Introduction

- Increasing public funding for ECE in recent years
  - Higher demand and supply
  - Competition in a mixed-delivery system
  - Wide variation in quality
- Competition as an incentive for schools to improve quality and student outcomes
  - No clear conclusion in the current literature (mostly in K-12)
  - No direct measures of quality, mostly using student outcomes as a proxy for quality - aggregate effects
- Only study in the context of Early Care and Education (ECE)
  - Unable to directly measure the effects on quality improvement efforts

Research Goals

- Provides an up-to-date description of the relationship between competition and child care quality using a direct measure of quality
  Research Question 1: Is competition associated with the quality ratings of centers?
- Explores the mechanisms by which competition affects quality
  Research Question 2: Is competition associated with centers’ structural quality (i.e., staff qualifications and sanitation) and process quality (i.e., classroom interaction)?

Data and Methods

Data: North Carolina public administrative data of all center-based providers in 2019
Sample: 4,164 center-based care providers

Competition measures:
- Competition index: 1 – Herfindahl Index
- Distance: Average distance to the nearest competitor in the market (defined as a school district)
- Density: Number of providers per square mile in the market
- Diversity (TBD): Number of different types of providers in the market

Outcome measures:
- QRIS Rating (1 to 5; 0 assigned to unrated centers): Whether a 5-star provider; Sanitation score; Educational standards score (measures teacher education); Program standards score (measures classroom process)
- OLS models controlling for extensive school district characteristics (e.g., poverty rate, K-12 per pupil expenditure)

Discussion and Future Considerations

- The context - overall level of competition at the child care market in North Carolina is high.
- Measures of competition matter – outcomes are sensitive to different competition measures.
- The competition index and distance to the nearest competitor suggest less competition is associated with higher quality, whereas number of providers per square mile suggests the opposite.
- The distance from the nearest competitor is positively correlated with staff qualification and classroom interaction.
- OLS does not fully capture the endogeneity of competition. School districts vary widely in unobserved characteristics. Longitudinal data will be obtained to better address this problem.

References