

State and Territory Child Care and Development Fund (CCDF) Investments in Early Care and Education Quality

Van-Kim Lin and Kelly Maxwell | Child Trends
OPRE Report #2021-63
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Introduction

The Child Care and Development Block Grant (CCDBG) Act of 2014 and the Child Care and Development Fund (CCDF) Final Rule approved in 2016 outlined major policy changes in four areas: (1) health and safety, (2) consumer education, (3) equal access to high-quality care for children in families with low-incomes, and (4) quality improvement and support for the workforce.¹ The Consolidated Appropriations Act, 2018 approved a significant increase in CCDF funding to support the implementation of these changes.

CCDF has historically required lead agencies to spend a portion of their full CCDF award (including Discretionary, Mandatory, and Federal and State Matching funds) on quality improvement activities (commonly referred to as the *quality set-aside*). The Final Rule added provisions that gradually increased the quality set-aside from four percent to nine percent over a five-year period (fully effective by Fiscal Year [FY] 2020) for states and territories. Based on an analysis of FY 2012 expenditure data, 39 states and territories were already spending over 9 percent on quality when the Final Rule was published.² Additionally, the Final Rule required states and territories to invest another three percent of their full CCDF award on improving the supply and quality of care for infants and toddlers (commonly referred to as the *infant-toddler set-aside*) as of FY 2017.

The CCDBG Act of 2014 and the Final Rule required lead agencies to fund at least one of the following ten activities aimed at improving the quality of child care services (referred to as *quality activities*)³:

- Activity 1: Supporting the training, professional development, and postsecondary education of the child care workforce as part of a progression of professional development. Throughout this report, we refer to this activity as *workforce training and PD*.
- Activity 2: Improving upon the development or implementation of the early learning and development guidelines. Throughout this report, we refer to this activity as *early learning and development guidelines*.
- Activity 3: Developing, implementing, or enhancing a tiered quality rating and improvement system for child care providers and services to meet consumer education requirements. Throughout this report, we refer to the quality rating and improvement system portion of this activity as *QRIS*.
- Activity 4: Improving the supply and quality of child care programs and services for infants and toddlers. Throughout this report, we refer to this activity as *infant and toddler supply and quality*.
- Activity 5: Establishing or expanding a statewide system of child care resource and referral (CCR&R) services. Throughout this report, we refer to this activity as *CCR&R*.

This report is published as a part of the *Initial Effects of Child Care Reauthorization on Child Care Markets* project. The goal of the project is to understand early effects and implementation issues related to new policy requirements from the CCDBG Act of 2014.

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¹ For more information on changes made in the CCDBG Act of 2014, see https://www.acf.hhs.gov/sites/default/files/documents/occ/ccdf_final_rule_fact_sheet.pdf.

² Child Care and Development Fund Program, 45 C.F.R. 67567 (September 30, 2016).

³ Child Care and Development Fund Program, 45 C.F.R. § 98.53 (September 30, 2016).

- Activity 6: Facilitating compliance with lead agency requirements for inspection, monitoring, training, and health and safety standards. Throughout this report, we refer to this activity as *compliance of health standards*.
- Activity 7: Evaluating and assessing the quality and effectiveness of child care programs and services offered, including evaluating how such programs positively impact children. Throughout this report, we refer to this activity as *child care evaluation and assessment*.
- Activity 8: Supporting child care providers in the voluntary pursuit of accreditation by a national accrediting body with demonstrated, valid, and reliable program standards of high-quality. Throughout this report, we refer to this activity as *supporting accreditation*.
- Activity 9: Supporting lead agency or local efforts to develop high-quality program standards relating to health, mental health, nutrition, physical activity, and physical development. Throughout this report, we refer to this activity as *high-quality standards for health activities*.
- Activity 10: Carrying out other activities, including implementing consumer education provisions, determined by the lead agency to improve the quality of child care services provided, and for which measurement of outcomes related to improved provider preparedness, child safety, child well-being, or kindergarten entry is possible. Throughout this report, we refer to this activity as *other activities*.

The CCDBG Act of 2014 also required states and territories to report how they invest in quality activities as well as how they measure progress to improve quality. In CCDF Plans,⁴ states and territories prospectively report plans for investing in each of these quality activities for the next three-year period (*planned investments*). The plans only distinguish between investments that are covered by CCDF and non-CCDF funding. The Office of Child Care (OCC) reviews these plans as part of its process to determine state and territory compliance with the Final Rule.

The Quality Progress Reports (QPR) is an annual report in which lead agencies provide information about how they used funding and measured progress for each of the quality activities to increase access to high-quality child care. In the QPR, states and territories retrospectively report whether they used any of three funding sources in the past fiscal year (i.e., CCDF quality set-aside funds, non-CCDF funds, or some of the increased CCDF funds from the Consolidated Appropriations Act, 2018) to support each of the quality activities (*reported investments*).⁵ When states and territories report use and percentage of quality set-aside funds invested for each quality activity, the QPR does not ask lead agencies to distinguish between the quality set-aside and the infant-toddler set-aside except for when they report the funding percentages for infant and toddler supply and quality (activity 4). Thus, we assume that responses for all other quality activities may include both types of CCDF funds.

States and territories also describe how they are measuring progress in each of the ten quality activities in the QPR. The QPRs act as status reports and are not used by OCC for determining compliance with the Final Rule.⁶ Data from CCDF Plans and QPRs offer a glimpse into the degree to which planned investments match later reported investments and how states and territories prioritized investing in various quality activities (see Figure 1 for alignment of reported funding sources across federal reports).

⁴ For more information about CCDF Plans, see <https://www.acf.hhs.gov/occ/plans>.

⁵ For more information about Quality Progress Reports, see <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2019-09>

⁶ The Office of Child Care uses annual Financial Reports (ACF-696) to assess compliance with quality set-aside and infant-toddler set-aside percentages. Data from the FY 2018 Financial Reports (ACF-696) were not available at the time of analysis.

Figure 1. Funding sources included in analyzed CCDF Plans and QPR

| | CCDF funds | | | Non-CCDF funds (unspecified) |
|---------------------|-------------------|--|------------------------------------|------------------------------|
| | Any (unspecified) | Quality set-aside (including infant-toddler set-aside unless otherwise stated) | Expectation to use increased funds | |
| 2016-2018 CCDF Plan | | | | |
| 2018 QPR | | | | |
| 2019-2021 CCDF Plan | | | | |

This report aims to answer the following questions, summarize findings from analyses conducted in November 2019, highlight gaps in the available information on quality investments, and offer implications for future research.

- 1) What were states’ and territories’ planned and reported investments in quality activities?
- 2) How did states and territories report measuring progress to improve quality?

State and Territory Quality Investments Analysis

Data sources, analysis, and findings are presented separately for each of the two questions.

Question 1. What were states’ and territories’ planned and reported investments in quality activities?

Data Sources and Elements

To understand states’ and territories’ approaches to investing in at least one of ten quality activities, we analyzed information reported by states and territories about their plans to invest and their reported investments from three time periods (Figure 2). First, we analyzed data from CCDF Plans to understand states and territories’ plans to invest in quality activities.

- **Fiscal Year 2016-2018 CCDF Plan.** In September 2015, states and territories provided plans for administering CCDF between October 1, 2015 and September 30, 2018. They reported whether they planned to invest in eight of ten quality activities.⁷ These data illustrated states’ and territories’ planned investments in quality immediately following reauthorization. These responses were coded as “Yes” (the lead agency planned to invest CCDF or non-CCDF funds) or “No” (the lead agency did not plan to invest CCDF or non-CCDF funds).

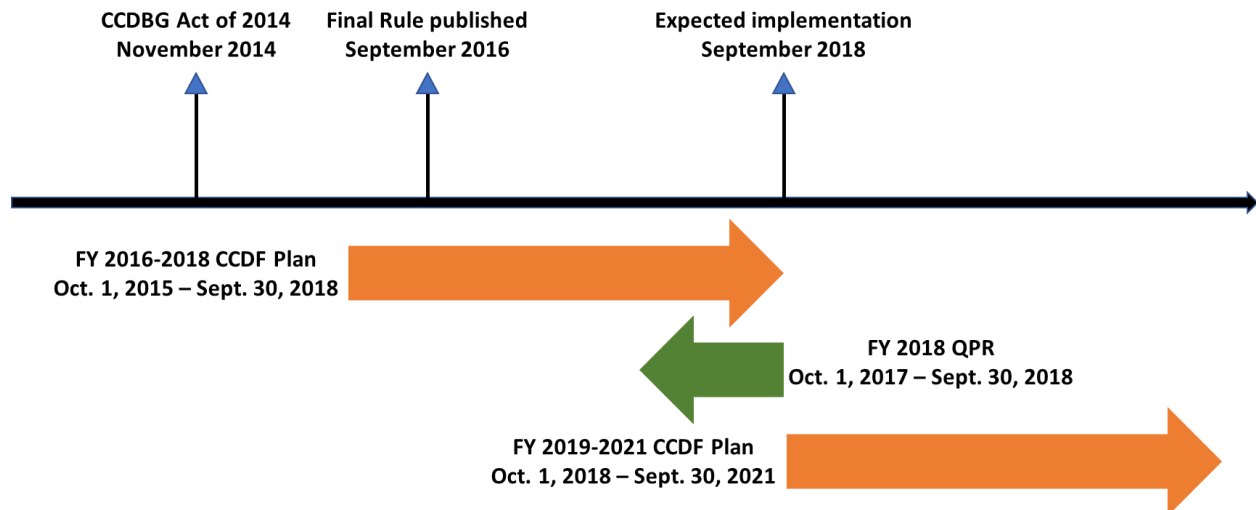
⁷ States and territories responded in Section 7.1.2 where they indicated whether they would be investing in each quality activity. The FY 2016-2018 CCDF Plan did not ask about workforce training and PD (activity 1) and early learning and development guidelines (activity 2).

- **Fiscal Year 2019-2021 CCDF Plan.** In September 2018, states and territories provided plans for administering CCDF between October 1, 2018 and September 30, 2021. They reported whether they planned to invest in ten quality activities over the three-year period.⁸ These responses were coded as “Yes” (the lead agency planned to invest CCDF or non-CCDF funds) or “No” (the lead agency did not plan to invest CCDF or non-CCDF funds).

Next, we analyzed data from Quality Progress Reports (QPR) to compare states’ and territories’ reported investments with their planned investments.

- **Fiscal Year 2018 QPR.** In May 2019,⁹ states and territories reported in the FY 2018 QPR about activities conducted between October 1, 2017 and September 30, 2018. These data described reported investments in quality for each of the ten quality activities.¹⁰ States reported whether they used CCDF quality set-aside funds (and the estimated percentage of set-aside funds spent), and increased CCDF funds from the Consolidated Appropriations Act 2018 and/or non-CCDF funds for each of the ten quality activities. These responses were coded as either “Yes” (the lead agency used this funding source) or “No” (the lead agency did not use this funding source), or “Not Applicable.”¹¹

Figure 2. Timeline of CCDBG milestones and reporting requirements



Analysis

By examining financial investments, we can understand how states and territories aimed to improve the quality of the child care system through the types of activities they financially supported.

Because states and territories can blend funding sources to support quality activities, we first determined whether states or territories made any investments in the quality activities, regardless of funding source (Table 1). In the FY 2016-2018 and the FY 2019-2021 CCDF Plan, we calculated the number and percentage of states and territories that responded “Yes” to the question about planning to invest either

⁸ States and territories responded in Section 7.2.1 Use of Quality Funds about whether they used “any CCDF funds” or “non-CCDF funds” for each quality activity in the FY 2019-2021 CCDF Plan.

⁹ Lead agencies were given additional time to complete the FY 2018 QPR. For more information on guidance offered to lead agencies for submission, see <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2019-01>.

¹⁰ States and territories responded in Sections 2.10, 3.2, 4.12, 5.7, 6.3, 6.4, 7.5, 8.3, 9.2, 10.2, and 11.2 about whether the “state or territory [spent] CCDF quality set aside funds; non-CCDF funds; or expected to use at least some of the increased CCDF funds from the Consolidated Appropriations Act, 2018.”

¹¹ For some quality activities, such as enhancing a tiered QRIS, responses may be coded as “Not Applicable” if the state or territory did not have a QRIS.

CCDF funds or non-CCDF funds in each quality activity. In the FY 2018 QPR, we calculated the number and percentage of states and territories that responded “Yes” to the question about reported investments across any of the three funding sources (i.e., quality set-aside, increased CCDF funds, or non-CCDF funds).¹² Then, we compared the number and percentage of states that planned to invest and whether they reported investing in each of the ten quality activities (Table 2).

Next, we analyzed states’ and territories’ reported investments in each of the ten quality activities by funding source from the FY 2018 QPR to understand how states were blending reported funding sources (Table 3 and 4). When states and territories indicated that they used CCDF quality set-aside funding, they were also asked on the QPR to report the percentage of CCDF quality set-aside funding that was invested in that particular quality activity (Table 5).¹³ We developed five ranges of percent investment of the CCDF quality set-aside and reported the number of states with investments in each range (e.g., 1-10 percent) for each quality activity.¹⁴

Findings

We summarize the findings from our analysis of planned and reported investments in quality activities by whether states and territories invested in each quality activity regardless of which reported funding source they used as well as by individual or combinations of funding sources.

Investment in quality activities using any source of reported funding

Examining whether states and territories planned or reported investments in each of the ten quality activities allows us to understand how they approached improving quality for CCDF activities. We provide the number and percentage of states that indicated they planned to invest funds (i.e., CCDF or non-CCDF) to support any of the ten quality activities from the FY 2016-2018 and FY 2019-2021 CCDF Plans as well as reported investments from the 2018 QPR (Table 1).

¹² We excluded states and territories that responded “Not Applicable” across each of the three funding sources for a specific quality activity from the denominator.

¹³ We worked closely with the Office of Child Care to clarify the percentages provided by states and territories. There were some discrepancies and limitations. For example, some states indicated that they used the quality set-aside but were unable to report the percentage of investment. These missing data are not reported here. In some instances, we used a percentage that differed from what was reported because the state or territory provided more information in the description that clarified the number. For example, one state noted that they reported a proportion of funds rather than the percentage of funds (“0.001” as a proportion would convert to 0.1% but as a percentage would be 0.001%). In these cases, we converted the proportion to a percentage before analyzing. Finally, we coded some data as missing because it was likely reported incorrectly (e.g., a response of “4425” without any additional clarification).

¹⁴ The five categories of percent investment ranges were selected to identify meaningful ranges. We applied the same range categories for each of the ten quality activities.

Table 1. Number and percentage of states and territories investing in quality activities using any source of reported funding (CCDF and non-CCDF funds)

| Quality Activity | Planned investments in this activity in the FY 2016-2018 CCDF Plan (n=56)¹⁵ | Reported investments in this activity in the FY 2018 QPR (n=55)¹⁶ | Planned investments in this activity in the FY 2019-2021 CCDF Plan (n=56)¹⁷ |
|--|---|---|---|
| Activity 1: Workforce training and PD | No data | 55 (100%) | 56 (100%) |
| Activity 2: Early learning and development guidelines | No data | 33 of 54 (61%) | 48 (86%) |
| Activity 3: QRIS | 48 (86%) | 52 of 53 (98%) | 51 (91%) |
| Activity 4: Infant and toddler supply and quality | 52 (93%) | 47 (85%) | 56 (100%) |
| Activity 5: CCR&R services | 38 (68%) | 36 of 53 (68%) | 43 (77%) |
| Activity 6: Compliance of health standards | 50 (89%) | 53 (96%) | 52 (93%) |
| Activity 7: Child care evaluation and assessment | 41 (73%) | 43 (78%) | 47 (84%) |
| Activity 8: Supporting accreditation | 30 (54%) | 26 of 54 (48%) | 30 (54%) |
| Activity 9: High-quality standards for health activities | 40 (71%) | 36 (65%) | 43 (77%) |
| Activity 10: Other activities | 29 (52%) | 38 of 53 (72%) | 25 (45%) |

Source: FY 2016-2018 CCDF Plan; FY 2018 QPR; and FY 2019-2021 CCDF Plan

States and territories reported multiple investments in quality activities, though prioritized investments in some activities over others. Findings indicate that:

- Over time, almost all states and territories planned to make investments and then reported investments in workforce training and PD (activity 1),¹⁸ QRIS (activity 3), infant and toddler supply and quality (activity 4), and compliance of health standards (activity 6).
- The fewest number of states and territories reported investing in supporting accreditation (activity 8) with just about half of them planning to and then reporting investments in this quality activity.

¹⁵ States and territories were considered as planning to invest if they reported “Yes” to using CCDF and/or non-CCDF funds. The FY 2016-2018 CCDF plan did not ask states and territories to report plans to invest for activity 1 and 2.

¹⁶ One territory did not report investments in the FY 2018 QPR. States and territories were considered to have made investments if they reported “Yes” to investing CCDF quality set-aside funds, increased CCDF funding from the Consolidated Appropriations Act, 2018, and/or non-CCDF funds. When a state or territory responded “Not Applicable” across the three reported funding sources, we excluded them from the denominator. The denominator for this column is 55 unless otherwise stated.

¹⁷ We considered states and territories as planning to invest if they reported “Yes” to using CCDF and/or non-CCDF funds.

¹⁸ There was no information about plans for investment for this activity in the FY 2016-2018 CCDF plan.

- Over time, more states and territories made plans to invest in quality activities. Comparing plans to invest in quality activities from the FY 2016-2018 CCDF Plan with the FY 2019-2021 CCDF Plan, the number of states and territories planning to invest increases across almost all quality activities.¹⁹

We also wanted to examine whether states and territories that planned to invest as of the FY 2016-2018 CCDF Plan reported investments during the last year of the three-year period (Table 2). We examined whether states and territories reported “Yes,” that they would invest in an activity in their FY 2016-18 CCDF Plan, and then whether they reported “Yes” to making investments in the FY 2018 QPR. We also noted whether they invested even if they did not indicate that they were planning to do so.

Table 2. Number and percentage of states and territories comparing planned investments and reported investments using any source of reported funding

| | Planned to invest in the FY 2016-2018 CCDF Plan and reported investments in the FY 2018 QPR²⁰ | Did not plan to invest in the FY 2016-2018 CCDF Plan but reported investments in the FY 2018 QPR²¹ |
|--|---|--|
| Activity 1: Workforce training and PD | No data | No data |
| Activity 2: Early learning and development guidelines | No data | No data |
| Activity 3: QRIS | 47 of 48 (98%) | 5 of 8 (63%) |
| Activity 4: Infant and toddler supply and quality | 43 of 52 (83%) | 4 of 4 (100%) |
| Activity 5: CCR&R services | 28 of 38 (74%) | 8 of 18 (44%) |
| Activity 6: Compliance of health standards | 47 of 50 (94%) | 6 of 6 (100%) |
| Activity 7: Child care evaluation and assessment | 33 of 41 (80%) | 10 of 15 (67%) |
| Activity 8: Supporting accreditation | 21 of 30 (70%) | 5 of 26 (19%) |
| Activity 9: High-quality standards for health activities | 28 of 40 (70%) | 8 of 16 (50%) |
| Activity 10: Other activities | 24 of 29 (83%) | 14 of 27 (52%) |

Source: FY 2016-2018 CCDF Plan and FY 2018 QPR

States and territories seemed to invest similarly as they planned in their CCDF Plan.

- Across all activities for which there is data, over 70 percent of states and territories that planned to invest in their 2016-2018 plan reported investing funds from any reported funding source. Because states and territories could have used another funding source not captured in the FY 2018 QPR to invest in these quality activities, we cannot conclude that they did not make any investments in

¹⁹ Because states and territories were not able to report on plans to invest in workforce training and PD (activity 1) and early learning and development guidelines (activity 2), they may have included their investments in these activities in other activities (activity 10).

²⁰ This is a percentage of those that reported in the FY 2016-2018 CCDF Plan that they were planning on make an investment in this quality activity.

²¹ This is a percentage of those that reported in the FY 2016-2018 CCDF Plan that they were not planning on making an investment in this quality activity.

these activities. Additionally, some states and territories invest in activities even when they did not plan to invest.²²

- Nearly all states and territories planned and reported investments in more than one quality activity even though they are only mandated to invest in one quality activity according to reports in the FY 2018 QPR.²³ Six states or territories planned to invest in all eight quality activities in the FY 2016-2018 CCDF Plan,²⁴ and six reported investments in all 10 quality activities in the FY 2018 QPR.²⁵ Of the six states that reported investments, three were the same states that reported plans to invest in all eight quality activities in the FY 2016-2018 CCDF plan. In the FY 2019-2021 CCDF plans, ten states and territories indicated that they plan to invest in all ten quality activities.

Investment in quality activities by reported funding source

Next, we examined how states and territories used CCDF and non-CCDF funds in each of the quality activities in the FY 2018 QPR. For CCDF funds, the QPR asked states and territories about their use of the CCDF quality set-aside (which may have included the infant-toddler set-aside unless otherwise noted) and their expected use of the increase in CCDF from the Consolidated Appropriations Act, 2018. The QPR also asked whether any non-CCDF funds were used to support the quality activities.

Table 3 includes the number and percentage of states that responded “Yes” for each funding source separately in the QPR. The QPR did not ask whether states used CCDF dollars in addition to the quality set-aside or increased funds to invest in each activity. Thus, we cannot make conclusions about the extent to which states and territories used *any* CCDF dollars to support these quality activities. Table 4 includes the number and percentage of states that responded “Yes” to different combinations of funding sources in the QPR.

Table 3. Number and percentage of states and their FY 2018 QPR reported investments by funding source

| Quality Activity | CCDF quality set-aside funds (n=55) | CCDF increased funds (n=55) | Non-CCDF funds (n=55) |
|---|-------------------------------------|-----------------------------|-----------------------|
| Activity 1: Workforce training and PD | 53 (96%) | 34 (62%) | 36 (66%) |
| Activity 2: Early learning and development guidelines | 20 (36%) | 13 (24%) | 11 (20%) |
| Activity 3: QRIS | 47 (85%) | 34 (62%) | 28 (51%) |
| Activity 4: Infant and toddler supply and quality | 25 (45%) | 35 (64%) | 19 (35%) |
| Activity 5: CCR&R services | 31 (56%) | 14 (25%) | 14 (25%) |
| Activity 6: Compliance of health standards | 47 (85%) | 30 (55%) | 16 (29%) |
| Activity 7: Child care evaluation and assessment | 29 (53%) | 19 (35%) | 22 (40%) |
| Activity 8: Supporting accreditation | 20 (36%) | 8 (15%) | 6 (11%) |

²² There were three activities where more states and territories made investments in FY 2018 than the number that planned based on reports from the FY 2016-2018 CCDF Plan (Activity 3, 6, and 10).

²³ In the FY 2016-2018 CCDF Plan, only one state indicated that they planned to invest in one quality activity during the two-year period. This state, however, reported investing in nine quality activities in the FY 2018 QPR.

²⁴ Note: States and territories only responded to eight of ten quality activities.

²⁵ Note: Reported investments only included investments from CCDF quality-set aside funds, non-CCDF funds, or expectations for increased CCDF funds from the Consolidated Appropriations Act, 2018.

| Quality Activity | CCDF quality set-aside funds (n=55) | CCDF increased funds (n=55) | Non-CCDF funds (n=55) |
|--|-------------------------------------|-----------------------------|-----------------------|
| Activity 9: High-quality standards for health activities | 23 (42%) | 17 (31%) | 21 (38%) |
| Activity 10: Other activities | 26 (47%) | 19 (35%) | 20 (36%) |

Source: FY 2018 QPR

Table 4. Number and percentage of states that invested combinations of reported funding sources in quality activities in FY 2018

| Quality Activity | Reported using at least one CCDF funding source (n=55) ²⁶ | Reported using both CCDF funding sources (n=55) ²⁷ | Reported using both CCDF funding sources and non-CCDF funds (n=55) ²⁸ |
|--|--|---|--|
| Activity 1: Workforce training and PD | 54 (98%) | 33 (60%) | 21 (38%) |
| Activity 2: Early learning and development guidelines | 26 (47%) | 7 (13%) | 2 (4%) |
| Activity 3: QRIS | 51 (93%) | 30 (55%) | 15 (27%) |
| Activity 4: Infant and toddler supply and quality | 43 (78%) | 17 (31%) | 9 (16%) |
| Activity 5: CCR&R services | 34 (62%) | 11 (20%) | 4 (7%) |
| Activity 6: Compliance of health standards | 52 (95%) | 25 (45%) | 9 (16%) |
| Activity 7: Child care evaluation and assessment | 35 (64%) | 13 (24%) | 5 (9%) |
| Activity 8: Supporting accreditation | 23 (42%) | 5 (9%) | 1 (2%) |
| Activity 9: High-quality standards for health activities | 30 (55%) | 10 (18%) | 6 (11%) |
| Activity 10: Other activities | 33 (60%) | 12 (22%) | 4 (7%) |

Source: FY 2018 QPR

States and territories reported utilizing multiple funding sources to invest in quality activities. Across quality activities, the number of states and territories that used CCDF funds was greater than the number that invested non-CCDF funds.

- When looking at the number of states and territories that used at least one of the two CCDF funding sources reported in the QPR to invest in a quality activity, at least three quarters of states and territories reported investing CCDF funds for workforce training and PD (activity 1), QRIS (activity 3), infant and toddler supply and quality (activity 4), and compliance of health standards

²⁶ States and territories were counted if they used CCDF quality set-aside funds and/or expected to use increased CCDF funds from the Consolidated Appropriations Act, 2018.

²⁷ States and territories were counted if they used CCDF quality set-aside funds and expected to use increased CCDF funds from the Consolidated Appropriations Act, 2018.

²⁸ States and territories were counted if they used CCDF quality set-aside funds, expected to use increased CCDF funds from the Consolidated Appropriations Act, 2018, and used non-CCDF funds.

(activity 6). Half or more of states and territories utilized both sources of CCDF funding to support workforce training and PD (activity 1) and QRIS (activity 3).

- Few states and territories reported investing CCDF funds for early learning and development guidelines (activity 2) and supporting accreditation (activity 8).
- Half or more of the states and territories reported using non-CCDF funds for workforce training and PD (activity 1) as well as QRIS (activity 3). Few states and territories used non-CCDF funds to support accreditation (activity 8).
- Some states used CCDF and non-CCDF funds to support quality activities, with workforce training and PD (activity 1) and QRIS (activity 3) being the top two activities that were supported with this combination of funding.

When states and territories reported using CCDF quality set-aside funds, they also reported the percentage of the CCDF quality set-aside used for each of the ten quality activities. We provide the number (and percentage) of states and territories whose investment percentage fell into five investment ranges (Table 5).

Table 5. State/territory quality set-aside investment for each quality activity, by investment range

| Quality Activity | Range | ≤1% | Above 1% to 10% | Above 10% to 25% | Above 25% to 50% | Above 50% |
|---|----------|----------|-----------------|------------------|------------------|-----------|
| Activity 1: Workforce training and PD (n=51) | <1%-71% | 4 (8%) | 14 (27%) | 16 (31%) | 14 (27%) | 3 (6%) |
| Activity 2: Early learning and development guidelines (n=18) | <1%-11% | 8 (44%) | 9 (50%) | 1 (6%) | 0 (0%) | 0 (0%) |
| Activity 3: QRIS (n=45) | <1%-100% | 2 (4%) | 15 (33%) | 17 (38%) | 6 (13%) | 5 (11%) |
| Activity 4: Infant and toddler supply and quality (n=24). ²⁹ | <1%-50% | 2 (8%) | 11 (46%) | 8 (33%) | 3 (13%) | 0 (0%) |
| Activity 5: CCR&R services (n=31) | <1%-67% | 3 (10%) | 10 (32%) | 13 (42%) | 1 (3%) | 4 (13%) |
| Activity 6: Compliance of health standards (n=47) | <1%-100% | 7 (15%) | 12 (26%) | 15 (32%) | 8 (17%) | 5 (11%) |
| Activity 7: Child care evaluation and assessment (n=27) | 1%-100% | 4 (15%) | 14 (52%) | 4 (15%) | 1 (4%) | 4 (15%) |
| Activity 8: Supporting accreditation (n=17) | <1%-100% | 10 (59%) | 6 (35%) | 0 (0%) | 0 (0%) | 1 (6%) |
| Activity 9: High-quality standards for health activities (n=23) | 1%-76% | 0 (0%) | 16 (70%) | 3 (13%) | 2 (9%) | 2 (9%) |
| Activity 10: Other activities (n=24) | <1%-100% | 4 (17%) | 13 (54%) | 2 (8%) | 2 (8%) | 3 (13%) |

Source: FY 2018 QPR

²⁹ States and territories were instructed to not include the required three percent of infant-toddler set-aside in this report.

States and territories varied widely in the percentage of CCDF quality set-aside used to invest in each of the quality activities. Key findings are highlighted below:

- States and territories reported the lowest percentage of CCDF quality set-aside investments for early learning and development (activity 2) and supporting accreditation (activity 8).
- States and territories reported investing most of their funds on the suggested quality activities (activities 1-9), with over 70% of states and territories spending 10% or less on other quality activities (activity 10).
- Five states or territories reported spending over half of their quality set-aside on QRIS (activity 3) and compliance of health standards (activity 6).
- Fifteen percent or fewer of states and territories that reported using CCDF quality set-aside funds for quality activities spent more than 50 percent of their quality set-aside on any single activity. This suggests that they seem to invest funds in multiple activities to support quality, rather than focusing on investing most of their funds into one activity.

Potential Gaps and Future Implications

The current analysis uncovered various gaps that have implications for future efforts to analyze quality investments.

Because states and territories are asked to report quality investments for different purposes across CCDF reports, it is important to understand how these data do or do not align before analyzing them. Each report allows OCC to gather different aspects of information about lead agency investments. OCC uses CCDF Plans for compliance purposes and asks states and territories to report broadly about their plans to use any CCDF funds to invest in ten quality activities. The QPR asks states and territories to report on specific funding sources (i.e., CCDF quality set-aside, increased CCDF, and non-CCDF) to gather more detailed information on the type of funding used to support these quality activities. The QPR does not distinguish between the quality set-aside and the infant-toddler set-aside (except in the spending section of activity 4). OCC does not use the QPR information to monitor for compliance. Finally, OCC asks states and territories to provide expenditure information multiple times a year in financial reports (ACF-696), which requests separate reports of the amount spent on the quality set-aside and infant-toddler set-aside each quarter. It does not, however, ask states to distinguish how they used increased funding from the Consolidated Appropriations Act, 2018. These differences in purposes and questions mean that the information is not necessarily comparable across reports. Thus, researchers cannot perfectly compare data from one report to another because the way lead agencies report on various funding sources differs across reports (Figure 2). If understanding how states and territories invest in quality activities with specific funding sources across time becomes important, it will be useful to explore approaches for gathering similar information across sources over time.

Variability in how states and territories report investments makes it more difficult to interpret and analyze investments. States and territories varied in how they reported the percentage of the CCDF quality set-aside used to invest in each of the ten quality activities in the FY 2018 QPR. This variation is likely because lead agencies are not required to report their investments in a particular format for the QPR. We note below three types of variability that made it challenging to understand the data for this analysis:

1. **Proportion vs. percentage.** When asked for the percentage of the CCDF quality set-aside used to invest in each activity, some states seemed to have reported a proportion of their funds instead of a percentage. For example, a response of .01 could be interpreted as .01 percent if reported as a percentage or 1 percent if interpreted as a proportion. The instructions asked for a percentage, so we typically reported the number as a percentage. In a few instances, though, we realized—from reading additional text offered by states and territories to explain the percentage—that the number was a

proportion. In those instances, we adjusted the data. Researchers may want to be aware of the potential variation in how lead agencies report information. Future work could explore the feasibility and usefulness of providing additional guidance, examples, or supports to help lead agencies report the requested information more consistently.

2. **Over- or under-counting investments.** A total percentage greater than 100 percent might be possible if states and territories counted an investment, such as funding used for infant and toddler provider training, in two or more activities (e.g., workforce training and PD [activity 1] and infant and toddler supply and quality [activity 3]). When states and territories report the percentage of the CCDF quality set-aside funds used to invest in each quality activity, researchers should understand that the sum of a state or territory's percentages across the ten quality activities may not equal 100 percent of their funds.
3. **Inability to report.** A few states could not disaggregate funding to identify the percentage of CCDF quality set-aside invested. To understand the percentage of the funds used, states and territories might need additional support to adjust how they track the allocation of these funds. We acknowledge that this might require adjustments to state or territory reporting mechanisms, which could be expensive or time consuming.

Additional research is needed to understand the effectiveness of various approaches to investments (e.g., funding more vs. fewer quality activities). More states and territories reported investing in quality activities over time. For example, states and territories may have decreased the amount they invested in individual quality activities to support new activities if the total amount of funding toward quality activities did not increase. Analyzing data from future QPRs could help to track the size of investments over time, coupled with examining the total amount of funding used for quality set-aside funding in financial reports (ACF-696).

Future research could provide more in-depth information about state and territory investments in quality improvement as well as how CCDF administrators make investment decisions. The QPR does not ask states and territories about *how* leaders determined which funding source to use or *how* they allocated funds across activities. Interviews with CCDF administrators and their teams could address questions about how states determine whether to invest in particular quality activities, which funding sources they use and why, how they decide whether to invest in more versus fewer quality activities, and how they gather information about the effectiveness of their investments.

CCDF Plans and QPRs provide data about intentions to invest and percent of funds invested. Expenditure data would help round out the information. Expenditure data from financial reports (ACF-696) could be used, along with QPR data, to calculate the investments for each quality activity (by multiplying the percentage invested in each activity on the QPR with the total amount of quality set-aside expended). Because states and territories may not have distinguished between the quality set-aside and infant-toddler set-aside in the QPR, however, it would be important to combine the total amount expended for both the quality set-aside and the infant-toddler set-aside from the financial reports (ACF-696).

Long-term analysis of investment data would strengthen our understanding of state and territory quality improvement investments. Analyzing trends in data could address questions like, "Are states and territories investing similarly over time? Are there different investment profiles (e.g., some states and territories invest a little across many activities whereas others invest more heavily in a few)?"

Question 2. How are states measuring progress in improving quality?

Data Sources and Elements

Fiscal Year 2018 Quality Progress Report (QPR). States reported about activities conducted between October 1, 2017 and September 30, 2018 in the FY 2018 QPR. To learn more about how states and territories measure progress on quality investments, we analyzed responses to the item asking state and territories to “describe the measures used and progress made during October 1 to September 30 of the last federal fiscal year. Include examples and numeric targets where possible.” Examining these approaches offers insight into how states and territories are monitoring their progress and can help to inform future efforts to understand progress in improving child care quality.

Analysis

To understand how states and territories are measuring progress in improving quality, we coded responses across the four quality activities in which most states invested (see Table 2).

- Activity 1: Workforce training and PD
- Activity 3: QRIS
- Activity 4: Infant and toddler supply and quality
- Activity 6: Compliance with health standards

We coded the following in each state or territory response:

- The number of progress measures mentioned
- Whether the response included numbers (e.g., 225 providers, 595 facilities, 4000 children)
- Whether the response included data about change (i.e., whether the measures increased or decreased over time)

We also noted what was measured (e.g., number of trainings offered, percent of programs that improved their QRIS rating).

Findings

Nearly all (95 percent) states and territories responded to the QPR question about how they measure progress on their various quality activities. More than 90 percent of states and territories described at least one measure, and a few included several. Some of the measures were more directly relevant to the activity than others, and some but not all measures included data about change over time (Table 6).

Table 6. How states and territories measure progress in four quality activities

| | Described at least 1 measure n (%) | Described multiple measures n (%) | Average number of measures described | Range of measures reported | Noted change over time n (%) |
|--|---|--|---|-----------------------------------|---|
| Activity 1: Workforce training & PD (n=55) | 52 (95%) | 43 (83%) | 4.2 | 1-24 | 21 (40%) |
| Activity 3: QRIS (n=53) | 48 (91%) | 34 (71%) | 2.3 | 1-9 | 23 (48%) |
| Activity 4: Infant and toddler supply and quality (n=54) | 52 (96%) | 44 (85%) | 4.0 | 1-23 | 20 (38%) |
| Activity 6: Compliance of health standards (n=54) | 50 (93%) | 42 (84%) | 3.5 | 1-17 | 11 (22%) |

Source: FY 2018 QPR

Of the states and territories that described at least one measure, 72-81 percent of them included a number (e.g., number of families served or number of trainings offered)³⁰. A small group of states and territories described their measurement approach in general but did not provide numbers. Some of these responses described progress that could not be quantified (e.g., developing a data system). In other cases, the responses were general descriptions of the measure (e.g., monitor the number of providers who complete infant and toddler trainings, use of pre- and post-tests to measure change in knowledge from trainings) without the specific numbers (e.g., 225 providers completed training). Although these general responses typically do not provide information about the extent to which progress was made, they do provide information about how states and territories are measuring progress.

States and territories often described multiple measures, with an average of two to five measures per activity among states and territories using more than one measure. Table 7 includes examples of responses for each activity type. Many of these measures were basic counts or outputs (e.g., number of providers completing training, number of programs participating in QRIS, number of trainings for infant and toddler teachers, number of inspections completed). Not all measures were closely related to the activity topic. For instance, some measures included in the infant and toddler supply and quality activity were not specific to infants and toddlers (e.g., number of providers who completed training on early learning and development standards, number of trainings).

³⁰ The QPR asked for descriptions of measures used and progress made for each quality activity. It also requested “examples and numeric targets where possible.” In reviewing the QPR responses, we believe that the numbers represent descriptions of measures and progress made rather than targets set because most statements were written in past tense (e.g., 5,548 hours of training completed, 36 providers earned their CDA). Thus, we use the term “number(s)” throughout this report. It is possible, though, that the information was intended to be a numeric target.

Table 7. Examples of measure descriptions

| | Examples of Measure Descriptions |
|---|---|
| Activity 1: Workforce training & PD | Trainings, training participants, TA visits, coaching hours, individuals with degrees or credentials, programs receiving TA, programs at upper tiers of QRIS |
| Activity 3: QRIS | Programs participating in QRIS, programs at each QRIS rating level, slots in QRIS programs, slots in highly rated programs, programs increasing their rating level, programs maintaining their rating level |
| Activity 4: Infant and toddler supply and quality | Trainings, training participants, TA contacts, professional development sessions completed, infants and toddlers served in high quality programs |
| Activity 6: Compliance of health standards | Inspections, new licenses, health and safety trainings, trainings completed, enforcement actions; capacity of licensed programs |

Source: FY 2018 QPR

As noted in Table 6, fewer states and territories provided information to document changes over time (i.e., progress). About half of state and territory responses for measuring progress for QRIS (activity 3) described changes over time (e.g., the number or percent of programs at the highest rating tiers). A little over one third of responses for workforce training and PD (activity 1) and infant and toddler supply and quality (activity 4) provided information about changes over time. Table 8 provides examples of the responses that described change over time. These responses typically included numbers for the current and previous year.

Table 8. Examples of measure descriptions that examined change over time

| | Examples of Measure Descriptions for Change Over Time |
|---|--|
| Activity 1: Workforce training & PD | Course or trainings offered, staff receiving scholarships, degrees completed, staff receiving educational scholarships, CCDF programs that are high quality (as measured by QRIS) |
| Activity 3: QRIS | Programs participating in QRIS, programs with higher tier ratings, programs receiving subsidies that participate in QRIS |
| Activity 4: Infant and toddler supply and quality | Infants/toddlers enrolled in high quality programs, infants/toddlers receiving subsidies who are enrolled in high-quality programs, percent of high-quality programs serving infants and toddlers, knowledge gained in infant and toddler training |
| Activity 6: Compliance of health standards | Capacity of licensed programs, licensing trainings completed, licensor caseloads |

Source: FY 2018 QPR

Potential Gaps and Future Research Implications

States and territories varied in their responses about how they measure progress in the various quality activities, which limited analysis. Responses varied in terms of the number of measures included, the level of detail provided, and the inclusion of information to note progress or change over time. This variation may limit the type of analysis that can be completed when understanding quality investments.

The variation in progress measures used across states and territories made it more challenging to summarize information across states. If states and territories consistently reported at least one similar measure for some activities, then it would have been easier to monitor progress over time across states.

Although it is not possible to require common metrics, it would be useful to explore whether there are a few good measures that states and territories could consider tracking over time for each of the ten quality activities. With the current data, researchers interested in summarizing information across states would need to develop themes or categories and then code state and territory responses into the categories.

States and territories might benefit from guidance and technical assistance on various topics related to measuring progress:

- **Approaches to measuring progress on the various quality activities.** The FY 2018 QPR responses suggest that states are tracking multiple data elements, some of which are less relevant to the activity topic. While some counts are appropriate for measuring progress (e.g., number and percentage of programs participating in QRIS, number and percentage of the workforce with a college degree), other counts may be less useful to document progress. For instance, knowing that the number of trainings offered increases every year suggests that training has expanded over time and may reach more providers. However, it does not provide any information about the extent to which providers participate in the trainings and find them useful or whether those trainings improve provider knowledge, practices, or interactions with children. CCDF administrators and their teams might benefit from supports to review and refine the measures they use to document progress in improving quality. Selecting and measuring one or a few indicators over time for each quality activity that are closely aligned to the success of the activity may be less burdensome and also yield better data to inform CCDF administrators and their teams.
- **Suggested approaches for evaluating their quality investments.** Although many of the measures described in the QPR provide some basic information about quality improvement, CCDF administrators and their teams may need to ask different questions and gather other data to better understand the impact of their investments. To understand the extent to which the quality activities are implemented as intended and the effectiveness of investments in improving quality, CCDF administrators and their teams should consider answering various questions, such as: Are the investments supporting evidence-based strategies? Are those strategies implemented as planned? Are they reaching the targeted providers? Are they improving interactions and practices that support children’s learning and development? What are the costs and benefits of various investments? What is the relationship between investments in quality and outcomes of interest?

In addition to gathering information about individual quality investments or activities, state and territory leaders may also have questions about how multiple investments are working together to support quality. For instance, if states and territories invest in five core strategies to support the supply and quality of infant and toddler care, then it would be useful to evaluate each of the five strategies (e.g., is a particular infant and toddler coaching program improving practices among its provider participants) as well as the extent to which all of the investments are working together to improve the supply and quality of infant and toddler care (e.g., percent of licensed programs serving infants and toddlers, percent of programs serving infants and toddlers that participate in QRIS). A logic model³¹ could help guide evaluations by showing how investments or strategies are intended to affect goals.

³¹ A logic model is a graphic representation of how the elements or inputs of a program, intervention, or strategy relate to or are proposed to change short-term and long-term outcomes. From Vogt, W. P. & Johnson, R. B. (2011). *Dictionary of statistics and methodology: A nontechnical guide for the social sciences*, 4th edition. Thousand Oaks, CA: SAGE Publications Inc.

Conclusion

This report highlights states' and territories' initial investments in quality activities as well as their approaches to measuring the progress of improving quality across these activities. The data suggest that more states and territories invested in quality activities over time. Access to increased CCDF funds may have offered states and territories opportunities to invest in quality activities. Additionally, states and territories may have implemented policy changes required by reauthorization between the submission of the FY 2016-2018 CCDF Plan and the FY 2019-2021 CCDF Plan that allowed them to focus more on quality activities in future years. For example, they may have used the initial years after reauthorization to implement health and safety training that, once in place, did not require as much financial investment. Thus, they may have invested some of those dollars in other activities. An examination of expenditures in financial reports (ACF-696) will help document how investments in quality activities change across years. Findings also indicate that states and territories varied in the type of funding source they used and the percentage of each funding source they allocated to various quality activities. Additionally, they varied in their approaches to measuring progress in improving quality across each activity.

Stakeholders may be interested in understanding how states and territories are investing in quality improvement initiatives, especially those outlined by the reauthorization of the CCDBG Act of 2014. CCDF reports that gather information about how states invest in quality activities (e.g., CCDF Plans, QPR, or financial reports [ACF-696]) can be a rich source of information, though the information across reports does not always align because the reports were designed for different purposes and collect different information. Each report contains useful pieces of information about state and territory investments that vary in terms of the content, level of specificity, and timing. Researchers using these data should note the limitations of the report data and acknowledge the limitations in analyzing information across data sources.

The COVID-19 pandemic hit the U.S. during the data analysis portion of this project. This report describes quality investments early after reauthorization and before the COVID-19 pandemic. State and territory investments will likely change to address new or shifting priorities. Examining data from future CCDF Plans, QPRs, and financial reports (ACF-696) will help the field understand how investments changed after the pandemic began. New data (e.g., adding new questions to these reports³², collecting new data) may also be useful to understand what, how, and why states and territories changed their quality investments.

³² OCC is revising federal reports in response to the COVID-19 pandemic.