Guide to Developing a
Staffed Family Child Care Network

Table of Contents

BACKGROUND

In the U.S., millions of young children are cared for in home-based child care; for infants and toddlers, home-based care is the most utilized setting. In recent years, states have experienced a decline in the number of licensed or regulated home-based providers, (13% decline from 2008-2011 and 11% decline from 2014-2015[1]). While a number of factors contribute to the loss of home-based care settings, including expanded regulatory requirements, we believe that a key reason for the decline is a weak business model that results in inadequate income for the provider owner, coupled with isolation that increases stress and reduces job satisfaction.

Staffed family child care networks (SFCCNs) are referenced as a 'promising practice' in 2016 federal guidelines for the Child Care and Development Fund, and represent efforts to address this concern. While many quality initiatives are referred to as networks, Opportunities Exchange defines SFCCN as "a network of providers that share the cost of both business and pedagogical leadership, with the common goal of increasing earnings, sustainability, quality and

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[1] https://www.acf.hhs.gov/sites/default/files/occ/occ_fcc_brief.pdf

working conditions among participating home-based businesses." The design of each SFCCN is unique to its participants, but all share the goal of strengthening business and pedagogical leadership across participating sites, by creating structures that enable sharing of expertise, information and resources.

The process of starting a SFCCN can seem daunting. What should be done first? How long does it take? Who should get involved? How can one ensure long-term sustainability? The purpose of this guide is to provide potential SFCCN stakeholders – Network Hub organizations, family child care providers, funders, and intermediary organizations – with a general outline of the work required to develop a SFCCN.

What benefit does a Staffed Family Child Care Network offer to FCC providers?
In the 2019 Erikson Institute report, "Mapping the Family Child Care Network Landscape", the authors identify and catalog the basic characteristics of 150+ SFCCNs in the U.S. These networks provide a range of services and supports to providers, including professional development, coaching visits and access to resources. Only a handful however, reported offering ongoing business and administrative services to reduce provider time spent on these tasks, and almost none of them were able to effectively address the problem of inadequate earnings. Revenue boosting strategies can be summarized in the Iron Triangle of Finance, defined as: full enrollment (every space, every day), full fee collection (for every child, every day), and revenue sufficient to sustain a living wage. The concept is a simple to understand, but nearly impossible to consistently and successfully implement—especially if you are a one-person business operating 10-12-hours/day.

Typically, Family Child Care Networks have focused on peer learning, training, and quality improvement. The definition of SFCCNs used throughout this document includes the assumption that both business and pedagogical leadership services are provided to FCC members, ideally at high levels of intensity. The limited focus on business leadership found in the Erikson report is striking, and cause for concern given the link between program quality and business sustainability as well as the growing need to address a shrinking supply of home-based providers. The report states,

"although research does not typically include business sustainability as an aspect of quality, a recent conceptual model of quality in HBCC (Blasberg et al., forthcoming) identifies managing a child care business as a foundational quality element, and there is emerging consensus around this notion. SFCCNs can help.
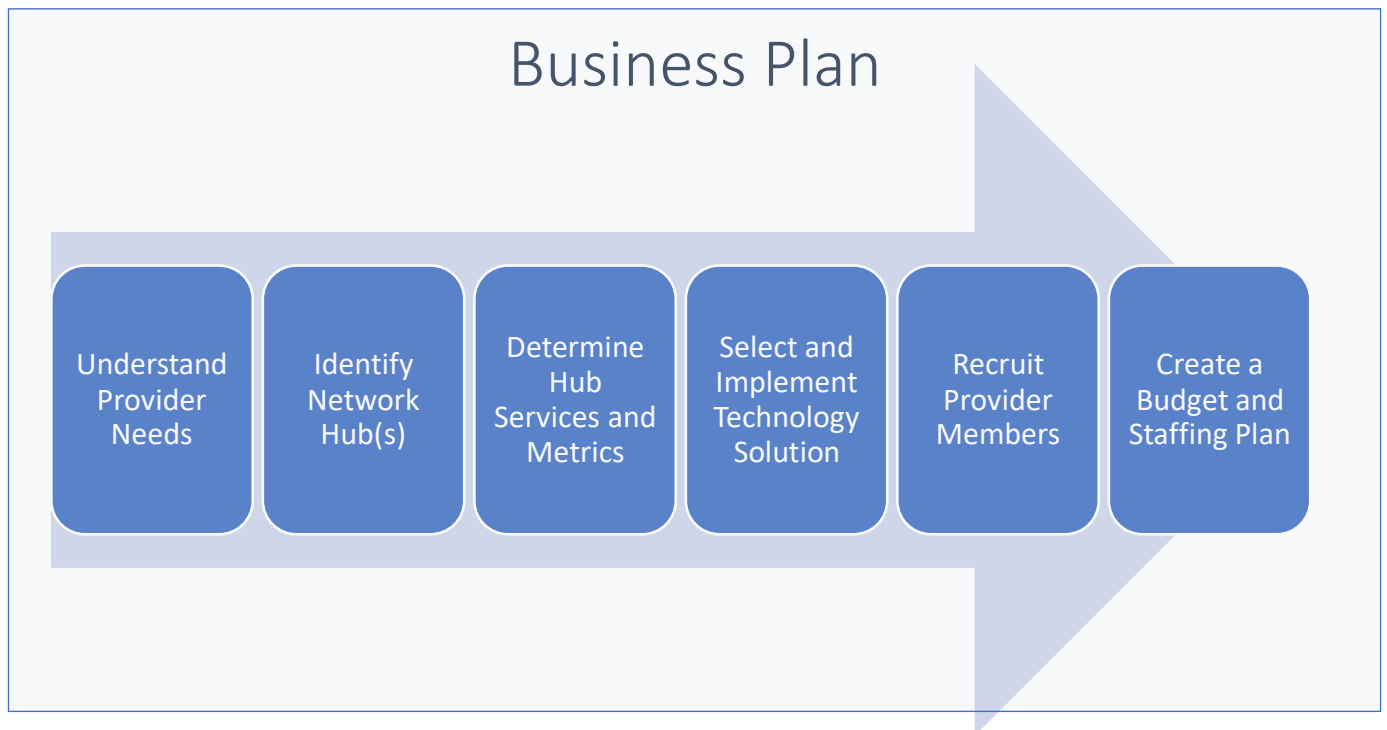
What is a Network Hub and what does it do?
A Network Hub is an entity that provides one or more services to SFCCN members. The Hub could be a large ECE center, a Resource and Referral agency, or another intermediary or social service organization. While SFCCNs may be planned and launched with private and public start-

up funding, the long-term goal is to ensure sustainability via a mix of stable third-party funding and fees paid by FCC provider members. To ensure that the fees members pay for participating in a SFCCN are more than offset by the savings/revenue generated, SFCCN services must be delivered in a cost-effective way. Network Hubs can offer a range of shared services to their members, such as: marketing + enrollment; invoicing + tuition collection; automation + technology support; accounting + tax preparation support; quality assurance + improvement; coaching/PD/Scholarships; child assessments + screening; and more. Network Hubs can also help raise third party funding needed to help support comprehensive services for children and families as well as to boost provider compensation and professional qualifications via participation in federal and state programs like Head Start/Early Head Start, PreK and more.

GETTING STARTED: OVERVIEW

Recognizing that every group and every community are different, the work to develop a SFCCN usually involves the steps listed in the graphic below. As you move through these steps, you will be building all of the elements in a "Business Plan"; a document that will help you share the work with organizational leaders, funders, policy makers, and other ECE stakeholders.

Business Plan

| Understand Provider Needs | Identify Network Hub(s) | Determine Hub Services and Metrics | Select and Implement Technology Solution | Recruit Provider Members | Create a Budget and Staffing Plan |

While all of these steps are necessary, they can occur in parallel and/or in a different order. Experience has shown that identifying a central Network Hub is a critical step early in the

process. It is also important to involve potential funders in SFCCN development early on, in order to maximize their understanding of and commitment to the strategy.

The amount of time required to start a SFCCN varies based on the many factors that make each community unique. It is likely to take at least 6 – 12 months from the time that a decision is made to pursue SFCCN development and funding is secured, until the Network is launched. Depending on who is involved, and the extent of services offered the business planning process and launch could take much longer.

1. UNDERSTAND FCC PROVIDER NEEDS

The first step is to understand the key and common issues in the local ECE community.
- ☐ Are too few high-quality FCC "slots" available?
- ☐ Are too many FCC providers, especially of high quality, closing?
- ☐ Are providers concerned about reporting/administrative burdens, particularly associated with higher levels of quality?
- ☐ Are providers struggling with low earnings/lack of benefits that threaten their own family's well-being?
- ☐ Do FCC providers lack capacity in business and administrative practices that could help increase revenues and reduce costs?
- ☐ What are the root causes of pressing problems?

While communities often cite too-low subsidy and/or private tuition rates as the key source of problems, the reality for FCC providers is often more complicated. It is important to sort out those capacity issues that providers face (such as long hours and repetitive and duplicative reporting requirements) for which Shared Services approach, like a Staffed Family Child Care Network, can provide a solution, and begin to explore what specific needs could be addressed. Likewise, there may be other issues such as rates best addressed via advocacy for policy refinements; those activities can take place simultaneously with development of Shared Services, but are not addressed here.

As part of understanding FCC provider needs and SFCCN goals, it is important to assess how well FCC providers employ the financial management principles of the "Iron Triangle". What are providers' typical vacancy rates, the level of bad debt, and annual revenues? These are key financial and operational levers that can make the difference between viable and non-viable businesses, and which Shared Services can help address.

There are a variety of ways to learn about the needs of providers, including structured interviews and online surveys (using a tool such as Survey Monkey). Conducting a broad survey early in the process can generate interest in Shared Services, and perhaps invite providers to participate in further steps.

[Download a copy of **Provider Needs Survey** from the website](#)

A few tips for effective surveys:
- Make it short. The easier the survey is to take, the more likely a high response rate.
- Make the questions very clear and easy to understand, preferably with a rating scale.
- Minimize the number of open-ended questions, since they can be time-consuming to analyze.

A combination of research tools, in addition to the survey discussed above, may be useful to identify attractive services from the provider's perspective, including the following:

- Focus Groups – Focus groups can be effective for a smaller group that shares common interests – such as a group of family care providers, or a group of providers in a particular geographic area – to explore ideas together. When possible, focus groups should be led by a facilitator skilled at managing a group and shepherding a discussion to get the desired information.
- Site visits – There is no substitute for the level of detail and depth of exploration that can be gained from a face-to-face discussion at a site visit. This allows issues to be explored in more depth than in surveys or focus groups, respondents can speak freely and confidentially about sensitive subjects, and it provides an opportunity to observe the program and its management "in action."

Based on the data gathered through the needs assessment, what are the goals of the SFCCN? What are the desired outcomes that providers could not achieve by acting alone? Some possible examples may include:

Overall Goals
- Reduce isolation and stress on FCC providers by enabling access to a team of experts in both business and pedagogical leadership and a cohort of peer members
- Increase FCC job satisfaction through reduced hours worked per week and reduced time spent on administrative tasks

Program Quality Goals
- More relevant/higher quality professional development
- Access to qualified and consistent substitutes
- Consistent completion of authentic child assessments
- Improved quality level

Business and Financial Goals
- Access to skilled financial management, including tax preparation
- Improved provider fiscal health through increased revenues and reduced costs
- Reduction of provider time spent meeting regulatory and standards compliance

- Access to comprehensive services (such as health/mental health/family supports) for the children and families they serve

Articulating clear goals will help determine which strategies to pursue, and how to prioritize what to pursue initially vs. over the longer term.

2. IDENTIFY A NETWORK HUB(s)

No matter which services providers document as most important for the Network to deliver, a successful SFCCN needs one or more organizations that can provide those services. There can be more than one Hub; for example, one might provide business leadership services while another may be more skilled at pedagogical (teaching and learning) leadership. A Hub can also be located outside the local community, if services are accessed remotely. A successful SFCCN will, in time, be self-supporting and able to generate enough revenue (from a combination of grants, contracts and user fees) to cover costs. However, in the short term, startup funding for the Hub will be needed. Ongoing third-party funding may be required for some services as well (e.g., comprehensive services for high-need children and families, more intensive professional development, etc.)

It is critical to focus first on which organizations have the capacity to be a Hub. One approach is to look at ECE organizations and identify the one(s) that have key strengths in pedagogical and/or in business leadership. Some potential examples include:
- A large successful child care program that has achieved quality and sustainability through good management and economies of scale
- A CCR&R or other child care intermediary organization that has experience with functions such as child care subsidy billing, professional development and mentoring, USDA food program management, etc.

Another approach is to look at organizations strong in administrative and business practices, not in the ECE field but with a vested interest in building capacity in the ECE sector. Examples include:
- A back-office or property management organization with strong expertise in billing, accounting, maintenance, HR, and related administrative functions
- A community or family foundation with a deep connection to the local ECE community and a willingness to play a deeper role in operations
- A human services agency whose mission "connects" to ECE (e.g., early intervention services, adult education agencies, etc.)

Organizations thinking of becoming a Hub should do some self-assessment to determine the degree of fit.

[Download a copy of **Characteristics of Successful Hubs** from the website](#)

Successful Network Hubs will have most or all of the following characteristics:

- *Mission Driven* – Wants to work with other ECE organizations and sees this as part of their mission rather than as an opportunity for increased funding.
- *Leadership and market credibility* – Trusted leader in the community, or able to quickly build trust among providers and funders.
- *Access to providers* – Knows the provider community well and has the capacity to reach out to and successfully engage providers in an Alliance approach to service delivery.
- *Financial reach and stability* – Has sound fiscal management capacity, with dedicated and skilled fiscal management staff, and experience with automated information technology for billing, data collection and overall fund management.
- *Access to a variety of funding streams* – Already has, or is able to tap, multiple funding streams.
- *Innovation* – Leadership, board and staff are open to new ideas and approaches, willing to "think outside the box," and experienced in developing promising new approaches to old problems.
- *Commitment to excellence* – Leadership, board and staff are willing to do the internal and external work needed to raise the bar on quality service delivery.
- *Entrepreneurial* – Leadership embraces an entrepreneurial way of thinking and uses this entrepreneurial energy to effectively engage the staff and board.
- *Risk tolerance* – Leadership, board and staff are willing to take risks and organization is stable enough to launch a new endeavor that may not pay for itself in the short term.

A Hub should NOT expect to generate profit for their organization by operating a SFCCN. The Hub is a legal and administrative structure that enables services at scale, so that participating FCC providers can share the cost of both business and pedagogical leadership and generate savings (in both time and money) to improve program quality and job satisfaction. Because of the work and funding required, becoming a Hub should only occur if the overall objective is mission-related: to help participating FCC providers build capacity to offer sustainable, high quality care.

Identifying a successful Staffed Family Child Care Network Hub
There are many factors and characteristics that successful SFCCN Hubs share. The singular most important factor, however, is a Hub organization's ability to **lead change**. Change is defined as the ability to **transform, alter, or switch**. Organizations that lead change are organizations that embrace change.

Here are some questions to help you evaluate a potential Hub agency:

Track Record
☐ Does the organization regularly explore new ways to achieve its mission?

☐ Does the organization frequently design new programs, services, and projects?
☐ Is there an internal focus on infrastructure change and improvements?
☐ How frequently is technology upgraded and are internal systems modified within the organization to support efficiency and effectiveness?
☐ How often is the phrase "because that's how we have always done it" used as an answer to the question "why?"

Mission Match
☐ How would serving as a Shared Service Hub help achieve organizational mission?
The more readily that leadership and staff see the connection between the mission and the reason for a change, the more quickly they jump into the change process with both feet.

Trust
☐ What is the evidence that the organization has the trust of child care providers that will allow providers to feel safe and supported in making changes within their businesses?
☐ How do you know that staff within the organization have trust in leadership that the Alliance framework is a viable means for providers to improve their sustainability?
☐ How will the organization assure staff that they will receive the training, resources, systems, and supports they need to perform their Shared Service Alliance Hub work effectively?
☐ How will the Hub organization ensure that staff know they will be supported in making modifications, rather than blamed for mistakes?
☐ How do staff know that the timing of Alliance implementation and the delivery of services is reasonable?

Embedded within the above questions and considerations are key characteristics that the organization needs to lead change: expertise within the organization; culture of support (from the Board and staff leadership) for change, experimentation, and automation; and, strong communication to connect the Network to the organizational mission.

3. DETERMINE HUB SERVICES AND METRICS

Select services to be shared. What can be centralized? What is best de-centralized?
In planning the initial services to be shared, it is important to focus on a mix of services that are both **attainable** and **impactful**. Having some "early wins" will build confidence and trust among members of the Network. However, the Hub should also implement services that will have a high impact – particularly revenue strategies such as collections and enrollment. By demonstrating the power and potential of network strategies, the SFCCN will be able to retain and recruit new members and move toward sustainability more quickly.

Opportunities Exchange has created a framework to help define SFCCNs that includes three tiers - each with BOTH pedagogical and business services, but in varying levels of intensity.

Download a copy of **Defining SFCCNs** from the website

PEDAGOGICAL LEADERSHIP

TIER 1
Sharing Information

Services Offered:

▸ **Training/Professional Development aligned with licensing/standards**

PURPOSE:
- Compliance with regulations/standards

METRIC COLLECTED:
- Hours and content delivered
- Number served
- Provider surveys

▸ **Credit bearing Professional Development**

PURPOSE:
- Career growth + improved practice

METRIC COLLECTED:
- Number of providers that attain degrees or credentials

TIER 2
Networking

Services Offered in Tier 1, **PLUS** *the folowing:*

▸ **PD followed up with on-site coaching based on defined quality standards; Support for providers in using a child assessment tool**

PURPOSE:
- Ensure application of content
- Improved teaching practices
- Increased compensation[1]

METRIC COLLECTED:
- Data tracking aligned with quality standard (e.g.-% at QRIS Level, EHS standards, or Accreditation)
- FCCERS Scores
- Child Assessment Tool (TS Gold, etc.)

TIER 3
Sharing Back Office/Staff Sharing

Services Offered in Tiers 1 + 2, **PLUS** *the folowing:*

▸ **Regular, sustained Professional Development experiences with embedded Reflective Practice; Substitute pool for PD release time; Access to comprehensive services (health, early intervention, etc.) for children and families**

PURPOSE:
- Individualized, developmentally appropriate instruction informed by authentic, ongoing child assessment
- Higher reimbursement rate linked to credential of network coach and/or staff for comprehensive services
- Comprehensive services + supports for children + families

METRIC COLLECTED:
- CLASS Scores
- Number paid hours spent in reflective practice (planning, evaluating, refining)
- % of children screened and % receiving comprehensive services/supports

BUSINESS LEADERSHIP *continued*

TIER 1
Sharing Information

Services Offered:

▸ **Business Practice Training; Group purchasing discounts**

PURPOSE:
- Improved program administration
- Increased understanding of business/ administration issues

METRIC COLLECTED:
- Hours/content delivered
- Numbers served
- Provider surveys

TIER 2
Networking

Services Offered in Tier 1, PLUS the folowing:

▸ **Business Practice Supports, including:**
- **Tax preparation training**
- **Coaching for financial management**
- **Business automation tools**
- **Marketing supports**

PURPOSE:
- Improved financial sustainability
- Improved retention
- More stable and predictable income

METRIC COLLECTED:
- Business Administration Scale
- Self-report on Iron Triangle (enrollment rate, collections, revenue)

TIER 3
Sharing Back Office/Staff Sharing

Services Offered in Tiers 1 + 2, PLUS the folowing:

▸ **Collect fees/payments from all sources on behalf of providers through common, automated data platform**

PURPOSE:
- Ensure full and timely collection of revenue (including reconciliation of subsidy reimbursement)

METRIC COLLECTED:
- Network Hub collects data on bad debt, aging receivables

▸ **Marketing and Enrollment services (eligibility for subsidy, HS, etc.)**

PURPOSE:
- Ensure full enrollment

METRIC COLLECTED:
- Network Hub collects data on vacancy/enrollment

▸ **Budget/Revenue Strategies:**
- **Pricing assistance**
- **Record keeping and tax prep**
- **Negotiating reimbursement rates, blended funding streams, etc.**
- **Generating data to inform public policy**

PURPOSE:
- Reduce turnover/recruit new providers
- Improve earnings/more personal time
- Rates informed by cost modeling
- Contracts (vs. vouchers) for high quality networks

METRIC COLLECTED:
Network Hub tracks:
- Annual earnings of providers (via tax returns)
- Hours worked/week by providers
- Number of providers, turnover rate, new providers entering the field

Based on FCC provider needs, context, and the expertise of the Network Hub and its partner organizations and consultants, the Hub must select the specific services to be provided as part of the SFCCN. Opportunities Exchange believes that BOTH pedagogical and business leadership services need to be provided in order to ensure provider financial sustainability and quality programming.

 A critical element in building a SFCCN is implementing a child care management software system (CCMS) across all members of the network. The CCMS will facilitate data sharing, efficient and effective business supports, and enable the Network to achieve scale. Utilization of the selected CCMS should be considered a non-negotiable practice for all Network members.

Depending on the CCMS selected, full use of the technology might assist provider members to: market their programs; manage their waitlist; enroll families quickly and efficiently; track and report attendance; generate invoices; collect fees; track authentic assessment dates and

results; track parent engagement activity events and dates; ease parent communication; track and code expenses; and, prepare annual parent tax reports.

Beyond the two fundamentals of automation and meeting both business and pedagogical leadership needs, Hubs have myriad options regarding service delivery. You will note on the table below that some functions are listed more than once - with varying levels of intensity. For instance, a SFCCN may offer training around business practices. Another SFCCN may pair that training with coaching around business practices.

While not exhaustive, the following list is comprehensive and can serve as a strong foundation for your planning.

Download a copy of this **Service Menu** on the website

SPECIFIC SERVICE	DELIVER? (Yes, No, Unsure)
Pedagogical Services	
Assist providers with licensing/QRIS	
Assist providers with meeting NAFCC accreditation standards	
Provide free accreditation materials to provider members	
Pay accreditation fees for provider members	
Assist providers to comply with public PreK program	
Assist providers to comply with Head Start/Early Head Start regulations	
Provide professional development/training to providers	
Provide pedagogical coaching to providers	
Offer providers access to comprehensive services (health/mental health/fam support)	
Assist providers in choosing and/or implementing a curriculum	
Assist providers to develop their own curricula	
Assist providers in completing and using data from authentic child assessments	
Offer career counseling to support credential/educational degree attainment	
Offer providers credential/degree scholarships	
Offer substitute pool/relief squad for professional development + planning time	
Offer support groups/peer mentoring	
Provide recognition event	
Provide annual conference	
Offer free or reduced priced materials and/or equipment	
Offer toy or book lending library or resource van	
Business Services	
Offer bulk purchasing	
Offer transportation for children and providers	
Help complete forms and applications required by funders + regulators	

Help recruit and enroll new families	
Help with recordkeeping	
Assist providers to access CACFP funding (from another sponsor)	
Serve as the CACFP sponsor for network providers	
Serve as the Head Start community partner or grantee; contract with network providers for slots	
Serve as public PreK community partner or grantee; contract with network providers for slots	
Serve as public subsidy contractor; subcontract with network provider for slots	
Help providers access health care coverage or liability insurance	
Offer Iron Triangle coaching (linked to automation) to provider members	
Review and/or prepare tax forms	
Assist with funder relations (e.g. help track and report attendance to various funders)	
Invoice and collect private and public fees on behalf of providers	
Provide financial reports to provider members	
Establish business metrics and coach providers around meeting metrics	
Provide technology support for on-boarding and on-going use of CCMS	
Perform fundraising functions for member providers (events, proposals, solicitations)	
Assist with securing contractors for facility repair and maintenance	
Other:	

Metrics: What data will be collected? How will success be measured?
Once you select the services you will provide, you need to identify one or more expected outcomes that you hope to achieve. **The Network Hub must design a way to collect baseline data in order to understand the change/impact of the SFCCN.**

Tracking financial information such as enrollment rates, bad debt, and FCC annual revenue, is critical to the ultimate success of the SFCCN. Having this information is important for several reasons:

- Member FCC providers will have a clear understanding of how the SFCCN is improving their financial position, and therefore more accepting of the need to pay a membership fee to the Hub and/or company that licenses the CCMS they use.
- SFCCN members will be empowered to make strategic investments in critical areas of their business – for example, increased use of substitute caregivers, targeted cash reserves for emergencies, access to health insurance or creation of retirement fund.
- Positive financial results make a strong case for funders and policy makers to invest in and incentivize the growth of Shared Service strategies, like SFCCN, in the ECE sector.
- Evaluation data informs our work; when we know what works and what doesn't, we can make smart decisions about where to put our efforts.

The sample table below can be used to identify services, outcomes, and metrics:

SPECIFIC SERVICE	EXPECTED OUTCOME (What will the positive impact be for provider members?)	BASELINE DATA NEEDED TO DOCUMENT OUTCOME	ONGOING DATA NEEDED TO DOCUMENT OUTCOME	DATA COLLECTION TOOL(S)
Offer tax preparation	Increased net revenue	Last year's net revenue	Annual net revenue	Annual completed tax return
	Reduced tax preparation expense	Tax preparation expense prior to joining SFCCN	Annual membership fee	One-time review of accountant invoice

Sample Business Metrics for Staffed Family Child Care Network
What do we want to measure for family child care provider members?

I. Metrics that correspond to the **Iron Triangle**

- Fill every seat
- Enrollment as a percentage of licensing capacity (based on ages and relationship of children enrolled)

- Collect all revenue, on time
- Uncollected fees
- Time to collect fees

- Appropriate per child cost
- Cost per child
- Revenue per child
- *Total provider earnings allow for a sustainable wage – defined as xx% of median wage in that region?*

II Metrics related to **compensation**

- Number of hours worked per week
- Gross revenue growth
- Tax deduction growth
- Level/type of benefits
- PTO - vacation and sick pay
- Insurances – health, dental, vision, life, etc.
- Retirement account

III Metrics related to provider **sustainability**

- Funding portfolio
- Sources of public and private earned revenue – tuition, Head Start, Child and Adult Care Food Program, etc.
- Corporate and philanthropic grants, individual donations, fundraising events
- Days/Months of Cash on Hand
- Debt to Equity Ratio
- Operating Margin - expenses as % of total revenue

4. IMPLEMENT TECHNOLOGY SOLUTION

Automation: Review and select the most appropriate child care management software system. SFCCNs that seek to improve the financial position of FCC providers will need to offer business leadership that reduces the cost of operations and improves revenue for their members. These tasks are performed most efficiently and effectively through the use of business automation and data sharing tools that allow the Network Hub to access the financial and program information of each member/provider. There are several affordable off-the-shelf products that can meet a SFCCN's technology needs. The use of automation reduces FCC provider time spent collecting and reporting data, increases the accuracy of data collected and reported, and ensures the availability of timely, accurate and useful data for informed business decisions.

Opportunities Exchange has worked to understand the child care management software landscape, and to build relationships with software vendors who are interested in meeting the technology and data needs of Shared Service Networks. We have advised vendors about functionality needed to meet the needs of networks, and we have assisted organizations creating Network solutions to go through a vetting process to select a suitable software product.

Download the following resources from the website:
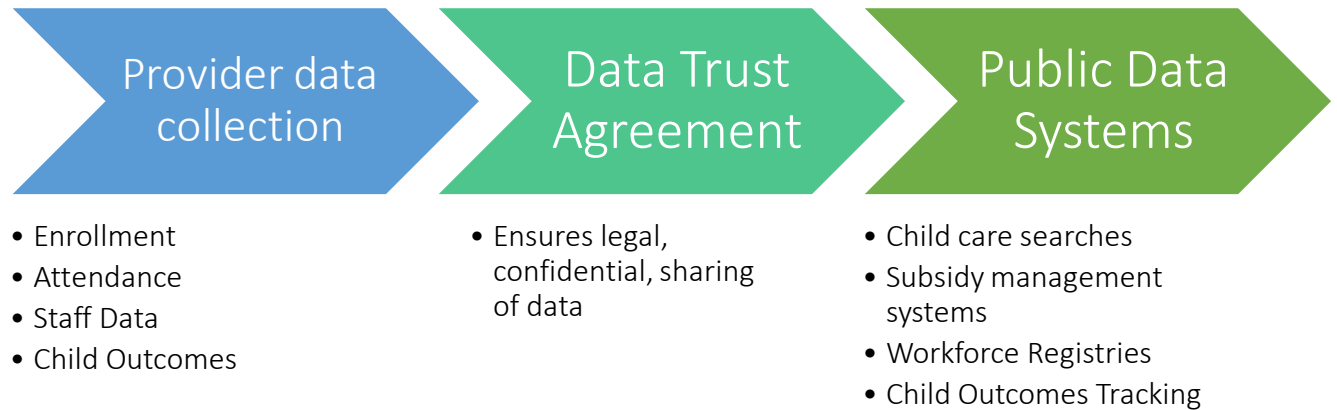**CCMS: Frequently Asked Questions**
Child Care Management Software: What you Need to Know

Additionally, the website https://www.capterra.com/child-care-software/ is a listing of off-the-shelf child care management software that includes user ratings and reviews as well as a summary of features and the ability to compare up to four products at the same time.

Linking Data: Driving efficiency and system change. SFCCNs afford small, independent business owners the power of scale. Helping providers harness the power of technology to save time and increase revenue is a critically important first step. Being able to use data to inform decisions, at the provider and Network level, is a significant step toward sustainability. Sharing data with public systems to drive policy and finance reform has the potential to be transformative.

There is a growing awareness in the early childhood education sector that data collected at the provider level can be legally and appropriately shared with public sector systems, including: resource and referral entities to track "real-time" availability of child care openings for parents searches and supply and demand assessments; child care subsidy systems to reduce error, save time, and ensure more timely payments to providers; child outcome data to track early learning and anchor policy efforts such as QRIS to actual child outcomes.

The graphic below shows how provider level data can flow into public systems to improve the ECE system:

Provider data collection	Data Trust Agreement	Public Data Systems
• Enrollment • Attendance • Staff Data • Child Outcomes	• Ensures legal, confidential, sharing of data	• Child care searches • Subsidy management systems • Workforce Registries • Child Outcomes Tracking

5. IDENTIFY AND RECRUIT FCC PROVIDER MEMBERS

Participants: Identify FCC providers that can participate – based on financial need/interest, geography, years in business, quality level, or other metrics. SFCCNs come together in many different ways. When a group of FCC providers initiates a SFCCN, members self-select into the group. In some instances, a third-party entity serves as a catalyst to incubate a SFCCN. When this happens, an initial group of providers will be selected to work as the "founding members". However they enter the SFCCN, providers must recognize and embrace the following principles:

- Participating providers must be willing to operate differently than in the past, including a willingness to use automation in support of best business and pedagogical practices.
- Trust among and between members and the Hub(s) must be present, or must be quickly established, as members will need to share information and data, related to children/families, the organization, and financials, with the Hub for meaningful business leadership to occur.
- Shared values around program and quality issues is key.

It can be helpful to begin with organizations familiar with each other and/or the Hub organization(s), perhaps through a community organization, or provider network. Sometimes it makes sense to start small, such as a partnership of 5-10 providers, and gradually expand the SFCCN as experience and confidence increase.

Identifying Early Childhood Education providers for a Staffed Family Child Care Network
Many factors and characteristics contribute to the likelihood of a provider experiencing success through membership in a SFCCN. The singular most important factor, however, is a provider's **interest in, and willingness and ability to change.**

Change requires **honesty** in assessing where you are now so that you can take steps toward where you want to go.

- Can you be honest with others about the operation of your child care program?
- Are you comfortable sharing data about your program, even data that doesn't reflect positively on you?

Changes requires a **vision** for where you want to go.

- Are you ready to acknowledge that the current method of operating your program isn't working?
- Do you believe that there can be a better way?
- Are you committed to providing quality services to children and their families?

Change requires a willingness to make the **hard decisions.**

- In order to support both quality <u>and</u> sustainability, ECE programs must access and use every available resource efficiently and effectively; this can sometimes mean making difficult decisions, including:
  - o Terminating services for families who do not pay and are unwilling to work with the provider to address the problem.
  - o Making data driven business decisions that may result in changed relationships, i.e. selecting a different food vendor, insurance broker, etc., if there are significant savings and other benefits from an alternative.

It is important to define **criteria for SFCCN** membership, both initially and as the Network grows. A key role that a SFCCN can play is to demonstrate – to families and funders – how its members differ from other providers *because they are part of a larger whole*. To effectively differentiate by quality, it is important to select a measure that articulates the difference clearly.

In states with Quality Rating and Improvement Systems (QRIS), a SFCCN can require all members to participate in the QRIS and select a specific star rating as the standard to which all members should aspire. Selecting QRIS as the quality standard often has the additional benefit of ensuring that SFCCN members have increased access to technical assistance and funding linked to quality. In states with no QRIS, or where QRIS is voluntary and not widely utilized, other quality measurements can be used, such as:

- Classroom Assessments, based on Environmental Rating Scales (ITERS, ECERS, and FCCERS), CLASS or another standardized tool;
- Quality measurements implemented by state or local government ECE agencies;
- Accreditation by national organizations, such as NAFCC, or participation in an accreditation facilitation initiative.

Value Proposition

While establishing membership criteria is important, a Hub must also articulate a **value proposition, or explicit benefit to the provider,** in order to interest eligible FCC providers in membership. The value proposition focuses on what services the members receive and what benefits they can be expected to experience thanks to these services.

![Opportunities Exchange]

The graphics below illustrate how a SFCCN adds value for a FCC provider.

VALUE PROPOSITION FOR STAFFED FAMILY CHILD CARE NETWORK

SFCCN uses CCMS and support provider onboarding	SFCCN helps Miss Betty convert to 100% electronic payment for families -- which tracks payments and creates invoices
SFCCN pulls attendance data from CCMS and bills state for subsidy	Miss Betty receives payment faster; the Network addresses any errors so she receives full payment
CCMS collects and organizes receipts, time logs, payments, etc.	Miss Betty receives financial reports and works with her coach to make decisions to strengthen her business
SFCCN creates a website and conducts marketing activities, helps manage a wait list, etc.	Miss Betty can better predict when children will leave and fills vacancies much faster, maintaining 95% enrollment
SFCCN provides access to bulk purchasing of food and supplies	Miss Betty has lower costs and saves time on shopping for food and supplies
SFCCN supports authentic child assessment through digital tools	Miss Betty is able to collect, report, and use child outcome data to impact her teaching practice and meet the needs of individual children

COMPARISON: Business Metrics

	INDEPENDENT	**IN SFCCN**
ENROLLMENT/VACANCY	Before joining the SFCCN, there were typically vacancies - between one and three slots vacant at any point in time. On average her enrollment rate last year was 80%	Full with no vacancies: 98% due to families not providing adequate notice of departures, etc.
COLLECTIONS	Before joining the SFCCN there were typically 2 families that did not pay their co-payment and Ms. Betty didn't reconcile subsidy payments to identify and resolve errors - this resulted in a collection ratio of 90%.	98% due to the back office monitoring late/nonpayment and addressing issues in a timely way; reconciliation of subsidy payments within the allotted window for corrections

COMPARISON: Weekly Hours Worked

	INDEPENDENT	**IN SFCCN**
Hours of Work/Week	50 hours direct care (7:30 – 5:30)	50 hours direct care
	6 hours administration Attendance, subsidy tracking/ billing, fee collection, state reporting; tracking expenses/ financials	2 hours administration Reconciling payments; uploading receipts; state paperwork
	8 hours program Lesson planning, assessment, reporting	5 hours program Lesson planning, assessment, reporting
	6 hours miscellaneous Cleaning, shopping, etc.	3 hours miscellaneous Cleaning, shopping, etc.
TOTAL	**70 hours per week**	**60 hours per week**

COMPARISON: Annual Earnings

	With Business Leadership	Stand-Alone
Market price avg monthly tuition (per child)	$600	$600
Total capacity of home	12	12
% of market tuition captured	100%	90%
Actual monthly tuition charged	$600	$450
Vacancy rate	5%	25%
Total potential revenue	$82,080	$61,560
% of tuition collected (bad debt)	100%	90%
Estimated Annual Revenue	$82,080	$55,404
Expenses (Assistant wages, materials, services, etc.)	$34,150	$31,907
Net Revenue to FCC Home Provider	$47,930	$23,497

Iron triangle
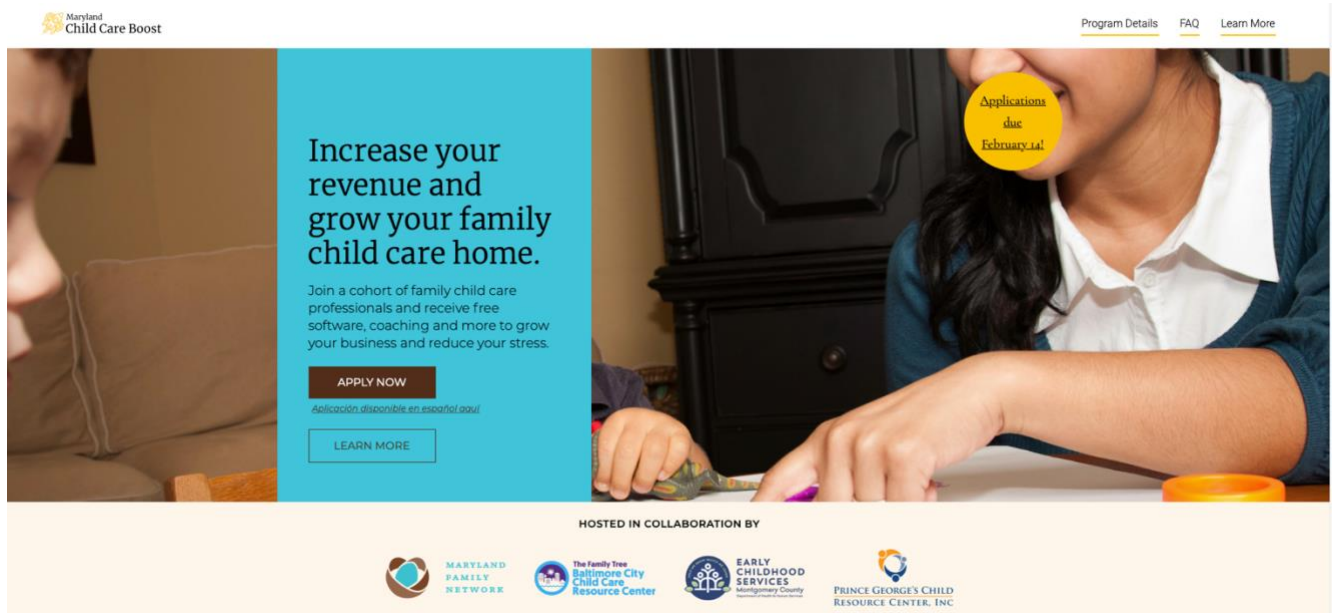
Marketing

Once the Hub has determined the parameters around FCC provider membership, the Hub will need to create a provider recruitment strategy and related marketing materials. Sample materials have been provided below based on a recent SFCCN launch.

First the Hub clarified the recruitment goal – in this case it was "to help family child care providers in our region to learn about the SFCCN program and convince a minimum of 80 providers to apply to participate." Then the Hub defined the target audience:

The Hub then defined the elements of and messaging for the recruitment campaign, including: Facebook posts, Email, Newsletters, Website, Informational Sessions. *(Providers may need to see this multiple times before they decide to say yes).*

The project created a simple website to provide information, field questions, and give access to the application materials (Screenshot below):

The Hub will want to consider the "voice" of the campaign – the goal of the SFCCN that created the materials below was to create a friendly, encouraging, and open style in all the recruitment campaign materials. Key to the messaging is a shared understanding of what services the Hub will provide and what benefits will be realized for members. In the example provided, this document summarized the services and benefits and drove the provider recruitment messaging (notice the emphasis on YOU - the provider)

Services	Advantages/Description	Benefits
Free child care management solution	Easy-to-use software that helps you manage your program operations and your business. Includes online check-in and check-out, parent communication, meal/snack tracking and reporting, tuition collection, expense management, teaching / assistant management, and more.	Reduce your administrative workload, go paperless, and collect on-time payments, to give you more time to focus on running your business and providing quality care to your community.
Marketing Support	Automatically share your up-to-date availability with families through the only approved, searchable database for families to find care (LOCATE).	Fill your open spots faster through technology and marketing support. Increase revenue while decreasing operational costs related to marketing.

Business Coaching	Coaching to help you solve difficult and time-consuming business problems such as record keeping and tax management. Support to help you maintain your commitment to providing high-quality child care and early education.	Join a professional cohort and learn how to make more money while reducing your workload alongside your colleagues. Your coach will help you focus on enrollment and improving your financial stability so you can reduce your level of stress.

Key headlines that came out of the service and benefits included:
- Save time and increase your family child care home's revenue.
  - **Reduce your administrative workload:** Receive free software to help you automate your business tasks, reduce your workload, and collect payments on-time, every time.
  - **Increase your bottom line:** share your up-to-date availability with families across the city and fill your spots faster.
  - **Grow alongside your community:** receive free coaching to help you solve time-consuming business problems and maintain your commitment to providing high-quality care alongside a professional cohort of family child care providers.
  - **Reduce your stress:** Gain a support system of peers and experts that, together with automation, can reduce your workload and contribute jointly to your success.
- Build a sustainable child care business now; join the MD Child Care Management Support Program.
- Running a quality child care home takes hard work. You don't have to do it alone.
- Make more money. Reduce your to-dos. Grow your business.
- Now accepting a limited number of family child care homes.

The SFCCN used in this example outlined the following recruitment timeline and demonstrates how to move through the process with both speed and intentionality:

- Weeks 1-4: Campaign Creation
- Weeks 5-7: Outreach Campaign & Application Submission
- End of Week 7: Applications Due
- Weeks 8-9: Application Review & FCC Approval
- Week 10: Agreements
- Weeks 10-12: FCC Announcement, agreements signed, baseline data collected
- Week 13: PILOT LAUNCHES

The organization developed an FAQ and updated it frequently as questions were raised by providers.

[Download a copy of the **Sample FAQ for SFCCN** from the website](link)

Staffed Family Child Care Network: Frequently Asked Questions

- **What is this program?**

The SFCCN is a free 18-month program to help you and family child care program make more money, reduce your administrative task list, and relieve the stress that running a business can bring (especially one during COVID!). If accepted, you'll be a part of a cohort of other Family Child Care professionals and gain the support of business coaches to help you implement software tools, refine your business goals, and find ways to increase your revenue and bottom line.

- **Is this really free?**

Yes, it is free for 18-months, and you will always be connected to your cohort. If you choose to continue with the software you will need to pay a monthly fee.

- **What are the qualifications?**

You must:

- be a family child care business owner
- be in business for at least 18 months
- Active in child care advocacy/organizations or coalitions or structured child care communities/alliances
- Actively participate or are willing to enroll in the state quality system
- Have a computer, tablet, and/or touch-screen phone (no more than 3 years old)
- Have reliable internet access
- Agree to participate in the program for 18 months (as long as you are in business)
- Commit to using new software consistently (daily for check-in and check-out) to help reduce your to-dos and provide your coaches with business data to help you reach your goals.
- Have continuous, open dialogue with your new coach. The more open you are, the more the coach can support.
- Engage and connect online with your professional cohort. This is a group that you can lean on for the good and the bad.

- **I'm worried that the technology will be too complex for my program.**

We're providing simple, fast and free software to help you manage your program from a phone, computer or tablet. The software was designed for and is used by hundreds of family child care programs across the country. We will also provide support every step of the way, from onboarding to implementation.

- **I'm just getting started -- do I need this?**

The SFCCN is open to all Owners/Directors to help you build on the foundation you've already created. As long as you have been in your role for at least 18 months you are encouraged to apply.

- **I'm not organized enough – I'm embarrassed to have someone else see my information.**

We understand how challenging it can be to stay on top of all of the administrative demands of your business. If your files are unorganized then you need the help of automation and a Business Coach! No judgement - just help in tidying up your operations and reducing your administrative burdens.

- **I don't have time to learn how to do this.**

Spending a few hours per week (2-3!) to learn and use the software will save you time day in and day out. Meeting with your coach to analyze your data and improve your business and quality practices will improve your program and your bottom line. The time you spend learning the software is a long-term investment in your business.

- **English isn't my native language.**

We have program staff and coaches who are Spanish-speaking. And the software is available in Spanish.

- **Why did you create the SFCCN?**

Child care is an essential service, and COVID highlighted this and the fact that child care programs need more support to survive and thrive. Our mission is to help you build a sustainable business, increase your revenue, and eliminate business struggles that keep you from growing.

6. DEVELOP A BUDGET AND STAFFING PLAN

Staffing
Once you determine what services will be offered, the next question is, who will actually do the work? One **important word of caution** when establishing a SFCCN: the tendency is to create new jobs with titles like "Project Manager". Remember that any new positions created must be sustained over time, after start-up funding is expended.

An alternative is to identify the tasks to be done and then determine the best way to accomplish the work. More often than not, it is best to using existing or part-time staff – remembering that business automation tools typically reduce the number of hours it takes to complete a task.

Sample Personnel Scenario for a SFCCN Budget Based on Current Staff of Hub Organization – for a Network of 10-12 providers

SFCCN Coordinator – Supervises day-to-day operations of team; single point of contact for members; reviews and analyzes all project data; ensures alignment between member policies and CCMS and Hub services. Overall project management. **Allocated at .20 FTE level of effort.**

Business Analyst - Review provider data in CCMS; provide reports, analysis, and coaching to members regarding Iron Triangle metrics; coach providers around revenue opportunities including CACFP; support marketing and enrollment; ensure parent handbook and parent contracts are in compliance with CCMS; help recruit and enroll new families. Strategic business support to members. **Allocated at .20 FTE level of effort** with initial cohort of members; allocation to increase as membership grows.

Fiscal Clerk - Manage fiscal functions of centralized administration for the SFCCN members including, accounts payable/accounts receivable; generate provider financial reports. Day-to-day business support to members. **Allocated at .20 FTE level of effort** with initial cohort of members; allocation to increase as membership grows.

Information Technology Coordinator - Assess member hardware and connectivity needs; price options for meeting needs; order and install equipment needed; troubleshoot equipment issues. Overall technology support. **Allocated at .04 FTE level of effort** with initial cohort of members; allocation to increase as membership grows.

Budget

Building a budget for Network Hubs involves two key steps:

- First, the Hub must estimate the **incremental cost to their organization**. This may involve hiring additional staff, adding hours to current staff, hardware and software costs, and more. Typically, there are one-time start-up costs as well as ongoing expenses.

- Second, the Hub and members must **agree on how those costs will be covered**. While these costs can often be subsidized by private funding during the startup phase, unless public contracts are identified, members should be clear about the possibility **of needing to pay directly** for intensive, individualized Shared Services or ongoing automation licensing fees or membership fees after private funding goes away.

Ideally, when approaching a potential funder for launch funds, the SFCCN will have a business plan that clearly specifies a **pathway to sustainability** – the point at which public contracts and possibly member agencies are supporting the cost of Hub services – while simultaneously saving money on the cost of these services without the SFCCN.

The key to sustainability is **keeping overhead and administration costs at the Network Hub low** by building on existing staff and infrastructure and by exploiting the full range of opportunities offered by technology and automation. If this goal is achieved, the SFCCN is more likely to have the resources needed to not only support the cost of the Hub, but also invest in quality improvements.

In some cases, ongoing funding may be necessary for SFCCNs that include supports such as comprehensive health/mental health/social services or deeper pedagogical leadership. In these instances, the SFCCN is more likely to secure funding on behalf of FCC members than individual FCC programs seeking funding independently.

Typical sources of funding include: local and regional foundations, religious organizations, private contributions, and government grants. Experience suggests that the most likely funders for Shared Services are local foundations and businesses that understand the local market and will be responsive to the financial and quality improvements that Shared Services offers.

Key Factors in an Effective SFCCN Budget

- Staffing plan is fully aligned with service menu

- Staffing plan effectively uses percentages of existing staff at Hub organization
- Staffing allocation increases in alignment with projected increased membership demand/needs
- Cost per member is reasonable based on CCMS licensing fees paid by Hub and based on services that provider member receives

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BUILDING AN ONGOING IMPLEMENTATION SERVICE BUDGET

The format below may be helpful in assigning costs to each service delivered to SFCCN members. An example follows.

SPECIFIC SERVICE	DELIVERED BY (Staff position or consultant or organization/subcontractor name)	ANNUAL COST	COST PER FCC PROVIDER - 10 providers in this example	COST PER CHILD - average enrollment of 6 children per provider or 60 children
Offer tax preparation	ABC Accounting Firm	$5,000	$500	$83

In addition to the expenses tied to services provided by the SFCCN Hub, the Hub may have administrative and other expenses to add to the overall budget, but every effort should be made to keep these costs as low as possible to ensure a pathway to sustainability.

Technology - CCMS licensing fees, accounting software fees, etc.
Network Hub administrative staff to:
- lead, supervise and oversee the project
- ensure revenue and expenses are in alignment with project budget
- ensure that outcomes data are collected and in alignment with expected outcomes
- ensure member satisfaction and growth
- hire staff/contract for services and ensure expected levels of performance.

Costs such as:
- occupancy
- travel
- supplies
- communication & connectivity
- overhead.

Budgeting Revenues for a SFCCN

While planning and implementation costs are typically supported through philanthropy, over time provider member fees and other on-going public revenue will ideally lessen or eliminate the need for fundraising from 'soft' sources. SFCCN sustainability is the goal.

Possible sources of SFCCN revenue include:
- Subsidy contract for child care slots from the state child care administration agency
- Head Start/Early Head Start funding (as grantee, delegate or community partner)
- Public PreK contract for PreK slots
- FCC provider member fees for specific intensive and individualized services such as tax preparation and ongoing accounting
- Contract from the state child care administration agency for licensing/certification/QRIS training and coaching
- CACFP sponsorship of food program for participating providers
- Maternal and Child Health funding for heath/mental health/family support services

PULLING IT ALL TOGETHER: THE BUSINESS PLAN

Once you have answered the questions outlined in this document, you have created the elements needed for a Business Plan. The plan does not need to be a lengthy document; in fact, Opportunities Exchange recommends using a simple and concise PowerPoint format for presenting a business plan for several reasons:

- PowerPoint format is ready to share with stakeholders – board of directors, staff, funders, families in participating centers – from whom buy-in is needed.
- Stakeholders are more likely to read and comprehend the plan if it is concise and visual (vs. lengthy narrative format).

Download a copy of the **Sample Business Plan** from the website

In addition to the components discussed, the business plan should include the following elements:
- Governance Structure, including:
  - Roles and responsibilities of all partners - summary of the MOU or other Governance document
  - Structure of the SFCCN – organizational chart that delineates relationships among partners
- Implementation Timeline

Governance Structure
It is important for everyone to be clear about roles and responsibilities. These issues are unique to each SFCCN and should be spelled out in a governance document such as a **Contract** or **Memorandum of Understanding** that each member and the Hub(s) sign. Key issues in this document are:
- Who will perform what tasks?

- What is the timeline for assigned work?
- What information and data will be shared and how?
- How will decisions be made, e.g., through a contract, as a collective, as Board members of a new entity, etc.?
- How will the cost of providing services be covered during startup and ongoing?
- Will there be a new entity created and/or will there be a "sponsoring organization" (for example, a local community foundation) that will provide the physical and/or financial "home" for the Alliance? [It should be noted that some funders prefer utilizing an existing organization rather than creating a new 501c3, if possible].

Download a copy of the **Sample MOU** from the website

Implementation Timeline

The Business Plan should set goals for each activity in order to keep the process moving forward. Because Shared Services is a strategy to address the critical shortages of time and money, it can be a challenge for members to carve out time for the work required to launch a new SFCCN (despite the fact that once launched, the SFCCN will "give back" time to members!)

The business plan should address the process for **adding additional organizations and services to the SFCCN** after its initial launch. While it is better to keep a SFCCN small in the early phase in order to learn from pilot activities, a SFCCN should eventually serve enough programs and children to achieve significant economies of scale and specialization.