

2009 CCPRC Annual Meeting  
Breakout B-2  
October 29, 2009, 2:15 p.m. – 3:45 p.m.

## **Subsidy Policies: What We Know about Effects on Continuity of Care, Parent Decisionmaking and Child Well-being—How Sure Are We?**

### **Description**

This cross-cutting breakout session explored what we know about subsidy participation and continuity of care for children with particular emphasis on the effects of subsidies on children. Among the questions addressed were: Do subsidies and subsidy policies influence the child care decisions made by parents? What happens when subsidies end? Do children stay in the same arrangement? Return to the same arrangement? Is there evidence that subsidies and subsidy duration influence child outcomes? What research is needed to improve our understanding of subsidy dynamics and their implications for children?

Through brief presentations and facilitated discussion, the moderator and speakers led a discussion about the importance of these questions, what we are learning from recent studies (using both quantitative and qualitative methods), the challenges and limitations of current methods, and promising directions for the future.

### **Moderator**

Roberta Weber, Oregon State University

### **Presenters**

Ellen Scott, University of Oregon  
Chris Herbst, Arizona State University  
Yoonsook Ha, University of South Carolina

### **Scribe**

Julie Shuell, National Child Care Information Center

### **1. Documents in Session Folder**

- “Instability in Subsidized Child Care,” Ellen K. Scott.
- “Relationship between Child Care Subsidy and the Stability of Care,” Yoonsook Ha and Katherine Magnuson (University of Wisconsin-Madison).
- “Child Care Subsidies and Child Well-Being,” Chris M. Herbst.

### **2. Summary of Presentations**

- **Summary of Presentation #1: Ellen Scott**
  - The instability of subsidized child care arrangements still confounds us—why despite subsidies, do recipients tend to have short spells of arrangements and numerous changes in both subsidized and unsubsidized patchworks of care?
  - This presentation drew on two sources of data, collected 10 years apart in Cleveland, Ohio, and Western Oregon.

- Child care characteristics drive instability: quality of care and providers ceasing to be available.
- Employment characteristics drive instability: need for nonstandard hours and hours that exceed the subsidy allotment and erratic and/or changing schedules.
- System characteristics drive instability: problems maintaining subsidies; changes in rules regarding eligibility; and subsidies that fall below market rate.
- **Summary of Presentation #2: Yoonsook Ha**
  - Yoonsook’s study posits that instability of subsidy receipt might lead to instability of child care arrangements.
  - Using Wisconsin administrative data, the study examined the instability of child care arrangements among children who received child care subsidies by comparing the number of subsidy receipt spells with the number of child care providers a child goes to during the time period.
  - Findings show that the number of subsidy spells is positively related to the number of care providers, but it is not proportional; when a child has another spell, there is 61 percent change that the child is likely to have a different provider.
  - Findings show that children in licensed child care are likely to experience greater continuity in care arrangements.
  - If further research shows a causal link, policy makers should consider mechanisms to increase continuity in subsidy receipt.
- **Summary of Presentation #3: Chris Herbst**
  - Previous research makes the assumption that since low-income children tend to benefit from center-based care—and most subsidized children use such care—child care subsidy policy will similarly serve the developmental needs of its participants. However, given that subsidy receipt is tied to employment, and there are few incentives to purchase high-quality care, there are reasons to be concerned about the developmental effects of child care subsidies.
  - This study used the ECLS-K to test these competing hypotheses with respect to a large number of child outcomes, including cognitive ability test scores, behavioral measures, and weight outcomes.
  - Used rigorous empirical methods, including instrumental variables and fixed effects, that adjust for unobservables related to the decision to receive a subsidy.
  - Findings indicate that subsidy receipt in the year prior to kindergarten entry is associated with lower reading and math test scores, increases in teacher-reported behavior problems, and an increased likelihood of being overweight and obese.

### 3. Summary of Discussion with Presenters and Participants

- Where are there gaps in information about instability and where do we want to go? What do we need to better understand the effects on children of receiving a subsidy?
  - The amount of a subsidy voucher affects how much of a choice a parent has in finding care they believe to be good for their child—which has implications to child outcomes.
  - We don’t know enough about stability of care for low-income families in general to know if this is a voucher issue or a low-income child care issue.

- Subsidy use may stabilize employment and reduce undesired life changes.

#### **4. Key Themes and Issues**

- Subsidy is only one piece of a complex set of inter-related dynamics affecting children in low-income families.
- Study quality and subsidies together to understand whether or not linkages exist.
- Understanding the connection between subsidy receipt and child outcomes requires more study. We can use existing research and conduct additional new research to examine the pathways.
- What would the subsidy system look like if it were focused primarily on positive child outcomes?