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Understanding Declines in Regulated Child Care Supply and Subsidy Use in Wisconsin

Wisconsin (WI) has experienced a drastic decline in the number of regulated early care and education (ECE) providers operating in the state in the past 15 years. Although fluctuations in the market are to be expected, the persistent decline in the number of providers has been coupled in recent years with a decline in the number of children receiving child care subsidies through the WI Shares subsidy program. These declines in regulated ECE providers are concerning not only because it might force some children into low-quality or unsafe care environments, but also because it may result in higher prices for the care that is available as well as lower levels of employment for parents who cannot find affordable ECE. This Child Care Policy Research Partnership between the University of Wisconsin-Madison's Institute for Research on Poverty and the WI Department of Children and Families is designed to provide an in-depth analysis of factors that may be related to the decline in ECE providers and the use of child care subsidies in WI with the goal of identifying potential policy interventions for stemming the declines in regulated ECE supply and subsidy use.

With the goal of understanding the declines in regulated ECE supply and subsidy use in WI, our partnership will address four research aims and utilize various data sources and methods. We will use multiple existing data sources, including longitudinal, administrative data on regulated ECE providers and families in the WI Shares subsidy program, state data on ECE policies and programs, publicly available data on economic and demographic county characteristics, and we will undertake new qualitative and survey data collection efforts with licensed ECE providers and WI Shares-eligible parents. In our first two aims, we will use existing data sources to describe changes in the supply of regulated ECE providers (Aim 1) and WI Shares participation (Aim 2) across counties from 2005-2019 and to examine how within-county changes in economic, demographic, and ECE policy-related factors relate to changes in ECE supply and WI Shares participation. To triangulate and complement our findings from these first two Aims, in Aims 3 and 4 we will collect new data to obtain a more in-depth understanding of reasons why licensed providers close and why Shares-eligible children do not participate in the program. We will address these questions through qualitative interviews with recently-closed, licensed providers (Aim 3) and with a brief telephone survey of parents with subsidy-eligible children who do not use the program (Aim 4).

Findings from this partnership will have implications for ECE researchers and policymakers and Child Care and Development Fund (CCDF) program administrators. This study will advance knowledge on factors that contribute to variations in ECE supply--overall and by type of provider-- and CCDF subsidy use, and provide new insights from providers' and subsidy-eligible parents' perspectives on these issues. This knowledge will help WI policymakers to better understand the landscape of ECE supply and subsidy use in WI and will inform the CCDF program more broadly on how ECE policies contribute to ECE supply and subsidy use and on potential policy interventions for increasing low-income families' access to high-quality ECE.