THRIVING PROVIDERS PROJECT

New York | 18-month Evaluation Report

What We Learned About the Thriving Providers Project in New York

Executive Summary

Stanford | Center on Early Childhood

HOME GROWN

In 2022, Home Grown, a national collaborative of funders committed to improving the quality of and access to home-based child care (HBCC), launched a first-of-its kind direct cash transfer (DCT) program specifically for HBCC providers, the Thriving Providers Project (TPP). TPP arose in response to stark data from the RAPID survey project about providers across the country experiencing high rates of material hardship, as well as the need to acknowledge and better compensate this critical workforce, particularly HBCC providers, for their essential contributions to our country's economy and families. Home Grown spearheaded TPP to support local organizations serving HBCC providers as they implement direct cash pilots to support the economic well-being of HBCC providers and, therefore, ensure that the children in their care can thrive.

In partnership with All Our Kin (AOK), a national nonprofit organization dedicated to strengthening family child care (FCC) in New York City, the third pilot of this national initiative began in New York City (NYC) in June 2024. All Our Kin recruited and enrolled 50 licensed FCC providers. Participants who met New York City-specific eligibility criteria received $500 payments twice a month for 18 months. All participants held active FCC licenses and operated in the Bronx through AOK's network.

Over the course of the pilot, the Stanford Center on Early Childhood (SCEC) served as the learning and evaluation partner for TPP. Grounded in a Theory of Impact (TOI) and in rapid-style research methods utilized in the national RAPID survey, the SCEC conducted a longitudinal, mixed-methods formative evaluation of TPP participants, parents, and caregivers and of community-based organization (CBO) staff members. Of the 50 NYC TPP participants, 35 consented to participate in the evaluation, completing brief monthly surveys. The evaluation also utilized a nonrepresentative comparison group of national RAPID participants with key similarities to the TPP participant sample. The SCEC engaged in ongoing dialogue with all evaluation partners, as well as with TPP participants, applying a community-informed approach to all elements of the study.

In this report, we provide information on the background and origin of TPP, the initiative's TOI, methodology including research design and participant details, quantitative and qualitative findings organized by the TOI for the full 18 months of TPP implementation in New York City, and a conclusion with lessons learned for future TPP implementation sites, key research takeaways, and policy recommendations. We include additional methodological details around data sources and analysis at the end of the report. Our evaluation points to the notable potential for temporary DCTs to increase HBCC providers' financial and psychological well-being, as well as the urgent need for systemic, sustainable solutions for improving HBCC provider compensation and payment mechanisms to foster long-term workforce stability and strength.

Key Learnings

1. **With Reliable, Consistent Payments, TPP Participants Reported More Confidence They Can and Will Stay in the Field.** Within three months of receiving DCTs, most TPP evaluation respondents (73%) reported that payments helped them remain in the child care workforce, suggesting this is an immediate impact of the cash support. Similarly, after 18 months of DCT payments, 89% of respondents said they are likely or very likely to continue to work in the field for the foreseeable future. This suggests that ongoing financial support could be a stabilizing force within early care and education (ECE).
2. **HBCC is Often the Preferred Child Care Option for Many Families, and Workforce Stability Supported Stable, Trusted Care for Families.** Parent and family focus group findings revealed that families chose FCC providers for their perceived quality, trusted referrals, and the way providers understood and responded to their children's specific needs. Families described their providers as partners in their children's development, and many had no alternative if their provider closed.
3. **TPP Evaluation Participants Reported that Reliable, Consistent DCTs Increased their Sense of Economic Stability and Buffered Against Income Volatility.** Throughout TPP, income fluctuations persisted for participants due to common challenges in child care such as enrollment variability, as well as New York City-specific disruptions including Child Care Assistance Program (CCAP) funding shortfalls and immigration-related enrollment losses. Despite fluctuations, throughout most of the pilot, about 80% of evaluation participants consistently agreed or strongly agreed that DCTs helped them manage income variability.
4. **Participants Reported Using DCTs to Manage Debt, Pay Bills, and Cover Emergencies, with Some Able to Set Aside Savings.** For TPP evaluation participants, DCTs acted as a predictable financial anchor that supported them to meet basic needs like paying for food, utilities, and bills, manage cash-flow gaps, and pay down credit card, utility, and student loan debts. The proportion of participants carrying overdue bills and/or debt declined over the pilot, and at the end of the program, 11 out of 18 (61.1%) of survey respondents reported that DCTs enabled them to set aside savings.
5. **TPP Evaluation Participants Reported DCTs Filled Critical Gaps Caused by System Failures.** In New York City, findings suggest DCTs not only stabilized participants' finances but also helped offset real and immediate losses caused by CCAP funding shortfalls, immigration-related enrollment losses, and structural barriers to Pre–K participation. With no TPP evaluation participants reporting receipt of public or employment benefits by late in the pilot, DCTs were often the only reliable external support available to fill these gaps.
6. **Consistent Cash Support Strengthened TPP Evaluation Participants' Well-being and Caregiving Capacity.** New York City TPP evaluation participants reported that increased financial stability allowed them to invest in their care environments. Providers used DCTs to purchase educational materials, hire assistants, and cover essential program expenses. Participants also reported reduced stress and a greater ability to focus on children's experiences and well-being.

Glossary The following terms appear throughout this report. Readers who are unfamiliar with the HBCC landscape may find these definitions helpful in understanding the data presented.

Community-Based Organization (CBO)
An organization, typically nonprofit, that works at the local level to provide services to improve a community's health and well-being. Within the context of all TPP locations, participating CBOs have trusted relationships with HBCC providers and serve as an intermediary between Home Grown, SCEC, and participants.

Direct Cash Transfer (DCT)
An intervention that provides money directly to individuals or households in the form of unrestricted payments. Oftentimes, DCTs are referred to as "no strings attached" payments.

Home-Based Child Care (HBCC)
Refers to any nonparental care for, in a provider's home or child's home. HBCC providers may care for mixed-age groups, and they may be paid or unpaid. HBCC is a term that encompasses both unregulated and licensed providers in the home context.

Licensed Family Child Care (FCC)
Licensed providers are HBCC providers who hold a license from their state and are paid for their services. Some states use the terms regulated or registered rather than licensed. Licensed FCC programs typically have much smaller capacities than center-based programs.

Introduction

Home Based Child Care (HBCC) is the backbone of New York City's early care and education (ECE) system with one out of three families using home-based care (Cha et al., 2024). Yet, the providers who make it possible are among the most economically vulnerable workers in the city. The RAPID survey, a national, longitudinal survey created by the SCEC to investigate the lives of families with young children and child care providers, demonstrated that many child care providers are facing financial insecurity and emotional hardship, making it difficult to sustain their work (RAPID, 2021). At the same time, parents of young children continue to face major barriers in accessing affordable, high-quality care (RAPID, 2022; RAPID 2025).

The child care crisis in the United States has been the result of several economic factors, including insufficient workforce investment. This is especially true in New York City where HBCC providers are predominantly low-income women of color and immigrants, many of whom earn far below the city's minimum wage, with nearly half relying on Medicaid and one in six lacking health insurance altogether (Cha et al., 2024). Policymakers throughout the nation are clear that the current, largely privately funded child care system in the US suffers from multiple market failures (e.g., liquidity constraints, positive externalities) that make it a prime candidate for additional, robust government investment (U.S. Department of the Treasury, 2021).

DCT programs have expanded across the United States in recent years and are grounded in the idea that reliable, predictable, unrestricted income improves stability and frees recipients to focus beyond immediate basic needs. Evidence on DCTs from low- and middle-income countries shows that they improve education, health, nutrition, employment, and poverty outcomes. In the U.S., an analysis of child allowance policies indicates substantial social benefits of cash and near-cash transfers and developmental benefits for young children when parents receive cash support. However, little research examines whether similar intergenerational benefits occur when cash is provided to child care providers rather than families. TPP addresses this gap by exploring whether giving unrestricted payments to HBCC providers can enhance provider stability and, in turn, benefit the children in their care.

Existing wage supplement initiatives, while distinct from DCTs, offer relevant context for interpreting what follows. An evaluation by Mathematica found that Washington, D.C.'s Early Childhood Educator Pay Equity Fund was associated with a statistically significant increase in early childhood educator employment levels in the short term, suggesting potential improvements in workforce retention and stability (Schochet, 2023). An evaluation by researchers at the University of Virginia's Teacher Recognition Program, funded through the Preschool Development Birth through Five Initial Grant, found that many early educators reported that financial incentives helped them meet basic needs and feel more valued in their work, and that the support encouraged them to stay in their jobs longer than they otherwise would have (Bassok et al., 2021). Although these models are tied more directly to employment settings than TPP, their results

suggest that reliable compensation supplements can stabilize the workforce and improve financial and psychological well-being; lessons from TPP and DCTs therefore highlight the importance of sufficient, dependable, and accessible payments as states seek to pilot strategies for HBCC providers.

Theory of Impact

These findings from existing programs provide the evidentiary foundation for TPP's approach and raise a key question that this evaluation seeks to answer: *Do DCTs to HBCC providers produce comparable gains in stability, well-being, and care quality?* The Theory of Impact (TOI) guiding this work offers a framework for understanding how they might.

The SCEC and Home Grown created a TOI to articulate how TPP impacts HBCC providers and their respective ecosystems. A TOI outlines program activities (strategies), what is expected as an immediate result of those activities (targets), the broader goals of program activities (outcomes), and the factors that will affect who benefits most or least from the program (moderators). In April 2022, the SCEC conducted a series of workshops with Home Grown to identify key programmatic elements and related goals of TPP across all implementation sites, ultimately resulting in the national TPP TOI. The TOI informed program decisions and evaluation plans for all TPP sites, including New York City; however, the team made site-specific adaptations to ensure the approach reflected local context and implementation needs.

Scope and Purpose of this Report

In this 18-month report, we describe what we have learned about HBCC providers' experiences with TPP in New York City and the impacts of receiving ongoing, unrestricted, and reliable cash transfers. We aim to understand how this financial support contributes to providers' sense of economic stability, emotional well-being, ability to continue offering high-quality care, and retention in the field. The findings in this report draw on data collected from FCC providers, and the parents and families they provide care for, in New York City during the implementation period from June 2024 to January 2026.

This is a pilot initiative with a relatively small sample of participants who met site-specific criteria. As such, this report relies heavily on qualitative, open-ended responses and participant-reported experiences that describe TPP's impact. We provide information on methodology including research design and participant details, quantitative and qualitative findings, and a conclusion with lessons learned for future TPP implementation sites, key research takeaways, and policy recommendations. The six learnings below reflect the themes that emerged most consistently across 18 months of data collection.

Methodological Overview

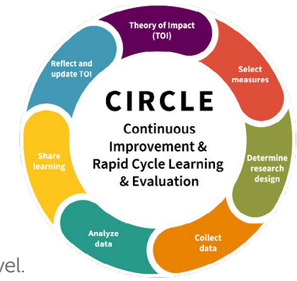
Key Players

Multiple teams and organizations collaborated on this evaluation. Throughout the report, we refer to the following key players who contributed to evaluation design, implementation, and analysis.

1. **Home Grown**
   Home Grown is the creator and programmatic lead of TPP nationally. In partnership with private and public funders in local communities, the organization leads the national funding for the initiative. Home Grown supports project management and integration, evaluation, policy strategy and advising, payment and data collection tools, coaching, peer learning support tools such as the Benefits Protection Toolkit, and backbone funding and fundraising support.

2. **All Our Kin (AOK)**
   All Our Kin is a national nonprofit organization dedicated to strengthening FCC by training, supporting, and sustaining home-based educators. Through coaching, business development support, licensing assistance, and peer networks, AOK helps providers build sustainable small businesses while improving care quality for children and families. In New York City, AOK partnered with Home Grown to recruit and support Bronx-based FCC providers, drawing on its trusted network and bilingual, culturally responsive supports.

3. **Stanford Center on Early Childhood (SCEC)**
   The SCEC served as the learning and evaluation partner for TPP. Within the SCEC, two teams are involved in the TPP evaluation: the Continuous Improvement and Rapid Cycle Learning and Evaluation (CIRCLE) and RAPID teams. The CIRCLE Team's robust approach to learning and evaluation is based on continuous improvement. The CIRCLE Team's goal is to move beyond asking whether programs "work" and instead to identify "how" and "for whom" programs are working. The CIRCLE Framework (see Figure 1) guides CIRCLE Team engagements like this TPP evaluation and is effective in driving improvements at the program and systems level.



RAPID

RAPID is a survey project based at the SCEC. The RAPID survey provides actionable data on the experiences and well-being of the important adults in young children's lives to inform immediate and long-term program and policy decisions. In the current evaluation, we utilized RAPID survey methodologies and data analyses.

Research Design

Grounded in the TOI and in rapid-cycle evaluation methods, the SCEC conducted a longitudinal, mixed-methods formative evaluation of TPP participants, parents/caregivers, and CBO staff members. The rapid-cycle survey approach offers key advantages over traditional methods that rely solely on randomized controlled trials (RCTs). It uses near-real-time data to guide program decisions, allows for testing and refining program components quickly, and supports ethical research during crises by evaluating programs without withholding resources. Its iterative design process also engages communities in co-design, helping ensure programs reflect their expertise, experiences, and priorities.

Consistent with this approach, the team replicated the evaluation model first used in Colorado with small modifications described later in this section.

Recruitment and Participants

The third pilot of this national initiative began in New York City in June 2024. Home Grown partnered with AOK to recruit and enroll 50 FCC providers. Participants who met New York City-specific eligibility criteria received $500 payments twice a month for 18 months.

Home Grown required providers to:

- be licensed FCC providers,
- reside and operate in the Bronx,
- be considered AOK Educators and opt in to be AOK network members,[1]
- attest that they are primarily responsible for the direct care of children and do now or seek to care for children whose families receive the New York State Child Care Assistance Program,
- be at least 18 years old, and
- intend to provide child care for the next 18 months.

[1]All Our Kin's Family Child Care Network offers educational mentorship, professional development, advocacy and leadership opportunities, and community with other family child care providers. The Network is a high-touch program built on best practices in early childhood consultation and teacher mentoring. Early childhood consultants visit family child cares to lead model lessons, demonstrate new strategies, and reflect with providers on their work (to learn more visit: https://allourkin.org/family-child-care-networks).

Priority was given to providers who received their child care license within the past 12 months, though this was not a requirement. This prioritization was recommended by the local Advisory Committee, made up of providers and other stakeholders, who noted that licensing can take up to six months and startup costs can reach $15,000, making these newly formed businesses especially vulnerable to financial instability.

TPP Evaluation Survey

The SCEC and AOK recruited 35 of the 50 TPP participants in New York City to participate in the evaluation. The SCEC team invited consented TPP participants to complete monthly surveys online via Qualtrics. Participants who completed a survey received a $10 electronic gift card and a $20 bonus for every third survey they completed. Evaluation participants represented a range of voices summarized in Table 1. Participation in the evaluation was voluntary and not required to receive DCT payments. As a result, findings reflect the experiences of participants who consented to participate and may not represent all TPP participants.

Table 1. Demographics for TPP Evaluation Survey Participants

Demographic Variable	Evaluation Sample (N = 35)	RAPID National Provider Survey Comparison Sample (N =1109)
Provider Type	FCC	HBCC and FCC
Race/Ethnicity	11.4% Black 77.1% Latinx 0.0% Other (non-White) 0.0% White 11.4% NA	20.2% Black 33.3% Latinx 7.8% Other (non-White) 38.8% White 0.0% NA
Preferred Language	37.1% English 62.9% Spanish 0.0% Other 0.0% NA	83.1% English 8.1% Spanish 1.3% Other 7.5% NA
Gender	85.7% female 0.0% male 14.3% NA	100% female 0.0% male 0.0% NA
Household Income	74.3% Below 200% FPL 11.4% Below 200–400% FPL 5.7% Above 400% FPL 8.6% NA	46.6% Below 200% FPL 30.4% Below 200–400% FPL 15.1% Above 400% FPL 7.9% NA

A recent report from Robin Hood, a New York City anti-poverty philanthropy, highlights the conditions facing the city's HBCC workforce and illuminates the demographics of TPP NYC participants (Cha et al., 2024). Most providers are low-income women, largely women of color and immigrants, and many earn far below New York City's minimum wage. About one in four rely on the Supplemental Nutrition Assistance Program (SNAP, commonly known as food stamps), nearly half use Medicaid, and more than one in six have no health insurance. Poor health is also common, with nearly half reporting poor physical health and about one-third reporting poor mental health. At the same time, HBCC plays a critical role for families with roughly one-third of New York City families using this form of care, and most working families who rely on HBCC need public subsidies to afford it.

CBO Staff Survey

The SCEC directly contacted AOK staff leading the implementation of TPP in New York City with the CBO Staff Survey link. Four AOK staff members completed the CBO staff surveys at the start of the pilot and 1 AOK staff member completed the CBO staff surveys at the end. They received a $10 gift card after completing each survey. The SCEC team did not collect demographic data.

TPP Participant Focus Groups

The SCEC invited TPP evaluation participants to take part in focus groups by sharing a link to register interest. Fourteen participants took part in a focus group and received a $50 electronic gift card for their time. The SCEC team did not collect demographic data of focus group participants.

Parent/Family Focus Group

The SCEC invited parents and family members, for whom a TPP participant was their child care provider, to join a focus group. The SCEC recruited parents/caregivers to the study by sharing a link to an interest form with FCC caregivers in TPP so they could forward it to parents/caregivers. For recruiting parents/caregivers, FCC providers received Lee & Low books as incentives. Focus groups participants received a $50 electronic gift card for participating. Thirteen parents/family members, for whom a TPP participant was their child care provider, participated in a focus group. The majority of participants identified as Hispanic or Latina women.

Data Sources

The evaluation involved both primary and secondary quantitative and qualitative data. Each of these data sources is described in Table 2.

Table 2. Mixed-Methods Data Sources

Primary Data		
Data Type	**Data Source**	**Description**
Surveys	TPP Evaluation Participant Surveys	The SCEC shared monthly surveys via Qualtrics that took ~10 minutes to complete. They included multiple-choice and open-ended items addressing most TPP TOI constructs. The SCEC team sent surveys in English and Spanish and via text or email depending on participant preferences. The SCEC team incorporated RAPID items for national comparison and co-developed additional questions with Home Grown and HBCC providers. Monthly surveys were typically shorter than quarterly surveys which included longer modules and allowed site specific questions to be added, for example modules exploring systems disruptions in New York City.
	CBO Staff Surveys	The SCEC team administered two CBO staff surveys, one after enrollment and one at the end of TPP in New York City. The enrollment survey focused on staff recruitment experiences and organizational characteristics. The exit survey assessed participants' use of community resources and captured contextual or environmental changes relevant to interpreting findings.
Focus Groups	TPP Participant Focus Groups	The SCEC team conducted and recorded one-hour English-language virtual focus groups in July 2025 with a subset of TPP evaluation participants. Discussions addressed experiences with TPP, including entry into child care, care quality, financial and well-being impacts, and recommendations for post-program support. In Colorado, the CBO led provider focus groups, whereas in New York City, the SCEC team decided to lead these data collection activities.
	Parent/ Family Focus Group	The SCEC team collected primary data from parents/family members of young children – for whom TPP participants were their child care providers – in virtual focus groups conducted in October 2024. Topics included choice of child care provider type and the impact of child care on the parent and their child/ren. This was a key methodological change from the first site in Colorado where the evaluation team sent surveys to parents and families. Low survey engagement led the SCEC team to implement focus groups instead.
Secondary Data		
National Survey	RAPID	The evaluation utilized a nonrepresentative comparison group of national RAPID participants with key similarities to the TPP participant sample (gender and child care provider type). The RAPID team surveyed this convenience sample of early childhood providers via Qualtrics. While not a matched sample, this comparison informed advisory board discussions and enhanced both the evaluation process and the analysis.
Payment Data	BEAM	AOK utilized the platform BEAM to enroll and deliver monthly DCTs to TPP participants. TPP evaluation participants consented to BEAM sharing data with the SCEC which included demographic information and application metrics (e.g., when applicants completed the application and when the program administered the DCTs).

To analyze these data, we used a mixed-methods approach, integrating quantitative and qualitative techniques to provide a comprehensive understanding of the findings.

Analytical Methods

Quantitative

Using a rapid-cycle formative evaluation approach, the team cleaned and analyzed data each quarter and summarized participant experiences with descriptive and trend statistics. The quantitative analysis draws on a total of 259 responses collected across the 35 providers, with monthly survey sample sizes ranging from 10 to 34 participants. The SCEC shared results with CBOs, funders, and Home Grown, whose feedback improved surveys, visualizations, and analysis decisions. Given the small sample size, the evaluation did not include pre-post testing; instead, the SCEC team compared data with a similar national provider sample (matched by gender and provider type) over the same time period as an imperfect but meaningful control, increasing confidence that the observed changes reflected the program rather than broader trends.

Qualitative

The SCEC team conducted deductive thematic analysis (Bingham & Witkowsky, 2022) using Dedoose as the primary coding software (Dedoose, 2021). Members of the team developed and refined a codebook aligned to study targets and outcomes identified in the TOI. The team members leading the coding used the monthly survey open-ended responses to gain familiarity with participant concepts and the codebook prior to analyzing and coding focus group/ interview transcripts. The SCEC team applied this analysis to provider focus groups and parent/family focus groups.

Together, these approaches enabled a comprehensive analysis of data, informing the findings presented in the following section.

Key Findings

1. With Reliable, Consistent Payments, TPP Participants Reported More Confidence They Can and Will Stay in the Field

Within three months of receiving DCTs, 11 out of 15 (73%) TPP evaluation participants reported that payments helped them remain in the child care workforce, suggesting this is an immediate impact of the reliable cash support.

89% **After 18 months, 16 out of 18 (89%) participants who took the survey said they are likely or very likely to continue to work in the field for the foreseeable future.**

Qualitative data further reveal how receiving DCTs enabled participants to keep providing child care:

> **"I was going to quit being a child care provider before receiving the direct cash transfers but because I am receiving this help of the $1,000 per month, I no longer needed to quit being a child care provider. The income I was receiving for taking care of the two children I care for wasn't enough. I was barely getting by and living paycheck to paycheck. I honestly thought of quitting and closing the daycare business and getting a job but thank God I didn't have to do that since I'm receiving the direct cash transfer."** - Evaluation participant

> **"It helped in so many ways and helped me make the decision that this summer period, within this period of time I will still be able to open to take care of my kids, because I know that I'll be able to afford extra help ... It helped me make the decision to actually still be open, even though there are still financial challenges ..."** - Provider focus group participant

This is particularly notable given the decline in regulated FCC programs nationally (Bromer et al., 2021) and in New York City, where the sector has lost more than 1,400 HBCCs since the launch of publicly funded Pre–K (Melodia & Paredes, 2025). These findings also highlight the importance of sustaining this workforce for the families who rely on these services. For HBCC providers who experience economic instability, their ability to remain in the field may be compromised. By providing a consistent baseline of financial support, DCTs helped TPP evaluation participants stay open through enrollment losses, delayed reimbursements, and unexpected costs that might otherwise have forced them to close.

2. HBCC is Often the Preferred Child Care Option for Many Families, and Workforce Stability Supported Stable, Trusted Care

Parent and family focus group findings revealed that families chose FCC providers for reasons beyond convenience or availability. Families described selecting providers based on perceived quality, trusted referrals, the way providers understood their children's specific needs, and the sense of safety and partnership that home-based settings offered. Many described their provider not as a last resort, but as an active, valued choice.

> **"Okay, in my case it's a relief, because in order for me to work, I'm leaving my child in hands that I trust and I could work peacefully because I know they [are] taking care of my baby."**
> - Parent/family focus group participant

Families also described the way that losing their provider can create cascading disruptions to their everyday lives. Some parent and family focus group participants did not have access to alternative child care arrangements because of availability or affordability, making their provider's continued operation essential to their own ability to work.

> **"If I don't have the child care at that day, I can't work ... In my case I don't have an alternative."**
> - Parent/family focus group participant

Family focus group participants see FCC providers as essential. When asked about the impact it would have on their life if their provider no longer provided care, another participant shared:

> **"I would have to look into other daycares, which I know will cost a lot more money."**
> - Parent/family focus group participant

For these families, losing a trusted provider could mean real disruptions to employment, schooling, and household stability. These findings suggest that HBCC is not simply a child care option of last resort, but a form of care that New York City families actively seek out and prefer for their young children.

Within this context, the confidence TPP participants reported in their ability to continue providing care is meaningful not only for providers themselves, but for the families who may depend on that stability. When providers can stay open and stable, families may find it easier to maintain consistent care arrangements, supporting children's continuity of care and early learning. This increase in confidence among participants was closely linked to another key finding: the role of DCTs in strengthening the economic stability that makes sustained child care possible.

3. TPP Evaluation Participants Reported that Reliable, Consistent DCTs Increased their Sense of Economic Stability and Buffered Against Income Volatility

Throughout the course of the pilot, TPP evaluation participants who participated in surveys frequently reported persistent income fluctuations. This ranged from 4 out of 9 (44%) to 9 out of 12 respondents (75%). Across all survey waves, 61% (n = 243) of responses reported fluctuations in income, with peaks in August and September 2024 and November and December 2025, when 75% of respondents reported fluctuations in income. While the percentage of TPP evaluation participants reporting income fluctuations varied considerably from month to month, this variability itself reflects the unpredictable nature of providers' financial circumstances. FCC providers regularly contend with enrollment variability, out-of-pocket program costs, and gaps in reimbursements that create unpredictable income month to month (Bromer et al., 2021). Specific to New York City, 6 out of 18 (33%) TPP evaluation participants reported taking on debt to cover program-related expenses like food for children in their care.

These structural challenges converged with a series of other disruptions felt locally like delays in subsidy payments and enrollment losses driven by immigration-related safety concerns. Starting in early 2025, immigration-related safety concerns led some families to withdraw children from care, impacting providers' enrollment and income with little warning. TPP evaluation participants felt disruptions in an ongoing, palpable way as they dealt with the loss of voucher approvals to federal government shutdown impacts to children moving away due to the high cost of living in New York City.

> **"The freeze on the voucher program had affected my program. I have few open slots available and I haven't been able to fill them out yet because of the issues with the vouchers. I'm not affiliated to a network so I'd hard to find families that can afford the current childcare fees. At the present time all my children have some kind of childcare subsidy to help pay for the program."** - Evaluation participant

> **"The government shut down impacted the payment reimbursement I receive from the CACFP as well as the budget approved for childcare affected some of the families in my program."** - Evaluation participant

Income fluctuations did not abate over the course of the pilot, indicating that while DCTs helped to provide a stable financial anchor, other income sources remained variable.

80% **However, even as income fluctuations persisted, by four months into the pilot, about 80% of TPP evaluation participants who responded to this question consistently agreed or strongly agreed that DCTs helped them manage fluctuations in their income.**

Only participants who had already reported experiencing income fluctuations in the same survey wave answered this question, which explains the relatively small number of respondents, ranging from 4 to 12 across the pilot period. These percentages should be interpreted with appropriate caution given the small and varying sample sizes; however, the finding pointed consistently in the same direction across the pilot. While DCTs did not eliminate the instability often present in the HBCC field, they gave TPP evaluation participants a dependable financial foundation from which to absorb shocks and keep their programs running.

Over time, participants' agreement that DCTs supported income stability followed a modest upward pattern. Two early dips in July and October 2024 occurred during the initial months of implementation, before participants had experienced the cumulative effect of consistent payments.

100%

From November 2024 onwards, agreement held at or near 100% for the remainder of the pilot period, suggesting that once providers received several months of reliable payments, they increasingly came to rely on DCTs as a stable and dependable source of support.

This pattern is consistent with TPP's 18-month design, which anticipated that perceived stability would take several months to materialize as providers built confidence in the reliability of the transfers and began incorporating them into their financial planning.

Qualitative open-ended responses support this interpretation, capturing how DCTs helped TPP evaluation participants stabilize their financial realities in the face of ongoing disruptions. One participant described the cumulative effect simply:

> **"It has improved because I have stabilized financially."** - Evaluation participant

Others described drawing on DCTs to address specific financial pressures that arose, like managing debt, covering program costs, and bridging gaps when enrollment suddenly dropped:

> **"The transfer helps me stabilize my situation with the debts I have."** - Evaluation participant

> **"The direct cash payments have helped me greatly in the past month because I had one child abruptly move to another state and another child started school and therefore don't need to be in daycare anymore. Those 2 losses at the same time impacted my income and the amount of hours I have available for employees."** - Evaluation participant

> **"Food [costs] especially now [have] increased, well, the price of everything has kind of increased. And even though I am part of the food program, sometimes the check amount that you receive from them is very low in comparison to what you're actually spending every day, so definitely food. And I definitely have used [the DCT] to supplement part of payroll in certain situations like when children might leave unexpectedly … You know that income was just taken away, taken away abruptly and I've definitely used it to pay utility bills."** - Provider focus group participant

While income fluctuations persisted throughout the pilot, DCTs buffered against that volatility and helped providers stabilize their finances over time. Participants drew on this stability in several concrete ways, from managing day-to-day financial obligations to beginning to build longer-term financial resilience — patterns explored in greater depth in the findings that follow.

4. Participants Reported Using DCTs to Manage Debt, Pay Bills, and Cover Emergencies, with Some Able to Set Aside Savings

TPP evaluation participants found that DCTs acted as a predictable financial anchor, supporting them in meeting basic needs, managing cash-flow gaps, and paying down accumulated debt, including credit card, utility, and student loan debts. The survey asked participants whether their household carried overdue bills and/or debt and tracked this over time.

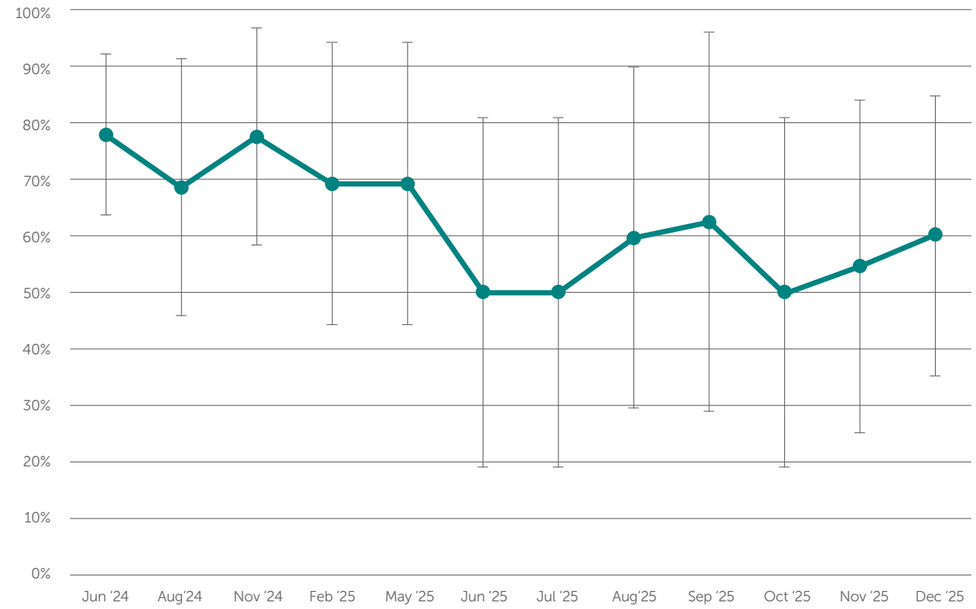
78%

The proportion of TPP evaluation participants reporting overdue bills and/or debt trended downward over the course of the pilot, from 25 out of 32 (78%) of participants at the start to 9 out of 15 participants (60%) by December 2025 (see Figure 1)**.**

These findings should be interpreted with appropriate caution given the small and varying monthly sample sizes; however, the general direction was consistent across the pilot period.

Figure 1. Percentage with Overdue Bills and/or Debt

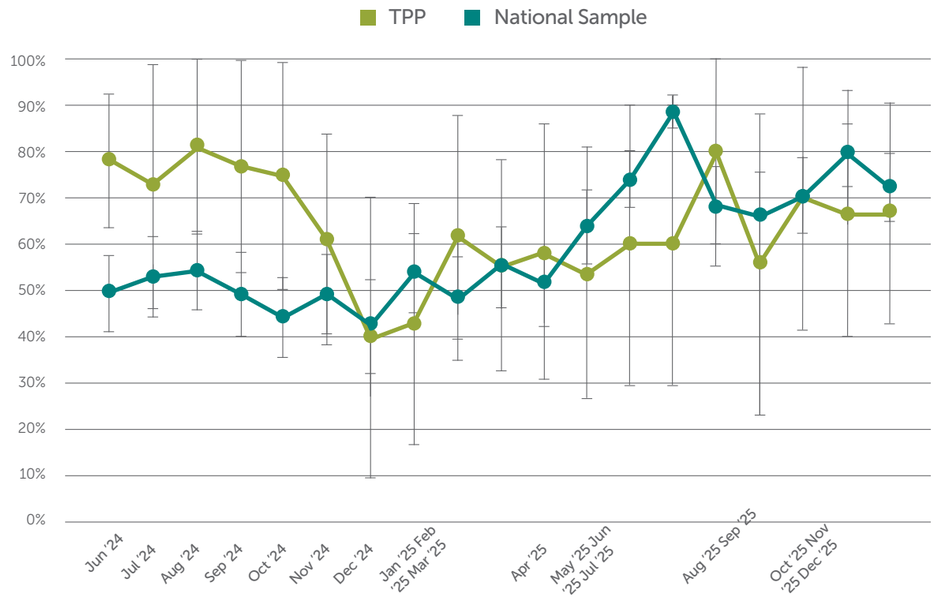
The percentage of TPP evaluation participants reporting overdue bills and/or debt trended downward over the course of the pilot.



Other quantitative data reinforce the finding that DCTs helped stabilize finances over time. The percentage of NYC TPP evaluation participants reporting material hardship slightly decreased over the course of the pilot, while material hardship in the national comparison sample increased considerably over the same period (see Figure 2). While the decrease among TPP evaluation participants is not linear, likely reflecting the small sample size and the persistence of structural financial pressures, the divergence between the two trends is meaningful. It suggests that reliable, consistent payments may have helped buffer TPP evaluation participants against the broader rise in hardship that comparable providers across the country experienced during the same period.

Figure 2. Percent Experiencing Material Hardship

TPP evaluation participants experienced a small decrease in material hardship over time, while providers in the RAPID National Sample experienced an increase.



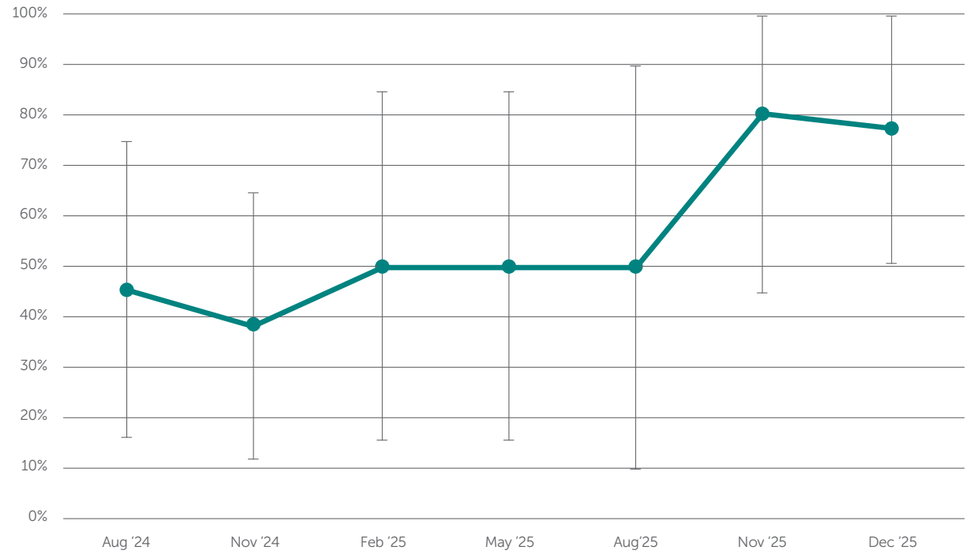
As this financial pressure eased, TPP evaluation participants increasingly turned to DCTs as a deliberate tool for managing it.

78% **The proportion reporting DCTs as their primary debt reduction strategy rose steadily from 5 out of 11 (45%) participants in August 2024 to 7 out of 9 participants (78%) by late 2025**, representing movement upward over time (see Figure 3).

By the end of the pilot, DCTs had become the most frequently cited approach to managing financial obligations, surpassing other strategies such as borrowing from family or friends. This shift suggests that as participants gained confidence in the reliability of the payments, they began incorporating them into their financial planning in ways that reduced dependence on potentially destabilizing, informal supports.

Figure 3. Percentage Reporting DCTs as a Debt Reduction Strategy

The proportion of TPP evaluation participants reporting DCTs as their primary debt reduction strategy increased over the pilot.



Qualitative data reinforce these trends, revealing how participants used DCTs to address a wide range of pressing financial needs, from everyday essentials to unexpected obligations:

> **"I owed around 4 months of SBA [Small Business Administration loan] because I had taken loans during the pandemic. I always paid with the business but when they gave me that money and I owed 4 months I thought "I think I can pay it with this" and I paid the 4 months."** - Provider focus group participant

> **"It helps me pay for various things such as prescriptions, electricity, and food."** - Evaluation participant

> **"Honestly, this support has helped me get through the last few months, pay off my debts, and has been a huge help for me and my family."** - Evaluation participant

> **"Yes, I have been able to pay off my credit card debts."** - Evaluation participant

Over time, DCTs also enabled a growing number of TPP evaluation participants to build a modest financial cushion. At the end of the pilot, 11 out of 18 (61%) of survey respondents reported that DCTs allowed them to set aside savings and, of those, 15 out of 18 (83.3%) reported they had saved approximately one month of expenses. The ability to save, even modestly, represents a meaningful shift from financial precarity toward a greater sense of stability and preparedness and highlights how, over time, DCTs can help move providers beyond meeting immediate needs toward building longer-term financial resilience.

TPP evaluation participants found that the predictability of the payments enabled this shift. TPP evaluation participants also described the unrestricted nature of the transfers as essential. Unlike program-specific grants or in-kind support, DCTs could be applied wherever participants experienced the greatest need, allowing them to respond directly to the financial pressures they faced rather than waiting for resources tied to a specific purpose.

> **"But by the grace of God with these funds specifically, it mostly was towards my credit card bills. Because, you know, before we started receiving these payments, there were other bills that ... I wasn't able to cover, so I put them on the credit card, and with the amount of interest that is going in ... I planned that I will use almost half of the money towards that payment to help me reduce those kinds of debt, and the other half went into every other session."** - Provider focus group participant

Taken together, these findings suggest that predictable, unrestricted payments increased participants' sense of economic stability by reducing debt, supporting bill payments, and enabling saving. This economic stability in turn supported TPP evaluation participants to manage the cash-flow gaps that arose from the system disruptions described in the finding that follows.

5. TPP Evaluation Participants Reported DCTs Filled Critical Gaps Caused by System Failures

System Disruptions Shaped Providers' Financial Realities

New York City TPP evaluation participants took part in the pilot during a period of significant state and local system disruptions that directly shaped their financial realities. Reflecting this, 15 out of 18 (83.3%) TPP evaluation participants reported that current events had impacted their business during the pilot period. The system challenges facing New York City providers are broad in scope and reflect the particular structural conditions of the New York City early childhood landscape.

Reliance on Public Systems

To understand how DCTs filled gaps in New York City, it is important to understand the broader system landscape in which providers operated. At least 84% and up to 100% of TPP evaluation participants cared for children whose families received child care subsidies, and at least 87% reported receiving Child and Adult Care Food Program (CACFP) funding to help cover the cost of food (see Figure 4).

> **"This support has helped me buy food for the kids because the program has been taking a while to reimburse me."** - Evaluation participant

These high participation rates reflect both the economic realities of the families served and TPP evaluation participants' active engagement with available supports. At the same time, this reliance meant that disruptions to public funding streams could carry immediate financial consequences for providers.

Low Public Benefit Receipt

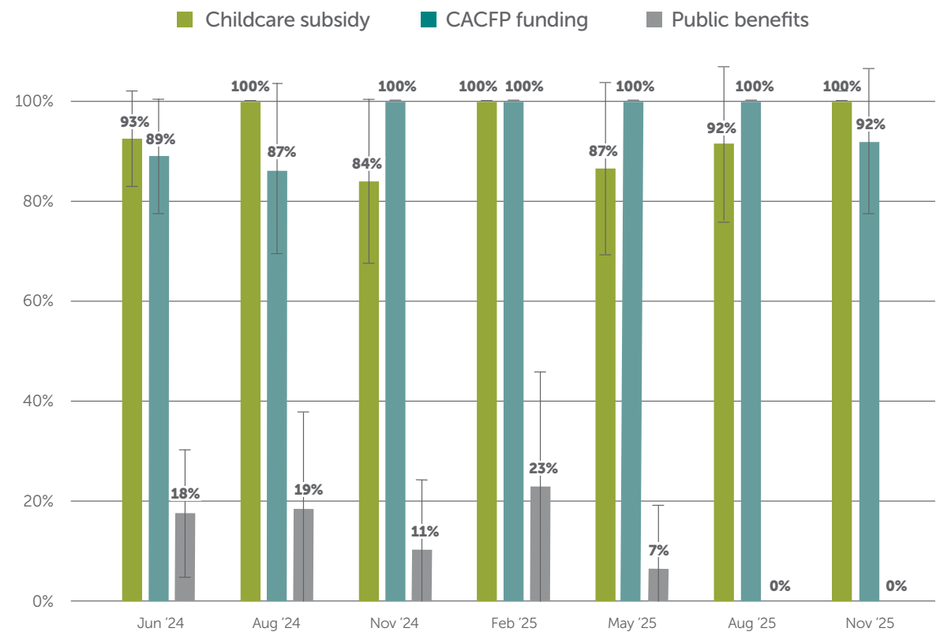
Limited access to public benefits further amplified TPP evaluation participants' vulnerability to the disruptions described above. Despite navigating significant financial pressure, the overwhelming majority of NYC TPP evaluation participants reported receiving no form of public or employment benefits, including federal cash assistance programs such as Temporary Assistance for Needy Families (TANF) and Supplemental Security Income (SSI), or federal in-kind benefit programs such as Medicaid, food stamps, and housing assistance, with that proportion reaching 100% by August and November 2025 (see Figure 5).

Child Care Subsidy Disruptions

Child care subsidies help low-income families pay for care and are typically paid directly to licensed providers. In early 2025, the New York City Administration for Children's Services (ACS) warned that it would soon exhaust its CCAP funds due to a shortfall in state funding. In May 2025, ACS paused new voucher enrollments, preventing eligible families from accessing subsidized care. For TPP evaluation participants who served exclusively voucher-holding families, this created an immediate threat to their programs and their income (see Figure 5).

Figure 4. Percentage Accessing Child Care Subsidies, CACFP Funding, & Public Benefits

NYC TPP evaluation participants showed near-universal reliance on child care subsidies and CACFP, with minimal access to broader public benefits across the pilot.



> **"Public policies are becoming very risky for our business. Most of the families who apply for vouchers through ACS are now on waiting lists because there are no more funds. The families we serve through the networks are also ACS clients. The Department of Education has delays with the networks, and the networks with us. So this becomes a bit uncertain, a bit risky. In my case, I only serve families with vouchers."** - Provider focus group participant

> **"I know ... about the situation right now — the parents, when the parents go looking for new vouchers, [they are] not allowed to have any vouchers, because ACS, they have deficits right now ... The State doesn't have money for child care, for new vouchers, and also the parents ..."** - Provider focus group participant

These experiences underscore how reliance on subsidy systems exposed TPP evaluation participants to policy and funding disruptions. Pauses in voucher enrollment introduced uncertainty around enrollment and income, particularly for providers serving primarily subsidized families.

Immigration-Related Enrollment Losses

Beginning in January 2025, AOK and other local CBOs shared with the SCEC that safety concerns around immigration enforcement led families to remove children from child care programs in the Bronx. Families made these decisions quickly and with little warning, creating sudden enrollment losses that providers had no way to anticipate or plan around. Unlike enrollment shifts driven by seasonal patterns or economic factors, immigration-related withdrawals reflected fear and uncertainty that no programmatic response could fully address. During this period, DCTs gave providers a critical buffer, helping them cover fixed costs even as enrollment and income dropped unexpectedly.

Structural Barriers to Pre–K Participation

Beyond acute disruptions, NYC providers also navigated longer-standing structural conditions that shaped their income over time. The expansion of universal Pre–K in 2014 and later 3–K has reshaped the early childhood landscape, contributing to a widespread loss of HBCC in New York City (Melodia and Paredes, 2025).

While FCC providers may be included in Pre–K systems, they often face significant barriers to participating in these publicly funded programs as providers, including lower wages, eligibility criteria, application procedures, enrollment rules, and negative perceptions of quality (Harmeyer et al., 2023). This results in many providers caring for children from infancy only until age three, when many transition into publicly funded programs, creating a recurring enrollment cliff that structurally limits providers' income over time. New York City's planned expansion of universal child care to children as young as two (Office of the Mayor, 2026) could help address this cliff, though only if FCC providers are meaningfully included in expanded program models.

In this context, delayed subsidy access, immigration-related enrollment losses, structural barriers to Pre–K participation, and low engagement in public benefits underscore how DCTs actively filled gaps caused by system failures. TPP evaluation participants' use of DCTs to purchase food for the children in their care and to keep their programs running reflects a commitment to quality that extended well beyond meeting their own basic needs.

98% **Throughout the pilot, TPP evaluation participants reported consistently high comfort levels seeking assistance from AOK, with 98.4% of responses (122 out of 124), indicating they felt comfortable or very comfortable doing so.**

By the end of the pilot, 13 out of 13 respondents reported feeling comfortable seeking assistance from AOK. As TPP came to a close, AOK offered additional supports to help providers navigate the transition, and this sustained trust relationship likely made those supports more accessible and impactful. This trusted relationship created a critical pathway through which providers could access information, navigate system disruptions, and connect to supports that might otherwise have been out of reach. This underscores the role CBOs play in helping providers navigate system disruptions and how challenging this would be for providers who are not connected to such organizations.

6. Consistent Cash Support Strengthened TPP Evaluation Participants' Well-being and Caregiving Capacity

Quantitative data indicate that a consistently high percentage of participants reported changes in the care they provided after receiving DCTs throughout the pilot. Beginning at 10 out of 15 (67%) respondents in August 2024, the percentage rose to a peak of 11 out of 13 (85%) in February 2025 before settling at 9 out of 12 (75%) by the close of the pilot, suggesting that financial stability, once established, supported sustained investment in care quality over time.

Open-ended responses revealed the types of changes participants made to their child care provision. TPP evaluation participants reported that increased financial stability allowed them to invest in their care environments, purchasing educational materials, covering essential program expenses, and making staffing decisions that supported safe, high-quality care. Some participants also reported using DCTs to fill urgent gaps caused by delayed reimbursements, allowing them to continue meeting children's needs even when disruptions to funding streams created short-term shortfalls:

"The deposit I receive through this program allows me to purchase educational items and also provides income that I can use to pay myself." - Evaluation participant

"I had to use this money to hire an assistant since I can't manage more than two infants alone, and I have three in my care." - Evaluation participant

The relationship between financial stability and care quality also emerged through providers' reflections on their own emotional well-being. Given the many unobserved factors that shape well-being over time, including caregiving demands, household responsibilities, and broader economic uncertainty, survey trends alone may not capture the full impact of cash support on providers' day-to-day experiences. In open-ended responses, however, providers consistently described DCTs as providing peace of mind where it might not otherwise exist, reducing stress, and giving them a greater capacity to be present with the children in their care:

"Getting this help gives me peace of mind, knowing at least one bill is taken care of, and I can relax a bit." - Evaluation participant

"I feel more relieved because I can take care of pending personal matters with it." - Evaluation participant

"I am calmer and more focused on my work." - Evaluation participant

"I can do my job with more peace of mind because it helps me financially and mentally to have a balance that allows me to work with my children and feel more secure." - Evaluation participant

TPP evaluation participants also connected their financial relief to a broader sense of what it means to do this work well, describing how financial pressure, when unrelieved, diminishes their capacity to care:

"Simply having the financial part covered gives me peace of mind. The financial aspect has been very important in relieving stress and economic pressure." - Provider focus group participant

"When you have that bit that comes in, whatever it is, it's some extra to help you feel a bit more relieved, emotionally. Because what most affects us is having money troubles, not being able to cover your necessities, not being able to pay your employees — or having to take it off your own salary to cover your employees' salaries because you're the one responsible" - Provider focus group participant

Taken together, findings suggest that DCTs increased financial stability which in turn reduced stress, enabling participants to better attend to their care environments and provide higher quality care for the children they serve. Everything is connected: When providers feel more financially secure, they are better positioned to show up fully for the children and families who depend on them.

Conclusion

HBCC providers play an essential role in supporting young children, families, and local economies. Yet persistent income volatility and material hardship continue to shape the day-to-day realities of this workforce. In New York City, participants described operating within fragile financial conditions, navigating fluctuating enrollment, disrupted subsidy access, immigration-related enrollment losses, and gaps in public systems while striving to sustain stable, nurturing care environments. These findings reflect broader pressures faced by the HBCC sector, but they also highlight the particular system dynamics shaping providers' experiences in New York City.

Participants in New York City faced specific system-level disruptions during the pilot, including CCAP funding shortfalls that paused new voucher enrollments, immigration-related enrollment losses, and structural barriers to participation in publicly funded Pre–K programs that continue to limit providers' income over time. While predictable DCTs helped buffer the impact of these disruptions, these findings also underscore the importance of strengthening the underlying systems that HBCC providers rely on. Ensuring reliable subsidy access, reducing barriers to Pre–K participation, improving connections to public benefits, and addressing the structural conditions that create recurring enrollment cliffs represent key areas where system improvements could reduce income volatility for New York City FCC providers.

Within this context, income fluctuations persisted for participants in New York City; however, predictable payments provided a financial anchor that helped participants meet basic needs, manage cash-flow gaps, reduce overdue bills and debt, and absorb unexpected expenses. TPP evaluation participants also described reductions in stress and increased peace of mind, highlighting how economic stabilization can support emotional well-being and caregiving capacity.

By providers' own report, increased financial stability supported their ability to remain in the field, maintain program continuity, and strengthen the quality of care they provide. In a city where the number of licensed FCC and group FCC providers has declined significantly since the launch of publicly funded Pre–K (Melodia & Paredes, 2025), these findings suggest that stabilizing provider income may also contribute to sustaining the local child care that families depend on. In the words of one TPP provider:

> **"We truly give 200% for the families and the children of New York City. Having someone who is looking out for us is very rewarding and encourages us to keep learning and giving our best for them."**

When providers experience greater economic security, they are better positioned to sustain safe, stable learning environments and meet children's daily needs. These outcomes benefit families and communities alike.

Although this pilot reflects findings from a relatively small sample, the patterns observed underscore the importance of predictable income supports as part of broader strategies to stabilize and strengthen the HBCC workforce. Recent policy developments, including New York's planned expansion of universal child care for young children (Office of the Mayor, 2026; Kramer, 2026), signal growing recognition of the importance of accessible early care and education. At the same time, the New York City findings highlight how cash supports can complement efforts to strengthen the public systems that shape providers' financial stability. Addressing subsidy access gaps, reducing barriers to Pre–K participation, improving connections to public benefits, and ensuring reliable program supports alongside income supplementation may help create a more stable foundation for HBCC providers in New York City. As these systems expand, the stability and sustainability of the home-based workforce will remain essential to ensuring that families can access consistent, high-quality care.

SCEC and Home Grown will continue to monitor trends across TPP sites still in the process of implementation — including the first Los Angeles cohort, Allegheny County, Transylvania County, and a second cohort in both Los Angeles and New York City — and share learnings as these projects evolve. These findings contribute to growing evidence that improving financial stability for HBCC providers represents a critical path toward strengthening ECE systems nationwide.

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