

# Arkansas Center-Based Provider Participation in the Child Care Voucher System



RESULTS FROM A STATEWIDE MIXED METHODS STUDY

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# ARKANSAS ENROLLMENT STUDY

The purpose of this study was to learn how early childhood centers in Arkansas make decisions about enrolling children in their programs. Surveys were sent to all licensed center-based providers across Arkansas. Then, a smaller group of centers from across the state participated in interviews to share more information about their enrollment decision-making process.

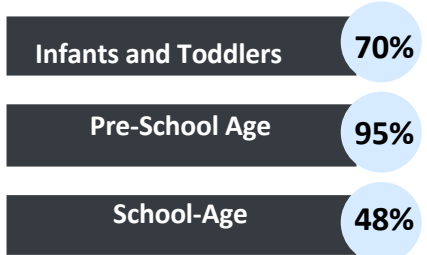
## Surveys

We distributed an electronic survey to all licensed center-based providers in Arkansas between February and March 2021. In total, we received 463 complete surveys for a 38% response rate. Demographic details about the survey respondents' programs are provided below.

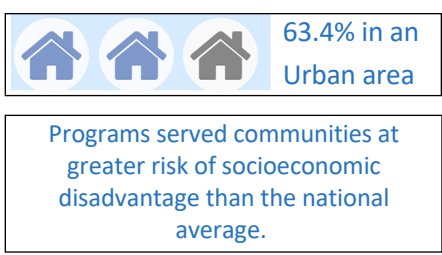
### FUNDING SOURCES FOR CENTER-BASED EARLY CHILDHOOD CENTERS IN ARKANSAS:



### AGE LEVELS PROGRAMS SERVE:



### COMMUNITY CHARACTERISTICS:



### PROGRAM CHARACTERISTICS:



## Interviews

Reviewing survey responses, we purposefully selected interview participants to represent a diverse group of providers. In total, we interviewed 35 providers who represented 49 programs. Demographic differences between survey respondents' programs and interview participants' programs are provided below.

### FUNDING SOURCES:

- Fewer interview participants accepted parent tuition payments (52%) and other sources of funding (14%)
- More interview participants accepted child care vouchers (51%), Arkansas Better Chance (41%), and Early Head Start/Head Start (31%)

### AGE LEVELS PROGRAMS SERVE:

- Interview and survey participants served similar age groups of children

### COMMUNITY CHARACTERISTICS:

- Interview and survey participants served a similar percentage of urban areas
- Interview participants served communities that were just below the national average for risk or socioeconomic disadvantage

### PROGRAM CHARACTERISTICS:

- Interview and survey participants had similar Better Beginnings levels
- More interview participants were in Better Beginnings (94%) than survey participants



## PROGRAMS ACCEPTING VOUCHERS

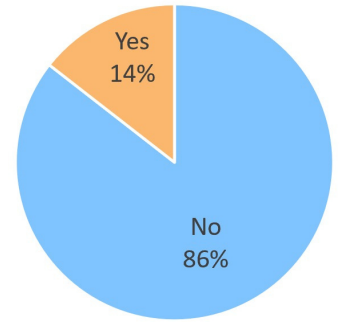
Of the programs that completed the statewide survey, a total of 188 programs indicated that they accept child care vouchers. The data provided on this page reflects only the 188 programs that indicated they accept vouchers.

Additionally, 23 of the providers we interviewed indicated that they accept child care vouchers. These 23 providers represented 25 programs.

## Limiting Vouchers

**Survey Question:** Does your program limit the number of children with child care vouchers that you enroll at any one time?

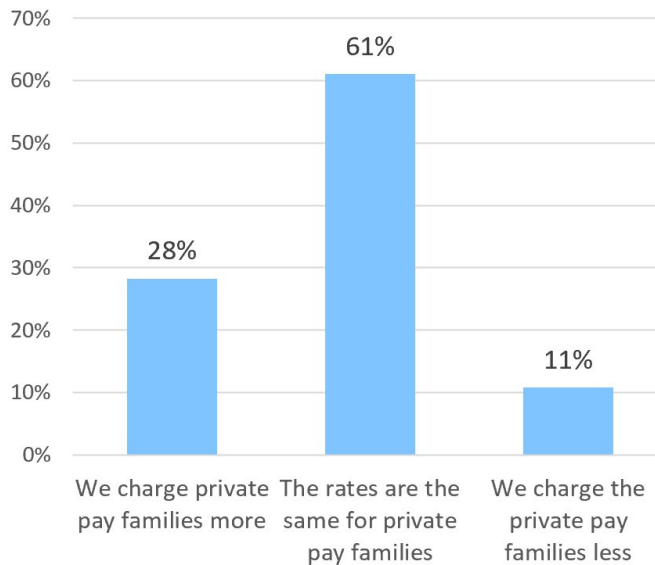
Most survey respondents (86%) indicated that they did not place a limit on the number of children in their program who use vouchers.



### Interview Responses:

During interviews, many providers indicated that they do not restrict the number of children in their program who use vouchers.

- Participant Quote: "If I have open spots and they need daycare, I'm going to fill them."



**Survey Question:** Does your program charge private pay parents more than you charge families with children who have vouchers?

Most programs (61%) charge the same rate for families paying via private pay (parent tuition payments) or vouchers, but some programs (28%) charge private pay families more. Other programs (11%) report receiving higher reimbursement rates from vouchers than they charge private pay families.

### Interview Responses:

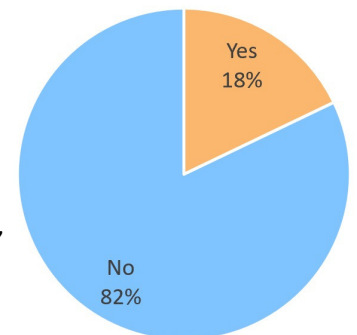
During interviews, providers varied on whether voucher payments were more than, equal to, or less than private pay. Importantly, some providers said equal reimbursement was only achieved through co-pay, but co-pays could sometimes be challenging to collect.

- Participant Quote: "Because the parents couldn't afford the full co-pay so you were constantly bartering with them and trying to make it work. So I had gotten to a point where I really had to limit how many voucher families we could even take on."

## Serving Families Using Vouchers

**Survey Question:** Would your program stop serving families receiving vouchers if you could fill your program with private paying families?

A majority of programs (82%) would continue to accept vouchers, even if they could fill their program with private pay families.



### Interview Responses:

During interviews, many providers indicated that serving their communities and low income families was part of their mission.

- Participant Quote: "We want low income families to have the same opportunities in the same quality childcare that paying parents are offered."

# PROGRAMS THAT DO NOT ACCEPT VOUCHERS

Of the programs that completed the statewide survey, a total of 275 programs indicated that they do not accept child care vouchers. The data provided on this page reflects only the 275 programs that indicated they do not accept vouchers.

Additionally, 14 of the providers we interviewed indicated that they do not accept child care vouchers. These 14 providers represented 24 programs.



## Factors Impacting Acceptance of Vouchers

**Survey Question:** Please select the reasons that may prevent you from accepting vouchers (participating in the state voucher system). Select all that apply.



Many respondents indicated they did not accept vouchers due to child care market factors, including maintaining a full program with private pay families or not enough families interested in subsidized care.

### Interview Responses:

During interviews, although providers discussed child care market factors, they more frequently expressed concern over payment policies.

- Participant Quote: "The [voucher] rate that the state pays is nowhere close. I mean it's \$15 to \$18 less a day than what we charge. And we're a small center. If we were larger then maybe we could absorb that and have some voucher spots."

## Increasing Likelihood of Voucher Participation

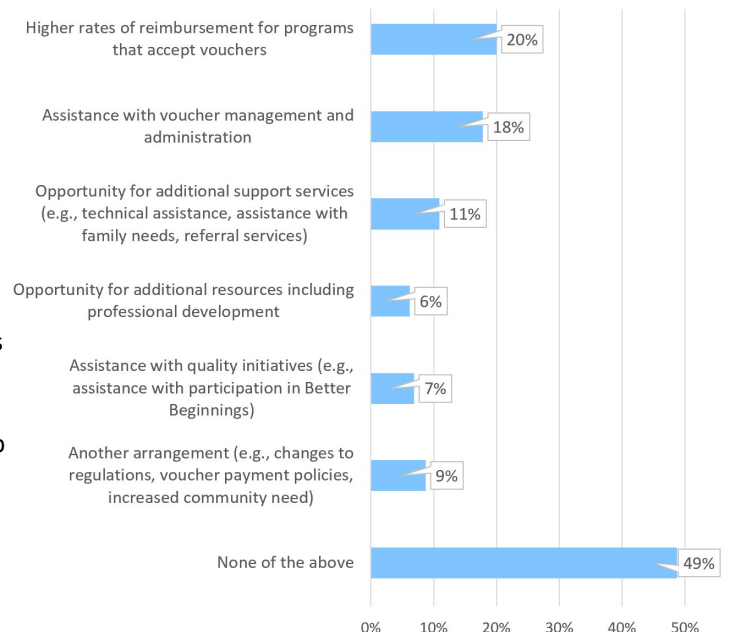
**Survey Question:** Which would make it more likely for your program to participate in the voucher system? Select all that apply.

Almost half of participants indicated that there was nothing that would increase the likelihood of them accepting vouchers. Of participants who did indicate that they might accept vouchers, 20% indicated that higher reimbursement rates would be a motivating factor.

### Interview Responses:

During interviews, a similar proportion of providers cited higher reimbursement rates and administrative supports as factors that would increase the likelihood of accepting vouchers.

- Participant Quote: "I hear from other directors saying that with the vouchers for the income assistance you have to keep up with how many hours the kids are coming or how many days they are attending, and I just don't have time for keeping up with all those."





## ALL PROGRAMS

The data provided on this page and the next page reflects the responses of all providers who completed the survey.

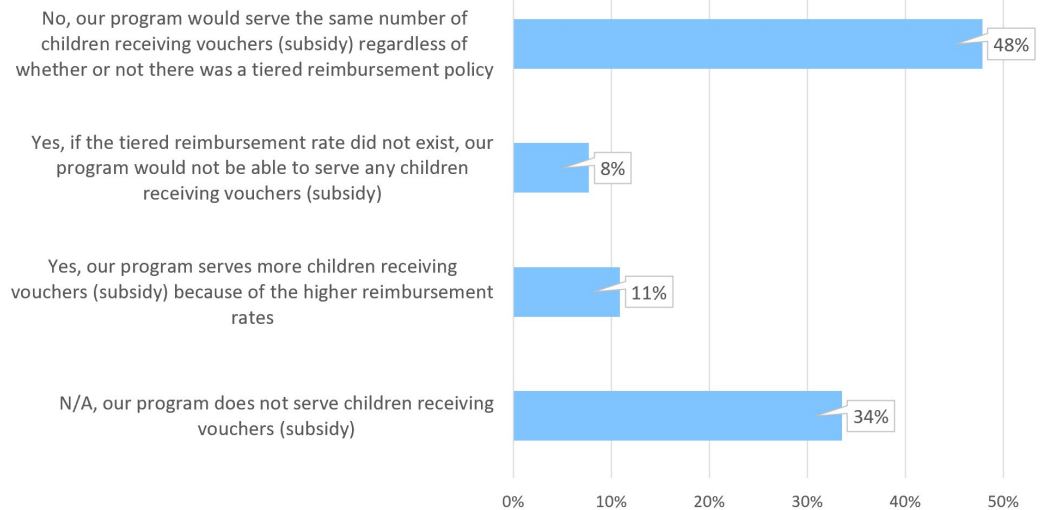
Additionally, the interview data reflects the responses of all providers we interviewed.

## Impact of Tiered Reimbursement Policy

Tiered reimbursement is a system where higher reimbursement rates are offered to programs that have higher quality ratings (more stars) in Better Beginnings. For example, a program with a 3-star rating, the highest quality rating, will receive the highest possible reimbursement rate, whereas a program with a 2-star rating would receive an incrementally lower reimbursement rate.

### Survey question: Does the tiered reimbursement policy influence your decision to serve children receiving vouchers?

Most providers (48%) who accept vouchers indicated that the tiered reimbursement policy does not impact their decision to accept vouchers or impact the number of children they serve who use vouchers. However, a small number of providers (19%) indicated that they would not serve any children using vouchers or serve fewer children using vouchers without the tiered reimbursement policy.



### Interview Responses:

#### Interview Responses:

While 48% of survey respondents indicated that the tiered reimbursement policy did not influence their acceptance of vouchers, interview participants discussed several ways in which the tiered reimbursement policy did impact their decision-making process.

**Impacts acceptance of children with vouchers:** Programs described how, by having a higher quality rating in Better Beginnings, they had access to higher voucher reimbursement. This higher reimbursement rate makes it possible to serve children who receive vouchers.

- Participant Quote: “The cost of care is not cheap ... I believe we would have lost money if we didn’t already have the highest quality rating in the state...It would not have been affordable unless they had tiered that payment based on our quality rating.”

**Motivates programs:** Programs described wanting to achieve higher quality ratings in Better Beginnings to gain access to higher reimbursement rates.

- Participant Quote: “You want to move forward in that Better Beginning system and try to get to the level three quality rating so you can get a much more decent voucher rate to be able to operate a better program.”

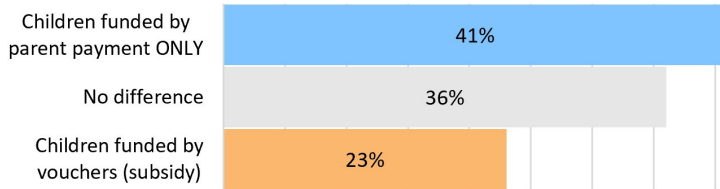
**High quality programs feel appreciated:** Some providers indicated that the tiered reimbursement rate allowed them to be recognized for the work that they do.

- Participant Quote: “At least with being a Better Beginning, with the voucher, it does give you an increase in pay to let you know that your service is not overlooked.”

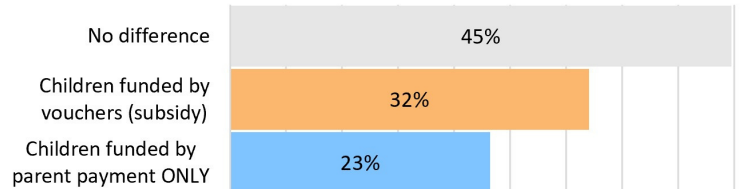
# Comparison of Payment Methods: Private Pay vs. Vouchers

**Survey question:** Please indicate the group of children you feel best represents the statement. If you currently serve ONLY children receiving vouchers or ONLY children funded exclusively by parent pay, please respond to the statement to the best of your knowledge.

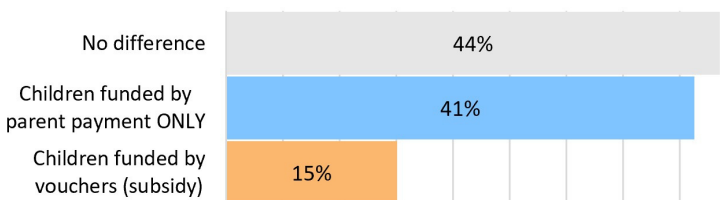
Payments for this group of children are higher



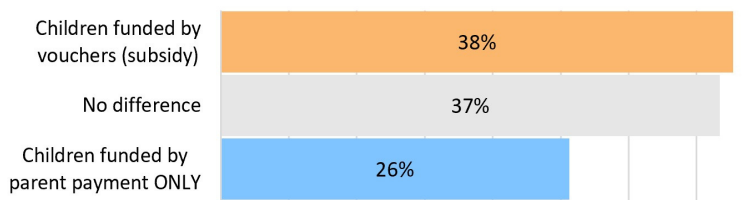
Payments for this group of children are more reliable



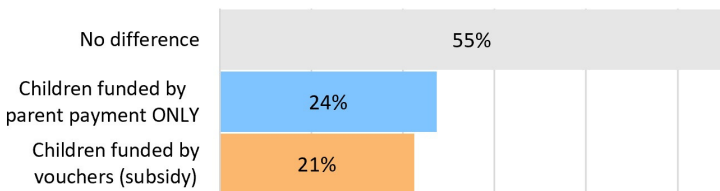
Payments for this group of children are harder to collect



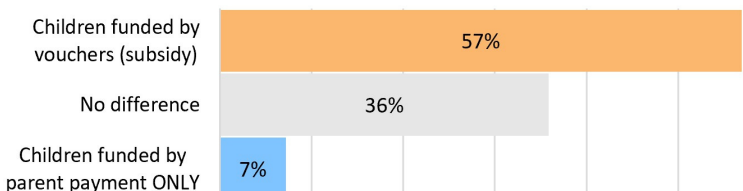
Payments for this group of children are more likely to be made on time



It is easier to fill vacancies for this group of children



The paperwork for this group of children is higher



## Interview Responses:

When discussing payments, some providers described the challenges that arise when accepting voucher payments.

- Participant Quote: "It's just the voucher system. If something is keyed in wrong at the state level and getting the funding - the money paid to you, sometimes there's some hiccups there. And sometimes it's hard to get a hold of people that are having to do 2 million different things and work with people across the state too. It's not easy."

Other providers discussed some of the challenges with obtaining payment from private pay families.

- Participant Quote: "You know parents start off strong [paying for childcare] for the first three or four weeks like, 'Oh, I can handle this.' And it might be because they just got a stimulus check or they just got this. And it feels so doable until that money starts to dwindle. Like, oh, I need that hundred dollars for something else, or I want to use it for something else."

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