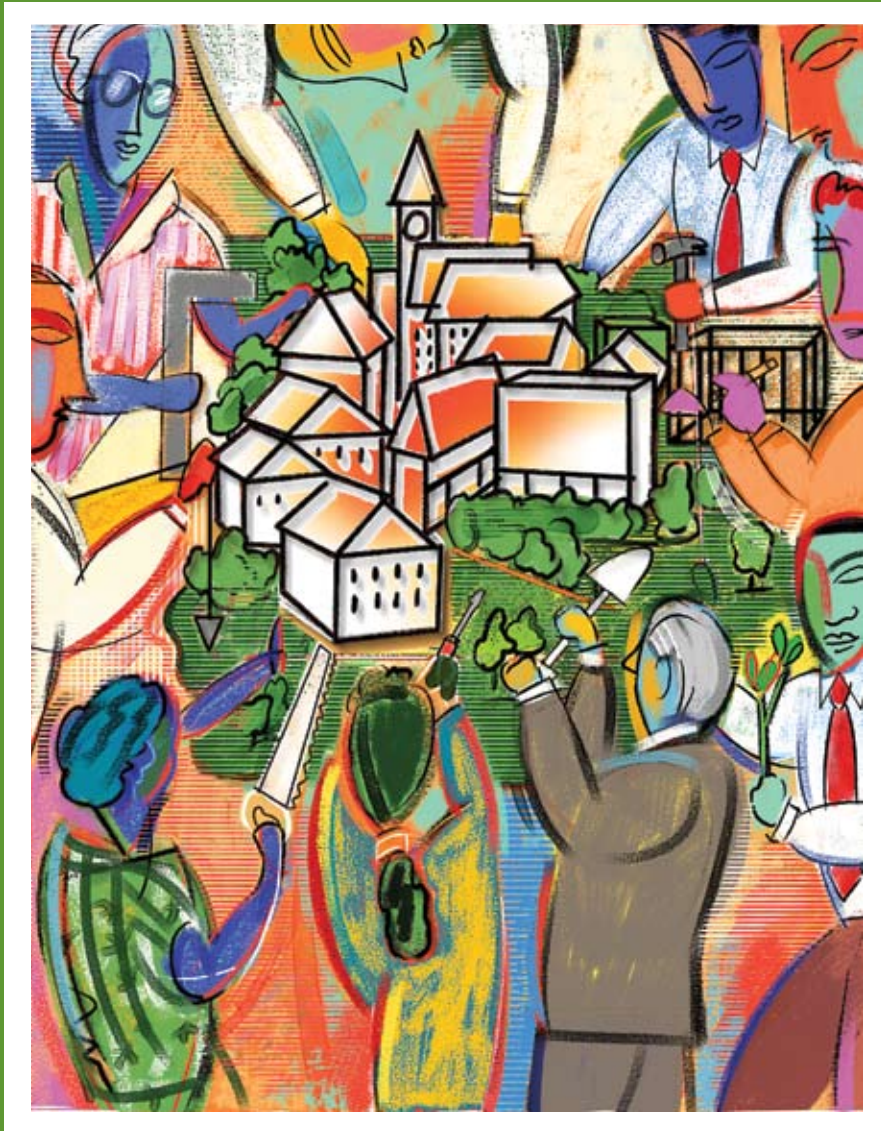


# Thinking Broadly

Financing Strategies for Child Traumatic Stress Initiatives



FINANCING STRATEGIES SERIES

NOVEMBER 2006



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By Aracelis Gray and Amanda Szekely

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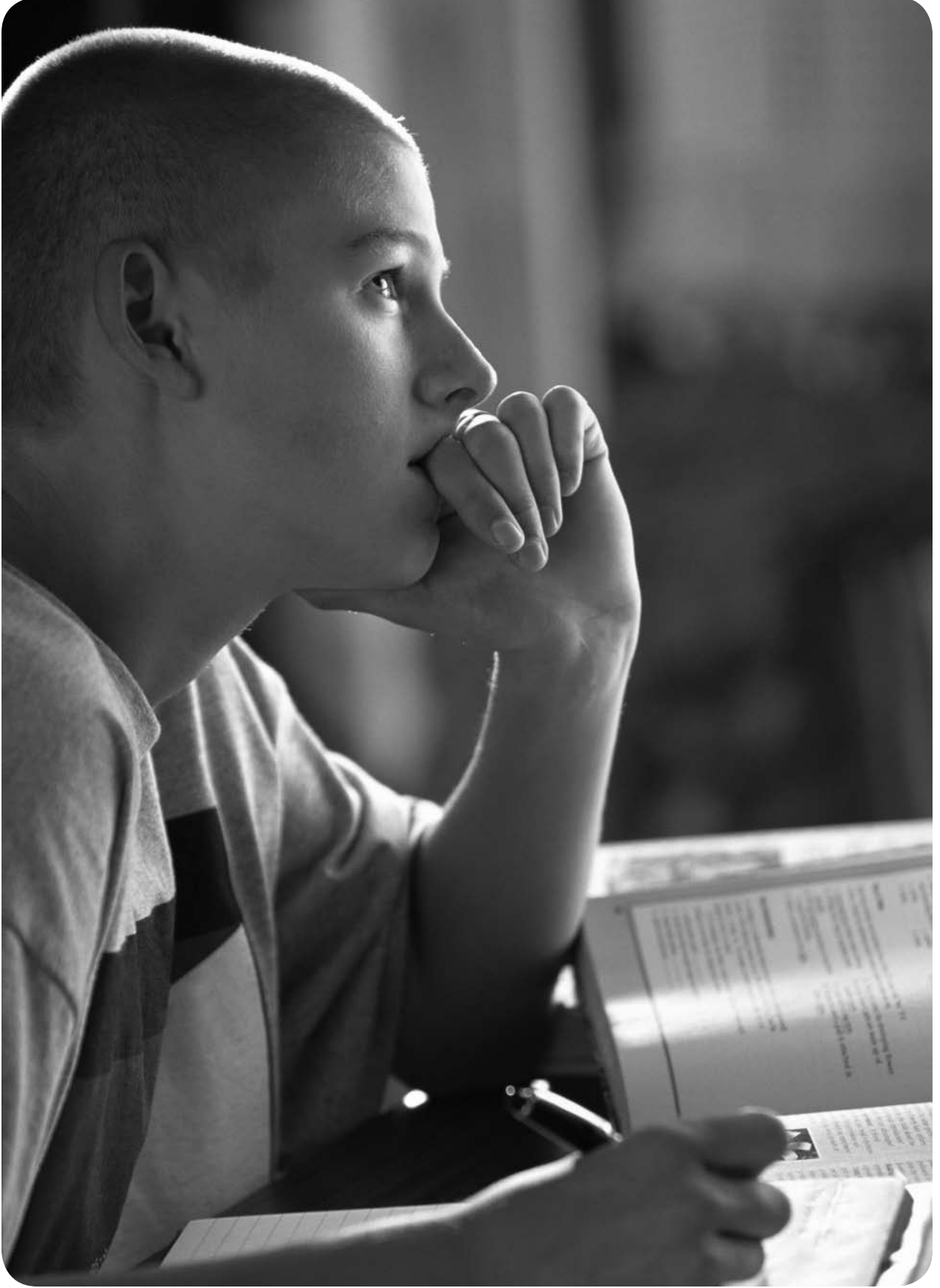
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## Preface

Across the country, there is growing recognition of the impact of exposure to trauma on the social and emotional development of children and adolescents. This knowledge has spurred an array of initiatives to improve the standard of care and increase the identification, diagnosis, and treatment of child trauma. While these initiatives often differ in scale, scope, and design, developing and sustaining these efforts require significant investments over time.

Leaders of child traumatic stress (CTS) initiatives recognize that the goals they are trying to achieve cannot be accomplished by any one program or initiative. Meeting these goals requires bringing together health, mental health, education, law enforcement, child welfare, and juvenile justice systems and working to ensure that resources are available to provide comprehensive and effective services to traumatized children and adolescents and their families. However, finding funding to invest in children and families is almost always a matter of allocating scarce resources among competing priorities. To address this challenge, it is critical for initiative leaders to think broadly and systematically about how to finance treatment interventions and other important innovations for children and adolescents exposed to trauma. This includes thinking about how resources can be generated as well as how they can be best used to support efforts that are effective and sustainable.

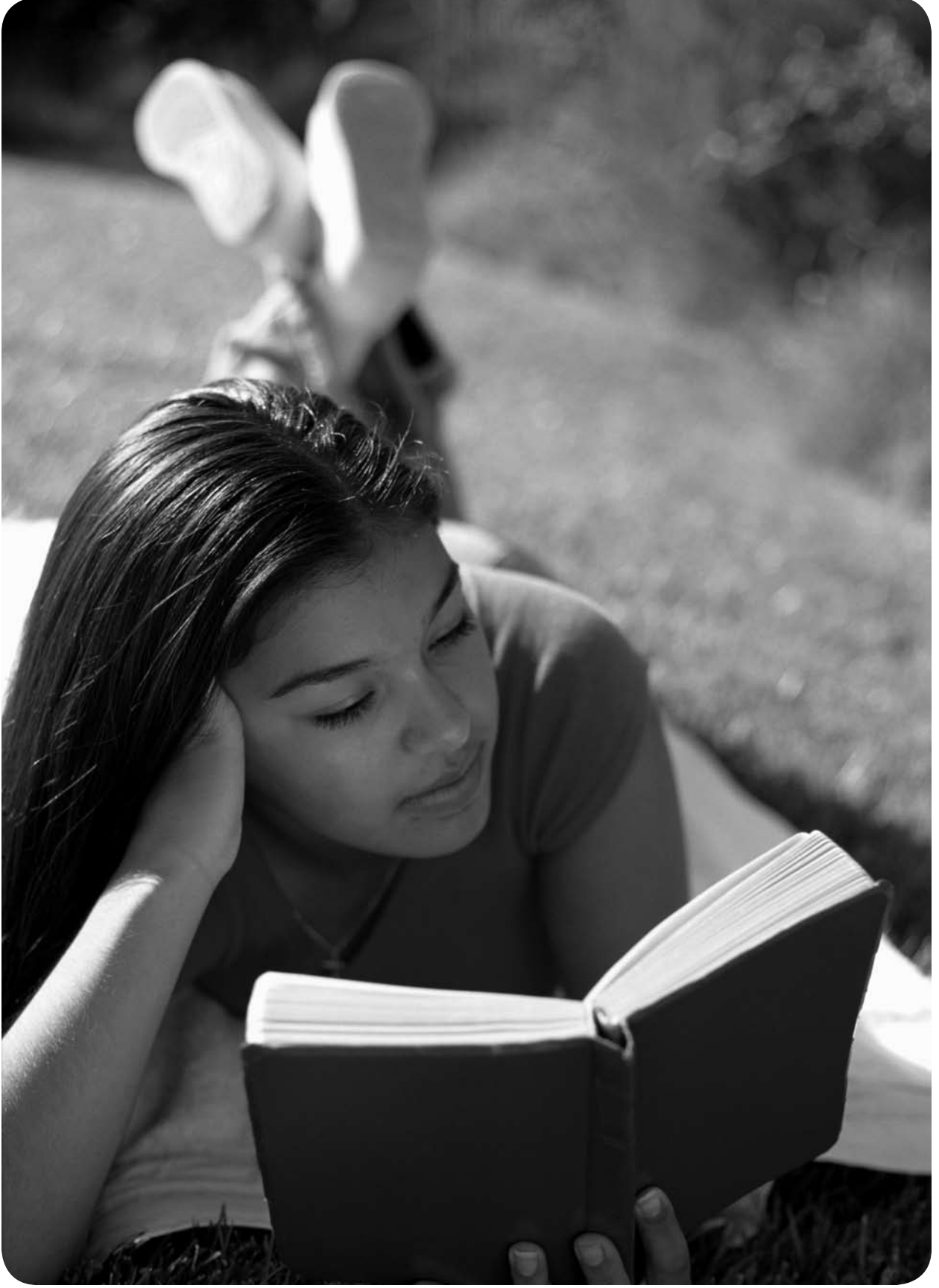
This brief, *Thinking Broadly: Financing Strategies for Child Traumatic Stress Initiatives*, presents a conceptual framework for financing CTS initiatives' work and a set of approaches that initiative leaders can implement to provide comprehensive and coordinated trauma supports and services. The brief describes five broad financing strategies and profiles successful approaches implemented across the country as well key issues that initiative leaders should consider when implementing these strategies.

This brief is part of a series of tools and technical assistance resources on financing and sustaining CTS and other trauma-focused initiatives developed by The Finance Project with support from the National Center for Child Traumatic Stress. These tools and resources are intended to assist program developers and community leaders in developing financing and sustainability strategies to raise the standard of care and improve access to services for traumatized children and adolescents and their families.

Cheryl D. Hayes

A handwritten signature in black ink that reads "Cheryl D. Hayes". The signature is written in a cursive, flowing style with a large initial "C".

Executive Director





# Introduction

Across the country, community-based treatment centers, nonprofit organizations, and research institutions are working together to advance and expand access to evidence-based interventions that help children and adolescents cope with traumatic stress. These initiatives reflect a growing public awareness of the detrimental effects of traumatic stress on children's mental health, their prospects in school, and their long-term healthy development.

Child traumatic stress (CTS) refers to a reaction to a traumatic event or situation that overwhelms a child's ability to cope and inhibits him or her from moving forward with life in a normal manner. Young people may experience CTS after exposure to any difficult or stressful event, which may include physical or sexual abuse, community and school violence, a natural disaster, a terrorist attack, or the sudden death of a loved one.<sup>1</sup> Traumatic events are not uncommon; one quarter of all children experience at least one traumatic event prior to age 16.<sup>2</sup> While some children are able to cope with trauma without significant long-term effects, others suffer from depression, Post Traumatic Stress Disorder, sleep disturbances, or a range of other mental and behavioral symptoms and academic problems. Trauma in childhood also may be related to detrimental effects in long-term brain development and may put children at risk of poor health outcomes.<sup>3</sup> Unfortunately, children and adolescents' vulnerability for psychological distress and disorders often goes undetected by parents and other caregivers. When problems are recognized, many times the symptoms have already become severe and chronic.

The multiple and complex needs of children and adolescents exposed to trauma and the dire consequences of traumatic stress on this vulnerable population call for an increase in the identification, diagnosis, and treatment of child trauma. In addition, service approaches across systems must be comprehensive, coordinated, and informed by effective treatment interventions. To address the effects of CTS and improve the quality of treatment services available to children and adolescents exposed to trauma, Congress established the Donald J. Cohen National Child Traumatic Stress Initiative. Through this initiative, the Substance Abuse and Mental Health Services Administration (SAMHSA) has provided a series of grants totaling more than \$30 million to research and treatment centers to test and implement evidence-based treatment practices for trauma-affected children and their families and to create a culture of evidence-based child trauma practice across the service systems where children are served.<sup>4</sup>

In addition to the Donald J. Cohen CTS Initiative, other recent federal and state initiatives have raised awareness of the need to intervene early to address children's mental health issues and to develop evidence-based treatments and services for children and their families. For example, reports from the surgeon general and from the president's New Freedom Commission on Mental Health address children's mental health issues, explicitly call for more attention to childhood trauma, and lay out

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<sup>1</sup> National Child Traumatic Stress Network. "What is Child Traumatic Stress?" Available online at <http://www.nctsnet.org>

<sup>2</sup> National Child Traumatic Stress Network. "Facts and Figures." Available online at <http://www.nctsnet.org>

<sup>3</sup> Grantmakers in Health. *In Harm's Way: Aiding Children Exposed to Trauma*. Denver, CO: Grantmakers in Health, November 2005.

<sup>4</sup> For more information, see: <http://www.nctsnet.org>

ways to improve the system of care that serves them.<sup>5</sup> In addition, SAMHSA has launched a communications campaign entitled *Caring for Every Child's Mental Health* to increase public and policymakers' awareness of children's mental health issues. Many states have also launched campaigns to better assess and treat children's mental health.<sup>6</sup>

Despite recent investments in treatment interventions and services for traumatized children and a growing recognition of children's mental health needs, most service delivery systems are fragmented, uncoordinated, and lack comprehensive and coherent models for delivering informed trauma care to children and their families. Consequently, CTS initiatives face significant challenges in financing and sustaining effective practices to meet the needs of this population. Facing budget pressures, many federal and state agencies have cut funding for Medicaid, mental health, and other human services programs that could support trauma-focused services. In addition, the funding landscape for service providers serving children and adolescents affected by trauma can itself be a challenge for CTS initiatives. While a range of public and private funders support programs and services for children and families, these funds often support narrowly defined objectives or specific, targeted activities and populations.<sup>7</sup> As a result, service providers may find it difficult to piece together funding that supports a cohesive and comprehensive system of care for children affected by trauma.

In the context of poorly funded and fragmented systems, CTS initiative leaders must work to integrate trauma-focused interventions within established systems of care—including the health, mental health, education, law enforcement, child welfare, and juvenile justice systems—and work to ensure that there is a comprehensive continuum of care available and accessible to traumatized children and their families. To overcome the challenges imposed by time-limited funding and tight fiscal markets, CTS initiative leaders will be required to mobilize the fiscal resources necessary to continue to develop, test, and provide trauma-focused mental health interventions and services to children and families in their communities.

This brief is intended to assist CTS initiative leaders and program developers address their financing challenges. It presents general principles to guide the selection of financing strategies and outlines an array of approaches to finance interventions for traumatized children and adolescents. It also provides considerations to help initiative leaders select financing strategies that closely align with their program goals, available resources, and the political and economic environments in which they work. Although specific applications may vary from one CTS initiative to another, the broad principles and strategies that are outlined in this brief are relevant to a wide array of initiatives in states and communities nationwide.

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<sup>5</sup> <http://www.surgeongeneral.gov/library/mentalhealth/home.html>; <http://www.mentalhealthcommission.gov/mission.html>

<sup>6</sup> For example, Ohio has launched initiatives to better identify children with mental health needs and to ensure that they receive appropriate services, and Proposition 63 in California imposes an additional one percent tax on taxable personal income above \$1 million to provide dedicated funding for expansion of mental health services and programs.

<sup>7</sup> Cheryl D. Hayes. *Thinking Broadly: Financing Strategies for Comprehensive Child and Family Initiatives*. Washington, DC: The Finance Project, 2002.

# Principles to Guide Investments in Supports and Services for Trauma-Exposed Children and Adolescents

In many cases, the outcomes that CTS program leaders seek for children and adolescents exposed to trauma, and their families, cannot be achieved without bringing together resources in new ways. As initiative leaders begin to delineate financing strategies to match their program, policy, and systems reform goals, they should be guided by the following set of clear principles.<sup>8</sup>

**Be driven by a compelling and well-conceived policy and program agenda.** There is a growing consensus that meeting the needs of children exposed to trauma requires bringing health care, mental health, early care and education, law enforcement, child welfare, and juvenile justice systems closer together. Yet, too often, the provision of comprehensive trauma-informed services is impeded by categorical funding streams that provide support only in response to narrowly defined problems and are available only when problems become chronic or severe. The most promising comprehensive initiatives are founded on several basic premises:

- ◆ Children and families have multiple needs that are best met in a comprehensive, coordinated, and flexible manner.
- ◆ Programs and services should be child centered and family focused, with the needs of the child and family dictating the types and mix of services provided. Families should be full participants in the process of designing, governing, and operating programs and services.
- ◆ Investment strategies should balance the emphasis on prevention and intervention to minimize problems before they become crises.
- ◆ Family and neighborhood influences shape individual outcomes; therefore, decision-making authority should reside at the community level.
- ◆ Those who serve families with children should be accountable for improving outcomes for their clients and their communities.
- ◆ Services should be culturally competent and responsive to the cultural, racial, and ethnic differences of the population they serve.

**Align financing strategies with the programs and services they are intended to support.** The pursuit of funding sources and financing strategies should align with the initiative's needs, conditions, and long-term vision for children and families. Short-term, time-limited grants are not a long-term financing solution for ongoing programs and services. Highly restricted, categorical funding may not support the coordination, collaboration, and administrative capacity needed to create effective, comprehensive trauma-focused services for children and adolescents. Ensuring that financing strategies are closely aligned with the funding purposes is key to making the most of available resources.

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<sup>8</sup> See also *Getting to the Bottom Line: State and Community Strategies for Financing Comprehensive, Community Service Systems*, Brief #4, by Frank Farrow and Charles Bruner, Washington, DC: National Center for Service Integration Resource, 1993.

**Take account of changing fiscal needs over the life cycle of the initiative.**

Effective financing requires strategic thinking and consideration about which funding sources and financing strategies to pursue based on a careful analysis of short- and long-term funding needs over the life cycle of an initiative. For example, if a CTS initiative begins as a targeted demonstration for a subset of children exposed to trauma, but over time is expected to go to scale and serve all children and families in a community, then the costs and expenditures can also be expected to rise. Understanding and projecting cash-flow needs is an important step in the process of designing financing strategies that keep pace with changing fiscal needs.

**Incorporate multiple funding sources that cut across traditionally separate services and programs.**

Making the most of available funds requires combining public- and private-sector resources in innovative ways to create a funding portfolio of specialized, flexible, short-term, and long-term funding that is focused on the community's needs and priorities for children, youth, and families. Just as an individual's investment portfolio is strongest when it is diversified and derives income and growth from a complementary array of holdings, an initiative's portfolio should also be diversified and make the best use of a number of relevant funding sources. For example, blending and braiding dollars from several sources is an effective strategy to support

integrated and coordinated trauma-focused services for children and their families.

**Maximize the use of resources already in the system.**

One of the most important principles of effective financing is to recognize that the resources necessary to build and sustain innovative programs and initiatives may come in a variety of forms and from many sources. Nonmonetized resources, including volunteer staff, contributed space, donated equipment, and technical support, are just as valuable as funding and can significantly extend the total resources an initiative has to support children, youth, and their families. Figuring out how to attract and make effective use of these resources is critically important.

Just as important is making use of dollars that are already being expended on family and children's services. This may require the difficult and politically sensitive task of reallocating or redirecting spending from less effective to more effective programs and services, from higher cost to lower cost approaches, or from lower priority investments to higher priority ones. Developing comprehensive and integrated trauma-focused service delivery systems for children and adolescents and their families often creates opportunities to shift spending from specialized treatment to more prevention-oriented services and to achieve economies of scale in case management, administration, and outreach. In some cases, CTS initiatives are able to effect these changes themselves; in

One of the most important principles of effective financing is to recognize that the resources necessary to build and sustain innovative programs and initiatives may come in a variety of forms and from many sources.



others, they must work to influence the way agencies and organizations allocate resources by effectively making the case for new investment strategies. The need to make the most of existing resources partly reflects the fact that there is not enough funding solely dedicated to effectively serve trauma-exposed children and adolescents. However, it also reflects the political reality that it is sometimes easier to justify increased appropriations when current dollars are being spent most efficiently.

**Use new funding to leverage other public and private sector resources.** Many large federal funding streams are designed to require matching funds from other sources. CTS initiatives can significantly increase their resources by developing partnerships and engaging in efforts to match and draw down other available federal or state dollars and private funds. Shared funding and a mutual

commitment among contributing partners (government at all levels and the private sector) will help ensure the success and sustainability of promising initiatives.

**Contribute to a positive return-on-investment.** In business, investors expect to receive a positive return on their investment. In human services, the concept of return-on-investment is just beginning to take hold. Increasingly, investors—both public and private—want assurance that their investments in children and families will pay off in meaningful and measurable ways. This means not only by making services available, but also by improving results among those who receive them. Initiative leaders need to be able to demonstrate the results they are achieving as well as their potential to reduce the cost of bad results—such as greater costs for treatment, incarceration, and dependency—and deliver attractive returns.

# Strategies for Financing Programs and Services for Trauma-Exposed Children and Adolescents

This brief outlines five broad categories of financing strategies that CTS initiative leaders can pursue to support programs and services for traumatized children and adolescents and their families. These include a range of approaches:

- ◆ Making better use of existing resources
- ◆ Maximizing public revenue
- ◆ Creating more flexibility in existing funding streams
- ◆ Building partnerships
- ◆ Creating new revenue

Decisions about which strategy or combination of strategies is most appropriate will depend on the nature and scope of the CTS initiative and the economic and political environment in which it operates. The following table provides a summary of strategies discussed in this brief.

This brief focuses specifically on approaches that program and initiative leaders can implement to improve the quality of supports and services available to traumatized children and adolescents. However, the success and long-term sustainability of the CTS initiatives will importantly depend on the extent to which initiative leaders can affect the way in which the child-serving systems providing trauma-focused supports and services are financed. In addition to the strategies described in this brief, initiative leaders should also explore a variety of systems-level approaches that state and local policymakers can implement to support statewide systems reforms to meet the needs of traumatized children and adolescents. For more information on systems-level financing approaches, see Cheryl D. Hayes, *Thinking Broadly: Financing Strategies for Comprehensive Child and Family Initiatives*.



## Five Key Strategies for Financing Programs and Services for Trauma-Exposed Children and Adolescents

	STRATEGY 1	STRATEGY 2	STRATEGY 3	STRATEGY 4	STRATEGY 5
	<b>Making Better Use of Existing Resources</b>	<b>Maximizing Public Revenue</b>	<b>Creating More Flexibility in Existing Funding Streams</b>	<b>Building Partnerships</b>	<b>Creating New Revenue</b>
<b>Approaches that can be used by CTS programs and initiatives</b>	<p><i>Operating more efficiently</i> – cutting costs by doing the work more efficiently.</p> <p><i>Maximizing volunteer contributions</i> – enhancing access to people, services, and in-kind support.</p> <p><i>Improving internal management systems</i> – collecting and using data to guide decision making.</p>	<p><i>Grant writing to access public sector funds</i> – applying for discretionary grants from public agencies.</p>	<p><i>Coordination</i> – aligning categorical funding from multiple sources and funding streams to respond to program priorities.</p>	<p><i>Leveraging</i> – creating partnerships that expand the fiscal base for family and children’s services.</p> <p><i>Building capacity and improving practice</i> – creating opportunities for sharing knowledge, skills, and technical resources needed to create and sustain systems of supports and services.</p> <p><i>Building public will and improving policy</i> – joining local planning/advocacy groups and commissions to influence policy and practice.</p>	<p><i>Charging fees for services</i> – charging fees to service users to help cover program costs.</p> <p><i>Generating unrelated business income</i> – creating revenue by pursuing an activity not related to the mission of the organization or program.</p> <p><i>Fundraising</i> – organizing community fundraising campaigns to generate support.</p>





# STRATEGY 1: Making Better Use of Existing Resources

While pursuing new funding is an important financing strategy, the most effective and sustainable initiatives are those that take the time to examine their internal operations and financing efforts to ensure that they are making the best use of available resources. Efforts to make better use of existing resources can focus on creating greater efficiency by streamlining administration, making better use of nonmonetized resources, and improving internal operations and management systems.

**Operating more efficiently.** By creating greater efficiency in operations, many programs are able to cut costs and then reinvest the savings in more intensive services or in expanding the population served. Among the most common approaches are:

- ◆ Co-locating or joining forces to increase service efficiency (e.g., connecting independent programs and services);
- ◆ Creating efficiencies through purchasing pools (e.g., for supplies, administrative services, employee benefits, and professional training);
- ◆ Outsourcing administration; and
- ◆ Implementing more streamlined administrative and management processes.

## Sharing Resources to Promote the Efficient Provision of Services in Dane County

The Mental Health Center of Dane County is a 55-year-old nonprofit mental health services provider that provides emergency psychiatric services, child trauma treatment, outpatient care, and a range of other services throughout Dane County, Wisconsin. The center has more than 300 staff and significant capacity to provide and administer services. Recognizing the center's capacity, Dane County supports its efforts to share resources and expertise with other mental health services providers in the county that have fewer resources. As one example, because the center has the complex information technology necessary to do Medicaid billing, its staff does billing on behalf of county-run mental health services and smaller agencies that lack this technology. In recognition of the additional administrative effort that this requires, the county increases its requirements regarding how much Medicaid funding the center can expend on administrative activities. Furthermore, separate county funds allow center employees to spend a portion of their time providing supervisory services to smaller mental health service providers that provide crisis intervention services. This supervision allows smaller service providers to gain eligibility for Medicaid reimbursement and significantly expand the population of children and families served. Through this effort, the county is leveraging the resources available within the larger Dane County Mental Health Center to build the capacity of smaller county mental health services providers to provide high quality mental health services to children and families, while the center is increasing the range of fiscal resources it receives from the county.

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In partnership with other stakeholders in their community, CTS initiative leaders can think about ways to join forces to improve the quality of services to trauma-exposed children and adolescents. One approach is to work with partners that provide complementary services and devise strategies for co-locating staff in one building or office, thereby making it possible for children and families to access a variety of services at one location. For example, in partnership with their local child welfare agency, CTS initiative leaders can co-locate a trained clinician in the child welfare agency. This professional can ensure that children have access to trauma-focused mental health assessments, work with case managers to develop service/treatment plans, and train child welfare staff on child trauma. Co-location not

only allows programs to work together more effectively, but also helps them operate more efficiently by avoiding duplication of services and sharing the cost of equipment, supplies, and training. Importantly, co-location can lead to increased access to funding as programs recognize the benefits of these partnerships.

CTS initiative leaders should consider how they could make the best use of available resources, such as creating economies of scale, to support their own work and/or to support service coordination and systems integration on the state and local levels.

**Maximizing volunteer and in-kind contributions.** Taking advantage of volunteer and in-kind contributions is another

### Family and Children's Services: Co-locating to Provide Trauma Services

Family and Children's Services is a not-for-profit private social service agency in Nashville, Tennessee. Among its many programs and services, the agency provides outpatient mental health counseling to individuals and families, permanency services for foster children, and trauma intervention services for children and their families throughout the greater Nashville area. Through its trauma intervention program, the organization partners with the Metropolitan Nashville Police Department, Department of Children's Services, and other agencies to provide direct services to children who have suffered or witnessed violence in their homes or neighborhoods. For example, since 1999, Family and Children's Services clinicians have been co-located in two inner-city police substations and one inner-city school where they are available to provide counseling services to children exposed to violence. Trauma clinicians are on-call 24 hours a day, 7 days a week, for the police department and Child Protective Services and begin services on the scene in the immediate aftermath of violence or a traumatic event.

Recognizing the value of this service delivery approach, the organization is now using funding from its Child Traumatic Stress grant to co-locate a therapist in the police department's domestic violence division to provide crisis and ongoing therapy to children and their caregivers regarding their exposure to family violence. The co-location of staff within the domestic violence division gives children and their families greater access to services at a time when they need it most, increases the clinician's understanding of the context and circumstances of children's trauma, and allows the organization to share administrative costs. In addition, the co-location of staff has greatly enhanced the working relationship and partnership between Family and Children's Services and police officers who refer children and families for trauma services.

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approach for maximizing available resources, building organizational capacity, and generating community support. By leveraging the work of volunteers, such as AmeriCorps\*VISTA members, professionals offering pro bono assistance, graduate school interns, and other volunteers, CTS initiatives can supplement their staff, thereby achieving increased efficiencies. Studies have shown that organizations benefit most from giving volunteers a variety of options to contribute to the operations of the organization.<sup>9</sup> Volunteers can provide supplemental and/or supportive services, such as administrative assistance, and can serve as advocates and ambassadors of the initiative's work in the community. Other approaches for maximizing re-

sources include accessing in-kind contributions such as a staff person "loaned" to work for the CTS initiative, office space, and technical support such as legal, financial, marketing, and public relations services. This approach has the potential to lead to significant costs savings over time.

**Improving internal management systems.** Quality programs cannot exist without strong internal management systems. Such systems may include communications systems, accounting and auditing procedures, and personnel and management information systems. These systems help maintain accountability

### Maximizing Resources through In-kind Support and Volunteer Contributions

The Children's Relief Nursery (CRN) provides early intervention, rehabilitation, and support services to families and children from birth through age three who are at high risk of abuse or neglect. Since its inception, CRN has built a strong volunteer base and strong relationships with key partners in the community. The organization currently has a pool of 200 volunteers from which to draw to conduct its work. Volunteers provide administrative and other support; conduct research activities; and assist in the therapeutic classrooms where children experiencing developmental challenges participate in supportive and therapeutic social, emotional, physical, and cognitive activities. The CRN recently benefited from a AmeriCorps\*VISTA volunteer and a graduate student intern who conducted research on clinical interventions that CRN hopes to utilize with its target population.

Volunteers also play a key role in the organization's fundraising activities. The organization's development committee consists of board members and community volunteers who support the organization's work and contribute their knowledge and expertise to increase the organization's visibility in the community. For example, a marketing consultant has donated her time and expertise to developing press releases to get the message out to various media sources. Building on its volunteer base and relationships in the community, since 2000, CRN has been able to leverage in-kind support from the University of Portland, local businesses, and more than 100 volunteers to sponsor the Portland Iron Chef fundraising event, which generates in excess of one-quarter of the organization's operating budget. This year's event attracted more than 700 participants and raised more than \$500,000.

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<sup>9</sup> Mark Hager and Jeffrey L. Brudney. *Balancing Act: The Challenges and Benefits of Volunteers*. Washington, DC: The Urban Institute, December 2004.

and quality control over an initiative's work, ensure that programs and services are of high quality, and help demonstrate to funders and other stakeholders that the initiative has the capacity to achieve its goals and manage and track its fiscal resources effectively. Particularly important to an initiative's long-term financing is the implementation of results-based or data-driven decision making. Results-based decision-making helps initiatives:<sup>10</sup>

- ◆ Identify and allocate resources based on an initiative's results;
- ◆ Demonstrate the success of investments for children and families by the results or outcomes they achieve for individuals, families, and communities;
- ◆ Improve the initiative's performance; and

### Using Cost Data to Demonstrate the Value of Investing in Community Mental Health Services

To track outcomes for children and families, Delaware's Department of Services for Children, Youth, and Their Families has developed a statewide management information system (MIS) that captures mental health, substance abuse, child welfare, and juvenile justice system data. The MIS includes demographic information, identified problems, screening data, level-of-care recommendations, service providers, service utilization, and cost data. Data captured in this MIS have been invaluable to the mental health services, child welfare, and juvenile justice divisions in providing services effectively. For example, during the legislative budget process, the Division of Children's Mental Health Services (DCMHS) utilized case cost data to demonstrate to the administration (governor's office and executive branch) and members of the legislature the value of community mental health services provided through its Systems of Care or Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances grant. The DCMHS prepared cost comparison charts showing the costs of changes in service settings—i.e., the costs of treating children and youth with serious behavioral disorders in restrictive residential treatment settings (which are typically located out of state) compared to the costs of providing home- and community-based services. The DCMHS coupled these data with consumer satisfaction data to show caregivers' and youth's satisfaction with community-based mental health services. Satisfaction factors included caregiver participation in meetings, level of involvement in planning services, provider understanding of the family's culture, respect for the family's beliefs, and services received. Because of this effort, the DCMHS successfully convinced the governor's office and the legislature to provide funding to sustain the provision of community-based mental health services for children and youth with serious behavioral disorders. In fiscal year 2007, DCMHS received \$1.3 million in new state funding to continue the level of effort established under the Systems of Care grant.

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<sup>10</sup> See also *Using Results to Improve the Lives of Children and Families: A Guide for Public-Private Child Care Partnerships* by the Child Care Partnership Project, Washington, DC: The Finance Project, 2000; and *Think Global, Document Local: Using Data and Information Technology to Advance the Early Childhood Agenda* by Sara Watson, Washington, DC: The Finance Project, 2000.

- ◆ Foster partnerships and mobilize potential partners in the alignment of resources around common goals.

When using data to support decision making, CTS initiative leaders should consider collecting data that will allow them to track both process and outcome measures that document the quantity, quality, and impact of services provided. Potential measures may include information on service utilization, cost, quality, and satisfaction, as well as clinical and functional outcomes. In this era of tight fiscal markets and program accountability, the ability to demonstrate cost savings is as important as the ability to demonstrate positive outcomes.

### *Considerations:*

Sometimes it takes money to make money. Strategies to make better use of existing resources often require an initial investment of new funds to retool management and administrative systems; to support and coordinate volunteer programs; or to create management information systems to collect data, monitor services, and track children and families. Ultimately, however, these investments can lead to substantial savings. Specific considerations include the following:

- ◆ To create greater efficiencies in program operations, initiative leaders may need to identify resources outside the organization with the knowledge and technical expertise to assess the organization's capacity and identify strategies to make the best use of available resources. CTS initiative leaders should consider working with a

local nonprofit management consultant as well as looking at other resources in the community that might be able to provide assistance on a pro bono basis or for a reduced fee.

- ◆ Volunteers do not come without costs. Investing in volunteer management capacity will maximize the benefits and minimize the costs of volunteer programs. For example, a volunteer coordinator who designs volunteer positions and recruits, screens, trains, orients, places, supervises, and provides ongoing support and recognition to an initiative's volunteers is a necessary investment and a critical asset to a successful volunteer program.
- ◆ A carefully designed management information system to collect, store, and track data on children and families will require significant financial investment but will ensure that CTS initiatives have the information they need to demonstrate their results and improve their operations.
- ◆ Initiative leaders should incorporate the resources needed to support ongoing data collection and analysis into their overall program costs and financing plan. Cost estimates should include resources to develop and maintain management information systems, staff time, and training to build the staff's capacity to collect, input, and analyze data.



## STRATEGY 2: Maximizing Public Revenue

Accessing public funding is a second financing strategy to support initiatives for children and adolescents exposed to trauma. A wide range of federal funding streams are available to support the mental health service needs of children and adolescents exposed to trauma.<sup>11</sup> These programs are of several basic types:

- ◆ *Entitlement programs* – open-ended, uncapped appropriations that provide funding to serve all children and families that meet the programs’ eligibility criteria (e.g., Title XIX–Medicaid).
- ◆ *Formula (or block) grants* – capped appropriations that provide a fixed amount of funding to states or localities based on established formulas, which vary from grant to grant and typically require a state match (e.g., the Community Mental Health Services Block Grant and Child Abuse and Neglect State Grants). The formulas are usually tied to population characteristics, such as income status, geographic residence, or personal characteristics like disabilities.
- ◆ *Discretionary grants* – capped appropriations for specific project grants awarded on the basis of competitive applications (e.g., Safe Schools/Healthy Students). Depending on the provisions of the program, applicants may be a state or local, public, or private entity. A growing number of discretionary grant programs require collaborative efforts by a consortium of community agencies and organizations.
- ◆ *Direct payments* – capped appropriations that support direct financial assistance to individual beneficiaries who satisfy federal eligibility requirements (e.g., Crime Victim Compensation). These programs may be administered by an intermediate state agency.

Maximizing federal and state funds is a financing strategy that enables CTS initiative and program leaders to identify relevant public funding sources and draw down the maximum amount that can be obtained from each source. These efforts can substantially expand the funding base for trauma-focused initiatives and provide stable revenues to support an initiative’s sustainability.

**Grant writing to access public sector funds.** Discretionary grants are available from public agencies to support family and children’s services. Applying for discretionary grants is a useful strategy for CTS initiative leaders and program developers who need short-term funding for pilot programs or experimental program components and for research and evaluation to support the initiative. To take advantage of available discretionary grants, CTS initiative leaders should frame their program or initiative to respond to funders’ program priorities and to demonstrate the fit between the goals of the program and the funders’ objectives. Grant proposals should respond to the structure and substantive

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<sup>11</sup> See Aracelis Gray and Amanda Szekely. *Finding Funding: A Guide to Federal Sources for Child Traumatic Stress and Other Trauma-Focused Initiatives*. Washington, DC: The Finance Project, November 2006; and General Accounting Office. *Mental Health Services: Effectiveness of Insurance Coverage and Federal Programs for Children Who Have Experienced Trauma Largely Unknown*. Washington, DC: General Accounting Office, August 2002.

## Open Arms, Inc.: Tapping into Available Public Funds to Support Child Trauma Services

Open Arms, Inc., is a nonprofit child abuse prevention and treatment organization in a rural and economically depressed region of Georgia. Despite the limited resources available in the community, Open Arms has effectively accessed a number of significant public funding sources to finance its work. Led by administrators who place a high priority on maximizing public grants to support services for children affected by abuse, Open Arms has accessed federal funds to support child trauma treatment, as well federal grants from the Runaway and Homeless Youth Program and Transitional Living Program for Homeless Youth, which support victims of crime and homeless and runaway youth. Open Arms operates two group homes and 20 foster care homes. It receives funding from the Georgia Department of Human Resources to place children in the approved group and foster homes, train prospective foster parents, and coordinate services for children. Open Arms receives a per diem rate for each child in the group and foster care homes; in fiscal year 2005, the organization's per diem reimbursements totaled more than \$1 million. In addition, Open Arms has been able to tap into state appropriations to train Court Appointed Special Advocates (CASA) volunteers to help abused and neglected children in the juvenile court system and operate a Child Advocacy Center to advocate on behalf of abused and neglected children. By accessing these public funding sources, Open Arms is able to operate a variety of programs and services for children and adolescents exposed to trauma. The CTS grant will further enhance the organization's capacity to provide trauma-focused interventions to this population.

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focus of the request for proposals and should make a strong and compelling case for support, including the statement of need for project funding and a project description that details how proposed plans will be implemented and how funds will be used. In addition, initiative leaders should seek productive opportunities to partner with other organizations and programs to increase their eligibility for discretionary funding and to broaden the base of support for their CTS initiatives. For example, initiative leaders can explore opportunities to contract with public agencies, such as county and city agencies and school districts, to train agency personnel or provide direct services to traumatized children and adolescents.

### *Considerations:*

- ◆ To access the variety of federal and state revenue available to support children and adolescents exposed to trauma, CTS initiative leaders will need to identify, track, and monitor grant opportunities on the federal and state levels. Engaging in these activities can help ensure that leaders are aware of the range of funding sources available, the purposes of these funds, and the services and activities for which they can be utilized. Having access to this information can help in aligning program funds to the initiative's goals and in identifying and engaging community partners to access program funds.
- ◆ Many discretionary or program grants provided by government funders require matching funds. When applying for these grants, initiative leaders need to be aware of the matching funds requirements and rules.
- ◆ Program leaders do not have the authority to directly access many federal funding sources because these funds flow through state government agencies and in some cases are co-mingled with state dollars. Therefore, CTS initiative leaders need to first be aware of what funding sources flow to the state agencies, who administers specific funds on the local and state levels, how decisions are made to allocate funds, and then work to influence how funds may be spent. To ensure that federal and state funds are allocated in ways that respond to community needs and priorities, initiative leaders need to develop strong working relationships with state officials. Initiative leaders are often more likely to be successful in their efforts to influence allocations if they approach state officials as a coalition and work with other programs and initiatives to demonstrate the broad applicability and benefit of the approaches they advocate.

21 STRATEGY 3: Creating More Flexibility in Existing Funding Streams



## STRATEGY 3: Creating More Flexibility in Existing Funding Streams

Most funding streams serving children and adolescents are categorical. They tend to support programs and services with narrowly defined purposes that provide specific types of assistance to special categories of children and adolescents deemed eligible under the law. The result at the community level has been a plethora of programs and services that are disconnected and duplicative and that often make it difficult to coordinate and provide the targeted help that many children and adolescents require. Strategies to create more flexible funding can be key to developing comprehensive support systems and paying for an array of needed services when one or another funding stream cannot do the job alone. The common objective of this strategy is to enable CTS initiative leaders to provide comprehensive and coordinated supports and services that meet the varied and diverse needs of children and adolescents exposed to trauma.

**Coordination.** Coordination, also referred to as “braiding,” is an approach that initiative leaders can implement to align categorical funding from a number of agencies and funding streams to support integrated and coordinated service delivery.<sup>12</sup> This approach allows initiative leaders to bring together traditionally separate services and programs and to create more integrated and responsive initiatives for traumatized children and adolescents. In addition, by aligning categorical funding streams, initiative leaders can help reduce duplication of services, increase the efficient use of resources, reduce the administrative burden of multiple categorical programs, and support comprehensive CTS initiatives. Further, by reducing an initiative’s over-reliance on any single funding stream, this approach helps ensure an initiative’s long-term sustainability.

Family resource centers are the embodiment of comprehensive, community support systems. They provide safe, comfortable, neighborhood-based settings for children and families. They are entry points for families with children to gain access to an array of supports and services: child care, health and nutrition services, parent education and support, literacy training, emergency services, mental health services, help in gaining access to income supports, food stamps, housing subsidies, and job training. Because they provide many different programs and services, family resource centers typically rely on a number of discrete funding sources—federal, state, local, and private. They often draw down funding from many categorical sources and tie it together with foundation funding or other flexible support that enables them to finance the critical capacity to provide and coordinate comprehensive care.<sup>13</sup>

Strategies to create more flexible funding can be key to developing comprehensive support systems and paying for an array of needed services when one or another funding stream cannot do the job alone.

<sup>12</sup> See also *Blending and Braiding Funds to Support Early Care and Education Initiatives* by Margaret Flynn and Cheryl D. Hayes, Washington, DC: The Finance Project, January 2003.

<sup>13</sup> Sara Watson and Miriam Westheimer. *Financing Family Resource Centers: A Guide to Sources and Strategies*. Washington, DC: The Finance Project and Carnegie Corporation of New York, 2000.

## Women's Opportunity and Resource Development, Inc. (WORD): Developing Family Resource Centers to Support Parental Involvement

Ten years ago, leaders of Women's Opportunity and Resource Development, Inc. (WORD), a nonprofit community organization in Missoula, Montana, approached their local school district to discuss ways to increase parental involvement in schools and provide parents with an avenue for participation. WORD proposed the creation of family resource centers (FRCs) throughout the school district that could be supported by both the community and the school district. WORD currently partners with more than 20 schools in western Montana. Most FRCs are housed in schools that qualify for federal Title I funds (based on a high percentage of low-income families). The centers promote parental involvement in education, family literacy, and the development of support networks for isolated families. Professionals, AmeriCorps members, and parent volunteers staff the centers, sharing information with educators about ways to increase parental involvement in the schools.

The FRCs have been funded from a variety of public and private sources, including Title I, Montana Board of Crime Control, Montana Children's Trust Fund, the state Interagency Coordinating Council, WORD, and several private foundations. Currently, WORD supports their operation and expansion with AmeriCorps funds, as well as assistance from private foundations and local businesses. Title I funds support several parent-related components of the FRCs, including literacy instruction, child care for parent volunteers, and transportation reimbursements. Funding from WORD and other partners provides additional support for resource and referral services, parent advocacy, counselors, and other social services. This successful partnership has provided the Missoula community with a valuable resource that no organization could have provided alone. Key to the success of the initiative has been the allowance of time for planning and communication between partners. In addition, initiative leaders have made a concerted effort to establish clear boundaries that allow partners to know and understand their roles in the initiative.

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## Considerations:

- ◆ Critical to the success of this approach is a good plan, a good management information system, and a good cost accounting system for tracking expenditures by funding source to properly allocate and report them.<sup>14</sup> CTS initiatives that do not have the administrative capacity to manage the requirements of multiple funding sources will need to partner with an intermediary organization that can handle the task of coordinating multiple funding streams.
- ◆ In most cases, coordinated financing is most effective when additional non-categorical funding is available and can provide the “glue money” to support collaboration and administrative coordination, as well as program components that cannot be funded by existing categorical streams.
- ◆ A critical starting point in efforts to braid funding is the possession of a clear vision and leadership that can articulate that vision and inspire stakeholders to achieve it. Once initiative leaders have a clear vision of what they want to achieve, they can identify key champions who can provide leadership, communicate with key decision makers, and use their power and prestige to generate support for the coordination of funding streams to achieve the initiative’s vision.
- ◆ To coordinate programs, services, and financing, it is essential to know the range of resources that potentially can support trauma-focused supports and interventions. CTS initiative leaders should not only understand how much flexibility is allowed in using those funds, but should also know the difference between what is encouraged, what is allowed, and what is required.
- ◆ To successfully explore opportunities for creating more flexibility in categorical funding, CTS initiative leaders need to work closely with state administrators because this strategy requires state approval and, in some cases, state administration. Initiative leaders are likely to be most successful if they approach state officials as a coalition and work in cooperation with other community-based collaboratives, in order to demonstrate the broad applicability and benefit of more flexible funding.

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<sup>14</sup> Center for the Study of Social Policy. *Breaking New Ground: A Financial Strategy for a Governance Partnership*. Washington, DC: Center for the Study of Social Policy, 1998.



## STRATEGY 4: Building Partnerships

More and more, initiative leaders recognize that many goals, such as preventing the long-term effects of exposure to trauma, cannot be achieved by a single agency or program. They require mobilizing resources across several agencies and programs and linking them more effectively. As a result, many initiative leaders are eager to join forces and collaborate with colleagues in other programs and leaders in their communities. These partnerships can take place between and across the public and private sector and can help to leverage financial resources, contribute leadership, help to frame the policy agenda, and contribute to improved child trauma practice in their community. Because partnerships can build local and state capacity for developing comprehensive trauma-informed mental health services for children and adolescents exposed to trauma, they are an important financing strategy that initiative leaders should consider. Although each partnership is unique, effective partnerships share several key characteristics.<sup>15</sup>

- ◆ They bring together representatives—from federal, state, or local government entities, business, philanthropy, parents, and community organizations—around an agenda of common concern.
- ◆ All partners contribute—time, money, expertise, or other resources—and find opportunities to gain from the joint endeavor.
- ◆ Partners work together toward common goals or objectives for children, youth, and their families.
- ◆ Decision making and management responsibilities are shared among the partners.

Partnerships can take place between and across the public and private sector and can help to leverage financial resources, contribute leadership, help to frame the policy agenda, and contribute to improved child trauma practice.

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<sup>15</sup> The Child Care Partnership Project. *A Guide to Successful Public-Private Partnerships for Child Care*. Washington, DC: U.S. Child Care Bureau, 1999. The Child Care Partnership Project was a joint initiative of The Finance Project, the Families and Work Institute, and the National Governors' Association.

A first step in implementing this strategy is to identify local partners. CTS initiative leaders should begin by doing a scan of other players in their community who have a stake in the outcomes of children and adolescents exposed to trauma. This includes looking at organizations that have a similar vision, serve the same population, and provide complementary services to those of the initiative. Potential partners may include representatives from health, mental health, child welfare, juvenile justice, law enforcement, education, and domestic violence services, as well leaders from the business, faith-based, philanthropic, and other private sectors. In evaluating partnership opportunities, initiative leaders should think about how their work fits in, complements,

or is different from the work of others in the community. By identifying these potential partners, CTS initiative leaders can work with partners around common goals and identify opportunities to integrate child-trauma practice within existing efforts rather than contribute to a fragmented service system.

In seeking to establish partnerships, initiative leaders should work with each partner to determine each partner's contribution. Contributions can be of a financial nature, but they also may include joining forces to provide more integrated and efficient services and advocating for the provision of evidence-based, trauma-focused services for children and adolescents. CTS initiative leaders will want to

### Establishing Partnerships to Improve Trauma Practice

The Center for Child and Family Health (CCFH) represents a consortium of Duke University, North Carolina Central University, the University of North Carolina Chapel Hill, and Child & Parent Support Services (a 501(c)(3) organization) that provides medical evaluations, mental health services, legal and family support services, and education and training services in the area of child maltreatment and traumatic stress in North Carolina. In addition to providing direct services, CCFH seeks to improve child trauma practices and unify fragmented community services for traumatized children through training, research, and policy efforts. To meet this goal, CCFH has actively engaged and established relationships with policy and program leaders within various state agencies, including mental health services and child protection. CCFH staff currently participate on a statewide taskforce on evidence-based practices and are using their expertise in child trauma to support the development of guidelines that state staff will use in making decisions about cases of “attachment disordered” youth. These partnerships have given CCFH staff and faculty a role in state-level discussions and planning related to child trauma and an opportunity to apply their expertise in child maltreatment and trauma to influence policy and practice.

Because of these partnerships, CCFH also has been able to leverage resources to implement evidence-based practices throughout the state. CCFH received funding through a collaborative initiative between the state's Division of Mental Health, the governor's Crime Commission, and several private foundations to provide training and establish a new reimbursement fund to compensate for the provision of trauma-focused cognitive behavioral therapy for children who are confirmed victims of sexual abuse and reside within 25 underserved counties in northeast North Carolina. The project will run for a minimum of three years and will generate \$250,000 in new funding to support CCFH's work.

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articulate how the partnership will specifically increase the community's capacity to provide trauma-related services and supports. By increasing partners' understanding of the value and opportunity inherent in working together to address the issue of child trauma, CTS initiative leaders will contribute to systemic change and the development of trauma-informed practice.

Approaches for engaging in partnerships include the following:

**Leveraging additional financial resources.** By building partnerships within and across the public and private sectors, CTS initiative leaders have the opportunity to broaden the fiscal base and resources available

to support trauma services and interventions for children and adolescents. Across the county, governments, community foundations, corporations, and nonprofit organizations are beginning to see investments in prevention as critical to improving the quality of life in their communities and yielding significant payoffs in businesses' bottom lines. Consequently, it is important that initiative leaders work to bring together these investments and maximize their potential to expand and create new investments. For example, by accessing public sector dollars, CTS initiative leaders can attract and leverage resources from the private sector and vice versa.



CTS initiative leaders also can seek to leverage public and private sector dollars by pursuing challenge grants. A challenge grant is funding that is contingent on matching funds being raised. Challenge grants are particularly attractive to investors because it makes their initial investments go further. In addition to raising funds to help CTS initiatives accomplish their program goals, challenge grants can help initiative leaders reach new donors and expand the number of community stakeholders supporting trauma-focused services and interventions.

**Building capacity and improving practice.** In addition to dollars, partnerships can also contribute technical expertise and support. By sharing knowledge, skills, and technical resources, partners can help build systems of supports and services for traumatized

children and adolescents. For example, business leaders can share their expertise in personnel management, public relations, or strategic planning. In addition, business leaders can help organize and coordinate participation from the business community through business commissions and roundtables. Through partnerships, CTS initiative leaders can provide valuable support to government and community organizations to build their capacity for developing comprehensive trauma-focused services for children and adolescents. Initiative leaders can provide training aimed at helping local program and policy leaders better understand child trauma, collect and provide data and information on the incidence of child trauma and the costs of not intervening early, and develop informational materials on the current funding landscape supporting trauma practice.

### Oklahoma Child Traumatic Stress Treatment Collaborative

The Oklahoma Child Traumatic Stress Treatment Collaborative (OCTSTC) is a public-private partnership that serves children and adolescents affected by trauma. OCTSTC recently received a grant to improve the quality, effectiveness, provision, and availability of child trauma treatment. In efforts to tap the knowledge and coordinate resources among the various state agencies that address child trauma, OCTSTC helped to coordinate a statewide Child Trauma Taskforce. Representatives from mental health, domestic violence, and juvenile justice agencies have joined representatives from the National Child Traumatic Stress Network–funded sites in Oklahoma to train and promote a workforce competent in providing evidence-based trauma services. To advance trauma practice across partner agencies, taskforce members are cross-training each other's staff. This cross-training will improve staff's understanding of the role of child trauma in their work and lead to the implementation of trauma-focused interventions across participating providers. Collaborative staff also have partnered with staff of a university child abuse center to train domestic violence workers from agencies around the state on evidence-based treatment services. In addition to raising awareness and improving child trauma practice across state agencies, the taskforce is building local support that will be critical to sustaining OCTSTC's work. Furthermore, OCTSTC's ability and willingness to support the taskforce, by scheduling meetings and facilitating communication between members, has increased partners' recognition of OCTSTC's resources and expertise.

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## Building public will and improving policy.

Successful community initiatives require leaders who act as change agents by clearly communicating the goals of community efforts to improve the lives of children and adolescents and by building a broad base of support.<sup>16</sup> These efforts include strategies to build public will and improve policies at the state and local levels. CTS initiative leaders can play a leadership role and engage in public education and awareness activities to build public will around child trauma and join local planning groups and commissions that work to effect changes in financing and other policies so that they are better aligned with the needs of children and adolescents exposed to trauma. In addition, by partnering with and involving representatives from the business, foundation and faith-based communities and the media, CTS initiative leaders will call attention and bring greater visibility to the importance of trauma supports and services for the social and mental well-being of children and adolescents and help to build and improve local systems for CTS programs and services.

### Considerations:

- ◆ All partners need to be actively involved in defining the goals and agenda of a partnership for trauma-focused services. Collectively defining goals gives all partners ownership and increases the likelihood that they will stay committed over the long run. If all partners are committed to the same goals, they are better equipped to negotiate the inevitable differences of perspective and opinion that arise as they work together. Likewise, if the goals are held firm, the partnership can be flexible

in how they are accomplished, which will help the partnership evolve in the face of political, economic, or other changes.

- ◆ An effective governance structure is essential for the successful management of the partnership. Effective governance structures define the various roles that partners will play and ensure that all partners understand and accept these roles. Because partnerships involve diverse individuals and organizations working together toward shared goals, partners must agree on how they will work together. Such mutually agreed-upon guidelines can prevent miscommunication and establish a process in which all partners are respected for their unique contributions. Guidelines also provide a mechanism to resolve inevitable differences of opinion.
- ◆ The process of building and sustaining partnerships requires time and resource investments. CTS initiative leaders need to consider the time required to convene and participate in meetings, share information, provide assistance, and share resources with other partners when needed.
- ◆ Before applying for a challenge grant, CTS initiative leaders should consider the terms and conditions of the funding to ensure the purposes of the funds align with the initiative's vision. It also is important that initiative leaders understand the timeframe during which the matching funds will need to be raised, get buy-in and support from members of the initiative's board or leadership group, identify potential matching donors, and devise a plan for tailored outreach.

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<sup>16</sup> Ibid.



## STRATEGY 5: Creating New Revenue

Finally, an important category of financing strategies for trauma-focused services for children and adolescents is developing new revenue sources for specific programs, services, and capacities. These funds can be generated privately at the program level through fundraising, charging fees, and taking advantage of opportunities for unrelated business income. This section discusses several strategies that CTS initiative leaders can pursue to create new revenue sources for trauma services.

**Charging fees for services.** Some programs charge fees for their services as a way of generating revenue to help cover their costs. Fees for trauma-focused services may be as little as a few dollars per visit or series of visits, and as much as the “market rate” for services. To be effective, however, fee structures must reflect the community’s ability and willingness to pay.

A sliding scale (tied to family income and/or the number of children or other family members enrolled in a program) structures fees based on an individual family’s ability to pay; families pay a portion of the costs of the services they receive, and other funding sources cover the remaining costs. In many cases, a sliding scale also can assist parents who are required to make a co-payment to receive a public subsidy.

### Providing Fee-based Trauma Services to School Districts following Hurricane Katrina

The DePelchin Children’s Center has provided child welfare services in Houston, Texas, for over 100 years and recently utilized federal funding from the Donald J. Cohen National Child Traumatic Stress Initiative to build its capacity around serving children affected by traumatic stress. Following Hurricane Katrina, the center’s expertise on child trauma was in great demand as evacuee families from New Orleans and other Katrina-affected areas moved to the Houston area. To assess the needs of large numbers of evacuee children, the center built on its existing relationships with local school districts in Houston, Fort Bend, and Waller County, Texas, to respond quickly to the tremendous need for support and services within the school systems. Counselors trained in effective trauma-informed practices held school-based trauma groups and individual interventions to address the immediate needs of affected children. Staff from the center also trained school staff in appropriate methods of supporting trauma-affected children and conducted parent psychoeducational groups to enhance their ability to support their children.

Initially, time-limited services were provided at no cost to the districts, while more extensive services were provided on a fee-for-service basis. While a great deal of services were provided by psychology interns and postdoctoral fellows already in the schools and paid for by existing contracts, federal funding allowed one district to contract with the center to provide services specifically for families affected by Hurricane Katrina. In addition to generating new revenue, these contracts have strengthened the center’s partnerships with local schools, have supported the dissemination of evidence-based practices in local school systems, and have allowed the center to meet the immediate needs of families displaced by the hurricane.

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In addition to charging fees for services provided to children and adolescents exposed to trauma, CTS centers can charge fees for training, consultation, and other activities designed to improve trauma practice. For example, initiative leaders can enter into contractual agreements with local and state agencies to train providers on trauma-focused cognitive behavioral therapy or to conduct screenings or assessments for trauma services.

**Generating unrelated business income.**

Unrelated business income is revenue generated by an activity not substantially related to the mission of the organization or program. For example, it may include rental income from leasing property or facilities to other organizations or programs, profits from the sale of logo items or other goods unrelated to the direct purposes of the program, and fees charged for unrelated services (e.g., parking). To use this strategy to generate additional funding, CTS initiative leaders must evaluate their organization’s resources and determine whether any business opportunities exist and whether they are worthwhile to pursue. Though nonprofit organizations do not owe income

taxes on revenue that is directly related to their mission, they are liable for taxes on unrelated business income, and they are taxed at regular corporate rates. Accordingly, before pursuing opportunities to generate additional funding in these ways, initiative leaders must thoroughly understand the tax implications and assess the organizational and administrative burden of the activities they are considering. The advantage of this approach is that all funds generated are completely unrestricted. Program leaders can utilize them to fund services or functions that are difficult to finance with traditional funding sources.

**Fundraising.** Fundraising can be an important element of an organization’s financing plan, but it is often overlooked as a potential strategy. Fundraising can help organizations to secure financial support for an array of needs, from general operating support to new projects and initiatives. Community fundraising strategies can take many forms, including capital campaigns, annual fundraising drives, direct mail solicitation, planned giving, and special events such as golf tournaments or dinners. Funds that are raised through these

**Generating Unrelated Business Income through Facility Use**

Since 1997, Girls Inc. of New Hampshire has relied on unrelated business income to assist in funding their youth development activities. Leaders of Girls Inc. of New Hampshire were looking for creative ways to fund their program, when they realized their facility was vastly underused, since they primarily offer program activities during the before- and after-school hours. Leaders of Girls Inc. of New Hampshire informed community organizations and youth athletic leagues that their facility space was available to rent in the evenings. Since that time, Girls Inc. of New Hampshire has generated about \$20,000 annually in unrelated business income from the rental fees.

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## Developing a Range of Community Fundraising Strategies

The National Children's Advocacy Center in Huntsville, Alabama, provides comprehensive services and support to victims of child abuse and serves as a national model to child advocacy centers in other communities. The center was initially founded with the support from then–district attorney and now Congressman Bud Cramer in 1985 to change the way in which the local justice system treats children during child abuse cases. In addition to receiving a range of federal funds from the U.S. Departments of Justice, Health and Human Services, and Housing and Urban Development, the center has effectively generated private and corporate donations to support and grow its services for abused children. The center has successfully implemented a number of fundraising events, including an annual golf tournament with a well-known local golfer and a tour of local designer homes. Both events have raised tens of thousands of dollars to support the center's work.

After operating out of a small house for many years, the center recently engaged in a \$10 million capital campaign to support the construction of a new campus. Congressman Cramer served as the chairman of their extensive two-year capital campaign and championed their cause by encouraging potential donors to support the center. For larger donations, the center agreed to name buildings and rooms in its new facility after significant contributors. In addition to supporting construction of the new facility, the capital campaign has raised the profile of the center among major corporations and individual donors, many of whom continue to support the center with annual gifts.

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kinds of efforts are generally unencumbered, and sponsoring organizations are free to use them for a variety of purposes. Members of the community are often engaged as volunteers in planning, organizing, and implementing fundraising campaigns and special events. Organizations that conduct these activities often find they are an effective way of generating good will and a broad base of community ownership and support.

### *Considerations:*

- ◆ Sound financial management systems are critical for tracking an initiative's finances. A good accounting system can help initiative leaders keep track of program costs and revenues generated through fee-for-service, unrelated business income, and community fundraising. A membership or donor database is particularly important for tracking an initiative's donors, pledges, and donations.

- ◆ When engaging in community fundraising, initiative leaders should develop a fundraising plan to guide the initiative's fundraising activities. The plan should make a powerful case for why people should donate to the initiative and how it will benefit the community. The plan also should clarify the initiative's fundraising needs and goals, identify potential donors, match fundraising strategies to the initiative's goals, identify the strongest possible leadership to help oversee the fundraising efforts, and describe how the initiative's leaders will acknowledge and recognize donors.
- ◆ Revenue generated through community fundraising activities is typically completely unrestricted. Initiative leaders can decide to use the funds to finance specific services or activities, invest the generated revenue, or save the funds for a rainy day. Fundraising is a useful strategy to finance those program elements—for example, collaboration, network activities, training, and program development—that are difficult to support with traditional funding sources.
- ◆ Many community fundraising strategies can be extremely labor intensive, require careful planning, and—without active volunteer assistance—they may cost more to undertake than they yield in net contributions. Similarly, the results of fundraising and solicitation are often vulnerable to the ups and downs of local economic conditions, and they are affected by competition for volunteers and contributions from other community organizations and special causes. Business leaders will only buy tables at so many fundraising dinners or place ads in so many auction catalogues. Accordingly, most program leaders who pursue fundraising and direct solicitation do not rely on it as the sole strategy for funding programs that they want to sustain over time.



## Conclusion

The limited resources available to specifically support child trauma interventions and services require that CTS initiative leaders find creative ways to finance the development, testing, and ongoing provision of trauma-informed services. These include efforts to make the best use of resources in the system, mobilize public and private resources to create more comprehensive and coordinated systems of care, and develop partnerships to raise awareness and build public will that will lead to future investments in trauma-focused services. It also includes efforts to raise new revenue that can flexibly support specific services and interventions. By exploring a wide array of funding sources and financing strategies, CTS initiative leaders will help ensure that the diverse needs of trauma-exposed children and adolescents are met in a comprehensive and holistic manner.

## Acknowledgments

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# Resources

## *Publications of The Finance Project*

*Accountability Systems: Improving Results for Young Children*, by Lynn R. DeLapp

*Blending and Braiding Funds to Support Early Care and Education Initiatives*, by Margaret Flynn and Cheryl D. Hayes

*Compendium of Comprehensive, Community-based Initiatives: A Look at Costs, Benefits, and Financing Strategies*, by Cheryl D. Hayes, Elise Lipoff, and Anna Danegger

*Maximizing Medicaid Funding to Support Health and Mental Health Services for School-age Children and Youth*, by Andrew L. Bundy with Victoria Wagener

*Money Matters: A Guide to Financing Quality Education and Other Children's Services*

*Thinking Broadly: Financing Strategies for Comprehensive Child and Family Initiatives*, by Cheryl D. Hayes

*Using Results to Improve the Lives of Children and Families: A Guide for Public-Private Child Care Partnerships*, by Child Care Partnership Project

## *Other Resources*

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# About the National Child Traumatic Stress Network

Established by Congress in 2000, the National Child Traumatic Stress Network (NCTSN) is a unique collaboration of academic and community-based service centers whose mission is to raise the standard of care and increase access to services for traumatized children and their families across the United States. Combining knowledge of child development, expertise in the full range of child traumatic experiences, and attention to cultural perspectives, the NCTSN serves as a national resource for developing and disseminating evidence-based interventions, trauma-informed services, and public and professional education.

## About the Finance Project

*Helping leaders finance and sustain initiatives that lead to better futures for children, families and communities*

The Finance Project is an independent nonprofit research, consulting, technical assistance, and training firm for public and private sector leaders nationwide. We specialize in helping leaders plan and implement financing and sustainability strategies for initiatives that benefit children, families, and communities. Through a broad array of products, tools, and services, we help leaders make smart investment decisions, develop sound financing strategies, and build solid partnerships. To learn more, visit [www.financeproject.org](http://www.financeproject.org).



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