Opportunities for States to Improve Benefits Access for Home-based Child Care Providers

We have heard the sound bites: **Child care is the backbone of our economy; child care is the workforce behind the workforce** but our current policy approaches do not reflect that. In fact, the child care workforce has **nearly 90,000** fewer child care professionals today than in early 2020. Without enough providers and caregivers, children, parents, employers and communities are feeling enormous strain. To address the current shortage of care, we must address the needs and well-being of the child care workforce. News and research reveals that home-based child care providers (HBCC) struggle to make ends meet, have unstable incomes and variable levels of access to essential benefits like health care and retirement.

Nearly 6.4 million children from birth to age 5 receive care in a home-based child care setting. Home-based child care is the most prevalent child care placement for infants and toddlers with 30% of infants and toddlers attending home-based child care as their primary care arrangement compared to just 12% in centers. **The RAPID project at the Stanford Center for Early Childhood** documents that home-based child care providers, including both licensed family child care (FCC) and licensed-exempt family, friend and neighbor (FFN) caregivers, are struggling, specifically:

- Family child care providers report 33% are struggling with at least one hardship (struggling to afford food, housing, utilities) while 44% of FFN caregivers report hardship (**RAPID 2021**).
- One in three early childhood workers is going hungry including 26% of family child care providers and 34% of FFN caregivers (**RAPID 2022**).
- 19% of the early childhood workforce hold student debt and 17% reported that they were carrying educational debt for others (**RAPID 2022**).
- 38% of providers worried about eviction and 22% worried about foreclosure (**RAPID 2023**).
- Additionally, many providers have volatile incomes, rely on second jobs and carry other forms of debt (medical, credit card, etc)

Addressing wages is a key part of ensuring the well-being of the workforce, however, access to benefits is essential to ensure the members of this workforce are healthy, can retire with dignity, and can support their families. **The purpose of this brief is to offer ideas and suggestions to state administrators, leaders and advocates to consider when prioritizing enhancing compensation and benefits for the home-based child care workforce.**

The **Administration for Children and Families, Office of Child Care** is encouraging states to use existing child care funds (Child Care and Development Funds (CCDF) and American Rescue Plan (ARP) Act CCDF Discretionary Supplemental Funds) to raise child care compensation, including benefits. There are many creative ways to offer benefits; listed below are some examples for CCDF Lead Agencies, networks and other intermediary organizations to consider and how they could be implemented.

1. Health Insurance

No one plans to get sick or hurt, but all people need medical care at some point in time. Having health insurance can cover essential health needs such as hospital visits or medication, protect one from unexpected, high medical costs, and provide preventative care such as wellness checks, screenings, and vaccines. Therefore, connecting home-based child care providers to health insurance or supporting premiums in the **Health Insurance Marketplace** is essential. Listed below are a number of health insurance resources, supports and ideas for implementation.

A. Health Insurance Marketplace

The Affordable Care Act (ACA) Health Insurance Marketplace health plan has an open enrollment deadline of Dec. 15 for health care coverage that starts Jan. 1. Medicaid and Children's Health Insurance Programs (CHIP) are available through the Marketplace as well. Appointments for in-person assistance can be made by contacting **Centers for Medicare and Medicaid Services (CMS) Navigators** for in-person assistance. A CMS Navigator in any state can help. If the deadline is missed this year, then use the following year to contact a CMS Navigator to help in determining the best plan.

Networks, associations and other intermediary organizations, as well as Child Care and Development Fund (CCDF) Lead Agencies, can reach out to **CMS Navigators** to connect home-based child care providers to programs for which they may be eligible, including Medicaid and tax credits to subsidize private insurance premiums purchased in the **Marketplace**.

CCDF Lead Agencies can also provide health insurance stipends (monthly, quarterly, annually) to cover or partially cover insurance premiums for home-based providers and their staff. Other state and local funds dedicated to early childhood could be used for this purpose as well. To focus costs, insurance stipends could be based on the age of children in care, putting more focus on infant and toddler care.

B. Associations, Unions, or Support Organizations That Offer Health Care

Many associations, organizations, unions or entrepreneurial groups offer health insurance options as part of their membership. Some offer dental, vision and life insurance coverage as well. Listed below are just a few examples.

- **National Association for the Self Employed (NASE)**
  NASE supports the self-employed and micro-business segment by providing access to benefits and resources that are normally available to larger corporations.

- **The Freelancer's Union**
  An online resource for the self-employed professionals; the membership is free and open to freelancers of all kinds. They offer insurance benefits for health, dental, term life, and some others.

- **Stride Health, Inc**
  This company explicitly focuses on connecting entrepreneurs and freelancers with health plans under the Affordable Care Act. They are a California startup quickly becoming known for their easy-to-use site.

C. State or Local Specific Health Care

Local, state, county, or city agencies that offer their own group health care coverage may provide access to HBCC providers; often eligibility is open to self-employed residents of that jurisdiction. Local school boards may allow HBCC providers, as part of the educational community, to join their health care plan and make use of their negotiating power for premiums and coverage.

D. Child Care Resource and Referral Agencies

Child Care Resource and Referral (CCR&R) Agencies may allow HBCC providers to join their health care plan. CCDF Lead Agencies can include funding in CCR&R contracts to assist with administrative costs. CCR&Rs could help providers with obtaining or setting up other benefits as well.

E. Telehealth

Members of the **ECE Shared Resources** website can purchase telehealth plans that offer access to doctors by phone, video or mobile app 24 hours a day. Shared Resources also provides vision benefits and dental plans. As an example of this telehealth benefit, **CallOnDoc** has a medical team of medical doctors, physician assistants and nurse practitioners who are able to practice in 43 states and write prescriptions. Fees for most consultations are less than $40.

F. Health Savings Accounts

Health Savings Accounts (HSA) can be used to cover health care costs, including insurance deductibles and copayments as well as dental care, vision, etc. They are tax-free and can accrue interest. Self-employed professionals can use HSAs, however, an HSA must be linked to a high-deductible health insurance plan.

2. Retirement Benefits

CCDF Lead Agencies, associations, networks, other intermediary organizations or funders may provide grants to HBCC providers that allow them to contribute to retirement accounts where they, or their employees could **set aside pre-tax funds** for retirement. If allowed, state or local funds dedicated to early childhood could be used for retirement grants. Also note that **tax credits** for low-income families contributing to an Individual Retirement Account (IRA) are also available.

3. Paid Sick, Family or Vacation Leave

For HBCC providers and their employees located in jurisdictions that lack laws regarding paid or family leave laws, CCDF Lead Agencies can provide child care program-level grants to support substitutes while staff take leave. Lead Agencies can provide funding for Paid Time Off (PTO) for HBCC providers who receive subsidies, such as in **Massachusetts**.

4. Child Care Benefits

Child care subsidies can defray major out-of pocket costs for child care workers with young children. CCDF Lead Agencies can offer child care subsidies to qualified children of HBCC providers, such as in **Kentucky**. Note that according to federal rule, a home-based provider cannot be paid with CCDF subsidy funds for caring for their own children in their residence. However, children of a provider's employees can be covered or a provider's own children can be covered in before or after school at another location such as a licensed child care center or subsidy-approved school. Additionally, non-CCDF funding could be used to underwrite subsidies for child care workers.

5. Student Loan Debt Relief

CCDF Lead Agencies can use funds to provide for student loan debt relief for early childhood educators such as in **Vermont**. Vermont has created a Student Loan Repayment Assistance Program to recruit and retain early childhood educators who have recently earned degrees in the early childhood field. It provides up to $4,000 annually to reduce the student debt of full-time educators who earned an early childhood-specific degree within the last five years.

6. Mitigate Benefit Loss

Many HBCC providers have low incomes and rely on public benefits including food stamps, housing vouchers and other support. As states engage in cost models and consider opportunities to increase compensation for the workforce, it is critical that current benefits are not disrupted. We encourage state leaders and advocates to assess benefit impacts of increased wages and reimbursement rates, to seek waivers when appropriate and to offer counseling to providers to fully understand the impacts of additional income or reimbursement to their benefits status.

Conclusion

Home-based child care providers and their families rely on both adequate compensation as well as benefits to make ends meet, stay healthy and stay in business. We strongly encourage state leaders in partnership with home-based child care providers, partners and networks to prioritize access to these critical benefits. We encourage you to work with HBCC providers and HBCC serving groups and networks to better understand which benefits are most needed and to develop a plan to ensure access. Our work at Home Grown has indicated that health care is the most needed benefit among the providers we work with, so we strongly encourage you to plan for 2024's **ACA Marketplace** open enrollment season (starts November 2023).

Additional reading & resources:

- Home Grown: **Who Cares for the Caregivers: Insights from Providers' Experience with Health Care**
- Home Grown: **Public Service Loan Forgiveness for Home-Based Child Care Providers**
- Opportunities Exchange: **Employee Benefits: A New Framework and Tools to Get us There**
- Administration for Children and Families: **Health Coverage Outreach Toolkit for the Early Care and Education Workforce**
- Thriving Providers Project: **Thriving Providers Project Benefits Protection Toolkit**

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