



Illinois Action for Children
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HAS ACCESS TO QUALITY INFANT CARE INCREASED FOR LOW-INCOME FAMILIES?

THE ILLINOIS RECORD,
2011 – 2016



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Has Access to Quality Infant Care Increased for Low-Income Families? The Illinois Record, 2011 – 2016

Background

For many years, Illinois has aggressively invested in policies designed to increase and improve parents' access to child care, particularly to infant care. Since the early 2000s, the state has made grants to child care programs for expansion and quality enhancements, and in 2008 it initiated a quality rating system to advertise and promote quality and incentivize it among programs serving subsidized families through higher payment rates.

With a Race to the Top - Early Learning Challenge grant in 2012, the state introduced a new research-based quality rating and improvement system, ExceleRate™ Illinois, that integrated all quality-improvement and professional-development grants, as well as substantial technical assistance. In addition, some communities in Illinois received federal Early Head Start-Child Care Partnership grants in 2014 to increase high-quality programs for children under age 3 by blending state and federal funds.

This is one of three briefs based on research conducted under the Illinois-New York Child Care Research Partnership that examines changes in the supply of quality child care in Illinois available to subsidy-eligible families during the study period 2011 through 2016.² This brief explores the early record of subsidized families' access to quality infant care during the first years of ExceleRate Illinois and the federal Early Head Start-Child Care Partnership grants. This brief examines changes to the supply of quality infant care, whether this care was affordable to the parents who participated in the child care subsidy program, the Illinois Child Care Assistance Program (CCAP), and whether quality infant supply grew in the communities where subsidy-eligible families live. The study covers two Illinois regions: Cook County, which includes Chicago and its inner suburbs, and a group of seven counties in Southwestern Illinois that range from rural to urban: St. Clair, Madison, Bond, Clinton, Monroe, Randolph, and Washington counties.³

This brief makes no precise causal claims about the relationship between policy and the supply of affordable, quality infant care. Policy stimulus to supply occurred in a poor economic environment of very slow and uneven recovery from the deep 2008 recession, and particularly in Southwestern Illinois, high unemployment left many parents ineligible for a child care subsidy. Depressed demand for subsidized child care lasted well into the study period. In addition, instability in the subsidy system related to new technology, funding shortfalls, and deep cuts to parent eligibility challenged child care providers who under more stable circumstances might have expanded their offering of infant care.⁴ (See the box *Illinois Policy and Funding Context* for more detail on policies.)

The research question, then, is whether Illinois' expansive child care policy was accompanied by an expansion of infant care, especially high-quality infant care for subsidized families, even in a generally unfavorable environment for expansion.

¹ The brief is based on research that was part of a larger study of parents' access to child care for children under age 6 in two New York State counties and two Illinois regions by the Illinois-New York Child Care Research Partnership, 2010-2017. Because parents frequently report having difficulty finding affordable infant care, our state partner, the Illinois Bureau of Child Care and Development, identified infant care as a priority topic for the study and permitted the Illinois research team to analyze child care administrative data. The Illinois-New York Child Care Research Partnership Study was funded by Grant No. 90YE0151 from the Office of Planning, Research, and Evaluation (OPRE) in the Administration for Children and Families, US Department of Health and Human Services. The authors thank Julia Henly, Lauren Lapinski and Theresa Hawley for their invaluable help.

² The other briefs are forthcoming in 2019 from Illinois Action for Children: "Has Access to Quality Child Care for Children under 6 Increased for Low-Income Families? The Illinois Record, 2011 – 2016" and "Has Access to Quality Child Care during Nonstandard Hours Increased for Low-Income Families? The Illinois Record, 2011 – 2016."

³ The study sites reflect the service delivery areas of the Child Care Resource and Referral agencies in each site. The brief "Has Access to Quality Child Care for Children under 6 Increased for Low-Income Families? The Illinois Record, 2011 – 2016," summarizes the indicators of a slower economic recovery from the 2008 recession in Southwestern Illinois, notably higher unemployment, slow employment growth and some population loss.

⁴ See two Illinois Action for Children Policy Briefs: "Survey Confirms Devastating Impact of Child Care Changes on Children and Working Families" (2015), http://www.actforchildren.org/wp-content/uploads/2016/01/IAFC_Policy_Brief_CCAP_Changes_10.13.15_F.pdf and "Loss of Child Care Due to 2015 Cuts Limits Parents Pursuit of Education and Training" (2017). http://www.actforchildren.org/wp-content/uploads/2017/02/Policy_Brief_Feb_2017_Restore-Child-Care.pdf

Illinois Policy and Funding Context

The study period 2011 – 2016 was one of significant innovation in child care policies in Illinois that could have affected subsidized parents' access to high-quality child care.

In the years before 2011, Illinois had promoted an expansion of infant care as a priority need. For example, its quality improvement grants gave priority to programs that were establishing or expanding infant care. Also, child care subsidy payment rates, including those for infant care, were increased on a semi-annual basis. Quality care for infants was promoted through Illinois' quality rating system introduced in 2008, and incentivized through a quality add-on for subsidy payments. In addition, some programs received federal Early Head Start or state Prevention Initiative funding to enhance their birth to three care.

In late 2012, Illinois received the federal Race to the Top Early Learning Challenge grant and began to design, implement and promote a comprehensive new research-based quality rating and improvement system, ExceleRate Illinois, that covered not just child care but also Illinois Preschool for All and Head Start programs. ExceleRate Illinois aligned Illinois' quality improvement funds and professional development funds and dedicated them to improving providers' quality ratings. All licensed programs were enrolled at the base, "licensed" level, and extensive outreach, training and technical assistance were provided to encourage providers to obtain one of three Circles of Quality: Bronze, Silver or Gold. Programs paid by the subsidy program received a rate add-on of 10 to 15 percent for obtaining a Silver or Gold Circle. Centers that were already accredited were provisionally approved for a Silver or Gold Circle.

ExceleRate Illinois was rolled out first for child care centers in July 2013, followed by licensed child care homes two years later in July 2015. Given the differences in rollout times by child care setting, we expect to observe a larger growth in quality-rated centers than in child care homes during our study period.

In 2014, additional program funding was obtained by some communities from the federal Early Head Start-Child Care Partnership grants. These grants expanded programs' ability to combine child care and early learning funding to provide high-quality care for children, and likely stimulated some providers to expand their birth to three supply. The City of Chicago received the bulk of the new funds and from 2011 to 2016 its Early Head Start program increased its enrollment of children under age 3 by 1,407 children, of which 830 received a child care subsidy. Programs receiving the grants were encouraged to obtain a Circle of Quality through ExceleRate Illinois.

The study period was also, however, a time of instability for the child care subsidy program, the primary funding source for Illinois' child care system. Implementation of a new data system and a series of budget crises caused delay in provider payments. The subsidy rates paid to child care centers remained stagnant between 2012 and 2016, and in July 2015, dramatic eligibility restrictions for new subsidy program applicants led to a large drop in caseload, translating to a loss of subsidy income for providers. In retrospect, we understand that this financial instability eroded the optimism of some child care providers who otherwise might have expanded their infant care or improved its quality in line with policy.

Definitions for this Brief

Infant slots: Full-time slots in programs that report they are willing to accept child care subsidies or that actually received a child care subsidy during the previous 12 months. In licensed centers, infant slots are the number of children from birth to 14 months that a center is licensed to care for at one time. For licensed home-based providers, licensed capacity is not defined by age: Infant slots are the number of infants enrolled at a given point in time. Both numbers are self-reported by providers and are unknown for a subset of providers.

Quality-designated child care: Any provider enrolled in Illinois' quality rating

system in 2011; any provider in Illinois' quality rating and improvement system, ExceleRate Illinois, in 2016 beyond the "licensed" level (that is, having a Bronze, Silver or Gold "Circle of Quality"); and any provider in 2011 or 2016 with national accreditation as reported in NACCRRAware*, including accreditation from the National Association for the Education of Young Children (NAEYC), National Association for Family Child Care (NAFCC), National Accreditation Commission for Early Care and Education Programs (NAC), and National Early Childhood Program Accreditation (NECPA). In this brief we count only quality-designated child care in programs that are willing to accept subsidies.

*The NACCRRAware database is used by Illinois Child Care Resource and Referral agencies to store and retrieve data on child care providers. Designed by the National Association of Child Care Resource and Referral Agencies (now Child Care Aware of America), NACCRRAware is maintained by the Illinois Network for Child Care Resource and Referral Agencies (INCCRRA). This study used NACCRRAware data, with the permission of INCCRRA, in addition to CCAP data.

Changes in the Supply of Infant Care, 2011 to 2016

Supply of Infant Care for Subsidized Families

The overall trend in licensed infant care available to subsidized families during this time was one of growing supply in centers but falling supply in homes, with the number of home providers continuing a long-term downward trend. The four charts of Figure 1 show these trends.

The growth of center infant slots in Cook County was quite large: 1,802 new slots, or a 40 percent increase in supply. These new infant center slots exceeded

the number of lost infant home slots by more than four times, with homes losing 386 slots or 17 percent of its supply. The net result for Cook County was a 21 percent growth in infant slots for subsidized families. Southwestern Illinois saw a more modest growth in center infant slots of 13 percent, or 131 new slots. This growth barely countered the loss of 105 infant home slots, or 30 percent of the licensed home infant supply, resulting in a net growth of only 26 infant slots.

Supply of Quality-Designated Infant Care for Subsidized Families

In July 2013, Illinois rolled out its enhanced quality rating and improvement system, ExceleRate Illinois, to child care centers around the state, and committed significant funding for provider outreach, training and technical assistance to encourage centers to obtain a quality rating. The rollout for child care homes followed in 2015. By 2016, significant gains could be measured among child care centers in both study sites and less so for homes.

Both Cook County and Southwestern Illinois began with relatively low rates of quality-designated infant slots in 2011. Fewer than one-third of Cook County center infant slots available to subsidy families were quality designated and only 18 percent of those in Southwestern Illinois. The rates were even lower in licensed homes, with just eight and three percent of infant slots quality designated in Cook County and Southwestern Illinois respectively.

By 2016, however, both regions saw significant growth in their supply of quality-designated infant slots, primarily in child care centers. Cook County centers nearly doubled their number, bringing the percentage of infant center slots that were quality-designated at a Bronze level or above from 30 percent to 44 percent. Southwestern Illinois centers experienced a more dramatic increase, more than tripling their supply of quality-designated infant slots at a Bronze level or above.

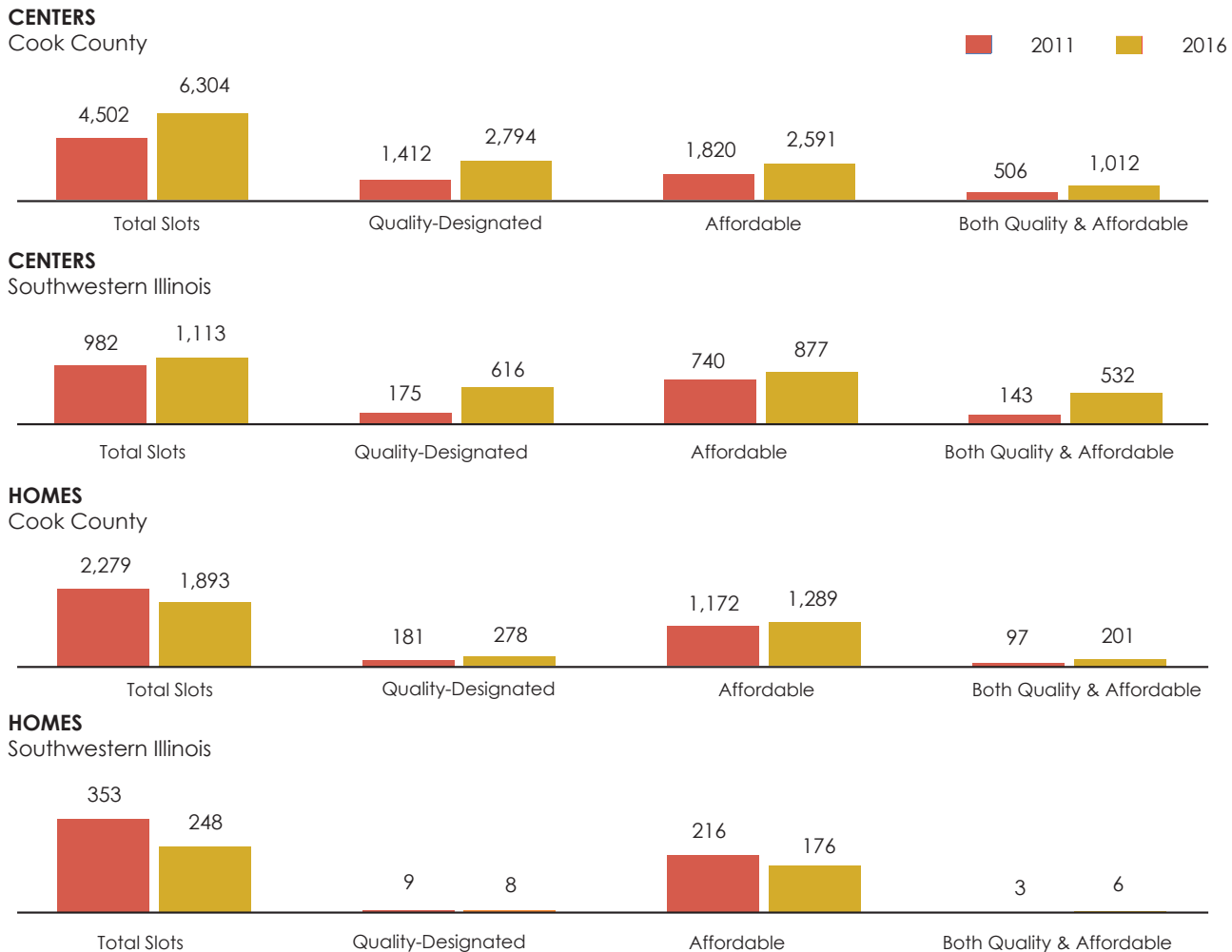
By 2016, 55 percent of center infant slots were quality designated compared to just 18 percent in 2011. This suggests that the Illinois and federal policy of promoting quality improvement among child care programs was successful in converting thousands of existing slots for subsidy children to quality-designated slots.⁵

Homes, on the other hand, experienced no growth in quality-designated slots in Southwestern Illinois, remaining at a mere three percent of total infant slots. Results were a little better in Cook County where the portion of home slots that were quality-designated at a Bronze level or above increased from 8 to 15 percent.

Overall this period was one of positive gains for center-based infant supply available to subsidized families: there was growth in infant slots, particularly in Cook County, and a greater share of these slots were quality designated. Trends were less positive for licensed homes as the overall supply of home care declined. There was some modest growth of quality-designated infant slots among Cook County home providers, but as of 2016 rates were still low.

The charts below present (from left to right) the total number of infant slots in child care programs that accept subsidies in 2011 and 2016, their number of quality-designated infant slots, their number of affordable infant slots, and their number of infant slots that are both quality-designated and affordable. (See the ‘Definitions’ box for measures.)

Figure 1. Infant Slots in Licensed Child Care Programs Accepting Subsidies, 2011 – 2016



⁵At the end of the study period in 2016, an unknown number of Early Head Start – Child Care Partnership programs might not yet have sought a quality designation, but could have been considered high-quality inasmuch as Early Head Start program standards are so regarded. Counting these, if possible, would raise the counts of quality-designated slots in some communities of Cook County and Southwestern Illinois.

Affordability of Infant Care for Subsidized Families

For an infant slot to be accessible to families with child care subsidies, child care programs have to be willing to accept state subsidy payments, and the cost to parents has to be *affordable*. By *affordable*, we mean that the state's payment rates have to be high enough to cover the price of care.⁶ In Illinois, the state subsidy rate is determined by the child care type and the age of the child and also by the region in which the provider operates. Illinois defines three rate regions. Cook County providers fall within the group receiving the highest rates (Group 1A). In Southwestern Illinois, the majority – over 85 percent – of providers operate in Monroe, Madison and St. Clair counties, which fall in the second rate group (Group 1B). Finally, providers in the more rural counties of Bond, Clinton, Randolph and Washington fall in the lowest rate group (Group 2).

By comparing the rates charged by each child care program in 2011 and 2016 with the subsidy rates for the provider's rate group plus any rate add-on the program received for an ExceleRate Circle of Quality, we assessed which slots were fully covered by the subsidy payment. We consider these slots affordable.⁷

Despite the great strides Cook County made in increasing the amount of center infant care over the study period, the portion of this care that was affordable to families changed very little: 40 percent in 2011 and 41 percent in 2016. This means that nearly 60 percent of its infant center care, then, was financially out of reach for subsidy families, that is,

Affordable Quality-Designated Infant Care

While over 40 percent of Cook County infant slots in centers were quality-designated by 2016, and over 40 percent were affordable, the percent that were both quality-designated and affordable was only sixteen percent, or 1,012 slots. Nonetheless this was twice the number of affordable quality-designated center slots that existed in 2011. Had subsidy center rates kept pace with the rising child care prices, or if the quality add-on were higher, subsidy families would have found a greater portion of the quality-designated slots affordable.

In Southwestern Illinois where subsidy rates were high enough to cover the cost of a much greater portion

unless families were able to pay the difference in cost out of pocket (on top of paying their state-assigned copayment), attended a program that received other birth to three public funding for which the family was eligible (Early Head Start or Prevention Initiative), or unless the price difference was "forgiven" by the provider. The fact that state subsidy rates for child care centers remained flat between 2012 and 2016 while market rates continued to rise (see Appendix) contributed to this lack of progress in affordability.

In Southwestern Illinois, subsidy rates did a better job of covering the market cost of infant center care, which rose more slowly here than in Cook County during the study period. Seventy-two percent of infant centers slots were affordable in 2011 and 79 percent in 2016. This is at least double the rate of affordable slots in Cook County and by 2016 met the federal government's guideline that states provide subsidies at the 75th percentile of market rate.

For Cook County homes, despite the loss of infant home slots, the number of affordable infant home slots increased by 10 percent – from just over half of all infant home slots to 68 percent. Regular union-negotiated increases in subsidy rates paid to home providers help explain the increase in affordable slots. Likewise, in Southwestern Illinois the percentage of infant home slots that were affordable also rose, from 61 to 71 percent. However, the number of affordable home slots actually fell, just not as fast as the number of infant home slots overall.

of infant slots, affordable quality-designated center slots grew alongside quality-designated center slots. In 2011 a mere 15 percent of slots were both affordable and quality designated, and by 2016 it was almost half.

With so few home providers achieving a quality designation by 2016, there were few gains in affordable and quality-designated home slots, and all gains occurred in Cook County. Here the number of slots doubled, reaching a modest 11 percent of all infant slots.

⁶ Other important dimensions of affordability are not examined in this brief. For example, can families afford to pay the copayment assigned to them by CCAP? During this period, families' monthly copayments were as low as \$1 for the lowest income families and as high as 10 percent of family income for the highest income families.

⁷ In calculating affordability, we did not count additional subsidies provided by the Early Head Start-Child Care partnership grants or Illinois Prevention Initiative grants. Programs receiving those grants often combine them with the child care subsidy to serve a single child. This makes the care more affordable to families while allowing programs to meet higher quality standards. However, these funds are not universally open to subsidized families in the sense that they depend on particular institutional funding arrangements and are not general to the Illinois Child Care Assistance Program.

Summary. Parents' access to quality-designated center slots for infants improved measurably in both sites from 2011 to 2016. However, lack of affordability in Cook County may have prevented subsidy families from accessing these slots. Higher subsidy payment rates to child care centers in Cook County would have improved families' access to the growing number of quality-designated slots. Southwestern

Illinois had more success in the portion of its slots that were both affordable and quality-designated thanks to higher subsidy rates in relation to market rates.

While access to affordable, quality-designated slots in child care homes did not improve by large amounts in either study site, Cook County saw small improvements.

Did the New Quality-Designated Infant Slots Reach Communities with Subsidy-Eligible Children?

The subsidy rate add-on for achieving a quality rating was a key incentive for providers to invest the time and money to advance through the quality rating and improvement system. As a result, we would expect that programs that serve substantial numbers of subsidy children would earn a quality rating at higher rates than programs that serve fewer or no subsidy children. The next two analyses look at whether this was broadly the case — whether the growth of center-based quality-designated slots and affordable, quality-designated slots occurred within proximity of where subsidy children lived.

Quality Supply at the Community Level

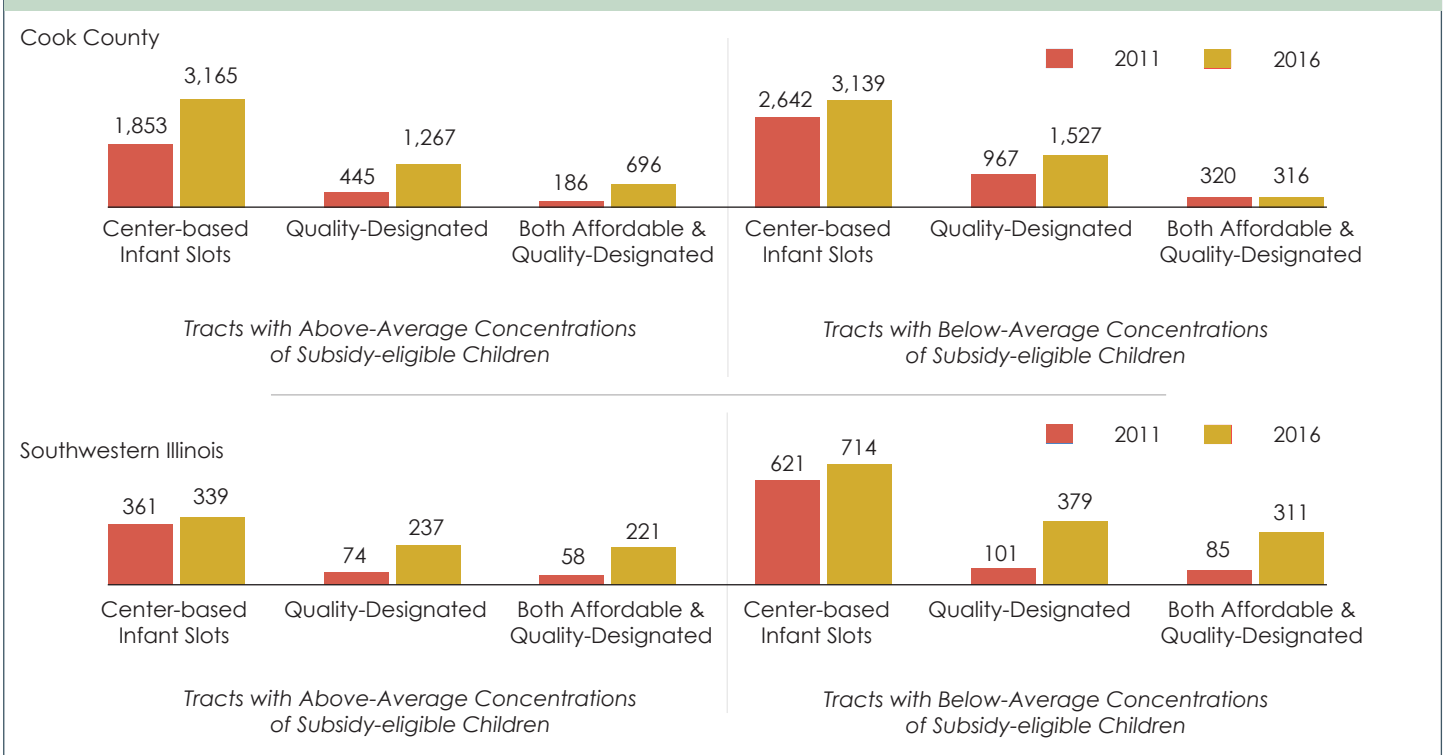
We report this analysis only for child care centers because, as our previous analysis shows, very little growth occurred within child care homes during this period. We divided the census tracts of each study site into those with concentrations of subsidy-eligible children that were above average for that study site and those with concentrations that were below average. The concentration of subsidy-eligible children in a tract is defined as the ratio of the number of subsidy-eligible children ages 0 to 5 to the number of all children ages 0 to 5 in the tract.⁸

Figure 2 compares the number of center-based infant slots, quality-designated infant slots and affordable quality-designated infant slots in Cook County communities with higher and lower concentrations of subsidy-eligible children. It shows that:

- Communities with higher concentrations of subsidy-eligible children gained center infant slots at a far higher rate than communities with lesser concentrations of subsidy-eligible children (71 to 19 percent), and their number of infant slots surpassed that of communities with lower concentrations.
- Quality-designated infant center slots in more concentrated communities outpaced those in less concentrated communities (185 to 58 percent), although they remained lower in total number. In both types of communities, quality-designated infant slots remained less than half of total infant slots in centers.
- Infant slots that were both quality-designated and affordable remained low, but grew substantially only in communities with higher concentrations of subsidy-eligible children.

The data suggest that the growth in Cook County of infant slots, quality-designated slots, and affordable quality-designated slots was largely policy-driven inasmuch as growth predominantly occurred in communities with higher concentrations of subsidy-eligible children.

Figure 2. Infant slots in licensed child care centers accepting subsidies, 2011 – 2016, in census tracts with above-average and below-average concentrations of subsidy-eligible children.



In Southwestern Illinois, the growth is similar to Cook County with two exceptions.

- Consistent with the slower overall trend in the Southwestern Illinois counties that we saw in Figure 1, total infant slots in subsidy-accepting centers grew in each type of community but not as sharply (11 percent and 15 percent).
- Both quality-designated and affordable, quality-designated slots grew substantially in communities with higher concentrations of subsidy-eligible children and, in fact at a somewhat faster rate than in Cook County. In contrast to Cook County,

however, Southwestern Illinois' affordable quality-designated slots grew even more in communities with lower concentrations of subsidy-eligible children.

Thus, while the slot data suggest that policy-driven slot growth occurred in Southwestern Illinois, the impact of those policies was not strong enough for us to assert that centers' responses in communities with higher concentrations of subsidy-eligible children were measurably different from centers' responses in communities with lower concentrations.⁹

Families' Proximity to Quality

The community-level analysis just presented does not account for the fact that many families might cross census tract borders to use quality-designated infant care, and in fact might live closer to such infant care in a neighboring tract than in their own tract. For this reason, we also analyzed access to care by the measure of the distance a family would need to

travel to the nearest subsidy-accepting infant care program, regardless of community borders. We can thus compare the distance between a family's home and the nearest quality-designated infant care with the distance between the home and the nearest infant care without quality designation.

⁹ No census tract was exactly at average in either study site. Data on children and subsidy-eligible children are from the American Community Survey 5-year estimates for 2011 and 2016. Estimates of subsidy-eligible children were derived from the number of 0 to 5-year-olds below 185 percent of the federal poverty level (the CCAP income threshold) and the percentage of children 0 to 5 with all parents in the household in the labor force. See "Has Access to Quality Child Care for Children under 6 Increased for Low-Income Families? The Illinois Record, 2011 – 2016" for details.

Measuring Distance

Distance from subsidy families to child care programs was calculated in the simplest way possible: the length of the straight line between the family and the provider address coordinates. This calculation does not take into account parents' commutes – their actual travel routes, modes of transportation or travel times—all important considerations when determining whether a program is accessible to families. The straight-line distance can, however, indicate whether on average subsidized programs have become more geographically accessible to subsidy families over the study period.

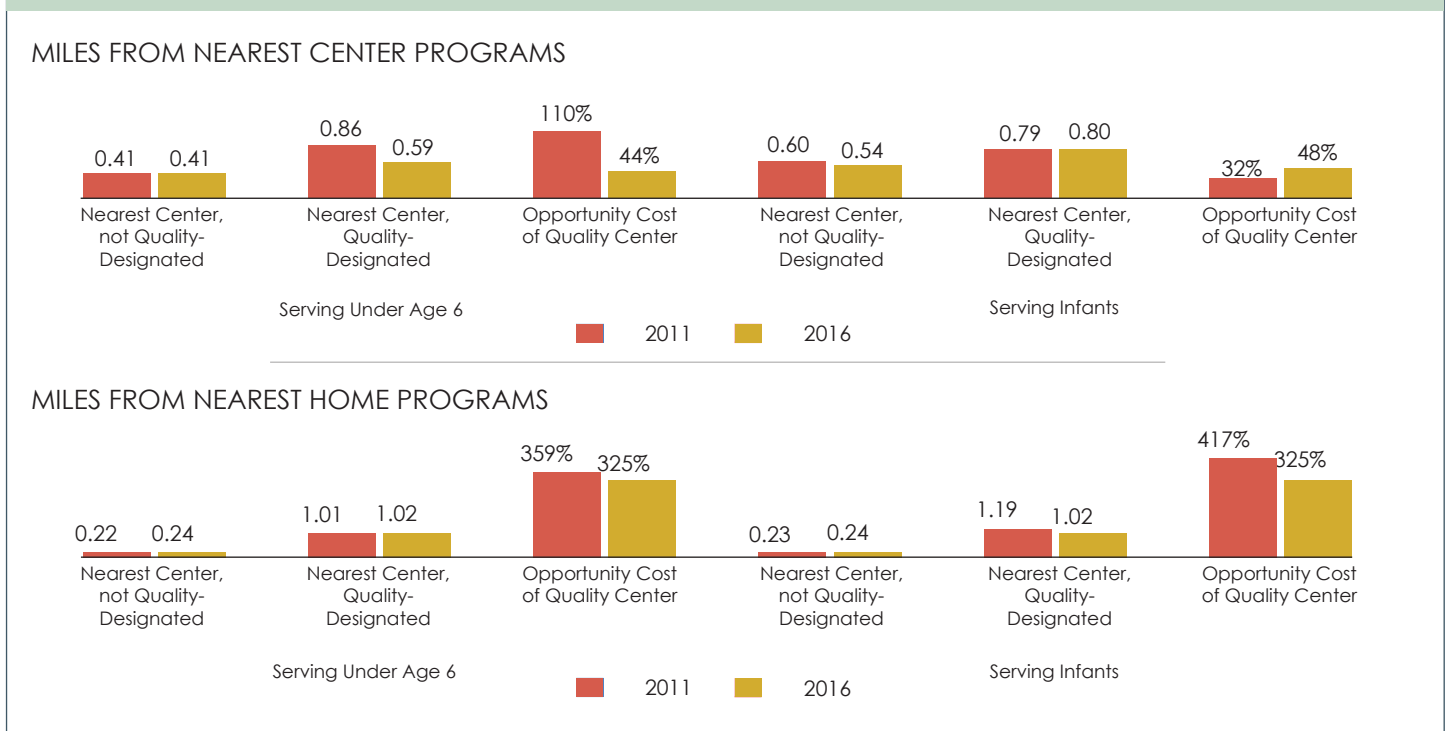
While we map data by census tract, the distance measurement does not stop at the census tract border, but includes child care in neighboring communities. Child care providers in Illinois counties bordering the study sites were included in distance calculations to account for the real child care options of families living near the study site borders. However, we did not account for the supply of care in Indiana and Missouri available to subsidy families in our study sites.

We used ESRI's ArcGIS Online World Geocode Service and ESRI ArcGIS to geocode and analyze family and child care provider addresses. The nearest distance calculation was then performed using the ArcGIS "Generate Near Table" tool.

For this analysis we geocoded the known addresses of subsidized families and the subsidy-accepting infant care programs, and measured the straight-line distances between them.¹⁰ We had permission to geocode the addresses of subsidized families in Cook County but did not obtain the addresses in Southwestern Illinois.

The first chart in Figure 3 shows the average distance in miles that Cook County families lived from the nearest center care in 2011 and 2016, first to centers serving children of any age under 6 (on the left), and then to centers serving infants (on the right). In each case, the average distance to the nearest quality-designated center was higher than the distance to the nearest center that was not quality-designated. This was the case in both 2011 and 2016.

Figure 3. Average Distance in Miles That Subsidized Cook County Families Live from the Nearest Program Serving Children of Any Age Under 6 & Nearest Program Serving Infants (37,507 families in 2011 & 30,053 in 2016)



⁹ It is possible that other forces such as market forces countered the positive role of policy in the higher-concentration communities. See "Has Access to Quality Child Care for Children under 6 Increased for Low-Income Families? The Illinois Record, 2011 – 2016" for a summary of the less favorable economic conditions in Southwestern Illinois than in Cook County from 2011 to 2016.

¹⁰ This analysis thus abstracts from important details of travel routes and ignores differences in modes of transportation the family must use. It also ignores whether the infant slots are already taken. In making comparisons across years and among programs, it assumes that each mile actually traveled for infant care is equally inconvenient to families.

From 2011 to 2016, distance to the nearest quality-designated infant center care (on the right) did not improve for the average subsidized family in Cook County, remaining at about 0.8 miles. In comparison, distance to the nearest quality-designated center care for children of any age under 6 fell sharply from 0.86 miles to 0.59 miles (31 percent). At the same time, the average proximity to infant care in centers without a quality-designation fell about 10 percent from 0.60 to 0.54 miles; this reflects some of the large gains in all infant slots in centers shown in Figure 1.

The second chart in Figure 3 shows the average distance in miles that families lived from the nearest quality-designated and non-quality-designated

Summary and Discussion:

Counting infant slots regionally and at the community level shows that subsidy-eligible parents in both study sites had access to a larger supply of quality-designated and affordable quality-designated infant care in child care centers. This was notably true in communities with higher concentrations of subsidy-eligible infants. In Cook County, the distance (or nearest-program) measure of accessibility, however, shows that quality-designated infant care did not move measurably closer to the home addresses of actual subsidized families. It is possible that if we had included affordability in the distance measure or had looked just at families with infants, we would have found decreasing distance to the nearest quality-designated centers with infant care.

Quality-designated slots for infant care in homes, which were too few to analyze at the community level, improved in the nearest-program analysis in Cook County, although they remained quite distant from the average subsidized family.

Comparing communities with higher concentrations of subsidy-eligible children to communities with lower concentrations, we find evidence that some of the 2011-2016 gains in affordable quality-designated center infant slots for subsidy-eligible families are attributable to Illinois' assertive policy to support the development of quality in infant care. Improvements in Cook County centers appear to be the best evidence for this policy-led growth even during the unfavorable policy and budget climate of 2011 through 2016. The impact of policy

licensed home in 2011 and 2016, first for homes serving children of any age under 6 (on the left), and then just for homes serving infants (on the right). The nearest child care home that is not quality-designated is on average just one-quarter mile from subsidized families. This reflects the fact that child care homes are more plentiful than centers and relatively evenly spread across Cook County. Quality-designated homes are another story: they are farther from subsidized families than even the nearest quality-designated center is in Figure 3. The only good news is that for infants this distance to the nearest quality-designated home fell during the study period by 14 percent, from 1.19 miles to 1.02 miles.

is more ambiguous in Southwestern Illinois where economic recovery was still slow. There most gains in center infant slots occurred in communities with lower concentrations of subsidy-eligible children. Nevertheless, in Southwestern Illinois, by 2016 the communities with the higher concentrations had a greater portion of slots that were quality-designated than did communities with lower concentrations of subsidy-eligible children.

In licensed child care homes there is less evidence that policy was effective in either study site. This is consistent with both a national decline in the number of licensed child care homes and with a two-year lag in promoting Illinois' quality initiative for child care homes.

Drawing further policy implications from the findings is perhaps not fully warranted. Nevertheless, the findings are suggestive. For supply side policies of increasing high-quality child care to be successful, the broader economic and policy environment may need to be stable enough to give child care programs confidence to invest in new and higher-quality capacity. However, where programs' financial conditions, state assistance and demand trends are unfavorable, as for child care homes in both study sites and centers in Southwestern Illinois, quality improvement initiatives may prove less effective. Child care policies might need not only to target specific capacity-building in programs but also to stabilize their underlying financial conditions and build confidence.

Appendix. An Alternative Analysis of Affordability

The first section of this report showed that from 2011 through 2016 the increase in infant slots in quality-designated programs open to subsidy-eligible parents was greater than the increase in affordable care for these parents. Here we investigate affordability using an alternative approach, focusing only on center programs, since homes did not show appreciable increases in affordable quality-designated slots. As before we define affordable infant care as care that the subsidy payment for infant care, including add-ons for a quality-rating, can entirely cover. We find that the two study sites have quite different affordability stories.

Figure A1 shows the average prices that quality-designated and non-quality-designated child care centers charged for providing full-time infant care in Cook County. It also shows the maximum subsidy payment for those types of infant care in centers. The affordability challenge is apparent in several respects.

- In each year and for each quality designation, the subsidy payment rate was less than the price that centers charged.
- Over the period, infant care prices rose more than subsidy payment rates for that care. For example, the average weekly price that quality-designated centers charged for infant care increased about \$20, while the subsidy payment rate increased only \$15.
- Compared to other consumer prices, infant care prices grew very rapidly in centers: average infant care prices increased 9.0% in non-quality-designated centers and 7.7% in quality-designated centers - above the general consumer inflation rate of 6.7%. Meanwhile subsidy payments to centers increased just 6.1%.

By these measures, then, infant care became less affordable for subsidy-eligible parents in Cook County, even as the number of affordable infant slots increased substantially.

Figure A1. Average Weekly Infant Rates of Cook County Centers by Quality Designation, with Respective Subsidy Payments, 2011 & 2016 (rounded).

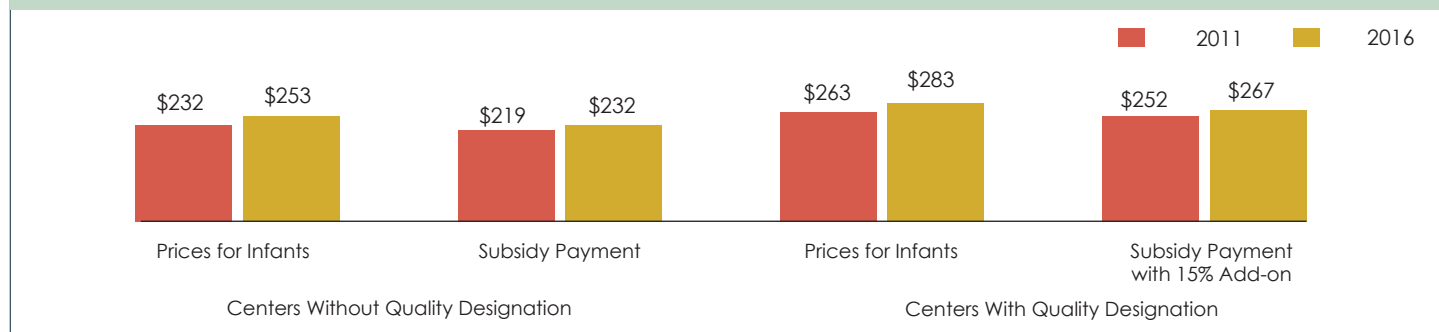


Figure A2 shows the average prices that quality-designated and non-quality-designated child care centers charged for providing full-time infant care in Southwestern Illinois Group 1B counties (St. Clair, Madison and Monroe).¹¹ Southwestern Illinois' picture of affordability is strikingly different from that of Cook County.

- In both years and for both quality designations, average subsidy payment rates were above the average price that centers charged. Quality-designated infant care in centers was on average affordable to subsidy-eligible parents.
- From 2011 to 2016 infant subsidy payment rates rose more than infant care prices, again

increasing the affordability of infant care under the subsidy.

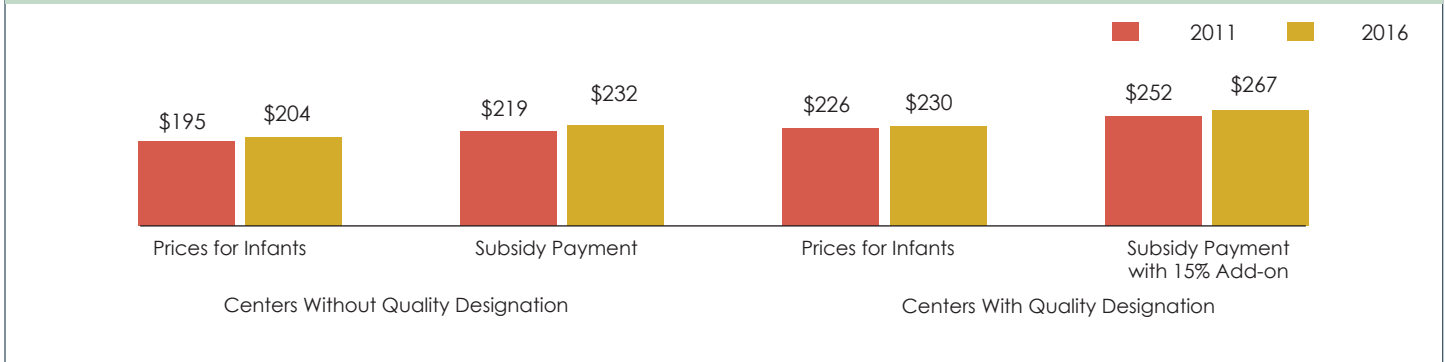
- Compared to the rising prices other goods and services (6.7 percent consumer inflation), the price increases for infant care for both quality designations were low: 4.5 percent in non-quality-designated centers and 1.8 percent in quality-designated centers.¹²

The fact that Southwestern Illinois centers could not raise the average price of infant care close to the maximum subsidy payment rate suggests that it was a poor economy with relatively low demand from nonsubsidized parents rather than a strong subsidy that kept infant care affordable.

¹¹This group accounts for 86 percent and 88 percent of the 100 Southwestern Illinois centers in 2011 and 2016 respectively. The remaining centers were located in the more rural, "Group 2" counties of Bond, Clinton, Randolph and Washington. Centers in Group 2 counties receive a lower subsidy payment rate and also charged lower infant rates.

¹²For centers in Group 2 counties, the average price charged for infant care was also lower than the maximum subsidy infant rate. For example, for quality-designated infant care, the weekly price rose from \$157 in 2011 to \$158 in 2016 while the subsidy rate rose from about \$182 to \$193.

Figure A2. Average Weekly Infant Rates in Southwestern Illinois Group 1B Centers by Quality Designation, with Respective Subsidy Payments, 2011 & 2016 (rounded).



The Quality Premium and the Cost of Quality

From Figures A1 and A2 it is possible to calculate a measure of the average additional cost of using quality-designated infant care in Cook County and Southwestern Illinois. Subtracting the average price of infant care in centers without a quality designation from that price in quality-designated centers, we get the average additional amount, or premium, that parents pay for quality in a region. Of course, those parents who have the subsidy do not pay this cost (unless the center requires the parent to make up the difference between the price they charge and the subsidy payment, an amount as much as \$21 per week in the averages of Figure A1).

Table A1 shows the quality premiums for infant care in child care centers in Cook County and Southwestern Illinois in 2011 and 2016. For comparison it also displays the quality premium for infant care in child care homes and for care for children ages three and four.

Table A1. The Quality Premium for Child Care in Cook County & Southwestern Illinois, 2011 & 2016 (The additional cost to families to use quality-designated care)

	in dollars per week		as percent of price of non-quality-rated care	
	2011	2016	2011	2016
Infants in Centers				
Cook County	\$30.90	\$30.42	13%	12%
Southwestern Illinois	\$31.70	\$32.58	17%	17%
Infants in Homes				
Cook County	\$10.83	\$2.06	7%	1%
Southwestern Illinois	\$11.70	\$4.26	9%	3%
Ages 3 & 4 in Centers				
Cook County	\$16.33	\$14.29	10%	8%
Southwestern Illinois	\$10.97	\$14.54	8%	10%
<i>Source: Authors' calculations from INCCRRA data</i>				

The quality premium for infant care in centers is large and persistent:

- It is generally at least twice as large as the other types of care (infant home care, center care for ages 3 and 4).
- Compared to changes in the quality premium for infants in homes and the quality premium for children ages 3 and 4, it remained steady from 2011 to 2016

The size of this quality premium shows how expensive it is and will continue to be for infant care programs to develop high-quality infant slots and for child policy to support them.¹³

¹³Some causes of the very large quality premium for infant care in quality-designated centers are the requirements of smaller group sizes in a classroom (eight infants in a Gold Circle program instead of twelve for lower-rated programs makes the rent-per-infant of a room 50 percent higher) and stronger teacher credentials for a Gold Circle and accreditations such as the National Association for the Education of Young Children.



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