



# **Commission on Equitable Early Childhood Education and Care Funding**

Commission Meeting #6

May 11, 2020

# Today's Goals

- Gain understanding on the direction of each Commission working group
- Further refine the definition of “equitable access” in the Commission’s charge
- Refine the Commission’s final deliverable scope and timeline to get to recommendations



# Today's Agenda

Agenda Item	Time
Roll Call and Introduction	10:00-10:15
Updates from Working Groups	10:15-10:45
Defining "Equitable Access"	10:45-11:35
Commission Timeline & Deliverable Scope	11:35-11:50
Next Steps	11:50-11:55
Public Comment	11:55-12:00

# Commission's Charge

“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.”



# The crisis has highlighted the urgency of the Commission's work

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- **Urgency of Management & Oversight improvement:** creating a streamlined system becomes our biggest priority
- **Funding mechanisms cause confusion:** multiple disconnected funding streams have exacerbated provider decision making challenges
- **Financial ramifications:** funding increases in future year budgets are more uncertain
- **Adequacy still matters:** Poor funding is placing enormous strains on providers and the IL ECEC system. We must focus on long-term wins for adequacy.

# Updates to Guiding Principles

These Guiding Principles reflect the Commission's values and beliefs, guide how it operates, and lay a foundation for decision-making.

## High Quality ECEC is a Public Priority

- It should be invested in as such as this is critical to our State's workforce, economy, and welfare of its residents.

## Promote Equity

- We will endorse a system that promotes equitable outcomes for children, with intentional focus on race, ethnicity, culture, language, income, children's individual needs, and geography.

## Embrace Bold System-Level Changes

- Everything is on the table, including how funding flows, how funding decisions are made, and who makes them, to better serve all children and families.

## Build Upon the Solid Foundation

- We will build upon the successes of Illinois' past and current system, its commitment to a prenatal to five system, the lessons from other states, and the expertise and research in the field.

## Prioritize Family Perspectives, Needs, and Choices

- We will prioritize families' perspectives, needs, and choices as we make recommendations to improve the system.

## Design for Stability and Sustainability

- We recognize our system must provide funding stability for providers, educators, and staff across mixed delivery settings to better serve families. **System must embrace flexibility to respond to changing circumstances and family needs, and must possess the human and technical capacity to do so.**

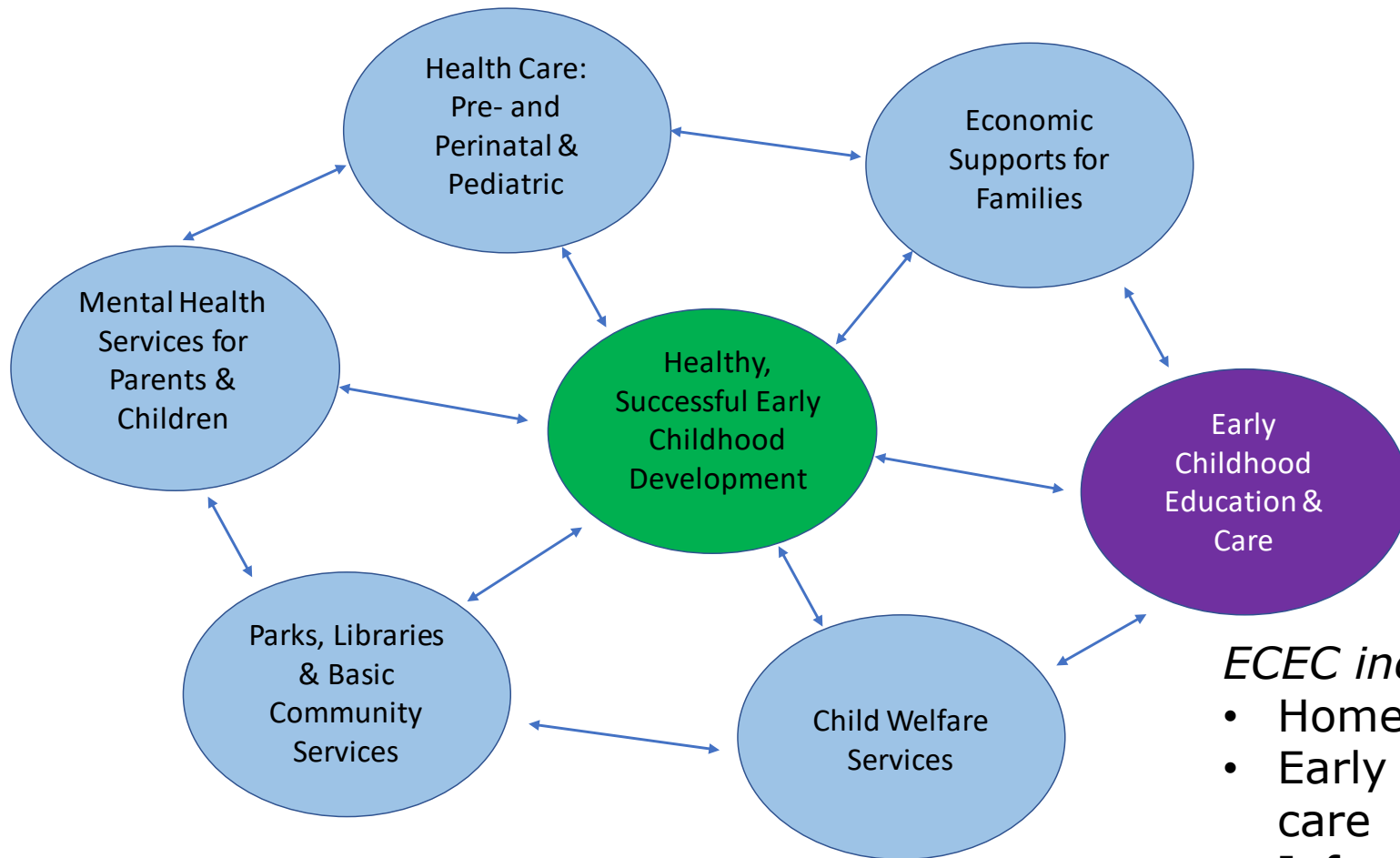
## Require System Transparency, Efficiency, and Accountability

- We see these as necessary conditions for all stakeholders, funding distributors, and funding recipients for any future ECEC funding structure.

## Recognize Implementation Realities

- We will plan for meaningful change over a multi-year time horizon. **We will respond to disruptions in the system to meet the reality of changing needs.**

# The Commission is focusing specifically on the Early Childhood Education & Care system



- ECEC includes:*
- Home visiting
  - Early learning and care
  - Infrastructure for these services

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*Updates from Each Commission Working  
Group*



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# Management & Oversight Working Group

# Management & Oversight Charge

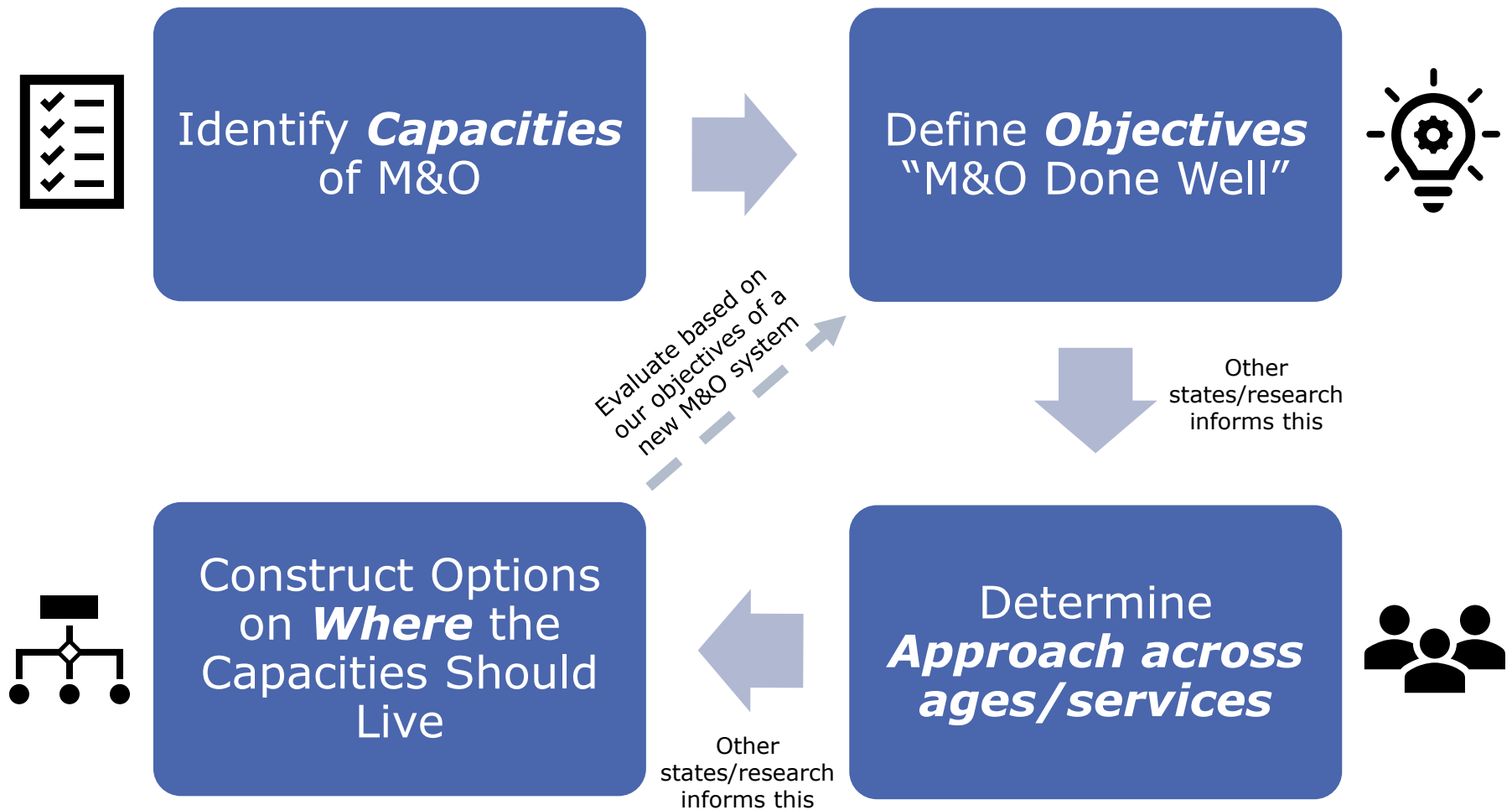
**Goal:** *recommend improved ECEC management structures and responsibilities, in alignment with Guiding Principles*

## Key Questions to Answer:

- Who sets the vision and maintains and updates policies and priorities for the overall ECEC system in Illinois?
- Who allocates funds and distributes them?
- Who holds recipients accountable for what they do with funding?



# Process to Develop M&O Recommendations



# Management & Oversight Capacities

REVISED 3/5/20



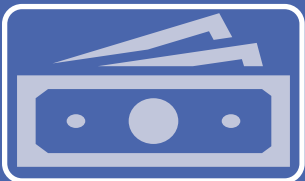
**What are the state and regional capacities that a successful ECEC management and oversight system must possess?**

## Policy Leadership



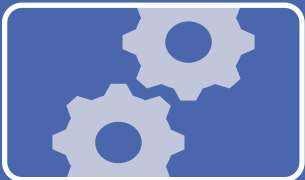
- Set & maintain statewide vision, goals, and priorities
- Set quality and early learning standards and guidelines
- Develop and implement system policies, rules, and regulations (including budget) based on family, community, and provider perspectives and needs in response to gaps
- Engage policymakers
- Partner and coordinate with other child- and family-serving state agencies and ECEC system advisory bodies

## Funding & Oversight



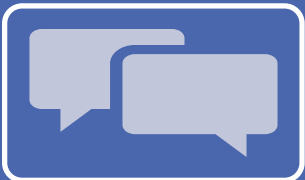
- Use data and community perspectives to inform the budgeting process
- Make funding allocation decisions
- Administer funding distribution
- Conduct monitoring and compliance oversight

## Infrastructure



- Develop leadership capacity to implement improvements to the ECEC system
- Collect, analyze, and evaluate systemwide data
- Manage system level continuous quality improvement
- Administer professional development and workforce development

## Communications



- Report systemwide data
- Provide stakeholders with clear information and engage stakeholders in the decision-making process
- Create opportunities for input from families and providers

# Management & Oversight Objectives

REVISED 3/5/20



**A management and oversight structure that possesses the previously described capacities will meet the following objectives:**

## **Plan Cohesively for Sustainable ECEC**

- Unify vision, decision making, communication
- Unify the definition of quality
- Design program models and funding streams to respond to family and community needs and system gaps and inequities
- Meet regulatory requirements
- Navigate political and administrative changes

## **Improve Access to High Quality & Ensure Equitable Outcomes**

- Ensure sufficient capacity at regional/local level
- Use data to inform decisions on resource allocation to meet system and community goals, and prioritize resource distribution to achieve equitable outcomes for children
- Fund and incentivize high quality ECEC services

## **Improve System Transparency, Accountability & Efficiency**

- Unify monitoring, data collection & reporting
- Send funding allocations to providers with time to plan
- Implement systems to support simplified funding distribution and reduce duplication of effort

## **Respond to Family Need and Earn Public Trust**

- Unify family engagement and community systems strategies
- Implement accountability that is focused on family perspectives and data

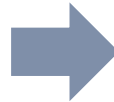
**Reminder: anything we create for recommendations will be assessed using these objectives<sup>13</sup>**



# State level M&O – a framework

*A Framework for Choosing a State-Level Early Childhood Governance*  
(BUILD 2013):

1. **Coordination among agencies**, where administrative authority is vested in multiple agencies that are expected to collaborate with each other
2. **Consolidation**, in which multiple programs are administered by the same agency, particularly state education agencies; and
3. **Creation**, the creation of a new agency focused on early education and care



Regarding administration of ECEC M&O capacities:

**At the state level, should this capacity be coordinated or centralized for all ECEC services?**

If centralized, within a current agency or a creation of a new one?

# Outcomes of our most recent meeting

- **Centralization of ECEC management & oversight** has greater potential to fulfill the capacities of a successful management & oversight system than coordination across multiple agencies
- Having **ECEC centralized enables deeper collaboration** across other areas of the early childhood ecosystem, public and private

## **Next Steps**

- Consider state role in implementing capacities and corresponding regional/local role
- Analyze centralization in the context of agency creation or consolidation into an existing agency
- Determine and discuss implementation phase-in priorities

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# Funding Mechanism Working Group



# Funding Mechanism Working Group Charge

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**Goal:** *recommend improved funding mechanisms to move funding from various sources to recipients, in alignment with Guiding Principles*

## **Key Questions to Answer:**

- **How will funding move** from various sources to recipients?
- How will **recipients of funding be determined**?
- How do funding systems/structures **interact with accountability systems/structures**?
- How can **funding mechanisms be improved** to support the Commission's guiding principles?
- What **funding innovations** could increase efficiency of existing funding?

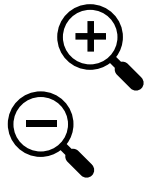
# Process: How We Get to Funding Mechanism Recommendations



Defining Objectives for Funding Mechanisms



Identify *Pros & Cons* of Funding Mechanisms



Other states/research informs this

Evaluate based on our objectives  
Align interdependencies with Management & Oversight



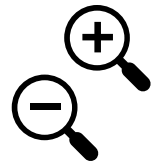
Construct Options on *How* Funding Should Flow



***What are the advantages and disadvantages of leaving blending funding sources to providers as opposed to the system level?***

**The Working Group believes there is value to blending funding sources upstream at the system level.**

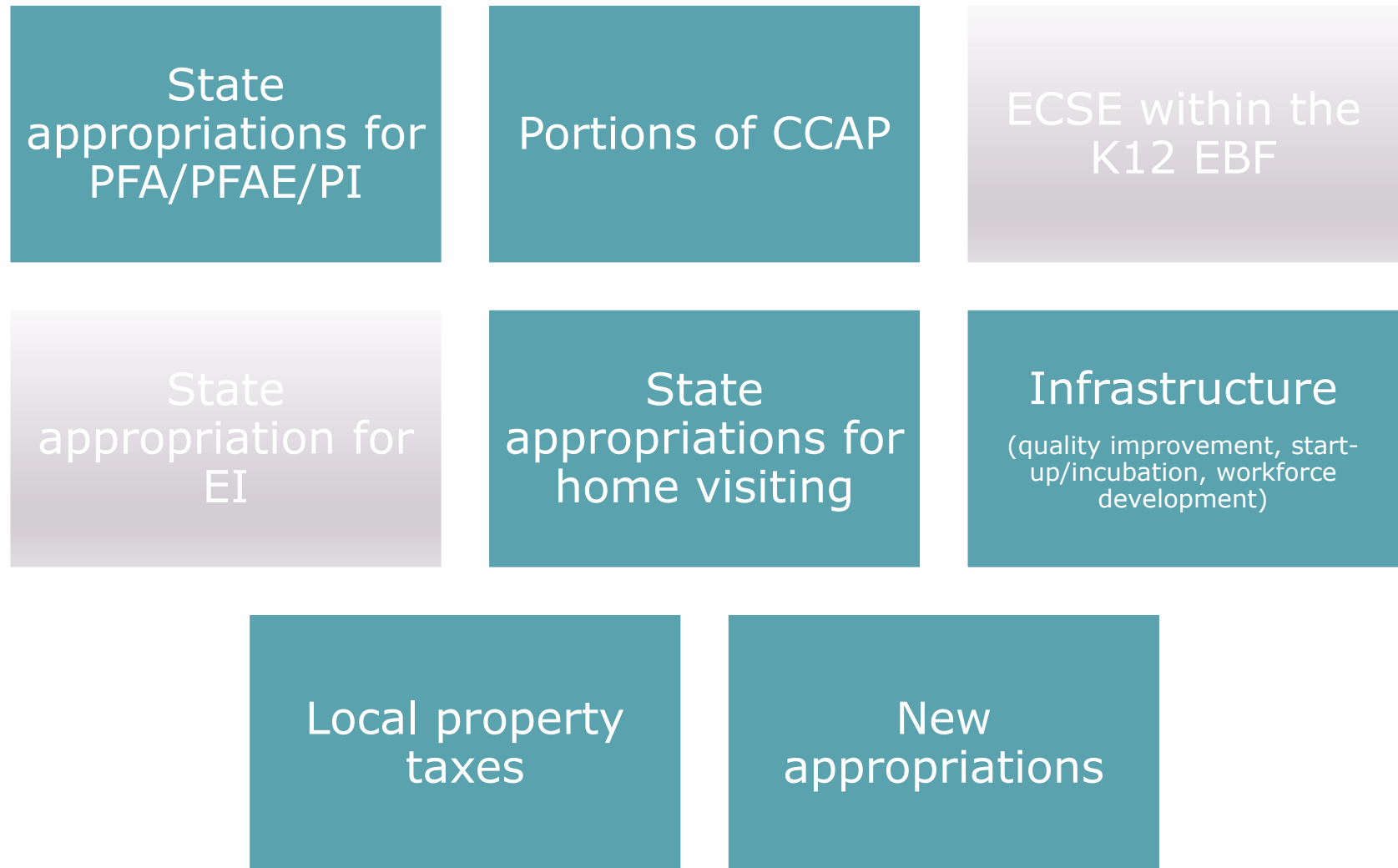
# Evaluating funding mechanisms



## Evaluating ECEC Funding Mechanisms

<b>Mechanism</b>	<b>Pros</b>	<b>Cons</b>	<b><i>When is this most appropriate?</i></b>
Competitive bid			
Certificate / voucher			
Formula			
Tuition / fee for service / co-pay			
Non-appropriated funding			
Tax credits/shelters			

# How do our conclusions on mechanism attributes apply to current funding streams?



# Outcome of our most recent meeting

We have **identified attributes and most appropriate use of primary funding mechanisms** in use today:

- **Formula** may be most stable and sustainable, but if not fully funded, it may be difficult to disburse equitably. It may be useful to fund fully operating providers (i.e., graduating from start-up to a level where formula is appropriate). It may be difficult to implement in a mixed delivery system.
- **RFP/competitive bid** seems most appropriate for incubation and start-up purposes. It is also appropriate for differentiating between varying levels of quality among providers. It could help get providers into a formula.
- **Certificates and vouchers** seem to work best when there is not an intent to support all children and families in the state (e.g., Family, Friend, and Neighbor care)
- **Tuition/fees** seem appropriate to use in tandem with the above three mechanisms

**Intended purpose and use of funds should be considered when selecting a funding mechanism.**

# Funding Mechanisms – Next Steps

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- Match funding mechanisms to **funding streams and intended uses of funds**, based on the identified attributes and appropriate uses
- Discuss how **funding streams could be blended** using common funding mechanisms
- Align this working group's view of a reimagined system of funding mechanisms with the **M&O working group's decision-making on state-level agency**

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# Funding Adequacy Working Group



# Funding Adequacy Working Group Charge


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**Goal:** *determine the cost of providing high quality ECEC services and how to fund over time*

## **Key Questions to Answer:**

- What is the **cost of providing high quality ECEC** to all families in Illinois?
- What should the **state process be for determining and periodically re-evaluating adequate resources across settings** for each program type?
- How much of the **cost should be covered** by the federal government, the state, local funding, and parent contributions?
- What is the **recommended timeline and prioritization** to get to the state's full investment?

# Where we landed: “Adequacy” for Early Childhood Care and Education (ECEC)

- ECEC is not adequate today
  - Too few served and not enough capacity
  - Under-resourced programmatic offerings compared to student needs
  - Underpaid staff
- Adequate  All things for all children
- ECEC Adequacy = *the funding standard for quality that allows programs to meet children and family needs*

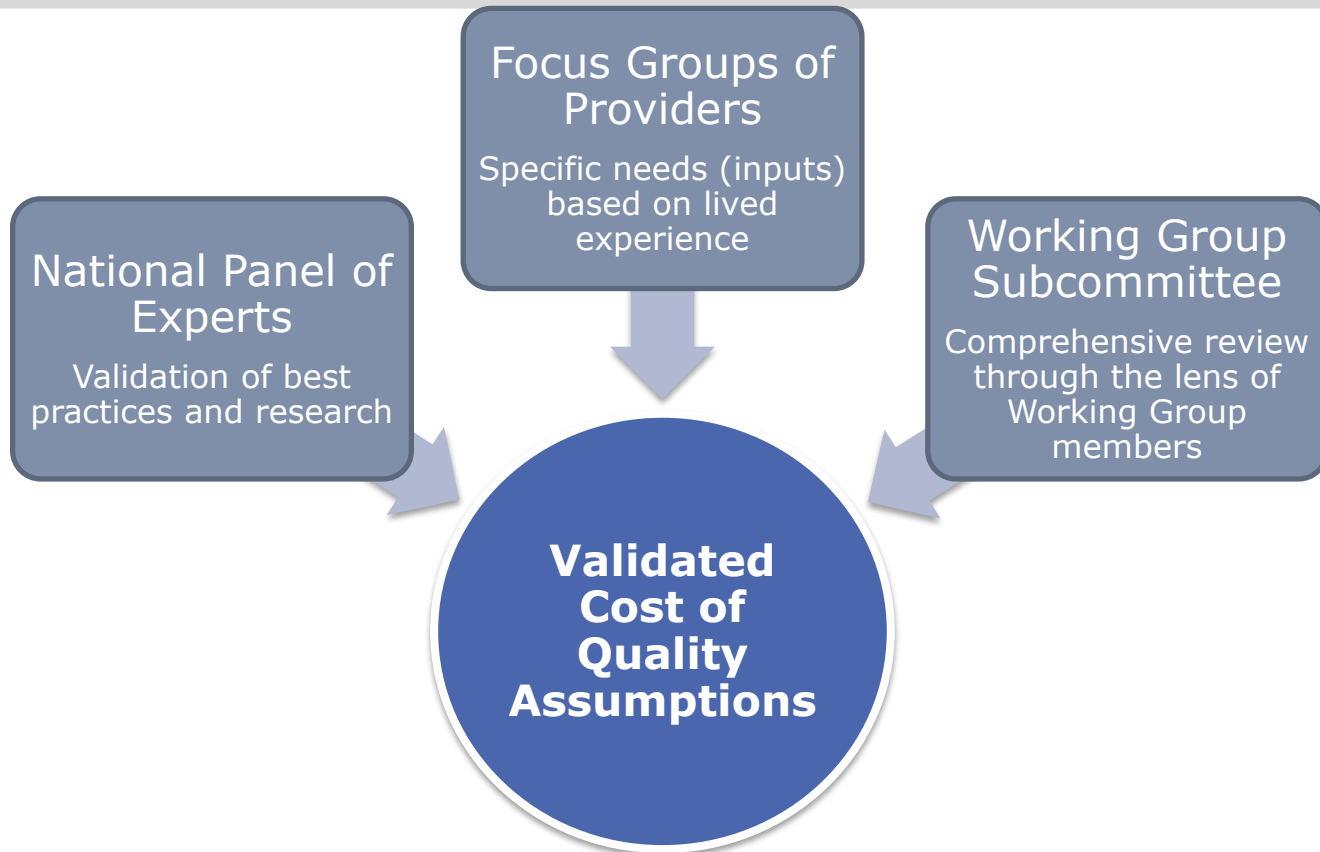
# Validating this model requires alignment on many critical inputs. Our last meeting focused on Costs of Quality

## Process Step

## Critical Decisions on Inputs

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|--|--|
| <p>1 Determine Programs in/out of analysis</p>             | <ul style="list-style-type: none"><li>• <del>Which settings? (ex: center, family/friend home, etc.)</del></li><li>• <del>Which intensities? (ex: part-day, full-day, working-day)</del></li><li>• <del>For which ages?</del></li></ul>   |
| <p>2 Calculate per child cost of high quality programs</p> | <ul style="list-style-type: none"><li>• What is the model staffing pattern for each program?</li><li>• What should staffing ratios be? (How many children per position?)</li><li>• What should the salary schedule for positions be?</li><li>• How much should be included for special services including Special Education and Programs for English Learners?</li></ul> |
| <p>3 Estimate child count in each program</p>              | <ul style="list-style-type: none"><li>• What is the total child count eligible for program models?</li><li>• What is the estimated percent of families in each age/%FPL group opting into services and selecting which program</li></ul>   |
| <p>4 Calculate cost of state/local infrastructure</p>      | <ul style="list-style-type: none"><li>• What is the cost of administration and monitoring at the state level?</li><li>• What is the cost of workforce development and professional development/quality support systems?</li></ul>  |
| <p>5 Calculate total cost of services</p>                  |  |

# Our validation approach to help us answer our working group's key question: ***what is the cost of providing high quality ECEC ?***



## **What do we need to learn from these?**

1. What do we need to understand better?
2. What do we need validated?
3. What inputs do we disagree with?

**How will we know we are ready to sign off on the model?**

# Next Steps

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- Finalize “cost of high quality programs” step in validating the cost model
  - Receive and synthesize feedback from national panel of experts, focus group of providers, working group subcommittee
  - Share outcomes at June Commission meeting
- Enter “child count” step in validating the cost model, informed by today’s discussion
  - Is the system **ensuring or promoting access** and what does this mean for child count?
  - **Who is eligible** for which services?
  - Which children and families are **eligible for which program model** – high quality or comprehensive – and how do we think about this alongside the goal of mixed income settings?

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# Inclusion Working Group

# Inclusion Charge

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**Goal:** *Inform the work of other Working Groups and the full Commission as it relates to children receiving special education and early intervention services, in alignment with the Commission's guiding principles*

## **Key Questions to Answer:**

- What is the cost for identifying students in need of special services and for serving children in inclusive environments? (Funding Adequacy)
- How should funding sources particular to Special Education / Early Intervention interact with other funding sources? (Funding Mechanism)
- How will funding particular to Special Education/ Early Intervention move from various sources to recipients? (Funding Mechanism)
- How do we ensure funding promotes seamless supports from identification to receiving services? (All three working groups)
- How do we ensure transparency, efficiency, effectiveness, and greater coordination in the system to enable state-level and community-level planning and accountability?

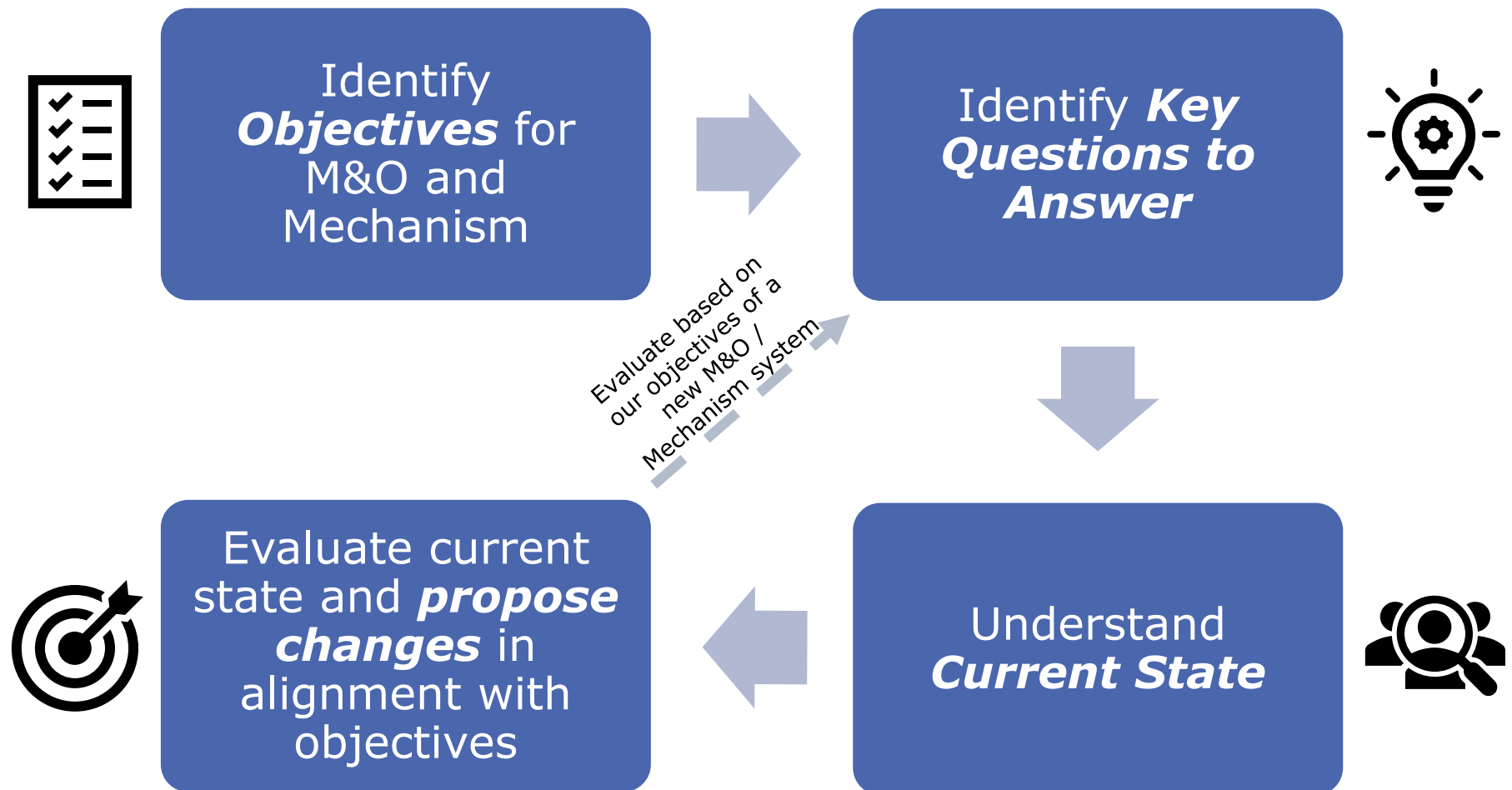
# ECSE and EI Funding Streams

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- Managed and overseen by ***separate agencies***
  - ECSE = ISBE
  - EI = IDHS
- Each has ***multiple funding sources*** using ***various allocation mechanisms***
  - ECSE = IDEA Part B 619, EBF, Medicaid Reimbursements, Local Funds
  - EI = State Appropriations, IDEA Part C, Medicaid Reimbursements, Family Participation Fees, Insurance



# Process to get to M&O and Mechanism Recommendations for Inclusion



# Feedback on M&O and Mechanism Objectives

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- Management & Oversight objectives applied to Inclusion:
  - Recommend the addition of a specific objective on **age/need transitions** these objectives
  - Objective to “Improve Equitable Access to High Quality” is critical for our work
- Funding Mechanism objectives applied to Inclusion:
  - Keep in mind how hard it is for providers as children stream in after the fall, yet the funding is based on prior year counts
  - Generally agree these fit for inclusion

# M&O and Mechanism questions to answer as part of our charge



## Management & Oversight

- Who sets the vision and maintains and updates policies and priorities for the overall ECEC system in Illinois?
- Who allocates funds and distributes them?
- Who holds recipients accountable for what they are doing with funding?

## Funding Mechanism

- How will funding move from various sources to recipients?
- How will recipients of funding be determined?
- How do funding systems/structures interact with accountability systems/structures?

Our next meeting will focus on prioritizing core Management & Oversight and Mechanism issues for Early Intervention and Early Childhood Special Education.

# Next Steps

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- Get clear on and **what funding streams and mechanisms the state controls** and can change
- **Validate the core problems** in the current system, and **understand the root issues** driving these problems
- **Prioritize the specific core issues we will opine on** for M&O and Mechanisms. May include:
  - What are the ramifications of consolidating EI and ECSE under one agency?
  - What mechanism for ECSE funding can best support a mixed delivery model inclusive of children in CBOs within or outside their school district of residence?
  - What is the best way to provide EI funding to incentivize collaboration and smooth service delivery for families?
- Continue our work to **develop a funding adequacy recommendation** for EI and ECSE

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## *Equitable Access Implications*

## Further clarity within the Commission's charge is required for "future system" recommendations

"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."

# Defining Equitable Access - Preliminary *Thinking*

- **Income Level:** ECEC services should be ***free for families up to 200% FPL***, with a ***sliding scale tied to income for families above 200% FPL*** (perhaps capped at some higher %FPL)
- **Child Age:** All ***prenatal through 4 years old services*** should be included
- **Service Level:** There should be an assumption of ***high-quality*** services responsive to individual needs
- **Program Settings:** We should prioritize ***mixed income settings***
- **Provider Access:** We must continue to support a ***mixed delivery system***

# Defining Equitable Access – Reflecting Working Group Discussion

All children deserve high quality early childhood education and care services. Cognizant that there is not enough federal funding currently to support universal free ECEC services, a possible framework for determining which children could be eligible for publicly-funded ECEC in Illinois includes:

- **Income Level:** ECEC services **free and available for families up to 200% FPL**, with a **sliding scale tied to a % of income for families above 200% FPL** (perhaps capped at some higher %FPL)
- **Child Age:** All **children prenatal through age 4** would be eligible for some ECEC subsidy according to designated income level thresholds
- **Service Level:** There should be an assumption of **high-quality** services responsive to the needs of individual children (including children with special needs), families, and unique communities
- **Program Settings:** We should prioritize and design the system to support **mixed income settings** in all communities where it is possible
- **Provider Access:** We must continue to support a **mixed delivery system**

What does this mean for **families**?  
What does this look like **in action**?



# Small Group Activity: Conceptualizing a system of *equitable access*

**Goal:** inform Working Group recommendations with our collective vision for the long-term state of equitable access

## *Eligibility Factors*

- Child age
- Family income level
- Geography
- Pre-determined criteria for IEP/IFSP
- Family work schedule
- Other?

## *State-Funded Program Models*

Part-day School-year	School-day School-year	Full Work-day Full-year
Intensive home visit	Comprehensive / wraparound services	Services to support special needs

# Small Group Activity: Conceptualizing a system of **equitable access**

## 1. To whom should the State offer these program models?

-----Program Models-----

	Part Day School Year	School Day School Year	Full Work-Day Full Year (home or center based)	Intensive Home Visiting	Comprehensive / Wraparound Services	Services to Support Special Needs
<b>Child Age (0-2,3yr,4yr)</b>	Which ages should be eligible for each model?					
<b>Family Income Level</b>	Should all or some family income levels be eligible for each model?					
<b>Geography</b>	Should all or designated geographies be eligible for each model?					
<b>Family Work Schedule</b>	Should all or some family work schedules be eligible for each model?					
<b>IEP / IFSP Status</b>	Should all or some IEP/IFSP statuses be eligible for each model?					
<b>Other</b>	What other factors might need to determine eligibility for each model?					

Factors

## 2. Which of the above factors should apply when determining family payment for each of the program models?

# Synthesizing the discussion & the Commission's charge

Our discussion today informs the “number” – how much is ECEC funding adequacy.

And, any future Management & Oversight structure will need to **guide the prioritization of incremental ECEC investments** toward fulfillment of the Commission's charge to *“provide equitable access to high-quality ECEC for all children birth to five”*

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## *Timelines & Deliverable*

# While our priorities have shifted, our deliverables remain the same

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- **We need to know “the number.”** There is not enough revenue in the system to support a sufficient, stable supply of providers of high-quality ECEC – how much do we need?
- **We need to assess all funding mechanisms and the management and oversight structures of ECEC.**
  - How should we distribute funds?
  - Who should distribute and monitor the funds?
- **We need to determine how to implement our recommendations.**
  - How will we reach our recommended end state, and over what period of time?

# Scope of our Final Deliverable

## What it is

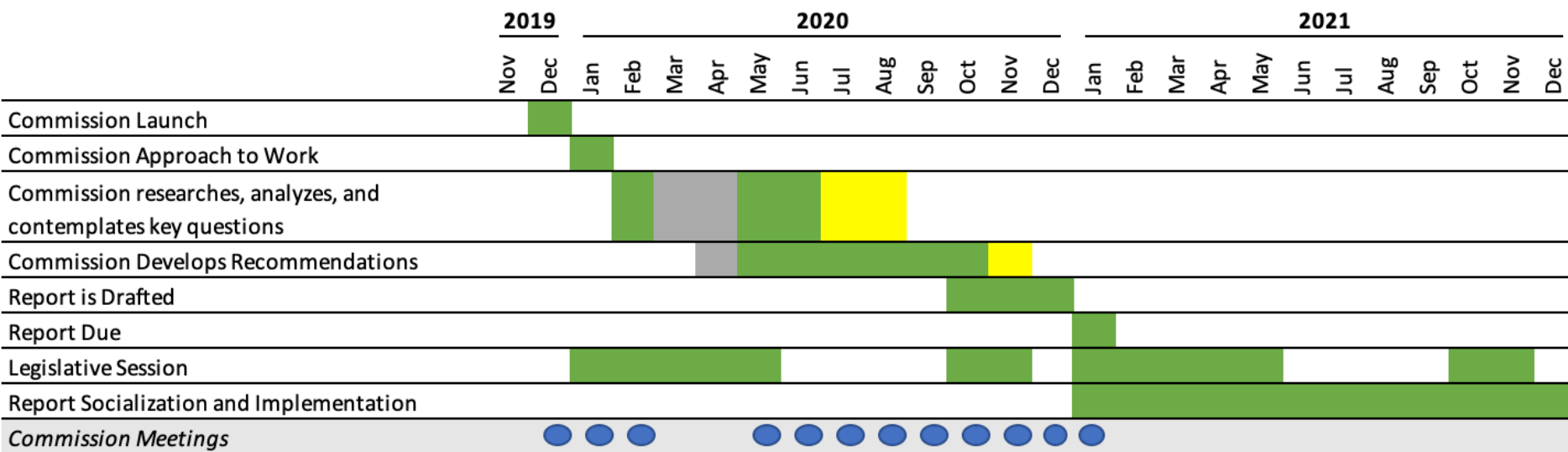
- ✓ Strategic blueprint for the future system
- ✓ Detailed enough to inform a legislative package
- ✓ Thoughtful on major implementation issues
- ✓ Directional understanding of future system costs

## What it is not

- ✗ Detailed implementation plan for future system
- ✗ Bill language
- ✗ Detailed enough to inform administrative code
- ✗ Summation of unique individual provider costs

# Commission Timeline - *Revised*

The Commission will deliver its report by January 2021 with consideration to the Governor's budget address and legislative session timing.



# Working Group Decision Points

Anticipated Key Topics	Full Commission	Funding Adequacy	Management & Oversight	Funding Mechanisms	Inclusion
<b>June</b>	M&O and/or Funding Mechanism initial recommendations	Cost Model Validation	State Agency: Consolidation vs. Creation  State vs. Regional Capacities	Mechanisms appropriate for key services	Current M&O and Mechanisms Pros & Cons
<b>July</b>	Funding Adequacy initial recommendations	Cost Model Validation  Process to periodically re-evaluate adequacy		Full Mechanism System Build-out	M&O / Mechanisms Inputs
<b>August</b>	Inclusion, M&O, and/or Mechanism recommendations	Funding sources	Future M&O / Mechanisms System Build-out		Funding Adequacy Input
<b>Sept/Oct</b>		<i>Iterations and responding to Commission feedback as needed</i>			



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# Next Steps

# Next steps

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- **Working Groups will meet virtually** 6/1 – 6/8
- June **Commission Meeting** will be held virtually on **Tuesday 6/16**
- Between **June – August**, Working Groups will continue to bring **preliminary recommendations** to the full Commission for feedback
- *We will **continue to assess the public health crisis and its impact** on our work, our priorities, and our timeline*

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# Public Comment

# Thank You

