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## Nebraska Early Childhood Collaborative Aims to Improve Revenue and Job Quality for Small Child Care Providers

By Tommy Greco, Director of Business Development and Strategy

Through its Family Child Care Network, the Nebraska Early Childhood Collaborative (NECC) is finding new ways to help boost family child care (FCC) provider compensation. Offering tiers of supports to providers, including an intensive set of services at the highest level, NECC is working alongside its members to increase provider revenues, decrease expenses, and reduce hours worked per week. The importance of tax strategy as a means to increase FCC provider compensation is woven into multiple service components and offerings.

New this year is a tax preparation service, which builds on several business-

oriented services already offered such as: business training and coaching that focuses on the [Iron Triangle of ECE finance](#); an annual [business conference](#); access to [bulk purchasing](#); and [automation](#). Through the use of child care management software, (NECC chose [Wonderschool](#)), providers can categorize and track business expenses and revenue in alignment with the Schedule C tax form, which is a required element of the Federal tax return for all self-employed individuals.

To launch the tax prep service the NECC team focused on two primary areas: FCC provider member need and interest, and partnership with a qualified tax firm to perform this work. Brandee Lengel, VP of Quality Child Care Partnerships, explains, “We surveyed our members to better understand their current tax preparation process and to assess interest in using this new tax prep service, which is free to those enrolled in our Tier 3 level of services.” Data from the 27 responses paint the following picture:

- The majority of providers (56%) hire a tax professional to prepare their tax returns.
- The majority of providers (55%) rate their tax returns as very accurate, while nearly half (44%) rate their tax returns as somewhat or mostly accurate.
- More than half of providers (55%) reported having additional factors (e.g., multiple sources of income or house sale/purchase) impacting their taxes.

“We work hard to build FCC provider member trust,” says Lengel, “while nearly half of our providers are eager to participate, an equal number do not recognize the potential economic benefits of strategic tax prep. We still have a lot of work to do.” Just over half of the participating providers use a tax professional to prepare their taxes. But notably, less than half of that same group rate their returns as very accurate. As NECC works to increase provider confidence in the accuracy of their returns, there are hopes that an increase in provider participation in this service follows suit.

The most critical and exciting component of the project occurred when NECC hired a local CPA firm to prepare the returns for each participating provider. The firm agreed to develop and maintain a tax organizer spreadsheet that was created in partnership with Tom Copeland and is specific to the work of family child care. Tom Copeland also met with the CPA firm to train them on the intricacies of family child care and has offered to support the effort as needed. The CPA firm is also working with NECC to track the amount of time that they spend on each provider’s return, so that NECC can better understand the time and cost involved as planning for program expansion unfolds.

FCC provider members are now entering their 2020 data into the tax organizer

spreadsheet for transmission to the CPA firm. NECC will use comparative data from year-to-year to assess the impact of the Family Child Care Network on provider compensation. While the service is free to members at the Tier 3 level of the Family Child Care Network, participating providers agree to share their 2019 returns with the tax preparer and with NECC. “We are looking for increased gross revenue and decreased tax liability,” says Lengel. “Our members report saving time through the use of automation and improving access to resources and support through the network, but we are eager for documentation of the value of joining a Family Child Care Network on the provider bottom line.”

[CLICK HERE](#) to learn more about the Nebraska Early Childhood Collaborative and their Family Child Care Network



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