



## **Start Strong PA Provider and Family Field Forums: Building a Stronger Child Care System Through the American Rescue Plan**

The child care sector was in crisis before the COVID-19 pandemic, with eligible families unable to access child care subsidy, poverty-level wages for early childhood educators, and razor-thin margins for providers. The child care sector has been pushed to the brink of collapse by the pandemic. Federal relief over the last year has helped many providers; however, between March 2020 and April 2021, 686 Pennsylvania providers have closed permanently and 363 temporarily. Child care providers are still incurring additional pandemic related costs while operating significantly under capacity.

To date federal relief for child care has included:

### **The Coronavirus Aid, Relief, and Economic Security (CARES) Act**

Pennsylvania received \$106 million in Child Care and Development Block Grant (CCDBG) funds. In addition, the Administration and General Assembly appropriated \$116 million in discretionary CARES Act funds for Pennsylvania child care programs. The Administration released the \$222 million in CARES Act funds to programs from June to October 2020.

### **Coronavirus Response and Relief Supplemental Appropriations Act of 2021**

Pennsylvania was awarded \$303 million through this legislation and the Wolf Administration recently announced the funds will be allocated (in rounded amounts) as follows in an effort to further stabilize the sector:

- \$212 million for child care providers to be distributed in May.
- \$3 million to provide a \$600 Pandemic Relief Award to the 5,000 teachers and staff currently on a waiting list.
- \$87 million to continue to support the base rate increase that began March 1.
- \$1 million to provide an administrative rate increase for Early Learning Resource Centers (ELRCs).

### **American Rescue Plan (ARP)**

The law includes \$24 billion for child care stabilization, \$15 billion for the Child Care Development Block Grant, and \$3.55 billion in the Child Care Entitlement to States. Pennsylvania is estimated to be awarded \$1.2 billion.

Between April and May 2021, Start Strong PA hosted 12 virtual forums and posted a survey to gather feedback from child care providers and the families they serve in order to make recommendations to the Wolf Administration for how the ARP funds should be spent. Over 1,000 individuals participated, sharing their experience and perspective to inform the content in the report that follows. This report includes a description of the themes generated, recommendations and next steps, and data from the individual forums and survey results.

## Themes from Start Strong PA's 12 Provider and Family Forums and Participant Surveys

*"When a community is being developed, there is strategic planning and people ask, 'Should we bring a Starbucks here?' but no one talks about, 'Should we bring a child care program here?' You have the bank, you have the post office, you have the grocery store, we should plan a child care program there. A community cannot exist if you don't have high-quality child care programs." Zubeen Saeed, President/CEO, Building Blocks Learning Center (Luzerne and Lackawanna Counties)*

### Family Strategies: Providing Family Education and Improving Access to High-Quality, Affordable Child Care

Start Strong PA heard clearly that families and providers want Pennsylvania to focus ARP Act funds on strategies that build a stronger child care system, so that families can access the affordable high-quality child care they need. Start Strong PA believes that ARP Act funds can be used to commit to a stronger, more equitable early care and education system.

At over half of the forums, we heard that ARP Act funds should be used to provide financial assistance to families. Even prior to the pandemic, families needed help paying for high-quality child care. Of the children younger than age five in Pennsylvania who are eligible for child care subsidy, 81% are unserved and 85% of eligible infants and toddlers are unserved. This data highlights the need for financial assistance for families in paying for child care. Not all of the children receiving child care subsidy are served in a high-quality program either, as only 41% of children younger than five and 39% of infants and toddlers are enrolled in high-quality programs.

*"Getting assistance with copays would actually help me out because that money can help me stabilize my finances...ultimately, I might have to pick and choose if I can work and meet the requirements that they are asking." Stephanie Tabb, Parent (video)*

It was suggested that ARP Act funds be used to cover the cost of copayments for families temporarily. This was highlighted by almost a third of survey respondents, who suggested that copayments be waived through December 2021. Since access to high-quality, affordable child care is important for working families and essential to our economic recovery, waiving copayments for low-income working families temporarily will lessen a burden that was already difficult to meet. Pennsylvania did waive copayments at the start of the pandemic; however the Department of Human Services (DHS) did not cover the loss for providers. ARP Act funds can be used to continue these needed financial supports for families and providers as we begin to move beyond the pandemic.

A suggested idea complementary to eliminating copayments would be to end the policy that allows providers to pass the difference between the child care subsidy rate and the private pay rate on to low-income families in order to cover their costs. Demonstrating that our child care system does not reimburse providers for the actual cost of care, it creates greater financial hardship for low-income families and can impact parent choice. Copayments in Pennsylvania are higher than suggested by the federal Administration for Children and Families; it was suggested that Pennsylvania should limit copayments to 7% of a family's income.

Although the child care subsidy waiting list is not currently at a record high, we expect it will grow as more families reenter the workforce or go back to the office. Providing funding to eliminate any child care subsidy waiting list was suggested at one third of the forums. Almost half of survey respondents suggested that the waiting list be eliminated and almost a quarter said between 50 – 75% of the waiting list should be eliminated. Special support for vulnerable populations, such as children in foster care and families experiencing homelessness, were noted as well.

*"ARP funds would be used to eliminate any waiting lists for parents to be able to find care for their children." Shirley Hough, Owner, Our Buddy's Place (Westmoreland County)*

It was also suggested that families be incentivized to choose high-quality child care. Recognizing that only 42% of child care programs have met high-quality standards (STAR 3 or 4), 38% of survey respondents believed that Keystone STARS should be advertised to families via a media campaign, which was suggested at 11 of the 13 forums. The media campaign should elevate the child care workforce as a profession, highlighting that staff are credentialed and highly-trained and also incorporate families' voices.

The importance of any public education campaign resonating with families in rural communities, families of color and families facing language barriers was raised as being critical. Families should be aware and understand high-quality child care and Keystone STARS, Pennsylvania's quality rating improvement system, prior to their child being born. A partnership with obstetricians, pediatricians and other public health groups would be beneficial to sharing the high-quality child care message before the family begins seeking child care.

In addition, it was suggested at the majority of forums that funds be dedicated to educating families about Child Care Works (CCW), Pennsylvania's child care subsidy program. The program currently serves only 19% of eligible children younger than 5 and only 15% of eligible infants and toddlers. Of the survey respondents, 38% said that funds should be used to advertise the child care subsidy program through a media campaign and believe it should target under-served communities.

## **Provider Stabilization Strategies: Addressing Pandemic-Related Costs, Scaling Contracted Subsidy Slots and Improving Subsidy Rates and Policies**

### *Pandemic Costs*

At a quarter of the forums, we heard that providers would like to receive flexible spending to continue to address their pandemic-related costs. Additional suggestions noted from the survey that 35% of respondents said that Pennsylvania should use funds to pay providers that still have not been fully compensated for their under-enrollment during the pandemic to ensure they are stabilized and do not have to close. Direct payments to providers in the form of grants to further cover operating expenses would give providers the ability to use ARP Act funds as necessary to keep their door open. It was also suggested that hazard pay be provided to programs that remained open and served families who were first responders, essential workers and others that needed child care during the height of the pandemic. It was mentioned that programs that serve a majority of private-pay families be supported just as much as programs that serve a majority of families receiving child care subsidy. Providing payments to providers that offered non-traditional hours of care to first responders, essential workers and others

that needed child care during the height of the pandemic was suggested. It was also suggested that staff who were unable to work as a result of pandemic related closures receive back-pay once they return to work. Infrastructure investments were also suggested, such as covering the cost of an air purification system, improvements to ventilation, updates to outdoor play spaces and general classroom supply costs to meet COVID-19 health and safety guidelines.

Although the Pennsylvania child care sector received \$106 million in CARES Act funds through the Child Care and Development Block Grant, \$116 million in CARES Act discretionary funds and \$303 million in CRRSA Act funds, the child care sector is still in need of dedicated funding to build the system back stronger.

*"I am a certified Middle School teacher who moved to an ECE Director and now owner. I took a \$40,000 pay cut when I moved into this field and could not have done that if I did not have the financial support of my spouse. Our teachers should not be coming from the same pool of applicants from Target, McDonald's and other entry-level jobs...Our relief money truly only went to keeping our lights on and paying the rent, but I still took a \$900,000 loss of revenue this year because of the pandemic. We are still only breaking even with increased costs and with the staffing crisis. Our centers need help." Janel Work, Owner of Kiddie Academy of Royersford (Montgomery County)*

*"If we are not investing in our families and we are not investing in our programs, then there's a broken system I think from cradle to college. So, we need our legislators to understand that this is a continuum system. We don't operate in silos and we need to be funded fairly so that we are setting up students for success from birth to college." Essence Allen-Presley, Professor at Widener University (Chester County)*

The child care sector has been in crisis for decades with inequitable access and unaffordable care for families, poverty-level wages for the workforce, and razor-thin margins for providers. Child care programs continue to have a loss in revenue due to under-enrollment, impacting their already slim operating costs, on top of increased costs related to PPE and cleaning supplies. An additional suggestion noted from the survey is that 26% of respondents believe that funds should be used to continue to support provider costs for PPE and cleaning supplies until the pandemic ends.

The child care sector continues to be on the brink of collapse, since prior to the pandemic. This fragility has remained despite these significant investments, as the larger challenges related to covering the cost of care, the workforce and affordability of child care, have yet to receive dedicated permanent funding.

### Contracted Slots

ARP Act funds should be utilized to scale up a contracted child care subsidy system, while improving the current program. Survey results reported that 33% of respondents believe that the current Infant and Toddler Contracted Slots Pilot should be expanded to all STAR 3 and 4 center and home-based providers, since the current pilot is limited to approximately 1,000 slots through approximately 100 Pre-K Counts providers. It was suggested during 75% of the forums that ARP Act funds should focus on expanding infant and toddler contracted slots and infant and toddler capacity throughout the system. The survey results indicated that 27% of respondents would like the expansion of slots to go to providers serving children in specific underserved zip codes. It was also highlighted during the forums that the

current contracted slot rate does not cover the true cost of care and that ARP Act funds should also be dedicated to increasing the contracted slot rate to cover the true cost of care in addition to the expansion of more slots for infants and toddlers.

*“Parents in this area need consistent, available care. There are not enough classes and centers that accept infants in Pittsburgh, and competition is fierce. The care system has been deeply underfunded for many years and the pandemic has highlighted how dangerous that is.” Lori MacQueen, Exec. Director, Providence Connections*

A contracted funding model helps provide stability for child care providers. As an alternative to the traditional voucher system, contracts allow the funding awarded to a provider to be guaranteed and remain with the provider for a certain number of slots. If a child leaves a provider, the provider continues to be paid for the slot and is responsible for filling the slot with another eligible child. In a contracted system, reimbursements are predictable and reliable, which is beneficial to a provider’s business. Direct contracts can also support the expansion of child care programs in areas that lack access. It is important to note that contracts should be open and available to all high-quality programs, this includes center, family child care and group child care homes.

*“We really need to think about equitable, robust, stable and durable revenue-generating policies through public investment.” Amanda Burns; Education & Child Development Impact Team Leader; Community Action Partnership (Lancaster County)*

The Office of Child Development and Early Learning’s (OCDEL) August 2020, Infant and Toddler Contracted Slots Pilot Program: Evaluation Report provided strong evidence indicating that the pilot succeeded in achieving greater financial stability for child care programs, increasing classroom quality, stability in enrollment for infants and toddlers, and refined program guidelines and regulations. It showed that child care programs had greater ability to hire and retain more qualified staff and greater coordination between child care programs, the ELRCs and OCDEL. We believe this evaluation in addition to our positive experience with contracts through our Pre-K Counts Program and lessons learned from other states and local governments, that using ARP Act funds to move to a contracted system would be a wise use of these one-time stabilization funds, recognizing there would be one-time system changes that would need to be implemented to scale up such a system.

### Improving Rates and Policies

At just over a quarter of the forums, we heard that providers would like to stabilize child care subsidy payments with changes to policies to allow providers to be paid based on enrollment and not attendance. The current child care subsidy rate also does not cover the cost of high-quality child care, particularly high-quality infant and toddler child care. We heard the call for Pennsylvania to move away from using market rates to establish the payments for subsidized child care to a cost of quality model. Supporting child care programs to ensure that children have equal access to high-quality care was a theme we heard across all forums. Almost all forums suggested that ARP Act funds be used to increase child care subsidy rates, which would allow child care providers to increase compensation for their workforce.

*“The reimbursement rate should be based on the true cost of care instead of market rate. Market rate is based on percentile of the private pay rate that providers are charging families.*

*When providers are being reimbursed based on a market rate that is not enough to cover the true cost of care, providers will have to raise the private pay rate. This will hurt working families AND providers, especially for cities with higher poverty rates like Philadelphia.” Sim Loh, Family Partnership Coordinator at Children’s Village (Philadelphia County)*

*“I think families must be educated to understand the true cost of care and how they are being supported even when it is still costly. I think families should also be educated on managing budgets the same as businesses should be educated. There are families that don't qualify for anything at all, and they really do need support. If the true cost of care was incorporated in the funding and the income guidelines where different child care would be better supported for both the families and the child care program.” Laverne Cheeseboro, Owner/Director of Heavenly Made Creations (Philadelphia County)*

Pennsylvania’s child care subsidy base rates were increased on March 1, 2021, placing reimbursement rates at approximately the 40th percentile of the market rate or the amount charged by the lower 40% of the area’s providers, but this does not cover the true cost of care. The federal government requires rates to be at the 75th percentile, and 66% of survey respondents believe that rates should be increased to the 60th percentile utilizing ARP funds.

It was noted during the forums that staffing struggles have been due to lack of competitive wages. Providing a child care subsidy rate that covers the true cost of care, will no longer require private pay families and providers to shoulder the cost of compensating teachers and staff appropriately. Covering the true cost of care would eliminate the gap that exists between the child care subsidy rate and the private pay rate and would remove the need for providers to pass this difference on to low-income families in order to cover their costs.

*“ELRC base rates would need to double if not triple. Even paying parents can't pay enough for facilities to bring in enough to pay staff the wages they need. Wages take 60-80% of budget so if that category needs [to be] raised to pay staff more, and it needs to be significant.” Jessica Shertzer; Owner; Webster Early Learning Center, Nature & Nurture Discovery School, & Linglestown Early Learning Center (Dauphin and York Counties)*

*“We’d like to see these funds be used to better understand the costs of delivering high-quality care and that our subsidy reimbursement rates and any investments overall in the infrastructure of child care need to reflect these costs and that we’re looking for a policy infrastructure that provides for intentional and ongoing investment that position all of us as providers to both preserve and expand the availability of high-quality care across our communities for all families that seek it.” Kim Follett, CEO Play & Learn (Montgomery County)*

By increasing provider rates for CCW, Pennsylvania can also incentivize providers to increase capacity and serve more families that are eligible for child care subsidy and ensure the sustainability of child care programs as businesses in the community. Increasing rates help children receive high-quality care and increase access to care, including during nontraditional hours. Providing an add-on rate for programs that offer nontraditional hour and weekend care would provide more stability for providers. Special attention should be given to increasing compensation for home-based providers.

*"We operate 24 hours a day 7 days a week. We are essential workers. We should be afforded the same opportunities/resources of other essential services." Lesely Crawford, owner ABK Early Learning Center (Allegheny County)*

*"When parents don't have reliable, affordable quality child care, their work suffers, their productivity plummets, they have difficulty advancing in their careers...We must reimagine a dynamic and more robust child care and early education infrastructure that serves our families and shapes our workforce." Wico van Genderen, President/CEO, Greater Wyoming Valley Chamber of Commerce and Greater Wilkes-Barre Chamber of Business and Industry (Luzerne County)*

In addition, it was suggested that tiered reimbursement rates be increased for STAR 3 and 4 providers to further incentivize moving to high-quality.

### **Workforce Compensation Strategies: Recruitment, Retention and Compensation**

At all of the forums, providers expressed their desire to see the Keystone STARS Education and Retention Awards (ERAs) reinstated and fully funded with the use of these federal funds. The survey results indicate that 25% of respondents support the reinstatement of the ERAs. For 17 years, the ERAs were provided to teachers and directors who have achieved higher degrees and credentials with an award for their educational milestone. The awards were ended this year without public input. Start Strong PA would support the necessary improvements to these awards so that they are equitable and increase and maintain the number of high-quality programs.

*"Imagine after all the work our staff has done to keep the center open, the kids safe, and to provide care and education, that their ERA was cut. These [ARP] funds must address compensation to support the workforce." Lori MacQueen, Executive Director, Providence Connections (Allegheny County)*

In addition to reinstating the ERAs, it was suggested that ERAs be paid out over the course of the year and that the wage ceiling be raised to expand eligibility. Another panelist suggested that ERAs be paid directly to the workforce and not be funneled through the program to eliminate the administrative and financial burden.

At a third of the forums, providers would like to see dedicated funding to reinstate the Merit Awards as well.

In order to recruit and maintain staff, providers at almost all forums said that American Rescue Plan Act funds should be used to provide sign-on bonuses to new hires and bonuses for existing staff.

*"When I eventually hire staff, I end up losing them...I lost somebody a few weeks ago. She was able to make more money standing outside in a booth at Wal-Mart delivering packages to people who ordered online. I can't compete with somebody making \$16 an hour...I just can't." – Dawn Stear, Director, First Friends (Bucks County)*

*"One of our most significant threats to supporting families who need child care is our lack of ability to hire teachers. Not only have we lost slots due to centers closing, but many of the centers that decreased enrollment due to COVID are also struggling to increase slots because of the teacher shortage. When COVID is over and we can return to pre-COVID enrollment, the lack*

*of teachers will prevent this from happening, thus negatively affecting PA's workforce." Sharon Amick, Carriage House Children's Center (Allegheny County)*

The child care workforce is currently not fairly compensated comparable to their qualifications, experience and job responsibilities. It was suggested that an incentive be established to reward staff for experience and/or years in the field. According to recent data from the Center for the Study of Child Care Employment, Pennsylvania child care providers earn an average wage of \$10.69/hour. This means that nearly 50% of child care teachers qualify for government subsidies. Even with these low wages, child care subsidy rates do not cover the true cost of care. We heard at almost all forums that the child care workforce should be compensated at higher levels.

*"We have the same degree as teachers in school districts and we see turnover due to this. I would like to see staff salaries and benefits increased to show how we value them." Eva Wood, Director, Latrobe Kinder Schull (Westmoreland County)*

An increase in compensation, including comprehensive benefits can be realized when the true cost of care is provided. Addressing the true cost of care is an effective way for providers to be supported and stabilized within their communities.

*"I spoke with a local superintendent who told me that their benefits line item is 33% of the wage. With child care, you are looking at 0 to 2% of a budget. If you are blessed to have Pre-K Counts or an Infant/Toddler Contracted Slots, then it is around 10 to 20%, but not every program has that luxury." Dr. April Torrence, CEO, Zion Education Center (Mercer County)*

*"I want to provide benefits to my staff, but I cannot afford to." Lynda Mussi, Director, Learning Station, State College (Centre County)*

This will help move the child care workforce out of the artificially low poverty line and help recruit and retain the child care workforce.

*"A study funded by the William Penn Foundation found that many centers do not pursue quality care because they cannot afford quality teachers. As if quality should be an option! A quote from this study tells us early childhood staff who hold a four-year degree and work in a child care setting earn on average \$24,000 a year, roughly half the salary of their public school counterparts, and on top of that only 25% receive employer funded health insurance. Even less than that have retirement benefits. Are those circumstances in which we would even want to work? Yet, we ask ECE teachers to live in poverty, which is a form of trauma and serve children who also, many of whom have been traumatized." Zakiyyah Boone, CEO, Wonderspring (Delaware, Montgomery and Philadelphia Counties)*

The survey results indicate that 25% of respondents support the establishment of specific funds to support benefits for all staff at child care programs, like health care, retirement and paid time off.

*"The focus here really needs to be on our staff and compensating our staff fairly for the jobs that they do – that is the most important thing when we are looking at the quality of our child care program." Kim Shearer; Owner/Executive Director; Tender Years, Inc. (Cumberland County)*

It was also suggested that teachers who have degrees should be compensated at higher rates. Compensation for early childhood education teachers, assistant teachers, and teacher aides should be

based on their credentials. The child care workforce with degrees and education comparable to public schools should receive wages and benefits comparable to public schools. Further consideration should be given to the geographic region that the program is located in and adjust salaries based on the region to account for cost-of-living differences.

### **Strategies to Improve Program Quality and Support Teacher Credential and Degree Achievement**

At over half of the forums, the expansion of T.E.A.C.H. Early Childhood Scholarship Program and the Child Development Associate and Apprenticeship Programs supports were raised in an effort to incentivize and recruit more people to the field and also support their journey towards credential and degree achievement. It is critical that these programs be offered statewide in languages other than English to further grow the diversity of those pursuing early childhood education for the betterment of the profession, teacher, children, and families.

Teacher-child relationships play a critical role in quality environments. The teacher-child relationship is the center of quality. Early childhood teachers are responsible for creating a safe, nurturing, and responsive environment for children. High-quality teachers recognize the importance of supporting the growth of a child's social, emotional, physical, and cognitive skills, with the best results occurring when quality practices are consistent and continue throughout a child's time in the program.

*"We are not babysitters. We are not even "day" care workers because we are not watching days, we are watching children and taking good care of them. We are teachers, we care for children, we educate, we individualize, and we help students make connections [that] last a lifetime. We are building brains!" Nancy Frederick, Director, The Learning Center, Third Street Alliance for Women and Children (Northampton County)*

One third of forums also noted that providers wanted training and technical assistance that would focus on financial management of their programs, as well as to maximize their dollars. It was suggested that early childhood education experience should count just as much as a degree. Higher education institutions should work with the child care sector to develop a mechanism to convert this experience to college credit. Establishing an incentive program for those in the field to complete degrees was also suggested.

At a third of the forums, we heard that providers would like dedicated ARP funds to support them in moving up STAR levels and make the necessary improvements. Recognizing that only 42% of child care programs are high-quality (STAR 3 or 4), 60% of survey respondents believe that increased support is needed for STAR 2 programs to move to STAR 3, such as providing quality coaching, mentoring, curriculum costs and professional development. Providing coaching to home-based providers was noted. At almost half of the forums, providers raised that they would support ARP funds going to capital improvement grants so that they could make necessary upgrades and improvements to maintain or improve their STAR rating.

### **Child, Family, and Provider Mental/Behavioral Health Support**

At over half of the forums, we heard ARP Act funds should be dedicated to ensuring that mental and behavioral health and early intervention supports are available, particularly Infant and Early Childhood Mental Health consultants be accessible to those that need them. Dedicated funding specific to serving the early childhood education field would ensure that all children who need one-on-one support have

access. Additional suggestions included lowering classroom staff-to-child ratios and temporarily increasing rates to help providers cover these costs. Investments in child health and mental health consultants help early childhood educators implement practices that promote healthy and safe environments for young children, in physical and social-emotional ways. We heard at over half of the forums that need outweighed the services available; we cannot let young children be without these needed supports.

*"Many times the high-quality programs end up funding an extra teacher to be in that room to make sure that that child gets the services that they need, as well as being able to maintain high quality for the rest of the classroom. When we do have children who are diagnosed with mental health issues and need these kinds of wrap-around services, that there be some kind of support from the state to support lower ratios – so that they can engage in those social activities and get high-quality education without the child care's funding the services." Theresa Rodgers; Child Enrichment Program Administrative Officer; YWCA Gettysburg (Adams County)*

Hiring child care staff that had specific training and credentials to support children with special needs may be more beneficial to a child care program than a Therapeutic Support Staff.

*"Our number one struggle is recruiting and retaining staff. We have an empty classroom AND a waiting list. Our staff are exhausted." Abigail Enz-Doerschner, Once Upon a Time, Early Learning Center (Washington County)*

*"Teachers feel abandoned. They don't feel supported in their classrooms." Janine Figiel, Jolly Toddlers (Bucks County)*

Providing classrooms with necessary adaptive materials that would support children and teachers would be beneficial. In addition, training teachers on trauma-informed care and providing consultants to support this practice in the classroom would benefit children and teachers. It was suggested that coordinators that link the services provided in child care to the K-12 world would benefit children with special needs.

### **Ideas Not Put Forth as Recommendations**

There were so many excellent ideas captured during the 12 forums from panelists and over 600 participants, as well as and from the 900 survey responses. We needed to ensure that a majority of the recommendations we put forward were sustainable. In addition, some ideas that were raised require additional time for research and development, or even would require additional legislation or regulation to implement. Still others may not be implemented using the ARP Act funds or did not receive strong support through all forums and the survey. Examples include:

- At the majority of the forums and through survey responses it was recommended to increase income eligibility levels for child care subsidy. While we wholeheartedly agree that more families need access to child care, expanding eligibility requires a sustainable funding source and the eligibility criteria is currently set in regulation.
- At almost half of the forums, providers raised that they would support these dollars going to reinstate loan forgiveness or tuition assistance. At a third of the forums it was suggested that a pool of qualified and approved substitutes be established as a support to child care programs

who need them from time to time. We recognize implementation would require much more time and research for the best path forward related to these ideas.

- In one forum it was suggested that LEARN networks should be reestablished to create connections with school districts. This was not an idea raised broadly by providers or families.
- Ideas related to Pre-K Counts; ARP Act funds may not be used for this purpose.

## **START STRONG PA POLICY RECOMMENDATIONS**

### **Fast-Tracked Policy Recommendations**

There are five policy recommendations that emerged from Start Strong PA's field forums and surveys that can be passed through budget enactment in the fiscal code before the end of June 2021, when the state budget will be finalized. Because these five policy recommendations could be achieved expeditiously with support from the General Assembly and provide much needed immediate relief for families and child care providers, it is Start Strong PA's position that these recommendations be put forth first, while including a sixth recommendation for the formation of a five-party workgroup that would convene within 60 days to consider the remaining recommendations listed below.

The following policy recommendations would require ARP funds to be used immediately through budget enactment:

- Provide payments to child care providers serving families receiving subsidy to be used exclusively for recruitment of new staff and retention of existing staff. Payments would be calibrated based on size/capacity of the child care program. This would address the current challenge of hiring and retaining staff, allowing more children to be served.
- Eliminate copays for families receiving subsidy. Use ARP funds to reimburse child care providers for loss of copays. This would relieve families of a financial burden as they return to work post-pandemic and ensure providers receive stable payment.
- Advertise the child care subsidy program, focusing on targeted geographic areas, to assist more families in getting back to work. Designate ARP funds to fund all child care subsidy slots so no family has to wait to receive services.
- Pay subsidized child care providers based on enrollment and not attendance beginning July 1, 2021 through 2024, consistent with proposed child care subsidy regulations. Retroactively pay subsidized child care providers who have suffered losses due to under-enrollment from September 1, 2020 through June 30, 2021. Base payment on pre-pandemic enrollment and account for the difference between those losses and any pandemic payments made through federal stimulus funds. This would provide financial stability for child care providers while enrollment increases as parents return to work.
- Fund an additional 3,000 high-quality, contracted infant/toddler slots to help more families get back to work.
- Create a five-party workgroup that would convene within 60 days of the signing of the fiscal code, which would include the majority and minority Appropriations Committee Chairs in the House and Senate and a representative of the Governor's Executive Office. The working group will consider the remainder of the Start Strong PA field forum and survey recommendations as they determine how the remainder of funds will be spent.

The remainder of the policy recommendations that emerged from Start Strong’s 12 field forums and surveys are divided into three categories based on who the policies would most directly affect: families, both families and child care providers, and child care providers. We used the frequency in which themes were brought up as an indication of the importance of the recommendations to the parents and providers. The policy recommendations listed below reflect what the majority of parents, providers, and community stakeholders believe ARP funds should be spent on. Each theme of policy recommendation includes indication of how frequently it was discussed across the 13 possible input venues (12 field forums plus the survey results).

At the time of the field forums, the federal guidance on how to use the ARP child care funds were not available. As a result, these recommendations are not categorized by stabilization fund, visionary spending, or child care entitlements. However, we do indicate which policy recommendations would incur one-time costs compared to those which would require an initial investment and long-term strategies for continued funding support.

### **Recommendations to Support Families**

#### *Public Education Campaign for High Quality Child Care*

*(One-time cost, discussed in 11 out of 13 forums/survey results)*

- Increase ease of access to child care subsidy system through a targeted public education campaign, with a specific focus on elevating high-quality child care.
- The education campaign must also elevate the child care workforce as a profession, highlighting that staff are credentialed and highly trained.
- Provide training for child care staff on how child care subsidy works so they can work more closely with families to navigate the system.
- Incorporate families’ voices in the formation of the public education campaign.
- Engage pediatricians, OBs, public health officials to participate in the public education campaign.
- Make use of interpretation/translation services to make sure the public education campaign penetrates hard-to-reach communities, such as families in rural communities, families of color, and families facing language barriers.

One of the most overwhelming recommendations that child care providers discussed was a need for a public education campaign that would not only assist with increasing access to the child care subsidy system, as well as advertise and explain eligibility for services, but also highlight and elevate the child care workforce as a profession. This campaign would represent a one-time investment during a critical time when families are returning to work and trying to make informed decisions about child care. The public education campaign must include the voices of a diverse group of families, which will require the use of translation and interpretation services to ensure that the public education campaign will penetrate hard-to-reach communities.

In order to leverage the campaign and ensure maximum distribution, OCDEL must work closely with community stakeholders, such as pediatricians/OBs and public health officials.

Alleviate the financial burdens of child care for families receiving subsidies.

*(One-time cost, discussed in 7 out of 13 forums/survey results)*

- Remove/reduce copays for families. **(To be enacted first)**
- Eliminate the policy of charging the difference between subsidy payments and private tuition.
- Ensure copays do not exceed 7% of families' income towards child care

Families and providers spoke at length about the pandemic's effects on their ability to cover the costs of child care. For many families, copays can add up and are a financial burden at a time when many parents feel uncertain about their economic stability. We recommend ARP funds be used to cover the cost of copays for all families receiving subsidy child care for at least one year. For the remaining two years, reduce and phase out the cost of copays by 75% and 50%, respectively.

Currently, child care providers are permitted to charge families the difference between the subsidy payment paid by the state and what the provider would normally charge as private tuition. The purpose of this practice is a blanket acknowledgement that the subsidy payments do not cover the actual cost of operating a child care program. When subsidy payments are inadequate, child care providers face the challenge of operating their programs at a loss. At the same time, when families cannot afford their copays, it is improbable that they would also be able to make up the difference in tuition cost. While it is unclear in practice how often providers choose to charge families this difference in cost, this policy must be addressed while families recover from the effects of the pandemic. We recommend that ARP funds be used to cover the cost of the difference between subsidy payments and private-pay tuition in circumstances where child care providers feel it is necessary to charge families the difference.

Both of these policies to reduce copays and eliminate the policy of charging families the difference between subsidy payment and private tuition are a step towards the ultimate goal of keeping costs for families below 7% of their income, a policy recommendation that has been put forth in a number of avenues by lawmakers<sup>1</sup>, government agencies<sup>2</sup>, advocates, and researchers.

Support vulnerable families' access to child care subsidies, prioritize foster and homeless children.

*(Initial investment; discussed in 5 out of 13 forums/survey results)*

- Ensure that there are no families on the waitlist for Child Care Works (CCW). **(To be enacted first)**
- Support foster and homeless families.

While the pandemic temporarily resulted in a reduced number of families on the waitlist for child care subsidies, and while it is true that at times there was no waitlist during the pandemic, the reopening of schools and economic recovery of our communities will increase demand for child care subsidies over the course of the next few months. The child care system in Pennsylvania must be prepared to seamlessly transition families back into subsidy care in order to continue to support economic recovery efforts. ARP funds should be used to ensure that no family must sit on the waitlist for longer than

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<sup>1</sup> <https://www.murray.senate.gov/public/index.cfm/mobile/newsreleases?ID=5466944F-F067-43AA-B3D2-0EBE6CF82410>

<sup>2</sup> <https://www.acf.hhs.gov/occ/fag/child-care-and-development-fund-final-rule-frequently-asked-questions#Equal%20Access>

necessary. This is especially true for vulnerable families experiencing homelessness or children who are currently placed in foster care. Because of the ongoing needs of these families, ARP funds will need to be used as an initial investment. Lawmakers will need to leverage state dollars to ensure that families facing vulnerable situations are not forced to wait for child care services.

### **Recommendations to Support Both Families & Providers**

*Support families and child care program staff with special needs, including but not limited to mental health, behavioral health, and early intervention services.*

*(One-time cost, discussed in 8 out of 13 forums/survey results)*

- Increase staffing support by providing one-on-one caregivers, introducing lower classroom staff-to-child ratios or weighted ratios, and temporarily increase rates to cover these costs.
- Hire child care staff with specific expertise as opposed to Therapeutic Support Staff (TSS).
- Provide classrooms with adaptive materials to support children with special needs.
- Provide training and consultants to support trauma-informed care.
- Provide coordinators that link services in child care to K-12.
- Work with behavioral health and early intervention services to bridge gaps in service, leveraging their expertise and knowledgebase.

Perhaps one of the most concerning revelations to emerge from our forums and survey results was the profound impact that the pandemic has had on the mental health and wellbeing of families, children, and child care program staff. This was also true for children with special needs or those in need of early intervention services. Child care providers reported seeing behavioral changes in their children consistent with those who have experienced trauma. The special needs of children, their families, and program staff during the pandemic highlighted the need for additional investments in mental health, behavioral health, and early intervention services.

Based on the recommendations from parents and child care providers, we recommend using ARP funds to support the hiring of additional staff with expertise to directly address the mental and behavioral needs of children and their families. Too often, programs must rely on consultants or outside services due to limited funds. ARP funds should be used to hire dedicated staff to reduce the classroom ratios where children may have special needs. Additionally, ARP funds should also be used to equip classrooms with the materials and technology needed to fully service children with special needs. Finally, the ARP funds provide an opportunity to hire liaisons who could link services between child care programs and K-12 schools, as well as ensure a seamless transfer of services between programs and behavioral health and early intervention services.

### **Recommendations to Support Child Care Providers**

Perhaps the most frequently discussed theme across all 12 field forums and surveys was how child care has long been underinvested in and, as a result, faced a great deal of strain during the pandemic. It is an understatement to say that the pandemic highlighted the need for additional investments in child care programs, especially the need for investment in the child care workforce. The ARP funds provide an opportunity to reimagine what a stable government-funded child care system could look like. Start Strong PA's policy recommendations for supporting child care providers is divided into two categories based on whether the recommendation could be achieved within the scope of a transition to a

contracts-based child care system. We first discuss the needs of the child care system outside of contracts before reviewing what a transition to a contracts-based system would look like.

### **Policy Recommendations outside of Contracts**

#### *Reinstate the Education Retention Awards (ERAs) and Implement Initiatives to Retain Current Employees*

*(Initial investment, discussed in 13 out of 13 field forums/surveys)*

- Bonus/stipend to retain employees. **(To be enacted first)**
- Pay the ERAs over the course of a year, not once a year.
- Pay ERAs direct to the workforce versus to programs.
- Raise wage ceiling to qualify for ERA.
- Create an incentive to reward staff for gaining experience/years in the field.

Without a doubt, the most frequently discussed policy recommendation as it pertains to the workforce was the reinstatement of the ERAs. The elimination of the ERAs during the pandemic was a blow to the morale of child care staff, many of whom had come to depend on the awards as a financial cushion during uncertain economic times. While the primary policy recommendation from child care providers was to reinstate the ERAs, there is also opportunity to improve how the ERAs are distributed in order to improve equity goals. Currently ERAs are paid out once a year so staff must wait to receive their benefit. ARP funds should be used to award ERAs at regular intervals throughout the year, either on a monthly or quarterly basis. Additionally, an award could be created, like the ERAs, that acknowledges the years of experience gained by child care program staff. This would incentivize staff to stay in their positions, creating greater stabilization within the child care program.

#### *Increasing Subsidy Reimbursement Rates*

*(Initial investment, discussed in 12/13 forums/surveys)*

- Address cost of care and quality by investing in alternative methods of setting rates, move away from using the market rate survey.
- Increase tiered reimbursement for programs rated STAR 3 or 4 in order to incentivize movement to higher quality.
- Provide an add-on rate for programs offering nontraditional hours (including weekends).

The ARP funds provide an opportunity for OCDEL to invest in a different method for calculating the cost of care outside of the market rate. New rates should be set that account for the increased cost of providing high quality care, which would also create incentives for programs at STAR 1 and 2 to move to STAR 3 and 4. Additionally, OCDEL should compensate programs at higher rates for offering nontraditional hours to families, which would include night and weekend care.

#### *Expand TEACH/CDA/Rising STARS/Apprenticeship supports and support degree achievement.*

*(Initial investment, discussed in 8 out of 13 field forums/surveys)*

- Offer the Child Development Associate's (CDA) in other languages other than English.
- Work with higher education institutions to develop a mechanism for converting ECE experience to college credit.
- Create an incentives program for early childhood teachers to complete degrees.

In order to support programs in their movement from STAR 1 and 2 to STAR 3 and 4, there must be improvements to the higher education and apprenticeship system for the child care workforce. ARP funds should be used to invest in these programs in order to maximize the number of child care staff who move on to degree or credential achievement. This policy recommendation is also important in efforts to achieve greater racial equity within the field. In other states, the CDA credential is offered in Spanish. ARP funds could be used to cover the costs of providing the CDA in other languages and on site at child care programs.

### Address Pandemic Related Costs

*(One-time, discussed in 3 out of 13 forums/surveys)*

- Address revenue loss due to under enrollment during the pandemic by back-paying child care providers who were disproportionately affected.
- Provide direct payments in the form of grants to child care programs to cover operating costs, allowing providers the freedom to use funds as needed for their specific program.
- Provide hazard pay to programs that were open and served families during the height of the pandemic (March 2020 - August 2020).
- Ensure that private programs are offered the same assistance as subsidy programs when it comes to both the grants and the hazard pay.
- Provide additional payments to programs that offered non-traditional hour care during the height of the pandemic.
- Ensure that staff that could not work due to Covid-related closures receive back-pay to cover lost salaries.
- Cover the cost of air purification, ventilation, outdoor play space and individual class supply costs in order to meet COVID health and safety standards.

ARP stabilization funds must be used to address the effects of the pandemic. Since child care programs experienced the pandemic in unique ways, some being affected by the pandemic in more disproportionate ways than others, it makes sense to provide grants to child care providers which allow them the freedom to use funds in ways that would be most useful for them. This is a similar approach to which OCDEL distributed stimulus funds for the past year; however, based on feedback from child care providers, we are also recommending that hazard pay and additional funding be provided to programs that were disproportionately affected by the pandemic. While this may be an administrative burden in the previous rounds of funding, ARP funds should be able to cover the administrative costs for local ELRCs to calculate the backpay necessary for these additional grants.

### **Transitioning the Child Care Subsidy System to Contracts**

We believe ARP funds could best be used to transition the publicly funded child care system in Pennsylvania to a contracts-based system that would not only provide financial stability for child care programs, but also provide the structure necessary to offer additional benefits such as higher wages for the workforce and health care and retirement benefits. The contracting process can also be used to ensure that contracts are awarded to high quality programs or programs with the potential to provide high quality services. A contracting process would also provide an opportunity to conduct a needs assessment, address child care deserts, and ensure that awards are made in a geographic equitable way to serve the neediest communities, particularly in rural and urban areas.

This is a particularly prime time to invest in a contracts-based system because ARP funds could be used to cover the one-time costs associated with transitioning to a contracts system, such as hiring the staffing necessary to research and issue a Request for Proposals (RFP) and reviewers to score and award contracts to programs. This transition may also require additional investments in technology and software needed to manage a contracts-based system.

In order to support an equitable RFP contracting process, ARP funds must also be used to support child care programs who need additional technical assistance to submit proposals. There should be workshops offered across the state to ensure that child care providers understand the scope and asks within the RFP. Finally, it is necessary to preserve a child care subsidy voucher system for programs that cannot or do not want to participate in the contracts system.

#### *Compensate staff at higher levels and make comparable to public schools*

*(Initial investment, discussed in 12 out of 13 forums/surveys)*

- Compensate early childhood teachers, assistant teachers, and teacher aides based on their credentials, making sure salaries are comparable to public school counterparts, are market-based, and support costs of living.
- Adjust salaries based on geographic region to account for cost-of-living differences.

The most frequently discussed policy recommendation across all 12 forums and the survey results was the need to invest in the workforce by increasing salaries for all child care staff. In most cases, providers recommended that staff be paid on par with their counterparts in public schools. Moving to a contracts-based system would allow child care providers to negotiate a living wage into their contracts with OCDEL and stabilize staffing of programs.

#### *Offer comprehensive benefits packages to all child care program staff*

*(Initial investment, discussed in 11 out of 13 field forums/surveys)*

- Offer health insurance to all child care program staff.
- Offer a pension or retirement account, perhaps funded through a voluntary fund.
- Paid time off, including mental health days.

The second most frequently discussed policy recommendation that would fold into a contracts-based system would be the offering of a benefits package that would include both retirement and health care insurance. In some cases, providers mentioned that these benefits can be greater recruitment incentives than recruitment bonuses or even higher salaries. However, it should be noted that the formation of a pension or multi-employer retirement system would take time to develop and require greater stakeholder involvement from both public and private entities. A short-run option could be to use ARP funds to provide health care stipends that would allow child care program staff to purchase their own health care insurance on the marketplace. Adoption of this policy recommendation would require the convening of a workgroup to investigate all possible options.

### Focus on infant/toddler capacity and infant/toddler contracts

*(Initial investment, discussed in 9 out of 13 field forums/surveys)*

- Initial increase should be at minimum 3,000 slots across the state. (To be enacted first)
- Invest in the infant/toddler care system by increasing the I/T contracted slot rate.
- Open I/T contracted slots to all high-quality programs/provider types.

### Invest in home-based child care

*(Initial investment, discussed in 7 out of 13 field forums/surveys)*

- Improve compensation for home-based child care providers.
- Create a system that matches home culture/child's language to the home-based programs.
- Provide coaching to home-based providers; group/family collaborate with centers in a model similar to Head Start.

ARP funds can be used to support home-based providers, representing an initial investment in a sector that has long been ignored. Investments in home-based providers is important, as many of these providers are able to meet the unique needs of families who need non-traditional hours as well as those with special language or cultural needs. ARP funds should be used to assist families in finding home-based programs that match their language and scheduling needs. The movement to a contracts-based system gives OCDEL the opportunity to provide additional support to home-based providers by connecting contracted-providers with child care centers, which can provide training, coaching, and other support needed to maintain quality levels.

### Training and Tech Support

*(One-time cost, discussed in 5 out of 13 field forums/surveys)*

- Provide financial management, budgeting, costs, benefits, maximizing funding/existing support.
- Provide computers/smartphones to access online coursework to meet STAR requirements.

The movement from a slots-based child care subsidy system to a contracts-based system would provide child care programs with the opportunity to put together a comprehensive budget and realign the financial management of their programs to the OCDEL-issued RFP. OCDEL should provide workshops and consultants during the RFP period to support child care programs in the development of a budget, as well as other fiscal support. Additionally, ARP funds could be used to purchase necessary computers/smartphones that are required for programs to meet STAR requirements.

### Supports to move up STAR levels / STARS improvements.

*(Initial investment, discussed in 5 out of 13 field forums/surveys)*

- Expand to serve families in rural areas and nontraditional hours.
- Cover the costs of curriculum/materials needed to move up in STAR level.
- Help all providers to meet quality goals by providing additional coaching.

There was general agreement among participants in the field forums that there needs to be greater support for child care programs to move up in STAR levels. ARP funds should be used to improve the ease with which programs are able to move up in STAR level. This can be achieved by using ARP funds to cover the costs of curriculum and materials needed for the next STAR level, as well as provide additional funding to ELRCs to coach programs in improving the quality of their programs.

#### Stabilize child care subsidy payments

*(Initial investment, discussed in 4 out of 13 forums/surveys)*

- Pay based on enrollment not attendance. **(To be enacted first)**
- Use contracts to stabilize payments, recognizing families come on/off subsidy.
- Change subsidy payment dates to beginning of month for more accurate budgeting.
- Increase paid closure days from 15 to 25 days.

Moving the child care subsidy payment system to a contracts-based system will allow stabilization of payments. In other states where contracts have been implemented, providers can be paid up front for a portion of their contracts at the beginning of the year. This gives child care providers the liquidity needed to cover operating costs. It is important in this model to cover the costs of enrollment, as opposed to attendance, as providers should not be penalized for families' attendance records. Prepayment at the beginning of the year also allows providers to put together more accurate budgets.

The themes and recommendations brought forward in this report were the product of feedback collected from participants in 12 geographically focused field and family virtual forms covering the entirety of the state. In addition to surveying forum participants, a state-wide survey was posted. Over 1,000 individuals took part in these activities. Individual forum reports are posted on the Start Strong PA website at [www.startstrongpa.org/take-action/provider-family-field-forums](http://www.startstrongpa.org/take-action/provider-family-field-forums) and complete this report.