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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A policy research partnership between:
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Brandeis University ● Pamela Joshi (PI), Erin Hardy (Co-PI)
Boston University ● Yoonsook Ha (Co-PI)
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
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.

Blau & Tekin, 2007
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?
Significant Variation in Provider Participation Rates by State

- Missouri: 80%
- Iowa: 45%
- Nebraska: 54%
- Kansas: 44%

Raikes, et al., 2003
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 sited 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

NWLC, 2013; Adams, Rohacek & Snyder, 2008; Washington & Reed, 2008; OCC, 2013; Tout, Starr, Soli & Moodie, 2010
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?
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)

<table>
<thead>
<tr>
<th></th>
<th>Participating Providers</th>
<th>Providers Not Participating</th>
<th>Total Providers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
</tr>
<tr>
<td>Statewide</td>
<td>4,101</td>
<td>44%</td>
<td>5,271</td>
</tr>
<tr>
<td>Family Child Care Providers</td>
<td>2,803</td>
<td>41%</td>
<td>4,051</td>
</tr>
<tr>
<td>Center-Based Child Care Providers</td>
<td>1,298</td>
<td>52%</td>
<td>1,220</td>
</tr>
</tbody>
</table>

Missouri: 80%
Nebraska: 54%
Iowa: 45%
Kansas: 44%

Department of Early Education and Care Administrative Data; Raikes, et al., 2003
Massachusetts: Variation in Provider Participation (Initial Analysis)

Provider Participation by CCR&R Service Region

Pittsfield 49%
Worcester 33%
Greenfield 35%
Springfield 57%
Boston 59%
Lawrence 46%
Fitchburg 38%
Quincy 28%
New Bedford 42%
Hyannis 44%

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

<table>
<thead>
<tr>
<th>City</th>
<th>Percentage Participating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pittsfield</td>
<td>49%</td>
</tr>
<tr>
<td>Worcester</td>
<td>33%</td>
</tr>
<tr>
<td>Greenfield</td>
<td>35%</td>
</tr>
<tr>
<td>Springfield</td>
<td>57%</td>
</tr>
<tr>
<td>Fitchburg</td>
<td>38%</td>
</tr>
<tr>
<td>Boston</td>
<td>59%</td>
</tr>
<tr>
<td>Lawrence</td>
<td>46%</td>
</tr>
<tr>
<td>Quincy</td>
<td>28%</td>
</tr>
<tr>
<td>New Bedford</td>
<td>42%</td>
</tr>
<tr>
<td>Hyannis</td>
<td>44%</td>
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<td>Lawrence</td>
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<td>New Bedford</td>
<td>42%</td>
</tr>
<tr>
<td>Hyannis</td>
<td>44%</td>
</tr>
</tbody>
</table>

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

Sources: Department of Early Education and Care Administrative Data; U.S. Census Bureau's American Community Survey
Massachusetts: Variation in Provider Participation (Initial Analysis)

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

<table>
<thead>
<tr>
<th>Structure</th>
<th>Participating Providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Profit</td>
<td>15%</td>
</tr>
<tr>
<td>For-Profit</td>
<td>85%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

Of those that do participate, **more** providers are **for-profits** than non-profits.
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%).

<table>
<thead>
<tr>
<th>Structure</th>
<th>Participating Providers</th>
<th>Providers Not Participating</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Profit</td>
<td>55%</td>
<td>45%</td>
<td>100%</td>
</tr>
<tr>
<td>For-Profit</td>
<td>46%</td>
<td>54%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Massachusetts: Variation in Provider Participation (Initial Analysis)

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

<table>
<thead>
<tr>
<th>CCR&amp;R Region</th>
<th>Legal Structure</th>
<th>Participating Providers</th>
<th>Providers Not Participating</th>
<th>Total Providers</th>
<th>Participation Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide</td>
<td>Non-Profit</td>
<td>55%</td>
<td>45%</td>
<td>100%</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>For-Profit</td>
<td>46%</td>
<td>54%</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>Springfield</td>
<td>Non-Profit</td>
<td>70%</td>
<td>30%</td>
<td>100%</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>For-Profit</td>
<td>61%</td>
<td>39%</td>
<td>100%</td>
<td>+</td>
</tr>
<tr>
<td>Pittsfield</td>
<td>Non-Profit</td>
<td>73%</td>
<td>27%</td>
<td>100%</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>For-Profit</td>
<td>49%</td>
<td>51%</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>Quincy</td>
<td>Non-Profit</td>
<td>43%</td>
<td>57%</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>For-Profit</td>
<td>26%</td>
<td>74%</td>
<td>100%</td>
<td>-</td>
</tr>
</tbody>
</table>
Massachusetts: Provider Engagement

- Potential State/Local Avenues to Engage Providers in Massachusetts

- CCR&Rs
- Department of Early Education & Care
- Provider Associations
- Provider Training Vendors
- Child Care Providers
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

<table>
<thead>
<tr>
<th>Method</th>
<th>Benefits/Drawbacks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Phone Calls</strong></td>
<td>- Staff/time intensive</td>
</tr>
<tr>
<td></td>
<td>- Allows for a more direct and personal interaction</td>
</tr>
<tr>
<td>- Cold calls</td>
<td></td>
</tr>
<tr>
<td>- Calls conducted during annual provider information update</td>
<td></td>
</tr>
<tr>
<td><strong>Mass Mailings</strong></td>
<td>- Resource intensive (paper/postage)</td>
</tr>
<tr>
<td></td>
<td>- Can reach many providers</td>
</tr>
<tr>
<td>- Untargeted/Ad hoc mass mailings</td>
<td></td>
</tr>
<tr>
<td>- Mass mailings during annual provider information update</td>
<td></td>
</tr>
<tr>
<td><strong>Trainings</strong></td>
<td>- Involves some loss of revenue</td>
</tr>
<tr>
<td></td>
<td>- Allows for a more direct interaction</td>
</tr>
<tr>
<td>- Discounted/free training incentives</td>
<td></td>
</tr>
<tr>
<td>- Priority access to trainings</td>
<td></td>
</tr>
<tr>
<td>- Information about voucher system offered at trainings</td>
<td></td>
</tr>
</tbody>
</table>
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.
### Challenges to Provider Recruitment into the Subsidy System in Massachusetts

<table>
<thead>
<tr>
<th>Child Care Market Prices</th>
<th>• Ranked as top six least affordable states for infant and preschool care in the U.S. for 3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursement Rates</td>
<td>• Reimbursement rates fall between only 3% and 31% of center-based provider prices and between 3% and 43% of family child care provider prices</td>
</tr>
</tbody>
</table>
| 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.
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.
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