
Insights into Child Care Providers Decisions to Accept Subsidies: A Preliminary Analysis of Provider Recruitment Strategies and Participation Rates in Massachusetts

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Agenda

- ▶ Background: Provider Participation in the Child Care Subsidy System
 - ▶ Provider Recruitment Challenges
 - ▶ Massachusetts Child Care Subsidy System
 - ▶ Current Research being Conducted in Massachusetts
 - ▶ Massachusetts: Provider Recruitment Methods
 - ▶ Massachusetts: Variation in Provider Participation
 - ▶ Conclusions
 - ▶ Next Steps
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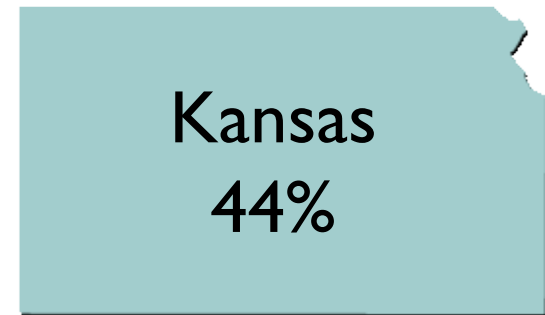
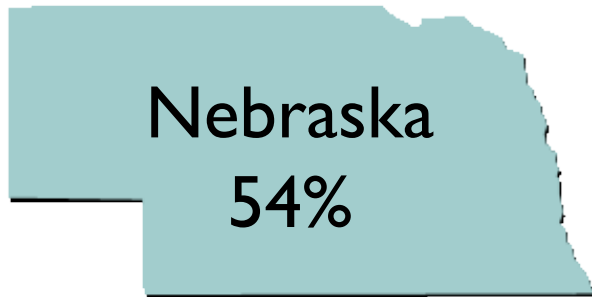
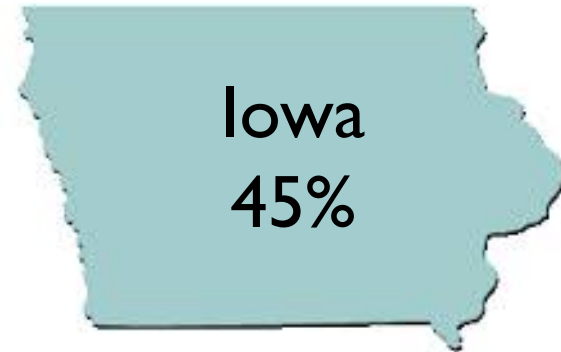
The Child Care Subsidy System Needs Providers

- ▶ Low-income families and families receiving welfare benefits need an adequate supply of affordable child care providers so that they can work.
 - ▶ Often low-income families are priced out of the private child care market.
 - ▶ Child care subsidies facilitate access to child care and help stabilize employment.
 - ▶ There needs to be an adequate supply of child care providers that accept subsidies to realize employment goals.
 - ▶ The child care subsidy system relies on the voluntary participation of providers in the market.
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Limited Research about Provider Participation in Subsidy System

- ▶ What we know about providers' subsidy participation decisions is essentially a black box
 - ▶ Which providers agree to participate in the child care subsidy system compared to those that do not?
 - ▶ Why do providers participate in the child care subsidy system?
 - ▶ What are incentives for and barriers to provider participation?
 - ▶ How can states better recruit providers into the subsidy system?
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Significant Variation in Provider Participation Rates by State



Provider Recruitment: Challenges

- ▶ **Low Subsidy Rates**
 - ▶ No state provides reimbursement rates at market value
- ▶ **Burdensome Paperwork/Administrative Processes**
 - ▶ Additional paperwork, collection of parent co-payments, and timing and consistency of reimbursement payments have been cited by providers as problematic
- ▶ **Subsidy Policies and Practices**
 - ▶ Some states do not allow providers to practice balance billing
 - ▶ States offer different types of subsidies (contracted slots, vouchers, cash grants) that have different requirements
- ▶ **QRIS Requirements**
 - ▶ Some states require subsidized providers to participate in their QRIS

Massachusetts Child Care Research Projects

- ▶ Key Provider Research Questions
 - ▶ What portion of providers participate in the Massachusetts subsidy system compared to those that do not?
 - ▶ Is there regional variation in provider participation rates, which could lead to inequitable access to care?
 - ▶ How does Massachusetts recruit providers to participate in the child care subsidy system?
 - ▶ What are the challenges to recruiting providers?
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Massachusetts Child Care Research Projects

Qualitative Data

- Interviews with Key Informants and Child Care Resource & Referral (CCR&R) Agencies
- Interviews with Child Care Providers and Families (forthcoming)

Quantitative Data

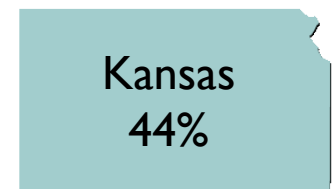
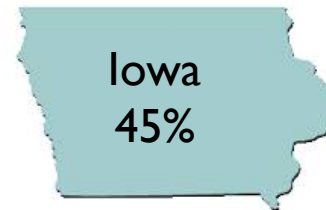
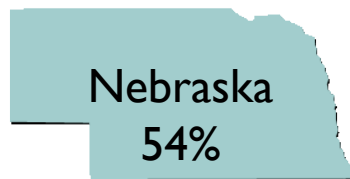
- Massachusetts Subsidy Placement and Payment Processing Data
- NACCRRAware Provider Data
- U.S. Census Bureau's American Community Survey

Data is being collected under the OPRE Child Care Research Partnership Grant

Massachusetts: Variation in Provider Participation (Initial Analysis)

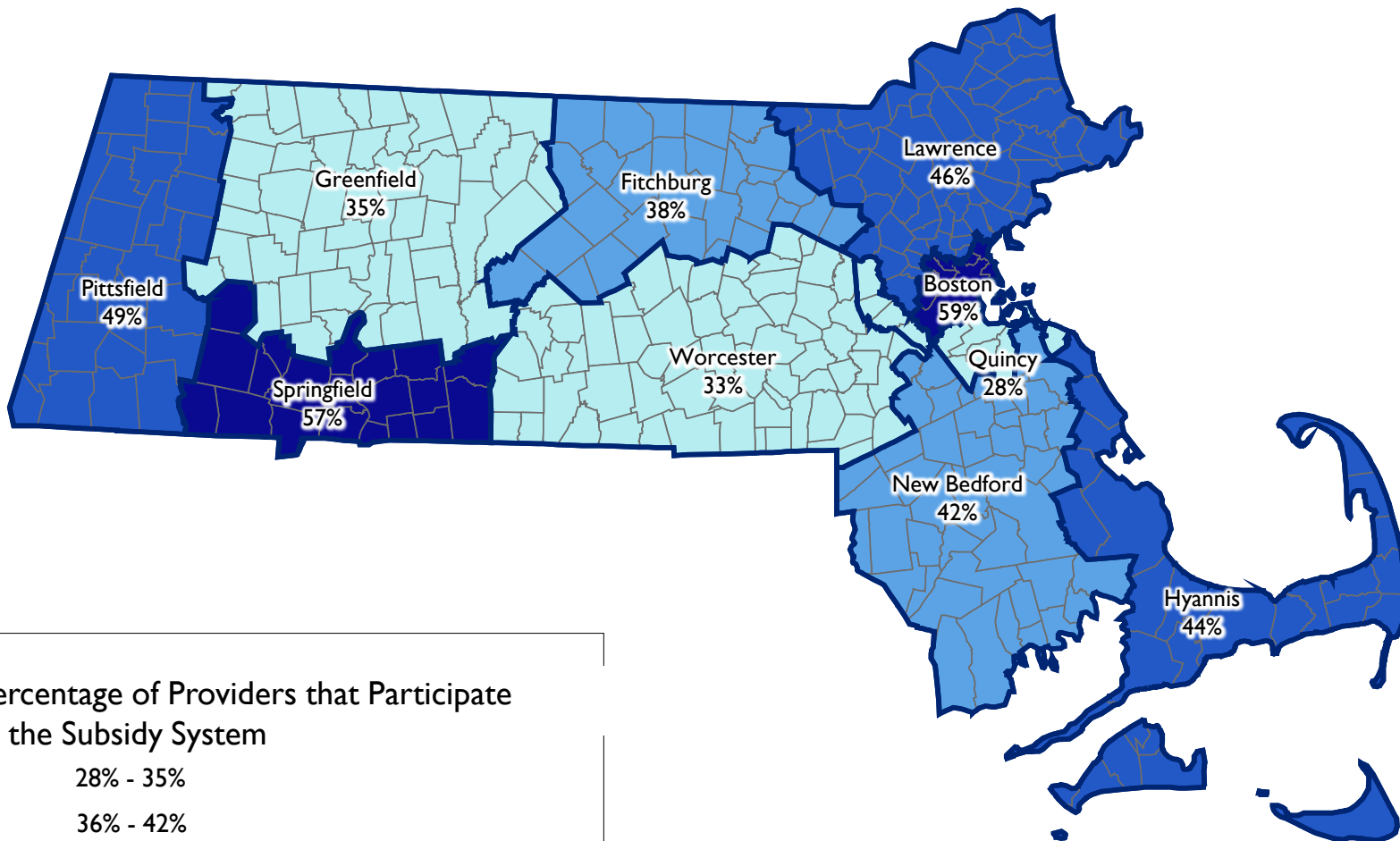
- ▶ Statewide, more Massachusetts providers decide **not** to participate in the subsidy system than participate

Provider Participation Statistics in Massachusetts (December 2013 Data)						
	Participating Providers		Providers Not Participating		Total Providers	
	Count	%	Count	%	Count	%
Statewide	4,101	44%	5,271	56%	9,372	100%
Family Child Care Providers	2,803	41%	4,051	59%	6,854	100%
Center-Based Child Care Providers	1,298	52%	1,220	48%	2,518	100%



Massachusetts: Variation in Provider Participation (Initial Analysis)

Provider Participation by CCR&R Service Region



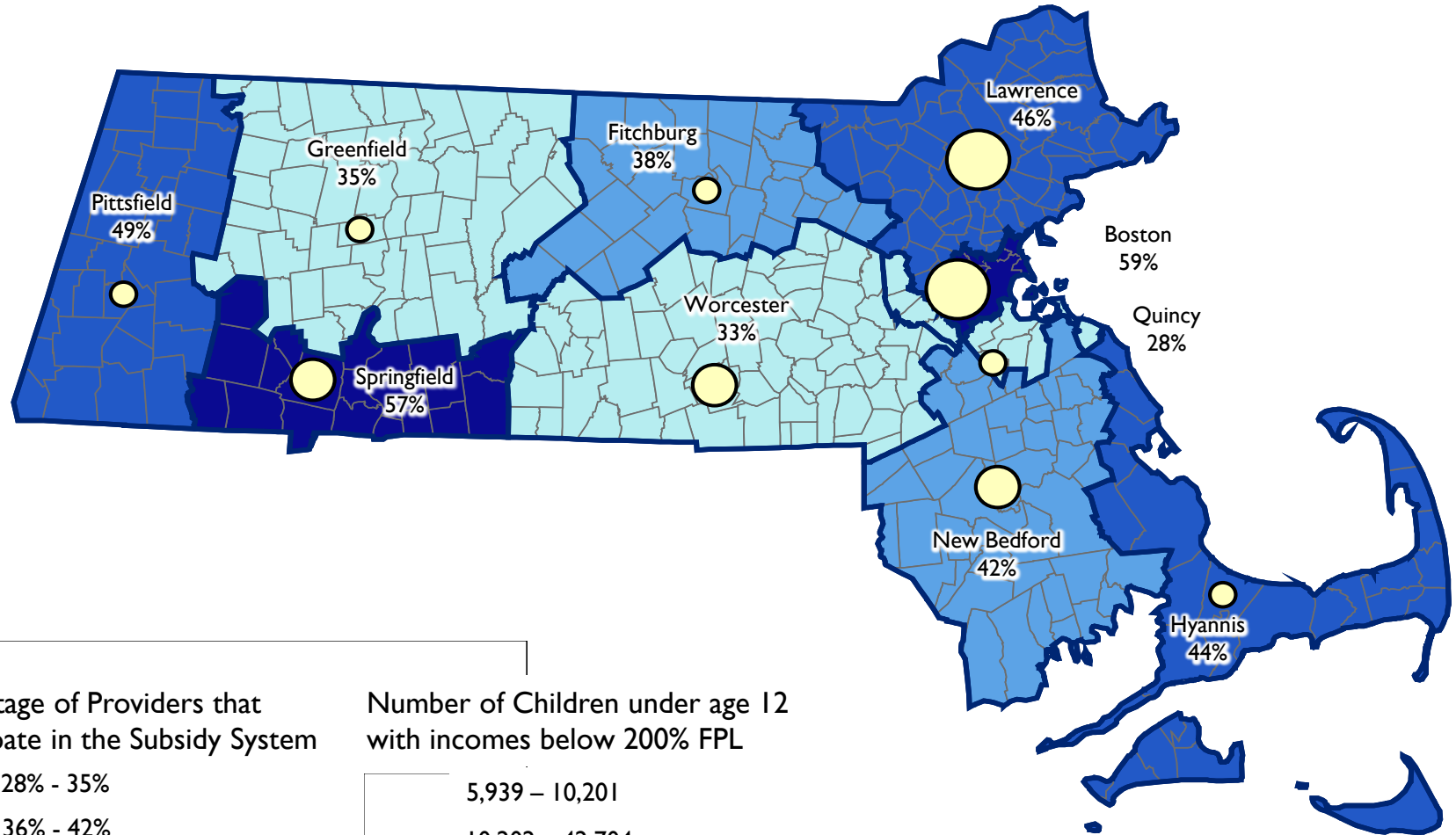
Percentage of Providers that Participate in the Subsidy System

- 28% - 35%
- 36% - 42%
- 43% - 49%
- 50% - 59%

Source: Department of Early Education and Care Administrative Data

Massachusetts: Variation in Provider Participation (Initial Analysis)

Provider Participation and Low-Income Children by CCR&R Service Region



Percentage of Providers that Participate in the Subsidy System

- 28% - 35%
- 36% - 42%
- 43% - 49%
- 50% - 59%

Number of Children under age 12 with incomes below 200% FPL

- 5,939 – 10,201
- 10,202 – 42,704
- 42,705 – 61,735

Massachusetts: Variation in Provider Participation (Initial Analysis)

- ▶ Statewide, there are more for-profit child care providers than non-profit child care providers

Provider Participation Statistics by Legal Structure (December 2013 Data)	
Structure	Participating Providers
Non-Profit	15%
For-Profit	85%
Total	100%

Providers by Legal Structure (December 2013 Data)	
Structure	%
Non-Profit	13%
For-Profit	87%
Total	100%

- ▶ Of those that do participate, more providers are for-profits than non-profits

Massachusetts: Variation in Provider Participation (Initial Analysis)

- ▶ Though non-profits make up a much smaller percentage of child care providers, when we look just at non-profits, there is a greater percentage (55%) accepting subsidies compared to not accepting subsidies (45%).

Provider Participation Statistics within each Legal Structure (December 2013 Data)			
Structure	Participating Providers	Providers Not Participating	Total
Non-Profit	55%	45%	100%
For-Profit	46%	54%	100%

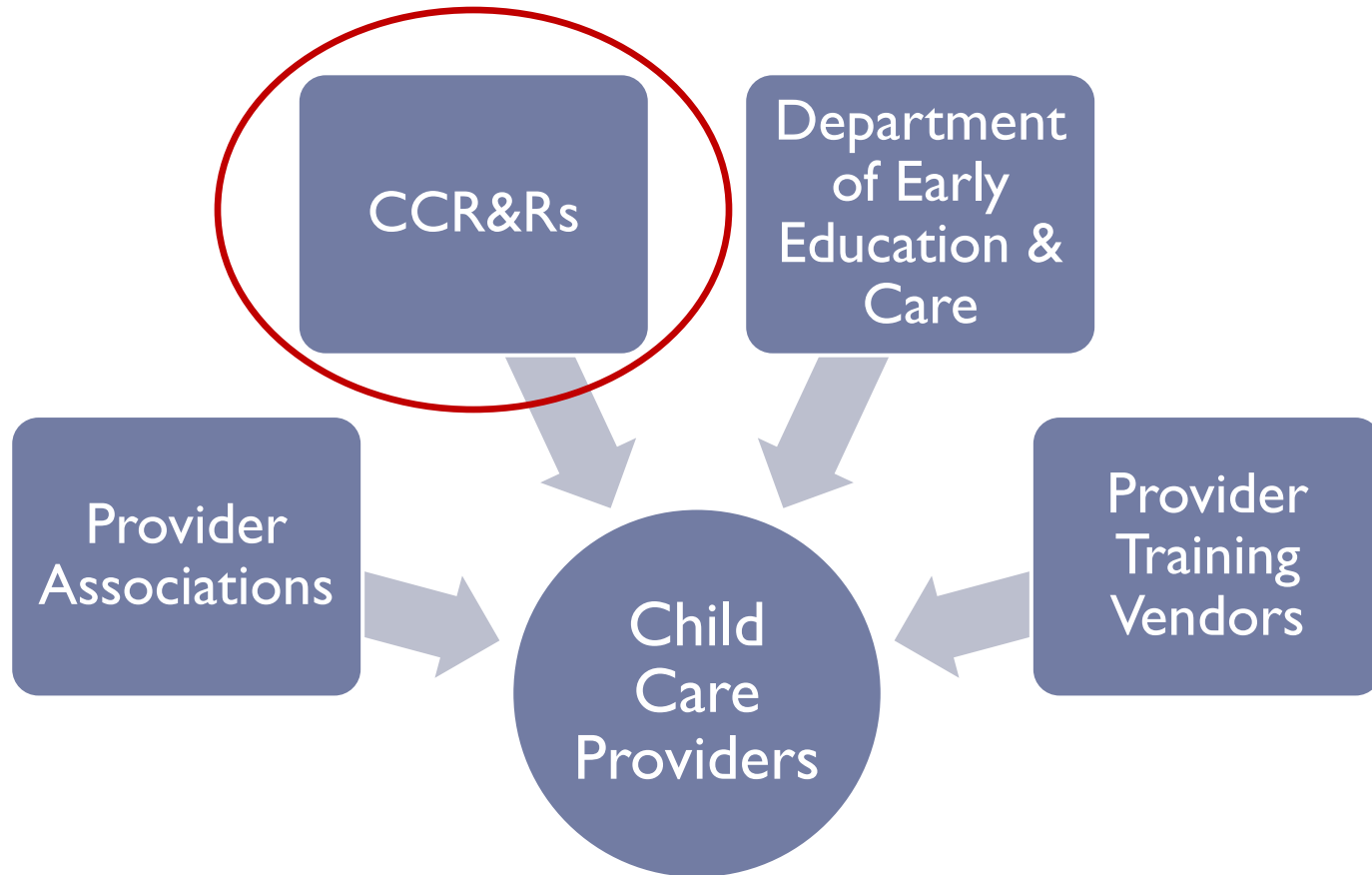
Massachusetts: Variation in Provider Participation (Initial Analysis)

- ▶ There is variation in subsidy participation by non-profit status by CCR&R service region.

Provider Participation Statistics within each Legal Structure by Select CCR&R Service Regions (December 2013 Data)					
CCR&R Region	Legal Structure	Participating Providers	Providers Not Participating	Total Providers	Participation Indicator
Statewide	Non-Profit	55%	45%	100%	+
	For-Profit	46%	54%	100%	-
Springfield	Non-Profit	70%	30%	100%	+
	For-Profit	61%	39%	100%	+
Pittsfield	Non-Profit	73%	27%	100%	+
	For-Profit	49%	51%	100%	-
Quincy	Non-Profit	43%	57%	100%	-
	For-Profit	26%	74%	100%	-

Massachusetts: Provider Engagement

- ▶ Potential State/Local Avenues to Engage Providers in Massachusetts



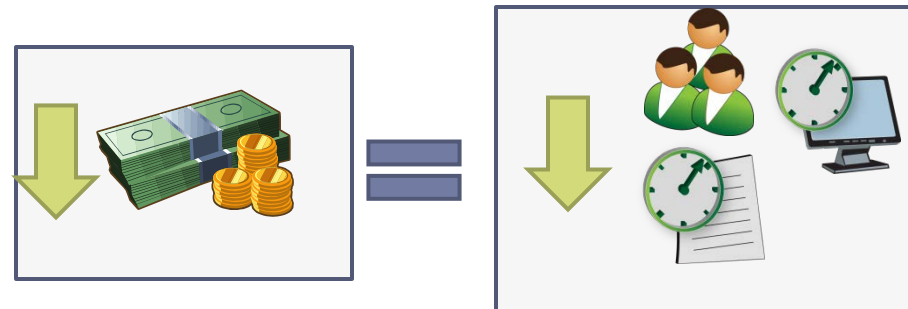
Massachusetts: Capacity Constraints

CCR&R's Responsibilities

- ▶ Subsidy Management
 - ▶ Eligibility Determination/Re-Determination
 - ▶ Provider Payment Processing
- ▶ Family Resource & Referral
- ▶ Provider Information and Referral
- ▶ Provider Engagement and Recruitment
- ▶ Consumer Education and Community/Parent Engagement

2009 Reduction in Funding for CCR&Rs

- ▶ Limited CCR&R staff, time and resources for provider outreach



Massachusetts: Provider Recruitment Methods

Method

- ▶ Phone Calls
 - ▶ Cold calls
 - ▶ Calls conducted during annual provider information update
- ▶ Mass Mailings
 - ▶ Untargeted/Ad hoc mass mailings
 - ▶ Mass mailings during annual provider information update
- ▶ Trainings
 - ▶ Discounted/free training incentives
 - ▶ Priority access to trainings
 - ▶ Information about voucher system offered at trainings

Benefits/Drawbacks

- Staff/time intensive
- +
- Resource intensive (paper/postage)
- +
- Involves some loss of revenue
- +
- Allows for a more direct interaction

Massachusetts: Provider Recruitment Methods

▶ Sample provider recruitment language

How will I Benefit From Participating in the Voucher Program?

- If your child care program has vacancies, you can increase your income by filling those empty slots.
 - You may also be eligible for reimbursements for holidays, vacations, and other closures.
 - In addition, child care providers participating in the voucher program may receive discounts on trainings sponsored by the CCR&R and EEC.
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Challenges to Provider Recruitment into the Subsidy System in Massachusetts

Child Care Market Prices

- Ranked as top six *least* affordable states for infant and preschool care in the U.S. for 3 years

Reimbursement Rates

- Reimbursement rates fall between only 3% and 31% of center-based provider prices and between 3% and 43% of family child care provider prices

Subsidy Practices

- Does not allow providers to practice balance billing
- Offers subsidies through contracted slots and vouchers

Conclusions

▶ Massachusetts

- ▶ There are significant subsidy policy barriers to entry.
 - ▶ There are multiple potential touch points to engage with providers to encourage subsidy participation through provider association meetings, state licensing and local training activities.
 - ▶ Due to capacity and funding constraints, provider recruitment is not a large focus of CCR&R activities. Additional funding or a coordinated multi-agency strategy is needed.
 - ▶ There is a need to assess regional variation in more detail and target provider recruitment efforts, for example, to family child care systems and regions with low provider participation relative to potential subsidy-eligible children.
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Conclusions

▶ All States

- ▶ Consider conducting a similar analysis of regional variation in provider participation compared to the eligible population.
 - ▶ Consider offering discounted or free trainings to participating providers as an incentive.
 - ▶ Consider other incentives including: tax incentives, QRIS incentives and tiered reimbursement
 - ▶ Target and tailor recruitment efforts based on provider characteristics (for-profit/non-profit, other characteristics), especially in areas of high need or rural areas with a low number of providers.
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Next Steps

▶ Future Research

- ▶ Compile a database of provider characteristics and service offerings and local child care market characteristics
 - ▶ Explore varying levels of participation in the system and participation in vouchers vs. contracts
 - ▶ Run multivariate econometric models of predictors of provider participation
 - ▶ Interview a sample of center-based providers about participation in the subsidy system
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