



Early Childhood Finance Toolkit:

A Curated Resource to Support State Leaders in a Mixed Delivery System

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Harriet Dichter, G. Weisenfeld, & Howard Morrison



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Introduction

Creating and sustaining a coordinated early childhood system requires a focus on sustainable financing. We designed this toolkit with state early childhood leaders in mind. This collection of tools, guidance, and resources can be used by those who are being introduced to different aspects of financing as well as those with more financing experience. We have curated these resources to provide state leaders with guidance and support as they develop and/or refine a more comprehensive and aligned fiscal system in multiple early childhood settings, including child care, Early Head Start/Head Start, health, home visiting, mental health, Part B and Part C, and state-funded prekindergarten. We organized the information by the following content areas within financing; within each of these areas there is a focus on practical tools and state examples:

**A companion
Governance Toolkit is
also under development
and will be available
soon.**

- [General](#)
- [Braiding and Blending Funding \(program level\)](#)
- [Coordination of Public Funding Streams \(state level\)](#)
- [Cost Modeling](#)
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 - [State and Local Cost-Modeling Examples](#)
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- [Revenue Generation \(state and local levels\)](#)
 - [State Tax Policies](#)
 - [Other State and Local Revenue Generation Examples](#)
 - [Pay for Success](#)

The following icons indicate specific program areas throughout the document:



Child Care



Early Childhood Care and Education
*(this includes Child Care, Head Start,
Pre-Kindergarten, Part B/Part C)*



Head Start



Health



Home Visiting



Infant and Toddlers



Part B/Part C



Pre-K

General

This section includes general resources across aspects of early childhood development- early care and education and mental health—that cut across multiple aspects of financing. At the same time that there is breadth in these materials, there is also considerable depth in the topics addressed.



Alliance for Early Success. (2020, September). *Build stronger: A child care policy roadmap for transforming our nation's child care system.*

<https://earlysuccess.org/content/uploads/2020/09/AllianceforEarlySuccessRoadmap20200916.pdf>

This resource lays out a roadmap that state and federal advocates and policy leaders can use to chart a course toward a stronger child care system.



Barnes, C. B. (2017, July 13). *Testimony before the Subcommittee on Early Childhood, Elementary, and Secondary Education, Committee on Education and the Workforce, House of Representatives: Early learning and child care: Overview of federal investment and agency coordination.* U.S. Government Accountability Office.

<https://www.gao.gov/products/GAO-17-671T>

This GAO report presents an overview of the financial aspects of federal funding for early learning or child care as an explicit purpose. GAO identified programs that did not have an explicit early learning or child care purpose but permitted funds to be used for these services and three tax expenditures that subsidized individuals' private purchase of child or dependent care.



Bornfreund, L., Franchino, E., & Guernsey, L. (2020). *Transforming the financing of early care and education: A multimedia guidebook*. New America.

<https://www.newamerica.org/education-policy/reports/transforming-financing/>

This guidebook contains practical tools, informative briefs and tip sheets, graphics, data visualizations, and easy-to-understand frequently asked questions.



Cate, D., & Peters, M. L. (2018). *Preschool inclusion finance toolkit 2018*. Early Childhood Technical Assistance Center.

https://ectacenter.org/~pdfs/topics/inclusion/preschool_inclusion_finance_toolkit_2018.pdf

These resources support the financing of inclusive preschool settings to serve young children with disabilities. It provides strategies and guidance on collaborative funding mechanisms, including braided funding, to create and sustain high-quality regular early childhood settings that are inclusive of preschool children with disabilities.



Center of Excellence for Infant and Early Childhood Mental Health Consultation. (2017). *Financing guidance for IECMHC*. U.S. Department of Health and Human Services, Substance Abuse and Health Services Administration.



https://www.samhsa.gov/sites/default/files/programs_campaigns/IECMHC/financing-guidance-infant-early-child-mental-health-consult.pdf

This toolbox provides a deep look into funding streams that leaders in states, Tribes, and communities might access to support infant and early childhood mental health consultation (IECMHC) services. This resource was designed to help teams gather the information needed to “set the stage” before making a funding request, identify key strategies to support a successful request, and follow up on a request after it is presented.



Child Care State Capacity Building Center. (2018). *Early childhood systems building resource guide: Financing strategically*. Early Childhood Technical Assistance Center.

https://childcareta.acf.hhs.gov/sites/default/files/public/earlychildhoodsystem_buildingresourceguides_chapter7.pdf

Chapter 7 of the Early Childhood Systems Building Resource Guide addresses how financing an early childhood system is an essential part of systems building. This guide provides an overview of key concepts linking state financing options and systems building. The focus is on defining key state-based financing strategies, providing an overview of practical financial management practices, and reviewing financing forecasting tools.



Connors-Tadros, L., & Weisenfeld, G. (2020, February). *Ensuring adequate resources for expanding high quality preschool*. National Institute for Early Education Research.

<https://nieer.org/wp-content/uploads/2020/02/Pre-K-Expansion-Support-Guide-Series-Resources.pdf>

This brief describes a three-step approach to ensuring adequate funding that is needed to expand high-quality public preschool. First, design a program to meet a state's goals and then determine the cost of that program. Second, designate how you will obtain the resources to pay for that cost. Third, specify how you will distribute the funds to local entities. The brief provides examples from states and specific recommendations for each step.



National Academies of Sciences, Engineering, and Medicine. (2018). *Transforming the financing of early care and education*. The National Academies Press.

<https://doi.org/10.17226/24984>

This report describes current investments in early care and education. It provides principles for funding early care and education for children from birth to kindergarten entry that is accessible, affordable for families, and of high quality, including a well-qualified and adequately supported workforce. The report includes data from a national cost-modeling framework to project the full cost of high quality early care and education under different conditions. The report concludes with recommendations for national and state leaders to consider to move the work forward and to develop policies, procedures, and guidance around early childhood financing.



Research Connections. (n.d). *Browse the collection*.

<https://www.researchconnections.org/childcare/search/resources?topic=9>

Research Connections promotes the use of high-quality child care and early education research to inform policy and practice by creating a comprehensive library of child care and early education research, survey instruments, research tools, and federal resources. Topic areas related to financing and governance include the following: financing and funding, coordination and integration; tax policies, economic security, subsidies, universal provision, and child care and early education policies.



U.S. Government Accountability Office. (2017, July). *Early learning and child care: Agencies have helped address fragmentation and overlap through improved coordination* (GAO No.17-463).

<https://www.gao.gov/products/GAO-17-463>

This report examines (1) the federal investment in early learning and child care programs; (2) fragmentation, overlap, and duplication among early learning and child care programs and agencies' efforts to address these conditions; and (3) the extent to which agencies assess performance for programs with an explicit early learning or child care purpose. (author abstract)

Braiding and Blending Funding (program level)

Early care and education program leaders seek to braid and blend funds to assure the sufficiency of funds to support quality service provision. These resources provide information on how state leaders enable braiding and blending at the program level.



Alliance for Early Childhood Finance. (n.d.). *Shared services.*

<http://www.earlychildhoodfinance.org/shared-services>

This website describes the concept of *shared services* and provides program examples. Shared services refer to one part of an organization or group providing a service that had previously been found in more than one part of the organization or group.



First Children's Finance. (n.d.). *Online resources: Business resource centers.*

<http://www.firstchildrensfinance.org/online-resources/>

This website provides links to free resources for both family child care and [child care center providers](#). Topics include marketing, money management, contracts, policies, legal and insurance, leadership, quality staffing, planning, evaluation, governance, partnerships, and facilities.



Fonseca, M. (2017). *Braiding, blending, and layering funding sources to increase access to quality preschool. PDG TA State Technical Assistance Report.*

<https://files.eric.ed.gov/fulltext/ED583129.pdf>

This brief contains an overview, highlights of the benefits and challenges, resources, and definitions of blending, braiding, and layering of funds in early childhood. It includes interviews with local administrators in Vermont, Pennsylvania, and Illinois and their experiences combining funding streams to offer programming that families need.



Illinois Early Learning Council Integration and Alignment Committee Mixed Delivery System Ad Hoc Committee Report and Recommendations. (2019, June). *Ensuring Equitable Access to Funding for All Birth to Five Classroom Early Childhood Programs.* Governor's Office of Early Childhood, Illinois Early Learning Council.

<https://www2.illinois.gov/sites/OECD/Documents/Early%20Learning%20Council%20Mixed%20Delivery%20System%20Report%20and%20Recommendations.pdf>

This report provides recommendations to an earlier report of a subcommittee on blending, braiding and sustainable funding (BBSF) produced by the Illinois Early Learning Council Mixed Delivery System Ad Hoc Committee in September 2018. The purpose was to revisit the BBSF Subcommittee recommendations, elevate those that are still applicable but unimplemented, and develop new recommendations to support the vision of an early childhood Mixed Delivery System in Illinois.

Coordination of Public Funding Streams (state level)

States often have separate funding streams, whether federal or state, that support the same population or contribute to multiple services that may benefit the same population. These resources examine issues in coordination of state-level public funding streams in the areas of early care and education, Medicaid, and public health. We also include resources created from a state budget officer perspective that address how this work can be accomplished.



Administration for Children and Families. (2016). *Policy statement to support the alignment of health and early learning systems.*

<https://www2.ed.gov/about/inits/ed/earlylearning/files/health-early-learning-statement.pdf>

This policy statement is for state and local policymakers and administrators of ECE systems, agencies, and programs responsible for children's health, social-emotional development, and early learning to understand their role in improving the alignment and integration of services for young children (birth to kindergarten entry).



Association of Government Accountants. (2014). *Blended and braided funding: A guide for policymakers and practitioners.* Association of Government Accountants.

<https://www.agacqfm.org/Intergov/More-Tools/Blended-and-Braided-Funding-A-Guide-for-Policy-Ma.aspx>

This brief includes definitions of blending and braiding funds. Chapter 6 includes a decision framework when determining whether to blend or braid funds.



Burnside, A., & Schott, L. (2021, January 12). *To Lessen Hardship, States Should Invest More TANF Dollars in Basic Assistance for Families.* Center on Budget and Policy Priorities.

<https://www.cbpp.org/research/family-income-support/to-lessen-hardship-states-should-invest-more-tanf-dollars-in-basic>

This brief provides the analysis of states' use of FY2019 TANF funds that determined that states spent only about one-fifth of their combined federal and state TANF dollars on basic assistance for families and children.



Butler, S., T. Higashi, & M. Cabello. (2020, April 6). *Budgeting to promote social objectives: A primer on braiding and blending.* Brookings Institution.

<https://www.brookings.edu/research/budgeting-to-promote-social-objectives-a-primer-on-braiding-and-blending/>



This brief provides examples of collaborative budgeting of public funds that could be braided and blended to meet broader objectives, such as improved children's health or housing. Examples and techniques described include using intermediary bodies to foster agency cooperation, providing better information on budget flexibility to grantees, using waivers, and improving data sharing.



Center on Enhancing Early Learning Outcomes. (2019, May 31). *Blending funding to support early learning: A national and state perspective.*

http://ceelo.org/wp-content/uploads/2019/05/BlendingBraidingFundingStreamsMASTER_FINAL.pdf

This PowerPoint presentation shows both federal funding streams and amounts through FY19 and examples of blending funding from state leaders in Missouri and California.



Center for Medicare and Medicaid Services and the Health Resources and Services Administration. (2016). *Coverage of maternal, infant, and early childhood home visiting services.*



<https://www.medicaid.gov/federal-policy-guidance/downloads/CIB-03-02-16.pdf>

This brief identifies ways state leaders can pair federal funding streams with state and local funds to support home visiting programs for pregnant women, families, infants, and young children.



Council of Chief State School Officers. (2019, July). *Leveraging ESSA plans in preschool development grant implementation: Guidance and recommendations.*

<https://ccsso.org/sites/default/files/2019-07/CCSSO%20ESSA%20PDG%20toolkit%20FINAL%20071519.pdf>

This brief connects the PDG needs assessment and strategic planning process with the requirements of the Every Student Succeeds Act (ESSA), including a section on focused funding streams.



Early Childhood Technical Assistance Center. (n.d.) *Systems framework: Finance component.*

<https://ectacenter.org/sysframe/component-finance.asp#:~:text=The%20purpose%20of%20the%20Finance,the%20implementation%20of%20evidence-based>



This toolkit helps state leaders, including Part C and Section 619 Coordinators, to assess whether there are sufficient funds and resources in place to support and sustain all components of an inclusive, evidence-based ECE system.



Johnson, K., & Bruner, C. (2018). *A sourcebook on Medicaid's role in early childhood.* Child and Family Policy Center.

https://www.inckmarks.org/docs/pdfs_for_Medicaid_and_EPSDT_page/SourcebookMEDICAIDYOUNGCHILDRENALL.pdf

This brief describes opportunities under state Medicaid programs to finance more preventive and developmental services for young children.



Johnson-Staub, C. (2012, August). *Putting it together: A guide to financing comprehensive services in child care and early education*. CLASP.

<https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/A-Guide-to-Financing-Comprehensive-Services-in-Child-Care-and-Early-Education.pdf>

This toolkit identifies alternative federal financing strategies to bring comprehensive services into early childhood settings. It devotes special attention to blending and braiding funds at the local or program level through establishing partnerships and developing state policy.



National Academy for State Health Policy, the de Beaumont Foundation, and the Association of State and Territorial Health Officials. (2017, December). *Blending, braiding, and block-granting funds for public health and prevention: Implications for states*. National Academy for State Health Policy.

<https://www.debeaumont.org/wp-content/uploads/2019/04/Braiding-Blending-Paper-Dec-2017.pdf>

This brief reviews historic and existing block grants and identifies ways state leaders can blend and braid funds to coordinate work and resources across programs to address public health and prevention.



National Center on Early Childhood Quality Assurance. (2018). *Strategies for building and financing the supply of high-quality early learning webinar series*.

<https://www.qrisnetwork.org/lt/strategies-building-and-financing-supply-high-quality-early-learning-webinar-series/overview>

This series of webinars, hosted by the National Center on Early Childhood Quality Assurance (ECQA Center) in partnership with the Build Initiative, focuses on increasing the supply of high-quality child care in high-need communities; identifying and mapping child care deserts; financing quality services with state and local revenue generation strategies; and using grants and contracts, payment rates, and financial incentives to increase supply and improve quality.



National Center on Subsidy Innovation and Accountability. (2017). *Top ten ways CCDF can support early head start-child care partnerships*.



<https://www.acf.hhs.gov/occ/resource/top-10-ways-ccdf-can-support-early-head-start-child-care-partnerships>

This tip sheet summarizes the differences in policy, operations, and funding requirements between Early Head Start (EHS) and programs funded through the Child Care and Development Fund (CCDF). Understanding these differences may help state leaders to align policies to encourage stability and continuity of care, streamline administrative procedures, and identify opportunities to support EHS-Child Care Partnerships grantees and providers.



National Center on Subsidy Innovation and Accountability. (2019). *Collaboration between CCDF and TANF to meet the needs of low-income working families.*

https://childcareta.acf.hhs.gov/sites/default/files/public/new_tanf_brief_final.pdf

This brief highlights opportunities for Child Care and Development Fund (CCDF) lead agencies to work more closely with their state's TANF programs.



Reidt-Parker, J., & Wallen, M. (2018, September). *Layering funding for quality ECE. State Education Standard, 18(3), 26–31.*

https://nasbe.nyc3.digitaloceanspaces.com/2018/09/Reidt-Parker-Wallen_September-2018-Standard.pdf

This article highlights the need for layering funding and provides a series of questions for ECE state leaders, policymakers, and stakeholders, including school district administrators.



Schumacher, R., Wallen, M., Reidt-Parker, J., Bernhard, K., & Kohler, C. (2020, January). *Expanding high-quality child care for infants & toddlers lessons from implementation of early head start – child care partnerships in states.* The Ounce of Prevention Fund.



<https://startearly.org/resource/early-head-start-child-care-partnerships/>

This brief and supporting materials, including a communications toolkit, highlight EHS and child care partnerships implemented in states with federal Early Head Start-Child Care (EHS-CC) Partnerships grants (Alabama, District of Columbia, and Georgia) and those without grants (Louisiana, Maryland, Oklahoma, and Washington). It identifies themes for federal and state policy leaders to consider to sustain, improve and expand EHS-CC partnerships.



U.S. Department of Health and Human Services, & U.S. Department of Education. (2011). *State issues and innovations in creating integrated early learning and development systems.*

<https://ascend.aspeninstitute.org/wp-content/uploads/2017/10/State20Issues202620Innovations20Report.pdf>

This brief summarizes the 2010 *Federal Early Childhood 2010: Innovations for the Next Generation meeting* which presented strategies to improve collaboration among federal, state, and local partners to support state early learning systems for children birth through age 8.



U.S. Department of Health and Human Services, & U.S. Department of Education. (2016). *Joint statement: State advisory councils on early childhood education and care: Advancing work beyond federal financing.*

<https://www2.ed.gov/about/inits/ed/earlylearning/files/sac-joint-statement-9-21-2016.pdf>

This policy statement guides State Advisory Councils on Early Childhood Education and Care on sustaining federal and state investments and advancing the statewide coordination of quality and comprehensive ECE systems.



Wallen, M., & Hubbard, A. (2013). *Blending and braiding early childhood program funding streams toolkit: Enhancing financing for high-quality early learning programs (version 2).* The Ounce of Prevention Fund.

<http://www.buildinitiative.org/Portals/0/Uploads/Documents/resource-center/community-systems-development/3E%20%20Blended-Funding-Toolkit.pdf>

This toolkit provides state advocates and policymakers with information and strategies, tools and resources, and state examples of policy options that facilitate the blending and braiding of funding streams to improve access to children's programs.



ZERO TO THREE. (2019, January 28). *Exploring state strategies for financing infant and early childhood mental health assessment, diagnosis, and treatment.*

<https://www.zerotothree.org/resources/2574-exploring-state-strategies-for-financing-infant-and-early-childhood-mental-health-assessment-diagnosis-and-treatment>

This brief describes approaches to financing an Infant and Early Childhood Mental Health (IECMH) assessment, diagnosis, and treatment.

Cost Modeling

This section contains guidance on cost modeling and specific cost calculators that states and their partners can use to estimate intervention costs and do financial forecasting.



Austin, L. J. E., Whitebook, M., & Dichter, H. (2019). *Financing early educator teacher quality: A closer look at assumptions that drive variations in estimating the cost of services.* Center for the Study of Child Care Employment, University of California, Berkeley.

<https://files.eric.ed.gov/fulltext/ED597191.pdf>

This brief highlights key features of five different approaches to estimating the cost for ECE services with particular attention to the major cost drivers: workforce qualifications and compensation.



Caronongan, P., Kirby, G., Boller, K., Modlin, E., & Lyskawa, J. (2016). *Assessing the implementation and cost of high quality early care and education: A review of literature* (OPRE Report 2016-31). U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research and Evaluation.

<https://files.eric.ed.gov/fulltext/ED579799.pdf>

This report summarizes findings of a literature review and research syntheses in three areas — implementation science, ECE quality, and costs — to create a conceptual framework to guide the development of measures of the implementation and costs of center-based ECE for children birth to age 5.



Greer, M., Commons, C., & Reid, K. (2018, August 14). *What does it really cost real results from a state fiscal analysis including cost and time studies?* [PowerPoint slides].

<https://dasycenter.org/what-does-it-really-cost-real-results-from-a-state-fiscal-analysis-including-cost-and-time-studies-august-2018/>

This presentation on this page provides an overview of cost studies, focusing on a cost study of Indiana Part-C, and describes the fiscal [analysis](#) of other Part C programs.



National Center on Early Childhood Quality; & National Center on Subsidy Innovation and Accountability. (2018, January). *Guidance on estimating and reporting costs of child care.*

<https://childcareta.acf.hhs.gov/resource/guidance-estimating-and-reporting-costs-child-care>

This brief explains how to use cost estimates to establish ECE fees. Specifically, this guidance outlines (1) factors that influence the cost of care, (2) sources of information that can inform cost estimates, and (3) methods of calculating costs.



National Collaborative for Infants and Toddlers. (2019, September). *Prenatal to Five Fiscal Modeling: A Foundation for PN-3 Efforts.* Pritzker Children's Initiative.

[https://www.buildinitiative.org/Portals/0/Uploads/Documents/NCIT%20Meeting%20Materials%20\(Planning%20and%20Implementation\)/2019.10.24%20Uploads/2019.10.28%20Uploads/Fiscal%20Strategies%20Presentation_NCIT%20September%20Meeting.pdf?ver=2019-10-28-113610-563](https://www.buildinitiative.org/Portals/0/Uploads/Documents/NCIT%20Meeting%20Materials%20(Planning%20and%20Implementation)/2019.10.24%20Uploads/2019.10.28%20Uploads/Fiscal%20Strategies%20Presentation_NCIT%20September%20Meeting.pdf?ver=2019-10-28-113610-563)

This presentation makes a case for developing a fiscal agenda to support prenatal to age three efforts. The presentation discusses the components of a fiscal agenda, describes fiscal modeling and revenue and expense modeling, and communicating results.



Weisenfeld, G. (2019, January). *Tips for conducting a cost study*. National Institute for Early Education Research.

https://nieer.org/wp-content/uploads/2019/02/CPQR4_Conducting-a-Cost-Study_1.31.19.pdf

This tip sheet provides suggestions to conduct a quick and easy study to identify the costs needed to increase access or improve the quality of a state-funded ECE program.



Workman, S., Jessen-Howard, S. (2019, February). *Conducting a child care cost of quality study: A toolkit for states and communities*. Center for American Progress.

<https://www.thencit.org/sites/default/files/2019-03/Cost%20of%20Quality%20Toolkit.pdf>

This toolkit helps policymakers, state administrators, researchers, and advocates understand the true cost of operating a licensed, high-quality child care program. The toolkit includes three sections (1) key considerations for why you should conduct a cost of quality study, (2) step-by-step instructions for conducting a cost of quality study, using the Provider Cost of Quality Calculator, and (3) ways to communicate the results of your study.

Calculators



National Center on Subsidy Innovation and Accountability. (n.d.). *Layering Early Head Start services and funds with child care: Cost estimation tool for EHS-CC partnership services*. Head Start Early Childhood Learning & Knowledge Center.



<https://eclkc.ohs.acf.hhs.gov/local-early-childhood-partnerships/article/layering-early-head-start-services-funds-child-care>

This tool helps Early Head Start-Child Care (EHS-CC) Partnership Services grantees plan for the cost of delivering comprehensive EHS services to children enrolled in child care homes and centers.



Office of Child Care. (n.d.). *Provider cost of quality calculator (PCQC)*. Early Childhood Training and Technical Assistance System.

<https://childcareta.acf.hhs.gov/pcqc>

This tool helps state policymakers understand the costs associated with delivering high-quality child care services in child care centers and family child care homes. The PCQC is an interactive tool that allows users to enter financial data to create budgets and test how payment rates, tiered reimbursement rates, and expenses impact the budget.



Public Health Management Corporation (PHMC), Reinvestment Fund, & CoMetrics. (2019, February). *Early Childhood Education Fiscal Hub: Pilot project summary, key observations, and recommendations to improve financial stability of child care providers.*

https://williampennfoundation.org/sites/default/files/reports/ECE_Fiscal_Hub_Report_FINAL.pdf.

This online tool helps providers better understand their financial data, compare their performance to peers, and track annual changes. This tool further identifies the top and typical providers based on a set of key metrics defined as critical to child care fiscal sustainability and high-quality operations.



Rickus, G., Barnett, W. S., Nores, M., Weisenfeld, G., Friedman-Krauss, A., & Garver, K. (2020). *Cost of Preschool Quality and Revenue (CPQ&R) 6.0.* National Institute of Early Education Research.

<https://nieer.org/research/research-instruments/cpqr>

This Excel-based tool supports state leaders and advocates in determining costs and funding sources to implement high-quality preschool programs in mixed delivery settings. Costs can be projected based on different quality scenarios for up to ten years.



Workman, S., & Brady, M. (2020, September 3). *The cost of child care during the Coronavirus pandemic.* Center for American Progress.

<https://www.americanprogress.org/issues/early-childhood/news/2020/09/03/489962/cost-child-care-coronavirus-pandemic/>

This interactive, web-based calculator estimates costs of child care in child care centers, family child care homes, and statewide (for each state selected by the user) before the COVID pandemic and after.

Child Care Assistance Rate Setting



Branscome, K. (2015). *Adapting child care market price surveys to support state quality initiatives.* ICF.

<https://www.icf.com/insights/social-programs/adapting-child-care-market-price-surveys-to-support-state-quality-initiatives>

This brief explores how states can adapt their child care market price surveys and align them to improve access to high-quality ECE programs.



Davis, E., Karoly, L., Weber, B., Caronongan, P., Tout, K., Banghart, P., Shaw, S., & Partika, A. (2017). *Market rate surveys and alternative methods of data collection and analysis to inform subsidy payment rates* (OPRE Report #2017-115). U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research and Evaluation.

https://www.acf.hhs.gov/sites/default/files/documents/opre/ccepra_methods_for_informing_subsidy_rates_508_compliant_v2b.pdf

This brief synthesizes research and expert guidance on methods states and Territories can use to collect information on child care prices and costs to inform child care subsidy payment rates, including different methods to assess price and cost.

State and Local Cost-Modeling Examples



Barnett, W. S., & Kasmin, R. (2018). *Barriers to expansion of NC Pre-K: Problems and potential solutions*. National Institute for Early Education Research.

https://nieer.org/wp-content/uploads/2019/01/NIEER_North_Carolina_2019.pdf

This report analyzes North Carolina's statewide preschool data, including enrollment, financing, and costs of public school sites, private centers, and Head Start centers.



Capito, J., & Groginsky, E. (2019, June). *Fiscal mapping to support quality improvement efforts in states* [PowerPoint slides]. QRIS Learning Network.

https://drive.google.com/file/d/16R_riWY2GZnoVPMsSwna77dNekPN2Tvt/view

This presentation discusses fiscal mapping and includes a case study of the District of Columbia's cost estimation model.



Dellano, D., Brady, K., & Kaiser, J. (2017). *Quality costs how much? Estimating the cost of quality child care in New Jersey*. Advocates for Children of New Jersey.

http://acnj.org/downloads/2017_04_25_Quality%20Costs%20How%20Much_reduced.pdf

This study, conducted by Advocates for Children of New Jersey (ACNJ) in collaboration with child care providers and stakeholders, examines costs to operate a child care center or a family child care home at different levels of quality.



Office of Early Childhood Development. (2019, December 17). *Illinois cost model for early childhood education and care services.*

<https://www2.illinois.gov/sites/OECD/Documents/Illinois%20ECEC%20Cost%20Model%20report%20December%202019.pdf>

This report presents a comprehensive cost model study of Illinois' early childhood education and care for children (birth to age 5). This study was requested by the Governor's Office of Early Childhood Development, and conducted by the Northern Illinois University, as part of the state's 2019 federal Preschool Development Grant (PDG B-5) Needs Assessment.



Illinois Action for Children. (2019, March). *Technical report: Estimating the cost of a high-quality universal preschool system for Chicago.*

<https://www.researchconnections.org/childcare/resources/37296>

This fiscal analysis, conducted by Illinois Action for Children, estimates the cost of a universal prekindergarten system for 4-year-old and 3-year-old children at scale in Chicago.



Melnick, H., Meloy, B., Gardner, M., Wechsler, M., & Maier, A. (2018). *Building an early learning system that works: Next steps for California* (Policy brief). Learning Policy Institute.

<https://learningpolicyinstitute.org/product/building-early-learning-system-california-brief>

This brief provides recommendations on how to improve access to high-quality ECE for all children in California.



Office of the State Superintendent. (2018). *Modeling the cost of child care in the District of Columbia.*

https://osse.dc.gov/sites/default/files/dc/sites/osse/publication/attachments/OSSE%20Cost%20Model%20Report_2018.pdf

This report provides a cost estimation model methodology to further understand the actual costs of child care at different levels of quality for different ages of children in both home-based and center-based programs.



Washington State Department of Commerce, (2020, December) *2020 Child Care Policy Recommendations: Modeling the Cost of Quality.*

<https://www.commerce.wa.gov/wp-content/uploads/2020/12/Dec-2020-C3TF-Legislative-Report-FINAL.pdf#page=7>

The legislatively mandated Child Care Collaborative Task Force was required to develop a child care cost estimate model to determine the full costs providers would incur when providing high quality child care, including recommended teacher-child ratios based on research and best practice, including regional differences, employee salaries and benefits, enrollment levels, facility costs, costs associated with statutory and regulatory requirement including the quality rating system indicators and costs at each level. Due to COVID-19, the cost model is incomplete and the Task Force provided detailed recommendations about the next steps to finalize the cost model. The discussion of these may be helpful to states who are considering using a cost model to inform their child care assistance rates as part of a strategy to assure quality, access and compensation.

COVID-19 Funding Opportunities

This section includes information on COVID-19 state and federal funding opportunities and the analysis of COVID-19 financial impacts on ECE systems and services.



Banghart, P., & Bedrick, E. (August 2020). *Using the Access Framework to guide child care policy during the COVID-19 crisis.* Child Trends.

https://www.childtrends.org/wp-content/uploads/2020/08/AccessFrameworkCCDBG_ChildTrends_August2020.pdf

This brief explains how Child Care Development Funds; state administrators; local, state, and federal policymakers; and researchers can apply the *Access Framework* in making child care subsidy policy and funding decisions, assessing state capacity, and tracking progress toward equitable access over time during the COVID-19 pandemic.



Bedrick, E., Daily, S., Lin, V., King, C. (2020, August). *Tracking the use of increased CCDBG funding in three states.* Child Trends.

https://www.childtrends.org/wp-content/uploads/2020/08/CaseStudyCCDBGFunding_ChildTrends_August2020.pdf

This brief examines Child Care & Development Block Grant (CCDBG) implementation strategies in three states (Georgia, Michigan, and Oklahoma) and resulting outcomes for children, families, and providers during the COVID-19 pandemic.



Build Up California. (December 2020). *Building block for equitable recovery, early learning and care facilities and the COVID-19 pandemic.*

https://www.dropbox.com/s/vk8v4xstprgdu31/BuildUpCalifornia_IssueBrief_Dec2020.pdf?dl=0

This brief outlines a proposal to fund facility modifications to reduce COVID spread and better protect and serve children, families, and ECE professionals.



Children's Funding Project. (2021). *The Cradle-to-Career Guide to Federal Relief Funding For Kids During and Beyond COVID-19.*

<https://static1.squarespace.com/static/5b75d96ccc8fedfce4d3c5a8/t/6064b0c561017345fce86ab5/1617211591386/Emergency+Funding+Guide+2021.pdf>

This guide from the Children's Funding Project 2020 includes the most recent relief dollars from the Coronavirus Relief and Response Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan (ARP). The guide highlights examples of how states and communities have leveraged federal resources during this challenging year for the benefit of children and youth.



Federal Reserve System, & Community and Economic Development Childcare Work Group. (2020, August). *Briefing on childcare funding and policy considerations in response to COVID-19.* Federal Reserve Bank of Atlanta.

<https://www.frbatlanta.org/-/media/documents/community-development/publications/special/200826-childcare-funding-and-policy-considerations-in-response-to-covid-19/childcare-funding-and-policy-considerations-in-response-to-covid-19.pdf>

This brief examines the COVID pandemic's impact on child care affordability, availability, and quality and offers key funding and policy considerations.



Garver, K. A. (2020, June). *How will the COVID-19 pandemic impact pre-K? Lessons from the Great Recession.* National Institute for Early Education Research.

<http://nieer.org/wp-content/uploads/2020/06/SpecialReport-How-Will-The-COVID-19-Pandemic-Impact-Pre-K.pdf>

This report makes a comparison between the impacts of the Great Recession and the COVID-19 pandemic on pre-K funding.



Grunewald, R., Horowitz, B., & Nunn, R. (2020, September 4). *Financial assistance for child care providers: Key considerations during COVID-19: A framework for child care policy choices in light of the coronavirus pandemic*. Federal Reserve Bank of Minneapolis.

<https://www.minneapolisfed.org/article/2020/financial-assistance-for-child-care-providers-key-considerations-during-covid-19>

This brief describes historic and contemporary trends in the child care sector and a framework for policy choices during the COVID-19 pandemic.



National Center on Subsidy Innovation and Accountability. (2020, August 24). *Understanding the CARES Act: Supplemental guidance for CCDF lead agencies on spending, maximizing, and tracking funds*.

<https://childcareta.acf.hhs.gov/resource/understanding-cares-act-supplemental-guidance-ccdf-lead-agencies-spending-maximizing-and>

This brief outlines the differences between the CARES Act and existing CCDF funds, including obligation (i.e., commitment) and liquidation (i.e., payment) periods; provides tips on how lead agencies can maximize available funding for COVID-19 relief; and describes best practices to ensure fiscal accountability.



Start Early. (2020, July 21). *Build it back better: Dialogue resource kit*.

<https://startearly.org/what-we-do/policy-advocacy/build-it-back-better/>

This resource helps families and ECE practitioners and leaders participate in and host conversations about how to rebuild a more equitable and comprehensive early childhood system in the wake of the COVID-19 pandemic.



Office of Inspector General. (2020, September). *National snapshot of state agency approaches to child care during the COVID-19 pandemic* (Report No. A-07-20-06092). U.S. Department of Health and Human Services, Office of Audit Services.

<https://oig.hhs.gov/oas/reports/region7/72006092.pdf>

This audit provides a snapshot of approaches taken by states to address the ongoing COVID-19 pandemic in child care settings.

Fiscal Mapping

Stakeholders use fiscal mapping to gather information about existing and potential funding for populations or services and to consider more efficient use of funding or redirection of resources. This section contains “how to” resources and examples to assist with fiscal mapping for early childhood services.



Center for Health Care Strategies. (2019, August). *Fiscal mapping for early childhood services: How-to guide and data collection tool.*

<https://www.chcs.org/resource/fiscal-mapping-for-early-childhood-services-how-to-guide-and-data-collection-tool/>

This toolkit provides a framework and detailed steps, including a template for gathering and documenting funding details, to complete the fiscal mapping process. The companion brief includes implementation considerations based on two communities' experience conducting fiscal mapping.



Children's Funding Project. (n.d.). *Leveraging federal and state funding to help all children thrive: A Massachusetts fiscal mapping tool.*

<http://tools.childrensproject.org/fiscalMappingTool/>

This interactive tool helps communities search for and build a customized fiscal map of existing and potential federal and state funding sources. The datasets in the tool contain all the state and federal funding streams for child and youth services and supports in Massachusetts.



Flynn-Khan, M., Ferber, T., Gaines, E., & Pittman, K. (2006). *Adding it up: A guide for mapping public resources for children, youth and families.* Forum for Youth Investment and the Finance Project.

<http://www.readyby21.org/resources/adding-it-guide-mapping-public-resources-children-youth-and-families>



This toolkit helps state leaders and ECE stakeholders create a children, youth, and families resource map, which summarizes resources for children, youth, families, and/or communities and costs to support them within a state.

State and Local Fiscal Mapping Examples



Capito, J., Mitchell, A., & Workman, S. (2016, February). *San Francisco comprehensive fiscal analysis: Analysis and recommendations.*

<https://sfoece.org/wp-content/uploads/2020/02/CFA-Report.pdf>

This report summarizes 2015–16 funding sources for ECE services in San Francisco, use of these funds, and opportunities for additional funding and/or using funds more efficiently.



Capito Associates. (2019, November). *A comprehensive fiscal analysis of the Los Angeles County early care and education system.*

https://www.first5la.org/uploads/files/a-comprehensive-fiscal-analysis-of-the-los-angeles-county-early-care-and-education-system_870.pdf

This report describes Los Angeles County's ECE funding streams and regulations, levels of investment, potential future funding sources, and recommendations to coordinate and maximize existing funds.



Decker-Woodrow, L. E., Muroga, A., Bowden, A. B., & Lamey, G. (2020, March). *Benefit-cost analysis of Pre-K 4 SA: Technical report* (Research Report). Westat.

https://prek4sa.com/wp-content/uploads/2020/04/Westat_BenefitCost_Full_Tech_Report_Final.pdf

This report evaluates the costs, benefits, and returns on investment associated with San Antonio's high-quality preschool program.



Prichard Committee. (2017, November 16). *Building blocks: The Kentucky early childhood cost of quality study*.

<http://www.prichardcommittee.org/library/report-building-blocks-the-kentucky-early-childhood-cost-of-quality-study/>



The Prichard Committee led a cost study with input from a statewide advisory group and national early childhood finance experts to build cost models for preK and child care for Kentucky. This website provides links to a PowerPoint presentation, outputs from the cost modeling studies, and questionnaires for child care and preschool programs.



Voices for Utah Children. (2019, February). *Utah children's budget report 2019*.

<https://www.utahchildren.org/component/k2/item/961-utah-children-s-budget-report-2019>

This report accounts for the state investments every year in Utah's children by assigning all state programs concerning children into seven categories, without regard to their location within the structure of state government. The seven categories are Education, Health, Early Childhood Education, Child Welfare, Juvenile Justice, and Income Support.



Workman, S., Palaich, R., & Wool, S. (2016, January). *A comprehensive analysis of prekindergarten in Maryland*. APA Consulting.

<http://marylandpublicschools.org/Documents/adequacystudy/MDPreKComprehensiveAnalysis011316.pdf>

This report contains a detailed literature review on prekindergarten; an analysis of prekindergarten capacity, enrollment, quality, and funding in Maryland in 2015; a comparative analysis of prekindergarten in Maryland and 11 other states and the District of Columbia; a cost-benefit analysis of universal prekindergarten in Maryland; and recommendations for Maryland's prekindergarten program development.

Mechanisms for Distributing Funding

This section provides resources that showcase different ways states can distribute funding.



Barnett, W. S., & Kasmin, R. (2018, January). Fully funding pre-k through k-12 funding formulas. *State Education Standard*, 18(1), 22–28.

https://nasbe.nyc3.digitaloceanspaces.com/2018/01/Barnett-Kasmin_Jan-2018-Standard.pdf

This brief compares states that use the K-12 funding formula to finance preK with those that do not to assess their adequacy and equity. Findings show that states that use K-12 formulas have higher, more stable funding levels for preK and better coverage of the population.



Morrissey, T., & Workman, S. (2020, August 4). *Grants and contracts: A strategy for building the supply of subsidized infant and toddler child care*. Center for American Progress.

<https://cdn.americanprogress.org/content/uploads/2020/08/03112628/Grants-and-Contracts.pdf>



This brief examines how Georgia used grants and contracts to increase access to child care, focusing on infants and toddlers.



National Center on Subsidy Innovation and Accountability. (2016). *Using contracts and grants to build the supply of high quality child care: State strategies and practices*. Early Childhood Training and Technical Assistance System.

https://childcareta.acf.hhs.gov/sites/default/files/public/contracts_paper_2017_508_compliant.pdf

This brief provides a summary of the 2016–2018 CCDF state and territory plans and how they used, paid, and monitored contracts and grants with child care providers.



Stoney, L. (2015). *Financing high-quality center-based infant-toddler care: Options and opportunities*. Administration for Children and Families.

<https://earlyeducatorcentral.acf.hhs.gov/sites/default/files/public/resources/Financing%20High%20Quality%20Center%20Based%20Infant%20Toddler%20Care%20Options%20and%20Opportunities.pdf>



This paper explores strategies for financing ECE services for infants and toddlers that are delivered in market-based child care programs.

Revenue Generation (State and Local levels)

These resources examine state and local tax policy and other concrete examples of innovative methods for revenue generation, primarily to fund early care and education.

State Tax Policies



Blank, S., & Stoney, L. (2011). *Tax credits for early care and education: Funding strategy in a new economy*. Opportunities Exchange.

https://static1.squarespace.com/static/5d3085dbf6f93d00019a8da1/t/5d3775ea2143350001e4801b/1563915755766/2011_Stoney_Blank_OpEx_IssueBrief_Tax.pdf

This brief provides information about different strategies for using tax credits to improve child care quality in four states.



Parker, E., Diffey, L., & Atchison, B. (2018, February). *How states fund pre-k: A primer for policymakers*. Education Commission of the States.

https://www.ecs.org/wp-content/uploads/How-States-Fund-Pre-K_A-Primer-for-Policymakers.pdf

This brief discusses the revenue streams available for funding quality preK programs and includes an overview of funding types and variations.



Save the Children Action Network. (2015). *Innovative financing for early childhood education: State and local options*.

<https://savethechildrenactionnetwork.org/wp-content/uploads/2016/04/state-local-toolbox-financing-solutions.pdf>

This paper showcases financing solutions for ECE, including expanding private investment through municipal bonds, levying excise taxes, and creating parity between tax credits and deductions for higher education and early education.



The BUILD Initiative, Center for American Progress, Children's Funding Project, Institute on Taxation and Economic Policy, & University of Maryland College Park, Schools of Public Health and Public Policy. (2019). *Funding our future: Generating state and local tax revenue for quality early care and education*. The BUILD Initiative.



<https://www.buildinitiative.org/Portals/0/Uploads/Documents/Funding%20Our%20Future-REVISED%20FINAL%202019.10.31.pdf?ver=2019-11-04-124433-140>

This guidebook provides early childhood leaders with funding strategies for increasing the revenue from state and local sources that can be directed to high-quality ECE programs.



Urban Institute, & Brookings Institution. (n.d.). *The state of state (and local) tax policy.*

<https://www.taxpolicycenter.org/briefing-book/what-are-sources-revenue-state-governments>

This online briefing book offers a useful glossary and simple explanations of important state and local tax issues. It includes four sections (1) background of the federal budget, (2) key elements of the U.S. tax system, (3) possible reforms to the federal tax system, and (4) state and local tax policy.

Other State and Local Revenue Generation Examples

This section provides examples of recently approved measures at the state and local levels.



Ballotpedia. (n.d.). *Colorado proposition EE, tobacco and e-cigarette tax increase for health and education programs measure (2020).*

[https://ballotpedia.org/Colorado Proposition EE, Tobacco and E-Cigarette Tax Increase for Health and Education Programs Measure \(2020\)](https://ballotpedia.org/Colorado_Proposition_EE,_Tobacco_and_E-Cigarette_Tax_Increase_for_Health_and_Education_Programs_Measure_(2020))

This website provides a description of Colorado's tobacco tax measure that was approved by voters on November 3, 2020, to use funds to support preschool programs.



Dichter, H., Green, J., Finello, K. M., & O'Keefe, G. (2018, February). *Maximizing federal investments for young children.* Build Initiative.

<https://www.buildinitiative.org/RecentBUILDEvents/LiveAcclId/6866#68652-maximizing-federal-investments-in-young-children-webinar-series>

This webinar presents support for infant and toddler development within the context of early childhood systems. It features presenters from Alabama, California, and Maryland who share their systems' approaches. Areas of focus include community context, collaboration and partnerships, equity and empowerment, financing, sustainability, and systems change.



Louisiana Department of Education. (2020, June). *School readiness tax credits (SRTC) guidance.*

[https://www.louisianabelieves.com/docs/default-source/early-childhood/school-readiness-tax-credits-\(srtc\)-guidance.pdf?sfvrsn=5](https://www.louisianabelieves.com/docs/default-source/early-childhood/school-readiness-tax-credits-(srtc)-guidance.pdf?sfvrsn=5)

This brief provides an overview of Louisiana's five School Readiness Tax Credits legislated in 2007, implementation updates, and a summary of their impact.



Multnomah County. (2020). *Preschool for all.*

<https://multco.us/dchs/preschool-all>



This website provides an overview of Portland, Oregon's Preschool for All program, funded by a 2020 ballot measure that excises a marginal income tax on the highest earners.



New Mexico Legislature. (2020, February). *Early childhood education & care fund: HB 83 (2020)*.

<https://www.nmlegis.gov/Legislation/Legislation?chamber=H&legType=B&legNo=83&year=20>

This legislation establishes an endowment to help fund early childhood programs throughout New Mexico. The endowment will receive an initial appropriation of \$320 million in 2021 and be sustained in future years by oil- and gas-related revenue sources. It is designed to provide regular distributions to the state's new Early Childhood Education and Care Department to support expansions of public and private programs for New Mexico's prenatal to 5-year-olds.



Robinson, K. (2020, November 3). *Election 2020: Escambia votes 'yes' to new children's service trust. Pensacola News Journal.*

<https://www.pnj.com/story/news/politics/elections/2020/11/03/florida-elections-escambia-votes-yes-new-childrens-services-trust/3745508001/>

This article describes a voter-supported initiative to dedicate a new county property tax to fund programs that address school readiness, child abuse, juvenile arrests, and other issues affecting local youth and their families in Pensacola, Florida.



Vote Yes to Keep pre-K 4 SA. (n.d.).

<https://prek4sa.com/reauthorization/>

This website describes the details of the reauthorization of the San Antonio, Texas preschool program (passed November 3, 2020).

Pay for Success

Pay for Success is a unique public-private partnership that funds effective social programs through outcomes-based contracting.



Gustafsson-Wright, E., Gardiner, S., & Putcha, V. (2015, July). *The potential and limitations of impact bonds: Lessons from the first five years of experience worldwide*. Brookings Institution.

<https://www.brookings.edu/wp-content/uploads/2016/07/Impact-Bondsweb.pdf>

This report defines the concepts and processes of impact bond transactions. It includes an analysis of 38 impact bond transactions (2010–2015) in a variety of fields throughout the world.



Kreeger, R., & Massey, M. (2016). *Program funding and financing: Pay for Success early childhood education toolkit report #4*. Urban Institute.

https://www.urban.org/sites/default/files/publication/86611/payforsuccesstoolkit_program_funding_and_financing.pdf

This resource explains the core elements of Pay for Success in ECE: existing evidence for early childhood interventions, the role of data, measurement and pricing of outcomes, program funding and financing, implementation, and evaluation design.



Nonprofit Finance Fund. (2019, May). *Pay for success: The first 25*.

<https://nff.org/report/pay-success-first-25>

This report analyzes the structure, results, and payments of the first 25 Pay for Success projects in the U.S.

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PDG B-5 TA Center

A Service of the Office of Child Care
1100 Wilson Boulevard Suite 2800 (28th floor)
Arlington, VA 22209

Email: PDGB5TA@sri.com

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