Reinvent vs Rebuild: Can We Fix Early Child Care in Mass?

• Louise Stoney
  Sharon Easterling
  *Opportunities Exchange*

• Hosted by Anne Douglass, Ph. D.

• **UMASS Boston**
  Institute for Early Education, Leadership and Innovation

• June 26, 2020
Housekeeping

• Please enter questions into the Q&A box
• We will pause to address comments and questions at several points throughout today’s session
• We are recording this session for future use and availability
Reimagining Stronger and More Equitable Systems of Early Care and Education

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Child Care Centers in Mass. to Close Monday

Hundreds of emergency drop-off centers will be designated across the state

By Kathryn Sotnik, John Moroney and Nathalie Sczublewski • Published March 22, 2020 • Updated on March 22, 2020 at 11:35 pm
Child care providers anticipate higher rates, closures as reopening nears

"How are we going to pay for rent with half of the income?" Jessica De Jesus Acevedo, owner of Little Star of Ours daycare, said.

Alena Kleinman, a worker at the Frederickson KinderCare daycare center in Tacoma, Wash., wears a mask as she cleans a tricycle following use by a class, a task that is repeated several times a day, on May 27, 2020. —AP Photo/Ted S. Warren

Extended Closures Could Mean Some Mass. Day Cares Never Reopen

April 23, 2020 By Kathleen McNerney
System Change

Mindsets
Power dynamics
Structures
State System Change

- 70,000 educators & administrators
- 9000 centers & family child care programs
Introductions

Louise Stoney, Co-Founder
Opportunities Exchange

Sharon Easterling, Partner
Opportunities Exchange
The Challenge

• Early Care and Education was broken before COVID19
• The pandemic has made this worse
• Can we use this tragedy as an opportunity to re-invent as we re-build?
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
The Missing Link

Pedagogical Leadership + Business Leadership = High Quality ECE
What Success Looks Like

Child Care Center Personnel Expenses

January 2018

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

December 2018

- Support: 24%
- Direct: 62%
- Admin: 14%
## Change Focused on Results

### The Change
- Launched automated Child Care Management System
- Joined a Shared Services Alliance – to leverage business expertise
- Made boosting teacher wages + job-embedded coaching a priority

### The Results
- Improved teacher compensation
  - ✔ health insurance
  - ✔ 401K Plan
  - ✔ Wage increase for classroom teachers
- Time for director to focus on instructional leadership
  - ✔ 17 more hours/week to work with teachers in classrooms
# What FCC Success Looks Like

<table>
<thead>
<tr>
<th></th>
<th>W/ Business Leadership</th>
<th>StandAlone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market price avg monthly tuition (per child)</td>
<td>$600</td>
<td>$600</td>
</tr>
<tr>
<td>Total capacity of home</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>% of market tuition captured</td>
<td>100%</td>
<td>90%</td>
</tr>
<tr>
<td>Actual monthly tuition charged</td>
<td>$600</td>
<td>$450</td>
</tr>
<tr>
<td>Vacancy rate</td>
<td>5%</td>
<td>25%</td>
</tr>
<tr>
<td>Total potential revenue</td>
<td>$82,080</td>
<td>$61,560</td>
</tr>
<tr>
<td>% of tuition collected (bad debt)</td>
<td>100%</td>
<td>90%</td>
</tr>
<tr>
<td>Estimated Annual Revenue</td>
<td>$82,080</td>
<td>$55,404</td>
</tr>
<tr>
<td>Expenses (staff wages, materials, services, etc.)</td>
<td>$34,150</td>
<td>$31,907</td>
</tr>
<tr>
<td>Net Revenue to FCC Home Provider</td>
<td>$47,930</td>
<td>$23,497</td>
</tr>
</tbody>
</table>
The Foundation: Making ECE Stronger

- Automation and Business Coaching
- Administrative Scale
- De-centralized Services
- Strategic Cost Modeling + Rate-setting
- Real-Time Supply and Demand Data
Why Automation + Coaching?

- In One **Hour 50%** of information is forgotten.
- In One **Day 70%** of information is forgotten.
- In One **Week 90%** of information is forgotten.
What Works

- Site-based coaching + training
- Financial + staff support for automated CCMS
- Integrate automation with business training and coaching
Benefits of Automation

- **Saves Time:** Automating operations greatly reduces the amount of staff time needed.
- **Saves Money:** Reduced labor translates to cost saving for administrative tasks.
- **Increases Revenue:** Automated payments reduce bad debt, reconciliation of subsidy reimbursement, etc.
- **Skilled Financial Management:** Data available in electronic format can be analyzed; informs financial decisions.

Next Webinar will discuss automation in detail!
Tax Prep is Key for Family Child Care

- Assistance with tax preparation can make a big difference in the bottom line of home-based provider income.

- Automation makes record-keeping, and tax prep, much easier.
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)
Planning and fundraising leadership from Virginia Early Childhood Foundation. Launched in East Richmond, VA. Expanded into Hampton Roads region of the state.
De-centralized Services
Micro-Center Strategy

**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.
Colorado Example: Multi-Site Center Leading Change

- 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 Learning Centers Central Office

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

Opportunities Exchange
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/)
MA Data: Market Price Inequity

MINIMUM LICENSING--REGION 6
SINGLE MOM + CHILD @$30K

- State Share
- Parent subsidy co-payment
- Cost Gap

Cost* per Child
$19,860

Cost* per Child
$10,716

Market Price
$23,490

Market Price
$18,270

INFANT/ TODDLER
3 & 4 YR OLDS

$18,638

$10,414

$1,320

$1,320

HIGHER QUALITY--REGION 6
SINGLE MOM + CHILD @$30K

- State Share
- Parent subsidy co-payment
- Cost Gap

Cost* per Child
$30,636

Cost* per Child
$16,296

Market Price
$23,490

Market Price
$18,270

INFANT/ TODDLER
3 & 4 YR OLDS

$19,237

$10,414

$4,562

$1,320

$1,320

*Cost per child from Center for American Progress https://costofchildcare.org/
MA Data: Market Price Inequity

MIN LICENSING - WEST REGION 1
SINGLE MOM + CHILD @ $30K

- State Share
- Parent subsidy co-payment
- Cost Gap

Cost* per Child
$19,860

Market Price
$16,704

$13,988

$1,320

$4,552

INFANT/TODDLER

3 & 4 YR OLDS

HIGHER QUALITY - WEST REGION 1
SINGLE MOM + CHILD @ $30K

- State Share
- Parent subsidy co-payment
- Cost Gap

Cost* per Child
$30,636

Market Price
$12,259

$14,447

$5,621

$9,355

INFANT/TODDLER

3 & 4 YR OLDS

*Cost per child from Center for American Progress https://costofchildcare.org/
But...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 is Crucial

Tracking demand + supply with precision efficiency will be essential to recovery.
Why Real-Time Data Matters
(Colorado Example)

Aggregate enrollment among all 300+ providers using Alliance CORE software

REAL data to show dramatic drop in enrollment across ALL sites
Real Time Data: TX
Example
(reports available weekly)

<table>
<thead>
<tr>
<th>Provider 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>
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</table>

<table>
<thead>
<tr>
<th>Open providers</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>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Available Slots</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>
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</table>

<table>
<thead>
<tr>
<th>Application by 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>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Data by City</th>
<th>Sites</th>
<th>Infant</th>
<th>Toddler</th>
<th>3-5 Yrs</th>
<th>School-aged</th>
<th>Total Vacancies</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>

<table>
<thead>
<tr>
<th>Eligible applications</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% pending placement</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>% enrolled</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>88%</td>
<td></td>
</tr>
</tbody>
</table>
Real-Time Supply & Demand:
(Nashville Example)
Reinvent vs Rebuild: Change at All Levels

<table>
<thead>
<tr>
<th>Automation and Business Coaching</th>
<th>• Encourage automated CCMS + site-based coaching</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Scale</td>
<td>• Launch Shared Service Alliances</td>
</tr>
<tr>
<td>De-centralized Services</td>
<td>• Test Micro-Centers</td>
</tr>
<tr>
<td>Strategic Cost Modeling + Rate-setting</td>
<td>• Base rates on cost modeling (not market prices)</td>
</tr>
<tr>
<td>Real-Time Supply and Demand Data</td>
<td>• Gather, share and use real-time supply + demand data</td>
</tr>
</tbody>
</table>
Automation is an Equity Issue

- The federal Payroll Protection Program (PPP) failed small businesses led by people of color, especially women.
  - ECE programs with strong fiscal management, automated systems and/or access to coaches were much more likely to receive PPP.
- 85% of minority business owners said technology was critical to their company success
  - But only a fraction of ECE business owners are using automated systems.
- Smartphone use is very high in diverse and low-income communities
  - Investing in mobile technology to strengthen ECE businesses is a significant opportunity.
For More Information

www.opportunities-exchange.org

- Reinvent vs. Rebuild: Let’s Fix the Child Care System By Louise Stoney, April 2020
- Business Training and Automation for Early Childhood Programs
- Making Business Leadership Real Technology
- Defining Staffed Family Child Care Networks
- OpEx_2019_MicroCenterNetworkStrategy
- Examining the Cost + Supply of Infant/Toddler Care
Next Steps

• Respond to our email survey

• Attend “The Role of Technology: Working Smarter with Shared Services” on July 8 at 3:30pm

• Attend “Making the Vision the Reality: How Do We Get There?” on July 17 at 1:00pm