Establish communication processes that quickly inform partners about eligibility changes to ensure that partnering programs can promptly address families’ changing needs, preserve continuity of care, and maintain funding to sustain the partnership.

Pursue alternative resources that can be used to temporarily stand in for lost child care subsidies when families lose eligibility.

End Notes


About the brief
This brief on early care and education partnerships is the second in a series produced by the Center for Children and Families (CC&F). Ellen Kiron, Senior Research Associate, has been analyzing policy and management issues related to children’s services at a variety of public, non-profit and for-profit organizations for more than a decade. She earned her Masters Degree in Public Policy and Administration from Columbia University.

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Across the country, a growing number of local early care and education providers—child care centers, in-home care providers, Head Start programs, and prekindergarten (preK) programs—are working together in partnerships to improve family access to high-quality care and to support children’s school readiness. Through partnership, local providers maximize the strengths of different, publicly-funded early care and education programs by blending funds from multiple sources.

Providers tend to use three public funding streams for service delivery. Child care centers serving low-income children rely on the Child Care and Development Fund (CCDF), public school and prekindergarten programs use preK funds, and Head Start providers use federal Head Start funds. When providers form partnerships, they blend these funds and tailor partnership services to meet their unique, local programming goals.

Recent studies by early care and education researchers point to the critical and challenging nature of financial management for partnerships. They note the importance for each early education provider to have the skill and capacity to understand various public funding streams that operate within distinct systems. To understand early education partnerships across the country, researchers at the Center for Children & Families (CC&F) analyzed qualitative data and issued a report in April 2003. The report describes state and local issues affecting partnerships and describes the role of finance in partnerships.

This research brief summarizes the finance-related findings of the CC&F researchers’ full report. (It also draws from the researchers’ preliminary data on child care-Head Start partnerships collected from a sample of 78 Ohio child care centers partnering with Head Start.)
Finance Strategies
To overcome challenges inherent in blending multiple funding streams, providers recommend the following strategies:

- Understand funding systems and programs before agreeing to a partnership's financial terms.
- Include federal and state funders in the planning process.
- Address child care eligibility redetermination requirements.
- Develop contingency plans to address changes in child care eligibility and enrollment fluctuations.
- Revisit financial terms of the partnership agreement regularly.
- Finance Opportunities
Providers in partnership can gain additional resources to meet a partner's heightened standards.

Partnering providers can gain additional resources through partnership. Providers reported that they can gain additional resources by receiving a flat rate per child from the partner, by in-kind support, staff support and services, or a combination of all three. For example, some child care-Head Start partnerships, the child care provider receives a dollar amount per child from a Head Start program in addition to accessing the full child care subsidy from the state/county. (In some states providers can receive the full amount from the various funding streams.) Child care partners reported that Head Start funds are used to cover the costs of enhanced services, such as teacher home-visits, medical and social services, or teacher professional development. In other partnerships, Head Start programs employ a teacher who works in the child care partner's classrooms, offer child care teachers professional development opportunities, or purchase materials, supplies, and/or equipment for child care partners.

Fiscal knowledge of CCDF, preK, and Head Start can be critically important in meeting new standards. A major challenge partnerships in which a child care center partners with Head Start, agreeing on the amount of Head Start funds that the child care partner will receive to meet new standards adds further complications to accurately estimating costs and income. Unlikely Head Start, public child care income eligibility, parent co-payment, and funding practices are determined by each state and or county. Child care providers that care for subsidy-eligible children are typically reimbursed 45-60 days after service delivery through a voucher/contract system. In addition to vouchers/contracts, states have the option of disbursing funds through grants or contracts, but the vast majority of children receive funding through vouchers. Payment rates are based on either hourly, daily, or weekly, part-time or full-time rates. States also determine how often to assess a family's eligibility ranging from every month to a year. The subsidy covers partial costs of care; most families who receive child care subsidies pay co-payments.

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Fiscal knowledge of CCDF, preK, and Head Start can be critically important in meeting new standards. A major challenge in blending multiple funding streams is to ensure that all of the partners provide high-quality services. Child care, Head Start, and preK professionals are often not familiar with each funding stream’s eligibility criteria and reimbursement processes. Many providers reported that timeframes linked with grant processes often inhibited mastery of a partner’s program details and...
providers. In pursuing partnerships to promote full-day, full-year early education for working families, providers and states encounter and work through the following issues.

Different eligibility and reimbursement criteria from each funding stream can create challenges in planning and managing finances. Providers noted that different eligibility and reimbursement criteria of the Head Start, child care, and preK programs can create challenges. Nonetheless, providers who understand these differences from the outset are more prepared to ensure financial stability and continuity of care for children in the partnership. The eligibility and reimbursement criteria are described briefly in the box below.

Finance Opportunities

In the current era of multiple funding streams, providers can gain additional resources to meet a partner’s heightened standards.

Partnering providers can gain additional resources through partnership. Providers reported that they can gain additional resources by receiving a flat rate per child from a partner, by in-kind support, staff support and setting aside funds for a certain purpose. For example, some child care/Head Start partnerships, the child care provider receives a dollar amount per child from a Head Start program in addition to accessing the full child care subsidy from the state/count. In some states providers can receive the full amount from the various funding streams. Child care partners reported that Head Start funds are used to cover the costs of enhanced services, such as teacher home-visits, medical and social services, or teacher professional development. In other partnerships, Head Start programs employ a teacher who works in the child care partner’s classrooms, offer child care teachers professional development opportunities, or purchase materials, supplies, and/or equipment for child care partners.

Fiscal knowledge of CCDF, preK, and Head Start can be critically important in meeting new standards. A main reason is that different eligibility requirements, funding policies, and programmatic requirements of an individual program and funder.

Finance Strategies

To overcome challenges inherent in blending multiple funding streams, providers recommend the following strategies:

• Understand funding systems and programs before agreeing to a partnership’s financial terms.

• Include federal and state funders in the planning process.

• Address child care eligibility redetermination requirements.

• Develop contingency plans to address changes in child care eligibility and enrollment fluctuations.

• Revisit financial terms of the partnership agreement and modify as needed.

• Provide child care subsidy co-payment policies early in the development of the partnership.

• Include fee collection procedures in Head Start’s parent handbook and discuss them with the Parent Policy Council and at parent and staff orientations.

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• Create systems at the outset to track and report on funds and services.

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• Establish communication processes that quickly inform partners about eligibility changes to ensure that partnering programs can promptly address families’ changing needs, preserve continuity of care, and maintain funding to sustain the partnership.

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Methodology

For this study, CC&F researchers defined partnership as two or more early education providers blending funding sources or resources to enhance services and/or provide full-day, full-year services for children and families.

Researchers analyzed qualitative data from a convenience sample that represents over 200 providers in partnerships from 36 states, Puerto Rico, a tribal nation, and each federal region in the country. The sample was selected to ensure a broad range of perspectives including partnerships that represent an array of programs, communities, program sizes, target populations, funding sources, and partnership settings.

Researchers analyzed interview data to identify emerging themes related to finance—providers’ motivation to partner, competence, strategies, and lessons learned. The research was designed to ensure methodological soundness in its control for biases and in the way it meets the criteria for credibility, transferability, dependability, and confirmability.

Researchers triangulated the themes that emerged among providers in partnerships and convened review groups of local early childhood professionals, technical assistance providers, researchers, and policy makers to review the accuracy of the findings.

In addition, researchers used preliminary data from a randomly selected sample of 78 child care centers in partnership with Head Start. Through telephone interviews, directors from these centers provided data in 2002 on financing mechanisms and practices.

Finance Issues

Leaders at the U.S. Department of Education, Department of Health, and Department of Health and Human Services encourage programs and states to find ways to blend resources. Many states have successfully put forth policies that encourage partnering among local

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