Beyond Technology: How Federal-State Partnership and a Test-and-Learn Approach Can Deliver an Equitable Child Care Assistance System

An Action-Oriented Summary

This document is a condensed, action-oriented summary of the Beeck Center’s research to promote systems-oriented change in the child care assistance landscape that avoids the trap of technosolutionism.

This summary is intended for researchers and practitioners looking for a more skimmable summary of our research and recommendations to inform their own work. Our findings and insights are the product of a 12-week research sprint designed to elicit a better understanding of the challenges faced by key actors in federally-funded child care assistance programs. This document overviews a set of actionable findings and insights from our research, including:

+ A discussion of systemic failures in the child care assistance landscape that tech-centric interventions often fail to account for, including a dysfunctional marketplace, fractured state-level administration and operations, and ineffective policy mechanisms.

+ A bold vision for a federal-state partnership program informed by a test-and-learn experimentation strategy to promote more productive change in child care assistance delivery.

+ Key takeaways from interviews with home-based child care providers (HBCC), child care resource and referral agencies (CCR&R), families, and state government administrators.

Additional research findings and deeper analysis can be found in our full report.
Systemic challenges

**A dysfunctional marketplace**

There's a two-tiered marketplace for child care provision in the United States that disadvantages the less well-off. In many low-income areas there are expansive “child care deserts” where the provider market cannot meet the demand for care. More specifically, it fails to meet the care needs of low-income, working families. This lack is especially glaring when it comes to care available outside of the typical 9 a.m. to 5 p.m. work day – care that HBCC providers are particularly well-suited to supply.

Factors like high operational costs for providers, low reimbursement rates for child care assistance programs, and ineffective information sharing between government agencies, CCR&Rs, providers, and families hinder development in the struggling provider care market and contribute to the low number of providers — especially HBCCs — in low-income areas where families are most likely to be eligible for child care assistance.

Another market development challenge: There's no obvious or dictated responsible owner of this issue and taking it on in a directed and intentional way requires coordinated collaboration among many siloed actors.

**Fractured and siloed state-level administration**

Child care assistance programs across the U.S. are often exceedingly difficult to navigate for families and providers alike. Families that do apply for assistance often never hear back from the state. Providers may receive incorrect or fluctuating reimbursement amounts that they struggle to make sense of. Families and providers alike are confused about where to seek recourse for errors and injustices produced by the system, often conflating delivery institutions like a state's economic development department with a CCR&R as they look for help.

Ineffective operational patterns across state institutions produce this broken system of delivery. Responsibilities for child care assistance delivery tend to be split across a number of agencies, departments, offices, and state-contracted organizations like CCR&Rs. Moreover, these delivery institutions are often working with outdated legacy technologies and lengthy processes, making cross-organizational collaboration and data-sharing nearly impossible.

Because patterns of administration are so broken, legislators and other decision makers tend to consider the most visible administrative challenges when shaping child care assistance delivery. This produces a reactive, fire-fighting approach to policymaking that often centers the needs of administrators over those of families and providers.

**Ineffective policy mechanisms**

Legislative and policy decisions made by state policymakers and administrators to govern child care assistance programs are overdetermined by the needs of administrators and fear of fraud rather than the needs of families and providers. This means these policies don’t tend to meet families and providers where they are because they are based on what are often incorrect user journeys for these groups.

One example: Families are often required to find care, find a job, and find a child care provider before applying for child care assistance. This order of operations doesn’t acknowledge the reality that child care assistance must come first for many families in order for them to muster the resources, time, and energy to secure a job and a child care provider.
Actionable Insights

Child care assistance programs face a number of complex and interconnected market, operational, and policy challenges. States and the CCR&Rs they rely on as delivery partners can merely react to challenges. They struggle to engage in proactive, future-focused, strategic work designed to shift the status quo.

Our research makes clear that civic tech practitioners must adopt a more systems-informed mindset as they intervene in the child care assistance system landscape to address these challenges. But it’s not as clear who should be responsible for leading such a systemic approach to change in this federated sector.

We argue that federal intervention is critical to accomplishing meaningful, systems-oriented change across the child care assistance system. The federal government could support states with a number of interventions that might be difficult for them to achieve alone, including:

- Experimenting with system-level solutions by enabling a “sandbox” that reduces encumbrances and friction in the policy and regulatory environment.
- Building simple, legible front-end delivery systems for families and providers participating in child care assistance programs.
- Moving through the more difficult and long-term work of back-end organizational redesign to support front-end delivery systems.

A cohort-based, service owner-led approach

A federal-state program could prompt buy-in by distributing dollars to states to participate in cohort-based work in service of aims like those listed above. To build these cohorts, the federal government and states might begin by identifying different typologies of child care assistance systems at the state level by asking: What is the child care assistance service delivery pattern for each state?

Each state cohort might then appoint a single service owner, which is responsible for conceptualizing, designing, testing, and delivering equitable and effective changes to child care assistance programs in their cohort.

In this way, cohort-based experiments could be undertaken to create what would become the building blocks for state-level child care assistance programs, including reusable assets like open-source software, process maps, organizational design patterns, legislation, content templates, and more.

Achieve systems-oriented solutions using a test-and-learn strategy

We propose a test-and-learn strategy as a highly effective strategy to identify and implement equitable, effective, and elegant changes that take into account system-wide complexities.

A test-and-learn strategy is one that prioritizes small-scale, high-fidelity experiments with new interventions to identify whether and how specific changes to a system work, and iterates on them with various system-level considerations. This work is done before making major investments in a new intervention.
A strong test-and-learn strategy is often conducted following five major steps:

1. Mapping the system of interest and identifying key pain points in the user journey.
2. Setting human-centered, outcome-oriented goals to improve the system.
3. Implementing small-scale, high-fidelity interventions in the actual system that aim to achieve articulated goals.
4. Observe and evaluate what happens during the testing, looking for direct impacts but also any ripple effects brought about by changes and improvements.
5. Iterating and repeating the process until scalable solutions are identified.

Based on our research, we offer four hypothetical test-and-learn goals and initiatives that illustrate the kinds of work that could be undertaken as part of such a strategy.

Importantly, these examples are intended to illuminate and inspire, not to serve as prescriptions or directives. Instead, we aim to exemplify with this list the type of systems-level, service-oriented design mindset that we advocate for in this report.

Test-and-Learn Example 1

Goal: Reduce the time it takes for families looking for child care providers to connect with a provider that meets their needs.

Potential test-and-learn opportunity: Give providers family contact information so they can reach out to them directly.

How it might be implemented: This could entail creating a private, variables-based family directory for childcare providers. The directory would enable providers to contact families directly based on the number of available seats they have in their care setting. Providers could filter potential clients through the lens of families’ and their needs and parameters such as a child’s age, frequency and hours of care, desired location, subsidy status, etc.

This approach could facilitate more effective and efficient information sharing in the care market by creating a direct connection between families and providers, both of whom have the most up-to-date information about their respective needs and offerings.

Test-and-Learn Example 2

Goal: Improve the sustainability and resilience of HBCC providers.

Potential test-and-learn opportunity: Pilot a CCR&R-led mentorship program that pairs new HBCC providers with successful veteran providers.

How it might be implemented: New and veteran providers could be offered incentives such as small honorariums to participate in a CCR&R-led experimental mentorship program. The program would match participants with each other to offer support and community. The goal: Ensuring that the wisdom of veteran providers is passed down to those just getting started, promoting market sustainability and continuity. CCR&R could be responsible for designing and running convenings for all participants as a cohort, and for offering structures and prompts to promote productive one-on-one meetings between mentors and mentees.
The potential impact of such an intervention may include retention of institutional knowledge as newer providers learn from established providers. The intervention would also help build administrative resilience since – rather than depending solely on state institutions – local-level networks can take charge of brokering information between providers.

**Test-and-Learn Example 3**  
**Goal:** Ease the burden of meeting work-related eligibility requirements for families.

**Potential test-and-learn opportunity:** Pilot a program that grants eligible families up to 90 days to secure employment or enroll in a qualified employment-related program while receiving child care assistance.

**How it might be implemented:** Create a cohort of families who don’t meet employment eligibility requirements, but are otherwise eligible to receive child care assistance. The cohort would be granted child care assistance for up to 90 days during which time they would have to secure an eligible employment-related opportunity. This program would be similar to policies that already exist, extending a grace period to families if they lose employment while they are receiving assistance.

Potential impacts may include promoting greater receipt of child care assistance by loosening – without dramatically changing – core eligibility requirements. Such a program may also avoid inciting polarizing conversations about the workforce impacts of child care assistance.

**Test-and-Learn Example 4**  
**Goal:** Strengthen incentives for HBCCs to enter the market and accept child care assistance.

**Potential test-and-learn opportunity:** Pilot a micro-grant program for HBCCs designed to cover small costs for providers related to equipment, licensure fees, and other related compliance-activities.

**How it might be implemented:** New HBCCs looking to enter the market as licensed providers or license-exempt HBCC providers who currently accept child care assistance could apply for small grants from such a fund designed to cover compliance and capital costs. Reimbursable expenses would include fingerprinting, background checks, and water quality screening as well as toys, curriculum development, and other health-, safety-, and child development-related expenses.

Potential impacts may include reducing cost barriers that many HBCCs face when attempting to enter the market or when deciding whether or not to accept child care assistance.
Key Research Takeaways

Through our research and analysis we surfaced many stakeholder-specific experiences and challenges. Below, we share these insights by stakeholder group.

HBCC providers:

+ **HBCC providers face hurdles in shifting their reputation from “babysitter” to “business.”** Providers we spoke with cited coaching, mentorship, and trainings as critical resources in helping them make this shift.

+ **HBCC providers may struggle to maintain compliance with regulations that govern their child care sites.** However, such regulations may fail to adequately take into account the realities of HBCC provision and compliance. These regulations are often cost prohibitive for prospective HBCC providers and can push them out of the field.

+ **Beyond capital investments to ensure compliance, HBCC providers must also regularly invest in new supplies and educational curriculum equipment and for the children they care for.** This is often cost-prohibitive and logistically challenging.

+ **HBCC providers vary significantly in their level of comfort with technology.** HBCC providers have idiosyncratic approaches to technology and business operations.

+ **HBCC providers have deep empathy for families who rely on child care assistance programs and may take financial losses in order to support them.** Combined with already-low reimbursement rates, such decisions often lead to providers being sorely undercompensated for their work.

+ **Regardless of whether they accept subsidies, HBCC providers are quick to inform families about child care assistance programs if they think families will qualify.**

+ **Strong relationships between newer and established HBCCs may be particularly crucial to stabilizing the care market.** There’s a time-sensitive need to build relationships between newer and more veteran providers. When longstanding HBCCs age out of the market, their knowledge, community, and connections leave with them.

Families seeking and utilizing child care assistance:

+ **Requirements that ask families to find jobs first and apply for child care assistance second don’t align with many families’ needs.** In many cases, states require families to start work, find a child care provider, and then apply for child care assistance. This backward process can be a significant barrier to receiving subsidized care.

+ **Families are not always clear about when to engage with the state versus their CCR&R as they navigate child care assistance programs.** In more extreme cases, families conflate their CCR&R and the state, thinking they are the same organization.
CCR&R staff:

+ CCR&Rs are uniquely positioned to circumvent longstanding trust issues that families and providers have with government.

+ CCR&Rs are under-staffed and under-resourced. A key area where resources tend to be particularly limited is marketing and outreach for programs. Beyond funding, successful outcomes for CCR&Rs depend largely on their relationships with state administrators. CCR&R staff who invest in deep relational work with state administrators are more likely to find allyship.

+ States design subsidy programs to rely heavily on CCR&Rs as a core delivery partner, but CCR&Rs are generally not well plugged-in at the state level. Often, this is due to longstanding government siloes that lead to uncertainty for CCR&Rs about where and whom to go to for information.

+ CCR&Rs are often at the mercy of state governments for their core technology needs. This leads to top-down technology decisions that are uninformed by user needs and inefficient, tedious, and ineffective workflows.

+ CCR&Rs lack real-time data about providers that’s necessary to meet family referral needs in a timely and efficient way. CCR&R staff are acutely aware of this issue, but have limited resources to address it.

+ CCR&Rs often serve as translators for providers who are confused by the jargon of state-run child care assistance programs.

State administrators:

+ Despite designing for CCR&Rs as a core delivery partner through contracts and budgets, states don’t always operate as though CCR&R is a frontline resource for families and providers.

+ There’s a general lack of clarity in lines of responsibility between CCR&Rs and state agencies. This means that, for many areas of child care assistance programs, it’s not clear who should be following up on issues that families and providers face, determining what went wrong, and advocating for changes in response.

+ State administrators have mixed opinions about how successful CCR&Rs are in fulfilling their mandate. Government staff are asking whether they should bring some CCR&R functions in house.

Conclusion

State child care assistance systems face a number of complex and interconnected market, operational, and policy challenges. In this reality, states and the CCR&Rs they rely on as delivery partners struggle to engage in proactive, future-focused, strategic work to shift the status quo.

To gain traction on these issues, we propose a strong federal-state partnership that can broker bold experimentation in child care assistance systems. We envision this partnership as rooted in sizable, state-led experiments that “test and learn” with the goal of increasing receipt and improving delivery of child care assistance for families and providers.

The call to improve child care assistance programs is clear and urgent. The systems-oriented strategy we lay out can empower and enable states to radically transform these programs in a way that is scalable and sustainable, and to bring about meaningful, positive change for families and providers alike.