Early Childhood Funding Design Workgroup

March 25, 2026

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 Crystal Roman privately 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 Padlet, public comment (last five minutes of meeting), and will have the opportunity to engage in small group discussion

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

- **Your Name**
- **If you had to teach a class on one thing, what would it be?**

Note: This meeting has Spanish translation

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Today's Goals and Agenda

Goals

- Apply recommendations to provider scenarios
- Surface questions about implementation and potential unintended consequences

Agenda

- Welcome and introductions
- Recommendations reminder
- Applying recommendations to provider scenarios
- Discussion
- Public Comment

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Workgroup Norms

- Process is part of the solution
- Step Up, Step Back
- Questions seek to understand, be curious
- Prioritize parent 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 hurt or offend others

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Funding Design 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)

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

1. **Reduce administrative burden** by streamlining current funding streams
   - 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. **Builds a transparent road map to full costs of early learning services that enables equity and efficiency**
   - Ensures **operational funding** from all sources that is adequate to deliver services that meet licensing standards for all children and allows transparency in how much existing funding from all sources covers costs
   - Enables a **family-centered definition of quality,** and is tied to the **services families want to see** based on children's needs, including for children with disabilities and developmental delays, multilingual learners, and historically underserved communities
   - Promotes **competitive workforce compensation**
   - Reflects the **different structure** of costs and services in centers, homes, and school districts across programs and requirements
   - **Maximizes** federal funds

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 children being served by **public and private funds**
   - 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 and federal dollars while acknowledging the needs of providers who serve school-age children

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Anticipated Timeline

WINTER/SPRING 2025	LATE SUMMER / EARLY FALL 2025	LATE FALL 2025	WINTER 2025-SPRING 2026	FY27 SUMMER 2026-SPRING 2027	FY28 2027-2028
Setting Direction and Establishing Parameters	*Moving Toward Solutions*	*Tentative Recommendations*	*Advance Legislation*	*Continue Build Out*	*Begin Implementation*
• Continue to understand context • Establish a shared knowledge base • Set the direction • Understand parameters for funding design solutions	• Address questions of funding stability, alignment, consistency, and equity • Move toward tentative recommendations	• Receive additional feedback on recommendations and refine cost factors • In partnership with State leadership, identify possible legislative actions	• IDEC, in conjunction with partners, move forward funding legislative package	• Continue to address funding implications of other workgroup findings • Continue to pressure test findings and recommendations with the field	• Funding system changes begin

IDHS AND ISBE CONTINUE TO ADMINISTER PROGRAMS

IDEC ADMINISTERS PROGRAMS UNDER CURRENT STRUCTURE AND RULES

IDEC ADMINISTERS NEW FUNDING APPROACH

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Upcoming Funding Design Workgroup Meetings and Topics

- We are planning to continue to meet monthly. Upcoming meeting dates:
  - April 22
  - May 27
  - June 17
- Upcoming topics may include:
  - Preview Funding Design framework
  - Revisiting family and local contributions
  - Updated Funding Equity Map

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Recommendations Recap

Preliminary Funding Design Recommendations – Summary

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 services that families want and need*

**More work needed*

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Funding Alignment Preliminary Recommendations

Challenges

Challenge Definition:

- 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

Proposed Criteria for alignment:

- 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

Preliminary Recommendations

Across all state-managed funding streams, the following two groupings meet the criteria for alignment:

Cluster of early learning & care funding streams:

- CCAP/CCDF
- ECBG PFA/E
- ECBG PI-Center Based
- Smart Start Workforce Grants and Quality Supports

1 *Proposed:* One aligned funding stream for **child care and pre-k programs**

Cluster of home visiting funding streams:

- MIECHV
- MCHV
- IDHS-HV
- ECBG PI-Home Visiting

2 *Proposed:* One aligned funding stream for **home visiting programs**

Early Intervention and Early Childhood Special Education *continue to be funded separately* 3 4

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Funding Distribution Preliminary Recommendations

Challenge Definitions

- Uncertainty about funding makes it difficult to plan and create seats, leading to instability and limited access for providers and families
- Competitive grant applications make access to funding dependent on 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

Preliminary Recommendations

Expand 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

Continue to Use Vouchers 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

Reserve 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 criteria for funding

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Defining Long Term Funding Targets Preliminary Recommendations

Funding Targets

Challenge Definitions

- Funding not tied to costs of service provision
- Inequities in funding across the state, not correlated to community need
- Funding is inadequate to provide comprehensive services and compensate staff
- Cost centers and assumptions vary across similar funding stream
- No coordinated process for prioritizing needs across the ECEC system
- Not maximizing federal resources

Preliminary Recommendations

Define Adequacy-Based Funding Targets

- Provides consistent way of allocating funding on costs, with common definitions and principles across the ECEC system (informed by Program Standards work)
- Accounts for comprehensive services that meet family needs, including needs of children with disabilities and delays and multilingual learners
- Transparently shows gaps between current and needed funding across the state at the provider and regional level

Prioritize "Next Dollar In"

- Develop equitable and transparent strategy for prioritization
- Adequacy analysis will show which providers have the largest gaps between current funding and need

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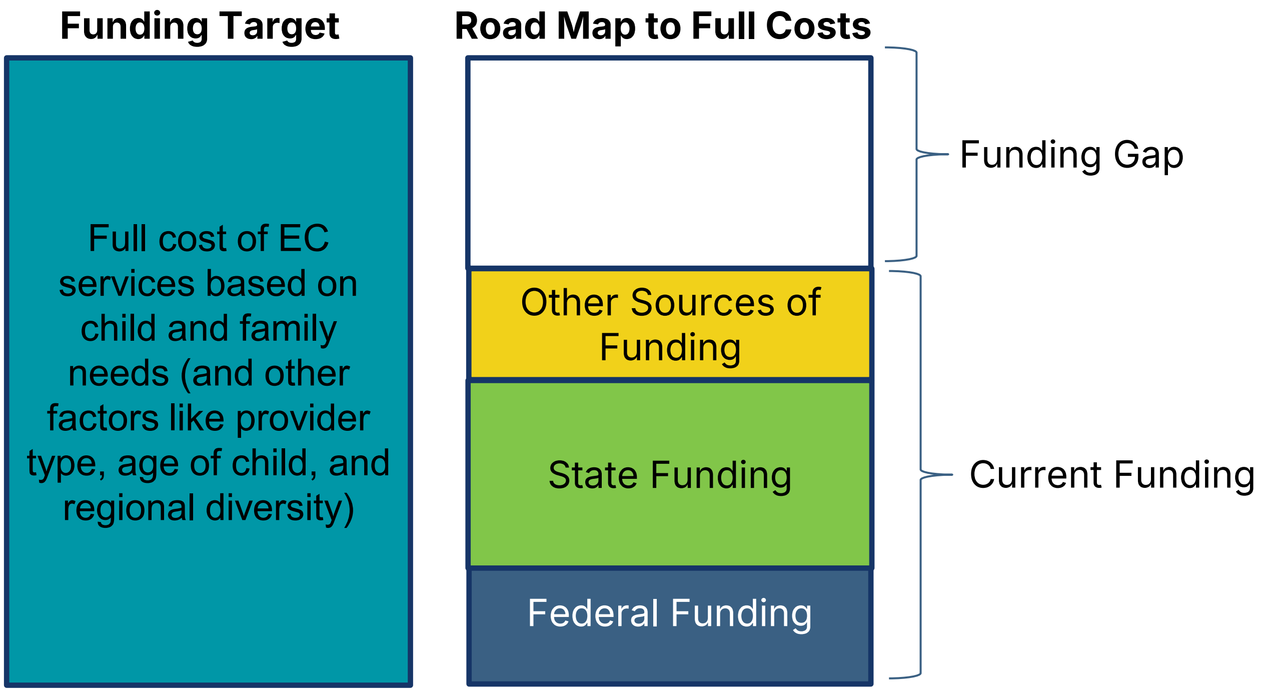
Creating an Adequacy-based Approach for ECEC

Design principle:
"Build a transparent road map to full costs of early learning services that enables equity and efficiency, using all available sources of funds."

Visualizing the Funding Target & Road Map to Full Costs (Illustrative):



Applying Recommendations to Provider Scenarios

Putting Recommendations into Practice

Provider Scenarios

Potential process for implementing funding design recommendations:

Funding Targets:

- Providers have a funding target based on children served, particular needs of child (e.g. age, MLL status), regional cost factors, etc.
- Includes all children eligible for public funding
- Funding needed to meet specific program standards & workforce support (e.g. meeting a wage floor) is calculated at the provider level, while funding based on child need is calculated at the child level

State Allocates Funding:

- State uses all available funding sources to come as close as possible to meeting targets
- Prioritizes "next dollar in" to providers who are currently furthest from targets (i.e., furthers from adequacy with the greatest need)
- Matches eligible children to federal funding (CCAP) on the back end

Funding Distribution:

- Providers can opt into contracts that provide greater predictability in funded seats or continue to use reimbursement-based vouchers
- Funds distributed as non-competitive grants wherever possible
- Providers must meet accountability standards for use of funds

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Funding Targets will be based on provider characteristics and the needs of the children they serve

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Each program serving children eligible for public funding* will have a different funding target to meet the needs of children in their program

Funding Target

Calculated amount based on **provider level characteristics** like support needed to meet program standards and workforce compensation

Calculated amount based on **child level characteristics** (e.g. child age, MLL, IEP/IFSP, attending full-day or part-day)

Road Map to Full Costs

Other Sources of Funding

State Funding

Federal Funding

With new investments, the State will try to fill the Funding Gap, starting with programs that have the biggest gap between their revenue and their Funding Target

Head Start and parent co-pays will be accounted for in the state's target

Funds managed by the state (including CCDF and MIECHV) will be pooled together to work toward meeting programs' Funding Target

**Funding Targets apply to programs and children eligible to receive public funding from the State*

Questions to Consider

Benefits or Drawbacks

How do you see these recommendations benefiting providers and the families they serve? What potential concerns or drawbacks do you see?

Implementation Considerations

What would need to be different in our current systems or practices to implement these recommendations?

Unintended Consequences

What potential unintended consequences should we anticipate or consider?

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Overview of Provider Scenarios

Scenario	Provider Type	Children Served	Current Funding Sources	Key Challenges
1. Kayla	Family Child Care	4-5	Private tuition, CCAP, SSWG	Delayed and inconsistent CCAP payments
2. Little Rascals	Licensed Center	83	Private tuition, CCAP, SSWG	Wait time for CCAP approval, funding for qualified staff to support children with disabilities / developmental delays
3. Children of the Future	Licensed Center / Head Start	155	Head Start/Early Head Start, Preschool for All/Prevention Initiative (center-based), CCAP, SSWG	Funding to cover increased teacher compensation and rising cost of health insurance
4. Family Place	Home Visiting	90	MIECHV, IDHS Home Visiting, Prevention Initiative	Attracting and retaining home visitors; different salary floors between grants
5. Mainland Unified	School District	145	Preschool for All / Prevention Initiative (home visiting)	Increasing amounts of local funding needed to cover rising costs
6. Teller County ROE	Regional Office of Education	421	Preschool for All / Prevention Initiative (center-based and home visiting)	Some potential child care provider partners are opting out of PFA/PI funds in favor of SSWG

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Small Group Assignments and Discussion

In your group:

- Review your first scenario
- Discuss questions
- Repeat with 2nd scenario
- Prepare to share scenarios and takeaways with full group

Group	Scenarios
1 (Abby)	1 (Kayla, FCC) and 6 (Teller County ROE)
2 (Megan)	2 (Little Rascals Center) and 5 (Mainland United School District)
3 (Siri and Marissa)	3 (Children of the Future) and 4 (Family Place Home Visiting)
Public Attendees (Maya)	2 (Little Rascals Center) and 5 (Mainland United School District)

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Scenario 1:

- Kayla* is a family child care home provider in Carpentersville, Illinois. She typically serves 4-5 children in her home, though she is licensed to care for 8 children. She currently serves a mix of infants, toddlers, and school age children whose families privately pay for care, but she recently enrolled a child receiving CCAP and now receives Smart Start Workforce Grants. She does not have an assistant.

- Kayla reports that her biggest challenges with the current funding system are when **CCAP payments arrive later than expected** and when children receiving CCAP are absent for a week or more and she **does not receive funding for those absences**.

**Names and details in all scenarios are fictionalized; scenarios and challenges are based on deep dive interviews, community input, and Workgroup and Subcommittee discussions.*

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Scenario 1: Kayla (Family Child Care Home)

Provider Scenarios

Current Situation:

- *Capacity of 8 children*
- *Mix of CCAP and private tuition; also receives SSWG*
- *Provider-owner takes home about $39,000 annually after expenses*

	Current State	If Recommendations Were Implemented
Funding Targets	CCAP rates and SSWG amounts set separately; no differentiation based on child need	IDEC Funding target includes: • Geographically adjusted amount for each child eligible for public funding, weighted if the child(ren) are MLLs or have an IEPs/IFSP • Wage enhancement for Kayla as provider-owner
Funding Sources	CCAP, Private Tuition, SSWG	Single state funding source covers publicly eligible children and wage/quality enhancements; state matches eligible children to CCAP funding on the back end to adhere to federal reporting requirements. Kayla continues to receive private pay for non-eligible children and parent co-pays.
Funding Distribution	• CCAP: Voucher paid through reimbursement monthly • SSWG: Non-competitive grant paid in advance quarterly • Parent pay: collected biweekly in advance (according to Kayla's policies)	Kayla can opt in to receiving contracted slots that create greater predictability about funding, as long as she continues to meet accountability and and enrollment expectations. Per-child and workforce funding are included in the same application for funding.

Scenario 2:

- Little Rascals is a privately owned licensed center in Rockford, Illinois and serves 83 preschool children across 5 classrooms. Ten of their children have an IEP or IFSP, and three more are in the process of being evaluated. They receive a mix of CCAP, private tuition, and Smart Start Workforce Grants.

- The director at Little Rascals notes that his biggest challenges with the current funding system is the **wait time for families to receive approval for CCAP** and finding qualified staff to support children's unique needs. With CCAP, the director covers the cost of care until the child is approved. He also reports that he **does not have funding to hire qualified staff who can support children with additional needs** like disabilities, challenging behaviors, and developmental delays.

Scenario 2: Little Rascals (Average-Sized Licensed Center)

Current Situation:

- *5 classrooms, capacity of 83 children*
- *Mix of CCAP and private tuition; also receives SSWG*
- *Teachers meet SSWG wage floor in all 5 classrooms*

	Current State	If Recommendations Were Implemented
Funding Targets	CCAP rates and SSWG amounts set separately; no differentiation based on child need	IDEC Funding target includes: • Geographically adjusted amount for each child eligible for public funding, weighted if the child(ren) are MLLs or have an IEPs/IFSP • Program-level funding for workforce compensation
Funding Sources	CCAP, Private Tuition, SSWG	Single state funding source covers publicly eligible children and wage/quality enhancements; state matches eligible children to CCAP funding on the back end to adhere to federal reporting requirements. Little Rascals continues to receive private pay for non-eligible children and parent co-pays.
Funding Distribution	• CCAP: Voucher paid through reimbursement monthly • SSWG: Non-competitive grant paid in advance quarterly • Parent tuition: collected biweekly in advance (according to provider policy)	Program can opt in to receiving contracted slots that create greater predictability about funding, as long as they continue to meet accountability and enrollment expectations. Per-child and workforce funding are included in the same application for funding.

Scenario 3:

- Children of the Future is a center-based program in Chicago, Illinois that serves a mix of 155 infants, toddlers, and preschool children. This program has 10 classrooms and receives Head Start/Early Head Start, Preschool for All/Prevention Initiative (center-based), and CCAP funding. One of their classrooms is CCAP-only and receives Smart Start Workforce Grants.

- The director at Children of the Future reports that her biggest challenge with the current funding system is **receiving enough funding to cover the increased cost of teachers' salaries and health insurance.** Her current mix of funding streams does not provide enough funding to cover increasing costs.

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Scenario 3: Children of the Future (Large Layered Funding Center)

Provider Scenarios

Current Situation:

- *10 classrooms, capacity of 155 children*
- *Receives Head Start/Early Head Start, PI/PFA, CCAP, SSWG (for 1 classroom), and private tuition funding*
- *Assistant teachers meet SSWG wage floor; HS/EHS/PFA/PI teachers earn $21-24/hr depending on credentials*

	Current State	If Recommendations Were Implemented
Funding Targets	Each program's funding set separately; classrooms are organized by funding source	IDEC Funding target includes: • Weighted funding amounts for children with IEPs/IFSPs and MLLs • Program-level funding for workforce compensation and higher program standards, including Head Start standards • Head Start funding amount is subtracted from total funding target to avoid double-counting
Funding Sources	HS/EHS, PI/PFA, CCAP, SSWG, private tuition	Single state funding source covers all publicly eligible children and wage/quality enhancements; state matches eligible children to CCAP funding on the back end to adhere to federal reporting requirements. Children of the Future continues to receive private pay for non-eligible children and federal HS/EHS grant.
Funding Distribution	HS/EHS and PI/PFA: Competitive grants received annual, with periodic re-competition CCAP: Voucher with monthly reimbursement	Single non-competitive grant that covers state-funded children, as long as accountability expectations continue to be met. HS/EHS grant continues to be administered by federal government. Per-child and workforce funding are included in the same application for funding.

Scenario 4: Family Place Home Visiting

- Family Place implements the Parents as Teachers Home Visiting Program in Western Illinois. They employ six home visitors and one supervisor as part of their community services nonprofit. The home visiting program has a caseload of 90 families and receives funding from MIECHV, IDHS, and Prevention Initiative (ISBE).

- The director at Family Place reports that her biggest challenge is **attracting and retaining home visitors**. It takes time to train and onboard new people, and low compensation means that many home visitors can earn more at other jobs. The two grants they receive have different expectations for salary floors.

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Scenario 4: Family Place (Home Visiting Program)

Provider Scenarios

Current Situation:

- *Implements Parents as Teachers model; caseload of 90 families*
- *Receives IDHS home visiting grant and PI funding from ISBE*
- *Home visitors are paid salary floor of $41,204*

	Current State	If Recommendations Were Implemented
Funding Targets	IDHS and ISBE each calculate funding amounts	Funding target includes: • Cost of implementing program model and meeting wage floors • Geographic adjustments for costs of living and program implementation costs (e.g. transportation in rural areas)
Funding Sources	IDHS, PI (ISBE), MIECHV	Single state source covers all publicly eligible children; eligible expenses are tracked to federal MIECHV grant on the back end.
Funding Distribution	Competitive grants	Single non-competitive grant that continues as long as accountability expectations continue to be met

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Scenario 5: Mainland Unified School District

- Mainland Unified School District is located in Northwestern Illinois. They currently receive Preschool for All (PFA) funding and Prevention Initiative (PI) funding, which they use to provide school-based preschool for four-year-olds and Parents as Teachers home visiting for families with younger children. They use local funds to supplement PFA funding for their preschool. This combination of programs serves roughly 145 children.

- Mainland shared that their biggest challenge with funding is that their PFA funding from the state has remained flat for several years while costs have risen, so that their local contribution to the preschool program has had to grow to cover costs.

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Scenario 5: Mainland Unified School District

Provider Scenarios

Current Situation:

- *5 classrooms serving 100 four-year-olds in school-based preschool*
- *3 home visitors serving approximately 45 families*
- *Receives PFA, PFA-E, PI center-based, and PI home visiting, as well as local funding*
- *Teachers earned approximately $51k per year, assistant teachers earn approximately $39k per year, and home visitors earn the wage floor of approximately $41k per year*

	Current State	If Recommendations Were Implemented
Funding Targets	Each program's funding set separately	Funding target includes: • Weighted funding amounts for children with IEPs/IFSPs and MLLs • Program-level funding for workforce compensation and higher program standards • Home visiting funding is based on cost of implementing program standards and meeting wage floors • Expectation for local contribution
Funding Sources	PI/PFA	One state early childhood funding source covers all publicly eligible children for pre-k and one funding source for home visiting and wage/quality enhancements. EBF and local funding continues to be used to supplement state pre-k funding.
Funding Distribution	PI/PFA: Competitive grants received annual, with periodic re-competition	Single non-competitive grant that covers state-funded children, as long as accountability expectations continue to be met. Per-child and workforce funding are included in the same application for funding.

Scenario 6: Teller County Regional Office of Education (ROE)

- Teller County ROE is located in Southern Illinois. They currently receive Preschool for All funding and Prevention Initiative funding which they distribute to 7 child care centers and 4 school districts. They also receive Prevention Initiative home visiting funding. This combination of programs serves roughly 421 children.

- Teller County ROE shared that their biggest challenge with funding is that some of their center- and home-based child care partners **no longer want to participate in PFA/PI because they prefer to receive Smart Start Workforce Grants instead**. They would like to see a future funding design incentivize small child care centers and home-based programs to establish partnerships that enhance the services they provide.

Provider Scenarios

Scenario 6: Teller County Regional Office of Education

Current Situation:

- *23 classrooms (11 sites, capacity of 421 children)*
- *3 home visitors (caseload of approximately 45 families)*
- *Receives PFA, PFA-E, PI center-based, and PI home visiting*
- *Teachers earned approximately $51k per year, assistant teachers earn approximately $39k per year, and home visitors earn the wage floor of approximately $41k per year*

	Current State	If Recommendations Were Implemented
Funding Targets	Each program's funding set separately	Funding target includes: • Weighted funding amounts for children with IEPs/IFSPs and MLLs • Program-level funding for workforce compensation and higher program standards • Home visiting funding is based on cost of implementing program standards and meeting wage floors
Funding Sources	PI/PFA	One state funding source covers all publicly eligible children for child care/pre-k programs and one funding source for home visiting programs and wage/quality enhancements.
Funding Distribution	PI/PFA: Competitive grants	One non-competitive grant that covers state-funded children for child care/pre-k and one for home visiting, as long as accountability expectations continue to be met.

Questions for Discussion

Benefits or Drawbacks

How do you see these recommendations benefiting providers and the families they serve? What potential concerns or drawbacks do you see?

Implementation Considerations

What would need to be different in our current systems or practices to implement these recommendations?

Unintended Consequences

What potential unintended consequences should we anticipate or consider?

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Public Comment, Next Steps & Close

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
- Next Workgroup meeting: Wednesday, April 22nd at 4:30pm

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