

## Developing a Child Care Center



CHILD CARE

An Overview of the Development Process for Creating  
a Child Care Center in Your Neighborhood

Launched in 1982, The Enterprise Foundation is dedicated to rebuilding distressed neighborhoods and helping people with low and very low incomes move into the mainstream of American life. Working with partners, Enterprise provides struggling families and individuals opportunities for a decent home, steady employment, quality child care and safe streets.

Through our Child Care program, we work with local child care and community development partnerships to increase the supply and improve the quality and affordability of child care in low-income communities. We link child care providers to housing opportunities, provide leadership in child care financing and assist community-based organizations with grants, loans and expertise.

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# About this Manual

What goes into developing a child care center?

*Community-based organizations can support child care in their communities in a variety of ways. If you believe that the community you serve needs a center to meet child care demand, this manual can help you think through the process.*

*Developing a Child Care Center* walks you through preparation for developing a child care center by explaining:

- The various roles your community-based organization can play in the development process
- The necessity of a market analysis, and what cost and revenue factors you need to keep in mind
- The management and personnel challenges you will likely face and what you can do to be successful
- The importance of appropriate facilities design

This manual is designed for community-based organizations as a first step in thinking through the development of a child care center. Please note that many additional references are listed in the Resources section at the end of the manual.

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*Cover photograph by Nathan Mandell*

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## Introduction

Many different kinds of community-based organizations (CBOs) are interested in addressing child care needs in their communities. The first step is to do some initial research and planning to determine how your organization can best support child care in your community. (See Developing Child Care Programs in the Resources section for more information on research and planning.) If, after this research and planning, your organization has decided to develop a child care center, this guide will assist you.

Supporting child care in your community can truly change lives. Dependable child care allows parents to become stable, dependable employees. Consistent, quality child care provides essential developmental support for children. Moreover, child care provides stable employment for community members, including those with limited formal education but a wealth of experience with children.

Child care can also be a key factor in keeping economic resources within a low-income community, capturing the dollars both parents and government subsidy programs spend for care and using these funds to employ child care workers and purchase goods and services from local businesses.

Because the needs and preferences for child care vary substantially from community to community, as the capacity to meet those needs varies from organization to organization, you will need to determine the best approach to supporting the child care needs in your particular community. Many CBOs around the country have supported child care in a variety of notable ways, including the development of child care centers. Your organization may have considered developing a child care center in the past and come up against obstacles you didn't know how to address. This manual will explain how your organization can overcome those obstacles to develop a center and guide you through the development process.

The Enterprise Foundation offers several samples of financial modeling templates that you can use to test a variety of possible plans for your child care center and its development as well as operating budget assumptions. You can find the spreadsheets online at [www.enterprise-foundation.org](http://www.enterprise-foundation.org). Search for "Child Care Library" and click on this manual, *Developing a Child Care Center*. One spreadsheet, for example, provides worksheets to calculate costs to build a center and manage the loans needed to construct and operate a center. Another provides guidance for operations start-up.

## Role of the Community-Based Organization

CBOs can act as just the developer, as developer and owner, or as developer and operator of child care center facilities. As developer, the CBO uses its expertise in finance and construction management to obtain a site, develop a design and manage the construction process for a child care center. The CBO may develop with the intention of retaining ownership of the facility, which is then leased to a child care operator, or with the intention of selling the facility on a turn-key basis to a pre-identified child care operator. Alternatively, the CBO may develop the child care center facility with the intention of either directly operating the child care center or creating a separate, subsidiary corporation to operate it.

Whatever role the CBO decides to assume, substantial market and financial analysis will be needed. Successful child care center development requires a detailed knowledge of regulatory requirements, market preferences and program operation realities. Because of the knowledge needed, collaborations with experienced center operators are strongly suggested for CBOs new to this endeavor.

# Market Analysis

As developer, the CBO must evaluate the market for child care services. Many families in a low-income community may need child care in order to work or continue their education, and other families may want child care as a respite for exhausted parents. However, the most essential factor to consider is whether there is a sufficient number of families who are willing and able to pay for child care or for whom a public or private contribution or subsidy will be available so that the center can meet its operating costs.

Developing a child care center must begin with analyses of demographic data for your community, including the number of children of various age groups, the number of working parents and income levels. Your local [child care resource and referral](#) (CCR&R) agency may have done

*Keep in mind that ability to pay a certain amount is not the same thing as willingness to pay that amount.*

studies on the need for child care. (See State and Local Information in the Resources section at the back of this manual to find out how to contact your local CCR&R.) You will also need to gather some much more specific information, including how many hours a week parents work and when, child care preferences and alternative care options available to and used by parents in your community. (See Developing Child Care Programs in the Resources section for more information on research and planning.) For a complete guide to determining the need in your area, refer to another book in this Child Care Library, *Understanding Child Care Supply & Demand in the Community*, available online at [www.enterprisefoundation.org](http://www.enterprisefoundation.org).

Carefully analyze the results of any neighborhood surveys you use regarding child care needs. Remember that needing child care and being willing and able to enroll a child and pay some or all of the costs of care are very different things. Many respondents will report the hours for which they need child care, but this does not reveal their actual willingness or ability to use a particular care option.

Individual families and whole communities have widely different ideas about the most appropriate way to obtain child care. Some prefer center care because of its dependability, the supervision of child care workers and the variety of activities available for the children. Others do not find center care acceptable for a number of reasons. They may feel more comfortable with friends and relatives taking care of their children, especially if their children are young, or they may prefer care in home-like settings. Some parents may need more flexibility in the scheduling of care than centers can provide or the cost of center care may be beyond their ability to pay.

Keep in mind that ability to pay a certain amount is not the same thing as willingness to pay that amount. Probably the best way to obtain information about willingness to pay is to ask potential consumers what they are currently paying.

Also, take care when you are considering the extent to which the population your center will serve qualifies for state subsidy programs. In order to participate in state subsidy programs, families must apply and be determined eligible. Some families object to the application process or find it extremely difficult to complete because of their working hours, language barriers, etc. Other families may appear to qualify, because of income, but will not be eligible because of a lack of citizenship or an unwillingness to provide all required information.

In gathering information about your potential market, be sure to consider all the alternatives available to the parents that you envision serving. Are they using informal child care that is priced far below any rates your center could possibly offer? If so, you will need strong indications that they are dissatisfied with what they have before you can assume that they will be interested in increasing their child care costs substantially. While most families prefer child care that is close to where they live, some families are willing to take their children to a child care site that is close to where they work. Some Head Start programs and school-based before- and after-school programs provide transportation. Consequently, your competitive analysis cannot be limited to child care options that are located in your immediate neighborhood. Again, working closely with child care experts is critical to a successful project.

# Key Cost Factors

## PERSONNEL

Personnel costs account for 80 to 85 percent of the operating budget of the typical nonprofit child care center, and 60 to 70 percent of the operating budget of most for-profit centers. The state strictly regulates the number of adults required to care for children of different ages and the group size allowed in one room of child care centers. There is no flexibility in regard to adhering to these ratios. A program that does not comply with state ratio requirements and group size will not be permitted to operate.

The National Association for the Education of Young Children (NAEYC) is a national organization of early childhood professionals and others dedicated to improving the quality of programs for children from birth to third grade. NAEYC administers a national, voluntary accreditation system for child care centers as well as pre-school, kindergarten and school-age programs. NAEYC's standards are indicators of quality in early childhood programs. In fact, programs meeting NAEYC standards often exceed their state licensing requirements.

NAEYC's ratio requirements can give you an idea of what is needed for a quality child care program but you must adhere to, or surpass, the requirements for your state. To find your state's required ratios, which may differ from those of NAEYC, contact your state or local licensing agency.

As a practical matter, it is not desirable to plan a classroom that would require only one adult child care worker. Consequently, the ratios in the Recommended Maximum Children-to-Adult Ratios table in the next column suggest that the smallest classroom size for infants would be a room for eight children, which would require two adults. For toddlers, the recommended minimum classroom size would be for 10 children, which would require two adults. For pre-schoolers, it would be a room for 20 children, requiring two adults, and for school-age children, a room for 30 children would require two adults.

**NAEYC Recommended Maximum Children-to-Adult Ratios**

Age of Children	Maximum Number of Children in a Group	Ratios
Infants (birth to 12 months)	8	1:4
Toddlers (12 to 24 months)	12 10	1:4 1:5
2-year olds (24 to 30 months)	12	1:6
2 1/2-year olds (30 to 36 months)	14	1:7
3- to 5-year olds	20	1:10
Kindergartners	24	1:12
6- to 12-year olds	30	1:15

From the NAEYC accreditation guidelines. Note: Mixed age groups may be permissible in your state. Talk with your local licensing agency about required ratios and group size.

In addition to personnel working directly with the children and included in these ratios, child care centers must provide for management, janitorial and maintenance functions, as well as food preparation and service. If your child care workers are also performing these functions, remember they cannot be counted in the adult-to-child ratio for any times that they are performing duties other than working directly with the children.

Child care workers' wages are extremely low in most communities. Of course, minimum wage requirements apply. Most experienced child care operators find that paying child care workers above minimum wage and providing health benefits substantially reduces turnover. However, relatively few child care centers pay child care workers more than \$15,000 per year. Head teachers, including those with bachelor degrees, frequently are paid under \$20,000 per year.

Whether your CBO will be a developer and owner evaluating proposals from potential operator tenants or will consider operating the child care facility, you will need to become familiar with the financial realities of operating a child care center that serves a low-income community.

For CBOs considering acting as child care center operators, the wage structure can pose a dilemma. Most CBOs advocate for living-wage employment for residents of their communities. However, paying child care workers living wages will require ongoing contributed underwriting for the center or it will price your services out of the market. In general, the grant funding of Head Start programs has enabled them to pay higher wages and provide better benefits to staff than child care centers that depend primarily on parent payments and state subsidy payments.

State licensing rules require a minimum number of hours of training per year for child care center workers. Some centers find that offering staff additional paid training opportunities is an important benefit. If your center will employ child care workers who lack formal education, you may want to explore the Child Development Associate (CDA) credential program. Contact your local CCR&R for more information about CDA programs.

In the Resources section, you can find licensing requirements for your state and local CCR&R under State and Local Information.

## STAFF TURNOVER

Staff turnover can be extremely costly for child care centers. Unfortunately, many child care centers experience very high rates of turnover. Individuals who are not fully trained and oriented cannot safely manage large numbers of children, so additional staffing is frequently required after turnover. Also, most parents are extremely reluctant to have their children cared for by a center with constantly changing staff. Consequently, successful child care centers invest in strategies to avoid turnover, including careful screening and orientation, good supervision policies, and compensation and benefit policies that reward longer tenure and efforts to create positive morale.

## SPACE COSTS

Unless the use of the space has been donated, occupancy costs are usually the second largest item in a child care center budget. Every state regulates the amount of interior and exterior square footage that must be available per child. Many states require that outdoor space be fenced. Child care center designers must carefully integrate the per-child square footage requirements with the adult-to-child ratio requirements. Centers designed with rooms that are not large enough to hold multiples of the ratio requirements will not be economically viable. That's because it is extremely difficult for a child care worker to manage a classroom entirely alone. Helping an injured child or even taking a brief restroom break requires calling for outside assistance. Therefore, you will want to design classrooms large enough to support at least two adults – and that means large enough for eight infants or 20 pre-school age children, etc.

*After labor, occupancy costs are usually the second largest item in a child care center budget.*

For example, classrooms for three- to five-year-old children may be designed with square footage increments that meet the requirement for multiples of 10. Creating a classroom with the right square footage for 15 children of this age group will result in wasted space since the adult-to-child ratio is 1 to 10, and it will not be possible to put 1.5 adults in a room with 15 children. In this example, the operator will have to choose between putting two adults in the classroom with 15 children or limiting the classroom to 10 children and paying for space that does not generate income. Only careful planning, which integrates financial projections early in the design process, can avoid such costly, and all too frequent, errors.

## MANAGEMENT COSTS

Managing a child care center requires substantial business skills, as well as knowledge of early childhood development. Programs that depend on parent fees and state subsidy payments for most of their operating budgets must have management that is capable of marketing the center effectively, managing child turnover so that the center is kept full, negotiating fee agreements and managing a collection process that ensures parents pay their fees and that state subsidies are collected. Additionally, management must hire, train and supervise a child care work force that frequently has little formal training or job experience.

One common mistake made by new child care center operators is to base hiring decisions for center management solely on early childhood education training or experience at the program level in pre-school education settings. While this training and experience is very valuable for head teachers in the program, for the center director, you must have someone with business, marketing and customer relations experience and skills. These candidates frequently command higher compensation in the market than those who see themselves as primarily pre-school educators. In Oregon, for example, directors of multi-site child care agencies with centralized management frequently earn between \$25,000 and \$30,000. Executive directors with full management responsibility of stand-alone child care agencies can earn between \$30,000 and, in large centers with affluent clientele, \$60,000.

## FACILITIES DEVELOPMENT COSTS

Children are high spirited and active, and therefore operating a child care center is a very stressful use of a facility. This can result in high maintenance costs and frequent needs for repair and rehabilitation. The design must focus on durability and maintenance cost issues. Keep in mind that many items that are more expensive in the original design and construction will result in lower ongoing operating costs. Center design teams should visit centers serving similar populations to observe areas of high maintenance, including plumbing fixtures, entrances, playgrounds and other areas that get a lot of use.

If you are considering developing a child care facility that will be leased to an outside operator, take care in structuring the lease agreement to provide clarity about responsibilities for maintenance, repairs and rehabilitation. A potential operator's track record in maintaining its facilities should be considered carefully, because this can have a substantial impact on maintenance costs.

## Key Revenue Factors

Child care centers that support their operating budgets primarily through fees, either paid directly by the parents or through state subsidy programs, must pay particular attention to both the occupancy rate as well as the maximum enrollment possible in the facility. The volume of care provided and the percentage of fees collected will be the two most important revenue variables.

Most national studies agree that stand-alone or single child care center programs serving fewer than 100 children are unlikely to be financially viable without significant contributed income or grant subsidies. This does not mean that all center facilities must be built to accommodate more than 100 children. Instead, it suggests that smaller child care center facilities should be managed as separate sites under the umbrella of a larger child care program that can reach the minimum enrollment level. The underlying issue for stand-alone programs under 100 children is the difficulty of covering infrastructure and overhead costs with the lower income that is generated from fewer children. The cost of accounting, an executive director, board support, marketing, audit and other expenses need to be spread over more children to make it work. A common approach is for one corporation to operate multiple smaller sites, bringing in tuition for at least 100 to cover the overhead and infrastructure. This approach is often seen in Head Start. While many Head Start grantees prefer to operate smaller sites (for fewer than 100 children), the multiple small sites are managed by an administration and supported by organizational infrastructure funded through income from more than 100 children.

Running multiple, smaller sites does cost more than running a single larger site, mostly because multi-site operations require more highly skilled site directors to take responsibility for all activity at each site. Qualified site directors generally require higher compensation than head teachers, and in larger centers, the center director is often not included as a teacher in the adult-to-child ratio. Typically, in multi-sites grouped under one organization, the site directors work directly with the children and are counted in the ratio.

Some broader social service agencies with multiple programs may also want to add a small child care center, thinking that they only need to cover a portion of overall agency management costs from child care proceeds. However, most social service agencies don't have in place the kind of accounts receivable, marketing or customer fee generation components that are particular to child care. Consequently, they incur additional management costs by adding child care and may still not be able to cover those additional costs plus a share of the core management overhead with income from a smaller child care operation.

### VACANCY AND BAD DEBT

In considering potential revenue for your child care center, remember that the number of children enrolled does not usually equal either the number of children who attend on a particular day or the number of children for whom the center will be able to collect a fee for a particular day. Your revenue projections should include allowances for both vacancy and bad debt. Vacancies occur when the center is unable to fill the spaces in the child care center as soon as they open. Bad debts occur when the center is unable to collect the fees it is owed, either from parents or the subsidy program. While you will plan to have strong management, clear fee agreements, clear understanding of state subsidy billing rules, etc., your revenue projections should be based on the experience of similar centers. Bad debt, when greater than 5 percent, is extremely difficult to absorb, although many centers experience just that. Similarly, centers may struggle financially with average vacancy rates above 5 percent. Be aware that some child care facility lenders will underwrite center loans with projected vacancy rates as high as 15 percent. In other words, they want to be sure that the center can survive and pay its bills running only at 85 percent capacity.

## SUBSIDY RATES

In projecting revenues, it is important to understand that the rates for state subsidy programs are generally below market and, more importantly, below the cost of operating the program. Beyond the challenge of the low rate, you must also understand that in many states and localities the center operator is paid only for the days of care actually provided for an eligible, enrolled child. Consequently, child care operators must have sufficiently strong marketing and management experience to keep their centers consistently full of eligible children (or children whose families consistently pay their own fees) and to handle the recordkeeping, billing and monitoring needed to generate adequate revenue. (See the Resources section, under State and Local Information, for more information sources on subsidies.)

## PART-TIME CARE

The issue of offering part-time as well as full-time care is also challenging. While many parents would like to enroll for part-time care, most child care centers, particularly smaller ones, discover that allowing part-time enrollment, with part-time fees, causes financial difficulties. It is not generally possible to place staff on the erratic work schedules that would be required to reduce staffing for periods in which part-time children are not present. Also, the nature of the adult-to-child ratio rules means that the absence of one child from a group of 10 does not permit reduction in staffing. It only reduces the revenue generated to cover the cost of that staffing.

## CONTRIBUTIONS

Child care centers serving low-income communities frequently need an ongoing source of contributed income to be financially viable. In some communities, United Way provides this support through an annual allocation to a non-profit organization that is a member agency. In other communities, churches provide ongoing support for low-income child care. On occasion, grants from foundations may be available for either facility development or special projects, but generally they do not provide a continuing subsidy for ongoing operations.

One readily available source of revenue for centers serving low-income communities is the Child and Adult Care Food Program (CACFP) funded by the U.S. Department of Agriculture (USDA). (See State and Local Information in the Resources section for information on the CACFP program.) Child care centers apply to participate in the program and receive specified amounts for each meal served to a low-income child. Participation in the USDA food program requires serving meals that meet specific nutritional standards, maintaining accurate records of what foods and how many children are served, collecting income information from parents and submitting timely, accurate reports.

# Testing Financial Viability

Whether you are considering operating the child care center as part of your CBO, or leasing to an outside child care operator, you will want to carefully analyze financial projections to determine whether it will be financially viable.

If you are considering operating a center, work with an experienced child care consultant to construct a financial model that can test variables for your program. Your model should allow you to test different combinations of the following variables.

## INCOME

**Number of children in various age groups:** This will determine the number of child care workers required and the amount of money needed for staffing.

**Income distribution of parents, and resulting income from sliding-fee scale:** Consider the income demographics of your community and the likelihood that parents at different income levels will use your center. Ask other centers serving similar communities to share their distribution of incomes.

**Number and ages of children eligible for subsidy payments:** This will affect your projection of income from subsidy payments.

**Part-time and full-time enrollment ratio:** This will affect your projection of income from parent fees and subsidies. In most cases, staffing costs will remain constant even when some part-time enrollment is permitted.

**Hours of operation:** This also will affect the number of child care workers required and your personnel costs. You will need to project the number of children who will be present at each part of the day and determine the number of child care workers who must be present to meet ratio requirements. Child care workers should not be scheduled to work more than eight hours per day and must be given breaks. Consequently, staffing a classroom of 20 four-year-olds will

generally require more than two full-time child care workers, since children will be present for more than eight hours.

**USDA Child and Adult Care Food Program (CACFP):** This subsidy for food is available for different numbers of children and income levels. You can project your income from the USDA, which varies both by the number of meals served and the income levels of children served.

## EXPENSES

**Vacancy rates:** If you have projected your fee revenue based on full enrollment, you will need to project the percentage that will be lost through vacancies. Check with your CCR&R and local child care centers and family child care providers to find out about their experience with vacancies. Pay particular attention to vacancy rates during school vacations. Many centers in low-income communities find that, in order to save money, families withdraw young children from care when the older children are available to baby sit. This problem is exacerbated over the Christmas holidays, when visiting relatives may be available to care for children as well. If you anticipate this pattern in your community, you will want to offset the loss in revenue through low enrollment periods by reducing staffing levels.

**Non-collection of fees percentages:** Be sure to project the percentage of fees that you will lose through non-collection. To reduce losses, most child care centers require that parents pay in advance. However, subsidy programs do not pay in advance, and losses can occur in both collection of the parent co-pay and through changes in the parent's eligibility. Most child care centers serving low-income communities experience at least a 5-percent loss through non-collections. This adds a significant burden on operations, and you should strive to minimize it as much as possible. Unless you have planned for it, you probably cannot survive a loss rate above 10 percent.

**Staffing plan:** Translate the number of children you will care for, the ages of the children, your hours of operation and your part-time and full-time enrollment plans into an actual staffing plan. Figure out how many child care workers will be required at each period during the day. Determine the salary and benefits you will offer. Be sure to estimate the cost of substitute workers based upon the total number of hours of paid leave you will provide for regular staff who work directly with the children. Then combine it all to project your personnel expense. Finally, estimate the number of positions that will turn over during the year, and project the cost of advertising and filling positions with temporary staff.

**Management structure:** Estimate the number of management positions required and the compensation levels required to employ them. Base your estimates on the number of staff, the funding structure, facilities management needs and marketing challenges.

**Other variable costs:** These include supplies, food, staff training and other costs that increase as the number of children cared for increases.

In addition to these operating cost factors, you will need to construct models for the cost of facilities development at different sizes and configurations. Use these models to determine the cost to the operating budget of occupying the space, including the cost of debt service, maintenance, etc. Analysis of financial models for center operation should focus carefully on clearly identified fixed and variable costs. The major facilities costs are fixed costs. You will want to be certain that there is at least one, and hopefully several, models in which anticipated revenue can meet both fixed and variable costs.

If you are considering developing the center to be leased to an outside operator, use your projections for development and property management costs to project minimum lease payment requirements. Then require potential operators to present financial models that demonstrate their ability to meet that payment as well as other operating expenses.

The Enterprise Foundation offers several samples of financial modeling templates that you can use to test a variety of possible plans for your child care center and its development as well as operating budget assumptions. You can find the spreadsheets online at [www.enterprise-foundation.org](http://www.enterprise-foundation.org). Search for “Child Care Library” and click on this manual, *Developing a Child Care Center*. One spreadsheet, for example, provides worksheets to calculate costs to build a center and manage the loans needed to construct and operate a center. Another provides guidance for operations.

# Management Challenges

Operation of a child care center, particularly one committed to providing high-quality care affordable for low-income families, requires very strong management skills. Whether your CBO will operate the center itself or select an operator, you will have a vital interest in being certain that the needed management skills and systems are in place.

Key management challenges include:

- **Financial planning and analysis:** Business planning skills are essential for successful operation. Management must be capable of understanding the impact of fixed and variable costs, the importance of customer relations and collections, techniques to monitor financial performance and strategies to improve the center's financial position. Management must be able to select, supervise and evaluate accounting staff, participate actively in budget development and understand standard financial statements.
- **Rapid response to shifting revenue and expense factors:** Management must be capable of rapid response to adverse financial conditions. Child care management requires constant attention to the relationship among enrollment, attendance and staffing levels.
- **Managing collections:** Both parent fees and government subsidy payments require constant, systematic attention to collections. Management must establish collections policies, systems and procedures and implement them consistently. Management must be able to impose credit limits, including potentially refusing care for families that have not fulfilled their financial commitments.
- **Relationships with subsidy programs:** Management must establish and maintain positive relationships with state and other subsidy programs. This will help facilitate solving payment problems.

- **Staff recruitment, training, supervision and retention:** Strong staffing is the most essential element in the quality of child care. Children need consistent relationships with caring adults who are fully aware of the child's developmental needs and capable of providing guidance that promotes development and positive self-esteem. Because child care workers' wages are almost always very low, recruiting and retaining excellent child care workers is an essential management skill.
- **Parent relations:** Successful child care center managers communicate effectively with parents. Parent satisfaction is critical for maintaining full enrollment.
- **Regulatory compliance:** Child care center managers must understand and oversee compliance with myriad regulations. Centers are subject to regularly scheduled and unannounced inspections. Management must ensure ongoing compliance and be capable of responding quickly to concerns raised by regulators.

In most cases, successful operation will require management with substantial business skills. It is probably a mistake to select as a child care manager an individual who has only early childhood education training and experience. Many excellent pre-school teachers or early childhood program directors in grant-funded programs are not prepared to meet the financial management challenges that operating a non-grant-funded center will require.

# Impact of Facilities Design

The physical design of your child care facility will have enormous impact on its financial viability. Licensing requirements specify both the number of children that each adult may care for and the number of indoor and outdoor square feet required for each child. You must insist that your architect design spaces that meet these requirements. (See the Recommended Maximum Children-to-Adult Ratios table in the section titled “Key Cost Factors.”) Specifically, keep the following in mind:

## INDOOR SPACE

Each classroom should be large enough for an even multiple of a ratio requirement. For example, pre-school age classrooms should be sized for 10 or 20 children, not eight or 15. Consider the amount of interior square footage required for each child by your state.

*A common rule of thumb is 100 square feet per child for all space.*

Classroom space is calculated after subtracting any square footage that will be consumed by built-in cabinets or other permanent fixtures. Space under these permanent fixtures is not included in the ratio calculation. A common rule of thumb is 100 square feet per child for all space, including classroom, administrative, circulation and mechanicals.

Be sure your design includes enough toilets for the maximum number of children your space will accommodate. For example, in Oregon, child care centers must have one toilet for every 15 children.

You should obtain a written statement of how the certification worker will treat indoor hallways or common areas. If possible, design your center so that these spaces are not needed to meet your per-child space requirements.

Group child care puts very heavy demands on all aspects of facilities – plumbing, flooring, cabinets, doors, etc. Select only institutional quality materials and fixtures. The durability of these products is critical to keeping maintenance costs at a minimum, and worth paying more for upfront.

## OUTDOOR SPACE

Your outdoor space must be large enough for the maximum number of children your indoor space will accommodate and it must follow local requirements. If outdoor space is a problem, discuss possible strategies with the child care certification worker who will inspect your center. In some cases, adjacent space in a park or schoolyard or plans to have the children play outside in shifts has been acceptable. Be sure you obtain written agreement to accept any alternative space configuration.

## CHANGING, CLEANING AND FEEDING

Beyond the ratio requirements for the number of children each adult may supervise, there are practical considerations that affect safety and the quality of care. Talk with successful child care operators about the need to design toilet and sink facilities that are easy for the children to use and for the child care workers to supervise. If possible, design the toilet and sink facilities as part of each classroom so that child care workers will not need to supervise children both inside and outside the classroom. Of course, you will also need adult-sized facilities for the staff and guests.

If you are considering infant and toddler care, pay very close attention to requirements for diaper changing, feeding and sleeping space.

Review all requirements for food preparation and service very carefully. Be certain that your kitchen design will provide adequate space for food preparation and storage and will facilitate receiving food and food service supplies.

If you plan to have your center accredited, NAEYC has design guidelines that will need to be met in addition to regular licensing requirements. (See Developing Child Care Programs in the Resources section for information on NAEYC.)

An excellent book on the subject of center design is the *Child Care Design Guide* by Anita Rui Olds. It is widely available and considered to be a key resource for the field.

Selecting the right architect is extremely important. Don't assume that previous experience in designing children's spaces means that a firm is prepared to do the project. Look for architects who have designed facilities in highly regulated industries, such as schools or residential health facilities, in which volume of service is an important factor in economic survival. You may want to incorporate language in your contract with the architect that makes the firm explicitly responsible for assuring that the design meets all regulatory requirements for a specific number of children of specific ages.

Once you have selected your architects, be certain that they have access to information about well-designed centers, including visits to any local facilities that you believe illustrate features you want or don't want in your center. Invite some successful child care center operators to meet with you to make suggestions about operational needs and problems they have encountered. (See Facilities Design in the Resources section for more options.)

# Evaluating Potential Child Care Operators

CBOs considering developing child care facilities to lease to a separate child care operator will want to evaluate the financial health of potential operators very carefully. Child care center operators other than Head Start or state-funded pre-kindergarten programs will generally have very little guaranteed income for future years, relying on portable subsidies (parent vouchers) or private payment for the bulk of their income.

## KEY FACTORS

Consider these key factors when you are evaluating potential operators:

- Overall financial health, including reserves to withstand the financial burden of starting up a new location
- Successful management of customer relations, including keeping the program full and collecting parent fees
- Experience with a population similar to that of your community
- Experience helping parents access subsidy programs and successfully collecting billings
- Consistency of the operator's child care philosophy with child-rearing practices of families in your community
- Consistency with the mission of your organization

If you are considering a for-profit operator, perhaps as part of a small business support program for residents, you will have to determine how much risk you can afford to take. Clearly, it would be very risky to develop a child care facility for an operator (either nonprofit or for-profit) who did not have successful experience operating similar facilities, did not have strong management skills or did not have a strong balance sheet as a starting point.

Developing a child care facility for an established Head Start or pre-kindergarten operator may be less risky. Head Start and pre-kindergarten grants do allow expenditure of grant funds for facility rental. In some localities, child care subsidy contracts are awarded to child care operators. (See State and Local Information in the Resources section for information on your state's subsidy agency.) The annual grant awards and contracts for funding that these programs receive represent relative certainty that the program will have funds to meet lease obligations. While Head Start, pre-kindergarten and child care subsidy contracts are usually awarded for only one to three years (depending on location), it is usually possible to determine whether it is likely that the nonprofit operator will be able to renew the contract.

Some CBOs are interested in developing child care centers as part of a strategy for work force development within their communities. It is true that child care centers can provide employment for community residents who may have limited formal education. In considering child care as an employment opportunity, it is important to note that child care worker wages are among the lowest for work requiring substantial skill. It is frequently little above minimum wage. Of course, child care is a key component of work force development for the community as a whole; it is an essential service needed by parents who want to obtain and maintain employment.

## QUESTIONS FOR A POTENTIAL OPERATOR

### **What experience have you had managing a child care center that serves a low-income community?**

Look for experience managing the type of program that is being proposed for your site. If it will be a fee-supported program, look for experience in keeping enrollment up, collecting fees and relating to the state subsidy program. If it will be a Head Start program, look for experience managing this type of contract. Also look for knowledge of child-rearing preferences in your community and respect for parents and their values.

### **Can we see financial statements from your current child care operation and previous centers that you have managed?**

Be sure you see both balance sheets and income statements presented on an accrual basis. Notice whether the statements are professionally prepared and in standard form. Be very cautious if the operator does not have standard format financial statements readily available.

### **Have you managed a child care center in which subsidy payments and fee revenue were the primary sources of income?**

Look at financial statements to verify the answer. Ask for examples of how the operator has handled enrollment and collections with both families that receive subsidies as well as those that don't. Ask for references in the state subsidy program and contact them.

### **Please provide references who have direct knowledge of the quality of care in your current or previous center, levels of parent satisfaction and your treatment of the facility.**

At a minimum, plan to contact the certification worker who has inspected facilities managed by this operator, and ask for her or his opinion of both the quality of care and the maintenance of the facilities. Determine whether any complaints have been filed (this is public record). If the operator previously

leased space, contact the landlord to find out about the quality of the operation, regularity of lease payments and any problems that may have arisen. Ask for parent references from both new and experienced customers. If possible, drop in unannounced to visit the operator's current program.

### **Show us your business plan for the operation of our child care facility.**

The business plan should include specific projections about the number of children to be served in each age group, the vacancy rate, the bad debt ratio, staffing ratios and distribution of families along a sliding fee scale or between subsidized and non-subsidized care. It should include specific strategies through which contributed income will be obtained.

### **Where will you obtain start-up capital? What funding commitments have you obtained that will support your operation?**

If the operator proposes use of grant or contributed funds for start-up capital, obtain evidence of funding commitments. Ask to see funding award letters and grant applications.

### **What level of cash reserves do you have? Do you have a line of credit to address cash flow problems?**

Payment delays are a common issue with subsidy resources, and good operators have learned how to accommodate for that with additional resources. Be sure to obtain the most recent balance sheet. Review the cash position of the operator over the past three years. Obtain evidence of any lines of credit, including limits and restrictions. Confirm with the lender that the proposed operator is in good standing with the line of credit. (A well-managed line of credit in combination with other solutions addressing cash-flow issues due to payment delays are good indications of strong business acumen.) Determine whether the operator will be able to increase the line of credit to handle the additional cash demands of operating your facility.

# Steps to Take Before Operating a Facility

If your CBO is considering operating the child care center you develop, you will need to think about the following.

## CREATE A SEPARATE CORPORATION TO OPERATE THE CENTER

Child care center operation involves significant risk management issues. Children may be injured while in your care, vehicles may be involved in accidents, and employees may take legal action if they feel they have been treated unfairly. Formation of a separate corporation can protect your CBO from potential liability for damages that arise from child care center operation. Additionally, child care center operation is financially risky. You may want to protect your CBO's assets from the claims of child care center creditors.

## DECIDE ON A GOVERNANCE STRUCTURE

If you do decide to create a separate corporation, you must decide whether your CBO will retain control of the corporation through appointing a majority or all of the child care center's board members. While you may want one or several of your CBO board members to serve on the board to assure close liaison between the two corporations, you will almost certainly want other individuals as well. In this way, you will get people with the time and skill needed to assure successful operation. You may also want to create positions on the center's board to be filled by parents who use the center and other local community agencies. This will help you be certain that its operations are meeting parent needs and remaining consistent with community values.

Even if you decide not to create a separate corporation, you may want to create a child care center advisory committee to provide guidance to your board of directors. If you obtain a Head Start contract to operate the center, you will be required to create a Parent Policy Council with specific powers to guide the operation of the program.

## ENSURE FINANCIAL VIABILITY

As noted earlier, great care is needed to develop a viable financial plan for center operations. After you construct financial models for center operation, you will need to determine whether your organization is capable of raising the contributed income that may be needed to meet the full cost of center operation.

## DEVELOP THE NECESSARY MANAGEMENT CAPACITY

Does your CBO have the management capacity needed to select, supervise and evaluate child care center managers? Do you have accounting systems and personnel with sufficient time and skill to handle child care center billing and collections? If not, can you develop a financially feasible plan to provide for adequate accounting and management of the center?

## DEVELOP A COMMUNITY RELATIONS STRATEGY

While most CBOs would probably like to provide free child care for all families in need, it is unlikely that you will identify sufficient contributed resources to make this possible. Consequently, your operating plan may require parents to pay or it may require you to limit participation to parents who meet specific funder-supplied qualifications. Will operating a child care facility that cannot meet all community needs cause criticism within your community? And will the child care philosophy that your center adopts be consistent with the values and child-rearing practices of your community? While many parents have very strong beliefs about the right way to guide children, they don't all agree on what that right way is. Whatever issues may arise, a good relationship with the broader community is a key element that will contribute to your center being seen as a real asset for the neighborhood.

# Child Care Facility Development Financing

CBOs interested in child care facilities acquisition and construction will want to explore a variety of financing mechanisms, including private grants and contributions, public funding, below-market debt financing, market-rate debt financing and in-kind contributions. With planning and solid business practices, child care centers potentially have some capacity to repay debt. Your financial models will allow you to predict the maximum lease payment a potential operator can cover if you are renting space, or if you are taking a loan to build or renovate space, the maximum debt service you, as owner and operator, could handle.

Once you begin working with a model, it will become clear that, in most cases, the child care center will not initially be able to generate sufficient cash flow to service substantial debt at market interest rates. However, child care facilities have successfully managed debt service when interest subsidies and various deferral options are made available by lenders. Remember that joint lender agreements can be constructed to allow multiple lenders to share a common position in child care facility financing plans.

## PRIVATE GRANTS AND CONTRIBUTIONS

Foundations and corporations may provide grant funding, and individuals, religious institutions and civic groups may make contributions to facilities development. Very few foundations make sufficiently large grants to singly provide the majority of support needed. However, funds raised from several sources can provide you with significant equity to attract lenders to provide the balance of capital needed.

A common rule of thumb is that centers can handle no more than 30-percent debt within the total development cost of a project. This means that for a \$1 million project, you may have to raise \$700,000 in non-loan dollars; for a \$500,000 project, raise \$350,000, etc. Keep in mind that the fundraising timetable may be much longer than you would expect (one to three or more years is possible) before you reach a threshold of project viability and are able to

move forward into loan commitments and development. Also note that foundation and corporate grants are not a source of ongoing operating funding. They may be helpful for start-up costs or special projects, but they cannot be counted on to meet an ongoing operating deficit.

## PUBLIC FUNDING

Community Development Block Grants (CDBG) may be used for facilities construction, either through grants or through low- or no-interest loan programs.

## UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)

The USDA provides loan guarantees and some permanent direct loans for child care centers in areas with a population of fewer than 20,000 (though this number may increase in the future).

## NATIONAL CHILDREN'S FACILITIES NETWORK (NCFN)

Financing for child care facilities is available from a number of nonprofit lenders, many of whom (including The Enterprise Foundation) are members of NCFN. (See the Resources section for information on contacting NCFN.)

## FOUNDATION PROGRAM-RELATED INVESTMENTS (PRI)

In some parts of the country, foundations have provided low-interest loans or recoverable grants (essentially zero-interest loans with restrictions) for nonprofit child care facilities.

## STATE BOND SALES

Current law allows many states to sell bonds for the construction of facilities for nonprofit organizations. Although most child care facilities projects will not be large enough to justify a separate bond sale, the capital projects of multiple nonprofits can be bundled into a bond sale.

### RELIGIOUS ORDERS

Some religious orders have made low- or no-interest loans for child care facilities construction. For example, Peninsula Children's Center in Portland, Ore., used this strategy. You can find out how to contact the center to learn more about its strategy under Funding in the Resources section.

### MARKET-RATE DEBT FINANCING

Commercial lenders have financed child care facility development. However, market interest rates can be problematic in most new child care facility projects, depending on the market and if they are much higher than rates offered by nonprofits.

### IN-KIND CONTRIBUTIONS

In some smaller communities, child care facilities have been constructed almost entirely through in-kind contributions. Local residents contribute land and building materials, design services and labor. While this level of in-kind contribution may not be feasible in your community, consider potential contributions of goods and services. However, as CBOs experienced in housing development already know, donated materials and services are not always an advantage, particularly when they require major adaptation of plans and schedules to accommodate the contributor.

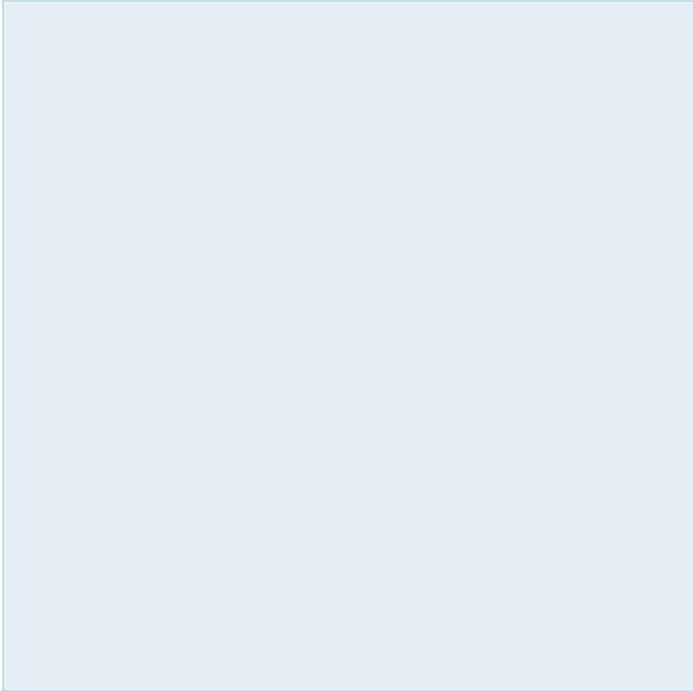
For more information, see Funding in the Resources section.

# Conclusion

Whether you decide to develop a child care center and lease it to an operator or operate a program yourself, your organization can provide an invaluable service to families in your community. By ensuring a quality, affordable program, your organization can contribute to the health of families and children.

Now that you have read through this guide, you may have a clear idea about how you would like to proceed with the development of a center. For others, this may be a great deal of new information and you may not be sure how to proceed. Some of you may question whether this is the appropriate approach for your organization.

It is important that you develop your child care program based on what the community needs and what your organization can support. Developing a child care center is a big step to undertake and one that may very well not be right for your organization right now. What matters is that your organization supports child care in a way that works for the organization and community. Supporting child care in your community is an invaluable step in improving the care of children, supporting working families and strengthening small businesses. This is truly a place where housing, community economic development, work force and family issues converge. The projects and partnerships you develop to support child care in your community will have far-reaching benefits now and in the future.



# Resources

Most of these resources are easily available online by typing in the web addresses, or URLs, offered below. However, as you are aware, URLs can change pretty quickly, and some of these may be out of date by the time you read this. So wherever possible, we've listed both the organization's main URL or homepage address (in parenthesis following the organization's name), and the URL that takes you directly to the resource we think would be helpful. If the direct URL doesn't work, go to the organization's main URL, and search for the resource from there.

## ADVOCACY

**One Voice for Child Care** offers information on advocacy training for child care providers. Contact the organization at the Oregon Association for the Education of Young Children; 503.233.0190; P.O. Box 1455; Tualatin, OR 97062.

## DEVELOPING CHILD CARE PROGRAMS

**Child Welfare League of America** ([www.cwla.org](http://www.cwla.org)) offers information on protecting children and strengthening families, including programs supporting both regulated and license-exempt child care.

**The Enterprise Foundation Child Care Library** ([www.enterprisefoundation.org](http://www.enterprisefoundation.org), search for "Child Care Library") includes seven manuals. One of those, *Understanding Child Care Supply and Demand in the Community*, provides a market assessment tool that determines local child care need and the existing supply of providers and centers and compares them to determine gaps in care.

**National Association for the Education of Young Children** ([www.naeyc.org](http://www.naeyc.org)) provides information about early learning, child development and quality care, national program accreditation for centers and policy and advocacy resources for early childhood professionals and parents.

**National Institute on Out-of-School Time** ([www.niost.org](http://www.niost.org)) provides information and guidance on developing quality after-school and other programs, including activities and opportunities for children, youth and families during non-school hours.

## ENVIRONMENTAL HEALTH HAZARDS

### Department of Housing and Urban Development's Office of Healthy Homes and Lead Hazard Control

([www.hud.gov/offices/lead](http://www.hud.gov/offices/lead)) provides a variety of resources for residents and landlords, including:

- Publications on how to deal with lead-based paint for both residents and landlords, including *Lead Paint Safety: A Field Guide for Painting, Home Maintenance, and Renovation Work* and *Help Yourself to a Healthy Home: Protect Your Children's Health*. Topics covered include indoor air quality, asthma and allergies, mold and moisture, carbon monoxide, lead, drinking water, hazardous household products, pesticides and home safety. ([www.hud.gov/offices/lead/outreach/communityoutreach.cfm](http://www.hud.gov/offices/lead/outreach/communityoutreach.cfm))
- A table summarizing the Lead-Safe Housing Rule requirements. ([www.hud.gov/offices/lead/leadsaferule/summary.cfm](http://www.hud.gov/offices/lead/leadsaferule/summary.cfm))

### Environmental Protection Agency

([www.epa.gov](http://www.epa.gov)) offers a pamphlet, *Protect Your Family from Lead in Your Home*, at [www.epa.gov/opptintr/lead/leadpdf.pdf](http://www.epa.gov/opptintr/lead/leadpdf.pdf)

**National Center for Healthy Housing** ([www.centerforhealthyhousing.org](http://www.centerforhealthyhousing.org)) provides information on protecting children from environmental health hazards, including lead.

**Office of the New York State Attorney General** ([www.oag.state.ny.us](http://www.oag.state.ny.us)) offers *Look Out for Lead: A Guide for Tenants with Preschool-Age Children* at [www.oag.state.ny.us/environment/lead96.html](http://www.oag.state.ny.us/environment/lead96.html).

## FACILITIES DESIGN

**American Institute of Architects** ([www.aia.org](http://www.aia.org)) provides a search engine to help you find an architect with experience in designing child care facilities. The engine is on its website at [www.aia.org/consumer/profile/profile\\_search.asp?type=Commercial](http://www.aia.org/consumer/profile/profile_search.asp?type=Commercial).

**Child Care Design Guide** by Anita Rui Olds is considered a key resource for the field. You can find it at [www.amazon.com](http://www.amazon.com).

**The Enterprise Foundation Child Care Library** ([www.enterprisefoundation.org](http://www.enterprisefoundation.org), search for “Child Care Library,”) includes seven manuals. *Developing a Child Care Center* provides guidance for community-based organizations that are considering developing a child care center in their communities.

**L.A. Community Design Center** offers sample designs for child care homes. Contact information: [hn0317@handsnet.com](mailto:hn0317@handsnet.com); 213.629.2702; 315 West Ninth St., Suite 410; Los Angeles, CA 90014.

**Portland Community Reinvestment Initiatives, Inc.** ([www.pcrihome.org](http://www.pcrihome.org)) renovated existing units to suit a family child care business. Contact information: 503.288.2923; 4829 NE MLK Jr. Blvd; Portland, OR 97211.

**ROSE Community Development Corporation** ([www.rosecdc.org](http://www.rosecdc.org)) builds housing, for rent or purchase, that can be used for child care. Contact information: 503.788.8026; 5215 SE Duke; Portland, OR 97206.

## FUNDING

**Alliance on Early Childhood Finance** ([www.earlychildhoodfinance.org](http://www.earlychildhoodfinance.org)) offers a range of resources on financing child care and education.

**Center on Budget and Policy Priorities** ([www.cbpp.org](http://www.cbpp.org)) provides information and outreach materials on the Earned Income Tax Credit.

**Federal Child Care Bureau** ([www.acf.hhs.gov/programs/ccb](http://www.acf.hhs.gov/programs/ccb)) has a variety of helpful listings.

**Child Care Development Fund (CCDF)** allocations by state can be found at [www.acf.hhs.gov/programs/ccb/policy1/archives/im0201/finall02.htm](http://www.acf.hhs.gov/programs/ccb/policy1/archives/im0201/finall02.htm).

Child care grants and funding opportunities can be found at [www.acf.hhs.gov/programs/ccb/policy1/funding/opport.htm](http://www.acf.hhs.gov/programs/ccb/policy1/funding/opport.htm).

**Children’s Defense Fund** ([www.childrensdefense.org](http://www.childrensdefense.org)) offers two publications, *Child Care Subsidy Policy: An Introduction* and *School-Age Care: Federal Funding Opportunities*, that describe available funding streams for child care programs and how to access them. CDF also publishes an annual overview of state child care initiatives. Search for these from their homepage.

**The Enterprise Foundation’s MoneyNet™ database** ([www.enterprisefoundation.org](http://www.enterprisefoundation.org), search for “MoneyNet”) can be searched to locate private funding sources for your child care program. MoneyNet also includes fundraising fundamentals, a tutorial that takes you through the fundraising process step by step.

**Ewing Marion Kauffman Foundation** ([www.kauffman.org](http://www.kauffman.org)) offers a detailed catalog of child care operations and facilities financing solutions across the country, *Financing Child Care in the United States*. Order a printed copy by email: [fplus@swbell.net](mailto:fplus@swbell.net); or fax 816.221.0221. Download it in PDF from [www.kauffman.org/pages/11.cfm](http://www.kauffman.org/pages/11.cfm).

**National Children’s Facilities Network** ([www.ncfn.org](http://www.ncfn.org)) members provide financing for child care facilities.

**National Economic Development and Law Center** ([www.nedlc.org](http://www.nedlc.org)) offers a variety of publications related to financing child care and the economic impact of child care as well as other child care topics. Find the publications at [www.nedlc.org/publications\\_childcare.htm](http://www.nedlc.org/publications_childcare.htm).

**Peninsula Children’s Center** ([www.penchild.org](http://www.penchild.org)) used funding from a religious order to finance construction of a child care center. They can be reached at 4720 N. Maryland Ave.; Portland, OR 97217 (503.280.0534).

**National Women’s Law Center** ([www.nwlc.org](http://www.nwlc.org)) offers information on the Dependent Care Tax Credit and other supports for child care.

**Small Business Administration** ([www.sba.gov](http://www.sba.gov)) offers financing and contact information for your local SBA office.

**U.S. Department of Agriculture** ([www.fns.usda.gov](http://www.fns.usda.gov)) sponsors the Child and Adult Care Food Program (CACFP). Learn more at [www.fns.usda.gov/cnd/care/cacfp/cacfphome.htm](http://www.fns.usda.gov/cnd/care/cacfp/cacfphome.htm).

## GENERAL INFORMATION

**Bank Street College’s Institute for a Child Care Continuum** ([www.bankstreet.edu/kithandkin/index.html](http://www.bankstreet.edu/kithandkin/index.html)) offers information about research, programs and policies for working with license-exempt child care providers (family, friends and neighbors who provide care that is legally exempt from regulation).

**Early Head Start National Resource Center** ([www.ehsnrc.org](http://www.ehsnrc.org)) provides information on Early Head Start programs.

**The Enterprise Foundation** ([www.enterprise-foundation.org](http://www.enterprise-foundation.org), search for “Child Care Library”) provides a wealth of information on child care, including the Child Care Library, a series of seven manuals:

- *Introduction to Child Care for Community-Based Organizations*
- *Understanding Child Care Supply and Demand in the Community*
- *Organizing and Supporting Home-Based Child Care*
- *Financing Family Child Care*
- *Landlord and Tenant Issues for Family Child Care, Volume 1: A Resource for Landlords*
- *Landlord and Tenant Issues for Family Child Care, Volume 2: A Resource for Providers*
- *Developing a Child Care Center*

**Families and Work Institute** ([www.familiesandwork.org](http://www.familiesandwork.org)) provides the latest research on work-life issues, including the impact of state, business, government and community efforts to improve the quality and affordability of early education and care.

**National Child Care Information Center** (<http://nccic.org>) offers a comprehensive source for child care information, organizations, research, data and people.

**National Children’s Facilities Network** ([www.ncfn.org](http://www.ncfn.org)) offers information on child care facilities issues; initiates legislation and regulations affecting low-income child care and Head Start facilities; and develops and supports various financing strategies, initiatives and programs. Check its website to see if one of its members serves your community.

## HOMEOWNERSHIP

**The Enterprise Foundation’s** ([www.enterprise-foundation.org](http://www.enterprise-foundation.org)) *When Housing and Child Care Meet* is a 200-page book that includes case studies on developing home repair and homeownership programs for providers. You can download it in PDF for free from [www.enterprise-foundation.org/resources/publications/resource-catalog/resourcedetail.asp?id=89&cat=17](http://www.enterprise-foundation.org/resources/publications/resource-catalog/resourcedetail.asp?id=89&cat=17).

## LEGAL INFORMATION

**Child Care Law Center** ([www.childcarelaw.org](http://www.childcarelaw.org)) is devoted exclusively to the complex legal issues that affect child care, including public benefits, civil rights, housing, economic development, family violence, regulation and licensing and land use. Its publications include:

- *Liability Insurance: Insuring Your Program*
- *Statewide Zoning Preemption for Family Child Care: A Status Report and Advocacy Guide*

**The Enterprise Foundation’s** ([www.enterprise-foundation.org](http://www.enterprise-foundation.org)) manuals in the Child Care Library that discuss lease issues are: *Landlord and Tenant Issues for Family Child Care, Volume 1: A Resource for Landlords*, and *Volume 2, A Resource for Providers*.

## PARENTS

**Child Care Aware** (<http://childcareaware.org>) provides information on available local child care.

**National Partnership for Women and Children** ([www.nationalpartnership.org](http://www.nationalpartnership.org)) provides information about parental leave rights and benefits in each state.

## PARTNERSHIPS

**Building Child Care in California** ([www.buildingchildcare.org](http://www.buildingchildcare.org)) offers publications related to community-based planning for child care that can be used by a CBO in any state. Find them at [www.buildingchildcare.org/publications\\_cafcc.htm](http://www.buildingchildcare.org/publications_cafcc.htm).

**The Enterprise Foundation's** ([www.enterprisefoundation.org](http://www.enterprisefoundation.org)) *When Housing and Child Care Meet* describes partnerships between the affordable housing community and the child care community. You can download the 200-page book in PDF at [www.enterprisefoundation.org/resources/publications/resourcecatalog/resourcedetail.asp?id=89&ccat=17](http://www.enterprisefoundation.org/resources/publications/resourcecatalog/resourcedetail.asp?id=89&ccat=17).

**National Center on Children in Poverty** ([www.nccp.org](http://www.nccp.org)) at Columbia University offers an online publication, *The Role of Community Development Corporations in the Development of Young Children*.

**National Economic Development and Law Center** ([www.nedlc.org](http://www.nedlc.org)) offers publications related to community-based planning for child care at [www.nedlc.org/publications\\_childcare.htm](http://www.nedlc.org/publications_childcare.htm) or [www.buildingchildcare.org/](http://www.buildingchildcare.org/).

**Pew Charitable Trusts** ([www.pewtrusts.com](http://www.pewtrusts.com)) has published *Preschool for All: Investing in a Productive and Just Society*. The report calls for a strong federal-state partnership. Read the report online by searching for the title on the website.

**QUILT**, Quality in Linking Together, ([www.quilt.org](http://www.quilt.org)) is a national training and technical assistance project that supports full-day, full-year child care and early education partnerships.

## STAFFING

**National Association for the Education of Young Children** ([www.naeyc.org](http://www.naeyc.org)) offers recommended maximum staff-to-child ratios within group size at [www.naeyc.org/accreditation/naeyc\\_accred/info\\_general-components.asp](http://www.naeyc.org/accreditation/naeyc_accred/info_general-components.asp).

**National Resource Center for Health and Safety in Child Care** (<http://nrc.uchsc.edu>) provides most states' required ratios of personnel to children. Also contact your local government child care bureau, because many cities and localities have their own regulations as well.

## STARTING AND RUNNING A CHILD CARE BUSINESS

**Dun and Bradstreet** (<http://www.dnb.com/us/>) offers a free Business Information Report: 800.234.3867.

**Redleaf National Institute** ([www.redleafinstitute.org](http://www.redleafinstitute.org)) provides helpful information and resources for starting and operating family child care businesses.

**Redleaf Press** ([www.redleafpress.org](http://www.redleafpress.org)) offers several publications that can help providers starting or running a child care business, with topics including recordkeeping, contracts, policies, taxes and marketing, including *Family Child Care Contracts and Policies*.

**ROSE Community Development Corporation** ([www.rosecdc.org](http://www.rosecdc.org)) has information about developing a child care provider loan fund and using barter in a child care business. Contact information: 503.788.0826; 5215 SE Duke St.; Portland, OR 97206.

**Credit reporting companies** can provide you with a copy of your credit report. Here are the three top companies:

- Equifax ([www.equifax.com](http://www.equifax.com); 800.685.1111)
- Experian ([www.experian.com](http://www.experian.com); 800.682.7654)
- TransUnion ([www.tuc.com](http://www.tuc.com); 800.916.8800)

You can also purchase reports online from all three at once through various companies. Find one by using a search engine and searching for "credit check."

## STATE AND LOCAL INFORMATION

**Children's Defense Fund** ([www.childrensdefense.org](http://www.childrensdefense.org)) provides state-specific information about child care and family well-being at [www.childrensdefense.org/states/state\\_profiles.htm](http://www.childrensdefense.org/states/state_profiles.htm).

**Early Head Start National Resource Center** ([www.ehsnrc.org](http://www.ehsnrc.org)) offers state-specific information on Early Head Start programs.

**Head Start Bureau** ([www.acf.hhs.gov/programs/hsb/](http://www.acf.hhs.gov/programs/hsb/)) provides listings of local Head Start programs.

**National Association for Child Care Resource and Referral Agencies** ([www.naccrra.net](http://www.naccrra.net) or 800.424.2246) provides listings of local child care resource and referral (CCR&R) agencies as well as other resources.

**National Association for the Education of Young Children** ([www.naeyc.org](http://www.naeyc.org)) offers information about accreditation and each state's pre-kindergarten initiatives. Find information about accreditation, including recommended children-to-adult ratios, at [www.naeyc.org/accreditation](http://www.naeyc.org/accreditation). Find out more about your state's pre-kindergarten initiatives in its Critical Issues section at [www.naeyc.org/childrens\\_champions/issues.asp](http://www.naeyc.org/childrens_champions/issues.asp).

**National Child Care Information Center** ([www.nccic.org](http://www.nccic.org)) provides:

- State child care and development fund contacts at [www.nccic.org/dirs/devfund.html](http://www.nccic.org/dirs/devfund.html)
- Information on state CCDF plans at [www.nccic.org/pubs/stateplan/intro.html](http://www.nccic.org/pubs/stateplan/intro.html)
- A listing of state child care licensing agencies at [www.nccic.org/dirs/regoffic.html](http://www.nccic.org/dirs/regoffic.html)

**National Institute for Early Education Research** (<http://nieer.org>) offers data on state pre-kindergarten and other early education initiatives.

**National Resource Center for Health and Safety in Child Care** (<http://nrc.uchsc.edu/>) offers state child care regulations and states' required ratios of personnel to children.

## SUPPLY AND DEMAND WEBSITES

You can contact some of the potential sources we recommend through their websites:

**Census Bureau:** [www.census.gov](http://www.census.gov)

**State child care licensing agency:** [www.nccic.org/dirs/regoffic.html](http://www.nccic.org/dirs/regoffic.html)

**Local child care resource and referral agency (CCR&R):** <http://childcareaware.org/en/findcare.html>

**State child care subsidy agency:** [www.nccic.org/dirs/devfund.html](http://www.nccic.org/dirs/devfund.html)

**Head Start:** [www.acf.dhhs.gov/programs/hsb](http://www.acf.dhhs.gov/programs/hsb)

**Thomas Guide**, at [www.thomas.com](http://www.thomas.com), provides maps of census tracts.

**U.S. Postal Service:** [www.usps.com](http://www.usps.com)

**The Enterprise Foundation:** [www.enterprisefoundation.org](http://www.enterprisefoundation.org), search for "child care"

## TECHNICAL SUPPORT

**National Association for Family Child Care** ([www.nafcc.org](http://www.nafcc.org)) provides technical support for family child care professionals and associations in many areas, including quality enhancement and professionalism through its Family Child Care Accreditation.