

INVESTING IN FAMILIES

OUR WORK SUPPORTS AND EXPANDS COMMUNITY SERVICES THAT
ENABLE FAMILIES TO WORK AND BUILD ECONOMIC STABILITY



CHILDREN, YOUTH AND FAMILIES

Child Care Facilities Development and Financing in California

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Child Care Facilities Fund of the Low Income Investment Fund

California Association for Family Child Care (CAFCC)

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National Economic Development and Law Center

- ***Children, Youth and Families (CYF) Division***
The CYF division aims to assist community-based organizations that serve children, youth and families in low-income communities to have a greater impact on employment and economic development opportunities available to their constituency. CYF has two key programs: Child Care and Family Support.
- Within the Child Care Program there is a project called



Building Child Care (BCC) Project

- **Purpose:** To provide a centralized clearinghouse of information and services designed to improve and increase child care providers' access to financial resources for facilities development projects in California.
- **Who:**
 - National Economic Development and Law Center
 - Child Care Facilities Fund of the Low Income Investment Fund
 - Child Development Policy Institute Education Fund
 - California Child Care Resource and Referral Network

Funded by the California Department of Education, Child Development Division, and designed as the State's response to the need to bring resources together on a centralized statewide level.



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Presentation Overview

- Part One: The Facility Development Process
 - Renovating or Expanding Your Family Child Care Home
- Part Two: Where is There Money to Renovate or Expand FCC Homes?
 - Grants and Loans
- Part Three: Where to Turn for Help
 - Community and Statewide Resources



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First Things First...

- How we define

Child Care Facilities Development:

- **Renovation** or **Expansion** to a child care center or family child care home
- **Building** or **Purchase** of a facility to be used as a child care center or family child care home

Today's focus is Family Child Care Home Expansion and Renovation.



Part One: Renovating or Expanding Your Family Child Care Home

The process can be broken down into four major stages...

1. Planning
2. Considerations Before Construction Begins
3. Development
4. Start-Up

Reference:

- *Family Child Care Facility Development Checklists*



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1. The Planning Stage

1. Is there market demand for the proposed services?
2. Is the proposed project financially feasible?
-What is an operating budget? What is a capital budget?
3. Does the provider have the necessary time and support to take on this project?

Writing a **Business Plan** can help providers answer these questions

Reference:

- *Facilities Development and Financing Manual*
Chapter 3 “Developing a Business Plan”



2. Considerations Before Construction Begins

- Site Control and Approval
- Secure an Architect and/or Contractor
- Obtain Appropriate Permits
- Project Design
- Obtain Financing for the Development Process

Reference:

- *Facilities Development and Financing Manual, Chapter 3 “Developing a Business Plan”*
- *Architects and Contractors Referral List*
- *What You Should Know Before You Hire a Contractor*



3. The Development Stage

- Construction Process
- Equipping the Classroom(s)
- License Approval (inc. fire clearance for large FCC)
- Personnel
- Marketing the Program
- Building Permits
- Zoning Regulations



4. The Start-Up Stage

- Update Operational Budget
- Maintain Financial Reserve (3 months min.)
- Phase-in Children and Staffing
- Program Sustainability
- Delays/Problem Solving



Part Two: Where is There Money to Expand/Renovate FCC Homes?

There are two types of facilities funding available to help family child care providers expand and renovate their homes:

1. Grants

- Grant Basics
- Grant Resources

2. Loans

- Why Consider Financing?
- Loan Resources



Grants

A Few Facts About Grants

- Typically grants are only available to nonprofit organizations and not to for-profit centers or FCC homes.
- For equipment funding (including playground) and small repairs, **First Five (Prop 10) Commissions** sometimes provide grants to FCC Home providers. Check with your local Commission to find out more.
- For equipment, FCC providers can also check with local schools, child care centers, parks, churches, etc. to see if they have any used materials they could donate.



Grant Resources

Where to Go for More Information

- **BCC document:**

Potential Grant Resources for Child Care Facilities Development In California

- **Other Resources for Identifying Grants:**

- Foundation Center www.fdncenter.org
- Enterprise Foundation (MoneyNet)
www.enterprisefoundation.org
- The Grantsmanship Center www.tgci.com has information on Community Foundations
- Local Community Development Block Grant (CDBG) Funds



Loans

- Why Consider Loan Financing?
- Loan Resources Available

Why Consider Financing?

1. It's Capital Efficient

- Allows the provider to make limited resources go farther
- Allows the provider to pay for costs over time instead of all at once
- Allows provider to create a credit history
- It is quite common, and often essential to combine multiple funding streams (e.g. savings, loans, equipment grants) in order to make a facility development project happen



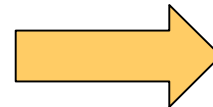
Why Consider Financing (cont.)?

2. Meet Higher Costs/ Serve Families Faster

- Supply of loan capital is far greater than supply of grants
- Loans have a faster turn around time--It takes a long time to raise grant money
- Loans typically provide larger amounts of money than grant funding

Bottom Line:

Raise greater amounts in less time



Meet higher costs and serve families faster



Why Consider Financing (cont.)?

3. Develop Business Skills

- Alternative lenders often offer special technical assistance (TA) services to insure better success rates of their borrowers
- These services can foster the development of a provider's business and financial planning skills
- Helps provider build business skills and run a stronger program



Why Consider Financing (cont.)?

4. Expand Early Care and Education (ECE) Stakeholders

- Leverages interest in the ECE field from financial institutions and other economic entities
- Successful financing now will encourage expansion of financial resources in the future



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Loan Resources

Sources of Funding

- Conventional Institutions (e.g. Local banks)
- Alternative Lenders (e.g. Community Development Financial Institutions; Credit Unions)
- Government-Certified Small Business Lenders (e.g. Small Business Administration certified lenders)
- Government Resources (e.g. Federal Housing Administration)
 - Federal
 - State
 - Regional/Local

Reference:

- *The Matrix of Child Care Facilities Development Financial Resources in California*



Loan Resources

FAQ on Applying for Facility Development Loans?

1. Do providers have to have a certain income to qualify for loans?

The bottom line of all qualifying criteria is:

Repayment Capability.

2. What is the best way to request small business loans?

With a well thought-out, clear, concise and financially sound Business Plan that has been developed with professional assistance.



Part Three: Where to Turn for Help

Community Resources: (Reference *Quick and Dirty Guide*)

- Resource and Referral Agencies
- Local Child Care Planning Councils
- Regional Resource Centers
- Small Business Development Centers and SCORE Offices
- First Five Commissions
- Local FCC Associations
- Specialists: Architects, Contractors, Project Managers, Developers
- Licensing and Zoning: Child Care Advocate Program, Licensing Specialists, Planning Depts., Fire Depts.



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Where to Turn for Help (Cont.)

Statewide Resources:

- Child Care Law Center
www.childcarelaw.org
- California Child Care Resource and Referral Network www.rrnetwork.org
- California Association for Family Child Care
www.cafcc.org
- California Association for the Education of Young Children (CAEYC)
www.caeyc.org



Where to Turn for Help (Cont.)

In California, there has never been a central place linking child care facilities development and financing resources on a statewide level...

The [Building Child Care \(BCC\) Project](#) takes the first step in establishing such a place.



Where to Turn for Help (Cont.)

Building Child Care Project

Identify Resources – Improve Access to Resources – Expand Depth and Quantity of Resources Available

How do we do this?

- Referrals to TA, Funding Sources, Publications
- Interactive Project Website: www.buildingchildcare.org
- Toll-free help line: **888-411-3535**
- Trainings
- Identify and respond to gaps in the field of developing and financing child care facilities in California



*How to contact
Building Child Care
for follow-up information:*

- Toll Free Line: **888-411-3535**
- Website:
www.buildingchildcare.org
- Email: bcc@nedlc.org

