THRIVING PROVIDERS PROJECT

Philadelphia | 18-month Evaluation Report

What We Learned About the Thriving Providers Project in Philadelphia

Introduction

Stanford | Center on Early Childhood HOME GROWN

A strong early care and education (ECE) system is foundational to both family stability and economic growth. Yet, the sector is under significant strain. The RAPID survey, a national, longitudinal survey created by the Stanford Center on Early Childhood (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 this country has been the result of several economic factors, including insufficient workforce investment. Policy makers throughout the nation are clear that the current, largely privately funded child care system in the U.S. 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).

Given these realities, Home Grown, a national collaborative of funders committed to improving the quality of and access to home-based child care (HBCC), sought to employ direct cash transfers (DCTs) as a strategy to support the underpaid HBCC workforce and provide proof of concept to motivate policy shifts on this critical issue of compensation. Home Grown launched its first iteration of this work in April 2020 – an HBCC Emergency Fund to catalyze the development of regional funds that provide direct cash support to HBCC providers across the nation to help those providers survive the pandemic. In 2022, after seeing the success of direct cash transfers provided through the HBCC Emergency Fund, Home Grown launched the Thriving Providers Project (TPP), a first-of-its-kind DCT program specifically for HBCC providers.

DCT programs have expanded across the U.S. in recent years and are grounded in the idea that predictable, unrestricted income improves stability and frees recipients to focus beyond immediate basic needs. Evidence on DCTs from low- and middle-income countries shows DCTs 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 allocated to child care providers rather than families. TPP addresses this gap by testing whether giving unrestricted payments to HBCC providers can enhance child care providers' stability and, in turn, benefit the children in their care.

Existing wage supplement initiatives, while distinct from DCTs, offer relevant context for interpreting the impact of TPP in Philadelphia. 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 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 early childhood 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 Philadelphia; 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 Philadelphia 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, and ability to remain in the field. The findings in this report draw on data collected from family child care (FCC) providers in Philadelphia, and the parents and families they provide care for, during the implementation period from May 2024 to December 2025. This is a pilot initiative with a relatively small sample of participants who met site-specific criteria.

This report, as such, 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.

Key Learnings

1. **With Reliable, Consistent Payments, TPP Evaluation Participants Reported More Confidence They Can and Will Stay in the Field.** Within three months of receiving DCTs, most TPP evaluation respondents (79%) reported that payments helped them remain in the early child care workforce, suggesting this is an immediate impact of the cash support. Similarly, after 18 months of DCT payments, 81% 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 ECE.
2. **HBCC is Often the Preferred Child Care Option for Many Families.** Parent and family focus group findings revealed that families chose FCC providers for reasons beyond necessity, including the caregiver's background and experience, familiarity of and trust in a known person, greater flexibility with hours, and the feeling of a partnership.
3. **TPP Evaluation Participants Reported that Reliable, Consistent DCTs Increased Their Sense of Economic Stability and Buffered Them Against Income Volatility.** Throughout TPP, income fluctuations persisted for participants due to common challenges in child care, such as changes in enrollment, as well as context-specific issues like delays in subsidy payments. Despite these fluctuations, at least 90% of evaluation participants agreed or strongly agreed that DCTs helped them manage income variability from July 2024 onward.
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 their basic needs like paying for rent, food, and utilities, manage cash-flow gaps, and pay down credit card, utility, and student loan debts. TPP evaluation participants experienced a decrease in extreme financial problems over time, and at the end of the pilot, 50% of survey respondents reported that DCTs enabled them to set aside one month of expenses.
5. **TPP Evaluation Participants Reported That DCTs Filled Gaps Caused by System Failures.** In Philadelphia, findings suggest DCTs not only stabilized participants' finances but also helped offset real and immediate losses caused by delayed subsidy payments, loss of Child and Adult Care Food Program (CACFP) sponsors, and low engagement in public benefits – the quarterly average of evaluation participants who reported receiving any form of public or employment benefits was less than 20%.
6. **With Increased Financial Stability of DCTs, TPP Evaluation Participants Reported Improving the Quality of Care They Offered.** TPP evaluation participants in Philadelphia reported that increased financial stability allowed them to invest in their care environments. Providers used DCTs for repairs and improvements, food for the children in their care, and learning materials. Participants also reported reduced stress and a greater ability to focus on children's experiences and to pursue professional development.

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 intermediaries 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 children, in a provider's own home or the child's home. HBCC providers may care for mixed-age groups, and they may be paid or unpaid. HBCC is an umbrella term that encompasses both unregulated and licensed care providers in the home context.

Family, Friend, and Neighbor (FFN)
A broad term encompassing many types of caregivers, typically those who have a previous relationship with the children for whom they care. Family, friend, and neighbor care makes up the majority of HBCC. Most states allow FFN caregivers to be legally exempt from licensing, or legally unlicensed, meaning they are not required to pursue licensure

to serve the (usually smaller) number of children they care for. These caregivers may be paid or unpaid and may not view themselves as FFN caregivers.

Licensed Family Child Care (FCC)
Licensed Family Child Care (FCC) providers are HBCC providers who hold a license from their state to operate 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.

With these terms in mind, the following section outlines the methods, including the research design, participants and recruitment, and data sources that underpin the findings in this report.

Methodological Overview

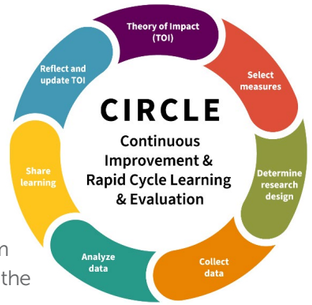
Key Players

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. **Public Health Management Corporation (PHMC)**
   PHMC is a nonprofit public health institute that provides outreach, health promotion, education, research, planning, technical assistance, and direct services to the greater Philadelphia region. PHMC led implementation, administering the DCTs to HBCC providers.

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) team and the RAPID team. 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

SCEC also houses the RAPID Survey Project. RAPID 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 used in the national survey, 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 nearly real-time data to guide program decisions, allows researchers to test and refine program components quickly, and supports ethical research during unstable times requiring urgent action 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 second pilot of this national initiative began in Philadelphia in May 2024. Home Grown partnered with PHMC to recruit and enroll 45 FCC providers. Participants, who met Philadelphia-specific eligibility criteria, received $250 payments twice a month for 18 months.

In order to qualify, applicants were required to:

- be at least 18 years old,
- intend to provide child care for the next 18 months,
- be licensed FCC providers with enrolled children,
- be operating an FCC home for a minimum of 20 hours a week,
- be caring for at least one child under the age of five, and
- reside in Philadelphia.

Additionally, PHMC used zip code-level risk data to prioritize provider selection and gave priority consideration to a licensed FCC provider rated either a STAR 1 or STAR 2 in Pennsylvania's Quality Rating and Improvement System[1] (QRIS). Providers operating at STAR 1 or STAR 2 meet baseline or emerging quality standards but have more limited access to tiered subsidy add-ons and are generally not eligible for contracted, higher-reimbursement seats such as Head Start or state pre-K, which are typically reserved for higher-rated programs. As a result, these providers are less likely to be compensated at levels aligned with the true cost of care. TPP prioritized STAR 1 and STAR 2 providers as they represent a large share of the licensed FCC workforce and are less likely to benefit from higher-tier funding incentives, making them critical to understanding gaps in access to stable, adequately compensated care.

PHMC also gave priority considerations to providers who served children whose families received Child Care Works (CCW), Pennsylvania's state and federally funded child care subsidy program; operated in areas where 25% or more of families experienced poverty; and operated in areas identified as having a relative shortage in total child care supply (Reinvestment Fund, 2023). Recent trends made these considerations particularly salient; Philadelphia has lost a significant number of licensed FCC providers, dropping from 439 in 2019–20 to 288 in 2025–26 (data pulled from Pennsylvania Department of Human Services interactive CLS dashboard, 2025.

TPP Evaluation Survey

The SCEC and PHMC recruited 37 of the 45 TPP participants in Philadelphia to participate in the evaluation. The SCEC team invited consenting 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. This set of analyses of TPP data is based on survey responses from those 37 participants. Evaluation participants represented a range of voices summarized in Table 1. Participation in the evaluation was voluntary and not required to receive payments. As a result, findings reflect the experiences of participants who consented to participate and may not represent all TPP participants.

[1]Keystone STARS is Pennsylvania's quality rating and improvement system (QRIS) for early care and education programs. All certified providers start at STAR 1. STAR 4 represents the highest quality. PHMC reported that all 45 TPP Philadelphia participants (not just those in the evaluation) began as STAR 1 or STAR 2 at the point of enrollment in the pilot.

Table 1. Demographics for TPP Evaluation Survey Participants

Demographic Variable	Evaluation Sample (N = 37)	RAPID National Provider Survey Comparison Sample (N =1252)
Provider Type	FCC	HBCC
Race/Ethnicity	83.8% Black 10.8% Latinx 0% Other (non-White) 2.7% White 2.7% NA	21.5% Black 31.5% Latinx 8.1% Other (non-White) 38.8% White 0.2% NA
Preferred Language	94.6% English 5.4% Spanish 0% Other 0% NA	82.3% English 8.2% Spanish 1.3% Other 8.1% NA
Gender	94.6% female 2.7% male 2.7% NA	100% female 0% male 0% NA
Household Income Based on Federal Poverty Line (FPL)	70.3% Below 200% FPL 13.5% Below 200–400% FPL 13.5% Above 400% FPL 2.7% NA	44.2% Below 200% FPL 29.9% Below 200–400% FPL 14.9% Above 400% FPL 11% NA

CBO Staff Survey

The SCEC directly contacted PHMC staff leading the implementation of TPP in Philadelphia with the CBO Staff Survey link. One PHMC staff member completed the CBO staff surveys at the start and end of the pilot. 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; 11 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.

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. Focus group participants received a $50 electronic gift card for participating; 12 parents/family members, for whom a TPP participant was their child care provider, participated in a focus group, and 100% identified as Black or African American females with English as their primary language.

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 and 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 Philadelphia.
	CBO Staff Surveys	The SCEC administered two CBO staff surveys, one after enrollment and one at the end of TPP in Philadelphia. 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 conducted and recorded one-hour English-language virtual focus groups in June 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 Philadelphia, the SCEC led these activities, enabling greater ownership of the process and further development of qualitative data collection and analysis.
	Parent/ Family Focus Group	The SCEC 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 non-representative 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 analysis.
Payment Data	BEAM	PHMC 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 402 responses collected across the 37 providers, with monthly survey sample sizes ranging from 19 to 37 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 before 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 Evaluation Participants Reported More Confidence They Can and Will Stay in the Field

79% **Within three months of receiving DCTs, 15 out of 19 (79%) TPP evaluation respondents reported that payments helped them remain in the child care workforce, suggesting this is an immediate effect of the cash support.**

Qualitative data reveal how receiving DCTs enabled participants to keep their doors open:

> **"If I was not receiving these direct payments I might have to close temporarily, go without health insurance, go delinquent on my credit cards, or take a part-time job to help keep [sic] afloat."** - Evaluation participant

> **"This year I hit my 20th anniversary and it was a really big push. And I was thinking, I'm out of here. I'm burnt out. But, you know, I think as a business owner, as a person in general, you go through ebbs and flow. And I know I can't close my doors with this support coming in."** - Provider focus group participant

Similarly, at the conclusion of 18 months of DCTs, 17 out of 21 (81%) of respondents reported being likely or very likely to remain in the field for the foreseeable future. This is particularly notable given the decline in regulated FCC programs nationally (Erikson Institute, 2021) and in Philadelphia, and it highlights the importance of sustaining this workforce for the families who rely on these services.

2. HBCC is Often the Preferred Child Care Option for Many Families

Parent and family focus group findings revealed that families chose FCC providers for reasons beyond necessity, including the caregiver's background and experience, familiarity of and trust in a known person, greater flexibility with hours, and the feeling of a partnership.

> **"It was clear that my child's social needs were being met, coming from a similar background as the provider. There are certain things that are just understood. This provided a certain level of comfortability."** – Parent/family focus group participant

> **"... she just seems trustworthy to me. I wanted my child to be in a smaller center; she's only one and a half and I don't trust putting her somewhere with a lot of kids ..."** - Parent/family focus group participant

Families also often face barriers to accessing child care, whether due to geography, income, or nonstandard work hours, making workforce stability in this sector especially important. A more stable provider workforce supports families' ability to maintain consistent child care arrangements, which in turn supports children's continuity of care and early learning experiences.

> **"Right now, I'm in school and then I have work (part-time). So, it's pretty much, you know, if they [the daycare] closes, I have to stop school and I have to stop working ... so yeah, that would be a big loss for me."** – Parent/family focus group participant

> **"I believe child care is an essential part of the community. [It's] a hundred percent necessary ... if it were to go away, that would be really, really detrimental for so many families, because so many people rely on child care."** - Parent/family focus group participant

Taken together, the evidence suggests that DCTs enabled providers in the evaluation to feel more confident in their ability to continue providing care for young children whose families not only rely on HBCC but actively choose FCCs as their preferred type of child care provider. 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

Several TPP evaluation participants reported persistent income fluctuations. This aligns with broader patterns among FCC providers, who commonly experience disruptions such as low enrollment (Bromer et al., 2021) and frequent out-of-pocket program costs. Specific to Philadelphia, one-third of TPP participants reported taking on debt to cover program-related expenses like food for children in their care. Many participants also faced disruptions to income including delays in subsidy payments and the loss of food program sponsorships in the CACFP. CACFP provides food to low-income families through reimbursements to their child care providers. Several FCC providers reported losing their CACFP sponsor and, subsequently, access to reimbursements for children's food, forcing them to cover costs out-of-pocket. Other participants experienced significant impact resulting from a plane crash. On January 31, 2025, a medical jet crashed in Northeast Philadelphia, killing seven and causing widespread damage to surrounding buildings. At least one provider reported having to close their child care facility for repairs.

> **"Due to the plane crash that took place on 1/31/25 my business had to close for a week and I was without income."** - Evaluation participant

92% **Income fluctuations did not abate over the course of the pilot, indicating that while DCTs provided a stable financial anchor, other income sources remained variable. However, even as income fluctuations persisted, by July 2024 12 out of 13 (92%) of TPP evaluation participants agreed or strongly agreed every month for the duration of the pilot that DCTs helped them manage fluctuations in their income.**

Notably, 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 10 to 17 across the pilot period. Given the small and varying sample sizes, this finding should be interpreted with caution; however, the data consistently pointed 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. Agreement that DCTs helped stabilize income also increased over time, with the sharpest increase from June to July 2024. These findings suggest that while the stabilizing effects of DCTs are not immediate, they emerge quickly and strengthen over time. TPP was designed to run 18 months, anticipating that income stability gains from DCTs would likely take several months to take hold.

Qualitative open-ended responses support the finding that DCTs can help stabilize financial realities after a couple of months, alleviating the impact of expected income fluctuations. Below, we share one TPP evaluation participant's responses from August 2024 over the course of a year to illustrate these patterns (see Figure 1).

Figure 1. How DCTs Supported One Evaluation Participant

August 2024	**"The payment on July 31st was just enough for me to pay my mortgage because I am one of the providers who submitted on time but was not paid … "**
September 2024	**"I have used this money to pay for food."**
December 2024	**"We had some plumbing issues and car issues this month. The money helped in that area … "**
March 2025	**"I had a child leave, so now there will be a decrease in my income. Direct assistance will help cover what is missed."**
May 2025	**"Direct cash has helped me pay unexpected tax increases. In addition to paying student loans, there was a decrease in enrollment last month."**
May 2025	**"Direct cash has assisted me in repaying my student loans each month. I have acquired some debt in order to be a better provider and educator for my early learning students."**
August 2025	**"Now that I no longer have a food program sponsor, I am using this money to buy food for the children."**

For this participant, DCTs became a crucial stabilizer repeatedly throughout the year. Other TPP evaluation participants reported similar experiences:

"It [the DCT] removes the instability of income that can come with the job and provides me assurance that if a child leaves my program, I can sustain some of my bills until enrollment picks back up." - Evaluation participant

"Once I know my basic needs are met, I tend to just put it back in the business because this is where my heart is." - Provider focus group participant

While income fluctuations persisted for TPP evaluation participants, DCTs buffered against this volatility and helped stabilize income over time. Taken together, these findings suggest that DCTs could help providers manage the income instability that is common in child care. Participants described drawing on this stability in several concrete ways, from managing day-to-day financial obligations to building longer-term financial resilience.

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 that supported them in managing cash-flow gaps and paying down credit card, utility, and student loan debts.

69% **DCTs emerged as the most frequently cited debt reduction strategy among participants with 9 out of 13 participants, (69%) reporting this by November 2025.**

Additionally, TPP evaluation participants reported that DCTs helped them meet basic needs like paying utility bills.

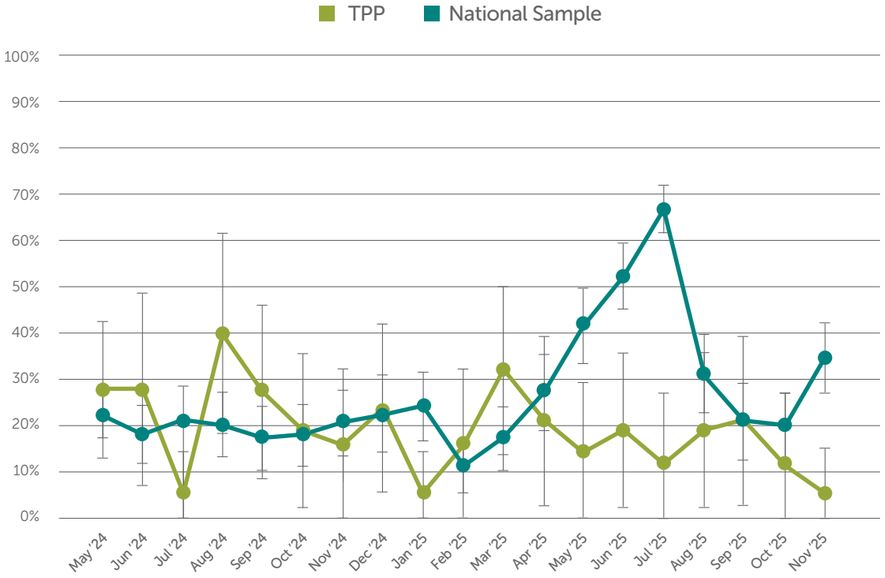
"I was a little bit in a hole. So [DCTs] helped me get out some. So whether it was a lingering bill from electric, that you carry over a little bit in the winter time, or a little bit of a gas bill, covering over a little bit of a credit card that you ran up, you're able to get that balance down a little bit quicker. So, [whether] it's something going forward or handling something in the back, it's still all related to the business to some extent." - Provider focus group participant

"So, with the $500 that I get … you know the $250 every 2 weeks, that helps me out with my electric bill, because my electric bill runs a little over $500 a month, maybe like … $530 … so I'm very grateful for that." - Provider focus group participant

Other quantitative data points reinforce the finding that DCTs help stabilize finances over time. The survey asked participants whether their household had experienced any financial problems and, if so, the level of severity. The number of TPP evaluation participants reporting extreme or major financial problems slightly decreased over time (see TPP line in Figure 3). In contrast, the percentage of respondents reporting extreme or major financial problems in the RAPID national comparison sample increased (see National Sample line in Figure 2).

Figure 2. Percent Experiencing Extreme or Major Financial Problems

TPP evaluation participants experienced a decrease in extreme financial problems over time, while providers in the RAPID National Sample experienced an increase.

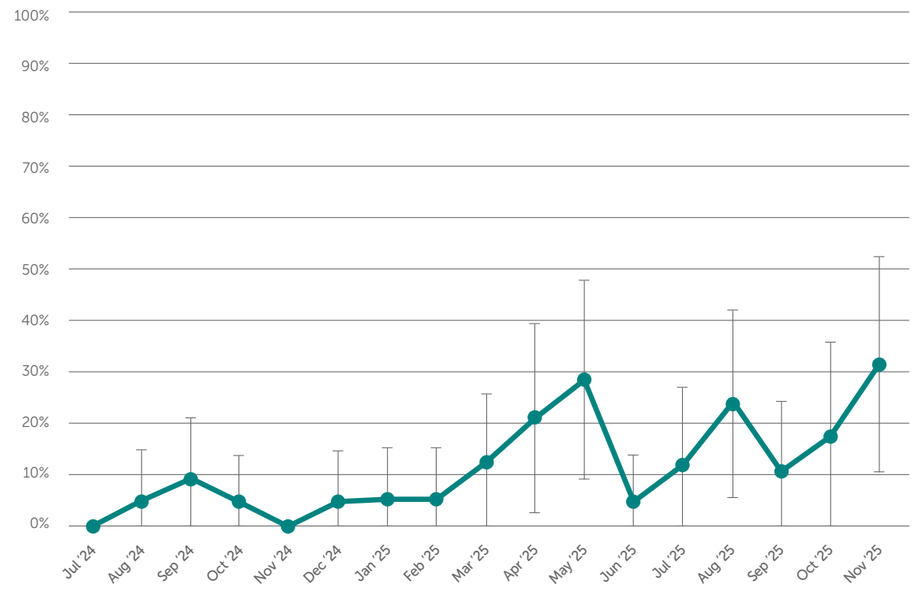


Over time, TPP evaluation participants experienced less extreme financial problems than the national comparison sample, suggesting that reliable, consistent payments can help buffer against financial hardship. To better understand how DCTs may affect participants' ability to weather financial shocks, we asked how they would cover a hypothetical $400 emergency expense (see Figure 3).

In the early months of the pilot (July-October 2024), no participants or very few identified DCTs as their hypothetical approach to covering expenses, reflecting the newness of the payments and likely uncertainty about their reliability. By early 2025, TPP evaluation participants reported use began climbing steadily, reaching 3 out of 24 (12%) in March 2025 and 6 out of 21 (29%) in May 2025, before closing at about one third of providers (6 out of 19 or 32%) in November 2025. While some month-to-month variation was present, including a dip to 2 out of 17 (12%) in July 2025, this is consistent with natural variability given small monthly sample sizes and does not represent a meaningful reversal. This pattern suggests that as participants received payments consistently over time, they became increasingly confident that they could treat DCTs as a dependable resource for covering a hypothetical expense.

Figure 3. Percentage Reporting Use of DCTs to Cover Hypothetical Emergency Expense

TPP evaluation participants increasingly reported that they would be able to use DCTs to cover a hypothetical $400 emergency expense.



In July, no participants reported they would use DCTs to cover a hypothetical emergency expense, which may suggest the impact of DCTs on this indicator of financial stability is cumulative; participants' perception of their ability to manage financial emergencies may increase over time potentially due to increased ability to save.

50% **At the end of the pilot, 10 out of 20 (50%) of survey respondents reported that DCTs enabled them to set aside one month of expenses.**

One month of savings contributes to a sense of economic stability and highlights how, over time, DCTs can help move providers beyond immediate financial support toward greater financial stability.

> **"Receiving direct payments has not only purchased items for my child care facility but has also helped me to continue to pay for my health care coverage and put a small amount of money aside monthly for retirement."** - Evaluation participant

A key strategy of TPP that enabled saving is the predictability of the DCTs, as one participant shared:

> **"When you have somebody saying they're going to give you $100 and you don't know when it's coming, it's something different than somebody saying, I'm going to give you $100 on the first of every month. You can start planning for successful things. You can start planning ahead of time to make sure that money goes further."** - Provider focus group participant

Another key strategy of TPP is that DCTs are unrestricted, meaning participants could use funds however they saw fit. Unrestricted DCTs can enable providers to be more responsive to challenges they are facing, often meeting basic needs. As one participant described, other programs offering resources like books do not help to address the financial challenges they face:

> **"... Oftentimes when there's funding for child care, it's allocated to something specific. So, it's like I'm struggling and paying an electric bill, and they want to come give me a thousand books. And so having that money with no requirements on it, I was able just to tackle all those little dry spots in my life and get them up to a nice, moisturized level."** - Provider focus group participant

Participants' reflections on the program's design reinforce that TPP DCTs operated as intended in Philadelphia: Predictable, unrestricted payments increased participants' sense of economic stability by reducing debt, supporting bill payments, and enabling saving. This increase in economic stability allowed participants to manage cash flow gaps as a result of system failures.

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

Participants took part in TPP during a period of significant state and local system disruptions that directly shaped their financial realities. These disruptions included issues with child care subsidies and the CACFP. Child care subsidies help low-income families pay for care and typically are paid directly to licensed providers. Due to a local intermediary transition, June 2024 subsidy payments did not arrive as scheduled in July. As a result, some providers went without expected income for several months. In Philadelphia, findings suggest DCTs helped offset real and immediate losses caused by delayed subsidy payments:

> **"I'm not sure when we switched over to different pay people, there was a glitch in the system where a lot of providers didn't get paid ... I was one of those providers. And thank God for the money that was coming in, because that kept me afloat to where I was seeing quite a few providers had to close down because they didn't have the funds coming in and they didn't have the money to keep their stuff and keep their staff. So, I was grateful to have this coming in as a regular ... it kept me open ..."** - Provider focus group participant

Several FCC providers reported losing their CACFP sponsor and, subsequently, access to reimbursements for children's food, forcing them to cover costs out-of-pocket. In August 2025, over a third of participants reported experiencing issues accessing CACFP. Open-ended responses reveal the challenges this created and how participants used DCTs to cover the cost of food:

> **"Food program will soon be over. Without the food program reimbursements, providing food will be challenging."** - Evaluation participant

> **"These funds have helped me tremendously with my day-to-day operations ... as well as food, due to the termination of ... the Food program."** - Evaluation participant

As the 18-month pilot drew to a close in Philadelphia, PHMC offered additional supports to providers, including CACFP one-on-one coaching; 16 out of 21 (76%) of TPP evaluation participants reported finding this support somewhat to very useful when preparing for their time in TPP to come to an end. In addition, in November 2025, 16 out of 19 (84%) of providers reported feeling comfortable or very comfortable seeking assistance from PHMC. This underscores the role CBOs can play in helping providers navigate system disruptions and how challenging this would be for providers who are not connected to such organizations.

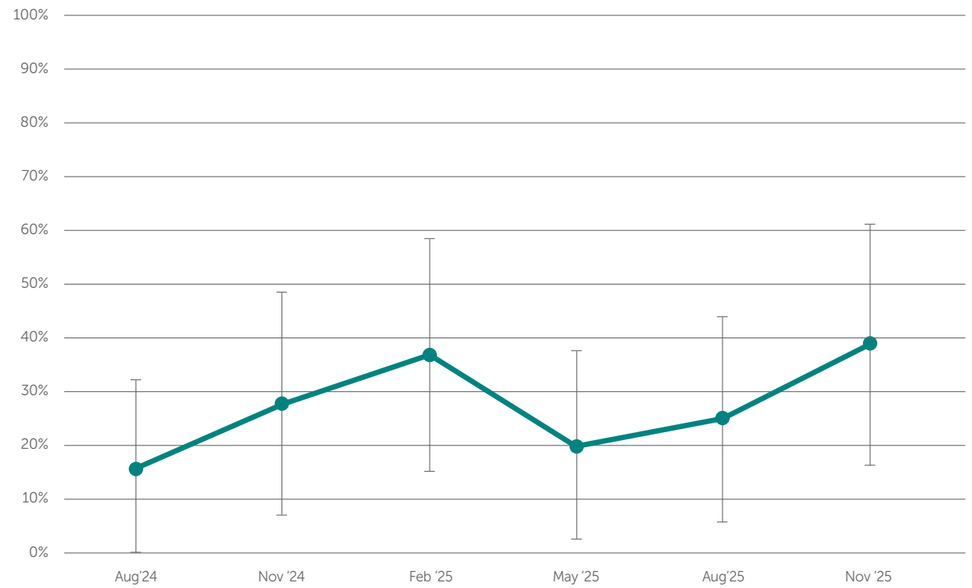
Limited access to public benefits may have further amplified providers' vulnerability. The quarterly average of evaluation participants that reported receiving any form of public or employment benefits (e.g., Temporary Assistance for Needy Families [TANF], Medicaid, or food stamps) was less than 20%. In this context, delayed subsidy payments, loss of CACFP sponsors, and low engagement in public benefits underscore how DCTs actively fill gaps caused by system failures. Also, participants' use of DCTs to purchase food for the children in their care reflects a commitment to quality which extended beyond meeting basic needs.

6. With Increased Financial Stability of DCTs, TPP Evaluation Participants Reported Improving the Quality of Care They Offered

Quantitative data indicate that an increasing percentage of participants reported changes in the care they provided after receiving DCTs (see Figure 5). In August 2024, 3 out of 19 (16%) of TPP participants reported that there had been changes in their provision of care with this number increasing to 7 out of 18 (39%) by November 2025 (see Figure 4).

Figure 4. Percentage Reporting Any Change to the Provision of Care Since Receiving DCTs

An increasing percentage of participants reported that the care they provided changed after receiving DCTs



Open-ended responses revealed the types of changes participants made to their child care provision. TPP evaluation participants in Philadelphia reported that increased financial stability allowed them to invest in their care environments using DCTs for making repairs and improvements, purchasing food for the children in their care, purchasing learning materials, and pursuing professional development.

> **"I became a star 4[1]! I have joined networks that will keep me connected with everything that's happening in childcare. I have connected with advocacy. I have [become] a member of NAFCC[2]."** - Evaluation participant

> **"It allows me to do things for the children in my care, like taking them on trips. I also use it for self-care."** - Evaluation participant

> **"It has assisted me in getting help to remain a STAR 4 provider. It has helped with maintaining the health and safety of the children. Purchasing more fresh quality foods and getting help to maintain the cleanliness in our program."** Evaluation participant

These findings are supported by data collected by PHMC which shows that 29% of the providers in TPP (not necessarily those in the evaluation) advanced the Keystone STAR rating of their program by the end of the 18-month pilot.

Open-ended survey responses also highlighted that DCTs increased financial stability, which in turn decreased stress and gave participants a greater ability to be present with children:

> **""[To] have something that you can for sure rely on, that is a great feeling not only as a woman, but as a black woman, as a small business owner ..."** - Provider focus group participant

> **"It [the DCT] provides the extra income I need to continue in this field without feeling stressed and worried about how to make ends meet ..."** - Evaluation participant

> **"Because of the direct payments I now live life with less fear and I'm no longer in survival mode. I think and handle problems with better emotional and financial stability and I'm able to enjoy my job for the beauty it is instead of constantly being worried about financial issues. Who knew that a mere $500 could bring me such stability? ... Everything is connected, the better I am cared for, the better I can care for my students."** - Evaluation participant

One provider commented that the surveys acted as a reminder of best child care practices:

> **"I do also know when we do the survey, they kind of ask, like some things that you do with the kids. And it reminds me, it keeps me mindful, I should say, [of] best practices to do with the children like reading with them throughout the day, spending [time] with them, creating experiences ..."** - Provider focus group participant

The relationship between stress and finances also emerged in the final survey; 18 out of 22 (82%) agreed or strongly agreed that the thought of DCTs ending made them feel very stressed. To ease the transition, providers received a $300 bonus payment at the end of the pilot; 20 out of 22 (91%) of participants found this very useful.

Taken together, findings suggest that DCTs increased financial stability, which in turn reduced stress, enabling participants to better attend to their child care environments and provide a higher quality of care for children.

[1]Keystone STARS is Pennsylvania's quality rating and improvement system (QRIS). STAR 4 represents the highest quality.
[2]The National Association for Family Child Care

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 day-to-day realities of this workforce. In Philadelphia, participants described operating within fragile financial conditions, navigating fluctuating enrollment, delayed payments, 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 Philadelphia.

Participants in Philadelphia faced specific system-level disruptions during the pilot, including delays with subsidy payments and the loss of CACFP sponsors that previously reimbursed providers for food. While predictable DCTs helped buffer the impact of these disruptions, our findings also underscore the importance of strengthening the underlying systems that HBCC providers rely on. Ensuring timely subsidy payments, stabilizing food program access, and improving connections to public benefits represent key areas where system improvements could reduce income volatility for Philadelphia FCC providers.

Within this context, income fluctuations persisted for participants in Philadelphia; 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.

Increased financial stability supported participants' 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 providers has declined in recent years (Rosch et al., 2026), these findings suggest that stabilizing provider income may also contribute to sustaining the local child care that families depend on. 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. At the same time, the Philadelphia findings highlight how cash supports can complement efforts to strengthen public systems that shape providers' financial stability. Addressing administrative disruptions, improving access to benefits, and ensuring reliable program supports alongside income supplementation may help create a more stable foundation for HBCC providers.

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 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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