

## 1. Descriptive Information

### **D3 - Access to Early Care and Education (ECE): Definitions, Data and Implications for Subsidy Payment Rates**

The 2014 CCDBG reauthorization added several program goals to improve low-income families' access to high-quality ECE, including (1) promoting parental choice for ECE that meets families' needs, and (2) increasing the percentage of low-income children in high-quality ECE. This session provides an overview of the dimensions of ECE access, with a focus on the cost of care. The session begins with a brief overview of the ECE Access Guidebook, followed by summaries of researchers' efforts to measure families' ECE access using two different data sources: state administrative data and the National Survey of Early Care and Education (NSECE). This information sets the stage for the final presentation, which focuses on a key dimension of access to subsidized ECE: provider payment rates. Experts across disciplines will share key themes from a memo summarizing options and challenges related to ensuring equal access and setting payment rates using different methods.

#### **Facilitator**

- Anna Johnson, Georgetown University

#### **Presenters**

- Sarah Friese, Child Trends
- Herman Knopf, University of Florida
- Rebecca Madill, Child Trends
- Elizabeth Davis, University of Minnesota
- Lynn Karoly, RAND

#### **Scribe**

- Van-Kim Lin, Child Trends

## 2. Documents in Session Folder

Each presenter had a slide deck

## 3. Brief Summary of Presentations

- **Summary of Presentation #1:** Anna Johnson/Sarah Friese
  - Definition of access: Access to early care and education means that parents, with reasonable effort and affordability, can enroll their child in an arrangement that supports the child's development and meets the parents' needs.
    - Multiple components and dimensions which are used in the field
- **Summary of Presentation #2:** Herman Knopf- Using State Administrative Data to Measure Child Care Accessibility and Make Policy Decisions
  - Project developed by a close partnership between a state agency and research partnership
  - Goal: create a Child Care Access Index, which has sub-indices to describe high-quality child care access for subsidy recipients in a geographic area over time (for a single day at the zip code-level with a capacity greater than 0)
  - Data sources
    - Voucher data (2010-Present): we know in a week what child care provider a child attended; can find out how long a child is in provider and choices within a day on a year to track over time
    - Licensing data (2010-Present): rich data source about status, quality, and address
    - Statewide Quality Designation (QRIS): to identify if care is high-quality. Not looking at each rating level but determined what is "high-quality"
    - Ongoing partnership with state child care administrative and university based policy research team
    - June 15, 2016 is the analysis day
  - Version 1: Developed maps to visualize and not to analyze
    - Identified areas where kids are attending not high-quality providers (80-100% of kids not in high-quality providers)
    - Identified areas where no one is receiving a subsidy
    - Loaded where high-quality providers were located and identified target areas
  - Version 2: How to estimate supply appropriately
    - Not comfortable with capacity numbers because overestimating supply. Took proportion of kids using care of different quality and compared with centers operating at different levels of quality

and subtracted them. If more children using high-quality than providers, same, or more children in not high than existed.

- Loaded child care providers
- Every child care provider doesn't serve the same number of kids so may have imbalance but not if we accounted for slots
- Version 3: Used a formula
  - Use licensing data for number of slots (not perfect but decent)
  - Two sub-indices
    - Selection index: how parents select care
    - Infrastructure: If all kids using vouchers chose to do so, could they get high-quality care?
  - Layered the sub-indices and created a matrix for different state of affairs

		Selection	
		Positive	Negative
Infrastructure	Positive	Increase HQ slots with parent awareness campaign	Increase HQ slots
	Negative	Parent awareness campaigns	Continue current practices

- Version 4: Replication in FL
  - No QRIS
  - Differences in geographic constructions
  - Using travel patterns (distance and time)
  - Community characteristics linked to CCAI
  - Examine spatiotemporal change

• **Summary of Presentation #3:** Rebecca Madill – Describing Disadvantaged Families’ Access to ECE using the NSECE

- Data source
  - NSECE: looking at household survey and using only the sample where the randomly selected child was under 60 months (n=4,339)
- Measures
  - Household and child demographics (income and child age)
  - ECE search process
  - Information about current child care arrangements (type of non-parental care and how care was paid for)
- Objective 1: Measures of Access
  - Did the search result in a new arrangement?
    - NSECE Question: “What was the result of this search for care?” coded as either found a new arrangement or did not find a new arrangement
  - Did the parent or caregiver feel like s//he had a choice?
    - NSECE Question: “What was the main reason you made that decision?” coded as parent did or did not have a choice
  - Did the parent or caregiver have multiple options?
    - NSECE Question:
      - “Did you consider more than one provider?”
      - “At the time of the last search, what type of care were you using for the child?”
      - “What was the main reason you were looking?”
- Objective 2: Nationally-representative estimates
  - What were respondents making their decision about care on?
    - Cost
    - Quality of care
    - Best feeling

- Higher-income families were more likely than lower-income families to find new arrangement, had a choice, and had multiple options
    - Subsidy recipients were more likely than low-income, non-recipients to find a new arrangement and had a choice, but non-recipients were more likely to have multiple option
  - Next steps
    - Create additional measures of access
    - Compare households based on income as a percent of state median income
    - Link state CCDF policies to ECE access
  - Implications
    - Cost of ECE matters
    - Low-income households had less ECE access on three measures
    - Limitations include confounds between subsidy recipients and non-recipients and this isn't a perfect measure of subsidy receipt
- **Summary of Presentation #4: Liz Davis – Subsidy Payment Rates and Access to High-Quality ECE for Families**
  - What determines access for families receiving subsidies?
    - Affordability for parents (copayments, and the differential if parent has to pay between provider and subsidy payment rate)
    - Payment rates (Are providers willing to care for children with subsidies and providers with subsidies, do they meet other aspects of definition?)
  - Will expanding the use of alternative methods or taking provider costs into consideration improve parental access and support parent choice?
    - Price vs. cost
      - Price: Amount a provider charges (i.e., fees, tuition, rates that unsubsidized parents pay)
      - Cost: Expenditures that providers incur to deliver services (e.g., salaries, rent, materials)
    - Costs estimates for children are above market rates and the subsidy rates were below the market rates for infants and preschoolers, but no consistent gap between cost and price with different factors driving these numbers
  - Issues to consider with the CCDBG
    - Market rate surveys: Is there something about the MRS approach that is leading to different payment rates?
      - There may be limitations in study design, methods, and analysis
      - There are challenges to informing subsidy prices
        - Insufficient market information (no or limited price data)
        - Costs may not be fully covered by prices charged to parents
        - Market prices reflect inequities and variation in families' ability to pay for child care across local areas
    - Alternative methodologies: Can take provider costs into consideration when setting payment rates
      - Researchers can help states know what method to use and how to use it and reliability of method
      - Regardless of whether a state uses alternative method or market rate survey, CCDBG requires information about cost of care
        - Must include estimated cost of care (variation by geography, provider, or age)
        - How they have taken into consideration the cost of high quality child care when setting rates
    - Rate-setting and determining access
      - Challenges for states to consider and how researchers can help
        - Understanding the data needs for a cost-based approach (cost study, cost modeling)
        - Evaluating and selecting an alternative methodology
        - Understanding a link between costs and quality
        - Accounting for variation in costs

- Challenges for conducting cost surveys
  - Issues conducting surveys (e.g., representative sample and valid reliable information)
  - Cost survey limitations
    - Information requirements to fully measure cost are demanding
    - Many providers do not have accurate information on resources used to provide care or cost of resources
    - Cost information is at the program-level and aggregate and more challenging to measure at child-level
- Challenges using cost models
  - Based on assumptions (e.g., how inputs are combined to deliver child care)
  - Validity of assumptions
- Challenges when taking provider costs into consideration when setting payment rates
  - Converting cost data or cost estimates into payment rates
  - Accounting for geographical variation, type of care, and age group
  - Incentives and unintended consequences
  - How a cost-based approach affects access

#### **4. Brief Summary of Discussion**

- Are we systematically underestimating the cost of labor component in these models? How do people value their own time if they can't raise wages the way they would like to given market pressure to keep market down?
- Be careful about how to define "choice" because nearly everyone has some degree of constraint when selecting child care.
- How can we add more dimensions of access in our work?

#### **5. Summary of Key issues raised**

- Measuring access is an ongoing research question
  - Geographical mapping and the NSECE offer opportunities to measure a multidimensional definition of access to child care.
- There are many challenges to consider when determining how to use a cost-based approach to setting rates for high-quality care, but can be useful to informing rates.
- Researchers have an opportunity to help states know how to measure access and set payment rates to address access to child care, which is a highlight of the CCDBG reauthorization.