



RESEARCH REPORT

Accessing and Strategically Using Federal Funds for ECE Systems and Workforce Compensation

October 2022 Convening Summary

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Executive Summary

About the Foundation for Child Development Convening in October 2022

In October 2022, the Urban Institute, with a grant from the Foundation for Child Development, sponsored a virtual convening of state and national experts on early care and education (ECE). The convening explored how to use federal funds to support ECE systems and programs overall, as well as how to improve compensation for the ECE workforce. The convening was motivated by a number of factors. Since the onset of the COVID-19 pandemic, policymakers are increasingly interested in addressing the lack of affordable ECE and the low wages paid to the ECE workforce. The ECE workforce consists of mostly women, and 40 percent are women of color. Thus, low wages for the ECE workforce also exacerbate gender and racial equity concerns (Austin et al. 2019).

Supported by funds from the Foundation for Child Development, Urban Institute researchers collected and analyzed information about how states access and strategically use federal funds for ECE programs and systems, and produced a background report for the convening based on those findings. That report was shared with national experts and experts from five states in attendance. Informed by the background report, national and state experts at the convening continued their discussion of promising strategies for using ECE funds to improve programs, systems, and ECE workforce compensation. This report highlights key themes discussed during the convening, draws on key points raised at the convening and during background interviews. It also includes follow-up information from several state leaders that enacted new policies in the weeks immediately following the convening.

Key Issues Discussed during the Convening

States face a number of challenges accessing federal funds for ECE systems and the workforce, such as fragmentation from aligning requirements across multiple programs and actors and the lack of state agency capacity. Policymakers increasingly employ strategies to overcome these challenges, including applying tailored approaches to state contexts, creating new offices to manage federal funds in light of state policy priorities, and developing strategies to braid state and federal dollars. The federal funds states access include typical funds, such as those from the Child Care and Development Fund; onetime funding, such as federal stimulus monies and grants through the Preschool Development and Expansion Grant–Birth through Five (PDG B–5); education funds typically not accessed for ECE, such as Title 1 or

higher education funds; and funds that are not specifically for ECE but can be used to support the ECE workforce, such as Community Development Block Grant Program and Workforce Investment Opportunity Act funds. Urban researchers produced the report both by interviewing national and state experts about their experiences with and perspectives on accessing and using federal funds and by reviewing related background documents.

During the convening, participants shared perspectives on innovative and promising approaches to addressing the range of challenges faced in accessing and strategically using federal funds to support ECE systems and the workforce. Key findings are as follows:

- **States are employing a range of innovative approaches to accessing and using federal funds for ECE systems and the workforce:**
 - » Tailoring strategies to the state context to address fragmentation in accessing and using federal funds for ECE. Some states have created a single state agency to oversee early childhood services, some have created interagency organizations, and some have ad hoc ways of coordinating among executive and legislative branches as well as across policy and fiscal leaders in the state.
 - » Employing innovative approaches to build state agency capacity to access federal funds to support ECE systems and the workforce. Most national and state leaders reported that existing state agency capacity is stretched because of staff turnover, limits on administrative funds to support agency staff salaries, and recent increases in federal funds to support ECE. State leaders reported that one promising approach is to clearly identify whose authority is needed for the state to pursue federal funds and whose buy-in is needed for state agencies to use funds for staff salaries. In some states, leadership from the governor and legislature is needed for the state to be able to access federal funds. Another strategy is to engage leaders participating in state coordinating bodies to identify funding to support salaries of staff working on federally funded initiatives. Another strategy is engaging nongovernmental organizations to pressure legislators and the executive branch to advance funding for early childhood services and associated state-agency personnel.
 - » Using novel approaches to accessing and using federal funds in equitable ways to support ECE systems and compensation. To ensure greater equity in accessing federal funds, several leaders recommended that states identify the federal funding streams that could be used for ECE and devoting resources to writing proposals to access the funds. Another strategy is for states that have historically not fully accessed available resources to rely on philanthropic organizations or privately funded technical assistance resources to build the

knowledge of state leaders to access these federal funds. To equitably allocate funds, leaders recommended states: (a) provide support to organizations that are serving communities affected by ongoing and historical barriers to opportunity in accessing federal funds; (b) shift the processes and metrics for distributing funds to ensure allocation is equitably distributed; and (c) enhance data capacity so decisions about funding can be informed by accurate assessments of need in communities.

- **States fiscal and policy staff are working together in a variety of ways to access and use federal funds for ECE systems and compensation:**
 - » Creating strategies and systems to ensure policy and fiscal leaders understand one another's roles, responsibilities, priorities, and constraints.
 - » Replicating and drawing on promising approaches policy and fiscal leaders employ to access federal funds to support ECE systems and workforce compensation.
- **State fiscal and policy leaders are collaborating to employ promising approaches to address inequities in ECE workforce compensation.** For example, in some states, fiscal and policy leaders have collaborated to revise how competitive applications are scored so applications are prioritized and evaluated on the basis of prioritized groups' and communities' needs. Policy and fiscal leaders in several states are increasing child care subsidy rates to reflect the cost of quality, but in other states, rate increases alone are insufficient to lead to professional compensation. Other promising approaches include the following:
 - » Proactively developing and using implementation and outcome measures for compensation initiatives to assess improvements, impact, and equity.
 - » Using federal funds to pilot a range of initiatives such as piloting strategies to increase compensation, benefits and wages equitably for the ECE workforce.
 - » Collecting and using cost modeling data to inform policies and fiscal management approaches.

Recommendations from the convening participants included the following:

- The federal government, philanthropic organizations, and other states should support states' efforts to bring fiscal and policy together to improve ECE systems and workforce compensation.

- States should use cost models as an innovative approach to advance compensation. By determining what providing child care costs when staff are paid equitably, more funding needs can be allocated specifically for the child care workforce.
- States should dedicate funds to support leadership roles such as a strategic financing coordinator charged with drawing down and using funding in a way that equitably serves families and providers.

Accessing and Strategically Using Federal Funds for ECE Systems and Workforce Compensation

In recent years, federal, state, and municipal policymakers have focused on increasing funding to support early care and education (ECE) systems and workforce compensation. During the COVID-19 pandemic, many policymakers and parents became aware of the critical role of ECE programs in supporting parents' workforce participation and young children's development (Adams, Ewen, and Luetmer 2021). Despite many parents paying high prices for child care in the United States, ECE workforce members are typically paid very low wages, as public funding for ECE is quite low (Coffee 2022).

To address this issue, federal, state, and local governments increasingly earmark public funds to support ECE systems and the workforce (Schilder et al. 2022). Between 2020 and 2022, the federal government more than doubled the public funding for ECE that states receive.¹ However, more information is needed to understand how states access and strategically use these federal funds to support ECE systems and the ECE workforce.

With a grant from the Foundation for Child Development, the Urban Institute engaged in a yearlong project to document how states access and strategically use federal funds to support ECE systems and compensation. In October 2022, Urban held a convening over two sessions to discuss the topic. Participants included national experts as well as policy and fiscal leaders from five states. The five states were selected as interesting examples of how states access and use federal funds to support ECE systems and the workforce. The five selected states had a range of agency structures and contexts and were geographically diverse. The first session of the convening focused on general issues related to accessing and strategically using federal funds to support ECE systems and ECE workforce compensation. The second session focused on how policy and fiscal staffs work together to access federal funds for ECE workforce compensation.

This report summarizes key themes discussed during the convening and draws on background research collected by the Urban Institute in the report *Accessing and Strategically Using Federal Funds for Early Care and Education Systems and Programs* (Schilder et al. 2022). Participants at the convening reviewed and reflected on that report. Participants also heard presentations from invited speakers who

shared challenges and promising approaches used by national and state leaders, and they engaged in rich discussions. This report draws on key points raised at the convening and during background interviews, and includes follow-up information from several state leaders who enacted new policies in the weeks immediately following the convening. The report also summarizes documents shared by convening participants.

We organize the report into the following sections:

- **Introduction and background.** In this section, we describe the rationale for convening state and national experts to discuss how states access and strategically use federal funds to support ECE systems and compensation. We also describe the convening structure and guests and provide context for the convening.
- **Innovative approaches to accessing and strategically using federal funds.** This section summarizes overarching approaches discussed by national and state leaders.
- **Fiscal and policy staffs working together.** This section summarizes the challenges fiscal leaders and state policymakers face and promising approaches taken to address them.
- **Conclusion, recommendations, and resources.**

Introduction and Background: About the October 2022 Convening

The Urban Institute and Foundation for Child Development sponsored a two-session virtual convening in October 2022. The convening included 28 participants, representing national experts and early childhood leaders from Georgia, Illinois, New Mexico, Texas, and Washington. The five states were selected to participate in the convening as each provides an interesting example of accessing and using federal funds to support ECE systems and the workforce. The five selected states had a range of agency structures and contexts and were geographically diverse. Participants included

- leaders representing state agencies, legislatures, governor’s offices, and community organizations; and
- those who help states identify, map, access, and use federal funds to support ECE workers with expertise related to typical ECE funds.

Those ECE funds include the Child Care and Development Fund, onetime funds such as stimulus funds or Preschool Development Grant–Birth to Five (PDG B–5), education funds such as Elementary and Secondary Education Act monies, and atypical funds that can sometimes be used for child care and early education, such as Community Services Block Grants.

Some participants had expertise in policy areas, and others were fiscal experts. Some had knowledge and expertise across several policy areas and fiscal issues. Participants with overlapping and complementary expertise in fiscal and policy areas provided a unique opportunity to synthesize their knowledge to formulate potential best practices and next steps. Although no one person had expertise across all policy and fiscal areas, the group included complementary expertise, making the discussion more than the sum of its parts.

Context of the Convening

Throughout the convening, presenters and participants discussed structural barriers to equitable compensation for ECE workforce members. Specifically, presenters and participants discussed the issue of low wages paid to members of the ECE workforce and inequitable compensation packages provided to sectors of the workforce that are disproportionately composed of women who are Black and Hispanic (Austin et al. 2019; IOM/NAS 2015; Gould and Blair 2020; Gould et al. 2020). Participants also emphasized the consequences of the COVID-19 pandemic on ECE programs, systems, and members of the workforce, which were also documented by researchers (Bassock et al. 2020; Weiland et al. 2021). The devastation brought by the pandemic, including forced program closures, led to high worker turnover and increased the financial stress for ECE programs and staff, which was especially stark for women of color (Sandstrom and Schilder 2021; Schilder and Sandstrom 2021). These events brought attention to the need to address systemic issues and support equitable pay for ECE teachers and caregivers (Hernandez-Lepe et al. 2022; Burwick et al. 2020). At the same time, stimulus funding provided to states offered an opportunity to stabilize the ECE workforce through a variety of efforts including grants and wage boosts for members of the ECE workforce (Falgout 2021).

Challenges and Promising Approaches Used by States to Access Federal Funds

Participants shared challenges to accessing and using federal funds for ECE systems. Participants shared findings from a background report highlighting the challenges and promising approaches five states have taken in accessing federal funds (Schilder et al. 2022). Most of the participants at the convening had contributed to the background report but had not yet had a chance to reflect on the

themes as a group and hear divergent perspectives. To provide all the participants with a common starting point, the convening began with a review of documented challenges and promising approaches. The key challenges are as follows:

- ECE systems are fragmented and have multiple actors responsible for overseeing and allocating funding.
- State agency capacity is stretched.
- There are challenges associated with equitable access across states, as well as allocation of funds within states and for specific communities.

Promising approaches and several recommendations are associated with each challenge (table 1).

TABLE 1
Challenges and Recommended Solutions

Challenge	Recommendation
Fragmentation and multiple actors create complexity in oversight, in aligning decisionmaking within and across state organizations responsible for different funds, and in navigating different policy priorities.	To address fragmentation in oversight of ECE by multiple agencies and actors, study participants recommended the following: <ul style="list-style-type: none"> ■ No one-size-fits-all approach works. ■ Solutions must be tailored to the state context. ■ Solutions must <ul style="list-style-type: none"> ■ account for state constitution, ■ consider state funding levels, ■ build political will, and ■ address <ul style="list-style-type: none"> ■ existing structure of the state’s agencies, ■ legislature structure and role, and ■ governor’s office role.
Lack of capacity with a limited number of publicly funded staff members responsible for overseeing federal funds means some states do not have the staff with the knowledge and experience to fully access typical funds, as well as onetime, education, and atypical funds.	To address the lack of capacity, study participants recommended the following: <ul style="list-style-type: none"> ■ Create new offices to manage federal funds in light of state policy priorities. ■ Develop strategies to braid state and federal dollars. ■ Create and use tools to manage federal funds. ■ Access consultation and technical assistance to identify and access federal funding for ECE. ■ Provide funding for administration to sufficiently support those managing and overseeing funds.
Difficulty ensuring equitable access and allocation of federal funds challenges many state leaders seeking to access onetime and atypical funds to support ECE systems and programs.	To more equitably distribute federal funds, study participants recommended the following: <ul style="list-style-type: none"> ■ Employ multiple strategies and include people historically excluded from funding and policy decisions. ■ Use cost-of-quality tools to determine actual costs of equitably compensating ECE workers. ■ Support development of data systems to track equitable distribution of funds.

Challenge	Recommendation
Other challenges include competing priorities for funding, some ideological reluctance to support child care, and institutional challenges.	<p>Experts recommended the following:</p> <ul style="list-style-type: none"> ■ Build capacity to pivot in response to federal funding opportunities. ■ Offer coaching and supports to communities to build capacity and support of ECE that reflects community priorities. ■ Create and use tools to respond to federal reporting requirements.

Source: Schilder et al. (2022).

Note: ECE = early care and education.

The challenges that states face vary by whether funds are typically used for ECE (such as Child Care and Development Block Grant funds), onetime funds (such as Race to the Top–Early Learning Challenge grants, Preschool Development and Expansion grants, or stimulus funds), or atypical funds that could be used for ECE but are not exclusively for ECE (such as Community Development Block Grant Program funds).

The convening began with a focus on challenges and solutions specific to each of these types of federal funds. Convening participants developed recommendations for accessing funds to support ECE systems and compensation. The funding’s amount, source, and requirements all affect states’ ability to use funding in different ways. Each challenge requires different solutions that are tailored to each challenge. A summary of the discussion follows.

Innovative Approaches to Accessing and Using Federal Funds for ECE Systems and the Workforce

Convening participants reflected on the challenges states face in accessing funds to support ECE systems and the unique challenges and solutions states face in using funds to improve ECE workforce compensation. Participants discussed innovative approaches to using federal funds to support ECE compensation by addressing fragmentation, building capacity, and equity.

Innovative Ways to Address Fragmentation in Accessing and Using Federal Funds for ECE

State leaders reflected on innovative approaches to address fragmented oversight of ECE programs and systems, which can create challenges in accessing federal funds. This fragmentation stems from a lack of

alignment at the federal level, but, as an expert shared, “It would be great if federal government [leaders] aligned themselves or gave a big pot of money, but there’s no reason that state [leaders] can’t do that themselves.”

It would be great if the federal government [leaders] aligned themselves or gave a big pot of money, but there’s no reason that states [leaders] can’t do that themselves.

—State leader

In Illinois, multiple state agencies oversee ECE funding, policies, and programs (Illinois ECEC 2021). In contrast, in Washington State, one large state agency is responsible for most typical and onetime ECE funding, policies, and programs.² Despite these differences, both states shared similar strategies to address the challenges of fragmentation. Those strategies require coordination across executive and legislative branches of government, alignment of policies across programs that are required to meet different federal requirements, and creation of approaches to strategically use federal funds to support ECE. Both states have created a single vision, coordinated key players, and leveraged federal funds to support ECE systems and compensation.

INNOVATIVE APPROACHES TO FRAGMENTATION ARE INFLUENCED BY EACH STATE’S REGULATOR AND POLITICAL AND POLICY CONTEXT

Illinois has dedicated pandemic funds to supporting early childhood education infrastructure and is also using PDG B–5 funds to support the workforce. Washington coordinates programs through a state agency dedicated to early childhood.

ADDRESSING CHALLENGES OF COORDINATION REQUIRES TAILORING THE APPROACH TO THE STATE CONTEXT

Dr. Jamilah R. Jor’dan, executive director of the Illinois Governor’s Office of Early Childhood Development, noted that three state agencies administer Illinois’s early childhood programs: (a) the Illinois State Board of Education, the state agency responsible for the federally funded PDG B–5 grant program and state funding for preschool; (b) the Department of Human Services, which oversees the Child Care Assistance Program—the state’s child care subsidy program; and (c) the Department of Children and Family Services, which oversees child care licensing, coordinates with the statewide

resource and referral agency to provide consumer education to parents, and supports quality improvement efforts, including professional development for the ECE workforce.

Authority over ECE programs requires strategic planning across programs and policies and a sharp focus on equity. Families and providers face challenges in navigating differing eligibility requirements that are in place because of different reporting requirements. To address those challenges, Illinois created the Governor's Office of Early Childhood Development to plan and coordinate work across state agencies. Key actions taken in Illinois to address fragmentation include the following:

- **Empowering one specific office in the state to have authority to apply for onetime grant funds.** For example, in Illinois, the Governor's Office of Early Childhood Development's leading efforts to apply for onetime grant funds has been an effective approach to accessing federal funds. The office does not directly access funds but instead coordinates across state agencies to lead efforts to access federal funds. It has written proposals for onetime grant funds ranging from the Race to the Top–Early Learning Challenge grant to Maternal, Infant, and Early Childhood Home Visiting funds.³ Separate state agencies access most typical funds, but the Governor's Office of Early Childhood Development coordinates with these agencies to ensure that all states with a vested interest in onetime or atypical funds coordinate in both accessing and strategically using the funds.
- **Engaging the state's early learning council.** The council can develop a strategic vision and provide public and private supports for funding opportunities that require a state match.
- **Using an interagency coordinating council to coordinate the day-to-day administration of ECE programs and policies.** This council is staffed by people who oversee specific programs and meet regularly to address issues of fragmentation.
- **Being proactive in creating strategies for implementing federally funded activities and resources to focus on equitable distribution of funds.** For example, Illinois is currently calculating the cost of quality child care to determine rates to address inequities that would be exacerbated by a market-rate survey to determine subsidy reimbursement rates. (More details on the equitable distribution of funds are presented below.)
- **Leveraging state funding or programs that already support the workforce** to bring about improvements, such as building and continuing to strengthen the Illinois quality rating and improvement system to help providers gain credentials so they will be eligible for positions that provide higher compensation.

In Washington State, despite a single state agency administering most ECE policies and programs, state leaders work across the state agencies, the governor's office, and the legislature. Moreover, the state education agency is responsible for federal education funds for ECE. Thus, coordination is required despite the single state agency. Washington has taken the following key actions in state governance:

- **A child-focused vision when aligning priorities and policies.** Since the onset of the COVID-19 pandemic, state leaders have recognized the importance of focusing on children, rather than narrowly on service providers, although they recognized the importance of child care. Even within Washington's large dedicated agency, multiple programs needed to be pulled together under one unit to create coordination and cohesion across programs.
- **Continuity of care across ECE and other programs that support children and families.** ECE leaders in Washington are coordinating with the Child Welfare Agency to coordinate eligibility and create more continuity of care for children involved in the child welfare system. A participant asked about funding and rulemaking authority within the state agency, noting that a lack of appropriate authority can lead to fragmentation even when programs are operated within a single state agency. Convening participants discussed challenges when administrators of different programs have varying authority over fiscal and policy issues and different levels of authority to collaborate. Although Washington State is working to support coordinated eligibility and alignment of fiscal and policy priorities within and across state agencies, the issue requires ongoing attention; federal and state regulations change and therefore clarity on roles and responsibilities related to these changes is an ongoing issue.
- **Determination of the cost of quality care and crafting policies to support quality child care.** Washington is working on a "cost-of-quality" model rather than a market-rate model to address equity. The challenges within the child care system require funding to support the costs of providing high-quality care. To overcome inequities, the funding must be consistent and comprehensive while not repeating the current problems in the market.

State and national leaders reflected on additional steps states can take to address fragmentation in ECE oversight:

- **Recognize that no single solution exists to address fragmentation because federal laws and regulations are not aligned to reflect a single coherent vision.** For example, the federal law authorizing the largest public allocation of funding for child care is designed to fund child care to support parents' workforce participation and education. In contrast, the largest public

funding for early education, Head Start, is designed to fund comprehensive services that support young children's development and growth (Schilder 2016).

- **Combine multiple strategies even if states have a single ECE agency.** Given differences in the goals and administration of these funds, multiple strategies are needed even if states have a single ECE agency. Several meeting participants noted that a single agency is only one way to coordinate fragmented programs; there are other ways to coordinate those programs. Federal funds that can be used to support ECE—such as the Workforce Investment Opportunity Act funds that can support ECE apprenticeships—do not have explicit goals of supporting ECE (US Department of Labor, n.d.). These public funds are administered through different federal agencies. Even in states with a single ECE agency, atypical and education funds are usually administered through different state agencies.

Innovative Approaches to Building State Agency Capacity to Access Federal Funds to Support ECE Systems and the Workforce

Participants discussed the challenges of the lack of state agency capacity to access and strategically use federal funds to support ECE systems and compensation and innovations in building state agencies' and offices' capacity. The following challenges exist among states aiming to build agency capacity to access federal funds:

- **The authority to make decisions is key to building capacity across programs.** States with agencies empowered with decisionmaking authority noted that a spokesperson who regularly engaged the governor and legislature could make the case to access federal funds. Having the authority to both engage the other branches of government and authorize changes makes it easier for state agencies to strategically build capacity across programs. In some instances, coordinating bodies can only address fragmentation if members are authorized to make changes, but in many instances these coordinating bodies cannot implement changes. Although coordinating bodies can create a strategic vision and support implementation of some operational plans, in most states, they lack the authority to allocate federal and state resources. They can only build agency capacity if they work with state leaders, such as governors or agency leaders who are authorized to reallocate funding.
- **States use promising approaches to build capacity for accessing funds to improve early educator systems.** The amount of funding and the shares of state and federal funding create challenges for some states. This balance of federal versus state funding can affect states' ability

to expend funds within the performance period. States must also fulfill requirements from a range of federal and state funding sources, which can slow down spending. Different actors across different agencies and branches of government must coordinate resources to both oversee allocation of funds and ensure timely expenditure of resources.

- **Building coalitions across state agencies, with private organizations, and with community leaders creates support for state agencies so they are positioned to access federal funds.** One such strategy is engaging nongovernmental organizations including advocacy groups in putting pressure on the executive branch and legislators to advance state funding for early childhood services and, in turn, to support increases in the number of state agency policy and fiscal staff.

Innovations in Equitably Accessing and Using Federal Funds to Support ECE Systems and Compensation

Key strategies that are employed to improve the equitable allocation of funds to communities affected by structural barriers to opportunity are as follows:

- Identify the available federal funding streams.
- Provide support to states that lack experience accessing federal funds.
- Provide support to organizations that are serving communities affected by ongoing and historical barriers to opportunity in accessing federal funds.
- Shift the processes and metrics for distributing funds.
- Enhance data equity so decisions about funding can be informed by accurate assessments of need in communities.

To access and strategically use federal funds to support ECE systems and the workforce, convening participants discussed these key themes and provided examples of how states are implementing these approaches. State and national leaders noted that they have addressed equity in the following ways:

- **Initially identify the available federal funding streams, those that are being accessed, and those that could be used to support ECE.** In addition to accessing typical funds such as Child Care and Development Fund money, participants noted that it is important to devote state resources to accessing onetime, education, and atypical funds. In some cases, competing state priorities for education and atypical funds can mean that ECE leaders focus their efforts on typical and onetime funds. For example, several state leaders noted that K–12 education is a

priority in their state. Accessing federal education funds for ECE purposes would require “burning political capital that would be better spent in getting support for ECE priorities.” Therefore, although it is important to identify funds that could be accessed to support equitable compensation of the workforce, several convening participants noted that it is also important to prioritize the largest funding streams and consider an approach of blending federal and state funds to support ECE in the longer term.

- **Support states that have yet to access federal funds.** Some states reported that their existing staffs do not have experience writing competitive grant proposals; as a result, these states have been unsuccessful in accessing large competitive grants. As such, inequity exists across states in the federal funding sources they access, which leads to inequities within states.
- **Ensure that the state’s ECE vision and strategic plan prioritize equity.** Several states noted that they had developed a vision and strategic plan with onetime grant funds, such as the Race to the Top–Early Learning and PDG B–5 programs. They have used the vision and plan to prioritize equity. This work requires ongoing time commitments to communities that have never applied for federal funds so they are prepared for future funding opportunities. By explicitly focusing on equity, these states reported they had a starting point when they received stimulus funds and could use funds to operationalize some of the activities in these plans and enhance equity.
 - » Across multiple states, policy and fiscal staff participants shared that having certain data is necessary to inform equitable policy and practice. Using PDG B–5 funds on data systems that collected equity-related data set up states to consider equity measures when dispersing grant funds during the COVID-19 pandemic.
 - » Conversely, some states reported challenges in developing equity plans. Some noted that they needed clear definitions of equity, better data to track the allocation of funds, and data on the needs of different populations to inform the development of equity plans.
- **Support communities in states that have not yet accessed federal funds and serve structurally disadvantaged communities.** Some communities within states that face structural disadvantages require additional support and resources to have the capacity to apply for competitive grants, such as child care stabilization grants. Some convening participants said they provide technical assistance or consultation to groups facing structural disadvantages, so they can access funds. Others said they fund intermediary organizations that have direct connections with groups and people facing structural disadvantages, and these organizations distribute funds directly to people.

How Fiscal and Policy Staff Work Together to Access and Use Federal Funds for ECE Systems and Compensation

State and national experts noted that it is crucial to bring together policy and fiscal leaders and staff to access and strategically use federal funds for ECE systems and compensation. Experts noted that accessing typical funds, onetime funds, atypical grants, and education funds requires policy and fiscal leaders to be on the same page with respective priorities, roles, and responsibilities. Policy and program staff members, fiscal and budget leaders, and those who coordinate across fiscal and policy areas discussed the importance of collaboration, reflected on what they wish they had known when they began their work, and discussed promising approaches to building good working relationships.

Understanding the Needs and Perspectives of Policy Leaders and Staff

The policy and program leaders reflected on the importance of recognizing that prioritizing federal and state funding for ECE systems and the workforce is inherently a political issue that requires a bold vision. Policy leaders believe it is important to position state agencies to access the range of federal funding sources using the following strategies:

- **Prioritizing ECE requires a “significant investment over time in early childhood to make differences.”** It is important to have ambitious goals but also not to make assumptions that members of the state legislature and executive branch leaders—including those in the governor’s offices, state offices of management and budget, and within state agencies overseeing ECE policies and programs—understand the importance of “making investments with a lasting impact.”
- **Using strategic plans and a bold vision is necessary to access funds aligned with state priorities.** Using a strategic plan with a clear vision is essential to ensure that all work toward the same outcome across policies. It is not always clear to outsiders what policy staff aim to achieve, and it is easier to frame a policy as achieving the outcome such that others understand. For example, in Washington State, programmatic and fiscal staff members sat down together and aligned their efforts with programmatic goals to increase rates successfully. Once they understood that the overarching goal was compensation, they could accomplish the objectives.
- **Engaging policy leaders across and within branches of government and state agencies to work collaboratively can lead to increased access and strategic use of federal funds.** Participants noted that within state government, leaders often agree about policy priorities

while disagreeing about specifics. For example, leaders might generally agree with increasing funding for ECE systems but disagree about whether the funding should prioritize prekindergarten or child care, about whether the state should prioritize specific populations, and about implementation details. Regular communication within and across state government is necessary to address such issues as they arise. One participant noted the importance of having staff members at the programmatic level who understand the importance of working with legislative staff who are policy experts and fiscal staff who are budget experts. This person also stated the belief that it is important to understand how policy changes drive changes in budgets and associated costs.

- **Establishing processes for ongoing quality communication among policymakers.** Participants discussed the importance of “quality communication.” Key state leaders need an aligned understanding of federal funding requirements, and they must have specific processes and systems in place to address the requirements. For example, some onetime grant funds require letters of support from governors and state agency leaders. Without ongoing and regular communication, some states have developed proposals that were not submitted because such letters were not included.
- **Acknowledging that federal grant opportunity timelines are often not aligned with state legislative and budget calendars.** Participants reflected on challenges in accessing federal funds to support ECE systems and the workforce associated with the timing of federal grant opportunities. Many states require legislative approval before accessing federal funds, but the timing of federal procurement opportunities does not often align with state legislative calendars. To access the range of federal funding opportunities, state policymakers need to be ready to move when opportunities arise. Several states reported that in the wake of the COVID-19 pandemic and federal funding opportunities designed to stabilize the ECE workforce, some state legislatures met in emergency sessions, and some waived requirements that are in place for other federal funds. As a result of working on these constrained timelines, these states were able to fully access these federal funds. Yet, in some states, the lack of aligned timelines resulted in states not fully accessing available funds.

Understanding Fiscal Leaders’ Roles and Responsibilities

Successfully accessing and strategically using federal funds for ECE require an understanding among fiscal, policy, and program leaders and staffs about roles and responsibilities, the challenges they face, and how they reconcile competing priorities. Fiscal leaders noted it is important to consider fiscal

leaders' responsibilities, so states are positioned to access and strategically use federal funds for ECE systems and compensation:

- **Understanding the requirements of each federal funding stream requires a combination of fiscal and policy expertise.** Participants noted that a single individual is rarely knowledgeable of all the federal and state fiscal and policy requirements. Therefore, forming strong working relationships between fiscal and policy staff is essential. Fiscal leaders noted that it is important for policy leaders to work with fiscal leaders to do the following:
 - » Use a statewide strategic plan with a clear vision and goals when considering which federal funding streams to access and how to use those funds strategically. Fiscal leaders noted that it is important for fiscal leaders to ensure the state meets auditing and outcome measurement requirements.
 - » Ensure that leaders have a solid understanding of fiscal requirements, funding limits, and accounting requirements. Several participants noted the importance of fiscal and policy leaders navigating competing programmatic priorities while managing the budget, keeping funding streams simple, and understanding the limitations of onetime stimulus funding from the Coronavirus Aid, Relief, and Economic Security Act and the American Rescue Plan Act.
 - » Monitor federal funds, consistent with federal and state guidance and within budget and the required federal obligation and liquidation periods. In other words, the budget staff ensures that states “do not overspend” and that all spending occurs within specified time periods. Fiscal leaders noted that, in some instances, policy leaders are unaware of the constraints that fiscal specialists face and the importance of working proactively with fiscal specialists to access the range of federal funds.
- **Being proactive in considering procurement requirements to ensure equitable distribution of funds.** Strategically using federal funds for the ECE workforce requires state staff to be proactive in their strategies to ensure procurement processes. Each federal funding stream requires states to expend funds within a specific timeline and for particular purposes. At the state level, the distribution of most federal funds requires public posting and competitive bidding. Accessing and distributing funds within the required time frames requires proactively developing a solicitation, working with policy and legal offices, and engaging fiscal experts.
- **Considering state laws and regulations when applying for and distributing federal funds.** Some federal funding sources require states to address racial equity in the distribution of funds, but some states experience challenges in meeting this requirement. For example, some states'

procurement systems are not designed to distribute funds on the basis of specific criteria, such as racial and ethnic identity. Moreover, some states are prohibited from directly considering specific measures of equity, such as racial and ethnic identity. Leaders from these states reported developing alternative strategies for fulfilling equity requirements associated with some funding sources. In the absence of a proactive strategy, states may be unable to distribute funds because of challenges establishing procurement strategies that can address equity in light of state restrictions.

- **Building in time to collaborate internally and follow all procurement processes.**

Intergovernmental agreements necessary for distributing some federal funds through competitive procurement processes can take many months. Planning for sufficient interagency collaboration is important, especially in light of the amount of time required for competitive procurement to distribute funds within states. Some state leaders reported that procurement is always a challenge: “There’s always going to be a procurement [process] that will take time to put in place.” To address potential procurement delays, some states work in partnership with state universities, nonprofit organizations, or local foundations to help get funding out the door quicker.

Bringing Together Policy and Fiscal Leaders to Access Federal Funds to Support ECE Systems and Workforce Compensation

Key lessons learned in bringing together policy and fiscal leaders are as follows:

- **Be strategic, intentional, and proactive in collaborating to ensure aligned policies, programmatic implementation, and fiscal monitoring.** State agency leaders overseeing programs and policies supported with federal funds are required to meet specific fiscal reporting requirements. Meeting these requirements requires proactive planning so program leaders have coordinated processes and systems for aligning policies and meeting fiscal monitoring requirements. In the absence of strategic, intentional, and proactive planning, state staff can create separate fiscal accounting systems that make braiding funds and aligning services difficult.
- **Consider how organizational structures facilitate or create barriers to coordinating and aligning fiscal and policy staff while also funding “one consistent vision and mission.”** In Georgia, one state agency—the Department of Early Care and Learning (DECAL)—is responsible for overseeing child care subsidies and food and nutrition supports for child care

and adult programs. Commissioner Amy Jacobs stated, “We aim to use all the programs together to maximize the benefit of each individual funding stream.” She also noted that the agency has had strong and stable policy and fiscal leaders and cultivated a climate of respect and trust that has supported collaboration and retention of senior leadership staff.⁴

- **States with multiple state agencies overseeing ECE noted the importance of creating cross-agency coordinating bodies.** Such bodies can ensure that fiscal and policy staffs are in regular contact with each other, especially when managing large funding streams with short time frames for designing and implementing services and obligating funds. Leaders from states with multiple agencies overseeing ECE noted that they rely on interagency coordinating bodies when seeking federal ECE funds that require state agency collaboration. Nonetheless, one participant reflected on the importance of agency structure for states to effectively organize early childhood education: “I cannot say enough how important I think structure is for the ability to effectively organize early childhood and create cohesiveness across that drives effectiveness, equity of resources...leadership and vision and coherence and structure matter. They matter, they matter, they matter.”
- **Create processes that bring together policy and fiscal leaders and allocate sufficient time for leaders and their staffs to collaborate.** Leaders should take time to ensure that all policy and fiscal staff members understand the federal and state requirements associated with a range of funding streams. For example, rather than shift all early childhood programs to a single agency at launch, Georgia took a phased approach to building the knowledge and skills of policy and fiscal staff members charged with overseeing funds and implementing programs and services. For example, several child care funding streams require a specific state match and must be obligated and liquidated within specified time frames. To ensure compliance with these requirements, staff need the time and capacity to meet the reporting and auditing requirements.

States with multiple agencies overseeing federal and state funds noted the importance of creating processes to ensure sufficient time for policy and fiscal leaders to establish strong relationships so that any proposal for federal funds clearly articulates the overall policy priorities and specifies time frames for obligating funds that are consistent with federal requirements. A policy expert and fiscal expert from a state with multiple agencies overseeing ECE said they work together on proposals to ensure that the state can fully implement programs specified in the proposal within the proposed budget and timeline.

- **Hire and support leaders with expertise in budgeting and policy to strategically use funds for ECE systems and the workforce.** The current commissioner of DECAL formerly worked in the state's office of planning and budget. Because of that experience, the commissioner had expertise in ensuring that the senior leaders overseeing federal and state funds understand budgetary and fiscal issues, as well as policy experience. She highlighted the importance of hiring and supporting a leadership team with a strong fiscal background and bringing in policy experts to ensure that the range of perspectives is incorporated in operational plans. She also noted the importance of having a few people in policy leadership who understand federal and state budgeting and fiscal regulations. Doing so ensures that the state achieves its priorities and the funds are available to support those priorities.

- **Ensure that discussions of policy priorities consider fiscal implications and vice versa to achieve desired outcomes.** To achieve and sustain desired growth and policy momentum for ECE, leaders should address the question, "Can we afford it?" Commissioner Jacobs attributes Georgia's success in accessing and strategically using federal funds to support the state's ECE system to a strong finance team that tracks the funding streams and requirements. DECAL employs a budget leader who collaborates with the Governor's Office of Planning and Budget. By assigning coordination with the Governor's Office to this person, the state has created the role and process to coordinate policy priorities. The state has also developed processes to ensure that policy and fiscal staffs coordinate on other issues. Moreover, the Georgia Child Care and Development Fund state lead employs experts in both fiscal and policy issues.

Similarly, in Washington State, policy, programmatic, and fiscal staffs have worked together to align their efforts with programmatic goals to increase child care subsidy rates. Once all parties understood that they had the common overarching goal of increasing ECE compensation, they could work together toward this goal.

- **Leverage state funding to build capacity to address both policy and fiscal issues.** By leveraging the state funding generated from the lottery to support its universal preschool program, Georgia built the capacity of the newly formed agency to employ experts in policy and fiscal matters. These experts have been applying for competitive federal funds and have met the stringent and different requirements of typical, onetime, and atypical funds. Commissioner Jacobs noted that the success of the state-funded Georgia prekindergarten program built a strong foundation for the development of DECAL. With funds from the Georgia Lottery, the Georgia prekindergarten program opened to all four-year-olds in the state and has grown yearly since its inception.⁵ As the program grew, the Georgia General Assembly passed a bill in

2004 to create the Department of Early Care and Learning. The state funding that created DECAL now has the capacity to bring together fiscal and policy experts to leverage federal funds for ECE.

Similarly, New Mexico invested substantially in ECE by combining federal and state funds. In 2019, the governor and the New Mexico Legislature created the Early Childhood Education and Care Department (Early Childhood Education and Care Department 2023). The department officially launched on July 1, 2020, to create a more cohesive, equitable, and effective early childhood system in New Mexico. That means coordinating a continuum of programs from prenatal to five—and ensuring that families in every corner of the state can access the services they need. This work is informed by New Mexico’s *Birth–Five Needs Assessment* and the related Native American Perspectives report (New Mexico Early Childhood Development Partnership 2019; 2020),⁶ which include feedback from thousands of New Mexicans. At the time of the convening, New Mexico was awaiting a vote on an ECE ballot initiative that was passed in November 2023. Through a ballot initiative, New Mexico created a permanent distribution of funds from a land grant dedicated to ECE.⁷ This initiative has supported substantial ECE policy changes, including expanding child care subsidy eligibility to 400 percent of the federal poverty level, waiving copays through June 2023, and setting rates through cost modeling instead of a market-rate survey (the District of Columbia was the first jurisdiction to set rates based on the cost of quality; New Mexico is the second). With a sustainable, dedicated funding source, New Mexico can create and sustain programs that would have been impossible with only onetime stimulus funds.

- **Support braiding of federal and state funds and consider fiscal and outcome reporting requirements.** State fiscal leaders reported that braiding federal and state funds can help access federal funds that require a match or state cost share. In addition, participants noted that braiding federal funds with state dollars can produce sustainable strategies beyond onetime federal grant funding. For example, two states used federal grant funds from the Race to the Top–Early Learning program to pilot various initiatives. They used state funds to sustain quality improvement activities that were created with federal funds. Similarly, the Illinois Early Childhood Funding Commission developed a graphic illustrating how different sources of funding streams move from the federal level to the three distinct agencies that manage ECE funds and then to the providers (Illinois ECEC 2021).

Several state leaders pointed to the need for guidance on fiscal and reporting requirements from federal agencies so that fiscal and policy leaders can meet different requirements. Several

experts reported that they were challenged in determining the correct outcome metrics to use when they braided funds from multiple ECE providers when the outcome reporting metrics differed. Similarly, policy and fiscal leaders noted they were better positioned to meet federal fiscal reporting requirements when they received guidance and clear expectations for cost allocation reporting upon award receipt. Creating retroactive reports was more challenging than if they had received guidance in advance.

- **Be strategic in using onetime federal funds to support ECE.** As most states grapple with questions of how to use onetime federal funds to support ECE compensation, it is important to develop long-term plans and consider the implications of allocating funds strategically. Commissioner Jacobs shared that DECAL has been planning to consider long-term implications beyond the use of temporary federal COVID-19 stimulus funding. The state is “investing the final onetime funds to work on projects and experiments that may have long-term benefits.” Such projects include removing barriers to entry for the ECE workforce, simplifying the career ladder, providing resources to ECE workforce members to earn credentials, and supporting infrastructure to support the workforce.

[We are] increasing teacher eligibility for scholarships, [providing] incentives, proposing to pay the full cost of the CDA [Child Development Associate credential] to remove barriers [to accessing the credential], increasing access to apprenticeships, and investing in other innovative ways to train people. We are focusing on individuals who are already working in the ECE system, especially helping them get the appropriate credentials to provide care and increase their compensation. We are also increasing funding for teachers who are seeking new credentials outside of those who are already in our DECAL Scholars program. These final COVID-relief funds provide us an opportunity to try new things, collect data on outcomes from these experiments, and see if they are beneficial as long-term strategies.

—Amy Jacobs, commissioner, Georgia DECAL

BOX 1

The Georgia Department of Early Care and Learning: Promising Approaches to Bringing Policy and Fiscal Leaders Together to Access and Strategically Use Funds for ECE

Georgia Department of Early Care and Learning (DECAL) Commissioner Amy Jacobs shared the Georgia experiences in accessing and strategically using federal funds to support ECE. She reflected on how the state has built the capacity to bring together fiscal and policy offices to access and strategically use federal funds for the ECE workforce.

- **Georgia created a single ECE state agency led by a commissioner who reports to the governor and supports fiscal and policy leader coordination.** DECAL was created in 2004 with bipartisan support. The governor and general assembly created the department to streamline the state's services to Georgia's children from birth to age five and their families by bringing together ECE programs and services. These offerings were formerly overseen by the state Office of School Readiness, the Department of Human Resources, the Department of Education, and the Georgia Child Care Council.^a

Georgia leaders reported building fiscal and policy expertise to ensure that all staff members were aware of the detailed fiscal and policy requirements. By creating a single state agency with a commissioner who reports directly to the governor, the state addressed fragmentation among leaders with different priorities and agendas and focused on both policy and fiscal issues.

- **Georgia relied on state lottery funds to support universal prekindergarten and create a single state agency with ECE policy and fiscal capacity.** DECAL was initially funded primarily with state lottery funds, but the agency was positioned to access federal funds to support ECE systems and compensation. The state has braided federal and state funds to build the capacity to oversee and implement policy and fiscal requirements associated with federal and state funds.

Source: Commissioner of the Georgia Department of Early Care and Learning, October 2022 Convening on Accessing and Using Federal Funds to Support ECE Systems and Compensation.

^a <https://www.decals.ga.gov/documents/attachments/GADECALBrochure.pdf>

Strategies That Policy and Fiscal Leaders Use to Address Inequities in ECE Workforce Compensation

Policy and fiscal leaders discussed approaches to working collaboratively to improve equitable compensation for the ECE workforce:

- **States should develop processes to distribute funds equitably.** Some states are revising how competitive applications are scored so applications are prioritized and evaluated on the basis of prioritized groups' and communities' needs. Yet some states face challenges in designing scoring criteria for competitive grants to communities or groups that give preference points to those facing structural barriers to opportunities while adhering to their state's competitive funding requirements. Nonetheless, it is vital for policy and fiscal leaders to unite to rethink existing structures and systems of distributing funds to address systemic barriers to opportunities experienced by some groups and communities. Doing so requires that policy leaders work closely with those responsible for overseeing fiscal requirements to ensure that processes follow federal and state fiscal regulations and are aligned with state policy priorities.
- **States should use data to identify whether funds are allocated equitably.** Several states use onetime federal competitive grant funds to establish offices responsible for overseeing data collection, analysis, and reporting. These offices focus on equitable distribution of funds. Yet some need more data to inform equitable allocation of funds. Some states are using federal funds to build aligned and coordinated data systems that include community-level demographic data and data on access to services and outcomes. Others create separate data systems based on the requirements of each federal funding source, which can create challenges in understanding the bigger picture of need and allocation of resources. One state reported piloting a process of mapping the demographic characteristics in communities throughout the state, the federal funds flowing to these communities, and community-level outcome data. A representative from this state noted that by collecting and reporting data on differences in allocating resources to different communities, states can better understand the programs and other support that are needed and can develop strategic solutions to distribute funds more equitably. Several states map the funds available for ECE and the populations receiving them to address inadequate workforce compensation.
- **States should use a mix of different strategies to advance equitable compensation for the ECE workforce.** Some states devote funds to hiring grant writers to prepare proposals for competitive onetime funds to support compensating members of the ECE workforce in communities that face structural barriers to opportunity. Some reported using a combination of state and federal funds to build the capacity of community organizations to be positioned for state and federal funds. Several mentioned that in competitive state funding opportunities, as previously noted, some are systematically collecting data related to equity to identify which groups and communities are most in need. Some states identified initiatives to get child care and early educators, who are disproportionately Black and Hispanic women, health insurance

as a strategy to advance equity in a career that ranks among the most poorly compensated in the nation, while simultaneously being increasingly recognized as a key support to the economy.

- **Although child care subsidies represent the biggest public investment in ECE in many states, in several states rate increases are insufficient to provide the ECE workforce with professional compensation.** One state leader noted, “Subsidy rate increases alone are not enough to increase compensation for providers.” Increases in rates only affect subsidy providers, and some ECE providers educate and care for families who pay out of pocket and those who access subsidies. Enhancing child care subsidy rates for providers with few children in families accessing subsidies will not necessarily increase compensation for early educators. Moreover, subsidy increases are often not enough to translate into meaningful increases in compensation for ECE providers who care for a majority of children whose families access subsidies.
- **Policy and fiscal leaders can proactively address potential cliffs by working together** to craft policies that account for whether increases in ECE workforce compensation will make members of the ECE workforce ineligible for public benefits. State legislative leaders in one state have worked proactively to craft state laws to ensure that any increases in ECE compensation do not translate into ineligibility for public health care benefits. Specifically, the state legislature in Washington enacted the Fair Start for Kids Act in which the state addressed the potential impact of raising compensation on eligibility for benefits such as Medicaid and subsidized child care.⁸ The act raised the income threshold for benefit eligibility and funds these raises through a constant funding source.

It was a balancing act because [child care] providers were receiving high enough rates to give higher wages....We needed to [take steps so that the increases] were not so high that workers weren't bumped off benefits.

—Washington State participant

- **States should use policy and fiscal data to make a case for equitable distribution of funds** for each workforce sector within specific geographic areas in the state. One meeting participant

noted that the state had articulated a policy priority to support ECE funding for groups that face structural barriers to opportunities. Nonetheless, it was only in the past year that fiscal and policy leaders began mapping the specific federal funding sources allocated to communities and found wide disparities. Now that the state has identified these disparities, it is better positioned to create policies to ensure a more equitable distribution of funds.

Some states are “thinking about their fiscal mapping work connected to their governing authority; the different funds go to different departments and there is different authority about how the funds get used.” Aligning funds and governing authority ensures that funds are obligated and distributed within policy and fiscal regulations and requirements.

- **States should build community-wide support to ultimately make the case for state funds to fill gaps equitably.** Specific initiatives include legislation to increase rates and income thresholds, pilot programs for using multiple funding streams, health insurance for center-based providers, and budgetary items specifically for compensation. For example, Washington State is currently piloting a program that provides a \$100 tax credit for medical assistance to nonunionized child care workers. Illinois has used PDG B-5 funding to “look across Illinois from a geographic perspective to consider where there are gaps.” One such project funded is the ExceleRate pilot project, which currently focuses on rural areas and strives to support child care programs in reaching quality designations.⁹ Advocates in Illinois also call for “certain budgetary items (like the Early Childhood Block Grant funds) [to] be dedicated specifically to compensation.”¹⁰

BOX 2

Public Funding Streams States Are Accessing to Support ECE Workforce Compensation

States are using various approaches to improving ECE workforce compensation by using and braiding federal funds with state and community resources. Participants noted that many states use federal stimulus funding and onetime grant funds provided through the Preschool Development and Expansion Grant–Birth through Five to pilot-test efforts to increase workforce compensation. Convening participants noted the following challenges and issues for consideration:

- Public funding for ECE is primarily allocated through the Child Care and Development Fund, and therefore any ECE workforce compensation strategy must account for child care subsidy policies and regulations regarding quality improvement enhancements. In other words, public funding in the form of child care subsidies will translate into wages for the portion of the workforce in facilities that provide services for children whose families access child care subsidies. Policymakers and administrators need to see the links between direct services

funding and compensation funding. Some participants expressed concerns about the sustainability of accepting atypical federal funds, like workforce investment dollars, that require participants in job training programs to make a livable wage. The compensation for early education work is ranked among the lowest in the nation, and some states expressed concerns about being able to guarantee livable wages to this workforce if they accepted these funds. This challenge raises concerns about equity, given this workforce is disproportionately staffed by groups facing structural barriers to opportunity.

- Subsidy policies are important to consider; however, several convening participants noted that subsidy rate increases and increases in funding based on the quality of care are often insufficient to cover the costs of hourly increases in wages. Some states are looking to use stimulus funding to support their stabilization grants and build those funds over time to support compensation increases. Restrictions on using those funds for direct services are a barrier to using those funds for compensation.
- The Center for the Study of Child Care Employment at the University of California, Berkeley, created a database of compensation strategies^a that provides information to fiscal and policy leaders in states about actions that states are taking to increase compensation and be proactive in addressing benefit cliffs.

Source: October 2022 Convening participants.

^a “Explore Our Database with Strategies for Using ARPA and Public Funds for ECE Workforce Compensation,” Center for the Study of Child Care Employment (CSCCE), November 17, 2021, <https://cscce.berkeley.edu/blog/compensation-tracker/>.

States are using various innovative approaches to strategically allocate funds to increase workforce compensation, build a stable base for compensation, and address inequities in workforce compensation. To allocate funds equitably, states could do the following:

- **Use onetime federal funds to pilot a range of initiatives**, including stabilization grants that allow providers to use funds for compensation and benefits, wage boosts, and credentials required for members of the workforce to be eligible for increased compensation.
- **Collect and report evaluation data to make the case to state legislatures for the benefits of ECE compensation efforts.** Gather data across programs and agencies to examine how states allocate federal funds and who has accessed them. Collecting information about which communities, populations, and demographic groups have access to federal funds is a necessary step to assess the equitable distribution of funds. Moreover, several participants noted the importance of creating data systems and using data to show inequitable access to resources and to better focus resources on those who have historically not had access.

- **Proactively develop implementation and outcome measures** for compensation initiatives to assess improvements, impact, and equity. Although some experts noted that post hoc evaluations of compensation initiatives can produce valuable evidence of change, it is important to design evaluations before implementation to adequately understand implementation and equity. Meek and colleagues from the Children’s Equity project also recommend implementation and outcome measures to ensure equity in addressing ECE compensation (2020).
- **Develop processes to equitably distribute funds**, such as shifting how applications are prioritized and evaluated, providing supports to communities with structural barriers to opportunity to access federal funds, providing resources to build capacity to apply for funds, and collecting survey and interview data about communities’ experiences and needs and the impact of additional funds. This recommendation is consistent with a recommendation of the Children’s Equity Project (Meeks et al. 2020).
- **Build sufficient political will and institutional structures to support long-term compensation improvements.** Additional pressure from affected communities to make change through initiatives, such as family advisory or community action boards, would be helpful to ensure that those voices are heard and included in the decisionmaking process.
- **Use data about the experiences of different communities, racial and ethnic groups, and vulnerable populations to understand where the needs are and where the funding should go.** Collecting, using, and reporting these data are particularly important for ensuring equitable funding distribution.

Conclusion and Recommendations

States are accessing and strategically using a range of federal funds to support ECE systems and pilot-test various initiatives to support ECE workforce compensation. As of 2022, most states were using federal COVID-19 relief funds to stabilize the ECE workforce that was disrupted by closures in the immediate aftermath of the COVID-19 pandemic’s onset and recent ECE workforce shortages. National and state experts provided somewhat divergent recommendations about how states should be positioned to access and use federal funds to support ECE professional workforce compensation.

Participants recommended that the federal government, states, and philanthropies support the following:

- **Using cost modeling to base child care subsidy rates on the cost of quality** rather than on market rates. Given the current inadequate capacity many states face, philanthropic funding to states interested in cost modeling could be critical, especially once states have spent onetime federal stimulus funding.
- **Developing tools that show obligation and liquidation timelines and requirements to create efficiencies across all states.** We heard that each fiscal office is creating its own tools and systems to track how the state is accessing and spending each federal funding source. Tools that states can use that are flexible so states can modify them based on individual state laws and contexts could be beneficial to state fiscal offices.
- **Providing consultation and user-friendly tools on the range of federal funds that states can access for ECE and the flexibilities and requirements of each funding source.** Some states have hired experts to create a list of federal funds the state can access, details about the requirements of each funding source, and consultation with the state to help state agencies access the funds. In some instances, for competitive grant funds, states need to hire a grant writer who is familiar with the policy and fiscal requirements. In other cases, states need an expert who can complete the requirements to access noncompetitive federal funds. In other cases, states use consultants to determine whether accessing and using atypical funds is the best approach given the political capital required when competing with different interests.
- **Supporting states in hiring fiscal and policy experts responsible for directing and overseeing federal and state funds.** One leader mentioned creating a draft position description that clearly explains the skills needed for policy and fiscal staff members in state agencies so that states can proactively hire people with the knowledge and skills required to manage complex federal funds. Several experts reported challenges in hiring state agency staff given delays in hiring and challenges engaging staff for short-term projects funded through onetime grants. In such instances, experts who are paid through federal or state sources can be extremely helpful in managing the policy and fiscal requirements of federal and state funds.
- **Supporting states in sharing resources, lessons learned, and approaches.** Several national and state leaders reported that they have benefited from peer-to-peer technical assistance offered by private technical assistance providers and philanthropies. Leaders noted that tailored and just-in-time technical assistance is extremely useful to state staff who are skilled at overseeing specific programs and policies and could benefit from the knowledge of peers in other states and experts who have authority over onetime, atypical, and education funding streams. Moreover, a number of states noted that they are independently creating approaches to

braiding funds and meeting outcome reporting requirements that differ across funding streams. These states reported a desire to share resources and approaches that could be tailored to each state's context.

In conclusion, participants noted the following:

- The federal government, philanthropies, and other states should support a state's efforts to bring fiscal and policy together to improve ECE systems and workforce compensation.
- The federal government and philanthropies should support state efforts to use cost models as an innovative approach to advance compensation. By determining what providing child care costs when staff is paid equitably, more funding needs can be allocated specifically for the child care workforce.
- States should consider how to build state agency capacity for fiscal and policy leaders to work together to identify funding sources and approaches to strategically using funds to support state priorities. For example, some states have created a position for a "strategic financing coordinator" charged with drawing down and using funding in a way that equitably serves families and providers. Convening participants reported such approaches appear promising and could be useful for other states.

The unprecedented stimulus funding that flowed to states in the aftermath of the onset of the COVID-19 pandemic has given states opportunities to pilot-test different strategies to support increases in compensation for the ECE workforce. As stimulus funding ends, many states will continue to face challenges of accessing and strategically using federal funds to support ECE. The promising approaches used by convening participants and the proposed strategies to address challenges will therefore likely remain relevant.

Appendix. Convening Agendas

Accessing and Strategically Using Federal Funds for ECE Systems and Workforce Compensation October 2022 Convening

Day 1 Agenda

Day 1 (October 12, 2022)

Zoom Meeting ID: Meeting ID: 461 614 0180 Passcode: Urban

Welcome and Introduction

- Goals of the convening:
 - Reflect on and refine the themes presented in the background report
 - Develop recommendations for philanthropies, the federal government, and states; what can they do to support states in accessing and strategically using federal funds to increase ECE compensation?
- Overview of convening and each session
- Lightning round of introductions

12:00 PM–12:20 PM EDT
11:00 AM–11:20 AM CDT
10:00 AM–10:20 AM MDT
9:00 AM–9:20 AM PDT

Challenges and Recommendations

- Overview
 - ECE systems are fragmented and have multiple actors
 - State capacity is stretched
 - States find it hard to equitably access and allocate ECE funds
- Q&A with three state leaders
- State presenters:
 - **Jamilah Jor'dan**, Illinois Governor's Office of Early Childhood Development
 - **Matt Judge**, Administrator for Federal Initiatives and Coordination, Washington State Department of Children, Youth, and Families
- Facilitated Q&A with other participants

12:20 PM–1:05 PM EDT
11:20 AM–12:05 AM CDT
10:20 AM–11:05 AM MDT
9:20 AM–10:05 AM PDT

Innovative Approaches and Recommendations

- **Small-group breakouts.** (Select the one you would like to attend.)
 - **Fragmentation.** What innovative approaches are there to addressing fragmentation that position states to address ECE systems and compensation (single state agency, interagency coordinating bodies, other)?
 - **Capacity.** What are promising approaches to building capacity to access funds to improve ECE systems and compensation?
 - **Equity.** What would improve equity in allocating funds? Are there any specific challenges and promising approaches to advance equity in ECE systems and compensation?
- Reporting back and general discussion

1:05 PM–1:40 PM EDT
12:05 PM–12:40 PM CDT
11:05 AM–11:40 AM MDT
10:05 AM–10:40 AM PDT

Improving Workforce Compensation

- What are the innovative approaches your state is taking to strategically use funds for the ECE workforce?

1:40 PM–1:55 PM EDT
12:40 PM–12:55 PM CDT
11:40 AM–11:55 AM MDT

<ul style="list-style-type: none"> What would help your state strategically use funds for the ECE workforce? 	10:40 AM–10:55 AM PDT
Closing Thoughts	1:55 PM–2:00 PM EDT 12:55 PM–1:00 PM CDT 11:55 AM–12:00 PM MDT 10:55 AM–11:00 AM PDT

Day 2 Agenda

Day 2 (October 18, 2022)	
Welcome Back	12:00 PM–12:10 PM EDT 11:00 AM–11:10 AM CDT 10:00 AM–10:10 AM MDT 9:00 AM–9:10 AM PDT
Virtual Visiting	12:10 PM–12:20 PM EDT 11:10 AM–11:20 AM CDT 10:10 AM–10:20 AM MDT 9:10 AM–9:20 AM PDT
Learning More about the Roles of Fiscal and Policy Staff	12:20 PM–12:55 PM EDT
<ul style="list-style-type: none"> Breakout groups <ol style="list-style-type: none"> Fiscal/budget staff <ul style="list-style-type: none"> What are five things you want policy/programmatic staff to know? What supports good working relationships between budget and policy staff? Policy/programmatic staff <ul style="list-style-type: none"> What are five things you want budget/fiscal staff to know? What supports good working relationships between programmatic and fiscal staff? Others who do not identify as fiscal/budget staff or programmatic/policy staff <ul style="list-style-type: none"> What do you think supports good working relationships between programmatic and fiscal staff? Reporting Back 	11:20 AM–11:55 AM CDT 10:20 AM–10:55 AM MDT 9:20 AM–9:55 AM PDT
How Different States Bring Fiscal and Policy Together to Support ECE Systems and Improve Workforce Compensation	12:55 PM–1:40 PM EDT
<ul style="list-style-type: none"> Conversation with Commissioner Amy Jacobs, Georgia Department of Early Care and Learning (DECAL) Discussion in small groups <ul style="list-style-type: none"> What strategies from Georgia apply to my state? What other strategies does my state use to bring fiscal and policy together? How can they work together to improve workforce compensation? <ol style="list-style-type: none"> Illinois & Texas New Mexico & Washington Georgia & national experts Reporting Back 	11:55 AM–12:40 PM CST 10:55 AM–11:40 AM MDT 9:55 AM–10:40 AM PDT
Recommendations	1:40 PM–1:55 PM EDT
<ul style="list-style-type: none"> What do you wish you knew when you started that could have helped you be more strategic in accessing and using federal funds? What recommendations do you have for philanthropies, the federal government, and your state? What can they do to support states in accessing and strategically using federal funds to increase ECE compensation? 	12:40 PM–12:55 PM CDT 11:40 AM–11:55 AM MDT 10:40 AM–10:55 AM PDT

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- What tools and supports are needed for people like you to support you in accessing and strategically using federal funds to support ECE compensation?
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Closing Thoughts

1:55 PM–2:00 PM EDT
12:55 PM–1:00 PM CDT
11:55 AM–12:00 PM MDT
10:55 AM–11:00 AM PDT

Notes

- ¹ “GY 2020 CCDF Allocations (Based on Appropriations),” Office of Child Care (OCC), US Department of Health and Human Services (HHS), May 9, 2022, <https://www.acf.hhs.gov/occ/data/gy-2020-ccdf-allocations-based-appropriations>; “GY 2022 CCDF Allocations (Based on Appropriations),” HHS, OCC, July 13, 2022, <https://www.acf.hhs.gov/occ/data/gy-2022-ccdf-allocations-based-appropriations>.
- ² “About Us,” Washington State DCYF (Department of Children, Youth and Families), accessed March 20, 2023, <https://www.dcyf.wa.gov/>.
- ³ See the National Home Visiting Resource Center, accessed April 19, 2023, <https://nhvrc.org/>.
- ⁴ Additional background on the history of the formation of Georgia’s Department of Early Care and Learning (DECAL) can be found in “Infusing a Culture of Education,” DECAL, accessed April 25, 2023, <https://www.dec.ga.gov/documents/attachments/GADECALBrochure.pdf>, as well as in a podcast conducted with the governor’s policy adviser: “Celebrating 18 Years of DECAL,” DECAL Download, October 4, 2022, <https://decaldownload.buzzsprout.com/211637/11376930-episode-58-celebrating-18-years-of-decal>.
- ⁵ “Infusing a Culture of Education,” DECAL.
- ⁶ “About ECECD,” New Mexico Early Childhood Education and Care Department, accessed April 25, 2023, <https://www.nmeccd.org/about-eccd/>.
- ⁷ “New Mexico Constitutional Amendment 1, the Funding for Early Childhood Programs Amendment,” Ballotpedia, accessed March 20, 2023, [https://ballotpedia.org/New_Mexico_Constitutional_Amendment_1_Land_Grant_Permanent_Fund_Distribution_for_Early_Childhood_Education_Amendment_\(2022\)](https://ballotpedia.org/New_Mexico_Constitutional_Amendment_1_Land_Grant_Permanent_Fund_Distribution_for_Early_Childhood_Education_Amendment_(2022)).
- ⁸ “What Is the Fair Start for Kids Act?,” Washington State Department of Children, Youth, and Families, accessed March 10, 2023, <https://www.dcyf.wa.gov/about/government-affairs/fair-start-for-kids-act>.
- ⁹ ExceleRate Illinois, “Program Overview,” <https://www.exceleRateillinoisproviders.com/>.
- ¹⁰ ExceleRate Illinois, “Program Overview,”

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