



EARLY CHILDHOOD IOWA FUNDING FORMULA COMMITTEE OCTOBER MEETING

Formula Committee Purpose. The Committee was formed to make recommendations to the Early Childhood Iowa (ECI) State Board regarding the Early Childhood Grant distribution. (Note: The Committee will not be addressing the formula for state-funded School Ready Grants.) The Early Childhood Iowa Revisions Act (2016 Iowa Acts chapter [1113](#)) removed the distribution formula from Iowa Code and permits it to be set by the ECI State Board.

Goals of the Committee include:

- Reviewing current data that is connected to the legal purpose of the Early Childhood funding.
- Determining the use and alignment of the Early Childhood Areas with changes in child care related to the federal Child Care Development Block Grant requirements.
- Seeking feedback on options for the formula from ECI Area boards.

Current Formula History. Distributing Early Childhood Grants to local areas is done on a proportional basis. Using the previous fiscal year data for each county, the Department of Human Services (DHS) calculates the average number of [Family Investment Program](#) (FIP) cases involving children 0 through 5 years of age. The county average is then calculated against the statewide average for that year to arrive at the county's percentage of the statewide total. This percentage is multiplied by the available funding to determine the grant amount. A criticism of the current formula is that, generally, 40.0% of the 38 ECI Areas see year-to-year funding increases or decreases of greater than 7.0%.

Percentage of ECI Areas with Significant Funding Changes

	<u>Negative Change</u> <u>Of At Least 7.0%</u>	<u>Positive Change</u> <u>Of At Least 7.0%</u>
<u>FY 2014-2015</u>	26.3%	13.1%
<u>FY 2015-2016</u>	29.0%	15.8%
<u>FY 2016-2017</u>	29.0%	13.2%

Data Reviewed. Committee members reviewed and evaluated available data sources to include in a proposed formula. Data items need to be available on a per county basis, and the discussion included:

- Child population ages 0 through 5.
- Child population ages 0 through 5 by various federal poverty level rates.
- Child Care Assistance Program enrollment.
- Regulated child care providers.
- Child Care Quality Rating System participation.
- Families with all parents in the labor force.

Formula Options. The Committee created 14 different formulas. Staff from the DHS, Department of Management, and the Legislative Services Agency will operationalize these formulas based on the available data to create a demonstration of the proposed scenarios.

Next Meeting. The next meeting is scheduled for November 16, 2016, in Des Moines.