

## Overview and Notes

This draft report outline contains the draft recommendations from the Commission's deliberations from December 2019 through the present. These draft recommendations have not been finalized or received final approval and consensus from the Commission.

The draft outline also does not yet have any finalized framing, racial equity analysis, narrative, organizational structure, or formatting. Rather, this draft is intended to help guide Commission deliberations toward consensus on the recommendations themselves. It is likely that the report will have multiple sections, including an executive summary or other digest.

This report will be submitted to the Governor in March 2021 and will remain in draft form and subject to revision and finalization until that time.

## 1. Background & Opportunity for Commission on Equitable Early Childhood Education and Care Funding

- a. The Opportunity
  - i. Articulate vision for racial, income, and geographic equity and access to high quality services that includes fairly paid workforce
  - ii. Articulate how this vision connects to other aspects of a child and family's well-being
  - iii. Articulate what works well today that will remain part of the future vision, such as commitment to birth-3 programs and the mixed delivery system
  - iv. Connect the impact of this vision to the undoing of systemic racism and injustice
  - v. Connect the impact of this vision to the economic welfare of the state as a whole
- b. The Challenge
  - i. Describe the three agency, disaggregated system of funding, accountability, policy, communications
  - ii. The current system is not working – there is no unified set of policy initiatives, planning, quality standards and accountability, or funding, which has created:
    1. Inequities in access to high-quality services
    2. Inadequate funding
    3. Underpaid workforce
  - iii. Preview profiles of 3-5 Illinois families: their workforce situation, their early childhood education and care needs, their provider, their community – which tangibly articulates what these challenges look like
  - iv. Reminder of how these challenges play out for the state's long-term welfare including the economy

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- v. Describe root causes of the system's insufficiency
- vi. Absent an articulated funding goal, absent a long-term, unified planning and policy infrastructure, absent inextricably linked funding and accountability system - policymakers cannot address the inequities and insufficiencies
- vii. Statement on events that transpired during this Commission's work: COVID-19, economic downturn, police brutality. These events exposed what we already know – racial injustice is baked into our society. We are reckoning with this as a state – we must also reckon with it within the early childhood education and care system. Thus far, the Commission has:
  - 1. Conducted analysis of the ECEC system by geography and by race (to the extent possible with existing data), which helped form the foundation of and purpose for the Commission. Cite initial research shared with Commission members prior to and at the first several Commission meetings.
  - 2. Adopted the ELC's definition of racial equity.
  - 3. Created the Racial Equity Working Group, philanthropically supported consultation with Chicago United for Equity, and execution of a Racial Equity Impact Assessment inspired analysis of the recommendations and development of recommendations for implementation and accountability to promote racial equity.
- c. The Charge & Guiding Principles
  - i. The purpose of the Commission
  - ii. The Commission shall study and make recommendations to establish funding goals and funding mechanisms to provide equitable access to high-quality early childhood education and care services for all children birth to age five and advise the Governor in planning and implementing these recommendations.
  - iii. Guiding Principles
- d. Scope
  - i. The Commission is focusing specifically on the Early Childhood Education & Care system
    - 1. Childcare centers and homes
    - 2. Childcare subsidies that make care more affordable
    - 3. Home visiting
    - 4. Preschool
    - 5. Early Intervention services for students with special needs
    - 6. Early Childhood Special Education
    - 7. Supports for Family, Friend, and Neighbor care
    - 8. Head Start and Early Head Start centers and services

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- ii. Pan back to individual family profiles for examples of their situation. Describe other aspects of early childhood that are part of their early childhood experience that are excluded from the Commission's scope and considered in these recommendations

## 2. Summary of Recommendations

- a. What is equitable access to high-quality early childhood education and care?
  - i. High-quality ECEC is available and accessible in all communities, especially in communities that have traditionally been underserved and under-resourced, including communities of color and rural communities. Services are designed to support children's growth and development and to accommodate parents' need for children to be cared for while parents are at work, and as a byproduct, employers and communities experience greater productivity and are thriving because parents have reliable child care.
  - ii. Equitable access means high-quality ECEC is *affordable, accessible, available, accommodating, and accepting* of all who need it. Creating equitable access requires engaging and involving the beneficiaries most impacted by the ECEC system in its redesign.
  - iii. High-quality ECEC meets children and families where they are and provides them with services they need to grow and develop.
- b. What would it look like for children and families to have equitable access to high-quality early childhood education and care?
  - i. Highlight the profiled families – specifically what changes for their current situation and for the family and child's long-term trajectory
  - ii. Highlight the change in the well-being of our state – racial injustices, economy
- c. To create this, we need to have a system that ensures the funds and resources go where they are needed (plumbing analogy). The system must have an effective, efficient, aligned, reliable, and accessible funding allocation and distribution system.
- d. A system that distributes public resources in this way requires:
  - i. One set of tiered quality standards and an accountability system linked to a centralized funding system
  - ii. Unified policy leadership
  - iii. Systemwide data and capacity for analysis, including disaggregated by race/ethnicity
  - iv. Unified, community-level process and infrastructure for listening and engagement, planning, and assisting parents in navigating the system
  - v. Unified professional and workforce development
  - vi. Unified quality improvement supports, including mental health consultation
  - vii. One authority for providers, implementing a coherent monitoring system

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- viii. One voice of collaboration across other areas of early childhood development
- e. These are the system requirements that create the equitable access to high-quality early childhood education and care that we envision
- f. What needs to happen to put these requirements into operation and make them sustainable?
  - i. **Utilize this Commission's articulated, long-term funding goal in policymaking**
    - 1. Conveys the level of investment that is adequate, how current funding compares, and how Illinois should prioritize investments to achieve the funding goal
    - 2. This allows policy makers and state leadership to understand where we are relative to where we need to go
  - ii. **Centralize and coordinate Illinois' ECEC funding system**
    - 1. Pulls together state appropriations and federal funding spread across three state agencies
    - 2. This allows policy makers and state leadership to send money to where it is most needed, and it provides for greater predictability and stability for providers, inherently creating better services for children
  - iii. **Centralize Illinois' ECEC systems into one state agency**
    - 1. Creates one state agency dedicated to ECEC with designated community and regional structures
    - 2. This allows for the articulated requirements to be put into operation
- g. In fulfillment of the Commission's charge, these recommendations all together create an ECEC system where there is adequate public funding that flows equitably, transparently, and with stability to providers and communities to support equitable access to high-quality ECEC services for all children birth through age five.

### **3. Recommendation: Utilize this Commission's articulated, long-term funding goal in policymaking**

- a. Despite the state's current fiscal challenges, this Commission quantified the cost to adequately fund equitable access to high-quality early childhood education and care services because it:
  - i. Provides an understanding of where we are compared to where we need to be
  - ii. Provides an understanding of why close to  $\frac{3}{4}$  of Illinois' children are not prepared for Kindergarten, why there is insufficient access to high-quality services, and why there is a dramatically underpaid workforce
  - iii. Provides a view of externality / incremental cost currently borne by families, workplaces, school systems, healthcare systems that is derived from this underfunding

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- iv. Guides policy and investment decisions in line with a long-term vision of equity and quality
  - v. Prepares the state for the day when funding comes available federally and within our state
- b. This funding adequacy calculation and funding goal for Illinois is not a budget ask for an upcoming legislative cycle, nor is it an unfunded mandate for provider salary and staffing requirements or program models.
- c. Rather than proposing a required level of funding in the state budget, the funding adequacy calculation is designed to be a road map to help better inform budget making decisions in future fiscal years for early childhood education and care.
- d. We are at 14% today of what we would calculate to be adequate to serve all families who would seek access to services
- e. Break down \$13.6B estimate into component parts
- f. Demonstrate what that means at the family & provider level using the profiled families with focus on ensuring racial and geographic equity (i.e., eliminating racial, ethnic, and geographic disparities in the items below)
  - i. Increased children served
  - ii. Higher quality services provided
  - iii. Increased affordability
  - iv. Increased workforce compensation
- g. The Commission recommends
  - i. the cost model be updated at a minimum of every four years, in alignment with the Commission's Guiding Principles,
  - ii. an annual update should be conducted for inflationary factors and any material changes.
  - iii. an advisory body, with diverse membership representative of the full early childhood field, should be created to support with this periodic reevaluation of the adequacy estimate.
- h. The Commission recommends that the State conduct more in-depth cost modeling in the next year for Early Intervention, Early Childhood Special Education, and Family Friend and Neighbor care services.
- i. The Commission recommends a study to assess current local funding capability and to identify options and incentives for longer term local contributions to adequate funding.
- j. Further, the State should prioritize estimations of the cost of local and regional capacity building and infrastructure, state infrastructure necessary to support the other recommendations included in this report, and the cost of growing the early childhood system to meet the recommendations.

**4. Recommendation: Centralize and coordinate Illinois' ECEC funding system.**

- a. The Commission is recommending that the early childhood education and care funding sources be administered and leveraged together in a centralized process and distributed from the state in new ways.
  - i. This would be different from the current ECEC funding mechanism, which is spread across three different state agencies and the Governor's Office of Early Childhood Development, which leads to different policies and processes that providers must follow and different funding systems that do not operate on a unified strategy. *[Include "spaghetti" chart showing current system governance and organization of funding distribution.]*
  - ii. A centralized system will allow policy makers and state leadership to send money to where it is most needed, and it will provide for greater predictability and stability for providers, inherently creating better services for children.
- b. Funding sources to be centralized & coordinated (\$X billion of the \$1.9 billion)
  - i. Early Childhood Block Grant (State General Revenue)
  - ii. Child Care Assistance Program (State General Revenue, federal Child Care Development Fund, federal Temporary Aid to Needy Families transfer portion)
  - iii. Parents Too Soon (State General Revenue)
  - iv. Healthy Families Illinois (State General Revenue)
  - v. Maternal, Infant, and Early Childhood Home Visiting (federal)
- c. Funding distribution to be conducted in new ways
  - i. Direct distribution to service providers to cover the following services or some combination therein:
    - 1. education and care,
    - 2. home visiting
    - 3. program incubation
    - 4. program start-up
  - ii. Direct distribution to service providers or to local or regional support entities to cover the following services or some combination therein:
    - 1. program incubation
    - 2. workforce and professional development
    - 3. training and technical assistance
    - 4. community systems development
    - 5. data collection and analysis
    - 6. family and community engagement
- d. Funding allocation to be conducted in new ways
  - i. To create more stability and consistency for providers receiving funds from the State, so that they can better offer services to families, and

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- ii. To create more transparency in service of equity in the state's ECEC funding system, something the current fragmented ECEC funding system simply cannot do
- e. Thus, the Commission is recommending that the State transition to a system of weighted formula-based grants and multi-year contracts to administer centralized early childhood education and care funds.
  - i. Education & Care and Home Visiting
    - 1. Based on per-child or per-classroom formulas that are weighted to more equitably support children and communities with a need for greater investment.
    - 2. Funds could be distributed in advance based on projected enrollments with periodic true ups based on actual enrollments, alleviating significant cash flow burden on providers
    - 3. Funds could be distributed through longer-term, multi-year contracts that can be reauthorized based on uniform accountability standards rather than recompeteted every few years.
    - 4. Funding amounts for support services could be lump sum amounts based on services to be provided
  - ii. Program Incubation & Start-Up
    - 1. Grants to support expansion of high-quality services could be made available to providers through targeted, equity-informed Requests for Proposal or other applications.
    - 2. Grants should be targeted to communities in the state that have not seen sufficient investment and resources and so do not have sufficient high-quality services.
- f. Providers will attain better fiscal health, stability, and ability to plan their services - ultimately providing a more stable environment for children and families:
  - i. Stable, predictable sources of funding mean providers are more likely to stay in business, invest in quality, and be assured of timely payments
  - ii. More providers may work with the state and thus provide services to eligible families
  - iii. An equitable distribution of funding that does not privilege those providers with the resources necessary to maneuver a complex funding process can ensure more opportunities for children and families to access services
  - iv. Less time spent on administrative burden and more time focusing on the core mission - serving young children
- g. Further, the State will attain greater capacity to equitably distribute funding and to understand how all public ECEC funds are invested to support children and families in the state.



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- h. This transition must take place slowly and deliberately, over many years as the system becomes more adequately funded, and with significant input from providers and other stakeholders along the way. The transition should begin with those providers that serve primarily low-income families and receive most of their revenue from public sources.
- i. Bring this back to the profiled families and providers - how does this funding distribution change impact their experience, specifically.
- j. To foster equity in the early childhood education and care system, the State must support equitable access to high-quality Early Intervention and Early Childhood Special Education services. More study is urgently needed to determine which funding mechanisms can best support this equitable access.
  - i. These programs are intertwined with other systems (such as K-12, Medicaid, and local funding streams) and subject to significant federal law and oversight
  - ii. Recommendations require involvement of a greater number of members of the field to evaluate more dramatic changes to the system.
  - iii. For inclusion, funding mechanism and funding goals should be written such that all children who are eligible for services should be able to receive them in a way that meets their needs and the needs of their families
  - iv. The State must further define how to best provide Early Childhood Special Education services for children ages 3-5 wherever they are in the mixed delivery system, at the location of family choices and informed by their Individualized Education Plan team.
  - v. The State must define the funding mechanism parameters that transparently and effectively support providers in offering a continuum of services to meet child and family need in a high-quality setting for children with disabilities and typically developing children.
  - vi. While this further study is underway, state appropriations for Early Childhood Special Education should remain in the K-12 Evidence-Based Funding Formula with the ultimate goal of integration into a single, unified ECEC system as soon as is feasible.
    - 1. Meanwhile, the Commission recommends that the ECSE component of the K-12 Evidence-Based Funding formula be corrected to fully reflect adequate cost
  - vii. The State must evaluate options for an Early Intervention system of payments that can incentivize smooth, equitable family service delivery and effective collaboration, effectively recruit and retain qualified service providers, and promote smooth transitions between programs.
  - viii. These recommendations indicate progress made on cataloguing and synthesizing both challenges within the current funding mechanisms for these



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two services and the potential downstream effects of any large-scale changes to those funding mechanisms.

### 5. Recommendation: Centralize Illinois' ECEC systems into one state agency.

- a. The Commission weighed different options for unifying the ECEC system: fostering greater coordination across the various state agencies involved in ECEC; consolidating ECEC within the Illinois Department of Human Services or the Illinois State Board of Education; or creation of a new state ECEC agency. Research and discussions with other states as well as analysis of Illinois' own unique historical, political, and fiscal context surfaced both positive and negative potential outcomes associated with each of these options. The Commission's deliberations resulted in the recommendation to create one new state agency dedicated to ECEC with designed community and regional structures. These deliberations also unearthed a bevy of additional questions and unknowns that must be vetted and analyzed before the state moves forward with this recommendation.
- b. This allows for the articulated requirements of the envisioned ECEC system to be put into operation
  - i. One set of quality standards and accountability system linked to a centralized funding system
  - ii. Unified policy leadership
  - iii. Systemwide data
  - iv. Unified, community-level process and infrastructure for listening and engagement
  - v. Unified professional and workforce development
  - vi. Unified quality improvement
  - vii. One authority for providers
  - viii. One voice of collaboration across other areas of early childhood development
- c. Any future new state agency must possess the capacity to drive our system toward equitable outcomes
  - i. Must intentionally focus on racial and ethnic disparities, income disparities, language, culture, geography, and age.
  - ii. Requires rooting out racism and dismantling existing systems of oppression that produce inequitable outcomes
  - iii. Requires transforming policies and practices through application of a racial equity framework to reconcile past harms, establish guardrails against reproducing inequity, and lead to the development and execution of all other capacities that help children thrive
- d. The centralization would bring together many programs that are currently embedded within 3 state agencies:

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- i. ISBE's Early Childhood Block Grant – Preschool for All, Preschool for All Expansion, Prevention Initiative
  - ii. IDHS's Child Care Assistance Program
  - iii. Home Visiting, housed at IDHS and GOECD – MIECHV, Healthy Families, Parents Too Soon
  - iv. IDHS's Head Start Collaboration Office, and the State's relationship with Head Start
  - v. IDHS's Early Intervention
  - vi. DCFS's day care Licensing
  - vii. The Commission recommends further study to evaluate whether ISBE's Early Childhood Special Education should also be centralized in this new agency.
  - viii. A note: The Commission does not expect that existing employment levels within existing state agencies would be impacted by the creation of a new state agency.
- e. A community and regional infrastructure will be necessary to meet the Commission's vision for the system and ensure input from families and providers to form the basis of decision making
  - i. Include an overview of why this infrastructure is necessary and what is lacking today.
  - ii. Community-driven planning via stakeholder engagement at the local level, using community data, can fuel distribution of funds for provider incubation, training and technical assistance, further family engagement, etc.
  - iii. Capacity to collect and analyze data at the local/regional level
  - iv. Family engagement, outreach, and support for families' navigating the system at the local level
  - v. All of this must be done with a racial equity lens to best support families, educators, providers, and communities of color in building the capacity and infrastructure needed to provide equitable access to high-quality ECEC services
- f. This agency will carry out the following capacities at the state and/or regional or local levels: (include details previously discussed by the Commission)
  - i. Policy Leadership
  - ii. Funding & Oversight
  - iii. Infrastructure
  - iv. Communications
- g. A centralized ECEC state agency will fulfill the following objectives to ensure equitable access and support equitable outcomes for children and families:
  - i. Plan cohesively for sustainable ECEC
  - ii. Improve access to high quality and ensure equitable outcomes

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- iii. Improve system transparency, accountability, and efficiency
  - 1. In accordance with our Racial Equity review, the agency must:
    - a. Include an accountability office that prioritizes quantitative and qualitative data, including the creation and maintenance of performance scorecard that disaggregates metrics by race
    - b. Support the data capacity of providers and communities
      - i. Quality data collection, including race data
      - ii. Community level capacity to analyze data on service gaps
      - iii. Culture of data-based decision making to support racial equity in services
    - c. Be accountable to communities through implementation by reporting on metrics
  - iv. Respond to family need and earn public trust
- h. If a new state ECEC agency is created, governance will matter deeply to its sustainability
  - i. The Commission recommends a Board governance structure, a public-private partnership to support collaboration and coordination across the comprehensive early development field, and advisory bodies to support consultation with and involvement of families and providers (including an advisory body focused on funding adequacy)
  - ii. Advisory bodies could be unified under the Early Learning Council umbrella with targeted charges

## 6. Final reflection on the profiled families

- a. What new provider options would be available?
- b. How could their provider's services differ?
- c. What will the child be exposed to before kindergarten vs. their current situation?
- d. How will coordination with other family supports work?

## 7. Planning & Implementation

- a. The main work of the Commission was to bring voices together to recognize the fundamental challenges and to recommend fundamental changes. This process unearthed many issues that cannot be covered within the Commission's timeframe, and indeed must help to shape implementation of the Commission's recommendations beginning upon conclusion of the Commission's work.

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- b. A nimble implementation team, informed by and representative of orbiting advisory bodies from all areas of the early childhood field, should lead the implementation of the Commission's recommendations.
  - i. To effectuate the planning, implementation, and immediate initiatives for 2021, the State must:
    - 1. Articulate the leadership and decision-making structure required
    - 2. Articulate the team resources required
    - 3. Articulate the cross-agency resources required
- c. Implementing a new ECEC agency with a centralized funding system requires significant, intentional, and well-resourced effort.
  - i. Technical Working Group findings
- d. This implementation team must prioritize equity
  - i. Prioritize stakeholder voice
    - 1. Advisory councils should play the following role through implementation
    - 2. Intensive, iterative stakeholder engagement and involvement as an ongoing feedback loop must be a focus of implementation.
    - 3. The State should conduct a full Racial Equity Impact Assessment during implementation.
  - ii. Ensure Equity in Funding Goals
    - 1. Identify which services will be prioritized and for whom so that inequities are not exacerbated; then set benchmarks to monitor implementation over time
    - 2. Determine human capital recruitment & capacity building strategies (e.g., workforce, community systems)
    - 3. Prioritize funds to build capacity in areas that are underserved
  - iii. Ensure Equity in Funding System
    - 1. Identify which services will be prioritized and for whom before funding adequacy is reached
    - 2. Involve providers and parents in the RFP development process to ensure it is accessible
    - 3. Create racial equity-based criteria for funding eligibility or priority
    - 4. Identify and address how expanded funding distribution could burden or exclude current providers
    - 5. Build in accountability for multi-year contracts
    - 6. Mandate service types based on need (e.g., bilingual service availability)

7. Address outstanding issues and questions for populations that require specific supports and priority, such as English Learners and children with special needs
- iv. Ensure Equity in the New Governance Structure
  1. Build the capacity of local boards or advisory bodies
  2. Identify and provide services based on community need
  3. Collaborate with state, regional, and local agencies to address service alignment
  4. Involve community directly in decision-making to create the new agency in a way that can prioritize racially equitable policy decision-making
- e. Call out the tension: The Commission's long-term vision will take time and change is needed NOW. Therefore, here are immediate priorities for the state to implement in 2021 that are aligned to the Commission's recommendations:
  - i. Funding Policy
    1. Move away from funding reimbursement for as many funding sources as possible in favor of funding based on projected enrollment, with periodic true ups thereafter
    2. Implement policies to support ECBG/CCAP and HS/CCAP programs, while incorporating some greater accountability and targeting of this program
    3. Map adequacy and associated plans for rate increases, prioritizing where to invest incremental funding
      - a. Mapping can inform near-term expansion of early childhood education and care and home visiting services
      - b. Child care rate increase plan for centers
      - c. Set groundwork for funding formula
    4. Pilot centralized funding formula
      - a. ExceleRate pilot—supporting quality improvement with up-front funding to support needed staffing pattern and compensation levels
      - b. Early Childhood Block Grant and Child Care Assistance Program pilot—combining funding sources into single, stable grant
      - c. FCC network pilot (or expansion)—supporting quality in home-based settings
  - ii. Data Systems
    1. Establish metrics & reporting system
    2. Illinois Longitudinal Data System 2.0
    3. Attendance & enrollment system

- 4. Educator data system integration
- iii. Workforce Initiatives
  - 1. Centralize professional development and coaching supports
  - 2. Improve career pathways
    - a. Credit-bearing CDAs
    - b. Level 5 to PEL pathway
    - c. Cohort supports
    - d. Course modularization
    - e. Educator debt relief
    - f. Credential fee structure/relief
- iv. Centralize advisory councils
- v. Create Implementation Steering Committee with provider and parent representation and a Racial Equity Subcommittee
- f. All the above work is work that a centralized agency would do, and that must be done by an identified champion in the State in anticipation and in development of a centralized ECEC structure— alongside these initiatives, the state must plan the new funding system and agency structure in 2021.
  - i. Identify multi-year priorities and strategies
  - ii. Outline aspects of the multi-year strategies that will require legislation
  - iii. Plan phase-in of all aspects of envisioned system (centralization of funding, policy, accountability, infrastructure, communications)
  - iv. Plan organizational chart of new centralized structure
  - v. Define community and regional roles in the ECEC infrastructure
  - vi. Initiate search for future ECEC state leader
  - vii. Create Implementation Steering Committee with provider and parent representation
- g. Relate everything back to profiled families

## 8. Appendices

- a. Commission members and affiliations
- b. Commission's term
- c. Commission's process
- d. Commission's use of research, reports, experts