

Supply Brief: Changes in Configuration of Child Care in Ohio

Preliminary Results (Revised March 15, 2010)

Does Pre-K Affect the Supply of Child Care?

Debate exists about whether the expansion of state-funded universal Pre-K will positively or negatively affect the supply of child care for low-income working families. Limited anecdotal evidence suggests that Pre-K expansion may have unintentional negative effects. Some argue that as Pre-K expands, funds are diverted away from family child care and into center-based programs that are engaged in Pre-K partnerships. Theoretically, such a shift would result in a decrease in family child care and an increase in center-based care. Alternatively, some suggest that the supply of higher cost center-based care could decline as school-based Pre-K expands. Under such a scenario, the supply of family child care would increase and the supply of child care centers would decrease.

This research brief is designed to address this question about the impact of Pre-K expansion on the supply of care. This is done by examining two counties—one that employs a universal Pre-K model that allows centers to participate in state Pre-K, and one county that serves as a comparison.

Ohio's Pre-K Programs

Based on data from the National Institute of Early Education Research (NIEER), two state-funded Pre-K programs in Ohio existed during the 2007-2008 school year:

The *Early Childhood Education (ECE)* program provides education to 3- to 4-year-olds living in low-income families (defined as those living below 200% of the Federal Poverty Level [FPL]). Participating school districts received funds directly and could subcontract with Head Start programs or private child care centers. The ECE program offered school-day, school year education services to a total number of 6,092 children at a cost of \$4,656 per child.

The *Early Learning Initiative (ELI)* provided free education to 3-4 year old children living in low-income families (defined as those living below 185% of the FPL). Public schools, Head Start programs, as well as private and faith-based child care centers, were eligible to participate in this state-funded program. These agencies could then further subcontract with like agencies or family child care providers. ELI provided full-day, full-year academic services to children living in families with working parents.

The program served 13,049 children at \$8,491 per child, and it was available in 91% of the counties.

Ohio's third pre-k option is not state-wide. It is the **Universal Pre-K Early Childhood Initiative (UPK)** that is specific to Cuyahoga County. Funds for UPK come from local public and private sources, including the investments of 23 private foundations. In the 2007-2008 school year, the program was funded at nearly \$3 million, and 998 children were served in 61 classrooms across 24 county sites. The funds were used to provide resources to enhance program quality as well as provide supplemental scholarships to families at/below 400% of the FPL. UPK programs can be delivered in public or private schools, Head Starts, ELI programs, child care centers, and family child care homes. This UPK initiative is spearheaded by *Invest in Children*, and the plan comprises a multiphased rollout that extends until 2019.

Description of Our Study

Researchers at the Education Development Center, Inc. (EDC), together with colleagues at Rutgers University, are engaged in a three year longitudinal study designed to address questions about the impact of Pre-K expansion on the supply and quality of child care for low-income families. We have analyzed existing state and county child care subsidy data, resource and referral (R&R) datasets, and newly collected survey data. Part I of our study examines changes in child care supply and quality using R&R data. Part II, the telephone survey, was designed to address questions about how the expansion of Pre-K might provide low-income, working families with access to high quality early learning environments when Pre-K services are delivered in collaborative partnerships with local child care centers. Data

from Part II is presented in the accompanying brief. This brief presents Part I findings.

Research Questions, Hypotheses, and Data Sources for Part I of Our Study

Part I of our study is designed to address the following questions:

- What changes occurred in the supply and nature of the family child care market after implementation of universal Pre-K (UPK)?
- What changes occurred in the nature and characteristics of the licensed child care provider market after implementation of UPK?

We hypothesized that UPK would have an impact on the supply and configuration of the child care market. Specifically, we hypothesized that in a county that allows child care centers to participate in UPK, the supply of child care centers would increase. Conversely, this increase in centers would be accompanied by a decrease in the supply of family child care providers.

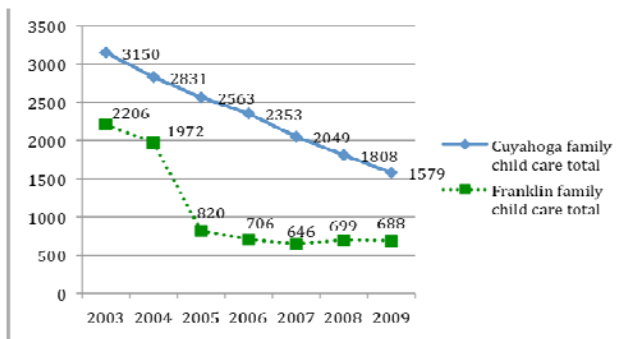
The Ohio Department of Job & Family Services provided our research team with R&R and subsidy data from 2003 through 2009. The state had data on all family child care providers in existence as well as all child care centers. We focused our research on one county that was implementing UPK (Cuyahoga) and a comparison county (Franklin) that allowed children to participate in state-funded Pre-K but did not have a systematic initiative to offer UPK. Cuyahoga County has allowed child care centers to participate in UPK and has offered additional funding to centers that choose to participate.

Key Findings

Changes in Supply of Family Child Care

- ❖ Between 2003 and 2009, Cuyahoga County experienced a dramatic decrease in the number of family child care providers. By contrast, in Franklin County the number decreased dramatically between 2003 and 2007 but remained relatively stable between 2007 and 2009.
- ❖ There was a statistically significant difference in the rate of decline in Cuyahoga County when looking at the period before UPK versus after UPK implementation.

Graphic 1. Change in the total number of family child care providers over time



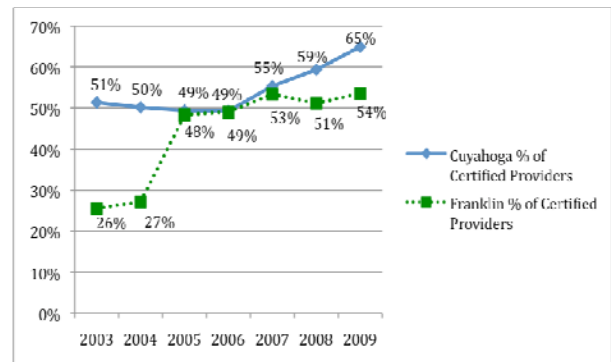
Changes in Supply of Licensed Family Child Care Providers

- ❖ Between 2003 and 2009, Cuyahoga and Franklin Counties experienced increases in the proportion of family child care providers which were licensed. However the rate of change differed by county ($p < .001$).
- ❖ The proportion of licensed providers in Cuyahoga County remained relatively flat prior

to UPK in 2007 but increased significantly ($p < .001$) after implementation of UPK. The proportion of licensed providers increased steadily from 49% in 2006 to 55% in 2007 to 65% in 2009.

- ❖ By contrast, in Franklin County the proportion of family child care providers which were certified increased significantly ($p < .001$) between 2003 and 2007 from 26% to 53% but remained relatively stable between 2007 and 2009.

Graphic 2. Change in proportion of licensed family child care providers

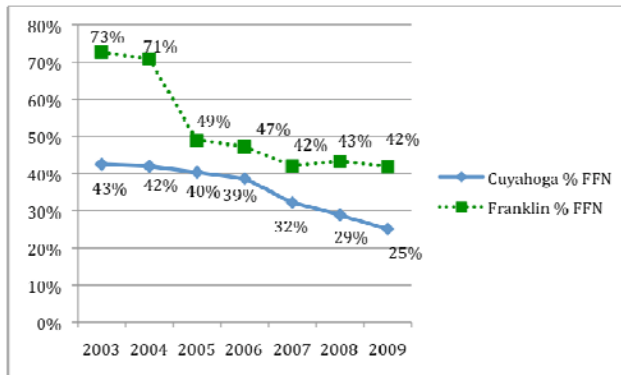


Changes in Supply of Family Friend and Neighbor Care

- ❖ Between 2003 and 2009, both Cuyahoga and Franklin Counties experienced a significant decrease ($p < .001$) in the proportion of family child care providers which were Family Friend and Neighbor (FFN) providers.
- ❖ After implementation of UPK, the rate of decline in Cuyahoga County was significantly different from that experienced by Franklin County. FFN care comprised 39% of the market in 2006 and declined to 25% in 2009. By contrast, FFN care comprised 47% of the market

in Franklin County in 2006 and declined to 42% in 2009.

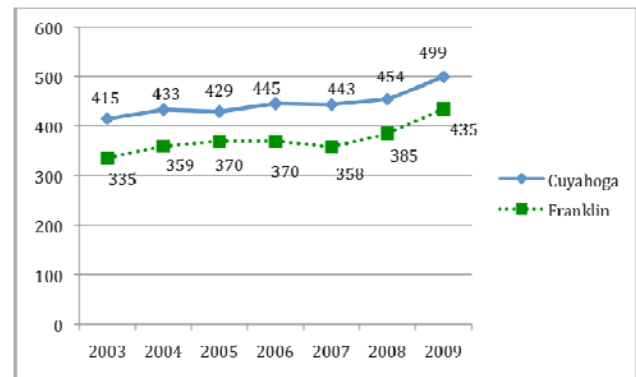
Graphic 3. Change in proportion of FFN providers over time



Changes in Supply of Child Care Centers

- ❖ Between 2003 and 2009, Cuyahoga County and Franklin County experienced a significant increase in the number of child care centers serving young children ($p < .001$). The state Early Learning Initiative was launched in 2006 and was open to all providers in both Cuyahoga and Franklin Counties.
- ❖ Between 2003 and 2006, the number of centers in Cuyahoga County and Franklin County remained relatively flat.
- ❖ Beginning in 2006, Cuyahoga County encouraged centers to expand in preparation for the launch of UPK in 2007, which was offered only to existing child care centers. Between 2005 and 2009, the number of child care centers in Cuyahoga increased from 445 to 499. In Franklin County the number was flat between 2006 and 2008 but increased significantly between 2008 and 2009.

Graphic 4. Change in Child Care Centers Over Time



Next Steps

In the upcoming months, the research team will analyze secondary subsidy and Resource & Referral data from counties in New York State. Moreover, the team will move beyond our initial analyses to create analytic models that will examine the impact of UPK on the supply and configuration of child care markets for children in different age groups within the selected counties.

Related References

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