



STATE POLICIES THAT SUPPORT BUSINESS PRACTICES OF CHILD CARE PROVIDERS

Introduction

The *Child Care and Development Block Grant Act of 2014* added a new provision that requires that the States and Territories develop professional development opportunities that enable child care providers to comprehensively support the needs of children as well as improve the knowledge of the child care workforce. Section 685E(c)(2)(V) states “the State/Territory also must develop and implement strategies to strengthen the business practices of child care providers to expand the supply and improve the quality of child care services”.¹ Strategies aimed to strengthen business practices, as described in the Draft Child Care and Development Fund (CCDF) Plan Preprint (September, 2015) may include “practices related to fiscal management, budgeting, record-keeping, hiring, developing, and retaining qualified staff, risk management, community relationships, marketing and public relations, and parent-provider communications.”²

States and Territories may consider how different elements of their system can deliver consultation, training, and professional development on strengthening business practices through licensing, quality rating and improvement systems (QRIS), and professional development systems. The strategies, content, and delivery mechanisms may differ depending on the type of care. A center’s budget and marketing strategy, for example, will look very different from that of a family child care (FCC) home.

By supporting child care providers’ business practices, States and Territories are helping both centers and FCC establish a secure foundation so that they are well-positioned to improve the quality of their programs and reach vulnerable populations of children in underserved areas. For example, a State’s FCC association may help license-exempt providers improve their business practices so that they can become licensed, thereby increasing the supply of child care in often underserved areas. States might work with prospective child care centers considering the viability of operating a program in an underserved area, so that the program’s leaders understand the resources and investments necessary to maintain a high-quality program. When programs have a secure financial and operational foundation, they are better-positioned to take advantage of supports and funding opportunities, including participation in QRIS, State-funded prekindergarten, and child care-Head Start partnerships.

In this way, the CCDBG Act of 2014’s new requirements regarding business practices align with new requirements focused on supply-building through which States must “develop strategies for increasing

¹ The *Child Care and Development Block Grant Act of 2014* and section 418 of the *Social Security Act* (42 USC 618), as amended, provide the statutory authority for implementation of the CCDF program as designated by ACF. Retrieved from <http://www.acf.hhs.gov/programs/occ/resource/ccdf-law>.

² Draft *Child Care and Development Fund Preprint for Public Comment, Child Care and Development Fund (CCDF) Plan for State/Territory FFY 2016-2018*. Retrieved from https://www.acf.hhs.gov/sites/default/files/occ/fy2016_2018_ccdf_plan_preprint_public_comment.pdf.

supply and quality of services for children in underserved areas, infants and toddlers, children with disabilities, and children in non-traditional hour care ...”³

This brief provides an overview of strategies that States and Territories can employ to promote and strengthen business practices and leadership in early childhood settings.⁴ This resource, which draws on State examples, is divided into four key sections:

- Licensing;
- Quality Rating and Improvement Systems;
- Professional Development; and
- Resources.

State Licensing

Several States and Territories’ licensing regulations require some level of training in program administration or business management as a preservice requirement for center directors, FCC home providers, and group child care (GCC) home providers.

Table #1 includes 21 States and Territories that have minimum preservice requirements specific to program administration or business management for child care center directors.

Table #1: Licensing Minimum Preservice Qualifications for Center Directors that Include Business Administration⁵

| State | Preservice Qualifications for Center Directors |
|-------------------|---|
| Alabama | 124 hours of training and 20 clock hours in administration and 1 year of experience |
| Arizona | 60 clock hours of training in ECE [Early Childhood Education] or child development; 12 clock hours of training in program administration, planning, development, or management; and 2 years of experience |
| California | 12 semester units in early childhood, 3 semester units in administration, and 4 years of experience |

³ *Child Care and Development Block Grant Act (CCDBG) of 2014: Plain Language Summary of Statutory Changes* (2014), by the Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. Retrieved from <http://www.acf.hhs.gov/programs/occ/resource/ccdbg-of-2014-plain-language-summary-of-statutory-changes>.

⁴ This issue brief was originally produced by the National Center on Child Care Quality Improvement, a previous contract of the Office of Child Care. The National Center on Early Childhood Quality Assurance is disseminating the issue brief.

⁵ National Center on Child Care Quality Improvement. (2015a). *Compilation of child care licensing regulations*. Unpublished data.

| State | Preservice Qualifications for Center Directors |
|-----------------------------|--|
| Connecticut | Within 1 year of being hired or designated as a director, at least 3 credits in administration of ECE programs or educational administration |
| District of Columbia | State director credential and 5 years of experience |
| Florida | State director credential |
| Guam | Level 3 Early Childhood Master Provider/Early Childhood Director Certificate |
| Maryland | 90 clock hours in early childhood development; and 9 clock hours in communicating with staff, parents, and the public; and 3 semester hours or equivalent of administrative training |
| Massachusetts | Child Development Associate credential (CDA Credential™), 3 credits in child development, 2 credits in approved ECE topics, 2 credits or 3 continuing education units (CEUs) in child care administration, and 33 months of experience |
| Michigan | CDA Credential™, 18 semester hours in child development or ECE, 2 semester hours or 3 CEUs in child care administration, and 960 hours of experience |
| Minnesota | 90 clock hours in any combination of child development, human relations, and staff supervision; and 1,040 hours of supervisory experience |
| Mississippi | CDA Credential™ or Mississippi Child Care Director's credential and 2 years of experience |
| Nebraska | 36 clock hours of training in administration, early childhood education, education, or child/youth development (or a plan to complete within 12 months) and 3,000 hours of experience |
| New Hampshire | CDA Credential™, 3 credits in child care administration, leadership, or supervision, and 4,500 hours of experience |
| New Jersey | Bachelor's degree and 1 year of managerial or supervisory experience |
| New Mexico | Courses in program management and child growth, development, and learning and 2 years of experience |
| New York | CDA Credential™ with a plan of study leading to a New York State Children's Program Administrator Credential |
| Oklahoma | Oklahoma Director's Credential, Bronze Level, and 3 years of experience |
| Oregon | 1 year of training and/or experience in management or supervision of adults or child development |

| State | Preservice Qualifications for Center Directors |
|---------------------|---|
| Rhode Island | Experience in administration or business |
| Texas | State director credential, 6 credits in business management, and 2 years of experience |
| Wisconsin | 2 noncredit, department-approved courses in ECE, 1 course in the Wisconsin Child Care Administrator Credential within 1 year, and 80 days of experience |

Table #2 includes examples of States that require preservice training in business administration as part of the qualifications for family and/or group child care home providers.

Table #2: Licensing Minimum Preservice Qualifications for Home-based Providers That Include Business Administration⁶

| State | Home-based Provider Role | Preservice Qualifications |
|--------------------|----------------------------|---|
| Delaware | GCC home provider | Certificate from a vocational or technical school child care program, 24 months of experience, and 9 clock hours of training related to administrative duties |
| Maryland | GCC home provider | 90 clock hours of approved training, 9 hours in communication, and 3 semester hours in administration |
| Mississippi | FCC home provider | CDA Credential™ or Mississippi Child Care Director's credential and 2 years of experience |
| Nebraska | FCC and GCC home providers | Business training module and training in domains of early learning guidelines |
| Texas | GCC home provider | 72 clock hours of training in child development, 30 clock hours of training in business management, and 3 years of experience |
| Wisconsin | FCC home provider | Noncredit course in caring for children and noncredit course in operating a child care business |

⁶ National Center on Child Care Quality Improvement. (2015a). *Compilation of child care licensing regulations*. Unpublished data.

Quality Rating and Improvement Systems

Quality Rating and Improvement Systems (QRIS) have emerged as a strategy to support and enhance business practices in early care settings. Many QRIS have standards and indicators specific to facility leadership, program administration and management, and offer training and technical assistance to support program-level quality improvement efforts. Common quality standards include the following:

- Staff evaluations, benefits, and meetings;
- Paid preparation and planning time;
- Written operating policies, procedures, and program philosophy;
- Staff handbook;
- Job descriptions;
- Compensation;
- Director qualifications and training;
- Supervision;
- Financial recordkeeping;
- Written contracts with families;
- Business liability insurance;
- Outside review or audit of business practices and consultation with tax preparer;
- Quality self-assessment and program improvement plan; and
- Score on the Program Administration Scale (PAS) or Business Administration Scale (BAS).

Program Administration Scale and Business Administration Scale

Many States are using the PAS and BAS to measure leadership and management practices within their QRIS or as a self-assessment tool to inform facility quality improvement needs in this area. Other States use the PAS and BAS as professional development resources to inform program quality improvement plans.

The PAS is designed for center-based programs and can be used in a variety of programs including nonprofit and for-profit, part-day and full-day, Head Start, faith-based, and corporate sponsored programs. The PAS uses a 7-point scale in 25 items in the 10 following subscales:

- Human Resource Development;
- Personnel Cost and Allocation;
- Center Operations
- Child Assessment;
- Fiscal Management;
- Program Planning and Evaluation;
- Family Partnerships;
- Marketing and Public Relations;
- Technology; and
- Staff Qualifications.

The BAS is designed for use in FCC settings and employs a 7-point scale on the following 10 items:

- Qualifications and Professional Development;
- Income and Benefits;
- Work Environment;
- Fiscal Management;
- Recordkeeping;
- Risk Management;
- Provider-Parent Communications;
- Community Resources;
- Marketing and Public Relations; and
- Provider as Employer.

States that have embedded the use of the PAS and BAS within their QRIS as either a self-assessment tool, professional development resource, rating tool, or measurement of Leadership and Management or Program Administration standards include **AR, CA, ID, IL, MA, MD, MT, NJ, NM, NY, OH, OK, PA, TN,** and **WI**.

Additional information about the PAS and BAS can be found at <http://mccormickcenter.nl.edu/program-evaluation/program-administration-scale-pas/>.

Supporting Business Practices in QRIS

ExceleRate Illinois has five progressive Circles of Quality (Licensed, Bronze, Silver, Gold, and Awards of Excellence) that build upon licensing standards as the foundation of quality. There are two paths to reaching the Silver Circle or the Gold Circle: the Assessment Path or the Accreditation Path. The Assessment Path requires that the program administrator conduct a self-assessment of every classroom using approved assessment tools, as well as conduct a program wide self-assessment using the PAS (BAS is used for FCC). State-approved assessors then conduct onsite verification assessments of one-third of classrooms in each age category and also conduct PAS/BAS verification on program selected subscales/items. State approved assessors also verify multiple other ExceleRate standards including curriculum, family and community engagement, culturally and linguistically appropriate practice, etc. The Accreditation Path allows programs to use their accreditation to show evidence for many of the ExceleRate Illinois standards.

Additional information is available at <http://www.excelerateillinoisproviders.com/>.

Massachusetts' QRIS also includes expectations about the use of the PAS or BAS for self-assessment and reflection, but its standards include progressive expectations specific to the development and implementation of a business plan and annual operating budget, as well as expectations that the program conduct an external audit by a third party with expertise in accounting or bookkeeping or a certified public accountant at the highest level. Further, centers at the highest level are expected to involve their advisory board in the development and periodic updating of the business plan and establish a technology system to track information about individual children's health, absenteeism, and general educational information. FCC programs have similar expectations and are required to participate in a peer support system or have a mentor that supports their career development. More information is available at <http://www.mass.gov/edu/birth-grade-12/early-education-and-care/qr/massachusetts-qr-standards.html>.

New Mexico's QRIS (called FOCUS) fosters program leadership through the New Mexico Leadership Academy, which is guided by these central tenets:

- Effective leadership occurs in the context of Continuous Quality Improvement (CQI);

- Change readiness must be explored and honored in order to set and achieve goals;
- There are many business management tools (including BAS and PAS) and approaches available for self-assessment so that CQI plans can be individualized; and
- Ongoing, sustainable quality improvement ultimately depends on the leadership and CQI culture of each program.

Child care centers, FCC homes, and out-of-school-time programs participate in the Leadership Academy. The concept of intentional leadership is rooted in the FOCUS criteria through the process of CQI. FOCUS consultants help centers and homes understand CQI by individualizing the process of Plan, Do, Study, and Act, so that the “FOCUS designee” (the FCC home provider and oftentimes the center director) can document the process. Additional information is available at https://www.newmexicokids.org/content/caregivers_and_educators/focus/.

New York’s QUALITYstarsNY places significant emphasis on administration and business practices in its overall assessment of program quality. Each facility is expected to submit documentation pertaining to the overarching standard category of Management and Leadership, one of QUALITYstarsNY’s four standard categories, in order to demonstrate its adherence to best practices. Twenty-five percent of the facility’s overall rating in QUALITYstarsNY is directly related to its performance in this category. The five topic areas or subcategories that the Management and Leadership category addresses include Administrative Self-Assessment (ASA), Financial Accountability and Sustainability (FAS), Policies and Procedures (PP), Staff Compensation and Benefits (SCB), and Staff Planning (SP).

- Administrative Self-Assessment standards award points to facilities for demonstrating use of the following tools:
 - ◆ PAS;
 - ◆ BAS;
 - ◆ National Association for the Education of Young Children (NAEYC) Candidacy Report or Accreditation Assessment;
 - ◆ Head Start Protocol or Assessment; and
 - ◆ Other.
- Financial Accountability and Sustainability standards award points to facilities for diligence about maintaining liability insurance, paying taxes on time, and tracking operating expenses, among others.
- Policies and Procedures standards award points to facilities for having documentation in place and demonstrating use of items and practices such as job descriptions, employee expectations, confidentiality, and employee reviews.
- Staff Compensation and Benefits standards award points to facilities that provide staff with a range of benefits such as adequate paid time off for vacations, holidays, and illness.
- Staff Planning standards award points to facilities that provide staff with paid planning time and have plans in place to cover staff absences.

More information is available at <http://www.qualitystarsny.org/>.

Professional Development

Training and Credentials

Several States offer training in business management, program administration, or similar topics via their state professional development systems. Typically these trainings align with state core competencies, annual training requirements, or the state career ladder.

TRAINING

Many States require or offer training in business practices, leadership, or program administration. Short term in nature, these trainings may be delivered by community-based training organizations or other state-approved training entities, and may be offered online or in person.

The **Georgia** 40-hour Director Training covers nine core competency areas. Depending on the trainer or training organization, participants may be provided with templates for developing handbooks, a guide to writing policies, and resources specific to building a budget and marketing their program. The content areas are as follows:

- Program Management;
- Effective Administrative Systems;
- Marketing;
- Personnel Management and Staff Development;
- Maintain and Develop the Facility;
- Legal Knowledge;
- Financial Management; and
- Ongoing Professional Development.

Additional information is available at

[https://www.training.decal.ga.gov/trainings/scheduled?keys&field_training_code_value&field_full_name&field_trainer_code_value&field_search_flags_value\[0\]=director](https://www.training.decal.ga.gov/trainings/scheduled?keys&field_training_code_value&field_full_name&field_trainer_code_value&field_search_flags_value[0]=director).

Approved Director Training trainers in Georgia must meet specific expectations including a designation of Trainer I, II, or III, and have experience in facility management, conducting training, and direct experience working with children. The trainer application must cover the following:

- Rules and Regulations;
- Communication and Interpersonal Skills;
- Parent Education;
- Program Management and Legal Knowledge;
- Professional Development;
- Accessing Services and Community Resources;
- Finances and Fiscal Management;
- Child Development and Developmentally Appropriate Practice; and
- Anti-Bias Program Development.

Additional information is available at

<https://www.training.decal.ga.gov/sites/default/files/uploads/docs/reference-guide.pdf>.

The **Nebraska** Early Childhood Training Center provides leadership for the Early Learning Connection, which is the State's early childhood professional development system. Through the regional Early Learning Connection Partnerships, child care providers, Head Start, school-based programs, trainers, and parents have access to a wide array of professional development topics including Early Care and Education Management Training. This training consists of 8 modules totaling 45 clock hours and is designed specifically for early childhood administrators, fulfilling the Nebraska Child Care Licensing requirement of Child Care Management training. The 8 modules are as follows:

- The Business of Child Care;
- Child Development and Learning;
- Policies and Procedures;
- Supporting Children Center Wide;
- Effective Workforce;
- The Inside of the Building;
- Building Relationships in Child Care; and
- Transitions.

Additional information is available at <http://www.education.ne.gov/oec/train/mtp/mtp.html>.

Oklahoma offers an online training course, Director's Entry Level Training (DELT) that addresses the responsibilities of child care directors including leadership, communication, technology, budgeting, and legal issues. It includes several self-assessments throughout the course to assist with evaluating participant learning. Registration for online courses is at <https://cecpd.org/en/training-info/online-training>.

Oklahoma also sponsors three tiers of a Leadership Academy designed for child care directors, assistant directors, and administrators, and meets the training requirements for QRIS participation. Strong preference is given to those centers that serve children receiving CCDF subsidies. The first level provides 47 hours of training on topics including leadership, team building, ethics, mentoring, and the PAS. Levels II and III are each 46 hours and focus on collaborative supervision and the theoretical foundations of child development. More information can be found at <https://cecpd.org/en/training-info/leadership-academy>.

Vermont's Project Success is a no-cost resource for program directors and FCC owners that offers a wide range of support for professionals including financial planning and budgeting, program administration, and information technology training. More information can be found at <http://www.investinvermont.org/borrowers/child-care/project-success>.

ONLINE TRAINING

Minnesota's Child Care Resource and Referral Network offers Eager-to-Learn, an online program focused on business management. A series of five FCC business courses are offered yearly. More information can be found at <https://www.eagertolearn.org/Default.aspx>.

North Dakota Child Care Aware[®] offers online trainings that are aligned with both State Core Competency and CDA Credential[™] competency areas. Included are several trainings focused on Professional Development and Leadership. Many courses are self-paced and include topics such as Child Care and Disability Rights Law, Early Childhood Code of Ethical Conduct, and Stress Management. Additional information can be found at <http://www.ndchildcare.org/>.

The National Association for the Education of Young Children (NAEYC) offers several self-paced, technology-based learning programs available for purchase. Included is the Human Resources Management in Early Childhood Program which is designed to assist program administrators in learning about systems for human resource management through 30 hours of self-paced study and practice. Additional information can be found at <https://www.naeyc.org/ecp/online>.

CREDENTIALS

Many States have developed Director or Administrator credentials that are targeted to those in leadership roles within a child care facility. Typically these credentials cover a variety of topics and may include coursework on early childhood education and developmentally appropriate practice, however, content is typically focused on topics relevant to program administration, management, and leadership.

In some States, credentials can be awarded based on past education, experience, and achievement, demonstrated through submission of a portfolio rather than completion of coursework. Although expectations vary, typically States require candidates to submit documentation that demonstrates competency through approved activities or past experience specific to program administration or business management. Other States require a submission of a portfolio as a component of the credential.

The **Arkansas** Children's Program Administrator Certificate is a 60-hour course that focuses on effective organization management, supervision, staffing, legal and financial management, family and community relations, and program development. The Administrator Credential is individualized with modules covering a variety of topics including managing change, mentoring, leadership, performance management, team building and leadership in diversity, managing conflict, financial management, and child-centered curriculum. Additional information can be found at http://ittc-web.astate.edu/chs/#!pd_admin.

The **Connecticut** Director's Credential provides voluntary credentialing with levels of proficiency in eight core knowledge areas. Applicants must have a minimum of 12 credits in Early Childhood or After School Education; provide confirmation of required supervisory and administration experience; and present evidence of knowledge of administrative and leadership practice through course credit, approved training, prior learning portfolios, in any combinations of these methods in five competency areas. The initial level requires supervisory experience plus a minimum of an associate's degree, while the master's level requires experience, paired with supervisory and administrative experience and a master's degree. Additional information can be found at <http://www.charteroak.edu/certificates/directorcredential/>.

The **Delaware** Early Childhood Administrator Credential is obtained through higher coursework only. Candidates must have five or more credits from a regionally accredited university in administration, supervision, leadership, and advocacy courses, or meet equivalent expectations. Some candidates are able to obtain the credential through portfolio demonstration. Additional information can be found at https://dieecpd.org/static/uploads/files/Early_Childhood_Administrator_Credential_Information.pdf.

The **North Carolina** Early Childhood Administration Credential is available at all 58 local community colleges in the State. The Level I credential is required for all child care administrators; however, Levels II and III are voluntary. Candidates are required to complete coursework in child care administration and early childhood development as well as complete and submit a portfolio. Coursework requirements include:

- Program Framework;
- Rules and Regulations;
- Personnel;
- Financial Management; and
- Seven semester hours of early childhood education coursework.

Expectations for the portfolio vary depending on the level of the credential. Level I candidates are required to complete 6 assignments, Level II candidates are required to complete 12 assignments, and Level III candidates are required to complete 18 assignments. There are six categories within a portfolio:

- Leadership;
- Program;
- Rules and Regulation;
- Financial Management;
- Staff and Organizational Management; and
- Public Relations and Community Outreach

Each required component of the administration credential has at least one equivalency option, however meeting any or all components through the equivalency option results in an equivalency, not a credential. Additional information can be found at <http://ncchildcare.nc.gov/providers/credent.asp>.

The **Pennsylvania Director Credential** is a requirement of Keystone STARS participants at Level 3. The credential is comprised of 8 core knowledge areas and 78 learning objectives and is delivered by approved higher education institutions. Portfolios may be submitted in lieu of coursework for candidates with a Bachelor's degree or higher and are designed for experienced directors or program administrators who have acquired competency through prior learning and life experience. Qualified candidates must submit documentation that demonstrates knowledge, skills, and attitudes. Portfolio submissions are reviewed by Director Credential Peer Reviewers who make recommendations to award, defer, or deny the credential. More information can be found at <http://www.pakeys.org/uploadedContent/Docs/PD/DC/DC%20Policies%20Procedures.pdf>.

The **Tennessee** Early Childhood Program Administrator Credential recognizes administrators who have demonstrated competencies for effective leadership and management. Experience, past education, completion of coursework, and portfolio assessment are required, and the credential must be renewed every 3 years. More information about the credential can be found at <http://www.tn.edu/tecta/tecpac.htm>.

Resources

- *Resource Guide: Starting and Operating a Child Care Business* (April 2015), by the Child Care State Systems Specialist Network, a service of the Office of Child Care, is a resource guide focused on starting and operating a child care business. Topics include licensing requirements, facility design, health and safety standards, and business management. It is available at https://childcareta.acf.hhs.gov/sites/default/files/public/1503_starting_and_operating_child_care_business_edited.pdf.
- *First You Have to Pay the Bills: Training and Technical Assistance Focused on the Business Side of ECE* (2012), by Louise Stoney and Susan Blank for *Exchange Magazine*, explores training and technical assistance strategies that are most likely to help early childhood education programs operate as financially viable businesses, and also underscores situations in which a more systemic approach, such as Shared Services, is a more appropriate response. It is available at <http://www.earlychildhoodfinance.org/downloads/Exchange-First-you-have-to-pay-the-bills.9.12-2.pdf>.
- *Shared Services: Strengthening Early Care and Education* (2010) by Louise Stoney and Libbie Poppick for the Federal Reserve Bank of Boston, summarizes the benefits of shared services. It is available at http://www.bostonfed.org/commdev/c&b/2010/fall/Stoney_Poppick_early_education.pdf.
- *Early Care and Education Program Management and Support Services: North Carolina Approaches to Sustain Quality* (2004), by Marsha Munn in collaboration with Smart Start's National Technical Assistance Center, is a state-based companion piece to Louise Stoney's *Collective Management of Early Childhood Programs*. It is available at http://www.earlychildhoodfinance.org/downloads/2004/MunnSharedSvsRpt_2004.pdf.

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