



*The Vermont Child Care Business Initiative  
Evaluation Report, FY 2 - November 2004*

*Executive Summary*

---

The Vermont Child Care Business Initiative (CCBI) is a statewide project of the Vermont Community Action Agencies' Micro Business Development Program. CCBI is funded by the JOLI program from the Department of Health and Human Services, Office of Community Service for three years, from October 1, 2002 to September 30, 2005 (grant reference number is 90EO012). The CCBI project provides business training and technical assistance to start-up and existing childcare businesses so that they may be better prepared to net more income and stay in business longer.

The Center for Rural Studies (CRS) at the University of Vermont provides evaluation services for the CCBI project. Process and outcome evaluation data were collected through client intake and output data, participant and staff focus groups, and two follow-up surveys conducted at six months and one year post training. The following highlights the major findings for the second year of the project, October 1, 2003 to September 30, 2004. For questions or more information about this study, please contact Michele Cranwell, Evaluation Coordinator, at (802) 656-0256 or [Michele.Cranwell@uvm.edu](mailto:Michele.Cranwell@uvm.edu).

---

Total number of clients who received CCBI services = 189

- 72% (136) were 100% below poverty level (including TANF recipients, dislocated workers, and unemployed individuals)
- 28% (53) were above the JOLI income eligibility (89%, 169 70% of HUD median income)

---

***Client Characteristics***

---

Client characteristics are reported from the complete CCBI database (referred to as "population") as well as the follow-up surveys (referred to as "survey respondents"), as indicated below. A total of 85 clients completed the follow-up survey in September 2004, for a response rate of 49%.

**Gender of population**

- 95% female, 5% male

**Age of survey respondents**

- Range of 18 to 61 with an average of 35

**Education of survey respondents at intake**

- 54% of clients surveyed had a high school degree or less education.
- 24% had additional education beyond high school.
- 23% had a college degree from 2 or 4 years in school.

### **Family characteristics of survey respondents**

- 87% have children living at home, average of 2, range of 1-5
- 33% are single parents

### **Poverty and public assistance of population at intake**

- 72% 100% below poverty
- 15% Receive TANF
- 28% Food stamps
- 89% are 70% of HUD medium income

### **Annual income of low-income survey respondents at intake**

- Average annual income = \$4,188
- Range of annual income = \$.00 to \$24,000
- Median = \$0
- 81% earn less than \$10,000
- 92% earn less than \$15,000

### **Status of business from survey respondents at intake**

- 49% were in the planning stage; 51% had an established business

### **Referral source to program from survey respondents**

The top three referral sources include:

- 20% Childcare Resource and Referral Agency
- 18% Word-of-mouth
- 17% Community Action

---

### ***Services Provided***

---

- 153 clients received **one-on-one technical assistance and counseling**
  - 116 low income and 37 above low-income
- 98 participated in the **Kauffman Child Care Business Course**
  - 68 low income and 30 above low income
- The overall **course completion rate** was 68%
  - 60% of low-income clients completed and 87% of above income clients completed the course
- 38 clients participated in **CCBI workshops**
  - 22 low income and 16 above low income

---

## ***Project Objectives***

---

The following data compares the CCBI grant objectives for FY 2004 with the actual outcomes achieved by JOLI eligible clients only. The complete report presents the data for above low-income clients on as collected from the CCBI database and follow-up survey.

### ***Goal 1) Business Start-up Objectives***

The first goal of the CCBI grant is to enable low-income individuals, including TANF recipients, to start and operate successful childcare programs.

**Course training** - *Train 80 individuals in FY 04 in childcare business planning and operating curriculum (Kauffman's Developing Your Family Child Care Business)*

- 32 individuals (40% of the objective) in the start-up business stage were trained

**Course and business plan completion** - *Ensure that 60 individuals in FY 04 who start training, complete training and write a business plan.*

- 20 (33% of objective) completed the training their business plan

**Capital** - *Ensure that 45 of individuals in FY 04 who write a business plan get capital if needed to start and successfully operate childcare businesses.*

- 2 (4% of objective) identified this need and applied for and received capital

**Self-employment creation** - *Ensure that each childcare business creates one FTE job providing a livable income (45 jobs in FY 04).*

- 11 created on FTE job (24% of objective). Given that they just started their business, it is difficult to measure if this job is earning a livable income yet.

**Demonstrate effective budgeting and financial management skills** – *Ensure that 45 clients in FY 04 who receive training can demonstrate the ability to effectively budget and manage their monthly and yearly incomes (personal and business) 6 months after completing the training.*

- Based on the 2004 survey, low-income clients indicate more confidence and usage of business budgeting skills learned in the CCBI program compared to above low-income clients. However, for two of the three indicators of personal and household budgeting skills, above low-income clients showed higher gains.

**Net income** – *Ensure that 50% of family childcare businesses' net income is above \$15,000 after one year in business.*

- Based on the September 2004 survey results, 66% (2) of low-income clients reported a gross annual income of their business to be higher than \$15,000.

**Business retention** – *Ensure that 60% of individuals who started childcare businesses have retained these businesses for at least one year after start-up.*

- Based on the 2004 survey, 100% of both low-income clients who started came to CCBI in the pre-business stage and started their business one year ago, remain in business.

### Goal 2) Established Business Objectives

The second goal of the CCBI grant is to enable existing family childcare businesses to operate more successful businesses. The following outcomes presented for low income and above low-income clients, provide an indicator of project success.

**Course training** - *Train 50 low-income individuals in FY 04, already operating a family childcare business in child care business planning and operating curriculum (Kauffman's Developing Your Family Child Care Business).*

- 36 established business owners (72% of objective) were trained.

**Course and business plan completion** - *Ensure that 37 of individuals in FY 04 who start training complete training and write or rewrite a business plan.*

- 14 (38% of objective) completed the training and their business plan.

**Demonstrate effective budgeting and financial management skills** – *Ensure that 28 individuals in FY 04 who receive training can demonstrate the ability to effectively budget and manage their monthly and yearly incomes (personal and business) 6 months after completing the training.*

- According to the 2004 survey, low-income clients indicate more confidence in their skills to manage and develop a monthly cash flow projection and develop and manage a bookkeeping system compared to above low-income clients. However, they indicate less usage and improvement in their business budgeting skills than their above low-income counterparts. For two of the three indicators of personal and household budgeting skills, low-income clients showed higher gains.

**Net income** – *Ensure that 50% of family childcare businesses' net income is above \$15,000 after one year in business.*

- According to the 2004 survey, 92% (11) of low-income clients who have been in business for at least one year reported that their gross annual business income was higher than \$15,000.

**Business retention** – *Ensure that 60% of individuals who started childcare businesses have retained these businesses for at least one year after start-up.*

- The 2004 survey results show that 100% (12) low-income businesses remained in businesses one year after start-up.

---

### ***Client Follow-up Study Results***

---

The top reasons why participants decided to **start a childcare business** include:

- 61% Stay at home with children
- 23% Enjoy working with children
- 20% Wanted new employment
- 16% Background or Degree focused on early childhood education
- 15% To be self-employed

### **Business Operations, Growth and Capital**

- 55% reported having experienced **growth** in their business or business planning after completing the CCBI course
- 51% of clients with an established childcare business are operating the business at **full capacity** and 76% are satisfied with the number enrolled.
- 89% reported **working full time** (40+ hours) on their childcare business
- Top sources of **business capital** include:
  - 39% Personal Savings
  - 42% Business revenue
  - 11% Bank Loan
  - 6% Individual Development Account
- 4 low-income clients made and received loans for a total of \$44,400 and an average of \$11,100.

### **Business Income**

- 58% of clients reported receiving **personal income from their childcare business**. The next major categories were other employment (34%), spouse's income (18%) and other self-employment (10%).
- 45% reported that their childcare business provides the **most of their personal income**.

### **Owner's Monthly Draw from Childcare By Income and Total – Cycle 1 and 2**

	<b>Low Income (n=14)</b>	<b>Above Low Income (n=18)</b>	<b>Total</b>
Range	\$500-\$2,600	\$200-\$4,000	\$200-\$4,000
Average	\$1,659	\$1,467	\$1,550
Median	\$1,750	\$1,200	\$1,260

**Change in Monthly Household Income from February to September 2004  
One year client follow-up survey only**

<b>Groups</b>	<b>Average</b>	<b>t</b>
All clients average monthly income - February	\$2,590	p≤.01
All clients average monthly income - September	\$3,170	
<hr/>		
Low-income only - February	\$2,180	p≤.10
Low-income only - September	\$2,800	
<hr/>		
Above low-income - February	2,740	p≤.10
Above low-income - September	3,300	

- 62% reported that their **average monthly household income increased** because of their business, with an average of \$1,190 and median of \$900/month.
- 47% reported having **relied on public assistance** at one time in their life, with an average of 30 months and median of 15 months of public assistance prior to working with CCBI.
- After working with CCBI, 68% reported that their **reliance on public assistance had decreased**, with the main reasons being the client got a job or no longer needed assistance.

**Self-Employment Job Creation**

- 58% of all clients surveyed **reported having a business** that is anywhere from start-up to in the process of expansion through additional financing.
  - 37 low-income clients (60 total) **started a childcare business** and one self-employment job.
  - 34 low-income clients (57 in total) were assisted with their **existing business**.
  - 89% of those surveyed with a business indicated that their childcare business provides *a source of income* for them.
  - 71% reported that their childcare business is source from which they receive the *most* of their annual household income.

**Other Job Creation**

- **18 part time jobs** were created by 12 clients with an average wage of \$7.00/hour for an average of 19 hours a week.
- **11 full time jobs** were created by 5 clients with an average wage of \$9.40/hour for an average of 40 hours a week.

**Part and Full Time Job Creation Statistics, FY 2004**

Statistics	Low-Income		Above Low-Income	
	Part Time Jobs	Full time Jobs	Part Time Jobs	Full Time Jobs
Number Created	10	2	8	9
Number of businesses that created jobs	7	2	5	3
Average Hourly Rate	\$6.88	\$8.25	\$7.12	\$10.55
Average Number of Hours	18	40	19	40

**Client Learning Goals and Skills**

- 82% of clients reported completing their **parent handbook** and 58% completed their **business plan**.

**Average Confidence Ratings in Skills After CCBI by Income and Total**

	Low-Income	Above Low-Income	Total
Confidence in parent handbook skills	8.8	9	9
Confidence in business plan writing skills	8	8	8
Cost/child	8	8	8
Time-space percentages	7.8	8	7.9
Break even point	8.4	7	7.8
Bookkeeping	8	7.5	7.8
Food cost/child/week	8	7.5	7.7
Improved budgeting skills	7	7	7
Develop and maintain a household budget	7.7	8	7.9
Improved household budgeting skills	7	6.6	6.8

- The top **change in client attitude** because of the CCBI course include:
  - 49% Increased self-confidence
  - 13% Broadened scope of possibilities
  - 12% More motivated and encouraged
  - 11% Increased self-esteem
- 88% of clients reported that they are **better off today** because of their work with the CCBI project, which is consistent with 88% received at the last survey.

- The top reasons provided for how client childcare businesses **impact their local community** include:
  - Provide quality childcare for working parents
  - Childcare in need in community
  - Provider is more involved in the community

---

### ***Focus Group Client Outcomes***

---

Eleven CCBI participants attended five client focus groups to obtain information on course impact and feedback.

#### **Knowledge and skills gained from the CCBI course**

- Writing a business plan and parent handbook
- Childcare business registration
- State childcare regulations
- Financial management skills (business income, taxes, bookkeeping, budgeting)
- Business management skills (business policies, organizations, insurance)

#### **Networking Opportunities and Benefit of Group Learning**

- Benefit of mixed level, group learning environment
- Networking opportunities
- Referral of parents and children to new businesses
- Reduced isolation and social interaction

#### **Impact on social and human capital**

Both JOLI eligible and above low income clients reported various impacts the CCBI course had on their personal life, financial situation, family situation, and community life.

#### **Referral to other services**

- Financial/IDA services
- Child Care Food Program
- Continuing education
- Community Childcare Providers Network

---

## ***Project Implementation***

---

### **Marketing, recruitment, and enrollment**

Focus groups with the Childcare Business Specialists (CCBS) gathered information on how the CCBI project was implemented. For the first and second years, CCBS marketed the project and recruited clients through collaborating with project partners by attending their meetings and making presentations and site visits; advertising through mailings, fliers, and newspaper advertisements; and word of mouth through current and past students.

### **The most effective recruitment strategies include**

- Working with the Department of PATH
- Child Care Resource and Referral Agency
- Attending various trainings and orientation sessions that target low income clients
- Face to face contact with project partners
- Word-of-mouth through CCBI participants

### **Major barriers to recruiting low-income clients include**

- Barriers to starting a childcare business
- TANF recipients are concerned that they will not be able to meet their work requirements through a childcare business
- Clients are concerned that the earning potential of childcare business is low
- Various costs and expenses involved in starting a childcare business
- Resistance of some referral sources to refer clients to the program
- Difficulty in retaining low-income

### **Participant assessment**

After recruiting clients, participants were assessed prior to entry through several meetings, discussion of the CCBI course, goals, objectives, and barriers, referral to other service providers specifically the local Childcare Resource and Referral Agency and Provider Network groups, and review of the childcare registration packet.

### **Strategies to retain JOLI eligible clients include**

- Give clients a lot of individual attention
- Continuous follow up to check in, specifically if missed class
- Set up individual appointments as needed
- Provide catch-up classes as needed
- Re-invite participants that dropped out to enroll again in following cycle
- Provide reimbursement for childcare and transportation
- Refer clients to service providers or MBDP services as needed

### **Barriers participants face upon enrollment include**

- Lack of childcare and transportation
- Childcare business is new and different to them
- Participants are not entrepreneurial and find the business aspect challenging
- Participants are concerned that they will not make enough money running a childcare business
- Poor literacy skills or low education
- Family or life issues, such as children with ADHD, personal disabilities, and family problems
- Poor credit
- Funding for improvement to home

### **Course administration**

The CCBI course follows the curriculum of the Kauffman Foundation's *Developing Your Family Childcare Business*. CCBS also provide supplemental material and information on all topics, specifically those that are not covered in enough depth in Kauffman. As needed, guest presenters are invited to present on topics given their expertise. CCBS also provide technical assistance and support outside of class as needed to develop students' business plans, parent handbooks, and develop marketing materials.

### **Problems encountered in conducting the class include**

- Difficulty in retaining some students – many decide to not pursue a childcare business, feel the course is too overwhelming, or do not return to subsequent classes.
- Low enrollment at start of class
- Poor attendance by some students
- Reimbursement for child care and transportation are not well-utilized
- Difficulty in serving rural communities during certain times of the year

---

### ***Relationship with Project Partners***

---

The main project partners include the Department of PATH, Child Care Resource and Referral Agency, Department of Employment and Training, and Child Care services. Project partners assist CCBS in referring clients and co-teacher, technical support, curriculum development, and materials. Communication with partners is made on an as needed basis, with some CCBS in frequent contact with partners.

### **Issues with project partners**

A few issues emerged with project partners. At the beginning of the grant, CCBS felt certain project partners were resistant to referring clients to the option of self-employment, particularly in the childcare field where income may not be steady. However, many noted that by the end of the second grant year that their relationship with all partners had improved through continuous communication and follow-up.

### **Strategies to overcome partner issues include**

- Counter the stereotype and bias of low-income people by highlighting success stories of TANF recipients
- Increase the use of emails to communicate
- Meet with collaborators and answer questions they have about CCBI
- Include PATH and DET in CCBI email communication as appropriate
- Increase communication and support with MBDP peers
- Hold weekly meetings with supervisor to keep them informed and involved
- Present positive outcomes of the CCBI project at PATH meetings

---

### ***Client Feedback***

All participants interviewed through focus groups or the follow-up surveys reported that they were very satisfied with the CCBI course and that it met or exceeded their expectations. Course strengths included, the Kauffman books and computer tools, hands on learning, student discussion and networking, flexible class times, development of financial management skills, and benefit of learning with other childcare providers in a variety of business stages. Clients noted that instructors were very helpful, supportive, and knowledgeable in business expertise. They also offered a lot of individual support and assistance. Respondents noted that the course materials were very useful and provide a great resource.

---

### ***Recommendations for Program Improvement***

The following are recommendations for improving the CCBI program, based on the various evaluation data presented in this report for the second year of the CCBI grant.

- Take steps to improve the recruitment and retention of JOLI eligible clients
- Focus on moderate and low-income providers
- Continue to enroll clients with various business stages and incomes
- Develop curriculum based on student needs and identified goals
- Improve CCBI course through client suggestions: course content, instructors, and course materials
- Hold workshops on topic areas that student would like to see covered more in depth
- Ensure Co-Teacher role as necessary