

Strategic Public Financing Webinar Series

Filling the Gap

October 21, 2025
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Children's Funding Project





VISION

We envision a nation where all children and youth thrive because all communities maintain equitable, coordinated, and sustainable funding for comprehensive programs and services.



MISSION

Children's Funding Project helps communities and states expand equitable opportunities for children and youth through strategic public financing.





What is Strategic Public Financing?

Strategic public financing picks up where strategic plans often leave off by...

-  **Putting a price tag on goals and policy priorities**
-  **Identifying ways to cover costs with existing and new revenue**

Building a strategic public financing movement with states, localities, and Native nations

- How much funding supports our goals right now?  **Fiscal mapping**
- How much will it cost to fund our goals in full?  **Cost analysis and modeling**
- How do we fill the gap between current funding and fully funding our goals?  **Sources of additional funding**

The goal of this webinar series is to help you answer the three key questions of strategic public financing

- How much funding supports our goals right now?  **September 9, 1-2:30pm EST**
- How much will it cost to fund our goals in full?  **September 30, 1-2:30pm EST**
- How do we fill the gap between current funding and fully funding our goals?  **Today!**



Today's Agenda

01

Overview of Webinar Series

02

What do we mean by "Sources of Additional Funding"

03

Sources of Additional Funding Examples

04

Figuring out what might work in your state/locality

05

Leveraging Sources of Additional Funding

06

Q&A / Discussion

More \$ please?

How much will that cost?

Don't we already pay for that?

How much need is there really?

Do these programs really have an impact?

Where's the money going to come from?



Current sources of funding are insufficient to reach our **IECMH goals**

Current sources of funding



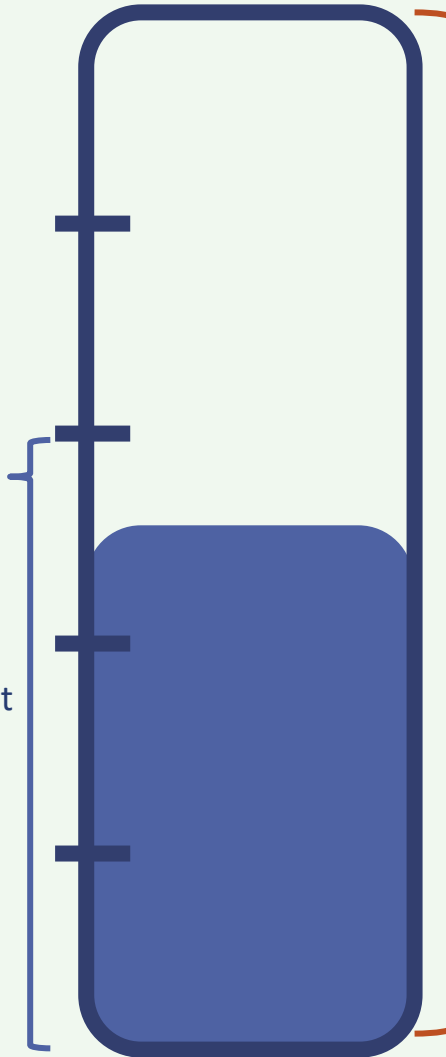
Federal funding (examples)

- Medicaid
- MIECHV
- Head Start & Early Head Start
- IDEA Part B & C
- CCDBG
- Title V Maternal and Child Health Block Grant
- SSBG



State funding (examples)

- Medicaid (43 states)



Funding required to reach our goals

Where's the money going to come from?



It's time to get creative about public funding sources

What are typical sources of funding?

Federal grants

State budget allocations

Medicaid reimbursement

National foundations

Local foundations

Local United Way

Corporate giving

Individual donors

Fee-based services

What other sources of funding are out there?

Dedicated tax revenue (i.e. marijuana, sports betting)

Voter-approved children's funds

Community Benefit Agreements (CBAs)

Tax Increment Financing Districts

Pay for Performance

Social Impact Bonds

Profits from publicly held assets

In-kind facilities usage

Opioid settlements

[READ: Innovative Financing to Expand Services So Children Can Thrive](#)

Growing the pie

Filling the gaps in PN-3 funding will require us to engage in tax & revenue battles and “grow the pie” of available funding.



IECMH advocates empowered with knowledge of public finance can generate more wins for kids!



Examples, examples, examples!

Ready by Five Early Childhood Millage

Kent County, Michigan



Annual revenue

\$5.7 million

Year established

2018

Type of revenue

Property tax

Levy amount

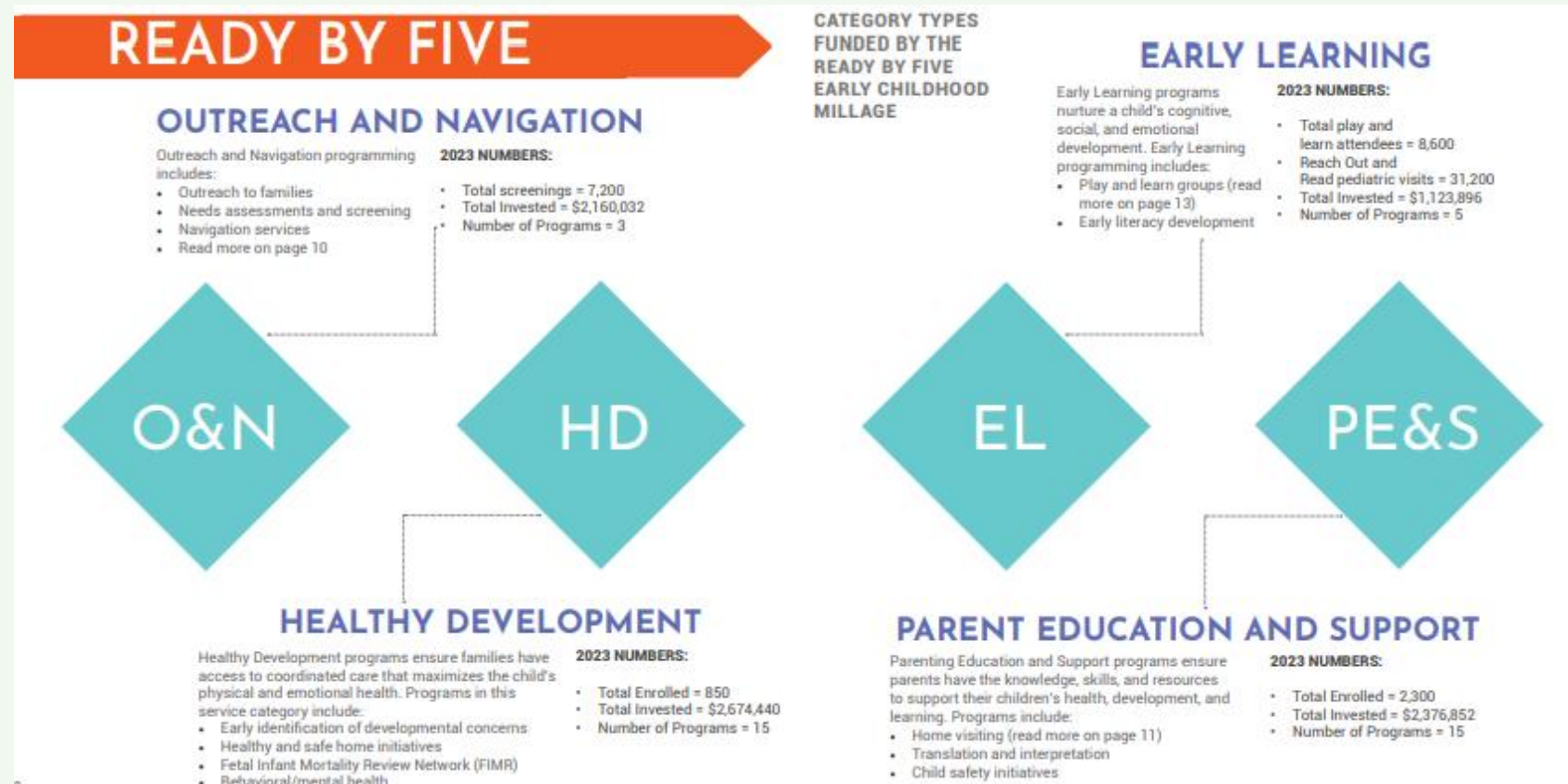
\$0.25 per \$1,000 of assessed property value

What it funds

Early childhood

Administrating infrastructure

First Steps Kent





Our Kids Our Future

Sonoma County, CA

Projected Annual revenue

\$30 Million

Year Established

2024

Type of Revenue

Sales Tax

Levy amount

.25 cent tax

What it will fund

Early Childhood

What it is:

The nonprofit Our Kids Our Future launched a voter petition drive to qualify the Sonoma County Child Care & Children's Health Initiative to the ballot in November 2024. It passed with over 62% of the vote and will dedicate 60% of its funding to the child care system for children ages 0-5 and 40% of funding to child well-being and mental health.

What it will fund:

- Bolster Wages for Child Care & Early Education Providers
- Develop child care facilities where parents live and work
- Expand Sonoma County's child care and early educator workforce
- Expand early childhood and perinatal mental health support
- Strengthen systems for pediatric screening, referral, and treatment
- Prioritize children impacted by homelessness and other traumas



Best Starts for Kids

King County, Washington

Year established

2015 (reauthorized/increased 2021)

Election Results

56% - 44%

Annual revenue

\$65 million

Type of revenue

Property tax

Levy amount

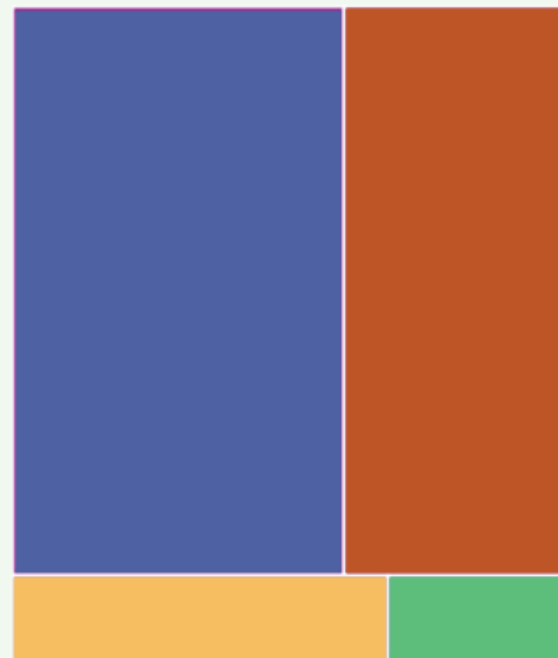
\$0.19 per \$1,000 of assessed property value

What it funds

Cradle to career

Best Starts for Kids
invests in four key
areas:

Investments in millions (2019)



- Investing Early
- Sustaining the Gain
- Communities Matter
- Preventing Homelessness

INVESTING EARLY (prenatal to 5)

- Post-partum breastfeeding support
- Home visiting
- Early supports for infants and toddlers (developmental)

SUSTAINING THE GAIN (5 – 24)

- Before-, after-, and summer school programs
- Trauma-informed schools
- Work training education programs

COMMUNITIES MATTER

- Supporting Communities of Opportunity to create community partnerships and build capacity

PREVENTING HOMELESSNESS

- Best Starts for Kids' Youth and Family Homelessness Prevention Initiative

Best Starts for Kids

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What it funds

Cradle to career

Best Starts Impact for Kids

INVESTING EARLY (prenatal to 5)

- Among Best Starts programs that provide post-partum breastfeeding supports, 96% of parents started breast feeding.
- Children whose families participated in the Parent-Child Plus home visiting program improved kindergarten readiness by 57%.
- Best Starts-funded Early Supports for Infants and Toddlers served nearly 15,000 children under age 3 between 2015 – 2020. Over 70% of these children made progress in social and emotional development, acquiring knowledge and skills, or taking action to meet their needs.

SUSTAINING THE GAIN (5 – 24):

- Since 2018, 11,000 young people, 133,500 hours of before-and after-school and summer programs. In 2020, 93% of students in these programs improved reading, math, social and emotional skills, leadership, and positive relationship development.
- 94% of youth in schools that received trauma-informed training started coming to school more frequently

PREVENTING HOMELESSNESS:

- Since 2017 Best Starts for Kids' Youth and Family Homelessness Prevention Initiative served over 10,200 youth and families at risk of losing their housing. 96% of those who completed the program remained housed one year later.

Kansas Endowment for Youth

Funding source:

Share of annual Tobacco Master Settlement revenue

Funding purpose:

Early childhood

Annual funding (most recent year available):

\$50 million (fiscal year 2024)

Method of enactment:

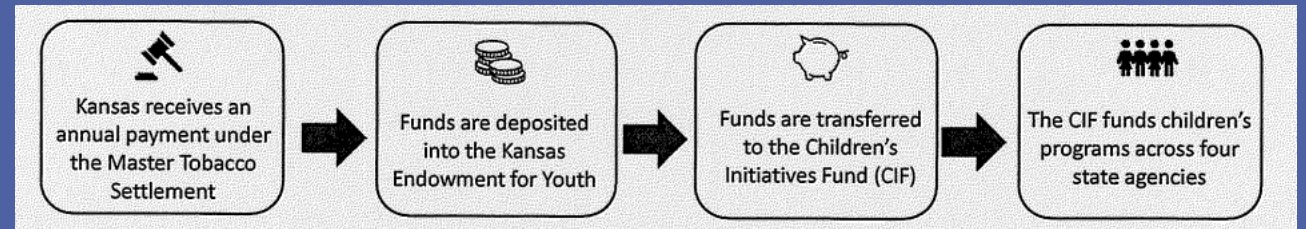
Legislative action, HB2558 of 1999

Year of enactment:

1999

Fund name:

Kansas Endowment for Youth



Blueprint for Early Childhood

Foundational Building Blocks



Healthy Development

Kansas children and families thrive when they have equitable access to comprehensive health and developmental services.



Strong Families

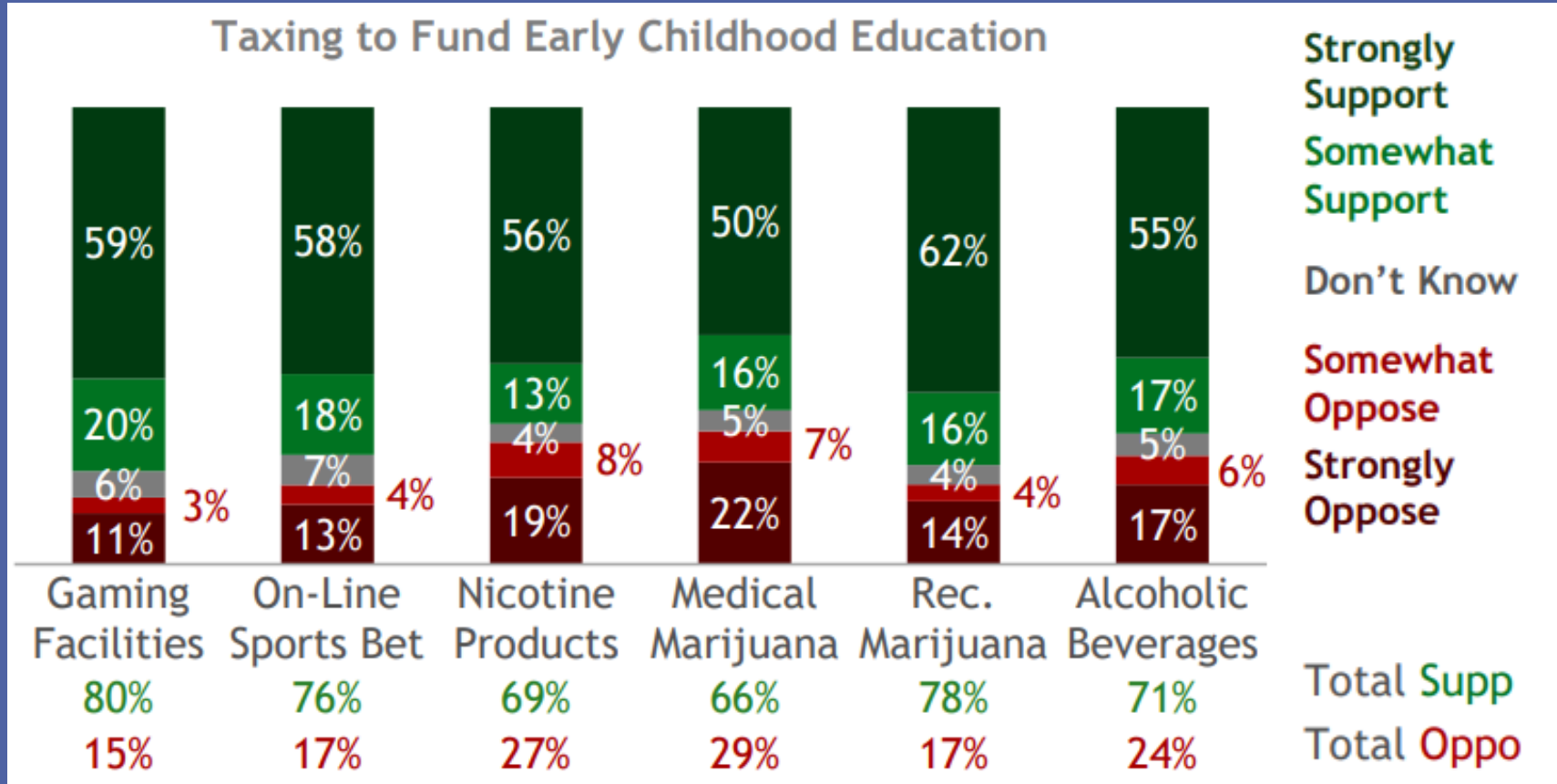
Kansas children and families are stronger when their basic needs are met.



Early Learning

Kansas children are prepared for success in kindergarten and beyond when their families have equitable access to quality care and early learning environments.

Case study: Louisiana



April 2021 poll by Ragnar Research Partners on behalf of Louisiana Policy Institute for Children

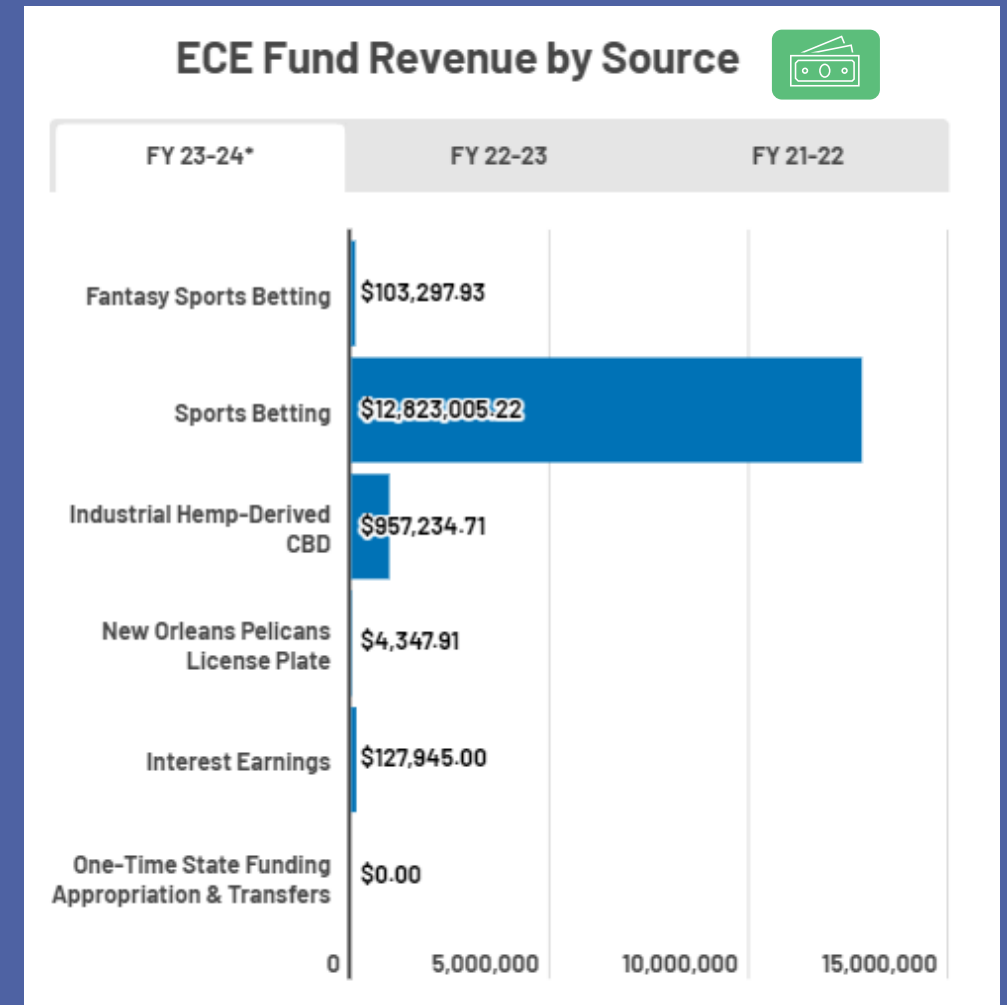
[\(link to poll memo\)](#)



Case study: Louisiana

Advocates in Louisiana pursued several strategies and types of revenue:

- 2017: the Louisiana Early Childhood Education Trust Fund is established (unfunded)
- 2019: Per renewed contract, if land-based casino revenue paid to the state exceeds \$65 million/year, up to \$3.6 million will go to the Fund
- 2019: Industrial hemp is legalized and taxed in Louisiana. 3% tax on industrial hemp-derived CBD products will go to the Fund
- 2020: A portion of the 8% tax on fantasy sports-betting will go to the Fund
- 2021: HB 601 allocates 50% of revenues from the NBA Pelicans license plate to the Fund
- 2021: SB 142 allocates 25% of sports betting revenues, up to 20 million, to the fund.



Early Childhood Education Fund Dashboard

Are you interested in raising local funds in your parish to qualify for the state ECE Fund match? Email info@policyinstitutela.org to learn more!

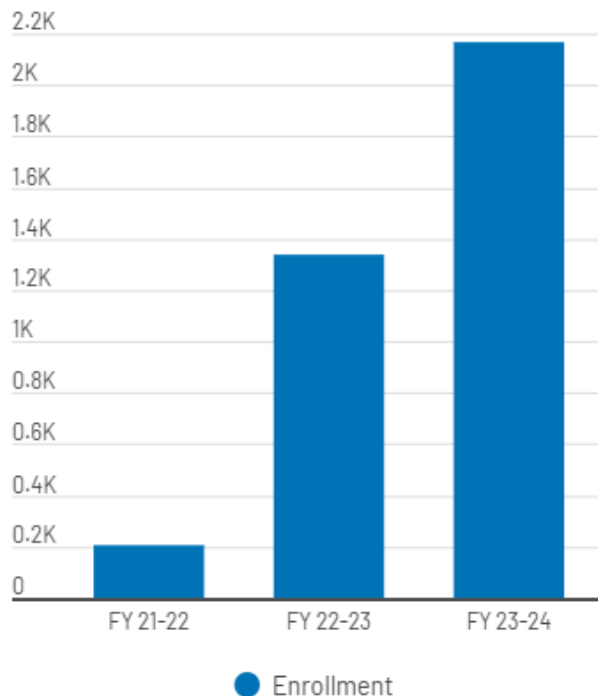
Current Fund Balance



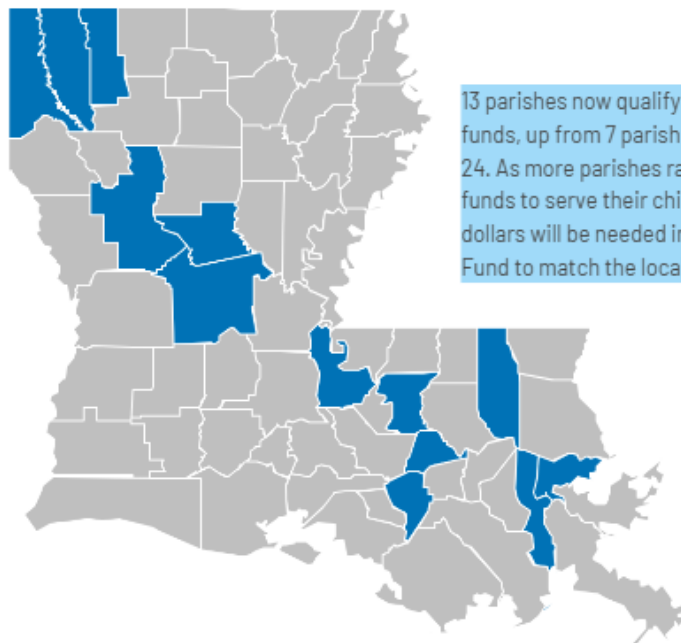
\$45,358,764.45

*As of December 9th, 2024

Children Served by ECE Fund Dollars & Local Match



Parishes Receiving ECE Fund Match in FY 24-25



13 parishes now qualify for matching funds, up from 7 parishes in FY 23-24. As more parishes raise local funds to serve their children, more dollars will be needed in the ECE Fund to match the local investment.

Annual ECE Fund Expenditures



\$25,653,844

Budget for FY 23-24



\$30,312,697

Budget for FY 24-25

Due to the popularity and growth of the local match program statewide, without significant additional investment of one-time or recurring funds in the ECE Fund, the annual expenditures are likely to outpace available funds within 2 years.

ECE Fund Revenue by Source



Sports betting & the hemp industry are currently the largest pools of consistent revenue to the ECE Fund. To ensure the solvency of the fund, the state must dedicate additional revenue sources of one-time and recurring dollars.

Yes for NOLA Kids!

New Orleans, LA



Annual revenue

\$21 million

Year established

2022

Type of revenue

Property tax

Levy amount

\$5 per \$1,000 of assessed property value

What it funds

Early childhood development and education

Administering infrastructure

City Seats

What will this cost you?




The median home price in New Orleans is about **\$200,000**. For a home value of \$200,000 with a homestead exemption, the cost is about **\$5 per month**.

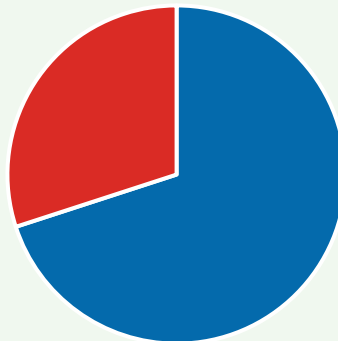
That's equivalent to a cup of coffee at *Starbucks.



*Starbucks is not associated with this campaign in any way.

OVER \$20 MILLION ANNUALLY WILL:

-  **INCREASE** AFFORDABLE QUALITY EARLY CHILDHOOD EDUCATION SEATS
-  **FUND** LOW TEACHER-CHILD RATIOS THAT IMPROVE OUTCOMES
-  **FUND** TEACHER TRAINING TO BUILD A PIPELINE OF QUALIFIED EARLY EDUCATION WORKERS



70% of funding will go to providing 1,000 additional City Seats ECE slots for infants and toddlers ages 6 weeks to 3 years.

30% of funding will go to wraparound supports including center expansion and startup grants, family coordination, and professional development.

Partnering for Family Success

Cuyahoga County, OH

PAY FOR SUCCESS MODELS:

Pay for success, sometimes referred to as a social impact bond, is a financing method backed by public-private partnerships. It uses private capital, in the form of a loan, to pay the costs associated with a program or intervention upfront. The recipient of the loan then pays back that initial amount of money plus interest if the program or intervention has improved a predetermined outcome.

NOTE: Pay for Success models differ from pay-for-performance models (like Medicaid managed care performance-based contracts) because they involve up-front investment/risk from an outside financier.

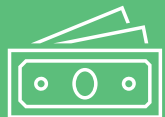
Advocates in Louisiana pursued several strategies and types of revenue:

- Investors provide up-front capital of \$4 million (investors include the Reinvestment Fund, a CDFI, and private foundations).
- FrontLine Service (service provider) used this capital to target 135 families (270 children) in families struggling with unstable housing over 5 years with interventions including Critical Time Intervention, evidence-based trauma services, and housing.
- Upon improvement of a specific outcome that saves the County money after 5 years (reduced out-of-home placement/length of stay in foster care for children in the target families), Cuyahoga County government repays the initial investors

How are people figuring out which sources of additional funding to pursue?

Categorizing potential sources

Sourcing Additional Funding is the body of work that answers the question “Where can we find funding to fill the gap between current funding and the true cost of reaching our goals?”

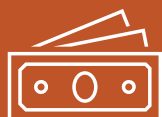


LOCAL TAXING AUTHORITY

Legal research to identify options for setting aside or generating local (city, county, or school district) public tax revenue for a special purpose.

Funding sources include:

- New local taxes
- Local tax increases
- Potential for local general fund budget set-aside



EMERGING FUNDING STRATEGIES

A collaborative inquiry into untapped local opportunities that could be leveraged to support child and youth goals.

Funding sources include:

- Community benefit agreement
- Bond revenues
- Tax incentives
- Special assessment/taxing districts
- Public private partnerships



STATE REVENUE SOURCES

Legal and economic research to identify the top options for generating new, state-level public revenue.

Funding sources include:

- New state taxes
- State tax increases or changes to tax structure
- State budget set-aside or rededication of existing revenue

Local Revenue Options & Taxing Authority



Local Taxing Authority Research

A comprehensive legal review of local authority to set aside or generate local (city, county, or school district) public revenue for a special purpose (such as early childhood or out of school time).

What options do we consider when looking at “local revenue sources”?

New taxes

Under current state law, are there opportunities to establish new taxes? What taxes could a local jurisdiction levy that it is not already levying?)

Tax increases

As allowed by current state law, what taxes does a local jurisdiction already levy? Where are there opportunities to raise more money from those tax bases, within legal limits?

Budget set-asides

Under current state law, can a portion of existing tax revenue be set-aside for a special purpose?

What else do we look for?

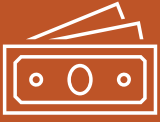
State-enabling legislation

Are there opportunities to pass state legislation enabling more local taxing authority?

Special taxing districts

Does the state authorize special taxing districts that could be utilized to support your goals?

Emerging Funding Strategies



EMERGING FUNDING STRATEGIES

A collaborative inquiry into untapped local opportunities to fund portions of a community's goals for children and youth, rooted in the local economic context and political power of community partners.

What untapped funding opportunities are available in your community, but haven't yet been used to fund programs for children and youth?

Tax Increment Financing

Community Benefit Agreements

Economic Incentive Agreements

Pay for Success & Public Private Partnerships

Developer Fees

Community Reinvestment Act Agreements

Profits from publicly held assets

Zoning & Land Use Changes

Public Private Partnerships

[READ: Innovative Financing to Expand Services So Children Can Thrive](#)

State Revenue Sources



STATE REVENUE SOURCES

States have many untapped sources of additional funding that could be used to generate new public revenue:

- New state taxes
- State tax increases or changes to tax structure (ex. Income tax brackets)
- One-time streams (for example, set-aside of surplus revenue, dedication of settlement dollars, etc.)

How have states leveraged new sources of state revenue to fund child and youth programs and services?



Vermont: In 2020, Vermont legalized adult-use cannabis and passed a 6% sales tax on cannabis. All revenue from the sales tax will fund a grant program to start or expand afterschool and summer learning. [Read more here.](#)



Louisiana: Created and funded the Louisiana Early Childhood Education Fund using revenue from taxing sports betting and hemp CBD products, and fees for Pelicans NBA specialty license plates.



Washington: In 2021, the state passed a 7% capital gains tax on gains above \$250,000 and dedicated the revenue to k-12 and early childhood care and education.

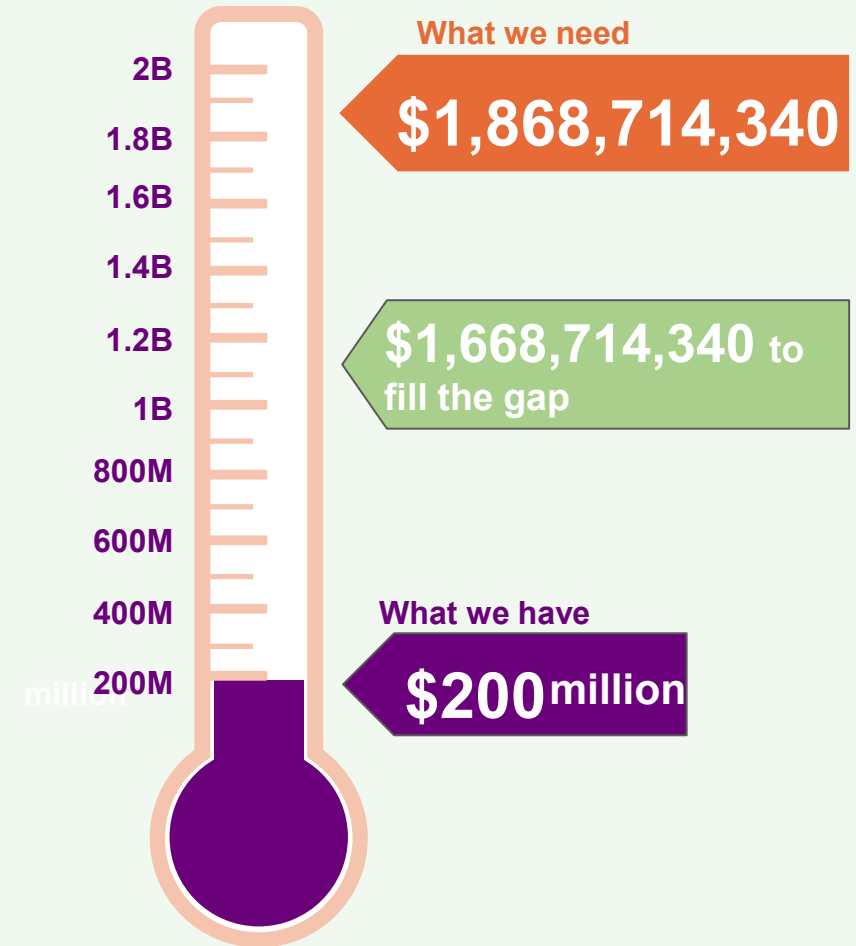
Putting it all together in **one state**



Photo by Allison Shelley/The Verbatim Agency for EDUimages

Putting it all together in **one state**

- **Fiscal mapping:** Built a fiscal map to assess current funding within the state and determine per child funding and overall funding requirements. The group used their fiscal map to set strategic goals for a new early care and education system, including:
 1. a universal, voluntary, mixed delivery system for ages 0-5
 2. Available at no cost over time
 3. A new compensation scale and adult:child ratios
- **Cost modeling:** Modeled the cost of a new system that would serve nearly 50,000 children – identified the cost as being \$1.8 billion.
- **Gap analysis:** Used the fiscal map and cost model to show the difference between current funding and the cost of the state's early childhood goals.
- **Identifying potential sources of additional funding:** The group examined new revenue options – taxes on inheritance, online room rentals, second homes, personal income and corporate income



But how?

PN-3 advocates need to “stick our noses” into tax policy and public revenue battles.

- Know enough to be dangerous!
- Broaden our coalitions
- Be good allies
- Find messaging alignment



When kids are on the ballot, they win!



Travis Co. set to pass Prop A, first in Texas to help low-income families with child care

Bianca Moreno-Paz and Emiliano Tahui Gómez *Austin American-Statesman*



DAILY BULLETIN



2024 Election Results: Pomona voters favor funding boost for youth

Platte County approves tax for child and teen mental health, joining other MO counties

Sonoma County child care ballot Measure I supporters declare victory

Measure I, the quarter-cent countywide sales tax, which needs only a simple majority to pass, continued to see broad support in voting returns Wednesday.



Voters – they're on your side

Voters want to see federal, state, and local government spend more on PN-3 services

Funding for PN-3 a top priority for voters

Percentage of voters who rank each service type as a high/very high priority for public spending.



75%

Maternal and infant health services



70%

High-quality infant and toddler child care



69%

High-quality preschool programs

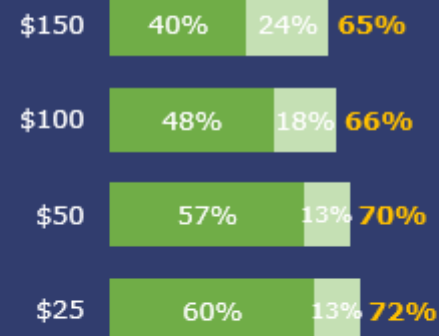
Children's Funding Accelerator, National Voter Support for Funding Children's Services (national poll conducted by FM3 Research) (Washington, DC: Children's Funding Project, 2021).

CHILDREN' 
FUNDING PROJECT

Voters are willing to support tax increases to fund PN-3 programs and services

Two-thirds of voters are willing to pay at least \$100 more per year in taxes for early childhood programs & services.

■ Very Willing ■ Somewhat Willing



Source: Children's Funding Accelerator, National Voter Support for Funding Children's Services (national poll conducted by FM3 Research) (Washington, DC: Children's Funding Project, 2021).

CHILDREN' 
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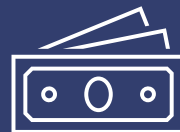
Natural allies



**Early care and
education advocates**



K-12 stakeholders



**Revenue, tax, &
budget orgs**



**Affordable housing
coalitions**



**Health care
stakeholders**



**(Youth) mental health
advocates**



**Child welfare
advocates**



**Children's cabinets/
collective impact**



There are a range of messages that have consistently polled well in support of investing in kids, both pre- and post-pandemic. In some cases, polling has suggested modifications for the post-pandemic context that may be helpful.

The top six themes include:

- 1. Brain Development**
- 2. Prevention and Early Intervention**
- 3. Strengthening K-12 Education**
- 4. Equity Messaging with a Focus on Costs**
- 5. Supporting Parents**
- 6. Emotional Appeals to Helping Kids**

Laying the Groundwork for all **Future Development**

WHY IS IT IMPORTANT?

A baby's social-emotional health is the foundation of all development including physical health, cognitive skills, language acquisition and long-term life outcomes. The domains of development are interdependent and do not progress within a silo. Early childhood is the most critical time of growth and learning.

- In the first years of life, more than 1 million new neural connections are formed every second.¹
- Babies' earliest relationships and experiences shape the architecture of their developing brains.
- Social and emotional health involves the developing capacities of trust, motivation, persistence, and curiosity, all necessary ingredients to succeed in school.

<https://gucchd.georgetown.edu/Docs/iecmh/IECMH%20-%20Laying%20the%20Groundwork%20for%20All%20Future%20Development.pdf>



Brain development messaging, in iterations old and new, almost always tops the list.

Research shows that a child's brain develops most dramatically during the first 5 years of life. This critical period is a window of opportunity to lay the foundation for all the years that follow. Our children deserve the best early learning and high-quality child care programs during this critical period of their development, and this measure will help provide them. **(44%)**

During the first 3 years of life, the brains and bodies of infants and toddlers make huge gains in development. And their needs are not put on pause when the world goes into lockdown. Because of COVID-19, countless infants and toddlers have fallen behind due to isolation, economic hardships and family stress—but it's not too late to fix that. We must act now to ensure that families have the support they need in their children's' earliest years to recover and build a strong foundation for a healthy future. **(46%)**



Children's brains develop faster in the first 5 years than any later point in life. When young children don't get what their growing brains need, they miss out on developing important social, emotional, and academic skills. Children who enter kindergarten behind are likely to remain behind throughout their school years and beyond. These gaps are difficult and expensive to close with kindergarten through high school education alone, and they can last a lifetime, particularly for children from low-income families. **(50%)**

Prevention and early-intervention -focused messaging has always scored well.

When children get what they need from the start—nurturing experiences at home and in high-quality child care while their parents work—they become healthy kids who are ready to learn and engage with the world.

But today's working families struggle to find quality child care that's affordable. As a result, needs that could be addressed in the earliest years of life become delays that cost all of us more by the time a child reaches school, such as special education or addressing behavioral and emotional problems. **(46%)**

This measure includes funding for prevention and early intervention, which are the most effective and least expensive ways to address our most serious problems like mental illness, drug abuse, homelessness and crime, and ensure positive outcomes for our kids and our community. **(39%)**

- The theme of investing in prevention is effective across a wide range of subject areas – voters would rather spend money to prevent problems than address their downstream consequences.
- Messaging that asserts these principles generally tends to resonate more than messaging which speaks solely in terms of economic ROI.



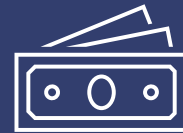
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**(Youth) mental health
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**Child welfare
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**Children's cabinets/
collective impact**



Questions

Thanks!

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CHILDREN'💰
FUNDING PROJECT

