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## SOCIAL POLICY RESEARCH ASSOCIATES

### **Report on the Second Round of the Quality Child Care Initiative (QCCI)**

#### **Final Report**

#### **Chapter 5. QCCI Support for Facilities Development**

This file contains Chapter 5 of the full report. The complete text of the report and an *Executive Summary* are posted on the web site of Action Alliance for Children at [www.4children.org/QCCI.htm](http://www.4children.org/QCCI.htm).

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A Project of the Early Childhood Funders

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## V. QCCI SUPPORT FOR FACILITIES DEVELOPMENT

### INTRODUCTION

To further the identified Round 2 priority area of supporting the development of child care facilities, the QCCI strategic framework called for activities at two levels: (1) promote development of technical assistance and financing intermediaries, and (2) provide funding to support individual project grants for facility development and improvement. QCCI addressed both levels by making a grant of \$100,000 to the Low Income Investment Fund (LIIF), a national community development financial institution that provides housing and facility-related technical assistance to nonprofit organizations serving low-income people.<sup>1</sup>

### BACKGROUND OF FUNDED PROJECT

QCCI's Round 2 grant to LIIF—referred to as the Predevelopment Pool grant—was for a period of approximately one year, from July 2001 to June 2002. The overall goal of this grant was to increase the supply of quality child care for Bay Area welfare-to-work and low-income families. The Pool's strategy for meeting this goal was to create a predevelopment fund that would support grants of up to \$25,000 to licensed, non-profit child care centers for planning and/or predevelopment costs associated with creating new child care spaces. Supported activities included needs assessments, feasibility studies, project design, as well as developing organizational capacity to carry out facility-related fundraising and planning.

The grants were to go to high priority centers—i.e., centers that served low-income populations and/or children with special needs, and had the support or recommendation of their Local Planning Council (LPC) or Children and Families Commission (CFC). The grants were also to be

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<sup>1</sup> QCCI made a second grant to LIIF of \$200,000 to support the creation of an Inclusion Fund to promote the creation/adaptation of facilities that can accommodate children with special needs. However, because of delays in the timing of this second QCCI grant (funded through a grant to QCCI from the California Endowment), the grant to the Inclusion Fund was not included in the SPR evaluation.

made to centers in a variety of counties and with a variety of age groups served. In order to advertise the Predevelopment Pool to prospective center-applicants, LIIF involved the LPC and CFC from each of the nine Bay Area counties, as well as other child care agencies such as local facilities development groups. These agencies helped distribute Pool flyers through their mailing lists and face-to-face meetings of local child care providers. LIIF also advertised the Pool through several of its workshops and conferences. Finally, word about the Pool was also advertised through word-of-mouth and personal relationships between LIIF and child care centers. In the end, LIIF received 18 applications for Pool grants and approved 12 grants totaling \$250,000. These grants were awarded to individual centers at the end of LIIF's grant period for QCCI.<sup>2</sup>

In addition to providing for the actual planning grants to centers, the Predevelopment Pool grant to LIIF was also designed to: (1) provide technical assistance workshops and materials to child care providers in order to build capacity in the areas of business practices and facilities development, and (2) link child care providers with appropriate consultants in the field of facilities development, such as engineers and architects with expertise in child care facilities.

The Predevelopment Pool grant represented an expansion of LIIF's Child Care Facilities Fund (CCFF). The Predevelopment Pool grant allowed LIIF to expand CCFF's services from San Francisco County to eight additional Bay Area Counties. In addition, the Predevelopment Pool grant allowed LIIF to provide services and support for child care providers during an even earlier stage of facilities development.

In this chapter, we review the activities, goals, and accomplishments of LIIF and the facilities development area. In Appendix G, we have included a brief table summarizing the specific objectives identified by LIIF. For each objective, Appendix G summarizes the completed activities or outputs relevant to that objective as well as outcomes or accomplishments resulting from the activity.

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<sup>2</sup> The timing of the Pool awards at the end of the QCCI grant period explains why data on centers' intermediate outcomes were not available to the evaluation.

## GRANTEE GOALS AND OUTCOMES

The Predevelopment Pool grant period ended in June 2002. As can be seen in Appendix G, LIIF made considerable progress toward its prime objective—the creation of 400 new child care spaces. Specifically, during its grant period, the Predevelopment Pool supported planning efforts for the creation of 372 new spaces.<sup>3</sup> LIIF also made considerable progress toward its other long-term objectives: increased practitioner knowledge, new funding commitments to sustain the Predevelopment Pool, and new or enhanced systemic relationships (between child care centers and development specialists and organizations).

With regard to increased practitioner knowledge, LIIF held two workshops for center staff and family child care providers on facility development issues, such as the steps and processes required for building or expanding a child care facility, and how to maintain a facility once it is built. Nearly 80% of the workshop attendees gave their workshop a mark of “good” or “excellent.” However, the available information was not detailed enough to enable us to document the actual knowledge obtained by attendees or to assess what contribution that increased knowledge has made to providers’ subsequent facility development efforts.

With regard to new funding commitments to sustain the Predevelopment Pool, QCCI’s support has provided LIIF with a level of credibility that has proved crucial to opening the doors to additional sources of financial support for LIIF’s child care facility development line of business. Although not all of the additional funding is earmarked to support the Predevelopment Pool Fund, it is important to note that CCFF had four key funders at the time it received its QCCI grant; the program now enjoys the support of 14 funders. Key among these new funders is the David and Lucile Packard Foundation, which has asked LIIF to administer the financing services component of its new Affordable Buildings for Children’s Development (ABCD) Fund—formed in order to create a statewide intermediary for financing facilities development via private and

**The Predevelopment Pool supported planning efforts for the creation of 372 new child care spaces.**

**QCCI’s support has provided LIIF with a level of credibility crucial to securing additional funding.**

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<sup>3</sup> Because the Predevelopment Pool grants were awarded at the end of the QCCI funding period, no information is available on whether the grantees actually made progress in developing the planned spaces.

philanthropic investments. The ABCD Fund demonstrates an increased commitment by major foundations to address child care facilities development issues.

With regard to its objective of new and/or enhanced systemic relationships, LIIF has linked child care providers to needed specialists—such as architects or engineers with expertise in child care facilities—by making referrals to the Building Child Care website ([www.buildingchildcare.org](http://www.buildingchildcare.org)), which it has developed in collaboration with other resource agencies. This website serves as a clearinghouse for information about facilities publications, resources, and consultants. The QCCI grant has also enabled QCCI to develop new linkages with other resource organizations in the Bay Area child care field, such as the Infant Toddler Consortium.

Finally, LIIF had several accomplishments related to key process issues. First, LIIF successfully involved the LPCs and CFCs from all Bay Area Counties in the outreach and marketing efforts for the Predevelopment Pool (e.g., mailings and flyers). Second, of the 12 grants made to centers by LIIF's Predevelopment Pool, all but one served low-income children, five served children with special needs, ten were located in high priority areas (as defined by LPC), 11 had the support or recommendation of their LPC or CFC, and all but one met the grant matching recommendation of 20% or \$5,000. The 12 grantees represented/served all age groups (infant, toddler, preschool, and school-age), but county representation was not as diverse as LIIF had hoped. The 12 grantees represented five counties. Contra Costa, Monterey, San Francisco, and San Mateo Counties were not represented.

**LIIF did not anticipate the sheer amount of time and effort needed to establish new working relationships with Bay Area Counties.**

#### **LESSONS LEARNED FROM FACILITIES GRANT**

One of the earliest lessons LIIF learned was that the time needed for relationship-building cannot be underestimated. In extending its reach from three to nine counties, LIIF did not anticipate the sheer amount of time, effort, and personal contact that would be needed to establish new working relationships with local child care organizations and prospective applicants to the Predevelopment Pool. Had they had more resources at

their disposal, LIIF would have sent more personal representatives to different Bay Area counties to establish and further these relationships.

Another type of inter-agency relationship that LIIF learned about was that between LPCs and CFCs and local centers. While LIIF had envisioned that LPCs and CFCs would play an integral role with regard to reviewing and recommending grant applications from centers, LIIF learned that LPCs and CFCs wished to remain neutral in their relationships with centers, and many times would only provide nominal letters of support or confirm that the applicant was located in a high priority area of the county. While LIIF is considering working with LPCs and CFCs to formulate a list of criteria that can be used to *objectively* rank an applicant's priority for a Pool grant, until then, these agencies will be used to "develop, market, and evaluate the program, but not to make grant decisions."

LIIF faced its own challenges internally with regard to reviewing grant applications. Specifically, LIIF found that a number of the applicants did not possess a certain threshold of organizational capacity to manage grant funds and capital development projects. From this experience, LIIF emphasized the importance of articulating a specific target group from the larger "in-need" population, and developing relationships with other local "sister initiatives," so that unsuccessful grantees have recourse to alternative business planning and capital development resources.

Finally, though LIIF targeted the Predevelopment Pool towards high priority centers—specifically those that served a significant number of low-income children and/or children with special needs—LIIF did not collect data on grantees' total enrollment or on the proportion of children served that have special needs and/or belong to low-income households. Without this type of data collection in place, it was not possible to determine whether the centers that were selected to receive Pool funds serve a significant number of individuals from these targeted populations.

## CONCLUSION

The resources needed for facilities development in the child care field are enormous. Through two rounds of grantmaking, QCCI has

**LIIF stressed the importance of establishing relationships with "sister initiatives" so that unsuccessful grantees had recourse to alternative resources.**

**While predevelopment planning represents a critical step toward establishing physical buildings and actual child care spaces, support for this more “invisible” process has traditionally been lacking.**

learned how to further the broad goal of facilities development by dedicating itself to a particular niche in the field—predevelopment planning. While predevelopment planning represents a critical step toward establishing physical buildings and actual child care spaces, support for this more “invisible” process has traditionally been lacking, posing a challenge in particular for high priority centers that serve targeted groups, but lack the organizational capacity to apply for and manage a capital development project. For future funders that also wish to target centers serving low-income children and children with special needs, QCCI provides a valuable reminder that priority centers often require the greatest amount of capacity-building and technical assistance to even *apply* for a grant.

The larger lessons here are that: (1) facilities development requires two different levels of assistance—that related to building basic organizational capacity and that related more specifically to facilities funding, development, and maintenance, and (2) facilities development represents a long-term investment, and that the timeline will likely be attenuated still further for those centers serving the most vulnerable populations. Funders may also need to reassess their expectations around benchmarks of progress for facilities development grants. Specifically, funders may need to consider what are reasonable benchmarks of progress during the planning process that, once met, will also help ensure that “bricks and mortar” are actually laid further on down the facilities development road.

**APPENDIX G:**  
**Low Income Investment Fund (LIIF)**

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**APPENDIX G:  
PROJECT OUTPUTS  
Low Income Investment Fund (LIIF)**

<b>Planned Activity</b>	<b>Outputs</b>
1. Achievement of an effective outreach and application process	<ul style="list-style-type: none"> <li>• LIIF involve nine LPCs and nine CFCs in outreach and marketing efforts. LIIF also involved 10 additional agencies.</li> <li>• LIIF held one orientation/technical assistance session in March 2002.</li> <li>• Eight prospective applicants attended the orientation/technical assistance session.</li> </ul>
2. Selection of high priority centers	<ul style="list-style-type: none"> <li>• Of the 18 applicants, 17 serve low-income communities and 11 serve children with special needs.</li> <li>• Of the 12 grantees, 11 serve low-income communities and 5 serve children with special needs.</li> <li>• LIIF only provided the <i>number</i> of children served who have special needs (SN) and are low-income (LI), and the aggregate number of grantees' child care slots. In total, 72 SN and 276 LI are served out of the 12 grantees' 713 total child care slots.</li> <li>• Of the 12 grantees, 10 are located in high priority areas.</li> <li>• Of the 12 grantees, 12 had the support or recommendation of their local LPC or CFC.</li> </ul>
3. Broad representation across counties and age groups	<ul style="list-style-type: none"> <li>• Of the 18 applicants, 3 were from Alameda, 6 were from Marin, 1 was from San Mateo, 1 was from Santa Clara, 5 were from Santa Cruz, and 2 were from Solano. Contra Costa, Monterey, and San Francisco Counties were not represented.</li> <li>• Of the 12 grantees, 1 was from Alameda, 5 were from Marin, 1 was from Santa Clara, 3 were from Santa Cruz, and 2 were from Solano. Contra Costa, Monterey, San Francisco, and San Mateo Counties were not represented.</li> <li>• Of the 18 applicants, all four age groups were represented: infant, toddler, preschool, and school-age.</li> <li>• Of the 12 grantees, all four age groups were represented: infant, toddler, preschool, and school-age.</li> </ul>
4. Volume of grants	<ul style="list-style-type: none"> <li>• LIIF made 12 grants totaling \$250,000.</li> <li>• 11 of the 12 grantees met the recommended 20% or \$5,000 matching of resources.</li> </ul>

**APPENDIX G:  
PROJECT OUTCOMES  
Low Income Investment Fund (LIIF)**

<b>Intended Outcomes</b>	<b>Accomplishments</b>
1. Increased knowledge of child care providers who attended workshops	<ul style="list-style-type: none"> <li>• LIIF held two workshops for center staff and family child care providers on facility development issues; 78% of workshop attendees gave their workshop a mark of “good” or “excellent.”</li> </ul>
2. Volume of new, preserved, or enhanced child care spaces	<ul style="list-style-type: none"> <li>• The first round of Predevelopment Pool funding has supported facility development/expansion plans for the creation of 372 new child care spaces.</li> </ul>
3. Receipt of new funding commitments to sustain the Predevelopment Pool	<ul style="list-style-type: none"> <li>• Providian Financial has committed \$1 million to the Pool, of which LIIF had received one-third as of June 2002.</li> <li>• LIIF has been selected by the Packard Foundation to administer the ABCD Fund, a \$30-\$50 million statewide initiative.</li> </ul>
4. New/enhanced systemic relationships	<ul style="list-style-type: none"> <li>• LIIF has referred child care providers to the Building Child Care website in order to find needed specialists, such as architects or engineers with expertise in child care facilities.</li> <li>• LIIF has also assisted in the cultivation of grantees’ relationships with experts.</li> </ul>