

BUSINESS PRACTICES AND TECHNOLOGY SURVEY



CHILD CARE CENTERS

In November 2021, Early Childhood Iowa sent an electronic survey to all 1,496 licensed centers and preschools in the state to learn about how providers manage their business, and what, if any, technology solutions they are using. There were 444 (30%) returned surveys, from 83/99 counties. The majority (84%) of providers responding have been in operation for 6 years or more.

KEY SURVEY FINDINGS

96%

have consistently reliable high-speed internet access

77%

report regularly being paid late

48%

are not using business software tools

90%

of respondents have access to a computer for business use

77%

report that recruiting, hiring and retaining staff/paying a competitive wage is the greatest challenge

39%

report spending more than 20 hrs/wk on managing business related tasks

COLLECTIONS

Full collection of fees is a significant barrier to provider sustainability. Several questions on the survey asked about how providers handle billing and collections. Slightly more than half of the survey respondents (53%) indicated that they currently collect fees on site – meaning that the parent has to be present to collect the fees – with 45% reporting that fees are paid by check or cash, and 8% by credit card (See Table 1). This is important because there are several steps involved in processing manual payments. Checks must be endorsed and prepared for deposit (either online or at the local bank branch); cash must be secured, recorded, and deposited; credit cards must be processed and recorded by staff. Additionally, each payment transaction must be assigned to the child/family record so that providers can track what is owed and families have a record of payment for accounting/tax purposes.

For those providers (25%) who use a cash application like Venmo or PayPal (10%) or an ACH transfer (15%), time is saved on making the physical deposit, but recording payments to individual accounts is still necessary. The small percentage of providers

who reported that they use a child care management/accounting system (16%) for billing and collections can have electronic payments deposited in their bank account and documented to the family record, without any action on the part of the provider. This saves significant time and also reduces the likelihood of errors.

The lack of automation likely impacts fee collection rates. Indeed, a significant number of providers (77%) reported that one or more families are consistently late in paying tuition, and 17% reported that up to 50% of the families they serve consistently pay late. (See Table 2) The likelihood that a provider will be paid diminishes exponentially every day that payment is late, largely because small sums quickly build up. Unpaid tuition bills that grow too large for a family to manage can result in a decision to withdraw their child from the program, with providers permanently losing income.

There is strong evidence that electronic payment and frequent reminders to families can significantly reduce the level of bad debt held by providers.

TABLE 1: METHODS FOR PAYMENTS

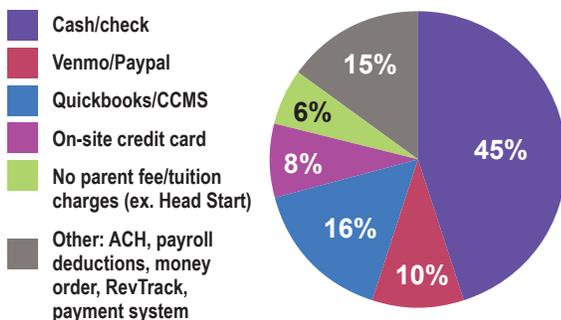
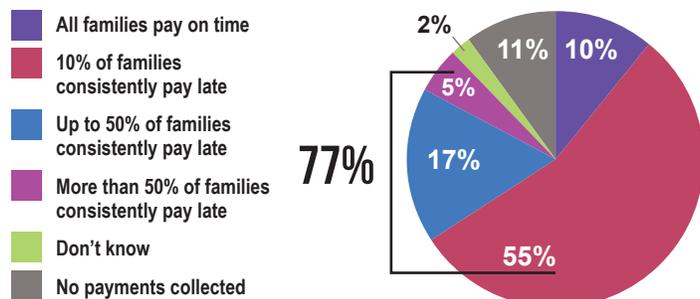


TABLE 2: LATE PAYMENTS



CHALLENGING BUSINESS RELATED TASKS

When asked about the most challenging tasks in operating a child care center, program leaders concurred, by a significant margin, that the key challenge is recruiting and retaining qualified staff (See Table 3).

We asked program leaders to help us better understand other business challenges, to determine if the most salient barrier was time, expertise or money. Survey respondents reported that time is the single largest challenge (See Table 4).

USE OF SOFTWARE/ ACCESS TO TECHNOLOGY

Program leaders were asked about their use of child care management software (CCMS) for program operations. As Table 5 indicates, some programs appear to utilize CCMS, but the purpose for which they use the software appears to vary widely.

The survey also asked providers to report their access to technology devices such as a computer laptop, tablet or smartphone. Responses, summarized in Table 6, indicate that 93% report access to a central computer for administrative tasks and 45% currently use a tablet or kiosk for families to sign children in/out. A significant percentage also report using tablets or computers for teachers and children in the classroom.

Given that internet connectivity can be a barrier to accessing business software solutions, we also inquired about this on the survey. Almost all respondents (96%) reported that they have access to consistently reliable internet access, with 61% having generally reliable access to high speed internet/Mobile Data (See Table 7). It is important to note, however, that those with limited, poor or no internet access were not likely to respond to an electronic survey that was delivered via email.

TABLE 3: MOST PRESSING CHALLENGES FOR DIRECTORS

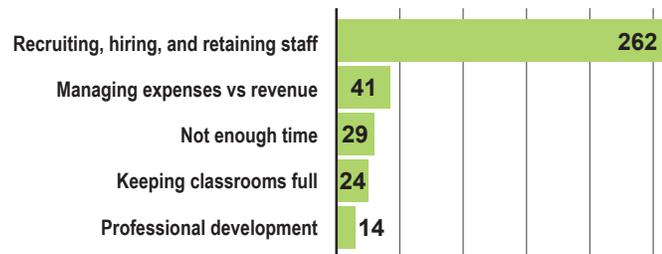


TABLE 4: CHALLENGING BUSINESS RELATED TASKS

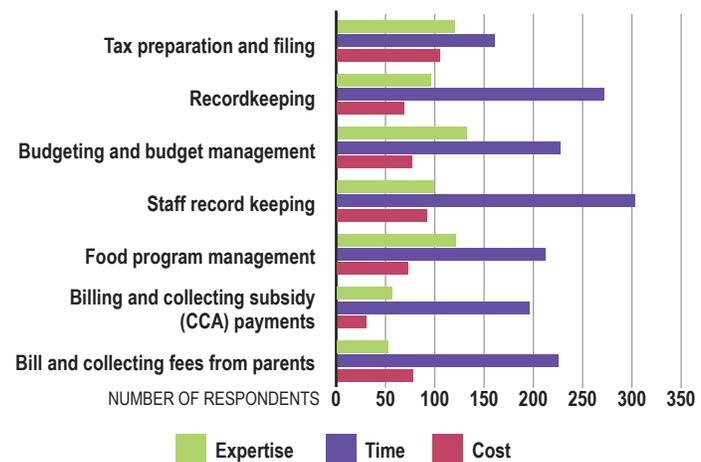


TABLE 5: CHILD CARE MANAGEMENT SOFTWARE

	Procare	Brightwheel	Smartcare	Child Plus
Child and family information	116	35	6	32
Enrollment	114	35	6	32
Attendance	108	38	5	32
Health information	95	23	5	32
Parent communications	78	42	5	25
Billing	102	35	6	2
Accounting	68	7	1	0
CACFP	52	4	1	29
Staff information	97	20	5	26

TABLE 6: HARDWARE/DEVICES AVAILABLE

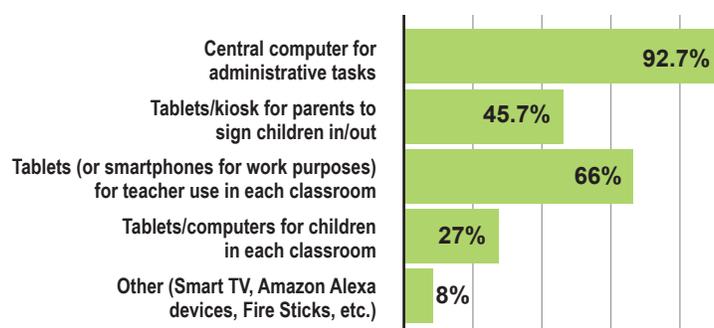


TABLE 7: INTERNET CONNECTIVITY

