

# Promising Practices in Policy for Home-Based Child Care: A National Policy Scan

Maggie C. Kane, Phoebe Harris, Dorothy Jordan, Chrishana M. Lloyd,<sup>1</sup>  
and Mary Beth Salomone Testa<sup>1</sup>



<sup>1</sup>These authors contributed equally to the development of this report.

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# Overview

This report provides an overview of policies that Child Trends scanned, across all 50 states plus the District of Columbia (referred to as “states” throughout the report), related to home-based child care (HBCC). HBCC refers to child care provided by a caregiver in their home to children other than their own or for whom they are not the primary caretaker.<sup>1</sup> States use a variety of terms to describe HBCC and have different types of regulations, which we describe in more detail throughout this report. For consistency, we use the term HBCC across data sources to draw comparisons between the information. We use “large HBCC” to refer to settings that are typically larger than a standard home and may include more than one provider. Some states refer to these settings using the term “group” instead of large. We use “small HBCC” to refer to HBCC settings typically with one provider and with a smaller number of children.

The document provides an overview of policies related to state definitions and regulations, licensing and subsidy, external systems, quality rating and improvement systems (QRIS), and funding. We also highlight changes to policies related to HBCC enacted as a result of COVID-19. At the end of each section, we include key takeaways and states that may be of interest for each topic. The goal of the document is to highlight states that may be strong candidates for case studies to be conducted as part of this project to further explore supportive policies in depth.

## Data sources

Data for this report came from five key sources. Data were collected during different years, and changes to policies and processes may have occurred between data collection and the present day. During case studies, we will explore any changes that have occurred. Below, we list the data sources and the year the data were collected.

- [Child Care and Development Fund \(CCDF\) Policies Database](#) (2018 data)
- Child Care Aware of America 2019 State Fact Sheets
- National Center on Early Childhood Quality Assurance 2017 Child Care Licensing Study
- [Quality Rating and Improvement Systems Compendium](#) (2019 data)
- State 2019-2021 CCDF plans
- The Hunt Institute COVID-19 policy tracking (2020 data)

## State Definitions and Regulations

State regulatory bodies use a variety of different names to describe HBCC settings, and they vary in their levels and types of regulations. This section discusses how states define HBCC and their basic regulations for HBCC providers.

# How do states define home-based child care?

## Names used to describe care categories<sup>ii</sup>

Data on state regulations identified a range of terms to define HBCC. Commonly used terms across both large and small settings included:

- Family child care
- Family day care
- Child development home
- Child care home

States may exempt some HBCC settings from licensure. These exempted child care arrangements might be referred to formally as family, friend, or neighbor care (FFN), or they may be family child care that is simply unregulated. No states used “home-based child care” in their formal definition of HBCC settings. The word clouds below highlight commonly used words in state terms for large and small HBCC sites. The size of the word reflects how frequently it was used in definitions. All states that had state names for each category of HBCC were included.

**Figure 1.** State names for large HBCC



Source: National Center on Early Childhood Quality Assurance 2017 Child Care Licensing Study

**Figure 2.** State names for small HBCC



Source: National Center on Early Childhood Quality Assurance 2017 Child Care Licensing Study

## Consideration of compensation<sup>ii</sup>

The ways in which states define HBCC in statute differ as well. Some states specify the type of compensation received when defining HBCC. In some states, statute defines HBCC providers as receiving some sort of compensation (Table 1 and Table 2). In other states, definitions include providers who may not be receiving compensation.

**Table 1. States that had language around compensation for small HBCC definitions**

State	Statute includes “for compensation or otherwise” or “with or without compensation”	Statute includes “for payment” or “for compensation”
Alabama	X	
Delaware		X
Florida		X
Georgia <sup>a</sup>		X
Missouri	X	
Nebraska		X
New York	X	
Oregon	X	
Virginia <sup>a</sup>		X

Note. <sup>a</sup> denotes states in which small HBCC are the only type of licensed homes.

Source. National Center on Early Childhood Quality Assurance 2017 Child Care Licensing Study

**Table 2. States that had wording around compensation for large HBCC definitions**

State	Statute includes “for compensation or otherwise” or “with or without compensation”	Statute includes “for payment” or “for compensation”
Alabama	X	
Arizona <sup>a</sup>	X	
Florida		X
Idaho <sup>a</sup>		X
Indiana <sup>a</sup>		X
Maryland		X
Missouri	X	
Nebraska		X
New York	X	
Oregon	X	
West Virginia		X

Note. <sup>a</sup> denotes states in which large HBCC settings are the only type of licensed homes.

Source. National Center on Early Childhood Quality Assurance 2017 Child Care Licensing Study



## Categories of licensed providers<sup>ii</sup>

The 2016 federal regulation for CCDF defines family child care as: “one or more individual(s) who provide child care services for fewer than 24 hours per day per child, in a private residence other than the child’s residence, unless care in excess of 24 hours is due to the nature of the parent(s)’ work.”<sup>iii</sup> In 2016, the federal regulation shifted to have just one definition of family child care that encompasses any size of family child care home; however, states may use their own terminology and definitions. Some states distinguish between large and small HBCC settings. Others only license one type of setting.

In four states, large HBCC settings were the only category of licensed homes in the state:

- Arizona
- Idaho
- Indiana
- Ohio

In contrast, small HBCC settings<sup>1</sup> were the only type of licensed setting in 10 states:

- Arkansas
- Georgia
- Kentucky
- Massachusetts
- Maine
- North Carolina
- Virginia
- Vermont
- Washington
- Wisconsin

New Jersey, South Dakota, and Louisiana have a voluntary registration or licensing process for providers.

## Key takeaways and states of interest

- States use a variety of names to refer to HBCC.
- **Alabama, Missouri, New York, and Oregon** included “with or without compensation” as a descriptor for small HBCC providers in statute. **Alabama, Arizona, Missouri, New York, and Oregon** also included this wording when talking about large HBCC providers.

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<sup>1</sup> Identified in the dataset as “family child care home.”

# What are the basic licensing regulations in states?

## Group size<sup>ii</sup>

States have different thresholds at which HBCC providers must become licensed or regulated, and when they must be regulated as a large versus small HBCC setting if the state regulations distinguish more than one type. Providers falling outside of these group size ranges are not required to be licensed and likely will be less connected to the state and resources to support child care quality. The minimum number of children for licensing in small HBCC settings ranged from 1 to 6, and the maximum ranged from 4 to 16. In 19 states, school-age children were counted separately from the maximum number of children. The number of additional school-age children allowed in a small HBCC setting on top of the maximum ranged from 2 to 6.

In a subset of states, the classification for being a small HBCC setting was a provider that cares for children from more than one family.<sup>2</sup>

- Arkansas
- California
- Colorado
- Florida
- Illinois
- Minnesota
- New Hampshire
- Oregon
- South Carolina
- Wyoming

The minimum number of children in large HBCC settings ranged from 1 to 13+, and the maximum ranged from 10 to 30. In large HBCC settings, data indicated that only eight states counted school-age children separately from the maximum number. The number of additional school-age children allowed ranged from 2 to 5.<sup>3</sup>

We also examined whether states factored the provider's own children into the number of children in the home. In a subset of states, these regulations differed by small or large setting.

**Table 3.** Whether provider's children were factored into totals

State	Provider's own children counted for small HBCC?	Provider's own children counted for large HBCC?
Connecticut	Yes	No
District of Columbia	Yes	No
Hawaii	Yes	No
Missouri	Yes	No

Source. National Center on Early Childhood Quality Assurance 2017 Child Care Licensing Study

<sup>2</sup> These states also had data entries for minimum number of children.

<sup>3</sup> New Jersey, South Dakota, and Louisiana did not have data. These states have a voluntary registration or licensing process for providers.

## Licensing fees<sup>ii</sup>

Twenty-three states charged licensing fees for large HBCC settings and 29 states charged licensing fees for small HBCC settings. Of states that charged a fee, many charged a flat fee for all types of providers. A subset of states, however, charged fees based on the number of children in the home. This means that providers with a smaller number of children pay a lower rate than providers with a larger number of children.

**Table 4. States that charged a licensing fee based on number of children**

State	Fee charged based on number of children for large HBCC? <sup>a</sup>	Fee charged based on number of children for small HBCC? <sup>b</sup>
Arizona	Yes	N/A
District of Columbia	Yes	Yes
Georgia	N/A	Yes
Mississippi	Yes	Yes
Nevada	Yes	Yes
North Carolina	N/A	Yes
Oregon	Yes	No
Tennessee	Yes	Yes
Texas	Yes	No

Note. <sup>a</sup>States marked N/A do not license large HBCC settings.

<sup>b</sup>States marked N/A do not license small HBCC settings.

Source. National Center on Early Childhood Quality Assurance 2017 Child Care Licensing Study

## Licensing inspections<sup>ii</sup>

All states required some type of regular licensing checks for licensed providers. Typically, licensing visits were unannounced—North Dakota was the only state in which routine inspections were announced. The frequency of licensing visits varied. Most states conducted licensing checks one or two times per year. A subset of states, however, inspected more than once or twice a year (frequent) and a subset inspected less than once or twice a year (infrequent).

**Table 5. States that had frequent licensing inspections**

State	Large HBCC inspection frequency <sup>a</sup>	Small HBCC inspection frequency
Arkansas	N/A	3 annually
Mississippi	3+ annually	3+ annually
New York	3+ annually	3+ annually
Oklahoma	3 annually	3 annually
Tennessee	3+ annually	3+ annually

Note. <sup>a</sup>States marked N/A do not license large HBCC settings.

Source. National Center on Early Childhood Quality Assurance 2017 Child Care Licensing Study



**Table 6.** States that had infrequent licensing inspections

State	Large HBCC inspection frequency <sup>a</sup>	Small HBCC inspection frequency <sup>b</sup>
California	1 every 3 years	1 every 3 years
Idaho	1 every 2 years	N/A
Kentucky	N/A	1 every 2 years
Vermont	N/A	1 every 2 years

Note. <sup>a</sup>States marked N/A do not license large HBCC settings.

<sup>b</sup>States marked N/A do not license small HBCC settings.

Source. National Center on Early Childhood Quality Assurance 2017 Child Care Licensing Study

## Key takeaways and states of interest

- **District of Columbia, Mississippi, Nevada, and Tennessee** charged licensing fees based on number of children for both small and large HBCC settings, rather than charging a flat fee for all sites. **Texas and Oregon** did not charge per child for large HBCC settings but did charge per child for small HBCC settings.
- Most states required licensing inspections once or twice annually. A subset of states required significantly more frequent or less frequent inspections. **Arkansas, Mississippi, and New York** inspected more than three times annually, while **California** inspected just once every three years.

# Licensing and Subsidy

## What are the requirements for registration or licensure?

Most states have a licensing process for HBCC providers. To achieve licensure, states set a range of qualifications that providers must meet, as well as provide support, technical assistance, and monitoring. As mentioned earlier in the report, a subset of states only licensed large HBCC providers or small HBCC providers (with varying requirements for minimum and maximum group size). In New Jersey and South Dakota, HBCC providers can voluntarily become registered rather than licensed; however, registration has similar requirements to what other states refer to as licensure. In Louisiana, the state has a voluntary licensing process and HBCC providers are not required to be licensed. While these three states are listed in the National Database of Child Care Licensing regulations as not licensing any category of HBCC, we included them in analysis below because they had available information on registration and licensing requirements that aligned with licensing requirement categories in other states.

## Preservice qualifications<sup>ii</sup>

States have a range of minimum requirements for licensed and registered providers. In many states, there are also alternatives to the minimum requirements that providers can meet. For example, a state may require a provider to have a certain number of hours of training or allow them to meet that requirement if they have taken credit hours in early childhood education topics through a college or university. Several states stood out as having a high number of alternatives to the minimum requirements that providers could meet (Table 7). Illinois linked preservice qualifications to their state's career lattice for both large and small

HBCC providers. Colorado and Oregon linked these for large HBCC providers, while Massachusetts, Maryland, and Washington linked them for small HBCC providers.<sup>4</sup>

**Table 7. States that had the highest numbers of preservice qualification alternatives by provider type**

State	Number of alternatives for large HBCC (9 maximum) <sup>a</sup>	Number of alternatives for small HBCC (7 maximum) <sup>b</sup>
Arizona	9	N/A
Delaware	8	3
Georgia	N/A	7
Maryland	3	6
Massachusetts	N/A	5
Minnesota	8	1
Mississippi	6	7
North Dakota	8	1
Ohio	8	N/A
Texas	7	1
Vermont	N/A	5

Note. <sup>a</sup> States marked N/A do not license large HBCC settings.

<sup>b</sup> States marked N/A do not license small HBCC settings.

Source. National Center on Early Childhood Quality Assurance 2017 Child Care Licensing Study

Some states had requirements for large and small HBCC settings related to experience with children. Just one state, New York, counted experience as a parent toward its experience with children requirements for providers.

## Licensing technical assistance supports<sup>ii</sup>

States also offer a range of technical assistance supports to providers related to licensing. The data set collected information on eight possible support areas for technical assistance:

- Achieving compliance with regulations
- Improving quality and exceeding minimum regulations
- Addressing specific noncompliance issues
- Providing resources about noncompliance issues
- Providing training to multiple programs
- Providing resources based on research
- Providing training on noncompliance issues
- Providing resources on noncompliance issues

Of eight available supports listed in the data set, 14 states provided all eight supports to large HBCC settings and 16 states provided all supports to small HBCC settings. States that provided the maximum number of supports to both large and small HBCC settings were:

<sup>4</sup> Small HBCC settings are the only type of licensed settings in Massachusetts and Washington.

- Alaska
- Colorado
- Delaware
- District of Columbia
- Kansas
- Maryland
- Minnesota
- Nevada
- Oklahoma
- Texas
- Wyoming

## Licensing requirements for subsidy receipt<sup>ii</sup>

In nine states, license-exempt HBCC providers were required to obtain a license to receive subsidy funding:

- Arkansas
- District of Columbia
- Louisiana
- Minnesota
- Mississippi
- North Carolina
- North Dakota
- New Mexico
- Oklahoma

In most of these states, license-exempt center-based providers were also required to be licensed to receive subsidy; however, in Louisiana and Minnesota, this was not the case. The data indicated that in these two states, license-exempt homes were required to be licensed to receive subsidies, but license-exempt centers were not.

## Punitive actions for providers operating illegally<sup>ii</sup>

States also take a range of punitive actions toward providers operating illegally. Most states encouraged illegally operating providers to become licensed; however, five states did not:

- Alabama
- Arkansas
- Iowa
- Indiana
- Rhode Island

In two states, Florida and North Carolina, operating an HBCC setting illegally was considered a felony. In both of these states, however, data also indicated that they encouraged illegally operating providers to become licensed. States that did not consider illegally operating an HBCC setting to be a felony still took a range of punitive actions against illegally operating providers, including: Issuing injunctions or cease and desist orders (86%), assessing civil penalties or monetary fines (59%), and filing misdemeanor charges (57%).

## Key takeaways and states of interest

- While nine states required license-exempt HBCC providers to be licensed to receive subsidy, only two of these states, **Arkansas** and **Minnesota**, also required providers serving children from more than one family to be licensed. Licensing and subsidy barriers could be explored in the states.
- **Delaware, Minnesota, and Texas** provided the maximum number of licensing supports listed in the data for both small and large HBCC providers and also allowed a high number of alternative preservice qualifications for small and large HBCC providers.
- **Florida and North Carolina** considered operating an HBCC site without licensure to be illegal and a felony.

## What providers can participate in the child care subsidy system?

Licensed HBCC providers across states are able to participate in the federal child care subsidy system. As mentioned above, nine states required license-exempt HBCC providers to be licensed to participate in subsidy. Ten states required providers to participate in their QRIS if they were receiving subsidy:

- Arkansas
- District of Columbia
- Massachusetts
- Maryland
- Maine
- Nevada
- Rhode Island
- South Carolina
- Washington
- Wisconsin

In other states, unlicensed providers can also participate in subsidy if they meet certain training requirements and receive certain types of background checks. Additional states have moved to these requirements since the 2017 data was collected.

## Unlicensed providers<sup>iv</sup>

Nearly all states allow unlicensed providers, FFN providers, and relatives that come into the home to care for children to participate in subsidy in some capacity. North Carolina did not allow unlicensed providers to participate, and Ohio's only categories of unlicensed providers included day camps and in-home aides. In most states, unlicensed providers are required to undergo state criminal history background checks with

fingerprinting and/or Federal Bureau of Investigation (FBI) fingerprinting to receive subsidy payments. In most cases, this is required for the provider and others in the home; however, in some states, only the provider has to undergo these types of checks to receive subsidy payments.

**Table 8.** States in which only the provider had to undergo a background check, criminal history check, and/or fingerprinting

State	State criminal history background checks with fingerprinting	FBI fingerprinting
California	X	Not required
Connecticut	X	Not required
Michigan	X	X
Mississippi	X	X
Oklahoma	X	Not required
Pennsylvania	Not required	X

Source. CCDF Policies Database

Most states also require unlicensed providers and all members of their households to receive a background check to participate in the federal subsidy program. Fourteen states required members of the household who are minors to receive a background check to receive federal subsidy. States with asterisks also required providers to pay some or all of the costs of required background checks:

- Required for ages 10 and above: Kansas
- Required for ages 12 and above: Utah
- Required for ages 13 and above: Idaho, Illinois, Minnesota\*
- Required for ages 14 and above: Texas\*
- Required for ages 15 and above: Massachusetts, Tennessee
- Required for ages 16 and above: Alaska, Oregon, Vermont, Washington
- Required for ages 17 and above: Georgia,\* Missouri\*

Unlicensed providers participating in subsidy have certain training requirements for participation. In 35 states, unlicensed providers were required to have training or certification in cardiopulmonary resuscitation (CPR) and/or training or certification in First Aid. In some of these states, others in the household besides the provider were also required to have certification and/or training:

**Table 9.** States where the provider and others were required have CPR and/or First Aid training or certification

State	CPR training and/or certification	First Aid training and/or certification
Arizona	X	X
Indiana	Required for at least one person on site	X
Nebraska	X	X
New Hampshire	X	X
New Mexico	X	X
Wisconsin	X	Not required

Source. CCDF Policies Database

Thirty-five states had other required training for unlicensed providers participating in subsidy. Nine of these states required this training for the provider and others:

- Florida
- Georgia
- Idaho
- Illinois
- Indiana
- New Hampshire
- Virginia
- West Virginia
- Wisconsin

## Notifications about subsidy changes<sup>iv</sup>

In 31 percent of states, the state was required to notify providers about changes to subsidy for children in their care;<sup>5</sup> this requirement was for all provider receiving subsidies, regardless of setting, but has implications for stability of subsidy for HBCC providers who receive subsidy. Additionally, in 12 states, families had to notify providers of their intent to terminate services.<sup>6</sup> In nine states, providers were required to be notified about both situations:

- Alaska
- Arkansas
- Connecticut
- Florida
- Georgia
- Iowa
- Minnesota
- Mississippi
- Wisconsin

## Payments for absence or closure<sup>iv</sup>

Thirty-one states payed all providers for days when children are absent. In 15 states, only licensed or regulated providers were paid for absences. Only Nebraska did not pay providers for days when children were absent, regardless of licensing status. Over half of states also paid providers for days when providers were closed (28 states). Similar to policies on absences, eight states only paid licensed or regulated providers for days when they were closed.

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<sup>5</sup> Seventeen states did not have this information in their manual.

<sup>6</sup> Six states did not have this information in their manual.



## Removal for licensing violations<sup>iv</sup>

In 32 states, data indicated that providers would be removed from subsidy if they had their license or registration revoked. In the other 19 states, data were not available about their enforcement actions. In 14 states, providers who had been removed from subsidies were able to be reinstated:<sup>7</sup>

- Georgia
- Hawaii
- Indiana
- Iowa
- Louisiana
- Michigan
- New Hampshire
- New Jersey
- Ohio
- Oregon
- Tennessee
- West Virginia
- Wisconsin
- Wyoming

## Key takeaways and states of interest

- **Connecticut** and **Mississippi** did not adjust subsidy payments if providers had licensing violations and required the state and families to notify providers about subsidy changes or termination.
- **Nebraska** did not pay providers for days when children are absent.
- **Idaho, Illinois, Kansas, Minnesota, and Utah** required background checks for other individuals living in a provider's home starting at ages 10, 12, or 13.

# External Systems

## What other systems do providers engage with?<sup>v</sup>

All states have some level of participation in the Child and Adult Care Food Program (CACFP). The states with the largest numbers of participating HBCC sites were:

- California
- Louisiana
- New York

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<sup>7</sup> 13 states did not have information about reinstatement in their manual.

- Minnesota
- Illinois

This looks at number of HBCC providers participating, not rate of participation. Some states, like California and New York, have a large population and thus had larger numbers participating. Minnesota, however, has a low overall population but had a large number of HBCC providers participating.

The Food Research and Action Center also looks at 10-year CACFP attendance trends for participating states and HBCC sites. Only six states had positive attendance trends over the last 10 years:<sup>8</sup>

- Virginia (68 percent)
- Mississippi (64 percent)
- Louisiana (46 percent)
- New York (24 percent)
- Hawaii (19 percent)
- District of Columbia (8 percent)

In nine states, the 10-year CACFP attendance rate was down over 50 percent:

- Wyoming (61 percent)
- New Hampshire (59 percent)
- Oklahoma (59 percent)
- New Mexico (58 percent)
- Arkansas (57 percent)
- Wisconsin (54 percent)
- South Carolina (53 percent)
- Ohio (52 percent)
- Alaska (51 percent)
- Maine (50 percent)

## Key takeaways and states of interest

- A majority of states where HBCC providers participate in CACFP had declining 10-year enrollment trends. **Virginia, Mississippi, Louisiana, New York, Hawaii, and the District of Columbia** had positive 10-year enrollment trends.
- There are several reasons attendance trends may have dropped in states over the last 10 years. Overall, there has been a decrease in the number of regulated HBCC providers offering care.<sup>vi</sup> In addition, participating in CACFP requires a lot of paperwork, and particularly for HBCC providers, the reimbursement rate is not high. This may discourage providers from participating.
- **Louisiana and New York** had positive enrollment trends and high numbers of HBCC providers participating in CACFP.

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<sup>8</sup> Iowa's trend was reported as positive; however, it was less than one percent (0.22 percent).

# Quality Rating and Improvement Systems

## What providers can participate in the state's QRIS?<sup>vii</sup>

In all states, licensed HBCC providers can participate in the state's QRIS. In 17 states, at least half of HBCC providers participated in the QRIS, and in 10 states, 100 percent of licensed HBCC providers were participating in the QRIS.<sup>9</sup> These participation trends, in some cases, reflect a shift in states toward requiring QRIS participation to receive subsidy or automatically incorporating licensing and accreditation into QRIS standards. In all states with a 100 percent participation rate, for example, licensed programs were enrolled at the first level on the state's QRIS. There are only five states in which QRIS participation above Level 1 on the state's system exceeded 50 percent:

- North Carolina (100% overall; 88% above Level 1)
- Florida—Duval<sup>10</sup> (76% overall; 76% above Level 1)
- Wisconsin (69% overall; 69% above Level 1)<sup>11</sup>
- Vermont (100% overall; 63% above Level 1)
- Tennessee (100% overall; 63% above Level 1)

Two states had QRIS participation rules for unlicensed HBCC providers. In Arkansas and Illinois, unlicensed HBCC providers receiving subsidy were required to participate in the state's QRIS. Other states, like California, allowed unlicensed providers to voluntarily participate in QRIS.<sup>vii</sup>

Eighteen states allowed automatic or accelerated rating options for accredited HBCC providers. The number of nationally accredited HBCC providers across states, however, is very low. Of the 18 states that allowed automatic or accelerated rating options, only five had accreditation rates at 2 percent or above; all other states' rates were below 2 percent.

- 5 percent: Indiana
- 3 percent: Illinois, Oklahoma
- 2 percent: Colorado, Maryland

Sixteen states also had automatic or accelerated ratings available for Early Head Start and Head Start Programs. This process is relevant for HBCC providers participating in Early Head Start-Child Care Partnerships. The ways in which states incorporate accreditation included: using it as the highest rating or as one criterion for the highest rating, using it as an alternative pathway for rating, and using it as an alternative for meeting certain standards. No states allowed automatic or accelerated rating for legally license-exempt providers.

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<sup>9</sup> In 14 states, participations rates were not reported. Florida has three entries in the QRIS compendium for three county-based QRIS: Palm Beach, Duval, and Miami Dade. Nine states do not have QRIS data available because they do not have a QRIS or because their QRIS is in the pilot phase of implementation and data are not yet available.

<sup>10</sup> Duval county has a total of 25 licensed HBCC providers.

<sup>11</sup> Nine providers participating in Wisconsin are rated Level 1; the percentages appear the same due to rounding.

In five states, accreditation was an alternative pathway to ratings and the alternative rating process was automatic. In some of these states, the process was automatic but did require some additional verification of documentation or rating criteria:

- Process is automatic: Idaho, New Mexico, Nebraska
- Process is automatic and requires some additional criteria: Pennsylvania, Wisconsin
- Process is automatic and requires additional document verification: Texas

## Key takeaways and states of interest

- Some states did not license all HBCC providers but required a license to participate in QRIS.
- **Illinois** enrolled all licensed HBCC providers at the first level of their QRIS and had mandatory participation for unlicensed providers receiving subsidy.
- **North Carolina, Vermont, and Tennessee** enrolled all licensed HBCC providers at the first level of their QRIS and had over 60 percent of HBCC providers rated above Level 1.
- **Idaho, New Mexico, and Nebraska** had automatic alternative pathways to rating for accredited HBCC providers.

## Do QRIS standards recognize differences in setting and context for home-based providers?<sup>vii</sup>

All states that reported data on differences reported that standards differed for licensed HBCC providers and for centers. In states that permitted legally license-exempt providers to participate, criteria differed from centers as well.

## Funding

### Is tiered reimbursement available?<sup>vii</sup>

Data on tiered reimbursement is not available for HBCC providers compared to center-based providers; however, because tiered reimbursement is tied to QRIS, HBCC providers participating in QRIS are eligible for tiered reimbursement. Only nine states did not offer tiered reimbursement. Notably, in some states the reimbursement rate differed for HBCC providers compared to center-based providers, which aligned with lower overall subsidy reimbursement rates for HBCC providers compared to center-based providers. Table 10, below, describes differences in states where data indicates different rates for HBCC providers.

**Table 10.** States that had different tiered reimbursement rates for HBCC providers

State	Rate differences
Delaware	Rate varies by county and QRIS level but is lower for HBCC providers.
North Carolina	State uses a market rate that varies by county, QRIS level, and age of children served. The rate is lower for HBCC providers.
Pennsylvania	Rate does not vary by center or HBCC but is lower for part-time providers.

Source. Quality Rating and Improvement Systems Compendium

## Key takeaways and states of interest

- **Delaware** and **North Carolina** set lower tiered reimbursement rates for HBCC providers compared to center-based providers.

## Does the state allow for contract funding for infants and toddlers?

CCDF plans for 19 states indicated that the lead agency will use grants or contracts for child care services to increase the supply or quality of infant and toddler care. Plans for 22 states, when describing the methods used to increase supply and improve quality for infants and toddlers, indicated that the state would use grants and contracts.

## COVID-19 Policies

### What changes did states make to policies affecting HBCC in light of COVID-19?

As a result of COVID-19, some states made changes to HBCC policies that were generally supportive regardless of crisis conditions. In this section, we highlight some of the changes that may be beneficial to explore expanding or enacting permanently to support HBCC providers. The data in this section were gathered by The Hunt Institute and analyzed in April 2020. Due to the rapidly evolving nature of COVID-19 and state responses, these data may be subject to change.

### Emergency child care and funding<sup>viii</sup>

Many states made changes that facilitated child care for emergency workers or provided temporary stipends and grants to child care providers. We assumed that states that identified changes for “all child care providers,” “licensed child care providers,” “providers receiving CCDBG funding,” and other similar categories encompassed HBCC providers meeting that criteria. Below, we highlight a selection of policy changes that directly mentioned HBCC separately from child care centers.

**Table 11.** Emergency child care and funding measures

Change	States
Additional grants or one-time funds provided for HBCC sites that remain open <sup>a</sup>	Connecticut, Iowa, Maryland, <sup>b</sup> Massachusetts, <sup>b</sup> Michigan, Montana, Nebraska, New Mexico, North Carolina, Oregon, Wyoming
Additional funds provided to license-exempt or relative care providers	Iowa, Maine, Michigan

Note. <sup>a</sup>While Indiana did not specify specific grant requirements for HBCC compared to center-based, they did note that 55 percent of grant applications came from HBCC providers.

<sup>b</sup>Specified that funds are for providers serving families of emergency workers.

Source: The Hunt Institute

While HBCC providers were eligible for funding in many states, including through the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, providers may have experienced difficulty with accessing this funding due to poor accounting records, comingling of personal and business funds, and other challenges related to the structure of HBCC businesses. These issues could be explored in more depth through case studies. In addition, there were philanthropic efforts, including efforts by Home Grown, that aimed to support HBCC providers during this time.

## Subsidy payment changes<sup>viii</sup>

In response to COVID-19, some states increased their limit on the number of days that providers receiving subsidy could receive payment for absent children. Virginia increased the limit, while the states listed below removed the limit:

- Missouri
- Pennsylvania
- Rhode Island
- Texas

## Summary

States define HBCC in different ways and have a wide range of policies that regulate HBCC. The table below summarizes states highlighted in each area of interest throughout the report.

**Table 12.** Summary of states of interest

State	State Definitions and Regulations	Licensing and Subsidy	External Systems	QRIS	Funding	COVID-19 Policies
Alabama	X					
Arizona	X					
Arkansas	X	X				
California	X					
Connecticut		X				
Delaware		X			X	
District of Columbia	X		X			
Florida		X				
Hawaii			X			
Idaho		X		X		
Illinois		X		X		
Kansas		X				
Louisiana			X			



State	State Definitions and Regulations	Licensing and Subsidy	External Systems	QRIS	Funding	COVID-19 Policies
Minnesota		X				
Mississippi	X	X	X			
Missouri	X					X
Nebraska		X		X		
Nevada	X					
New Mexico				X		
New York	X		X			
North Carolina		X		X	X	
Oregon	X					
Pennsylvania						X
Rhode Island						X
Tennessee	X			X		
Texas	X	X				X
Vermont				X		
Virginia			X			X

## Appendix A. Policy Overview by State

State	Name used for settings <sup>ii</sup>		Group size <sup>ii</sup>		License required for subsidy? <sup>iv</sup>	Licensing inspection frequency <sup>ii</sup>		QRIS participation required for subsidy? <sup>vii</sup>	QRIS participation rate <sup>vii</sup>	Percent of CCDF children served in legally unregulated <sup>e</sup> settings <sup>ix</sup>
	Large HBCC	Small HBCC	Large HBCC	Small HBCC		Large HBCC	Small HBCC			
Alabama	Group day care home	Family day care home	7 to 12	1 to 6	No	Once a year	Once a year	No	N/A <sup>b</sup>	43%
Alaska	Child care group home	Child care home	9 to 12	5 to 8	No	Twice a year	Twice a year	No	31%	1%
Arizona	Child care group home	N/A—Does not license small HBCC	5 to 10	N/A	No	Twice a year	N/A	No	10%	5%
Arkansas	N/A—Does not license large HBCC	Child care family home	N/A	6 to 16 <sup>a</sup>	Yes	N/A	Three times a year	Yes	49%	0%
California	Large family child care home	Small family child care home	No minimum listed to 12 (+2 school-age children)	2 to 6 (+2 school-age children) <sup>a</sup>	No	Once every three years	Once every three years	No	5%	20%
Colorado	Large child care home	Family child care home	7 to 12	2 to 6 (+2 school-age children) <sup>a</sup>	No	Once a year	Once a year	No	100%	1%
Connecticut	Group day care home	Family day care home	7 to 12	1 to 6 (+3 school-age children)	No	Once a year	Once a year	No	N/A	31%
Delaware	Large family child care home	Level I family child care home (licensed for 5 preschool children, with no school-age children); Level II family child care home (licensed up to 6 children, plus	7 to 12	1 to 4 (+2 school-age children)	No	Once a year	Once a year	No	20%	6%

State	Name used for settings <sup>ii</sup>		Group size <sup>ii</sup>		License required for subsidy? <sup>iv</sup>	Licensing inspection frequency <sup>ii</sup>		QRIS participation required for subsidy? <sup>vii</sup>	QRIS participation rate <sup>vii</sup>	Percent of CCDF children served in legally unregulated <sup>e</sup> settings <sup>ix</sup>
	Large HBCC	Small HBCC	Large HBCC	Small HBCC		Large HBCC	Small HBCC			
		3 school-age children, and meets higher qualifications)								
District of Columbia	Expanded Child Development Homes	Child development home	7 to 12	1 to 6	Yes	Twice a year	Twice a year	Yes	49%	0%
Florida	Large family child care home	Family day care home	No minimum listed to 12	2 to 10 <sup>a</sup>	No	Twice a year	Twice a year	No	Participation varies by county <sup>c</sup>	7%
Georgia	N/A—Does not license large HBCC	Family day care home	N/A	3 to 6 (+2 children 3 years and older)	No	N/A	Twice a year	No	29%	0%
Hawaii	Group child care home	Family child care home	No minimum listed to 12	3 to 6	No	Once a year	Once a year	No	N/A	72%
Idaho	Group Daycare Facility	N/A—Does not license small HBCC	7 to 12	N/A	No	Once every two years	N/A	No	4%	5%
Illinois	Group day care home	Day care home	4 to 12 (+4 school-age children)	4 to 8 <sup>a</sup>	No	Once a year	Once a year	No	100%	26%
Indiana	Class I child care home	N/A—Does not license small HBCC	6 to 12 (+3 school-age children during vacations)	N/A	No	Once a year	N/A	No	71%	21%
Iowa	Child development home—Category C	Child development home—Category A	6 to 12 (+2 school-age children and 2 part time)	6 to 6 (+2 school-age children)	No	Once a year	Once a year	No	23%	3%

State	Name used for settings <sup>ii</sup>		Group size <sup>ii</sup>		License required for subsidy? <sup>iv</sup>	Licensing inspection frequency <sup>ii</sup>		QRIS participation required for subsidy? <sup>vii</sup>	QRIS participation rate <sup>vii</sup>	Percent of CCDF children served in legally unregulated <sup>e</sup> settings <sup>ix</sup>
	Large HBCC	Small HBCC	Large HBCC	Small HBCC		Large HBCC	Small HBCC			
Kansas	Group day care home	Day care home	1 to 12	1 to 10 (+2 school-age children)	No	Once a year	Once a year	No	N/A	7%
Kentucky	N/A—Does not license large HBCC	Family child care home	N/A	4 to 6	No	N/A	Once every two years	No	50%	1%
Louisiana	N/A—Does not license large HBCC	N/A—Does not license small HBCC	N/A	N/A	Yes	N/A	N/A	No	Not reported <sup>d</sup>	3%
Maine	N/A—Does not license large HBCC	Family child care	N/A	3 to 12	No	N/A	Once a year	Yes	48%	15%
Maryland	Large Family Child Care Home	Family child care home	9 to 12	1 to 8	No	Once a year	Once a year	Yes	39%	5%
Massachusetts	N/A—Does not license large HBCC	Family child care home	N/A	1 to 6 (+4 school-age children)	No	Other	Once a year	Yes	57%	1%
Michigan	Group child care home	Family child care home	7 to 12	1 to 6	No	Once a year	Once a year	No	42%	21%
Minnesota	Group family day care	Family day care	No minimum listed to 14	2 to 6 (+4 school-age children) <sup>a</sup>	Yes	Once a year	Once a year	No	15%	11%
Mississippi	Child care facility	Child care facility for 12 or fewer in the operator's home	13+	6 to 12	Yes	More than three times a year	More than three times a year	No	N/A	1%
Missouri	Group child care home	Family day care home	11 to 20	5 to 10	No	Twice a year	Twice a year	No	N/A	23%
Montana	Group day care home	Family day care home	7 to 12	3 to 6	No	Once a year	Once a year	No	19%	6%

State	Name used for settings <sup>ii</sup>		Group size <sup>ii</sup>		License required for subsidy? <sup>iv</sup>	Licensing inspection frequency <sup>ii</sup>		QRIS participation required for subsidy? <sup>vii</sup>	QRIS participation rate <sup>vii</sup>	Percent of CCDF children served in legally unregulated <sup>e</sup> settings <sup>ix</sup>
	Large HBCC	Small HBCC	Large HBCC	Small HBCC		Large HBCC	Small HBCC			
Nebraska	Family child care home II	Family child care home	9 to 12	4 to 8 (+2 school-age children)	No	Once a year	Once a year	No	Not reported	7%
Nevada	Group home	Family home	7 to 12 (+3 school-age children)	5 to 6 (+3 school-age children)	No	Twice a year	Twice a year	Yes	Not reported	33%
New Hampshire	Family group child care home	Family child care home	7 to 12 (+5 school-age children)	4 to 6 (+3 school-age children) <sup>a</sup>	No	Once a year	Once a year	No	100%	4%
New Jersey	N/A—Does not license large HBCC	N/A—Does not license small HBCC	N/A	N/A	No	N/A	N/A	No	2%	1%
New Mexico	Group child care home	Family child care home	7 to 12	5 to 6	Yes	Twice a year	Twice a year	No	100%	8%
New York	Group family day care home	Family day care home	7 to 12	3 to 6 (+2 school-age children)	No	More than three times a year	More than three times a year	No	1%	27%
North Carolina	N/A—Does not license large HBCC	Family child care home	N/A	3 to 5 (+3 school-age children)	Yes	N/A	Twice a year	No	100%	0%
North Dakota	Group child care	Family child care home	8 to 30	4 to 7 (+2 school-age children)	Yes	Twice a year	Twice a year	No	7%	14%
Ohio	Type A home	N/A—Does not license small HBCC	7 to 12	N/A	No	Twice a year	N/A	No	80%	0%
Oklahoma	Large family child care home	Family child care home	8 to 12	1 to 7	Yes	Three times a year	Three times a year	No	100%	0%
Oregon	Certified family child care home	Registered family child care home	7 to 16	4 to 6 (+4 school-age children) <sup>a</sup>	No	Twice a year	Once a year	No	100%	26%

State	Name used for settings <sup>ii</sup>		Group size <sup>ii</sup>		License required for subsidy? <sup>iv</sup>	Licensing inspection frequency <sup>ii</sup>		QRIS participation required for subsidy? <sup>vii</sup>	QRIS participation rate <sup>vii</sup>	Percent of CCDF children served in legally unregulated <sup>e</sup> settings <sup>ix</sup>
	Large HBCC	Small HBCC	Large HBCC	Small HBCC		Large HBCC	Small HBCC			
Pennsylvania	Group child day care home	Family child day care home	7 to 12 (+3 school-age children)	4 to 6	No	Once a year	Once a year	No	100%	6%
Rhode Island	Group family child care home	Family child care home	9 to 12	4 to 8	No	Once a year	Once a year	Yes	83%	3%
South Carolina	Group child care home	Family childcare home	7 to 12	2 to 6 <sup>a</sup>	No	Once a year	Once a year	Yes	26%	8%
South Dakota	N/A—Does not license large HBCC	N/A—Does not license small HBCC	N/A	N/A	No	N/A	N/A	No	N/A	11%
Tennessee	Group day care home	Family Day Care Home	8 to 12 (+3 school-age children)	5 to 7 (+5 children related to the provider)	No	More than three times a year	More than three times a year	No	100%	1%
Texas	Licensed child-care home	Registered child-care home	No minimum listed to 12	4 to 6 (+6 school-age children)	No	Once a year	Once a year	No	3%	0%
Utah	Licensed family child care	Licensed Family Child Care	9 to 16	5 to 8	No	Twice a year	Twice a year	No	Not reported	3%
Vermont	N/A—Does not license large HBCC	Registered family child care home	N/A	3 to 6 (+4 school-age children)	No	N/A	Once every two years	No	100%	0%
Virginia	N/A—Does not license large HBCC	Family day home	N/A	5 to 12	No	N/A	Twice a year	No	15%	1%
Washington	N/A—Does not license large HBCC	Family home child care	N/A	1 to 12	No	N/A	Once a year	Yes	40%	0%
West Virginia	Family child care facility	Family child care home	7 to 12	4 to 6	No	Once a year	Once a year	No	N/A	0%



State	Name used for settings <sup>ii</sup>		Group size <sup>ii</sup>		License required for subsidy? <sup>iv</sup>	Licensing inspection frequency <sup>ii</sup>		QRIS participation required for subsidy? <sup>vii</sup>	QRIS participation rate <sup>vii</sup>	Percent of CCDF children served in legally unregulated <sup>e</sup> settings <sup>ix</sup>
	Large HBCC	Small HBCC	Large HBCC	Small HBCC		Large HBCC	Small HBCC			
Wisconsin	N/A—Does not license large HBCC	Family child care center	N/A	4 to 8	No	N/A	Once a year	Yes	69%	0%
Wyoming	Family child care center	Family child care home	No minimum listed to 15	3 to 10 <sup>a</sup>	No	Twice a year	Twice a year	No	N/A	9%

*Note.* <sup>a</sup>State also defines the minimum group size for small HBCC settings as children from more than one family.

<sup>b</sup> States marked “N/A” do not have data available in the QRIS compendium because they either do not have an operating QRIS or are in pilot phases of QRIS implementation and do not yet have participation data.

<sup>c</sup> Participation rates for available counties: Duval—76%; Miami Dade—16%; Palm Beach—Not reported.

<sup>d</sup> States marked “Not reported” had other data available in the QRIS compendium but did not report participation rates.

<sup>e</sup> Some states have legally unregulated child care centers as a category of care, in addition to legally unregulated homes.

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- <sup>i</sup> Lloyd, C. M., Kane, M., Seok, D., & Vega, C. (2019). *Examining the Feasibility of Using Home Visiting Models to Support Home-Based Child Care Providers*. Bethesda, MD: Child Trends. Retrieved from <https://www.childtrends.org/publications/examining-the-feasibility-of-using-home-visiting-models-to-support-home-based-child-care-providers>
- <sup>ii</sup> National Center on Early Childhood Quality Assurance (ECQA Center). (2020). [Analysis of data from the 2017 Child Care Licensing Study]. Unpublished raw data.
- <sup>iii</sup> Child Care and Development Fund, 45 CFR § 98.2
- <sup>iv</sup> Urban Institute. (2018). The Child Care and Development Fund Policies Database [Data System]. Retrieved from <https://ccdf.urban.org/>
- <sup>v</sup> Food Research and Action Center. (2019). State of the States: Child and Adult Care Food Program (CACFP) in FY 2019. Retrieved from [https://frac.org/?post\\_type=resource&p=4762](https://frac.org/?post_type=resource&p=4762)
- <sup>vi</sup> National Center on Early Childhood Quality Assurance. (2020). *Addressing the Decreasing Number of Family Child Care Providers in the United States*. Retrieved from <https://childcareta.acf.hhs.gov/resource/addressing-decreasing-number-family-child-care-providers-united-states>
- <sup>vii</sup> The Build Initiative & Child Trends. (2019). A Catalog and Comparison of Quality Initiatives [Data System]. Retrieved from <http://qualitycompendium.org/>
- <sup>viii</sup> The Hunt Institute. (2020). COVID-19 Resources and Policy Considerations: Child Care State Actions. Retrieved from <http://www.hunt-institute.org/covid-19-resources/state-child-care-actions-covid-19/>
- <sup>ix</sup> US Department of Health & Human Services, Administration for Children & Families, Office of Child Care. (2019). *FY 2018 Preliminary Data Table 4 – Average Monthly Percentages of Children Served in Regulated Settings vs. Settings Legally Operating Without Regulation*. Retrieved from <https://www.acf.hhs.gov/occ/resource/fy-2018-preliminary-data-table-4>.