

Home-Based Child Care: A Key to Keeping the Pennsylvania Workforce and Economy Strong

Policy solutions must support the mixed delivery child care system, including family child care



Acknowledgements

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21%
**of certified child
care settings in
Pennsylvania are
home-based**

Summary

Home-based child care (HBCC) is a critical part of Pennsylvania's child care system that supports working families and our overall economy. HBCC is particularly important for infants and toddlers, children from families with low incomes, and those living in rural areas. Parents choose HBCC for various reasons, including availability, affordability, trust, and flexibility to accommodate non-traditional work schedules. Paid HBCC generates \$167 million in revenue in Pennsylvania annually, as well as spillover economic activity in other sectors. However, HBCC also faces several challenges, and the number of family child care homes has dropped 32 percent in recent years in Pennsylvania, contributing to the overall shortage of child care, particularly for infants. The pandemic has posed an additional, significant threat to HBCC and the entire child care industry. Given HBCC's vital role in supporting our state's workforce and

economy, it is critical that Pennsylvania policymakers develop and enhance supports for home-based child care.

Types of home-based child care

Providers of HBCC can be categorized in various ways. The National Survey of Early Care and Education (NSECE), a large, nationally representative study, distinguishes home-based providers by whether they are paid or unpaid, and whether they are listed (i.e. on a state or federal registry) or unlisted.¹

Another common classification of HBCC providers examines whether the provider has a prior relationship with the children in care.² Those with prior relationships are categorized as family, friend, and neighbor (FFN) child care providers. Some FFN providers receive payment for providing care; many do not.

Family child care is another category of HBCC, typically used to describe providers who are paid and provide care to at least one

child with whom they had no prior relationship. These family child care providers are small businesses.³

Why do parents choose home-based child care?

Although there is little in-depth research examining why parents choose HBCC, survey data from the National Survey of Early Care and Education (NSECE) provides some insights. Parents rate FFN and family child care higher on *nurturing*, *affordability*, and *flexibility*, when compared to center-based care.⁴ Families may choose HBCC for a variety of reasons, including:⁵

- **Flexible operating hours** to accommodate non-traditional work schedules
- **Less expensive**
- **Availability**, especially for infants and toddlers
- **Home-like environment**
- **Small group size**
- **Mixed-age groups** allow siblings to stay together
- **Consistent caregiver**
- **Trust of caregiver**
- **Shared language, culture, values, child rearing practices**

Home-based child care contributes to Pennsylvania's economy

HBCC serves as an essential workforce support that allows Pennsylvania parents to go to work and support their families or to go to school and increase their future earning potential. HBCC is particularly important for working families with infants and toddlers⁶ and for children from families with low incomes.⁷ Families in rural areas also rely heavily on

Types of home-based providers in Pennsylvania



Family child care homes

- One caregiver who provides care and education for three to six children who are not related to them in a home setting that is state certified by the Office of Child Development and Early Learning (OCDEL).
- Paid; eligible for subsidies

Group child care homes

- Care and education provided for up to 12 children in a home (or commercial setting) that is state certified by the Office of Child Development and Early Learning (OCDEL).
- Paid; eligible for subsidies

Relative care

- One caregiver who provides care and education for no more than three related children in a home setting who may be eligible for subsidy reimbursement.

https://tryingtogether.org/wp-content/uploads/2020/11/Infographic_Poster_letter-2020-10_FIN-1.pdf

HBCC, especially for their preschoolers.⁸ Moreover, HBCC contributes to the state and national economy in other ways. The Committee for Economic Development examined the economic impact of *paid* child care only and found that paid HBCC generated \$167 million in revenue in Pennsylvania in 2016.⁹ In addition, HBCC produced spillover economic activity in other sectors, as providers purchase goods and services, both for their child care businesses and for their own families, from their earnings.

Benefits and challenges of home-based child care

As noted above, HBCC has several benefits and is highly valued by many Pennsylvania families. HBCC is typically more affordable and more available than center-based care, especially for infants and toddlers. Flexible operating hours can accommodate parents' nontraditional work schedules. HBCC offers small groups of mixed-age children, allowing siblings to stay together. Providers are often trusted members of the parents' community, sharing language, culture, and values.

HBCC also faces several challenges, however.¹⁰ Providers can be isolated, working alone with few supports. Providing care can be stressful, with long hours, difficult work, and low pay. Moreover, many providers have other jobs and must balance caregiving with these other responsibilities. Providers often face difficulties managing the business aspects of providing care like licensing and certification procedures / requirements, and accounting. HBCC providers also typically lack benefits such as sick leave, health insurance, and retirement accounts. Partially as a result of these challenges, the number of family child care homes has dropped 32 percent across Pennsylvania in recent years.¹¹ Given the overall shortage of child care, particularly for infants, this decrease in HBCC availability is problematic.

Child care challenges also have economic impacts. A U.S. Chamber of Commerce Foundation study examining child care challenges in Pennsylvania described the dire economic consequences: a combined, staggering annual loss of \$3.47 billion, both in tax revenue and to employers' bottom line due to employee absences and turnover.¹²

There is little consensus on how best to assess quality in home-based settings. However, researchers note that existing measures, like quality rating and improvement systems (QRIS), having been developed for center-based or other formal settings, may not adequately capture quality in HBCC.¹³ Data on care that is not listed on state registries is particularly scarce. While some studies have pointed to HBCC having lower quality than center-based care,¹⁴ others report that the findings are mixed, depending on how quality is measured. In Pennsylvania, all certified family child care homes participate in the commonwealth's QRIS, the Keystone STARS program.¹⁵ The majority of family child care homes (72 percent) have STAR 1 ratings, indicating that they have received a certificate of compliance. Only six percent of family child care homes have attained the highest (STAR 4) rating.¹⁶ HBCC providers often have less resources and funding which makes it more difficult to move up or maintain quality in Keystone STARS. The heart of any early childhood program is the relationship between the caregiver and the child, as relationships are the context in which development and learning occur.¹⁷ The small group size in HBCC can foster warm, loving adult-child relationships. It is critical that studies of HBCC assess this aspect of quality as well as other aspects in which HBCC is likely to be strong.

Support for home-based child care providers is critical

Given its vital role in the child care ecosystem as an essential resource for many Pennsylvania working parents, it is critical that policymakers develop and enhance programmatic supports for home-based child care.

Unfortunately, child care policies have often either ignored or actually created barriers for HBCC.¹⁸ Recently, however, across the nation, a range of initiatives have been developed to support HBCC providers. These efforts fall into two categories: those focused on *quality caregiving* and those focused on *sustainability*.¹⁹ In the former are individualized home visits focused on coaching, consultation, and mentoring around provider-child interactions. Also included in this category are group supports including training, professional development, and peer networks. In the latter category focused on sustainability are material supports (grants, lending libraries, etc.) and administrative supports (aid with business practices, help navigating regulatory systems, assistance with home improvements, etc.). Available studies provide some evidence of the effectiveness of these approaches, particularly when used in combination.

Shared Services Networks offer HBCC providers a range of services to improve both quality and sustainability, including operational assistance (e.g. in navigating licensing, subsidies, and QRIS), professional development (on child development, curriculum, business practices, etc.) and peer support. Groups of providers can purchase benefit packages, including health insurance, at competitive rates. These networks exist in 39 states, including Pennsylvania.²⁰ Only two

studies of networks exist to date, but both found that they increased the quality of care of participating providers.²¹

To further support HBCC in Pennsylvania, policymakers should:

- 1) **Enhance mentorship** for home-based child care providers;
 - a) Institutionalize a state-level hub connected to the ELRC system (staffed by individuals with experience/expertise in quality home-based child care) for home-based providers to implement quality supports;
- 2) **Revise Keystone STARS standards** to recognize key differences among home-based providers and ensure that high-quality home-based providers can more readily become rated as high-quality;
- 3) **Increase compensation** (wages/benefits), cover the actual cost of high-quality care through rates and reform the reimbursement rates for home-based high-quality care;
- 4) **Consider policies and funding** that will help stabilize the budgets of HBCC providers, such as participation in Infant Toddler Contracted Slots;
- 5) **Engage in public education** and promotion efforts statewide on the importance of high-quality child care across all settings.

Conclusion

Given its essential role in supporting working parents, home-based child care provides an invaluable contribution to Pennsylvania's economy. In the aftermath of the COVID-19 pandemic, HBCC could become an even more popular choice among parents, with its small group size. Any policy solutions aimed at stabilizing the sector and improving access to and quality of child care must consider the needs of home-based providers of all types and the families they serve. Sustaining and building on this essential component of the mixed delivery system is crucial.

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