

Assessing the Effectiveness of Microenterprise Training and Technical Assistance Services

WHEDCO

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FIELD

**Microenterprise Fund for Innovation, Effectiveness,
Learning, and Dissemination**

The Aspen Institute

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FINAL REPORT

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I. Hypothesis or Research Question

Statement of Research Question

Introduction

This study addresses gaps in our knowledge about how clients use newly gained information or skills in their businesses. As observed in the original RFP for this research, “Without that information, it is difficult to assess the relationship between what is conveyed through course work, or one-on-one assistance, and client success at starting, stabilizing, or expanding a business.”

Unlike many microenterprise training programs that distinguish between the training phase and “follow-up” once the business is underway, in the family day-care field, training and technical assistance activities are integrated with business development from the start. Training and TA services are delivered to clients on an ongoing basis over the life of their businesses through a type of community-based family child-care membership association called a “Network.” A Network recruits, trains, monitors and assesses regulated providers and makes information available to parents on child-care options. In the Bronx there are twenty-eight Networks, of which four are “Independent Networks” and twenty-four are “ACD Networks” that contract with the city’s Agency for Child Development for subsidized child-care slots. Members of Independent Networks like WHEDCO’s serve a broad and diverse client base including private pay clients. Members of ACD Networks serve families eligible for subsidies and can also recruit additional children on their own. Providers can, and do, belong to both Independent and ACD Networks and higher earners tend to have multiple professional affiliations.

Training and technical assistance activities are delivered through these Networks, although not every Network has a comprehensive training component. In addition, other types of organizations such as community colleges offer training but do not enroll members. Some networks offer core training only; some offer supplementary “advanced training” and technical assistance as well.

WHEDCO’s Family Day-care Training and Network Support program is eminently suited to a study of training effectiveness because we offer the full spectrum of training and technical assistance services, including state approved core curriculum to meet registration requirements and advanced training of every stripe related to the multiple dimensions of child-care enterprises.

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The study contributes to our knowledge of building blocks of a successful child-care enterprise. This is knowledge we already are putting to use in expanding and enhancing our training and technical assistance activities and strengthening our service planning, client tracking and assessment process. Beyond its usefulness to our own program, the study contributes to the general field of microenterprise development. In addition, the findings are the basis for a policy agenda. The study raised many unanswered questions central to the research and beyond its original boundaries. We hope to continue the study in the future, pending funding.

The research objectives

- identify and test interim predictors of successful *business outcomes* for Family Day-care enterprises. Success is measured in terms of income generation and enrollment (at target levels set by each provider) and sound management. Based on prior knowledge of the industry, we assumed that a comprehensive list of indicators would include personal family characteristics, personal and family circumstances, macro level environmental factors, and business activities related to management, marketing, infrastructure or capacity building (e.g. having or buying a computer, filing a Schedule C, completing a marketing plan).
- develop better tracking, assessment and service planning tools that represent practical approaches suitable for wide-scale replication in the family day-care field

Rationales for the choice of question

The decision to conduct a study of family day-care business outcomes represents WHEDCO's readiness to take our program to the next level of microenterprise development. The public demands on Networks to concentrate solely on regulatory compliance and child-care quality are high. We recognize the additional necessity of focusing resources on building a stable child-care workforce and helping providers increase their economic security through self-employment.

- *Family day-care operations must be about care and, also, about making money through care. This is not an either/or proposition but a both/and proposition.*

The question forced us to grapple with our mission and the mission of the field of home-based child care. Family day-care enterprises and the training to prepare providers to run these "successfully," touch on three social goals: creating income-generating opportunities for low-income entrepreneurs, helping low-income parents solve child-care needs in order for them to sustain steady employment, education and training, and improving parenting effectiveness (for both providers and clients) during the early years.

Family day-care providers can apply principles of early childhood education to the upbringing of their own children, combine work with care of their own children, and

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enable other parents to get and keep jobs to sustain their families financially knowing that their children are in safe, stimulating and developmentally appropriate care during working hours.

Keeping these multidimensional social goals in mind, how do we measure a “successful” home-based child-care business? The question gets to the tensions inherent in any social endeavor: in the case of child care, is it about care or is it about making money through care, or both? For us it is both, but where does the balance lie and what gets sacrificed if providers cannot make a decent living through their chosen profession? What can we learn that would bolster the political will to build a strong, financially viable child-care workforce and also improve the quality of care?

- *Family day-care operations are multi-faceted because they are subject to government regulation and professional standards of early childhood education and child care, in addition to being small businesses.*

Family day-care businesses are not islands unto themselves. They interact profoundly with their social, political, governmental and economic environments. As regulated businesses and professional practices, they intersect several policy and practice domains: early childhood education, child care, microenterprise development and the welfare to work transition. By keeping separate, for analytical reasons, business and non-business related dimensions of family day-care enterprises, we hoped for a nuanced understanding of business indicators, with other dimensions bracketed off.

- *WHEDCO’s Family Day-care Training and Network Support Program needed to grow as a microenterprise development program.*

Family Day-care Networks are key gatekeepers to uphold the public trust that regulated providers comply with regulatory standards and provide more than custodial care. Most Network Resources, including the extraordinarily time consuming quarterly home visits, concentrate on these aspects of the child-care operation. Further, independent Networks like WHEDCO’s are, by definition, not tied directly to the city’s public child-care system of vouchers and contracts. We do not contract for slots, nor are we a conduit for child-care reimbursements from city funds. As such, we are not compelled to track earnings, vacancies or the numbers of children in care. Like other independent Networks, we have remained distant from the provider’s enrollment patterns and income generation.

Historically, our members have been viewed as fee-paying “consumers” of training services¹ and we have been reluctant to “pry” into Member’s personal finances. Even though we teach providers the principles of marketing, fee structures, income generation and financial management through training and TA activities, the Network has not been in the practice of tracking self-employment revenue, let alone household level income. Our Members like this hands-off policy, citing privacy. However, given the importance

¹ Fees are recoverable through needs-based state training scholarships or based on a sliding scale.

of building a strong and stable child-care workforce, we recognized the need to build capacity as a microenterprise development program. As such, we are now more compelled to focus our attention on the business details of our Network enterprises.

The Aspen study, and our entry into the federal Child and Adult Care Food Program (CACFP) in October 1999, helped realign our relationship to Network Members and legitimize requests for income and income-related data.² Income and enrollment data are the bases for program expansion and enhancement to strengthen business-related training and TA activities and better guide clients toward increased knowledge and skills.

Supporting information pertinent to the research questions

- national estimates of earnings by regulated home-based providers from the research literature (1994 and 1996 publications), showing that providers earn between \$8,344 and \$10,000 after expenses³
- current estimates of earning potential for New York City regulated home-based providers calculated by Toni Porter, Director of Bank Street College of Education's Center for Family Support. Her figures estimate providers' potential earnings as \$20,000 to \$28,000 under favorable conditions.
- Health & Safety Checklists for each provider from quarterly home visits
- standardized self-assessments of child-care quality using the Louise Child Care instrument
- pre- and post-test data for providers who completed their core training at Urban Horizons (Many Network Members complete registration requirements elsewhere and come to WHEDCO further along in the process.)
- partial, incomplete and unreliable business income and enrollment data for Network Members based on anecdotal evidence and intake forms (In a few cases we have single year tax returns.)
- Partial, incomplete and unreliable household income data from one or more points in time (Data are ambiguous—may or may not include business income.)
- Providers' published fee schedules from their Network Application.
- information on the policy and regulatory environment and advocacy agendas at local, state and national levels

² CACFP requires participants to document enrollment and attendance in order to calculate allowable meal reimbursements. Fourteen Aspen participants enrolled in CACFP and submit monthly claims. (Among our 145 Network Providers, 79 are CACFP enrollees and 60 to 65 claim regularly). Collecting reliable income data is still a challenge and we still rely on estimates. Some providers were willing to submit detailed enrollment records along with the fee charged for each child, which made it possible to generate a picture of the provider's enrollment patterns and earnings. Others provided self-reports. Household level data is even more difficult for us to collect. We expect this to change. Should we receive a PRIME grant from the U.S. Small Business Administration, we will enroll selected providers in an enhanced microenterprise program. Participation will be contingent on reporting earnings and enrollment data and household incomes at various points in time.

³ Whitebook, Marcy, Ph.D. and Deborah Phillips. Child-care Employment: Implications for Women's Self Sufficiency and For Child Development, The Foundation for Child Development Working Paper Series, January 1999.

II. Methodology

The research was designed as an exploratory, qualitative research project using a purposeful sample of regulated family day-care providers newly affiliated with WHEDCO's Family Day-care Network. Family day-care businesses are always difficult to study because of the many and interrelated personal, systemic, and regulatory factors and changes that affect a family day-care enterprise; therefore, we believe that longitudinal, highly contextualized research is the most effective approach for studying training effectiveness in this sector.

The Sample

Training staff selected a stratified sample of twenty-five members new to the Network; five dropped out within the first month, leaving a sample of twenty for the study. Among these, four dropped out during the first year, but staff replaced them with other providers with similar characteristics. Late entry mattered little. We collected the same data over a two-year period on all participants and no Aspen participant received services unavailable to Network members at large.

Participants varied by stage of their child-care operation (twelve were in the pre-startup stage), and by primary language (English or Spanish) to account for cultural variables should they arise. Once we selected the sample, we also classified the providers by training orientation based on their own self-assessment. Training orientation measured each provider's intrinsic interest in training that could help explain wide variations in the number of training hours. A high score meant that the provider enrolled in as much training as possible whether they needed it or not, just because they liked classroom learning and the social interaction (we called these providers "training junkies"). This distinction proved to be less useful as an explanatory measure in the end, but seemed necessary at the outset.

Demographically, the Aspen sample of twenty providers matches the Network as a whole, but this fact is coincidental (see Attachment A). Like many other groups of microentrepreneurs that have been studied over the years,⁴ the Aspen participants are older, more likely to be married, cohabiting or divorced, have higher levels of education and more recent work history than the welfare population at large. Hispanics were slightly over represented in the Aspen sample compared to the Network as a whole (75% versus 65%), with the balance being African Americans. All are women (in the Network as a whole, three providers are men). The average age at entry was 44, with a range from

⁴ e.g., FIELD Research Brief #1, The Aspen Institute, May 2001

28 to 61. Sixty percent had 12+ years of education or GED (one had some college; one holds a masters degree in elementary special education). In the Network as a whole, thirty-four Members (19%) have some college or a postsecondary degree.

Half are married (civil or common law partners) and/or cohabiting (50%, versus 39% for the Network as a whole) and an additional 15% are married but not living with a spouse. An additional 15% are widowed or separated. One fifth (20%) of the sample identified themselves as “single”: a catchall category that is ambiguously defined in our database. Most of the Aspen participants use Spanish as a primary language (65%). Eight of these (40%) are bilingual in Spanish and English. English is the primary and sole language of the five African American participants.

Three quarters of the final sample (75%) reported at entry that their household incomes fell below 150% of poverty for their family size.

Nine providers (45%) received TANF at program start (compared to 26% for the Network as a whole) and two thirds received Food Stamps (two transitioned off TANF during the study because of self-employment income). All live in decent housing (eighteen rated their housing as “good” and two rated their housing as “acceptable”). Four of the Aspen participants live in Housing Authority apartment complexes (“public housing”); ten live in Section 8 subsidized apartments in the community. In two cases, providers were located in neighborhoods that prospective clients perceived as unsafe. This presented a serious barrier to attracting clients.

Research Methods

The analytical frame

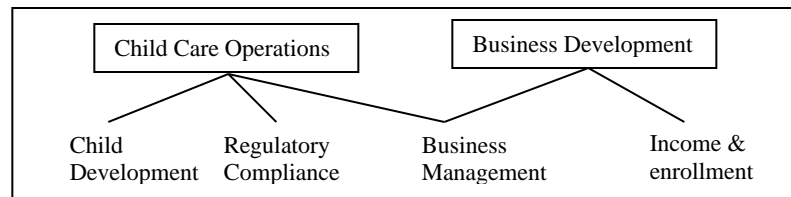
The family day-care field has multiple dimensions because it is a regulated and professionalized field. As our analytical framework for the research, we identified four key dimensions of family day-care enterprises: child development, regulatory compliance, business management, and income and enrollment.

We assumed that different skill sets and environmental factors predict outcomes in these different areas and that it was important to bracket off the non-business related aspects of family day care in order to concentrate on microenterprise training effectiveness.⁵ As the research progressed, we refined our understanding of these dimensions and how they corresponded to training and technical assistance activities and the lived reality of family day-care homes.

⁵ In the original proposal, the four domains were business development, professional development in the early childhood development field, personal effectiveness as income generator, and personal effectiveness as an entrepreneur. At midpoint in the study these became business management, professional development, provider effectiveness, and business development/entrepreneur; however these were too cross-cutting and diffuse. We settled on two non-business related domains: Regulatory Compliance and Child Development and two business related domains: Business Management and Income Generation. These are closer to being discrete categories with observable criteria.

During the data analysis stage it became useful for analytical and programmatic reasons to organize the four dimensions into two overlapping and broadly defined categories that distinguished between Child-care “Operations” and Child-care “Businesses” (Figure 1, p.7). By so doing, we recognized more clearly that historically our training and technical assistance activities have focused largely on child-care *operations* given the regulatory pressures to ensure high quality, safe and stimulating child-care homes quite apart from workforce issues and the provider’s economic gains. This schema had the additional advantage of distinguishing the “building blocks” of family day-care enterprises, as a guide for program development, training and policy change.

Figure 1. Analytical Framework: Building Blocks of Family Day Care



Research protocol

To identify predictors of success related to business outcomes, we conducted a qualitative study of the providers’ characteristics and circumstances, the providers’ businesses, the child-care market, the industry, and the broader macro environment within which these enterprises operate (e.g., the regulatory and policy environment and structural barriers). The case study method proved fruitful. Using documentary evidence from provider files as well as one or more interviews with providers in their primary language, we built provider profiles rich in detail concerning their personal and family characteristics and circumstances, external obstacles, business outcomes, business decisions and business features—the basis for a potential list of indicators of success.

As we learned more about each aspect of family day care and built provider profiles, we were able to group providers according to business strengths and weaknesses. This allowed us to test indicators against increasingly homogeneous subgroupings of providers (see Attachment B). We continued this iterative process during the course of the research, using accumulated assessment data on each provider from classroom observations, service planning instruments and the quarterly home visits.

The end result was a preliminary list of indicators that identify the providers’ knowledge base, technical and soft skill sets, and other types of variables that make a difference in building a child-care business (see Attachment C). Some of these personal and environmental variables are less amenable to intervention in the training context (e.g., lack of motivation, poor housing, weaknesses in the child-care system and so forth). For those indicators relevant to training, we subdivided them into four categories: business management, enrollment, gross revenues and net revenues. As the culmination of the

study, the family day-care staff created a training matrix. The matrix aligns these indicators with existing and planned training and technical assistance activities and is a highly useful guide for training and program development (see Attachment D).

In parallel to this effort to identify indicators of success, we revised, tested and modified tracking, assessment and service planning tools. Our final iteration of key tools were published in the Aspen Institute's Tools Manual introduced at the AEO Best Practices Institute in Oakland, CA in May 2001.⁶ We expect to continue to refine and reformat these worksheets during the next year (see attachment H).

Data Collection

- preliminary, multi-disciplinary literature review addressing microenterprise development, family day-care businesses, child-care policy, and child care in the context of welfare reform (local and national)
- two focus groups with providers, advocates, training organizations and Child-care Resource & Referral Agencies (July 22 and July 29, 1999) to identify a preliminary list of indicators related to both business and non-business activities
- in-depth, semi-structured interviews. At mid-point, the Principal Investigator (PI) completed 10 interviews (50% of the sample). At the end of the study, the PI and a graduate intern completed a second round of interviews with the original group plus additional interviews with all but four providers (others were unavailable due to business closing or ill health). We conducted interviews in the provider's primary language, or English if the provider was bilingual. The program's Research Assistant was present during interviews to help with translations
- assessment data collected at four points in time during the home visit. Assessments relied on standardized instruments and focused on regulatory compliance, quality of developmental child care and, to a lesser extent, the basics of business management such as record keeping.
- observation notes collected during training and TA activities (Frequency and number varied according to the provider's level of participation during the study period.)
- consultation with Toni Porter, Director of Bank Street College of Education; Center for Family Development
- industry overview to identify the public and private stakeholders, industry size and structure, and geographic distribution of child care in New York City
- geo-mapping of industry data for the Bronx, showing the number and location of Network Providers, child-care centers, and other regulated providers (1999 data)
- continuous interaction between the PI and WHEDCO's FDC training staff
- participant observation during Aspen Year Two data review (2/27/01)

⁶ Claire L. Edgecomb, Ed. Assessment Tools for Microenterprise Training and Technical Assistance, The Aspen Institute, Spring 2001.

- participation in two FIELD Learning Clusters (September 1999 at WHEDCO in New York City and October 2000 at Central Vermont Community Action in Burlington, Vermont)

Strengths and weaknesses of the methodology

Strengths

- The study provides insights into the application of training and technical assistance to business operations on the ground, under natural conditions.
- The stratification of the sample allowed for both cross-sectional and longitudinal comparisons among Aspen participants.
- Case studies contributed to textured understanding of the dynamics of business outcomes.

Weaknesses

- Small sample size.
- Continuous modification of assessment, tracking, and service planning tools made it difficult to compare data collected at different points in time. This is an example where the two research objectives worked at cross-purposes.
- the difficulty of gathering reliable and complete income and enrollment data. The difficulty reflected the staff's historical hands-off philosophy and natural reluctance of providers to share information deemed personal and subject to abuse in the wrong hands. As mentioned earlier, this difficulty somewhat abated when WHEDCO entered the federal Child and Adult Care Food Program (CACFP) in October 1999.

III. FINDINGS

Key findings:

- Aspen participants learned and effectively applied core knowledge related to Child-care Operations (i.e., regulatory compliance, child development and the basics of business management), but demonstrated less skill in using knowledge to generate income and build a client base. Relative lack of effectiveness in Business Development stems from a variety of reasons having to do with them, us and external factors beyond their (and our) control (see Attachment B).
- An analysis of Home Visit assessments shows how well the interlocking system of monitoring, enforcement, training and technical assistance works in practice for the public good. Regardless of business outcomes, Aspen providers by and large mastered the basics of operating a family day-care home. All providers advanced at least one stage between study start and study end, reflecting progress in two areas: creating an infrastructure for a high quality regulated, developmental family day-care enterprise, and enrolling at least one child in care (see Attachment B).

- Aspen participants did best in areas where they were held most accountable, namely regulatory compliance around issues of health and safety (see Attachment B). This is the area of greatest focus, monitoring, feedback, and enforcement in training and technical assistance in the classroom and at quarterly home visits. The second highest rankings were for Child Development programming and Business Management basics, the two other components of Child-care Operations.
- Participants required multiple exposure to the same material, better timed to their “need to know” in order to absorb and use the material. For example, two providers recognized that their tax preparer did not record all allowable business expenses only after they had taken the tax workshop for a second time. Similarly, none of the Aspen participants knew about Individual Development Accounts although all were taught about this strategy for saving and building assets. None were ready to use this information so it did not “stick.”
- Data on training hours cannot meaningfully connect to outcomes because several providers take their training through other Networks with which they are affiliated; some have a bias against classroom work; a few providers have too many commitments to schedule training or TA sessions, other than by phone (see Attachment E). The employment data does show that business topics are very popular. However, we realize the training and TA offerings align more with the fundamentals of child-care operations than with the intricacies of business development.
- By developing a Training Matrix that connects existing courses to the Indicators identified during the course of research, we discovered that we have the makings of a coherent curriculum to build interconnected knowledge and skills for Business Development (see Attachment D). Currently, we teach marketing and income generation piecemeal. Skill building is diffused throughout training and TA activities in the absence of a comprehensive curriculum. The Training Matrix identified gaps and weaknesses in the training program that are being addressed through program enhancements.

Business Outcomes

- Businesses are relatively unstable; temporary closings are not unusual to address personal and family concerns, concentrate on foster children, or simply take a break from caretaking. Four businesses (25%) went on hiatus for months at a time during the study period due to pregnancy complications, wedding plans, periodic cosmetic surgery and school demands unrelated to the child-care field. Foster children were involved in two of these cases.
- The survival rate for businesses in the Aspen sample is 85% over the two year period. Three businesses closed (two for serious health problems).
- In the Aspen sample, the twenty businesses fell into four levels of income generation and enrollment: High (6), Growing (3), Struggling or Inconsistent (6), and Marginal (4). In addition, one (1) provider operates a small-scale steady

business with a stable clientele of two children and is satisfied at this level indefinitely (see Attachment B).

- Four of twenty businesses generated close to or above \$20,000 from their businesses over a 12-month period. An additional two providers earned between \$15,000 and \$19,000 a year. This is a remarkable record, given that four providers were start ups at entry into the study (two were in the Pre-Startup phase and 2 were at Stage 1, meaning that they were just beginning to create the infrastructure for a viable business). The earnings of the three highest income producers approach the earning potential for providers in New York City (\$20,000 to \$28,000 per year under favorable conditions).⁷ Among the higher earning set of six providers, two had stable contractual relationships with an ACD Network and one operated a satellite Head Start home as a salaried employee of a Head Start Center.
- All providers who aspired to business growth made progress toward that goal over the study period.
- Enrollments fluctuated considerably from month to month and quarter to quarter among those trying to build a client base. Personal, structural and market barriers seem to account for these wide fluctuations.
- On average, providers earned \$9,862 in a 12-month period, based on partial and incomplete data for the years 1999 to 2001 (the figure for the most current year was used in the calculation when we had multiple year data). (see Attachment F) This figure compares well to the \$10,000 conventionally cited as “average income” for U.S. microentrepreneurs⁸ but is somewhat lower than the “typical microentrepreneur” drawn from leading surveys of the field that included both poor and non-poor clients.⁹ This figure is also somewhat lower than national figures for regulated family day-care providers¹⁰.
- Those generating the highest income either had stable contractual relationships with referring agencies, extended their hours to nights and weekends, or did shift care to expand the total number of children in care.¹¹ Two providers expanded to Group Family Day Care during the study period.

⁷ WHEDCO asked Toni Porter, the Director of the Center for Family Support at Bank Street College, to calculate likely earnings for providers who face no extreme barriers to building a business. The calculation took into account the city’s Market Rate for child-care reimbursements, standard rates charged by providers in poor communities, the legal cap on enrollment, and opportunities for increasing total enrollment through shift care and other strategies.

⁸ e.g. Else, John et al. The Role of Microenterprise Development in the United States, Association for Enterprise Opportunity, March 2001.

⁹ Microenterprise Fact Sheet Series (6), The Aspen Institute FIELD and Association for Enterprise Opportunity, Fall 2000.

¹⁰ Whitebrook, Marcy and Deborah Phillips. Child-care Employment: Implications for Women’s Self-Sufficiency and For Child Development, The Foundation for Child Development Working Paper Series, January 1999.

¹¹ State regulations allow up to 6 children in care plus one after school; however, this cap refers to children simultaneously in care. To generate more income providers do shift care in the evenings and weekends to expand the total number of children in full or part time care during the week. Group Family Day-care

- Most providers' package incomes are from several sources, including a second wage earner and public benefits. In 2000 Ana relied on factory work to supplement her business income. Manuela combined child care with a job as a Home Health Aide until she stabilized her business. Rita combines a small bakery business with child care. Lenore incorporated as a non-profit business to procure city contracts for Pre-Kindergarten and to secure foundation support.
- Two of nine providers transitioned off welfare through self-employment earnings.¹² Both have stable contractual relationships with ACD networks; however, one provider depends exclusively on the Network leaving her vulnerable if the contract changes or ends.
- An important finding, but not a surprise, is the high level of undercharging to make allowances for families struggling to pay the costs of child care. Both high and low earners felt pressed to negotiate fees or set a sliding scale. As one provider said, "I don't have the heart not to...I know business is not supposed to be that way, but some things I cannot change." Several providers echoed Elise's words: "I have a habit of feeling sorry for people."
- Higher earners charge the standard rate for most clients, increase access to subsidized parents, and enforce rates for friends and family. Those who do less well negotiate sliding scale rates, sibling rates (e.g. two for the price of one), or charge little to nothing for kith and kin care.

Indicators of Business Outcomes

- To account for the differences in business outcomes among providers, we identified 57 discrete indicators, apart from variables related to regulatory and policy environments. These include 11 personal characteristics that are less influenced by training, such as good health and the absence of foster care responsibilities. The indicators relate to business management, enrollment, gross and net revenue generation (see Attachment C).
- Further testing with a large diversified sample is needed to determine the relative importance of each and the optimum interplay among these factors. Six factors, amenable to training, seem to be very important (but not sufficient) for business success. This statement assumes an excellent child-care operation, meaning full compliance with health and safety regulations, developmental programming and sound record keeping. In the absence of any one of these factors, it would be difficult to reach capacity enrollment and maximize income in the current environment. What remains unclear are the conditions, preconditions, and prerequisites for effectively meeting these requirements.

licenses allow for double this number. Providers register for a specified number of children, depending on their own preferences.

¹² A total of four providers transitioned off during the study, and one provider cycled back on. In two cases unrelated to business income, one provider married into a higher earning household and one provider transferred to SSI.

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Figure 2. Key Indicators of Success

- Provider upholds standard rates.
- Provider aggressively and continuously recruits a mix of private pay and subsidized clients.
- Provider connects to multiple referral sources for private pay and subsidized clients, including professional affiliations, the welfare office, and personal networks.
- Provider keeps consistent and reliable hours.
- Provider offers extended hours and shift care.
- Provider gets along well with parents and children.

The following discusses Key Indicators in context. This section starts with the stories of three businesses—one marginal, one growing and one relatively successful—to illustrate the variables relevant to business outcomes. These cases are followed by a discussion of personal and family variables, the childcare industry and marketplace, and the ever-shifting regulatory and policy environment.¹³

A Marginal Business:

Elise: *“I have a bad habit of feeling sorry for people.”*

In March 1997, two years prior to her enrollment in our Family Day Care Training Program, Elise applied for a subsidized apartment at an attractive housing complex in the South Bronx, NY. Then 31 years old, she and her 13-year-old daughter had been homeless for eight months. Her goal at the time was to earn a GED and work in child care or elder care. The housing assessment team gave her high marks for housekeeping, strong relationship with her daughter (a star student), her neat and clean appearance, obvious intelligence, and her clearly articulated goals to leave welfare and poverty. She moved in, and in short order earned a home health aide certificate and got a job with an eldercare agency.

Nearly two years later, in February 1999 she left elder care and took the first steps toward regulation as a family day-care provider. In short order she completed core training, enrolled and completed about 21 hours of advanced training, equipped her home, arranged for her mother to be a backup provider and enrolled four children in care. In July she took in a 14-year old foster child: one year later she brought the child’s newborn brother into foster care as well. At peak, she cared for her niece’s child, a friend’s child, a

¹³ On September 6, 2000, New York State Governor Pataki signed legislation entitled The Quality Child care and Protection Act. As a result of the legislation, regulations pertaining to all types of child care were revised to reflect the new health and safety standards (NYCRR 18 Emergency Day-care Regulations). The new regulations were filed with the Secretary of State on December 5, 2000. The most dramatic changes were the doubling of training requirements to 30 hours of training, the imposition of 10 hours of pre-training prior to registration, fingerprinting and criminal background checks of the provider, all assistants, and household members over the age of 18.

referral from her mother's place of work and her own foster children. Her setting is optimal, competition medium high (three of the four providers are informal caregivers). However, when her business was opened her hours were inconsistent; she became unavailable for home visits; her back-up provider was unreliable; and she allowed parents to leave their children with her for extended hours and overnight for no extra fee. By September 2000, one year after receiving her official registration as a FDC provider, Elise no longer had children in care. The combination of low fees, short stays, conflicts with potential clients and low enrollment added up to an income of \$4,600 over the life of her business.

Currently she is enrolled in a commercial cosmetology school. She wants to finish, but still has her eye on reopening her business. She remains on welfare.

A Growing Business:

Sara: *determined to be financially independent; juggling work and home*

Sara, who has been on welfare her whole youth, felt that it was time to break the cycle and become something in life. When her second child was born in 1996, Sara started to babysit informally but soon tired of payment hassles. A local parent activist suggested a career as a regulated provider to boost Sara's authority as a businessperson. Sara recognized that a family day-care business would allow her to care for her own children and earn money she could call her own. Although her husband made decent money (\$31,000) as a construction worker and expected steady wage gains, they could use the extra cash for a growing family and her experience with welfare taught her the dangers of financial dependency.

Her determination, ambition, and management skills proved themselves early on. At the first home visit, soon after she opened for business in early 1999, staff noted that her home was fully equipped for child care and business management, including a checking account, office space, files, a bookkeeping system and a computer. The setting was spacious; a park was nearby, and the neighborhood, though not the best, was not a deterrent to parents. Competition was moderate.

By March 1999 she had her first paying client and painstakingly increased enrollment quarter by quarter through multiple affiliations with referral sources. She marketed to private pay parents but targeted families who could pay market rate out of pocket or through the city's child-care system. She worked a double shift by taking kids after school. She avoided the common trap of taking friends and relatives as clients, because they bargained for "kith and kin" rates. She selected clients likely to need long-term, consistent care and who were compatible with her religiously-informed values concerning childrearing. She set up a careful record keeping system to track enrollment and payments and meticulously issued receipts to parents to avoid tax disputes.

With our encouragement she completed her GED in August 1999 and organized a daunting schedule of classes that year: 22 training and TA sessions in addition to core training with a concentration on business issues such as taxes, contracts & policies and liability insurance. In January 2000, 12 months after opening she neared capacity; by April 2000 she was at peak. In 1999, she earned approximately \$5,145 and in 2000 she doubled her income to \$10,753. By the date of our second interview in April 2001, she had recruited a cumulative total of 10 children into her program over time. But juggling home work and home life proved difficult. Pregnancy complications set her back for some time, and she had to cut back to one child in care from September 2000 to January 2001. In February 2001 she had a third daughter. After a short break she reopened for business with two children in care.

A Mature Business:

Carmen: An aggressive marketer with ambitious plans for expansion

Carmen came to WHEDCO with her business far advanced, having been in operation since 1994. She had considerable training through other networks, but WHEDCO was the most effective at advocacy when she had trouble collecting child-care payments from the city. She could not believe her eyes when a worker from the welfare department's BEGIN program showed up in person with a reimbursement check in hand.

Carmen is a savvy marketer who uses several strategies to maximize enrollment and increase revenue: she belongs to three referral networks including ACD and remains open for shift care (7:30 am to 6 pm; 3 pm to 8:15 pm). She charges high end standard rates but also offers a sliding scale. She taps her daughter's business knowledge and computer skills. Her sister also is involved in the business; her son-in-law is planning to buy a house to open a child-care center, and her nephew, who works for the fire department, is also planning to open a center. Her husband, who works as a technician for a hospital central supply department, loves the children. "They call him 'Daddy'," she says proudly. She obviously loves her middle daughter who is her unpaid assistant and says, "She has sugar in her kisses." She has a savings account, carefully issues W-10 forms as receipts to parents to insure she has verification of what each parent has paid for tax purposes. She brings a lifetime of child-care experience, having grown up in a family with fourteen siblings and fifty nieces and nephews.

However, her business is not as lucrative as she would like it to be. Open since 1994, she says that 1998 and half of 1999 were low periods with only two to four children in care despite aggressive leafleting and target marketing to families eligible for public subsidies (see Figure 3., p 19). There was another six-month dip in her business starting in summer 2000 and some peaks and valleys since that time, a pattern that she cannot explain. She cared for twenty-two children between June 1999 and June 2001 through shift care, with an average length of stay of twenty-five weeks (but a range of a few weeks to several years). She applied for a Group Family Day Care license to double her legal cap, but was rejected by the Department of Health due to lack of space.

Carmen is no stranger to hard times. She has worked since the age of seventeen, including factory work and housekeeping. Her marriage fell apart for a while in the 1970s and she went on welfare for three years. She is an assertive, confident fighter who believes in her potential. Her family's medium term plan is to expand to a second location in Puerto Rico, where she, her husband and sister want to relocate and ultimately retire, and turn the Bronx-based business over to her daughter.

Personal Characteristics and Circumstances

Family Day Care is an intimate business highly enmeshed in the provider's personal and family life. The following factors, illustrated by the cases above and data from other Aspen participants, have varying relationships to business outcomes.

Intimate relationships

Sara is fueled by her desire to escape her welfare background, be financially independent, and not rely on her husband's income. Natalia's husband dictates how much she can earn or report. For Carmen, the business is a family affair and part of a strategic family plan to retire to Puerto Rico. Lenore's relationship with her husband interfered with her business; in order to grow she separated from him and relocated to another apartment, but she still relies on him as her emergency back-up provider. Ana, Carmen and Hernandez receive tremendous support from their husbands who enjoy a house full of children and help out with extra supervision when they return from work.

Religious beliefs

Sara's faith informs her selection of clients and creates potential conflict with parents who differ in their values. For Deborah S. who has struggled to earn her GED and grow her business, her faith is her refuge and strength. She sets her pace according to Divine guidance, adhering to the dictum, "Lord, order my steps in the world."

Education level

Education correlates with business outcome. Among the six highest earners, five have 12+ years of school or the GED, the sixth provider is studying for the GED. Lenore, the most ambitious and innovate business owner, holds a master's degree in Elementary Special Education. Two additional providers with high business potential hold or are studying for the GED.

Motive

Those who do well want to be business owners, not simply child-care providers. Close to half the providers had other than business development in mind as a primary motive, such as the love of having kids around, escaping a city-mandated workfare assignment, staying home to raise their own children, or making a little extra money on the side. Rita, a long term welfare recipient, has a special needs child and wants to stay home to care for him. Having other children in care helps her take her mind off her troubles. "When I have kids in care," she says, "my mind is occupied." Delores, an older woman who could not find employment after she was laid off from her job of sixteen years, wanted to continue learning new things. She operates a small-scale business with two long term kids in care. "Things change," she said, remarking on new approaches to caring for children. Hernandez simply loves caretaking. She entered regulated care as an informal caregiver. "I always loved to take care of children all my life. I never thought of this as making money." Ana prefers child care to her other alternative of factory work. "Sitting in a factory sewing you just sit there and operate a machine." Tamika started her business to

escape a workfare assignment, a common motive among providers on welfare. For others, money is a motive, but a motive distinct from developing a business. Like many immigrants, Hernandez earns money to support her sister and parents in the Dominican Republic.

Emotional maturity

Providers with good interpersonal skills and a professional air did better at building a client base. Elise's scrappy, streetwise manner, inconsistent hours and "attitude" detract from business affairs. Elise also lacked focus in her life and work. Just when her business was at peak she brought two siblings into foster care and then, inexplicably, enrolled in a cosmetology school that she could ill afford.

Health

Pregnancy complications forced Sara to cut back on the number of children in care for several months just when enrollment was at peak and she was building a client base. Josefina shut down her business due to health problems, as did Michelle who requires dialysis.

Setting

Carmen cannot expand to Group Family Day Care because of space constraints. This crimps her ambitions to grow her business. Emilia cannot attract children to her lovely apartment because the unit is part of a drug-ridden housing complex that deters prospective clients. Tamika lost months of business income because her apartment needed a paint job and the Housing Authority delayed the project for months. The state refused to renew Tamika's registration because her building lacked a fire escape. She moved to a new location to re-open her business. Lenore is closer to realizing her business potential now that she moved to a security building with an elevator. Hernandez, Natalia, Elise and others live in larger buildings with easy access to many pre-school children. However, competition can be fierce in a building with several family day-care providers, especially if some are unregulated and charge lower fees.

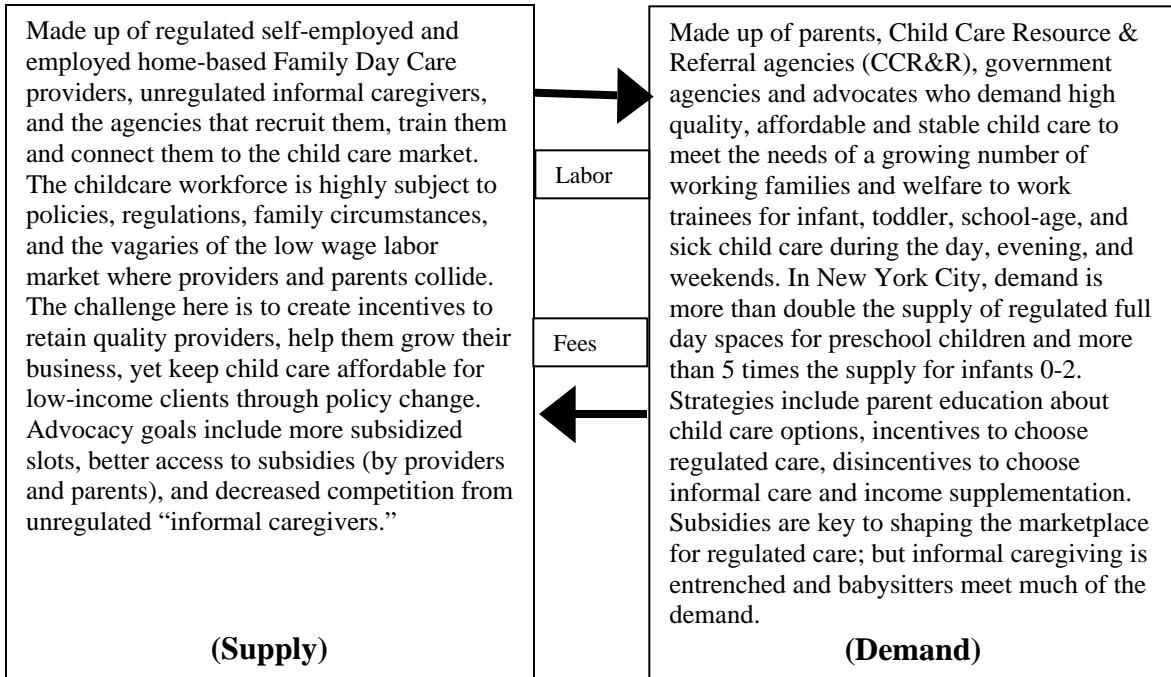
The Market Place

Compared to the total number of families needing child care, the market for regulated family day care is relatively small. Most parents choose unregulated kith and kin care and relatively few have access to child-care subsidies unless they are on welfare, enrolled in an approved welfare to work training program, or eligible for the year-long transitional benefits that few parents know about or use once their welfare case is closed.¹⁴ Parents who can pay the standard rate either out of pocket or through public subsidies are in a

¹⁴ Geo-data on each market segment are not readily available; however the likelihood of reaching the most sought after clientele (ACD voucher-holders) in the Bronx is small. Until recently, ACD distributed only 871 vouchers in the Bronx (less than 1% of the total number of ACD vouchers distributed citywide), compared to 10,149 in Brooklyn and 2,125 in Queens. This situation is changing rapidly with a more equal distribution of vouchers by borough, but long waiting lists are the norm.

minority. Parents and providers collide in the low wage market place in communities like the Bronx. These dynamics are summarized in Figure 3:

Figure 3. Supply and Demand in the Family Day-care Industry



Market segments

Providers segment the market as follows, based on fees and stability of the clientele:

- ACD voucher holders
- ACD eligible families
- private pay parents paying standard rates, especially working parents needing longer-term, continuous and steady child-care services
- welfare parents eligible for child-care reimbursements
- private pay parents who cannot afford standard rates

Other market niches include parents needing extended hours, weekend care or overnight care.

Client stability

The chart below shows the large fluctuation in enrollment that Carmen experienced in her business since August 1998. She aggressively markets to all market segments to maintain a large client base but families come and go for personal reasons and reasons connected to the vagaries of welfare and the fragmented public child-care system.¹⁵

¹⁵ Advocates led by the Greater Upstate Law Project successfully lobbied for a seamless child-care system that allows parents exiting welfare to transition to child care for working families without re-applying for subsidies issued by ACD.

Figure 3. Carmen's Enrollment Pattern

Carmen started her business in 1994 and joined our Network in February 1999. As noted, she applied for a license to operate a larger Group Family Day-care home but the state rejected her application because her apartment lacks adequate space.

To generate income she built a relatively large client base over time. During the study period she cared for a total of twenty-two children (some of them entered care as early as August 1998, the period reflected in the graph). To put this in perspective, only three other providers in our Network built a client base of this size and they operated Group Family Day-care Homes.¹⁶ In general, a large client base might signal aggressive marketing to stabilize revenue and enrollment at target levels, or alternatively reflect negatively on client selection. Carmen did an excellent job recruiting clients who paid standard rates. Even her sliding scale rate is close to market rate. However, many of her clients needed only intermittent or short term care. (In fact, had these twenty-two children been in care continuously, she would have earned \$91,586 during the two-year study period, instead of the actual earnings of approximately \$34,821. This figure is based on her 1999 tax return and a self-report for calendar year 2000.)

Carmen's clients included her godchild, and eight sets of siblings. Four children were in care at the date of the report in June 2001, which left two open slots for preschool children (she has none of her own children in care). The length of stay varied widely and most children moved in and out of care over varying periods of time; the average stay was twenty-five weeks, which is an above average period of time. She received payments for four children through the city's public child-care system; two from the welfare agency and two from ACD.

One child was in care for almost three years, some for a matter of weeks. A look at the reasons why children leave care permanently is a window into market dynamics. Five families moved out of her service area during this period. Three children "aged out" of preschool care. Two children were in temporary care during the time that the primary caregiver (the grandmother) was ill. Five parents resumed care of their own children when they left a training program, left the labor force or lost their child-care subsidy.

Carmen's fee schedule ranged from \$45 per child per week for a child in part-time after school care to \$125 per child for a family who "has a good income." The family is paying this rate out of pocket. The child's sibling is also in care part-time after school at a rate of \$90. Her sliding scale rate of \$80 or \$90 per child is high, compared to other providers, and in fact, is comparable to the standard rate. She was reimbursed \$80 per child for her two ACD children (less than the \$88 average) because that is the rate established by the Network.

¹⁶ This comparison is based on data from eighty-four of our Network Members.

Structural barriers, policy and regulatory barriers

Public child-care system

The system is fragmented and tricky to navigate, although a forthcoming unified system will be implemented within the next year that will improve continuity in child care for those transitioning off welfare. The gap between the demand for child-care subsidies and supply is great. Subsidies for welfare clients are unstable because of city policies to quickly lower the welfare roles, and many families transitioning off public assistance lack information on transitional benefits. ACD vouchers have been nearly non-existent in the Bronx, as mentioned, and city reimbursement rates are set so low that providers effectively earn \$3 an hour per child or less (the private pay, sliding scale rate for full-day care can amount to half this amount) (see Table 1).

Table 1: New York City Weekly Market Rate for Full Time Child care

<i>Age Group</i>	<i>Type of Care</i>	
	<i>Group Family</i>	<i>Family¹⁷</i>
0-2	\$143	\$127
3-5	\$126	\$103
6-12	\$117	\$102

Moreover, the welfare administration props up informal caregivers by channeling most of the public funds to these providers, who care for the majority of the city’s welfare families. (The Agency for Child Development channels most of its dollars to regulated providers, but the number of slots is far below the number of working families needing high quality care).

The cliff effect

Self-employment income can leave providers worse off than ever. For this reason, Deborah charges low fees (\$50 per child) and caps enrollment below capacity so as not to jeopardize her mother’s housing subsidy. Elba lost her medical benefits when her welfare case closed due to higher earnings. As Rita, who has been on public assistance for many years, remarked, “As I earn more, I get less.”

Foster care

The foster care and family day-care systems do not mesh. The four Aspen participants who tried to combine these two forms of paid child care could not make a go of their businesses, although other factors contribute to their low earnings, such as ill health. This is an area that bears further investigation.

Further Questions

¹⁷ ACD Networks subtract an administrative fee. Providers typically receive \$88 dollars per child, for ages three to five.

Are the Indicators valid? Would they stand up to further testing?

The small sample size prevented an adequate test of these indicators, which requires a large and diversified sample.

Which Indicators are the most important? How do they interact?

We are particularly interested in ranking indicators according to business stage and determining which can be used as benchmarks or milestones. Further research needs to probe more deeply into the meaning of certain business decisions, like buying a computer or filing for the DBA. We view these actions as part of standard business practice but the correlation to business outcomes is ambiguous.

What are the roots of success and can we train for them?

Motivation, ambition, self-confidence, self-efficacy, ability to stay focused and keep to task and a self-definition as a business owner are factors present among the high earners in our sample. What would training look like that fostered these attributes?

Cultural and gender issues

What more should we understand about cultural and gender issues that affect the businesses both positively and negatively? We focused considerable attention during the study on intimate relationships and how women negotiate this terrain to build their businesses but our sample was too small to tease out any but the most superficial cultural and gender issues. We offer Spanish language training led by bilingual, bicultural trainers. Is there more we can do to sensitively address special needs of Latinas or African American women?

Foster care

The demands of the foster care system swamped the four providers with foster children in care. What is necessary to align these two systems so providers can juggle family day-care clients and foster children? This question touches on policy and practice issues beyond the scope of training.

IV. Implications

Implications for the Program

Delivery of training and technical assistance services

The study prompted the program to shift from a client-driven, on-demand training model to “guided choice.” In this model, providers are strongly encouraged to participate in quarterly service planning sessions in order to set quarterly goals for all areas of training, schedule relevant training and TA activities and review progress from the past quarter. To structure and track this process, we revised the service planning tools and added a classroom assessment instrument called Observation Notes to help the trainers tie classroom performance to on-the-ground business progress. We experimented with this process starting in Year One of the study with mixed results. We discovered that we

could not assume that providers know how to set goals and meet them, or that staff know *a priori* how to structure and guide this process. We identified a series of staff training issues that will be addressed in this fall and discussed the need for provider skills training in the areas of goal setting, decision making, problem solving and other core competencies skills related to business growth.

The study had its greatest impact on the scope of business development services. As a result of the study we recognized the critical need to strengthen the existing service mix, integrate modular training and TA activities into a series of curricula that correlate with the Interim Indicators identified during the research process (see Attachment D). Starting this fall, we will offer three additional advanced training workshops, pending funding:

- **Investment Strategies (NEW)** As part of a financial planning curriculum, this workshop addresses asset building through savings and investment vehicles, including Individual Development Accounts. Includes use of the Self-Sufficiency Calculator developed by the Women’s Center for Education and Advancement based on the Pearce & Brooks Self-Sufficiency Standard for New York City. The Calculator is a computer-based interactive worksheet that helps the client determine income adequacy and eligibility for public benefits.
- **Strategic Marketing (NEW)** This workshop teaches how to ensure an optimum payer mix of subsidized parents and private pay parents to maximize revenue, as well as addressing the city’s planned unified child-care system and implications for providers and parents.
- **Portfolio Development (NEW)** This workshop teaches how to develop and compile a series of materials that can be used for marketing and promotion. Core materials include the Parent/Provider Contract, marketing flyer, resume and references from parents, trainers and other sources. The portfolio is one component of the Child Development Associate, an adult degree recognized in the field.

The Training Matrix (Attachment D) will be used intensively with providers during the quarterly goal setting and service planning process. It shows the coherence among the modular activities and how these can be combined to build skills and knowledge toward a particular goal. In other words, in this usage, the “Indicators” become goals toward which the provider can strive.

As we understand more about necessary and sufficient ingredients of success, we must align the training more closely with these fundamentals. Further, curricula design and service delivery must attend more intentionally to the need for repetition, sequencing, follow-up TA and assessment, feedback, and timing to reach providers during the “teachable moment.”

Our findings suggest that there is a hierarchy of needs, starting with regulatory issues and moving sequentially to business development. Providers cannot attend to everything at

once let alone put all the new knowledge to use immediately. For example, we teach providers about Individual Development Accounts, but not one provider, when asked during the interview, knew about this asset-building strategy. They simply were not ready for this information at the time it was presented.

Monitoring and Outcomes Assessment

Moving forward, the program will explicitly address providers' income generation and enrollment patterns. Providers entering the Network will be socialized into this broader scope of services and reporting expectations; however, we will not mandate reporting as a condition of training or technical assistance. Expanded business development services are very resource-intensive and require extensive one-on-one technical assistance to address each provider's particular circumstances and goals. We expect that a subset of Network Members with business development goals will avail themselves of this enhanced service mix. The proposed new program will be piloted pending funding from PRIME and other sources.

Implications for the Field

Effective training and technical assistance practice

- Sectoral training must be tied to market and industry dynamics.
- Trainers must use their experience and expertise to guide providers toward successful outcomes and be held accountable for results; on-demand, client centered training in the absence of a structured service planning and goal setting process is less effective.
- Assessment must be based on demonstrated success in applying new knowledge and skills. Trainers must understand the nature and kinds of business decisions necessary for success in the family day-care field, break these down into trainable units, follow up with one-on-one technical assistance, track and monitor, just as they do in the areas of regulatory compliance and child development programming.
- Busy home-based practitioners require flexible scheduling including nights and weekends, modular training and customized training to meet each provider's particular needs; they also may need onsite child care.
- Advocacy services are key in the family day-care field. Successful advocacy builds trust and loyalty in addition to solving problems.
- The Network model for delivery of ongoing training and TA activities is replicable in other sectoral training programs where membership in a trade or professional association is the norm.

Issues and challenges raised for practice

The resources necessary for long-term customized training are extensive; building capacity requires aggressive fundraising and technological capacity for data entry, quality assurance, client tracking and monitoring. Such resources may not be available to all microenterprise development programs.

Measuring effectiveness

The study reinforced our belief that effectiveness must be measured on the ground in the context of the actual business operation. Enrollment, attendance and classroom performance are imperfect predictors of business outcomes.

ATTACHMENT A: Client Profile at Intake

	Members of WHEDCO's Family Day Care Provider Network (N=182)*		Participants in the Aspen Institute FIELD study (N=20)	
Ethnicity:		% of total		% of total
African American	53	29%	5	25%
Hispanic	119	65%	15	75%
Other:	10	5%		
Gender:				
Men	3	2%	0	
Women	179	98%	20	100%
Education:				
Less than High School	74	41%	8	40%
High School Grads	34	19%	6	30%
Received GED	9	5%	4	20%
Voc/Tech School	4	2%	0	
Some College	15	8%	1	5%
2-year College Degree	13	7%	0	
4-year College Degree	4	2%	0	
Post Grad Work/Degree	1	1%	1	5%
Certificate	1	1%	0	
Unknown	27	15%	0	
Marital Status:				
Married & cohabiting	68	37%	9	45%
Married and <i>not</i> living with spouse	29	16%	3	15%
Common Law	4	2%	1	5%
Divorced or Separated	18	10%	1	5%
Widowed	10	5%	2	10%
Single	53	29%	4	20%
Age:				
Range	26-63		28-61	
Average	42		44	
Primary language				
English	N/A		5	25%
Spanish	N/A		7	35%
Bilingual	N/A		8	40%
Public assistance				
TANF	48	26%	9	45%
Medicaid	27	15%	3	15%
Food Stamps	83	46%	13	65%
SSI	10	5%	2	10%

* Membership size fluctuates. Current size is 145 members.

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ATTACHMENT B: Comparative Ratings

Provider	Stage of Business			Rating Along Four Dimensions				Likelihood of High Earnings	Notes
				Child Care Operations			Business Development		
	At entry	At mid-point	At exit	Child Development	Regulatory Compliance	Business Management	Income & Enrollment		
Ana	Pre	S	1	Medium/Low	✓	Medium	Struggling	Low	
Carmen	2	3	3	High	✓	High	High	High +	
Deborah	1	2	2	High	-	Medium	Growing	High +	
Delores	Pre	1	1	Medium	-	Low	Stable	Low	
Elba	Pre	S	2	High	✓	Medium	High	Medium	
Elise	Pre	1	X	Medium	✓	Low	Marginal	Low	On hiatus--school
Emilia	Pre	S	S	Low	✓	Low	Marginal	Medium	
Hernandez	Pre	1	1	Medium	-	Medium	Struggling	Low	
Isabel				Low	✓	Medium	Marginal	Medium	
Josefina	Pre	S	1	Low	✓	Low	Struggling	Closed	Foster Care, Health
Lenore	2	3	3	High	✓	High	High	High	
Luz	Pre	X	X	Low	✓	Low	Struggling	Closed	Employed
Manuela	Pre	2	2	High	-	High	High	Medium	
Maria	1	2	2	High	✓	High	High	High	
Mary	Pre	1	1	High	✓	High	Struggling	Medium	
Michelle	Pre	S	X	Low	✓	Low	Marginal	Closed	Poor health
Natalia	1	2	2	Medium	✓	High	High	Medium	
Rita	1	1	1	Medium	✓	Medium	Struggling	Low	
Sara	1	2	2	High	✓	High	Growing	Medium	
Tamika	Pre	S	S	Medium	-	Medium	Growing	Low	

ATTACHMENT B: Comparative Ratings

DEFINITIONS

Stage of Business

Pre=Pre-Start Up: Home not fully set up for regulated childcare, infrastructure not entirely in place

S=Start Up: At least one child in care, infrastructure in place (Parent/Provider contract, fee structure, record keeping and bookkeeping procedures), compliance with health, safety, and nutrition regulations

1=Stage One: Beginning of routine business management, active marketing, full compliance with regulations, back-up provider in place

2=Stage Two: Provider usually has children in care, schedules a variety of age-appropriate developmental activities, knows how to “work” the public child care system, has connections to several referral sources, enforces policies, remains open on a consistent basis as per Parent/Provider Contract, complies fully with regulations. In addition, the provider may be working toward certification in child development or enrolled in other academic degree programs to build skills in early childhood education

3=Stage Three: Provider is usually at capacity, has satisfied customers, shows evidence of persistent or even innovative marketing, advocates on her behalf to collect fees and child care reimbursement, schedules a variety of age-appropriate developmental activities, and complies fully with health, safety, and nutrition regulations and standards. (The category also was used at exit for providers who expanded to Group Family Day Care by the end of the study).

Ratings

Ratings are a composite of scores from quarterly home visits and classroom assessments. In the case of Regulatory Compliance, all clients are compliant with regulations. A minus sign (-) indicates a prior infraction that has been rectified.

ATTACHMENT C: Indicators of Business Success

<p>Business Management</p> <ul style="list-style-type: none"> • Bank account • Expense records • Enrollment and daily attendance records • Parent/Provider Contract (initial and revised, as needed) • Payment receipt system or W-10 • Collection letter template • Tax filing • Schedule C filing • D.B.A. filing/tax ID 	<p>Business Development: Net Revenue</p> <ul style="list-style-type: none"> • Enrolls in CACFP and claims monthly for all allowable meals • Files EITC • Knows allowable business expenses and records expenses on Schedule C • Secures EIP training scholarship • Secures Trickle Up grant • Files for wage support subsidy if eligible • Uses WHEDCO's Resource Library for free books and toys • Secures free fire extinguisher, Health & Safety Kit through Network
<p>Business Development: Target Enrollment and Enrollment Stability</p> <ul style="list-style-type: none"> • Strategic marketing plan (initial and revised, as needed) • Effective flyer and other promotional materials • Number and quality of professional affiliations for referrals • Size of personal referral networks • Aggressive outreach • Niche marketing (e.g., After School, Extended Day, Weekend, Overnight, and 24-hour care; Sick children care; Special needs care) • Marketing to stable clientele • Accessibility of location • Level of competition • Attractiveness of setting for child development • Level of advocacy in campaigns to improve access to child care subsidies • Disciplinary skills • Interpersonal skills • Conflict resolution skills • Consistency of hours of operation • Availability to parents 	<p>Business Development: Gross Revenue</p> <ul style="list-style-type: none"> • Business structure (Family/Group Family; ACD contractor, Head Start satellite) • Enrollment Cap • Number of children for which they are legally registered • Provider's target enrollment • Number and age of own children in care • Number of days in operation annually • Business hours and scheduling structure to increase cumulative number of children in weekly care • Charges standard rate • Judicious use of sliding scale fee • Designs and enforces system for fee collection • Recruitment to a mix of private pay and subsidized clients • Advocacy activity (self or assisted) related to child care reimbursement • Level of advocacy related to building child care workforce
<p>Personal Characteristics</p> <ul style="list-style-type: none"> • Self-defines as a business owner • Sets business goals • Stays focused • Follows through with steps toward goals • Good Health • Absence of foster care responsibilities • Level of spousal/family support • Degree of autonomy to make business decisions • Religiously informed value system • Educational ambition • Motive 	

ATTACHMENT D: Matrix of Training and TA Activities

D1: Indicators of Business Success: Business Management									
WHEDCO Training and Technical Assistance	Bank Account	Expense Records	Enrollment and Daily Attendance Records	Parent/ Provider Contract	Payment Receipt System or W-10	Collection Letter Template	Tax Filing	Schedule C Filing	D.B.A. Filing Tax ID
	Basic Accounting I	Basic Accounting 1&11	Operations & Management	Operations & Management	Tax Filing System	Unit M: * Operations Management Provider and Parent Agreement	Tax Filing System	Tax Filing System Basic Bookkeeping Session II	Tax Filing System
	Banking Skills	Bookkeeping	Developing Family Day Care Contracts & Policies	Developing Family Day Care Contracts & Policies	Business Structure	Unit F: An Overview	Business Structure	Applying for Fed. ID# Basic Bookkeeping Session II	Business Structure
	Bookkeeping	Taking Care of Your Child Care Business	Children's Records	Communications Skills		Seminar: Contracts and Policy (Columbia Law)	Intro Training Unit F: Operation Management FDC Business	Business Structure (Columbia Law)	Taking Care of Your Child Care Business
		Introductory Training Unit F	Taking Care of Your Child Care Business		Supplemental Training	Advance Training: Conflict Resolution	Supplemental Training M Operation and Provider/Parent Agreement	Business Planning (Columbia Law)	Tax Seminar (Columbia Law)
		TA: Aspen Providers	Introductory Training Unit F Operations & Management Starting and FDC Business	Advance Training: Conflict Resolution	Unit M: Parent Provider Agreements	Communications Skills	Saturday Support Group	Unit M: Developing Family Day Care Contracts & Policies	Business Planning (Columbia Law)
								Unit F: Operations & Management an Overview	

* "Units" refers to units of state-approved training curricula.

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ATTACHMENT D: Matrix of Training and TA Activities

								Seminar: Contracts & Policies (Columbia Law)	
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ATTACHMENT D: Matrix of Training and TA Activities

D2: Indicators of Business Success: Target Enrollment and Enrollment Stability										
WHEDCO Training and Technical Assistance	Strategic Marketing Plan	Effective flyer and other promotional materials	Number of type of professional affiliations for referrals	Number and type of referral services	Marketing Frequency	Marketing Niche	Accessibility of location	Level of Competition	Attractiveness Of setting	Level of advocacy in campaigns to improve public child care system
	Marketing and Outreach	Marketing and Outreach	Introductory Training Unit F	Introductory Training Unit F	Marketing Outreach	Marketing Outreach	Marketing Outreach	Trickle Up Application Part I	Planning a Safe Place in a Developmentally Appropriate Program	Communication Skills
	Preparing Promotional Materials	Preparing Promotional Materials	Supplemental Unit M	Supplemental Unit M	Preparing Promotional Materials	Preparing Promotional Materials	Preparing Promotional Materials	Marketing and Outreach	Children's Art	Saturday Support Group Meeting
	Trickle Up Application Part I	Trickle Up Application Part I			Trickle Up Application Part I	Trickle Up Application Part I	Trickle Up Application Part I	Preparing Promotional Materials	Supplemental Training 15 hr Unit L Planning Emergencies	Participation in Research and Focus Group
	Business Planning	Business Planning			Business Planning	Business Planning	Business Planning	Business Planning	Basic Training 15 hr Unit D Maintaining a Safe Environment	BEGIN Advocacy
		Operations and Management: An Overview				Operations and Management: An Overview	Operations and Management: An Overview	Taking Care of Your Child Care Business	Lesson Plan and Activity Workshop	
		Developing Family Day Care Contract & Policies				Developing Family Day Care Contract & Policies		Operations and Management: An Overview		

ATTACHMENT D: Matrix of Training and TA Activities

		Taking Care of your Child Care Business				Taking Care of Your Child Care Business		Developing Family Day Care Contracts & Policies		
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ATTACHMENT D: Matrix of Training and TA Activities

D3: Indicators of Business Success: Gross Revenue						
WHEDCO Training and Technical Assistance	Business Structure (Family/Group Family; ACD Contractor, Headstart, Satellite)	Fee Structure	Payer Mix	Billing and Receivables	Advocacy Activity	Level of Advocacy related to building child care workforce
	Business Structure	Trickle Up Information Session and TA	Saturday Support Group Meeting	Accounting Basics I and II	Saturday Support Group	Saturday Support Group
	Support Group Saturday	Business Planning	Banking Skills Workshop	Business Structure	Communication Skills	Participation in Focus Groups
	Trickle up Information Session and TA	Network Support Group	Marketing and Outreach	Contracts and Policies	BEGIN Advocacy	Communication Skills
	Business Planning	Taking Care of Your Child Care Business	Business Structure	Taking Care of Your Child Care Business	Participation in Focus Groups	Contracts & Policies
	Liability and Insurance Training	Budgeting Workshop	Trickle up Information Session I and II	Business Planning	Participation in Research	Referral to Columbia Law Clinic
	CACFP Information Session		Business Planning			
	Career Tracks		Contracts & Policies			
	TA: Group FDC application		Budgeting Workshop			
	Budgeting Workshop		Basic Bookkeeping I and II			
	Basic Accounting I and II					

ATTACHMENT D: Matrix of Training and TA Activities

D4: Indicators of Business Success: Net Revenue								
WHEDCO Training and Technical Assistance	Business Development	Files EITC	Knows allowable business expenses and record expenses on Schedule C	Secures EIP training scholarship	Secures Trickle Up Grant	Files for wage support subsidy if eligible	Use's WHEDCOS' Resource Library for Free books and Toys	Secures free fire extinguisher, health and safety kit through Network
	Enrolls in CACFP and Claims for monthly allowable meals	Tax Seminar	Tax Filing System	All training if available	Trickle up Grant Information Session	N/A	Saturday Support Group Meeting	Health and Safety Start up application
	Saturday Support Group Meeting	Tax Filing and System	Tax Seminar (Columbia Law)		Trickle Up Grant I and II		Lending Library	10 hours of Health and Safety Pre-training
	Information Session	The Basics of Accounting	Basic Accounting I and II		Trickle Up Received		Home visits	
	CACFP Nutritional Program						WNET Media Literacy Training	
	CACFP Homevisits						Teaching Reading	
	Cornell 15 hour Nutritional Workshop						Activities and Games	
	Business Planning							
	Taking care of your business							

ATTACHMENT E: Enrollment in Business-Related Training and Technical Assistance Activities (Aspen Participants)

Provider	Training Span	Training Orientation	Tax Seminars	BEGIN Admin- cy	Banking Skills	Access to C-	Basic Accounting	TA Flyers	Liability & In-	Contracts & -	Sat- &	Group- S-	TA- &	Materials	Career Traac-	Planning for-	Business Str-	TA-Training Scholarships	Budgeting	TA- PreKundergarten
Ana	3/26/99-10/18/00	High									4	x								
Carmen	12/22/98-3/3/01	selective	x	x	x	x	x	x	x	x	14									
Deborah	9/15/98-3/20/01	selective			x	x	x			x	3								x	
Delores	3/17/99-2/27/01	Selective						x		x	1						x			
Digna	3/2/00-12/9/00	High	x							x	1									
Elba	3/22/99-9/13/00	High*									0						x			
Emilia	4/28/99-3/21/01	High*				x		x			4			x						
Gladys	12/9/98-1/13/01	selective				x		x			7						x			x
Hope	10/23/99-10/14/00	High				x					4						x			
Isabel	10/20/99-12/9/00	selective									1									
Josefina	1/27/99-9/7/00	High						x	x		1			x	x	x				
Liza	1/18/00-2/6/01	High	x		x			x			1									
Lucila	5/7/98-3/20/01	selective						x		x	3	x						x		
Luz	3/1/00-2/14/01	High	x		x	x					1									
Manuela	8/12/99-3/3/01	Low	x			x	x			x	9						x			
Michelle	2/27/99-2/27/00	High	x			x		x			4								x	
Nina	12/29/98-9/6/00	High	x						x	x	3									
Olga	10/19/99-2/21/00	High	x	x	x		x		x		5									
Rita	12/9/98-1/13/01	selective	x	x					x	x	5									
Robin	3/19/99-1/11/01	High						xx		x	1								x	

*most training taken through other network affiliations

** The figure refers to the number of monthly support groups they attended over the period of time. The seminars cover a wide variety of topics that span the family child care field, including regulatory changes.

materials into a portfolio they can distribute to prospective clients. Materials can include flyers, contracts & policies, resume and references.

WHEDCO

This report was prepared with funding from FIELD

ATTACHMENT F: Income for Family Day Care Businesses

Name	Income from Self-Employment			2-year study period
	1999	2000	2001-to date	
Ana		2,400		
Carmen	12,821 ^{TX}	22,000 ^{SR}		
Deborah				16,000 ^{SR}
Delores	10,000 ^C	10,000 ^C		
Elba ¹	6515 ^{SR}	19,200		
Elise			On hiatus	4,623
Emilia	9744 ^{SR}			
Hernandez		4,560		
Isabel	7,116 ^{SR}			
Josefina	3,900 ^{SR}	Business closed		
Lenore				42,150 ^C
Luz	2674 ^{SR}	Business closed		
Manuela ²		16,800		
Maria ³		6930 ^{SR}		
Mary				2,784
Michelle	3460 ^{SR}		Business closed	
Natalia			21,000	
Rita		1,651 ^{SR}	On hiatus	
Sara	5145 ^{SR}	10,753 ^{SR}		
Tamika		8,500 ^{C, SR}		
<p>KEY SR: Self-Report C: Calculated TX: Tax Return</p>				

¹ Elba operates a Head Start satellite as a salaried employee.

² Manuela has a contractual relationship with an ACD network.

³ In December 2000, Maria entered into a contractual relationship with an ACD network. Her low income figure reflects her business prior to her affiliation with the ACD network. She is likely to earn approximately \$17,000 per year.