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Interim State Superintendent of Schools

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January 17, 2012

The Honorable Thomas M. Middleton, Chair
Senate Finance Committee
Miller Senate Office Building, 3 East Wing
11 Bladen Street
Annapolis, Maryland 21401

The Honorable Dereck E. Davis, Chair
House Economic Matters Committee
House Office Building, Room #231
6 Bladen Street
Annapolis, Maryland 21401

RE: Child Care Subsidy Program Report
MSAR #8449

Dear Senator Middleton and Delegate Davis:

Pursuant to HB 465/Ch. 496(4), 2010, on or before December 31 of each year through 2013, the Early Learning Programs Section of the Maryland State Department of Education shall report to the Senate Finance Committee and the House Economic Matters Committee, in accordance with § 2—1246 of the State Government Article, on the status of the Maryland Child Care Subsidy Program as it relates to family child care providers. The report for 2011 is included herewith.

Questions concerning the enclosed report may be directed to Dr. Rolf H. Grafwallner, Assistant Superintendent, MSDE Division of Early Childhood Development, by telephone at (410) 767-0335 or by e-mail at rgrafwal@msde.state.md.us.

Sincerely,

Bernard J. Sadusky, Ed.D.
Interim State Superintendent of Schools

C: Rolf Grafwallner

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 2011



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 2011

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 those 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.

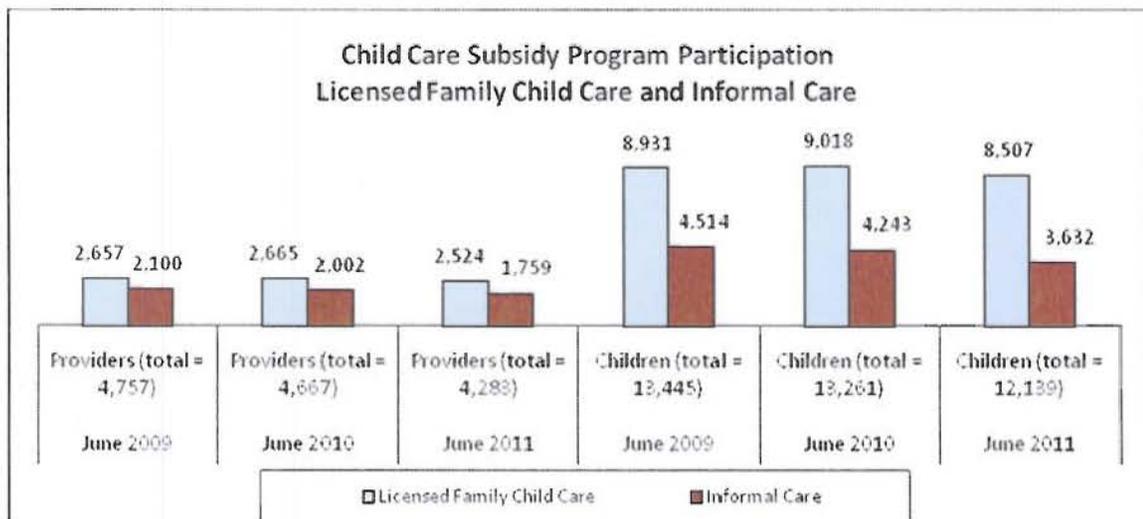
(a) Participation during FY 2011: The following table shows provider and child participation in the child care subsidy program as of the end of June 2011:

	Participating Providers	Participating Children
Licensed family child care providers	2,524	8,507
Informal care providers	1,759	3,632
Totals:	4,283	12,139

(b) Comparison with Previous Years: In MSDE's annual report for 2010, provider and child subsidy program participation data were presented for June 2009 (which served as a baseline year) and June 2010 (which was the completed subsidy program service month closest to the July 1, 2010, effective date of HB 465). The following table compares provider and child participation data during June of 2009, 2010, and 2011:

		Participating Providers	Participating Children
June 2009 (baseline)	Licensed family child care providers	2,657	8,931
	Informal care providers	2,100	4,514
	Totals:	4,757	13,445
June 2010	Licensed family child care providers	2,665	9,018
	Informal care providers	2,002	4,243
	Totals:	4,667	13,261
June 2011	Licensed family child care providers	2,524	8,507
	Informal care providers	1,759	3,632
	Totals:	4,283	12,139

These participation figures 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.

During FY 2011, a total of 433 licensed family child care providers became SEIU members. Of these, 387 providers served a total of 2,645 children. During the same period, a total of 76 informal care providers became SEIU members. Of these, 58 providers served a total of 140 children.

(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.

Through multiple conversations with MSDE personnel and with child care providers throughout Maryland, SEIU has determined that the modernization and advanced computerization of the child care subsidy program has largely fixed the problem of late invoice payments. This conclusion is substantiated by the fact that, since the passage of HB 465, no provider has requested assistance from the special fund.

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

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:

- **The union has expanded educational opportunities for child care providers in the State of Maryland.** In 2011, SEIU provided MSDE approved trainings for 193 providers. These training allowed providers to continue their education and to participate in the credentialing program. Topics included CPR and first aid, activities for preschool aged children, science for preschool aged children, art for preschool aged children, working with mixed age children, recognizing child abuse and principles of positive discipline. Most importantly, all of these classes were given in Spanish to meet a need of providers for quality, low cost trainings (subsidized by the union) for Spanish speakers. The union also provided full scholarships for 10 providers to attend the Maryland State Family Child Care Association annual meeting in Ocean City, Maryland, to complete a variety of credentialing classes.
- **The union has created a provider-led English conversation program to assist immigrant providers in increasing their language skills.** Over 15 providers have participated in weekly classes throughout the fall to practice their English with other providers. These classes give providers the confidence to speak; as well as providing basic grammar instruction and pronunciation assistance. Providers see these classes as a way to build their business and to better communication with parents and children in their bilingual child care homes.
- **The union has created an extensive outreach program that is providing new information to child care providers, especially providers working in low income areas who can be difficult to reach.** The union has a large dissemination network to provide information about the Federal Food Program and the Credentialing Program in addition to announcements about trainings and union membership. In 2011, the union utilized this network to speak to just under a 1,000 providers in one-on-one conversations. The union also mails a newsletter to the complete universe of POC child care providers list which included information on programs such as the "Get Fit" program of the First Lady of the United States and training opportunities.

- **The union is increasing the political understanding and activism of Child Care providers in the State of Maryland.** During the 2011, the union provided leadership training and political education to providers throughout the state. Seventeen providers and 1 parent participated in activities to educate elected officials on the importance of the purchase of care program and the needs of providers and low-income families that rely on the program. The union also provided support to the State of Maryland in their application for the Race to the Top funds for Early Childhood Education.
- **The union educated parents on the MSDE program Healthy Beginnings and the importance of finding licensed child care.** The union provided information from MSDE on the Healthy Beginnings program and flyers on finding licensed family child care to 100 young trade unionists at an Expo, as well as circulating similar documents to other SEIU Local 500 members who work within the Montgomery County School system.
- **The union has worked to create a collaborative and supportive relationship with MSDE.** The union brought together child care providers to provide feedback to MSDE on proposed regulations for Large Family homes and the credentialing program. A provider leader has also sat on the Office of Child Care Advisory Council. The union and MSDE have used the collective bargaining process as an opportunity to strengthen both organizations' ability to communicate and educate early childhood professionals.
- **The union is creating more productive conversations between MSDE and Providers when there is an error in payment processing.** In 2011, the union individually counseled 35 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 2011, the total number of providers participating in the subsidy program showed an overall decrease of 8.2% compared with the total for June 2010.
 - Participation by licensed family child care providers decreased 5.3%, while participation by informal care providers decreased 12.1%.
 - The total number of subsidy children served decreased 5.7% from June 2010 to June 2011. Children served by licensed family child care providers decreased 5.7%, and children served by informal care providers decreased 14.4%.
- SEIU membership and children served
 - Between June 2010 and June 2011, SEIU's overall provider membership increased 5.4%. Licensed family child care provider membership increased 3.3%, and informal provider membership increased 20.0%.

To help determine the existence of other trends related to the implementation of 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.

This survey was initially conducted in November 2010 by Division staff. The Division planned to contract with an external surveyor to continue conducting this survey on a monthly basis after that time, but difficulties in identifying an appropriate contractor delayed further administration of the survey until April 2011. Subsequently, the survey was conducted monthly from April through November of 2011.

The results of the November 2010 survey were reported in the 2010 Annual Report to the Maryland General Assembly. Appendix A to the present report sets forth a complete set of monthly survey results from April through November, 2011. A detailed description of the survey's methodology is included in this report as Appendix B.

Child Care Subsidy Provider Survey Results

Survey Characteristics

- Each month during the period April-November 2011, a target sample of respondents was developed from that month's list of inactive providers. The size of that sample was set at the number that would achieve a 95% confidence level ($p = .01$, $q = .09$, $r = +/-5\%$).
- From each month's list, all SEIU provider members were identified and included in the sample. The remaining providers in the list were randomized. An attempt was made to survey each SEIU member, after which the survey was administered in sequence according to the randomized list until the target number of respondents was reached.
- Across all monthly instances of the survey, a total of 470 providers were surveyed. Not all providers responded to each survey question.

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 = 451)		
Quit the program	81	18%
No subsidy children recently	370	82%
(2) The provider has quit the subsidy program, and the <u>main</u> reason was: (n= 91 – <u>note</u> : Some providers gave more than one reason for quitting the program)		
Problems with the local department of social services	13	14%
Problems with subsidy parents	2	2%
Problems with subsidy children	0	0%
Not getting her subsidy payment checks on time	56	62%
Too much paperwork	14	15%
Loss of income because of union deductions	2	2%
Other	10	11%
(3) If money were to be deducted automatically from her payment checks for union contributions, the provider would probably: (n = 437)		
CONTINUE taking subsidy children	273	62%
STOP taking subsidy children	164	38%
(4) Does the provider agree or disagree with the idea of requiring <u>all</u> subsidy providers to contribute to the union, even if they are not union members? (n = 443)		
Agree	160	36%
Disagree	283	64%

(5) The following table shows the jurisdictional distribution of survey respondents:

<u>Jurisdiction</u>	<u># Respondents</u>	<u>% of Total (n=470)</u>
Allegany	4	0.9%
Anne Arundel	24	5.1%
Baltimore City	64	13.6%
Baltimore	75	16.0%
Calvert	8	1.7%
Caroline	9	1.9%
Carroll	7	1.5%
Cecil	7	1.5%
Charles	17	3.6%
Dorchester	6	1.3%
Frederick	16	3.4%
Garrett	3	0.6%
Harford	22	4.7%
Howard	14	3.0%
Kent	1	0.2%
Montgomery	46	9.8%
Prince George's	88	18.7%
Queen Anne's	7	1.5%
Somerset	2	0.4%
Saint Mary's	13	2.8%
Talbot	5	1.1%
Washington	18	3.8%
Wicomico	13	2.8%
Worcester	1	0.2%
TOTAL:	470	

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

- The MSDE Division of Early Childhood Development conducts 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 cited in the main body of this report, the list of inactive providers that is generated during any given month actually reflects information that is 5 months old.

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).

- 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).