

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

Overview and Notes

This draft document contains an overview of the Early Childhood Funding Commission’s background, proceedings, findings from deliberations from December 2019 through the present, and implementation considerations and next steps. These draft recommendations have not been finalized or received final approval and consensus from the Commission. This document is intended to pair with the more succinct and publicly consumable final Commission report.

The final version of 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.

The Opportunity and Challenges for Illinois’s Early Childhood Education and Care System

The Opportunity

Each child comes into this world full of their own unique abilities and promise. We know that “the largest opportunities to improve the trajectory of a child’s life happen during pregnancy and the earliest years of life”¹. Recognizing the crucial importance of supporting children and families from the very start, Governor JB Pritzker set a clear and ambitious goal in his charge to the Illinois Commission on Equitable Early Childhood Education and Care Funding: “Illinois will become the best state in the nation for families raising young children, with the nation's best early childhood education and child care. Our work towards this goal won’t be complete until every child in this state enters kindergarten with the cognitive skills to think, learn, read, remember, pay attention, and solve problems, but also the social emotional skills to communicate, connect with others, resolve conflict, self-regulate, display kindness and cope with challenges.” These are the skills that high-quality early childhood education and care programs help young children develop.

The dual crises of the COVID-19 pandemic and our nation’s long overdue reckoning with racial injustice have highlighted the need to ensure that our system of early childhood education and care (ECEC) is prepared to deliver high quality services to all our children and families, especially those who have been systemically disenfranchised for far too long. As the current economic crisis has exposed, the long-term economic security of our state depends upon a supported workforce, supported families, and children equipped with the skills they need to reach their inherent potential. Equitable access to high quality ECEC is foundational to our collective success as a state.

The Commission’s critical work of improving Illinois’ ECEC system is done in service of our youngest children, borne from an obligation and a responsibility to families and communities

¹ J.B. Pritzker, Jeffrey L. Bradache, and Katherine Kauffman, “Achieving Kindergarten Readiness for All Our Children: A Funder's Guide to Early Childhood Development from Birth to Five”, The Bridgespan Group and Pritzker Children’s Initiative, 10/20/2015.

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

across the State. The work is centered on ensuring that each child's gifts and strengths are cultivated and given opportunity to flourish. This vision requires that we reach all children and families in all corners of the state, with an intentional focus on racial and geographic equity. It's important that equitable access to high-quality ECEC services support the whole child, and this means also supporting the family, the provider, and the community. As we embark on this work, we reiterate that the goal is to support the development of and build upon the inherent strengths and abilities in each child, each family, and each community.

Background on ECEC in Illinois

Early childhood education and care services support children from birth through age five, and serve two critical purposes: first, to support the developing child through nurturing, supportive interactions and environments, thereby building the child's readiness for success in school and later life; and second, to support parents' ability to participate in the workforce. ECEC services include home visiting (parent coaching) for expecting families and families with children typically ages birth to three and education and care for children ages birth to Kindergarten entry. Education and care services are delivered in a variety of settings, including in homes, community-based organizations, and schools. This variety of settings is referred to in early childhood as the "Mixed-Delivery System." Services may be part-day, school-day, or full-work-day in length, depending on the needs of the child and family. ECEC services must be designed to effectively serve children with all types of needs, including children with developmental delays or disabilities, and they must build on the significant strengths of "English Learners," supporting their language development in both their home language and English.

Illinois has a history of ECEC innovation. We are seen as a national leader in providing home visiting services; Illinois was one of the first states in the country to make robust investments in child care; we were one of the earliest states to establish state funded preschool and include a zero-to-three set-aside in that fund; we have pioneered several cross-system supports for the mixed delivery system, such as the ExceleRate Quality Ratings and Improvement System, the Gateways to Opportunity credentialing and professional development system, and intentional supports for providers to blend and braid funds. These supports have helped put Illinois on the map for our ECEC services. However, our system, like that of most states, has real shortcomings.

The Challenge: Key Findings About the Current System

Despite the State's efforts and increased investments in recent years, access to high quality services remains inadequate and inequitable across race, ethnicity, geography, & age. While Illinois has many successes and much to be proud of in its ECEC system, it is clear that the current system is not working for all young children and families. There is insufficient and uneven access to high-quality early childhood education and care. There are approximately 800,000 children under age 5 in Illinois today, about 40% of whom are in low-income families. At most, about half of children age birth to five from low-income families in Illinois are receiving some

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

form of services. Service levels are especially low for infants and toddlers. While there are enough “slots” funded in Preschool for All and/or Head Start to serve about 80% of low-income three- and four-year-olds, Prevention Initiative and Early Head Start can only serve about 15% of low-income children under age three. Access to quality early learning services varies dramatically from county to county and town to town, both within specific ECEC programs (such as Preschool for All or Head Start) and across all ECEC offerings. Supply varies even across communities with similar need profile: the distribution of high-quality ECEC does not seem to be strongly tied to level of need in the community or the number of low-income children in the community. There are ECEC deserts: in a few counties, there are no high-quality ECEC options, and in at least four southern counties there are no licensed ECEC centers at all.² <VALIDATE> As there has not been comprehensive planning to date, racial equity has not been a key driver of the state’s investment in early childhood. And in fact, limited data makes understanding racial equity incredibly challenging.

The lack of access to high-quality ECEC contributes to low levels of kindergarten readiness in Illinois. In the Fall of 2019, only 18% of low-income children (and 25% of all Illinois children) demonstrated full readiness across the language/literacy, math, and social-emotional domains when they entered kindergarten. There are significant disparities in readiness by race, with 17% of Black and 17% of Hispanic students demonstrating full readiness as compared to 35% of White and Asian students. While many factors contribute to kindergarten readiness, including access to health and mental health services, nutrition and adequate housing, providing high quality parenting support and early education is a proven strategy for supporting young children’s success—a strategy whose promise is not now being fully realized for our state.

There is inadequate funding for the system overall, including a woefully underpaid workforce: Illinois spends close to \$2 billion per year on ECEC in federal and state dollars administered across three state agencies, with much more invested by families, local government, philanthropy, and other private sources. However, at this level of funding, the supply of providers of high-quality ECEC is not large enough to meet demand or need.

While the State spends much less than is needed on ECEC, our current system actually costs more than it would appear on the surface. of the system has many ‘hidden costs’ – that is, costs that do not show up on the financial costs of the system but exist and are borne elsewhere. These include:

² ECEC Funding Commission presentation, Boston Consulting Group. This report constitutes a fact base on the state of ECCE funding in Illinois, including obstacles to efficient alignment of funding streams and equitable access to quality ECCE, and was developed to support the Funding Commission’s work. Erikson Institute’s Risk and Reach and Fiscal Scan compile data on risk factors that undermine child development and compares them to the reach of publicly funded programs and services that support early childhood well-being.

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

- Families paying high fees for care or suffering lost wages after leaving the workforce because they can't afford child care
- Workers subsidizing the system by being paid wages far below the market average for their level of education and skill, with many eligible for public benefits such as SNAP (food stamps) and Medicaid
- Costs associated with children's lack of kindergarten readiness – including extra investment needed in K12 as well as the long-term social costs that stem at least partially from insufficient ECEC.

It is critical that we acknowledge that much of this cost is borne by families with low or moderate income, by communities of color, and by women of color who make up much of the ECEC workforce. These are economic and racial equity challenges that must be resolved.

Inadequate, inequitable services are driven by an incoherent system. This inadequacy and inequity stems from a lack of cohesiveness and coherency in system planning and oversight. Today's state ECEC system is governed by three separate agencies: Illinois Department of Human Services (IDHS), Illinois State Board of Education (ISBE), and the Department of Children and Family Services (DCFS). The Governor's Office of Early Childhood Development (GOECD) serves as a coordinating body, and Head Start and Early Head Start funds are administered by the federal government directly to their grantees. This split governance results in siloed planning, incohesive policies, and unaligned funding mechanisms and program eligibility requirements. Ultimately, providers and families are left to navigate this disjointed system. Some of the more challenging symptoms of this structure include:

- ***Disaggregated accountability and decision making:*** The current split ownership of the early childhood system does not allow for the ECEC footprint to be intentionally designed toward the State's overarching needs or goals, resulting in the inequitable distribution of service availability that currently exists. Furthermore, the multiple separate data systems that have been built for the siloed early childhood programs are not integrated to effectively inform equitable decision making and funding. Ultimately, state policymakers cannot allocate resources in a way that generates greater equity in access to high-quality ECEC services because they cannot see the full picture, and because of this the early childhood system lacks comprehensive transparency and accountability as well. At the community level, there is typically no entity that has responsibility for planning comprehensively for ECEC services, leading in some communities to disruptions when new "competing" programs are open where services already exist, and in other communities to decades of inertia in the face of significant service shortages.
- ***Instability for providers:*** Many providers offer services managed by multiple agencies and receive multiple funding streams with incongruous accountability and reporting requirements. Providers are left to meet various standards within their programs depending on funding stream requirements, which at best are unaligned but often are incompatible. Funding mechanisms are complex, making the system incredibly

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

burdensome and often impossible for providers to work within. Major state-administered funding streams are provided as reimbursements and/or are subject to long payment delays, leaving providers struggling to make ends meet. They simply do not receive enough funding in a timely, consistent manner.

- *Challenges for families to navigate the system:* Parents of young children are essentially left to navigate this incoherent system on their own. There is no single source of information about ECEC options for families, and families must navigate the current disjointed system without full transparency or a cohesive support structure. Lack of a unified set of quality standards or accountability mechanisms limits a family's ability to know where quality options exist, what options they have to help afford ECEC, and what level of quality available services provide.

Absent an articulated funding goal, absent a long-term, unified planning and policy infrastructure, and absent the development of an inextricably linked funding and accountability system, policymakers in Illinois cannot address our state's inequities and insufficiencies in ECEC. Our providers deserve better, our families deserve better, and our State deserves better. The Commission on Equitable Early Childhood Education and Care Funding – through its charge – has been positioned to make recommendations to the Governor to address these issues for the benefit of Illinois' children and families.

The Commission on Equitable Early Childhood Education and Care Funding

The Commission's Charge and Guiding Principles

In December 2019, Governor Pritzker established the Commission on Equitable Early Childhood Education and Care Funding ("Early Childhood Funding Commission" or "Commission") to address the systemic challenges facing Illinois' ECEC system and make recommendations to improve equitable access to high quality ECEC services for all families in Illinois. The purpose of the Commission, and the purpose of its recommendations, is to recognize the fundamental challenges present in the current system, to identify the root causes of those challenges, and to recommend fundamental changes that can lay a foundation for a system that can better serve children and their families, providers, and communities, and ultimately produce better outcomes for children.

The Commission's charge established by Governor Pritzker is to *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*. Distilling this down, there are several key components of work to deliver on this charge.

1. Funding Goals: How much **increased investment** is required to reach **funding adequacy** across the state for early childhood education and care?

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

2. Funding Mechanism: How should the **system of funding** be redesigned to promote the Commission's Guiding Principles?
3. Implementation: How should **management & oversight** be structured to implement the new system of funding?

The Commission has grounded its work in its Guiding Principles, which reflect the Commission's values and beliefs, guided how it operated, and laid a foundation for decision-making. These are:

- **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.
- **Ensure Equity.** We will endorse a system that ensures 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. The 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's Scope

The State of Illinois provides a wide range of services that collectively aim to provide the comprehensive supports needed for strong, healthy families and successful early childhood development. These services, in addition to Early Childhood Education and Care, include and are not limited to: pre/perinatal and pediatric health care, mental health services for children and parents, child welfare services, parks, libraries, and basic community services, and more. This Commission is focusing specifically on the Early Childhood Education & Care system, which fits within this broader ecosystem of comprehensive early childhood development supports, and includes: **<INCLUDE VISUAL OF SERVICES>**

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

- Home visiting (Parent coaching and support)
- Child care centers and homes
- Child care subsidies that make care more affordable
- Preschool, including Illinois' Preschool for All program
- Supports for Family, Friend, and Neighbor care
- Head Start and Early Head Start centers and services
- Early Intervention services for students with special needs
- Early Childhood Special Education

While the focus of this Commission is on ECEC services, we acknowledge that ECEC alone will not solve for the challenges facing families and children, especially those that have been historically underserved. However, it is a critical component that, when more unified, can better engage with the broader comprehensive early development system and move the state forward toward its vision of being the best state in the country for children and families.

Context and the Imperative for Racial Equity

It is important to share the context within which this Commission undertook its work. Notably, as the Commission began its work in December 2019, the country and indeed the world, was on the precipice of the COVID-19 pandemic and the associated economic downturn that ensued. This was then compounded by a reckoning with the reality of racial injustice, especially as evidenced by events of police brutality unfolding over the course of 2020. These events challenged the country to come to grips with the depth of racial injustice 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. While far from complete, the Commission has attempted to include racial equity as a critical lens through which its recommendations are being put forward. The Commission's approach included:

- Conducting an 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.
- Adopting the ELC's definition of racial equity, which is as follows:
 - A racially equitable society values and embraces all racial/ethnic identities. In such a society, one's racial/ethnic identity (particularly Black, Latinx, Indigenous, and Asian) is not a factor in an individual's ability to prosper.*
 - An early learning system that is racially equitable is driven by data and ensures that:*
 - *Every young child and family regardless of race, ethnicity, and social circumstance has everything s/he/they need to develop optimally;*
 - *Resources, opportunities, rewards, and burdens are fairly distributed across groups and communities, so they are supported and not further disadvantaged;*
 - and*

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

- *Systems and policies are designed, reframed, or eliminated to promote greater justice for children and families.*
- Creating the Racial Equity Working Group, engaging philanthropically supported consultation with Chicago United for Equity, and executing an analysis inspired by a Racial Equity Impact Assessment, reviewing the Commission’s draft recommendations and developing recommendations for implementation and accountability to promote racial equity.
- Re-considering all recommendations through the framing provided by the Racial Equity Working Group before putting them forward from this Commission.

This work has resulted in several findings that have been incorporated throughout this report. Chief among them is the recognition that a racial equity lens must be baked into the State’s decision-making process from the beginning. Making recommendations and evaluating their racial equity merit afterwards, rather than building racial equity into the recommendation development process from the beginning, threatens to exacerbate inequities. In addition, high-quality early childhood services, no matter how equitably distributed, cannot by themselves address the problems of systemic and structural racial inequities. Building a racially equitable ECEC system is necessary but insufficient; it is just one in a series of critical steps the State must take to reckon with racial and ethnic inequity in Illinois and build a racially just future for the state. These recommendations must be a part of a larger set of strategies across systems to address inequities in the state. Furthermore, creating racial equity in early childhood education and care must involve close collaboration with and action from other systems outside of early childhood.

Moving forward, there are three things the State must commit to in order to advance racial equity in the Commission’s recommendations: prioritizing racial equity in the implementation of the Commission’s recommendations, conducting meaningful stakeholder engagement in decision-making at the program, community and state levels, and creating community accountability throughout implementation. We will discuss these further in our recommendations and implementation considerations.

Summary of Recommendations

The Commission’s charge is to improve equitable access to high quality ECEC services for all families in Illinois. Foundational to this is aligning on the definition of “equitable access” and an understanding of what “high quality” entails. What do we envision for children and families in the long-term? Said simply: A better, simpler, fairer system that serves more children and meets their individual needs.

As a Commission, we envision a future where high-quality ECEC is available and accessible in all communities, especially in communities that have traditionally been underserved and under-

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

resourced, including communities of color and rural communities. Equally important, it is available and accessible to children with specialized needs, such as those needing early intervention or special education services. For children and families speaking a language other than English at home, it is designed to support children’s development of both their home language and English, maximizing the significant benefits of native multilingualism. Services are designed to support each child's growth and development and to accommodate parents' need for children to be cared for while parents are at work, and as a result, employers and communities experience greater productivity and are thriving because parents have reliable child care. 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. In summary, high-quality ECEC meets children and families where they are and provides them with services they need to grow and develop.

To build this future, we need to lay a stronger foundation for the state’s ECEC system. We need to fix the ECEC system’s financial “plumbing” so that existing and new funding can flow more smoothly and equitably to providers, families, and communities. And we need to do so in a way that prioritizes uplifting and investing in families and communities where there are the greatest disparities in access to high-quality services – disparities borne often from racially inequitable or burdensome policies and practices that reward those families and communities who already have the most resources. A system that equitably distributes public resources and provides equitable access to high-quality ECEC will require:

- Unified policy leadership
- Systemwide data and capacity for analysis to inform planning, including disaggregation by race/ethnicity
- Community-level infrastructure for listening and engagement, planning, and assisting parents in navigating the system
- One set of tiered quality standards and an accountability system linked to the centralized funding system
- Unified quality improvement supports
- One authority for providers, implementing a coherent monitoring system
- Unified professional and workforce development
- One voice of collaboration across other areas of early childhood development
- Intentional and responsive inclusion of Head Start/Early Head Start grantees in the planning and implementation of the system, acknowledging the unique federal-to-local design of the Head Start system

This Commission offers recommendations that will allow for the development of this future system, including how to operationalize the vision and make it sustainable. We acknowledge the

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

weight of these recommendations – they are a heavy lift, especially in light of the state’s current economic realities. But we also acknowledge the significance and imperativeness of our charge, which has been clearly illuminated through this past year’s reckoning with racial and economic injustice. With this as context, the Commission offers the following key recommendations:

- **Use this Commission’s articulated, long-term funding goal in policymaking.** The long-term goal articulated by the Commission conveys the level of investment that is adequate, how current funding compares, and can provide insight as to how Illinois should prioritize investments to achieve the funding goal. This allows policy makers and state leadership to understand where we are relative to where we need to go.
- **Centralize and coordinate Illinois’ ECEC funding system.** The Commission recommends centralizing state appropriations and federal funding that is currently spread across three state agencies. 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.
- **Centralize Illinois’ ECEC systems into one state agency.** The Commission recommends centralizing ECEC into one state agency dedicated to ECEC with designated community and regional structures. This allows for the articulated requirements to be put into operation.

In fulfillment of the Commission’s charge, these recommendations together can 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.

Key Recommendation 1: Use this Commission’s articulated, long-term funding goal in policymaking

We understand that articulating a large financial need can seem untimely given the state’s economic climate and the financial hardship so many constituents currently feel. However, we are responsible for envisioning a future system that effectively serves all children and families. So many in our state have felt the tremendous challenges of struggling to find high quality care, especially during the current pandemic, and our child care providers are dealing with debilitating instability that is not unique to but rather exacerbated by the pandemic. With this as context, it is critical to have a collective understanding of the true cost of providing high quality ECEC services that meets family needs and respects our providers and workforce as a basis to inform smart policy and investment decisions as we move forward toward our envisioned future. Therefore, this Commission has analyzed and is sharing in this report the directional cost to adequately fund equitable access to high-quality early childhood education and care services. This information is critical because it:

- Provides an understanding of where we are as a state compared to where we need to go to reach our goal from a financial investment standpoint

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

- Sheds light on why close to $\frac{3}{4}$ of Illinois' children are not prepared for Kindergarten and why there is insufficient access to high-quality services
- Makes clear the economic injustice to the ECEC workforce, which is dramatically underpaid
- Provides insight into the hidden costs borne by families, workplaces, school systems and others because of the state's under investment in early childhood education and care
- Acts as a tool, alongside other data, to guide policy and investment decisions in line with a long-term vision of equity and quality
- Prepares the state for the day when funding becomes available federally and within our state

The 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. Rather than proposing a required level of funding in the state budget, the funding adequacy calculation is designed to inform a road map, in the context of other data, to help better guide budget making decisions in future fiscal years for early childhood education and care. It should be noted that while this work marks a dramatic improvement in the state's understanding of the cost of high quality ECEC, it is not complete and must continue to evolve. There is more work to be done, particularly around the cost of providing Early Intervention and Early Childhood Special Education Services as well as costs for supportive infrastructure. This will be discussed in the recommendations for next steps.

The following set of guiding values reflect goals of the ECEC community for a high quality early childhood system and are included in the funding adequacy cost model. These values acknowledge the challenges in our current system that require funding to address if we are to put an end to inequities in quality and access and ultimately provide a more accurate estimation of the investment needed to reach a high quality, comprehensive ECEC system. The values include:

- Program models that meet families' needs and preferences for schedule and setting;
- Program models that provide comprehensive services that are sufficient to address the needs of children who are furthest from opportunity, including those in poverty or experiencing homelessness or child welfare involvement;
- Program models that are culturally and linguistically appropriate and support children's home language development as well as their English language skills;
- Program models that meet the full range of special needs that young children have and that serve children with disabilities in inclusive settings;
- Parity in compensation and benefits across the profession, commensurate with varying characteristics such as qualifications and role, to ensure highly qualified teachers and staff are hired and retained;

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

- Staffing patterns that allow for adequate time for teacher’s engagement in lesson preparation, professional development, parent engagement, and consultation services;
- Class sizes and staff-to-child ratios that reflect best practice for each age group;
- Adequate infrastructure investment to ensure appropriate quality improvement supports are available as well as opportunities to build a highly qualified workforce.

Unsurprisingly, the current level of state and federal investment in early childhood education and care is insufficient. Our Commission estimates that the current level of investment is 14% of the investment necessary to provide high quality services for all families who would seek access. The total state and federal investment in 2019 was \$1.9B across state and federal services. For comparison, spending in Illinois for children ages 6-18 is seven times higher than this, and Illinois lags behind its midwestern neighbors on early childhood spending per child. The estimated long-term need is \$12.4B from public sources. We envision families would contribute \$2.0, for a total system adequacy cost of \$14.3B. The cost model report with assumptions and full detail can be found at the link shared in Appendix X.

<INSERT WATERFALL OF COMPONENT PARTS>

With the noted need for further refinement, this directional level of investment would bring to fruition our vision of providing equitable access to high quality early childhood education and care. First, it would provide a high-quality experience for families and children throughout the state. Their experience of the system would be dramatically different, starting with availability at the location of family choice and options for levels of services that fit their unique needs. They would experience smaller numbers class sizes with more staff, especially for children from lower income backgrounds. They would have more intensive family engagement than today, the special education and bilingual services that they need, and mental health services among other supports. These services would be affordable, limiting family contributions to 7% of income on a sliding scale and making all types of programs accessible, especially to working middle class families. We believe this is the experience our children and families need and deserve.

Accordingly, providers would have an improved experience within the system at this adequate level of funding. They would first and foremost have adequate funding to appropriately pay their workforce leading to lower turnover and more stability, and the ability to create safe, welcoming environments and offer supports their children and families need. Our ECEC workforce would receive the development and training they need and finally receive fair pay commensurate with their valuable contributions. Note that increased compensation is envisioned to come alongside investments in workforce development to ensure existing staff have the opportunity to retain their roles and obtain the education, training and credentials they will need. Adequate compensation for ECEC professionals means lower staff turnover, so educators would be able to build crucial relationships with the young children in their care. These relationships are the key

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

to producing the positive outcomes from high-quality ECEC that we see in the research literature. Smaller group sizes further strengthen these relationships and give ECEC professionals greater opportunities to spot developmental delays and provide personalized supports for each young child. It is critical to reemphasize that nothing within this report or cost model is or should be considered to be an unfunded mandate; instead, we seek to understand the funding necessary to build this future system with high quality, equitable services for all who want them.

This cost estimate has been developed and refined over the past two years based on authentic engagement with stakeholders, contributions and reviews from national experts, and deep data analysis – all in line with the Commission’s Guiding Principles. The full cost model report with significant detail on the assumptions included can be found in Appendix X. However, it is completed at a point in time and must continue to evolve to serve its purpose as a guiding beacon for investment and policy decisions. Given this, the Commission offers the following recommendations:

- The cost model should be thoroughly updated every four years (at a minimum) in alignment with the Commission’s Guiding Principles. An annual update should be conducted for inflationary factors and any material changes, with a particular focus on equity considerations. An advisory body with diverse membership representative of the full early childhood field should be created to support this periodic reevaluation of the adequacy estimate. This advisory group should include but not be limited to: providers from all ECEC services, practitioners, teacher and other staff organizations and unions, families experiencing components of the system, national and state early childhood policy experts, state agency financial leadership, and financial modeling personnel.
- The State should conduct more in-depth cost modeling in the next year for Early Intervention, Early Childhood Special Education, and Family Friend and Neighbor care services, as these cost models will require more in-depth engagement with providers regarding the cost of high-quality service delivery beyond what could be covered in the Commission.
- The State must more fully understand and incorporate into the model the cost of infrastructure. A placeholder has been used to cover costs such as community and regional infrastructure, state agency personnel, monitoring and regulation systems, workforce development, quality improvement and accountability systems, and data and information management systems. This is a significant component of the total cost (\$1B) which must be studied further. This future study must 1) ensure all components of infrastructure are incorporated and 2) build up the cost of these components with particular consideration of equity and an understanding that communities have historically seen underinvestment that must be rectified. Furthermore, the study must assess the costs of facility footprint expansion across the mixed delivery system and how these costs may or may not fit within the infrastructure estimate.

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

- The State should incorporate into the cost model estimate resources to support parental education, parental inclusion and authentic community engagement, and culturally responsive services and related professional development.
- The State should undertake a study to assess current local funding capacity and to identify options and incentives for longer term local contributions to adequate funding.
- Finally, in the next phase of this work, the State should prioritize revisiting 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 Commission's full suite of recommendations.

Key Recommendation 2: Centralize Illinois' ECEC funding system.

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. 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. **<INSERT VISUAL OF CURRENT SYSTEM>** A centralized system will allow policy makers and state leadership to send funding to where it is most needed, and it will provide for greater predictability and stability for providers, inherently creating better services for children.

The **funding sources** that are recommended to be centralized & coordinated (**\$X** billion of the \$1.9 billion) are:

- a. Early Childhood Block Grant (State General Revenue)
- b. Child Care Assistance Program (State General Revenue, federal Child Care Development Fund, federal Temporary Aid to Needy Families transfer portion)
- c. Parents Too Soon (State General Revenue)
- d. Healthy Families Illinois (State General Revenue)
- e. Maternal, Infant, and Early Childhood Home Visiting (federal)

Furthermore, the Commission recommends that **funding distribution** is conducted in new ways, such as:

- Direct distribution to service providers would be conducted for the following services or some combination therein:
 - Education and care
 - Home visiting
 - Program incubation (funding to support planning prior to program opening)

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

- Program start-up (funding to support costs associated with program opening before reaching capacity)
- Direct distribution to local or regional support entities or service providers would be conducted for the following services or some combination therein:
 - Program incubation (funding to support planning prior to program opening)
 - Workforce and professional development
 - Training and technical assistance
 - Community systems development
 - Data collection and analysis
 - Family and community engagement in system planning and development

The Commission recommends that **funding allocation** be conducted in new ways, with the goal of (i) more stability and consistency for providers receiving funds from the State, so that they can better offer services to families, (ii) more transparency in service of equity in the state's ECEC funding system, and (iii) better complementing the direct federal-to-local investment of Head Start/Early Head Start funding – all things the current fragmented ECEC funding system simply cannot do.

Thus, the Commission is recommending that the State transition to a system of weighted formula-based grants and multi-year contracts to allocate centralized funds to providers.

- *Education & Care and Home Visiting* service funding would be allocated based on per-child or per-classroom formulas that are weighted to more equitably support children and communities with a need for greater investment. Funds could be distributed in advance based on projected enrollments with periodic true-ups based on actual enrollments, alleviating the significant cash flow burden on providers experienced with today's reimbursement models. Funds could be distributed through longer-term, multi-year contracts that can be reauthorized based on uniform accountability standards rather than recompleted every few years. Funding amounts for support services could be lump sum amounts based on services to be provided, and intermediary organizations that provide shared back-office and quality support services to smaller providers could be integrated into the funding system to ensure greater accessibility of funding and services.
- *Program Incubation & Start-Up* funding would be allocated as grants to support expansion of high-quality services and could be made available to providers through targeted, equity-informed Requests for Proposal or other applications. 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, and adequate supports and technical assistance for potential applicants should be provided to ensure equitable access to funding.

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

Complementing the funding formula described above, funding for supports (such as workforce and professional development, training and technical assistance, capacity building, and community systems development) would be allocated as grants to support provider capacity and quality. These grants could be made available to providers or entities supporting providers, such as community collaborations or other community or regional infrastructure entities. These grants should be targeted to communities in which there are insufficient high-quality ECEC options for families who need them.

Such a system must prioritize continued support for Illinois' mixed delivery ECEC system to preserve parent choice, and so the State must prioritize in the contracting and grantmaking process diversity in service location, diversity in high-quality program model and curriculum type, and representation of the families and communities served, including racial/ethnic representation. The funding mechanism should also be designed with the recognition that capacity building and program incubation and start-up require multiple years to successfully result in more and stronger programs, and therefore such an effort requires sustained funding commitment.

As stated above, the primary goals of this future funding system are to provide for greater predictability and stability for providers and to allow policy makers and state leadership to equitably allocate funding. With a funding system as described, the Commission believes these goals can be achieved.

- Because funds for ongoing operations are allocated up-front via formula, providers will have more stability and ability to plan their services - ultimately providing a more stable environment for children and families. This inherently can lead to attaining better fiscal health. Stable, predictable sources of funding mean providers are more likely to stay in business, invest in quality, and be assured of timely payments. More providers may want to work with the state and thus provide services to eligible families. 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. Finally, with these changes, we believe that providers will spend less time on administrative burden and more time focusing on the core mission - serving young children.
- Further, with the funding system as described, 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.

The Commission recognizes that a transition to a contract-centered system of funding 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

Illinois Commission on Equitable Early Childhood Education & Care Funding *Proceedings & Findings*

their revenue from public sources. We acknowledge that there will likely continue to be a role for certificates (vouchers) in the child care system for many years as the state continues to balance the somewhat competing priorities of providing access to the full market of services, supporting parental choice of settings, and ensuring stable funding for high quality services while overall public funding for the system grows.

Early Intervention and Early Childhood Special Education Services within the Centralized Funding System

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. 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. More study is urgently needed to determine how governance and mechanism structures can best support this equitable access.

A notable challenge that makes ECSE and EI distinct from other ECEC services is the prevalence of federal funding and the fact that they are an entitlement subject to federal law and oversight. In addition, these programs are intertwined with other systems (such as K-12, Medicaid, and local funding streams). While much work has been done by the Commission, consideration of more dramatic changes to the system will require involvement of a greater number of stakeholders, including families, providers, members of the field, and state and national experts. Here we share progress made in understanding challenges in the current ECSE and EI systems, goals of the future system, and hypotheses of how future mechanism structures could help meet those goals.

Early Childhood Special Education

The State must further define how to best provide Early Childhood Special Education services (funded by federal IDEA Part B Section 619, State Evidence-Based Funding (EBF), Medicaid, and local funds) 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. The Commission therefore recommends the state move forward immediately after this Commission concludes with a **study on providing ECSE services in the mixed delivery system and the funding mechanisms and governance structures that can best support such an inclusive system.**

Currently, children ages 3-5 with IEPs are primarily served by the school district in which they reside, as the local education agency is accountable for providing these services (although there is confusion about accountability for children that receive child care services outside of their school district of residence). This means many children are not being served at the location of family choice or where the child is receiving general ECEC services. In practicality, it means that

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

many children are transported from their child care location to the school district for services as prescribed in the IEP, and many other families end up foregoing work opportunities to accommodate the limited schedule of school-based services. This inherently is not a system that is child-centered or responsive to family needs.

Even if providers in the mixed delivery system want to provide inclusive services for children with special needs, funding and oversight structures are not in place today to enable this at a system-wide level. There is no direct funding outside of school districts (to which IDEA and EBF funding flows), there is a lack of understanding of the true costs of ECSE services, and there is inadequate targeted funding for ECSE despite the requirement to provide services, which leads to frustration within school districts as costs create pressure against general K12 funding. Head Start programs, which have a federal mandate to include children with disabilities and ensure that they make up at least 10% of their enrollment have faced challenges for decades in their efforts to partner with school districts to provide needed special education services. Finally, while there is strong philosophical alignment that children should be served at the location of family choice, there needs to be alignment across the sector on incentivizing providing services in the Least Restrictive Environment and ramifications on a mixed delivery system design, as well as thorough discussion on the feasibility of any mandates and the cost to implement. All of this must be considered in the context of moving toward adequate funding for ECSE services but acknowledging that funding increases may not immediately materialize.

The Commission offers up priorities for the future system for consideration. First and foremost, the Commission recommends serving children at the location of family choice. Families with children with special needs must have real options for ECSE services that meet their needs, including full-work-day, year-round care where needed to support the parents' work schedules. In addition to this, priorities include: providing transparency on true cost of services vs funding available, equitably allocating resources based on individual student needs, promoting continuity of services between EI and ECSE as well as between ECSE and general ECEC services and Kindergarten, ensuring availability of appropriate supports for dual language learners with special education needs, and finally, being mindful of administrative challenges for providers in the development of future funding and oversight systems.

As part of further study, the Commission recommends consideration of potential regional/community intermediary structures to facilitate funding and service delivery. Given that LEAs receive funding per IDEA and retain accountability, but with the desire to provide services in the mixed delivery system, an intermediary may be able to coordinate between entities to ensure all children are served. An intermediary structure could also allow LEAs to optionally pool funds to provide services to children outside of district settings, which may be particularly helpful to smaller LEAs that could not feasibly provide itinerant services or specialized services

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

(for example, providing specialized services in less common languages). Again, this is *an option* that the Commission believes warrants further study.

While further study is underway, the Commission believes that 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 when feasible and appropriate. Meanwhile, the Commission recommends that the **ECSE component of the K-12 Evidence-Based Funding formula be reviewed** by relevant members of ISBE Finance and the EBF Professional Review Panel to address the Commission's finding that it does not fully reflect adequate cost and determine ramifications on EBF based on adjustments that may be needed. Specifically, the ECSE cost factor must be revised to accurately reflect the way that preschool-aged children with special needs are served by Early Childhood Special Education.

Early Intervention

Similar to ECSE, the Commission understands there are challenges in the current Early Intervention system that, at least in part, may stem from today's funding mechanisms. The State must evaluate options for an Early Intervention system of payments (funded by federal IDEA Part C, Medicaid, State General Revenue, private insurance, and private co-pay) that can maximize the use of all available dollars to improve service delivery and therefore the family experience. In particular, funding mechanisms should incentivize smooth and seamless family service delivery, effective training and collaboration amongst providers, smooth transitions between EI and receiving programs, and recruitment and retention of qualified service providers. The Commission therefore recommends **further study on mechanisms that may best incentivize these priorities**, including evaluating the potential for and ramifications of a contract-based system – conceptually similar to that being proposed for general ECEC services. Contracts could be considered as a potential opportunity to promote quality and accountability while also offering more stability to providers by providing up-front payment as opposed to reimbursements. Learnings from current state practices as well as from other states, input from myriad diverse providers, and family input should be gathered and considered as part of this study. Additionally, questions on implementation challenges, such as private insurance billing and Medicaid reimbursements, will need to be understood.

Changes in funding mechanisms, however, must be coupled with increases in funding to move toward funding adequacy. More families need services, with the State currently serving less than **X%** of estimated children who may be eligible under federal guidelines. In order to reach and provide services to substantially more families, current providers must be incentivized to stay in the system and increase their presence, as well as encouraging more providers to opt in. There is also a noted equity issue today, with challenges ensuring services are available in historically underserved communities including racially, ethnically, or linguistically diverse, high poverty, and rural communities. All of this points to a need to increase provider pay to attract and retain more

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

providers into the currently understaffed system, as included in the funding adequacy cost model described in this document.

These recommendations indicate progress made on cataloguing and synthesizing both challenges within the current funding mechanisms for these two services and the potential downstream effects of any large-scale changes to those funding mechanisms. Much more remains to be unpacked through continued study and dialogue. Ultimately, the State must define the funding mechanism parameters and governance structures that transparently and effectively support providers and families in meeting individual child and family needs in a high-quality, accessible and inclusive setting for children with disabilities.

Key Recommendation 3: Centralize Illinois' ECEC systems into one state agency.

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 centralize state agency functions in one newly created state agency dedicated to ECEC with designed community and regional infrastructure. 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, including assessment the cost impact of creation of this new agency.

Centralizing management and oversight of ECEC into one state agency allows for the articulated requirements of the envisioned ECEC system to be put into operation, such as:

- Unified policy leadership
- Systemwide data and capacity for analysis to inform planning, including disaggregation by race/ethnicity
- Community-level infrastructure for listening and engagement, planning, and assisting parents in navigating the system
- One set of tiered quality standards and an accountability system linked to the centralized funding system
- Unified quality improvement supports
- One coherent monitoring system for providers to be accountable to
- Unified professional and workforce development
- One voice of collaboration across other areas of early childhood development

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

- Intentional and responsive inclusion of Head Start/Early Head Start grantees in the planning and implementation of the system, acknowledging the unique federal-to-local design of the Head Start system

The Commission believes that any future centralized ECEC state agency must possess the capacity to drive our system toward equitable outcomes for young children and for their families and communities. It must intentionally focus on racial and ethnic disparities, income disparities, language, culture, geography, and age. It must ensure that supporting children with disabilities English learners is foundational to the system. It requires rooting out racism and dismantling existing systems of oppression that produce inequitable outcomes. It 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.

The centralization would bring together many programs that are currently embedded within 3 state agencies:

- ISBE's Early Childhood Block Grant – Preschool for All, Preschool for All Expansion, Prevention Initiative
- IDHS's Child Care Assistance Program
- Home Visiting, housed at IDHS – MIECHV, Healthy Families, Parents Too Soon
- IDHS's Head Start Collaboration Office, and the State's relationship with Head Start
- IDHS's Early Intervention
- DCFS's Day Care Licensing
- The Commission recommends further study to evaluate whether ISBE's Early Childhood Special Education should also be centralized in this new agency.

While the Commission recommends a centralized state agency, we also acknowledge that the future system can only be successful if it is a true collaboration and partnership between the state and communities, and is built to address the unique needs of those communities. **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. 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, and further family engagement. A community and regional infrastructure would provide capacity to collect and analyze data at the local/regional level to inform policy and planning. It would also enable family engagement, outreach, and support for families' navigating the system at the local level. 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.

Agency Capacities – what will the state agency do?

This early childhood agency will be charged with carrying out the capacities of policy leadership, funding & oversight, infrastructure buildout and support, and communications in collaboration with entities at the regional or local levels. The agency's functions will include:

- Policy Leadership
 - Set & maintain statewide vision, goals, and priorities that drive equitable access to high-quality ECEC and equitable outcomes for children and families. Use periodic systemwide equity audits to inform statewide goals and priorities.
 - Set early learning standards and guidelines and tiered program quality standards based on the science of early childhood development and informed by anti-racist approaches and the families and providers directly impacted by the standards and guidelines.
 - Develop and implement system policies, rules, and regulations (including budget) based on diverse family, community, and provider perspectives and needs and in response to system gaps and disparities. This will require reconciliation and integration of regulations for all ECEC programs, with special attention to the role of the federally-controlled Head Start/Early Head Start program in our state's early childhood program.
 - Coordinate with other child- and family-serving state agencies, including health, human services, child welfare and education agencies, to ensure comprehensive and responsive supports for families.
 - Coordinate and engage ECEC system advisory bodies. This may include consolidating existing ECEC advisory bodies or creating new bodies if needed to amplify the voices of families, providers, and communities and to seek input from them and from state agency leaders, advocates, researchers, and other entities across the comprehensive early development field.
- Funding & Oversight
 - Use data and community perspectives to drive the budgeting process, including periodically updating the ECEC funding adequacy model with input and support from advisory bodies.
 - Make funding allocation decisions that ensure equitable allocation of resources and equitable access to quality services. This includes:
 - Using equity audit, accountability measures, and stakeholder input to inform funding distribution policy and quality improvement policy
 - Creating funding allocation rules and policies with involvement from and in collaboration with regional and local ECEC entity representatives and in consultation with ECEC stakeholders with local knowledge of ECEC supply and demand

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

- Designing and administering targeted, equity-informed competitive bid RFP process for new system entrants (with funding allocation for adequate provider supports for responding to RFPs)
- Administer equitable funding distribution mechanisms by designing and administering long-term contracting processes for existing ECEC public funding recipients which specifies services to be provided, number of children to be served, and geography to serve.
- Conduct licensing, contracting, monitoring and compliance oversight designed to support equitable outcomes for all children. This includes:
 - Conducting contract reauthorization through a uniform accountability process that is state led and regionally informed.
 - Considering contract modifications within contract term and/or at contract renewal for the types of services provided, number of children served, and geography served.
 - Implementing a cycle of analysis, evaluation, and honing of the process to ensure equity and effectiveness of services.
- Infrastructure
 - Develop leadership capacity to implement improvements to the ECEC system
 - Integrate, align, and standardize data systems across early childhood education and care to facilitate comprehensive, data-informed policy and decision making. Collect, analyze, and evaluate systemwide disaggregated data including conducting periodic system equity audits of funding and access to high-quality ECEC services and outcomes. Data analysis, research and evaluation should be a significant function of the new agency. Data should be disaggregated by race, English Learners, children with special needs, and geography, and income, and must be readily available for decision making.
 - Manage system-level continuous quality improvement by setting and executing on a vision for continuous quality improvement across the ECEC system. This requires rationalizing various ECEC licensing, monitoring, quality, and quality improvement incentive structures in service of this vision.
 - Set and execute a vision for comprehensive, equity-informed workforce and professional development across the ECEC system to support greater diversity and representation in the early childhood workforce. Reconcile and integrate professional development and workforce regulations and qualifications across the ECEC system. Administer professional development and workforce development, including through contracts with intermediary organizations.
 - Incubate greater access to high-quality services by using equity data to inform investments to cultivate high-quality provider options for targeted populations, make grants available for incubation and start-up support via a targeted, equity-informed RFP process led by the state agency and informed by regional entities,

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

and implement cycle of analysis, evaluation, and honing of the process, built in partnership with communities, to ensure equity.

- Communications
 - Regularly report systemwide progress toward equitable access, quality, and outcomes. Create a statewide and regionally disaggregated ECEC equity report card.
 - Engage stakeholders and provide clear information by leveraging regional and local entities as hubs for communication, local input / decision-making, community systems development, coordinated intake, and other supportive infrastructure.
 - Create equitable and inclusive opportunities for collaborative decision-making with families and providers through use of advisory bodies for providers, families, and community members. Invest resources and capacity to create accessible avenues for policymakers to consult with and involve families and providers in the policy and decision-making process. Build time into the decision-making process to ensure inclusivity in this. The State must ensure ways for families to not only be invited but included and able to participate by addressing barriers related to expense, scheduling, technology, etc.

Agency Objectives – what will the state agency achieve?

A centralized ECEC state agency will fulfill the following objectives to ensure equitable access and support equitable outcomes for all children and families, including English learners and children with disabilities:

- Plan cohesively for sustainable ECEC
 - Unify vision, decision-making, and communication.
 - Unify the definition of quality.
 - Design program models and funding streams to respond to family and community needs and address system gaps and inequities, with attention to how Head Start/Early Head Start fit into the overall system and ensuring inclusive supports for children with disabilities and English Learners.
 - Adopt a diversity, equity, and inclusion framework to guide decision-making.
 - Meet the regulatory requirements of federal and state funding streams.
 - Navigate political and administrative changes.
 - Support a statewide system of regional and local collaborations that engage stakeholders (especially parents) in the planning of ECEC services.
- Improve access to high quality and ensure equitable outcomes
 - Ensure sufficient capacity at regional/local level.
 - Use disaggregated data to inform decisions on resource allocation to meet system and community goals.
 - Prioritize resource distribution to reconcile past underinvestment and support equitable access and outcomes.

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

- Fund and incentivize high quality ECEC services, including racially/ethnically inclusive opportunities for quality improvement and equitable resource distribution to underserved communities and intentional focus on children with disabilities and English learners.
- Improve system transparency, accountability, and efficiency
 - Unify monitoring, data collection, and reporting and monitor equitable access to resources.
 - Institute system accountability team and measures to monitor system outcomes over time
 - Send funding allocations to providers with time to plan.
 - Implement systems to support simplified funding distribution and reduce duplication of effort.
 - In accordance with our Racial Equity review, the agency must:
 - Include an accountability office that prioritizes quantitative and qualitative data, including the creation and maintenance of performance scorecard that disaggregates metrics by race and is accountable to communities through implementation
 - Support the data capacity of providers and communities through:
 - Quality data collection, including race, ethnicity and home language data
 - Community-level capacity to analyze data on service gaps
 - Creating a culture of data-based decision making to support racial equity in services
 - Be accountable to communities through implementation by reporting on metrics
- Respond to family need and earn public trust
 - Unify family engagement and community systems strategies, engaging diverse stakeholders in an inclusive decision-making process.
 - Implement accountability that is focused on family perspectives, data, equitable access to high quality ECEC, and equitable outcomes for young children and families.

If a new state ECEC agency is created, governance will matter deeply to its sustainability. 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). Advisory bodies should be unified under the Early Learning Council umbrella with targeted charges for each body and a clear structure for communication across advisory bodies supported by the agency.

Planning & Implementation

The Early Childhood Funding Commission brought together diverse, leading voices across the early childhood sector as well as business and legislative leaders to study the fundamental challenges experienced by families, providers, educators, staff, and other stakeholders, and to make bold, foundational recommendations to strengthen and grow ECEC in Illinois. The Commission's recommendations lay out the vision for an effective future system, yet this process unearthed many issues that cannot be covered within the Commission's timeframe that remain critical to effective implementation of the recommendations. Therefore, the Commission offers its recommendations on immediate next steps and priorities for 2021 below.

Immediate Next Steps

Beginning upon conclusion of the Commission's work, we recommend the following next steps be taken to begin planning:

- **Establish this work as a priority for State leadership.** To begin the planning for initiatives to be undertaken in 2021 and beyond, the State must explicitly make a commitment to continuing the progress made by this Commission. State agency leadership must be empowered to move the work forward, establish decision-making structures, and make available cross-agency resources. Current state agencies should be given the time and resources needed to develop a blueprint for the future system and next steps, with definite attention to accountability mechanisms and forums.
- **Establish an Implementation Guiding Body to guide the work.** An Implementation Guiding Body, informed by and representative of advisory bodies from all areas of the early childhood field and with prioritized representation for parents and providers, should support and inform agency leadership, guide the next phase of this work, and monitor effective implementation of the Commission's recommendations.
- **Ensure authentic stakeholder engagement is paramount from the beginning through clear, established processes.** The Implementation Task Force must ensure stakeholder voice is foundational to all decision-making. Intensive, iterative, and inclusive stakeholder engagement with clear feedback loops must be a continual focus. The Commission recommends the Implementation Task Force establish clear forums and processes for stakeholder engagement to ensure all stakeholder groups are represented in conversations and decision-making and ensure opportunities for engagement are communicated with an intentional focus on reaching priority populations that have been historically underserved.
- **Establish an intentional focus on equity, including racial equity, from the beginning.** Equity must be interwoven into planning and implementation of the Commission's recommendations as shared here. As part of this, the State should: 1) make an explicit, stated commitment to using a racial equity lens moving forward (including conducting a

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

full Racial Equity Impact Assessment during implementation); 2) plan, execute, and evaluate implementation of the recommendations with a clear way to understand equity of impact based on race, ethnicity, language, income, children's individual needs, and geography; and 3) recruit and involve a diverse, representative group of stakeholders most impacted by the recommendations to guide implementation.

- **Fully resource implementation planning efforts.** Finally, implementing a coherent, cohesive funding system and centralized oversight requires a significant, intentional, and well-resourced effort. Adequate funding and state agency staff capacity are required to fulfill the recommendations above, along with intentionality, thoughtful deliberation with those most impacted, dedication to equity in the process, and resources to secure external expertise as needed.

Leading with Equity

As the work to make the State's ECEC system better, simpler, and fairer moves forward, the State must commit to planning, executing, and evaluating implementation of the recommendations with a clear eye on equity. There must be an established way to understand how the impact of implementation may vary by race, ethnicity, language, income, children's individual needs, and geography. Here, we highlight some of the main equity considerations for the Commission's three key recommendations:

- **Ensure Equity in Funding Goals.** Identify which services will be prioritized for resourcing and for whom before funding adequacy is reached so that inequities are not exacerbated, then set benchmarks to monitor implementation over time. Prioritize service expansions based on identified needs, priority populations, and rectifying existing inequities. Determine human capital recruitment and capacity building needs and strategies (e.g., workforce, community systems) and prioritize funds to build capacity in areas that are most underserved. Ensure thorough studies are completed on remaining questions to address on costs of adequate early intervention and early childhood special education services, and that these are included in equity considerations.
- **Ensure Equity in Funding System.** Identify and address how expanded funding distribution could burden or exclude current providers. Involve providers and parents in the funding mechanism development process including RFPs to ensure it is accessible to all and not unfairly advantaging some. Build in accountability for multi-year contracts, which include racial equity-based criteria for funding eligibility or priority and mandate services based on need (e.g., ensuring bilingual services are available for those who need them).
- **Ensure Equity in the New Governance Structure.** Intentionally and equitably build the capacity of local boards or advisory bodies, including identifying and providing services based on community need. Collaborate with state, regional, and local agencies to address service alignment, and further specify the role that community-level entities, such as community collaborations, will play in accessing and distributing funds and services to explicitly address local needs. Involve community stakeholders directly in decision-

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

making to create the new agency in a way that can prioritize equitable decision-making and policy and create an outreach and support plan for underserved communities throughout the transition to a new agency.

2021 Implementation Priorities

The Commission's long-term vision will take time – and yet change is needed urgently. Therefore, the Commission strongly urges that the following priorities be implemented by the State in 2021. These implementation priorities are best achieved under a designated leader within the State in anticipation of the development of a centralized ECEC structure.

- **Establish the framework for effective stakeholder engagement.** Catalogue existing advisory councils and consolidate if and where deemed appropriate in partnership with existing councils; ensure diverse representation and adequate representation for all priority populations amongst councils; clarify the connection between advisory councils and the Implementation Team and opportunities for engagement.
- **Update the adequacy cost model with more robust analysis through follow-on studies.** It is critical to have a collective understanding of the true cost of providing high quality ECEC services that meets family needs and respects our providers and workforce as a basis to inform smart policy and investment decisions as we move forward toward our envisioned future. As discussed in Key Recommendation 1, there are several areas of cost modeling and related analyses that the Commission was not able to fully address within its timeline and for which the State must conduct more complete cost modeling in 2021.
 - These include conducting studies on adequate costs of Early Intervention, Early Childhood Special Education, and Family Friend and Neighbor care services. For each, providers must be deeply engaged in conversations of adequacy.
 - Furthermore, the State should incorporate into the cost model estimated resources to support authentic parent and community engagement in planning and implementing services, and culturally responsive services and related professional development.
 - 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 building the needed capacity in the early childhood system to meet the Commission's full suite of recommendations.
 - In addition, the State should undertake a study to assess current local funding capacity and to identify options and incentives for longer-term local contributions to adequate funding.
- **Plan the new centralized system of funding and governance.** The work to centralize funding and governance will require significant planning that must begin as soon as possible. ISBE, DHS, and DCFS have been discussing this work for several months to

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

support the Commission's deliberations. This Commission recommends the following actions:

- Formalize a study of organizational capacities and functions across ISBE, DHS, DCFS in comparison to needed capacities for the centralized agency. It should also define the organizational chart of new centralized structure and define community and regional roles in the structure. Finally, a search should be initiated for the future ECEC state leader.
- Create a Blueprint for how to carry out centralization over the next several years, including identifying any aspects of the multi-year strategies that will require legislation. The plan should identify the appropriate timeline and phase-in approach for all aspects of the envisioned future system (including but not limited to centralization of funding, policy, accountability, infrastructure, communications).
- Complete a formal study to inform the development of a potential funding formula that would adequately provide for the provision of high-quality, equitable services in various settings.
- Complete studies on funding mechanisms for Early Childhood Special Education and Early Intervention that can promote the provision of services to families and children in a way that meets their needs. The Commission held deep discussions about the challenges and potential opportunities for improvement in both systems. To move forward, studies should commence on both systems with deep engagement with providers and families, research on other states' practices, and thorough review of federal policies and restrictions. Ultimately, follow-on studies will need to validate challenges and opportunities, determine how services should be delivered to meet objectives, determine ability to best support recommended service delivery with all funding sources at hand, and determine how both systems can best fit within the centralized system of funding and governance.
 - While this further study is underway, the Commission believes that state appropriations for Early Childhood Special Education should remain in the K-12 Evidence-Based Funding Formula. Meanwhile, the Commission recommends that the ECSE component of the K-12 Evidence-Based Funding formula be reviewed by relevant members of ISBE Finance and the EBF Professional Review Panel to address identified concerns about the cost of adequacy for ECSE, and determine ramifications on EBF based on adjustments that may be needed.
- **Map adequacy and associated plans for rate increases, prioritizing where to invest incremental funding.** While there have been several recent analyses of the distribution of "slots" of early childhood services over the past few years, the State does not have a clear map of the total sum of public resources that are being expended on early childhood services at specific levels of geography (such as a school district boundary

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

area), or of how that compares to the need that has been identified through the Commission's cost model. Mapping can inform near-term expansion of early childhood education and care and home visiting services and set the groundwork for rate increases and funding formula development.

- **Pilot centralized funding formula components.** The move to a more contract-centered funding system, particularly for child care services, is likely to have many unforeseen challenges and impacts. The agencies should work together to pilot contracts with a small number of providers to discover and work through these issues.
 - ExceleRate pilot—supporting quality improvement with up-front funding to support needed staffing pattern and compensation levels
 - Early Childhood Block Grant and Child Care Assistance Program pilot—combining funding sources into single, stable grant, designed to complement Head Start/Early Head Start funding where applicable
 - Family Child Care network or expansion—supporting quality in home-based settings
- **Plan and build out Regional and Community Systems.** The Commission has noted that building out regional- and community-level systems for early childhood planning and coordination is critical for achieving the goal of ensuring equitable access to services across the state. The state should build upon the many years of work that has been done in this area to establish regional and local systems with an adequately resourced “backbone organization” to support their work. These systems must include formal structures for engaging families and ensuring their voice is prioritized in decision-making around the development and improvement of ECEC services.
 - Hire a policy leader for regional and community systems within GOECD to lead intensive planning for implementation, including but not limited to establishing processes for and leading efforts to obtain broad stakeholder engagement, clearly defining roles and responsibilities, communications planning, and researching and designing the legal structure needed.
- **Develop goals and business requirements for Data Systems supportive of Commission recommendations.** Current data systems are not coordinated or robust enough to provide the data needed to appropriately plan. With the move toward a centralized system of funding and governance, there is a unique opportunity to rethink and refine data systems to support the state's vision for ECEC. In particular, data available today is insufficient to understand equity across factors including race, ethnicity, culture, language, income, children's individual needs, and geography, making intentional planning for equity incredibly challenging. The state must develop the blueprint for future ECEC data systems, continuing the work already underway as part of the Preschool Development Grant Birth to Five and the Illinois Longitudinal Data System 2.0 project.
- **Invest in building the state's diverse ECEC workforce.** The Commission acknowledges the many challenges facing the ECEC workforce, including a concerning downturn in the

Illinois Commission on Equitable Early Childhood Education & Care Funding

Proceedings & Findings

number of individuals completing degrees in early childhood over the past several years. Because a well-qualified workforce is so foundational to the success of the ECEC system, it is imperative that the State continues and expands its investment in strategies to support workforce development, including the scholarships, degree cohort programs, and educator debt relief initiatives that are currently in place.

Appendices

1. Commission Members
2. Commission's Process
3. Cost Model Report link
4. Racial Equity Analysis Report link
5. Agency Response to Commission Recommendations

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