

Invest in Kids Working Group Meeting Summary
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How much scaling-up early childhood interventions will actually cost is a critical question in youth development and economic growth analysis. At the September Invest in Kids Working Group meeting, Douglas Besharov, a scholar at the American Enterprise Institute and professor at the University of Maryland School of Public Policy, laid out a thorough approach to this question. Doug presented the “Early Education/Child Care (ee/cc) Model,” an Excel-based model that uses information from various federal and state sources to estimate child care patterns and subsidies.

The Early Education/Child Care (ee/cc) Model estimates the *number of children* “potentially” eligible for subsidies under the Child Care and Development Fund (CCDF) (those children who are eligible on the basis of their parents’ employment and income) and those who are “formally” eligible (children who are not currently enrolled in any subsidized care). The model estimates the *demographics and current care arrangements* of children that are potentially or formally eligible for subsidies under the CCDF. It also estimates the *subsidy receipts* (who actually receive the subsidies) among formally eligible children to estimate the arrangements and demographics of children who receive subsidies.

Finally, the model estimates *coverage rates* for formally eligible children and can be used to calculate alternate *cost scenarios*. For example, Doug showed how the costs of federally supported child care change by varying the program quality, the number of children eligible, and the types of programs parents choose. He estimated a cost of \$10.8 billion for 3-5 year-olds with high-quality care for children under poverty. When he expanded the program to include full take-up, full substitution, and all children 0-15 years-old, the estimated cost grew to \$31.5 billion. Furthermore, the model is unique in that it can distinguish between costs for the school year and summer.

Doug noted that many challenges had to be overcome to develop this model. For example, federal and state eligibility requirements differ. Moreover, different methods of calculating income are used in either case. Unlike the federal government, which bases eligibility on annual income, states rely on monthly income to determine eligibility. In addition, some data had inaccuracies that had to be corrected prior to their inclusion in the model. For example, the number of Head Start children in the Survey of Income and Program Participation (SIPP) is 60% lower than the administrative data from Head Start.

Using a graph that showed the arrangements of subsidy recipients, estimates from the model showed that the type of care (not income) indicates the likelihood of a person receiving a subsidy. Children in formal child care settings are more likely to receive CCDF subsidies. Child care centers and family day care receive a large portion of the CCDF, Temporary Assistance for Needy Families (TANF), and Social Services Block Grant (SSBG) subsidies.

The working group followed the formal presentation with discussion. Topics of the discussion surrounded the following issues:

Policy implications—Policy makers can use this tool to study whether children need subsidies for before and after school hours. States could look at supporting more single mothers living alone (as opposed to those who live with a parent, boyfriend, or some other arrangement). Policy makers could see how much it will cost to make room for more kids to join programs. They could also look for “subsidy spells” which move kids in and out of programs.

Full-day participation—In the Head Start program 53% of 3-5 year olds attend full day programs and 47% participate in part-day programs; however, some of the “full-day” programs do not meet five days a week and some of the “half-day” programs have wrap around care. Thus, some children in part-week arrangements may still be CCDF eligible for part-time care.

Categorization—States have increasingly hardened requirements for eligibility. Their requirements have become more complex than simply relying on work or income requirements. For example, some states have multi-page forms of questions that people need to fill out “correctly” to receive child care subsidies. Thus, there is a need for a more nuanced model.

Next steps—Doug will update model to reflect 2004 data. (Currently, the model’s data are from 1999 to 2001.) He will change the model so it becomes more child-oriented and not dependent on mothers’ work. Doug will also adjust the model so that it can make estimates on a state-by-state basis.