

**DELIVERING CHILD CARE SUBSIDIES  
THROUGH CONTRACTS:  
THE PROVIDER PERSPECTIVE**

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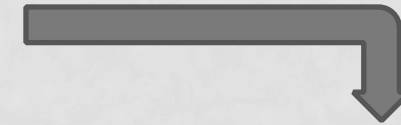
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**Heller School for Social Policy and Management  
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# CCDBG REAUTHORIZATION

## Federal Directives for States

- Design strategies to increase the supply of quality child care for subsidy recipients
  - Especially for children in underserved areas, infants and toddlers, children with disabilities and children receiving care during non-traditional hours
- Promote parental choice in care



## One Federal Suggestion

- Direct contracts with providers

# MASSACHUSETTS CONTRACTS SYSTEM

## Goals of the Contracts System (MA CCDF State Plan):

“The Department provides supports to child care programs to increase the likelihood that CCDF-served children receive **higher quality care** through the public procurement model for the EEC contract system.”

### Priority Contracts:

“Aim to increase access for families experiencing **homelessness**, children of **teen parents** and children of families receiving services through the **Department of Child & Families**”

# MASSACHUSETTS CONTRACTS SYSTEM

## History

- 1997: Contracts were transferred from DTA and DSS (now DCF) to OCCS (now EEC)

## Contract Period

- 3-5 Years (often 3 years with two optional renewal years)

## Types of Contracts & Reimbursement

Type	Reimbursement
Income Eligible	Voucher Reimbursement Rate
Homeless, Teen Parent and Supportive	Additional \$17.22 per day for support services

## Contract Structure

- Slots are defined by child age
  - Centers: Infant, Toddler, Preschool, School-age
  - Family Child Care Systems: Under age 2, Over age 2
- Flex Pool

# MASSACHUSETTS CONTRACTS: RESPONSIBILITIES

- ✓ Eligibility Assessments/Reassessments (income eligible contracts & vouchers)
- ✓ QRIS Participation (Minimum: Level 1)
- ✓ Child Assessments
- ✓ Referrals to Additional Child and Family Services
  - e.g. early intervention, special education, health coverage, family literacy initiatives, mental health services, WIC, food stamps
- ✓ Parent Conferences
  - Held on a quarterly basis for infants and children with special needs, and minimally at six-month intervals for all other children

# STUDY OVERVIEW

## Mixed Methods Dissertation Research

### Quantitative Data

- 7 Massachusetts Administrative Data Sources (2013-2014)

### Qualitative Data

- Stratified Random Sample of Providers by Region, Size of Provider (single center, multi-center, multi-center & FCC system) and Type of Subsidy Participation (vouchers vs. contracts)
- Sample Size: 49 Child Care Providers
- Staff Interviewed: 76 center owners, presidents, program directors, subsidy administrators and other related support staff
- Semi-Structured Interview Guide

# WHO ARE CONTRACTED PROVIDERS?

The majority of the providers who contract with the state for subsidized slots also participate in the voucher system:

	Subsidy Participants:			Subsidy Non-Participants	Total
	Contracts Only	Both	Vouchers Only		
Count	478	1,828	1,574	3,552	7,432
%	6%	25%	21%	48%	100%

# WHO ARE CONTRACTED PROVIDERS?: SIZE

	Subsidy Participants:			Subsidy Non-Participants
	Contracts Only	Both	Vouchers Only	
<b>N</b>	478	1,828	1,574	3,552
<b>Legal Status***</b>				
Non-Profit	9.6%	19.1%	16.8%	13.6%
For-Profit	90.4%	80.9%	83.2%	86.4%
<b>Umbrella/System Membership***</b>				
No	3.6%	2.4%	48.7%	87.5%
Yes	96.4%	97.6%	51.3%	12.5%
<b>Provider Type***</b>				
FCC	90.4%	79.5%	51.7%	75.6%
Center	9.6%	20.5%	48.3%	24.4%

	Subsidy Participants:			Subsidy Non-Participants
	Contracts Only	Both	Vouchers Only	
Licensed Capacity***	12	24	36	17
Years Since First Licensed***	12	12	13	14

\*\*\* p<0.001



# WHO ARE CONTRACTED PROVIDERS?: QUALITY

All Providers

	Subsidy Participants:			Subsidy Non-Participants
	Contracts Only	Both	Vouchers Only	
<b>N</b>	478	1,828	1,574	3,552
<b>Accreditation Status (NAEYC, NAFCC, COA)***</b>				
No	96.0%	86.4%	90.5%	97.6%
Yes	4.0%	13.6%	9.5%	2.4%
<b>QRIS Participant***</b>				
No	4.6%	1.4%	13.3%	80.9%
Yes	95.4%	98.6%	86.7%	19.1%

Centers Only

	Subsidy Participants:			Non-Participants
	Contracts Only	Both	Vouchers Only	
<b>N</b>	46	375	760	868
<b>Accreditation Status (NAEYC, COA)***</b>				
No	87.0%	54.9%	83.9%	91.8%
Yes	13.0%	45.1%	16.1%	8.2%
<b>QRIS Participant***</b>				
No	15.2%	2.1%	10.5%	67.4%
Yes	84.8%	97.9%	89.5%	32.6%

\*\*\* p<0.001

# WHO ARE CONTRACTED PROVIDERS?: PRIVATE PAY RATES

Average difference between providers' daily private pay prices and subsidy reimbursement rates across all age groups

Rate Gap =  
Avg. Daily Private Pay Price – Avg. Daily Subsidy Reimbursement Rate

	Subsidy Participants:			Subsidy Non-Participants	N
	Contracts Only	Both	Vouchers Only		
Rate Gap***	(\$1.60)	(\$1.08)	\$9.16	\$17.06	3,305

\*\*\* p<0.001

# BENEFITS OF CONTRACTS



- Stability of Funding

"We own contracted slots, so we control them. We can plan for them. But a voucher can be here today and leave tomorrow. Slots are more advantageous to us. We'd be in better shape if we had all contracted slots."

"Vouchers freeze but contracts don't. Contracts keep your foot in the door. It is more stable funding."

"Relative to vouchers, the benefits of slots is that they are much more stable. Many providers feel that when looking for loans or other funding, they can present a contract for slots as a viable source of income, but not a voucher. You can't take a voucher to the bank."

"They provide stability to an agency so that it can plan and budget over a period of years, hire people who have an expectation of employment over several years."

# BENEFITS OF CONTRACTS



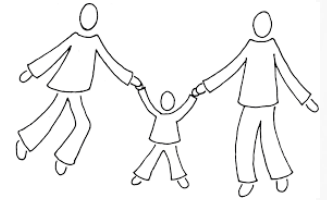
- Serving Different Family Needs

“By accepting vouchers and contracts, we can meet different needs for different families ... teen parents and foster care families”

- Ensuring Families are Reassessed On-Time

“ [Having us do the reassessment] can be a good thing because we have more control and can make sure reassessments happen on time.”

# BENEFITS OF A CONTRACTS- VOUCHER MIX



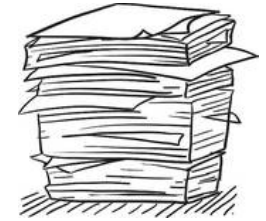
- Maximize Service to Low-Income Families

“We are limited in the number of low income families that we can serve with our contracted slots, so the vouchers supplement our slots and allow us to serve more subsidized children. We can serve more kids using both types of subsidies.”

“The only reason we accept vouchers is because we have more seats than we can fill with our contracts”

“We're seeking opportunities to serve [low-income] families any way we can, so whatever options are available we'll use.”

# DRAWBACKS OF CONTRACTS



- Administrative Responsibilities

## Reassessment / Paperwork

"We now have to reassess vouchers, which takes up so much more of my time. This is a significant burden. Also, I feel like I'm not trained in enough detail to know how hard to push for details from parents during voucher reassessment."

## Audits

"I have to get audited every year because of the slots and I have to pay for this audit every year. With the vouchers, I don't have to get audited. It's very expensive to get audited."

## Child Assessments

"They're [FCCs] required to get QRIS level 1 and [for contracted slots] evaluate their children through Ages and Stages Assessments and then create curriculum goals. They don't have time to do it when they're with babies 10 hours a day. These people have to do it at night."



# DRAWBACKS OF CONTRACTS



- Loss of Potential Revenue

“We have looked at dropping the slots in the past because we **lose a lot of money**”

“The only way to survive as an agency is to fill all seats [with contracts and vouchers] because the **reimbursement rates** are so **low**.”

- Lack of Flexibility (Slots by Age)

“**Vouchers** make it **easier for us to accommodate a child**, especially **infants**. We don't have as many infant slots in centers as we have openings. It's easier to get into care with a voucher.

# VOUCHER-ONLY PROVIDERS: VIEW OF CONTRACTS

- Administrative Burden as a Barrier

“ [Our umbrella organization] cancelled their contract and left it to the centers to apply for slots themselves, and for some centers it was no longer feasible to have slots. The administrative work was too much.”

- Access to Slots/Views of Procurement

“ It seems like the contracts only go to the bigger providers”

“ It seems like only providers who have been in business a long time get the contracts”



# DELIVERING CHILD CARE SUBSIDIES THROUGH CONTRACTS: THE FAMILY PERSPECTIVE

**A policy research partnership between:**

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

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# PURPOSE

- To explore whether contracted providers are located in areas to better meet the demand of child care among low-income children
- To document the child care characteristics of children using contracted slots vs. vouchers
- To examine variation in the stability of child care subsidy receipt and child care arrangements between children using contracted slots vs. vouchers

# STUDY OVERVIEW

## Data

- Massachusetts CCDF administrative data, 2012-2013
- MA licensed provider database; Census data

## Method

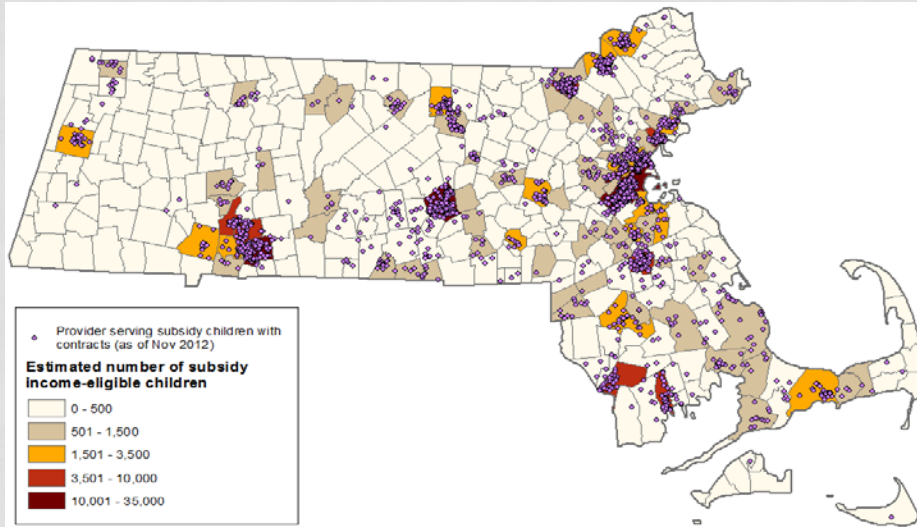
- GIS
- Spell analysis

## Sample for spell analysis (n=9,531)

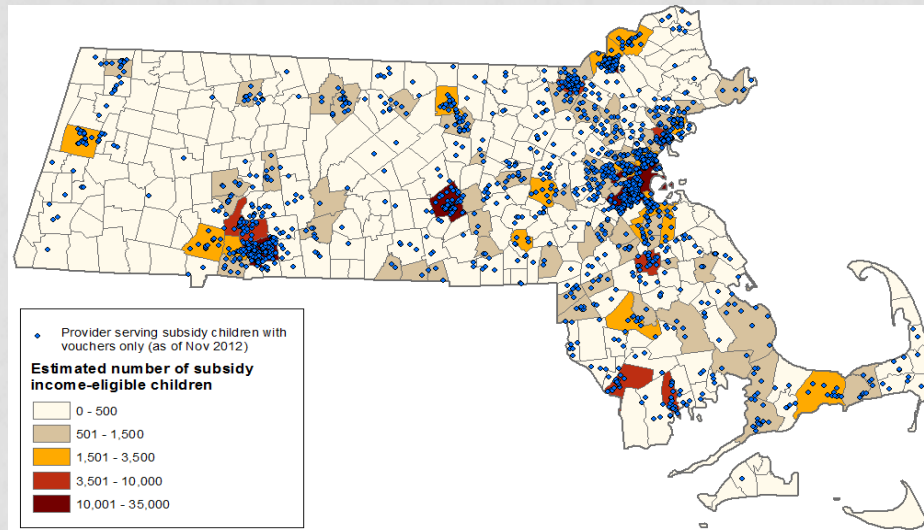
- Children who began receiving subsidies in 2012
- Children of families who are income-eligible
- Excludes TANF and DCF cases
- Spells are measured in months; followed up to 24 months

# LOCATION OF SUBSIDY-ELIGIBLE CHILDREN AND PROVIDERS

## Contract providers & Income-eligible children



## Voucher-only providers & Income-eligible children



Source: Estimated number of income-eligible subsidy children calculated using U.S. Census Bureau, 2007-2012 American Community Survey data. CCR&R and provider data (including centers and family child care providers) obtained as of November 2012 from the Massachusetts Department of Early Education and Care. Income-eligible subsidy children are estimated as children under age 12 in families below 200% of the FPL

# CHILD CARE CHARACTERISTICS (N=9,531)

	Children with Contracted Slot	Children with Voucher
%	69.3	30.7
<b>Age of the Child**</b>		
Younger than age 3	36.2	14.4
Age 3 and 4	37.7	9.0
Age 5 and older	26.0	76.6
<b>Care type**</b>		
Family child care	20.2	15.2
Center-based care	79.8	84.8
<b>Provider type**</b>		
Voucher-only provider	-	47.8
Contracted provider†	100.0	52.2
<b>Average monthly subsidy amount**</b>	\$374	\$264
<b>Average copayment amount**</b>	\$67	\$60

† includes both providers with contracted slot only and providers who have both contracted slots and accept vouchers, \*\* p<.01

## DESCRIPTIVE RESULT: CONTINUITY OF SUBSIDY RECEIPT & CARE ARRANGEMENTS, ALL

	Children with Contracted Slot	Children with Voucher
Average number of subsidy-receipt spells**	1.1	1.6
Average number of providers used during the time period**	1.3	1.4
Median length of subsidy-receipt spells**	13	5

\*\*  $p < .01$

## DESCRIPTIVE RESULT: CONTINUITY OF SUBSIDY RECEIPT & CARE ARRANGEMENTS BY CHILD AGE

		Children with Contracted Slot	Children with Voucher
<b>Child Age &lt;3</b> (n=2,815)	#of subsidy-receipt spells	1.0	1.0
	# of providers used	1.3	1.4
	Median length of spells**	16	20
<b>Child age 3 &amp; 4</b> (n=2,757)	#of subsidy-receipt spells**	1.1	1.2
	# of providers used**	1.2	1.6
	Median length of spells**	12	13
<b>Child age 5 &amp; older</b> (n=3,959)	#of subsidy-receipt spells**	1.2	1.7
	# of providers used**	1.3	1.4
	Median length of spells**	9	4

\*\* p<.01

## DESCRIPTIVE RESULT: CONTINUITY OF SUBSIDY RECEIPT & CARE ARRANGEMENTS BY CARE TYPE

		Children with Contracted Slot	Children with Voucher
Family child care (n=1,782)	#of subsidy-receipt spells**	1.1	1.5
	# of providers used	1.4	1.5
	Median length of spells	15	16
Center-based care (n=7,749)	#of subsidy-receipt spells**	1.1	1.6
	# of providers used**	1.2	1.4
	Median length of spells**	13	5

\*\* p<.01



## DESCRIPTIVE RESULT: CONTINUITY OF SUBSIDY RECEIPT & CARE ARRANGEMENTS BY CARE TYPE & CHILD AGE

		Family Child Care			Center-based Care		
		Contracted slot (n=1,337)	Voucher (n=445)	Sig. test	Contracted slot (n=5,271)	Voucher (n=2,478)	Sig. test
<b>Child Age &lt;3</b>	#of subsidy-receipt spells	1.0	1.0		1.1	1.0	
	# of providers used	1.4	1.4		1.2	1.3	*
	Median length of spells	16	20	**	16	20	**
<b>Child age 3 &amp; 4</b>	#of subsidy-receipt spells	1.1	1.3	**	1.1	1.2	**
	# of providers used	1.4	1.9	**	1.2	1.6	**
	Median length of spells	13	14	*	12	13	**
<b>Child age 5 &amp; older</b>	#of subsidy-receipt spells	1.2	1.9	*	1.1	1.6	**
	# of providers used	1.4	1.5		1.3	1.4	**
	Median length of spells	7	4		9	4	**

# CONCLUSION

- Contracted providers are more concentrated in the areas with high demand
- Contracted slots serve more infants and toddlers and are given to family child care
- Overall, children in contracted slots have fewer number of subsidy-recipe spells, fewer number of providers, and longer spells during the time period.
- Younger children using contracted slots have shorter spells, while older children using contracted slots have longer spells, compared to children using vouchers.

# THOUGHTS & DISCUSSION

- Address barriers to continuous use of subsidies
  - Parental choice
  - Different needs of care by child age
  - Structural barriers, e.g., policy rules of contract systems
- Consider establishing reimbursements rates that are high enough to cover the administrative costs associated with contracts
- Consider how contracted slots are structured (e.g. by age) and the administrative complexities associated with this structure

# THANK YOU

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