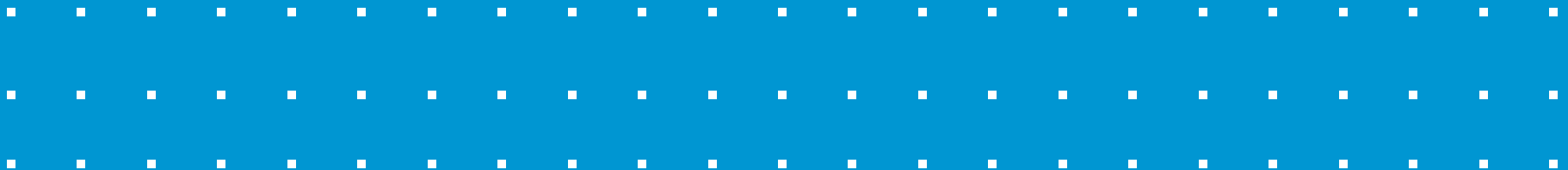




Determinants of Subsidy Stability and Child Care Continuity

Illinois-New York Child Care Research Partnership

**Webinar Event
Wednesday, June 24, 2015
1:00 p.m. — 2:15 p.m. EST**





Panelists

- Heather Sandstrom, Urban Institute
- Julia R. Henly, University of Chicago
- Amy Claessens, University of Chicago
- Alejandra Ros Pilarz, University of Wisconsin

Webinar Agenda

- Background and motivation for study: *Julia Henly*
- Research design: *Amy Claessens*
- Findings from administrative data analyses: *Amy Claessens*
- Findings from survey data analyses: *Alejandra Ros Pilarz*
- Findings from qualitative interviews: *Heather Sandstrom*
- Summary of findings and implications: *Julia Henly*
- Overview of Phase 2 of study: *Julia Henly*
- Questions from audience

IL-NY Child Care Research Partnership (CCRP)

- Partnership with researchers at the University of Chicago and Urban Institute and state child care administrators and staff
 - Funded by Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Dept. of Health and Human Services, Grant Number 90YE0133
- To address research gaps related to:
 - Child care subsidy program dynamics
 - The implications of subsidy instability for child care continuity

Review of Child Care Subsidy Program

- Means-tested work support program
 - Employment is condition of access
 - Designed to reduce child care costs, to facilitate employment
 - Supports child care during parental work hours
- Funded by federal CCDBG + state contributions
 - 5.3 billion dollar federal program, funding relatively flat since 2002; plus significant state investment of resources
 - Serves ~1.5 million children in any given month
 - Reauthorized in November 2014

Background on Child Care Subsidy Research

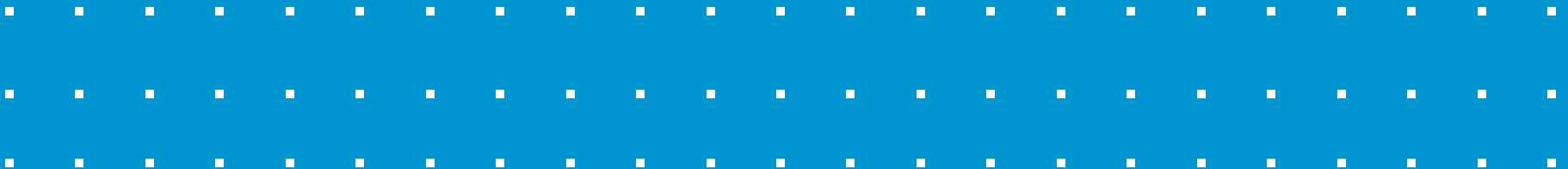
- Research shows associations between subsidy use and improved employment outcomes (Danziger et al. 2004; Forry and Hofferth 2010; Goerge et al. 2009; Press et al. 2006; Tekin 2007)
- Nevertheless, reason for concern:
 - Inadequate program funding to cover eligible families (Matthews and Ewen 2008; Mezey et al. 2002)
 - Significant program instability and cycling (Davis et al. 2013; Goerge et al. 2009; Grobe et al. 2008; Ros et al. 2012; Ha, Magnuson, and Ybarra 2012)
 - Program instability associated with employment and child care instability; directionality of associations are unclear (Ha and Meyer 2010; Ha et al. 2012; Weber et al. 2014; Claessens et al. 2012)

This background led to our focus on instability in CCRP study.

Research Questions

1. What are the patterns of subsidy use?
2. What factors contribute to subsidy instability?
3. What factors contribute to child care exits?
4. How do parents manage their child care needs after leaving the subsidy program?
5. What program improvements do clients recommend?

Overview of Research Design



CCRP: Empirical Strategy

- 4 targeted regions
 - New York: Nassau and Westchester Counties
 - Illinois: Service Delivery Areas 6 (Cook County) and 14 (7 counties southwestern Illinois)
- Sample “new entrants” in subsidy program
 - Never received subsidy during two previous years
 - Families applied for a subsidy for a non-school age child (not eligible for kindergarten in fall 2011)

Empirical Strategy, cont.

- Three data sources:
 - State administrative data
 - Subsidy payment records for survey sampling frame during 18-month period from subsidy start date (N=7,712)
 - Telephone survey ~14 months after subsidy entrance (N=612)
 - In-person qualitative interviews (N=85)

IL & NY Child Care Subsidy Program Parameters

	Illinois	New York (Nassau/Westchester)
Level of administration	State program, contracted with non-profits for admin	County program, administered through local DSS
Eligibility period	6 months	12 months , w/ 6-month income verification in Nassau; 6 months for TANF
Income eligibility	185% FPL	200% FPL
Parent co-pay	Based on income & family size, up to 9% income	Based on income and family size, can be up to 20% income
Maximum child age	12	12
Employment requirement	No minimum hours	20 hours minimum (eligible for full-time subsidy when working 30+ hours per week)

Child Characteristics (from administrative records)

	SW IL N=730	Cook N=5163	Nassau N=1002	Westchester N=817
Focal child on subsidy				
Male/female (%)	53 / 47	50 / 50	52 / 48	53 / 47
African American	42%	51%	25%	48%
White	54%	8%	13%	5%
Latino	3%	32%	59%	47%
Other	1%	9%	2%	0%
Age (mean years)	1.9	2.0	1.9	2.0
Subsidized provider at entry				
Center	53%	56%	45%	48%
Family child care	17%	22%	54%	29%
Informal	28%	21%	0%	21%
Multiple	2%	1%	2%	2%

Family Characteristics (from survey)

	SW IL N=79	Cook N=344	Nassau N=91	Westchester N=98
Household structure				
Living w/ partner	24%	18%	15%	12%
Single, w/ adult	19%	22%	45%	18%
Single, no adult	57%	60%	40%	69%
Parent age (mean)	29.3	28.6	29.6	30.1
Parent education				
High school or less	27%	35%	33%	44%
Some college/ AA degree	52%	53%	39%	39%
BA degree or more	21%	12%	28%	17%

Findings from Administrative Data Analyses



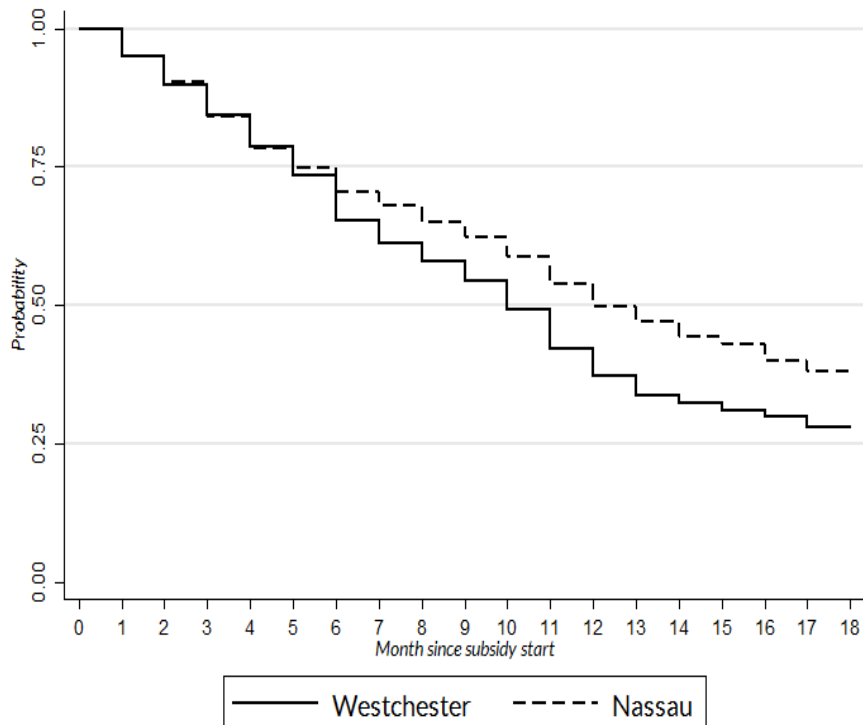
What are the patterns of subsidy use?

Stability of Participation

	Nassau County	Westchester County	Cook County	Southwestern Illinois
Percent of spells under one year duration	50%	63%	66%	73%
Share exiting in 18-month window	62%	72%	72%	78%
Share exiting <i>and</i> returning in 18-month window	24%	31%	33%	30%
N	1,002	817	5,163	730

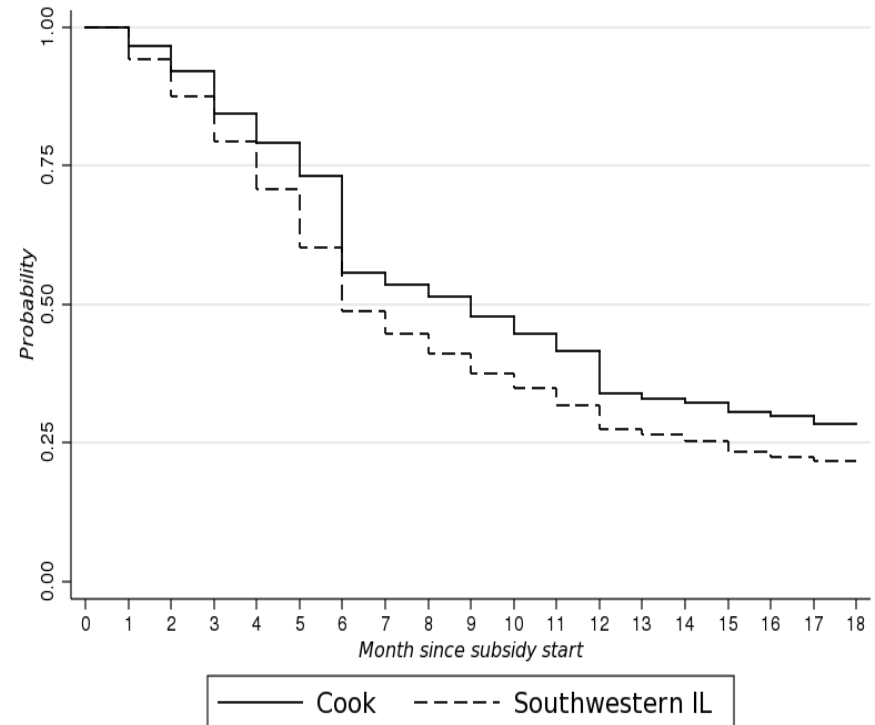
Kaplan-Meier Survival Curve of First Subsidy Spell, 18-month window

New York



Median spell
Nassau: 12 months
Westchester: 10 months

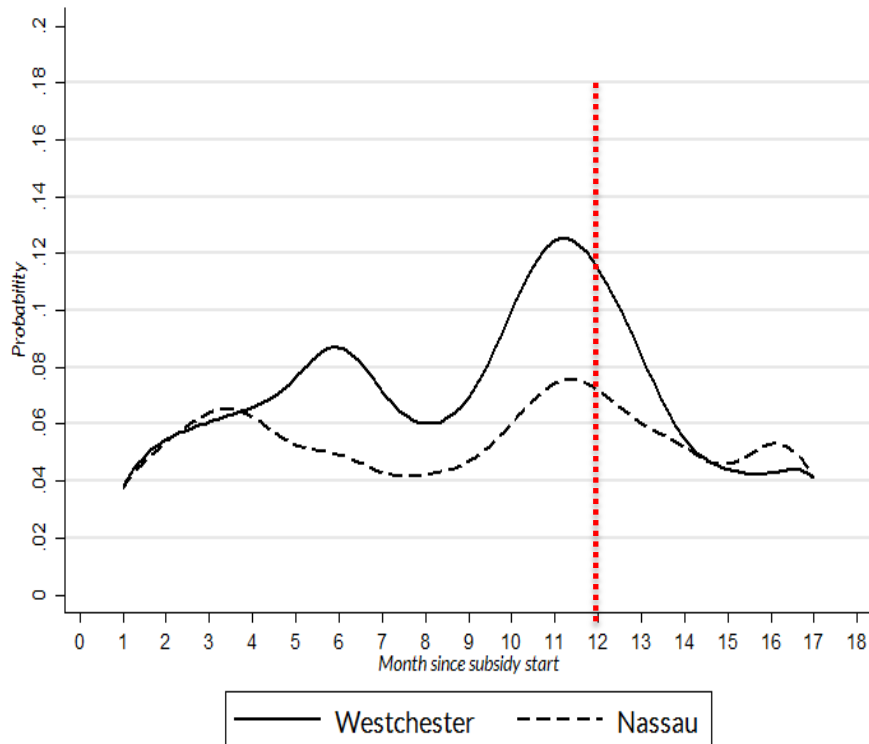
Illinois



Median spell
Cook County: 9 months
Southwestern IL: 6 months

Smoothed Hazard Curve of the First Subsidy Spell, 18-month window

New York



Illinois

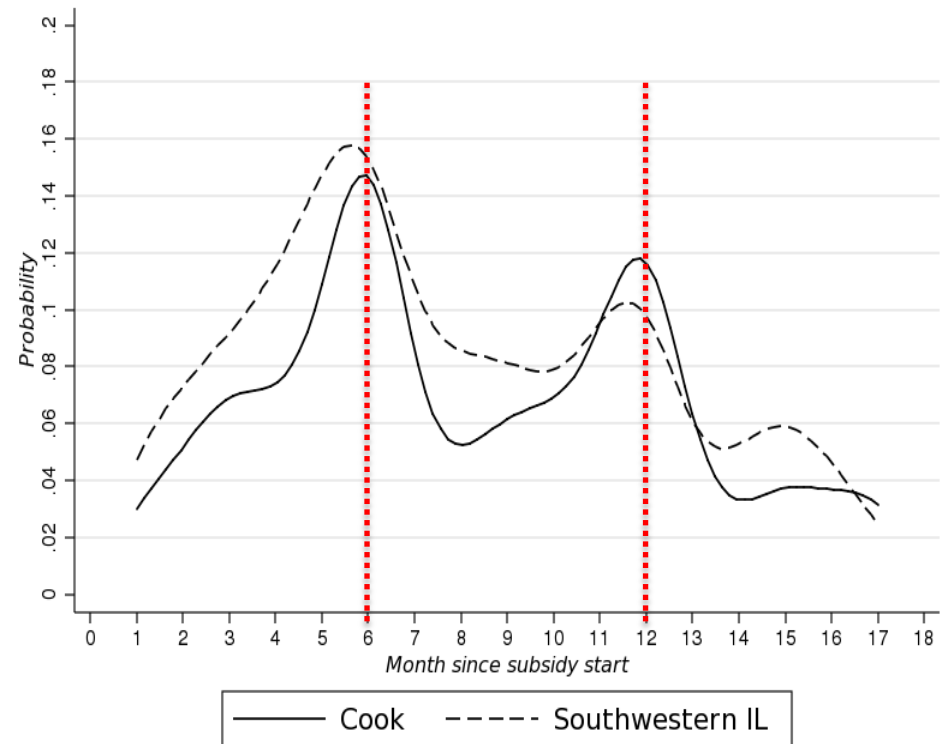


Figure 1. Illinois: Patterns of Subsidy Use Over 18 Months (N=5,893)

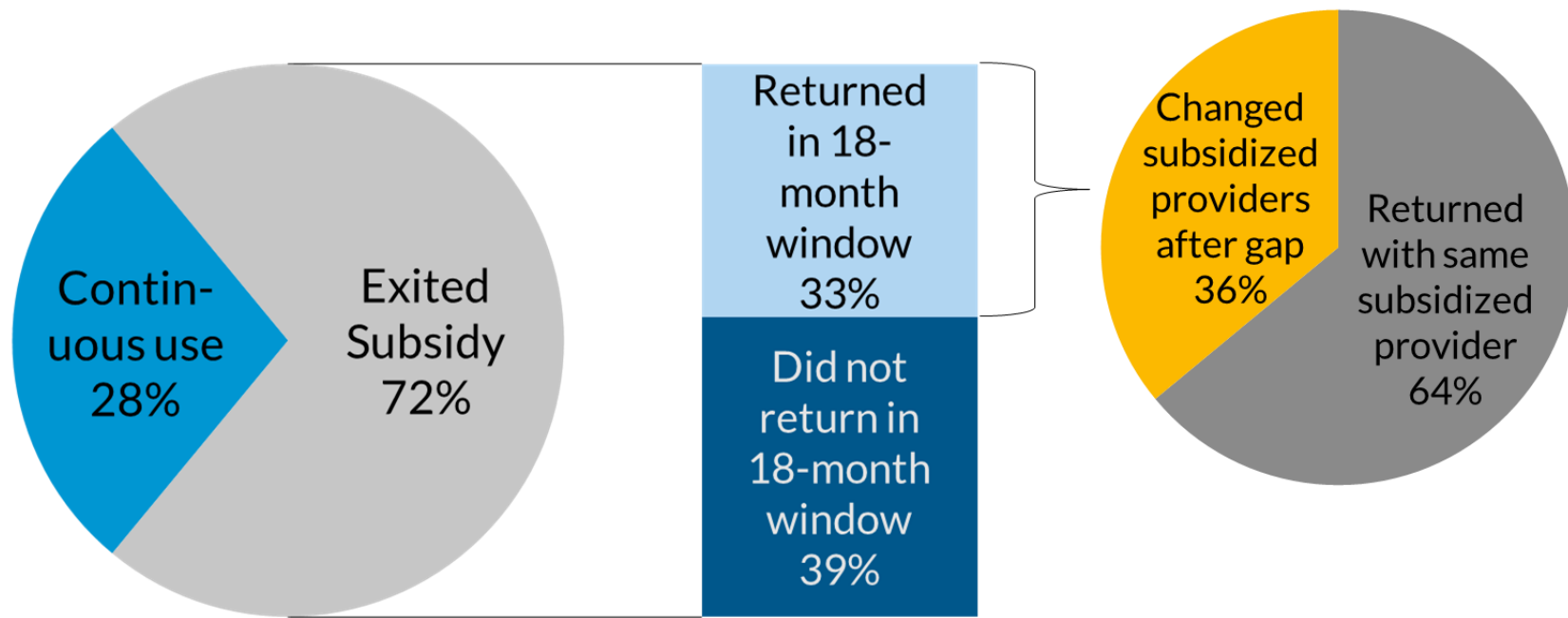
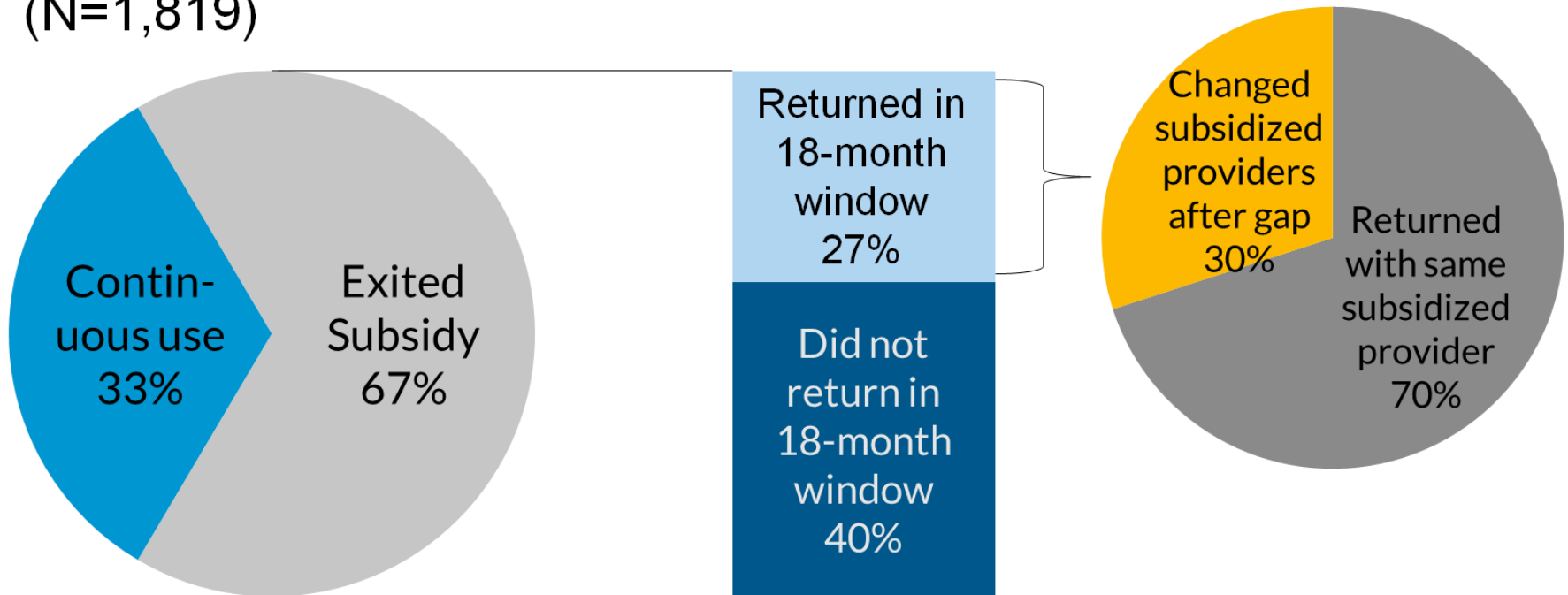


Figure 2. New York: Patterns of Subsidy Use Over 18 Months (N=1,819)



Number of Unique Subsidized Providers for Focal Children during 18-Month Period

	New York				Illinois			
	Total	Nassau	West- chester	Sig.	Total	Cook	South- western IL	Sig.
Mean	1.3	1.3	1.3		1.4	1.4	1.4	
SD (mean)	0.5	0.5	0.5		0.7	0.7	0.6	
Number of unique providers								
1	78%	77%	79%		69%	68%	72%	^
2	18%	19%	18%		25%	25%	22%	
3	4%	4%	3%		6%	5%	5%	
4 or more	1%	1%	1%		1%	1%	1%	
N	1,819	1,002	817		5,094	4,461	633	

Findings from Survey Data Analyses



What factors contribute to subsidy instability?

Analytic Method

- Data
 - Telephone survey data linked with monthly administrative payment records across an 18-month period (N=558)
- Survival methods
 - *Cox proportional hazards model*: estimate the relationship between hypothesized factors and the risk of exiting the program
 - *Dependent variable*: the month in which the respondent exited the program during the 18-month observation window

Predictors

- Mother's employment characteristics
 - *Employment conditions*: held the same job before entering the subsidy program, job loss within first six months of subsidy receipt, number of weekly work hours
 - *Work schedule characteristics*: nonstandard work schedules, variability in shifts, schedule flexibility, schedule control
- Subsidy program experiences
 - *Subsidy complications*: difficulty finding a provider, application difficulties, application delay, payment problems
 - *Subsidy characteristics*: all child care hours covered by subsidy
- Child care characteristics (of subsidized providers)
 - *Provider characteristics*: type of care at subsidy start, whether provider was primary arrangement, whether provider was used before subsidy start; provider safety
 - *Provider schedule*: provider flexibility, uses provider for nonstandard hours
- Covariates include demographic characteristics

Factors Associated with Subsidy Exits

Variable	Hazard Ratio
<u>Employment</u>	
Number of hours worked	0.99**
Early job loss	1.46**
Unexpected work	1.22*
Limited input into work schedule	1.24**
Had a job before the subsidy	1.12*
<u>Subsidy Program</u>	
Difficulty finding a provider	1.10^
Difficulty with application process	1.12**
Delay in application approval	1.09*
Subsidy covers all care hours	0.78**
<u>Child care</u>	
Family child care (vs. center)	0.87**
Feels child is safe	0.70**

^ $p < .10$; * $p < .05$; ** $p < .01$

What factors contribute to child care exits?

Analytic Method

- Data
 - Telephone survey data using **respondents' self-reported child care exit** from first subsidized provider (N=516)
 - **First subsidized provider**=subsidized provider used for focal child at program entry; may or may not be subsidized at child care exit
- Survival methods
 - *Cox proportional hazards model*: estimate the relationship between hypothesized factors and the risk of leaving first subsidized provider
 - *Dependent variable*: **the month in which the respondent left the first subsidized provider** during the 18-month observation window
- Predictors
 - Same set of maternal employment, subsidy program, child care, and demographic characteristics. Add a measure of early subsidy exit (within 6 months).

Factors Associated with Subsidized Provider Exits

Variable	Hazard Ratio
<u>Employment</u>	
Early job loss	1.51**
<u>Subsidy Program</u>	
Early subsidy exit	1.69**
Difficulty with application	1.11*
Payment problems	1.26^
<u>Child Care</u>	
Family child care (vs. center)	1.49**
Backup care available	1.12**
Same provider before subsidy	.75**
Nonstandard hours	.78**
Feels child is safe	.47**
^ $p < .10$; * $p < .05$; ** $p < .01$	

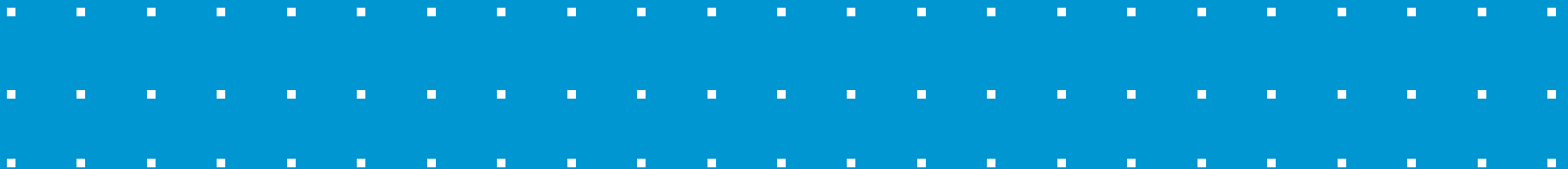
Provider Changes following a Subsidy Exit

- Sub-sample of survey participants who reported a subsidy exit (N=308)
- 46% changed providers after exit (54% continued with same provider)
- Among 46% who changed providers, we examine arrangements used before and after the subsidy exit:

	Before Subsidy Exit	After Subsidy Exit
Informal care	19%	52%***
Family child care	18%	3%***
Center care	63%	7%***
No primary provider	0%	38%***

*** $p < .001$

Findings from Qualitative Interviews



Qualitative Interview Methods

- 85 participants across 4 sites
- Purposively sampled from survey respondents
- 90-minute, in-person interviews in home or public setting
- Semi-structured interview protocol designed to capture clients':
 - experiences with the subsidy program
 - employment and child care history since first receiving a subsidy
 - explanations for their subsidy and child care use patterns
 - challenges faced in managing work and family responsibilities
- Interviews were audio-recorded, transcribed, and coded and analyzed using NVivo 10 software program

How do families manage child care after leaving the subsidy program?

How do families manage child care arrangements after leaving the subsidy program?

- Analysis of a subgroup of 61 respondents who reported a subsidy exit or gap

	Left Provider	Stayed with Provider
Employed	18	20
Unemployed	17	6
Total	35	26

Where do they go?

How do they stay?

Where do they go?

Strategy 1: Switched to Informal Care Arrangements

- Out-of-pocket expense of licensed centers and family child care was too expensive

“For eight hours [it would be \$83], and I was like, ‘Yeah well, I’m going to be working for \$2.50 an hour, you know?’” -Kevin, Cook County

Strategy 2: Went Without Child Care

- Some parents stopped working or going to school and went without care entirely

“... I have to take [my kids] out, and then I have to pay the day care. You know? With my money! That's not right... That's why I don't put him in a day care, I always put him with a family member, because you know, family, you can work something out; a day care is a business.” -Sasha, Westchester County

How do they stay?

Strategy 1: Informal Payment Plan with Provider

"[The provider said] 'We'll work something out with you.' - Morgan, Nassau County

Strategy 2: Help from Support Networks

"I pay \$120 a week out of pocket...I thought I was going to have to pull her, because I didn't know how I was going to be able to do it. He works, though. My boyfriend....He works. And that's how she's still in daycare." - Monica, Cook County

Strategy 3: Reduced Care Hours

"So, I did keep my son at that daycare, but then she was charging me \$160 for three days. Like, I don't work three days. I work six days a week usually, so it's not helpful. It's helpful for those three days, but then the other days I'm at work, like you're trying to find like who's going to watch your kids." - Susan, Nassau County

What program improvements do clients recommend to better serve families?

Importance of Subsidy as Work Support

- The subsidy program helps families meet their goals

“...If this program didn't exist, I wouldn't be able to work....I wouldn't be able to afford child care....there's a lot of things I wouldn't get accomplished...if I wasn't eligible for the program.”

- Without subsidy, most parents could not cover basic needs

“I could honestly say it is one of the best programs...I would rather pay the food and the light bill, and everything else on my own as opposed to paying child care. It's like child care is very expensive....it's a huge expense.”

- Subsidies support employment, but rules can get in the way

- Concerns about eligibility requirements, paperwork, and communication with subsidy program staff
- Recertification process problematic
- Problems sometimes led to temporary exits from program, delays in payment, or termination of case

Clients' Recommendations to Improve Subsidy Program

- More flexible program eligibility requirements
 - Raise income limits and consider household expenses for subsidy eligibility
 - Expand definition of approved activities (include postsecondary education, job search, temporary leave, non-work activities)
- Offer alternative employment verification methods

When you lose your job, they don't give you a certain amount of time to go look for another job and still be on the program. You automatically just get cut off. Which is really hard to do, because you can't look for a job with a kid. There was a time where I had [my son] with me, and there was nobody to go, I mean to look after him. And I went to a job interview, I had to take him.

-Miranda, Southwestern IL

Clients' Recommendations to Improve Subsidy Program, cont.

- More efficient processing & family friendly services
 - Shorten wait times for subsidy approval
 - Reduce paperwork burden and extend eligibility periods
 - Improve lines of communication and access to subsidy office staff
 - Improve family-friendliness of office environment
 - Make on-time payments to providers

By the time you get approved, you're already supposed to be working for your job. So, now you don't have money to pay for day care, your child's supposed to be in day care, because you're supposed to be working, and these forms are still being processed.

– Danielle, TANF recipient in NY

Clients' Recommendations to Improve Subsidy Program, cont.

- Increase quality and supply of providers
 - Increase quality and accountability of providers/programs
 - Increase provider payment rates
 - Increase supply of providers with nonstandard hours
- Help parents with successful provider match

The day cares need to be more flexible and work with the parents... Not too many people anymore work Monday through Friday anymore, and not everybody works until five o'clock anymore. So, it is hard. And, some people don't have families [to help].

-Susan, Nassau County

Summary Findings

- Both subsidy program parameters and job experiences are important contributors to subsidy instability
 - Short eligibility spells and subsidy administration issues
 - Job loss, unpredictability, and limited schedule control
- These factors, especially **subsidy loss** and **job loss** increase risk of leaving a child care arrangement
 - As well as child care and demographic characteristics
- Many families are able to hold onto their child care arrangement after a subsidy exit, at least for awhile
 - But those who don't, switch to more informal types of care, reduce their hours of care, or go without care altogether

Some Cautions for Interpretation

- Data restrictions and limitations
 - Sample size varies across site
 - Cook County (n=344; 56% of survey) drives results
 - 18-month observation window is relatively short
 - Focal children are not school-aged
- Generalizability
 - Only 4 regions in 2 states
 - But convergence across other studies is promising, especially around subsidy dynamics

Our findings suggest that subsidy stability and child care continuity will be improved through:

- Lengthening child care assistance eligibility periods
- Establishing flexible eligibility requirements that do not require job hours and schedules to precisely match child care hours and schedules
- Simplifying or eliminating income, earnings, and employment verification requirements during an eligibility period
- Establishing job search grace periods
- Adopting graduated income caps to allow subsidized families to work toward increasing their earned income without facing immediate program termination
- Improving transparency of application and recertification requirements
- Improving timeliness of child care payments to providers
- Identifying strategies to keep children in care during brief gaps in subsidy coverage

;

Policy Implications in the context of CCDBG Act of 2014

- New law includes several provisions designed to:
 - protect health and safety of children,
 - improve child care quality, and
 - improve access to stable and consistent care through more family friendly eligibility policies.

CCDBG Act of 2014: Family-Friendly Eligibility Policies

Establishes a **12-month eligibility re-determination period** for CCDF families, regardless of changes in income (as long as income does not exceed federal threshold of 85% of State median income) or temporary changes in participation in work, training, or education activities.

Allows States the option to terminate assistance prior to re-determination if a parent loses employment; however, assistance must be continued for **at least 3 months to allow for job search**.

Eligibility re-determination should **not** require parents to **unduly disrupt their employment**.

Provides for a **graduated phase-out of assistance** for families whose income has increased at the time of re-determination, but remains below the federal threshold.

Source: Adapted from summary of law on Office of Child Care website; not actual statutory language:
<https://www.acf.hhs.gov/programs/occl/resource/ccdbg-of-2014-plain-language-summary-of-statutory-changes>

Challenges & Opportunities for Subsidy Reform

- Opportunities for states to develop policies to better fit the realities of the low-wage labor market and the complexity of families' lives
- State reforms will reflect opportunities, resources, and constraints of particular context
- Reforms require additional resources, especially during a time of fiscal challenges
- Policy tradeoffs with consequences for low-income families

Phase 2 of CCRP Study

- To gain perspective of child care providers and subsidy program administrators and caseworkers
- Focus on subsidy instability and intersection between subsidy program and quality initiatives in partnering states
- Four components:
 - Case study of subsidy program and quality initiatives
 - Mapping supply and demand for subsidized providers
 - Linking Phase 1 survey to data on Phase 2 providers
 - Qualitative interviews with providers

CCRP Publications to be Released

- Final Research Report: expected July 2015
- Qualitative Sub-study Report: expected August 2015
- Research Brief: *Clients' Recommendations for Improving the Child Care Subsidy Program* (available now)

Available on www.urban.org

Visit project website for more details: <http://ssascholars.uchicago.edu/ccrp/>

Or visit Research Connections website:

<http://www.researchconnections.org/childcare/resources/26743>

Partners and Research Team

Illinois State and Local Partners:

Linda Saterfield, Illinois Department of Human Services

Maria Whelan, David Alexander, and Marcia Stoll, Illinois Action for Children

SuzAnne Kollman, Children's Home and Aid, Southern Region

New York State and Local Partners:

Janice Molnar, NYS Office of Children and Family Services

Melinda Denham, NYS Office of Children and Family Services

Justine Hanif, Nassau County DSS

Iris Rivera, Westchester County DSS

Jan Barbieri, Child Care Council of Nassau

Kathy Halas, Child Care Council of Westchester

Other Collaborating Partners:

Juliet Bromer, Erikson Institute

Robert Goerge, Chapin Hall

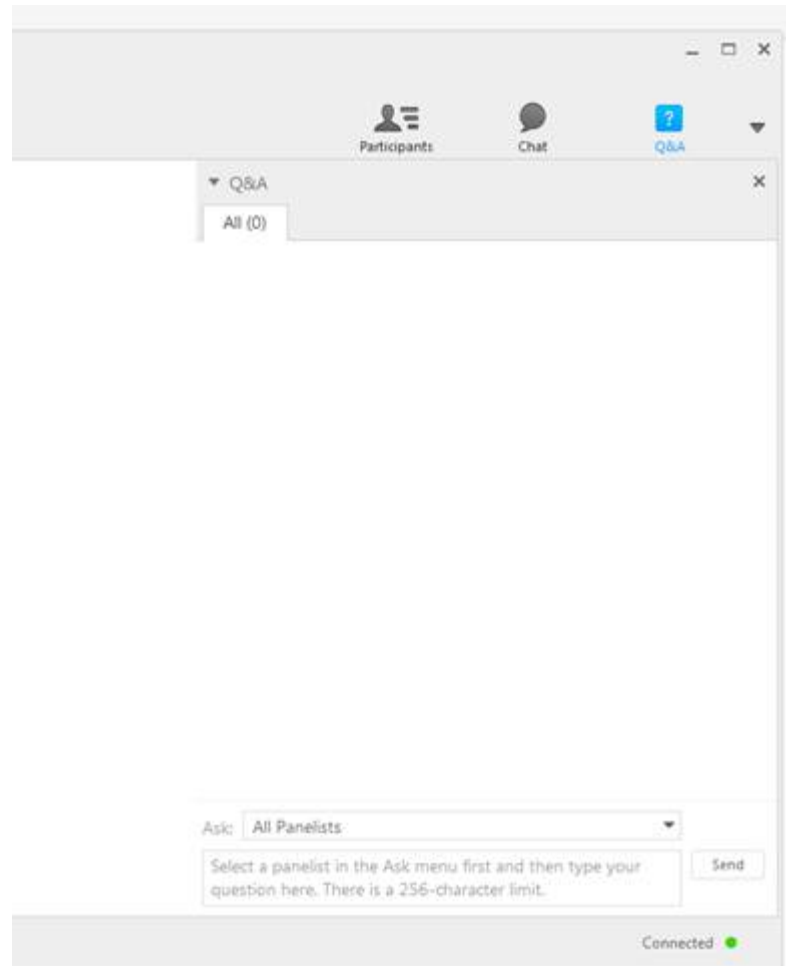
University of Chicago Research Team:

Julia Henly (PI), Amy Claessens (Co-PI), Alejandra Ros Pilarz (Research Associate), Carolyn Barnes, JaeSeung Kim, Jaimie Grazi, Sarah Bendix, Laura Rothenberg, Tonie Sadler, Jonathan Holmes, Erin Simpson

Urban Institute Research Team:

Heather Sandstrom (Co-PI), Julia Gelatt, Olivia Healy, Sandra Huerta, Erica Greenberg, Lina Breslav, Teresa Derrick-Mills, Monica Rohacek, Gina Adams

Questions



Contact Information

Heather Sandstrom
Urban Institute
hsandstrom@urban.org

Julia Henly
University of Chicago
jhenly@uchicago.edu

Amy Claessens
University of Chicago
amyc1@uchicago.edu

Alejandra Ros Pilarz
University of Wisconsin
aros1@uchicago.edu