Today’s Desired Results

Learning Community will:

- Discuss how to make use of existing funds (e.g., use of fiscal mapping) and strategies for finding new sources of funding for early care and education
- Participants will learn about other states that have tried or successfully implemented state level funding sources for early care and education
Agenda for today

- Icebreaker: share Hooray moments!
- Financing Strategies presentation by Elizabeth Gaines
- Q&A with Elizabeth Gaines
- Small group discussions by role
- Large group report out
- Wrap-up and Next Steps
- Adjourn
HOORAY MOMENT
Financing Strategies,
Elizabeth Gaines,
Children’s Funding Project
Strategic Public Financing
Elizabeth Gaines
for the Bold on Compensation Learning Community
6/17/22
We help communities and states expand equitable opportunities for children and youth through strategic public financing.

- Through our hands-on technical assistance and collection of resources, we help local and state leaders and public agencies understand the multiple sources that fund services for children and youth;
- Coach policymakers on aligning existing funds with local and state priorities and implementing strategies to maximize their impact;
- Equip advocates with the skills and resources to build public and policymaker support for children and youth services and to generate new and sustainable revenue sources;
- Collaborate with communities and states to develop customized financing solutions tailored to their needs and goals; and
- Build collective momentum toward an equitable and proactive approach to children's funding.
Next few months
Making sense of federal relief funds

Next 12 months
Fiscal mapping and cost modeling

1 – 2 years
Where can new money come from?

3 – 4 years
Generate sustainable revenue

What’s the plan?

We’ve been helping states and communities map out things they can do in the next four years to:

1. support equitable recovery,
2. increase opportunities for children and youth,
3. increase stability and sustainability, and
4. avoid...
Dive deeply into American Rescue Plan Funding in your state and community using CFP’s online tool www.ChildrensFundingProject.org/American-Rescue-Plan-Database

Flexible Funding for Children and Youth in the American Rescue Plan

This tool offers a comprehensive picture of American Rescue Plan funding for children and youth across states, tribal areas, counties, cities, towns, school districts, and nonprofit institutions.

On the subsequent pages, you will find allocation data and a growing list of examples of ways localities are using their funds creatively to benefit children. Click the buttons on the right to navigate directly to the information you need.
Find examples of how communities and states have used ARPA funds to address those priorities.

www.ChildrensFundingProject.org/American-Rescue-Plan-Database

Examples of Child-Centered American Rescue Plan Spending and Uses

This tool offers a comprehensive picture of American Rescue Plan funding for children and youth across states, tribal areas, counties, cities, towns, school districts, and nonprofit institutions.

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From questions...

1. Current Funding:
   How much funding supports our goals right now?

2. True Cost:
   How much will it cost to fund our goals in full?

3. New Funding:
   How do we fill the gap between current funding and needed funding?

To answers!

Fiscal mapping

Cost modeling and estimation

Sources of new money
Why create a fiscal map?

- Understand current investments
- Align resources with goals
- Coordinate supports and services
- Maximize funding opportunities
- Identify new areas for attention, efficiency and innovation

NEW EMERGENT REASONS:
- Determine the baseline funding pre COVID-19 budget deficits
- Plan for equitable recovery of funds to enhanced programs and services
Funding Sources Currently Supporting the Early Childhood Education System

- **Early Head Start**: Child care for very low-income families
- **Head Start**: Child care for very low-income families
- **NC Pre-K**: Child care for low-income families
- **Child Care Dev. Fund Block Grant**: Supports quality improvements, TEACH scholarships, Infant Toddler salary supplements
- **Local public schools (Title I funds)**: Supports kindergarten readiness strategies in public schools for low-income families
- **Child and Adult Care Food Program (CACFP)**: Provides facility reimbursement for food costs
- **State child care subsidies**: Partially subsidizes child care for working families (vouchers)
- **Developmental day licensed programs**: Provides child care for children with special needs
- **Smart Start**: Child care subsidies, wage supplements, and grants to child care programs
- **County funds**: Grants for system and child care operational supports
- **Gifts & grants**: from private foundations, corporations, & other donors
- **Out-of-pocket tuition**:

Children Ages 0-2

- **5,686**
  - **The GAP**: Unserved children ages 0-5 who are likely to enroll in quality child care if given access
  - *likely saturation rate for children: ages 0-3 = 64%; ages 4-5 = 70%

Children Ages 3-5

- **3,908**
- **1,778**

<table>
<thead>
<tr>
<th>Number of Children</th>
<th>Cost Per Child</th>
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<tbody>
<tr>
<td>5,686 unserved; eligible, likely to enroll 0-5 year-olds</td>
<td>$12,000 for 0-2, $10,774 for 3-5</td>
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**$46.9 MILLION** total slot cost for ages 0-2
**+$19.2 MILLION** total slot cost for ages 3-5

**=$66,052,172** total slot funding needed
**+$25,000/NEW CLASSROOM**

**Filling the Gap**

What it would take for the Asheville-Buncombe Preschool Planning Collaborative to fill the high quality early care and education gap with local funds.

Created for the Asheville-Buncombe Preschool Planning Collaborative in February, 2019 www.abppc.org
**Wisconsin: Infant Toddler Child Care Investment Gap**

- **$251 million:** True cost of care with recommended staffing structure and salary levels
- **$17.5 million:** Estimated parent copay
- **$74-$100 million:** Gap between recent subsidy investment levels and true cost of care for infants and toddlers currently participating in WI Shares.

**COST OF INFANT TODDLER CARE VS CURRENT SUBSIDIZED INVESTMENT**

- **$159,50...**

*High-Level Readiness Required*
## Revenue Options & Funding Mechanisms

### Common
- City or County dollars
- State dollars
- Federal dollars
- Local United Way
- Local Foundation
- National Foundation
- Individual Donors
- Corporations
- Fee Based Services

### Emerging
- Dedicated public funding (set aside or new tax)
- Community Benefit Agreements
- Individual or Business Tax credits
- Pay for Success
- Medicaid reimbursements
- Community Reinvestment Act agreements
- Profits from publicly held assets
- Reforming tax exemptions
- PILOT recapture
- In kind facilities usage

READ: Innovative Financing to Expand Services So Children Can Thrive
18 of these funds dedicate significant funding to early childhood specifically.
On April 30th, voters in New Orleans successfully passed a new **property tax** that will generate **more than $21 million annually** for early childhood programs in the city.

Revenue will fund **more than 1,000 high quality seats for children ages 0 – 3 years** from low-income families.

Revenue is **aligned with state funding**, allowing the state of LA to contribute matching funds that will create over 2,000 new seats (5x current amount).
MARYLAND - A digital advertising tax went into effect in Maryland this year. The tax applies to revenue collected from digital advertisements displayed within the state and could raise an estimated $250 million in its first full year for the state’s education system.

COLORADO - Passed a ballot measure in 2020 to expand tobacco tax and close vaping tax loophole to fund universal, free preschool for all Colorado children. It is projected to generate $2 billion for universal pre-k over ten years.

NEW MEXICO - A constitutional amendment to dedicate part of their Land Grant Permanent Fund to make early childhood education a public good like K-12 education.

D.C. - D.C. raised taxes for residents that make more than $250,000 annually. It is projected this tax will reach $175 million in 2025. By 2025, this tax will allocate approximately $75 million for Birth-to-Three.

LOUISIANA - The Louisiana legislature approved sports betting in 2021. 25% of the funds, up to $20 million, revenued by the state will be allocated to early learning programs.
Current ex: NM Land Grant Permanent Fund Distribution for Early Childhood Education Amendment

• NM Funding for Early Childhood Programs Amendment is on ballot as a legislatively referred constitutional amendment

• Measure allocates 1.25% of Land Grant Permanent Fund (LFPF) to early childhood education (60%) and public education (40%)

• In FY2023, an estimated $126.9 million would be allocated for early childhood education

• LGPF come from leases & royalties on non-renewable natural resources (oil & gas)
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Questions?
Small Group Discussion
Large Group Report Out
Next Steps

- Next Meeting: July 15 - Data Collection and Evaluation
- Fill Out photo release by Friday, June 24, 2022
- Homework Survey due Friday, July 1, 2022
- Keep sending us Hooray Moments!