

Market Challenges + Potential Solutions For Busy ECE Managers

Louise Stoney
Elevate 19 Summit
York, Nebraska
June 8, 2019



Over the past 30+ years, multiple innovations have transformed our world ...



Yet ECE Continues to Struggle with the Same Challenges...

Major concerns in 1985:

- Wages for child care staff are too low
- Cost of child care is too high
- Almost no government support for child care; families pay the lion's share
- Not enough child care available

Major concerns TODAY:

- Wages for child care staff are too low
- Cost of child care is too high
- Despite increases in government support, money is still insufficient; families pay the lion's share
- Many still believe that not enough child care is available

“The Significant Problems We Face
Cannot Be Solved At The Same Level
Of Thinking We Were At When We
Created Them.”

Albert Einstein

Common Misconceptions

Myth: I just need a higher reimbursement rate

Truth: Revenue increases when you stay fully enrolled, collect tuition in full and on-time for every child, set rates that cover costs and effectively manage cash flow.

Myth: I just need a good brochure and a marketing plan

Truth: Full enrollment is a task that requires time, focus and data. You need to understand your target market, track enrollment trends, think ahead and pro-actively plan for vacancies, follow-up with leads promptly and close the deal.

Common Misconceptions

Myth: If I can just get my degree or more training in business or a 5 Step rating....I'll be successful

Truth: Managing an ECE business is very challenging. You need to gather, manage and reflect on a LOT of information. Essential tools include

- Technology – a CMS (child management system) to track + manage information for licensing, reporting, billing
- Automated payment – so families pay electronically

Common Misconceptions

Myth: If I just work harder things will get better.

Truth: Working smarter – not harder -- is often the key to success.

Focus on what you do well and what you love; find partners for tasks that are not your strong suit.





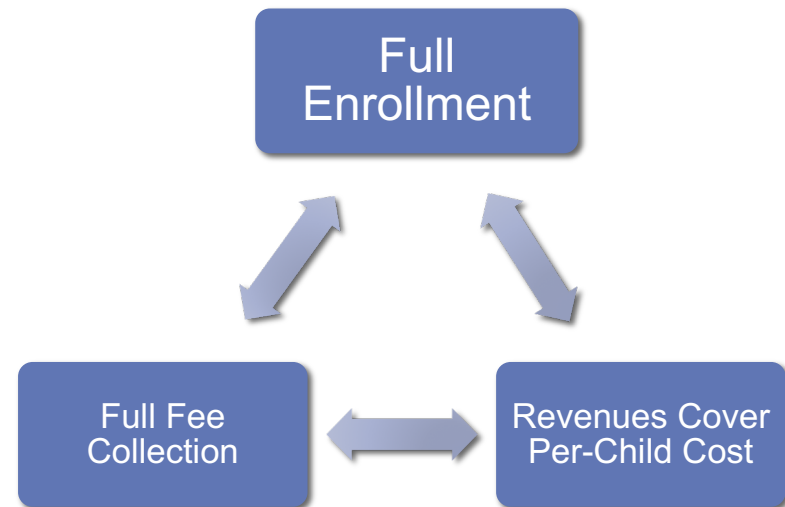
THE MATH

The Traditional ECE Business Model Doesn't Work

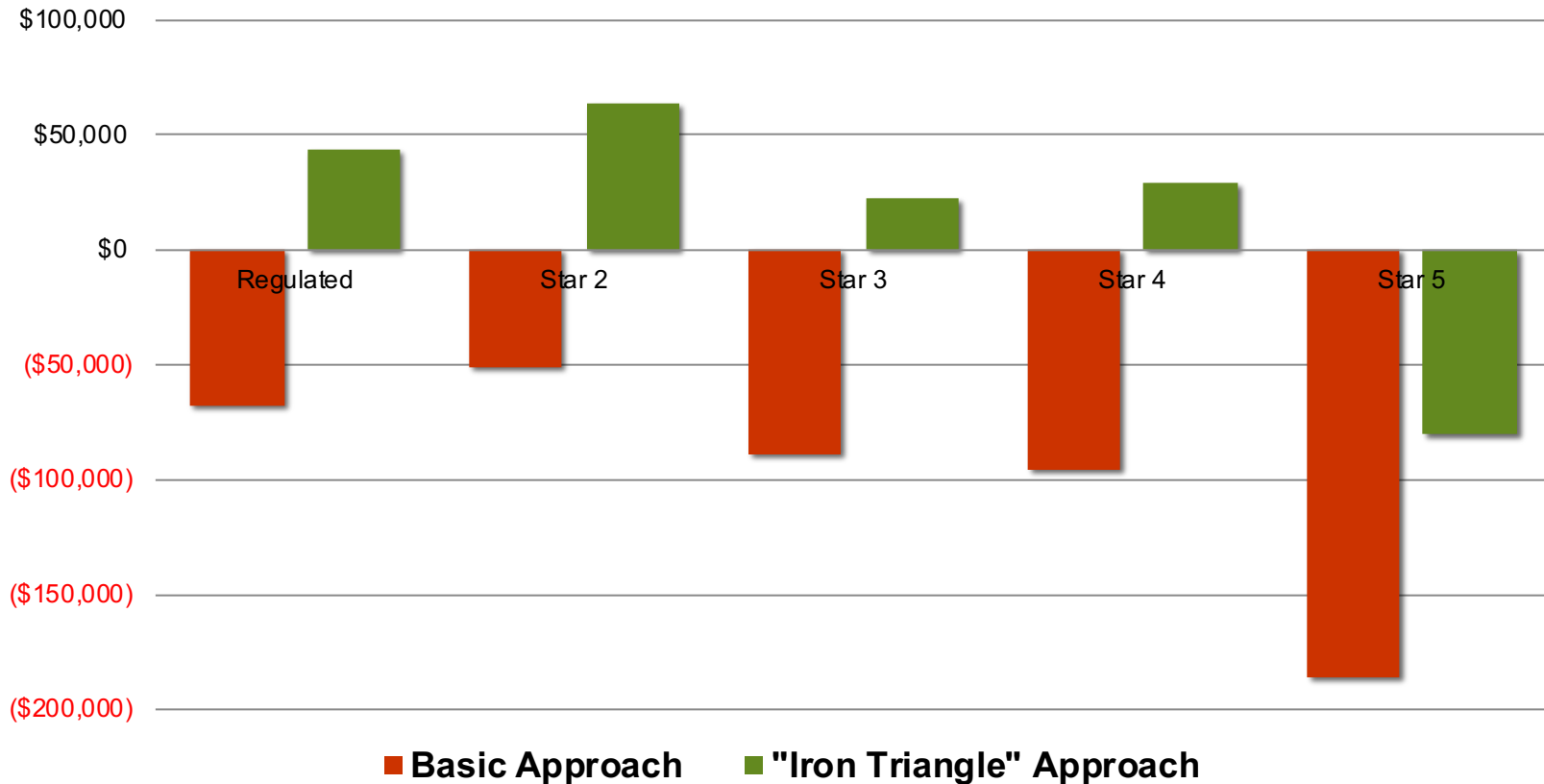
To break even at NAEYC standards
and pay decent wages a Child
Care Center must:

Serve at least 100 children
+
Full enrollment
(every day, every slot)
+
Full fee collection
(every dime)
+
Tuition price close to cost
of service delivery

The Iron Triangle of ECE Finance

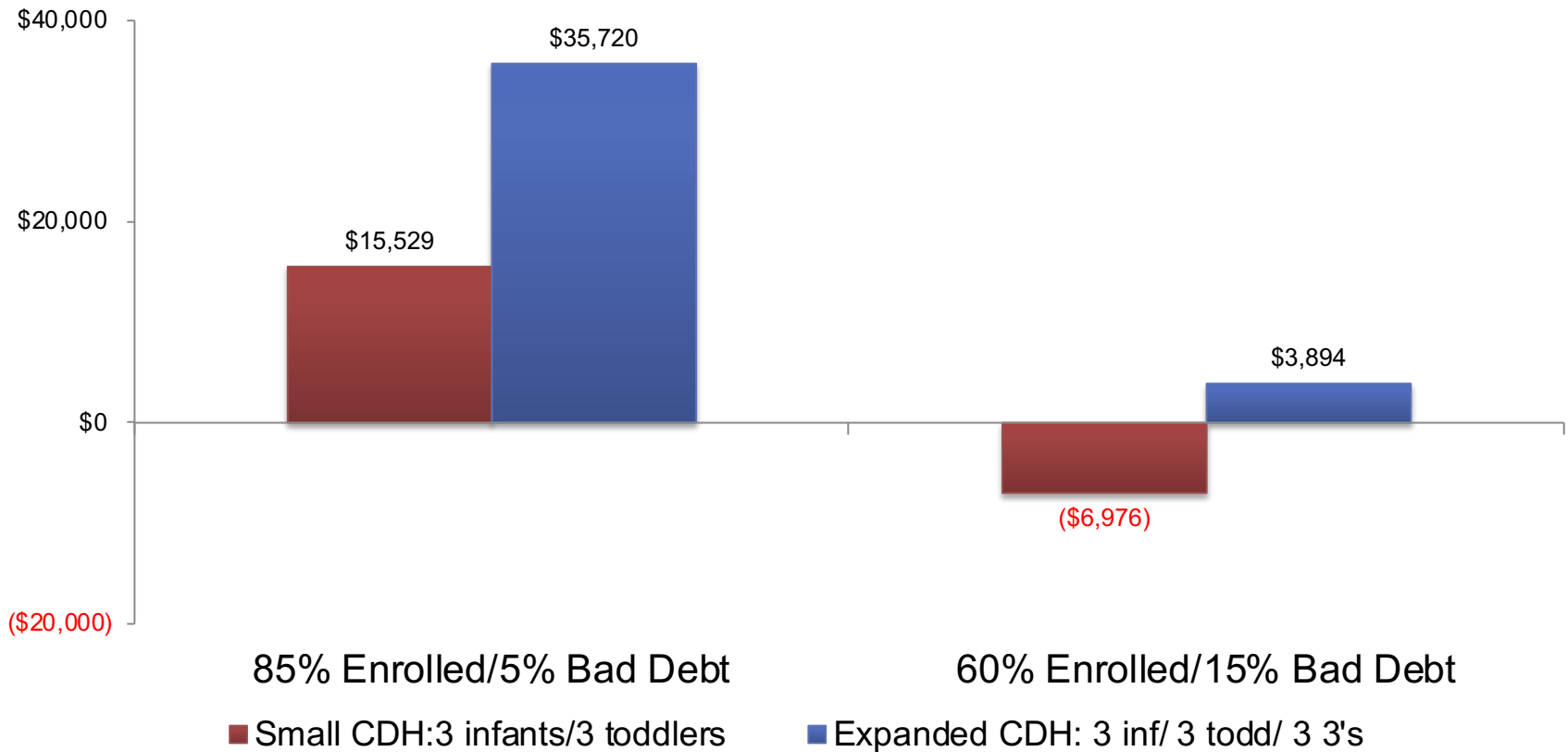


Net Income for a Center: Intensive Focus on Iron Triangle (Cost Modeling)



Example from Southern State. Basic Approach: average 15% uncollected tuition + 85% enrollment. "Iron Triangle" Approach boosts to 95% enrollment + 2% uncollectible debts

Income for Family Child Care Home Effect of Enrollment and Bad Debt





THE STRATEGY

Full Enrollment = Every Staffed Seat Full

- Budgets are based on STAFFED capacity (not licensed capacity)
- If you are paying for staff in a classroom, and the room is not fully enrolled, you are losing money
- Factors such as: unpaid absence days, part-time slots, gaps in filling slots, keeping spaces open for children who “age up”, holding slot open for siblings, and so forth...ALL contribute to less-than-full enrollment
- Tension: Many teachers and directors prefer to be under-enrolled but full enrollment is a huge revenue generator.

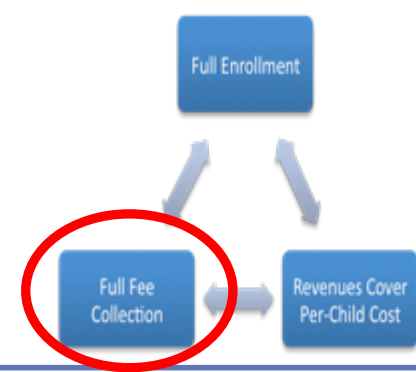
*It is important to review your Program Philosophy
with a financial lens*

Program Strategies for Full Enrollment



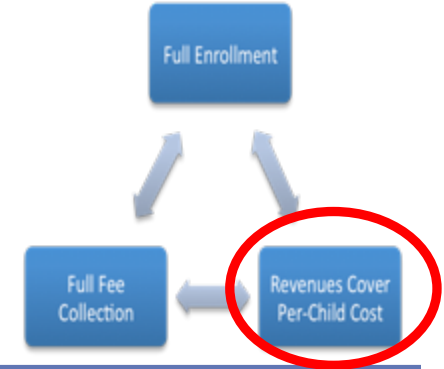
- **Data** – Track your vacancy rate, by classroom, each week and use these data to drive decision-making
- **Technology** – Use a child management system that supports on-line enrollment and creates enrollment/vacancy reports.
- **Trends** – Use data to understand when enrollment waxes and wanes, and plan classroom staffing accordingly.
- **Staffing** – Staying full requires focus. Could you create an Enrollment Coordinator – perhaps as a shared position?
- **Website** – Millennial parents shop on-line. They want websites, with capacity to schedule tours + enroll on-line.

Program Strategies for Full Fee Collection



- **Data** – Maintain data on bad debt: % of parent fees not collected and subsidy \$ not collected from state/local government agency.
- **Reconciliation** – Establish a process to reconcile what is \$ owed with what you \$ received, including subsidy reimbursement.
- **Technology** – Make ACH payment, from bank account, credit or debit cards, venmo or paypal standard procedure. Use a child management system that alerts parents about fees due when they check their child in each morning.
- **Staffing** – Create a separate staff responsible for tracking fee collection (could be shared) so Directors/Teachers who have relationships with families do not collect fees.

Program Strategies to Ensure Revenue Covers Costs

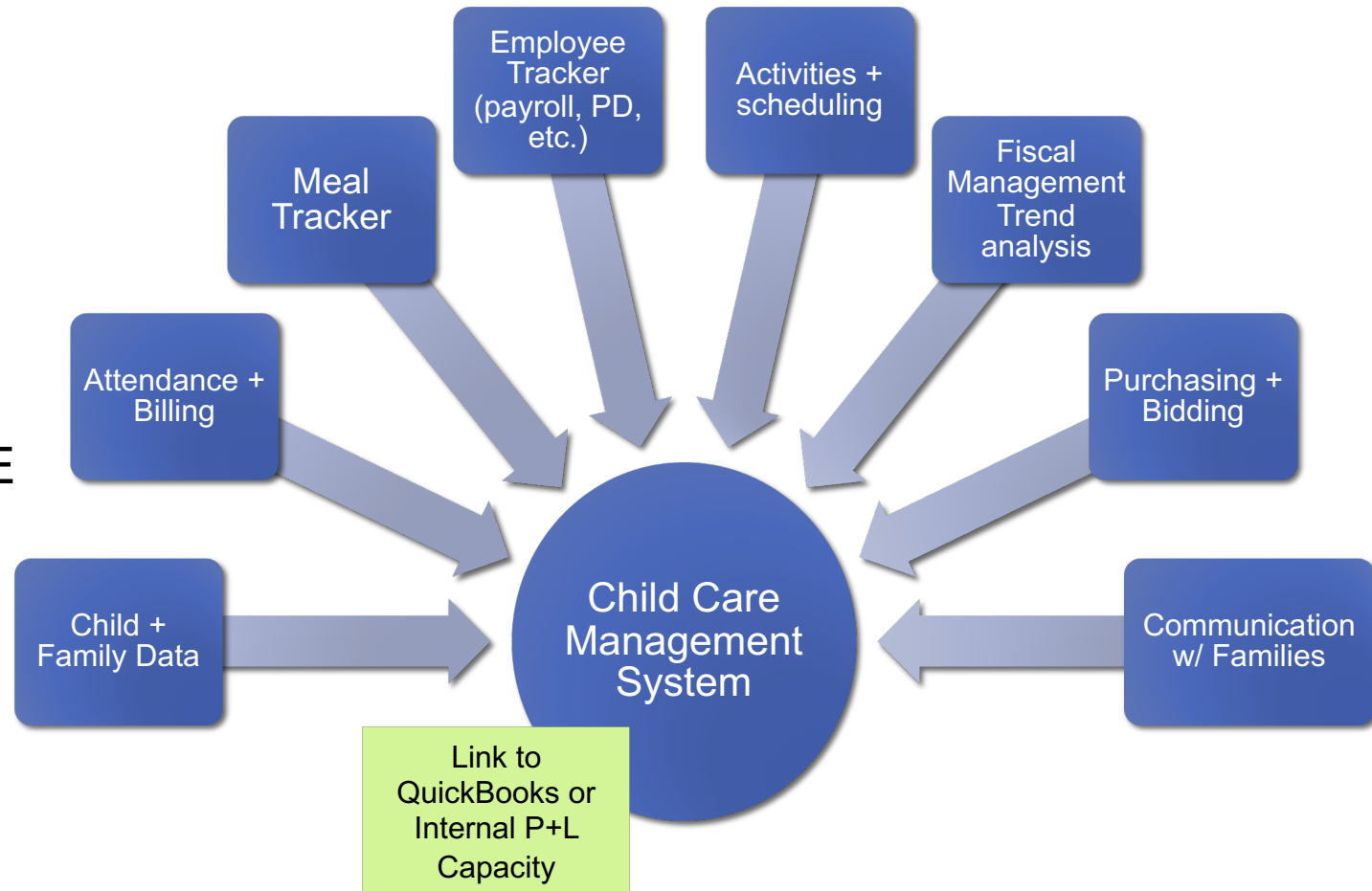


- **Data** – Know your cost per child for each classroom
 - Cost is NOT price. Average cost isn't a good enough number. What does it actually cost you to deliver the service in each classroom?
 - Will full enrollment generate more revenue than raising rates?
 - Should some classrooms be closed or combined?
 - What percentage of cost is administrative? Can shared management help?
- **Technology** – Automate your fiscal management so you can monitor revenue closely and collect revenue more reliably
- **Shared Staffing** – Explore staff-sharing Alliances with other sites to attain scale and maximize economies of specialization
- **Fiscal Management & Fund Development** – Strengthen capacity to tap and blend funding from multiple sources.

Essential Ingredient: A Child Management System

Many Off-the-Shelf Products are available:

- ProCare
- SmartCare
- BrightWheel
- AllianceCORE
-and more



SURVIVAL

Shared Services



The Bottom Line: ECE Leadership is Complex

Pedagogical Leadership

- Child development expertise
- Child observation, reflection, assessment
- Instructional Leadership
- Family engagement



Business Leadership

- Full enrollment
- Full fee collection
- Cost-per-child calculations
- Regulatory compliance
- Funder reporting



High Quality ECE



But Leadership CAN be Shared

Opportunities Exchange Core Values:

- Every director deserves an administrative team.
- Every teacher deserves strong leadership.
- Every child deserves a reflective teacher.

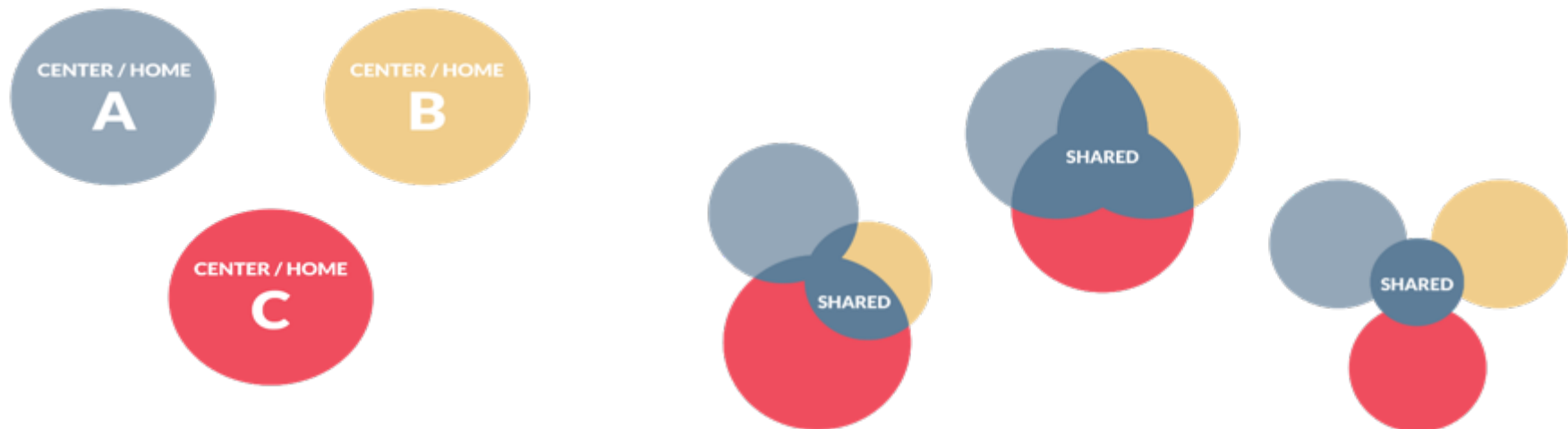


Shared Services: A Path to Sustainability (and Sanity)

From: Working
Independently



To: Sharing staff and
resources



With Shared Services, programs can be **big** where big matters and **small** where small matters

A Range of Approaches



Sharing Information

Online
“Knowledge
Hub”

Networking

Some shared
resources, e.g.
maintenance,
training

Sharing Back Office

Billing, fee
collection, etc.

Intensive Staff-Sharing

Staff-sharing
in many
areas, shared
core values

Nebraska Early Childhood Exchange

www.nebraskaexchange.org

- Enrollment agreement, application form, family handouts many resources to download and customize
- Budget tools & templates
- HR tools (e.g employee orientation toolkit)
- Discounts on purchase of child management software
- Lots more!



The screenshot shows the homepage of the Nebraska Early Childhood Exchange. At the top, there is a navigation bar with the logo and the text "nebraska early childhood EXCHANGE". To the right of the logo is a "Log In" button and a search bar. Below the search bar is a link to "More Quality Childcare Resources on Pinterest". A "Select Language" dropdown menu is also visible.

The main content area features a large banner titled "Grow Up Healthy" with the text: "The Best Practices for Physical Activity Guide from Nemours has recommendations and guidelines for incorporating physical activity into your program and sample policies and parent tip sheets to help you spread the word about the importance of physical activity!" and a "See Guide" button.

Below the banner are four featured sections:

- New and Noteworthy:** Includes a photo of a young girl and a list of resources: "New Cost Savings Programs CEI / Cognitive ToyBox", "Developmentally Appropriate Practice (New page with 4 new resources)", and "Forms (9 new resources)". A "See More" button is at the bottom.
- Healthy Food Delivered:** Features the "FoodSource plus" logo and text: "Get the healthy food you need for children's meals delivered right to your door, and save money! Explore the time and costs savings benefits available through Food & Supply Source today." A "Save Now" button is at the bottom.
- Explore Outdoors:** Includes a "Child Care Weather Watch" table and text: "Take advantage of the weather to bring time for physical activity outdoors! Use the Weather Watch poster to ensure the conditions are safe for children as they get out and explore." A "Go There" button is at the bottom.
- Membership Information:** Contains a link: "Click here to learn about your membership in the Nebraska Early Childhood Exchange!" and a circular "MEMBER" stamp graphic.

Here are two
of my favorites
resources from
the Exchange

DOCS BY PHONE



24/7 Access, Prescription Savings & More

Our partnership with CCA Global Partners and AllyHealth brings you affordable options to help you and your employees with medical expenses.

Docs By Phone (or Telemedicine) offers employees 24/7 access to doctors by phone. Doctors are Board Certified in your state, licensed to practice medicine and write prescriptions.



HOW IT WORKS



Coming Soon!

Website Redesign



Search



Welcome, Jane

[Google Translate](#)

[Local Resources](#)

[Engaging Families](#)

[In the Classroom](#)

[Saving Money](#)

[Successful Program Management](#)



Spring isn't only for cleaning

It is the perfect time to refresh policies and add additional guidance to your family handbook. The customizable template and sample policies are your jump start to creating a comprehensive handbook.

[View Resources](#)

Featured Tools & Resources



[Becoming an HR Expert](#)



[Compliance & Quality](#)



[Financial Management](#)



[Family Child Care Toolkit](#)

NEW! FCC Toolkit

www.nebraskaexchange.org

On-line Tools + Resources Specifically for Family Child Care

- Business Basics & Professionalism
- Tax Tips
- Human Resources
- Marketing
- Meals & Nutrition
- Regulations
- Family Engagement
- Emergency Readiness
- Activities with Children
- Training & Professional Development



Showing 25 of 133 results (show all) within 10 miles of Nashville, TN for ages All Ages

open at / before Any Time close at / later than Any Time [More Options](#)

Fannie Battle Day Home for Children
108 Chapel Avenue Nashville TN, 37206

Daniel Payne Christian Child Care Center
212 Neill Ave. Nashville TN, 37206

Blakemore Childrens Center
3604 Whitland Avenue Nashville TN, 37205

WNCP Children's Weekday Ministry
6849 Charlotte Pike Nashville TN, 37209

St. Luke's Community House



Fannie Battle Day Home for Children

108 Chapel Avenue
Nashville TN, 37206

Contact: Stacie Spasoff, Program Director
(615) 228-6745 Phone
(615) 228-8773 Fax
[Send Email](#)
[Schedule a Tour](#)
[Visit Official Website](#)

\$ Fees based on Income
🍴 Provider serves meals
★ TN Quality Star Rating 3



Details

Hours
6:30am - 5:30pm

Ages Served	Current Availability
0 months - 12 months	⌘
12 months - 2 years	⌘
2 years - 3 years	⌘
3 years - 4 years	⌘
5 years - 7 years	✓

SCHEDULE A TOUR

Please complete the following form to schedule a tour.

Parent/Guardian Information

First Name Last Name

Email Address Phone

Child Information [Add another child](#)

Child's First Name Child's Last Name Under 6 Month

Enrollment Information

Desired enrollment date Desired day for your tour Desired time for your tour

SUBMIT REQUEST

An initiative of
The Community Foundation of Middle Tennessee



CHILDCARE MATTERS

An initiative of
The Community Foundation of Middle Tennessee

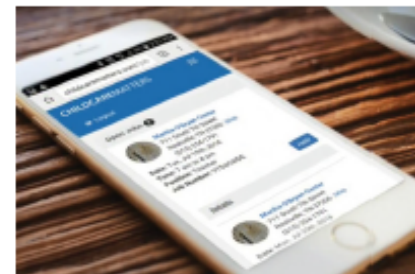
CHILDCAREMATTERS SUBSTITUTE SERVICE

.....

Quality care for young children is a foundational need for their development and well-being, as well as for those involved in their days. Children need consistency of care with familiar faces, directors need substitute staff that is available and well-trained, parents need assurance that staff is well-prepared, and staff need the opportunity to be away from the classroom for professional development and personal needs.

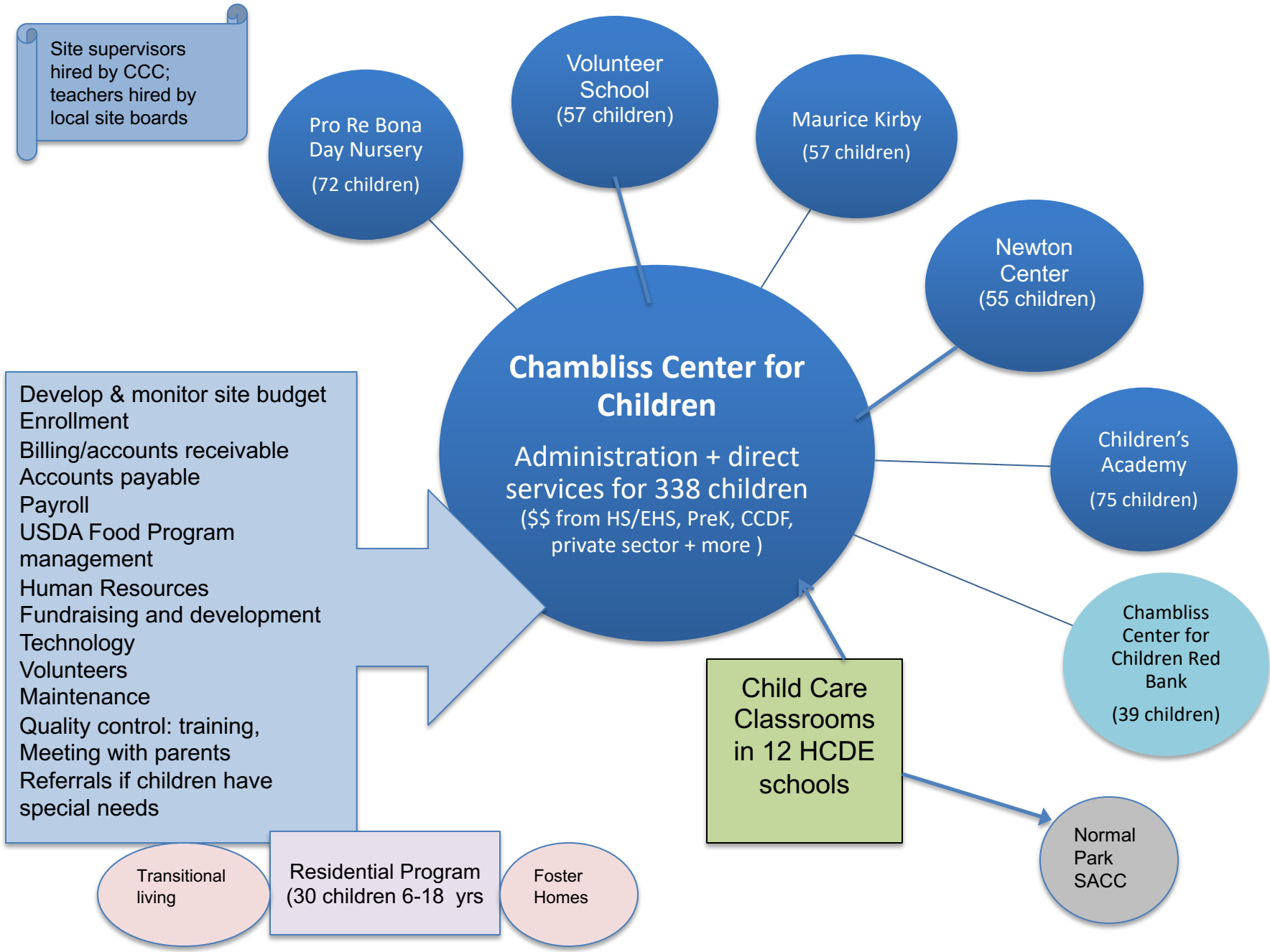
How Does It Work?

- Directors log onto the ChildcareMatters website to access the Substitute Service at any time, day or night.
- Once the details of the program's open position are added to the system, qualified substitutes are notified via text message or email immediately.
- Substitutes can review available jobs from their phone, tablets or computer.
- Programs are notified by text or email when someone applies for position, and directors can view substitute information, including hourly pay rate.
- Payment is made through the program's current payroll.
- The substitute arrives at the program with all required documents and training.



What Does This Mean?

ChildcareMatters Substitute Service provides peace of mind for all ... and no more 5:30 a.m. phone calls!





PLAY BASED
Little Red
 8:30am to 6:00pm - \$520 to \$1190



REGGIO EMILIA INSPIRED
Liz's First Steps Child Care
 8:00am to 6:00pm - \$839 to \$1800



PLAY BASED
Yvonne's Wonderschool
 7:30am to 6:00pm - \$619 to \$1355



PLAY BASED
4 Our Future Child Care
 8:00am to 6:00pm - \$845 to \$2058



PLAY BASED
Budding Blossoms Early Childcare And Development
 7:30am to 6:00pm - \$990 to \$1575



PLAY BASED
Future Prints Harlem Daycare
 8:00am to 6:00pm - \$1500 to \$1800



PLAY BASED
Educational Playground
 8:00am to 5:30pm - \$660 to \$1450



PLAY BASED
Wiggles, Giggles, & Smiles
 7:30am to 6:00pm - \$660 to \$1400



LANGUAGE IMMERSION
Joy Joy Playground
 8:00am to 6:00pm - \$810 to \$1600



PLAY BASED
Upper West Side Playgroup
 8:00am to 6:00pm - \$600 to \$2450



MONTESSORI
Greenpoint Montessori
 8:30am to 2:30pm - \$1500 to \$1700



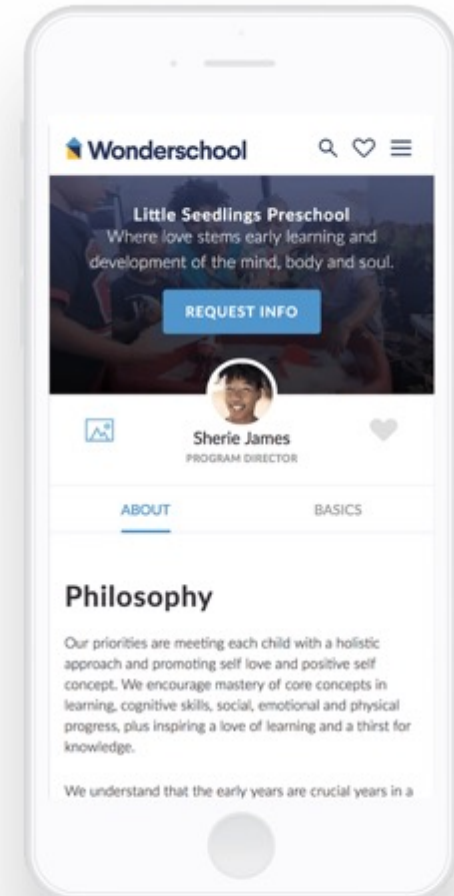
PLAY BASED
Bruno Child Care
 8:00am to 5:45pm - \$580 to \$1330



Shared Services for Family Child Care

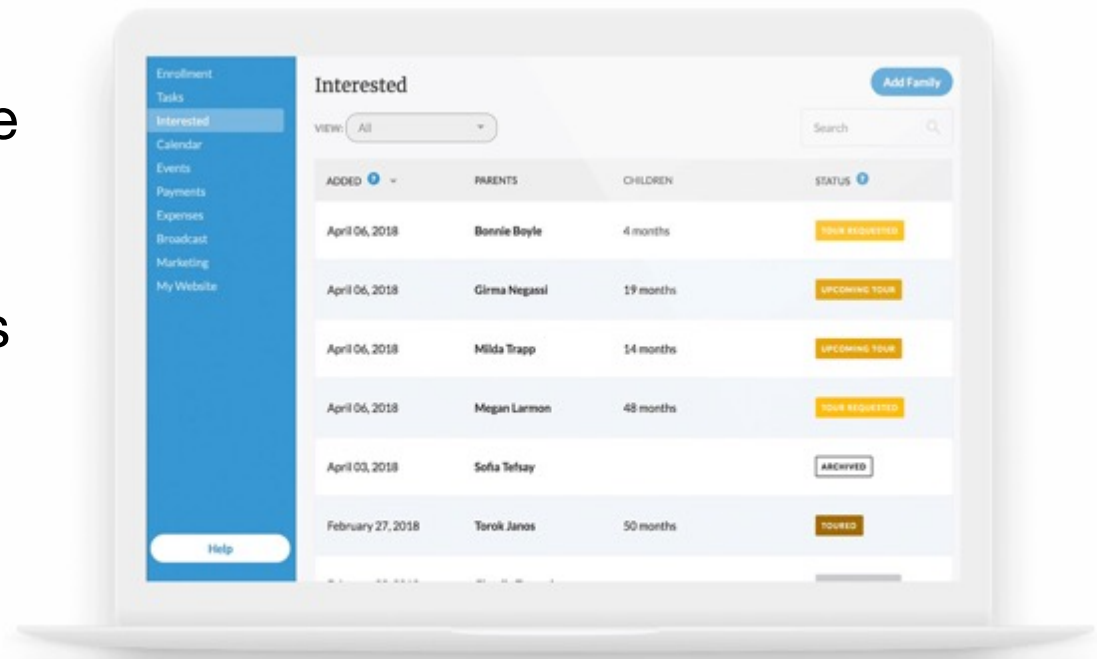
Set up Assistance

- Provider Readiness Assessment (readiness to start program) for those starting new programs
- Pricing planning—hyper local pricing research conducted, pricing recommendations shared with provider who makes the final call
- Financial modeling—specific to each provider
- Support with licensing (via partnership with local ECE entity or WS consultant)



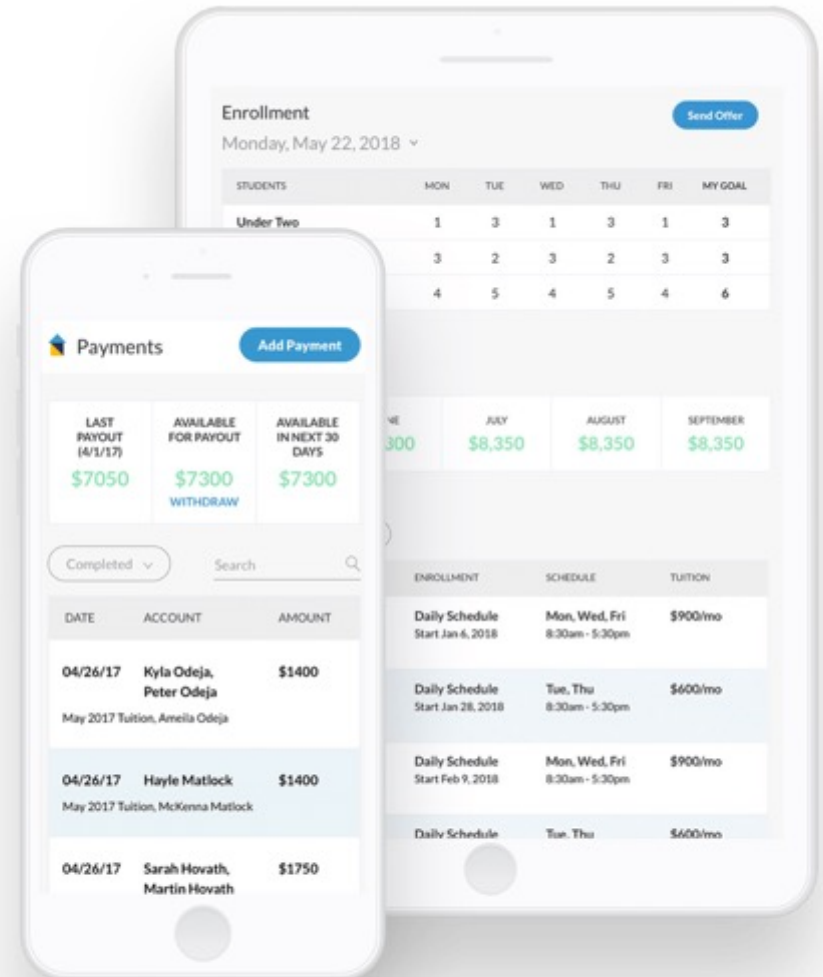
Marketing, Touring and Enrollment Support

- Marketing support (on-line, social media, Yelp pages, brochures)
- Online tour sign-up for parents and tour coaching for providers
- Online open house/event creation and support - guide providers, links to RSVP pages, assistance promoting openings
- Enrollment Support:
 - Parents enroll online
 - Wonderschool staff tracks and reports enrollment statistics to help home stay full



Ongoing Business Support

- Online payment processing (ACH and credit card)
- Financial statements
- \$250 professional development stipend per program owner
- Support for parents and providers, as-needed (disputes, payment questions, transition issues, etc.)
- Quality assessment, mentoring, professional development (via partnership with local ECE organization or consultant)





RESULTS

Working Smarter, Not Harder

The goal of Shared Services is not just to lower costs, but to “work smarter”

- Increased revenue due to skilled fiscal managers who tap every dollar and maximize technology (+ lower admin costs)
- More time for site leaders to plan and reflect because they have administrative support focused on the success of their businesses
- Teachers who have access to coaching and supervision directly linked to their classrooms/homes and the children they teach
- Opportunity for internal (network) staff supports: coaching/mentoring, planning time, peer learning communities, benefits, more opportunities for growth

Shared Leadership

Pedagogical Leadership

- Child development expertise
- Child observation, reflection, assessment
- Instructional Leadership
- Family engagement



Business Leadership

- Full enrollment
- Full fee collection
- Cost-per-child calculations
- Regulatory compliance
- Funder reporting



High Quality ECE

Pedagogical Leadership: How Shared Services Helps

- Site Directors have time and energy to coach teachers in classrooms or plan and participate in home visits.
- Family child care providers have time to focus on children and families, not paperwork.
- Teachers and caregivers have access to embedded quality improvement staff for continuous support
- Teachers have time 'off the floor' to think and plan; opportunities to reflect on their work in professional learning communities
- Staff has the opportunity to grow in their jobs, gain degrees/credentials, deepen teaching skills, and more.

Pedagogical Leadership: A Real Story

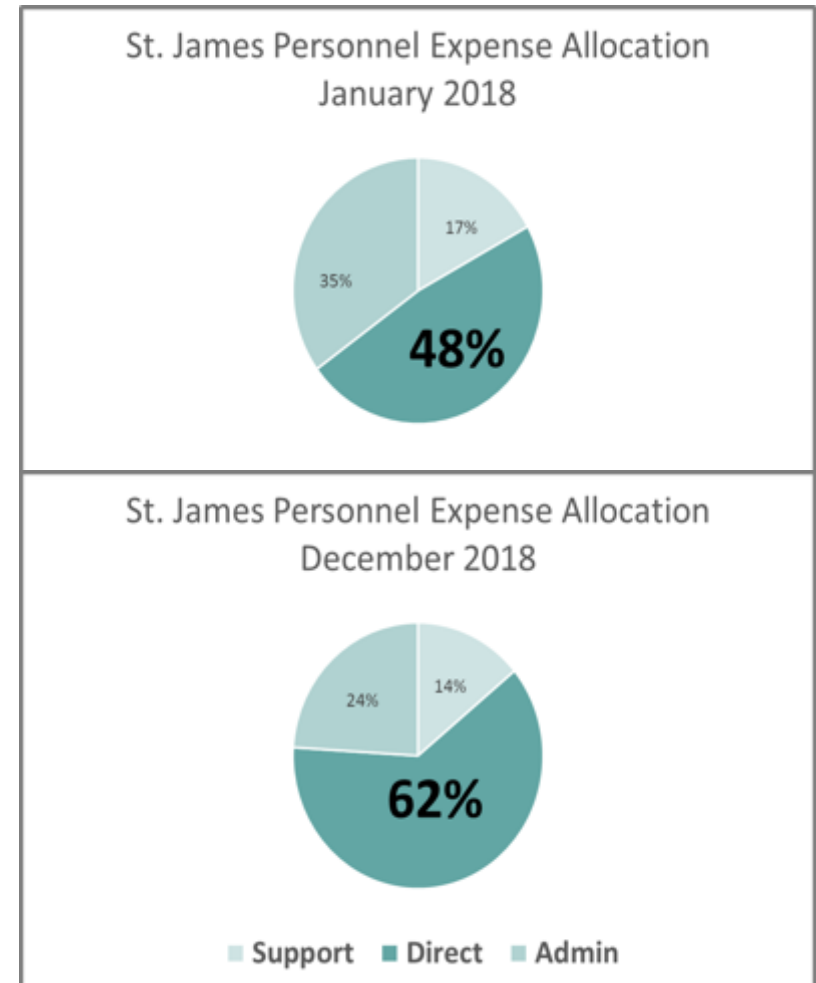
After Early Connections (a multi-site non-profit) re-organized using Shared Service principles, their site directors focused on:

- Classroom observations, coaching teachers, oversee TS GOLD; coordinating/supporting teacher home visits
 - 85% of children score “Exceeding Widely Held Expectations” on TS GOLD
 - Teachers conduct home visits, with Director support
- Center Director peer group meets every 2 weeks
- Teachers participate in role-alike peer learning community
- Teacher Representatives agency-wide quarterly meeting
- Teachers all have health + retirement benefits, paid vacation, paid time for planning and professional development, etc.

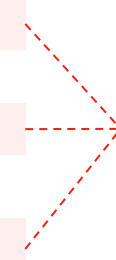
Business Leadership: A Real Story

By joining a Shared Services Alliance, in ONE year, this center:

- Decreased administrative expenses + shifted savings into direct services
 - ✓ Director had additional 17 hours per week to work with teachers in classrooms (time previously spent on payroll, accounting, collections, etc.)
- Boosted revenue via targeted focus on the Iron Triangle + reaching higher quality:
 - ✓ Offered more affordable Health Insurance Plan
 - ✓ Offered all full-time employees a 401K Plan
 - ✓ Able to give another wage increase
- Will increase supply – plan to add another toddler classroom



Business Leadership: A Family Child Care Home Example

	With Bus Support	Stand-Alone	
Market price avg monthly tuition (per child)	\$600	\$600	
Total capacity	12	12	
% of market tuition captured	100%	90%	 <p>Iron triangle</p>
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	

If You **Want Something**
You've Never Had,
You've Got To **Do Something**
You've Never Done



For more information

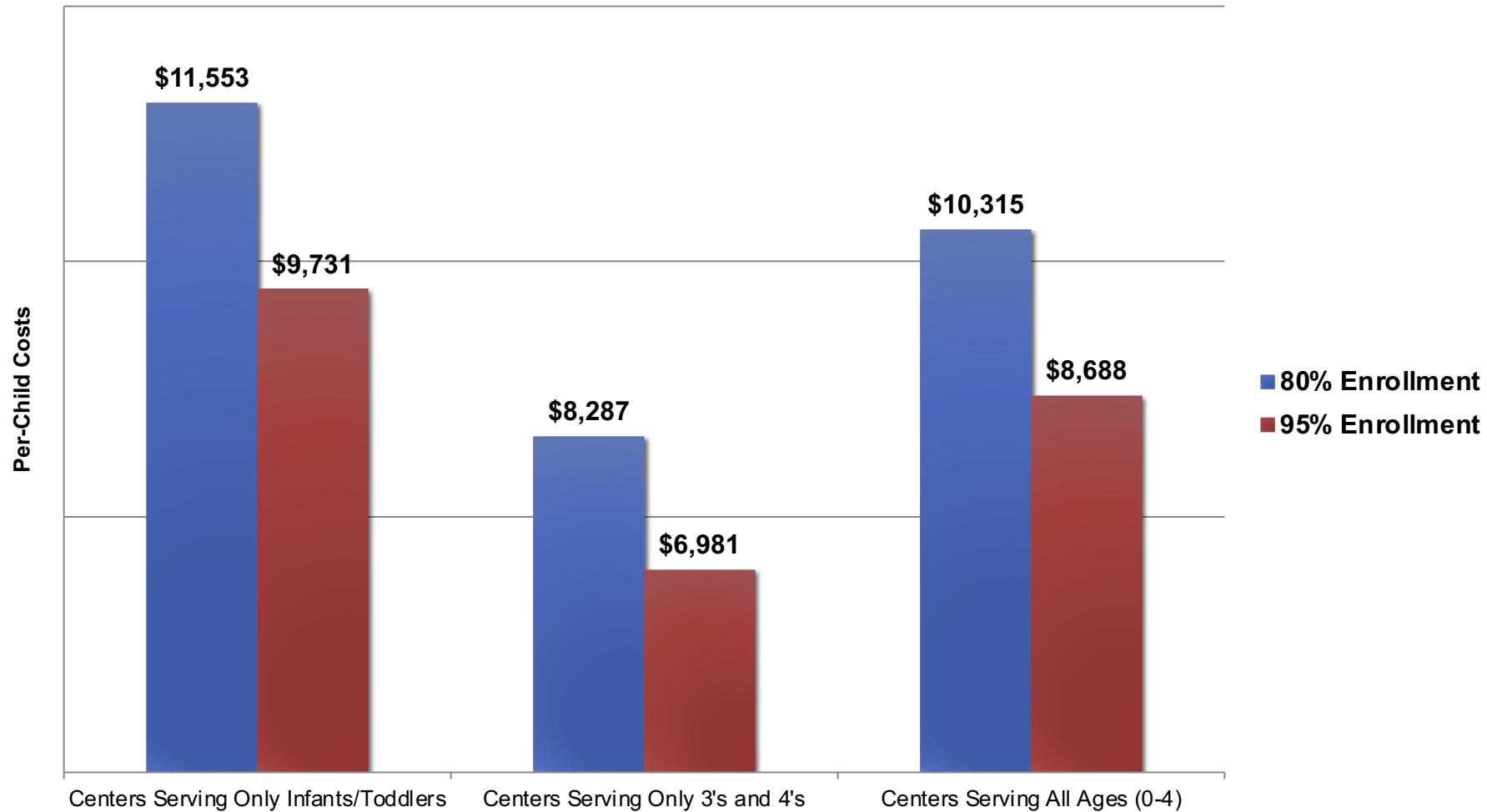
www.opportunities-exchange.org

Louise Stoney

louise.stoney@gmail.com

561-841-6501

Age is Key Factor in Cost of Care



Enrollment Affects Cost of Care

Annual Cost Per Child
All ages, Star 4 Center in Southern State
Capacity = 76

