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# Providing Child Care to Military Families

The Role of the Demand Formula in  
Defining Need and Informing Policy

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Prepared for the Office of the Secretary of Defense

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## Summary

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The Department of Defense (DoD) is committed to meeting the need for child care among military families. DoD supports the largest employer-sponsored system of high-quality child care in the country. Through accredited child development centers (CDCs), family child care (FCC) homes,<sup>1</sup> youth centers, and other after-school programs, DoD currently provides approximately 176,000 child-care spaces for military children 0–12 years old and plans to expand this capacity to 215,412 spaces by fiscal year 2007.<sup>2</sup>

DoD recognizes that high-quality child care is both a readiness issue and a retention issue. Difficulty in obtaining child care creates conflicts between parental obligations and mission responsibilities, and if parents have no child care, they may fail to report for duty in order to care for their children. If parents are forced to make informal child-care arrangements, they may perceive that care to be of low quality and may be distracted from their work as a result. For families with an employed civilian spouse, inadequate child care may affect the spouse's career options and ultimately the family's decision to stay in the military.

To estimate the magnitude of child-care need among military service personnel, DoD uses a formula incorporating installation-level and other demographic data, including a combination of national

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<sup>1</sup> FCC is child care provided in a person's home. A CDC is a dedicated facility. All U.S. states license child-care providers (both CDCs and FCCs). A DoD FCC is an FCC that has been approved by DoD.

<sup>2</sup> There are approximately 1.2 million children of military parents, according to DoD estimates. See the Military HOMEFRONT Web site ([http://www.mfrc-dodqol.org/MCY/mm\\_cdc.htm](http://www.mfrc-dodqol.org/MCY/mm_cdc.htm), last accessed August 11, 2005).

and military statistical trends. Because the formula is based solely on demographic data, DoD was concerned that the formula might not be addressing all relevant aspects of child-care need.

The Office of the Secretary of Defense asked the RAND Corporation to assess the validity of the DoD formula as a tool for translating information on military families into measures of potential child-care need and to suggest ways that the tool might be improved. RAND was also asked to clarify the role of the formula in DoD child-care policy decisions and to improve understanding of the factors that influence key child-care outcomes of interest to aid DoD in refining its goals for military child care. To perform this assessment, researchers conducted focus groups on eight installations and developed a survey to assess parental preferences and other factors that might affect child-care need. The survey was sent to a sample of 3,000 families of active-duty military members, including activated reservists, stationed in the United States who reported having dependent children age 12 or younger as of September 2003. The survey asked military parents about their child-care arrangements, unmet needs for care, unmet preferences for care, and the effect of child-care issues on their readiness and intention to remain in the military.

### **Some Aspects of the DoD Child-Care Demand Formula Deserve Attention**

The RAND analyses indicate that some aspects of the formula deserve attention and revision. The DoD child-care “demand formula” is actually a formula for determining *potential need* for child care among military families. The formula relies on data from the Defense Manpower Data Center (DMDC), Defense Enrollment Eligibility Reporting System (DEERS), and from the services, and assumptions about the fraction of dependent children living with their parents in different family types (single parent, dual military, military member with civilian spouse) to estimate potential need. The estimate derived from the formula represents an upper bound on the number of DoD-sponsored child-care spaces required to meet the needs of military families. This

number is then considered in light of available resources and competing demands to arrive at a goal for the amount of child-care spaces the system should provide. Because some families will choose to use non-DoD care (including parental and family care), the actual need for child care will be less than the potential need calculated by the formula.

The results of the RAND survey suggest that there may be problems with the accuracy of inputs to the formula, particularly some of the DEERS data inputs. Because the child-care formula makes fundamentally different assumptions about the potential need for child care among families of different types, accurate estimates of the family status of military members with minor dependents are critical to determining child-care need, but, as we found, they are often flawed. This study found substantial differences between family status reported in DEERS and family status reported by survey respondents. Of those families identified by DEERS as a “single-parent family,” only 51 percent reported single-parent status. Similarly, only 83 percent of those identified by DEERS as “military married to civilian” families and 90 percent identified as “dual-military” families reported having the same status as in the DEERS data. In addition, because DEERS no longer includes a flag denoting dual-military families, identifying this family type proved to be quite challenging.

The survey results also raise questions about some of the formula’s assumptions regarding use of child care among different family types. Specifically, the assumptions made by the formula about the fraction of children living with military parents and about spousal employment rates differed substantially from what was found from the survey.

## **Multiple Child-Care Indicators Provide Important Insights into How Well the System Is Working**

There are other important child-care indicators besides potential need that the DoD should consider as “intermediate” child-care system outcomes. They include child-care use and the need for multiple sources of care, unmet need for care, and unmet preference for care (i.e., a

family is not using its preferred type of care). Ultimately, the DoD child-care system must be assessed in terms of the support it provides to desired outcomes for the military. Readiness, particularly time lost to duty because of child-care problems, and the degree to which child care plays a role in a military member's propensity to leave the service represent two crucial "final" system outcomes that our survey results highlight.

**DoD CDC users appear to have a weaker attachment to the military.** Our survey reveals that CDC users are more likely than users of other types of care to report a high probability of leaving the military due to child-care issues. This finding is surprising, given that DoD CDC care is the most sought-after as well as the most heavily subsidized type of non-parental child care. One must be careful not to interpret this finding as causal, i.e., that it suggests that CDC care *causes* families to contemplate leaving the military. It may be that the families who use a CDC are families who find it more challenging to balance family obligations and military duty. Nonetheless, the greater propensity to leave the military due to child-care issues that was reported by DoD CDC users suggests that DoD may want to take steps to better understand the attitudes and needs of CDC families.

**Families that are living off base are less likely to use DoD-sponsored care.** The distance between a family's home and an installation is strongly related to the type of child care the family uses. Families living off base are less likely to use DoD-sponsored child-care options, and the propensity to use DoD-sponsored care decreases the farther a family lives from the base. This suggests that the housing patterns of military families stationed on a particular installation are important factors for the DoD to consider in deciding how to allocate its child-care resources.

**Local market conditions are related to the child-care choices that DoD families make.** This analysis revealed that families with preschool-age children who live in areas with lower median incomes are more likely to use civilian child care. DoD may want to consider characteristics of the local community in determining the relative need for DoD-sponsored care so that child-care resources can be most effectively allocated.



**Unmet child-care need is not prevalent among military families.** Just under 10 percent of military families report unmet child-care need. Unmet need is much more prevalent among families with preschool-age than school-age children, those with a civilian working spouse, and those earning less than \$50,000 per year. These findings indicate that two of the biggest gaps in care continue to be in providing care to preschool-age children and ensuring the affordability of care for lower-income families.

**Unmet preference is more common than unmet need.** Twenty-two percent of military families report unmet preference for child care, with a greater prevalence of unmet preference among families with preschool-age children. Overall, 54 percent of the families who reported unmet preference stated that they would prefer some form of care provided by DoD, while 46 percent of families would prefer something other than what DoD currently provides. The latter finding suggests that DoD may want to consider developing additional ways of supporting child care to better meet the child-care preferences of military families.

**Child-care issues impact the readiness of military members.** The survey found that child-care issues impact the readiness of military members to varying degrees. Single-parent and dual-military families with preschool-age children reported challenges in finding child care after the birth of the child that was specifically inquired about in the survey or after moving to an installation that prevented those families from reporting for military duty. Single parents in particular report long search times for child-care arrangements. The impact of child-care issues appears to be greater for female than for male military members. While deployments have some effect on child-care arrangements for all DoD families, finding care after returning from deployment was not reported to be a significant problem among most DoD families; single-parent families are the exception. These families may need additional support post-deployment.

**Child-care concerns may influence retention decisions.** Previous research (cited in Chapter Four) suggests a possible link between child-care issues and retention. Our survey provides more-direct evidence of a relationship between child-care problems and

retention decisions. More than one-fifth of survey respondents reported that it is likely or very likely that child-care issues would lead them to leave the military. Families with preschool-age children are much more likely to report such a propensity than are families with school-age children. Among family types, dual-military and single-parent families are much more likely than those with a non-working civilian spouse to report such a propensity, when controlling for family type, than are families using CDC care.

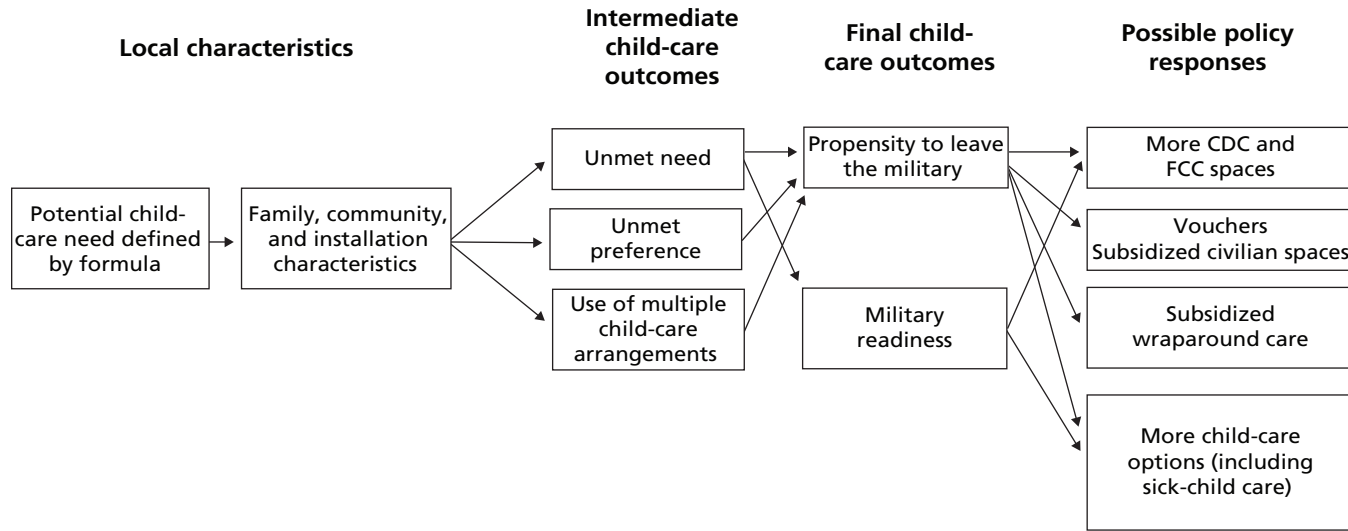
## Policy Options for DoD to Consider

Our research reveals that child care is a potentially important retention and readiness issue, not only for military members who are married to civilian spouses but also for single military parents and dual-military families.

**DoD should focus on other child-care outcomes in addition to potential need.** Currently, DoD relies on its child-care demand formula as the basis for policymaking related to child-care issues, and particularly for establishing the number of spaces the DoD child-care system should provide. But this formula calculates only potential need. Potential need must be considered along with other, intermediate outcomes, such as actual child-care need and child-care use; all of these measures are ways to understand the effects of child care on key child-care system outcomes, military readiness, and the propensity to leave the military.

To deploy resources in the most effective manner, DoD must clarify its goals for the military child-care system and identify the key outcomes of interest. Then, with these objectives in mind, DoD can meaningfully translate potential need to the number of spaces in selected care settings that it should provide. Figure S.1 illustrates the general relationships that frame the relationship between potential need, intermediate outcomes, and final outcomes for child care, and policy responses that DoD can use to meet its goals.

**Figure S.1**  
**Child-Care Outcomes and Potential Policy Responses**



RAND MG387-S.1

**DoD should clarify which child-care outcomes are of greatest concern, and those outcomes should drive the system.** It is critical that DoD identify goals for the military child-care system and establish the key outcomes of interest. For example, one goal might be to reduce the level of unmet preference as much as possible. Another might be to reduce the level of unmet need or to reduce the number of workdays lost by military personnel due to child-care problems.

**DoD should give consideration to installation-specific characteristics that influence child-care outcomes and effective policy responses.** DoD's current formula does not take into account key installation characteristics that the study data indicate impact multiple child-care outcomes. Because families who live on or near an installation are more inclined to use and to prefer on-base DoD-sponsored CDCs and FCC, an installation with limited on- and near-base housing is likely to face lower actual need for on-base child care. To address unmet need on such an installation, DoD might consider subsidizing care in civilian-operated centers or providing vouchers in those communities where military families actually live. Analogously, in communities with a low cost of living, families prefer civilian care because it is cheaper for most of them. To address unmet need in these communities, DoD may want to reduce the number of DoD-sponsored spaces and use those resources to subsidize wraparound care that will fill in the child-care gaps for families whose duty hours extend beyond the operating hours of civilian centers so that parents can avoid missing duty.

**DoD should consider creating more policy alternatives in the child-care arena.** A major difficulty in selecting outcomes of choice is that, currently, DoD has few policy levers in the child-care arena. The key policy lever is the number of spaces available for care in DoD-sponsored child-care settings. Additional policy alternatives, along with greater flexibility in applying them at the installation level, could improve child-care outcomes. Depending on the local circumstances, policy alternatives might include child-care vouchers, subsidized spaces in civilian centers, subsidized wraparound care, or support for after-school programs in the community. DoD recently introduced a new program called "Operation: Military Child Care" that can serve as

an example of the type of policy option DoD might want to pursue further. The program seeks to aid active-duty, reserve, and National Guard families who do not have access to DoD-sponsored care on base to locate child care, and it will defray the cost of that care while military members of the families are mobilized or deployed. Clear DoD guidance, combined with a package of policy options that extends beyond creating spaces in DoD-sponsored care, holds the promise of better utilization of child-care resources to promote DoD's goals and provide families with more care choices and greater well-being for their children.

**DoD should collect additional data to improve the formula's predictions and better target child-care resources.** As stated earlier, our survey data do not closely match DEERS designations of family type. Certainly, marriage and divorce are dynamic, and our survey response rate was low. But family type is a key child-care demand formula variable; we urge DoD to conduct DEERS validation studies to ensure that the data that populate the formula are producing the most accurate indicators possible. For similar reasons, DoD should reinstate the dual-military flag in the DEERS data. In addition, collection of data on installation housing patterns and local markets would help to better target child-care resources.

**A DoD-wide role may be needed to allocate child-care resources effectively.** Our survey results suggest that there is no one-size-fits-all approach that can effectively address the child-care needs of DoD families. The survey results also suggest that potential need, as characterized by the DoD formula, can best be met with a range of child-care options. While the formula provides a useful starting point for predicting child-care need, installation characteristics, in particular the average income of the local community and the housing decisions of military families, appear to have important implications for the type of care used and the need for DoD-operated child-care spaces as opposed to other options, such as subsidized care in the community.

Currently, there is no mechanism for the centralized determination of child-care needs across installations. Individual commanders, or in some cases the services, decide how to allocate funding for the construction and operation of CDCs. This leads to tremendous variation

in the level of child-care availability across installations. Higher-level consideration of child-care needs across installations, combined with the use of a broader set of policy tools, could lead to more options that would promote the military's ultimate goals: readiness and retention.