Child Care Management Software
What you Need to Know and Why it Matters

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Opportunities Exchange

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Introductions

Louise Stoney
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Purpose

Participants will be able to identify how Child Care Management Systems (CCMS) can:

• Address persistent challenges in the ECE sector and
• Support child care management in uncertain times
• Key features of Child Care Management Software platforms and resources to select a CCMS

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Opportunities Exchange:
Promoting Shared Services in the Early Childhood Sector

Transforming the business of early care and education
- Shape public policy and public financing in ways that incentivize high quality, sustainable care for young children
- Providing technical assistance to Early Childhood providers who want to develop new, sustainable business models

Shared Services: Our Core Values
- Every director deserves an administrative team.
- Every teacher deserves pedagogical leadership.
- Every child deserves a reflective teacher.

How We Work
POLL

1. I use Child Care Management Software designed primarily for centers (ProCare, SmartCare, EzCare, etc.)
2. I use Child Care Management Software designed primarily for family child care (KidKare, Brightwheel, Wonderschool, WeeCare, etc.)
3. I use software designed primarily for Head Start (ChildPlus, COPA, etc.)
4. I use software designed to communicate with families only (Kid Reports, Tadpoles, etc.)
5. I don’t use any software products to manage my early childhood program.

Why Business Automation Matters

◆ Child Care Business Model is Challenging
  ▪ Market based pricing may not cover the full cost of care – especially for infants + toddlers or higher quality standards
  ▪ Small centers (less than 100 children) typically don’t have sufficient scale to break even
◆ Small percentage of the sector utilizing CCMS
  ▪ Estimates as low as 20-30%
  ▪ Many programs that have CCMS systems are not fully maximizing the benefits of the tool

Enabling Child Care Industry Recovery

- Child Care Management Systems
- Business training
- Shared services
- Data interoperability
- Strategic cost modeling
- Staffed Family Child Care Networks

Learn more at www.childcareaware.org
Challenge: Not enough time

ECE Program Director
Job Description

Challenge: Not enough money

Why Business Automation Matters

- **Saves Time:** Automating operations greatly reduces the amount of staff time needed.
- **Saves Money:** Reduced labor translates to cost savings 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, informing financial decisions.
Why Business Automation Matters

Directors want to focus on Educational Leadership – but the administrative demands of the job take a larger share of their time...

Effective use of business automation tools reduces the manual labor required for operations and puts hours back into the Director's day to focus on Educational Leadership.

Business Leadership: Business Automation + Financial Management

FROM

- Manual/paper recordkeeping that takes staff time and is susceptible to errors
- Passive attendance in "business trainings"
- Director or part-time bookkeeper managing finances

TO

- Integrated data systems that track enrollment, attendance, billing with automation
- Seamless data transfers to reporting systems
- Active application of business principles to organizational financial management
- Skilled financial manager able to generate timely information and analyze business metrics that matter most (from Triangle)
TECHNOLOGY

Solutions to Provider Challenges

Challenge: Billing and Collections

Why it Matters

• Every $ counts!

• Parent billing can put providers in the conflicting roles of family support and collection of parent fees

• Subsidy billing can be tedious, time consuming and requires careful monitoring for timely and accurate payment

Solution: Electronic payment system

• Invoice automatically generated (no staff time, no paper/postage, no tracking)

• Increases on time/full payment

• Reduces the need to communicate for non-payment

• Parents manage payment record (including tax information)

Notes from the field: In every instance of moving from paper to electronic billing, OppEx has observed that collection rates significantly improve.
**Additional CCMS Solutions for bad debt**

- **PAST DUE ACCOUNTS**: Parents notified daily via an alert that "pops up" when they check in electronically.

- **AGING REPORTS**: Programs can run reports weekly, so identify problems quickly + can track trends.

- **TRACKING ALL SOURCES BY CHILD**: Invoice generated for each child with all sources of tuition (including subsidy) so you can reconcile $ received with $ owed.

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**Consider this…**

- **69%** of Millennials pay bills either online or with direct debit.
- **52%** of Millennials NEVER write checks.
- **14%** of Millennials pay bills by mail.

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**Challenge: Right Sizing Classrooms**

**Staff Child Ratios: Why it Matters**

- Staff is the highest cost.
- Group size and ratios during the COVID19 crisis will require even more attention to the delicate balance between tuition revenue and staff expense.

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Solution: Staff-child ratio management

• Many CCMS systems give you real-time data about staff-child ratios for every classroom in your program
• Use this information to stay on top of staffing needs throughout the day

Challenge: Staying Full

Why it Matters
• Budgets are based on STAFFED capacity
• If you are paying for staff in a classroom that is not fully enrolled, you are losing money
• Part-time slots -- and ANY gaps in filling slots -- contribute to less-than-full enrollment

Child care demand may be half or less than pre-COVID19 levels for the foreseeable future

Solution: Data Management

• **Data** – Track your vacancy rate, by classroom, each week and use these data to drive decision-making
• **Technology** – Use a CCMS that has vacancy reports, staff assignment tools, on-line enrollment for families, etc.
• **Trends** – Use data to understand times of the year when enrollment goes up and down, and plan classroom staffing accordingly.
Solution: Enrollment + Waitlist Management

- **Respond** to calls and schedule tours right away with automated scheduling tools
- **Track** prospects through regular email communication
- **Automate** Online tools (application, tour scheduling, and more) allow you to streamline the enrollment process and keep family info in one place

Challenge: Know your cost per child

Why it Matters

- Per child cost varies by age of child (as a function of staff-child ratios)
- Understanding the cost by child and classroom is vital to making good business decisions
- Must know the $$ “gap” before you identify ways to fill it

Know your true cost per child

<table>
<thead>
<tr>
<th></th>
<th>INFANT/TODDLERS</th>
<th>3 &amp; 4 YR OLDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Share</td>
<td>$2,011</td>
<td>$7,116</td>
</tr>
<tr>
<td>Parent subsidy co-pay</td>
<td>$513</td>
<td>$513</td>
</tr>
<tr>
<td>Cost Gap</td>
<td>$7,613</td>
<td>$7,248</td>
</tr>
</tbody>
</table>

Cost per Child = $7,116

Likely Profit $595
Know your true cost per child

COST VS REVENUE
INFANT/TODDLER VS PRESCHOOL
HIGHER QUALITY

- Cost per Child = $10,383
- Cost* per Child = $11,904

- Infant/Toddler
  - State Share
  - Parent subsidy co-pay
  - Cost Gap

- 3 & 4 YR OLD
  - $9,052
  - $1,988

Solution: Electronic recordkeeping

Classroom expense = Cost
# of children per child

Classroom revenue - Classroom expense = Profit/loss

Challenge: Complying with Regulations, Standards, and Reports

Why it Matters
- Managing paperwork steals precious time from your work as a Pedagogical Leaders
- Keeping records in a CCMS is only efficient if you don’t have to perform duplicate tasks, manually enter information, submit paper records, etc.

Additional time, tracking, procedures during COVID-19 will increase the need for efficient administration
Solution: Interoperability between provider and state systems

Application Programming Interface (API’s) allows data systems to send information back and forth

- API is a “bridge” between tech solutions, for example:
  - Attendance data is collected in the CCMS
  - Data is seamlessly uploaded to state subsidy data base
  - Payment is generated and forwarded to providers

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Challenge: Teacher compensation

The Challenge of $15 Minimum Wage

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### Challenge: Provider compensation

<table>
<thead>
<tr>
<th></th>
<th>Round-based</th>
<th>Stand-alone</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>100%</td>
</tr>
<tr>
<td>Actual monthly tuition charged</td>
<td>$600</td>
<td>$600</td>
</tr>
<tr>
<td>Vacancy rate</td>
<td>5%</td>
<td>20%</td>
</tr>
<tr>
<td>Total potential revenue</td>
<td>$82,080</td>
<td>$82,080</td>
</tr>
<tr>
<td>% of tuition collected (bad debt)</td>
<td>100%</td>
<td>50%</td>
</tr>
</tbody>
</table>

- **Market price**: $600
- **Total capacity of home**: 12
- **% of market tuition captured**: 100%
- **Actual monthly tuition charged**: $600
- **Vacancy rate**: 5%
- **Total potential revenue**: $82,080
- **% of tuition collected (bad debt)**: 100%

### Solution: Re-Allocation of resources

#### Lower Admin Costs

- Automation reduces staff time need for admin operations

#### Increased Revenue

- Full Enrollment + Full Fee Collection

#### Maximize Resources for Teaching Staff

- Every available dollar allocated to teacher wages

### Solution: Business Automation

#### Lower Administrative costs

<table>
<thead>
<tr>
<th>Task</th>
<th>Before Automation</th>
<th>After Automation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll/HR tracking</td>
<td>6-8 hours/biweekly</td>
<td>1 hour/biweekly</td>
</tr>
<tr>
<td>Tuition billing, tracking</td>
<td>10-12/month</td>
<td>.5 hours/month</td>
</tr>
<tr>
<td>Attendance tracking/subsidy billing</td>
<td>10 hours/week</td>
<td>.5 hours/week</td>
</tr>
<tr>
<td>Waitlist management/enroll new families</td>
<td>6 hours/month</td>
<td>1 hour/month</td>
</tr>
<tr>
<td>Total</td>
<td>48.54 hours/month</td>
<td>5.5 hours/month</td>
</tr>
<tr>
<td>.5 FTE staff</td>
<td>.0009 FTE</td>
<td></td>
</tr>
</tbody>
</table>
St. James Children’s Center reinvested their savings into a new 401k retirement plan for their staff, increased medical benefits, and offered raises and bonuses to employees.

**Challenge: Child Assessment**

**Why it Matters**

- Paper based assessments are time consuming and often not integrated into a tracking platform
- Automated systems make it possible to use the data for a range of purposes, such as:
  - Inform teaching practices
  - Communicate with families and support staff
  - Support reporting for longitudinal studies or trend analysis

**Solution: Online Assessment Tools**

<table>
<thead>
<tr>
<th>Cognitive ToyBox</th>
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</thead>
<tbody>
<tr>
<td><strong>Speed teaching time</strong></td>
</tr>
<tr>
<td><strong>Quick turnaround from assessment to instruction</strong></td>
</tr>
<tr>
<td><strong>Increased child outcomes</strong></td>
</tr>
</tbody>
</table>
Challenge: Family communication

Why it Matters

• Communication is more effective in multiple small bites
• Families are more engaged when communication is frequent
• Paper-based communication documents (e.g. health reports/forms/documents) can be streamlined

Post COVID-19, families will be concerned about using group care; regular communication will be critical

Solution: Parent Engagement tools

• On-going communication (email or text) between teacher and family, including daily reports, photos, etc.
• Messages to individual families, classroom, center-wide

Ability to immediately communicate with families will be essential during COVID-19 pandemic

Challenge: Staff Management

Why it Matters

• Complex data tracking for – HR, legal, professional development plans, payroll, etc.

COVID-19 challenges include:

• Bringing staff back in less than full employment; sharing tasks + jobs
• Scheduling, tracking assignments, maintaining ratios
• New training requirements
Solution: HR Management tools

- Personnel files are electronic and up to date
- Tracking staff sign in/out is automated; reports are generated for electronic transfer to payroll service
- Ability to electronically record what tasks staff are performing (if they are sharing teaching/admin responsibilities)
- Multi-sites – can track personnel in all sites across the system

Questions

Explore CCMS

- Opportunities Exchange website: www.opportunities-exchange.org
- Making Business Leadership Real
- Issue Brief: Business Automation
- Child Care Management Software – What you need to Know

- Capterra – software comparison tool: https://www.capterra.com/child-care-software/