Meeting expectations & notes

For Subcommittee Members:

- **Please be on video** as much as possible
- **Mute self** when not speaking
- Use **Chat feature or "raise hand" button** for questions or comments
- Technical issues can happen to anyone – **chat privately to Siri Smillie for any needs**
- If you are experiencing an unstable connection - **switch to phone call or close other applications**

For Public Participants:

- Attendees can provide input through public comment (last five minutes of meeting)

Check-in Question:

What's on your mind after our last meeting?

Note: This meeting has Spanish translation

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Workgroup Norms

- Process is part of the solution

- Step Up, Step Back

- Questions seek to understand, be curious

- Prioritize parent experience and provider experience

- Act with courage and vulnerability

- Recognize the difference between intent and impact; I might not intend to hurt or offend but the impact may be to hurt or offend

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Today's goals and agenda

Goals

- Review takeaways from broader distribution conversation
- Discuss emerging distribution approach
- Compare approach to guiding principles

Agenda

- Welcome and introductions
- Review feedback from last session and funding design workgroup
- Assess distribution approach against guiding principles
- Public comment, next steps, and adjourn

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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

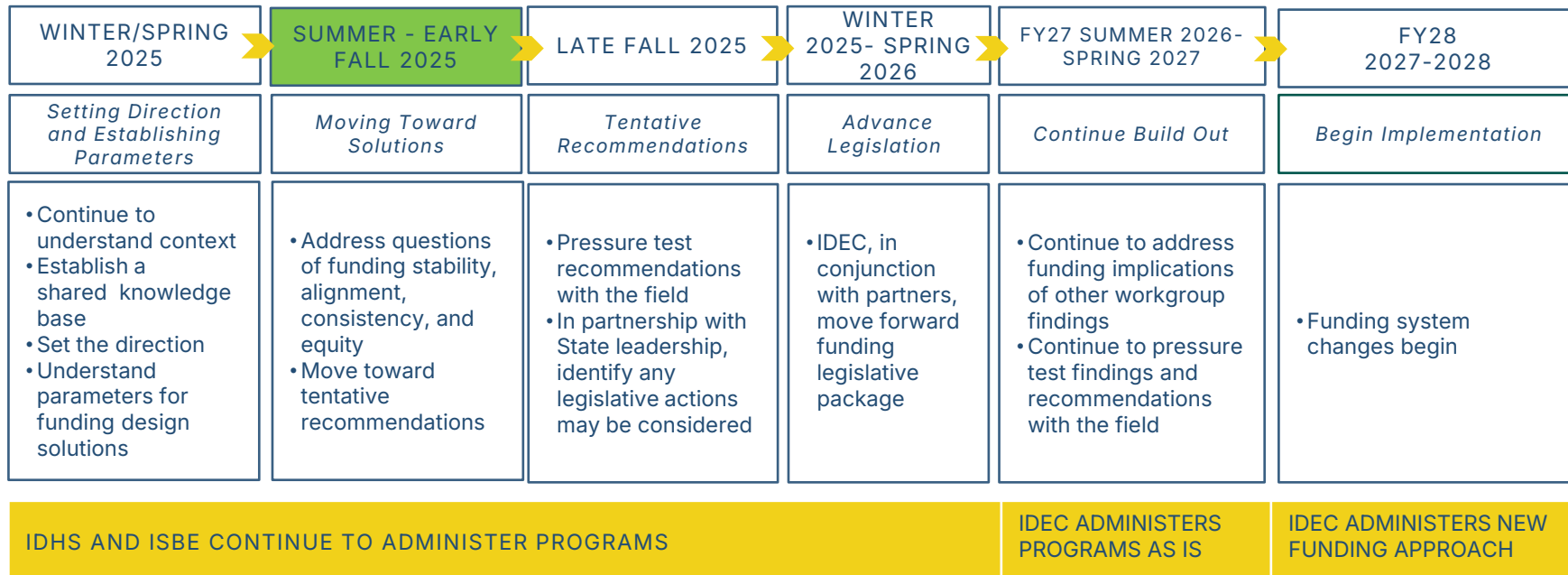Improves **predictability** and **stability for families, providers, and the workforce**

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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Anticipated Timeline

WINTER/SPRING 2025	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	• Pressure test recommendations with the field • In partnership with State leadership, identify any legislative actions may be considered	• 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 AS IS	IDEC ADMINISTERS NEW FUNDING APPROACH

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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, multi-lingual 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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Roles & Goals of the Subcommittee

Funding Distribution Subcommittee

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?

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During these four months, this subcommittee is working towards developing a set of funding distribution recommendations.

June	July	August	September
• Review role of the subcommittee • Learn about distribution mechanisms	• Consider distribution options • Evaluate options against guiding principles	• Prioritize distribution mechanisms that best promote design principles & goals	• Incorporate workgroup feedback and finalize recommendations

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How will the two subcommittees work together and maintain alignment?

Workgroup & Subcommittee Relationship

Workgroup

Sub-committees

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

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

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

**Key Highlights
from Distribution
Discussions**

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Additional conversations on funding distribution with this subcommittee, the workgroup and the public yielded important input.

- **Competitive grants** can create instability and may **favor well-resourced programs**
  - New distribution approach should consider more equitable distribution mechanisms that are accessible to all provider types
  - Could use competitive grants for additive components (i.e. participating in a pilot)
- **Non-competitive grants** can provide **stable base funding**, including multi-year grants for programs with a proven track record of meeting grant expectations
- Funding should **cover the costs of providing quality care when full funding adequacy is reached over time**
- Need to ensure funding is **inclusive of family, friend and neighbor (FFN)** care, which are often accessed through vouchers
- There is a need for **better alignment between funding and other aspects of the early childhood system (like licensing)** to reduce administrative burden on providers

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Discussions also raised additional questions:
How are criteria set for non-competitive programs?

- Non-competitive grants require **clear eligibility criteria**
  - Relies on **accurate data** to predict the number of programs funded, to ensure that the budget is not overspent
  - Should be **straightforward for programs** to determine whether they meet the criteria and predict whether they will continue to receive funds
- There is an **inherent trade-off** between more expansive eligibility criteria (more programs funded) and larger awards (less programs funded)
- *Example: Smart Start Workforce Grants*
  - Eligibility depended on percentage of CCAP enrollment and other factors
  - Sufficient data was available through previous grant programs and CCAP program enrollment
  - Input from the field informed the tradeoff between a lower CCAP threshold (more programs eligible) and a higher wage floor (which would require larger grants)

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Some questions require further discussion:

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?

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Prioritizing Funding Distribution Mechanisms

Last month, we reviewed three potential funding distribution options:

	Scenario A: Modifications to existing practices	Scenario B: Non-competitive grants for base funding, with add-ons	Scenario C: All non-competitive grants
Competitive Grants	Continue to use for programs with limited funding to allocate & one-time investments, and consider expanding use of multi-year awards	• One-time investments (i.e. facility improvements) • Entry of new providers, expansion of programming, or participation in a pilot program	
Non-Competitive Grants	Workforce compensation and investments	• Multi-year grants with up-front payments to support classroom/program-level costs for qualified providers, varied by size/community served/etc • Funding could vary based on serving priority populations, 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	• Multi-year grants with up-front payments to support classroom/program-level costs for qualified providers, varied by size/community served/etc • Funding could vary based on serving priority populations ,including children from low-income households, MLL, and special needs • Funding could vary for home visiting based on program model, region, and extra services provided beyond program model
Vouchers	Child care services paid on an upfront basis (i.e at beginning of the month)	**Paid on an upfront basis and limited to Family Friend and Neighbor (FFN) Care**	
Payee Agreement	Health-insurance billable services (i.e. Early Intervention)		

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Approach to considering feedback and discussion from last meeting

1. **Understanding pros and cons of approaches:**
   - Acknowledgement that competitive grants are inequitable for many programs but also may be a necessary mechanism in a resource-strained environment
   - Agreement on the need for non-competitive grants for base funding
   - Noted that providers benefit from receiving funds in advance of providing services to assume less risk due to fluctuations in attendance

2. **Reviewing potential scenarios:**
   - Raised the need for stable, ongoing, multi-year funding for providers through non-competitive grants
   - Considered how competitive grants can be layered on for additional supports, like one-time funds
   - Suggested that vouchers are still beneficial for FFN care

3. **Synthesizing input to establish emerging distribution approach.**
   - Builds on shared scenarios, adapting scenario B to include feedback and considerations raised by subcommittee, workgroup and other key partners.

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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)
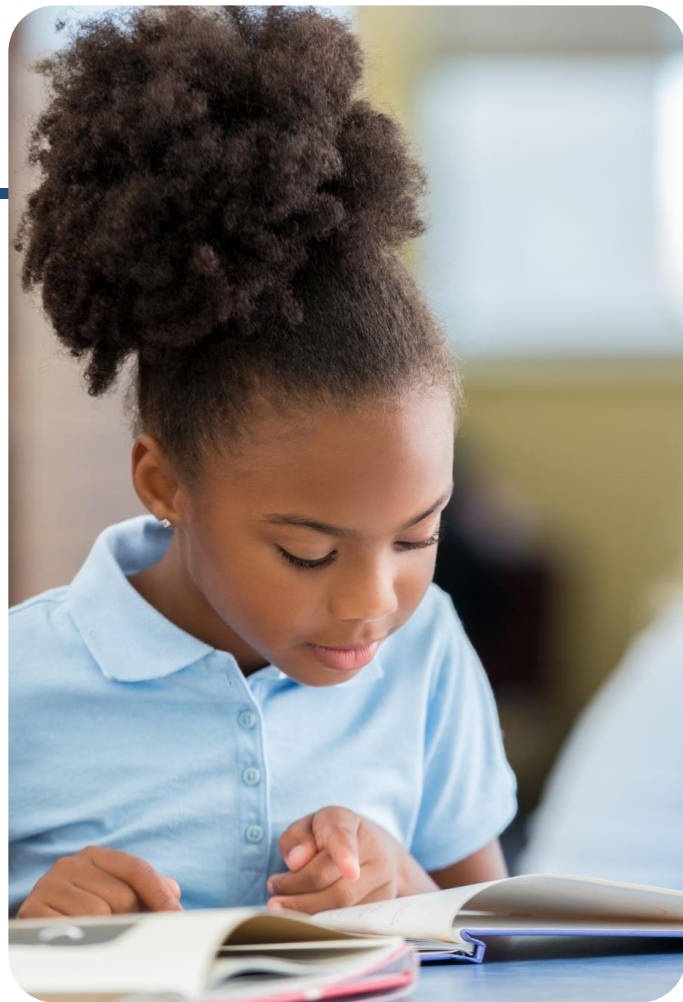
Payee Agreements

- Billable services (i.e. Early Intervention)

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Pulse Check

- What would you add or change about this emerging direction?

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Distribution-Focused Emerging Design Principles

The Funding Distribution Subcommittee is focused on the following principles:

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

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Comparing approach proposal to guiding principles

Guiding Principle 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

Distribution Approach Proposal:

- Primarily multi-year, non-competitive grants to support ongoing program costs, differentiated by factors such as setting and region
- Supplemented by competitive grants for new programs or expansions and one-time investments
- Retaining vouchers on a limited basis for FFN care
- Payee agreements to continue for services billable (primarily EI)

Discussion Questions:

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?

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Comparing approach to guiding principles

Guiding Principle 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

Distribution Approach:

- Primarily multi-year, non-competitive grants to support ongoing program costs, differentiated by factors such as setting and region

- Supplemented by competitive grants for new programs or expansions and one-time investments

- Retaining vouchers on a limited basis for FFN care

- Payee agreements to continue for services billable (primarily EI)

Discussion Questions:

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?

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Next Steps

- **Request for volunteer** to share-out key takeaways at upcoming **Funding Design Workgroup** Meeting on **August 27th, 4:30-6**

- **Upcoming Subcommittee Meeting: September 17th, 11-12:30**

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Public Comment

To join the line to provide public comment, please raise your hand via Webex.