



## Use Subsidy Policies to Promote Stable, Quality Care

1015 15th Street NW • Suite 400 • Washington, DC 20005 • p (202) 906.8000 • f (202) 842.2885 • [www.clasp.org](http://www.clasp.org)

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### About this Project

CLASP's *Charting Progress for Babies in Child Care* project highlights state policies that support the healthy growth and development of infants and toddlers in child care settings, and provides online resources to help states implement these policies. The foundation of the project is a policy framework comprised of four key principles describing what babies and toddlers in child care need and 15 recommendations for states to move forward. The project seeks to provide information that links research and policy to help states make the best decisions for infants and toddlers.

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By Rachel Schumacher and Elizabeth Hoffmann<sup>1</sup>

The ability of low-income parents to secure the consistent, responsive, nurturing child care their babies and toddlers need is affected by state policies governing state subsidy systems. All babies and toddlers in child care need their families to have access to quality options for their care. To support this goal, CLASP recommends that states use state child care subsidy policies to support stable, continuous access to the highest-quality providers and caregivers for infants and toddlers in low-income families.

This document presents research supporting the recommendation to use subsidy policies to promote stable, quality care. Visit [www.clasp.org/babiesinchildcare](http://www.clasp.org/babiesinchildcare) for materials related to this recommendation, including ideas for how state child care licensing, subsidy, and quality enhancement policies can move toward this recommendation; state examples; and online resources for state policymakers.

### What does the research say about low-income babies and toddlers and access to stable, quality child care?

**High-quality child care with responsive providers and caregivers supports babies' development, with greater impacts for disadvantaged children.** The consistency and sensitivity of early care relationships is critical to the quality of babies' and toddlers' experiences. Providers and caregivers who are attuned to each child's unique needs and personality can support, nurture, and guide the child's growth and development.<sup>2</sup> A good attachment relationship between the infant and the

caregiver can complement the relationship between parents and young children and facilitate early learning and social development.<sup>3</sup> Research has shown that in general, high-quality child care supports long-term child development and is linked to higher vocabulary scores, math and language abilities, and success in school. Further, this research found that negative impacts of low-quality care are more likely felt among disadvantaged children.<sup>4</sup>

**Stability of care supports the development of babies and toddlers.** Frequent changes in care arrangements are stressful for babies and toddlers. For example, research shows that transitions from their child care room to the next age group's room are associated with higher levels of distress and negative behavior, especially among very young children.<sup>5</sup> Another study observed higher rates of problem behavior among babies and toddlers in child care centers who experience less regular contact with their primary nonparental provider in the average day, as well as among very young children who experience multiple care arrangements in addition to the center.<sup>6</sup> Some research suggests that because children take many months to form attachments to nonparental providers and caregivers, frequent changes in caregiver arrangements may mean that they are less likely to form secure attachments.<sup>7</sup> Research has found that infants with secure attachment relationships with their providers are more likely to play, explore, and interact with providers in their child care setting.<sup>8</sup>

**Low-income parents need child care but may have difficulty ensuring stable, quality care for their babies.** Children under age 3 of employed mothers who are living in poverty spend an average of 21 hours per week in nonparental care.<sup>9</sup> Stable care promotes healthy development, but low-income babies and toddlers may experience multiple caregiving arrangements and may move in and out of these arrangements.<sup>10</sup> A study of single, low-income mothers moving from public assistance to work in New York City found that the majority of their young children experienced five or more primary child care arrangements in their first four years. Most of the primary care arrangements among those children lasted less than six months. The mothers attributed the instability to poor-quality care, providers

who decided to stop caregiving, and conflicts with providers. The last was less prevalent with centers and family child care than with family, friend, and neighbor care<sup>11</sup>—which is a more common arrangement for lower-income babies and toddlers than for higher-income children.<sup>12</sup>

**Child care subsidies may help low-income families access more care options in the child care marketplace.** Low-income parents' decisions about who cares for their babies are influenced by preferences, but also by significant constraints—such as financial resources, employment schedules and stability, transportation issues, and supply of care choices in their neighborhoods,<sup>13</sup> as well as problems accessing and maintaining child care assistance.<sup>14</sup> Poor families spend approximately 29 percent of their income on weekly child care costs, compared to 6 percent for families at or above the federal poverty level.<sup>15</sup> Some child care programs are cost prohibitive for lower-income families without help; one study found that the average price of full-time, center-based infant child care in states across the country ranged from \$4,542 to \$14,591 in 2007 and was rising faster than the rate of inflation.<sup>16</sup>

The availability of subsidies influences low-income parents' choices about work and child care. Some studies have found a larger proportion of low-income families with subsidies use center-based child care than those without,<sup>17</sup> although center-based care is not necessarily higher quality than other arrangements. An analysis of data on children birth through age six from the 2001 Early Childhood Program Participation Study of the National Household Education Survey Program (NHES) found that among children living in families below 150 percent of

**From Gina Adams, Kathleen Snyder, and Jodi R. Sandfort, *Getting and Retaining Child Care Assistance: How Policies and Practice Influence Parents' Experiences***

“Families have to do far more to keep their subsidies than has generally been recognized.”<sup>18</sup>

poverty, the use of center-based care as a primary care arrangement was more common among those with a subsidy (57 percent) than those without (39 percent).<sup>19</sup> Other research using National Survey of America's Families (NSAF) data estimated that a child care subsidy increases a single mother's probability of working and using child care by 15 percentage points (after controlling for other demographic factors) and increases her probability of working and using center-based child care by 33 percentage points.<sup>20</sup> Still, it is not clear which choice comes first—the choice to seek a subsidy or the choice of a child care provider or caregiver. For example, some low-income families may choose not to seek a subsidy because they already have decided to use a caregiver who does not wish to be involved with the state subsidy system.

## How can state child care subsidy policies support stable, quality child care?

**States can take into account the potential impact of subsidy policies on babies and toddlers whose families receive child care subsidies.** More than one-fourth (28 percent) of the children served in state child care subsidy programs funded by the Child Care and Development Block Grant (CCDBG) are under age 3.<sup>21</sup> Thus, at least half a million babies and toddlers are already being reached by states—and presumably more, since many states also fund child care directly through the Temporary Assistance for Needy Families (TANF) block grant. (Information on the number of infants and toddlers who receive child care assistance through TANF funds is not available). CCDBG data from FY 2006 (the latest year for which data are available) show that the proportion of children receiving subsidies who are under age three varies across states, from 55 percent in Arkansas to 19 percent in California.<sup>22</sup>

The options these families have for their children's care are affected by subsidy policies, many of which are set at the state level. Infants and toddlers in low-income families that receive child care assistance are more likely than those in low-income families overall to be in center-

based care: 53 percent of infants and 60 percent of toddlers receiving CCDBG are cared for in centers.<sup>23</sup> Thirty-five percent of infants and 29 percent of toddlers receiving CCDBG are cared for in family homes, including licensed and license-exempt providers and caregivers.<sup>24</sup> CCDBG also includes \$100 million for states to spend to improve the quality and supply of care for infants and toddlers; states are using these dollars for a range of activities, including promoting emotionally supportive care, health and safety, professional development, and better quality rankings or accreditation.<sup>25</sup> A survey of state CCDBG administrators found that these federal quality funds are the primary source of dollars states are using to improve quality of infant/toddler care.<sup>26</sup>

## States can provide adequate funding to providers and caregivers serving subsidized children to support the costs of quality infant/toddler care.

States determine how much to pay providers and caregivers in the subsidy system, and the amount of funding made available to pay for a baby's or toddler's care has been linked to the quality of care the child receives.<sup>27</sup> The more funding a child care center provider is paid per child, the more dollars that provider can use to attract and retain qualified staff to work with young children and to finance other quality features. Higher payments may also attract and maintain a greater number of qualified family child care providers in the subsidy system. High-quality licensed infant and toddler care is more expensive for providers to offer,<sup>28</sup> because of key features such as more child care providers per child, more space per child, special equipment such as cribs, and additional health and safety requirements such as sanitary areas for diaper changing.

Under federal law, states have flexibility to determine how high a rate will be paid to child care providers and caregivers participating in the subsidy system; regulations recommend rates be set such that subsidy-using families can access 75 percent of care available in their communities (the 75<sup>th</sup> percentile) and require states to certify that the payment rates are sufficient to ensure equal access for eligible families to child care services comparable to those provided to ineligible families.<sup>29</sup> Eighteen states set their maximum payment rates for a

one-year-old in a child care center at 20 percent or more below the amount that would allow parents access to 75 percent of infant/toddler care.<sup>30</sup> Setting payment rates low means that parents have less access, for at least two reasons. First, providers have less incentive to accept children receiving subsidies, in turn restricting the ability of parents using a subsidy to choose from the full range of quality child care options in their community. Second, parents may have to pay the difference between the provider's charge and the state's maximum rate as well as pay their copayment (in states that allow providers to charge parents for this gap), making care too expensive even if the provider is willing to accept a subsidy.<sup>31</sup>

**States can set family income eligibility, enrollment, and duration policies to support stable subsidy receipt, which in turn can make it easier for low-income parents to maintain stable child care arrangements.**

State subsidy policies can determine the extent to which families have a full choice of child care options in their community, when and how a family may receive a subsidy or be put on a waiting list, how often families are required to recertify their eligibility, and how changes in job and family status affect eligibility—each of which has ramifications for parents' ability to access high-quality, continuous care for their children.<sup>32</sup> Qualitative researchers have found evidence that subsidy policies tied closely to current parental work hours and requiring significant paperwork may increase child care instability, as parents' frequent changes in eligibility status and related loss of subsidy lead to changes in arrangements.<sup>33</sup>

Data on the duration of subsidy receipt across states may also support a connection between policies and stability. A study of five states' subsidy policies found that average subsidy duration in a state ranged from three to seven months. The study also found that in states with longer median subsidy duration spells, children receiving a subsidy were more likely to retain the same child care provider or caregiver throughout.<sup>34</sup> Another study examined welfare and employment programs in 20 states in which some programs offered expanded child care assistance. The research showed a relationship between more generous subsidy policies (including features such as higher rates and direct payments to providers) and

longer periods of consecutive months of care with the same provider or caregiver, as well as a higher percentage of children in licensed care among babies and toddlers.<sup>35</sup> In Rhode Island, a state which guarantees child care subsidies for all families under a certain income level, the average subsidy duration is 10 months.<sup>36</sup> In communities that experimented with ensuring steady, timely provider payments and supports, family child care providers were more willing to provide slots for babies and toddlers from low-income families.<sup>37</sup>

Under CCDBG regulations, states can set subsidy eligibility and re-determination policies to encourage longer duration of care for babies and toddlers within certain parameters.<sup>38</sup> Several states have implemented new policies that make it easier for families to access and maintain subsidies and perhaps to choose more stable care arrangements.<sup>39</sup>

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for dynamically updated information related to this recommendation, including:

- **Policy Ideas** that states can use to move toward this recommendation
- **State Examples** profiling initiatives of policies under this recommendation
- **Online Resources** for state policymakers

<sup>1</sup> The authors would like to thank Gina Adams, J. Lee Kreader, and Roberta Weber for their comments on drafts of this resource.

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<sup>4</sup> Ellen S. Peisner-Feinberg, Margaret R. Burchinal, Richard M. Clifford, et al., *The Children Of The Cost, Quality, And Outcomes Study Go To School: Executive Summary*, Frank Porter Graham Child Development Center, 1999, <http://www.fpg.unc.edu/ncedl/pages/cq.cfm>; Jay Belsky, Deborah L.

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<sup>7</sup> Helen Raikes, "Relationship Duration in Infant Care: Time with a High-Ability Teacher and Infant-Teacher Attachment," *Early Childhood Research Quarterly* 8, no. 3 (1993): 309-325. This study found that 50 percent of infants and toddlers who had been with their caregiver for five to eight months had a secure attachment relationship with their caregiver. In comparison, 67 percent of infants and toddlers who had been with their caregiver for nine to 12 months had secure attachments, and 91 percent of infants and toddlers who had been with their caregiver for more than one year had secure attachments.

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<sup>12</sup> Jeffrey Capizzano and Gina Adams, *Children in Low-Income Families Are Less Likely to be in Center-Based Child Care*, Urban Institute, 2003, [http://www.urban.org/UploadedPDF/310923\\_snapshots3\\_no16.pdf](http://www.urban.org/UploadedPDF/310923_snapshots3_no16.pdf).

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