Session 202: Maximizing CCDF Impact for Infants and Toddlers
Financing Strategies to Build Supply of Infant and Toddler Care

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Contracts and Grants

- CCDBG subsidy funds can be used to contract directly with quality providers to serve subsidy-eligible families. As part of the contract, states can require that child care providers meet higher quality standards beyond basic licensing requirements.
- Grants and contracts provide consistent and stable financial support to providers, allowing them to make investments in better-qualified teachers, supplies, and materials.
- Contracts guarantee payment for a specific number of children, may guarantee payments over several years, and may be paid prospectively, providing even more stability for a child care provider.
- Start-up grants to centers and family child care homes to support the equipment and materials needed to furnish infant and toddler care may be a useful way to build supply in some areas. The financial heft of starting an infant toddler program can be large, these types of start-up grants may remove this barrier.

Examples: Many states have a contracting approach to support implementing EHS-CCP (AL, CA, DE, KS, MD, MS, ND, PA, TN); **Massachusetts** contracts for infants and toddlers and teen parent programs; **Illinois** and **Nevada** to expand hours of EHS and HS; **Hawaii, Oregon** and **Vermont** for teen parent programs. **Georgia**'s Quality Rated Subsidy Grants is a new innovation for infants and toddlers. **Colorado**'s micro-grant program provides startup funding for community-based providers, including equipment, education, and developmental materials and access to training, coaching, and educational opportunities. **Pennsylvania** uses grants to support child care start-up in rural communities.

Resources: **Using Contracts and Grants to Build the Supply of High Quality Child Care: State Strategies and Practices,** https://childcareta.acf.hhs.gov/sites/default/files/public/contracts_paper_2017_508_compliant.pdf; **Georgia's Multi-Part Strategy for Supporting Infants and Toddlers (hand-out)**
Implementing the Child Care and Development Block Grant: A Guide for States, Updated 2017 (pg.38, Contracts), https://www.clasp.org/sites/default/files/publications/2017/08/CCDBG-Reauth-Guide-Updated.pdf

Leveraging Multiple Funding Streams

- Use multiple public or private funding streams to cover the costs of a quality program.
- Programs leveraging multiple streams have to negotiate eligibility rules, target population, eligible expenditures, and grant and reporting requirements.
- Layering or braiding: funds from two or more funding sources are coordinated to support the total cost of services to individual children, but revenues are allocated and expenditures tracked by categorical funding source. In this approach, cost allocation methods are required to assure that there is no duplicate funding of service costs and that each funding source is charged its fair share of program and administrative costs.

Examples: States and programs have used this approach for years, **Pennsylvania** refers to their approach as Cost Allocation, **Kansas** as Layering and **Illinois** as Collaborative Funding; Early Head Start-Child Care Partnerships grantees layer federal funding with child care subsidy for eligible children.

Resources: **Layering or Blending and Braiding Multiple Funding Streams**, https://childcareta.acf.hhs.gov/systemsbuilding/systems-guides/financing-strategically/maximizing-impact-public-funding/blending-braiding-funding; **Blending and Braiding Early Childhood Program Funding Streams Toolkit: Enhancing Financing for High-Quality Early Learning Programs,** https://www.theounce.org/wp-content/uploads/2017/03/NPT-Blended-Funding-Toolkit.pdf.

Child Care Assistance Rate Setting

- CCDBG requires states demonstrate that their rates allow low-income families adequate access to the child care market by doing a study of market prices. States make choices given their priorities, the information from their study, and the limits of their budget on how to set their rates. The 75th percentile of the market price is the benchmark that Office of Child Care recommends.
- States can use an alternative methodology to a market rate survey, such as using a cost estimation model. With this alternative methodology rates would be set based on a study of the cost of quality.
- Rate differentials for infant-toddler providers are critical given current rates do not adequately cover the incremental costs for the provision of care to infants and toddlers. This can be done by improving the base rate or by examining tiered rates connected to the QRIS, or by providing supplemental rates for infants and toddlers with IFSPs, for example.
- Tiered funding rates allow providers of higher quality to receive an enhanced rate from the child care assistance program but these increments are not typically based on the cost of quality thus rarely support the additional cost of providing high quality. The higher cost issue is most acute for infants and toddlers.
- Improved rates can occur through traditional "voucher" payments or through "contract" payments.

Examples: States reporting 75th percentile for infants and toddlers – Arkansas, South Carolina, South Dakota, and West Virginia.

Resources: **Guidance on Estimating and Reporting the Cost of Child Care**, https://childcareta.acf.hhs.gov/sites/default/files/public/guidance_estimating_cost_care_0.pdf; **Provider Cost of Quality Calculator,** https://www.ecequalitycalculator.com/Login.aspx; **Finance and Quality Rating and Improvement Systems,** http://www.buildinitiative.org/Portals/0/Uploads/Documents/Resources/QRIS%203/FinanceQRIS.pdf

Expanding Early Head Start

- States can expand Early Head Start services through CCDBG. This may include fiscal strategies, programmatic or policy changes, or a combination. States can support partnerships between EHS and center-based and/or family child care to improve the quality of care by leveraging EHS expertise and resources, delivering EHS services in child care settings, or establishing policies that facilitate partnership.
- States can establish a state-funded EHS program with their own income eligibility guidelines and provide funding and technical assistance directly to child care providers for an EHS "look alike."
- States can expand Early Head Start by making additional funding available for extending the day or implementing policies to ease the process of layering federal funding with other funds.
- Early Head Start – Child Care Partnerships grants involve the full implementation of EHS performance standards, eligibility requirements and comprehensive services in child care settings. These grants aim to increase quality and capacity at the sites but also these improvements impact the non-EHS children in the program. EHS funds are layered with subsidy funds for eligible children.

Examples: **Oregon** uses state funds for replicating EHS; **Minnesota** uses state funds to increase the capacity of EHS grantees; EHS-CCP state/territory grantees: **Alabama, California, Commonwealth of the National Mariana Islands, Delaware District of Columbia, Georgia, and Pennsylvania**.

Resources: **Expanding Access to Early Head Start: State Initiatives for Infants and Toddlers At Risk,** https://www.zerotothree.org/resources/1003-expanding-access-to-early-head-start-state-initiatives-for-infants-toddlers-at-risk; **Early Head Start-Child Care Partnerships**, https://www.acf.hhs.gov/ecd/early-learning/ehs-cc-partnerships.

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