



## State Recommendations:

# Scaling Effective Stabilization Funds for Home-Based Child Care

The passage of the American Rescue Plan will provide desperately needed relief funds to states to allocate to child care providers. We strongly encourage state leaders to prioritize home-based child care providers, both licensed family child care and family, friend and neighbor caregivers, in the distribution of this relief. Home-based providers have faced significant challenges during the pandemic: decreased revenue due to enrollment shifts; increased expenses for PPE and sanitation costs; and the inability to substantively access public support to maintain their operations.

In April 2020, Home Grown and its members created the Home-Based Child Care (HBCC) Emergency Fund with **\$1.2 million** in funding to catalyze the development of regional funds that provide direct financial support to [home-based child care \(HBCC\)](#) providers, including both regulated family child care (FCC) providers and family, friend, and neighbor (FFN) caregivers across the nation. We are eager to share lessons learned to inform your efforts to create or expand relief and stabilization grant programs for home-based child care.

As a result of this initiative, Home Grown and its **13 regional partners** in 12 states and **17 matching funders** were able to reach **2625 HBCC providers**, fifty-eight percent (1512) of whom were FCC providers and forty-two percent (1113) of whom were FFN caregivers, serving **18,000 children**. Learn more about the impact of this program in our summary, [Responding to COVID-19: Home-Based Child Care Emergency Fund](#).

## Recommendations

As states implement their own stabilization funds, we recommend that states:

### Set clear goals and offer a roadmap for those administering funds.

Articulate clear goals for the stabilization fund. Home Grown structured our Emergency Fund around a set of goals to: 1. Sustain the supply of home-based child care; 2. Ensure access to child care for essential workers; 3. Stabilize the housing or economic status of providers and caregivers.

These goals guided every aspect of our program design from scoring applications to collecting and reporting data. In order to assist local communities and grantees in reaching these goals, Home Grown, in partnership with Reinvestment Fund, created a toolkit, the [Home-Based Child Care Emergency Fund Toolkit](#), to support and expedite local implementation. The toolkit offered principles for effective grant making and tactical supports including sample applications, grant agreements and data collection tools in English and Spanish.

### Partner with trusted intermediaries to leverage their payment infrastructure, extend existing relationships with providers and caregivers, and target resources equitably.

Intermediaries, such as community-based organizations and child care resource and referral agencies, are well positioned to administer stabilization funds. Home Grown intentionally partnered with thirteen regional organizations that designed and administered local emergency funds. These intermediaries had in place:

- **Existing grant-making processes, staff, tools, and data to ensure rapid deployment of funds.** To expedite payments and ensure application processes were not burdensome to providers, intermediaries leveraged existing processes and relationships with regulatory agencies to gather critical data and information. Many intermediaries

were the resource and referral agencies in their region with existing financial relationships with providers and the ability to internally validate data without burdening stressed and stretched providers.

- **Existing relationships.** Intermediaries have existing relationships with providers and caregivers and the capacity to build relationships, enabling them to reach providers quickly and effectively. Relying on local intermediaries was particularly important to achieve Home Grown's objective of substantially including FFN providers in our emergency fund program. Reaching these providers is challenging as they may not be connected to state child care systems and there are no listings or ways to target this group. In order to serve this caregiver community, we relied on intermediaries who already served this group.
- **Expertise to design funds with equity and meet local needs.** Intermediaries used their knowledge of local data, stakeholders, and past experience to inform the design of grant programs to reach underserved providers. This looked different in every location but was successfully achieved across the cohort of intermediaries.
- **Additional supports for providers.** Some intermediaries were also able to leverage non-financial resources to support their emergency funds. One location, Greenville First Steps in South Carolina, enrolled emergency fund participants in their shared service alliance and provided business support service to them. Several locations used other donations and grants to purchase and distribute PPE and sanitation supplies to providers.

Learn more about criteria and strategies to select intermediaries in our [toolkit \(page 21\)](#).

## Engage local funders and stakeholders in design and investment.

Partnering with local and regional funders and other stakeholders can increase investment, improve the design, and magnify the impact of stabilization funds. Recognizing that home-based child care has been largely unseen and unsupported for decades, many of the strongest supporters and advocates are not well known to major funders and policymakers. There are strong informal relationships and networks at the local level that can be enhanced and sustained with relief funding.

Home Grown intermediaries were able to extend the impact of the national fund by marshalling significant additional private and public funding. Home Grown invested **\$1.2 million** in national funding; our partner organizations secured an additional **\$2.7 million in matching funds** from 17 local funders. Several organizations were also identified by county and state governments to deploy CARES Act funding to home-based and other child care providers (over \$18 million). Flexible approaches enabled each intermediary to design specifically to the population being served and in response to stakeholder input while maintaining core goals. Local data and opportunities to hear directly from providers proved critical in designing responsive funds.

## Leverage relief to build relationships and learn about systemic challenges and opportunities for significant change

Data and stories collected from the stabilization fund recipients can deepen understanding and support local policy and decision-making. Such stories can also raise public awareness of the home-based child care sector as a critical component of the child care landscape and raise awareness of the challenges facing these providers.

Local intermediaries are positioned to surface provider leaders and create forums for policymakers and providers to connect with each other and learn together. Data from Home Grown's emergency fund was used to raise additional funding for home-based providers. Over the longer term, intermediaries were able to place stories in the press, share data with legislators and engage new stakeholders, such as the business community, with providers and the issues they face.

### Read more recommendations from Home Grown and emergency fund insights here:

- [Responding to COVID-19: Home-Based Child Care Emergency Fund summary document](#)
- [HBCC Emergency Fund Toolkit](#)
- [CCDF Policy and Investment Recommendations for States](#)
- [Stabilization Fund Strategies: Using Federal Child Care Funds to Reach Home-Based Child Care Providers](#)
- [Home-Based Child Care During Covid-19: Preliminary Data from Home Grown Emergency Fund Communities](#)