Early Childhood Education Business Self-Assessment Tool

Developed by Kim Votta Consulting

For the New Hampshire Community Loan Fund

Business of Child Care Initiative

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Contents

Introduction

The ECE Business Self-Assessment Tool is designed to help program directors assess organizational competence in several significant areas, including financial management, organizational planning, human resources, governance, and "The Iron Triangle"[1]. The Iron Triangle represents a trinity of practices that underlies sustainable financial management in early childhood education, including enrollment management, collections, and fee setting based on understanding the per-child cost of running a center's programs. The ECE Business Self-Assessment Tool is a diagnostic tool that provides valuable information to center-based program directors about the quality of their business management practices and is a catalyst for program improvement efforts.[2]

The Business of Child Care: A Business Management Resource Guide for New Hampshire Child Care Providers is a supplement to the ECE Business Self-Assessment Tool and is available to all centers completing the tool. It provides advice and a detailed list of resources that will help early childhood education centers strengthen and improve business management practices addressed in the self-assessment tool.

Use and Scoring of the ECE Business Self-Assessment Tool

The ECE Business Self-Assessment Tool is composed of five primary categories and 14 sub-categories. Each sub-category includes one to five rows comprising a series of statements that describe different levels of competence in an area of business management. Each row is scored based on criteria that support best practices and provides an accurate snapshot of performance in that practice. All subcategories are totaled at the end of the assessment to provide the total assessment score; **however, it is each sub-category score that is most relevant to the center, as the score indicates whether improvements are needed in that sub-category**. Ideally, a score of at least 3 will be achieved in each row within a sub-category; this is indicative of good management in that practice. A score of 4 is excellent! A score of 2 or lower indicates improvements or changes are needed.

Example:

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[1] Stoney, Louise. *The Iron Triangle: A Simple Formula for Financial Policy in ECE Programs*. Alliance for Early Childhood Finance. 2010.
[2] A similar assessment tool, the *Program Administration Scale* (PAS) was an important resource in the development of this tool. The PAS is a valid and reliable instrument designed to measure the leadership and management practices of center-based early childhood programs. For more information about the PAS go to: http://mccormickcenter.nl.edu/program-evaluation/program-administration-scale-pas/.

To determine your center's score for each row, **circle the numbered statement (1, 2, 3, or 4) that most accurately reflects current practices at your center.**

General Financial Management

1 – No staff (including the Director) has received finance-related training and/or possesses accountancy qualifications	**2** – At least one staff person involved in the management of the center's finances has received finance-related training and/or possesses accountancy qualifications	**3** – **Yes to 2**, *plus* the business has written finance or accounting procedures which cover financial rules, routines and processes.	**4** – **Yes to 3**, *plus*, the written finance and accounting procedures have been reviewed by staff and board members, if applicable, actively involved in the financial management of the center **and** are updated regularly to reflect actual practices.
1 – Income and expense activity is only recorded in a check register.	**2** – A manual system of record-keeping is in place to capture accounting activity including, income and expenses, and other pertinent financial information, such as a collections and bill payment schedule.	**3** – An accounting software or package (i.e. QuickBooks) is used to store the center's accounting records **and** accounting records are routinely backed up and stored off-site.	**4** – **Yes to 3**, *plus*, the accounting software/package is routinely updated **and** account ledgers are routinely reconciled (at least quarterly) closed at the end of each fiscal year.

To calculate the subcategory score, add the score from each row under that subcategory. For example under **General Financial Management** if you circled **2** because *At least one staff person involved in the management of the center's finances has received finance-related training and/or possesses accountancy qualifications* and you circled **3** because *An accounting software or package is used to store the center's accounting records **and** includes a payroll register, general ledger, accounts payable ledger, and accounts receivable ledger*, your total **General Financial Management** score would be **5**.

Though a center may perform well on one item under a specific subcategory, a low score in another item affects that subcategory's total score. For example, a center may have written job descriptions that outline the duties and responsibilities for each staff position as well as the minimum qualifications and education needed to fill each position (score of 3); however, the second criterion under that sub-category is the implementation of a written orientation process. If the center does not do that (score of 1), it cannot receive a

score higher than 4 for this subcategory. The center needs to have written job descriptions and a written orientation process to achieve a higher score. The criteria that support high performance in a subcategory are described in a brief paragraph following the subcategory title. The narrative provides supplemental data that qualifies a center's performance and explains the numerical rating. For example, **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.*

When tallying scores on the *ECE Business Self-Assessment Scoring Summary*, increased weight is given to scores in the Financial Management and "The Iron Triangle" categories. A center can have excellent human resource and board management practices yet struggle because is it not managing the money well. This tool emphasizes the need for strong fiscal management practices that are the foundation for a sustainable early childhood education center.

The results of the ECE Business Self-Assessment Tool will highlight business management practices that are effective and areas that need improvement. It will guide ECE center leaders in making changes that benefit staff, parents, and children. Refer to the *The Business of Child Care: A Business Management Resource Guide for New Hampshire Child Care Providers* for guidance and resources on best practices in ECE business management.

The following pages will guide you through the five core self-assessment categories:

1. **Financial Management** – The efficient and effective management of money, including budgeting, cash flow forecasting, use of technology, and internal controls.

2. **"The Iron Triangle"**[1] – The concept developed by Louise Stoney representing a trinity of practices that support 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.

3. **Human Resources** – The systems and processes used to successfully manage the people within the organization, including hiring, orientation, professional development, and performance evaluation.

4. **Planning and Evaluation** – Planning is the organizational management process used to set priorities, assess and focus resources, and strengthen operations. Evaluation is the process of assessing progress toward planning and program goals and adjusting activities or goals to meet changing needs and demands.

5. **Governance (nonprofit organizations)** – A process of nonprofit board leadership that encompasses the establishment of policies, practices, and monitoring that ensure the sustainable and effective management of the nonprofit.

ECE Business Self-Assessment Tool

<u>Instructions:</u> For each subcategory (e.g., <u>General Financial Management</u>), circle the numbered statement (1, 2, 3, or 4) in each row that most accurately reflects current practices at your center. When you complete the sub-category, total the circled numbers to calculate the total sub-category score.

It should take approximately 60 minutes to complete the **ECE Business Self-Assessment Tool**. Take time assessing the nature of your business management practices. Be thoughtful and truthful. It is in the best interest of your center to be objective during the assessment process to get a clear picture of what's really going on. If you are unable to maintain impartiality, ask a trusted advisor, board member, or staff person to facilitate or assist with the self-assessment.

1. Financial Management – Early childhood education is a business; like any business it requires the efficient and effective management of money to meet organizational goals. How well does your organization manage its funds, track financial transactions, monitor financial fluctuations?

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, uses technology in financial management, and has policies are in place that ensure consistency and compliance in financial practices.

1 – No staff (including the director) has received finance-related training and/or possesses accountancy qualifications	**2** – At least one staff person involved in the management of the center's finances has received finance-related training and/or possesses accountancy qualifications	**3** – **Yes to 2**, *plus* the business has written finance or accounting procedures which cover financial rules, routines, and processes.	**4** – **Yes to 3**, *plus*, the written finance and accounting procedures have been reviewed by staff and board members (if applicable) actively involved in the financial management of the center **and** are updated regularly to reflect actual practices.

1 – Income and expense activity is only recorded in a check register.	2 – A manual system of record-keeping is in place to capture accounting activity including, income and expenses, and other pertinent financial information, such as a collections and bill payment schedule.	3 – An accounting software or package (i.e., QuickBooks) is used to store the center's accounting records **and** accounting records are routinely backed up and stored off-site.	4 – **Yes to 3**, *plus*, account ledgers are routinely reconciled (at least quarterly) closed at the end of each fiscal year.

GENERAL FINANCIAL MANAGEMENT SCORE: _____
MAXIMUM GENERAL FINANCIAL MANAGEMENT SCORE: 8

Budget Planning

Budget Planning is about the center's budget process, the information used to build the operating budget, if 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.

1 – We do not have an annual budgeting process.	2 – An annual budgeting process exists **and** is led by or includes the center's director **and** the budget is reviewed and approved at the board of director level (if applicable).	3 – **Yes to 2,** *plus* the annual budget is balanced (revenue equals or exceeds expense)	4 – **Yes to 3**, *plus*, the budget was built off relevant data, such as historical budget performance, industry comparisons, confirmed vendor costs, and pertinent projections such as the # of children enrolled, # of employees at average $ hourly rates, # of materials used at average $ cost, etc.

BUDGET PLANNING SCORE: _____
MAXIMUM BUDGET PLANNING SCORE: 4

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.

1 – Payment for child care services is not made before the service is delivered (e.g. parents pay for the upcoming week of child care before the week starts).	**2** – Payment for child care services is made before service is delivered.	**3** – **Yes to 2**, *plus* invoices for services rendered are issued promptly **and** electronically to provide a record of invoicing and support earlier payment.	**4** – **Yes to 3**, *plus* parents are offered various methods of payment (e.g. cash, check, credit card, online) to make paying easy and timely.
1 – All income is not deposited promptly.	**2** – All income is deposited promptly.	**3** – **Yes to 2**, *plus* parents are routinely informed about past-due money owed.	**4** – **Yes to 3**, *plus* there are clear written policies and procedures regarding the collection of delinquent tuition/fees.
1 – Significant operating obligations are not always paid on time (e.g. insurance, property tax, payroll taxes, payroll, and rent/mortgage).	**2** – Significant operating obligations are always paid on time (e.g. insurance, property tax, payroll taxes, payroll, and rent/mortgage).	**3** – **Yes to 2**, *plus* cash flow projections are prepared periodically, at least quarterly.	**4** – **Yes to 3**, *plus* the center has analyzed and monitors its break-even point to determine when income will cover all expenses and it begins to make a profit.

CASH FLOW MANAGEMENT SCORE: _____
MAXIMUM CASH FLOW MANAGEMENT SCORE: 12

Accounting Practices

Accounting Practices looks at how financial statements are generated, whether there are internal controls in place, and for nonprofits if 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.

Examples of Accounting Internal Controls (Refer to this list when selecting a response in **Row 1** of the Accounting Practices Table below.)

- Two or more signatures are required on checks above a specified amount (common in nonprofits)
- There is a separation of restricted funds (e.g., program grants) from general operating funds in the accounting system
- There is a separation of duties (e.g., the same person does not receive cash and authorize cash disbursements)
- Supporting documentation is kept for all items of expenditure (i.e. invoices, vouchers, receipts)
- Invoices are checked against orders made
- Regular inventories of supplies and equipment are conducted
- All petty cash payments have supporting documentation
- There are regular checks made of petty cash records by someone other than the person disbursing petty cash
- All bank accounts are held in the name of the business, not individuals
- Regular bank reconciliations are carried out

1 – There are no examples of internal controls practiced.	**2** – There are at least **two** examples of internal controls practiced.	**3** – There are at least **four** examples of internal controls practiced.	**4** – There are at least **six** examples of internal controls practiced.
1 – Financial statements (an income and expense statement and balance sheet) are not consistently prepared.	**2** – Financial statements (an income and expense statement and balance sheet) are prepared **and** reviewed at least monthly.	**3** – **Yes to 2**, *plus* the accuracy of financial statements is supported by the regular reconciliation of general ledger accounts.	**4** – **Yes to 3**, *plus* the director shares information gleaned from income and expense statements with staff to encourage staff's interest in the center's success and engage staff in adopting practices that improve the bottom line.

1 – **For nonprofit centers only.** The center director and board are not provided financial literacy training.	2 – The center director and board are provided financial literacy training.	3 – **Yes to 2**, *plus* the center's Form 990 is submitted on time each year **and** it is reviewed by the entire board prior to submission.	4 – **Yes to 3**, *plus* an outside audit **or** financial statement review is conducted annually by a certified public accountant.

ACCOUNTING PRACTICES SCORE: _____

MAXIMUM ACCOUNTING PRACTICES SCORE: 8 (proprietary)**; 12** (nonprofits)

2. "The Iron Triangle"[1]

"Early childhood program budgets, like all budgets, have two sides: the money coming in and the money going out. Balancing these two sides is essential [to an early childhood education center's financial and programmatic success]. When seeking to balance their budgets, early childhood program directors typically focus on their rate—the price charged to parents or received as reimbursement from government. Rates are indeed important, however early care and education program income is also profoundly influenced by two other factors: enrollment and fee collection. These three factors form "The Iron Triangle" of early care and education (ECE) finance. Paying close attention to the three sides of the iron triangle is key to sound fiscal management."[1]

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.

1 – The center does not track vacancy data, by classroom, on a regular basis.	**2** – The center tracks vacancy data, by classroom, on a regular basis, **and** reports these data to the board (if applicable) or leadership team each month.	**3** – The center tracks vacancy data, by classroom, **each week** for management review; **and** reports vacancy data to the board (if applicable) each month.	**4** – **Yes to 3**, *plus* management uses the data to adjust budgets, restructure staffing and/or set enrollment goals.
1 – The center does not have a strategy to maximize or manage enrollment.	**2** – The center has an enrollment maximization strategy, including discussing the importance of full enrollment with all classroom teachers and board members.	**3** – **Yes to 2**, *plus* the center uses automated tools, such as online application and enrollment or child care management systems (e.g., ProCare, Child Care Manager) to maximize efficiency.	**4** – **Yes to 3**, *plus* has a plan to boost/adjust enrollment or close/restructure classrooms, based on current and/or historical vacancy rate data.

ENROLLMENT MANAGEMENT SCORE: _____
MAXIMUM ENROLLMENT MANAGEMENT SCORE: 8

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.

1 – The center does not track bad debt (e.g. uncollected fees from families and uncollected revenue from government or other third-party sources).	2 – The center tracks uncollected tuition **and** reports outstanding revenue to the board (if applicable) each month.	3 – **Yes to 2**, *plus* the center reconciles amount due vs. amount collected from government and other third-party sources and reports outstanding revenue to the board (if applicable) each month.	4 – **Yes to 3**, *plus* the center has dedicated staff to ensure that bad debt is dealt with promptly and has a plan to keep bad debt below 5% of tuition revenue.

COLLECTIONS SCORE: _____

MAXIMUM COLLECTIONS SCORE: 4

Cost-Per-Child

Cost-per-child looks at whether the center knows its per-child cost for service, is aware of any income 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.

1 – The center has not calculated the actual cost of delivering services, per-child, using a methodologically sound approach*.	2 – The center has calculated the actual cost for delivering services, per-child, using a methodologically sound approach.	3 – **Yes to 2**, *plus* the center's approach includes a cost for each classroom/age of child.	4 – **Yes to 3**, *plus* the center has identified the revenue gap for each classroom/age of child, **and** has identified strategies to fill the gap, lower costs, or manage deficits^

*Examples of methodologically sound approaches include the web-based tool from the Office of Child Care's National Center on Child Care Quality Improvement, the Provider Cost of Quality Calculator (PCQC). If you have another methodologically sound approach that you use, we would love to hear about it. Please share that information with us by emailing Charlene Andersen of the New Hampshire Community Loan Fund at candersen@communityloanfund.org mailto: or Kim Votta at kim@kvottaconsulting.com.

^ The cost per child is not the price or market rate but is instead determined by calculating the actual cost of teachers/floaters plus administrative staff, and non-personnel costs, required to operate each classroom and then divided by the number of children enrolled or for whom you have staffed spaces.

COST-PER-CHILD SCORE: _____
MAXIMUM COST-PER-CHILD SCORE: 4

3. Human Resources

People make up your business, both customers and staff. Human resource management is the planning, organizing, management and compensation of the people who work for you. The more effective your human resource management systems, the more you can focus on your business. Are your employees satisfied within your organization? Are they contributing to your organization's success? Basic human resource policies and systems are a first step toward successful personnel management.

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.

1 – The center does not have a written job description for each teaching and administrative staff position.	**2** – The center does have a written job description for each teaching and administrative staff position.	**3** – **Yes to 2**, *plus* each job description outlines the duties and responsibilities specific to that position **and** the minimum qualifications and education needed to fill that position.	**4** – **Yes to 3**, *plus* each written job description is reviewed annually.
1 – There is not a written orientation process for new staff.	**2** – There is a written orientation process for new staff **and** every new employee begins orientation on or before the first day of work, including completing all relevant employment forms (e.g. I-9, W-4, benefits) on day one of employment.	**3** – **Yes to 2**, *plus* the orientation process is interactive providing opportunities for constructive feedback to and from new staff.	**4** – **Yes to 3**, *plus* the orientation process is reviewed annually.

STAFF HIRING AND ORIENTATION SCORE: _____
MAXIMUM STAFF HIRING AND ORIENTATION SCORE: 8

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 if 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.

1 –Written performance evaluations are not conducted for all staff.	**2** – Written performance evaluations are conducted for all staff at least annually.	**3** – **Yes to 2,** *plus* the evaluation tool is based on criteria specific to the role and responsibilities detailed in the employee's job description.	**4** – **Yes to 3**, *plus* the evaluation process includes goal setting, accomplishment recognition, and documentation of employee progress **and** employee goals are formed collaboratively so both the supervisor and employee are committed to achieving them.
1 – Written feedback is provided to staff only once a year during the written evaluation process.	**2** – Written or oral feedback is provided to staff at least three times a year.	**3** – **Yes to 2**, *plus,* written or oral feedback is provided in a timely manner, in response to relevant incidents as they happen.	**4** – **Yes to 3**, *plus,* feedback highlights positive achievements as well as negative incidents that may occur.

PEFORMANCE EVALUATION SCORE: _____
MAXIMUM PERFORMANCE EVALUATION SCORE: 8

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 to comply with 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.

1 – The center does not pay for any professional development for staff **OR** provide staff with paid time off to attend professional development activities.	**2** – The center provides at least $75 in financial support for each staff person for professional development **or** provides staff with at least six hours of paid time off to attend professional development activities.	**3** – The center provides at least $150 in financial support for each staff person for professional development **and** provides staff with at least six hours of paid time off to attend professional development activities.	**4** – **Yes to 3**, *plus* each staff person is supported in the development of a professional development plan through regular meetings with a supervisor, a mentor, or through a peer-to-peer support program.
1 – All center staff do not complete the required annual in-service professional development hours (18) required under the State of New Hampshire's Child Care Program Licensing Rules.	**2** – All center staff do complete the required annual in-service professional development hours (18) required under the State of New Hampshire's Child Care Program Licensing Rules **and** participation in these professional development opportunities is consistently documented.	**3** – **Yes to 2**, *plus,* teaching staff are regularly informed about relevant professional development training opportunities **and** are encouraged to attend.	**4** – **Yes to 3**, *plus,* professional development opportunities are aligned with identified needs for each staff person **and** recognition of continuing learning is considered in both hiring and promotion decisions.

PROFESSIONAL DEVELOPMENT SCORE: _____
MAXIMUM PROFESSIONAL DEVELOPMENT SCORE: 8

4. Planning and Evaluation

4. Planning and Evaluation – Planning and evaluation functions are vital to your business. Planning is a process of deciding in advance where you want to get to (setting goals) and how you will get there (determining what activities will get you to your goals). Evaluation enables you to assess how well you are doing and to learn from the process so changes, if needed, can be made.

Strategic Planning

Strategic Planning looks at whether the center conducts periodic strategic planning resulting in a written strategic plan. The planning process is participatory, 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.

| 1 – The center does not routinely conduct strategic planning. | 2 – The center routinely (at least every five years) conducts strategic planning resulting in a written strategic plan that guides the center's decision making **and** aligns with the center's mission or purpose. | 3 – **Yes to 2**, *plus* staff and, if applicable, the center's board are involved in the strategic planning process with opportunity to contribute to the development of the strategic plan. | 4 – **Yes to 3**, *plus* the strategic plan is annually reviewed by staff and, if applicable, the center's board, to evaluate progress in achieving goals **and** to adapt the plan's activities if they are no longer in alignment with the center's objectives and the current operating environment. |

PLANNING SCORE: _____
MAXIMUM PLANNING SCORE: 4

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.

1 – Staff do not formally evaluate the center's program.	**2** – Staff do formally evaluate the center's program.	**3** – **Yes to 2**, *plus* formal evaluation includes the use of a written assessment tool and is conducted at least annually.	**4** – **Yes to 3**, *plus* findings from staff evaluations are used to inform program changes **and** improvements and the results of evaluations are shared with staff.
1 – Parents do not formally evaluate the center's program.	**2** – Parents do formally evaluate the center's program.	**3** – **Yes to 2**, *plus* formal evaluation includes the use of a written assessment tool and is conducted at least annually.	**4** – **Yes to 3**, *plus* findings from parent evaluations are used to inform program changes **and** improvements and the results of evaluations are shared with parents.

PROGRAM EVALUATION SCORE: _____
MAXIMUM PROGRAM EVALUATION SCORE: 8

Proprietary centers can stop here. The following pages address best practices in governance in nonprofit centers that are led by a board of directors. Proceed to page **25** for ECE Business Self-Assessment Tool Post-Assessment Questionnaire.

5. Board Governance

Nonprofits are typically organized for a community benefit and are led by a board of directors. Governance describes the board's role in determining the long-term direction of the center, implementing policies and activities to achieve objectives, complying with legal requirements, and ensuring accountability to those with an interest or stake in the nonprofit. In order to have good governance the board should be diverse in terms of skill and experience while being representative of the center's client base, needs, and mission. The board should also be self-reflective and able to adapt to meet the needs of the center in an evolving regulatory and economic climate.

Board Composition

Board Composition looks at whether the center has developed a board of directors that is diverse in skills and experience 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.

1 – The center does not have a matrix of desired board characteristics.	**2** – The center does have a matrix of desired board characteristics that is tailored to meet board member roles and responsibilities.	**3** – **Yes to 2,** *plus* the matrix incorporates characteristics that serve the organization's client base, needs, and mission.	**4** – **Yes to 3**, *plus* the matrix is periodically revised to serve the changing circumstances of the organization.
1 – The center does not have a functioning nominating committee.	**2** – The center does have a functioning nominating committee.	**3** – **Yes to 2,** *plus* the nominating committee operates under the direction of a written nominating/recruiting process.	**4** – **Yes to 3**, *plus* the nominating committee is composed of individuals well connected in the local community **and** can direct and cultivate suitable board member candidates to the organization.

BOARD COMPOSITION SCORE: _____
MAXIMUM BOARD COMPOSITION SCORE: 8

Board Leadership

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 both the short- and long-term needs of the center. Additionally, the board routinely evaluates organizational impact against the center's stated goals and assesses board performance.

1 – The center does not hold regularly scheduled board meetings.	**2** – The center holds at least 4 regularly scheduled board meetings.	**3** – **Yes to 2**, *plus* board meeting agendas are developed collaboratively by the board and center's director.	**4** – **Yes to 3**, *plus* opportunities exist for board members to gather information from both internal and external sources as needed to inform board discussion and decision-making **and** board meeting agenda items routinely address both short and long-term issues for consideration.
1 – The center does not maintain records of board leadership decisions.	**2** – The center does maintain written records of board leadership decisions.	**3** – **Yes to 2**, *plus* written records include notes on the discussion that informed board leadership decisions.	**4** – **Yes to 3**, *plus* next-step actions recorded in written records are carried forward to ensure follow through.
1 – The board is not aware of the regulatory/compliance issues that impact the center's operations.	**2** – The board has been informed that the center operates under certain regulatory/compliance rules.	**3** – **Yes to 2**, *plus* the board has reviewed and discussed the regulatory/compliance issues that impact the center's operations.	**4** – **Yes to 3**, *plus* the board considers regulatory/compliance issues in its management decisions.
1 – The board does not engage in evaluation processes related to strategic goals or governance.	**2** – The board annually engages in evaluation processes related to strategic goals **and** governance.	**3** – **Yes to 2**, *plus* the effectiveness of programs and services is considered as part of this process.	**4** – **Yes to 3**, *plus* evaluation findings are used to inform short and long-term decision-making as well as the

			annual budgeting and planning process.
1 – The board does not have a self-assessment process.	**2** – The board does have a self-assessment process.	**3** – **Yes to 2**, *plus* the board has conducted a self-assessment within the past three years **and** anticipates conducting another one in the near term.	**4** – **Yes to 3**, *plus* the board applies assessment results and amends board processes to further the organization's operations and strategic leadership.

BOARD LEADERSHIP SCORE: _____
MAXIMUM BOARD LEADERSHIP SCORE: 20

Center Name: _____

ECE Business Self-Assessment Scoring Summary

<u>Instructions:</u> Record each sub-category score below. Multiply each sub-category score by its weight and record the result in the total column. This will give you the total score for that sub-category. Sum all the 'Totals' and divide by the sum of weights, which is 21.

Categories		Sub-categories (Max Score)	Score	x	Weight	=	Total
Financial Management	1	General Financial Management (8)			2		
	2	Budget Planning (4)			2		
	3	Cash Flow Management (12)			2		
	4	Accounting Practices (8) (12 for NPs)			2		
'The Iron Triangle'	5	Enrollment Management (8)			2		
	6	Collections (4)			2		
	7	Cost Per-Child (4)			2		
Human Resources	8	Staff Hiring and Orientation (8)			1		
	9	Performance Evaluation (8)			1		
	10	Professional Development (8)			1		
Planning and Evaluation	11	Strategic Planning (4)			1		
	12	Program Evaluation (8)			1		
Governance (If applicable)	13	Board Composition (8)			1		
	14	Board Leadership (20)			1		

Sum of Totals

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Sum of Weights (21)

=

Average Weighted Item Score =

Grading Scale Proprietary

Maximum Totals Score: 132

Maximum Weighted Average: 6.28

Grading Scale Non-Profits

Maximum Totals Score: 168

Maximum Weighted Average: 8.00