



Child Care Contracts

Ad Hoc Advisory Group Meeting #4

February 3rd, 2023



GOALS

- Understand and prioritize the challenges of layered funding providers
- Discuss vision for Layered Funding contracts
- Explore Layered Funding contract decisions
- Share concerns and questions

AGENDA

- Introductions & reminders
- Takeaways from last meeting and grounding questions
- Further context on the Layered Funding contract
 - Purpose
 - Eligibility
 - Key decisions for approach
- 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

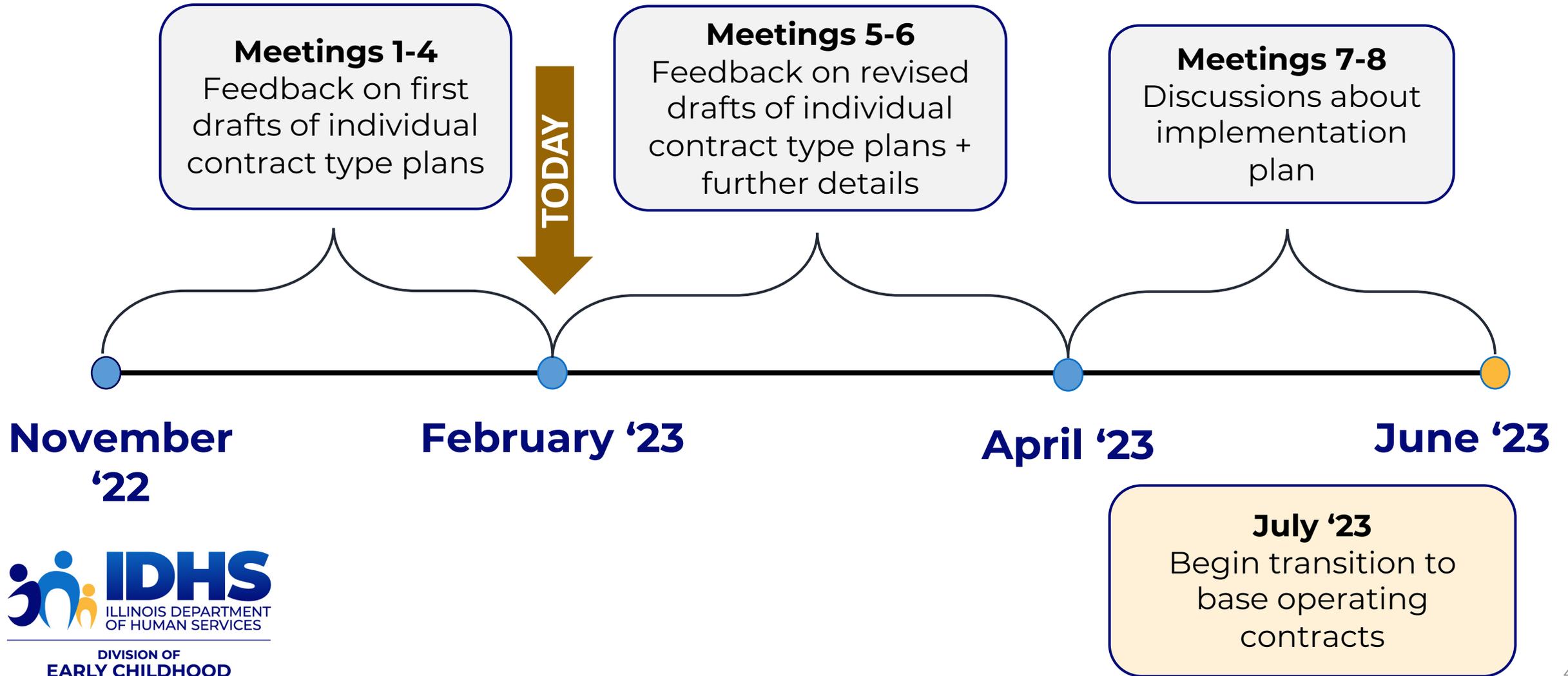


Surface any **potential risks and opportunities**



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

REMINDER: TIMELINE



Common Themes

- General alignment with the goals, intention, and the uses of Quality Support contract funding
- Additional staff is appreciated in particular – whether it's an additional admin support or someone in the classroom to assist children with challenging behaviors or special needs
- There needs to be intentional focus on supporting providers to access this funding and to participate in these contracts
- There will need to be ongoing support to coach programs at the local level and opportunities to improve business acumen amongst providers

Questions/ Concerns

- How will we measure success of this program and what will accountability measures look like?
- How will IDHS and ISBE work together to build early childhood capacity across funding streams?
- Can Quality Supports help providers with a few PFA/HS classrooms to meet high standards across all classrooms?
- Will these contracts become another competitive funding stream like PFA & Head Start?
- There needs to be follow-up on homes and non-traditional programs

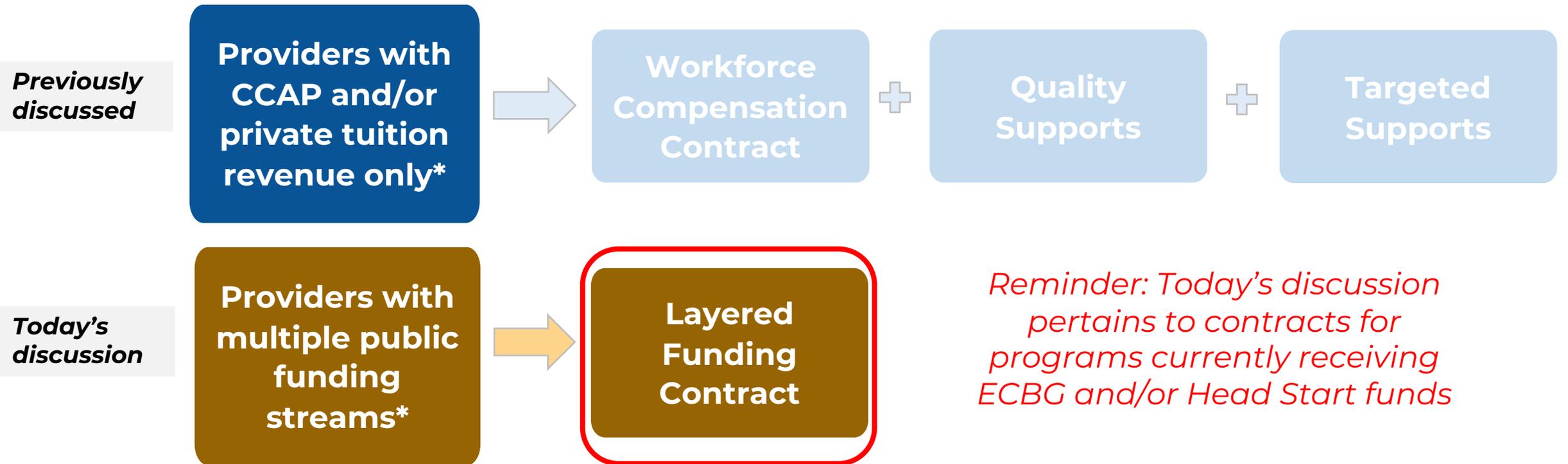
Providers with ECBG and/or Head Start Funding

Layered Funding Contract



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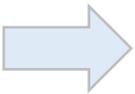
Two approaches to base operating contracts **for two distinct types of providers:**



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

Previously discussed

Providers with CCAP and/or private tuition revenue only



~95%

Today's discussion

Providers with multiple public funding streams



~5%

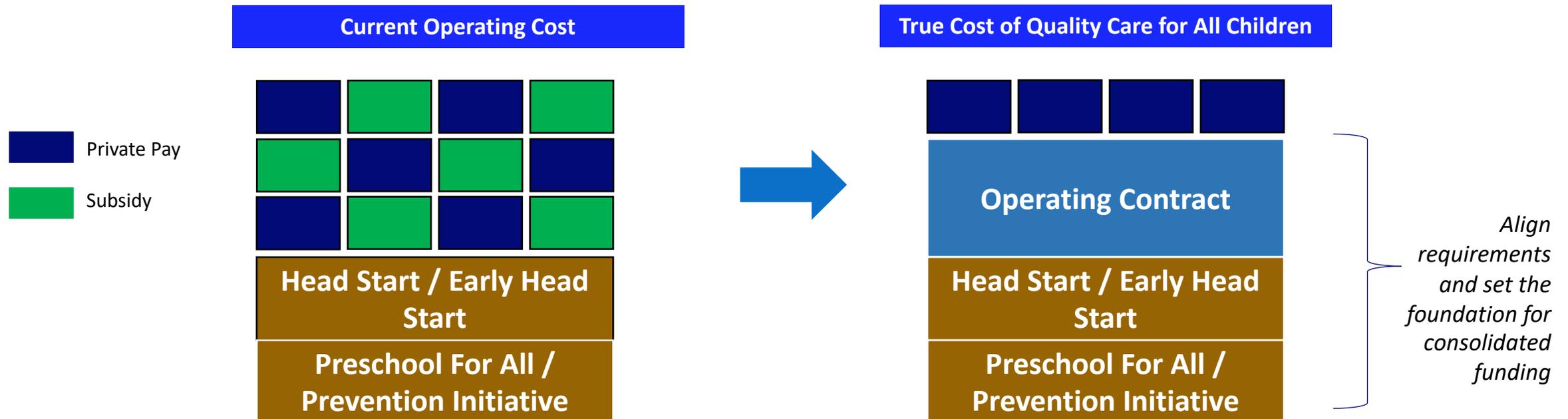
More than 50% of layered funding providers are in the City of Chicago

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

Operating contracts can sustain and build access to high-quality in full-day, year-round settings

For providers with access to other public funding streams, contracts can:

- *Replace* CCAP subsidy or site-administered contracts
- *Potentially provide for full-center quality*, instead of partially funded classrooms
- Carry the same quality requirements as other funding streams



Layered funding is challenging at the systems-level

Challenges:

- Multiple funding sources from different agencies create challenges with understanding the full funding picture
- Difficult to know if providers with several funding streams can cover the cost of high quality

IDHS Goals:

- Provide stable resources
- Prioritize equity and fund those who don't have sufficient funding



In October 2022, the Center for Early Learning Funding Equity (CELFE) leveraged the expertise of providers with multiple funding streams to deepen our understanding of their program and business models to inform future funding strategies.

22 providers statewide engaged in 4 focus groups and 3 one-on-ones. Key themes include a preference for:

- **Predictable funding** that allows providers to anticipate annual CCAP revenue and receive funds up front instead of through reimbursements
- **Flexible funding** where providers have discretion over how to use funding
- **Minimal administrative burden** that does not add additional requirements or more/different reporting expectations

Providers will need to meet all of the following eligibility criteria and requirements:

Eligibility

- Providers that offer full-day, year-round care
- Providers that receive PI/PFA (ECBG) and/or Head Start/Early Head Start funding and are meeting these programs' standards

Requirements

- Use funding to operate a program meeting ECBG and/or HS standards
 - Programs will continue to be monitored for compliance with ECBG standards (by ISBE) and Head Start performance standards (if applicable; by federal HHS)
- Maintain a specified minimum level of enrollment and attendance

Layered Funding contracts could address three major issues. Should they?

Stability

Provide an annual contract to replace current CCAP reimbursement

Full-day/Full-year Quality

Provide an annual contract that covers cost of extending ECBG/HS programs to provide full-workday/year-round care

Full Program Quality

Funding could cover the difference between ECBG/HS funded classrooms and classrooms that are partially funded or not funded by ECBG/HS

Stability

Provide an annual contract to replace current CCAP reimbursement

STRENGTHS

- Amounts could be determined annually rather than per child per day
- Providers could receive funding up front instead of in arrears
- Predictable funding allows providers to better anticipate revenue for budgeting purposes

CONSIDERATIONS

- ECBG/Head Start classrooms will continue to receive current funding for part-day or school-day services
- Any funding increases to promote quality in ECBG/Head Start classrooms would continue to come from ECBG/Head Start

Full-day/Full-year Quality

Provide an annual contract that covers cost of extending ECBG/HS programs to provide full-workday/year-round care

STRENGTHS

- Funds could more adequately cover costs of full-workday, year-round services when ECBG/HS funding only covers part-day or part-year

CONSIDERATIONS

- Information would be needed from providers to understand current funding in their programs

Full Program Quality

Funding could cover the difference between ECBG/HS funded classrooms and classrooms that are partially funded or not funded by ECBG/HS

STRENGTHS

- Funds could more adequately support program-wide quality and monitoring expectations (HS/PFA Standards)

CONSIDERATIONS

- It may become unclear whether programs should seek more ECBG/HS funding or use this funding to increase quality.
- IDHS may need to set up a system to monitor quality and providers may be subject to multiple sets of monitoring as a result.
- Information would be needed from providers to understand current funding in their programs.

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

Reminder: Today's discussion pertains to contracts for programs with ECBG and/or Head Start funding

Help
is here

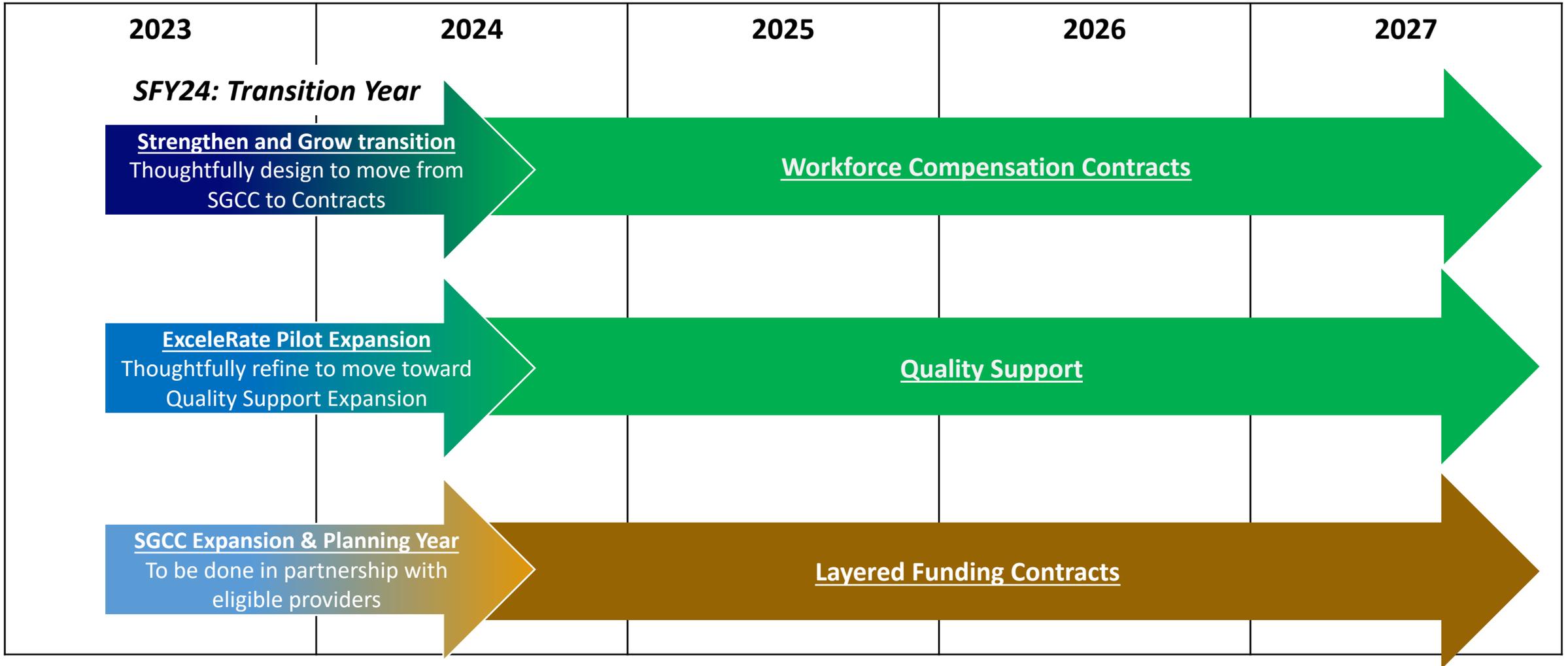


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For providers that receive PI/PFA and/or Head Start funding (Layered Funding contract):

- What pros and considerations would you add to the lists?
- Who will benefit from each potential decision? Who may be left behind?
- What are the implications for infant and toddler classrooms?
- Would any of these decisions incentivize more providers to apply for ECBG and/or Head Start?
- What other **concerns or questions** come to mind that we should address in future planning?

IMPLEMENTATION TIMELINE, INCLUDING TRANSITION YEAR



Next Meeting Date: **March 3rd, 2023, 11-1pm**

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

Open Survey for Feedback:

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

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