

# Distributing Child Care Subsidies through Contracts: Child, Family, and Provider Perspectives

Gina Adams, Kate Giapponi,  
Yoonsook Ha, and Bobbie Weber

CCPRC 2015

# Session Overview

**Contracts – Historical Perspective and Key Implementation Issues --**  
Gina Adams, The Urban Institute

**Family Perspective: Massachusetts --** Yoonsook Ha, Boston University  
(OPRE Child Care Research Partnership – Massachusetts)

**Provider Perspective: Massachusetts --** Kate Giapponi, Brandeis  
University (OPRE Child Care Research Scholar – Massachusetts)

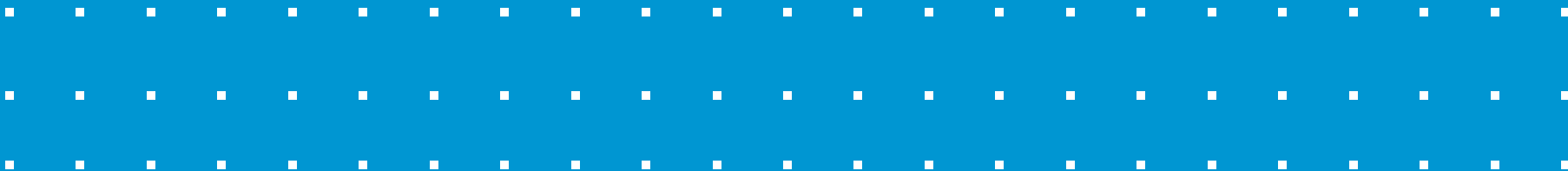
**Child, Family, and Provider Perspective: Oregon --** Bobbie Webber,  
Oregon State University

**Q&A and discussion**



# Child Care Subsidy Contracts: Historical Perspective and Implementation Issues

Gina Adams  
The Urban Institute  
CCPRC 2015



# CCDF Reauthorization: A New Focus on Contracts

When reauthorizing CCDBG, Congress added a new purpose: to increase the number and percentage of low-income children in high-quality child care settings.

- Lead Agencies are required to develop and implement strategies to increase the supply and improve the quality of child care services for children in underserved areas, infants and toddlers, children with disabilities, and children who receive care during nontraditional hours.
- The Act specifies that such strategies may include alternative payment rates to child care providers, **the provision of direct contracts or grants to community-based organizations**, offering child care certificates to parents, or other means (Section 658E(c)(2)(M)).
- Lead Agencies are required to prioritize investments that increase access to high-quality child care services for children in areas that have significant concentrations of poverty and unemployment and that lack high-quality child care services (Section 658E (c)(2)(Q)).

*\* From OCC Memorandum on Building the Supply of High-Quality Care (see link on last slide)*

# Historical Context

- Contracts primary form of subsidies prior to passage of federal child care legislation in late 1980s
  - Few states with significant contracted systems – NY, MA, CA, IL
- Most states moved completely to vouchers with federal requirement for “parent choice” – by 2014, CCDF data suggest relatively few states have significant investments in contracted care:
  - More than 40% of children served by contracts: CA, DE, MA, Puerto Rico, Virgin Islands
  - 20-27% of children served by contracts: DC, NV, NY
  - 1-5% of children served by contracts: HI, IL, IN, MS, OR, SD, VA

# Decision-points and Implementation Issues...

- What is a contract? Suggested definition:

A contract is a legal agreement made between a state and a child care provider prior to service delivery that the provider will make available a certain number of child care slots, which will be paid for by the state so long as contracted state program or attendance conditions are met.

Payment may be made prior to or after service provision, and the rate can be based on negotiation between the state and the provider. \*

- Despite this seemingly straightforward definition, contracts vary widely in goals, design, financing, structure, and general approach – differences that will shape their impact

\* Source: <http://www.clasp.org/resources-and-publications/files/0115.pdf>

# ...Decision-points and Implementation Issues...

- What is the goal of the contracts?
  - Support access to higher quality care?
  - Build or support the supply of/access to special supportive services?
  - Build or support the supply of care for particular populations? (i.e. homeless, CPS, infants-toddlers, teen parents)
  - Support or stabilize the supply of quality care in particular communities or geographical areas?

## ...Decision-points and Implementation Issues...

- How are contracts designed to reach each of these goals? For example:
  - How is the goal defined?
  - How is compliance monitored/enforced? What happens if the provider is out of compliance?
  - At what level is it funded (i.e. are rates sufficient to cover the cost of the desired service?)
  - How are contracts allocated – across providers, across geographic regions, etc.?



## ...Decision-points and Implementation Issues...

- What is the funding approach – fund a particular number of slots? Provide a particular level of funding? Is it paid prospectively or reimbursed?
- How does the state address the tradeoff between tightly targeting funds to achieve the goals vs flexibility needed for parental choice and changing needs?
- What is the long-term vision – sustainability? Contracts can become part of the core budget/financial functioning of the provider – is that the goal? How to avoid it if the market doesn't function to support that care?

## ...Decision-points and Implementation Issues

- Administrative issues to be aware of:
  - Who establishes and monitors parent eligibility – if it is the contracted provider, how is oversight handled across the eligibility agents if the parent also uses a voucher (for additional care or another child)
  - Who monitors compliance? What happens if the provider falls out of compliance with requirements – such as quality, attendance, special services, etc.? What happens to the funding? What happens to the child/parent?
  - How is it handled if parents want to leave the contracted slot, or they lose eligibility for the dedicated purpose of that slot? Implications for continuity and parental choice

# Conclusion

- Contracts are likely to be a focus in coming years due to reauthorization, and can address some of the major challenges of the subsidy system
- Much we need to learn about how they function, and different design and implementation practices
- Research on contracts should include a focus on these design and implementation practices – to better understand and interpret findings, and to support more effective policies and practices

# Resources

- Rachel Schumacher, Kate Irish, and Mark H. Greenberg , *Untapped Potential? How States Contract Directly with Providers to Shore Up Child Care Choices*, CLASP, 2003

<http://www.clasp.org/resources-and-publications/files/0115.pdf>

- Office of Child Care, Information Memorandum on *Building the Supply of High-Quality Child Care*, issued November 6, 2015

[http://www.acf.hhs.gov/sites/default/files/occ/ccdf\\_acf\\_im\\_2015\\_02.pdf](http://www.acf.hhs.gov/sites/default/files/occ/ccdf_acf_im_2015_02.pdf)