

# About Financing



This is excerpted from an Introductory Packet entitled: *Financial Strategies to Aid in Addressing Barriers to Learning*. Center for Mental Health in Schools at UCLA (2000).

While it's true that throwing money at problems doesn't solve them, it is also true that complex problems can't be dealt with effectively without financial resources.

With dwindling budgets, a critical focus of all reform efforts is how to underwrite the costs of new intervention approaches. Local, state, federal, public, private — all sources are being tapped and there is increasing discussion of how to develop new relationships/partnerships and blend resources. As a 1994 document prepared by the Center for the Study of Social Policy notes,\* the discussions focus on "political and financial strategies that use current and future resources in new ways and that maximize all available sources of revenue." That document begins by noting the following essential points:

First is the central principle of all good financial planning, that programs drive financing, not the other way around. Financial strategies must be used to support improved outcomes for families and children. And financing strategies which cannot be adequately adapted to program ends should not be used, even when they happen to generate more money than other approaches.

Second, **no single financing approach will serve to support an ambitious agenda** for change. Financing packages should be developed by drawing from the widest possible array of resources. Many individuals or organizations are stuck on one approach to financing (usually the one that involves asking for more state or local general funds). Yet there are many alternatives. Financing is an art not a science, and creativity is the order of the day. In the end, more general funds may be necessary to support system changes, but these will only be forthcoming and deserved if (we) first make the best use of existing resources. . . .

With these points in mind, the Center for the Study of Social Policy offers the following four part framework as a guide to thinking about financing efforts to enhance programs and services for children.

- Redeployment: using available funds (e.g., investment based, capitation based, cut based, and material redeployment)
- Refinancing: freeing funds for reinvestment
- Raising revenue: generating new funding
- Restructuring financial systems: using financial structures to effect change.

At times, the challenge of financing needed reforms seems overwhelming, but each day brings new opportunities and information on successful efforts.

*\*Financing reform of family and children's services: An approach to the systematic consideration of financing options or "The Cosmology of Financing."* Document from The Center for the Study of Social Policy, 1250 Eye Street, NW, Washington, DC 20005.