Developer Fees Loan Program

Maintaining and Expanding Child Care Slots in Santa Cruz County

Background

- S.C. Co. Ordinance, established in 1991, created
  - Special fee on residential & non-residential development
  - Child Care Fee Trust Fund to receive revenues
  - Child Care Developer Fees Loan Program to distribute funds

- Basis: New development generates pressures on child care slots, an essential public service

- In 15 years, close to $1.5 million awarded to more than 100 child care centers and family child care homes to maintain or expand child care slots

- Funds disbursed as *forgivable* loans

A Changed Child Care Landscape

- Additions to the support structure for child care planning & funding
  - Child Care Planning Council
  - First 5 Santa Cruz County
  - CalWORKs and other funding streams

- Changes in demographics in the County

- Lessons learned

- Adapting to the the new landscape - Program revisions needed

Review and Revision

- One year hiatus & ad hoc subcommittee of Human Services Commission convened
  - Human Services Commission – Joe Griffin, Laura Grossman
  - CDRC – Diane Oyler
  - Child Care Ventures – David Foster
  - Human Resources Agency – Cecilia Espinola, Gary McNeil
  - First 5 SCC – Vicki Boriack
  - Former loan program manager – Ellen Ortiz
  - Small Business Development Corporation – Teresa Tomae

- Special sessions on child care information & resources, and infant/toddler, preschool & school age considerations
- Participants:

Marilyn Moore	Elaine Henning
Sandy Davie	Clark Beatty
Ann Wise	Jim Hopper
Claudia Vestal	Ana Espinoza
Margaret Hackett	

Guidelines Established

- Available for *licensed* care for infant through school age, & *center based exempt* child care provided at public school sites for school age children.

- Prioritized to meet the primary needs of infant/toddler care, and after-school care, followed by preschool care.

- Used to support child care programs in geographic areas of the County, or for special populations, where there is a need as determined by the most current data

- Priority consideration will be given to projects that make child care more accessible for low-income families.

- May support existing child care programs and facilities, especially in areas of greatest need; priority will be given to proposals that address expansion of child care capacity, or health and safety or licensing issues, over proposals to simply upgrade existing facilities.

Guidelines continued

- Generally for one-time use, such as capital improvements, and for one-time operational uses that will thereafter be sustained, such as start-up costs

- Funds will be used in ways that promote maximum opportunity for leveraging

- Limit administrative burden for HRA & recipient/grantee

- In limited circumstances, funds may be used to provide technical support, training, and education for child care providers

Fiscal Year 2006-07

- Reestablish program based on modified Guidelines with simplified processes

- Approximately $100,000 in Child Care Developer Fees collected per year and available for loans; un-awarded funds may be carried forward

- Tentative dates
  - Release of application packets October 1
  - Applicant workshops early October
  - Due date November 1

Developer Fees Loan Program

Questions?

Low Income Investment fund

To: California's Early Learning Quality Improvement System Advisory Committee

From: Edward Condon, Managing Director, National Child Development Programs, Low Income Investment Fund

Date: March 5, 2010

Re: Facilities Recommendations

The Low Income Investment Fund (LIIF[1]) applauds the California Early Learning Quality Improvement System (CAEL QIS) Advisory Committee and all the stakeholders involved for a very productive 2009. Last year inclusive and informative subcommittee meetings were held where a great deal of learning and strategizing occurred to inform the Advisory Committee on the creation of a statewide CAEL QIS that will address the quality of early learning programs throughout the state.

Quality early learning programs prepare children for success in life and school, and reduce the education achievement gap. Facilities are a major part of the early education delivery system. In order for families, especially in low income communities, to access quality early learning programs operated in healthy and safe facilities, a system must be in place to support the maintenance, improvement, and expansion of facilities. As such, a successful CAEL QIS will include coordinated and integrated resources and technical support for facilities.

Drawing on more than 10 years of experience[2] delivering capital and technical support to early learning facilities, LIIF offers the following facilities recommendations to the CAEL QIS to advance the objective of creating a quality early learning system in California that is practical and successful in its approach.

1) Quality Improvement System Supporting All Facilities

An integrated and coordinated CAEL QIS includes a rating and improvement system that supports programs entering into a tier, maintains programs at their respective tier and advances programs through higher tiers by facilitating increased quality.

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[1] LIIF is a nonprofit community development financial institution with a quarter century of experience providing capital and technical assistance for affordable housing, child care and education facilities (www.liifund.org).

[2] Working statewide and deeply in 14 counties, LIIF's early care and education work in California employs a combination of grants and loans, technical assistance and training, policy and government relations activities all in an effort to build a comprehensive and sustainable system for early education facilities development.

A CAEL QIS system that ensures quality facilities are available to advance quality outcomes for all children includes organized and integrated local, regional and state level resources. LIIF recommends the CAEL QIS ensure the following facilities resources are in place:

- Adequate sources of public and private capital and technical support to access and responsibly utilize capital. Capital includes grants, loans, and credit enhancements such as subsidized interest and guarantees.

- Accessible technical support to all early education programs to repair, renovate and construct facilities including routine maintenance and operations, identifying and siting appropriate facilities, meeting land use and other entitlement requirements, incorporating quality design elements, and construction management.

2) Tiers and Elements Supporting Safe & Quality Facilities

<u>Title 22</u>: The CAEL QIS Advisory Committee has recommended that all programs entering the first tier be licensed (Title 22). Title 22 regulations ensure buildings and outdoor space meet minimum facility and yard size, provide adequate space for activities and comply with safety issues (e.g. fence height, sufficient toilets and sinks, napping area, etc.). The quality and condition of the physical plant, yard and primary building systems are not explicitly called out in Title 22. In addition, due to years of budget cuts, licensing visits are not frequent enough, and staffing levels have been drastically reduced.

LIIF recommends enhancements to Title 22 that ensure healthy, safe and quality facilities are supporting children, staff and families. These enhancements include:

- At least one visit each year
- Inspection criteria aligns with CAEL QIS facilities standards
- Inspections include observation and notation of conditions that don't comply with Title 24 (building code) standards
- Licensing staff are equipped with and make referrals to technical and financial resources that help improve the quality of their facilities
- Licensing is sufficiently staffed (including analysts and advocates positions) to ensure the above recommendations can be met

3) Assessment Tools to Support Continuous Program Improvement

The CAEL QIS Design Subcommittee meetings have predominantly focused on the use of ITERS-R, ECERS-R, and FCCRS. These environment assessment tools include subscales that address quality indoor and outdoor environment layout and use of space along with healthy practices. To ensure the quality and condition of the physical space (building and yard) are addressed, LIIF recommends the CAEL QIS (system and tiers) include the following elements:

- Established protocols and training strategies for ERS assessors to increase their skill at identifying facilities issues and physical design elements
- Pilot the creation of a standalone facilities assessment tool/checklist, based on modifications to an existing validated tool (CPERS – Children's Physical Environment Rating Scale) and LIIF's field experience

- Administrative policies for maintaining the condition of learning environments
- The size and quality of the space support the early learning program goals
- The use of healthy, sustainable materials and products promoting positive outcomes for children and cost savings for programs

4) Support Program Administrative Strategies to Achieve Quality Facilities

If the Title 22 recommendations above are implemented, some of these quality building and yard conditions will be addressed. LIIF further recommends that professional business and administrative practices are in place to ensure sustainable operators for early learning programs. This can be achieved by including program administrative scales in the tiers and support for improving scale scores in the system.

Conclusion

A CAEL QIS that supports facilities includes technical and financial resources that help operators maintain healthy, safe and quality facilities, as well as expand existing and new facilities. Currently, California has some resources for early learning facilities including:

- The California Department of Education, Child Development Division's "Child Care Facilities Revolving Fund" and "Child Care Repair and Renovation Grant Program"
- The Low Income Investment Fund's Child Care Facilities Funds, ABCD Fund, and Constructing Connections[3]
- Some local First 5 Commission initiatives
- Local Investment in Child Care initiatives
- Building Child Care[4]

These resources have restrictions that are geographic, limited to certain types of early education programs, generally decentralized, and require sustained, coordinated and integrated support to ensure resources are accessible to all eligible early learning programs in communities throughout California.

Quality early learning programs need shelter in healthy and safe facilities. A complete CAEL QIS includes supports for the maintenance, improvement, and expansion of facilities. The system also includes strategic coordination and integration of financial and technical resources at all levels. LIIF appreciates this opportunity to provide facilities recommendations to the CAEL QIS Advisory Committee. LIIF staff looks forward to continuing our participation in subcommittee and advisory committee meetings, and being a technical resource for early learning facilities.

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[3] Child Care Facilities Funds and ABCD Constructing Connections project are active in 14 counties including Alameda, Amador, Calaveras, Fresno, Kern, Los Angeles, Merced, Orange, Riverside, Sacramento, San Francisco, Santa Barbara, Solano, and Ventura.

[4] Building Child Care is a clearinghouse of reference materials funded by the California Department of Education through the child care financial intermediary program and funded by the Child Care Development Block Grant.

The Finance and Facilities Workgroup has a number of goals in planning for preschool for all for four year olds in Santa Cruz County. These goals are:

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- ***Identify and monitor the current preschool funding sources:***

STATE OF CALIFORNIA

STATE-SUBSIDIZED CHILD CARE- the California Department of Education (CDE) is designated in statue as the "single state agency" for child care and development programs. It administers various state-subsidized child care programs for low-income families.

SCHOOL DISTRICTS- school systems represent a large portion of the child care delivery system using two primary mechanisms: vouchers for families and contracts with school districts and other child care providers.

VOUCHERS-70 percent of children in state-subsidized program are served through Alternative Payment Programs (APP) child care vouchers. This includes vouchers for CalWORKS families. These vouchers are primarily used in private child care settings. School district operated programs may also participate.

CONTRACTS- Half of the CDE's total child care funds are contracted to school districts. Half of these school districts subcontract the funding to other non-profits or private agencies because the reimbursement rate is not sufficient for school employees to operate the programs.

DEMONSTRATION PROGRAMS- these involve a small number of sites in an effort to learn about the effectiveness of a new program or approach. Many of these have been funded by First 5 California as PoP (Power of Preschool).

GENERAL CHILD CARE AND DEVELOPMENT PROGRAMS- these are center-based state and federally funded programs providing care to children birth to 5 years. These programs provide an educational component, provide meals and snacks, parent education, referrals to health and social services for families in need.

STATE PRESCHOOL PROGRAMS-these programs can be part or full day for children 3 to 5 years of age for low income families. These programs provide components similar to General child care and development program.

MIGRANT CHILD CARE AND DEVELOPMENT PROGRAMS-these programs serve children of agricultural workers and while parents are at work.

CALIFORNIA SCHOOL AGE FAMILIES EDUCATION PROGRAMS- (Cal-SAFE)- these programs serve pregnant and parenting teens to encourage high school graduation and economic independence.

POWER OF PRESCHOOL DEMONSTRATION PROGRAMS- First 5 California administers demonstration projects in 13 Counties. These are free, part day preschool programs for all 3 and 4 year old children. The program's goal is to increase the number of high-quality preschool spaces.

FEDERAL FUNDING

CHILD CARE AND DEVELOPMENT FUND- (CCDF) is the largest dedicated source of federal funding for child care subsidies for low=income families. The CCDF includes mandatory funds, discretionary funds and matching funds. States are given flexibility in setting requirements for eligibility, copayment levels, and reimbursement rates. States also are required to spend a minimum percentage of their total allocation in initiatives to improve the quality of care.

TEMPORARY ASSISTANCE TO NEEDY FAMILIES- known in California as CALWORKs programs, provides federal dollars for time-limited cash assistance to low-income families. This money may be used for child care and may be transferred to the CCDF to pay for child care subsidies.
SOCIAL SERVICES BLOCK GRANT- this is a general funding stream that states may use to fund a variety of social services including child care.

TITLE 1 PRESCHOOL PROGRAMS- part of the No Child Left Behind Act,(NCLBA), specifically funds both school-wide and targeted assistance programs designed to improve the academic achievement of students who are farthest from meeting academic standards. Basic Grants provide funds to LEAs and are weighted so that LEAs with higher numbers oo percentage of poor children receive more funds. The NCLBA encourages the use of Title 1 funds for preschool programs. School Districts may use these funds to operate a preschool program or may reserve an amount from its total allocation to operate a Title 1 preschool program for eligible children in the district as a whole.

HEAD START AND EARLY HEAD START- these are comprehensive early childhood programs that serve eligible children from birth to 5 years. School systems operate over one-third of Head Start programs. The most common

program collaborations are Head Start and the State Preschool Programs to provide full day care for children. There are also collaborations between Head Start and the General Child Care programs.

Federal Stimulus Dollars targeting Child Care as part of the economic recovery package recently passed by Congress and signed into law by President Obama.

OTHER RESOURCES

BUILDING CHILD CARE COLLABORATIVE PROJECT-funded by the Department of Education, this is a collaboration of organizations designed to help child care providers bridge the gap between available public and private sector financing for child care facilities. Four organizations have combined their experience, resources and expertise to build a clearinghouse of information and assistance for developing and financing child care facilities. These organizations are: *The Insight Center for Community Economic Development; the California Child Care Resource and Referral Network (CCR&RN), the Children's Collabrium (formerly Child Development Policy Institute Education Fund, and the Low Income Investment Fund (LIIF).*

BUILDING CHILD CARE- A MATRIX OF FINANCIAL RESOURCES FOR CHILD CARE FACILITIES DEVELOPMENT IN CALIFORNIA- revised May 2006. This is a publication of the National Economic Development and Law Center. ***Included in the Statewide Matrix***: Bank of America, Business, Housing and Transportation Agency, California Capital Financial Development Corporation, California Children and Families Commission (Prop 10), California Department of Education, California Department of Housing and Community Development, California Economic Development Lending Initiative, CEDLI, California Pollution Control Financing Authority, Enterprise, Federal Housing Administration, Low Income Investment Fund, Rural Community Assistance Corporation, U.S. Department of Agriculture, Rural Development Division, U.S. Department of Housing and Urban Development, and, U.S. Small Business Administration.

LOCAL RESOURCES IN THE MATRIX- Cal Coastal, Economic Vitality Corporation of San Luis Obispo, Lenders for Community Development, Nonprofit Finance Fund, Northern California Community Loan Fund, Santa Cruz County Community Credit Union, Santa Cruz County Human Services Department, Small Business loan Fund, Valley Economic Development Center, Inc. and, Valley Small Business Development Corporation, Santa Cruz County Small Business Development Corporation

BUILDING CHILD CARE: POTENTIAL GRANT RESOURCES FOR CHILD CARE FACILITIES DEVELOPMENT IN CALIFORNIA- this publication is a list of foundations and government agencies that have a history or an interest in funding child care programs, capital campaigns, and/or building and facilities development projects.

LOCAL INITIATIVES SUPPORT CORPORATION (LISC)- dedicated to helping community residents transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity. LISC uses corporate, government and philanthropic support to provide local community development organizations with: Loans, grants and equity investments; Local, statewide and national policy support; and Technical and management assistance.

Workgroup Recommendations:

Priorities for funding should concern securing consistent sources of funding that cover the cost of operational costs associated with operating a Child Care program. The best option would be to secure Grants as they are free and have no payback factor. Other options are combining State and Federal funds to maximize the impact these funds may have. This is what the Child Care community refers to as "Wrap Around" approaches. New Federal stimulus dollars provide a great opportunity to improve and expand Child Care. These include Child Care Development Block Grants and Title 1 funds for low income and disadvantaged children. We believe the best way to get these dollars to providers who provide care to children is through the "Voucher Model". In this model the money goes directly to the provider who is able to establish her own rate. The money is for a particular child so the dollars follow the child, per se.

The California State Department of Education should simplify its complicated and cumbersome funding process and allocate dollars for more than one year at a time. This way providers can create a long range business plan further than the current year to year approach. The pending AB 932 legislation will also greatly expand the Revolving Loan fund by accessing federal monies also. We also recommend there should only be one contract Child Care Agency, as part of the "Hub", as this would allow flexibility and consistency between the school district and the contract agency.

And, finally, a system should be established in Santa Cruz County to continually search for and secure funding for Child Care in the County. We have found the yearly cost of providing quality child care is between $6,000 and $10,000.

- ***Identify and invite experts to the table from ECE, business, community, school districts, private child care businesses, etc.***

Cabrillo College, UCSC Child Care Programs, County Office of Education, School Districts throughout the County, Larry Drury of GoKids, Sandy Davie of Santa Cruz Toddler Center, Jim Hopper from State Community Care Licensing Child Care Program Office, Driscoll Strawberries, Chamber of Commerce , Low Income Investment Fund (LIIF),SBDC, Angela indicates Santa Cruz Adult School operates a preschool program at Westlake School.

- **_Using Collected Samples from surrounding Counties develop an integrated funding system._**
  See above
- **_Gather and develop professional templates for financing and budget proposals._**

  Larry Drury submitted a business plan for a GoKids facility in Gilroy and Gail reviewed the plan. She indicates it looks very good and could be modeled by others.
  Gail Jack submitted a sample budget to be followed.
  Kathleen Howard submitted a Memorandum of Understanding Soquel Unified School District has with Campus Kids Connection.

- **_Develop a budget template_**
  Hollister model developed by GoKids
  Gail submitted a sample budget
  Child Care Facility Development Guide submitted by Jim Hopper

Workgroup Recommendations:

A "tool kit of resources" should be made available to the public via the web with a hard copy kept at the County Office of Education. Promoting the use of these standardized budgeting and business planning tools can accelerate the child care provider's preparedness for future expansion when funding becomes available.

- **_Develop a Plan to meet need for future additional preschool facilities should funding become available._**

Workgroup Recommendations:

Work for Child Care can and should be included in City and County General Plans. Simplify the permit process, lower fees and work with local and statewide officials to Incentivize the development/renovation of child care facilities. Expand and enhance the Child Care Facilities Revolving Fund to go beyond the purchase of relocatable buildings on public property. Modify the Education Code so that school districts are not penalized for using school facilities for preschool age children. These uses should be classified as school use.

Dialogue with local Fire Inspectors to standardize the facility inspection process. Dialogue with Community Care Licensing to more easily permit sharing of playgrounds and other facilities between preschool and K-3 classrooms. Add a local Licensing Advocate who focuses specifically on facilities. Contract/connect

with the Low Income Investment Fund as LIIF provides loans, grants, and technical assistance to form or strengthen collaboratives of community development and child care representatives.

Utilize the expertise of the Small Business Development Center (SBDC)in Santa Cruz County to secure leverage of funding to pay for the development of new facilities.
And utilize the SBDC staff expertise to create business plans that would maximize the potential for these Pre-K programs to succeed.

Promote green facilities and practices: Santa Cruz County cares about the health of children and encourages all child care facilities to be as "green" as possible in order to protect children's health. Science shows children's faster metabolism and developing bodies result in more significant exposure to chemicals and harmful toxins in their environment than adult. Social science demonstrates that children spend a large percentage of their day in care environments.

The Greenchildcare. Org committee recommends that preschool facilities and homes use building materials that do not have lead, arsenic-treated lumbers or asthma-triggering off-gases. Whether new building or remodeling, making the greener choice of materials including flooring, paints, as well as all construction materials will be better for preschoolers. Since Santa Cruz County also values the overall quality of our environment, each city and county planning departments have information on green facility development, remodeling, contractors and supply outlets.

We recommend choosing the greenest procedures within the preschool, including integrated pest management, cleaning and sanitation practices and landscaping choices to protect young children from the harmful impacts of pesticides, cleaners, and herbicides. In addition, new research has revealed Phthalates in plastics such as baby bottles and toys may be harmful to young children. Care should be taken with the choice of plastics in food containers as well as toys that children will play with.

For more detailed and pdated information, see our local expert source for greening child care: http://www.greenchildcare.org/

● ***Develop one recommendation for the most realistic strategy to expand preschool in phases until it is universally available.***

Workgroup Recommendations:

Modify the Education Code to allow education dollars to be spent on facilities

serving pre-kindergarten children in the school district. Non-profit community based organizations located at the schools will have a distinct advantage in accessing funding opportunities through most public sources, foundations and granting trusts. Possibly having Centers and Family Child Care Homes satelliting around a non-profit hub which would be an umbrella organization that seeks funding might be a model to explore. This would create a larger "risk management" pool, somewhat like insurance does.

- ***Locate and assess existing facilities and identify the gaps needed to meet future potential need.***

Workgroup Recommendations:

Utilize the data of the Child Development Resource Center regarding licensed Facilities in the County- this should include vacancy rates, if possible. Utilize the data of Community Care Licensing to verify licensed facilities locations and capacities. Have an expert on facilities and licensing visit all potential sites to assess the facilities' physical plant standards and provide recommendations for upgrading.

Workgroup Recommended Model for Preschool:

The Committee is in agreement a "non-profit hub" of some sort should be developed with the local school at the center of the hub. Previous efforts at PFA for pre-kindergartners have failed due to lack of support from the existing provider community, Child Care Centers and Family Child Care Homes. These providers often have vacancies and are struggling to make their budget balance. The delivery system must include those providers, for profit, non-profit and home based. And, these existing providers have facilities that have already met some type of approval, either by Licensing or parents. The Committee feels parents could continue to use preferred care and receive it free or, if they choose , could use school facilities. There must be a connection developed between the neighborhood school and the providers that exist within that school's boundaries. As such, a "Community Engagement" effort to recruit existing and new providers must take place emanating from the school campus. This effort could be accomplished two ways: either by the school itself or, as the Committee prefers, through a non-profit agency that could be sited at that school. In the latter case, the school's facilities could be used but the non-profit agency could be used to more effectively outreach into the community. The non-profit agency might be better positioned to obtain the various streams of funding that would be needed to implement PFA for pre-kindergarteners, the committee feels.

GoKids,a Child Development Program that operates in Santa Cruz and nearby counties has successfully implemented a "Community Engagement" program in

Gilroy,CA. This program, called Glen View Alliance-Neighbors Achieving Success(GANAS), could be a model for Santa Cruz County. Even though the expressed goal for GANAS is not creating a PFA system in that city, the steps GoKids undertook to organize and engage the school neighborhood is relevant. GANAS achieved success in approving school readiness by improving access to quality, early learning environments, connecting residents with the information and services that would all them to thrive and fostering leadership among residents. comprehensive approach to address multiple needs in the school community could be a part of PFA.

GoKids began its GANAS efforts by doing a door-to-door neighborhood canvass to identify the number of children under 5 in the household; this could also include canvassing existing providers to begin the process of getting "buy-in" from the provider community. Concerns voiced by the provider community could be heard directly and a summation provided for policy makers. From reviewing the Summative Report prepared by ASR for GoKids the following benchmarks were reached:

- Over half of residents with young children had received training in child development, such as a parenting class or a home visit by a community educator. The local school could provide facilities for these classes or offices for the educators.
- GANAS staff assisted families in accessing subsidized child care services, state preschool and Head Start.
- GANAS staff encouraged parents to register their children for kindergarten early which resulted in an increase in the number of children pre-enrolled in kindergarten. This model could be followed for Pre-Kindergarten programs.
- A stronger relationship between the local school and the surrounding community is needed to achieve increased resident involvement in the school and more support services for monolingual Spanish, and bilingual populations.

Creating alliances in the community, as GANAS did, will have a positive effect upon PFA efforts. The neighborhood school will remain the "hub" but efforts by many different stakeholders will ensure the success of PFA. As time goes by the school can begin to institutionalize its hub status by offering its facilities for training, activities and possibly office space. A model to follow for creating Alliances is the business plan of the Child Care Business Alliance of Santa Cruz Count (2006) (Child Care Ventures). The mission of the Business Alliance was to increase the economic stability and sustainability of the child care sector in Santa Cruz County by improving the business acumen of providers- a goal of PFA also. This Alliance plan could be folded into the GANAS model to create assistance for families and providers alike. One end result could be the establishment of a "substitute pool" for child care providers similar to that used currently be school districts

The location of the facilities operating in the School Hub should be left up to the school district to decide. They know best the needs of their families and children. With the Child Development Resource Center the school district would be able to inventory existing facilities. We suggest funding for facilities be addressed three different ways?

1. Use funding to upgrade the quality of existing facilities that may have been subject to delayed maintenance due to budget constraints. Existing facilities should "match" the needs of their community as much as possible. Market research results should be utilized in determining whether and which existing facilities should be upgraded, and what their program offerings should look like. This will result in a reduction of vacancies in existing facilities.
2. Use funding to expand the capacity of existing facilities; this keeps existing providers in the "Hub" and is more cost effective than building from scratch.
3. Use funding to build new facilities from the ground up. As this is the most expensive option it should be the last one explored.

The "walkability" of a neighborhood "Hub" should be considered, also. There is a resource called www.walkscore.org that allows neighborhoods to be graded in this area.