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Smart Start Child Care Grants

Ad Hoc Advisory Group Meeting #10

November 9, 2023

Today’s goals and agenda

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GOALS

- Discuss Illinois early childhood governance updates
- Share rationale and data for workforce compensation direction
- Hear feedback and questions

AGENDA

- Introductions & reminders
- Takeaways from the previous advisory group meeting
- Share ECE governance updates
- Wrap up workforce compensation discussion
- Hear feedback and questions

Reminder: Role of the 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**

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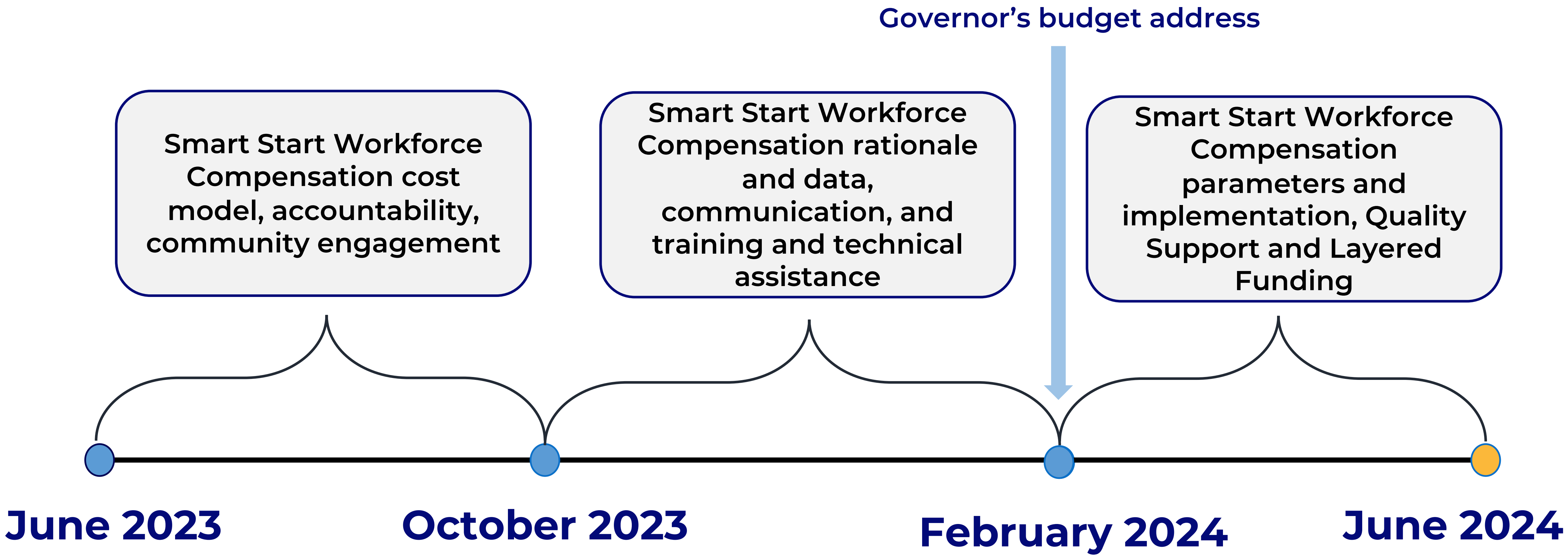
Updated transition year advisory timeline



Governor's budget address

Smart Start Workforce Compensation cost model, accountability, community engagement

Smart Start Workforce Compensation rationale and data, communication, and training and technical assistance

Smart Start Workforce Compensation parameters and implementation, Quality Support and Layered Funding

June 2023

October 2023

February 2024

June 2024

July-October '24
Begin Smart Start grants

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Summary of Ad Hoc Advisory Meeting 9 (10/6/23)

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Common Themes

- General appreciation for including members voices in the decision-making process.
- Many ad-hoc members wanted to prioritize wages, emphasizing that wages should not fall below the $17-19 range.
- Ad-hoc members discussed the interconnectedness between CCAP and Smart Start, and the potential implications of CCAP changes.
- Members suggested options to differentiate or tier awards based on several factors such as region, classroom, and CCAP percentage.

Questions and Concerns

- More stringent eligibility requirements could potentially destabilize the child care market.
- Can DCFS subsidies be included in eligibility calculations for Smart Start?
- Concern around licensed capacity used to calculate CCAP threshold since many programs intentionally keep enrollment below licensed capacity to support higher quality.
- Desire to understand full cost of increasing wages for every program for continued advocacy efforts.

Governor's Early Childhood Announcement and Proposal

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Early childhood governance

The Governor has proposed to create a unified early childhood state agency

- On Tuesday, October 24th Governor Pritzker signed an Executive Order to initiate the transition to a unified agency for the following early childhood programs and funding:
    - ISBE Early Childhood Block Grants (Preschool for All and Prevention Initiative)
    - IDHS Child Care Assistance Program (CCAP), Home Visiting, and Early Intervention services
    - DCFS Day Care Licensing
- **The unified agency will address challenges families face with navigating three different agencies and provide a more equitable, integrated, and holistic system of services**
- An external advisory committee will be established for stakeholder input

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A unified agency builds on recommendations established during the Illinois Commission on Equitable Early Childhood Education and Care Funding

- In December 2019, Governor Pritzker established the Illinois Commission on Equitable Early Childhood Education and Care Funding ("Early Childhood Funding Commission").
- The Commission's charge was to study and make recommendations to the Governor on funding goals and funding mechanisms that provide equitable access to high-quality early childhood education and care services for all children birth to age five.
- One of the key recommendations was to centralize Illinois' ECEC systems into one newly formed early childhood education and care state agency.

> “The Commission recommends centralizing state appropriations and federal funding that is currently spread across three state agencies. This will allow policymakers and state leadership to send money to where it is most needed, and it provides for greater predictability and stability for providers, creating better services for children.”- *Illinois Commission on Equitable Early Childhood Education and Care Funding Full Report*

In February 2023, Governor Pritzker announced Smart Start Child Care

Smart Start Child Care will provide every child with access to preschool, increase funding to child care providers to raise wages and quality, invest in new expanded early childhood facilities, and reach more vulnerable families with early support.

This ad hoc committee has and will advise on:

- **Workforce compensation grants** that will **provide funding for staff wage increases**, supporting child care sector **stability**. Anticipated launch is October 2024.
- **Quality support funding** that will provide funding for staff wage increases **based on credentials**, supporting **child care quality**. Anticipated expansion is October 2025.

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Smart Start Workforce Compensation

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The challenge: low compensation for the early childhood workforce in Illinois

Compensation for the early childhood workforce in Illinois is low

71,337 early childhood educators working in licensed centers or homes[1]

Mean wage for early education professionals[1]:

$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

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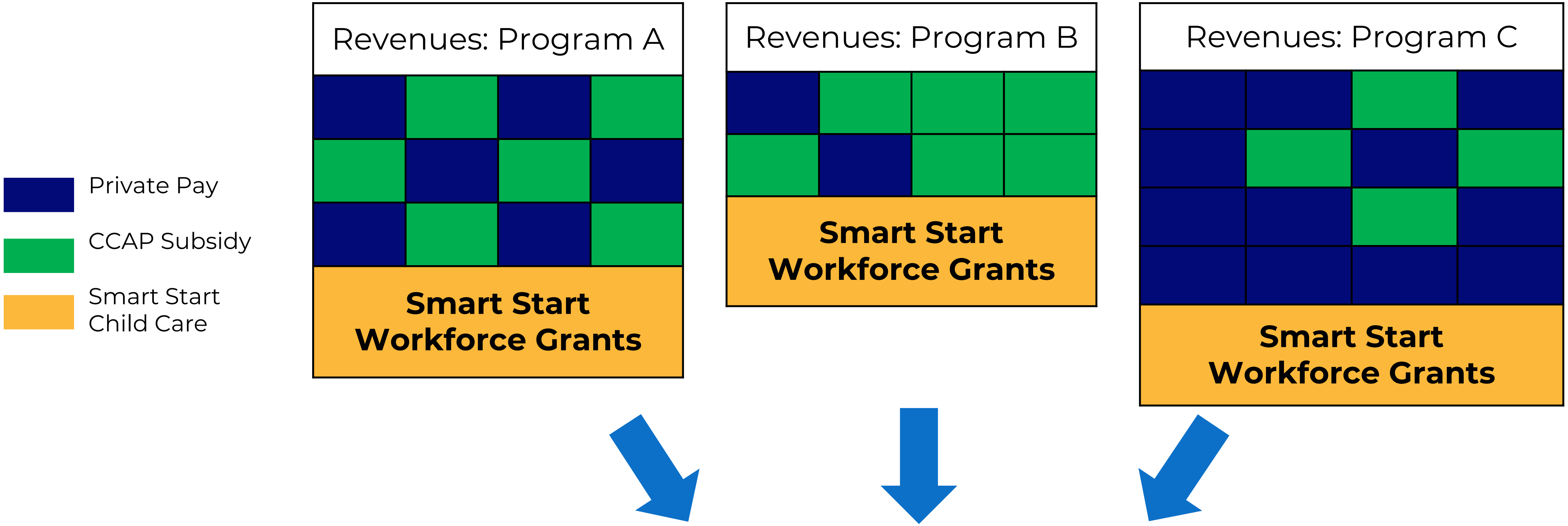
Sources:: 1: INCCRRA/Gateways Registry, March 2023

Smart Start Workforce Grants

Smart Start Workforce Grants will invest in programs to pay attractive wages without raising costs for families



🟦 Private Pay

🟩 CCAP Subsidy

🟨 Smart Start Child Care

Revenues: Program A

Smart Start Workforce Grants

Revenues: Program B

Smart Start Workforce Grants

Revenues: Program C

Smart Start Workforce Grants

$17-19 per hour wages on average for child care teachers in licensed centers.

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Smart Start Workforce Grants

Federal relief funding investments have led Illinois to raising wages through Smart Start Workforce Grants

Child Care Restoration Grants	2020-2022	Stabilize the field through the height of COVID-19
Strengthen and Grow Child Care	2021-2023	Stabilize the field and invest in the workforce
Smart Start Transition Year	2023-2024	Invest in the workforce and prepare to raise wages
Smart Start Workforce Grants	2024 and beyond	Raise child care worker wages

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Focus groups, survey responses, and administrative data helped inform updates to the cost model

Increased the number of staff, especially for 2-5 year old classrooms

Updates to all non-personnel expenses, such as rent/mortgage, food, and other supplies

Example *Typical Center*

	Group 1A	Group 1B	Group 2
Classrooms	5		
Staff	17		
Annual Personnel Costs	~$752k	~$712k	~$699k
Annual Non-Personnel	~$253k	~$203k	~$154k
Annual Total Expenses	~$1M	~$915k	~$853k

Personnel costs make up 70-80% of total expenses*, on average, across all three regions*

These are draft figures for a "typical" program and are subject to change. They are not meant to represent any individual program.

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Focus groups, survey responses, and administrative data helped inform updates to the cost model

Includes **provider/owner compensation as a personnel cost** (usually thought of as net profit)

Updates to all non-personnel expenses, such as rent/mortgage, food, and other supplies

Example *Typical Home in* ***Group 1A***

	Provider/ Owner Only	1 Assistant	2 Assistants
Children	8	12	16
Annual Personnel Costs	~$45k	~$86k	~$127k
Annual Non-Personnel	~$42k	~$45k	~$48k
Annual Total Expenses	~$88k	~$131k	~$175k

Personnel costs make up 50-70% of total expenses*, on average, across all three regions*

FCC Homes: 40-50% have 1 Assistant
FCC Group Homes: 20% have 1 Assistant; 55% have 2 Assistants

These are draft figures for a "typical" program and are subject to change. They are not meant to represent any individual program.

Smart Start Workforce Compensation will cover the cost to raise current wages to a desired floor

Example *Center in* ***Group 1A***

	Current	**Desired**
Classrooms	5	
Staff	17	
Annual Salary & Payroll Taxes	~$752k	~$752k + $$
Annual Non-Personnel	~$253k	~$253k
Annual Total Expenses	**~$1M**	**~1M + $$**

$ increase for teaching staff

Proportional increases for other staff

Increases to benefits and payroll taxes

If Smart Start Workforce Compensation requires raising wages above a wage floor, Smart Start Workforce Compensation must cover the cost to get there.

These are draft figures for a "typical" program and are subject to change. They are not meant to represent any individual program.

Smart Start builds on investments in child care providers and staff

Strengthen and Grow Child Care and Smart Start Transition Grants have supported the child care workforce with significant investments

Strengthen and Grow Child Care (first year)

$169 million (federal relief)

- 4,000+ sites awarded
- Grant Amounts (annual)*:
    - Centers: $25,000
    - Group Homes: $15,000
    - Homes: $10,000
- 25% of award invested in wage increases

Smart Start Transition Grants (SFY24)

$196 million (federal and state)

- 3,731 programs received $58M in Round 1
- Grant Amounts (annual)*:
    - Centers (Infant-toddler): $28,000
    - Centers (preschool): $24,000
    - Group Homes: $15,000
    - Home: $10,000

*Amounts may be greater based on Social Vulnerability Index (SVI)

Program-level costs add up to state-level costs

Cost per classroom/home to support a **wage increase** above a **required wage floor**

×

Total number of eligible **classrooms** in child care **centers** and child care **homes** across Illinois

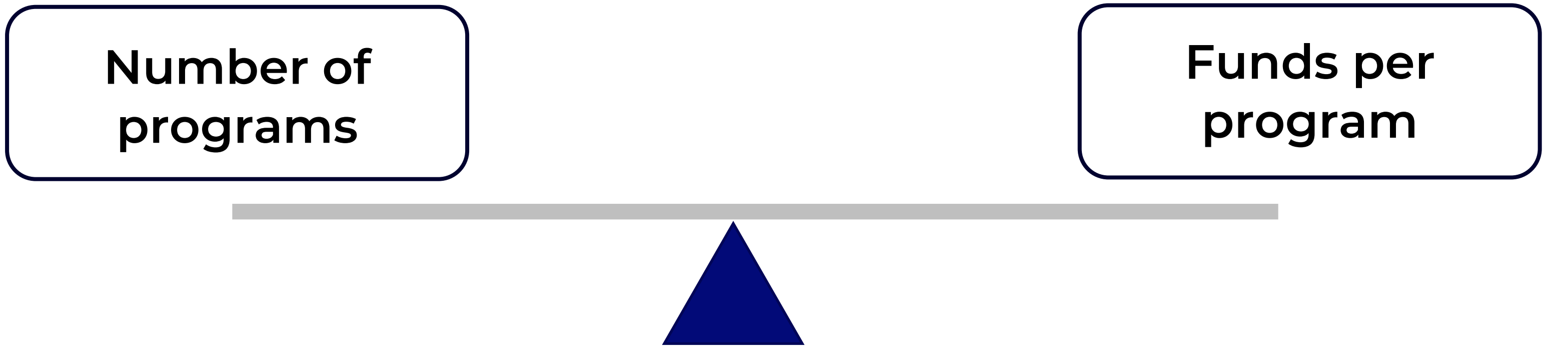
=

Total State Cost of Smart Start Workforce Compensation program

These are draft figures for a "typical" program and are subject to change. They are not meant to represent any individual program.

Smart Start Child Care requires balancing priorities

To date, stabilization grants have reached as many programs as possible with meaningful award amounts.



With **Strengthen and Grow Child Care,** $169M was distributed to 4,000+ centers and homes in the first year.

Cost Per Classroom:

Center: $25,000 / classroom / year
Home: $15,000 / program / year
Group Home: $10,000 / program / year

×

4,000+
child care
centers and
homes

=

$169M

Guiding principles for Smart Start Workforce Compensation Grants decisions

Guiding principles have informed Smart Start Workforce Compensation Grants decisions

- Decisions must be grounded in equity, prioritizing programs with limited access to funding
- Decisions must be informed by child care providers and educators who stand to be most impacted by them
- The program must stay within the allocated budget and meet the Governor's stated goals
- Grants should maximize program reach while also setting a wage scale that creates competitive wages for the field
- Grants must provide eligible programs with enough funding to cover the costs associated with requirements
- We recognize that we need to make decisions on a timeline with the best information we have

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Within a limited budget, CCAP eligibility thresholds prioritize programs in the highest need areas

Where are programs with at least 10% CCAP enrollment located?

SVI Score	% of Eligible Centers	% of Eligible Family Child Care Homes	% of Eligible Group Homes
Highest Need (SVI of 0.75-1)	31%	45%	41%
Mid-High Need (SVI of 0.5-0.75)	26%	31%	30%
Mid-Low Need (SVI of 0.25-0.5)	25%	16%	19%
Lowest Need (SVI of 0-0.25)	18%	8%	9%

57% of eligible centers and **76%** of eligible family child care homes are located in higher-than-average SVI areas.

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SVI- Social Vulnerability Index considers socioeconomic status, household characteristics, racial & ethnic minority status, and housing type & transportation in communities. Higher SVI indicates greater social vulnerability.

Equity check for Smart Start Workforce Compensation Grants decisions

The following equity considerations have also guided Smart Start Workforce Compensation Grants decisions

- Center children and families, especially the ELC priority populations, focusing on racial equity
- Focus on the needs and priorities of historically disenfranchised children and families, providers, workforce, and communities
- Consider how our decisions may benefit or harm historically disenfranchised children and families, providers, workforce, and communities
- Seek the expertise and input from stakeholders already engaged with our historically disenfranchised children and families, providers, workforce, and communities
- Where possible, consider data that provides insight into the relative impact on historically disenfranchised children and families, providers, workforce, and communities

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If we change the CCAP eligibility threshold, will eligible providers be in more or less high-need areas?

SVI Score	10% CCAP Eligibility	15% CCAP Eligibility	20% CCAP Eligibility
Highest Need (SVI of 0.75-1)	40%	41%	42%
Mid-High Need (SVI of 0.5-0.75)	29%	30%	30%
Mid-Low Need (SVI of 0.25-0.5)	19%	19%	18%
Lowest Need (SVI of 0-0.25)	12%	11%	10%

Higher CCAP eligibility thresholds mean that a slightly larger proportion of eligible providers will be in high-need areas, but the differences are small.

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Discussion Questions

- What questions do you have?
- What do other child care providers need to know over the next few months as we move forward?
- What do you hope will be different as a result of workforce compensation grants?

Please record your responses on Padlet, using this link: https://padlet.com/mbock20/ad-hoc-advisory-november-meeting-tabk8iqzs6ajcmzl

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Next Meeting Date:
December 8, 2023, 11-1pm

Open Survey for Feedback:
https://forms.gle/3DPPyPUcPQiTgbwX9

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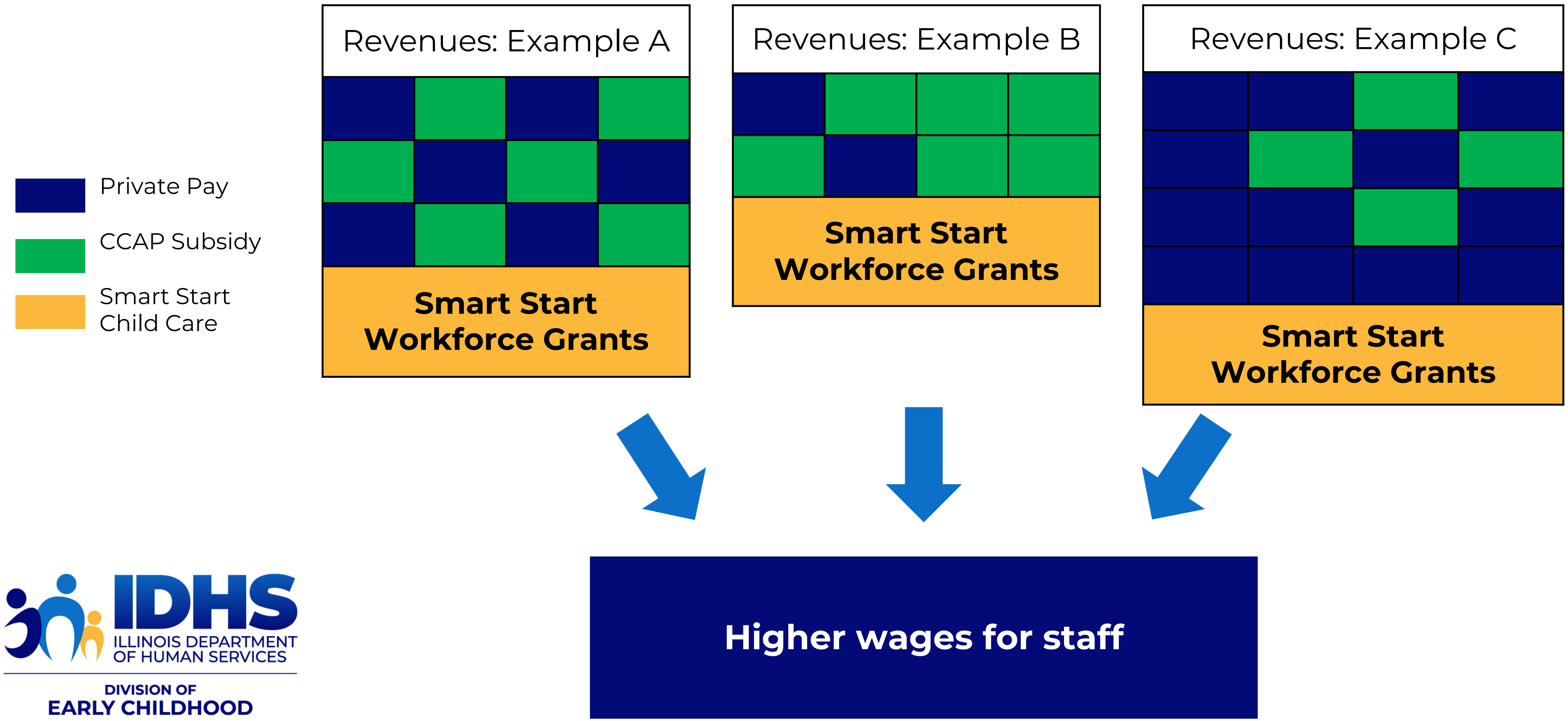

🟦 Private Pay

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Revenues: Example A

Smart Start Workforce Grants

Revenues: Example B

Smart Start Workforce Grants

Revenues: Example C

Smart Start Workforce Grants

Higher wages for staff

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