Child Care Stabilization & Quality Grants

Extending Stabilization Support for Maine's Licensed Child Care Programs

Performance period 09/2024–12/2024; 12/2025

Child care stabilization funding serves as a bridge within early childhood systems during periods of financial disruption. Nationally, the expiration of federal pandemic recovery funds created acute pressure on providers already operating within thin margins, threatening the staffing, operations, and program continuity on which families depend. Stabilization strategies are designed to address these immediate financial pressures across mixed-delivery settings[1], on the premise that programs cannot pursue quality improvement if they cannot first sustain basic operations.

In 2024, federal pandemic recovery stabilization funds that had sustained Maine's licensed child care programs expired. Through the Preschool Development Grant–Renewal (PDG-R), the state committed to bridging this gap by extending financial support to programs facing the abrupt loss of federal recovery funding.

The initiative was originally designed as "Align Quality Bumps for Child Care Assistance," intended to provide quality-linked payments to programs serving families receiving Temporary Assistance for Needy Families (TANF). It was redesigned and expanded as the **Child Care Stabilization & Quality Grants** initiative, extending eligibility to all licensed child care providers regardless of TANF status. By tying payments to Star level under Rising Stars for ME, Maine's Quality Rating and Improvement System (QRIS), the initiative created the first direct financial connection between stabilization funding and program quality. The initiative's two primary goals were to stabilize program operations as federal pandemic recovery funding ended and to maintain accessible, affordable child care for families during the funding transition, while recognizing that higher quality programs incur higher costs.

This report presents **findings from outcome-focused assessment activities** conducted in fall 2025 as part of Maine's Preschool Development Grant–Renewal (PDG-R) program. Drawing on diverse data, the report examines the **Child Care Stabilization & Quality Grants** initiative with respect to the following PDG-R outcome areas:

- **Impact**, including how providers used funds, evidence of stabilization effects, and the relationship between program stability and quality.
- **Communication and cross-sector coordination**, including initiative design, administration, and post-distribution data collection.
- **System building**, including contributions to program continuity, provider retention, and capacity preservation across the mixed-delivery system.
- **Supports and access**, including eligibility adaptation, reach across provider types and geographies, participation barriers, and sustainability.

Data sources for this report include provider narrative responses collected through the post-distribution survey (N = 311), the implementation evaluation interview with initiative leads, implementation documentation, OCFS payment records, and administrative data on provider characteristics.

[1]Maine defines mixed-delivery ECE as the coordinated effort to support early childhood services and programming across a range of settings to help meet the varied needs of children and families.

The Child Care Stabilization & Quality Grants initiative was designed and administered by the Maine Office of Child and Family Services (OCFS). The initiative distributed payments in two rounds

2024 Program Grant. The first round supported licensed child care programs—including center-based programs (including Head Start and Early Head Start) and family child care homes—across four expenditure periods from August through November 2024, with payments issued the following month (September–December). Participation grew 19% over the four months, from 911 programs in August to 1,080 in November. Payments included a stability grant of $25 per licensed capacity and a tiered quality bump based on the program's Star level and capacity tier (Table 1). Over the four months, the initiative distributed approximately $6.4 million in grants, with $5 million in state funds for the base funding of the stabilization grant and $1.4 million in PDG funds for the quality bumps.

CHILD CARE STABILIZATION & QUALITY GRANTS FEATURES

Two funding cycles: 2024 (four monthly payments, September–December) and 2025 (one monthly payment, December)

2024: Stability grant at $25/licensed capacity plus tiered quality bumps by Star level and licensed capacity; **1,080 programs** by November

2025: $25/slot based on licensed capacity; **931 programs**

$2.3 million in PDG funds, $5 million in state funds ($7.3 million total)

Reached approximately **80% of Maine's licensed child care providers** (1,080 of ~1,368 eligible programs) across all 16 counties

Participating programs represent approximately **40,500 licensed capacity** statewide

Streamlined application process; broad allowable uses

Table 1. 2024 Quality Bump Monthly Payment Structure by Star Level and Licensed Capacity

Rising Stars for ME Star Level	3–12	13–20	21–49	50+
Star 2	$50	$75	$100	$125
Star 3	$100	$150	$200	$250
Star 4	$175	$250	$325	$400
Star 5	$275	$375	$475	$575

Note: Quality bumps were part of the stability grant. Both components were issued together as one grant from September–December 2024. Source: OCFS payment records.

2025 Program Grant. A subsequent one-month quality grant distributed payments of $25 per licensed capacity, to 931 programs, totaling approximately $899,800.

Programs applied through the Early Childhood Salary Supplement registration portal; once approved, subsequent payments were processed automatically. Funds could be used for staff recruitment and retention; financial assistance to families, including clearing tuition debt and providing scholarships for

parent fees; operating support to avoid raising tuition rates; minor renovations and repairs; quality improvements; learning environment enhancements and materials; and workforce development. The one-time grant in 2025 was limited to quality improvements.

What Was the impact of the Child Care Stabilization & Quality Grants?

Understanding the impact of PDG-R–supported initiatives requires assessing whether investments advanced their intended purposes.

The Child Care Stabilization & Quality Grants were designed to:

- **Stabilize program operations** as federal pandemic recovery funding ended.
- **Maintain accessible, affordable child care** for families during the funding transition.

Combined, the initiative distributed more than $7 million to programs across all 16 Maine counties, including both center-based programs and family child care homes. Over the 2024 round, individual program payments ranged from approximately $800 for a small family child care home (capacity of 6, Star 2) to more than $10,000 for larger center-based programs at higher Star levels. The median four-month payment was approximately $1,900. Family child care homes received, on average, $1,400 over the four months; center-based programs averaged $6,300. Programs that participated in the 2025 one-month round received $25 per licensed capacity.

Documented impact is reflected in provider-reported uses of funds, self-described effects on program operations and family affordability, and participation data across program types and geographies (Table 2). Findings are organized around these intended outcomes.

Stabilizing Program Operations

A post-distribution survey was administered to all recipients at the close of the 2024 funding round. Of the 311 program owners and administrators who responded, 285 provided substantive narrative descriptions of how they used the funds and what impact they observed. Respondents were evenly split between center-based and family child care programs. They represented all four Star levels, though Star 2 programs comprised the majority, consistent with their share of the recipient population. Table 2 summarizes the most frequently described uses of funds across these narratives.

Table 2. Most Frequently Described Uses of Funds in Provider Narratives

Theme	Count	Percent of Total (*n* = 285)
Supporting staff (wages, recruitment, retention)	160	56%
Family support and tuition affordability	122	43%
Rent, facilities, and utilities	79	28%
Classroom materials and supplies	69	24%
Professional development	23	8%
Staying open/avoiding closure	19	7%

Note: Programs could describe multiple uses; percentages do not sum to 100%.

More than half of respondents described using funds to support their workforce—increasing wages, offering bonuses, or recruiting and retaining staff. Providers consistently linked these investments to a broader staffing crisis in which low compensation drives turnover and limits their ability to maintain licensed capacity. As one Star 3 center director explained,

> **"Payroll expenses have gone up so high that they account for around 75–80 cents of every dollar we take in for childcare services. The stability grant money has helped considerably."**

Another center director noted the supplement's direct effect on a staff member:

> **"The supplement has helped one of my staff members go from working 3 jobs to 2."**

The second most common theme—family support and tuition affordability—reflected providers' efforts to absorb rising costs rather than pass them to families. A Star 2 family child care provider wrote,

> **"I am very thankful for these funds, for all of the above, but most importantly, for the fact that I did not have to raise my rates for parents who are also working hard, some struggling to take care of their families."**

A second family child care provider described holding a spot for a family in crisis:

> **"We have a family who, due to health conditions, needed to take a few weeks off because they were unable to work and pay for daycare. They were afraid to lose their spot here because they could not pay. Instead of filling their spot, I used some funds to cover their tuition cost and hold their spot until they were back on their feet."**

Rent, facilities, and utilities appeared in more than a quarter of narratives, particularly among family child care providers managing household-level operating costs alongside program expenses. Classroom materials and supplies—toys, books, curriculum resources, and art supplies—were described in nearly a quarter of responses, often by providers who noted they had been deferring these purchases due to budget constraints.

Notably, 19 programs described the funding as essential to remain open. A Star 2 family child care provider wrote,

> **"These funds made the difference for me to be able to stay open. Without the help with rising costs, I would not have been able to absorb the costs. I run a small in-home and with inflation being so high, I was beginning to lose money. This got me over the cliff."**

One respondent reported that the funds were not enough:

> **"Without the funds we would have not stayed open as long as we did. We closed on January 31, and our property is up for sale."**

Among the narratives, a recurring theme was the tension between immediate relief and ongoing financial pressure. Roughly one in eight respondents described the funding as helpful while also noting that rising costs, payroll demands, and inflationary pressures continued to outpace available revenue.

Maintaining Accessible, Affordable Child Care for Families

Across all program types and Star levels, providers described a consistent pattern in which stabilization funding enabled them to hold tuition rates or provide direct financial relief to families. Among the 285 narrative respondents, 43% described family-facing uses of funds, including tuition freezes, fee reductions, cleared tuition debt, and scholarships for parent fees. These responses appeared across both center-based programs (42%) and family child care homes (54%), though family child care providers described family-facing uses at a somewhat higher rate.

Providers framed tuition stabilization not as a secondary benefit but as a core function of the funding. Several explicitly stated that without the funding, rate increases would have been unavoidable. One Star 5 center director wrote,

> **"Families certainly appreciated not having a 42% jump in tuition rates last July. I was able to negotiate a 15% increase in hopes that more stability funding would be available, which thankfully there was in September–December."**

A Star 2 family child care provider described a similar dynamic:

> **"These funds helped me to not have to raise my rates significantly and impact my families while also getting some much needed supplies."**

Others described using funds to absorb costs for families facing hardship. A Star 4 family child care provider wrote,

> **"Most of our families went through hardships this year, including most families separating. Being able to offer scholarships and discounts to families during these times made the year a little less stressful for families, I hope!"**

One Star 2 center described covering tuition directly to prevent a child from losing care:

> **"We have one family that would have had to withdraw their son if we hadn't covered the cost of his tuition. He didn't get into the public pre-k, so he would have been home if we had not offered him this tuition assistance."**

Taken together, these narratives suggest the two intended outcomes of the initiative—stabilizing program operations and maintaining affordable care for families—were experienced by providers not as separate goals but as interdependent: programs that could cover operating costs were programs that could hold rates for families.

How did the Child Care Stabilization & Quality Grants initiative strengthen communication and cross-sector coordination?

The Child Care Stabilization & Quality Grants initiative was administered internally by OCFS and did not require the multi-agency coordination structures that characterize some other PDG-R initiatives. The initiative's primary contribution to cross-sector alignment was structural: by tiering payments to Rising Stars For ME Star level, the design linked program stability and program quality within a single funding mechanism. Initiative Leads noted that the PDG-R Program Navigator could serve a coordinating function in future iterations, providing targeted outreach and application assistance to family child care providers who may benefit from stabilization funding but lack the capacity to navigate the process independently (Implementation Evaluation Interview, 2025).

How has the Child Care Stabilization & Quality Grants initiative contributed to building a strong statewide early childhood service system?

The Child Care Stabilization & Quality Grants operated alongside two other PDG-R–funded initiatives that collectively addressed different layers of Maine's early childhood infrastructure. The Quality Improvement Awards (QIA) provided funding and technical assistance to support programs advancing their Star level under Rising Stars for ME. The Early Childhood Education Salary Supplement System addressed workforce retention through direct compensation support to individual staff. The Stabilization Grants addressed a more foundational layer: whether programs could sustain basic operations long enough to engage with these quality improvement and workforce development supports.

By tying payments to Star level under Rising Stars for ME, the Stabilization Grants created an early, tangible connection between QRIS participation and financial support, positioning programs to engage with the more structured QIA process , which required programs to first establish a Star rating and complete a Quality Improvement Plan before receiving funds (Implementation Evaluation Interview, 2025).

The licensed child care programs stabilized through this initiative represent one layer of Maine's early childhood supply. Public pre-K, funded separately through the school funding formula, served an additional 6,116 four-year-olds statewide in 2024–2025, with the highest enrollment rates in the counties where licensed child care capacity is thinnest (Maine Children's Alliance/Maine DOE, 2024). Together, these systems—licensed child care, public pre-K, and Head Start—form the mixed-delivery infrastructure that the PDG-R is designed to strengthen. The stabilization initiative's contribution was preserving the licensed child care portion of that infrastructure during a period when it was most at risk.

In what ways did the Child Care Stabilization & Quality Grants initiative support accessibility and participation for early childhood education programs?

The initiative extended eligibility to all licensed child care programs in Maine, regardless of Rising Stars For ME Star level, program type, or subsidy participation status. The application process was streamlined through the existing Early Childhood Education Workforce Salary Supplement registration portal, requiring no additional documentation of planned use. Participation grew over the 2024 funding cycle, from 911 programs in August to 1,080 by November, as additional programs applied and were automatically enrolled in subsequent payments. In 2025, 931 programs received payments through the one-month quality grant.

Figure 1: Participating Licensed Child Care Programs by County (November 2024)

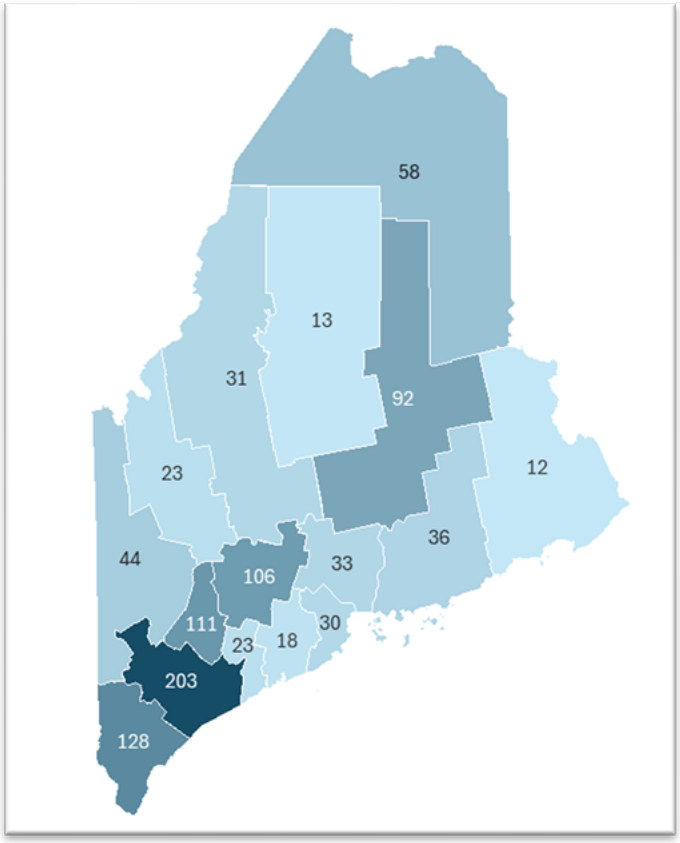

Table 3 summarizes participation during the final month of the 2024 stability grant by program type and Star level.

Table 3. Program Participation by Type and Star Level (November 2024)

Rising Stars For ME Star Level	Center-Based	Family Child Care	Total
Star 2	409	384	793
Star 3	54	22	76
Star 4	48	29	77
Star 5	124	9	133
Total	**635**	**445**	**1,080**

Source: OCFS administrative records.

Center-based programs accounted for 59% of recipients with an average licensed capacity of 56; family child care homes accounted for 41%, nearly all within the smallest capacity tier (3–12 seats). The initiative reached programs at every Star level, though Star 2 programs comprised most recipients (73%), consistent with their share of the eligible population.

By November 2024, approximately 80% of Maine's licensed child care providers (1,080 of approximately 1,368 eligible programs) had participated in at least one funding round of the Child Care Stabilization & Quality Grants initiative. Participating programs represented approximately 40,500 in licensed capacity statewide and spanned all 16 counties. Figure 1 displays the geographic distribution of participating licensed child care programs.

Participation was highest in Maine's more populous counties and extended across rural regions where licensed supply is comparatively limited. In several rural counties, family child care homes comprised the majority of participating programs—including Washington (67%), Aroostook (57%), Franklin (52%), and Androscoggin (52%)—underscoring the initiative's reach across both provider types and geographic contexts.

Lessons Learned

- **Stability and quality are interdependent**. The most frequently described reported uses of funds—workforce retention, classroom materials, family tuition relief—are foundational to program quality. Programs that could cover core costs reported greater ability to maintain consistent programming and staffing.
- **Center-based programs and family child care providers have distinct needs**. Family child care providers more frequently described family-facing and operational funding uses such as tuition relief, rent, and materials. Center-based programs more frequently describe workforce investments, including wages, retention, and hiring.
- **Streamlined design supported broad participation.** The use of the existing salary supplement portal with automatic renewal reached 1,080 of approximately 1,368 eligible programs without requiring new administrative infrastructure. The streamlined application process supported broad participation across provider types.
- **The two-component payment structure reached programs of all sizes, with trade-offs**. The $25-per licensed capacity base funding ensured broad reach across program types and capacity tiers, while tiered quality bumps provided higher payments to programs at higher Star levels. However, this structure meant that the smallest programs—often operating on narrow margins—received the most modest payments. Nearly all family child care homes fall within the smallest capacity tier and therefore received lower payment amounts on average.
- **Time-limited funding addresses immediate need but not structural instability**. Among the 285 narrative respondents, roughly one in eight described the funding as helpful while also noting that rising costs, payroll demands, and inflationary pressures continued to outpace available revenue. At least one program reported closing despite receiving funds.

Summary

The Child Care Stabilization & Quality Grants initiative distributed more than $7 million in stability and quality grants to more than 1,000 licensed child care programs across all 16 Maine counties over two funding rounds (2024 and 2025). The initiative reached center-based programs and family child care homes at every Star level, including rural communities where family child care is often

the sole option. Provider narratives indicate that the funding preserved program capacity during a period of acute financial disruption: more than half of respondents directed funds to workforce retention, 43% held tuition rates or provided direct relief to families, and 19 programs described the funding as essential to remaining open. The initiative also served a bridging function within the PDG-R framework, providing an early, tangible connection between Rising Stars for ME participation and financial support before the more structured Quality Improvement Awards initiative was fully operational.