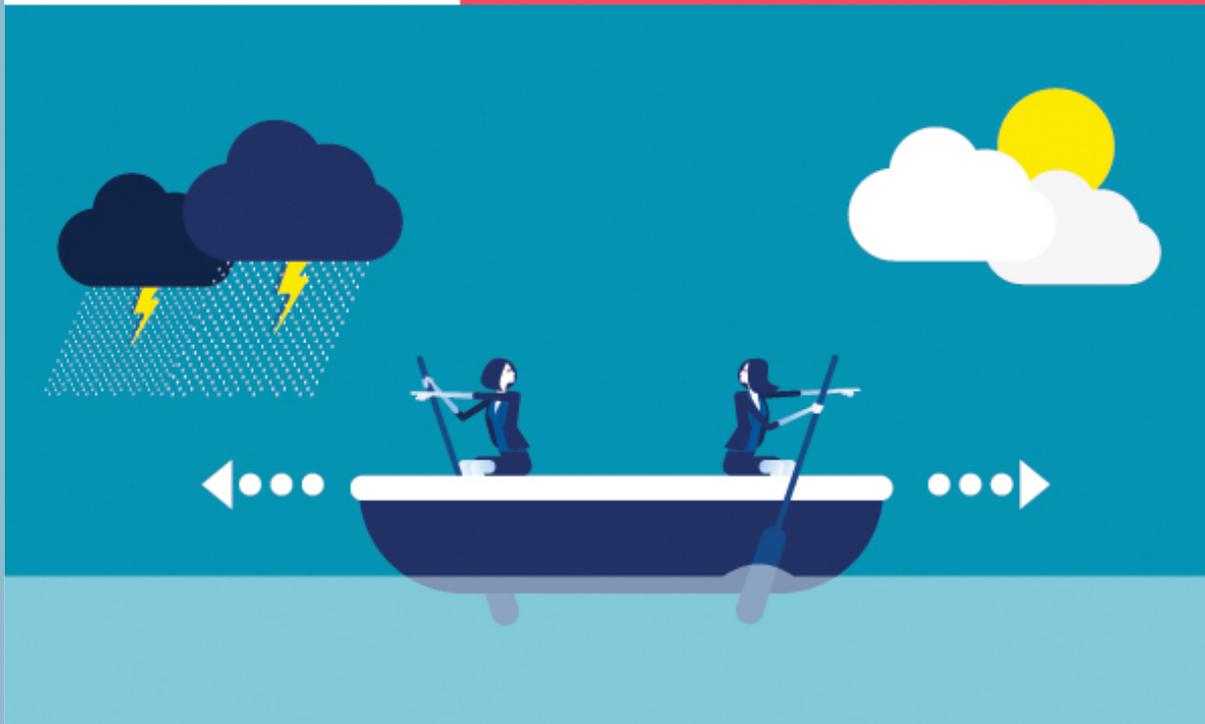


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## **Arizona Early Childhood Business Management pilot helps centers navigate tricky financial waters**

*By Karla Houghtalin and Louise Stoney*

Child care programs across the U.S. were hit hard by the COVID-19 pandemic. Many were required to close. Others were given the option to remain open for essential workers. Regardless of the choice, all faced serious financial challenges as they struggled to cover expenses with significantly reduced—or no—revenue.

In theory, most programs were eligible to apply for federal funding under the CARES Act, but successfully applying for these funds was challenging. Confusion surrounding the program's launch didn't help. Who was in fact eligible? How soon would help arrive? Under what conditions must the money be repaid?

As child care program operators struggled to navigate these tricky waters, 15

center owners and directors in Arizona (Maricopa, Pima, and Mohave counties) had a very different experience.

Immediately following Governor Ducey's Executive order (Stay Home, Stay Healthy, Stay Connected), business coaches from Southwest Human Development sprang into action, offering intensive, virtual coaching to child care center leaders that had been participating in a pilot project aimed at boosting effective business leadership with technology and targeted support.

COVID-19 recovery coaching focused on four key decision points:

### **Phase 1:**

Decision-making regarding staying open; this included support assessing the costs and benefit of adjusting hours vs. closing temporarily and guiding staff to unemployment resources

### **Phase 2:**

Decisions and support with applying for the [Paycheck Protection Program \(PPP\)](#), the [Economic Injury Disaster Loan Emergency Advance](#) or other emergency funding

### **Phase 3:**

Crisis budget management, including vendor negotiations and polling families on likely child care demand

### **Phase 4:**

Updating parent and employee handbooks as well as other policies in preparation for post COVID-19 re-opening.

Virtual coaching utilizing Zoom conferencing proved successful, in large measure because Southwest Human Development had built relationships, automation acumen and business skills with these leaders since last fall. Cash flow challenges were addressed in weekly coaching on federal supports like the PPP (and the importance of applying to multiple banks, including smaller, local banks), negotiating with vendors, and cutting all but the necessary expenses. Since the center leaders had several months of business coaching prior to the pandemic, and were using an automated [Child Care Management System](#), they had the financial reports needed by banks to process and approve their loans.

One small center that served about 40 low-and moderate-income children was hit particularly hard and feared they would need to close completely. However, after

working with their coach on best business practices, they made a plan to temporarily close for two weeks, open first to essential workers with reduced staff, and then gradually re-open with support from federal emergency relief and paycheck protection. They are now on stronger financial footing.

Center leaders report that the business leadership pilot came at the exact time they needed it and have asked to continue in the program as they seek to both recover and continue to participate in the Arizona Quality First Redesign Initiative.

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