



Planning a Church Child Care or Leasing to a Third Party Child Care Business

This document was created to assist congregations who are considering opening a child care program as a part of their mission, and/or allowing a third party lessee to use space within the church for a child care program. Congregations and their representatives must be careful not to enter into any agreements, before final written approval is obtained from the church council.

How should you start the planning process?

Child Care Aware® of ND has Early Childhood consultants that are here to help appointed delegates of a congregation to work through the process of opening a child care program and/or guiding a church through the process of leasing to a third party.

Why do congregations open a child care program?

1. As a part of their mission.
2. To meet the needs of the local community.
3. As an outreach to families.
4. To offer a safe learning place for the children of the congregation.
5. To recruit new members to the church.

Will we make a profit that can help fund the Church?

Some individuals have the perception that a child care program is a profitable business that can add revenue to the church. This couldn't be further from the truth. Running a child care program is a unique business that should solely strive to meet the long term needs of the community and its families. It is important to note that churches often subsidize the child care program with in-kind of space, supply of consumables, free or reduced utilities, etc.

Churches need to have a congregational agreement that the child care program is an important and long term commitment of the church.

What types of program structures are there?

Many different structures can be used to maintain the connection with both church run programs or with third party lessees of a child care program. Some of the ways this has been done are as followed;

- Church Directed – Directly
- The church can directly run the program and hire director as an employee of the church. The church will be in charge of common management practices and deal with the finances through their administrative structure.
- Church Directed - Indirectly
- The church can indirectly run the program through a hired director as an employee of the church. The director will report to the council or designated committee on a regular basis. The director will be in charge of common management practices within child care program and deal with the finances.
- Third Party Lessee – Shared Space or Dedicated Space
- The church can offer shared space to an outside non-church body as a third party lessee. The church will remain in contact with the owner/operator of the program. The third party lessee will be in charge of all child care business matters, while working with the church on space management.

What are some potential concerns with third party lessees?

- They may manage the child care program in ways contrary to your church's values and beliefs
- They may have insufficient managerial experience
- They may not follow North Dakota's defined Rules and Regulations for Child Care
- They may be louder than expected
- There may be more wear and tear or damage in the leased space
- There may be an additional cost for property tax to dedicated child care space
- They can be involved in events where people are injured or property is lost/damaged and restitution is requested

What are some things to consider when creating a Contractual Agreement?

Contractual Agreements can protect your church against potential liabilities with third party lessees. It is always recommended that a lawyer review your contractual agreements to ensure both parties are fully covered. Contractual Agreements need to include items that clearly define the expectations of both entities which hold their best interests in mind.

Some items to include in a Contractual Agreement could be, but are not limited to;

- What spaces are available for use? Shared Spaces? Reserved Spaces?
- Alterations to indoor and outdoor space? Can items be moved or put up? Can the lessee dig and create landscape outdoors, etc.?
- What restrictions do they have?
- Who is in charge of maintenance in and out? (Snow removal, lawn care, landscaping)
- Who is in charge of janitorial expectations?
- Who is in charge of locking up? How should this be done?
- Who are the main contacts? What does the hierarchy look like?
- What does occupancy/rent include? What does it not include?
- Complaint or dispute process – mediation process
- Contact information for all parties (with expectations for reply process)
- What happens if parents are approaching the church with complaints about the child care, or vice versa?
- What are the guidelines for if a correction order is made concerning the building or outdoors of the structure that the child care use?
- What is the expectation on amount of time for church to fix things?
- What happens if they do not fix it, but it is a licensing violation, can you fix it? At whose cost?
- What is the duration of Lease or Agreement? Beginning/end date of contract
- How will an increase occur if it is a long term lease (define projections)
- What liability insurance/third party insurance shall each individual have?
- Payment date, method, to whom (What happens if lack of payment? What happens if church is not fulfilling defined duties?)
- Termination policy (What does that look like? How long of notice? Who can terminate? What does the process look like?)
- Details regarding what documents each party would need from each other.

It is important for the church to check with their insurance carrier or broker before allowing third party use of the premises. There may also be zoning issues for unusual uses which should be investigated. It is always recommended that both parties review their contractual agreements on an annual basis. This due diligence will offer church staff and third party lessee staff to understand the perimeters of the contractual agreement