



Early Childhood Education and Care (ECEC) Funding Design Workgroup

June 24, 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, and feedback survey

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

- Your name
- What is bringing 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

- ✓ Update on subcommittee meetings
- ✓ Explore how funding can support local partnerships
- ✓ Consider implications of federal funding updates

Agenda

- ✓ Welcome and reminders
- ✓ Discussion: funding and partnerships
- ✓ Subcommittees update
- ✓ Discussion: federal updates and implications for funding design
- ✓ Public comment, next steps & adjourn

Funding Design Goals

GOALS: Develop a funding system 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**

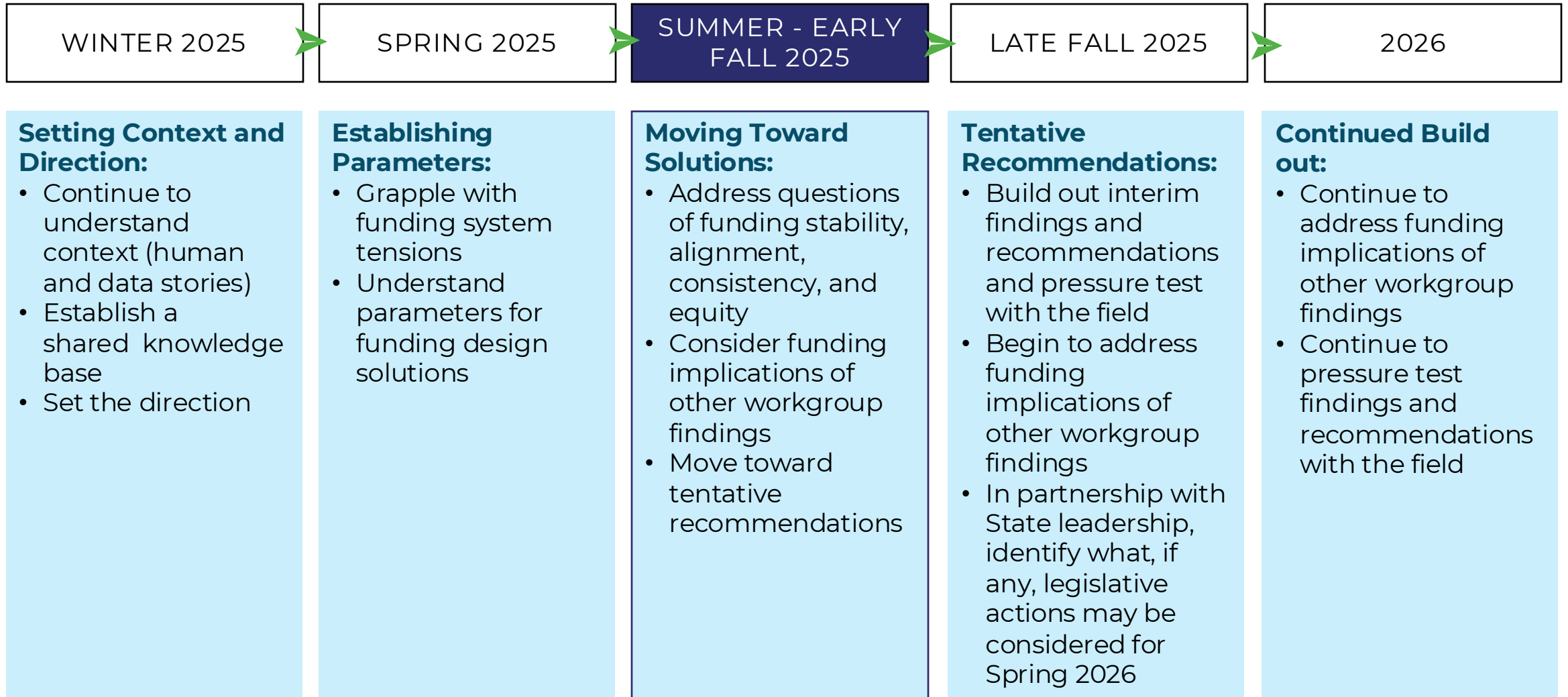


Reduces complexity and burden on ECEC providers



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



Emerging Design Principles – drawing on input from communities, working groups, and state leadership

1. **Streamline current funding streams** and reduce administrative burden
 - Combine state funds into fewer funding streams with similar purposes and recipients
 - Reduce burden of managing multiple state and federal funding streams by aligning requirements wherever possible
 - Simplify applications and reporting wherever possible
2. **Work toward overall funding (across all available funding sources) that prioritizes equity and covers the cost of expectations**
 - Provides **operational funding** from all sources that is adequate to deliver services that meet licensing standards for all children
 - Provides funding that supports programs to proactively build toward a **family-centered definition of quality**, not just after quality is achieved, and is tied to the **services families want to see** based on children's needs, including for children with disabilities, multi-lingual learners, and historically underserved communities
 - Promotes **competitive workforce compensation**
 - Funding reflects the **different structure** of costs and services in centers, homes, and school districts
3. **Assess gaps** between current funding and need to inform equitable prioritization for future investments
4. Work for **existing and new programs** and programs with a **mix of publicly and privately funded** children
 - **New programs** can enter the system through a transparent process that assesses quality, capacity, and community need
 - Funding design incorporates **local funding** and **parent tuition** alongside state dollars and considers needs of school-age children

Takeaways from last meeting's discussion on imagining what's possible

If you were to design a funding system from scratch to promote these goals and principles, what would it look like?

- Universal access for families without the need to navigate eligibility
- A single funding stream with a simple, non-competitive grant for providers
- A high quality and well-compensated workforce across services and delivery methods
- A dedicated revenue source with stable, ongoing funding

What tensions do you feel or anticipate? What tradeoffs might have to be made?

- Largest tension is in serving less children fully vs serving more children with less funding per child
- Increasing compensation for the workforce may mean less funding available to fund other parts of the ECE system or serve fewer children



Takeaways from last meeting's discussion on targeted universalism

Workgroup members discussed the **trade-offs between an approach that first prioritizes access** versus an approach that first **prioritizes comprehensive services for children with the highest needs**:

- Some were worried that focusing on access may result in lower quality services or not fully meeting the needs of children and families.
- Members suggested a phased approach towards universalism, starting with targeted groups to demonstrate success and build investment over time.
- Members were interested in considering how regional strategies and local coordination can support ECEC and differentiating funding based on need.



Structuring Funding to Support Partnerships

What we've heard

- Funding design workgroup members are interested in further exploring how to maximize efficiencies through community collaborations and partnership
- Funding structures play a role in encouraging or blocking partnerships within communities
- Funding design should proactively reduce barriers and encourage collaboration to make the best use of available resources



Community partnerships spotlight

What partnerships have you established to expand access to quality care in your community?

How have your current funding streams facilitated collaboration? How have they made collaboration more difficult?

What is important to remember as we design the future funding system to encourage partnerships and local support for early childhood?



Discussion

How does your experience align with or differ from this discussion?

How can funding encourage community collaboration to support early childhood?

What needs to be reimaged to encourage stronger partnerships?

Small groups in session. Meeting will resume momentarily.



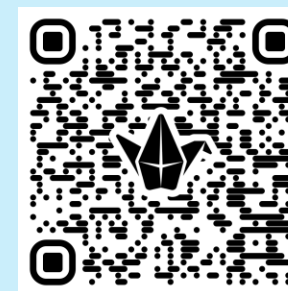
Public Participants are encouraged to use this time to **respond to discussion questions via Padlet**. To add a comment, click the “+” icon underneath the prompt or question you want to respond to, type your comment and then hit “Publish”.

Spanish



<https://padlet.com/croman65/june-funding-design-workgroup-community-discussion-english-45xls9l8i9weg071>

English



<https://padlet.com/croman65/june-funding-design-workgroup-community-discussion-spanish-26b6uq9cic64sln4>

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.

Subcommittee Updates

Workgroup & Subcommittee Relationship

- Establish principles and direction, and develop a rubric to evaluate options
- Establish charge of subcommittees
- Review and pressure test recommendations from the subcommittees

Workgroup

**Sub-
committees**

- Engage in deeper discussion on specific topics
- Research, analyze, and debate first drafts
- Bring considerations and draft recommendations to the workgroup for discussion

*Our work will also be informed by other workgroups and stakeholder groups

The **Funding Alignment Subcommittee** will address questions about organizing funding

ESSENTIAL QUESTION: How can funding across all programs be better aligned and organized in service of our goals?

- How can the state collectively use all sources of funds to achieve our goals?
- How could we streamline funding sources that serve common purposes?
- How should non-state funding sources (HS, local funding, family fees, etc.) be considered?
- When should state funding be comprehensive or foundational, and when should it be supplemental?
- Which options best meet our goals and guiding principles?

Funding Alignment Subcommittee members

- Amber Peters, Enriching Partnerships for Early Learning
- Catherine Enright, Kids Above All
- Grace Araya,* Concordia Place
- Gudelia Lopez, Latino Policy Forum
- Janice Bell Martin, Under Carrey's Care
- Jenny Metcalf, ISBE
- Jennifer Garrison, CUST 203
- Jodi Scott,* ROE 33
- Lesley Schwartz,* IDHS
- Melinda Martinez-Epperson, The Play Lab
- Robin Steans,* Advance Illinois

*Funding Design Workgroup Members

Takeaways from initial funding alignment discussion

Key Takeaways:

- Current **misalignment across funding streams creates confusion, frustration, and sometimes arbitrary barriers** for both families and providers
- A **majority of providers do not utilize multiple public funding streams**, potentially due to the complexity and administrative burden
- **Criteria for alignment** might include:
 - Similar or highly connected purpose
 - Common recipient pool
 - Similar child/family and provider eligibility
 - Enough flexibility in federal requirements, or ability to align state requirements to federal requirements
- Opportunities for alignment could include **CCAP and PFA/PFAE** because of common recipients **and home visiting funding** across IDHS, MIECHV, and PI

Next steps and questions:

- What are the greatest opportunities for alignment and barriers to streamlining funding?
- To what extent and how do we address program standards requirements in the funding alignment conversation?

The **Funding Distribution Subcommittee** will address questions about how to provide funds

ESSENTIAL QUESTION: How should the state distribute funds to providers in a way that best supports our goals?

- What opportunities exist to improve provider funding stability and consistency and what are the implications?
- How can we minimize administrative burden for providers while ensuring accountability for funding?
- Which distribution mechanisms (grants, contracts, vouchers, etc.) should be used for what purposes?
- How might this all differ across different provider types, geographies, sizes, and other factors?

Funding Distribution Subcommittee members

- Barbara Corby, Step by Step
- Delreen Schmidt-Lenz,* EI & IECMH
- Evan Krauss, East Side Aligned
- Kimberly Bianchini, Advance Preschool
- Nykisha Barefield, Oswego CUSD 308 & Birth to Five Action Council Member
- Priscilla Bahena,* Parent
- Rosary Horne, East Aurora District 131
- Shauna Ejeh, Illinois Action for Children
- Stacey Mixon, DCFS
- Tiffany Taylor,* Grandma's House Group Child Care Home
- Trish Rooney, IDHS

*Funding Design Workgroup Members

Takeaways from initial funding distribution discussion

Key takeaways

- Different distribution mechanisms have different strengths and challenges. It is important to match the mechanism with the purpose of the funding.
- Key considerations include:
 - Administrative burden
 - Up-front funding vs. Reimbursement-based
- Emerging ideas:
 - Non-competitive grants could work well for "base" funding and competitive grants could work well for "add-on"
 - Programs that have proven consistency over time could have longer timelines for grant renewal or simpler application processes

Next steps and questions

- Question: What are opportunities to connect the distribution & alignment conversations over the summer?
- Next steps: review a draft rubric for evaluating distribution approaches

Federal Funding Context

Funding Design must operate in the context of state and federal funding sources

- Some State sources may have flexibility; federal rules are largely out of our control
- Goals of today's conversation:
 - Build shared understanding of funding sources and federal requirements for major ECE programs
 - Discuss opportunities for funding design within the constraints of federal requirements



Evolving Federal Context: What we are watching

Reconciliation bill (“One Big Beautiful Bill Act”)

Has passed House; awaiting Senate action (likely this summer)

Appropriations bills

No spending levels available yet

Current ECE funding comes from many sources

Funding Source	Origin	Amount	Purpose(s)
Child Care and Development Fund (CCDF)	Federal	\$390 million (FY24)	Child care subsidies; quality improvement
Temporary Assistance for Needy Families (TANF)*	Federal	\$444 million (FY24)	Funds used for CCAP
Head Start	Federal	\$475 million (FY24)	Early childhood education and wraparound support for low-income children; home visiting (EHS)
State Child Care Assistance Program (CCAP) contribution	State	\$617 million (FY25)	Child care subsidies
Early Childhood Block Grant (ECBG) - PFA/PFAE	State	\$681 million (FY25)	Pre-K
Smart Start Workforce Grants	State	\$200 million (FY25)	Workforce compensation in centers and homes
MIECHV	Federal	\$11.9 million (FY24)	Home Visiting models must meet federal standards for evidence of effectiveness
ECBG Prevention Initiative	State	\$67 million (FY25)	Center- and home-based services for children 0-3
Maternal Child Home Visiting (MCHV)	State	\$13 million (FY24)	Home visiting models that meet evidence-based standards (includes Start Early funding)
IDHS-DEC HV	State	\$9.8 million (FY24)	Home visiting models that meet evidence-based standards
Local Contributions	Local	Unknown	

Federal CCDF Requirements and Options

CCDF is the major federal source of support for child care (especially CCAP subsidies). Federal CCDF requirements apply to federal funds (not state contributions) and include:

- **70% of funds must be spent on direct services**; up to 30% can be spent on infrastructure and quality (part of that set aside for infant/toddler quality)
- **Direct service funds must be tracked to children who meet federal eligibility requirements:**
 - Income under 85% state median income
 - Activity requirements (work, training, job search, etc.)
 - Immigration status
 - Under age 13 (or older with significant disability)
- Programs must be **licensed** and meet CCDF safety standards, or may be license-exempt, e.g. FFN
- May be distributed through **vouchers or contracted slots**; new 2024 regulations require use of at least some contracted slots
- *Currently state CCAP and TANF programs are blended with federal CCDF funds into a single CCAP program that meets these federal CCDF requirements. Federal requirements allow TANF funds to be used for “needy families” to support work participation.*

Federal Early Head Start/Head Start Requirements and Options

Head Start is a federal early care and education program that is awarded directly to grantees (does not flow through the State), with requirements for quality, duration, and fund use set directly by the federal government.

- **Funds must prioritize eligible children and families.** Children ages 0 to 5 and pregnant women are categorically eligible:
 - A household income below 100% FPL
 - Receive public assistance
 - Are experiencing homelessness
 - Are in foster care, or
 - Receive Supplemental Nutrition Assistance Program (SNAP) benefits.
- Programs may enroll **up to 10% of children from families that have incomes above the Poverty Guidelines**. Programs may also serve up to an additional 35% of children from families whose incomes are above the Poverty Guidelines, but below 130% of the poverty line if the program can ensure that certain conditions have been met.
- Programs must ensure **at least 10% of its total funded enrollment is filled by children with special needs**.
- Awards to grantees include the **number of slots being funded** and the **program requirements** for enrollment processes, duration, wraparound services, quality, and reporting.
- Head Start and Early Head Start are **direct-to-grantee programs** that the state cannot administer (with few exceptions). Illinois' Migrant and Seasonal Head Start programs' grantee is the Illinois Department of Human Services.
- Each state must have a **HS State Collaboration Office (HSSCO)** which supports collaboration between HS and other programs or initiatives and facilitates its involvement in state policies and planning.

Federal Maternal, Infant, and Early Childhood Home Visiting(MIECHV) Requirements and Options

MIECHV is the major federal source for home visiting programs to support families with young children.

- By law, awardees **must spend the majority of their funding to implement evidence-based home visiting models**, which are determined by the federal Department of Health and Human Services. Up to 25 percent of funding can be used to implement promising approaches that will undergo rigorous evaluation. States have flexibility to select which models to implement.
- To receive the base level federal MIECHV funds, **states must meet a maintenance of effort (MOE) requirement** by obligating state general funds at an amount more than or equal to what they reported spending on evidence-based home visiting and home visiting initiatives in either FY19 or FY21, whichever is less.
- States have an option to apply for additional MIECHV funds through a matching fund program. The federal government will contribute 75% of the funding and states and jurisdictions will contribute 25% in non-federal funds.



Discussion

What questions do you have about the current state and federal funding landscape?

What challenges do federal requirements pose?

What opportunities do you see to innovate within federal requirements?

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, July 23rd, 4:30-6 PM**