



Child Care Contracts

Ad Hoc Advisory Group Meeting #5

April 7th 2023

GOALS

- Share about transition from Strengthen and Grow to SMART START
- Discuss Smart Start priorities and decisions ahead
- Hear feedback and questions

AGENDA

- Introductions & reminders
- Takeaways from past Advisory Group meetings
- Transition year goals
- SMART START overview and advisory input
- 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

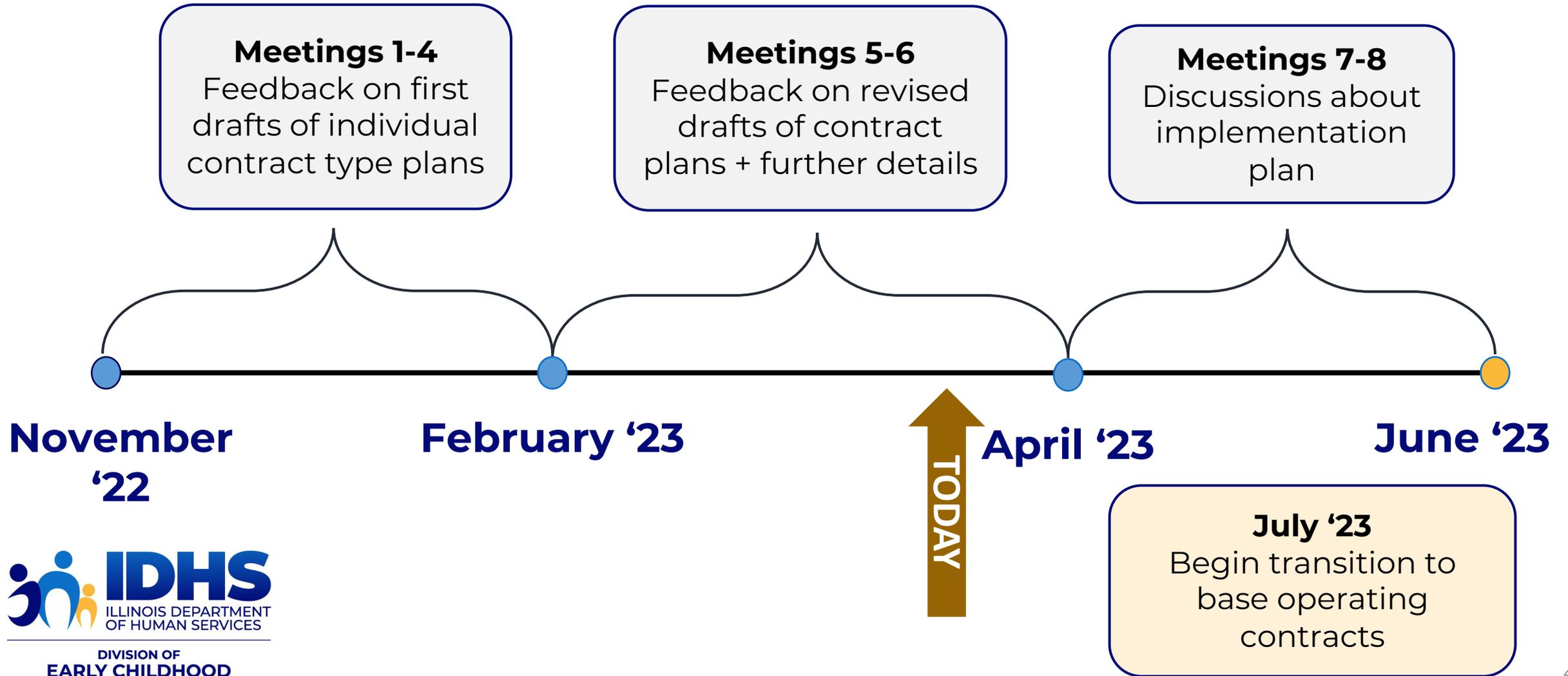


Surface any **potential risks and opportunities**



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

REMINDER: TIMELINE



Common Themes

- Need to ensure competitive wages for all staff and find a way to better align wages across classrooms
- Wage scale should adjust with inflation over time
- Up front and consistent funding is crucial (common struggle with CCAP)
- Providers need more robust staffing in and out of classrooms
- Lack of qualified workforce is a major barrier to extending quality
- Better coordination across agencies is needed

Priorities

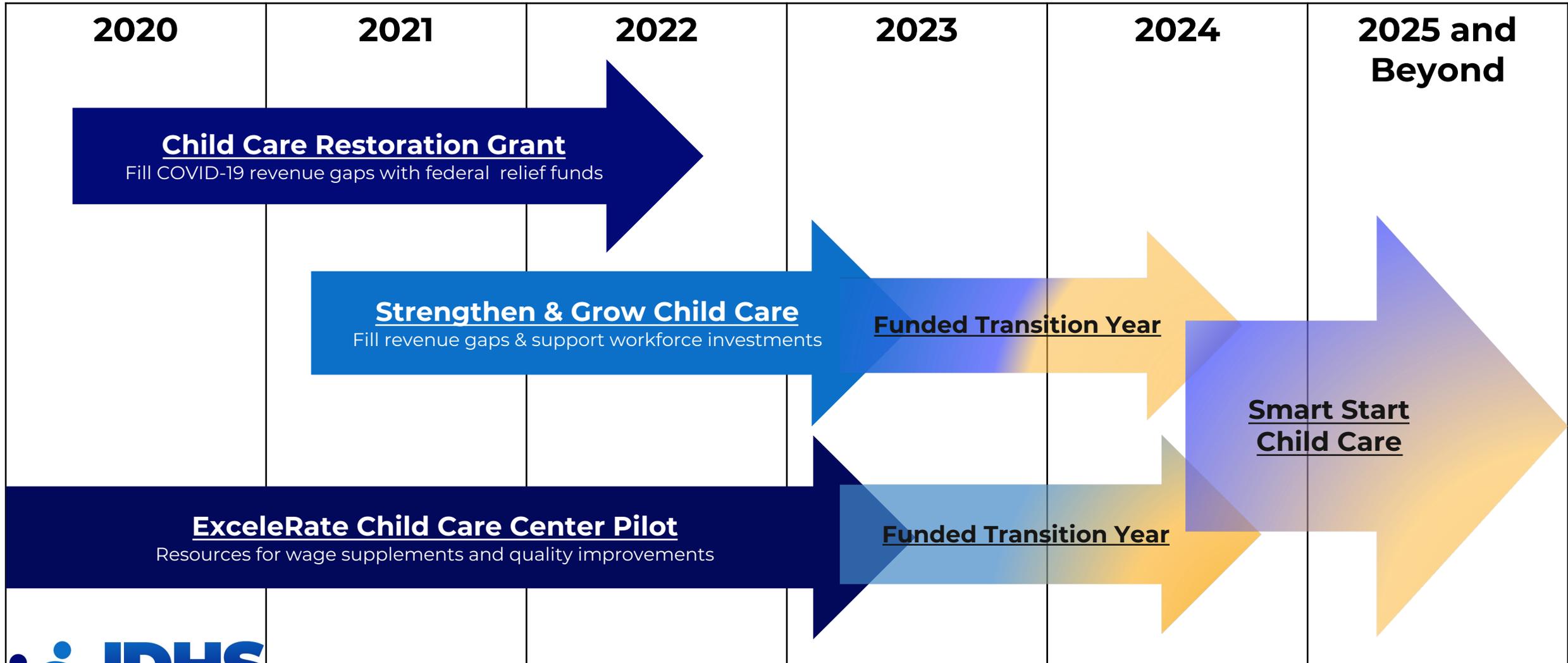
- Equity needs to be prioritized and funds should be allocated to support children with special needs
- An equitable approach toward educator compensation across settings is important
- Ensure expansive access to contracts and provide support for providers to participate in these contracts
- A balance between flexibility and prescriptiveness is needed
- Funding should focus on capacity-building and support efforts to increase quality
- Funding is needed for targeted supports that meet families' needs

Transition year

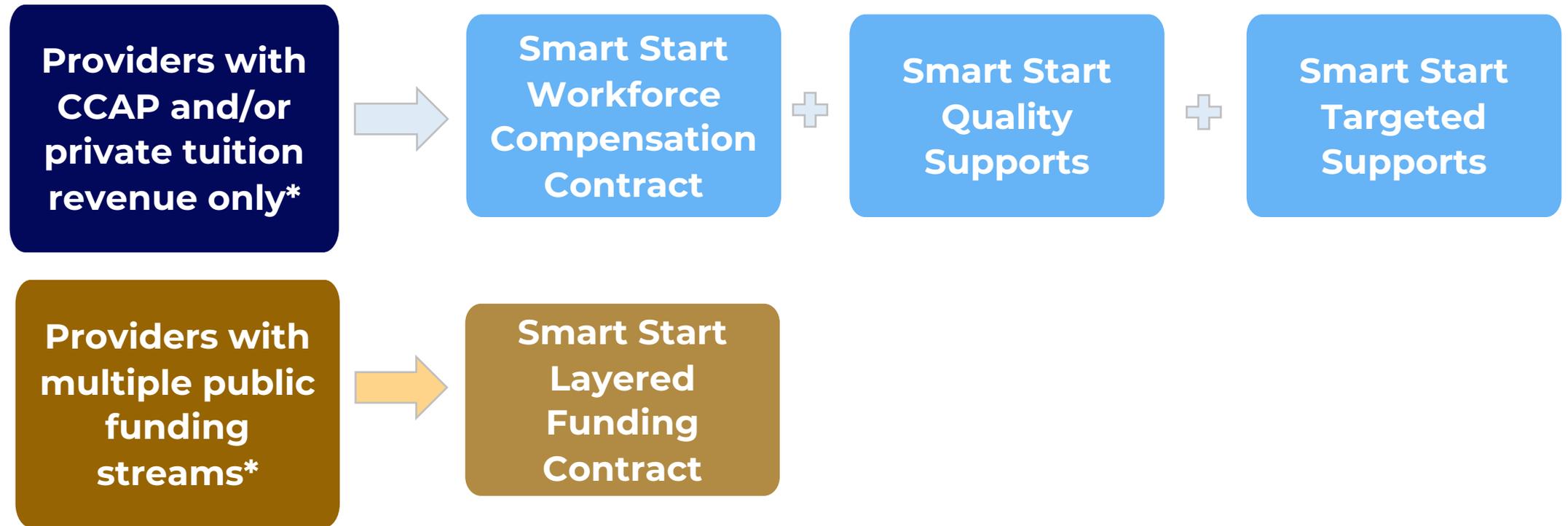


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IMPLEMENTATION TIMELINE



Two approaches to base operating contracts **for two distinct types of providers:**



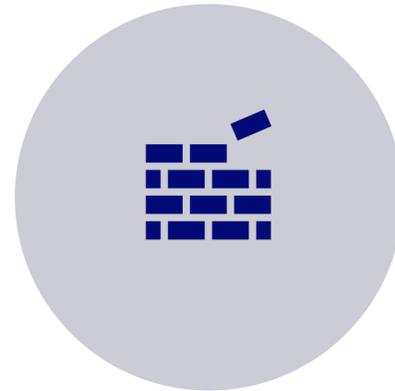
Grants in SFY24 will focus on:



Preparing providers for annual contracts



Ensuring administrative readiness for annual contracts



Building awareness and capacity within the field



Prioritizing investments in the workforce

SMART START and Advisory Voice

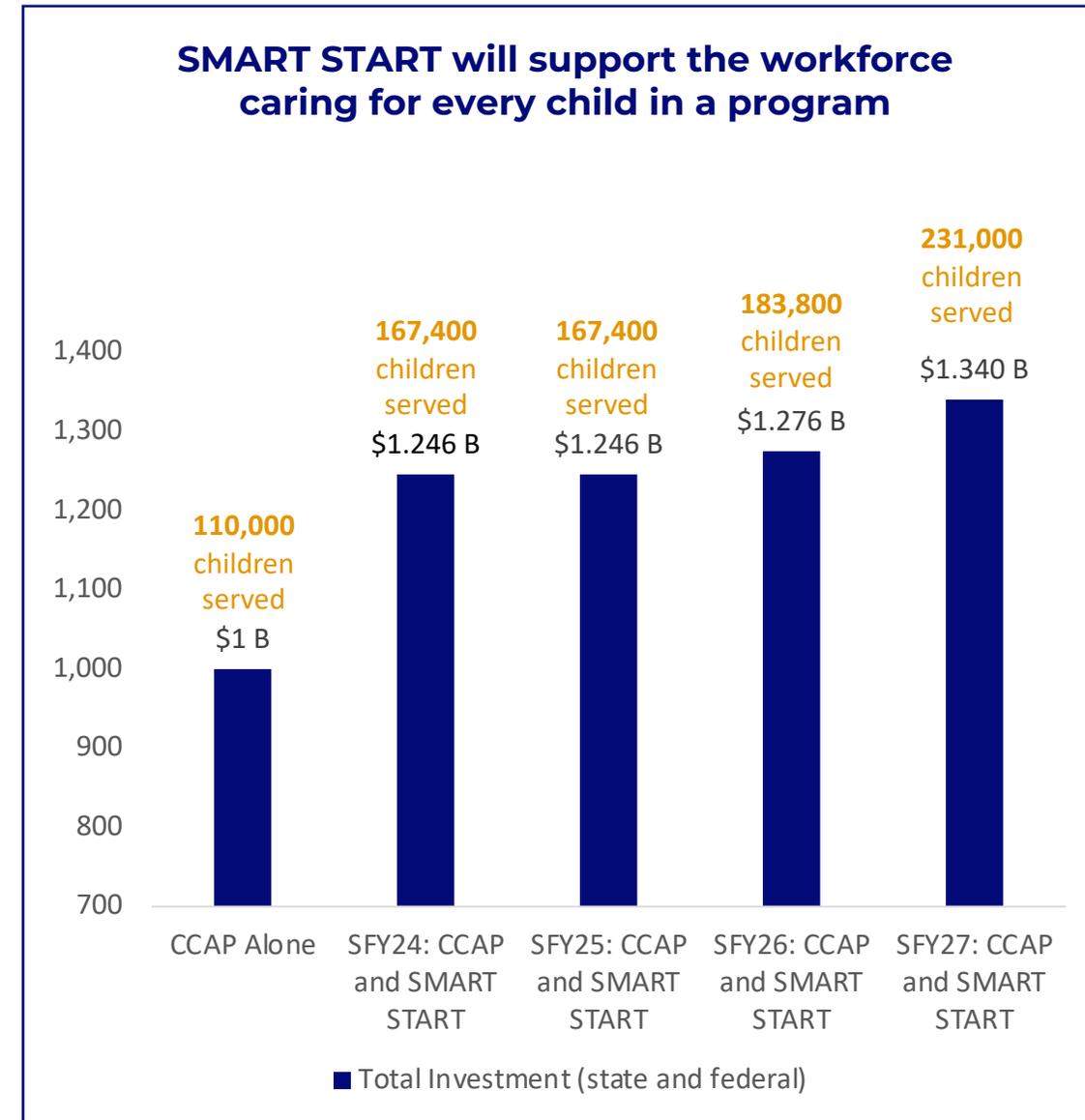


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In SFY24, SMART START will implement Illinois' first-in-the-nation evolution from Strengthen & Grow Child Care (SGCC) relief contracts to Workforce Compensation Contracts.

Workforce Compensation Contracts will create financial reliability that can be leveraged to increase access to higher wages and quality child care programs by:

- Providing base funding that remains consistent despite the dynamic nature of subsidy and tuition
- Calculating base funding using a model that assumes wages at \$17 - \$19/hour and the true cost of services
- Paying in advance (not in arrears)



In SFY25-27, continued investment increases will result in an **overall 110% increase** in children served as well as future funding add-ons and consolidations including Quality Support Add-Ons and Layered Funding Contracts.



- **Quality Support Add-On:** Additional funding to Workforce Compensation Contract providers to work towards increasing capacity, high quality and readiness to implement PFA/E and E/HS.
 - **SMART START Quality Support Contracts:** Institutionalizing and expanding the successful ExceleRate Child Care Pilot, started in June 2020, for 29 providers in rural Illinois, which has demonstrated reduced turnover and incentivized the early childhood workforce to attain additional credentials and degrees
- **Layered Funding Contracts:** A path toward consolidated funding for high quality providers with multiple public funding streams.

This committee's values have shaped new investments in early childhood

Programs need resources to raise wages to compete with other industries

Staff wages must be a priority – without a child care workforce, it's hard to make other improvements.

All programs who are eligible to receive compensation contracts should receive them – there are downsides to a competitive bid process.

To make a widespread, sustainable impact on wages, investments must reach as much of the field as possible.

Many programs need extra support outside of the classroom, for administrative staff or more robust staffing.

Your input influenced Governor's budget to:

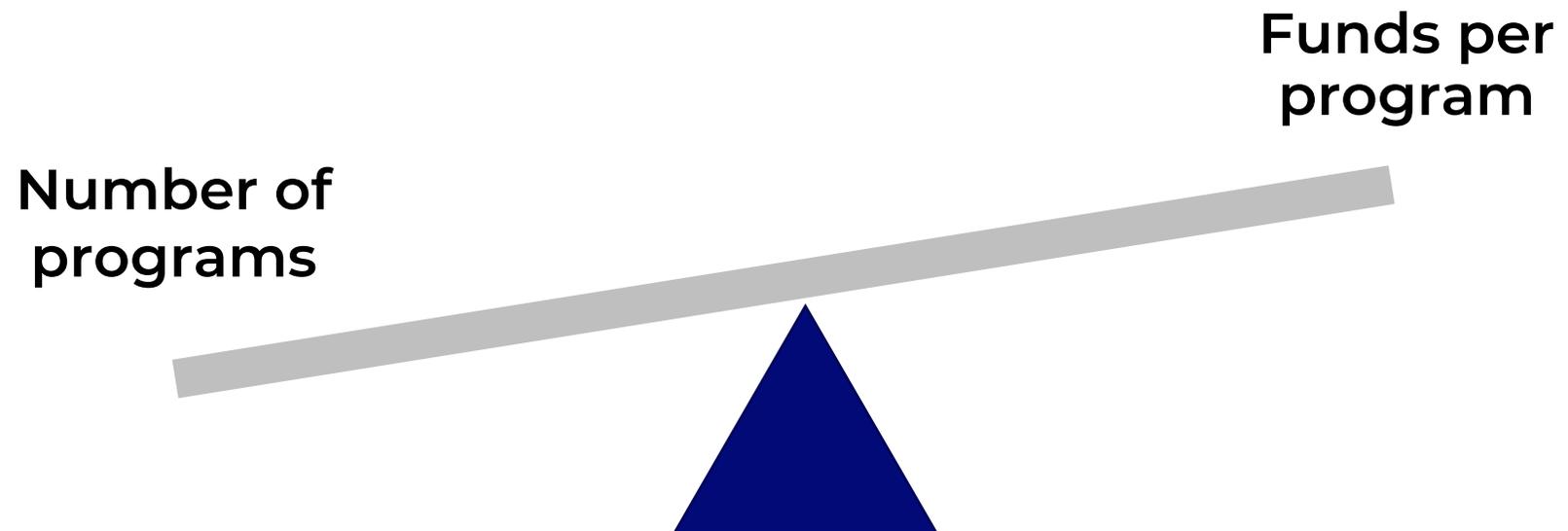
- Fund contracts to provide more stable, up-front revenue for providers
- Increase wages through workforce compensation contracts
- Adjust for inflation and wage increases over time
- Support movement toward system-wide quality

Your input will be needed to address questions like:

- How can we best use SFY24 to prepare for our long-term vision?
- How can we communicate this opportunity with programs and support them in applying?
- How will we meet the clear need to better support children with special needs?
- How will we build toward quality in an equity-led way?
- How will Smart Start Child Care work for providers, from start to finish?

A new initiative requires balancing priorities

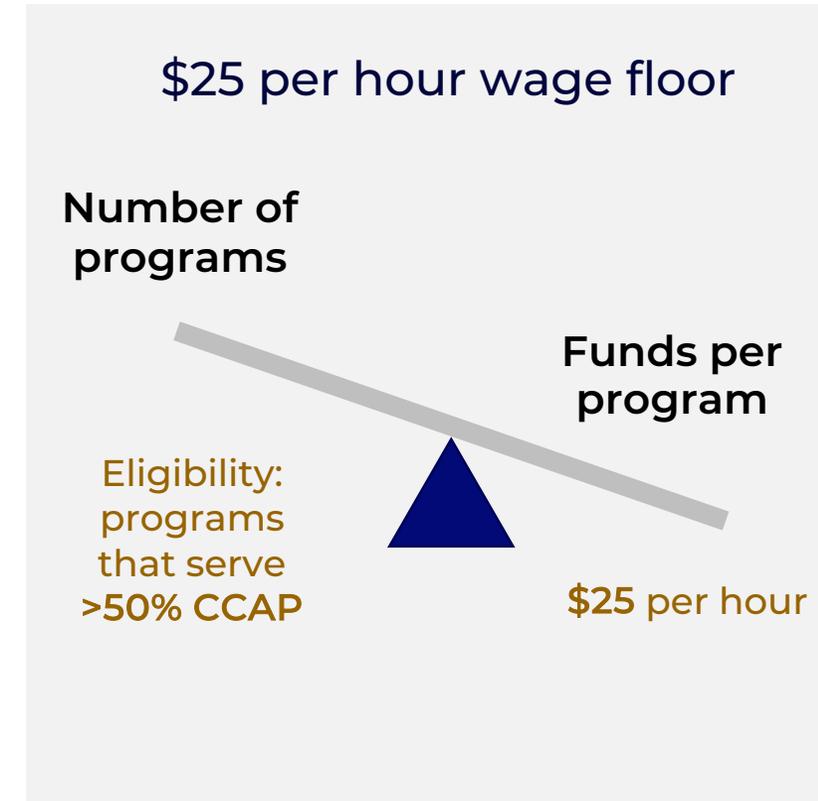
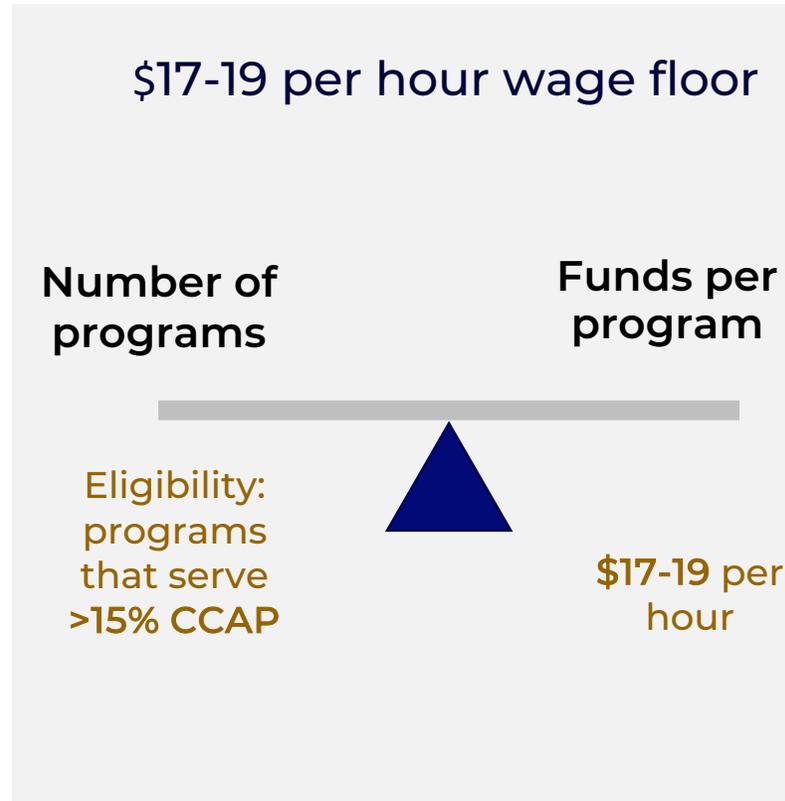
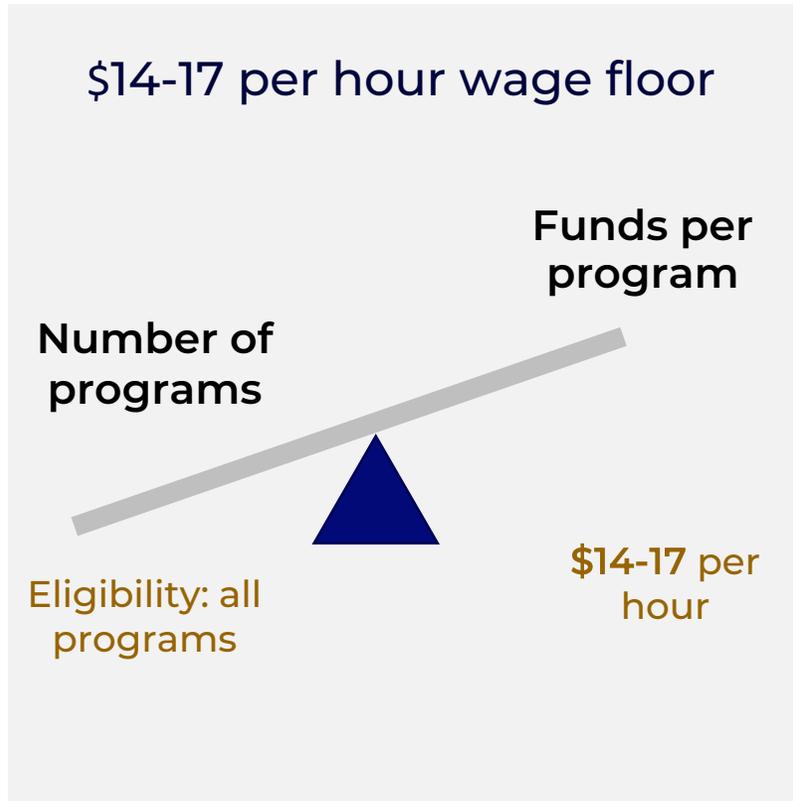
- While the Governor has proposed significant investments, SMART START will still require balancing priorities
- Advisory group has raised the importance of compensation to sustain the field
- The higher the per-classroom award amount, the fewer total programs can be funded
- The goal is to increase funding for wages and reach as many providers as possible



BALANCING PRIORITIES

Increasing the amount per program decreases the number of programs that can participate.

Increasing the number of programs that can participate decreases the amount available per program.



SMALL GROUP BREAKOUTS

- Group 1: Providers with ECBG and/or HS funding in Chicago
- Group 2: Providers with ECBG and/or HS funding outside of Chicago
- Group 3: Providers with CCAP only
- Group 4: Other Ad Hoc Members

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Small Group Discussion Questions

- What are your reactions to the models for balancing funding priorities?
- What will child care providers need during the transition year to help prepare for SMART START Child Care?
- What other questions do you have about SMART START Child Care?

Next Meeting Date: **May 5th, 2023, 11-1pm**

- Tentative plan: first Friday of each month from 11-1pm through June 2023

Open Survey for Feedback:

<https://forms.gle/3DPPyPUcPQiTgbwX9>

Special Meeting: discussion on supporting children with special needs in child care:

April 17 at noon

- Please email Bethany Patten to join (Bethany.Patten@illinois.gov)

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