



Overview of OST Funding Streams

Out-of-School Time (OST) programs are financed by a wide variety of funding streams that support both direct service delivery and infrastructure development. The combination of funding sources for any given program is influenced to some extent by an even wider spectrum of program types and goals. At the same time, avenues through which dollars reach OST service providers impact program focus, structure, goals, and, often, longevity. A recent review of the most commonly used OST funding streams revealed a combination of parent fees; federal, state, and local public dollars; private funds; and in-kind contributions. In most states, OST program providers use a mix of funding streams to maximize support. Public dollars are augmented by private funds, which in turn may be used to leverage additional local dollars.

This Fact Sheet provides an overview of OST funding streams and brief descriptions of how specific resources are targeted to addressing the needs of young people.

1. Parent Fees

As a general rule, parent fees are a source of income for programs that serve children and youth whose families can afford to pay them. Public funding from federal, state, and local governments is the primary revenue source for OST programs serving less affluent children and youth. Parent fees are only a small contributor to programs serving lower income youth. Even small fee increases with sliding fee scales have been found to negatively impact low-income families' ability to pay for OST programs. The implication of this finding is that revenue to support programs for these families must come from other sources.

2. Public Funding

Tax Relief

Child and Dependent Care Tax Credit: The Child and Dependent Care Tax Credit is intended to help parents defray childcare costs, including those for older children and youth. While not technically a funding source, this tax credit can enable low-income families to stretch their buy-

ing power by offsetting taxes owed. The lowest-income families³/₄ those earning so little that they are not required to pay taxes³/₄ do not benefit from this option, however. It is not known how many of the dollars available through this tax credit are used for school-age OST programming. There may be parents who do not use this resource because they do not associate criteria for its use with OST programming, or because they feel the cost of OST programs is insufficient to warrant reporting. (Reder 2000)

Federal Programs that Directly Support OST Programs

21st Century Learning Centers: The purpose of this funding is to provide expanded learning opportunities for children in order to improve academic performance and reduce drug use and violence. Schools are the primary grant recipients, but they can subcontract some or all direct services to community-based agencies. Grant targets also include additional supports for senior citizens; expanded library hours; and parent education, training, and job placement services. Grants are all short-term, requiring replacement funds in order to continue operation after the

initial three-year award period.

Child Care Development Fund Block Grant:

These federal program dollars primarily fund subsidies to help low-income working families access child care. Federal funds from the Child Care Bureau of the Department of Health and Human Services are administered by state agencies (Human Services, Social Services, or Child Welfare), which combine the funds with their own to create different programs. Subsidies are distributed to families either directly or through contracts with licensed providers. Funds may also be earmarked by states to make improvements in systems of care for school aged children and youth. Some 30 percent of children subsidized through this program are school-aged. These children are thought to represent only a modest segment of the low income children who participate in OST programs and who are eligible for this aid. (Halpern 2000)

TANF (Temporary Assistance to Needy Families): This program provides various forms of assistance to low-income families in an effort to improve their chances of becoming self-sufficient. States have the option of spending these dollars on direct forms of assistance, including OST programs, or transferring up to 30 percent to the Child Care and Development Block Grant or the Title XX Social Services Block Grant (Flynn 1999). The amount of TANF funding being used for OST programming is not known, nor is the number of states using TANF funding for this purpose. We do know that a number of states use unspent TANF funds to support programs for children and youth.

The Child and Adult Care Food Program: Funding through this program provides financing for meals, snacks, and nutritional education offered in childcare programs, including those operating during non-school hours in low-income neighborhoods. Eligible programs include those where 50 percent or more of the students in the school or service area are certified for free or reduced price lunch, without the stipulation that individual participants must be eligible for free or reduced lunch. After-school programs that are license-exempt, do not need to be licensed to participate in this program (Langford 2000).

Federal Entitlement and Block Grants with Potential to Support OST Programs

Medicaid: Financial assistance is provided to states for medical assistance payments and administrative expenses on behalf of low-income children and adults who meet income, resource, and categorical assistance guidelines. States have flexibility in designing and operating programs within federal guidelines.

Title I Grants to Local Education Agencies: This program helps local education agencies and schools improve results for children who are failing and those most at risk of failing, in order to meet state academic standards. Applications of funds may vary broadly.

Title IV-E Foster Care: States are provided funds to assist with the costs of foster care maintenance. These include child care and other goods and services for eligible children. Administrative and training costs are also covered under program guidelines.

Community Development Block Grants: These funds are allocated to states and localities for the provision of activities directed toward neighborhood revitalization, economic development, or improving community services, including child care.

Social Services Block Grant: This grant provides funds to states for programs directed at specific goals as stipulated in the legislation. Funds are used to support a range of social services, including:

- Achieving or maintaining economic self-support to prevent, reduce, or eliminate dependence;
- Achieving or maintaining self-sufficiency, including reduction or prevention of dependency;
- Preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families;
- Preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and
- Securing referral or admission for institu-

tional care when other forms of care are not appropriate, or providing services to individuals in institutions.

Child Welfare Services, Title IV-B: States receive financial resources to provide a range of child welfare activities designed to help children remain in their own homes or, when necessary, to provide alternative living arrangements.

Juvenile Justice and Delinquency Prevention-Title V-Block Grants: This program provides grants to states to improve their delinquency prevention, treatment, and rehabilitation programs, as well as juvenile justice systems.

Title IV-E Independent Living: Grants under this program help states establish and carry out programs to help youth in foster care make the transition to independent living.

Federal Grant or Loan Programs

There are additional federal discretionary grants or loan programs offering states opportunities to apply for funds tied to specific purposes, such as preventing school violence, preventing drug abuse, or encouraging community service volunteerism through programs like Americorps and VISTA.

State Funding

State programs tend to focus on specific areas of concern related to OST that in turn affect the types of approaches used to reach targeted goals. A few examples illustrate some state funding priorities.

Improving Quality: Some states are investing in efforts to improve quality by building skills in providers. Alabama, for example, is providing funds for technical assistance to school-based OST providers. And Washington created the State Training and Registry System (STARS) that requires directors and lead teachers in licensed school-age care programs to attend basic training and continuing education classes.

Improving Access: Several states are investing in efforts to improve access to after-school programs through resource and referral agencies and the use of subsidies. Massachusetts has rec-

ommended legislation to expand the age limit for eligibility for state childcare subsidies from 12 to 14. A few states, such as Kansas, are structuring programs to serve “at-risk” populations of children.

Expanding Supply: Perhaps the most frequently pursued strategy by states is using grant funding to defray OST program start-up costs. Many states are directing funding only to school-based programs, some of which are operated by schools and others by community-based organizations. California recently enacted the After-School Learning and Safe Neighborhoods Partnerships program—representing one of the largest state commitments to out-of-school time programs. Indiana has also made a sizeable contribution to grants for the Safe Haven OST program.

Improving Academic Performance: The use of OST programs to improve academic performance is another focus of state-level activity. Massachusetts has earmarked monies for academic improvement activities, including after-school programs for students who fail standardized tests. Delaware has also dedicated budget dollars to a program providing additional instruction time to low-achieving students.

Local Funding

Most local governments finance OST programs through general funds. The largest portions of municipal or county funds that support OST programs flow through human service departments, park districts, and city school systems, either out of their operating budgets or special funding authorizations.

Some counties and cities have created special funding streams for investments in children and youth, including OST programs. Examples include guaranteed expenditure minimums, special tax levies, fees, or special taxing districts (local government units are authorized by voters to raise money through levies) (Langford1999).

3. Private Funding

National Foundations sponsor many initiatives supporting OST directly or indirectly, and pro-

vide a significant source of revenue to OST initiatives.

Community Foundations provide some funding for OST programs in local communities.

United Ways furnish important basic operating support for many OST programs.

Businesses are playing a role in providing subsidies to employee parents in need of OST programs for their children. Some also provide small grants to OST programs in low-income neighborhoods.

Union Funds may, through collective bargaining, choose to set aside monies for special purposes, like OST programs.

Specifically Directed Private Funding refers to locally generated funds for specific purposes, such as OST activities for academically chal-

lenged or low-income children and youth.

4. In-Kind Contributions

In the realm of OST programs, in-kind contributions play a sizeable role in defraying operating costs. In-kind contributions may take many forms:

Personnel sharing

Lower rent/free use of space

Operating /infrastructure cost sharing

Volunteer or Work Study Students as staff

Portions of fees from paying families subsidizing fees for low-income families

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