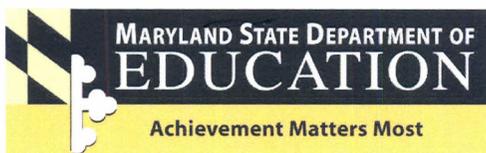


REPORT TO THE MARYLAND GENERAL ASSEMBLY

**Status of the Maryland Child Care Subsidy Program as It
Relates to Family Child Care Providers**

Annual Report
December 2010



Submitted by:

**Division of Early Childhood Development
Maryland State Department of Education**

Status of the Maryland Child Care Subsidy Program as It Relates to Family Child Care Providers: Annual Report for 2010

BACKGROUND

During Maryland's 2010 legislative session, the Maryland General Assembly passed House Bill (HB) 465, "Collective Negotiations by Family Child Care Providers," which established collective bargaining rights for family child care providers participating in the State's child care subsidy program. The requirements of HB 465 went into effect on July 1, 2010.

The bill codified the provisions of a 2007 executive order and a subsequent memorandum of understanding that certified the Service Employees International Union (SEIU) as the exclusive collective bargaining representative for all licensed and license-exempt family child care providers participating in Maryland's child care subsidy program.

Under HB 465, the Maryland State Department of Education (MSDE) is required to submit a report, on or before December 31 of each year through 2013, on the status of the child care subsidy program as it relates to family child care providers. The report must include:

- The number of providers and children participating in the program;
- The number of providers who join the collective bargaining unit and the number of children served by each of the providers;
- The number of providers who have used the fund required to be established by this bill, and the terms of eligibility for payments from the fund;
- Recommendations on how to safeguard the fund in the event that management of the fund is transferred or the fund is terminated; and
- An analysis of any positive or negative trends resulting from the implementation of this bill.

The MSDE Division of Early Childhood Development (the "Division") is responsible for the regulation and administration of the child care subsidy program. The Division maintains all data related to the operation of the program.

STATUS REPORT

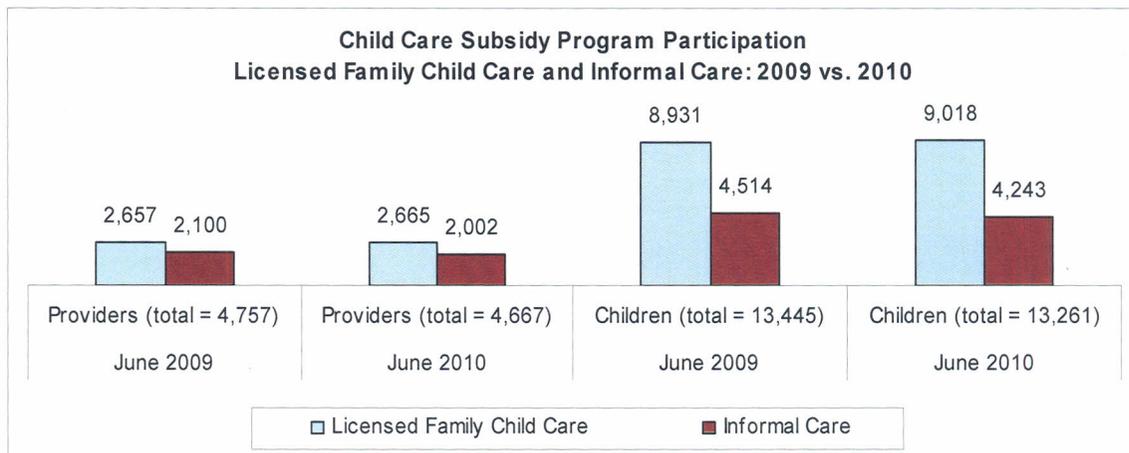
(1) The number of providers and children participating in the child care subsidy program.

The Division's CCATS data system has a 3-month lag in reporting of subsidy program participation. In addition, subsidy program regulations require payment invoices to be submitted within 60 days after service, which means that it is not possible to determine if a given provider or child is active or inactive in the program until 60 days have elapsed without submission of an invoice. Therefore, a list of participating providers and children for a given month actually reflects information that is 5 months old (the 3-month data reporting lag plus expiration of the 60-day window for invoice submission).

The list of program participants nearest to the July 1, 2010, effective date of HB 465 was for June 2010, and that list became available to the Division only in November 2010. Participation data for the month of June are shown in the following table. To establish a baseline for comparative analysis of that data, participation data from June 2009 are also shown.

		Participating Providers	Participating Children
2009	Licensed family child care providers	2,657	8,931
	Informal care providers	2,100	4,514
	Totals:	4,757	13,445
2010	Licensed family child care providers	2,665	9,018
	Informal care providers	2,002	4,243
	Totals:	4,667	13,261

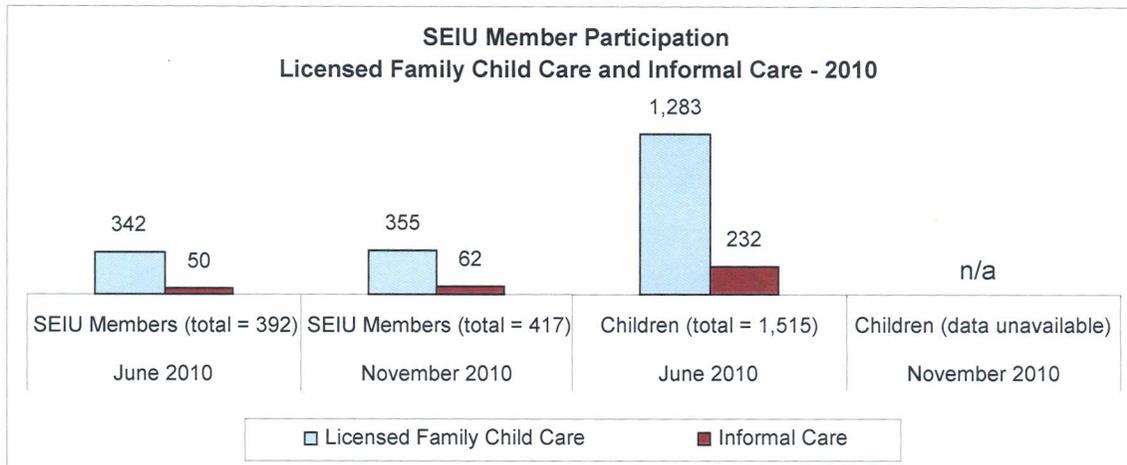
These comparative participation data for 2009 and 2010 are displayed graphically in the following chart:



(2) The number of providers who join the collective bargaining unit (SEIU) and the number of children served by each of the providers.

The first list of providers belonging to the collective bargaining unit was submitted to the Division by SEIU in June 2010. That list contained a total of 392 providers. According to the CCATS system, those providers enrolled a total of 1,515 subsidized care children. However, for the reasons set forth under (1) above, this enrollment figure did not become available to the Division until November. Also in November, the SEIU membership list was updated, and this list contained a total of 417 providers. Data concerning their subsidized child enrollment will not be available from the CCATS system until April 2011.

This information concerning SEIU provider membership is displayed graphically in the following chart:



(3) The number of providers who have used the fund required to be established by HB 465, and the terms of eligibility for payments from the fund.

According to information submitted by SEIU to the Division, SEIU researched best practices during 2010 and settled on a model for the emergency fund that is similar to the sick leave bank model. Typically, a sick leave bank is a pool of sick days that has been established by employees who have made a donation of some of their accumulated local sick days that other employees can use at a time of distress. The goal is to create an emergency fund that would allow providers to donate to a fund that they could then access in a time of need. According to SEIU Local 500, a set of proposals for establishing the fund is being drafted that will describe the implementation of this system, including eligibility criteria. These proposals will be presented to MSDE during the next round of contract bargaining, which is scheduled for Spring 2011.

Since the passage of HB 465, no provider has requested assistance from this fund.

(4) Recommendations on how to safeguard the fund in the event that management of the fund is transferred or the fund is terminated.

SEIU recommends that if the management of the fund is transferred or terminated, the conditions of that transfer or termination would be subject to bargaining between MSDE and SEIU Local 500.

(5) An analysis of any positive or negative trends resulting from the implementation of HB 465.

(a) SEIU reports the following trends:

- Expansion of educational opportunities for Maryland child care providers. In 2010, SEIU arranged for the training of more than 110 providers. Training topics included Maryland's proposed quality rating system for child care, women's leadership, and understanding the political process. In addition, SEIU provided individual support and mentoring for completion of credentialing requirements under the Maryland Child Care Credential Program.

- Creation of an extensive outreach program to providers, especially those working in low-income areas who can be difficult to reach. SEIU disseminated information to more than 300 providers about the federal Child and Adult Care Food Program, the Maryland Child Care Credential Program, and child care training events. Particular efforts have been made by SEIU to engage Spanish-speaking members in order to provide them with this information.
- An increase in the political understanding and activism of child care providers. This was evidenced by SEIU's support of 34 provider members during 2010 in their efforts to educate political candidates and elected officials on the importance of continued funding for the Child Care Subsidy Program.
- Creation of more productive conversations between MSDE and providers to resolve payment processing issues. In 2010, SEIU reports having individually counseled 25 providers on late payment of vouchers and assisted them in working with MSDE to correct errors when necessary.

(b) The MSDE Division of Early Childhood Development reports the following trends:

- Subsidy program participation
 - As of June 2010, the total number of providers participating in the subsidy program showed a decrease of 1.9% compared with the total for June 2009. Comparing the same time periods, participation by licensed family child care providers increased 0.3%, but participation by informal care providers decreased 4.7%.
 - The total number of subsidy children served decreased 1.4% in 2010. Children served by licensed family child care providers increased 1.0%, but children served by informal care providers decreased 6.0%.
- SEIU membership and children served
 - Between June and November 2010, SEIU's total provider membership increased 6.4%.
 - For the reasons cited above, it is not yet possible to determine whether the number of children served by the November provider members will show an increase or a decrease.

To help determine the existence of other trends related to HB 465, the Division developed and conducted a survey of licensed family child care providers identified as inactive in the subsidy program. The objectives of the survey were to determine:

- Why those providers were no longer active, and
- The effect on providers of automatic subsidy payment deductions for union dues.

The complete methodology of the survey is included in this report as Appendix A. The first survey was conducted by the Division in November 2010, and the survey will continue to be conducted monthly at least through October 2011. The complete set of November survey results is included in this report as Appendix B.

It should be noted that the target sample size (118 respondents) for the November survey could not be reached due to time constraints – only 68 providers responded to the first round of the survey.

Therefore, the survey results for that month must be considered as being only preliminary.

Nevertheless, the following two survey findings are striking:

- 46 respondents (68%) stated that they would probably stop enrolling subsidy children if union dues were automatically deducted from their subsidy payments. These respondents included 4 out of 7 (57%) of the SEIU members participating in the survey.
- 66 respondents (97%) stated that they disagreed with the idea of requiring all subsidy providers, regardless of union membership, to contribute to the collective bargaining unit. Among these respondents were 7 out of 7 (100%) of the SEIU members participating in the survey.

Child Care Subsidy Provider Survey

Purpose of the Survey

To obtain information from child care subsidy providers that will help the Division identify trends related to the implementation of HB 465.

General Description

- Beginning in November 2010, the MSDE Division of Early Childhood Development will conduct a monthly survey of child care subsidy providers in order to determine what effect, if any, HB 465 has had or may have on provider participation in the subsidy program.
- The survey includes only licensed family child care providers participating in the child care subsidy program whose participation status has been identified as “inactive.”
 - An inactive participation status is chosen because it identifies providers who may no longer be caring for subsidized children. The selection of this status is appropriate because program inactivity is clearly and directly related to the availability of subsidized care.
 - The survey is restricted to licensed providers because informal care providers are limited to providing care only to a related child or to a child in the child’s own home. These limitations do not apply to licensed providers, who may enroll any child. In addition to the fact that there are more licensed provider participants than informal care provider participants, the greater scope of licensed care makes it a more suitable indicator than informal care of any effects that HB 465 may have on subsidized child care in general.
- Due to the subsidy program data reporting lag described earlier in this report, the list of inactive providers that is generated during any given month actually reflects information that is 5 months old. For this reason, the first administration of the survey could not occur until November 2010, when the June 2010 list of inactive providers became available to the Division.

Survey Methodology

1. Construct a data table with the following fields:
 - SEIU membership number
 - Provider case ID number
 - Family child care license number, if applicable
 - Provider name
 - Jurisdiction
 - Zip code
 - Type of care provided (licensed family child care, informal care)
 - Start date of registration as a family child care provider, if applicable
 - Start date of payment under the subsidy program

- Date of SEIU enrollment
- Subsidy payment status (active or inactive)
- Subsidy payment status change date
- Total of invoice payments
- Total of union dues deductions

2. Identify each provider with an actual payment file as of the month that SEIU enrollment began, and create a record for that provider according to the above data table.

3. Re-compile the report monthly to capture new provider SEIU members with payment files during the month, and to update, as necessary, the current status of previously entered providers.

4. Administer a survey to a sample of all licensed family child care providers identified as inactive in the subsidy program during the previous 30 days (i.e., providers with a subsidy payment status indicator = no payment), beginning with data generated by CCATS for the month of June 2010.

- The sample size attempts to achieve a 95% confidence level with no more than a 5% margin of error, and reflects the fact that historical subsidy program data shows that, on the average, only 1 of every 10 providers identified as "inactive" during a given month has actually quit participating in the program.
- Each month's inactive list is matched against a current list of SEIU members. Each provider on the inactive list identified as an SEIU member is included in the survey. The rest of the inactive list is randomized and added to the sampling pool until the target sample size (95% CL, +/-5%) is reached.

5. The survey format has two parts. The first part is an "inactive participation" section that clarifies the nature of the program inactivity (i.e., has the provider actually left the subsidy program, or has she simply not had any children in subsidized care within that past 60 days). If the inactivity is due to having quit the program, the main reason for quitting is elicited. The second part is an "opinion" section that asks about the effects that union deductions may have on provider decisions to continue participating in the subsidy program.

The "Inactive Participation" section includes the following questions:

Q1: Has the provider actually quit the program, or does she simply not have any subsidy children in care at present? (NOTE: If the response is that the provider just doesn't have any children currently in care, then the provider skips Q2 and goes straight to the "Opinion" section.)

Q2: If the provider has actually quit taking subsidy children, was the main reason:

- Problems with the local department of social services?
- Problems with subsidy parents?
- Problems with subsidy children?
- Not getting subsidy payment checks on time?
- Too much paperwork?
- Loss of income because of union deductions?
- Other

The "Opinion" section includes the following questions:

Q3 (asked of all providers responding to Q1 that they would continue taking subsidy children):
"If money was taken out of each of your subsidy payment checks to pay for union activities, how would this affect your willingness to take subsidy children?" (Response options: Probably continue to take subsidy children/Probably stop taking subsidy children).

Q4 (asked of all providers regardless of their responses to Q1): "Do you agree or disagree with the idea of requiring all subsidy providers to pay for union activities, even if they don't belong to the union?" (Response options: Agree/Disagree).

Child Care Subsidy Provider Survey Results

Survey Characteristics

- Due to the 5-month data reporting lag described elsewhere in this report, the monthly survey could be administered only once for the purpose of this 2010 report.
- A total of 795 inactive subsidy provider records were identified for June 2010. Based on this total, the target sample size was set at 118 respondents in order to achieve a 95% confidence level ($p = .01$, $q = .09$, $r = +/-5\%$).
- Of the 795 inactive records, 11 records were identified as belonging to SEIU members. All eleven were included in the sample. The remaining 784 records were randomized. Contact was attempted in sequence according to the randomized list.
- Due to time constraints, this initial monthly survey was able to contact only 72 providers instead of the full target sample size of 118 providers. Of those contacted, 4 providers refused to participate in the survey, leaving a total of 68 providers who participated.

Survey Findings

	Number Responding To Question	Percentage of Responses to Question
(1) Has provider actually quit the program, or has she simply not had any subsidy children in care recently? (n = 68)		
Quit the program	9	13%
No subsidy children recently	59	87%
(2) The provider has quit the subsidy program, and the <i>main</i> reason was: (n= 9)		
Problems with the local department of social services	1	11%
Problems with subsidy parents	0	0%
Problems with subsidy children	0	0%
Not getting her subsidy payment checks on time	4	44%
Too much paperwork	1	11%
Loss of income because of union deductions	1	11%
Other	2	22%
(3) If money were to be deducted automatically from her payment checks for union contributions, the provider would probably: (n = 68)		
CONTINUE taking subsidy children	22	32%
STOP taking subsidy children	46	68%
(4) Does the provider agree or disagree with the idea of requiring <i>all</i> subsidy providers to contribute to the union, even if they are not union members? (n = 68)		
Agree	2	3%
Disagree	66	97%