

# Testimony to Vermont House Human Services Committee

Erin Roche, Vermont Director

First Children's Finance

April 13, 2023





# **First Children's Finance**

Our mission is to *grow the supply and business sustainability of excellent child care*



# About First Children's Finance

The mission of First Children's Finance is to grow the supply and business sustainability of excellent child care.

Founded as a  
Community  
Development  
Financial  
Institution  
(CDFI)

1991

Became a  
national  
non-profit  
organization

2006

Expanded  
to Michigan  
& Iowa

2008

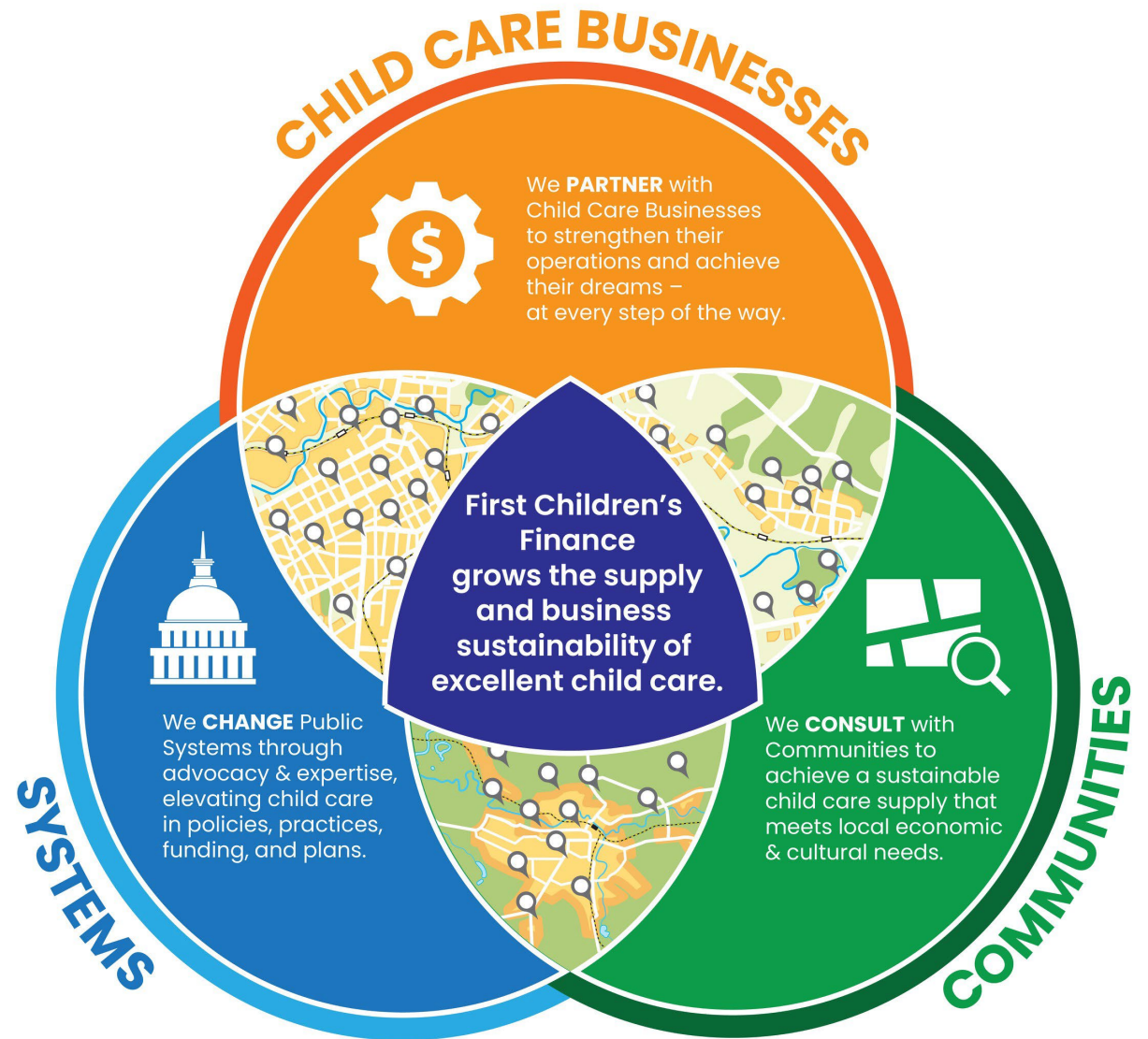
Launched  
Vermont  
office!

2023



Our mission is to *grow the supply and business sustainability of excellent child care*

# What does First Children's Finance do?





# First Children's Finance Services

Services for individual child care businesses



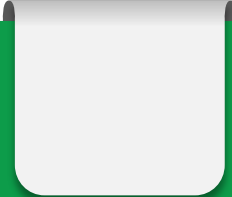
**Professional Development**

- WEBINARS
- BUSINESS TRAININGS
- RESOURCES
- BUSINESS LEADERSHIP COHORTS



**Consulting and Technical Assistance**

- START-UP SUPPORT
- FINANCIAL ANALYSIS
- BUSINESS CONSULTATION
- CRISIS SUPPORT



**Access to Capital**

- LENDING
- SHARIA COMPLIANT
- GRANTS



# Vermont Child Care Business Technical Assistance Program overview



Vermont Child Care Business Technical Assistance Program

- BTAP funded by the Legislature through the Child Development Division, and developed in partnership with Let's Grow Kids to support business practices of early care and afterschool child care programs
- Program partners include: Let's Grow Kids, Vermont Afterschool, Building Bright Futures, VTAEYC, Northern Lights @ CCV
- Launched VT office with a child care business survey in February
- Since February have responded to about 50 inquiries from child care businesses
- Hired 2 VT staff in March
- Hosted 2 webinars in April, recording available [www.firstchildrensfinance.org/vermont](http://www.firstchildrensfinance.org/vermont)
- Integrating BTAP into existing platforms and systems



# Summary of Child Care Business Survey Results

Survey conducted February 2023  
115 respondents

50 Family Child Care, 62 Centers, 3 Afterschool only  
Responses from every county except Essex



# Most programs have stayed afloat due to grants and careful management

*The future is uncertain due to deferred maintenance, workforce shortage leading to under-enrollment, inflation and the end of stabilization grants*

## Most programs

- ✓ pay mortgage/rent on time
- ✓ pay other expenses on time
- ✓ can make payroll
- ✓ use technology to manage their business
- ✓ received ARPA grant and workforce retention bonus
- ✓ have enough cash to cover expenses
- Have a staff shortage
- Have deferred maintenance for 3 years

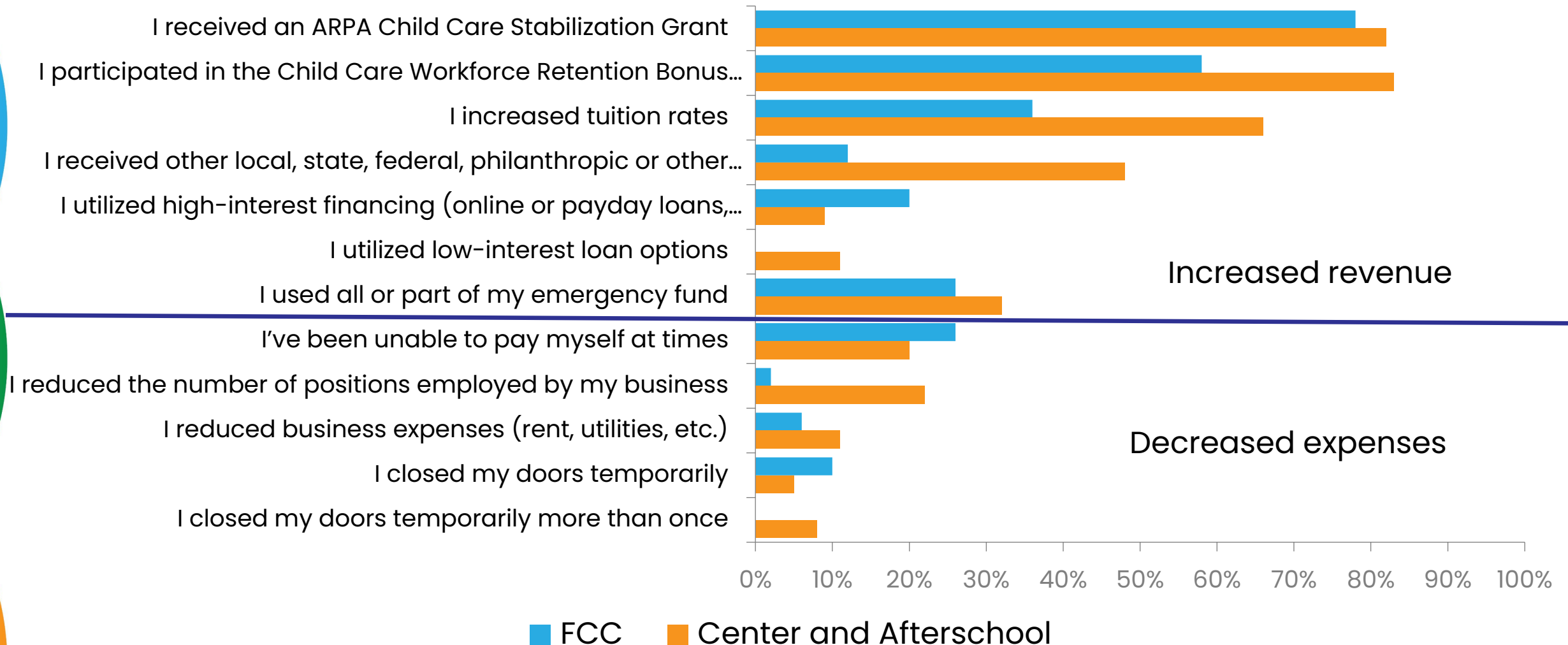
## One-third or fewer

- are behind on rent or mortgage
- are behind on other expenses
- struggle to make payroll
- do not use technology to manage their business
- Have relied on their emergency fund
- don't have enough cash to cover expenses
- are under-enrolled due to staff shortage





# In 2022, child care businesses utilized a mix of strategies to improve cash flow





# In their own words

Like most licensed childcare programs standing alone, we are constantly cutting money from different budget areas to make sure we meet salary demands.

I can meet the everyday needs but maintenance projects that need to be done keep being pushed back because of money. I can only do the things that I do because I also work a second job.

I, as the owner and director, volunteer my time. I am unable to draw a paycheck from the business I work at 50 hours a week— in order to make sure all expenses and payroll are met.

We've lost money this year and used our savings to sustain. If costs keep increasing, we won't have a savings to fall back on. The increase in utilities alone has hurt our financial situation.

We will need to raise tuition significantly this year (\$7-\$10 per week per child) if we do not get state funding to help pay better wages for our teachers.

The stabilization grant has made the amount I make from tuition an amount that I am able to live on; without it, it would be tight.

I am very grateful for our Stabilization Grant and the Retention Grant from the State of Vermont. With the Stabilization Grant ending, I plan to cut costs wherever I can without lowering the quality of care in my program. I greatly appreciate everything that is being done to keep programs open!

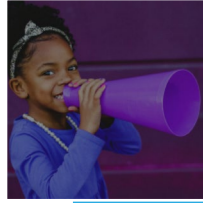


# Current calendar



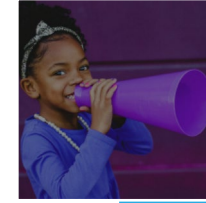
April

- ✓ Pandemic Business Lessons (webinar)
- ✓ Business Health of Child Care Sector (webinar)
- ✓ Separating Your Family Child Care Finances from *your* Personal Finances
- When Tuition is not enough: Fundraising for your child care center



May

- Planning for the Future: Annual Budgets & Cash Flow
- Separating Your Family Child Care Finances from Your Personal Finances
- Managing Enrollment for Center-based Child Care
- Precision Pricing for Family Child Care



May-September

- Business Leadership Cohort #1



# Future of FCF in Vermont

- **Continued business technical assistance, training and consulting**
  - Focus on afterschool and school-aged care businesses
  - Adapting business practices to changing system
  - Individual child care business consultation
- **Access to capital for child care businesses**
  - Loan Fund
  - Grants?
  - Forgivable loans?
- **Rural Child Care Innovation Program ([www.ruralchildcare.org](http://www.ruralchildcare.org))**
  - Uses a community engagement process designed to develop right-sized solutions to increase the supply of high-quality affordable child care in rural communities
  - Uses data to pinpoint child care investments based on community demand
- **Support for Systems Change**
  - Consulting
  - Cost of Care Study
  - Program Design and Implementation Planning



# Meet the Team from First Children's Finance

## FCF Vermont Team

- Erin Roche, Director
- Jen Severance, Business Development Manager
- Rose Morrison, Business Development Specialist

