

**Providers and the  
Recession:  
Insights from Urban  
Institute Research**

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The Urban Institute

*CCPRC Annual Conference*

*October 2009*

# Sources

Insights gleaned from UI work on providers – specifically:

- *Understanding Quality in Context: Child Care Centers, Communities, Markets, and Public Policy\** (Rohacek, Adams, and Kisker, under review)
- Research on vouchers and child care providers from *Child Care Providers and the Subsidy System\** (various publications available and forthcoming)

*\* More information on these studies at end of handout*

# Possible Research Concerns

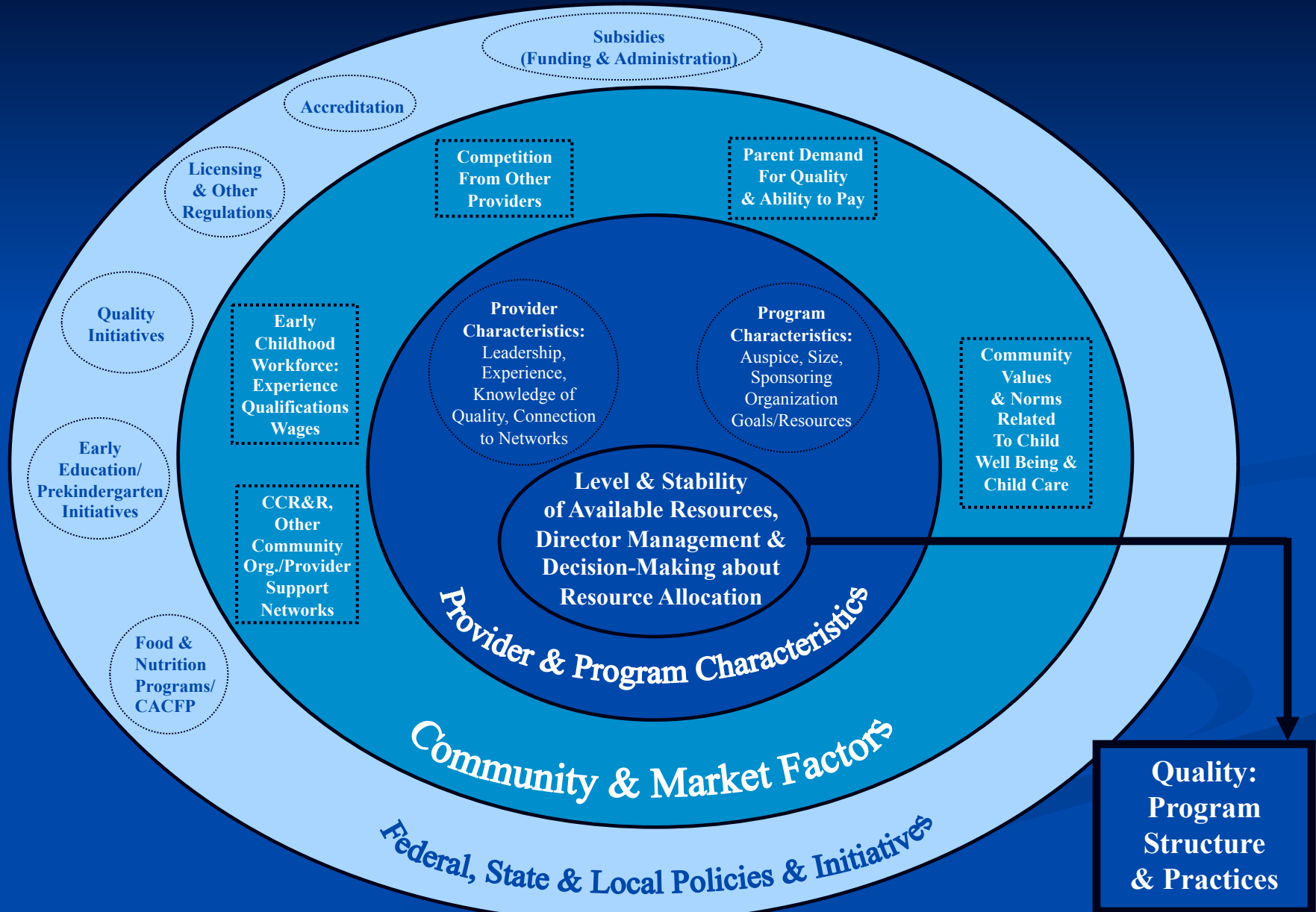
- What are providers experiencing in relation to economic downturn?
- How are providers (specifically center-based providers) responding?
- What does this mean for children and families?

# Overarching Theme

Likely to see different responses for different providers, because provider behavior shaped by complexity of interacting factors:

- Individual provider characteristics
- Program characteristics
- Market/community context
- Policy context (combined federal, state, and local)

# Conceptual Framework



# What Providers Experienced

- Some providers reported drops in enrollment – due to decreases in private pay parents or decreases in vouchers due to subsidy cuts
- Others holding steady but indicated concerns that this would occur

# Strategies to Deal With Reductions in Revenue...

- Delaying payment of bills
- Reducing staff hours (difficult tradeoff with laying off staff)
- Combining partially-enrolled classrooms/ closing one class
- Forgoing teacher salary increases
- Reducing benefits

*continued...*

# ...Strategies to Deal With Reductions in Revenue

- Putting plans for program improvement on hold (including capital improvements, sending teachers to school)
- Reducing own salary or putting own funds into program operation
- Delaying fee increases
- Making adjustments to keep families (reducing or waiving fees, accepting families with less optimal schedules, accepting families otherwise might reject)



# Insights into Possible Program Types

Programs of different types seem likely to have different reactions to recession:

- Programs already struggling to keep doors open
- Programs able to keep doors open but not striving for quality improvement
- Programs with mixed or higher quality striving to improve

# Insights into Key Dimensions Related to Program Types

- Resource levels, and how used
- Provider leadership, motivation, vision\*
- Provider financial management authority and ability\*
- Flexibility in allocating resources\*

\* *Highlights importance of provider and program level information – do not have good measures*

# Insights on Voucher Patterns

- Willingness to accept vouchers (and how many) shaped by:
  - Provider characteristics (motivation, financial and business management abilities and goals)
  - Whether have alternatives to vouchers \* (private pay parents, other income sources, or other funding streams)
  - Perception of, and experience with, voucher policies/practices, and with families receiving vouchers
- Whether actually serve families with vouchers, and how many, also depends upon # of families with vouchers applying to the program. Related to parent demand, voucher funding\*, and provider outreach.

*\*Likely to be affected by recession*

# Implications for Research

- Assessments of the impact of the recession must allow for a diversity of reactions or effects
- While preliminary, may be able to use provider types and key dimensions to simplify – challenge is that several dimensions are ones for which we do not currently have good measures
- Consider (or explore) contextual complexities while designing research, as different factors likely to be in play for different providers in different communities
- Consider collecting/using complementary data to inform analysis if needed, given limitations of datasets to capture multiple levels of information
- Be aware of contextual factors in interpreting data