



How to Equitably Distribute Funding and Supports to Child Care



Overview

The early care and education system has long faced a broken operating model - programs must navigate a financial environment with high fixed costs (facility and staffing expenses) intended to keep children healthy and safe while revenue sources (tuition and subsidy rates) rarely cover the true cost of care. Many programs operate at or very close to break-even and there is little opportunity to generate enough net income to direct towards program investments such as facility maintenance or upgrades or offer significant wage increases. New funding made available through philanthropy or public funding sources can provide welcome supports to the sector, but is often not enough to meet the needs of every child care provider. In a sector with businesses operating at razor-thin margins, it is important to consider how new funding initiatives and their program objectives, eligibility criteria and priority considerations work to ensure resources are directed equitably and reach historically disinvested communities.

COVID-19 shed a light on the inequities in individuals' ability to access capital. Resources to support small businesses, emergency services and others were quick to appear, but often lacked program criteria to drive funding to the operations that were fundamental to support children and families but already cash-constrained—therefore most in jeopardy of closing their doors. Early stage implementation of the Paycheck Protection Program is an example. [Data show](#) funding distribution by larger-scale lenders favored those businesses with pre-existing banking relationships, often those located in majority-white neighborhoods. Later rounds of the program sought to correct for this, through the issuance of new loan products and technical assistance available for access funding.

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When funding opportunities become available to support such high-expense activities, yet funding allocations aren't enough to address all the needs of every provider, it is critical to understand the implications of program design and how that will ultimately impact resource distribution. Thoughtful program planning, even in times of urgency, can help to direct dollars to where they are most needed. A number of key principles should be incorporated in the program design and implementation to ensure an equitable distribution of funding. Ongoing data collection to establish goals and understand funding distribution across provider types, geographic areas and other identified priorities should inform and allow for program iteration. The matrix below offers a sample of key principles that could be established to direct program objectives that are tracked over time to measure success.

KEY PRINCIPLE	PROGRAM OBJECTIVE	STRATEGIES TO ESTABLISH OR TRACK SUCCESS
Establish High Impact Funding Priorities	Work with a stakeholder committee made up of practitioners, families, policymakers, advocates, and funder to determine program goals based upon community needs and local context to guide funding priorities.	Conduct ongoing town halls to inform a broader set of stakeholders of program objectives and solicit feedback from providers themselves on program participation – iterate program design based upon feedback.
Prioritize Equity	Prioritize funding to operations that offer critical but not prevalent services (i.e. infant toddler care, care during non-traditional hours, etc.) or operations who have been unable to obtain past resources (not participating in QRIS, etc.)	Conduct a landscape scan to identify providers with service attributes – prioritize in program outreach and set-aside funding for those programs to access.
Effective Strategy	Engage directly with providers and work with partners that can bridge the communication gap and reach priority programs.	Partner with local nonprofits and service-based organizations that understand community need and the landscape. If the community is multilingual, make sure to connect with multilingual groups and translate materials. Establish connections with your jurisdiction's CCR&R and local provider networks.
Reduce Burden	Application, documentation and attestation requirements are streamlined, minimize confusion and do not collect information unnecessary for funding deployment.	Create pools of planning dollars and fund expert technical assistance for these processes. Ensure that there is live support for providers completing applications so that paperwork does not become a barrier to success. See our resource on Navigating Funding Requirements for more tips.
Meet Beneficiary Needs and Ensure Access to Information	Offer technical assistance and resources including access to materials in multiple languages and easy connection points to program staff for questions and live help.	Create spaces for providers to let you know what technical assistance and resources would be helpful. Make sure those resources and connection points are front-and-center and easy to find on websites. Ask nonprofit/community partners to provide links and fliers as well.

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The following resources offer additional guidance and strategies to support equitable funding approaches:

[Home-Based Child Care Emergency Fund: Toolkit for Funders](#)

[Strategies to Guide the Equitable Allocation of COVID-19 Relief Funding for Early Care and Education](#)

[Increasing Access to Quality Child Care for Four Priority Populations](#)

[Navigating Federal Requirements with Government-Funded Facility Projects](#)