

THE IMPACT OF CHILD CARE SUBSIDY CHANGES ON ACCESS TO QUALITY CARE IN MICHIGAN: EVIDENCE FROM ADMINISTRATIVE DATA

In partnership with the Michigan Department of Education (MDE) and Michigan Department of Health and Human Services (MDHHS), Public Policy Associates (PPA) is conducting a multiyear, mixed-methods study of the impact of select policy changes in the state's Child Development and Care (CDC) program.

Following the 2014 reauthorization of the federal Child Care Development Block Grant, which provides child care assistance, Michigan adopted key changes to its CDC program. These changes occurred in three clusters: instituting a graduated exit and extending the eligibility period to 12 months (2015), delinking provider assignment from subsidy approval (2016), and increasing income-eligibility limits and raising provider payment rates (2017). The overarching goal of these changes was to improve low-income parents' access to child care.

This brief focuses on two key outcomes: length of time in the program and continuity of care. Length of program participation is measured here as the number of continuous program pay periods when a subsidy is in use. Continuity of care refers how long a particular child remains with the same provider.

In a previous [report](#), PPA presented findings from the perspective of families participating in the program, child care providers, and program administrators and caseworkers, as well as an analysis of aggregate enrollment trends.



Public Policy Associates, Inc. partners with the public, private, and nonprofit sectors at national, state, and local levels. We provide insights to help our clients make better decisions through rigorous, culturally responsive research, evaluation, and strategic consultation. For more information, contact Colleen Graber at cgraber@publicpolicy.com.

Results

By most measures, the adoption of graduated exit and 12-month eligibility were associated with longer participation in the CDC program.

The average number of two-week pay periods that parents received the subsidy increased from 15.5 to 17.5, comparing the 26 pay periods before and after the adoption of the policies. The average length of a families' first continuous period of participation in the program increased from 4.6 to 5.3 pay periods. Both of these improvements were statistically significant.

The significant impact of graduated exit and 12-month eligibility policies on family participation in the CDC program is reinforced by more sophisticated statistical methods. Survival analysis methods suggest that these policy changes led to lower exit rates from the program. Controlling for family race, ethnicity, and severe poverty status, the period after the adoption of graduated exit was associated with a 10% decline in the likelihood that a family would have a break in CDC participation.

The other policy changes had weaker relationships with subsidy use duration.

Delinked provider assignment had a mixed effect on ongoing participation in the CDC program, although there was an increase in the share of families continuing to use the subsidy after redetermination. The third set of policies (provider rate increases and increased income eligibility limits) had no discernible effect on the family's first spell on the program, or continuation in the program. Both sets of policies were actually associated with lower total pay periods.

All three clusters of policy changes were associated with increased spell lengths, showing greater continuity of care with providers.

Improving the stability of low-income children's child care arrangements is a major goal of the CDC program, both because of its effects on child development and on parent labor force participation. Two different measures were used to assess whether recent Michigan child care subsidy policy changes made it more likely that children would remain with the same child care provider. The first was average spell length, calculated as the number of consecutive program pay periods a child stayed with the same provider. The second used survival analysis to measure breaks in service with a child's current provider, controlling for child race and ethnicity, parent severe poverty status (i.e., whether they had any reported income), child's age, and provider type (i.e., centers, family homes, or group homes).

The three clusters of policy changes were associated with statistically significant increased spell lengths (+.1 to +.2 pay periods). However, only delinked provider assignment saw increased persistence with the same provider (+9%). The other sets of policy changes saw no statistically significant change in continuity of care using survival analysis.

Conclusions and Recommendations

Case-level statistical analysis suggests that changes to the CDC program increased the average length of time children were with a particular provider. Graduated exit and 12-month eligibility policies were also associated with more sustained program utilization by families. Future work will consider the effects of program changes on quality of care, the equity of impacts, including both geographic disparities and differences by race, ethnicity, and extreme poverty. Readers should note that the interrupted time series design employed in this brief assumes that all differences in outcome measure are due only to the factors included in the model. The inclusion of additional policy or contextual variables could alter estimates of impact.

The results of this analysis suggest that programmatic changes to the child care subsidy program can have a meaningful impact on access to child care. Changes like graduated exit reduce the financial burden on families of participating in the program and thus makes it easier to continue once they have signed up. A similar strategy should be considered that reduces the obstacles to eligibility for the subsidy. With significant federal dollars now being devoted to child care, policymakers should consider devoting some of these resources to building a strong system for supporting current and potential participants in the CDC program.

Methods

PPA researchers merged all CDC subsidy recipient and payment files for pay periods between 2013 and 2018. Parent and child identifiers were anonymized. Subsidy participation in any period was defined as total hours billed greater than zero. Because the vast majority of CDC participants are White, Black, or Hispanic, race and ethnicity were coded using Black (non-Hispanic) and Hispanic (any race) binary variables. Extreme poverty status was coded as “1” if zero income was reported and “0” if income greater than zero was reported. These demographic variables were imputed when missing in subsequent pay periods. The analytic sample for each set of interventions compared equal numbers of pay periods before and after the policy change. Children with multiple providers in the same pay period or multiple parent identification codes were excluded from the analysis, as were cases with missing provider identifiers. Family-level analysis is restricted to parents whose first identified spell was during the period in question.