

STRATEGY SPOTLIGHT SERIES

From Mixed Delivery Patchwork to Mixed Delivery System



SPOTLIGHT 4

Braiding and Coordinating Funds for Strategic Impact

This Strategy Spotlight Series discusses how states are beginning to weave the early childhood education and care (ECEC) patchwork into a unified funding strategy. Twenty-six states have built a foundation for this work by placing all ECEC funding streams in a single state agency, and more than 20 have funded “state-local” structures for assessing need. States are building data systems that look across funding streams for unduplicated counts of children and families served, and for community-level data on system strengths and unmet needs. This Spotlight discusses how states can use these new governance and data structures to develop a unified funding strategy based on the four-part mixed delivery vision.

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for Strategic Impact

The Mixed Delivery Vision

A true mixed delivery system:

- Is informed by dialogue with communities
- Supports diverse program models each designed to meet real-time family needs, and *all designed to support child development and learning*
- Serves children and families in all ECEC settings, drawing on resources from all ECEC funding streams
- Reaches communities and groups that have previously been left out or poorly served

Data and community input can address three overarching questions in relation to that vision:

- ? Is the distribution of total ECEC funding equitable across communities and priority populations?
- ? Are all program models designed and funded to achieve child learning goals?
- ? Do families have access to programs that meet their needs?

Based on the answers, states and communities can establish a funding strategy that draws from multiple funding streams to maximize families' access to the early learning and care services they need. States¹ are using two key funding strategies that draw upon and/or recognize multiple funding streams: they are issuing grants that braid² funds at the state level, and they are directing expansion dollars to address inequities and fill gaps.



STRATEGIC FUNDING METHOD 1

Braiding Funds at the State Level

Over the years, funding streams were established to address limited goals based on emerging concerns. As family employment patterns have changed and early childhood professional knowledge has grown, updated program models are needed. This realization has driven a paradigm shift. The original federal or state “programs” (e.g., the child care subsidy program) are now thought of as “funding streams” that can be braided to deliver program components needed by families and prioritized by communities. A single program might include any combination of child care for working families, a school readiness curriculum, comprehensive family support services, and more. Expenditures for each funding stream must be accounted for separately, but together they can support a single high-quality program.

Until now, states have presented braiding as an option for local programs. This approach tends to exclude small child care centers, family child care homes, and others that lack sufficient administrative staff to manage multiple funding streams. Resources end up flowing primarily to programs that are already larger and better resourced, and as a result, the distribution of funds can become markedly inequitable across providers and even across geographies.

Designing single grants³ that braid multiple funding streams *at the state level* can minimize the administrative barriers providers face and thereby help the state to equitably expand access to high-quality programs. In designing such grants, funding stream administrators can jointly determine which funding streams are most suited to address a given set of family and child needs and how they can be braided in easy-to-administer packages. For example, many communities have identified the need to bring high-quality preschool to children in full-workday child care, either in centers or in family child care homes. The largest relevant state-administered funding streams are child care subsidy (a mix of federal and state funds) and State PreK. Braiding these two streams can help meet the identified need. New York City issues contracts that braid State PreK and child care funds at the city level for this purpose.



1 References to states in this Spotlight can apply to other government units such as cities or counties if they administer funding.

2 “Braiding” and “layering” are roughly interchangeable terms meaning that funds from multiple sources are used to support the same high-quality program, and that funds from each source must be tracked separately. The Head Start system uses “layering.”

3 What this Spotlight calls “grants” might be called “contracts” in some states.

GRANT DESIGN: SIMPLE ADMINISTRATION FOR EXTENDED REACH

The promise of braiding at the state (or city) level is to make more effective program models available to a broader range of programs by reducing the administrative burden. Simpler administration will require streamlined application, budgeting, and reporting procedures that busy program leaders can easily complete, while at the same time providing enough information to track each funding stream as required.

One way that state level braiding can simplify accounting at the program level is for the funding agency to assume responsibility for allocating expenditures by funding stream. For example, central staff might allocate some line items based on the percentage of revenue from each funding stream, or they might charge some costs exclusively to one funding stream. New York City has structured simple contract expenditure reports that allow City agency staff to allocate costs accurately and maximize claimable income from each funding stream. Another approach to streamlined accounting and reporting is to determine if the legislation or administrative rules governing a funding stream will allow a simpler alternative to current practice. Georgia, for example, has created a child care subsidy grant option for programs that layer funds from its federal Early Head Start-Child Care Partnerships grant. Subsidy payments follow a formula that calculates annual grant amounts based on the proportion of children eligible for each funding stream. This approach provides a continuous, predictable funding base and saves programs from the usual practice of billing for child care subsidy-based on variable monthly enrollment numbers.

Simple administration might also require limiting the number of funding streams braided in a single contract. New York City sought initially to meet needs and maximize income by braiding all three major funding streams: Head Start, State PreK, and child care. (As a Head Start grantee, New York City is able to layer those funds at the city level.) Classrooms met the standards for all three and enrolled children eligible for any one or more. While this arrangement seems ideal, the City found that meeting the requirements of all three funders created enrollment management problems and administrative complexity. [Some of New York City's classrooms](#) now layer State PreK and Head Start, while others layer State PreK and child care—all supplemented by flexible City tax revenue.⁴

Offering grants based on funding formulas is another promising approach that states might explore. Programs earn specified payment rates for delivering services that meet standards. In this approach (as in child care subsidy funding), budget approvals and expenditure reporting are no longer required. Instead, programs report the level and quality of services delivered and receive payment on that basis. This funding mechanism can reduce the administrative burden on states as well as on programs, as long as state agency staff can monitor performance requirements efficiently. [CELFE's Spotlights on Foundational Funding](#) describe how several states use formula-based grants to address access and quality needs.

⁴ See Children's Funding Project blog at <https://childrensfundingproject.org/update/guest-blog-blending-and-braiding-to-build-an-equitable-early-care-and-education-system-lessons-from-new-york-city/>

GRANT DESIGN: PERFORMANCE REQUIREMENTS

The power of a unified, cross-sector funding strategy is revealed as planners design and fund grant performance requirements that address identified needs and priorities. For example:

- ➔ In order to reduce staff turnover and increase quality, grants could require and support minimum salary scales. Each program should have a unified salary scale ideally based on roles and credentials, with no differentiation among funding streams. Washington DC's Pay Equity Fund provides formula-based funding to child care programs that implement such a scale. Even when a separate fund is not available for this purpose, states can include compensation criteria and related budget amounts in grants.
- ➔ In order to support quality and continuous improvement, grant funding amounts and performance requirements can focus on adequate staffing numbers and appropriate qualifications combined with a requirement for job-embedded professional learning. [The ExceleRate Illinois Pilot Project](#), provided formula-based grant funding to cover the cost of additional staff, beyond licensing requirements, needed to perform at higher levels of the Quality Recognition and Improvement System (QRIS).

In both of these examples, performance requirements reflect current priorities that were not central to the initial design of any funding stream.⁵

Performance requirements in braided funding grants can also discourage poor practices sometimes associated with management of multiple funding streams. For example, the requirement to separate expenditures by funding stream sometimes leads programs to fragment the day, with some hours for “education” and others for “care.” Braiding does not mean providing separate services in the same building. It means that a child care-PreK partnership program, for example, will provide stable, well-qualified staffing and high-quality learning experiences throughout the entire child care day. State PreK-funded and child care-funded staff members can function as a single team. Performance requirements can clarify this expectation.

BRAIDING TO SUPPORT FAMILY CHILD CARE

Delivering high-quality preschool in family child care has been prioritized by some communities. The State PreK systems in 24 states allow braiding in family child care settings, although the numbers served are very low.⁶ Applying for and managing two or more funding streams is not manageable at the individual family child care home level, but some braiding has been accomplished slightly upstream at the network level. For example, the Pajaro Valley Unified School District braids family child care funds from three sources—State PreK, child care subsidy, and State Seasonal Migrant funds—into a single payment rate structure for the providers in its [Family Child Care Home Education Network](#).⁷ While this approach works well for children and providers, it is labor-intensive at the school district (network) level. Moving braiding further upstream to the state level would make the benefits more accessible to networks and providers statewide. States have the additional ability to modify rules in order to facilitate braiding.

⁵ Another emerging priority—and legal requirement—is inclusion of children with disabilities. Although models that braid disabilities funding with other ECEC funding streams have not been developed, states could braid the PreK and child care funding streams to support adequate staffing to address this priority. Associated performance requirements would include collaboration with Early Intervention and Early Childhood Special Education services.

⁶ Weisenfeld, G., & Frede, E. (2021). Including family child care in state and city-funded pre-k system: Opportunities and challenges. National Institute for Early Education Research.

⁷ See <https://www.pvUSD.net/subsites/Child-Development-Department/Programs/Full-Day-Child-Care/index.html>. Go to “Family Child Care Education Network.”



STRATEGIC FUNDING METHOD 2

Directing New Funds to Communities or Populations That Have Been Shortchanged

Addressing some strategic funding priorities might not require braiding funds at the state level. For example, a community might prioritize getting a State PreK program at the public schools, or it might need child care services for homeless families. In such cases, administrators can simply establish overall priorities for expanded funding. Specifically, they can name funding streams, priority populations, and program models to be supported by upcoming funding opportunities. Illinois, for example, responded to a concern about early learning opportunities in preschool deserts by prioritizing State PreK expansion in those communities.



OPTIONS FOR INCLUDING HEAD START/EARLY HEAD START IN A UNIFIED STATE PLAN

Local Head Start and Early Head Start programs are sometimes ignored in planning because most Head Start funding is not administered by states and braiding at the state level is not possible.⁸ Head Start is a critical resource for serving priority populations including children in poverty, children with disabilities and developmental delays, and others. States can take three approaches to including these services in their plans.

- ➔ In communities with existing Head Start services, states can fund program types that differ from and complement the Head Start model and will not compete for the same children.
- ➔ States can make grants to their regional or community systems to facilitate joint planning and service collaboration at the community level, including coordinated recruitment and enrollment of families for Head Start and state preschool.
- ➔ States can support braiding by local Head Start programs. Although such program-level braiding tends to exclude programs without robust administrative staffing, Head Start grantees typically have more administrative capacity than child care or school-based programs. Program-level braiding could help Head Start programs offer enhanced supports for school readiness by using State PreK dollars as part of their required local match.

⁸ Some municipalities or counties are Head Start grantees and might be able to braid (layer) those funds if they administer other funding streams as well. Also, seven states currently administer Early Head Start-Child Care Partnership Grants along with other funding streams.

One Mixed Delivery System: All Funding Streams, All Settings

In summary, the resources of multiple funding streams can be coordinated and braided to support a unified financing strategy informed by community assets and needs. The work requires a creative dialogue between administrators and communities to identify those children and families currently left out and imagine ways to include them.

This Strategy Spotlight Series has highlighted elements of a mixed delivery system and discussed how they must work together to be effective. No state has yet put all the building blocks in place, including unified governance, integrated data systems, community feedback loops, and strategic targeting and braiding. How a true mixed delivery system evolves will differ in every state because of differences in funding streams, existing systems, and community relationships.

While a mixed delivery strategy will not eliminate the need for additional funds, it will drive effective use of existing funds and set the stage for future growth. A true mixed delivery system promises a future in which 4-year-old Melissa (from **Spotlight 1**) will expand on her interest in early math at her child care center, Joshua's father (also from **Spotlight 1**) will take a full time job because child care will complement the school-based PreK program, and children in family child care will experience a wide range of learning activities as staffed networks bring resources to providers.



LEARN MORE

For further guidance or to share your experience on building a mixed delivery system, email info@celfe.org.

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