

Utilization of Higher-Quality Early Care and Education Among Children Using a Maryland Child Care Scholarship

Jing Tang, Nicole Forry, Tamara Halle, Rebecca Madill, Sarah Kelley, and James Fuller

Following the reauthorization of the federal Child Care and Development Block Grant (CCDBG) Act of 2014, Maryland implemented multiple changes to its Child Care and Development Fund (CCDF) policies. These policy changes were designed to increase access to high-quality care for families receiving a child care subsidy (referred to as a “scholarship” in Maryland). This fact sheet presents information on the utilization of higher-quality early care and education (ECE) providers among children who participated in the Maryland child care scholarship program from January 2018 to February 2020. During this time, Maryland increased the scholarship reimbursement offered to providers three times, raised the family income threshold for eligibility twice, and fully implemented the state’s 2016 policy decision¹ to require quality ratings for all providers serving children with a scholarship (see Figure 1).

In this fact sheet, quality is measured by rating level on Maryland EXCELS, which is Maryland’s Quality Rating and Improvement System (QRIS).² There are five levels in Maryland EXCELS. Levels 1 and 2 of this system indicate a program is licensed and has some markers of high-quality care. Levels 3–5 of this system have more markers of high-quality care, and thus are labeled “higher-quality care” in this fact sheet. The majority of Maryland providers in this “higher-quality care” category are at level 3. At level 3, quality indicators are documented for each of five quality standard domains (see Box 1). Quality at levels 4 and 5 are examined separately because these providers have demonstrated a higher commitment to quality by either taking active steps toward accreditation or by being accredited by an organization recognized by the Maryland State Department of Education (MSDE). Accreditation has long been considered an indicator of high-quality care in the field. Both nationally and in Maryland, relatively few providers have achieved accreditation. In 2018, less than 10 percent of all child care centers and preschools nationally achieved this recognition.ⁱ Accreditation requires rigorous documentation of practices across multiple domains of quality, including relationships, curriculum, teaching practices, assessments of children’s progress, health, staff compensation, family-provider relationships, physical environment, leadership, and management.ⁱⁱ

Box 1. Maryland EXCELS

Maryland EXCELS rates provider quality based on nationally recognized quality standards and best practices in five areas:

- Licensing and compliance
- Staff qualifications and professional development
- Accreditation and rating scales
- Developmentally appropriate practices
- Administrative policies and practices

Providers voluntarily participate in Maryland EXCELS. Provider quality was rated on a scale from 1 to 5 based on the set of standards listed above. For this factsheet, we consider levels 3, 4, and 5 to indicate higher-quality.

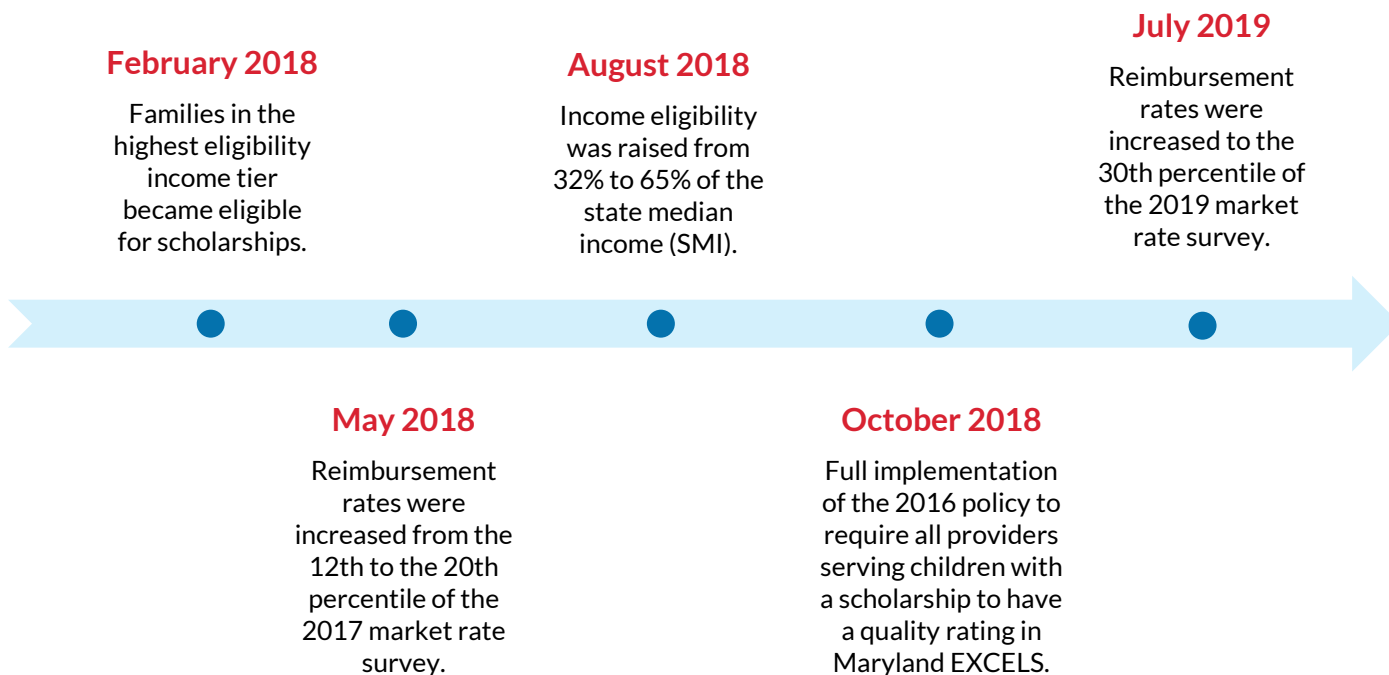
For a complete list of Maryland EXCELS standards, please see:

<https://marylandexcels.org/commitment-to-quality/maryland-excels-standards/>

¹ In October 2016, providers were required to publish a quality rating to serve children using subsidies. However, there was a delay in programs receiving their ratings due to revisions in QRIS standards and a shortage of sufficient QRIS staff to conduct classroom observations. As a result, most providers published a quality rating by August 2018.

² For detailed methods and measurements, please refer to [Appendix 1: 2019 Maryland Child Care Research Partnership \(MDCCPRP\) Detailed Data Collection & Analysis Methods Summary](#).

Figure 1. CCDF Policy Changes Implemented in Maryland From 2018 to 2020

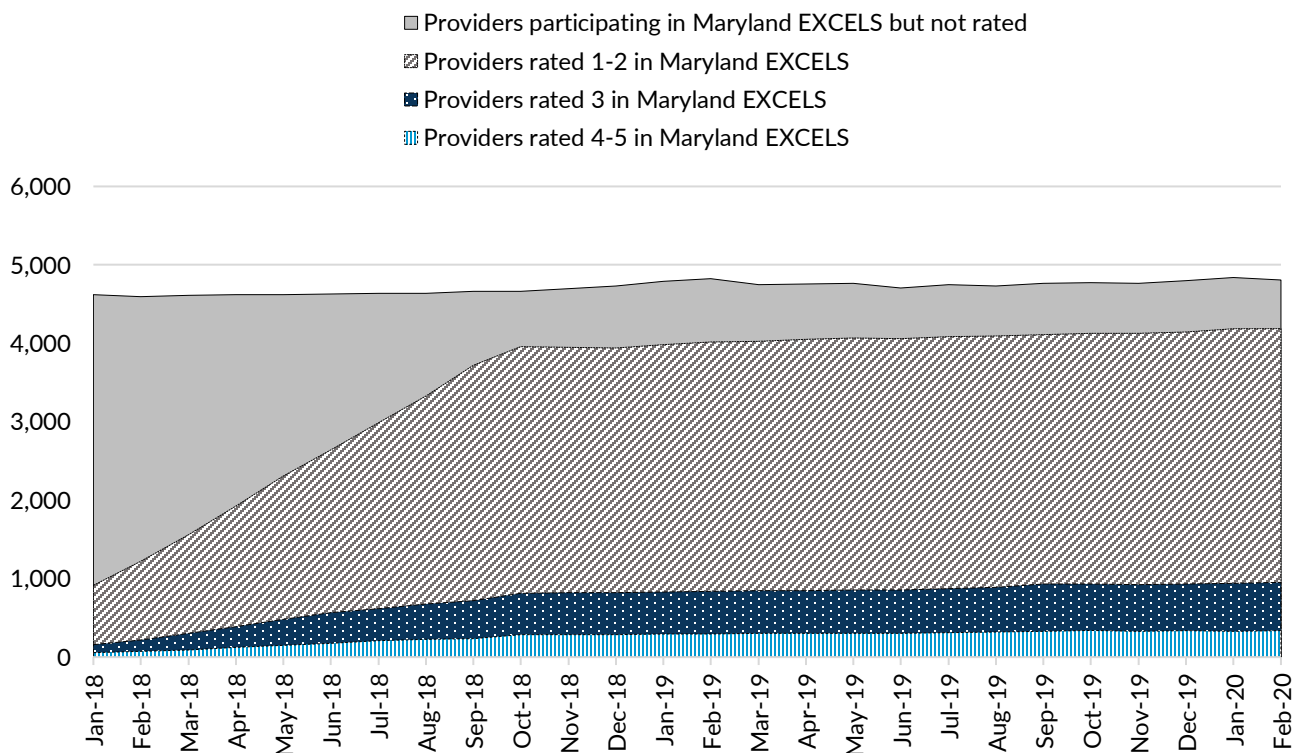


Two additional policies of interest were implemented outside the timeline for the present study. In 2013, Maryland enacted a tiered reimbursement system based on providers' Maryland EXCELS ratings. This system offers a higher rate of reimbursement to providers who achieve a higher level of quality. Tier payments range from an extra 10 percent to 44 percent of the base reimbursement rate, depending upon the age of the child, the type of care, and the rating of the program. To be eligible for tiered reimbursement payments, a program must have a current published Maryland EXCELS rating at level 3, 4, or 5.ⁱⁱⁱ In 2022, Maryland increased reimbursement rates to the 70th percentile of the market rate survey and expanded eligibility for families from 65 percent of the state median income (SMI) to 75 percent of SMI.

The number of higher-quality providers significantly increased from 2018 to 2020.

This fact sheet examines the changes in the number of higher-quality providers following the implementation of the CCDF policies.

Figure 2. Number of Maryland EXCELS providers, by rating status



Source: Author's analysis of the Maryland EXCELS data and MSDE's child-level scholarship data (2018–2020)

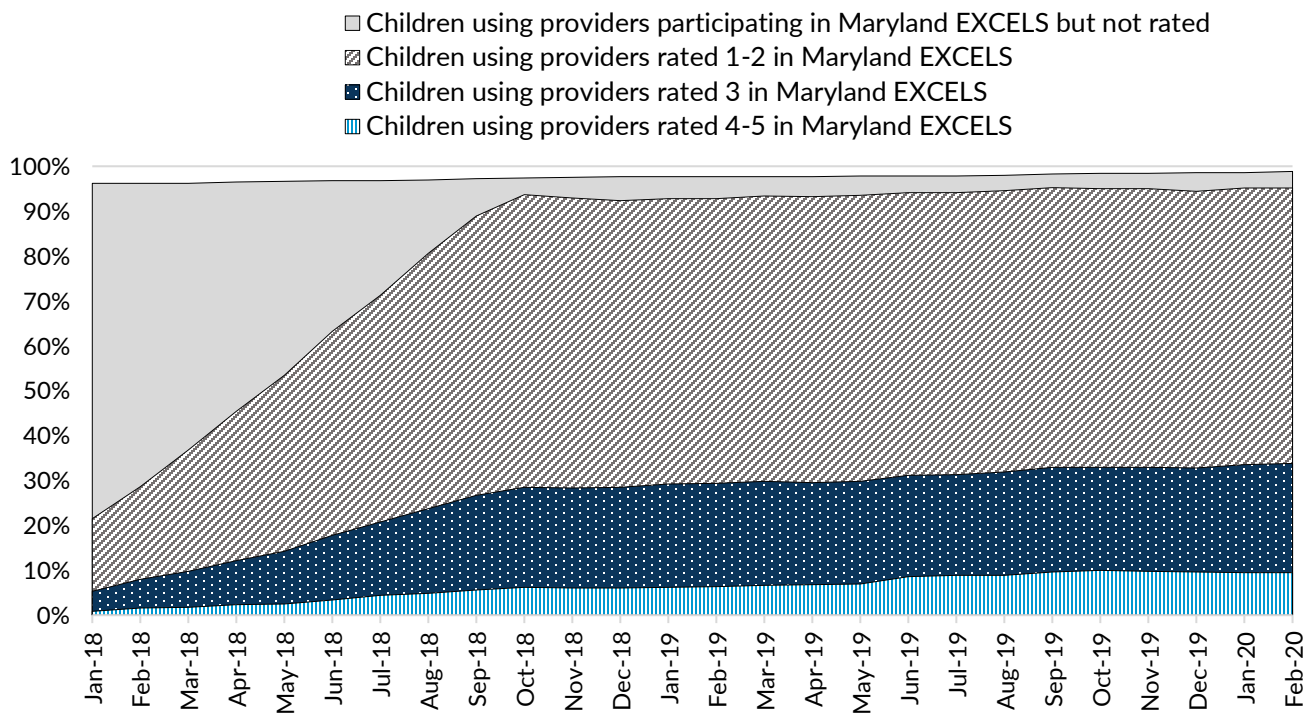
- The number of providers rated at levels 3–5 significantly increased both between 2018 and 2019 and between 2019 and 2020.
- The number of providers rated at levels 4–5 significantly increased between 2018 and 2019, but this growth did not persist between 2019 and 2020. It is likely that the increase in the number of providers rated at levels 4–5 between 2018 and 2019 is due to higher-quality providers obtaining their first Maryland EXCELS rating during this time (i.e., there may not have been a significant increase in the quality of care offered, but rather that the quality offered was not documented until a Maryland EXCELS rating was assigned).
- By 2020, out of the 4,839 providers who participated in Maryland EXCELS, 20 percent (n = 944) had a rating at level 3, 4, or 5. Seven percent (n = 333) had a rating at level 4 or 5.

Obtaining a rating in Maryland EXCELS is beneficial for two reasons. First, it places providers in a quality improvement system that encourages and provides standards for improving the quality of care offered. Second, it helps to inform families of the quality of care they are choosing. The data presented in Figure 2 also suggest the policy changes Maryland implemented between January of 2018 and February of 2020 facilitated an increase in the number of providers that offer higher-quality care. This change presumably makes higher-quality care options more accessible to families using a child care scholarship.

The percentage of children with a scholarship who used higher-quality providers significantly increased from 2018 to 2020.

We also examined the changes in the percentage of children with a scholarship who used higher-quality providers following the implementation of the CCDF policies.

Figure 3. Percentage of children with a scholarship using Maryland EXCELS providers, by rating status



Note: Approximately 1–2 percent of children with a scholarship used family, friend, or neighbor care providers, who did not participate in Maryland EXCELS.

Source: Authors' analysis of the Maryland EXCELS data and MSDE's child-level scholarship data (2018–2020)

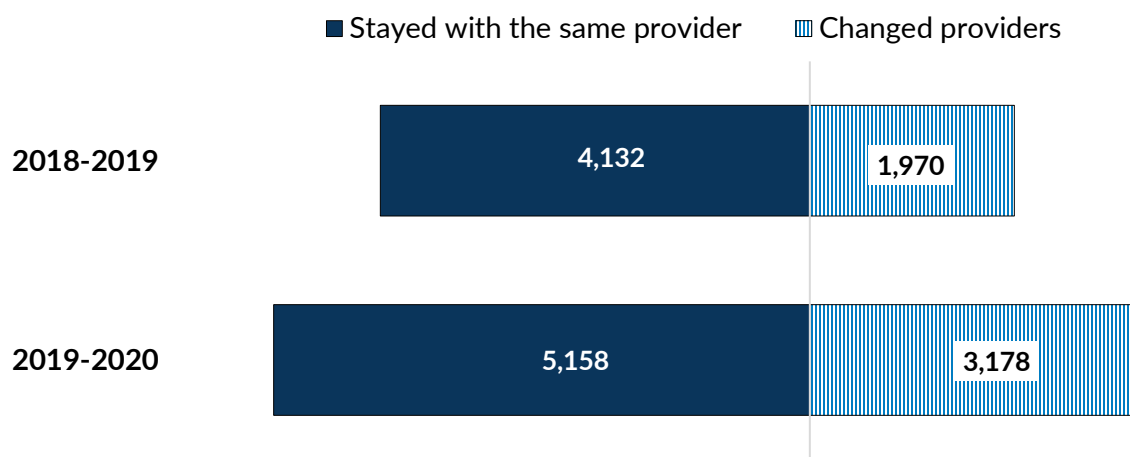
- The percentage of children with a scholarship who used providers rated at levels 3–5 significantly increased from 2018 to 2019 and from 2019 to 2020. Significant increases were also observed among children with a scholarship who used providers rated at levels 4–5 across time.
- By January 2020, out of the 20,736 children enrolled in the scholarship program, approximately one third (n = 6,949) used child care providers rated at levels 3–5. One tenth (n = 1,955) used providers rated at levels 4–5.

The data presented in Figure 3 confirm that, not only are there more higher-quality options available to families using a scholarship, but more children with a scholarship are being cared for in higher-quality care arrangements after October 2018. It should be noted that the sharp increase in use of higher-quality providers from January to October 2018 likely reflects the increase in providers obtaining a Maryland EXCELS quality rating during that time. As shown in Figure 2, the sharp increase in use of higher-quality arrangements is likely reflective of providers obtaining a quality rating. However, the steady increase in use of higher-quality arrangements (levels 3–5), and use of providers approaching/being accredited (levels 4–5), from January 2018–2020 suggests that providers serving children with a scholarship are documenting enhanced quality and/or that families with a scholarship are seeking, and able to access, higher-quality arrangements.

The sharpest increase in the utilization of higher-quality providers by children with a scholarship occurred from January to October 2018, although approximately two thirds of children stayed with the same provider during this time.

To understand whether the increase in the utilization of higher-quality providers by children with a scholarship is linked to families' changes in child care providers, we examine the number of children who remained with their child care provider from 2018 to 2019, as well as from 2019 to 2020.

Figure 4. Number of children with a scholarship that stayed with or changed their provider



Source: Authors' analysis of Maryland EXCELS data and MSDE's child-level scholarship data (2018–2020)

- Of the children participating in the scholarship program in both January 2018 and January 2019, 68 percent remained with the same provider.
- Of the children participating in the scholarship program in both January 2019 and January 2020, 62 percent remained with the same provider.

As seen in Figure 4, given that 68 percent of children stayed with the same provider from January 2018–January 2019, the sharp rise in use of higher-quality care is likely reflective of providers obtaining a quality rating, more so than families with a scholarship choosing higher-quality arrangements during this time. From 2019–2020, interpretation of the increase in use of higher-quality care (see Figure 3) is more complicated given that most providers had already obtained a quality rating. Further research is needed to determine if providers are increasing their quality ratings over time, or if families with a scholarship that do change arrangements (or are new to the scholarship program) are choosing higher-quality care.

Though the proportion of children with a scholarship using higher-quality providers varied across racial and ethnic groups, increases in the utilization of higher-quality ECE were evident across all these groups over time.

Previous studies have found differences in the utilization of higher-quality providers among different races and ethnic groups. For example, in Pennsylvania, a study revealed that enrollment rates in high-quality child care providers were substantially higher for White children compared to Black children.^{iv} This is due to a substantial growth in quality preschool access for children living in predominantly White communities. In the graphs below, patterns in use of higher-quality care by race and ethnicity in Maryland are examined to identify if differences in use of higher-quality providers were evident in Maryland.

Figure 5. Percentage of children with a scholarship who used providers with Maryland EXCELS ratings of levels 3–5, by race/ethnicity: 2018–2020

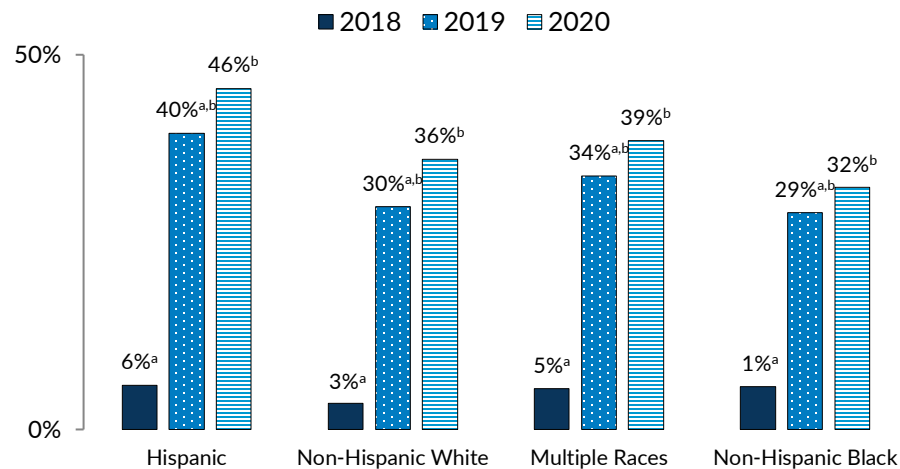
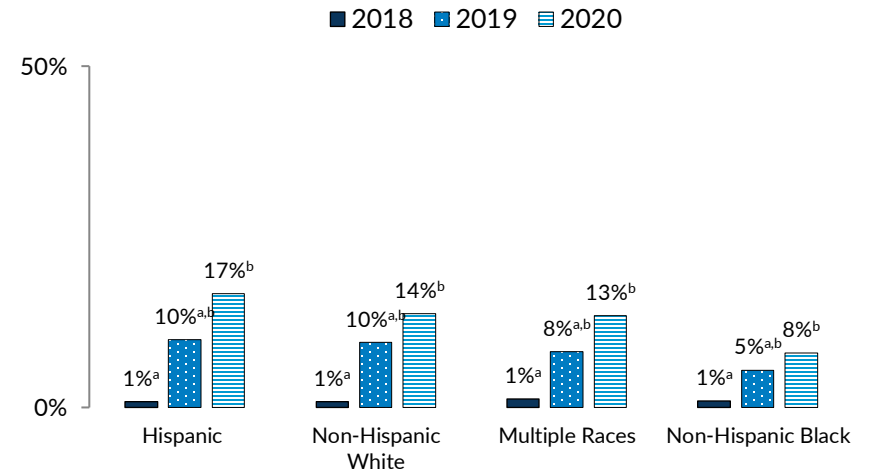


Figure 6. Percentage of children with a scholarship who used providers with Maryland EXCELS ratings of levels 4–5, by race/ethnicity: 2018–2020



---**Note:** Findings for the non-Hispanic Asian, non-Hispanic Native Hawaiian, and American Indian and Alaska Native (AIAN) populations were not included in this figure due to the small sample size (< 20 individuals).

^a The percentages are statistically different between 2018 and 2019 ($p < 0.01$).

^b The percentages are statistically different between 2019 and 2020 ($p < 0.01$).

Source: Authors' analysis of Maryland EXCELS data and MSDE's child-level scholarship data (January 2018, January 2019, and January 2020)

- Across all racial and ethnic groups, including Hispanic, non-Hispanic White, non-Hispanic Black, non-Hispanic Asian, non-Hispanic American Indian and Alaska Native (AIAN), and multiple races, there has been a significant rise in the percentage of children with a scholarship who used higher-quality providers (levels 3–5 and levels 4–5) between 2018 and 2019, and between 2019 and 2020.
- Differences in the proportion of children from each race/ethnic group using higher-quality care are evident. For example, in 2020, a higher proportion of Hispanic children used providers with Maryland EXCELS ratings at levels 3–5 compared to non-Hispanic White and non-Hispanic Black children. Non-Hispanic White children were more likely to use providers with ratings at levels 3–5 compared to non-Hispanic Black children. In addition, Hispanic children and non-Hispanic White children were more likely to use providers with ratings at levels 4–5 compared to non-Hispanic Black children.³
- When accounting for other family demographics (i.e., household income and community urbanicity),⁴ we found that Hispanic children were still more likely to use providers with Maryland EXCELS ratings at levels 3–5 compared to Non-Hispanic White children. Non-Hispanic White children were more likely to use providers with ratings at levels 4–5 compared to non-Hispanic Black children.

Although these data presented in Figures 5 and 6 indicate some differences in the utilization of higher-quality care among children using a scholarship across race and ethnic groups, increases in the utilization of higher-quality ECE are evident across all these groups over time. Further research is needed to identify reasons for this difference (e.g., might non-Hispanic Black families, on average, have less access to higher-quality care arrangements) so that efforts can be made to reduce these variations.

³ Significance tests were performed to compare the proportions of children with a scholarship who used providers rated at levels 3–5 programs and levels 4–5 across race and ethnic groups in 2020.

⁴ We conducted logistic regression analyses to predict families' utilization of providers rated in 2020 at levels 3–5 and levels 4–5, respectively. Separate models were also run using data from 2018 and 2019, and consistent patterns were observed.

Though the proportion of children with a scholarship using higher-quality providers varied across household income, increases in the utilization of higher-quality ECE were evident across all income categories over time.

Household income plays a significant role in determining families' access to higher-quality child care arrangements.^v Analyzing utilization patterns by household income can offer insights regarding the equity of child care scholarships in assisting lower-income families to access higher-quality care. This is an especially pertinent question given Maryland's recent policies to increase income eligibility for the scholarship program.

Figure 7. Percentage of children with a scholarship who used providers with Maryland EXCELS ratings of levels 3–5, by household income: 2018–2020

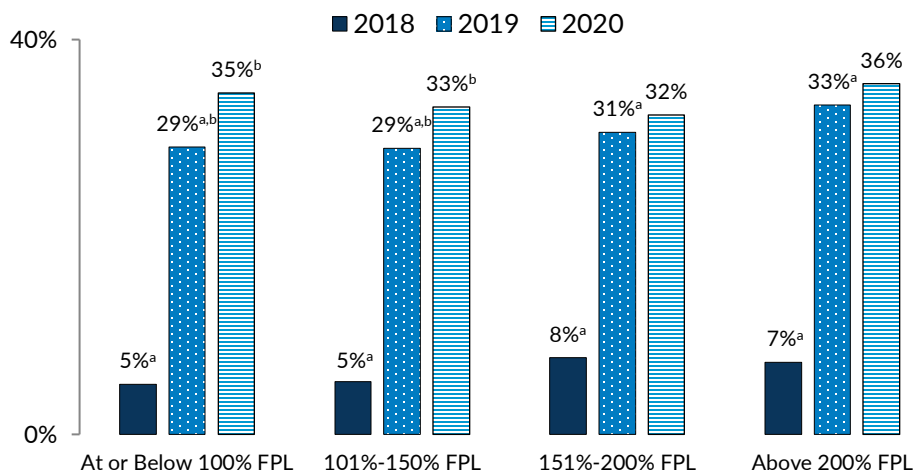
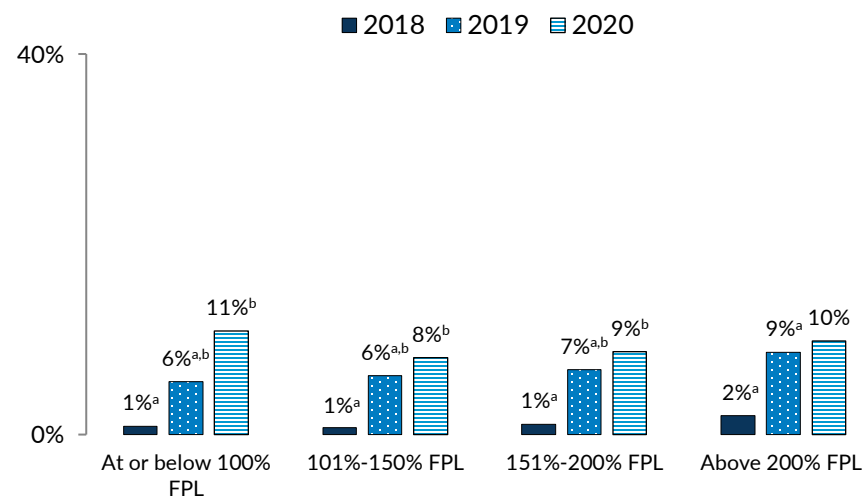


Figure 8. Percentage of children with a scholarship who used providers with Maryland EXCELS ratings of levels 4–5, by household income: 2018–2020



Note:^a The percentages are statistically different between 2018 and 2019 ($p < 0.01$).

^b The percentages are statistically different between 2019 and 2020 ($p < 0.01$).

Source: Authors' analysis of Maryland EXCELS data and MSDE's child-level scholarship data (January 2018, January 2019, and January 2020)

- Between 2018 and 2019, each household income subgroup, whether at or below 100 percent FPL, 101 percent–150 percent FPL, 151 percent–200 percent FPL, or above 200 percent FPL, experienced an increase in the proportion of children with a scholarship who used higher-rated providers (levels 3–5 and levels 4–5).
- Between 2019 and 2020, there were significant increases in the proportion of children with a scholarship who used providers with Maryland EXCELS ratings at levels 3–5 and levels 4–5 among families with lower incomes (at or below 150% FPL). Families with incomes ranging from 151 percent to 200 percent of the FPL also experienced a significant rise in the utilization of providers rated at levels 4–5 during the same period.
- Some differences exist in the utilization of higher-quality care among children with a scholarship across income groups. For example, in 2020, a higher proportion of children from households with higher incomes (above 200% FPL) used providers rated at levels 3–5 compared to children from households with lower incomes (151–200% of FPL). However, children from households with lower incomes (at or below 100% of FPL) were more likely to use providers rated at levels 4–5 than children from households with higher incomes (above 150% of FPL).⁵
- When accounting for other family characteristics (i.e., child race/ethnicity and community urbanicity),⁶ children in households with lower incomes (at or below 100% of FPL) were still more likely to use providers rated at levels 4–5 compared to children in households with higher incomes (above 200% of FPL).

As seen in Figures 7 and 8, although there are some differences by income category, the most prominent theme in these data is that utilization of higher-quality care increased for all families using a scholarship across income categories. Notably, in 2020, families in the lowest income category (at or below 100% FPL) were more likely to use providers rated as levels 4–5 than families with higher incomes (above 200% of FPL). This might be because families in this income category are eligible for other high-quality ECE programs (e.g., Head Start/public pre-K) that blend their funding with the scholarship program. Also, it should be noted, as compared to a characteristic like race/ethnic group, family income both occurs on a continuum and can change over time.

⁵ Significance tests were performed to compare the proportions of children with a scholarship who used providers rated at levels 3–5 programs and levels 4–5 across family income levels in 2020.

⁶ We conducted logistic regression analyses to predict families' utilization of providers rated at levels 3–5 and levels 4–5, respectively. Separate models were also run using data from 2018 and 2019, and consistent patterns were observed.

The proportion of children with a scholarship using higher-quality providers varied by urbanicity. However, increases in the utilization of higher-quality providers have occurred across all community types.

Nationally, nearly two thirds of nonurban families live in a child care desert, areas where there are more than three young children for every licensed child care slot available.^{vi} Children living in nonurban areas face unique challenges in accessing child care, particularly higher-quality care. Thus, it is important to investigate whether increases in utilization of higher-quality care among families with a child care scholarship occurred across different types of communities.

Figure 9. Percentage of children with a scholarship who used providers with Maryland EXCELS ratings of levels 3-5, by urbanicity: 2018-2020

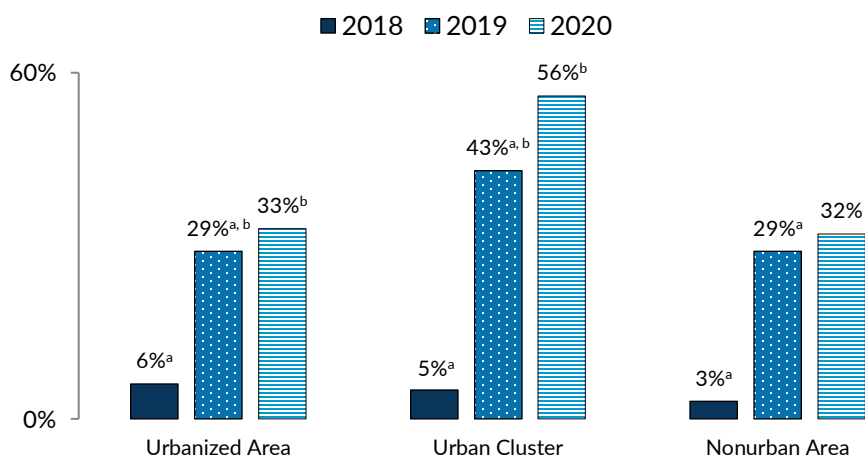
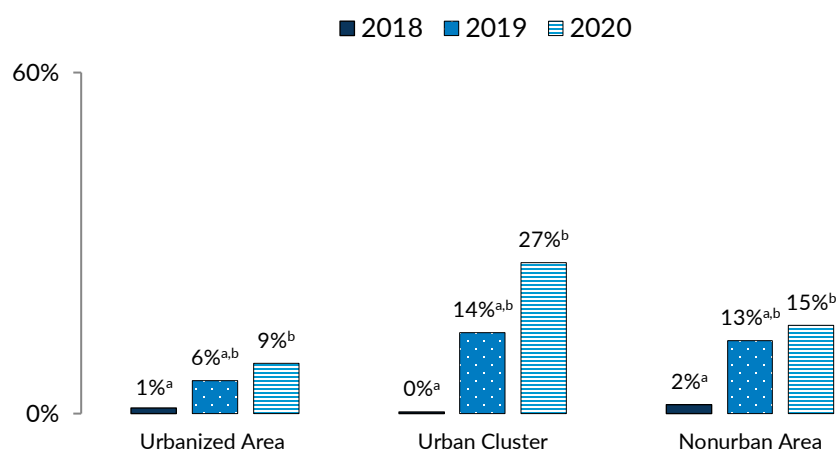


Figure 10. Percentage of children with a scholarship who used providers with Maryland EXCELS ratings of levels 4-5, by urbanicity: 2018-2020



Note: Urbanized areas are defined by the Census Bureau as areas with a population of 50,000 or more, while urban clusters encompass areas with a population of at least 2,500 but fewer than 50,000 people. Nonurban areas are defined as any population, housing, or territory outside urban areas.

^a The percentages are statistically different between 2018 and 2019 ($p < 0.01$).

^b The percentages are statistically different between 2019 and 2020 ($p < 0.01$).

Source: Authors' analysis of Maryland EXCELS data and MSDE's child-level scholarship data (January 2018, January 2019, and January 2020)

- Among children with a scholarship, there has been a significant increase in the utilization of higher-quality care across urban areas, urban clusters, and nonurban areas from 2018 to 2019 and from 2019 to 2020, with a particularly pronounced increase among those residing in urban clusters.
- Children with a scholarship in urban clusters⁷ are most likely to use higher-quality care. For example, in 2020, a higher proportion of children in urban clusters used providers rated at levels 3–5 as well as levels 4–5 compared to children in urbanized areas and children in rural areas.⁸
- When accounting for other family characteristics (i.e., child race/ethnicity and household income),⁹ children with a scholarship in urban clusters were still more likely to use providers with ratings at levels 3–5 and levels 4–5 compared to children with a scholarship in urbanized areas.

Given the dense populations in urbanized areas, most providers participating in Maryland EXCELS were actually located in urbanized areas; by 2020, there were 6,381 higher-rated providers in urbanized areas. In contrast, urban clusters had just 340 higher-rated providers in 2020. Given the overlap between urbanicity and poverty, future research could determine whether community poverty is associated with the prevalence of higher-quality providers.

Conclusion

Improving access to higher-quality care for families using a child care scholarship is a primary goal of the federal Child Care and Development Fund. A review of monthly data in Maryland from January 2018 to January 2020 shows an upward trend in provider quality ratings among those that serve children with a scholarship, and similar increases in utilization of higher-quality care by families using a child care scholarship. The sharp increase in the utilization of higher-quality providers from January to October 2018 likely reflects the increase in providers obtaining a Maryland EXCELS quality rating during that time. These trends are likely due, at least in part, to the changes Maryland made to their CCDF policies during this time; these changes included offering providers higher reimbursements, raising the eligibility threshold for families with low incomes, and requiring providers to obtain a quality rating through Maryland EXCELS, Maryland's Quality Rating and Improvement System, in order to serve children with a scholarship. The data also suggest that increases in the utilization of higher-quality care have occurred across all racial/ethnic groups, household income levels, and community urbanicity groups, with some differences being identified. Specifically, non-Hispanic Black families were less likely to access higher-quality care than non-Hispanic White families after controlling for family characteristics. Similarly, children with a scholarship in urbanized areas were less likely to use higher-quality providers than children with a scholarship in urban clusters (small urban areas and suburbs). These patterns are likely due to historic as well as contemporary disparities in access to resources and necessitate continued monitoring to ensure that all subgroups of eligible families maintain equitable access to high-quality providers regardless of geographic region and race/ethnicity.

⁷ Urbanized areas are defined by the Census Bureau as areas with a population of 50,000 or more, while urban clusters encompass areas with a population of at least 2,500 but fewer than 50,000 people. Nonurban areas are defined as any population, housing, or territory outside urban areas.

⁸ Significance tests were performed to compare the proportions of children with a scholarship who used providers rated at levels 3–5 programs and levels 4–5 across urban areas, urban clusters, and nonurban areas in 2020.

⁹ We conducted logistic regression analyses to predict families' utilization of providers rated at levels 3–5 and levels 4–5, respectively. Separate models were also run using data from 2018 and 2019, and consistent patterns were observed.

References

- ⁱ NAEYC. (2018). <https://www.naeyc.org/about-us/news/press-releases/kiddie-academy-accreditation>
- ⁱⁱ NAEYC. (2019). NAEYC Early Learning Program Accreditation Standards and Assessment Items. https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/accreditation/early-learning/standards_assessment_2019.pdf
- ⁱⁱⁱ https://earlychildhood.marylandpublicschools.org/system/files/filedepot/3/tieredreimbursementinfo_082313.pdf
- ^{iv} Hollett, K. B., Frankenberg, E. (2022). Racial disparities in preschool access: Differences in enrollment and quality within and between two state programs in Pennsylvania.
- ^v Chaudry, A., Pedroza, J. M., Sandstrom, H., Danzinger, A., Grosz, M., Scott, M., & Ting, S. (2011). Child care choices of low-income working families. Urban Institute. <https://files.eric.ed.gov/fulltext/ED578676.pdf>
- ^{vi} Schochet, L. (2019). 5 facts to know about child care in rural America. <https://www.americanprogress.org/article/5-facts-know-child-care-rural-america/>

Suggested citation

Tang, J., Forry, N., Halle, T., Madill, R., Kelley, S., & Fuller, J. (2024). Utilization of higher-quality early care and education among children using a Maryland child care scholarship. *Child Trends*. DOI: 10.56417/4766q136t

Child Trends prepared this product as part of the Maryland Child Care Policy Research Partnership with the Maryland State Department of Education, which is funded by the Office of Planning, Research, and Evaluation. This project was supported by the Administration for Children and Families (ACF) of the United States (U.S.) Department of Health and Human Services (HHS) as part of a financial assistance award (Grant #90YE220) totaling \$1,600,000 with 100 percent funded by ACF/HHS. The contents are those of the author(s) and do not necessarily represent the official views of, nor an endorsement, by ACF/HHS, or the U.S. Government. For more information, please visit the ACF website, [Administrative and National Policy Requirements](#). For additional information on methods and findings, please see our [project web page](#).

