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*Executive Summary*

**Oregon Subsidy Policy  
Impact Research Project**

*Parent Survey*

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# Executive Summary

The Subsidy Policy Impact (SPI) Research Project includes three studies that use a combination of methods in order to increase understanding of how child care subsidies affect parental child care and employment decisions. The qualitative study, the first of the SPI Project's three studies, informed the design of the telephone survey study whose findings are reported in this paper. The telephone survey of 580 parents enabled us to empirically evaluate the patterns that emerge as important to child care subsidy parents from the qualitative study as well as address policy questions that prior research using administrative data could not address. The most unexpected finding from the qualitative study was the reported experience of unpredictability in parents' child care costs. Along with an examination of unpredictable costs, we explored more broadly parents' employment and child care arrangements in order to increase understanding of the decisions they make and the role that child care subsidy policy plays in those decisions. The significant findings and policy implications of the study are:

- Parents perceive that the subsidy program enables them to be employed, and that without it they cannot make employment work. In December 2009 all survey respondents were employed, going to school, or in training. By the time of the survey in May 2010, 15% were unemployed (not working, going to school, or in training). This confirms the qualitative study finding of frequent job changes. Access to a subsidy when the parent secures the next job appears critical to sustained employment. **Reservation list policies and practices will affect the extent to which access to subsidy supports employment stability for parents experiencing job changes.**
- Almost two-thirds of parents who exit the subsidy program do so for employment-related reasons such as job loss or short-term leave. Provider changes precipitate exits for about 11% of leavers and slightly more (15%) leave because of increased income. **A change in eligibility rules that would allow parents whose earnings are increasing to reach 250% FPL would support their employment and stabilize their children's care.**
- Almost two-thirds of subsidy parents say that without a subsidy they could not work or do not know what they would do. Amongst the parents who exit the program, only a third are employed, many having lost the subsidy due to job loss. A little less than a quarter are in school, job training, or both. The remaining 43% are doing none of the above. It appears that the link between subsidy receipt and employment is a major contributor to short subsidy spells. Policy changes that would appear to increase continuity of subsidy use and thus child care arrangements include taking schooling and job search into account. **Making student parents enrolled in educational institutions eligible for subsidies would enable parents to complete their education and thus increase employment options. This seems especially important for parents seeking a GED or high school diploma. The amount of time parents are allowed to search for a job while maintaining eligibility for a subsidy will affect both employment and child care stability.**
- Two-thirds of subsidy recipients experience one or more constraints on child care choices due to their work schedules. Constraints include evening or night shifts, weekend shifts, or a week or less advance notice of a shift. These schedules make it very difficult to use centers and somewhat difficult to use regulated homes. **Due to work constraints a portion of parents using subsidy lean on relative or unregulated child care options. Interventions should target activities that increase the ability of relatives and other unregulated caregivers to support development and learning likely to improve outcomes for children. There are some promising interventions focused on family, friend, and neighbor care that could be explored.**

- Almost a third of subsidy parents use more than one provider simultaneously. Surprisingly, parents often pay for a secondary provider out of their own funds. **Subsidy program materials could clearly state that secondary providers could receive payment.**
- Two findings show how subsidy receipt affects child care choices. First, subsidized primary providers were twice as likely to be a center and about five times as likely to be regulated nonrelative caregivers as were those providers paid totally with parents' own funds. Second, education and skill of the provider and supporting children's learning were in parents' highest ranked reasons for selecting subsidized providers but not in the same list for unsubsidized providers. The findings provide evidence that parents want skilled providers and developmental support and act on it (list it as the top reason for selecting the provider) when the subsidy makes it an option. **Increased support for parent decision making may help parents make the link between what they want for their child and what is available. For example, supported access to the new Quality Indicator Program website will help parents compare child care facilities on child care characteristics research shows support development. Another implication is that parents may need time and assistance to explore options and policies should not only support decision making with information, but also with sufficient time for a considered search.**
- The top reasons for selecting a provider vary by whether or not the provider is paid by the subsidy program. Relating to family management, cost is not in the top five reasons for selecting a subsidized provider but it is the second most highly ranked reason for subsidy leavers. Location and having a familial relationship rank in the top five regardless of who pays the provider. Relating to what a parent wants for their child, they want a caregiver who is trustworthy and a facility that is safe, healthy, and clean. **Increased understanding of what characteristics of child care are important to parents has direct implications for consumer education such as that delivered through local child care resource and referral agencies.**
- Trustworthiness is the top reason reported for selecting a provider when thinking about what the parent wants for their child regardless of who pays for the provider, almost a third of parents list it as their top reason. **Understanding the role that trustworthiness plays in subsidy parent child care decisions is critical to providing appropriate support.**
- Findings from the survey confirm that the vast majority of subsidy recipients have child care costs and that for half of them it includes more than their copay. Further, the costs are substantial, consuming on average 17% of household income. Oregon has a goal that parents spend less than 10% of household income on child care. Even with a subsidy, child care costs typically exceed 10%. **Policy revisions that limit copays to less than 10% of household income and make them more stable are in line with Oregon goals. Requiring larger income changes before increasing copays could stabilize child care costs.**
- With or without a subsidy, parents manage child care costs primarily by increasing and juggling debt and reducing expenditures, including essentials such as medical care. **Paying for child care increases the debt load of families even while receiving a subsidy with consequences for parents' ability to become self-sufficient. The inability to pay for care restricts child care options.**

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