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EXPANDING ACCESS TO CHILD CARE ASSISTANCE:

OPPORTUNITIES IN THE CHILD CARE AND DEVELOPMENT FUND ON RECRUITING DIVERSE PROVIDERS

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This fact sheet is part of a series developed from an in-depth report to help state child care agencies and advocates assess existing policies and identify opportunities to increase access to child care. For additional information and policy considerations, please reference the ***full report****: "Expanding Access to Child Care Assistance: Opportunities in the Child Care and Development Fund."*

RECRUITING PROVIDERS WHO MEET A RANGE OF FAMILY NEEDS

For many families, getting approved for child care assistance is only the first of many challenges in finding care for their child. In addition to a limited overall supply of providers, an even smaller portion of providers accept child care subsidies, especially in **home-based settings**. Families may also have additional needs such as non-traditional hour care; this specific need disproportionately impacts families of color, as non-traditional hour work schedules are more common among **Black and Latino workers**. This pattern is driven by **unequal policies and practices** in education and the labor market due to structural racism, which has limited job opportunities for communities of color.

Many providers who choose not to accept subsidies often cite **financial considerations** that contribute to the decision, particularly that payment rates are too low to cover the true cost of care. However, states have the flexibility to increase payment rates and thus increase the revenue of child care programs, which can ease the financial burden on both parents and providers and help retain and recruit new providers.

UPDATES FROM THE MARCH 2024 FINAL RULE

The ***final rule*** *includes updated requirements and encouragements for states to make participation in the child care assistance programs easier for providers. For more information, please see CLASP's* ***"The Child Care and Development Fund 2024 Rule: Detailed Summary and State Examples."***

- **Reimbursement on enrollment:** The final rule requires states to reimburse providers based on enrollment, rather than attendance, with very limited exceptions.
- **Adapting general payment practices of private pay:** The final rule generally requires that provider payment practices meet generally accepted payment practices used for families not participating in the Child Care and Development Fund (CCDF) program.
- **Prospective payment:** The final rule requires states and territories to pay CCDF providers in advance of, or at the beginning of, the delivery of child care services.
- **Paying the established subsidy rate:** The final rule codifies existing policy that allows Lead Agencies to pay eligible child care providers caring for children receiving CCDF subsidies the Lead Agency's established subsidy payment rate to account for the actual cost of care–even if that amount is greater than the price the provider charges parents who do not receive subsidies.

- **Reimbursement rates must be above 50th percentile:** The final rule reiterates that setting payment rates at the 50th percentile is not an equal access benchmark, nor is it a long-term solution to create equal access, and thus may not be considered sufficient for compliance in future cycles.

CURRENT BARRIERS INCLUDE BUT ARE NOT LIMITED TO:

- Many reimbursement rates are set below the true cost of care.
- Minimal support exists to assist providers with additional oversight and standards required to participate in the child care assistance program.
- Limited options for families seeking non-traditional hour care, providers who speak children's home languages, and providers that can serve children with disabilities.

POLICY CONSIDERATIONS

- Set payment rates at or above the 75th percentile of the market rate survey, if they are not already there, to support the workforce; or pay providers at the true cost of care.
- Recruit more home-based child care providers and ensure they can access the program without **significant administrative burdens**.
- Create positions for **navigators or facilitators** who can guide providers through the subsidy approval processes and help them meet health, safety, and other standards.
- Incentivize providers to offer families non-traditional hour care. Consider offering incentives such as higher bonuses, stipends, or differentiated increased payment rates.
- Grants and contracts could be used to increase slots for non-traditional hour care, culturally and linguistically responsive care, in addition to the 2024 CCDF Final Rule requirement to use some grants and contracts for children in underserved geographic areas, infants and toddlers, and children with disabilities.
- Through professional development, subsidized education opportunities, or financial incentives such as bonuses, increase the number of providers who offer care that is culturally and linguistically responsive to multilingual families.
- Require developmental and disability screening in children's primary languages or align screening requirements with those of the Head Start program to make sure screening tools are also culturally appropriate and reliable.

PROMISING STRATEGIES

- **Illinois** allocated over $60 million to early care and education programs. It also allocated $2 million for a new program, operated by the state's Department of Human Services, to **increase access to "off-hours" child care services.** The program is aimed at supporting first responders and other workers to identify and access child care.
- **Pennsylvania's** subsidized child care program increased funding for **non-traditional hour care** using stabilization grants. The state allocated $16.8 million for add-on incentives to their child care assistance base payment rates for providers who offer at least two hours of care during non-traditional hours.

Note: The barriers and considerations outlined above are not comprehensive. For a more detailed list, please visit the full report.

For questions or additional information, please contact Rachel Wilensky at rwilensky@clasp.org.