

## Community of Practice Discussion Guide Alliances for Family Child Care Providers

### Examples

- ELVA@Early Connections Learning Centers offers a wide range of services (see [Alliance Services](#) ) for a fee of \$200 month for 0-4 children. Providers who serve more than 4 children pay 10% of their receivables. Early Connections was formerly a traditional FCC Network and provided a smaller scope of services at no fee. In January of 2010 they became an Alliance. Immediately following the shift half of the providers left, however some are coming back and they are recruiting new providers. (Prior to the shift they had 22 participating homes; they currently have 16 homes. )
- [All Our Kin](#), New Haven, CT has been operating a FCC Network, as well as an outreach and support project for home-based providers, for many years. Last year they launched an Alliance as a sub-set of their work. They currently have 3 groups of providers: home-based providers that are not currently licensed (or are struggling with compliance) and need help with licensing or general information on quality compliance; a Network of FCC Homes (to whom they provide a host of supports but do not provide operating assistance or collect fees); and, a smaller Alliance of 10 homes that receive more intensive services as well as operating assistance from Early Head Start funding. See profile for details of services offered. To date, AOC has not charged fees for participation.
- [Infant Toddler Family Day Care](#), Fairfax, VA sponsors an Alliance that includes about 125 family child care providers. While ITFDC is responsible for monitoring the providers (both as a licensing agency and a CACFP food sponsor) they are deeply engaged in supporting provider business practices (e.g. they recruit families, manage enrollment and collect fees on behalf of participating providers) and have created a unique governance structure – a provider Trust -- to help balance the power relationship. See attached summary of the ITFDC [Governance Structure](#) as well as their profile ([Infant Toddler Family Day Care](#)) for a description of the services provided. ITFDC currently charges 16.5% of receivables.

### Funding

- Alliances typically support themselves with a mix of grants and fees. Approximately 50% of IFTDC revenue comes from provider fees and the remainder is a mix of CACFP administration and other grants. Early Connections has a deeper array of third party funding, and is just introducing fees so at present third party funding is a larger part of their budget. AOC is currently dependent on third party funding and does not charge fees.
- Historically, some state governments provided support for Family Child Care Provider Networks however this funding has declined significantly in recent years.

At the request of the Annie E. Casey Foundation Louise conducted interviews with state child care administrators to determine if they might be willing to support home-based Alliances. Responses are summarized in [Public Support for a Home-Based Alliance Model](#): A Summary of Interviews with State Child Care Administrators. In short, administrators felt that Alliances/Networks which were solely focused on monitoring/quality improvement were not needed however they were intrigued by an Alliance approach that would enhance business capacity (*“if this could get my error rates down I would love it...”*), help keep homes full, increase participation in QRIS, and help clarify the role of unions.

### **What is the difference between a FCC Alliance and a traditional FCC Network<sup>1</sup>?**

- *Alliance is involved in the business side of FCC.* Typically collect fees, or raise operating dollars, or both, and pay providers on a regular basis. Also involved in other business-related issues such as tax prep, marketing, assistance with enrollment, subsidy management, etc.
- *Alliance approach is ‘power with’ rather than ‘power over’.* Many traditional FCC Networks were started for the purpose of monitoring/quality control for participating centers; in this approach the primary the customer is the state or local entity responsible for regulating or the funder of the quality improvement initiative. In an Alliance, the customer is the participating FCC provider. If an Alliance raises third party funding it is on behalf of the participating homes, and the goal is to share those dollars with the homes and/or use them to strengthen business practices in the homes so that they can generate additional dollars from fees.
- *Alliances typically charge fees for management services and typically include provider fee collection in the menu of services that they offer.* There is an assumption that this is a business relationship, with shared power and shared risk and reward. There is also a recognition that tuition is the primary funding stream for ECE, and that maximizing enrollment and streamlining/stabilizing fee collection and subsidy administration is a key financing strategy.

### **Getting Started**

- Find your target customer – focus groups conducted by OE (<http://opportunities-exchange.org/wp-content/uploads/focus-group-findingsv3.pdf>) suggest that home-based providers most interested in joining an Alliance have the following characteristics: less able to navigate the system due to barriers such as non-native English speaker and lack of familiarity with the culture; find it difficult to get

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<sup>1</sup> A “traditional” family child care network typically receives third party funding to employ a staff person who coordinates and delivers direct support services to participating family child care providers. These networks are typically funded for the purpose of quality improvement/assurance and differ from provider-led associations, which typically depend on volunteer efforts and focus on professional advocacy and peer support.

referrals for enrollment or for back-up care; is uncomfortable collecting fees from parents; less inclined or less able to obtain continuing education; feels undervalued as a provider; sees child care as a job; feels isolated; finds paperwork burdensome and needs assistance with business aspects including financial management.

- Recognize that some providers will never be interested in an Alliance. OE focus groups found that providers who do not value Alliance services are those that are: entrepreneurial; educated and/or seeking more education; able to navigate “the system” (e.g. licensing, QRIS, subsidy paperwork etc); see child care as a profession and career; like to work alone; able to seek out support/training and networks as needed; has good community support and contacts for referrals, back up etc; is able to fit paperwork in during the workday.
- If possible, lead with money -- Alliances that can help increase operating assistance for home-based providers, either by strengthening the Iron Triangle or by tapping a third party source of funding, are likely to generate more interest among providers.
- Start with low-hanging fruit – this will vary from state to state (perhaps even city to city) but look for problems that providers frequently mention that could be addressed by an Alliance (e.g. participation in QRIS, interface with licensing, help with subsidy paperwork, etc.)

### **Critical Issues Driving Success and Creating Challenges**

- From the provider perspective, money is the bottom line – helping home-based providers bring in more revenue, or have more stable cash flow and stronger, more long-term stability is key to success in attracting and retaining membership. Saving time and improving quality are also important values for providers, but money trumps everything.
- Staying full and collecting fees in full and on time is extremely important for small, home-based providers. (Enrollment can make or break a provider’s ability to stay in business.) Effectively managing enrollment and fee collection has been key to the success of ITFCC. However, obtaining provider buy-in for fee collection can be a challenge
- Building trust and sharing power is crucial– Family Child Care Providers are very independent need to feel that they are not being “controlled” by the Alliance
- From the perspective of third-party funders, quality is the bottom line – they want to know that their investment makes a difference for kids. Thinking strategically about how the Alliance can boost quality, and how this goal relates to Alliance membership requirements/standards, policies, procedures and services offered, is important.

- From the perspective of the Alliance ‘hub’, balancing funding from third party sources and provider fees is key to long-term success. Third party funds are needed to launch as well as to augment and deepen services. But third party funds wax and wane; provider fees are key to long-term sustainability.
- The Alliance hub needs to be clear about its target market (for participating providers, and if the hub handles enrollment and child recruitment, for families as well) and think strategically about marketing, outreach and service delivery.
- Thinking strategically about relationships with provider associations and the unions may be increasingly important, especially if home-based provider Alliances begin to deliver some shared services via the web and are therefore able to reach a broader audience with a ‘lighter’ touch.

### **Tools and Resources**

- *Minute Menu Kids Pro* - For many years family child care providers have used Minute Menu software to help with CACFP administration. A new, expanded application – called Minute Menu Kids Pro – is available to support all aspects of the business side of family child care, including: a full accounting system specifically tailored for family child care businesses, billing and fee collection function that supports EBT, debit and credit card transactions, tips from industry expert Tom Copeland and full featured on-line Lesson Planner. To view the software, go to <http://www.minutemenu.com/web/mmkids.html>
- *ECESharedresources.org*, a website powered by CCA Global that is being used to support shared services in several states, could also be a resource for family child care. At present the target audience is centers, however there are some family child care users and we anticipate that over the next year it will be expanded to be more useful to home-based providers. For a demo, go to [ecesharedresources.org](http://ecesharedresources.org) and click on “membership” on the top tool bar to obtain a temporary pass code.
- *Infant-Toddler Family Day Care* has automated almost all of their processes with parents. Electronic billing (from a bank account or credit card) is the preferred method of payment, and every effort is made to electronically link forms (so that they automatically populate and parents don’t have to provide the same information multiple times.) To review their forms for enrollment, billing, etc. go to <http://www.infanttoddler.com/itfdc-main/program-basics/itfdc-enrollment-process/enrollment-forms/>
- *ELV Alliance CORE* is an automated business management tool that can also be used to support home-based providers. For more information, go to <http://earlylearningventures.org/ELVAlliances/Alliance-CORE.aspx>
- *The Opportunities Exchange Starter Kit*, while not geared to family child care, includes helpful information on how to plan and launch a Shared Service Alliance.

- *Pricing and Quality Practices for Alliances*, a matrix prepared by OE staff. This includes pricing and quality information for Alliances that serve centers as well as homes, but could be a helpful resource. <http://opportunities-exchange.org/wp-content/uploads/Pricing-and-Quality-Practices-and-Learning.pdf>
- *Alliance Services provided by ELVA@ Early Connections*. This documents the services provided by Early Connections, an home-based provider alliance in Colorado Springs. <http://opportunities-exchange.org/wp-content/uploads/Affiliate-Agreement-EXHIBIT-A-2010.pdf>
- *Integrated Care Assistance Network (I-CAN) Business Plan*. This plan was prepared by the Steuben Child Care Project in Bath, NY. <http://opportunities-exchange.org/wp-content/uploads/I-CAN-Expansion-Plan-draft.pdf>
- *Infant-Toddler Family Day Care Governance Structure*. This document describes the Alliance Trust that was created by ITFDC as well as the contracts that providers sign when they join the Alliance. These documents together create a business structure that enables participating providers to be part of the decision-making process, helps clarify that the Alliance hub is not an employer (participating providers are independent contractors), and establishes clear guidance regarding the roles and responsibilities of participating providers and the hub agency. <http://opportunities-exchange.org/wp-content/uploads/Governance-Structure-ITFDC.pdf>
- *Focus Group Resources* – A script for family child care focus groups is available on the OE website (<http://opportunities-exchange.org/wp-content/uploads/Focus-Group-Script-FCCs.pdf>). Also available is a ppt that summarizes findings from a series of focus groups that were conducted with providers for the Annie E. Casey Foundation (<http://opportunities-exchange.org/wp-content/uploads/Focus-Group-Script-FCCs.pdf>)