

Child care providers

PERCEPTION OF CHILD CARE SUBSIDY IN KANSAS

Research overview & findings

KANSAS STATE UNIVERSITY

United Methodist HealthMinistryFund

The United Methodist Health Ministry Fund partnered with Kansas State University in 2023 to understand state child care providers' experiences with the child care subsidy program, which is administered by the Kansas Department for Children and Families (DCF). The program is one of the most important tools used to address child care affordability. It also has the potential to provide sustainable, predictable payment to providers and to incentivize providers to focus on improved quality and workforce initiatives.

To gain insight, we surveyed 313 child care providers representing 93 of the state's 105 counties to learn why providers often don't participate, and potential recipients don't enroll. Seventy-four percent of the respondents currently participate in the subsidy program, 25 percent had participated but were no longer involved, and 1 percent had never taken subsidized enrollees. Both private and not-for-profit program directors were interviewed.

KEY BARRIERS TO PARTICIPATION

To be successful, the Kansas child care assistance program needs to work for both Kansas providers and families. However, just 12% of eligible families are participating in the program, according to the Center for Law and Social Policy (CLASP). The ability of families to participate is subject to provider availability and provider participation in the program. And, provider participation in subsidy programs has dropped by 60 percent nationally, according to CLASP data for fiscal years 2008-19.

Survey results indicated there are several barriers that make it challenging for Kansas child care providers to participate in the program.

1. ADMINISTRATIVE BURDENS

Roughly six out of 10 respondents cited administrative burdens as a challenge, including payment-processing difficulties, delayed payments and the associated costs of cumbersome processes. Some noted that DCF systems were overly complex and challenging to understand. When encountering problems, answers were often hard to find, and DCF personnel was sometimes impolite or unable to help. Each of these factors significantly increases administrative costs.

In a separate question, asked only of those who were no longer participating or had never participated in the subsidy program, administrators were asked to identify factors that would make them more likely to participate. Seventy-four percent cited increased subsidy rates, and 71 percent identified subsidies paid directly to the program rather than to the families receiving aid.

2. FULL CENTERS AND LOW SUBSIDY RATES

A quarter of the respondents said they were too full to accept new enrollees, including subsidy recipients. A significant number indicated the subsidy rates were too low to cover the cost of providing service. These two findings suggest that Kansas may need more child care capacity and that higher subsidy rates may encourage providers to expand.



46% PROGRAM AT CAPACITY

39% PAYMENT COLLECTION DIFFICULT

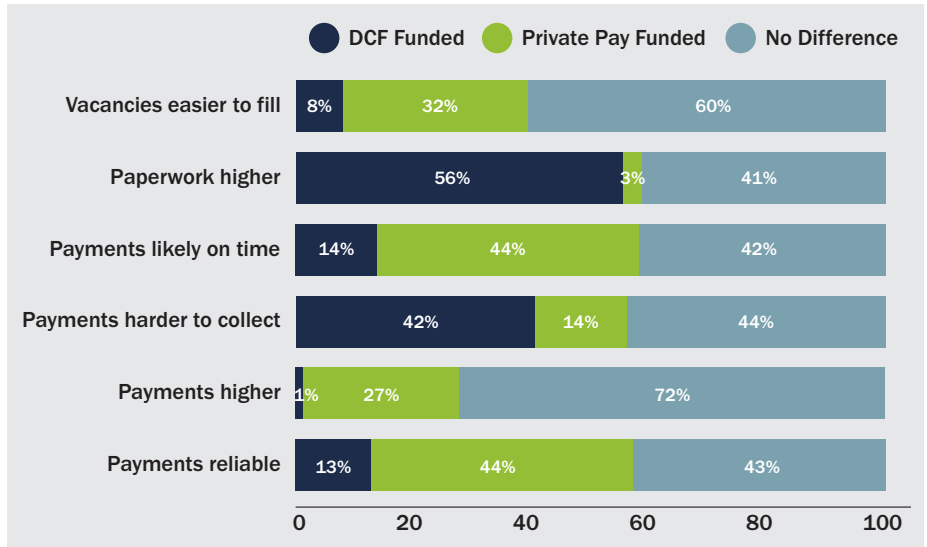
30% RATES TOO LOW

24% ADMINISTRATIVE WORKLOAD



3. CHALLENGES MANAGING SUBSIDY PROGRAM

This chart demonstrates the difficulties of managing the subsidy program compared to those families who pay themselves. Subsidy recipients are far more likely to have late payments or not to make a payment at all. Administrators also say collecting overdue payments is an arduous task and yet another cost the providers bear.



RECOMMENDATIONS

To help ensure all Kansas kids receive the care they need, we recommend the following based on the survey’s findings:

1. EXAMINE EXISTING DCF SYSTEMS TO STREAMLINE PROCESSES

We recommend thoroughly examining the DCF child care subsidy system to address the concerns about excessive paperwork, cumbersome enrollment processes and poor communication with DCF employees — issues that lead to providers incurring additional costs.

2. ADOPT DIRECT PAYMENT FOR PROVIDERS

We recommend that DCF examine other states’ efforts to negotiate contracts with providers and, at a minimum, institute a direct-payment system, ensuring a timely flow of payments to providers and eliminating the need for personnel to engage in arduous and time-consuming collection efforts.

3. ASSESS ALTERNATIVE FEE STRUCTURES TO COVER ACTUAL COSTS, INCREASE ACCESSIBILITY

We recommend assessing the current formula for funding subsidies to reflect the true service cost rather than relying on often outdated market estimates. Survey participants asserted that current eligibility requirements, based on

income, are leaving too many families behind. For instance, a family of four may have an income that exceeds the current limit even though they, too, struggle to afford child care for their families.

4. INCREASE AWARENESS TO DISPEL MYTHS ABOUT DCF-FUNDED FAMILIES

Respondents noted that some providers, particularly those not participating, had biases toward children and families who receive subsidies. Child care administrators recommended a comprehensive DCF and industry-wide effort to address and eliminate these biases for reasons of equity, inclusion and broadening participation.

5. INCREASE SUPPORT FOR PROVIDERS

Administrators overwhelmingly indicated that the subsidy programs would benefit from increased DCF support and improved communications and support regarding processes. Respondents pointed out that increasingly, provider programs and personnel are digging into their own pockets to help families with expenses outside of the care itself. Some states have addressed this issue by increasing reimbursement rates. And, providers also noted that DCF should make an effort to boost the morale of administrators and workers in order to address the field’s retention issues.



WHAT DID PROVIDERS SAY WOULD INCREASE PARTICIPATION?

74%

HIGHER REIMBURSEMENT RATES

71%

PAYMENTS TO PROVIDERS

24%

ADDITIONAL SUPPORT (COACHING)

23%

RESOURCES LIKE PROFESSIONAL DEVELOPMENT

19%

ASSISTANCE WITH SUBSIDY MANAGEMENT