

Title: Modeling Eligibility for Child Care Subsidy

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**SUMMARY OF PRESENTATION**

The ee/cc Model

By: Douglas J. Besharov and Jeffrey S. Morrow

- 24 billion dollars in child care. Likely to increase.
- Using data from various sources, the ee/cc Model synthesizes information about the CCDF, TANF SSBG, CCAFP, Head Start and pre-K and provides various programmatic estimates
- TRIM- # of eligible children
- SIPP- undercount in where children were
- NHES- income breakdown, where children are
- 70% of poor 4 year olds have mothers who are working or are in school. We looked to see how they interact together. The model helps answers where are the poor 4 year olds?
- Consumption v. working. Relation between hours of work and hours of care.
- The ee/cc model connects mothers' work hours to the duration of care, Child care often last many more hours than mothers' work (because of commuting and overconsumption or forced consumption). For older children, school serves as substitute for child care.
- Family structure of Formally CCDF eligible Children and Recipients – More single mothers than married couples are eligible for subsidies, with the difference larger under state eligibility rules. The difference in subsidy receipt is even greater but for both groups, coverage is far from complete.
- Eligible children are roughly equal by age, but subsidies tend to go to younger children (especially as measured by the dollar amount of subsidies rather than the number of children) largely because they spend more time in care and that care tends to be center-based.
- There are different definitions of CCDF Eligibility. Far less children are eligible for CCDF at the state level than at the federal level. There are also different definitions of income. This effects how many children are eligible for CCDF funding. Federal definition of income tends to allow more children to be eligible for CCDF funding.
- Federal CCDF-eligibility reaches to 85 percent of state median family incomes, but almost all states have set lower-income-eligibility limits. About 71 percent of CCDF-eligible families (even those under the poverty line) are in arrangements that could receive subsidies but do not. About 21 percent of CCDF-eligible families (even those under the poverty line) are in arrangements that do not qualify for a subsidy.
- Program allows you to enter in specific options. Ex. This will allow you to look at people leaving TANF or children leaving child care.

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## Modeling Eligibility for CCDF- Funded Subsidies with TRIM3

Linda Giannarelli

- TRIM is a comprehensive microsimulation model: models taxes, other safety net programs
- A microsimulation model does its work by starting at a survey base and running a computer base program on all of the households included in the program, one at a time. The model looks to see whether children in the household qualify for childcare subsidies. The microsimulation model is different than a cell base model
- TRIM is funded by HHS/ASPE
- Input to the model: Each year's March CPS (Current population survey – 760,000 households were tested in the last March CPS. Representative of the US population. Collects detailed demographic info, weeks worked, etc. Same survey used for annual poverty estimate and state median incomes.).
- What the Trim does – simulate eligibility for CCDF-funded subsidies, simulate receipt of CCDF-funded subsidies, calculate co-payments
- The TRIM looks at month by month eligibility and detailed modeling of state-specific rules
- The TRIM considers each “narrowly defined’ family separately. Each month a family in the TRIM will be evaluated on: are the parents working or in school? Is there a child <13 or disabled and < state’s age limit? Is the family income-eligible according to states rules? If the family pass all of these requirements, they are consider eligible
- Types of eligibility estimates that can be produced: national level estimates, state specific estimates, and “What if” estimates
- Federal eligibility estimates – October 1999= 9.7 million, October 2001=9.9 million, October 2003= 8.6 million, October 2005 8.5 million
- Trim is looking at eligibility, not need. Some eligible families may not feel that they need/want subsidies. Some families that need/want subsidies may not be technically eligible.
- Eligibility has been used for coverage rates (children served by CCDF divided by children eligible for CCDF) and as input to other analyses (ex. ee/cc).
- Ongoing work – Continue to improve the eligibility model methods and finalizing a new set of state-specific eligibility estimates

SUMMARY OF DISCUSSION

- How does the model account for families with two children? Answer - The model is limited to just looking at the children. It will be likely that some of the children have the same mother, however, we do not follow the mothers, and we follow the children.
- What does high quality care cost? There have always been concerns about quality in the programs and subsidies. More research is needed to find out how much money it will take to meet the quality goals.
- With raising the rates of subsidies, will parents choose higher quality child care?
- Is the ee/cc ready for the state level? Not yet, but we think that is on the horizon. We will be more than happy to allow anyone who wants to use this model use it.
- States are interested at looking at/using the ee/cc and TRIM. They want more information on this.
- Who do you expect to use the ee/cc? We have been working with federal agencies. We are starting to talk to some state level groups and national level groups. The goal will be to have state and federal planners using the ee/cc.
- Wisconsin- does the ee/cc report how much money is being spent on subsidies or how much would be spent if everyone eligible claimed subsidies? Ee/cc reports how much money is actually being spent on subsidies.

#### KEY POINTS

- 1) These models will help federal and state administrators track cost of subsidies. If a change in policy (ex. definition of income level, funding cuts, etc) is expected, how will it affect how many people are served? How will it affect the cost of subsidies?