Leveraging Funding: A Guide to Developing and Implementing a Braided Funding Model

As states and jurisdictions look to maximize funding streams to achieve the greatest outcomes, leveraging funding through the collaborative funding model of braided funding is a strategy to consider. For state administering agencies (SAAs) seeking to leverage state and federal grant dollars to address the needs of statewide and local criminal justice systems, there are a wide variety of funding streams to consider. In FY2020 alone, the federal government awarded $829 billion dollars to state and local governments, supporting thousands of federal programs.[1] While braided funding is often used in the workforce and early education sectors, there is no reason it can't be used in all sectors, including criminal justice. Many are already using a braided funding model; they just are not attaching a name to the practice. This guide will give an overview of braided funding and outline specific steps and strategies to consider when developing a braided funding model.

Braided funding refers to the practice of combining two or more sources of funding while allowing for separate tracking and reporting of each funding source. The term braided funding is often used interchangeably with "blended" funding. It is important to note that **these two models are not the same**. Braided and blended funding both combine two or more sources of funding and can involve multiple agencies and organizations. Both braided and blended funding approaches are intended to promote the effective use of government funds by leveraging money being spent on separate programs serving similar populations. Both help balance financial accountability with administrative flexibility to drive meaningful program outcomes. However, blended funds are commingled. That is, funds are combined in a way in which they lose their identity and funds cannot be differentiated or tracked separately. The key distinction between blended and braided funding is that braided funding allows for separate tracking and reporting of each funding source.

braided funding ≠ blended funding

Benefits

In addition to helping states to maximize funds, braided funding has a variety of benefits. Braided funding is an important aspect of sustainability planning. Additionally, one funding source cannot fully meet the needs of the criminal justice system. Funding used to meet similar criminal justice needs from separate funding sources can be used to create efficiencies, reduce resource gaps, improve outcomes and save costs. Braided funding models are collaborative in nature and allow for more engagement and planning across systems. This leads to a less siloed approach to problem solving.

1. Analytical Perspectives: Budget of the U.S. Government -FISCAL YEAR 2022. (2021). Office of Budget and Management. https://www.govinfo.gov/content/pkg/BUDGET-2022-PER/pdf/BUDGET-2022-PER.pdf

Challenges

Like with any financing model, braided funding can come with challenges. Each source of funding comes with specific goals, target populations and performance indicators. This calls for a high level of tracking that requires skilled staff, a high degree of record keeping, a good management information system, and a strong cost accounting system to track expenditures by funding source.[2]

Financial Management

Although often thought otherwise, braided funding can be done, even absent specific statutory or regulatory authority. When braiding funds, the money from a program is used collaboratively with funds from other programs. **The key is that the funds never lose their identity allowing tracking from planning to final evaluation.** This allows for compliance with the laws, rules and regulations for federal funding. Familiarity with grant requirements is important to determining whether a braided funding model is appropriate.

Recipients of federal funding must adhere to:

- The applicable law of their jurisdiction
- Financial and administrative rules in the DOJ Financial Guide
- Other programmatic and technical requirements (for example, as set out in award conditions or contained in program-specific guidelines)
- All applicable uniform (grants) administrative requirements, cost principles and audit requirements

While not an exhaustive list, this guide outlines a few key grants management factors to take note of when considering a braided funding strategy.

Supplanting

Supplanting is to deliberately reduce state or local funds because of the existence of federal funds. Supplanting arises when a state or unit of local government reduces state or local funds for an activity specifically because federal funds are available (or are expected to be available) to fund that same activity. It is important to note that supplanting is deliberate.

An example of supplanting would be if state funds are appropriated to hire 50 new police officers, and federal funds are awarded for hiring 60 new police officers. At the end of the year, the state has hired 60 new police officers, and the federal funds have been exhausted. The state has not used its funds towards hiring new officers, but instead reduced its appropriation for that purpose and assigned or appropriated the funds to another purpose. In this instance, federal funds have been used to supplant appropriated state funds.

Tracking

As an administrator of multiple funding sources, an SAA likely already has sufficient grants management systems in place to independently track funds. When braiding funds, you must assure your system can track each fund source just as you would if not braiding funds.

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2. Wallen, Margie and Hubbard, Angela. (2013). Blending and Braiding Early Childhood Program Funding Streams Toolkit-Enhancing Financing for High-Quality Early Learning Programs. Available at: https://www.buildinitiative.org/Portals/0/Uploads/Documents/resource-center/community-systems-development/3E%202%20Blended-Funding-Toolkit.pdf

It is important to keep detailed accounting records and documentation to track the following information:

- ☑ Federal funds awarded
- ☑ Federal funds drawn down
- ☑ Matching funds of state, local, and private organizations, when applicable
- ☑ Program income
- ☑ Subawards (amount, purpose, award conditions, and current status)
- ☑ Contracts expensed against the award
- ☑ Expenditures.[3]

Reporting

The reporting requirements for federal or other funds being brought to the project may differ and therefore must be explored by the agency which will serve as the lead on the braided project. Make sure your processes and financial systems can accommodate the financial management mandates from the other potential fund sources. Another consideration is how and when data for reporting (financial and programmatic) will be submitted if the SAA is not the direct recipient of some of the project funds. Federal (or other) funding often requires quarterly financial reports, performance measurement and other reports.

The SAA, as the lead on a braided funding project, needs to set up internal processes to assure the requisite financial and other data is being collected and provided to the recipient agency in a format that allows for on-time reporting by that partner agency. Make sure you are aware of all reporting requirements and create a calendar of deadlines. Some funders will have multiple types of reporting, such as monthly invoicing, monthly data entry into their case management system, and quarterly outcome reports.

You will also need to determine how you will maintain the data needed to respond to each funders' audit requirements, which are often far more extensive than the requirements associated with monthly or quarterly reporting. Reach out to each of your funding streams' fiscal staff or auditors to review your process for collecting and reporting on financial data in detail.

Duplicative funding

Billions of dollars in federal funds support thousands of programs within over 100 federal agencies with these programs/services provided at state, county, municipal and non-governmental agencies. Because of this, program fragmentation, overlap and duplication are major obstacles to the efficient use of program resources. One way to overcome this is through communication with stakeholders and partners. The recipient should notify DOJ in writing and request a budget modification or change of scope to eliminate any inappropriate duplication of funding.

The key to braided funding is that the funds never lose their identity, allowing tracking from planning to final evaluation.

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3. U.S. Department of Justice. (2017). DOJ Grants Financial Guide. https://www.ojp.gov/sites/g/files/xyckuh241/files/media/document/DOJ_FinancialGuide_1.pdf

Strategies to Implementing a Braided Funding Model

Decision framework

Before engaging in a braided funding model, consider asking the following questions as a basic decision framework.

1. Are we clear about the scope and goals of the collaborative project?
2. Have we identified our partners?
3. Have we determined that we (collectively) have the resources to meet our goals?
4. Have we identified our challenges and obstacles, and have we identified how we can address them?
5. Have we collectively determined how we will have met our goals?

A "no" to any of these questions does not automatically mean that a braided funding model is not feasible. However, it suggests the need for further development and planning before implementation.

Phases of Braided Funding

There are five phases to consider when developing your braided funding plan. The phases outlined in this document are based on a toolkit developed by Spark Community Foundation. The Spark Toolkit was created as a practical, hands-on resource to assist states as they consider moving forward in developing a state or community-specific collaborative funding model. Originally created to meet the needs of children, youth and families, the phases detailed below can be used for all sectors and many aspects are part of a natural strategic planning process.

The 5 Phases of Braided Funding

Phase 1: Identify Your Vision and Partners

Phase 2: Define Your Program

Phase 3: Explore Financing Options

Phase 4: Develop Your Coordinated Financing Plan

Phase 5: Implement, Track and Improve

Phase 1: Identify Your Vision and Partners

The goal in this phase is to focus, from the beginning, on what you are trying to accomplish. It is important to identify your vision and determine what partners should be involved. This can be part of your strategic planning process. The strategic planning process involves priority identification, which can be determined through engaging with stakeholders, reviewing available data, reviewing history and previous priorities, and developing a realistic scope.

Engaging with stakeholders during the strategic planning process can also help to identify existing gaps and determine appropriate partners. When you bring stakeholders and potential partners to the table, take the time to understand your partners' needs, interests and parameters. You may want to ask: What are the parameters with each funding stream regarding

population to be served, types of services, length of services? What (and when) are the reporting requirements for each funding stream, including mandatory performance measures and financial accounting? What are the expected contributions from each agency in terms of services to be provided? In the end, all partners must have clarity about the decision-making process for the initiative, share a similar vision, and work towards the same goals.

Phase 2: Define Your Program

The goal in this phase is to outline what you are hoping to achieve. Braiding of funding is merely a means to an end. To be successful, the end needs to be well defined. You must define: What are you actually hoping to achieve? Involve your partner agencies in the conversation as much as possible.

Phase 3: Explore Financing Options

Now that you have identified your priorities, the goal in this phase is to explore what financing options are available. For an SAA, it may be easiest to start with the funding streams the office currently administers as you may already be familiar with the funder's goals and requirements. Look to partners and stakeholders, such as other state agencies, for other available funding streams. Ask, what funding streams (federal, state and local) already support the priorities you are looking to address? Identify key staff required to assist in assessing fit for a potential funding stream within the initiative and include financial/fiscal and other staff who can provide information on allowable expenses, required documentation for expenses and reporting requirements.

Review the funder's fiscal guidance documents as well as applicable rules, regulations, statutes and agency letters which further guide each fund. What yet-untapped funding streams are being considered for inclusion in the project? During this time, it may be helpful to use matrices to analyze funding options (Appendix A).

Phase 4: Develop Your Coordinated Financing Plan

Once all funding streams have been assessed for fit, and the list of planned funding sources has been determined, it is time to develop your Coordinated Financing Plan. This plan will help to articulate the design of your braided system and will help staff (both programmatic and financial) and other key members (agency directors, boards of directors) of partner agencies to understand the process used to make decisions and how and why certain decisions were made. If well done and complete, it can truly address fears of potential supplanting for all involved.

At a minimum, the financing plan should consist of:

1. Program budget
2. Cost allocation
3. Front door and back door protocols
4. Tracking and reporting
5. Financial systems
6. Contracting or subawards of funds
7. Quality control and staff training

Phase 5: Implement, Track and Improve

As with any project, but especially critical for collaborative funding projects, constant communication with partner agencies, including funders is vital. Plan for an annual review of the financing plan, update the plan as necessary and assess the value of the braided funding model.

These models are dynamic in nature and modifications may be necessary along the way. Those involved with the initial planning and design should be involved in any discussions regarding potential modifications. Note that certain modifications will require federal approval and must be approved in advance of any changes being made.

As new funding sources are added or removed or as funding requirements change, make sure to update the plan accordingly and provide training to all parties on the changes. The final stage of implementation should include outcomes and whether the braided funding model addressed the intended priorities.

> **Plan for an annual review of the financing plan, update the plan as necessary and assess the value of the braided funding model.**

Leveraging multiple forms of funding can lead to programs and initiatives that are sustainable, comprehensive and collaborative. Using a braided funding model does not have to be a complicated matter, and many SAAs already have the accounting systems in place to successfully implement a braided funding model. Through clear and consistent planning, communication and documentation, states can implement braided funding and create the biggest impact on the justice system.

> **Through clear and consistent planning, communication and documentation, states can implement braided funding and create the biggest impact on the justice system.**

Case Study: Pennsylvania

As Pennsylvania's State Administering Agency, the Pennsylvania Commission on Crime and Delinquency (PCCD) administers dozens of federal and state grants and uses a braided funding model to maximize funding. Pennsylvania outlines sound strategic planning and stakeholder engagement as essential to implementing a successful braided funding model. PCCD uses a statewide strategic framework to identify funding usage and, as part of the strategic planning process, engages with a 49-member commission, six advisory committees, subcommittees, staff, local planning boards, applicants and grantees to identify agency priorities and objectives. Discussions regarding appropriate funding streams are built in with the goal of leveraging and extending dollars as much as possible, all within the rules. Through MOUs, PCCD also works with other state agencies such as the Department of Drug and Alcohol and the Department of Human Services to help administer grants. This communication and collaboration allow PCCD to further coordinate multiple forms of funding.

Flexible funding streams, such as Byrne JAG, are especially important as Pennsylvania looks to support programs with smaller dollar amounts.

To hear more about PCCD's strategic planning process, listen to Episode 4 of the NCJA podcast.

Case Study: West Virginia

The West Virginia Division of Justice and Community Services (DJCS) is the state's State Administering Agency. Responsible for administering over 30 separate funding streams, the agency uses a braided funding model to allow for flexibility and sustainability. DJCS relies on boards and a diverse group of stakeholders and subject matter experts to identify critical needs and priorities and make recommendations. Additionally, the use of a dedicated strategic planner helps the agency to identify grant resources and remain on track with strategic planning priorities. The agency is responsible for coordinating the financing to meet those critical needs, which often involves the use of more than one funding stream. For instance, the state's Child Advocacy Network receives VOCA dollars in addition to state-appropriated funding.

> **To encourage accountability, the agency uses a multistep auditing process to monitor and track subawards who receive multiple funding streams.**

DJCS relies on advanced accounting software, organization and accountability to make its braided funding model work. Their accounting software is key to ensuring funds can be tracked separately. The staff maintains a high level of knowledge regarding allowable expenses, budgets and funding requirements.

Finally, to encourage accountability, the agency uses a multistep auditing process to monitor and track subawards who receive multiple funding streams. DJCS encourages a braided funding model because one funding stream is not enough to support services and resources to address the needs of those who need it and leveraging funding allows for addressing larger, more critical needs.

Resources and References

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Appendix

Template A: Analyzing Your Funding Streams by Program Design

Template A

Analyzing Your Funding Streams by Program Design (This worksheet will help you compare your program design to the eligible populations and allowable activities of your potential funding streams.)				
	Funding Stream 1	Funding Stream 2	Funding Stream 3	Funding Stream 4
What population do we need to serve?				
What does the "Front Door" of our program look like?				
What are the services or interventions that are part of our program?				
What will our services accomplish and how will we know?				
Where are we delivering the services?				
Who will deliver the services?				
What infrastructure is needed to support the program?				
What is the time frame for our funding streams (including allowability of no-cost extensions)?				
(Any additional factors specific to your program)				

Adapted from the Colorado Guide to Blending & Braiding. Lynn, Jewiya. (2011)

Template A

Step 1:

Fill in Column A with the answers to the questions. Who is the intended recipient of the services? What services will be provided, by whom, where, etc. This is a quick screening for appropriateness process, do not go into a lot of detail until you have identified that a source is truly a viable fund source. You will then use Template B to more comprehensively review each fund source against details of your program design.

Step 2:

Collect information about your funding streams from your fiscal staff, the funder's documentation (solicitation or program description), the funder's website, or by talking to the funder directly. Review the information and start to enter the specific information that tells you what is allowed and not allowed in the context of your program design. Use Column B and C for the first two funding streams. Create a new document using the Template for additional funding streams, if necessary.

Adapted from the Colorado Guide to Blending & Braiding, Lynn, Jordyn (2011)

Template B: Analyzing Your Funding Streams by Program Design

Template B

Analyzing Your Gaps by Program Design

(This worksheet will help you see and understand gaps between who you plan to serve, what services you want to provide in your program, and what your funding will support.)

	Funding Stream 1	Funding Stream 2	Funding Stream 3	Funding Stream 4
What population do we need to serve?				
What does the "Front Door" of our program look like?				
What are the services or interventions that are part of our program?				
What will our services accomplish and how will we know?				
Where are we delivering the services?				
Who will deliver the services?				
What infrastructure is needed to support the program?				
What is the time frame for our funding streams (including allowability of no-cost extensions)?				
(Additional factors specific to your program)				

Adapted from the Colorado Guide to Blending & Braiding. Lynn, Jewlya. (2011)

Template B

Step 1:

Break the populations from Template A into subgroups by listing pertinent population characteristics and service criteria into discrete and non-overlapping categories. Think about ages of population, needs of population. Are there income parameters? Are there parameters regarding criminal justice history? You may need to insert more rows as you answer the questions.

Under the other categories (services, etc.), discern differences such as particular screening/assessment tools that you plan to use or that certain funders require or if there are educational or licensure requirements for certain funds, etc.

Step 2:

Place an X for what is allowable by each funding stream. You should end up with a grid that clearly shows what each funding stream can and cannot fund with a level of clarity to determine which fund sources may be too restrictive. Options then are to research other potential fund sources or even adapt your program design to requirements of certain funds sources.