



SMART START:

A Nation-Leading Investment in
Early Childhood Education & Care

Nation-Leading Early Childhood

Strengthening and growing early childhood requires field sustaining funding reform and investment in affordability for families.

State investment can build on the federal relief funds that have kickstarted transformational investments and moved the State towards the ECEC Funding Commission's recommendations and Governor Pritzker's vision of making Illinois the best state in the country to raise young children.

When coupled with expansion of Preschool for All, the following IDHS Division of Early Childhood initiatives can drive nation-leading investments in early childhood:

- Minimize child care deserts, raise child care wages, address the teacher shortage, and expand child care quality through investment in **Workforce Compensation Contracts, Quality Support Contracts, apprenticeships and scholarships**
- Stabilize and support **Early Intervention**, ensuring that children with delays and disabilities receive the services needed for healthy development
- Sustain and expand **Home Visiting**, rooted in innovative funding practices successfully tested with relief dollars.



DIVISION OF
EARLY CHILDHOOD

SMART START Budget Summary



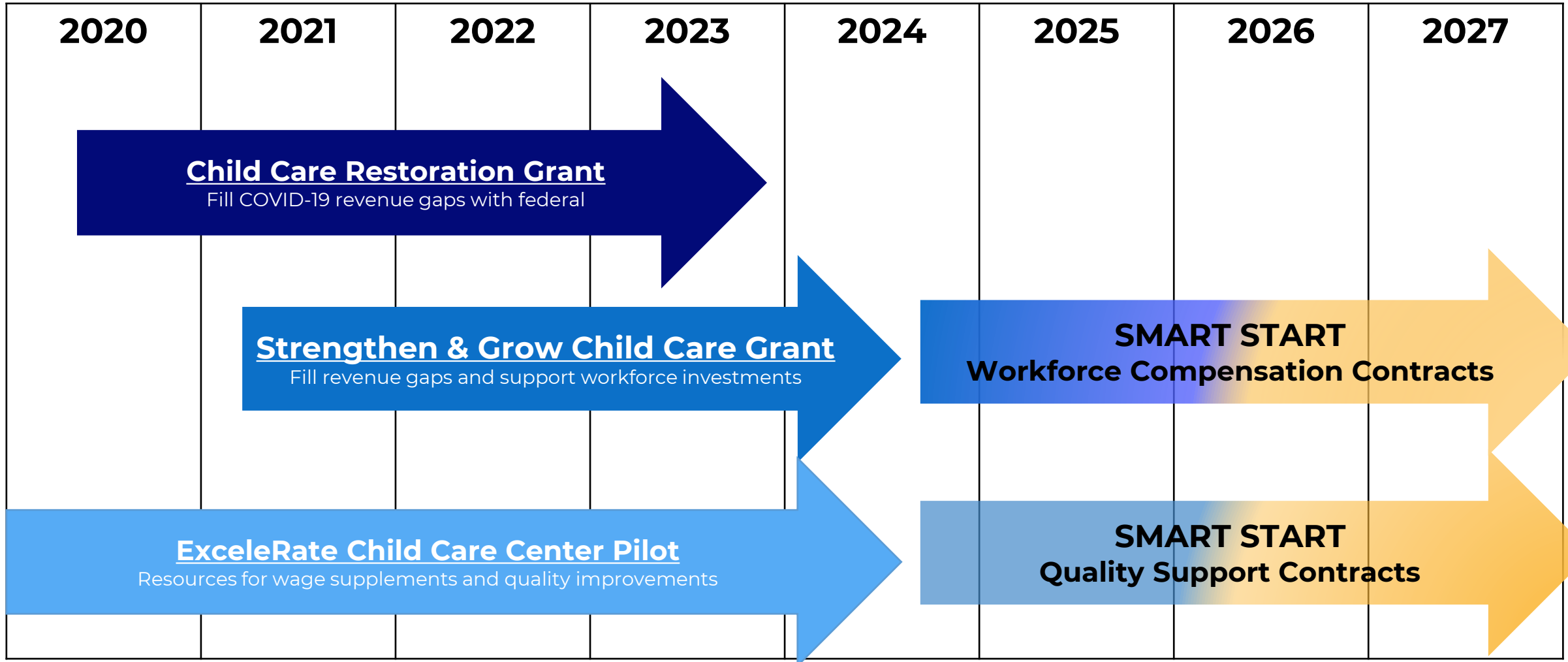
| Budget in Millions | FY24 | FY25 | FY26 | FY27 |
|---|------------------------|------------------------|------------------|------------------|
| <i>ISBE Early Childhood Block Grant \$75M Each Year</i> | | | | |
| EI 10% Rate Increase | \$20 GRF | \$20 GRF | \$29.4 GRF | \$34.4 GRF |
| Home Visiting | \$5 GRF | \$10 GRF | \$15 GRF | \$15 GRF |
| SMART START Workforce Compensation Contracts | \$130 GFR \$66 ARPA | \$178 GRF \$18 ARPA | \$225.6 GRF | \$290.6 GRF |
| SMART START Quality Support Contracts <i>Formally ExceleRate Pilot</i> | \$10 ARPA | \$10 GRF | \$10 GRF | \$10 GRF |
| Child Care Management System | \$20 GRF | \$20 GRF | \$20 GRF | \$20 GRF |
| Early Childhood Apprenticeship Program | \$2 ARPA | \$2 GRF | \$5 GRF | \$10 GRF |
| Scholarships | \$10 ARPA | \$10 GRF | \$20 GRF | \$20 GRF |
| | | | | |
| GRF Increase Over SFY23 | \$175 GRF | \$250 GRF | \$325 GRF | \$400 GRF |
| ARPA Funds | \$88 ARPA | \$18 ARPA | \$ - | \$ - |
| TOTAL | \$263 | \$268 | \$325 | \$400 |
| | | | | |
| Marginal Increase | \$175 GRF | \$75 GRF | \$75 GRF | \$75 GRF |

SMART START: Child Care



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A History Of Innovative Funding

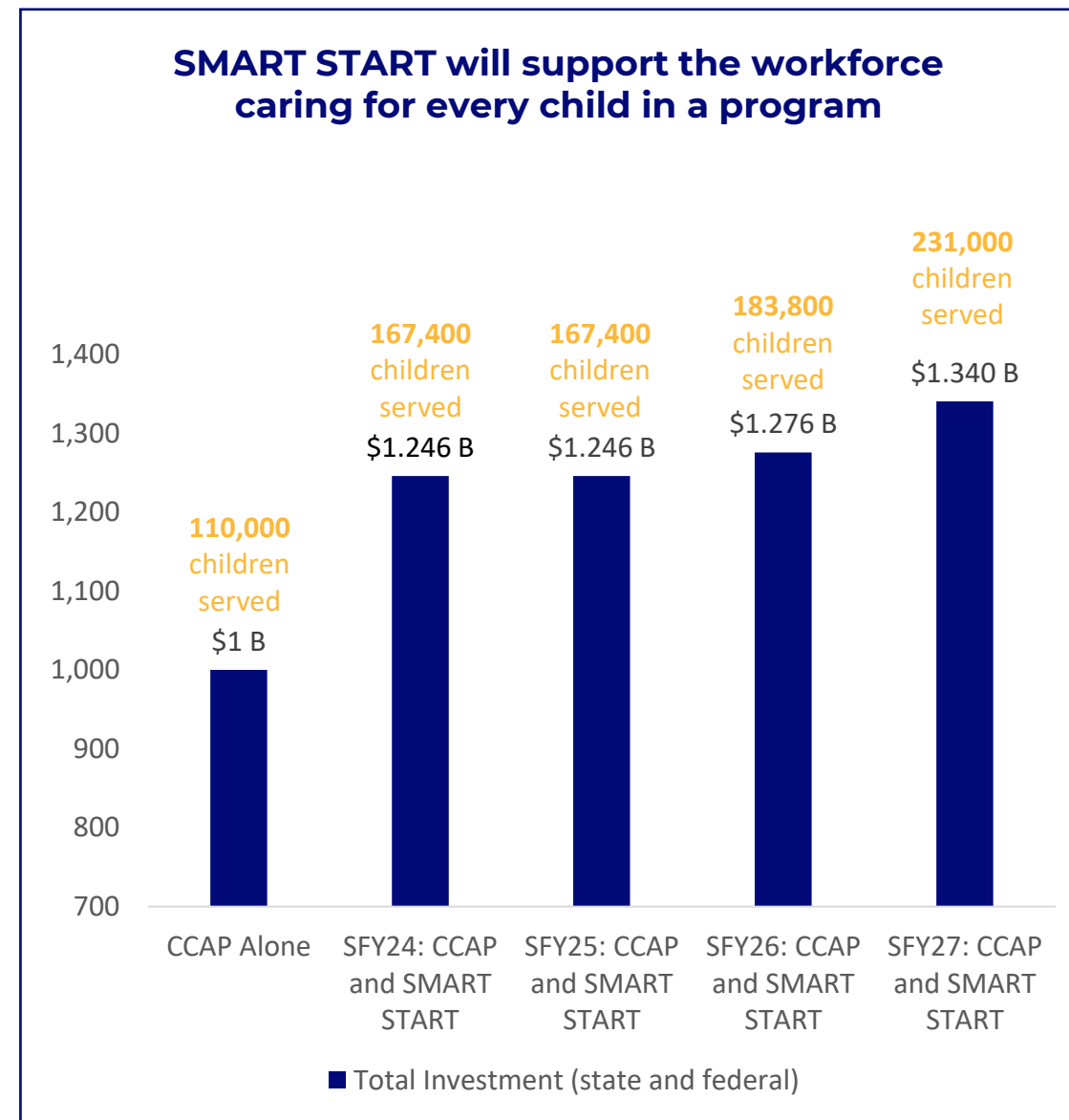


Workforce Compensation Contracts

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/hr. and the true cost of services
- Paying in advance (not in arrears)



NOTE: Children served represent estimates

Workforce Compensation Contracts

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.



Additional SMART START Child Care Investments



- **Initial Activity Search (IAS):** Extending Child Care Assistance Program (CCAP) eligibility for job seekers through SYF24.
- **Early Childhood Apprenticeship Program:** Launching a new employer level support to increase wages and provide structured on the job training and mentorship for those staff going back to school
- **Gateways to Opportunity & Early Childhood Access Consortium for Equity (ECACE) Scholarships:** Funding to maintain scholarship support to build workforce capacity by supporting the field to attain degrees and credentials
- **Child Care Management System Improvement Project:** Improvements to modernize the child care payment system and prevent recurring system outages, payment processing issues, and delays

SMART START: **Early Intervention**



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Early Intervention

Early Intervention is a critical part of Illinois' early childhood system, and state investments must reflect this.

Early Intervention has gone for too many years without the funds necessary to support the vital Early Intervention service provider and service coordinator workforce.

As such, in SFY24:

- A \$20M investment will allow for a **10% rate increase**
- Another \$20M investment will account for **increased caseload**
- American Rescue Plan Act and Preschool Development Grant funds will support efforts to study and improve **Early Intervention infrastructure and funding methods**

Following the study, **commitment to regular increases in SFY25 – SFY27** on Early Intervention funding mechanisms.



SMART START: Home Visiting



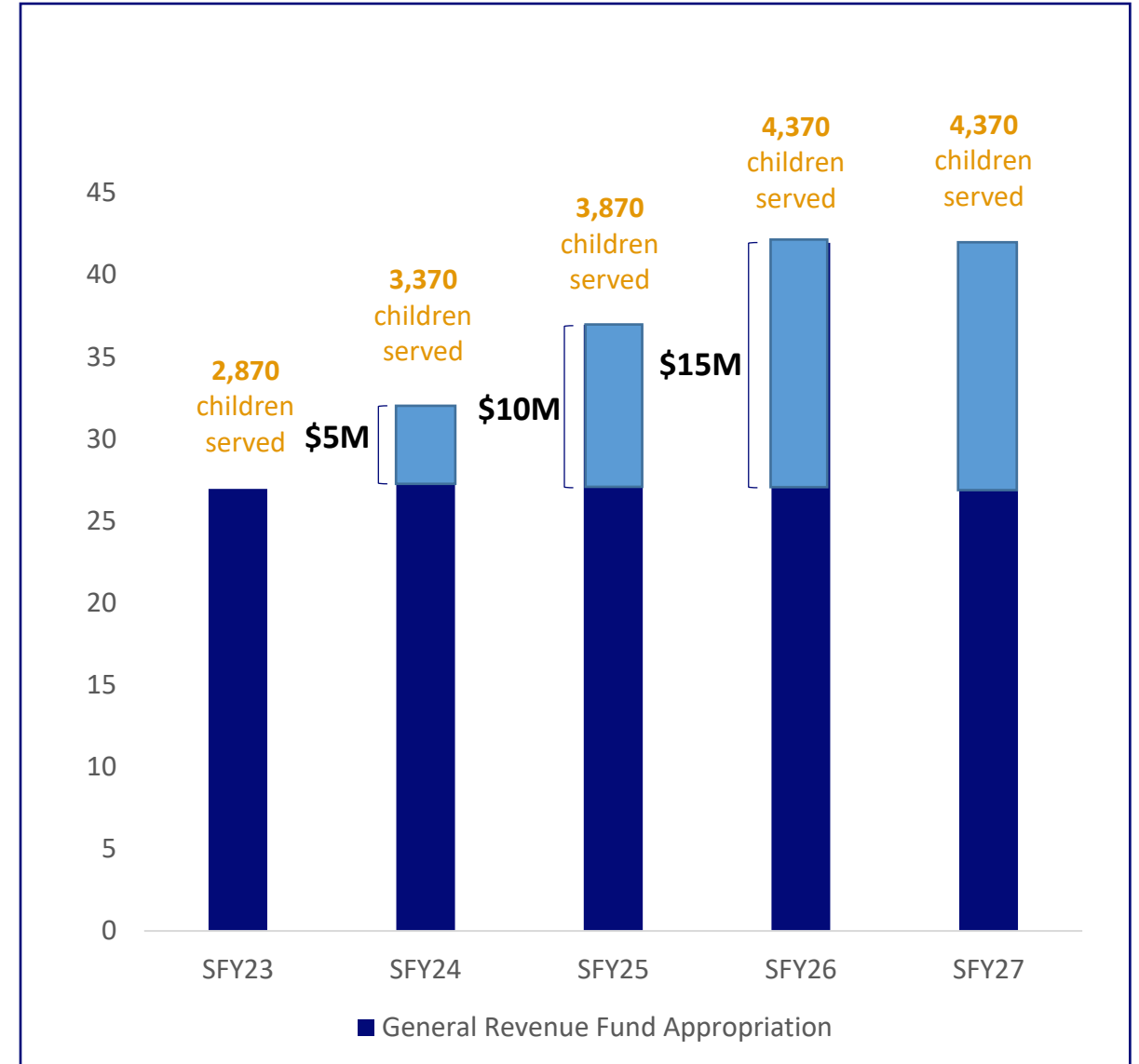
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Home Visiting

IDHS Division of Early Childhood's (DEC) nationally-recognized Home Visiting program is on the cutting edge, using grants to **set wage floors** and **target highest-need communities** across Illinois. However, with a limited budget and expiring federal relief funds, reach and impact are limited.

With \$5M in additional home visiting investments (**a 20% increase to IDHS-DEC home visiting**), IDHS-DEC can expand the home visiting program to meet the demand for services demonstrated in the most recent round of grantmaking. Funds will provide targeted investments in preventive services statewide, **servicing an additional 500-650 families** in SFY24.

In SFY25-27, continued investment increases will result in an **overall 55% increase** to IDHS-DEC home visiting over this administration.



NOTE: Children served represent estimates

PARTNERING WITH THE ELC



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Partnering with the ELC

- Alignment of regional and community systems
- How best to resource & leverage regional & community systems
- Advisory body for Smart Start Workforce Compensation Contracts



QUESTIONS?



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