

The ee/cc Model

(Early Education/Child Care Model)

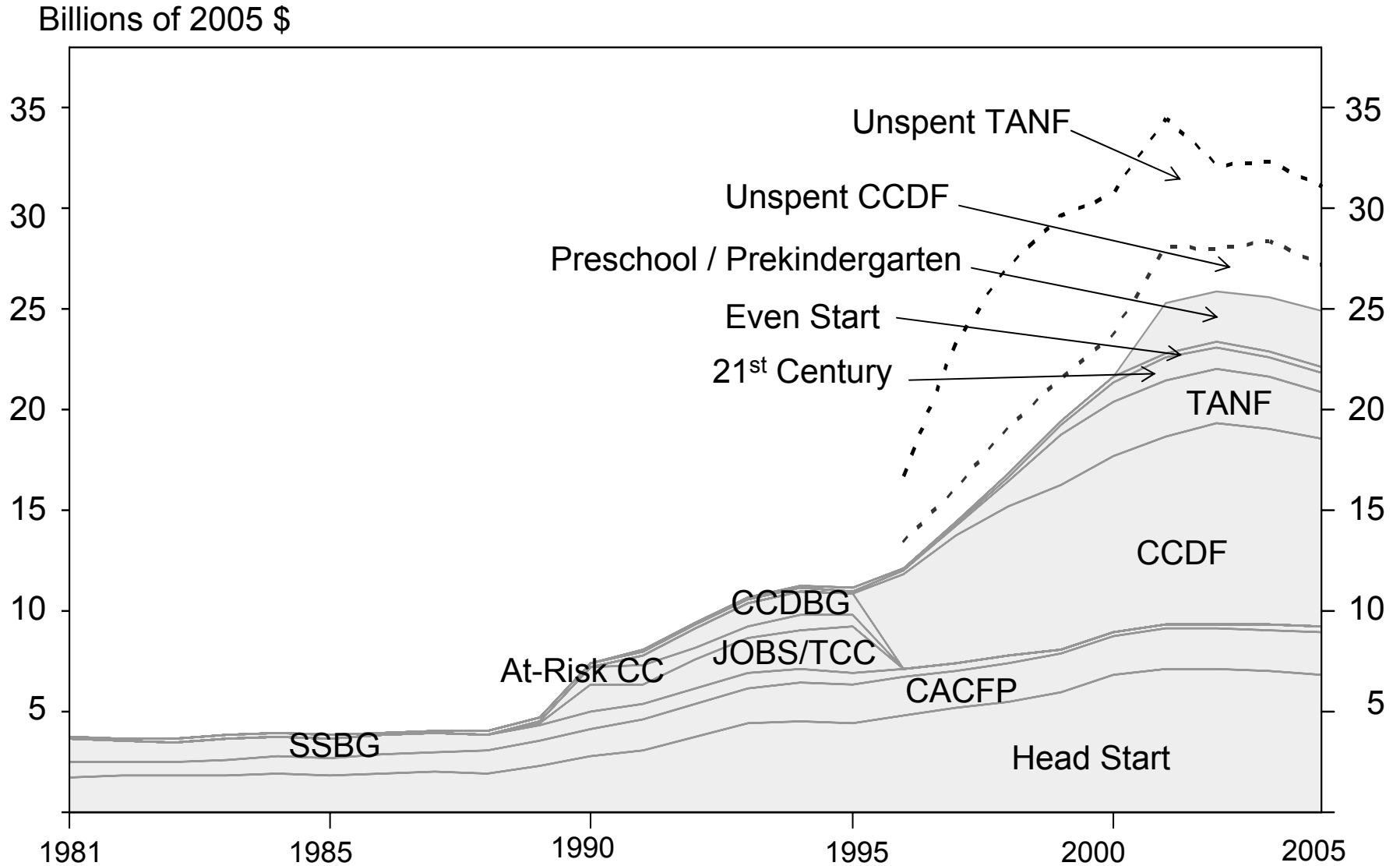
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University of Maryland/American Enterprise Institute

August 1, 2007

Figure 1
Child Care and Early Education Spending and Potential Spending
(1981–2005)

*Over one hundred programs fund child care and early education, but most funding is from just six programs.
 Funding has grown rapidly since 1997, and now totals about \$24 billion.*



Source: University of Maryland, Welfare Reform Academy, "Early Education/Child Care (ee/cc) Model," 2007.
 Douglas J. Besharov, UMD/AEI (August 1, 2007)

Figure 2
The ee/cc Model

Using data from various sources, the ee/cc Model synthesizes information about the CCDF, TANF, SSBG, CACFP, Head Start and pre-K, and provides various programmatic estimates.

Inputs

TRIM



SIPP/NHES



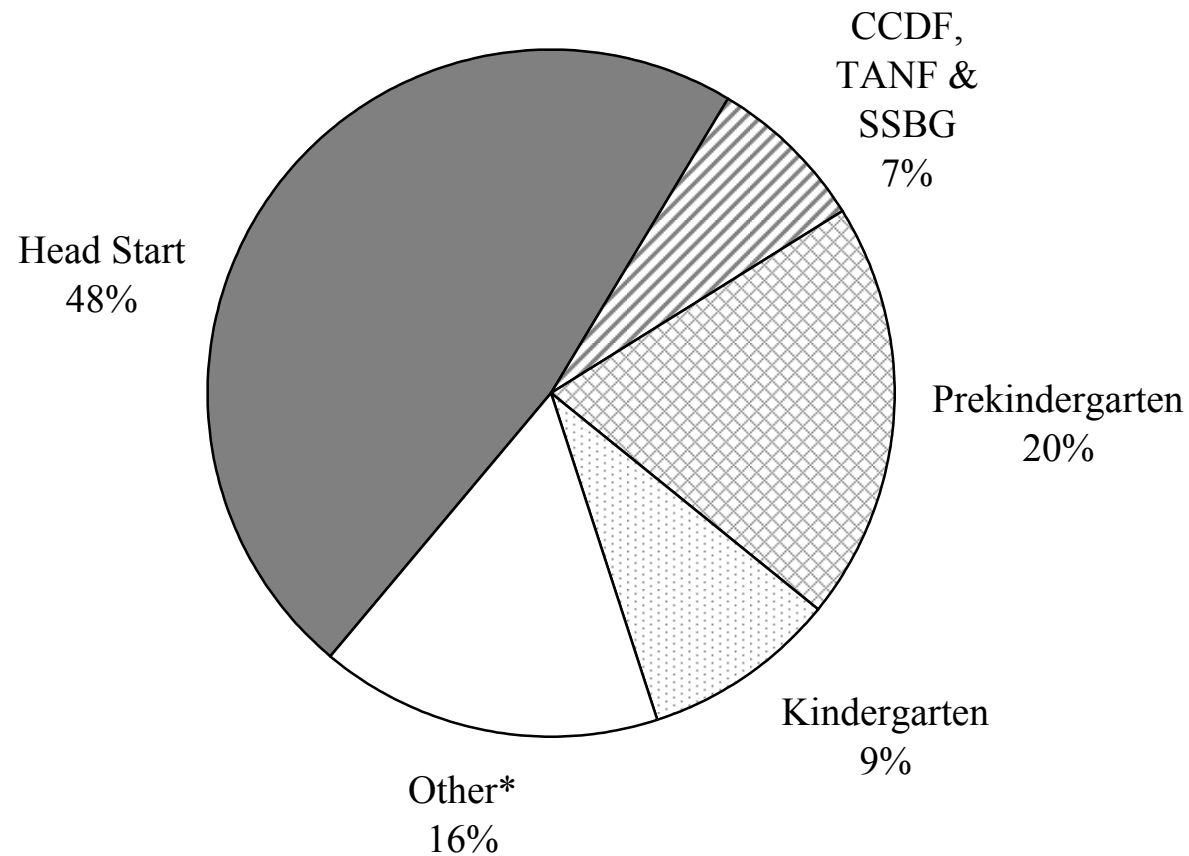
CCDF admin data

Outputs

- ▶ Arrangements
- ▶ Subsidies
- ▶ Take-up rates
- ▶ Substitution potential
- ▶ Costs

Figure 3
Where Are Poor 4-Year-Olds?
(70% have mothers who are working or in school)
(2000/2001)

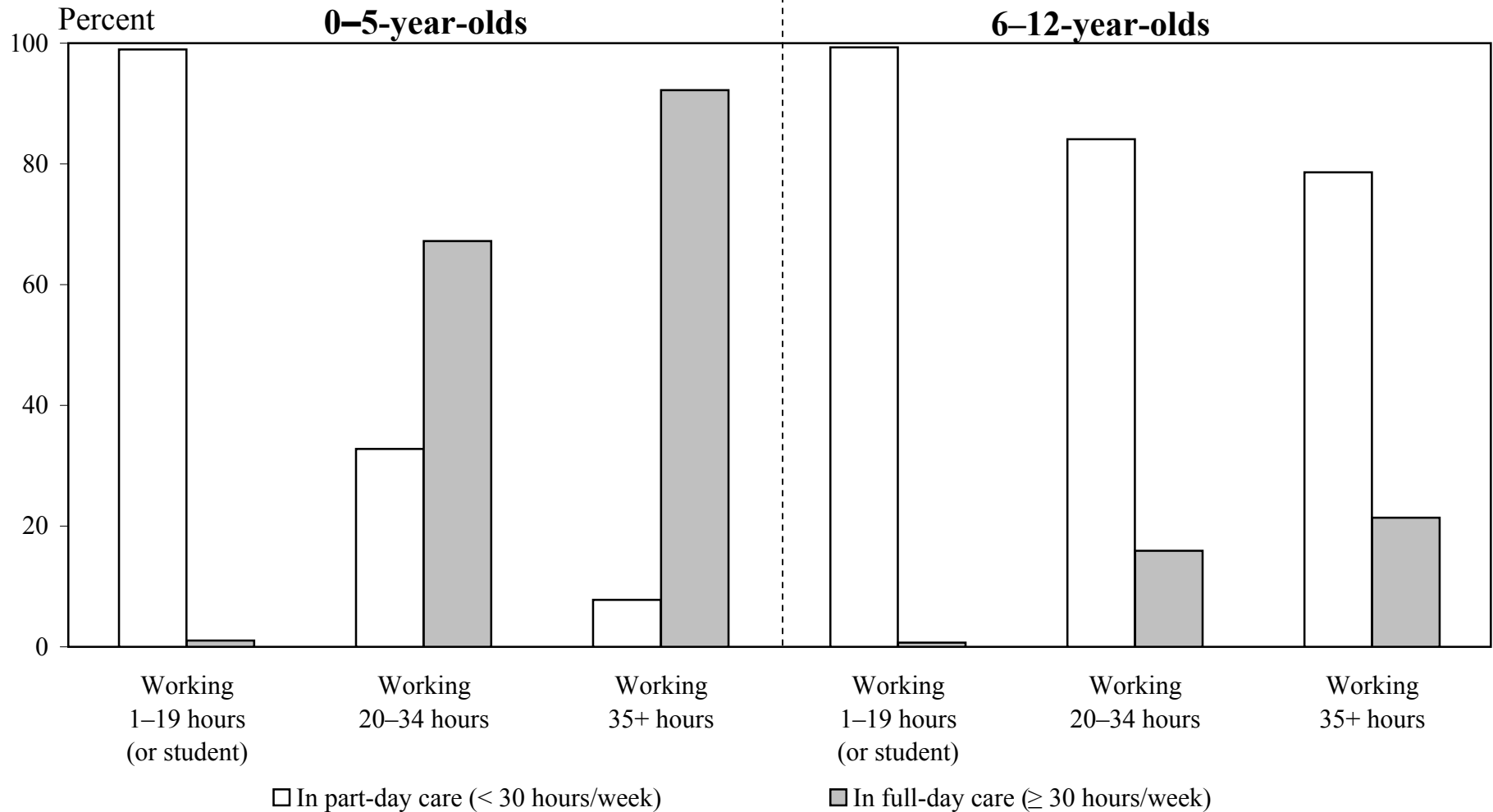
The ee/cc Model maps child care and early education arrangements. Almost all poor four-year-olds, for example, are in a paid or subsidized arrangement (whether or not the mother works).



* "Other" represents the remainder of Head Start-eligible children who are not in Head Start; prekindergarten; kindergarten; school; or full-time, subsidized care. Thus, the children in the "other" category are in, but not limited to, the following arrangements: free, full-time care by the child's relative (when not subsidized); part-time, subsidized care; and any unduplicated children in child care funded through the Individuals with Disabilities Education Act, through Title I of the Elementary and Secondary Education Act, and through Even Start.

Figure 4
Hours at Work vs. Hours in Care
 (Children of single mothers, school year, 2004/2005)

The ee/cc Model connects mothers' work hours to the duration of care. Child care often lasts many more hours than mothers' work (because of commuting and overconsumption or forced consumption). For older children, school serves as a substitute for child care.

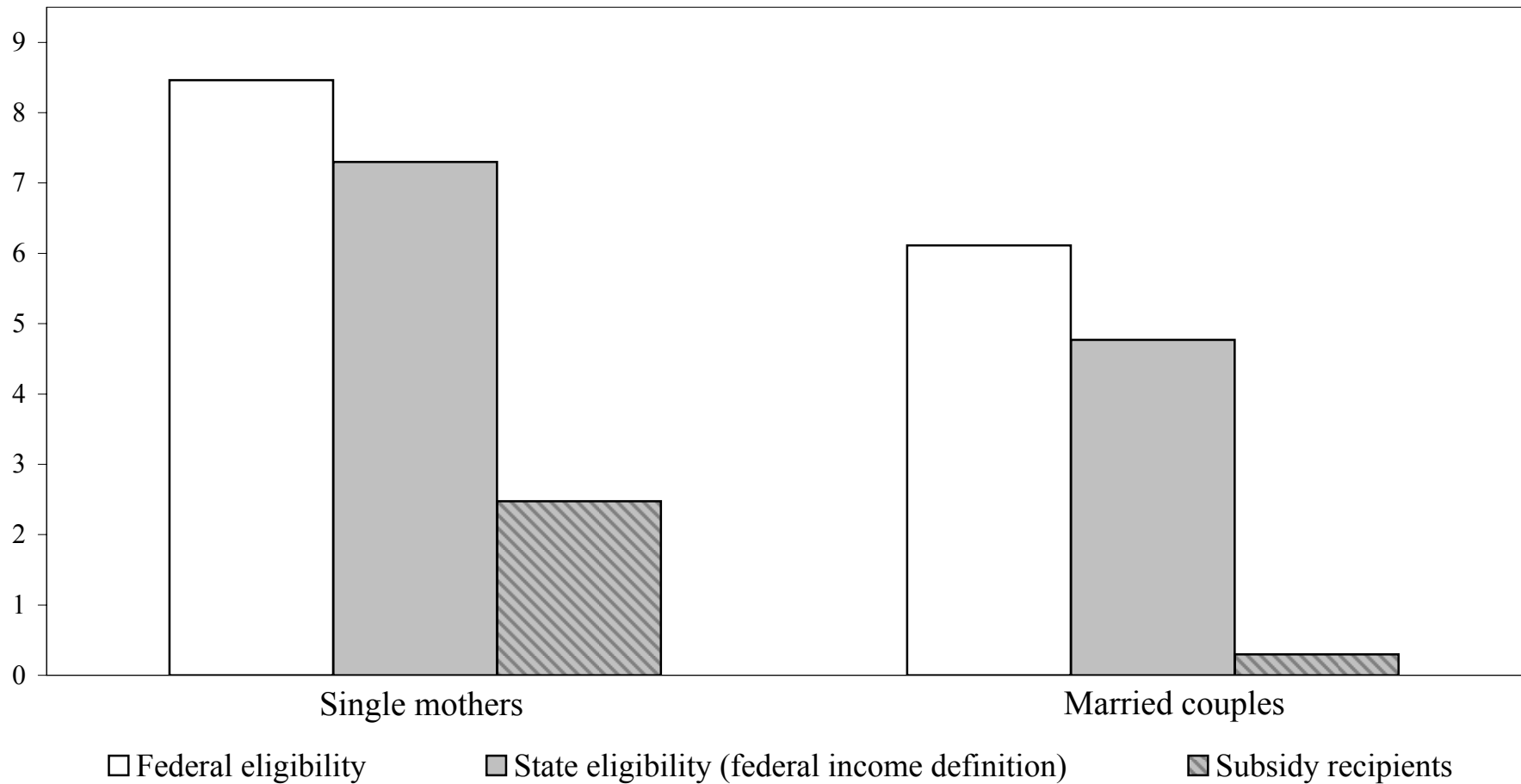


Source: University of Maryland, Welfare Reform Academy, "Early Education/Child Care (ee/cc) Model," 2007.
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Figure 5
Family Structure of Formally CCDF-Eligible Children and Recipients
Federal vs. State Rules (2004/2005)

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.

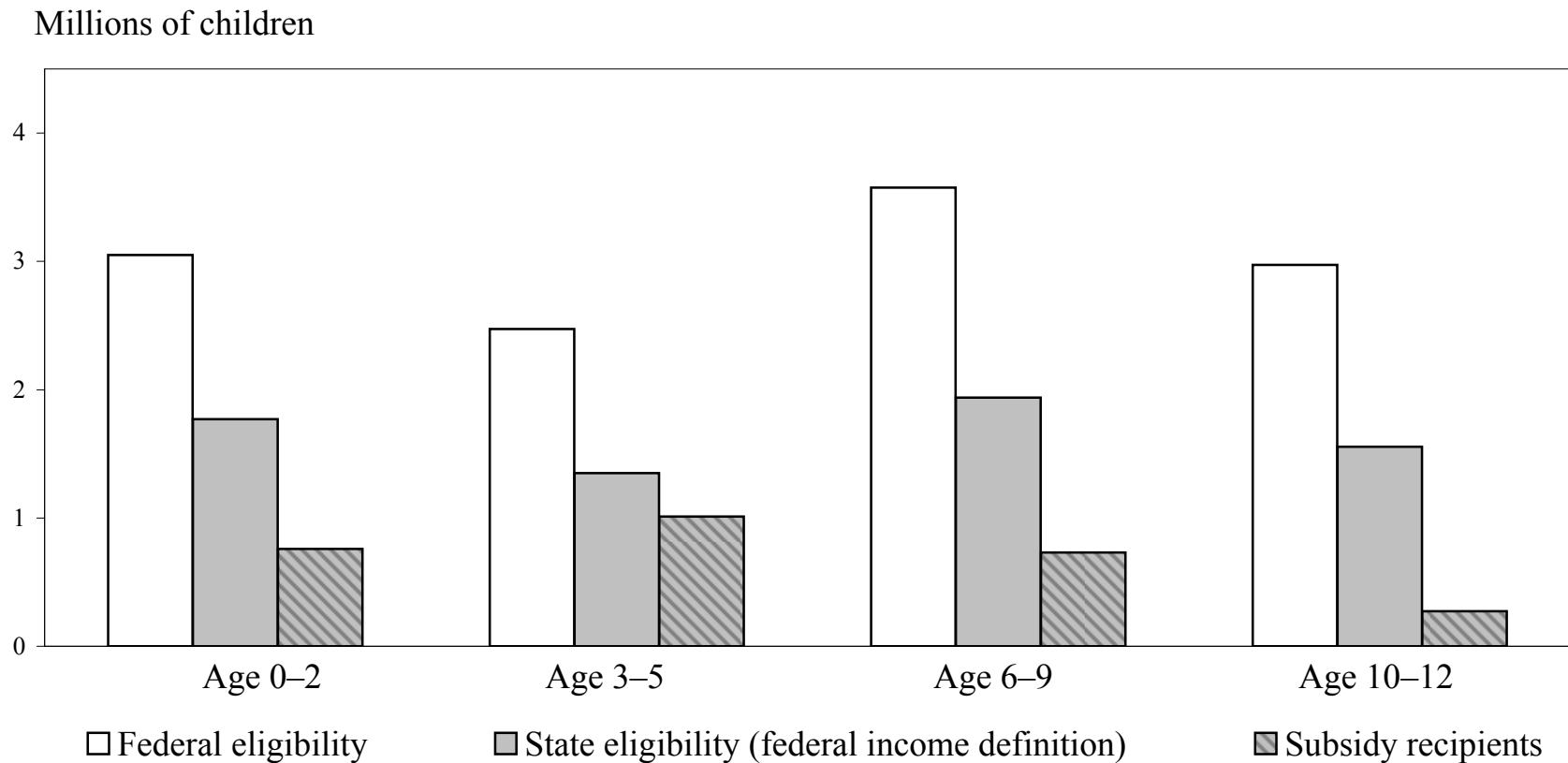
Millions of children



Source: University of Maryland, Welfare Reform Academy, "Early Education/Child Care (ee/cc) Model," 2007.
 Douglas J. Besharov, UMD/AEI (August 1, 2007)

Figure 6
Formally CCDF-Eligible Children and Recipients by Age
Federal vs. State Rules (2004/2005)

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.



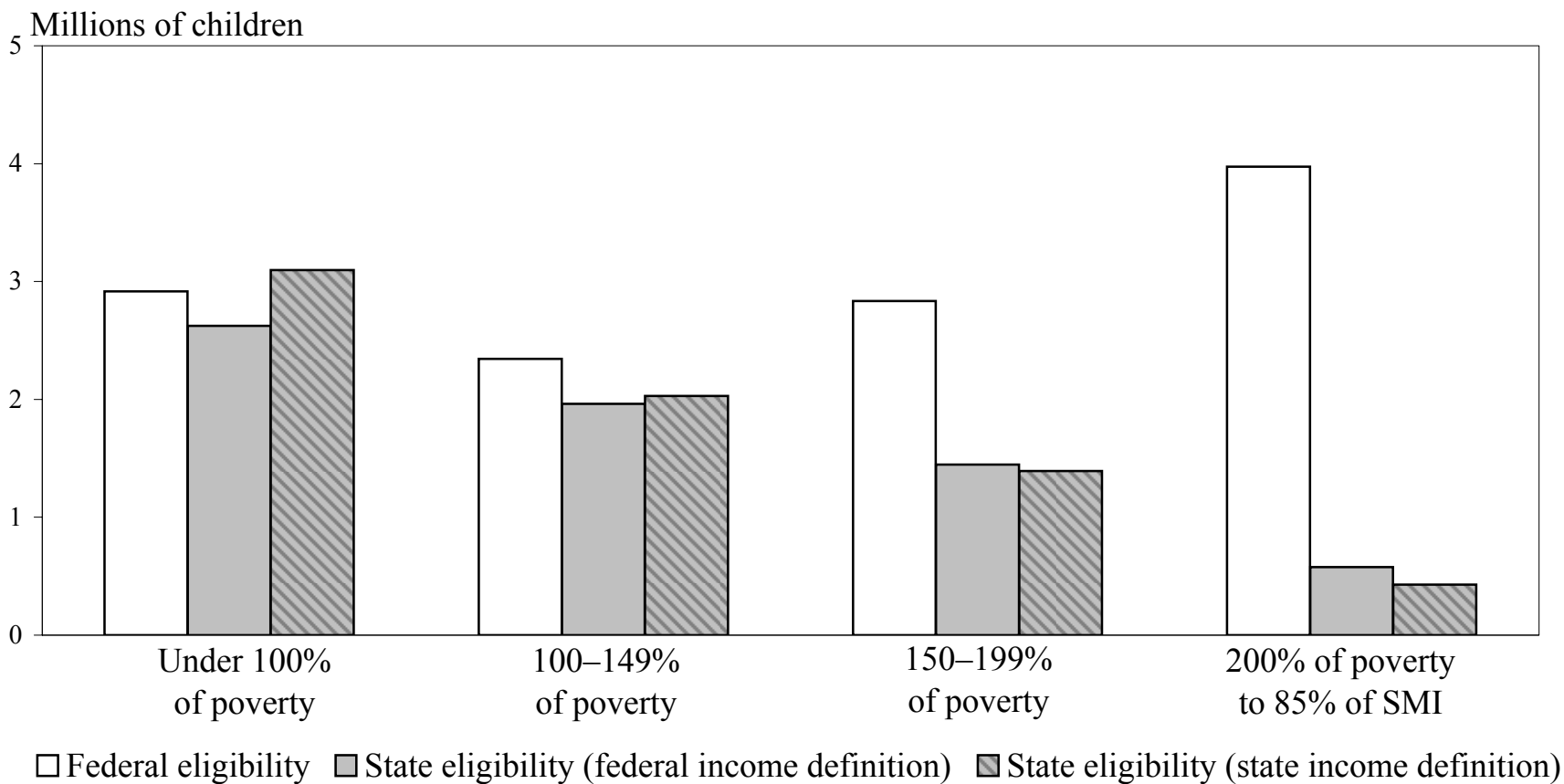
Source: University of Maryland, Welfare Reform Academy, "Early Education/Child Care (ee/cc) Model," 2007.
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Figure 7
Different Definitions of CCDF Eligibility

- ▶ **Federal eligibility:** Up to 85 percent of state median family income using Census Bureau's definition of income. (No hours of work requirement.)
- ▶ **State eligibility:** Lower income limits and often required minimum number of hours worked.
- ▶ **Federal income definition:** The Census Bureau's method of computing income.
- ▶ **State income definition:** Usually (1) monthly vs. annual income, and (2) subfamily income unit.

Figure 8
The Impact of State and Local Definitions of Income
Federal vs. State Rules (2004/2005)

*State and local agencies use definitions that understate income
 (because they use monthly income and measure it at the subfamily level).*



Source: University of Maryland, Welfare Reform Academy, "Early Education/Child Care (ee/cc) Model," 2007.
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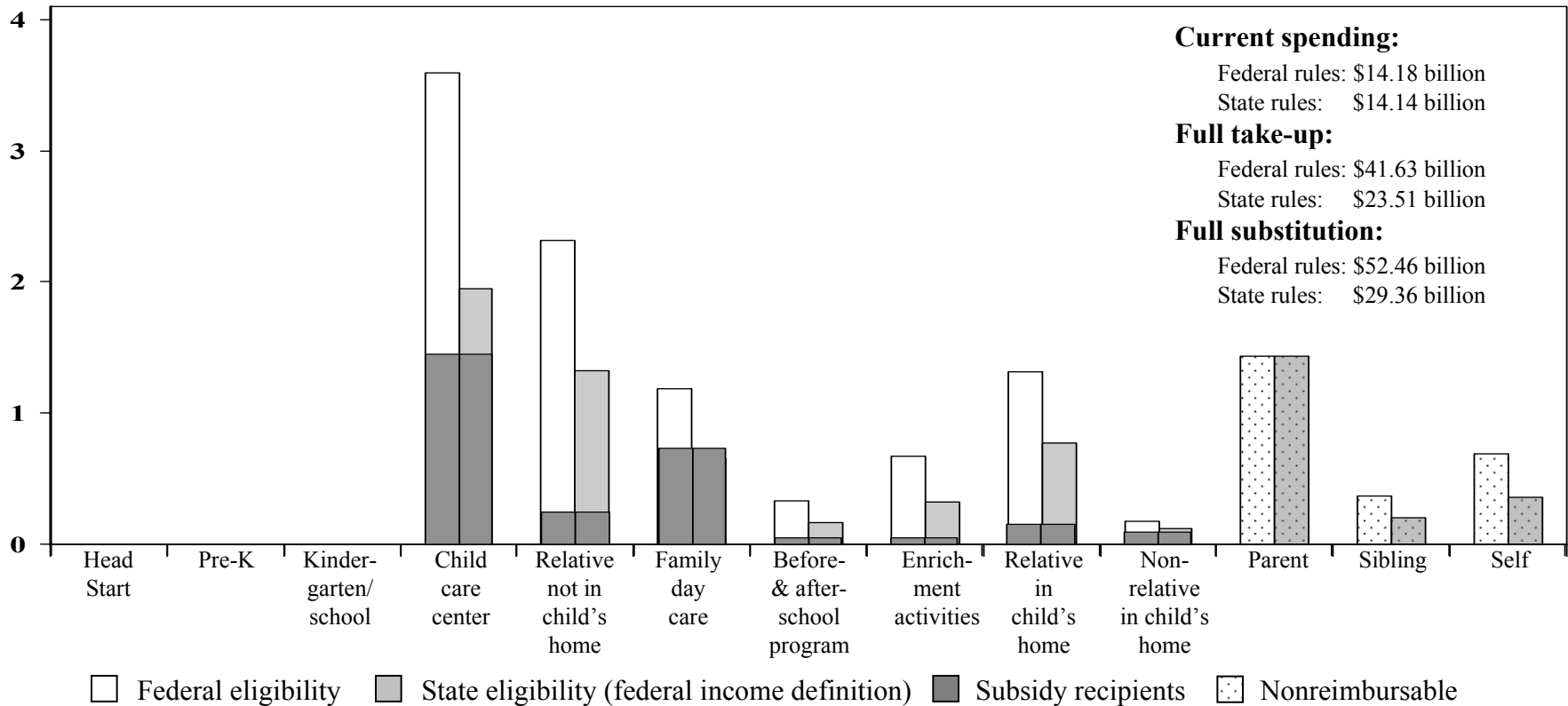
Figure 9
The Impact of Using Federal Levels of Income Eligibility, Full Take-up, and Full Substitution
Federal vs. State Rules (2004/2005)

Federal CCDF-eligibility reaches to 85 percent of state median family income, 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.

Millions of children



Source: University of Maryland, Welfare Reform Academy, "Early Education/Child Care (ee/cc) Model," 2007.
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Figure 10
The Cost of “High Quality” Care
(2003/2004)

Cost	Head Start		CCDF		Pre-K/ Preschool
	Ages 3–5 (HS)	Ages 0–2 (Early HS)	Ages 3–5		Ages 3–4
			Center	Family	
Average per child (regardless of hrs)					
Head Start Bureau estimate	\$7,222	\$7,222			
Besharov/Myers estimate	\$9,381	\$15,999	\$8,100	\$7,225	
NIEER estimate					\$3,435
Part-day and full-day sessions					
Besharov/Myers estimate (part-day)	\$5,608				
Besharov/Myers estimate (full-day)	\$12,570				
Hourly (across all durations)	\$8.99	\$10.21	\$4.18	\$3.81	n/a
Hourly (full-time)	\$8.41	\$10.17	\$3.52	\$3.15	\$5.53
Hourly (part-time)	\$10.51	\$12.71	\$4.45	\$3.96	n/a
Full-time, full-year (50 hours/week, 49 weeks/year)	\$20,607	\$24,904	\$8,616	\$7,709	\$13,556

Source: Douglas J. Besharov, Caeli A. Higney, and Justus A. Myers, “Federal and State Child Care Expenditures (1997–2005): Child Care Spending Falls as Pre-K Spending Rises” (College Park, MD: University of Maryland, Welfare Reform Academy, 2007).