2021 ITCA Finance Survey

Part I: Executive Summary

IDEA
INFANT & TODDLER
COORDINATORS ASSOCIATION

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Introduction

State IDEA Part C early intervention systems and their leadership continue to face challenges to their ability to provide high quality, evidence-based services to eligible infants and toddlers and their families. The challenges exist for many, not because of the lack of political will or the lack of evidence-based approaches to service delivery or the need for better cost-effectiveness data, but because of the continued lack of resources commensurate with the significant and growing early intervention needs of enrolled children and their families and the increasing number of potentially eligible infants and toddlers. Accordingly, each state has responded to the best of their ability and the resources available to them to provide high-quality services . Adding to the challenges, COVID-19 required states to respond to unique situations with creativity, keeping the service and safety needs of infants and toddlers, their families and their providers at the forefront.

Despite the essential and complex nature of financing and its influence on the ability to support all programmatic aspects of Part C, the information regarding the funding of Part C across states has been less than robust. In response to this gap in information, ITCA released the first comprehensive examination of the revenue sources used by states to support their early intervention system in 2010. ITCA determined that a survey was the most efficient method to examine both the infrastructure and the funding flow of the state/territories. The initial survey was designed to identify several key components of Part C financing:

1. Federal, state, and local funds that were being used by states to support their total Part C system;
2. The total amount of revenue that is generated by each fund source;
3. The total amount of revenue at federal, state, and local levels; and finally
4. The percentage of each federal, state, and local fund source contributing to the total cost of the system with a close look at the percentage represented by Part C federal funds.

Since 2010, ITCA has conducted the finance survey every two years on an ongoing basis. A finance survey was conducted in 2012, 2014, 2016, 2018 and was scheduled to be conducted again in the spring of 2020. Because of COVID-19, the survey was delayed until the Spring of 2021. With each survey, questions are refined for more accurate information. The scope of the survey has also been broadened to address emerging fiscal issues.

The 2021 Finance Survey Report is focused on the following topical areas:

- Funding Sources across Federal, State and Local Levels;

- State Use of Public and Private Insurance including Family Cost Participation; and
- Fund Management.

Beecause of the extensiveness of the charts, the report is being released in sections to support ease of access.

As with all ITCA surveys, the data in this report are reported by frequency of state responses as well as by type of lead agency. The charts and tables in the report reflect the responses of those states who answered the questions. The “no responses” are excluded from the charts. All data is self-reported and ITCA draws no conclusions from the data analysis but simply reports the data that has been submitted.

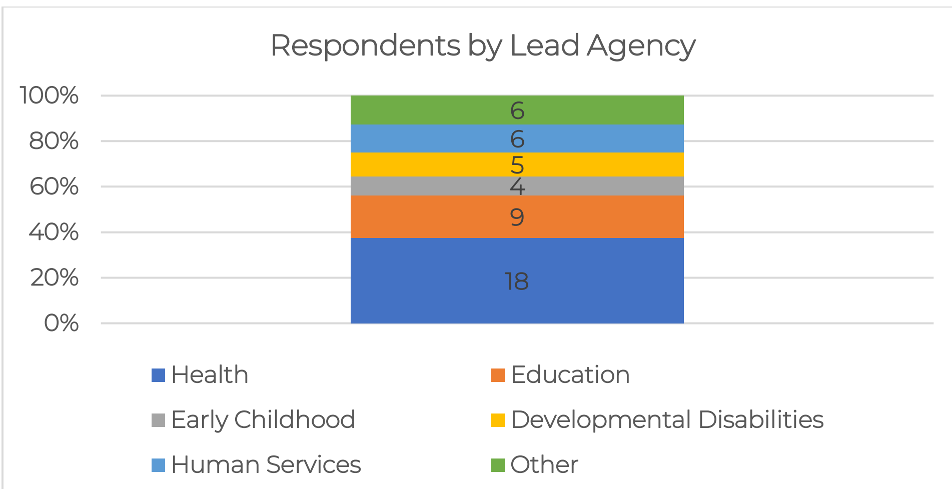
Key Findings

- The most current financial data from forty-eight states and jurisdictions (referred to in the report as "states") are included in this report.
- Respondents identified fifteen specific federal fund sources, ten state fund sources and nine local fund sources.
- The average number of fund sources accessed by respondents across all three funding levels was six, with a range of one fund source to twenty fund sources.
- Fourteen of the forty-eight states and jurisdictions (29.2%) provided revenue for each fund source utilized. This compares to twenty-three states (48.9%) in 2018.
- The total revenue that was reported across federal, state, and local levels to support the Part C systems was $3,457,119,133 compared to $4,053,879,106 in 2018.
    - The total contribution from reported federal funds to Part C systems was $1,222,278,098 compared to $1,419,836,706 in 2018. This represents 36% of total funding reported. All forty-seven survey respondents reported federal revenue.
    - The total contribution from reported state funds to Part C systems was $1,777,317,044 compared to $2,116,367,862 in 2018. This represents 51% of total funding reported. Thirty-nine survey respondents reported state revenue.
    - The total contribution from reported local funds to Part C systems was $457,523,991 compared to $517,674,538 in 2018. This represents 13% of total funding reported. Fourteen survey respondents reported local revenue.
- Ninety-two percent of the reported Part C funding is provided by the following six sources:
    - State General Funds: $827,517,777
    - State Part C Appropriation: $789,662,592
    - Medicaid: $700,039,157
    - Federal Part C: $449,824,079
    - County Tax Levy: $270,915,864; and
    - State Special Education: $133,688,838.
- Thirty-five of the forty-eight survey respondents provided information regarding Medicaid funding for administrative components. Forty-one states provided information on Medicaid funding for direct services.
- The median percentage of children enrolled in Medicaid is 51% with a range from 9.1% to 98%.
- Eleven states indicated that early intervention services are covered by all MCOs.
- Twenty states reported that Medicaid and Part C were in the same state agency.
- Twenty-four states reported that Medicaid accepts the IFSP as the prior authorizing document.
- Thirty-three states reported that a physician signature is not required on the IFSP to establish medical necessity.

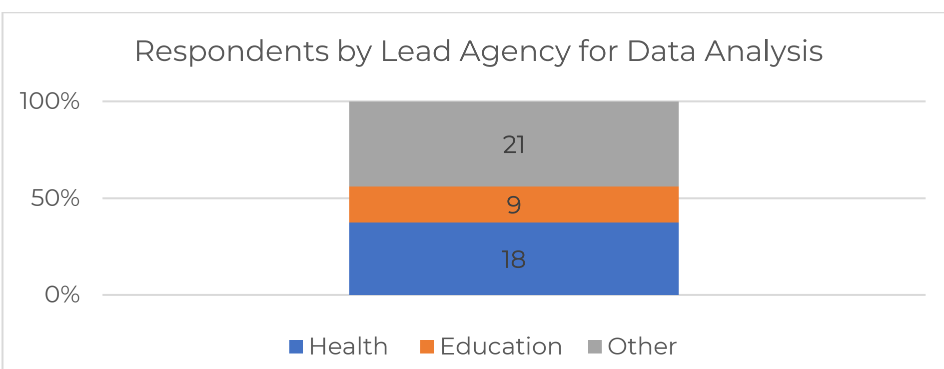
- Thirty states report that Medicaid requires that private insurance be billed before accessing Medicaid.
- Twenty-six states bill Medicaid for targeted case management.
- Fifteen states bill Medicaid on behalf of providers.
- Forty states indicated they have a key contact to help with resolving issues related to coverage or billing.
- Many states did not know whether there was an increase in the number of children enrolled in Medicaid because of the pandemic and job losses.
- Eighteen states reported they access private insurance.
- Fourteen states reported they have implemented a family fee.
- The median percentage of children that have private insurance is 34% with a range of 17% to 72%.
- Twelve states report they have insurance legislation.
- Seven states indicated that early intervention services are included in their state's definition of essential benefits under the Affordable Care Act.
- Fourteen states have seen a decrease in insurance revenue because of decreased services during COVID.
- Fifteen states responded that no funding for their Part C system is performance-based.
- Contracts were most frequently identified as the payment methodology for both infrastructure as well as direct services.
- Ten states responded they were considering subgranting IDEA Part C funds.
- The number of children served in the previous year and historic expenditure patterns were the most common variables used for allocation methodology.
- Twenty-five states require all participating entities that receive funding for early intervention to report all revenue and expenses generated on behalf of early intervention.
- Fifteen states require a uniform financial report from all providers.
- Four states have a limit on the percentage that they will pay local providers for administrative costs. Maximum rates that were identified ranged from 5% to 25%.
- Five states indicated they had a maximum on indirect costs. Maximum rates that were identified ranged from 2% to 12%.
- Thirty-three states use desk audits for fiscal monitoring. Twenty-four states conduct onsite reviews of agency finances, and twenty-three states conduct onsite reviews by child records.
- Non-profit agencies are the most frequently cited type of provider of early intervention services.
- Two states have an agreement that allows provider agencies to keep some percentage of surplus earnings.

Demographics

The data provided in this report reflects the most current data available from forty-eight of the fifty-six states and jurisdictions (referred to as states in the report). In 2020 ITCA expanded its lead agency categories at the request of members. The data in the demographics reflects the new categories. When analyzing data, the original three categories (Health, Education, Other) will be used to keep the data de-identified. Eighteen states (38.3%) identified Health as their lead agency. Eight states (17.02%) identified Education as their lead agency. Four states (8.5%) reported that Early Childhood was their lead agency. Developmental Disabilities was the lead for five states (10.6%), Human Services is the lead for six states (12.7%), and five states (10.6%) identified other as their choice. Other included Child Welfare, Executive Office of Health and Human Services, Rehabilitation Services, Health and Human Services and Mental Health and Developmental Disabilities.



For purpose of ongoing data analysis, the Lead Agency is designated as Health, Education and Other.



Reported Revenue by Fund Source (48 states) (July 1, 2019 – June 30, 2020)

Federal Fund Source	2016 Reported Revenue	2018 Reported Revenue	2021 Reported Revenue
IDEA Part C	$459,224,922	$487,837,971	$449,824,079
IDEA Part B 619	$12,599,970	$11,505,970	$7,063,125
IDEA Part B 611	$89,071,569	$29,742,449	$12,113,922
Medicaid (Federal and State Match)	$705,252,235	$848,397,768	$700,039,157
SCHIP	$5,669,465	$8,269,465	$7,034,000
Title V	$3,284,911	$6,559,911	$6,270,000
Champus/Tricare	$383,825	$6,227,172	$668,151
SSBG	$20,000	$2,001,000	$2,000,000
TANF	$17,247,521	$15,000,000	$15,535,595
CCDF		$51,000	$150,000
Other Federal Funds	$8,182,073	$4,244,000	$21,580,069
Total Reported Federal Funds	$1,301,937,491	$1,419,836,706	$1,222,278,098
State Fund Source	**2016 Reported Revenue**	**2018 Reported Revenue**	**2021 Reported Revenue**
State Part C Appropriation	$960,157,929	$1,112,559,544	$789,662,592
State General Funds	$827,626,828	$867,841,983	$827,517,777
TANF State MOE	$1,380,000	$10,200,000	$13,700,000
State Special Education	$63,535,295	$103,398,102	$133,688,838
CSHCN	$1,206,000	$606,000	$602,635
Tobacco Funds	$7,123,393	$8,103,393	$768,000
State Mental Health	$1,251,158	$5,412,640	$0
Deaf-Blind Schools	$1,716,274	$2,546,200	$0
State DDD		$5,700,000	$5,377,202
Total Reported State Funds	$1,863,996,877	$2,116,367,862	$1,777,317,044
Local Fund Source	**2016 Reported Revenue**	**2018 Reported Revenue**	**2021 Reported Revenue**
Local Education Agencies	$115,608,698	$81,259,396	$80,730,192
County Tax Levy	$203,419,918	$328,392,476	$270,915,864
Foundations	$774,702	$431,400	$288,754
Special Fundraising	$427,614	$360,739	$7,378
Local Government	$9,633,506	$19,310,188	$8,640,996
Cash Donations	$23,084	$720,512	$11,021
United Way	$1,285,589	$937,043	$749,860
Private Insurance	$85,605,984	$81,532,130	$85,217,119
Family Fees	$12,526,213	$4,730,654	$10,962,807
Other Local Funds	$6,176,842	-	-
Total Reported Local Funds	$435,482,150	$517,674,538	$457,523,991
Total Reported Revenue	**$3,699,504,353**	**$4,053,879,106**	**$3,457,119,133**

States Responding to the Survey

- Alabama
- Alaska
- American Samoa
- Arkansas
- California
- Colorado
- Connecticut
- District of Columbia
- Florida
- Georgia
- Hawaii
- Idaho
- Illinois
- Indiana
- Iowa
- Kansas
- Kentucky
- Louisiana
- Maine
- Maryland
- Massachusetts
- Michigan
- Minnesota
- Mississippi
- Montana
- Nebraska
- Nevada
- New Hampshire
- New Jersey
- New Mexico
- North Dakota
- Ohio
- Oklahoma
- Oregon
- Pennsylvania
- Puerto Rico
- Rhode Island
- South Carolina
- South Dakota
- Tennessee
- Texas
- Utah
- Virgin Islands
- Virginia
- Washington
- West Virginia
- Wisconsin
- Wyoming

Our thanks to these states that took time to complete the survey and provide important information that helps to identify the challenges and opportunities of Part C financing.