



**GEORGIA
POLICY LABS**



Expansions of Georgia's Childcare and Parent Services Program

Research Brief Prepared for the Metro Atlanta Chamber

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Introduction

Georgia's Childcare and Parent Services (CAPS) program is operated by the Georgia Department of Early Care and Learning (DECAL). The CAPS program is intended to help families with low incomes and experiencing other vulnerabilities obtain high-quality child care, increase children's school readiness, and help families become economically self-sufficient by subsidizing child care costs while caregivers work or prepare for work through school or training. Since March 2020, the program has played an added role of helping families overcome disruptions from the COVID-19 pandemic through policy changes and the use of state and federal relief funds to serve more children, accommodate family challenges, and reduce families' child care costs.

This research brief documents the characteristics of children who received scholarships from the CAPS program in the months preceding and over the course of the pandemic. It also documents characteristics of the care the program subsidizes and the costs of those subsidies. In addition, it examines characteristics of children who entered or re-entered the program and distinguishes between children in five central metropolitan-Atlanta counties (Clayton, Cobb, DeKalb, Fulton, and Gwinnett) and children throughout Georgia. It uses weekly administrative records for the CAPS program for state fiscal year (SFY) 2020 through SFY 2022 (July 2019 through June 2022).

The CAPS Program and How It Has Changed

DECAL operates the CAPS program with state resources and funding from the federal Child Care and Development Fund (CCDF). The federal government sets several requirements for CCDF-funded programs. It limits eligibility to children ages 12 or younger (or 17 or younger if the child has an identified disability) and to families with incomes below 85% of the state median income (SMI). It also requires that most parents work or participate in education or training.

To keep within the state budget, Georgia further restricts eligibility for new CAPS scholarships to children who are part of specified "priority groups," such as children with identified disabilities, in foster care, in families participating in or transitioning from the Temporary Assistance for Needy Families program, and in families with "very low income."¹ Prior to November 2021, Georgia also restricted initial eligibility to families with incomes below 50% of the SMI. In

addition, Georgia has requirements on residency, the child's citizenship or legal immigration status, and immunizations.

Once children begin receiving CAPS scholarships, Georgia does not require them to maintain their priority group status to continue receiving scholarships. It also allows them to continue receiving scholarships so long as their family income remains below 85% of the SMI. Moreover, parents who lose their jobs can meet the work activity requirement through job search.

The CAPS program provides families with a weekly scholarship for a specific child and care provider. It sets a maximum reimbursement rate for the scholarship that differs with the provider's location, the child's age, the type of care, and the type of provider and provides a bonus for care from Quality Rated providers. Before May 2021, the program required most families with incomes above a given threshold to pay a family fee directly to the provider and reduced the scholarship by the amount of the fee. For families required to pay a fee, the fee followed a sliding scale that increased with the family's income from 3% to 7% of weekly income but was discounted if the child received care from a Quality Rated provider. Before May 2021, providers could also charge families the difference between their published rate and the maximum reimbursement rate.

Table 1. Selected CAPS Policy Changes and Events: July 2019–June 2022 (Program Expansions Highlighted)

Date	Policy change or event
March 14, 2020	COVID-19 emergency declared in Georgia
March 16, 2020	Emergency payment waiver implemented that pays providers based on enrollments rather than attendance; work-activity requirement waived for parents who lose jobs or stop attending education or training because of the COVID-19 pandemic
April 1, 2020	Essential Services Worker priority group established; expanded program slots by approximately 1,000; accepted enrollments until November 2020
May 17, 2021	ACCESS initiative begins; waives family fees and pays providers the difference between their published rates and the state’s maximum reimbursement rate
July 1, 2021	Program slots increased by 625 through increased state appropriation
November 1, 2021	Program slots increased by 10,000 through emergency funds; initial income eligibility threshold raised to 85% of the SMI; income threshold for very low-income priority group raised to 150% of the FPL ; income thresholds returned to initial levels in December 2022
January 1, 2022	Providers must be (or be in the process of becoming) Quality Rated to be eligible for CAPS scholarships

Since the start of the COVID-19 pandemic, DECAL has undertaken many initiatives through the CAPS program to help families and providers. This brief focuses on large changes, which are summarized in Table 1, that increased the number of children who could be served, affected eligibility, made the program easier to use, or reduced costs for families.² The three changes that explicitly expanded the program are highlighted in blue in Table 1.

Shortly after the state declared its COVID-19 emergency, DECAL implemented waivers to the CAPS program that paid providers based on enrollments rather than attendance (for children who were attending as of March 1, 2020) and allowed children to keep their eligibility if their parents lost work or had to stop attending education or training because of the pandemic. In April 2020, DECAL established a new priority group for workers in essential services and added approximately 1,000 program slots to accommodate this change. In May 2021, DECAL began its Awarding Child Care Education Scholarship Supplements (ACCESS) initiative, which waives the family fee for all families in the CAPS program and pays providers the difference between their published rate and the state’s maximum reimbursement rate. Since this initiative began, CAPS families have had no out-of-pocket costs for child care tuition. In July 2021, DECAL received an increased state appropriation that added 625 slots to the CAPS program. In November 2021, the agency added 10,000 slots to the program, simultaneously raised the income eligibility threshold for children

entering the program to 85% of the SMI, and raised the threshold for the priority group experiencing very low income from 50% to 150% of the federal poverty line (FPL). In January 2022, after several years of preparation, DECAL began requiring licensed providers to be Quality Rated or be taking steps to become Quality Rated to receive scholarships. All the changes, except for the requirement for Quality Rated services, would be expected to increase the use of the program. Most of the changes, except for the state appropriated expansion and the Quality Rated requirement, were supported through emergency funds from the state or federal government and were either temporary or expected to be temporary.

Children with CAPS Scholarships

Figure 1 displays the number of children who received CAPS scholarships each week from July 2019 until June 2022. The orange area shows the number of children with scholarships in the central metro-Atlanta counties; the blue area shows children with scholarships in the rest of Georgia; and the sum of the two areas shows the total number of children with scholarships in Georgia. Some children hold multiple scholarships in the same week; the figure accounts for this and shows results for unique children. To help understand the results, the figure includes a vertical red line at the start of the COVID-19 emergency and three black vertical lines at the dates of the explicit expansions in the CAPS program.

From July 2019 until the start of the COVID-19 pandemic in March 2020, approximately 63,000 children were receiving CAPS scholarships each week. The numbers dropped slightly in the last two weeks of March 2020 but returned to nearly 62,000 at the start of April. The numbers then trended downward until June 2021, when they were just above 52,000. The number of children increased slightly after that until the eligibility expansion in November 2021, when they started climbing more quickly. By June 2022, the numbers had surpassed their pre-pandemic levels. Trends for the children in the central metro-Atlanta counties followed the same general pattern as those for children statewide, but by the end of June 2022, the number of children in the central metro-Atlanta region with CAPS scholarships had not reached its pre-pandemic level.

Figure 1. Total Children Each Week with CAPS Scholarships in the Central Metro-Atlanta Counties and Other Counties in Georgia

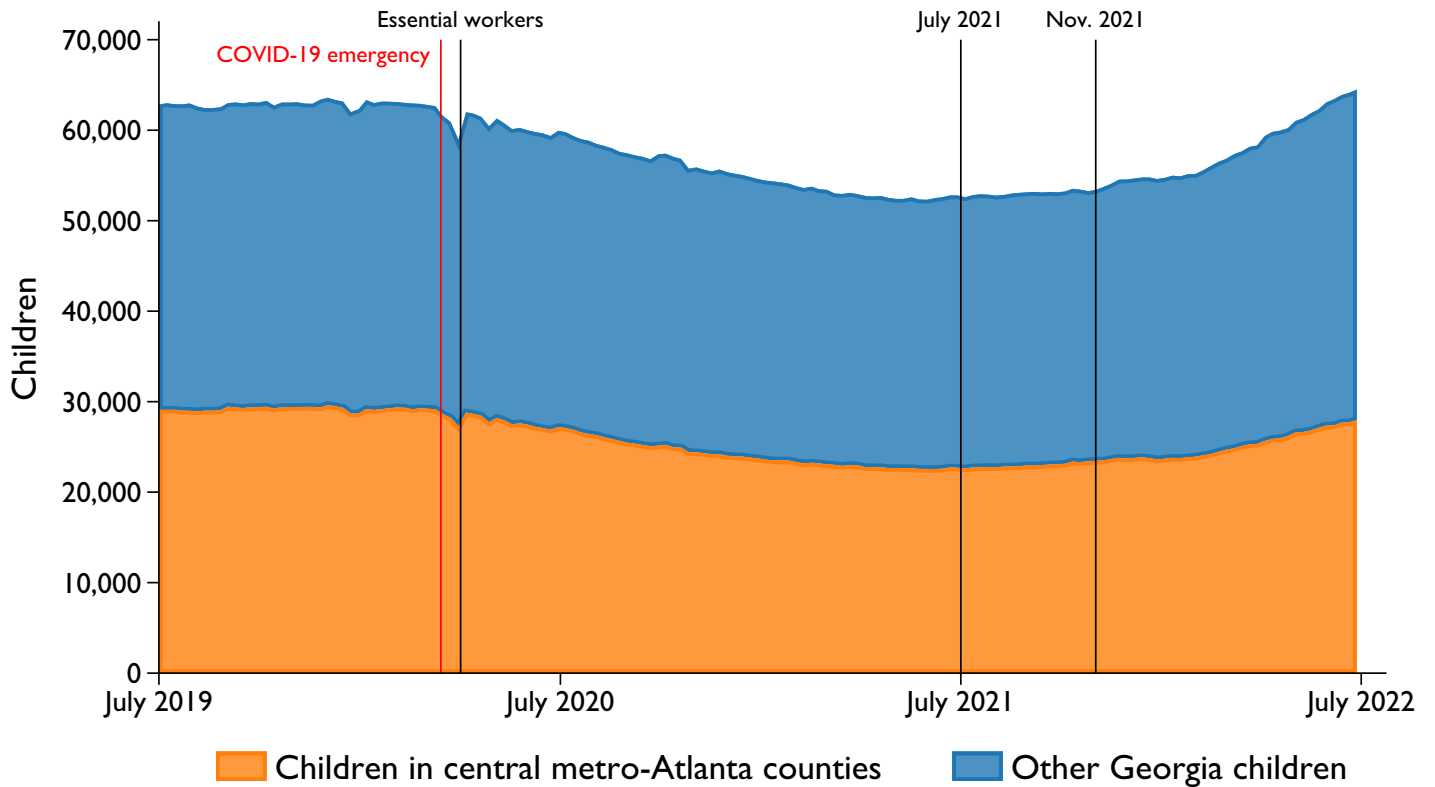


Figure 2 reports the numbers of children with CAPS scholarships separately by race and ethnicity. The left panel shows numbers for the entire state, and the right panel shows numbers for children in the central metro-Atlanta counties. Within each panel, the red area indicates the number of non-Hispanic Black children; the green area indicates numbers of non-Hispanic White children; the orange area indicates numbers of Hispanic children; and the blue area indicates the number of children of other races. Most children with CAPS scholarships are Black, with the proportion being higher in the central metro-Atlanta counties than the rest of the state. The trends in participation are driven primarily by participation among Black children. Participation by non-Hispanic White children followed a similar pattern over the course of the pandemic. Participation among Hispanic children generally increased over the analysis period, and participation among non-Hispanic children of other races increased from July 2019 until March 2020, remained relatively constant until August 2021, and increased afterward. As a result of these changes, the percentage of CAPS scholarship recipients who were non-Hispanic Black decreased from 72%

Figure 2. Children Each Week with CAPS Scholarships by Race and Ethnicity

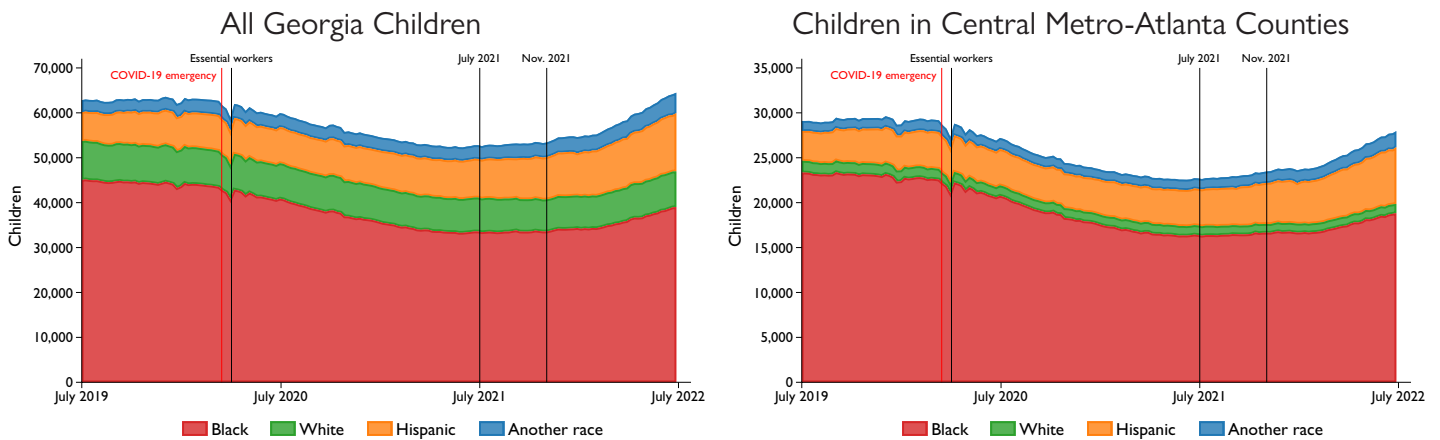
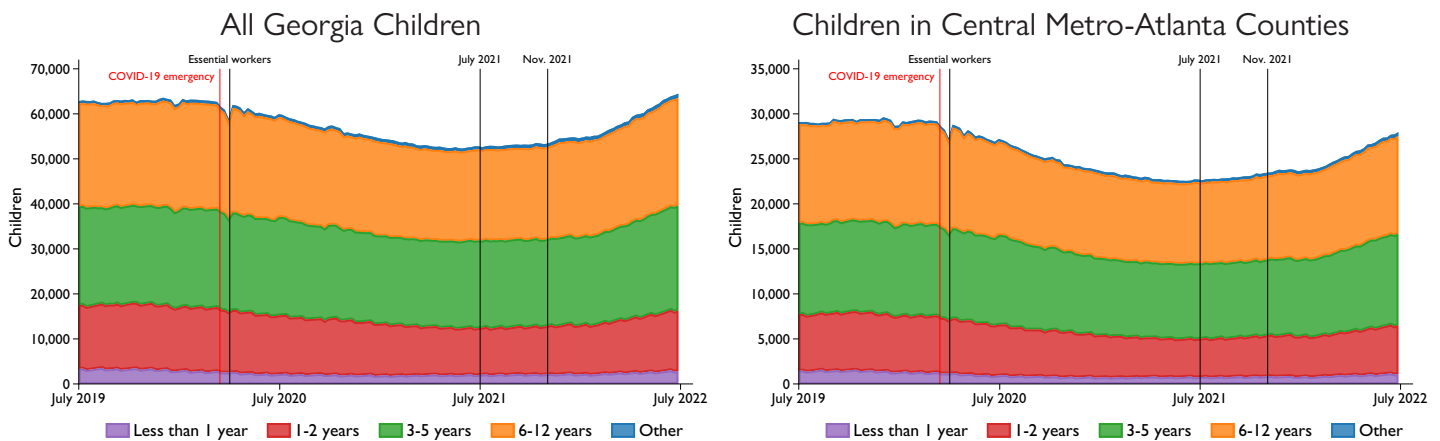


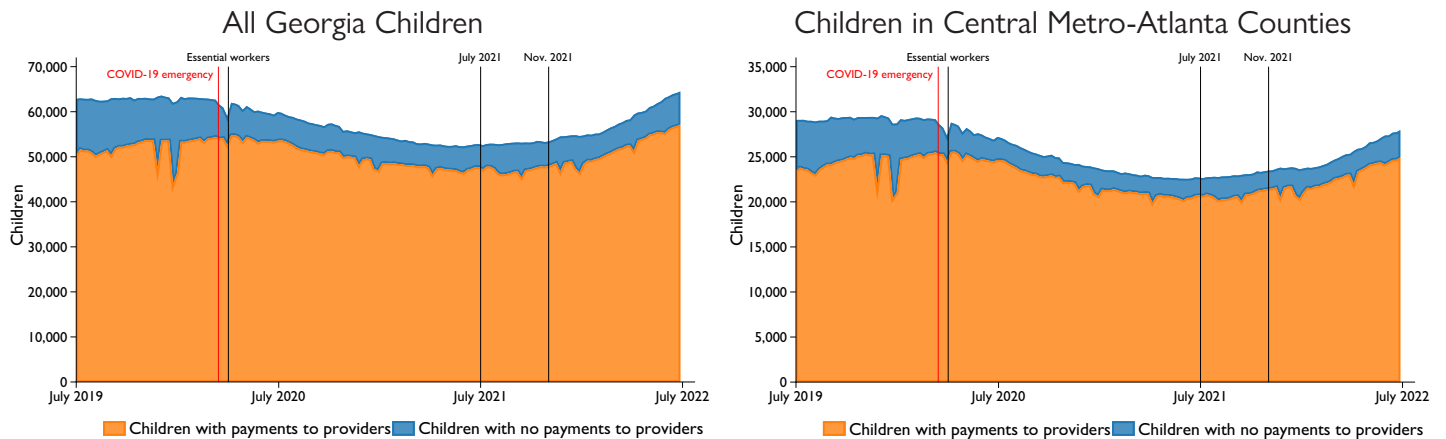
Figure 3. Children Each Week with CAPS Scholarships by Age



in July 2019 to 61% at the end of June 2021, while the percentage who were Hispanic increased from 14% to 20%. In the central metro-Atlanta counties, the percentage of scholarship recipients who were non-Hispanic Black decreased from 80% to 67%, while the percentage who were Hispanic increased from 11% to 23%.

Figure 3 shows trends in the numbers of children of different ages with scholarships.³ The trends for the entire state and for the central metro-Atlanta counties are very similar for children who are age five or younger—roughly constant until the start of the pandemic, declining until the summer of 2021, and increasing after the November 2021 expansion. Unlike the younger

Figure 4. Children Each Week with CAPS Scholarships by Payment Status



children, school-age children’s receipt of CAPS scholarships was relatively constant until summer 2020, decreased over the next year, and then increased following the November 2021 expansion. We additionally examined the numbers of children with CAPS scholarships separately by gender (figure not shown) and found that girls and boys had the same trends in receipt.

The next four figures examine characteristics of the children’s scholarships. Figure 4 examines the numbers of children whose scholarships did (orange) and did not (blue) make payments to providers during the week. Before the emergency payment waiver in March 2020, payments indicated whether children were receiving services with a provider; since March 2020, they indicate whether children had a qualifying enrollment with a provider. In the nine months before the pandemic, the number and proportion of children with “unpaid” scholarships mostly decreased, except for typical short increases at the Thanksgiving and winter holiday weeks. The number of children with unpaid scholarships also decreased over the early months of the pandemic and remained relatively constant thereafter. The trends for the central metro-Atlanta counties were like the state trends. The constant numbers after the first few months of the pandemic may be a result of the emergency payment waiver.

Figure 5. Children Each Week with CAPS Scholarships by Type of Provider

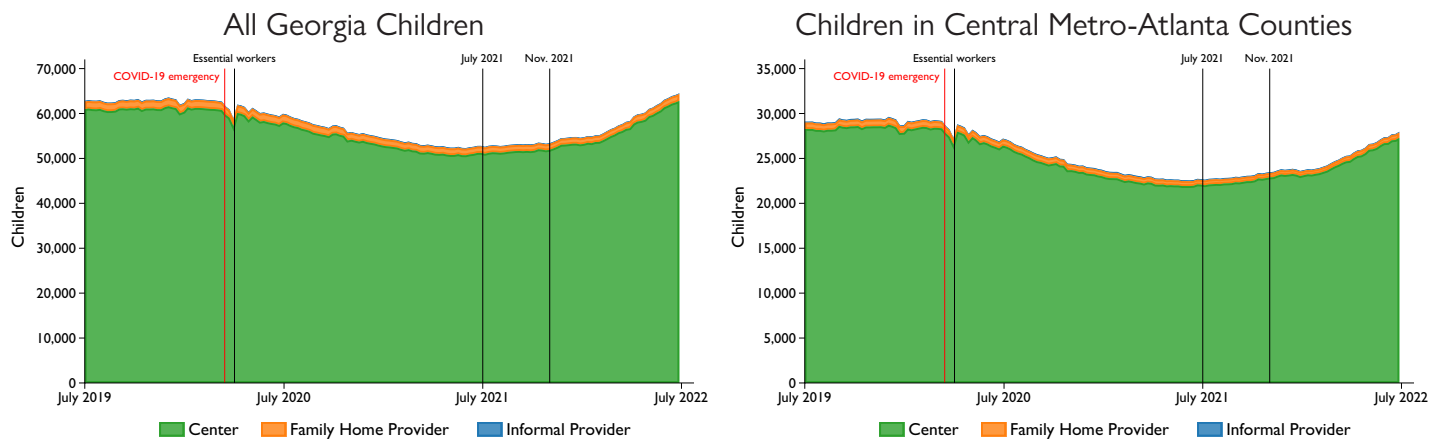


Figure 6. Children Each Week with CAPS Scholarships by Type of Care

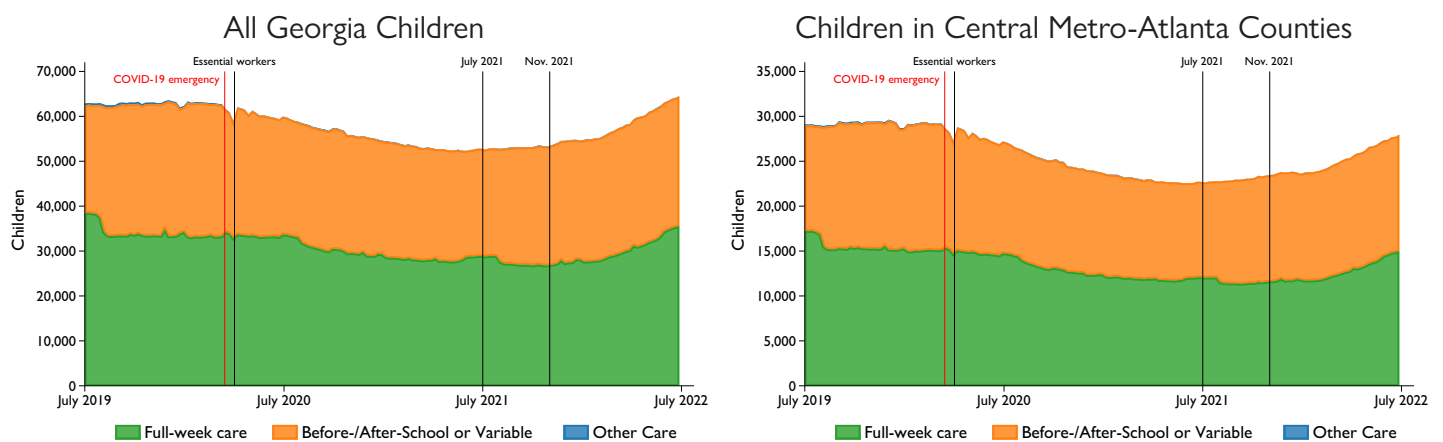
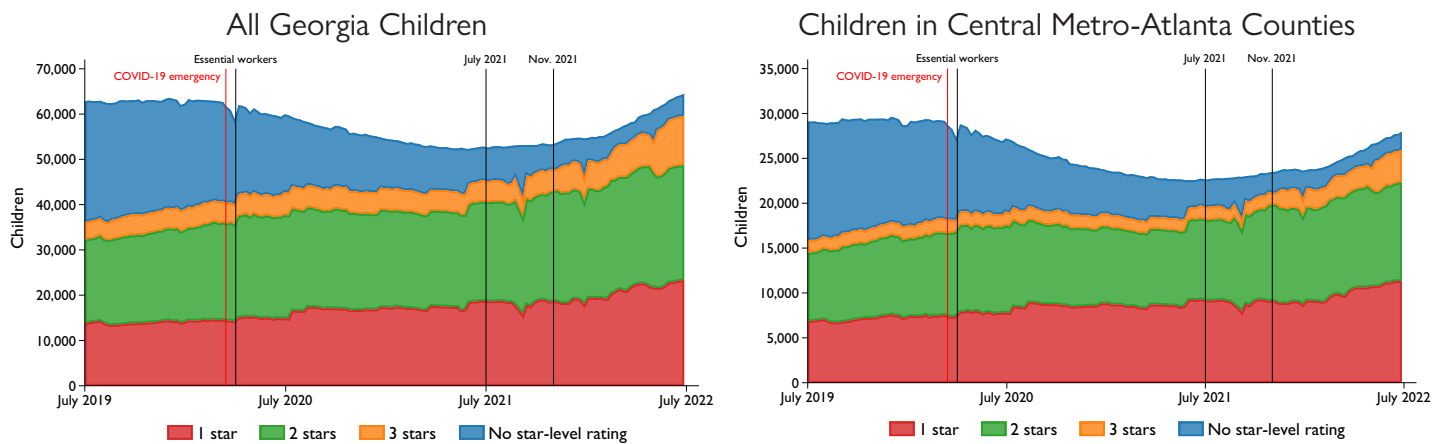


Figure 5 shows the trends in whether the children’s scholarships were with a child care center, family child care learning home, or informal provider.⁴ Most children had scholarships for centers, and the overall trends in children’s receipt of scholarships reflect trends for these children. The number of children with family child care learning home providers and informal providers did not change much over the analysis period.

Figure 6 shows the trends in the numbers of children with full-week care arrangements, before- and after-school or variable arrangements, or other (part-week or night-time) arrangements. The trends for arrangements differ markedly. First, the use of full-week care tends to be higher in the summer months when school is out. Consistent with this, full-week care is higher during

Figure 7. Children Each Week with CAPS Scholarships by Quality Rated Care



the summer months of 2019 and 2021. Second, unlike the general trends, the number of children statewide with full-week arrangements remained constant during the first five months of the pandemic and only began trending downward after July 2020. Within the central metro-Atlanta counties, full-week care decreased slightly during the early months of the pandemic. For the state and the central metro-Atlanta counties, most of the decrease in children with scholarships during the early months of the pandemic occurred for those with before- and after-school arrangements. This pattern may be attributable to schools being closed and to the emergency payment waiver, which allowed providers with multiple scholarships for a child to charge for the most costly service.

Figure 7 examines the numbers of children with Quality Rated arrangements. Consistent with the growing numbers of Quality Rated providers and the anticipated requirement to use Quality Rated providers, the numbers of children with providers with each star-level rating increased over the analysis period. The decrease in the overall number of children with scholarships during the first 20 months of the pandemic occurred entirely among those with arrangements without a Quality Rating. The decrease in the number of children with unrated services continued following the expansion in November 2021.

Children Entering the CAPS Program

The total number of children who receive CAPS scholarships each week depends on the number of children who start (or re-start) receiving scholarships that week and those who stop receiving scholarships that week. Policy changes from two of the expansion initiatives directly affected conditions for entering the program. The essential workers initiative expanded initial eligibility by creating a new priority group, and the November 2021 changes raised the entering income eligibility threshold and the threshold for the priority group experiencing very low income. This part of the brief examines the numbers of children who entered the CAPS program each week from July 2019 to June 2022. The analyses define entrants as children who receive a new CAPS scholarship in a week who had not previously held any scholarships for the previous four weeks.

Figure 8 shows the numbers of children entering the CAPS program in the central metro-Atlanta counties (orange area), the rest of Georgia (blue area), and the state of Georgia (the sum of the two areas). Averaged from July 2019 to June 2022, approximately 650 children entered the program each week (or about 1% of the total number of children with scholarships). As Figure 8 indicates, the entry rate varies considerably week-to-week, though this is partly due to the low average entry numbers—which makes changes look relatively larger. Entry into the CAPS program generally decreased from August 2019 until the start of the pandemic, was low during the pandemic (despite the new eligibility for essential workers) and through summer 2021, and rose more consistently after the November 2021 expansion and eligibility changes. The results suggest that the November 2021 expansion and changes in income thresholds were especially consequential. The results also indicate that trends were similar in the central metro-Atlanta counties and the rest of Georgia.

The scholarship records include a field that describes the basis for the child's eligibility and that is used to determine which funds should be used to pay for the scholarship. For new scholarships among entering children, the field provides an indication of their priority group.⁵ Figure 9 uses this field to distinguish among children who appear to have entered the CAPS program as part of the priority group experiencing very low income (green area), the essential workers priority group (orange area), or another group (blue area). The figure indicates that entry through the priority group experiencing very low income was low and declined slightly from June 2019 through July 2021; however, this type of entry rose substantially following the November 2021

Figure 8. Total Children Entering the CAPS Program Each Week in the Central Metro-Atlanta Counties and Other Counties in Georgia

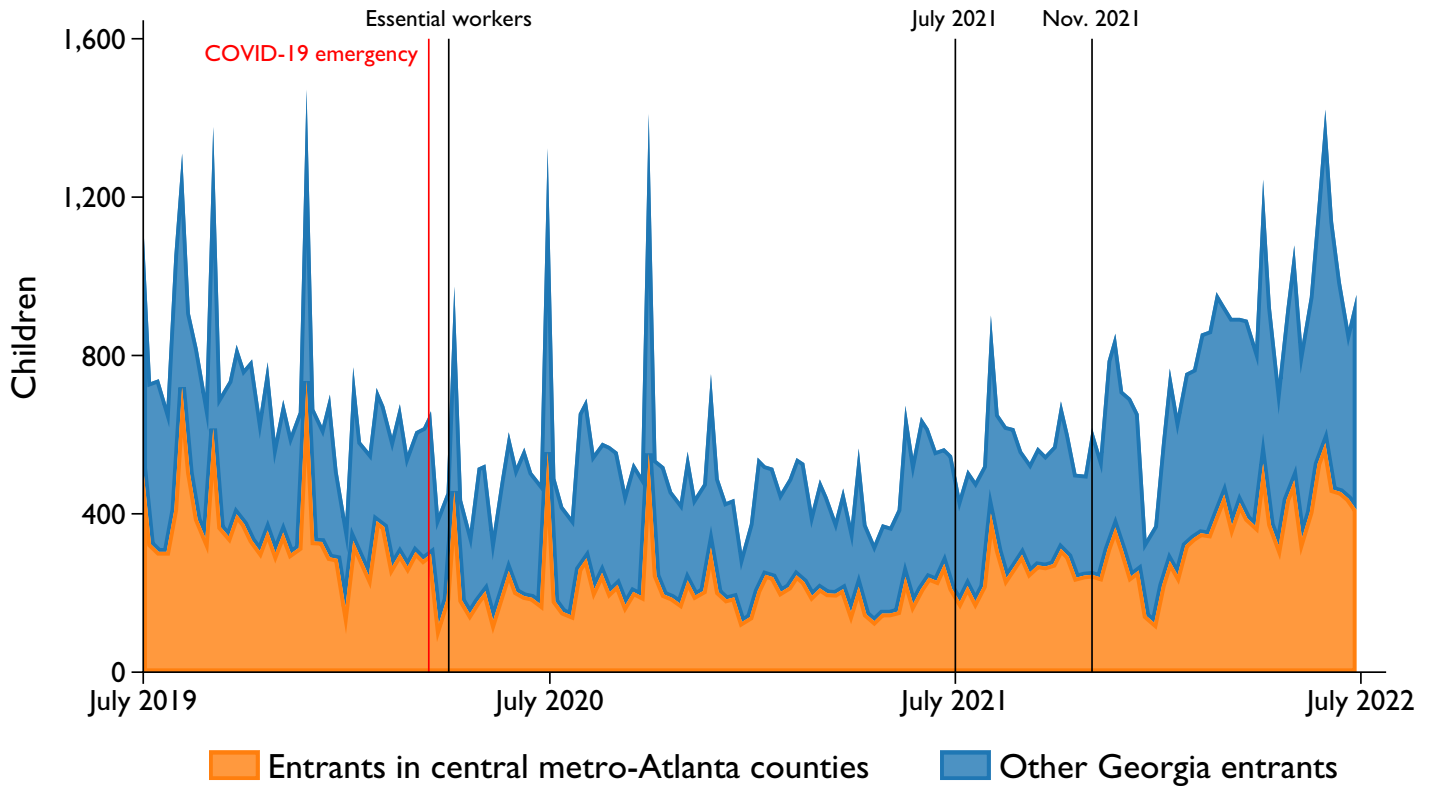


Figure 9. Children Entering the CAPS Program Each Week by Different Priority Groups and Funding Sources

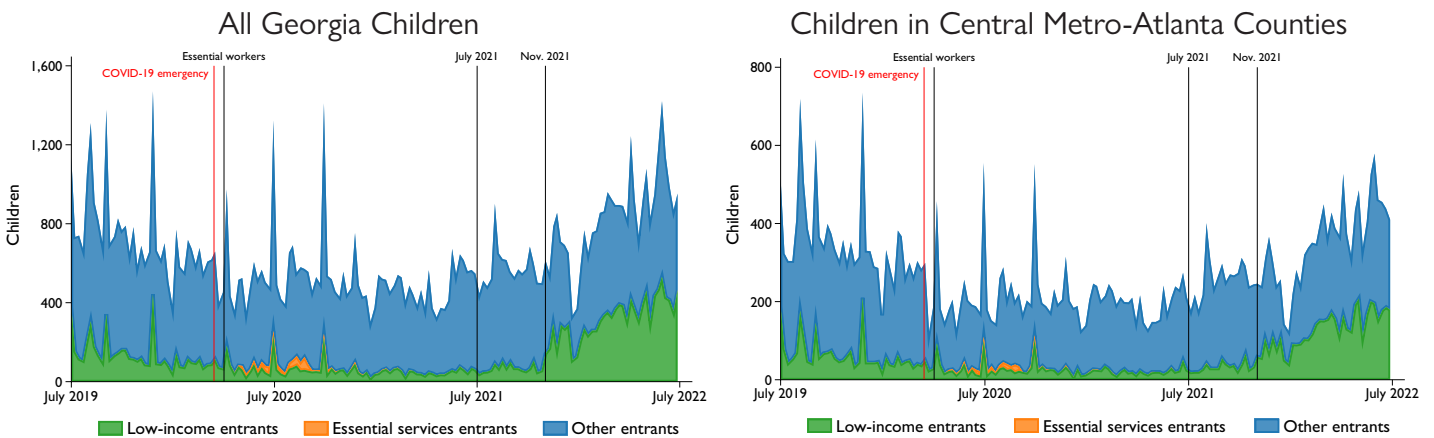
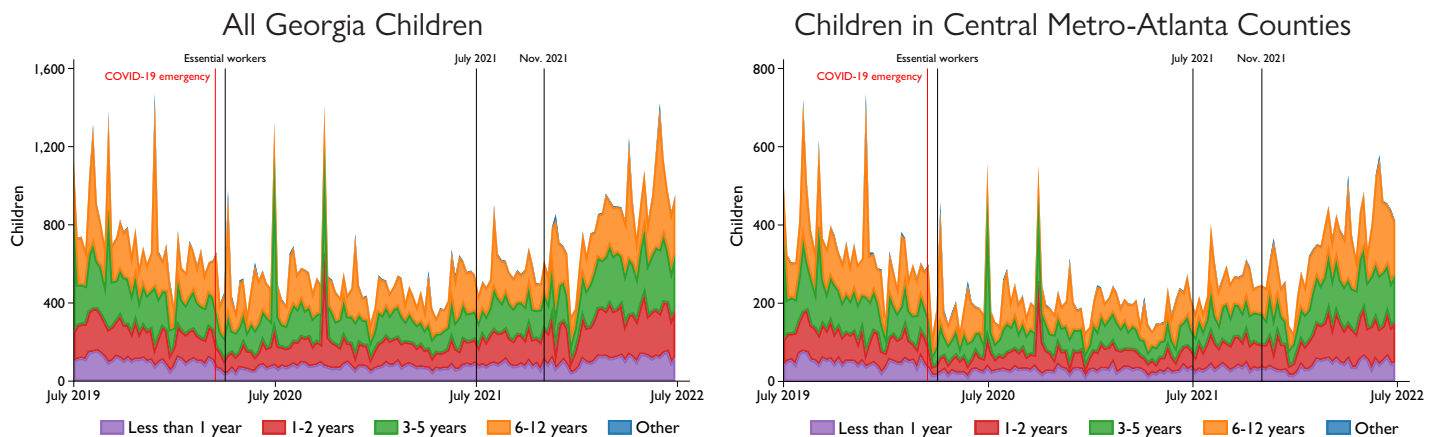


Figure 10. Children Entering the CAPS Program Each Week by Age

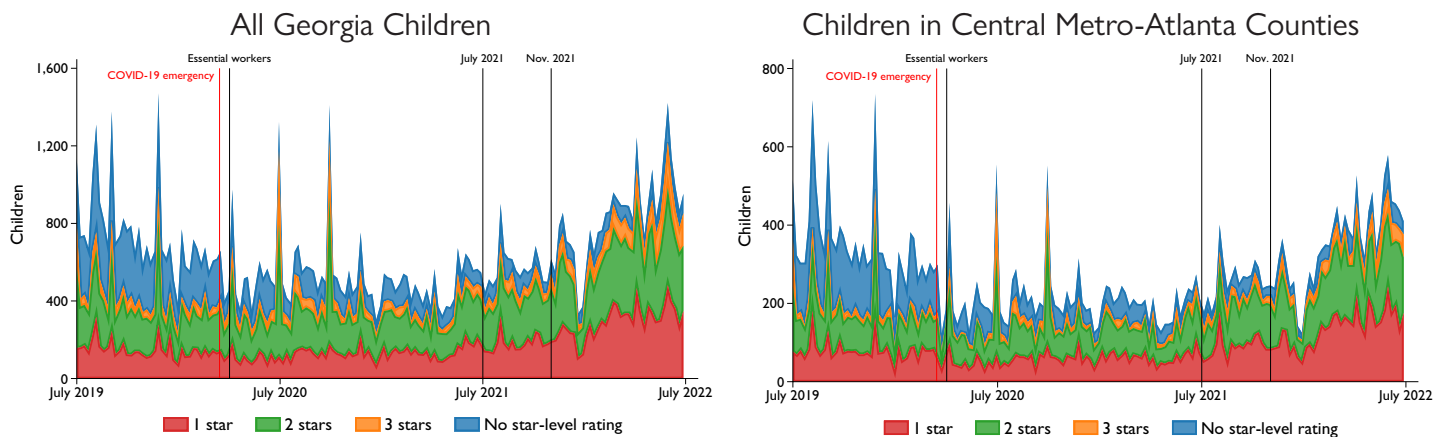


expansion and eligibility changes. The figure shows that there was a small amount of entry through the essential workers priority group between May 2020 and November 2020 but that this type of entry was not enough to offset other trends. The trends for the central metro-Atlanta counties for these groups were similar to the state trends.

Figure 10 examines the number of children of different ages entering the CAPS program each week. The figure shows that the trends were similar across age groups.

Figure 11 shows the trends in entry that involve arrangements with different Quality Rated services. Entry into the CAPS program decreased for all care types through the second half of 2019 and during the first few months of the COVID-19 pandemic. Since summer 2020, however, entry into scholarships with each star-level rating has generally increased, and entry into scholarships with unrated providers has dropped. Entry into arrangements with unrated providers has been particularly low since the requirement to use Quality Rated providers in January 2022. The remaining entry into arrangements among unrated providers may involve providers who are provisionally rated, have probationary ratings, are exempt from licensing (e.g., government-owned after-school programs), or are informal providers.

Figure 11. Children Entering the CAPS Program Each Week by Quality Rated Care



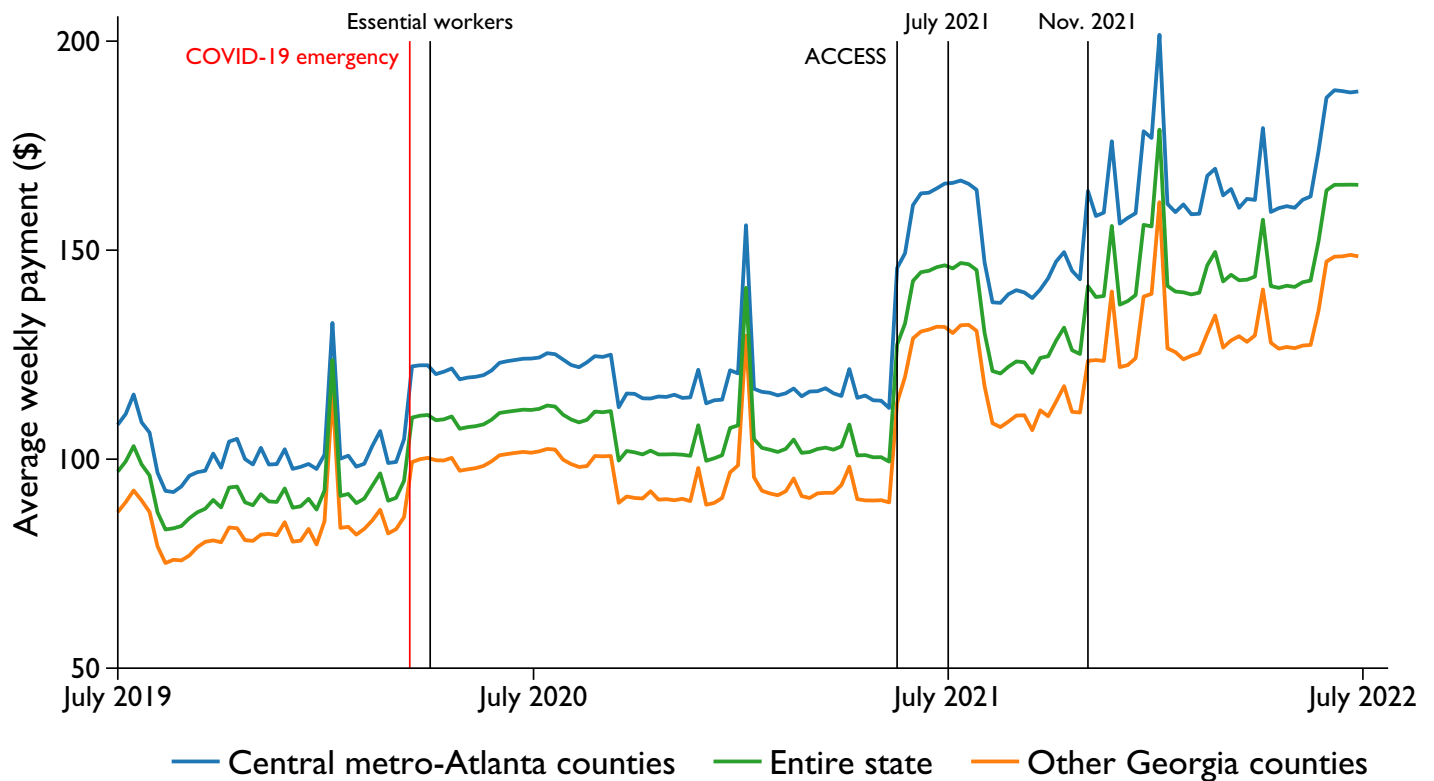
Payments

An important characteristic of CAPS scholarships is the amount that they pay providers on the child’s behalf. None of DECAL’s expansion initiatives changed the calculation of scholarship amounts, but other policy changes, including an increase in maximum reimbursement rates for pre-school- and school-age children in September 2019, the ACCESS initiative, provisions of the emergency payment waiver, and the requirement to obtain care from Quality Rated providers, did alter the calculation of payment amounts.

Figure 12 shows the per-child average weekly payments that the CAPS program made to providers from July 2019 to June 2022. The green line shows the averages for all children in Georgia; the blue line shows the averages for children in the central metro-Atlanta counties; and the orange line shows the averages for children in the rest of Georgia. The weekly averages are calculated for all children in the CAPS program, including those who did not use their scholarships during the week. Over the full analysis period, children’s average weekly payments rose substantially from about \$100 in July 2019 to around \$165 in June 2022, but within this period, there were increases and decreases.

Average payments dipped at the start of the school year in 2019 as children transitioned from full-week care to before- and after-school arrangements. Average payments rose in fall 2019 in part because of the increase in the maximum reimbursement rate for pre-school- and school-age children in September 2019. Average payments then remained at approximately the same level until the start of the COVID-19 pandemic in March 2020. Average

Figure 12. Average Weekly Payments for Children in the CAPS Program in Georgia, the Central Metro-Atlanta Counties, and Other Counties in Georgia



payments rose noticeably at the start of the pandemic, most likely due to the temporary reduction in unpaid scholarships (see [Figure 4](#)) and provisions of the emergency payment waiver. They then stayed at about the same level until September 2020, when they decreased, likely because of the decreased use of full-week care by older children at the start of the 2020–21 school year. Average payments were again flat until the start of the ACCESS initiative, which coincided with the transition to summer full-week arrangements for some children. Average payments dropped at the start of the 2021–22 school year and then trended upward until June 2022. The first payments of each year, which include an extra amount for registration fees, are also noticeably higher. Average payments were higher in the central metro-Atlanta counties than the rest of the state, mostly because of the regional differences in the scholarship calculation. The trends in average payments for the central metro-Atlanta counties, however, mirrored those for the rest of Georgia.

Figure 13. Total Weekly Payments for Children in the CAPS Program in Georgia

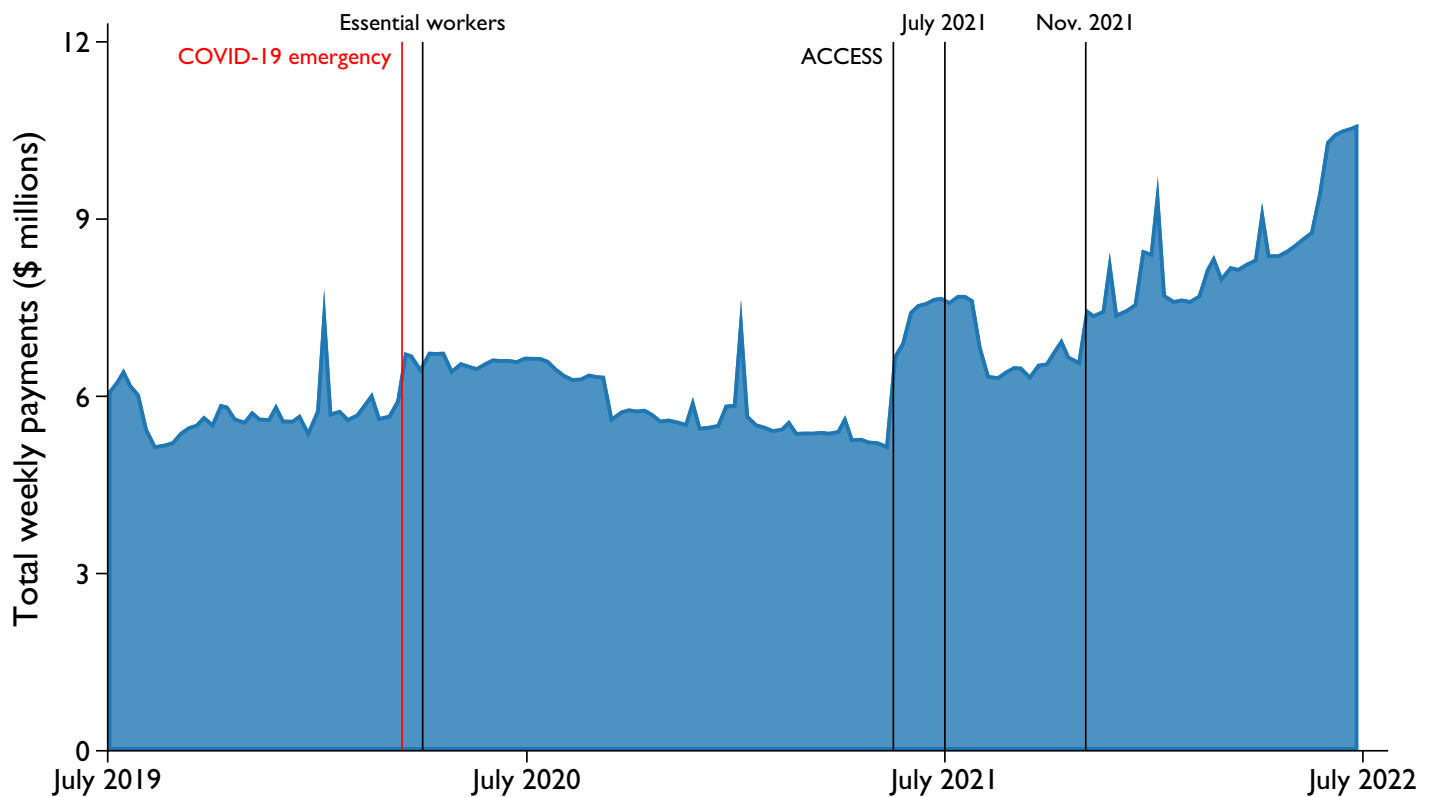


Figure 13 shows the total weekly scholarship payments in Georgia, which rose from around \$6 million in July 2019 to approximately \$10.5 million in June 2022. Weekly scholarship costs rose at the start of the pandemic. They then gradually decreased because of the decrease in the number of children with scholarships and the drop in average payments in fall 2020. Nevertheless, total payments were still near their pre-pandemic levels in May 2021 despite the large decrease in the number of children with scholarships. Scholarship costs rose in May 2021 with the start of the ACCESS initiative and the summer transition in care. From the start of the school year in 2021 until June 2022, scholarship costs generally increased due to the increases in both the number of children served and average scholarship payments.

Acknowledgments

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Endnotes

1. The other priority groups at the start of the pandemic were children receiving Child Protective Services; receiving other protective services; in court-ordered supervision cases; enrolled in Georgia's Pre-Kindergarten Program; with caregivers in the Grandparents Raising Grandchildren program; with minor parents; in families experiencing domestic violence; who experienced a natural disaster; and without fixed, regular, or adequate housing.
2. This brief only considers a few of DECAL's many initiatives. DECAL has provided a more complete description at decalfga.gov/documents/attachments/DECALCRRSAandARPSpendingPlan.pdf.
3. Figure 3 includes a small number of children in an "other" category who were older than 12 years of age or had missing or unusable age information.
4. Some children hold multiple scholarships with different providers and care arrangements. For this and our subsequent analyses, we select the provider and arrangement that received the largest weekly payment. If no payments were made, we select the first scholarship that the child received.
5. The field has several limitations. First, a child might qualify for several priority groups (e.g., experiencing very low income and be homeless), but the field only indicates one of these. Second, because continuing eligibility does not depend on priority group status, the field is not reliably updated as the scholarship progresses or when new scholarships are issued within a spell of eligibility.

About the Author

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David C. Ribar is the faculty director of the Child & Family Policy Lab in the Georgia Policy Labs, a professor in the Department of Economics, and the interim associate dean for faculty affairs in the Andrew Young School of Policy Studies at Georgia State University. Professor Ribar is an applied microeconomist whose research focuses on household economics, young people's transitions to adulthood, family dynamics, the causes and consequences of economic disadvantage, evaluating programs to alleviate disadvantage, and measuring and modeling well-being. He received his Ph.D. in economics from Brown University and has held faculty positions at the University of Melbourne, the University of North Carolina at Greensboro, the George Washington University, and the Pennsylvania State University.



About the Georgia Policy Labs

The Georgia Policy Labs is an interdisciplinary research center that drives policy and programmatic decisions that lift children, students, and families—especially those experiencing vulnerabilities. We produce evidence and actionable insights to realize the safety, capability, and economic security of every child, young adult, and family in Georgia by leveraging the power of data. We work alongside our school district and state agency partners to magnify their research capabilities and focus on their greatest areas of need. Our work reveals how policies and programs can be modified so that every child, student, and family can thrive.

Housed in the Andrew Young School of Policy Studies at Georgia State University, we have three components: the Metro Atlanta Policy Lab for Education (metro-Atlanta K–12 public education), the Child & Family Policy Lab (supporting children, families, and students through a cross-agency approach), and the Career & Technical Education Policy Exchange (a multi-state consortium exploring high-school based career and technical education).

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