



# 2024 ANNUAL REPORT

**Building stronger child care businesses,  
building stronger communities.**

## Welcome to First Children's Finance's 2024 Annual Report!

Founded in 1991, First Children's Finance (FCF) is a national nonprofit organization based in Minneapolis, Minnesota with state offices in Iowa, Michigan, Minnesota, Oregon and Vermont. Its national teams provide consulting, training, and analysis services across the United States.

First Children's Finance works to stabilize, improve, and expand high-quality child care businesses serving low and moderate-income families.

First Children's Finance provides financing, child care business training and consulting, and builds partnerships that connect child care businesses with the resources and expertise of the public and private sectors. We have helped thousands of child care providers, communities and government systems across the country solve issues that impede access to accessible child care.

FCF addresses the national issue of child care supply in three main focus areas:

**We partner** with child care businesses to strengthen their operations and achieve their dreams—every step of the way.

**We consult** with communities to achieve a sustainable child care supply that meets local economic and cultural needs.

**We change** public systems through advocacy and expertise, elevating child care in policies, practices, funding, and plans.

First Children's Finance understands the issues and challenges child care businesses face in today's world. We have industry specific expertise and a shared commitment to the success of child care. In addition, First Children's Finance aligns its work with child care leaders, businesses and regional initiatives committed to quality.

Your interest and support of our organization means that we can continue to help entrepreneurs, communities and systems analyze and navigate the child care crisis that stretches across our country.

Together, we can make a positive difference.

For more information visit [www.firstchildrensfinance.org](http://www.firstchildrensfinance.org)



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# First Children's Finance Values

## First Children's Finance is Committed To Solutions

FCF's mission to grow the supply and business sustainability of excellent child care requires a multifaceted approach to problem-solving the child care crisis in our nation. FCF offers a suite of research-based and customizable solutions grounded in our core values. As leaders in the child care field, we strive to serve as a model for prioritizing child care business solutions and advancing the field.

### We Build Capacity

Each child care entrepreneur, community, and system has assets and expertise. FCF, using a strength-based approach, meets each in their unique journey, and positions them for improvement, efficiency, and success.

### We Champion Innovation

- Innovation is necessary to drive change in the supply and sustainability of child care. FCF identifies new opportunities, invests in responsive organizational resources, and shares insight into lessons learned.
- FCF is a learning organization: a commitment to individual development and organizational growth is valued and prioritized.

### We Create Equitable Solutions

- The child care sector can narrow income and racial wealth gaps by providing all children a healthy start. FCF promotes equitable solutions, amplifying the voices of child care entrepreneurs, and fosters local, state and national dialogue and innovation to achieve our mission.
- Child care entrepreneurs – particularly women of color – need access to appropriate capital paired with operational support and leadership development resources. FCF dismantles racial, economic, and other inequities through our work.

### We Advocate for Diverse Investments in the Child Care Sector

- Child care is skilled, essential work that drives the engine of regional and national economies. The child care sector requires significant public funding.
- Child care supply and sustainability is incumbent upon public investment and system infrastructure. Business sustainability cannot be the sole responsibility of individual child care entrepreneurs. FCF champions efforts and policies that support child care as critical infrastructure and a strategic investment.
- The private sector is a beneficiary of child care: employers cannot be successful without excellent child care for their workforce. The private sector has a responsibility to invest its resources in the supply and sustainability of child care businesses.
- Affordability of child care is an issue to be addressed at a system level: local, state, tribal, territorial, and federal governments must finance the supply and sustainability of child care. Historically, child care has subsidized the cost of care through low compensation. FCF believes diverse investments in the sector will allow child care businesses to provide comprehensive, competitive compensation to its workforce.



# Message from Our Board Chair



In my time on the Board of Directors at First Children's Finance, I have been continually amazed by the work that FCF does and the meaningful, positive impact it has on child care providers, communities, and systems.

FCF fills a critical role in the child care environment by supplying financial support and business training to providers; supporting providers as they work to improve the quality of care; working with communities to assess needs; understanding the impact on community economic development and fostering partnerships for solutions; and engaging across systems to emphasize the importance of investing in child care.

At the November 2024 All Staff meeting, I had the opportunity to engage with FCF employees, to experience the passion they have for their work, and to hear about the impact they make every day. And as a thriving nonprofit organization, those impacts are evident in the amount of financial support provided, the hours spent consulting with child care entrepreneurs, the number of communities and states they engage with, and the number of child care slots retained or created through their work.

And as a growing nonprofit that is improving lives across the country every day, there is no slowing down. There is excitement as we think bigger and bolder. FCF's long-term vision to expand its reach across the nation's child care ecosystem will support increased access to funding and sustainability, enhance quality, and spearhead innovative programs and best practices to advocate for the future needs of children, families, providers, communities, and systems.

The task may seem daunting because the need is so great, but the dedication of FCF staff – and the importance of the mission – will help ensure that FCF will continue to find new ways to ensure sustainable child care now and long into the future.

**Suzanne Humbert**  
Board Chair

# Message from Our President and CEO



In 2011, I left my role as a nonprofit child care director and joined First Children's Finance. FCF has been my professional home for over a decade, enabling me to do work that I believe in with clients I respect and colleagues I admire.

Through each of those years, I have worked to champion innovation and contribute to the tremendous growth of the organization. As I start my thirteenth year, I am honored to now lead FCF as its President and CEO.

Throughout my tenure, I've had the opportunity to work shoulder to shoulder with FCF's founder, Jerry Cutts, as we imagined new ways to strengthen child care. Jerry improved countless lives over the 33 years he led FCF. He was a passionate champion and a creative force and whatever his next adventure is in retirement, I know it will be amazing, too.

On behalf of the FCF team, I want to extend my gratitude to Jerry for his commitment to child care entrepreneurs across the country. He has left an indelible mark on our industry and positioned FCF for continued success.

I am proud of the work FCF accomplished during FY24. This annual report highlights some of the incredible successes achieved by our clients, partners, and employees. We remain steadfast in our commitment to strengthening businesses, communities, and child care systems. We understand the impact of child care on families, community health, and economic opportunity, and we're working hard to create solutions that improve the availability of care in our country.

**Heidi Hagel Braid**  
President and CEO

# Meet Our Board Members

## **Suzanne Humbert**

### **Board Chair**

*Partner*

Deloitte & Touche LLP  
Minneapolis, MN

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## **Patrick Skiles**

### **Treasurer**

*Retired*

Livonia, MI

## **Elizabeth Davis**

### **Secretary**

*Professor*

Department of Applied  
Economics, University of  
Minnesota  
St. Paul, MN

## **David Arens**

*Founding Partner*

Private Wealth

West Des Moines, IA

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## **Nicole Barcliff**

*Policy Director*

Local Initiatives Support  
Corporation (LISC)  
Washington, D.C.

## **Melanie Brizzi**

*Chief Child Care Strategy  
and Operations Officer*

The Consultants  
Consortium  
Indianapolis, IN

## **Alicia Butler Pierre**

*Founder and CEO*

Equilibria, Inc.  
Atlanta, GA

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## **Kelly Elkin**

*Commercial Banking*

*Executive*

Alerus Financial  
St. Louis Park, MN

## **Walter Gilliam**

*Executive Director*

Buffett Early Childhood  
Institute  
Omaha, NE

## **Edith Johnson**

*Retired*

Las Vegas, NV

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## **Maria Medina;**

*Systems Director of Equity  
Initiatives*

M Health Fairview;

*VP of Strategy and Food  
Systems*

Haystack Data Solutions;  
*Former Mayor of Richfield;*  
Minneapolis, MN

## **Roger Neugebauer**

*Executive Director &  
Founder*

World Forum on Early Care  
and Education;  
*Former Publisher*  
Exchange Magazine,  
Child Care Information  
Exchange;  
Redmond, WA

## **Dafina Williams**

*Executive Vice President of  
External Affairs*

Opportunity Finance  
Network  
Silver Spring, MD

# Executive Leadership



**Heidi Hagel Braid**  
President and CEO



**Cheyenne McGregor**  
Chief Advancement Officer



**Michael-John Myette**  
Chief States Officer



**Ben Nicholie**  
Chief Operating Officer



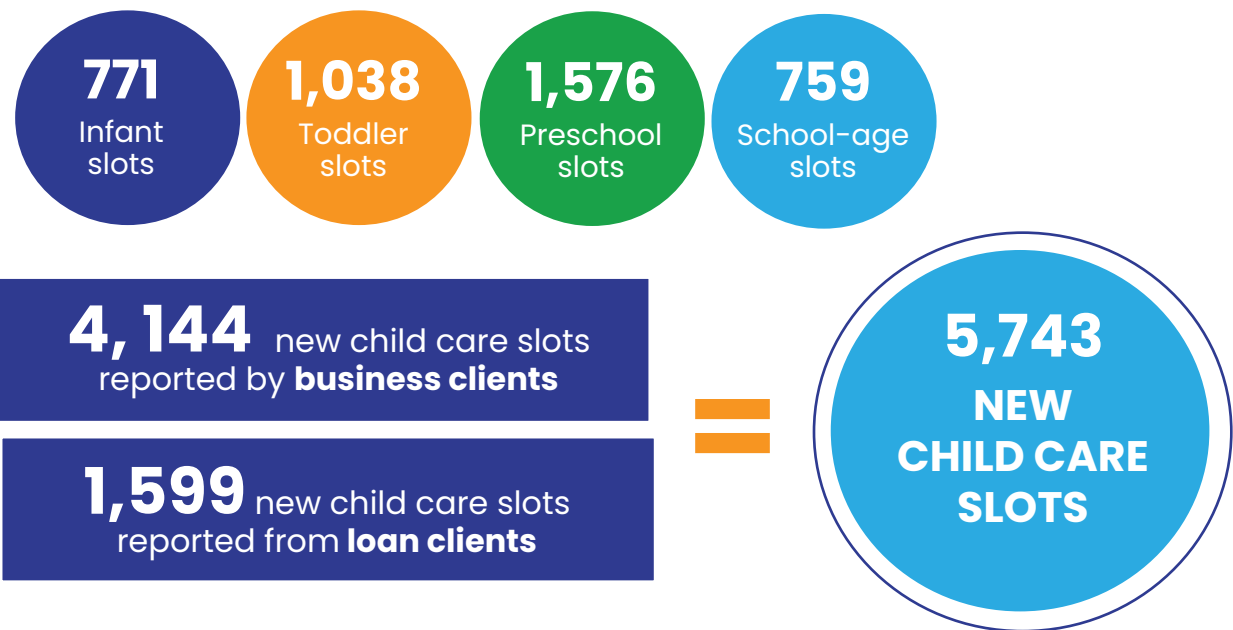
**Stacie Reiner**  
Chief Financial Officer



# Facts and Figures

## New Child Care Slots

Reported by business clients

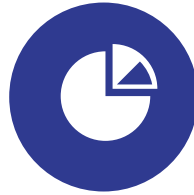


## Engagements



## Access to Capital: Grants and Financial Incentives

Includes grants from various sources, forgivable loans, Community Conversions, Business Leadership Cohort Incentives, Dream Up! grants, Technology grants, Make Way for Kids grants, Minnesota Child Care Facility Revitalization Grants



**\$20,846,446**

FY24



**\$34,719,638**

Cumulative

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## Access to Capital: Loans Provided

Since FY23, **51.5% of all loans** were made to BIPOC entrepreneurs



**\$2,106,400**

FY24



**\$3,567,700**

Cumulative



# Financial Statements

ASSETS		
	2023	2024
Cash	9,190,358	9,254,156
Contributions receivable	436,268	732,268
Government grants receivable	1,751,069	1,289,708
Accounts receivable	494,263	472,964
Prepaid expenses	207,937	173,160
Loans receivable, net	3,018,416	2,478,430
Property, equipment and leasehold improvements, net	267,038	159,367
Other assets	472,116	536,856
<b>Total Assets</b>	<b>\$15,837,465</b>	<b>\$15,096,909</b>

LIABILITIES AND NET ASSETS		
	2023	2024
Accounts payable	116,055	222,512
Accrued expenses	303,046	272,685
Refundable advances	1,635,484	-
Deferred revenue	195,000	424,400
Notes payable	3,828,964	3,274,790
Other liabilities	903,957	840,553
<b>Total Liabilities</b>	<b>\$ 6,982,506</b>	<b>\$ 5,034,940</b>
<b>NET ASSETS</b>		
Without donor restriction	8,395,697	8,666,963
With donor restriction	459,262	1,395,006
<b>Total Net Assets</b>	<b>\$8,854,959</b>	<b>\$10,061,969</b>
<b>Total Liabilities and Net Assets</b>	<b>\$15,837,46</b>	<b>\$15,096,909</b>

# Program Highlights



## **IOWA:** Empowering Child Care Businesses through Strategic Partnerships and Trainings

First Children's Finance Iowa provides child care businesses with services they need to thrive and grow.

In 2023-2024, through partnerships with Iowa Department of Health and Human Services and Northwest Area Foundation, First Children's Finance staff provided 10 training series focused on increasing business knowledge and improving fundamental business practices of child care centers and child development homes.

First Children's Finance also served existing child care businesses with financial analysis and business planning, funded in part through a USDA Rural Development Community Facilities Technical Assistance and Training grant. Child care business expansions and start-ups received consulting to build financial models with accurate budget and cash flow projections.

In partnership with Iowa Economic Development Authority's Empower Rural Iowa program and numerous local initiatives, First Children's Finance assisted 10 communities across Iowa in 2023-2024 with child care market analysis and strategic planning that helped the communities set goals to increase the child care supply.

### **FY24 Highlights:**

- **82 business trainings/modules** provided across Iowa'
- **77 business owners and administrators** completed a 12-hour, eight-module Business & Financial Fundamentals© training series; **84% showed an increase in business knowledge** and practices in a pre/post training evaluation
- The Iowa Economic Development Authority invested to support consulting by First Children's Finance that resulted in **17 community plans to add 1,367 child care spaces**

The FCF Iowa team provides businesses and communities with trainings, resources and planning services.





## **MICHIGAN:** Statewide Support for Business Growth and Community Development

FCF's Michigan state office opened in 2008 to serve the needs of child care businesses, particularly in the Detroit area. Our Michigan team has a deep understanding of the importance of early care and education's impact on underserved communities and has provided critical support to business.

Since its opening, the Michigan team and its work have grown to serve the entire state, providing support to family child care entrepreneurs and child care center business leaders in every corner of Michigan. The team provides training and consultations to help child care businesses get started or grow to reach new levels.

### FY24 Highlights

- Delivered **seven Business Leadership Cohorts**.
- Delivered **34 trainings to providers totaling 1,676 hours of state-approved trainings** for those providers.
- Served **670 business owners** through technical assistance, consultations, cohorts and trainings.
- Closed out the second round of the Michigan Rural Child Care Innovation Program. Delivered Community Solution Action Plans for the following counties: Alcona, Baraga, Chippewa, Iosco, Ogemaw and Osceola.

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## ***SUCCESS STORY: FCF Michigan Helps Ohio Business Owner Find a "Solution That Works for Us"***

After graduating from Miami University in Oxford and entering the business world, opening a child care center wasn't first on Kim Jarvis' priorities. She knew that she wanted to make a positive impact on kids and make things better in her Dayton, OH, community. She knew that she had the drive and passion to make a difference. She just hadn't found the right path. She began researching the benefits of early childhood education, especially preschool.

In late 2018, she opened On Purpose Academy and Mentoring Center, a preschool dedicated to offering preschoolers access to educational resources, innovative learning practices and mentoring. But Kim wasn't done. Her ambition and desire to make things better only grew with the success of On Purpose Academy. She was doing something good that could be something even better. **"I had a vision and knew the mission of what I wanted to do," Kim said. "But the question always was 'Do the financial numbers support it?' Mission, vision and financing always need to work together."**

Kim started looking for help to put the pieces together and found guidance and support through Preschool Promise, a Dayton non-profit "dedicated to supporting young children from prenatal to age 5, ensuring they have access to the educational and health and wellness opportunities they need to start kindergarten fully ready to learn."

Kim had found a group – including Executive Director Robyn Lightcap – that really understood her. She began working with Preschool Promise in a cohort designed to assist child care leaders. As part of the process, participants were given grants for such things as infrastructure or architectural help. Kim chose financial modeling assistance; she needed that to make her vision sustainable.

"I have worked with Kim for a long time and have seen her visionary leadership. The passion has always been there, but she needed to make sure that she had a sustainable plan," said



Robyn. “That’s where First Children’s Finance came in.”

Robyn knew about FCF through networking in the child care field. She arranged that Kim’s grant would be working with FCF’s Michigan State Office to develop financial plans to make sure her vision could succeed. FCF staff members Jessica Affholter and Alexis Townsend starting by taking a deep dive into Kim’s finances – past, present and several future scenarios.

“I cannot overstate how amazing Jessica and Alexis were. They gave me 5-6 scenarios that showed how the future could look,” Kim said. **“They listened to me, crunched numbers and gave me alternative ways of looking at the same goals.**

**“Most importantly, they didn’t try to change who we are; they understood our mission and our vision and how important it was for us to serve our population. They didn’t try to force other methods on us. They wanted our solution to work for us. That was huge.”**

With the help of FCF’s financial modeling, Kim now has a solid plan to take back to Preschool Promise and other potential funders in her search to secure money and resources. Her goal is to serve 140-150 preschoolers in a center that combines early childhood education with mental health assistance on one campus. Kim is in the process of closing on land; her goal is to open in late 2025 or early 2026. She knows that’s ambitious, but every great plan has to have a great goal!

Looking at where she was and where she is, Kim said that FCF helped in so many ways.

“I wanted to have 12 kids each in 12 classrooms. Jessica and Alexis showed me that instead I could have 20 kids each in seven classrooms with the same number of staff but would save on space and furniture costs. **Just that one tweak saved me thousands of dollars every year.”**

Kim has no doubt that her passion and vision are going to elevate her community. She is grateful to Robyn Lightcap and Preschool Promise for working with her and for recognizing that she WILL make a difference. And she encourages any provider or community looking for solutions to work with First Children’s Finance.

“I thoroughly enjoyed everything about working with Jessica and Alexis. They could have easily just said ‘Add more kids and make more money.’ But they took the time to understand us. I think everyone should go through the process with FCF.”



The FCF Michigan team helped Kim Jarvis of Dayton, OH, create a plan to serve the families and children of her community.



## Minnesota: Driving Impact through Business Consultation and Rural Partnerships

Minnesota's team members can be found in every region of the state, serving child care business clients and communities in rural areas, population centers and the Twin Cities metro area. Although the need for excellent child care exists in every community, the Minnesota team recognizes the need for a diversity of approaches to serve rural child care businesses, BIPOC entrepreneurs, and community partners.

### FY24 Highlights:

- Provided business consultation and technical assistance to **1,059 child care businesses**. Consulting services included financial analysis, guidance on program pricing and market rates, and child care enrollment management.
- Delivered **37 online training events, attended by 754 child care providers**. All FCF trainings are free to child care providers and are Develop-approved so providers earn required professional development credits.
- Worked with **19 communities in Greater Minnesota** through our Rural Child Care Innovation Program. FCF staff provide a process to measure community child care needs and to bring community members together to find right-sized solutions to address those needs.
- Provided consultation services to **18 rural communities** in the areas of Strategic Supply Plans, Child Care Studies, and analysis of the local child care supply/demand gap.
- Provided Facility **Revitalization Grants to 1,818 child care business owners totaling more than \$16 million**.
- Awarded Access to **Technology Grants to 247 child care business owners totaling nearly \$225,000**.



More than 100 providers, community leaders and education professionals gathered in September to hear success stories from around Minnesota.

## ***SUCCESS STORY: Partnerships, Community Support Help Northern Minnesota Town Address Child Care Crisis***

When three of the four family child care providers in the Floodwood, MN, area closed down within a year, the community was in trouble.

The town of 500 people one hour west of Duluth needed a solution. It had become a child care desert – a place where the number of child care slots in the community couldn't meet current or future needs. "We knew we had to do something," said Danielle Larva, board president of Polar Cubs Childcare Center. **"We had to find a way to help our community meet what we all knew was a desperate need."**

It was 2021 and the community was emerging from the pandemic. Parents were returning to work but child care simply wasn't available. "We're a low-income area and many parents work part time, but they still need someplace for their children to be while they work," Dani said. Dani and other child care advocates started their quest for a solution with St. Louis County Commissioner Mike Jugovich. They were looking for any potential funding that might be available.

Commissioner Jugovich shared some possible funding opportunities and also connected Dani and the group to a friend: First Children's Finance Business Specialist Patricia Welsch. This introduction really jump-started the project. Patricia worked with Dani and the group in Floodwood to analyze the child care needs in the area and to determine exactly what type and size of center could meet those needs. Along the way, she also served as a mentor and a coach.

"I had zero business background; I'm a nurse who had never taken a budgeting or business class in my life," Dani said. "Working with Patricia I **learned how to start a business, create a business plan, get funding, create startup and operating budgets, create a staffing plan, set rates, and even determine contingency plans if we didn't meet our financial goals.**"

"She was amazing!"

But even with a solid plan in place, there were challenges.

"The first big challenge was working with the school district. The plan was to rent space within the school, so we had to figure out with them how to do this for the first time," Dani said. "We had to gain the trust of the School Board. We didn't want them to just see us as a group of moms who wanted child care. We had to show them we had solid plans to move forward. It probably took a full year for them to believe in us, but it worked out."

And – as in many community projects – funding was a factor. St. Louis County and the Northland Foundation stepped in to help to provide enough resources for construction.

"There were three key points when it became clear that this could happen," Dani said.



Danielle Larva, board president of Polar Cubs Childcare Center in Floodwood, MN, cuts the ribbon to celebrate the center's opening.



**“When Patricia helped us identify that there were 45 children locally who needed care, we were able to build our case. Then we got enough funding to cover construction. Finally, we received a bid for the construction. This was going to happen!”**

In September 2024, the nonprofit Polar Cubs Childcare Center opened with capacity for 68 children. Looking back, Dani said community support and teamwork are really what made this happen. “My life verse right now is: Without counsel plans fail, but with many advisors they succeed. Working with Patricia and FCF was critical. Having wisdom coming from someone who has worked in and managed a child care center made me know that we were going to be successful.”

**“And our community was amazing. If it was just me, I probably wouldn’t have persevered. But with a team, we did it.”**



## **NATIONAL CONSULTING:** Assisting Communities and Providers through Strategic Planning, Training

In 2023, after rapid growth of consultation services directly to providers and communities, FCF’s national work was re-focused into two new divisions: the National Consulting Team (NCT) and the National Systems Team (NST). This change allowed more focused services and attention on the needs of our clients.

Since launching a formal team, the NCT has worked in multiple states to support the expansion of the supply and sustainability of child care. Projects have been conducted in Wisconsin, Montana, South Dakota, New York, Oregon, and Indiana. Work on the National Consulting Team includes FCF’s full catalog of trainings, Business Leadership Cohorts, Strategic Child Care Supply Planning, feasibility studies, technical assistance, and community consultations along with various other customized projects that support the development of resources and services to address localized child care needs.

### **FY24 Highlights:**

- Delivered **203 hours of training** (cohorts and trainings)
  - Offered **20 online trainings** to Oregon providers on business and financial topics prior to opening of FCF state office.
  - Completed **16 business leadership cohorts**
    - Worked with over **625 providers and 37 communities**
- Disbursed **\$1,659,682 (\$945,000 to 189 child care providers and \$714,682 to 19 communities)** through the State of Wisconsin’s Dream Up! Child Care Supply Building grant program.



Leaders from numerous Wisconsin communities worked with FCF as part of the state’s Dream Up! program to help identify solutions to child care needs.



## **NATIONAL SYSTEMS:** Creating Positive Change in States and Tribal Nations with Analysis, Research

Since 2020, the National Systems Team has partnered with state, municipal, and Tribal administrators to build the supply and sustainability of child care businesses.

Leveraging FCF's deep understanding of child care as a small business, the systems team conducts research on child care markets to inform policy and systems change. The team offers consulting to municipalities, states, Tribes, and territories to assess their child care needs, understand the cross-sector ecosystem that impacts child care supply, and develop program and policy solutions.

The National Systems Team also connects and convenes systems leaders to share and document innovative approaches so that all communities can develop child care systems where children, families, and child care businesses can thrive. Research and consulting are grounded in FCF's commitment to asset-based approaches, economic and racial equity, and fostering learning and innovation to advance transformative systems change.

### **FY24 Highlights:**

- Continued systems work in Minnesota, Montana, and Oregon, as well as with the Fond du Lac Band of Lake Superior Chippewa, the Mille Lacs Band of Ojibwe, and the Lower Sioux Indian Community.
- Launched systems work in Vermont, as well as with the Bois Forte Band of Chippewa, Cheyenne River Sioux Tribe, Flandreau Santee Sioux Tribe, Northern Cheyenne Tribe, Saginaw Chippewa Indian Tribe, Seneca Nation, Shakopee Mdewakanton Sioux Community, Sisseton Wahpeton Oyate of the Lake Traverse Reservation, and White Earth Nation.
- Continued to support the Office of Child Care's National Center on Early Childhood Quality Assurance with resource development and subject matter expertise on child care business sustainability. Launched a national scan on how states and Tribes used American Rescue Plan Act (ARPA) funding to enhance the capacity of child care facilities on behalf of the National Children's Facilities Network.
- Hosted the ECE Business Collaboratory for Tribal Nations, which brought together representatives from **10 nations to map and assess their child care business ecosystems and identify priorities to build culturally and linguistically relevant child care supply**. Watch the video to hear more about this powerful event and review our learnings as we deepen relationships and grow our partnerships with Tribal Nations.
- Published a cost of care study for the state of Minnesota illustrating the challenges of operating child care centers and homes across the state. The team has continued to partner with the MN Department of Children, Youth, and Families to adapt the model as well as secured a contract with the state of Vermont to update their cost of care study.
- Through the First Children, First Nations Child Care Collaborative, the team partnered with the Lower Sioux Indian Community to develop a Community Solutions Action plan to build child care supply.



In March 2024, the National Initiatives team convened its first Tribal Nations Collaboratory in Minneapolis. Representatives from 10 Tribes shared, networked and partnered on child care solutions.



## **SUCCESS STORY: FCF National Systems Team's Work Helps State of Alaska Manage Loss of Child Care Providers Post- Pandemic**

The COVID-19 pandemic exacerbated many of the difficulties already present in the State of Alaska's child care systems. The State of Alaska engaged First Children's Finance to consult with the state's Child Care Program Office (CCPO) to support its planning around COVID-19 related relief funding for the child care subsidy system. With the help of FCF's National Team and input from providers and residents, Alaska officials were able to create a plan to improve its child care systems statewide.

### **Background and challenges**

The COVID-19 pandemic significantly impacted child care across the United States and exacerbated many of the difficulties already present in the State of Alaska's child care systems. In 2022, the State of Alaska engaged First Children's Finance to consult with the state's Child Care Program Office (CCPO) to support its planning around COVID-19 related relief funding for the child care subsidy system.

During this period, Alaska had experienced a nearly 10% decrease in its licensed child care providers, with even more closures expected. Additionally, the number of children and families participating in Alaska's Child Care Assistance Program (CCAP) declined, resulting in over 60% of the population residing in areas where there were not enough licensed child care facilities to meet demand.

The goal of this consultation was to analyze data and identify immediate and long-term interventions to stabilize current child care businesses and help ensure the future of equitable access to high-quality child care for all Alaskans.

### **The outcome**

FCF's final report highlighted key findings, offered policy and process recommendations, and suggested strategies to support the CCPO's future actions. Key suggestions included:

- Expanding family participation to simplify the application and documentation process (completed or in progress); additional steps include exploring additional subsidies or cost-of-living adjustments and providing increased targeted funding for businesses (under consideration)
- Increasing the supply of child care businesses starting with a cost of care study to inform the CCPO (completed); incorporating a strategic plan for covering the true cost of care and examining rate-setting policies (under consideration)
- Boosting community engagement efforts by increasing collaboration with Tribal CCDF administrators (completed); developing a marketing campaign with accessible language (under consideration)
- Enhancing CCPO infrastructure, including a new data system (completed); building capacity and staffing to better support families and businesses (under consideration)

### **FCF Helps Alaska Manage Loss of Providers Post-Pandemic – First Children's Finance**

## **SUCCESS STORY: 10 Tribal Nations Gather at FCF Collaboratory to Share, Learn, and Plan**

Data shows Tribal Nations are experiencing a child care crisis impacting the health and success of all aspects of Tribal Nations. According to a recent study, 77% of unemployed Native American households reported a lack of child care influenced their decision not to work.

First Children's Finance (FCF) believes an intervention is needed in which Tribal Nations are supported in identifying and reforming their child care business ecosystem coupled with a dramatic, sustained increase in investment in child care. Supported by a grant from the W.K. Kellogg Foundation, the FCF National Team developed the ECE Business Collaboratory of Tribal Nations (Collaboratory) to help ensure that Tribal children are ready for school, Tribal parents can pursue work and continuing education, child care workers are able to afford their basic needs, and Tribal businesses are able to attract and retain employees.

During 2023-2024, FCF recruited cross-sector teams representing 10 Tribal Nations to participate in the March 2024 Collaboratory in Minneapolis. The Convening gathered Tribal teams to share, learn, and plan strategies to improve their ECE systems, emphasizing financial sustainability and operational capacity.



**[ECE Business Collaboratory \(firstchildrensfinance.org\)](https://firstchildrensfinance.org)**



### **OREGON: State Office Launches to Assist Providers with Training, Grant Opportunities**

While FCF's newest state office only officially launched in 2024, the FCF National Consulting and National Systems teams have been providing training to Oregon businesses for many years.

The new Oregon State Office is dedicated to increasing the supply and business sustainability of child care by strengthening home-based and center-based child care programs. Staff members accomplish these goals through business and financial training, coaching, consulting, technical assistance and access to capital.

#### **FY24 Highlights:**

- Launched state office in 2024 including hiring of state director and staff.
- During the July-September 2024 application window, **responded to 1,258 emails and 576 phone calls from providers requesting assistance/seeking grants** through the State of Oregon's Child Care Infrastructure Fund.



## **VERMONT:** Advancing Business Growth and Community Support Through Grants and Training

First Children's Finance's Vermont team helps build stronger, more sustainable child care businesses and better communities through business resources and access to capital. Our work is done in partnership with other Vermont agencies and non-profits, including the State of Vermont Department of Children and Families and Let's Grow Kids.

FCF VT offers its business training, consulting and other resources and services at no charge to child care businesses. Beginning in 2024, FCF VT provided grants to child care businesses to build their capacity for infants/toddlers. In 2024, FCF VT developed pilot programs for Planning Grants and Business Plan development. Also in 2024, FCF VT was a key partner in the statewide implementation of Act 76, the child care law in Vermont. Enacted in mid-2023, Act 76 made significant public investments to ensure child care business sustainability coupled with better affordability for families.

### FY24 Highlights:

- Granted **\$1.87 million to 61 projects** to start up, expand or preserve child care serving infants/toddlers.
  - These projects have resulted in **276 new infant/toddler spaces and 275 new preschool spaces**, with six more projects still in progress.
  - These grants also resulted in **27 new businesses and 226 new jobs created** in Vermont.
- Since opening in mid-2023, FCF VT **led 41 business trainings with 395 participants and assisted 147 child care business** clients with one on one assistance or consultation.
- FCF VT used social media, emails and short videos to reach over 1,000 child care businesses in VT.







## **LOAN FUND:** Growing, Supporting Businesses Nationwide Through Access to Capital and Training

The child care sector faces significant challenges, including inequitable access to capital, especially for women and BIPOC entrepreneurs, as well as a lack of business knowledge needed to navigate the industry's slim profit margins and complex operational requirements. FCF's integrated lending and advisory services aim to address these barriers and support the sustainability and growth of this crucial community asset.

Since its inception, FCF's Community Development Financial Institution (Loan Fund) has **originated 769 loans totaling over \$19 million**. These loans have created or **retained 25,112 child care slots and 4,022 jobs**. In the 2024 fiscal year, the Loan Fund originated 79 loans totaling over \$2.1 million, including \$1,396,400 in term loans and \$710,000 in forgivable loans. These FY24 loans **created or preserved 3,261 child care spaces and 606 jobs, serving 37 family child care providers and 42 child care centers**.

The Fund's clients receiving loans in FY24 were predominantly low-to-moderate income (87%), women (95%), and people of color (82% BIPOC). 57% operated in economically distressed areas. We pair each loan with expert, child care industry-specific business coaching, consulting, and training services.

### **FY24 Highlights:**

- \$2.1M loans originated
- 3,261 child care spaces created or preserved
- 606 child care jobs created or preserved

### **79 Loans Funded**

- 37 Home-Based Providers
- 42 Child Care Centers
- \$26,663 - Overall Average Loan
- \$13,619 - Home-Based Average Loan
- \$38,115 - Child Care Center Average Loan

### **Demographics of Owners Receiving Loans in FY24**

- 77% Low-to-Moderate Income
- 85% Women-Owned Businesses
- 17% White
- 62% Black/African American
- 14% Hispanic/Latinx
- 6% Asian
- 1% Nonprofits
- 57% Operate in Economically Distressed Areas

### **New and Reengaged Investors**

- Allina Health (New)- \$600,000
- US Bank (Reengaged)- \$350,000



The Loan Fund frequently teams up with FCF's Minnesota team to provide training to providers.

## **SUCCESS STORY: Loan Fund Staff Sees The “Fire” In Detroit–Area Child Care Business Owner**

After starting an in-home child care business in 2015, Yolanda Massey knew that she had to find a way to serve even more children.

She loved caring for children from different backgrounds and diverse ethnicities. She would take the children on walks through the neighborhood to visit parks and playgrounds. She taught them phonics, colors, numbers, and so many more things that helped them grow. When the children got older and were ready to move on, she started with another group of children. Life was good. Then COVID-19 changed everything.

She shut down her business for 18 months during the pandemic. But she didn't stop dreaming about opening up a child care center. She used that time to learn more about child care as a profession, taking numerous classes from First Children's Finance about how to manage during COVID to bookkeeping, financial planning, and hiring staff.

**“I took a lot of classes from First Children's Finance on topics that really helped my professional development,” Yolanda said. “The classes really helped me deal with everything going on at the time while also planning for my future.”**

When the pandemic lifted, she was ready to go. She pursued and received grants from the City of Detroit and a business loan from the federal government. She also received a forgivable loan from the First Children's Finance Loan Fund. These funds made it possible to purchase a building and build her dream: Hooked on Books Childcare in Detroit, MI, opened in 2023.

It took 2 ½ years to get the building ready with a new kitchen, new roof, play areas for children, parking for parent pickup and dropoff and much more. “Money was the biggest challenge,” Yolanda said. “When I did find the building opportunity, I had to put together the resources. It took a year to really find the funds to get started.”

During that time, she met First Children's Finance Senior Business Development Specialist Joan Berntson, who works with FCF's Loan Fund. Yolanda says that she never would be where she is today without Joan. **“She watched my journey and mentally helped me get past so many struggles,” Yolanda said. “Joan helped me analyze the area to determine if it was right for my center. She helped me with licensing. She was always there for me.”**

Today, Yolanda and her staff are licensed to care for 22 children (with infants) and 29 without infants. (Infants require more 1-1 care.) “FCF has been there for me every step. Joan got a chance to tour the center before I even opened and even came after I opened. She always treated me professionally and helped me maintain my mental state – even when I started to doubt if I could do it,” Yolanda said. “I was working full time while this was being all put together. It was tough. But Joan saw the fire in me and believed in me. I will never forget the help I received from Joan and First Children's Finance.”

Detroit, MI, child care business owner Yolanda Massey wanted to find a way to care for even more children, and assistance and training from the FCF Loan Fund team helped her achieve that goal.





