



The Business of Child Care

A Business Management Resource Guide for New Hampshire Child Care Providers

Supplement to the *Early Childhood Education Business Self-Assessment
Tool*



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Business Management Resources for New Hampshire Child Care Providers

Introduction

This guide to resources that support effective business administration in early childhood education centers was developed as a supplement to the New Hampshire Community Loan Fund's Business of Child Care's *Early Childhood Education (ECE) Business Self-Assessment Tool*. It is a detailed list of resources that will help child care centers strengthen and improve business management practices. It is most useful when used in conjunction with the *ECE Business Self-Assessment Tool* but it can be used as a stand-alone document.

Many of the resources referenced in this guide are available at no cost. Some resources are only available if you are a member of the supplying organization. Below is a list of commonly referenced resources and information regarding membership, if applicable.

ECE Shared Resources (<https://www.ecesharedresources.net/default.aspx>): Early Learning New Hampshire and CCA for Social Good have partnered to bring you ECE Shared Resources, an online platform designed to bring a wide variety of ECE resources to your desktop. ECE Shared Resources offers a website full of practical tools for child care providers across the nation. ECE Shared Resources helps child care professionals manage their programs with ease – helping save time, save money, and raise the quality of care provided to children. Your program and staff can access a wealth of tools, services, trainings and cost savings that help you save money & operate more efficiently. Access to *ECE Shared Resources* is available through membership in **Early Learning NH (ELNH)** (<http://earlylearningnh.org/>) or the **State Early Learning Alliance (SELA)** (<http://www.uwgs.org/sela/>). Contact Early Learning NH for information about membership and fees.

First Children's Finance, Minnesota: First Children Finance resources referenced in this guide are available at no cost through their website:
<http://www.firstchildrensfinance.org/online-resources/>.

New Hampshire Center for Nonprofits: Membership in the NH Center for Nonprofits is based on annual revenue and starts at \$85 per year. Membership includes access to *NonprofitNext* an online hub for non-profits with templates, tools, guides, and other resources related to relevant nonprofit management topics, such as finance, fundraising, governance, human resources, etc. Additional membership information is available at
<http://www.nhnonprofits.org/page/membership>

The Bottom Line for Children's Program: What you need to know to manage the money by Gwen G. Morgan and Bess R. Emmanuel, a definitive guide for managing money in an early childhood education center. The book can be purchased from several online vendors. The paperback retail price is \$22.95.

About the New Hampshire Community Loan Fund

The New Hampshire Community Loan Fund's mission is to serve as a catalyst, leveraging financial, human and civic resources to enable traditionally underserved people to participate more fully in New Hampshire's economy. We do this by:

- providing loans, capital and technical assistance;
- complementing and extending the reach of conventional lenders and public institutions; and
- bringing people and institutions together to solve problems.

As a Community Development Financial Institution (CDFI), the Community Loan Fund collaborates with a wide range of donors and lenders, and with business, nonprofit and government partners. Together, we provide the financing and support that people with low and moderate incomes need to have affordable housing. Quality jobs. Child care and early education for their children. And to become financially independent.

We were established in 1983, one of the first Community Development Financial Institutions in the U.S., and have received the highest honor in our field, the Wachovia NEXT Award for Opportunity Finance.

The New Hampshire Community Loan Fund's Child Care Facilities program works to increase the number and the quality of child care and early education opportunities across New Hampshire. We lend to early childhood programs to help them purchase, build, expand, renovate, or relocate their facilities.

We also believe that early care and education businesses that are well managed and financially stable are better able to provide reliable, high-quality care. So we offer a variety of trainings aimed at building business skills, decreasing costs and increasing revenue. The Community Loan Fund has loaned more than \$6 million to child care centers and home-based family providers since 1995, creating or preserving more than 4,000 child care spaces.

1. Financial Management

General Financial Management

General financial management is about the people involved and systems used to manage your financial operations and records. It assesses the level of skill of the individuals managing your finances and the methods used to track financial information. A high score indicates the center makes a continued investment in ensuring financial staff have the skills and training needed to implement best practices and the use of technology in financial management and that policies are in place that ensure consistency and compliance in financial practices.

It is imperative that directors of for-profit and nonprofit centers have basic financial literacy skills, so they understand the financial risks and opportunities their center faces.

360 Degrees of Financial Literacy (<http://www.360financialliteracy.org/>) is a free service of the nation's Certified Public Accountants. The site offers resources to small businesses (and individuals) to promote financial education. The site is useful for directors for both for-profit and nonprofit centers.

In 2013, a free financial literacy training, *Money Smart for Small Business*, was developed by the Federal Deposit Insurance Corporation and U.S. Small Business Administration. The curriculum was developed for new and aspiring business owners but is also useful for business leaders still developing their financial literacy skills. Topics covered include time management, financial management, record keeping, risk management, insurance, tax planning and reporting, and selling a small business and succession planning. The free curriculum is available at <http://www.sba.gov/moneysmart>.

Nonprofit organizations ask a lot of board members. Volunteering their time and efforts to help you run a successful nonprofit seems like enough to ask of them, so asking them to find time for training often takes a backseat to operational and strategic priorities. However, the board of directors is ultimately responsible for the financial stability of the center. The National Council for Nonprofits (<https://www.councilofnonprofits.org/tools-resources/financial-literacy-nonprofit-boards>) provides excellent advice on how to raise the financial literacy of a nonprofit board of directors, including de-mystifying important financial reports, providing literacy training, and making sure volunteers understand their role as fiduciaries for the center's assets.

In addition to having financial knowledge, best practices require centers to manage their finances electronically. Recording financial transactions on paper keeps you in the dark about the overall financial health and sustainability of your business. You may know that things are okay that week, maybe even that month, but you would be challenged to accurately forecast what the financial picture will be in one year. Likewise, to consider making significant changes to your program without a true understanding of how those changes will impact the bottom line can be short-sighted.

An excellent way to ensure you have up-to-date and accurate financial information is to use an accounting software. It gives you real-time access to financial information—both what is happening now and historical information that will help you spot trends.

Accounting programs also have lots of bells and whistles to improve workflow, which are great time savers and money savers too. However, it's the bottom-line impact of getting invoices out the door more quickly, proactively managing payment of bills, and monitoring cash flow that will result in a healthier and more accurate bottom line. Knowing how much money is in the bank today and how much is likely to be there in six months allows you to better manage and plan your business.

QuickBooks is the most commonly used accounting software. Both online and desktop versions are available. QuickBooks' popularity means it is easier to find training (sometimes free) as well as employees and accounting professionals who are familiar with the software. That can be a benefit. However, there are other options in accounting software. Each year business magazines rank accounting software for small businesses; invariably QuickBooks lands near the top of the list. However, there are other contenders. Check out BusinessNewsDaily.com (<http://www.businessnewsdaily.com/>) or PC Magazine (<http://www.pcmag.com>) for their most recent reviews.

Child care centers also have the option of choosing a child care management (CCM) software with a financial module. Typically, the financial capacity of CCM software programs do not have the full functionality of an accounting software. However, if your center is small enough, this might be a more affordable and effective option, as CCM software includes other useful modules that support electronic enrollment management, staff scheduling, etc. See the **Technology Resources** on pages 20 and 21 for a list of CCM software programs.

Budget Planning

Budget Planning is about the center's budget process, the information used to build the operating budget, whether the budget is aligned with the center's goals, and whether procedures are in place to monitor budget-to-actual performance and support positive cash flow. A high score means that the budget is balanced, built off of the operational data of the center, and that bookkeeping practices are in place to ensure effective monitoring of revenue and expenses.

At a minimum, a center should have an operating budget. Planning the next fiscal year is an important step in ensuring that the business can meet payroll, provide promised services, and be financially sustainable. The center cannot accurately manage or guide its operations without some knowledge of its financial future. The budget is a year-long snapshot of what to expect. If it is based on good information, it will be a useful document that will support business decisions, demonstrate competency to partners, funders and investors, and instill confidence in employees that the business is sound and that their jobs are secure.

There are ample resources available for creating a budget. The New Hampshire Community Loan Fund and similar CDFIs, such as First Children's Finance, offer budget templates and glossaries to help you understand financial terms, and other relevant information regarding the importance of managing a center's money effectively (<http://www.firstchildrensfinance.org/businessresourcecenter/centers-2/finance/finance-tools/>).

ECE Shared Resources, a membership platform for early childhood educators, also provides templates and glossaries at <https://www.ecesharedresources.net/default.aspx>¹.

Very relevant to a child care business is the book ***The Bottom Line for Children's Program: What you need to know to manage the money*** by Gwen G. Morgan and Bess R. Emmanuel. This book is all about the bottom line and provides accessible and in-depth knowledge on how to develop a budget and to use it as a management tool. The book provides sample forms, budget policies, and case studies.

For those who are intimidated by the idea of creating that first budget, affordable workshops can usually be found through professional membership associations, or nonprofit support centers for eligible nonprofit organizations, such as the New Hampshire Center for Nonprofits (<http://www.nhnonprofits.org>) and the New Hampshire Small Business Development Center (<http://www.nhsbdc.org/>).

It is important that the budget align with the center's annual work plan. A work plan is an outline of the center's goals for a specified year and the activities planned to achieve those goals. Work plans break down goals into achievable tasks, assigns responsibility for tasks, and establish timelines for completion. Aligning the budget with the work plan improves a center's chance of success in achieving goals as financial resources are targeted to support work plan activities. Annual work plans are more commonly used in nonprofit businesses, but are also helpful in for-profit ECE centers. Work plans are a useful tool for any business that wants to achieve financial and program success. Sample work plans are available online. Here are three:

hrcouncil.ca/docs/Template_Work_Plan1.pdf

<http://www.davisnpc.com/nonprofitresources/>

https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=25&ved=0ahUKEwjPiouLnMvZAhWtSt8KHRapDf84FBAWCEgwBA&url=https%3A%2F%2Fwww.rhsmith.umd.edu%2Ffiles%2FDocuments%2FOffices%2FHR%2FWorkPlan.doc&usg=AOvVaw3EOOSKWAirVBceg_IJmHQW.

Cash Flow Management

Cash Flow Management entails having a system to monitor the amount of cash on hand at any one time, to project trends in cash, and wisely manage cash shortfalls and surpluses. A high score on the ECE Business Self-Assessment Tool indicates the center adopts policies and practices that ensure the quick and consistent receipt of income and includes planning for significant cash expenditures.

Paying attention to cash flow can help keep your center out of financial hot water. It is important to regularly monitor key cash-flow metrics, such as cash on hand, receivables, and payables. Cash on hand is the amount of money you have in the bank. Knowing this is important when making financial decisions. Can you afford to take advantage of an opportune deal on classroom

¹ To access documents or resources on the ECE Shared Resources website, you will need to log-in; if you are not an ECE Shared Resources member already, go to http://www.ecesharedresources.net/Registration_Options.aspx

supplies or a pre-buy option from your fuel service? To make that decision, you need to know how much cash you have.

Receiving payment for service is the most important financial process at your center. Ideally, you are paid before service is rendered—parents pay you up front for the coming week or month of child care. Whether you seek payment before or after services are rendered, you are likely invoicing for that service. Ensure invoicing is done on a timely basis. Don't wait until the end of the month to send invoices. Payment will not be there the next day; the invoice needs to be received first then the recipient of the invoice needs to process payment. To support quicker payment, send invoices electronically; they will get there faster.

Invoices become receivables. Stay on top of receivables, keeping them as low as possible. A receivable means you've delivered service already and have not been paid for it. When parents are not paying you, you are effectively lending them the center's money! Your employees and your customers are better served when the center is paid on time as it helps you manage the center more efficiently and effectively. Ensure you have clear collection policies that are communicated to parents. Parents should acknowledge that they have read and understand the collections policy. Be sure to follow the collection policy when payments become due, document communications with parents, suspend services, and pursue legal action if needed as a last recourse.

Payables are about the center paying its bills on time. Some bills, such as payroll taxes and insurance premiums, should never be paid late. But you should manage when you pay bills to maximize cash flow. If you pay bills as soon as they arrive, you might leave yourself short of cash when payroll taxes are due. If your business is cash tight more often than not, pay bills more frequently so you can take better advantage of payment terms and leave cash in the bank to meet priority payments. Make a bill payment schedule that includes payment terms for each bill so you have a clear and organized way of tracking when bills are due. The following articles provide useful information on setting up a bill payment schedule, prioritizing payments, and automating accounts payable:

<http://smallbusiness.chron.com/make-bill-schedule-76682.html>

<http://www.fundera.com/blog/2015/07/29/accounts-payable/>.

It is important to project cash frequently. Directors know the inflow and outflow of cash of their center better than anyone. Put that knowledge to "paper". Better yet, put it into a spreadsheet or use the cash-flow module in your accounting software. Generate regular cash-flow projections by month and for a full year to give you short- and long-term perspectives on when cash will be good and when it may be tight. Knowing this allows you to adjust program services and purchasing decisions to support a healthy cash flow. If positive cash flow is an ongoing problem, generate cash flow projections more often, weekly or bi-weekly.

A monthly cash flow projection worksheet is available from First Children's Finance at <http://www.firstchildrensfinance.org/businessresourcecenter/centers-2/finance/finance-tools/>.

Accounting Practices

Accounting Practices looks at how financial statements are generated, whether there are internal controls in place, and for nonprofits, whether there is financial literacy among its

leadership and a periodic audit or review of accounting records. A high score indicates that the center adopts accounting practices that ensure fiscal accountability and safeguards.

Small businesses are often challenged to adhere to accounting practices that support fiscal accountability. It makes sense. Often, the same person opens the mail, tracks children, makes deposits and payments, deals with human resources, and fixes the sink!

Once some best practices are established, they are likely as simple to follow as the practices currently in place. Generating monthly income and expense reports is an important accounting practice. It helps keep a business on track with its budget, manage the bottom line, and ensure income and expense items are properly posted. Delegating a review of these monthly reports to someone else on staff is not a bad idea. A second set of eyes will see things that are missed and may prompt questions that alter assumptions. If sharing financial information with an employee is not possible, have an outsider, such as an accountant, friend, or spouse, review financial reports. If the center is a nonprofit, it is likely required this information is shared with a board of directors.

Internal Controls

Another level of accounting practice is called checks and balances or internal controls. This ensures a level of transparency and accountability in the management of a center's finances. This is particularly important in a nonprofit, but certainly relevant to a for-profit business that is answerable to employees for the level of its compensation, to parents for the price of its service, and to partners and investors who have an interest in its success. Additionally, internal controls protect the center when multiple employees are collecting or handling money.

A private business owner expects a certain level of privacy about their finances; this should not be an issue if the center's policies around fee setting and collection are clear and consistently implemented, if the quality of service supports the fees charged, and if there is open communication about the costs and benefits of conducting business.

Implementing internal controls can never hurt, but it is most important that a nonprofit center have that added layer of accountability. Internal controls can be simple and rely strongly on a separation of duties. Making sure the person who collects and processes payments is not the same person who deposits them in the bank, requiring multiple signatures on checks of a certain amount, and sharing relevant financial information when requested, are all ways to show transparency.

Excellent information can be found at the Greater Washington Society of CPAs website: <http://www.nonprofitaccountingbasics.org/reporting-operations/internal-controls>. The society provides detailed information on best practices in internal controls for small- and medium-sized businesses. NH Center for Nonprofits members will find excellent resources on establishing internal controls through the center's resource website, NonprofitNext: <http://www.nonprofitnext.nhnonprofits.org/>. Or see page 108 of ***The Bottom Line for Children's Program: What you need to know to manage the money*** for more ideas on establishing internal controls that protect your early childhood education business.

CPA Services

CPA firms can generally provide three levels of service: a full audit, a review or a compilation. A consideration for a nonprofit child care center is whether to have a full audit. New Hampshire law does not require nonprofits to conduct an audit unless revenue exceeds \$1 million or more. Federal requirements for a special audit, A-133, exist if an organization spends \$750,000 or more in federal funds. There are other reasons to incur the expense of an audit: 1) it instills donor and community confidence, 2) it encourages best practices in accounting, and 3) it provides some protection against fraud. A child care center with a budget smaller than \$250,000 may not be prepared to take on the expense of an audit, which can cost as much as \$10,000; also, the center may not have any funders that require one. In order to experience the benefits of an external assessment of a center's financials without the cost of an annual audit, the center can commission an annual or periodic review by a CPA. It is less expensive than an audit, as it involves no on-site testing and excludes the auditors "opinion" letter. A third option is to engage the services of a CPA firm to complete a compilation. The purpose of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to provide any assurance that there are no material modifications that should be made to the financial statements to make them conform to the acceptable financial reporting framework. Alternatively, the center can contract with a CPA or other financial professional to conduct an assessment of its financial and accounting systems, and reporting.

2. "The Iron Triangle"²

"The Iron Triangle" concept, developed by Louise Stoney, represents a trinity of practices that underlie sustainable financial management in early childhood education centers, including enrollment management, collections, and fee setting based on understanding the per-child cost of running a center's programs. You can learn more about the Iron Triangle here:

www.earlychildhoodfinance.org/downloads/2010/IronTriangle_10.2010.pdf.

Enrollment Management

Enrollment management looks at whether the center is effectively managing enrollment and monitoring vacancy to maximize revenue potential. A high score means the center has an enrollment strategy that includes tracking vacancy, communicating with staff and board members about vacancy trends, and adjusting programs to meet enrollment challenges. A center with excellent enrollment management will use technology to track enrollment data effectively and proactively.

Monitoring enrollment and reacting quickly to maintain budgeted enrollment should be a primary objective. A center should not rely on informally tracking its enrolled children but use sign-in sheets, enrollment tracking forms, or child management software, to ensure they are on top of their current enrollment, thereby looking to fill empty spaces.

Forecasting future enrollment is an important piece of effective enrollment management as well. Talk to families about potential life changes that impact enrollment. Ensure teachers are

² Stoney, Louise. *The Iron Triangle: A Simple Formula for Financial Policy in ECE Programs*. Alliance for Early Childhood Finance. 2010.

attentive to family circumstances that can affect enrollment and that they communicate that information. Know when children age out and change program options to meet changing demand. Be flexible!

Collections

Collections looks at whether the center has effective oversight of fee collection. A high score means that the center actively pursues fee revenue and routinely communicates collections data to board members, if applicable; additionally, a center will have staff dedicated to ensuring that bad debt is dealt with promptly and that bad debt is minimized.

Stay on top of fee collection. This can be a full-time job for a director. If possible, assign this function to a specific staff member so continuity and consistency in collections can be maintained. Having clear policies, good communication with families, and being consistent, is a good start to ensure fees are paid. Fees are only income once they are received!

Ensure the collection policy is communicated to parents. Ask parents if they have read and understood the policy and react quickly when a payment is missed. Consistency and clarity in communications with parents will help you maintain a positive relationship with families when payment is overdue. Ultimately, the center cannot provide quality service to all its families if some of its families are not paying.

Some businesses will use a collection agency to pursue delinquent accounts. A collection agency will operate as the creditor for the center in exchange for a fee or percentage of the debt collected. Weigh the cost (time!) of collecting outstanding accounts in-house and the amount of outstanding collections against the cost of using an agency before choosing to outsource. If the amount of past-due accounts is high and has been for some time, outsourcing is likely a wise choice.

Cost-per-child

Cost-per-child looks at whether the center knows its per-child cost for service and is aware of any gaps between fees earned and that cost. A high score means the center knows its per-child cost, uses that knowledge to determine its fees, and actively pursues alternative funding sources to help minimize fees and reduce income gaps.

A child care center should know how much it costs to provide its service. Without that knowledge, the center cannot ensure its income through parent payments and third-party subsidies fees will cover its costs.

Providing child care is a valuable service. A center can qualify for outside funding through grant programs (typically for nonprofit organizations) or community fundraising events. A center will be much more effective in seeking alternative sources of funding if it can explain how much that service costs.

Calculating this cost can be complicated. Resources are available through First Children's Finance at (<http://www.firstchildrensfinance.org/businessresourcecenter/centers-2/finance/finance-tools/>) and in the book, ***The Bottom Line for Children's Program: What you need to know to manage the money***, beginning on page 78.

3. Human Resources

Staff Hiring and Orientation

Staff Hiring and Orientation assesses whether a program has a formal or informal process for the hiring and orientation of new staff, whether there is a written job description or written orientation procedures, and whether staff orientation is regularly conducted. A high score indicates that a system exists to ensure that hiring and orientation procedures are regularly conducted and that procedures are periodically reviewed.

The job description is the blueprint for each staff position at your center. It is a clear and concise communication tool that outlines the purpose of the job to applicants and guides their performance. A well-written and well-defined job description will help you hire the right person as they are more apt to understand the core requirements of the position. Job descriptions also provide a framework for monitoring that employee's performance, for developing goals, and planning training.

Job descriptions are also a legal tool that help ensure your compliance with the Fair Labor Standards Act (FLSA). A good job description will detail the responsibilities of the position and what requirements must be met to perform it. By spelling out the particulars of a position, and its status as exempt or non-exempt, you set the parameters for work hours, pay type and overtime, which help you meet FLSA requirements.

First Children's Finance has a tool for developing a job description tool for a teacher (<http://www.firstchildrensfinance.org/businessresourcecenter/centers-2/employees/employees-%E2%80%93-tools/#centerjobdescription>). The ECE Shared Resources website (<https://www.ecesharedresources.net/default.aspx>) has sample job descriptions for a variety of early-childhood-education center positions.

Staff orientation is another important element to ensuring a new employee's success and making them feel welcome. Orientations encourage a collaborative and rewarding working relationship between the employer and the employee. Taking the time to develop and document an orientation process ensures that each new employee orientation is delivered consistently, which demonstrates equal treatment to other employees, and protects the employer from discrimination complaints.

A comprehensive free resource on the orientation of new staff in a child care center is available from the State of Virginia's Division of Child Care and Development. *The Director's Toolbox: Orientation of the New Staff Member in the Child Day Center* can be found at <http://va.gapitc.org/wp-content/uploads/2012/08/VA-Directors-Toolbox.pdf>. Keep New Hampshire state regulations in mind when adopting policies and procedures regarding new employees.

The ECE Shared Resources website (<https://www.ecesharedresources.net/default.aspx>¹) has a sample orientation guide and an orientation checklist. If a new-employee-orientation process is already in place, ensure its consistent implementation by documenting that process. Modify the orientation checklist provided by ECE Shared Resources and use it to track the new employee's progress through orientation; the center can also write up the orientation process in the employee handbook and include it under the introductory or probationary period section, so

new employees know what to expect. Of course, reading that employee handbook will be one of the first tasks of a new employee!

Performance Evaluation

Performance Evaluation considers how staff are evaluated. This item looks at what criteria are used to evaluate performance, whether the evaluation process is consistent, and whether it is aligned with written responsibilities and goals of staff. A high score indicates that a system exists to ensure ongoing feedback and that feedback recognizes accomplishments as well as areas identified for improvement.

Employees should be aware of what is expected of them on the job. An accurate job description that is reviewed periodically, a strong feedback loop between the employer and the employee, and a comprehensive performance evaluation process, are all mechanisms to ensure employee success at your center.

As mentioned under *Staff Hiring and Orientation* sample job descriptions can be found on both the ECE Shared Resources website (<https://www.ecesharedresources.net/default.aspx>¹) and the First Children's Finance website (<http://www.firstchildrensfinance.org/businessresourcecenter/centers-2/employees/employees-%E2%80%93-tools/>). Additionally, each website provides sample performance evaluation tools.

Having the right tools is the first step. Ensuring evaluations are done on a timely basis is an important next step. Conduct them around the same time each year. An employee's anniversary date can make it easier on the employer as it spreads the appraisals throughout the year, or get them all done at one time and choose the least busy time of year—whatever works best. Just be consistent! Additionally, make sure there is a role for the employee in the evaluation process. Provide them an opportunity to self-evaluate; this will encourage employees to reflect on their past performance and set expectations for future performance. Also, solicit feedback from co-workers and parents. The employee interacts with co-workers and parents on a regular basis. What do they think?

Ensure the evaluation aligns with position responsibilities laid out in the job description. Use this as an opportunity to ensure the description is still on-point. Has the employee's position evolved?

As important as a systematic evaluation process is, communicating feedback to employees on an ongoing basis is also essential. Don't wait for the annual evaluation to let an employee know that improvements are needed or to celebrate an employee's achievement. Providing feedback on a timely basis improves employee morale and accountability and creates a more-collaborative and -supportive work environment.

Lastly, observe the center's teachers. Let them know they are being observed and why. Make it a formal process, documenting your observations and providing feedback to employees on what is observed. Observation helps determine if teachers are implementing the chosen curriculum effectively and measure student progress against curriculum objectives. Make the classroom a learning lab for staff members. A teacher's role is an important one; regular observation supports ongoing excellence. The ECE Shared Resources website has a sample classroom

observation policy and teacher observation tool under staff assessment (<https://www.ecsharedresources.net/default.aspx>¹). First Children's Finance also has a Teacher Evaluation Form that includes a segment on classroom competencies (<http://www.firstchildrensfinance.org/businessresourcecenter/centers-2/employees/employees-%E2%80%93-tools/>).

Professional Development

Professional Development assesses whether professional development opportunities are provided for all teaching and administrative staff, whether the center ensures staff are meeting the minimum number of staff development hours required annually by state licensing laws, and whether professional development opportunities are routinely shared with staff. A high score indicates a center conducts regular and ongoing professional development.

Supporting employees in their professional development is a great way to provide a benefit at little to no cost, while also strengthening the business through the retention of highly qualified staff. Ensure employees know what level of professional training they must acquire each year and stay informed of opportunities that become available to support their efforts. Regularly communicating training opportunities, hosting trainings in-house, and providing financial support for training are all great ways to encourage employees. Information about publicly funded opportunities in your area can be found at Child Care Aware of NH's website (<http://nh.childcareaware.org/>).

The National Association for the Education of Young Children (NAEYC) is a professional membership organization that promotes high-quality early learning for young children and offers a nationally recognized accreditation program for early childhood education practitioners. You can learn more about NAEYC at <http://naeyc.org/>. The New Hampshire chapter of NAEYC, NHAEYC, supports NAEYC-accredited child care centers in New Hampshire and offers an annual professional development conference each spring, as well as other professional development opportunities to its members. Information on NHAEYC can be found at <http://nhaeyc.org/>.

Groups such as Early Learning NH (<http://www.earlylearningnh.org/>) hold annual conferences to support professional development for ECE professionals. Additionally, regional networks, such as Coos County's Director Network (<https://sites.google.com/site/directornetworkcollaboratory/>) and the seacoast's Alliance for Better Child Care (<http://abcseacoast.org/index.html>), offer regular training opportunities and annual conferences. Child Care Aware of New Hampshire maintains training calendars throughout the year to let you know of training opportunities available through Child Care Aware and others. <http://nh.childcareaware.org/>.

Also, talk with other child care centers in your area. Collaborate on employee trainings. One of you might have expertise in infant care while another has expertise in a new curriculum; collaborating with other child care centers in your area will provide networking opportunities for staff members, as well as save the center and employees money.

Be alert for information coming from the DHHS Child Development Bureau on new trainings that will be required through the reauthorization of the federal Child Care and Development

Block Grant. The Child Development Bureau is working on a plan to inform providers of these changes in the year ahead.

Every teacher should have a professional development plan. Sample development plans can be found on both First Children's Finance's website (<http://www.firstchildrensfinance.org/businessresourcecenter/centers-2/employees/employees-%E2%80%93tools/>) and ECE Shared Resources' website (<https://www.ecesharedresources.net/default.aspx>¹). Additionally, New Hampshire's Early Childhood Advisory Council, Spark NH, has recently developed a comprehensive professional development resource, "PORTAL"—*Professional Opportunities, Resources, Trainings and Links*. It allows early-childhood professionals to post employment and professional development opportunities in early education (children birth-age 8), family support, and health, and allows anyone to view each of these opportunities. The PORTAL has three main pages enable users to easily search through employment postings and professional development opportunities and provide links to various early childhood resources (<http://sparknh.com/portal/>).

Don't let these plans sit for a full year. Revisit them throughout the year with employees to ensure each employee is on target, to ensure training opportunities that will help employees are not missed, and to show support for their ongoing professional development. Professional Development plans can be reviewed one-on-one between the center director and the employee, with all teaching staff, or through a senior teacher-apprentice teacher mentor program. Teachers encouraging teachers helps creates a collaborative work environment and demonstrates the organization's commitment to professional development.

4. Planning and Evaluation

Strategic Planning

Strategic Planning looks at whether the center conducts periodic strategic planning, resulting in a written strategic plan. The planning process is participatory and aligns with the center's mission or purpose, and the written plan includes a monitoring or evaluative component. A high score indicates that the center engages in ongoing strategic planning and that the staff and board, if applicable, are involved in developing this document. Primary elements of a strategic plan include a needs assessment, short- and long-term goals, strategies to achieve goals (e.g., marketing, enrollment, compensation, or fundraising plans), and an implementation timeline.

A plan is a roadmap. A center may have been in business and providing quality service for many years, so a plan seems unnecessary. Circumstances change. The business environment a center operates in is always changing—local employers shut down, reducing the number of families that need care; a new early childhood education center opens up nearby; a local college closes, reducing the pool of qualified employees; state funding shrinks. These are all circumstances that can impact a business; planning helps control the level of that impact.

A strategic plan is a written document that describes the child care center's goals, why those goals are attainable, and how to reach them. It requires consideration of potential challenges and how to overcome them; it also requires consideration of potential opportunities and how to

maximize their benefits. Since a business is not stagnant, thinking about the business shouldn't be.

Planning is a process that can involve multiple parties: staff, investors, partners, parents, and leaders. Sample plans and plan processes can be found on First Children's Finance website (<http://www.firstchildrensfinance.org/businessresourcecenter/centers-2/planning/planning-tools/>), on ECE Shared Resources website (<https://www.ecesharedresources.net/default.aspx>, <https://www.ecesharedresources.net/default.aspx>) and on the New Hampshire Center for Nonprofits resource website (<http://www.nonprofitnext.nhnonprofits.org/>).

Ensure the strategic planning process includes an evaluation component. Monitoring progress toward strategic goals is an important element of successful strategic planning. In the evaluation step, you assess how the strategic plan is progressing. Are you achieving strategic goals? Is your timeline still appropriate? Are the specified activities effective? Is something missing or have circumstances changed? Asking these questions will help determine if changes are needed to the center's programs or the strategic plan.

Program Evaluation

Program Evaluation addresses the degree to which staff and parents are involved in evaluating the program and how management decisions are influenced by these evaluations. A high score indicates that a formal evaluation process is in place and that the data generated from evaluations are used to inform program changes and improvements.

Whatever the center's guiding philosophy around child care and early education, it should have a measurable way to ensure it is achieving its objectives in a way that supports that philosophy. Feedback both from parents and teachers will be an important piece of that process. First, determine what is to be evaluated: a child's progress, a program's effectiveness, or a classroom's approach. Once that is determined, the center can create or modify an existing tool that supports that evaluation objective. In most instances, an existing tool can be modified to suit various purposes. Check out ECE Shared Resource's and First Children's Finance's websites for resources:

<https://www.ecesharedresources.net/default.aspx>¹

<http://www.firstchildrensfinance.org/businessresourcecenter/centers-2/evaluation/>

Ensure there is a place both for teachers and parents to participate in evaluation, when appropriate, and provide feedback to them on the outcomes. Knowing their input mattered is the most effective way of ensuring they participate again and that they provide quality information. A successful evaluation will include analysis and discussion of the results that either support change, or no change, in how things are done. Evaluation should be repeated regularly to ensure ongoing program objectives are met.

5. Governance

Board Composition and Board Leadership

Board Composition looks at whether the center has developed a board of directors that contains diverse skills and experiences, while being representative of the center's client base, needs, and mission. The addition of each individual board member should build the collective

capability and effective functioning of the board. A high score means the center has developed a system to actively and consistently recruit board members that meet the stated needs of the center.

Board Leadership looks at the level of attention the board of directors gives to the center's management and long-term planning. It also addresses whether the board is conducting self-assessments to improve the center's leadership and strategic direction. A high score means the center is holding regularly scheduled board meetings that are collaboratively planned between staff and board leadership, and that address the center's short- and long-term needs. Additionally, the board routinely evaluates organizational impact against the center's stated goals and assesses board performance.

Maintaining an effective board of directors is an ongoing task; board members change, center directors change, and the business environment changes. Having appropriate systems in place to support the recruitment of new board members and the continuing education of new and old members is key to achieving that moving target of an effective board. Additionally, helping board members understand their role within the organization is an important step in ensuring the center gets the support it needs from them.

First Children's Finance has a quality collection of forms, policies, and information about the successful development and operation of boards of directors for child care centers, including job descriptions, nominating and recruitment policies, and governance information. Find this information at <http://www.firstchildrensfinance.org/businessresourcecenter/centers-2/governance/governance-tools/>.

It is important for boards of directors periodically to evaluate themselves. Self-assessment can identify gaps in board performance, and help prioritize training and recruitment needs. It helps hold the board accountable. Like staff, the board should have an annual work plan. Is the board on task with its stated goals? The self-assessment also offers a safe space for communication. Board members can more openly discuss the board's strengths and weaknesses when using a constructive and objective tool. There are many positive reasons for a board to reflect on its performance—most importantly, to ensure it is effectively serving the mission of the center and meeting its leadership responsibilities.

For a free board self-assessment tool, go to the New Hampshire Center for Nonprofits website at <http://www.nhnonprofits.org/?q=node/393>.

Other Resources for Early Childhood Education Providers

New Hampshire Labor Law Compliance

Effective businesses have employment policies that are fair, based soundly on applicable law, consistently applied, and are understood by employees and supervisors. Employment policies should be comprehensive and remain current with both the organization's needs and applicable law. Knowing the law is a first step.

Center's should visit New Hampshire's Department of Labor website and take advantage of free labor law seminars. Visit <http://www.nh.gov/labor/index.htm> and sign up for email alerts to stay informed about upcoming seminars.

New Hampshire Business Compliance

New Hampshire Secretary of State–Corporate Division: <http://sos.nh.gov/formslaws.aspx>

Annual Report filing: <https://quickstart.sos.nh.gov/online/Account>

For Nonprofit Organizations

NH Department of Justice–Charitable Trusts Unit

Annual report filing: <http://doj.nh.gov/charitable-trusts/documents/nhct-2a-report.pdf>

Useful Websites

Benefit Resources

Affordable Care Act: <https://www.healthcare.gov/>

New Hampshire Marketplace: https://www.nh.gov/insurance/consumers/mp_plans.htm

AFLAC, provider of some health care and disability plans to employees through the employer:
<http://www.aflac.com/>

Wellness plans: <https://www.ecesharedresources.net/default.aspx>

Industry wage and benefit surveys: <http://www.earlylearningnh.org/>

Compensation

ECE Shared Resources for a sample wage scale:

<https://www.ecesharedresources.net/default.aspx>

United States Bureau of Labor Statistics for national and state information about wages for child care workers: <http://www.bls.gov/oes/current/oes399011.htm>)

New Hampshire Employment Security’s Employment and Labor Market Information Bureau for information regarding wages in the child care industry:
(<http://www.nhes.nh.gov/elmi/products/documents/childcare.pdf>).

New Hampshire Employment Security for occupational wage data on NH occupations:
<http://www.nhes.nh.gov/elmi/products/oes-prod.htm>

Early Childhood Data

Carsey Institute–University of New Hampshire: <https://carsey.unh.edu/>

Child Care in New Hampshire–An Economic Impact Report:

<http://www.communityloanfund.org/sites/communityloanfund.org/files/wehelp/childcare/uploads/Child%20Care%20in%20NH.pdf>

NH Early Care and Education Market Rate Survey Report, 2016:

<http://www.dhhs.nh.gov/dcyf/cdb/documents/2016market-rate-survey-summary..pdf>

<http://www.dhhs.nh.gov/dcyf/cdb/documents/market-rate-survey-2016.pdf>

NH Kids Count: <http://datacenter.kidscount.org/>

Early Childhood Education Resources

Center on the Developing Child at Harvard University:

<http://developingchild.harvard.edu/resourcecategory/reports-and-working-papers/>

Child Care Aware of NH: <http://nh.childcareaware.org/> - Child Care Resource and Referral

Early Learning NH: <http://www.earlylearningnh.org>

ECE Shared Resources: <https://www.ecesharedresources.net/index/>

NAEYC Publications and Research: <https://www.naeyc.org/publications>

National Institute for Early Childhood Education Research: <http://nieer.org/>

National Women's Law Center: <http://nwlc.org/issue/child-care-early-learning/>

NH Association for the Education of Young Children: <http://nhaeyc.org/>

Spark NH – Early Childhood Advisory Council: <http://sparknh.com/>

State of NH, Department of Health and Human Services, Administration for Children and Families, Office of Child Care: <http://www.acf.hhs.gov/programs/occ/data>

State of NH, Department of Health and Human Services, Child Care Licensing Unit: <http://www.dhhs.nh.gov/oos/cclu/index.htm>

State of NH, Department of Health and Human Services, Division of Children, Youth and Families, Child Development Bureau: <http://www.dhhs.nh.gov/dcyf/cdb/index.htm>

State of NH, Department of Health and Human Services, Maternal and Child Health, Early Childhood Comprehensive Systems: <http://www.dhhs.nh.gov/dphs/bchs/mch/index.htm>

Facility Resources

State of New Hampshire Child Care Program Licensing Rules governing the health and safety aspects of managing a child care center: <https://www.dhhs.nh.gov/oos/cclu/rules.htm>

New Hampshire Community Loan Fund, financing and technical assistance resource regarding facility needs: <http://www.communityloanfund.org/child-care>

Below are a sample of resources to help you think about designing and setting up quality early childhood environments and facilities:

Local Initiatives Support Corporation–Resource Guide: <http://www.lisc.org/our-resources/resource/cick-resource-guide-volume-2-designing-early-childhood-facilities>

Designs for Living and Learning: Transforming Early Childhood Environments: <http://www.redleafpress.org/Designs-for-Living-and-Learning-Second-Edition-P1132.aspx>

Early Childhood Environment Rating Scales: <http://ers.fpg.unc.edu/>

Child Care Design Guide, Anita Rui Olds: <http://www.amazon.com/Child-Care-Design-Guide-Anita/dp/0070474494>

Financial Resources

Community bank locator: <http://www.icba.org/locator.aspx>

New Hampshire Center for Nonprofits; members can access information on national, state, and regional funding opportunities through the center's *Grants Central* portal at <http://www.nhnonprofits.org/member-benefit/grants-central>. Information on some funding opportunities is available to non-members on the site's *Funding Alerts* page at <http://www.nhnonprofits.org/view/funding-alerts>.

New Hampshire Charitable Foundation: <http://www.nhcf.org/>

New Hampshire Community Development Finance Authority, Community Development Block Grant Funds, Community Development Investment Program (CDIP) for business tax credits: <http://www.nhcdfa.org/block-grants/>

New Hampshire Community Loan Fund - <http://www.communityloanfund.org>

New Hampshire Department of Education, Child and Adult Food Care Program: http://www.education.nh.gov/program/nutrition/child_adult.htm

New Hampshire Department of Health and Human Services, Child Development Bureau, Child Care Scholarship program: <http://www.dhhs.nh.gov/dcyf/cdb/provider.htm>

New Hampshire Endowment for Health: <http://www.endowmentforhealth.org/>

New Hampshire Health and Education Facilities Authority: <http://www.nhhefa.com/>

United Way of New Hampshire: <http://uwnh.org/>

USDA Rural Development (Community facility loan and grant programs for eligible communities/projects): <http://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program/nh>

Nonprofit Resources

New Hampshire Center for Nonprofits: <http://www.nhnonprofits.org>

New Hampshire Charitable Foundation: <http://www.nhcf.org>

Foundation Center's Nonprofit Start-up Resources by State: <http://grantspace.org/tools/nonprofit-startup-resources-by-state>.

New Hampshire Department of Justice, Office of the Attorney General, Charitable Trusts Unit: <http://www.doj.nh.gov/charitable-trusts/index.htm>

Propel Nonprofits Resource Library: <https://www.propelnonprofits.org/resources/>

Technology Resources

ECE Shared Resources, discounted and shared purchasing: <https://www.ecesharedresources.net/default.aspx>

TechSoup, discounted software programs for eligible nonprofits, <http://www.techsoup.org>

Computer Technology Assistance Corp (CTAC), New Hampshire nonprofit that provides refurbished computers to nonprofits and low-income individuals: <http://ctac-nh.org/>

Foundation Center, a membership-based resource for matching needs with funders. Can be accessed through some local libraries: <http://foundationcenter.org/>

Funding Technology Projects: <http://www.techsoup.org/support/articles-and-how-tos/funding-technology-projects>

There are numerous child care industry management software services available, here is a sampling:

Childcare CRM: <http://childcarecrm.com/>

Childcare Manager: <http://www.childcaremanager.com/>

Day Care Work: <http://www.daycareworks.com/>

EZ-care2: <http://www.ezcare2.com/>

Icare: <http://www.icaresoftware.com/>

Procare: <http://www.procaresoftware.com/>

Schoolleader Management System: <http://www.schoolleader.com/>

For advice on purchasing a child care industry management software refer to:

Child Care Center Management Software Buying Guide, Child Care Exchange,

http://www.childcareexchange.com/catalog/product_info.php?products_id=5010487