Relationship between Child Care Subsidy and the Stability of Care

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Research Questions

- How does patterns of child care subsidy contribute to the stability of child care arrangement among low-income working families?
  - Is the number of subsidy spells related to the number of child care providers?
  - What other factors might be related to the number of child care providers?

Stability in Subsidy Use and Child Care Arrangements

- Subsidy Spells are often "short," several months at most, but multiple spells are common (Meyers et al., 2006; Ha, 2008)

- Instability of subsidy receipt may be due to changes in…
  - Eligibility (e.g, income or employment)
  - Availability of care, parental preference/need for care
  - Difficulties with recertification
  - Administrative error

- Concern that instability in subsidy receipt might lead to instability in child care arrangements
  - Generates stress for parents (Chaudry, 2004)
  - Linked with worse outcomes for children (Loeb et al., 2004; NICHD ECCRN, 1998)

- But, to date no empirical evidence on links between multiple spells of subsidy and number of care arrangements
  - Difficult to know whether instability in care arrangements is due to instability of subsidies per se, or more general instability in family life.

Policy Context in Wisconsin

- Initial income eligibility: 185% of the federal poverty line
  - $2,823 per month for family of three in 2009
- On-going income eligibility: 200% of the poverty line
- No waiting lists, no priority rules
- Reimbursement rate: 75 percentile of market rate
- Copayment rate: no higher than 12% of family income
- Recertification period: every 6 months
- Average monthly amount of subsidy received: $610 in 2008
- 5% of subsidy users were welfare recipients in 2006

Data and Sample

- **Data**
  - Wisconsin administrative data from 2000 to 2005

- **Sample** (n=13,893)
  - Children who began receiving subsidies between Mar.2000 and Feb. 2001.
  - Children under age 3 at the time of entry
  - Followed until children turn to age 5 (at least 25 months)
  - Children living in single- or two-parent families
  - Excluded children in foster care or kinship care

Method & Measures

- Child-level analysis using OLS regressions
- Subsidy-receipt spells
  - One spell defined as one or more months of non-receipt following several months of receipt
- Total number of child care providers
  - Number of providers children used while receiving subsidies
- Control variables in multivariate analysis selected to control for other sources of possible instability
  - Characteristics of child/family/care used
  - Mothers' employment patterns and earnings
  - Family mobility: Number of times moved

Sample Characteristics (n=13,893)

	%		%
Family Type		**County of Residence**	
Single-parent family	69	Milwaukee	39
Two-parents family	31	Other urban Counties	36
Race of Child		Rural Counties	26
White	50	**Type of Care Providers at entry**	
Black	38	Group day care	57
Hispanic	5	Family day care	18
Others	7	Certified care	25
Average monthly earnings of mothers	$874	Others	1.2

Descriptive Results

	All sample (n=13,893)	Children's age at entry		
		Age 0 (n=6,517)	Age 1 (n=3,673)	Age 2 (n=3,703)
Average number of spells	2.3	2.6	2.2	1.8
Median length of spells (months)	6	7	6	6
Average total number of care providers	2.8	3.0	2.7	2.6

Descriptive Results, cont.

	Children with single spell (n=5,146)	Children with multiple spells (n=8,747)
Median length of spells	13 months	6 months
Average total number of care providers used	1.9	3.4
Proportion of children with at least one consistent care provider in each spell	65%	64%
Proportion of children who returned to the same provider in the prior spells	-	29% (45% of total subsequent spells)

Association between Subsidy Spells and the Number of Care Providers

Selected characteristics	All sample (n=13,893)
Number of subsidy spells	**0.61****
Family day care (vs. Group day care)	0.15**
Certified care (vs. Group day care)	0.22**
Number of quarters with mothers' employment	0.06**
Number of mothers' employment spells	0.16
Number of times that family moved	0.24**

Note: The model also includes other baseline characteristics variables (race of children, mothers' education, average monthly earnings of mothers, family type, location of residence at entry, average number of non-parental adult in the household) and indicators for missing values. ** P.<05

Discussion of Preliminary analysis

- Positive relationship between the number of subsidy spells and the number of care providers…
  - Not clear that the association is causal
  - Worry about other sources of instability that lead both to multiple subsidy spells and care arrangements as well as reverse causality
  - Take into account the supply-side issues

- Children in licensed group daycare are likely to experience greater continuity in care arrangement
  - But not necessarily greater continuity in caregiver, as teacher turnover is also a concern

- If further research shows a causal link, policy makers should consider mechanisms to increase continuity in subsidy receipt
  - For example, reduce recertification burden and administrative errors

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