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Introducing VCLF's Next Generation Fund

The Vermont Community Loan Fund is excited to announce a new opportunity to finance early education and care in Vermont.

The Next Generation Fund will consolidate, grow and sustain the capital and technical assistance resources that VCLF makes available to support quality child care programs throughout Vermont. It's an opportunity for foundations, institutions and philanthropists to dedicate their VCLF investment and grant-making directly to creating positive impacts that benefit this critical industry.

Quality Care: The Best Gift for the Next Generation... AND Their Families... AND Vermont!

The crucial role that early care and education play in children's healthy development has been well-documented. When our children receive quality early care, they reach school age better prepared to learn by any number of standards: social and emotional development, communications, cognitive development and general knowledge, physical health and well-being – all of these measures improve significantly with quality early care. When our children benefit from early care and education, their future is brightest: they're more likely to complete their formal education and join a productive workforce. They're less likely to engage in violence or crime. VCLF believes that quality early care is essential to the well-being of the next generation of Vermont's students, workers and citizens.

Of course, children aren't the only beneficiaries of quality early care. When a family has access to quality child care, parents can go to work knowing their children are safe and learning. A thriving, engaged workforce drives a strong and growing economy, fostering health, financial stability and well-being for families and communities here in Vermont, and beyond. Our state's economy is further supported by a thriving child care industry that provides *both* quality care *and* quality jobs.

How YOU Can Help Grow The Next Generation Fund

Our goal for the Next Generation Fund is to create a self-sustaining pool of loan capital to support all of our child care programs, in 2013 and beyond. These are the pieces essential to the whole:

Lower-cost Investments: VCLF's lending for child care is most successful when our interest rates are as low as possible. Child care businesses operate on the tightest of margins, and every bit of profit we can inject into a child care business can have enormous impacts upon both business health and the quality of care. Those who invest at VCLF's published rates will be able to direct their capital to the Next Generation Fund, but new investments into the Next Generation Fund *at a lower rate*, between 0 – 1%, will maximize impact, allowing us to buy down borrowers' rates by up to two points, from 7% (currently) to 5%.

Permanent Capital Grants: Equity is the foundation of any loan fund. This permanent base is the reserve that protects the loans we make and the investments that make them possible. We've seeded the Next Generation Fund with \$250,000 of our own equity, but to keep the fund's growth sustainable, we plan on securing permanent capital grants equal to 25% of the dollars invested in the Next Generation Fund.

Capacity Building Grants: The supporting technical assistance provided by our Child Care Loan Program and Project SUCCESS is essential to the success of the child care programs we serve. Over the next twelve months, we're seeking \$78,000 in operating grant support to help us meet this need.

VCLF's Child Care Loan Program: Over a Decade of Measureable Success

VCLF launched our Child Care Loan Program in 2000, with the stated goal of "...increasing the capacity, accessibility and quality of child care by financing the improvement of home- and center-based programs." Since then, we've made over 100 loans to programs of all shapes and sizes in every corner of the state. We've loaned over \$7 million, leveraged \$3 million more, creating or retaining quality care for 2,600 Vermont children and their families and jobs for 517 providers.

Over the years, VCLF has become an expert at providing services to support Vermont's child care industry, a crucial business sector with unique needs. As we've become more familiar with these needs, we've augmented our lending efforts with a wide array of in-depth technical assistance and educational opportunities for providers. In 2009, we launched Project SUCCESS (SUpporting Child Care Entrepreneurs with Skills and Strategies), a no-fee child care business technical assistance program available to providers and programs ranging from start-up to successful, regardless of whether or not they were, or hoped to be, borrowers from the Loan Fund. We've dedicated almost 3,500 hours providing technical assistance to 303 providers who provide quality care to 1,820 children and their families.

In the fall of 2012, VCLF contracted for an outside assessment of our Child Care Loan Program to measure the impact of more than a decade of work. The resulting Child Care Lending Program Assessment report demonstrates that the Program has created significant benefits for the providers, children and families we've served:

- **VCLF creates greater access to quality early care:** 85.6% of infants/toddlers in VCLF borrowers' care are in high-quality programs, compared to 39% statewide average.
- **VCLF serves more low-income families:** 44.8% of children enrolled in VCLF borrower programs are low-income, compared to 30% statewide average.
- **VCLF creates higher wages:** Average hourly wages at VCLF borrower programs were \$12.28, compared to \$10.63 statewide.
- **VCLF increases the quality of early care:** 66% of home-based programs and 70% of centers served by VCLF are enrolled in the state's STARS quality assessment program, compared to 9% and 54%, respectively, statewide.
- **VCLF increases food program participation:** 55% of home-based programs and 63% of centers served by VCLF are enrolled in the USDA food program, compared to 54% and 23%, respectively, statewide.

The findings speak for themselves: VCLF's innovative approach to financing and supporting Vermont's child care industry WORKS. It works for providers and programs of all shapes, sizes and stages of growth, and it works for the children and families receiving quality care.

Now is the time to build a permanent foundation for this program: the Next Generation Fund!