

INVESTING IN FAMILIES

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



CHILDREN, YOUTH AND FAMILIES



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Child Care Facilities Development and Financing in California

Presented by:

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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. Further, this division works with community economic development (CED) organizations to integrate enterprises, services and programs that directly benefit children, youth and families into their overall community revitalization plans. CYF has two key programs: Child Care and Family Support.

- Within the Child Care Program there is a project called



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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, and the 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
 - Planning, Pre-development, Development, and Start-Up
- Part Two: Where is There Money to Expand/Renovate 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.*



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Part One: The Facilities Development Process

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

1. Planning
2. Predevelopment
3. Development
4. Start-Up

Reference:

- *Family Child Care Facility Development Checklists*



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1. The Planning Stage

Addresses 3 key questions:

1. Is there **market demand** for the proposed services?
2. Is the proposed facility project **financially feasible?**
2. 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. The Predevelopment Stage

- Site Control and Approval
- Project Design
- Securing a Contractor
- 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



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4. The Start-Up Stage

- Operational Budget (3 months min.)
- Phase-in Children and Staffing
- Program Sustainability



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



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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.



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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 Funds



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Loans

- Why Consider Loan Financing?
- Loan Resources Available



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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
- 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



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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 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



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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)
- 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*



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Loan Resources

Questions About 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.



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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
- California Child Care Resource and Referral Network
- California Association for Family Child Care
- California Association for the Education of Young Children



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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.



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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



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How to Contact BCC for follow-up information:

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

