



May 2023

# FAMILY CHILD CARE NETWORKS

## Actions Needed to Better Assess Quality Improvement Efforts

Accessible Version

# GAO Highlights

Highlights of [GAO-23-105640](#), a report to congressional requesters

## Why GAO Did This Study

The declining number of family child care providers, who care for children in home settings, may cause hardships for families who depend on this type of care. Family child care networks help these providers manage and enhance the quality of their businesses.

GAO was asked to review the characteristics and perceived benefits and disadvantages of family child care networks, among other issues. This report examines (1) characteristics of CCDF-supported networks including their funding, service population, and services; (2) selected stakeholders' views on whether and how providers benefit from networks and on factors providers consider in deciding whether to join a network; and (3) how OCC supports and assesses states' efforts to improve the quality of family child care, including through networks.

GAO conducted a non-generalizable survey of CCDF-supported networks and interviewed state, union, and network officials in four states (Alabama, Illinois, Massachusetts, and Oregon), selected based on the percentage of children receiving CCDF-subsidized care in family child care homes, among other factors. GAO also reviewed states' plans and interviewed OCC officials to assess OCC's support and evaluation.

## What GAO Recommends

GAO is making two recommendations to OCC: (1) provide written guidance to states to improve their performance measures, and (2) assess and report on states' progress in improving child care quality. HHS agreed with the recommendations.

View [GAO-23-105640](#). For more information, contact Kathryn A. Larin at (202) 512-7215 or [larink@gao.gov](mailto:larink@gao.gov).

May 2023

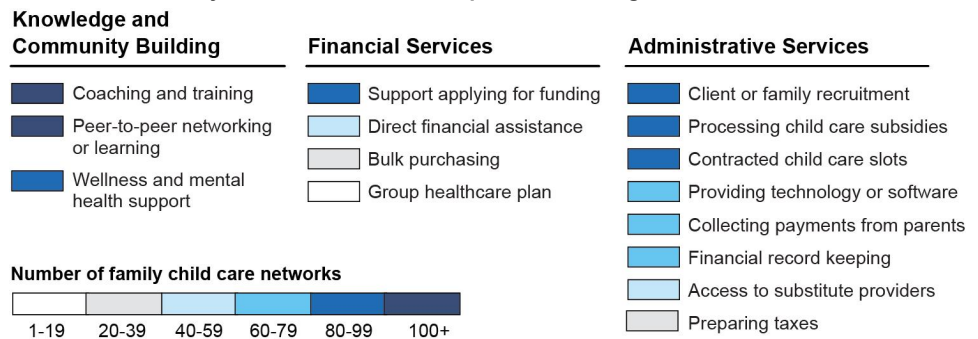
# FAMILY CHILD CARE NETWORKS

## Actions Needed to Better Assess Quality Improvement Efforts

## What GAO Found

Family child care networks (i.e., networks) are community-based programs that support family child care providers. As of March 2022, 142 networks received federal funds through the Child Care and Development Fund (CCDF). Over 80 percent of the 116 networks that responded to GAO's survey reported having funding sources in addition to CCDF, such as parents, state and local governments, and the Head Start program. All of the 116 networks serve licensed providers, and more than half also serve child care center providers or license-exempt family, friend, and neighbor providers. The most commonly offered services are coaching and training, and peer-to-peer networking and learning, according to respondents. Fewer respondents reported offering certain administrative services, such as financial recordkeeping or tax preparation.

### Services That Family Child Care Networks Reported Providing in 2022



Source: GAO survey of 116 family child care networks supported by the Child Care and Development Fund. | GAO-23-105640

### Accessible Data for Services That Family Child Care Networks Reported Providing in 2022

Category	Number of family child care networks
<b>Knowledge and Community Building:</b> Coaching and training	100+
<b>Knowledge and Community Building:</b> Peer-to-peer networking or learning	100+
<b>Knowledge and Community Building:</b> Wellness and mental health support	80-99
<b>Financial Services:</b> Support applying for funding	80-99
<b>Financial Services:</b> Direct financial assistance	40-59
<b>Financial Services:</b> Bulk purchasing	20-39
<b>Financial Services:</b> Group healthcare plan	1-19
<b>Administrative Services:</b> Client or family recruitment	80-99
<b>Administrative Services:</b> Processing child care subsidies	80-99
<b>Administrative Services:</b> Contracted child care slots	80-99
<b>Administrative Services:</b> Providing technology or software	60-79
<b>Administrative Services:</b> Collecting payments from parents	60-79

Category	Number of family child care networks
<b>Administrative Services:</b> Financial record keeping	60-79
<b>Administrative Services:</b> Access to substitute providers	40-59
<b>Administrative Services:</b> Preparing taxes	20-39

Source: GAO survey of 116 family child care networks supported by the Child Care and Development Fund. | GAO-23-105640

Note: For more details, see fig. 6 in GAO-23-105640

Stakeholders GAO interviewed, including state agencies, networks, and provider unions, reported that networks offer providers benefits such as improved relationships and financial advantages. However, stakeholders also cited perceived disadvantages for providers who join networks. For example, providers may associate networks with decreased independence due to activities such as additional home visits.

The Administration for Children and Families' Office of Child Care (OCC), which administers the CCDF program, provides states with resources, training, and technical assistance on networks. OCC collects some information from states on their CCDF-supported efforts. However, GAO found that OCC does not fully assess or report on states' progress toward improving child care quality, due in part to limitations in states' OCC-approved performance measures. For example, of the 13 states with networks, five did not clearly describe the measures related to infant and toddler child care quality in their OCC-approved state plans and 12 did not include measurable targets. OCC does not give states written guidance on setting useful performance measures because it believes the individualized technical assistance states may request is more effective. However, by proactively providing written guidance to states and assessing and reporting on states' progress, OCC will be better positioned to inform Congress on whether CCDF-supported efforts are meeting their goals.

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**Abbreviations**

ACF	Administration for Children and Families
CCDBG	Child Care and Development Block Grant

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CCDF	Child Care and Development Fund
HHS	Department of Health and Human Services
OCC	Office of Child Care

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May 10, 2023

The Honorable Virginia Foxx  
Chairwoman  
Committee on Education and the Workforce  
House of Representatives

The Honorable Elise Stefanik  
House of Representatives

Around 90,000 licensed family child care providers care for children in home-based settings, but the number of these providers has decreased significantly in the last decade.<sup>1</sup> According to the Department of Health and Human Services' (HHS) Administration for Children and Families (ACF), this decline may cause hardships for parents who work nontraditional hours, have infants and toddlers, live in rural areas, or do not primarily speak English, as these groups are likely to depend on family child care. ACF also reported that families may choose family child care because it better fits their preference for care in a home-like setting that meets their cultures, backgrounds, and values.<sup>2</sup>

To assist family child care providers with managing and enhancing the quality of their businesses, ACF helps fund family child care networks—also referred to as networks—which are community-based programs with paid staff. According to ACF, networks offer professional development and administrative support to family child care providers, and can help states maintain or augment the supply of high-quality child care. States

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<sup>1</sup>The number of home-based providers on state and national lists fell 25 percent—from 121,000 to 91,200—between 2012 and 2019. However, definitions of family child care may vary, resulting in different estimates. A.R. Datta, C. Milesi, S. Srivastava, and C. Zapata-Gietl, *National Survey of Early Care & Education Chartbook: Home-based Early Care and Education Providers in 2012 and 2019: Counts and Characteristics*, Office of Planning, Research, and Evaluation report #2021-85 (Washington, D.C.: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, May 2021).

<sup>2</sup>Department of Health and Human Services, Administration for Children and Families, National Center on Early Childhood Quality Assurance, *Addressing the Decreasing Number of Family Child Care Providers in the United States* (Washington, D.C.: March 2020).

can use the Child Care and Development Fund (CCDF), which ACF's Office of Child Care (OCC) administers, to support networks.<sup>3</sup>

You asked us to review the characteristics of family child care networks and the perceived benefits and disadvantages for providers who join these networks, among other issues. This report examines (1) characteristics of family child care networks supported by CCDF, including their other sources of funding, service population, and services; (2) selected stakeholders' views on whether and how providers benefit from family child care networks and on factors providers consider in deciding whether to join a network; and (3) how OCC supports and assesses states' efforts to improve the quality of family child care, including through family child care networks.

To address our first objective, we surveyed all 142 networks in the 13 states that reported supporting networks through CCDF as of March 2022.<sup>4</sup> We administered the survey between June and August 2022, and 82 percent of networks responded (116 out of 142), from 12 of the 13 states.<sup>5</sup> For more information on our survey methodology, see appendix I.

To address our first and second objectives, we conducted semi-structured interviews with officials from family child care networks, state agencies responsible for administering CCDF, and provider unions in a non-generalizable sample of states—Alabama, Illinois, Massachusetts, and

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<sup>3</sup>42 U.S.C. § 9858e(b)(4)(B) includes “establishing or expanding the operation of community or neighborhood-based family child care networks” among the activities that will improve the quality of child care services, and states are required to use a portion of their CCDF funding on at least one such activity. In this report, we use “states” to collectively refer to the 50 states, the District of Columbia, and U.S. territories.

<sup>4</sup>To identify which states support networks through CCDF, we obtained information from CCDF administrators from all 50 states and the District of Columbia; all states except Hawaii responded. According to ACF data, Hawaii did not support family child care networks through CCDF in fiscal year 2021, the most recent data available.

<sup>5</sup>The results are applicable to the 116 networks supported by CCDF that responded to our survey.



Oregon—from each of the four U.S. Census regions.<sup>6</sup> We selected states with a high percentage of children receiving CCDF-subsidized care in family child care homes,<sup>7</sup> and that varied in the number of family child care networks that they supported. Additionally, to describe the perceived benefits of networks and the factors providers consider in deciding whether to join, we also conducted semi-structured interviews with officials from five national organizations focused on family child care.<sup>8</sup> To inform our selection of these organizations, we reviewed publications on the topic and asked interviewees to identify other organizations with knowledge about family child care networks.<sup>9</sup> Our findings from these interviews cannot be generalized to all stakeholder groups, but provide insights into how providers experience networks.

To address our third objective, we obtained OCC-approved state plans for fiscal years 2022-2024 for each of the 13 states with CCDF-supported networks; we reviewed performance measures in these plans related to improving the supply and quality of child care for infants and toddlers. We compared these measures with selected attributes of successful

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<sup>6</sup>In each state, we interviewed officials from one or two family child care networks. In states with more than two family child care networks, we selected one in a rural area and one in an urban area. We asked unions to include providers in the interview when possible. We spoke to two providers in Illinois and Oregon and refer to these providers as “union officials” in our report. State officials in Illinois declined to participate in this study because of recent staffing changes in the office, and we were unable to interview a group representing providers in Alabama due to a lack of response from selected organizations.

<sup>7</sup>Most states issue separate licenses for group child care homes, defined as two or more adults caring for a group of children in the provider’s residence. For the purposes of this report, we include both family child care homes with a single provider and group child care homes in our definition of family child care.

<sup>8</sup>We interviewed 18 stakeholder entities (i.e., “stakeholders” for the purposes of this report) including three state agencies, seven family child care networks, three unions, and five national organizations. To quantify stakeholders’ views on the potential benefits or drawbacks for providers who join networks, we defined modifiers as follows: “almost all” represents 16 or 17 stakeholders, “most” represents 13 to 15 stakeholders, “more than half” represents 10 to 12 stakeholders, “half” represents 9 stakeholders, “several” represents 5 to 8 stakeholders, and “a few” or “some” represents 3 or 4 stakeholders. We invited stakeholders to volunteer their views on the potential benefits or drawbacks for providers who join networks, but we did not ask about each potential benefit or drawback. As a result, not all interviewees answered specific questions.

<sup>9</sup>In the interviews with national organizations, officials spoke broadly about family child care networks and their comments were not always specific to CCDF-supported networks.

performance measures we identified in our prior work.<sup>10</sup> We interviewed OCC officials, asked officials in three selected states about their experiences with OCC's support, and reviewed documents states sent to OCC. We also assessed OCC's actions against federal internal control standards for defining objectives and communicating quality information.<sup>11</sup>

We conducted this performance audit from January 2022 to May 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

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### Family Child Care Networks

Family child care networks are community-based programs that offer a range of services and resources to family child care providers, who typically care for a small group of children within a provider's home. Network services may include coaching, training, peer networking, business support, and materials and equipment, according to ACF. In addition, networks may have state contracts to manage child care subsidies. These networks pay providers to care for children using CCDF

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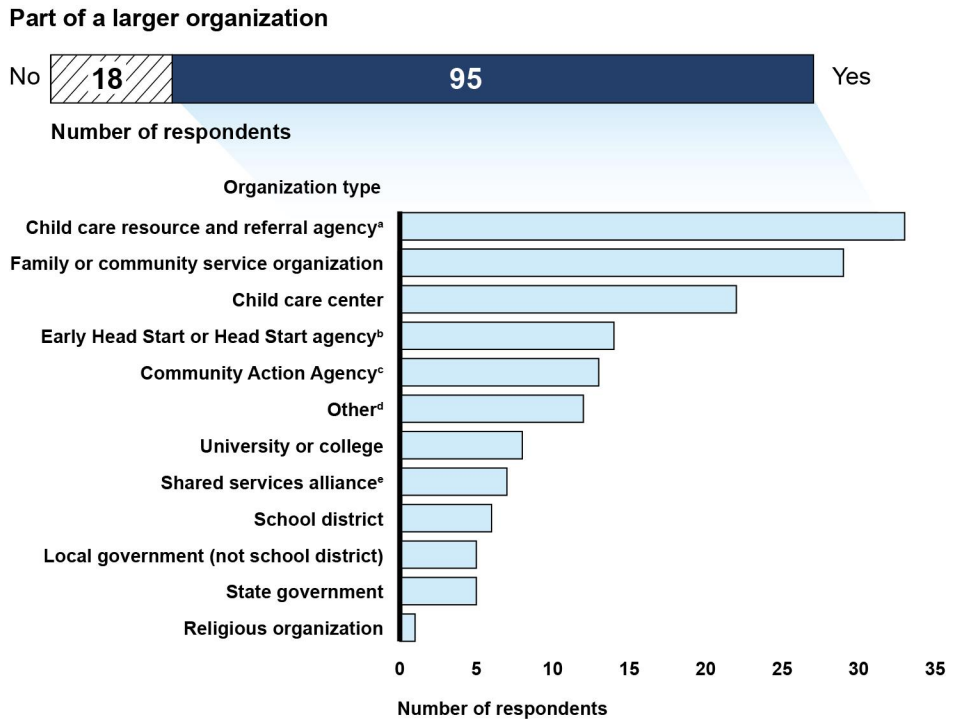
<sup>10</sup>We reviewed performance measures states established for activities to improve the supply and quality of child care for infants and toddlers. These activities may include family child care networks. Although states are required to annually report to OCC on the measures that the state will use to evaluate the state's progress in improving the quality of child care programs and services in the state (42 U.S.C. § 9858e(d)(3)), neither federal law nor OCC requires states to establish performance measures specific to networks. Our prior work has identified nine key attributes for successful performance measures. We reviewed performance measures against three of these attributes—linkage, clarity, and measurable targets—that are foundational to successful performance measurement systems. By “foundational,” we mean that, without them, other attributes are less relevant or important. GAO, *Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures*, [GAO-03-143](#) (Washington, D.C.: Nov. 22, 2002).

<sup>11</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

and, in some cases, collect co-payments from families.<sup>12</sup> This model is common in California, Illinois, and Massachusetts, according to our survey.

Family child care networks are often part of larger nonprofit organizations or public agencies (see fig. 1). For example, in Oregon, networks are part of regional child care resource and referral agencies, which focus on recruiting, training, and retaining child care providers, according to state officials. Around two-thirds of the 116 family child care networks that responded to our survey identified their network or its larger organization as a nonprofit organization, and around one-quarter identified it as a public or government agency.

**Figure 1: Number of CCDF-Supported Family Child Care Networks That Are Part of Larger Organizations, as Reported by Survey Respondents**



Source: GAO survey of family child care networks supported by the Child Care and Development Fund (CCDF). | GAO-23-105640

<sup>12</sup>The CCDBG Act requires most families receiving subsidized child care to contribute to the cost through a co-payment, determined through a sliding fee scale set by the state. 42 U.S.C. § 9858c(c)(5). The provider may collect the co-payment directly from families, or the network may serve as an intermediary to collect the payment.

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**Accessible Data for Figure 1: Number of CCDF-Supported Family Child Care Networks That Are Part of Larger Organizations, as Reported by Survey Respondents**

**Bar chart 1: Part of a larger organization:**

- 18, “No”
- 95, “Yes”

**Bar chart 2: Organization type of those who responded “Yes”:**

- Child care resource and referral agency<sup>a</sup>, 33
- Family or community service organization, 29
- Child care center, 22
- Early Head Start or Head Start agency<sup>b</sup>, 14
- Community Action Agency<sup>c</sup>, 13
- Other<sup>d</sup>, 12
- University or college, 8
- Shared services alliance<sup>e</sup>, 7
- School district, 6
- Local government (not school district), 5
- State government, 5
- Religious organization, 1

Source: GAO survey of family child care networks supported by the Child Care and Development Fund (CCDF). | GAO-23-105640

Note: Three respondents selected “don’t know/no response” when asked if their network is housed within a larger organization. Respondents could select more than one organization type.

<sup>a</sup>Child care resource and referral agencies help families find child care and provide information and training to providers, among other services.

<sup>b</sup>Head Start is a federal program that delivers educational, social, health, nutritional, and psychological services to low-income families and their children ages 3 to 5. Early Head Start serves children under age 3.

<sup>c</sup>Community action agencies are private or public nonprofit organizations that were created to combat poverty in geographically designated areas.

<sup>d</sup>Other organizations included regional and county education offices, among others.

<sup>e</sup>Shared service alliances are networks of child care centers and family child care providers that share costs and receive a set of administrative and program services provided by a central organization.

As of March 2022, 13 states reported using CCDF funding to support a total of 142 family child care networks (see fig. 2).<sup>13</sup>

**Figure 2: CCDF-Supported Family Child Care Networks by State, March 2022**



Source: GAO analysis of data from state Child Care and Development Fund (CCDF) administrators. | GAO-23-105640

**Accessible Data for Figure 2: CCDF-Supported Family Child Care Networks by State, March 2022**

- 1 to 5 networks: Alabama, Arkansas, District of Columbia, Kentucky, Nevada, Tennessee, Texas
- 6 to 10 networks: Illinois, Utah
- 11 to 20 networks: Connecticut, Oregon,
- 21 or more networks: California and Massachusetts

Source: GAO analysis of data from state Child Care and Development Fund (CCDF) administrators. | GAO-23-105640

Notes: These data reflect family child care networks supported with CCDF funds through direct agreement with a centralized hub or community agency as of March 2022, as reported by state CCDF administrators. Hawaii declined to respond to our request for information, but did not support family child care networks through CCDF in fiscal year 2021, according to the most recent data available from the Administration for Children and Families. Because networks may vary in terms of size and structure—for example, some networks serve providers across the state, while others operate locally

<sup>13</sup>We asked all 50 states and the District of Columbia whether they used CCDF to support family child care networks. All states except Hawaii responded to our request for information. According to data from ACF, Hawaii did not support family child care networks through CCDF in fiscal year 2021, the most recent data available.

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or within a region—a state with fewer networks may not necessarily have fewer providers participating in networks.

Additionally, a 2019 study found that family child care networks—including those not supported by CCDF—were operating in 39 states.<sup>14</sup> Based on data from ACF’s 2019 National Survey of Early Care and Education, we found that about 12 percent of family child care providers reported participating in a network, including those not supported by CCDF.<sup>15</sup>

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## Child Care and Development Fund

CCDF is the primary source of federal funding dedicated to increasing low-income families’ access to quality child care.<sup>16</sup> The Child Care and Development Block Grant Act of 1990, as amended (CCDBG Act), which authorizes most of the funding for CCDF, was reauthorized in 2014. The reauthorization included a focus on improving the overall quality of child care services.<sup>17</sup> States spent approximately \$13.4 billion in CCDF funds in fiscal year 2020, and used most of this to provide child care subsidies to low-income parents with children under age 13, enabling parents to work or participate in training or education activities.<sup>18</sup> The CCDBG Act also aims to, as one of its purposes, maximize parents’ options for high-quality child care; parents may choose settings such as family child care or child

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<sup>14</sup>Bromer and Porter, Herr Research Center, Erikson Institute, *Mapping the Family Child Care Network Landscape* (Chicago, Ill.: January 2019). More recent data on the total number of states with family child care networks, including those that were not supported by CCDF, were not available.

<sup>15</sup>These data reflect listed family child care providers who provided care to at least one child under age 13 in 2019 and reported that they were part of a family child care provider network. Listed providers were those who appeared on state or national lists of early care and education services, such as licensed, regulated, license-exempt, or registered providers, though definitions may vary by state.

<sup>16</sup>CCDF is composed of two funding streams: discretionary funding authorized under the CCDBG Act that is allocated to states based on a statutory formula (42 U.S.C. § 9858m) and mandatory and matching funding authorized under the Social Security Act (42 U.S.C. § 618).

<sup>17</sup>Pub. L. No. 113-186, 128 Stat. 1971 (codified at 42 U.S.C. § 9801et seq.). The CCDBG Act allows states flexibility in developing CCDF programs and policies that best suit the needs of children and parents within that state. 42 U.S.C. § 9857(b)(1).

<sup>18</sup>Because states are permitted multiple years to liquidate funds, this amount includes funds awarded in fiscal year 2020 and prior years, according to ACF. This also includes \$1.6 million of supplemental CARES Act funds to help states prevent, prepare for, and respond to the COVID-19 pandemic.

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care centers. Nationally, about one in five children receiving child care subsidized by CCDF were cared for in family child care settings in 2019, though this proportion varied by state.<sup>19</sup>

States also use CCDF funds to improve the quality and availability of child care for all families, regardless of income. Since fiscal year 2020, the CCDBG Act has required states to spend at least 12 percent of CCDF funding—the “quality set-aside”—on at least one of ten “quality activities” designed to improve the quality of child care services and increase parental options for, and access to, high-quality child care.<sup>20</sup> These include broad activities that aim to support the professional development of the child care workforce and improve the supply and quality of child care programs and services for infants and toddlers, for example, by establishing or expanding the operation of family child care networks.<sup>21</sup> In fiscal year 2020, states spent approximately \$2.1 billion on quality activities, or 16 percent of total federal and state CCDF expenditures (see fig. 3).

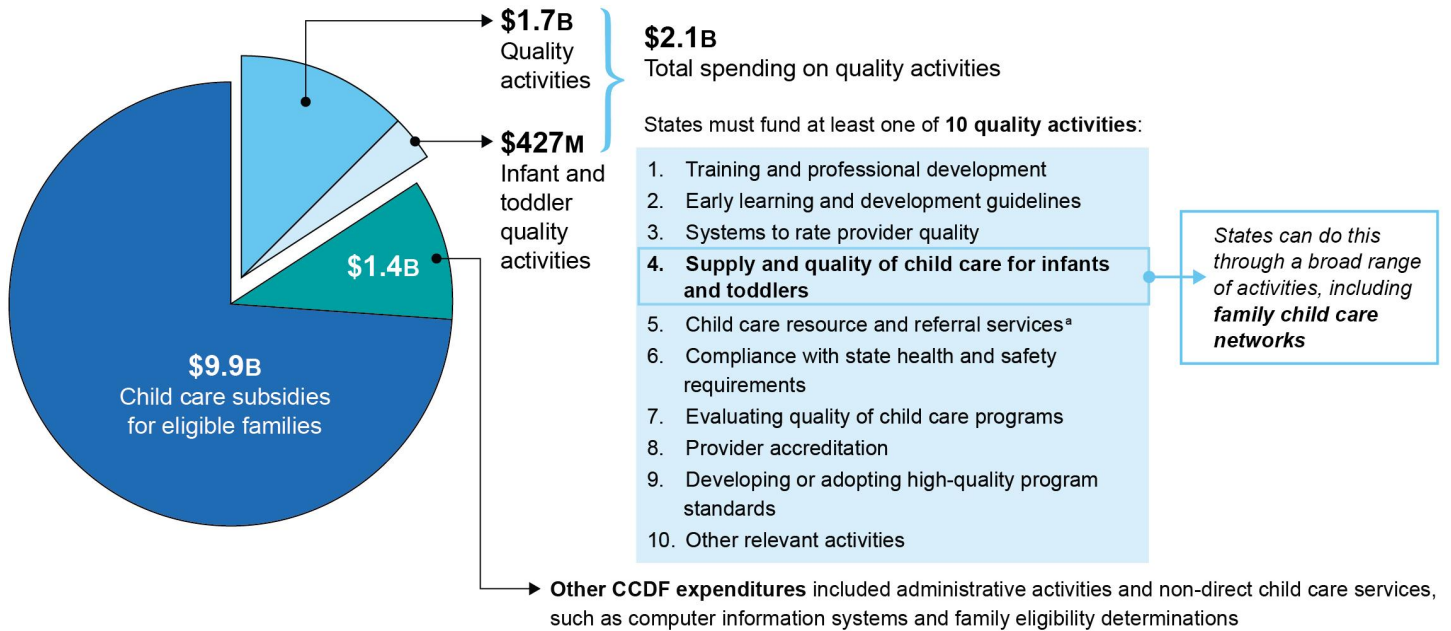
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<sup>19</sup>The average monthly proportion of CCDF-supported children in family child care ranged from 1.7 percent in Mississippi to 54.8 percent in Oregon in fiscal year 2019. These were the most recent data available as of January 2023, according to OCC.

<sup>20</sup>The quality set-aside has increased from 7 percent in fiscal year 2016 to 9 percent in fiscal year 2020 and each year thereafter. 42 U.S.C. § 9858e(a)(2)(A). Starting in fiscal year 2017, states were required to set aside an additional 3 percent for improving the quality of care for infants and toddlers. 42 U.S.C. § 9858e(a)(2)(B). States are required to fund at least one of the 10 quality activities specified in the CCDBG Act, but have the flexibility to choose which quality activities to fund.

<sup>21</sup>The CCDBG Act includes family child care networks as an effort that states can choose to fund under the quality activity, “improving the supply and quality of child care programs and services for infants and toddlers.” 42 U.S.C. § 9858e(b)(4)(B). According to OCC officials, states may choose to support family child care networks under other quality activities as well, and states were allowed to spend CCDF funds on family child care networks prior to the CCDBG Act reauthorization in 2014. State agencies can provide services under quality activities directly, or through contracts with local child care resource and referral agencies or other organizations. Child care resource and referral agencies provide a range of services and support, such as providing parents with information about child care options, working directly with families who receive assistance or have other unique needs, collecting data on child care provider demographics and supply, and establishing partnerships with public and private entities.

**Figure 3: Child Care and Development Fund (CCDF) Expenditures and Related Quality Activities, Including Family Child Care Networks, Fiscal Year 2020**



Source: GAO analysis of information from the Administration for Children and Families. | GAO-23-105640

**Accessible Data for Figure 3: Child Care and Development Fund (CCDF) Expenditures and Related Quality Activities, Including Family Child Care Networks, Fiscal Year 2020**

- \$9.9 Billion, Child care subsidies for eligible families
- \$2.1 Billion, Total spending on quality activities
  - \$1.7 Billion, Quality activities
  - \$427 Million, Infant and toddler quality activities
  - States must fund at least one of 10 quality activities:
    - Training and professional development
    - Early learning and development guidelines
    - Systems to rate provider quality
    - Supply and quality of child care for infants and toddlers (States can do this through a broad range of activities, including family child care networks)
    - Child care resource and referral services a
    - Compliance with state health and safety requirements
    - Evaluating quality of child care programs



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- Provider accreditation
  - Developing or adopting high-quality program standards
  - Other relevant activities
- \$1.4 Billion, Other CCDF expenditures included administrative activities and non-direct child care services, such as computer information systems and family eligibility determinations

Source: GAO analysis of information from the Administration for Children and Families. | GAO-23-105640

Note: CCDF expenditures during fiscal year 2020 totaled approximately \$13.4 billion of combined federal and state funds. Because states are permitted multiple years to liquidate funds, this includes funds awarded in the current and prior years, according to ACF. This also includes \$1.6 million of supplemental CARES Act funds to help states prevent, prepare for, and respond to the COVID-19 pandemic. The Child Care and Development Block Grant (CCDBG) Act of 1990, as amended, requires states to spend a certain percentage of CCDF funds—called the “quality set-aside”—on quality activities. The quality set-aside has increased from 7 percent in fiscal year 2016 to 9 percent in fiscal year 2020 and each year thereafter. 42 U.S.C. § 9858e(a)(2)(A). Starting in fiscal year 2017, states were required to set aside an additional 3 percent for improving the quality of care for infants and toddlers. 42 U.S.C. § 9858e(a)(2)(B). The CARES Act did not require states to use any supplemental CCDF funds for quality activities. States may choose to spend a higher percentage of CCDF funds on quality activities if desired. States are required to fund at least one of the 10 quality activities specified in the CCDBG Act, but have the flexibility to choose which quality activities to fund. The CCDBG Act includes “establishing or expanding the operation of community or neighborhood-based family child care networks” as one of the activities to improve the supply and quality of child care for infants and toddlers (42 U.S.C. § 9858e(b)(4)(B)), though states may choose to support family child care networks under other quality activities as well, according to OCC officials.

<sup>a</sup>Child care resource and referral services may include providing parents with information about child care options, working directly with families who receive assistance or have other unique needs, or collecting data on child care provider demographics and supply, for example.

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## Federal and State Reporting Requirements

The CCDBG Act requires state and federal reporting on CCDF-funded activities. The act requires states to report on the amount of funds reserved for quality activities, the activities that the state carried out, and the measures the state will use to evaluate its progress in improving the quality of child care programs and services.<sup>22</sup> The act also requires ACF to report to Congress every 2 years summarizing data reported by states and assessing the access to quality and affordable child care in the United States.<sup>23</sup> To collect information on states' efforts, OCC instructs states to describe how they plan to spend CCDF funding on quality activities over the next 3 years in their CCDF Plans, which OCC reviews and approves.<sup>24</sup> OCC collects annual updates—referred to as Quality Progress Reports—on how states spent CCDF quality funds, including the activities states funded and the measures states used to evaluate progress in improving the quality of child care. As part of its instructions for submitting progress reports, OCC also requires states to report on their progress towards their overarching goals for quality improvement, as well as progress made on each of the 10 quality activities the state implemented with CCDF funds.

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<sup>22</sup>42 U.S.C. § 9858e(d). States must also report annually on various aggregate data required by the CCDBG Act, including the total number of child care providers receiving funding and the total number of children and families served. 42 U.S.C. § 9858i(a)(2). In addition, states must collect monthly disaggregated (case-level) administrative data regarding CCDF subsidies pursuant to 42 U.S.C. § 9858i(a)(1)(A), according to OCC officials.

<sup>23</sup>42 U.S.C. § 9858j(a).

<sup>24</sup>CCDF Plans serve as states' applications for CCDF funds. OCC provides guidance to states, including these requirements, in its instructions for CCDF plan development. OCC reviews state plans and disburses funds pending approval. We previously reported on OCC's oversight of CCDF, including its review and approval of state plans and states' program-integrity efforts. We made eight recommendations to OCC and one to ACF to manage fraud risks and promote program integrity; OCC had implemented five of these recommendations as of September 2022. For example, we found that OCC had not established policies for reviewing state CCDF Plans, and we recommended that OCC establish internal written policies to effectively implement and document the CCDF Plan review and approval process. In response, OCC established a written standard operating procedure that identifies roles, responsibilities, and timelines for reviewing and approving CCDF Plans, and trained staff on how to follow the procedures. See GAO, *Child Care and Development Fund: Office of Child Care Should Strengthen Its Oversight and Monitoring of Program-Integrity Risks*, [GAO-20-227](#) (Washington, D.C.: Mar. 2, 2020).

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## CCDF-Supported Networks Use Public and Private Funds to Serve Licensed Providers through Training and Other Services

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### Most Networks Receive Funding from Parent Fees, States, and Other Sources

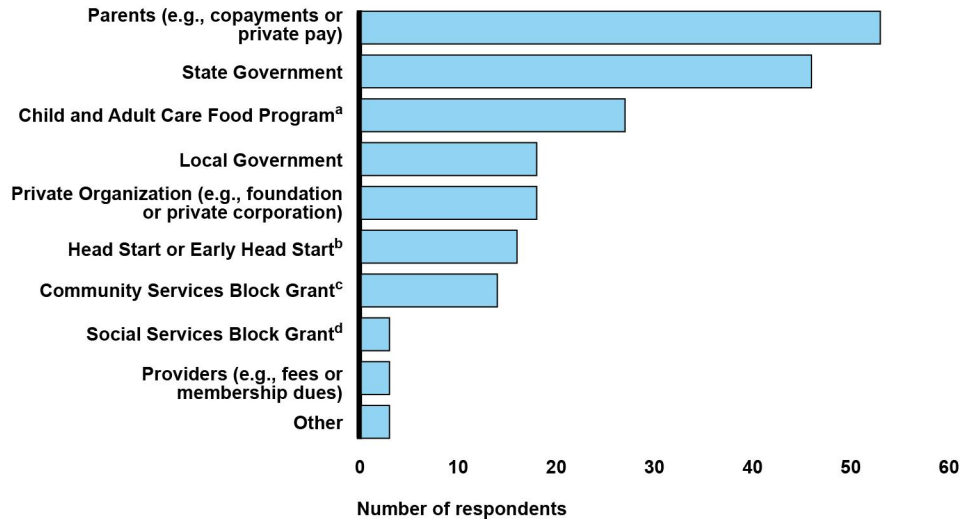
More than 80 percent of the 116 networks that responded to our survey reported having funding sources in addition to CCDF (see fig. 4).<sup>25</sup> Parent fees (e.g., co-payments for subsidized child care) were the most common source, followed by state funds. Almost half (43 out of 99) of the respondents reported receiving funds from at least one of four federal sources: Child and Adult Care Food Program, Head Start/Early Head Start, Community Services Block Grant, and Social Services Block Grant.<sup>26</sup>

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<sup>25</sup>Of the 99 networks that responded to this question, 93 reported having other funding sources. Seventeen networks skipped questions on funding sources, stating they could not report on the network's funding separate from the larger organization's funding.

<sup>26</sup>The Child and Adult Care Food Program provides reimbursements for nutritious meals and snacks to eligible children who are enrolled for care at participating child care centers or family child care homes. Head Start delivers comprehensive educational, social, health, nutritional, and psychological services to low-income families and their children ages 3 to 5; Early Head Start serves children under age 3. The Community Services Block Grant provides funds to states that, in turn, distribute funds to local agencies for antipoverty programs and services such as employment, education, and housing.

**Figure 4: Additional Funding Sources That CCDF-Supported Family Child Care Networks Use, as Reported by Survey Respondents**



Source: GAO survey of family child care networks supported by the Child Care and Development Fund (CCDF). | GAO-23-105640

**Accessible Data for Figure 4: Additional Funding Sources That CCDF-Supported Family Child Care Networks Use, as Reported by Survey Respondents**

Category	Number of respondents
Parents (e.g., copayments or private pay)	53
State Government	46
Child and Adult Care Food Program <sup>a</sup>	27
Local Government	18
Private Organization (e.g., foundation or private corporation)	18
Head Start or Early Head Start <sup>b</sup>	16
Community Services Block Grant <sup>c</sup>	14
Social Services Block Grant <sup>d</sup>	3
Providers (e.g., fees or membership dues)	3
Other	3

Source: GAO survey of family child care networks supported by the Child Care and Development Fund (CCDF). | GAO-23-105640

Note: These data include responses from 99 networks that responded to our survey. Seventeen networks skipped these questions, stating they could not report on the network’s funding separate from the larger organization’s funding.

<sup>a</sup>The Child and Adult Care Food Program is a federal program that provides reimbursements for nutritious meals and snacks to eligible children who are enrolled for care at participating child care centers or family child care homes.

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<sup>b</sup>Head Start is a federal program that delivers educational, social, health, nutritional, and psychological services to low-income families and their children ages 3 to 5. Early Head Start serves children under age 3.

<sup>c</sup>The Community Services Block Grant is a federal program that provides funds to states that, in turn, distribute funds to local agencies for antipoverty programs and services such as employment, education, and housing.

<sup>d</sup>The Social Services Block Grant is a federal program that allows states and territories to tailor social service programming to their population's needs.

Three funding sources—fees from parents, the Child and Adult Care Food Program, and Head Start—typically fund costs associated with delivering child care. Networks that reported having state contracts to manage subsidized child care were more likely to report having these three funding sources, compared to networks that did not have such contracts.<sup>27</sup>

Network officials reported that leveraging multiple funding sources allowed them to expand the services they offered to providers and families. For example, officials from one network we interviewed said they used private funding to purchase equipment for providers such as tablets and school supplies. Officials from another network, which has a contract to manage subsidized child care, reported that Head Start funds allowed them to offer comprehensive services to families that CCDF did not cover, such as family advocacy and nutrition support.

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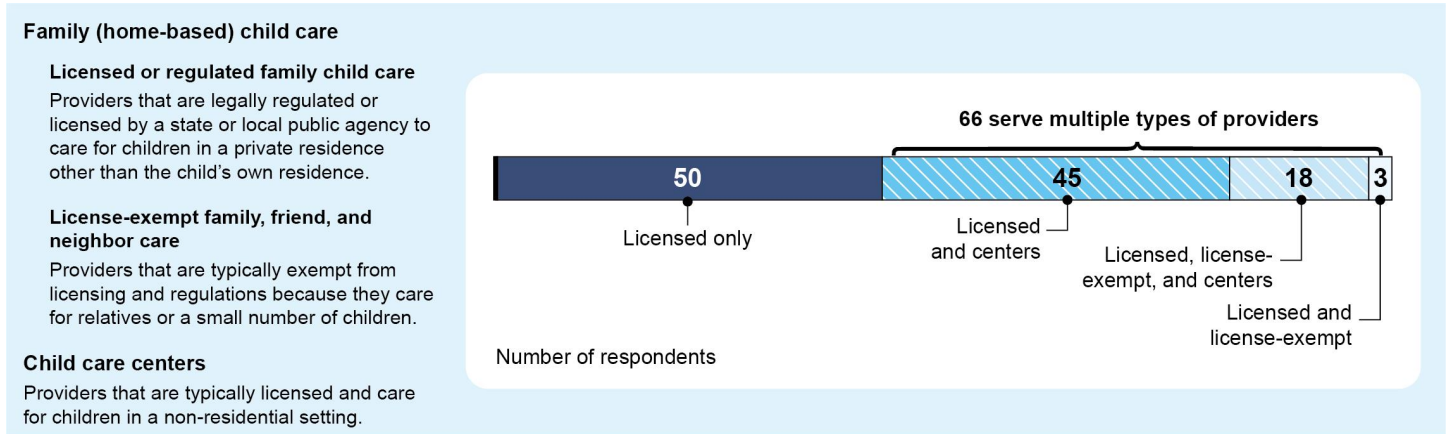
## Networks Primarily Serve Licensed Providers in Regions That Cover Multiple Municipalities

All of the networks that responded to our survey reported serving licensed family child care providers, and more than half (66 out of 116) also serve child care center providers or license-exempt family, friend, and neighbor providers (see fig. 5). Networks that limit their membership to licensed providers may offer informal support to other providers pursuing licensure, according to officials we interviewed in Illinois and Massachusetts.

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<sup>27</sup>Of the 71 networks that reported having state contracts to manage subsidized child care, 52 reported receiving fees from parents, 22 from the Child and Adult Care Food Program, and 14 from Head Start. Of the 27 networks that did not report having contracts to manage subsidized child care, one reported receiving funds from parents, five from the Child and Adult Care Food Program, and two from Head Start.

**Figure 5: Types of Child Care Providers That CCDF-Supported Family Child Care Networks Serve, as Reported by Survey Respondents**



Source: GAO survey of family child care networks supported by the Child Care and Development Fund (CCDF). | GAO-23-105640

**Accessible Data for Figure 5: Types of Child Care Providers That CCDF-Supported Family Child Care Networks Serve, as Reported by Survey Respondents**

**Number of respondents:**

- Licensed only, 50
- 66 serve multiple types of providers
  - Licensed and centers, 45
  - Licensed, license-exempt, and centers, 18
  - Licensed and license-exempt, 3

**Family (home-based) child care:**

- **Licensed or regulated family child care:** Providers that are legally regulated or licensed by a state or local public agency to care for children in a private residence other than the child’s own residence.
- **License-exempt family, friend, and neighbor care:** Providers that are typically exempt from licensing and regulations because they care for relatives or a small number of children.

**Child care centers:**

- Providers that are typically licensed and care for children in a non-residential setting.

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Source: GAO survey of family child care networks supported by the Child Care and Development Fund (CCDF). | GAO-23-105640

Around two-thirds of the respondents reported serving providers in multiple municipalities, with more networks serving providers located in urban areas than in rural areas. Specifically, 85 percent (99 out of 116) of respondents reported serving at least some providers in urban areas, and 45 percent (52 out of 116) of respondents reported serving at least some providers in rural areas.<sup>28</sup>

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### Networks Deliver a Range of Services to Providers, Including Coaching and Training

The networks that responded to our survey reported offering a range of services, most commonly coaching and training and peer-to-peer networking and learning opportunities (see fig. 6). Almost all reported offering coaching and training on curriculum development; diversity, equity, inclusion, and accessibility; and navigating state child care systems such as licensing. For example, officials from a network in Illinois said they give the providers a curriculum and model its uses during coaching visits to the providers' homes. Network officials we interviewed also reported that training overlaps with peer-to-peer networking and learning. For example, officials from a network in Massachusetts said many of the trainings are peer-led, as providers learn best from each other, and officials from an Oregon network said that in-person trainings allow providers to network.

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<sup>28</sup>According to our analysis of ACF's 2019 National Survey of Early Care and Education, an estimated 88 percent of all home-based providers on state or national administrative lists were located in urban areas. This estimate includes a margin of error of +/- 7 percent.

**Figure 6: Services That CCDF-Supported Family Child Care Networks Offer, as Reported by Survey Respondents**

**Coaching and training, by topic**



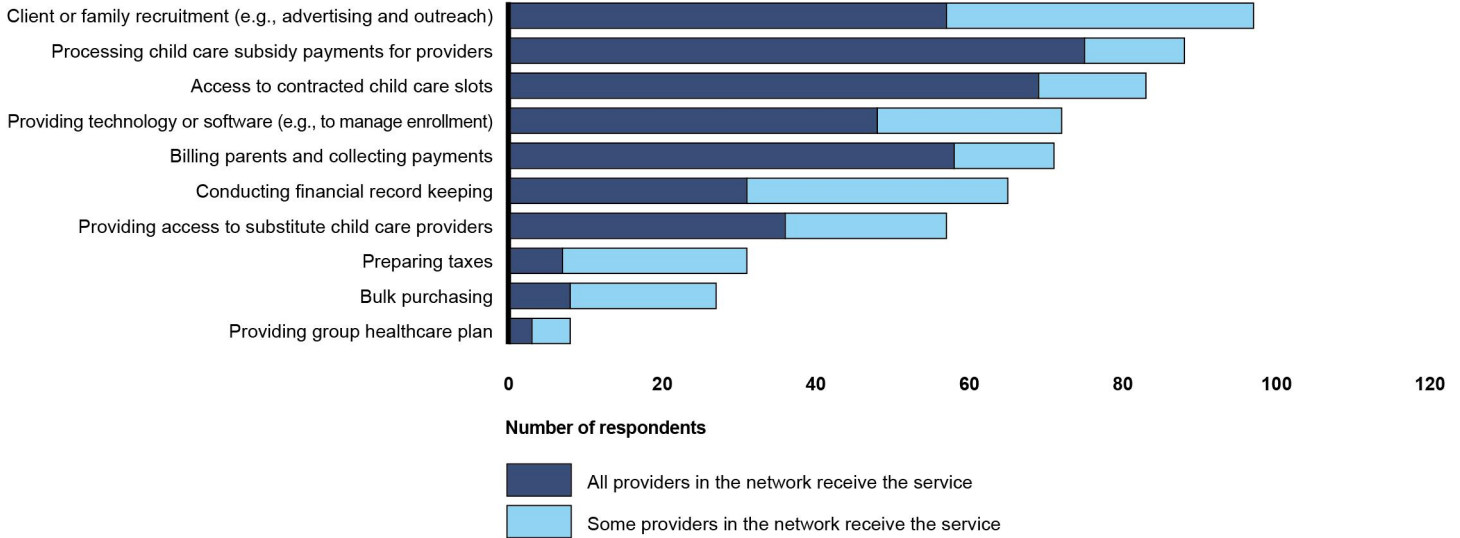
**Peer-to-peer or wellness support**



**Financial assistance**



**Administrative services**



Source: GAO survey of family child care networks supported by the Child Care and Development Fund (CCDF). | GAO-23-105640

**Accessible Data for Figure 6: Services That CCDF-Supported Family Child Care Networks Offer, as Reported by Survey Respondents**

Category	All providers in the network receive the service (number of respondents)	Some providers in the network receive the service (number of respondents)
<b>Coaching or training on the following topic:</b>		



Letter

Category	All providers in the network receive the service (number of respondents)	Some providers in the network receive the service (number of respondents)
<b>Coaching or training on the following topic:</b> Curriculum development	80	32
<b>Coaching or training on the following topic:</b> Diversity, inclusion, equity, and accessibility	72	39
<b>Coaching or training on the following topic:</b> Navigating child care systems (e.g., licensing)	75	34
<b>Coaching or training on the following topic:</b> Technology skills (e.g., email, software)	49	45
<b>Coaching or training on the following topic:</b> Business operations (e.g., accounting, record keeping)	46	45
<b>Peer-to-peer or wellness support:</b> Peer-to-peer networking	69	35
<b>Peer-to-peer or wellness support:</b> Peer-to-peer learning for providers (e.g., skills building)	59	40
<b>Peer-to-peer or wellness support:</b> Support for provider wellness and mental health	60	33
<b>Financial assistance:</b> Support identifying and applying for grants or loans	57	31
<b>Financial assistance:</b> Providing direct financial assistance (e.g., microloans)	33	25
<b>Administrative services:</b> Client or family recruitment (e.g., advertising and outreach)	57	40
<b>Administrative services:</b> Processing child care subsidy payments for providers	75	13
<b>Administrative services:</b> Access to contracted child care slots	69	14
<b>Administrative services:</b> Providing technology or software (e.g., to manage enrollment)	48	24
<b>Administrative services:</b> Billing parents and collecting payments	58	13
<b>Administrative services:</b> Conducting financial record keeping	31	34
<b>Administrative services:</b> Providing access to substitute child care providers	36	21
<b>Administrative services:</b> Preparing taxes	7	24
<b>Administrative services:</b> Bulk purchasing	8	19
<b>Administrative services:</b> Providing group healthcare plan	3	5

Source: GAO survey of family child care networks supported by the Child Care and Development Fund (CCDF). | GAO-23-105640

Note: These data include responses from 115 networks that responded to our survey.

Fewer respondents reported that their networks offer certain administrative services, such as billing parents or providing technology or

software, but these services were more common among networks that reported receiving CCDF funding through state contracts to manage subsidized child care.<sup>29</sup> These networks, which pay providers to care for children, may take on a larger role in managing the providers' businesses. For example, officials from an Illinois network reported that the providers collect co-payments from families themselves, but the network intervenes as needed, for example by sending letters to families who have not paid. This network also audits providers' billing records on a monthly basis to ensure accuracy, according to the officials.

Networks may offer fewer services because of challenges, such as limited funding and staffing, or because providers could access the same services elsewhere. For example, 79 survey respondents reported their networks do not prepare taxes for providers and, of these, 21 reported they are interested in providing the service but unable to do so. Officials from one network we interviewed said they knew providers needed help with tax preparation, but only recently could afford to hire a person to provide this service. However, officials from another network said they do not provide tax preparation services in part because another local organization already provides this service for free.

Almost all respondents reported offering at least some services in a language other than English. The most commonly offered language is Spanish, followed by Portuguese and Chinese.<sup>30</sup> Network officials we interviewed reported different approaches to language support. For example, officials from one network reported operating specific peer groups for Spanish and Russian speakers, and officials from another network reported using translation services to assist providers.

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<sup>29</sup>Of the 71 networks that reported having state contracts to manage subsidized child care, 55 reported billing parents and collecting payments and 50 reported providing technology or software. Of the 27 networks that did not report having contracts to manage subsidized child care, eight reported billing parents and collecting payments and 12 reported providing technology or software.

<sup>30</sup>Out of 116 networks, 108 reported offering services in Spanish, 16 in Portuguese, and 8 in Chinese. Six networks reported offering services only in English.

## Stakeholders Reported That Networks Offer Multiple Benefits, but Some Providers May Not Join Due to Perceived Drawbacks

### Stakeholders Cited Benefits for Providers, Including Financial Advantages and Improved Professional Relationships

Officials from all 18 of the stakeholder entities we selected for interviews said that networks can benefit family child care providers, including by providing financial advantages and facilitating relationship building, among other things (see fig. 7).<sup>31</sup> These benefits help address some challenges providers face and may help providers start or sustain their businesses.

**Figure 7: Types of Benefits for Providers in Networks, According to Selected Stakeholders**

*Benefits to joining networks*



Source: GAO analysis of interviews with selected officials. GAO (icons). | GAO-23-105640

**Accessible Data for Figure 7: Types of Benefits for Providers in Networks, According to Selected Stakeholders**

**Benefits to joining networks**

**Financial advantages**

<sup>31</sup>For the purposes of this report, the term “stakeholders” refers to 18 entities we selected for interviews, comprising five national organizations, three state agencies (Alabama, Oregon, and Massachusetts), seven family child care networks (one in Alabama and two each in the other selected states), and three unions (located in Illinois, Oregon, and Massachusetts). In summarizing stakeholders’ statements, “Almost all” represents 16 or 17 of the stakeholders, “most” represents 13 to 15 stakeholders, “more than half” represents 10 to 12 stakeholders, “half” represents nine stakeholders, “several” represents five to eight stakeholders, and “a few” or “some” represents three or four stakeholders.

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- Incentive payments for belonging to a network
  - Additional income through increased enrollment
  - Predictable payments
  - Reduced expenses

### **Professional relationships and knowledge sharing**

- Network staff coaching and mentoring
- Peer-to-peer knowledge sharing and advice

### **Referrals to other services and advocacy**

- Referrals to other services
- Advocacy

Source: GAO analysis of interviews with selected officials. GAO (icons). | GAO-23-105640

Note: At least seven stakeholders named each of the benefits we included in this figure. For the purposes of this report, the term “stakeholders” encompasses five national organizations, three state agencies, seven family child care networks, and three unions.

## Financial Advantages

All 18 stakeholders mentioned financial advantages, for example:



- **Incentive payments.** Stakeholders in each of the four states where we conducted interviews described incentive payments:
  - Alabama: Incentive payments can help providers in networks attend conferences or meet accreditation requirements, but depend on funding availability and provider needs.
  - Illinois: Providers in networks can receive additional subsidy payments if they offer extended hours or care for children with special needs.
  - Massachusetts: Some networks offer sign-on bonuses for joining a network.
  - Oregon: Providers who commit to participating in a network for 2 years receive an initial payment when they join. If they attend at least 80 percent of required events during the first year, the providers receive additional funding at the start of the second year.
- **Increased enrollment.** Most of the stakeholders said networks help providers enroll more children. According to officials at two national

organizations, full or near-full enrollment is a key component of providers' financial viability.

- **Predictable payments.** More than half of the stakeholders said networks may help providers in networks collect payments more predictably than those who are not in networks. For instance, networks can set up automated billing to collect tuition payments, thus saving providers the effort of tracking tuition schedules and following up with parents when tuition payments are overdue. Similarly, in Massachusetts and Illinois, stakeholders told us networks help distribute subsidies from the state to providers, which streamlines payments and, according to some of the stakeholders, expedites payments to providers in networks. For example, state agency officials in Massachusetts said some networks automatically pay subsidies to providers in networks every 2 weeks, while providers who are not in networks typically must bill the state at the end of the month to receive the subsidy payment the following month. Additionally, these officials told us that the networks often collect the co-payments from families receiving subsidies and, if the families miss a payment, the networks still pay the providers on time.
- **Reduced expenses and sustained income.** Several stakeholders said that networks can save providers money by supplying or helping them share equipment, such as laptops or cameras, as previously noted, and several also said networks can help find substitutes when providers are sick or otherwise unavailable. Officials at one network in Illinois described an ad-hoc arrangement of providers within a network covering for one another, while other stakeholders generally described more formal substitutions in which providers rely on network staff to arrange or supply coverage. Without substitute caregivers, providers working on their own would need to close and may lose income during absences.

### Knowledge Sharing and Professional Relationships

According to all of the stakeholders we interviewed, providers also benefit from information sharing in networks. For example:

- **Network-led knowledge sharing.** Most of the stakeholders noted that network staff can help providers establish or sustain their



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businesses by providing training or other guidance to help navigate systems related to licensing, quality ratings, or both.<sup>32</sup>

- **Peer-to-peer support.** Almost all of the stakeholders said providers can benefit from peer-to-peer support. An official from an Oregon network said that the network might tell one provider about a resource and, by the next day, other providers in the network have also learned about the resource. In addition to information sharing, most of the stakeholders said that the connections formed in networks can reduce feelings of isolation, which come from factors such as working long hours and working alone.

### Referrals to Other Services and Advocacy

Most of the stakeholders noted other benefits:



- **Referrals to other services.** More than half the stakeholders also noted that networks can help providers refer families to other services such as mental health or early intervention. Officials from an Illinois network said their on-staff therapist regularly demonstrates mental health-related activities to do with children during visits to the providers' homes. The therapist also provides extra support as needed, including working closely with a child's family and the provider when a child was diagnosed with cancer.
- **Advocacy.** Several stakeholders also said that networks can help elevate providers' interests at the state or local level. For example, officials from an Oregon network said they could help arrange meetings between local officials and providers to discuss policies that could affect providers' businesses, such as building codes and family child care permits.

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### Some Providers May Not Join Networks due to Perceived Drawbacks, Including Loss of Independence, Time Commitments, and Added Expenses

When asked why providers may choose not to join networks, almost all of the stakeholders selected for interviews cited potential drawbacks,

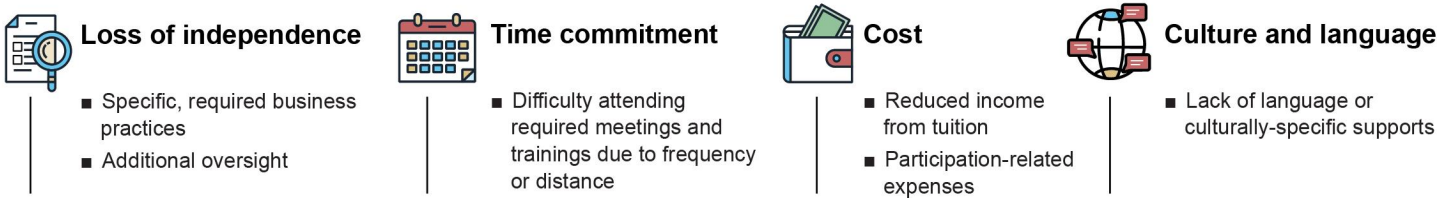
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<sup>32</sup>As previously described, some networks will help unlicensed providers (who are not in the network) with the licensing process. States use a Quality Rating and Improvement System to assess the level of quality in early and school-age care and education programs and assign a score associated with the quality assessment.

including providers' perceived loss of independence, time commitments, and cost (see fig. 8).

**Figure 8: Potential Drawbacks for Providers Joining Networks, According to Selected Stakeholders**

*Perceived drawbacks to joining networks*



Source: GAO analysis of interviews with selected officials. GAO (icons). | GAO-23-105640

**Accessible Data for Figure 8: Potential Drawbacks for Providers Joining Networks, According to Selected Stakeholders**

**Perceived drawbacks to joining networks**

**Loss of independence**

- Specific, required business practices
- Additional oversight

**Time commitment**

- Difficulty attending required meetings and trainings due to frequency or distance

**Cost**

- Reduced income from tuition
- Participation-related expenses

**Culture and language**

- Lack of language or culturally-specific supports

Source: GAO analysis of interviews with selected officials. GAO (icons). | GAO-23-105640

Note: At least three stakeholders reported each of the potential drawbacks we included in this figure. For the purposes of this report, the term “stakeholders” encompasses five national organizations, three state agencies, seven family child care networks, and three unions.

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### Perceived Loss of Independence



The most commonly cited drawback to joining a network, which most of the stakeholders cited, was providers' perceived loss of independence. The stakeholders said that providers generally value the autonomy of running their businesses out of their own homes. Some noted that more experienced providers may be used to operating independently and may see themselves as having less to gain from joining a network.<sup>33</sup> Particular concerns about reduced independence that stakeholders cited included (1) that network participation could require adherence to specific business practices and (2) that networks could impose unwanted oversight. For instance:

- **Business practices.** An official at one national organization said that some providers shared concerns about networks that required the providers to operate during specific hours—rather than setting their own hours. Similarly, an official from a union in Massachusetts said that providers may prefer not to attend specific required training or implement policies (such as COVID-19 protocols) in the exact way required by networks.
- **Added oversight.** Network participation generally includes home visits for activities such as coaching, and some providers may see these visits as imposing additional, unwanted oversight and enforcement that goes beyond what is required for licensing. A few stakeholders noted that this is particularly challenging if network staff have not built trust and a respectful relationship with participating providers.

### Time Commitment



Several stakeholders said that the time needed to participate in required trainings and meetings dissuades some providers from joining networks. A union official in Oregon reported that it took more than an hour for providers in some rural areas to travel to classes or meetings and that some networks did not offer an option to make up missed classes. The official noted that providers who cannot meet participation requirements lose some incentive payments, so networks may appeal less to providers who find it difficult to attend. Some networks have taken steps to try to

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<sup>33</sup>According to ACF, 2019 survey data show that home-based providers on state or national lists were significantly more likely to have more than 20 years of experience in 2019 than in 2012. A.R. Datta et al., *Home-based Early Care and Education Providers in 2012 and 2019*.



reduce the time commitment. For instance, staff from one of the two networks we interviewed in Oregon said they now offer most of their classes virtually. Staff from the other Oregon network said they have begun night and weekend options for training, but also said providers in their area still cite time commitments as a top concern when deciding whether to join.

### Cost

Another potential drawback that several stakeholders reported is that providers may have concerns about the costs associated with network participation, such as reduced income from tuition or added expenses. Specifically:

- **Reduced income from tuition.** A few stakeholders noted that CCDF-supported networks may require providers to accept children whose tuition is subsidized, which, they noted, could be a concern for providers because private-pay tuition rates are higher.<sup>34</sup>
- **Participation-related expenses.** Several stakeholders also cited costs associated with network participation. For instance, a union official in Oregon said it can be costly for providers to close their businesses while attending required training. Agency officials in Oregon acknowledged that costs associated with network participation exist, but noted that the incentive payments providers receive for joining can help offset potential costs if used to pay for expenses such as substitute care, gas, or bus passes. Some providers may have concerns about the cost of modifying their homes to meet some network-required safety standards, according to a network official in Alabama and union officials in Illinois. The union officials said some networks are raising their standards, which can be too costly for providers and thus preclude network participation.<sup>35</sup>

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<sup>34</sup>Private-pay rates may exceed states' subsidy payment rates. In setting subsidy payment rates, the CCDBG Act requires states to consider current child care market rates to ensure that CCDF-eligible children have equal access to care that is comparable to care provided to children who do not receive subsidies. 42 U.S.C. § 9858c(c)(4)(A). HHS suggests states set subsidy payment rates at or above the 75th percentile of child care market rates.

<sup>35</sup>This union official did not provide examples of these safety standards. Another stakeholder we interviewed noted that networks can help providers understand and address safety requirements. For instance, according to this stakeholder, one state introduced a requirement for providers to install sprinkler systems. Networks in that state successfully worked to revise that requirement to one that was still safe, but less burdensome to providers.



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Similarly, an official from a national organization said providers often conduct an informal cost-benefit analysis before joining and that some providers may determine that the benefits of network participation are insufficient to offset the time and money spent on training, meetings, home visits, and learning new data systems.

### Culture and Language

A few stakeholders noted that networks may not offer cultural or language supports that meet providers' needs.

- **Cultural support.** An official from one national organization said that networks based out of larger organizations may not have staff that culturally or ethnically reflect provider demographics. In addition, one Oregon network previously formed a group for African-American providers, but was unable to hire someone well suited to continue this group, according to network officials.
- **Language support.** Additionally, a few stakeholders also noted the importance of language support. For instance, the same network in Oregon hired a Russian-speaking staff member to lead a group of Slavic providers, but according to a union official, some networks in the state do not offer sufficient language support. Agency officials in Oregon said that networks independently determine staff salaries and, in some cases, low wages contribute to challenges recruiting and retaining staff.



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## OCC Provides Support to States on CCDF-Supported Networks, but Does Not Fully

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## Assess or Report on Progress in Quality Improvement

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### OCC Provides Resources, Training, and Technical Assistance Related to Networks

OCC, through its National Center on Early Childhood Quality Assurance, provides a variety of support to states and network staff related to family child care networks, including:<sup>36</sup>

- **Resources**, to help states and organizations start and operate family child care networks. For example, OCC published a technical assistance manual for interested state, regional, and local leaders and stakeholders on using networks to support family child care providers.<sup>37</sup> Additionally, OCC has developed a family child care network cost estimation tool to help organizations better understand and plan for the costs associated with operating a network.
- **Training**, to teach state officials about networks and help network staff serve family child care providers. For example, in 2021, OCC held a webinar series for state CCDF administrators on supporting family child care providers. This included a session on strategies for beginning or expanding networks, which participants from 35 states attended, according to OCC officials. Additionally, OCC's "Strengthening Business Practices for Family Child Care Homes" series taught early childhood trainers, including network staff, to train providers about topics such as budgeting and marketing.
- **Individualized technical assistance** about networks to states upon request, including three such requests in fiscal year 2021. For example, OCC gave one state a list of online resources related to

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<sup>36</sup>The CCDBG Act requires ACF to offer technical assistance to states on quality activities, including family child care networks, if the states request such assistance. 42 U.S.C. § 9858e(e). The National Center on Early Childhood Quality Assurance is part of ACF's Child Care Technical Assistance Network, which brings together resources from OCC, ACF's Office of Head Start, and their health partners to offer CCDF Administrators and their stakeholders information, tools, trainings, and other supports. This center supports state and community leaders and their partners in the planning and implementation of rigorous approaches to quality in all early care and education settings for children from birth to school age, according to ACF.

<sup>37</sup>Administration for Children and Families, National Center on Early Childhood Quality Assurance, *Developing a Staffed Family Child Care Network: A Technical Assistance Manual* (September 2017).

networks, as well as sample Requests for Proposals the state could use to solicit proposals from organizations seeking funding for networks. Officials from one of the three states that we interviewed said that OCC has been responsive to their training and technical assistance requests, and felt that the agency's network-related support was highly beneficial. Officials from the other two states we interviewed said that they have not sought technical assistance from OCC on networks.

Officials from two states had ideas for areas of additional support. In one state, officials suggested that OCC could make resources such as curriculum materials available for networks to share with family child care providers. In the other state, officials suggested that OCC could play a more active role in sharing information on network practices across states, including highlighting successful network models. OCC officials said the trainings described above include examples of successful network models.

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### **OCC Has Not Helped States Set Useful Performance Measures and Targets, and Does Not Fully Assess or Report on Progress toward Quality Goals**

OCC instructs states to set performance measures to evaluate their progress and track outcomes on CCDF-supported quality activities, but has not helped states develop useful performance measures. Our analysis of performance measures related to infant and toddler child care quality in 13 states' OCC-approved CCDF Plans found that these measures did not consistently include key, foundational attributes of successful measures as established in our prior work on performance

measurement.<sup>38</sup> States specify performance measures for the 10 quality activities that they can fund through CCDF in their 3-year plans, which OCC reviews and approves.<sup>39</sup> States can revise their measures during the 3-year plan period without OCC's approval by noting the change in their annual progress report. The CCDBG Act allows states flexibility to select quality activities that best suit the needs of children and parents within the state. States need flexibility to choose their own performance measures, so it would be challenging for the agency to establish common performance measures across states, according to OCC.

According to OCC, the agency designed the annual quality progress report to track progress toward the measures that states set in their 3-year plans. This report requires states to report progress both on their overarching goals for quality improvement and measures for each quality activity, as described in their plan. OCC requests that states include examples and numeric targets where possible in progress updates for each quality activity. OCC officials said that they review states' progress reports to understand any challenges states face in making progress and provide targeted technical assistance where needed.

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<sup>38</sup>We reviewed measures from the 13 states that were using CCDF to fund family child care networks as of March 2022. Specifically, we reviewed measures from their OCC-approved fiscal year 2022-2024 CCDF Plans (i.e., 3-year plans) related to improving the supply and quality of child care programs and services for infants and toddlers, which is the CCDF quality activity that includes networks. Although neither the CCDBG Act nor CCDF regulations require states to develop performance measures that include specific attributes, developing performance measures that include certain attributes is a general best practice that we have identified through our prior work on performance measurement. See [GAO-03-143](#).

<sup>39</sup>OCC provides guidance to states in its instructions for CCDF Plan development. See ACF-118, CCDF Plan Preprint. Performance measures are concrete, objective, observable conditions that permit the assessment of progress made toward the agency's goals. Performance measures show the progress the agency is making in achieving performance goals. Quality activities are CCDF-supported activities designed to improve the quality and availability of child care; for example, supporting the professional development of the child care workforce and improving the supply and quality of child care programs and services for infants and toddlers. Currently, the CCDBG Act requires states to spend at least 12 percent of CCDF funding on at least one of 10 quality activities stated in the statute.

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However, ACF's internal research and evaluation office identified several issues with states' progress reporting that may prevent OCC from assessing progress towards improving the quality of child care:<sup>40</sup>

- Some states did not describe measures in their progress reports.
- Some states reported on measures that were not directly linked to the quality activity; for example, some measures intended to assess progress related to infant and toddler child care supply and quality were not specific to infants and toddlers.
- Some states did not include units for measuring progress—for example, the number of families served or number of trainings offered. Most states also did not describe changes over time (i.e., progress)—for example, comparing the percentage of infants enrolled in high-quality child care programs from year to year.

OCC recently clarified that states should connect progress reporting to the measures in their CCDF Plan, but its guidance does not provide states with the information needed to develop successful performance measures. OCC revised the fiscal year 2022 progress report guidelines to clarify that states must report progress and outcomes achieved on each quality activity that they engaged in, using the measures specified in their CCDF Plan. However, these revisions do not address limitations in the measures in states' OCC-approved plans and, therefore, may not ensure states provide useful progress information to OCC. Although the CCDBG Act and CCDF regulations do not require states to develop performance measures that include specific attributes, our prior work on performance measurement has identified several important attributes that performance measures should include to effectively monitor progress and determine how well programs are achieving their goals.<sup>41</sup> Three of these—linkage to goals, clarity, and measurable targets—are considered foundational, meaning without them, other attributes are less relevant or important. Additionally, *Standards for Internal Control in the Federal Government*

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<sup>40</sup>Administration for Children and Families, Office of Planning, Research, and Evaluation, *State and Territory Child Care and Development Fund (CCDF) Investments in Early Care and Education Quality* (April 2021). This report reviewed progress reports from fiscal year 2018, including responses across the four quality activities in which most states invested.

<sup>41</sup>Our prior work established nine attributes of successful performance measures: linkage, clarity, measurable targets, objectivity, reliability, core program activities, limited overlap, balance, and government-wide priorities. See GAO, *Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures*, [GAO-03-143](#) (Washington, D.C.: Nov. 22, 2002).

emphasizes defining objectives in clear and measurable terms, for example, by using performance measures with targets, to assess progress over time and identify risk.<sup>42</sup>

Our analysis of 13 states' OCC-approved performance measures related to infant and toddler child care quality found that not all states set measures, and that these measures did not consistently include key, foundational attributes of successful performance measures.<sup>43</sup> Of the 13 OCC-approved state plans we reviewed, three states did not report performance measures for infant and toddler child care quality.

**GAO's Selected Key Attributes of Successful Performance Measures**

GAO's prior work has identified several important attributes that performance measures should include to effectively monitor progress and determine how well programs are achieving their goals. Three of these include:

- **Linkage:** aligned with division and agency-wide goals and missions, and clearly communicated throughout the organization
- **Clarity:** clearly stated, and the name and definition are consistent with the methodology used to calculate it
- **Measurable target:** has a numerical goal; that is, the measure is quantifiable or otherwise has quantifiable, numerical targets or other measurable values that permit expected performance to be compared with actual results

Source: GAO. | GAO-23-105640

Although the remaining 10 states that set performance measures generally included two of the three foundational attributes of successful measures, nearly all lacked measurable targets:

- **Linkage.** We determined that the 10 states' performance measures aligned with the goal of the quality activity, which is to ensure adequate and stable supply of high-quality child care with a qualified, skilled workforce to promote the healthy development of infants and toddlers.
- **Clarity.** Eight of the 10 states clearly stated their measures. For example, one state described measures including "the number of participants in the family child care network."

Two states did not clearly describe their measures. For example, one described measures including "the number of participants and programs reached by the quality initiative," but did not define what it considered to be "reached" by the initiative.

- **Measurable target.** One of the 10 states described measures that included measurable targets. This state set a target number of infants and toddlers enrolled in quality or high-quality programs by 2023.

The other nine states did not identify measurable targets. For example, one state included a measure related to the number of infant centers that are licensed. However, it did not specify a quantifiable goal or other measure that would allow for comparing expected performance to actual results to assess progress.

<sup>42</sup>GAO-14-704G.

<sup>43</sup>Of the 13 states with networks, five did not clearly describe the measures related to infant and toddler child care quality in their OCC-approved state plans and 12 did not include measurable targets.

Even though states may lack performance measures or have performance measures missing key attributes, OCC has not proactively helped states develop concrete, objective, observable measures that it can use to assess progress toward improving the quality of child care. According to OCC officials, the agency has not provided written guidance to states on setting performance measures because OCC believes broad guidance is less effective than individualized technical assistance given the flexibility states have in using and setting goals for CCDF quality funds. As a result, states may request technical assistance from regional and child care technical assistance officials.

By proactively taking action to improve states' performance measures, OCC will be better positioned to assess and understand how CCDF-supported quality activities—including family child care networks—are making progress to improve the quality of child care. Specifically, by providing written guidance to states on setting performance measures that include selected key attributes of successful measures, OCC could help states report information that enables OCC to assess states' progress and achieve ACF's strategic goal of using data to improve the design and delivery of its programs.

In reporting to Congress, OCC has shared descriptive information on how states used quality funds, but not evaluative information on states' progress in improving child care quality. The CCDBG Act requires OCC, among other things, to report to Congress on improving access to quality and affordable child care, and OCC's biennial reports to Congress have described the total amount of CCDF funding that states spent on quality activities and listed the most common quality activities that states engaged in. While OCC's reports have included this descriptive information, they have not included information on states' progress towards improving the quality of child care. According to OCC, agency officials have conducted limited summary analysis of states' progress reports because the CCDBG Act grants states significant flexibility in implementing and reporting on quality activities, making it difficult for OCC to summarize progress across states, though the agency is considering ways to meaningfully present summary information in the future.

Although the CCDBG Act does not require OCC to specifically report on states' progress in implementing quality activities, we have previously reported that both federal agencies and Congress need evaluative information to help them make decisions about programs they oversee—



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information that tells whether and why a program is working well or not.<sup>44</sup> In addition, *Standards for Internal Control in the Federal Government* emphasizes externally communicating quality information to achieve the agency's goals—in this case, communicating information on states' progress in improving the quality of child care to Congress.<sup>45</sup> Due to the limited information that OCC currently provides external stakeholders about the progress of quality initiatives, little is known about which efforts—including family child care networks—have met their goals or may need additional support to do so. By evaluating and reporting on progress to Congress and the public—for example, reporting the number of states that met their targets for their selected quality activities as established in their CCDF Plans—OCC could provide external stakeholders with better information to inform decision making.

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## Conclusions

Improving the quality of child care services and maximizing parents' options for high-quality child care, such as family child care, are among the key purposes of the CCDF program. In particular, parents who work nontraditional hours, have infants and toddlers, live in rural areas, or do not primarily speak English are likely to depend on family child care, according to ACF.<sup>46</sup>

States have recently spent over \$2 billion on activities to improve child care quality, such as family child care networks. However, little is known about whether quality activities supported by CCDF are advancing the quality of child care, because OCC lacks useful state-level data and has not assessed and reported on states' progress towards goals. Although OCC approves states' CCDF Plans containing performance measures and collects performance information, we found that states have not consistently developed and reported on performance measures that reflect key, foundational attributes, thereby hindering OCC's ability to assess progress. By providing written guidance to states, OCC could receive more useful information about states' progress, and would be better positioned to inform Congress on whether states spent CCDF

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<sup>44</sup>GAO, *Program Evaluation: Key Terms and Concepts*, [GAO-21-404SP](#) (Washington, D.C.: Mar. 22, 2021).

<sup>45</sup>[GAO-14-704G](#).

<sup>46</sup>Department of Health and Human Services, *Addressing the Decreasing Number of Family Child Care Providers in the United States*.

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funds on projects that advanced the quality of child care for families. Improved information could help Congress and other external stakeholders, such as state officials, as they seek to improve access to and quality of child care for all children, including those from families with lower incomes.

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## Recommendations for Executive Action

We are making the following two recommendations to OCC:

The Director of OCC should provide written guidance to states on developing performance measures for CCDF quality activities that reflect appropriate attributes of successful performance measures, such as linkage to goals, clarity, and measurable targets. (Recommendation 1)

The Director of OCC should assess and report to Congress and the public on states' progress in improving the quality of child care. For example, OCC could provide Congress with the number of states that met their targets for their selected quality activities as established in their CCDF plans. (Recommendation 2)

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## Agency Comments and Our Evaluation

We provided a draft of this report to HHS for review and comment. In its comments, which are reproduced in appendix II, HHS concurred with our recommendations and described steps that OCC plans to take to implement them. Specifically, HHS said that OCC will further support more effective performance measures by providing training and technical assistance to grant recipients on how to develop effective benchmarks and performance measures that include goals, clarity, and measurable targets. In addition, HHS said that OCC will explore strategies for conducting analysis and reporting to Congress on states' progress toward setting and achieving meaningful quality improvement goals, using available data and resources from existing administrative data collections.

HHS also provided technical comments, which we incorporated, as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate

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**Letter**

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congressional committees, the Secretary of Health and Human Services, and other interested parties. In addition, the report will be available at no charge on the GAO website at <https://www.gao.gov>.

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If you or your staff have any questions about this report, please contact me at (202) 512-7215 or [larink@gao.gov](mailto:larink@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

A handwritten signature in black ink, reading "Kathryn A. Larin". The signature is written in a cursive style with a large, prominent initial "K".

Kathryn A. Larin, Director  
Education, Workforce, and Income Security Issues

# Appendix I: Methodology for Survey of Family Child Care Networks

The following methodology pertains to this report's objective to examine characteristics of family child care networks supported by the Child Care and Development Fund (CCDF), including their other sources of funding, service population, and services. See report pages 2-4 for information about methodologies for the other two objectives.

To describe the characteristics of family child care networks supported by CCDF, we surveyed 142 networks. The survey asked about topics such as the networks' structures, staffing, participating providers, funding sources, and services.

The survey used the following terms when referring to relevant entities:

- *Family child care network.* An entity that has a direct agreement with a state agency to administer services to a group of associated family child care providers and has at least one paid staff person who helps the providers to manage their businesses, enhance their quality, or both.
- *Family child care provider.* A broad category of home-based providers that includes both licensed or regulated family child care providers and license-exempt family, friend, and neighbor care providers.
- *Licensed or regulated family child care provider.* A provider that is legally regulated or licensed by a state or local public agency to care for children in a private residence other than the child's own residence.
- *License-exempt family, friend, and neighbor care provider.* A provider that is typically exempt from licensing and regulations because they care for relatives or a small number of children.
- *Child care center.* A provider that cares for children in a non-residential setting.

**Survey population.** Thirteen states reported using CCDF to fund a total of 142 networks as of March 2022, according to information we obtained from CCDF state administrators.<sup>1</sup>

For all 50 states and the District of Columbia, we emailed the CCDF administrators to request information on family child care networks they supported with CCDF funds through direct agreement with a centralized hub or community agency as of March 2022. We obtained responses from all states except Hawaii.<sup>2</sup> In cases where the state provided a high-level contact—such as a school district superintendent—we reached out to the organization to clarify who should receive the survey.

We sent surveys to all 142 networks the states reported funding through CCDF. We received complete responses from 116 networks, representing a response rate of 82 percent (116 out of 142).

States fund different numbers of networks, and, therefore, our results may be more reflective of networks in states with more networks—such as California and Massachusetts. Table 1 shows the number of networks that responded to the survey by state.

**Table 1: Number of Family Child Care Network Survey Respondents, by State**

State	Number of networks	Number of responding networks
California	59	45
Massachusetts	38	34
Oregon	15	12
Connecticut	14	10
Utah	6	6
Alabama, Arkansas, District of Columbia, Illinois, Kentucky, Nevada, Tennessee, Texas <sup>a</sup>	10	9
<b>Total</b>	<b>142</b>	<b>116</b>

Source: GAO analysis of data from state Child Care and Development Fund (CCDF) administrators and GAO survey of family child care networks. | GAO-23-105640

<sup>1</sup>States initially reported 147 networks to us. We later removed five networks from our population after learning from network staff that they did not meet our definition of a family child care network, leaving 142 networks as in scope for our study.

<sup>2</sup>According to data from the Administration for Children and Families, Hawaii did not support family child care networks through CCDF in fiscal year 2021, the most recent data available.

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<sup>a</sup>We grouped these states because each state has fewer than five networks. We received responses from seven of these eight states.

Based on the response rate of 82 percent, we determined that the results of the survey were reliable for our purposes of providing a descriptive analysis of the 116 responding networks. The results are not generalizable to all 142 networks we identified.

**Survey development and implementation.** To ensure that the survey was designed and worded to collect accurate and consistent information across networks, we conducted pretests with four networks in different states. We also peer reviewed the survey with an outside expert on family child care networks. We revised the survey based on feedback from the pretests and peer review.

We administered the web-based survey to networks from June to August 2022.

We emailed or called all survey recipients who had not submitted the survey by the date requested.

We conducted this performance audit from January 2022 to May 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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# Appendix II: Comments from the Department of Health and Human Services



**Appendix II: Comments from the Department  
of Health and Human Services**



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF THE SECRETARY

Assistant Secretary for Legislation  
Washington, DC 20201

April 20, 2023

Kathryn A. Larin  
Director, Education, Workforce, and Income Security Issues  
U.S. Government Accountability Office  
441 G Street NW  
Washington, DC 20548

Dear Ms. Larin:

Attached are comments on the U.S. Government Accountability Office's (GAO) report entitled, "***FAMILY CHILD CARE NETWORKS: Actions Needed to Better Assess Quality Improvement Efforts***" (GAO-23-105640).

The Department appreciates the opportunity to review this report prior to publication.

Sincerely,

*Melanie Anne Egorin*

Melanie Anne Egorin, PhD  
Assistant Secretary for Legislation

Attachment

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**Appendix II: Comments from the Department  
of Health and Human Services**

**GENERAL COMMENTS FROM THE DEPARTMENT OF HEALTH & HUMAN SERVICES ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED: FAMILY CHILD CARE NETWORKS: ACTIONS NEEDED TO BETTER ASSESS QUALITY IMPROVEMENT EFFORTS (GAO-23-105640).**

The U.S. Department of Health & Human Services (HHS) appreciates the opportunity from the Government Accountability Office (GAO) to review and comment on this draft report.

**Recommendation 1**

The Director of OCC should provide written guidance to states on developing performance measures for CCDF quality activities that reflect appropriate attributes of successful performance measures, such as linkage to goals, clarity, and measurable targets.

**HHS Response**

HHS concurs with GAO's recommendation.

States currently identify and provide performance measures in their 3-year Child Care and Development Fund (CCDF) Plans and can revise these measures during their 3-year plan period. States also have flexibility to define performance measures that meet the needs of children and parents within the state. Therefore, it would be a challenge to establish common performance measures across states.

The Administration for Children and Families' Office of Child Care (OCC) collects data and tracks progress towards measures set in individual CCDF plans through states' annual quality progress reports, which requires grant recipients to report progress on measures the state specified for each quality activity. OCC also requests that states include examples and numeric targets where possible in progress updates for each quality activity. OCC will further support more effective performance measures by providing training and technical assistance to grant recipients on how to develop effective benchmarks and performance measures that include goals, clarity, and measurable targets. It is important to note that neither the Child Care Development Block Grant (CCDBG) Act nor CCDF regulations require states to develop performance measures that include specific attributes.

**Recommendation 2**

The Director of OCC should assess and report to Congress and the public on states' progress in improving the quality of child care. For example, OCC could provide Congress with the number of states that met their targets for their selected quality activities as established in their CCDF plans.

**HHS Response**

HHS concurs with GAO's recommendation.

HHS concurs that it would be beneficial for OCC to review and analyze the data available on the progress of CCDF grant recipients in meeting their targets for selected quality activities across states, and report in a meaningful way to Congress. However, it is important to note the example GAO cited—for OCC to provide Congress with the number of states that met their targets for their selected quality activities established in their CCDF Plans—is not likely to result in meaningful information and could lead to unintended consequences. This is because the number of states meeting their targets is not necessarily a material measure of progress in improving

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**Appendix II: Comments from the Department  
of Health and Human Services**

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**GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED: HIGH-CONTAINMENT LABORATORIES: IMPROVED OVERSIGHT OF DANGEROUS PATHOGENS NEEDED TO MITIGATE RISK (GAO-16-642)**

quality since some states may set targets that are easily met, while others may set challenging targets. Judging states on whether they meet their own self-established targets may incentivize them to choose easier targets—which may result in less ambitious efforts to improve quality. It would also not be appropriate for OCC to approve or disapprove targets given that CCDF is a block grant. In addition, given the wide variation in state circumstances and the limited requirements on quality activities and progress benchmarks required by CCDBG, OCC does not have sufficient information to assess whether a state's targets are set at the right level nor each state's progress in improving the quality of child care. As an alternative, OCC will explore strategies for conducting analysis and reporting to Congress on states' progress toward setting and achieving meaningful quality improvement goals, using available data and resources from existing administrative data collections.

# Accessible Text for Appendix II: Comments from the Department of Health and Human Services

April 20, 2023

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U.S. Government Accountability Office  
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Sincerely,

Melanie Anne Egorin, PhD  
Assistant Secretary for Legislation

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#### Recommendation 2

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## Appendix III: GAO Contact and Staff Acknowledgments

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### GAO Contact

Kathryn A. Larin, (202) 512-7215 or [larink@gao.gov](mailto:larink@gao.gov)

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### Staff Acknowledgments

In addition to the contact named above, Danielle Giese (Assistant Director), Caroline DeCelles (Analyst in Charge), MacKenzie Cooper, and Rachel Weingart made significant contributions to this report. Also contributing to this report were James Ashley, Michael del Campo, Ranya Elias, Justin Gordinas, Kirsten Lauber, Avani Locke, Abinash Mohanty, Jessica Orr, James Rebbe, Meg Sommerfeld, Curtia Taylor, and Adam Wendel.

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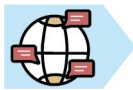
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