

REPORT | DOMINIC CAMPBELL, COLLEEN PULAWSKI, AND NALANI SAITO

# Beyond Technology:

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

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## About the Beeck Center for Social Impact + Innovation

The Beeck Center for Social Impact + Innovation at Georgetown University brings together students, expert practitioners, and extended networks to work on projects that solve societal challenges using data, design, technology, and policy. Our projects test new ways for public and private institutions to leverage data and analytics, digital technologies, and service design to help more people. For more information, please visit [beeckcenter.georgetown.edu](http://beeckcenter.georgetown.edu).

## About the Intergovernmental Software Collaborative

State, local, and tribal governments have limited capacity, time, and resources to implement software needed to carry out missions and deliver services while also aligning with established procurement processes. This project promotes sharing software across governments to reduce the time, risks, and costs associated with major software implementations and ultimately improve the administration and delivery of high-priority services.

## Acknowledgements

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# Executive Summary

**This report advocates for equitable and easy-to-use federally-funded child care assistance delivery programs designed with and for families and providers**, managed by effective delivery institutions and underpinned by ethical technology systems.

Rather than a detailed work plan or an academic research agenda, **we offer a high-level vision and an actionable, evidence-based, programmatic strategy that can help practitioners approach change in child care assistance programs more productively**. Our work is the product of a 12-week research sprint designed to elicit a better understanding of the challenges key actors in federally-funded child care assistance programs face.

**The strategy we propose is creating a strong federal-state partnership that will broker bold experimentation in the child care assistance landscape**. We envision such a program being rooted in state-led experiments that take a test-and-learn approach in the complex and fragmented child care assistance system to improve child care assistance delivery for families and providers. While we strongly believe in the power of federal-state collaboration as a productive force for change in federated public programs, we also believe that states can (and should) undertake such a test-and-learn approach to change – with or without federal involvement.

**Importantly, this program of work helps avoid the all-too-common trap of [techno-solutionism](#) that civic tech practitioners fall into as they make well-intentioned but over-simplified or narrow attempts to improve child care assistance. Instead, we call for an approach that is well-informed by system-level failures like the dysfunctional marketplace for provider care, fractured state-level operations and administration, and ineffective policy design and implementation.**

**A condensed version of this report can be found in our action-oriented summary.** We present our complete work here in four sections:

**[Section 1: Context + Motivation](#)** lays out the limitations of techno-solutionist interventions in the complex child care assistance landscape, advocating for a more systems-oriented approach to change. We also discuss our research approach and our focus on two under-researched groups: home-based child care providers (HBCC) and child care resource and referral agencies (CCR&R).

**[Section 2: Key Research Takeaways](#)** details what HBCCs, families, CCR&Rs, and state administrators that we interviewed shared about their experiences with child care assistance programs. We offer these exploratory findings to deepen the field's understanding of the challenges HBCCs and CCR&Rs face as crucial actors in the federal child care assistance system.

**[Section 3: Systemic Challenges](#)** explores three system-level failures in the child care assistance landscape that emerged from our Section 2 findings:

- 1. A dysfunctional marketplace** for child care provision
- 2. Fractured and siloed state administration** of child care assistance programs
- 3. Ill-designed and ineffective policy mechanisms.**

**Section 4: Actionable Insights** imagines how practitioners might intervene in the child care assistance landscape while taking into account the challenges outlined in Sections 2 and 3. We suggest a course of action that includes:

- + **A federal-state partnership program** to radically reshape child care assistance programs, informed by models like the Department of Labor’s unemployment insurance modernization strategy.
- + **State cohorts built around common service delivery patterns.**
- + **Systems-informed test-and-learn experiments** undertaken across cohorts to rigorously and holistically determine what works for families and providers with a goal of increasing uptake and improving delivery of child care assistance programs.
- + **Experimentation managed by service owners** responsible for conceptualizing, designing, testing, and delivering equitable and effective changes to child care assistance programs in their cohort.
- + **Delivery of programmatic, operational, and technical building blocks** that can be reused and repurposed across states to sustainably scale the work.

Notably, our report focuses on how resources for child care assistance programs are used and administered. But it is essential to acknowledge that current funding allocations mean that even with flawless administration, there would still be [insufficient funding](#) to support all eligible families. While funding is largely out of scope for this report, it’s a critical problem to tackle in parallel with the issues on which we do focus.

The call to improve child care assistance programs is clear and urgent. **By empowering states with strategies and tools to radically transform child care assistance programs in a way that is scalable and sustainable, we can bring real value to and improve outcomes for families and providers alike.**

# 1. Context + Motivation

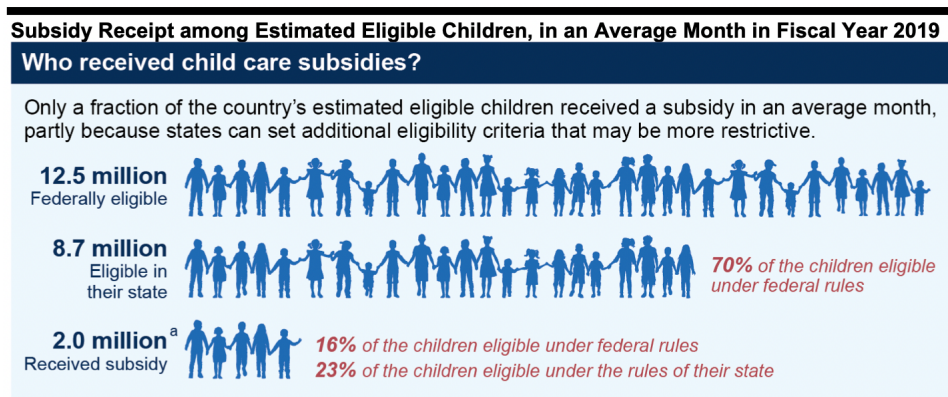
## Child Care Assistance: A complex, fragmented system

As with many federal benefits programs in the U.S., child care assistance is less a system and more a set of sedimented layers of policy, institutions, processes, and technologies implemented over decades across states, territories, and tribal nations in an unplanned, reactive way.

This layered, ad-hoc system fails to produce the socio-economic outcomes we might hope for – or expect – from a high-functioning program of government-supported child care: a thriving, competitively-priced marketplace of high-quality care providers, strong early childhood educational outcomes, and increased social well-being for children and their families.

Instead, federally-funded (i.e., [Child Care Development Fund](#) supported) child care assistance programs across the country are propped up by markets with too few providers to meet the needs, preferences, and expectations of low-income families seeking subsidized care; delivery institutions and processes which fail to serve families quickly and effectively; policies which aren't designed around the reality of what low-income families with children need as they shift into the workforce; and funding allocations that fall short of meeting the full need for subsidized care by eligible families.

The result is that a disconcertingly low share of families who are eligible to receive child care assistance actually get the help they need. In an average month, only 23% – or about 2 million – of children eligible for child care assistance under their state's rules receive it. This means that in any given month, an average of 6.7 million children and families eligible for child care assistance in their state don't receive any.



Source: GAO. Child Care: Subsidy Eligibility and Use in Fiscal Year 2019 and State Program Changes during the Pandemic. 2023.

## The issue of techno-solutionism

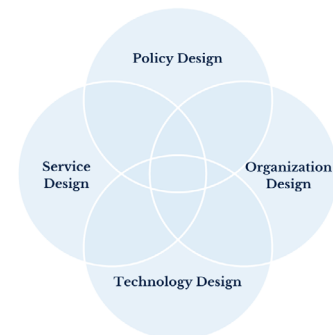
In recent years, civic tech practitioners have often examined challenges such as these in the child care assistance system — and other public benefits programs — by [asking](#): “How might ‘better’ technology deliver an improved service?”

**But technology interventions alone cannot address the systemic failures that define and dominate U.S. child care assistance programs.** We see too many techno-solutionist attempts to address such failures — attempts which result in one-off, one-size-fits-all technical interventions that inadequately attend to the contexts in which they are deployed. In the child care assistance system, improvements from such interventions often only result in getting families a quicker denial of services without any clear recourse as they look for critical child care support.

**In the absence of a wider program of work that looks to not only technical solutions, but things like institutional reform, policy iteration, and whole-of-service redesign, these tech-first interventions are bound to fail.** What’s needed instead is an approach to change that resists layering so-called innovative technological interventions into the already-sedimented child care assistance system under the banner of marginal change without a deep and nuanced understanding of organizational and policy foundations.

To explore how we might realize such an approach to change, we ask: **How might civic tech practitioners, together with their partners and allies, pursue meaningful, long-term, system-level changes to help build an equitable and effective child care assistance system in the U.S.**

What if we committed to fully understanding the system as a whole before offering up solutions, technical or otherwise? What might it mean to move beyond simply delivering solutions, and instead aim to deliver change across the child care assistance sector? How different would the landscape look if we invested greater time and resources in robust strategies such as service design, organizational transformation, policy design, and market development?



**This report is a preliminary attempt to answer these questions,** informed by a rapid 12-week research sprint which included:

- + Desk research on federally-funded child care assistance to identify key themes, current understandings, and critical gaps, and
- + Primary research into the on-the-ground realities of child care assistance delivery in two states.



## Project origins and development

The Beeck Center's interest in federally-funded child care assistance emerged through collaboration with child care practitioners in a monthly [community of practice](#) we hosted on expanding opportunities for [intergovernmental software collaboration](#).

In consultation with practitioners in that community, our research team set out with a hypothesis that the low rates of receipt of child care assistance by eligible families were partially attributable to the fragmented and [non-interoperable](#) technology systems underpinning benefits administration, as well as the high cost and complexities that states face in procuring, developing, and maintaining these systems. We imagined these technical challenges as root causes of the difficulties families face when applying for child care assistance, leading to the low levels of receipt by eligible families.

Given the Beeck Center's previous work, we speculated that a state-level [intergovernmental software collaborative](#) could mitigate such technical challenges by helping states implement better technology systems at lower cost. We set out to conduct a discovery sprint to understand the technology landscape of child care delivery, followed by a pilot to incubate a [well-governed](#) collaborative through a cohort-based program with three states.

But after a rapid round of desk research we quickly shifted our focus, recognizing that the highly [federated and differentiated](#) complexities of the child care assistance landscape would significantly constrain the potential impact of a state-level software collaborative. More broadly, as discussed above, we questioned the assumptions underpinning the techno-solutionist framing of our work. Ultimately, we detached from the hypothesis that an intergovernmental software collaborative was key to unlocking higher uptake rates of child care assistance. We then widened our research scope to include non-technical issues.

Our desk research also helped us connect with peer and government organizations working in the child care assistance landscape, including [New America's New Practice Lab](#), [Code for America](#), [U.S. Digital Service](#), and the [Administration for Children & Families' Office of Child Care](#). It was important that we not duplicate their efforts, so we set out to explore existing knowledge gaps, identifying two cohorts that we focused our primary research on:

- + **Home-based child care providers (HBCC):** An [under-researched and under-resourced group](#) of providers who care for children in their own homes. These providers have high potential to help address unmet marketplace demands for care, particularly in [child care deserts](#), because HBCCs can be easier and less expensive to stand up than large-format child care centers
- + **Child care resource and referral agencies (CCR&R):** A similarly under-researched actor in the childcare assistance ecosystem, CCR&Rs are local nonprofits funded by states to serve as critical frontline resources for families and providers navigating child care assistance programs. CCR&Rs typically offer services such as provider referrals, resources for navigating application and payment processes, and one-on-one or group support for families and providers.

Finally, our desk research revealed a number of efforts that fall into one of two broad categories:

1. Research that examines the problem space in a deep, nuanced way, but stops short of recommending how practitioners might take action in response
2. Applied interventions that offer one-size-fits-all technical solutions that fail to scale or spread when they run up against the complexities of the service landscape they aim to improve

We aimed for our work to play a small role in bridging this research-to-practice gap by producing actionable recommendations that embraced, rather than ignored or reduced, the complicated realities of the child care assistance landscape.

## Research Approach

In sum, after pivoting away from a tech-centric focus on software collaboration, our research focused on:

- + **Examining the federally-funded child care assistance system in the U.S. not only through its technology**, but also through the market, administrative, and policy forces that shape its outcomes
- + **Better understanding how HBCCs and CCR&Rs operate** within the child care assistance system
- + **Producing clear and actionable recommendations** critically informed by the complexities of child care assistance delivery

Our primary research included hour-long, semi-structured interviews with the following groups in Arizona and Oregon:

Stakeholder group	Arizona	Oregon	Totals
Home-based child care providers*	7	1	8
Child care resource & referral staff	11	11	22
State government administrators	6	6	12
Families seeking or receiving child care assistance*	2	0	2
General subject matter experts	1	0	1
<b>Totals</b>	<b>27</b>	<b>18</b>	<b>45</b>

\*compensated \$1/hour for participating

**Our interviews focused on bringing to light the key challenges faced by stakeholders in the child care assistance system, rather than comprehensively mapping their experiences.** We emphasized the role of HBCCs and CCR&Rs in particular to contribute to greater understanding of these two under-researched groups.

Thirty-seven of 45 interviews were conducted remotely via video conferencing, while nine were conducted in-person in Arizona. In Oregon, we interviewed staff from eight of the fifteen CCR&Rs across the state, representing twenty different rural and urban counties. In Arizona, which has a single, statewide CCR&R, we spoke with staff who serve every county across the state.

Important limitations of our interview sample include:

- + Limited geographical representation, e.g., representation from only two states)
- + Limited representation of non-English speaking providers
- + Limited representation of families
- + No representation of providers in Oregon, due to union negotiations. However, we relied on provider interviews conducted in Oregon [available in this report](#).
- + No representation of non-English speaking families
- + No representation of families seeking assistance for children with disabilities. This was an intentional choice due to our scope and capacity.

In light of these limitations, we emphasize that our takeaways should be considered exploratory and preliminary. We worked closely with subject matter experts throughout our research process to ascertain which of our findings were likely to be more generalizable and considered those core to our analysis.

Notably, our research focuses on how resources for child care assistance programs are used and administered. But it is essential to acknowledge that current funding allocations mean that even with flawless administration, there would still be insufficient funding to support all eligible families. While diving deep into the issue of funding is out of scope for this report, it's a critical problem to tackle in parallel with the issues on which we do focus.

## 2. Key Research Takeaways

In this section, we summarize what we learned about the on-the-ground experiences of HBCC providers, families, CCR&R staff, and state administrators involved with child care assistance programs.

All quotes are from interviews conducted as part of our primary research agenda; we have not attributed them to maintain the highest levels of anonymity for our small sample size.

### **HBCC provider experience**

Our research with HBCC providers was motivated by the following questions:

- + What drives HBCC providers to enter the child care business?
- + What do HBCC providers need to start and sustain their businesses?
- + What motivates HBCC providers to accept federally-funded child care assistance subsidies?
- + How do HBCC providers interact with families applying for or maintaining federally-funded child care assistance?

Below is a summary of takeaways from our interviews with HBCC providers:

**HBCC owners often get into the business of child care provision because they want to stay home and care for their own children.** Starting an HBCC can enable these providers to offer the kind of care they hope to provide their own children while generating an income.

“

I had to quit because I didn't have any childcare. So, I figured I'd just watch other kids, too.”

Many HBCC owners end up loving the work and continue it long after their own child care needs are fulfilled.

**HBCC providers face hurdles in shifting their reputation from “babysitter” to “business.”** This can make their work-life balance and relationships with families difficult.

“

Sometimes families think that because you are a provider in your own home, that it's not a real business and you don't have a separate life after child care hours.”

In response, some HBCC providers may introduce firm policies, refine their curricula, and seek training and professional development opportunities to grow the legitimacy of their businesses.

“

[Families] think you're a babysitter. I have rules and regulations. I'm not a babysitter — I run a school.”

Providers we spoke with cited coaching, mentorship, and training as critical resources in helping them make this shift.

**HBCC providers may struggle to maintain compliance with regulations that govern sites of child care provision.** In general, providers want to comply with rules and regulations, particularly when it comes to child safety. But regulations can fail to adequately take into account the realities of HBCC provision. Unlike large child care centers, HBCC providers' places of business are also their homes, which means compliance can be cost prohibitive.

“

I've seen potential providers who couldn't get through the [approval] process because they didn't even have money to apply for the fingerprint clearance for them and their household members.”

Several providers we spoke with shared that home visits from the state to ensure compliance made them feel disrespected and out of control in their own home, deterring them from accepting child care assistance in the future to avoid these interactions.

“

It was like, it wasn't my home anymore. [The regulators] were telling me, 'This is what you have to do.' They wrote me up for all kinds of stuff, and then it was just like... this isn't my home anymore. It was like they owned my home. So, I just quit doing it.”

**Beyond compliance-related capital investments, HBCCs must also regularly invest in new equipment and services for the children they care for.** HBCCs often serve the same children through many stages of life. As children age, toys and curricula must age with them. When a cohort of children finally leave an HBCC, providers begin anew with a younger cohort. To manage these significant shifts, HBCCs must find ways to store previously used materials or reaccumulate them, which can be costly and/or logistically challenging.

**HBCC providers vary significantly in their level of comfort with technology.** HBCC providers have idiosyncratic approaches to technology and business operations. Some providers run paper-based businesses, while others use more advanced technology tools such as customer relationship management platforms (CRMs). Most use a combination of analog and digital tools and processes.

“

I'm a bit old school, but I've tried to incorporate some new ways. For sign-in and sign-out, I still do that on paper. For what I buy, what I document or log for my parents — accounts and all that stuff — I use Quicken so I don't have to sit here and calculate 20 billion receipts. It's worked for me for many years.”

**HBCC providers have deep empathy for families who rely on child care assistance programs and may take financial losses while supporting them.** For example, HBCC providers accepting subsidies may try to avoid charging families copays or additional fees beyond what's covered by their subsidy. But because subsidy reimbursements rates are often below the market-rate for care to begin with, decisions like these — though they come from a place of care and concern — lead to providers being sorely undercompensated.

“

Parents hit that soft spot in your heart. You hear their stories, you see when the children need new shoes, you see whatever's going on. You live in their lives, just like they live in yours. Sometimes, you do feel bad taking the copay, because you can see they'll be better served if they could keep it.”

**Regardless of whether they accept subsidies, HBCC providers are quick to inform families about child care assistance if they think families will qualify.** They know the subsidies are often a critical lifeline for families and will refer them to state resources or CCR&Rs to learn more.

“

I always tell them if I notice. But often, they just say, “Oh, I don't qualify.” I don't push it.”

**Strong relationships between disparate providers can stabilize the market for care.** While some HBCC providers may view others as competition, most are eager to build relationships with each other. HBCC providers support each other with shared curricula as well as information about activities, policies, fee structures, and more. Providers without available slots will refer families to HBCCs with openings. But the pandemic undermined opportunities for connection. As many HBCCs closed during the pandemic, those remaining are increasingly isolated.

**Strong relationships between newer and established HBCCs may be particularly crucial to stabilizing the care market.** In the markets we engaged with, some HBCCs have been open for decades alongside a number of new HBCCs eager to get started. But it seems COVID-19 was most likely to lead HBCC providers with more moderate years of experience — around five to seven years — to stop operating. This means there's a time-sensitive need to convene remaining providers and build strong relationships between the newer and more veteran providers. It's important to connect these cohorts before veteran HBCCs age out of the market, taking their knowledge, community, and connections with them.

## Family experience

Our research with families was motivated by the following questions:

- + What do families need most when applying for and/or maintaining federally-funded child care assistance?
- + What do families experience when they engage with the state and/or CCR&R when applying for and/or maintaining federally-funded child care assistance?

As discussed above, our research findings should be considered exploratory. We caution against over-generalizing about the family experience in particular, given our limited sample of families for this project. Despite this sampling limitation, two takeaways were clear from our direct family interviews, which were also validated and reinforced by the organizations that engage closely with families throughout the child care assistance process:

### **The order in which families apply for and receive child care assistance doesn't align with their needs.**

In many cases, states require families to start work, find a child care provider, and then apply for child care assistance. But this order traps them in a Catch 22 -- it's difficult to spend time and energy looking for work if your children do not have access to care you can afford. Families identified this application flow as a significant barrier to receiving subsidized care.

“

It would make sense to just approve someone needing childcare and then have them find a provider. Right now, I'm having a hard time finding a provider, but if I were already approved [for child care assistance], I could get my kids enrolled more quickly [once I find one].”

**Families are not always clear about when to engage with the state versus their CCR&R as they navigate child care assistance programs.** When families do manage to make the flow of the application process work for them, they're often confused about the various steps required and how long they should expect it to take.

“

I have the perspective of being a parent eligible for [child care assistance], [...] and now I also have the professional perspective of helping people navigate [the program]. There's just not enough clear information shared from the state with families about the process.”

In these moments of confusion, families aren't always clear when to take an issue or question to a CCR&R and when to contact state workers. In more extreme cases, families conflate their CCR&R and state agencies, thinking they are the same organization.

## CCR&R staff experience

Our research with CCR&R staff was motivated by the following questions:

- + How do CCR&Rs interact with families, providers, and state administrators involved with federally-funded child care assistance programs?
- + What do CCR&Rs need to fulfill their mandate to support families and/or providers navigating federally-funded child care assistance programs?

What follows is a summary of takeaways from our interviews with CCR&R staff:

**CCR&Rs are uniquely positioned to circumvent longstanding trust issues that families and providers have with government.** Families and HBCC providers often do not trust government. CCR&Rs, as community-based but state-affiliated entities, may be better positioned to deliver services and build trust with families and HBCC providers than the state. Their ability to offer individualized support and programming and develop deeper 1:1 relationships with families and providers further underscores this strong position.

“

[Families and providers] don't want to walk into a [state] office. [...] [State staff] know that everyone who's sitting across the desk from them is someone who doesn't want to be there.”

**CCR&Rs are under-staffed and under-resourced.** While the CCR&R staff we engaged with feel they are fulfilling their mission, staff across the board shared that they have inadequate funding and resourcing. Limited resources mean limited opportunities for experimenting and innovating.

“

[The state] talks about how great [CCR&R] is, but when it comes to the important part, which is funding, it's just not there. That's where it can get really tough: do you really get how important this job is and all the needs we have — and the limited resources we have to do it?”

A key area where resources can be particularly limited is marketing and outreach to new providers and offer ongoing resources for existing providers.

**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 the state are more likely to find allyship with state staff, and therefore to have their challenges addressed and resources secured. Unproductive working relationships between states and CCR&Rs can often be fractured, distant, or, in more extreme cases, mistrustful.



**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.** State administrators design around CCR&R as an essential delivery partner for subsidy programs, not an auxiliary one. And while providers and families describe their experience with the CCR&R as friendly and supportive, they acknowledge that CCR&Rs seem to lack the ability to advocate for meaningful change with the state.

Communication with and information gathering from the state tends to be difficult for CCR&Rs, leading to frequent communication breakdowns that challenge successful relationships between the state and CCR&Rs. There's significant opacity when it comes to understanding the state-level systems that CCR&Rs engage with day-to-day. Often, this is due to longstanding government siloes that lead to uncertainty for CCR&RS about where and who to go to for information.

**CCR&Rs are often at the mercy of state governments for their core technology needs.** States often provide key pieces of technology to CCR&Rs directly, either as in-house systems or managed contracts. But there's often a disconnect between what the state understands as CCR&Rs' technology needs, and what those needs are in reality. These top-down technology decisions are uninformed by user needs and produce inefficient, tedious, ineffective workflows.

“

[The system] is not very popular. It's not user-friendly. 90% of [CCR&R staff] don't use it day-to-day because it's not actually helpful to the work they need to do. It's a box to check.”

In these cases, state-provided tech gets used only when a box needs to be checked; “Macgyvered” workarounds and home-grown solutions are what CCR&R staff actually use to get work done. This creates additional burden for CCR&R staff and pulls valuable time away from serving families and providers.

**CCR&Rs lack the real-time data about providers necessary to meet family referral needs in a timely and efficient way.** The referral process is instrumental in connecting families with providers who can meet their care needs and preferences, like location, language, hours, and age-appropriate care. CCR&R staff tend not to have the most up-to-date provider data that families can use to quickly find a provider that meets their needs. CCR&R referrals often lead families to providers who don't have availability, don't pick up the phone, or don't speak the same language as them. 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.** HBCC providers, particularly newer ones, struggle with child care assistance program vocabulary. These challenges are exacerbated with providers for whom English is not their first language. CCR&R staff often help providers understand terminology and make sense of state-run processes like applications, licensing, billing, and required trainings. Particular challenges are with acronyms; interchangeable use of the terms “subsidy,” “voucher,” “grant,” and “assistance;” and distinctions between provider classifications (e.g., “licensed,” “registered,” “certified,” “contracted,” etc.).

## State administrator experience

Our research with state administrators was motivated by the following questions:

- + How do states perceive and interact with CCR&Rs?
- + How do the various lines of responsibility for helping families and providers navigate federally-funded child care assistance programs fall between the state and CCR&Rs?

What follows is a summary of takeaways from our interviews with state administrators:

**There tends to be a disconnect between how states conceive of CCR&Rs' role in child care assistance delivery, and how they actually operationalize CCR&R as a player in the system.** Despite designing for CCR&Rs as a core child care assistance delivery partner through contracts and budgets, states often don't operate as though CCR&R is a frontline resource for families and providers. For example, states may not always refer families and providers needing support to CCR&R. As a result, CCR&R capabilities are often under-utilized.

“

[State] caseworkers should be telling providers to come to CCR&R for help. I don't think that's happening very often, certainly not as standard procedure.”

**There's a general lack of clarity in lines of responsibility between CCR&Rs and state agencies.** Some state administrators we spoke with shared that roles and responsibilities across their organization versus CCR&Rs are not always well defined. 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. There's often no one determining what went wrong and advocating for changes in response. As a result, issues can fester, with finger-pointing and ill-informed solutions arising from both sides.

**State administrators are mixed about how successful they think CCR&Rs are in fulfilling their mandate.** A number of government staff we spoke with are questioning the value added by CCR&Rs and are asking whether they should bring some CCR&R functions in house. This uncertainty stems from some of the challenges cited above that CCR&Rs face as they strive to deliver quality service such as blurred lines of responsibility, closed channels of communication, insufficient technology solutions, and funding limitations.

# 3. Systemic Challenges

In this section we take a wider view of the issue and explore the systemic challenges gestured at by our primary research takeaways. As discussed in Section I, we believe it's paramount to consider the child care assistance landscape using a systems-oriented approach.

We see three areas of systemic difficulties in child care assistance system worth exploring based on what we heard during interviews:

- + A dysfunctional marketplace for child care provision
- + Fractured and siloed state administration of child care assistance programs
- + Ineffective policy mechanisms that are overdetermined by the needs of program administrators, rather than those of providers and families.

We view each issue as part of the deep-seated, systemic challenges that tech-centric interventions often fail to adequately grapple with.

## 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 fails to meet the [demand for care](#), and, more specifically, fails to meet the care needs of [low-income, working families](#). This includes needs that HBCC providers are particularly [well-suited](#) to meet, like offering care during non-standard hours.

[High operational costs](#) for providers, paired with low reimbursement rates for child care assistance programs and ineffective information sharing between government, CCR&Rs, providers, and families [hinder](#) development in the [struggling market](#) for provider care. These factors also contribute to the low number of available providers, especially HBCCs, in low-income areas where families are most likely to be eligible for child care assistance.

All child care providers in the U.S., but in particular low-capital HBCCs, face [exorbitant operational costs](#) which tend to [exceed](#) the prevailing market rate for care. Compounding this issue, state-determined provider reimbursement rates for child care assistance programs almost always fall [below the market rate](#) for care, leaving the providers who decide to accept child care assistance-eligible families with a large revenue gap. As a result, low wages, exacerbated by even lower reimbursement rates, produce a pervasive low supply of care.

Another issue: thriving marketplaces run on an efficient and effective flow of information, yet there's little high-quality information sharing in the child care provision marketplace. These [information-sharing](#) breakdowns affect families struggling to access accurate details in the timeframe they need about provider availability, costs, and operating hours. They also affect existing and prospective providers who are unable to access or understand the rules related to properly participating in federally-funded child care assistance programs in their state. Providers are also generally unable to connect directly and systematically with families in need of care who may be a good fit for their business, relying instead on CCR&Rs to make family referrals. At the core of it all: States lack streamlined data sources related to family and provider needs. Information breakdowns like these make it difficult for all stakeholders to operate in ways that spur market development of provider care.

Finally, responsibility for spurring market development is distributed. There's no obvious or dictated responsible owner, and doing so 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 may never hear back from their state agency after applying for assistance. 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, understandably conflating delivery institutions like a state's economic development department and 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 slow internal 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 administrative challenges right in front of them when shaping policies that govern the delivery of child care assistance programs. This produces a reactive, fire-fighting approach to policymaking that centers the needs of administrators first and foremost. This reactive approach is an important reason why policies that fail to meet family and provider needs are often put in place. However, it's important to note that this is not the only factor shaping policy decisions in a polarized political arena.

## **Ineffective policy mechanisms**

Legislative and policy decisions governing child care assistance programs made by state policymakers and administrators are overdetermined by the [needs of administrators](#) and [fear of fraud](#)— rather than by the needs of families and providers. These policies don't meet families and providers where they are, and often assume incorrect user journeys for these groups. For instance:

- + Families are often [required](#) to find care, find a job, find a child care provider, and then apply for child care assistance. This process doesn't acknowledge the reality that many families need child care assistance before they can muster the resources, time, and energy to secure a job and a child care provider.
- + States generally pay providers their child care assistance reimbursements [in arrears](#). It's difficult for small providers with little capital to [operate in debt](#).
- + HBCCs are expected to comply with a number of [burdensome](#) and [expensive](#) rules and regulations that are enforced via standards like [Quality Rating and Improvement Systems](#). These rules and regulations are often designed with large centers in mind and fail to account for the [realities HBCC providers face](#). For example that their businesses are also their homes or that they tend to be low-capital operations. States also overlook the fact that there are, in fact, a number of diverse and culturally-specific ways to provide high-quality care.

## The limits of tech-centric interventions

Our primary research uncovered a number of system-level failures related to market, administrative, and policy issues in the child care assistance landscape. These issues interact and mutually reinforce each other in various ways. As one example, siloed operations produce poor information sharing between states and providers, contributing to a dampened market for care. Another example: Ineffective policy mechanisms that fail to take into account family and provider needs are often difficult and costly to administer as they work against more streamlined user journeys.

For those who set out to address these complex and interrelated challenges with a tech-first mindset, constraints quickly emerge. In light of the above systemic issues, we can better reveal the limitations of technological interventions that aren't considered as part of a complex landscape of non-technical challenges. Some examples:

- + **Together, the dysfunctional marketplace for care provision and state-level policies constrain the potential impact of tech-centric interventions designed to increase benefits receipt.** For instance, because there are too few providers in the market and providers aren't required to accept child care assistance, even if there was a front-end user interface that dramatically increased the number of applications for child care assistance, there wouldn't be enough providers to actually meet this demand for care.
- + **Fractured and siloed administration of child care assistance thwarts the sustainability of tech-centric interventions.** While improving applications for child care assistance and/or moving applications online may increase the number of families who apply, back-end delivery institutions responsible for processing applications are still fractured, siloed, and outdated. This means that backlogs and errors will pervade and may even increase. Moreover, chronic underfunding of child care assistance programs means an inability to meet demand for subsidies would persist even if back-end processes were pristine.
- + **Tech-centric interventions do not address root causes of failure, such as ineffective policy mechanisms or broken operations.** Modernizing CCR&R technologies such as provider directories and CRMs or digitizing referral services might speed up application turnaround for families, but these interventions won't stop the failure demand – which arises from bad policy and operations – from happening in the first place.

These kinds of system-level interactions and dependencies must be thoughtfully taken into account by attempts to advance meaningful, holistic changes in child care assistance programs.

# 4. Actionable Insights

States and the CCR&Rs they rely on as delivery partners can merely react to the many complex and interconnected market, operational, and policy challenges as they crop up. They struggle to engage in proactive, future-focused, strategic work to shift the status quo.

Our research takeaways and the systemic failures they illuminate demonstrate why civic tech practitioners must adopt a more systems-informed mindset as they intervene in the child care assistance landscape. 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 and call on the federal government and states to think bigger and bolder than tech-centric interventions.** We challenge these actors to collectively invest in a program of work that can grapple with the system of child care assistance as a whole. Such a program would proactively imagine and strategically enact a system of child care that centers the needs of families and small providers across the entire system of delivery.

There are a number of examples from the U.S. and around the world where challenges in public service delivery are being addressed in such a way. Through work like Dark Matter Lab's [Radical Childcare movement](#), which uses participatory and service design techniques to reimagine child care in the UK, or "[mission-based](#)" work, a framework to tackle complex policy challenges, civic tech practitioners are increasingly taking large-scale, systems-level approaches to change in public service delivery.

In the U.S., the Department of Labor's (DOL) unemployment insurance (UI) [modernization program](#) models how federal agencies can function as "helpers" that invest in and support scaleable, place-based experimentation in federally-funded, state-administered benefits programs. In the federated context of the U.S., this makes sense: strong partnership, collaboration, and [sharing](#) between the federal government and states can be crucial to gaining traction in complex systems like child care assistance.

To intervene in the child care assistance landscape in a way that produces equitable, effective, and easy-to-use change, we ask: **How might we learn from these ambitious programs to reshape child care assistance in the U.S.?**

## **Imagining a federal-state partnership to reshape child care assistance**

By drawing inspiration from the DOL's model for UI modernization and applying it to the child care assistance landscape, the federal government could support states with a number of change initiatives that might otherwise be difficult to achieve alone. This includes:

- + Experimenting with system-level solutions by enabling a sandbox that reduces encumbrances and friction in the policy and regulatory environment.
- + Mapping and working toward simplifying the end-to-end journey families and providers must take to participate in child care assistance.
- + Using creative, forward-thinking design strategies that don't rely on or wait for back-end organizational perfection to advance change.
- + Building simple, legible, and user-focused front-end systems for families and providers participating in child care assistance programs.
- + Designing and executing the difficult and long-term work of back-end organizational redesign to sustainably underpin front-end delivery systems.
- + Using outcome-based design and management strategies to reimagine lines of responsibility and accountability across the broad network of actors involved in delivering child care assistance.

## A cohort-based, service-owner led approach

Such a program could distribute tens or even hundreds of millions of dollars to states that participate in cohort-based work in service of the aims listed above. To build these cohorts, the federal government and state agencies can begin by collaboratively identifying typologies of child care assistance systems at the state level by asking: What is the child care assistance service delivery pattern for each state? While not an exhaustive list, criteria to identify typologies of child care assistance delivery at the state-level should at minimum include:

- + The state [policy landscape](#) governing federally-funding child care assistance (e.g., eligibility criteria, waiting lists, funding levels, reimbursement rates, provider regulations, etc.)
- + The role of the state versus CCR&Rs in child care assistance delivery (e.g., whether CCR&Rs plays any direct role in administering child care assistance, like verifying eligibility or certifying providers or if they serve solely as an educating and referral entity)
- + A state's CCR&R [network model](#), as applicable
- + The approach to state budgeting for child care assistance programs (e.g., pass through, top up, etc.)

**Each group of like states could then appoint a single service owner responsible for leading the way in conceptualizing, designing, and testing equitable, effective, and user-focused changes to child care assistance programs in their cohort.** Service owners would be charged with keeping the complex landscape of child care assistance delivery in mind as experimentation took place, orchestrating and ensuring productive coordination and collaboration across delivery institutions, technology systems, and policy landscapes.

In this way, cohort-based experiments could be undertaken to **create building blocks for state-level child care assistance programs**, including reusable assets such as open-source software, process maps, organizational design patterns, legislation and content templates, and more. Such tools could be shared with other states with each state adopting or adapting these modular change components to support shifts across their specific system of child care assistance.

## Achieving systems-oriented solutions with a test-and-learn strategy

Whether pursuing change through a large-scale, country-wide approach, like the federal-state partnership model outlined above or through efforts undertaken independently by individual states, **we propose a test-and-learn strategy as a highly effective way to identify and implement equitable, effective, and user-focused 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 in mind. This work is done before making major investments in change. Such tests should be ethical and informed by research and data, and the way agencies and stakeholders learn from and iterate based on such tests should be outcome-based and rigorous.

A strong test-and-learn strategy is often framed by moving through the following steps:

1. Mapping the system of interest and identifying key pain points in the user journeys.
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. Observing and evaluating what happens, looking for direct impacts but also ripple effects brought about indirectly 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 to 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 child care 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 providers and families, both of whom have the most up-to-date information about their respective needs and offerings. By shifting the prevailing CCR&R referral model from, "We help families call providers," to "We help providers call families," families in need may receive compatible services more quickly.



Because CCR&Rs have severe limitations on the collection and maintenance of provider data, the current matching process is often a difficult and frustrating exercise for CCR&R staff and families alike. With evidence that providers are motivated to proactively reach out to families with information about things like subsidy programs, this pilot could test the efficacy of CCR&Rs offering family referral information to providers directly.

It would be important to experiment with various directory formats to maintain the highest standards of privacy for families while promoting the highest value for providers.

### **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 and successful veteran HBCC providers.

**How it might be implemented:** New and veteran providers could be offered incentives such as a small honorarium 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&Rs 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 impacts of such an intervention may include retention of institutional knowledge as newer providers learn from established providers. The intervention could also help build administrative resilience since, rather than depending solely on state institutions, local-level networks can take charge of brokering information between providers.

Important considerations in this example include being aware and supportive of existing provider networks and of existing research on peer-based HBCC programs like that from organizations such as the Administration for Children and Families (ACF) and the Bipartisan Policy Center.

### **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 receiving assistance.

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

It would be important to consider that, because this is a demand-side intervention, it would face issues at scale given the well-documented supply-side shortage of provider care. It would be crucial to conduct such a test in tandem with interventions aimed at stimulating the provider market. Additionally, 21 U.S. states and territories already consider job search a qualifying activity for initial eligibility, so existing lessons from these jurisdictions should also be taken into account.

#### **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 a fund designed to cover compliance and capital costs. Covered expenses could 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. An important consideration would be assessing the extent to which such a micro-granting program affects providers' long-term business sustainability in addition to how the grants lower upfront barriers to market entry.

## Conclusion

State-level 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 can merely react to issues — they struggle to engage in proactive, future-focused, strategic work to shift the status quo.

To gain traction on these challenges, we propose a strong federal-state partnership that can broker bold experimentation in the child care assistance landscape. We envision this program as rooted in sizable, state-cohort led experiments that test-and-learn in the complex and fragmented child care assistance system with a goal of increasing receipt and improving delivery of child care assistance for families and providers. While we believe strongly in the power of federal-state collaboration, we are also clear that states can — and should — undertake a test-and-learn approach to change with or without federal involvement.

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.

