



TO: Governor John C. Carney
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Associate Sec. Yvette Sanchez Fuentes
Secretary of Health and Human Services Molly Magarik
Thomas Hall, Division of Social Services
Office of Management and Budget Director Cerron Cade

FROM: Madeleine Bayard, Chair, Delaware Early Childhood Council
Rena Hallam & Lucinda Ross, Co-Chairs, Partner with Professionals Committee

RE: Recommendations for American Rescue Plan Act Child Care Investments

DATE: July 1, 2021

We are writing to submit recommendations on how to leverage American Rescue Plan Act funding -- and other state, local, and federal resources -- to support child care, especially its workforce, which is in crisis. Thank you for your consideration of these proposals.

Current State: Child Care providers statewide are closing classrooms and turning away families every day because they cannot find staff. They are losing new hires to other industries and have not been able to increase pay in the last 10 years. Pay is so low that many staff are on public assistance themselves, and most do not have benefits or paid time off. Families – who need care to be able to work, go to school, and grow the economy—cannot find places for their children.

One-time funding can help mitigate this crisis in the coming months and years. And, without accompanying sustainable increases to the Purchase of Care rate—to bring us up to federal guideline (100% of the 75th percentile) and, over time, to the true cost of care, closer to the per child rate for K-12 education in the state budget—these challenges will continue. We appreciate the state commitments to date to pay for subsidy based on enrollment rather than attendance and to move away from the market rate to set payments based on the cost of quality, and we look forward to working with you on those efforts. Thank you for investing in child care: an economic recovery issue, essential infrastructure, and the foundation of a child’s success in school and life.

Parameters and Criteria Considered: As we considered these recommendations, we prioritized allocation of funding that will:

- Relieve the immediate crisis
- Build on what works with Delaware partners
- Contribute to long-term capacity and infrastructure
- Match with one-time funding needs, including start-up, catalytic costs, emergency relief and one-time infrastructure investments

And, we considered the federal Administration for Children and Families’ recommendations to states to:

- prioritize using the funds to raise payment rates
- increase child care workforce compensation
- take other bold steps to support children’s developmental needs, choices for parents, and increased access to assistance for families
- invest in supply-building activities, including care for infants and toddlers and care during nontraditional hours
- set payments based on standards that include fairly paid staff and accepted business practices
- expand the use of grants and contracts to support program stability and supply building
- pay child care subsidies based on children’s enrollment rather than attendance

Priorities: We recommend you prioritize federal funding to invest in these areas, and we have provided more detail, below.

1. **Compensation**
2. **Professional Advancement and Scholarships**
3. **Staff Benefits**
4. **Capacity and Infrastructure Support for Child Care Providers**

Recommendations

Costs are general estimates based on information available; many initiatives can be funded on a smaller or larger scale.

1. Compensation

***A critical foundation to additional compensation will be providing waivers to the recipient so that supplemental payments are not treated as income** for tax/public assistance purposes. North Carolina, New Mexico, and other states have modeled how to do this. Wisconsin, for example, disregards up to \$10,000. This is essential because many child care workers rely on public assistance at their salary level and have refused supplements when they hit benefits cliffs.*

*We believe **direct payments are the minimum** to increase educator compensation in the short term. As the National Association for the Education of Young Children has said: “The deep need for increased investment to address educator compensation cannot come on the backs of families or early childhood educators themselves, whose poverty-level wages have subsidized the system for far too long.”*

AND funds must be invested in strategic ways to aid longer-term solutions for the early childhood workforce.

- a. **Incentives for enrolling in CDA, AA, BA programs and for completing certification/degree programs**, for example, \$1000 bonus for enrolling, \$1000 at midpoint or after coursework is complete, \$4000 for completion of coursework and credential.
- b. **Recruitment and Retention Supplements:** for those in the field and those joining the field, other industries are offering signing bonuses and 30-40% more pay. We recommend \$1000 per employee per year who can demonstrate they have worked in the field (in the classroom or as an administrator) for 6 months or more based on pay stubs or other

verification methods or who are joining the field (\$1000 x 9000 educators/administrators = \$9M/year)

2. Professional Advancement and Scholarships – for classroom staff, administrators, curriculum coordinators

- a. **CDA Fee:** Cover fees for high school students and professionals in the field earning the basic industry certificate, the Child Development Associate (\$425 per candidate, estimated 350 candidates per year in the field + 350 seniors in HS CTE pathway = \$300,000/year)
- b. **Loan forgiveness:** Forgive \$7500 of loans for every year demonstrated as working in child care in Delaware, after January 1, 2021 and \$10,000 for those enrolled in a higher education program (\$7500-10,000/year/educator sent directly to the educator's student loan provider; at 500 educators per year= \$8750*400= \$3.5M/year) see [K-12 application](#)
- c. **SEED and SEED +** (and other state scholarship programs): marketing campaign to promote these scholarship opportunities (\$150,000)
- d. **Redesign higher education delivery** to align with new Quality Rating and Improvement System Standards and professional pathway
 - i. **Cohort models with coaching and coursework onsite:** grants to institutions of higher education to meet the needs of the current workforce (\$500,000 grants to DTCC, DSU, UD, and Wilmington U= \$2M)
 - ii. **Direct costs including substitutes, coaches, incentives, and on-site delivery** to support higher education candidates (\$5M/year to candidates, providers and/or institutions of higher education)
- e. **Coaching and support system for early learning professionals:** navigation support for how to leverage FASFA, SEED, other training and funding opportunities (\$600K/year)

3. Staff Benefits

- a. **On-site financial coaching through Stand by Me to professionals and child care administrators** (*discuss how to scale and deliver on site with [United Way](#)*)
- b. **Grants to providers to offer telehealth mental health services to employees** (\$2m/2 years)
- c. **Create dedicated navigators for child care employees to enroll in Medicaid or through the healthcare exchange** (Contract with social service provider, \$250-500k)

4. Capacity and Infrastructure Support for Child Care Providers

- a. **Expand Current [Capacity Grant Program](#)** for technology, infrastructure, supplies, program start up (\$10-40,000 grants/provider/year based on size and POC served) \$20M
- b. **Relief Squad/Substitute Pool:** Institutions of Higher Education hire and maintain background checks for students/staff who can provide services to multiple providers for 1-3 days at a time(\$300,000/year)
- c. **Family Child Care Network: Staffed Networks/Service Hub** to centralize business services, provide network of resources, and add capacity to small businesses; catalyze start up (\$400,00/year through Delaware Institute for Excellence in Early Education and other partners)
- d. **County-based Staffed Support Networks:** Support County level Early Learning Councils, similar to Wilmington and Sussex, with staff to convene meetings, connect networks, and provide targeted resources (\$100,000 / county + Wilmington/year = \$400k/year)

- e. **Invest in supply-building activities and move to contracted slots**—especially infant and toddler care and nontraditional hours
 - 1. **Provide start-up /capacity grants for shortage areas**
 - 2. **Move all Purchase of Care to contracting for slots**, similar to our state pre-k program (ECAP) **and pay at the beginning of the month rather than retroactively** to ensure stability
- f. **Continue to pay based on enrollment, not attendance**—Delaware’s current policy is to cover 10 absence days for Purchase of Care. Over time, move to contracts and paying for the entire month based on enrollment (at one time it was estimated this would cost \$20M per fiscal year)

For all recommendations, we ask that the granting authority

- 1. *provide explicit guidance on use of funds for providers*
- 2. *clarify which funds can be used to increase compensation for essential workers, including for pay and/or back pay for working during the pandemic*
- 3. *Ensure grants can be easily accessible and not burdensome for providers*

Again, we appreciate your consideration of these proposals, and, as you make decisions, we request you consult our Council, which includes child care providers and experts in the field, about how to implement these proposals. We are available to answer questions and be of assistance and can be contacted at Madeleine Bayard: mbayard@rodelde.org; Rena Hallam: rhallam@udel.edu; and Lucinda Ross: lross@stmichaelsde.org.

We look forward to working with Yvette Sanchez Fuentes, DOE, and Thomas Hall, DHSS, and request their teams present at the September 21 DECC meeting on the investment decisions made by that time and opportunities for engagement going forward.