



*The Vermont Child Care Business Initiative  
Evaluation Report, FY 1 - November 2003*

*Executive Summary*

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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 and participant and staff focus groups. The following highlights the major findings for the first year of the project, October 1, 2002 to September 30, 2002. 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).

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Total number of clients who received any amount of CCBI services = 136

Total number of clients who received *five or more hours* of services = 70 clients (*all figures, unless noted, are based on clients who receive five or more hours of services*)

- 46% (32) were 100% below poverty level (including TANF recipients, dislocated workers, and unemployed individuals)
- 54% (38) were above the JOLI income eligibility (89% of total were 70% of HUD medium income)

### ***Client Characteristics***

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Client characteristics are reported only for the JOLI eligible clients

#### **Gender and age**

- 98% female, 3% male
- Average age of 30, range of 25-48

#### **Education**

- 58% have a high school degree or less education
- 26% completed one to two years of college education
- 16% completed four years of college

#### **Family characteristics**

- 84% have children living at home, average of 2, range of 1-5
- 55% are single parents

### **Poverty and public assistance**

- 44% 100% below poverty
- 48% Receive TANF
- 16% Income from SSI or SSDI
- 65% Food stamps
- 26% Housing assistance
- 13% Live in public housing
  
- 89% are 70% of HUD medium income (all clients)

### **Annual income**

- Average annual income = \$10,824
- Range of annual income = \$.00 to \$41,000
- Median = \$9,000
  
- 61% earn less than \$10,000
- 84% earn less than \$15,000

### **Status in labor force**

- 16% Employed
- 16% Self-employed
- 39% Unemployed
- 29% Not in labor force

### **Area of interest at intake**

- 87% low-income participants were interested in start-up or acquisition services
- 6% in accounting
- 3% each in personnel and financial management
- Low-income participants (87%) are significantly more likely to need start-up acquisition services compared to those who are above low income (51%)

### **Status of business at intake**

- 91% were in the start up stage
- 9% were in the developmental planning stage

### **Referral source to program**

The top three referral sources include:

- 32% were referred by the Department of PATH
- 14% were referred through MBDP sources
- 13% were referred by Vocational Rehabilitation

### ***Services Provided***

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- 48 clients received *one-on-one technical assistance and counseling*
  - 52% low income and 48% above low-income
- 59 participated in the *Kauffman Child Care Business Course*
  - 44% low income and 56% above low income
- The overall *course completion rate* was 53%
  - 50% of low-income clients completed and 55% of above income clients completed the course

### **Post-start up workshops**

Post start-up workshops are held by the CCBS on an as needed basis. Two low-income clients and 5 above low-income participated in a workshop. Workshops were offered on the following topics:

- Goal Setting
- Parents and childcare businesses
- Marketing your childcare
- Creating an image for your childcare
- Designing a flyer or brochure
- Tax planning for your childcare
- Developing a bookkeeping system
- How to set up your books
- Tax preparation for childcare providers

### ***Client accomplishments***

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- Number of low income clients that *started a childcare business* and one self-employment job = 7 (9 in total)
- Number of low income clients who were assisted with their *existing business* = 7 (8 in total)
- Two low-income clients made and received loans for a total of \$17,000 and an average of \$8,500

### ***Project Objectives***

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The following data compares the CCBI grant objectives for FY 2003 with the actual outcomes achieved by JOLI eligible clients only. The complete report presents the data for above low-income clients as well.

#### ***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. The following outcomes presented for low-income and above low-income clients, provide an indicator of project success.

**Course training** - *Train 160 individuals in childcare business planning and operating curriculum (Kauffman's Developing Your Family Child Care Business)*

- FY 03 objective = 30 take CCBI training
- 22 individuals (55% of the objective) in the start-up business stage were trained

**Course and business plan completion** - *Ensure that 75% (120) of individuals who start training complete training and write a business plan.*

- FY 03 objective = 30 complete training and business plan
- 11 (37% of objective) completed the training and 10 (33% of objective) completed their business plan

**Capital** - *Ensure that 75% (90) of individuals who write a business plan get capital if needed to start and successfully operate childcare businesses.*

- FY 03 objective = 23 get capital as needed
- 1 (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 (90 jobs).*

- FY 03 objective = 23 clients create one FTE job, providing livable income
- 7 created on FTE job (30% of objective). Given that they just started their business, it is difficult to measure if this job is earning a livable income yet.

#### *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 100 low-income individuals, already operating a family childcare business in child care business planning and operating curriculum (Kauffman's Developing Your Family Child Care Business).*

- FY 03 objective = 25 clients take CCBI training
- 4 established business owners (16% of objective) were trained.

**Course and business plan completion** - *Ensure that 75% (75) of individuals who start training complete training and write or rewrite a business plan.*

- FY 03 objective = 19 complete training and business plan
- 2 (11% of objective) completed the training and their business plan.

#### ***Focus group client outcomes***

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Twenty-three CCBI participants attended five client focus groups to obtain information on course impact and feedback. Of the group, eight JOLI eligible attended and fifteen above low-income attended.

### **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***

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

Focus groups and electronic mail surveys of Childcare Business Specialists (CCBS) gathered information on how the CCBI project was implemented. For the first two course cycles, CCBS marketed the project and recruited clients through fliers, attending meetings with project partners, and newspaper advertisements, among other methods.

### **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:**

- TANF are concerned that they will not be able to meet their work requirements through a childcare business
- 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
- Income eligible clients may not complete the program compared to above 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, review of the childcare registration packer.

### **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**

Once clients were enrolled, the CCBS would teach the CCBI course with the assistance of a co-teacher who is an experienced childcare provider. The course followed the Kauffman Foundation's curriculum, *Developing Your Family Childcare Business*. As needed, guest presenters would cover topics more in-depth given their expertise. CCBS would 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:**

- Difficult to retain 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
- Reimbursement for child care and transportation are not being used much
- Co-teacher was not able to continue with course
- It is difficult to serve rural communities during certain times of the year

### ***Relationship with project partners***

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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 grant that their relationship with all partners had improved.

### **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

### ***Participant feedback***

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All participants interviewed reported that they were very satisfied with the CCBI course and that it met or exceeded their expectations. Course strengths included, hands on learning, student discussion and networking, the co-teacher, 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***

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

- Take steps to improve the recruitment and retention of JOLI eligible clients
- Expand of the course to include clients in other business fields
- Continue to enroll clients with various business stages and incomes
- Ensure Co-Teacher role
- 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