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P A P E R



Options for Improving the Military Child Care System

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Summary

The U.S. military child care system is the largest employer-sponsored child care system in the nation, widely recognized for providing high-quality care. A range of different settings enables the system to meet military parents' needs for reliable, high-quality care while recognizing parental preferences concerning environment, size (the number of children cared for in that provider setting), and flexibility. Subsidies based on family income ensure affordability.

Study Motivation

Despite its size, the military child care system serves only a small percentage of eligible families needing child care assistance. Care in Child Development Centers (CDCs) is quite costly for DoD to provide; care for the youngest children is particularly expensive since parent fees are based on family income and not on the cost of care. Care in Family Child Care (FCC) homes is substantially less costly. There is little evidence that the care provided in DoD-run CDCs and FCC homes addresses DoD employer goals of increased readiness, retention, and recruitment. Moreover, families that cannot or choose not to use CDC or FCC care receive no help covering their child care expenses. Moreover, they may rely on care that is mediocre, given their often limited financial resources and the fact that the average quality of care in civilian communities is generally not high. The Office of the Under Secretary of Defense for Personnel and Readiness asked RAND researchers to use the insight they have gained during several previous studies on military child care (e.g., Zellman and Gates, 2002; Moini, Zellman, and Gates, n.d. and 2006) to reexamine military child care as a compensation issue and evaluate options for transforming the current military child care system.

Methods

In this paper, we provide an overview of the military child care system and assess the system's success in cost-effectively meeting DoD readiness, retention, and recruitment goals. In particular, we consider the logic of DoD offering military child care as an in-kind benefit. This assessment is based primarily on a review of existing research. We supplemented our own extensive prior research with a review of private-sector employee child care benefits and interviews with a small number of companies that are similar to DoD in important ways.

Findings

Child Care in the Private Sector

Private employers provide child care benefits with an eye to the bottom line: They offer these benefits to improve recruitment, reduce absenteeism, and decrease turnover. Some employers operate child care centers or subsidize care in the community; many provide resource and referral services. In recent years, employers have begun to offer benefits of a different kind—moving away from specified services and goods that the employer pays for, such as child care centers, to changes in the work environment that employees value highly, such as flextime and the ability to work from home. However, these flexible benefits do not necessarily obviate the need for child care; further, they fail to address two chronic problems in locating and using care: lack of availability and mediocre quality.

Child Care in the Military

Military child care programs are reaching a small fraction of the total military population. At most, 7 percent of military members are served by CDCs, and another 4 percent by FCC homes. Even among families with children under age six, fewer than half use DoD-sponsored child care. Nevertheless, the vast majority of the child care resources spent by DoD are devoted to care provided in CDCs. In general, the cost of CDC care is substantially higher than the cost of FCC or the cost to DoD and military parents (via co-payments) for child care provided by civilian contractors. Moreover, CDC care, with high fixed hourly costs, is inherently less flexible than FCC. In homes, FCC providers theoretically can accommodate duty hours that exceed those of the CDCs and provide children with more continuity of care.

Our evidence indicates that child care is a readiness and retention issue for many service personnel. Military members report that child care issues prevent them from reporting to duty and cause them to be late for or absent from work. Some military members also indicate that child care issues may lead them to leave the military.

Despite frequent assertions by DoD that the key goals of the military child care system are the promotion of readiness and retention, the system is not organized to effectively promote these goals or to monitor the extent to which they are being addressed. CDC enrollment priorities for certain family types—e.g., single parent and dual military—are designed to promote these goals, but the evidence suggests that they are not working effectively. The Military Child Care Act of 1989, passed in response to child abuse allegations in military child care centers, focuses the system (and its resources) on protecting children in DoD CDCs, providing them with high-quality care, and increasing the availability of care through large subsidies to CDCs. Even if CDC care were enhancing readiness and retention among those families that use it, the overall effect of the CDCs on these objectives would be limited because so few military families actually use the CDCs. However, there are reasons to doubt that CDCs are having any positive effect, even for those families that use them. Of particular concern is that when surveyed and when we controlled for family type, families that use CDCs were actually more likely than other families to report that they were likely to leave the military because of child care issues. Moreover, many of those who receive the large CDC subsidy are unaware of its value; some even believe DoD is profiting from their CDC fees. These factors limit the extent to which the subsidy can promote retention.

The evidence presented in this paper raises concerns that the current system is not meeting DoD or service member needs in an optimal way. DoD appears to be reaping limited benefits from the large CDC subsidy, while many military parents get no help at all.

Recommendations

Our findings suggest that the DoD child care system could change in a number of ways to better meet DoD and military family needs. For example, it could redistribute resources within the current system. In pursuing this strategy, DoD potentially would be able to provide military benefits to more families and provide the types of care that would be more likely to improve readiness. A redistribution of resources could involve redirecting money from CDCs to FCC, targeting the child care benefit to different types of families, or focusing the benefit on different types of care, such as care in local communities.

Rethinking priority policies from the perspective of *both* child care need and the degree to which care characteristics fit with likely DoD and service member needs would be another important way to change the system. DoD may also wish to redistribute resources in order to allocate child care benefits to more families in more settings. To do this without increasing overall expenditures would involve a reallocation from those who are currently receiving a large subsidy to those who are receiving little or no subsidy. Alternatively, DoD may wish to redistribute benefits by targeting them more narrowly to those families that value them the most, such as military members who are deployed, or to the families of those it values most highly and whom DoD is most concerned about losing, such as individuals with special skills.

In support of recruitment, readiness, and retention goals, DoD may also wish to expand the child care benefit to cover more military families and a broader set of child care needs. DoD could consider expanding DoD-provided care and evaluate the system in terms of availability of care and contribution to readiness. Such an effort would likely be costly, although costs could be moderated by expanding FCC and moving the care of the youngest children out of CDCs, focusing center-based care on older children. However, it is unlikely that expanded CDC care or FCC would meet the needs of all military families, many of which live far from the installation.

Alternatively, DoD could expand access to child care through the use of cash benefits, vouchers, and/or negotiated discounts with local providers, while continuing to provide some amount of FCC and CDC care. In the long run, this approach likely would also increase child care availability and the average quality of care that DoD dependents receive. If DoD chose to focus on improving local provider quality, it could exert a substantial positive influence on the overall quality of care in communities surrounding military installations. These efforts might enable more military parents to use higher-quality care, which could improve readiness and retention.

DoD may want to invest more resources in assessing the value of child care benefits, as it does for other military compensation components. To prepare for such analyses, DoD should track and centrally record information (e.g., rank, specialty, family type) about parents who enroll their children in the child care system and the amount and type of care being used. This information could then be used to assess the effect of system utilization on readiness and retention. Ideally, DoD would also retain information on the children being served in order

to facilitate assessments of near-term child outcomes (e.g., health status, test scores from first grade).

DoD might also want to consider conducting a periodic child care needs assessment to understand changing family needs and preferences. It would also be important for DoD to regularly assess the private-sector child care market in local military communities. These data would inform the key decision of whether to promote the development and use of high-quality care off base.

Conclusions

The DoD child care system provides high-quality care to a small percentage of military members, with seemingly limited payoff in terms of readiness, retention, and recruitment. DoD can do a better job of addressing the child care needs of military families and its own needs for a stable, ready force by rethinking the current system, collecting important data on utilization, and examining the link between utilization and key employer outcomes.