



Funding Brighter Futures:

How Local Governments are
Enhancing Investments in Kids [Excerpt]

A Discussion Paper from The Children's Funding Project

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The Forum for Youth Investment

The Forum for Youth Investment is a national nonprofit, nonpartisan “action tank,” combining thought leadership on youth development, youth policy, cross-system/cross-sector partnerships and developmental youth practice with on-the-ground training, technical assistance and supports. A trusted resource for policymakers, advocates, researchers and program professionals, the Forum provides youth and adult leaders with the information, connections and tools they need to create greater opportunities and outcomes for young people. The core work of the Forum is helping leaders, organizations, partnerships and systems – at the local, state and national levels – assess, improve and align their practices and policies.

The Children’s Funding Project

FIND. ALIGN. GENERATE. EVALUATE.

The needs of vulnerable families are increasing, opportunity gaps between rich and poor children are widening, and federal and state investments in services for children and youth are declining. These factors increase advocates’, policymakers’ and funders’ need for access to deeper and better information and analysis on the collective investments in the children and youth field. Currently, decision makers spend too much time trying to find and make sense of what funding is available and how it can be used.

The Children’s Funding Project seeks to consolidate and strengthen the guidance, examples, tools and strategic support available to state and local decision makers to analyze funding sources, identify opportunities for better alignment, generate new funding when needed, and measure investments based on evidence of what is working. For more information, contact Elizabeth Gaines, senior fellow, Forum for Youth Investment, elizabeth@forumfyi.org.

Acknowledgments

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The Children's Funding Project

In his latest book, *Our Kids: The American Dream in Crisis*, Harvard professor Robert Putnam describes the starkly different experiences of kids living in the same community, masterfully outlining the challenges facing lower-income children and families.ⁱ One might hope that new books like this are not needed. Polling data, after all, indicates that most Americans believe that every child deserves a fair start.ⁱⁱ Conditions on the ground, however, don't live up to our aspirations.

The trend toward greater disparity in children's opportunities and outcomes signals that the needs of vulnerable families are growing. Opportunity gaps between rich and poor children are widening.ⁱⁱⁱ Federal and state investment in services for children and youth are flattening or declining.^{iv} Cities and counties around the country are bearing the brunt of these trends. Increasingly they are taking matters into their own hands: financing children's programs and services locally by finding ways to more effectively capture existing resources or to generate new revenues.

These national trends and local efforts have not gone unnoticed. Over the past decade, several national policy organizations have taken note of shifts in financing for children's programs and services, analyzing both the current state of funding and strategies emerging to address the most persistent gaps between funding and need.

- The Urban Institute produces an annual Kids' Share report which summarizes federal spending and tax expenditures on children. According to the report, spending on children has remained fairly flat over the past four years. The report also predicts that broader budgetary forces will restrict spending on children over the next 10 years, projecting a decline in outlays on children from 10 to 8 percent of the federal budget.^v
- First Focus has reported for a decade on the federal share of spending dedicated to children. The federal government makes more than 200 distinct investments in children. According to the 2016 report, total spending on children's programs has decreased by 5 percent in the last two years, and more than 7 percent since 2010. Moreover, inflation-adjusted discretionary spending on children dropped more than 11 percent between 2010 and 2015.^{vi}
- The Center on Budget and Policy Priorities (CBPP) has produced a series of reports that zoom in on state-level investments in schools, health care, child care, and other services aimed at children and their families. Funding in critical child-related services, including education, is down in many states. Various CBPP reports highlight both strategies that states have adopted to strengthen policies affecting low- and moderate-income families and efforts to make state tax systems fairer and more effective in raising needed resources.^{vii}
- The Brookings Institution, over a series of commentaries and reports, has introduced the idea that a "new American localism" has a particular relevance and importance when it comes to financing

children's services.^{viii} Within this new localism, there are promising trends suggesting that kids' issues are winnable – as demonstrated by more than 30 localities that have already established a children's fund by referendum, [including 11 out of 14 ballot initiatives that were approved in the November 2016 elections](#) in places as diverse as Baltimore, Maryland; Muskingum County, Ohio; and Boulder, Colorado.

The wave of efforts to shed light on the need for more funding for children that these organizations and others have documented is encouraging. However more support and capacity-building is needed at the local level to enhance and protect children's funding to withstand what may be major cuts at the federal and state levels as a new administration takes control.

Local children's funding efforts in the U.S. have, up to this point, been launched in an ad hoc and isolated manner, with the exception of a few states that have coordinated efforts like Missouri, Florida and California. There is also a need to connect disparate efforts even within a community– a fiscal scan conducted by early childhood advocates, a soda tax to fund afterschool programs, a joint RFP agreement between several municipal departments – into an intentional financing plan that comprehensively addresses priorities for children and youth. Those just starting down this path are looking for efficient ways to get savvy about stabilizing and expanding children's funding.

The range of activities related to successful local children's funding efforts center around four key tasks:

- ✓ **Find:** Cities and localities must develop the capacity to rigorously identify, track, analyze, and forecast funding sources and funding needs for services that support children and youth.
- ✓ **Align:** To address gaps and overlaps in the existing funding landscape, local government must be prepared to make adjustments in how funding is allocated, managed, and accounted for within agencies.
- ✓ **Generate:** Localities must assess need, explore feasibility, facilitate community engagement, launch a campaign, and plan the administration of new locally-generated funds to address gaps in meeting the needs of all children and youth.
- ✓ **Evaluate:** As communities do the hard work to find, align and generate new dedicated funding streams for children and youth services, they must also consider methods to measure the impact of their investments.

These tasks can be thought of as **levers** that localities can pull as opportunities arise. All need not, and perhaps should not, be pulled at once. And they need not be pulled fully. The cities and counties interviewed for this report used these levers at different points in time and with varying levels of effort – there was no set order or timeframe, and few localities have fully tackled them all. Equally important, depending on factors including local capacity, priorities and context, some localities decided to focus broadly on improving overall well-being of all children and youth, while others zoomed in more narrowly on a population, age group, or issue as the target of their children's financing efforts.

Children's funding strategies, as a result, look different in every city and county. Even when individual leaders are in agreement on the need, pulling each of these levers is infinitely more difficult, if not

impossible, without **a shared commitment to a common set of outcomes** and **a stable coordinating structure** to support the shared decision-making needed to make progress. These two elements create a supportive infrastructure for conducting the kind of comprehensive financing approach described in this discussion paper.

For over a decade, the Forum for Youth Investment has supported state and local efforts to build this supportive infrastructure through the Children's Cabinet Network^{ix}. Children's cabinets typically bring together the heads of the major public agencies serving children and youth to set common goals and coordinate their work. Over this period, we have seen a growth in the number of localities seeking to create children's councils or cabinets and develop formal child and youth master plans. While these state and local children's cabinets initially focused on planning and capacity-building, their efforts quickly led to an interest in identifying potential sources of funding.

Lately the most frequent requests we receive are for "fiscal mapping" services to identify and analyze available funding streams for children across public and sometimes private funding sources. Such interest is a promising sign that more localities and states are seeking to bolster their commitments with a comprehensive financing strategy. Coordinating councils quickly realize, however, that creating a map of existing funding is a far cry from actually re-aligning funding in ways that do not produce new gaps or generating funding in ways that allow successful programs to go to scale.

We now recommend that any city or county coordinating body exploring how to better finance children's services pause to answer the following questions:

- Do we have the authority to not only identify but modify how funds are used?
- What are our current investments in children and youth? What is the forecast for funding sources in the future?
- Are we in agreement about how we prioritize outcomes in a way that doesn't lead to inadvertent gaps in other areas?
- How well are we aligning all funding for children's services within and across programs and departments? How well are we addressing gaps and duplicative funding within the existing landscape?
- What are our best avenues for generating new revenues? What strategies have been used in other issue areas? How do we generate all we can to cover our highest priorities for children and youth?
- What process will we use to evaluate the impact of our investments?

The Children's Funding Project is the Forum's commitment to update, consolidate and strengthen the guidance, examples, tools and strategic supports we provide to state and local decision makers to not only coordinate and set goals but find, align, and generate the resources needed to achieve them, and assess and monitor the value of these investments based on evidence of what has worked nationally and what is working in their communities. This report is the first installment in that commitment.

Our goal is to provide more consistent and proactive research, training and networking support to the growing network of cities and counties interested in building their capacity. Four broad strategies will undergird our efforts:

- **Partner** with national, state and local leaders who have passion for and expertise in the various aspects of finding, aligning, generating, and evaluating investments and are interested in championing the need for this approach.
- **Track and analyze** current financing efforts in communities in order to generate a corpus of examples, and promote a new field of study.
- **Inform and instruct** local government leaders, advocates, and practitioners in the techniques associated with the four funding levers. That is, how to: conduct resource mapping; analyze and align the flow of resources in their community; developing local dedicated funding; and evaluate investments they make.
- **Provide site-level technical assistance**, including developing tools and written materials, to support local teams at all stages of the process.

There is a common denominator across the five communities highlighted in this discussion paper: Each has established one or more voter-approved dedicated children's funds. This is no small feat and clearly it is the most challenging of the levers to pull given the need for public approval. These communities were selected for profiling from the approximately 30 cities and counties that have passed ballot initiatives to establish children's funds.

The lessons learned by and from all of these communities provide robust examples of success in finding, aligning, generating, and evaluating resources. They also, however, affirm the need for easier and more effective ways for local leaders to learn from and share with each other; find tools; review detailed examples; design sequenced, comprehensive strategies; and craft messages that convey urgency and drive success.

We hope that this report strikes a chord with local leaders. To keep the momentum going we've included a set of checklists to help leaders ask where their communities are in implementing the steps needed to identify, secure, or expand funding for children's programs and services.

Featured Communities

Discussions with local and national leaders suggest that dozens of localities have taken up at least one major effort within one or more of the four children's funding levers – find, align, generate, and evaluate. These communities range in size, demographic composition, and political leanings.

The most difficult lever to pull, however, is the generate lever because it usually requires some type of policy change. Yet, our research identified approximately 30 cities and counties that have established a voter-approved dedicated children's fund within the last 20 years, with the vast majority having established such funds within the last five years. While the purpose, revenue-generation mechanism, scope, and size of each fund varies, these localities are showing that kids can win on the ballot, and that communities can shape their own funding landscape for supporting children and youth.

We zoom in on five communities here that have moved multiple levers the farthest towards funding children's services. These five have established children's funds, bolstered by early efforts to engage the community, develop common outcomes, and establish a coordinating body to oversee the funds. These communities have also done significant work in one or more of the other levers, representing some of our most compelling and complete examples of what it takes to find, align, generate and evaluate local children's funding.

- **San Francisco, Calif.** has one of the longest-standing dedicated children's funding sources in the country. The ethnically diverse city began its children's funding efforts as a result of advocacy to establish a children's budget and highlight the gaps in the overall funding landscape. Over twenty-five years, efforts around financing children's services have moved from outsider advocacy to established policy. Coleman Advocates led the early work to establish funding for children's programs starting in 1988, and advocated for the establishment of a permanent home for the children's fund. Management of the fund was housed within the Department of Children, Youth and Their Families, which continues to administer the fund today and oversees the city's current strategy to equitably invest in its children and youth. San Francisco voters have since approved multiple funds focused on children since the original fund was created.
- **Broward County, Fla.** sits in the first of two states that has passed state law granting counties the right to generate local children's funds via some form of tax levy. Broward is one of eight counties in the state of Florida that has taken advantage of this legislation to establish an independent taxing authority solely dedicated to improving outcomes for children and youth. This authority, the Children's Services Council, is comprised of five governor appointees and six heads of various departments related to children, youth and families. The Children's Services Council administers the fund and coordinates children's services.

- **St. Charles County, Mo.** is a conservative-leaning, suburban/ex-urban county, demonstrating the diversity of places that undertake this challenge. Taking advantage of a provision in state law to grant local communities the right to generate an increase in the sales tax specifically for children's mental health, civic leaders compelled the voters to create a dedicated fund for mental health services in order to reach greater numbers of children, youth and their families. Currently, the Community and Children's Resource Board, comprised of eight members appointed by the county executive and approved by the county council, oversees administration of the fund.
- **Denver, Colo.,** the Mile High City of 650,000 people, has an active history of establishing dedicated funding streams for children and youth. The city and the state of Colorado have been through three separate dedicated children's funding initiatives successfully supporting preschool with a sales tax, supporting education and prevention with a marijuana tax and an unsuccessful bid to support college access and affordability over the course of the last decade. The mayor's office, through its Office of Children's Affairs and Children's Cabinet, has championed such strategies, encouraging collaboration and alignment among the various departments.
- **King County, Wash.** found a champion for a dedicated children's fund in the county executive himself. Seizing on a growing awareness of widening and troubling disparities, the county executive established a task force comprised of a diverse swath of stakeholders and citizens. Over three years, King County has seen the planning, proposal, approval, launching and evaluation of a children's levy all come to fruition to address the growing needs of their diverse population. A task force developed a youth action plan and aligned it to the county's investment strategy for children and youth. Substantive community engagement was central to shaping the plan. The fund was established in 2015. A 42-member advisory board is assisting in the administration of the funds collected from the first-year revenues.

Summary information about the demographics and children's financing stories of each of the localities is offered in the chart on the opposite page. Detailed profiles of each of the localities follow. The profiles, in addition to summarizing progress made towards using each of the four levers, also include sidebars about their supportive infrastructure: the presence of an active coordinating body and a common set of desired outcomes. A local coordinating body provides oversight and an accountability structure for a financing plan. The development of common language and common outcomes provides a framework for analyzing funding commitments and assessing whether investments are effective.

The five localities highlighted provide robust examples of success in using these levers. More communities will need to increase their understanding of the four funding levers, see examples from a diversity of places that have successfully used them, increase their capacity to create a comprehensive strategy for financing children's services, and use new tools like the checklists at the end of this paper to build momentum for a new, more pro-active approach to children's funding.

Overview of Children's Funds in Five Communities^x

	San Francisco	Broward County	St. Charles County	Denver	King County
Geographic Type	Urban	Urban/Suburban	Suburban/Exurban	Urban	Urban/Suburban
Overall Population	864,816	1,896,425	385,590	682,545	2,117,125
White/African American/Latino*	53% / 7% / 15%	65% / 29% / 26%	92% / 5% / 3%	78% / 11% / 31%	74% / 8% / 9%
Overall Poverty/ Child Poverty	13% / 13%	15% / 20%	6% / 8%	18% / 28%	12% / 15%
Coordinating Structure, Outcomes Framework, Funding Summary					
Children's Fiscal Map	Y	N	N	Y	Y
Children's Cabinet/ Coordinating body	Our Children, Our Families Council	Children's Services Council	Community and Children's Resource Board	Children's Cabinet	Children and Youth Advisory Board
Fund Name	Children and Youth Fund	Children's Services Council	Children's Community Services Fund	Denver Preschool Program	Best Start for Kids
Type of Political Approval	Voter Approved	Voter Approved	Voter Approved	Voter Approved	Voter Approved
Year Established	1991	2000	2004	2004	2015
Type of Revenue	Property Tax	Property Tax	Sales Tax	Sales Tax	Property Tax
State Enabling Legislation	N	Y	Y	N	N
Annual Revenue	Approximately \$70 million annually	\$76 million to services FY2015-16	Approximately \$5.4 to \$6.3 million for 2015-2016	Approximately \$15 million in 2015	\$65 million expected in 2016
What It Funds	Comprehensive	Comprehensive	Children's Mental Health	Early Childhood	Comprehensive
Accountability Structure	City Department	Independent Governing Body	Independent Governing Body	City Department	County Department
Strategic Plan/Clear Outcomes	Outcomes Framework	Strategic Plan	Strategic Plan	Status of Denver's Children	Best Start Implementation Plan
Evaluation Process	DCYF Data, Evaluation & Reports	Annual Program Performance FY14-15	Annual and Outcome Reports	Denver Preschool Program Evaluation	See Implementation plan above on pgs. 87-92.

*Latino includes Hispanic or Latino origin of any race.