



ON THE BUSINESS OF CHILD CARE:

# Provider Perspectives on CCCAP

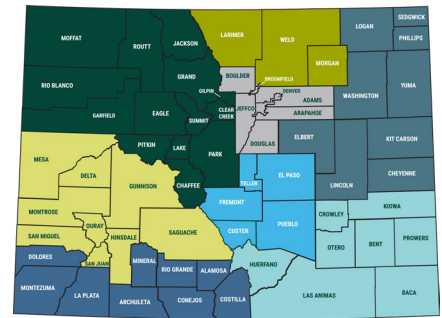
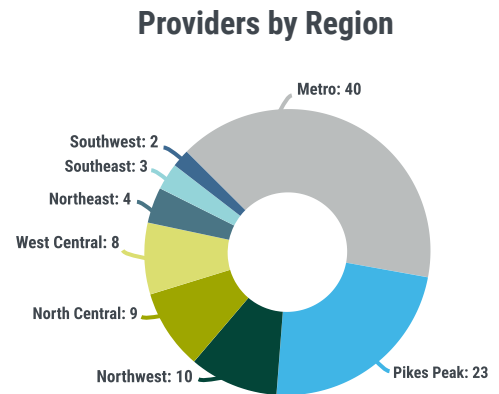
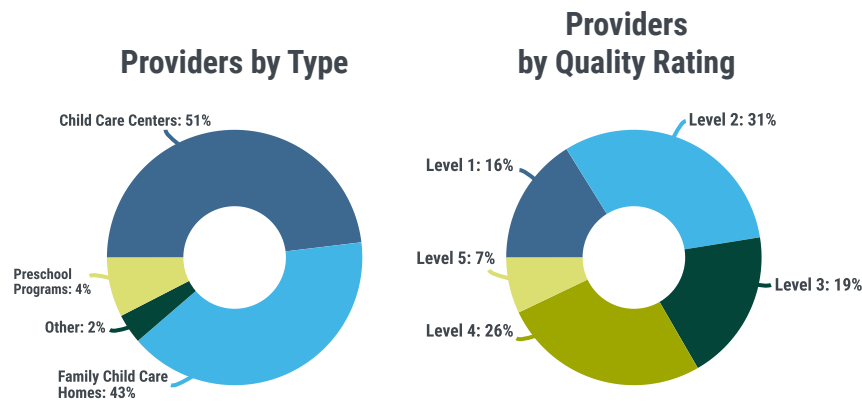
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EARLY MILESTONES  
COLORADO

# Profile of Providers Interviewed

Early Milestones conducted 30-minute phone interviews with 99 providers across 32 counties to evaluate providers' understanding and interest in implementing contracted slots. Nearly three-fourths (72%) of interviewed providers accept the Colorado Child Care Assistance Program (CCCAP).



## Key Highlights

Providers stated overwhelmingly that the current CCCAP system does not adequately meet their needs.

### UNPREDICTABLE PAYMENTS

Nearly all providers accepting CCCAP described the current payment mechanism as too unpredictable. Payments are based on attendance and often delayed. The pandemic only worsened these challenges, and providers do not have the capacity to withstand a sharp drop in revenue that extensive absences can cause.

### LOW REIMBURSEMENT RATES

Child care providers are reimbursed based on age of the child, type of setting, full- or part-time status, and quality rating level. Tiered reimbursements can create good incentives for quality improvements, but providers report that even higher tiered reimbursement rates are considerably lower than private pay.

### RULES & REGULATIONS

Providers acknowledged that regulations are needed to ensure the health and safety of children. However, most felt there were too many regulations. They also expressed frustration with the frequency of rule changes.

### STIGMA & PREFERENCE FOR PRIVATE PAY FAMILIES

Interviews revealed negative attitudes about serving low-income families and a strong preference for private pay families.

### COLORADO'S CHILD CARE ATTENDANCE TRACKING SYSTEM (ATS)

Nearly one-third (32%) of providers described challenges with the ATS. The primary challenge is with attendance monitoring. Providers feel they carry the extra "administrative headache" and accountability of attendance tracking.

# High Interest in Contracted Slots

A significant majority (92%) of providers indicated they would be willing to try contracted slots if the option were available in their county, regardless of whether the provider currently accepts CCCAP. This includes 94% of child care centers and 91% of family child care homes.

Over one-third (36%) of providers not currently taking CCCAP said they would be willing to accept it with contracted slots.

## BETTER FINANCIAL STABILITY

*"We need funds to stay in business. We can't make it with that few of students and appropriate staff."*

## REDUCED STRESS

*"I wouldn't have to worry about not getting paid. I would know exactly what my income would be. It would relieve a lot of that stress."*

## INCREASED PROVIDER PARTICIPATION

*"It would benefit us and a lot more people would take CCCAP." Another provider shared: "We limit CCCAP enrollment at 25%. If we have more consistency, it could drastically increase those CCCAP slots."*

## STRONGER RELATIONSHIPS

*"I wouldn't have to worry about the parents. Children would still need to be in attendance, but I wouldn't feel like I have to threaten parents to pay out of pocket. It stresses us all out."*

# Key Business Stressors

Running a child care business is difficult. Interviews revealed concerns about financial uncertainty, stress, staffing challenges, and a lack of attendance predictability. The high cost of providing child care, low CCCAP reimbursement rates, and the realities of family finances lead to very small income margins for child care providers. It is a constant balancing act between the need for additional funds to remain stable and the need to keep costs affordable for families. Without stability, providers cannot hire and pay qualified employees, nor focus on improving quality. Providers shared a deep commitment to the well-being of families, and many reported taking on additional stress and financial burden to support the families they serve.

*"Funding is a huge, huge, huge challenge. I have five staff members who have master's degrees, and I have to look them in the eye and tell them I'm paying them minimum wage."*

# Policy Considerations

**Long-term policy change will help sustain the child care sector. Providers support aligning CCCAP to practices in place for private pay families.**

**Make reimbursement reflect child enrollment.** CCCAP reimbursement on enrollment rather than attendance will support long-term financial stability for providers and consistency for families.

**Increase reimbursement rates.** Providers have indicated that a reimbursement rate that is more competitive with private pay will incentivize them to accept CCCAP.

**Contracted slots address many key challenges facing Colorado's child care providers. However, there are still meaningful challenges preventing wide-scale implementation.**

**Upgrade data systems.** The ATS does not support contracted slots, making the attendance tracking process burdensome for providers and counties using contracted slots.

**Focus on equitable access to high-quality child care.** The financial benefits of contracted slots can stabilize CCCAP providers who serve priority populations (e.g., children with disabilities) and incentivize those who do not. The outreach could emphasize benefits to providers: funding stability, more diversity in who providers serve, and access for families who need quality care the most.

**Support implementation in child care deserts.** Contracted slots could be a tool to increase the availability of care in communities where there is a severe shortage of infant and toddler care. Targeted outreach might include rural areas, counties that are underspent in CCCAP allocations, and counties with child care waitlists.

**Increase critical resources.** Both technical assistance and funding are needed for the large-scale implementation of contracted slots. As new providers come on board, technical support would need to be provided, as well as cultural competency training to ensure that providers have the tools for being inclusive and serving low-income families. Counties that piloted contracted slots were concerned that there would not be enough financial resources to support all eligible children in need of care.

*"I would take the flat rate, but only if the rates are better. The state wants quality... but they are still not paying enough. If the rates are still lower than private pay rates, I wouldn't [take CCCAP]. I can't bankrupt my business."*

## Partners

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