Braiding Funds in Early Care and Education Settings – Talking Points

What is braiding funds in early care and education? Braiding involves coordinating funds from different sources for a common goal, while maintaining and separately tracking the expenditures for each funding stream.

At a time when families and providers are navigating an underfunded child care system, creating instability puts children at risk.

When funding stability is compromised, providers across systems, including Head Start, are forced to stretch limited resources to protect children and families—placing additional strain on an already fragile infrastructure.

Working families need full day and quality child care, which is increasingly hard to access and hard to afford.

Families and the early learning workforce are now facing growing uncertainty that threatens both program stability and local economies.

Why would a provider do this? Braiding early childhood funding increases a program's financial flexibility, helping to maintain program continuity, and more comprehensive, high-quality services. This strategy also supports program stability, making programs less vulnerable to the loss of a single funding source.

Local providers blend and braid funds to address funding gaps because one source of funding is not enough to cover the costs of providing full day services for children and families; to support multiple supports that children may need including health, nutrition and other specialized supports and relying on more than one source of funding, provides some stability if other funding sources end.

For local grantees who implement EHS-CCP, even the threat of freezing funding can cause significant disruption, fear and instability within an already fragmented child care system

Costs are allocated based on activity, classroom or program. This facilitates budgeting, resource allocation and ensures equitable distribution of expenses. Different providers use different established cost allocation methods, depending on the organizational structure as well as the complexity and type of programs they provide.

States support programs at the local level understand and build capacity for braiding funds by providing clear guidance on allowable costs for the funding streams they

oversee, any prohibitions on the use of funds and sharing examples of cost allocation methods for the different program settings (i.e., public-school, child-care centers, family child care, Head Start).

For example, Head Start grantees may braid child care funds to extend the programming day and year. Head Start grantees are required to participate in the Child and Adult Care Food Program (CACFP) and may braid private dollars into their food budget to ensure they are able to meet the nutritional standards of the Head Start program.

States support programs at the local level understand and build capacity for braiding funds by providing clear guidance on allowable costs for the funding streams they oversee, any prohibitions on the use of funds and sharing examples of cost allocation methods for the different program settings (i.e., public-school, child-care centers, family child care, Head Start). For example, local Head Start grantees piece together full day care by utilizing both child care subsidy dollars and Head Start funding.

Additional Resources

Here is one explainer from Raising Wisconsin:
https://www.raisingwisconsin.org/app/uploads/2025/05/RWbrokenMarketSystemWI.pdf

Framing from Center for American Progress, focused on private pay:
https://www.americanprogress.org/article/true-cost-high-quality-child-care-across-united-states/