

Innovative Financing to Expand Services So Children Can Thrive

POLICY BRIEF CO-AUTHORED BY THE CHILDREN'S FUNDING PROJECT AND THE
EDUCATION REDESIGN LAB AT THE HARVARD GRADUATE SCHOOL OF EDUCATION



Introduction

A movement has been unfolding across the U.S. with local leaders charting ambitious agendas to provide children in their communities the supports, opportunities and education they need to thrive. With the federal government stepping back from its leadership role and states still recovering from the Great Recession, a “New American Localism”¹ has emerged with a recognition that investing in children and youth is a social responsibility as well as an economic imperative.

In most communities there are large gaps in funding for necessary services and supports from early childhood to college or career access. Income inequality has worsened, flexibility in the budget is very limited, and the result is disparate opportunities and outcomes. A scan of the federal, state, local and philanthropic funding landscape indicates current resources are not enough to meet the needs of children, and highlights the need to generate new revenue.

This policy brief shines light on ten innovative methods to finance services for children and youth. Some of these methods have been successfully implemented by communities while others are strategies that should be considered as we look to use all the tools available to prepare America’s youth for the future.

Acknowledgements

This policy brief was written by Amelia Vaughn, Project Manager, The Children’s Funding Project, Jennifer Davis, Senior Advisor, the Education Redesign Lab at the Harvard Graduate School of Education, and Elizabeth Gaines, Founder and Director, The Children’s Funding Project. Generous support for this publication came from the Chan Zuckerberg Initiative and the Carnegie Corporation of New York. Special thanks to Caroline Kenney for designing the brief.

10 Innovative Strategies for Financing Children and Youth Services

1. Local Dedicated Funds

Localities are responding to the cut backs in state and federal funding by securing local funds for dedicated purposes. This includes increasing local taxes to create a fund dedicated to the provision of children and youth services. Tax increases can occur through voter-approved ballot measures, or through legislative action. Localities have worked to increase multiple types of taxes for the benefit of a dedicated fund, including sales tax, commercial and private property taxes, 'sin' taxes on tobacco, marijuana and alcohol, and taxes on sweetened beverages.

What are the challenges?

The idea of raising taxes continues to be contentious in many communities. In order to succeed, localities need to build a strong coalition, poll and test their campaign messaging, and develop a strong advocacy plan. Also, research needs to be performed to make sure such changes to the local tax code are legally viable in the state. Nevertheless, a movement for more localized control is growing across the country, and constituents tend to support measures that benefit children and youth.



Where has this been successful?

In recent years more than three dozen communities have established these kinds of "children's funds." In 2018 alone, new funding was dedicated to child and youth services in Jackson County, MO, San Francisco, CA, Yolo County, CA, Richmond, CA, Kent County, MI, and Alachua County, FL.¹

Generating Revenue through Taxes for Early Childhood Education

For more info on state and local revenue options, see the BUILD Initiative's paper on raising revenue for quality early care and education. And to learn how to design and win a campaign to enact those options, see Funding the Next Generation's "Creating Local Dedicated Funding Streams for Kids" guide.

2. Community Benefit Agreements (CBAs)

Many communities are experiencing a boom in housing, entertainment and infrastructure development without realizing that these large projects can benefit children and youth. CBAs are contracts between community groups (which can include coalitions, city councils or

¹The Children's Funding Project keeps an updated map and chart of local dedicated funds. See their website for more information <https://www.childrensfundingproject.org>

governing bodies) and developers that detail how the developer's new project will benefit the community. The process of negotiating a CBA is a more collaborative, constructive and effective way to meet community needs compared to the adversarial and highly structured approval hearings of a traditional governmental land use approval. Also, a CBA is a private agreement and therefore it is free from certain legal constraints that municipal land use approvals face, and the negotiations can cover a wide variety of projects that result in creative approaches to financing children's services.¹¹ Nonprofits working with localities can insert a range of provisions into CBAs such as requirements to construct youth centers, recreation areas and childcare facilities, or agreeing to source local products, services and to hire local workers for the development project.

What are the challenges?

- Developers often favor community groups whose proposals will least impact them. There have also been examples of developers "buying off" community groups to agree to weaker benefits.
- Too often, coalitions that are negotiating the CBAs are not truly representative of the community, resulting in an agreement that does not address the needs of the most disenfranchised community members.
- When a governing body is a partner within a CBA negotiation, there are federal laws that prevent the government from setting certain conditions on developers. Therefore, if you are interested in enacting a CBA with a governing body, it is important to learn what provisions can or cannot be proposed in the agreement.¹¹¹

How to negotiate a CBA

You can use the following steps that are adapted from the [Community Benefits Agreements: A Framework for Success](#), an interactive online tool published by the Partnership for Working Families, on how to negotiate a CBA.

1. Build a coalition that is representative of all stakeholders and has its own legal representation.
2. Learn the needs and issues of the developers and the community.
3. Identify a project that has some leverage (generally through a public subsidy or other public approval) or that is "mixed use" (which will help bring multiple stakeholders to the table), and that involves several community issues.
4. Research to find points of leverage including the development process, the development area, key players, legal considerations, alternative regulations and economic best practices.
5. Perform a community assessment
6. Identify community priorities to develop a platform for negotiating with developers.
7. Apply leverage using community pressure and 'muscle' generated by the coalition.
8. Form a Negotiating Team that includes legal counsel, a community spokesperson, and a protocol for asking/posing questions.
9. Enter negotiations with a clear idea of essential and core commitments, an understanding of where concessions can be made, and openness to creative solutions.
10. Sign the CBA with members of the coalition and coalition organizations, the developer, and possibly the municipality. Seek legal counsel to ensure the legality and enforceability of the agreement.
11. Show public support of the project.
12. Implement, monitor and enforce the CBA through continuous oversight of the project.



Where has this been successful?

- In 2008, the [One Hill Coalition](#), which is representative of about one hundred community groups from varying sectors in Pittsburgh, PA, brokered a CBA with the developers of the new Pittsburgh Penguins arena. The agreement created a youth center and gave the community \$8.3 million in neighborhood improvements, much of which went towards youth development programs.^{iv}
- In 2017, [The Boston Planning & Development Agency \(BPDA\)](#) brokered a CBA with the Melnea Hotel and Residences project, which resulted in \$400,000 of revenue for twelve organizations that serve the residents of Roxbury, MA. Among these organizations are a handful that support life-skills training, apprenticeships, paid internships, career exploration and job readiness training for youth.^v
- In 2001, the [Valley Jobs Coalition](#) entered into a CBA with the developer of a residential, retail, and office project in North Hollywood, a low income area of Los Angeles. The project received \$44 million in public subsidies and loans. The CBA was designed to be enforceable by the Coalition, and included commitments to on-site space for a child care center, with at least fifty spaces reserved for very-low, low, and moderate-income families. Also, it was written in the CBA for the developer to work with community partners to select a quality child care provider to lease the facility, and for the Coalition to assist the provider in fundraising and other efforts to maintain the quality and affordability of the child care center.^{vi}

3. Individual or Business Tax Credits

Tax credits are being used as incentives for individuals and businesses to support child-serving funds and services. In some localities, individuals and businesses receive tax credits as rewards for donating to designated children's funds or programs. Tax credits can also be given to families that participate in, and organizations that provide services to, help mitigate some of the associated costs of high quality programming (see the Louisiana example below). Typically, states create a formula to calculate the tax credit.

Tax credits generate new revenue if they are based off of donations to a particular fund or service. The amount generated will depend on the amount contributed throughout the year. Other tax credits that are available to families or businesses for using/providing particular services do not generate revenue, but are a great way to support families and providers.

What are the challenges?

- Commitments from local government officials and state legislatures are essential, which may not be feasible in all localities.
- There are always many competing demands for the allocation of the new funds generated by changes to the tax code.
- Legislators can add provisions such as sunset clauses, caps on donations, or pauses to the credit when the locality's GDP drops below a certain amount.
- The tax credits are only beneficial if they are widely used, and therefore individuals and businesses need to be made aware that they are eligible or can use this type of credit.

Where has this been successful?

- The [Oregon Child Care Contribution Tax Credit](#) provides a fifty-cent state tax credit for every dollar donated to the Child Care Contribution Tax Credit Program/Child Care Fund. Contributions can be made either in cash or by stock, by businesses or by individuals. The only cap on funding is the \$500,000 maximum credit by person or business annually.^{vii} The Office of Child Care/Child Care Fund in the Early Learning Division of the Oregon Dept. of Education distributes funds to community agencies for the purpose of improving the quality and affordability of child care in Oregon, with a specific focus placed on supporting professional development and bolstering provider wages.^{viii}
- Businesses subject to certain taxes in Pennsylvania (including corporate net income tax, malt beverage tax, etc.) can receive an [Educational Improvement Tax Credit](#) for donations to an Educational Improvement Organization, Scholarship Organization, or Pre-Kindergarten Scholarship Organizations (PKSO). In the case of donations to PKSO's, businesses receive a 100% tax credit on donations up to \$10,000 annually, and 90% on donations up to \$200,000 annually.^{ix}
- The [Louisiana School Readiness Tax Credits](#) are five refundable tax credits for a variety of child care-related expenses or activities. In some cases, the credits provide incentives for spending on quality early care and education and act as a match to draw down federal funding, and in others they reward quality and continued education/certification for

providers and teachers. Activities and spending that are eligible for the tax credits include: spending on quality child care attendance in programs for children under six, serving foster children or children participating in the Child Care Assistance Program (as a provider), working as an employee in a quality child care center, making donations to child care resource and referral agencies, and business spending on capital expenses, supporting employees, or childcare slots.^x

4. Pay For Success (PFS) or Social Impact Bonds (SIBs)

A Pay for Success initiative, or Social Impact Bonds, are types of public-private partnership where private dollars are used as capital for funding programs or interventions, and public dollars are used to repay the investors once, and only if, the program or intervention has improved a predetermined social outcome (i.e. reduction in chronic absenteeism or prison recidivism). PFS/SIBs are designed to support proven prevention programs that governments do not currently fund by transferring the financial risk of program creation and/or expansion to private organizations who are prepared to analyze and accept that risk. PFS/SIBs afford localities the ability to scale-up programs and interventions or test new models of service delivery with little risk and no up-front cost.^{xi} A PFS/SIB contract is made between a governing body, a private funder, and an intermediary (usually a non-profit) that will be using the dollars to implement the program or intervention. The result is a funding stream that is longer than a typical grant in duration, is broader in scope, and in some ways is more flexible than existing public sources.

In 2018, the federal bipartisan budget bill included the Social Impact Partnerships to Pay for Results Act (SIPPRa), which allocated \$100 million to support state and local PFS/SIB initiatives over a ten-year period.^{xii} The 2019 Notice of Funding Availability (NOFA) was released in January and included \$66.3 million to support outcomes payments and evaluation costs of PFS/SIB projects that directly benefit children.^{xiii} Localities can leverage this federal resource to support their policy initiatives for children and youth and to build a foundation for outcomes-based decision making.^{xiv}

What are the challenges?

To develop a sound PFS/SIB contract (one that is outcomes-based with a clearly defined target population, intervention, data collection method, and robust evaluation plan) requires a lot of time and investment from all partners. Also, attracting private investors may be a challenge given the “low risk-adjusted returns that these projects often offer.”^{xv} Since the PFS model is fairly new, there are some potential unintended consequences. One challenge is that social impact is hard to measure, requiring significant investment in data collection and evaluation, thereby reducing available funding for the programs and participants.

Where has this been successful?

- [Salt Lake County, Utah is using a SIB](#) to address the problem of limited access to quality early education for low-income families. The SIB provides high impact and targeted curriculum to preschool-aged children from low-income communities in hopes of increasing

school readiness and performance and ultimately reducing future use of special education services. The University of Utah monitors school performance outcomes, and uses data on utilization of remedial and special education programs in order to bill the United Way, and county and state governments. Payments go towards 'repaying' the initial investment made by Goldman Sachs and the J.B. & M.K. Pritzker Family Foundation.^[i] Therefore, Utah is using the PFS model to finance an improved approach to early education, with an agreement to repay some of those funds if the program meets its goal of reducing the use of remedial and special education services.

- [The Chicago Public Schools Child Parent Center also received a \\$17 million SIB](#) from the Goldman Sachs and the J.B. & M.K. Pritzker Family Foundation in order to increase kindergarten readiness, reduce the need for special education services, and increase third grade literacy in four years. The City of Chicago Office of the Mayor and Chicago Public Schools are set to repay the SIB annually for any decreases in special education costs for K-12, as well as for net improvements in Kindergarten readiness and 3rd grade outcomes.^{xvii, xviii}

5. Entering a Community Reinvestment Act (CRA) Agreement with a Financial Institution

The Community Reinvestment Act was a banking regulation passed in 1977 to combat the negative effects of redlining by encouraging commercial banks to contribute to community development

and increase accessibility to credit. Advocates are beginning to discover that these same regulations can be used to help generate funds for children and youth services. Also, the Federal Reserve, which performs and monitors CRA evaluations of financial institutions, has recently expressed an interest in advancing early childhood and youth development opportunities.

CRA agreements are made between community organizations or governing bodies and financial institutions that pledge a multi-year program of lending, investments, and/or services from the bank towards CRA activities for the community.^{xix} Two of the regulatory definitions of CRA activities are for banks to focus on community development and business development. For example, CRA funds may be used to invest in child care and pre-k services, which support community growth by encouraging families to work and help small private child care businesses to thrive. With more financial institutions realizing the economic benefits of expanding and improving early care and education and providing increased out-of-school time opportunities to support parents in the workforce, CRA agreements may be an untapped source of new revenue.

Local organizations can begin to form relationships with banking institutions by inviting executives to join their boards and involving them in special events. Also, CRA reviews are made available for public review and comment. Those interested in this type of agreement can research a

bank's past CRA scores, review what projects they have already invested in, and if the review recommended improvements to their community outreach.

What are the challenges?

- What constitutes a "CRA qualified" community development activity is very specifically defined and does not align with all children's services and support. (See text box below.)
- Investments supported by CRA commitments need to be focused on low to moderate income families and communities. Some communities will have designated CRA areas where investments must be focused.
- Sufficient time is needed to plan for and enact CRA agreements since some financial institutions allocate their CRA investments well in advance of their IRS review.

CRA Qualified Activities related to children, youth and families include:

- *Community or tribal-based child care, educational, health, social services.*
- *Community facilities like youth centers, homeless centers, soup kitchens, health care facilities, battered women's centers, drug rehab centers, day care*
- *Environmental clean-up*
- *Lead paint abatement*
- *Local, state, tribal community development activities*
- *Creating, retaining, improving jobs*
- *Affordable housing*

CRA pledges are not always a direct grant and can also include service-related pledges or other commitments like fiscal/asset mapping, job training and mentoring, serving on boards, etc.



Where has this been successful?

- PNC Bank, which is headquartered in Pennsylvania and operates in 20 states, consistently receives a high rating in its CRA review and has a special interest in early childhood services through its flagship program, [Grow Up Great](#). Now in its fifteenth year, Grow Up Great is a \$500 million bilingual early childhood education initiative to improve school readiness for children from birth to age five.^{xx, xxi} Since Grow Up Great began in 2004, PNC has distributed \$160 million in grants to organizations committed to early childhood education. Grants have been awarded to a vocabulary-building initiative in Atlanta's Vine City and English Avenue neighborhoods, Pittsburgh Public School District to help build the principles of green design into spaces for the school system's youngest students, and to premier science institutions in Chicago to enhance science education for underserved students in preschool programs operated by Chicago Public Schools and the Big Shoulders Fund, among others.^{xxii}
- Currently, rural communities in North Carolina are proposing CRA agreements with area banks to help finance various early childhood services and supports such as expanding quality care and education spaces, supporting Head Start salaries, and developing a mobile pre-k unit.

6. Payment in Lieu of Taxes (PILOT)

Part A. PILOT Recapture

PILOT (payment in lieu of taxes) is a voluntary agreement entered into between a local

government and a business to create jobs or build facilities. Instead of paying the normal property and/or sales taxes the business would owe under the law, the PILOT allows the business to pay some fixed yearly contribution over a set period of time. Once this PILOT agreement sunsets and the business begins to pay taxes, localities can plan to direct, or 'recapture' the newly received tax dollars into a dedicated children's fund.

PILOT recapture is a way to create a local dedicated fund without generating revenue from a change to the tax code. PILOT recapture essentially redirects 'existing' funds, or funds that newly emerge for use after a PILOT agreement sunsets.

What are the challenges?

These agreements are usually created by state or local officials which means that a strong lobbying effort is necessary to influence how the funds will be dedicated. Research to stay on top of when PILOT agreements will be ending is an ongoing task someone must take on.

Where has this been successful?

- In 2018, Memphis Mayor Jim Strickland and members of the [Memphis City Council](#) created a dedicated fund using PILOT recapture revenues to provide increase funding for pre-k programming. The city set a goal to dedicate \$6 million by 2022. Once the city reaches the maximum commitment of \$6 million, the remaining recaptured revenue will go into the general fund.^{xxiii}

Part B. Voluntary PILOT Payments from Non-Profits

PILOT agreements are also commonly entered between local government and non-profit organizations such as higher education institutions, medical facilities and hospitals, and cultural institutions to maintain good local (and public) relations. Non-profits are exempt from paying property taxes in all fifty states, but can hold valuable property that imposes a cost on municipalities by consuming public services, such as police protection and roads.^{xxiv} Therefore, the yearly PILOT payments help provide funding to support the communities where the institutions are located.

Similar to PILOT recapture, PILOT payments from non-profits offering the opportunity to finance children's services without generating revenue from a change to the tax code.

What are the challenges?

- Many communities do not have large, wealthy, nonprofit organizations able to pay PILOT payments. PILOT payments are most applicable for nonprofits that own significant tax-exempt property and provide modest benefits to local residents relative to their tax savings.^{xxiv}
- PILOT payments – and what will be funded through those payments – are often not transparent to the public and can cause friction between the non-profit entities and community members. In addition, municipal leaders are often not satisfied with the level of payments because they are technically "voluntary," which can result in negative publicity for the institutions.

Where has this been successful?

- PILOTs have been used in over one hundred municipalities in at least eighteen states. Large cities collecting PILOTs include Baltimore, Boston, Philadelphia, and Pittsburgh.^{xxiv}
- Boston has one of the longest standing and the most revenue productive [PILOT program](#) in the United States. In 2013, the city collected \$23.2 million (82.4% of the requested PILOT amount) from educational, medical, and cultural institutions. A portion of this revenue goes towards children's supports and services.^{xxv}

7. Community Benefit Obligations from Non-Profit Hospitals

Non-profit hospitals are mandated by federal tax code to invest in the health of their communities. The Affordable Care Act (ACA) requires charitable 501(c)(3) hospitals to provide community benefits including conducting a Community Health Needs Assessments (CHNA) every three years, creating a community benefits plan to address those needs, and reporting to the IRS whether and how they engaged voices from the community when creating their plan.^{xxvi}

What are the challenges?

Complex language in the ACA has led hospitals to be unsure about what activities and expenditures count as a "community benefit."^{xxvii} Research shows that 80% of community benefit resources have gone towards charity care, unreimbursed



Medicaid, and subsidized health services, instead of investing in social determinants of health and community health improvement.^{xxviii} States, however, are able to hold hospitals more accountable. For example, New Hampshire requires hospitals to report how hospitals' community benefits obligations and investments specifically address the social determinants of health and meet the needs of underserved populations in their communities.^{xxix} Also, states can mandate that hospitals spend a minimum amount on community benefits.

Where has this been successful?

- In 2017, North Shore Medical Center provided a \$350,000 grant to Salem, MA through its [community benefits program](#) to support the implementation of the City Connects program in all pk-8 schools. Staff hired by City Connects and the school department assess each student's needs in four areas: academics, social-emotional, health and family—and work with community agencies to leverage the

programming and services children and families need.^{xxx, xxxi}

8. Reforming Tax Exemptions

Even though it has not yet been put into practice for the purposes of generating funding for children and youth services, theoretically, states could reform some of the tax exemptions they currently provide and put the money generated into a dedicated fund. There are many kinds of tax exemptions that apply to different tax bases, but all exemptions function as a type of government spending program. The government spends money on providing the intended recipients tax cuts instead of collecting tax revenue to fund public spending.^{xxxii} While there are tax exemptions that are appropriately tailored to reduce tax burdens for those of lower means, many tax exemptions benefit high earning individuals and businesses. Therefore, tax exemption reform offers progressive opportunities for revenue generation.

There are many types of exemptions that could be reformed to generate revenue. Advocates, such as the state-level partners of the Center for Budget and Policy Priorities, advise local advocates on particular tax exemptions offered in their states and localities.² Some of the more progressive and higher revenue generating options for tax exemption reform include:

- States with personal income taxes can limit exemptions and deductions for wealthy taxpayers or phase down deductions and

²Each state has a tax expenditure report that includes tax exemptions. The Institute on Taxation and Economic Policy (ITEP) has a glossary of state by state reports. <https://itep.org/state-by-state-tax-expenditure-reports/>

exemptions for high incomes;

- States with estate taxes can decouple from the federal estate tax parameters where very high exemption levels have eroded the amount generated from the tax. Also, exemption levels can be reduced to apply estate taxes to more inherited wealth.

Reforming tax exemptions has the potential to generate a large amount of new revenue for a locality. Exemptions make the 'actual' tax base smaller than the 'potential' tax base (by exempting certain things or amounts to be taxable). Therefore, closing or reforming the exemptions increases the 'actual' tax base which increases the amount of money a locality receives from taxes.

Also, if reforms in tax exemptions are targeted (rather than flat), this would be a progressive (rather than regressive) change in the tax code since tax expenditures usually benefit wealthier and higher earning individuals.

What are the challenges?

- Changes to the tax code are usually enacted through legislative action, but depending on the state can also be enacted through ballot measure. It is imperative to garner political and public will to advocate for the cause and help convince legislators and voters.
- Tax exemptions are usually less visible than other types of public spending programs, and therefore are harder for policymakers and the public to advocate for and evaluate.^{xxxxiii}
- Closing tax exemptions are often viewed as a means to 'raise' taxes, therefore making it

difficult to gain support.

Where has this been successful?

There are no current examples of states closing tax exemptions to generate a dedicated children and youth fund.

9. Profits Made from Publicly Held Assets

Localities can revitalize and sell or rent publicly held property and assets, such as buildings, harbors, parking lots or port of entry spaces, and use the profits generated to create a dedicated children's fund. To implement this method, city leaders often first convene a diverse group of stakeholders from the public and private sectors to create a revitalization plan for the assets. Then, the proper legislation (at the local and/or state-level if necessary) will have to go into effect for the locality to be able to make a profit off of the assets and to create a dedicated children's fund.

What are the challenges?

Profiting from public assets is a creative solution, but it can also create an administrative burden and will require a lot of time to properly enact. It can be difficult to find public assets that are even available for revitalization, and even more difficult to craft a plan that can generate sustainable revenue a locality (instead of a one-time profit from selling). Stakeholders involved in planning also need to be mindful of the negative effects that revitalization can have on communities due to gentrification.



Where has this been successful?

- The city of [Copenhagen, Denmark](#), has built valuable physical infrastructure along its once industrial waterfront that made the land more viable for development, and therefore easy to sell to private parties.^{xxxiv} Now, the waterfront is vibrant and multipurpose, and the profits from development have been sufficient enough to finance a new metro transit system.^{xxxv} This is a novel concept in America, but offers a good alternative to raising taxes for public projects.

10. In-Kind Facilities Usage

Governments can support child-serving providers through in-kind use of existing public facilities. For example, school districts across the U.S. have opened their doors to after-school and summer programming for children and youth. Providing space free of charge or at a discounted rate can enable non-profit programs to serve more children by saving on the high costs of overhead.

What are the challenges?

Negotiating these shared space agreements can be complex involving such issues as custodian coverage, building security and liability issues.

Where has this been successful?

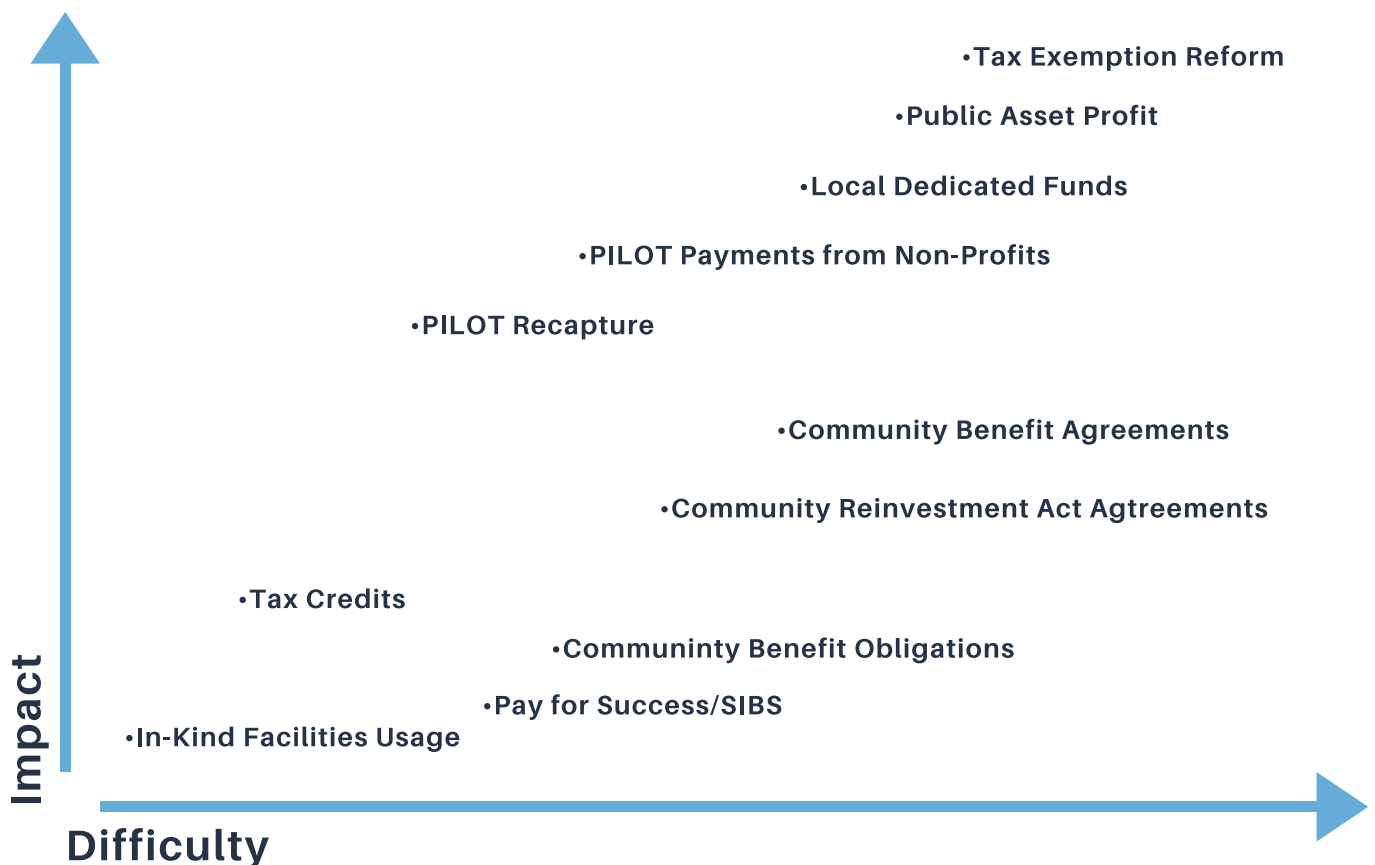
- Metro Nashville Public Schools matched \$400,000 of city funding with in-kind facilities usage, transportation and staff support to help the Nashville Afterschool Zone Alliance (NAZA) open a new 'zone' in 2010.^{xxxvi}

- The city of Redlands, CA has an on-going partnership with non-profit Music Changing Lives (MCL) to offer [high-quality music and arts enrichment programs](#) at city facilities to underprivileged and at-risk youth between the ages of eight and eighteen years old. During the recession, however, the city was

struggling with large program cuts. In order to maintain their support of the program, the city now offers critical in-kind support through staffing, maintenance and operations of the community center, and has leveraged federal grant funds to enhance the facilities that host MCL's programs.^{xxxvii}

Weigh the Options

The strategic financing methods vary in: 1. Difficulty to implement and 2. Potential to generate significant revenue to make an impact. Determine which method best suits your locality. Are you willing to put in a lot of effort to make a bigger impact? Or are you looking for an easy win?



Conclusion: "What gets budgeted, gets done."



Elizabeth Gaines, founder and director of The Children's Funding Project, frequently and notably tells partners, "It's not what gets measured that gets done, it's what gets budgeted, gets done."

As many child and youth serving agencies and advocates know, however, there are usually limited funds available, leaving a gap in quality and reach of services. The typical "go to" sources for new funding are what you would normally think of as 'public and private funds', including state dollars, federal dollars, United Way support, local and national foundations, individual donors, etc. In many instances, however, these resources have been fully tapped, come with many strings attached or are short-term. Private funds are often difficult to access and inequitably available across communities. Private philanthropy provides relatively small amounts of money when compared to total public dollars invested.

As for common sources of public funding, Federal grants come and go, and their heavy

reporting requirements and restrictions can inhibit access and implementation. Also, state funds tend to be limited to basic health and education needs. Therefore, when a locality has used and aligned existing resources to their maximum capacity, they may think about turning to more innovative methods of generating new dollars.

Strategic financing for children and youth helps generate new revenue to close current gaps in funding that are creating disparities among our youth and halting the improvement of outcomes. Through increased investments and more innovative financing mechanisms, we believe that localities can be at the forefront of improving the outcomes of our youngest generation by improving the quality and availability of services.

Investing in the services and opportunities that will help more children thrive is a national imperative. Localities have the power to help close the opportunity gaps that exist for children and youth. America's future social and economic well-being depends on it.

The Education Redesign Lab

Harvard Graduate School of Education
50 Church Street, 4th Floor
Cambridge, MA 02138
jennifer_davis@gse.harvard.edu
edredesignlab@gse.harvard.edu

The Children's Funding Project

1875 Connecticut Ave NW
Washington, DC 20009
elizabeth@childrensfundingproject.org
amelia@childrensfundingproject.org

ⁱ<https://www.brookings.edu/wp-content/uploads/2017/08/investing-in-the-next-generation-a-bottom-up-approach-to-creating-better-outcomes-for-children-and-youth.pdf>
ⁱⁱ<https://www.forworkingfamilies.org/page/community-benefits-101>
ⁱⁱⁱ<https://www.bostonfed.org/publications/communities-and-banking/2017/spring/do-community-benefits-agreements-benefit-communities.aspx>
^{iv}<https://www.chicagoreporter.com/how-neighborhoods-have-held-developers-accountable-to-their-needs/>
^v[http://www.bostonplans.org/news-calendar/news-updates/2017/10/12/city-announces-\\$400,000-in-community-benefits-for](http://www.bostonplans.org/news-calendar/news-updates/2017/10/12/city-announces-$400,000-in-community-benefits-for)
^{vi}<https://www.goodjobsfirst.org/sites/default/files/docs/pdf/cba2005final.pdf>
^{vii}<https://orearlylearningdev.brewhousepdx.com/administration/tax-credit/>
^{viii}[https://secure.sos.state.or.us/oard/displayDivisionRules.action;JSESSIONID_OARD=GeIOTXCsSLsswpB5RK-ljPdyNv2EqyN_mDZTKjLeDL4iufQBvam!143575988?
selectedDivision=1917;http://library.state.or.us/repository/2013/201306141140185/index.pdf](https://secure.sos.state.or.us/oard/displayDivisionRules.action;JSESSIONID_OARD=GeIOTXCsSLsswpB5RK-ljPdyNv2EqyN_mDZTKjLeDL4iufQBvam!143575988?selectedDivision=1917;http://library.state.or.us/repository/2013/201306141140185/index.pdf)
^{ix}<https://dced.pa.gov/programs/educational-improvement-tax-credit-program-eitc/>
^x<http://revenue.louisiana.gov/IndividualIncomeTax/SchoolReadinessTaxCredit>
^{xi}https://www.nj.gov/dcf/home/child_trust_fund_history.html
^{xii}<https://socialfinance.org/what-is-pay-for-success/sippa/>
^{xiii}https://socialfinance.org/wp-content/uploads/2019_0216-Results-Act-NOFA-Overview.pdf
^{xiv}https://socialfinance.org/wp-content/uploads/Results-Act-2-pager_vFINAL.pdf
^{xv}<https://pfs.urban.org/faq/what-are-challenges-pay-success>
^{xvi}<https://www.payforsuccess.org/project/utah-high-quality-preschool-program>
^{xvii}<https://www.brookings.edu/wp-content/uploads/2016/07/Impact-Bondsweb.pdf>
^{xviii}<https://www.payforsuccess.org/project/chicago-child-parent-center-pay-success-initiative>
^{xix}<https://community-wealth.org/sites/clone.community-wealth.org/files/downloads/report-silver-brown.pdf>
^{xx}<https://www.pnc.com/en/about-pnc/topics/pnc-pov/commentary/pnc-pov-howcroft-niederberger-pnc-cra-rating.html>
^{xxi}<https://www.pnc.com/en/about-pnc/topics/pnc-pov/commentary/pnc-pov-mccrady-investment-in-childrens-future.html>
^{xxii}<https://www.pnc.com/en/about-pnc/corporate-responsibility/grow-up-great/our-great-story.html>
^{xxiii}https://www.memphistn.gov/UserFiles/Servers/Server_11150732/File/Gov/Executive%20Division/Office%20of%20Communications/031718%20FACT%20SHEET%20--%20Pre-K.pdf
^{xxiv}<https://www.lincolnst.edu/publications/policy-focus-reports/payments-lieu-taxes>
^{xxv}<http://dls.maryland.gov/pubs/prod/InterGovMatters/LocFinTaxRte/Property-Tax-Exemptions-and-PILOT-in-Maryland.pdf>
^{xxvi}<https://nashp.org/states-work-to-hold-hospitals-accountable-for-community-benefits-spending/>
^{xxvii}<https://www.brookings.edu/wp-content/uploads/2016/07/Rosenbaum-PDF-Layout-FINAL.pdf>
^{xxviii}<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5636059/>
^{xxix}https://nashp.org/wp-content/uploads/2018/05/Hospital-community-benefits-chart-final-5_3_2018.pdf
^{xxx}https://www.salemnews.com/news/local_news/salem-looking-to-connect-with-city-connects/article_7ee3c76b-5e9e-53c8-995e-785334adc594.html
^{xxxi}<https://www.salemeducationfoundation.org/news-and-tidbits/2018/5/24/mapping-a-city-wide-approach-to-education-reform-that-aligns-resources-to-support-all-kids>
^{xxxii}<https://itep.org/wp-content/uploads/pb4exp.pdf>
^{xxxiii}<https://itep.org/wp-content/uploads/pb4exp.pdf>
^{xxxiv}<http://www.bu.edu/ioc/bruce-katz/>
^{xxxv}<https://www.brookings.edu/research/copenhagen-port-development/>
^{xxxvi}<https://www.nlc.org/sites/default/files/2016-12/city-strategies-to-engage-older-youth-in-afterschool-programs-oct-12.pdf>
^{xxxvii}<https://www.nlc.org/sites/default/files/users/user75/small-cities-report-may-2013.pdf>
^{xxxviii}<https://www.homeschoolfacts.com/teaching-kids-about-money-2/>