Subsidized Child Care Pilot Multi-County Evaluation

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Introduction

In high-cost counties across California, legislation has enabled the implementation of individual county child care subsidy pilot projects (Pilots) to explore solutions to the problems that the state’s “one-size-fits-all” child care subsidy system presents to high-cost counties. Fundamentally, the Pilots were established to allow counties to address two concerns:

1. Families barely earning enough to meet the high costs of living in the county were nevertheless considered too high income to qualify for child care subsidies; and
2. State reimbursement rates for child care providers authorized under Title 5 of California’s Code of Regulations (Title 5 providers) were so low that contractors could not cover their costs, and therefore, were unable to utilize their full allocation of state and federal child care and child development funds.

Pilots have provided counties the flexibility to establish budget neutral policies to address local needs and priorities that support increased access to care for a greater number of families and greater stability for families and child care providers. In addition to supporting counties meet fundamental needs, the Pilots have also allowed counties to test and evaluate innovative solutions that, if successful, could be implemented statewide. Counties have used the Pilots to test solutions such as modifying eligibility criteria, family fees, reimbursement rates, contract transfers, local collaboration efforts, and family certification.

While counties have conducted local evaluations, there has never been a statewide examination looking across county child care subsidy Pilot projects. This multi-county evaluation examines what the Pilots are accomplishing statewide, including lessons learned and proposed next steps to further innovation and continue to expand access to affordable child care.

With support from California Department of Social Services (CDSS) and California Department of Education (CDE), eleven Pilot counties participated in this evaluation:

Alameda
Contra Costa
Fresno
Marín
San Francisco
San Mateo
San Diego
Santa Clara
Santa Cruz
Sonoma
Solano
Summary of Pilot Flexibilities

One inherent challenge in evaluating the Pilots, is that each County has adapted different flexibilities. To the extent possible, we examine the impact of individual flexibilities where the majority of Pilot counties have implemented. This includes 24-Month eligibility, a Pilot Reimbursement Rate (PRR), and additional support for those seeking employment or housing.

Table 1. Summary of Pilot Flexibilities by County as of May 2022

<table>
<thead>
<tr>
<th>Flexibility</th>
<th>Alameda</th>
<th>Contra Costa</th>
<th>Fresno</th>
<th>Marin</th>
<th>San Diego</th>
<th>San Francisco</th>
<th>San Mateo</th>
<th>Santa Clara</th>
<th>Santa Cruz</th>
<th>Solano</th>
<th>Sonoma</th>
</tr>
</thead>
<tbody>
<tr>
<td>24-Month Eligibility</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-day CSPP 24-month eligibility</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pilot Reimbursement Rate</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seeking Employment</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homeless and/or Seeking Permanent Housing</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expanded Fund Transfer Window</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expanded Certification Window for Full-Day CSPP</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

24-Month Eligibility: Once determined eligible, families remain eligible for 24 months (with the exception of 12-year-olds).

Part-day CSPP 24-Month Eligibility: Once determined eligible for part day CSPP, families are eligible for two 180-day periods within a 24-month period.

Pilot Reimbursement Rate: Providers receive increase to their reimbursement rate with the use of their county’s unearned contracted funds.

Seeking Employment: Families seeking employment are eligible for less than 32.5 hours of services a week.

Seeking Housing: Families that are seeking permanent housing and/or are homeless are eligible for less than 32.5 hours of services a week. Alameda, San Francisco, San Mateo, and Santa Clara counties, have the modification of Seeking Permanent Housing only and the eligibility is 6.5 hours a day, 5 days a week.

Expanded Transfer Window: Some providers can submit requests to transfer funds between under earning and over earning providers within the county in November, February, and May; others can transfer at any time.

Expanded Certification: Full day CSPP providers can certify eligibility 120 calendar days prior to initial services. In Alameda and San Francisco this applies to CHAN as well.

Expanded Flexibility to Serve Children of Younger Ages: This was a Pilot modification that made it easier to serve children who are three years old. However, this modification is now statewide and is not listed above.
Methods

Research Questions
This project is guided by the following research questions:

<table>
<thead>
<tr>
<th>Table 2. Research Questions</th>
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<tbody>
<tr>
<td>Who have the Pilots served across the State?</td>
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<tr>
<td>• To what extent have vulnerable or underserved populations been served through the Pilots?</td>
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<tr>
<td>To what extent have the Pilots increased provider sustainability?</td>
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<tr>
<td>• How have the Pilots supported contractors to continue serving children?</td>
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<tr>
<td>• How have the Pilots increased the percentage of contracts earned by providing funding flexibility?</td>
</tr>
<tr>
<td>• How have the Pilots promoted efficiency through collaboration and decreased administrative burden?</td>
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<tr>
<td>To what extent have the Pilots increased access to child care and stability for families?</td>
</tr>
<tr>
<td>• To what extent have the Pilots increased the number of children who have access to subsidized care in California?</td>
</tr>
<tr>
<td>• How, if at all, have the Pilots increased continuity of care for families?</td>
</tr>
<tr>
<td>What have been lessons learned from the Pilots that could be shared statewide?</td>
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<tr>
<td>What are recommendations for innovative next steps that the Pilots could test?</td>
</tr>
</tbody>
</table>

Data Sources

**Survey Development and Administration:** As a mechanism to hear directly from child care providers about their perceptions about the Pilots’ impacts, Indigo staff developed and disseminated an electronic survey using Alchemer survey software. The Indigo team worked with the Local Planning Council (LPC) coordinators to design survey questions and to notify providers of the survey. The survey was open for several weeks to allow any providers the opportunity to participate. There were 106 responses from the survey with representatives from every Pilot county participating in the assessment.

**Focus Groups:** Indigo staff used data from two focus groups. The team convened a 90-minute remote focus group with the LPC coordinators that explored how Pilots have 1) supported
contractors to continue serving children, 2) increased the percentage of contracts earned by providing funding flexibility, and 3) promoted efficiency through collaboration and decreased administrative burden. The Indigo team also used data from a one-hour virtual focus group with child care providers in Santa Clara County that was conducted for their Santa Clara County Individualized Child Care Subsidy Pilot Project: Three-Year Report. The focus groups helped to identify implementation successes, lessons learned, and recommendations for next steps for further innovations. The Indigo team used a semi-structured interview format for each group, took transcript style notes, and coded the data for common themes.

**Child Demographic and Services Data (from 801A):** Indigo Staff worked with representatives from the Department of Social Services to receive aggregate 801A data on children and families served through subsidized child care providers as of April 2018, 2019, and 2020 for each of the eleven counties implementing Pilots.¹ For each county Indigo received the following aggregate data on children and families receiving subsidized child care services:

- Children served, by race, ethnicity, and age
- Children served, by service type
- Children served in families receiving Temporary Assistance for Needy Families (TANF)
- Children receiving part time care
- Reasons children received subsidized child care services (e.g., seeking employment or homeless and seeking housing)
- Family income level relative to state median income (Below 50%, 50-85%, Over 85%)²

The Indigo team utilized these data to calculate basic frequencies and percentages to describe specific attributes of the children and families served by the Pilots from 2018 through 2020, both within counties and across the state, to better understand who the Pilots served and the reasons families engaged with the Pilots.

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¹ Some children received services in more than one year and are counted each year that they received services.

² Data on family income relative to California state median income was only available for the year 2018.
Key Findings

Who have the Pilots served across the state?

The Pilot counties have provided subsidized child care services to 257,290 children between 2018 and 2022.

Across the years 2018, 2019, and 2020, the Pilot provided services to 257,290 children. Despite COVID-19, which caused service disruptions across the country and state, Table 1 below demonstrates that the pilot counties in California continued to provide child care services through the pandemic.

Table 3. Children Served in Pilot (as of April 2018, 2019, and 2020)

<table>
<thead>
<tr>
<th>Year</th>
<th>Children Served</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>81,595</td>
</tr>
<tr>
<td>2019</td>
<td>87,177</td>
</tr>
<tr>
<td>2020</td>
<td>88,518</td>
</tr>
<tr>
<td>Total</td>
<td>257,290</td>
</tr>
</tbody>
</table>

The County of San Diego served the largest proportion (28.1%) of children from 2018 through 2020, followed by the counties of Fresno (15.4%), Alameda (12.9%), and Santa Clara (11.7%). The remaining children served through the pilot were spread across counties in the state of California, ranging from 9.0% in San Francisco to 1.4% in Marin (Figure 1).

Figure 1. Proportion of Children Served by County (2018 - 2020)

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3 Data on children served come from 801A data extracts in the month of April of each report year. Some children received services in more than one year and are counted each year that they received services.
Across the state, a vast majority of children served by the pilot from 2018 through 2020 were served through CSPP (n=114,897), AP contracts (n=108,171), and CCTR contracts (n=29,366). Among children served through CSPP contracts, almost two-thirds (64.5%) received care part time. Less than 1,000 children received CMIG (n=806), CMAP (n=408), and CHAN (n=331) services over the same time period.

**Figure 2. Children Served in Pilot, by Service Type**

<table>
<thead>
<tr>
<th>Contract Type</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSPP</td>
<td>114,897</td>
</tr>
<tr>
<td>C3AP</td>
<td>39,903</td>
</tr>
<tr>
<td>C2AP</td>
<td>38,303</td>
</tr>
<tr>
<td>CAPP</td>
<td>29,965</td>
</tr>
<tr>
<td>CCTR</td>
<td>29,366</td>
</tr>
<tr>
<td>CMIG</td>
<td>806</td>
</tr>
<tr>
<td>CMAP</td>
<td>408</td>
</tr>
<tr>
<td>CHAN</td>
<td>331</td>
</tr>
</tbody>
</table>
As shown in the figures and table below, the majority (61.0%) of children who received care across the state identified as White; 17.9% identified as Black, 9.7% identified as Asian, and 6.3% identified as Native American. **Across all races, 58.2% of children served identified as Hispanic/Latino.** Among white children receiving care through the pilot, an overwhelming majority (79.3%) identified as Hispanic.

**Figure 3. Race of Children Served (2018 - 2020)**

- White: 78%
- Asian: 10%
- Native American or Native Alaskan: 5%
- Black or African American: 5%
- More than One Race: 1%
- Native Hawaiian or Pacific Islander: 1%

**Figure 4. Ethnicity of Children Served (2018-2020)**

- Non-Hispanic, 41.8%
- Hispanic, 58.2%

**Table 4. Number and Share of Children Who Identified as Hispanic/Latino by Race, (2018 – 2020)**

<table>
<thead>
<tr>
<th>Race</th>
<th>Hispanic/Latino</th>
<th>Non-Hispanic/Latino</th>
<th>% Hispanic/Latino, by Race</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>126,098</td>
<td>32,991</td>
<td>79.3%</td>
</tr>
<tr>
<td>Asian</td>
<td>1,089</td>
<td>24,171</td>
<td>4.3%</td>
</tr>
<tr>
<td>Native American or Native Alaskan</td>
<td>15,462</td>
<td>921</td>
<td>94.4%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>4,637</td>
<td>42,135</td>
<td>9.9%</td>
</tr>
<tr>
<td>Native Hawaiian or Pacific Islander</td>
<td>965</td>
<td>1,867</td>
<td>34.1%</td>
</tr>
<tr>
<td>More than One Race</td>
<td>3,760</td>
<td>6,913</td>
<td>35.2%</td>
</tr>
</tbody>
</table>
As shown in Figure 4, the largest share of children (42.7%) were three or four years old, which is to be expected as CSPP has the largest share of children. Almost one-third (32.3%) of children served were five to eight years old. Infants and toddlers composed 12.4% of children served.

Figure 5. Children Served by Age

Across counties, the vast majority of families (84%) had incomes below 50% of the State Median Income (SMI), and approximately 10% of families received Temporary Assistance for Needy Families (TANF). Less than 1% of children across contract types had an income at 85% SMI or above.

Figure 6. Children Served by Family Income (2018)
To what extent have the Pilots increased provider sustainability?

Across the Pilot counties, both providers and Local Planning Council (LPC) coordinators overwhelming feel the Pilots increase provider stability.

Stability for providers comes not just from individual flexibilities, discussed in more detail below, but overall, from the support, collaboration, and community that comes from being a contractor in a Pilot county. Prior to most Pilots, individual contractors did not come together to meet and share resources or learnings. Some contractors noted that before the Pilots, individual agencies were guarded about sharing information, such as implementation challenges and information about earning contracts. Either due to a sense of competition for scarce resources or an apprehension to share personal financial information, contractors did not discuss common challenges. However, through the Pilots, providers began working together to fully earn contracts in a more collaborative effort to keep funds locally. As a result, contractors in Pilot counties have created an important community that provides support.

Across all Pilot counties, coming together to meet, share information, and discuss common challenges has been a large benefit to those participating. One provider who holds contracts in both a Pilot county and a non-Pilot county noted that her agency’s experience with support and community is much stronger in the Pilot county.

Additionally, some Pilot counties, especially those that have been in implementation longer such as San Francisco and Santa Clara, have evolved to use the Pilot to bring additional efficiencies to agencies within their Pilot. As a few examples:

- Several Pilot counties share resources both within their county and across other Pilot counties. In Santa Clara, for example, the LPC hosts a clearinghouse (via Dropbox) of common enrollment forms. Examples include Employment Verification, Seeking

97.2% of the 106 providers in the survey strongly agree or agree that their agency benefits from being involved in the Pilot.
Employment, Self-Declaration of Employment, and Seeking Permanent Housing. More recently, the LPC compiled a tickler list to support all program operators with State and Head Start mandated deadlines, required reports, and monthly compliance tasks.

- As another example, San Francisco has used the Pilot as a vehicle to create some shared services models that are especially helpful to small contractors. For example, one agency provides administrative support to several smaller contractors that might struggle to maintain an administrative support position.
- Santa Clara has also partnered with their own County Office of Education Research and Evaluation team, to create a “Pilot Slot Survey” dashboard and geo-maps, a tool that is being tested to fill vacancies throughout the County. This slot survey is updated monthly by pilot contractors and is intended for contractors that don’t currently have vacancies to see who has available slots and make the referral, supporting families to easily find child care and providers to earn contracts.

These are just a few examples of the myriad supports and benefits contractors in Pilot counties receive. The collaboration and sharing of information and resources lessens the burden on individual providers and increases efficiency and standardization across centers.

Additionally, the relationships that have been formed among the LPC providers have created new efficiencies and support across Pilot counties. For example, LPC coordinators frequently share information across counties. This also allows individual Pilots to serve as “incubators” to test new and innovative ideas that could be shared more widely, such as shared services models or the “slot survey”.

A secondary benefit of the collaboration among Pilot counties is that it has facilitated efficient funding transfers among contractors. The vast majority of contractors surveyed (83.6%) strongly agreed or agreed that the Pilot has increased their ability to earn their contracts through funding flexibility. The ability to move funds between contractors from those who could not earn the contract to support others who could over earn was originally a benefit unique to Pilots. While this is now a benefit that has been implemented statewide, contractors in Pilot counties benefit more because of the communication and networking within their Pilots.

- As an example, several of the Pilot counties provide training or technical assistance to providers on projecting their contract earnings. This allows providers to identify early on when funds should be transferred.
- Some counties have shared resources, such as spreadsheets, for contractors to use for estimating and projecting earnings.
- Local LPC coordinators have worked with contractors to facilitate communication and transfers so that the administrative process goes smoothly, and deadlines are not missed.

Finally, because the Pilots arose from a set of conditions in especially high-cost counties where providing subsidized child care is difficult, the Pilots have provided a modest shelter for providers who would struggle to provide care otherwise as shown in the graph below.
A large share of contractors report “without the Pilot, my agency would struggle to continue providing subsidized child care to families in need.”

- **Strongly Agree**: 40.0%
- **Agree**: 34.3%
- **Neither Agree nor Disagree**: 21.9%
- **Disagree**: 3.8%

Notes from the Field: Provider Supports

“It has been very helpful to have a Pilot Coordinator which has allowed the many agencies to receive support individually and collectively.”

“Overall support with education and policy updates.”

“The Pilot is the bridge between the state and local providers. The support and many resources and guidance provided towards the shared goal of quality early care and education. Many of our families have stayed in our program due to this support.”

“Due to staffing crisis and the inability to recruit and retain qualified administrative support, the 24-month eligibility has been extremely beneficial for our agency.”

“Flexibilities include extended certification period, added voluntary transfer window, and a pilot reimbursement rate. With the extended certification period, we have been able to provide stability for our neediest families and to spend our time more efficiently enrolling new families. The voluntary transfer window flexibility supports and encourages collaboration among the participating providers so that programs maintain funds in the county that can be shared with programs as needed. The pilot reimbursement rate allows us to enroll needy families and provide a high-quality early learning experience for eligible children in our community.”
To what extent have the Pilots increased access and stability for families?

The vast majority of contractors (94.3%) reported they strongly agree or agree that the Pilot “has supported families to get child care services they need” and “increased family stability” (91.4%).

There are many important ways the Pilots have supported increased access to child care and stability for families such as allowing families to stay in care longer when their income increases; providing the security of extended eligibility timeframes; and allowing increased flexibility for the most vulnerable families who are homeless, seeking housing, or seeking employment. Additionally, the support the Pilots give to providers, such as an increased reimbursement rate or efficiencies such as the “slot survey,” benefit children and families as well who gain access to care as providers are able to maintain stability and fill open slots quickly.

As LPC coordinators have noted, having increased income thresholds for families has allowed centers to keep families in care who rely on the subsidized support, which is especially important in high-income counties where a family can still struggle financially, even if they have an income that is too high for subsidized programs. Further, allowing families to stay in care longer has eliminated issues where a parent declines a raise to maintain their subsidized placement.

One of the ways to assess stability for children and families is to look at retention among children across contract years. While we were unable to obtain this data across all the Pilot counties, a snapshot from San Francisco and Santa Clara counties supports the belief that the Pilots increase stability.

As shown in the Table below, a large share of children who received care also received care the previous year. The average length of participation for CCTR and AP contracts for both counties is over two years.
Table 5: Compared to Previous April, Children Still Enrolled a Year Later

<table>
<thead>
<tr>
<th>Percent Still Enrolled</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
</tr>
<tr>
<td>San Francisco</td>
<td>4,094</td>
<td>58%</td>
<td>4,378</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>5,128</td>
<td>50%</td>
<td>5,597</td>
</tr>
</tbody>
</table>

Source: 801A census forms from April 2017-2020.
Notes from the Field: Family Support

“We have many success stories, but one that stands out is a family who was formerly homeless that had experienced many transitions before getting to our program. Once enrolled, the mom was able to get a job and receive continuity of care for 24-months. This peace of mind helped decrease family stress and provide the family the stability they needed to thrive.”

“The pilot provides opportunities for families to access affordable early care and education. We have many families that have experienced extreme hardships during COVID-19 and their recovery depends on their access to our programs.”

“We have a few families who, due to COVID, are seeking employment, so the period of being eligible for seeking employment has been helpful to them. We also have a number of Uber, Lyft, Instacart, etc. employees who were greatly affected by the pandemic and being served through the pilot program enabled them to work longer hours and [have] flexibility in their schedules.”

“We have many stories and appreciation from parents who can plan ahead, they have confidence that their child(ren) will be enrolled in our programs until Kindergarten entry and don't have to requalify in the summer hoping that they will get to come back to their teachers and program. This peace of mind is essential for family support, stability and the child's growth and social emotional development including relationships with both adults (teachers) and their peers.”

“We serve many homeless families. Their lives are filled with disruption and paperwork. Gaining access to a high-quality program which seamlessly helps them connect and thrive has been life changing for hundreds of families.”

“We have many newcomer middle eastern refugee families in our community who may have spent several years in refugee camps before coming to the United States. Many have young children who have never been in school, so having the flexibility of enrolling children for an extended period has several positive effects. It supports families by providing stability, connecting them with the school community and each other through parent engagement activities, as well as helping them learn the language, and the culture of school.”

“We have a family who was involved with the justice system; her mother went to prison, and she was left caring for her 6 siblings. 2-year eligibility relieved the burden of worry about what she was going to do for early care services for her youngest siblings while she herself was trying to finish up school. It also allowed her to enroll her own child at the same school as their aunts, so she didn't have to run around to a bunch of different locations dropping off children in her care.”
To what extent have specific flexibilities been especially important in Pilot counties?

One of the challenges with evaluating the Pilots arises from each county having slightly different flexibilities. While local flexibility is an important aspect of the Pilot development, it can create challenges with trying to tease out which components of the Pilot are more important. **LPC coordinators have emphasized that each of the Pilot flexibilities arose from a desire to address local child care challenges, and each component is important.** Additionally, there are aspects of the Pilots, like the community that is created, that cannot be measured by looking at individual flexibilities. Thus, it is important to look holistically across to the Pilots to assess whether a Pilot is successful.

That said, some aspects of the Pilots have consistently emerged as especially important. These findings are noted below. This does not suggest, however, that those components that are not mentioned are not important to those counties that have implemented them.

**While all of the Pilot flexibilities are important, 24-Month Eligibility has been a crucial support for both families and providers.**

The majority of the Pilots have implemented 24-Month Eligibility, which means once a family is determined eligible, the family remains eligible for 24 months (with the exception of 12-year-olds). Some Pilots have part-day CSPP 24-Month Eligibility, which means once determined eligible for part day CSPP, families are eligible for two 180-day periods within a 24-month period.

**For Pilots with 24-Month Eligibility, providers and LPC coordinators overwhelming report it is a crucial element in providing stability for children and families.** In fact, of the 84 providers who responded to the survey and operate in a Pilot county that had implemented 24-Month Eligibility, every single one (100%) reported they strongly agreed or agreed that it supported family stability. As one contractor noted, 24-Month Eligibility is “helpful for a family’s peace of mind. Because they know they will have that child care, they look at other job opportunities or professional development because know they have that covered and can use time for self-improvement or career advancement.”

24-Month Eligibility “has provided families with continuity of care for two years and creates stability for our youngest and most vulnerable children by providing consistent care and learning opportunities.”

“Having 24-month eligibility relieves the administrative burden on our enrollment team (one person) and allows us to focus on high-quality instruction for our students.”
Implementing 24-Month Eligibility has also been greatly beneficial to reducing administrative burden on providers allowing for more resources to be allocated on direct services to children. Providers consistently report that 24-Month Eligibility has been greatly beneficial to them. Center staff can spend less time on meeting with families to continually re-assess their eligibility. Additionally, it has saved time and costs associated with re-certifying. For example, LPC coordinators noted that providers conduct home visits in more rural counties that can take several hours. These changes have streamlined the process and decreased administrative burden on agencies that already struggle to provide subsidized care.

Pilot Reimbursement Rate

Having an increased Pilot Reimbursement Rate (PRR) has also been extremely helpful, especially in the highest cost counties. LPC coordinators have noted that having an increased PRR has allowed some providers to take on state contracts that might otherwise opt to stop providing state subsidized child care. As of recently, Pilot counties no longer have an increase Pilot rate. This may cause challenges for providers who are continuing to operate in the most expensive counties in the state.

Other Pilot Components

In the provider survey, contractors were asked to mark if any specific Pilot flexibility had been “greatly beneficial” to their agency. While some Pilot flexibilities were noted to be greatly beneficial to almost all contractors, every flexibility was noted as important to at least one-third of providers suggesting each component has an impact for some families and providers.

For example, for some families the Pilot provided stability while caregivers were able to seek employment and/or permanent housing. Across the state, from 2018 through 2020 there were 12,009 children (4.7% of all children served) who received care through the pilot with parents seeking employment; 696 children (approximately .3% of all children served) who received care were homeless with parents who were seeking

97.0%

Percent of providers with a Pilot Reimbursement Rate who reported they strongly agree or agree the “increased reimbursement rate has made it easier for our agency to provide subsidized services to families in need.”

Without pilot rates, our agency would not have been able to operate in a high-cost county and offer the children and families the ability they need to reach their goals.

“The increased pilot reimbursement rate has allowed us to increase our non-exempt wages and attract and retain better qualified staff.”

“The increased reimbursement rate has had the most substantial impact on our program. We are still struggling to cover the actual costs of care for our program, but the Pilot has helped close some of the funding gap.”

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permanent housing. For these families, being eligible for less than 32.5 hour of services a week has provided increased flexibility to support them at a vulnerable time.

LPC coordinators noted that sometimes small changes can have a big impact on filling a classroom to support access and provider stability. For example, eliminating the 50% requirement for CSPP prior to enrolling other three-year-olds allows additional children in classrooms, helping providers to serve more kids and meet contracts. Additionally, the flexibility of voluntary transfers has assisted Pilots to keep funds in the county and serve more children. As noted above, the community and technical assistance provided within the Pilots has further strengthened the ability of contractors to maximize the use of these flexibilities as well.

Discussion

One of the fundamental challenges in evaluating the Pilot projects is due to the fact that the Pilots arose from a unique set of circumstances where the highest cost counties were experiencing dire challenges taking on state contracts and thus were turning away funds to serve children and families desperately in need. Because the Pilots are situated in the highest cost counties, it is hard to know what would happen if the Pilots had not existed. There are no comparison counties and baseline information is challenging due to a constantly changing policy landscape.

With that in mind, findings from this report indicate that despite the ongoing challenges providers face such as fully earning contracts in high-cost areas and operating during COVID-19, there are a number of ways the child care Pilot has been successful.

- **Stability for children:** The Pilots serve some of the lowest income, most vulnerable children in these counties. There are several indications that the Pilots do provide support and continuity for these families by allowing families to stay in care longer; providing the security of extended eligibility timeframes; and allowing increased flexibility for the most vulnerable families who are homeless, seeking housing, or seeking employment.

- **Support for contractors:** There are numerous ways the Pilots support contractors to continue to serve children. Stability for providers comes not just from individual flexibilities that are so important like 24-Month Eligibility and a Pilot Reimbursement Rate, but overall, from the support, collaboration, and community that comes from being a contractor in a Pilot county.

However, there is reason to believe the Pilots provide an important, if insufficient, support to stabilize children, families, and providers. Disrupting the Pilots could destabilize an already tenuous infrastructure that has only become more challenging since COVID-19. However, more than that, the Pilots allow an opportunity to test local flexibilities that have been proven successful and implemented statewide, and this provides a value-added beyond what is provided within any one county.
Areas for Consideration

Across all of the Pilots, there is ongoing interest in continuing to treat the Pilots as incubators to test new ideas that, if proven successful, could be implemented statewide. LPC providers suggested the following ideas for new Pilot innovations:

- Allow families to stay in care up to 100% SMI.
- Create priority for siblings to increase continuity for families.
- Test regional income thresholds that could be used in Pilots to test applicability of bringing statewide.

Below are a few areas for consideration to streamline the work of the Pilots and ease the administration burden for both county and state staff.

- Ensure LPCs have one or two known contacts at state for both implementation and reporting.
- Treat data like a Continuous Quality Improvement process where Pilots serve as an incubator for testing new innovation and bring information back to the state through regular meetings (e.g., quarterly or bi-annual).
- Look for avenues where Pilots have streamlined services that could be helpful to other counties. This might include shared service models; tools or informational materials; or experience with new ideas such as the “slot survey” in Santa Clara County.
- Identify ways to streamline the process for testing new innovations. As the Pilots became larger, processes have become more formal, and it became administratively more challenging to test new innovations. It takes time on both sides to review and approve Pilots’ requests so there may be opportunities to streamline this process.
- Look for ways to clarify and streamline evaluation expectations.
  - This might include working collaboratively to set clear evaluation measures for different innovations. If more than one county tries an innovation, having the evaluation measures be the same across counties.
  - Work with existing counties that do no have evaluation goals or baselines, to create simple meaningful targets.
  - Streamline data requests for completing the evaluation template. If all counties are using similar measures, perhaps a standard data request could apply across all of the Pilots for reporting.
- Consider incorporating mixed method reporting. Much of the value added from the Pilots cannot be gleaned from existing quantitative data. Consider incorporating a simple survey or other evaluation methods that assess the Pilots’ success that draws from the experience of families and providers.