Commission on Equitable Early Childhood Education and Care Funding

Funding Adequacy Working Group
with Inclusion Working Group
Meeting 8 – 10/1/2020

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?

Today’s Goals

- Share progress and updates remaining items for cost model updates (EI, ECSE, Home Visiting, Dual Language Learners, Infrastructure)

- Share where we landed for recommendations for the re-evaluation process and local contributions

Funding Adequacy Meeting 8 Agenda

Item	Time
Welcome	10:00-10:05
Updated Cost Model	10:05-11:05
Other Working Group Recommendations	11:05-11:45
Next steps	11:45-11:55
Public Comment	11:55- 12:00

Commission Timeline

September 2020

- Discuss the Commission's collective set of draft recommendations
- Identify areas of question, concern, and need for more information

October 2020

- Review finalized funding adequacy outcomes
- Engage with national expert panel on draft recommendations
- Identify additional areas for inquiry on draft recommendations

November 2020

- Receive recommendations from Racial Equity Working Group
- Discuss areas for revision of draft recommendations

December 2020

- Receive recommendations from Technical Working Group
- Review finalized outline of Commission recommendations
- Formal Commissioner sign-on to recommendations

January 2021

- Consensus on the Commission's Final Report and follow-on needs
- Send recommendations to the Governor

Updated Cost Model

Despite the current budgetary challenges, it is critical that we quantify adequate funding of ECEC

Provides an understanding of where we are compared to ***where we need to be***

If you don't know where you're trying to go, you can't get there!

Guides ***policy and investment decisions*** in line with a long-term vision of equity and quality

This work informs the priorities of the future agency structure

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Reminder: *what are we attempting to do?*

WE ARE:

- ✓ Quantifying the true cost of providing equitable access to high-quality ECEC services
  - For general education and care
  - For children and families with IFSPs and/or IEPs and bilingual learners
- ✓ Intentionally oversimplifying how education and care is provided so we can quantify *average costs*

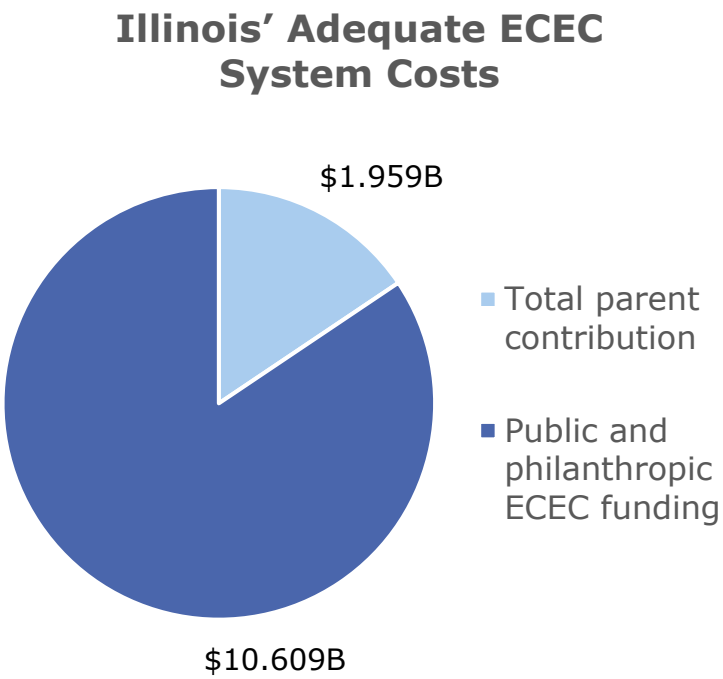
WE ARE NOT:

- ✗ Creating a method for funding distribution
  - Calculating individual provider funding
  - Determining a funding formula
- ✗ Reflecting the nuance of individual providers
- ✗ Taking into account current funding levels
- ✗ Creating unfunded mandates for staffing, salaries, or program models

Refresher: July 2020 ECEC adequacy estimate was **$12.6 billion per year**, of which $10.6 billion would be publicly funded

TOTAL STATEWIDE COST			
			Projected Cost ($mils)
Center-based			$5.607
	Infants		*$0.695*
	Toddlers		*$1.232*
	Two year olds		*$1.183*
	Preschool		*$2.498*
Center-based Transportation			$0.129
School-based			$2.827
School-based Transportation			$0.110
English Learners (in CBO/FCCs)			$0.048
Special Needs/Inclusion in CBOs			$0.359
Special Needs/Inclusion in School PreK			$0.306
Licensed family child care			$1.596
Relative care			$0.292
		Sub-total	$11.145
Infrastructure		8%	$0.892
Home Visiting*			$0.531
TOTAL COST			**$12.568**

TOTAL PARENT CONTRIBUTION	**$1.959**
TOTAL COST WITH PARENT CONTRIBUTIO	**$10.609**



What remained to be validated?
We will discuss these items today

Home Visiting

Updated in partnership with the Home Visiting Task Force

Early Childhood Special Education

Data gathered for directional placeholder

Early Intervention

Unable to gather data; directional placeholder used

Dual Language Learners

Updated in partnership with Latino Policy Forum

Infrastructure

Remains in process

Home Visiting: Updated in partnership with the Home Visiting Task Force

Revisions focused on estimating number of children served:

- *Target population*: revised to consider home visiting and intensive high-quality ECEC to be mutually exclusive – families under 200% FPL would choose one or the other, not both (exception: Doula)
- *Saturation/Uptake*: used community risk approach from Erikson's Risk & Reach Report to estimate saturation; subtracted overlap with intensive high-quality ECEC
- *Co-Pay*: based on community risk approach, kept no co-pay for services

Home Visiting: Updated in partnership with the Home Visiting Task Force

Type of Program	# Children Served Annually (original)	# Children Served Annually (Revised)
CHICAGO		
Core HV	18,880	24,415
Doula	17,995	26,998
Family Connects	92,135	95,828
Coordinated Intake (# of sites)	7 sites	7 sites
BALANCE OF STATE		
Core HV	13,120	12,504
Doula	12,505	14,125
Family Connects	57,254	49,000
Coordinated Intake (# of sites)	18 sites	18 sites

Early Childhood Special Education (ECSE): data gathered for directional placeholder

2019 Model
$359 million

2020 Model
$1.037 billion

- **Goal:** Understand the *directional* incremental cost of serving preschool children with IEPs to refine placeholder estimate in 2019 model
- **Approach:** Gathered detailed ECSE cost information from six school districts
- **Previous estimate**: $15K/child in CBOs/FCCs = $359 million
- **Revised estimate**: $680M for CBOs/FCCs + $357M for schools = $1.037 billion
  - Part-day school-year = $15,035
  - School-day school-year = $18,622
  - Full-day full-year = $ 28,368

Early Intervention (EI): unable to gather data, directional placeholder used

2019 Model		2020 Model
$0	→	**$394 million**

- **Goal:** Determine a *directional placeholder* accounting for improved rate structure and improved access to services
- **Approach:** Gathered data on rates and need to determine how to scale up the cost of EI services
- **Current Services:**
  - EI spending in IL = $172 million
  - # children served = 22,812
  - % of 0 -3 children served = 5.06%

Early Intervention (EI): unable to gather data, directional placeholder used

- **Access**:
  - Approximately 14% of children in PreK – 12 have IEPs
  - Approximately 6% have developmental issues that are not diagnosable prior to age 3 (2% autism rate, 4% literacy/language issue rate)
  - **Recommendation**: increase # of children served by EI from 5.06% to 8% to meet need (58% increase)

- **Rates**:
  - Current rates range from $47-$108/hour (average = $77.50/hour)
  - Average insurance rates = $140/hour; Average private pay rates for services = $85/hour (average = $112.50)
  - **Recommendation:** increase EI rates by 45% ($77.50*1.45= $112) to match market

- **Directionally revised spending:**
  - $172M * 1.58 for access = $272M
  - $272M * 1.45 for rates = $394M

Dual Language Learners (DLL): Updated in partnership with Latino Policy Forum

- **Previous estimate**: $48M for DLL in CBOs/FCCs (approx. $1,100/child for services for ages 0-5 & $100 for screening for ages 3-5 only)

- **Goal:** Revise the 2019 model to include incremental cost of serving DLL in school-based preschool programs

- **Approach:** Understand the EBF Adequacy Target for DLL and apply this amount to the proportion of DLL in PreK classrooms (vs. K-12)
  - *This committee has validated the assumptions behind the EBF in prior meetings*

- **Revised estimate**: Once ISBE has run the data for DLL Adequacy Target and proportion of DLL in PreK (average of 3 most recent years), this estimate will be updated.

Infrastructure: remains in process

2019 Model
$794 million

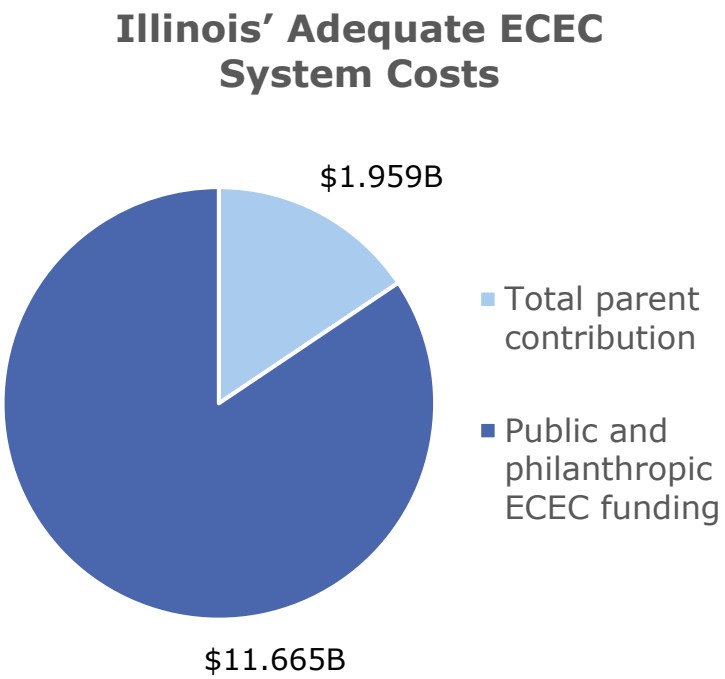
→

2020 Model
$963 million

- **Goal:** refine national placeholder estimate of 8% of system costs
- **What is infrastructure? Everything except direct services.**
  - Central operations
  - One-time agency start up costs
  - Internal and contractual support services
  - Internal and contractual program administration
- **What's the status?**
  - This is a Technical Working Group priority.

Including these updates, our revised adequacy estimate is **$13.6B**, of which **$11.7B** is publicly funded

TOTAL STATEWIDE COST		
Service		**Projected Cost ($bils)**
Center-Based		$5.607
Infants		*$0.695*
Toddlers		*$1.232*
Two year olds		*$1.183*
Preschool		*$2.498*
Center-Based Transportation		$0.129
School-Based		$2.827
School-Based Transportation		$0.110
English Learners (in CBO/FCCs)		$0.048
Special Needs/Inclusion in CBOs		$0.680
Special Needs/Inclusion in School PreK		$0.357
Licensed Family Child Care		$1.596
Relative Care		$0.292
Early Intervention		$0.394
Sub-total		$12.041
Infrastructure	8%	$0.963
Home Visiting*		$0.620
TOTAL COST		**$13.624**
TOTAL PARENT CONTRIBUTION		**$1.959**
TOTAL COST WITH PARENT CONTRIBUTION		**$11.665**



Questions? Reactions?

- TBD discussion questions

Funding Adequacy Working Group's Other Recommendations

Framing for our recommendations

What recommendations will satisfy the charge by **informing legislation**?

Directive recommendations

- Commission recommendations that can inform a legislative package

What recommendations will satisfy the charge by providing a **road map for how to get to an ideal state**?

Process recommendations

- Recommended next steps to support future thoughtful policy change
- Packaged with associated guardrails, priorities, guiding principles, and/or interim findings

What recommendations will **guide a new M&O entity's decision making**?

Acknowledgement

- May include recommended guardrails, guiding principles, or considerations for a new M&O entity

Based on our last discussion, the following recommendations are being considered:

1. Recommendation for how the funding adequacy model should be used (goals for use)
2. Recommendation that the cost model be updated at minimum every four years, and that the Commission's Guiding Principles and the cost model values remain forefront in this process
3. Recommendation that a new ECEC agency create an advisory body to support the periodic reevaluation of the cost of adequacy
4. Recommendation for a follow-on body investigate current local contributions and potential options for local contributions long-term

Recommendation for how the funding adequacy model should be used (goals for use)

The funding adequacy model should be used to:

1) *Inform stakeholder engagement*. Promote a **continual, clear, aligned understanding across stakeholders** of how far we are from adequate and equitable funding for the ECEC system and **act as an advocacy tool** for improvements in funding adequacy and equity

2) *Act as a planning tool to inform policy and resourcing priorities*. Inform **resourcing priorities for the future M&O system** – for what purposes and where (based on equity) should funding be prioritized

3) *Guide development of funding mechanisms, and in the long-term, funding allocations*. Act as an **informative tool for developing and refining the future funding mechanism**; As certain conditions are met, form the backbone of a **funding formula** for allocations. Conditions to be determined by the future M&O entity.

Recommendation that the cost model be updated every four years, and that the Commission's Guiding Principles and the cost model values remain forefront in this process

What guiding principles should inform the process?	Require continuation of the **Commission's foundational principles** (including ensuring equity and deeply engaging stakeholders), alongside adherence to **cost model values**
What components of the cost model must be updated?	Acknowledge that to inform resource prioritization, the cost model must be **refined to include geography and race**. Leave the technical process aspects to be determined by the M&O agency
How often should this be done?	Require the cost model have a **comprehensive review every 4 years**, with acknowledgement that this may need to be revisited as the cost model moves toward informing allocations

Recommendation that a new ECEC agency create an advisory body to support the periodic reevaluation of the cost of adequacy

The Illinois ECEC Cost Model has benefited from deep engagement with providers and other stakeholders as it has been developed, refined, and finalized. In order to build upon this and ensure the cost model ultimately is well suited for its intended use, a new ECEC agency should create an advisory body to guide the reevaluation process.

This recommendation must incorporate the following key points:

- A new ECEC agency should define the advisory body's **purpose**.
- A new ECEC agency should ensure **diverse sector and demographic representation** and ensure that members have the appropriate **expertise and skillsets** needed to fulfill the body's purpose. Membership should remain between **10-15 people**.
- A new **ECEC agency should lead** the advisory body's work in updating the cost model.
- The advisory body should be briefed on the **legal and/or technical challenges** of implementation.

Recommendation for a follow-on body investigate current local contributions and potential options for local contributions long-term

- We believe the state and localities have a shared responsibility for and mutual benefit in equitable access to high quality ECEC
- We recognize that many communities are already providing significant local support for ECEC, though amounts are likely widely varied
- We believe state contributions should be prioritized based on distance from adequacy and local ability to fund
- We acknowledge there are likely local disparities in support for provider types in the mixed delivery system
- In the long-term, as we think about a system at adequacy and equity, local contributions will need to play a critical role.

The commission should recommend a study to understand current local funding and identify options for local contributions, as more understanding of state and federal contributions become known. This may include but is not limited to research into other state examples, exemplar localities within and outside IL, and other public services within IL.

Next Steps

Next Steps

- Prepare recommendations for October 13 Commission Meeting
  - Updated funding adequacy cost model
  - Recommendations for reevaluation and local funding
- Begin to prepare language for the Commission's final report

THANK YOU

For reference: Commission's Guiding Principles

These Guiding Principles reflect the Commission's values and beliefs, guide how it operates, and lay a foundation for decision-making.

High Quality ECEC is a Public Priority	•It should be invested in as such as this is critical to our State's workforce, economy, and welfare of its residents.
Ensure Equity	•We will endorse a system that ensures equitable outcomes for children, with intentional focus on race, ethnicity, culture, language, income, children's individual needs, and geography.
Embrace Bold System-Level Changes	•Everything is on the table, including how funding flows, how funding decisions are made, and who makes them, to better serve all children and families.
Build Upon the Solid Foundation	•We will build upon the successes of Illinois' past and current system, its commitment to a prenatal to five system, the lessons from other states, and the expertise and research in the field.
Prioritize Family Perspectives, Needs, and Choices	•We will prioritize families' perspectives, needs, and choices as we make recommendations to improve the system.
Design for Stability and Sustainability	•We recognize our system must provide funding stability for providers, educators, and staff across mixed delivery settings to better serve families. System must embrace flexibility to respond to changing circumstances and family needs, and must possess the human and technical capacity to do so.
Require System Transparency, Efficiency, and Accountability	•We see these as necessary conditions for all stakeholders, funding distributors, and funding recipients for any future ECEC funding structure.
Recognize Implementation Realities	•We will plan for meaningful change over a multi-year time horizon. We will respond to disruptions in the system to meet the reality of changing needs.

For reference: Cost Model Guiding Values

The PDG model was built using a set of guiding values that are important reference points:

Family preference for schedule & setting	**Comprehensive services** for those furthest from opportunity	Services that are **culturally & linguistically appropriate**	Services that meet full range of **special needs**
Parity in compensation, ensuring highly qualified staff	**Time** for teacher planning, PD, parent engagement and consultation	Best practice **class size / staff ratios**	**Quality improvement** supports