# Semi-Annual Review: Subsidy Utilization and Impact on Early Care and Education of Low-income Children with Special Needs

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## Project Description.

The aim of this project was to describe the nature and impact of child care subsidy use by low-income families eligible for subsidies who have children with special needs. These children represent a substantial proportion of general population under age 5, including those served by child care subsidies. Poverty increases risk for developmental delays and disabilities, in addition to correlating negatively with school readiness. As such, young children with special needs in low-income families face compounded risk for poor outcomes, making even more critical early care and education experiences conducive to developmental gains.

*Project Objectives.*

1. To describe patterns and predictors of subsidy use among children with disabilities or delays relative to typically developing children within the population of subsidy-eligible low-income families.
2. To identify differences in care types and quality and predictors thereof between children with special needs and typically-developing children from low-income families who do and do not receive subsidies.
3. To ascertain the extent to which subsidy receipt, care type, and care quality are related to school readiness of children with special needs who come from subsidy-eligible families.

**Sample.** Our sample was approximately 4,050 low-income infants, toddlers, and preschoolers in subsidy-eligible families, including 1,050 children with special needs, who participated in the Early Childhood Longitudinal Study – Birth Cohort (ECLS-B).

**Methods.** This study entailed secondary analysis of nationally representative data drawn from the ECLS-B of children born in the U.S. in 2001. Data were collected via parent interviews, direct assessment of children, teacher ratings of children's behavior, and observational ratings of child care quality.

## Progress Update.

This project is complete.

*Objective 1.* Approximately 5% of subsidy eligible children were identified with special needs during infancy. This figure approached 21% by age 2 and reached 47% by preschool as more children in the subsample demonstrated developmental delays or were identified for early childhood special education for identified needs or risk for disability. Rates were significantly lower for families with children with special needs who used subsidies compared to children without special needs who used subsidies during infancy, toddlerhood and the preschool period. With the exception of parents' marital status, mother's education, and mother's employment, child and family characteristics did not generally predict subsidy utilization.

*Objective 2:* There are significant differences in the types and quality of care used by subsidy recipients who have children with and without special needs. Subsidies increased use of non-parental care among families of children with special needs, but these families were less likely than families of children without special needs to use non-parental care. Whereas families without subsidies relied primarily on parental care for their children with special needs, followed by home-based care providers, subsidy recipients overwhelmingly relied on center-based care. Subsidies were associated with receipt of higher quality care for toddlers, but lower quality for preschoolers.

*Objective 3:* There were no significant differences in school readiness among children with special needs who did and did not receive subsidized care. Regardless of subsidy receipt, children with special needs performed below average on measures of kindergarten math and reading skills. Although average performance

was lower in both domains for subsidy recipients, these differences were not statistically significant. There were no significant differences in non-cognitive measures for problem behavior, impulsive behavior, social skills or communication. Care type and quality did not moderate the effect of subsidy-receipt on kindergarten cognitive and non-cognitive outcomes; however, care type was a significant predictor of kindergarten academic outcomes above and beyond ecological factors. Children who attended home- or center-based care had better reading and math skills than children who received only parental care.

## Implications for policy/practice

These findings demonstrate inequities in use of subsidies and inconsistent access to quality for low-income children with special needs from infancy through preschool. States should consider policy and practice adjustments, particularly through improved data collection, consumer information, provider supports, and system coordination to facilitate access among all families, with some targeted efforts towards families of children with special needs. For example, states may want to track patterns of subsidy use by families who have children with special needs, or develop consumer information specifically for families who are searching for care for children with special needs.

Because children's special needs may affect how, when, and where parents access childcare information and services, states should consider improving knowledge and coordination among frontline subsidy workers, social and health service providers, and educators who engage with families with young children who have delays and disabilities (e.g., early interventionists, therapists, pediatricians, early childhood educators and other providers of IDEA Part B and C services) to increase subsidy awareness and use among this group.

State agencies should ease barriers for providers who serve or are interested in serving children with special needs. Quality rating and improvement systems and professional development systems can provide additional resources and training for providers to increase the supply and quality of subsidized care for children with special needs, as well as incentives to do so. For example, many states offer special rates for providers who care for children with special needs, but providers may need additional supports to qualify and apply for increased reimbursement rates. Furthermore, the rates, which vary by state, need to be sufficient to cover the increased cost of caregiving for children with special needs since any costs not covered by the childcare subsidy may be passed on to families, thereby undermining the intention of the programming by disincentivizing families' utilization of services. In the future, as states develop their CCDF plans, they can also include families with children with special needs as a population on which they intentionally focus.

## Implications for research

In any study or analysis, researchers must be clear on the subpopulation captured by their definition of special needs. This is especially true when engaging in secondary analyses of large-scale datasets that may contain a variety of imperfect measures of special needs. These measures can be utilized in isolation or combined, but no approach is without limitations. An important first step may be to ask, To whom do we want to generalize our findings? In our case, we sought to capture all children with conditions or performance reflective of special needs under federal special education law while accounting for health and education disparities that precluded reliance on receipt of diagnoses or services.

For any operationalization of special needs in a study, interpretation and implications must be tempered in light of limitations of each approach. As a result of the limitations of various approaches and unique operationalization in individual studies, researchers must be cautious when comparing findings and generalizing to specific populations.

**For more information:**
http://ceed.umn.edu/subsidy-utilization-and-impact-on-early-care-and-education-of-low-income-children-with-special-needs/

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