

2010 CCPRC Annual Meeting
Plenary Session 2
October 21, 2010, 9:30 a.m.

Child Care Subsidy Policy Research: Where Are We, and Where Do We Need to Go?

Description

The goals of this plenary were threefold. First, it summarized the current state of knowledge on the impact of child care subsidy policy on child/family outcomes, stability/continuity of subsidy receipt, and child care markets. To do so, it drew heavily from the key findings that have emerged from researchers within CCPRC, as well as recent subsidy research from outside the Consortium. The second aim was to distill and organize these results in such a way that facilitates the articulation of potential areas for future research on child care subsidy policy. This was achieved by inviting two Consortium-member researchers to raise prospective issues that require additional investigation, followed by a response and further articulation from an Office of Child Care administrator. Finally, the plenary sought to maximize Consortium involvement by allotting substantial time for discussion.

Panel Members/Discussants

Roberta Weber, Oregon State University
Chris Herbst, Arizona State University
Elizabeth Davis, University of Minnesota

Respondent

Andrew Williams, Office of Child Care

Moderator

Gina Adams, Urban Institute

Scribe

Sharmila Lawrence, National Center for Children in Poverty

1. Documents in Session Folder:

- “Child Care Subsidy Policy Research: Where Are We and Where Do We Need to Go?” Roberta Weber.
- “The Impact of Child Care Subsidy Utilization on Parental Employment and Family Well-Being: What Do We Know? Where Do We Go From Here?” Chris Herbst.
- “Child Care Subsidy Policy Research: Where Are We and Where Do We Need to Go?” Elizabeth Davis.

2. Summary of Presentations

- **Summary of Presentation #1:** Brief Review of Subsidy Policy Research: Recent and Ongoing, Roberta Weber

- Subsidy policy research has emerged over the last 15 years and this work continues to grow. The team identified 25 new studies; 15 are either in process or recently completed; 6 done by Research Scholars and 3 by past scholars.
- Research fell into three topic areas to be covered in breakout sessions: Subsidy participation and dynamics; impact of child care subsidy utilization on parental employment and family well-being; and subsidy policy impacts on providers and markets.
- Subsidy Participation and Dynamics: Two Basic Questions
 - What do we know about who does and does not participate in the child care subsidy program?
 - What do we know about the continuity of subsidy use and stability of subsidized child care arrangements?
- Study linking subsidy data with census data (Goerge et al., 2009) found the following characteristics of those receiving subsidies: receipt of TANF; age 24 years or younger; single parent with less than high school education; families with more than 3 children under age 13; late rather than early or standard work hours; and living in urban areas.
- Restricting ECLS-B to subsidy-eligible families, Johnson (personal communication) found that parents of preschoolers were more likely to receive a subsidy if they: were English proficient; had higher incomes; and lived in an urban area. They were less likely to receive a subsidy if: they had experienced food insecurity and had very young children.
- Subsidy Dynamics, continuity in subsidy program:
 - Among studies that use the same methodology (event history and one-month breaks), median spells range from 3 to 7 months. Parents typically return for one or more additional spell(s).
 - Spells of subsidized arrangements appear to be shorter than subsidy spells. Percentage with same caregiver over 7-9 months: 43% Wisconsin and 39% Oregon.
 - Three-month median spell of subsidized arrangements.
 - Majority of arrangements are not resumed after a break in subsidy use (18% of all arrangements are resumed after a break of one month or more).
- Continuity of subsidy use is associated with characteristics of: parents and families—such as age of children, and communities—employment level and child care supply. May also be associated with characteristics of children and providers.
- Child care subsidy policies are associated with continuity: TANF activity is associated with shorter spells; longer eligibility periods and higher subsidy value appear to be associated with longer spells; effects of eligibility ceilings, maximum subsidy payments, and co-pays are complex; subsidy policy impacts may be due to impact on parental behavior and/or to which parents participate under a given set of policies.
- *Future Directions:*
 - Need to know what child, family, and community characteristics are associated with stable and unstable participation in the subsidy program.
 - Are there qualitatively distinct patterns of subsidy use? Do characteristics vary across groups?

- What are major reasons parents exit the subsidy program?
 - Which subsidy policies are associated with continuity, and what are the pathways (how do they have their effects)?
 - How stable are subsidized arrangements? How are the end of a subsidy spell and the stability of a child care arrangement related?
- **Summary of Presentation #2: Chris Herbst**
 - Most studied outcome of child care subsidies is parental employment: ECLS-K data—examined single mothers with children; fairly sizeable impact on employment; employment rates are 15–20% higher for subsidized mothers as compared to non-recipients; almost exclusively driven by mothers with very young children (birth to age 5); subsidy policy appears to encourage mothers to work a greater number of hours per week; longer spells are associated with greater earnings.
 - Impact of subsidy receipt on child well-being: we know much less about the impact on child and family well-being; subsidized children scored 3–5 points lower on reading and math, and display more externalizing and internalizing behavior problems than their non-subsidized counterparts; subsidized children tend to be more overweight and obese than their un-subsidized counterparts; negative effects of subsidy receipt appear to be concentrated among children living with higher-skilled/higher SES mothers; effects on children largely disappear by the time they reach the end of 3rd grade.
 - *Future Directions:*
 - Parental work and earnings: much of research is cross-sectional and we need to make greater use of longitudinal data (shift from short- to long-term employment outcomes). To what extent are parents employed prior to receiving subsidies? Need to emphasize parental earnings and expand list of work-related outcomes. Need to understand the deeper qualities of parental work, including working conditions, work hours, and occupation.
 - Child well-being: focus on building a systematic body of knowledge; long-term effects: can school experiences mediate? Shift the focus from preschool to school-age children. Explore whether the age and intensity of subsidy receipt matter. Different children, different effects?
 - Parental well-being: explore physical and mental health outcomes; child-parent interactions and parenting behavior; substance abuse and risky behavior; and does job and child care type mediate these effects?
- **Summary of Presentation #3: Elizabeth Davis.**
 - Three basic questions: How well does the child care market function? How do subsidies impact the child care market? How do subsidies impact provider behavior?
 - CCDF is based on a market approach. How do subsidies affect demand in the market? What is the child care market?
 - Many studies have examined the market: multi-dimensional, many different providers, etc.
 - Consensus is lacking about the types of non-parental care that should be included in the definition of child care market. There is a continuum from informal to more formal types of care. While parents are more likely to pay for more formal types

- of care, some parents pay for less formal care and some pay nothing for formal care such as Head Start.
- In looking at subsidy policy, we need to be aware of the whole continuum of child care and early education.
 - How well do child care markets function?
 - A number of studies have examined factors related to overall supply of care in the market including the size of the workforce. A growing literature focuses on the effects of state child care regulations on supply and quality of care. And the National Survey of Early Care and Education will provide a comprehensive view of early care and education market.
 - Variation in child care markets: rural areas have fewer providers, fewer slots, and lower prices; thin markets do not have as many providers...what does that mean for policy? The size of the informal market has an impact on the size of the formal market.
 - Subsidy density—some hypothesize there is a relationship between proportion of market paid for with subsidies and quality of care.
 - Subsidy policy and the child care market: market rate studies describe the price of formal child care in a specific geographic area and can be used to identify similarly priced markets.
 - Studies indicate supply changes related to subsidy policy: higher subsidy expenditures associated with increased number of child care workers (Ficano 2006); decrease in supply-based funding led to a decrease in child care supply in less affluent rural areas (Noally & Visser 2009).
 - Relationship between subsidy spending and child care prices: higher subsidy expenditures associated with higher child care prices in California and Minnesota (Davis, et al 2009).
 - How does child care subsidy policy impact child care providers?
 - Urban Institute's *Child Care Providers and the Child Care Voucher System* project analyzed providers "cost-benefit calculation" with regard to accepting subsidy vouchers.
 - Texas study on *The Role of Local Child Care Policies in Child Care Facility Turnover* (Schexnayder & Schroeder 2009) found that increasing provider rates and income eligibility were associated with fewer turnovers in child care facilities.
 - *Directions for Future Research*
 - Need improved knowledge of child care markets: what characterizes a well-functioning child care market and are these markets different in rural areas or in low-income communities?
 - Do subsidy expenditures impact the price of child care in private-pay markets?
 - Need more knowledge of provider behavior: Do behaviors differ between regulated and unregulated providers?
 - **Summary of Presentation #4:** Andrew Williams, Office of Child Care (OCC)
 - OCC's interest in subsidy policy: conducted comprehensive subsidy policy scan. A 3-pronged approach guides OCC's subsidy work: 1) child focused—child development is integrated as an integral part of subsidy policy; 2) family friendly—

- subsidy policy and practice should limit unnecessary barriers and promote access; and 3) fair to providers—policies and practices should promote participation of providers (particularly high-quality providers) in the subsidy system.
- Some CCDF grantees have adopted eligibility policies that promote access including: longer eligibility redetermination periods: supporting eligibility for parents enrolled in Head Start; establishing a two-tiered income eligibility threshold; and minimizing reporting requirements.
 - Research that Bobbie Weber highlighted on short subsidy spells shows that continuity needs to be addressed. What are the specifics of subsidy policies that influence continuity?
 - Use of grants and contracts to provide subsidy slots: grants and contracts have the ability to build supply and provide a more stable funding base for providers. Research on child care markets provides evidence of this.
 - *Future research should address:*
 - Supply-based strategies versus demand-based strategies.
 - Effects of supply versus demand approaches in supporting quality.
 - Policies to support providers in subsidy programs.
 - Tiered reimbursement to reward higher-quality care.
 - Timeliness of payments to providers.
 - Ease of administration for providers.
 - Policies that encourage providers to participate in the system.
 - Child and family well-being: how does quality of care impact child outcomes (versus just subsidy receipt per se); and impact of high-quality care on parental employment outcomes and parental well-being.

3. Summary of Discussion with Presenters and Participants

- There are studies that look at longitudinal data on subsidies.
- We need to be very cautious about implying causation; most studies reflect associations rather than causation.
- As we think about subsidies providing access to care, they reduce the net price of care but can also change choice of care. Do associations relate to receiving subsidies, the cost of care, or choice of care?
- Studies need to consider how well subsidy policies are being implemented.