

SUBSIDIES AND CONTINUITY: OVERVIEW OF FINDINGS OF RECENT STUDIES

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TWO MAIN TOPICS

1. Continuity of subsidy receipt

- Length of a spell of subsidy receipt
- Leaving and returning to the subsidy program (cycling)
- Factors associated with exits (leaving the subsidy program) or spell length

2. Continuity of arrangements while receiving subsidy

- Length of time with the same provider
- Returning to the same provider after a break in subsidy receipt.



CONTINUITY OF SUBSIDY RECEIPT: SUMMARY OF KEY FINDINGS ACROSS STUDIES

1. Median spells of subsidy receipt are relatively short, typically about 6 months.
2. Many children and families have more than one spell of subsidy receipt. “Cycling” is common.
3. Exiting the subsidy program is sometimes related to policy (e.g., redetermination month).
4. Exiting the subsidy program is often related to events, particularly to employment changes.



CONTINUITY OF SUBSIDY RECEIPT: MORE DETAILS ON STUDY FINDINGS

- **Some variation in median length of spell of subsidy receipt across states has been demonstrated using administrative data. For example:**
 - Meyers et al. (2002) Five-state study: 3 to 7 months
 - Kendall Swenson's presentation at 2011 CCPRC: Of 39 states, median mostly between 5 and 7 months.
 - Ha, et al. (2012): Two spells with a median of 6 months each in Wisconsin.
 - Recent work in Minnesota and Maryland – median spell length is about 7 to 8 months.
- ***Some studies report longer spell lengths but do not use comparable methods.***



UNDERSTANDING VARIATION IN STUDY FINDINGS ON SPELL LENGTH

- The median is a more appropriate measure than the mean because of the skewed distribution of spell lengths. (Mean may also be biased by right-censored spells.)
- Use of an entry cohort approach is more appropriate than a point-in-time because the latter over-samples long spells.
- Incomplete (right-censored spells) should not be dropped but addressed using survival analysis methods.



“CYCLING” ON AND OFF THE SUBSIDY PROGRAM IS COMMON

- **Studies consistently find that many families return to the subsidy program after leaving.**
 - Meyers et al (2002): In the five states, between 35 and 58% of families returned within one year.
 - Witte & Queralt (2006): About half of families had two or more spells within the study period.
 - Ha, Magnuson and Ybarra (2012): On average, two subsidy spells for children who started subsidized care before age 3.
 - Ros, Claessens and Henly (2012): On average, children experienced two subsidy spells in two years.
 - Swenson (unpublished): Over four years, only one-third of families had only one spell, 45% had two or three spells, and 20% had four or more in a pooled analysis of data from 39 states from 2004 to 2008.



WHAT FACTORS ARE RELATED TO CONTINUITY OF SUBSIDY USE?

Several approaches have been used:

- 1) Descriptive comparisons of median spell lengths for families with different characteristics or in states with different policies.
 - Some studies find (usually small) differences in spell length by child age, family TANF status, reason for subsidy, single parent, and time of year.
- 2) Multivariate analysis of factors associated with leaving the subsidy program.
- 3) Interviews with families



EXITING SUBSIDY IS SOMETIMES RELATED TO POLICY

Redetermination month

- Grobe, et al. (2008) - Oregon
- Micholopolous (2010) –Illinois experimental design
- Witte & Queralt (2006) – Rhode Island

Copay

- Micholopolous (2010) –Families in the group with the lower copay schedule received subsidies for one month longer than controls.
- Several other studies have similar results: Families with lower copays had longer subsidy spells or were less likely to exit subsidy program.
- Not all studies reach this conclusion: Some find no relationship with copay or even that families with higher copays have longer spells.



EXITING SUBSIDY IS SOMETIMES RELATED TO POLICY, *CONTINUED*

Subsidy value/provider payment rates

- Ha & Meyer (2010): Higher provider payment rates associated with longer subsidy spells.
- Grobe, et al (2008): Higher subsidy value to the family associated with lower likelihood of exiting subsidy
- Witte & Queralt (2002) finds evidence that increased payment rates led to longer subsidy spells but their 2005 study did not.
- Texas 2008 study: “Moderate” provider payment rates along with increased eligibility limits was associated with longer subsidy spells (and with fewer providers going out of business).



WHAT OTHER FACTORS ARE RELATED TO CONTINUITY OF SUBSIDY USE?

Exiting the subsidy program is often related to employment changes:

Ha & Meyer (2009) - Found that most subsidy exits were related to job loss or low earnings (Wisconsin)

Weber & Grobe (2011) – Based on a parent survey, they conclude: “Almost two-thirds of families who exit the subsidy program do so for employment-related reasons, such as job loss or short term leave.” (Oregon)

Studying the relationship between the timing of job events and subsidy exits can be challenging.



CONTINUITY OF SUBSIDIZED CARE ARRANGEMENTS

- There are many reasons why a parent may change a child's care arrangement. Some changes are predictable and related to the child's changing needs, while others are unplanned.
- Concern about the stability of care arrangements while on subsidy is related in part to the finding of relatively short subsidy spells.
- We generally don't know what happens to the provider-child relationship when subsidy ends.



CONTINUITY OF CARE: NUMBER OF ARRANGEMENTS WHILE ON SUBSIDY

- Meyers et al (2002): Half had at least one change of provider in two years in five states.
- Lowe et al. (2003): Within 2 years, 81% of families changed care arrangements at least once (Milwaukee)
- Weber (2005): Two-thirds changed providers within a one-year period. (Oregon)
- Ros, et al. (2012): 41.5% of families had two or more providers in 2 years (Illinois)
 - Children who returned to the subsidy program with the same provider had a median time off subsidy of just one month. Children who returned and had a provider change had a median of 4 months between subsidy spells.



IS THERE A LINK BETWEEN CONTINUITY OF SUBSIDY USE AND STABILITY OF ARRANGEMENTS?

- Ha, et al. (2012) found a positive association between the number of spells of subsidy use and number of arrangements.
- Lowe & Weisner (2004) conclude that subsidy policy may “exacerbate the levels of unpredictability in family routines”.
- While unstable subsidy use & unstable care arrangements are prevalent, the causal relationship difficult to untangle.



CONTINUITY OF CARE: SUBSIDY VS. NOT ON SUBSIDY

- Brooks et al. (2002): Subsidy recipients had more stable care arrangements than a matched group of non-subsidy users. (Georgia)
- Danziger et al. (2003): Those who did *not* receive subsidies were more likely to stop using non-parental care. (Michigan)
- Davis, et al. (forthcoming) – In a longitudinal survey of low-income parents, those using subsidy were *less* likely to have changed providers by the next survey wave and were more likely to continue using non-parental care. (Minnesota)





**SUBSIDY AND
CONTINUITY:**

*WHAT DO WE NEED TO
KNOW?*