

**Early Childhood Education and Care (ECEC) Funding Distribution Subcommittee
(Subcommittee of the Funding Design Workgroup)**

Meeting 3

August 20, 2025, 11AM-12:30PM

Public attendee link:

<https://illinois.webex.com/weblink/register/r9d31d8f22cc6639745d4280f48ab5bb1>

In attendance: 33

Subcommittee members: Barbara Corby, Britt Gordon-McKeon, Delreen Schmidt-Lenz, Nykisha Barefield, Patricia Rooney, Priscilla Bahena, Shauna Ejeh, Stacey Mixon, Kimberly Bianchini

State Agency Members and Consultants: Maya Portillo (IDEC), Christi Chadwick (IDEC), Ann Whalen (IDEC), Tom Bazan (IDEC), Lori Orr (IDHS), Jean Davis (IDHS), Megan Bock (Afton Partners), Kayla Rosen (Afton Partners), Marissa Ortiz (Afton Partners), Cristobal Azpilcueta (Interpreter)

Members of the public: Ariel Chaidez, Bob Spatz, Bri Stormer, Donna Emmons, Ireta Gasner, Kaitlyn McGovern, Karen Berman, Karen Yarbrough, Rebecca Vonderlack Navarro, Rosario Hernandez, Rowan Atwood, Erika Mendez, Angela Farwig

Minutes

1. Welcome and introductions

Maya Portillo (IDEC) welcomed everyone to the meeting and thanked the group for attending. She reminded the group that this is the third out of four distribution subcommittee meetings. She started the meeting by welcoming new member to the subcommittee, Britt Gordon McKeon. She invited subcommittee members to do a round of introductions.

Maya then reviewed the meeting expectations and notes as well as subcommittee norms for the group. She shared that this meeting would have some changes for public attendees, including that public members would have more opportunities throughout the meeting to provide public comment.

She shared the goals for the meeting: to review feedback and assess the emerging distribution approach against guiding principles. She reviewed the general funding design goals sharing that we are reimagining our current funding system to ensure are promoting an equitable inclusive family centered system of quality choice for families of all races, home languages, incomes and geographies. She also shared funding design principles, noting that they have been slightly changed, and emphasizing that these are iterative and responsive to ongoing feedback.

Maya shared the anticipated timeline for this work, noting that since winter 2024 through spring 2025, IDEC has been working to establish parameters and build shared knowledge on current pain points and opportunities for innovation. Currently, we are turning the corner to focus on examining potential solutions. She underscored that this work is happening transparently through the funding design workgroup and subcommittees. In the fall, IDEC plans to pressure test emerging recommendations internally and externally and then move to refining recommendations to create a funding design legislative package for spring 2026. This is a multi-year approach, with the implementation of a new funding design system happening in FY28.

Maya then reviewed the role and goals of the subcommittee, reminding the group about the key questions the funding distribution subcommittee is grappling with:

- **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?

She also reviewed the timeline for the subcommittee, noting that today the group would focus on prioritizing distribution mechanisms that best promote funding design principles and goals. She reminded the group of the roles of both the alignment and distribution subcommittees to engage in deeper discussions and bring considerations to the full workgroup, which is charged with making connections between the two subcommittees.

2. Key Highlights from Distribution Discussions

Megan (Afton Partners) described key highlights that have come from prior distribution conversations with the subcommittee and full workgroup. This included members' responses that competitive grants can create instability and favor well-resourced programs, and the desire to move to non-competitive grants to provide stable base funding. Other highlights include that funding should cover the costs of providing quality care when full funding adequacy is reached over time, the need to ensure funding is inclusive of family, friend and neighbor (FFN) care and the need for better alignment between funding and other aspects of the ECEC system.

She also responded to a question that had been raised at prior meetings around how criteria are set for non-competitive programs, noting that decisions rely on having accurate data. There is an inherent trade-off between more expansive eligibility criteria and larger awards. She provided Smart Start Workforce Grants as an example.

Additional questions have been raised during previous discussions that will require further discussion, including some conceptual and some implementation questions. Discussions with the workgroup and additional subcommittees will help to answer some of these questions over time. (Questions below)

- **Conceptual**
 - There should be no wrong door for how children enter care. How do we get to that?
 - How can programs equitably access funding opportunities?
 - How would distribution to primary recipients and then partner sites function?
 - How could readiness (for interest in pursuing higher quality or improving facilities, for example) be assessed and awarded through non-competitive grants?
- **Implementation**

- How do we balance streamlining processes for programs with the needs for transparency and accountability (and what can we learn from existing programs like Smart Start Workforce grants and Smart Start Quality Support)?
- Would non-competitive grants reduce administrative burden compared to competitive?
- What would be the impact on different types of providers/programs of changes to distribution methods?

3. Prioritizing Funding Distribution Mechanisms

Megan moved to the next section: discussing prioritizing funding distribution mechanisms. She presented three potential funding distribution scenarios that were shared at the July distribution subcommittee meeting:

- Scenario A: Modifications to existing practices
- Scenario B: Non-competitive grants for base funding, with add-ons
- Scenario C: All non-competitive grants

Prior input from the group had led to more interest in scenario B, but with the addition of the need for vouchers for FFN care. Megan asked the group to provide reactions to these scenarios:

- The state needs to budget for increases in cost of living in grants and funding; flat funding actually means less funding.
- There is a need for funding to allow programs some degree of flexibility, for example if a program opens a new classroom and hires new teachers that should be supported.
- A public member asked how to better support families who are looking for access to quality child care and home visiting.

Megan also asked the group to specifically weigh in on FFN care:

- There should not be two different systems for FFN and other care because it would make it challenging for families to move between different types of care.
- The new funding distribution approach will need to consider federal requirement that families have access to a certificate/voucher system through federal dollars. To provide both families and providers with flexibility, is there a way to design the system where providers can have the choice of vouchers or non-competitive grants? This would be especially important for providers who serve low numbers of CCAP children.
 - Another subcommittee member responded that the federal landscape is changing and that moving to prospective payments is a complicated process.
- FFN care is less regulated and paying upfront may provide more opportunity for fraud. There is also less incentive to be an FCC if FFNs can access similar, up-front funding.
- FFN care often serves most vulnerable families, need to ensure their access to funding is retained.
- Illinois is one of the few states that still honors FFN care, and it is often selected because of unusual schedules, language or cultural care. There may be an opportunity other than vouchers, including contracts for proven FFN providers.
- A public member suggested that the state might consider how to utilize family child care networks or family child care homes who function as part of an organizational grant.

- A public members asked about the availability of data on FFN care and for clarification between FFN and FCC.

Maya thanked the group for this feedback and noted that this conversation illuminated the need for flexibility, and making sure we are honoring family choice.

Megan shared the approach and process for landing on an emerging distribution approach, starting with understanding the pros and cons of different distribution mechanisms, reviewing potential distribution scenarios and synthesizing input to establish an emerging direction. She shared the following emerging approach, adding that non-competitive grants would extend to home visiting as well.

Emerging funding distribution approach finds a balance between the scenarios, moving towards non-competitive grants for base funding

Competitive Grants

- One-time investments (i.e. facility improvements)
- Entry of new providers or expansion of programming

Non-Competitive Grants

- Multi-year grants with up-front payments to support classroom/program-level costs for qualified providers, varied by size/community served
- Funding could vary based on serving priority populations/communities, including children from low-income households, MLL, and children with disabilities and developmental delays
- Funding could vary for home visiting based program model, region, and on extra services provided beyond the program model

Vouchers

- Child care services paid on an upfront basis (i.e. at beginning of the month) for certain types of care (FFN)

Payee Agreements

- Billable services (i.e. Early Intervention)



The group provided reactions to the emerging approach:

- Would vouchers be just for FFN programs or would all programs have access? Would all programs be paid in advance?
- Could we continue to use vouchers for sites that serve only a handful of CCAP children?
- Interest in exploring the possibility of new providers having a non-competitive grant through a pilot program with coaching. It's very difficult to apply for a competitive grant as a new provider.
 - Megan responded that it is difficult to do a non-competitive grant when there isn't data to estimate who may be eligible.
 - Maya acknowledged that there is a need for an easier way to support new programs to access funding.

- Another subcommittee member responded that whether its non-competitive or not, there is the need to ensure that new programs aren't competing with experienced ones.
- Are we still trying to get a proposal by September? There is still a need for discussion from providers and families to share input on these approaches.
 - Maya returned to the earlier timeline slide explaining the process for continuing to engage stakeholders and plan for implementation between now and the start of a new funding design approach in FY28.
 - Another subcommittee members raised that there is a need for extensive input from providers to have recommendations by end of the year.
- There is value from learnings from Chicago, where the city had site-administered program contracts. IDHS does this already, and the group could learn from these because they do both lump sum payments and vouchers.
 - Many attendees shared interest in learning more about site-administered contracts.

Marissa (Afton Partners) then re-introduced the group to funding design guiding principles, specifically highlighting the two that most relate to funding distribution:

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
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

The group was asked to reflect in Padlet on how the guiding principles compare to the emerging distribution approach. The group responded to the following questions in padlet (full padlet responses attached below):

1. Where do you see alignment between the guiding principle and the distribution approach?
2. Where do you see misalignment?
3. Do you see opportunities to address misalignments?

5. Public comment, next steps, and adjourn

Megan brought the meeting to a close by making a request for a volunteer to share takeaways from the subcommittee at the upcoming funding design workgroup meeting. She opened the floor for final questions and public comment.

- A public attendee mentioned that she is looking forward to learning more about site administered contracts, based on her own positive experiences with that type of funding.
- A workgroup members asked for more clarification on how the emerging approach was reached and desire for more opportunities to continue to discuss.

Appendix A: Padlet

Guiding Principle 1: Where do you see alignment between the guiding principle and the distribution approach?

- Grants being non-competitive being multi year will allow programs the ability to plan and budget as well as the state to budget
- Providing upfront payments regardless of the mechanism will benefit all providers and families.
- I think this distribution approach might also work where we are not easily able to fully collapse dollars and fully blend and braid at the state level. We could still be offering aligned grants with similar reporting, accountability etc. It would be one step in improvement on an earlier timeline.
- This isn't really a response to your question, but would like to reiterate that there are likely still infrastructure costs outside of how these program dollars go out - mental health consultation, inclusion supports, health/nurse consultants etc - that should be available and not necessarily built into program grants.
- Allowing for competitive grants for new grantees, depending on the requirements, will help ensure that new applicants have a knowledge of what the program requirements are and have vast research in how to administer the grant
- Non-Competitive Qualification (initial and on-going) Evaluation: I think non-competitive grants make a lot of sense, but the devil is in the details about qualifications and especially about initial and on-going evaluations. I don't think that competitive grants are the way to go for new grantees, because they are often in the weakest position to compete head-to-head with better resources (money, staff, social and political capital, etc.) grantees. However, the qualifications and the initial evaluation process need to be robust to make sure anyone qualifying for a non-competitive grant has the necessary knowledge and capacity to deliver quality services covered by the grant. Note - a program with very rigorous qualifications and evaluation process could still be non-competitive if anyone that passes gets funded whether they far above or just barely above the qualifications.
In my mind (and is this correct?) that competitive grants are like grading on a curve where the grade is relative to others versus non-competitive grants that are like standards-based grading and the grade is based only on your performance to the standard.
- FFN and Site-based (Local) Administration: I think the intentional conversation about FFN aligns with the guiding principles. I also think the conversations about site-based administration is an important alignment issues. I think site-based administration can/should be expanded to include local/community collaborations that provide "no wrong door" services, but are not themselves a childcare site.
- For the home visiting programs that are currently funded through IDHS and ISBE, the proposed distribution approach that includes non-competitive grants aligns with guiding principle #1 by reducing the burden of managing multiple funding streams, aligning requirements whenever possible, and could bring some hope to programs that a simplification of applications and reporting could exist.
(I would also like to note that home visiting programs used to be non-competitive and shifted to competitive grants in 1998 with the EC Block Grant.)
- Since the Part C Early Intervention system is a federally-mandated program and is required to receive every child who is referred to each child, I wonder if verbiage might be added under the category of the "non-competitive" distribution tool that includes regular funding based on the number of active children being supported.

Guiding Principle 1: Where do you see misalignment? Do you see opportunities to address misalignments?

- I think a consideration might be how to allow flexibility when organizations have to balance funder requirements and requirements for their chosen evidenced based model.
- Allowing all four funding mechanisms offers great flexibility but there would need to be alignment on all of the application processes in order for us to really be streamlined, otherwise we risk maintaining the current system.
- Also, how will agencies report on funder requirements and how does that intersect with current data base systems?
- I think there's room to talk about different provider types as well as a chart showing how would this approach would work specifically
- Streamlining current funding streams for current providers I believe is important. For new providers I feel that care needs to be given to provide the guidance and education to them prior to them having streamlined funds. I feel that issues will happen during the auditing process that could be caught if things were not streamlined from the beginning for newer providers or providers that only have experience in other states.
- Administrative Burden with Private, Local and Family Funds: I haven't seen anything yet about how the approaches being discussed will reduce the administrative burden for blending and braiding non-state (private, local, and family) funds that are part of the Principle 4.
- Vouchers: Vouchers are an important part of the existing distribution structures, especially for FFN. However, I suspect for families transitioning from FFN to home childcare, centers, etc. that it puts an extra (unnecessary) burden on families. On the provider side, some (don't know what percent, but I suspect significantly non-zero) transition from FFN to home childcare providers and some (smaller percent) transition from home childcare to group care and small centers. Having very different distribution models from FFN to home childcare seems like it likely would create (significant?) barriers to that transition for providers. It seems like encouraging (and perhaps incentivizing) providers to move from informal (and often minimally trained and supervised) FFN care to more formal (but still very small) and more committed (long-term/professional) early childhood providers.

Perhaps a distribution model of having "voucher" payments flowing through FFN-visiting programs that connects the FFN providers with the supports they need/want (analogous to home visiting programs).

- For the home visiting programs that are currently funded through IDHS and ISBE, a suggestion for additional language under the "non-competitive grant" distribution tool might include verbiage that addresses the importance of performance. (For instance, "Multi-year grants with up-front payments to support classroom/program level costs for qualified providers who annually meet program performance measures, varied by size/community served." The accountability issue feels quite important to me to address in the non-competitive grant language, from my knowledge of what currently takes place with competitive grants that have been awarded to programs, even when there is documented underperformance. To me, this is also linked to the six funding design goals that are the foundation of the Funding Design Workgroup and this subcommittee.

Guiding Principle 4: Where do you see alignment between the guiding principle and the distribution approach?

- I love the acknowledgement of school age care providers as i feel they get put on the back burner at times and it is extremely valuable care that families need
- New Programs: There has clearly been a lot of thought about how new programs can enter the system.
- For the home visiting programs that are currently funded through IDHS and ISBE - and also the Family Connections programs in the Part C Early Intervention system - the proposed distribution approach that includes non-competitive grants aligns with guiding principle #4 by having a

transparent process that assesses quality, capacity, and community need.

Guiding Principle 4: Where do you see misalignment? Do you see opportunities to address misalignments?

- The state will have to decide the ROI on vouchers versus contracts for sites serving smaller numbers of CCAP children-less than a classrooms worth like less than 8 infants or 20 preschoolers for example.
- Incorporating Local Funds and Family Payments into design: I've seen nothing (but I may have missed it) about how the current distribution mechanism do (or even could) incorporate local funds and family payments into the funding distributions being discussed.