



WASHINGTON STATE Department of Children, Youth, and Families



COST OF QUALITY PHASE III

Subsidy Research



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EXECUTIVE SUMMARY

The Department of Children, Youth, and Families (DCYF) is committed to creating an effective and continuous early learning system for children and families in Washington State. DCYF designed Phase III of the Cost of Quality research series with a mission to understand the costs of operating a licensed family child care home and the costs associated with Early Achievers. As Washington's Quality Rating and Improvement System, Early Achievers offers support to early learning professionals to continuously improve their programs. It also provides quality ratings, on a scale of 1 to 5, to communicate quality to parents.

Researchers achieved a 19.4 percent response rate on a web survey sent to a sample of approximately 2,000 licensed family child care homes. While the response rate is low, the large sample size ensured completed responses represented the population. The margin of error is ± 4.75 percent at the 95 percent confidence level. Researchers report the major findings below. Statistically significant findings are in bold.

CHARACTERISTICS

Researchers looked to see if characteristics of licensed family child care homes have a relationship with Early Achievers quality level. While these variables do not account for costs, several are indicators of quality levels. These include:

- **One can expect Early Achievers quality level to be higher in areas with a lower relative median household income.** As Early Achievers is aimed at providing high-quality care to low-income children, it makes sense that licensed family child care homes in areas with more subsidy children would participate and rate well in Early Achievers.
- **Licensed family homes that have rated in Early Achievers are more likely to have operated longer.**

ENROLLMENT AND ACCESS

Researchers also included enrollment statistics and services in data analysis. Researchers made the following observations about variables:

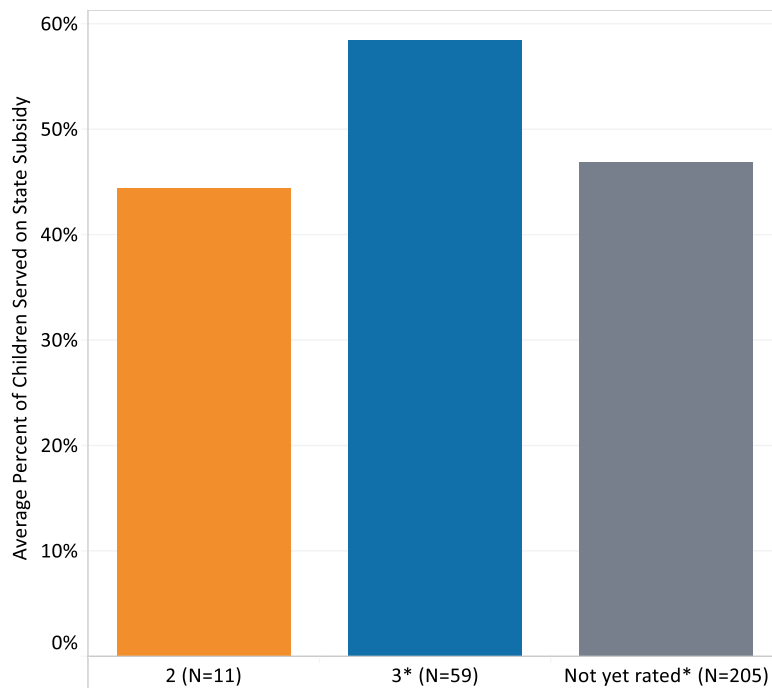
- **High-quality licensed family homes care for a higher percentage of subsidy children.** Since DCYF formed Early Achievers to support high-quality care for low-income children, this finding provides evidence that Early Achievers is succeeding.
- Care for children with special needs appears more likely to be available at high-quality licensed family child care homes when compared to all other licensed family homes.

STAFF

Researchers found several interesting relationships between staff variables and Early Achievers quality level. These include:

- Assistant hourly wage appears to increase from Level 2 to Level 3.
- Owners of high-quality licensed family homes tend to have more education, with most having at least some college education.
- **The more days of professional development a licensed family child care home experiences, the more likely they are to have a higher quality level.**
- **High-quality licensed family child care homes have more volunteers.**
- **The more staff a licensed family home child care employs, the more likely it is to have a high-quality Early Achievers rating.**
- **High-quality licensed family child care homes are more likely to offer holidays and paid time off for staff.**

Figure 16: Percentage of Children Served on State Subsidy by Early Achievers Quality Level

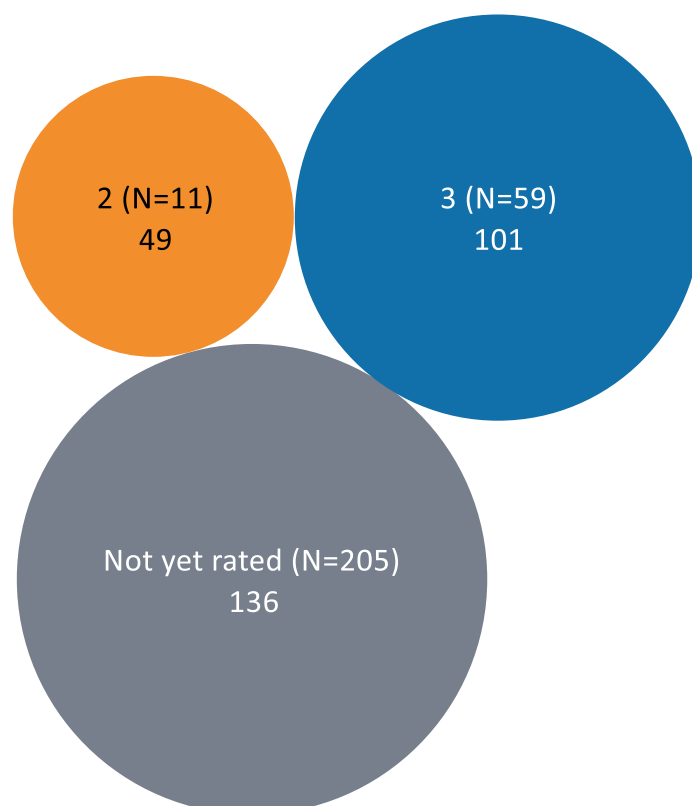


COSTS AND REVENUE

Business models for licensed family child care homes can vary amongst quality levels. These differences include:

- High-quality licensed family homes are more likely to take more time to prepare and dedicate more time weekly to Early Achievers. Since variable expenditures for Early Achievers did not increase with quality level, researchers recommend that licensed family child care homes maintain their current monetary investment and focus on committing more time to Early Achievers.
- **Private pay tuition increases with Early Achievers quality level.** This indicates that tuition can be a signal for quality.

Figure 13: Early Achievers Weekly Time Commitment by Quality Level, in Hours



RECOMMENDATIONS

The findings in this report suggest that expanding access and care is related to high-quality. Serving relatively more children on subsidy and offering care to children with special needs is more common with high-quality licensed family child care homes. Professional development and investing in staff also have positive impacts on quality. Researchers described positive relationships between professional development, the owner's education, and assistant wages.

On a final note, these findings also suggest that, at the current level of financial investment, differences in time investments based on Early Achievers status are noticeable. This suggests that policy should encourage licensed family child care homes to maintain monetary expenses for Early Achievers and reduce barriers to spend more time, initially and weekly, on Early Achievers. Since the number of volunteers and the total number of staff was positively correlated with quality, researchers also recommend strategies that help with hiring and paying staff.



Researchers planned the series so that experience from each phase informs future actions. As such, the researchers identify successes, challenges, and recommendations in this report. Researchers gathered input from licensed family child care homes before survey deployment. Licensed family homes and stakeholders also assisted with interpretation of the survey responses.

The intent of Phase III is to better understand the operating costs of licensed family child care homes and the costs associated with Early Achievers. By identifying these costs, DCYF can identify the investment needed for each level of Early Achievers. DCYF intends for Phase III to inform budget decisions by drawing correlations between cost drivers for licensed family homes and higher levels of quality. Focused investments to capitalize on those correlations could take the form of increased subsidy rates, higher quality improvement awards, greater tiered reimbursement awards, or targeted scholarships, among other opportunities.

To find these correlations, DCYF created a survey to ascertain the typical costs for licensed family child care homes to maintain their Early Achievers quality level in addition to total costs and revenue, continuous quality improvement using the Early Achievers framework, and indirect benefits (private tuition rate, capacity, etc.). Researchers examined differences in costs and revenue between providers at different quality levels. These findings will highlight areas that may be opportune for increased funding and work to enhance the quality of all licensed family homes in the state.



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