

TO: DCF PDG Team

RE: Analysis of Child Care Capacity in WI 2005-2019. FIRST DRAFT

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Changes in Regulated Child Care Capacity in Wisconsin 2005-2019

Understanding changes in regulated child care capacity has important implications for efforts to support families' access to early care and education care. Using Wisconsin (WI) licensing data, we show how regulated child care capacity has changed between 2005 and 2019 in settings offering care to children under 5 years old¹. We describe these changes overall, and we also show changes by the type of care: licensed group, licensed family, and certified family². We also describe these changes for counties with different geography, high child poverty rates, and higher proportions of non-white residents. These are all populations of interest to Department of Children and Families (DCF).

In measuring the provision of care, we focus on the number of licensed child care slots in programs that serve children under age 5. **We find that overall licensed child care capacity has remained fairly stable over the period examined.** However, when examining capacity by type of regulated care, **we find that capacity in licensed group settings has been increasing while capacity in licensed family settings has decreased substantially.** These trends were offsetting, leading to little overall change in the number of slots.

This general pattern of decreases in family care and increases in center based care is found across counties that differ on key demographics, including child poverty and the percent of the population that identifies as specific racial and ethnic categories. One exception to this general pattern of minimal overall change was that the most rural counties experienced a larger percent decline in licensed care (19%) than other counties.

These differences in trends in capacity for the differing care settings might have important implications for families. In particular, family care is typically both somewhat more affordable and more flexible, and often preferred by parents of infants and toddlers. As such, families often seek of family care for when they need flexible care, especially non-standard care and for those seeking care for infants and toddlers.

Overall Trends in Statewide Licensed Capacity of Child Care for Children Under Age 5

Overall, child care capacity between 2005 and 2019 has remained largely stable as measured by the total number of slots for children under age 5 in licensed settings as shown in Figure 1 and in Table 1. In

¹ See the methods section for a detailed description of how these settings are defined.

² We present the results for certified capacity separately for the period 2015-2019 due to data reliability issues with the earlier years.

2005, WI had 155,482 slots in licensed settings serving children under 5 years old, and this decreased slightly to 153,014 slots in 2019. This is a decrease of 2,468 slots, which amounts to a decrease of 1.6%.

While the overall capacity has remained relatively similar over time, the number of licensed child slots in licensed group settings has increased by nearly 13,000 slots, a 10% increase. In contrast, licensed family capacity has decreased by over 15,000 slots, a decline of 51% of slots in licensed family capacity. Because we expect that these statewide patterns might differ by county characteristics, we next examine licensed capacity by county urbanicity, poverty rate, and racial/ethnic composition.

Trends in Statewide Licensed Capacity of Child Care for Children Under Age 5 in Urban and Rural Counties

In the most urban counties³, overall licensed capacity has been fairly stable, with a slight increase of 281 slots (.3%; Figures 2a and 2b). Similar to the overall WI pattern, these changes are different by type of child care. Licensed group capacity has increased by 10,312 slots, while licensed family capacity has decreased by 10,031 slots.

Although child care capacity appears fairly stable in rural counties (Figures 3a and 3b), these counties have a much smaller number of slots overall than urban counties. Licensed child care capacity has decreased by 1,992 slots in the most rural counties (19%), from 10,332 slots in 2005 to 8,330 slots in 2019 (see Table 1). Licensed group capacity has decreased by 555 slots, and licensed family capacity has decreased by 1,438 slots. There has been a slight increase in certified family capacity (33%). Overall, in the most rural counties, child capacity has fallen, and much of the decrease is in licensed family settings. Unlike the most urban counties, this decrease in family capacity is not offset by increasing licensed group capacity, which has had a small decline.

Trends in Statewide Licensed Capacity of Child Care for Children Under Age 5 in High Child Poverty Rate Counties

In counties with relatively high child poverty rates, overall licensed capacity has decreased somewhat from 52,479 in 2005 to 48,421 in 2019 (8%; Figures 4a and 4b). Licensed group capacity has increased by 3,302 slots, while licensed family has decreased by 7,360 slots. Similar to the overall state patterns much of the decline in capacity is driven by declines in licensed family slots which was not completely offset by the gains in licensed group capacity in these high poverty counties.

Trends in Statewide Licensed Capacity of Child Care for Children Under Age 5 Counties with Higher Proportions of Residents of Color

Figures 5a through 9c display changes in licensed child care capacity in counties by the racial and ethnic composition of residents. We show figures for counties with a high proportion of each of the following: Black residents, Hispanic residents, Asian residents, and Native American residents as well as non-white residents (the combination of these racial and ethnic categories).

³ See the methods section for a description of how urban is defined.

Overall, child care capacity has been fairly steady over this period in counties with a relatively high proportion of non-white residents (Figures 5a and 5b). Licensed group capacity has increased by 8,512 slots (shown in Table 1), and licensed family capacity has decreased by 8,537 slots; thus resulting in very little change in licensed capacity in these counties.

In counties with a relatively high proportion of Black residents regulated child care capacity has declined slightly from 51,232 slots in 2005 to 48,298 slots in 2019 (6%; Figures 6a and 6b). Similar to the pattern in other counties described above, these counties have had an increase in licensed group capacity of nearly 4,000 slots and a corresponding decrease in licensed family capacity of almost 7,000 slots.

Looking at figures for counties with a relatively high proportion of Hispanic residents (Figures 7a and 7b), there is a decrease in licensed child care capacity, 2,381 slots (4%), and this is driven by an increase in licensed group capacity of nearly 5,000 slots and a decline in licensed family capacity of over 7,000 slots.

In counties with relatively high proportions of Asian residents compared licensed child care capacity has increased by 1,636 slots (2%; Figures 8a and 8b). This increase is due to increasing capacity in licensed group settings, 10,637 slots. As shown in many of the other figures, these counties showed a decline in capacity in terms of licensed family slots, 9,001 slots in these counties.

Figures 9a, 9b, and 9c show changes in regulated child care capacity in counties with a high proportion of Native American residents compared with other counties. We include Figure 9c because the number of child care slots in these counties is quite small and hard to see trends on the first two figures. Figure 9c shows the capacity for those counties with high proportions of Native American residents and excludes the comparison to all other counties. These counties with a relatively high proportion of Native American residents had an overall decrease in licensed capacity of 429 slots (23%). Unlike many of the other county groups described above, these counties had decreases in both licensed group and licensed family capacity between 2005 and 2019.

Overall Trends in Statewide Certified Capacity of Child Care for Children Under Age 5

Table 1 includes the change in the capacity in certified child care from 2015 to 2019. Due to data system changes, this is the period which reliably captures certified capacity. As shown in Table 1, between 2015 and 2019, certified capacity has decreased by over 4,000 slots statewide, a drop of 48%. Across all county groups, certified capacity has decreased. In the most rural counties, this decrease is over 75% of the certified slots.

Trends in Statewide Licensed Capacity of Child Care for Children Under Age 5 by WI Licensing Regions

Three of the five licensing regions, Northeastern, Northern, and Southeastern, have experienced overall decreases in capacity while two regions, Western and Southern, have seen increases (Table 2). In the Northeastern region, licensed capacity has decreased by nearly 3,000 slots (9%) with decreases in both licensed group and family capacity. The Northern region has had a similar decrease in licensed capacity of 11%, 1,149 slots, including a small increase in group capacity (261 slots) and a decrease in licensed family slots. The Southeastern region had a smaller overall decrease in licensed capacity of 2%, or 1,238 slots. In this region, the number of licensed group slots increased by 6,250 while the licensed family slots

decreased by 7,488 slots. In the Western region, overall licensed capacity increased by 967 slots (6%) with an increase in licensed group capacity and a decrease in family capacity. The Southern region had a similar increase overall of 6%, 1,879 slots, including 4649 licensed group slots, and a loss of 2770 licensed family slots.

Trends in Statewide Licensed Capacity of Child Care and Number of Providers for Children Under Age 5

While overall trends are meaningful, they combine counties and do not provide a glimpse into how different the experiences may be across counties. Table 3 displays the counties with the five largest increases and decreases in licensed capacity by type of child care. Because percentages are relative to the base rates, all of the counties with big changes, positive or negative, are those in which there are relatively low capacity, with the exception of St. Croix County. For overall capacity, Burnett County leads with the greatest gains, an increase of 162 slots, amounting to a 68.7% increase. In contrast, Richland County fared the worst with a decrease of 188 slots, a decrease of 69.1%

Figures 10a and 10b display the percent change in capacity by the percent change in providers by licensed center and family separately for each of the 72 counties. Counties in the top right quadrant have had an increase in capacity and an increase in the number of providers. Only three counties have had an increase in family providers and family capacity (Table 10a). The other 69 counties have all experienced decreases in the number of family providers and the capacity in licensed family providers. Many more counties have experienced both an increase in the number of licensed center providers and an increase in licensed center capacity (Table 10b). Interestingly, some counties have also experienced increases in capacity with steady or decreasing numbers of providers (bottom right quadrant), and at least one other county (Jackson) has experienced an increase in the number of licensed center providers but no corresponding increase in capacity (top left quadrant).

Trends in Statewide Openings and Closings of Licensed Child Care Providers for Children Under Age 5

Overall child care capacity can change when more programs close than open. This can result from either from increases in program closures or decreases in program openings (or a combination of both). Figures 11a and 11b display the number of licensed child care providers that opened and closed in each year from 2005 to 2019. Starting in 2008 and persisting through 2017, there was a decline in the number of licensed family providers that opened and closed (Figure 11a). However, from 2005 to 2019, in most years, the number of licensed family providers that closed was much larger than the number of openings. The discrepancy in the number of programs that closed and opened was especially large from 2010-2012. For licensed group providers, over the years there was a much more modest decline in openings and closings (Figure 11b). In addition, in most years the number of providers that opened was similar to the number of providers that closed.

Methods

Child Care Data For this analysis, we used data from DCF to capture regulated child care capacity and annual county level demographic data from the U.S. Census.

Using child care capacity listed for each regulated child care provider in WISCCRS, the child care regulatory database, we calculated the average annual child care capacity by county. To do this, we identified child care providers who served children under 5, removing any providers who only served children 5 and older. Using start and end dates for approved licenses and certification, we determined whether a provider in the database offered care within each month of each year from January 2005 to December 2019. If they provided child care services within the month, we included them in a sum of all providers' monthly capacities by county. To identify annual child care capacities for each county, we averaged the monthly capacities within each year from 2005 to 2019.

Our inability to fully describe the unique contributions of Tribal child care to the overall child care capacity in Wisconsin is a limitation of this analysis. Because of the differing approaches to licensing and certification for Tribal child care, we were not able to analyze trends in regulated child care capacity specific to First Nations in Wisconsin. In addition, as sovereign nations, First Nations may also have a separate regulation system which the dataset used would not include. To retain the capacity that Tribal child care providers offer via state-involved regulated child care, we used municipality and zip code information to match child care providers certified by Tribes with the most geographically fitting county.

County Characteristics Data We matched county-level demographic data to these child care capacity data. We used data from the 2010 U.S. Census to indicate the extent to which a county is rural or urban. If a county was 70% or more rural in 2010, we identified it as rural. If a county was 25% or less rural, then we identified it as urban. We took the remaining demographic data from the U.S. Census Bureau annual measures. This included every year from 2005 through 2018, the latest year available. We calculated an average child poverty rate for each county across the years 2005 to 2018. If a county had an average child poverty rate of 20% or more, then we identified it as a county with a high level of child poverty. We calculated each county's average proportion of residents who identify as Black alone, Asian alone, Native American alone, Native Hawaiian or Pacific Islander alone, two or more races. These data were mutually exclusive, and we were then able to calculate the average who identified as Black, Indigenous or a Person of Color. Additionally, we calculated the average proportion of residents in each county that identified as Hispanic. This category was not mutually exclusive to the categories above.

We created an indicator to identify counties with the highest proportion of residents (10% or more) who identified as Black, Indigenous or a Person of Color. We created separate indicators to identify counties that had the highest proportions of residents (10% or more) who identified as Black, Hispanic and Native American residents. We created an indicator to identify counties that had the highest proportions of residents (3% or more) who identified as Asian.

Analysis We reviewed the trends in total child care capacity in the state, as well as trends in capacity by regulated provider type, including licensed group child care, licensed family child care and certified family child care. Then, using the indicator variables related to the urban and rural nature of counties, the child poverty rates of counties and the proportion of residents identifying with different racial groups, we analyzed how the trends in overall capacity and by provider type varied with these county characteristics. For licensed child care, we calculated the percent change in capacity (licensed group, licensed family and all licensed) for the counties with these characteristics from the year 2005 to 2019. We ran statistical tests to see whether the trends of the change in child care capacity between 2005 and

2019 are significantly different between the subcategories of counties. For certified child care and in looking at all types of child care combined, we restricted this same analysis to the years 2015 to 2019 due to data system changes specific to certification.