



# **Commission on Equitable Early Childhood Education and Care Funding**

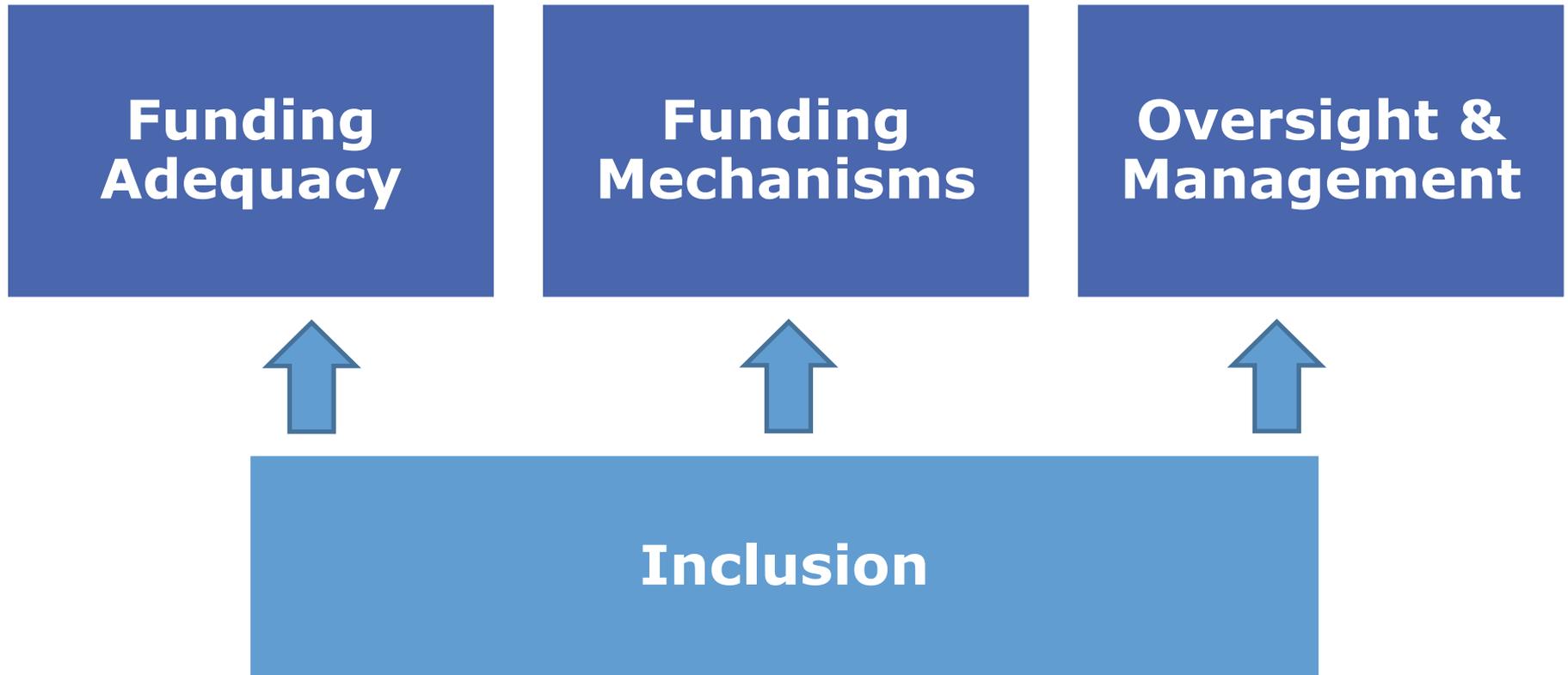
Inclusion Working Group  
Meeting 5 – 6/30/2020

# Inclusion Meeting 4 Agenda

<b>Item</b>	<b>Time</b>
Working Group timeline and path forward	2:00 – 2:05
Understand M&O and Mechanisms direction and implications on our work	2:05 – 2:20
Initial Conclusions for EI and ECSE mechanisms	2:20 – 3:20
M&O Consolidation vs Coordination	3:20 – 3:50
Next Steps	3:50 – 3:55
Public Comment	3:55 – 4:00

# Commission Working Groups

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# Inclusion Charge

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**Goal:** *Inform the work of other Working Groups and the full Commission as it relates to children receiving special education and early intervention services, in alignment with the Commission's guiding principles*

## **Key Questions to Answer:**

- What is the cost for identifying students in need of special services and for serving children in inclusive environments? (Funding Adequacy)
- How will funding particular to Special Education/ Early Intervention move from various sources to recipients? (Funding Mechanism)
- How should funding sources particular to Special Education / Early Intervention interact with other funding sources? (Funding Mechanism)
- How do we ensure funding promotes seamless supports from identification to receiving services? (All three working groups)
- How do we ensure transparency, efficiency, effectiveness, and greater coordination in the system to enable state-level and community-level planning and accountability?

# Working Group Decision Points

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

# Workplan and Timeline (revised)

Approximate Timeline	Meta-Topics
February (completed)	<ul style="list-style-type: none"><li>• Validate Work Plan and Timeline</li><li>• Review current modeling and understand current mechanisms, structures</li></ul>
March April - June	<ul style="list-style-type: none"><li>• Develop future M&amp;O / funding mechanism system requirements</li><li>• Develop process for cost modeling</li></ul>
July - Aug	<ul style="list-style-type: none"><li>• Analyze future system options</li><li>• Make M&amp;O / mechanisms recommendations</li><li>• Gather and analyze cost modeling data</li></ul>
Sep - Oct	<ul style="list-style-type: none"><li>• Finalize cost of adequacy</li><li>• Discuss interdependencies with other working groups and validate potential recommendations</li></ul>

# Toward this timeline, today is successful if we:

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- Align on Mechanism direction to put forward in the July Commission meeting
- Evaluate M&O options and come to initial conclusions for centralization vs coordination

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# M&O and Funding Mechanisms Working Group Initial Recommendations (from 6/16 Commission Meeting)

# Management & Oversight Charge

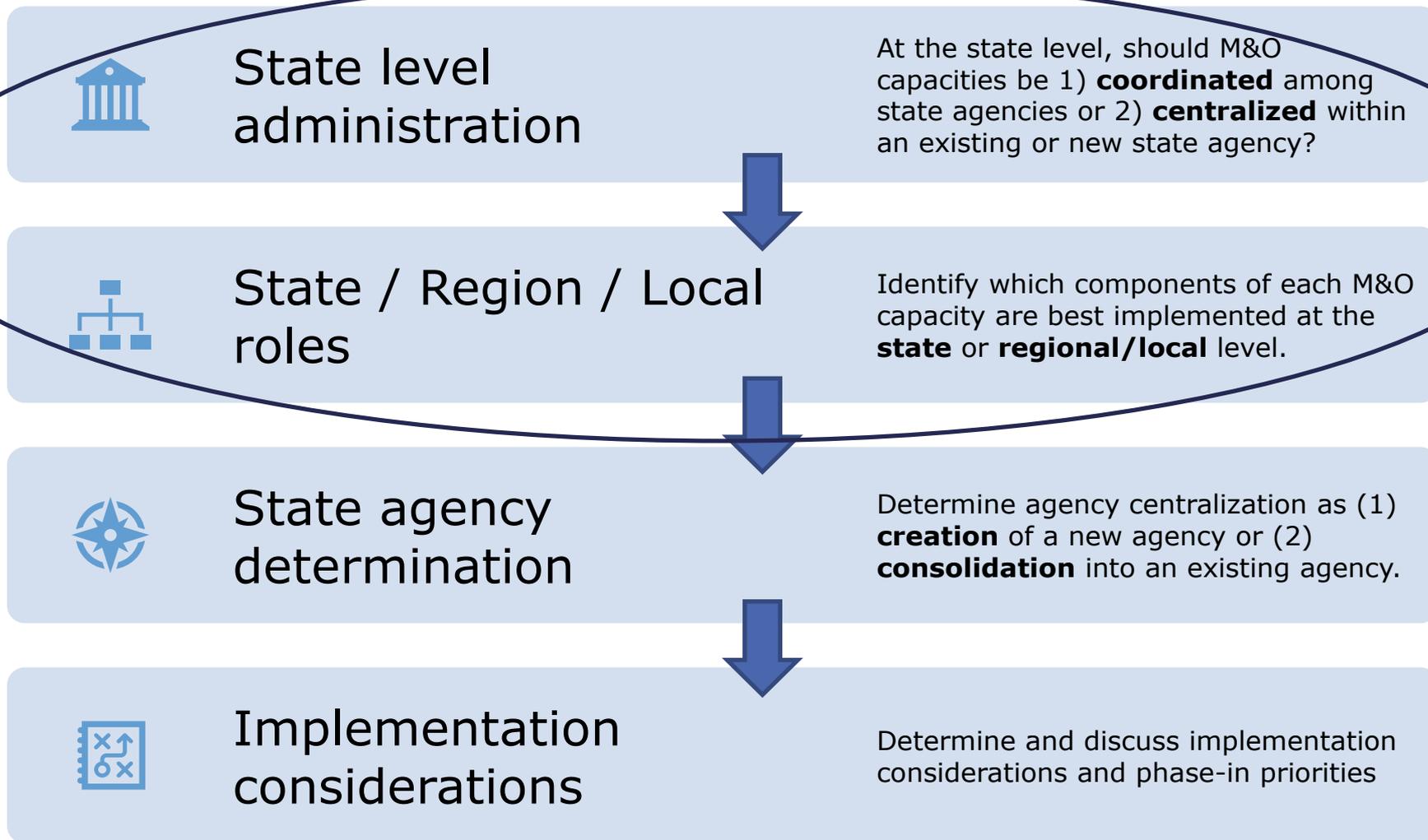
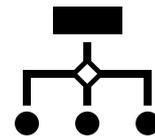
**Goal:** *recommend improved ECEC management structures and responsibilities, in alignment with Guiding Principles*

## Key Questions to Answer:

- Who sets the vision and maintains and updates policies and priorities for the overall ECEC system in Illinois?
- Who allocates funds and distributes them?
- Who holds recipients accountable for what they do with funding?



# Constructing options on where M&O capacities should live (to fulfill M&O objectives)



# Conclusion: Centralize ECEC Management & Oversight in One Agency

- **Centralization of ECEC management & oversight** has greater potential to fulfill the capacities of a successful management & oversight system than coordination across multiple state agencies.
- Having **ECEC centralized enables deeper collaboration** across other areas of the early childhood ecosystem, public and private

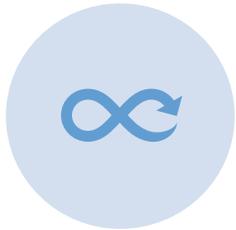


Next Step: State agency determination

Does centralization mean (A) **creation** of a new agency or (B) **consolidation** into an existing agency?

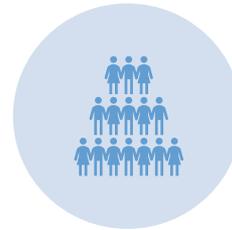
# Conclusion: Fulfill some M&O Capacities at the Regional Level

**Regional/local management & oversight** is directly tied to M&O objectives:



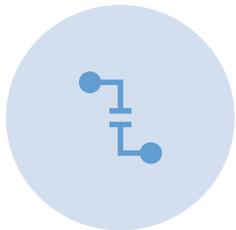
## **Plan for sustainable ECEC services:**

Incubate capacity, address services gaps, build quality



## **Equitable access and outcomes:**

Creating equity requires local input and approaches.



## **Transparency, efficiency, and accountability:**

Integrate and align services and accountability



## **Respond to family needs and earn trust:**

Reflect local context and differences in parent choice in services, capacity and supply, community infrastructure, etc.

# Funding Mechanism Working Group Charge

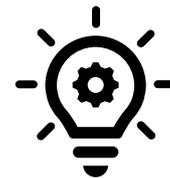
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**Goal:** *recommend improved funding mechanisms to move funding from various sources to recipients, in alignment with Guiding Principles*

## **Key Questions to Answer:**

- **How will funding move** from various sources to recipients?
- How will **recipients of funding be determined**?
- How do funding systems/structures **interact with accountability systems/structures**?
- How can **funding mechanisms be improved** to support the Commission's guiding principles?
- What **funding innovations** could increase efficiency of existing funding?

# Objectives for Future System of Funding Mechanisms



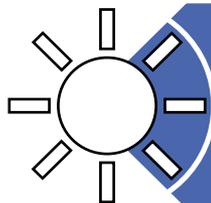
## Stability and sustainability

- Support long term planning with funding allocation commitment durations
- Release funds to service providers predictably with consideration to annual planning
- Build and use state, regional, and local infrastructural capacity to support ECEC services
- Ensure all types of providers in the mixed delivery system are able to provide high quality services



## Equitable access to high quality ECEC

- Structure allocation methods to prioritize equitable distribution of and access to services
- Support and incentivize high-quality, effective service delivery
- Ensure specific consideration for program start-up, maintenance, and innovation
- Include resources to support Continuous Quality Improvement at the program and system levels



## Transparency, accountability, and efficiency

- Simplify access to funding for families and providers and reduce administrative burden
- Create clear, accessible communication on allocation process across the ECEC system
- Make clear how mechanisms are monitored and overseen
- Unify or sync funding distribution timelines



## Responsiveness to community and family need

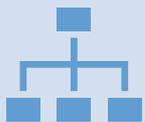
- Ensure Funding allocation considers individual community needs and context
- Incentivize flexible use of funds to meet community needs and context
- Continue support across the birth-5 continuum and a mixed delivery system

# Initial Conclusions: Funding Mechanisms



Construct a **new funding allocation process**

**Targeted, equity-informed RFP** process for new providers to be eligible for state funding  
**Multi-year service contracts** for returning providers, with reauthorization based on uniform accountability standards



Construct a **new system of funding mechanisms**

**Funds allocated** through a coordinated process  
Funds distributed for **streamlined uses** (e.g., education & care, home visiting, capacity & infrastructure, start-up & incubation)



Construct **new funding mechanisms**

**Equity-informed per-child formulas** for education & care and home visiting  
**Targeted, equity-informed grants** for capacity & infrastructure and start-up & incubation

# Key Funding Mechanisms and M&O Questions for Inclusion

## Funding Mechanisms

- Should the existing mechanism for EI state appropriations be changed?
- What mechanism can best support a mixed delivery system for ECSE? Should this remain within EBF?
- Should EI and/or ECSE state funding be allocated through a coordinated process with other ECEC funds?

## Management & Oversight

- Should EI and ECSE be governed alongside other ECEC services, in centralized agency?
- What capacities of EI and ECSE management & oversight should any regional/local ECEC entities fulfill?
- Is this already being fulfilled by existing regional/local entities?
- If so, should they be consolidated within any created regional/local ECEC entities if they are to be created?

# Key Funding Mechanisms and M&O Questions for Inclusion

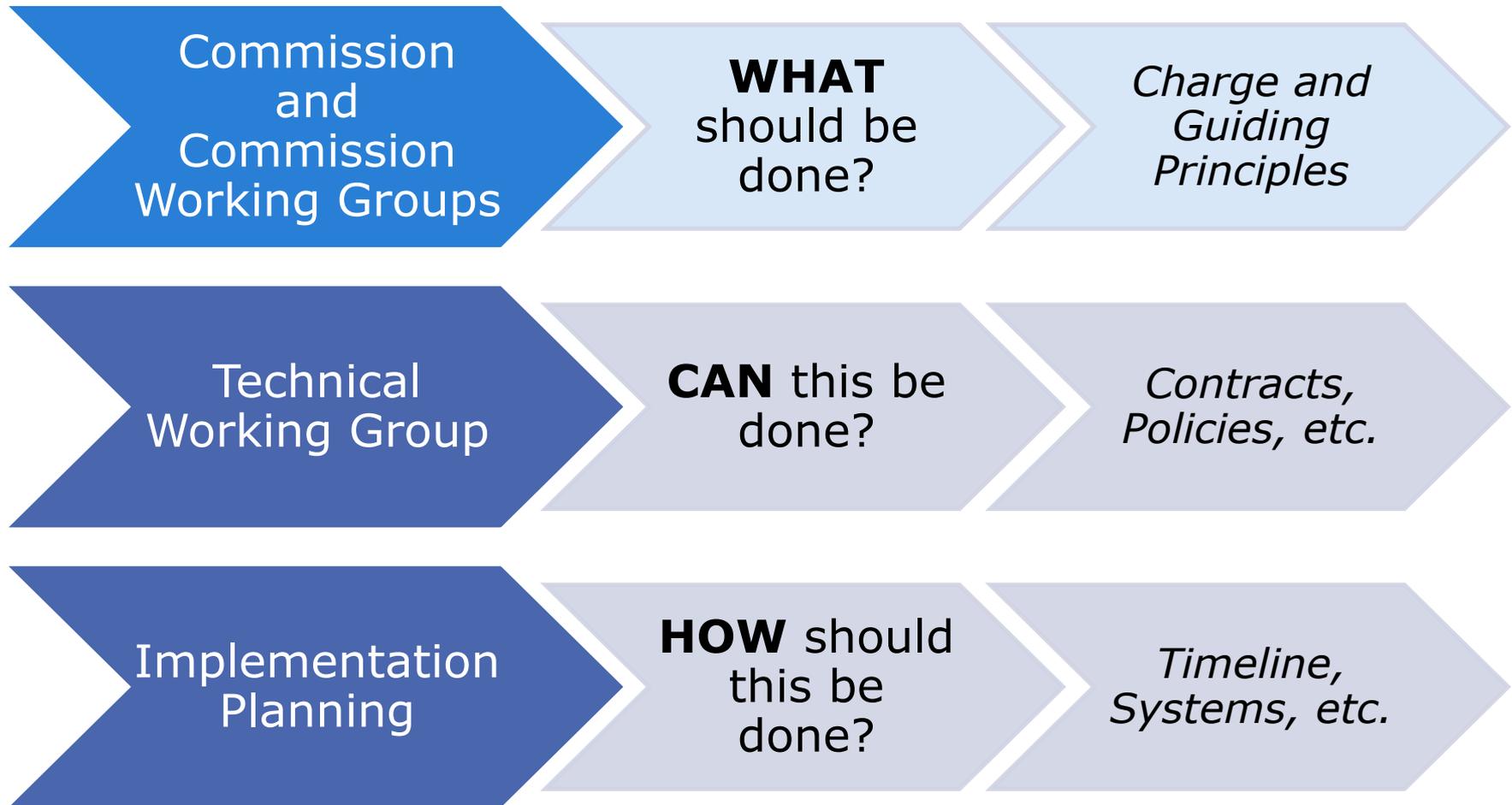
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# Before we begin...



# Technical Working Group plan

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- **Charge:** Conduct due diligence and vetting to lay a foundation for successful implementation of the Commission's recommendations.
- **Timeline:** July – December 2020
- **Next steps:**
  - Identify and engage facilitator
  - Identify Working Group membership

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# Funding Mechanisms for Early Intervention and Early Childhood Special Education

# Key Funding Mechanisms and M&O Questions for Inclusion

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# Today's Outcome:

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Put forward *initial funding mechanism conclusions*



Identify what else we need to know



Begin thinking through how this might work

# What funding mechanism(s) for EI will best meet objectives and incentivize priorities?

Early  
Intervention  
General Revenue  
Funds

Medicaid  
Reimburse-  
ment (EI)

IDEA Part C  
federal funds

Family Fees

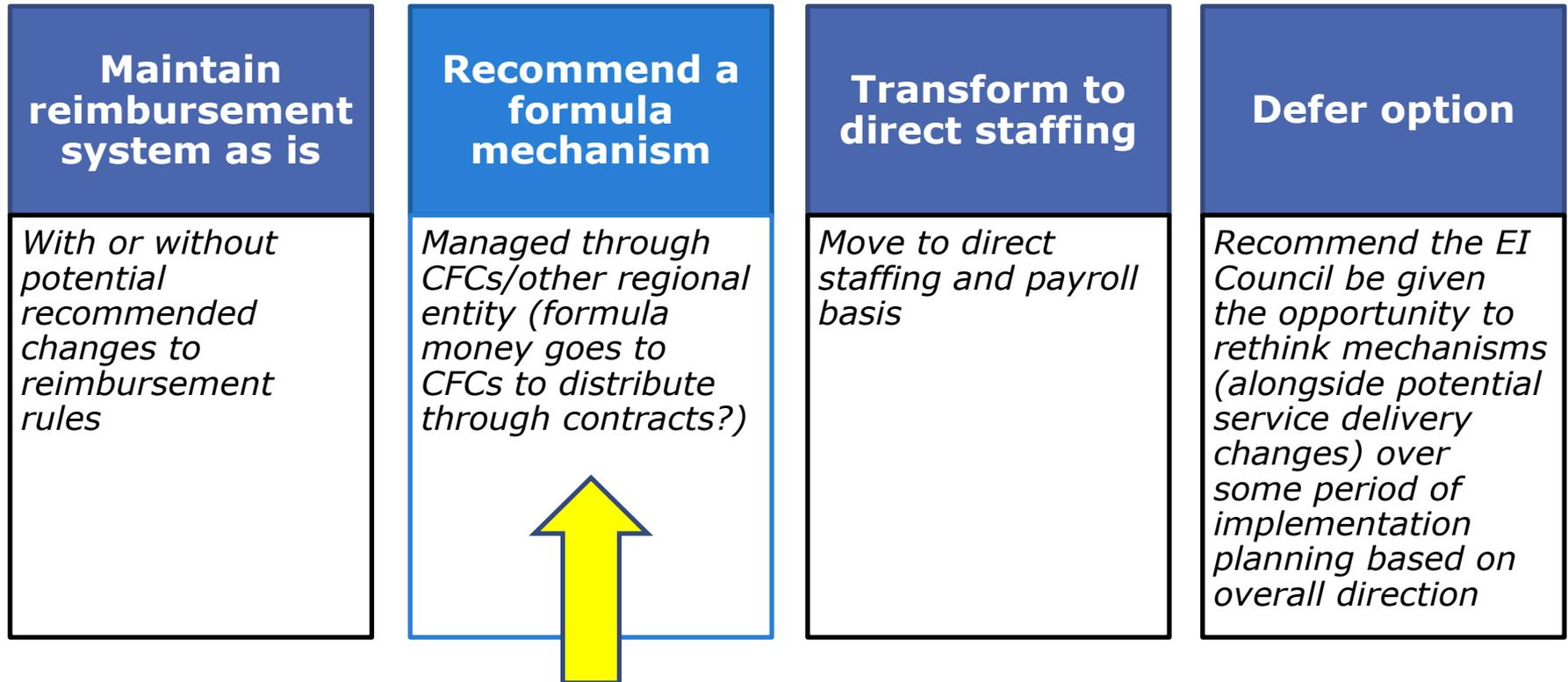
Private  
Health  
Insurance

What mechanism(s)  
for EI funding can  
best meet the  
objectives of a  
funding mechanism  
done well?

Should the EI  
funding mechanism  
change – and if so,  
to what? Or should  
rules for  
reimbursement  
change?

- Incentivize effective training, collaboration, and smooth family service delivery
- Incentivize recruitment and retention of qualified service providers
- Incentivize providers to serve in high needs areas
- Incentivize smooth transitions between early intervention and receiving programs

# EI Mechanism Ideas and Subgroup Recommendation



# Subgroup Takeaways

## Rationale:

- In general, this approach is aligned with the overall ECEC recommended funding mechanism
- Providers will receive funding and be held accountable through contracts, which can promote accountability and quality while providing more stability to providers
- Recommend up-front payment rather than reimbursements

## Considerations:

- Syncing up M&O structure with the funding mechanism → What is the funding and accountability flow (state / CFCs / providers)
- Critical to include a mechanism for EI Incubation → would we recommend an RFP?
- Needs to be done alongside funding adequacy improvements → what sequencing recommendations might we have?

# Drilling down to refine the mechanism

## *What might this look like?*

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- What funds would go into this mechanism and which wouldn't?
- How does funding get to providers (contracts, fee for service, other)?
- What responsibilities does this require of a regional entity?

# What funding mechanism(s) for ECSE will best meet objectives and incentivize priorities?

Evidence-  
Based  
Funding

IDEA Part B  
Sec. 619  
federal funds

Medicaid  
Reimburse-  
ment (ECSE)

Local Funds

What mechanism(s) for ECSE funding can best meet the objectives of a funding mechanism for ECSE?

Should this continue to be a funding formula?

If so, should it remain a part of EBF?

- Ensure children are served at their location of family choice

- Equitably allocate resources based on individual student needs

- Promote continuity of services

- Must NOT increase burden on providers

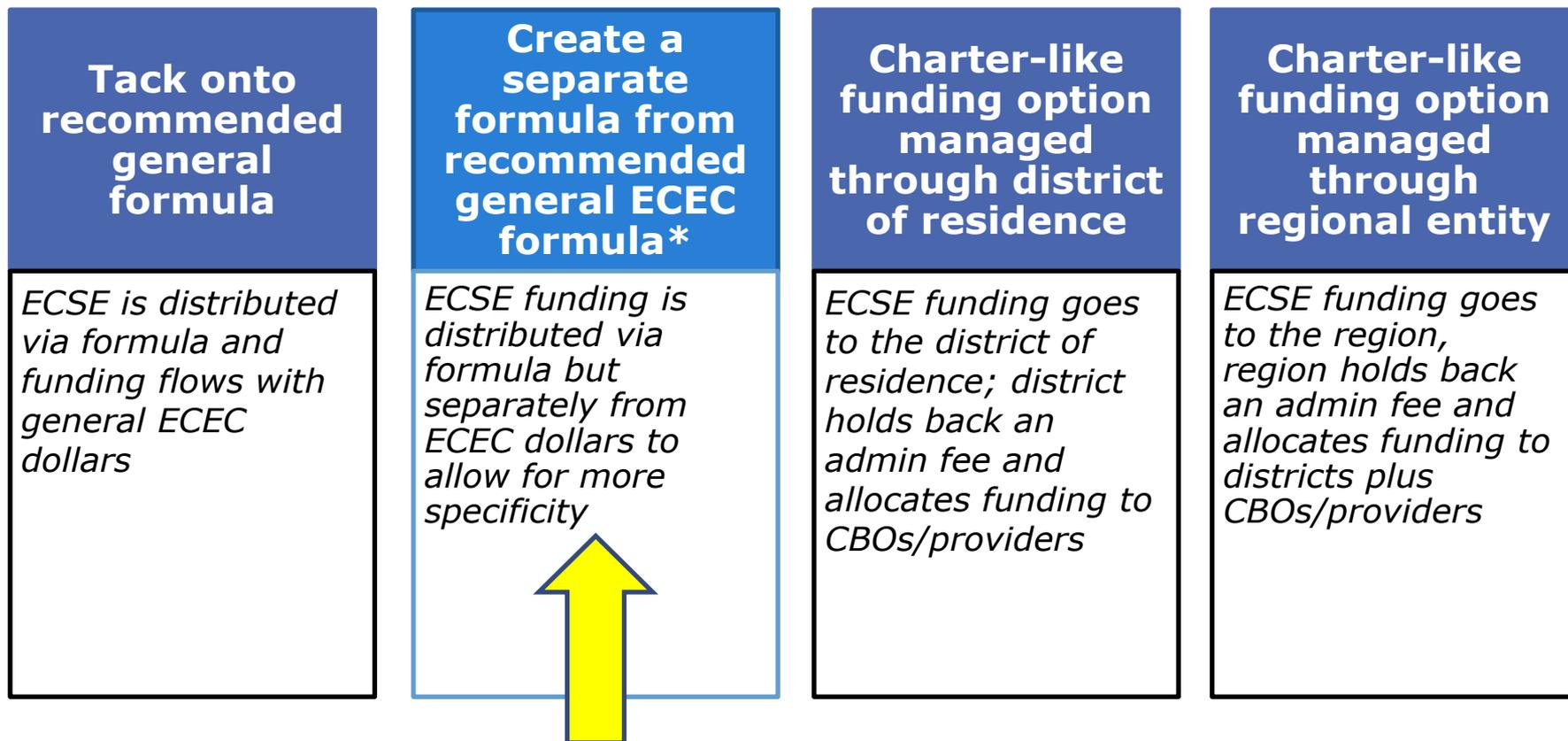
- Provide transparency on true cost of services vs funding available

# Key takeaway from last meeting:

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The Inclusion Group recommends a future ECEC system **ensures** children are served **at the location of family's choice.**

# ECSE Mechanism Ideas and Subgroup Recommendation



\*Responsibility is shared between providers and LEAs, but LEAs retain accountability to provide itinerant services

# Subgroup Takeaways

## Rationale:

- In general, this approach is aligned with the overall ECEC recommended funding mechanism
- A separate formula (from both EBF and ECEC general formula) allows for more specificity on child needs and transparency into level of funding

## Considerations:

- We must ensure there is a mechanism/M&O structure to provide services to children served outside of the district of residence
- We must ensure there is a mechanism/M&O structure to provide services for economies of scale amongst smaller districts in a region → what can we learn from the SPED Cooperatives?
- Needs to be done alongside funding adequacy improvements → what sequencing recommendations might we have?
- How specific should we get in the funding formula?
- Are there any unintended consequences of pulling this out of EBF in our recommendations?

# Drilling down to refine the mechanism

## *What might this look like?*

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- What funds would go into this mechanism and which wouldn't?
- How do services get to children outside of district settings and what is the associated funding flow?
- What responsibilities does this require of LEAs, other providers, potential regional entities?

# Today's Outcome:

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Put forward *initial funding mechanism conclusions*



Identify what else we need to know



Begin thinking through how this might work

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Coordination or consolidation with ECEC  
governance

# Key Funding Mechanisms and M&O Questions for Inclusion

## Funding Mechanisms

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# What is behind the M&O recommendation to centralize rather than coordinate general ECEC?



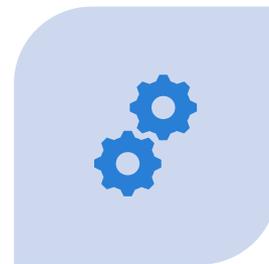
## **POLICY LEADERSHIP**

WE NEED ONE VISION,  
ONE SET OF QUALITY  
STANDARDS, ONE  
AUTHORITY FOR  
PROVIDERS



## **FUNDING & OVERSIGHT**

WE NEED SIMPLIFIED,  
STREAMLINED FUNDING  
ALLOCATION AND  
DISTRIBUTION



## **INFRASTRUCTURE**

WE NEED SYSTEMWIDE  
DATA AND UNIFIED  
EFFORTS ON  
WORKFORCE  
DEVELOPMENT AND  
QUALITY IMPROVEMENT



## **COMMUNICATIONS**

WE NEED A CLEAR,  
UNIFIED ABILITY TO  
LISTEN AND ENGAGE

1. Do we believe these are priorities:
  - *Between EI and ECSE?*
  - *Between EI and/or ECSE and general ECEC services?*
2. Which is more effective for EI and ECSE: coordination or centralization?
3. There are costs and benefits to coordination and centralization. For EI/ECSE, are there more costs or benefits to centralization?

# Next Meeting: Regions

## Funding Mechanisms

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# Next Steps

# Next Steps

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- Prepare update for July Commission Meeting
- Next Meeting:
  - Consider regional / local roles and structures
  - Report back on adequacy findings

THANK YOU



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# **Appendix: Supplemental Slides**

# ECSE Services

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- Services provided by school districts and cooperatives for Pre-K students with IEPs
  - CBOs provide services under the purview of districts
- Various program formats
  - Blended classrooms
  - Self-contained classrooms
  - Itinerant services
  - Therapeutic play groups
  - Child care
  - Walk-in therapy
- Types of personnel providing services
  - Teachers
  - Teacher Assistants
  - Clinicians
- Other service aspects
  - Transportation requirements
  - 70/30 blended requirement

# ECSE Funding Sources

## Purpose

- Supports educational services for children with disabilities ages 3 to 5 so that they may receive a high-quality education

## Population served

- Ages 3-5 with IEPs
- # of children served = ~24,000 (2018)

## Governance

- ISBE

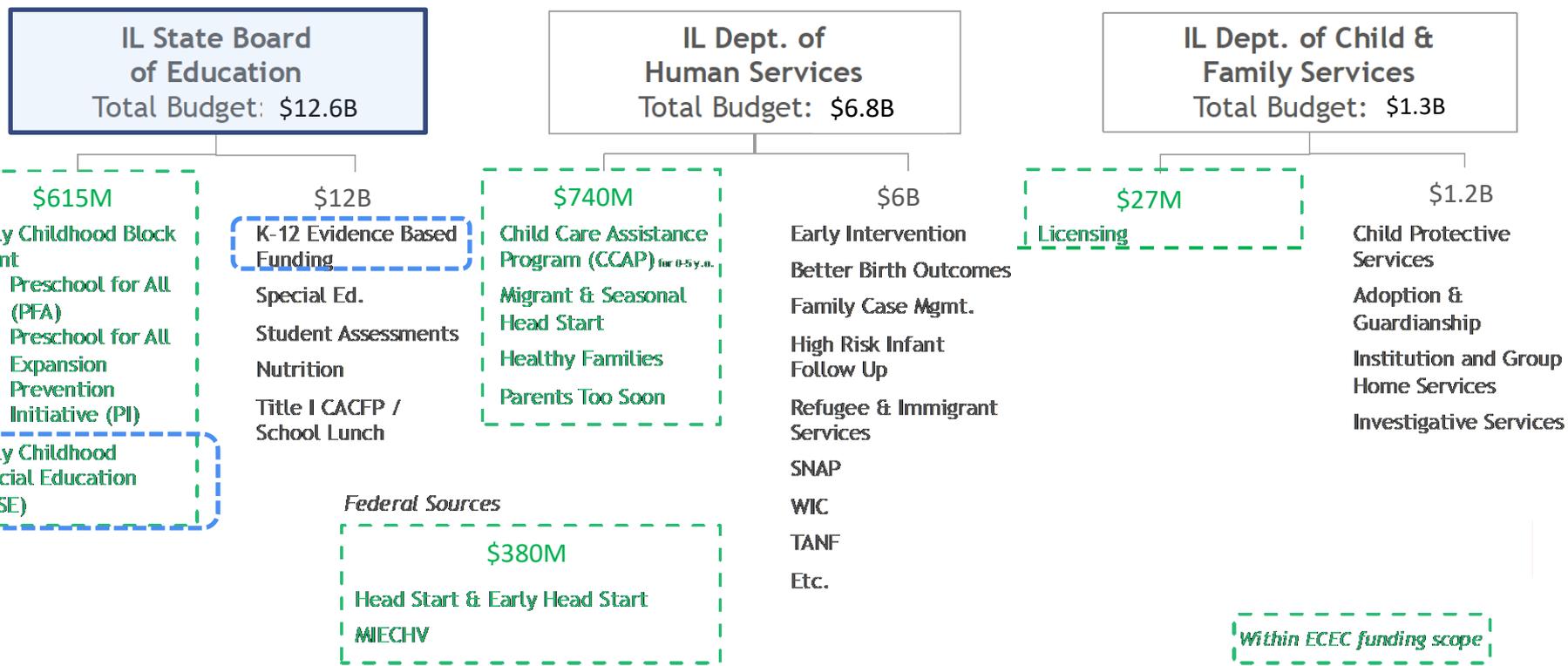
## Funding Sources

- IDEA Part B Section 619 = ~\$18M
- Evidence-Based Funding (EBF) = ~\$75M\*
- Federal Medicaid Reimbursements = ???
- Grant & Local Funding = ???

\*Adequacy amount; not funding. Each LEA receives a different portion of state funding vs local contributions based on their ability to pay (property tax value)

# ECSE funding oversight

2020 allocations



Source: IL FY 2017 Budget; assuming funding spread evenly across 0-5 y.o., 6-12 y.o.

# EI Services

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- Access:

- Families access the Part C EI Program through one of 25 local Child and Family Connections (CFC) offices
- They are assigned a Service Coordinator (sometimes called a Case Manager in other social service programs)

- Services:

- The EI Program provides 16 EI services and other family supports through a variety of individual and agency providers, some not-for-profit and some for-profit
- The providers enroll and sign provider agreements with DHS
- The most frequently provided services are speech therapy and developmental therapy

# EI funding sources

## Purpose

- The Early Intervention (EI) program provides screening and treatment for developmental disabilities for children from birth to age 3

## Population served

- Ages 0-3
- # of children served = ~42,000 (2018)

## Governance

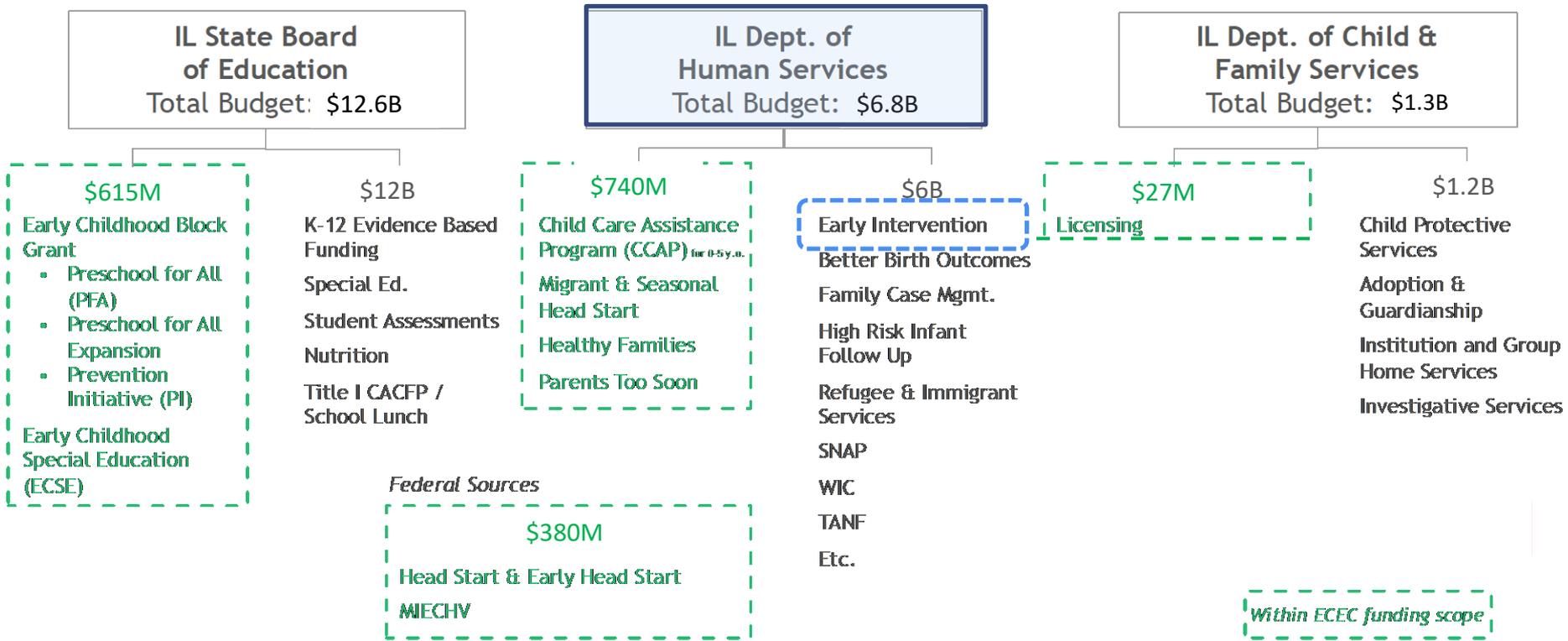
- IDHS

## Funding Sources

- State Appropriations = ~\$108M
- IDEA Part C = ~\$17.5M
- Medicaid Reimbursements = ~\$50M
- Family Participation Fees = ~\$5M

# EI funding oversight

2020 allocations



Source: IL FY 2017 Budget; assuming funding spread evenly across 0-5 y.o., 6-12 y.o.

# Management & Oversight Capacities

Inclusion has recommended a focus on transitions across services



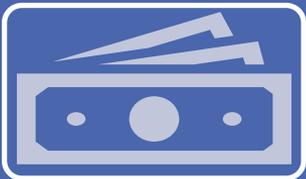
**What are the state and regional capacities that a successful ECEC management and oversight system must possess?**

## Policy Leadership



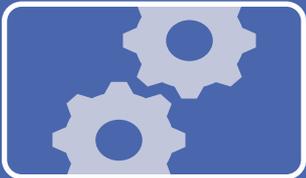
- Set & maintain statewide vision, goals, and priorities
- Set quality and early learning standards and guidelines
- Develop and implement system policies, rules, and regulations (including budget) based on family, community, and provider perspectives and needs in response to gaps
- Engage policymakers
- Partner and coordinate with other child- and family-serving state agencies and ECEC system advisory bodies

## Funding & Oversight



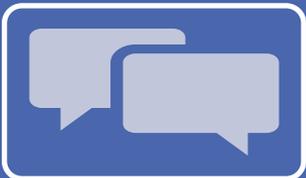
- Use data and community perspectives to inform the budgeting process
- Make funding allocation decisions
- Administer funding distribution
- Conduct monitoring and compliance oversight

## Infrastructure



- Develop leadership capacity to implement improvements to the ECEC system
- Collect, analyze, and evaluate systemwide data
- Manage system level continuous quality improvement
- Administer professional development and workforce development

## Communications



- Report systemwide data
- Provide stakeholders with clear information and engage stakeholders in the decision-making process
- Create opportunities for input from families and providers

# Management & Oversight Objectives

Inclusion has recommended a focus on transitions across services



**A management and oversight structure that possesses the previously described capacities will meet the following objectives:**

## Plan Cohesively for Sustainable ECEC

- Unify vision, decision making, communication
- Unify the definition of quality
- Design program models and funding streams to respond to family and community needs and system gaps and inequities
- Meet regulatory requirements
- Navigate political and administrative changes

## Improve Access to High Quality & Ensure Equitable Outcomes

- Ensure sufficient capacity at regional/local level
- Use data to inform decisions on resource allocation to meet system and community goals, and prioritize resource distribution to achieve equitable outcomes for children
- Fund and incentivize high quality ECEC services

## Improve System Transparency, Accountability & Efficiency

- Unify monitoring, data collection & reporting
- Send funding allocations to providers with time to plan
- Implement systems to support simplified funding distribution and reduce duplication of effort

## Respond to Family Need and Earn Public Trust

- Unify family engagement and community systems strategies
- Implement accountability that is focused on family perspectives and data

**Reminder: anything we create for recommendations will be assessed using these objectives<sup>48</sup>**

# Our understanding of “Adequacy” for Early Childhood Care and Education (ECEC)

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- ECEC is not adequate today
  - Too few served and not enough capacity
  - Under-resourced programmatic offerings compared to student needs
  - Underpaid staff
- Adequate  All things for all children
- ECEC Adequacy = *the funding standard for quality that allows programs to meet children and family needs*

\$360M is included specifically for ECSE in CBOs,  
about 3% of the draft cost model

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
	<b>Direct Services Total</b>	<b>\$9,925,154,429</b>
Infrastructure (8% of direct service costs)		\$794,012,354
Home Visiting*		\$531,217,701
	<b>TOTAL COST</b>	<b>\$11,250,384,485</b>

\*Home Visiting model already incorporates infrastructure costs.

# What do we know is missing or needs to be refined?

- Incremental costs for ECSE in District settings – *discuss today and next meeting*
- Validation of incremental ECSE costs in CBOs – *discuss today and next meeting*
- Early Intervention Services – *in upcoming two meetings*

Volunteers from this Working Group (thank you!)  
have helped move adequacy costing work  
forward

# Plan to produce a cost of adequacy - ECSE

Develop incremental costs  
for ECSE in Districts



Develop survey template



Gather real cost data from  
volunteer sample districts



Analyze and summarize



Evaluate for "high quality"

HERE

Validation of incremental  
ECSE costs in CBO's

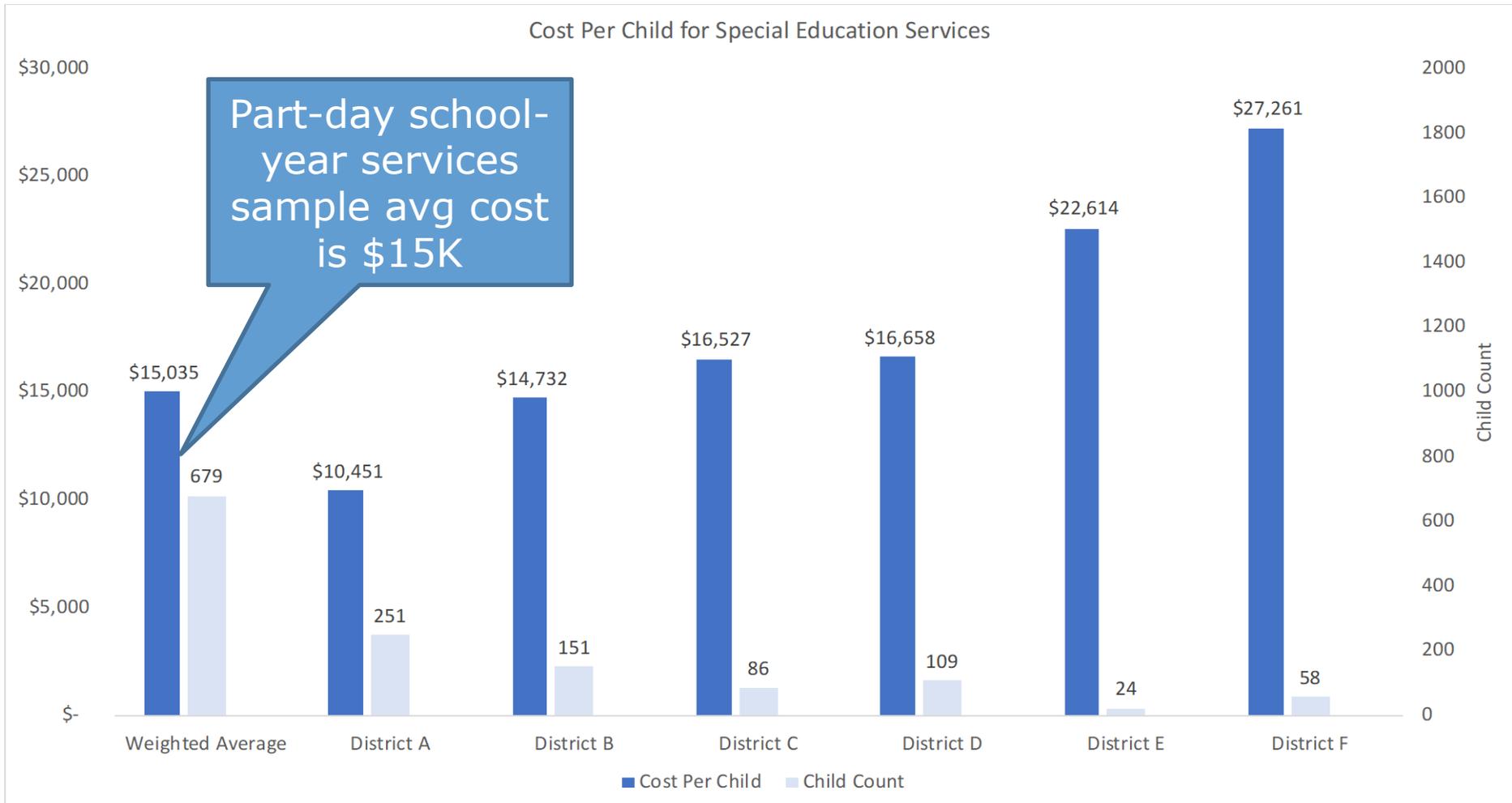


Utilize district data



Adjust for CBO context (full-day /  
full-year)

# ESCE costs – what are we seeing in data for incremental costs?



# In what models will **ECSE services** be provided? What impact does this have on costs?

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## Adequacy Cost model assumptions:

- Full-day Full-year at CBOs
- Part-day School-year and School-day School-year at Districts



Does the pre-k cost estimate have to be increased for these models?

# DRAFT plan to produce a cost of adequacy - EI

## Identify categories of providers

- Independent direct-service providers (sole proprietors, individual contractor)
- Small practice/business providers (small business likely with 1099 contractors)
- Large practice/providers (such as Easter Seals or Lurie; likely W2 employees)

Use available data to estimate the count of providers by type and count of children served by each

HERE

Build cost categories (pro forma) by provider type

Gather cost information via survey of sample providers

Consolidate survey responses and analyze to estimate cost