



Early Childhood Education and Care (ECEC) Funding Design Workgroup

April 23, 2025



Meeting expectations & notes

For Workgroup Members:

- **Please be on video** as much as possible
- **Mute self** when not speaking
- Use **Chat feature or “raise hand” button** for questions or comments
- Technical issues can happen to anyone – **chat privately to Liz Garza for any needs**
- If you are experiencing an unstable connection - **switch to phone call or close other applications**

For Public Participants:

- Attendees can provide input through public comment (last five minutes of meeting), Padlet, small group discussion, and feedback survey

Workgroup Members - Please introduce yourself in the chat and share:

- Your name
- Where you are from
- The organization/
perspective you represent
in this conversation
- Share something that
brought you joy this week

Note: This meeting has Spanish translation

Workgroup Norms

- Process is part of the solution
- Step Up, Step Back
- Questions seek to understand, be curious
- Prioritize parent experience and provider experience
- Act with courage and vulnerability
- Recognize the difference between intent and impact; I might not intend to hurt or offend but the impact may be to hurt or offend

Today's goals

Goals

- ✓ Confirm major takeaways from discussions so far
- ✓ Look ahead to big questions that will be discussed in the coming months
- ✓ Explore potential impact of a funding formula concept for ECEC

Agenda

- ✓ Welcome and Introductions
- ✓ Taking stock in where we are
- ✓ Funding formula possibility in ECEC
- ✓ Public comment, next steps & adjourn

Funding Design Goals

GOALS: Develop a funding design for Illinois' early childhood education and care programs that:



Promotes an **equitable, inclusive, family-centered system** of quality choice for families of all races, home languages, incomes, and geographies



Works toward **fair resources for all types of providers**, responsive to family choice



Supports **opportunity, fair compensation, and high-quality working conditions** for the ECEC workforce



Improves **predictability** and **stability for families, providers, and the workforce**

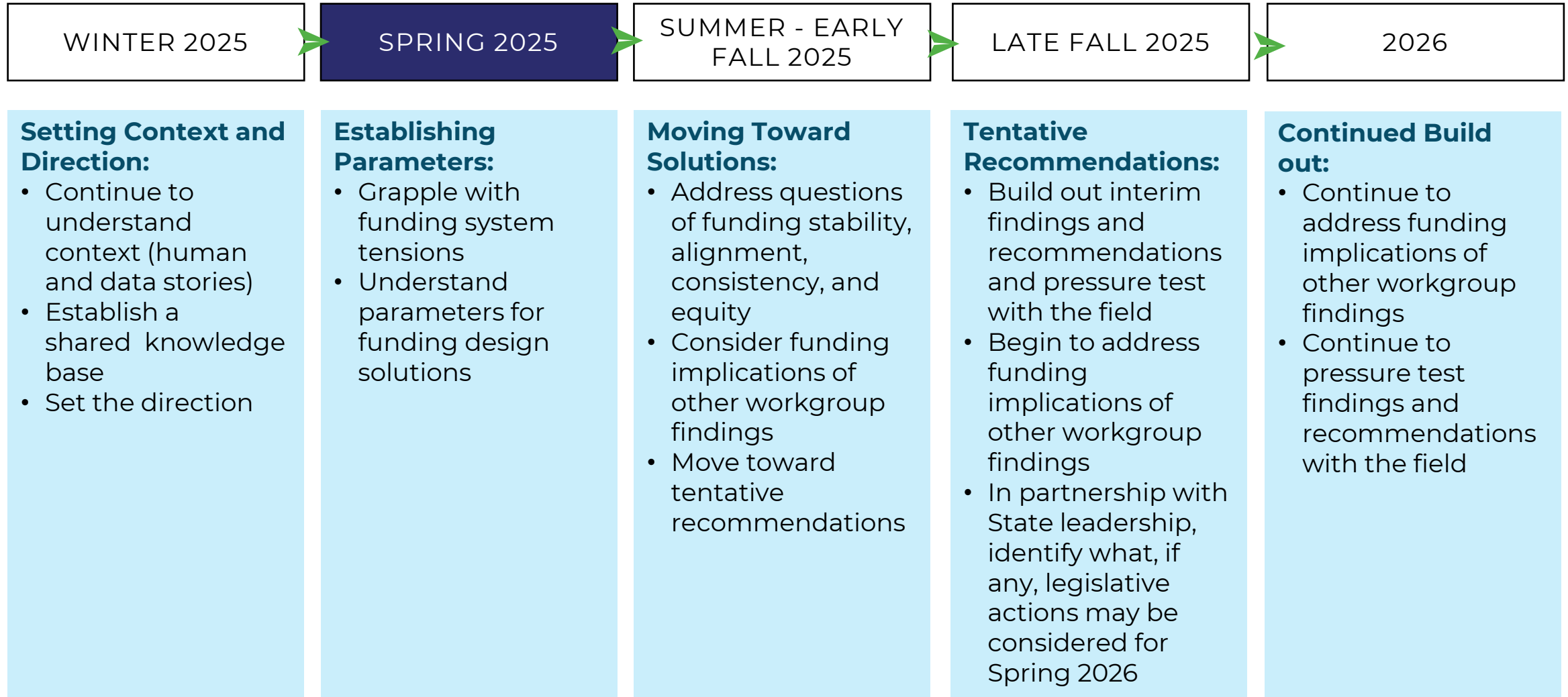


Reduces complexity and burden on ECEC providers



Promotes long-term **system-wide sustainability** through clear and balanced priorities and effective use of all available funds (federal, state, local, and private)

Direction of Funding Design



Context for the Work

- Different workstreams moving at the same time
- Circle back, iterate and adapt as we continue to evolve and learn
- Name where we have dependencies



Double Dutch

TAC summary

Overall takeaways

- Acknowledgement that funding design is complicated, and TAC members were intrigued by the idea of a funding formula.
- Some TAC members encouraged further conversation with providers to see how providers pull funding down and how funding is allocated in different regions.
- TAC members noted that we may run into gaps in data to inform a funding formula, particularly related to multi-lingual learners.
- It's notable that we were only able to find funding formula examples in Canada and K12 systems.

Questions to consider:

- How will this work for school-based vs. center-based programs?
- How will the evolving federal landscape fit into contingency planning?
- Which funding streams would be included in a funding formula? Could Early Intervention have its own funding formula?
- How do we pull from different models to figure out what is going to work?
- What are the unintended consequences to sharing, blending, or braiding funding streams?

Where we have been as a Workgroup

Nov 2024

- Get to know each other
- Discuss funding design background and fundamental concepts
- Affirm goals and guiding principles

Dec-Jan 2025

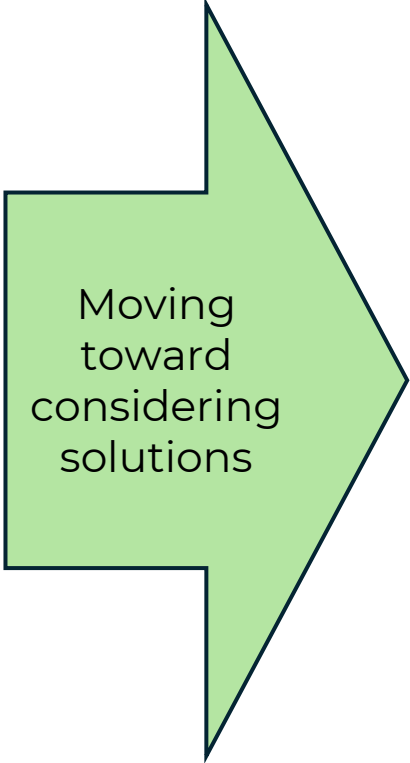
- Family and provider voices
- Using personas to relate family challenges to funding challenges
- Hearing from providers about funding challenges

Feb 2025

- Funding Equity Map: data on inequitable distribution of funding across Illinois
- State administrator perspectives on funding challenges in the current system

March 2025

- Learning from other systems
- Ontario's child care funding formula
- Louisiana and Illinois' K-12 funding formulas



Moving toward considering solutions



Gathering information and perspectives

Emerging funding design principles:

Illinois' new funding system must:

1. Streamline current funding streams and reduce administrative burden

- Simplify applications and use non-competitive grants where appropriate
- Combine funding streams with similar purposes and recipients
- Resolve challenges with layered funding in the current system

2. Work toward funding that:

- Reflects **costs of needed services**
- **Varies according to the needs** of the children, families, and communities served
- Promotes **competitive workforce compensation**
- Ensures **fairness across settings** in alignment with our commitment to the mixed delivery system
- **Accommodates changes** over time

3. Work for programs with a **mix of publicly and privately funded** children and both **existing and new** providers

Emerging funding design principles:



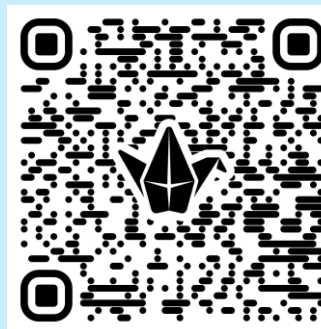
- Do you see any big themes missing from the summary? What else would you add?
- Do these emerging funding design principles reflect the direction we want to go?

Small groups in session. Meeting will resume momentarily.



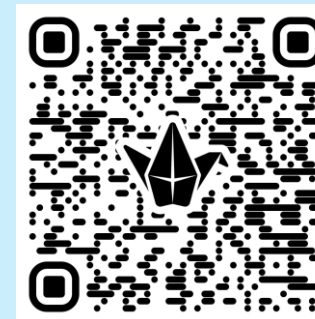
Public Participants are encouraged to use this time to **respond to discussion questions via Padlet**. To add a comment, click the “+” icon underneath the prompt or question you want to respond to, type your comment and then hit “Publish”.

Spanish



https://padlet.com/ssmillie2/FundingDesign_April2025_SmallGroup1_Spanish

English



https://padlet.com/ssmillie2/FundingDesign_April2025_SmallGroup1_English

Public participants may also use this time to explore the Early Childhood Transition website: <https://idec.illinois.gov/>

Notes from small group discussions will be included in the Workgroup minutes and posted on the Transition website.

What are the advantages and challenges of using a resource-based funding formula for ECEC?

At our last meeting, we considered three examples of funding formulas:

Ontario, CA:

Resource-Based Child Care Funding Formula

- Reduces family fees to \$10/day
- Public funding shifted from tuition replacement to funding programs based on the costs of operation

Louisiana:

Weighted Funding Formula for K-12 Education (MFP)

- Provides a base amount per student
- Weights the base amount based on student needs (e.g. students with disabilities, low-income, MLLs)

Illinois:

Resource-Based Formula for K-12 Education (EBF)

- Calculates an “Adequacy Target” for each school district based on evidence-based costs
- State funds prioritize districts that are furthest from adequacy

Takeaways on discussion on funding formulas

At our last workgroup meeting, we **discussed funding formulas** with examples from Ontario's ECE system, Louisiana's K-12 system, and Illinois' Resource-based Formula (EBF).

Key questions raised from this discussion included:

- How does a **funding formula work in an underfunded system** where not all children are eligible for funding?
- **How does quality fit** within a funding formula?
- What **revenue would be included** in a funding formula? What models would need to be modified to fit within a funding formula?
- **How would local and family contributions work** in a funding formula designed for early childhood?
- What is the **experience of providers and parents within systems** funded through a formula?

Emerging Productive Tensions:

- Investing in more comprehensive services/workforce compensation vs. expanding access
- Building on current system vs. creating something new
- Simplicity of funding vs. using funding to incentivize desired behaviors/outcomes

A resource-based funding formula aims to answer 4 key questions:

1. How much funding does this recipient need to provide the services that children and families need?

2. How much funding is available from non-state sources (e.g. local funding, family contributions)?

3. How will the state prioritize its limited resources? What does this mean for each recipient?

4. How will the funding be distributed to the recipient? (e.g. competitive or non-competitive grants, contracts, reimbursement, vouchers, etc.)

There are many more questions to answer within each of these steps:

1. How much funding does this recipient need to provide the services that children and families need?

- Why might **some children require additional funding** to serve well?
- What **does “fair funding” look like** across settings? What implications does this have for wage expectations, benefits, professional development?
- **How is quality funded?**
- How are **funding for facilities and start-up costs** accounted for?

2. How much funding is available from non-state sources (e.g. local funding, family contributions)?

- How much are **families expected to contribute**?
- How will **local contributions** or ability to contribute be considered?
- How will **state funding interact with federal funding** such as Head Start?

3. How will the state prioritize its limited resources? What does this mean for each recipient?

- What **factors should be considered in prioritizing** the “next dollar in”?
- How should the state weigh **expanding access vs. providing more comprehensive services**?

4. How will the funding be distributed to the recipient?

- How can **distribution promote stability** and minimize administrative burden for providers?
- What **accountability and reporting is needed**?
- What is the **role of local/regional intermediaries**?

Ontario's Child Care Formula and Illinois' K-12 EBF Formula are both resource-based formulas that answer these questions differently

18

1. How much funding does this recipient need to provide the services that children and families need?

2. How much funding is available from non-state sources (e.g. local funding, family contributions)?

3. How will the state prioritize its limited resources? What does this mean for each recipient?

4. How will the funding be distributed to the recipient?

Ontario Child Care Formula

Cost-Based Formula that includes grants for program staffing and operations

Subtracts family contributions (\$10/day for most families)

Phased in reduced family contributions over time

Municipal governments distribute **grants to child care centers and homes**

Illinois K-12 Formula (EBF)

Adequacy Target based on research into investments that improve student achievement

Subtracts local contribution based on property taxes and other resources

State prioritizes increases for the **districts with the largest gap** between their current funding and their Adequacy Target

ISBE distributes **grants to school districts**

Advantages and Challenges of a Resource-Based Funding Formula Approach

Advantages:

- Works toward funding that reflects children and providers' needs
- More predictable for providers
- Improves equity by distributing funds based on need
- Improves efficiency by considering major sources of available funds in the system together (state, local, federal, etc.)
- Gives policy makers a road map to prioritize future funding increases

Challenges:

- Available funding may not meet all identified needs
- Formulas can be complex, especially if they are targeted to very specific needs
- Must be updated regularly to ensure that they reflect current needs and circumstances
- Can be challenging to align requirements and practices across funding sources (state, local, federal)

Padlet Reflection

- **What alternative approaches might exist to achieve our goals?**
 - *Examples:*
 - *Start from money available in the system, allocate it as equitably as possible among recipients*
 - *Use current funding as the foundation of future funding*
- **What other benefits, challenges, opportunities, and unintended consequences do you see to this approach?**

Small Group Discussion

- What emerged in the Padlet reflection that was exciting? Concerning?
- How does this approach compare to how funding works now?
- How could this approach be useful in a system that is not fully funded?

Small groups in session. Meeting will resume momentarily.



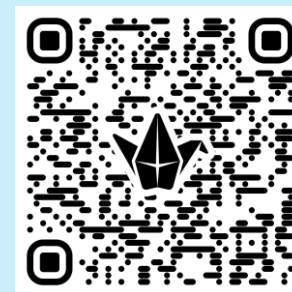
Public Participants are encouraged to use this time to **respond to discussion questions via Padlet**. To add a comment, click the “+” icon underneath the prompt or question you want to respond to, type your comment and then hit “Publish”.

Spanish



https://padlet.com/ssmillie2/FundingDesign_April2025_SmallGroup2_Spanish

English



https://padlet.com/ssmillie2/FundingDesign_April2025_SmallGroup2_English

Public participants may also use this time to explore the Early Childhood Transition website: <https://idec.illinois.gov/>

Notes from small group discussions will be included in the Workgroup minutes and posted on the Transition website.



Full Group Share-out:

A representative from each group will share key takeaways from their conversation.

Public Comment

To join the line to provide public comment, please raise your hand via Zoom.





Next Steps & Close:

- Post-meeting survey
 - For all public attendees
 - For workgroup members to provide feedback
- Upcoming meeting – Wednesday, May 28th, 4:30-6 PM

Extra Slides