

# Additional Evidence to Help Inform Illinois' Child Care System:

## Funding Delays Individual Needs

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# Preview

- Funding Delays:
  - Comprehensive “Chicago Area Study” survey and interviews of center directors on West and North sides of Chicago.
  - Documented experiences with delays from public and private funding streams.
- Individual Needs:
  - Representative national “ECLS-B” study of children’s early care arrangements *and* their emerging reading and math skills.
  - Parent preferences and child development when parents combined center- and home-based care.

# Funding Delays

# Context: UIC Chicago Area Study

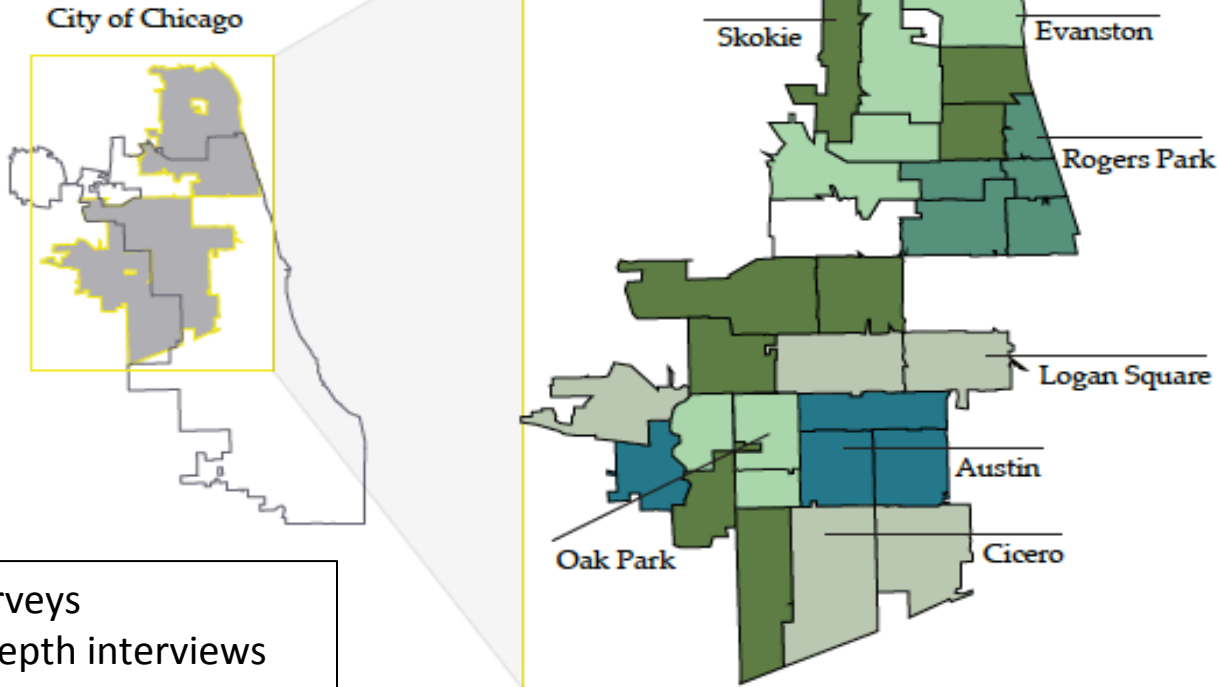
- Infrastructure for annual/biennial study on various topics that meets three goals:
  1. Training students in research methods.
  2. Supporting faculty research.
  3. Informing topics important to residents, decision-makers, and other stakeholders in Chicago and the state.
- Modeled after Detroit Area Study (University of Michigan) and led by Maria Krysan (Head, UIC Sociology Dept.)

# 2012 Chicago Area Study

- *Faculty Investigator:*  
Rachel Gordon
- *Graduate Student Project Director:*  
Anna Colaner
- *Primary Focus:* Child care providers' experiences with the great recession and the state budget crisis, and especially disparities in experiences across communities.

# Study Area

**MAP OF ZIP CODES SURVEYED**

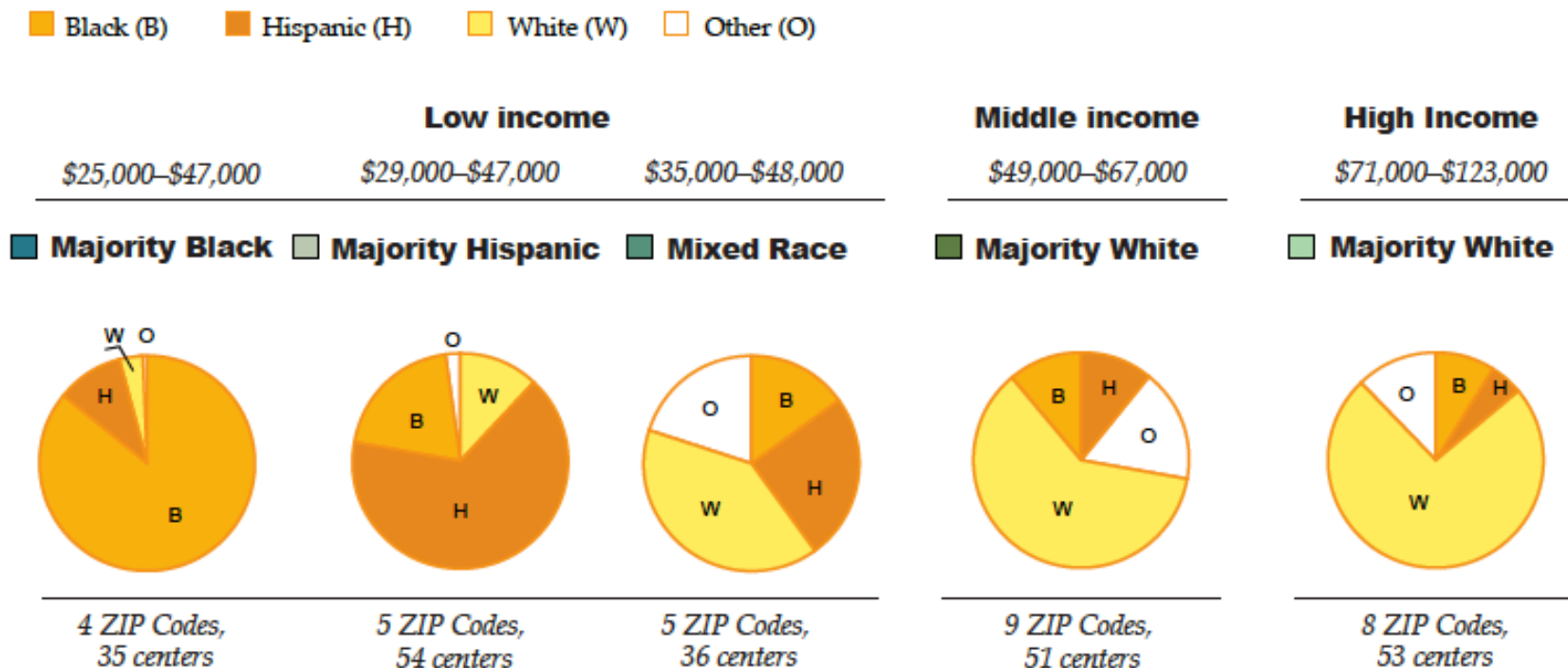


229 surveys  
29 in-depth interviews  
70% response rate

- Attempted telephone surveys with all child care center and private preschool directors in 33 ZIP Codes on Chicago West and North sides.
  - Illinois Action for Children provided lists.
  - UIC Survey Research Lab conducted phone surveys.
- Interviewed a stratified random subsample in person.
  - Interviews conducted by UIC graduate students.

# Demographics of Study Area

## DEMOGRAPHICS OF ZIP CODES SURVEYED



The five categories of ZIP Codes reflect the socio-demographic composition of the studied areas (e.g., there were no majority Black middle or higher income ZIP Codes in the survey area). The Chicago Area Study website provides more information about how we classified ZIP Codes (<http://igpa.uillinois.edu/cas>).

# Study Participants

- Restricted to settings that enrolled 3- and 4- year olds outside of public schools.
  - Most (82%) also enrolled infants and toddlers.
- Over half were part of an “umbrella organization”
  - 7% national chain; 16% local chain.
  - 14% private school; 14% church or synagogue.
  - 18% another organization.
- 44% operated for profit.
- Most (81%) directors told us they were responsible for business operations.
  - About 2/3 said their responsibilities included paying bills and managing grants.



# Directors Reported Extensive Participation in Public Funding Streams

► Funding sources differed in expected but stark ways between centers located in poor versus affluent areas. Centers in the poorest areas relied largely on publicly-funded programs. Although centers located in the wealthiest areas generally relied on private tuition, nearly one-third also received public funding.

## PROGRAMS IN BRIEF

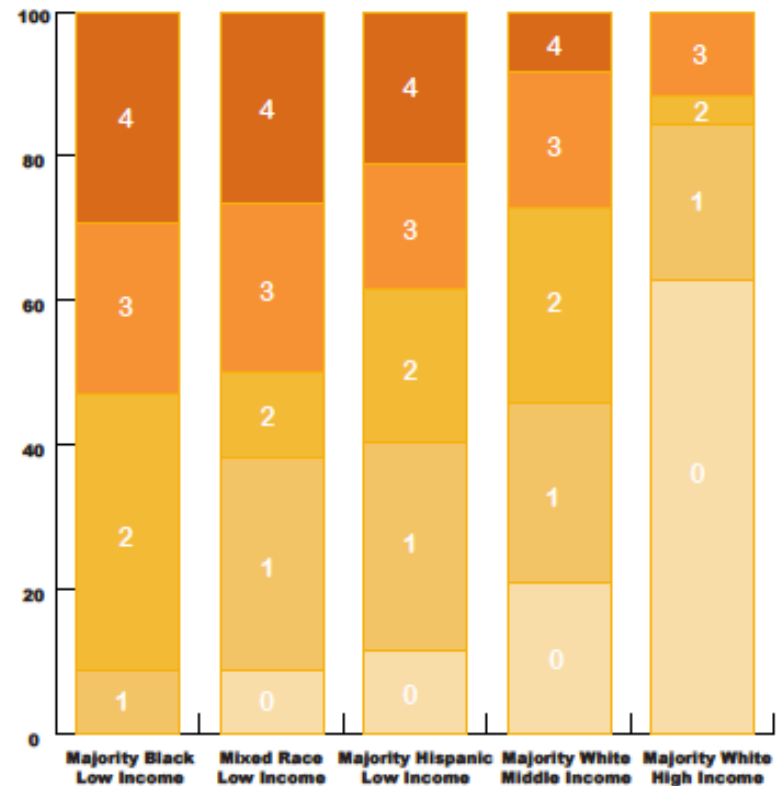
**Head Start:** Federally funded program for low-income families, including preschool for three and four year olds.

**Preschool for All:** State-funded prekindergarten program for 3- to 5-year olds, targeting all children up to four times the federal poverty level but prioritizing children at-risk for academic failure.

**Child and Adult Care Food Program (CACFP):** Federally funded program reimbursing child care centers for meals and snacks served to children, with reimbursement levels tied to family income (similar to the school lunch program).

**Child Care Assistance Program (CCAP):** Subsidy offered to parents on a sliding scale (based on family size and income) covering a portion of the cost for child care.

**FIGURE 1:**  
Center Participation in Government-Funded Programs



**Number of Government Funding Streams**  
(see "Programs in Brief" on page 2 for descriptions)

- 4** Participated in four programs
- 3** Participated in three programs
- 2** Participated in two programs
- 1** Participated in one program
- 0** Did not participate in any programs

# Directors Reported Considerable Funding Delays

► The majority of centers reported delayed payments both from government sources and from parents in 2011-2012. Most center directors reported negative consequences of these delays for their financial stability. Centers located in higher-income areas were not immune to these disruptions.

	% with funding	% any delays	% often/ very often delays
C-CAP	83	90	53
CACFP	73	33	7
PFA	41	65	32
HS	37	63	17

## QUESTION WORDING

We used the same wording when asking about delayed payments from each funding source:

*In the last 12 months, how often have payments from [funding source] to your program been delayed?" Would you say...Never, Sometimes, Often, Very Often.*

Directors who reported any delayed payments for a particular program were then asked:

*How much have delayed payment from [funding source] affected the financial stability of your center? Would you say...Not at all, A little, Somewhat, Very much.*

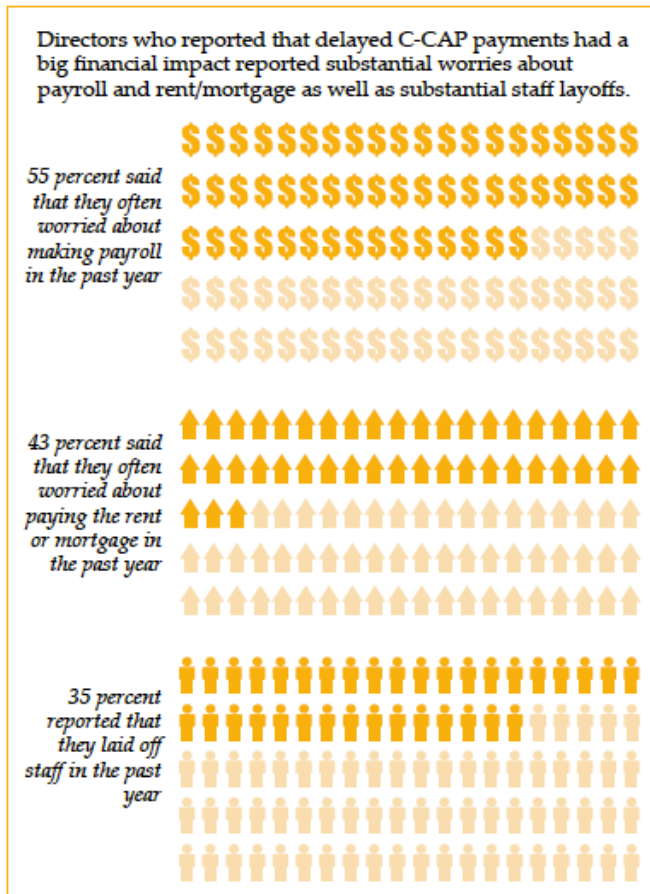
In C-CAP, delays were reported both from providers located in lower and higher income areas (e.g., 91% in majority Black, low-income areas; 100% in majority white, high-income areas).

# Directors Reported Considerable Impacts from Funding Delays

*“Can’t pay bills. Can’t pay staff. Can’t buy materials”*

Impacts: Closed-ended Question

**FIGURE 2:**  
Effects of Delayed Payments



Impacts: Open-ended Question

We asked directors who reported delays from any of the four public programs to elaborate, in their own words, how their center was affected:

- Nearly two-thirds (64%) said they had difficulty paying staff.
- Almost half (48%) couldn't pay bills (like rent, utilities, and vendors).
- Close to one-quarter (23%) cut back on supplies and materials.

# Private Tuition Correlated with ZIP Code Type

ZIP Code Type	Public Funding Only	Both Public Funding and Private Tuition	Private Funding Only
Majority Black Low Income	41	59	0
Mixed Race Low Income	21	71	6
Majority Hispanic Low Income	23	65	10
Majority White Middle Income	2	77	19
Majority White High Income	0	39	59

90% of directors who received C-CAP reported delays in parent co-pays.  
Nearly half reported frequent (often/very often) delays in co-pays.

# C-CAP Delay Impacts and Parent Tuition Delays Co-Occurred

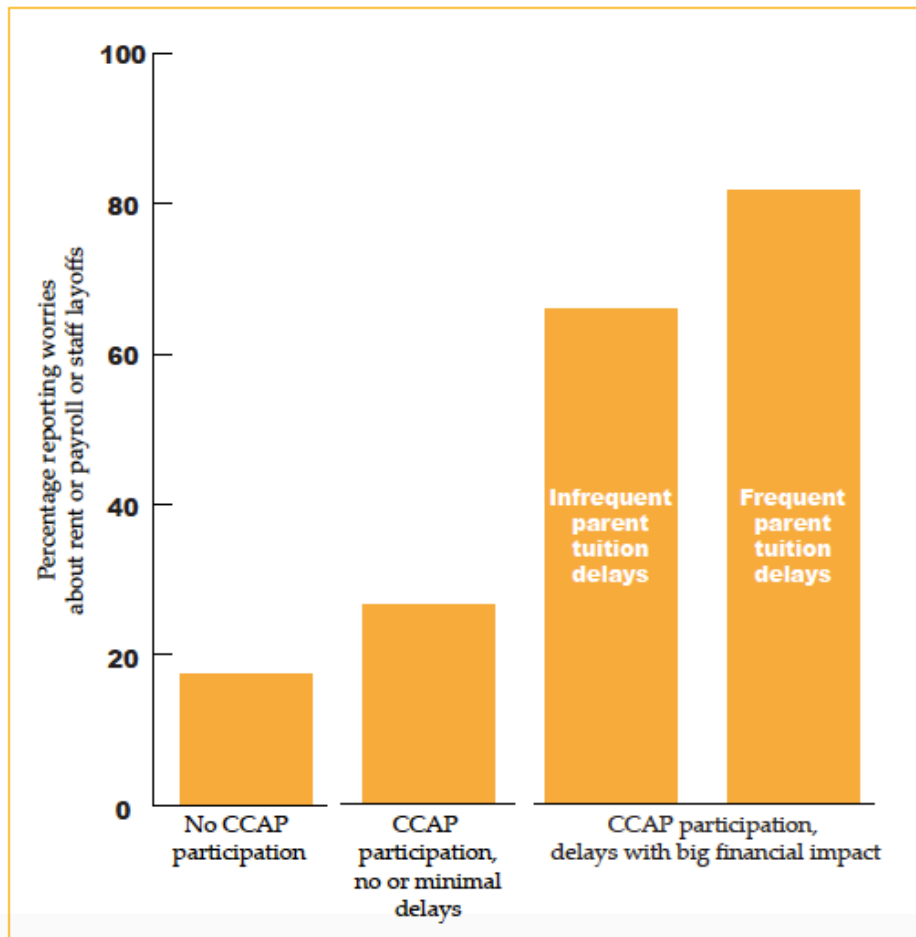
Nearly three-quarters (74%) of directors who charged tuition reported parents sometimes paid late (although just 14% said this happened often or very often).

Reports of delays from C-CAP and from parents often co-occurred (over 2/3 who reported parent delays also reported major financial impacts from C-CAP delays).

Directors with this “double whammy” reported the greatest perceived financial worries (see Figure ->).

**FIGURE 4:**

**Association of Financial Worries with Payment Delays from Parents and from Government CCAP Subsidies**



# In Their Words, Directors Described Additional Impacts of Funding Delays

## **“I had to loan them a couple thousand dollars....**

...I was reimbursed when the payments finally came in.”

“I did juggle the funds around and we had to borrow money also from our reserves.”

“If we didn’t have a line of credit then we probably wouldn’t be able to pay teachers and employees.”

“When the CCAP funding doesn’t come in we have to go into our line of credit in order to keep operating. It’s not good to have a line of credit going up, paying out more money in interest even when the money finally comes in.”

## **“Services were cut for some students...**

...full day program reduced to half day.”

“[If parents] can’t keep children in center, then they have to put children in unsafe areas that are cheaper, that have drugs and just unsafe environments.”

“A lot of the parents had to pay full tuition to meet payments, and then once we got payments [from the state] we had to reimburse them. So some parents had to leave temporarily because they couldn’t meet the payments.”

“When they’re late like that it’s really hard for me to buy quality food, and I had to cut back educational trips.”

## **“It hurt our employees the most...**

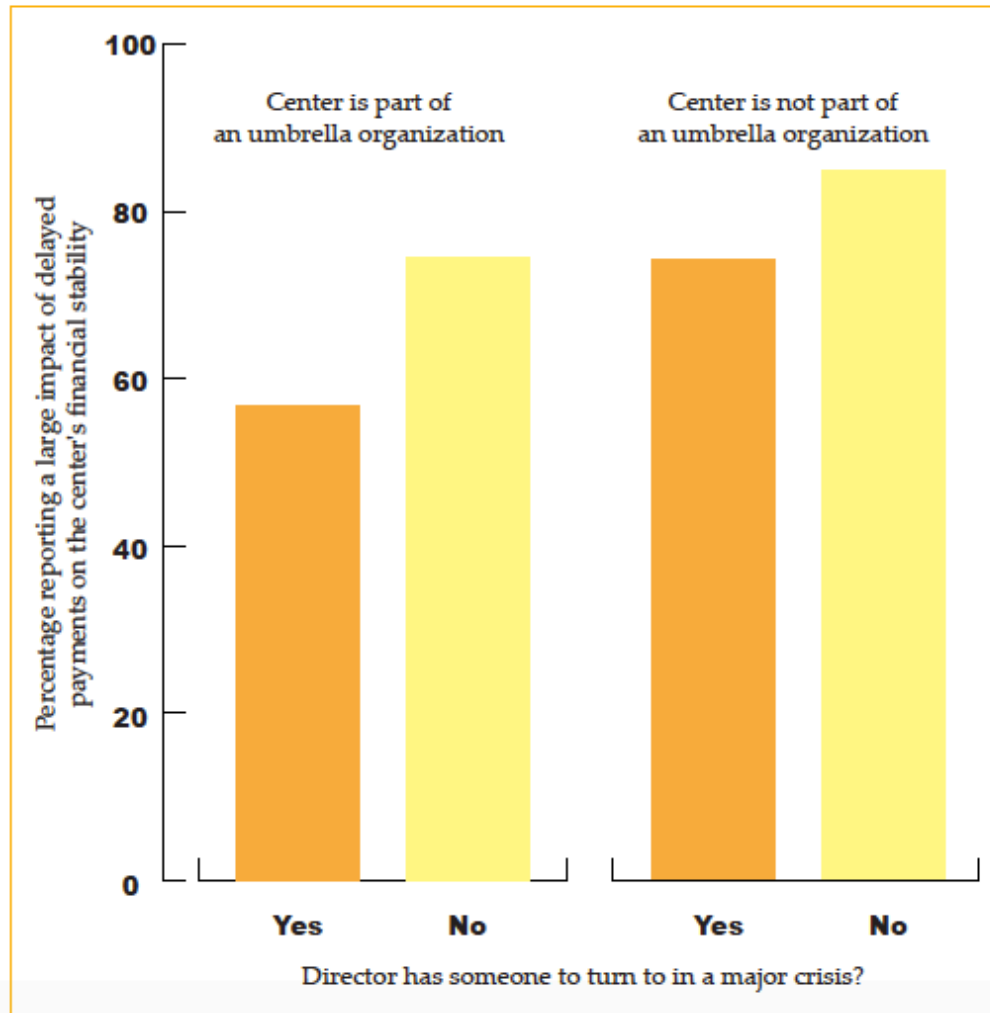
...it’s just that funding is so crucial to the industry and to providing childcare. Children suffer emotionally because if a person is stressed because they may not get their paycheck they cannot really teach in a quality manner.”

“The teachers were threatening to leave; we had problems with payroll.”

“It has affected us through staff morale... it causes instability in terms of teaching staff. If teachers don’t believe they’ll have a job, how stable are they? How focused are they?”

# Perceived Impacts Were Greatest When Organizationally/Professionally Isolated

**FIGURE 3:**  
**Impact of Delayed Payments by Center's and Director's Professional Relationships**





# In Their Words, Directors Described Benefits of Organizational Connections

*"It doesn't affect us as much or immediately as some private programs where they are not covered by an agency."*

*"We are lucky the [agency] suspended our obligations until CCAP payments were made."*

*"They don't really affect us too much because our agency is old and well-funded. It doesn't affect our clients at all."*

*"I don't think that it affected our program directly at all because we have different departments that handle the finances and the programs. Our program ran as usual. We got paid, we left our doors open."*

*"It really didn't affect us because we have other funding. We were able to go forward."*



# Future Directions

- Valuable to be sure state data systems capture funding delays and potential impacts in a timely, transparent fashion.
  - When do they occur, for what programs? (and ideally for what reasons)
  - Linked to data regarding when settings open/close/change? (e.g., data systems designed for longitudinal use, with codes to capture open/close dates and changes in capacity)
- Complement administrative data systems (covering all providers) with surveys of sample (reducing cost/burden).
  - Why do delays happen? (parent or center errors in paperwork, agency delays in paperwork processing, agency slow in paying processed paperwork)
  - How might delays be reduced? (simplify paperwork, streamline processing, support center business capacity, prioritize payments)

# Link to Full Report



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<http://igpa.uillinois.edu/system/files/CAS2012-Preschool-Policy-Forum-1-web.pdf>

# Individual Needs

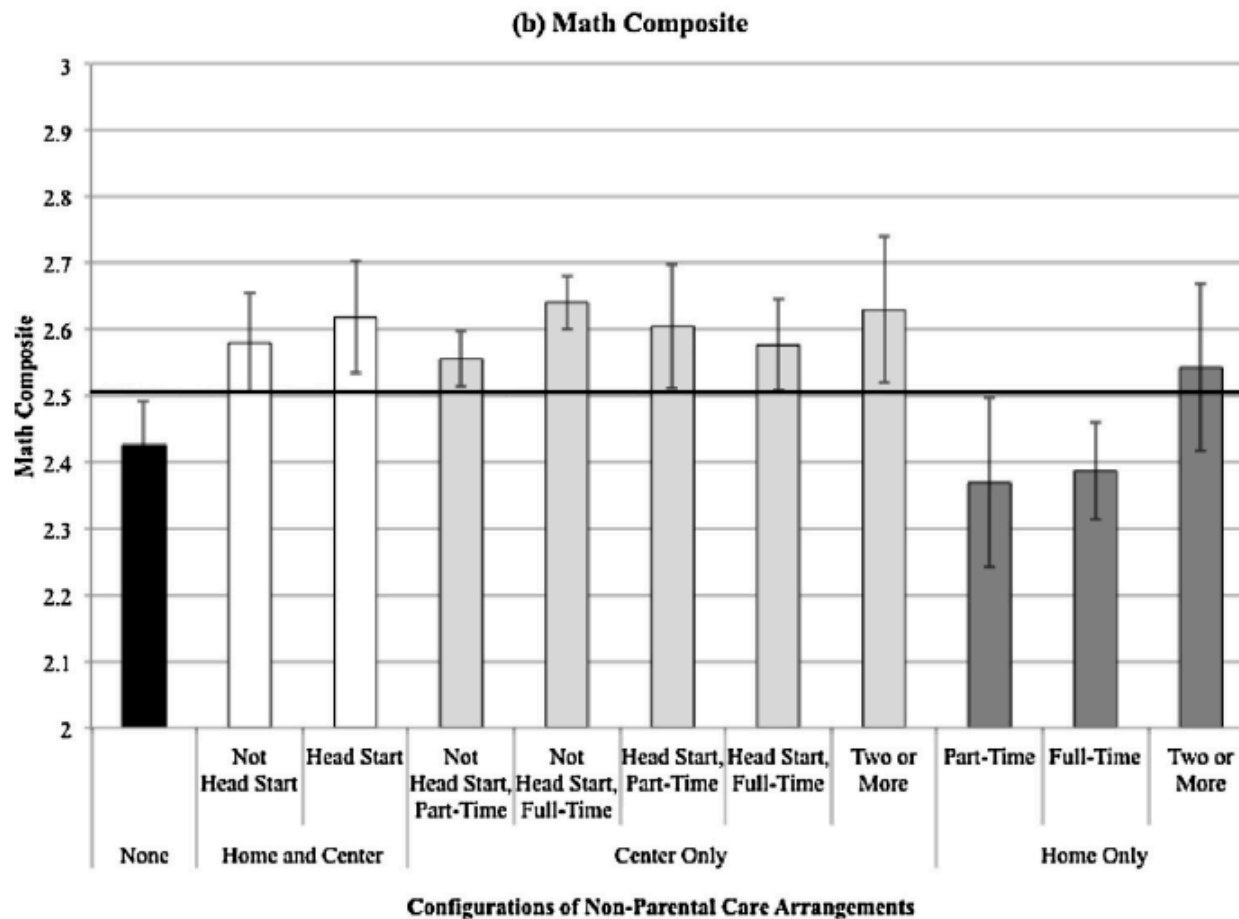
# Beyond “Either/Or”

- Policy conversations sometimes treat child care as an "either/or" choice between two broad types of care: home-based and center-based.
- We looked at children's attendance at more than one type of child care with the Early Childhood Longitudinal Study, Birth Cohort (ECLS-B), a nationally representative sample drawn from vital statistics birth records.
- Our study suggests the either/or distinction may not fully capture what parents want and use.

# Combining home- and center-care not uncommon, and associated with preferences.

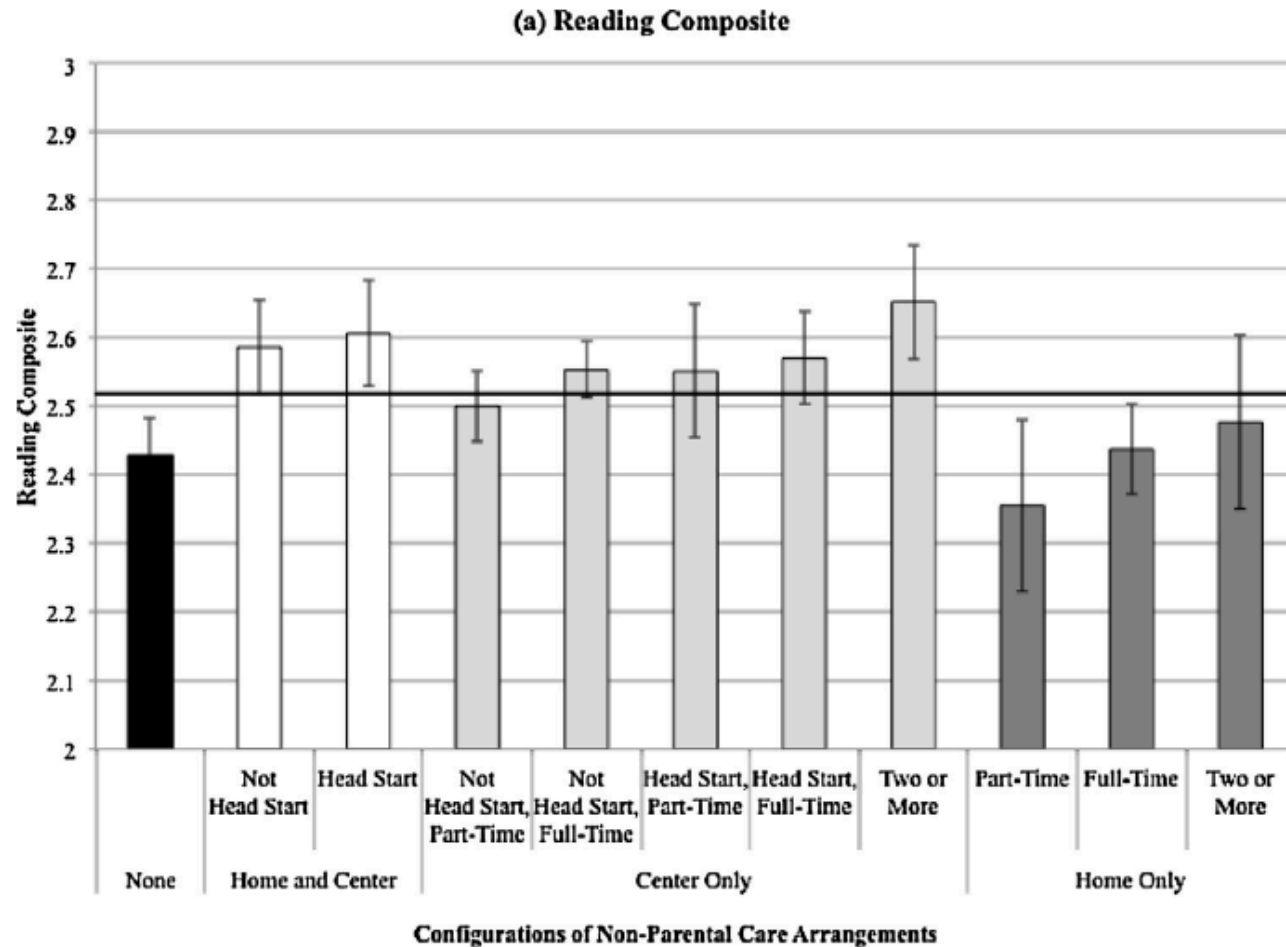
- About 20% of 4-year olds attended both home- and center-based child care.
- Based on parents' reports about reasons for choosing care, families who combined home and center care appeared to be meeting their priorities, *both* for getting their child ready for school *and* having a familiar caregiver who shared their background and beliefs.
- Perceived good child care choices in the community also associated with combining care versus using only home-based child care, suggesting supply may be important for achieving preferred arrangements.

Children's math skills were higher, on average, when they attended center-based care, alone or in combination with home-based care.



Values are predicted conditional means from statistical models that control for maternal care priorities and perceptions, demographic covariates, and earlier child development.

A similar pattern was evident for reading skills.



Values are predicted conditional means from statistical models that control for maternal care priorities and perceptions, demographic covariates, and earlier child development.

# Conclusions

- Although this topic is understudied, our results offer preliminary evidence that the benefits to academic readiness of attending center care and preschool might be achieved even for children combining these experiences, part time, with home-based child care.
- We encourage more research on how and why parents combine part-time preschool with home-based arrangements, and children's experiences in both of these settings.
- One innovative program warranting more research attention is the Community Connections program, run by Illinois Action for Children in the Chicago-area, which transported children to and from family child care paid for by the state to center-based preschool.
- <http://www.researchconnections.org/childcare/resources/21533>



# Link to Full Study



Early Childhood Research Quarterly

Beyond an “Either–Or” approach to home- and center-based child care: Comparing children and families who combine care types with those who use just one

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<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3810998/>