



Child Care Contracts

Ad Hoc Advisory Group Meeting #6

June 2, 2023

GOALS

- Discuss Transition Year plan, moving from Strengthen and Grow to Smart Start contracts
- Share about cost modeling and how it informs Smart Start contracts
- Hear feedback and questions about the work ahead

AGENDA

- Introductions & reminders
- Takeaways from the previous Advisory Group meeting
- Discuss Smart Start Transition Grants
- Discuss cost modeling approach and assumptions in Smart Start Child Care
- Feedback & questions

REMINDER: ROLE OF THE AD HOC ADVISORY GROUP



Build **understanding and alignment** on strategic intent and goals



Provide **input and feedback** throughout the design process



Review and pressure-test relevant cost analyses, potential policy options, and administrative options



Surface any **potential risks and opportunities**



Support overall plan development and **champion it among stakeholder groups**



July '24
Begin Smart Start contracts

Common Themes

- There is strong interest in learning more about cost modeling and trade-offs of different assumptions and decisions.
- Advisory members don't want to lose sight of the most at-risk children.
- Deeper conversations are needed around how Smart Start will work in different programs including: family child care homes, licensed- exempt programs, and Chicago programs.
- Technical assistance will be needed to help providers to apply for contracts.

Questions and Concerns

- How will we ensure that programs use funds to increase wages?
- Will providers already meeting the salary scale be eligible, and if so, what will be required?
- Could contract amounts increase for programs serving a larger population of priority children and families (ex. larger % of CCAP children)?
- Will layered funding programs be eligible for Workforce Compensation contracts, especially if they are serving a large percentage of CCAP children?
- What will the impact be if some providers who were eligible for SGCC are ineligible for workforce compensation contracts?
- How can workforce compensation contracts be leveraged to recruit new staff?

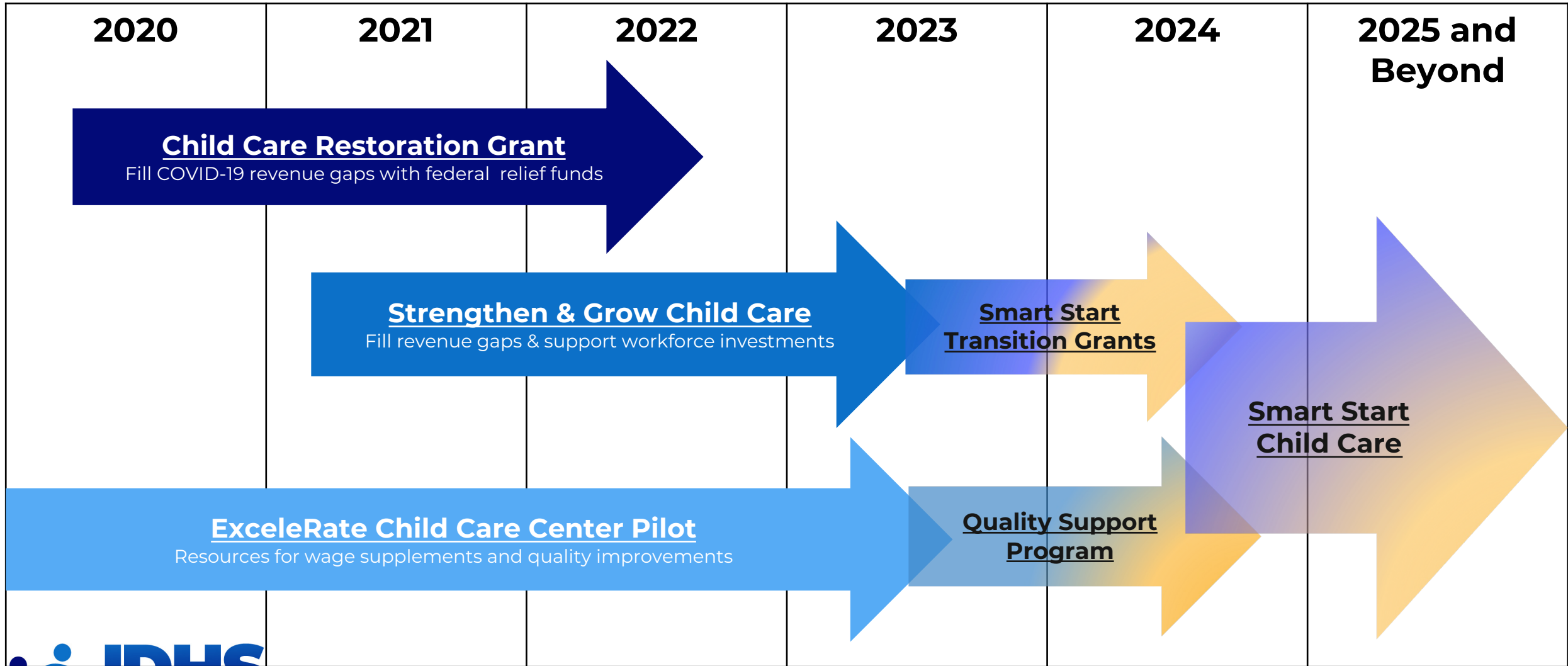
Transition Year

SFY 2024 Planning



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IMPLEMENTATION TIMELINE



Grants in SFY24 will focus on:



Preparing providers for annual contracts



Ensuring administrative readiness for annual contracts



Building awareness and capacity within the field



Prioritizing investments in the workforce

COMPARISON: STRENGTHEN AND GROW CHILD CARE VS. SMART START TRANSITION GRANTS

	SFY23: Strengthen and Grow Child Care (Current)	SFY 24: Smart Start Transition Grants (Starting July 2023)
Eligibility	<ul style="list-style-type: none"> ○ Licensed centers and homes ○ Must have a least 10% enrollment as a percentage of licensed capacity funded by CCAP for any one month between January 2020 to date of application ○ Must have less than 75% of total ECEC revenues from other public funding streams 	<ul style="list-style-type: none"> ○ Licensed centers and homes ○ Must have a least 10% enrollment as a percentage of licensed capacity funded by CCAP for any one month between January 2022 to date of application ○ Must have less than 75% of total ECEC revenues from other public funding streams
Length of term	Quarterly rounds	One year agreement with quarterly reporting and payment
Funding amount	<p>Centers (Infant-Toddler Classroom): \$25,000/yr</p> <p>Centers (Preschool Classroom): \$25,000/yr</p> <p>Homes and Group Homes: \$10,000/yr</p>	<p>Centers (Infant-Toddler Classroom): \$28,000/yr</p> <p>Centers (Preschool Classroom): \$24,000/yr</p> <p>Homes and Group Homes: same as SFY23</p>
Allowable Uses	50% of funds must be spent on personnel	75% of funds must be spent on personnel

Cost Modeling Overview



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Cost models in Illinois have served as a major tool to inform policy decisions and recommendations for future initiatives

Illinois Commission
on Equitable Early
Childhood Education
and Care Funding

CCAP Rate Setting
Analysis

Illinois Narrow Cost
Analysis

Illinois Child Care
Restoration Grants
(CCRG)

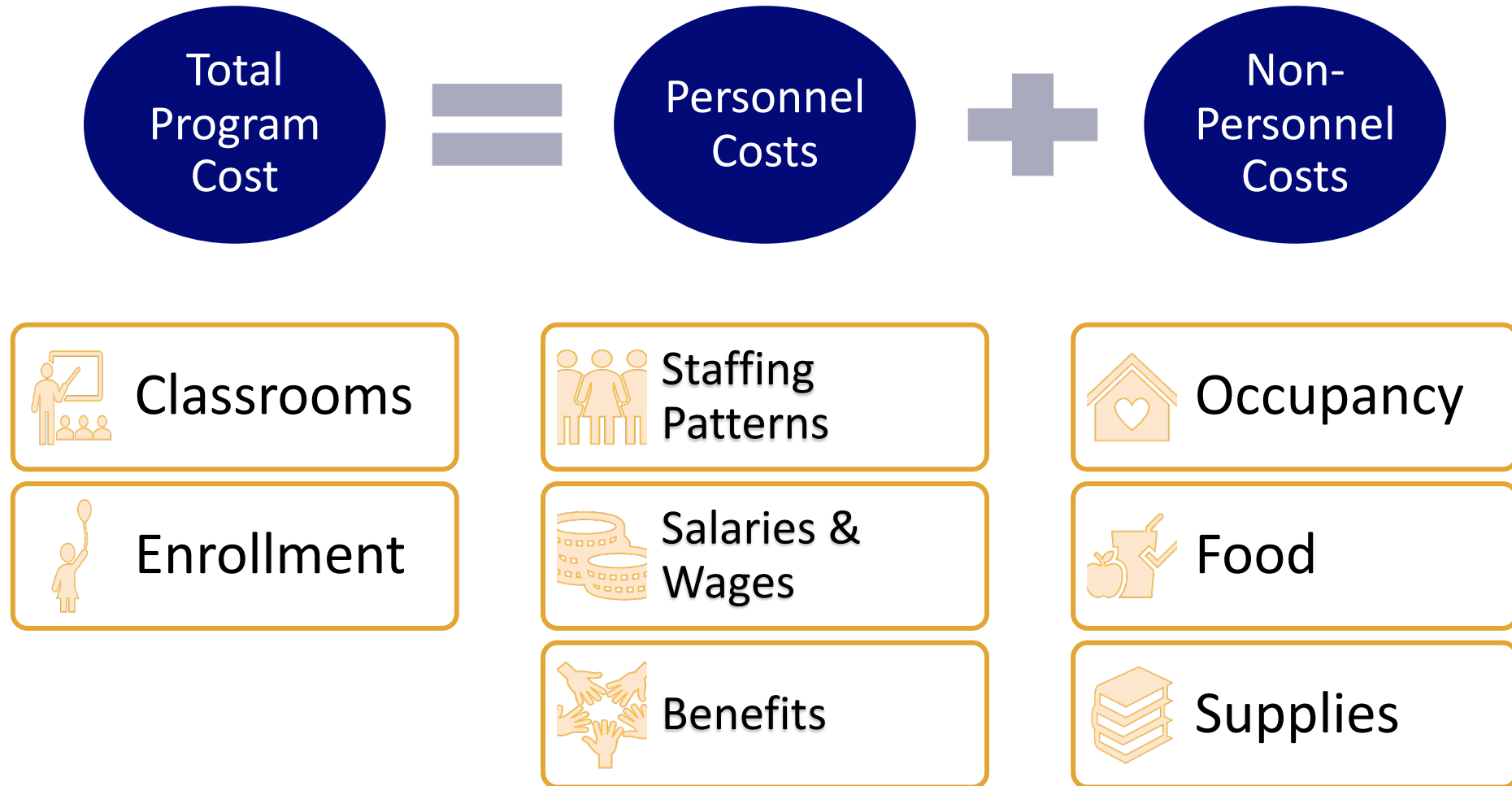
Illinois Strengthen
and Grow Child Care
Grants (SGCC)

Smart Start Illinois
Contracts

Cost models **estimate the cost** of implementing, maintaining, or expanding a program or service for children in various child care settings



Cost models are **dynamic**, and are driven by **inputs**



Cost model outputs allow us to understand total cost in granular ways

ANNUAL TOTAL COST
Infants
Toddlers
Two-Year Olds
Preschool Eligible
School-age

ANNUAL PER-CLASSROOM COST
Infants
Toddlers
Two-Year Olds
Preschool Eligible
School-age

ANNUAL PER-CHILD COST
Infants
Toddlers
Two-Year Olds
Preschool Eligible
School-age

DAILY PER-CHILD COST
Infants
Toddlers
Two-Year Olds
Preschool Eligible
School-age

We can differentiate costs by provider setting, geography, and program quality

Cost models are only effective if their assumptions reflect the true cost to child care providers

They require frequent updating



Illinois' cost models assume the following staffing patterns for a typical, private-pay/CCAP licensed center:

Positions	FTE Assumptions
Teacher	1 per classroom
Teacher Assistant	1 per classroom
Classroom Aide	1 per Infant and Toddler classroom
Floater	0.4 per classroom (1 for every ~3 classrooms)
Site Director	1 per site
Administrative Assistant	1 per site
Additional Professional Staff	<i>If enrollment > 125, 1 per site</i>

Current wage assumptions for a typical, private-pay/CCAP licensed center are informed by the latest Narrow Cost Analysis and Market Rate Survey results

Positions*	Group IA	Group IB	Group II
Site Director	\$21.92	\$20.80	\$19.50
Teacher Lead Floater	\$17.77	\$16.58	\$14.50
Teacher Assistant Classroom Aide Additional Professional Staff Admin Assistant	\$15.40	\$13.00	\$13.00

* Average wages for minimum-credentialed staff



In the next 4-6 months, we'll be looking for extensive feedback on our cost assumptions from providers receiving CCAP/private-pay tuition.

For example:



Do the staffing patterns reflect reality, or **should we assume more staff** above DCFS required licensing standards?



Are the current wages we're assuming **too high or too low** for staff with minimum credentials?



Questions

Cost Modeling for Smart Start IL

SFY 2025 and Beyond



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Capacity to provide care for children 0-5 in Illinois is limited



886,939 children ages 0-5 in Illinois¹



165,892 children in licensed child care centers²

36,582 children in licensed family child care homes²

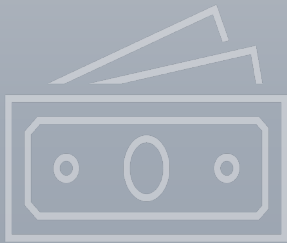


63,918 children ages 0-5 received CCAP in April³

Compensation for the early childhood workforce in Illinois is low



71,337 early childhood educators working in licensed centers or homes¹



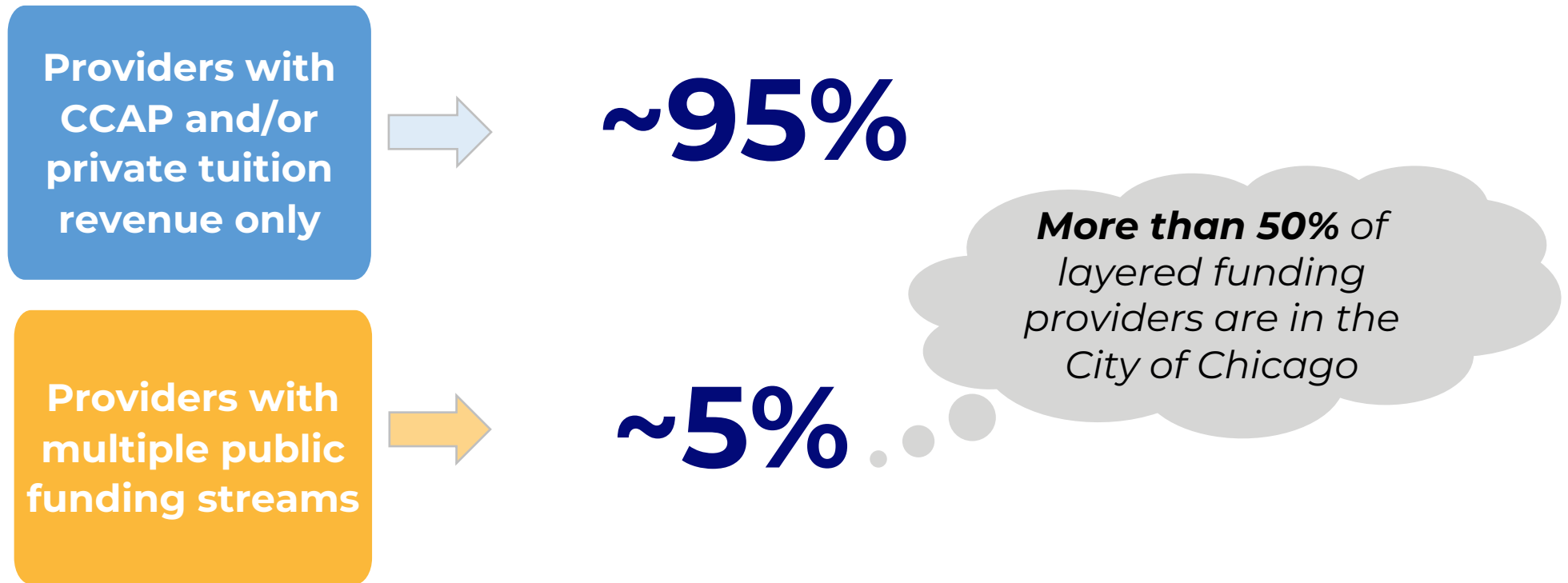
Mean wage for early education professionals¹:

\$23.52 per hour / **\$48,922** per year- Center directors

\$17.47 per hour / **\$36,338** per year- Center teachers

\$14.54 per hour / **\$30,243** per year- Center assistant teachers

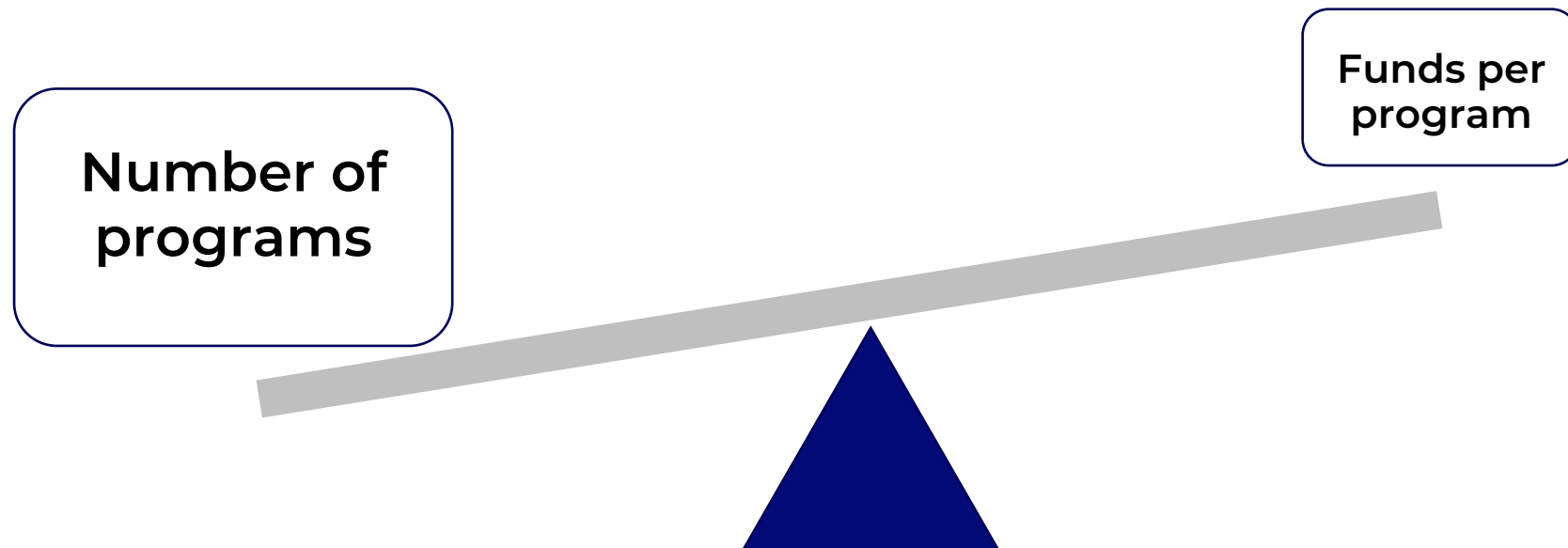
There are ~7,700* licensed, full-day, full-year child care providers in Illinois



* 2,243 centers, 4,788 homes, 674 group homes as of 11/3/2022

A new initiative requires balancing priorities

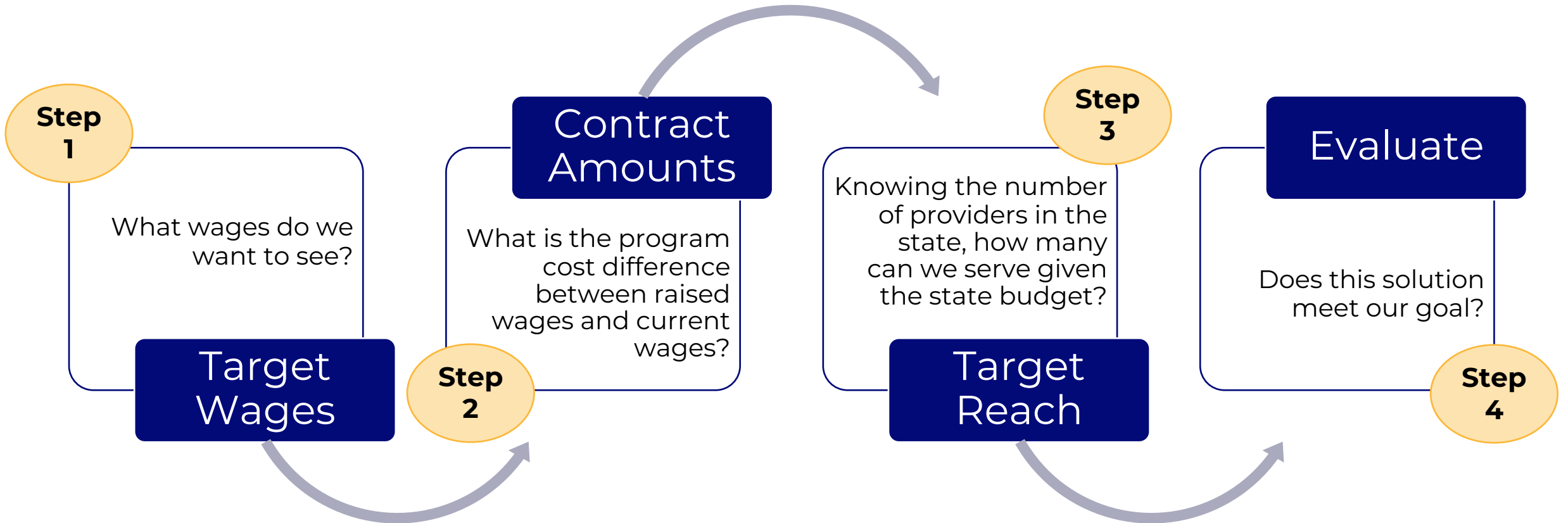
- Smart Start will still require balancing priorities
- This committee has raised the importance of compensation to sustain the field
- Cost modeling provides information about what is possible within a fixed budget
- The higher the per-classroom award amount, the fewer total programs can be funded
- The goal is to increase funding for wages for staff at as many child care programs as possible



We hear you

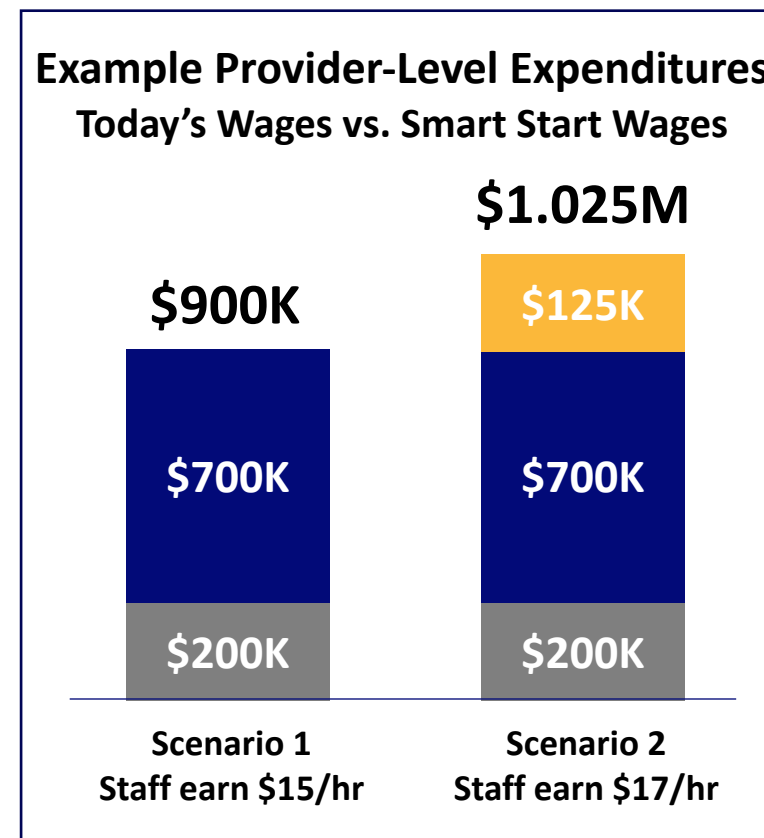


\$130M will be invested to begin funding first-in-the-nation Child Care Workforce Compensation Contracts



Determining contract award amounts requires making trade-off decisions

- \$130M Smart Start investment in SFY24; proposal to increase investment in future years
- Contract amounts are set to cover the cost of increased wages
- **Cost modeling aims to quantify the increase to provider-level expenditures**
- Higher mandated wage scales = Higher contract amounts per classroom (or per provider)
- With a finite budget for this initiative, **higher wage scales allow for fewer Smart Start contracts available**



Non-Personnel Costs

Personnel Costs to pay \$15/hr

Increase to Personnel Costs to pay \$17/hr

Questions For Discussion

- What questions do you have about cost modeling or how the State is cost modeling for Smart Start?
- Who needs to be involved in the cost model assumptions refinement process happening in the next few months? What strategies can the State use to engage these individuals?
- What do you appreciate about this approach and what are your concerns?

Help
is here



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