2021 Program Impact Report

Rebuilding and Strengthening Indiana’s Early Childhood System

In partnership with
Executive Summary

Early care and education plays a vital role in our state, directly impacting children and families while creating a ripple effect on businesses and communities. As important as the early childhood education (ECE) industry is, however, it has long been in a fragile state with unsustainable business models, insufficient workforce pipelines and lacking operational infrastructure. The COVID-19 pandemic further exacerbated the industry’s issues, adding health and safety costs and new operational challenges to an already-strained model. The ongoing challenges of the sector continue to prevent Hoosier families from securing and maintaining jobs, while children are missing out on critical early learning opportunities that help ready them for school success.

In March 2021, Indiana introduced the Build, Learn, Grow program to maximize its $1 billion in federal relief funding with the goal of building reliable child care infrastructure to create new learning opportunities for young students and help our communities grow. The Office of Early Childhood and Out-of-School Learning (OECOSL) has engaged and continues to engage critical partners and stakeholders throughout the state to inform the program’s development and support its execution, while also routinely assessing promising practices undertaken or planned by other states.

To date, hundreds of millions of dollars in funding has been deployed across three priority areas:

**Help Programs Regain Stability**
- Provide financial and technical assistance to programs to stabilize and resume operations
  - $199M Deployed
  - $152M In Stabilization Grants to providers
  - 2,777 Providers reached

**Deliver Support for Working Families**
- Support vulnerable children and families in accessing or returning to school and work
  - $46.6M Deployed
  - 13,644 Build, Learn, Grow Scholarships
  - $50 Average increase in weekly savings by subsidized families

**Build System Structure & Capacity**
- Foster policy and infrastructure improvements to strengthen the sector
  - $1M Awarded to support creation of new child care marketplace
  - $4.3M Increase in child care subsidies resulting from CCDF policy updates

The state and its partners made significant progress in 2021 toward helping providers regain their stability and supporting children and families in reconnecting with or staying in child care. However, there is still much to do to strengthen the broader system for the future. The summary that follows highlights the impact of Build, Learn, Grow efforts in the state in 2021 and gives insight into what’s ahead in 2022.
Monitoring System Recovery

To most support ongoing recovery, the state needed better line of sight into statewide child care supply and demand and providers’ ongoing workforce shortages. To do this, OECOSL launched an enrollment reporting tool in April 2021 to monitor enrollment trends and inform ongoing relief efforts. Programs have temporarily been asked to submit monthly program enrollment data, along with some limited workforce indicators, via an easy-to-use, mobile interface. Data submitted through the enrollment reporting tool powers a statewide dashboard that monitors system capacity; enrollment trends by program type, quality level and geography; and open classroom teaching positions. Because programs report seats immediately open and the total vacant, OEOCSL can further understand the direct link between the inability to fill teaching positions and the ability of programs to make seats available for families.

Here is a snapshot of the high-level trends gleaned from Indiana’s early care and education providers since programs began reporting data in late April. Data is representative of the period from April 27 through the end of November 2021.

Current System Data

- **98,444** Children Enrolled
- **2,933** Reporting Providers (71%)
- **18,527** Reported Openings
- **3,045** Total Open Teaching Positions

Data Trends from April-November 2021

- The maximum number of children that ECE programs can serve has increased by **14.5%**. This increase is most significant in PTQ Level 4 programs at **23.3%**.
- The total number of children being served has increased by **25%**.
- Unfilled openings for children dropped **21%**.
- Open teaching positions decreased by **16.5%**.

While most trends are moving in the right direction, it’s critical we accelerate progress and use the recovery window as a time to not just rebuild what was, but to redesign the foundation of the system for a stronger and more resilient future.
Helping Programs Regain Stability

STABILIZATION GRANTS

$152M awarded to Indiana early care and education programs over a six-week period to stabilize and rebuild program operations
Build, Learn, Grow Stabilization Grants

Funded by a portion of Indiana’s appropriation of the American Rescue Plan Act, Build, Learn, Grow Stabilization Grants are non-competitive and designed to provide short-term funding to early childhood and out-of-school-time programs that have faced increased costs because of the COVID-19 pandemic. Providers must meet eligibility criteria and agree to use grant funds to stabilize their operations and build capacity for the future, including spending at least 25% of the grant funding on increasing staff wages and benefits. Dollars can be used across six categories of allowable expenses ranging from personnel costs and facility fees to mental health supports for children and staff.

Grant awards are calculated using a cost estimation formula, created using the findings of Indiana’s recently conducted Narrow Cost Analysis, which examined providers’ costs for the care they offer and compared it to the subsidy rates for base- and higher-quality care. The model considers each provider’s licensed program type, average attendance, staffing costs, quality level and geography to arrive at an estimated funding level. During the application process, providers input program information regarding classroom enrollment, attendance, and staffing costs and benefits, which is then used to calculate the program’s monthly operating expenses. Programs then assess whether the estimated range presented aligns with their monthly operating expenses. If the range is incorrect, providers can submit additional inputs to recalculate. During the first round of funding, only about 10% of providers indicated that the estimate was incorrect and in need of recalculation.

The application process has allowed Indiana to capture an unprecedented amount of provider-level enrollment and operational data for analysis, technical assistance efforts and system-building plans. Indiana has been asked to share its application and grant model with other states and within the national early education technology community.

“I am blown away by how much data Indiana potentially has. This is a very robust portal with lots of possibility to inform Indiana’s strategy going forward.”

Louise Stoney, Co-Founder
Opportunities Exchange

To date, more than 3,209 providers have applied and $151 million has been awarded. The application window for round one closed on Dec. 30, 2021, and a second round will launch in mid-January. Programs must spend all funds by Sept. 30, 2023.
Stabilization Grant Successes

One significant way in which awarded programs are using their Stabilization Grant funds is to strengthen and rebuild their workforce. Here are three programs serving as a model for other programs across the state.

Investing in Teaching Teams

As a statewide advocate for high-quality early education and the operator of 10 high-quality centers, Early Learning Indiana (ELI) serves approximately 1,000 children and employs more than 200 ECE leaders, teachers and support professionals. In November, ELI announced to its team that, thanks to its Stabilization Grant funding, it would offer all classroom staff premium pay through the end of 2021, equal to an extra $2/hour, on top of its already industry-leading pay, and pay out team members for remaining PTO balances at the end of the year, recognizing that PTO is difficult to take in the current lean staffing environment. ELI has also implemented more aggressive workforce recruitment efforts and hiring fairs, as well as a $1,000 sign-on bonus to attract new talent.

Showing Thanks & Lifting Spirits

AppleTree Learning Center in South Bend is a Level 4 PTQ preschool and learning center, and its Stabilization Grant funds are making a significant impact. Alongside improvements to the program’s playground, stocking up on health and safety materials, and renewing CPR and First Aid trainings, the program has used funds to pay off its mortgage, thus freeing up funds to focus on its teaching team.

AppleTree also launched a “Thankful” campaign which included a variety of staff appreciation activities, time off and bonuses to teachers totaling more than $50,000. The program’s leadership says the effort has both lifted team spirits and strengthened the team’s commitment to the program and the children it serves.

“The biggest impact the Stabilization Grant made for our program was to our teachers. The mental health and stamina of our team has been stretched through the pandemic. Because we are short-staffed, many employees are working 50 or more hours a week to meet the needs of our families. Though they’re compensated, we needed to do more to lift their spirits and thank them for their commitment. We hosted a “Thankful” campaign and made sure there was plenty of fun and rest for the staff. It was a celebration for working in the early childhood field and an appreciation for living in Indiana where our leaders and legislators value our work. I’m so proud to say that the bonuses totaled $50,000. The teachers were in sheer disbelief, crying with joy and gratitude! The Stabilization Grant empowered us and helped us feel valued as early childhood teachers. This is the first time our profession has been elevated to this magnitude.”

- Tammy Dant, Director of AppleTree Learning Center

Strengthening the Foundation

The Evansville Vanderburgh School Corporation (EVSC) has long recognized the benefits of early learning and has made a large financial commitment to offering high-quality early childhood education within the district. With 12 licensed, high-quality and NAEYC-accredited sites, the district serves almost 700 children ages six weeks to 5 years, utilizing a combination of tuition, Title I, On My Way Pre-K, CCDF, district general fund and Build, Learn, Grow Scholarship funds.

The Stabilization Grant is supporting the EVSC in strengthening its early childhood program in several critical ways. Funds from the grant are being used to provide all staff with raises of a minimum of 4%, as well as a stipend for teachers who perform additional coaching or administrative duties. The grant is also making it possible for staff to participate in more targeted professional development to build instructional practice. Additionally, the district is hiring new part-time and full-time staff to support the growing needs of children and families and the operation itself. For example, the program’s new social worker will increase program enrollment and proactively identify children and family needs, and an expanded substitute/float pool will provide sustainable support for teachers who are sick or want to take time off.
Other Efforts to Support Programs in Regaining Stability

### Child Care Closure Grants
To support programs facing temporary closures due to a positive COVID-19 case, OECOSL has awarded $8.1M to 1,285 unique programs. The initiative has been extended through March 30, 2022, to address rising COVID-19 case numbers in the state.

### Emergency Relief Grants
To address programs’ increased COVID-19-related operating expenses, OECOSL has awarded programs $26.7M in temporary Emergency Relief Grants. These grants, which expire on Mar. 30, 2022, offer a 20% increase to reimbursements for programs serving children receiving CCDF and On My Way Pre-K subsidies.

> These grants have been essential in allowing us to continue to provide quality care while maintaining all the new CDC and state recommended health and safety guidelines such as social distancing, smaller class sizes, temp checks, etc.

*Participating Provider*

### Hiring and Onboarding Supports
More than $4.6M has been issued in waived background check fees and new hire stipends to support programs in rebuilding their workforce. Funds have supported 18,938 applicants and 9,627 new hires.

> Some of my staff are working up to 55 hours each week to make our schedule work for families. We have had to close a classroom because of the workforce crisis. The extra funding allowed us to hire and compensate staff who have remained loyal and working. Thank you for your efforts, we are incredibly grateful!

*Participating Provider*

### Support for Increased Food Costs
In partnership with the Indiana Department of Education, OECOSL has deployed more than $5.5M to programs in the way of increased Child and Adult Care Food Program (CACFP) reimbursements to provide support for increased COVID-19-related food costs.

> Healthy items, like those required for the food program, are expensive in normal times. With rising food costs, these funds have allowed me to continue purchasing healthier items, like whole grains and organic foods, for the children in my program. I could not have afforded them without these funds.

*Participating Provider*

### Equipment and Supply Stipend
To help programs replenish health and safety supplies and maintain compliance with updated OECOSL guidance, OECOSL issued $1.9M for one-time equipment and supply allowances. The effort reached 1,242 programs working to refresh their supplies for the new school year.

### Business Training
Alongside deploying relief funds, OECOSL partnered with SPARK Learning Lab, the state’s ECE partner for technical assistance and training supports, to launch the Fundamentals for Business Sustainability Training, which empowered providers with new business management strategies to build program operations and strengthen the financial health of their business. Over 3,100 programs completed the training with ongoing learning opportunities continuing.

> Running a home daycare requires a lot of planning and implementing. I appreciate this course, because financials can get ignored and are not often taught. I appreciate all the resources available through this course.

*Participating Provider*
Delivering Support for Working Families

HIGHLIGHT
15,980 children supported with scholarships to help families access quality early care and education programs.
**Build, Learn, Grow Scholarship Fund**

In May 2021, OECOSL launched the *Build, Learn, Grow* Scholarship Fund in partnership with Early Learning Indiana and the Indiana Afterschool Network to help families that work in essential businesses connect to quality care and education opportunities, allowing them to work while supporting their children’s learning. Scholarships cover up to 80% of a child’s early education, summer learning or out-of-school program tuition for children ages 0-12. Scholarship awards are tiered based on the family’s total income, ranging from 20%-80% of tuition, and provide temporary tuition assistance for a population of working Hoosiers not usually eligible for child care subsidies.

CCDF-eligible providers may accept *Build, Learn, Grow* scholarships after completing an introductory training and signing related agreements. Family participation requires printing out and completing a short application that they then take to their provider with supporting income verification. Scholarships are then awarded to the provider on behalf of the family, reducing the amount of tuition the family owes to the provider.

Since launching the fund in May 2021, nearly 13,644 scholarships have been awarded to support 15,980 children, representing $31.6M and 292K total weeks of care. Of the total scholarships, 82% is support for early care and education, while 18% is supporting families with out-of-school care needs. Scholarships have reached children and families in 86 of Indiana’s 92 counties, providing critical access and relief for families while simultaneously reinforcing and boosting system-wide enrollment. Additionally, roughly 50% of awarded claims have been in counties with high poverty and high unemployment, and at least 30% have been awarded to children of color.

The scholarship period, originally set to end in March 2022, is being extended through the end of the school year to support children remaining in care and boost summer program enrollment for 2022.

“I was one of the first people in the state to apply for a *Build, Learn, Grow* scholarship. The application process was extremely easy, and the assistance arrived quickly. I am now saving $600 per month on my son’s child care payment. That might not sound like a lot of money to some families, but it is giving me breathing room.”

Jessica Williams, Mother
Additional Supports for Vulnerable Children and Families

Waived Co-Pays for Families Participating in CCDF

More than $7.7M has been invested to provide temporary financial relief to families enrolled in the state’s child care subsidy system through waived CCDF co-pays. During the waived period, which runs through March 30, 2022, programs receive payment for families’ assigned co-payment directly from the state as part of their regularly scheduled CCDF reimbursements. The waived co-pay program has assisted more than 7,282 children and their families, saving them an average of $50 per week to be used for other household expenses.

Child Care Support for Job Seekers

In recognition of the many Hoosier families experiencing the loss of a job during the pandemic, OECOSL introduced Project Job Search, a temporary service to help families at or below 127% of Federal Poverty Level and displaced from the workforce access On My Way Pre-K or CCDF-funded programs. Since its launch in April 2021, $6.8M has been invested to help 492 Hoosier families access more than 39,000 weeks of child care while they actively pursue work. The state will analyze the outcomes of this effort at the conclusion of the voucher period to determine whether and how to continue a version of the program in partnership with the Department of Workforce Development.

Increased Child Care Assistance for Ivy Tech Students

For students with children, access to quality, reliable child care is a critical component of their educational success. To address this, Ivy Tech and OECOSL joined forces to provide Ivy Tech students with streamlined access to eligible child care assistance. To date, 206 Ivy Tech students (who meet the CCDF eligibility criteria) have been referred to and awarded child care assistance, increasing their likelihood of success and providing quality early learning opportunities to a total of 346 children. This is a great example of how strong, community-based partnerships can increase the identification and support of eligible populations in accessing quality child care, while also helping them become more financially independent for the future.

“Ivy Tech is focused on improving graduation rates for our single parent learners. Child care is one of the most cited needs and the CCDF voucher has made the impossible possible for parents who want to complete a degree or skill up for a better opportunity. We know that students who complete even a short-term certificate are making, on average, $6,800 more per year. The partnership with Indiana’s Office of Early Childhood and Out-of-School Learning has been a game-changer for our students!”

Dr. Sue Ellspermann, President
Ivy Tech
Building System Structure & Capacity

HIGHLIGHT

A $1M investment to support the launch of the new Early Learning Marketplace to help Hoosier families connect with care
Investing in New System-Building Supports

Alongside relief efforts for programs and families, OECOSL is also making investments in new system supports that build the sector’s position for the future. While these efforts have not yet kicked off publicly, they are actively underway and have been shared with partners, stakeholders and the broader provider audience. These system-building efforts include the following initiatives.

New Early Learning Marketplace

In partnership with Early Learning Indiana, the state has invested $1M to support the launch of a new Early Learning Marketplace, designed to help modernize the care-finding experience for families and introduce a shared space for providers to market their programs. The site, which is currently in a pilot phase with a full launch happening in early 2022, offers a digital search tool for families to identify programs in their area that meet their needs, a family-facing FAQ section and links to consumer education, and a form for providers to post and share their program details and openings. Funds will be used to broadly promote the tool to Hoosier families seeking care.

Planning for Interoperability

Data in the child care industry is siloed. Providers’ use of technology varies widely, and even if all providers did use technology, there aren’t any early childhood data standards that allow communities and stakeholders to use data in a meaningful way to drive the system forward. In partnership with the Department of Education, OECOSL is working to establish an interoperability framework for Indiana and to encourage providers to adopt and use child care management systems that support those standards. By establishing common data standards across the sector, OECOSL and other state and local stakeholders can better assess the strengths and opportunities of the system and make decisions that support improved outcomes for children.

Shared Substitute Pool

To help build workforce capacity, OECOSL plans to support the creation of a shared ECE substitute pool that will allow providers to draw short-term and part-time staff from a centrally managed pool of qualified candidates. While OECOSL plans to invest directly into the creation of such a tool, one that will ideally be operated by a private sector partner, it also plans to support the effort by establishing a Substitute Teacher Certificate and helping participants meet related training and regulatory requirements. Partners in this effort include Early Learning Indiana and Indiana Association for the Education of Young Children, both of which have contributed to planning and research.
**Contract-Based Financing Strategies**

Another key strategy for building system structure and capacity involves contract-based financing strategies, or agreement centers. An increasing number of states are using such strategies (e.g., CCDF slots) to address some of the disincentives that exist for providers to participate in the subsidy system, in turn increasing low-income working families’ access to high-quality child care settings, especially for infants and toddlers. Additionally, while traditional subsidy revenue can be unstable and rates are below the true cost of care, contracts offer stable and reliable resources — such as reimbursement based on enrollment, not attendance — that support increased sustainability for providers.

Several states have implemented strategies like these, using them to manage a significant portion of their state’s subsidy program and to increase the supply of certain types of care to better meet the needs of families. In these models, contracted providers are allotted a certain number of spots and assume responsibility for managing them. Providers report and market openings, determine eligibility and assess parent co-payments.

Indiana has partnered with Opportunities Exchange, a nonprofit consulting group specializing in ECE policy and finance, to assess current and potential contract-based financing models and to assist in the design of a leading approach here in Indiana. Goals of the effort include strengthening the supply and quality of care options for low-income families across the state and modernizing the service experience for families. The effort is expected to roll out in the first half of 2022.

**Looking Further Ahead**

Beyond the efforts already underway, OECOSL has identified, in partnership with statewide stakeholders and partners, additional future-looking needs to be addressed through the state’s appropriation of federal relief and recovery funds. First, it plans to refresh the ECE policy environment, streamlining and making policies more equitable for participating providers, while also introducing new requirements that reinforce operational sustainability. Additionally, working alongside changes to contract slots, the state hopes to redesign subsidy payments to continue building the state’s supply of high-quality care. Some of this work has begun with recent changes made to reimburse providers based on market rate instead of the lesser of market rate or provider charge and based on the county where a child is enrolled in care versus the county where the child resides.

Finally, the state intends to support the strengthening of the ECE workforce, helping to broker enhanced benefit options for workers and investing in new workforce models that build quality. While the state will take a leading role in some of these efforts, it also hopes to spur cross-sector engagement and encourage others to take an active role in redesigning the industry for the betterment of Hoosier families, children, providers and communities.

In closing, Indiana has a unique opportunity to address the challenges underpinning the system, but realizing it requires the collective best thinking and partnership of our state’s partners, stakeholders and providers. OECOSL is fortunate to have so many great partners invested in doing this.

For questions or to provide input on Indiana’s Build, Learn, Grow planning, email us at buildlearngrow@fssa.in.gov.