

TO: DCF PDG Team

RE: Analysis of WI Shares receipt 2008-2018

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Changes in Wisconsin Shares Receipt from 2008-2018

Understanding changes in Wisconsin (WI) Shares receipt has important implications for efforts to support families' access to early care and education. The Shares program provides subsidies for working low-income families in order to increase their access to quality child care and support their labor market efforts. Using DCF's administrative Shares data, we show how receipt of the Shares subsidy changed between 2008 and 2018 for children 5 years of age and younger. We describe these changes overall, and we also show changes by child age and by type of child care. We also describe these changes for counties with different geographic characteristics and racial/ethnic composition of residents. These are all populations of interest to the WI Department of Children and Families (DCF). In subsequent work, under the auspices of the OPRE Child Care Policy Partnership grant, we will be looking into explanations for the joint decline of Shares receipt and child care providers (described in a separate PDG memo that documents trends in the number of providers and child care capacity in WI).

We find that overall Shares receipt for children 5 years and under declined between 2008 and 2018. Although Shares receipt has declined across all child age groups, types of child care, and geographic regions, we find the largest percentage declines among children under 2 years old, those using certified care, and those residing in rural counties. Counties in the Northern region of the state and those with a high proportion of Native American residents experienced the largest percentage declines. The declines in Shares receipt are significant and large, and thus it is very unlikely that they could be explained by changes in poverty rates or family income, child care capacity, or demographic changes in the state.

These declines in Shares receipt might have important implications for families. In particular, Shares helps families purchase care often allowing them to choose higher quality options. As such, families who are eligible but not using Shares might be unable to find affordable child care or using lower quality child care.

Overall Trends in WI Shares Receipt for Children 5 years of age and younger

Overall, the number of children receiving Shares declined by 35.4% between 2008 and 2018 (Table 1). In 2008, 51,686 children age 5 and under received Shares. In 2018, only 33,393 children of the same ages received Shares. Although Shares receipt grew from 2008 and 2009, it declined steadily from 2011 through 2018 (see Figure 1).

Trends in WI Shares Receipt for Infants and Toddlers and Preschoolers

Across all years, a greater number of preschoolers than infants and toddlers received a Shares subsidy (e.g., in 2018, 9,899 children under age 2 and 27,025 children age 2-5 years). The receipt of Shares declined for both infants and toddlers and preschool-aged children from 2008 to 2018 (see Table 1). Yet,

infants and toddlers saw a significantly larger percentage decline in Shares receipt compared with preschoolers (55.8% decline vs. 24.0%).

With respect to trends over time, for infants and toddlers, Shares receipt steadily declined from 2008 to 2018 (see Figure 2). However, for preschoolers, Shares receipt initially increased from 2008 to 2011, and thereafter declined.

Trends in WI Shares Receipt for Children in Licensed Group, Licensed Family and Certified Care

The number of children receiving Shares decreased from 2008 to 2018 across all types of care: licensed group, licensed family and certified child care (Figure 3 and Table 1). In 2008, 38,239 children receiving Shares were in licensed group care. This number rose until approximately 2011 before declining to 29,124 children in 2018. This amounts to 9,115 fewer children in licensed group care receiving Shares, or a 23.8% decline. Even steeper declines of Shares receipt were found among children in licensed family child care (-63.2%, from 11,817 to 4,349) and certified care (-69.8%, from 6,888 to 1,558). In general, Shares receipt for children in licensed family child care and certified care steadily decreased from 2008 to 2018, though Shares receipt for children in family child care experienced a brief uptick from 2008 to 2009.

The number of children receiving Shares decreased across all three types of child care programs from 2008 to 2018, regardless of child age, but the decline was larger for infants and toddlers (Figures 4a and 4b and Table 1). Among infants and toddlers under age 2 years, the receipt of WI Shares decreased for those in certified care (2,666 or -83.4%) more than for those in licensed family child care (3,933 or -72.3%) or in licensed group care (7,331 or -46.4%).

Over the same time period, the number of preschoolers in group child care declined by a much smaller amount (2,980 or -11.2%) than the number of preschoolers in licensed family (4,410 or -57.7%) or in certified care (4,383 or -74%).

Trends in WI Shares Receipt for Children in Counties with Higher Proportions of Residents of Color

Because of changes in the amount of missing data for children's race in the Shares data, we do not look at children's individual racial or ethnic background, but rather consider the racial composition of counties of residence.

Shares receipt has declined in counties with higher proportions of residents of color (-27.0%; see Table 2). In counties with a higher proportion of Black residents, a higher proportion of Hispanic residents, and Asian residents there was between a 21% to 28% decline in receipt. But, by far, the largest decline in Shares receipt (-70%) was in counties with higher proportions of Native American residents. However, the total number of children receiving Shares in these counties was much smaller, 723 children in 2008 and 214 children in 2018. In addition, it is important to note that tribes may also be directly providing child care assistance through their own Child Care Development Fund (CCDF) allocations or other resources. Children receiving this assistance only are not included here.

Trends in WI Shares Receipt by Geographic Location

Shares receipt declined in all five DCF regions, but the extent of the decline varied substantially across regions (Figure 5 and Table 2). The regions with the smallest population of Shares recipients saw the

greatest proportional declines. Children residing in the Northern region experienced the largest percent decrease (-63.3%) and the Western region followed with a 52.9% decline. The Southern and Northeastern regions followed very similar patterns, with a 48.4% and 45.2% decline in Shares use, respectively. Lastly, the Southeastern region, which includes Milwaukee and nearly half of all Shares recipients, experienced the least amount of decline in Shares receipt (-22.6%).

While both rural and urban areas of the state experienced declines in Shares use, the pattern over time and degree of change differed. In the state's most rural counties, the number of children receiving Shares declined steadily from 2008 to 2018 (see Figure 6), a total decline over this time period of 64.2% (Table 2). In the most urban parts of the state, Shares receipt increased in 2009, plateaued and then began its decline from 2012 through 2018 (Figure 7 and Table 2), for a total decline of 28.4%. Looking specifically at Milwaukee County, the decline was more modest (-20.9%, Figure 8 and Table 2).

Trends in Total Expenditures for WI Shares Payments

As expected, the total expenditures paid out by DCF for child care subsidies follows the general trends of Shares receipt (Figure 9 and Table 1). From 2008 to 2009 there was a slight increase in expenditures, which corresponds to increases in Shares receipt among some subgroups of children. Then, expenditures decreased through 2014 at which point expenditures increased again through 2016. This aligns with the end of the freeze on reimbursement rates and the modest increases provided in payment rates. Then, expenditures began to decline again. Converted into 2018 dollars to account for inflation, and rounded, expenditures totaled \$189,790,000 in 2008 and decreased to \$157,843,000 in 2018 (-16.8%), a difference of -\$31,947,000.

Methods

For this analysis, we used child specific Shares data from the WI Department of Children and Families (DCF) merged with annual county level demographic data from the U.S. Census. We narrowed the focus of our analysis to children under the age of 6 when they received Shares. We used birth dates and dates of Shares receipt to make this determination. Considering each individual child, we defined the receipt of Shares as having had two consecutive months of Shares payments to a child care provider on their behalf in a given year. We excluded children who received Shares for only one month during a year. We counted the number of children receiving Shares in each year from 2008 to 2018 and aggregated the monthly Shares expenditures made to child care programs. If children received Shares through multiple child care arrangements within a given month, we counted the child once, and summed the total expenditure amount to reflect the multiple programs.

We also examined trends among infants and toddlers in comparison to preschoolers. In alignment with DCF Licensing Rules, we defined infants and toddlers as under the age of 2 and preschoolers as 2 to 5 years of age. If a child turned 2 years of age within a year of receiving Shares, we counted them in both age groups for that given year. We also reviewed trends in Shares receipt based upon the type of child care attended by the child. We focused upon licensed group, licensed family and certified child care. We then compared these trends in type of program to examine how they varied for infant and toddlers versus preschoolers.

Due to increasing rates of missing Shares data regarding child race and ethnicity over time, we could not analyze how trends in Shares receipt vary for children based upon race and ethnicity. Alternatively, we used county-level U.S. Census data to consider trends in counties with higher proportions of residents of color. 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 from 2005 to 2018. These data were mutually exclusive, and we were then able to calculate the average proportion of residents 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 then created indicators to identify counties with the highest proportion of residents (10% or more) who identified as Black, Indigenous or a Person of Color, as well as counties with the highest proportions of residents who identified as Black alone, Hispanic and Native American alone. We created an indicator to identify counties that had the highest proportions of residents (3% or more) who identified as Asian alone. We compared how these trends varied for infants and toddlers versus preschoolers.

We also considered trends across geographic differences, which included DCF Licensing Regions, the most urban and most rural areas in Wisconsin and Milwaukee County. Based upon 2010 U.S. Census data, we defined urban areas as counties that were 25% or less rural and rural areas as counties that were 70% or more rural. We reviewed Milwaukee County individually due to the large proportion of children receiving Shares that reside within the county.

To determine whether the change in trends occurring from 2008 to 2018 were significantly different among the subgroups described above, we ran regression models. We regressed the number of children receiving Shares on the year, the specified categories within a subgroup and the interaction between year and category. The interactions with statistically significant differences by category indicate that the differences in trends among the subgroup categories are significant.