Learning from Child Care Providers Across Settings

A Critical Step to Improving the Quality and Stability of Subsidized Care

Heather Sandstrom
URBAN INSTITUTE

Amelia Coffey
URBAN INSTITUTE

Julia Henly
UNIVERSITY OF CHICAGO

Juliet Bromer
ERIKSON INSTITUTE

Allegra Spalding
UNIVERSITY OF CHICAGO

Whitney Thomas
UNIVERSITY OF CHICAGO

Erica Greenberg
URBAN INSTITUTE

Teresa Derrick-Mills
URBAN INSTITUTE

December 2018
ABOUT THE URBAN INSTITUTE
The nonprofit Urban Institute is dedicated to elevating the debate on social and economic policy. For nearly five decades, Urban scholars have conducted research and offered evidence-based solutions that improve lives and strengthen communities across a rapidly urbanizing world. Their objective research helps expand opportunities for all, reduce hardship among the most vulnerable, and strengthen the effectiveness of the public sector.

ABOUT THE UNIVERSITY OF CHICAGO
One of the world’s premier academic and research institutions, the University of Chicago has driven new ways of thinking since its 1890 founding. Today, UChicago draws scholars to its Hyde Park and international campuses, keeping UChicago at the nexus of ideas that challenge and change the world. The UChicago community includes students in the undergraduate College and in graduate programs across four divisions, six professional schools including the School of Social Service Administration and the Harris School of Public Policy Studies, and the Graham School of Continuing Liberal Arts and Professional Studies. With a commitment to free and open inquiry, UChicago scholars take an interdisciplinary approach to research and teaching. Their work generates new knowledge for the benefit of present and future generations and transforms the way we understand the world, advancing fields of study, and often creating new ones.

The University of Chicago is a nonprofit organization registered within Illinois with tax exempt status under section 501C-3 of the Internal Revenue Service Code. The federal entity ID number and Tax ID number is 36-2177139. Donations to the University of Chicago are deductible to the extent allowed by law. Please check with your tax advisor for further deduction eligibility. Donations may be disclosed to the public, unless given anonymously. We are committed to transparent accounting of the resources we receive. A copy of the University’s audited financial statement is available to anyone who requests it.
## Contents

**Acknowledgments**

**Executive Summary**

**Background**

- Description of Study Sites
- National Subsidy Policy Context
- Subsidy Policy Context in Illinois and New York
  - Illinois Subsidy Program
  - New York Subsidy Program
- Role of Child Care Resource and Referral Agencies

**Methods**

- Interviews with Child Care Providers
- Purposive Sampling Approach
- Recruitment Process
- Final Interview Sample
- Interview Protocol
- Stakeholder Interviews
- Interviews with Subsidy Clients

**Key Themes from Interviews with Providers, Parents, and Stakeholders**

- Support for Families and Providers
  - Work and Financial Support for Low-Income Parents
  - Support for the Finances and Missions of Local Child Care Providers
- Perceived Challenges with the Child Care Subsidy System
  - Restrictive Program Eligibility Requirements
  - Program Administration Issues
- Strategies Providers Use to Facilitate Subsidy Program Access and Stability
  - Assisting Families with Subsidy Program Paperwork
  - Acting as a Liaison to the Subsidy Office
  - Caring for Children During Subsidy Application Process
  - Providing Care During Breaks in Subsidy Receipt
  - Offering Flexible Payment Plans and Reducing or Waiving Copayments
  - Offering Flexible and Nontraditional Care Hours
- Providing Quality Care as a Provider in the Subsidy System: Care Practices and Quality Improvement Challenges and Opportunities
- Providers’ Views on What Quality Care Looks Like
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efforts to Pursue Training and Professional Development</td>
<td>60</td>
</tr>
<tr>
<td>Quality Improvement Barriers and Burdens</td>
<td>65</td>
</tr>
<tr>
<td>Conclusion</td>
<td>71</td>
</tr>
<tr>
<td>Notes</td>
<td>75</td>
</tr>
<tr>
<td>References</td>
<td>76</td>
</tr>
<tr>
<td>About the Authors</td>
<td>78</td>
</tr>
<tr>
<td>Statement of Independence</td>
<td>80</td>
</tr>
</tbody>
</table>
Acknowledgments

This report is based on the Illinois–New York Child Care Research Partnership Study made possible by Grant No. 90YE0151 from the Office of Planning, Research, and Evaluation in the Administration for Children and Families, US Department of Health and Human Services. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, its funders, or to the University of Chicago or our partnering organizations. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at urban.org/fundingprinciples.

The principal investigator for the Illinois–New York Child Care Research Partnership Study is Julia Henly from the University of Chicago School of Social Service Administration. Co-principal investigators are Heather Sandstrom from the Urban Institute and Amy Claessens from the University of Wisconsin–Madison, formerly at the University of Chicago Harris School of Public Policy. Juliet Bromer from the Erikson Institute was a project associate.

We thank David Alexander and Marcia Stoll from Illinois Action for Children for their assistance with the study design and sample recruitment, and David for providing feedback on an earlier draft of the report. We thank Carolyn Barnes, Yael Hoffman, Molly Michie and Erin Simpson for their contributions to participant recruitment, data collection, and analysis.

The study would not have been possible without the endless support of our state and local partners, including Illinois Action for Children, Children’s Home + Aid Society Southern Region, the Illinois Department of Human Services, the New York State Office of Children and Family Services, the Westchester County Department of Social Services, the Nassau County Department of Social Services, the Child Care Council of Westchester, and the Child Care Council of Nassau.
Executive Summary

For more than three decades, the Child Care and Development Block Grant has provided funding to support the employment of low-income parents and the development of their children by reducing families’ child care costs and preserving parental choice of care arrangements. Access to this program is critical for family well-being and stability. Yet families often experience challenges maintaining enrollment in the program for a variety of reasons, namely restrictive eligibility requirements, poor administrative practices, and personal and family instability such as changes in work, income, residence, and child care providers. Leaving the subsidy program prematurely places stress on families and can result in the loss of a care arrangement, or a sudden move to a new provider that is more affordable but less desirable.¹ To date, there has been relatively less research on child care providers’ interactions with the subsidy program than on the experiences of the families they serve.²

The Illinois–New York Child Care Research Partnership (IL-NY CCRP) is a multi-year project that explored factors contributing to child care subsidy instability from the perspective of subsidy program participants (Phase 1), and child care providers and subsidy program stakeholders (Phase 2). Past project publications presented Phase 1 results based on analysis of state administrative data (Pilarz, Claessens, and Gelatt 2016), linked administrative and survey data (Henly, Kim, Sandstrom, Pilarz, and Claessens 2017; Henly et al. 2015), and qualitative interview data gathered from subsidy clients (Barnes and Henly 2018; Henly, Sandstrom, and Pilarz 2017; Sandstrom, Grazi, and Henly 2015). The current report summarizes findings from interviews with 78 child care providers conducted during Phase 2 of the study. The sample included licensed center directors, family child care providers, and license-exempt home-based providers (mostly relative caregivers). Supporting evidence from interviews with parents and stakeholders working in the subsidy program or engaged with quality initiatives is integrated throughout the report to supplement findings.

Key themes that emerged from our interviews include the following:

- **The subsidy program benefits both low-income families and the financial well-being of child care providers.** Having subsidized care that reduced families’ child care expenses helped parents pursue work and educational opportunities and enroll their children in programs they otherwise could not afford. The subsidy program was important to the financial well-being of providers as well. In some high-needs communities, providers relied entirely on subsidy payments. The success of their businesses depended on this funding source and the eligibility of children in their care. Child care providers, especially license-exempt home-based providers,
sometimes had other paid employment, but for some, subsidy payments were their only source of income.

- **Multiple program factors limit families’ access to stable subsidized care.** Similar to themes heard from parents, providers felt subsidy program requirements are too strict and exclude many families who needed assistance. Subsidy administration issues, including communication challenges, make it difficult for families to enroll and maintain their benefits. These problems are exacerbated by limited program resources. Providers described the efforts both they and subsidy clients must make to communicate with subsidy program staff with large caseloads and multiple responsibilities.

- **Providers use various strategies to support parents to improve their subsidy stability and child care continuity.** Strategies that providers shared include
  - assisting families with subsidy paperwork,
  - acting as a liaison to the subsidy office,
  - caring for children during the subsidy application process and short-term breaks in subsidy receipt,
  - offering flexible payment plans when families lose their subsidy,
  - reducing or waiving copayments, and
  - offering care during flexible and nontraditional hours to meet parents’ scheduling needs.

- **Providing high-quality care as a provider in the subsidy system, especially when predominantly serving subsidized children, may require providers to make tradeoffs.** Providers discussed their efforts to receive training and professional development to provide high-quality care, and the double burden of pursuing quality improvement efforts within the constraints of low program resources and limited time.

- **State quality rating and improvement systems (QRIS) offer an opportunity to reflect on program quality and to set goals for improvement.** New York’s QRIS, QUALITYstarsNY is limited in its reach whereas the statewide QRIS in Illinois, ExceleRate, has greater coverage of providers, as all licensed providers in the state are automatically enrolled. Providers reported mixed experiences with the QRIS available in their regions. Many reported positive experiences, such as improved quality of the care environment and greater internal and external recognition of their programs. However, some questioned its value and reported difficulties using QRIS resources and achieving a higher rating. Some providers said ExceleRate has insufficient resources to reward quality improvement and to provide sufficient coaching.
These qualitative findings shed light on the experiences of child care providers from a diverse set of communities and care settings. The data identify the important lengths providers go to assist the families they serve, the burden they face in the process, and the efforts needed to improve subsidy administration and quality initiatives to better reach program goals.
Background

High-quality, stable, and affordable child care is critical to supporting low-income parents’ employment and their children’s healthy development. A growing recognition of the connection between child care experiences, parental employment, and children’s developmental outcomes fueled the 2014 reauthorization of the Child Care and Development Block Grant (CCDBG), the primary child care assistance program serving low-income working families in the United States. Since its inception almost three decades ago, CCDBG’s aim has been to support the employment of low-income parents and the development of their children by reducing families’ child care costs and preserving parental choice of care arrangements. The reauthorized law underscores those goals by including several provisions that require states to increase access to quality, stable child care through such investments as provider education and training, inclusion of new health and safety standards, and mandatory inspections and monitoring of child care settings. The reauthorization also requires that states adopt family-friendly subsidy provisions to reduce barriers to successful enrollment and continuity of subsidy receipt (Matthews, Schulman, Vogtman, Johnson-Staub, and Blank 2017).

Given the high cost of child care, access to child care subsidies is critical for the successful employment of low-income parents and the well-being and stability of their families. Yet low-income families often experience challenges maintaining enrollment in the subsidy program. Subsidy spells are generally short, with median spell lengths ranging from 4 to 12 months (Swenson and Burgess 2018). “Churn”—cycling in and out of the program—is common (Davis, Krafft, and Forry 2017; Swenson and Burgess 2018). Leaving subsidies prematurely places stress on families and can result in the loss of a care arrangement, or a sudden move to a new provider that is more affordable but less desirable (Ha, Magnuson, and Ybarra 2012; Henly et al. 2015). Recent research demonstrates that stable enrollment can be compromised by employment characteristics common in the low-wage labor market (e.g., job turnover; unpredictable and nonstandard work schedules; self-employment and other irregular work arrangements) (Grobe, Davis, Scott, and Weber 2017; Henly, Kim, Sandstrom, Pilarz, and Claessens 2017). Research also highlights that program eligibility requirements and administrative practices in subsidy offices can create bureaucratic challenges to application and redetermination of eligibility that can result in enrollment delays and program instability (Barnes and Henly 2018; Henly, Sandstrom, and Pilarz 2017). Changes in family circumstances, such as residential moves, job changes, changes in family composition and children’s developmental needs, also contribute to subsidy program instability.

Although multiple recent studies have examined families’ experiences with subsidy instability, the role of child care providers in supporting families’ subsidy program enrollment and stability has received
limited attention to date (see Rohacek and Adams 2017, as an exception). Yet child care providers who work in centers, licensed family child care homes, and license-exempt home-based settings are an essential component of the child care subsidy system. To successfully increase access to high quality, stable child care for low-income families, it is critical that we understand the factors that are associated with provider participation in the subsidy program (Schneider, Warfield, Joshi, Ha, and Hodgkin 2017) and their perceptions and experiences with the subsidy system (Rohacek and Adams 2017). What do providers perceive to be the greatest challenges that families face regarding subsidy program participation? How do they support families with subsidy enrollment and recertification requirements? What challenges do they themselves face with participating in the subsidy program? How do they experience education and training initiatives and other quality initiatives such as state quality rating and improvement systems? The current report considers these questions drawing from research conducted through the Illinois-New York Child Care Research Partnership (IL-NY CCRP).

The IL-NY CCRP joins researchers from the University of Chicago and the Urban Institute with state and local child care administrators in Illinois and New York. The project was funded through two consecutive grants from the Office of Planning, Research, and Evaluation in the Administration for Children and Families, US Department of Health and Human Services. The partnership began in 2010, before the reauthorization of CCDBG, with a goal of improving local policy decisions through the development of policy-relevant knowledge about the quality and stability of subsidized child care based on rigorous analysis of multiple data sources.

Phase 1 of the partnership (2010–14) explored factors contributing to child care subsidy instability from the perspective of subsidy program participants. Using longitudinal state administrative data from child care payment records in combination with new data from a telephone survey and qualitative interviews with subsidy clients, the research team analyzed the subsidy and child care experiences of a recent cohort of subsidy clients residing in four study sites. The results indicated that clients valued the child care subsidy as a work and school support, but often experienced challenges staying in the subsidy program because of work complications, problems maintaining their eligibility, and administrative hassles related to program recertification. Problems maintaining a subsidy created child care complications, and for many families, the loss of a child care arrangement altogether. Further, some parents questioned the quality of care they could access with the subsidy (Henly, Sandstrom, and Pilarz 2017; Henly et al. 2015; Henly et al. 2017; Sandstrom, Grazi, and Henly 2015).

Phase 2 (2013–18) built on this work and explored the factors that support or impede low-income families’ access to high-quality, stable subsidized care arrangements from the perspective of subsidy program stakeholders and child care providers including centers, licensed family child care homes, and
license-exempt home-based providers. It also investigated strategies that encourage providers in the subsidy system to engage in quality improvement efforts. Research activities included the following:

1. A mapping study that involved examining the supply of licensed child care in each study site against the estimated number of subsidy-eligible children.

2. Case studies of local sites, which involved interviews with key stakeholders administering the child care subsidy program, child care resource and referral services, and early care and education quality improvement initiatives.

3. A qualitative study of child care providers’ experiences with the subsidy program and with training and quality improvement efforts. Center directors, licensed family child care providers, and license-exempt home-based providers were included in the study.

The results of the mapping study indicate that many subsidy-eligible families live in areas with high potential need but limited care supply (see Sandstrom, Claessens, Stoll, Greenberg, Alexander, Runes et al. 2018). We conclude that many low-income families in our study sites might have difficulty finding care options that fit work and family needs, particularly families living near affluent urban centers where the competition for care slots is great. Even when families reside near child care providers, not all providers accept subsidies and most are not rated as high quality. Among providers accepting subsidies, many are not licensed for infant care. Licensed care hours generally fall between traditional hours of 7:00 a.m. to 6:00 p.m. on weekdays, raising policy concerns about access.

The current report summarizes key themes from our interviews with child care providers, with supporting evidence from our case studies. We consider these findings in light of our Phase 1 findings from qualitative interviews with parents. We present information regarding the following:

1. The ways child care subsidies support both parents and child care providers.

2. Challenges interacting with the child care subsidy system and reasons families experience subsidy instability.

3. Strategies providers use to facilitate subsidy program access and stability.

4. Opportunities and challenges for engagement in training and quality improvement activities as a provider in the subsidy system.

First, we provide a description of our study sites to give context to the study findings. We also provide background information on the national subsidy policy context and identify subsidy policies in Illinois and New York affecting eligibility and enrollment.
Description of Study Sites

The IL-NY CCRP study targets two regions in each of the partnering states: Service Delivery Area 6 in Cook County, Illinois, which includes Chicago; Service Delivery Area 14, composed of seven counties in the southwestern part of Illinois; and Nassau and Westchester Counties in New York State.

<table>
<thead>
<tr>
<th>TABLE 1</th>
<th>Demographic Characteristics of Local Population in Study Sites</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nassau</td>
</tr>
<tr>
<td>Population size</td>
<td>1,356,801</td>
</tr>
<tr>
<td>Median household income</td>
<td>$102,044</td>
</tr>
<tr>
<td>Child poverty rate (age 5 and under) (%)</td>
<td>10.4</td>
</tr>
<tr>
<td>White (%)</td>
<td>69.7</td>
</tr>
<tr>
<td>Black (%)</td>
<td>11.5</td>
</tr>
<tr>
<td>Asian (%)</td>
<td>8.7</td>
</tr>
<tr>
<td>Two or more races (%)</td>
<td>3.3</td>
</tr>
<tr>
<td>Hispanic or Latino (%)</td>
<td>16.1</td>
</tr>
<tr>
<td>Foreign born (%)</td>
<td>21.8</td>
</tr>
<tr>
<td>Limited English proficiency (%)</td>
<td>11.7</td>
</tr>
</tbody>
</table>


Notes: Southwestern Illinois includes seven counties: Bond, Clinton, Madison, Monroe, Randolph, St. Clair, and Washington.

* We include a range for the median household income in the seven counties in the southwest Illinois study site.

Cook County is dominated by the urban metropolis of Chicago and is diverse in race, ethnicity, and language (see table 1). The median household income is slightly above the national average, yet the child poverty rate is higher than average.

Southwestern Illinois includes rural areas that are predominantly white and small urban areas that are racially diverse. There are significant shares of low-income working families in rural and urban communities in the region, although its median household income and child poverty rate are similar to the national averages. The southwestern Illinois site has a relatively small population of foreign-born residents with limited English proficiency (LEP).

Westchester and Nassau Counties are suburbs of New York City, with Westchester to the north of the Bronx and Nassau on Long Island. Both are affluent counties with median household income well above the national average and below-average child poverty rates. But cost of living is high, and some neighborhoods have high numbers of low-income working families (see Sandstrom et al. 2018 for maps of local areas). Both New York counties are predominantly white, but with a large share of foreign-born LEP residents.
Illinois and New York were selected for this research partnership because of their distinct child care subsidy policies. The principal investigators also had working relationships with the state child care administrators who recommended focusing the research in the specified regions. At the time of selection (2010), important policy differences that offered opportunities for comparison included

- level of administration (Illinois child care is state administered through contracts with local child care resource and referral agencies (CCR&Rs); New York is county administered by the local department of social services);
- length of eligibility periods (6 months in Illinois and 12 months in both New York counties, except for Temporary Assistance cases that had a six-month period);
- approved activities for subsidy eligibility and work requirements (Illinois offered more options, including postsecondary education, and required no minimum number of work hours, whereas the New York counties required at least 20 hours); and
- job search allowance (in Illinois, up to 30 days per job loss occurrence and up to 90 days per year for continuing clients; in Westchester, up to 30 days for continuing clients; and in Nassau, no allowance).

In addition, there are important differences in the two states regarding the relationship between CCR&Rs and the subsidy program, with potential implications for how providers and families interface with the child care system. The states’ quality rating and improvement systems (QRISs) are also structured differently. Illinois has a statewide QRIS called ExceleRate Illinois, in which all licensed child care providers are automatically enrolled. ExceleRate has distinct quality designations (“Circles of Quality”) that correspond with programs meeting certain standards. The QRIS in New York—QUALITYstarsNY—offers targeted quality improvement supports to providers in high-needs communities. Providers must apply to participate and enrollment is limited. License-exempt providers are not eligible for either ExceleRate or QUALITYstarsNY.

Below we provide more detail on the national subsidy policy context and the programmatic and policy differences between the two selected states.

**National Subsidy Policy Context**

Phase 2 of the IL-NY CCRP took place during a transitional period at the federal level. The CCDBG Act of 2014 reaffirmed the core principles of the CCDBG program. At the same time, it introduced
substantial changes to child care regulations in efforts to better support the economic success of parents and the development of their children. The law establishes a 12-month period of subsidy eligibility for families, regardless of changes in income or temporary changes in work participation. It also requires a minimum of three months of continued assistance if a family suffers a job loss or stops attending school or training. The law includes several requirements that help parents make informed consumer choices, such as providing subsidized families with transparent and easily accessible results from child care monitoring inspections.

Several statutory changes target the health and safety of children. The law requires states to set aside 9 percent of funding (with 3 percent of that for infants and toddlers) for quality investments. All child care staff members in licensed facilities and all license-exempt providers in the subsidy system must complete comprehensive background checks every five years. All providers in the subsidy system, including license-exempt providers, must complete preservice orientation training that addresses health and safety standards and receive annual inspections (Minton, Stevens, and Blatt 2016).

States have the option to exempt relative caregivers (e.g., grandparents, aunts and uncles, siblings) from background checks, annual inspections, and health and safety training. New York State plans to exempt relative caregivers from preservice health and safety training and background checks, but will require home inspections to ensure certain health and safety standards are met. Local counties can choose to impose additional health and safety requirements on license-exempt providers. According to Westchester’s 2018 County Plan, the county has opted to conduct a search of the local child welfare database to verify the accuracy of the information shared with the parent or guardian regarding all provider’s, including relatives’, past reports of child abuse and maltreatment. Nassau does not have any additional standards for license-exempt providers. Illinois requires that license-exempt providers, including relatives, are searched through the state’s Child Abuse and Neglect Tracking System and the Illinois and/or National Sex Offender Registries. Illinois does not require a criminal background check for relative providers. In addition, the 2016–18 Illinois State Plan requires license-exempt providers, including relative caregivers, to complete health and safety trainings and to submit to monitoring and inspection. (Note that relatives serving school-aged children, 5–13 years of age, are exempt from monitoring and inspection requirements in Illinois.)

Implementation of these policy changes is ongoing and timing has varied across states. As a result, our study participants had different experiences depending on the region in which they were located and when their interview occurred. Ongoing implementation may explain the inconsistent descriptions of the subsidy program that we heard.
This period of subsidy program transition is a time of opportunity for state and local policymakers to make decisions about how to enact changes in ways that will best serve families. Balancing assistance to families in need of child care with quality improvement efforts in the context of limited resources will remain a critical challenge. Although the current study is not able to assess any implementation effects of the reauthorization, the findings may prove useful to states and localities as they work toward fully implementing the new CCDBG requirements.

Subsidy Policy Context in Illinois and New York

Illinois Subsidy Program

In Illinois, CCDBG funding supports subsidized child care through the Child Care Assistance Program (CCAP). Eligibility for CCAP is determined by the need for care, family income, and family size. Need for care refers to parental engagement in eligible activities, including paid employment, enrollment in an approved education or training program, or involvement in an activity approved by Temporary Assistance for Needy Families (TANF). Applicants may be eligible because a parent or caretaker is physically or mentally incapacitated, or because of other special family circumstances (e.g., homelessness). Applicants who are working must demonstrate they are engaged in employment by providing their last two pay stubs or obtain employment verification from their employer to determine eligibility. The application includes space for inclusion of a typical work schedule. If applicants are attending an approved educational activity, they must provide a school schedule. Families are eligible for subsidized care during approved work, school, or training hours plus an allotment for commute time. Child care services are restricted to children under age 13 and to children under age 19 who are under court supervision or have physical or mental incapacities. The state does not maintain a waiting list for CCAP.

During much of our study, applicants who were employed or in an approved education or training program were eligible for assistance if the family income did not exceed 185 percent of the federal poverty level (FPL); however, in July 2015, as part of an emergency rule process, income eligibility was temporarily reduced by the governor’s office to 50 percent of FPL, with active clients eligible to continue receiving benefits. As part of the emergency rule, CCAP was also temporarily denied to families participating in non-TANF education and training. Six months later, the emergency rule was lifted and the eligibility ceiling was raised to 162 percent of FPL. Then, in 2018, it returned to 185...
percent. Eligibility was not restored to families in non-TANF education and training until 2018 with the passage of House Bill 3213.

Families in Illinois have a choice of provider. CCAP-eligible providers include license-exempt family, friend, and neighbor caregivers; licensed family child care homes; and licensed and license-exempt centers, such as some faith-based and school-based programs. Families must identify the provider they wish to use as part of the CCAP application process.

In Illinois, the family share (e.g., parent copayment) amounts are determined by income and family size and at the time of the study did not exceed 10 percent of family income. For some families, copayments can be as low as $2 per month. Vouchers, rather than contracts to providers, predominate in the Illinois subsidy program. Providers who accept subsidized families through the voucher program are reimbursed directly by the state, and parents directly pay the copayment to the provider.

The Illinois Department of Human Services (IDHS) determines program eligibility requirements and policies regarding program application and redetermination of eligibility. IDHS contracts with local nonprofit CCR&R agencies to administer the subsidy program for distinct service delivery areas in the state. IDHS processes subsidy payments as well.

In January 2014, CCAP initiated the new digital Child Care Management System that includes an online application option. The new system rolled out during our study period, and the online application is now operational in some regions of Illinois. Subsidy applicants can also download and print the multipage paper application from the IDHS website or obtain a hard-copy application from their local subsidy office. The application collects information about an applicant’s household membership, employment (or other approved activity), and child care provider, among other information. Applicants can return completed paper applications to the subsidy office in person, by mail, or by faxing the completed application and required documents to the local subsidy office.

In southwestern Illinois, a caseworker model is used to administer the subsidy program. Caseworkers at the CCR&R are responsible for overseeing eligibility, recertification, and other processing issues related to their assigned cases. The caseworker model is not used in Cook County, Illinois; instead, subsidy eligibility workers in this region handle cases on a first-come, first-served basis and do not work with the same families or the same providers throughout.
New York Subsidy Program

In New York State, eligibility for a child care subsidy is determined based on need for care, family income, and family size. Parents or guardians must demonstrate a need for child care to work, to engage in an approved vocational training activity, to attend high school or equivalent training in the case of teen parents, because a parent or caretaker is physically or mentally incapacitated, or because of other special family circumstances (e.g., homelessness), depending on the district. Child care services are restricted to children under age 13 at the point of application, children under age 18 with special needs or under court supervision, and children under 19 who are full-time students in a secondary school or equivalent and have special needs or are under court supervision. Neither Nassau nor Westchester County had a waiting list for child care subsidies during the study period.

In both counties, families qualify for a subsidy if they earn a total gross household income under 200 percent of FPL for their family size. TANF recipients with income below 100 percent of FPL are categorically eligible for child care assistance. Further, assistance is guaranteed for one year to families transitioning off TANF because of employment or increased income. Additionally, in Westchester, a limited number of families above the low-income threshold were able to obtain a subsidy through Title XX funding, although this was not available throughout the entire study period.

Families receiving a subsidy are required to pay a family share toward the cost of care. The amount of the family share, or copayment, is based on gross household income and service unit size. TANF recipients, however, are exempt from paying a parent share. From 2011 to 2017, the family share rate for low-income cases increased from 15 percent to 27 percent of household income exceeding the state income standard in Westchester, and from 17.5 percent to 20 percent of income exceeding the state income standard in Nassau. Families could pay as little as $1 per week.

Besides attaining eligibility status, subsidy applicants must choose an eligible provider. Nassau County has a contracted care system through which the County Department of Social Services (DSS) has contracts with centers, family child care programs, and group family child care programs licensed or registered with the New York State Office of Children and Family Services. Families receiving TANF or that qualify for a low-income subsidy may choose to use one of these contracted programs, or they may use a provider outside the contracted system or an approved license-exempt provider. DSS provides direct payments to contracted providers, but for all other providers, the payment is treated as nondirect; the parent must pay the provider, the provider must submit an attendance sheet indicating when care was provided, and then DSS reimburses the parent at the approved rate.
Westchester County uses a mix of contracts and vouchers paid to the provider (rather than require the parent to pay with a follow-up parent reimbursement). Similar to families in Nassau, families in Westchester eligible for TANF or low-income subsidies may choose either a licensed provider or an approved license-exempt provider. According to New York State regulations, families eligible for Title XX subsidies must select a licensed DSS-contracted provider or a registered school-age program that has a contract with DSS. Families that choose a license-exempt provider must complete and submit an enrollment form to enroll the provider in the subsidy system.

At the time of data collection, clients applying for a child care subsidy in New York State could use the common application for social services, the same form used to apply for Temporary Assistance, the Supplemental Nutrition Assistance Program, Medical Assistance, and the Medicare Savings Program. Alternatively, they could use a child care-specific application if their county had created one. Nassau had its own simplified application for child care, and Westchester used the common application. Applicants could request an application package by calling a local DSS office, visiting a local DSS office, or faxing or mailing a request. Completed applications could be mailed or submitted in person at a local DSS office. After the initial application was received, DSS would accept supporting documents via fax, mail, or in-person drop-off.

In both New York study sites, the county DSS determines eligibility and processes provider payments. The child care units in both DSS offices use a caseworker model to administer the subsidy program. Caseworkers are responsible for overseeing eligibility, recertification, and other processing issues related to their assigned cases. In Westchester, cases are assigned alphabetically by the client’s last name. In Nassau, caseworkers are assigned a certain jurisdiction, and they manage all case approvals and payments to contracted providers within that jurisdiction. As a result, providers in Nassau have one point of contact for subsidy-related communications, since all children in their care have the same caseworker.

In 2011, New York State rolled out the Child Care Time and Attendance (CCTA) system, an automated attendance-recording and provider payment system. CCTA was designed to improve efficiency and accuracy of payments, as well as reduce potential fraud.

**Role of Child Care Resource and Referral Agencies**

While local DSS offices in New York administer subsidies to families using licensed centers and family child care homes, the counties have contracts with local CCR&Rs to enroll license-exempt providers. CCR&Rs in New York are referred to as Child Care Councils. Nassau County has contracts with the
Child Care Council of Nassau to provide services to assist families with locating child care. Westchester County has a similar contract with the Child Care Council of Westchester for referral services for families and training and assistance for providers.

In Illinois, by contrast, the CCR&R is responsible for both administering the subsidy program and assisting families with their child care search as needed. In Cook County, the CCR&R is Illinois Action for Children. In southwestern Illinois, the CCR&R is Children’s Home + Aid Society Southern Region. These organizations also provide training and professional development to child care providers and support their participation in the state QRIS. However, distinct staff members perform these functions and the subsidy program is administered separately from these other programs and services.
Methods

Interviews with Child Care Providers

The main results presented in this report are drawn from interviews conducted with child care providers across a range of settings in the four regions. Below we provide a description of the sampling and recruitment processes, characteristics of the sample, and the interview process.

Purposive Sampling Approach

The sampling strategy was distinct for licensed and license-exempt child care providers. For licensed providers, the sample was purposively selected from lists of licensed centers and family child care programs obtained from state and local CCR&Rs. We narrowed the list to providers identified as accepting subsidized children. We sought diversity in terms of the following factors.

1. Total licensed capacity (small = < 25th percentile, medium = 25–75th percentile, large = > 75th percentile).
2. Subsidy density, measured as the number of children receiving subsidized care out of the total licensed capacity.
3. Ages served (including providers licensed for infant care and those who are not).
4. National accreditation from the National Association for the Early of Young Children (NAEYC) for centers or the National Association for Family Child Care (NAFCC) for family child care homes.
5. Participation in the state QRIS.
6. Program hours (including providers operating weekends or weekdays after 7:00 p.m.).
7. Geographic location in the county.

We aimed for a mix of centers and family child care homes across these characteristics to capture the experiences of a wide range of providers, including those who enroll families known to be underserved by the formal child care market. Our sampling strategy aimed to achieve maximum variation and was not designed to be representative of local licensed providers.

As a starting point, we drew a sample of 30 providers in Cook County and 15 licensed providers in each of the other three sites. We replaced cases as needed when we encountered participation nonresponse and refusals, until we met our target number of interviews.
Additionally, in New York we completed two English and one Spanish interview using a snowball sampling method, in which we asked providers at the end of the interview if they were aware of other licensed providers in their area who may be interested in participating. We looked up these three providers in licensing records to confirm eligibility before attempting to recruit.

We worked with local CCR&Rs in two of the study sites (Cook County, IL and Westchester County, NY) to identify license-exempt in-home providers receiving subsidy payments. Details on recruitment for licensed and license-exempt providers are described in the next section.

**Recruitment Process**

After drawing the initial sample of licensed providers, we sent recruitment letters to each provider using the address on record. The letter described the purpose of the study and invited providers to participate in a one-hour phone interview and brief survey. It indicated that participation was voluntary and confidential, a $40 incentive would be provided for participation, and someone from the research team might call them to seek their participation.

Because a list of license-exempt providers who accept subsidies is not publicly available, we relied on support from our local partnering agencies in Cook County and Westchester County. We prepared a recruitment flyer for license-exempt in-home providers enrolled in the subsidy system in Westchester County and shared it with the Child Care Council of Westchester. After advertising the study to eligible providers they encountered, council staff sent the names and phone numbers of interested providers to the Urban Institute research team, who made recruitment phone calls. In Cook County, the recruitment process for license-exempt providers was different. Study collaborators at Illinois Action for Children, the local CCR&R in Cook County, conducted initial recruitment calls with a diverse sample of license-exempt providers who accepted subsidies, asking whether they would be willing to provide their name to the research team. The contact information for those providers who agreed to be contacted by researchers was shared with the Illinois research team, who then initiated recruitment.

Interviewers continued to attempt phone contact with each provider until they had either made six unsuccessful attempts or received a refusal. In some cases, team members made additional contacts with providers who expressed interest but were unable to schedule an interview at the point of recruitment. We stopped contacting providers after we met our goals for interview completion in each category.
Overall, in New York, the research team attempted phone contact with 185 providers, including 37 Spanish-speaking providers, reaching 100 and interviewing 36. In Illinois, the team attempted phone contact with 225 providers, including 19 Spanish-speaking providers, reaching 127 and interviewing 42. On average, about 4 phone attempts per New York provider and 3.5 phone attempts per Illinois provider were made before the teams either completed an interview or dropped the provider from the sample. Lack of time was cited as the most common reason for refusal. Home-based providers in particular had little free time away from children to take a long phone call during the day.

Final Interview Sample

The total interview sample included 78 providers, 36 in New York and 42 in Illinois. Ten interviews were conducted in Spanish, with four family child care providers in New York, another four in Illinois, and two license-exempt providers in Illinois. Providers were racially and ethnically diverse. Fifty percent were black, 23 percent were white, 7 percent were Asian, and 9 percent were of mixed race. Twenty-three percent were Hispanic. Several providers did not report this information. Table 2 displays the counts of providers in each study site by type of care.

<table>
<thead>
<tr>
<th>TABLE 2</th>
<th>Counts of Participating Providers by Study Site and Care Type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Illinois</td>
</tr>
<tr>
<td></td>
<td>Cook County</td>
</tr>
<tr>
<td>Centers</td>
<td>9</td>
</tr>
<tr>
<td>Family child care/group family child care</td>
<td>11</td>
</tr>
<tr>
<td>Legally exempt</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations based on analysis of child care licensing and referral data.

We spoke with 29 licensed center-based providers. In most cases, we interviewed the center director; in one case the respondent was an assistant director, and five center-based respondents held other positions. Nine of the 29 center staff we spoke with held classroom teaching responsibilities in addition to their administrative positions at the center. Center providers had been employed at their current center for 12 years on average (with a wide range, from less than one year to 30 years).

The centers themselves had been in operation for an average of 23 years (with a range of less than one year to over 50 years). The centers varied by business type: 19 held nonprofit status while 9 were for profit businesses; 19 were independently operated, while the remaining centers were part of a chain or franchise, or they operated under the umbrella of another organization. Among participating centers
in Illinois, 25 percent received Head Start funding, 19 percent received Early Head Start funding, and 13 percent received state prekindergarten funding. In New York, 23 percent of centers received Head Start funding, 8 percent received Early Head Start funding, and 33 percent received state prekindergarten funding. Several centers received funding from multiple sources.

We interviewed 35 providers operating licensed or registered family child care homes. In Illinois, these providers were licensed with the Illinois Department of Children and Family Services. Family child care homes in New York included licensed group family child care programs with a maximum group size of 16 children and registered family child care programs with a maximum group size of 8 children. Licensed capacity depended on the size of the care space. All were regulated by the New York State Office of Children and Family Services. The Illinois sample did not distinguish large group family child care programs.

We also interviewed 14 license-exempt home-based providers, all of whom were paid for providing care. Two of these providers reported occasionally receiving in-kind payments in exchange for providing care. (See box 1 for a description of licensed-exempt providers.)

Seventeen of the 32 regulated programs in New York reported having a contract to provide care for subsidized children. All other providers in New York and Illinois reported accepting subsidy vouchers.

Six providers reported holding another paid job in addition to their child care position. Five of these were license-exempt providers and one was a center director. One license-exempt provider worked as a cashier, one as a personal assistant, and three as home health aids. The center director taught in higher education. Providers who worked another paid job reported working an average of 20 hours per week at their other job. Table 3 displays provider sample characteristics based on sampling criteria.
## TABLE 3
**Provider Sample Characteristics**

<table>
<thead>
<tr>
<th></th>
<th>Illinois</th>
<th></th>
<th>New York</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Child care centers</td>
<td>Family child care providers</td>
<td>License-exempt home-based providers</td>
<td>Child care centers</td>
</tr>
<tr>
<td>Providers interviewed</td>
<td>16</td>
<td>17</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>Spanish language interview</td>
<td>0</td>
<td>4</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Approved to serve infants</td>
<td>13</td>
<td>15</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Approved for nontraditional-hour care</td>
<td>3</td>
<td>11</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Quality rated</td>
<td>7</td>
<td>6</td>
<td>N/A</td>
<td>5</td>
</tr>
<tr>
<td>Accredited</td>
<td>5</td>
<td>5</td>
<td>N/A</td>
<td>5</td>
</tr>
</tbody>
</table>

**Total licensed capacity**

<table>
<thead>
<tr>
<th></th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>New York</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Subsidy density**

<table>
<thead>
<tr>
<th></th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>New York</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Source: Authors’ calculations based on analysis of child care licensing and referral data and child care subsidy payment records. Some fields were updated based on information gathered from interviews.*

*Notes: 1 Reported fields used for purposeful sampling procedure. 2 Child care licensing and referral data unavailable for two licensed family child care providers in Illinois and for three licensed family child care providers in New York, so some fields do not include information on these providers. 3 Nontraditional-hour care is defined for this study as care provided after 7:00 p.m. on weekdays or any time on Saturday or Sunday. 4 Small =< 25th percentile within county; medium =25th-75th percentile; large =>75th percentile. 5 Total count of subsidized children in program divided by licensed capacity. 6 Family child care providers in New York include licensed group family child care programs with a licensed capacity up to 16 children and registered family child care providers with a total capacity up to 8 children.*
Interview Protocol

Interviews were conducted by telephone with all providers who agreed to participate in the study. For each participant, a brief closed-ended telephone survey was completed (typically during the recruitment phone call) that gathered basic descriptive information about the program and the provider. The primary interview, also conducted by phone, was scheduled at a time that was convenient for the participant, typically within two weeks of the recruitment phone call. The researcher conducting the interview obtained consent from each provider to proceed with the interview and audio record. Researchers followed a semistructured interview protocol that asked providers about the following (as applicable):

- their child care background, program capacity and enrollment, and program schedule and hours;
- involvement with the subsidy program and the process of becoming approved to care for subsidized children;
- experiences interacting with the subsidy office, receiving payments, and serving families as they determine and redetermine eligibility for subsidies;
- experiences with subsidy instability among families they serve;
- views on subsidy policy reforms and changes to program rules; and
- perspectives on quality care, licensing, and/or quality improvement efforts.

Interviews were audio recorded, fully transcribed, and analyzed using QSR International’s NVivo 11 qualitative data analysis software. Analysis was guided both by a priori codes developed from key research questions and by in vivo codes that emerged from a line-by-line reading of interview transcripts. The research team constructed matrices to organize analytic themes by provider, which aided cross-interview analyses.

Stakeholder Interviews

Throughout the report, we supplement the child care provider findings with information gleaned from interviews with staff who worked in the local subsidy program or for quality initiatives in one of the two states. While this report does not include a full analysis of these stakeholder interviews, we contextualize our discussion of provider findings with perspectives from these interviews when they offer additional supporting or contradictory perspectives.
In New York, we interviewed a total of 17 stakeholders at different levels of program administration, including regional and district-level child care administrators, subsidy program managers, caseworkers and eligibility specialists, staff from the local CCR&Rs, and leaders directly involved with the design and implementation of QUALITYstarsNY.

We interviewed an additional 20 stakeholders in Illinois, including state-level and local policy stakeholders involved in the design and implementation of ExceleRate, quality specialists who provided training to providers participating in ExceleRate, subsidy program administrators, and CCAP eligibility workers and supervisors.

Stakeholders in all regions were identified by researchers through personal connections, especially via suggestions from our local and state partners. The goal was to identify staff involved with both the subsidy program and child care and early education quality initiatives at different levels of administration—from state administrators to program managers to staff supervisors to front-line staff. The sample was not designed to be representative but rather to help us understand from different vantage points the operation of the subsidy program and how it interacts with quality initiatives.

Trained qualitative researchers followed a semistructured interview guide and probed participants on the following topics (as applicable):

- participant background, job responsibilities, and professional involvement with the subsidy program or early care and education (ECE) quality initiatives;
- structure of the organization/agency for which they worked;
- factors they perceived as facilitating or impeding access to subsidy stability and child care arrangements for subsidized families;
- level of child care provider engagement they saw in ECE quality initiatives; and
- views on improving the intersection between the subsidy system and quality improvement activities.

Additional questions supplemented these core areas, tailored to specific stakeholder roles and responsibilities. As with the provider interviews, all stakeholder interviews were audio recorded, fully transcribed, and analyzed using NVivo software.
Interviews with Subsidy Clients

In previous publications, we have reported findings from interviews with subsidy clients (see Barnes and Henly 2018; Henly, Sandstrom, and Pilarz 2017; Sandstrom, Grazi, and Henly 2015). Accordingly, we do not provide a complete analysis in this report. Rather, we refer to interviews with subsidy clients periodically as a means of deepening the discussion of the provider interview findings.

The qualitative interview sample included 85 child care subsidy recipients (46 in Illinois and 39 in New York) who fit our working definition of a new subsidy entrant. The individuals had not received a subsidy within the two years prior to applying. The individuals were sampled from the telephone survey conducted as part of the larger research effort. We used state administrative data to identify potential survey participants. See Henly et al. (2015) for more details on study methodology.

We purposively sampled survey respondents for the qualitative interviews to target specific subgroups of subsidy users whose circumstances presented unique obstacles to achieving stability. The variables we considered included:

1. **Work schedules**, including participants with nonstandard work schedules (i.e., before 8:00 a.m., after 6:00 p.m., overnight, and weekends) and participants with standard hours.
2. **Number of jobs since entry into the subsidy program**, including participants with one or more job changes and participants with only one stable job in their history.
3. **Immigration status**, including immigrant and nonimmigrant participants, with most immigrants completing a survey in Spanish.
4. **Number of subsidized children at start of subsidy**, including participants with multiple subsidized children, including school-aged children, and participants with one subsidized child.
5. **Subsidy case type**, in New York only, including participants with TANF child care cases and participants identified as low income or Title XX cases.

Additionally, we used survey data to identify participants’ subsidy trajectories, specifically long-term users who maintained their subsidy since they first began receiving payments; short-term users who left the program before recertifying and had not yet returned; and cyclers who experienced a break in subsidy receipt but returned to the subsidy program at some point during our observation period. We purposively sampled participants to achieve relatively equal representation across these three trajectory groups and took advantage of this variation to analyze reasons for stability and instability in subsidy use.
Interviews with subsidy clients were audio recorded, transcribed, and analyzed using NVivo software. We used the interview protocol to develop a priori codes that guided analysis and identified emergent themes across interviews and subgroups of participants.
Key Themes from Interviews with Providers, Parents, and Stakeholders

We categorized key themes from qualitative interviews into four parts:

1. We present themes related to how child care subsidies support both low-income families and child care providers.
2. We describe providers’ and parents’ experiences with the subsidy system, focusing on factors that impede families’ access to stable, subsidized care.
3. We identify the strategies providers use to support families’ subsidy program access and continuity of care.
4. We discuss providers’ experiences with providing quality care as a provider in the subsidy system, with attention to their training and participation in quality improvement activities.

In our discussion of these themes, we point to participants’ perspectives regarding the policies and practices needed to better support low-income families’ access to subsidized, high-quality care.

Support for Families and Providers

The parents, providers, and local policy stakeholders we interviewed agreed that the subsidy program is a critical public program. Unsubsidized child care is expensive, particularly licensed, high-quality care. The subsidy program helps low-income parents afford child care so they can work or attend school or training, while also serving as an important income source for the providers who care for their children. Child care subsidies have the potential to act as an economic support for the community that contributes to the livelihood of low-income families and child care providers alike. The local business community also benefits when its employees have access to reliable child care.

Work and Financial Support for Low-Income Parents

Parents reported that by reducing child care expenses, the subsidy program is “a huge support” that makes working and attending school possible. For example, Marina from New York discussed how before receiving the subsidy, too much of her paycheck went to child care, compromising her economic goals and quality of living. Sarah from southwestern Illinois credited the subsidy with saving her job, which she “was going to lose” without child care. Even with reduced child care costs, parents reported
having tight budgets, and several highlighted the financial struggles they faced. (See Henly, Sandstrom, and Pilarz 2017 for more details on how the subsidy program contributes to families' financial well-being.)

Local child care providers and program stakeholders also underscored the importance of subsidized child care for low-income families in their communities. They described how the subsidy program helps parents participate in the labor market and indicated its promise for improving access to higher-quality care—especially center care—that otherwise would not be accessible because of its cost. One subsidy program manager commented that without assistance many children end up in unregulated care, explaining that “a lot of children have gone underground. Lots that can't afford it and they go to a neighbor down the road.”

At the same time, many stakeholders recognized parents’ and children’s varied needs and the fact that center care is not always the best fit. They pointed to the subsidy program’s longstanding principle of parental choice. Parents may choose a provider in an approved child care center or home, including licensed and license-exempt caregivers. This flexibility is viewed as necessary to increase parents’ options and to accommodate their work schedules and unique circumstances. A subsidy program manager in one study site described the role of legally exempt care from her point of view.

Legally exempt care for me is needed for many reasons. It’s needed because of nontraditional day care hours, more people working nontraditional hours. And you don’t have a lot of licensed providers who provide nontraditional day care. It’s needed because some people feel safer if it’s someone they know. It’s more convenient. There is a need for it and a place for it.

This aspect of the subsidy program was viewed positively by many individuals we interviewed. The subsidy program has the potential to reach a wider range of families with diverse needs that are not met by the formal child care market and may contribute to arrangement stability.

Comments from some license-exempt home-based providers support this contention, especially regarding the flexibility to accommodate parental work schedules. One provider described providing care during evenings and weekends “based on [the parents’] job” and allowing parents to vary their child care schedules “because their work schedule changes.”

Several program stakeholders noted that the child care subsidy program could also be an important source of income for extended family members who provide license-exempt care. For example, a southwestern Illinois stakeholder explained the prominence of family, friend, and neighbor care in East Saint Louis. In many cases, these caregivers are the only ones available during the hours that working parents need care and that “it is a source of income to the family and provides stability.”
Support for the Finances and Missions of Local Child Care Providers

Many of the providers we interviewed had long served families in their local communities. They spoke of their motivation for serving subsidized children, with three reasons emerging as most common.

Several providers reported serving almost exclusively subsidy clients, whereas others said they rely on a mix of funding sources, including privately paying families, Head Start, public prekindergarten, and foundation dollars. The demographics of local families dictate demand. The subsidy program is the main source of funding in some cases, without which the viability of providers’ businesses and the job security of their staff could be compromised. For many licensed family child care providers and license-exempt home-based providers, their income depends on a steady stream of funding from the subsidy program. These providers reported raising their own families on a low or moderate income, and said they depend on the families they serve for their own livelihood. One licensed family child care provider noted, “I depend on [subsidy payments] and so I can stay in business and I can take care of—you know, pay my bills and pay my house and things like that.”

TABLE 4
Total Number of Child Care Providers in Study Sites and Share of Providers Approved to Receive Subsidy Payments

<table>
<thead>
<tr>
<th></th>
<th>Licensed Child Care Centers</th>
<th>Licensed Group Family Child Care Programs</th>
<th>Family Child Care Programs¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% accept subsidy</td>
<td>% accept subsidy</td>
<td>N</td>
</tr>
<tr>
<td>Nassau County</td>
<td>204 49%</td>
<td>545 94%</td>
<td>121 89%</td>
</tr>
<tr>
<td>Westchester County</td>
<td>190 67%</td>
<td>281 88%</td>
<td>148 89%</td>
</tr>
<tr>
<td>Cook County</td>
<td>1,379 63%</td>
<td>n/a</td>
<td>3,534 64%</td>
</tr>
<tr>
<td>Southwestern Illinois</td>
<td>199 78%</td>
<td>n/a</td>
<td>435 80%</td>
</tr>
</tbody>
</table>

Source: Urban Institute’s analysis of data from local child care resource and referral agencies. See Sandstrom et al. (2018) for more information on the child care supply and demand in IL-NY CCRP study sites.

Notes: Providers self-report whether they are approved to accept subsidies. The data reported in the table combine reports of accepting subsidy voucher payments and having a contract with local government to provide subsidized care to eligible children.

¹ Family child care programs include “child care homes” licensed by the Illinois Department of Children and Family Services and “family daycare homes” registered with the New York State Office of Children and Family Services.

In Nassau County, the local DSS uses contracts with licensed child care providers to provide subsidized care. About half of licensed full-time centers and most family child care providers in the county have a contract to provide subsidized care services (see table 4). Providers there spoke of their need to hold a contract with DSS if they want to serve children receiving subsidies. In Westchester County, fewer providers hold a contract (41 percent of licensed centers and 32 percent of licensed group family child care programs, not shown in table), but most Westchester providers accept subsidy
vouchers. Nearly two-thirds of centers and registered family child care programs in Cook County are licensed to accept subsidies, compared to about 80 percent of providers of both types in southwestern Illinois. Importantly, being approved to accept subsidies does not guarantee that these providers regularly enroll subsidized families in their program.

Many providers reported that they choose to accept subsidies because of their program’s mission to serve children of all backgrounds in their community—even if they could fill their program with privately paying families. Others prioritized private-paying families over subsidized families. For example, one center is nationally accredited and reported having a waiting list for enrollment. At the time of the interview, the center was not serving any subsidized children even though it held a contract with DSS, because demand for the program was so high and employees of a sponsoring business received priority. The location of the center in that community is also an impediment for subsidized families, as the director describes in this quote.

Some of the families who are eligible for subsidy have transportation issues. Since we’re kind of in this little town away from main roads, it’s difficult for them to get here at times without a vehicle of their own. That does tend to block their use of the program.

However, that center director felt strongly about welcoming any child regardless of finances and therefore kept her contract with DSS.

Part of our mission is to be available and to offer everyone high-quality care—to be able to offer that to everyone. We wanted to include all segments of our population, including people who needed support in paying for tuition...We’re not for profit. We want to be part of the community that we are housed in. We thought it would be helpful to people in the community.

I think the other part of the reason is back in, gosh, I don’t know, maybe the ‘80s, Nassau County negotiated with the child care centers that if you had a subsidized child in your care, your teachers were eligible for salary enhancement money through the county. It increased the teacher’s salary by, I think it was almost $5,000 a year. The county paid that to our teachers as long as we had one child in subsidized care attending the center. It was a real motivator. It’s no longer in effect...they stopped it for budgetary reasons. It was a wonderful, wonderful incentive...Because traditionally, teachers are poorly paid in child care. I think it definitely helped with teacher retention.

License-exempt providers often described their motivation as one of family support—to help their relatives and friends whose children they care for. Providing child care is a full-time job for 9 of the 14 license-exempt providers, and payments from the subsidy program make this arrangement possible (see box 1 for a summary of license-exempt providers in our study). Overall, the importance of the child care subsidy program as a work and economic support for low-income parents and child care providers was emphasized across parents, providers, and program stakeholders in our study.
License-Exempt Child Care Providers

Child care providers who are legally exempt from being licensed are referred to as license exempt in Illinois and legally exempt in New York. They are not required to obtain a license to care for children or to receive subsidies. This includes relative caregivers as well as people who care for a limited number of nonrelative children in the child’s home or their own home. Faith-based programs (e.g., church preschools), school-based programs overseen by departments of education, and private preschool programs operating three or fewer hours per day are also exempt from child care licensing requirements. Our study focused on license-exempt home-based providers.

Fourteen home-based providers in our sample were license-exempt, including nine in Cook County and five in Westchester County. All but one provided care in their own home, with one provider caring for a child in the child’s home. Half were caring for at least one relative (a grandchild, grandnephew, or cousin); one provider cared for a godchild. The other six providers cared for their friends’ children. Most license-exempt providers in our study cared for two or three children, with a range from one to six. Compared to licensed family child care providers in our sample who generally could have up to eight children at a time, license-exempt providers cared for fewer children and had close relationships with them and their parents, since they were either related or family friends.

Whereas licensed providers operate formal programs, often employ staff, and have set hours of operation, license-exempt providers reported having more flexibility and caring for children when parents needed care. Five provided care only part time and had an additional job outside of child care. For the other nine, caring for children was their full-time job and subsidy payments were a main source of income.

Providers had mixed views on becoming licensed. Two were focused on caring for family and did not see the need to become licensed. A few reported not having any knowledge of licensing opportunities, whereas others reported the process was too challenging or they were otherwise unable to become licensed. Yet one provider appeared as license exempt in subsidy program records but had recently obtained a license, and two were going through the licensing process. Subsidy payment rates are significantly higher for licensed providers than license-exempt providers which may be an important motivator for becoming licensed for some providers.

Among providers that even considered licensing, three said that the time involved in attending required trainings and completing paperwork was a barrier to getting licensed. Five providers reported that a substantial barrier was the cost of meeting licensing requirements, including difficulties affording a compliant home care space and purchasing required equipment. For example, homes must have separate sinks for preparing food and for washing hands when diapering. Two providers noted that the subsidy payments were inadequate to cover these costs, and half (seven) said that receiving funding for the licensing process would be helpful.
Perceived Challenges with the Child Care Subsidy System

Like all means-tested public benefit programs, the child care subsidy program requires applicants to meet a set of eligibility criteria, and recipients must recertify their eligibility periodically to remain enrolled. Providers who accept subsidies must comply with program rules in their state and local jurisdiction (e.g., criminal background checks, health and safety training, monitoring visits, reporting of attendance). For some families and providers who interact with the subsidy program, the process is relatively simple with few complications; for others, the experience is more onerous and frustrating, and attempts to enroll in services may prove unsuccessful or be short lived.

Despite the overwhelming recognition that the child care subsidy program is serving a critical need, our interviews identified several issues that families and providers experience in their efforts to engage with the subsidy system. Challenges related to the determination and recertification of eligibility coalesced around (1) the program’s requirements, which were often described as not aligning with the realities of families’ lives, and (2) challenges related to program administration, especially paperwork processing, communication, and provider payment problems that are exacerbated by an underresourced system. In this section, we discuss these challenges with the goal of identifying program policies and practices that may be compromising the program’s work support and child development goals and warrant further attention.

Restrictive Program Eligibility Requirements

Parents, providers, and program stakeholders frequently identified eligibility requirements related to employment and income as a barrier to accessing stable subsidized care. Requirements related to employment were described by parents as too rigid, out of touch with the realities of the labor market, and not sufficiently flexible around the employment instability typical in the low-wage sector. In addition to these concerns, the subsidy program was also viewed as too restrictive in regard to treating education and training as an eligible work activity. These challenges as discussed from a parent’s perspective have been highlighted in previous publications from this study (Henly, Sandstrom, and Pilarz 2017; Henly et al. 2015; Sandstrom, Grazi, and Henly 2015). Child care providers and program stakeholders confirmed many of the parents’ concerns.
BOX 2
Provider Highlight: License-Exempt Home-Based Caregiver in Westchester County, New York

Michelle is a 50-year-old African American woman. She lives alone in her apartment and on weekdays she cares for six children in her home, including five grandchildren (ages 2, 5, 10, 11, and 13). She recently started providing after-school care for the child of a family friend. Two of the school-age grandchildren are subsidized right now; the mother of the 2-year-old just applied. She picks up the children in the morning around 6:30 a.m., brings them to her home, then transports the school-age children to school. She picks them up after school and watches them until 4:30 p.m. During the school day, she cares for her 2-year-old grandson. She does not generally provide care late evenings, but sometimes provides weekend care.

Michelle enrolled in the subsidy system as a license-exempt provider when her first granddaughter (now 13) was born. Her daughter wanted her to watch the baby since "that's just what you do as family." She recalled how she and her daughter had to fill out a lot of paperwork to get approved for subsidy payments. She mentioned the recertification paperwork and that both she and her daughter get a letter in the mail one month in advance. The process works fine if they complete it on time. The caseworker will mail back a letter if she needs more. And Michelle can call the caseworker directly if she has any questions. She does not have trouble reaching her.

Michelle does not plan to get licensed and has never considered it since she does not provide child care as a business but sees it as caring for family. If she can get paid for it, it helps, because she does not have another job and needs the money.

To get paid, Michelle logs into the Child Care Time and Attendance System on her smart phone to fill in care hours. She also must fill out and mail in a hard-copy attendance sheet that her caseworker sends her. She is used to and comfortable with this process. However, payments are often a month or so late and are sometimes for the wrong amount and she must call her caseworker to resolve it. Because subsidy payments are her only source of income, the late and incorrect payments affect her dramatically. She has trouble paying her rent in the past and has received several eviction notices. She has had to borrow money from people to get by.

Michelle recently completed a newly required 10-hour training course to continue being an approved provider in the subsidy system. It took place across four Saturday mornings at a local hotel. The trainers covered a lot of what she knew already about health and safety—like having a bag packed and ready by the door in case of an emergency. But it also covered important things like CPR. She expressed appreciation for the 10-hour training and liked that it was free. She would do more training if the sessions were free and convenient, because "you could always learn more."
ELIGIBILITY CHALLENGE #1: EMPLOYMENT VERIFICATION

All groups noted that although parents in a range of jobs are eligible for the subsidy program, aspects of their employment can make it difficult to apply for and recertify eligibility. In particular, self-employment and jobs that are not part of the regular economy (e.g., that pay cash rather than a paycheck) require additional paperwork to verify parents’ employment, work hours, and earnings. According to parents with these employment circumstances, obtaining such paperwork is difficult and requires the cooperation of employers who are sometimes unwilling to verify employment hours. Approved subsidized care hours are dependent on the number of hours worked. Work schedules with variable shifts and fluctuating hours are difficult to accurately document, causing challenges for determination of eligibility (Henly, Sandstrom, and Pilarz 2017).

As with our parent interviews, subsidy staff noted that parents who work irregular jobs and are paid in cash are confronted with more complicated paperwork and have difficulty getting employers to sign employer verification forms, especially when the legality of the employment arrangement is in question. One supervisor in a New York subsidy office said it is especially difficult for immigrant families who lack documentation.

A few child care providers also mentioned that obtaining employment verification is challenging for parents. One center director in Nassau explained the problem in her area:

I think that Nassau County has made it really hard because so many of our moms are cleaning women, and they have bosses who will not sign and notarize the paperwork for them. That’s what’s really hard. I would say the county has made it really hard for employment verifications.

This center director also mentioned that there are many seasonal workers in the area who have difficulty accessing subsidies because they lose eligibility during gaps in their work and may not be reapproved if they apply later. A center director in Chicago mentioned that employer verification is a problem for parents who own their own businesses as well.

Because of recent efforts to increase program accountability and reduce fraud, providers in both states mentioned how some subsidy program staff check up on subsidy recipients to verify their place of employment and the work schedule under which they qualified for a subsidy. In some cases, providers reported that staff have started to call employers and sometimes visit the workplaces of parents.

Providers were particularly concerned about these seemingly aggressive measures for low-income immigrant families in their communities. They mentioned that immigration status may play a role in access to subsidized care—even though citizen children are eligible regardless of their parents’ status.
One Westchester center director explained how the current political climate may be affecting the ability of immigrant employees to get approved for subsidies.

For some of our families, we have a big Latino population...For some of the families who are landscapers and housekeepers, and don’t get paychecks and are paid off the books, it is getting harder and harder for them to get people to write work letters for them in the current climate, with regards to immigration. Even when we try to assure people that it has nothing to do with that—[caseworkers] are really only trying to verify employment. Employers are nervous about it. I think it’s going to be harder to help the people who need it the most.

A licensed family child care provider in Westchester who was Spanish speaking suggested that some undocumented residents of the community may be reluctant to interact with the government. Fear of government programs and sharing of personal information may reduce the number who access subsidized care.

I think that there are a lot of families that are afraid of applying...perhaps because of the laws. When they come to me and I see that they’re low-resource people, and I recommend that they apply for the subsidy, they, well, normally the moms refuse to because they’re afraid of being deported.

A center director in Cook County had observed the same issue.

We just had to take the time to sit down and help some parents fill out the application and let them know that we’re not here to report any illegal immigration status, but this was just for the sake of getting child care payment...Some of them were still resistant and just refused. They would either try to pay out of pocket or they pulled their children out of the program if they didn’t want to apply.

ELIGIBILITY CHALLENGE #2: REPORTING CHANGES IN APPROVED ACTIVITIES

Subsidy clients must engage in an approved activity—work or approved educational or training program—to maintain their subsidy program eligibility. Clients are supposed to report any changes in status to the local subsidy agency. Like parents, providers and stakeholders frequently discussed the employment requirement as a barrier to subsidy stability and child care continuity. They recognized that job changes and job loss (and school schedule changes) often cause parents to lose their subsidy. Even when subsidy rules may permit parents to maintain enrollment during a period of job search, not all parents know about this allowance. A few parents in our study reported having their benefits end immediately after losing a job. As this southwestern Illinois subsidy worker explains,

Well, I think one of the factors is, to access CCAP, you have to go to work or go to school. The unemployment rate in that community is at 19 percent...From what I can see on my end, I guess some of the challenges [to CCAP] are holding a job. You know they lose their job and then they fall off the program because then they are not working. Then they come back on with a new job, and they only hold it for a little while, and then they don’t have a job again.
Another subsidy caseworker from southwestern Illinois explained that once parents lose the subsidy because of unemployment or a break from school, they may leave their child care arrangement (a pattern we also observed in our parent interviews). They generally cannot afford to keep their children enrolled, and in some cases the parent prefers to have the child at home when she is not working. Some subsidy staff expressed frustration with parents who fail to notify the subsidy office when they have a work change, because in some cases they would be eligible to continue receiving subsidized care during a job search or brief transition period. Instead, these parents will often withdraw their children from child care immediately, assuming they no longer qualify.

Other staff expressed the opposite concern—that parents expect to receive subsidized care through a change in employment, even in circumstances when they are no longer eligible—and they do not report the change. A subsidy program supervisor in New York noted,

[Parents] go on maternity leave, get laid off, decide to go to school instead of work, and think they can continue [subsidized] day care. We have day care for training, but we have parameters and they don’t ask. They think day care will just continue.

Whatever the reason for removing a child from care, parents risk losing their place with that provider, should they wish to return once reemployed or reenrolled in school. A stakeholder in New York commented,

I know from when I was a teacher... and a director... and when I’m working with directors [now], some of the problems that they see [are] like, “I don’t know what to do about this child because they’re leaving, and I know how bad they need to be here.” You know, those kinds of things. The rollercoaster ride for children is not in the child’s best interest in my opinion. It never has been, never will be... when it’s time to come back [to child care] their spot might be gone.

BOX 3
Provider Highlight: Center Director in Southwestern Illinois

Anne is a 71-year-old African American woman. She is the director of the center, where she has worked for the past 12 years. She holds a master’s degree in administration and special education and previously worked as a school district administrator. She and some of her sorority sisters did a needs assessment of the area in 1991 and determined that there was a high number of low-income families in need of child care. They fundraised for 10 years to raise enough money to build and open the center.

She said that her center typically enrolls about 60 children but would like to enroll an additional 45. The center is open from 6:30 a.m. to 5:00 p.m. but at times offers later care to accommodate parents’ work schedules. She asks parents to select a consistent weekly care schedule.
Anne described her frustration with what she considered to be lack of adequate funding for the subsidy program. She said that her center was operating far below capacity because, despite being in a low-income area, many parents do not qualify for a subsidy because they do not fall in a priority population, like being a teen mom or receiving income assistance. She said that most families she had seen lose their subsidy in recent years had done so because of changes in subsidy eligibility criteria. She emphasized that many of these families were families that would struggle to pay for child care without help.

Anne has cared for subsidized children since she joined the center, which was already approved to care for subsidized children when she arrived. Her center prescreens families for eligibility and has parents submit a subsidy application. The center begins caring for children before parents are approved. “Every now and then” the center absorbs the cost when families are found ineligible.

Anne reported that communicating with the subsidy office was not difficult, though she had an easier time than others doing so because the center is located close to the office. She sometimes takes parents to the office to complete paperwork. She has had long-standing relationships with case managers in the past, but recently she has worked with a new case manager who is not as good. She has taken this in stride, saying “you deal with people with attitudes all the time,” but noted that “it’s not quite as easy for some of my parents.”

Anne reports that she delivers certificates of attendance to the subsidy office on time each month. She said that payments used to be on time, but are always a month late now. She also stated that it is difficult to collect copayments because some parents working low-wage jobs were expected to pay far more than they can afford. She works out payment plans with parents but does not waive the copay.

She said that she gets a letter from the Department of Human Services when it is time for families to redetermine eligibility and reminds parents to fill out the required paperwork. She felt that the notification process does not work well because parents often move and do not receive notification at their current address. She does not help parents with paperwork unless they have trouble reading.

The program is accredited by the National Association for the Education of Young Children and has a Bronze Circle of Quality. Anne was preparing to meet with her ExceleRate representative to discuss going for the Silver Circle. She felt that the financial incentives offered to providers made the quality-rating process worthwhile and that she could incorporate things she learned from the process into her program. She stated that, while the cost was not prohibitive, trainings took considerable staff time and additional funding would make further quality improvements more accessible.

Anne expressed a passion for providing education and pride in the quality of her program. She described the positive relationship that teachers at the center have with parents and said that children who attend the center are well-prepared for kindergarten.
ELIGIBILITY CHALLENGE #3: INCOME RESTRICTIONS

An especially common concern shared by parents, providers, and program stakeholders related to the income eligibility ceiling. Several providers felt that the income qualifications are much too low, shutting out families in need from subsidized care. One Westchester center director explained how the very high cost of living in her county means that parents making too much to qualify for subsidies often struggle to pay for care.

I wish that more families qualified for [child care] assistance. Most of the [private-paying] families struggle, too...It’s not easy to live in Westchester County, and then on top of it pay for day care. You have to at least bring home a minimum salary across both parents of $200,000 in order to make ends meet.

In some cases, parents who had been receiving a subsidy told us how their incomes went just slightly above the eligibility threshold, usually because of a pay raise or because they temporarily worked extra shifts. Providers and program stakeholders also shared parents’ concerns about the “cliff effect” that resulted in losing eligibility immediately upon surpassing the income threshold. “If they are over income, they lose the whole thing,” noted one subsidy worker in Nassau County. One Nassau center director was similarly concerned, mentioning that the strictness of the income cap means parents who are virtually as needy as those who qualify lose out.

I think it’s a great stress for parents trying to make ends meet. They have this. Then all of a sudden, March 31st, you have it. April 1st, you don’t. What do you do? You get very, very stressed. There’s no phase in, phase out. This is the bottom line. This is how much you can make. If you make a penny more, you’re out. I had people who lost their services because they made a dollar more than the subsidy amount limit.

Several providers in Illinois discussed how changes to income limits in recent years—dropping from 185 percent of the FPL to 50 percent back up to 162 percent—affect ed needy families in the state. One center director in southwestern Illinois explained how this major policy change affected families in her program.

I had parents that would have been approved, or should have been approved, but were not because [the state] had lowered it so low that even a person making minimum wage working 40 hours a week...didn’t even qualify...Which was craziness. I cannot even fathom why they even dropped it that low.

Just as an example, I had a single parent that applied who worked at the local gas station, making minimum wage and worked anywhere from 35 to 40 hours a week and did not qualify, because of that low requirement...It blew my mind.

Another center director in the same region said that this change continued to affect families’ subsidy access even after the state had reinstated a higher threshold.
In that first six months after [the limit] went to 50 percent of poverty, we lost about 30 of our families in terms of the enrollment. Since then, enrollments never come back...because the primary people who are working five days were eliminated. Of course, when they went back to 162 [percent of FPL], that helped a little bit, but we've really never seen the population come back, that 162 to 185 percent of poverty.

Although the Governor's order to lower the income eligibility limit only applied to new cases, the above quote suggests that subsidized families who were already enrolled were sometimes terminated from the program. Although it is not clear from this provider's interview why 30 families previously enrolled lost assistance, it could have been the result of misinformation on the parent or provider side or because a family's enrollment lapsed and was therefore treated as a new case – and hence subject to the new income eligibility guidelines.

Program Administration Issues

Many aspects of subsidy program administration are meant to facilitate client access and continuity of services. Procedures are in place to limit enrollment barriers for eligible families and to keep eligible families in the subsidy program. When the system functions as designed, disruptions in subsidized care services can be avoided. Examples of these procedures include the following:

- Applications are available upon request by phone and in person at subsidy program offices, and in Illinois, applicants can apply online in some communities and obtain applications from providers in some cases.
- Completed applications can be mailed or submitted in person to a local subsidy office or in some cases left in a drop-off box. Supporting documents are accepted via fax, mail, or in person.
- Subsidy program staff notify applicants when paperwork is not properly completed.
- Reminders about redetermination dates and pending cancellations are sent to clients with advance notice of deadlines, and in some cases to providers as well.
- Approval, denial, and case closure letters are sent to both the parent and the provider in most cases to improve communication about enrollment status.
- Subsidy program staff have some discretion and flexibility when extenuating circumstances cause delays in filing paperwork, and grace periods may be applied in some cases to avoid a case closure.
- Clients may pursue an appeals process if they believe they have been unfairly denied program access.
Even though these procedures are in place, a common theme throughout our interviews concerned the difficulties that arise due to:

- paperwork requirements and processing complications;
- communication problems between subsidy program personnel, parents, and providers; and
- late or incorrect payments to providers.

These concerns that providers reported about program administration are surprisingly consistent with those we heard from parents. Program stakeholders, too, acknowledged these bureaucratic challenges, often identifying resource constraints that interfere with the time caseworkers have to work with families and monitor program accountability. These types of challenges are evident regardless of whether the subsidy is administered through the local DSS office (as in New York) or through the local CCR&R (as in Illinois). We discuss these three related challenges with program administration in greater depth below.

**ADMINISTRATIVE CHALLENGE #1: PAPERWORK AND PROCESSING COMPLICATIONS**

Across interviews with providers, parents, and stakeholders, we heard about a range of issues related to paperwork and application processing that threatened families’ eligibility and subsidy continuity.

Although some parents reported limited difficulty applying for the program and recertifying their eligibility, more often than not parents had faced some paperwork-related complication that caused confusion and, in many cases, extended processing time. For example, providers pointed to the difficulty parents have producing the many supporting documents beyond the application itself. A Westchester center director detailed how onerous collecting the required materials can be:

> See, it’s not just the paperwork that they have to fill out. They have to run around and get paperwork from other people. The school is one. The day care center is another...need pay stubs from your job. You need a work schedule that your boss has to fill out from your job. You need a landlord statement, which your landlord has to fill out...You’re talking about five or six different people that have to give you documentation for your application.

Providers and program stakeholders also discussed the problem of inaccurate or incomplete paperwork slowing down a family’s application for enrollment or recertification of eligibility. Some providers also reported that the subsidy office is slow to notify families if documents are missing or additional information is needed, which can delay or ultimately result in applications getting denied.

> Oh, that’s a nightmare. It can take months. Most of the time, it’s at least one month... They want you to go to work, but it takes a while, and sometimes—we can’t hold a space forever. A parent will come in and show interest in having child care, and we hold the space for them. It can take a long time before they get an approval.
Several providers explained that subsidy office procedures related to application and recertification paperwork affect their ability to help parents. A few providers in Illinois said that previously they had been able to offer more help with recertification paperwork, but because of a recent change in procedures at one of the subsidy offices, providers are no longer able to print paperwork to give to parents. Other Illinois providers did describe helping parents complete application and recertification paperwork, including printing out documents and completing them together with the parent. One center director in Westchester discussed the extra time that she puts into helping subsidized families with their paperwork.

Yes, there is certainly a little more manpower that goes towards [subsidized families] because of having to fill out the extra paperwork. The onboarding them takes a little longer.

Several providers noted that recent changes to the subsidy program stemming from budgetary challenges in the state resulted in confusion and additional bureaucratic complications that have affected paperwork processing times. For example, one center director in Cook County described new challenges this way:

It can be complicated. I think that especially recently, with the stuff going on with the child care budget, it seems like they make it more difficult for families to be approved, and for us to make sure that families stay approved. It seems like they have a lot of paperwork that they didn’t have before, and a lot of requirements that they didn’t have before that they have now. It just seems like it makes it harder for everyone to get the assistance that they need.

Several parents and providers described situations when the subsidy office had lost paperwork or processed it incorrectly. One mother from Westchester County, described a frustrating experience.

If something gets lost and they don’t notify you about it, then your case is closed. And, if your case is closed, then you have to figure out how you’re going to pay the back money and things like that. …because you wouldn’t be at these places [local subsidy office] if you could afford it.

Reminiscent of a refrain we heard often from parents, one center director in Cook County reported opting to go into the subsidy office to hand paperwork directly to a caseworker and get a receipt, because otherwise “a lot of times they’ll say they didn’t get it or they lost it.” A center director in Westchester recalled,

Me, personally, I have taken parents to drop off paperwork... they do give us a receipt of whatever forms we submit to them. Then a month later, when they contact us back, they’ll say either that they never received them, but yet they have signed a receipt saying that they received them. It’s a lot of not great communication, or [a problem with] their filing system on how they take or process their documents when they’re being submitted.

Because parents have difficulty keeping track of when paperwork is due or collecting and submitting materials on time, they sometimes miss critical deadlines. These problems were described as
highly consequential obstacles for parents, because even small errors in paperwork lead to cases being denied. In discussing reasons for program termination, one supervisor in Nassau County claimed that failure to submit recertification paperwork—complete and on time—is as big of a problem as failure to meet eligibility requirements.

Language and literacy barriers also contribute to problems completing the application correctly given the high percentage of LEP immigrant residents with low levels of education in the study communities (except for southwestern Illinois, which has a very small immigrant population). Translation services at subsidy offices are available, but the comments of parents and providers in our interview study suggested they are insufficient. Spanish-speaking parents spoke of past challenges reaching a subsidy caseworker who could communicate in Spanish, and they seldom mentioned using translation services. Even though applications are available in Spanish, some parents reported still having a hard time understanding the application and that the translation is not very good. Caseworkers noted that the problem is not simply a matter of poor translation but could also be one of literacy. As one caseworker described,

A lot of clients, even if you send it in Spanish, they don’t know how to read and write in Spanish, and they have someone to do it for them. I was talking to clients and I found out daycare providers were charging them $65 to complete their application and the process to apply for day care [subsidies]. Parents aren’t understanding what they are actually applying for.
BOX 4
Provider Highlight: Group Family Child Care Provider in Nassau County, New York

Camila is a 52-year-old woman who emigrated from Guyana nearly 30 years ago. She runs programs in three different homes. The home we sampled has a licensed capacity of 16 children and is licensed to serve children ages 6 weeks to 12 years. The program at this home operates seven days a week from 5:00 a.m. until 11:00 p.m. Camila reported that she is always caring for children during her waking hours. She employs three assistants at the sampled home to provide sufficient coverage. She requires parents to select a care schedule so that she stays within her targeted staff-to-child ratio; some enroll their children full time and some part time, including before/after school and weekend care.

Camila serves primarily subsidized children, and her experience with the subsidy program has been satisfactory overall. Her program has had a contract with DSS to provide care for subsidized children for 14 years. Camila said that she entered the contract because with it “I know my money is sure,” whereas at times private-paying parents do not pay.

She mentioned that it can take up to two months for a family to get approved for a subsidy, but she takes children immediately because she cares about the parents and does not want them to lose out on a job because of child care. She typically asks parents to pay a reduced fee ($60–$80 per week versus her private-pay fee of $300 per week) while waiting for subsidy approval and receives back pay from DSS and reimburses the parent. Occasionally, she does not receive back pay but is willing to take this risk.

Camila submits attendance records twice a month in the Child Care Time and Attendance System and it takes two weeks to get paid. She usually receives payments on time and for the correct amount. She explained how collecting copayments can be “very difficult and very nasty,” but she requires everyone to pay either weekly or biweekly.

Camila reported communicating infrequently with DSS, typically letting parents take care of their paperwork. When she does have to intervene, she finds that she often must call multiple times but that the caseworkers are nice and she has no problems with them. She sometimes gets a call from a caseworker when a parent has not submitted recertification paperwork or she will just receive a discontinuation notice. She then tells parents to take care of their paperwork immediately.

Over the years, Camila has seen families lose their subsidy eligibility because parents lose their job or their wages increase. In these cases, they may switch to part-time care in her program coupled with free care from family members, or leave the program altogether because they cannot afford it. She can fill slots easily when children leave because of high demand and sometimes has to turn families away. Private-paying families compensate her at a slightly higher rate than she receives from subsidies.

Camila and most of her staff hold a high school diploma as their highest credential earned. She and her staff complete the basic health and safety trainings required to keep their license. Most of these trainings are offered through the Child Care Council of Nassau. Neither Camila nor her assistants are pursuing any additional educational coursework. Her program is not accredited and Camila was not aware of QUALITYstarsNY. When she heard about the resources available to participants, she expressed interest in participating if funding were available to support the effort.
ADMINISTRATIVE CHALLENGE #2: POOR LINES OF COMMUNICATION

Effective communication is critical for ensuring that families—and their providers—have the information they need to complete paperwork properly to avoid unnecessary processing delays and enroll and stay in the subsidy program. Some providers described having good working relationships with subsidy program staff that aids their communication. This was most common in southwestern Illinois. A center director there noted,

I can't say enough great things about [the local subsidy office.] The women that work in that office have been awesome. I'm not saying sometimes you'll run across one, I have, who is just kind of standoffish about some things, but then the majority of the other ones, they're so good to work with.

A family child care provider in southwestern Illinois agreed, “It was relatively easy getting through to staff...They’re pretty responsive.” Another center provider from southwestern Illinois recognized that it is easier for her than for parents to communicate with the subsidy office. She stated, “For me, it’s easy. I know it’s not quite as easy for some of my parents.”

Several providers in other sites also reported little difficulty getting through to caseworkers, often because of their experience interacting with the subsidy office and, in some cases, the longstanding relationships they have had with program staff. For some, these working relationships make it relatively easy to maintain the necessary records about subsidized parents, to submit the required paperwork for reimbursement without concern, and to contact the subsidy office when questions arise.

However, across study sites, we also heard examples of poor communication troubling subsidy program administration. Sometimes the communication problem originated with the parent. Interviews with parents revealed that unreported changes in residential moves and phone numbers could result in clients never receiving recertification packages and other notices. Several parents mentioned not following through with the necessary paperwork even when they knew it was necessary for recertification. They either put it off and forgot, ran out of time, or competing demands took away their attention. Other times participants recounted not knowing if they received a notice in the mail about the need to recertify. One parent noted, “I slipped through the redetermination things. Apparently, I got a letter. I don’t remember getting a letter.”

But the subsidy office was also frequently identified as a source of communication problems. A common refrain from providers and parents concerned difficulties getting through to a caseworker when they tried to call the office by phone. A mother in Cook County once attempted to call her caseworker to ask questions about the recertification paperwork. Despite multiple efforts, she was not
able to reach anyone. She was aware of the approaching deadline and became quite frustrated when she could not get the assistance she needed.

The audacity for them to say, “If you don’t have this in by a certain time, then we’re not going to renew you or do anything,” when you guys don’t even answer your phone... It’s not fair...maybe I called for about a week, every day. Out of my work’s time. It was on hold. Or I couldn’t even get through, like it would just...no, it wouldn’t even ring. It would just be a busy signal. Like immediately. You can’t even talk to anybody. It’s just a busy signal.

Many providers reported similar experiences and frustration. A family child care provider in Westchester described her struggles getting through to caseworkers as “very frustrating because most never return your calls. The voicemails are full so you can’t leave a message. If you call the main office and leave a message, they never return your call.” Family child care providers in Nassau and Cook Counties told similar stories:

There’s so many cases and so few of the workers, so the most challenging part is to get through to somebody physically. You talk to answering machines for weeks at a time and have to call supervisors and directors and everybody else until you get through, but eventually you do. (Nassau County)

Most of the time when you do get a break in the day where you try to call or contact them, you can’t contact them. Their lines are busy most of the day. Half of the days they’re not closed, but they don’t take calls. Out of the week, you only have three days that you can actually talk to them or actually go into the office. (Cook County)

Another problem with communication results from a misalignment of parents’ work schedules with subsidy office hours. A few providers mentioned that some parents are unable to take care of their cases because they work during the hours the office is open. These providers had contacted the office on behalf of parents in the past, but their efforts were not always successful, as a license-exempt provider in Cook County explained.

I can’t begin to explain how difficult that is. It’s not easy getting someone on the phone, first of all, and trying to get information. As a provider, I’ve made the phone calls for people, to try and find out what they have to do or why this is such. I’ve been met with hostility, like, “You’re not the client,” and “I can’t give you that information.”

Some providers said that they prefer to go into the subsidy office to communicate in person, because of the poor service they experience when calling. Yet they sometimes face long waits at the office and are not directed to someone who can answer their questions. One center director in Cook County said, “it’s brutal” going into the office because of the long lines and “it’s not a place you want to go.”
Several providers also described subsidy program staff as difficult to work with and unhelpful—often stemming from caseworker burden from high caseloads and an underresourced system. Some providers recalled examples of when caseworkers provided incorrect information about a case or were unable to provide adequate information to address an issue. High turnover rates among subsidy program staff make it difficult to know who to contact. A center director in Westchester discussed her frustrations with staff changes:

Well, you know, the workers change so often that the communication that comes out of the office is poor. We were talking the other day about a family that was supposed to recertify. The worker said, "Well, I can't talk to you about that, because I'm not the recertification person. You have to talk to the recertification person about that—until next week when we are all going to be responsible for our own cases, and there aren't going to be recertification people anymore." Nobody told us that! You know? How would we have known that there's not going to be recertification people? If they change the rules, they change the game on us, and they don't really tell us that they're changing the game. They expect us to [figure it out]—it's really, it's a frustrating game.

Although some providers reported getting clear communication, others expressed frustration that they are not notified of recertification dates in time to prevent subsidy gaps. Providers said they dislike how communication challenges affect families’ stability (and delay their own payments, as discussed in the following section). In fact, providers in each study site reported that families sometimes lose their subsidy because hard-copy notifications are not sent in time—or at all—for families to recertify. This license-exempt home-based provider in Illinois expressed frustration that it takes too long, in her view, for paperwork to be sent.

It’s challenging...the biggest problem I have with them is when you send the information in, they're slow in sending notification of what they need. Weeks then go past before you get a notification, and, if you’re not getting information in a timely fashion, they’ll then deny your case.

A center director in southwestern Illinois similarly recalled,

They weren’t mailing them. It’s gotten better, but there were several months where nobody got a redetermination in the mail.

Children are generally taken off providers’ rosters (i.e., subsidy enrollment lists and attendance sheets) during a lapse in coverage and then cycle back on. In some cases, this comes as a surprise to providers, and parents do not know why their children’s names do not appear because they have not received any notification.

Subsidy program staff acknowledged that challenges with communication are commonplace. They explained how the high volume of cases they deal with daily adds to their response time and limits the support they can offer each parent and provider. Front-line subsidy staff as well as higher-level
administrators emphasized resource constraints as driving many communication challenges. Some noted that these problems originate outside local subsidy offices—the result of state-level funding constraints and policy decisions over which they have no control and limited means to effectively address.

In Illinois, communication was challenged further during the roll out of a new data management system that was described almost universally by program stakeholders, providers, and parents as poorly implemented and responsible for delays in communication.

**ADMINISTRATIVE CHALLENGE #3: PAYMENT ISSUES**

Interviews with providers probed on the topic of payment, specifically, the steps providers take to receive payment, their thoughts on the value of the payment, and any challenges they had experienced. Providers raised several issues related to receiving timely and accurate payments. These issues often resulted from the paperwork complications, processing delays, and communication problems discussed in the earlier sections. Moreover, providers reported frustrations about not receiving adequate payments that reflected the true cost of care. Though very few ever considered no longer accepting subsidies, providers’ comments highlight the fact that payment issues may be affecting families’ access to stable subsidized care as well as providers’ own financial well-being.

Some New York providers said that caring for subsidized children has become less attractive because reimbursement rates have become less generous. A Westchester center director described weighing the pros and cons of establishing a contract with the county, rather than accepting parent vouchers:

> Westchester County does not pay New York State market rates...We have not gotten an increase from Westchester County in eight years in our contract. It’s the same contract. It has stayed the same... We used to get paid for 12 holidays per year—now we get paid five holidays per year...The only reason why we continue to contract with the county is because when the children are absent, they do receive 12 sick days in a quarter. If you don’t have a contract, you don’t get paid for those days.

In 2011, New York State rolled out the CCTA system, an automated attendance-recording and provider payment system. Providers serving subsidized children are required to enter daily attendance. Provider reviews of CCTA were mixed. Some providers said that the system is simple and efficient to use, but others described the new system as a strain on their program’s resources. Several large centers agreed that payments depend too much on the hours of care provided, making payment amounts uncertain. This makes it difficult to run their business.
You can’t plan ahead, because you don’t know how much the check is going to be for, because it goes according to the time and attendance. If the child didn’t make it six hours, you don’t get paid full time for that day. You’re going get part time for that day. It’s very hard to predict... it varies how many hours the children [are there]—sometimes, the children will go home at—let’s say they came at 7:30 and they got sick. They had a temperature. They had to go home at 10:30. You don’t get paid for that day full time, because they didn’t stay all day. You still got to pay the teacher full time. The workers in the classroom, they still get paid their full salary.

For several years after the rollout, Westchester County DSS still required providers to submit hard-copy attendance records by mail in addition to completing CCTA because data systems were not linked and functioning as designed. A center director in Westchester described taking time to record attendance twice and reconciling the two to get paid.

They’re making us do both systems at the same time...one of the frustrations is they don’t usually match. Sometimes kids are not in the computer system...Then you’re trying to figure out why. We can’t answer them [the subsidy office].

Even in Nassau County, which only used CCTA at the time of our data collection, providers commented on the time burden and personnel costs associated with subsidy program participation. One center director remarked,

Can you imagine doing this meticulous paperwork with 45 families every day? This was someone’s job. We had to employ someone to do this.

In both New York and Illinois providers said that payment delays make it difficult to serve subsidized families. A license-exempt home-based provider in Cook County recalled waiting months.

At one point, it had been six months where I didn’t receive payment from the subsidy. It was extremely difficult, because I was just living off the payments from my private parents. I don’t think that my quality of care changed at all. I didn’t change anything, because it’s not the child’s fault. Then, I think I had three kids who were on subsidy. It was not pretty.

Some larger providers in New York also mentioned that application processing delays make it financially burdensome at times to accept subsidized families. A Westchester center director explained,

There’s always something with applications. Even if there’s not, they tend to create one. That prolongs the enrollment. Sometimes it can be two, three months, four months before we can get them on. The challenge is that now I’m holding a spot for that child. I’m not getting paid for them.

In addition to delayed payments, providers reported their frustration with not being paid at all when they previously provided care for families who, unbeknownst to them, had been terminated from the subsidy program. Problems with communication between the subsidy office, parents, and providers make it difficult for providers to know the status of families’ enrollment, as this center director in Westchester explained.
In the past, I’ve had families that had it lost it, didn’t know they lost it, had to come back, and we didn’t get paid. DSS said they’re not going to pay for it. Parents were inconsistent with following up on it, and then we lost out on like $10,000. Then what do we do? Tell the kid they can’t come here. How can I tell a kid they can’t get an education? I couldn’t take it out on the kid. Nobody could get in touch with DSS. Nobody’s able to—you place a call and nobody gets back to you...Nobody ever picks up the phone...

They have regular meetings regarding DSS. It’s 15 different [child care] directors sitting there saying the same exact things. “I didn’t get paid for this month... I didn’t get paid for that month... I’m running at a deficit... I can’t make payroll because DSS isn’t paying me.” It’s a disaster. They have these meetings with the people from DSS and nothing gets changed.

Some parents expressed their awareness and concern over these payment issues. In most cases, parents learned about payment delays and stoppages from their providers rather than the subsidy agency. Several parents reported that while they were recertifying, their providers stopped receiving payments without any formal notification that the recertification had been denied. This placed parents in the difficult position of potentially owing money to providers. Parents ultimately depended on their benefits being reinstated, payments reconciled, and most of all, providers being understanding and continuing care without pay. One mother from Nassau County, said,

I feel uneasy because my kids are there with a woman who hasn’t been paid. And anybody who’s not paid is going to be a little angry.

Some parents facing this same situation reported withdrawing their children from care—either temporarily until the issue was resolved, or permanently, to avoid getting stuck with a bill or out of respect for the provider. A mother from Westchester County withdrew her son from center care because of inconsistent subsidy payments and instead decided to use subsidized relative care.

That’s why I don’t put him in a day care. I always put him with a family member, because you know, family, you can work something out. A day care is a business.

Providers also reported experiencing payment issues when parents fail to pay their copayments on time. Although they try to be flexible, providers sometimes have to dismiss families from their child care program for failure to pay copayments. A Westchester center director said, “We just implemented a two-week rule. You can’t go past two weeks. If you don’t pay your parent share, your copayment, then you can’t come.” The double burden of receiving late or inaccurate payments from the subsidy office and late copayments from parents can stress providers’ finances.

Overall, the subsidy program can best support families and providers when enrollment and recertification processes run smoothly, when communication is not compromised, and when payments are on time. Yet constraints on resources for subsidy program administration challenge the system. Resource constraints were discussed frequently and in detail by parents, providers, and subsidy
program stakeholders across the four sites. As a subsidy manager in one of the New York counties explained, “The truth is we are understaffed. I have requested for years—said we are understaffed, but we are not the squeakiest program in [this] county”—referring to greater (or at least more visible) needs in other public programs.

Subsidy program staff spoke of handling a high volume of cases, having insufficient time to give every client personal attention, and needing to prioritize cases sometimes based on which case is most likely to face a lapse in service. In Westchester County, a caseworker noted, “The caseload is very busy. I get 60 calls every day, 30 to 40 emails from the providers. If you don't respond, the call goes to the higher [supervisor]. The caseload is 400.” Caseworkers noted that they sometimes extend care services a month or two if they cannot process and approve the recertification paperwork on time, but they also recognized the limits of such an approach.

In this section, we described several challenges related to subsidy eligibility requirements and program administration that surfaced in our interviews with providers, and that resonated as well with themes from interviews with parents and program stakeholders. In light of these challenges, we next discuss how providers assist families with navigating the system and keeping their child care arrangements, even during periods of subsidy instability.
BOX 5  
Provider Highlight: Family Child Care Provider in Cook County, Illinois  

Bianca is a 58-year-old Spanish-speaking provider, originally from Ecuador. She has been providing licensed care for the past 11 years. She currently cares for 12 children in her home with the help of one assistant. Children range from infants to 10 years old. Her program operates from 6:00 a.m. to 5:00 p.m., and parents bring their children according to a set schedule.

Bianca explained that she received her license to provide care before she knew about the subsidy program, but quickly applied once she learned about it. She found the application process easy since she was already licensed. However, she noted that communication with the subsidy office is hard. She said that there is a phone number you can call to sort through paperwork issues, but “it takes you hours and hours and you are working with children,” which is difficult.

Bianca described a mixed experience with payments. She said that parents sign children in and out every day and she uses that information to fill out an attendance sheet from the subsidy office. It used to take her two or three months to get paid after submitting the attendance sheet, which made it hard to pay her bills and caregiving-related expenses. She explained that payments come more quickly now and she usually receives the correct payment amount, but she still must wait several weeks. She sometimes does not receive an attendance sheet and must call the office to request it. Bianca also noted that it takes four weeks for a child newly enrolled in the subsidy system to appear in her records. She once provided care for a family with three children before the family was approved because she saw that the mother needed to work. The case was denied and Bianca was never paid.

Bianca is willing to work with parents to help them pay copays and does not often have trouble collecting the payments. However, she also said that fluctuating eligibility requirements decreased enrollment in her program. When the income threshold increased, parents with higher incomes could not afford their copays. Because of competition with other local providers, she is not at full capacity.

Bianca said that, when it comes to eligibility redetermination, “there are parents who are responsible, but there are parents who aren’t” and at times they allow their eligibility to lapse. She is not notified when families’ eligibility is expiring. In some instances, she continued to provide care and did not get paid. She sometimes helps parents fill out paperwork who have trouble doing so.

Despite these difficulties, Bianca reported no plans to reduce the number of subsidized children in her care. She is dependent on subsidies, because nearly all the children in her program are subsidized. Further, she believes that the subsidy program is important to increase availability of quality child care.

Bianca’s highest credential earned is a high school diploma. She is not accredited but has achieved a Silver Circle of Quality in ExceleRate and is working toward Gold. She remarked that she liked the old rating system better, explaining that ExceleRate does not offer as much monetary incentive to participate, which makes her less motivated to meet higher requirements. Still, she values quality care and appreciates that ExceleRate has nudged her to continue improving.
Strategies Providers Use to Facilitate Subsidy Program Access and Stability

We asked providers to describe any efforts they make to help families in their programs manage subsidy application and recertification. Recognizing the challenges that the child care subsidy program presents, providers described several strategies they use to help families enroll in the subsidy program and maintain their benefits. Strategies (in roughly the order of frequency mentioned) include

- assisting families with subsidy program paperwork,
- communicating with the local subsidy offices on behalf of parents,
- holding slots or enrolling children before the subsidy case has been approved,
- providing care during breaks in subsidy receipt,
- offering flexible payment plans,
- reducing or waiving copayments, and
- offering flexible and nontraditional care hours.

The ways in which providers support families depend in part on how they understand their role. Providers who described feeling a sense of responsibility to both children and parents are generally more actively engaged with the subsidy program and more flexible with parents who struggle with program requirements than providers who see their relationship with families as more transactional. The lengths providers go to support families also depends on program resources and what they can reasonably afford to do in terms of time and finances. Some strategies go above and beyond what is expected of a child care provider. Parents in our study affirmed these themes. In this section, we describe each of these strategies.

Assisting Families with Subsidy Program Paperwork

Nearly all providers—across centers and homes—reported assisting parents with subsidy-related paperwork to help them enroll and stay enrolled in the subsidy program. This included both initial applications and redetermination forms. Providers check to make sure that forms are completed correctly and that parents have included all required supporting documentation to maximize the likelihood of approval. Many providers spoke of investing significant time and staff resources for this effort. Larger programs often have designated support staff responsible for helping parents with
subsidy applications. Some centers have administrative assistants while others have social workers or other specialists on staff who provide family support services. Several providers employ staff fluent in the foreign languages that parents speak who can act as translators.

Several providers felt they could not rely on all parents to complete paperwork accurately or punctually on their own. They had experienced parents’ cases being denied because of small paperwork errors and were motivated to intervene. One center director said,

> We correct the paperwork...If they miss information or put down things on the wrong lines—that’s one of the reasons we check it, because the cleaner it goes in, the greater the likelihood that it will be immediately approved.

A licensed family child care provider in Cook County also described providing this quality control function:

> They can bring the forms into me along with the check stubs, and I’ll help them calculate with the income sheet especially, because normally that’s the one that’s kicked back [the] most.

Providers reported helping with paperwork primarily for practical reasons—to get paid and to prevent families from leaving their program prematurely. But they also described wanting to provide continuous care for children for developmental reasons and to support low-income parents’ employment. Several providers mentioned how they recommend parents apply for subsidies when they first come to sign up for care and then help them through the application process. For instance, one center director in Westchester said,

> My staff go through the entire application with parents so that they understand what they’re doing and how it works. Since my staff is bilingual, we speak Spanish, if necessary.

Given limited resources, some providers target their assistance to parents who lack the language and literacy skills necessary to complete the paperwork. A center director in southwestern Illinois described how her program targets help with applications:

> Majority of them, I’m like, “This is your responsibility. You have to do this. If you want to go to work or if you want to go to school, you have to call. This is part of your job.”

> Then we have a couple families, we have two mothers from Mexico and they speak limited English. We asked [the subsidy office] to send the paperwork in Spanish, and then we realized we don’t even think that they can read Spanish...I said, “Well, just send it here, or send it in English,” and then the mom brings it in and I help her.

As mentioned, families often lose their subsidy at the time of recertification because they fail to submit required paperwork on time. To avoid lapses in coverage, many providers said they typically remind parents when it is time to submit paperwork. A few said they closely track due dates. For
example, a licensed family child care provider in Westchester marks deadlines on her calendar and alerts parents a month before the end of the eligibility period, saying, “Just FYI, your DSS [subsidy] is ending at this certain month.” A Nassau licensed family child care provider relies on communications from the subsidy office about families’ recertification dates. She explained, “Sometimes you get a worker that will send us [a letter saying], ‘I’m gonna have to cut the case off. I haven’t received anything from the parent.’” This type of notification allows her to intervene to help parents.

Since changes in family circumstances can affect continued eligibility, another licensed family child care provider in Westchester mentioned tracking status changes.

I remind [parents] that they have to pay attention. I always tell them that they have to let me know of any change that happens at work, at home, because any reason is enough to cancel their subsidy.

Less commonly, providers shared no examples of offering assistance to families. A center director in Cook County illustrated this point: “The parents have to do all that. That’s their business. They have to take care of their redetermination or they won’t be approved.” While most providers said that parents are ultimately responsible for staying on top of subsidy paperwork, it was relatively rare for them to hold this more distant view and provide no help.

**Acting as a Liaison to the Subsidy Office**

As briefly noted in the section on program administration challenges, many providers routinely go beyond helping parents with paperwork and directly communicate with the subsidy office on behalf of families to ensure cases get processed. A larger proportion of centers reported doing this than home-based providers, likely given greater staff capacity, but still several home-based providers discussed supporting families in this way.

Providers described collecting paperwork from parents and faxing it to the subsidy office or going to the subsidy office to drop it off. They follow up with caseworkers by phone or in person to check on an application’s status. For example, one licensed family child care provider said, “I give them two weeks. I’ll call them and ask them, ‘I would like to know the status of the client’s application.’”

Some offer more help than others, depending on the situation. Several providers drop off paperwork as a courtesy for parents unable to go to the office themselves. A family child care provider in Westchester explained,
Most of the clients that have the subsidy don't drive... so the way in which I collaborate with them is acquiring the applications...and on many occasions, after the applications have been filled out, on their behalf, I do them the favor of personally taking them to the office.

Other providers said that they interface with the subsidy office as a standard practice to ensure that cases get approved and that redetermination paperwork is processed so that they get paid. As one center director in southwestern Illinois described,

> I fill out my part, and I can fax it directly over to our local office. That way it’s out of their hands. If I fax it over there directly, it gets in [caseworkers’] hands quicker. Then it’s a way for me to know that all the paperwork has been submitted and it’s not being piecemealed together.

A few providers said that they actively work with the subsidy office to resolve issues causing cases to be denied or to troubleshoot why certain subsidized children do not appear in their attendance system. According to a center director in Cook County,

> I've had appointments where I've had to meet face to face with a specialist to either give them more documentation or get clarity on why a family was denied services. Or just explain to them that we brought this paperwork in and it was date stamped. We try to help. Once they've filled out the application, we do the rest of the leg work. If the parent needs to submit additional documentation, we get it from them, and we'll take it for them.

In some cases, providers described having the advantage of experience and could advocate for families and speak directly with caseworkers to resolve an issue. Several providers mentioned that they receive relatively good service when they go into the subsidy office. One license-exempt provider in Cook County (a grandmother caring for her grandchildren) said,

> When I go in person, I think I get service better, because I can be one on one, and show them documentation that I’ve already sent in, as well as to sit right in front of...that she can actually go into the computer, and see what has been done on the case. I prefer to do that.

A licensed family child care provider in Nassau has had a similar experience interacting with caseworkers: "They take forever to answer, but when they do they answer all your questions. And when you go to the office they are very nice."

This level of attention does not go without cost. The stories providers shared pointed to the extra time they put in to serve subsidized families. A Westchester center director said that her program devotes considerable staff time to resolving issues around application and redetermination.

> My social worker is here, and it's practically all she does is advocate for families who are going through these kinds of [subsidy] issues.
Caring for Children During Subsidy Application Process

Some child care providers shared stories of how they enrolled children they expected were subsidy-eligible before subsidy applications were approved, without charging families the full private-pay amount. These providers (a mix of centers and home-based providers) said that they did so to accommodate parents’ work responsibilities. It generally takes at least 30 days—but sometimes up to several months—for applications to be processed. Providers were aware that this delay would impede parents’ ability to work. As one licensed family child care provider in Nassau noted,

What job is going to wait 60 days for this person to get child care? It defeats the purpose.

Another family child care provider in southwestern Illinois concurred,

When they come, they’re needing the child care right there, because they’re starting a job soon. I wasn’t going to turn them down.

One Westchester center director said that her program tries “to estimate what their [copayment] would be according to the formula of the child care subsidy program, and we let them start,” charging the estimated copayment amount rather than the full private-pay amount. Several other providers reported similar approaches while waiting for subsidy approval. Although they hoped to get back pay from the subsidy program (and frequently did), as we noted in the earlier section on payment problems, providers take the risk of not getting paid should the application be denied. They described putting the welfare of parents before their own finances. A licensed family child care provider in southwestern Illinois explained her reasoning:

I didn’t turn anybody away, because I was dealing at that time with—[parents] were teenagers. They were in high school. They made the mistake of having babies out of wedlock and in high school. No disrespect to them, but I wanted to see them finish high school. I didn’t make anybody pay upfront. I was waiting on the subsidy, and if they didn’t get approved, then I just ended up keeping them for free.

Some providers reported balancing their desire to help families with their concern about their own financial state. They make efforts to determine a family’s eligibility given what they know and only take children whose cases seem likely to be approved. One center director in southwestern Illinois described the circumstances under which her center would begin caring for children before subsidy approval:

If it looks like they’ve got a real good chance of being approved and they put $100 down in the process—if I think it looks like it’s a good bet, then we’ll take the risk. As I said, we are in a business to try to help families. They get a job, and they need to start the next day... If they haven’t got care for their kids, they’ll lose that job. It’s a difficult circumstance. You pick and choose very carefully whether you do that or not. It’s not my policy, however. It is by exception.
Two center directors (one in Westchester and one in southwestern Illinois) mentioned that recipients of TANF and other public benefits are less risky to take on before paperwork is completed because they are categorically eligible for subsidies. It is a matter of the TANF caseworker approving the child care request.

However, some providers said they could not to take the financial risk of caring for children without payment or an approval guarantee. A few discussed requiring parents to pay out of pocket until approval and then reimbursing parents or using the money to credit parents for future copayments. Some providers, however, said they were not willing to start care services at all before receiving the approval notice from the subsidy program, stating that they had been “burned” before. These providers had lost substantial amounts of income in the past because cases were denied and parents were not able to pay out of pocket for the care already provided. One director in New York explained that her center is hesitant to accept children before cases are approved.

I have heard out of the mouth of the [county official] that if we take the children before we receive an approval, then that’s a business decision that we made...We’re taking on the risk.

A few New York providers said that they recently stopped the practice of providing care before subsidy cases are approved. Because of recent changes in program rules and attendance recording, they worried about not receiving back pay.

We used to provide care before the subsidy was approved, but then, there were so many families that the subsidies were not approved for that we decided to wait until it is approved. Also, DSS changed the way they paid. They used to pay from when you started providing care, and from when they first clocked in the application, which made sense since parents who need child care often need it immediately.

Providers must make the tough decision of letting a family go when cases are denied and parents cannot pay the private rate. “You can’t keep them for free,” one provider commented. Another center director said, “You end up putting people into collections and things of that sort. It’s just easier for us to wait.”

Providing Care During Breaks in Subsidy Receipt

The parents we interviewed in the first phase of the study commonly reported experiencing gaps in subsidy receipt, often around the time of recertifying their eligibility or when they changed care providers or jobs (Henly et al. 2015). Their coverage would lapse temporarily for one or two months, but sometimes longer. Such gaps often meant delayed payments to providers because providers could not complete attendance records and be paid for children not officially enrolled in the subsidy program.
Parents reported how subsidy instability was stressful for them. In some cases, their providers understood the situation and wanted continuity for children, so they continued providing care during short-term breaks in subsidy receipt without charging their full rate.

Some providers in our study confirmed this situation. A licensed family child care provider in Cook County said that this is a common practice for her when a parent loses a job:

“I always let the parent know, “If you just need me to keep the baby while you go look for a job, this is how much I’m gonna charge you for that day.”

Providers who did this often expressed sympathy for parents who were diligent about completing their paperwork at redetermination but whose cases were denied anyway. These were mostly home-based providers. However, a few center directors also said that they allow children to stay in their care under these circumstances, like this center director in Westchester:

“If we send the paperwork in, and we know—we see the paperwork, we know they had everything they were supposed to have, they did everything they were supposed to do, we allow them to stay.”

Offering Flexible Payment Plans and Reducing or Waiving Copayments

Even with a subsidy, parents are responsible for a copayment—the family’s share of the care costs based on income and family size. Copayments can be as little as a dollar a week for a family with a full subsidy and up to a few hundred dollars a month for families with incomes closer to the eligibility limit. When parents are unable to pay their copayments on time, many providers of different types said they allow them to pay late or in installments. A licensed family child care provider in Westchester said,

“I’ll give them the option, “You can pay me every week, every other week, once a month—as long as you let me know upfront what you’re doing so I can organize myself, my business, accordingly.”

And a center director in southwestern Illinois explained,

“We do have a kind of schedule where copays are due by a certain date of the month, usually that first week of the month...They do have to let us know in advance, before the cutoff—before late fees are added, if they’ve had something come up. I’m willing to work with them, but they have to let me know what’s going on.

This center director described making an effort to facilitate payments from families with larger obligations:

“If a family’s copayment is $25, it needs to be at the beginning at the month, but if it’s $200...then they can pay every week if they chose.”
Many providers also reported reducing large copayment amounts. They were aware that paying copayments, especially large amounts, could be difficult for families. One center director in Westchester summarized these challenges:

You’re dealing with competing priorities with a lot of our families who are low income. If the daycare center doesn’t ask for the money, then I can pay the rent, or I can buy the milk...At the very end of the line, we wind up eating a lot of it, but we’re a not-for-profit whose goal is to support the community. Other places do not have that luxury, and even for us, it’s really, really difficult.

Some providers reported waiving small copayments, sometimes citing how it is more challenging to collect a dollar a week than it is worth. Plus, the families that are required to pay only a dollar have the lowest household incomes and could use every dollar they have for other expenses.

Well, a lot of the copayments were a dollar a week, so I just disregarded it. I said to them, “No big deal.” If they had to pay $20–$25 a week, then I would take the money from them. I felt, “That subsidy’s paying the rest of your money. You should be able to just give me your copay.” A dollar, I didn’t mind [waiving].

A license-exempt home-based provider in Cook County shared her approach to collecting copayments and her rationale behind it.

Sometimes it can be a problem, you know, but you feel like—I mean, they’ve got to pay their rent on the 1st [of the month]. You’ve got to wait for the 5th or the 10th to get your money. See what I’m saying? They may get [paid] one big lump sum. At the same time, I try to be flexible with mine because I know.

Some providers mentioned being understanding and flexible to a certain point, without being taken advantage of. Their stories highlighted the extent providers go to help families and how they often bear a financial burden in the process. A licensed family child care provider in Nassau described how this has worked for her:

It’s not a guarantee, sometimes, these—because some parents will tell you, “Oh, could you wait ‘till next week? My check was short this week. Can I pay you double next week?” The next week come and sometime they don’t want to—they still say they ain’t got the money. Mm-mm. Now, I allow you that maybe once or twice but after that, no. I have plenty of people out here owe me money, because I was gentle like that.

As with other forms of financial help to families, providing flexible payment options and reducing or waiving copayments can pose a substantial financial challenge. Providers who reported doing so often were willing to sacrifice because they were aware of family hardships and felt committed to helping families get by. A few center directors said that their programs did this, but most were licensed family child care providers or license-exempt home-based providers without a written payment policy like many centers have. A few license-exempt providers had other sources of income, making them less
dependent on payments from subsidized parents. These providers often saw their role as helping out relatives or friends rather than running a business, and therefore prioritized the welfare of parents over their own bottom line.

Even so, a number of providers said that they do not waive copayments. For some, this reflects their convictions around parental obligations. One licensed family child care provider in Cook County explained that she requires parents to pay even if their copayment is only a few dollars because, “I feel like if you’re paying for something, you appreciate it more.”

Others worried about being penalized for violating the subsidy program rules, which require copayments. A center director in Westchester said,

> I’m not allowed [to waive copayments]. It would be in violation of the contract. They won’t even let me subsidize them. If I’ve got a parent who’s got a $560 copay and they can’t afford it, I can’t say to them, “Okay, I’ll subsidize $200 of it.” What has been told to us by the county executive is that if we don’t make sure that the parent pays the whole parent share, that we’re committing fraud... We could lose our contract.

**Offering Flexible and Nontraditional Care Hours**

Some providers offer care for subsidized children during early mornings, evenings, and weekends to accommodate parents’ schedules. We purposively sampled licensed providers with nontraditional schedules to learn about their experiences. Providers with nontraditional hours (in the overall sampling frame and in the final sample) were mostly home-based providers. Fewer centers were licensed for nontraditional hours. In our interviews, child care centers reported less flexibility with schedules.

Providers with nontraditional hours offer a service to families that otherwise have limited care options. They often described offering as much flexibility as they can, given their own constraints, to meet parents’ needs so parents can work and stay eligible for the subsidy program. A licensed group family child care provider in Nassau described the service her program provides to local families.

> One of the things that’s very attractive about our program is extended hours. Because we can be open from 6:00 in the morning and stay late ‘til 11:00 p.m. to accommodate alternate shifts—3:00 p.m. to 11:00 p.m. shifts, 7:00 a.m. to 3:00 p.m. shifts, things like that. We go the extra mile... We just had a child that was like that. The father worked at a particular job where the hours varied, and also weekends. We have been flexible in that, yeah, quite often.

A few providers mentioned needing to be flexible for subsidized parents with shifting hours. Parents are approved for subsidized care on specific days or for a certain number of hours per week,
and the reality is their schedules could change. At least one provider mentioned providing additional hours of care beyond what the subsidy covers and charging the parent a reduced rate.

Providers juggle offering this scheduling flexibility with their own families’ needs. One licensed family child care provider in southwestern Illinois said,

I open up as early as 6:00 a.m. and then I close as late as 11:00 p.m. I used to stay open ‘til 12:00 [midnight], but I have a little baby of my own now. After I had him, I stopped staying open so late because it was interfering with his going to bed at night.

License-exempt providers in our sample were helping family members, friends, and neighbors by caring for their children and discussed being willing to vary their schedules to meet parents’ needs. A provider from Cook County described adjusting her care hours to meet her daughter’s fluctuating work schedule.

It changes a lot. Some days she’ll work 4:00 p.m. to 8:00 p.m. and then some days she’ll work 7:00 a.m. to 3:00 p.m. and sometimes it’ll be back to back, back and forth... If she has to be to work in the mornings, then that means I have the children all night.

Another license-exempt provider in Cook County said,

I just try to accommodate the parents, because a lot of our parents out here really need help with their kids.

Without this flexibility, parents may not be able to secure and maintain employment. As previously mentioned, unstable employment could jeopardize a family’s eligibility for the subsidy program.

In sum, child care providers reported using various strategies to support low-income families in their efforts to access the subsidy program. While most providers offer some level of assistance with applications, some providers dedicate extensive time and resources to track the status of cases and communicate with the local subsidy office to resolve issues. Some accept children right away so parents can begin working and provide continuous care during gaps in subsidy receipt. Flexibility in collecting copayments and accommodating parents’ schedules, while burdensome for providers, also supports families’ unique circumstances. Home-based providers often help in informal ways—being flexible with enrollment policies and payments, for example—whereas centers are generally better equipped to help navigate the subsidy system and act as a liaison and advocate for the family.
Providing Quality Care as a Provider in the Subsidy System: Care Practices and Quality Improvement Challenges and Opportunities

Providers who participate in the subsidy system play a critical role in supporting the development of young children in low-income families. For this reason, federal and state governments have increasingly focused on facilitating quality improvement for these providers. In this context, we were particularly interested in learning about providers’ efforts to deliver quality care and about their quality improvement activities. We asked the providers we interviewed to tell us what they were most proud of about the care they provided and to articulate their vision of high-quality care. Most license-exempt providers did not consider the care they provided a "program," so we asked them more generally to describe what high-quality care meant to them. We also asked providers across all settings about the efforts they were making to improve the quality of their care.

Responses about what quality care looks like varied, but providers spoke openly about their notions of quality and how they aim to achieve it for the children in their care. They described taking a range of approaches to quality improvement, including in some cases obtaining national accreditation, participating in trainings, offering staff professional development, and seeking resources online and within their social networks. In Illinois, several centers and licensed family child care providers spoke about their participation in ExceleRate, the statewide QRIS. A few license-exempt home-based providers indicated an interest in becoming licensed and participating in ExceleRate, which does not include license-exempt home-based providers. New York’s QRIS, QUALITYstarsNY, is much more limited in enrollment and scope, but the few providers who participated in it described its benefits. (See boxes 6 and 7 for a description of the QRIS in each state.)

In their discussion of quality, providers mentioned the barriers they face and the trade-offs they must make to engage in quality improvement. Their comments often reflected the fact that they already face substantial administrative burdens to meet the demands of the subsidy program. They must weigh whether taking on additional requirements and investing in quality improvements is feasible and worthwhile given their resource constraints.
BOX 6
Quality Initiatives in Illinois

Illinois has developed an infrastructure of governmental agencies and nonprofit community organizations that support quality improvement efforts among child care providers. This includes the Governor’s Office of Early Childhood Development, the Early Learning Council, and the Illinois Network for Child Care Resource and Referral Agencies (INCCRRA). INCCRRA is the primary administrative structure for quality improvement initiatives, and it also houses the professional development system Gateways to Opportunities.

Illinois was awarded a $42.8 million Race to the Top: Early Learning Challenge grant in 2011 to support quality early childhood education in Illinois. Using these funds, Illinois launched several new quality initiatives over the last several years to improve the availability and transparency of quality care for families. Key priorities were to create a unified framework for all formal early learning and development programs in Illinois, to connect children identified as most in need to early childhood supports, and improve the quality of early childhood programs statewide. As a fundamental part of these quality efforts, Illinois implemented a statewide QRIS, ExceleRate Illinois, in 2013. It replaced the former Quality Counts quality-rating system. ExceleRate covers all licensed family child care programs, child care centers, Preschool for All, center-based prevention initiatives, center-based Head Start/Early Head Start, and preschool special education, regardless of subsidy program participation.

CCR&Rs are tasked with implementing the QRIS and assisting providers in quality improvement efforts. Quality specialists, professional development advisors, and technical consultants work one-on-one with providers to achieve greater levels of quality, consulting on facility standards, educational enrichment of children, and other topics. Programs achieve one of the Circles of Quality denoted by the system—Licensed, Bronze, Silver, Gold, and Awards of Excellence—as determined by successfully meeting a set of standards for each quality level. All centers and family child care homes are enrolled into ExceleRate once licensed; participation in the program beyond that is voluntary (Yazejian, Burchinal, Soliday Hong, and Howard 2017).

To support providers’ investments in quality, programs serving CCAP families can receive a one-time bonus payment after achieving a Circle of Quality and an add-on to the CCAP reimbursement rate for achieving the Silver or Gold Circle of Quality. Technical assistance, consultation around quality improvement, professional development scholarships, and micro grants are also available.

ExceleRate Illinois offers a consumer education component that helps parents identify quality indicators and choose quality providers. ExceleRate also provides parents with an online directory of quality-rated providers, including the quality rating of each provider.

---

BOX 7

Quality Initiatives in New York

QUALITYstarsNY is New York State’s quality rating and improvement system. QUALITYstarsNY is funded with a combination of federal, state, and private funds. The Governor’s Office supports QUALITYstarsNY with a current annual funding amount of $5 million. Through its federal Preschool Expansion Grant, New York’s State Education Department has allocated $3.1 million over four years. The Office of Children and Family Services supports the professional development efforts of QUALITYstarsNY programs, and the Capital District Child Care Council provides additional support.

QUALITYstarsNY launched as a field test of 100 programs in 2007, with funding from the American Recovery and Reinvestment Act and a group of seven private funders. Nassau and Westchester Counties were two of the field test sites. As of September 2018, QUALITYstarsNY served approximately 804 center-based programs, family child care homes, and public schools in targeted communities that applied and were selected to participate. This included 60 programs in Nassau and 37 programs in Westchester. At its current costs, the system needs a substantial and sustainable funding source to expand the system statewide.

The system has two sets of standards: one for center-based programs and another for family child care homes. Providers who apply and are selected to participate in QUALITYstarsNY conduct a self-study to document evidence for each standard. They submit the information in The Aspire Registry—the state’s early childhood workforce registry system. Programs receive an Environment Rating Scale (ERS) assessment from an external rater before they are assigned an active star rating. Scores range from 1 (“meeting regulatory requirements”) to 5 (“excellent quality”).

For the limited number of participating providers, the system provides customized support from regional quality improvement specialists, as well as funding to support providers’ individual quality improvement plans. Participants can access two sources of funding: (1) a scholarship program funded through the New York State Office of Children and Family Services and administered by SUNY’s Professional Development Program, which supports tuition for staff to attend credit-bearing coursework, trainings, and other professional development opportunities; and (2) quality improvement funds to support limited investments in classroom materials and resources.

QUALITYstarsNY also has a consumer-education focus with online tools and resources to help parents recognize and identify high-quality child care.

---


Providers' Views on What Quality Care Looks Like

It is a place where the children's minds are kept active, where they're secure, safe, and happy and they learn.

This quote from a center director in Nassau County is a good illustration of the vision that many providers had of a high-quality early care and education program. Regardless of setting type, providers' descriptions of quality commonly referred to elements of the care environment such as safety, cleanliness, and security. Two license-exempt home-based providers in Cook County shared their visions of high-quality care.

Well, first, it'd have to be a safe and clean environment. By clean, I don't mean spotless. I mean where there's room for children to play, and there's no visible dirt. It's inviting. I think that the children cannot be hungry.

Making sure the children are safe is number one and that they're in a safe environment and loving environment, a thriving environment, if possible. Just making sure that the children are well taken care of. Make sure they're fed, they're clean, and just looking out for their well-being overall.

Center and licensed family child care providers also underscored safety and cleanliness and a positive environment for children, while frequently including references to children's cognitive development and access to developmentally appropriate materials and resources. According to a center-based provider in Nassau,

A quality program is, for me, if I'm looking at an infant classroom, that I'm not seeing playpens, I'm not seeing swings, that the children are able to move around and explore their classroom. That there are books everywhere, that there's nature and plants in the classroom. That everything is clean, and that the children looked happy.

A licensed family child care provider from Cook County shared her views on the importance of understanding child development:

[A high-quality care setting] is one where the provider is investing in their education and making sure that you're on top of understanding child development because you can't just—you need to be able to recognize the signs where children may need additional help. I've had speech therapists come in. I've had child development specialists come in to help children that I felt were maybe starting to show signs of delays. All of that comes along with a quality program 'cause you can't just do this and not invest in learning the development of the children.

Providers across all settings also described the importance of the emotional climate of the caregiving environment and how the space should be warm and welcoming to families. For licensed providers, quality often meant seeing positive interactions between adults and children and among children. A center director in Cook County expressed this view clearly:
When we say high-quality care, children are in an environment where they’re flourishing in all the different areas—social, academically, spiritually, physically—and that change is taking place because of the adults that they have relationships with in the classroom. Those adults must be adults who are, themselves, emotionally stable, intellectual... When we talk about high quality, we’re really talking about relationships.

Some licensed providers discussed the education and qualifications of their staff, such as having a minimum of a Child Development Associate (CDA) credential. These providers indicated that in high-quality programs staff invest in their own learning and professional development and take steps to ensure children receive the support they need. A licensed family child care provider from Cook County described it this way:

[High-quality care] is one where the provider is investing in their education and making sure that you’re on top of understanding child development, because you need to be able to recognize the signs where children may need additional help. I’ve had speech therapists come in. I’ve had child development specialists come in to help children that I felt were maybe starting to show signs of delays. All of that comes along with a quality program because you can’t just do this and not invest in learning the development of the children.

While license-exempt home-based providers spoke less about traditional education and training, some did discuss the importance of teaching children skills, like writing their names, so they are ready for school. Some license-exempt providers spoke of needing to be “in compliance with the training” and “qualified to care for children,” in addition to having a clean and safe environment, feeding children healthy foods, and creating a warm environment, as noted earlier. The motivation for caregiving also mattered for license-exempt providers. As one provider explained, quality means that “there’s someone who cares about them more than they care about the money.”

Efforts to Pursue Training and Professional Development

In their discussions of high-quality care, providers across settings often mentioned their engagement in training and professional development activities. In most cases, the trainings they described were mandatory for licensing. Topics include CPR and first aid training, emergency preparedness, preventing shaken baby syndrome, reporting child abuse and maltreatment, infant and child nutrition and health needs, and family engagement. Center directors spoke of holding regular staff trainings on site or sending staff to trainings at the local CCR&R. Family child care providers in New York discussed completing online trainings:

It’s all a computer system now so it’s better for us now, because it’s easier. We don’t have to leave the home. You can do it on your own time and pace.
In other cases, mostly among centers but also some licensed family child care homes, professional development efforts went beyond licensing requirements. Providers pursued opportunities as part of their expressed mission to provide high-quality care. Topics mentioned ranged from preschool math, to conducting developmental screenings, to studying the Reggio Emilia curriculum approach, to encouraging or mandating that staff pursue a CDA or another postsecondary degree. Advanced trainings and credentialing programs were offered through local educational institutions, CCR&Rs, and national organizations such as the National Association for the Education of Young Children (NAEYC), National Association for Family Child Care (NAFCC), and Zero to Three.

In Illinois, several providers described their experiences with the Gateways to Opportunities credentialing system and how it helped their staff work toward their individual professional development goals.

With the Gateways, per level, [teachers] know what are the minimum requirements and then what they need to do to achieve the next level. They take great pride in, “Oh, I got my level four ECD [Early Childhood Development] credential.” They want me to put them up and display them and put them in the training binder.

Such efforts to provide quality care often required significant time and financial resources. A director of an accredited center in New York explained how she planned these trainings.

I often have to think about [training]. This is just an administrative task for me: what’s going to fit the need of the most children in care or the most families? What are the trends I’m seeing emerge that children are exhibiting and we need some support and guidance on? We need some materials for? What are parents feeling, or doing, or acting about that I could bring some resources to them for?... I often say to my staff, “Here. Read this summary of this particular workshop, or seminar, or conference. Interesting?”

Our sample included providers who had national accreditation from NAEYC or NAFCC. Several of these providers spoke with pride about their program’s accreditation status, viewing it as a sign of having achieved high-quality standards and believing that it also attracted families to their program. A few providers were less positive about the value of national accreditation, expressing concerns that it was expensive and did not serve as the marketing tool they had hoped it would be for attracting new families. These quotes from two New York center directors show contrasting views about the value of NAEYC accreditation in particular.

We have a lot of families who come here and—they like it here because they hear that we’re NAEYC accredited. They come here, they check, they make sure that the classroom ratios are maintained. They make sure that education is done at the child’s level. A lot of parents are aware of it and that kind of brings them in, too.

My center was accredited by NAEYC. I didn’t feel like, that we got anything out of it. It was a monetary expense. NAEYC never really did anything to market or to communicate. Families
didn’t know what it was. But it was kind of like, we want to keep it—because I do believe that their standards are the top.

As part of our discussions regarding training, professional development, and accreditation experiences, we asked providers to discuss their views of the quality rating and improvement systems in their respective states. As noted earlier, Illinois has a statewide QRIS, ExceleRate, and all licensed providers serving subsidized children are given a rating, from the minimal “licensed” to “Bronze,” “Silver,” or “Gold.” Several providers offered firsthand accounts of their experiences participating in ExceleRate, which we discuss in the next subsection of the report. In New York, providers must apply to participate in QUALITYstarsNY and enrollment is limited. The system is designed to provide comprehensive technical assistance and financial supports to boost the quality of the care environment and staff qualifications. We analyzed provider experiences with quality improvement in both states in the context of these two systems and the tradeoffs they made to improve quality given resource and time constraints. Our focus was especially geared toward understanding the alignment of QRIS with the needs of subsidized providers. The analysis is not intended to be an evaluation of QRIS more broadly.

It is important to underscore that requirements and opportunities around quality improvement are different for license-exempt providers than they are for licensed providers. Changes to federal law under the CCDBG reauthorization now require unrelated, license-exempt child care providers to complete preservice health and safety training. (In New York, relatives, such as grandparents, aunts and uncles, and siblings, may be exempt from the training requirement, although in Illinois they are not exempted if caring for children under 5 years of age.) License-exempt providers are not eligible to participate in either ExceleRate or QUALITYstarsNY so they do not have access to the same resources as licensed providers, such as consultations with early care specialists and funds for materials and training. However, there are some professional development resources available to them in both states. For instance, license-exempt providers in Illinois can access training and support through the Gateways to Opportunity professional development support system. Child Care Councils in Nassau and Westchester Counties offer a number of trainings open to both licensed and license-exempt providers. That said, license-exempt providers generally reported accessing fewer training and professional development resources.

ILLINOIS PROVIDERS’ EXPERIENCES WITH QUALITY IMPROVEMENT THROUGH EXCELERATE
Thirteen of the 33 Illinois family child care providers and center directors reported that they were involved in ExceleRate and in a Circle of Quality beyond “licensed.” In some cases, providers were in the process of applying for a Circle of Quality, and in other cases, they had received a rating and were preparing to advance to a higher level.
Several providers appreciated being publicly recognized for the quality of their programs. They described how the Circle of Quality communicated this to the early childhood community, to parents, to the program’s own staff, and to themselves. Further, it was validating to be evaluated as meeting quality standards by an independent entity. As one family child care provider in Cook County noted, “You can always say, ‘Okay, I have a quality program,’ but that’s because you always want to lift yourself up and think you’re doing everything right. I think it helps me to verify that I’m actually doing what I’m supposed to be doing.”

Although this feeling was not shared by all ExceleRate participants, several family child care providers and center directors reported that ExceleRate offered more than recognition but also improvements to their program quality. Benefits included increased education and training on child development and program management, greater focus on the child care environment, more attention to self-evaluation, and improved understanding of business practices.

Several providers reported that their staff had started working more closely with families and that their programs had begun to implement child assessments and developmental screenings based on the knowledge gained from ExceleRate trainings and coaching. A family child care provider from Cook County said that the required trainings had given her new information about child development. A family child care provider from southwestern Illinois agreed, “I’ve actually learned a lot about dealing with the kids, interacting with them. Whereas, we used to use the old-school way of things.”

A center provider from southwestern Illinois said the feedback her center received had resulted in her staff adopting continuous quality improvement techniques to evaluate their work with children and families.

As I said before, I really like the environmental rating scales because they’re practical. They give specific information... They’re yes and no questions, and they’re good for the staff in terms of being able to look at what are they doing as opposed to what’s considered best practices... The benefit is that it’s brought attention to the fact that we all need to be regularly looking at the services that we do to figure out what we do well and where we need to make improvements.

Regarding improvements related to business practices, one family child care provider said she used to focus on everything related to the children but did not focus on the management side of her program. ExceleRate shifted her focus toward the administrative aspects of running a business.

In addition, ExceleRate provided opportunities for providers to connect with one another and share knowledge, giving them new ideas or making them less hesitant to try something that they had previously thought would not work. This networking was described as a positive aspect of ExceleRate by several family child care providers, as illustrated by this provider in Cook County:
It made me think and realize that, for instance, parent meetings. That was one thing that I wasn’t doing. I use every excuse as to why, and why I couldn’t do it. It’s not gonna work. Well, I started talking with other providers and centers, after realizing that I needed to do it, coming up with other ideas on how I could interact with my parents.

This provider said that talking to other providers changed her outlook on different services and activities. In addition to integrating parent meetings into her program, she decided to host a back-to-school breakfast after being inspired by another provider who had success with family breakfasts. One provider noted the importance of networking as a means of reducing isolation. Yet she also noted that competition can make it difficult to connect with one another, especially for providers that are not yet well established in the community.

**NEW YORK PROVIDERS’ EXPERIENCES WITH QUALITY IMPROVEMENT THROUGH QUALITYSTARSNY**

According to multiple local stakeholders, QUALITYstarsNY has resulted in notable improvements in care quality among the limited number of participating providers. Trained experts offer individualized and intensive coaching, and providers can access financial supports to carry out quality improvement plans. One stakeholder from a local CCR&R summarized the results of these efforts.

The good news is that after just a few months of very focused work with a consultant, we saw dramatic improvements... You shine a light on things, you engage people, and they can see that when you have an assessment, and you don't die, you can make dramatic changes quickly. And we saw that people felt better.

We interviewed only nine QUALITYstarsNY-participating providers (representing about 30 percent of the 31 regulated providers in the New York sample), but they all mentioned the success of QUALITYstarsNY in improving their program quality. They agreed that the biggest draw to QUALITYstarsNY was the coaching they received and the funds for materials and continuing education for staff. Seeing their scores improve on environment rating scales conducted by external observers was validating.

We have a QUALITYstars specialist, who’s coached me. Staff we brought in offered some really good training, and QUALITYstars paid for it... We also got $100 worth of new books that we had ordered for our classrooms. I totally will tell you, it really did improve quality. I think it was really good for staff to look back and go through. I think for the teachers, going through the [the Early Childhood Environment Rating Scale and the Infant/Toddler Environment Rating Scale] was a really big thing, because we hadn’t done it in numerous years. And when we did it before, we only did it internally. Knowing that it was being done by someone coming down from the state, it took on much more seriousness. And I had teaching staff that’s been teaching for over 20 years that said, “Wow! We thought we were great, but look how we improved.” ... Looking at the supplies and the things you have in your room and why you have those things in your room was eye-opening to some of the staff.
The same New York center provider who had expressed disappointment with the expense and marketing potential of NAEYC accreditation was excited when she was admitted into the QUALITYStarsNY program.

I went to all those committee meetings so very aware of QUALITYStars and the star rating system. I missed out being in the first part of the pilot. I reapplied the second go-around, and we got in, and I was thrilled to be in it.

More than two-thirds of providers in the New York sample did not participate in QUALITYstarsNY because of its targeted enrollment in low-income communities and limited resources. Seven of them knew nothing about it, and another five had heard the name but little else. One had applied in the past but was turned down. The time and energy required to participate and to improve on ratings had turned a few providers away. About one-third of non-participating providers mentioned it would be too much work and probably not worth it, if it was voluntary, whereas others expressed a range of interest. The next section elaborates on these perceived barriers to improving quality.

Quality Improvement Barriers and Burdens

Despite the potential benefits, providers in both Illinois and New York mentioned several barriers and burdens involved in participation in quality improvement efforts—especially while caring for subsidized children. The examples mentioned can be simplified to financial and time-related costs. These barriers were similar across study sites even though state subsidy policies and quality improvement initiatives differed.

THE HIGH FINANCIAL COST OF QUALITY IMPROVEMENT

The cost of improving quality was cited as a barrier across study sites and care settings. At a basic level, one county subsidy administrator stated, “To maintain quality you need a successful cash flow.”

According to multiple providers in Illinois, much of this burden stems from the cost of materials and equipment required to reach a higher quality rating in ExceleRate. Providers reported needing to have specific items in the care environment that are not feasible to purchase. For example, a family child care provider from southwestern Illinois explained how the system’s computer equipment requirements got in the way of her reaching the next Circle of Quality:

The hard part is they ask for a lot. And that at this point, it’s challenging for me because I do a lot, and it falls on the financial part... Now, I’m paused. I’m paused on Silver, because going into the Gold, it’s more. That’s all I can say. I mean if I had at least two more families, that’s $2,000 that I can invest on another computer that we need.
Not having access to sufficient funding from the state can affect a program's capacity to fully engage in a quality improvement plan. Providers cannot adequately invest in materials, equipment, or staff training and education. In New York, funds from the quality improvement grants were available to participating providers in our sample and helped improve their environmental ratings. While some programs did receive funding from ExceleRate to help them work toward a quality rating (both through small grants and add-ons to subsidy payments), three centers and two family child care providers identified a lack of state financial support as a drawback of participating in ExceleRate.

In both states, a big cost concern was staff salaries. Some providers commented on the challenge of retaining qualified staff that can get paid more in the public school system, as this New York center director explained:

I think that we would have scored higher [on QUALITYstarsNY] if I had more [highly educated teachers], but it’s really—it’s hard. Because, like I say, in my toddler room, I’ve had already two staff members with their master’s degrees, and they stay a year, maybe a year and a half. They might be in their late 20s, and they get a job through the public schools paying much more money with all the benefits. I cannot blame these young women. You lose them. You cannot keep that... It’s impossible because they feel like they want to teach. My toddler teachers just have CDAs. Again, trying to keep that. It is hard. It is hard to get your part-time assistant teachers with the qualifications, because the salaries that you’re paying, you’re not gonna get that.

A New York stakeholder described it: “We want credentialed teachers, with BAs. Directors know they need to be paid more, but how? Where do you get that money?” A Cook County center director agreed.

You know, you require that these teachers have a bachelor’s degree, but a small site is not gonna be able to pay a teacher who has a bachelor’s degree who wants to start off at $45,000 a year. That’s not happening. The requirements that [ExceleRate] is requiring that teachers have, [the state] should be paying them that, and I think that’s the turn off.

Our interviews with key stakeholders in both states highlighted that large-scale quality improvement is limited by low and inconsistent state funding. Without additional resources, there are trade-offs. The state can provide the highest quality care to a small share of families or slightly increase the quality of care for all. In New York, the lack of a stable funding source for QUALITYstarsNY expansion, and not the lack of interest in quality improvement, has arguably posed the greatest challenge to long-term systems change.

While some providers reported taking on these financial burdens, others felt that they were not in a position to make these investments without sufficient grant funding. Some providers, such as this center in New York, are affiliated with organizations that cover continuing education costs for staff:
I have some teachers that maybe are getting paid $12.00 an hour, and they want more...I say, “I can give you more if you go back to school”...They're living on their own. They're trying to pay rent getting paid what they're getting paid, and then they're expected to continue their education. So, that’s why we do offer—my organization offers a CDA class at no cost to them, because they don't have to pay what they would pay if they went to the Child Care Council.

Providers pointed out how little they get paid from the subsidy program and how it is a disincentive to achieving a higher level of quality. Offering more competitive rates and tiered reimbursement was viewed as vital to improving care quality and attracting more high-quality providers to the subsidy system.

Several stakeholders also identified insufficient subsidy reimbursement rates as a barrier to families’ access to high quality care. They explained that some of the highest-quality providers in their communities—whose rates are much higher than the market rate and who can enroll enough tuition-paying families—choose not to participate in the subsidy program. One stakeholder in New York commented,

I think the subsidy rate is too low...The market rate is not what the cost of quality is, it's what the market will bear. And then we pay 75 percent of that and think we are at the top of the list...

Program leadership has never been creative about ways to figure out how to deliver high quality while they are accepting subsidies. There are models on small scales that work and we haven’t tried to scale them up. Poor people providing poor child care to poor children.

Besides low rates, the burden of interacting with the subsidy system turns away some providers, as one stakeholder described,

There are some [providers] that they don’t want to go through the process of having to submit attendance and wait to be paid. We have a few centers that choose not to [accept subsidies], and they usually charge a lot more.

We asked providers about the trade-offs they make to improve program quality in the context of limited resources. In general, they reported not consciously making trade-offs but rather doing the best they can within the constraints they face. This sometimes means forgoing something—a training opportunity or purchasing new materials. This family child care provider in Cook County explained it well when asked if she had to make any trade-offs:

Not really. I mean, it is what it is. Because that’s all you got [is caring for subsidized children]. I don't have a choice. “Okay, I’ll do this, or I’ll do CCAP.” That’s what this area offers. I mean, some things you don’t have a choice in the matter if you want to stay in business. It’s okay. I think you trade off, because you have to—maybe something that you might want to do, you can’t, because the budget does not allow because of the expense and the overall payments from CCAP.
TIME BURDEN

Participation in quality improvement activities also requires a significant time commitment. For some providers, the time and staff commitment required to complete documentation for ExceleRate or QUALITYstarsNY was a deterrent to participation (or was perceived to be a potential barrier, among providers unfamiliar with the systems). They mentioned time as an issue considering the time burden that the subsidy program already introduces with record keeping and communicating with subsidy program staff. Both center providers and family child care providers held this view. Several providers specifically claimed that the paperwork takes away their time to focus on children. A center provider from Cook County said that completing required paperwork took 40 to 60 hours in total.

When I have to take time and do these, you know, complete those applications, it takes time. And I can be, look, I could be focusing on my children, my families, and my staff.

According to local stakeholders in New York who worked closely with QUALITYstarsNY providers, a few providers discontinued their participation because of the amount of time and work involved, reportedly claiming “it wasn’t worth it.” However, providers in our interview sample were generally more positive in their remarks since they applied to participate in QUALITYstarsNY and were among a select group to be accepted.

In addition to completing paperwork, a provider in Illinois mentioned that waiting for review and approval of the forms and applications also takes time. A family child care provider from Cook County called it “a waiting process” and explained what she had to go through.

Okay, my Gold [Circle of Quality] was a process. It was a headache... There was a lot of paperwork... Then, you send it in. Like I said, everything is a waiting process. Whatever they ask you to, you send it in, and you wait... If your heart is in it, you'll keep trying. It might be a struggle now, but the reward is great... There was a time I was getting a little disgruntled, but after a while, it was okay. It's like, okay, I'm not gonna mess with this right now. I'm gonna leave it alone, get me some rest, and then I'll do this on a day where or a time where I can do it without interruptions, and I can get through it.

Despite these frustrations, this provider felt that receiving the Gold Circle of Quality was worth the wait.

Other providers claimed there is not enough time in the week to engage in the activities, even if they see value in them. Two family child care providers in Illinois described performing many roles as both business owners and child care providers, which limits their availability to participate in what ExceleRate offers:

I wear so many caps. So many caps, and I wish I could have someone—even though I'm in a home, I wish I had that center set-up where they don't have—they have someone to cook, they have
someone to clean, they have someone to do everything. I don’t have that. I’m everything. I’m a janitor. I’m a cook. If someone don’t show up, then that’s all on me.

The challenge of not having sufficient time was not only expressed by family child care providers. Several center providers explained that they are unable to fully participate in the quality system because of inadequate staffing and the logistics involved. For centers that are understaffed, scheduling staff to attend trainings is particularly challenging, as this director from southwestern Illinois explained.

Yeah, we were Gold. They came in last year, we were Silver. Well, you know what? I was understaffed. We were trying to just stay afloat in that process... Some of the stuff is not realistic for a lot of providers who are out there just trying to do the best job that they can.

One director said she cannot find qualified substitutes to be in the classroom, and thus has to work in the classroom herself rather than focus on quality system activities. Another director reported that she would participate in ExceleRate if she could obtain funding to hire an assistant. For some providers, the time burden is greater because of their location. Trainings are not always offered nearby, as the following provider from Cook County reported:

Well, it seems like a lot of the continuing education stuff is in — it’s not in my area, it’s always...northwest suburbs. It used to be closer to me, and now there isn’t [any near me].

Computer literacy was identified as an issue for some providers who have difficulty scanning and uploading materials and interacting with online portals. The time burden is greater for them as it takes longer to learn how to use the technology. According to one New York stakeholder, “I felt the family [child care] providers had the most to gain from QUALITYstarsNY, but they felt so picked on,” alluding to the technical skills required to complete documentation that some non-degreed home-based providers are missing. In Illinois, a center director had a similar comment about online trainings. “There was a little hesitation just because I think they had the fear of doing online training as opposed to physically going to workshops.”

Given the cost and time required to engage in quality improvement, some providers in Illinois reported their disappointment with the level of support they received from ExceleRate quality specialists and coaches. Two center directors described their need for more intensive coaching and support, but had not received that from ExceleRate to date because the system was perceived to be underresourced and coaches were "overwhelmed" with high caseloads.

I think the [technical assistance] people that are supporting us are overwhelmed. They got a lot of people [in their caseload]. My person, for her to come once a month, that’s not really good for me. I need more than once a month... Yeah, because she’ll tell us to make some changes. We make it, and you want to see the results then. Then you wait another month.

Another Illinois provider agreed as she described what she needed.
On-hand coach. Not just someone to pop in every now and then. An on-hand coach. That would help tremendously. What would be useful is an actual coach that can shadow us until we get it, like so many days out of the week, not just once a month or whatever. It’s like we need you in that classroom not just judging us and making staff feel uncomfortable. I’m actually interacting with the staff as well as the children to say, “This is the proper way you do this,” or “This is how you handle this,” instead of you penciling in everything and it’s like you reprimanding me instead of helping me.

Providers who already met national accreditation standards had a somewhat different experience with ExceleRate, because these standards are acknowledged by ExceleRate and therefore facilitated their attainment of a Silver or Gold Circle of Quality. But even so, some nationally-accredited providers felt that having multiple systems of assessing quality creates additional hoops to jump through and unnecessary paperwork burden without necessarily offering distinct opportunities for quality improvement. This center director in Illinois suggested this concern is shared by other accredited providers who would prefer a simpler process, although she herself did not find ExceleRate participation particularly difficult.

A lot of places are saying, “Well, we’re NAEYC-accredited, already. Are you gonna take us through this huge process?” There was some things that we could do, where we didn’t have to go through the whole [rating] process, but...to me, it was just some paperwork, some things we had to go over. It wasn’t difficult, it was just you had to do it.

In sum, this section explored providers’ perceptions and experiences with quality improvement efforts. The providers we interviewed almost universally described a commitment to child care quality goals. Several dimensions of quality were shared by providers across settings, especially those related to the health, safety, and emotional well-being of children. Providers varied more in their inclusion of formal education and training and their discussion of cognitive school readiness skills in their definitions of quality care. As may be expected, these latter dimensions of quality were most prominent among center directors and licensed family child care homes.

Providers engaged in a range of quality improvement efforts, including online and in-person trainings, gaining educational credentials, seeking accreditation, and participating in QRIS. They emphasized the limited time available to participate in such activities and the significant financial pressures that challenge their participation. Perhaps most salient is what appeared to be a “double burden” of participation in both the subsidy program and state quality initiatives for many providers. They must meet the administrative demands of both systems at the same time. Their efforts often amount to substantial investments in staff training and physical improvements to meet quality standards, all within a heavily resource-constrained context. These challenges are undoubtedly limiting the reach of state quality efforts.
Conclusion

The child care subsidy program contributes to the healthy development of children and the economic well-being of low-income families. Child care providers are vital to the functioning of the child care subsidy program; yet they are often ignored in studies of the program (Rohacek and Adams 2017).

This report summarizes key themes from a study of subsidized parents, child care providers, and program stakeholders, centering on the providers' stories. We interviewed a sample of licensed center directors, family child care providers, and license-exempt home-based providers (mostly relative caregivers). We examined the ways child care subsidies support both parents and their child care providers. We also explored the difficulties providers experience participating in the subsidy program, as well as the challenges they perceived that subsidized parents face in maintaining subsidy eligibility. We identified key strategies providers use for overcoming some of these challenges. In addition to these subsidy-related themes, the report reveals some of the opportunities and challenges that providers experience in their efforts to engage with quality improvement efforts, including their state QRIS.

The findings offer insights into the important role that child care providers across centers, licensed homes, and license-exempt homes play in the development of a robust subsidized child care system. The providers that we interviewed discussed the critical role of the subsidy program for the employment, education, and training of subsidized families. They pointed to its benefits as a work-family support that helps low-income families afford to enroll their children in developmentally appropriate early education programs and how it supports the employment and training goals of parents.

Many providers spoke about their reliance on the subsidy program for the financial health of their program. In some high-needs communities, providers reported relying on subsidy payments entirely to run their programs. Accepting subsidies was not viewed as a choice to some providers but rather a necessity, given the income level of families in their communities. They reported that the success of their businesses depends on this funding source and on the stable enrollment of children in their care in the subsidy program.

Providers reported facing several challenges with the subsidy program. In some cases, they described a system that is overburdened and underresourced. Providers and parents alike reported having problems reaching and communicating with subsidy program staff. Payments are reportedly often late and confusing to interpret, given a lack of transparency in the calculations. Payment delays hurt some providers who depend on a steady stream of funding for their personal income or business
finances. Several of the license-exempt home-based providers we interviewed have other jobs besides child care, but for others, subsidy payments are their only source of income.

Providers also recognized the difficulties parents face accessing the subsidy program. In particular, they felt program requirements are too restrictive and fail to meet the needs of many families who experience precarious employment circumstances. Providers identified bureaucratic hassles and administrative processing issues that put roadblocks in the way of many families’ successful use of the program. The subsidy program staff we interviewed acknowledged having high caseloads and difficulty responding to inquiries and processing recertifications on time. They help subsidy clients to the extent they can within the time and resources they have at their disposal.

In the face of these challenges, providers reported using several strategies to support subsidized parents and help them maintain their benefits. They often remind parents of program deadlines, call the subsidy office to check on case statuses and resolve issues, and assist with subsidy paperwork, even bringing forms to the subsidy office. Some providers reported knowing subsidy program staff very well, given their years of experience and past interactions. These relationships facilitate communication and help ensure subsidy paperwork is processed in a timely fashion. Besides helping parents with the subsidy application and recertification process, some providers support parents who are temporarily without benefits by offering them flexible payment plans or even caring for their children free of charge. Some providers waive small copayment fees, stating that a dollar or two means a lot more to parents with so little income than to them. We heard from providers who go out of their way to support the needs of parents by accommodating complicated work schedules, helping with transportation, and even supporting parent job searches.

Finally, our study provides insight into both the positive experiences and the challenges that providers face investing in quality improvement efforts. Child care programs operate within a tight margin. Budget constraints limit providers’ ability to invest in staff training, infrastructure improvements, new materials, and other quality investments. Many providers discussed this challenge of pursuing quality improvement efforts within the constraints of low program resources and limited time. Some of the hurdles they identified are similar to those that challenge providers’ participation in the subsidy program, especially issues related to administrative hassles and time constraints.

State investments in QRIS offer the potential to improve the quality of care, especially for providers who participate in the subsidy program. Yet some providers reported difficulties participating in QRIS. In New York, QUALITYstarsNY lacks the resources to expand to all providers interested in participating. The providers we interviewed expressed interest in learning more about
QUALITYstarsNY and saw the potential benefits of participating, yet currently, most providers are left out. In Illinois, ExceleRate covers all licensed child care programs, but only a fraction successfully move beyond the first level (i.e., licensed) and receive a Bronze, Silver, or Gold Circle of Quality rating.

Overall, we hope this report sheds light on the experiences of child care providers from a diverse set of communities and care settings. Many child care providers in the subsidy system do more than care for low-income parents’ children. The findings underscore the lengths that providers go to support the low-income families they serve and the difficulties they often face in the process. Together with insights gleaned from interviews with subsidized parents and staff responsible for subsidy program administration and quality initiatives, the report provides the field with an exploration into the realities of subsidized child care. The stories shared highlight systematic issues that warrant attention.

More than a work support, child care subsidies and the success of program administration can affect whole families, child care providers, and low-income communities broadly, including employers.

As state and local governments are responding to federal regulations under the 2016 Child Care and Development Fund (CCDF) Final Rule, findings from our study may deepen the understanding of the barriers that providers and families face accessing high-quality, subsidized care.

The provider experience has been a particularly neglected area of child care research on which this report sheds some light. We identify both commonalities and differences across centers, licensed family child care homes, and license-exempt home-based providers regarding their subsidy and quality improvement experiences that will be important for future studies to examine more systematically.

The findings from this study point to potential avenues for strategic state policy reforms including:

- **Streamlining verification and reporting requirements to reduce burden on families and reduce the length of wait time**, so no family must wait 30 or more days for notification.
  Multiple states have tested approaches such as self-attesting income and work schedules rather than requiring detailed documentation from employers; granting applicants 30 days of “pre-eligibility” while waiting for verification materials to be submitted; and allowing parents a grace period to report status changes without a negative impact on their benefits (Isaacs, Katz, and Kassabian 2016).

- **Recognizing the supportive role providers play and testing innovative practices**, such as granting contracted providers authority to determine subsidy eligibility, as some CCDF lead agencies currently do (e.g., Massachusetts and the District of Columbia) (see Adams and Katz 2015, for a review of Massachusetts’ subsidy program policies and efforts to streamline).
- **Expanding subsidy eligibility rules to reduce churn and child care instability**, such as maximizing the number of allowable days for a job search and expanding the list of allowable activities to accommodate parents transitioning from part-time to full-time employment to school or training. Under current CCDF regulations, states must provide a graduated phase-out of assistance for families whose income has increased at the time of recertification, but remains below the federal threshold of 85 percent of the state median income. This policy should reduce the cliff effects we observed among many families in our study; still, initial income thresholds may be too low for parents working full-time to qualify in the first place.

- **Improving lines of communication with technology** so providers and clients can upload and submit forms and supporting documentation online, reliably check case statuses and submit requests for information electronically, receive timely notifications through multiple methods and not only postal mail, and easily reach subsidy program staff by phone to address questions during business hours.

- **Offering competitive subsidy payment rates and improving timeliness of payments** to attract new providers to the subsidy system, support the business practices and financial well-being of providers, and incentivize providers to work towards higher quality standards (see Rohacek and Adams 2017 for strategies to improve provider payment policies and practices).

- **Offering greater financial supports and more intensive coaching to support quality improvement efforts**. The early childhood education field has advanced tremendously in recent years in identifying the components of quality caregiving and early learning. Yet individual child care programs cannot reach the level of quality necessary for positive child outcomes without adequate funding and tailored supports.

These reforms can benefit both subsidy and quality improvement systems and outcomes for children and their families. Such reforms are reflected in CCDF reauthorization but will require significant resource investments, particularly in the infrastructure of local subsidy offices.

See Rohacek and Adams 2017 for more information on the factors influencing a child care provider’s decision to serve children enrolled in the subsidy program.


References


About the Authors

Heather Sandstrom is a senior research associate in the Center on Labor, Human Services, and Population at the Urban Institute. Her research focuses on early childhood development and public programs that support the well-being of low-income children and families, such as Head Start and Early Head Start, public prekindergarten, child care subsidies, and early childhood home visiting. Her most recent projects have included diverse populations of families who are immigrants or are limited English proficient.

Amelia Coffey is a research analyst in the Center on Labor, Human Services, and Population at the Urban Institute, specializing in qualitative methods and project management. Before joining Urban, Coffey spent several years at a nonprofit research center focused on improving child outcomes, where she gained experience designing and conducting evaluations of programs serving disadvantaged children and youth.

Julia R. Henly is a professor in the School of Social Service Administration at the University of Chicago. She studies the intersection of family poverty, low-wage employment, and public policy, especially child care and family policy, using quantitative and qualitative methods. Her work investigates how work conditions, public policies, and social networks operate to support and complicate parenting, poverty management and economic mobility.

Juliet Bromer is a research scientist at the Herr Research Center for Children and Social Policy at Erikson Institute in Chicago. Her research focuses on child care quality improvement with a particular focus on home-based child care and systems that support quality.

Allegra L. Spalding is a clinical social worker with interests in crisis intervention and harm reduction. She has research experience assisting on a range of studies concerning child and adult mental health. She supported this project during her master’s program at the University of Chicago.
Whitney Thomas is an undergraduate student at Stanford University and former research assistant at the University of Chicago. She is interested in urban studies, sociology, and community engagement.

Erica Greenberg is a research associate in the Center on Labor, Human Services, and Population. Her research spans various early childhood programs and policies, including state prekindergarten, Head Start, subsidized child care, and home visiting. She also examines inequality in K–12 education and the ways in which early intervention can address it.

Teresa Derrick-Mills is a principal research associate in the Center on Labor, Human Services, and Population. Early care and education policy and practice is one of the focal areas of her research. In her 20 years of research and management experience before joining the Urban Institute, she conducted policy research, developed and managed programs (including child care subsidy and referral), and provided technical assistance and training to other practitioners to help them understand how to better manage quality outcomes.
**Statement of Independence**

The Urban Institute strives to meet the highest standards of integrity and quality in its research and analyses and in the evidence-based policy recommendations offered by its researchers and experts. We believe that operating consistent with the values of independence, rigor, and transparency is essential to maintaining those standards. As an organization, the Urban Institute does not take positions on issues, but it does empower and support its experts in sharing their own evidence-based views and policy recommendations that have been shaped by scholarship. Funders do not determine our research findings or the insights and recommendations of our experts. Urban scholars and experts are expected to be objective and follow the evidence wherever it may lead.