Summary of Illinois' Early Childhood Funding Design Workgroup Recommendations

June 2026 | (Reflects work to date)

Since November 2024, Illinois' Early Childhood Funding Design Workgroup has convened a cross-sector group of parents, providers, state administrators, school districts, advocates, and other system partners to develop recommendations for improving early childhood funding in Illinois. The goal of this work is to design a more equitable, family-centered system that supports providers and the workforce, improves stability and ease of navigation, and ensures access to high-quality options for all families across diverse setting types.

Multiple funding sources and agencies currently fund early childhood programs in centers, homes, and school districts, as well as through home visiting. Different funding mechanisms- primarily child care vouchers/certificates and state grants- fund these programs. The lack of an intentional and coordinated funding approach results in uneven funding across the system and does not consistently meet the needs of families and providers. In response to these system-level challenges identified by the 2021 Early Childhood Funding Commission recommendations, Illinois created the Early Childhood Funding Design Workgroup to explore key issues in greater depth and bring forward recommendations to improve alignment, stability, and adequacy of funding as the State transitions to the new Illinois Department of Early Childhood (IDEC).

To support this effort, the workgroup has met monthly to discuss a variety of topics, including understanding how families and providers are impacted by the current funding system and exploring options for different funding approaches associated with delivering high-quality early childhood programs. Subcommittees were convened during the summer and fall of 2025 to explore specific topics in greater depth and inform the development of the workgroup's recommendations. The first set of subcommittees, **Funding Alignment** and **Funding Distribution**, addressed how funding should be organized across sources and programs and how funding should flow to providers. In the fall, three additional subcommittees, **Child Care (0–5)/Pre-K**, **Home Visiting**, and **Family, Friend & Neighbor Care**, examined the costs associated with meeting families' wants and needs across early childhood programs.

Funding Design Workgroup Preliminary Recommendations

Through the course of its work, the Workgroup identified several **key challenges** in the current system, including **fragmented funding streams**, **instability in how funding is distributed**, and a **disconnect between current funding levels and the cost of providing services.**

In response, the Workgroup developed three initial recommendations:

Identified Challenge	*Preliminary Funding Design Recommendations*
Funding misalignment	**Align funding streams** with common purposes, simplifying from 12 to 4 core funding streams
Funding instability	**Prioritize predictable and stable distribution strategies,** providing base funding through non-competitive grants/contracts wherever possible
Funding does not match cost	**Define long-term targets for full funding** that covers the cost services that families want and need*

**More work needed*

The following sections detail the key challenges identified by the workgroup and the corresponding recommendations.

1. Funding Alignment

This recommendation focuses on addressing fragmentation across funding streams by identifying opportunities to group programs serving similar populations and sharing common goals.

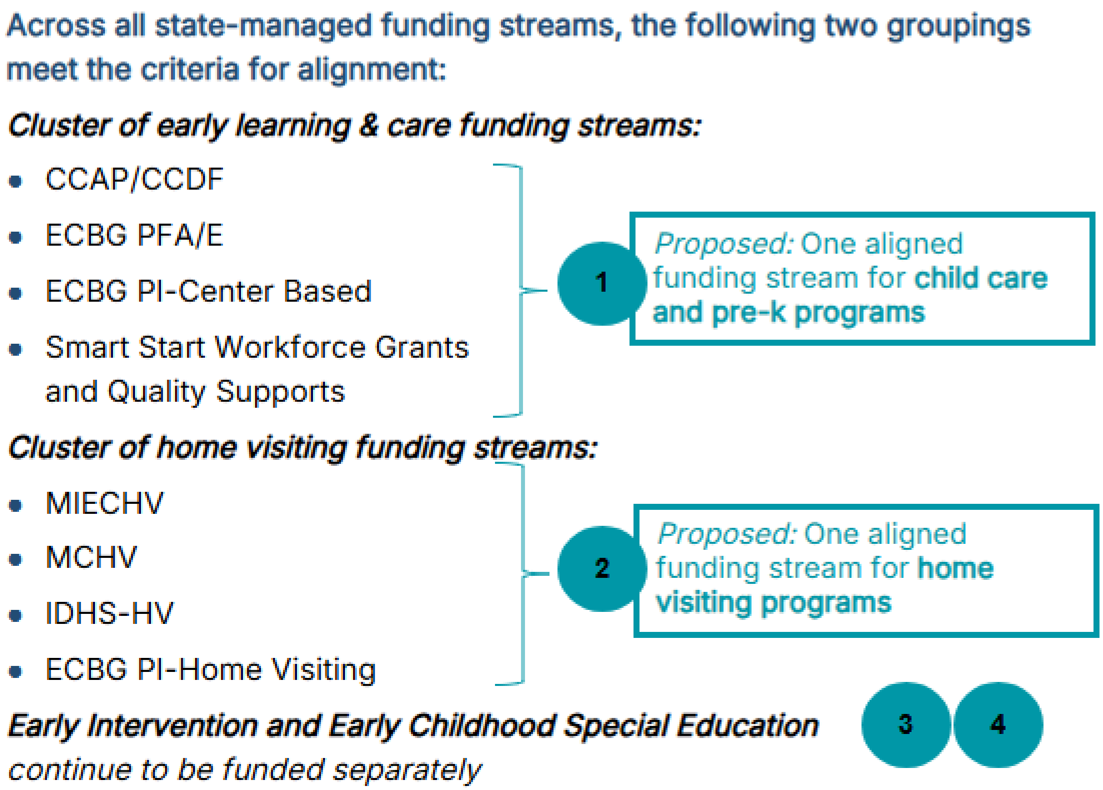
Current System Challenges:

- Current misalignment across funding streams creates confusion, frustration, and sometimes arbitrary barriers for both families and providers
- Most providers do not utilize multiple public funding streams, potentially due to the complexity and administrative burden

Proposed Alignment Criteria:

- 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

Workgroup Preliminary Recommendations: Align funding streams by simplifying and organizing them around common purposes.



2. Funding Distribution

This recommendation focuses on identifying more consistent and equitable approaches to moving funding to providers, while maintaining flexibility to meet diverse needs.

Current System Challenges:

- Uncertainty about funding makes it difficult for providers to plan and create slots, leading to instability and limited access for providers and families
- Competitive grant applications make access to funding dependent on the capacity to write grants, leading to inequities across the state
- Payment is often received after services have been provided, making it difficult for providers to cover expenses

Workgroup Preliminary Recommendations: Improve funding stability and equity by expanding non-competitive grants or contracts for priority populations, maintaining vouchers/certificates to support family choice, and reserving competitive grants for targeted, short-term needs. Specifically, the Workgroup recommended:

- Expanding Use of Non-Competitive Grants or Contracts for Providers Serving Priority Populations:
  - Providers know they will be funded as long as they meet eligibility criteria
  - Longer-term grants or contracts allow providers to create seats, knowing funding will be available
  - Levels the playing field by reducing the need to complete complex competitive grant applications
  - Build on current successful examples, including Smart Start Workforce Grants and CCAP Site-Administered Contracts
- Continuing to Use Vouchers/Certificates to Maximize Family Choice:
  - May be appropriate for providers serving fewer numbers of publicly funded children and license-exempt providers
  - Explore shifting to payment in advance
- Reserving Use of Competitive Grants for Short-Term or Specialized Funding
  - Allows targeting of funds for specific purposes
  - Appropriate when assessing recipient readiness is a key criterion for funding

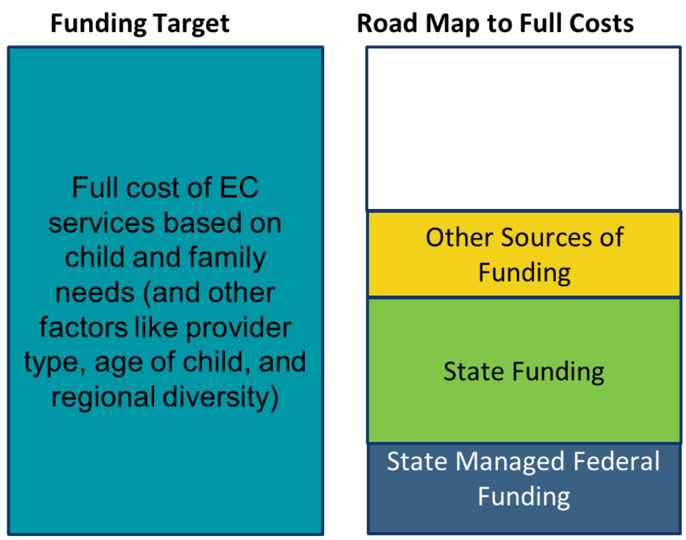
3. Funding Targets

This recommendation focused on defining a consistent and equitable approach to funding by identifying the true cost of delivering early childhood services and establishing funding targets that reflect the needs of children and families.

Current System Challenges:

- Funding is not tied to the cost-of-service provision
- Inequities in funding exist across the state and are not aligned with community need
- Current funding is inadequate to provide comprehensive services and compensate staff
- Cost centers and assumptions vary across similar funding streams
- There is no coordinated process for prioritizing needs across the early childhood system
- Federal resources are not maximized

Workgroup Preliminary Recommendations: Define adequacy-based funding targets to establish a consistent, transparent approach to funding based on the true cost of services and use this analysis to identify gaps and guide equitable prioritization of future investments across the system. This involves creating a roadmap to the full cost of care, which accounts for federal, state and other sources and identifying the remaining gap, as pictured below.



As these recommendations were developed, Workgroup members identified the need for additional analysis to further define the final recommendation and establish funding targets that fully reflect the cost of the services families need.

This led to the second set of subcommittees, convened in the fall, which examined the costs associated with delivering the following services: **Child Care (0 to 5)/Pre-K; Home Visiting; and Family, Friend, and Neighbor Care.** These subcommittees supported the Workgroup in deepening its understanding of the resources required to meet family-identified needs, including serving multilingual learners, children with disabilities and developmental delays, and families requiring non-traditional hour care. It also helped update the State's understanding of programmatic and operational costs across early childhood services.

Funding Target Recommendations

1. **Child Care/Pre-K**

This subcommittee focused on identifying the costs associated with delivering services that reflect a family-driven vision of quality, including support for multilingual learners and children with disabilities and developmental delays.

Current System Challenges:

- Current funding is not sufficient to cover the full cost of delivering comprehensive, high-quality services
- Programs face additional costs to support children with disabilities and developmental delays, including staffing and specialized supports
- Multilingual learners and families require additional resources, including multilingual staff, translation, and culturally responsive materials

- Existing funding does not consistently account for staffing needs, facility improvements, and materials required to meet diverse family needs

Subcommittee Preliminary Recommendations: Define funding targets that reflect the full cost of delivering high-quality, family-driven child care and pre-K services, accounting for the following cost factors:

Personnel Costs	Non- Personnel Costs	Family Driven Vision: Children with Disabilities & Delays	Family Driven Vision: Multilingual Learners
Staffing: Identify competitive wages and include extra pay for needed skills, such as multilingual educators. **Benefits:** Include expected cost increases for healthcare and other benefits in the formula to keep up with rising inflation.	**Operations**: Include both regular facility maintenance costs and costs for meeting one-off needs, like safety requirements. **Contracted Services:** Account for inflation for contracted services and consider if some costs, like data system licenses, may be covered at the infrastructure level.	**Staff Release Time:** Account for staff time to complete screenings, participate in training, and work with families and partners. **Decreased Ratios:** Account for additional staff in classrooms with children with challenging behaviors and developmental delays. **Materials:** Account for costs of materials that help create inclusive learning environments. **Facility Updates:** Include opportunities for facility updates, like changing classroom layouts or adding new rooms.	**Multilingual Staff Compensation:** Include costs of higher pay for multilingual staff. **Interpretation and Translation:** Account for services needed for communicating with multilingual families. **Materials:** Include the costs of materials and developmental screenings in multiple languages.

2. Home Visiting

This subcommittee built on previous comprehensive cost modeling work by examining additional cost considerations related to family-identified needs in home visiting, including supports for multilingual families and those requiring additional services.

Current System Challenges:

- Current funding does not fully account for the personnel costs required to recruit, retain, and support a qualified workforce, including professional development, tiered compensation, and the costs of staff turnover, hiring, and onboarding

- Programs face high operational costs, including transportation, outreach and recruitment, and materials and direct supports for families
- Serving multilingual families requires additional resources, including higher compensation for multilingual staff, translation and interpretation services, and reduced caseloads
- Existing funding does not consistently support program start-up, expansion, or phased growth in underserved areas

Subcommittee Preliminary Recommendations: Define funding targets that reflect the full cost of delivering home visiting services, including personnel, operational, and program expansion costs, to ensure programs can effectively meet the needs of diverse families by accounting for the following cost factors:

Personnel Costs	Non-Personnel Costs	Family Driven Vision: Serving MLL Families	Family Driven Vision: Expanding Access
Professional Development: Include professional development and certification. **Tiered Pay:** Consider tiered pay for home visitors that recognizes credentials and experience. **Turnover Costs:** Need to better understand costs of turnover, hiring, and onboarding new staff.	**Transportation:** Calculate mileage costs for staff and transportation vouchers for group services. **Outreach:** Include outreach/recruitment staff for areas that do not have coordinated intake and a budget for the creation of marketing materials. **Materials Supports for Families:** Consider a fixed amount for materials supports such as diapers, books, etc., tailored by age group for each family.	**Staff Compensation:** Include costs of higher pay for multilingual staff. **Materials:** Include costs for materials and curriculum in languages other than English and Spanish, and account for translation costs. **Interpretation:** Include costs for interpretation when home visitors cannot provide home-language services.	**Start-up Costs:** Include a three-year on-ramp for new programs that allows for planning and building caseloads. **Expansion Costs:** Account for reduced caseloads during program expansion.

3. Family, Friend & Neighbor Care

This recommendation focuses on identifying the personnel, operational, and structural costs required to support Family, Friend & Neighbor (FFN) caregivers in providing stable, high-quality care that reflects the needs of families, including those requiring flexible and non-traditional care arrangements.

Current System Challenges:

- Current funding does not account for the time and resources FFN caregivers need to participate in training and professional development, particularly outside of traditional hours or across different delivery formats
- Administrative requirements, including applications and billing, create burdens that are not consistently supported through funding
- FFN caregivers often lack access to infrastructure supports, such as technical assistance and peer networks, that are needed to sustain and improve quality
- Existing funding does not reflect the cost of providing care during non-traditional hours, such as early mornings, evenings, and overnight care

Subcommittee Preliminary Recommendations: Define funding approaches that reflect the unique cost structure of Family, Friend & Neighbor care, including compensation for training and administrative time, access to infrastructure supports, and rates that account for flexible and non-traditional care schedules by accounting for the following cost factors:

Personnel Costs	Non-Personnel Costs	Family Driven Vision:
Training: Include compensation for time attending trainings; include cost of offering trainings outside of regular working hours and through various platforms (in person, online, asynchronous, etc.).	**Administrative Tasks and Billing:** Include time for admin requirement, including applications, training, and paperwork. **Infrastructure:** Include costs of technical assistance and peer networks to support adoption of best practices.	**Increase availability during non-traditional hours:** Include rates that cover the cost of care for FFN to offer early morning, evening, and overnight care.

Together, these preliminary recommendations provide a foundation for a more aligned, stable, and equitable funding system that better reflects the needs of children, families, and providers. The subcommittee recommendations further inform and operationalize the Workgroup's overall approach, particularly by helping to define funding targets and identify the cost drivers needed to support services across settings. Further discussion and refinement will support the prioritization and implementation of these strategies.

Additional information, including workgroup and subcommittee meeting materials, can be found on the website https://idec.illinois.gov/.