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Why Family Child Care is Declining

The 2012 4-C Study of Family Child Care Closures

By George Hagenauer, Data Coordinator and Connie Lent M.A. dissertator, UW Madison

SUMMARY:

The past decade has seen a decline in the number of family child care homes across the state. The decline began before the recession and increased after it. Since 1996 family child care in Dane county has decreased by 360 homes, an almost 50% drop in the average number of providers open during a period when births increased. This decline has been occurring across the state In 2012 the City of Madison funded a small study of 141 family child care homes that closed the prior 12 months in 4-C's eight county service region. The 4-C Madison service area is a good place to do such an analysis due to its mix of large urban areas, small municipalities and rural areas. In addition to surveying 80 of the 141 homes, the study also analyzed NACRRAware data for the closed homes and a small survey of parents as to how they chose family child care.

Findings:

1) 46 or over a third were found to have disconnected phones and emails, or dead addre**sses,** suggesting the core problem with the stability of these family child care homes may relate to the low incomes of the providers. 43% of these programs were also open 2 years or less and had less training than the providers that were reached and interviewed.

2) Two-thirds of all provisional family child care homes in existence closed in the sample studied. In contrast 17-18% of the certified and licensed providers closed. 19% of the counties in the state have no provisional care. This suggests that the provisional category of child care may not be economically viable.

3) New family child care homes are especially at risk and require different support strategies than homes that have been open 3 years or more.

4) Closed programs had fewer emails listed suggesting less use of the internet for recruitment of children and other purposes.

5) With the exception of programs that closed for reasons of health, retirement, career change or moving, most programs listed multiple factors that caused them to close. Key issues indicated by the survey are:low enrollment; did not want to participate in YoungStar; had children in care but not earning enough money; reduced hours due to changes in regulations; problems with Wisconsin Shares or changes to that system; and no longer needed to be home to care for my own children. The comments section indicated that paperwork and bureaucracy especially related to the Wisconsin Shares system were also major issues.

6) Many especially newer providers had too passive an approach to finding families needing their services.

7) Overall the major factor related to programs closing seemed to be economic- providers simply were not making a stable living from providing child care,

Major Recommendations:

1) Considerations need to be made about changing the process for starting family child care, including reviewing what is covered in the initial training.

2) State reimbursement rates need to reflect real market costs to maintain a viable base of providers.

3) An assessment needs to be made to determine whether provisional family child care is viable and should continue as a permanent option within the regulatory system.

4) To make it easier and encourage providers to use Wisconsin Shares, a review of related procedures and systems is needed with the aim to improve tracking of renewals, reduce paperwork, and allow providers to get paid on time.

5) A review of recent rule changes affecting family child care especially those that cost providers a lot like the car safety alarms is needed

6) There is a need to develop additional training and support to help family childcare homes compete for children. Specifically there is a need to support quality rating and advertising of family child care for its unique characteristics rather than for the qualities most often associated with center-based child care. For example, many family child care providers support low-income families who require flexible child care options because they work non-standard hours, such as evening and weekend care, split, or rotating shifts yet the Wisconsin Shares system is not designed for this need. Within this context, daily activities and curriculums are somewhat different and this needs to be acknowledged and supported as an important option, and marketed to parents in terms of how children benefit, and what children learn in this type of setting.

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An Analysis of Provider data and Input from Closed Providers

The 2012 4-C Study of Family Child Care Closures

By George Hagenauer, Data Coordinator and Connie Lent M.A. dissertator, UW Madison

Introduction:

Regulated family child care homes play a key role in providing safe quality child care especially in rural Wisconsin. They provide unique services and address needs that often cannot be met by cgroup centers. Regulated Family Child Care exists everywhere in the state except Florence County.

Family child care is ~~also~~ a very difficult job to do. Providers operate from their homes doing the job of caregiver, early childhood teacher, and self employed business person. Most work without any paid staff support and often without any support from family or friends. They spend normally about 10-12 hours a day, 5 days a week caring for children and then additional hours preparing meals, cleaning, doing needed paperwork, attending professional development trainings, and on business practices, such as budgeting, fee collections and recording and contract preparation. For 31%, their sole income comes from the family child care business. If enrollment dips suddenly their families can go into crisis. In 2012, 25% of the providers in Dane county had no health care with another 15% on either Medicaid or Medicare. Many of the providers lacking health care are also households where family child care is the sole income since most providers with health care obtain it through their spouses.

In Dane County 25% of the providers have BA degrees or higher and another 19% have 2 year Associate Degrees. The rest have only high school diplomas. Degreed family child care providers are far scarcer in the counties surrounding Dane. As a result a lot of the providers begin running their businesses with either 20 or 40 hours of training to master early childhood education, safety and health rules and running a small business. They need to not only conform to all of the tax and reporting rules common to any self-employed individual but also to the various rules related to their level of regulation.

These rules are different for the three classes of family child care: provisional, certified and licensed. In Wisconsin individuals are required to be regulated if they care for children whose care is paid for by the Wisconsin Shares Child care subsidy program; or if they care for 4 or more children under age 7. The following are the various levels of regulation of family child care. All types of homes are inspected and are required to have regular criminal background record checks. They are also required to take Shaken Baby Syndrome (SBS) training and Sudden Infant Death (SIDS) training (totaling a three hour course). They are usually charged a biyearly fee for being regulated. Counties regulate provisionally and fully certified providers; the state oversees licensed providers.

Provisionally Certified Family Child Care providers may care for 3 or fewer children under age 7 in addition to their own. There may be no more than 6 children in the group at one time. No education or training is required beyond the 3 hour SBS and SIDS workshop. 19% (14) of the state's counties have no provisionally regulated providers.

Certified Family Child Care providers care for 3 or fewer children under age 7 in addition to their own. They must have 20 hours of Early Childhood training. Dane County requires an additional 5 hours of continuing education annually. No more than 6 children may be in the group at one time. Counties are responsible for certifying providers.

Licensed Family Child Care providers may care for 4 or more children under age 7. No more than 8 children may be in care at one time, including the providers' children under age 7 and any additional children above age 7. Licensed providers must have 40 hours of Early Childhood training and complete 15 additional training hours annually.

Most of these providers have very low incomes- though for some, like many self-employed individuals there are some tax benefits. As a result they are very fragile. Changes in the Child and Adult Food Program in the late 1990's closed hundreds of providers across south central and southwestern Wisconsin in spite of the fact that the amount of money often lost was only $1000-2000. For many providers that was <u>10% or more</u> of their post tax income.

In spite of these challenges, regulated family child care plays an essential role in parents' options for care. Family child care provides flexibility in the market enabling the growth of local child care when demand is not great enough to sustain a larger center. Family child care programs often are the only programs with the ability to address non-traditional work schedules – almost all of the weekend and evening care is provided by family child care. Many parents want a home environment for their children which is mainly offered by family child care. It has also provided options for specific types of care ranging from culturally appropriate care for specific ethnic and religious groups to various non-traditional approaches to early childhood education like those based on the Waldorf method. While unregulated, often untrained child care offered outside of the extended family does exist, and it can be of lower quality,

The past decade has seen a decline in the number of family child care homes across the state. The decline began <u>before</u> the recession and increased after it. While the later years were partially due to the overall drop in families needing child care as more parents became unemployed, the reason for family child care homes closing seems to extend beyond the effects of the recession. Since 1996 family child care in Dane county has decreased by 360 homes an almost 50% drop in the average number of providers open during a period when births increased. Similar declines have happened all over the state.

In 2011, 141 family child care programs closed in 4-C's 8 county service region (not counting homes closed by regulators- though as part of this study it was discovered 4 of the 141 had indeed been revoked or denied renewal) - which amounted to about 23% of all the regulated family child care homes in the region. This was the 4th year of decline in family child care. Of the 141 homes about half were in Dane county and half in the other 7 counties with each county losing between 14% and 42% of their family child care in 2011. Closure rates were higher than their market share in the 7 counties outside Dane. Only 1 fully accredited home closed in 2011 showing a survival rate for providers in high quality accredited child care systems higher than the rest of the field, probably due to the extra support received from local FCC systems.

This is a major change in the child care market. While there many hypothesizes of why family child care is in decline, there has been no detailed study done of the phenomena or even whether family child cares are closing or just becoming unregulated. If we are to develop strategies to maintain family child care as an option for parents, we need to better understand why they are closing. The 4-C Madison service area was a good place to do such an analysis due to its mix of urban areas, small municipalities and rural areas.

The City of Madison funded the research related to the closed programs in Dane County. They allowed the surveying of homes outside of the city of Madison and outside Dane county out of concern that there may not be a statistically viable number of programs who would respond from within the city. As the data will show, this proved prescient.

4-C hired Connie Lent a former accredited family child care provider currently working on a Phd in Curriculum and Instruction, Early Childhood Education, at the University of Wisconsin, Madison, to assist with the development of the survey and to call and interview the former family child care providers.

Surveys were collected online using Qualtrics, an online survey tool at the UW Madison, and were also mailed to providers. Providers who responded to neither were then called and interviewed over the phone. Wanda Rodriguez, a bilingual 4-C staff person called the providers who spoke Spanish.

Study Findings:

Preliminary Study Using NACCRRAware Data:

NACCRRAware is the referral program used by 4-C to refer parents to child care. It is available by phone during normal work hours or as a web application at 4-C's website www.4-C.org. With reductions in funding for referrals over the past few years about half of all referrals are now done on line.

In preparation for the study, 4-C did an analysis of a slightly different sample of closed family child care providers – 156 homes that included some before the sample period. What was discovered was:

About a third of the programs lacked critical data on NACCRRAware: 11% had no data except their basic regulatory data. 22% had only the minimal data submitted when they were first listed – they never updated their files with additional information about their program. In the case of more recent programs they often closed before a survey was sent to them and in some cases before their initial call by 4-C. This includes about a third of the programs that listed no children in care. The lack of additional program data also means that the closed programs were far less likely to get any benefits from the referral program due to the fact that they lacked additional descriptive information about their programs. This is especially important given that family child care often is already at a disadvantage with group centers in terms of public understanding about the types of programs offered.

Here is a comparison between a family child care program having only basic data and a standard group center listing that has added a lot more information to their listing.

Comparisons of a Minimal Family Child Care listing with a Group Center listing::

First is a basic Family Child Care listing containing only what 4-C gets from the regulatory agency with no additions by the provider.

Basic family child care listing using only regulatory data (note fake name and address):

Client Name : Sample Client **Referrals Made On :**All Referrals

ID: 2229 **NAME:** Julie Saith **Business Name:** Aunt Julies FCC
Address: 327 E Milwaukee St **Unit#**
City: Footville **State:** WI **Zip:** 53546

Primary Phone	**Secondary Phone**	**Website**
608-***-****		

Ages Served	**Total Licensed Capacity**
1 month 2 weeks ~ 12 years	8

License Type Licensed Family Child Care

Day Shift

Days						
	Days Open:	Monday	Tuesday	Wednesday	Thursday	Friday
	Time Open:	5:00 AM	5:00 AM	5:00 AM	5:00 AM	5:00 AM
	Time Closed:	6:00 PM	6:00 PM	6:00 PM	6:00 PM	6:00 PM

Environment

Special Schedule Daytime Care,

Special Needs

Languages

Accreditation

Program

Special Skills

Training

Education

Meals

Here is a standard **group center listing** filled out with more details:

Client Name : Sample Client **Referrals Made On :**All Referrals

ID: 2229 **NAME:** Joan Fiddle **Business Name:** Kinder Center 3
Address: 4327 E Milwaukee St **Unit#**
City: Janesvilleville **State:** WI **Zip:** 53546

Primary Phone	**Secondary Phone**	**Website**
608-***-****		

Ages Served	**Total Licensed Capacity**
1 month 2 weeks ~ 12 years	68

License Type Licensed Group Center

Day Shift

Days						
	Days Open:	Monday	Tuesday	Wednesday	Thursday	Friday
	Time Open:	5:00 AM	5:00 AM	5:00 AM	5:00 AM	5:00 AM
	Time Closed:	6:00 PM	6:00 PM	6:00 PM	6:00 PM	6:00 PM

Environment	No dog/s on premises , No cat/s on premises , No pets on premises , Smoking is never allowed , Outdoor enclosed play area , Building is wheelchair accessible
Special Schedule	Daytime Care, Overnight Care
Special Needs	Emotional/Behavioral Disability Experience, Emotional/Behavioral Disability Training , Physical Disability Experience , Physical Disability Training , Cognitive Disability Experience , Cognitive Disability Training , Sensory Disability Experience , Sensory Disability Training , Health/Medical Disability Experience , Health/Medical Disability Training
Languages	English
Accreditation	NAEYC
Program	Story Time , Music Activities , Infant/Toddler Sign Language
Special Skills	Administrator's Credential, Infant/Toddler Credential, School

	Age Credential , CDA
Training	Infant/Child CPR , First Aid , SIDS , Shaken Baby Syndrome
Education	Required Licensing Course , Required Certification Course , Required Infant/Toddler Course , Required Lead/Assistant Teacher Course , 2 Year Degree-Child Related , 4 Year Degree-Child Related , 4 Year/Master's Degree-Non Child Related , Master's Degree-Child Related
Meals	Breakfast , AM Snack , Lunch , PM Snack , Food Program Participant

The average parent will be getting multiple listings as part of their referral. From the above it is easy to see the probable disadvantage that a family child care with minimal information listed has with a full day group center, especially given that parents often conduct searches in a very short time period.

<u>Other Variables Affecting Closure:</u>

23% closed the year they opened. The first year is the most critical for the survival of family child care. One partial solution to this might be better screening of providers. Quite often people turn to family child care as a job of last resort and without the support or skills needed to make it work. Providing an even more thorough orientation to the challenges of family child care may weed out many of the providers whose programs closed and for whom no further record was available. It also may be that in the future, providers without internet access may have significant problems in becoming viable. A self analysis chart that providers can use to evaluate their possibility of success might be a useful tool that could be developed.

Provisional family child care is the lowest level of regulation. Created as a free-market experiment during welfare reform, provisional family child care requires no training beyond a SIDS/SBS workshop. Under Wisconsin Shares, the state also pays 50% less for children in these homes. Provisional family child care homes are 9% of the total market but 26% of the programs that closed – **the equivalent of two-thirds of all provisional family child care homes in existence closed in the sample studied**. In contrast 17-18% of the certified and licensed providers closed. Note: 18% of the counties in the state have <u>no provisional care.</u>

Most counties saw 19-21% of their family child care homes close. Rock however saw 35%, Walworth 42%, and Jefferson saw 29% close. Green County saw fewer closures at 14%.

There were almost no statistical differences related to racial factors.

Education and training does seem to be a factor. The high rate of closings among child care providers with less training was impacted by the higher percentage of provisional providers that closed as this group of providers are allowed to have lower training and education than other providers as a whole. 2/3rds of all providers with no training closed. Likewise 38% of the providers with only a high school education closed as compared to a norm of 13-16% for providers with higher levels of education.
Email: Closed programs had fewer emails listed- 50% of the closed programs had no emails listed compared to 30% of the total market. This is major problem given that many parents now do their child care search online. Half of the 4-C referrals are done online. The state website receives tens of thousands of hits each year. As such having internet access and an email in circulation is an important part of recruiting families who need care. This is especially true when comparing the small percentage of family child care who have websites compared to group centers.

Programs with Websites listed on NACCRRAware				
type	total programs	with website	%with website	
Family Child Care	635	52	8%	
School age	126	71	56%	
Preschool	89	43	48%	
Child care center	298	163	55%	

Most family child cares do not have the resources to launch a website. Currently, emails are not given out with referrals due to a ~~current~~ limitation of the NACCRRAware program – therefore, the programs with websites have an advantage because when searching online, a parent can find out more information from the centers website and even use the website to contact the programs for more information.

What is more interesting is looking at the income demographics of parents who use 4-C's internet referrals versus parents who used phone or in person referrals. Here are the percentages of parents that use the Wisconsin Shares system.

	Phone Referrals	Internet Referrals
On Wisconsin Shares	77%	28%
Not on shares	23%	72%

Income levels further indicate the difference between those parents searching on the net and those that call by phone. Here is the share of each income level held by parents searching on the net and searching by phone.

Income	Phone Referrals	Internet Referrals
$18,001 to $24,000	56%	44%
$24,001 to $30,000	26%	74%
$30,001 to $35,000	28%	72%
$35,001 to $42,000	17%	83%
<$18,000	74%	26%
>$42,001	23%	76%

This indicates that a provider who does not have internet access and a presence on the net probably has less access to parents able to pay for child care without relying on the subsidy system.

Closed providers were also more likely to use just weekly rates, a problem in a market that increasingly involves part time care. Fewer of them had health care or sick/vacation policies.

Some of the initial analysis of program data from NACCRRAware was later supported by the responses to the survey questionnaires.

Data related to the Providers Not Reached During the Survey:

The survey sample used a list of all of the regulated providers who had been listed as closed during the prior 12 months by the 4-C referral department. 136 of the 141 resulted in either a survey completed or a determination that the provider could not be surveyed. Only 5 providers with live phones, emails, or addresses were never reached. Of the 136, 80 either were interviewed or were determined through other ways that they had moved or ended care due to health reasons. 10 declined to be interviewed (of those 6 were Provisional). **46 or over a third however were found to have disconnected phones and emails, or discontinued addresses.** In these cases the providers were not able to be located even through an internet search- they had simply disappeared. Since family child care do not usually have separate business phones and emails this could be an indicator of how fragile not only these businesses are but also the personal economies of the families that run them. This is a far higher rate of disconnected phones /emails than in the normal population for these counties. The following table compares regulated providers that disappeared because they were unable to be reached and the overall family child care market in 4-C's service area;

Type of Home	% of FCC that disappeared	% of FCC Market
Certified	22%	30%
Licensed	49%	61%
Provisional	29%	9%

It should not be surprising that provisional providers, with the least (usually no) training and the lowest reimbursement rate from the state would be represented among the providers with disconnected phones at over 3 times their normal share of the market. Licensed providers who can enroll more children and thus earn more income had disconnected phones or emails at a lower rate than certified or provisional providers who are only able to serve 3 children at a time.

Geographically there were more homes with disconnected phones than the normal market share of family child care in the 7 counties outside Dane than in Dane. Hardest hit were Dodge, Jefferson, and Rock. Green County alone had no homes that were not able to be reached due to disconnected phones or emails.

The large number of disconnected phones and emails suggest that economic factors may be playing a larger role in the closure of family child care than the completed surveys indicate. The large number of disconnects suggests also housing instability and parallels observations of school social workers as to the instability of low income families in the community. The core problem with the stability of family child care homes may relate to the low incomes of the providers.

An analysis was done to see how different the "disappeared" family child care providers were from the providers that were interviewed. In many cases the characteristics were uncannily similar. The differences fell in a handful of categories. Rural programs in Dane and the other counties were 10% more likely to disappear and thus not be interviewed than programs in the city of Madison. Rural providers often have lower rates than urban ones. Provisional providers were far more likely to disappear. These tended to be mainly in Dane County where provisionally certified care is more plentiful. The programs that closed and disappeared in the other counties tended to be either certified or licensed. The interviewed programs also had been in business longer than ones that were not able to be contacted.

43% of the programs that disappeared were in business 2 years or less as opposed to 22% of the programs that were interviewed. Largely due to the provisional care providers, the providers not interviewed had less child care training and education than the ones interviewed, They were also slightly less likely to be on the food program.

While there is less data available on the programs that disappeared because they were not able to be interviewed, there are some conclusions that can be inferred from the comparison. These should be seen as a supplement to the input that was the result of the surveyed providers.

1) Given that provisional providers are paid by Wisconsin Shares at 50% the licensed rate and given that rates are lower in the counties outside Dane, a key factor in their closing was probably economic- they were not able to earn enough money to make a living and thus closed. This suggests that a discussion of the economics of family child care needs to be a key part of any decision to open one including a frank assessment of the viability of family child care serving mainly Wisconsin Shares clients.

2) Family child care homes are more likely to fail during their first two years of operation. Considerations need to be made about changing the process for starting family child care, including reviewing what is covered in the initial training.

3) An assessment needs to be made to determine whether provisional family child care is viable and should continue as a permanent option within the regulatory system. Otherwise the system may be just setting up these small businesses for failure. Given that 19% of the counties in the state already have no provisional family child care providers- it might make sense to provide guidelines that would allow flexibility at the county level as to whether or not provisional care is needed.

4) Given indicators that economic instability is a major factor in the closing of family child cares**, state reimbursement rates need to reflect real market costs to maintain a viable base of providers**. It is important that reimbursement rates reflect the quality of care provided since it is more expensive to provide higher quality child care. However basic regulated care of good quality providing safe, healthy settings for children also has costs.The base rate to pay programs meeting those standards at the 2 star level needs to reflect those costs and the value of this important and necessary service to families. There are no indicators that there are major cost differences by type of regulation in the market for child care that only meets the basic regulatory requirements. Certified providers usually do not charge 25 % less than licensed providers and virtually no one charges at the level of 50% of what other providers are charging in their markets- 50% being what is mandated for provisional providers. Likewise very few providers run their businesses on an hourly rate basis.

Survey Provider Results:

The 80 providers that were successfully surveyed fell into the following categories:

Regulation

Type of Home	number surveyed	% of all surveyed	All Closed Providers
Certified Home	26	33%	22%
Licensed Home	39	49%	49%
Provisional Home	10	10%	29%
Dual licensed and certified	1	1%	
Unknown *	4	4%	
Total	80	100%	100%

* Note : 4 providers sent back written questionnaires and di not indicate regulation.

The providers surveyed closely mirror the programs that closed with the exception of an underrepresentation of provisionally certified homes.

Location by County:

Columbia	Dane	Dodge	Green	Jefferson	Rock	Sauk	Walworth	Total
1	50	2	5	4	10	4	4	80
1%	63%	3%	6%	5%	13%	5%	5%	100%
The 50 Providers in Dane County were 53% inside Madison and 47% outside								

The geographic distribution of the providers surveyed was very close to the percentage each county had of the total 8 county family child care market. A slightly higher percentage completed surveys in Dane county and a slightly lower percent completed surveys in Columbia and Dodge counties. This is largely related to which counties had the higher number of providers that could not be contacted due to lack of phones, emails or moving. In most cases 40-57% were contacted and surveyed – the differences were Columbia at 17%, Dodge at 33%, and Green at 100%.

93% had served children for pay sometime during their time doing family child care. 7% did not and those were not asked any of questions related to serving children.
Of the 141 "closed" family child care homes, six (4%) were still doing care. Two had become reregulated since closing in 2011 and four (3%) were doing unregulated care because their enrollment was low enough to do this legally and it required less paperwork.

The Background of the Interviewed Providers:

When asked why they became regulated to do child care , the providers responded in the following manner.

Was doing unregulated care and decided to get regulated 25%
Studied early childhood in school and chose family child care as a career 15%
Wanted to stay home with own children 54%
Was unemployed and it was something I could do until I found another job 0%
Like children and wanted to do it as a home business 72%
Was working in a center and decided I wanted to work in family child care instead 6%
Did it to help a friend who needed care 22%
Started care as a provisional or certified provider with the goal to become licensed 11%
Intended to do family child care until I could get a job with or start a group center 3%
Other: 44% (mostly elaborations on the comments they had checked)

It is interesting that most of the providers who responded had an interest in doing child care especially family child care as a career (this may be what differentiated them from the providers that declined or the ones with disconnected phones) and a number had professional training in school or had chosen child care as a career. It should also be noted that while provisional care is often touted as a major option for people who need care by friends or neighbors quickly, the number of providers stating that as a motivation for becoming regulated is more than double the number of provisional providers that were interviewed. This suggests that a portion of family child care is created out of situational need and they may need additional training or support to move into the broader market. It is important to note that the motivation of these former providers for doing care was heavily focused on caring for children, including the ability to stay home with their own. This was emphasized repeatedly in the 35 additional comments made at the end of the survey chart of reasons for doing family child care..

What was most interesting about the interviewed providers is how much they look like the family child care providers that are currently in business. Questions were asked about sole income , health care etc. and the responses closely mirrored the 4-C survey responses 35% were sole income instead of 31% . 18% had no health insurance etc.. One major difference was that 9% of providers interviewed did not accept children whose care was partially paid for by Wisconsin Shares whereas the norm in many parts of 4-C's service area today is around 17%.

Why They Closed:

The survey offered 15 reasons for closing as well as an "other" column which included space for comments. 45 of the 80 respondents used the other column but mostly to elaborate on their rankings or reasons- though they emphasized more problems with the regulations. 4 of those providers indicated they had involuntarily closed often due to negative criminal background checks of individuals living in their households; and another 5 indicated that they had left due to a career change- entering college for an advanced degree, taking a teaching or other job.

In addition to selecting from a checklist of reasons, providers were asked to rank their top 3 reasons (if they had that many reasons). Most providers had multiple reasons- slightly over half checked off 3 or more reasons for closing as is shown in the following chart.

1	2	3	4	5	6	7	8	9	Total
26	11	11	17	5	6	2	1	1	80
33%	14%	14%	21%	6%	8%	3%	1%	1%	100%

The 26 that listed only one reason clustered heavily around retirement (2) health reasons (6), involuntary closure (4), career change (3), and moved (7).

When all of the reasons checked off were analyzed, here were the results. The 80 providers chose 200 different reasons.

Number	Reason for closing
22	Low enrollment
20	Did not want to participate in YoungStar
19	Had children in care but not earning enough money
19	Reduced hours due to changes in regulations
15	Problems with Wisconsin Shares or changes to that system
15	Moved
14	No longer needed to be home to care for my own children
12	Health reasons
11	Retirement
10	Too much part time enrollment
10	Found it difficult to meet YoungStar requirements
6	Was there to help a specific family and they no longer needed care
6	Needed health insurance
5	Too much work for one person to do alone
5	Career Change (culled from other comments)
5	Doing child care in my home interfered with the needs of my family
4	Involuntary closure (culled from other comments)
2	Tax issues

There was some overlap in the responses. For instance 7 of the 10 people checking off too much part time enrollment also checked off low enrollment. Likewise 9 of the 10 people checking off difficulty in meeting Youngstar requirements also checked off did not want to participate in Youngstar.

More insight is gained when the data is analyzed by what reason was ranked as number 1 to 3 in terms of importance.

lst	2nd	3rd	Total	
9	1	0	10	No longer needed to be home to care for my own children
8	2	2	12	Moved
7	1	1	9	Health reasons
6	6	4	16	Low enrollment
5	0	0	5	Career Change
5	2	0	7	Reduced hours due to changes in regulations
5	5	7	17	Did not want to participate in YoungStar
4	0	0	4	Involuntary closure
4	0	2	6	Retirement
3	3	3	9	Had children in care but not earning enough money
2	2	0	4	Was there to help a specific family and they no longer needed care
2	2	1	5	Too much part time enrollment
2	4	3	9	Problems with Wisconsin Shares or changes to that system
1	1	2	4	Needed health insurance
1	2	1	4	Doing child care in my home interfered with the needs of my family
1	2	3	6	Too much work for one person to do alone
1	4	4	9	Found it difficult to meet YoungStar requirements
0	0	1	1	Tax issues

Once ranked. "Low enrollment" and "Did not want to participate in Youngstar" drop a bit in the rankings with more people identifying them as secondary as opposed to primary causes. The reality though is that many of the reasons are interactive. Freezes or changes in the shares system often reflect increases in part time enrollment. If you are losing money serving children on the Wisconsin Shares subsidy system then you are not likely to enter Youngstar only to lose another 5% because while you meet licensing standards you do not have higher levels of formal training.

Here are some of the comments that painfully indicate how the stresses of doing family child care built up until they decided to quit.

<u>Provider Comments:</u>

'As changes were made in the regulatory agencies and support from said agencies became nonexistent it became extremely frustrating to continue on as a regulated provider, I have been a provider for nearly 12 years and the regulations have gotten out of hand."

'Had 2 challenging kids in the last few yrs & felt my patience was used up even when they were no longer in my care."

"WI Shares changed. [It was] regulation after regulation and too much for one person alone with regulations and paper work. The licensors did not even know the rules anymore. The licensor did not know rules and I got wrote up for paperwork he did not take care of; he misunderstood the rules about

background checks. I did turn in on time; I had given it to him and he was supposed to turn it in and he did not do that. I was eligible for 4 stars but did not even let it get to Young Star I was so fed up I closed before signing up."

"has 5 grown (teenage) children and 2 younger and it was very expensive to get background checks for all several times per year. Did not make that much money to pay fees with the background checks. Not thrilled with Young Star because regulations covering that made FCC look worse than centers. FCC is different. We don't do the same thing as a center. And there is a center down the street I would not want my children to go to."

"It is more complicated than that. It's not just too much part time or too much whatever but everyone [my customers] was through state and state kept changing rules about what they would pay for and not and which hours and for different families that I had, at first they pay when parent is in school then not, then this and that. I could not work a split shift even though my clients had to work a split shift. You can only work within a 12 hour set, has to be like from 6 to 6. For example I had those who needed early care before school for 3 or 4 hours which meant I could not watch them for the evening care when they did 3rd shift. I had to keep changing my hours. A parent that works at Taco Bell does not know what their weekly schedule will be or the employer just tells them that their work shift will change next week and they will be on nights or whatever. With Licensing they make you tell them every time your hours change and then they had to send new license every time I had to change my hours. My clients did not get their schedule until the last minute. I had people here for free because I did not want to drop them just because the state was messing with their finances. I did it all along, for the 25 years. It was not so bad but then my husband lost his job because of forced early retirement so I just could not deal with the State regulations anymore or have people for free until they got their money. When they tell you the rule it sounds like it would be fine, but it is not in real life, especially when you have low income families when they are trying to work different jobs and finally almost finish school and then they can't because the child care falls through. And I had to put a lot of money in with new regulations, i.e. $500.00 to put an alarm in my car. I know the reason but it does not make sense for people who have 5 children, yes for those with 40, and not with 5. …….. Filling out paperwork is not the job! The job is taking care of children. …. I did this for 25 years. I cared for a lot of children that did not do well in other settings."

"some of the crazy rules, suddenly had to have fence, alarm system in car, did child care for 4/5 years, cert 5, licensed after 27 years, no fence whole time, seems like one person screws up and everyone else has to pay for it. Licensor used to only come around every 2 years, now they sat there until they could write me up."

"I'm 63 years old. I could not see the benefit of going through additional training. I started part time in 1988. When I got more kids I got licensed in 1993. Right before I closed I had 2 children enrolled, then no children for the summer so I did not renew my license. It was too much money. Also two centers started in community and a lot of families went to the centers. I was going to open again in the fall but I would have had to do Young Star to work with subsidy family and did not want to do YS, I'm 63."

"I was overwhelmed by the paperwork. Anxiety about the home visits. I know my day care parents can drop in at any time but I'm ok with that because they know me, but I don't have relationship with the visitors. They were nice but they do not know me and it was anxiety provoking to think they might come at any time. Overwhelmed by Young Star, felt I needed more information. Also my day care this is a full time job but I also have a part time job."

'Too many rules. It cost you too much to run the business after all the rules, $60 for a license, more for background checks, had to change fence, take classes, licensor was awful, one says have to have a sheet on playpen, other says no, one says one thing, then another says something else. Reimbursement rates

kept changing and rules kept changing too. I can't do it with all the rules got fed up with all of that, gave one month's notice and closed."

'Call in for schedule to change. Have to know a day ahead of time but my parents would call and say I can pick up some extra hours, can you take the kids and I had to say no. Makes it not even your own business if you have to report every change before you can even agree to it. Before I knew the reporting rule I did not do it and then because I did not do it, the family's funds got suspended and they still can not find child care. At first I wanted to do Young Star and thought it was a really good idea but once they came to the conclusion of the rating it did not help the family child care providers because of the no college equals a 2 star rating. The money is so little already and then to get a degree it would not change much."

"I know what is going on as far as why people are closing, Craig's list competition from people who are charging less and are easily found. Families don't want to pay for quality care. The climate for in-home providers is changing because of non-regulated, it is easy to find home babysitters."

"(Wisconsin Shares) payments not on time, or (parents) did not pay co-pay, parents did not update their information (when that happens Shares payments stop)"

<u>Child Care Rules and Family Child Care :</u>

<u>One additional concern that came from the comments section was related to paperwork and rules. The comments stressed a lot more the problems occurring in the regulatory system in terms of tracking the many changes that were occurring and the economic cost of meeting them</u>.

The past several years have seen numerous problems in Wiscosnin Shares with Family Child Care - mainly in Milwaukee County. The end result has been changes in rules statewide and increased monitoring for regulated programs. An ongoing problem with state regulation is often ignoring major differences between family child care and group center care. One of the more extreme examples is cited in the comments. A child died when left on a van being used to pick up children for a center in Milwaukee. The van was driven by a part time driver. The end result was to require systems in all vans at licensed programs that would require drivers to check the van before the system could be turned off. While this makes sense in a group center where the driver may never see the children except briefly each day (and who may work only an early morning shift), it makes no sense in a family child care home where the provider works with the same small group of children every day and often for several consecutive years. Vehicles in family child care are also used more for program enrichment activities like field trips and less for picking up and delivering children. The current rule is like requiring every family's van to be modified due to a problem with a bus.

The end result of these changes was increased expenditures for family child care programs most of which operated on very limited resources with the provider already stretched to the limits by the requirements of the job. It also did not help that Wisconsin was the only state to create a Youngstar system that punishes programs that met licensing standards by reducing payments for 2 Star programs under the Wisconsin Shares child care subsidy system. By having Youngstar essentially provide a punitive role in an already stressed Wisconsin Shares payment system, the State added one more load to family child care providers already faced with 5-6 years of frozen rates under Wisconsin Shares, increased fees and new regulations. Many of the programs closed before the state switched to an hourly reimbursement system for family child care serving Wisconsin Shares children. This is yet another economic loss to family child care programs that serve low income children receiving state subsidies to cover their care.

The Shares payment system also works considerably different than the normal operation of a family child care program. In child care and early child care programs including family child care, the program is usually paid up front at the beginning of the week, Under the Shares system providers are paid after care is provided and usually for only part of the cost of care- parents still need to pay a co-pay that may or may not be able to be fully collected. There are often delays in payments from the state. The provider also has the additional work of tracking eligibility of the parent and ongoing review of their work schedule. For a child to be paid for by Wisconsin Shares to continue in care often depends on whether the parent gets specific forms in to their county office. The child care program has minimal control over that. In many group centers with large numbers of children on Shares subsidies, there are staff who work mainly on paperwork and procedures related to Wisconsin Shares. In family child care that is usually added on to the providers normal tasks.

Additional Young Star Analysis:

Youngstar , the new rating system for child care programs in Wisconsin was cited as a factor for closing by many providers. When analyzed for number of years in business several differences were noted between homes open for 3 years or less and those open for longer than 3 years. On the Youngstar question the providers in business for more than 3 years were 3 times more likely to cite Youngstar as a reason they stopped doing care. Older providers were also far more likely to list lack of health insurance, retirement, and strains on their families as reasons to close. Newer homes were more likely to list career changes, and no longer doing care for a specific child as reasons.

It is interesting to compare the reactions of group centers and family child care homes to the new Youngstar system. Many group centers also felt disadvantaged by the rating system. However those group centers did not close. They either took an automatic 2 star rating or chose to not be rated at all and thus not serve children on Wisconsin Shares. With family child care the impact was far greater. An analysis of family child cares listing Youngstar as a contributing factor to closing showed 25% also having concerns with the Wisconsin Shares system. However half of these providers listed retirement, health reasons, moving or being involuntarily revoked also as reasons for discontinuing care. The economic fragility of these programs may have been one of the reasons Youngstar bothered them more than it did group centers. Also it is easier to close a family child care than it is to close down a group center that may have cost hundreds of thousands of dollars to open.

One factor however may be how family child cares as opposed to group centers interpreted the impact of Youngstar. While there has not been a detailed survey of group centers regarding Youngstar- many who chose a 2 star rating or chose not to be rated have stated they did so because they did not see the rating system as having a major impact on their programs. Group Centers often stated that they thought many programs in their areas would be at 2 or 3 stars and thus being at 2 stars would not be a problem. Others felt their long term reputation and visibility in their communities would not be affected by their star rating.

The family child care who commented in the survey often interpreted Youngstar in a far different fashion with a more negative impact on their programs if they did not attain a higher star rating. The major barrier being the need for additional formal schooling which is far more difficult for a person working alone at family child care than for staff at a group center. Family child care providers, and especially older providers in their 40s or 50s who have been in business for many years and followed the license recommendations, are far less likely to consider the time and expense of returning to school for a degree that will not result in a significant increase in their income. The reality though is that in many of the communities in 4-C’s service area 2 or 3 stars is the norm at least at this point in the Youngstar program.

As such this aspect of the Youngstar program will probably have minimal impact at least initially on the family child care homes with only 2 stars.

Controlling for providers who listed changes in Wisconsin Shares as a contributing fact to their closing the two top other reasons cited by 50% of the providers were reduced hours due to changes in regulations and having children in care but not earning enough money. The two of course are interrelated as the changes in how hours are handled as noted in the comments directly affects how much money can be earned especially from Wisconsin Shares. Frozen rates and a scale that pays provisional and certified providers a reduced rate for doing the same job as licensed providers also contributes to lost income that makes it difficult to stay open.

Suggestions for Maintaining Family Child Care:

The next section of the survey provided options for providers to suggest strategies that might have helped them stay open. Since 45-50% of the providers basically listed retirement, moved, involuntary closure, health problems or career change as a reason for closing, changes in conditions may not have a major impact on that portion of the child care field which is often older and mostly represented by the 20% who answered this question with the single word "Nothing". Maintaining the other providers and creating a system that is attractive and able to recruit and maintain new highly skilled family child care providers will involve the development of strategies to improve conditions for family childcare. Here are the results of the question.

Percent	Number	STRATEGY
25%	20	Increased income
24%	19	Wisconsin Shares subsidy payments that paid a market rate for care
23%	18	Reduced paperwork
20%	16	Nothing
20%	16	More consistent enrollment
13%	10	Higher food program payments
13%	10	Regulations designed better for Family Child Care
9%	7	Help with finding children to care for
9%	7	Access to subsidized health care
6%	5	Access to substitutes
5%	4	Additional training in early childhood education
4%	3	An Assistant
3%	2	Additional training in running a business

The comments had very few concrete suggestions for improvements. It is pretty obvious though from the description given of the problems that increased enrollment and income is critical to maintaining family child care as an option for parents including low income parents on Wisconsin Shares. One of the interesting contradiction between this set of responses and the responses related to the reasons for closing their child is that low enrollment is listed as the top reason homes have closed but help with finding children to care for is listed by relatively few providers as a strategy that would have helped them stay open.

The strategies that might help improve conditions and increase the number of family child care homes fall into two broad categories. The first are strategies that would involve actions by regulators or the legislature. These would improve retention of existing providers as well as assist in the development of additional child care.

1) Improvements in Wisconsin Shares are needed to increase income for providers. The 5% reduction for 2 star programs combined with the new hourly payments system within Wisconsin Shares will most likely increase the decline of family child care. The Wisconsin Shares system should follow the intent of the federal legislation which states payments for children served under the subsidy system should reflect the real market price of care. The 5% penalty for 2 Stars especially for becoming regulated does not make any sense in the development of a system of quality care within the state. Finally Wisconsin Shares is a complex system working within a low wage business sector which has significant turnover. Rarely however are there any trainings related to the system and how it works. Adding the ability for providers to ask questions and have rules and procedures clarified might improve their success within the Shares system.

2) The development of systems that reduce paperwork and make it simpler for providers to use Wisconsin Shares, get paid on time, and track renewals is also important.

3) One problem that is evident from the comments is that many recipients of Wisconsin Shares are hourly, on call workers. Welfare reform has made it simpler for many businesses to create these jobs. Unfortunately Wisconsin Shares at this point in time is not well designed to respond to that need. This is a serious problem for both the parent and the provider because any change in work schedule results in an interruption of subsidy payments. Group Centers often do not want to serve children on that type of schedule and also do not usually offer evening care. Under the new restricted hours family child care cannot easily shift their hours to provide care for families working without a set schedule of hours each week. This issue needs to be addressed in a fashion that provides good quality care for children at <u>all of the times</u>, and <u>for all of the schedules</u> for which parents need care as well as a viable income for providers.

3) A review of recent rule changes affecting family child care especially those that cost providers a lot such as the requirement for installation of the car safety alarms is needed. Or, for example, the requirement of a fenced yard that may cost up to $500.00, that is later modified by the option to be outside of a fenced area if the children are supervised. If frequent criminal background record checks need to be done - that should be subsidized by the state.

4) A review of provisional child care is needed to determine if this approach is actually a viable alternative and if it should continue to exist. Since it is already missing in 19% of the counties, it may make more sense to create rules enabling counties to adapt it to the needs of their local child care markets. This may mean making it time limited until a provider can receive training or limiting it to specific situations like care by relatives.

There are also ways of addressing some of these problems outside the legislative process or regulatory rules. Many of these would address the issue of low enrollment. Anticipating that low enrollment might be a problem, a question was asked:

How did you find children to attend your family child care home?

Providers marked off which strategies they had used. The first level of analysis was to look at how many different things each provider did to recruit potential clients. The chart below shows the results of that analysis:

Number of different recruitment strategies used by Family child care Homes								
# strategies	0	1	2	3	4	5	6	7	total
#providers	13	11	6	10	18	7	2	3	70
% of total	19%	16%	9%	14%	26%	10%	3%	4%	100%

When the question was further analyzed using the under 3 years and over 3 years in business categories, it was found that 46% of the newer programs used 0 to 2 strategies to recruit potential clients. That becomes more problematic when the strategies themselves are considered.

Here are the percentages of providers who used each strategy

56% Listed on 4-C referral database
37% Listed with county for Wisconsin Shares system for referrals
76% Word of Mouth
13% Put Up Leaflets
23% Free postings on the internet such as Craig's list or other child care sites
21% Advertised in newspaper or on the internet
4% Networking by contacting local businesses, churches, etc.
4% Satellite Family Child Care
16% Family child care network or support group

In many cases providers (especially newer ones) were using relatively passive recruitment strategies, just listing with 4-C, being listed with the county or depending on word of mouth referrals. As the NACCRRAware data showed, many of the providers had insufficient data listed on their referral listing to differentiate themselves from other programs. Furthermore the 4-C referral program has had reduced funding over the past 15 years and increasingly relies on internet referrals. The automated internet referral program does not give out the provider's email. It is not known how that affects parents' choices. People who use the web extensively often do their research and make contact via the internet. It is not known if parents receiving 4-C referrals first check websites before they call providers. If so that would benefit group centers which are more likely to have websites than family child cares because the parent could research the center through their website and then email it for more information. In that situation not having emails on family child care places them at a disadvantage.

That suggests a two-fold strategy to explore by 4-C.s referral department. The first is to impress on family child care programs the importance of keeping their NACCRRAware data up to date. Second would be to try to modify NACCRRAware so program's emails could go out with listings.

Another problem though that has been identified through parent post-referral follow up surveys (but not quantified) by the referral department is that some providers do not return phone calls or frequently check their emails. That is obviously a problem when recruiting children. If it happens on a larger scale it also becomes a problem for the field as parents after a number of non-responses will often write off family child care as an option.

Because Wisconsin Shares currently provides below market rates for clients who often have highly unstable employment, it my not be a good strategy for family child care providers, to count on WI Shares as a major source of referrals and income.. Unfortunately for providers in very low income areas, families that need to use state child care subsidies might be the only option for them for clients.

The data suggests that marketing needs to be stressed as part of the initial family child care training and orientation including a strong orientation to how the 4-C referral system works so providers use it effectively. It also would be useful to provide a workshop for providers on low cost approaches to marketing their family child care homes.

What Parents Want From Family Child Care:

The study focused on providers' thoughts about why they closed. But the key to having children enrolled is not how providers feel but how parents feel about family child care. In 2012 4-C worked with a group of university business school students to try to assess what factors are important related to how parents choose child care. The sample was small only 200 families and is in the process of being replicated again this year- the findings however were quite interesting and are covered in the chart on the next page.

	used	53	Not used	87
Reasons affecting decisions to use FCC				
know nothing	0	0%	4	5%
I wanted my children to be in a setting that was similar to their home	22	42%	10	11%
It was more affordable	21	40%	21	24%
It cost almost as much or as much as a group center but had less options	1	2%	11	13%
Easier to meet our family's language, cultural and religious views in smaller programs	3	6%	4	5%
Better child Staff ratios	17	32%	6	7%
Fewer children creates a more personal relationship with the provider- parents have more input	27	51%	6	7%
Safety concerns	9	17%	25	29%
Had no experience with family child care and thus knew little about it	3	6%	14	16%
Family Child Care was recommended by a friend who had used it	12	23%	6	7%
I will use family child care while my child is younger and change to a center for preschool	19	36%	9	10%
Family child care does not provide the stability that I need to regularly attend work	4	8%	17	20%
Very few options that could serve my child in the areas where I needed it	4	8%	9	10%
My child has special needs that are best addressed by family child care	0	0%	1	1%
Unlike centers, in family child care the caregiver of my child is less likely to change	20	38%	2	2%
All I know about family child care comes from the media and that is mostly negative	1	2%	3	3%
Did not know where to find it	3	6%	10	11%
Having a regulated provider that is inspected is important to me.	19	36%	37	43%
Other (Please explain) heavily negative	9	17%	13	15%

Providers need to better understand what parents want and how to best describe their homes in those terms. Providing periodic market data to them is one approach to improving their ability to attract clients. The other might be creating regular publicity in the media about good family child care and how parents can find or select it. Marketing the 4-C on line referral program is one way to increase referrals to family child care. Given that 50% of the families use care near their work as opposed to their homes, family child care needs a marketing approach larger than putting up leaflets in the area around their homes. Unlike group centers they do not have the income for ongoing advertising or even listings in the business pages. Developing that larger strategy of educating the public about family child care while linking them to the referral program might be a good way to increase enrollment and create better stability in family child care homes.

Closing:

Regulated Family Child Care is a small but critical portion of the child care and early childhood education market within Wisconsin. It provides flexibility and options not available in other areas of the child care market. This small study is the first step in the work to preserve family child care as a viable option for families with children. A key part of that work needs to be a continuing study of the issue but more importantly a dialogue with the field about what rules and strategies work best to maintain quality family child care. Some of the issues covered in this report would not have occurred if discussions had occurred with the field so that policies were created that took into account the difference between family child care and group centers, or enough time was allotted to help family child care understand the new rules or processes.