Reinvent vs Rebuild: Let’s Fix the Child Care System

Louise Stoney
Opportunities Exchange

June 25, 2020
Early Childhood Funders Collaborative
The Challenge

- ECE was broken before COVID19.
- The pandemic has made financial sustainability a much greater challenge.
- Can we use this tragedy as an opportunity to re-invent the industry?
Automation and Business Coaching

Administrative Scale

De-centralized operations

Strategic Cost Modeling + Rate-setting

Real-Time Supply and Demand Data
Pedagogical Leadership
- Child development expertise
- Classroom coaching
- Teacher supervision
- Instructional leadership
- Child assessments

Business Leadership
- Full enrollment
- Fee collection
- Cost-per-child, by age
- Fundraising
- Reporting
- Regulatory compliance

= High Quality ECE
Automation and Business Coaching

▪ Build on PPP + CARES coaching
▪ Financial + staff support for automated Child Care Management Systems
▪ Integrate automation with business training and coaching
Administrative Scale

The Network Hub becomes part of the solution.

- Marketing + Enrollment
- Tuition Collection (private + subsidy)
- P+L - Business Metrics
- Automation + Technology support
- Accounting + Tax Prep Support for Licensing + quality rating
- Professional Development
- Family Supports
- Child Assessments + screening
- Fundraising and Development
  (from government + philanthropy)
Example: Shared Back Office (Virginia)

Consider it “done” when you bring in RASA:

- Bill tuition
- Handle past due payments
- Run financial reports
- Process A/P
- Process A/R
- Post job announcements
- Sort resumes
- Set up interviews
- Phone screen for new hires
- Reference checks for staff
- Background checks
- Check child files for compliance
- Run payroll
- Troubleshoot computer

Retain teachers and counselors
Improve the quality of services and employment continuity. Gain back time from the endless cycle of hiring.

Increase 401k and medical
Keep current employees comfortable and financially secure. Award bonuses for employment longevity.

Offer professional development
Keep your key talent trained, focused, and fully informed with day-to-day and offsite training programs.

Planning and fundraising leadership from Virginia Early Childhood Foundation. Launched in East Richmond. Expanded into Hampton Roads area.
Child Care Network

All-in-one tech solution helps child care providers be here tomorrow
De-centralized Operations
MICRO-CENTER NETWORK HUB

- Hires + supervises teachers
- Helps families with enrollment, subsidy paperwork, parent engagement, needed supports
- Manages fiscal + reporting management for all sites, including fee collection
- Ensures all sites are high-quality.

MICRO-CENTER HOST

- Free or low-cost space
- Helps with renovation, equipment, furnishing, janitorial
- Collaborates with Hub re licensing, insurance + local codes
- Markets services to employees

GOVERNMENT

Waivers to test alternative approaches to licensing and staffing; support for electronic billing and automated records.
Strategic Cost Modeling + Rate-setting

Rates based on market prices often exacerbate inequity – age of child, location, quality level.

* Cost per child from Center for American Progress [https://costofchildcare.org/](https://costofchildcare.org/)
Sustainability is More Than Higher Rates

The Iron Triangle of ECE Finance

Without full enrollment + full fee collection, higher rates won’t help.
Real-Time Supply and Demand Data

Tracking demand + supply with precision efficiency will be essential to recovery.
## Real Time Data: TX Example
(reports available weekly)

### Provider Status

<table>
<thead>
<tr>
<th>Status</th>
<th>#</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open, providing care</td>
<td>706</td>
<td>64%</td>
</tr>
<tr>
<td>Not operating</td>
<td>400</td>
<td>36%</td>
</tr>
<tr>
<td>Unknown</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,106</td>
<td></td>
</tr>
</tbody>
</table>

### Open providers

<table>
<thead>
<tr>
<th>Type</th>
<th>#</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Center providers</td>
<td>334</td>
<td>47%</td>
</tr>
<tr>
<td>Family home providers</td>
<td>372</td>
<td>53%</td>
</tr>
<tr>
<td>Willing to extend hours</td>
<td>82</td>
<td>12%</td>
</tr>
</tbody>
</table>

### Available Slots

<table>
<thead>
<tr>
<th>Age</th>
<th>Sites</th>
<th>slots</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant</td>
<td>289</td>
<td>1,382</td>
</tr>
<tr>
<td>Toddler</td>
<td>367</td>
<td>2,309</td>
</tr>
<tr>
<td>3-5 years old</td>
<td>373</td>
<td>3,112</td>
</tr>
<tr>
<td>School-aged</td>
<td>306</td>
<td>2,825</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,628</td>
<td></td>
</tr>
</tbody>
</table>

### Application by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>#</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>587</td>
<td>34%</td>
</tr>
<tr>
<td>Local State Govt.</td>
<td>122</td>
<td>7%</td>
</tr>
<tr>
<td>Restaurant, Grocery, Food</td>
<td>198</td>
<td>11%</td>
</tr>
<tr>
<td>First Responder</td>
<td>75</td>
<td>4%</td>
</tr>
<tr>
<td>Gas Station</td>
<td>20</td>
<td>1%</td>
</tr>
<tr>
<td>Childcare worker</td>
<td>237</td>
<td>14%</td>
</tr>
<tr>
<td>Mail Delivery</td>
<td>65</td>
<td>4%</td>
</tr>
<tr>
<td>Military</td>
<td>17</td>
<td>1%</td>
</tr>
<tr>
<td>Maintenance</td>
<td>2</td>
<td>0%</td>
</tr>
<tr>
<td>Finance</td>
<td>79</td>
<td>5%</td>
</tr>
<tr>
<td>Construction</td>
<td>16</td>
<td>1%</td>
</tr>
<tr>
<td>Transportation</td>
<td>43</td>
<td>2%</td>
</tr>
<tr>
<td>Warehouse</td>
<td>68</td>
<td>4%</td>
</tr>
<tr>
<td>Leasing Agent</td>
<td>11</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>202</td>
<td>12%</td>
</tr>
</tbody>
</table>

### Data by City

<table>
<thead>
<tr>
<th>City</th>
<th>Sites</th>
<th>Infant</th>
<th>Toddler</th>
<th>3-5 Yrs</th>
<th>School-aged</th>
<th>All slots</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALEDO</td>
<td>1</td>
<td>8</td>
<td>2</td>
<td>10</td>
<td>25</td>
<td>45</td>
</tr>
<tr>
<td>ARLINGTON</td>
<td>101</td>
<td>327</td>
<td>536</td>
<td>744</td>
<td>586</td>
<td>2,193</td>
</tr>
<tr>
<td>AZLE</td>
<td>4</td>
<td>8</td>
<td>41</td>
<td>46</td>
<td>80</td>
<td>175</td>
</tr>
<tr>
<td>BEDFORD</td>
<td>15</td>
<td>55</td>
<td>82</td>
<td>123</td>
<td>113</td>
<td>373</td>
</tr>
<tr>
<td>BENBROOK</td>
<td>3</td>
<td>4</td>
<td>7</td>
<td>9</td>
<td>10</td>
<td>30</td>
</tr>
</tbody>
</table>

### Eligible applications

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% pending placement</td>
<td>2%</td>
</tr>
<tr>
<td>% enrolled</td>
<td>86%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>87%</td>
</tr>
</tbody>
</table>
Automation + Data: Steps Toward Equity?

- ECE programs with strong fiscal management, automated systems + coaching were much more likely to receive federal PPP funding.
- 85% of minority businesses say technology is key to success
  - But only a fraction of ECE businesses use automated systems.
- Smartphone use is very high in diverse and low-income communities – and that is often enough for CCMS.
- Data helps empower the field to address issues of racial and ethnic equity.
Extra Slides
A Real World Example: St James Child Care Center

St. James Personnel Expense Allocation
January 2018

- Support: 17%
- Direct: 48%
- Admin: 35%

St. James Personnel Expense Allocation
December 2018

- Support: 14%
- Direct: 62%
- Admin: 24%
Real World Results

Improved teacher compensation
✓ health insurance
✓ 401K Plan
✓ Wage increase for classroom teachers

Time for director to focus on instructional leadership
✓ 17 more hrs/wk to work with teachers in classrooms

Capacity to grow
✓ Will add another toddler classroom
Real-Time Data: Colorado Alliance

Aggregate enrollment among all 300+ providers using Alliance CORE software

Pandemic Effects on CORE's Daily Child Attendance

- 3/5: First 2 confirmed cases in CO
- 3/10: State of emergency declared
- 3/18: CO schools are closed
- 3/25: Shelter-in-place order issued
- 4/13/2020, 19.24

Graph showing the decrease in daily child attendance percentage from February 29, 2020, to April 9, 2020.
Real-Time Supply & Demand: Nashville
Strategic use of Automation is crucial to sustainability—for providers and Hubs.
Colorado: Early Connections Learning Centers

- **Antlers**: 18 mo – 6 yrs
- **South Chelton**: 6wks – 6 yrs
- **Historic Day Nursery**: 2.5 – 13 yrs
- **Patrick Henry**: (half-day 3-5 yrs)
- **Trailblazer**: (half day 3-5 yrs)
- **Sand Creek Elementary Preschool Classroom + SACC**: 3-12 yrs
- **Elaine’s FCC**
- **Andy’s FCC**
- **Annie’s FCC**
- **Suzi’s FCC**
- **PROPOSED Micro Center at Public School**
- **PROPOSED Micro Center at Public School**
- **PROPOSED Micro Center at Public School**

**Early Connections Central Office**
- Marketing
- Enrollment
- Billing/accounts receivable
- Accounts payable
- Fiscal oversight/tracking trends
- Payroll
- USDA Food Program
- Human Resources
- Fundraising and development
- Maintenance
- Pedagogical Leadership Support
- Family Engagement
- Community Engagement
- Behavioral Health
- Health Services
- Curriculum Coordinators

**Early Connections LLC**

**Opportunities Exchange**