



## Merced County Constructing Connections, Chapter III

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A Case Study for the ABCD Initiative



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**PREPARED FOR:**

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## Introduction

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This case study examines the progress made in the third year of the Constructing Connections project in Merced County, one of ten sites chosen by the Low Income Investment Fund's (LIIF) Affordable Buildings for Children's Development (ABCD) Initiative for focused activities around capacity building for child care facilities development. All Constructing Connections sites during Fiscal Year 2007-08 were focused on systems change in four areas:

- Building the capacity of operators and intermediaries;
- Increasing financial resources for child care facilities;
- Improving the regulatory environment; and
- Developing new or expanded partnerships.

This study is an exploration of how one community is expanding support and resources for child care facilities development. It could be considered Chapter Three of Constructing Connections Merced's story—two earlier case studies documented the collaborative group's formation and early steps. These case studies are part of a larger third-party evaluation of the ABCD Initiative being conducted by BTW *informing change*, a consulting firm that specializes in planning, evaluation and organizational learning for nonprofits and philanthropic organizations.

The ABCD Initiative employs a combination of grants, loans, technical assistance, training and advocacy to facilitate and accelerate the development of quality child care spaces for California's children. Constructing Connections is one of the ABCD Initiative's primary program components. A full description of the Constructing Connections strategy, including expected accomplishments at each site, can be found in the first and second year case studies.

### THIS CASE STUDY

Constructing Connections in Merced County was selected as one of two sites for a case study review, to complement a broader evaluation of the ABCD Initiative being conducted by BTW *informing change*. The Merced County site

is in the Initiative's second cohort of Constructing Connections sites, which all launched their collaboratives in 2005. This case study describes Constructing Connections Merced's third year of operation (2007-08).

This case study portrays the Constructing Connections experience of one unique county, drawing on the materials, experiences and insights shared by those in Merced County who participated in this evaluation process.

BTW *informing change* collected the data for this case study through interviews and site visits and by reviewing written materials. Between May and October 2008, BTW Senior Associate Tina Cheplick collected materials for review, conducted a site visit and interviewed key stakeholders of the Constructing Connections Merced project in person and by telephone.<sup>1</sup>

## **CHILD CARE IN A COLLAPSING HOUSING MARKET**

Merced County was hit fast and hard by the home mortgage crisis that swept across the country in 2008, a dark mirror image of the rapid, buoyant home development that had been eating up farmland throughout the county in the last few years. California's state budget difficulties also meant funding cuts and service reductions in many of the public services on which the low-income residents of the county depend.

A large Central Valley county that abuts the edges of urban Silicon Valley, Merced County experienced significant demographic and economic changes throughout the late 1990s and early 2000s, fueled by urban workers flocking to tracts of new housing that were appearing on former farmland. Prior to the economic downturns in 2008, the Merced County Association of Governments had been projecting a county population increase of 26 percent by the year 2015.<sup>2</sup> Those projections have been drastically reduced, and throughout the region idle construction machinery is sitting silent in the midst of partially completed shopping centers and townhouse complexes.<sup>3</sup>

For months, the rate of home foreclosures in Merced County has been among the top four in the nation. Despite this high level of home foreclosures in 2008, Forbes magazine predicts that Merced County and its neighbor,

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<sup>1</sup> See Appendix A for a list of the interview participants.

<sup>2</sup> Merced County Association of Governments. *Merced County Population Forecast 2000-2030*. Retrieved November 24, 2008 from <http://www.mcagov.org/grants/data/COUNTY/PopProj.pdf>.

<sup>3</sup> Additional descriptive information about Merced County and its demographics is included in the first two case studies.

Fresno County, will continue to have very high foreclosure rates in 2009.<sup>4</sup> The slowdown in housing has had ripple effects in the child care facilities arena. A County supervisor describes what has happened in Delhi, a rapidly growing community that was expected to grow by 40 percent between 2005 and 2015. “The downturn in the housing market is delaying our moving forward with child care facilities, absolutely,” she says. “For example look at Delhi, where we are not growing as rapidly as we were. We developed a community plan there two years ago, we were going to incorporate everything Constructing Connections taught us [about child care facilities], but now all the planning is on hold because development has slowed down.”

*“The unemployment rate is very high here, and the mortgage foreclosure crisis hit us hard, harder than any other region in the state.”*

—Constructing  
Connections  
Collaborative Member

Merced County still needs more child care facilities, despite the declines in population growth and new housing. According to A.C.C.E.S.S. Child Care Resource and Referral and Merced County’s Local Child Care and Development Planning Council (LPC), the available licensed child care in the county can serve only 24 percent of the county’s children with parents in the work force.<sup>5</sup> Underscoring this rate are the concerns expressed by educational leaders about the number of Merced County children who lack basic school readiness at the time they enter kindergarten. Community members expect that this school readiness gap will get larger in the near future.

Economic woes have stalled the development of new or expanded child care facilities in the county in recent years. One collaborative member states it very simply, “The biggest obstacle to child care facility development has been and continues to be the depressed economy. This reduces the likelihood of immediate increases in child care facilities and services.”

News of California’s state budget difficulties is further discouragement for any expansion ideas in the minds of Merced’s child care operators. The state budget news in July was chilling to child care operators who depend even in part on state subsidies: “Some of the youngest, most vulnerable Californians could be the first ones to know how it feels to live in a state without a budget. California’s almost 800 child care agencies won’t see any state dollars until legislators pass a budget, State Superintendent of Schools Jack O’Connell announced Tuesday. ‘Without a budget in place, we do not have the authority to pay these agencies for services rendered,’ O’Connell said. ‘So for the month of July and every month after that without a budget, these agencies will be without the financial resources they need to carry out their

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<sup>4</sup> “America’s Next Foreclosure Capitals.” Forbes.com, October 20, 2008. Retrieved on November 24, 2008 from [http://www.forbes.com/2008/10/20/foreclosure-cities-ten-forbeslife-cx\\_mw\\_1020realestate.html](http://www.forbes.com/2008/10/20/foreclosure-cities-ten-forbeslife-cx_mw_1020realestate.html).

<sup>5</sup> Constructing Connections, Merced County Office of Education. (n. d.) “Including Child Care in the General Plan” flyer.

operations.”<sup>6</sup> Very few operators are willing to take the risks of expanding in an economic climate that spawns news like that.

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<sup>6</sup> “Budget standoff squeezes early childhood education,” Merced Sun-Star, July 30, 2008.

## Changing the System of Child Care Facilities Development

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Despite the slow development of facilities at present, Constructing Connections Merced members express cautious optimism for the future. They feel that they can use this time for education and relationship building, so that key players will be aware of the need and interested in developing child care facilities when the housing market turns around. This optimism is based on the collaborative's success during 2008 in influencing systemic changes and recruiting new advocates in positions of influence, for example moving forward with child care language in the County's General Plan and securing a seat for a child care advocate on the board of the regional San Joaquin Valley Housing Trust.

Community leaders believe the focus on systemic change is the right way to go. First 5 Merced, in its role as a local funder, values Constructing Connections as a partner because of the collaborative's future-oriented work. "Constructing Connection's investments aim at systems level interventions to accomplish systems level benefits," says a staff member admiringly. "We're waking up and smelling the coffee— systems level interventions have more durable benefit." Given that most of First 5 Merced grants have been for direct services, the partnership with Constructing Connections balances their interests. The staff member specifically values Constructing Connections' work to expand financial investments in facilities, which will address what he describes as both the "upstream cause now and the downstream problems in the future."

In addition to its efforts to increase financial resources for facility development, Constructing Connections Merced is working on three other areas of systemic changes that will have long term impact: building the community's capacity to support operators engaged in developing or expanding facilities, expanding the circle of partners and allies supporting facilities development, and improving the regulatory environment for child care facilities development.

## Improving the Regulatory Environment

Working to change the regulatory environment for child care facilities has been a priority in the past year for Constructing Connections Merced. The collaborative, guided by site lead Christie Hendricks, set its sights on adding child care language to the County of Merced's general plan as well as to the plans of the city of Merced and the city of Livingston. Hendricks, who oversees several of the child care programs operated by the Merced County Office of Education, is a former speech and language pathologist who has become a community development specialist and well-known civic leader through her Constructing Connections leadership role. She believes it is an opportune time to advocate for child care policy language in the General Plan revisions. "The economic situation is terrible. Merced is one of the top counties in foreclosure rates in the nation. People are sitting tight right now, scared about losing their homes and a double digit unemployment rate. So it is a good time to focus on policy change. We can do it, since the county is now doing a general plan update," she says.

*"I see changes in the planning, but [child care] advocates must stay with it. Like with any other policy, unless it's followed up on, unless people make public officials and the agencies live up to what they said, it might not be there when you need it. Without an informed citizenry –people who understand and are aware [about child care] – you can lose the benefits of having the policy in place"*

—Government Representative

A county department head, an enthusiastic supporter of Constructing Connections Merced, agrees and is helping with the General Plan work. "This is something we want to do and have to do," he emphasizes. "We can influence the policy decisions that go into the county General Plan...And once that language supporting child care is in, no one can hide behind an excuse of, 'We don't have policy on it'...It sets in motion what does not exist today: specific requirements to guide planning departments. Throughout the county, departments will end up working on regulations to implement that child care policy statement." He predicts that the general policy language will reach the Board of Supervisors in a few months, and pass easily.

Hendricks reports that a policy framework supportive of child care facilities development is also taking shape in the City of Merced. Constructing Connections is making incremental progress in getting a number of City agencies and commissions to approve child-care friendly policies and procedures, an example of how wider and wider circles of Constructing Connections friends and allies are influencing change. Following a presentation made jointly by Hendricks and Assistant City Manager Bill Cahill, the Merced City Council adopted a resolution favoring several child care supportive policies. The resolution is described as "conceptual" but its various dimensions harbor deep support for future child care development. The resolution expresses the City's intent to incorporate child care in the city plan, designates child care a target industry in the economic development office, and encourages joint use of city-owned facilities such as park and recreation sites for purposes of providing child care. "Since the City is in process of revising its General Plan, this is good positioning," says a collaborative member.

*“Constructing Connections has helped build better relationships among the different planning departments. We’ve been able to get [planners] in the different jurisdictions to talk together as they develop regulations, and that has helped them form relationships.”*

—Constructing  
Connections  
Collaborative Member

*“You take advantage of opportunities as they arise, but you can’t sit back and wait for them. You have to get the right people to the table to influence, the right ones to hear you advocate.”*

—Constructing  
Connections  
Collaborative Member

Why all the excitement about getting the desired language into the General Plan? Because, explains one collaborative member, “General Plan language supporting child care will open up opportunities, as will the City of Merced’s resolution.” Based on his many years experience in planning and management roles with cities on the West Coast, he explains, “It’s my experience that policy statements [at city and county levels] have been exceptionally useful—they give an underlying philosophy for future actions. We like to base council decisions for action on established policies. For example our city council has talked about possibly sharing city-owned facilities with a preschool provider. The city owns a building used by the boys and girls club; their activities don’t start until after school.... The time may come when someone will want to open a child care center there during the day, and the council will be reminded that they adopted a policy saying the city would support collaborative efforts for child care.”

City and county planners believe that even in communities where no policy change is on the books yet, Constructing Connections work is making a difference. “Through the process, there’s been increased awareness of child care needs among the planning department staff, which is useful when they are looking at home operators requesting permits. Constructing Connections has been helpful in bringing about this awareness—it may not be a specific change in regulations but a greater awareness among staff,” says one planner.

By the end of 2008, one of the collaborative’s targets had been secured; the City of Livingston adopted child care supportive language in their General Plan. Progress on the other two targets, the County of Merced and the City of Merced, was moving well with no signs of any obstructions to getting the desired language into the final plans.

### **Building Allies & Partners**

Site lead Christie Hendricks is Constructing Connections’ most vocal and most visible representative, and she is widely known and well regarded in the community. “Christie and her team have been out and about – everywhere – raising awareness about the need for child care and more facilities, about how it needs to be part of any planning for more housing,” says a local elected official.

Two county staff members applaud Hendricks’s progress in raising awareness about the need for quality child care. One states she believes that for many people, Constructing Connections has at last connected the dots of child care, workforce and the county’s economic viability. And from the other’s perspective, expanding child care availability is essential to Merced’s economic future. “It’s difficult to grow jobs [for this county] if we don’t have the work force to go with them. Our high school completion rate is too low....

Studies clearly show that we are losing too many kids early in life and they end up not producing what they need—which are good grades, accomplishments, and ultimately to become a productive member of the workforce.”

As a result of the Constructing Connections work, says Gaye Riggs, “there’s much more decentralized ownership of the importance of child care facilities. The County Office of Education [host of Constructing Connections] continues to be interested in facilities, but now other folks are talking about it on their own.” Riggs names community development officials across the county who have become advocates because of Constructing Connections activities, from developing a Resource Guide two years ago, to the recent Land Use reports and the work toward including child care in county and city General Plans. With great satisfaction, Riggs notes that she heard one planner raising the issue of the need for child care at Chamber of Commerce meetings on his own, independently and without any Constructing Connections prompting. “That’s progress!” says Riggs, recalling Constructing Connections efforts to interest business leaders in its early years.

*“Child care really matters for our future. I was shocked to hear California’s Secretary of State say the Department of Corrections measures the number of beds they’ll need in the state’s prisons by the number of kids that can’t read by the age of third grade.”*

—Constructing  
Connections  
Collaborative Member

One of Constructing Connections most useful partners this year has been the **Business-Education Alliance of Merced County** (BEAM.), a newly formed partnership of business, education, government and community leaders interested in the intersecting forces of education, workforce development, and economic growth in Merced County. The stimulus that launched the group was interest in expanding preschool opportunities. A grant from the David and Lucile Packard Foundation enabled the County Office of Education to hire a coordinator for the group and begin a number of activities, including exploring prospects for employer-sponsored child care. BEAM’s members are promoting the message in the business community that quality preschool and child care decreases employee turnover and absenteeism and helps create better educated and more productive employees for the future.

Constructing Connections site lead Christie Hendricks has been a key player in BEAM from the start. “Christie has worked relentlessly with city planners and has also become involved and a champion with the business community. We have a whole new audience [for child care] now,” says a BEAM leader. BEAM’s leadership team includes the President of the University of California Merced and the CEO of County Bank, a major financial institution in the area. “Business leaders are interested in supporting quality education here,” says a collaborative member. He is pleased to see business leaders in high positions active and interested in BEAM. “BEAM has great leadership, and it’s getting stronger,” he predicts, which bodes well for Constructing Connections.

Hendricks has also secured a broader set of supporters through her work with the San Joaquin Valley Housing Trust, a group whose work is directly

influencing state and federal plans for the whole Central San Joaquin Valley, a seven county area running along a 250-mile corridor of the state's most productive agricultural region. "We needed a state task force of really good people to look at the economic and housing future of this area," says a member of the Blueprint group, explaining why the Governor of California and a set of federal agencies, including the US Department of Housing & Urban Development (HUD), created a partnership for coordinated planning for the vast region's economic future. "What we call the Blueprint group now serves as an umbrella regional planning group. Part of its work is addressed to planning for land use, and there's also a housing work group. It's a good place for child care planning because it's part of the smart growth approach." According to this Blueprint member, Hendricks expertise and dogged determination are responsible for getting the matter of child care and its role in the region's economic viability into key regional planning documents. "We are talking about housing for the region related to workforce, housing that meets smart growth goals, housing with higher density – in part to protect farmland but for other reasons, too....Christie [Hendricks] really made sure that child care was a part of all of our discussions," he says. "She influenced the whole process."

### **Expanding Financial Resources**

Over the past year, the collaborative's members have nurtured the relationships with local financial institutions launched at the 2007 Lenders Roundtable held in Merced. That 2007 session featured presentations from LIIF's finance staff and representatives of the Small Business Development Center (SBDC), as well as a Constructing Connections presentation about economic impact of child care. Following the event, one financial institution expressed interest in creating a child care loan fund for the region.

During 2007-08, Hendricks worked with the SBDC's Mike Souza, an active collaborative member, to prepare a proposal and present it to the Valley Small Business Administration which expressed interest in the proposal. When Souza changed positions and departed as a collaborative member toward the end of the year, site leaders regrouped to maintain Constructing Connections' credibility and momentum with the proposal. With help from the County Economic Development office, the proposal continues to move forward. It is possible that this work could turn into a loan product that would be accessible to child care operators throughout the entire San Joaquin Valley, say collaborative members. Hendricks and Riggs feel confident that the collaborative network and its new supporters in BEAM will be able to keep this project moving forward.

The proposal, still under consideration, has been the collaborative's major activity in the area of expanding private financial investments, but not the only one. Working with BEAM, the collaborative explored businesses' interest in

supporting child care facilities for their employees. The feedback they received persuaded them to convene several employer focus groups to better understand employers' needs, attitudes and motivations around child care." Other Constructing Connections sites have surveyed their businesses," says site lead Christie Hendricks, "but we believe we can build on the momentum BEAM has developed by talking with a small number of strategically selected businesses." A BEAM leader echoes the importance of strategically selecting the businesses to participate: "Our goal is to get the right people together and get them talking, and then help them become aware of the needs and benefits that supporting child care with their employees can offer."

### **Building Community Capacity to Support Operators**

As Hendricks and other collaborative members reflect on the work they have done since the Constructing Connections collaborative was formed in 2005, they express surprise that it has been less about buildings and more about streamlining processes and eliminating barriers. "I thought it would be all about building child care centers. I didn't realize how hard the process of facilities development was," says Hendricks. "And then to make it even harder, the bottom fell out of the economy and we saw our ideas and possibilities [for new and expanded child care centers] being swept away."

Constructing Connections Merced has been monitoring only a few viable child care facilities development projects in the past year. The cultural heritage reflected in the county population as well as economic strains have meant that many families seek out a family member, friend or neighbor to care for their children instead of a licensed child care center.

*"There is more and better training and information sessions for providers, and the individual consultations are very valuable. The collaborative's work gives hope to providers that they will be able to expand their programs."*

—Constructing  
Connections  
Collaborative Member

The collaborative has focused on improving the county's system of technical assistance for child care center operators. The A.C.C.E.S.S. Child Care Resource and Referral agency staff in particular have grown in their knowledge of facilities development, which helps them handle inquiries from individuals interested in opening a child care center or family child care. "Most calls that we receive are really in the pre-planning stages of development," says Hendricks. "But you never know who will call next." She lists a couple of calls she recently received--one represented a school district that is interested in turning an elementary school classroom into a new center and another put forward an innovative idea about using their church classrooms. A third, a city planner, wants to talk about a child care center within a city park. "Now these are still just conversations," she says, but there's no disguising the excitement in her voice at the prospect of turning these ideas into real child care spaces in the future. Hendricks and other collaborative members do regular follow-up with all of the callers and offer support and information to help them advance beyond the idea stage whenever possible.

## Moving Forward

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### FORECAST FOR SUSTAINABILITY

Constructing Connections Merced, which started with deep roots within the county's education sector, has expanded its reach and influence into the government and business sectors to stimulate lasting change for the benefit of child care facility development. Some of the changes its work has achieved—bringing in expertise and knowledge to child care intermediaries, better coordination among city and county planning agencies, child care supportive language and policies in municipal and county plans—are being institutionalized in the community.

*“I now see there are people at the table bringing [Constructing Connections] resources that I had supplied at other times, and they’re saying ‘look at this data’ ‘here’s language that we’d like you to include.’ It’s a beautiful thing!”*

—Constructing  
Connections  
Collaborative Member

Hendricks and Riggs are acutely aware that the expertise that is accruing though Constructing Connections needs to be absorbed into the permanent knowledge base of many groups, so that the work can continue after the Constructing Connections funding ends. In a meeting about land use recommendations, someone asked a question about which organization would be best suited to educate operators. Would it be Merced's Local Planning Council or the Resource and Referral agency staff or through Constructing Connections members? “We’ll involve them all,” declared Hendricks.” Constructing Connections builds the capacity of specialists in many locations to support operators. It’s the sustainability plan! ”

Riggs says, “Right now there’s so much on [site lead Christie Hendricks] ...but the knowledge will not be lost when we transition out of the grant.” Riggs leads the unit that houses Constructing Connections Merced at the County Office of Education and has been conscientious about having all the managers under her supervision, all with roles in early childhood education, share their experiences and resources with one another. Both she and Hendricks see the unit continuing to be the local “go-to” point for child care facilities technical assistance and advocacy in the future.

## CHALLENGES AHEAD

*“Once we have sustained [Constructing Connections work] long enough that it’s engrained into how we do business in the county, then we will have what we’re trying to accomplish—permanent change in the way we do child care in this county.”*

—Constructing  
Connections  
Collaborative Member

But the level of social change desired by Merced’s child care advocates will require more than knowledgeable specialists and resource center staff. Collaborative leaders recognize the importance of active dedicated leadership for the level of change they want to achieve. Having a strong, visible, entrepreneurial and a well-liked site lead has been one of Constructing Connections Merced’s greatest assets. “Christie Hendricks has done a marvelous job of making the community aware of the issues involved around child care. She’s the starting point for making change in our community. Clearly the need is there, but like anything else in a fragmented rural community, it’s hard to pull it all together and create a direction for the community to go. She first drives home the point that we need to get people to wake up and then she drives home that everyone has to do something, can do something,” says a collaborative supporter.

How to sustain this relentless campaigning for change is a challenge that the collaborative will be struggling with as it works through its sustainability plan. A specific communications challenges will be keeping the child care facilities message alive through the economic downturn. “With the foreclosure crisis, [sustaining] the progress will be challenging,” warns an elected official. “We’re scrambling to maintain what we’ve got in housing, we’re not focused on child care and probably won’t be for a while. In the future, when we have more jobs generated by companies coming into the community, that’s when we will think about it, asking, ‘Where’s the child care going to be?’ Keeping child care needs in the forefront of our minds until then—that’s a challenge.”

## CONCLUDING THOUGHTS

Constructing Connections Merced is leading a change process, changing the way people think about things, changing the community’s ability to provide child care facilities and plan for the future. These changes seem to be getting deeply engrained in Merced’s civic and community life.

One collaborative member shared his thoughts about the change that has already occurred in Merced, and his reflections highlight the degree to which Merced County residents are sensing the impact of Constructing Connections’ impact. He says:

*“What is occurring is a process of social change...an interesting, fascinating change process, one that is being accomplished by staff and leadership connecting with others, engaging them to do something they’ve never thought of... I realized how effective the staff are in reaching out to people with no previous connection to the topic [of child care facilities], myself included, until recently. Involvement with preschool was not part of my professional life... It’s really startling in a way. It’s no*

*small thing to get people never involved in something to get it incorporated into their daily lives and into the way they think about things.”*

With the increased capacity for child care facilities planning that has already been achieved, it is likely that, even as Constructing Connection’s work transitions out of its current status as an ABCD funded project, the process of change will continue. And, to paraphrase one of the collaborative members, the way the county handles the business of child care will have been changed for good.

## Appendix A: List of Interview Participants

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- Lee Andersen  
Merced County Superintendent of Schools
- Bill Cahill  
Assistant City Manager  
City of Merced
- Mary Cervantes  
Business Assistance Manager  
Merced County Department of Commerce, Aviation & Economic Development
- John Fowler  
Director  
Merced County Department of Commerce, Aviation & Economic Development
- Carol Greenberg  
Director  
Business-Education Alliance of Merced County (BEAM)
- Christie Hendricks  
Coordinator, Child Care Support Services  
Merced County Local Child Care and Development Planning Council & Constructing Connections Project
- Brian Miamura  
Executive Director  
First 5 Merced
- Gaye Riggs  
Assistant Superintendent, Early Care & Education Department  
Merced County Office of Education
- Rollie Smith  
Field Office Director  
US Housing & Urban Development (HUD)