



Foundational Contracts: Supporting Quality and Equitable Compensation



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Illinois Child Care-Research Partnership

- **Collaborating partners:** IL Dept. of Human Services (Bethany Patten & Sinthu Ramalingam); University of Chicago (Julia Henly (PI)); Illinois Action for Children (David Alexander (co-PI)); Illinois Network of Child Care, INCCRRA (Joellyn Whitehead); Center for Early Learning Funding Equity (Theresa Hawley)
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Our Presenters



Theresa Hawley, Ph.D.
Center for Early Learning Funding Equity



Julia Henly, Ph.D.
University of Chicago Crown Family School of
Social Work, Policy, and Practice



David Alexander, Ph.D.
Illinois Action for Children

Agenda

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The Illinois story: Why Foundational Funding?

2

PROSPR evaluation of the ExceleRate Contract Pilot

3

Overview Of Smart Start Child Care investments

4

What's next for Illinois & our research partnership

5

Discussion and answering your questions

Illinois' goal: Supporting Access to High Standards

The state is working to ensure that most low-income children—including those receiving Child Care Assistance—are served in programs meeting high standards:



Low child:adult ratios and group sizes



High qualifications for staff



Intentional curriculum implementation



Key comprehensive services & family engagement

Structural quality was not improving

In theory, the ExceleRate program would require

- smaller class sizes and
- higher staff qualifications.

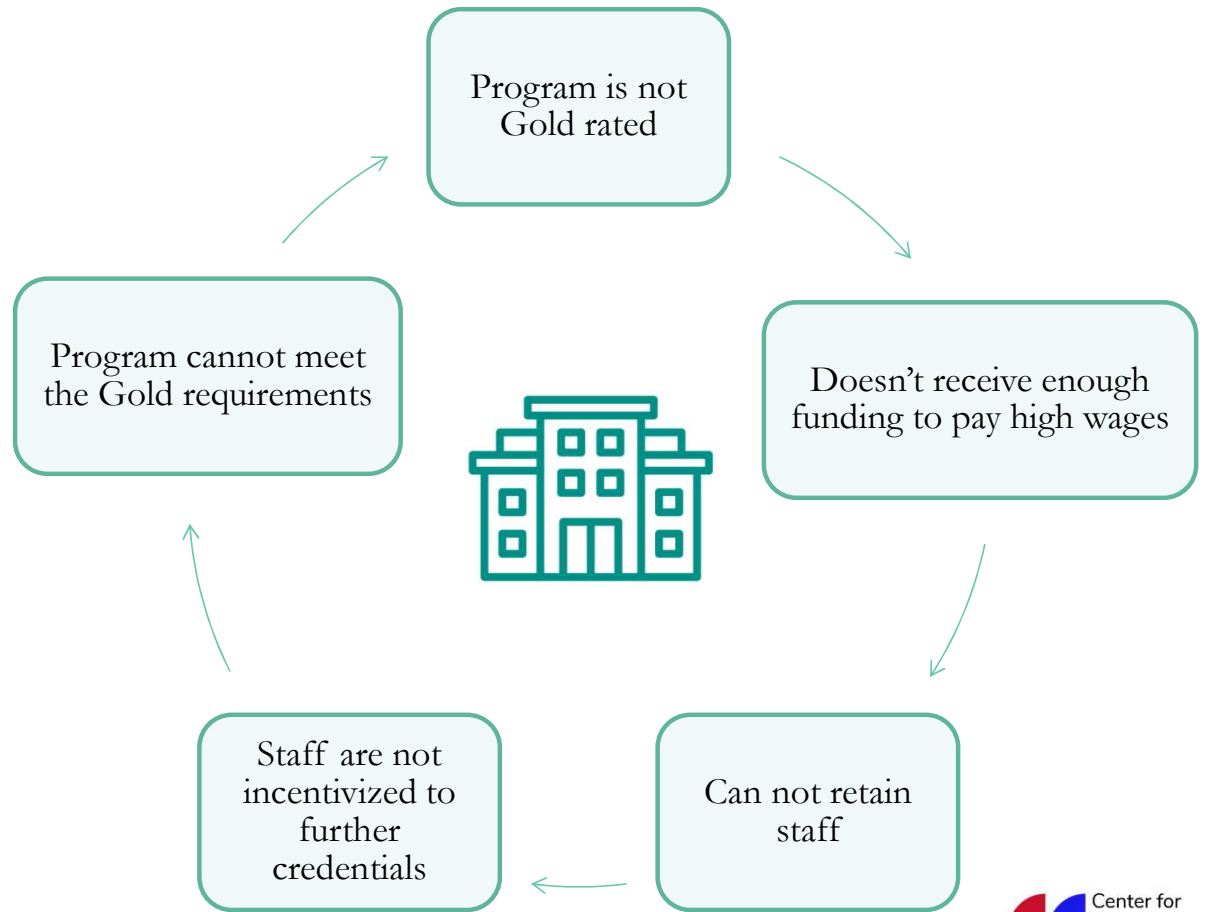
In reality,

- The state had to waive credential requirements because programs were not able to attract (or grow) highly qualified staff
- Most programs rated “Gold” in ExceleRate achieved that rating by becoming accredited and did not have to decrease class sizes.



Lack of funding was a key barrier for programs trying to increase quality.

If programs can only receive more funds once they reach Gold, they can be trapped in a vicious cycle:



There are two inter-related problems with child care wages that have important implications for quality improvement efforts.

Problem

Impact

Implications for Quality Improvement

Low Base Wages

The entry-level wages for the field are extremely low

Child care staff living in poverty, using public benefits, leaving the field entirely

Constant turnover among teaching staff dampens the effectiveness of coaching and similar strategies

Poor Wage Premiums

Staff with higher credentials and experience earn little more than less qualified staff.

Staff are not incentivized to obtain higher credentials

Programs are unable to attract & retain teachers who meet higher qualifications

Compensation and quality improvement are constrained by a market failure.

Cost of high quality and a fairly compensated workforce



What the private market can pay

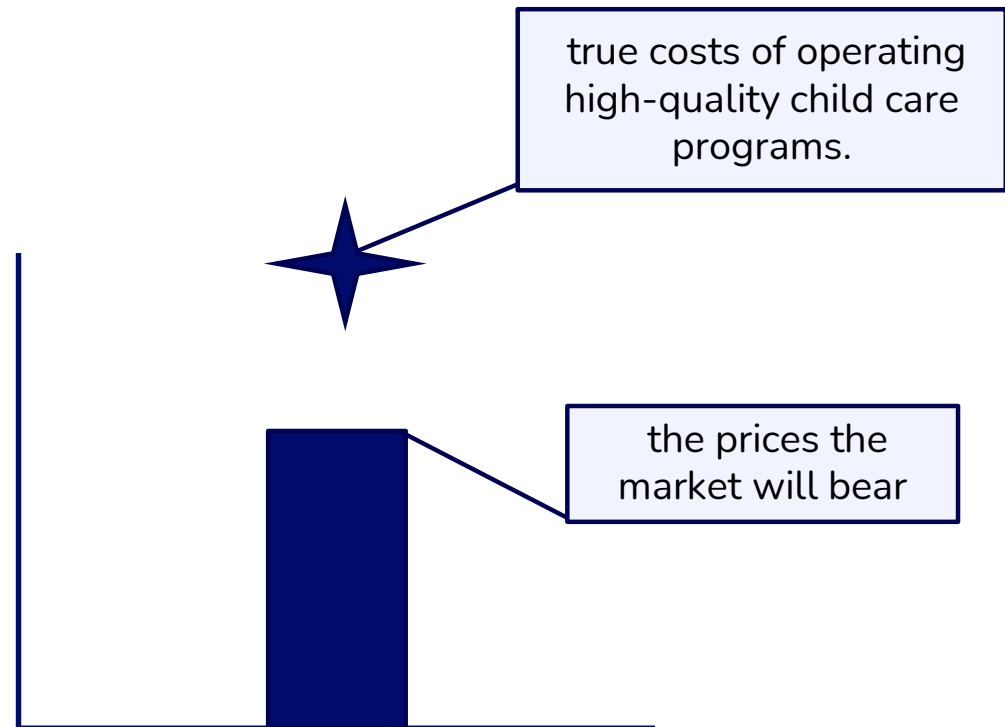


- Child care is funded predominantly through a private marketplace
- Prices in the marketplace are tied to what parents can afford to pay, and these “affordable” prices are often markedly lower than the cost of delivering services with adequate staff compensation and high structural standards
- Subsidies are largely provided on a per-child basis and are tied to market rates, so public funding fails to ameliorate the market failure
- Subsidies are only a small (and ever-changing) fraction of most providers’ revenue

You can't fix a market failure just by raising subsidy rates

Illinois needed a new strategy to bridge the gap between market prices and the true costs of high-quality services:

Supply-side strategy



Supply-side investments provide stable funding to programs



Demand Side Approach

Subsidize families so that they can purchase care in the private market (e.g., child care vouchers)



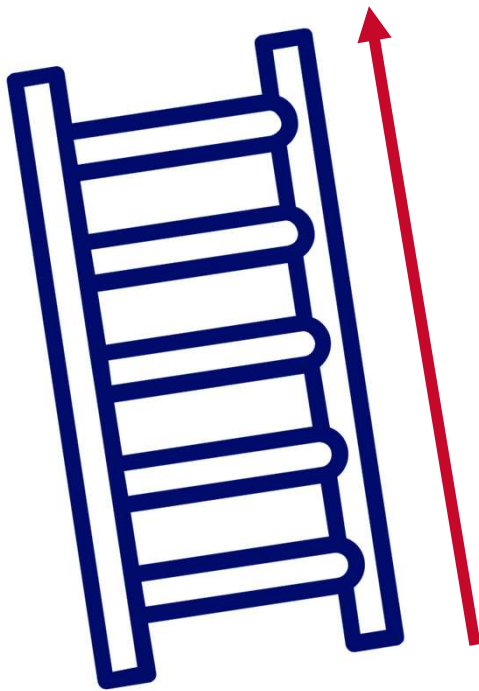
Supply Side Approach

Investments directly to programs (e.g., contracts and grants to providers)

- Most of US public investment is through demand side (vouchers)
- Recent federal interest in states investing in supply side (contracts/grants)

Illinois needed to design a ladder of support and funding, tied to increasing requirements for higher structural quality

Intentionally building a ladder of support for programs to achieve:



High structural quality standards

Continuous Quality Improvement processes and increasing staff qualifications

Stable staff and enough staff

While also ensuring affordability for families.

Preschool Development Grant Birth to Five grant allowed Illinois to create a pilot focused on:



Reducing turnover by providing wage supplements



Incentivizing staff to gain higher credentials by ensuring higher wages



Adding staff to create the necessary conditions for Continuous Quality Improvement processes



Providing coaching and other supports focused on CQI

Pandemic Relief funding allowed IL to implement supply-side funding at scale



Child Care Restoration Grants helped programs reopen in Summer 2020



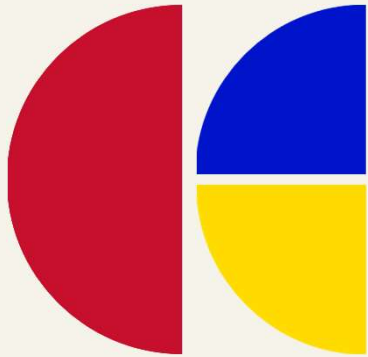
Strengthen & Grow Child Care grants continued to support programs while starting to require a focus on compensation



Smart Start Workforce Grants focus directly on compensation



Smart Start Quality Support Grants will focus on quality improvement



PROSPR Evaluation

Smart Start ExceleRate Contract Pilot

ExceleRate Contract Pilot (ECP)

Objectives of Child Care Center Pilot

- To enhance workforce training and compensation
- Improve program quality
 - *to inform development of Smart Start initiatives*

Eligibility criteria

- All IL centers in IL rural areas of serving 40% subsidized children (n=35)
 - *rural focus for equity reasons as rural areas underserved by centers*

Program parameters

- Funding to increase staff, enhance wages, incentivize training through minimum salary scale tied to credentials
- Monthly one-on-one coaching (director) & community of practice support group (directors)
- Continuous quality improvement activities with classrooms
- Ongoing technical assistance and ongoing support to directors
 - *Grant was conditional on participating in the pilot components*

Evaluation of ExceleRate Contract Pilot

Governor's Office of Early Childhood Development (GOECD) has released several quantitative metrics on how Staffing, Credentialing, and Professional Learning has developed over the course of the pilot.

GOECD found that from Feb 2021 to December 2022...

- Increase in 107 Staff: Directors, Teachers, Teaching Assistants (from 595 to 702)
- Staffing pipeline: 52 Teaching Assistants became DCFS Teacher Qualified
- Credentialing: 208 credentials earned during the pilot; 172 New Credentials and 36 increased credential levels

Evaluation (cont)

University of Chicago, as part of partnership with IDHS/IAFC/CELFE, conducted an implementation evaluation that included exploratory background research (Feb–Dec 2022) followed by interviews with participating program directors/owners (Jan–Sept 2023)

Exploratory Background Research

- Review of ECP materials and reports from GOECD
- Interviews with policy stakeholders at state and program level
- Bi-weekly meetings with ECP program administrators

Qualitative Interviews with Directors and Owners

- Semi-structured indepth IWs
- 27 center directors and owners, 3 declined
- Collected, transcribed, content coded, analyzed

Research Questions Guiding Qualitative Interview Component

- How are child care program directors and owners participating in the *ExceleRate* Contract Pilot experiencing the ECP (with attention to each of the primary components – salary scale, one-on-one coaching, community of practice, continuous quality improvement)?
- What recommendations can be drawn from the implementation evaluation for improving and expanding the initiative moving forward?

KEY FINDINGS: PROSPR Implementation Evaluation of ECP

Minimum salary scale was highly valued and primary motivation for being involved in pilot.

- ❖ **Universally positive response especially to wage enhancements, but viewed as insufficient to address competition from industry.** *“the wage is still not as competitive as McDonalds.” // “Starting wage is just barely competitive but it is a huge improvement.”*
- ❖ **Wage enhancements incentivized credentials** *“Pay and opportunity helped staff feel valued and have things to work toward.”*
- ❖ **Some felt unfair that experience and seniority were not rewarded with wage increases like credentials are.** *“credentialing does not always correlate with performance”*

Administrative burden was high. Support from Pilot staff was essential to success

- ❖ **AB related to complex and opaque reporting requirements, IT system glitches and errors in payroll software, frequently changing systems and rules. Some improvement over time but system never fully functional.**
 - *“The monthly payroll reporting is not working properly”*
 - *“The new Gateways portal doesn’t work”*
 - *“The Gateways website isn’t working”*
 - *“Payrates are incorrect and unable to be changed. Auto filling does not work”*
 - *“Gateways is an amazing idea, but it doesn’t work, and they don’t respond for support.”*
- ❖ **While dedicated technical support received mixed reviews, the program administrator and coach (with whom providers had close relationships) were universally praised for helping navigate the system and deal with admin burdens.**

Monthly 1-1 coaching was highly valued by all.

❖ **Directors were uniformly positive about monthly mentoring session with trained ECE coach.** Supported professional development, helped with goal setting, accountability, and leadership training. Benefited from coach advice on staff management, office organization, and other director-focused needs.

“I love [the coaching calls]. I love them so much. They make you think and be reflective. So you’re focusing not only on your own professional development, your own goals, but also the goals for your center and what you’re actually doing, and it makes you accountable because you’re checking off with somebody. ‘Hey, this is the goal you set. How are you doing?’ ...They always offer ideas and are able to make you think...”

❖ Coach also helped troubleshoot payroll system problems.

Community of Practice also positively evaluated, but 1-1 coaching was preferred

❖ **Most found CoP useful as emotional and informational support; appreciated sharing experience with other directors.** Some would prefer more education-focused sessions. A small number did not find useful.

“Listening to different people’s ideas of what they do. Ideas [of] what you can do, you know. I’ve never thought of things that way, you know. That’s (...) brainstorming in different [angles]. It’s always going to be better.”

❖ **Time constraints primary barrier to full participation in CoP.** 17 centers participated in at least 73% of CoP sessions, based on GOEC numbers.

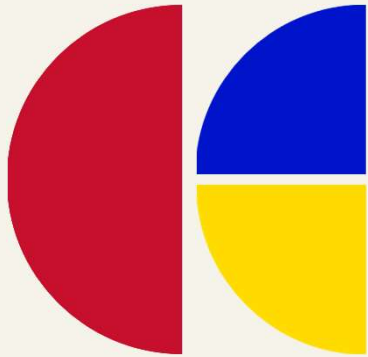
“One of the downsides is you have to set aside time to do that [CoP online meeting]. (...) But when I’m here, I might have 4 different things going on at the same time, and it’s hard to set aside time specifically, you know, for Zoom meetings.”

Monthly Continuous Quality Improvement Activities received mixed reviews.

- ❖ **About half expressed positive views of “Plan-Do-Review” (P-D-R)**, related to staff engagement, greater reflection on practice, and more staff agency and accountability. *“I feel like [the P-D-R meetings] have been extremely beneficial... It’s given us a chance to really look at things in detail, sit down, talk about them, and then make action plans to follow through.... It gives us something to write down which creates more accountability.”*
- ❖ **Mixed views of written component of P-D-R, with high admin burden.** Some saw value, others as “busy work.” High paperwork burden; and staff noncompliance.
- ❖ **Some concern about overlap w/ existing CQI** (creating redundancies and extra work).
- ❖ **Time constraints & staff turnover were obstacles to CQI.** *“[the P-D-R meetings] were complicated just because you get started with a teacher, get going with that, and then that teacher quits.”*

Recommendations gleaned from directors

1. Continue pilot, with expanded wage & benefit supports. Reward experience, seniority.
 - Very concerned about grant ending. Could not afford to maintain current salary/staffing w/o grant.
2. Continue monthly coaching, reduce frequency of CoP sessions.
 - Consider more focused informational sessions in addition to support groups model.
3. Revise P-D-R to better align with daily routines of program and existing CQI systems. Establish process to bring new employees on board with CQI.
 - We really need to get teacher perspectives here, not just directors
4. “Fixing Gateways” was most common recommendation
 - Functionality was serious barrier; Need to simplify payroll system and reporting requirements.
 - Administrative burden of processes cannot be overstated
5. Invest in highly skilled and responsive program administrators and IT staff support with availability for one-on-one support.
 - Concern about scaling up without deep investment in this component



What happened next?

Coming out of the pandemic, the state knew that it needed to intentionally take on both aspects of the compensation crisis, but needed to start with base wages first

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Illinois “Smart Start” Child Care Initiative



Supply-side grants to **licensed centers** and **family child care homes**

Aims to expand **equitable access to high-quality and affordable child care** by providing a predictable, stable funding stream to providers to **raise wages and improve program quality**

Start Smart Workforce Grants (SSWG)

funding for wage increases to child care workforce



improve job quality, attract workforce, and reduce turnover.

Start Smart Quality Support Grants (SSQSG)

funding to wages increases based on credentials and to embed continuous quality improvement (CQI) systems



to increase program quality with benefits for children and the workforce

Smart Start Workforce grants provide foundational funding to allow programs to pay higher wages *without* raising prices for families



Illinois is the first state in the nation to implement this type of workforce compensation program.

- Providers receive Smart Start Workforce Grants to support higher wages for their staff members
- Eligible programs must be:
 - Licensed centers and family child care
 - Open and caring for children by the first of the month prior to application
 - Operating full-day and full-year
 - Enroll a minimum percentage (centers) or number (homes) of children receiving CCAP

Grant funds must be used on wages, and participating programs must pay teachers and assistants at or above a required wage floor.



Center-based programs receive grants for each infant/toddler (\$27,000) and preschool (\$24,000) classroom. They are in turn required to pay:



Lead teachers a wage between \$18.25 and \$19.25

Teacher Assistants a wage between \$17 and \$18

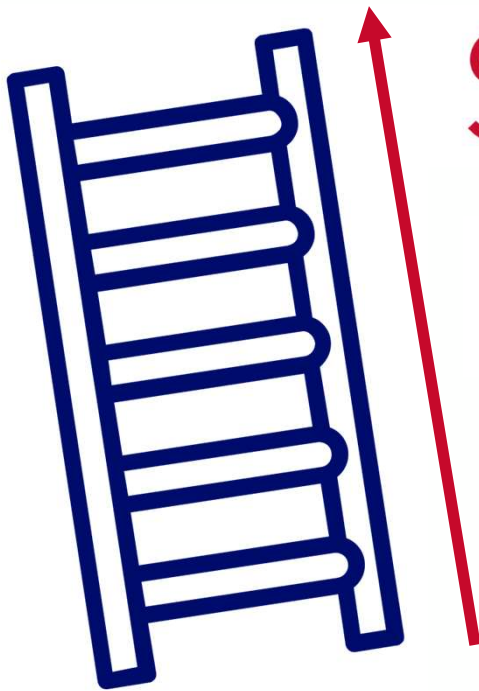
Home-based programs receive grants between \$9,000-\$23,000, based on the number of assistants they employ. They are in turn required to pay:



Home-base assistants a wage between \$17 and \$18

These wage floors constitute an approximate \$ 3-an-hour raise for teachers and assistants.

The Smart Start Quality Support Program can build on Smart Start Workforce Grants to progress toward quality



Other early childhood funding streams that support quality



Smart Start Quality Support Program

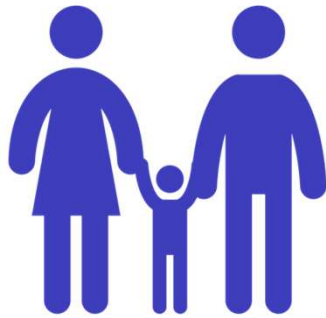
Support child care programs committed to enhancing their quality



Smart Start Workforce Grants

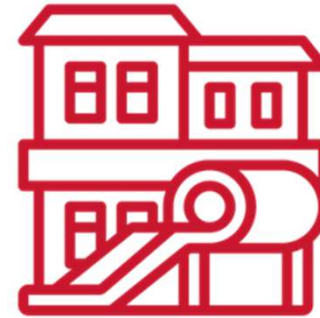
Raise wages to promote program stability and staff recruitment and retention

Illinois embraces a both/and approach to funding the system— demand and supply side investments

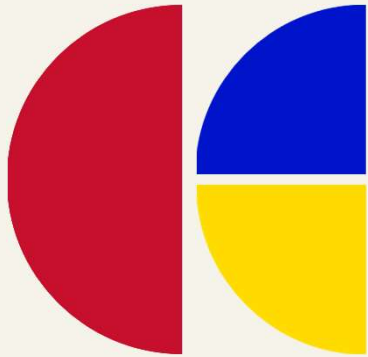


From 2019 through 2024, the state significantly raised its subsidy reimbursement rates, informed by cost modeling.

Rates in rural areas and for infants were especially raised to better meet the cost of care



The state has committed \$200 million in state funding to support Smart Start Workforce Grants, reaching nearly 14,000 early childhood educators



What is coming next?



Illinois Evaluation Focus

- To examine the **development, implementation, and impact** of the two Smart Start grant initiatives and the restructured copayment rate
- Began with evaluation of ExceleRate Pilot - Henly summarized

What's coming

Policy Development and Administration Studies

- Document Review – public materials
- Interviews – Participants & Stakeholders
- Observation – Advisory Meetings & Listening Sessions

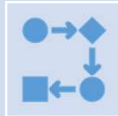
Implementation Process and Outcomes Studies

- Provider Survey Panel – ~550 providers / 3 surveys (first completed)
- Provider Interviews – Follow up on provider survey responses (2 sets,10-15)
- Administrative Data Analysis – Last year with available data linked to ACS

1. Policy Development and Administration: Research Questions



What **factors** shape new grants' design and rollout?



How do plans **shift over time** and why?



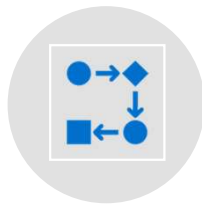
How are **equity goals** manifest in design & implementation?

2. Process and Outcomes Study:

Research Questions for Provider Panel Study



What are **providers' experiences** with new grants & new copay rate?



How do providers' experiences **change over time**?



Do grants **achieve expected outputs and outcomes**?

Process and Outcomes Study:

Research Questions for Administrative Data Study



Have grants made more providers accessible & affordable to subsidy-eligible families?



Have grants improved compensation, staffing & retention?



Have reforms improved the quality of care?



Questions?



Thank you!

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Theresa Hawley, Ph.D.
Center for Early Learning Funding Equity
thawley@niu.edu



Julia Henly, Ph.D.
University of Chicago Crown Family School of
Social Work, Policy, and Practice
jhenley@uchicago.edu



David Alexander, Ph.D.
Illinois Action for Children
alexanderd@actforchildren.org