Sustaining Community Revitalization:
A Tool for Preparing Budgets for Promise Neighborhood Initiatives
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Preface: Critical Time for Community Revitalization Efforts

The Finance Project is excited to help the community revitalization efforts taking place as part of the Promise Neighborhood Initiative. We are inspired by the work of so many to emulate the great success of the Harlem Children's Zone and to build upon the groundbreaking work of the Annie E. Casey Foundation's Making Connections.

Promise Neighborhoods leaders seek to reform many different service systems at the same time and in the same place. These initiatives are considerably complex and full of potential. Even in the best of fiscal circumstances, Promise Neighborhood leaders face many challenges, but the economic downtown has made money even tighter and has increased the need to examine how to best to use existing resources more effectively and tap into underutilized funding streams.

This is exactly the work that The Finance Project has done for more than 14 years. With the support of the Promise Neighborhood Institute at PolicyLink and others, we will produce guides and tools for sustainability, and we will work closely with leaders of specific initiatives. We look forward to being an ongoing resource and partner in sustaining community revitalization.

Cheryl D. Hayes, President & CEO, The Finance Project

Introduction

Sustainability is a critical issue for leaders of comprehensive community initiatives, such as Promise Neighborhoods. While each Promise Neighborhood initiative will design a continuum of solutions that is uniquely suited to its site, setting and demographics, these initiatives face similar challenges nationwide. Time-limited grants and narrow, categorical funding streams leave Promise Neighborhood leaders in a constant scramble to find funds so they can continue or grow the work they are doing. Again and again, leaders come back to the question: How do they build a stable base of support to sustain their work over time?

Five Key Steps

Answering this question for a Promise Neighborhood initiative involves the following five steps:

1. Clarify what an initiative needs financing for;
2. Estimate an initiative's fiscal needs;
3. Identify an initiative's current resources;
4. Assess an initiative's funding gaps; and
5. Identify appropriate funding sources and financing strategies.

Because different solutions lend themselves to different financing strategies, it is critically important for an initiative to clearly identify its continuum of solutions. Then an initiative can systematically analyze the appropriateness and feasibility of a range of public and private financing options. The product is a diverse portfolio of funding sources that are aligned with specific purposes and which can provide a buffer against the inevitable changes in funding priorities in both the public and private sectors.

The end result is a clear, sensible and convincing plan for putting in place and keeping in place the key elements that make an initiative successful. It inevitably requires finding adequate funding to keep going, but it also requires an array of other resources: political, technical and bureaucratic. Figuring out what resources an initiative needs and how to marshal them is what sustainability planning is all about.

Good sustainability plans help the developers of comprehensive community initiatives to clarify where they are and where they want to go. They help policy makers, opinion leaders and investors decide how and why to get on board. They help key audiences understand what the initiative is and why it is needed. They give program managers a road map for where they are going and benchmarks for determining whether they are successfully reaching their goals.

Developing a sustainability plan is a lot like developing a business plan. Starting a business requires a clear concept of how to meet a market need creatively and a plan for developing the resources to do it profitably. Creating and sustaining a promising comprehensive community initiative similarly requires a clear concept of how to address the critical needs of students, families and community residents effectively and how to marshal the resources to make it happen.

Why Complete the Cost Development Tool?

A cost development tool helps with step two of sustainability—"estimate an initiative's fiscal needs." The tool helps Promise Neighborhood leaders to identify and understand their costs on a year-by-year basis—both by the type of solution (e.g., education programs, family and community supports, etc.) and by the overarching cost categories carried by the grantee. There are multiple benefits for Promise Neighborhoods in developing a clear accounting of their costs over time. Specifically, by working through the cost tool, sites will have:

1. a clear accounting of the full costs of the initiative, including those covered by in-kind sources;
2. a breakdown of those costs by type of solution and by overarching initiative operations,
3. a forecasting of particular spikes in start-up or costs as new solutions are added to the pipeline of services;
4. a roadmap to identify areas in which in-kind resources may need to be replaced or developed anew over time; and
5. a comprehensive tool for assessing a Promise Neighborhood initiative's development and fundraising needs over time.

The publication is organized into two parts:

Section I: *Promise Neighborhood Budgeting*. General guidance on budgeting for solutions proposed by the Promise Neighborhood initiative.

Section II: *Tools for Promise Neighborhoods Budgeting*. Worksheets to help Promise Neighborhoods initiatives budget for each year. Each worksheet includes step-by-step instructions and tips to help make the process easier and more efficient.

SECTION I: PROMISE NEIGHBORHOOD BUDGETING

Calculating Total Costs

For each of solutions proposed by the Promise Neighborhood initiative, leaders need to determine **start up costs**, **ramp up costs,** and **ongoing costs** for the three-to-five years of the proposal.

For each solution, there are likely to be costs associated with getting started. These are one-time costs and include training, reusable supplies and facilities renovations. Not all of these costs will occur in the first year. This is true for solutions that significantly grow in scale in future years, and also for solutions that do not begin in the first year.

There will be an ongoing operating cost for each solution, including staff salaries and benefits, consultants, materials and supplies, equipment and rent. These are the expenses that will occur year after year. It is possible to determine the total current costs for a year and divide that by the number of participants to get a per participant cost. Existing programs can provide helpful comparisons. However, the initiative may need to factor improvements in quality, e.g., lower staff-child ratios and increased salaries for staff with more experience, that will increase the per participant cost.

Many solutions will expand in scale after the first year. A needs assessment completed by the initiative can indicate the overall target population, and the initiative can determine how quickly it will seek to reach the maximum number of participants possible. To calculate ongoing expenses, the initiative can multiply the per participant cost by the number of participants. However, the initiative needs to consider normal cost increases that occur each year, e.g., inflation and cost-of-living.

Leaders of promising initiatives can also consider whether there are any economies of scale that result in a lower per participant costs. For example, the cost of a managing a particular activity can be spread over the growing number of participants, up to the point that additional management staff is needed. The example below shows how the daily cost of out-of-school time programs fluctuates by the number of participants:

Variations in Per-Participant Costs by Program Size[1]

Participants	0-50	51-100	101-150	151-200	Over 200
Daily Cost	$29	$20	$29	$12	$24

Finally, the initiative's leaders need to determine the costs associated with managing the overall continuum of supports, including data systems, evaluation, partnership development, volunteer coordination, fundraising, etc.

Considering Other Resources

The initiative is not likely to have to carry the full cost of each activity. The initiative may be building upon existing programs, which already have some funding. As such, the initiative's leaders seek to fund the gap in quality and quantity.

Partners may provide cash or in-kind support to fill this gap. They may also be able to realign public resources, integrate existing funding streams, draw down more federal money and create efficiencies through improved coordination. These sources can be identified through fiscal mapping.[2]

Grouping Solutions

It is necessary to calculate the costs for each solution. It may be helpful to group the solutions with the major categories of the continuum of solutions identified by the U.S. Department of Education, adding one for the capacity of the overall initiative:

1. Early learning services or programs.
2. Kindergarten entry through the 12th grade.
3. Programs that prepare students for college and career success.
4. Child and youth health programs.
5. Safety programs.
6. Community stability programs.
7. Family and community engagement programs.
8. 21st century learning tools.
9. Coordination, systems-building, data collection and partnership development.[3]

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[1] James Baldwin Grossman et al., *The Cost of Quality Out-of-School Time* (Public/Private Ventures and The Finance Project: Washington, DC, January 2009), pp. 25-26. See also, Helene Stebbins and Barbara Hanson Langford, *A Guide to Calculating the Cost of Quality Early Care and Education* (The Finance Project: Washington, DC: May 2006).

[2] See Matthew H. Joseph and Lori Connors-Tadros, *A Tool for Mapping Funds for Promise Neighborhood Initiatives* (The Finance Project, *Sustaining Community Revitalization*, July 2011).

[3] See Federal Register at pp. 39615-39630 (July 6, 2011). Appendix A of this report provides more detail about these categories.

SECTION II: TOOLS FOR PROMISE NEIGHBORHOODS BUDGETING

The following budget worksheets are designed to help a Promise Neighborhood initiative develop a budget, the estimates required to address the federal Promise Neighborhoods implementation proposal and successfully sustain and finance the initiative. The worksheets provide a template that the leaders of a neighborhood initiative can tailor to their specific project design and approach. When leaders complete these worksheets, they should only note the costs they plan to include as part of the budget to support the Promise Neighborhood goals and results required by the federal grant—both the dollars requested from the federal department of education and private sector matching contributions (including the value of in-kind contributions). Since all Promise Neighborhood communities have unique approaches to the federal application, the tool is meant to facilitate the development of an accurate program cost estimate.

For most Promise Neighborhood applicants, there will be a core agency, collaborative, or intermediary organization serving as the *"grantee"* that carries out overarching initiative operations, "managing partnerships, integrating multiple funding sources, and supporting the grantee's longitudinal data system," [4] while at the same time supporting and facilitating the agencies and continuum of solutions that make up the larger community *"initiative."* Collectively, community-wide initiative activities address the critical needs of students and communities and help achieve the results laid out by Promise Neighborhoods.

General Guidance
As leaders complete the worksheets, they should keep the following in mind:

- Begin by estimating the proposed scope and scale for each activity or solution over the three years of the initiative (or five years, if you elect to propose for a 60-month period) in terms of the total number of students served in the Promise Neighborhood community. Since all projects are expected to serve a greater proportion of children and youth who (a) can access a complete continuum of solutions, (b) do not attend the target school, and (c) attend the target school, but do not live in the neighborhood[5], most sites are likely to incur at least some start-up costs beyond year 1 of the initiative.

- Sheets 1 and 2 ask leaders to delineate costs at the grantee and partner level in order to consider how to allocate federal dollars based on which initiative activities will require grantee staff and resources and which activities will draw on staff and resources from the other partners involved in the Promise Neighborhood initiative. These are discrete categories of costs that sum to the total costs of the project. **Do not duplicate costs included at the grantee level in the partner category.**

- Sheets 1 and 2 ask leaders to indicate which of its total costs they seek to cover with federal funding and which will be covered as part of their initiative's match (for implementation proposals, the federal requirement is a 100 percent match, 10 percent of which must be from private sources[6]). If leaders prefer not to include its match dollars in their calculations on these sheets, an alternative is to only include the costs the initiative will propose in its federal grant, in which case they should leave the match column blank.

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[4] Federal Register at pp. 39615-39630 (July 6, 2011).
[5] Id. at p. 39617.
[6] Id. at p. 39625.

- Sheets 1 and 2 include notes and considerations that will help leaders determine which costs to include in each section of the worksheet. Overall, in completing Sheets 1 and 2, remember that to **only include initial start-up costs in Sheet 1**. **Sheet 2 is the place to identify ongoing operating and ramp up costs** in each of the same budget categories. Ultimately, neighborhood initiative leaders will need to make some judgment calls about where to present certain costs that can potentially fit into multiple budget categories. There are no absolute right or wrong answers about where costs go. The important thing is not to duplicate the same costs in multiple categories, because the sheets sum costs across the multiple categories to generate a total budget number for the Promise Neighborhood proposal.

Worksheet 1: Start-Up Costs

The purpose of this budget worksheet is to help an initiative's leaders identify their anticipated start-up costs as proposed to the U.S. Department of Education. The sheet provides a space for identifying start-up costs in each year of the initiative, assuming that they may incur start-up costs throughout the life of the project as they add new solutions and program activities to the continuum. The worksheet includes columns to budget for the costs of the initiative for the three-to-five years of the Promise Neighborhoods implementation grant (columns for the optional additional years four and five are in grey). It also includes room to present an initiative's program activities under eight identified continuum of solution cost categories that align with the result requirements established by the U.S. Department of Education (See *Appendix A: Continuum of Supports* on page 6).

Worksheet 2: Operating and Ramp Up Costs

The purpose of this sheet is to help calculate operating costs for each year. The worksheet includes room to present program activities under the eight identified continuum of solution cost categories. (See *Appendix A: Continuum of Supports* on page 6). Note that for each cost category, leaders will need to "roll up" the costs associated with multiple activities that the initiative includes in its unique continuum of solutions (e.g. home visiting, Head Start, etc.).

The worksheet also includes three additional cost categories that are specific to the overarching goals and execution of the Promise Neighborhood initiative. The goal of this worksheet is to determine an initiative's long-term financial need from the U.S. Department of Education.

It is important to consider the ramp-up costs as the initiative grows in scale each year. Some costs will increase proportionally as the number of participants increases. Others will remain flat until the size grows to a certain point and a new increment of capacity is needed to support a larger target population.

Sheet 3: U.S. Department of Education Required Promise Neighborhoods Budget Format

The final worksheet translates the information from the first two sheets into the required budget format for the federal grant proposal.

Appendix A: Continuum of Supports

The following sets forth the continuum of supports as defined by the U.S. Department of Education and includes the Department's required indicators within the most relevant part of the continuum (see Federal Register at 39615-39630 (July 6, 2011).

Early learning services or programs

Such programs must be specifically intended to align with appropriate State early learning and development standards, practices, strategies, or activities across as broad an age range as birth through third grade so as to ensure that young children enter kindergarten and progress through the early elementary school grades demonstrating age-appropriate functioning across the multiple domains

Related Indicators

- Number and percent of children birth to kindergarten entry who have a place where they usually go, other than an emergency room, when they are sick or in need of advice about their health
- Number and percent of three-year-olds and children in kindergarten who demonstrate at the beginning of the program or school year age-appropriate functioning across multiple domains of early learning as determined using developmentally-appropriate early learning measures
- Number and percent of children, from birth to kindergarten entry, participating in center-based or formal home-based early learning settings or programs, which may include Early Head Start, Head Start, child care, or publicly funded preschool

Kindergarten entry through 12th grade

- Must include effective teachers and effective principals
- Must include strategies, practices, or programs that encourage and facilitate the evaluation, analysis, and use of student achievement, student growth and other data by educators, families, and other stakeholders to inform decision-making
- Must include college- and career-ready standards, assessments, and practices, including a well-rounded curriculum, instructional practices, strategies, or programs in, at a minimum, core academic subjects, that are aligned with high academic content and achievement standards and with high-quality assessments based on those standards
- May include creating multiple pathways for students to earn regular high school diplomas (e.g., using schools that serve the needs of over-aged, under-credited, or other students with an exceptional need for flexibility regarding when they attend school or the additional supports they require; awarding credit based on demonstrated evidence of student competency; or offering dual-enrollment options)
- Working with the persistently lowest-achieving school must include in its strategy one of the four school intervention models (turnaround model, restart model, school closure, or transformation model) described in Appendix C of the Race to the Top (RTT) notice
- Working with a low-performing school must include ambitious, rigorous, and comprehensive interventions to assist, augment, or replace schools, which may include implementing one of the four school intervention models, or may include another model of sufficient ambition, rigor, and comprehensiveness to significantly improve academic and other outcomes for students.
- Working with a low-performing school must include an intervention that addresses the effectiveness of teachers and leaders and the school's use of time and resources, which may include increased learning time

- Number and percent of students at or above grade level according to State mathematics and reading or language arts assessments in at least grades 3rd through 8th and once in high school
- Attendance rate of students in 6th, 7th, 8th and 9th grades
- Graduation rate

Programs that prepare students for college and career success
May include programs that:
- Create and support partnerships with community colleges, four-year colleges, or universities and that help instill a college-going culture in the neighborhood
- Provide dual-enrollment opportunities for secondary students to gain college credit while in high school
- Provide, through relationships with businesses and other organizations, apprenticeship opportunities to students
- Align curricula in the core academic subjects with requirements for industry-recognized certifications or credentials, particularly in high-growth sectors
- Provide access to career and technical education programs so that individuals can attain the skills and industry-recognized certifications or credentials for success in their careers
- Help college students, including children with disabilities and English learners from the neighborhood to transition to college, persist in their academic studies in college, graduate from college, and transition into the workforce
- Provide opportunities for all youth (both in and out of school) to achieve academic and employment success by improving educational and skill competencies and providing connections to employers. Such activities may include opportunities for on-going mentoring, supportive services, incentives for recognition and achievement, and opportunities related to leadership, development, decision-making, citizenship, and community service.

Related Indicators
- Number and percent of Promise Neighborhood students who graduate with a regular high school diploma and obtain postsecondary degrees, vocational certificates, or other industry-recognized certifications or credentials without the need for remediation

Child and youth health programs
Such as physical, mental, behavioral, and emotional health programs (e.g., home visiting programs; Early Head Start; programs to improve nutrition and fitness, reduce childhood obesity, and create healthier communities)

Related Indicators
- Number and percent of children who participate in at least 60 minutes of moderate to vigorous physical activity daily
- Number and percent of children consume five or more servings of fruits and vegetables daily

Safety programs
Such as programs in school and out of school to prevent, control, and reduce crime, violence, drug and alcohol use, and gang activity; programs that address classroom and school-wide behavior and conduct; programs to prevent child abuse and neglect; programs to prevent truancy and reduce and prevent bullying and harassment; and programs to improve the physical and emotional security of the school setting as perceived, experienced, and created by students, staff, and families

Related Indicators

Number and percent of students who feel safe at school and traveling to and from school, as measured by a school climate needs assessment

Community stability programs

Such as programs that:
- Increase the stability of families in communities by expanding access to quality, affordable housing, providing legal support to help families secure clear legal title to their homes, and providing housing counseling or housing placement services
- Provide adult education and employment opportunities and training to improve educational levels, job skills and readiness in order to decrease unemployment, with a goal of increasing family stability
- Improve families' awareness of, access to, and use of a range of social services, if possible at a single location
- Provide unbiased, outcome-focused, and comprehensive financial education, inside and outside the classroom and at every life stage
- Increase access to traditional financial institutions (e.g., banks and credit unions) rather than alternative financial institutions (e.g., check cashers and payday lenders)
- Help families increase their financial literacy, financial assets, and savings
- Help families access transportation to education and employment opportunities

Related Indicators
- Student mobility rate

Family and community engagement

Such as may include family literacy programs and programs that provide adult education and training and opportunities for family members and other members of the community to support student learning and establish high expectations for student educational achievement; mentorship programs that create positive relationships between children and adults; programs that provide for the use of such community resources as libraries, museums, television and radio stations, and local businesses to support improved student educational outcomes; programs that support the engagement of families in early learning programs and services; programs that provide guidance on how to navigate through a complex school system and how to advocate for more and improved learning opportunities; and programs that promote collaboration with educators and community organizations to improve opportunities for healthy development and learning

Related Indicators
- For children six months to kindergarten entry, the number and percent of parents or family members who report that they read to their child three or more times a week
- For children in the kindergarten through eighth grades, the number and percent of parents or family members who report encouraging their child to read books outside of school
- For children in the ninth through twelfth grades, the number and percent of parents or family members who report talking with their child about the importance of college and career

21st century learning tools

Such as such as technology (e.g., computers and mobile phones) used by students in the classroom and in the community to support their education. This includes programs that help students use the tools to develop knowledge and skills in such areas as reading and writing, mathematics, research, critical thinking, communication, creativity, innovation, and entrepreneurship

- Number and percent of students who have school and home access (and percent of the day they have access) to broadband internet and a connected computing device

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About The Finance Project

The Finance Project is an independent non-profit research, training, consulting, and technical assistance firm for public- and private-sector leaders nationwide. It specializes in helping leaders plan and implement financing and sustainability strategies for initiatives that benefit children, families, and communities. Through a broad array of tools, products, and services, The Finance Project helps leaders make smart investment decisions, develop sound financial strategies, and build solid partnerships. To learn more visit www.financeproject.org.