

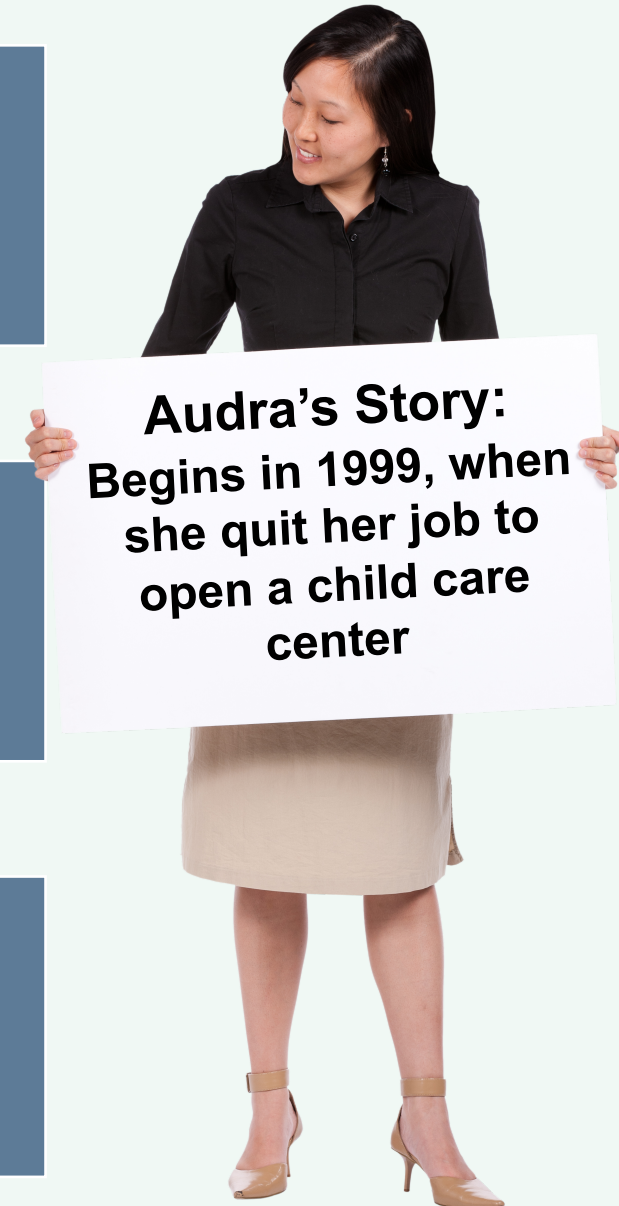
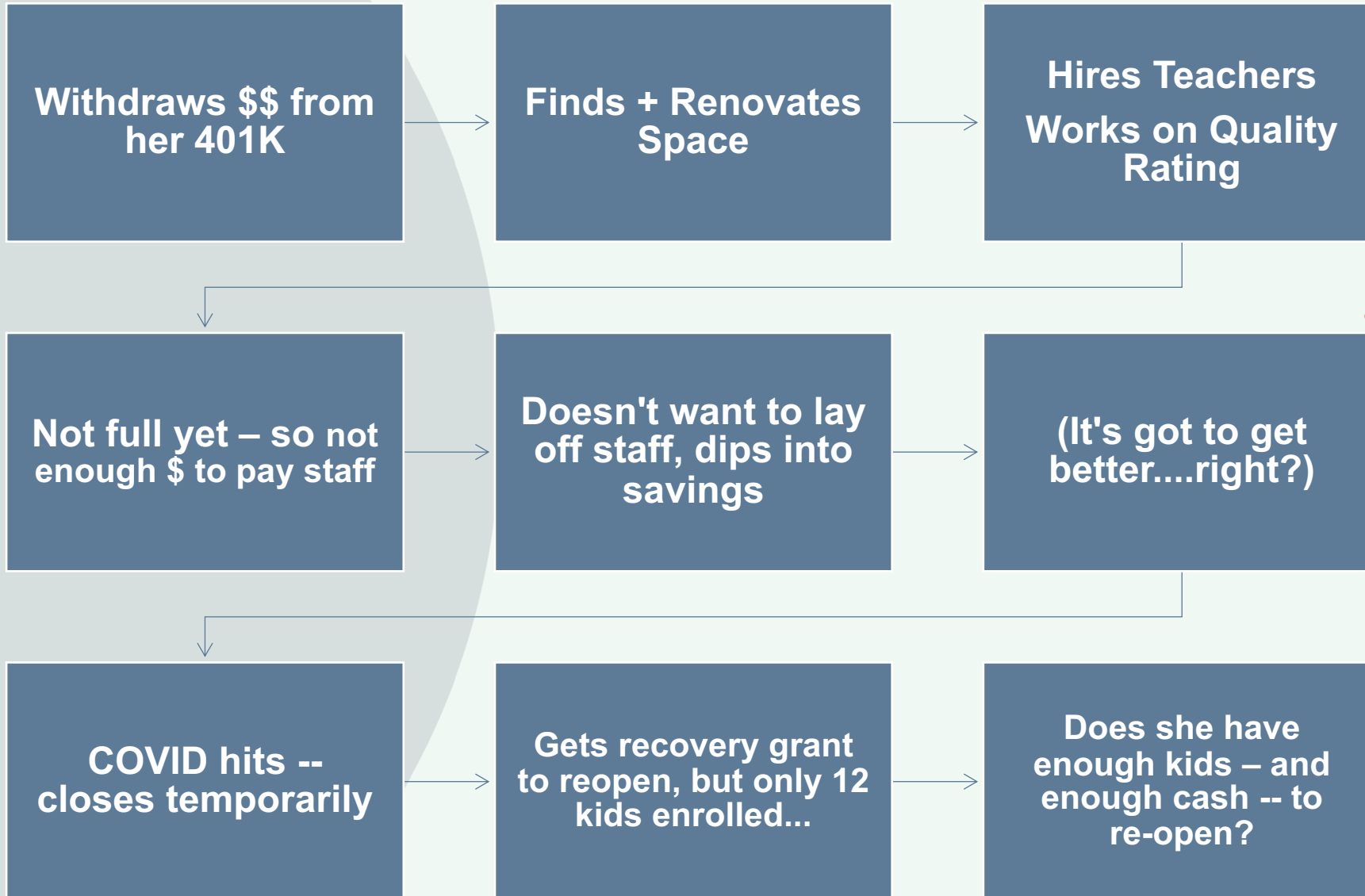


Opportunities
Exchange

Re-invent vs Re-build: *Let's Fix the Child Care System*

Early Childhood Iowa

Louise Stoney | January 5, 2022



Audra's Story:
Begins in 1999, when
she quit her job to
open a child care
center



The Challenge

ECE was broken before COVID19.

The pandemic has made financial sustainability a much greater challenge.

Can we use this tragedy as an opportunity to re-invent the industry?



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





Game Changes for the Field



Automation and Business Coaching



Administrative Scale



Real-Time Supply and Demand Data



Business Training is Not Sufficient

Busy ECE leaders need:

- Automation (less than 1/3 of providers use technology)
- Business coaching linked to automation
- Funding for technology licenses + needed hardware



- 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:

Strategic
Business
Coaching, linked
to software
designed for
ECE businesses.



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.



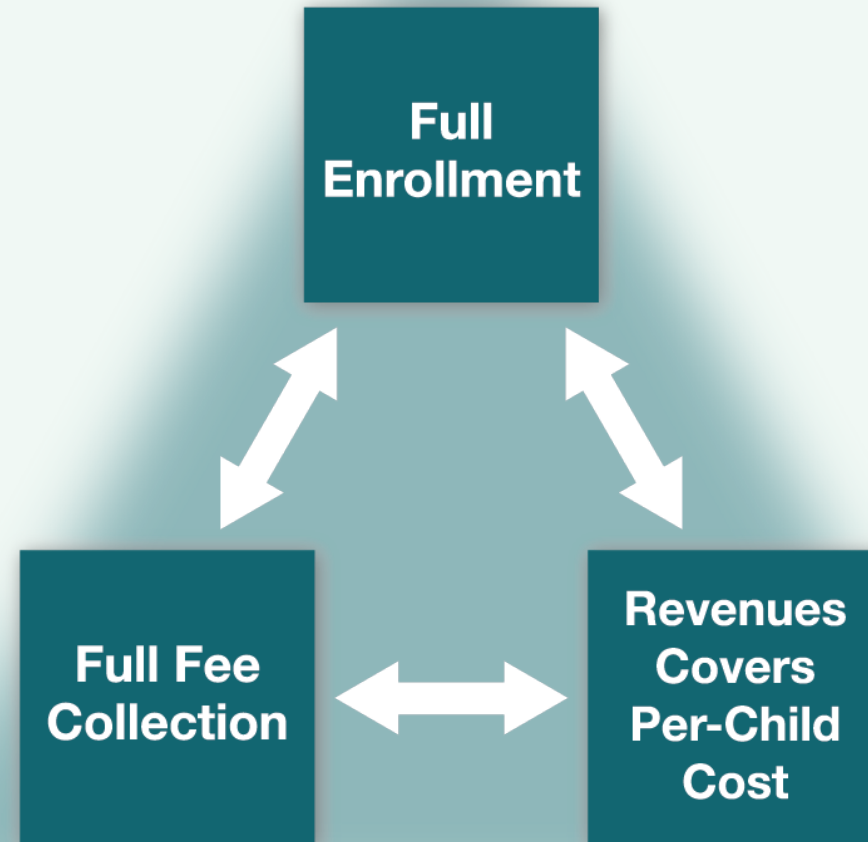
Skilled Financial Management: Data available in electronic format can be analyzed; informs financial decisions



What Works:

Focus on the most powerful ECE business metrics.

The Iron Triangle of ECE Finance



Business Leadership (data from Atlanta, GA)

When the Project Began....

Average **bad debt** was \$52,532 per program

Many sites were not fully enrolled & most did not have procedures in place to track + boost enrollment

None of the sites were using automated systems to support best practice business management

Results

Eleven months later....

Avg **bad debt** was \$877 per program

Providers now have systems to flag problems and address them before debt accumulates.

Enrollment (filling vacancies) grew 34%

Overall revenue increased by 24%

Two programs more than doubled revenue + one almost tripled revenue.

Business Leadership is Crucial in Small Settings

Enrollment & Revenue in a Small Family Child Care Home

Average Monthly Market Price Per Child	\$ 600		
Max Annual Revenue @ 6 children	\$ 43,200		
Vacancy Rate	5%	15%	25%
Actual revenue collected	\$ 41,040	\$ 36,720	\$ 32,400
Bad debt	0%	10%	15%
Total Gross Revenue	\$ 41,040	\$ 33,048	\$ 27,540



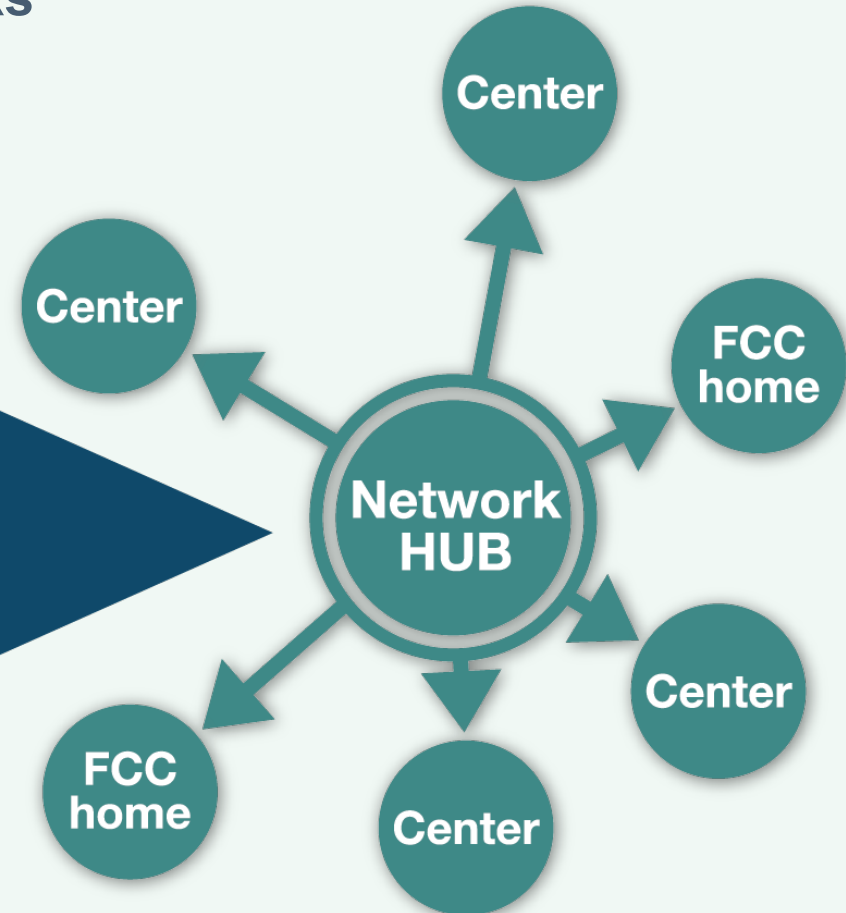
Administrative Scale is Possible

What shifts
(in regulation,
funding and
perspective) are
needed to effectively
scale the sector?



An ECE Network
Back Office can
scale many admin
tasks

- 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)





Supply + Demand Data – in Real Time

Information
on available
slots is
essential to
recovery.

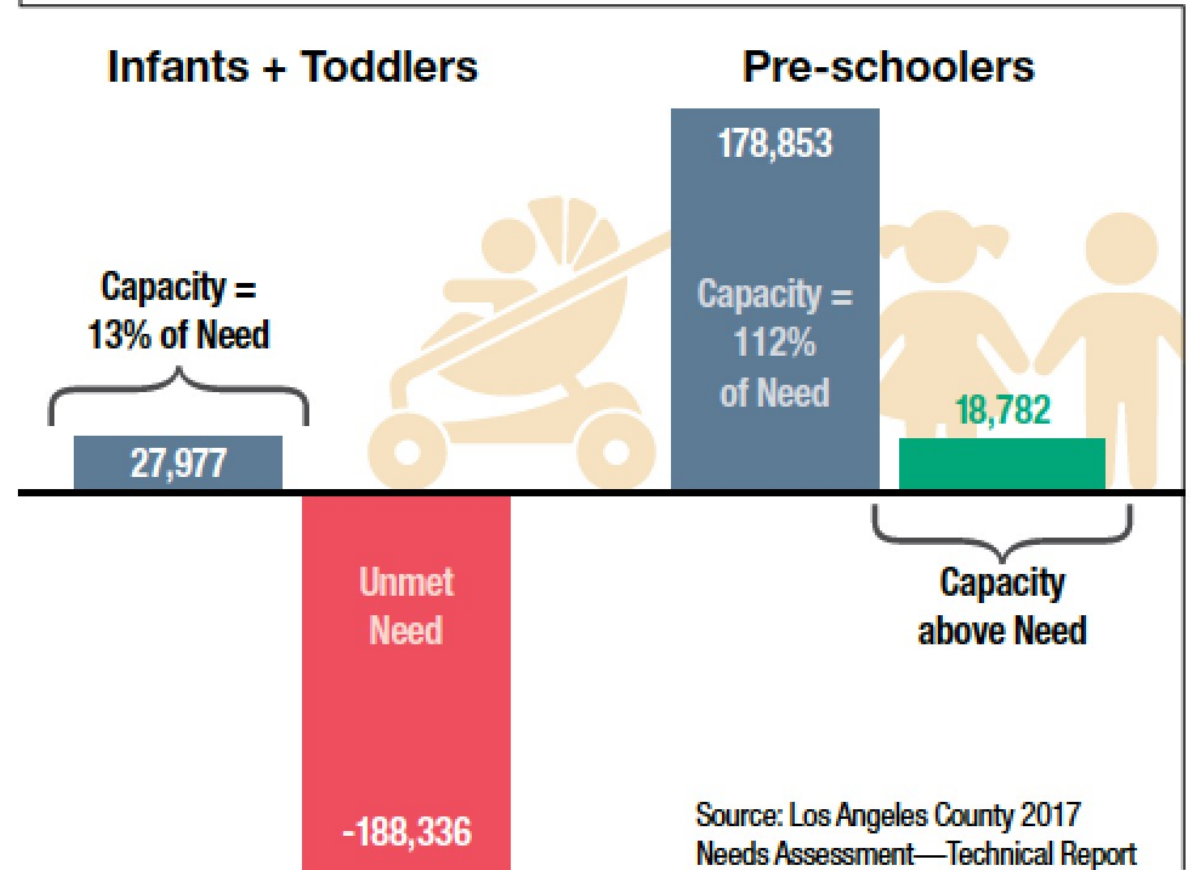




Supply Data by Age, Location, Hours

- Generalized data leads to misguided policy and finance
- Data on supply + demand needs to be detailed, dynamic and up-to-date

Supply + Demand of Licensed child centers + Family Child Care Homes in Los Angeles, CA





Many Iowa Providers Have Vacancies

...and most cannot reach capacity due to staff shortages!

Staffed Capacity and Current Enrollment in Urban Child Care Center

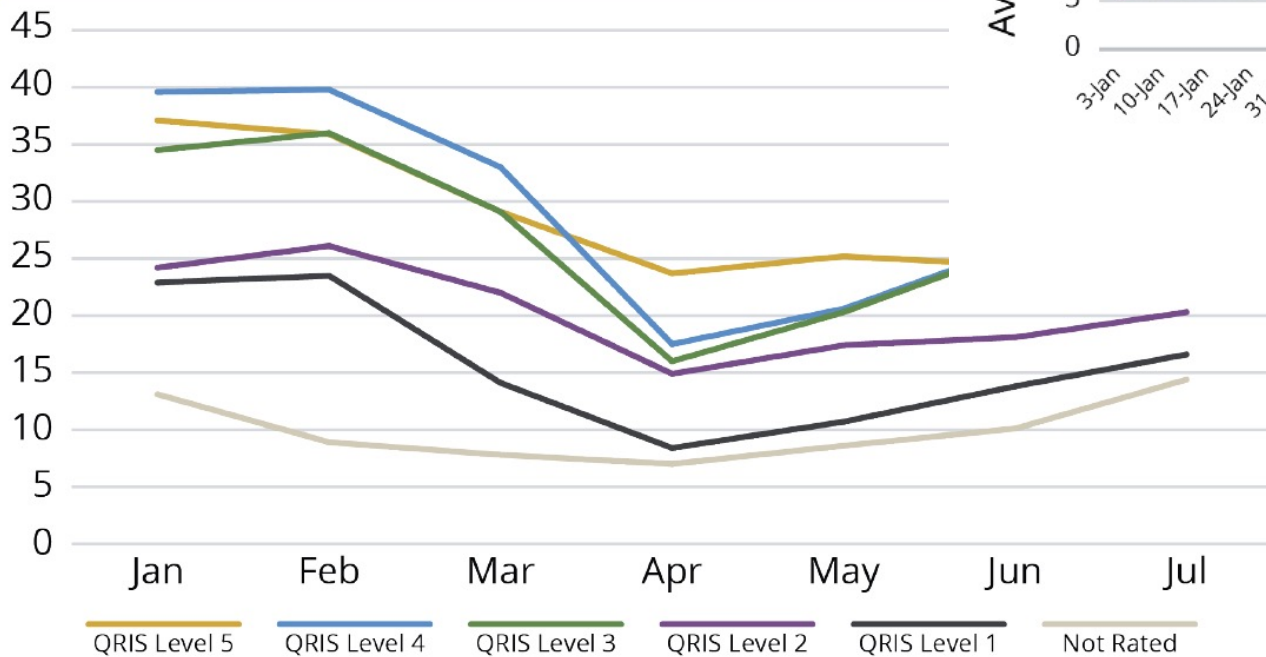
	Licensed Capacity	Desired (Staffed) Capacity	Current Enrollment	Vacant Slots
Infants (under 2 yrs)	96	80	66	30
Toddlers (2 yrs)	72	48	48	0
Preschool (3-4 yrs)	171	140	117	23
School-Age (5+ yrs)	90	90	62	28
	429	358	293	81

Data collected, November 2021

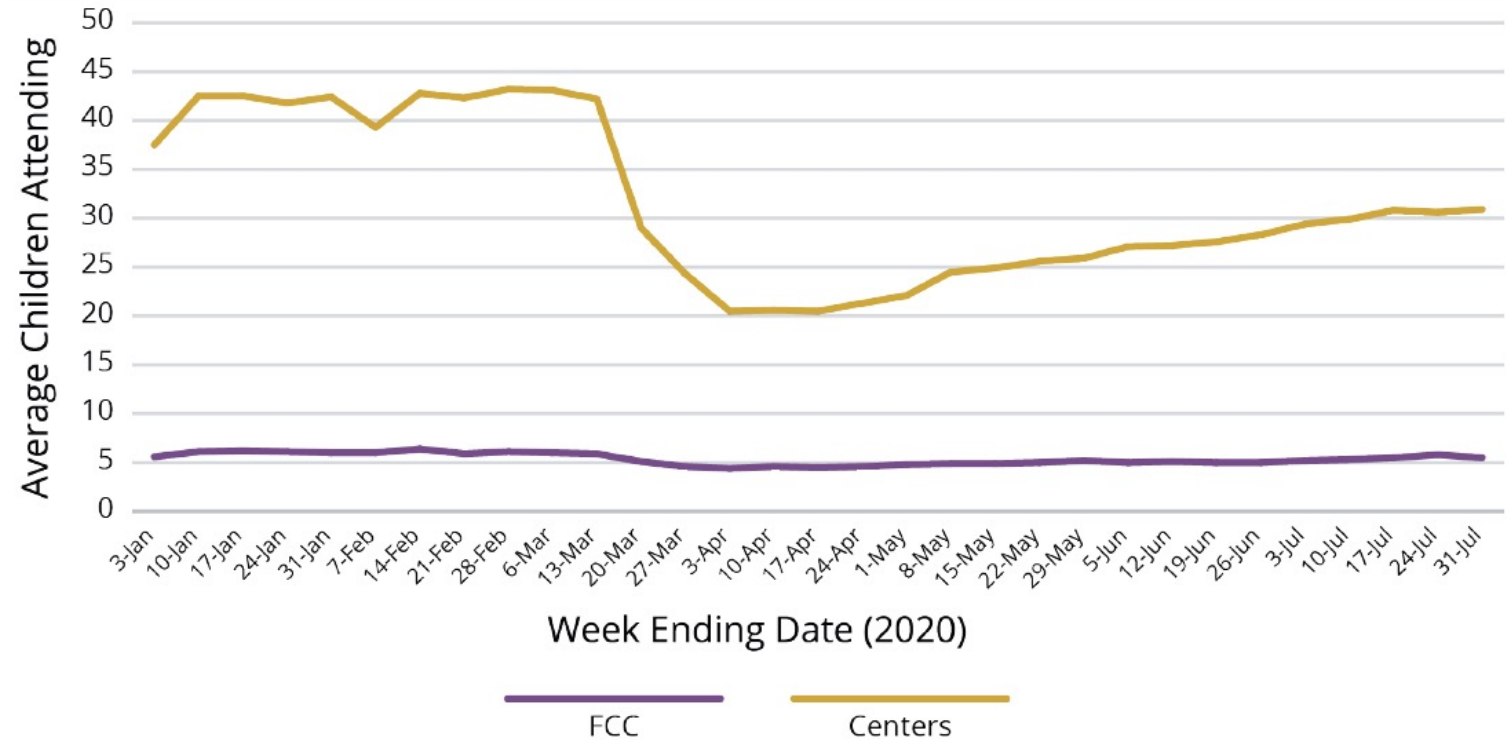


CCMS Technology Enables Systemic, Timely Data

Attendance, by QRIS Level



Average Daily Attendance, January – July 2020



Collecting Real-Time Supply + Demand Data is Possible

April 2021 Data from Texas Automated Emergency Child Care Subsidy System

Supply

Open providers	#	%
Center providers	334	47%
Family home providers	372	53%
Willing to extend hours	82	12%

Available Slots (vacancies)	sites	slots
Infant	289	1,382
Toddler	367	2,309
3-5 years old	373	3,112
School-aged	306	2,825
Total		9,628

Data by City	Sites	Infant	Toddler	3-5 Yrs	School-aged	Total Vacancies
Aledo	1	8	2	10	25	45
Arlington	101	327	536	744	586	2,193
Azle	4	8	41	46	80	175
Bedford	15	55	82	123	113	373
Benbrook	3	4	7	9	10	30

Demand

Eligible applications	
% pending placement	2%
% enrolled	86%
Total	88%

Application by Industry	#	%
Healthcare	587	34%
Local State Govt.	122	7%
Restaurant, Grocery, Food	198	11%
First Responder	75	4%
Gas Station	20	1%
Childcare worker	237	14%
Mail Delivery	65	4%
Military	17	1%
Maintenance	2	0%
Finance	79	5%
Construction	16	1%
Transportation	43	2%
Warehouse	68	4%
Leasing Agent	11	1%
Other	202	12%

OppEx Work in Iowa

The OppEx Team is helping Iowa Departments of Management and Human Services ensure that all child care providers in the state can access:

- Business training and technical assistance
- State-of-the-art Child Care Management Software
- Shared Service Alliances to offer back-office supports
- New business models, and linked business plans, to ensure sustainability
- Early stage technology ecosystems, to reduce paperwork and time spent on routine tasks

Iowa is Focused on Re-Inventing the ECE Sector!



Opportunities
Exchange

For More Information ...

Opportunities Exchange

Profiles, Tools,
Resources, Metrics,
Issue Briefs and more ...

www.opportunities-exchange.org

