

Children's Funding Project

Technical Assistance Orientation



September 18, 2025



About Us

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. Through our hands-on technical assistance and collection of resources, we help advocates, policymakers, public agencies, and funders identify and align existing funding, generate new revenue, and implement strategies to administer funds in ways that maximize their impact.

childrensfundingproject.org



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.





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.



Children's Funding Project Team



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From Cost to Impact

Strategic Implementation When You Can't
Fund the Full Model

September 18, 2025
Children's Funding Project



The Implementation Challenge

Common Post-Cost Model Questions

- **Resource Allocation:** How do we prioritize limited funds across programs and populations?
- **Funding Changes:** How do we adjust our models when CCDF, TANF, or other federal and state streams shift?
- **Workforce Investment:** How do we build compensation increases into sustainable funding strategies?
- **Political Feasibility:** How do we translate ideal costs into politically viable requests?

Key Insight: Cost modeling is just the beginning. The real work is translating those costs into strategic, implementable policy and funding decisions.

Strategic Resource Allocation

Population-Based Prioritization

- Highest-need families first
- Geographic equity considerations
- Age group prioritization (infants/toddlers vs. preschool)

Workforce-First Strategy

- Prioritize compensation increases
- Focus on retention bonuses
- Target credentials and professional development

Quality Tier Approach

- Fund basic quality universally
- Phase in higher quality by age, region, type of care
- Create incentive structures for improvement

Mixed-Delivery Optimization

- Leverage existing infrastructure
- Maximize federal match opportunities
- Balance center-based and family care investments

Framework Question: What combination of partial investments will yield the greatest improvement in quality and access while building toward your full ideal cost model version?

Adapting to Funding Changes



Building Flexible Cost Models

Federal and state funding streams are subject to reauthorization, appropriation changes, and policy shifts. Your cost model needs to accommodate these variables.



Key Variables to Model

- **CCDF Policies:** Changes to income eligibility, provider payment rates, quality requirements
- **Quality mandates:** New state or federal quality requirements that affect cost
- **Administrative burden:** Reporting and compliance cost changes



Recommendation: Build your cost model as a tool, not a static document. Create multiple scenarios so you can quickly adjust to federal and state policy changes.

Cost Modeling for Workforce Compensation

Framing compensation as investment....

Your cost model can be a powerful tool for **workforce advocacy**, but it requires strategic framing and specific calculations

Pay Parity Modeling

- Compare ECE wages to K-12 teachers with similar credentials
- Calculate the funding gap for parity
- Model phase-in approaches over 3-5 years

Benefits Integration

- Include health insurance calculations
- Model retirement contributions
- Account for professional development funding

Career Ladder Costs

- Model progressive wage increases with credentials
- Include leadership development costs
- Account for substitute and relief staffing

Retention ROI

- Calculate costs of turnover
- Model savings from improved retention
- Include quality improvements from stable workforce

Strategic Tip: Present workforce compensation not as an expense, but as infrastructure investment that improves program quality, reduces turnover, builds the workforce, and strengthens the entire early childhood system.

From Cost Model to Action Plan

1

Identify Your Gaps

- Calculate the difference between your ideal cost model and available resources.
- It can be helpful to break this down by component (workforce, facilities, programming, administration, etc.)

2

Impact Assessment

- For each potential investment, estimate the number of children served, quality improvements achieved, and workforce stability gained.
- Requires quantifying impact and strategically communicating your impact.

3

Political Feasibility

- Assess which investments have the strongest political support, partner buy-in, and alignment with current policy priorities.

4

Phased Implementation

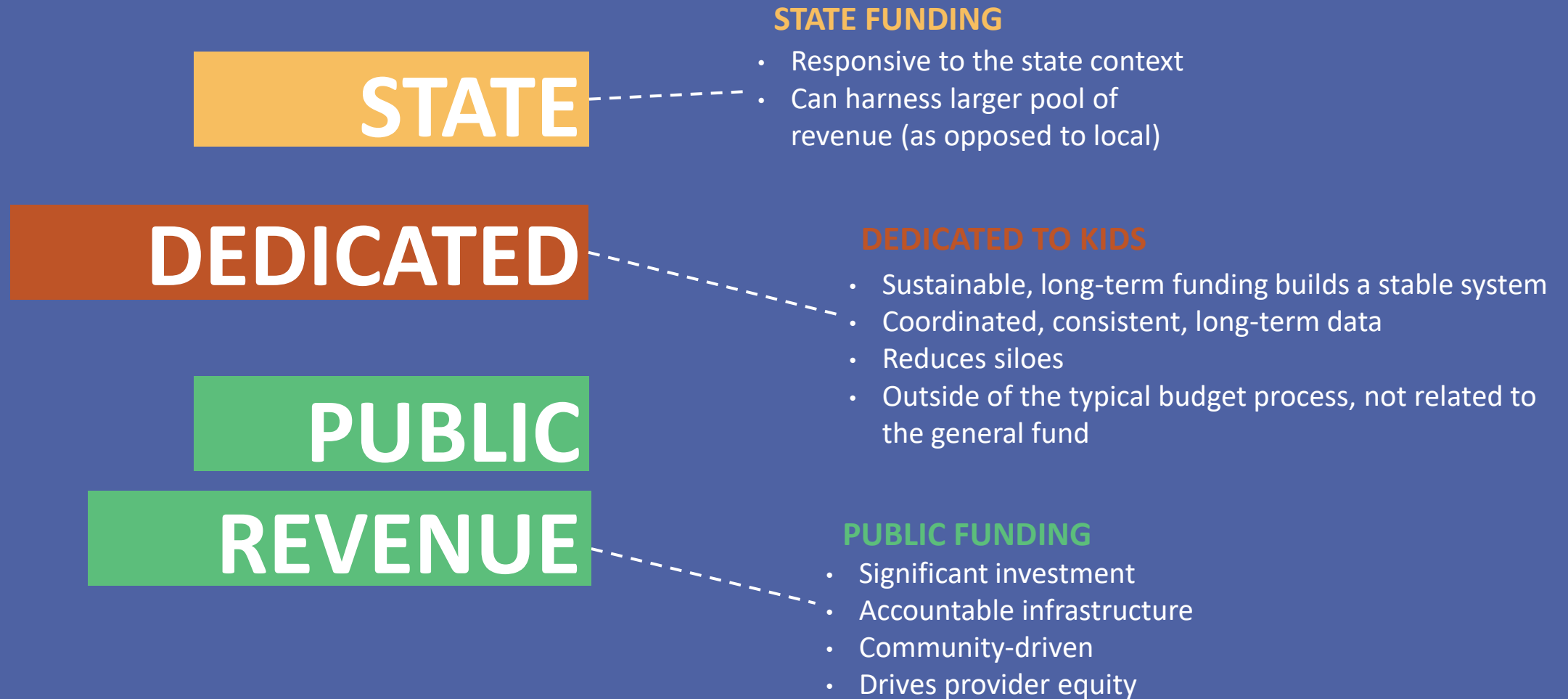
- Creating a multi-year implementation plan that builds toward your full cost model while achieving and communicating meaningful improvements each year.

Remember: Perfect cost models don't create change - strategic, implementable plans do. Use your cost model as the foundation for advocacy and policy proposals, but always connect it to wins, direct outcomes you achieve, and concrete next steps.

Discussion

What specific support would be most valuable as you move from cost modeling to implementation?

What Is State Dedicated Funding?



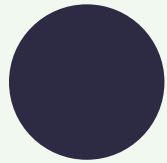
Create a Children's Fund

Make sure there's a mechanism in place to administer \$ for children's programs



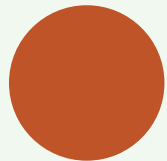
Create a vehicle

A dedicated fund ensures revenues go to funding children's programs



Find short-term funding to get started

An initial investment of one-time or surplus money can serve as a proof-of-concept



Stipulate rules for investing and distributing funds

Sound fiscal stewardship of the fund builds public will and maximizes outcomes



Photo by Allison Shelley/The Verbatim Agency for EDUimages

Dedicate Recurring Revenue

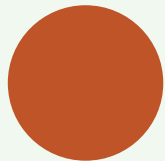
Utilize the vehicle you've created to
dedicate sustained funding for children



Rededicate existing revenue



Create a new tax



Increase existing tax



Photo by Allison Shelley/The Verbatim Agency for EDUimages

Revenue Mechanisms



General Sales Tax

A tax on the consumption of goods or services as a percent of the sales price



Public Settlement Agreements

Revenue from class action suits, e.g., Tobacco Master Settlement



Land Trust Funds

Revenue from leasing of public lands and resources



Excise Taxes

Taxes levied on specific activities or goods like **tobacco**, **marijuana**, or **gambling**



Taxes on Income & Assets

Revenue from taxes based on income such as **payroll** or **capital gains**

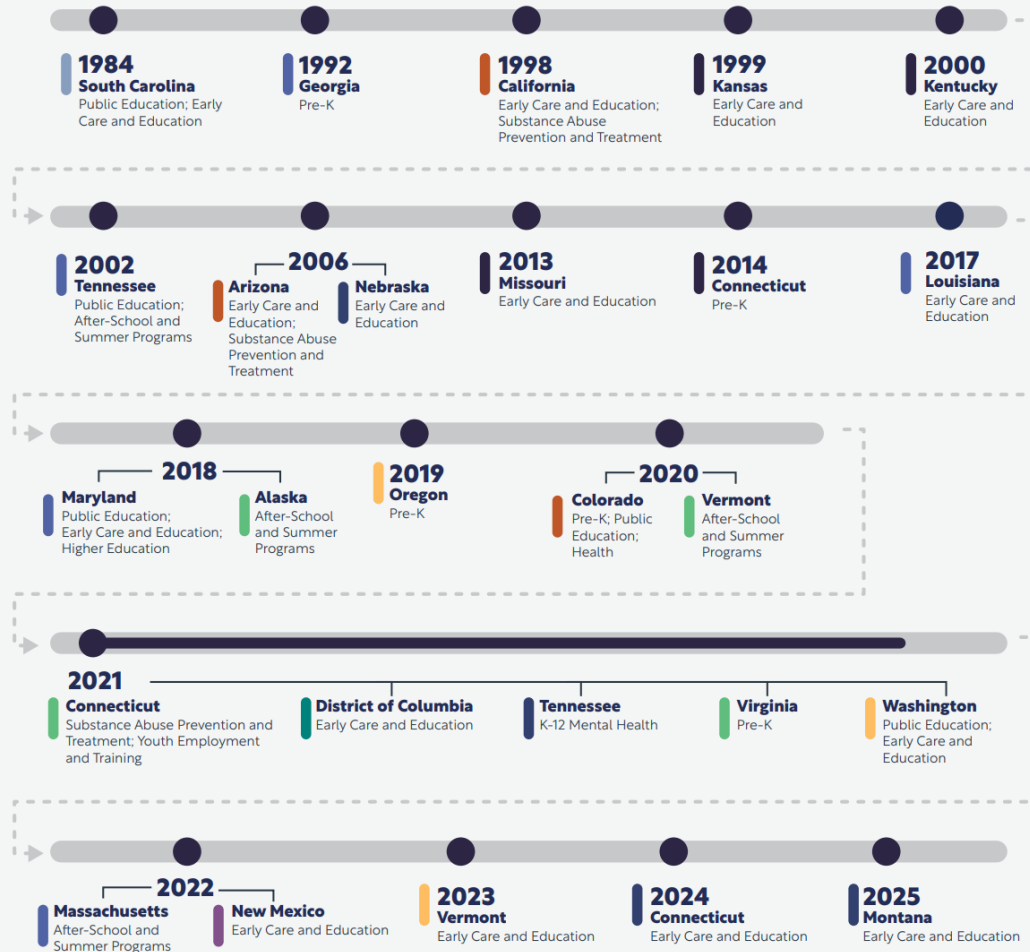


Income from Interest

Ongoing revenue from interest after a one-time transfer

- First fund established more than 40 years ago (in South Carolina)

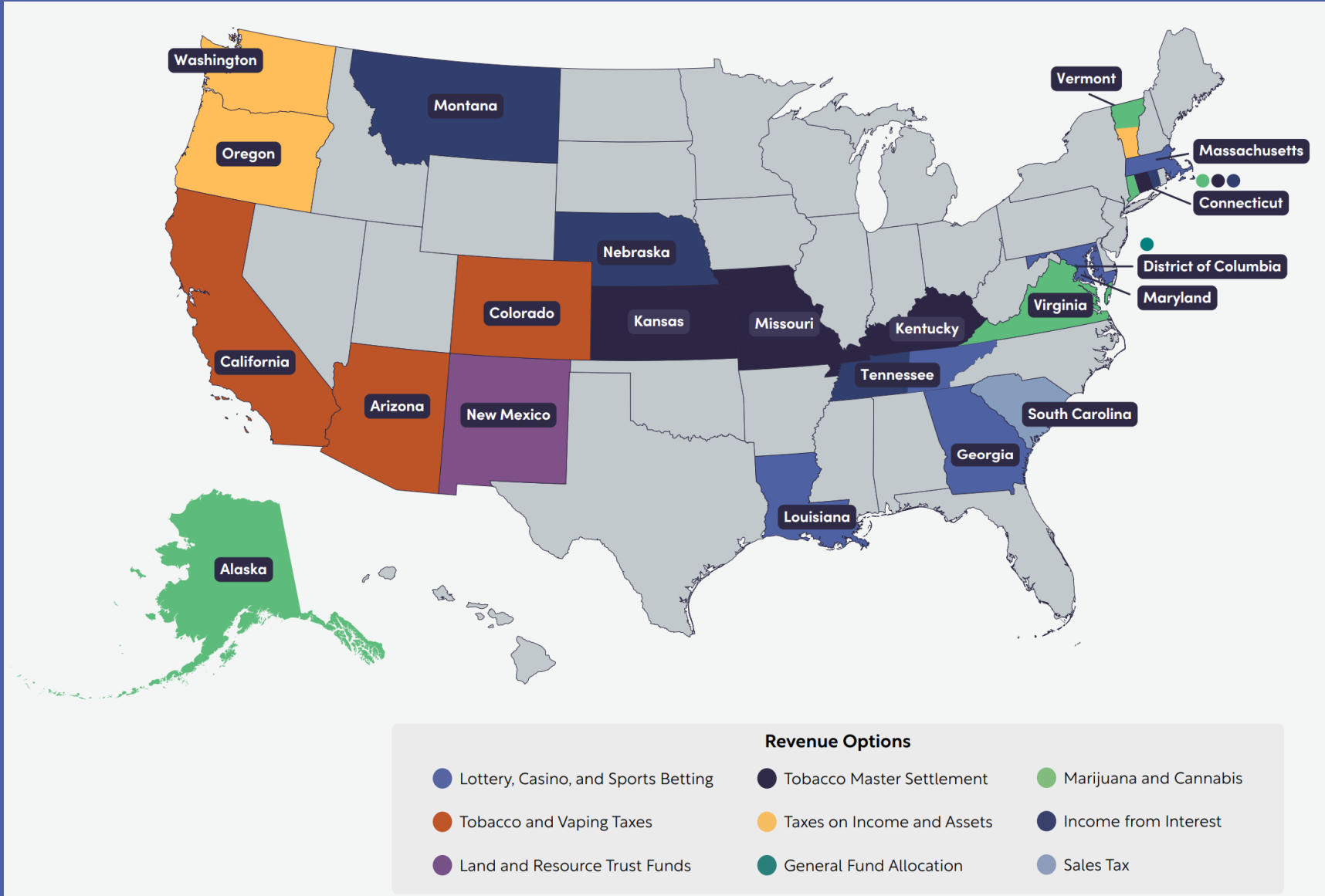
- Most have been established since 2017



Revenue Options

- Lottery, Casino, and Sports Betting
- Tobacco and Vaping Taxes
- Land and Resource Trust Funds
- Tobacco Master Settlement
- Taxes on Income and Assets
- General Fund Allocation
- Marijuana and Cannabis
- Income from Interest
- Sales Tax

State-Level Children's Funds By Source of Funding



From Questions...

1. Current Funding

How much funding supports our goals right now?

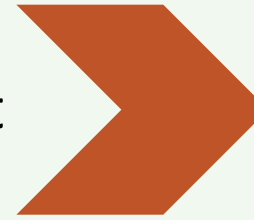
2. Needed Funding

How much will it cost to fund our goals in full?

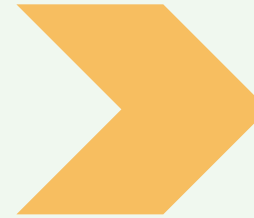
3. New Funding

How do we fill the gap between current funding and fully funding our goals?

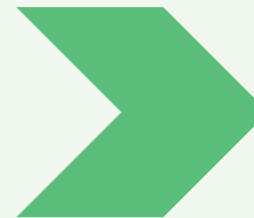
To Opportunities!



Fiscal mapping



**Cost modeling
and estimation**



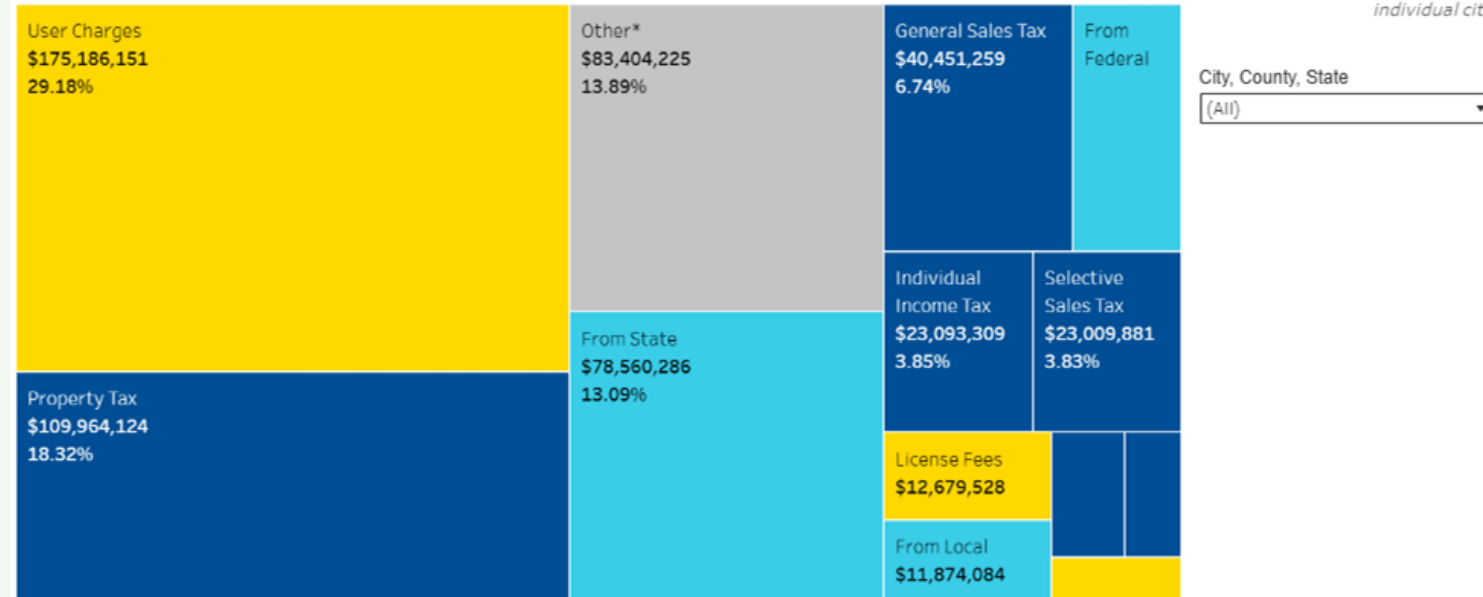
**Sourcing additional
funding**

Municipal Revenues

Major Revenue for U.S. Cities: Individual Breakdown

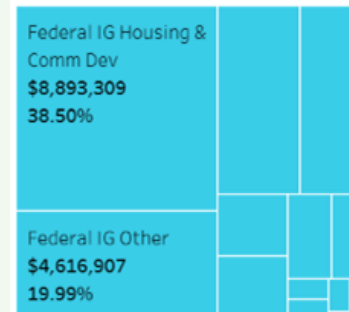
(in \$ thousands)

Use the search bar to see the major revenue breakdown for an individual city.

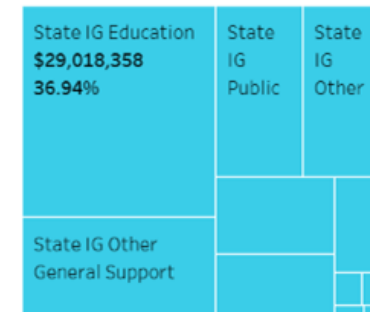


City, County, State

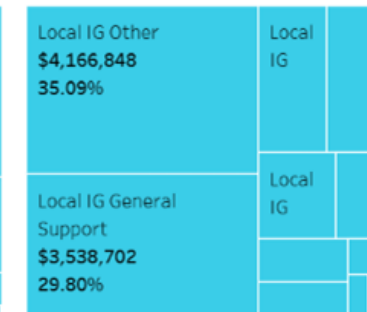
From Federal Breakdown



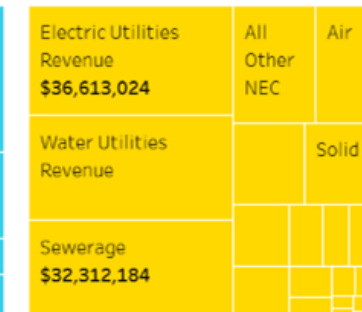
From State Breakdown



From Local Breakdown



User Charges Breakdown



Emerging Funding Strategies (EFS)

What it is:

- Highly contextual budget investments & policy changes that can be enacted at the **local level**
- **Smaller** in scale & amount compared to dedicated funding mechanisms via ballot
- EFS **helps** fill the gap in revenue needed to achieve all goals related to children and youth
- **Can be more politically palatable** for certain communities that need to build political power for children & youth – but this efficacy depends on your local context.
- Can be **stepping stones** for political momentum

What it is not:

- EFS are **not** a windfall.
- EFS is **best used in conjunction** with a VACF or some sort of tax/levy.



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?

Real Estate
Opportunities

Economic
Development
Strategies

Court
Settlement
Funds

City & County
Fees

Zoning & Land
Use Changes

Public-Private
Partnerships

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

Economic Incentive Agreements

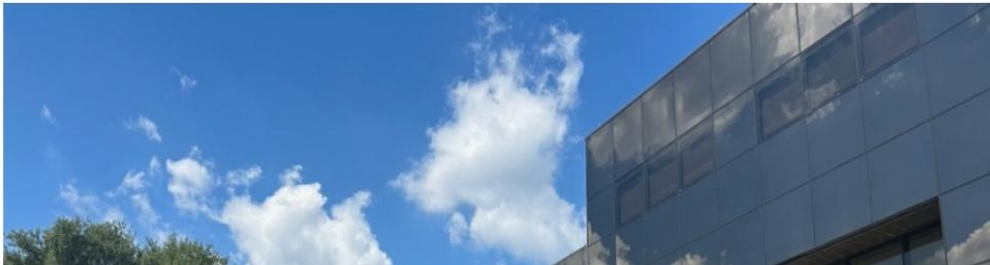
City of Austin - 2024

- The City utilized the Chapter 380 economic incentive agreement negotiation process to include child care investments from a local employer.
- The agreement included terms for the employer to support child care for its employees and donate to an assistance fund for home-based providers.

Child care in focus as Austin officials consider economic deal for \$291M NXP expansion



By Ben Thompson | 4:23 PM Sep 18, 2023 CDT
Updated 4:23 PM Sep 18, 2023 CDT



Council approves incentives for NXP Semiconductors' \$290M planned investment

FRIDAY, SEPTEMBER 22, 2023 BY CHAD SWIATECKI

The city has agreed to its first major economic incentive package in six years, with just over \$1 million for a variety of uses headed toward tech manufacturer NXP Semiconductors N.V.



Zoning & Land Use Changes

City of Austin - 2023

- City updated zoning regulations to allow more child care facilities by-right in more parts of town.
- City reduced permitting & parking requirements and eliminated the street impact fees for new and expanding child care facilities.

earlymattersgreateraustin

July 15, 2024

Dear Mayor Watson and Austin City Council Members,

On behalf of Early Matters Greater Austin - a coalition of business leaders supporting increased access to affordable, quality child care - we support Item 89 on the July 18, 2024, City Council Agenda. Item 89 directs the City Manager to initiate the process to eliminate the Street Impact Fee (SIF) for child care facilities by amending Ordinance No. 20201210-061.

It just got a lot easier to operate a child care center in Austin

KUT 90.5 | By Luz Moreno-Lozano
Published October 19, 2023 at 4:09 PM CDT



Gabriel C. Pérez / KUT

Until Thursday's vote, child care centers were allowed only in certain parts of the city, creating child care deserts.





06/05/2023 · S1, E34 · 30 MIN

Unlocking State and Local Assets, with Ben McAdams

Public Money Pod



STATES SUING BIG TECH

To date, 47 states plus Washington, DC, have filed lawsuits against the four leading social media companies. Explore the map to find action happening in your state. As we learn about new state actions, we'll add them here (and if any new actions are missing [let us know!](#))



City, NXP to help fund child care through Chapter 380 agreement

VIDEO

How Emerging Funding Strategies Can Help Tribal Nations Support Child and Youth Programs

Ideas for creative funding sources for native nations to support programs and services for children and youth.



CRACKING THE CODE

HOW BOSTON IS TRYING TO ADDRESS CHILD CARE THROUGH ZONING

May 2020 | Bailey Hu | Molly Kaviar | Ginger Leib | Peiyao Wang

Thanks!

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CHILDREN' 
FUNDING PROJECT

