Fund for Quality

Applicant Workshop

December 13, 2016
Introduction - PHMC

- Nonprofit public health institute serving the region since 1972.
- Operates the Southeast Regional Key on behalf of OCDEL in Philadelphia, Bucks, Chester, Delaware and Montgomery Counties.
- Operates the Philadelphia Head Start Partnership on behalf of DHHS ACF.
- Operates, in partnership with Urban Affairs Coalition, the PHLpreK program on behalf of the Mayor’s Office of Education.
- Designs innovative business solutions for childcare operators ChildWare and ECEHire.com.
- PHMC has over 250 programs serving Philadelphia and the surrounding counties as well as statewide and national initiatives.
- PHMC serves over 200,000 clients per year; 90% are at-risk.
Introduction - Reinvestment Fund

**REINVESTMENT FUND** is reimagining neighborhood revitalization by combining expertise, analysis and creative approaches to investing with a social purpose.

- Our mission is to build wealth and opportunity for low-wealth people and places through the promotion of socially and environmentally responsible development.
- Since 1985, Reinvestment Fund has made **$1.8 billion** in cumulative investments and loans.
- We are supported by over **850 investors** that include individuals, foundations, religious institutions, financial institutions, civic organizations and government.
We have concrete, measurable results.

Reinvestment Fund’s success stories span different focus areas, from housing and education to research and market analysis.
Introduction – Fund For Quality

• Partnership between Reinvestment Fund and PHMC
• Supported by funding from the William Penn Foundation
• Provides business planning support and facilities-related financing so that high-quality early care and education providers can expand their services to reach more low-income families.
• FFQ funds planning grants to support organizational planning and project pre-development
• After planning is successfully completed, FFQ funds capital grant awards of up to $300,000
• If a project budget exceeds the grant award amount, Reinvestment Fund can loan funds to support the expansion project.
Expansion is challenging
Fund For Quality eases the burden

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- Environment studies
- Staffing
- Licensing
- Project Budget
- Recruitment of families

- Cost
- Schedule
- Project Management
Fund For Quality is NOT

Source of emergency funding
Source of operational funding
Ineligible operating costs include (but are not limited to)

Security deposits
Rent
Utilities
Staff salaries
Staff orientation
Staff professional development
Fund For Quality is

Source of guided planning
Source of capital funding (grant, loan, or a combination)
Fund For Quality – Eligibility

- Existing high quality operator (Keystone STAR 3 and 4)
- More than 50% of STAR 3 or greater sites (for multi-site providers)
- Serving low-income populations (client population of at least 50% subsidy, or waitlist subsidy, Head Start or Pre-K Counts) or able to demonstrate a commitment to serving low-income families
- Organizational capacity for expansion
- Positive attendance trends
- Proposed project will increase slot capacity by 20
- Proposed project will be located in Philadelphia in a licensed facility
- Expansion site identified
  - Own or lease (long-term) already (if classroom expansion)
Fund For Quality – Preferences

• Strong business plan
• Demonstration of previous program expansion
• Expansion site located in Childcare Map priority areas:
  • Lack of high-quality ECE
  • Areas of high-poverty
  • Unmet demand for ECE services
• Project expansion efficiency
  • Projected timeline
  • Projected cost per slot (calculated by total project cost/number of new childcare seats)
  • Proposed project will increase slot capacity by 40 or more
• Demonstration of sound governance and strong internal controls (including board of directors, advisory, etc)
**Fund For Quality – Application Process**

- Cover Sheet
- Organizational Questions
- Organizational Attachments
- Project Questions
- Project Operating Budget and Projections
- Project Attachments

Comprehensive assessment to understand your center, project, and the supports you have and will need to successfully expand. Why this? Why now? How?
Organizational Questions

- Describe your organization
- Describe your current clients served and your organizational commitment to serving low-income children and families
- Describe your client enrollment and utilization trends
- Describe the financial health of your organization
- Describe how you recruit and retain highly qualified staff
- Describe your commitment to providing high quality childcare
- Describe your strategic plan and the process by which it was created
Organizational Attachments

- Articles of incorporation & Bylaws
- Board list and meeting minutes
- 501(c)(3) letter
- Two most recent annual reports
- Family handbook
- Enrollment priority policy
- Client confidentiality policy
- Enrollment and attendance report
- Summary of contracts
- Written marketing plan
- Marketing tools
- Organizational budgets
- Strategic Plan
- Business Plan
- Continuous Quality Improvement Plan
- Risk Management Plan
- Income tax returns
- Audited financial statements
- Current financial statements
- HR policy manual
- Pay scale
- Job descriptions
- Organizational chart
- Staff meeting minutes
Project Questions

- Describe your expansion project
- What is the anticipated impact?
- How does the project support organization strategic plan?
- How have you managed change in the past?
- What funding type will be sought for operation of new seats?
- What communities/neighborhoods are targeted?
- How will your program be unique in the neighborhood?
- What is your experience with similar capital projects?
- What steps have you undertaken to prepare for the project?
- How are you demonstrating commitment to the project?
- What is the staffing plan for expansion?
- Who is the project lead?
Project Operating Budget and Projections

- Excel templates provided
- 5 year operating projections
- Month-to-month projections for one year
- Project budget for construction and capital improvement costs only
  - Include related bids or quotes
  - Include other sources of funding (if project is > $300,000)
Project Attachments

- DHS Certificate of Compliance
- Liability Insurance Certification
- Copy of lease, agreement of sale or deed showing property ownership
- List of project team and their qualifications
  - Lead planner
  - Architect
  - General contractor
  - Consultants
- Copy of appraisal and environment audit (projects over $300,000)
- Childcare Map report
Fund For Quality – Application Dos & Don’ts

- Meet with FFQ staff before applying
- Read entire application before starting the application process
- Effective time management is critical to expansion projects AND to successful application processes: plan ahead
- Build your team: who will need to help you gather information, write, proof read, edit, submit the application?
- Ask FFQ staff questions as they arise
- Answer all application questions and sub-questions
- Complete all required budgets and forms
- Be honest: successful applicants will be vetted for liens, judgments, and credit problems
- Remember that the readers may not know you, your program, or your neighborhood
Rolling application process

Applications scored using a detailed metric

50% of possible points from narrative

25% of points from financials

20% of points from location

5% of points from risk location or vulnerable populations greater than 50%

Only those applications with a minimum cut off score will be funded
Tell your story
Sell the reader!
Organizational Capacity

• Demonstrate that you have the capacity to expand
  • Systems
  • Staff
  • Process
  • Partners
  • Data (track record)
  • Niche/identity

• Demonstrate that you have a plan for expansion
  • Staff
  • Children/families
  • Strategic plan
Business Plans/Project Narrative

- Demonstrate that you have a plan
  - Provide estimates for project development costs
  - Provide details
    - Condition of facility
    - Scope of work
    - Facility location/neighborhood
    - New seat yield
  - Provide fiscal strategy
    - Financial benefit of expansion
Financial Capacity

- Realistic post-expansion budget of revenue and expenses
- Cash surplus and positive trend of days cash on hand
- Diverse revenue sources
- Trend of positive net assets
- Business and financial systems and ability to track year-to-date analysis of financial performance against current budget
- Business and financial systems to support growth
Get started……..

Paired Activity

Describe your expansion project. Are you proposing to expand in your current location, expand to new location, or expand with a community partner? Include information about the condition of expansion facility, scope of work, anticipated cost and timeline. Provide details on property ownership or long-term leasing status.
Questions & Answers with:
Latoshia Sanders, PHMC
Bevin Parker-Cerkez, Reinvestment Fund
Ashley Motta, Reinvestment Fund
Fund for Quality
Expanding Early Childhood Education in Philadelphia

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