The Stability of Subsidized Childcare in Georgia

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The Stability of Subsidized Childcare in Georgia

Rodrigo Aranda and David C. Ribar

Child & Family Policy Lab

February 2022
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Context

Georgia’s Childcare and Parent Services (CAPS) program provides scholarships for children in families with low incomes and in vulnerable circumstances to help them obtain high-quality childcare at a subsidized value. Stable childcare arrangements are an important aspect of quality. Stability for families participating in CAPS depends on families maintaining their eligibility, using their scholarships, and staying with the same provider.

This Report

This report uses 2015 to 2020 CAPS program records to examine “spells” (i.e., continuous, uninterrupted periods) of children (a) holding CAPS scholarships, (b) receiving subsidized childcare from the same provider, and (c) holding scholarships but not using them. It describes how each of these outcomes differ with children’s characteristics, with the types and circumstances of their care arrangements, and over time.

Key Findings

● We observe considerable continuity in CAPS scholarship spells. Nearly two-thirds of children’s spells are calculated to last six months or more; 30% of spells last a year or more; and 15% of spells last two years or more. About two-thirds of children experience a single, uninterrupted spell of holding scholarships; 22% of children have two spells; and only 13% of children have three or more spells.

● Care arrangements are relatively stable: We only observe 34% of children ever change care providers. However, many children take breaks from their providers. The median length of an uninterrupted spell with a care provider is 17 weeks. Half of spells with a provider end or are interrupted with the child holding a scholarship but not using it; 35% of spells end because the child stops receiving scholarships; and 15% of spells end because the child changes providers.

● Scholarships often go temporarily unused. Nearly two-thirds of children have at least one spell where they hold a scholarship but do not use it, and 4% of children never use their scholarships. Most spells of non-use are short; the median duration of this type of spell is three weeks. Many spells
of non-use occur when children first enter the CAPS program or leave the program.

- Many spells of care arrangements and non-use end on scholarship anniversary dates when families typically are required to renew their eligibility for CAPS services. Most of the exits occur because families stop holding scholarships.

- Children in family childcare learning homes, with informal providers, and in smaller settings have longer care arrangement spells and fewer provider changes than children in center-based care or larger settings. Children in before- and after-school care settings have longer care arrangement spells and fewer transitions to new providers than children in full-time care. Arrangements with higher Quality Rated star levels are less likely to end with a switch to a new provider or through scholarship loss. The stability of care arrangements decreases with the distance from the provider and the family fee amount.

- Care arrangement spells tend to be shorter for older children. Spells of care arrangements and scholarship non-use vary only slightly with other demographic characteristics. The modest differences by race and other demographic characteristics suggest that the CAPS program has equitable outcomes for children who participate in the program.

- Transitions from care arrangements to non-use spells are higher in December and the summer months than in other months. Care arrangement spells are less likely to end because of scholarship losses in later years of the data, while non-use spells were more likely to end this way.
Introduction

Georgia’s Childcare and Parent Services (CAPS) program is intended to help families with low incomes and in vulnerable circumstances obtain high-quality childcare, increase children’s school readiness, and help families become economically self-sufficient. The program provides scholarships that subsidize childcare costs while parents/caregivers work or prepare themselves for work through school or training. The scholarships give families flexibility by allowing them to choose a care provider and type of care (subject to some restrictions).

Subsidized childcare arrangements are sometimes unstable because of losses of eligibility, changes in providers, and breaks in service use. Unstable care arrangements, in turn, can harm children’s development, family functioning, and parents’ well-being.

Several studies have examined instability in program eligibility. Two studies have documented high proportions of short eligibility spells and “churning” (i.e., rapidly cycling in and out of eligibility) among families in subsidized childcare programs. A few studies have further investigated how instability in eligibility affects care arrangements or more generally examined instability in subsidized childcare arrangements. Research appears to have overlooked issues of families not using their subsidies or temporary breaks in use. Understanding all these sources of instability is important for policies regarding eligibility, subsidy conditions, and service take-up in the CAPS program and other subsidized childcare programs.

This report uses administrative data from 2015 to 2020 for scholarships in Georgia’s CAPS program to examine the stability of children’s CAPS participation and childcare use. We analyze children’s program outcomes in terms of “spells,” which refer to a sequence of time in which a child’s program or care status remains the same. A spell begins when the child starts that status and ends when we stop observing the child in that status. The beginnings and endings indicate changes (or transitions) in a child’s program status. Information about when these changes occur further tells us about the amount of time (or duration) that a child continues in a status. We examine transitions and durations for spells of (a) CAPS scholarship holding, (b) subsidized care with the same childcare provider, and (c) scholarships going unused. This report looks at children’s experiences with each of these outcomes. It describes how these experiences differ with children’s characteristics, such as their age and race, provider characteristics, and other circumstances. The analyses are intended to answer the following research questions:
1. Are most childcare arrangements in the CAPS program stable or unstable?

2. How long do children continue with an arrangement? How often do they transition? How many children experience transitions?

3. How long do children who have been issued CAPS scholarships go without using their scholarships? When do these outcomes occur? How many children experience them?

4. What characteristics of children, families, providers, care arrangements, and communities are associated with childcare stability?

5. How do CAPS program characteristics, such as the change in eligibility requirements in 2016, priority group eligibility status, and Quality Rated star ratings, affect scholarship and care spells?

The next section of this report briefly reviews Georgia’s CAPS program and outlines changes in the program since 2016. The subsequent section describes the data we used and our measures of program use. Descriptive analyses of children’s scholarship and care arrangement experiences are provided in the next section, followed by results from the multivariate event-history models. The report ends by offering conclusions from the analyses and discussing implications for policy and subsequent research.

**Background**

Georgia’s CAPS program is operated and administered by Bright from the Start: Georgia Department of Early Care and Learning (DECAL). DECAL operates the program with state resources and funding from the federal Child Care and Development Fund (CCDF). In state fiscal year (SFY) 2018, just under a quarter of Georgia’s spending on childcare services came from its own resources, and just over three quarters came from federal sources. In SFY 2020, the program served nearly 87,000 children.

The federal government sets several requirements for CCDF-funded programs. It limits eligibility to children ages 12 or younger (or 17 or younger if the child has an identified disability). It also limits eligibility to families with incomes below 85% of the state median income (SMI), with the income thresholds adjusted for family size. It further requires that most parents work or participate in education and training activities.
States can impose additional conditions on eligibility. For budgetary reasons, Georgia restricts eligibility for new CAPS scholarships to children who are part of specified priority groups. During the period we examine, the priority groups included children

- with identified disabilities;
- in families with incomes below 50% of the federal poverty guidelines;
- receiving Child Protective Services, receiving other protective services, or in court-ordered supervision;
- enrolled in Georgia's Pre-K Program;
- in Georgia Division of Family and Children Services (DFCS) custody (i.e., foster care);
- with caregivers in Georgia’s Grandparents Raising Grandchildren (GRG) program;
- with minor parents;
- in families experiencing domestic violence;
- who have experienced a natural disaster;
- in families participating in or transitioning from the Temporary Assistance for Needy Families (TANF) program; and
- without fixed, regular, or adequate housing.

Except for children in DFCS custody, Georgia further restricted initial eligibility to families with incomes below 50% of the SMI. Georgia also requires parents to work for 24 hours per week or engage in an equivalent amount of education or training—unless the children are in foster care, are in GRG settings, have minor parents, lack fixed or adequate housing, or are in families experiencing domestic violence. Once children begin receiving CAPS scholarships, Georgia does not require them to maintain their priority group status to continue receiving scholarships. It allows children to continue receiving scholarships if their family incomes are less than 85% of the SMI. It also allows parents who lose their jobs to temporarily meet the work activity requirement through job search.

The CAPS program provides families with a weekly scholarship that is issued for a specific child and authorizes payments to a particular qualified care provider. The state sets a maximum reimbursement rate for the scholarship that differs
with the provider’s location (Georgia has three geographic zones), the child’s age, the type of care (e.g., full-time, part-time, or before- and/or after-school), and the type of provider (e.g., center, family childcare learning home, or informal provider). If a family wants to switch providers, they must start a new scholarship.

The CAPS program requires most families with incomes above a given threshold to pay a “family fee” directly to the provider, with the scholarship being reduced by the amount of the fee. Families are also responsible for paying the difference between the reimbursement rate and the provider’s published rate. The family fee follows a sliding scale that increases with the family’s income. The fee is discounted by 15% if the care is provided by a Quality Rated provider. In addition to the scholarship amount, the CAPS program pays a bonus to Quality Rated providers that increases depending on the provider’s rating.

**Changes Since 2016**

Because of national concerns regarding short eligibility spells and unstable eligibility patterns, the 2014 federal reauthorization of the Child Care and Development Block Grant set minimum 12-month eligibility periods and other conditions to help families maintain their eligibility. Partly in response to this legislation, Georgia changed provisions of its CAPS program in October 2016 to increase the income limit for continuing families to 85% of the SMI and to adjust continuing eligibility to accommodate reductions in work hours, job search, and a minimum interval after job separation.

Care stability was also likely impacted by the COVID-19 pandemic. Besides its direct health impacts, the COVID-19 emergency has disrupted every segment of childcare usage and provision, including childcare closures, job and earnings losses among parents, and state and federal policy responses. The emergency led to policies that allowed payments based on enrollment rather than attendance. It also led to other new services, operating modes, and initiatives within DECAL. Because of the magnitude of the COVID-19 emergency and the variety of policy changes during this period, we limit this analysis to ending when the state declared a public health emergency.
Data

We analyze weekly records from DECAL on children’s use of CAPS scholarships. Each week, the records indicate whether and how much DECAL paid the provider; how much the family paid for its fee; other scholarship details; and characteristics of the child, family, and provider. The records include identifiers for each child, which allow us to follow their experiences over time (including across different scholarships and periods of use). They also identify providers, which allows us to examine whether and when children change providers. The records are limited to weeks in which children hold scholarships, so they only include children whose applications were approved and who identified a qualified provider. The data do not tell us about children’s care arrangements between or after holding scholarships.

We organize each child’s scholarship records sequentially based on the service week for which a payment might be made. Most children hold one scholarship each week, but some hold multiple scholarships. Often the scholarships are for different modes of care with the same provider, such as for full-time care and before- and after-school care. However, scholarships are sometimes issued and paid to multiple providers. We form a single weekly observation for each child by adding all the payments to each provider and selecting the record for the provider with the largest total payment, which we describe as the child’s “primary provider.”

Our analyses examine children who newly entered the CAPS program in or after 2015. We select records for children whose first observed scholarship begins after December 31, 2014, and whose data do not indicate that they held scholarships before this date. We follow the children through March 13, 2020—the day before Georgia enacted its first statewide Public Health State of Emergency for the COVID-19 pandemic. We do not examine data after this point because the CAPS program’s emergency payment policies meant that scholarship payments did not necessarily indicate attendance. In addition to these exclusions, we drop a small number of scholarship records that omit some necessary information and stop following the children when this occurs. We only analyze outcomes when the children are 12 years or younger. Relatively few children receive services at older ages, and their circumstances differ from other participants. Our final analysis data set contains information for 113,320 zero- to 12-year-old children who entered the CAPS program between January 1, 2015, and March 13, 2020.
Spell Outcomes

As mentioned, we analyze CAPS program use in terms of spells. A spell begins when a child starts a particular program status and ends when we stop observing the child in that status. A spell is “complete” if we observe the child’s status change and “incomplete” if we do not observe the change (e.g., if the spell continues past March 13, 2020). If we observe the child’s status change, we say that the child “exits” her spell. We consider several program statuses, their corresponding spells, and different reasons for exits.

Spells of Holding any Scholarships

The first type of spell that we construct is for periods when the child holds a scholarship and can access childcare through the CAPS program. These periods can include weeks when the child holds multiple scholarships. They can also include changes in scholarships, which occur when the child changes services with a provider, changes providers, has her CAPS eligibility renewed, and under other conditions. The child exits this spell when she no longer holds any scholarships for at least two weeks. Within spells of holding any scholarship, we consider two distinct types of sub-spells.

Spells of Payments to One Provider

The second type of spell we construct is for periods when the child holds scholarships that make payments to a particular primary provider. Scholarship payments are made to a provider if the child uses services from that provider that week. The payments stop if the child ends or has a break in services, changes providers, or has her scholarships end. Our analyses consider each type of exit from provider-payment spells. Provider-payment spells indicate continuity with a provider. However, it is possible that the type of service changes over the spell (e.g., if the care changes from full- to part-time).

Spells of Scholarship Holding without a Payment

The third type of spell we construct is for periods when the child holds a scholarship, but no payments are made. We interpret these spells as periods of non-use. The spells end when a child resumes services with her previous provider, begins services with a different provider, or stops holding scholarships. Our analyses consider all three types of exits. Figure 1 summarizes the outcomes that can occur from week to week for each type of spell.
Other Measures

For each spell in our data set, we measure the duration of how many weeks children continue in the spell. Other characteristics in the administrative data include the child’s gender, race and ethnicity, birth month and year, the parent’s or caregiver’s age, whether there are other household children with scholarships, the household’s gross income, the provider’s location and proximity to the household, the type of provider, the type of care, the provider’s quality rating, the provider’s capacity, priority group status, the family fee, and service week date. Appendix A provides more information about how we constructed our measures.

Descriptive Analyses

Children’s Program Histories

Finding 1: CAPS scholarship spells are stable.

We begin our quantitative analyses by reporting, in Table 1, counts of the numbers of spells and provider changes that children in the CAPS program experience. The figures provide information on the numbers of transitions children have but not the amount of time between transitions (which we
consider later). The first column in Table 1 lists the percentages of children with different numbers of spells of scholarship holding. Just under two-thirds of the children we analyze have only one spell of scholarship holding; 21.5% of children have two spells; and 12.7% of children have three or more spells. This indicates that relatively few children cycle in and out of scholarship holding.

### Finding 2: There is substantial continuity in provider arrangements.

We examine numbers of spells of using subsidized care from the same provider in the second column of Table 1. In our data, 43.0% of children have one provider spell; 23.0% of children have two provider spells; 29.8% of children have three or more provider spells; and a few children (4.2%) never use their scholarships. Thus, spells of service use with the same provider are more volatile than spells of scholarship holding. Recall that spells of payments to a provider can end for several reasons, including changing providers, starting a spell of non-use, or not holding a scholarship.

Although spells of services with the same provider are frequently interrupted, children usually return to that provider. Most children (61.8%) only use a single primary provider throughout their participation in CAPS; 20.5% of children use two providers; and 14.9% of children switch multiple times. We examined the conditions under which children change providers (statistics not shown in the table). About a third of the changes occur directly following a spell with another provider; 51.1% of changes occur after an unpaid spell; and 15.6% of changes occur following a break in scholarship holding.
Finding 3: Scholarships often go unused.

One reason why spells of services with providers end is that children have weeks in which they hold scholarships but do not use them. Each week, about one-sixth of scholarships go unused. However, patterns of non-use vary a lot across children. The final column in Table 1 indicates that 35.4% of children in the CAPS program always use their scholarships and never experience spells of non-use. However, 27.5% of children have one spell of non-use; 17.2% of children have two spells; and 19.9% of children have three or more spells. We examined the conditions under which these spells occurred. Just over a third of unpaid spells happen either at the start (13.5%) of a child’s program history (first week with a scholarship), at the end (1.7%) of a child’s program history (the last week with a scholarship), or among children with no paid weeks (20.4%). The unpaid spells at the beginning of the child’s program history may occur as parents are organizing things for an arrangement, and the spells at the end may occur when parents no longer need or desire the scholarships but do not formally leave the CAPS program or notify DECAL.

We examine how years of scholarship holding, the number of scholarship spells, the number of providers, and the number of unpaid spells vary with children’s characteristics using cross-tabulation analyses in Appendix C.

Timing of Exits From Spells

Next, we examine the timing and types of exits from our three types of spells. An issue with these analyses is that we do not observe all the spells to their completion. To address this issue, we characterize the exit patterns using “hazard” and “survival” probabilities.

The hazard probability of an exit from a spell is the probability a spell ends at a particular duration, \( d \), given that it has continued to that duration. This probability corresponds to the conditions under which we observe exits in the data (i.e., it accounts for incomplete spells). Hazard probabilities indicate times when children are especially likely to end a spell.\(^\text{16}\)

The survival probability is a related measure defined as the probability that a spell lasts to or after duration, \( d \). Survival probabilities are easier to interpret than hazard probabilities because they are unconditional. However, it is harder to see the differences in the timing of spell exits with survival probabilities. We calculate the survival probabilities from the hazard probabilities, so the survivor
probabilities account for incomplete spells and differ from the distributions of spell lengths that appear in the data.

Finding 4: Scholarship spells are much more likely to end at eligibility renewal dates than at other times.

Figure 2 graphs the hazard probabilities for exits from spells of holding any scholarships. The horizontal axis lists the possible spell durations, and the vertical axis lists the probabilities. The hazard probabilities of a scholarship-holding spell ending fall over the first year of a spell, implying that these spells are less likely to end the longer they continue. However, the figure also shows a large jump in the hazard probabilities in the 51st and 52nd weeks of a spell. Among children who still hold a scholarship into their 50th week, 36.3% exit in either the 51st or 52nd week. These weeks correspond to the end of a standard 12-month eligibility period. Exits are higher at this point because some families, as we would expect, are found to be ineligible at their eligibility redeterminations and because some do not attempt to renew their eligibility.
After the 52nd week, the hazard probabilities fall again to a very low level. The hazard probabilities remain at low levels but spike upward at each spell anniversary. Like the spike at the first anniversary, these spikes occur when standard eligibility periods are ending and when families must renew their eligibility.

Figure B.1 in Appendix B graphs the corresponding survival probabilities. The figure shows that scholarship-holding tends to be relatively long-lasting. Nearly two-thirds of spells (64.5%) are calculated to last six months or more; 30.4% of spells last a year or more; and 15.3% of spells last two years or more. The median spell length is 49 weeks. Consistent with the results from the hazard analysis, the survival figures show sharp drops in spells continuing at each spell anniversary date.

Figure 3 graphs the hazard probabilities for children’s exits from spells of scholarship payments to a single provider. It separately graphs the hazard probabilities of these spells ending because of (a) a change in providers in
yellow, (b) scholarships not being used in red, and (c) scholarships ending in blue. The hazard probabilities of exiting a provider-payment spell fall over the first year. For most weeks of spells with a provider, children are more likely to end spells because of a period of non-use than for any other reason. The exception to this pattern occurs around the spell anniversary dates when exits spike because children stop holding scholarships. At the first anniversary date, we see a modest jump in the hazard of exiting because of scholarship non-use. In addition, we see a small spike in the hazard of exiting for scholarship non-use at the 20th week of spells with a provider. DECAL provides a 90-day window to provide the necessary documentation—flexibility that is often needed by families experiencing vulnerabilities. This 20-week spike may correspond to that documentation window ending. In contrast to the other types of transitions, transitions directly to a new provider are relatively rare.

Figure B.2 in Appendix B shows the survival probabilities of continuing with a paid provider and the cumulative hazard probabilities of each type of exit. The survival probabilities indicate that a quarter of provider spells end by their fifth week and that half end by the 17th week. Only 15.8% of spells extend beyond a year. The cumulative hazard probabilities show that 49.6% of provider spells end because of a period of scholarship non-use; 34.8% of provider spells end because a child stops holding scholarships; and 15.0% of provider spells end because a child changes providers.

Figure 4 shows the hazard probabilities associated with exits from spells of holding a scholarship without a payment. The hazard probabilities for non-payment spells ending because of a transition to making payments to a previous provider (light blue) or different provider (yellow) are very high during the first weeks of a spell. The hazard for payment to the immediate previous provider increases from the first to second week, but this reflects our smoothing of the data to remove one-week non-payment spells that are sandwiched between spells of payments to the same provider. After two weeks, the hazard probabilities of transitioning to payments generally fall with the duration of the spell. In contrast, the hazard probabilities for non-payment spells ending because a scholarship ends (blue) rise over the first 12 months of the spell and spike at the anniversary date. The gradually rising pattern may reflect parents voluntarily withdrawing from the CAPS program and notifying DECAL. The spike at the anniversary date may occur because some families stop using their scholarships without notifying DECAL, letting the scholarships continue until they reach their eligibility renewal date.
The survival probabilities of scholarship non-use are shown in Figure B.3 in Appendix B. They indicate that non-use spells tend to be very short, with half ending within three weeks. Only 17.7% of non-use spells extend past three months, and less than 1% last more than a year. Most unpaid spells (62.7%) end with a child beginning or resuming services with a provider. In particular, 46.4% of unpaid spells end with the child initiating services with the provider listed in her first scholarship or resuming services with a previous provider, and 16.3% of unpaid spells end with a change in providers. The remaining spells (37.3%) end because scholarships end.

**Multivariate Analysis**

To analyze how the types and timing of children’s exits from provider and non-use spells differ with their observed characteristics while accounting for indirect influences from other characteristics, we estimate and report results from multivariate models. The models include controls for the duration of the...
scholarship-holding spell, the duration of the provider or non-use sub-spell, demographic characteristics of the child, characteristics of the child’s household, characteristics of the type of care and care provider, the child’s priority group status at the beginning of the scholarship-holding spell, and the month and year of service.

Table 2 presents selected estimated “marginal effects” from these models. The marginal effects show how much the hazard probability of each type of exit (the probabilities shown in Figures 3 and 4) increase with a change in a given observed characteristic, holding the values of all the other characteristics constant. Because hazard probabilities change over the course of a spell, we calculate the changes in the probabilities for most characteristics for the first week of a provider or non-use spell. The exceptions to this are the marginal effects for the spell duration variables, which are calculated for the first relevant week in a spell (e.g., the spell anniversary date marginal effects are calculated for the 52nd week of a spell).

The first three columns in Table 2 list marginal effects for the hazard probabilities of ending a care arrangement spell by changing providers (column 1), starting a spell of scholarship non-use (column 2), and no longer holding scholarships (column 3). The next three columns list marginal effects for the hazard probabilities of ending a spell of scholarship non-use by starting services with a new provider (column 4), resuming services with the most recent provider (column 5), or no longer holding a scholarship (column 6). Appendix D provides full results from our models and a more complete explanation of the methodology.

**Spell Anniversaries**

As with Figures 3 and 4, estimates from the multivariate models show that the risks of care arrangement and non-use spells ending because of losses of scholarships jump sharply at the scholarship-holding anniversaries when the standard scholarship eligibility periods end, and families must renew their eligibility to continue. There are also modest increases in the risks of care arrangement and non-use spells ending at these dates with a change to a new provider. This may occur because families have to arrange new scholarships on these dates regardless of whether they change providers, reducing the relative effort of making a change. In addition to these patterns, the risks of transitioning from a provider to a new provider because of non-use or because a scholarship ends increase modestly at the anniversary dates with the provider.
Table 2. Care Arrangement and Scholarship Non-Use Competing-Risk Hazard Marginal Effects

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<th>Duration variables</th>
<th>New provider</th>
<th>Unpaid</th>
<th>Scholarship loss</th>
<th>New provider</th>
<th>Previous provider</th>
<th>Scholarship loss</th>
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<td>Scholarship anniversary</td>
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<td>0.005</td>
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<td>0.002</td>
<td>0.005</td>
<td>-</td>
<td>-0.0002</td>
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<th>Child demographic characteristics</th>
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<th>Scholarship non-use spells</th>
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<td>Male</td>
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<td>12 years old</td>
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<th>Care arrangement spells</th>
<th>Scholarship non-use spells</th>
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<td>Other scholarship child</td>
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<th>Care arrangement spells</th>
<th>Scholarship non-use spells</th>
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<td>Family childcare</td>
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The Stability of Subsidized Childcare in Georgia

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Notes: Selected estimated marginal effects are from competing-risk hazard models of care arrangement and scholarship non-use spell exits; full results are reported in Appendix D. In addition to the listed variables, the models include intercepts and controls for scholarship durations, sub-spell durations, multiracial, other races, parental/caregiver age, other priority groups, and the parent’s age and facility capacity being missing. For categorical variables, White children, children younger than one year old, center-based care, full-time care, no Quality Rated star level, same ZIP Code, January, and 2015 are reference categories. Most of the marginal effects are calculated for the first week of the first scholarship-holding spell for a child; the exceptions are the duration anniversaries. Marginal effects for family income, center capacity, and family fee are calculated assuming non-zero or non-missing values. Estimates in regular type are significantly different from zero at the 0.001 level.
Finding 5: Care arrangement spells tend to be shorter for older children. Spells of care arrangements and scholarship non-use vary only slightly with other demographic characteristics.

Child’s Demographic Characteristics

Care arrangement spells tend to be shorter for older children. Older children have moderately higher risks than younger children of care arrangements ending because of scholarship non-use and substantially higher risks of arrangements ending because they stop holding scholarships. Older children are less likely than younger children to have spells of non-use end with the resumption of services with a care provider but more likely to have spells end because they stop holding scholarships.

Spells of care arrangements and scholarship non-use vary only slightly with other demographic characteristics. Girls are a little less likely than boys to transition to a new provider from either a paid provider or scholarship non-use spell. Girls are also more likely than boys to end a spell of scholarship non-use by returning to their previous provider. Black children are slightly more likely than White children to end a care arrangement or a spell of scholarship non-use by transitioning to a new provider. Non-White children generally are also more likely to have an arrangement end because their scholarships end.

Finding 6: Families with moderate incomes lose scholarships, transition to unpaid spells, and return to previous providers more often.

Household Characteristics

Children in households with other scholarship holders are slightly more likely to switch to new providers, but they are also less likely to have their care arrangement or non-use spells end because of a loss of scholarships. Families with moderate incomes and families with no incomes (or who do not need to report incomes) are less likely than families with very low incomes to lose scholarships or transition from a paid arrangement to an unpaid spell, and they are more likely to end an unpaid spell by returning to a previous provider. Durations of care arrangements increase modestly with the parent or caregiver’s age (not shown in the table). Families living outside large metropolitan areas are slightly more likely to have their care arrangements end...
because of scholarship non-use or scholarship loss and are slightly less likely to change providers.

**Finding 7: There are different patterns for different types of care and during different times during the year, matching families’ needs.**

**Care and Provider Characteristics**

Children in family childcare learning homes or with informal providers have longer care arrangement spells and fewer provider changes than children in center-based care. Specifically, children in family childcare learning homes or with informal providers are less likely to change providers, begin an unpaid spell, or stop holding scholarships. Their non-use spells are also less likely to end with a change in providers and more likely to end with a return to a previous provider.

We see similar patterns for children in before- and after-school care compared to those in full-time care. Children in before- and after-school care settings have longer care arrangement spells, fewer transitions to new providers, faster returns to previous providers, and fewer exits for scholarship losses. In contrast, children in part-time or night-time care have slightly higher risks of changing providers but lower risks of beginning an unpaid spell. Children with unused scholarships for part-time or night-time providers are more likely to return to a previous provider and less likely to have their spells end because of scholarship loss.

Children in center-based care arrangements with more capacity are more likely to have interruptions for non-use than children in smaller centers. They are also slightly less likely to switch providers and slightly more likely to lose their scholarships. Children with unused scholarships at larger centers are less likely to go to a new provider or lose their scholarships.

Arrangements with higher Quality Rated star levels are less likely to end with a change of providers or through scholarship loss, but they are more likely to be interrupted by non-use. Quality ratings are not strongly or consistently associated with how non-use spells end.

The stability of care arrangements decreases with the distance from the provider and the family fee amount. Children who receive services in a different or non-contiguous ZIP Code are more likely to change providers and begin an
unpaid spell. Children who receive services in a non-contiguous ZIP Code are also more likely to stop holding scholarships. Children with unpaid scholarships with a distant provider are less likely to return to that provider and more likely to begin services with a new provider. Children with higher family fees are more likely to stop using or holding scholarships but slightly less likely to switch providers.

**Priority Group Status**

Children who begin their scholarship spells in a family receiving TANF have shorter spells with providers and of scholarship non-use. Children who begin their scholarship spells in the other priority groups are less likely to have spells with providers or of non-use end because of a loss of scholarships than children who are not in priority groups. Children with minor parents are more likely than other children to have a provider spell interrupted because of non-use but also more likely to return to their previous provider following that spell. Children in Georgia’s Pre-K Program, in families with children with special needs, and in the very low-income priority group are also more likely to return to their previous provider after a spell of non-use.

**Months, Years, and Dates**

Children are much more likely to transition from a care arrangement to a spell of non-use during the summer months and in December, which corresponds to the times when schools are closed and families may be on holiday. Children also have slightly higher risks of changing arrangements in May through November. Unpaid spells tend to be longer in April, June, and August through November but shorter in December. Unpaid spells are also less likely to end because of scholarship losses in January, November, and December and are more likely to end this way in other months.

**Finding 8: Policy changes have had the intended effect of longer scholarship spells.**

Care arrangement spells are less likely to end because of scholarship losses in later years of the data; however, non-use spells are more likely to end this way. Longer care arrangement spells are consistent with the relaxed requirements for families continuing their eligibility after 2016.
Conclusion and Policy Recommendations

This report analyzes 2015 to 2020 CAPS scholarship records to examine the stability of children’s spells holding CAPS scholarships, utilizing subsidized care with the same childcare provider, and holding but not using CAPS scholarships.

Continuity and Stability

A principal finding is that there is considerable continuity in scholarship spells—both in terms of their duration and the number of spells. Nearly two-thirds of children’s spells with CAPS scholarships are calculated to last six months or more; 30% of spells last a year or more; and 15% of spells last two years or more. The median spell length is 49 weeks. About two-thirds of children experience a single, uninterrupted spell of holding scholarships, meaning they never have a break in their scholarship spells. Twenty-two percent have two spells of scholarship holding (only one break), and 14% have three or more spells (multiple breaks). Although instability and churning in eligibility for CCDF-supported childcare were central concerns prior to the 2014 federal reauthorization of the Child Care and Development Block Grant, we find that few children in Georgia have experienced these outcomes in recent years.

The data also indicate that care arrangements are relatively stable, with nearly two-thirds of children remaining with the same provider over their entire history with the CAPS program. However, while only a third of children change providers, many more experience breaks in the spells with those providers. The median length of an uninterrupted spell with a care provider is only 17 weeks (or four months). Half of spells with a care provider end or are interrupted with the child holding a scholarship but not using it; 35% of care provider spells end because the child stops receiving scholarships; and 15% end because the child changes providers.

Non-Use

Scholarships often go unused. Each week, approximately one-sixth of children with scholarships do not use them. Nearly two-thirds of children have at least one spell where they hold scholarships but do not use them, and 4% of children never use their scholarships. Most spells of scholarship non-use are short; half of spells last three weeks or less. Many spells of non-use occur when children first enter the CAPS program or when they are leaving the program. Many spells also occur in December and during the summer when families may not require care because of holidays or alternative care arrangements.
Scholarship non-use is the biggest contributor to interruptions in care arrangements, but we recognize these breaks are sometimes necessary to support families’ changing circumstances. Because children go without services during these periods, non-use reduces the ability of the CAPS program to assist families with the cost of childcare or support parents’ work and training. Because DECAL can utilize CAPS resources for other children through their billing and program administration procedures, this does not mean it is an inefficient model. DECAL also has policies and procedures that prompt families to resume unused and suspended scholarships and that terminate scholarships after long periods without use. DECAL might consider revising its policies to take actions sooner to either get parents to resume services or to revoke eligibility.

**Eligibility Periods**

The standard eligibility period in the CAPS program is 12 months. Consistent with this policy, the risks of care arrangement and non-use spells ending because of losses of scholarships jump sharply at these 12-month intervals. Also, spells of scholarship-holding became longer after 2016 when DECAL relaxed several requirements for families continuing their eligibility. Although it is understandable that program exits would rise at the end of standard eligibility periods, the spikes may be concerning from the perspective of children’s and families’ well-being because it is unlikely that families’ underlying needs exhibit a similar annual cycle. Some of the exits may be due to families not being eligible at their renewal dates (e.g., because they are unemployed and searching for a job but not actively working) and either not applying or being determined ineligible at these dates. Research from other assistance programs indicates that many families who fail to renew eligibility are in overwhelmed circumstances or face other adversities that impede their ability to re-apply for services; although we cannot examine this directly, these issues may affect some CAPS families. Research and policy attention should consider families’ reasons for leaving the CAPS program at eligibility renewal more closely to understand if further intervention would support the program’s goals.

The data also indicate that the risks of care arrangement and non-use spells ending with a change in providers increase at the eligibility renewal dates. Although the evidence is indirect, the patterns may occur because of the structure of CAPS scholarships, which specify both a child and a care provider. Families who wish to change care settings within the CAPS program must arrange new scholarships. Because parents must do this anyway at their
eligibility renewals, the renewals may reduce the relative effort associated with provider changes.

**Care and Provider Characteristics**

Several characteristics of care arrangements are associated with care stability. Children in family childcare learning homes, with informal providers, and in smaller settings have longer care arrangement spells and fewer provider changes than children in center-based care or larger settings. Children in before- and after-school care settings have longer care arrangement spells and fewer transitions to new providers than children in full-time care. Several of these patterns could reflect some types of arrangements offering families more flexibility than other types of arrangements.

The data also indicate that arrangements with higher Quality Rated star levels are less likely to end with a switch to a new provider or through scholarship loss, but they are more likely to be interrupted by non-use. The stability of care arrangements decreases with the distance from the provider and with the amount of the family fee. It seems reasonable that families with high-quality or nearby care would be less willing to change providers.

**Differences across Demographic Groups**

Care arrangement spells tend to be shorter for older children. This occurs because older children are more likely to have more interruptions for non-use and because they are more likely to stop holding scholarships. It may be more difficult to arrange care on school holidays for school-age children. It may also be easier for parents to work longer hours and raise their incomes above the eligibility threshold when children are older.

Although the data indicate substantial differences in care arrangement and non-use spells between younger and older children, there are only modest differences when we consider children’s genders, races, and ethnicities. The modest differences suggest that the CAPS program has largely equitable outcomes for children who participate in the program.
Acknowledgments

The authors are grateful to Caroline Lamprecht for expert research assistance and Annick Simo for careful data preparation. They thank Kendra Ferguson, Thomas Goldring, Randy Hudgins, Elisabetta Kasfir, Rob O’Callaghan, Maggie Reeves, and Tyler Rogers for helpful suggestions and edits that made this report better. The authors received constructive comments at several meetings with colleagues at the Andrew Young School of Policy Studies. This valuable help notwithstanding, the authors are responsible for all errors, omissions, and opinions.
The Stability of Subsidized Childcare in Georgia

Endnotes


9. DECAL is responsible for meeting the childcare and early education needs of Georgia’s children and their families. In addition to the CAPS program, DECAL administers the state’s nationally recognized Pre-K Program, licenses childcare centers and home-based childcare, administers federally-supported nutrition programs, and manages Quality Rated—Georgia’s community-powered childcare rating system.


11. In SFY 2018, the annual income threshold for a family of four was $35,330.
12. Many children experience one-week breaks in holding scholarships. We ignore these short breaks.

13. As with our construction of scholarship-holding spells, we ignore one-week breaks between payments to a provider that occur because of a gap in scholarship holding or scholarship use.

14. Rather than non-use, DECAL internally tracks the complementary outcome of scholarship utilization.

15. If a child’s first spell is an unpaid spell, we consider starting services with the provider listed in the first week of scholarship holding to be a transition to a “previous” provider.

16. Let $D$ be a random variable that represents all the possible durations for a spell, and let $d$ be a particular spell duration. The hazard probability of an exit at duration $d$ is $\text{Prob}(D = d \mid D \geq d)$.

17. Recall that our spell measure excludes one-week breaks in spells with the same provider. If we included these breaks, the durations would be even shorter.

18. To examine this interpretation further, we have estimated models with separate controls for anniversary effects before and after October 2016 and find that the anniversary effects are larger after October 2016.

About the Authors

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David C. Ribar

David C. Ribar is the faculty director of the Child & Family Policy Lab and a professor of economics at Georgia State University. His research focuses on household economics, young people’s transitions to adulthood, family dynamics, the causes and consequences of economic disadvantage, evaluating programs to alleviate disadvantage, and measuring and modeling well-being. He received his Ph.D. in economics from Brown University in 1991 and has previously held faculty positions at the University of Melbourne, the University of North Carolina at Greensboro, the George Washington University, and the Pennsylvania State University.
About the Georgia Policy Labs

The Georgia Policy Labs is an interdisciplinary research center that drives policy and programmatic decisions that lift children, students, and families—especially those experiencing vulnerabilities. We produce evidence and actionable insights to realize the safety, capability, and economic security of every child, young adult, and family in Georgia by leveraging the power of data. We work alongside our school district and state agency partners to magnify their research capabilities and focus on their greatest areas of need. Our work reveals how policies and programs can be modified so that every child, student, and family can thrive.

Housed in the Andrew Young School of Policy Studies at Georgia State University, we have three components: the Metro Atlanta Policy Lab for Education (metro-Atlanta K-12 public education), the Child & Family Policy Lab (supporting children, families, and students through a cross-agency approach), and the Career & Technical Education Policy Exchange (a multi-state consortium exploring high-school based career and technical education).

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