



Child Care Business Practices Pilot Training – Strengthening Business Practices



Washington State Department of
CHILDREN, YOUTH & FAMILIES



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Acknowledgments

The development of the Child Care Pilot Training – Strengthening Business Practices was based on recommendations made by a workgroup of external stakeholders convened by the Department of Children, Youth & Families. Members included: Child Care Aware of Washington, The Imagine Institute and the State Board for Community and Technical Colleges.

Executive Summary

In the 2018 supplemental operating budget, ESSB 6032, Section 223(2)(v), the Washington State Legislature allocated funds for the Department of Children, Youth & Families (DCYF) to coordinate with three professional development partners – Child Care Aware of Washington (CCA), The Imagine Institute and the State Board for Community and Technical Colleges (SBCTC) to:

- Develop a community-based based training module on managing and sustaining a child care business for child care providers and entrepreneurs.
- Pilot the training with four different provider communities (family home, center-based, Spanish and Somali).
- Recommend enhancements to administrative content provided through the Washington State’s Stackable Certificates.

There is growing consensus in the early learning field that strong business practices, specifically in fiscal management, are critical to ensuring the longevity of an early learning small business.^{1,2} The importance of strong management is recognized in the Child Care Development Block Grant which requires states to provide learning opportunities for providers in this area. Despite this, role-specific supports for early learning providers in the area of business practices in Washington State can be difficult to access.

In order to unify professional learning on business practices and increase access for all licensed child care providers, DCYF and its professional development partners began coordinating efforts in February 2019 toward the development and implementation of a foundational business practices training.

The process involved surveying existing training opportunities, provider data and higher education learning opportunities related to business practices, generating a needs analysis report (see Appendix A), and using the data to inform the development of content. The aim was to create training that would complement and supplement existing training and higher education resources. The workgroup reviewed and selected a nationally-utilized [Strengthening Business Practices](#) curriculum developed by the National Center on Early Childhood Quality Assurance (NCECQA).

Necessary Next Steps for Systemic Change

This project brought needed energy and attention to a critical segment of early learning professionals. The spotlight has highlighted strengths and areas for improvement and jump-started system-building conversations that will improve professional pathways and supports for early childhood professionals. The following were identified as key steps that are necessary for systemic change:

1. Establish administrative leadership competencies that align with other national models and collaboratively work with other professional development partners to create progressive learning opportunities related to business practices.
2. Align training content with college coursework. DCYF will work with SBCTC to ensure that the Strengthening Business Practices curriculum supplements the Washington State Stackable Certificate course content. This effort will inform ECE&134 and ECE&139, two courses found in the ECE Short Certificate for child care professionals, including family home providers.
3. Obtain additional funding to pursue trainer preparation. The state can coordinate all early learning professional development partners to participate in a statewide train-the-trainer event, so that trainers can learn how to deliver the content in-person, online and multiple languages (English, Spanish and Somali).

¹ Administration for Children & Families. (2015). [State policies that support business practices of child care providers \(PDF\)](#).

² Institute of Medicine and National Research Council. (2015). [Transforming the Workforce for Children Birth Through Age 8: A Unifying Foundation](#). Washington, DC: The National Academies Press.

4. Evaluate training program impacts to determine if professional learning is making a change in the sustainability of early learning programs including fiscal management, longevity of the program and the correlation with the quality of care.

Introduction

Research shows that high-quality early childhood education is essential for positive child outcomes and that sustainable quality of programming requires strong pedagogical and business leadership.³ Individuals who become early learning professionals (child care business owners, teachers and staff) often stand out as leaders among their peers – they may be caregivers who are looking to stay home with their own children while caring for others to make ends meet. No matter what brought them to child care program management, they likely took on the management responsibilities without formal support from mentoring or subject-specific professional development.⁴

The early learning system implicitly communicates the assumption that when an early childhood educator is able to provide a safe learning environment for children, they are also able to effectively run a business. This assumption fails to recognize the reality that being a small business owner and administering a high-quality program requires specific skills. It is necessary that business owners are knowledgeable in developing and maintaining an effective organization, planning and putting into practice a variety of administrative systems, managing personnel and supporting their professional growth, managing finances, taking care of the facility and materials and having some legal knowledge.⁵ Research on administrative roles in child care and national policies are beginning to reflect these findings.

In 2015, the Institute of Medicine and the National Research Council of the National Academies published a cornerstone report, *Transforming the Workforce for Children Birth Through Age 8: A Unifying Foundation*. This showcased the implications of the science of child development on early learning settings and focused on the competencies and professional learning across roles that are necessary to ensure the longevity of high-quality programs. They stated, “many early childhood providers are essentially small businesses with minimal to no support infrastructure [...] Therefore, it is important for leaders to get the business side of their job right.”⁶ In their section on the knowledge and competencies for leadership in early learning settings, they included organizational development and management as one of the key competencies for child care business owners and directors, and other staff who perform administrative duties. Referring to the need for child care professionals to have, “knowledge and ability in administrative and fiscal management, compliance with laws and regulation, and the development and maintenance of infrastructure and an appropriate work environment.”⁷

Mirroring the growing awareness of the unique competencies required of early learning administrators, the Child Care and Development Block Grant included a provision that required states to implement strategies to strengthen the business practices of child care providers. The Child Care Development Block Grant includes language that business practice supports may include fiscal management, budgeting, record-keeping and staff management. Enhancing business practices is explicitly called out as a strategy to increase the supply and quality of early learning programs across the country.

³ Stoney, L., Blank, S. (2011). [Delivering quality: strengthening the business side of early care and education \(PDF\)](#).

⁴ Stoney, L., Booth, K. (2015). [Strengthening the business practices of child care centers and homes \(PDF\)](#).

⁵ Stoney, L., Robinson, B. (2017). [The business side of early care and education \(PDF\)](#). Retrieved from QRIS National Learning Network.

^{6,8} Institute of Medicine and National Research Council. 2015. [Transforming the Workforce for Children Birth Through Age 8: A Unifying Foundation](#). Washington, DC: The National Academies Press.

The Challenge

According to the U.S. Small Business Administration, more than 20 percent of small businesses with employees fail after their first year, 34 percent after their second year and only 50 percent survive five years.⁸ The “survival rates” are similar across industries. Since most licensed child care providers are small businesses, professional learning and support become critical to ensuring business success and availability for quality care for families. Small businesses most often fail because they lack cash flow, have a faulty business model or poor management.⁹ This is similar to the findings that poor financial management is a leading cause of program closure within the early learning industry.¹⁰

The closure of licensed programs is a concern as it creates many challenges for working caregivers, families and their employers, and may lead to potentially negative child outcomes in the long-term.

The Charge

In the 2018 supplemental operating budget, the Washington State Legislature allocated funds for the DCYF to coordinate with three professional development partners – Child Care Aware of Washington (CCA), The Imagine Institute and the State Board for Community and Technical Colleges (SBCTC) to:

- Develop a community-based based training module on managing and sustaining a child care business for child care providers and entrepreneurs.
- Pilot the training with four different provider communities (family home, center-based, Spanish and Somali).
- Recommend enhancements to administrative content provided through the Washington State’s Stackable Certificates.

The training module’s focus is on managing and sustaining a child care business, and includes the following content:

- Budgeting
- Marketing
- Human Resources
- Fundraising

Community Need for Business Practices Training

Over the years, Washington’s professional development partners have collected anecdotal information from early learning providers on their need for business practices supports.

Business Practices Landscape Analysis

During the spring of 2019, the workgroup conducted a landscape analysis that identified and reviewed multiple sources of data in order to develop the most relevant training content and to build a more nuanced, comprehensive understanding of existing professional development supports and needs.

⁸ U.S. Small Business Administration. (2012). [Small business facts: do economic or industry factors affect business survival? \(PDF\)](#)

⁹ Desjardins, J. (2017). [Why do businesses fail? A study of failing U.S. Business.](#)

¹⁰ Substitute House Bill 2450

The review data included:

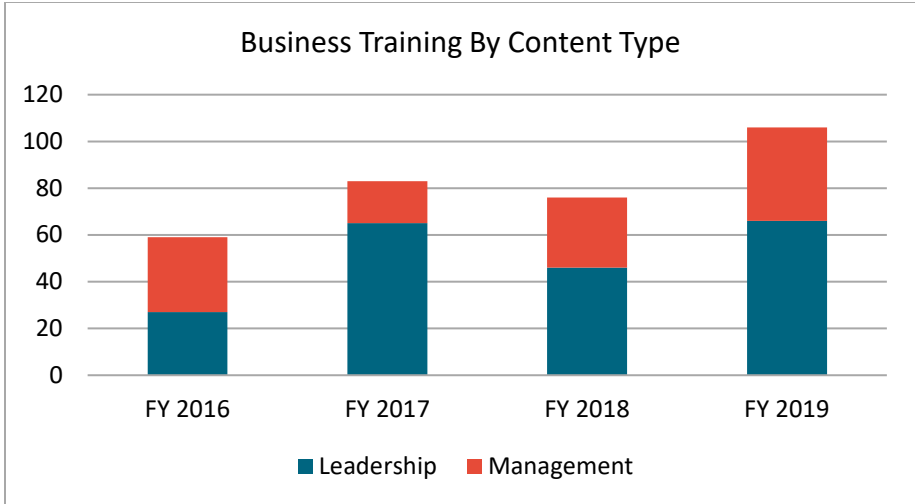
Professional Development Support	Description
Focus Group Findings	Child Care Aware focus group with administrators regarding their professional development related to their role.
Business of Child Care Training	A series-based, 25-hour training that is available for statewide implementation through the Child Care Aware network. Intended for administrators with prior experience and knowledge of business practices.
Business Edge	A web-based resource for administrators participating in Early Achievers, Washington’s quality rating and improvement system, that offers management resources. Hosted by Child Care Aware of Washington.
Imagine U	The Imagine Institute’s mentoring program for aspiring family home business owners provides a nine-month mentorship program to help family home providers prepare to become licensed and serve children receiving state subsidy.
MERIT Training Data	Washington’s workforce and professional development registry (MERIT) collects training completion data for the early learning workforce.
Washington State Stackable Certificate Focus On: ECE&134 ECE&139	The Stackable Certificates provide a pathway for early learning providers to begin their early childhood careers or gain additional skills once they are already in the field. Within the second stackable certificate, a provider may choose to specialize in one of six specialty areas, two of which include a course on business practice (one specific to family home settings, another in administration specialization).

Findings from the Landscape Analysis

In 2017, CCA of Washington coordinated a third-party evaluator to conduct a study on business practices. This included two focus groups that discussed the experiences providers had with business practices and uncovered a great deal of interest in child care administration leadership training. The focus group participants reported that they did have some isolated opportunities to participate in business training, but the training was often difficult to find and was often not related to child care.¹¹ The evaluator’s summary indicated, “experienced providers developed the knowledge on their own trial and error, while newer directors and owners [did] not feel adequately prepare to lead and manage their centers and staff.”

This increased interest in the administrative aspects of running a child care business was evidenced in the growing rates of participation in training related to business practices over the last five years in data collected in Washington’s workforce and professional development registry, MERIT. MERIT data also showed that administrators had more access to leadership topics, such as identifying leadership type/style, organizational climate and staff development, versus management-related topics such as fiscal management, record-keeping, legal and risk management, policy and procedures. An analysis of the data found that many of the trainings relevant to child care business owners and directors were foundational.

¹¹ The Athena Group. (2017). Administrative leadership: focus group summary for Child Care Aware of Washington. Washington: Olympia.



To better understand how the community-based trainings and the higher education coursework on leadership and administrator intersected, DCYF completed a cross-walk analysis that took into account the following:

- Target audience (family home care or center-based)
- Format (e.g., in-person or online training, relationship-based, higher education, web resource)
- Learning objective(s)
- Level of content (from the [Core Competencies for Early Care and Education Professionals](#))
**Levels range from 1 to 5 and capture the growing complexity of knowledge, skills and abilities across various competency content areas.*

A high-level overview of the analysis can be found below in the following section.

Content Area VI		Level 1	Level 2	Level 3	Level 4	Level 5
Program Planning & Development	Program Planning & Evaluation	ECE 134 ECE 139 Imagine U	ECE 134 ECE 139 Imagine U	ECE 139	ECE 134 ECE 139 Business of Child Care	ECE 134 Business of Child Care
	Personnel Management	Imagine U	ECE 139 Imagine U	ECE 139	Business of Child Care	Business of Child Care
	Financial Management	Imagine U	ECE 139 Imagine U	ECE 139	Business of Child Care	Business of Child Care

Inferences Based on Data

The analysis showed that a variety of content and topics are covered within the early learning system, but there is a lack of alignment between the professional learning supports, and not all child care providers were able to access these supports. For example, key programs are limited by design, including:

- Imagine U provides start-up mentorship only for family child care providers and requires an application and selection process.

- Business Edge, a web-based collection of management resources administered by CCA of Washington is only available to Early Achievers participants. There is additional inequity of access for follow-up technical assistance and coaching on the use of the tools.
- College admission, tuition and availability limits participation for some.

The cross-walk of learning supports gave the group the necessary information to develop learning objectives that met the charge of this initiative, matched the Child Care Development Fund (CCDF) requirements and addressed the priorities listed above.

Based on the landscape analysis, the workgroup conceptualized a progression for business practice training and support for new and experienced providers that would ensure statewide access to learning at various levels of knowledge and experience. This progression would allow providers to incrementally grow their knowledge through increasingly complex learning opportunities.

The workgroup also identified several priorities for this project:

- Ensure that all of the professional learning supports complement and progressively build upon one another.
- Reduce redundancy and overlap in content across offerings.
- Ensure statewide access.
- Enhance financial management content, which is not thoroughly covered in available professional learning content.

Training Development

The purpose of this training pilot is to strengthen a provider’s foundational knowledge, skills and abilities related to business management, and to see the connection between business planning and program sustainability.

The content for the business training pilot is informed by three learning objectives:

Topic Area	Learning Objective
Financial Management & Securing Funds	Participants will understand the process of building a budget and using it to guide decision-making for the program. Includes projecting operational costs, securing additional funds and planning for the future.
Human Resources	Participants will understand the best practices for recruiting, interviewing, hiring and orienting new employees. They will also learn how to develop a staff handbook and will be able to articulate strategies for providing feedback to staff.
Marketing	Participants will be able to understand the value of marketing and will learn how to articulate their program’s unique features and benefits to effectively market in their community.

In reviewing our state’s existing business curricula, as well as national models, the workgroup decided to implement a business training curriculum from a national organization. The *Strengthening Business Practices* curriculum was originally developed by the National Center on Early Childhood Quality Assurance (NCECQA) to support the 2016 federally-mandated CCDF training regulations for business practices and has been implemented in a variety of ways in half of the states in the country. The objectives of this national training align well with those developed by the workgroup.

The group unanimously supported utilizing this content to meet our state’s continuing and higher education needs. By selecting a foundational curriculum that is gaining a foothold nationally, Washington is supporting a consistent and standardized approach to child care program administrator professional development opportunities.

The Strengthening Business Practices curriculum is comprised of four modules totaling six hours of content for family child care businesses and eight hours for center-based child care businesses, that can be delivered in-person, virtually and in three languages (English, Somali and Spanish):

Module I	Budgets, Projections and Planning for Center-Based/Family Child Care Providers
Module II	Strengthening Fiscal Management for Child Care Programs: Financial Reports and Internal Controls for Center-Based/Family Child Care Providers
Module III	Marketing Your Program for Center-Based/Family Child Care Providers
Module IV	Recruiting and Retaining Staff for Center-Based Child Care Providers

Pilot Structure

The business practices training pilot was offered to providers and entrepreneurs in four Washington State regions, including urban Pierce County and rural Jefferson County, to monolingual Spanish-speakers, as well as monolingual Somali-speakers. CCA of Washington and the Imagine Institute delivered the trainings.

Pilot participants were selected from CCA’s and Imagine’s early learning provider networks and included child care program administrators such as center directors and family child care program owners. Many of the participants from CCA of Washington are enrolled in Early Achievers or had trained with the organization previously. The majority of the participants from the Imagine Institute were part of the Imagine U program that focuses on building business and leadership skills among providers.

Each of the organizations selected state-approved trainers who had experience delivering business and leadership training and/or represented the learning needs of the end-users of the product. In order to build competency and understanding of the Strengthening Business Practice curriculum, six trainers participated in a train-the-trainer event hosted by the NCECQA. SBCTC and DCYF representatives also participated. This was a key step in the pilot process because it ensured fidelity to the model across all trainers and training organizations, and allowed system influencers to better understand the curriculum for future planning.

The delivery of the pilot training events was as follows:

Date	Contractor	Target Audience	County	Language	Participants	Hours
June 2019	CCA	Center/Family Home	Jefferson	English	10	6
June 2019	Imagine	Family Home	Pierce/King	English	23	7
Sept. 2019	Imagine	Family Home	Pierce	Somali	10	7
Sept. 2019	Imagine	Family Home	Pierce	Spanish	43	7

The pilot entailed:

- In-person delivery of the training in the four communities mentioned above.
- A pre- and post- trainer and participant evaluation that collected qualitative data on the:
 - Successes and challenges of the training
 - Additional supports required to support transference of concepts to practice
 - Shifts in knowledge of content
 - Shifts in attitude and perceptions on the importance of business practice skills
 - Most impactful and relevant content
 - Additional information or time needed to understand different content areas
- Post-training trainer debrief with DCYF staff.

This pilot evaluation focused on measuring the participant’s receptiveness and input regarding the learning experience and provided DCYF with a better understanding of how the curriculum was received and the perception of the trainer’s skill.

Pilot Results

Ninety pilot participants included English, Somali and Spanish-speaking early learning professionals. All training participants had an opportunity to complete training evaluation data. The available data shows that the majority of the participants were family child care providers and individuals whose primary language is not English (see Appendix B). Eight trainers also submitted their pre- and post-training evaluations; this information was used to determine how to improve the curriculum and trainers supports.

The pre- and post-training evaluations from trainers and participants indicate that the piloted curriculum was met with positive feedback. DCYF developed a detailed recommendation report based on the data (see Appendix C). An overview of the most salient information is below.

Participants who enrolled in this training were most eager to learn more about:

- Best-practices in business management
- Strategies for growing and improving their business
- Tangible management and fiscal planning techniques

After completing the training, they reported increased knowledge and skills in the following areas:

1. Budgeting, cash-flow and financial statements
2. Internal/external controls
3. Increased understanding of overall business management

The most impactful content areas were budgeting and internal controls, and they most often requested further training on Quick Books and other interactive budgeting tools. Overall, the Strengthening Business Practices training helped participants understand both the mechanics and systems that needed to be in place to effectively manage their programs. For example, a provider stated, “it’s changed a lot of planning for my business.” She not only learned how to set up her budget and recordkeeping, but also that she “needed to do [her] bookwork each month.”

Another participant mentioned that a key takeaway was that through “the weight of having strong financial knowledge” she could “grasp for sustainability.” In total, 45% reported that they learned something new about budgeting, and one provider mentioned that she “learned about the Business Edge website,” a tool that she could access for business management-related resources.

Four participants mentioned that they gained new knowledge around marketing their programs to ensure that they had full enrollment – a critical component in the longevity and sustainability of a business.

Family child care owners and center-based leaders can sometimes be isolated by the nature of their roles and work settings. A handful of providers mentioned an additional, indirect benefit of this training was that they were able to network and learn from a room full of individuals who were experiencing very similar joys, rewards, challenges and obstacles.

A center-based provider eloquently mentioned that the training was “uplifting with an exchange of practical ideas,” while others echoed that networking with providers was an additional benefit. All participants reported that the training provided them with new information and strategies that they could apply in their daily fiscal management practice.

The trainers who participated in the pilot mentioned that they would like to experiment with separating the center-based providers and family child care providers in the future. The learning needs of both groups were disparate – by separating the groups, trainers would be able to provide a more targeted level of support. They also mentioned the need to have an administrative leadership background as well as knowledge and skills in the topic areas discussed to ensure that trainers are adequately prepared to address any questions that may come up from the participants.

Moving Forward

This project has brought energy and attention to a critical need among Washington's early learning professionals. The spotlight has highlighted strengths and areas for improvement and jump-started system-building conversations that will improve professional pathways and supports for early childhood administrators.

The Strengthening Business Practices pilot coincided with the administrative leadership work of the Early Childhood Education Workforce Council – a professional development advisory group that provides recommendations to DCYF, other education-related agencies, colleges and universities about relevant issues impacting the workforce. The rich data from the completion of the business practices pilot and the aligned priorities of the advisory group and partners ensure that the knowledge and insights gained from the work will be used to inform future conversations and supports for family child care and center-based providers.

Creating Progressive Learning Opportunities

Washington's early learning providers need access to progressive professional learning opportunities related to business practices. In order to systematically approach the development of such opportunities, DCYF must establish child care administrative leadership competencies that align with other national models as described in the Transforming the Workforce report. As DCYF establishes competencies, it is necessary to create connections with other state initiatives, including shared-services, alignment with principal preparation, licensing requirements for child care, the Early Childhood Education and Assistance Program (ECEAP) and Early Achievers, Washington's quality rating and improvement system. The professional learning opportunities that are devised should reflect best practices in adult learning, such as on-the-job application and feedback through relationship-based professional development (for example, work with skilled coaches and/or peer-mentors).

Alignment with College Coursework

DCYF will work with SBCTC to inform the curriculum that is a part of the ECE Stackable Certificates offered by colleges throughout the state, and part of the staff qualifications for licensed providers that went into effect Aug. 1, 2019. This effort will inform ECE&134 and ECE&139, two courses found in the ECE Short Certificate for administrators and family home providers. The intent is to ensure that the Strengthening Business Practices curriculum supplements the ECE Short Certificate content. This way, all students who receive administrative leadership content through the ECE Stackable Certificates will have consistent content with those that complete the community-based option.

Trainer Preparation and Skill Building

DCYF will adapt the business practices content based on feedback from both the trainer and participant evaluations. With additional funding, the state will coordinate with all early learning professional development partner organizations to conduct a statewide train-the-trainer event. The trainers who participate in this event will be able to deliver the content in-person, online, as well as in Spanish and Somali. A statewide train-the-trainer is imperative to broadening the impact of this foundational training to all center-based and family home providers.

Assessing Long-Term Impacts

The ultimate goal for child care business owners is to ensure they have the knowledge, skills and supports to sustainably run high-quality programs. This includes operating strong business and high-quality early learning programming for optimal outcomes for children and supports communities throughout the state with the availability of care. Evaluating business training program impacts as well as the available coaching and mentorship supports is necessary to know if business practices professional learning is making a change in the sustainability of early learning programs including fiscal management, the longevity of the program and the correlation with the quality of care. Investing in a thorough evaluation will be important to know the extent to which the business training program is meeting these goals.

Conclusion

The recommendations contained within this report are the result of a partnership between DCYF and statewide professional development partners and connects with the administrative leadership priorities that have been taken on by the Early Childhood Education Workforce Council, as well as those in the CCDF plan for Washington State.

Additional resources are needed in order to continue developing supports for early learning administrators. Incremental support will not yield the large-scale system-wide changes that are necessary to incentivize and sustain high-quality programming.