



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Anne Cain

**SUBJECT: SMART START FAMILY CHILD  
CARE TRAINING PROGRAM  
WORK2FUTURE ELIGIBILITY  
AND NON-PROFIT PARTNERSHIPS**

**DATE:** May 18, 2012

Approved

Date

5/18/12

## **BACKGROUND**

The Smart Start Family Child Care Training Program provides a 10-month business start-up and retention training program to low-to-moderate income residents to establish or retain a state licensed home-based child care business. The program has been in operation for 12 years and housed within the Library Department since 2005.

The Smart Start Family Child Care Training Program has a positive economic development impact on San José on two fronts. First, it creates new businesses and supports existing business owners in sustaining their businesses. Secondly, it provides greatly needed quality child care spaces so that parents can work while their children participate in critical early learning experiences. The 2008 Santa Clara County Local Early Education Planning Council's Child Care Needs Assessment identified a gap of nearly 13,000 child care spaces in San José for children ages 0-5 years.

Since 2005, 337 participants have graduated from the program with most successfully opening or retaining child care centers. In a 2011 survey of 207 past participants, 84% reported that they were still operating their businesses. This year, 79 participants graduated from the program with 32 opening a new home-based business and 47 working to strengthen and retain their existing businesses. The new child care businesses created this year alone increased child care spaces in San José by approximately 250 spaces.

The Community Development Block Grant (CDBG) monies that have funded the program were redirected for other priorities in 2012-2013. Therefore, no additional classes will be offered. Remaining Library staff will continue to provide compliance services related to contractual requirements at existing Smart Start sites. The Library Department estimates a budget of \$370,000 would enable the program to continue to train 80 participants annually with similar outcomes as the current program. The City Council has asked the Library Department to explore potential partnerships and external funding sources in the community, including Work2Future, which might support continuation of the program.

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## **ANALYSIS**

Initial conversations have been held with FIRST 5 Santa Clara County, Silicon Valley Community Foundation, United Way Silicon Valley, and Work2Future. It was determined that Work2Future cannot fund the program due to federal spending regulations. The remaining community partners do not currently have discretionary funding available to support the program. However, these community partners expressed interest in convening to explore alternative strategies for continuing the program in San José with a focus on creating ongoing sustainability.

Should the City Council wish to continue the program, the Library could continue working with these potential community partners during the next few months in order to develop a new strategy and related funding. This approach would result in a temporary lapse in the program during 2012-2013. At the time of the 2012-2013 Mid-Year Budget Review, the Library Department will provide the City Council with a progress report.

As a second alternative, as part of the 2012-2013 budget process, \$370,000 in costs for opening the four new branch libraries could be shifted to the Library Parcel Tax Fund, which would free up funds in the General Fund to fund this program one-time for 2012-2013 while community partnerships can be developed. It is important to note, that the Library Parcel Tax is scheduled to sunset in 2014-2014 absent voter approval to extend the tax. Such a funding shift would reduce funds available for staffing, acquisition of materials, automation projects, and other non-personal/equipment expenditures. As a third alternative, the General Fund could be a source.

## **COORDINATION**

This memo was coordinated with the City Manager's Budget Office, Office of Economic Development and the City Attorney's Office.

/s/

ANNE CAIN  
Interim Library Director