Commission on Equitable Early Childhood Education and Care Funding

Funding Adequacy Working Group

Meeting 4 – 06/01/2020

Funding Adequacy Working Group Charge

Goal: *determine the cost of providing high quality ECEC services and how to fund over time*

Key Questions to Answer:

- What is the **cost of providing high quality ECEC** to all families in Illinois?
- What should the **state process be for determining and periodically re-evaluating adequate resources across settings** for each program type?
- How much of the **cost should be covered** by the federal government, the state, local funding, and parent contributions?
- What is the **recommended timeline and prioritization** to get to the state's full investment?

Funding Adequacy Meeting 3 Recap

- Gathered ***our collective needs*** to feel comfortable with an eventual adequacy number and ***shared a clear plan to get there***
- Heard from ***Working Group Subgroup*** on their findings and recommendations for the cost model
- Determined ***next steps*** toward a cost of adequacy
  - CBO focus group: scheduled for next week
  - Expert panel feedback: will share today
  - Full commission child count planning: will discuss outcomes today

Funding Adequacy Meeting 4 Agenda

Item	Time
Welcome and Agenda	10:00-10:10
Updates on Validation Plan, including Expert Panel feedback	10:10-10:30
Review feedback from full Commission on who is eligible for which services	10:30-10:40
Child count: aligning cost model input to Commission guidance	10:40-11:40
Overview of child count in cost model	11:40-11:50
Next steps and close out	11:50-11:55
Public Comment	11:55-12:00

Today's Key Goal: Understand Commission's guidance on child count and implications for adequacy costing

Workplan and Timeline

Approximate Timeline	Meta-Topics
February 4	• Validate Work Plan and Timeline • Review existing cost model • Identify key drivers of "the number"
~~March~~ April - June	• Vet key drivers of the funding adequacy target
July - Aug	• Discuss potential process for re-evaluating adequacy over time • Envision end state funding sources • Develop a timeline to get to full investment
Aug - Sept	• Discuss and revise based on full Commission feedback

Working Group Decision Points

Anticipated Key Topics	**Full Commission**	**Funding Adequacy**	**Management & Oversight**	**Funding Mechanisms**	**Inclusion**
June	M&O and/or Funding Mechanism initial recommendations	Cost Model Validation	State Agency: Consolidation vs. Creation	Mechanisms appropriate for key services	Mechanisms Input
July	Funding Adequacy initial recommendations	Cost Model Validation Process to periodically re-evaluate adequacy	State vs. Regional Capacities	Full Mechanism System Build-out	M&O / Mechanisms Inputs Funding Adequacy Input
August	Inclusion, M&O, and/or Mechanism recommendations	Funding sources	Future M&O / Mechanisms System Build-out		
Sept/Oct		*Iterations and responding to Commission feedback as needed*			

Validating the cost of adequacy

“Adequacy” for Early Childhood Education and Care (ECEC)

- ECEC is not adequate today
  - Too few served and not enough capacity
  - Under-resourced programmatic offerings compared to student needs
  - Underpaid staff

- Adequate $\neq$ All things for all children

- ECEC Adequacy = *the funding standard for quality that allows programs to meet children and family needs*

Total cost in the current draft of the cost model is $11B.

TOTAL STATEWIDE COST		
Center-based		$5,085,236,569
Infants	$638,217,659	
Toddlers	$1,117,696,797	
Two year olds	$1,071,763,574	
Preschool	$2,257,558,540	
School-based Settings (3-and 4-year olds only)		$2,393,401,283
Additional Costs for Dual Language Learners (in CBOs)		$48,270,065
Additional Costs for Special Needs/Inclusion (in CBOs)		$359,385,413
Licensed Family Child Care		$1,746,786,704
Relative Care		$292,074,395
Direct Services Total		$9,925,154,429
Infrastructure (8% of direct service costs)		$794,012,354
Home Visiting*		$531,217,701
TOTAL COST		**$11,250,384,485**

**Home Visiting model already incorporates infrastructure costs.*

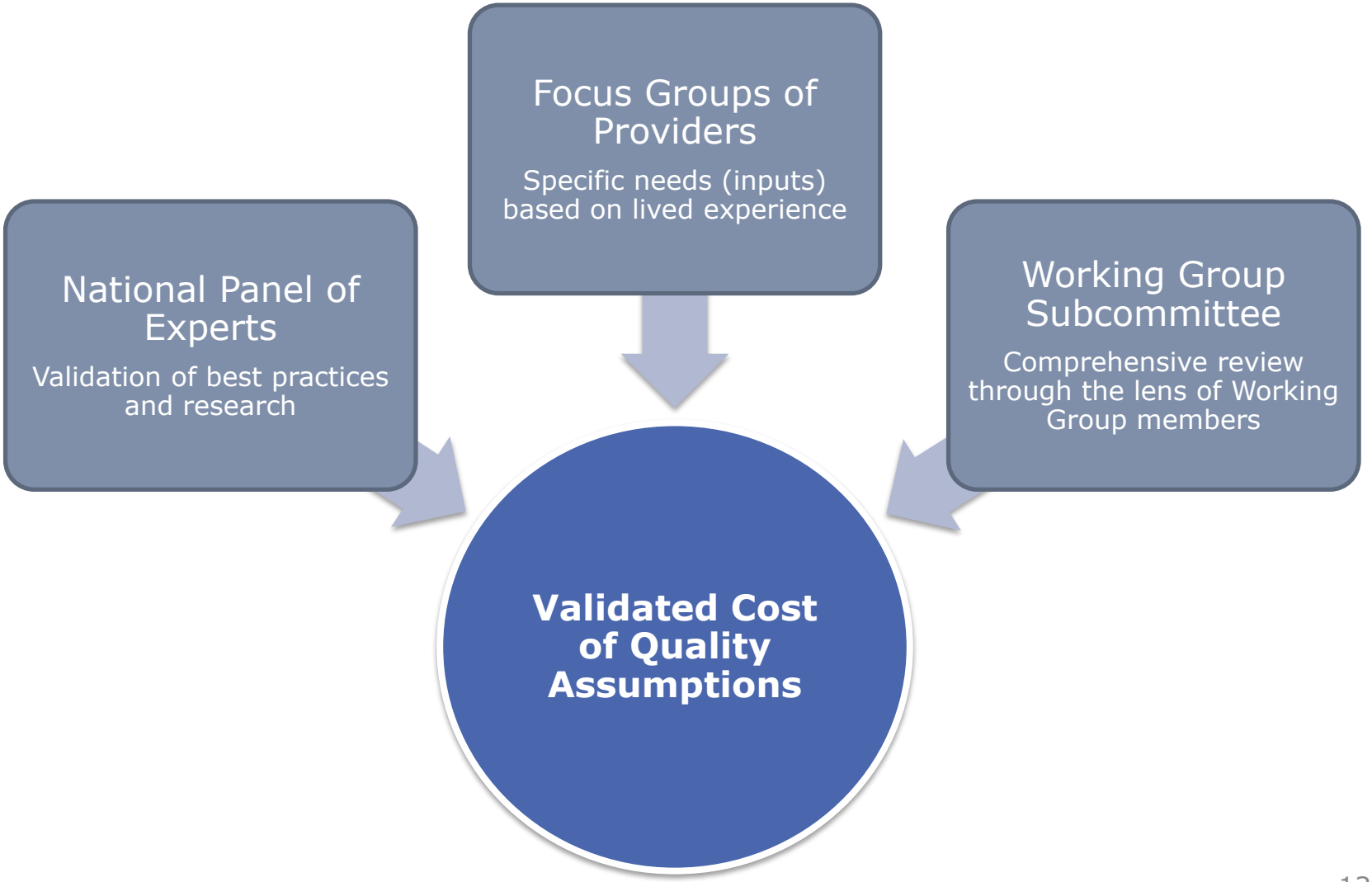
Determining ”the number” – draft model process

1. Determine Programs in/out of analysis
2. Calculate per child cost of high quality programs
3. Estimate number of children served in each program
4. Calculate cost of state/local infrastructure

Validating this model requires alignment on many critical inputs

Process Step	Critical Decisions on Inputs
1 ~~Determine Programs in/out of analysis~~	~~• Which settings? (ex: center, family/friend home, etc.)~~ ~~• Which intensities? (ex: part-day, full-day, working day)~~ ~~• For which ages?~~
2 Calculate per child cost of high quality programs	• What is the model staffing pattern for each program? • What should staffing ratios be? (How may children per position?) • What should the salary schedule for positions be? • How much should be included for special services including Special Education and Bilingual Programs?
3 Estimate child count in each program	• What is the total child count eligible for program models? • What is the estimated percent of families in each age/%FPL group opting into services and selecting which program
4 Calculate cost of state/local infrastructure	• What is the cost of administration and monitoring at the state level? • What is the cost of workforce development and professional development/quality support systems?
5 Calculate total cost of services	

Validation approach to help us determine the cost of adequacy



Expert Panel

- **Participants**:
  - Jeanna Capito, BUILD Initiative Consultant
  - Lori Connors-Tadros, National Institute for Early Education Research
  - Harriet Dichter, ICF

- **Scope**:
  - Is the model approach appropriate and based on best practice? Are there recommendations to enhance the approach?
  - Are the model inputs for cost of quality based on sound research and best practice? Is there other research we should be incorporating for adequacy across settings?
  - Other recommendations to enhance the model

Expert Panel Feedback

- General reactions?
- Specific points of interest?
- Next steps

"Equitable Access" and Child Count

The Commission's charge requires us to decide ***who is eligible for what services*** (who can participate and how much should they pay)

"The Commission shall study and make recommendations to establish funding goals and funding mechanisms to ***provide equitable access to high-quality early childhood education and care services for all children birth to age five*** and advise the Governor in planning and implementing these recommendations."

Defining Equitable Access

All children deserve high quality early childhood education and care services. Cognizant that there is not enough federal funding currently to support universal free ECEC services, a possible framework for determining which children could be eligible for publicly-funded ECEC in Illinois includes:

- **Income Level:** ECEC services ***free and available for families up to 200% FPL***, with a ***sliding scale tied to a % of income for families above 200% FPL*** (perhaps capped at some higher %FPL)
- **Child Age:** All ***children prenatal through age 4*** would be eligible for some ECEC subsidy according to designated income level thresholds
- **Service Level:** There should be an assumption of ***high-quality*** services responsive to the needs of individual children (including children with special needs), families, and unique communities
- **Program Settings:** We should prioritize and design the system to support ***mixed income settings*** in all communities where it is possible
- **Provider Access:** We must continue to support a ***mixed delivery system***

What does this mean for ***families***?
What does this look like ***in action***?

Commission Activity: Conceptualizing a system of ***equitable access***

Goal: inform Working Group recommendations with our collective vision for the long-term state of equitable access

Eligibility Factors

- Child age
- Family income level
- Geography
- Pre-determined criteria for IEP/IFSP
- Family work schedule
- Other?

State-Funded Program Models

- Part-day School-year
- School-day School-year
- Full Work-day Full-year
- Intensive home visit
- Comprehensive / wraparound services
- Services to support special needs

Commission Activity : Conceptualizing a system of ***equitable access***

1. To whom should the State offer these program models?

----------Program Models ----------

Factors

	Part Day School Year	School Day School Year	Full Work-Day Full Year (home or center based)	Intensive Home Visiting	Comprehensive / Wraparound Services	Services to Support Special Needs
Child Age (0-2,3yr,4yr)	Which ages should be eligible for each model?					
Family Income Level	Should all or some family income levels be eligible for each model?					
Geography	Should all or designated geographies be eligible for each model?					
Family Work Schedule	Should all or some family work schedules be eligible for each model?					
IEP / IFSP Status	Should all or some IEP/IFSP statuses be eligible for each model?					
Other	What other factors might need to determine eligibility for each model?					

2. Which of the above factors should apply when determining family payment for each of the program models?

Commission discussion

Key outcome: All families should be able to participate in all services; the state should use income to determine family co-pay. Given this, the Commission has validated the core approach to the cost model

The Commission aligned on the following:

- All services should be available to all who want them
  - Potential age restrictions for intensive home visiting (0-3) and school-based services (3-5)
  - Some factors may determine priority during scale-up to promote equity, such as prioritizing historically underserved communities
- Income should be the dominant factor in determining level of family co-pay
  - Avoid creating co-pay cliffs
  - Income may also determine priority during scale-up of public funds
- Services for children with special needs must be provided without co-pay
- Other considerations:
  - One group noted family work status could be used to determine eligibility for full-workday or full-year ECEC

We must *dig deeper* to identify specific adequacy costing decisions

- Which children and families are eligible for which **program models**: part-day school-year, school-day school-year, full-day full-year? What, if any, co-payment should be assumed based on which criteria?

- Which children and families are eligible for **comprehensive/wraparound services**, above and beyond high-quality services?

- Who should be eligible for **intensive home visiting**? (to be covered in conjunction with Home Visiting Task Force)

- In what models should **special education services** be provided? (to be covered by Inclusion Working Group)

How do we think about all of this given the goal of **mixed income and inclusive settings**?

Which children and families are eligible for which **program models**: part-day school-year, school-day school-year, full-day full-year? What, if any, co-payment should be assumed based on which criteria?

Current Cost Model Assumptions:

- Infants/toddlers/2YOs: all participating are assumed to be in full-day/full-year services
- 3 & 4 YOs:
  - All 3 & 4 YOs in CBOs are assumed to be full-day, full-year
  - At district settings, 3 & 4 YOs under 200% FPL are school day- school year, but above 200% FPL are in part-day school-year.
- Co-payment at all income levels is up to 7% of income

Eligibility Factors

Child age	Family income level
Geography	Pre-determined criteria for IEP/IFSP
Family work schedule	Other?

State-Funded Program Models

Part-day School-year	School-day School-year	Full Work-day Full-year
Intensive home visit	Comprehensive / wraparound services	Services to support special needs

Which children and families are eligible for **comprehensive/wraparound services**, above and beyond high-quality services?

Current Cost Model Assumptions:

- Infants/Toddlers/2YOs:
  - For children in families under 200% FPL, Comprehensive CBO cost was used.
  - For children in families over 200% FPL, High-Quality CBO cost was used.
  - *Note: Licensed family child care does not differentiate by FPL level*
- 3 & 4 YOs:
  - For children in families under 200% FPL, a combination of Comprehensive CBO cost and School-based PFA/HS full-day cost was used.
  - For children in families over 200% FPL, a combination of High-Quality CBO cost and School-based PFA part-day cost was used.

Eligibility Factors

- Child age
- Family income level
- Geography
- Pre-determined criteria for IEP/IFSP
- Family work schedule
- Other?

State-Funded Program Models

- Part-day School-year
- School-day School-year
- Full Work-day Full-year
- Intensive home visit
- Comprehensive / wraparound services
- Services to support special needs

Who should be eligible for **intensive home visiting**? (to be discussed in conjunction with the Home Visiting Task Force)

Current Cost Model Assumptions:

- Children 0-3 under 200% FPL (birth cohort x 1.5)
  - Initial saturation goal: 35% of eligible families will enroll
- Model agnostic estimations of cost, program eligibility
  - Services do extend to age 5 for some models / providers
- 1 year of services (not # of visits) based on prevailing research on retention
- **No parent co-pays** is essential to HV

Eligibility Factors

Child age	Family income level
Geography	Pre-determined criteria for IEP/IFSP
Family work schedule	Other?

State-Funded Program Models

Part-day School-year	School-day School-year	Full Work-day Full-year
Intensive home visit	Comprehensive / wraparound services	Services to support special needs

In what models should **special education services** be provided? (To be covered by Inclusion Working Group)

Current Cost Model Assumptions:

- Comprehensive CBO + additional funding at a flat rate of $15K for moderate or severe needs (no assumption was made on model but current rules would imply full day supports. Dollar estimate currently being evaluated by Inclusion Working Group)

Eligibility Factors

Child age	Family income level
Geography	Pre-determined criteria for IEP/IFSP
Family work schedule	Other?

State-Funded Program Models

Part-day School-year	School-day School-year	Full Work-day Full-year
Intensive home visit	Comprehensive / wraparound services	Services to support special needs

What else?

What other specific eligibility decisions should we consider?

Child Count in today's Cost Model

Child Count in the 2019 cost model: estimating use of care in a new system is extremely difficult

- While many assumptions used are based on distribution across the current system as it is, it is important to note that when more options are available for families they may make different choices than they currently do
- National and state research on use of early care and education program types by parent work status and family income level were used to develop service-level assumptions
- The following data sources and research were used to inform estimates:
  - National Household Education Survey 2016 (NHES)
  - Census report: Who's Minding the Kids 2011
  - CCAP certificate data March 2019 for Cook County
  - IECAM
  - Recent national reports:
    - *NYC Under Three: A Plan to Make Child Care Affordable for New York City Families (2019)*
    - *Breaking The Silence on Early Child Care and Education Costs: A Values-Based Budget for Children, Parents, and Teachers In California (2019)*
- Total use of non-relative care by low-income families for infants and toddlers will be about 40% (similar to estimate by NYC), but using Cook County and national data on type of care preference, this will break out as about 25% in centers and 15% in FCC.
- Center and school-based care use is much more common among the highest income families (52% as compared with 30% for lower income families) (NHES data)

Next Steps

Next Steps

- Hold CBO Focus Groups - June 11th and June 12th
- Working Group Update for June 16th Commission meeting
- **Next Meeting** – final validation of the cost model to share with the Commission in July meeting!
- Contemplate goals and methods for periodically reviewing adequacy

THANK YOU