

Guidelines for the Washington State Child Care Facility Fund

Overview

The Washington State Child Care Facility Fund (CCFF) was created by the 1989 Legislature specifically for the purpose of expanding the supply of private sector employer-sponsored child care facilities in Washington. One million dollars (\$1,000,000) was made available to the program. These non-state funds are administered in accordance with RCW 43.31.502/514 and WAC 130-14-010/070 within the Department of Commerce. Application criteria are set by the CCFF Advisory Committee. In 2002, Washington Administrative Code (WAC) governing the Child Care Facility Fund was amended to open eligibility to all Department of Early Learning (DEL) licensed child care center businesses.

Please note: DEL-licensed home child care providers are not eligible for this program. However, other resources may be available for home care providers. Please contact program staff listed at the end of this document for ideas and information if you are a home care provider looking to start or expand a home child care business.

A five-member volunteer Advisory Committee, originally appointed by the Secretary of the Department of Social and Health Services, oversees the operation of the Child Care Facility Fund. The specific mission of the Committee is to:

- ❖ Increase the availability of quality, affordable, convenient child care for working families through prudent administration of the Child Care Facility Fund.

Program Administration

The CCFF Advisory Committee makes decisions on CCFF financing commitments. Staff in the Community and Financial Assistance Unit of the Department of Commerce and the Department of Early Learning support the Committee, advise applicants on questions relating to the Fund and review all requests for loans and grants.

Geographic Eligibility

The intent is to provide funds to all parts of the state where quality child care is needed.

Loans

Loans and loan guarantees may be used for purchase of land and/or buildings for child care facilities, renovation of buildings to be used for child care, purchase of equipment for child care facilities and the first three months of operating expenses for a startup business.

The maximum amount of a direct loan is \$100,000; the minimum amount that will be considered for a loan is \$25,000. Commercial loans can be guaranteed up to \$25,000.

The CCFF Advisory Committee awards direct loans from the Child Care Revolving Loan Fund administered by the Statewide Services Unit at CTED. The applicant will be requested to offer business and/or personal collateral and guarantees that are reasonably available to secure the financing. The type and amount of collateral required will vary with each project, depending on what is being financed.

Interest rates for direct loans are up to prime, negotiated on a case-by-case basis, fixed for the life of the loan. Loan terms are also negotiated with the individual applicant.

It shall be the responsibility of the borrower to pay a 2% loan administration fee to cover costs associated with processing a Child Care Facility Fund loan. The loan administration fee may be deducted from the loan proceeds at closing.

Loan Guarantee

Loans approved by commercial lending institutions can be guaranteed by the Child Care Facility Fund up to 80% of the loan amount, not to exceed \$25,000. Since the loan will be made by a lending institution, not the CCFF Committee, all application requirements, repayment terms, etc., will be the responsibility of the borrower to negotiate with that institution.

Use of Loan Funds

Loan funds can be used for improvements to real property or improvements or acquisition of personal property that is depreciable under federal tax code. Operational costs (i.e. working capital) are allowable for the first three months of a new child care facility.

Important note regarding use of loan proceeds: The Davis-Bacon and related Acts are important federal regulations that apply to loan funds awarded through the Child Care Facility Fund program. A loan recipient must agree to comply with the requirements of the Acts where applicable to the project.

Under the provisions of the Davis-Bacon and related Acts, **the loan recipient must ensure the payment of federal prevailing wage and fringe benefit rates** (which are determined by the U.S. Department of Labor) to all laborers and mechanics

employed for the purpose of construction, alteration and/or repair, including painting and decorating of the child care facility, funded in whole or in part by the Child Care Facility Fund loan proceeds. However, the Davis-Bacon and related Acts **do not** apply in cases of privately owned businesses, where the owner does the work. For more information about how the Acts may affect use of loan proceeds, contact Child Care Facility Fund program staff listed on last page of these guidelines.

Grants

Grants are awarded for health and safety improvements, equipment and supplies that help a facility expand capacity, improve the quality of service, and/or enable a child care facility to maintain its DEL child care license.

The minimum amount for a grant is \$5,000; the maximum amount that will be considered for a grant is \$25,000. Grants may only be used to purchase health and safety improvements or equipment for child care facilities. To be eligible for a grant, an applicant must match the amount of the grant on a dollar-for-dollar basis with cash or goods or services that would otherwise have required cash outlay. Grants are awarded directly to the applicant from the Child Care Facility Fund through CTED.

Use of Grant Funds

Grant funds may **ONLY** be used to purchase health and safety improvements or equipment for child care facilities. Examples of allowable use of grant funds include, but are not limited to: fire alarm systems, locks, changing tables, kitchen equipment, playground equipment, a plumbing upgrade required by a state licenser, etc.

Applicants for grants must be able to demonstrate a dollar-for-dollar match for all grant funds (cash or in-kind) for the specific project. Therefore, the minimum grant project amount is \$10,000 (\$5,000 grant request and a demonstrated \$5,000 match from the grantee).

Grants will also be considered based on the applicant's ability to expend funds within given time constraints. Generally, successful grantees must expend their award within six months of award date, or by the end of the current state fiscal year (June 30). Grants are reimbursed on proof of actual expenditures, as evidenced by receipts and/or other supporting documentation. Grants funds cannot be used for purchases and/or debt incurred prior to the date of project approval by the CCFF committee.

Full repayment of the entire grant amount is required if the child care facility ceases to provide child care earlier than the following time periods from the date the grant is made:

1. Twelve months for a grant up to \$5,000 dollars;
2. Twenty-four months for a grant over \$5,000 and up to \$10,000;

3. Thirty-six months for a grant over \$10,000 up to \$15,000;
4. Forty-eight months for a grant over \$15,000 up to \$20,000;
5. Sixty months for a grant over \$20,000 up to \$25,000.

In reviewing Loan and Grant applications, the Child Care Facility Fund Committee gives specific and careful consideration to the following criteria:

1. The need for a new or improved child care facility in the area served by the applicant and the total number of children who will benefit;
2. The child care services to be available at the facility and the capacity of the applicant to provide those services;
3. The degree to which the child care program activities are developmentally appropriate for the ages of the children to be served;
4. The financial status of the applicant, including other resources available to the applicant to complete the initial development or expansion of the child care facility and to ensure the continuing viability of the facility and the availability of its described services;
5. The ability of the program to obtain the necessary additional funding to implement the project;
6. Why financial assistance from the state is needed to start or improve the child care facility; and in the case of a grant request, explain why a grant is needed rather than a loan;
7. The steps the applicant will take to serve a reasonable number of handicapped children, sick children, infants, children requiring night time or weekend care or children whose costs of care are subsidized by government;
8. The innovative components of the child care services to be offered;
9. The degree to which the child care program works with or compliments the services of other child care programs and activities in the community;
10. The ability of the applicant to provide ongoing funding after Child Care Facility Funds have been expended.

Loan and Grant Project Eligibility

Applicants must be a licensed child care business in the state of Washington or have a copy of their application for a child care license. Applicants may also be a child care provider having a contract with an employer to provide child care services for its employees. Applicants may be for-profit or not-for-profit businesses. For-profit businesses or organizations may apply for grants as they are for health and safety improvements to obtain or maintain a state of Washington child care license. Sectarian organizations are not eligible to receive loans or grants from the CCFF.

Loan and Grant Funds **CANNOT** be used for the following:

1. Organizations without proper licenses, including a child care license from the Washington State Department of Early Learning;
2. Emergency funding;
3. Debt incurred **prior to the date of project approval** by the CCFF Committee;
4. Debt retirement unrelated to capital improvements or working capital financed by the Child Care Facility Fund;
5. Construction;
6. Influencing legislation or elections;
7. Sectarian organizations or religious purposes;
8. Travel to, or support of, conferences.

Ineligible Projects

Projects that involve a business with a negative net worth (liabilities in excess of tangible assets) or where the financing request would result in a reduction of an existing lender's risk position are not eligible for a direct loan or grant.

Quality Indicators

The CCFF Committee, in its review of the application, will be looking for **quality indicators** that demonstrate the degree to which the applicant will exceed **State of Washington Minimum Licensing Requirements** for child care centers. Priority may be given to child care centers that are currently, or are in the process of becoming, nationally accredited.

Child care programs seeking information about accreditation may contact:

NAEYC

National Association for the Education
of Young Children
1509 16th Street NW
Washington, DC 20036
800-424-2460
<http://www.naeyc.org/>

NACCP

National Association of
Child Care Professionals
P.O. Box 90723
Austin, TX 78709
800-537-1118
<http://www.naccp.org>

Business Partnerships

An applicant is **not required** to have a corporate or business partner(s) to be eligible to apply for loans or grants from the Child Care Facility Fund. However, employer-supported child care facilities are encouraged by the CCFE Committee.

Website for the Child Care Facility Fund

Forms to complete an application for a Child Care Facility Fund loan or grant are available online through the Department of Commerce website at the following address:

<http://www.commerce.wa.gov/ccff>

For information on the Child Care Facility Fund program, please contact either:

Tom Stilz
CCFE Program Manager
Department of Commerce
P.O. Box 42525
Olympia, WA 98504-2525
Phone: (360) 725-4045
Email: tom.stilz@commerce.wa.gov

Amanda Jackson
DEL Child Care Business Liaison
Department of Early Learning
P.O. Box 40970
Lacey, WA 98504-0970
Phone: (360) 725-4685
Email: amanda.jackson@del.wa.gov

Financial and commercial information and records supplied by businesses during application for loans, grants, or program services provided pursuant to Chapter 43.31 RCW are exempt from public disclosure.

Important Note: Grant awards are subject to the availability of Federal funding. Program staff (listed above) can provide the latest information regarding the availability of these funds.