



Family Child Care Home Facility Development Checklists

When thinking about expanding, improving, or starting a family child care business, it is essential to think through the entire process by breaking activities down into four stages: **planning, predevelopment, development, and start-up**. Though the steps laid out in these stages are listed sequentially here, some may occur simultaneously and others might not be necessary depending on the type and scale of your project.

While these checklists represent a number of the activities involved in developing a family child care home, each project varies and so in addition to reviewing these steps you should also be sure to identify what other steps might be required for your own project.

Also, if you plan to start a new program or change the licensed capacity of an existing program your first action should be to attend a licensing orientation in your community. The steps listed in the next four pages are all steps that you will want to address from that point on.

PLANNING*

1. MARKET DEMAND

- a. Estimate the number of families demanding services in your area at the rate to be charged. Note: this is not an estimate of those who just need services, but of those who demand the services and can pay your rates or can use parent vouchers. Contact the Resource and Referral Agency (R&R) and the Local Child Care Planning Council (LPC) in your community to find out about the demand and highest need for care in your area, as well as information about the existing supply of child care services in the community.
- b. Decide whether your services will target low-income, middle-income, and/or affluent families. This decision will affect both the rates you charge and your ability to accept parent vouchers.
- c. Decide what age group(s) your services will cater to. This will affect your assessment of local supply and demand.
- d. Assess whether or not the rates you intend to charge will generate enough revenues to meet the costs of operating expenses and the expenses incurred by the facility development project.
- e. Begin to write a business plan to address these issues. For assistance with business planning for your family child care business, contact the Small Business Administration to find out what local business planning assistance resources are available to you (e.g. Small Business Development Centers, Women's Business Centers, and/or Service Corps of Retired Executives advisors). This information can be found at 1-800-8-ASK-SBA, or online at www.sba.gov.

2. FINANCIAL FEASIBILITY

- a. Estimate the overall start-up or capital cost of the facility development process. A contractor can help you with these estimates. Divide the overall costs into:
 - "Soft costs" (design, permits, legal, and financing fees),
 - "Hard costs" (acquisition, construction, equipment).
 - "Hidden costs" (staff time and attention),
 - "Contingency costs" (a portion of construction costs set aside for unexpected costs), and
 - "Lost income" (if the program has to close for any period of time during construction).
- b. Design, or update, an operating budget for your child care business. Note that in identifying your expected revenues (incoming money from parent fees and vouchers) you shouldn't project that your program will be more than 90% full, because it usually takes at minimum six months to reach capacity, and even then it is quite common for enrollments to fluctuate throughout the year.
- c. Identify the financing you will need to cover your start-up and operating budgets. You may need to adjust your budget projections as you figure out more specific details about your incoming revenues.
- d. Analyze your capability to apply for financing (i.e. loans) by determining debt capacity, or debt service coverage (for definitions see the Glossary of Loan Terms at www.buildingchildcare.org).
- e. Ensure that you will have enough money at the end of the facility development process to cover at minimum 3 months of operating expenses. This is licensing requirement because revenues will take time to come in as you build up the enrollment of the program. It is best to have an even larger cash reserve if possible in order to prepare for any cash flow problems that may occur, especially as you are starting a new program.
- f. Identify potential partnerships or donor relationships with other groups in the community like churches, hospitals, child care centers and schools who might be able to collaborate with you to provide certain services and offer donations of used equipment, toys, furniture, building supplies, learning materials, etc.

3. ORGANIZATIONAL CAPACITY

- a. Identify the tasks required to see the development process through. If necessary, establish a team of individuals who can help you with these tasks. Seek volunteer, pro bono, or in-kind assistance before hiring paid consultants.
- b. Assess whether you have the time, support, and skills needed for the facility development process, and whether you can maintain your program while devoting time and energy to the development process.
- c. Evaluate your financial readiness as an individual and as a business by identifying red and green flags
 - Red flags:** difficulty paying bills, deficits in recent years, large amounts of uncollected receivables such as parent fees, and a lack of any cushion or cash reserve.
 - Green flags:** services are constrained by a lack of space, you are in a financially strong and growing position, and there is a clear *demand* for your services
- d. Identify community support - know the community and the demand for services; have relationships beyond just the early care and education field; and make sure the community understands what you have to offer.

MONEY NEEDED DURING THIS STAGE: Equity (planning grants, internal resources) and limited Debt (soft loans)

**The planning stage is perhaps the most essential in any facilities development process, because the more time and attention that goes into planning the project, the less likely it is that you'll face costly mistakes in the later stages.*

Additionally, careful attention to the steps in the planning stage allows you to learn early on if you or your business are not ready to take on the financial risk of a facilities development project.

PREDEVELOPMENT

1. SITE CONTROL AND APPROVAL

- a. **Expanding or Renovating an existing facility:** Evaluate the site and the neighborhood in relation to the project concept, the size of the lot, zoning and licensing requirements, health and safety issues, the quality of the existing structure, and design, engineering, repair and renovation costs.
- b. **Finding a new site:** Evaluate the site in relation to the project concept, site costs (direct and indirect), quality of the neighborhood, licensing requirements, zoning and land use restrictions, size, plans for new developments in the area, health and safety issues, infrastructure (utilities, roads, easements), traffic patterns, transportation, parking, and access to the building. Explore site control alternatives such as leasing or buying the home, and decide which method fits best with your needs and short and long-term budget.
- c. **Contact your local Child Care Advocate** (at your district Community Care Licensing office) to review the site plans and to advise you on licensing requirements. Also, at the licensing orientation ask for a copy of the Community Care Licensing Division's document, *Manual of Policies and Procedures for Family Child Care Homes*. It is also available at www.buildingchildcare.org, or www.dss.cahwnet.gov/getinfo/pdf/fcc.PDF.
- d. **Seek information about required public approvals** (e.g. land use/zoning; building code, health, safety; community care licensing requirements; fire clearance, insurance) and find out if your home will have any problems obtaining these approvals once the facility development process is complete.

2. PROJECT DESIGN

- a. **Discuss project design with an architect** to translate the project concept into a physical design that meets program goals and budget constraints, and that satisfies public approval requirements. Include input from parents, children and your staff when designing the project. Note: hiring an architect to help with this step may or may not be necessary depending on the size and scale of your intended development.
- b. **Review required vs. recommended elements of design for the project.**
- c. **Visit other similar facilities** in and around your community and talk with other child care providers to identify successful designs and mistakes to avoid.
- d. **Research cost-effective design options**, taking into account the initial costs *and* the long-term quality and maintenance consequences of using certain materials and equipment.

3. SECURING A CONTRACTOR

- a. **Solicit and review at least three bids from qualified contractors** (*Note: funders may have requirements)
- b. **Check license, references, qualifications and insurance.**
- c. **Negotiate a contract*** that includes a scope of work, a work schedule, a payment schedule, a cancellation policy, and agreement about what happens if there are cost overruns or delays. Also specify a payment type, either lump sum or guaranteed maximum price. (See the publication, *What You Should Know Before You Hire a Contractor*, available at www.buildingchildcare.org, or at www.cslb.ca.gov/forms/wysk.pdf)

4. OBTAINING FINANCING FOR THE DEVELOPMENT PROCESS

- a. **Finalize the business plan with the following components:** an executive summary of the plan, the objective of the project, a market analysis, a marketing plan, an operations plan, and a financial management plan. (For more information about child care business plans, see the *Child Care Financial Planning and Facilities Development Manual, Chapter Three: Developing a Business Plan* available for order on the BCC website).
- b. **Determine the start up/capital budget for the project including:** facility related costs and deposits, personnel costs prior to opening, supplies and equipment costs, other costs like insurance, advertising, legal, professional and licensing fees, and contingency costs to cover unexpected expenses.
- c. **Identify likely funding sources.** Since Family Child Care is a for-profit business, most construction and renovation costs will be paid for using internal resources and debt (loans). Small grants to help with equipment costs and minor repairs may be available through resources such as the FirstFive, or Children and Families Commission for your county, and through community foundations or other local grant-makers.
- d. **Identify accessible loan resources.** Look first to financial institutions where you already have a relationship. If there are none, think about local community lenders, and be sure to price shop for the best overall terms. (For more information on child care-friendly loan resources see the *Matrix of Financial Resources for Child Care Facilities Development in California*, or look at the Financial Resources page of the BCC website).
- e. **Apply for funding, secure commitments, close loans and have cash in hand before construction starts.**

MONEY NEEDED DURING THIS STAGE: Equity (planning grants, internal resources) and limited Debt (soft loans)

DEVELOPMENT

1. CONSTRUCTION PROCESS

- a. Identify the key person responsible for overseeing all site and design developments.
- b. Ensure that the construction process is conducted according to the arranged design, budget, and timeline.

2. EQUIPPING THE CLASSROOM

- a. Purchase appropriate furniture and curriculum specific materials for the classroom(s). Make sure the timing of this step correlates with the timeline established for finishing the development process.
- b. Develop a plan for receiving, installing, and taking inventory of all supplies and equipment.

3. LICENSE APPROVAL FOR THE FACILITY

- a. Submit a completed application and pay fees to your local Community Care Licensing office. Visit http://cclcd.ca.gov/docs/attachments/childcare_rolist.pdf or call 916-229-4279 to locate the address. Note: each family day care home licensee who provides care must have at least 15 hours of training on preventative health practices. You will receive further details and materials at the orientation meeting.
- b. Submit fingerprint cards and child abuse index form.
- c. Set up an appointment with your local fire department for an inspection to obtain fire clearance (this step is only necessary for large family child care home licenses, though small licenses must have a fire extinguisher and smoke detector that meet standards established by the State Fire Marshall).
- d. Set up an appointment with a Community Care Licensing Specialist to come inspect the facility. The Licensing Specialist will either approve or deny your license. If they deny it for facility-related reasons you will have the opportunity to make the necessary changes and re-apply.

4. PERSONNEL

- a. Identify how many staff members, if any, you will need. Also identify when they will work, what their responsibilities will be, and how much they will be paid, including benefits and staff training opportunities. For more information, refer to the Community Care Licensing Division's document, *Manual of Policies and Procedures for Family Child Care Homes* available online at www.buildingchildcare.org, or at www.dss.cahwnet.gov/getinfo/pdf/fcc.PDF.
- b. Begin advertising for staff at least 60 days in advance of your anticipated start date by contacting local teachers, college placement offices, vocational high schools, the state licensing office, your local resource and referral agency, and the local employment agency. Also, place job advertisements in the paper and post them at local grocery stores, gyms and laundromats. Include the job title, a brief job description, required qualifications, application deadline, resume request, your telephone number, address and name on the job advertisement.
- c. Review applications, conduct interviews, contact references, and notify all candidates of your decisions.
- d. Make sure to clearly define personnel expectations and responsibilities to your staff.
- e. Recruit volunteers who can help with clerical and administrative tasks in order to save staff time.

5. MARKETING THE PROGRAM IN THE COMMUNITY

- a. Create a unique message about the business that clearly and concisely describes what is special about your child care program. Identify what parents look for in the child care services they seek, and what they have the highest needs for in your community, and cater your child care program and marketing efforts to these needs.
- b. Start marketing your new services, or expansion of services, several months before you open. Include the program's name, address, hours of operation, ages of children served, fees, contact information, your unique message, and expected opening date on all advertising materials.
- c. Devise an effective plan to promote your services and message. This plan will depend on your community and the type of organization you are promoting, but will most likely include a number of different techniques, such as word of mouth networking, creating a distinctive logo, distributing business cards, flyers, signs and brochures, participating in community events, seeking free media coverage, offering on-site workshops, listing your program in the yellow pages, hosting an open house, and making a good first impression!

- d. Make sure that your program is registered with the local Child Care Resource and Referral Agency (R&R) so that they can refer parents in need of care to any slots you have available.

MONEY NEEDED DURING THIS STAGE: Debt (loans) and Equity (internal resources, grants)

START-UP

1. PHASE-IN STAFFING AND CHILDREN

- a. Remember that you need to build up to full capacity. You won't start with a full staff or full enrollment the day you open.
- b. Try to start up in either the early fall (August/September) or January if possible, because these are the times of year when parents are most likely to make changes in care arrangements since they correlate with breaks in the school schedule.
- c. Create parent/provider contracts that lay out in advance all expectations and responsibilities for both you and the parents whose children are enrolled in your child care program.
- d. Maintain your image and publicity even after the facility is up and running. For example, bring business cards with you whenever you go out with the children, make T-shirts for the children to wear on field trips, and make sure your services are well known throughout the community.
- e. Project professionalism on the phone. For example, always make sure you and your staff answer by saying the child care program's name during business hours. When you cannot get to the phone it is important to have an answering machine that provides useful information to prospective parents, such as the business' daily hours of operation and ages served.
- f. Establish a waiting list if possible because child care enrollment can fluctuate easily and you will want to fill vacancies as quickly as you can to ensure regular cash flow.

2. PROGRAM SUSTAINABILITY

- a. Maintain relationships with funders and seek new relationships with potential sources of donations consistently, even when you don't need money and donations, because it is important to stay aware of opportunities and to prepare for times when you will need to seek assistance.
- b. Establish an operating reserves budget so that you are prepared for unexpected expenses and cash flow inconsistencies.
- c. Be realistic about the fees you charge and adjust them over time as your expenses change, but always give parents advance warning of these changes.
- d. Above all, balance your service obligations with your business obligations. If you don't attend to the business matters of your child care program you won't be able to provide high quality services!

MONEY NEEDED DURING THIS STAGE: Equity