Public and Private Purchasing Practices Drive Quality Down

by Roger Neugebauer

Center directors struggling to provide quality child care services often find their efforts undermined by the purchasing practices of parents and public agencies. This is one of the key findings of the recently completed study, ***Cost, Quality and Child Outcomes****. A number of study findings lead to this conclusion:*

In most communities, the child care market is highly competitive, forcing all centers to hold fees to a similar level.

Researchers found that in most communities child care centers (both non profit and for profit) compete keenly for customers. As a result, all centers are forced to keep their prices near the market rate in order to remain competitive. In addition, the prevalence of family day care providers, often with lower fee levels, has a dampening effect on local fees.

Public agencies downplay quality in purchasing child care services.

Public funding typically comes with mandates to set subsidies at or below the market rate. As a result, centers serving low income children are expected to do so at average or below average rates. Such policies offer no incentive to centers for providing quality services and, in reality, preclude them from doing so.

Parents tend to overrate the quality of care their children receive in centers.

One of the hallmarks of an open market economy is that informed consumers will demand quality in the goods and services they purchase. In the child care world, this means that parents would shop carefully to find the best value for their child care dollar. It would require that parents be able to distinguish between levels of quality.

Unfortunately, according to the findings of the cost and quality study, parents are not very effective evaluators of quality. Parents in the study consistently rated the quality of centers their children were enrolled in well above the ratings made by the study's trained observers.

Parents tend to value the same factors as do early childhood experts.

One early explanation for the differences in the ratings of parents and the researchers was that parents do not value the same aspects of care as ECE professionals.

To test this hypothesis, researchers asked parents to rate each of the aspects of care that the researchers were measuring in their evaluation instruments. When the results were tabulated, it was determined that parents in fact rated most highly the factors valued most highly by the researchers as well.

Parents tend to overrate most of the aspects of care that are most difficult to observe.

In rating aspects of care that parents could most easily observe (such as how the room is arranged and how children are greeted), parents' ratings tended to be closer to those of the trained observers. In rating aspects of care not easily observed by parents (such as how teachers interact with children or how block play is handled), parents' ratings were much higher than observers' ratings.

The combination of all these factors provide little incentive for centers to provide quality services.

"The inability of parents to recognize good quality care implies that they do not demand it," conclude the researchers in the study's **Executive Summary**. "There is little difference in fees between poor quality and high quality centers, which lends credence to this hypothesis. Given both a competitive market that equalizes fees across centers and parents' difficulty in identifying center quality, centers dependent upon parent revenues have no incentive to provide a higher level of quality at higher cost."

Accredited centers were able to charge significantly higher fees than other centers.

This finding provides an encouraging conclusion to this set of findings. Clearly, center accreditation provided parents with a readily identifiable indicator of quality. The fact that parents pay more to send their children to these centers suggests that where parents can identify quality they are willing to pay for it.

Reference

Cost, Quality and Child Outcomes in Child Care Centers: Executive Summary (January 1995), Economics Department, Campus Box 159, PO Box 173364, University of Colorado at Denver, Denver, CO 80217-3364 ($8).