



Funding Priorities of Child Care Providers: Where would increased investment go?



OVERVIEW

State funding determines much of how the Illinois' early childhood education and care (ECEC) system operates. Illinois Action for Children set out to better understand how Illinois child care providers manage the system by hearing directly from them on how they secure public funding, use funds, and what they would provide if funding were not an issue.

State funding for Illinois child care and early education programs has many opportunities for improvement. Providers currently source funding from multiple streams, which takes them away from their first priority: providing high quality education and care. Not only do many providers struggle financially to maintain their business, the wages of their staff do not reflect their work experience or education. This has been exacerbated by the COVID-19 pandemic.

The stakes are high—for children and the economy. Only 29 percent of Illinois' children are fully prepared to enter kindergarten.¹ And the pandemic has made it harder to deliver services in the already weak infrastructure for child care. Without investments, many providers will shutter permanently as a result of business closures. This means that we could be without a child care system, an essential service, for economic recovery.

Now is the time to prioritize support for children and families through investments in early childhood education and care—for our children's future and the future of our state.

ABOUT US

Illinois Action for Children (IAFC) is a catalyst for organizing, developing and supporting strong families and powerful communities where children matter most. IAFC is the Child Care Resource and Referral (CCR&R) agency for Cook County. As part of its mission, IAFC has a Public Policy, Research and Advocacy department that works to influence legislative and administrative policies that support children and families. Through the work of the department, the agency has gained many parents and providers, and educators as advocates.

Our approach to equity and excellence is based on our core values. In public policy, research and advocacy, we pledge to center the following principles and corresponding core values in our work to achieve a child care and early education system that lays the foundation for racial and economic equity for all Illinois children, families, and communities.

- Prioritize equitable outcomes for children and families
- To support children, we must support their families
- Racial, economic, and gender equity must be prioritized to advance the entire system
- The system must work for families and providers
- Parent choice should be supported and respected, and priority should not be given to one setting or provider type over another

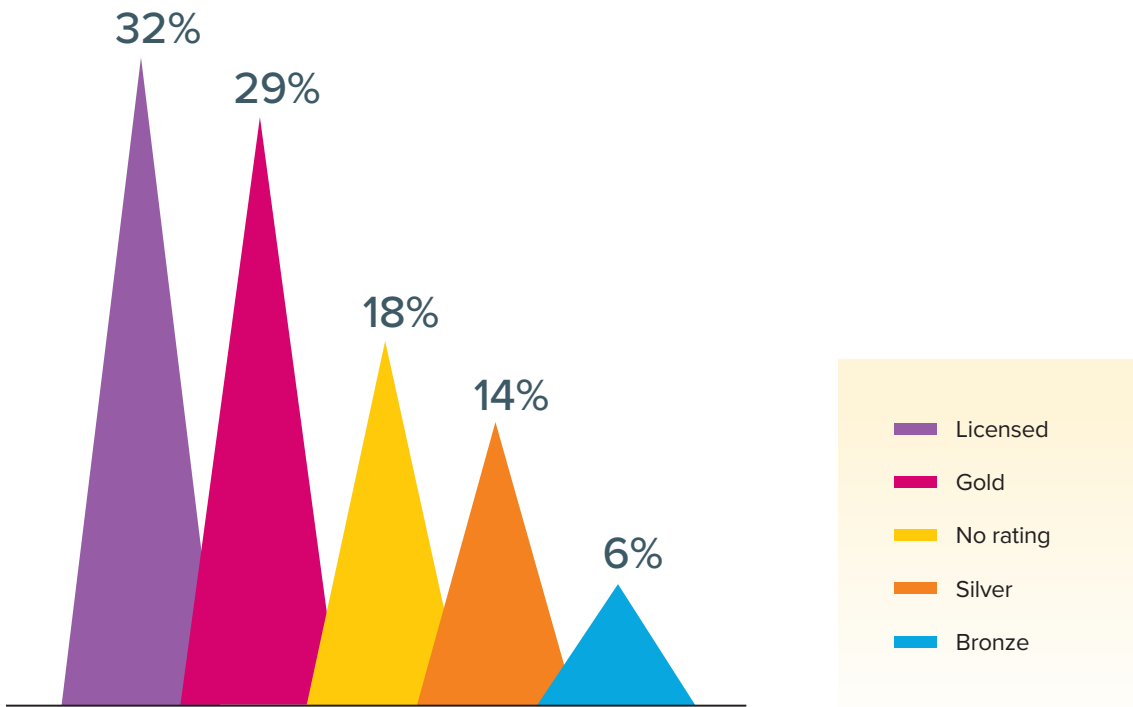
ABOUT THE SURVEY

To learn more about the cost of quality care across Illinois, Illinois Action for Children surveyed providers on our mailing list. The survey included questions regarding cost, funding sources, services and workforce. Participants were given a month to complete the survey. A total of 282 responded to at least two questions. Fifty-one percent of the participants (144) were centers and 36 percent (101) were home providers. The rest were providers in school districts or did not respond to the question. From the participants that provided their child care site zip code, 60 percent (73) of the responses were from Cook County and 40 percent (48) were from outside Cook County.



ABOUT THE SURVEY PARTICIPANTS

Participant ExceleRate rating of programs



Respondents' program funding sources.

	CCAP	PI/PFA/PFAE	HS/EHS Partnership	Other Public Funding	Private Funding
All respondents	93% (113)	24% (20)	7% (6)	12% (10)	33% (27)
Centers	95% (56)	21% (9)	14% (6)	19% (8)	40% (17)
Homes	94% (46)	0% (0)	0% (0)	4% (1)	27% (7)
Public Schools	57% (4)	89% (8)	0% (0)	11% (1)	22% (2)

WHAT WE LEARNED FROM PROVIDERS ABOUT THE EARLY CHILDHOOD SYSTEM

Providing and receiving quality care can be complicated and expensive. It should not be.

Sixty five percent of respondents said that funding was a factor in their participation, or lack thereof, in the state quality- rating system (ExceleRate). Additional reasons for not participating in ExceleRate included being unfamiliar with ExceleRate (13), the application is too complicated (12), and 10 respondents were in the process of applying.

Seventy five percent of respondents (92) said they use the Child and Adult Care Food Program while 25 percent (30) said they did not. Reasons for not participating included making time to apply, participation in another program (if a public school) or being denied from the program.

Participants of this survey confirmed that the need to blend and braid funding sources continues. Source of funding for respondents was overwhelmingly the Child Care Assistance Program (CCAP): ninety three percent receive CCAP, twenty four percent receive Prevention Initiative (PI), Preschool for All (PFA), or Preschool for All Expansion (PFAE). Seven percent receive Head Start funds in the form of Early Head Start (EHS), Head Start (EHS), or Early Head Start-Child Care Partnership (EHS Partnership).

Funding early childhood education this way is unstable and is not executed equitably. Providers are forced to navigate this multi-pronged system just to ensure their businesses operate.



The early childhood workforce is woefully underpaid, and we don't have enough teachers.



“I just lost an excellent staff person to the Amazon warehouse where she can get a better hourly wage and full benefits.”

Across the state, child care centers and school-based preschool classrooms are run by dedicated providers and staff. Despite boasting an early childhood teacher workforce that is more highly educated than the national average and more racially diverse than K-12 grade levels, Illinois' early childhood field has faced persistent, systemic barriers to building and sustaining a qualified workforce. Those barriers include poor wages, lack of benefits, undervalued professional status, and low return on investment for pursuing early childhood degrees or credentials. Workers caring for our youngest learners do not receive the health insurance, wages, and retirement benefits of their K-12 or higher educator counterparts. As it stands, an early childhood teacher is paid \$30,000 less annually than a kindergarten teacher.

These are just a few contributing factors to a 37 percent workforce turnover rate and makes a career in early childhood less attractive and unsustainable. This is why Illinois is facing an extreme shortage in early childhood teachers at any credential level. Inadequate compensation acts as a barrier when trying to attract others into the field of early childhood education and care.

Paying minimum wages to staff should not result in fewer children receiving an education or staff losing their jobs.

Recently, Illinois' increased minimum wage requirements from \$8.25/hr to \$9.25/hr. On July 1, 2020 the requirement reached \$10/hr, and by 2025 the minimum wage will reach \$15/hr. Increases to the minimum wage are positive, but full-time work at \$10/hr (~\$20, 800 annual salary) is not a living wage.

While 41 percent of respondents said they would only raise wages to meet the new minimum wage, thirty eight percent said they would raise all staff wages proportionally. Forty-eight percent of respondents said they planned to increase tuition as a result of the new wage requirements, 26 percent planned to reduce staff hours, and 19 percent said they would need to reduce overall staffing.

If relief cannot be provided elsewhere, child care providers said that the wage increase would mean they would be forced to increase tuition for families. That the cost of care would need to increase for families is a system failure. Child care and education is already out of reach for many, and a higher cost will all but certainly push out families who desperately need care. This problem is exacerbated by the current unemployment rate and public health crisis. How does a parent return to work and afford care if s/he has been unemployed for months?

Forty-six percent of child care workers in Illinois (including with 18% of home visiting staff) receive some form of public benefits (ie: EITC, Medicaid, Food Stamps, TANF).²

On average, child care teachers earn \$13.84/hr - which means early childhood employers must raise salaries in the coming years.

IF FUNDING WERE NOT AN ISSUE...

...providers would hire more staff

Early childhood providers frequently find themselves wearing several hats. Not only are they caring for and educating children, but the business itself must be managed. Seventy-four percent (126) of respondents said they would hire additional staff if funding were not an issue. Hiring administrative staff is the second highest need under teachers while kitchen staff was ranked fourth among the desired positions to fill. Maintenance staff ranked fifth as did mental health supports and teachers with bachelor's degrees.

Providers reported they would add these positions (ranked by responses rate #) were:



1 Teachers (lead, assistant teachers, floaters) (41)



2 Administrative staff (15)



3 Curriculum coordinator (13)



4 Kitchen staff (12)



5 Mental health supports (11), Certified teachers such as teachers with ECE degrees or bachelor's degrees (11), Maintenance/ janitorial staff (11), Family Engagement Roles (11)

For full-time positions, on average, respondents self-reported operating with only 64 percent of the staff they need. Homes reported to be operating with 74 percent of needed staff. For part-time positions, homes and centers/school-based programs reported to have just about half of the part time staff (homes 55 percent, centers/school-based programs 56 percent).

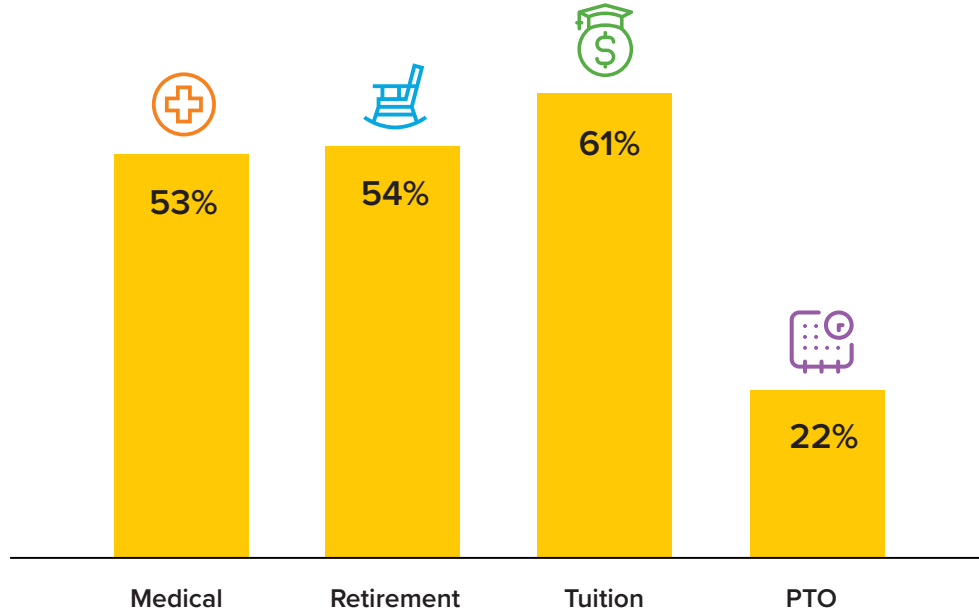
Due to lack of funds, respondents said that holistic resources that require additional staff (such as parent education programs, counseling services for staff and families, and special trainings) continue to be unattainable goals.

...providers would offer or improve benefits.

Without funding barriers, providers could improve benefits for staff. In this survey providers offered PTO (paid time off) at a higher percentage than medical, retirement and tuition benefits. Tuition reimbursement had the lowest percentage with 39 percent. Our survey results correspond to the findings of the State's annual report.³ In both surveys PTO is reported as the benefit that is most offered by licensed child care providers, and the retirement benefit is among the benefits that is least offered. When comparing the results from 2017 and 2019, we see a slow improvement as health insurance and retirement benefits increased by just 1 percent and PTO increased by 2 percent. Improving benefits would help attract and retain staff at the levels they desire, and respondents indicated that they would offer tuition reimbursement, retirement, and medical benefits if they had more funds.



Benefits that would be provided if funding was not an issue.



Forty percent of providers reported providing medical benefits to their staff. However, some providers did note that even though they offered medical benefits, the quality was not always the best, “[I] offer medical [benefits] but the quality is so poor that employees prefer to be on Medicaid.” Fifty three percent of providers reported that they would offer medical benefits if funding were not an issue.



Some providers that gave more details on their retirement benefits, said while they do offer some type of retirement program, they are not always able to match employee’s contributions as the employer. More than half of providers would offer retirement benefits if funding were not an issue.



Offering tuition reimbursement was a limited benefit, and one provider said that tuition reimbursement was available only for one, local community college. Others reimbursed for certain trainings only, and one participant said that reimbursement is only possible when the program receives vouchers from a higher education institution. One provider stated that limited tuition reimbursement was due to their low funding. “The income of a day care is very low to meet those needs.” This benefit ranked the highest of the benefits that providers would like to offer, at 61 percent, should increased funding be available.



PTO was the most widely offered benefit among providers, but 22 percent would still like to offer or expand this benefit to part time staff. Some said they do not offer paid vacation days because they cannot afford to, that staff receive PTO only after a year of employment, that PTO is offered on a case- by- case basis, or that PTO is only received by the director of the program.

...providers would address financial gaps in facility needs.

Quality care does not stop at the social and emotional needs of children. Over 70 percent of all respondents said they needed more funds in the areas of facility maintenance, equipment, playground materials, and general software for their businesses. Though curriculum ranked last among the needs of program operations, still, more than half of respondents needed additional funds for this item. This further illustrates the financial imbalance that early childhood providers face in operating a business; how does one successfully prioritize between children's curriculum, wages, or administrative needs when there are not enough funds to meet every need?

Respondents' ability to fund program operational needs.

	Have enough funds	Need additional funds
Facility maintenance	19% (22)	80% (92)
Equipment	23% (27)	77% (88)
Playground	19% (22)	81% (91)
Software	30% (33)	70% (76)
Curriculum	39% (44)	61% (70)

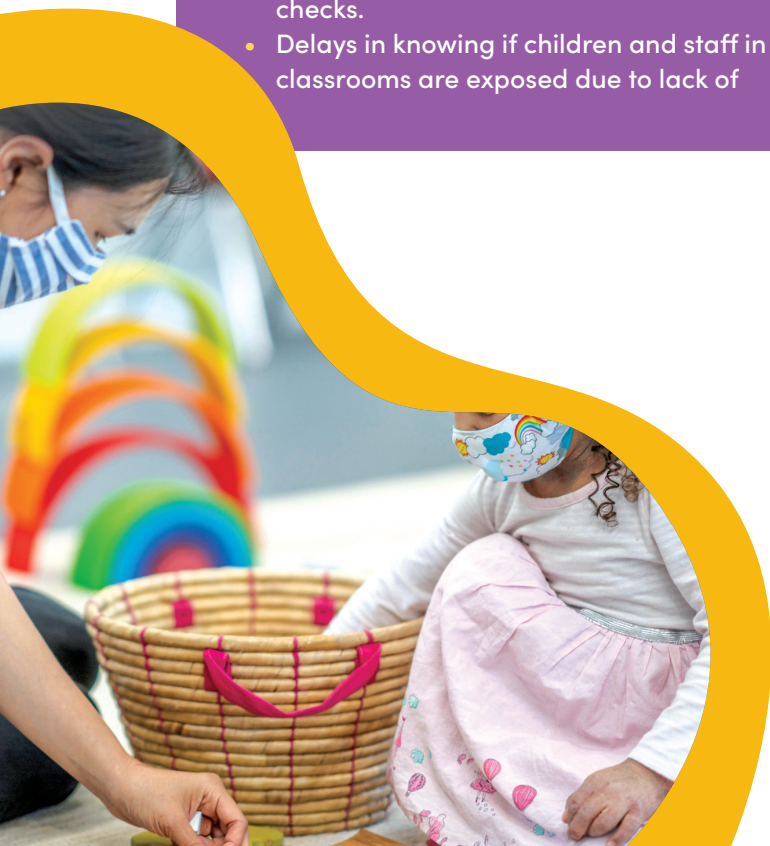
Funding considerations due to the coronavirus

Children, families, and staff's social and emotional health is likely to be adversely impacted by the public health crisis.

- This survey did not include questions regarding new cost factors such as personal protective equipment (PPE) or additional cleaning, health, and safety measures for operation. In a recent survey of home providers (Illinois Action for Children, April 2020), the most common response regarding financial concern was simply the ability to obtain income. Questions about whether families would return to a re-opened child care facility and uncertainty on CCAP payments were also high-ranking concerns.

Feedback and experiences we have heard from providers regarding COVID-19:

- Inability to obtain and pay for personal protective equipment.
- At an age when relationship development through connection with children is so important, providers are heartbroken by being unable to show their faces to children (due to wearing masks) and cultivate these relationships.
- Significant loss of connection to families that they serve.
- Home providers feel they have no safe retreat since their workplace is also their home; they welcome the virus into their homes daily.
- Fearful of contracting COVID-19 if they keep their businesses open, and many have experienced the loss of a fellow provider.
- Anxiety and depression about the future of their programs. Substantial profit has been lost due to the extra expenses coupled with low enrollment.
- Symptom confusion—cold and flu symptoms are the same as COVID-19 symptoms, complicating daily health checks.
- Delays in knowing if children and staff in classrooms are exposed due to lack of availability of doctor appointments, testing, and testing results.
- Need additional staff members for Individualized Education Program (IEPs) and Individualized Family Service Plan (IFSPs) telehealth appointments. Normally, these in-person appointments would not need a staff person from the program to be present.
- Providers, themselves, are worried or unable to come to work. Most have young children and their own child care can fluctuate with each possible exposure to COVID-19.
- Not all providers are aware of the COVID-19 federal or state funding resources available to them.
- Inconsistencies in state and local communication about shutdowns or health and safety requirements.
- Providers were forced to lay off assistants or reduce their hours.
- Caring for children who are doing remote learning is challenging.





RECOMMENDATIONS

1 Strengthen governance and funding to make care and early education equitable for all

- 1.1 Advance an equitable state system that fully funds near universal access to excellent care and early education programs.
- 1.2 Establish a common governance structure for all programs serving children birth to age five.

2 Structure the system to support early childhood teachers

- 2.1 Make compensation, including benefits, sufficient to recruit and retain early childhood educators in all settings based on experience, education, and demand. Compensation levels must promote parity across age ranges served, including K-12, and be competitive with comparable industries. Strengthen ongoing supports and professional development opportunities for early childhood educators
- 2.2 Improve access to – and completion of – early childhood higher education coursework and degree programs by meeting the diverse needs of the workforce pipeline.
 - Consider expanding access to higher education through community college BAs that end in PELs

3 Create a better system of support for achieving program excellence across all educator types

- 3.1 Align Illinois' definition of program excellence and provide upfront funds to achieve it.
- 3.2 Support programs to support educators, children and families.
- 3.3 Increase Supports for Family Friend and Neighbor Care.
- 3.4 Update and Create More Physical Space for Children.

Sources:

1. Kindergarten Individual Development Survey, Illinois State Board of Education, 2019– 2020
2. Center for the Study of Child Care Employment, UC Berkeley
3. Illinois Salary and Staffing Survey of Licensed Child Care Facilities, Illinois Department of Human Services



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