

## High Quality Child Care: Who Pays? – August 12, 2020

### 1. Descriptive Information

<p><b>High Quality Child Care: Who Pays?</b></p> <p>The costs of delivering high quality child care often exceed the prices that families are able to pay. However, an increased focus on professionalizing the workforce and increasing quality is expensive for programs to achieve. This session will highlight new research from the perspectives of families, providers, and states in understanding the tension between how much it costs to provide high quality care and how much families can afford to pay.</p> <p>The session will begin with framing of a recent report on the price of care for families nationally, particularly focusing on the unaffordability for most working families. The next presentation will focus on the development and findings from a new measure to understand the costs to center-based providers of providing high quality care to young children. The third presentation will highlight findings from the 2012 National Survey of Early Care and Education on prices charged by centers. The fourth presentation will highlight new analyses that showcase the unaffordability of care for Hispanic families in particular. Finally, our state moderator will reflect on the issues raised and provide a perspective of how his state is dealing with these competing challenges.</p>	<p><b>Chair and Moderator</b></p> <ul style="list-style-type: none"><li>• <b>Woody Dover</b>, Georgia Department of Early Care and Learning</li></ul> <p><b>Presenters</b></p> <ul style="list-style-type: none"><li>• <b>Dionne Dobbins</b>, Child Care Aware America   <i>The US and the High Price of Child Care: An Examination of a Broken System</i></li><li>• <b>Gretchen Kirby</b>, Mathematica   <i>Assessing the Implementation Costs of Quality Early Childhood Education</i></li><li>• <b>Tracy Gebhart</b>, Child Trends   <i>Prices Charged in Center-Based Early Care and Education Programs: Associations with Indicators of Quality</i></li><li>• <b>Danielle Crosby</b>, National Research Center on Hispanic Children and Families and University of North Carolina, Greensboro   <i>Child Care Affordability Is Out of Reach for Many Low-Income Hispanic Households</i></li></ul> <p><b>Scribe</b></p> <ul style="list-style-type: none"><li>• <b>Katie Caldwell</b>, ICF</li></ul>
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### 2. Documents Available on Website

- Dobbins\_The US and the High Price of Child Care
- Kirby\_Assessing the Cost of Center-Based Early Care and Education

### 3. Brief Summary of Presentations

- **Summary of Presentation #1:** The U.S. and the High Price of Child Care, Dionne Dobbins
  - Child Care Aware is a membership organization for Child Care Resource and Referral agencies (CCR&Rs) but it also has a research arm and policy arm; Dr. Dobbins leads the research arm of the organization.
    - Every year Child Care Aware releases a report on the price of child care. For the report, providers report prices but that does not include how much it costs to provide child care or what families actually pay.
    - Prior to Covid-19, system was fragmented. COVID has shattered the child care system.
    - The most recent report from 2019 was released prior to Covid-19.

- Appendices include data that researchers may be interested in. There is some county level information from 11 states.
  - The report discusses subsidy disparities. One example is the Seattle area; families living just outside a certain metro boundary experience a sharp drop in child care subsidy while still experiencing the same high cost of living that those on the other side of the dividing line experience.
  - The report also offers solutions at the local and state level and provides policy recommendations
- Report methodology:
  - Survey CCR&Rs and government agencies who collect data on child care prices
  - Report the price of center-based and family child care for infants, toddlers, 4 year olds, and school aged children
  - Analyses conducted utilizing publicly accessible data from the U.S. Census Bureau and Bureau of Labor Statistics
  - Affordability ranking available in the appendices
- On Child Care Aware's website there is a price of child care interactive map
- In all states, child care is unaffordable. Affordability is considered 7% or less of total family income. Child care prices rival housing prices.
- The 2020 report will be released in September. It will include:
  - Interactive website- more than just the map
  - Covid-19 impact on child care access, affordability and quality
  - Case Studies: how the pandemic affected child care attendance, how the pandemic has effected the cost of providing high quality child care.
  - Child Care Data Center: was piloted in 6 states and users can explore data down to the county level for those 6 states.
  - Economist's perspectives
  - Child Care Affordability Appendices
- **Summary of Presentation #2: Assessing the Costs of Center-Based Early Care and Education, Gretchen Kirby**
  - Assessing the costs of center-based early care and education, a study performed by Mathematica and funded by OPRE.
  - Relationship between quality and cost of center-based ECE:
    - Higher quality centers have higher cost but magnitude of relationship varies considerably across studies
  - Early Care and Education – Implementation Costs of High Quality (ECE-ICHQ) measures:
    - What a center does to support quality (features and practices)
    - How quality features and practices are supported and implemented within a center
    - How much the ECE services cost and how resources are allocated within the center
  - Key functions link implementation and cost, functions drive center operations to achieve quality
  - Cost measures that were developed from data from 25 of the 30 centers included in the study:
    - Cost per child per hour
    - Cost per child care hour by function
    - Cost per child care hour by age
  - 3 essential data elements to estimate cost:
    - Cost data: all resources used to provide services to children 0 to 5 over a one year period.
    - Enrollment data: number of children served and number of hours of care provided during a one year period.
    - Time use data: how select administrators and all classroom teaching staff spent their time on activities related to each function.

- Estimating center level cost using a bottom up method
    - Calculate costs using the “ingredients” or resource cost method
  - Allocate costs to key functions based on how staff use their time and coding of resources and services. Functions are:
    - Instruction and caregiving
    - Instructional planning, coordination and child assessment
    - Center administration and planning
    - Workforce development
    - Child and family support
  - Findings
    - Total average cost: \$5.47 but the range was quite broad, costing from .92 cents up to \$10.77 per hour and varied by center characteristics
      - Cost was higher among centers with a higher QRIS rating, that only served children under age 5 and the mean cost was similar for large and small centers.
      - Mean cost was higher for not for profit centers versus for profit centers and for those centers where the majority of funding was from public Head Start and pre-K funds.
    - Allocations to functions show variations align with expectations on average
      - Functions: highest at \$1.77 for instruction and caring, lowest was .47 cents per hour for workforce development.
    - Allocations differ somewhat by funding source
      - Centers with majority Head Start or state pre-k funding had more equal allocation distributions between instruction and caregiving and instructional planning, coordination and assessment functions
  - Implementation measures are scores for each of the five center functions
  - ECE-ICHQ compared two centers with high QRIS ratings but different cost per child. Each center receives a mix of public and private funding and serves children 0-5 as well as school age children.
    - Not large differences in implementation scores between two centers
    - Cost differences may be driven by higher wages for staff/higher facility costs
    - There isn't a linear relationship between cost and quality. There may not be a specific cost at which a center can achieve quality because of resource use and trade-offs centers must make.
  - Looking forward: contribution of center-level measures to dig deeper than price, market rates, and aggregate labor costs to inform center decision making and policy.
- **Summary of Presentation #3: Prices Reported by Center-Based Early Care and Education Programs: Associations with Indicators of Quality, Tracy Gebhart**
    - Research question: Are indicators of quality associated with higher child care prices?
      - Used the 2012 NSECE, and relied on two NSECE Technical Analysis Reports for conceptualization of price and quality indicators.
      - Limited to community-based centers- not Head Start, public pre-K, or school sponsored centers.
        - The children within centers may be receiving CCDF subsidy.
      - The NSECE had centers report the highest price charged for full time unsubsidized enrollment and it was reported into an hourly rate.
    - Indicators of quality
      - Center level
        - Low rate of workforce turnover, time off for professional development
      - Classroom level
        - Uses curriculum, high education staff member
      - Teacher level
        - Does the lead teacher have a certification or credential?

- Regression analysis:
  - Test quality indicator if it was associated with reported price for infant, toddler or preschool
  - Controlled for program and community characteristics
- Findings:
  - Less than half of examined quality indicators were associated with reported price
  - Classrooms with more educated staff tend to be in centers reporting higher price. True across all three age groups:
    - Infant- highest price for at least one highly educated staff in the classroom.
    - Toddler
    - Preschool
- Indicators
  - Four indicators were associated with significantly associated with a reported price across all three age groups:
    - Classroom has highly educated staff
    - Teacher participated in a recent ECE workshop
    - Teacher has a certification
    - Teacher's main reason for working with young children is career related
- Future research: how co-occurrence of quality indicators play into relationship of quality care:
  - How reported vs true price is associated with quality
  - Receipt of Subsidy- the NSECE only shows subsidy receipt at the center level so the classroom and teacher level indicators were not able to be compared with subsidy receipt. This may be addressed in the 2019 NSECE, which includes funding at the classroom-level.
  - Relationship with the cost of care (this research examined the price of care)
  - Cost shifting- centers might need to shift costs to provide that quality (maybe great ratio in classes but hire teachers with less education)
- **Summary of Presentation #4: Child Care Affordability for Low-income Hispanic families, Danielle Crosby**
  - Access to ECE means that with reasonable effort, parents can enroll their children in an arrangement that is affordable, promotes child development and meets the parent's needs.
  - Two recent analyses use data from 2012 National Survey of ECE to examine:
    - How much do Hispanic families spend out of pocket on child care, in dollars and as a percent of income.
    - Whether household child care spending varies by child, family and community characteristics.
  - Study overview
    - Analysis sample of low-income households
    - Household level analysis across possibly multiple arrangements for multiple children
    - Calculated the percentage of households who paid
      - 0% out of pocket child care (subsidy, relative or friend care at no cost)
      - Affordable out of pocket care- 7% or less of income
      - High out of pocket cost- more than 7% of household income
    - Used descriptive statistics
    - No significant difference between ethnicities about how affordable child care is
    - Low income U.S. born Hispanic households with young children in ECE:
      - 2 providers per week on average
      - 32- 46 hours per week
      - 60% use no cost care, affordable 9%, high cost 31 %
        - The group that pays a high cost spends 33% of their income on child care

- Similar findings for immigrant Hispanic families
  - Patterns that increase the likelihood of families being in a higher cost/spending child care group:
    - 2+ working parents
    - 1 working parent
    - Youngest child is 0-2 years old
    - Single parent household
    - Household income-to-poverty ratio
    - Household receives public assistance
    - Low (vs. high) poverty community
    - Suburban (vs urban) community
    - Multiple care providers
    - Any center care (versus home care)
- Summary and Implications:
  - More than half of low-income Hispanic families with young children in ECE have no out-of-pocket costs; however, the majority of those who pay face unaffordable costs, spending an average of one-third of their income on care.
  - Many of our findings about the high costs of care apply to low-income families more generally and underscore the need for more affordable options that meet the needs of children and parents.
  - At the same time research points to some factors that disproportionately affect Hispanics:
    - Mismatches between parent’s employment schedules and available subsidized care options
    - Features of state CCDF policies increase the administrative burden
    - Anti-immigration policies and discourse that may reduce family’s comfort level with seeking services even when they are eligible.
    - Increased discrimination experiences against U.S. born Hispanics.

#### 4. Brief Summary of Discussion

- Woody shared what Georgia is currently working on related to the cost of child care in the state. The state has undergone an initial assessment relative to cost modeling that ended in May. The initial assessment indicated that Georgia could formulate a cost model with what is known. The cost modeling will be based on star QRIS ratings system and also include unrated programs. The state knows there is a difference between price and cost and is interested in learning more about that difference. Woody noted that there is a significant difference between the highest rated programs and the than lower rated programs in quality as well as cost and price.
- Q: Did ICHQ look at any data related to a more degreed workforce? Does NSECE have any information about qualifications beyond degrees?
  - For the study, ICHQ has a lot of data but a small sample. It is hard to isolate in on smaller factors, so we can’t really say. The NSECE did look at the presence of a CDA or attendance at a professional development workshop series and both were significant factors across two age groups. Can co-occur or occur separately this creates difficulty in creating a model.
- Q: Any published findings and where can they be found?
  - Child care aware- on website
  - ICHQ – we are working on it. Putting together methods paper currently, planning a series of smaller briefs
  - Tracy- there is a paper in development and it will be released on Child Trends and OPRE’s websites
  - Danielle- Published briefs are available at <https://www.hispanicresearchcenter.org/>

## 5. Questions from Attendees That Were Unanswered During the Virtual Event

Q: Was the mean cost per child care hour higher for programs with higher QRIS ratings because they had a more degreed workforce? Higher paid workforce? Or regardless of workforce?

- Gretchen Kirby (GK) - The implementation scores for Instruction and Caregiving that include staff qualifications are higher for centers with high QRIS ratings than centers with low QRIS ratings. We want to look more closely at resource categories (such as for staff compensation and facilities costs) to see if we can better capture decisions centers make about these in the implementation scores. The sample now is too small to look at many elements of variation at once or hold anything constant.

Q: Can you define “Child and family support”? What is that money spent on?

- GK - Costs for the Child and Family Support function include any line items that directly support family engagement and services but primarily includes staff compensation for time spent on these activities—including all the time for family services or support staff and teacher time to identify, refer and support services for children and their families (based on the staff time-use survey)

Q: Where do 1-year olds fall? Infant or toddler?

- Tracy Gebhart (TG) - The 2012 NSECE asked respondents to report the highest rate without subsidy for full-time enrollment for infants less than 12 months old, children 2-years-old, 3-years-old, 4-years-old, and school-age children. Full-time status was defined by the respondent and may correspond to fewer than 30 hours weekly depending on the center’s hours of operation. The survey did not include reported rates for children 1-years-old.

Q: Tracy - I wonder if the 4+ years education for preschool has to do with school-based programs with lower overall program costs (in-kind contributions - facilities, etc.)?

- TG - The analytic sample did not include school-sponsored centers, however, this question follows the authors’ recommendation that future research may wish to explore if there are aspects related to the overall program costs – for example, franchising or receipt of subsidy – that complicate associations between reported price and indicators of quality.

Q: Is this paper published/available at Child Trends?

- TG - The forthcoming brief will be released by OPRE, with a link available on Child Trends’ website.

Q: Is there any cost differences between the classrooms which are inclusive and not inclusive? I mean do we have any data says inclusive classrooms costs more?

- GK - We do not have this detail in the ECE-ICHQ measures at the classroom level.

## 6. Summary of Key Issues Raised

- Childcare is considered unaffordable for the vast majority of families in the U.S. Without a subsidy (and sometimes with) the majority of families spend more than 7% of their income on child care.
- There isn’t a linear relationship between cost and quality of child care. There may not be a specific cost at which a center can achieve quality because of resource use and trade-offs centers must make.
- The education or credentials of child care teachers does appear to be associated with higher priced child care.