States are using federal and state dollars to expand child care assistance for low-income families. Nevertheless, persistent gaps in child care supply continue, particularly among specific populations. State expansion of child care funding has slowed, and most states face major fiscal crises. Many states have moved to all- or majority-voucher systems for delivering child care assistance to low-income working families. Nearly half of the states use contracts to fill supply gaps and expand choices for families. This study examined contracting policies, interviewing child care state administrators in most of the 24 states that used contracts in 2002. Between 1998-2000, the percentage of children receiving child care subsidies through contracted providers was 10-12 percent (with great variation among states). States used contracts to create and stabilize child care availability in certain areas; provide child care to meet the needs of specific populations; extend the day and year of care for children in Head Start; and improve the quality of program standards and enhance child care services. Results indicate that contracts help states target the needs of special populations, many people prefer contracts, and contracts allow states to conduct closer provider monitoring. Recommendations for the federal government, states, and future research are offered. Three appendices include methodology, state contract program descriptions, and state contact information. (SM)
How States Contract Directly With Providers to Shore Up Child Care Choices For Low-Income Families

By Rachel Schumacher, Kate Irish, and Mark H. Greenberg

April 2003
Untapped Potential?

How States Contract Directly With Providers to Shore Up Child Care Choices For Low-Income Families

By Rachel Schumacher, Kate Irish, and Mark H. Greenberg

April 2003
Acknowledgments

This report was made possible by a grant from the Foundation for Child Development. CLASP’s child care and early education work is also supported by The Annie E. Casey Foundation, The Ford Foundation, The John D. and Catherine T. MacArthur Foundation, JP Morgan Chase Foundation, The Moriah Fund, Open Society Institute, Public Welfare Foundation, and an anonymous donor. The authors are solely responsible for the content.

We are grateful to many individuals for their contributions to this project. First and foremost, we wish to thank the state officials who took time to respond to our survey, participate in interviews, and verify the data we report. This paper could not have been completed without their time and attention. In addition, thanks go to those who provided guidance to us or commented on our drafts, including Gina Adams, Helen Blank, Joyce Butler, David Edie, Danielle Ewen, Bill Hager, Joan Lombardi, Monica Rohacek, Isabel Sawhill, C. Eugene Steuerle, Louise Stoney, and Karen Tvedt. Special appreciation also goes to CLASP staff members who provided invaluable assistance in various stages of this project: Anya Arax, Gayle Bennett, John Hutchins, Tanya Rakpraja, and Elise Richer.

About the Authors

Rachel Schumacher is a Policy Analyst, Kate Irish is a Research Assistant, and Mark H. Greenberg is Policy Director at the Center for Law and Social Policy.

© 2003 by the Center for Law and Social Policy. All rights reserved.

Center for Law and Social Policy
1015 15th Street, NW, Suite 400
Washington, DC 20005
(202) 906-8000 • (202) 842-2885 fax • www.clasp.org
Executive Summary

Over the past decade, states have used federal and state dollars to expand child care assistance for low-income families. Nevertheless, persistent gaps in child care supply continue in many communities, and supply problems are often reported for particular populations, such as infants and toddlers, children with special needs, school-age children, and families needing care during non-traditional hours. In addition, state expansion of child care funding has slowed recently, and most states now face major fiscal crises, which will put additional pressure on state child care spending.

These gaps in child care supply have come amidst an ongoing discussion about how to finance subsidies for low-income families. Much of the debate has centered on how vouchers for parents and contracts with providers each affect the supply of child care and the opportunities parents have to exercise choice from that supply. Prompted in part by a 1990 federal requirement, most states have moved to all- or majority-voucher systems for delivering child care assistance to low-income working families. However, contracts with providers remain an allowable use of federal funds. While access to vouchers is sometimes seen as synonymous with “choice,” persistent gaps in supply raise questions about whether voucher-only systems can fully address the child care needs of low-income families. Nearly half the states are using contracts to fill supply gaps and expand choices available to families, but the full potential of contracts has not yet been tapped. In this first in-depth national study of contracting policies, CLASP interviewed child care state administrators in most of the 24 states that reported use of contracts to us in 2002, and we analyzed their responses about why they use contracts, how they implement them, and how they feel federal funds and rules may be affecting their use of contracts.
Findings

Between 1998 and 2000, the percentage of children receiving child care subsidies through a contracted provider hovered between 10 and 12 percent, according to state reports to the federal government. However, these national data mask great variation among states: 33 states reported no contract usage for FY 2000, while the remaining states reported 2-73 percent of children served through contracts. This study finds that states use contracts in four key ways:

- to create and stabilize child care availability in certain areas;
- to provide child care to meet the needs of certain populations, specific to the needs of that state;
- to extend the day and year of care for children in Head Start; and
- to improve the quality of program standards and enhance the services in child care.

In some ways, the promise of vouchers has been realized in state child care subsidy systems. Because the child care market is made up of a wide variety of providers, vouchers can help users have a range of choices among what is already available in their communities, so long as providers are willing to accept the vouchers and their conditions. Vouchers work best in a market in which the quality of goods or services being purchased is obvious, it is easy for consumers to access information about that quality, and it is easy to find and switch to new goods or services. However, the child care market is not optimal for vouchers in at least three key ways:

- Parents are not likely to have full information about child care choices.
- There are many barriers that limit the ability of low-income families to find and switch to new child care providers while balancing the demands of work.
- Child care providers may be hesitant to offer higher-cost forms of child care or to locate in low-income or rural areas without assurances that they will be compensated regularly and adequately.

In addition, despite the continuing growth in use of child care vouchers since 1990, empirical evidence suggests consistent shortfalls in supply in the child care market. Researchers have documented child care shortages in certain geographic areas and among certain populations, which may disproportionately hurt lower and median-income families looking to redeem a child care voucher in the marketplace.
Based on the survey of state administrators, CLASP has drawn seven main conclusions regarding state use of contracts as part of a mixed child care subsidy delivery system:

- Contracts have the potential to help states require child care providers to meet higher program and content standards, but not all states set higher standards, and some require them of only a subset of the various contract program types they administer.
- Contracts help states target the needs of special populations.
- Many providers prefer contracts.
- Contracts allow states to conduct closer provider monitoring.
- States want to evaluate the success of contract programs more rigorously but lack the necessary resources.
- Most state administrators using contracts would recommend them to other states.
- States want more technical assistance for developing integrated, automated reporting systems for contract program and voucher data.

Recommendations

At the end of the report, we offer recommendations for Congress and the federal Child Care Bureau, for states, and for future research.

For Congress and the federal Child Care Bureau:

- Increase child care funding to states, as state capacity to develop new initiatives and focus resources on expanding quality, access, and supply is substantially dependent on having additional funding.
- Provide technical assistance to state policymakers to (1) help think through the potential uses of contracts in their systems and (2) bolster existing state models of contracting, including providing access to replication tools, such as sample Requests for Proposals (RFPs), contracts, policy and program standards guidelines, and evaluation tools.
- Assist states to develop data systems that can include both voucher and contract program information, as required on current federal reporting forms, and reconsider whether certain data are necessary to collect for some contract programs (e.g., for children who spend a brief time in drop-in centers).
Gather data on any use of contracting to enhance supply and quality through Child Care Development Fund (CCDF) biennial state plans.

For states considering use of contracts:

- Identify state-specific key populations, need for certain types of child care, concerns about program quality and promoting school readiness, and areas where a lack of range of child care choices for parents could be addressed through a contract approach.

- Work with state administrators in other states who have experience with contracting to learn about their policies, procedures, and lessons learned.

- Implement pilot or limited-scale contract projects to test implementation procedures and provider and parent response. Include means to evaluate the program for ongoing program improvement.

- Consider requiring higher program and content standards for programs receiving contracts, above the basic health and safety rules of state licensing requirements.

For future research:

- Examine state contract programs more comprehensively to determine whether they are achieving their stated policy goals (to build supply, stabilize care in certain areas, meet parents’ needs, improve program standards, etc.). Identify the key policy components that are linked to success.

- Compare supply and parental choice patterns in states and localities with voucher-only systems vs. mixed voucher and contract systems to determine the role of subsidy distribution policy in supply trends, especially in rural areas and highly concentrated low-income communities.

- Study what components of contract policy (program requirements, payment rates, etc.) successfully improve child care quality, how these components compare with those stipulated in state early education initiatives, and whether there are lessons that are relevant for the voucher system as well.

- Learn the perspectives of parents and providers regarding their experiences with child care provided through contract policies and through voucher-only subsidy systems.
Introduction

Over the past decade, states have used federal and state dollars to expand child care assistance for low-income families. Nevertheless, persistent gaps in child care supply continue in many communities, and supply problems are often reported for particular populations, such as infants and toddlers, children with special needs, school-age children, and families needing care during non-traditional hours. In addition, state expansion of child care funding has slowed recently, and most states now face major fiscal crises, which will put additional pressure on state child care spending.

These gaps in child care supply have come amidst an ongoing discussion about how to finance subsidies for low-income families. Much of the debate has centered on how vouchers for parents and contracts with providers each affect the supply of child care and the opportunities parents have to exercise choice from that supply. Prompted in part by a 1990 federal requirement that parents receiving federally funded child care assistance have a choice to use vouchers, most states have moved to all- or majority-voucher subsidy systems. Access to vouchers is sometimes seen as synonymous with "choice," yet persistent gaps in supply raise questions about whether voucher-only systems can fully address the child care needs of low-income families. Many states with voucher-only systems are now experimenting with tiered-payment mechanisms to pay higher rates for needed types of child care to encourage the market to address supply deficits. However, it remains unclear whether this strategy will work in severely depressed neighborhoods where providers may be hard-pressed to provide special types of care, which are more costly and may require higher standards. Other states have maintained a mixed service delivery system, using some funds to contract directly with center-based and family child care providers and requiring that specific types of
child care are available to low-income families. Still other states are now experimenting with pilot projects to see if contracts might help address persistent supply deficits.

This report explores how states are using contracts in their child care subsidy systems and whether such direct contracting policies have potential in helping states build the supply of quality child care for special needs populations and low-income families. In this first national in-depth study of state contracting policies, we interviewed child care state administrators in most of the 24 states that reported use of contracts in their delivery systems, and we analyzed their responses about why they use contracts, how they implement them, and how they feel federal funds and rules may be affecting their use of contracts. Our study specifically focused on how contracts were or were not incorporated into state child care subsidy systems and, therefore, did not include contracts administered from state education departments or other agencies for the provision of prekindergarten and early education initiatives or after-school programs. We found that states use contracts in their child care subsidy systems in four key ways:

- to create and stabilize child care availability in certain areas;
- to provide child care to meet the needs of certain populations, specific to the needs of that state;
- to extend the day and year of care for children in Head Start; and
- to improve the quality of program standards and enhance the services in child care.

Although most of these contracting initiatives only reach a small portion of the children receiving child care assistance in their states, almost all of the 18 administrators we

---

1 In response to a CLASP survey in November 2001, Arkansas, California, Colorado, Connecticut, the District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Maine, Massachusetts, Mississippi, Missouri, Montana, Nevada, New Jersey, Oklahoma, Oregon, South Carolina, Vermont, and Wisconsin responded that their states use contracts for child care. While New York State indicated that it does not use contracts in response to our survey, we are aware that New York City provides the majority of its subsidies through contracts with providers. The New York City Administration for Children's Services' Division of Child Care and Head Start annually contracts with 289 community-based "child care sponsor agencies." Of the approximately 60,000 children served with subsidies, approximately 17,000 receive vouchers and the rest receive contracts. According to the federal Child Care Bureau website, 24 percent of children were served through contracts/grants in FFY 2000 in New York State (CCDF Data Tables and Charts, http://www.acf.dhhs.gov/). Although New York City has a large contract program, we did not include it in the study because it did not fall within the original scope of the paper, which was to examine state-level contract programs.

2 CLASP was unable to interview state officials in Arkansas, Florida, Hawaii, Indiana, Iowa, and Nevada.
DEFINITION OF TERMS

For the purposes of this paper, a voucher is a certificate awarded to a parent determined eligible for child care assistance that may be used by that parent to select a child care provider of his or her choice in the child care market, so long as that provider is willing to participate in the voucher system and meets applicable state licensing requirements. Parents usually establish eligibility with the designated state voucher management agency (which could be a welfare, child care, or nongovernmental agency). Providers are usually paid after the service has been provided on a reimbursement basis based on a rate set by the state.

By a contract, we mean a legal agreement made between a state and a child care provider prior to service delivery that the provider will make available a certain number of child care slots, which will be paid for by the state so long as contracted state program or attendance conditions are met. In some states, a family may establish eligibility for assistance with the child care provider, in addition to the voucher management agency. Payment may be made prior to or after service provision, and the rate can be based on negotiation between the state and the provider. For the purposes of this paper, we did not include state prekindergarten programs delivered in child care settings.

interviewed would expand contracts if more funding were available, and they believe that their efforts have led to improvements in meeting low-income families' needs, increasing quality control, and promoting professionalism among participating providers. More research is necessary to determine whether the promise of contracts as described by the surveyed administrators is being realized. Given the potential of contracts as part of a mixed strategy for state child care delivery systems, CLASP recommends further research on the extent to which contracts have a direct impact on supply and parental choice, expanded technical assistance and information-sharing for states interested in pursuing these policies, and increased state experimentation with this approach.

This report:

traces the changes in federal policy that have shaped state child care subsidy distribution and supply development,

provides a theoretical framework for thinking about subsidy distribution, with some discussion of current child care supply conditions,

describes the survey and interview data gathered on state experiences in implementing contracts in their subsidy systems, and

offers federal and state policy and research recommendations based on state experiences and lessons learned.
Section One

Federal Policy and How Child Care Assistance Is Distributed

Over the 1990s, there was an historic increase in the proportion of low-income mothers in the labor force and an expansion of federal funding intended to improve parental choices for child care assistance. Between 1990 and 2000, the percentage of low-income single mothers who were participating in the labor force grew from 38 to 59 percent. Two major federal policy developments occurred in child care assistance policy in the 1990s: the creation of the Child Care and Development Block Grant (CCDBG) in 1990 and the creation of the Child Care and Development Fund (CCDF) in 1996, which combined the CCDBG and other funding streams into one consolidated child care block grant. Federal rules associated with these two policy initiatives have required that states develop child care assistance programs that provide parents with the choice of using vouchers, and many states have moved to voucher-only systems.

The Child Care and Development Block Grant and the Voucher Requirement

Before 1990, states had two main sources of federal funding for child care assistance: Title XX Social Services Block Grant (SSBG) funds (available both for child care and for a host of other social services) and funds associated with the Aid to Families with Dependent Children (AFDC) welfare program to help families receiving AFDC who

needed child care to work, to participate in education or training, or to transition off welfare. States had flexibility under these programs to determine what payment mechanisms to use for provision of child care services. Federal regulations implementing the Family Support Act of 1988 required that AFDC parents participating in approved employment, education, and training activities and families transitioning from AFDC to employment be able to make their own child care arrangements rather than accept a state-arranged child care slot. They also allowed parents to be reimbursed directly for self-arranged care. Federal guidance released in 1989 encouraged states to consider using a voucher system for child care assistance to these families, but federal regulations did not require states to do so.

With passage of CCDBG in 1990, dedicated funds became available for low-income families whether or not they were current or former AFDC recipients, and the authorizing legislation specifically required that states establish voucher systems. The CCDBG law included the following provisions:

- Targeted the bulk of CCDBG funds (75 percent) to make child care more affordable or to improve quality and availability, requiring that states provide parents with the choice of a voucher or child care slot with a contracted provider.
- Required states to have voucher programs in place by October 1, 1992, but also allowed states to choose to offer contracted slots.
- Set aside 25 percent of the funds to improve the quality of child care and to provide early childhood development and school-age care services. The legislative language specified that 18.75 percent of CCDBG funds be used for contracts or grants to establish or expand early childhood development and school-age care activities. Highly disadvantaged communities would receive priority

---

4. Aid to Families with Dependent Children and Job Opportunities and Basic Skills Training Programs and Child Care and Supportive Services, 45 C.F.R. § 255.3(d)(2) (1989) (repealed).
7. CCDBG Act of 1990 § 658c(c)(2)(A)(i)
8. The regulations provided that a choice of a contracted slot be provided “should such service be available” only. 45 C.F.R. §§ 98.30(a)(1) & (2).
9. See CCDBG Act of 1990 §§ 658H & 658F. The language specified that early childhood development programs should consist of services “intended to provide an environment that enhances the educational, social, cultural, emotional and recreational development of children,” and also specifically allowed states to impose additional requirements on contracted providers.
How States Contract Directly with Providers to Shore Up Child Care Choices for Low-Income Families

...for these dollars, based on several factors, including concentration of poverty and very high- or low-density populations. The legislation also set aside 5 percent for initiatives to improve the quality of child care and 1.25 percent for either quality initiatives or expanding early childhood and school-age activities.

While the CCDBG statutory language specified that participating families be given a choice between receiving a contracted slot or voucher, implementing regulations only required that families be offered a voucher (with the instruction that services offered through a contract or grant be offered "if such services are available"), and the federal requirements for parental choice have been understood to be satisfied through the provision of vouchers to families.

The 1990 CCDBG law and subsequent federal regulations also required states to provide assurances that the provider payment rates that they establish "are sufficient to ensure equal access for eligible children to comparable child care services in the state or substate area that are provided to children whose parents are not eligible to receive assistance under the CCDBG or other child care assistance programs. Federal regulators defined equal access as requiring access to all categories of care (e.g., center-based, family child care, in-home, etc.) available to non-eligible families, but not as requiring access to all providers within a market.

At the same time CCDBG was enacted, Congress also created At-Risk Child Care, a capped matching funding stream for families determined by their states to be "at risk" of receiving AFDC. Apart from eligibility determinations, many of the rules governing At-Risk Child Care were similar to those governing AFDC-related child care.

The 1996 Consolidation of Federal Child Care Rules and Increased Funding

In 1996, Congress consolidated CCDBG and the AFDC-related child care funding streams into one block grant structure, placing all funding within the authority of one set of rules modeled on the original CCDBG. In federal regulations, the new structure became referred to as the Child Care and Development Fund (CCDF). Congress kept

10 CCDBG Act of 1990 § 658H(c).
12 45 C.F.R. §§ 98.30(a)(1) & (2).
much of the main language of the original CCDBG in the reauthorization, including the
equal access provisions and the requirement that states offer all qualifying parents a
choice to enroll their children with providers receiving grants or contracts from the
state or to receive child care certificates or vouchers.15 Similar to the CCDBG, final reg-
ulations promulgated in 1998 maintained the distinction that vouchers must be avail-
able and that states could choose whether to also make contracted slots available.16

The legislation deleted the set-aside for contracts or grants to provide early childhood
development or school-age care. Although the law included a 4-percent set-aside for
quality enhancement, the listed activities did not include direct child care services, but
instead listed such activities as consumer education, child care resource and referral,
training, education, and licensing. This allowed states to move to voucher-only systems
if they chose to do so.

Under current law, the vast majority of children in the CCDF-subsidized child care sys-
tem are served through vouchers, although half the states currently use at least some
contracts. Data are not available to describe national trends in state use of contracts
and vouchers over the decade, but between 1998 and 2000 the percentage of children
receiving CCDF subsidies through a contracted provider hovered between 10 and 12
percent (see Figure I). The percentage receiving vouchers stayed between 82 and 84
percent. The remainder—6–7 percent—were in families receiving cash payments to
meet their child care costs.17 However, these national data mask great variation among
states: 33 states reported no contract usage for FY 2000, while the remaining states
reported 2–73 percent of children served through contracts. As we learned from this
research, though, some states do not include their small contract pilots in their feder-
al reports because they lack the technical capacity to combine those data with data
from the voucher system. In addition, there is no requirement to report forms of pay-
ment, and, accordingly, no national data exist regarding use of contracts or vouchers
for children whose care is paid for directly with Temporary Assistance for Needy
Families (TANF) funds outside the CCDBG system.


16 Child Care and Development Fund, Final Rule 45 C.F.R. §§ 98.30(a)(1) & (2).

17 U.S. Department of Health and Human Services, Administration for Children and Families,
Child Care Bureau, FY 1998, FY 1999, and FY 2000 CCDF Data Tables and Charts,


Figure 1: Percentage of CCDF-Funded Children Served by Contracts, Vouchers, and Cash in FY 1998-2000

Source: CCDF Data Tables and Charts, Child Care Bureau website, http://www.acf.dhhs.gov/programs/ccb/
Section Two

The Peculiarities of the Child Care Market: Why Voucher-Only Systems Do Not Address Some Needs of Low-Income Families

Although most states now rely exclusively or almost exclusively on vouchers to provide child care assistance, there are sound theoretical and practical reasons to consider the use of contracts in a mixed approach. Academic theory and evidence of persistent child care supply deficits indicate that, because of particular characteristics of the child care market, the exclusive reliance on vouchers may not be the best way to encourage the development of certain specialized types of care or of providers meeting high program standards.

Most early care and education delivery systems use direct funding of providers to assure that the preferred programs and standards of care are available. For example, federal Head Start programs are funded by direct agreement between the federal government and local grantees, with oversight from federal regional offices. Of the 42 states and the District of Columbia with prekindergarten initiatives, most distribute funds through competitive or non-competitive grants directly to programs to provide pre-K classrooms.18 Moreover, a number of experts in recent years have urged a rethinking of the financing of early care and education, suggesting a model more like that of higher education. Such a model would include a mix of “portable” subsidies,

like vouchers to parents, and “non-portable” direct contracts with providers, and could potentially combine the best aspects of both systems.19

The Theory of “Choice”: Can a Voucher-Only System Work in the Child Care Market?

The movement toward vouchers in human service delivery is based on theories that vouchers maximize consumer choice, offer voucher-users the same choices as more well-off consumers, and increase market efficiency and supply by stimulating competition among providers.20 These theories recognize that vouchers work better in some markets than others. A well-defined market in which the quality of goods or services being purchased is obvious, and it is easy for consumers to access information about that quality, helps make vouchers work better for consumers, as does a market in which it is easy to find and switch to new providers.21 An example of such a good is food. Problems may arise, however, when public service vendors are faced with different costs for different types of consumers. In these cases, the design of voucher systems must include differential payments and incentives to encourage providers to offer more costly forms of services (e.g., infant care vs. preschool-age child care).22 Finally, the promise of competition to increase opportunities for choice cannot be realized if demographics don’t provide a full-enough market—for example, in rural areas or depressed neighborhoods where providers may choose not to operate.

In some ways, the promise of vouchers has been realized in state child care subsidy systems. Because the child care market is made up of a wide variety of providers, vouchers can help users have a range of choices among what is already available in their communities, so long as providers are willing to accept the vouchers and their conditions.


Vouchers may help low-income children gain access to a provider who serves mostly higher-income children but is willing to accept a few subsidized children. Vouchers help parents who wish to choose non-organizational care provided by kith and kin and to choose sectarian child care providers, without pre-existing state-to-provider contracts. This may be particularly helpful for parents with non-traditional hour and varying shift work schedules. Also, because vouchers are usually designed to be linked to the eligibility of the child and not to the use of a particular provider, vouchers can allow parents to change child care arrangements without having to reapply for child care assistance. Finally, states may find it easier to use vouchers to rapidly expand or cut the number of new children served, following the ebb and flow of funding availability in state budgets.

Parental choice may not be achieved using a voucher-only system, however, because the child care market differs from theoretically optimal conditions in at least three key ways:

- **Parents are not likely to have full information about child care choices.** Only a few states rate program content and quality of child care programs as part of state licensing requirements. Most states structure their voucher systems so that providers may receive vouchers if they meet the health and safety rules of the state licensing system, without any additional program monitoring from the voucher management agency. Consequently, neither parents nor state child care subsidy agencies have sufficient information to rate the quality or effectiveness of particular programs and how they may impact children's growth and development.

- **There are many barriers that limit the ability of low-income families to find and switch to new child care providers while balancing the demands of work.** Ease in maneuvering the child care marketplace is limited first by the lack of information described above, but even a well-informed parent may not find it easy to switch providers should his or her first choice not satisfy. Many low-income parents work in the service economy with little control of their working hours and/or work multiple jobs.

- **Child care providers may be hesitant to offer higher-cost forms of child care or to locate in low-income or rural areas without assurances that they will be compensated regularly and adequately.** To offer specialized child care services, providers must invest extra resources for supplies (e.g., cribs or equipment for children with special needs) and for the wages to attract well-educated staff, which can act as a barrier to their providing such care. In areas that are low-income or have low population density, providers may be particularly concerned about making these investments because they do not believe many in the com-
community could afford to pay the true cost of that care. This may prevent low-income families from having access to a range of types of care in their communities. To assure a supply of more expensive care, policies may need to offer providers special payment guarantees, incentives, and technical assistance.

Research: Supply Not Meeting Demand for Many Low-Income Families

Despite the continuing growth in use of child care vouchers since 1990, empirical evidence suggests there are consistent shortfalls in supply in the child care market. Researchers have documented child care shortages in certain geographic areas and among certain populations, which may disproportionately hurt lower and median income families looking to redeem child care vouchers in the marketplace. While no nationally representative studies have been conducted as of yet, this state and local research raises concerns about whether child care supply has responded adequately to demand.

For example, studies have consistently pointed to different supply patterns when comparing higher income to lower income areas. A study of 1990 Census tract data found that regulated center-based child care is less likely to be available in non-metro, poor communities. A study of 1996 data found that lower income communities in Massachusetts had fewer family child care options (regulated child care in a provider’s home) and even less center-based care options than higher income neighborhoods.

Although some studies have found small overall child care supply increases since 1996, there is also evidence of supply deficits in low-income communities, as well as market instability that may affect efficiency, parental choice, and the quality of care provided to children. For example, researchers tracking regulated child care supply in Illinois and Maryland from 1996 to 1998 found that most or all of the growth in these two states was in center-based care, while the family child care supply experienced great turnover and the number of providers declined slightly. Neither state saw significant growth of regulated child care slots in areas with higher concentrations of poor families. Both

---


states rely extensively on the use of vouchers to supply child care assistance to qualifying families.

A California study reported an overall growth in child care supply in the state that only slightly edged growth in population, did not allow the supply of child care in low-income areas to reach parity with higher income areas, and showed major variations in supply across the state. Researchers found that, after 1996, the state greatly increased expenditures of child care assistance funds and the number of children served, but the number of child care center or preschool slots per 100 children aged 0-5 only grew from 13 to 14 between 1996 and 2000. Moreover, researchers found great variation in growth rates by county. Lower income zip code areas tended to have lower mean capacity to provide care for children than higher income areas, and areas with low rates of school attainment by adults had much lower slot capacity than areas with high levels of school attainment (15 slots compared to 35 slots per 100 preschool children in 2000). This was true even though the proportion of children receiving CCDF-funded child care assistance in California via contracts is much higher than the national average (57 percent compared to 12 percent for FY 2000). However, the researchers argued that spending on contracted slots did not grow at the pace of vouchers in this time period. This assertion may not be fully tested using the state data available at the national level, because states are not currently required to report the payment methods or the number of children served with child care expenditures made from TANF funds that have not been transferred to state CCDF programs (which grew to quite a substantial sum in California: $171 million in FY 1999, $525 million in FY 2000, and $533 million in FY 2001).

Authors of a study of the Miami-Dade County child care market raised concerns that the voucher-based system there had addressed neither a decline in the quality of serv-

---


ices received by subsidized children nor a lack of choice of family child care options. A large increase in expenditures for vouchers did not raise the standards of care, and the provider payment rate was the lowest for any metropolitan area in the state. The researchers found evidence of a decline in child care quality, such as reduced average level of educational attainment among child care teachers. In addition, the county had the lowest density of family child care providers and a higher rate of demand for subsidized infant and toddler care when compared to other Florida counties. These supply patterns may have been influenced by the low provider payment rates and increased staff turnover in a time of low unemployment. Whatever the cause, the authors concluded that the issues were not being adequately addressed by the large expansion in subsidized vouchers.32

A number of reports have documented supply deficits for child care for infants and toddlers, school-age children, children with disabilities or other special needs, and families with non-traditional work schedules.33 Low-income families may be particularly affected by such shortages, as families with younger children tend to be at the lower end of their earning potential, are less likely to live in neighborhoods with safe and accessible after-school and summer activities, are more likely to have children with chronic health conditions, and are more likely to be working non-traditional hours in the service economy. In addition, because low-income parents are more likely to live in disadvantaged communities, they may have less access to more expensive programs that pay higher wages to attract better qualified staff, as those programs are more likely to be in communities where a majority of parents are able to pay the full cost of care without government assistance. There is some research that indicates lower income children are less likely to experience center-based preschool programs prior to entering kindergarten than higher income children.34

More Than Vouchers vs. Contracts: The Role of Policy Design

The specific policy rules of voucher and contract systems—not just the choice of one mechanism or the other—have a major impact on whether families with a child care


subsidy can fully exercise parental choice and have equal access to a range of care. Provider decisions to participate in a subsidy system are affected by the rate of payment the state makes for care, whether payments are received up front or on a reimbursement basis, whether differential rates reflect higher costs of providing certain types or quality of care, and the timeliness and efficiency of the payment system. Providers may also be affected by state rules governing how families are determined eligible and maintain eligibility for child care assistance; families that might lose eligibility due to burdensome rules may be less desirable clients for providers to accept.35 So, myriad policy decisions can affect the ability of vouchers or contracts to stimulate the supply of child care. However, raising quality standards of child care programs may be particularly difficult to achieve through voucher-only systems, especially for those providers with few voucher children in their programs. They may not be motivated to change their practices and costs for a whole classroom in order to keep a couple of children, and, since the average voucher subsidy duration is so short (3 to 7 months), providers may not believe there will be a long-term payoff in higher rates.36

Proponents of a mixed child care subsidy system that includes vouchers and contracts point to a number of benefits that contracts may bring, including providing stable funding to programs in low-income neighborhoods and set-aside slots for low-income children in higher income communities; helping create and maintain support for specialized child care or comprehensive services; increasing connections between state agencies and providers, including public/private partnerships; facilitating providers’ ability to use state contract agreements to help leverage other funding, such as loans and credit; increasing the program standards required of contracted providers; and holding programs more accountable for their services.37 Contracts also have the potential to require and reward higher program and content standards of child care providers, including those components associated with better child outcomes and school readiness. The next section of this report explores what state administrators have to say about how contracts function within their state subsidy systems.


Section Three

The Survey Results:
How States Use Direct Contracts with Child Care Providers

With most states employing all- or majority-voucher programs, the bulk of data and research available on the CCDF subsidy system nationally and in individual states focuses on the administrative processes and providers associated with vouchers. This section of the report offers a first look at state contracting processes, based on CLASP’s surveys and interviews with CCDF state administrators. It also contains a synthesis of administrators’ views on how parents and providers interact with the contract systems in their states. Unfortunately, it was beyond the scope of this project to interview parents and providers about their experiences or to talk with state administrators who are not currently using a contract approach about their reasons for that choice. However, we hope this work leads to more research and policy development on contracting at both the national and state levels. While states also report using contracts and grants to help providers to improve program quality and expand services, this paper focuses solely on contracts with providers for child care services (see definition of contracts on page 7).38 Detailed state-by-state information from our interviews is available in Appendix II.

---

38 Several states indicated they were using contracts or grants for purposes that did not fall within the definition used for this project. For example, Utah uses grants to providers to improve quality and to cover start-up costs and expansion of services for school-age children, but families eligible for child care subsidies still need to apply separately for a voucher to help pay for care.
Untapped Potential:

What States Use Contracts and for What Purposes?

Twenty-four state administrators reported using some contracts as part of a mixed child care subsidy approach, ranging from small pilot projects to fully integrated parts of their overall child care system (see Table I, pp. 26-27). These states can be divided into two categories: those that used contracts before the creation of the Child Care and Development Block Grant in 1990 and have elected to maintain some use of contracts, and those that have recently initiated contract projects to meet specific needs that have not been addressed by a voucher-only system.

Of the states interviewed, 10 have been using contracts since the 1970s or earlier (CA, CT, DC, GA, IL, MA, ME, MS, NJ, VT). For these states, contracts have long been a significant part of the state child care subsidy system. The original purpose of contracts in most of these states was to stabilize the supply of child care in underserved areas. Of all children served with CCDF funds in these states, the percentage receiving such services through contracted slots in FY 2001 ranged from 4 percent in Vermont and Georgia to 52 percent in California and Washington, DC.

In recent years, more states have started using contracts to provide child care for special populations, provide specific types of care, or increase program standards followed by child care providers. Within the past five years, several states began using contracts to collaborate with Head Start programs to extend the service day or year, to provide infant and toddler care, or to expand child care opportunities for children with special needs. In addition, several states have implemented or are in the process of implementing smaller scale pilot projects to address such needs as non-traditional hour care and child care for homeless children.

States Choose Contracts to Address Key Issues

States continue to use contracts to stabilize the child care supply in high-need areas, but administrators identified a number of other purposes for contracts. The four main purposes they identified were:

- to create and stabilize slots in certain areas;
- to provide child care to special populations;
- to extend the day and year of care for children in Head Start; and
- to improve the quality of program standards and to enhance services offered by child care providers.

39 For simplicity's sake, we refer to the District of Columbia as a state throughout this report.
How States Contract Directly with Providers to Shore Up Child Care Choices for Low-Income Families

Many contract programs were created for more than one of these reasons. For example, Oklahoma began contracting with providers through the First Start Program to create child care for infants and toddlers that was associated with higher quality standards. States use the contract approach to address multiple goals, often reporting multiple contracting initiatives to meet a range of state needs. See Table II for a state-by-state overview of the history, purposes, and federal funding of state contract initiatives (pp. 31-34).

Create and Stabilize Child Care Slots in Certain Areas

Many states with long histories of contract use began using them to stabilize child care for low-income families in particular communities. Twelve states currently use contracts to create or stabilize the availability of regulated child care slots for low-income families in high-need areas (CA, CO, CT, DC, IL, MA, ME, MO, MT, NJ, SC, VT). These communities may otherwise be unlikely to support stable early childhood learning opportunities, since few parents could afford to pay the full cost without assistance. Three states use contracts to create a supply of child care for families in rural areas, where the range of potential child care arrangements is often limited (CO, MA, ME).

Provide Child Care to Special Populations

All of the states interviewed reported using contracts to target specific populations or types of care. Specialized types of care may be particularly difficult and expensive to access for low-income families. CLASP found examples of initiatives addressing a number of needs, including:

- infant and toddler child care (CA, CT, CO, DC, IL, MA, ME, MT, OK, VT),
- child care for children with special needs (CA, CO, DC, IL, MA, SC, VT),
- out-of-school-time care for school-age children (CA, CT, DC, GA, MA, ME, MO, SC),
- child care for the children of teen parents (GA, MA, ME, OR),
- migrant child care (CA, OR, WI), and
- children in protective services (ME, MA, NJ).

Child care for infants, toddlers, and children with special needs may be particularly hard to find because these children require smaller staff-to-child ratios than other preschool-age children. Caring for children with special needs often requires expensive equipment and staff with specific training. From a provider perspective, unless one is certain that the demand justifies the extra investment required, these types of care are less attractive to offer. However, states may use contracts to ensure these specialized
Table I: State Use of Contracts, Based on FY 2000 and FY 2001
Federal Reporting\textsuperscript{40}

<table>
<thead>
<tr>
<th>State</th>
<th>Number of children served through grants or contracts in 2000</th>
<th>Number of children served through contracts as percentage of all children served in 2000</th>
<th>Number of children served through grants or contracts in 2001</th>
<th>Number of children served through contracts as percentage of all children served in 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkansas\textsuperscript{41}</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>California</td>
<td>159,760</td>
<td>43%</td>
<td>271,375</td>
<td>52%</td>
</tr>
<tr>
<td>Colorado</td>
<td>810</td>
<td>2%</td>
<td>885</td>
<td>2%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>10,000</td>
<td>18%</td>
<td>11,000</td>
<td>20%</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>14,161</td>
<td>73%</td>
<td>12,488</td>
<td>52%</td>
</tr>
<tr>
<td>Florida\textsuperscript{42}</td>
<td>156,903</td>
<td>68%</td>
<td>150,936</td>
<td>59%</td>
</tr>
<tr>
<td>Georgia</td>
<td>2,248</td>
<td>2%</td>
<td>5,389</td>
<td>4%</td>
</tr>
<tr>
<td>Hawaii</td>
<td>3,594</td>
<td>16%</td>
<td>9,575</td>
<td>31%</td>
</tr>
<tr>
<td>Illinois</td>
<td>34,247</td>
<td>12%</td>
<td>36,072</td>
<td>11%</td>
</tr>
<tr>
<td>Indiana\textsuperscript{43}</td>
<td>Not available</td>
<td>4%</td>
<td>513</td>
<td>1%</td>
</tr>
<tr>
<td>Iowa\textsuperscript{44}</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

(continued)

\textsuperscript{40} As part of the original CLASP survey sent to states, state administrators were asked to report the number of children served they listed for questions 3A, 4A, and 5A in federal report form ACF-800. However, the ACF-800 form may not capture children served with non-CCDF funding sources, such as state spending of TANF funds directly on child care without a transfer to CCDF or state expenditures for prekindergarten initiatives. For example, California spent $533 million in TANF funds directly on child care in FY 2001. Also, the ACF-800 may not capture data about contracts purchased with CCDF quality set-aside funds or about small pilots for which states have not developed the means to integrate the data with the voucher system.

\textsuperscript{41} Arkansas tracks contract slots manually and pays contract providers through the voucher system because of a lack of reporting capacity. Therefore, the federal CCDF data reporting does not show use of contracts.

\textsuperscript{42} Florida reported significant contract use in this period, but, because the administrative and policy decisions about whether to use contracts are left to individual local boards, we could not gather state-wide data on contract use beyond this general number.

\textsuperscript{43} Indiana FY 2000 figure from the FY 2000 Data Tables and Charts, Child Care Bureau website: http://www.acf.dhhs.gov/programs/ccb/research/00act800/typepay2.htm

\textsuperscript{44} Iowa uses quality set-aside money to fund its contract initiatives. Therefore, the federal CCDF data reporting does not show use of contracts.
### Table I: State Use of Contracts, Based on FY 2000 and FY 2001 Federal Reporting (continued)

<table>
<thead>
<tr>
<th>State</th>
<th>Number of children served through grants or contracts in 2000</th>
<th>Children served through contracts as percentage of all children served in 2000</th>
<th>Number of children served through grants or contracts in 2001</th>
<th>Children served through contracts as percentage of all children served in 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kentucky</td>
<td>0</td>
<td>0%</td>
<td>70</td>
<td>0%</td>
</tr>
<tr>
<td>Maine</td>
<td>2,785</td>
<td>24%</td>
<td>3,497</td>
<td>26%</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>47,639</td>
<td>41%</td>
<td>49,685</td>
<td>48%</td>
</tr>
<tr>
<td>Mississippi</td>
<td>1,369</td>
<td>3%</td>
<td>11,120</td>
<td>21%</td>
</tr>
<tr>
<td>Missouri</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Montana</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Nevada</td>
<td>2,682</td>
<td>19%</td>
<td>2,551</td>
<td>15%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>16,133</td>
<td>18%</td>
<td>15,646</td>
<td>18%</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Oregon</td>
<td>3,789</td>
<td>9%</td>
<td>3611</td>
<td>7%</td>
</tr>
<tr>
<td>South Carolina</td>
<td>4,682</td>
<td>13%</td>
<td>5,189</td>
<td>13%</td>
</tr>
<tr>
<td>Vermont</td>
<td>290</td>
<td>3%</td>
<td>446</td>
<td>4%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>280,673</td>
<td>23%</td>
<td>410,210</td>
<td>29%</td>
</tr>
</tbody>
</table>

Source: State-reported data from ACF-800 forms, 3A, 4A, and 5A numbers for FY 2000 and FY 2001, in response to the CLASP survey, unless otherwise noted. CLASP calculated percentages. FY 2000 data have been released by the Child Care Bureau, but FY 2001 data have not yet been made available. See CCDF Data Tables and Charts, Child Care Bureau website, http://www.acf.dhhs.gov/programs/ccdf/.

45 Kentucky uses quality set-aside money to fund its contract program, which provided 70 slots in FY 2002. Therefore, the federal CCDF data reporting does not show use of contracts.

46 Missouri uses TANF to fund the before- and after-school contract program. The program provided 4,500 slots in 2002. Because TANF is used, the federal CCDF data reporting does not show use of contracts.

47 Montana uses TANF to fund its Head Start collaboration programs. The program provided 57 slots in 2002. Because TANF is used, the federal CCDF data reporting does not show use of contracts.

48 Oklahoma reported the children served in its contract program in response to question 4A (number of children receiving child care services through certificates and/or cash) since the contract funding provides the enhanced services on top of the voucher slot; the contract program served 490 children in FY 2000 and 545 children in FY 2001.

49 Wisconsin does not report its W-2 on-site child care program since it is temporary care and not the primary arrangement. The on-site program provided 381 child care slots in 2002, and a migrant program provided 642 slots in 2002.
types of care are available to low-income families by including higher payments to providers, technical assistance, and guaranteed payment for these types of slots. In 1998, Congress specifically carved out a small portion of CCDF funds to states for initiatives to support the development of infant and toddler child care, which states may use in contract initiatives.

States may also use contracts to encourage creative solutions to the challenges of drop-in clients, shifting schedule needs, and non-traditional-hour work (variable hours, evenings, and weekends). According to a recent study by the AFL-CIO, 42 percent of women earning less than $25,000 work non-traditional hours. Several states have created contracting partnerships with community agencies, businesses, and academic institutions. For example, Wisconsin provides drop-in child care at its welfare agencies while parents are filling out applications. Mississippi has a small initiative with businesses for on-site care; in one factory, subsidized second-shift and Saturday care is available to employees. Oklahoma and California contract with colleges to provide child care on campus while parents attend class. Oregon contracts with schools to provide child care for student parents participating in high school or a GED completion program.

States also use contracts to stabilize and improve the quality of family child care homes. Six states reported having contracts with family child care networks or systems to enhance the availability of this type of care for families (CA, DC, IL, ME, MA, NJ). One state is exploring whether family child care networks would be helpful to address non-traditional hour needs. See the box on page 36 for more information on family child care networks.

Extend the Day and Year for Children in Head Start

Head Start programs offer enriched early learning opportunities, health and social services, and family support and involvement for children and families in poverty, but often

---

How States Contract Directly with Providers to Shore Up Child Care Choices for Low-Income Families

only on a part-day and part-year basis. This can make it more difficult for working families to take advantage of these programs without piecing together several forms of child care each day to accommodate their work schedules. Administrators in 14 states reported using contracts to collaborate with Head Start programs to provide extended care for children before and after the Head Start day and during summers (CA, CT, CO, DC, GA, IL, KY, MA, ME, MS, MT, NJ, OR, VT). Eight of these Head Start collaborations explicitly require contract child care providers to meet federal Head Start performance standards, such as those related to teacher training, parent involvement, and health screenings, leading to an increase in the quality of care provided in the child care setting. Given that most states are paying contracted child care programs at similar rates as their less-regulated voucher providers, it may be that access to blended federal Head Start funds allows child care providers to meet these higher standards.

Improve the Quality of Child Care Program Standards and Enhance Services

Most states interviewed use some of their contracts with providers to require care meeting certain quality standards, even though increasing quality may not be the stated primary purpose of the initiative. Federal CCDF law does not require any specific program standards for participating child care providers, although states must assure that providers are meeting basic state-established health and safety licensing rules (unless they are legally exempt). Of the states interviewed, 14 reported requiring one or more of their contract programs to meet some higher program or performance standard than the basic state licensing requirements that most providers receiving vouchers are required to meet (CA, CO, CT, DC, IL, KY, ME, MA, MT, NJ, OK, OR, SC, VT). However, a state may apply different quality standards to the various contract program types they administer. In addition, many states have state prekindergarten programs separate from their state child care subsidy systems, which must adhere to other program and curriculum/content standards. Included in these 14 states are many of the states with Head Start extended day contracts. These states require programs to meet federal Head Start performance standards (CA, CO, IL, KY, ME, MA, MT, OR), including standards and related guidance for Early Childhood Development and Health Services (child health, early childhood development, child nutrition, and child mental health), Family and Community Partnerships, and Program Design and Management.

Note that, of the 24 states that reported use of child care subsidy system contracts, 19 also have state prekindergarten programs, which may or may not have similar program standards as the state contract providers. See Doherty, K.M. (2002). Early learning: Data on state early childhood policies and programs have large gaps. Education Week, XXI, 58-59.

Head Start Performance Standard Regs, 45 C.F.R. 1304.
Also, among these 14 states, 12 reported additional program standards associated with one or more of their non-Head Start collaboration contracting initiatives (CA, CT, DC, IL, ME, MA, MT, NJ, OK, OR, SC, VT). Administrators said they were able to monitor and manage providers as well as set more stringent requirements through the contract approach. Some of the additional standards include:

- smaller staff-child ratios (CA, OK),
- higher staff education/training levels (CA, DC, MT),
- accreditation with the National Association for the Education of Young Children (NAEYC) (CT, OK, VT), and
- specified contract performance standards (CA, ME, OR).

States reported using contracts with both center-based and family child care home networks. Through contracts, family child care networks in six states receive funding to offer family home providers administrative support and curricula; materials, supplies, and training; and a pool of substitute teachers when teachers are sick or in training (CA, DC, IL, ME, MA, NJ).

A smaller number of states do not require different standards for their contract programs than for their voucher programs. Although states with extended day Head Start collaborations tend to require contracts to meet those higher standards, they sometimes choose not to require comparable program standards of other contract provider partners. This may be due in part to the nature of the contract initiative; some programs are designed to meet a specific need or type of care, and additional standards are not feasible. For example, Mississippi's contracts for on-site care and non-traditional hour care have the same standards as required of voucher providers. For a couple of states, required standards for contracts are similar to vouchers in part because the basic state child care regulations that licensed providers must meet are already stringent. In Connecticut and Massachusetts, for example, the state child care licensing standards are comparable to NAEYC accreditation standards.

In addition to program standards, California and Washington, DC, use contracts to provide enhanced comprehensive services to children and families in child care, a service not usually required or paid for in the voucher child care subsidy system. State regulations in California require that each contractor include a health and social service component in its program that identifies the needs of the child and the family; refers a child

---

53 The Oklahoma Head Start extended day program has additional program standards beyond the Head Start Performance Standards.

54 In Colorado, quality standards vary across counties and programs, but contracts may be used to improve quality and support local quality initiatives.
### Table II: States Using Contracts to Provide Child Care Assistance: Overview of History, Purpose, and Federal Funding

<table>
<thead>
<tr>
<th>State</th>
<th>When did the state begin using contracts?</th>
<th>Why does the state use contracts?</th>
<th>What types of contract programs does the state offer?</th>
<th>What is the makeup of the contract provider population?</th>
<th>What federal funds are used for contracts?</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>1940s</td>
<td>To provide quality child care to low-income, underserved children</td>
<td>* Low-income</td>
<td>Centers, Head Start centers, and family child care networks</td>
<td>CCDF</td>
</tr>
<tr>
<td>Colorado</td>
<td>1997</td>
<td>To create slots for certain populations, to stabilize low-income slots, and to improve the quality of care</td>
<td>* Rural, * Head Start extended day, * Infant and toddler, * Special needs</td>
<td>Centers and Head Start centers</td>
<td>CCDF, TANF, and SSBG</td>
</tr>
<tr>
<td>Connecticut</td>
<td>More than 30 years ago</td>
<td>To create and stabilize child care for low-income families, special populations, and children in protective services</td>
<td>* Low-income working families (0-13), * Protective services, * Head Start extended day, * Infants and toddlers, * School age</td>
<td>For-profit, community, and municipally operated centers and Head Start centers</td>
<td>CCDF, TANF, and SSBG</td>
</tr>
</tbody>
</table>

(continued)
<table>
<thead>
<tr>
<th>State</th>
<th>When did the state begin using contracts?</th>
<th>Why does the state use contracts?</th>
<th>What types of contract programs does the state offer?</th>
<th>What is the makeup of the contract provider population?</th>
<th>What federal funds are used for contracts?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgia</td>
<td>Historically used contracts; introduced vouchers in the 1980s</td>
<td>The state has historically used contracts for low-income child care and currently provides extended care to Head Start families and care to special populations.</td>
<td>* Head Start extended day</td>
<td>Head Start Centers, schools, community organizations, and private child care centers</td>
<td>CCDF</td>
</tr>
<tr>
<td>Illinois</td>
<td>Late 1970s, early 1980s</td>
<td>To provide child care for low-income families</td>
<td>* Low-income * Infant and toddler, family networks * Head Start extended day * Special needs * Migrant * Non-traditional hour pilot</td>
<td>Centers, Head Start centers, and family child care networks</td>
<td>CCDF, TANF transfer, and SSBG</td>
</tr>
<tr>
<td>Kentucky</td>
<td>1998</td>
<td>To provide full-day/full-year quality child care</td>
<td>* Head Start extended day</td>
<td>Head Start programs subcontract with family child care providers and child care centers</td>
<td>CCDF quality money</td>
</tr>
<tr>
<td>Maine</td>
<td>Historically used contracts; introduced vouchers in the 1990s</td>
<td>Historically used contracts to guarantee availability of child care (due to state's rural nature) and to fund high-quality care</td>
<td>* Infants and toddlers * Head Start extended day * Family systems * After-school * Teen parent</td>
<td>Centers, Head Start centers, school districts, and family child care networks</td>
<td>CCDF and TANF transfer</td>
</tr>
<tr>
<td>State</td>
<td>When did the state begin using contracts?</td>
<td>Why does the state use contracts?</td>
<td>What types of contract programs does the state offer?</td>
<td>What is the makeup of the contract provider population?</td>
<td>What federal funds are used for contracts?</td>
</tr>
<tr>
<td>--------------</td>
<td>------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------</td>
<td>--------------------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>More than 20 years ago</td>
<td>To provide high-quality child care for low-income families and to create stability in areas of high need—in particular, low-income urban areas</td>
<td>* Low-income &lt;br&gt; * Teen parent &lt;br&gt; * Protective services &lt;br&gt; * Family systems &lt;br&gt; * Head Start extended day &lt;br&gt; * Non-traditional hours &lt;br&gt; * Homeless and other specialized populations</td>
<td>Centers, Head Start centers, and family child care systems</td>
<td>CCDF, SSBG, and TANF transfer</td>
</tr>
<tr>
<td>Mississippi</td>
<td>Since Title XX funds were first available for child care</td>
<td>The state has historically used contracts for low-income child care and currently provides extended care to Head Start families and on-site care.</td>
<td>* Head Start extended day and summer &lt;br&gt; * On-site, non-traditional hour &lt;br&gt; * Partnerships with municipalities</td>
<td>Centers, Head Start centers, businesses, and municipalities</td>
<td>CCDF</td>
</tr>
<tr>
<td>Missouri</td>
<td>1999</td>
<td>To provide before- and after-school care in certain areas.</td>
<td>* Before- and after-school care</td>
<td>Contract with community organizations, which sub-contract with schools</td>
<td>TANF</td>
</tr>
<tr>
<td>Montana</td>
<td>2001</td>
<td>To provide full-year Head Start child care</td>
<td>* Head Start extended day</td>
<td>Head Start centers, Early Head Start programs, family child care homes, and centers</td>
<td>TANF direct</td>
</tr>
<tr>
<td></td>
<td>1999</td>
<td>To provide infant and toddler slots</td>
<td>* Infant/toddler demonstration project</td>
<td></td>
<td>CCDF</td>
</tr>
<tr>
<td></td>
<td>1997</td>
<td>To improve the quality of child care</td>
<td>* Quality improvement project</td>
<td></td>
<td>(continued)</td>
</tr>
<tr>
<td>State</td>
<td>When did the state begin using contracts?</td>
<td>Why does the state use contracts?</td>
<td>What types of contract programs does the state offer?</td>
<td>What is the makeup of the contract provider population?</td>
<td>What federal funds are used for contracts?</td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------------------------------</td>
<td>-----------------------------------</td>
<td>------------------------------------------------------</td>
<td>-----------------------------------------------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>New Jersey</td>
<td>1970s</td>
<td>To provide care in difficult-to-serve areas</td>
<td>* Income eligible * Protective services</td>
<td>Centers, Head Start centers, schools, and family child care providers</td>
<td>CCDF and TANF transfer</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>1998</td>
<td>To address a shortage of high-quality infant and toddler care</td>
<td>* Infant and toddler care</td>
<td>Centers, Head Start centers, and a community college</td>
<td>CCDF discretionary and CCDF infant/toddler earmark</td>
</tr>
<tr>
<td>Oregon</td>
<td>1998</td>
<td>To provide continuity of care and quality care</td>
<td>* Head Start full-day/full-year * Migrant child care * Teen on-site child care * State-approved alcohol and drug abuse programs</td>
<td>Head Start centers, centers, family child care providers, and schools</td>
<td>CCDF</td>
</tr>
<tr>
<td></td>
<td>1992</td>
<td>To address special populations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Carolina</td>
<td>1992</td>
<td>To make child care available in certain areas and to special needs kids</td>
<td>* Before- and after-school (6-13) * Special needs</td>
<td>Schools</td>
<td>CCDF</td>
</tr>
<tr>
<td>Vermont</td>
<td>Used contracts historically; began using again in 1996</td>
<td>To provide care to special populations, to provide quality care, and to stabilize providers</td>
<td>* Infant and toddler * Head Start full-day/full-year * Therapeutic child care</td>
<td>Child care centers, Head Start centers, and parent/child centers</td>
<td>CCDF and TANF transfer</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>1994 (Migrant), 1997 (W-2)</td>
<td>To provide care for a special population and on-site care</td>
<td>* Migrant worker child care * W-2 agency on-site care</td>
<td>W-2 agencies; a non-profit organization, UMOS, subcontracts with family child care providers, child care centers, and Head Start centers</td>
<td>CCDF and TANF</td>
</tr>
</tbody>
</table>
and/or family to appropriate agencies based on the health or social service needs; and
distributes follow-up procedures to ensure that the needs have been met. Additionally,
each contractor must include a nutrition component that ensures that children have
nutritious meals and snacks. In Washington, DC, contract programs have access to
social services workers and require more parent meetings and trainings.

Implementation: How Are Child Care Providers Selected and Monitored?

States have set up administrative systems to implement contract programs, including
processes for soliciting, selecting, monitoring, and evaluating contract providers. See
Table IV at the end of this section (p. 44) for a state-by-state overview of implementa-
tion policies.

Contract Process

The interviewed states reported implementing contract programs in different ways,
with the majority of contracting states using a Request for Proposal (RFP) approach.
Other states do not use an RFP because the state has already identified a specific type
of care or provider.

Child care providers are solicited through an RFP process in 12 of the states using con-
tracts (CA, CT, DC, IL, ME, MA, MI, MT, NJ, OK, OR, SC). States use a range of meth-
ods to notify providers of the availability of contracts, including letters to providers,
website postings and e-mails, advertisements in newspapers and newsletters, and child
care resource and referral agencies.

There are two types of RFP processes that states use:

- For some states, providers remain in the contract program unless they fail to
  meet minimum requirements or opt out of the program. In states with long his-
tories of contract use, some providers have been in the contract program for
many years. These states use an RFP process only if they are expanding or start-
ing a new program.

- Other states use an ongoing competitive RFP process. Providers have contracts
  for a specified period of time and must reapply at the end of the contract to
remain in the program. New providers may also apply when contracts are up for
renewal.
Several administrators indicated that they felt the RFP process, which was similar to that used in other state programs, was a fair way to distribute a limited amount of funding. Other states contract with single organizations, which then subcontract with child care providers for specified types of child care, particularly Head Start or migrant child care programs (CO, GA, MO, OR, SC, VT, WI). For example, Oregon contracts with Head Start grantees for full-day/full-year child care slots, and the individual Head Start programs subcontract with child care providers to provide the services.

Selection of Contract Providers

In response to an RFP, providers submit a proposal or application. State child care offices review and rank/score proposals and applications based on a set of criteria. While criteria vary depending on the contract, administrators identified certain ones as typical in making their selections: area and type of need, level of staff training, past contract performance, financial records, licensing history, and accreditation status.

FAMILY CHILD CARE NETWORKS IN ILLINOIS

Six of the states interviewed have contracts with family child care networks: California, the District of Columbia, Illinois, Maine, Massachusetts, and New Jersey. In these states, the family child care network is paid an administrative fee through a contract to help with administrative costs, paperwork, substitute teachers, and organizing training and professional development for family child care providers. As a result, family child care providers feel less isolated and have more access to supportive services than independent family child care homes.

Illinois contracts with nine family child care networks. All but one of the networks are managed by a licensed child care center. Providers in the network are paid the licensed family rate and an additional $5 per child per day for service enhancements. These providers receive on-site monitoring visits once every three years; however, there are monthly home visits by the network organization. One major advantage for family providers in a network is that the network pays them immediately after receiving the invoice for services while the network waits to be reimbursed by the state. In addition, the networks assist family home providers with curricula and provide materials and supplies, training, and access to a pool of substitute teachers—which improves the overall quality of care for all children in family home care, not just the children receiving state subsidies. In 2003, Illinois plans to allow contracted family child care networks to enroll license-exempt family providers (up to 25 percent of the provider group) in order to engage more kin providers.

Source: Presentation by Linda Saterfeld, Family Child Care Systems: Expanding Community Resources, at the State Child Care Administrator’s Meeting, Thursday, August 1, 2002, Washington, DC.
Some states use the RFP application as the basis for the actual contract agreement. Others employ a standard state contract agreement form and make additions and changes where necessary. For example, Georgia uses a standard Department of Human Resources state contract form and then attaches additional documents regarding expenditure reports and monitoring visits, including a monitoring checklist.

**Contract Provider Population**

States contract with a variety of child care providers, including center-based programs, Head Start centers, schools, family child care networks, and community organizations. In most of the states surveyed by CLASP, the majority of contract providers are either individual child care centers or Head Start centers (CA, CO, CT, DC, GA, IL, KY, ME, MA, MS, MT, NJ, OK, OR, VT). Several states reported contracting with schools and family child care networks as well. Other states have agreements with a single organization, like the state Head Start Agency or a community organization, which then subcontracts with individual child care providers (GA, MO, SC, WI). Most states contract primarily with existing providers and programs, but nine states said they have—or would—help providers with start-up or expansion funding for programs that meet an identified special need or high-need area. No states identified contracts with informal, non-regulated providers, although Illinois plans to begin to allow family child care networks to work with informal providers.

**Monitoring**

State administrators said that contracting directly with programs offers the opportunity to develop monitoring processes in addition to what is already required under basic health and safety regulations or for providers accepting vouchers. Nearly all the administrators interviewed said that they monitor participating providers as a condition of their acceptance of a contract. Eleven of the states monitor programs through site visits in which staff examine financial, attendance, and eligibility and programmatic records. Three states monitor programs through the auditing of financial and programmatic reports. Several administrators indicated that monitoring allows for increased interaction between state child care office staff and the individual programs. Nearly all of the interviewed states conduct annual site visits with follow-up monitoring visits when necessary. As a result of this interaction, state staff are more aware of providers' needs and, in some instances, have developed technical assistance and trainings for providers. For example, one administrator noted that providers in her state lacked grant-writing skills, which was preventing them from securing more funding through state contracting initiatives. This level of monitoring and interaction is not present in the state voucher pro-
CONTRACT MONITORING PROCESS IN MASSACHUSETTS

The contract monitoring process in Massachusetts consists of desk audits, risk assessment analyses, on-site reviews, site visit reports, and corrective action plans and follow-up on issues/findings, as necessary. The monitoring process seeks to strengthen relationships with the provider community and enhance the quality of services being delivered, as well as aid the Office of Child Care Services (OCCS) in making decisions about provider performance during contract renewal time. The desk audit includes a review of billing records, service utilization data, licensing information, and annual audit information from providers, as well as a process to collect feedback on programs from child care resource and referral agencies and, for contractors for child care for children in protective services, feedback from the Department of Social Services. The desk audit is conducted annually. The risk assessment analysis includes questions about information collected through the desk review process, and the score is used to prioritize site visits. An on-site review, which is conducted at least once during the contract period, focuses on the provider's internal policies and procedures in such areas as service delivery, eligibility determination, and billing. The on-site visit includes interviews with program staff as well as a review of client files. The site visit report summarizes the results of the monitoring activities, identifies the specific areas of non-compliance that were discovered, and describes any corrective action that a provider must take. Depending on the number and type of findings, additional on-site follow-up activities may be conducted by OCCS staff.

Source: Contract Monitoring Program Tool for the Massachusetts Office of Health and Human Services, Office of Child Care Services.

Evaluation

All state administrators said they recognize the value of evaluation, but only six states currently evaluate the impact of contract programs in meeting the needs of families (CA, DC, MA, ME, MS, NJ). The District of Columbia, Massachusetts, Mississippi, and New Jersey are using ITERS (the Infant/Toddler Environmental Rating Scale) and ECERS (the Early Childhood Environmental Rating Scale) to evaluate contract programs, and Massachusetts is beginning a longitudinal study that will follow children from child care to elementary school. California (see box on the next page) and Maine are using performance measures in their evaluations. Maine's performance measures include a parent satisfaction survey.

Montana, Oklahoma, and Vermont are planning to implement evaluation processes. Montana and Vermont plan to do pre- and post-testing using ITERS and ECERS envi-

---

55 Connecticut indicated that contract programs must conduct self-evaluations based on contract program requirements.
CALIFORNIA'S EVALUATION PROGRAM:
Desired Results for Children and Families

The California Department of Education, Child Development Division (CDD), has implemented a new approach to evaluating its contract programs called Desired Results for Children and Families. The Desired Results program assesses center-based programs and family child care networks at the program level. The desired results for children include social-emotional, language, and physical development components. Program evaluation is accomplished through an annual program self-assessment and data collection process, as well as CDD program reviews and site visits every three years. Statewide trainings and technical assistance are offered as part of the evaluation process to improve program quality.


Montana will use the ITERS and ECERS environmental rating scales to measure the effectiveness of participating programs. Environmental rating scales to measure the effectiveness of participating programs for its Infant/Toddler Demonstration Project. In Oklahoma, the state Department of Commerce will conduct an evaluation using site visits, technical assistance, and quarterly reports. Several state administrators expressed the desire to evaluate their contracting programs but said they did not have the resources to do so.

Parents and Contracts: How Do Parents Access Contract Programs?

Administrators from states with years of experience with contracts said that a mixed system of contracts and vouchers helps ensure both the CCDF goal of parental choice and the availability of specific types of care and quality care. But how exactly do parents access information about programs with contracts? Are there differences in the rules parents must follow to access and maintain a subsidized slot? Are parents made aware of any differences between accepting vouchers or contracted slots?

Overall, while states with mixed systems reported similar policies in their contract and voucher programs, there remain some key differences for parents between the two mechanisms: (1) parents may be more likely to find out about subsidy programs from neighborhood child care providers with contracts because such providers have an incentive to recruit children to keep slots filled; (2) parents may have eligibility for assistance determined at the site of the contracted provider, rather than needing to go to the voucher management agency; and (3) eligibility for assistance is often linked to the
availability of a slot at a provider, rather than to the child, so when parents want to change providers they may need to reapply for a voucher or at another contracted provider agency.

Information About Contract Programs

Most state administrators said that parents could find out about contract programs in the same way they learn about vouchers, although they noted that providers with contracts have an incentive to conduct their own outreach to fill their slots. Parents find out about child care subsidies and subsidy providers in a variety of ways. Depending on the state, parents learn about subsidies from state child care resource and referral offices, welfare offices, or voucher management agencies. Parents also hear about subsidies from word-of-mouth and provider outreach. Every state official we interviewed doubted that parents knew the technical details about whether their slots were paid for via contracts or vouchers.

Rules for Accessing and Maintaining Contracted Care

Copayments are an important factor in families’ decisions about subsidized child care. In nearly all of the interviewed states, parents make the same copayments for child care with contracted providers as with the voucher program. However, Head Start does not charge a fee for Head Start services, so states have made exceptions to their voucher rules for the contracted Head Start extended-day initiatives.

Many of the states allow contract programs to determine and redetermine eligibility at the provider site, making the process more convenient for parents, who can fill out the necessary paperwork when they pick up or drop off their children. Families with children in voucher programs usually work with the designated agency in the state that manages child care vouchers, which often requires in-person appointments.56

Since contracted slots are linked to providers, not to specific children, families must find another subsidy when they want to switch providers. In addition, a child may outgrow or “age out” of a contracted slot if the contract is designed for a specific age group. In this case, the family may need to reapply for a voucher or find another contract slot. With vouchers, the subsidy travels with a child to whatever program the family chooses—as long as the child remains eligible. Massachusetts is responding to the problem of “aging out” by making the age ranges of contracted slots more flexible and by implementing a continuity of care policy and fund. Under certain circumstances authorized by Massachusetts Office of Child Care Services (OCCS), a provider is able to access either ongoing or one-time funding from a “flexible pool” that is not part of the

provider’s contract. OCCS requires providers to meet specific guidelines for accessing the flexible child care pool, but generally providers may access the flexible funding if they show a need for one or more of the following: maintaining continuity of care, accessing a different age-group slot (infant, toddler, preschool, or school-age), maintaining and/or integrating a child with special needs into the child care setting (including obtaining a consulting resource teacher or a family child care assistant), or helping with exceptional transportation costs due to geographic considerations.

Providers and Contracts: Rules, Rates, and Preferences

State administrators described a number of similarities and differences in how providers interact with the child care subsidy system, depending on whether they were contracted providers or accepted vouchers.

Payment Schedules

Although we had expected to find that contracted providers received all or part of their funding in advance (like a grant), most of the states currently using contracts reimburse contract and voucher providers on a similar schedule (see Table III below). Five states use a blended system in which contract providers receive part of their funding up-front each month or at the beginning of the contract and the rest is paid in monthly reimbursements. The contract providers submit monthly invoices listing attendance figures and expenses. Administrators said providers appreciate receiving part of their funding in advance, knowing too that they can receive additional reimbursement per month, as long as their slots are full. In voucher systems, reimbursement is usually based solely on monthly attendance, and parents may pull their children at any time, without any guarantee that another child will fill that slot. Only Maine, New Jersey, and Vermont pay providers completely in advance for the contract slots.

Table III: Payment Methods for Providers with Contracts

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prospective Funding:</td>
<td>Funding levels are determined in advance, and payment is provided prior to service delivery.</td>
</tr>
<tr>
<td>Combination:</td>
<td>A portion of funding is paid in advance and then providers are reimbursed.</td>
</tr>
<tr>
<td>Reimbursement:</td>
<td>Child care services are delivered prior to payment.</td>
</tr>
</tbody>
</table>
**Attendance Requirements**

A majority of the 18 interviewed states require providers to meet certain attendance rates in order to receive payment for contract slots. Thirteen states have specific attendance requirements linked to payment per child; these states allow for a certain number of sick days or excused absences each month. For instance, Oklahoma will pay for up to five sick days per child per month. Other states require an aggregate attendance level; Illinois and New Jersey require an 80-percent attendance level across the funded program. A minority of the states either do not have attendance requirements or they monitor the attendance of contract programs but do not have specific policies on attendance that are linked to payment.

**Payment Rates**

In most states, contract and voucher providers are paid at similar rates, although contract providers in four of the states interviewed receive higher rates. The way one state sets payment rates separately for vouchers and contracts means that some contracted providers are paid less than those with vouchers.57 Some states allow contracted providers to negotiate rates with the child care agency, provide annual cost-of-living increases, or permit providers to keep parent copayments rather than turn them over to the state. Also, Connecticut allows contracted providers to accept vouchers for qualifying families as well.

**Provider Preferences**

State administrators said they believe that providers prefer the stability of funding that contracts provide—in part, because contracts help providers manage and fill their available child care slots better and allow them to afford outreach efforts. The guarantee of funding enables providers to budget and plan better and to leverage the funds to qualify for loans and other funding opportunities. In states with small contract programs, administrators reported much competition for contracts, adding support to their claim that many providers prefer contract payments.

While providers may prefer contracts, many of the states that recently began using contracts maintain small programs due to limited resources. Most state administrators expressed interest in expanding their contract programs but could not do so due to limited funding.

---

57 In California, the contract provider rate is set in by the state legislature, whereas voucher provider rates are regularly adjusted according to regional market rate surveys. For this reason, there are some areas in California where the voucher rate is higher than the contract rate.
What Federal Funds Are Used for Contracts?

Nearly all of the states we spoke to are using CCDF to fund contract programs. Eight states use a mix of CCDF, TANF transfer, and state funding. The District of Columbia and Montana are using TANF funds directly for contract programs. State administrators did not report any concerns about making rules more conducive to using federal funds for state contract initiatives. However, some administrators identified difficulties with meeting federal reporting requirements, either relating to automated systems that did not accommodate contract programs or individual contract providers not being equipped to report the data. One administrator indicated that many smaller providers do not have computers or staff who are knowledgeable about reporting.
Table IV: States Using Contracts to Provide Child Care Assistance: Implementation Specifics

<table>
<thead>
<tr>
<th>State</th>
<th>What is the process the state uses to contract with providers?</th>
<th>How does the state monitor contract programs?</th>
<th>Are parent fees the same as the voucher program?</th>
<th>Is the provider payment rate the same as the voucher program?</th>
<th>Is the state currently evaluating its contract programs?</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>Request for Application (RFA); application online</td>
<td>Site visits once every three years to check compliance with state and federal rules and regulations; also reviewed for meeting the state's Program Standards/Desired Results</td>
<td>Yes</td>
<td>No; rates may be lower than vouchers in some areas because it is set in state statute</td>
<td>Yes; evaluation includes outcome measures for children, families, and programs (see box on page 39 for more information)</td>
</tr>
<tr>
<td>Colorado</td>
<td>All counties have the option to use contracts</td>
<td>Audit monthly financial invoices</td>
<td>Yes</td>
<td>No; providers negotiate on the rate and number of slots</td>
<td>No</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Use RFP process only when new funding is available; contract providers remain in contract system unless they fail to meet requirements</td>
<td>Desk review of monthly program enrollment reports and site visits as necessary to review areas of concern</td>
<td>No; contract programs have a child-based fee, whereas voucher programs have a family-based fee</td>
<td>Varies depending on negotiation; in addition, contract providers also have access to vouchers and parent copayments</td>
<td>No</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>RFA, then provider agreement</td>
<td>Unannounced site visits at least once a year</td>
<td>Yes</td>
<td>Yes; however, contract providers keep parent fees, whereas voucher providers must turn over parent fees</td>
<td>Yes; use ECERS, ITERS, and FDCERS$^{58}$ to assess the effectiveness of all subsidized programs</td>
</tr>
</tbody>
</table>

$^{58}$ The Early Childhood Environmental Rating Scale, the Infant Toddler Environmental Rating Scale, and the Family Day Care Environmental Rating Scale.
Table IV: States Using Contracts to Provide Child Care Assistance: Implementation Specifics (continued)

<table>
<thead>
<tr>
<th>State</th>
<th>What is the process the state uses to contract with providers?</th>
<th>How does the state monitor contract programs?</th>
<th>Are parent fees the same as the voucher program?</th>
<th>Is the provider payment rate the same as the voucher program?</th>
<th>Is the state currently evaluating its contract programs?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgia</td>
<td>Contract directly with Head Start; all Head Start programs receive an invitation to apply for funding</td>
<td>Site visits once a year using tool to look at eligibility, licensing, monthly programmatic reports; results in an assessment report and in some cases a corrective action report</td>
<td>No; there is no copayment</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Illinois</td>
<td>Use RFP process for expansion only; providers remain in contract system unless they fail to meet requirements</td>
<td>Site visits to review fiscal and programmatic records and contract compliance</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Kentucky</td>
<td>One contract with the Head Start Agency, which subcontracts with providers</td>
<td>Site visits twice a year to review licensure and services</td>
<td>No; there is no copayment</td>
<td>Yes</td>
<td>No; there is no evaluation in place but the state has a Quality Rating System and all of the contract providers have scored high</td>
</tr>
</tbody>
</table>

(continued)
Table IV: States Using Contracts to Provide Child Care Assistance: Implementation Specifics (continued)

<table>
<thead>
<tr>
<th>State</th>
<th>What is the process the state uses to contract with providers?</th>
<th>How does the state monitor contract programs?</th>
<th>Are parent fees the same as the voucher program?</th>
<th>Is the provider payment rate the same as the voucher program?</th>
<th>Is the state currently evaluating its contract programs?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maine</td>
<td>RFP</td>
<td>Site visits twice a year to review financial monthly service reports, and contract compliance</td>
<td>Yes</td>
<td>No; contract providers are paid at a higher rate and receive COLA increases</td>
<td>Yes; evaluation based on a set of performance measures, including parent survey about satisfaction with program</td>
</tr>
<tr>
<td>Massachu-</td>
<td>Request for Response (RFR) using an automated solicitation system; RFR is posted on website</td>
<td>Site visits once per contract period to review eligibility and compliance; annual desk audit process to examine licensing, and billing information; child care resource and referral agencies provide feedback on contracted providers; follow-up to ensure corrective action has addressed areas of non-compliance</td>
<td>Yes</td>
<td>Yes; flexible pool of funding for children with special needs and aging out</td>
<td>Yes; in the beginning stages of a longitudinal study following children from child care to elementary school, evaluating the Non-traditional Hours Child Care Program; use ECERS, ITERS, FDCERS, and SACERS to assess the effectiveness of all subsidized child care programs</td>
</tr>
<tr>
<td>Mississippi</td>
<td>RFP</td>
<td>Review invoices with expenditures and conduct site visits once a year to examine programmatic and financial reports</td>
<td>Yes</td>
<td>Yes</td>
<td>The Mississippi Department of Human Services, Office for Children and Youth, through a sub-grant provides program evaluations using ITERS and ECERS rating scales</td>
</tr>
<tr>
<td>State</td>
<td>What is the process the state uses to contract with providers?</td>
<td>How does the state monitor contract programs?</td>
<td>Are parent fees the same as the voucher program?</td>
<td>Is the provider payment rate the same as the voucher program?</td>
<td>Is the state currently evaluating its contract programs?</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>---------------------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>Missouri</td>
<td>Based on after-school needs of the community</td>
<td>A non-profit organization monitors the program</td>
<td>No; there are no copayments</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Montana</td>
<td>RFP</td>
<td>Basic compliance monitoring</td>
<td>Yes</td>
<td>Yes; providers also have access to training and administrative funds (15 percent fee)</td>
<td>No; planning to do pre-post visits using ITERS and ECERS for Infant/Toddler Demonstration Project</td>
</tr>
<tr>
<td>New Jersey</td>
<td>Use RFP process when new funding is available; providers remain in system unless they fail to meet requirements</td>
<td>Site visits once during contract period and follow-up site visits when necessary</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes; uses ITERS and ECERS to evaluate program</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Invitation to Bid (ITB)</td>
<td>State Department of Commerce monitors the program using Head Start performance standards</td>
<td>Yes</td>
<td>Yes</td>
<td>No; the state Department of Commerce will do an evaluation using site visits, TA, and quarterly reports</td>
</tr>
<tr>
<td>Oregon</td>
<td>RFP sent to counties to identify special populations</td>
<td>Audit for eligibility and expenditures; the state Head Start agency does monitoring of Head Start extended day program</td>
<td>Yes, for special populations contracts. For the HS extended day, fees are less: set at no more than $25 for the entire family.</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

(continued)
<table>
<thead>
<tr>
<th>State</th>
<th>What is the process the state uses to contract with providers?</th>
<th>How does the state monitor contract programs?</th>
<th>Are parent fees the same as the voucher program?</th>
<th>Is the provider payment rate the same as the voucher program?</th>
<th>Is the state currently evaluating its contract programs?</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Carolina</td>
<td>State Department of Education puts out RFP to local schools.</td>
<td>Site visits once a year for program review and audits.</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Vermont</td>
<td>All contracts started as pilots to meet specific need.</td>
<td>Site visits for fiscal and program monitoring, and grant monitors do on-site visits at child care resource and referral agencies to assure that parents are receiving information about contracts.</td>
<td>Yes</td>
<td>Yes</td>
<td>No; working towards annual reviews using ECERS and ITERS and using the Logic Model for documenting outcomes.</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>It was statutorily established that the state contract for migrant care; W-2 agencies were notified of the availability of funding.</td>
<td>Site visits for programmatic review of services and curriculum.</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>
Section Four: Summary of Findings

Based on the survey of state administrators, we have identified a set of seven main findings regarding how contracts can work as part of a mixed child care subsidy delivery system:

1. Contracts have the potential to help states require more child care providers to meet higher program and content standards, but not all states set higher standards, and some require them of only a subset of the various contract program types they administer.

2. Contracts help states target the needs of special populations.

3. Many providers prefer contracts.

4. Contracts allow states to conduct closer provider monitoring.

5. States want to evaluate the success of contract programs more rigorously but lack the necessary resources.

6. Most state administrators using contracts would recommend them to other states.

7. States want more technical assistance for developing integrated, automated reporting systems for contract program and voucher data.

60 The scope of this project did not include interviews with state administrators in voucher-only systems to understand their policy choices; therefore, a weakness of our research is that those opinions are not reflected in our synthesis.
Meeting Higher Program Standards

Many state administrators said that contracted programs were meeting higher program standards than the basic state licensing requirements for voucher-accepting programs. This could be due in part to a competitive selection process for contract providers, to additional monitoring, or to additional requirements for contract programs. However, only 14 out of the 18 states CLASP interviewed require higher standards for contracted programs, and some require them of only a subset of the various contract program types they administer. Offering contracts on a competitive basis may encourage interested providers to strive for higher standards and seems to help state administrators better understand what providers may need to maintain those standards. State administrators using contracts with family child care networks or systems found this method decreased isolation among such providers and covered some of the overhead, back-up care, and training costs associated with increasing professionalism among family child care providers. State administrators could also use RFPs and contract relationships to encourage providers to become familiar with the latest thinking about promoting better early learning opportunities. Although some of these goals could also be achieved through changes to the voucher system, most states still only require voucher providers to meet basic licensing standards, preferring to use tiered payment structures to encourage additional goals.

Targeting the Needs of Special Populations

Administrators reported that contracts were particularly helpful in serving special populations, including infants and toddlers, children with special needs, and school-aged children. States use contracts to develop collaboration between agencies and organizations to add comprehensive services for children with special needs, children in protective services, and children of teen parents and migrant workers. State respondents felt that collaboration and joint contract development between organizations have resulted in more effective services.

Responding to Provider Preferences

Most of the state administrators interviewed believed that child care providers were particularly receptive to the contracting method, in part because it helps them plan and budget better by providing a more assured source of income. Contract providers also have more opportunity to communicate and negotiate with state staff. Providers also seem to prefer conducting outreach to educate parents about the availability of subsidized slots, working to keep those slots filled with eligible children, and performing intake on site. Some state administrators indicated that providers who did not receive contracts envied the opportunities of those that had them.
Conducting Closer Provider Monitoring

Most state administrators felt that the process of negotiating and maintaining contracts directly with child care providers had allowed for increased monitoring and open communication. Several felt they had a greater understanding of providers' needs and knowledge of the types of services being provided. They noted, on the other hand, that limited state requirements for oversight related to voucher receipt meant there was little interaction between individual programs and the state child care office staff. Several administrators told us that the contract monitoring process has increased the quality of child care in the state and the professionalism and accountability of the child care providers.

Evaluating the Success of Contract Programs

While nearly all administrators felt that evaluation was important, most said they did not have the resources to evaluate the contract programs at this time. Those who reported current evaluation efforts are mostly using the Infant/Toddler Education Rating Scale (ITERS) and the Early Childhood Education Rating Scale (ECERS) to measure changes in program quality.

推荐Contract to Other States

Nearly all of the state administrators said that they would expand their contract programs if there were available resources, and that they would recommend the use of contracts to other states. However, a couple of state administrators cautioned that administering contracts and the associated monitoring activities can be costly—which can mean difficult trade-offs when resources are tight.

Developing Automated, Integrated Reporting Systems

Some state administrators indicated that there were problems with reporting data about participants in contract programs, either relating to automated systems that do not accommodate contract program data or individual contract providers not being equipped to report the data. Whereas voucher management agencies often gather federally-required data from participants seeking approval for vouchers, agencies that have contracts to conduct intake on-site, or agencies with contracts to provide drop-in care, do not have the same capacity to collect federal data. Because all states are required to have voucher delivery systems, they must have data systems to accommodate federal reporting requirements, but contract data-reporting seems under-resourced. States expressed the need for help to improve their automated data-reporting systems to better integrate data sources.
Section Five: Implications for Policy and Research

In some policy discussions, “vouchers” are treated as synonymous with “choice.” But for child care, there are sound theoretical reasons and research evidence that systems relying exclusively on vouchers cannot meet the needs of some groups of low-income children and families. State CCDF administrators who are using contracts as part of a mixed delivery system have positive assessments of how contracts may bridge those gaps, and many would recommend this approach to other states. Some feel that using contracts can lift the quality of provided services, but not all the states are requiring higher program standards, so some of this potential may not be fully realized. There is still much that is unknown about how best to operate a mixed subsidy system and about the best way to develop contracts so that they meet state goals of supply development and increased program standards. CLASP recommends a set of next steps to encourage state policy experimentation with contracts with child care providers, as well as additional research into the role of contracts in the infrastructure of child care subsidy systems and markets.

The following recommendations for Congress and the federal Child Care Bureau could, if adopted, facilitate state experimentation with using contracts:

- Increase child care funding to states, as state capacity to develop new initiatives and to focus resources on expanding quality, access, and supply is substantially dependent on having additional funding.

- Provide technical assistance to state policymakers to (1) help think through the potential uses of contracts in their systems and (2) bolster existing state models
of contracting, including providing access to replication tools, such as sample RFPs, contracts, policy and program standards guidelines, and evaluation tools.

- Assist states to develop data systems that can include both voucher and contract program information, as required on current federal reporting forms, and reconsider whether certain data are necessary to collect for some contract programs (e.g., for children who spend a brief time in drop-in centers).

- Gather data on any use of contracting to enhance supply and quality through CCDF biennial state plans.

Our recommendations to states considering use of contracts include:

- Identify state-specific key populations, need for certain types of child care, concerns about program quality and promoting school readiness, and areas where a lack of range of child care choices for parents could be addressed through a contract approach.

- Work with state administrators in other states who have experience with contracting to learn about their policies, procedures, and lessons learned.

- Implement pilot or limited-scale contract projects to test implementation procedures and provider and parent response. Include means to evaluate the program for ongoing program improvement.

- Consider requiring higher program and content standards for programs receiving contracts, above the basic health and safety rules of state licensing requirements.

Recommendations for future research include:

- Examine state contract programs more comprehensively to determine whether they are achieving their stated policy goals (to build supply, stabilize care in certain area, meet parents' needs, improve program standards, etc.). Identify the key policy components that are linked to success.

- Compare supply and parental choice patterns in states and localities with voucher-only systems vs. mixed voucher and contract systems to determine the role of subsidy distribution policy in supply trends, especially in rural areas and highly concentrated low-income communities.

- Study what components of contract policy (program requirements, payment rates, etc.) successfully improve child care quality, how these components com-
How States Contract Directly with Providers to Shore Up Child Care Choices for Low-Income Families

pare with those stipulated in state early education initiatives, and whether there are lessons that are relevant for the voucher system as well.

Learn the perspectives of parents and providers regarding their experiences with child care provided through contract policies and through voucher-only subsidy systems.

Conclusion

Over the course of the past decade, states used then-increasing amounts of federal and state dollars to rapidly expand the number of low-income families receiving child care assistance, but persistent gaps in child care supply choices may be limiting the ability of eligible families to use these funds to access the type and quality of care they need. In addition, state expansion of child care funding has slowed recently, and most states now face major fiscal crises, which will put additional pressure on state child care spending. Based on the experiences of a subset of states that use contracts as part of a mixed delivery system, there seems to be great potential for using direct contracts with providers to address supply gaps. Although federal law allows experimentation with contracts, the option is currently underutilized, and states would benefit from additional resources, technical assistance, and research to take full advantage of the potential of contracts.
Appendix I

Methodology

CLASP began this project by sending a survey to state child care administrators in all fifty states and the District of Columbia, asking the respondents to indicate whether they use contracts in their child care subsidy systems. The survey was followed by phone and in-person interviews. The survey went out in Fall 2001, and most of the data were verified in the Fall of 2002. Twenty-four states responded to the initial survey indicating that they did use contracts and/or grants in the provision of child care services (e.g., actual slots for children) funded with CCDF, TANF, or SSBG in federal FY 2001. These states were Arkansas, California, Colorado, Connecticut, the District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Maine, Massachusetts, Mississippi, Missouri, Montana, Nevada, New Jersey, Oklahoma, Oregon, South Carolina, Vermont, and Wisconsin. Sixty-five states responded to the survey indicating that they do not use contracts for child care services, and two states did not respond to our survey. According to data from the Child Care Bureau website, these 25 states and the two that did not respond did not report serving any children through contracts in federal FY 2000.

While New York State indicated that it does not use contracts on our survey, we are aware that New York City provides the majority of its subsidies through contracts with providers. The New York City Administration for Children's Services' Division of Child Care and Head Start annually contracts with 289 community-based "child care sponsor agencies." Of the approximately 60,000 children served with subsidies, approximately 17,000 receive vouchers and the rest receive contracts. According to the Child Care Bureau website, 24 percent of children were served through contracts/grants in federal FY 2000 in New York State (CCDF Data Tables and Charts, http://www.acf.dhhs.gov/). Although New York City has a large contract program, we did not include it in this study because it did not fall within the original scope of the paper, which was to examine state-level contract programs.
The survey contained questions about the reasons for using contracts, funding sources, and the number of children served through contracts and certificates in FY 2000 and FY 2001. The phone interviews consisted of several sets of questions about the purposes of the contracts, implementation, evaluation, funding, parental access, provider perspectives, and lessons states learned through the use of contracts. We conducted phone and in-person interviews with officials in 18 states but were unable to interview representatives from Arkansas, Florida, Hawaii, Indiana, Iowa, and Nevada. In many cases, we spoke with state child care administrators, who sometimes invited additional staff to participate in the discussion (see Appendix III for a list of contacts). In some cases, we spoke with staff and consultants to whom the state administrators had referred us.

All state-specific information reported in this paper was shared in draft form with the state contacts for verification.
Appendix II
State Contract Programs

California

Program Description
California has contracted with child care centers since the 1940s to provide care for low-income children. The initial purpose of these contracts was to provide quality child care in underserved areas. Over the years, another purpose for the contracts emerged: to facilitate stability for providers, allowing them to build capacity and stable staff and to develop/expand new facilities. California currently uses Child Care and Development Fund (CCDF) service dollars to contract with providers for center-based care for low-income children, migrant child care, on-site campus care, special needs care, and after school care. California also uses CCDF funding for contracts with family child care networks.

Implementation
California uses a request for application (RFA) process to solicit center-based providers. Existing contract providers and potential new contractors are notified of the RFA through mail and e-mail, and RFA announcements are posted on the California Department of Education, Child Development Division (CDD), website. The applications are scored and then are incorporated as part of the final contract. CDD chooses providers to contract with based on the current needs and requirements established in legislation. California provides contracts to entire programs and for slots within programs, including child care centers, Head Start centers, and family home networks.

Program Content and Quality Standards
Contract programs must meet additional standards compared to other licensed centers, including higher adult-to-child ratios, higher staff qualifications, and more pro-
gram oversight. The evaluation process, called Desired Results for Children and Families, includes a set of desired outcomes for children, which covers social-emotional, language, and physical development components. In addition, state regulations require that each contractor include in its program a health and social service component and a nutrition component that ensures that the children have nutritious meals and snacks during the time in which they are in the program.

**Monitoring**

Contracts are monitored through financial audits and site visits. Field service consultants conduct site visits and also provide technical assistance to programs. A compliance review once every three years examines compliance with state and federal rules and regulations; the providers conduct self-reviews the other two years.

**Evaluation**

California has implemented an evaluation system called Desired Results for Children and Families, which documents the progress made by children and families in achieving the state's desired results and helps to identify areas for improvement, so that CDD can provide support and technical assistance to increase program quality. The evaluation process is accomplished through annual program self-assessments and site visits that occur every three years. The self-assessment includes a self-study based on performance standards, which CDD staff review. During the site visits, programs are monitored for compliance using ITERS (the Infant/Toddler Education Rating Scale) and ECERS (the Early Childhood Education Rating Scale) environmental rating scales and reviewed on six key dimensions: standards, assessment, and accountability; teaching and learning; opportunity for equal access; staffing and professional growth; parent and community involvement; and governance and administration.

**Parental Access**

Families access and maintain access to contracts in a similar manner to that of vouchers—through child care resource and referral agencies. Both the voucher and contract programs have waiting lists currently. The family copayments are the same in both programs.

**Provider Payment**

Contract provider rates are set in state statute, so they may be lower than voucher rates in some areas because the voucher system reimburses providers based on local market rate surveys. Contract providers are paid on a fixed reimbursement schedule, with a three-month advance at the beginning of the contract period. Providers are paid based on enrollment; programs are not penalized unless their attendance falls below 95 percent, which includes a 5-percent "flex factor" and counts excused absences as attended days.
Colorado

Program Description
Colorado began using contracts in 1997 to create new slots for special populations, maintain the current slots for low-income families, provide care in rural areas, and improve the quality of care. Colorado has a county-administered social service system, so all counties have the option to use contracts but are not required to do so. Fifteen out of 64 Colorado counties contract with 29 child care providers using a blend of funding, including CCDF, Temporary Assistance for Needy Families (TANF), Social Services Block Grant (SSBG), and state funds. The counties use contracts to meet specific needs, including Head Start extended day care, special needs care, infant and toddler care, child care in rural areas, and quality initiatives.

Implementation
Counties decide which providers to contract with on a case-by-case basis and generally do not use an RFP process. Most of the contract providers are child care centers and Head Start centers. In some counties, providers approach the county for a contract to help them maintain or expand their slots. For instance, in La Plata County, there was a mutual decision to contract for Head Start extended day services, which came out of a community early childhood council meeting. Some counties use contracts to provide start-up funding for new programs, including infant and toddler, preschool, and school-age care. The length of this type of a contract relationship has ranged from a few months to assist with start-up costs to a longer period of time to ensure that the provider will be able to continue providing care.

Program Content and Quality Standards
Counties do not require contract programs to meet different program or quality standards than regulated providers that accept vouchers, with the exception of Head Start extended day and the quality contracts. The Early Head Start program adheres to the Early Head Start performance standards. If counties are contracting for slots for the purpose of increasing or maintaining quality, the provider must provide a higher quality program as determined by the county policy, but there are no state program requirements.

Monitoring
Contract programs are monitored monthly through financial audits.

Evaluation
The state is not currently evaluating the contracting program.

Parental Access
The way families access and maintain access to contracts is similar to that of vouchers. Parents are referred to contract programs by child care resource and referral agencies,
which provide lists of all subsidy providers. Copayments are the same for both vouchers and contracts.

**Provider Payment**
In almost all counties, contract providers are paid on a reimbursement basis; however, counties have the option to pay providers in advance during the first week of each month. Counties can negotiate with providers on reimbursement rates for a certain number of slots. If the provider serves more children than the agreed-upon number, it is paid for the additional slots, too. Since contract providers can negotiate with the county on the rate, they may receive higher payments than providers accepting vouchers. While there are no attendance requirements associated with payment, the counties review attendance periodically and evaluate whether they need to increase or decrease the number of slots in a certain contract.

**Connecticut**

**Program Description**
Connecticut has been contracting directly with providers for over 30 years to provide child care assistance to low-income families. The State Supported Child Day Care Program uses performance-based contracts to serve children ages 0-13. Eighty percent of the parents in the program must be working, and 20 percent may be protective services children and families with parents in training activities. Connecticut also uses contracts to provide Head Start extended day services. Contracts are funded with CCDF, TANF, SSBG, and state dollars.

**Implementation**
Connecticut does not make State Supported Child Day Care Program contracts available to new providers unless there is new funding. Most of the contract providers have been part of the system for many years and are eligible to remain in the contract system as long as they continue to meet the requirements. As stipulated in the program requirements, all of the contract providers are licensed child care centers.

**Program Content and Quality Standards**
In addition to adhering to basic state licensing standards, contract programs must be accredited through the National Association for the Education of Young Children (NAEYC). Contract programs must become accredited within three years of entering the contract system.

**Monitoring**
Contracts are monitored through a desk review, which examines a sample of provider records for enrollment, family eligibility, and accreditation status. Site visits occur as necessary to review areas of concern.
How States Contract Directly with Providers to Shore Up Child Care Choices for Low-Income Families

Evaluation
The state is not currently evaluating the contracting program.

Parental Access
There are a couple of differences between parents accessing contracts and parents using vouchers. In addition to being linked to contract programs through TANF offices and child care resource and referral agencies, parents may find out about the contract program through provider outreach within their communities. Also, in some cases, parent fees for contract programs may be more than for voucher programs. Since the contract program uses a child-based fee, whereas the voucher program uses a family-based fee, the parent fees may be more for families with more than one child in child care.

Provider Payment
Providers with contracts may receive higher total payments than those accepting vouchers only. Contract providers may negotiate for rates and may keep parent co-payments rather than submit them to the state. Providers with contracts may also accept vouchers. Contract providers are paid five times a year with a portion of the total contract paid in advance at the beginning of the contract period. The attendance requirement states that as long as a child is in the child care center for one day in the month, the provider will be paid for that child.

District of Columbia

Program Description
The District of Columbia uses contracts to create and stabilize supply of certain types of child care in the highest need areas. DC began using contracts in the 1970s to stabilize the subsidy provider source. CCDF, TANF, and local funds are used to contract with providers for after-school programs, preschool programs, special needs care, infant and toddler care, and a family child care network.

Implementation
The DC Office of Early Childhood Development determines which providers to contract with based on the area of need and the providers’ experience. DC moved from using contracts with an RFP process to a provider agreement process, which is a blend of contracts and vouchers in which new providers are paid a portion of their contracts in advance, and then move into an on-going provider agreement and are paid through reimbursement. The provider agreement system uses a request for application (RFA) process. Providers must renew their provider agreements once a year, which requires that they meet minimum requirements. Although most contracts are with child care centers, there is a family child care system consisting of three umbrella groups with networks of family providers.
Program Content and Quality Standards
Contract programs are required to have a higher level of staff training than programs accepting vouchers—24 hours of training as opposed to 18 hours. A director must be available full-time in contract programs instead of part-time, which is the requirement with vouchers. In addition, contract programs have access to social services workers and more parent meetings and trainings.

Monitoring
Program monitors conduct unannounced site visits one to three times a year. Monitoring staff may recommend stopping the placement of children in a certain program, or they can notify the city licensing staff if they are concerned with what they see in unannounced visits.

Evaluation
DC assesses the contract providers and other subsidy system providers using ECERS, ITERS, and Family Day Care Rating Scale (FDCRS) environmental rating scales.

Parental Access
Families access and maintain access to contract program slots in the same way they access vouchers. Parents learn about contract programs through child care resource and referral offices, or they can apply to contract programs directly. The copayments are the same, with a tiered reimbursement system (i.e., higher payments for programs meeting higher standards), for both the contract and voucher systems.

Provider Payment
New contract providers may receive as much as one-fourth of the total contract amount up front. After the initial payment, the provider is part of the regular provider agreement program and is paid through reimbursements, at the same rate as voucher providers. While the provider rate is the same for both contracts and vouchers, contract providers may keep parent fees whereas voucher providers must turn over the parent fees to the DC government. New contract providers may be eligible for additional funds up front as well. The family child care systems receive $15,000 as start-up funding and then receive payment on a reimbursement basis.

Georgia
Program Description
Georgia has historically used contracts in its child care subsidy system. When vouchers were incorporated into the system in the 1980s, contracts began to be used less. Georgia began contracting with Head Start centers in 1999 to provide extended care, since many parents were working as a result of welfare reform and needed full-day care. Georgia also contracts with community-based non-profit organizations for
before- and after-school care and summer care and contracts with Head Start and YMCA to provide child care for the children of teen parents. The contract program is funded with CCDF service dollars.

**Implementation**
Georgia uses an RFP process to contract with schools, private providers, and community organizations for school-age and summer care. Since Head Start is the sole provider for the extended care program, the state contracts directly with specific Head Start programs. Georgia chooses to contract with providers based on the objectives of the program and program description, budget stability, and capacity. Georgia does not use contracts to provide start-up costs but will contract with providers to expand their services.

**Program Content and Quality Standards**
Contract programs are not required to have additional services or program standards than programs that accept vouchers, unless it is listed as a deliverable in the contract.

**Monitoring**
The contracts are monitored though a monthly programmatic report as well as annual site visits conducted with a contract monitoring tool. The site visit results in an assessment report and a corrective action plan, when necessary.

**Evaluation**
The state is not currently evaluating the contract programs.

**Parental Access**
Parents access the extended day care through the Head Start program, but families may also find out about contract programs through the child care resource and referral agencies, which have a list of the contract and voucher programs. Parents must qualify for Head Start to be eligible for the extended day services, but they are not required to make copayments.

**Provider Payment**
The voucher and contract programs' provider rates and schedules are similar. Georgia contracts with providers for a number of slots within a range, and providers are reimbursed in full if they serve children within that range, allowing for a certain number of excused absences. Providers submit monthly and quarterly invoices and expenditure reports and are reimbursed monthly, at the same rate as voucher providers.
Illinois

Program Description
In the late 1970s and early 1980s, Illinois contracted with providers to stabilize the supply of child care for low-income families. In 1997, Illinois began using contracts and vouchers. In addition to stabilizing the supply of care for low-income families, Illinois continues to use contracts to provide child care for special populations and to support family child care networks. Illinois currently uses CCDF, SSBG, and state dollars to fund the following contract programs:

- low-income eligible,
- infant and toddler care,
- family child care networks,
- Head Start collaborations to provide full-day/full-year Head Start,
- Migrant Head Start,
- special needs care, and
- a non-traditional hour pilot program.

Implementation
Illinois uses an RFP process when new funding is available to expand the contract program; otherwise, providers stay in the contract system unless they fail to meet contract requirements or they opt out of it. Providers include child care centers, Head Start centers, and family networks and are selected based on history, collaboration with community agencies, capability to monitor grants, and licensure-compliance status.

Program Content and Quality Standards
For the most part, there are no additional program and quality standards associated with contract programs than with voucher programs. However, the family network providers receive more support services through the network than other family providers, including home visits, monthly provider trainings, and administrative support.

Monitoring
Monitoring staff conduct on-site visits to examine fiscal records, programmatic records, and contract compliance.

Evaluation
The state is not currently evaluating the contract program.
Parental Access
There are a couple of differences in accessing contracts compared to vouchers. In addition to being linked with contract programs through a child care resource and referral agency, families may find out about contract providers through provider outreach within their communities. Another difference for parents is the on-site application process. Contract providers are paid a small administrative fee to do the eligibility and application process on-site. Families make the same copayments for both programs.

Provider Payment
Contract providers are reimbursed at the same rate as voucher providers, based on attendance. When a program has at least an 80-percent attendance rate, it is paid for the number of eligible days; when the program is below 80 percent, it is paid for the attended days only.

Kentucky

Program Description
Kentucky began a collaboration initiative with Head Start in 1998 to provide full-day, full-year Head Start services for 3- and 4-year-olds. The state Division of Child Care partners with the state Head Start Centers, which subcontract with child care providers for a total of 70 slots. This contract program is funded using a blend of CCDF quality set-aside dollars and federal Head Start funding.

Implementation
The Head Start Centers contract with three family child care providers and four child care centers for the full-day, full-year services. The main criterion for selecting providers is willingness and ability of the provider to meet the Head Start performance standards. Participating family child care providers must be certified. Head Start provides training and education to the contract providers to help them meet the Head Start performance standards.

Program Content and Quality Standards
In addition to basic state licensing standards, all contract providers must meet Head Start performance standards. The contract providers offer additional services, including family services and health and mental health services. These services are available to all of the children in the program, even if they are not in one of the 70 contract slots.

Monitoring
The state Child Care Office monitors the contract program through two site visits a year, in addition to the standard Head Start monitoring.
**Evaluation**

The state does not currently have an evaluation in place. However, the state does have a voluntary quality rating system, and all of the contract providers have scored relatively high compared to other participating providers.

**Parental Access**

Parents access the extended-day services through the Head Start program. Parents are linked to the contract program through the Head Start application process, so they must first be eligible for the Head Start program. There is no copayment for these families. The program follows Head Start redetermination procedures when a family's circumstances change, as opposed to redetermination once a year as required under the voucher program.

**Provider Payment**

The contract providers receive reimbursement monthly at a Head Start rate and a full-time child care rate for the extended-day services. There are not currently any attendance requirements associated with provider payment.

**Maine**

**Program Description**

Maine's entire subsidy system consisted of contracts until vouchers were incorporated into the system in the 1990s. One of Maine's original purposes for using contracts was to guarantee the availability of child care in rural areas. Another goal has been to fund child care programs with higher quality standards. Maine currently uses CCDF, SSBG, and state funds to contract with more than 50 programs to provide infant and toddler care, Head Start extended-day services, after-school care, and child care for children with teen parents, and to contract with family home networks.

**Implementation**

Maine uses an RFP process to contract with providers. RFPs are announced in newspapers and through provider networks and child care resource and referral agencies. The contracted provider population in Maine consists of Head Start centers, child care centers, schools, and about a dozen family child care networks. The state selects providers based on the level of need, performance standards, and how the RFP answers are scored by reviewers. Some funding for start-up costs is available, but most of the contract funding goes to already-established providers.

**Program Content and Quality Standards**

Program content of the contract and voucher programs is similar; however, there are established performance measures for contract programs. Contract providers must meet health and safety requirements and must survey parents about the responsiveness to their children's needs and about the affordability and accessibility of the programs.
Monitoring
The contracts are monitored through biannual site visits and monthly reports, which include the number of children served and contract compliance.

Evaluation
The state uses performance measures, including a parent survey, to assess the effectiveness of the contract programs.

Parental Access
Families access and maintain access to contracts in a manner similar to that of vouchers. Parents are linked to contract programs through child care resource and referral agencies. While there is a waiting list for the voucher program, waiting lists for individual contract providers vary. Copayments are the same for both programs: no more than 10 percent of the family’s income may be charged.

Provider Payment
Contract programs in some areas are paid at a higher rate than voucher programs; contract programs are capped at the highest county rate while voucher programs are capped at the market rate for the county. Providers are paid monthly in advance of providing services and based on enrollment. Excused absences are allowable.

Massachusetts
Program Description
Massachusetts has used contracts for over 20 years to provide high-quality child care for low-income families and special populations and to provide stability in areas where child care is needed—in particular, low-income urban areas. Massachusetts has several contract programs, including the Income Eligible Program, Teen Parent Program, Supportive Child Care, Family Child Care Systems, Non-traditional Hours Child Care, Child Care for Homeless Families, and child care for other special populations. The contracts are funded with CCDF, TANF, SSBG, and state funds.

Implementation
Massachusetts Office of Child Care Services (OCCS) uses a Request for Response (RFR) process, posting the RFR and related information on a website that providers can access. A committee reviews contract applications submitted by providers. The committee examines licensing information, accreditation status, financial information, and past performance from monitoring reports in making contract award decisions. Most of the providers the state contracts with are pre-existing providers; however, the state does contract with new providers on occasion. The contract provider population is made up of a mix of child care centers, Head Start centers, and family child care sys-
tems. Family child care providers must be part of a family child care system in order to receive vouchers and contracts.

Program Content and Quality Standards
While the family child care providers in the networks may offer additional services and have different standards than other family providers, the state has tried to make the voucher and contract program standards similar. Required standards for contracts are similar to vouchers in part because the basic state child care regulations that licensed providers must meet are already stringent—in some cases comparable to NAEYC accreditation standards.

Monitoring
Massachusetts OCCS has implemented a comprehensive contract monitoring system. OCCS staff review accounting, billing, and licensing information. They ask child care resource and referral agencies to complete a questionnaire on each provider's performance. Based on the monitoring review, a risk assessment is determined, and there may be a site visit and a corrective action plan, including training, if necessary. In addition, one site visit is conducted during the length of the contract.

Evaluation
OCCS is beginning a longitudinal study following children from child care to elementary school to see how well prepared they are for school. In addition, OCCS is in the process of evaluating the non-traditional hour pilot program.

Parental Access
The main difference for parents accessing contracts rather than vouchers is the eligibility process. Parents are able to do the eligibility paperwork on-site at the program, instead of going to a resource and referral agency, which is the process for the voucher program. The rest of the process is similar to vouchers. Parents are linked to contract programs through child care resource and referral agencies and make the same copayments for both programs. There are waiting lists for both the voucher and contract programs.

Provider Payment
Contract providers are paid on a monthly reimbursement basis with a portion paid in advance each month. Contract providers are paid at the same rate as voucher providers.
Mississippi

Program Description
Mississippi primarily uses vouchers to provide child care assistance but also uses CCDF to contract with providers for Head Start extended-day services and a Head Start summer program. In addition, Mississippi contracts with public municipalities and private businesses to provide on-site, non-traditional hour care. Mississippi has contracted with Sanderson Farms for five years to provide on-site care for its low-wage workers during first and second shifts and on Saturdays.

Implementation
Mississippi uses an RFP process to contract with providers. Counties, providers, and businesses are notified by mail of the availability of an RFP. While family providers are not eligible for the contracts, all other licensed providers are eligible.

Program Content and Quality Standards
There are no differences in the program services and content between contract programs and voucher programs.

Monitoring
Contracts are monitored through financial audits and site visits once a year.

Evaluation
The Mississippi Department of Human Services, Office for Children and Youth, has a subgrant to conduct program evaluations using the ITERS/ECERS rating scales.

Parental Access
There are a couple of differences for parents accessing contracts compared to parents using vouchers. Families may be linked to a contract program through provider outreach within their community, and parents are able to do the eligibility paperwork on-site. The rest of the process is the same for parents. Families also learn about the availability of contract slots through welfare agencies, junior colleges, and the state child care office and website. Parents make the same copayments for both programs.

Provider Payment
Contract providers are reimbursed at the same rate as voucher providers after submitting an invoice. The reimbursement goes directly to the contract provider instead of the parent as with vouchers in Mississippi. Any attendance requirements are based on the individual center policy and are not linked to provider payment.
Missouri

Program Description
Missouri has been using TANF funds to contract with the Local Investment Commission (LINC), a community partnership council, for three years to provide before- and after-school care in schools serving a large population of low-income families in Kansas City. LINC subcontracts with elementary schools to provide the after-school care.

Implementation
Contracts are awarded based on a school's need for after-school care; school districts serving large populations of low-income families are targeted. LINC subcontracts with school districts that either provide the care directly or contract with licensed child care providers for the care. The contracts cannot be used for start-up funding.

Program Content and Quality Standards
The program and quality standards for the before- and after-school programs are similar to those of the voucher program.

Monitoring
LINC is responsible for monitoring compliance of each of their subgrantee before- and after-school sites.

Evaluation
The state is not currently evaluating this program.

Parental Access
The process for accessing contract programs is different than for vouchers because families are linked to the contract program through the school. A family must be eligible for the free school lunch program and at least one parent must be employed in order to qualify for the program. Families pay a $10 enrollment fee for the before- and after-school program, but there are no copayments.

Provider Payment
Provider payments are made quarterly on a reimbursement basis. The reimbursement rates are the same for contract and voucher providers.

Montana

Program Description
Montana began contracting with providers in 1997 to improve the quality of care. Montana uses contracts for an Infant/Toddler Demonstration Project, Quality Improvement Grant Program, and to provide full-day/full-year child care for Head Start...
children in seven communities. The state offers 57 slots through contracts with Head Start agencies that partner with local child care providers for extended care.

Implementation

Child care resource and referral agencies and the state Head Start association did outreach to inform Head Start programs of the availability of the contracts. Each district received an application, and seven out of 12 communities that applied were awarded contracts. Head Start centers subcontract with child care centers and family home providers to provide the extended care. The funding was allocated to Head Start programs based on the population of the district.

Program Content and Quality Standards

By the end of the second year of the Head Start extended-day program contracts, providers must meet all of the Head Start performance standards. Non-Head Start children benefit too because the entire program must meet increased training and education standards and Head Start performance standards. Child care providers have access to increased training and administrative money that helps them to provide comprehensive services, like health screenings.

Monitoring

The state conducts basic compliance monitoring.

Evaluation

Montana will use the ITERS and ECERS environmental rating scales to measure the effectiveness of participating programs for the Infant/Toddler Demonstration Project only. Due to a lack of resources, this evaluation tool is not used for the Head Start extended-day program or the Quality Improvement Grant Program.

Parental Access

The main difference for parents in accessing contracts as opposed to vouchers is that eligibility for contract programs is redetermined after a year as opposed to six months under the voucher programs. The rest of the process is the same for parents involved in either program. Eligibility is determined using Head Start guidelines; families must have incomes below the federal poverty level and be working. Families with incomes below the poverty level have $5 copayments in both the voucher and contract programs.

Provider Payment

Providers are reimbursed for a full-time child care rate and receive an additional 15 percent of the total contract for administrative fees and training costs. The providers are allowed 15 sick days per child, per year.
New Jersey

Program Description
New Jersey began using contracts in the 1970s, incorporating vouchers into the subsidy system in the 1990s. New Jersey currently contracts with community-based centers for income-eligible children ages 0-13 and children in protective services.

Implementation
Historically, New Jersey has used a competitive RFP process for the community-based centers that is open to all licensed providers. Now the funding is recurring, and providers do not need to reapply; they are in the system unless they fail to meet requirements. If new funding became available, the state would use an RFP process that would occur at the county level with the state Department of Human Services determining the guidelines and criteria. The criteria used to select providers depend on the current community needs, but all contract providers must be licensed.

Program Content and Quality Standards
There are no program differences between the community-based centers and voucher programs.

Monitoring
Contract programs are monitored through unannounced site visits once a year to review files, visit classrooms, and examine the quality of child-teacher interaction, the child-to-teacher ratios, the determination of eligibility and copayments, and the number of children served. Technical assistance meetings and follow-up site visits occur, if necessary.

Evaluation
The community-based centers are evaluated using ITERS and ECERS rating scales.

Parental Access
The main differences for families in accessing contracts as opposed to vouchers are that the community-based centers may recruit and advertise within the community to fill the contract slots and may do on-site intake and redetermination. The rest of the process is the same for parents. As with vouchers, parents may be linked to contract programs through child care resource and referral agencies. There is a waiting list for the voucher system, and the community-based centers in some areas have waiting lists. The copayment is the same for both programs.

Provider Payment
All contract providers are paid in advance on a quarterly basis with two months paid in advance at the beginning of the contract. Contract providers are paid at the same rate as voucher providers. There is an 80-percent attendance requirement, and adjustments are made to provider payments at the end of the fiscal year, if necessary.
Oklahoma

Program Description
Oklahoma implemented the First Start program in October 1998 due to a shortage of high-quality infant and toddler care and to help families who were transitioning off welfare. The state contracts with providers for enhanced services, which are added onto basic voucher-funded services. The First Start program uses CCDF discretionary and CCDF Infant/Toddler earmarked funds to provide the quality enhancements, combined with a set of TANF, CCDF, SSBG, and state funds that provide the basic subsidy.

Implementation
Oklahoma uses an RFP or “Invitation to Bid” (ITB) process, which is coordinated through the Department of Central Services. In order to be eligible for the contracts, providers must meet Head Start performance standards and provide similar services, including parent involvement and health screenings. Contract providers are selected based on their ability to meet the Head Start performance standards, to provide enhanced services, and to be licensed for health and safety standards; the quality of their staff; and their past contract performance. Programs are also required to become accredited with the National Association for the Education of Young Children (NAEYC). Nearly all of the contracts are with Head Start programs, except one tribe-operated center and one community college-operated program. Family providers are less likely to participate because it is difficult for them to deliver the enhanced services. Contracts can be used to add slots in an existing program or start a new program, but not for start-up funding toward buildings and other capital expenses.

Program Content and Quality Standards
The First Start program has additional program services and quality standards than those for the voucher program. First Start services must meet all of the Head Start performance standards, with the exception of the home visits and policy council requirements, and must be NAEYC-accredited.

Monitoring
The state Department of Commerce monitors the grants using Head Start guidelines.

Evaluation
The state is planning to measure family and children impacts through family interviews in 2003.

Parental Access
The way families access and maintain access to contracts is similar to vouchers. Parents are linked to First Start through child care resource and referral agencies, and the program itself may also recruit families. The copayments are also the same.
**Provider Payment**

Providers are reimbursed monthly for the enhanced services contract, based on expenditures and attendance, allowing for up to five sick days per month. Providers receive $16 per day, per child, for comprehensive services on top of the voucher rate.

**Oregon**

**Program Description**

Oregon began using contracts to provide child care to special populations in 1992, including migrant worker families, teen parents, and state-approved alcohol and drug abuse programs. In addition, Oregon began contracting with Head Start to provide full-day, full-year Head Start care in 1998. The purpose of this contract program is to create a continuity of care for children receiving part-day Head Start services. Oregon uses CCDF service dollars to fund its contract programs.

**Implementation**

For the special populations contracts, an RFP was sent out to all counties to identify special populations in need of care. Each targeted population has certain criteria for contracting. Once a provider is in the contract system, the contracts are renewed as long as the contractor is still able to serve the targeted population. For special populations, Oregon contracts with child care centers, schools, and family child care providers.

Oregon contracts with the state Head Start agencies, which subcontract with individual child care providers for the extended-day care. If the Head Start centers meet the application criteria, they receive a contract for a range of slots—that is, a minimum and maximum number of children that the state will fund. Head Start centers receive a contract as long as they meet the criteria and are able to provide full-day and full-year care, which sometimes includes evening and weekend care. Oregon has made the contracts available to child care centers and family child care networks that meet the criteria, but so far none are participating.

**Program Content and Quality Standards**

The program content and quality standards for the special populations contracts are similar to the voucher program. The Head Start contracts facilitate coordination between the Department of Human Services, Head Start, and the caseworker, giving families more social services support than in typical voucher programs.

**Monitoring**

The contracts are monitored through the auditing of invoices for eligibility. The state Head Start association does the regular monitoring associated with Head Start centers.
Evaluation
Oregon is not currently evaluating its contract programs.

Parental Access
Parents are linked to contracted slots through the child care office and through Head Start centers doing outreach within the community. For the Head Start extended-day contract, a major difference is that when a family becomes ineligible for any reason during the year, the child will remain eligible for the contract slot through the end of the contract period, which is usually June 1. In addition, parents with children in the Head Start extended-day program do not pay more than a $25 copayment for their entire family, which is lower than the typical copayments for vouchers. The copayments are the same for the special populations contracts and the voucher program.

Provider Payment
Contract providers submit invoices and are reimbursed monthly at the same rate as voucher providers. The state will pay for the range of slots in the contract, and, if the provider’s attendance is below the minimum number of slots for two months in a row, the state Child Care Division will meet with the provider to discuss the contract. Providers are allowed five absences per month.

South Carolina

Program Description
South Carolina uses CCDF to fund contracts for before- and after-school care and special needs child care. South Carolina began contracting with the state Department of Education (DOE) in 1992 to provide after-school care to children ages 6-13 in school settings because of a lack of private providers in some areas. South Carolina contracts with the state Department of Disabilities and Special Needs to provide services to children ages 5-12 in school settings and children ages 3-5 through a YMCA provider.

Implementation
The state DOE uses a RFP process to contract with schools in areas that need before-and after-school care.

Program Content and Quality Standards
The contract programs are required to meet additional quality and program standards beyond state basic licensing requirements (details on additional standards not provided).

Monitoring
The contract programs are monitored through program reviews of staff training and development, nutrition, safety, and program activities. In addition, state DOE monitoring staff conduct unannounced site visits once a year.
Evaluation
The state is not currently evaluating the contract programs.

Parental Access
Parents are linked to the contract programs through the schools and child care resource and referral agencies. Programs are able to do eligibility paperwork on-site. The copayments are the same in the contract and voucher programs.

Provider Payment
Providers are paid monthly through reimbursement.

Vermont

Program Description
Vermont’s subsidy program was established using contracts as its primary form of reimbursement to child care providers, but the state transitioned to a voucher system in the late 1980s. In 1996, the state began to use contracts again in order to stabilize providers financially, to ensure child care slots for special populations, and to support and recognize providers who achieved and sustained higher standards of quality. Vermont currently uses contracts to provide Head Start extended-day services, infant and toddler care, and therapeutic child care programs.

Implementation
These contract programs began as pilot projects, so they do not have a standard implementation process. The Vermont Child Care Services Division (CCSD) currently contracts with Head Start programs, Parent-Child Centers, and private non-profit early childhood centers. All programs must meet state licensing requirements, be nationally accredited or working toward accreditation with the National Association for the Education of Young Children, must participate in a local child care network, must participate on their regional early childhood coordinating council, and must commit to sharing their resources for professional development and quality improvement with other collaborating programs within their region.

Program Content and Quality Standards
In addition to basic state licensing requirements, contract programs must be nationally accredited or working toward accreditation with the National Association for the Education of Young Children.

Monitoring
CCSD accountant and licensing staff conduct fiscal and program monitoring. Grant monitors, also employed by CCSD, work with the accountant staff and subsidy specialists housed in the regional child care resource and referral agencies to assure that
the conditions of the contracts are understood and met and that families are receiving information on contracted providers.

Evaluation
The state is working toward increasing requirements, including utilizing the ECERS and ITERS environmental rating scales and using the Logic Model for documenting outcomes.

Parental Access
The way families access and maintain access to contracts is similar to that of vouchers. All parents accessing the child care subsidy program are linked with providers through the regional child care resource and referral agency in their community. There is currently no on-site eligibility determination conducted at contract programs, although Vermont is considering moving in this direction. There is no waiting list for the child care subsidy program. Parent fees are similar for both programs.

Provider Payment
Contracted providers are paid in advance on a quarterly basis at the same rate as voucher providers. Programs submit attendance reports and parent copayment verification monthly and are allowed four weeks to fill a vacancy without penalty.

Wisconsin

Program Description
Wisconsin currently has two contract programs; one program serves migrant families and the other provides on-site care to clients at welfare agencies. The contracts are funded using a pool of CCDF, TANF, and state dollars.

Implementation
Migrant Child Care Program. In 1984, Wisconsin began contracting with the non-profit United Migrant Opportunity Services (UMOS) primarily to ensure that child care services are delivered to eligible migrant worker families, whose work locations vary, and who are usually working in isolated rural areas. Wisconsin contracts with UMOS as a way to eliminate transportation and language barriers because UMOS works in rural areas and has bilingual employees. UMOS conducts outreach, links families with child care services, addresses transportation issues, and recruits child care providers. Contracts also provide extended-day services for migrant Head Start child care.

There is a statutory provision that Wisconsin contract with UMOS, which already runs the migrant Head Start program. UMOS subcontracts with a mix of providers, including centers, family child care providers, and Head Start centers for the care. Many of
the children are already enrolled in the Head Start program and use the extended-day services.

W-2 On-Site Child Care Program. Wisconsin welfare agencies (W-2 agencies) have provided temporary on-site child care during the welfare application process and for participants in work experience programs since 1997. Wisconsin's W-2 agencies felt it was important to have child care available during the application process to ensure good customer service and to help job-seeking clients transition into the workforce. The W-2 agencies subcontract with providers for the on-site child care. All welfare agencies were notified that they could apply for a contract to provide on-site child care. The contracts are in the form of an amendment to the W-2 and Related Programs Contract. The W-2 on-site child care providers are not required to be licensed but must identify how they will meet the intent of licensing health and safety requirements.

Monitoring
Both programs are monitored through site visits.

Evaluation
The state is not currently evaluating either contract program due to funding constraints.

Parental Access
Migrant families are linked to child care services through UMOS outreach. These families make the same copayments as for the voucher program. Families accessing child care services through the on-site program are not required to make copayments.

Provider Payment
The state contracts with UMOS for a number of slots, and UMOS reimburses child care providers who submit reports with the number of hours the children are in care. For the W-2 onsite program, the state pays the child care staff according to the number of hours of care provided, separate from the reimbursement system established for more formal child care arrangements.
Appendix III
State Contact Information

California
Michael Silver, Child Care Administrator, California Department of Education, Child Development Division, (916) 324-8296, msilver@cde.ca.gov

Cecelia Fisher-Dahms, Child Development Consultant, California Department of Education, Child Development Division, (916) 322-4883, cfisher@cde.ca.gov

Colorado
Anne Keire, Program Specialist, Colorado Department of Human Services, Division of Child Care, (303) 866-3960, anne.keire@state.co.us

Connecticut
Peter Palermino, Program Manager, Child Care Team, Department of Social Services, (860) 424-5006, peter.palermino@po.state.ct.us

District of Columbia
Barbara Ferguson Kamara, Child Care Administrator, Office of Early Childhood Development, (202) 727-5220, bkamara@dhs.dcgov.org

Georgia
Carol Hartman, Policy Consultant, Child Care and Parent Services Section, (404) 657-3434, ckhartma@dhr.state.ga.us

Illinois
Linda Saterfield, Bureau of Child Care and Development, (217) 785-2559, DHSD6501@dhs.state.il.us

Kentucky
Michael Cheek, Director, Division of Child Care, (502) 564-2524, Michael.cheek@mail.state.ky.us
Untapped Potential?

Maine
Carolyn Drugge, Director, Office of Child Care and Head Start, Department of Human Services, (207) 287-5060, Carolyn.Drugge@state.me.us

Massachusetts
Jan Avallone, Assistant Commissioner for Administration and Finance, (617) 626-2030, Jan.Avallone@ofc.state.ma.us

Mississippi
Edna Watts, Acting Director, Office for Children and Youth, Mississippi Department of Human Services, (610) 359-4528, ewatts@mdhs.state.ms.us

Missouri
Doris Hallford, Assistant Deputy Director, Missouri Division of Family Services, (573) 522-1137, dhallfor@mail.state.mo.us

Montana
Linda Fillinger, Child Care Administrator, Department of Public Health and Human Services, (406) 444-1828, Lfillinger@state.mt.us

New Jersey
Beverly Ranton, Child Care Administrator, Department of Human Services, Division of Family Development, (609) 588-2163, Beverly.ranton@dhs.state.nj.us

Oklahoma
Nancy Von Bargen, Division Administrator, Division of Child Care, Children and Family Services, (405) 522-1512, Nancy.VonBargen@okdhs.org

Lu Ann Faulkner, Programs Field Representative, Luann.Faulkner@okdhs.org

Oregon
Tom Olsen, Administrator, Child Care Division, Oregon Department of Employment, (503) 947-1409, Tom.L.Olsen@state.or.us

Rosetta Wangarin, Child Care Program Manager, Department of Human Services, Children, Adults & Families, (503) 945-6108, Rosetta.M.Wangerin@state.or.us

South Carolina
Kitty Casoli, Department Head for Child Care and Development Services, Department of Health and Human Services, (803) 898-2570, casoli@dhhs.state.sc.us

Vermont
Kim Keiser, Director of Child Care Services, Department of Social and Rehabilitation Services, (802) 241-4466, kkeiser@srs.state.vt.us

Wisconsin
Edie Sprehn, Interim Director, Office of Child Care, Department of Workforce Development, (608) 266-6946, edieda@dwd.state.wi.us

Kathy McGurk, Office of Child Care, Department of Workforce Development, (608) 266-7001, kathy.mcgurk@dwd.state.wi.us
NOTICE

Reproduction Basis

This document is covered by a signed "Reproduction Release (Blanket)" form (on file within the ERIC system), encompassing all or classes of documents from its source organization and, therefore, does not require a "Specific Document" Release form.

This document is Federally-funded, or carries its own permission to reproduce, or is otherwise in the public domain and, therefore, may be reproduced by ERIC without a signed Reproduction Release form (either "Specific Document" or "Blanket").