

Leaders and Champions

The Role of Funders in Strategic Public Financing

August 2023

The majority of funding for children's programs and services in our country comes from public dollars, by a long shot. For example, a recent analysis of investments for children and youth (0–19) in Poughkeepsie, NY, finds philanthropic investments make up about 2.54% (\$1.56 million) of total funding in the region, compared to more than \$59 million coming from federal, state, and local funding streams. Similarly, an analysis of cradle-to-career investments in children and youth ages 0–24 in Oakland, CA, finds philanthropic investments make up around 1.28% (\$13.36 million) of \$1.04 billion in total funding, with the remainder coming from public sources.

If we want to scale the programs and services that all children need over time, we need to think of them as a public good, sustained by public investments. This opens philanthropy up to focus strategic investments in things like innovation, evaluation, and capacity building rather than paying for direct services year after year.

Because private dollars are comparatively small to the total public dollars flowing toward children's services from the federal, state, and local levels, some of the most impactful investments foundations can make are those that help organizations advocate for, access, and use public dollars.

Funders can work collaboratively with [policymakers](#), advocates, providers, and families to

- [identify and track their community's existing financial resources](#).
- [quantify the costs](#) associated with new and existing programs that serve children, and
- pursue innovative approaches to [generate additional public funding](#) to meet their community's goals.



Together, these three actions allow communities to fund services for children and youth in sustainable and equitable ways through a process we call strategic public financing.

What Is Strategic Public Financing—and Why Does It Matter?

[Strategic public financing](#) is a process that assigns a cost to the goals and policy priorities a state or community has for its children and youth—and identifies ways to cover that cost. Three essential questions guide this process:

1. How much funding do we currently have?
2. How much funding do we need?
3. How do we fill the gap between our existing funding and the amount we need to achieve our goals?

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On the surface, these questions seem simple. But answering them requires input and collaboration from [state](#), [local](#), public, and private leaders to develop a comprehensive picture of the financial resources available to support children and youth.

How Can Funders Support Strategic Public Financing?

Funders are uniquely situated to help build a state or community's readiness to engage in strategic public financing. They can invest in the communitywide collaboration needed to define shared goals and spending priorities for kids, as well as the human and



organizational capacity needed to start, sustain, and carry forward strategic public financing work.

HOW TO SUPPORT READINESS FOR STRATEGIC PUBLIC FINANCING

- Use your position as a community leader to bring business leaders, large employers, other funders, and elected officials together with parents, young people, providers, and advocates to build new coalitions and fortify existing ones around shared goals for children and youth.
- Leverage existing networks and coalitions to kick-start strategic public financing activities such as fiscal mapping, cost modeling and estimation, and sourcing additional funding.
- Develop local capacity by funding a [children's funding coordinator](#) position in your community—someone who dedicates time to the coordination, relationship building, and research required for strategic public financing.
- Fund nonprofits that serve as backbone or intermediary organizations—ones that support the provision of services by other organizations rather than providing direct services themselves—to focus on public financing. This could include state-level cradle-to-career, after-school, or early childhood networks.
- Organize with other philanthropy at local, regional, or state levels to support strategic public financing activities together.
- Fund the development of a communications plan and strategic messaging to build public will for funding the child and youth sector as a whole, uniting advocates for early childhood, out-of-school time, and other child and youth programs around a comprehensive cradle-to-career agenda.

Beyond building readiness, philanthropy plays a critical role at each stage of the strategic public financing process. Funders can support their state or local community to answer the three central questions mentioned previously, regardless of where in the process the state or community begins.

Step 1: How Much Funding Does Our State/Community Currently Have?

To find out how much funding a state or community currently allocates toward child and youth programs and services, funders can commission [a state or local fiscal map](#). A [fiscal map](#) is a tool for analyzing public and private spending at the city, county, state, or federal level.

HOW TO SUPPORT FISCAL MAPPING

- At the state level, reach out to [Children's Funding Project](#) to find out if your state is part of our state child and youth fiscal mapping cohort. If not, sponsor your state to join the growing list of states represented. If your state is already involved, connect with the state partner leading the fiscal mapping effort to explore ways to sustain the fiscal map, and build on the map with city and county level data.
- At the local level, find out if your [community has engaged in fiscal mapping](#). If not, partner with a children's cabinet, government agency focused on kids, university partner, or intermediary organization to produce a fiscal map that identifies and clarifies existing public and private funds and their purposes.
- Convene local funders to share about their investments and add that data to fiscal mapping efforts. (See the LANL Foundation spotlight on page 5.)

- Convene budget holders—including the heads of child- and youth-serving governmental agencies, school districts, and other community organizations—to use a fiscal map to inform spending decisions, coordinate and align funds around shared goals, and maximize new funding opportunities. (See the Cleveland Foundation spotlight on page 4.)
- Use a fiscal map to inform the foundation’s own strategic planning, ensuring grantmaking fills gaps in the state, city, or county’s total funds going toward children and youth.
- Provide community-based organizations with up-to-date information about accessing and spending [federal recovery funds](#), as The Chicago Community Trust did with its [Federal Recovery Funds Dashboard](#). (See The Chicago Community Trust spotlight on page 5.)
- Engage in one-on-one conversations with service providers to better understand costs and inform grantmaking accordingly.
- Commission a targeted cost study to identify the true cost of delivering a particular set of programs and services, like The Wallace Foundation’s [The Cost of Quality Out-of-School Time Programs](#).
- Organize with other philanthropy to commission a national financing study about how to fully fund a particular child- and/or youth-serving system, like early childhood funders did with the National Academies of Sciences, Engineering, and Medicine for [Transforming the Financing of Early Care and Education](#).

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Step 2: How Much Funding Does Our State/Community Need?

To find out how much funding a community needs to achieve its goals for children and youth, funders can commission studies that calculate the costs associated with programs and services, sometimes called [cost models](#). A cost model measures the *true cost* of equitably implementing, maintaining, or expanding a program or service for kids by examining a program’s requirements, staffing needs, and other factors that influence costs. Ideally, communities and states should commission cost models for all the various programs and services they hope to implement for children and youth.

HOW TO SUPPORT COST MODELING

- Find out if any groups in your state or locality already have a cost model or cost study of child and youth programs and services. These groups can include a children’s cabinet, a legislative fiscal office, government agency focused on kids, university partner, or intermediary organization.
- Convene an advisory group to define the scope and parameters of the cost model, identifying and agreeing on the elements that make up high-quality and equitable programs and services.
- Support a local intermediary to convene providers to engage in the cost modeling process.
- Commission surveys and focus groups of service providers to inform cost estimates.

Step 3: How Can Our State/Community Fill the Gap Between Existing and Needed Funding?

States and communities can fill gaps with funding from a wide range of sources, from new taxes to community benefits agreements to loans and grants from a Community Development Financial Institution. Philanthropic funders can support the research, public education, organizing, and advocacy it takes to secure new funding for kids.

HOW TO SUPPORT FILLING THE GAP

- Support capacity building grants so that communities and organizations are better positioned to apply for and win federal and state competitive funding. (See The Chicago Community Trust spotlight on page 5.)
- Commission evaluations to study the effectiveness of public investments.
- Commission research on potential new sources of revenue the state, city, or county could dedicate to programs and services for kids. This could include tax-based sources as well as other types of emerging funding strategies that involve partnerships between philanthropies, businesses, and governmental entities, as seen in [Nebraska](#).
- Commission a poll to see which revenue sources voters would like to see support a specific child or youth program or service, as done in [Louisiana](#).

- Engage in [advocacy](#) to dedicate some or all funds from a new source of state revenue toward programs and services for kids. For example, several states use new [cannabis tax revenue](#) to support after-school and summer learning programs.
- Fund the coalition building, polling, messaging, grassroots organizing, and public education required to successfully establish a [voter-approved children's fund](#) via a ballot measure.
- Participate in [nonpartisan lobbying](#) if you are a public foundation.
- Provide grants to public charities/social welfare organizations (501(c)3 and 501(c)4 organizations) that engage in nonpartisan lobbying. (For example, advocating for a ballot measure to fund a [voter-approved children's fund](#).) We suggest consulting [Bolder Advocacy](#) at Alliance for Justice for free technical assistance and resources for legal guidance on allowable grants and contributions.

Making the Case for Strategic Public Financing

Voters want to see their states and communities invest more resources in [child care, youth mental health services, out-of-school programs, and other](#)



[opportunities for children and youth](#)—and they're willing to contribute their own tax dollars to make that a reality. Funders can draw on [findings from our national voter poll](#) and use our [ready-made presentation slides](#) to build support for strategic public financing. They also can use the talking points below:

1. Children's growth, development, and learning take place 24 hours a day, both inside and outside of a classroom. Supporting this development means providing comprehensive public funding to ensure all children come into the world healthy and have access to high-quality programs and services. If we don't think about our children's development in this way, we will fail them.
2. Research continues to demonstrate that services for children and youth provide great returns on investment for public dollars. But these less expensive and preventive services often do not receive the resources they need, which leads to reactive interventions that cost taxpayers more in the long run. Strategic public financing empowers communities to fund their goals for children and youth; provides a clear road map for effectively using local, state, federal, and private dollars; and establishes a complete system of funding.
3. Strategic public financing is about transforming the way we think about funding. Instead of assigning an arbitrary amount of funding to programs and services, we conduct research to arrive at the true cost of achieving the goals we set for our children and youth and then create a plan to fund those needs.

Funder Spotlights

Building Readiness: Cleveland Foundation

In 2022, the Cleveland Foundation leveraged its investments to bolster the local public sector, partnering with the mayor's office to ensure it had the infrastructure and resources needed to achieve big goals for kids. Specifically, the Cleveland Foundation funded consultants to provide the research, planning, and messaging support the mayor's office needed to design a children's cabinet—a multiagency group tasked with developing a strategic plan for supporting children and youth. To back these planning efforts with fiscal data, the foundation then funded a local nonprofit to hire a strategic public financing coordinator tasked with cost modeling and estimation, research on revenue generating options, and producing a high-level child and youth fiscal map.

This coordinator's growing expertise in strategic public financing will play a central role in making the case for sustainable and equitable funding of child and youth programs and services. The coordinator will also be charged with training additional community partners in the methods of fiscal mapping, cost modeling, and sourcing additional funding, further increasing local capacity to identify and fill funding gaps.

Fiscal Mapping: LANL Foundation

In 2021, the LANL Foundation and 10 other regional and national philanthropic funders formed the [Northern New Mexico Pathways to Opportunity Strategy Table](#) to better coordinate and align their philanthropic strategies around shared goals. Ultimately, the purpose of the Strategy Table is "to expand and improve access to college, career and community pathway opportunities for youth of color, opportunity youth, young parents and other underrepresented youth middle school age through age 29 in Northern New Mexico." In 2022, the Strategy Table launched a fiscal mapping process to collect and analyze data on public and philanthropic investments supporting youth ages 12-29 in alignment with eight intervention areas. The Strategy Table is now using the fiscal map to address funding gaps, overlaps, and opportunities for increased coordination and investment to better serve the region's young people and the institutions that serve them.

Cost Modeling: The Wallace Foundation

In 2009, The Wallace Foundation published a groundbreaking cost study of high-quality out-of-school time programs, bringing the power of cost modeling to the field of out-of-school time programs for the first time at such a large scale. The study, [The Cost of Quality of Out-of-School-Time Programs](#), looks at 111 high-quality programs in six cities and identifies factors that influence costs, such as the ages served to the types of facilities used, program hours, and youth-staff ratios. The companion online cost calculator, [Wallace Out-of-School Time Cost Calculator](#), has been used by after-school and summer providers, policymakers, and funders for over a decade to inform programmatic and funding decisions. By providing evidence on the true cost of quality out-of-school time programs, the cost study and cost calculator highlight the gaps in current public funding and support more data-informed advocacy strategies for funding and grantmaking. In 2023, The Wallace Foundation launched a second round of the study to ensure cost information remains up to date and

reflects the need for equitable pay and high-quality jobs for the workforce.

Sourcing Additional Funding: The Chicago Community Trust

When the pandemic first hit, The Chicago Community Trust created the Chicago Community COVID-19 Rapid Response Fund, collecting and distributing \$35 million in donations from corporations, philanthropy, and individuals to meet immediate needs in the community. Soon, federal funds from the [American Rescue Plan](#) and [other COVID-19 relief packages](#) started pouring into the region at a scale far beyond what philanthropy could produce. To ensure these recovery dollars reached the most impacted communities, the Trust considered what complementary role it could play in ensuring the funds led to equitable economic recovery. How could the Trust pair its agility as a community foundation with the unprecedented scale of federal recovery funds to narrow Chicago's racial and ethnic wealth gap? First, the Trust partnered with Urban Institute to produce the [Federal Recovery Funds Dashboard](#) to provide community members with transparent data about how the city, county, and state were spending the funds. Second, the Trust researched the challenges community-based organizations in majority Black and Latino communities faced in applying for, deploying, and complying with government grants. In response to what it learned, the Trust has provided about \$1 million in grants to help organizations strengthen their capacity to leverage government grants and provided the initial funding to launch the [Equitable Access and Capacity Initiative](#), which offers virtual learning opportunities and cohort-based technical assistance to community-based organizations. Finally, recognizing that the system in which federal dollars are distributed is itself inequitable, the Trust will leverage learnings from its capacity support grantmaking to advocate for reforms that will remove the barriers organizations face to qualify and apply for federal grants.

Sourcing Additional Funding: Community Foundation of Broward

In 2000, voters in Broward County, FL, established the Children's Services Council (CSC) of Broward County, an independent taxing district that today generates more than \$117 million annually to support children, youth, and families. In 2014, state law required the CSC to go back to the voters for reauthorization. If unsuccessful, the [voter-approved children's fund](#) would cease to

exist, removing funding from programs and services that served more than 100,000 children and youth. The Community Foundation of Broward had been a long-time collaborator with the CSC, and recognized what a devastating funding gap there would be in the community if the ballot initiative failed. The board of the Community Foundation changed its by-laws so it could more actively engage in supporting the reauthorization effort. This included directly funding the coalition working toward reauthorization, polling on voter support, and public education around the value of the fund. The Community Foundation leveraged its position as a community leader to mobilize public will for the fund and rally support from other key partners, including other private funders and members of the business community. On Election Day, the ballot initiative for reauthorization passed with more than 76% voter support. As a result of the effort, the Community Foundation built its own capacity to engage in advocacy and the broader community aligned around a common vision for Broward County's children and youth.

Acknowledgments

This fact sheet was created with support from the Grantmakers for Education Out-of-School Time Impact Group.



Children's Funding Project is a nonprofit social impact organization that helps communities and states expand equitable opportunities for children and youth through strategic public financing. childrensfundingproject.org



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