

Chapter 8: Funding

Vision: *Develop and secure long-term sustainable revenue for the state system.*

I. Introduction

Healthy Families America has grown rapidly over the past decade. With the availability of key funding sources in the mid-1990s, such as Temporary Assistance for Needy Families (TANF), Medicaid, and Tobacco Settlement dollars, states moved quickly to implement programs across the country. With this rapid expansion came challenges with sustainability. Time has demonstrated that funding for home visitation has not been adequate or consistent. Given the complexity of bringing quality social service programs to scale, state leaders have creatively developed complex funding arrangements in order to provide consistent services to families.

How are State Systems funded?

Each state system has employed a variety of tactics to generate sustainable revenue and virtually no state system's funding composition looks like another. Some state systems thrive on dedicated funding through a legislated appropriation while others operate on state general revenue from a line item in a state budget. The vast majority of state systems, however, rely on a patchwork of funding sources from federal, state, local and private entities.

This complex funding arrangement has led to challenges in assessing the full range of sources that support Healthy Families America and home visitation. In 1998, PCA America began to collect data on state system funding sources through an annual state systems survey. Data gathered was inconsistent and conflicted with aggregate data generated from the annual Healthy Families America Site Profile. The true scope of funding for Healthy Families America remained an elusive target. A new tool had to be developed to capture accurate funding information.

In early 2002, PCA America received a grant from the Home Visit Forum, a partnership between six major models of home visitation, to more closely examine current public policies and funding mechanisms for home visitation at the state and national levels. With this grant, PCA America developed a new tool, the funding survey, which was administered in late 2002 and assessed federal, state and local funding sources, amounts and stability for fiscal year 2003. The tool measures such areas as proposed and realized budget cuts or increases, gubernatorial support, success of alternative revenue strategies and state planning for budget cuts. **To view a copy of the Funding Survey tool**, go to <http://www.healthyfamiliesamerica.org/ssdq/> or Appendix B.

The data gathered for the Home Visit Forum reported important information on the funding make-up of Healthy Families America and home visiting programs. Based on the findings of 26 respondents representing 61% of states with Healthy Families America programs (equaling 77% of all sites), the following funding data was generated:

Federal Home Visiting Funding Sources FY'03

Funding Source	Total Amount	Percent of Total Dollars	Number of States
Title IVB of Social Security Act (Child Welfare and Safe and Stable Families)	\$36,150,256	39%	5
Federal Temporary Assistance for Needy Families (TANF)	28,741,000	31%	7
Other federal sources*	12,338,622	13%	6
Title V- Maternal and Child Health	4,806,050	5%	4
Early Head Start	3,824,000	4%	3
Child Abuse Prevention and Treatment Act (CAPTA)	2,659,656	3%	3
Part C- Early Intervention	1,596,900	2%	2
Medicaid	1,254,337	1%	2
Office of Juvenile Justice and Delinquency Prevention	275,000	<1%	2
Federal Domestic Violence	60,000	<1%	1
Americorps	40,000	<1%	1
Total**	\$91,745,821		16

*Other federal funding sources include: Community-Based Family Resource Center funding through CAPTA, Adolescent Family Life Grant, Center for Substance Abuse Prevention and Title XX SSBG.

**Some respondents knew they were receiving federal funding from different sources but were not able to report the funding amounts being received.

State Home Visiting Funding Sources FY'03

Funding Source	Total Amount	Percent of Total Dollars	Number of States
State General Revenue:	\$42,210,349	41%	8
State TANF Maintenance Of Effort (MOE)	22,465,400	22%	6
State Tobacco Settlement Funds	21,675,772	21%	5
Other	7,185,395	7%	5
State Dept of Human Services	3,140,000	3%	3
Foundation	2,725,000	3%	3
State Dept of Education	2,018,500	2%	2
State Children's Trust	1,934,000	2%	3
State Dept of Public Health	758,064	0.7%	2
State Child and Family Services:	105,000	0.1%	2
Total	\$104,217,480	100%	19

*Other state funding sources include: Mental Health and Disabilities Fund, Governor's Division of Drug Policy Parent's Commission dollars, Community Empowerment funds, tax replacement funds, and a Family Violence Prevention Fund.

The information on **local funding** centered on the use of local dollars to help programs meet requirements for matching funds. Generally, local funding was perceived by state contacts to be the least stable funding source. Only 29% of states rated local funding as

very or somewhat stable, while fifteen states perceived local support as somewhat unstable or very unstable.

While only six states reported the ability to track local funds, responses suggested that support from community foundations and United Way are the largest contributors to home visiting programs. In one state the Children's Services Council provided general local support totaling over \$6 million. In other states, a community benefits board, individual and corporate donors, as well as county funds help to sustain the programs.

For more information on the funding profile of Healthy Families America and home visiting programs from the Home Visit Forum data see:

http://www.healthyfamiliesamerica.org/downloads/hfa_funding_flyer.pdf

For other Frequently Asked Questions about Healthy Families America funding see:

http://www.healthyfamiliesamerica.org/downloads/hfa_funding_faq.pdf

Diversity of Funding for Home Visitation

On a state-by-state basis, Healthy Families America is supported by an average of 3.39 state and/or federal sources of funding. Eighty-two percent of sites utilize more than one funding source to support the program. This data suggest that a diversified base of funding is critical to the sustainability of a state system.

Funding diversification is widely seen as a standard best practice in program and organizational development. This practice ensures that an organization does not become overly dependent upon one funding source for its sustainability. As with one's personal assets, it would not be desirable to put all "eggs in one basket." The same truth applies for the revenue streams of a state system for home visitation. Given the temporal nature of public and private funding streams, there is no guarantee grants will be renewed and funding priorities frequently shift.

Furthermore, both private and public funders value diversification in the programs they are considering for grants. Broad-based support from a range of funding sources shows commitment to the mission of and investment in the program. For this reason, it is common for funding institutions to require matching dollars for grants. Match requirements institutionalize diversification and ensure other sources to support the work.

State Systems Development and Funding Sustainability

Utilizing data from both the 2002 state systems survey and the funding survey, the relationship between the level of state systems development and funding sustainability was explored. States with highly developed state systems (i.e., having at least eight of the eleven centralized components of a state system described in this guide), had a larger number of Healthy Families America programs, with an average of 20 sites per state compared to 5 per state in states with less developed state systems. Consistent with these figures, states with more developed systems reported larger budgets (\$11.7 million vs. \$2.4 million).

How did these highly developed states fare with state budget cuts? This information is available only for 23 states responding to the Funding Survey, making differences

difficult to discern. However, the percent of states maintaining their budget from 2002 to 2003 increased slightly along with the level of infrastructure development. Among states with four to seven state system components, 50% maintained budgets, compared to 60% of states with eight or nine components, and 63% of states with ten or eleven components. This pattern suggests that having a well-developed state system may contribute to sustainability.

In summary, the research done by PCA America builds the case for establishing statewide networks to ensure the long-term sustainability of the program. Without these systems, the funding picture for Healthy Families America might look quite different- with greater cuts to program budgets in more states and the quality of the programs significantly jeopardized.

II. Guidelines for Developing a Sustainable Funding Plan

The state system is responsible for developing a funding plan that includes:

1. Addressing advocacy within a strategic plan
2. Developing a system to distribute funds to sites and/or provide technical assistance to sites around funding sustainability
3. Identifying key city, county, state and federal funding sources and legislation impacting use of those funds
4. Strengthening relationships with key state departments that administer funding
5. Participating in statewide task forces and coalitions focused on securing funding for home visitation statewide

III. Examples from the States

See case studies from the HFA Medicaid Guide at <http://www.healthyfamiliesamerica.org/ssdq/> or Appendix B.

IV. Funding Resources:

PCA America/Healthy Families America Funding Resources

The **Healthy Families America Peer Mentoring Network** is an interactive technical assistance tool that facilitates the use of relevant funding and advocacy information between home visiting programs. Users of this tool can:

- Find those in the Healthy Families America network who can provide advice, lessons learned and point them in the right direction when implementing new or improved strategies
- Find follow-up resources that will assist them in researching options, planning next steps, and making contacts with regional and state experts
- Find guiding questions as they explore funding streams and advocacy strategies

To view the Peer Mentoring Network, click here:

http://www.healthyfamiliesamerica.org/network_resources/index.shtml

To view one-pagers on how Healthy Families America programs are funded and to find the answers to frequently asked questions on Healthy Families America funding, click here: http://www.healthyfamiliesamerica.org/network_resources/funding.shtml

Healthy Families America Federal Funding Guide (pdf file)

For technical assistance on funding and sustainability issues, contact the State Systems division of PCA America:

http://www.healthyfamiliesamerica.org/network_resources/state_systems.shtml

Other Resources on Funding and Funding Diversification

Fundraising and Financial Sustainability

<http://www.nonprofitbasics.com>

Best Practice Information on Fundraising

<http://www.wcnwebsite.org/practices/fundraising.htm>

The Key to Sustainability: A Diversified Funding Base- A Useful Tip Sheet from the Annie E. Casey Foundation

www.healthstrategies.org/pubs/factsheets/KeytoSustainability.pdf

Financing Early Care and Education: A Primer for County Leaders. The National Association of Counties recently released this new addition to their Early Childhood Development Tool Kit for County Leaders. Based on recent research into best practices, this tool includes details on major funding sources. The primer also specifies types of early care and education programs, roles county leaders can play, and first steps they can take to get involved with early care and education finance. For more information contact HyeSook Chung, at 202-661-8841 or hchung@naco.org.