

Research Brief

VOLUME 96, NUMBER 5

MAY 2008

Child-care Provider Survey Reveals Cost Constrains Quality

A survey of 414 child care providers in southeastern Wisconsin reveals that cost as well as low wages and lack of benefits for workers can constrain providers from pursuing improvements to child-care quality.

High-quality early childhood care and education has been found to produce short- and long-term educational, cognitive, and social benefits for children. Consequently, we sought to measure whether our region's child care providers have the capacity to supply that type of beneficial care and we wanted to learn from providers where barriers to quality exist.

We surveyed licensed and/or certified providers in the seven-county region, about half of whom are family (home-based) child care providers and half are center-based (group) providers or preschools. Of our survey respondents, 13% have at least three of five structural factors often associated with highest quality care. In addition, over three-quarters of our sample is neither accredited nor seeking accreditation.

When asked why accreditation has not been pursued, most providers indicate that it is too expensive. Costs are also cited as a barrier to obtaining or providing additional training, while low wages and the lack of benefits are the main reasons staff have chosen to leave their child care jobs.

This lack of capacity to pursue quality improvements is relevant to the debate in Wisconsin regarding parent subsidies for child care. Currently, our state spends over \$300 million per year in subsidies aimed at increasing access to child care for low-income families. Other than the requirement that the subsidies be used to purchase care from a licensed or certified provider, the monies are not tied to the quality of the provider. Recent attempts by the governor to make that connection via a quality rating system have not been supported by the legislature.

Our survey findings indicate there may be other opportunities to develop public policy aimed at improving quality through increasing organizational capacity. A majority (58%) of providers say they rely on funds from the government (usually in the form of parent subsidies), with a quarter of all providers reporting that public funds account for over 90% of their budgets. Even without a quality rating system, these funds could provide incentive for quality improvements, perhaps in the form of mini-grants for capital purchases, health care purchasing pools, or wage supplements, as have been implemented in other states.

Public Policy Forum
633 West Wisconsin Avenue, Suite 406
Milwaukee, Wisconsin 53203
414.276.8240
www.publicpolicyforum.org

Research Director:
Anneliese Dickman, J.D.
adickman@publicpolicyforum.org

Researcher:
Melissa Kovach, M.P.P.
mkovach@publicpolicyforum.org

Administrative staff:
Rob Henken, President
Jerry Slaske, Communications Director
Cathy Crother, Office Manager

Research funded by:
The Brico Fund, Buffet Early Childhood Fund, Dick Weiss Family Foundation, The Faye McBeath Foundation, Greater Milwaukee Foundation, The Joyce Foundation, The Richard and Ethel Herzfeld Foundation, Rockwell Automation

Key findings

- Three-fourths of providers (77%) indicate they are neither accredited nor working toward accreditation. Top reasons given are that it is too expensive and unnecessary.

Implication: If policymakers decide that accreditation should be encouraged as a way to improve child care quality, public investment may be necessary due to the cost constraints facing providers. Since many parents do not value or are not aware of accreditation as a marker of quality (per the Forum’s recent parent survey), providers may continue to feel the costly and time-consuming accreditation process is unnecessary.

- Over half (58%) of providers’ budgets contain government funds such as parent subsidies.

Implication: If public investment were to link child-care subsidies with incentives to improve child care quality, it could impact many providers due to the subsidies’ significant role in Wisconsin’s child care market.

- Top reasons for leaving child care jobs are low wages and lack of health benefits. The top two barriers to obtaining training are affordability and a lack of funding for substitutes to replace those attending the training.

Implication: Cost is a factor in whether providers can retain qualified staff and increase their quality through training. Financial incentives and grants may be key to improving quality if parent fees are not sufficient.

- We compiled a subgroup of respondents showing elements of organizational capacity and structural quality including accreditation, highly qualified staff, paid staff training, and use of curricula and achievement tests. That subgroup has higher rates of employee benefits, use of government funds, research-based instructional philosophies, and communication with schools regarding school readiness.

Implication: Since organizational capacity is associated with many markers of quality, policy interventions to increase that capacity could impact quality.

Data and methodology

A four-page, 33-question survey was sent to 3,405 state licensed and/or certified child care providers in late January 2008. The database of child care providers was compiled from the child care resource and referral agencies serving the seven counties of southeastern Wisconsin. Because available lists contained only licensed and certified providers, our data do not reflect unregulated and informal child-care providers.

Of the mailed surveys, 414 were completed and returned and 103 were returned as undeliverable or otherwise invalid, for a total response rate of 13%. Table 1 shows response rate by county. Washington County had the highest response rate, 31%.

Table 1: Response rate by county

	Mailed	Invalid	Received	Rate
Kenosha	404	11	48	12%
Milwaukee	2167	63	218	10%
Ozaukee	108	2	25	24%
Racine	313	12	34	11%
Walworth	69	1	16	24%
Washington	78	7	22	31%
Waukesha	266	7	50	19%
*Other	1	0	1	N/A
Total	3406	103	414	13%
*County of origin unable to be detected				

While the survey results cannot allow us to categorize providers as high or low quality, we are able to draw some conclusions about structural quality. Early childhood education researchers sometimes distinguish between process-oriented and structure-oriented elements of child care quality (Emlen, A. *A Packet of Scales for Measuring Quality of Child Care from a Parent’s Point of View*. Portland: Portland State University, 2000). Process-oriented elements of quality, comprising what a child actually experiences in a care setting, include difficult-to-measure facets such as the warmth of the caregiver. Structural elements of quality, such as regulation compliance, curriculum usage, and training, are easier to capture in a mail-administered provider’s survey.

We wanted to see how providers with many structural elements of quality were different from others, so we

identified a subset of respondents that we call the Structural Quality group. This subgroup is made up of providers possessing any three or more of the following five structural elements:

- Accredited or working toward accreditation
- Any staff with bachelor's degree or above
- Program pays all or part of staff training fees
- Uses commercially available manual, program guide, curriculum, parts of a curriculum, or lesson plans
- Uses achievement tests to measure children's progress

While this Structural Quality group possesses many research-based markers of high quality, we are careful not to label this our "high-quality group," because structural quality can sometimes indicate organizational capacity more so than quality. Organizational capacity, comprised of time, money and staff resources, does not necessarily create or indicate quality. Providers with low organizational capacity can still provide high-quality care.

Fifty-five providers (13% of all respondents) comprise the Structural Quality subgroup, meeting at least three of the five structural quality elements. The subgroup consists of 58% center-based/group child care centers (vs. 35% in the overall sample), and 31% home-based/family child care providers (vs. 54% in the overall sample). The Structural Quality subgroup was also more likely to be non-profit than the overall sample (42% vs. 35%).

Sample characteristics

Of the respondents, 86% are state licensed or working toward licensure and 20% are state certified (in Wisconsin certain family providers can be both licensed and certified).

As Table 2 shows, most respondents (54%) are home-based child care providers working in a private home. Over a third of respondents (35%) are center-based (group) child care providers, mostly working in independent centers. Other centers are located in a house of worship or in public or private schools. Most providers run the child care businesses as for-profit enterprises (56%), and most are not owned by a religious organization (84%).

Table 2: Survey respondent characteristics by child care type and location

Type	
Home-based providers	54%
Center-based providers	35%
Preschool/nursery school	15%
Head Start or Early Head Start	2%
Multi-site family child care	1%
Location	
Private home	53%
Independent center	23%
Church/synagogue	17%
School-based	12%
Other	11%

Rates of home-based child care providers responding to the survey varied according to county. Milwaukee County had the most home-based providers, at 66%, followed by Walworth County at 56%. Ozaukee County had the fewest home-based providers, at 24%, followed by Waukesha County at 30%.

Respondents reported serving 10,739 children in southeastern Wisconsin. While 54% of the sample consists of home-based providers, these providers account for only 1,331, or 12%, of children served. Home-based providers serve smaller numbers of children than most center-based child care centers. For instance, the average enrollment size for home-based providers is seven, compared to 62 for group child care centers (see Table 3).

Almost all respondents (96%) provide weekday child care, but many also provide other types, including drop-in child care (28%), weekend child care (16%), and night-time or overnight care (14%).

Table 3: Enrollment by child care type

	Home-based	Center-based/ preschool
Mean	7	62
Median	6	58
Total	1331	9408
N	190	153

Accreditation

The sample for our mail survey was drawn from a list of certified and/or licensed child care providers. Accreditation is conferred by an independent accrediting organization, such as the National Association for the Education of Young Children (NAEYC). It can be a marker of quality because it specifies the standards met by the care provider or preschool. The goals of accreditation are to ensure children are cared for in safe, stimulating environments leading to interactions that foster all aspects of a child’s development.

However, accreditation is costly to obtain and maintain. Initial accreditation fees vary by size of center. The initial fees for the NAEYC application process, plus the annual fees for the first five years of accreditation, total \$3,550 for a center with 121-240 children. This excludes the costs of making improvements necessary to meet accreditation, including, for example, professional development, capital expenses, and staff time for planning and self-assessment.

Most of our sample (77%) indicate they are neither accredited nor working toward accreditation. Of the home-based child care providers, 81% fit the category of neither being accredited nor pursuing accreditation. The most popular accrediting agencies for the 12% of providers who are accredited are NAEYC, “other,” and the National Association for Family Child Care (NAFCC).

Though the sample of accredited providers is low (N=50), it is worth noting that the sample’s rates of accreditation varied somewhat among the seven counties. Washington County respondents have the highest rate of accreditation, 23%; Kenosha County follows at 17%; Milwaukee and Walworth counties each have 13% and Ozaukee County has the lowest rate, 4%.

When asked why accreditation has not been pursued, most indicate that it is too expensive, while many also feel it is unnecessary (see Table 4). Home-based child care providers are more likely to say they lack knowledge of the accrediting process, while center-based providers are more likely to say accreditation is too expensive. About a third of both types of providers said accreditation is not needed to continue in the child care field.

Not surprisingly, the Structural Quality subgroup of respondents has higher rates of accreditation than the rest of the group (47% vs. 12%) because accreditation was one of the factors defining the subgroup. Interestingly, those in the subgroup who are *not* accredited are two times less likely than the overall sample to report “no knowledge of accreditation process” (8% vs. 19%) and “not necessary to continue employment in the field” (12% vs. 35%) as reasons for their lack of accreditation. Fifty-six percent of the subgroup give lack of money as a reason, essentially the same rate as the overall sample. (Figures do not add to 100% because respondents could choose more than one answer.)

If policymakers decide that accreditation should be encouraged as a way to improve child care quality, public investment may be necessary due to the cost constraints facing providers. We have found in prior survey work that many parents do not value or are not aware of accreditation as a marker of quality. Consequently, providers may continue to feel the costly and time-consuming accreditation process is unnecessary.

Charges and subsidies

Almost all providers charge on a weekly basis, with some also offering hourly, part-day, full-day and monthly rates. The most popular weekly charge for infants and toddlers is \$176-\$200, with 27% of providers in this rate category for infants and 31% for toddlers. Rates for children ages 3 to

Table 4: Why aren’t you accredited?

	Total	Home-based	Center/preschool
No money to pay for additional training, education, facility upgrades	57%	42%	90%
Not necessary to continue employment in the field	35%	31%	44%
Other	31%	30%	32%
No knowledge of accreditation process	19%	22%	10%

