

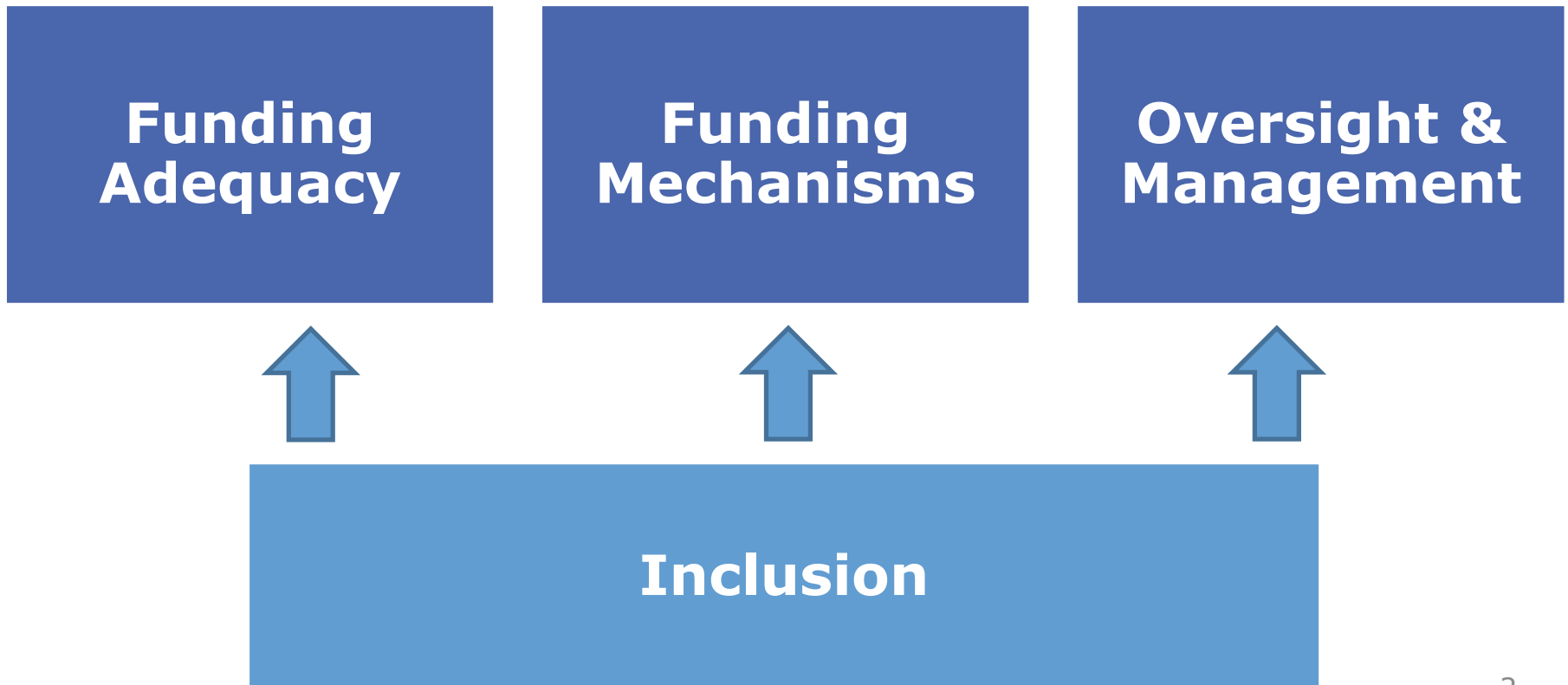


# **Commission on Equitable Early Childhood Education and Care Funding**

Inclusion Working Group  
Meeting 6 – 8/4/2020

# Inclusion Charge

*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*



# 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<br><br>State vs. Regional Capacities | Mechanisms appropriate for key services | Mechanisms Input        |
| <b>July</b>            | Funding Adequacy initial recommendations<br><br>Inclusion initial recommendations | Cost Model Validation<br><br>Process to periodically re-evaluate adequacy |   | Full Mechanism System Build-out         | M&O / Mechanisms Inputs |
| <b>August</b>          | 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>         |   |   |                         |

# Workplan and Timeline (revised)

| Approximate Timeline    | Meta-Topics   |
|-------------------------|---|
| February<br>(completed) | <ul style="list-style-type: none"><li>• Validate Work Plan and Timeline</li><li>• Review current modeling and understand current mechanisms, structures</li></ul>                   |
| March April -<br>June   | <ul style="list-style-type: none"><li>• Develop future M&amp;O / funding mechanism system requirements</li><li>• Develop process for cost modeling</li></ul>                        |
| July - Aug              | <ul style="list-style-type: none"><li>• Analyze future system options</li><li>• Make M&amp;O / mechanisms recommendations</li><li>• Gather and analyze cost modeling data</li></ul> |
| Sep - Oct               | <ul style="list-style-type: none"><li>• Finalize cost of adequacy</li><li>• Discuss interdependencies with other working groups and validate potential recommendations</li></ul>    |

# Key Funding Mechanisms and M&O Questions for Inclusion

## Funding Mechanisms

- Should the existing mechanism for EI state appropriations be changed?
- What mechanism can best support a mixed delivery system for ECSE? Should this remain within EBF?
- Should EI and/or ECSE state funding be allocated through a coordinated process with other ECEC funds?

## Management & Oversight

- Should EI and ECSE be governed alongside other ECEC services, in centralized agency?
- What capacities of EI and ECSE management & oversight should any regional/local ECEC entities fulfill?
- Is this already being fulfilled by existing regional/local entities?
- If so, should they be consolidated within any created regional/local ECEC entities if they are to be created?

# Inclusion Meeting 6 Agenda

| Item   | Time          |
|--|---------------|
| Agenda, goals, and timeline  | 10:00 – 10:05 |
| M&O and Mechanisms direction and implications on our work                                | 10:05 – 10:20 |
| Revisit initial conclusions for EI Mechanisms  | 10:20 – 10:55 |
| Revisit initial conclusions for ECSE Mechanisms – specifically removing funding from EBF | 10:55 – 11:30 |
| Revisit Future M&O System  | 11:30 – 11:50 |
| Next Steps   | 11:50 – 11:55 |
| Public Comment   | 11:55 – 12:00 |

Toward this timeline, today is successful if we:

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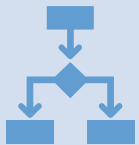
- ***Refine our mechanism recommendations*** to bring to the Funding Mechanisms Working Group meeting in August
- Further our thinking on ***where EI and ECSE should live*** in the future M&O system to bring our recommendations to the M&O Working Group in August

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# M&O and Funding Mechanisms Working Group Direction (from 7/27 Joint Meeting)



# Reminder: We are creating a new system of funding



## Coordinated System of Funding

**Funding managed upstream** at the state agency level and allocated through a **new, coordinated 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

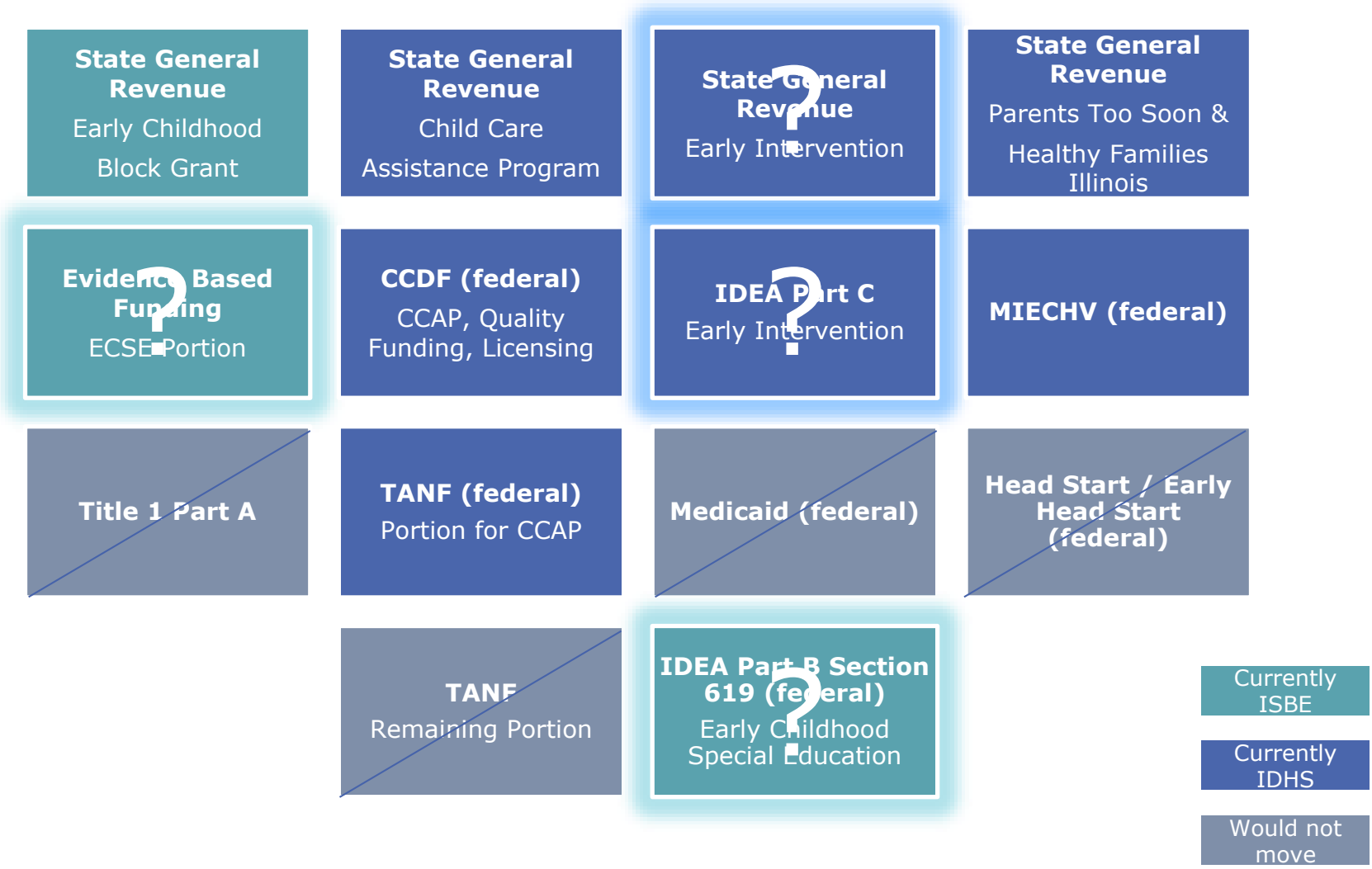
**Multi-year service contracts** for returning providers, with reauthorization based on uniform accountability standards

# We have recommended centralizing ECEC Management & Oversight in one agency

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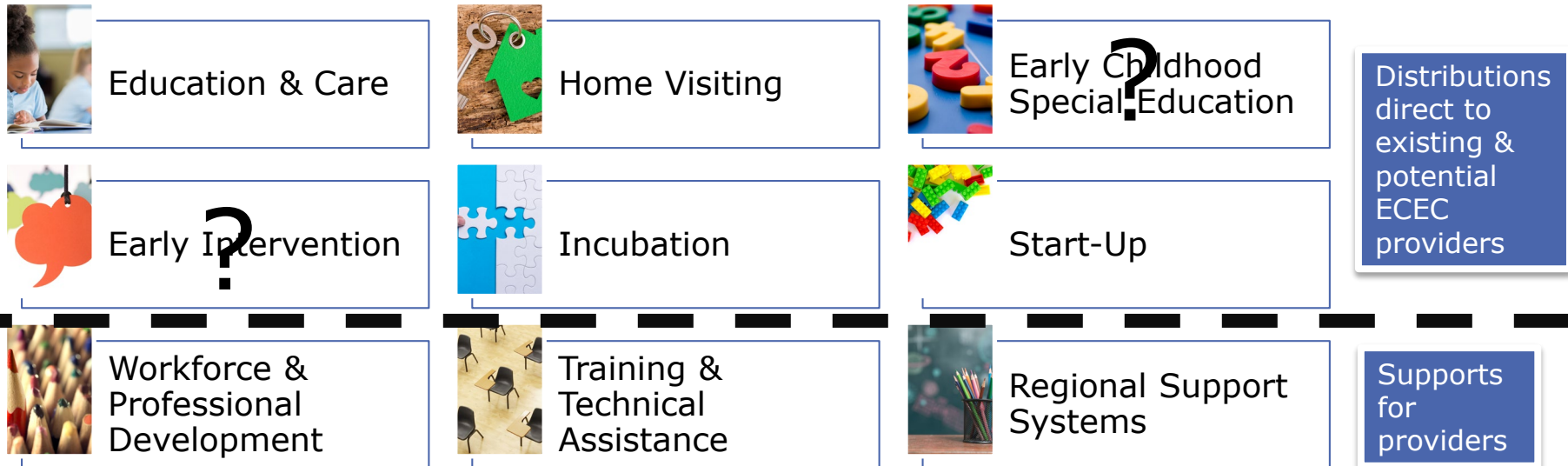
- **Centralization of ECEC management & oversight** has greater potential to fulfill the capacities of a successful management & oversight system than coordination across multiple state agencies.
- Having **ECEC centralized enables deeper collaboration** across other areas of the early childhood ecosystem,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

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



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

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

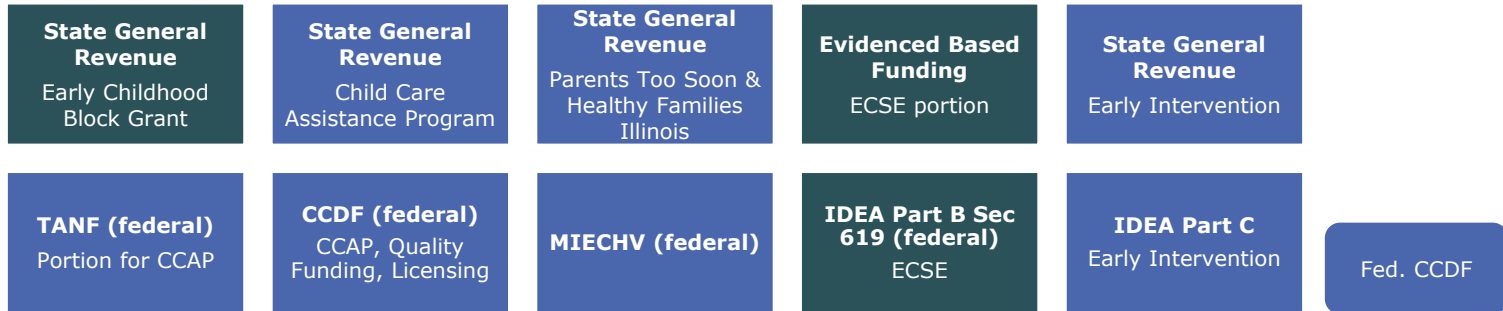


Supports below the line are envisioned as part of the agency's budget to conduct all management & oversight capacities

# Funding sources to funding distributions and mechanisms

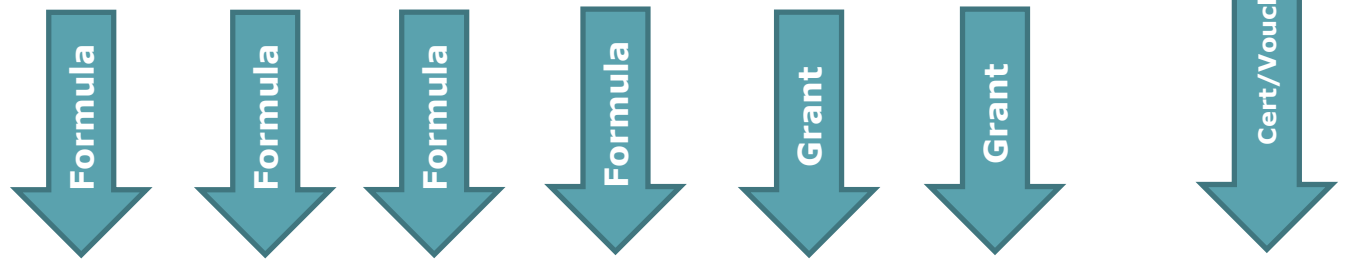
## Funding Sources

Currently ISBE  
Currently IDHS



## ECEC Agency Coordinated System of Funding

## Contract designates...



## Funding Distributions



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EI Funding Mechanism & M&O  
Recommendations: *Digging deeper*

# EI system challenges: *what have we heard?* *How can we address these through our work?*

## For children and families

- Multiple providers in homes
- Lack of collaborative team planning and service delivery
- Difficulty getting providers in high needs neighborhoods
- Transitions to receiving programs can be challenging

## For providers

- Low funding levels for services, especially indirect services
- For CFCs, timing of payments
- Heavy administrative burden and issues with provider payment consistency

## For the system

- More families need services
- Equitable distribution of services across diverse populations
- 1/3 of providers (800+) received <\$2500 from July 2019 – February 2020

# What funding mechanism(s) for Early Intervention will best meet objectives and incentivize priorities?

Early  
Intervention  
General Revenue  
Funds

Medicaid  
Reimburse-  
ment (EI)

IDEA Part C  
federal funds

Family Fees

Private  
Health  
Insurance

What mechanism(s)  
for EI funding can  
best meet the  
objectives of a  
funding mechanism  
done well?

Should the EI  
funding mechanism  
change – and if so,  
to what? Or should  
rules for  
reimbursement  
change?

- Incentivize effective training, collaboration, and smooth family service delivery
- Incentivize recruitment and retention of qualified service providers
- Incentivize providers to serve in high needs areas
- Incentivize smooth transitions between early intervention and receiving programs



# Early Intervention Funding Mechanism Initial Conclusions

Recommend a ***formula mechanism***, wherein providers have ***contracts for services***, as opposed to today's fee-for-service model.

## Rationale:

- In general, this approach is aligned with the overall ECEC recommended funding mechanism
- Contracts can promote accountability and quality while providing more stability to providers
- Recommend up-front payment rather than reimbursements

# Next Steps: Deeper dive to refine the mechanism and make M&O recommendations

What funds would go into this mechanism and which wouldn't?

How does funding get to providers (contracts between which entities, what must be included in contracts)?

What is the funding and accountability flow (state / CFCs / providers)? What new or adjusted responsibilities does this require of the regional entity (CFCs)?

What is the right sequencing with increases in funding toward adequacy?

What mechanism could support incubation of innovative ideas? Should this be an RFP?

The EI Subgroup discussed these questions in preparation for today. **Today**: refine the EI mechanism and M&O recommendation, identify clear feasibility issues to address, and action plans to do so

# Funding and accountability flow through contracts. We need to determine through *which entity*

What funds would go into this mechanism and which wouldn't?

What is the funding and accountability flow (state / CFCs / providers)? What new or adjusted responsibilities does this require of the regional entity (CFCs)?

How does funding get to providers (contracts between which entities, what must be included in contracts)?

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What mechanism could support incubation of innovative ideas? Should this be an RFP?

# Should providers contract with state agency or with a regional entity (such as CFCs) for direct services?

|             | State Agency   | Regional Entity (CFC)  |
|-------------|--|--|
| <b>Pros</b> | <ul style="list-style-type: none"><li>• Increases provider service areas</li><li>• Provides flexibility for tele-services</li><li>• Consistent with the likely M&amp;O approach for general ECEC and Home Visiting</li></ul> | <ul style="list-style-type: none"><li>• Increases direct accountability to coordinating entity</li><li>• Can incentivize collaboration</li></ul>   |
| <b>Cons</b> | <ul style="list-style-type: none"><li>• Challenging to hold all providers accountable for high-quality services and provide strong support</li></ul>   | <ul style="list-style-type: none"><li>• Relies on heavily on CFCs for ensuring equitable and quality services across regions</li><li>• Potentially limits providers to one region per contract</li></ul> |



## Reactions?

Contracts provide up-front funding based on children served, paired with accountability. What must be included in contracts?



### **Key components:**

- Establishes **standards** for quality services
- Holds providers accountable for **outcomes**
- Requires participation in **billing processes**
- *What other **key components** must the contract include?*



### **Known questions for implementation:**

- What **child count** should funding be based on? (prior period, forecasted, etc.)
- How often should funding be **trued up** for actual children served? (ex: 2x per year)



**Reactions?**

# Funding sources and sequencing with funding adequacy

What funds would go into this mechanism and which wouldn't?

How does funding get to providers (contracts between which entities, what must be included in contracts)?

What is the funding and accountability flow (state / CFCs / providers)? What new or adjusted responsibilities does this require of the regional entity (CFCs)?

What is the right sequencing with increases in funding toward adequacy?

What mechanism could support incubation of innovative ideas? Should this be an RFP?

# EI funding sources could all go into this mechanism to provide for up-front funding

## EARLY INTERVENTION FUNDING FLOW CHART

SUPPORTING INFANTS & TODDLERS WITH OR AT RISK FOR SUBSTANTIAL DELAYS AND THEIR FAMILIES



### EARLY INTERVENTION FUNDING

The early intervention system is a fee for service program & utilizes a variety of funding sources to provide services and supports to families of children with special needs and developmental delays. Public sources of funding include: State general revenue funds, Federal IDEA Part C funds and Medicaid reimbursement. Private sources of funding are provided through family fees and utilization of family private insurance

Source  
DHS Bureau of Early Intervention  
2/2020

Local Interagency Councils

# What will it take for this to work? What are the pre-conditions we need to investigate?

## 1. Funding adequacy challenges

- Currently, providers bill private insurance at rates around 50% higher than state reimbursement rates
- In order to have provider buy-in to the new system, wherein providers would receive formula funding, rates must be competitive
- Also needed to increase the pool of providers to serve unmet needs

## 2. Legal and accounting issues associated with Reimbursements

- Providers will need to continue to play a role in private insurance and Medicaid (?) billing but reimbursements would go back into the total system for funding allocations.
- There are implementation questions around how exactly this is done
- Question about the state's appetite for a financial liability waiting for reimbursements

## Takeaways:

1. Sequencing with adequacy matters to get existing providers to stay in the system and new providers to join on
2. Billing for reimbursements will still need to be done but funding will be at a total system level



**Reactions?**



# RFPs can support incubation and special circumstances

What funds would go into this mechanism and which wouldn't?

How does funding get to providers (contracts between which entities, what must be included in contracts)?

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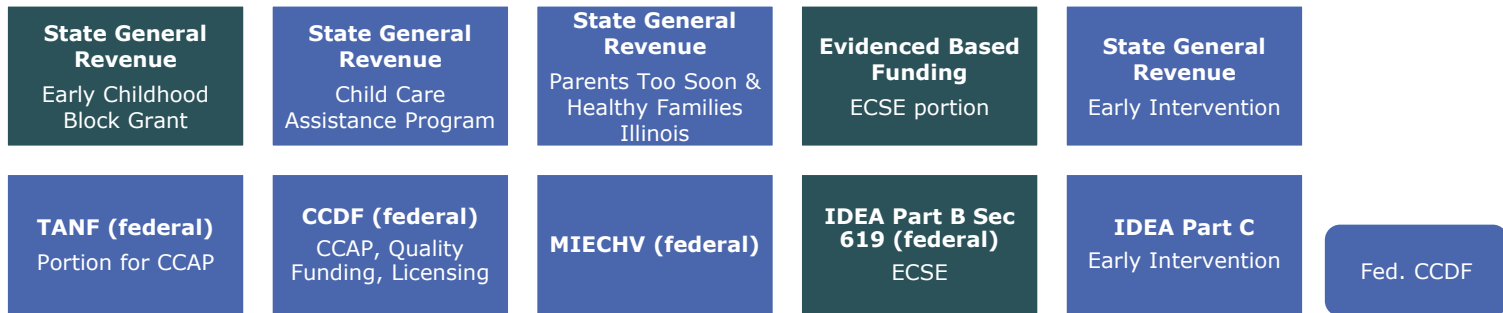
What is the right sequencing with increases in funding toward adequacy?

What mechanism could support incubation of innovative ideas? Should this be an RFP?

An RFP can be utilized similar to general ECEC recommendations, and perhaps part of the same process

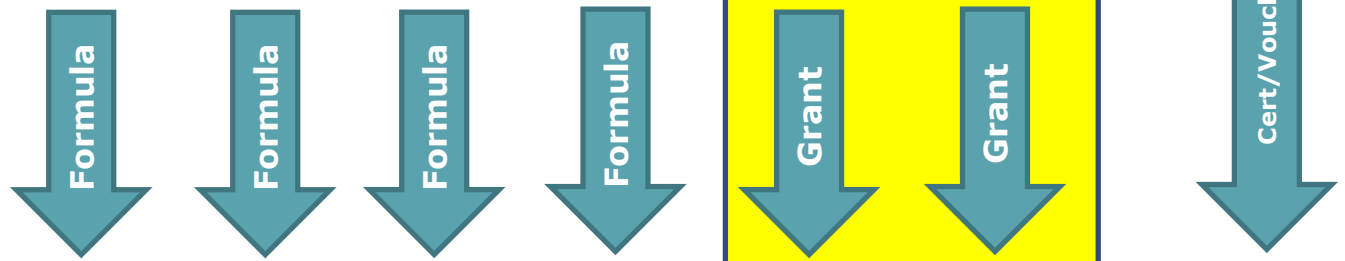
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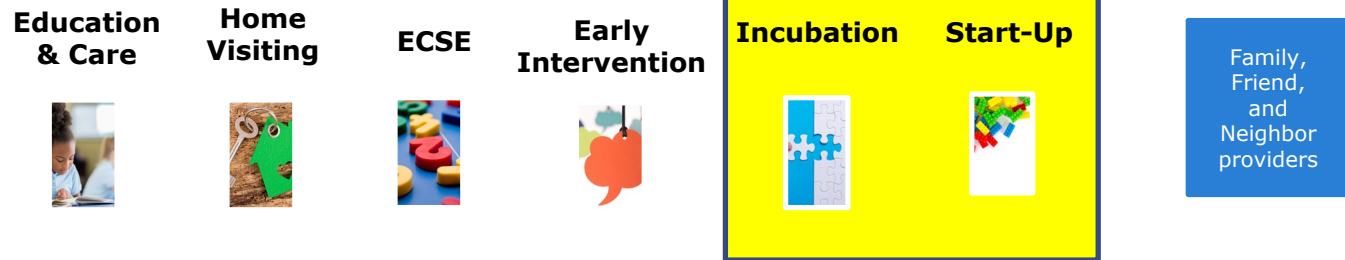


## ECEC Agency Coordinated System of Funding

Contract designates...



Funding Distributions



# Given all this, where do we go next?

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## Understand:

- Learnings from other states' experiences
- Provider concerns, questions, reactions
- Technical issues and potential barriers



## To determine:

- Feasibility
- Appropriate timeline
- Implementation recommendations

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ECSE Funding Mechanism & M&O  
Recommendations: *Digging deeper*

# ECSE system challenges: *what have we heard? How can we address these through our work?*

## For children and families

- Not served where they are
- Challenging transitions

## For providers

- Inadequate targeted funding
- No direct funding outside of districts
- Funding not aligned with needs of children served

## For the system

- Confusing accountability for children in CBOs outside of their home district boundaries
- Lack of understanding of true costs

# What funding mechanism(s) for Early Childhood Special Education will best meet objectives and incentivize priorities?

Evidence-Based Funding

IDEA Part B  
Sec. 619  
federal funds

Medicaid  
Reimbursement (ECSE)

Local Funds

What mechanism(s) for ECSE funding can best meet the objectives of a funding mechanism for ECSE?

Should this continue to be a funding formula?

If so, should it remain a part of EBF?

- Ensure children are served in their least restrictive environment

- Equitably allocate resources based on individual student needs

- Promote continuity of services

- Be mindful of administrative challenges for providers

- Provide transparency on true cost of services vs funding available

# Recommendation 1: Supporting the Mixed Delivery System

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The Inclusion Group recommends a future ECEC system ensures children are served in their least restrictive environment.

## Recommendation 2: ECSE Funding Mechanism

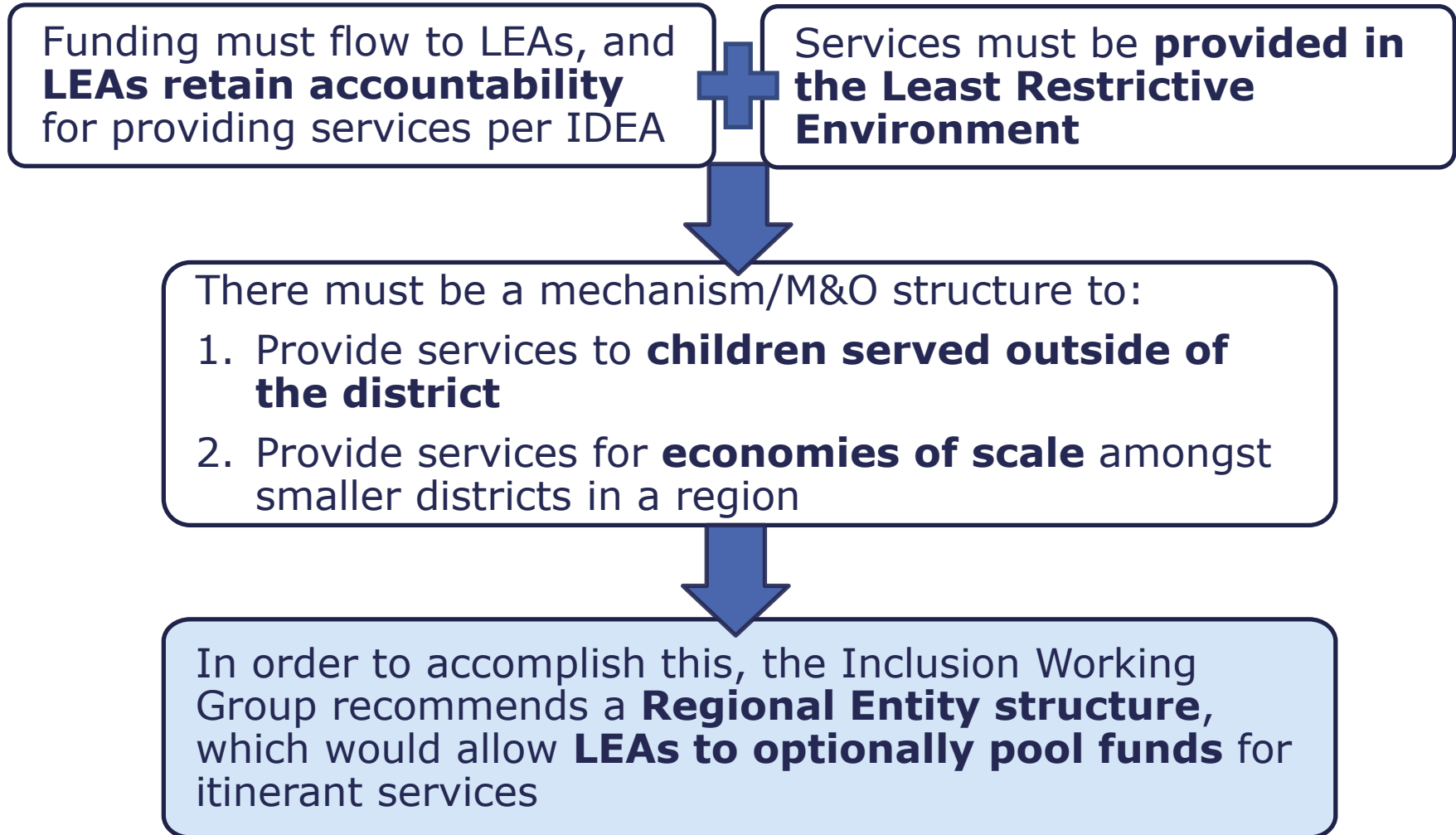
Recommend ECSE funding be ***removed from EBF and distributed via formula alongside, but separately from, the general ECEC funding formula*** proposed by the Mechanisms Working Group.

### Rationale:

- In general, this approach is aligned with the overall ECEC recommended funding mechanism
- A separate formula (from both EBF and ECEC general formula) allows for more specificity on child needs and transparency into level of funding



# Recommendation 3: M&O Regional recommendation for services outside of district settings



# Next Steps: Deeper dive to refine the mechanism and make M&O recommendations

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What funds would go into this mechanism and which wouldn't?

Are there any unintended consequences of pulling this out of EBF in our recommendations?

How specific should we get in the funding formula?

How do services get to children outside of district settings and what is the associated funding flow?

What responsibilities does this require of LEAs, other providers, potential regional entities?

What is the right sequencing with increases in funding toward adequacy?

# What will the funding flow look like?

## Today we will cover these

What funds would go into this mechanism and which wouldn't?

Are there any unintended consequences of pulling this out of EBF in our recommendations?

How specific should we get in the funding formula?

How do services get to children outside of district settings and what is the associated funding flow?

What responsibilities does this require of LEAs, other providers, potential regional entities?

What is the right sequencing with increases in funding toward adequacy?

# What would the funding flow look like:

1. to LEAs
2. from LEAs to the intermediary

Funding must flow to LEAs, and **LEAs retain accountability** for providing services per IDEA



Services must be **provided in the Least Restrictive Environment**

*What funds will flow to LEAs for ECSE, through which mechanisms?*



There must be a mechanism/M&O structure to:

1. Provide services to **children served outside of the district**
2. Provide services for **economies of scale** amongst smaller districts in a region

*How will funding flow from LEAs to intermediaries to provide services?*



In order to accomplish this, the Inclusion Working Group recommends a **Regional Entity structure**, which would allow **LEAs to optionally pool funds** for itinerant services

# Funding sources and funding flow to LEAs

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## **LEAs would remain the recipient of ECSE-specific funding streams**

- ✓ Evidence-based Funding (component for ECSE)
- ✓ IDEA Part B section 619
- ✓ Local Funds
- ☐ Medicaid Reimbursements - TBD

## **LEAs would receive all funds as they currently do except EBF**

- Evidence-based Funding dollars targeted toward ECSE come out of EBF and into a separate funding formula

# Reminder: why are we proposing a separate funding formula specific to ECSE?

Recommend ECSE funding be *removed from EBF* and *distributed via formula alongside, but separately from, the general ECEC funding formula* proposed by the Mechanisms Working Group.

## Rationale:

- In general, this approach is aligned with the overall ECEC recommended funding mechanism
- A separate formula (from both EBF and ECEC general formula) allows for **more specificity on child needs and transparency into level of funding**

# Revisiting our proposal for a separate funding formula

## More specificity on child needs

- We need a funding formula that is granular enough to account for specific child needs
- We need an accurate count of children the district is responsible for serving by this level of granularity

## Transparency into funding levels

- We need to not imply that state appropriations are not the only funds meant to support children with special needs
- We want to be clear that local funds should be considered a funding source

### Questions:

- Are these the right attributes? What else?
- Do we want to move forward with this recommendation?
  - Could altering the calculation of EBF have unintended implications on the EBF model?
  - While not intended to be, could this be viewed as step toward dismantling EBF?
- If not, are there other ways to get to these goals?

# For next meeting: How will the intermediary work? What is the right timeline?

What funds would go into this mechanism and which wouldn't?

Are there any unintended consequences of pulling this out of EBF in our recommendations?

How specific should we get in the funding formula?

How do services get to children outside of district settings and what is the associated funding flow?

What responsibilities does this require of LEAs, other providers, potential regional entities?

What is the right sequencing with increases in funding toward adequacy?



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# Future ECEC governance

# What is behind the M&O recommendation to centralize rather than coordinate general ECEC?



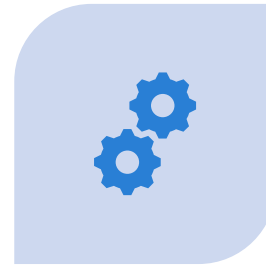
## **POLICY LEADERSHIP**

WE NEED ONE VISION,  
ONE SET OF QUALITY  
STANDARDS, ONE  
AUTHORITY FOR  
PROVIDERS



## **FUNDING & OVERSIGHT**

WE NEED SIMPLIFIED,  
STREAMLINED FUNDING  
ALLOCATION AND  
DISTRIBUTION



## **INFRASTRUCTURE**

WE NEED SYSTEMWIDE  
DATA AND UNIFIED  
EFFORTS ON  
WORKFORCE  
DEVELOPMENT AND  
QUALITY IMPROVEMENT



## **COMMUNICATIONS**

WE NEED A CLEAR,  
UNIFIED ABILITY TO  
LISTEN AND ENGAGE

# Last meeting's discussion:



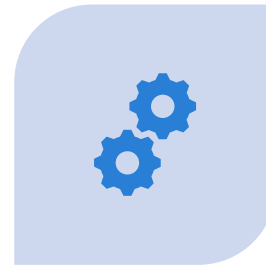
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## **COMMUNICATIONS**

WE NEED A CLEAR,  
UNIFIED ABILITY TO  
LISTEN AND ENGAGE

1. Do we believe these are priorities:
  - *Between EI and ECSE?*
  - *Between EI and/or ECSE and general ECEC services?*
2. Which is more effective for EI and ECSE: coordination or centralization?
3. There are costs and benefits to coordination and centralization. For EI/ECSE, are there more costs or benefits to centralization?

# M&O's three centralization options

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New ECEC  
Agency

Consolidate  
into ISBE

Consolidate  
into IDHS

# Should ECSE and EI be included in the centralized M&O entity?

## *Key Outtakes from our last discussion*



### **What we like:**

- The idea of the system being built intentionally for all children is appealing
- Promoting the connection between EI and ECSE is important for families and children
- Unified vision, standards, and systems (including data) between EI and ECSE and general ECEC are appealing



### **Our considerations:**

- Concern over losing the connection between ECSE and K12 Special Education if removed from ISBE (though the transition is not extremely smooth as it is today anyway)
- Concern over losing the education focus if removed from ISBE
- Leadership may matter more than the structure

# Where should EI and ECSE should live in the future M&O system?

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- M&O has aligned on **centralizing into one agency**
- While M&O has initially leaned toward **creation of a new agency**, all options are still on the table
- M&O will discuss this critical decision in its next working group meeting on **August 27<sup>th</sup>**
  - *Outcomes from today's discussion will inform that conversation*
- We will revisit our recommendation with that context on **September 3<sup>rd</sup>**

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# Next Steps

# Next Steps

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- Prepare update for August Commission Meeting and M&O and Mechanisms Working Groups
- Participation in next M&O and Mechanisms Working Groups?
- Next Meeting:
  - Further refine regional / local roles and structures – to the level necessary for the Commission
  - Report back on adequacy progress and findings



THANK YOU



For next meeting: To understand positioning of the intermediary, we must understand goals

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We have previously said there are two goals:

1. Create a structure and mechanism to ***serve children outside of the district setting*** (including those that attend services outside of the district of residence)
2. Provide for ***economies of scale*** in serving children outside the district setting



**Reactions?**

## For next meeting: Funding would flow to the intermediary to provide adequate services

- Districts may ***opt in or out***
- Districts opting into coordinated services through the regional entity would be required to allocate an ***adequate per-child amount***, regardless of level of funding through ECSE-targeted sources
- Districts opting out would be required to serve all children ***attending*** within their boundaries



## Reactions?

# For next meeting: timeline to get to our vision

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- We agree serving children in the mixed delivery system is a priority
- There is a question on the timeline to transition and how this interplays with funding increases in the ECEC system
- We need to thoroughly understand stakeholder questions, concerns, and other reactions which will inform implementation planning



**Reactions?**