

October 26, 2016

Dear Early Learning Council Members:

We are writing this letter regarding the information regarding the proposed process for the “incentive metrics” we received this week from the Early Learning Division during an Operations (not a Learning Collaborative where all Directors would likely be present) phone call. As an Early Learning Council, we believe it is important for you to consider a hub’s perspective on the impact of the proposed process and timeline.

We have known since the start of this biennium that 5% of our Hub Coordination funds were being withheld from our funding with the intention of the development of “incentive metrics”. As Hubs, we have eagerly waited for information or guidance on what those metrics would be, so that we could align our community and our resources to meet the goals. Overall the metrics we are being held to are complex, often long term and should guide the delicate work of Hub communities. Being able to prioritize as a community where to place energy and focus is important. Over the past 15 months we have waited and watched while committees have struggled to find the best approach to these metrics.

The ELC and the ELD are investing in the idea of an incentive metric system in part due to Oregon’s experience with the Coordinated Care Organization (CCO) incentive metrics. However, there are many distinct differences between the healthcare and the early learning systems’ approaches to metrics and performance incentives.

- **Timing** - To be an effective tool for an incentive, the project’s objective needs to be known. If the payment is put in place at the end of the contracting period this is basically a “reward” for guessing correctly what could meet a set of rules established at the end of the contest. There is risk that this will set a bad precedent and will be subjective. It places the ELD and ELC at risk of being criticized for biased selection based on certain knowledge of programs having success and/or having challenges.
- **Hold back, not an incentive** – The CCO incentive metric pool is an Add On, whereas the Hub 5% funds are a holdback. The Hubs had 5% withheld from Coordination funds, while the CCOs were funded at the full operational level. Hubs have had to operate at 95% of their appropriate without the knowledge of what would need to be accomplished to realize full funding.
- **Procurement process** – It is very peculiar that a procurement process, and a complex and ill-timed one at that, is being proposed to distribute the funds withheld from Hubs. The funding distribution formula is complex, and requires diverting Hub resources to prepare a document that is a defense/justification

proposal for the funds which seems quite unnecessary. Additionally, the ELD does not have a proven track record to meet many of the timelines they have imposed on themselves. Given the time of year, multiple agencies involved, and the scoring process, we are concerned the timelines would not be able to be met. The way the information has been presented, it sets a competitive tone and/or likely pits hubs against one another.

The process shared with Hubs this week during the Operations call and discussed with the Metrics Committee outlined a very cumbersome procurement process. It did, however, contain a potential way to approach the metrics. Within the memo, on page 3, there is a caveat that the ELC could halt the procurement process if the timelines begin to slip. We would recommend that the ELC consider this method from the beginning. Hubs would still be asked to demonstrate their achievement of the composite metrics, but would not be in a competitive environment and in a less cumbersome and more constructive way for their own development.

Hubs and the early learning system are in an early developmental phase. We appreciate the intent of the incentive metric and are supportive of the creation of an effective incentive system. The creation of a metric would ideally be done in partnership with hubs and in a way and with a timeline that will allow hubs to intentionally move toward the desired outcomes.

We strongly recommend that the ELC take a moment to look at an option that will move the early learning system toward better outcomes.

Sincerely,

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*and*

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