

Neighborhood Planning for Community Revitalization

Southside Child Care Collaborative
Recommended Funding Schema

A CONSORTIUM PROJECT OF: Augsburg College; College of St. Catherine; Hamline University; Higher Education Consortium for Urban Affairs; Macalester College; Metropolitan State University; Minneapolis Community College; Minneapolis Neighborhood Revitalization Program; University of Minnesota (Center for Urban and Regional Affairs; Children, Youth and Family Consortium; Minnesota Extension Service); University of St. Thomas; and Minneapolis community and neighborhood representatives.

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**Center for Urban and Regional Affairs
University of Minnesota
330 Humphrey Center**

Southside Child Care Collaborative
Recommended Funding Schema

Conducted on behalf of Phillips Community Development Corporation
and Southside Child Care Collaborative

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Neighborhood Planning for Community Revitalization

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Preface

A child care market analysis was conducted in January of 1999 examining the four south Minneapolis communities of Phillips, Whittier, Central, and Powderhorn Park. The report, which featured survey results obtained from residents of south Minneapolis, concluded that the four neighborhood area has an acute and unique need for quality child care, a need which has been exasperated by the recent implementation of welfare reform efforts in Minnesota. The findings stressed that the required child care must reflect certain quality standards, including licensure, accreditation, affordability, cultural appropriateness, accessibility, and safety. The Southside Child Care Collaborative was formed around an explicit goal: to expand the availability of such quality child care services to the families of the four neighborhood area. With this vision clearly in focus, the group obtained the funds to conduct the initial research stages of the project. This report is in the planning for implementation phase in which an undergraduate intern was hired to research existing funding models and to recommend an innovative funding strategy which propels the Collaborative toward its goal of expanding the availability of child care services in the four neighborhood area. The funding schema report follows.

Project Description

Initially, the projected concept of the Southside Child Care Collaborative's effort was to attempt to meet the needs of families in Whittier, Phillips, Central, and Powderhorn Park by building a new child care facility and providing affordable services to local families. Despite this, as the funding research progressed and existing models were examined, that strategy proved to not be the most financially viable approach to the needs at hand. Because of this, several alternative models were examined for their financial viability, and the recommendation of this report is that the Southside Child Care Collaborative establish itself as a lending service to the existing child care providers in the four neighborhood area.

The loan disbursement process would need to be drawn out in detail by the collaborative, according to the community needs which informs its decisions. In lieu of this process, the recommendation of this researcher is that the loaning organization offer a range of services. The primary function of the organization would be to respond to the needs of tight-budgeted family- and center-based child care providers by receiving requests for funds to build on to existing child care facilities, improve existing facilities, assist the providers in meeting facility improvement requirements for accreditation purposes, and to buy new equipment. These funds could be made available in the form of tax-deductible loans in which repayment is spread out over a number of years, possibly through the use of Individual Development Accounts.

Another important function of the project would be to link providers who serve low-income families with other state and local services. The organization should provide

child care practitioners with the funding and training they need to grow and succeed, which may include financial counseling in addition to direct loans. This organization could improve the “quality of training for child care providers by increasing access to training opportunities and creating professional development systems that build a coordinated career ladder for early childhood professionals”¹.

A model which accomplishes similar ends is called the San Francisco Child Care Facilities Fund. Using the strategies outlined by this organization, a virtual blueprint exists for the creation of a similar organization. The next step will be to tailor its design to meet the needs of the targeted communities; for instance, the organization must decide if it wants to supply grants in addition to loans, or even direct subsidies to families. Other endeavors that this report recommends is a) to encourage employer-supported care by providing loans to employers who build or renovate child care facilities at the worksite, and b) to provide assistance [funds and support services] to women-run businesses.

This model is superior to the original concept in multiple ways. First of all, it provides support to the often unacknowledged early childhood care and education practitioners who devote themselves to the task of preparing our society’s youngest members for an uncertain future in an uncertain world. Secondly, it would fulfill the goal of expanding services, because with new growth capital, providers would be able to create more slots for low income families and children in need of services. Thirdly, it would ensure that providers were practicing quality care, because a set of criteria established by the collaborative would need to be met in order to receive the loan. Another benefit of this model is that it can be expanded and taken state-wide to serve

¹ Stebbins, 3.

families' child care needs throughout all of Minnesota. The project can be adjusted "to scale" to meet the needs of different communities.

Funding Recommendation

The most effective means of financing a project like this is through a mix of both public and private dollars. The specific strategies used to finance this project can be used independently or in coordination, depending on factors like the specific scope of the project that the collaborative chooses to use as a design. It is important to be innovative and diversify the funding base to draw from a variety of sources so as not to restrict the project². These public-private partnerships promote accountability and quality assurance³. A primary function of the collaborative in the next few planning phases will be to amass a group of local business leaders who have supported both the Southside Child Care Collaborative and the child care community at large in the Twin Cities and band them together to approach the legislature to request funds from the state General Fund. Nearly all of the funding models reviewed for this report were granted public dollars, either as a direct grant from the state or from a public-private partnership, in which dollars raised in the private sector were matched by the state. Also, a number of large philanthropic organizations operating at the national level specialize in financing child care to low income families. These organizations, including the Miriam and Peter Haas Foundation, the David and Lucile Packard Foundation, and the Annie E. Casey

² A recommendation of the successful model, Down East Partnership for Children.

³ Stoney, "Looking into New Mirrors".

Foundation, would be excellent sources for foundation dollars. The collaborative will have to review the foundations' upcoming grant cycles and request funds accordingly.

Other Models

In preparation for this report, a number of alternatives were examined as potential models to the financing question. The models were useful not only for their innovative financing strategies, but also for the range of services they introduced as possible courses of action to address the child care crisis in south Minneapolis. This is a list of other organizations whose programs were reviewed:

- | | |
|---|---|
| Indiana Child Care Symposium Initiative (IN) | Family Child Care Start-up, Health and Safety Grant Program (NY) |
| San Francisco Child Care Facilities Fund (CA) | Child Care Center Start-up, Health and Safety Grant Program (NY) |
| Coastal Enterprises Child Care Development Project (ME) | Tax-Exempt Bonds (IL) |
| Texas Employer Coalition Initiatives (TX) | State Loan Guarantee Program (Maryland) |
| Ready to Succeed Colorado Partnership (CO) | General Obligation Bonds ⁴ (MN) |
| Michigan Child Care Futures Project (MI) | Model Centers Initiative of the Miriam and Peter Haas Fund (CA) |
| Employers' Child Care Alliance (AL) | The NYSLMCCAC Enrichment Grants Program (NY) |
| Down East Partnership for Children (NC) | Houston Area Network for Dependent Services – Corporate H.A.N.D.S. (TX) |
| ConAgra—Paul's Place (AK) | |
| 1199/Employer Child Care Fund (NY) | |
| Georgia Voluntary Prekindergarten Program (GA) | |

⁴ Minnesota bond funds cannot be used to purchase facilities for community-based organizations.

Temporary Disability Insurance Coverage for Maternity Leave (NJ)	Child Care Access Program (KT)
Child Care Partnership Act (FL)	Child Care Resource Network (Maryland)
Levi Strauss & Company Child Care Initiative (Multistate)	Family Support Centers (Maryland)
The American Business Collaborative for Quality Dependent Care (National)	Family Nutrition Program (MI)
Child Care Scholarship Fund of the Marin Community Foundation (CA)	Child Care Partnership Grant Program (MS)
Allegheny County Early Childhood Initiative (PA)	Office of Children and Youth Director's Child Care Credential (MS)
Child Care Capacity Building Initiative (CA) ⁵	Healthy Measures: A Child's Health Journal (MS)
Governor's early Childhood Care and Education Initiative (CO)	Child Care Connections Mobile Training Unit (MS)
Accreditation Facilitation Project (CT)	Office of Children and Youth Child Care Compass Kiosk (MS)
Head Start/Managed Care Collaboration (CT)	Caring Communities (MO)
School Readiness and Child Care Act (CT)	Child Care Service (MT)
Coordination of Visits to Child Care Facilities (Delaware)	Child Care Licensing Program (NE)
Delaware First...Again early Care and Education System (Delaware)	Family-to-Family Connection (NV)
Caring for Kids (FL)	Early Childhood Program Aid (NJ)
Child Care Executive Partnership (FL)	Families and Children Early Education Services (NJ)
Collaborative Partnership Projects (FL)	Accreditations and Scholarships (NJ)
Standards of Care Initiative (GA)	Professional Development Center for Early Care and Education (NJ)
Good Beginnings (Hawaii)	Child Health Plus (NY)
Teen REACH (Responsibility, Education, Achievement, Caring, and Hope) (IL)	Earned Income Tax Credit (NY)
Child Care Financing Initiatives (IN)	Early Childhood Education and Training Program Video Resources Project (NY)
	Universal Prekindergarten Program (NY)
	Smart Start (NC)
	Head Start/Child Care Partnerships (OH)
	Early Start /Learning, Earning, and Parenting Partnership (OH)

⁵ \$1 million is set aside from the initiative to develop training programs for welfare parents to become child care providers.

Adult and Family Services Focus on the
Child Training Program (OR)

Child-Care Group-Home Development
Project (OR)

Early Childhood Education Linkage System
Partnership (PA)

Our First Child Care and Development
Centers (Puerto Rico)

Madrinas Escolares (Godmothers for
School Children) (Puerto Rico)

Boy Scouts for Low-Income Children: An
After-School Program (Puerto Rico)

Early Childhood Training Alliance (TN)

Child care Quality Initiative (WI)

Families First Council Child Care Grants
(TN)

Reaching Out: Supporting Working Families
and Their Children (VT)

Families That Work (WA)

Work-Based Learning Initiative (WA)

Children's Village (WA)

Apprenticeship for Child Development
Specialist (WV)

Challenge Grant Partnership (WV)

Child care Capacity Building for Welfare
Reform (WI)

Children's Services Network (WI)

Early Childhood Development (WY)

Visions of the Future

As the Southside Child Care Collaborative project continues to moves forward, it is important to consider the sequential process at hand. The next phase of project implementation must make decisions based on both long- and short-term vision. The following is a checklist of steps to be taken in both the short-term and the long-term design of the project.

Short term vision:

- Determine specific scope of project (e.g. What services offered) and produce a detailed plan
- Specify loan eligibility criteria to establish a common methodology for determining need⁶
- Structure builds credibility: assemble a staff with consistent and efficient methods and procedures to ensure proper program implementation and organization⁷
- Solicit technical assistance services such as marketing and public policy expertise, as well as those who work with financing strategies for public utilities such as water, public housing, and public transportation
- Enlist a financial intermediary between the organization and the loan recipients (a local non-profit to administer and manage funds)
- Recruit from the business community to approach the legislature "*Early education programs are part of a growing industry, one that generates significant income for local communities in the form of increased tax revenues and the purchase of goods and services*"⁸

⁶ See San Francisco Child Care Facilities Fund

⁷ Recommendation of Colorado Ready to Succeed Partnership.

⁸ Stoney, "Looking into New Mirrors".

Long term vision:

- Minneapolis' changing economic character
- Creative strategies to build public awareness for local child care needs
- Learn from the lessons of the past⁹
- Ongoing questions: *Does this serve the needs of the targeted community? Is this tailored to the unique strengths and needs of the community?*
- Establish relationships between local business leaders and the child care industry
- Mobilize communities and allow the flexibility to respond to local needs

Summary

The initiatives proposed here offer a range of benefits to the targeted community: child care quality improvement, increased child care access, collective community vision, public and private support, linkages between services, and child care provider support.

The plans indicated in this report do much to provide incentives to attract and retain quality child care providers, as well as to increase the role of private-sector employers as leaders on child care issues and investors in high-quality child care for working families.

It is important to structure the program so as to encourage participation and investment from the state. In addition to anticipated state support, by leveraging both financial resources and technical expertise from the private sector, the Southside Child Care Collaborative could see its vision become reality. In order to create, strengthen, and foster quality child care environments, steps must be taken to support child care providers. The Southside Child Care Collaborative has this opportunity by providing the

⁹ The work of Louise Stoney may be helpful here.

funds to build and renovate child care facilities, as well as to increase the licensing capacity, increase the number of credentialed providers, and reduce the turnover among providers by demonstrating support for the services they provide.

Special Thanks

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