



Commission on Equitable Early Childhood Education and Care Funding

Funding Mechanisms Working Group

Meeting #7



August 31, 2020

Meeting reminders

- Add your **name** to your Zoom (click on the 3 dots)
- Consider being **on video** to help with overall engagement
- When not speaking, **mute** self
- Use **Raise Hand function or Chat** for questions (send to everyone)
- Chat privately to Bethany for any **technical issues** – they can happen to anyone
- If you are experiencing an **unstable connection** - switch to phone call or close other applications
- Members of the **public will have an opportunity to speak at the end** of the meeting



Today's Goals



Recap the **progress we have made thus far**



Finalize our **working group's recommendations** with consideration to most recent meetings of the Commission and Management & Oversight Working Group



Identify priorities for the **Technical Working Group**

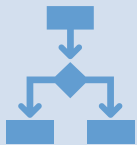
Today's Time Spent

| Agenda Item | Timing |
|--|--------|
| Recap progress | 15 min |
| Finalize system of funding recommendations | 45 min |
| Technical working group priorities | 15 min |
| Next Steps | 10 min |
| Public Comment | 5 min |

Recap of progress
Decisions you have already made



Initial Conclusion: A new system of funding



Centralized System of Funding

Funding managed upstream at the state agency level and allocated through a **new, centralized process of funding distributions**



Funding Distribution & Allocation Mechanisms

Equity-informed per-child or per-classroom formulas for education & care and home visiting services
Targeted, equity-informed grants for capacity & infrastructure and start-up & incubation
Minimize reimbursement-based and delayed funding



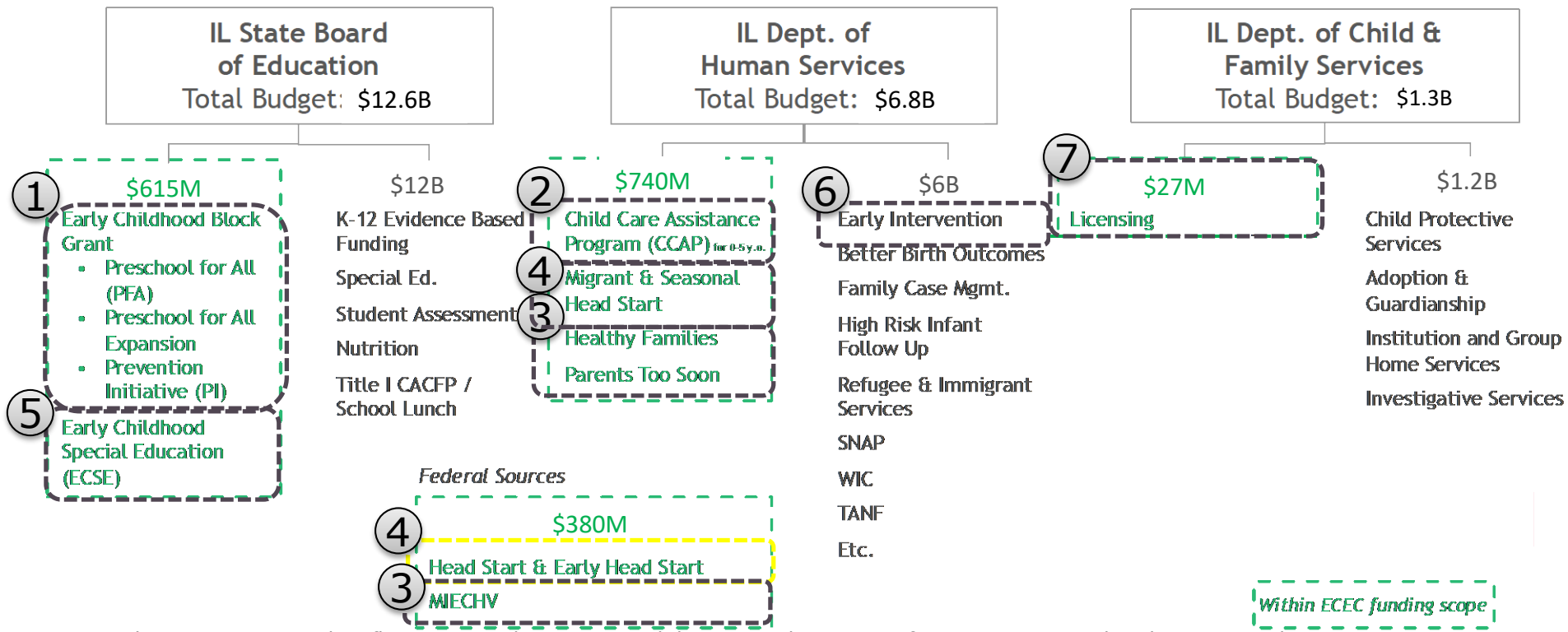
Funding Eligibility & Disbursal

Targeted, equity-informed RFP process for new providers to be eligible for state funding
Multi-year service contracts for returning providers, with reauthorization based on uniform accountability standards

These **programs** could be part of one centralized ECEC system

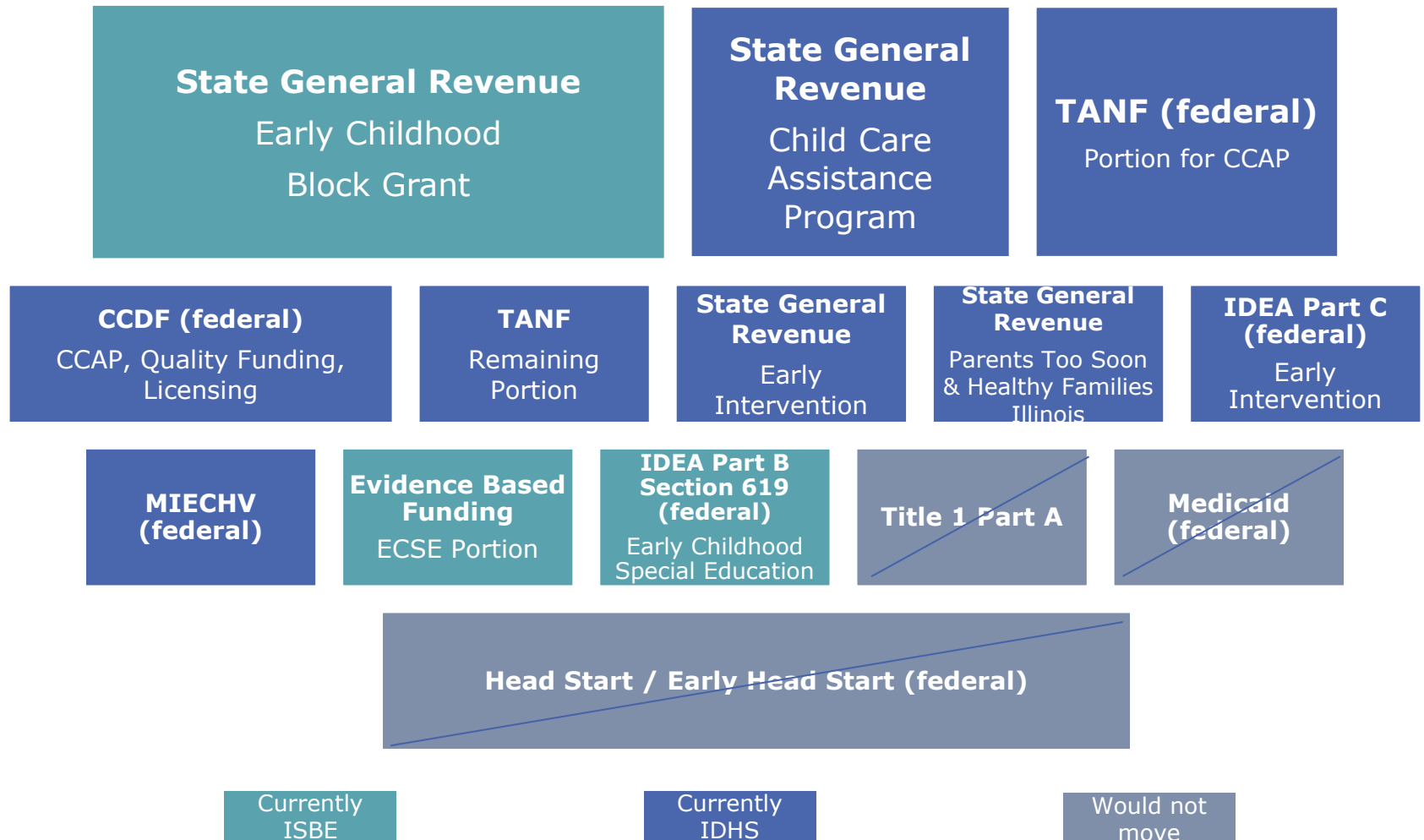
1. Early Childhood Block Grant
2. Child Care Assistance Program
3. Home Visiting
4. Head Start Collaboration Office
5. Early Childhood Special Education
6. Early Intervention
7. Licensing

2020 allocations



Working Group materials reflect ongoing discussions and decision making. Any information presented in these materials is preliminary and subject to change.

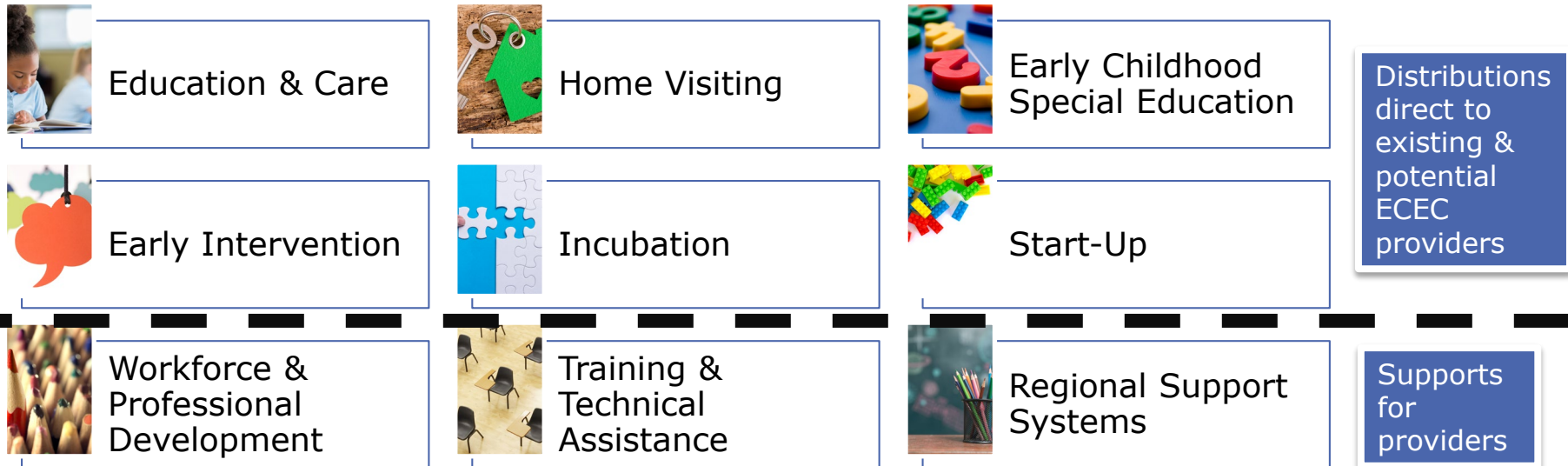
These **funding sources** could be administered by an ECEC agency in a centralized process



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These **funding distributions** could be the new services that are funded

Services above the line could be part of the ECEC agency's centralized funding distribution process to existing & potential ECEC providers

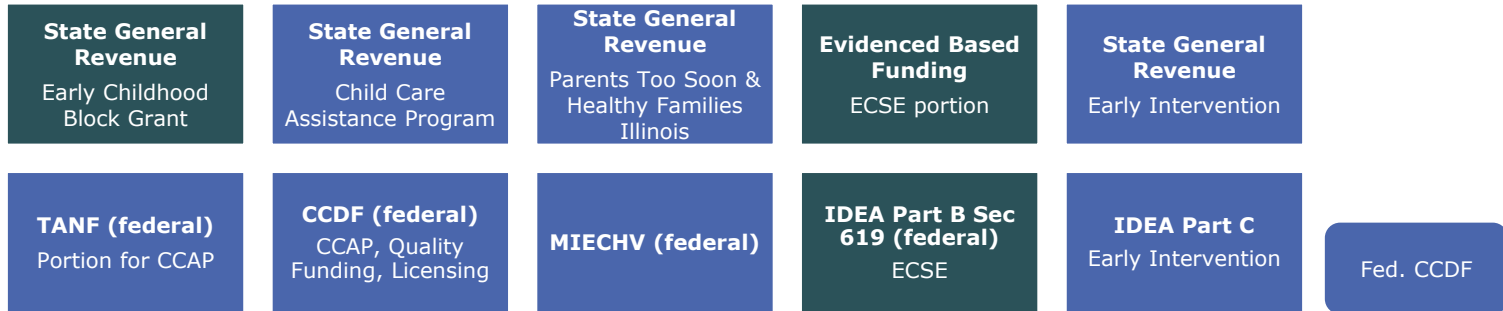


Supports below the line are envisioned as part of the agency's budget to conduct all management & oversight capacities

Funding sources to funding distributions and mechanisms

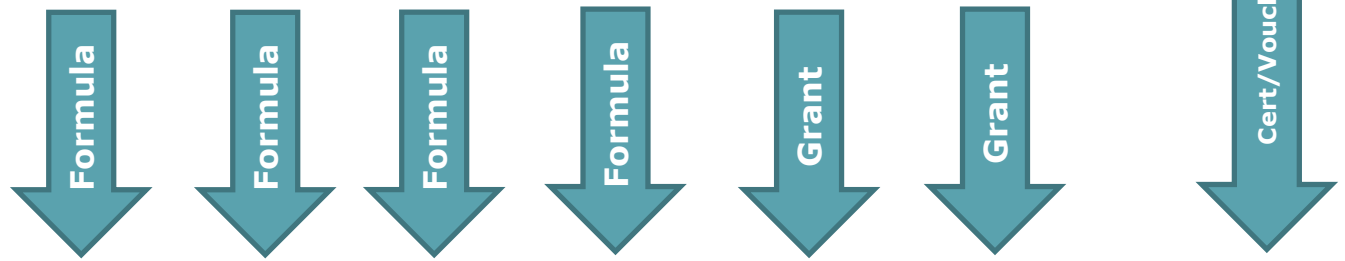
Funding Sources

Currently ISBE
Currently IDHS



ECEC Agency Centralized System of Funding

Contract designates...



Funding Distributions



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Centralizing funding sources upstream could mean...

- Changing the **use designation of state general revenue and certain federal funds** for some or all of ECBG, CCAP, PTS, HFI, EI
- Providing those state general revenue and federal dollars to the ECEC agency to **distribute in a new, centralized system**

An example ...

TODAY

Provider may receive:

- 1) CCAP
- 2) Preschool for All
- 3) Prevention Initiative for center-based care



NEW SYSTEM

Provider may receive:

Formula-based disbursement for education & care services*

*could be weighted for age of children, level of service, need designation, region, etc.

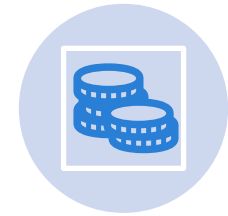
As a reminder, some of the problems we hope a new system will address include:



INEQUITABLE ACCESS TO HIGH QUALITY SERVICES, ESPECIALLY RACE, ETHNICITY, GEOGRAPHY, & AGE



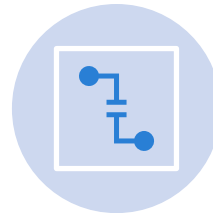
CHALLENGES FOR FAMILIES TO NAVIGATE THE SYSTEM



INSTABILITY OF FUNDING FOR PROVIDERS



INSUFFICIENT DATA TO INFORM EQUITABLE DECISION MAKING AND FUNDING



DISAGGREGATED **ACCOUNTABILITY AND DECISION MAKING**



INADEQUATE FUNDING, INCLUDING WORKFORCE COMPENSATION

Finalizing our Working Group's Recommendations



The last Commission meeting focused on this potential centralized system

- ✓ Commissioners expressed **general support for a centralized system of funding**
- ✓ Commissioners' **concerns and open questions** included:

Implementation

- Provide enough flexibility in recommendations for implementation to be effective
- Ensure the mixed delivery system is protected
- Keep what works well
- Consider regional/local role, including stakeholder engagement

Centralizing the Funding System

- Vet the potential for funds to be centralized and still meet federal requirements (esp. TANF)
- Enact a structure that protects the mixed delivery system
- Vet the possibility of this being worse for providers when the State cannot pay on time
- Determine pros/cons of keeping FFN separate or centralized in funding

What specific directions should be explored in the next couple of months to be responsive to these questions and concerns from Commissioners?

Last week's Management & Oversight meeting focused on state agency options

What does its discussion mean for finalizing this working group's **recommendations**?

The finalized recommendations answer, at a high level, each of these questions

What **programs** could be part of the new system?

Which **sources of funds** from those programs will be part of a **centralized system of funding**?

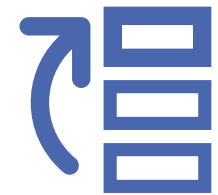
What **newly defined funding distributions** will come from the centralized funding process?

What **kinds of recipients** will receive each type of ECEC funding distribution?

Which **mechanisms** should be used for each type of ECEC funding distribution?

Which methods will be used to determine which entities are **eligible for ECEC funding**?

Technical Working Group



Scope of Technical Working Group

Now through December 2020

- Affirm the **viability and feasibility** of our working groups' recommendations in **Illinois' legal, fiscal, and political context**
- Lay the **groundwork for successful implementation** of the Commission's recommendations

Sample “system of funding” topics the Technical Working Group can address



What **laws, rules, and policies would need to be changed** to move various early childhood funding and functions from one agency to another?



Is it possible to **move each source of funding** (e.g. TANF) in the way our recommended centralized system of funding envisions?



What needs to be put in place to ensure that this system will **not put providers in a worse financial position**?



Which aspects of the proposed funding system might require a **regional structure** to be successful?



How should **Family, Friend, & Neighbor care** be incorporated into the centralized funding system?



What is required from **advisory groups** to support a successful new system?



What is the **one-time and recurring cost impact** associated with creating and maintaining a new system of funding?



What is the **plan for implementing** the Commission’s recommendations?

What are our “system of funding” priorities for the Technical Working Group?



Next Steps

Reflections on today's discussions



Public Comment

Supplemental slides

ECEC Management & Oversight Capacities



Policy Leadership



Funding & Oversight



Infrastructure



Communications

How do we vet our recommended system of management, oversight, and funding?



Family & provider case studies, racial equity impact assessment, focus groups

How will different racial and ethnic groups be impacted?

How will provider funding streams and accountability change?

How will families be impacted?



Evaluate against M&O and Mechanism objectives

How might this be better for providers? Worse for providers?

How might this be better for families? Worse for families?

What are the outcomes of the Racial Impact Assessment?



Evaluate against Commission's guiding principles

How do the recommendations align to the Commission's guiding principles?



Compare to working group values of leadership and sustainability

How do the recommendations ensure there is an ability to attract and maintain leadership and talent at various levels of the ECEC agency?

A note on terminology

For the purposes of today's discussion, we'll be using the following terms:

Funding Sources

- Where the state agency level funding comes from
- *Current examples:* Child Care Development Fund (federal), State General Revenue

Programs

- Current funding distribution types
- *Current Examples:* Child Care Assistance Program, Preschool for All

Funding Distributions

- The services that will be funded by the state agency
- *Examples:* Home visiting, education & care, start-up

Funding Allocation Mechanism

- The way that decisions will be made about who will receive funding and how much they will receive
- *Examples:* Formula, competitive grant award, child-level certificate/voucher

Funding Disbursal Mechanism

- The way that funds are given out to awarded providers
- *Examples:* Contract installment, voucher payment

Education & Care



Recipients:

Local Education Agencies

Center- and Home-based ECEC providers

Family, Friend, & Neighbor Caregivers

Method(s) of ECEC funding eligibility

- Targeted competitive bid to identify new providers
- Multi-year contracts for existing providers

Current license-exempt home provider requirements

Funding mechanism

- Per Child or Per Classroom Formula
- Family co-pay / tuition / fees

CCAP Certificate

Mechanism attributes

- Front-ended, quarterly formula based on a count of children from the prior quarter
- Weights in formula based on child need designations, age of child, region, dosage
- Regional ECEC entity informs regional weights

Current attributes

Home Visiting



Recipients:

Local Education Agencies
Community Based Organizations
Intermediaries

Method(s) of ECEC funding eligibility

- Targeted competitive bid to identify new providers
- Multi-year contracts for existing providers

Funding mechanism

- Per Child Formula
- Family co-pay / tuition / fees

Mechanism attributes

- Front-ended, quarterly formula based on a count of children from the prior quarter
- Weights in formula based on child need designations, age of child, region, dosage
- Regional ECEC entity informs regional weights

Incubation & Start-Up



Recipients:

Incubation
Regional & Local Support Systems
Local Education Agencies
Community Based Organizations

Start-Up
Local Education Agencies
Community Based Organizations

Method(s) of ECEC funding eligibility

- Targeted, equity-informed competitive bid

Funding mechanism

- Grant

Mechanism attributes

- One-time, front-ended lump sum to ensure the recipient has adequate resources to apply for start-up support
- Multi-year, front-ended lump sum to ensure the recipient has adequate resources to sufficiently plan and scale for the first years of operation as a new provider
- May include capital-specific grants

Early Childhood Special Education Funding



Recipients:

Local
Education
Agencies

Community
Based
Organizations

Family,
Friends, &
Neighbors

Method(s) of ECEC funding eligibility

Multi-year contracts

If licensed, then eligible?

Funding mechanism

Per Child Formula
Medicaid, IDEA Part B

Services provided by LEA

Mechanism attributes

Front-ended quarterly
formula funding based
on a count of children
from the prior quarter

Funding weights in
formula based on need
designations

Services provided by LEA

Early Intervention Funding



Recipients:

Child & Family Connections
Individual & CBO Providers

Method(s) of ECEC funding eligibility

Multi-year contracts for existing providers
RFP to determine new providers

Funding mechanism

Per Child Formula
Medicaid & IDEA Part C
Fees

Mechanism attributes

Front-ended, quarterly formula funding based on a count of children from the prior quarter (from state gen rev only)
Funding weights in formula based on need designations
Medicaid funding is substantial and would have to remain reimbursement

Multi-year contracting and authorization process for existing providers

- Give providers **multi-year contract** with the state which specifies **services** to be provided, **number of children** to be served, and **geography** to serve.
- Conduct **annual evaluation of providers** based on a statewide unified set of quality standards specified in provider's contract.
- Conduct **contract reauthorization** through a **uniform accountability process** that is state led and regionally informed.
- Consider **contract modifications** within contract term and/or at contract renewal for the types of services provided, number of children served, and geography served.
- Implement cycle of **analysis, evaluation, and honing of the process** to **ensure equity**

Implementation Note

The transition to contracted funding will take significant development time (estimate 1-3 years)

Incubation & start-up support to cultivate higher access to high quality ECEC

- Utilize **equity data** to cultivate ***high quality provider options for targeted populations***
- Make **grants available for incubation and start-up** support via ***targeted, equity-informed RFP process*** led by state agency and informed by regional entities
- Implement cycle of ***analysis, evaluation, and honing of the process*** to **ensure equity**

Implementation Note

The transition to contracted funding will take significant development time (estimate 1-3 years)