

**Early Childhood Education and Care (ECEC) Funding Distribution Subcommittee
(Subcommittee of the Funding Design Workgroup)
Meeting 4
September 17, 2025, 11 AM-12:30 PM
Public attendee link:**

<https://illinois.webex.com/weblink/register/rd5c0865bf322ee2d89af6b68698c8cd6>

In attendance: 33

Subcommittee members: Barbara Corby, Britt Gordon-McKeon, Delreen Schmidt-Lenz, Evan Krauss, Kimberly Bianchini, Stacey Mixon, Nykisha Barefield, Trish Rooney, Priscilla Bahena

State Agency Members and Consultants: Maya Portillo (IDEC), Christi Chadwick (IDEC), Ann Whalen (IDEC), Lori Orr (IDHS), Jean Davis (IDHS), Michelle Wood (IDHS), Taylor Seal (ISBE), Megan Bock (Afton Partners), Kayla Rosen (Afton Partners), Marissa Ortiz (Afton Partners), Interpreter

Members of the public: Angela Farwig, Ariel Chaidez, Bob Spatz, Bri Stormer, Donna Eamons, Erika Mendez, Karen Berman, Karissa Zingula, Kathleen Kimmey, Marcy Mendenhall, Lori Carroll, Rosario Hernandez, Rowan Atwood

Minutes

1. Welcome and Introductions

Maya Portillo (IDEC) welcomed participants to the final funding distribution subcommittee meeting. She introduced the Spanish interpreter and provided instructions for joining the Spanish channel.

Maya reviewed the meeting expectations and notes as well as subcommittee norms for the group and asked subcommittee members to add introductions in the chat and share what has been on their mind since the last meeting. She also reviewed the subcommittee norms.

Maya shared the goals and agenda for the meeting: 1) to understand how site-administered contracts and certificates/vouchers work and consider benefits and opportunities of each, and 2) adjust emerging direction based on discussions. She reviewed the funding design goals to highlight that the new funding design approach will promote an equitable inclusive family centered system of quality choice for families of all races, home languages, incomes and geographies. She also shared emerging design principles that continue to draw on input from communities, working groups and state leadership. Lastly, she previewed the anticipated timeline for this work, noting that we are currently in the summer-early fall phase of moving towards solutions and will be moving into tentative recommendations in late fall 2025. She highlighted the implementation of a new funding approach that will tentatively begin in FY28.

2. Roles and Goals of the Subcommittee

Marissa Ortiz (Afton Partners) reviewed the roles and goals of the subcommittee, starting with the essential question that this group is grappling with: How should the state distribute funds to providers in a way that best supports our goals? She noted that the group would come back to the guiding questions at the end of the meeting.

Marissa shared the timeline for subcommittee meetings, noting that this is the final distribution subcommittee meeting where we are incorporating feedback and finalizing recommendations. She also

reminded the subcommittee that their role is to engage more deeply in specific topics and bring forward considerations and draft recommendations to the full workgroup, while the full workgroup reviews those recommendations and integrates work from both subcommittees.

3. Key Highlights from Distribution Discussions

Marissa then shared key takeaways from the previous subcommittee and workgroup meetings:

- Non-competitive grants can provide stable base funding, including multi-year grants for programs with a proven track record of meeting grant expectations
- Need to ensure funding is inclusive of family, friend, and neighbor (FFN) care, which is often accessed through certificates/vouchers
- Ensure that providers have flexible options for funding, including access to certificates/vouchers for providers serving limited numbers of children funded by CCAP
- Desire to learn more about site-administered contracts and benefits and challenges for providers and families

She also highlighted that emerging recommendations have been updated to reflect this feedback, including adding the need for flexible funding options for providers, and that multi-year funding should be provided for programs that annually meet program performance measures. She shared that today's conversation would build on questions raised at the prior meeting about site-administered contracts, a form of non-competitive grant.

4. Certificates/Vouchers and site-administered contracts discussion

Megan Bock (Afton Partners) began the next section on certificates/vouchers and site-administered contracts by sharing the guiding questions for today's discussion:

- How do CCAP site-administered contracts and certificates/vouchers work, and how are they different from each other?
- What are the main benefits and challenges of using CCAP site-administered contracts and certificates/vouchers?
- In what cases should each approach be used?

She provided background information on CCAP, including that it is funded by both federal and state funds and is currently administered by IDHS in partnership with CCR&Rs. She also shared eligibility criteria for CCAP, including residency, parent employment/education, age, and income requirements.

Megan introduced two ways for CCAP funding to be distributed.

1. Certificates/vouchers

- a. Parents apply for CCAP and generally receive support with applying for CCAP from their provider. Providers often submit the application to their local CCR&R who determines whether they are eligible.
- b. Providers must meet CCAP eligibility requirements to receive certificates/vouchers.
- c. CCR&Rs enter certificate/voucher payments into the State system, and funds are then distributed directly to providers by the Illinois Office of Comptroller (IOC).
- d. Payment is based on the number of days children attend the program within a given time frame.

2. Site-administered contracts

- a. “Site-administered” contracts are an alternative distribution mechanism for CCAP where child care programs contract directly with the state (or a provider network) for a negotiated number of slots at specific sites.
- b. Contracted providers determine family eligibility, collect co-pays, and bill the state each month. Currently, providers that receive site-administered contracts also determine family eligibility, but a different structure could be considered where the state determines eligibility.
- c. Site-administered contracts are a grant to providers and help the state of Illinois meet CCDF requirements for providing child care seats.

Megan noted that programs can receive both certificates/vouchers, as well as site-administered contracts.

A subcommittee member asked if both are paid in arrears, and an IDHS team member responded both are paid via distribution in arrears.

Megan then presented information on child care programs receiving CCAP funds, showing that 73% of total licensed centers, licensed-exempt centers, and licensed homes receive CCAP funding. Participation rates for licensed programs were very similar between centers and homes. There is also a significant number of Family, Friend, and Neighbor (FFN) providers receiving CCAP funds; however, the total universe of people providing FFN care remains unknown. A subcommittee member added that FFN providers (license-exempt homes) interact with the state through CCAP, but as many are not licensed, we can't track the actual number of FFN. Trish Rooney (IDHS) confirmed that this is the case, but that those who receive CCAP and are considered license-exempt are required to have a certificate and comply with some requirements.

Megan reviewed the benefits and challenges of each funding distribution mechanism.

Benefits of certificates/vouchers vs. site administered contracts

Certificates/Vouchers	Site Administered Contracts
<p>Funding follows the family: Families can use their certificate/vouchers at centers, family child care homes, and eligible license-exempt relatives. If they leave the program, they can use their certificate/voucher at another program.</p> <p>Scheduling for non-traditional hours: Certificates/vouchers can support matching families with non-traditional hour care needs.*</p> <p>Flexibility for providers: Providers enroll based on demand with no contracted slot caps to manage.</p> <p>Potentially fewer administrative considerations: CCR&Rs/state handle eligibility determinations; providers focus on attendance, co-pays and standard voucher billing.</p>	<p>Predictable Revenue: Providers have a pre-determined number of slots for CCAP allowing for a determined amount of consistent revenue based on an estimated number of children per site.</p> <p>Faster decisions: Programs determine if families meet eligibility requirements, so they do not need to wait for CCR&Rs to determine eligibility.</p> <p>Provide services that meet families' needs: Providers can offer services for families (extended hours, special needs) when approved.</p> <p>One-stop-shop: Provider manages eligibility, co-pays, attendance and monthly billing; these additional responsibilities mean site-administered contracts often go to larger entities</p>

Shared Benefits

Affordability: Both distribution mechanisms must follow CCDBG affordability rules for families, specifically that copays must be at or below 7% of a families' income.

Challenges with certificates/vouchers vs. site administered contracts

Certificates/Vouchers	Site administered contracts
<p>Eligibility Wait Times: CCR&Rs determine eligibility/redeterminations; intake delays can postpone start dates and payment</p> <p>Potential Revenue Volatility: Enrollment and attendance can cause revenue to fluctuate month to month</p>	<p>Potentially More Administrative Burden: Applications, redeterminations, notices and monthly enrollment report (MER)</p> <p>Potential Revenue Volatility: Enrollment and attendance can cause revenue to fluctuate month to month</p>

Shared Challenges

Co-pay risk: Provider is responsible for collecting family co-pays

Attendance: Payment is tied to attendance (70% rule)

Compliance: Responsible for licensing, staff training, data systems and record-keeping

Maya then led a panel with Marcy Mendenhall (SAL Family and Community Services, TAC member) regarding site-administered contracts and certificate vouchers. Marcy introduced herself and shared that her program also has two CCR&Rs in addition to the child care programs.

Question 1: Tell us about how site-administered contracts and certificates/vouchers work and how you use them in your program.

- 95% of kids in the program are CCAP eligible. Her program has about 700 kids in site-administered contracts, which makes up 90% of her enrollment. The other 5% are shared cases that receive vouchers/certificates. Her program includes four centers and partners with 80 child care homes
- The organization has people who help families fill out paperwork and offer a warm hand-off to make sure families are getting what they need and enrolled quickly

Question 2: What do you appreciate about site-administered contracts? What do you appreciate about certificates/vouchers?

- Having both site-administered contracts and vouchers leads to diversity. Marcy likes the predictability of site-administered contracts. For vouchers, it's easy on the front end for families to come in, and engagement with families is very seamless. For families, it doesn't matter how their slots are funded.
- For homes, it's the same thing, but shared cases can be complex. If they are attending both an ECE program and an after-school program somewhere else, they might have both site-administered and voucher options. Case notes and communication need to be clear. For site-administered contracts, Marcy is paid on the 15th of every month, and that predictability is helpful. On the voucher side, that is the aim, but it is not always achieved.

Maya highlighted key takeaways:

- The family does not experience a difference between site-administered contracts and vouchers.
- FCC homes can also have site-administered contracts
- The end goal is to get families enrolled as quickly as possible

A subcommittee member asked if there are differences on the provider side in administering each? Marcy responded that she is doing the same functions for both vouchers and site-administered contracts. Marcy also noted that vouchers and site-administered contracts still use the same CCAP rate across the board; however, additional funding is provided to programs running site-administered contracts for the additional administration (e.g. eligibility determination, co-pays, etc.).

A subcommittee member raised the concern that site-administered contracts might add administrative burden to IDHS for increased monitoring, as well as for providers, who may not be equipped to handle the administration of site-administered contracts in the same way as CCR&Rs.

Marcy noted that monitoring is very intense on both ends, including the reporting and auditing process. She also has an external audit due to receiving federal funds.

A subcommittee asked what happens if there is incorrect billing; do programs have to pay back funds? She was concerned that some programs would not want to participate because of this risk.

Michelle Wood (IDHS) responded, saying that CCAP is a public benefit program and is therefore monitored that way. If there is an error, it would be managed between the state and the parent. She also noted that IDHS has checks to ensure that reporting/billing is correct.

Marcy mentioned that there is also an appeals process for families on applications.

Trish Rooney (IDHS) added that anytime there is a situation with funding issues, there is always a corrective action plan to minimize the burden on the provider.

Maya followed up with the subcommittee member to clarify if she was asking about meeting enrollment, but the subcommittee member stated she was just asking about errors and audits. Another subcommittee member added that as the state moves to digital applications, it might help to reduce the burden on providers.

The subcommittee was asked to reflect on the following questions:

- How does the conversation about site-administered contracts impact your thinking about using non-competitive grants?

- What do you see as the benefits of non-competitive grants, like site-administered contracts? What do you see as the benefits of certificates/vouchers?
- What improvements would you make to the current certificate/voucher or site-administered contract system to be more effective for families and providers?
- What settings/conditions would work well to use certificates/vouchers?
- What settings/conditions would work well to use non-competitive grants, like site-administered contracts?

Subcommittee and public members responded:

- There are policy decisions that we could change to impact how effective these are. Is it about the funding following the parent? That seems to be the fundamental difference between vouchers and contracts. Tons of implementation layers impact how this plays out.
- Likes that the site-administered contracts can give choice and allow for providers to switch. New programs may need to stay in vouchers; those that are more experienced/meet qualifications might prefer contracts. Likes that the contracts could reduce delays, for example.
 - Question: Do approvals follow them if they are accepted for a site admin and then need to move to a new program?
 - Answer: eligibility would follow them, but the case would have to be transferred.
- Question for providers currently using either site-administered or vouchers: Does attendance (specifically absences) impact on your ability to claim the amount you were budgeting for each month?
 - Answer: Same for both vouchers and site-administered contracts.
- If we want to ensure that children with disabilities or other populations have access to child care, we need to ensure that the amount attached to a contract/or a voucher rate increase is related to the actual costs (additional teaming capacity, transition support, etc.). Currently, none of the funding vehicles is aligned to provide the necessary funding and inclusion support. That may be more of a funding design question.

The group raised the benefits of each approach:

- Contracts:
 - Consistency and predictability, which can also support increasing wages
 - Being able to speed up the process of determining eligibility, enrolling kids
 - From the parent's perspective, that this could be an opportunity to make a simpler and faster application process
 - Site-administered contracts can better support quality improvements/investments to support children with disabilities - it's challenging to build an inclusive program on individual vouchers that come and go.
- Vouchers:
 - Helpful if you don't want to take on the admin burden or aren't familiar with it

The group also reflected on potential improvements to the current system:

- A subcommittee member wants to see a better idea of what communication could look like in terms of eligibility, timelines, and what families can expect from providers

- Thinks this could be good for expanding choice for families, especially for those who have different needs.
- Raised the idea of one application for a contract that includes opportunities to apply for multiple funding streams for blending and braiding.
- Pay for enrollment in advance
- Potential for someone other than providers to collect copayments

A few members in the chat noted that contracts are a requirement for CCDF funds and that current site-administered contracts are used to meet that requirement.

5. Subcommittee closing

Megan presented the next section on subcommittee closing, reminding the group where we have been over the past four months and sharing how we have answered the essential and guiding questions for the subcommittee.

Guiding Question	What we learned	Where we need more information
What opportunities exist to improve provider funding stability and consistency and what are the implications?	<ul style="list-style-type: none"> • Providers need ongoing, stable, multi-year funding to cover base operating costs • Providers prefer prospective payments • Some providers want to continue to have flexible options for funding, including contracts and vouchers 	<ul style="list-style-type: none"> • Better understand in what cases and why providers might prefer contract vs certificates/vouchers • Further determine implications and fiscal impacts of each distribution approach
How can we minimize administrative burden for providers while ensuring accountability for funding?	<ul style="list-style-type: none"> • Use multi-year grants to reduce administrative burden for providers, require that receiving programs meet annual quality and performance measures 	<ul style="list-style-type: none"> • More conversation needed on how to ensure programs are held accountable without adding additional administrative burden • Ongoing dependencies with forthcoming Program Standards Alignment workgroup
Which distribution mechanisms (grants, contracts, certificates/vouchers, etc.) should be used for what purposes?	<p>Providers should have the option to participate in either grants/contracts or certificates/vouchers depending on their program needs</p> <ul style="list-style-type: none"> • Non-competitive, multi-year grants should cover base funding • Competitive grants should cover one-time needs or pilot programs • Certificates/Vouchers should be retained for FFN care or other homes/centers with limited CCAP enrollment 	<ul style="list-style-type: none"> • More discussion needed to pressure test different mechanisms and consider impacts of implementation • Implications of continuing certificate/voucher system and determining how different distribution mechanisms would work together to ensure a simple system for children and families
How might this all differ across different provider types, geographies, sizes, and other factors?	<ul style="list-style-type: none"> • Initial discussions indicated that there is a desire to differentiate based on provider types and sizes 	<ul style="list-style-type: none"> • More work needed to understand interest and impact of differentiating by other factors such as geography, size.

Megan reviewed the current funding distribution challenges and shared the emerging recommendations:

Expand Use of Non-Competitive Grants or Contracts for Providers Serving Priority Populations:

- Providers know they will be funded if 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 Certificates/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 criterion for funding

The group was asked to reflect on what else the workgroup should consider and raise any concerns with the current approach:

- One flag deep in the weeds - presumably there needs to be a look at GATA and some of its requirements around rebidding funds, etc., to move this approach forward.
 - Answer: CCDBG is GATA exempt, non-competitive, but does have the option to NoFo
 - ECBG dollars are not exempt
- How are the subcommittee recommendations under expanded use of non-competitive grants specific to serving priority populations?
 - Answer: Currently grappling with the uses for providing non-competitive grants, going to be discussing this in the upcoming work.
- As an organization currently under ISBE guidelines and using PFA/PFAE applications for funding, I wonder if the reporting and accountability systems currently in place for ISBE-monitored programs are a consideration for a non-competitive grant structure?
- The recommendations feel broad, is there a better way to capture the idea that a significant majority of providers should be able to access these kinds of grants if they want them, Also change “explore shifting to payment in advance”, there is a strong feeling that that is important and payment based on enrollment, can we be stronger on this recommendation from the group?

6. Public comment, next steps, and adjourn

Megan shared the next steps for this work, reminding the group that funding distribution conversations will continue through workgroup meetings. She informed the group that the upcoming workgroup meeting will be in person in Bloomington, Illinois, on Monday, September 29th, with the following goals and agenda:

- Reflecting on where we’ve been
- Considering how tentative recommendations would affect families and providers
- Through the lens of family experiences, identifying opportunities, considerations, and unintended consequences related to the tentative recommendations
- Preview plans for the next six months

Megan and Maya thanked subcommittee members for their participation in this subcommittee and asked them to complete a feedback survey.

Subcommittee members raised additional thoughts in the chat:

- Would like to see more conversation about funding that goes directly to parents for education, workforce support, and other similar topics.
- Provider portraits, in addition to family portraits, would help consider funding implications. It is essential to ensure that the funding design workgroup considers diverse providers.
- Wondering if the reporting and accountability systems currently in place for ISBE-monitored programs are a consideration for a non-competitive grant structure?

Public Comment:

- Would like slides from this session and want more details on the in-person meeting.
 - Answer: Slides and in-person information are available on the IDEC website.
- Will the final recommendations be finalized at the in-person mtg? Or when will that happen?
 - Answer: Still mapping out in-person meeting.
- Where do we see school-age being considered?
 - Answer: This needs to be mapped into the next six months and should also be considered for implementation.

Appendix A: Padlet

Discussion Question #1: How does the conversation about site-administered contracts impact your thinking about using non-competitive grants?

- Remembering Shauna's comments from the last meeting about not choosing one path or another, instead continuing to keep both in the system and supporting providers to determine the best path for them. And piloting things like contracts with family child care to see if that can be expanded.
- Site-administered contracts seem the way to go. Any of these processes will have monitoring, and most of the time, a provider will have the option of a corrective plan.
- I have had a site-administered contract, and we really liked it. Predictable funding is the biggest reason to do it, along with the quick approval of applications.

Discussion Question #2: What do you see as the benefits of non-competitive grants, like site-administered contracts?

- Grants can allow the state to set things like salary floors, special funding to support kids in priority populations, etc.

Discussion Question #3: What do you see as the benefits of certificates/vouchers?

- No comment

Discussion Question #4: What changes would voucher, or site-admin contracts work better for families and providers?

- Stop counting attendance; use enrollment.
- I would also like to see CCAP open to allow HS parents, many of whom are preparing for the workforce or to go back to school, to be automatically eligible for CCAP. They are financially

eligible. It's the work or school requirement that may eliminate enrolling the family in CCAP. However, HS is a program that prepares families to attend work or school.

Discussion Question #5: What settings/conditions would work well to use certificates/vouchers?

- I'm aware of several FCCs and group FCCs that struggle to hold onto the 1-2 CCAP families required to receive SSWG. I don't want to create a two-tiered system where FCCs can't access the more stable contracts, but I also know that these small child care facilities can't hold an open slot for a family for any significant length of time. I want to think about the mechanisms that helped these small businesses maintain CCAP families in their programs
- As Britt pointed out, many, if not all, of the differences between contract/grant funding and vouchers/certificates are policy choices and not inherent in the mechanism. I also suspect that many of the implementation differences are tied to the capacity and efficiency of the agency(s) processing CCAP and other applications. If there were a state agency providing one-stop shopping for CCAP, special education, and other services, etc. There were truly multiple centers with openings that families could choose from, and the state made prompt and timely payments; then a voucher works fine. However, the reality is that the delays in CCAP authorization, the many (CCAP-eligible) childcare deserts, the difficulty for programs to blend and braid, and the seeming variability of payments have caused people to look for other options. It was mentioned in the conversation about CCR&R's being (significantly and systematically) underfunded. It seems like site-administered contracts are a significant effort to deal with the lack of capacity at CCR&R. Is there consideration for (appropriately) staffed/resourced community collaboratives to be site administrators, so that there could be the economies of scale of large sites?

Discussion Question #6: What settings/conditions would work well to use non-competitive grants, like site-administered contracts?

- No comment