

# An Investigation into the Impact of the Revised Eligibility Requirements for the Child Care Assistance Program in Rhode Island

December 2008

## Key Findings of the R2LP Survey – A Final Analysis

### Providers

Ready to Learn Providence surveyed a representative sample of child care providers statewide, enabling it to generalize effects to the full population of providers.

Survey results indicate that the impacts of the child-care subsidy cuts have been deep and widespread not only in the urban core communities, but throughout the entire state. Although the severity of the cuts varied by impact type and geography, estimates of population proportions reveal that, overall, 74% of all licensed center-based providers in Rhode Island and 43% of all licensed home-based providers served families affected by the child-care subsidy cuts.

The survey also found that:

- ▶ 53% of licensed child-care centers and 37% of home-based settings experienced an “extreme” or “major” impact from the cuts.
- ▶ Roughly 25% of all licensed providers statewide experienced a decline in program quality (22% of centers and 26% of homes).
- ▶ Approximately 15% of all licensed providers laid off employees (16% of centers and 12% of homes).
- ▶ 37% of centers reduced staff working hours (14% of homes).
- ▶ 18% of centers and 17% of homes cut back on services to children and families.
- ▶ 18% of centers imposed new fees on families in response to the loss of revenue (9% of homes).
- ▶ 53% of centers’ financial viability has been compromised as a result of the cuts (35% of homes).
- ▶ 13% of centers and 28% of homes statewide might close as a result of the cuts.

If the programs that indicated possible closure in the survey actually close, almost 1,800 licensed child-care slots statewide could be lost. These slots are evenly distributed across the study’s three strata, meaning that Providence, the six other urban areas, and the rest of Rhode Island all face the potential of losing approximately 600 slots, respectively. This begs the obvious question of who will care for children while parents work and otherwise provide for their families.

**HOME-BASED PROVIDERS** experienced many of the same impacts on their programs as center-based providers but with the added stress of living in the same space as their business. Moreover, if licensing data are an indication, we can be certain the impact on home-based providers was immediate and far-reaching. DCYF licensing data reveal that the number of home-based providers in Rhode Island declined by 30% between October 2007 and June 2008, from 1,337 to 936. Declines were evenly distributed by survey strata, with Providence experiencing a 31% decline, the six

Between February and June 2008, Ready to Learn Providence surveyed 366 child-care providers and 95 families to document the impact of the revised eligibility requirements for the state’s Child Care Assistance Program (CCAP). Providers represented both licensed center-based and home-based providers. Families surveyed were comprised of those that lost all or part of their child-care subsidies.

The study was set up so that findings could be analyzed across three strata – the city of Providence, the state’s six other communities where child-care subsidy use is highest (Central Falls, Cranston, East Providence, Pawtucket, Warwick and Woonsocket), and the rest of the state.



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other urban areas down by 30%, and the rest of Rhode Island down by 28%.

### Families

R2LP surveyed 95 families who lost part or all of their child-care subsidies. While this is a relatively large sample, it is neither large enough nor generated in the same way as the provider survey to be able to generalize to the full population of families directly affected by the cuts. Still, the responses of those who were interviewed reveal the profound impact these cuts have had on the well-being of their families and children.

Of those who participated in the family survey, the vast majority (77%) lost the entire subsidy and was no longer receiving any state support for child care. In response to the loss, whether partial or full, families reduced their use of full-time and after-school child care in both center-based and home-based settings. Respondents indicated that they were staying at home with their children or relying on paid and unpaid family members, friends or neighbors to help deliver part-time care.

The family survey also found that:

- ▶ 87% of respondents remained employed after the cuts took effect. Half of this employed group (51%) had changed their work hours since the cuts went into effect and 22% obtained an additional job to help cover child-care expenses.
- ▶ 67% of families reported that they were having difficulty meeting important living expenses, such as food, heat, rent or mortgage payments.
- ▶ 73% reported that the stress in their home had increased since the cuts took effect.

## About the Study

### Response Rates

The overall response rate was strong – 76%. Of the 482 providers randomly selected, R2LP successfully contacted 378, of which 366 agreed to participate. Response rates were 89% of centers and 69% of homes.

Of the 378 providers contacted, 209 (55%) serve (or served) families who lost all or part of their child-care subsidy. A total of 197 of these 209 providers (94%) completed the entire survey.

R2LP also surveyed 95 families who lost all or part of their child-care subsidy. In the absence of data from the R.I. Department of Human Services, R2LP requested the assistance of the child-care providers who participated in the survey to recruit these families. Unlike the sample of providers, the sample of families is not large enough to extrapolate to the full population.

### Methodology

The study was led by Dr. Jeff Priest, R2LP's research and evaluation specialist. The Institutional Review Board at Simmons College approved both the study design and participant recruitment process.

Using databases from the R.I. Department of Children, Youth & Families of all licensed center-based child-care providers (n = 425) and all licensed home-based providers (n = 1,337) in Rhode Island as of late 2007, R2LP calculated the number of licensed centers and homes needed to comprise a representative sample of all child-care providers across the state (for a minimum of 158 centers and 317 homes), using a +/- 4% margin of error.

R2LP divided this sample into three geographical areas based on the total number of subsidies used in each area in 2006, including Providence, six other urban communities, and the rest of the state.

Using a proportionate stratified random sampling approach, R2LP selected samples of centers and homes based on the proportion of each type of provider within the three strata. Thus, R2LP sought to interview staff at 26 centers and 188 homes in Providence, 50 centers and 78 homes in the six other urban communities, and 83 centers and 57 homes in the rest of the state (total = 482 providers, including 159 centers and 323 homes).

Families were recruited through 105 center- and family-based providers who participated in the survey and agreed to contact families on R2LP's behalf. Approximately 800 English and Spanish passive consent forms were sent to families affected by subsidy cuts. This resulted in 252 families statewide agreeing to be interviewed and, of these, 127 families were successfully reached by phone. Ninety-five (95) of these contacted families lost all or part of their child care subsidy as a result of the revised eligibility requirements.

To download a copy of the full study or the executive summary,  
please go to [www.r2lp.org](http://www.r2lp.org)

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Ready to Learn Providence is a program of The Providence Plan

## Remaining Questions

While R2LP believes the information gathered from participating families is suggestive of what happened to the families of the estimated 1,500 children who lost their child-care subsidy, it cannot extrapolate results of the study to all families and children in Rhode Island who were directly impacted by the cuts. Coupled with real evidence from providers of declining enrollments, many questions remain:

- ▶ What has happened to the estimated 1,500 children who lost subsidies?
- ▶ Of the many children no longer receiving subsidies, how many are receiving unregulated and unlicensed care?
- ▶ How many children are in substandard settings or even potentially dangerous situations?
- ▶ What are the long-term implications for the state if thousands of children enter kindergarten without a solid foundation in an early childhood setting had they continued to receive a child-care subsidy?

*The 2007-2008 state budget restricted eligibility for child-care subsidies to families falling below 180 percent of the federal poverty level – down from the previous threshold of 225 percent. At that time, a family of three at 225 percent of the federal poverty level had an annual income of \$37,350; at 180 percent it was \$29,880.*

*The new requirements disqualified about 1,500 children statewide.*

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