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# GAP FUNDING PROGRAM TOOLKIT

The Family Conservancy

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# 1. PURPOSE

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The Family Conservancy (TFC) is committed to increasing access to full-day, full-year, quality child care across the Kansas City region. In partnership with both center-based and family child care programs, TFC addresses accessibility and quality through capacity building, systems support, and professional development for providers.

TFC supports parents of young children in accessing resources to help fund rising child care tuition costs. Resource Navigators meet with parents to assist with receiving state child care assistance and award other gap funding scholarships to allow parents to afford child care. This award enables parents to enter in or remain in the workforce while their children thrive in quality child care spaces.

TFC's gap funding program model focuses on Wyandotte County, Kansas, in which, on average, 25% of family incomes go towards child care. Additionally, the estimated annual economic impacts of child care gaps (combined household, business, & tax revenue) range from 151.7M to 232.5M in Wyandotte County. The gap funding program helps to alleviate these challenging economic realities.

This toolkit aims to assist communities in creating their own gap funding program by providing a detailed guide based on TFC's proven model. It includes tips and tools for starting from scratch and adapting the approach to meet local needs.

## 2. IMPACT

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**TFC has made a fundamental and life-changing impact on children and families since its inception. Alexis is a recipient of TFC's gap funding. Her story highlights the profound impact that that access to child care has had on Alexis and her daughter's lives.**

Alexis grew up in a military family and has lived in Kansas for several years. Her daughter, Journey, is five years old. Journey was in a home setting for her first two years of life before Alexis enrolled her in a child care center.

Despite financial limitations, Alexis did not meet the threshold to qualify for assistance from the Department for Children and Families (DCF). Due to skyrocketing costs, Alexis found that child care and the basic cost of living were unaffordable. She was stuck in the middle, scared and unsure how she would continue to afford the child care program she and Journey loved. Thankfully, her provider told her about The Family Conservancy's gap funding program. The promise of the gap funding filled her with hope. She immediately filled out the application and was granted the much-needed funding to supplement her child care costs.

The gap funding program opened doors for Alexis and Journey that would otherwise be closed. Not only is Journey able to receive quality child care and education, but she also gets to spend more time with her mom. Alexis has more time to raise and care for her daughter and no longer has to make the difficult decision to take on a second job, work

overtime, or other means of making money that would limit the valuable time she has with Journey. Alexis and Journey can play outside, go to the pool, and spend the amount of quality time together that a child needs with their parents. Without TFC's gap funding program, Alexis says Journey would not be getting the quality care experience she currently has at her child care center. For that, Alexis is forever grateful.

*Alexis receives a monthly gap funding scholarship of \$400 to be applied to monthly tuition of \$1,062.*

### **Child care providers also recognize the impact of the gap funding program.**

One provider reported that, "Gap funding has been a great help for one of my families in particular. This young lady has struggled with finding employment. She found employment and was able to get her child enrolled in my center, but then she realized that the center hours were from 9 a.m. to 3 p.m., which was incompatible with her work schedule. TFC stepped in and covered the fees for the before and after school hours, and it has really been a lifesaver for this parent."

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### 3. ASSESSING COMMUNITY READINESS

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In Kansas, TFC was given the opportunity to design a program that would increase child care access in Wyandotte County, a specific area of high economic need. The initial opportunity provided \$1 million yearly for 3 years, specifically for increasing child care capacity in Wyandotte County. The designated agency was required to secure an additional \$1 million each year of the pilot. In six short weeks, TFC secured the matching funding and designed the project that met the needs of the Wyandotte County community.

Although the initial funding came directly from the state, it is enhanced through public/private partnerships. Being able to braid the funding from multiple funding sources provides sustainability and allows the program to reach more individuals and provide additional support to providers and families in our community.

The Wyandotte County Health Department conducted a Community Health Assessment in 2017, just before Start Young began. It illuminated the need for increased quality child care slots, as there were only enough licensed slots to provide care for 30% of the children aged 0-5 who needed it. TFC partnered with the Kansas Department of Health and Environment on a Community Health Improvement Plan to address the barrier to employment for parents.

TFC was able to hit the ground running because of the partnerships that were already in place with other community agencies, including child care providers who needed assistance in filling their classroom vacancies. These providers were a key voice in understanding families' barriers to child care in the community.

# INITIAL STEPS

## 1. Identify potential stakeholders. Some potential examples of community partners could include:

- a. Workforce agencies
- b. Economic development organizations
- c. Philanthropic entities such as The United Way, YMCA, etc.
- d. Local child care resource and referral agencies, such as Child Care Aware
- e. Local child care licensing agency

## 2. Assess Community Needs

In partnership with the previously identified stakeholders, determine the extent to which the community's needs are already being addressed and identify the other entities involved in the work and opportunities for possible partnerships to ensure efforts are not duplicated. Bring the community together to discuss the need and identify potential solutions. Be sure to involve families in this conversation. They are the experts in what the barriers are and what they need to be successful. Some questions to consider could be:

- a. What barriers do families face in accessing child care?
- b. Are parents and caregivers in your state/area utilizing child care assistance through the state? If not, what are the barriers?
- c. What is the gap between what families can afford and what state assistance provides?
- d. Is anyone else supporting parents/caregivers in accessing child care assistance?

- e. Is your agency or local coalition positioned to help remove any other obstacles?

### **3. Identify Sustainable Funding Sources**

- a. Is there a state agency that your organization can build a public-private partnership with?
- b. Who are the major philanthropic organizations in your community?
- c. Do any have a focus on education, early education, the workforce, or economic mobility?
- d. Consider any city, county, state, private foundation, and/or business investment for this fund.

### **4. Identify a lead agency to administer funds.**

A lead agency to administer funds should have the following qualities:

- a. A nonprofit or government agency already addressing child care needs is ideal.
- b. The agency must have a strong fiscal department, preferably with experience in awarding scholarships and/or grants.
- c. An established agency with established connections in the community, such as with foundations, would be best suited to hit the ground running.
- d. Commitment to Equity: Focus on ensuring equitable access to resources and addressing disparities. Operate with flexibility and respond to changing circumstances and needs within the community.
- e. Financial Management: Commitment to transparency and responsible use of funds. Establish systems and processes for managing funds and ensuring compliance. Leverage financial



management expertise and those with experience in managing budgets, grants, and financial reporting.

- f. **Community Engagement Skills:** Strong ties to the community and an understanding of its needs. The agency should work effectively with diverse partners and community organizations.
- g. **Strong Leadership:** Leaders should have a proven ability to lead initiatives and coordinate between various stakeholders and experience in program administration in which they have previously administered similar programs or funding.
- h. **Data-Driven Approach:** Ability to collect, analyze, and report data to measure impact and outcomes.

## 4. BUILDING THE PROGRAM

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Initially, Start Young focused on creating new quality child care spaces within the community to address the needs of working parents. It also supported quality initiatives and professional incentives to retain quality educators at the partnering child care sites. Over time, it was apparent that additional funding assistance would be needed to retain many families already enrolled in care.

A gap funding program model was designed to help children begin child care while their state assistance applications were processed, which could take up to three months. It then became evident that families also needed to be able to access child care when they were searching for employment, which was not covered by state assistance. While the state was making strides towards increasing rates, tuition costs continued to rise and families were still falling behind in their payments of the remaining balances. Lastly, the major barrier to Kansas state child care assistance for single parents is that they must have a compliant child support case through the state to be eligible.

As we learned about the multiple barriers families had to pay for child care tuition, we built a gap funding program to address those needs. We make adjustments each year to better support the ever-changing needs of families. Currently, the following types are awarded to families enrolled at participating childcare providers. Rates vary depending on the type of child care (center-based or in-home) and the age of the children (infant, toddler, preschool).

- a. **Safety Net:** \$450-\$800/month up to three months to allow a parent to gain or regain employment.

- b. **Waiting Period:** \$450- \$800/month up to two months while the state assistance application is processed.
- c. **Supplemental:** \$100-\$200/month year-round when state child care assistance leaves a large monthly tuition balance.
- d. **Scholarship:** \$300-\$600/month year-round when a family has barriers to receiving state assistance, such as the child support requirement, citizenship status, or their income is just above the eligibility limit.
- e. **Wrap-Around:** \$200/month to help Head Start children receive a full day of care beyond the 6-hour-funded Head Start hours.

Start Young’s resource navigators connect families to participating child care providers, assist families in applying for state assistance, and award gap funding to families. The Start Young manager creates monthly invoices for each provider on behalf of the children approved for funding each month. Checks are then distributed to providers monthly to be applied to tuition accounts for each child approved that month.

The Family Conservancy chose a partnership model for several reasons. Paying the providers directly ensures that the funding will go directly to child care costs. Certain criteria, such as participating in quality initiatives and accepting state child care assistance, can be addressed in the partnership agreements. It is important to have a contact at the site to confirm the enrollment of the participating children each month and to verify that the funding was applied to each child’s account.

## “GETTING STARTED” CHECKLIST

- Understand the barriers to applying for state assistance, such as:
  - Difficult online applications

- Lengthy wait times
- Unclear eligibility criteria
- Fear of effect on immigration status
- **Identify reasons for state assistance denials, such as:**
  - Child support requirements
  - Work requirements for college students
  - Difficulties with demonstrating self-employment income
  - Work hours not overlapping with child care hours
  - Employment status while job-seeking
- **Create type, amount, and duration of gap funding based on the barrier**
  - Set eligibility limits based on Federal Poverty Level (FPL) or Standard Median Income (SMI)
    - Reference state child care assistance eligibility limits
  - Define different types of funding based on barriers and needs
    - Use state child care assistance rates as a guide
  - Identify the duration that each type of funding is needed (short-term or ongoing)
- **Decide who to prioritize, such as families who are or have:**
  - Low income
  - Unhoused
  - Single parents
  - Multiple children in childcare
  - Non-citizens
- **Identify how to gain access to families**
  - Through partnerships with child care providers
  - Through agency referrals, such as home visiting, health care, etc.

- Through the local licensing agency
- **Decide how funds are distributed**
  - **To Providers**
    - Determine a partnership structure with clear parameters.
    - Important to give families choices, including both center and in-home providers, friend and family care, and nontraditional hours, if possible
  - **To Families**
    - Consider the need to track that funding was received and distributed to a child care provider for the months approved.
- **Determine the Full-Time Equivalent (FTE) to devote to this work and their roles**
  - Who will work with the families to determine eligibility and award funding?
  - Who will establish partnerships with childcare providers?
  - Who will distribute checks and track funding?

# 5. PROGRAM IMPLEMENTATION CHECKLIST

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- **1. Provider Agreements**
  - Choose and establish agreements with child care providers.
- **2. Family Application**
  - Create an accessible application process for families.
- **3. Database and Tracking**
  - Implement a system to track family information, funding amounts, and correspondence.
- **4. Invoicing and Enrollment Verification**
  - Develop an invoicing system and methods to confirm monthly enrollment.
- **5. Family Statements and Transparency**
  - Provide annual statements to families for transparency.
- **6. Provider 1099 Forms**
  - Ensure providers receive necessary tax documents.
- **7. Accountability and Expectations**
  - Set clear expectations and accountability measures for families.
- **8. Risk Management**
  - Assess and manage risks related to funding types and family situations.
- **9. Annual Review**
  - Conduct annual reviews to ensure compliance with program terms.

## POINTS TO CONSIDER

1. **Employment Situations:** Recognize employment statuses for families receiving assistance can fluctuate and plan accordingly.

2. **Start Small:** Begin with a limited number of providers to test and refine the program.
3. With limited funding, a waitlist procedure may need to be created.

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## 6. ADDITIONAL RESOURCES & DOCUMENTS

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### 1. Defining Gap Funding

Gap Funding is the money a family needs to supplement the total cost of their childcare needs. With gap funding, families in need are provided the supplemental funding required to access childcare.

### 2. Application

[Here](#) is the link to a sample application.

### 3. Agreements

[Here](#) is a link to a sample agreement.

### 4. QR Code

Below is a QR code to access the Gap Funding Program Toolkit digitally.





A photograph of a man wearing a plaid shirt and a cap, holding a baby wrapped in a cloth. The image is overlaid with a blue tint. The text is positioned in the upper left quadrant.

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