

## Funding Plan Guidance for Ready Start Networks

### Funding Plan Development

When developing your funding plan, it will be important to gather input on long-term funding strategies from a wide range of individuals, starting with your coalition and governing body. Each of these individuals likely has an interest or expertise to support developing a plan. Many of them may also have contacts in the community to connect you with potential funders.

Key components of a strong funding plan should also include:

- An analysis of the current state of finances in your RSN
- Alignment between your blueprint goals and your funding goals
- Potential funding sources and strategies for each
- Funding targets

### Funding Plan Components

#### Current State of Finances

As an RSN leader, you should be very familiar with the way your network is currently funded. Before developing a strategy to generate new funding for your RSN, you should first identify all existing funding. Lay out all current funding streams associated with early childhood and what that funding is designated for.

#### Blueprint/Funding Alignment

All aspects of your funding efforts should be tied to your blueprint. This will help you communicate to all potential funders exactly how the RSN will use funding to achieve strategic goals. In fact, it may be impactful to share your public, condensed blueprint with potential funders. Linking your funding plan with your RSN's overall strategic goals will also serve as a performance metric and method of showing a return on investment to public officials, donors, and other funders.

Try to assign realistic funding targets to your blueprint's goals and strategies. It may be difficult to assign a monetary value to some goals and strategies. However, these funding targets need not be exact. Simply do your best to come up with a good estimate that can give your team and potential funders some sense of the magnitude of each blueprint goal.

For example, imagine that ABC Community RSN's Goal #1 is to increase publicly funded early childhood education seats by 20% in 5 years. For Goal #1, discuss funding needs for each accompanying strategy. In this example, a first step in the strategy to accomplish this goal might be to establish a new classroom at Child Care XYZ and to add 17 seats. You should assign an approximate funding need for this strategy, and each other strategy identified, to achieve your overall goal. This will allow you to develop an idea of how much funding you may need to achieve each of your blueprint goals.

### Potential Funding Sources and Strategies

It is important to recognize that no single funding source will be sufficient to accomplish the RSN's goals. Instead, your RSN should be thoughtful and strategic about the coordinated use of all available funding sources, including public dollars, philanthropic dollars, grants, and other resources. Each potential funding source will entail a unique set of considerations, including the best way to approach seeking the funds and what might be required of the RSN should you successfully receive the funds. It is therefore important that your team develop specific strategies for leveraging each potential funding source.

#### 1. Dedicated Local Funding

There may be opportunities for your network to receive funding through your local government. This could include your city or parish government, or your school board. Your coalition is likely to include individuals who are either public officials themselves or have strong working relationships with local public officials. You should leverage these individuals' expertise and relationships when exploring public funding options. For example, your RSN leadership will likely want to meet with the Mayor or City Council Members to educate them about the RSN's goals and strategies, discuss the funding needs of the RSN and explore ideas for public funding support. It may be useful to have certain coalition members facilitate and lead that meeting.

## **2. Nonprofit Organizations or Foundations**

Many nonprofits or foundations distribute funding in the form of grants to accomplish specific missions. Regardless of the size of your community, your network should not only work to identify nonprofits or foundations located in your region, but also organizations outside of your region and even outside of Louisiana.

Momentum for greater investment in early childhood education and development has been building across the United States, which has resulted in some large foundations increasing their investments in early childhood initiatives. It is important to remember that no single funding source, including grant money, will be a silver bullet to achieving your funding goals. Be persistent and willing to braid and layer funds from different sources to achieve your goals.

Consider the following issues and strategies when exploring funding from nonprofits and/or foundations:

- Many regional and national foundations are already investing in improved access to high-quality education in Louisiana. You should familiarize yourself with these investments and discuss these foundations and other potential funders with your coalition.
- Before deciding to pursue a grant opportunity, consider that grant writing can sometimes be an arduous process. Your network should examine your staff and leverage your coalition to determine whether anyone has experience or expertise in grant writing as well as the time to devote to the task. If no one within your team or coalition has experience writing grants, it may be helpful for someone to attend a grant writing workshop or explore hiring a grant writer on an as-needed basis. Whether applying for a particular grant is a good investment of your time and resources will depend on the specific application requirements and the level of potential funding associated with the grant.
- Be aware that some grants require local matching dollars, which means it may be helpful to work closely with local government officials in identifying and applying for grant opportunities.

## **3. The Business Community**

Businesses and corporations often have special interests or strategic initiatives focused on philanthropy. In some cases, businesses might have a foundation through which they make charitable donations. For RSNs in smaller or less urban areas, you may worry that there are few large businesses with the resources to make significant contributions. Once again, it is important to remember that your RSN should not rely on any one funding source to support its work. Donations from businesses are only one potential funding source.

You should consider the following issues and strategies when exploring funding from the business community:

- Your coalition and governing body can be good resources for connecting with business leaders in the community. In fact, your coalition may include some of these business leaders. Once your governance structure is established, you should quickly identify individuals who have strong relationships with the business community and develop a plan for educating businesses about the RSN's work.

- RSNs should partner with their local Child Care Resource and Referral agency (CCR&R) to determine how School Readiness Tax Credits can best be used in the RSN. Businesses may be particularly interested in the tax advantages associated with a potential donation to the RSN. Louisiana currently offers a suite of corporate and personal income tax credits for donations to early childhood efforts. The Louisiana School Readiness Tax Credits are five refundable tax credits for a variety of childcare-related expenses or activities. For example, businesses may receive a tax credit for donations made to Child Care Resource and Referral Agencies, which contract with LDOE to provide information and services to parents and childcare providers. Businesses that provide funding for construction or expansion of childcare centers, purchase equipment for a center, operate their own center or support early childhood seats are also eligible for refundable tax credits. See [this link](#) for more information about Louisiana’s School Readiness Tax Credits.
- When making donations, businesses may be interested in the potential for their name to be displayed as a sponsor/funder on a website or other form of media/deliverable. You should ensure that your RSN is thoughtful about branding opportunities and ensure that all decisions fit into the RSN’s long-term branding strategy.
- You should not assume that traditional corporate donations are the only way that businesses may support the RSN’s work. In recent years, many communities have found ways to leverage commercial development booms to benefit children and youth. Community Benefit Agreements (CBAs) are contracts between community groups and developers that detail how a new development project will benefit the community. Coalitions and nonprofits working with local governments may be able to insert a range of provisions into CBAs, including requirements to invest in early childhood education or childcare facilities and services. These types of agreements hinge on having strong working relationships with your local government officials and, even then, are not always easy to negotiate. That being said, it is one of many solutions that some communities around the country have employed to increase local investment in early childhood.

#### **4. High-Net-Worth Individuals/Families**

High-net-worth individuals and families often make donations to nonprofits that work in areas of personal interest to them. You should consider the following issues and strategies when exploring funding from high-net-worth individuals or families:

- As with potential corporate donors, relationships are an important component when making asks of high-net-worth individuals/families. If someone in your coalition has a relationship with a potential donor, they should be present to make the introduction or facilitate the meeting.
- The Louisiana School Readiness Tax Credits described above are also available to individuals. You should ensure that you mention these tax benefits to any potential donor.
- While the organizations within your community will likely be the clearest option for fundraising, you should not assume that people and organizations outside of your community or even outside of Louisiana are not interested in supporting your efforts. Within the national landscape, early childhood education has become a priority for many philanthropic entities, and many large foundations are already doing work in related areas throughout Louisiana.

#### ***A Note About Fundraising Meetings***

You should identify one person who is an effective communicator, likely the network lead, to attend all fundraising meetings and get comfortable making the ask. This person should be familiar with your network’s “elevator speech” and supporting materials, which are explained later in the Messaging and Materials section. For many of you, the idea of asking others for money is uncomfortable. Think of fundraising meetings as an opportunity to sell someone on the value

of what your network is doing – how it is important and how it will impact your community. If you do an effective job of presenting your case and explaining your network’s goals, the ask should come naturally, or you may not even have to make an ask at all!

You should enter fundraising meetings with a specific fundraising target in mind. For example, you might say “Our goal is to increase early childhood education seats by 20% over the next 5 years. To do that, we need to raise \$XXXXX. Our fundraising goal for *this year* is to raise \$XXXX.”

To aim for sustainability, you might consider asking for 3-5-year annual commitments. Each potential donor is unique and not every donor will be able to make future commitments, but these types of gifts will help sustain new efforts by your RSN.

Before you leave, thank the potential donor for his or her time, give them a point of contact for your network, and leave them with some of your fundraising materials. Even if they don’t give a gift, follow up with a personal email or note and make a note to check in with them in 2-3 weeks to see if they have any follow-up questions.

#### ***A Note About Accepting Donations***

Before accepting donations, you should identify a fiscal agent to help you receive donations and manage assets designated for your use. RSNs associated with their local school system may find that the school system is the most logical fiscal agent. RSNs that are not affiliated with a local school system may look to well-established nonprofits in the community, including community foundations, with experience in receiving and managing donations and gifts. Community foundations may also serve as useful partners for your broader fundraising efforts since they often provide technical assistance with non-profit governance and fundraising.

You may encounter donors who wish to contribute things other than money to the RSN’s work. Examples may include donated labor, land, or equipment. Before accepting these donations, work with your lead agency or fiscal agent’s legal counsel to understand how these donations should be documented and recorded.

In an RSN where the public-school system is the lead agency, donations to the RSN should be tax exempt. However, you should consult with internal or external counsel to ensure that you understand the legal requirements around accepting gifts and the tax consequences to potential donors.

Additionally, you should assume that all donations are confidential unless specifically authorized by the donor to disclose information about the identity of the donor and/or the amount. Some donors may wish to remain anonymous. Other donors, such as corporations, may approve the release of this information or may wish to publicize their donation themselves. The important thing to remember is that it is up to the donor.

#### **5. Other Funding Sources**

You should not consider the list of potential funding options listed above to be exhaustive. Increasingly, as states and local communities face significant gaps in funding for necessary supports and services for early childhood, they are becoming more innovative when it comes to solutions. Public-private partnerships or new local programs that incentivize investment in early childhood programs are examples of tools that local coalitions are using to satisfy their funding needs. Don’t be scared to think outside the box.

You should use the LDOE as a resource when exploring new funding opportunities. It may also be helpful to reach out to local officials or education leaders in other communities who have been able to successfully generate new revenue for early childhood. The LDOE may be able to assist you in facilitating those discussions.

For further reading about innovative funding strategies, the LDOE recommends exploring the articles below:

- In 2019, The BUILD Initiative published a study, linked [here](#), that explored seven options for utilizing state and local tax policies to increase public investment in early childhood education. The taxes discussed include corporate and business taxes, estate and inheritance taxes, personal income taxes, property taxes, sales taxes, sin taxes, and special district government taxes. The article also provides helpful questions to ask when considering the opportunity for state and local tax revenue options.
- The Children’s Funding Project and the Education Redesign Lab at the Harvard Graduate School of Education co-authored a policy brief focused on funding for education, linked [here](#). The brief includes more details on some of the strategies discussed above and provides additional funding strategies, challenges, and examples of success that can be helpful to reference as you consider the best funding options for your community.

## Yearly Funding Targets

After you have outlined your funding targets for each strategy in your blueprint, it will be helpful to use this information to consider how much money you would like your RSN to raise each year. For example, if you estimate that a particular strategy will cost approximately \$500,000 to fully implement, you may wish to set a funding target of raising \$100,000 each year over the next five years. These funding goals are not requirements and will not be set in stone but will serve to illustrate to potential funders the impact that you hope to have in this year and in coming years. Additionally, they can be reevaluated and changed on a regular basis based on progress or challenges your RSN has faced.

## Messaging and Materials

To serve as aids in your meetings with potential funders, you should develop informational materials specific to your fundraising efforts. You should include your public, condensed blueprint as well as some additional basic data points about early childhood education needs within the community and the cost to provide early childhood education. Keep these materials concise and easily digestible, avoiding any education-specific jargon that may be confusing for someone who doesn’t work in the education field.

Your materials should also discuss the return on investment (short- and long-term) of a potential investment in your work. That is, if the potential funder invests in your RSN, what specific impact will the funder or donor’s investment have on children? On families? On the community? On economic development? This not only includes the direct impact of the investment, such as how many seats the funding might create, but also indirect impacts. Numerous studies have shown that investment in early childhood development leads to numerous long-term benefits, including higher incomes, lower unemployment, and lower crime. You will want to gather data that supports a strong return on investment for potential funders and tailor your messaging to your specific audience.

You should create a standard presentation/document as well as an “elevator speech” that you can use at all meetings regarding funding, but you should also do your homework and tailor materials to specific individuals/groups if you know that they are interested in a particular area of your work. Your elevator speech is something that you and all board members should be familiar with – it is a 30-second explanation of your network. A good elevator speech stays concise, but explains the following things:

- What your network does
- Why it is necessary
- How it is unique
- Who it serves
- Why the work is important to you
- How the person you’re speaking to can help