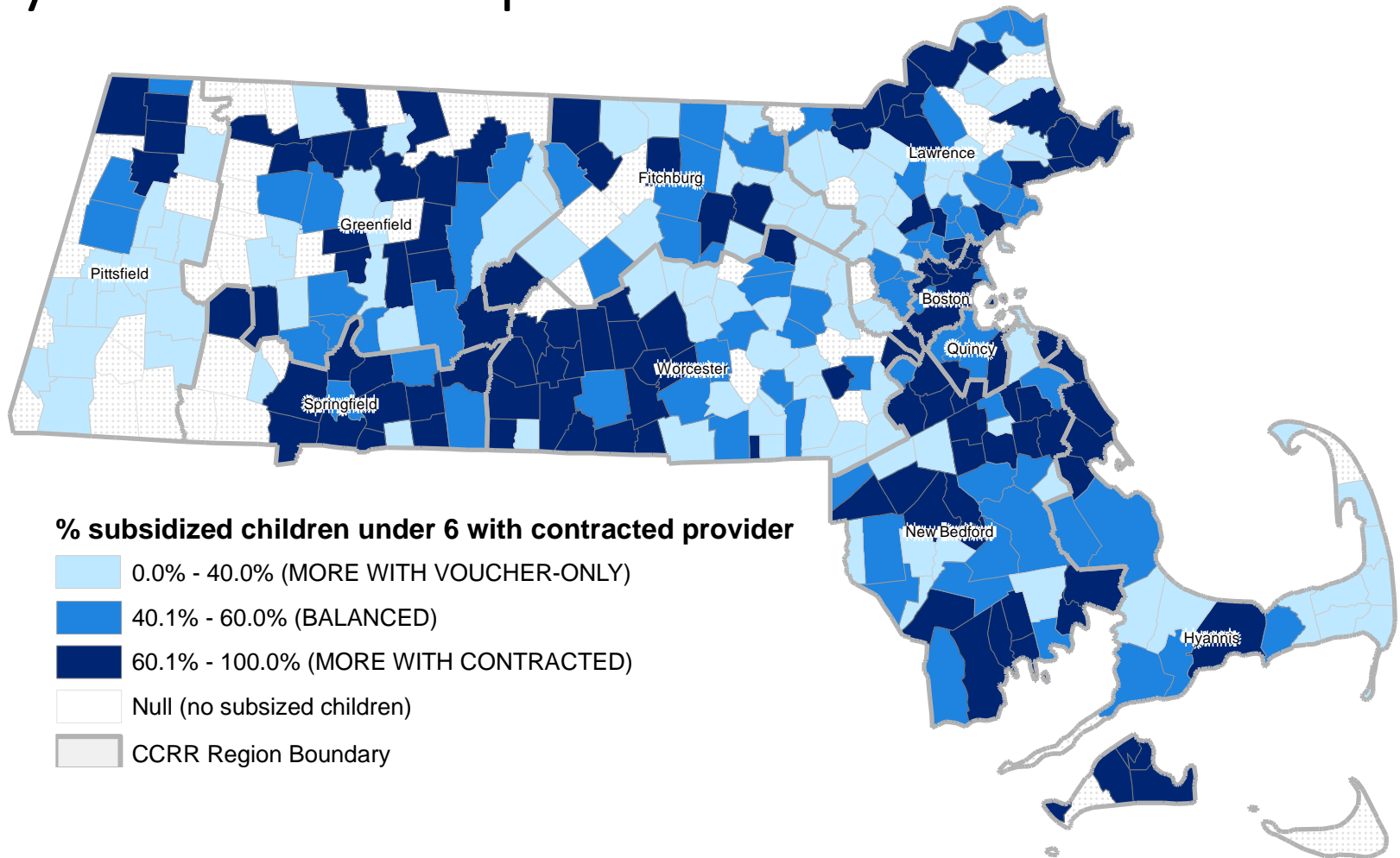


...because 40% of voucher kids use their subsidy with a contracted provider

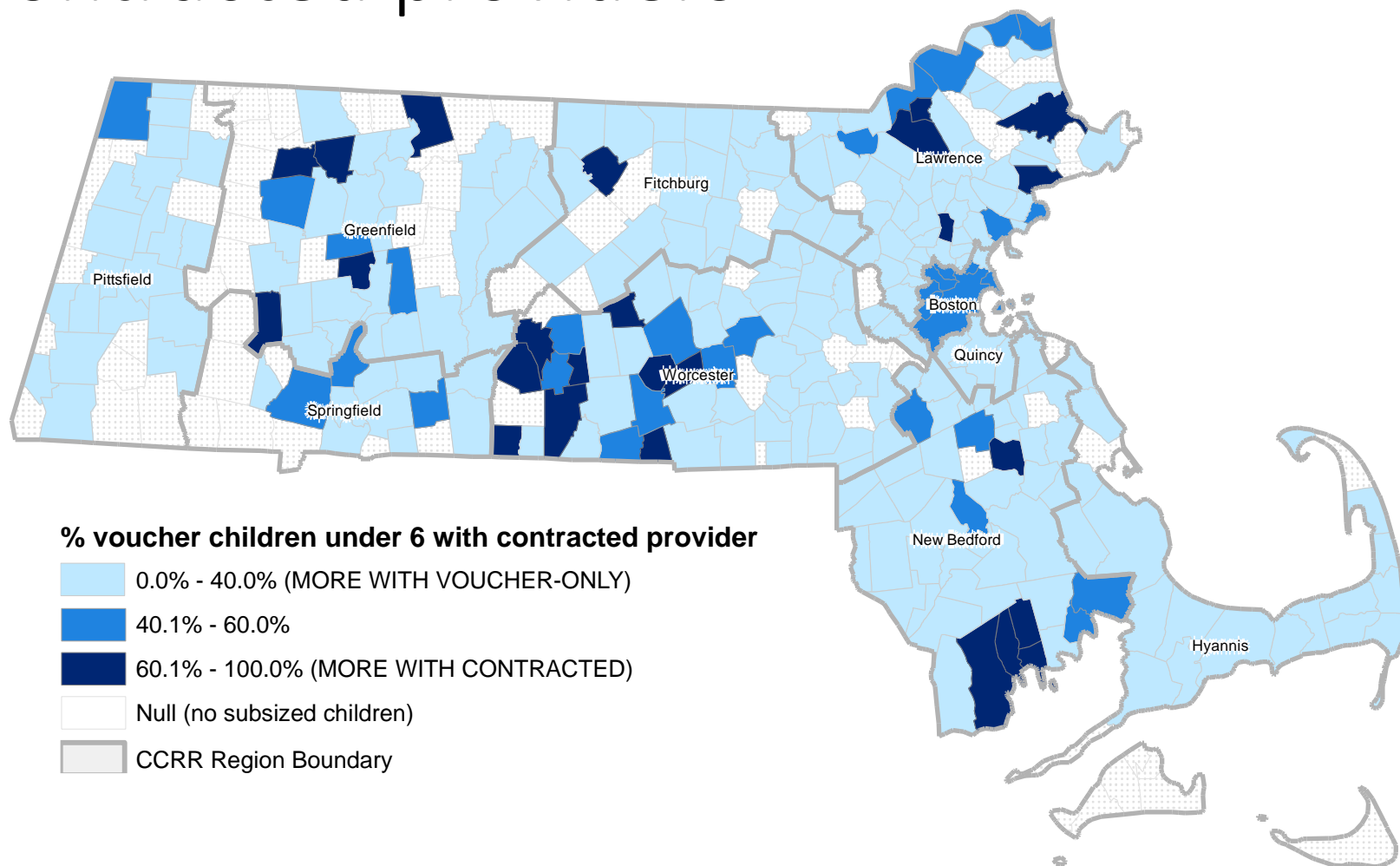
Using a contracted vs. a voucher-only provider: Different considerations

- Provider Quality
- Stability patterns
- Concentration of subsidized children

Share of all subsidized children served by contracted providers

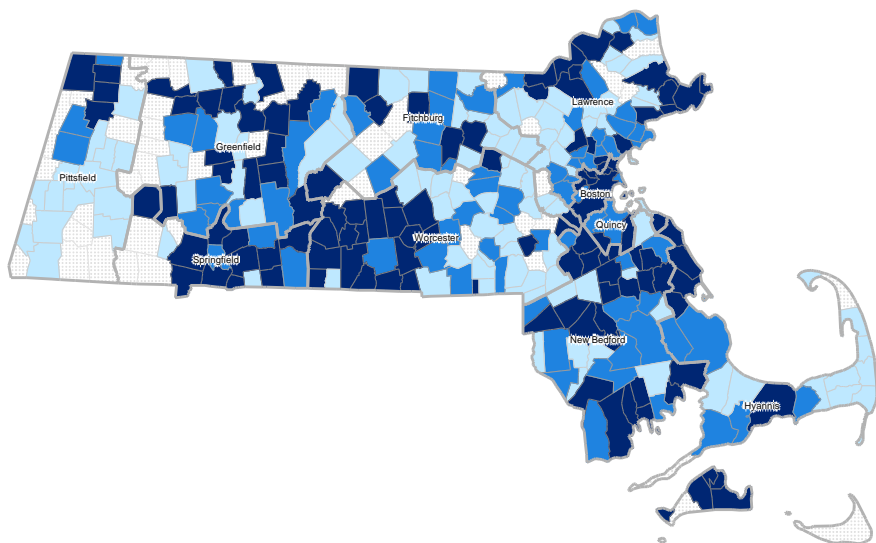


Share of voucher children served by contracted providers

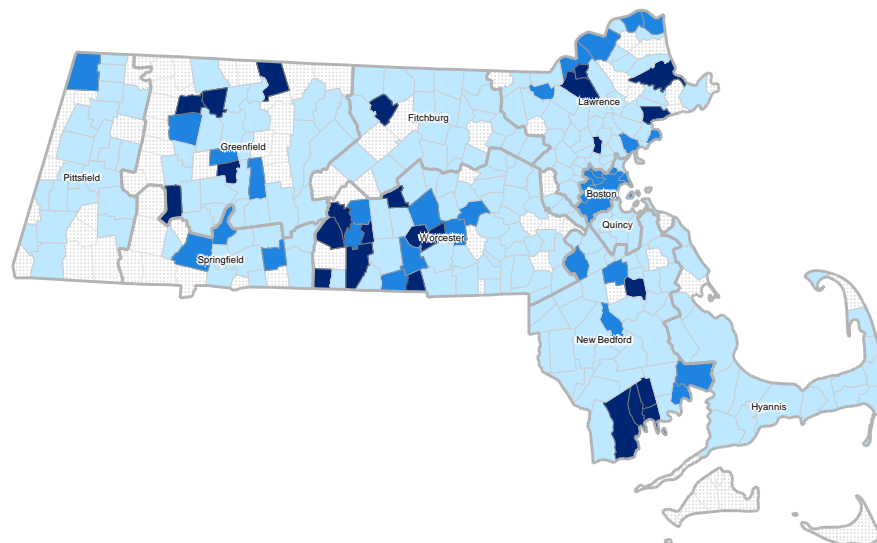


Share served by contracted providers

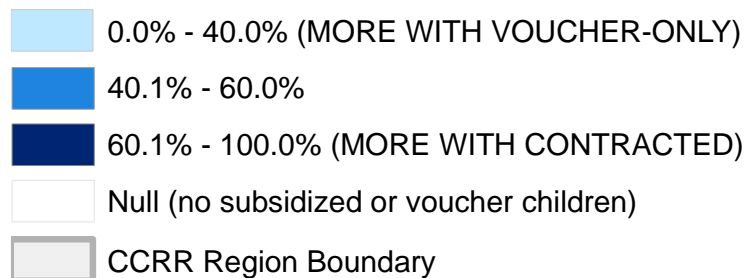
MAP 1: ALL SUBSIDIZED CHILDREN



MAP 2: VOUCHER CHILDREN



% children under 6 with contracted provider



$r=0.75$; $p<0.05$; $n=276$

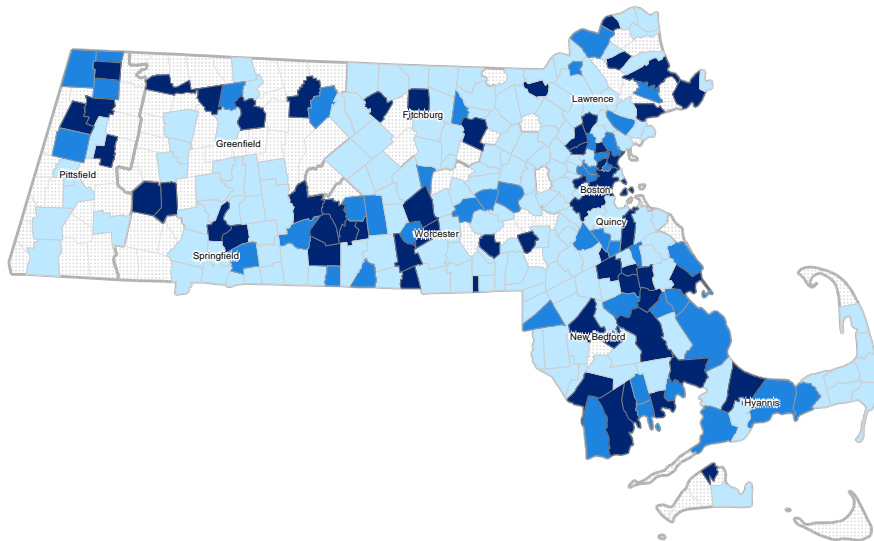
Capacity and Usage:

Are voucher holders more likely to use contracted providers in local markets with greater contracted provider presence?

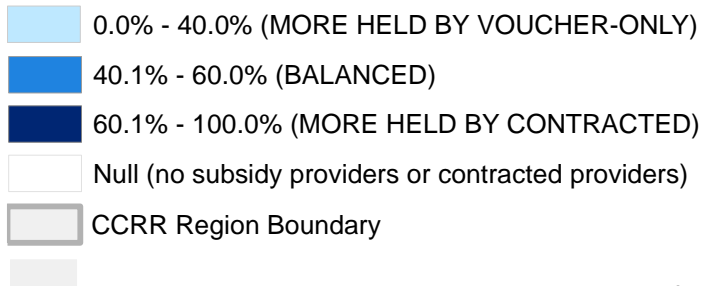
Capacity vs. Usage (Voucher Children)

MAP 1 (CAPACITY)

**% OF SUBSIDY PROVIDER CAPACITY
HELD BY CONTRACTED PROVIDERS**

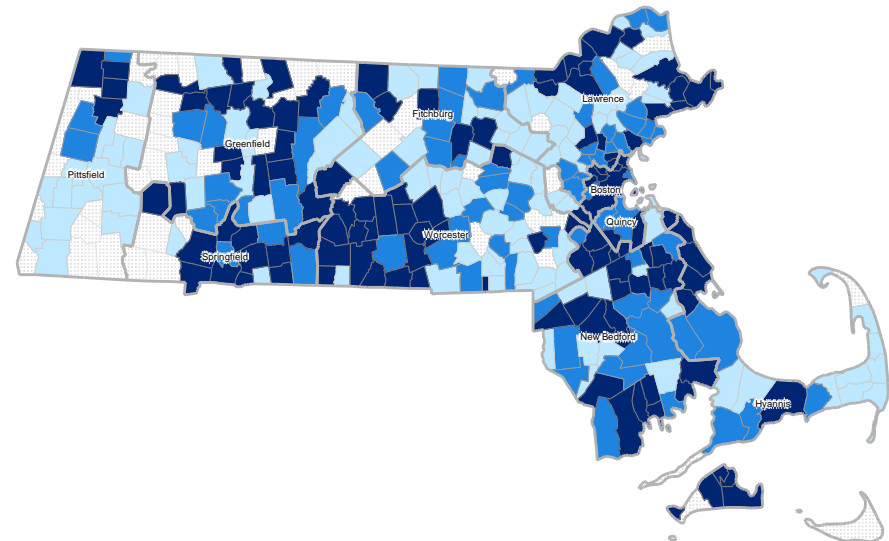


**% of subsidy-provider licensed capacity
held by contracted providers**

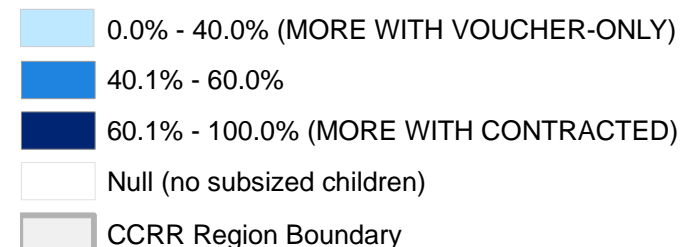


MAP 2 (USAGE)

**% OF VOUCHER CHILDREN WITH
CONTRACTED PROVIDERS**



% voucher children under 6 with contracted provider

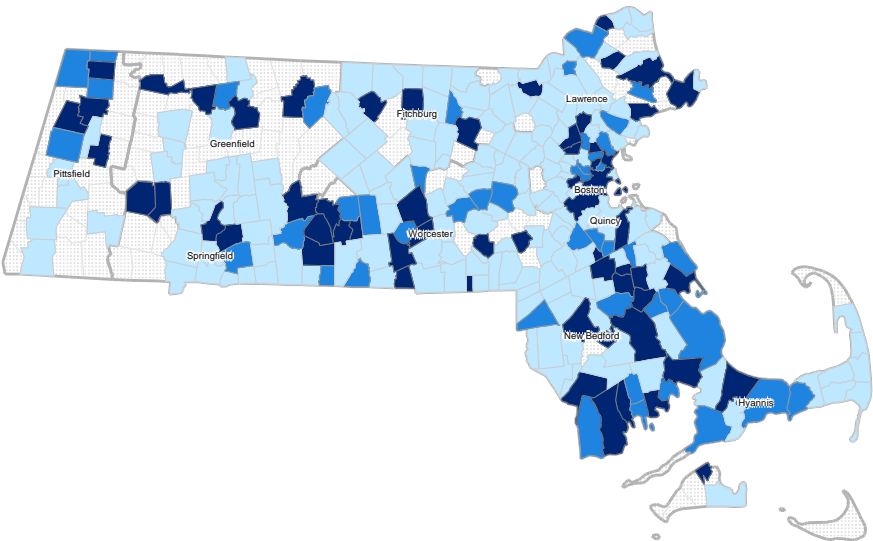


$r=0.41$; $p<0.05$; $n=246$

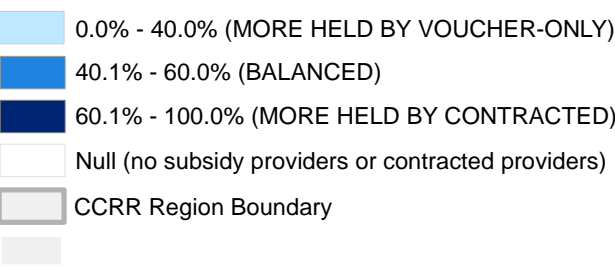
Contracted Provider Presence vs. Met Need

MAP 1 (CAPACITY):

% OF SUBSIDY PROVIDER CAPACITY
HELD BY CONTRACTED PROVIDERS

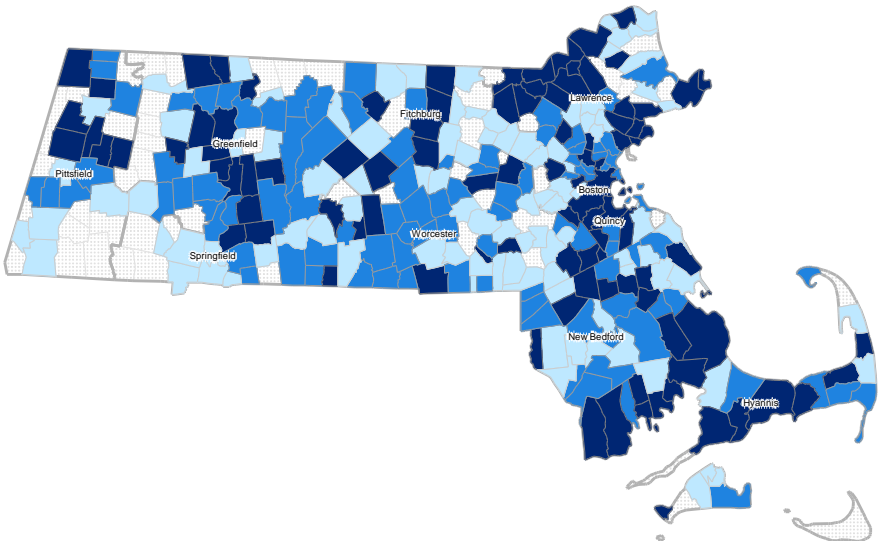


% of subsidy-provider licensed capacity held by contracted providers

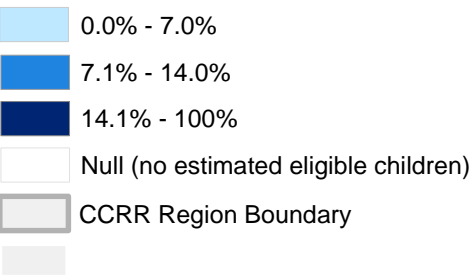


MAP 2 (MET NEED):

% OF ESTIMATED INCOME ELIGIBLE
CHILDREN UNDER 6 SERVED



% of estimated income-eligible served



$r=0.10; p>0.05$

Conclusions

- Capacity: Statewide, the infrastructure exists for more children to be served by voucher-only providers (i.e. potential for more balance); but most local markets are not balanced
- Usage: Statewide, the potential for balance is wholly unrealized with a large majority of subsidy children being served by contracted providers, especially in large markets
 - But lots of observed local variation is important

Conclusions

- Capacity vs. Usage: Local markets with more contracted provider presence have higher shares of kids served by contracted providers – driven in part by voucher holders using contracted providers (especially in large markets) → indicates choices are shaped by markets
- Capacity vs. Usage vs. Local Need: Cities/towns where more of the local need is met do not necessarily have higher contracted provider presence

Closing Thoughts

- Results offer food for thought for states planning to implement dual-mechanism systems with contracts
- All income-eligible children, regardless of where they live, have parity of need (i.e., their eligibility for and right to benefits is the same), but do not have parity in their local markets and choice sets
- (Hopefully) convincing example of why examining local patterns is crucial

Thank you!!

Contact:

Erin Hardy

ehardy@brandeis.edu