



Rhode Island

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Exploring Targeted Investments in Family Child Care Programs in Rhode Island

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Introduction

Education Development Center, in partnership with the Rhode Island Department of Human Services (DHS), received an Office of Planning, Research and Evaluation Child Care Policy Research Partnership grant in 2022 to study state-administered funding initiatives aimed at supporting child care providers during the COVID-19 pandemic, with a particular focus on family child care (FCC) providers.

This report presents the results of descriptive analyses exploring the landscape of child care providers in Rhode Island and the characteristics of FCC providers who utilized each type of funding initiative. This report covers October 2021 through October 2024, representing the time frame during which the targeted funding initiatives began and ended.

October 2021 serves as the baseline data collection month for this study as the first of the targeted funding initiatives began at that time. We examined the landscape of licensed FCC providers and child care centers operating at that time and explored the characteristics of FCC providers who utilized different funding initiatives compared to those who did not. We also examined whether the FCC providers operating as of October 2021 were still in operation in October 2024, as well as the characteristics of new FCC providers that opened after October 2021.



Findings

The Landscape of Child Care Providers in Rhode Island

As of October 1, 2021, Rhode Island had roughly equal numbers of licensed family child care (FCC) providers (401) as child care centers (400). While similar in number, there were key differences between FCC providers and child care centers along a number of dimensions.

FCC providers and child care centers primarily operated in different urbanicity settings. While child care centers were more evenly dispersed across the state's urbanicity designations, FCC providers were primarily located in the urban core¹ (72%) with only 9% in suburban settings (Figure 1). The urban core and urban ring combined contained the vast majority of FCC providers (87%), while only half (51%) of child care centers were in urban areas, as these were far more likely than FCC providers to be located in suburban and rural areas. Among the FCC providers and child care centers in the urban core, the majority were in Providence.

The **licensed capacity** of child care centers far outweighed that of FCC providers. The majority (56%) of FCC providers had a licensed capacity of 6 children, while another 35% had a licensed capacity of 8 children, and 2% were licensed to serve up to 12 children.² The average licensed capacity for centers was 75 children, with a range up to 343 children. Only 4 of all 400 child care centers had a capacity of 12 or less, which was the maximum licensed capacity among all FCC providers.

The primary **language** spoken among most FCC providers was Spanish. The majority (71%) of FCC owners were primarily Spanish speaking, whereas all child care centers were primarily English speaking (Figure 1).

FCC providers tended to be rated at lower levels of quality on the state's Quality Rating Improvement System (QRIS), **BrightStars**, than child care centers. As of October 2021, the vast majority (87%) of all FCC providers were rated as 1 or 2 stars, with nearly all of the remaining FCC providers categorized as "not rated," which means they did not participate in BrightStars (Figure 1).³ In contrast, less than half (45%) of child care centers were rated as 1 or 2 stars, while approximately one-third of child care centers (34%) were rated as 3 or more stars.

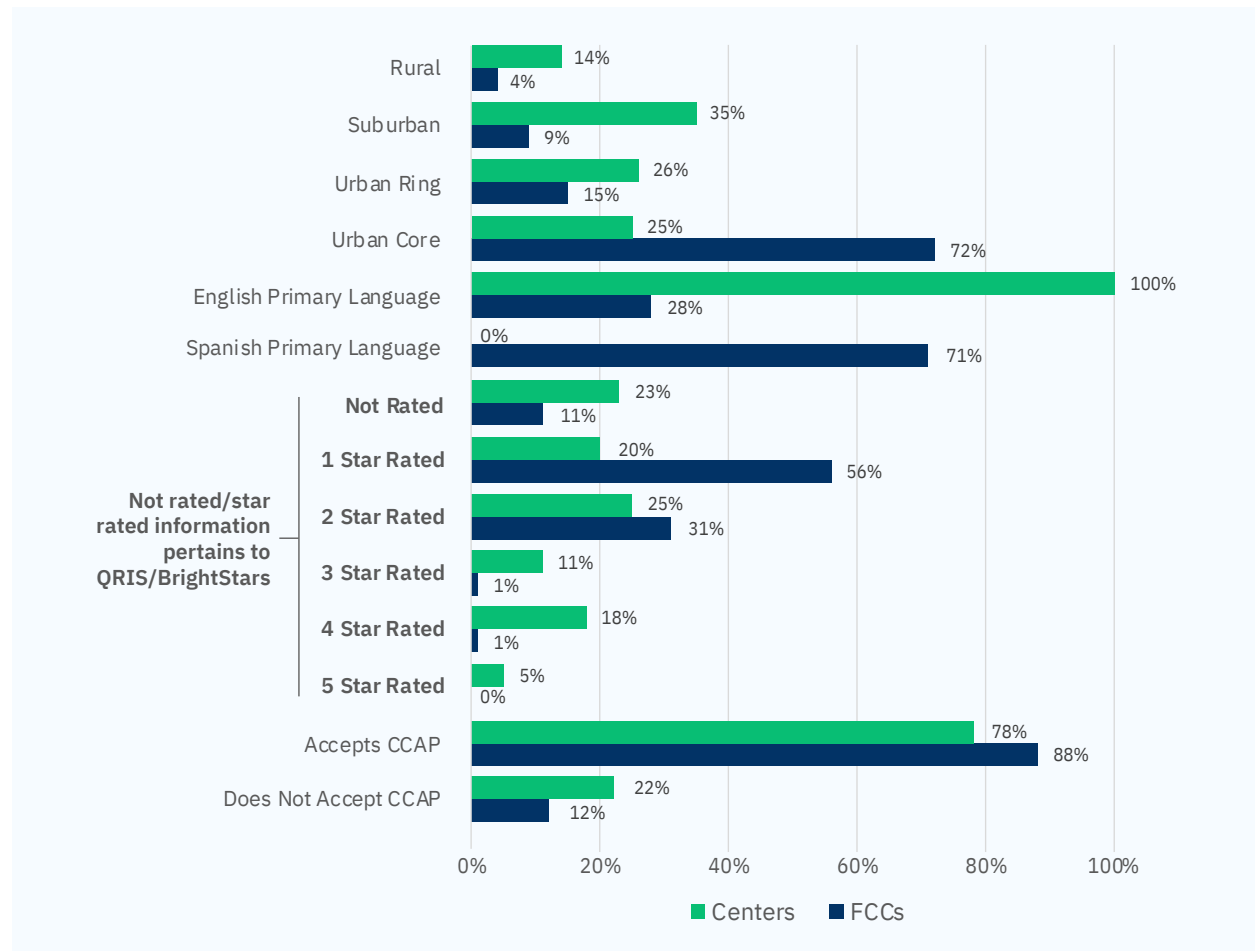
¹ The urban core includes Central Falls, Pawtucket, Providence, and Woonsocket, Rhode Island. See Appendix A for full city designations for urban core, urban ring, suburban, and rural locations.

² Licensed FCC operators can provide child care for up to 6 children without an assistant, up to 8 children with one approved assistant, and up to 12 children with two approved assistants.

³ Child care providers must participate in BrightStars in order to be eligible to serve CCAP families.

In Rhode Island, the federal Child Care and Development Fund subsidy program is known as the **Child Care Assistance Program (CCAP)**. The majority of FCC providers and child care centers accepted CCAP funds. Among FCC providers, 88% accepted CCAP, while this percentage was 78% among child care centers (Figure 1).

Figure 1: Characteristics of providers by type, as of October 2021





Funding Initiatives Utilized by Family Child Care Providers

In response to the COVID-19 pandemic, Rhode Island administered several funding supports to aid relief and recovery and to address the needs of the early childhood sector.⁴

- **ReInvigorate Child Care Stabilization Grants:** This grant opportunity was available to DHS-licensed child care providers to stabilize their business operations and to ensure that they could continue providing safe care. Funding originated from the American Rescue Plan Act (ARPA) of 2021 and supported the following expenses:
 - » Equipment or supplies to respond to the COVID-19 pandemic
 - » Goods or services necessary to maintain child care services
 - » Mental health supports
 - » Personnel costs
 - » Personal protective equipment
 - » Rent or mortgage costs

Depending on program size, FCC providers could receive between \$12,000 and \$18,000 via six monthly distributions of \$2,000–\$3,000. The grant application window opened in October 2021 and closed in February 2022.

- **Family Child Care Start-up Grants:** Designed to help replenish and grow this sector of the child care market, these start-up grants of \$2,000 each were intended to assist the creation of up to 100 new FCC programs. Grantees also received targeted technical assistance focused on the operational aspects of managing an FCC program. Funded through the ARPA State Fiscal Recovery Fund (SFRF), the grant program began in March 2022 and ended in December 2023.
- **Early Educator Pandemic Retention Bonuses:** This program was intended to invest in early educators by offering bonuses to direct child care staff employed at licensed child care providers. Full time and part-time employees at licensed centers or FCC programs who worked directly with children during some portion of the average day were eligible to receive \$750 per round, paid quarterly. This initiative was funded through the ARPA SFRF and supported 10 rounds of retention bonuses from March 2022 through July 2024.

⁴ Two of the three featured funding initiatives (ReInvigorate Child Care Stabilization Grants and Early Educator Pandemic Retention Bonuses) were available to center-based programs as well as FCC providers. As previously noted, this study focuses specifically on FCC providers due to Rhode Island's concerns about replenishing the supply of this population of child care providers.

FCC providers and educators participated in the stabilization grants, educator retention bonuses, and start-up grant initiatives (Table 1).

Table 1. Breakdown of FCC recipients of funding supports

362 Received a stabilization grant	85 Opened new FCC programs with start-up grant funds	704 Owners and assistants received a retention bonus
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Characteristics of FCC Providers Receiving Stabilization Grants

Rhode Island provided ReInvigorate Child Care Stabilization grants to eligible FCC providers in the amount of \$2,000 per month for a total of six months (group FCC providers received \$3,000 per month). The application window opened in October 2021 and closed in February 2022.

The majority of FCC providers received a **stabilization grant**.⁵ A total of **362** (90%) of the 401 FCC providers in our baseline sample received stabilization grants, with the majority receiving \$12,000. For licensed FCC providers, stabilization grant funding was a fixed amount depending on whether the program was a family child care home (8 or fewer children) or group family child care home (9–12 children).

“If I had not received these funds I would have lost my home. Thanks to these funds I can keep my home and open my daycare again. Without these funds nothing would be right for our families.” —Family Child Care Stabilization Grant Recipient

Most (75%) of the stabilization grant recipients were located in cities in the urban core (i.e., Central Falls, Pawtucket, Providence, and Woonsocket; Figure 2). Among FCC providers who did not receive a stabilization grant, about one half (46%) were in the urban core. Nearly all (89%) of the FCC providers who received a stabilization grant were in urban areas (urban core and urban ring combined), compared to two-thirds of FCC providers who did not receive a grant. FCC providers who did not receive a grant were much more likely to be in suburban cities than those who did receive a grant (26% vs. 8%).

Among FCC providers receiving a stabilization grant, recipients were much more likely to be primarily Spanish speaking as compared to those who were primarily English speaking (74% vs 24%). Among those who did not receive a grant, a higher percentage were primarily English speaking (62%) rather than Spanish speaking (39%). These findings suggest that language did not appear to be a barrier to the application process.

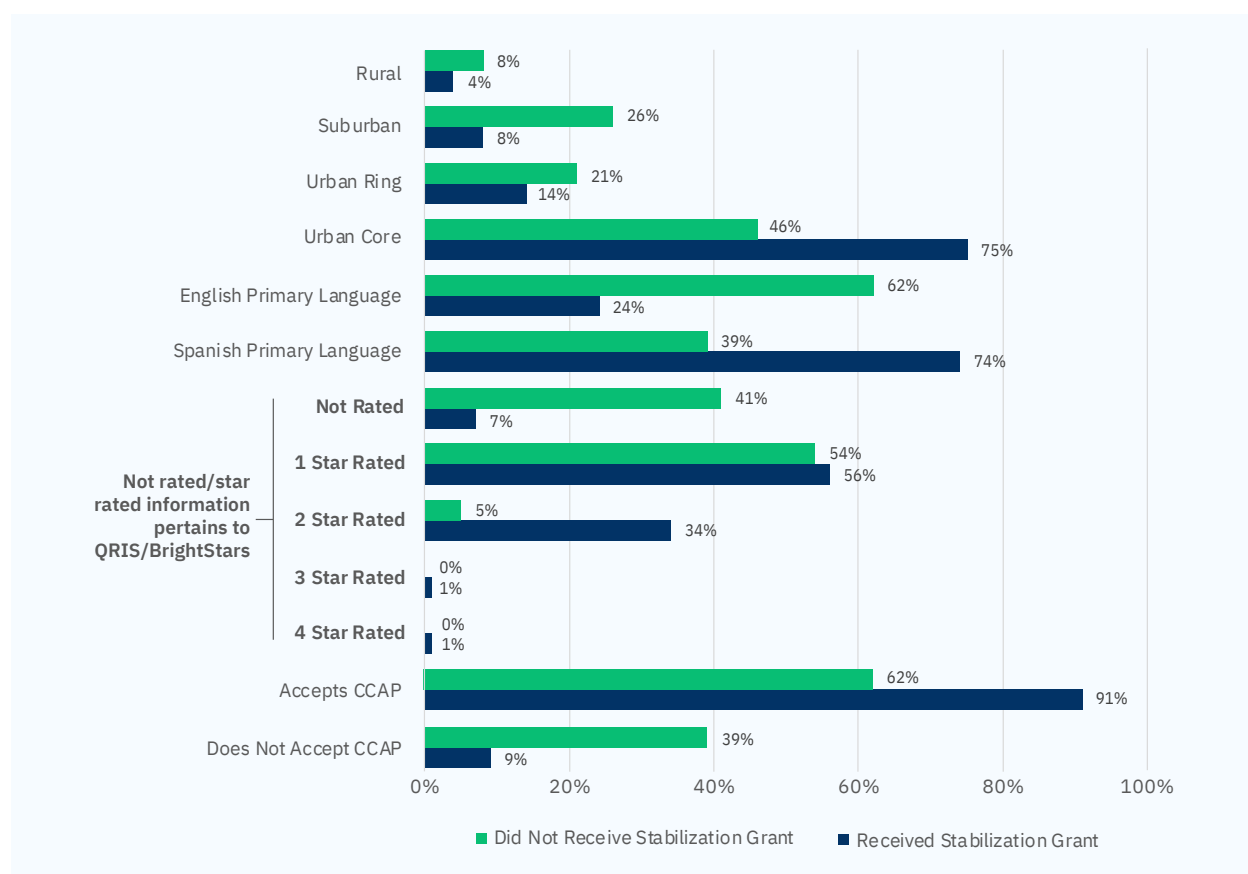
⁵ The majority of child care centers (90%) received stabilization grants as well, with an average amount of \$68,500 and a range from \$14,850 to \$165,000. For child care centers, stabilization grant funding was based on a formula tied to the overall enrollment at the center.

Over half of FCC providers (56%) that received a stabilization grant were rated with 1 star on the state’s BrightStars rating system and about a third (34%) were rated with 2 stars. While a similar percentage of FCC providers not receiving a stabilization grant were rated with 1 star (54%), a far higher percentage of that group was not rated (41%) compared to FCC providers receiving a stabilization grant (7%).

Among stabilization grant recipients, **over 90% accepted CCAP**. Among FCC providers that did not receive a stabilization grant, the split was more divided—62% accepted CCAP, and 39% did not.

“With the lack of resources in our business, and still not enough children to cover our fixed expenses, this grant helped us catch up on our mortgages and late payments.” —Family Child Care Stabilization Grant Recipient

Figure 2: FCC characteristics by stabilization grant receipt⁶



⁶ Due to rounding, percentages may not add up to 100.

Characteristics of FCC Providers Receiving Start-up Grants

In addition to administering stabilization grants to child care programs already in operation, in March 2022, Rhode Island launched a grant program offering start-up funds to FCC providers that were new or newly licensed (within the past 30 days) or were planning to re-open.⁷ To be eligible for a start-up grant, recipients had to be licensed, participate in the state's quality rating improvement system (BrightStars), and accept CCAP families. The grant consisted of a one-time \$2,000 payment and was accompanied by targeted technical assistance designed to help new FCC providers successfully launch and maintain their program.

By October 2024, a total of **85 new FCC providers had opened with support from the start-up grant**.⁸ Most of the new FCC providers were in the urban cities of Providence (64%) followed by Cranston (11%), with 9% in suburban areas and 2% in rural areas (Figure 3). One-third (33%) of new FCC providers primarily spoke English, while 64% of new FCC providers primarily spoke Spanish (Figure 3). While the percentage of start-up grantees with Spanish as a primary language was lower than the percentage seen among our October 2021 baseline sample, the vast majority of new FCC owners (83%) reported Hispanic as their ethnicity.

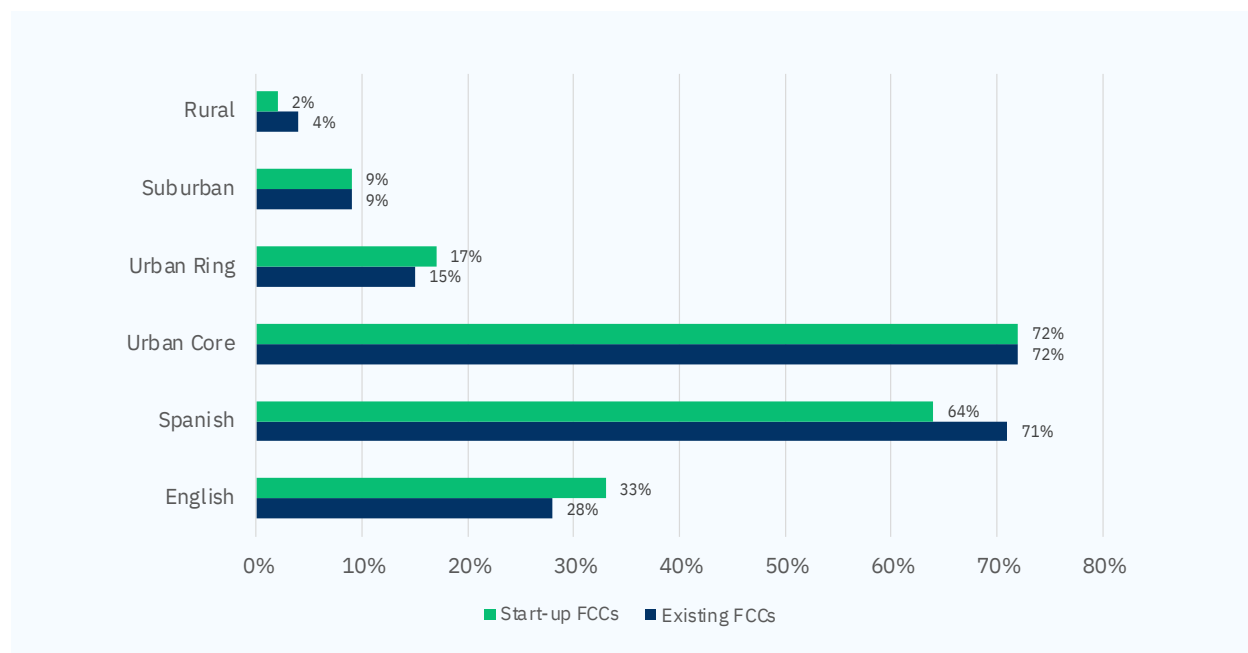
“I wouldn’t have been able to open my program as quickly as I did if I hadn’t gotten these resources. They were a great help in opening my program.”

—Family Child Care Start-up Grant Recipient

⁷ While it was extremely unlikely that a given provider would qualify for both a stabilization grant (meant for existing programs) and an FCC start-up grant, it was possible, given the time frame of each grant program's application period and the provision allowing for recently closed programs to receive start-up funds to open again. A total of three providers received both a stabilization grant and a start-up grant.

⁸ A total of 130 start-up grants were awarded; of those, 85 grantees had opened programs by October 2024 and another 23 grantees were still in progress at that time.

Figure 3: FCC characteristics by start-up grant receipt⁹



The average age of new FCC owners was 39, with almost two-thirds of new FCC operators aged between 19 and 40 years old. Overall, new FCC start-up owners were younger than those in existence in October 2021, when the average age was 52. New FCC owners had varied educational backgrounds, with the majority having a high school diploma or GED as their highest degree, while about one-quarter (26%) had either an associate's or bachelor's degree.

“Thanks to those funds I was able to help myself at the start the day care, especially [since] lead and radon [inspections] are very expensive...without that help it would have been impossible for me.” —Family Child Care Start-up Grant Recipient

Characteristics of FCC Educators Receiving a Retention Bonus

The first application window for the Early Educator Pandemic Retention Bonus opened in March 2022. Consecutive waves of application periods followed approximately every three months and continued through July 2024 (10 waves total). The bonus consisted of \$750 in each wave for educators who met certain employment requirements, including being employed at the same DHS-licensed program within the past six months.¹⁰ Across all 10 application windows, **704 FCC educators received at least one retention bonus** (Figure 4). The total number of FCC educators receiving a bonus in any given wave fluctuated between a high of 557 educators in Wave 10 to a low of 406 educators in Wave 5.¹¹

⁹ Due to rounding, percentages may not add up to 100.

¹⁰ The initial two waves were not quarterly distributions, but rather bi-annual disbursements of \$1,500.

¹¹ Because the total number of FCC educators is unknown, these data cannot be used to determine the extent to which all eligible FCC educators

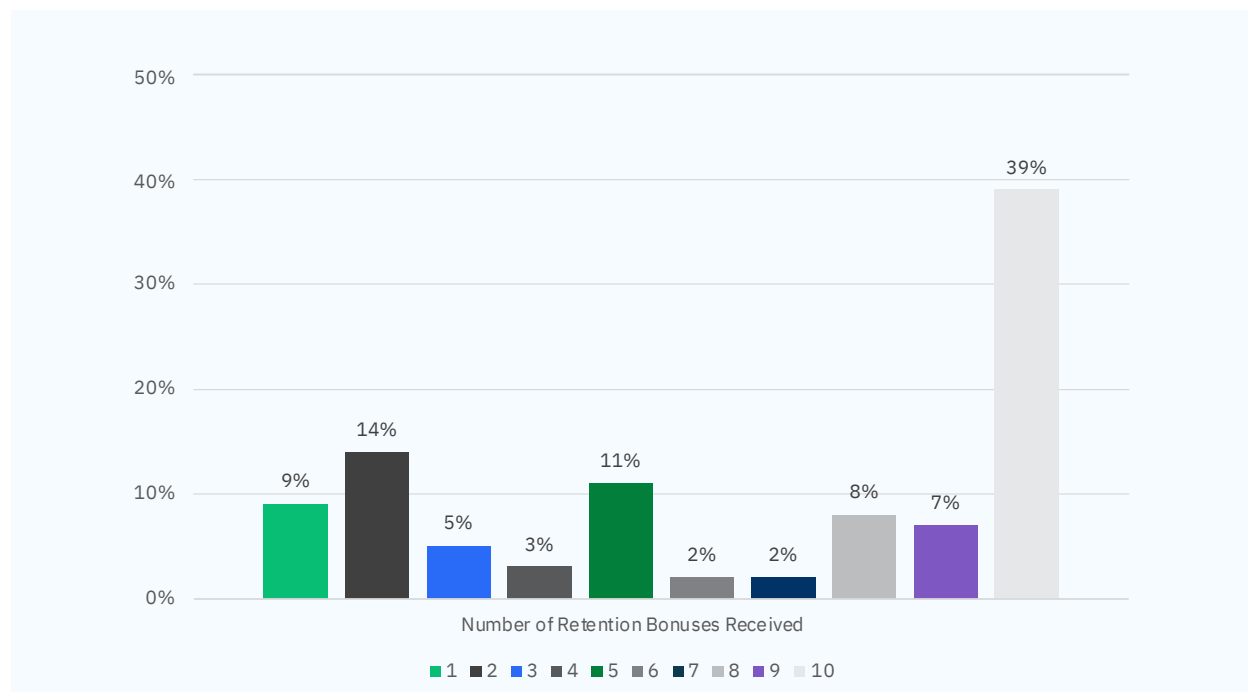
The Educator Retention Bonus payments have been really helpful in managing my expenses and improving my program. They allowed me to invest in more educational resources and helped with personal financial stability.

—Family Child Care Educator Retention Bonus Recipient

The average number of bonuses received by FCC educators was 6.6, with over one-third of the recipients (39%) receiving a bonus in all 10 waves. Among the recipients who received a bonus across all 10 waves, the vast majority were female (93%) and primarily Spanish speaking (68%).

Some FCC educators (13%) received bonuses inconsistently—that is, there were waves when the educator may have been eligible but did not receive a bonus in between waves where they did receive a bonus.

Figure 4: FCC educators' receipt of retention bonuses, Waves 1–10



This bonus awarded quarterly was truly a bonus! When you work for yourself you don't get an end of the year bonus check or incentives. This was the first time in 33+ years that I was awarded a bonus for a job well done. It was so wonderful to receive that little bit of extra money for the hard work that I put into my program.

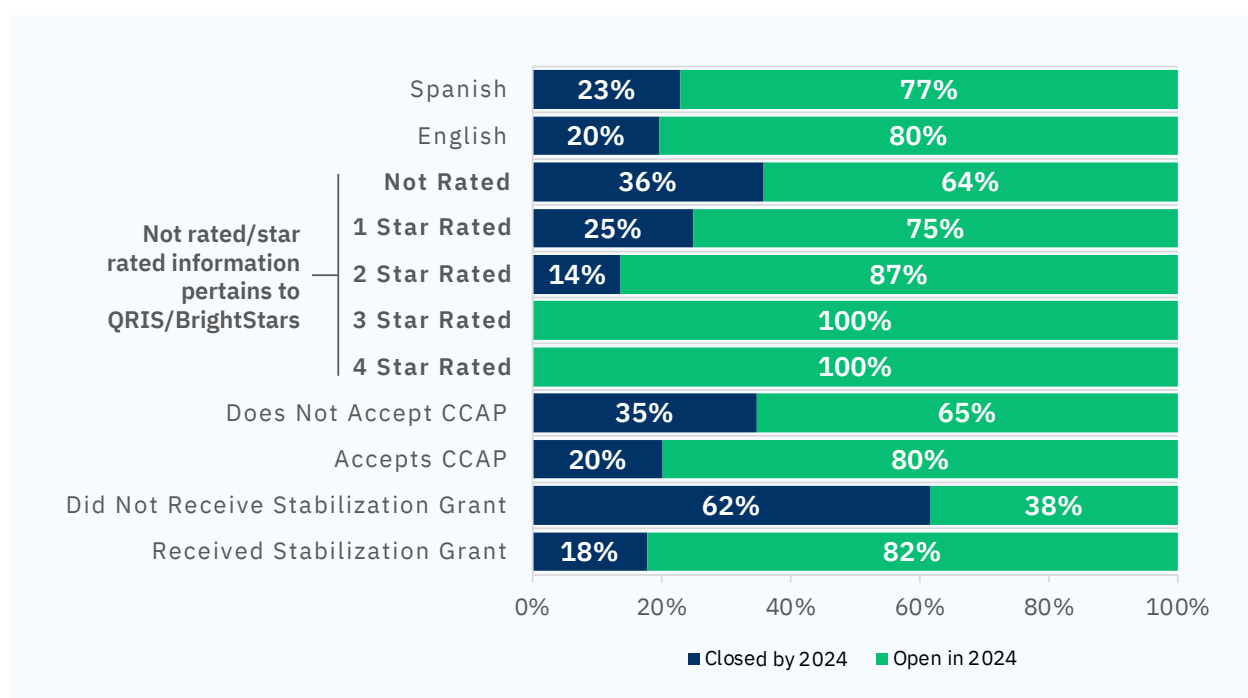
—Family Child Care Educator Retention Bonus Recipient

Family Child Care Closures

In October 2024, we conducted an analysis of FCC providers from the October 2021 baseline sample to investigate the characteristics of FCC providers that were still in operation vs. those that had closed. Over three-quarters (77%) of the original sample of 401 FCC providers had remained continuously open. Twenty-two percent (88 providers) were closed, and 1 percent (5 providers) had closed temporarily but were open at the time of this analysis.

Figure 5 displays the characteristics of FCC providers that remained open compared with those that closed during this time frame. Those FCC providers who had received a stabilization grant were more likely to remain open than those that did not. Those who served CCAP families were also more likely to remain open, as were FCC providers who participated in the BrightStars QRIS, with higher-rated providers more likely to remain open than lower-rated providers or those who were not rated at all. Spanish-speaking FCC providers were more likely to remain open than were English-speaking ones.

Figure 5: Closure rate by characteristic, by October 2024¹²



As noted earlier, by October 2024, a total of 85 new licensed FCC providers had opened with support from the start-up grants. While not enough to completely replace the 88 FCC programs that had closed, the start-up grants did certainly help to replenish the supply of FCC providers.

¹² Due to rounding, percentages may not add up to 100.

We also examined active and passive closures, with active closures defined as FCC providers that ceased operations while their license was still active, and passive closures defined as FCC providers that indicated closure by not renewing their license when it expired. As shown in Figure 6, the number of closures declined the further providers got from the COVID-19 pandemic. However, active closures declined at a much sharper rate (41% of all closures in 2022, 23% in 2023, and 11% in 2024), indicating that the industry may have stabilized in the years following the pandemic. The next phase of this research will examine the impact these additional funding sources had on this stabilization.

Figure 6: Number of FCC closures by year, 2022-2024



Next Steps

This report presents findings from descriptive analyses of the study's baseline sample of FCC providers and FCC recipients of the three targeted funding initiatives that are the focus of this study. Future analyses will explore whether specific program characteristics or engagement with funding supports help predict whether an FCC provider remains open or closes, as well as whether FCC owners' receipt of funding supports is associated with their subsequent engagement with professional development and technical assistance and increased BrightStars quality ratings over time.

Appendix A: Urbanicity Classification

Urban Core	Urban Ring	Suburban	Rural
Central Falls	Cranston	Barrington	Ashaway
Pawtucket	East Providence	Bristol	Block Island
Providence	North Providence	Cumberland	Bradford
Woonsocket	Riverside	East Greenwich	Burrillville
	Rumford	Greenville	Charlestown
	Warwick	Jamestown	Chepachet
	West Warwick	Johnston	Coventry
		Lincoln	Exeter
		Manville	Foster
		Middletown	Glocester
		Narragansett	Harrisville
		Newport	Hope Valley
		North Kingstown	Kingston
		Portsmouth	Little Compton
		Smithfield	North Scituate
		Warren	North Smithfield
		Westerly	Pascoag
			Peace Dale
			Richmond
			Rockland

Urban Core	Urban Ring	Suburban	Rural
			Slatersville
			South Kingstown
			Tiverton
			Wakefield
			West Greenwich
			West Kingston
			Wyoming



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