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# The Business of Child Care

## In Mississippi

*A quick-reference guide for child care providers*



*In Conjunction With*



**NYUWagner**

**MISSISSIPPI  
CENTER  
FOR JUSTICE**



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# INTRODUCTION

*The Business of Child Care in Mississippi* handbook was created by a team of graduate students at the Robert F. Wagner School of Public Service at New York University. Working in collaboration with the Mississippi Center for Justice, a nonprofit public interest law firm, the team undertook a year-long consulting project to explore how to best help child care providers become more efficient through improved business practices.

This handbook is meant to be a supplemental resource for child care providers. It contains financial management and assessment tools, information about additional revenue sources and key regulations, and a set of best practices. It is in no way meant to replace the teaching and technical assistance that currently exists.

If you would like more specialized, personal advice concerning your business, please feel free to contact the Mississippi Low-Income Child Care Initiative at 228-669-4827.

Throughout the handbook you will find exercises, anecdotes from child care centers, helpful hints, worksheets and key terms (highlighted in **BOLD**) with a corresponding glossary at the end. Additionally, at the end of the handbook, we have compiled documents that you can photocopy and post in your office or employee lounges as reminders of what you've learned.

# SELF-ASSESSMENT

The purpose of this self-assessment is to direct you to specific sections of this handbook that will provide you with useful information for operating your center. If you answer **YES** to any of the questions below, please refer to the page number next to the question for additional information.

## Business Tools to Help Run Your Center

- Would you like to learn how to construct a business plan? A business plan will help you better understand how your center operates in its current market. **(1)**
- Would you like to learn how to assess competition in your surroundings? The Five Forces model will provide you with a new way to think about players that impact your center. **(3)**
- Would you like to learn how to evaluate internal and external factors that affect your center? A SWOT analysis is a great exercise for understanding your environment. **(5)**
- Would you like to learn about the importance of your organization's culture and staffing needs, such as training and performance reviews? **(8)**
- Would you like to learn how to create monthly budgets in order to forecast, compare, and track projected/actual revenues and expenditures? **(11)**

## Compliance With State Regulation

- Would you like a summary of the important sections in the Mississippi State Department of Health "Regulations Governing the Licensure of Child Care Facilities" document? **(19)**
- Would you like a summary of the important sections in the Office of Children and Youth Policy Manual? **(25)**

## Sources of Funding for Child Care Providers

- Would you like information about public programs supporting child care? **(28)**
- Are you interested in applying to become a 501 (c) 3 nonprofit organization? **(32)**
- If your child care center is certified as a 501 (c) 3 nonprofit organization:
  - Would you like information about applying for grants from community foundations? **(33)**

# SELF-ASSESSMENT

## Sources of Funding for Child Care Providers

- Would you like information about applying for grants from private foundations? **(35)**
- Would you like information about applying for grants from your local United Way? **(36)**

## The Benefits of Partnerships

- Would you like to be involved in a partnership? **(38)**
- Are you currently engaged in a partnership? **(40)**
- Would you like to learn more about the benefits of Head Start partnerships? **(41)**

# SECTION 1:

## Business Tools to Help Run Your Center

Whether you run an existing child care business or are looking to start one from scratch, this section will give you a number of tools to help run your center, including the basic foundation for a **business plan**, staffing tips, and budgeting techniques.

First, we will explain the major themes of a business plan and allow you to put the concepts into action by filling in the blanks next to each category. The business plan you develop will help ensure that all of the activities of your business are aligned with the overall goals and objectives of the child care center.

### **LEARNING OBJECTIVES:**

- Learning how to construct a business plan
- Understanding the Five Forces Framework
- Understanding a SWOT Analysis
- Learning the importance of **Culture** and staffing needs
- Learning the fundamentals of the budgeting process in order to forecast, compare, and track projected/actual revenues and expenditures

### **MISSION AND GOALS**

The starting point of any business plan is a well-defined mission for the organization, known as the **mission statement**. The mission statement articulates the company's purpose and what it hopes to achieve for customers and other **stakeholders**. From the mission statement, leadership is able to set goals. These goals should be tangible objectives that measure the progress of the organization.

Defining the mission and goals of the organization may seem simple, or may seem unimportant when a business is already established. However, the mission and the goals of the organization are the first component of **planning your business**. Management should not assume that the mission and goals of the child care center are understood. The mission and goals of the center should be known by all of the people affiliated with the organization.<sup>1</sup>

Mission

Goals

This image shows two horizontal bars. The top bar has a dark grey arrow-shaped pointer on the left containing the word 'Mission'. The bottom bar has a dark grey arrow-shaped pointer on the left containing the word 'Goals'. Both bars are light grey with rounded right ends and a thin black border.

## SERVICES

Outlining the services that your child care center supplies to customers is important in understanding how your business relates to the competition. A simple outline of the services provided is a starting point for internal analysis. Once the internal analysis is complete, the center can better assess its **competitive comparison** in the market. Understanding the services you provide will help to better formulate your competitive comparison, determine the quality of your services, identify areas that may be lacking, and discover services that you may be able to provide in the future."

Services

This image shows a single horizontal bar with a dark grey arrow-shaped pointer on the left containing the word 'Services'. The bar is light grey with rounded right ends and a thin black border.

## MARKET ANALYSIS SUMMARY

It is important to understand the market environment you operate in and how your center will compare to other members within that environment. A market analysis will help your center formulate a sound strategy to better compete in the marketplace. There are two models that will help you better understand the competitive landscape and your place within it: the Five Forces Framework by Michael Porter and the SWOT (Strengths, Weakness, Opportunities, and Threats). Both models are on the following pages, and have been left blank so that you may enter your own analysis.

## FIVE FORCES FRAMEWORK



The Five Forces Framework identifies these themes – threat of new **entrants**, bargaining power of suppliers, industry competition, bargaining power of customers, and threat of substitute products and services – as the keys to understanding industry competition. Below is an outline of each of the five forces to give you a better understanding of the factors to consider when evaluating each category. Please take the time to label each of the five forces – **high, medium, or low.**<sup>iii</sup>

### THREAT OF NEW ENTRANTS

The threat of new **entrants** is an important concept to understand, as new **entrants** can change the competitive landscape. Defining this category will help you to evaluate the ability of new **entrants** to enter the market. We list a few examples that will help you to determine if barriers to entry are high, making it more difficult for competing centers to open in your area.

Barriers to entry are high if:

- A center has achieved **economies of scale**
- **Switching costs** are high
- The capital requirements are substantial
- Incumbent advantages
- Unequal access to **distribution channels**
- Restrictive government policy

## **BARGAINING POWER OF SUPPLIERS**

The bargaining power of suppliers has a substantial influence on the profitability of a business. Looking at the suppliers' **leverage** over the centers is helpful to evaluate the role that suppliers play in the market.

Factors that provide the supplier with leverage:

- The supplier does not depend heavily on one type of customer
- The industries it provides face high switching costs
- The suppliers sell **differentiated products**
- There is no substitute for the suppliers' products
- The supplier can threaten to enter the industry

## **JOCKEYING FOR POSITION AMONG CURRENT COMPETITORS**

Jockeying for position among current competitors can impact every aspect of the marketplace. As competitors try to capture a greater portion of the market they may offer more services, cut prices, or engage in advertising campaigns. These types of activities will have an impact on your business and the market in which you operate.

Competition is the highest if:

- Competitors are numerous or of equal size and power
- Industry growth is slow
- Exit barriers are high
- Multiple child care centers desire to become the market leader

## **BARGAINING POWER OF CUSTOMERS**

The bargaining power of customers can influence the types of services that your center offers and influence pricing in your market. It is important to understand how customers can influence the activities of the competitors in the market.

Customers have leverage if:

- There are few of them
- The industry has **undifferentiated products**
- There are few switching costs
- Customers can enter the industry

## **THREAT OF SUBSTITUTE PRODUCTS OR SERVICES**

The threat of substitute products or services needs to be evaluated in any business environment. This is a new product or service that is similar to the products or services that you provide. Substitute products or services can cut into or even eliminate your business.

The threat of a substitute is high if:

- The substitute product or service involves a more attractive price
- The cost to switch to the product or service is low

**SWOT ANALYSIS**

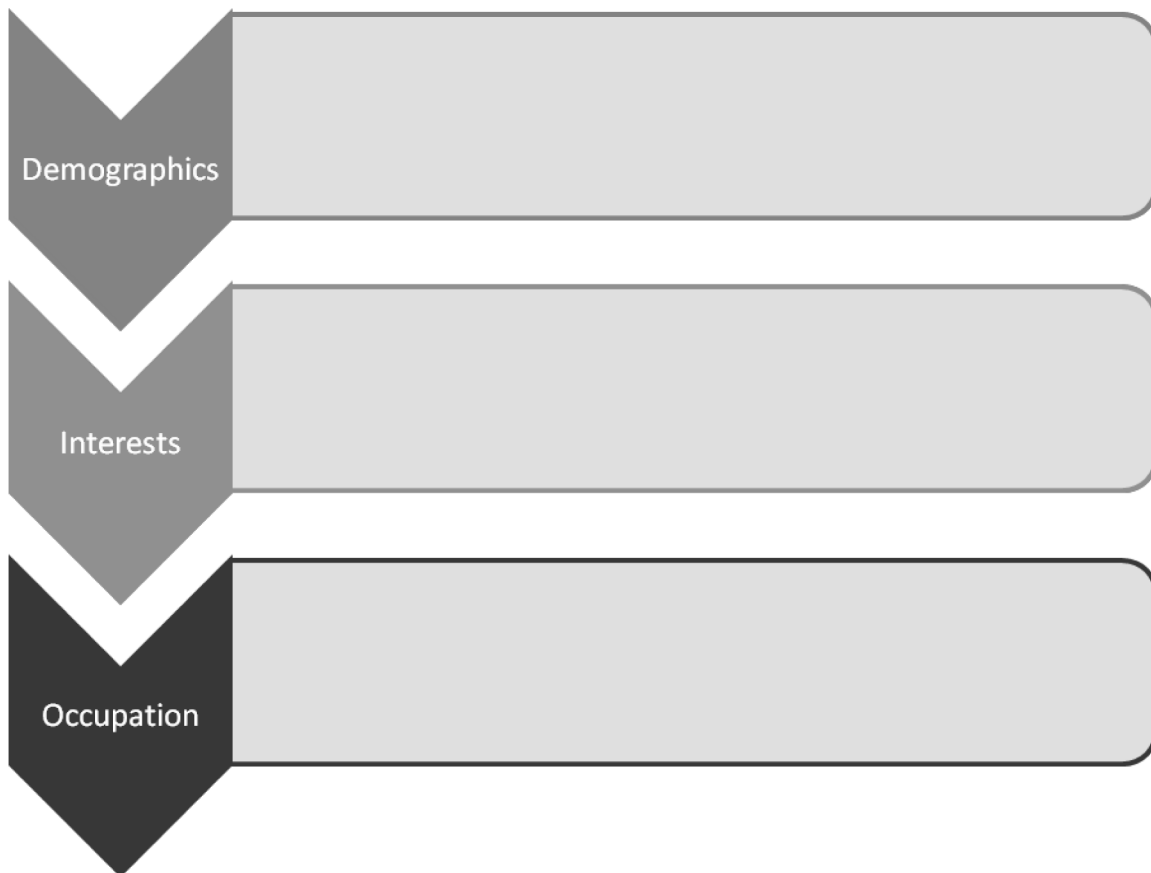
The SWOT analysis is an effective way to assess both internal and external factors affecting your child care business. Strengths are the things that your business does well. Weaknesses are the aspects of your business that can be improved and should be addressed. Opportunities are circumstances that your center can take advantage of. Threats are forces that could cause harm to the center’s position in the market. Please use the model below to perform your own SWOT.<sup>iv</sup>

STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS

## SEGMENTATION

**Segmentation** is a useful tool to help you identify your center's client base. This helps you to better focus on the needs of your customers, providing the types of services that they value and that differentiate you from the competition. Segmentation also allows you to better market your business, targeting individuals in the segment of the market that you serve. Overall segmentation helps you to better allocate your resources.<sup>v</sup>

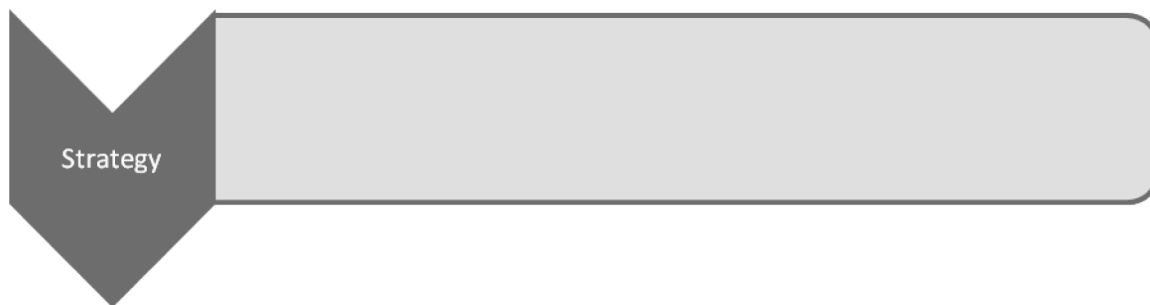
Segmentation doesn't have to be complex. We can use basic categories to define your segment of the market. Some examples are demographics, interests, and occupation. Demographics break the market into categories such as: age, gender, income, and ethnicity. Interest, or behavior of customers, identifies the types of things that the customers like to do. Examples of interests include sports, leisure activities, pets, or other identifiable behaviors. Occupation is their area of employment. These three categories are listed below to help you to better identify your market segment.



## STRATEGY

This section builds on the previous sections to help formulate your business plan. Some clear strategies in business are: targeting uncovered market segments, innovation, product differentiation, inventing a new market, and acquisition.<sup>vi</sup>

- **Targeting an uncovered market:** Avoiding direct engagement with a superior competitor while looking to exploit areas of the market where the competition is weak or unlikely to respond to your move into the space.
- **Innovation:** Obtaining a product or service innovation that will change the balance of power in the market.
- **Creating a differentiated product:** Developing a new service that is sought after in your market.
- **New market strategy:** Looking at the landscape and approaching your service and offerings in a completely different way, creating a new market.
- **Acquisition:** Purchasing an existing business with an established customer base (“buying into the market”) could be the fastest way to both enter and expand in your space.



## MARKETING OPPORTUNITY

In order to develop a **marketing** strategy, you must first understand the **target market**. You have already identified your target market through the segmentation process. This process was designed to help you identify the needs of this group and how you can better serve their needs. This will aid in helping you to determine how you will both position and brand your center in the market.

**Positioning** and **branding** will be important in developing your marketing strategy. Positioning is an effort to control how customers view a product or service. In order to position your product or service successfully, focus on a few key traits that you would like the customer to think of when they think of your services. Effective positioning and marketing will lead to branding of your center. This branding will help your center to differentiate itself from the competition.<sup>vii</sup>

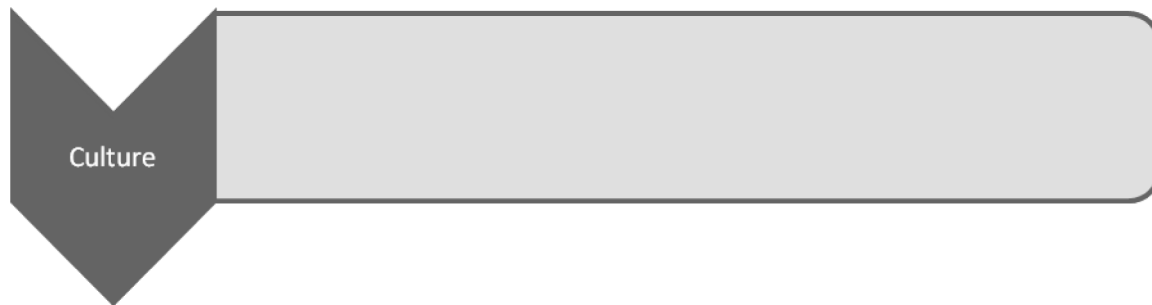
## Dialogue Box 1<sup>viii</sup>

### Child Care Center Spotlight – Using Technology to Get the Word Out

Sue is the director of a child care center in Clinton, Mississippi. Although Sue has been serving the same families in the community for many years, she is always looking for ways to bring in new customers. One day, Sue discovered that some of her customers were using the internet and social networking websites, such as Facebook and Twitter, to discuss her child care center. In fact, new customers were attracted to Sue's center based on what they had read online. Harnessing the internet and social networking websites is a cheap and effective way to market your business. Do not be afraid to use technology to promote your business.

## Culture

Formulating a business plan is the first step towards creating a successful child care center, but it is not enough. Your center must also possess the right culture and it is your job as director to set the tone. **Culture** is the values and beliefs that exist within your center. At its core, culture is about behavior and the decisions you and your staff make every day. Your culture should promote the mission and goals of your center.



The first step in building a unique culture in your center is having the right staff. It's also useful to think of your staff as a team (and you are a part of that team) as opposed to just employees. Most likely, you already have your team in place, but there are still steps that you can take to cultivate your staff in order to create the culture and maximize the results you want.

## Staff

One of your roles as a business owner or childcare center director is to ensure a high quality staff. This is an important investment as your team has the power to help you effectively execute your strategy and maximize your effectiveness. Your staff will help you achieve your objectives. It is your role as director to ensure that your employees are maximizing their skills and talents in a focused way to help you succeed. Therefore, you must ask yourself:

What skills and contributions do I need from my teammates?

You want to be sure that your team is at least meeting the minimum qualifications. These qualifications are discussed in depth in the Compliance With State Regulation section of this handbook. It's very important to document certifications, receipts, proofs of certification, dates, and requirements for every staff member.

**Helpful Hint:** Having this information readily available can help you plan better, and you can rest easy if any question comes up from the Department of Health, a parent, an individual employee or a Designated Agent. It is also helpful to input important dates, such as recertification dates and paperwork deadlines, into your calendar as a reminder. If you have Microsoft Outlook or another computer-based organizer, you can keep your calendar electronically. The benefit to having it electronically is that your computer can remind you in advance of upcoming deadlines. A paper calendar works fine too!

In addition, each center is required to have at least one certified child care director. Therefore, it is a good idea to employ more than one certified child care director. There have been instances where child care centers were forced to close because the child care director left for another job or moved away. Do not let this management gap adversely affect your business. It may be useful to have the owner of the center become a certified director considering he/she is financially connected to the center and cannot easily leave.

In general, it is necessary to think about what skills you need and assess whether those skills exist within your staff. If they are lacking, you need to create a way to cultivate those skills.

**Helpful Hint:** Staff salaries comprise a large part of a center's **Expenses**. To reduce personnel costs, recruit volunteers to help with clerical and administrative work. This will save time and the cost of hiring an administrative assistant as well as give you and your staff more time to spend with the children.<sup>ix</sup>

## Training

Having identified the skills you need from your employees, it is important to follow through and conduct training. There are different kinds of training, including:

- **New Hire Training** – Devote considerable time to developing your new hires. This is typically conducted in-house.

**Helpful Hint:** Write a training manual for your team members, including role descriptions, logistical information, a statement of your expectations/norms, your mission, and other policies. A training manual could save you time and ensure a more uniform transition for new hires. Make the training manual interactive by asking the staff to answer a few questions about how their role fits in your center's mission. Review their answers and have an informal discussion about your goals and missions and why they are important to you. This is a concrete way to develop purposeful team members.

- **Development Skills Training** – Perhaps you want your team members to do some math tutoring for the children. Sign them up for a technical assistance or training class at a nearby nonprofit center, local library or community college. There are many free or low cost training and educational resources available.
- **Certification Training** – Certificate training can keep your employees in compliance with state requirements. Keep track of all of your employee requirements, progress made, dates, and deadlines so that you are in good standing with the state laws.

**Helpful Hint:** Have a folder for each employee. Whenever your team member has training, add the date and training certificate to the file immediately.

Create a simple spreadsheet on your computer or a sheet of paper to keep track of each employee's training and certification requirements. Documentation of trainings and certifications will help you monitor your employee's progress and will alert you to any approaching deadlines.

## Performance Reviews

**Performance Reviews** are a way to give your team members structured feedback about their strengths, weaknesses and skills. It's always important to have the review in a private, formalized setting, such as your office. It is best to let the employee know about the review in advance so that they can take time to reflect on their own performance. Keep your comments constructive! Your comments should not be focused solely on the negative aspects of the employee. Be sure to point out instances when the employee has performed well. For improvement areas, ask for your employee's perspective on the situation. If necessary, develop a plan with that employee to help him/her improve. If the employee needs help (i.e. training or new supplies) to achieve their tasks (and ultimately contribute to your business goals), do your best to accommodate them. And don't forget to follow up!

During the year, give your employees the opportunity to give you their feedback on your performance. You should encourage your employees to freely express their opinions while you listen carefully. While this process seems tedious and at times embarrassing, it will give both you and your employees the opportunity to recognize areas of improvement as well as applaud hard work.

## Beyond Your Organization

Whether it is to answer your questions, clarify your mission, find out about a training session or to connect with other business owners, there are many ways to better your business operations by looking outside your organization.

- **Advisory Board** – An **advisory board** is a group of local leaders who volunteer to provide objective advice. It may be possible to create such a group informally through a community center, community college or local church. It may be even easier to simply join an existing group in your area.
- **Local Child Care Providers** – Networking with other child care directors is a great way to solve problems, save money and share information (such as new grants or changes to the law). It may be as simple as making a phone call to find out how other centers are dealing with a problem that you are facing. Networking is crucial!
- **Your Local Community College** – Try to make a contact with someone who works in the child care development department. It may be someone that you can turn to later for help or to give a presentation to your employees. There are many great resources available at community colleges that aren't always used but there's no reason that you cannot try to take advantage of them.

- **Resource and Referral Agencies**-- The Mississippi Child Care Resource and Referral Network (offered through the Mississippi State University Extension Service) supports early care and education professionals, parents, children, and community members seeking information about quality child care. Resource & Referral sites, most of which are located on community college campuses, serve all eighty-two counties in Mississippi. You can find the Resource & Referral site nearest you by calling 1-866-706-8827.
- **Nonprofits** – The Mississippi Low Income Child Care Initiative and the Mississippi Center for Justice stand ready to help or to refer you to an organization or individual who can provide help. If you find yourself in a difficult situation, don't wait until it gets worse. Reach out for help today!
- **State Providers** – The Mississippi State Department of Health (MSDH) has extensive information for child care centers on their website. Check MSDH's website for updates and information at: <http://msdh.ms.gov/index.htm>.

## Financial Planning – Creating a Budget

Good financial planning is an essential component to any successful business. While it may take time to get in the habit, financial planning will give you a more accurate picture of your financial future. You will be more organized, more efficient, and less stressed.

**Budgeting** is the best way for your center to forecast its finances. Budgets are created monthly, just prior to the start of a given month. The budgeting process can be broken down into the following steps.

### Step 1: Project Your Revenue

**Revenue** is the money you bring into your center by providing services. For child care centers, the main sources of revenue are child care fees, certificate reimbursement payments, and co-payments from certificate families. Centers that participate in federal programs or qualify for other grants, through programs like Mississippi Building Blocks, receive additional revenue. In order to budget your monthly revenue:

- **List your sources of revenue.** This can be done on a computer spreadsheet or a piece of paper. Basically, think about where your money comes from. The main sources are likely child care fees and certificate reimbursements, depending on the population you serve. Be sure to break down the child care fees by category or age group. In general, make sure to have a category for each price that you charge (this can include after school or part-time children who may pay a reduced fee). Also, be aware that expenses are broken down into two sub-categories: fixed and variable revenue. **Fixed revenue** is income that does not depend on the number of children you serve, such as a one-time grant from the State. **Variable revenue** is income that does depend on the number of children you serve, such as child care fees. Calculating revenue for these two categories will be different.
- **How many children do you expect to serve?** Based on your capacity and your enrollment over the prior weeks, make your best guess. If you're not sure, it's best to be conservative. In general, when it comes to budgeting, it is always better to be cautious.

- **How many days do you expect to operate during the month?** The number of days may depend on the specific month or season. Be sure to have an accurate idea of how many days you plan to be open.
- **Calculate your revenue.** To project your revenue, simply take the number of children you expect to be enrolled in each age group and multiply it by the price that you charge for that age group per day and the number of days you expect to be open. Be sure to include reimbursement payments, co-payments, and any additional grant or subsidy payments. Reference the back of the OCY Policy Manual for current certificate reimbursement and co-payment rates.
- **Don't forget about reimbursement delays.** For certificate families, you will receive reimbursement from the government. Be aware that the reimbursements can be delayed. If your certificate reimbursements are typically delayed 45 days, make sure you budget the certificate reimbursement revenue in the correct month. The same is also true for government grant and subsidy programs. Let's say you provide the required number of meals for reimbursement from the United States Food and Drug Administration's (USFDA) food program in January, but the USFDA is not going to reimburse you until mid-February. If you know that information in advance, make sure to place that revenue in February, not January. In general, be realistic about when you think you will collect revenue. It will make the budgeting process more closely resemble what is actually happening in your center.

### Revenue Projection Example

Consider the January revenue projection worksheet for the Sleepy Time Child Care Center provided below. Revenue has been broken out into its different categories and there are columns that show the number of children in each category, the price per day for each age group, and the number of days the center expects to be open. **NOTE: Both reimbursement fees and co-payment fees are expressed as daily fees even though they are reported in the OCY manual as weekly and monthly rates, respectively.** In order to calculate total projected revenue, simply multiply across each row and add them together. Notice the difference between how the tuition and reimbursement revenues are calculated vs. how the grant from the state is calculated. The tuition and reimbursement payments depend on the number of children served while the grant from the state does not. This demonstrates the difference between fixed and variable revenue.

#### Revenue Projection Worksheet for Sleepy Time Child Care Center

TOTAL CHILDREN = 13

#### JANUARY BUDGET

	Daily Rate	# of Children	# of Working Days	Total Revenue
PROJECTED REVENUE				
Infant Tuition	\$18	5	22	\$1,980
Toddler Tuition	\$15	6	22	1,980
Toddler Certificate Reimbursement	\$10	2	22	440
USDA Food Program	\$4	13	22	1,144
Grant From State				3,000
Total Projected Revenue				<u>\$8,544</u>

Total Projected Revenue Per Child

**\$657.23**

## Step 2: Project Your Expenses

**Expenses** are the resources your center uses to provide services. In short, expenses are all the money you use to buy things for your center, such as food, cleaning supplies, toys, rent, utilities, salaries, etc. For child care centers, the main expense is salaries. In order to budget your monthly expenses:

- **List your different types of expenses.** Think about all the different types of expenses your center incurs. Try to group them into different categories. For example, electricity, gas, and water bills could all be grouped together and called Utilities Expense. Also, be aware that expenses are broken down into two sub-categories: fixed and variable expenses. **Fixed expenses** are costs that do not depend on the number of children you serve, such as rent. **Variable expenses** are costs that do depend on the number of children you serve, such as food expenses. Calculating expenses for these two categories will be different.
- **How much does everything cost?** You should have a good idea of how much supplies, food, etc. cost. In addition, budgeting for salary and wage expenses should be fairly easy if you have salary contracts with your employees. As time goes on, keep in mind that prices of goods and salaries tend to increase. You should incorporate this fact into your budget.
- **How much of everything will I need?** Quantities of needed supplies will change based on the number of children you are serving or other seasonal changes. You may budget more food expenses in August than January because you expand your business during the summer months. Or you may budget for more hand sanitizer and tissues during the flu season.
- **How often will I have to pay for/replenish an item?** Some expenses will be one-time occurrences each month, such as the electricity bill, but others will be more frequent. Salaries and wages will be paid either weekly or bi-monthly and food will most likely be purchased each week.
- **Calculate your expenses.** To calculate your expenses, simply take each expense item and multiply it by its cost and the number of times the expense will be paid during the month.

**Helpful Hint:** “Stretching” your payables is a way to reduce the financial burden on your center. For example, when you receive a bill, chances are you have 15-30 days to pay it. If you are operating with little or no cash flow, wait until the end of the billing period to pay. This will allow you to earn revenue during the month without paying expenses immediately. Be careful though. You do not want to wait too long to pay your bills or you will incur late penalties.

## Expenses Projection Example

Consider the January expenses projection worksheet for the Sleepy Time Child Care Center provided below. Expenses have been broken out into their different categories and there are columns that show unit cost of each item (which incorporates both the cost of the item and the

number of times it will be paid during the month) and the quantity of each item. Similar to the revenue projection worksheet, this expenses projection assumes that there are 13 children and 22 working days in January. In order to calculate total projected expenses, simply multiply across each row and add them together. Notice the difference between how the food and rent expenses are calculated. The food costs depend on the number of children served while the rent expense does not. This demonstrates the difference between fixed and variable expenses.

Revenue Projection Worksheet for Sleepy Time Child Care Center

TOTAL CHILDREN = 13

**JANUARY BUDGET**

	<b>Unit Cost</b>	<b>Quantity</b>	<b>Total Cost</b>
<b>PROJECTED EXPENSES</b>			
Variable Costs			
Food	\$5/child/day	22 Days/month	\$1,430
Supplies	\$100/week	4	400
Subtotal			<u>\$1,830</u>
Fixed Costs			
Utilities	\$45/month	1	\$45
Rent	\$600/month	1	600
Salaries	\$850/staff/month	4	3,400
Other	\$200/month	1	200
Subtotal			<u>\$4,245</u>
Total Projected Expenses			<u><u><b>\$6,075</b></u></u>
<b>Total Cost Per Child</b>			<b>\$467.31</b>

### **Step 3: Create Your Budget**

The next major step in the process is to take your projected revenues and expenses and to formulate a proper budget. As mentioned above a budget is a planning document that you can use to formulate your financial plan. Generally, a budget is a plan for a year; however, in this handbook, a monthly budget is presented. It is easier to plan and keep track of revenue and expenses on a monthly basis. On the budget, revenues go first, then expenses. Use the revenue and expense projection worksheets we created above to construct a budget. Finally, to calculate the **net revenue** or profit/(loss) for the month, just subtract expenses from revenue. You want this number to be positive. Positive net revenue means you expect to earn a profit.

#### **Dialogue Box 2<sup>x</sup>**

##### **Child Care Center Spotlight – No More Budgeting in Bed**

Lizzy is the director of a child care center in Indianola, Mississippi. Lizzy's background is in education and she had no financial experience before taking the role of child care director. For the past few years, Lizzy has been responsible for creating the monthly budgets. It is the one aspect of her job that she truly dreads. During the week Lizzy must formulate her budget, she lies in bed at night thinking about what supplies must be purchased and how many children she thinks will be at her center over the next month. Lizzy has no formalized process for making a budget or tracking revenues and expenses. Everything is done in her head. Using a simple budget process, such as the one described above, Lizzy would have the ability to compare budgets from month-to-month and also compare how well her budgets match what actually happens in her center.

Monthly Budget for Sleepy Time Child Care Center

TOTAL CHILDREN = 13	<b>JANUARY BUDGET</b>
	<b>TOTAL</b>
<b>PROJECTED REVENUE</b>	
Infant Tuition	\$1,980
Toddler Tuition	1,980
Toddler Certificate Reimbursement	440
USDA Food Program	1,144
Grant From State	3,000
Total Projected Revenue	<u>\$8,544</u>
Total Projected Revenue Per Child	<b>\$657.23</b>
TOTAL CHILDREN = 13	
<b>PROJECTED EXPENSES</b>	
<b>Variable Costs</b>	
Food	\$1,430
Supplies	400
Subtotal	<u>1,830</u>
<b>Fixed Costs</b>	
Utility	45
Rent	600
Salaries	3,400
Other	200
Subtotal	<u>4,245</u>
Total Projected Expenses	<u><b>\$6,075</b></u>
<b>Total Cost Per Child</b>	<b>\$467.31</b>
Net Revenues	<u><b>\$2,469</b></u>
Revenues Per Child	<u><b>\$189.92</b></u>

Based on its January budget, Sleepy Time Child Care Center is expecting to have net revenue of \$2,469. Great! But remember, this is only a projection of what will happen. The question now is: *How will Sleepy Time Child Care Center actually perform in January?*

## FINANCIAL REPORTING – Comparing Actual vs. Budgeted Results

During the course of the month, keep a ledger, or list, of all the revenue you receive and the expenses you incur. It is very important that you properly record all of the money you collect and spend. This is the only way you will be able to accurately compare your financial performance to your budget and calculate your profit/(loss) for the month.

### Monthly Budgeted vs. Actual Financial Report for Sleepy Time Child Care Center

TOTAL CHILDREN = 13	JANUARY BUDGET	"Income Statement" JANUARY ACTUAL	DIFFERENCE
	TOTAL	TOTAL	ACTUAL - BUDGET
<b>REVENUE</b>			
Infant Tuition	\$1,980	\$2,100	\$120
Toddler Tuition	1,980	1,500	(480)
Toddler Certificate Reimbursement	440	250	(190)
USDA Food Program	1,144	1,100	(44)
Grant From State	3,000	3,000	0
Total Revenue	<b>\$8,544</b>	<b>\$7,950</b>	<b>(\$594)</b>
Total Revenue Per Child	<b>\$657.23</b>	<b>\$611.54</b>	<b>(\$45.69)</b>
<b>EXPENSES</b>			
<b>Variable Costs</b>			
Food	\$1,430	\$2,060	\$630
Supplies	400	500	100
Subtotal	1,830	2,560	730
<b>Fixed Costs</b>			
Utility	45	50	5
Rent	600	600	0
Salaries	3,400	3,400	0
Other	200	300	100
Subtotal	4,245	4,350	105
Total Expenses	<b>\$6,075</b>	<b>\$6,910</b>	<b>\$835</b>
Total Expenses Per Child	<b>\$467.31</b>	<b>\$531.54</b>	<b>\$64.23</b>
Net Revenue	<b>\$2,469</b>	<b>\$1,040</b>	<b>(\$1,429)</b>
Net Revenue Per Child	<b>\$189.92</b>	<b>\$80.00</b>	<b>(\$109.92)</b>

At the end of the month, add up all of your revenues and expenses by line item and insert them into the 'actual' column (highlighted in **gray** on the January Budgeted vs. Actual Financial Report). You have just created an **Income Statement**. An income statement serves two important purposes. First, it will allow you to compare your budget to your actual financial performance during the month. The 'difference' column on the report above shows the difference between what was budgeted and what actually occurred. Looking at the financial report above, Sleepy Time Child Care Center collected \$594 less than expected and spent \$835 more than expected. The 'difference' column also shows the difference for individual items. For example, Sleepy Time collected \$120 more than budgeted from infant tuition. It is your job as director to discover why these deviations from the budget occurred. As your budgeting skills improve, you want the difference between what you budgeted and what actually occurred to be close to 0. This means that your budget was a good financial estimate for the month.

The second reason that it is important to aggregate actual revenues and expenses is that an income statement will provide you with a way to keep accurate financial records for each month. Not only will you be able to compare budgeted and actual financials for a single month, but you will be able to compare actual financials from month to month. This will provide a better understanding of your center's revenue sources and where expenses are incurred. Comparing monthly income statements will also allow you to see if any of your revenue sources or expenses are seasonal. You can create yearly income statements by combining the 12 monthly income statements into a single income statement at the end of the year.

### **CALCULATING PER CHILD RATIOS**

Calculating per child ratios is an additional way to assess your financial performance. To calculate a per child ratio, simply take the amount of revenue, expenses, or net revenue and divide it by the total number of children. For example, on the Sleepy Time Child Care Center income statement, the total revenue per child is \$611.54 ( $\$7,950 / 13$  children). In general, revenue per child should exceed per child costs, resulting in positive net revenue per child. These ratios will demonstrate how much money you earn and spend per child.

## SECTION 2:

# Compliance with State Regulation

Staying in compliance with state regulations and maintaining a healthy financial future are complimentary goals for child care centers. If your center does not meet state standards, you may run the risk of suspension of your child care license, which may lead to the closing of your business.

In this section, we will further familiarize you with the Mississippi State Department of Health (MSDH), the regulating and licensing agency for child care centers and the Mississippi Department of Human Services Office of Children and Youth, the agency responsible for the administration of the Child Care Certificate Program. We have sifted through the Mississippi child care regulations and the Office of Children and Youth (OCY) policy manual, removed the legal jargon and present to you what we believe to be the most important sections of these documents that have the greatest impact on your child care organization's finances. Keep in mind that the information in this section is for existing child care centers. For further information on licensure and for the complete versions of the Regulations Governing Child Care Facilities and the OCY Policy Manual please visit [http://msdh.ms.gov/msdhsite/\\_static/resources/78.pdf](http://msdh.ms.gov/msdhsite/_static/resources/78.pdf) and [www.msdh.state.ms.us/pdfs/ocypolicyman.pdf](http://www.msdh.state.ms.us/pdfs/ocypolicyman.pdf) respectively. New manuals are issued each year. There may be changes, so it is important to keep a current version on hand at all times.

### **Learning Objectives**

- Understanding the role of the Mississippi State Department of Health and the Office of Children and Youth
- Understanding the regulations pertinent to your child care center

### **What is the Mississippi State Department of Health and what does it regulate?**

The Mississippi State Department of Health (MSDH) is a state governmental organization whose mission is to promote and protect the health of all Mississippians. For the children in your care, this means MSDH wants to make sure your facility, staff and organizational policies meet their minimum standards set in the Regulations Governing the Licensure of Child Care Facilities.

### **What are the Important Sections in the MSDH “Regulations Governing the Licensure of Child Care Facilities” document?<sup>xi</sup>**

#### **Section 101: Licensure**

As a child care provider, you know that your business cannot operate without a valid license. Make sure you are aware of your annual renewal deadlines and the renewal process to avoid any lapses in your licensure. A renewal packet will be mailed to you from the licensing agency 75 days prior to the expiration date of the license. File the completed renewal form, all certificates of inspection and approval required by the licensing agency and the renewal fee at least 30 days prior to the expiration date of the license.

**Helpful Hint:** Timeliness is key in renewing your license. If your renewal application is postmarked less than 30 days prior to the expiration date of the license, a \$25.00 late fee will be assessed.

### **Section 103: Facility Policy and Procedure**

Remember that the way you operate your business is not only your responsibility but also a concern of the Mississippi State Department of Health. Changes in your facility operations including location, physical plant, the number of children served, and operator or director staff changes need to be reported to the licensing agency. Updating the licensing agency of changes can make your renewal process much easier.

### **Section 105: Records**

Your licensing agency may frequently request records from you so it is in your best interest to be organized and detailed in your record keeping. The Mississippi State Department of Health requires you to keep all records for at least three years with the exception of children's records which should be kept for one year after the termination of the child's attendance at your center. An extensive list of the required facility, personnel, volunteer and child records that need to be housed in your center and can be found below. Stay informed of records that are required for MSDH by visiting its website at [www.msdh.ms.gov](http://www.msdh.ms.gov).

#### **Facility Records**

- Attendance records for children and employees
- A current alphabetical roster of children enrolled in the child care facility, to include the child's full name and date of birth
- A current alphabetical roster of staff employed or volunteers in the child care facility
- Current license
- Records of monthly fire/disaster evacuation drill
- A record shall be maintained of any medication administered by the director or caregiver showing date, time, and signature of dispensing employee. A medication record may be destroyed 90 days after administering the medication
- A record shall be maintained on each volunteer to document date and number of hours of volunteer service
- Each facility shall maintain a notebook containing copies of the MSDH Certificate of Immunization Compliance (MSDH Form #121) for both staff and children at the facility. The notebook shall contain separate current alphabetical rosters of both staff and children. The certificates shall be filed in alphabetical order to match the current staff and child rosters
- Each facility shall maintain a notebook containing a copy of the Letter of Suitability for Employment from the licensing agency on all employees and, when applicable, volunteers. The notebook shall contain an alphabetical roster of staff and volunteers. Along with name and date of birth, the initial date of hire or volunteering must be given for cross-reference to individual personnel/volunteer files. The Letter of Suitability for Employment shall be filed in order matching the alphabetical roster
- Items required by subsections 8 and 9 above may be placed within the same notebook

## **Employee Records**

Each employee's personnel record shall contain the following:

- Name, date of birth, address, and phone number
- Documentation of education, training, and experience necessary for employment.
- Records of staff development accrued during each licensure year, beginning with date employed
- Date of employment and date of separation
- Mississippi State Department of Health Certificate of Immunization Compliance Form 121
- Documentation that the criminal record checks (fingerprinting), Child Abuse Central Registry checks, and Sex Offender Registry checks, have been conducted (Letter of Suitability for Employment); and the information shall be included in each employee's personnel file. **NOTE: Each person living in a private residence used as a child care facility shall meet the same requirements as employed personnel, relative to health, criminal record, fingerprinting, child abuse central registry checks, and sex offender registry checks**
- Documentation of orientation, within one week of being hired, includes but not limited to emergency procedures (to include policies for handling dangerous situations), staffing and supervision requirements, daily schedules, physical/emotional/developmental problems of children, discipline policies, and child abuse and neglect
- Upon resignation or termination, personnel records shall be kept on file and be made available to the licensing agency for at least one year after the last day of employment

## **Volunteer Records (120 or more hours per year)**

For any person who volunteers in a child care facility for 120 or more hours per licensure year, a record shall be kept which contains the following:

- Name, date of birth, address, and phone number
- Documentation of education, training, and experience that may help them in their role as a volunteer
- Date individual began volunteering and last date individual volunteered at facility
- Mississippi State Department of Health Certificate of Immunization Compliance Form 121
- Documentation that the criminal records check (fingerprinting), child abuse central registry check, and sex offender registry check has been conducted (Letter of Suitability for Employment), and the information included in each volunteer's file
- Documentation of a minimum of one hour of volunteer orientation, within one week of volunteering, including but not limited, to the child abuse law and reporting requirements, emergency exit procedures, policies for handling dangerous situations, and the facility transportation policy
- A volunteer's record shall be retained for a period of one year after they are no longer volunteering at the facility
- A record shall be maintained on each volunteer to document date and number of hours of volunteer service

### **Volunteer Records (Less than 120 hours per year)**

For any person who volunteers in a child care facility for less than 120 hours per licensure year, a record shall be kept which contains the following:

- Documentation of a minimum of one hour of volunteer orientation within one week of volunteering, including but not limited, to the child abuse law and reporting requirements, emergency exit procedures, policies for handling dangerous situations, and the facility transportation policy and special needs of children
- A volunteer's record shall be retained for a period of one year after they are no longer volunteering at the facility
- A record shall be maintained on each volunteer to document date and number of hours of volunteer service

### **Child Records**

The facility shall maintain an individual file for each child under its current care, and for any withdrawn child who withdrew during the preceding twelve months, containing the following identification and contact information, parental instructions, authorizations and other documents required by its policy manual:

- Identification and Contact Information
- The name of the child and names of parents/guardians
- Home address and home phone number
- The parent's business name, address and phone number
- The child's date of birth
- Date of acceptance at facility and date of withdrawal, if any, with the parent's stated reason for withdrawal

### **Other Contact Information Required to be Maintained in Accordance with a Facility's Policy Manual**

- Parental Instructions
  - If the parent provides written instructions to the facility, those instructions concerning the child's growth and development, medical needs, allergies, toilet training and other information relevant to the child's well-being shall be maintained and updated as provided from time to time
- Written identification of an authorized, responsible person(s) for pick up of the child
- Documentation of any limitation of parental rights of the other parent or step-parent
- Documentation of any limitation or restriction, if any, on activities of child, or other participation by the child in certain events such as holiday celebrations or being photographed or other parental concerns
- Authorizations
- Signed written authorization to obtain emergency medical treatment and to administer medication
- Election by parent to either (a) provide written authorization consenting to any and all field trips, excursions, or series of events outside the child care facility, or (b) provide written consent only for those specific field trips, excursions, or series of events for which a date, time and location are specifically approved
- Signed acknowledgment by parent that the written policies and procedures have been received
- Signed acknowledgment by parent that the parent has received a summary of licensing standards and other materials designated by the licensing agency

- Documents Required by Policy Manual or Contract
- If agreed by the facility in its policy manual or caregiver contracts, method in which facility will inform the parent or contact person if a child does not arrive at the facility within a reasonable time after a scheduled drop-off
- Any other documents or identification records agreed to be maintained by the facility

### **Section 107: Staffing**

During a site visit by a licensing official, they will be paying close attention to the staff-to-children ratio and staff qualifications. From the time a child arrives at your center, a staff member must supervise them with a director or director designee qualification, a facility employee who holds a valid CPR certification and an employee who holds a valid first aid certificate. The documentation of these qualifications needs to be available for the licensing official during site visits.

### **Section 124: Hearings, Emergency Suspension, Legal Actions and Penalties**

The denial, revocation or the suspension of your center's license can be caused by any of the following:

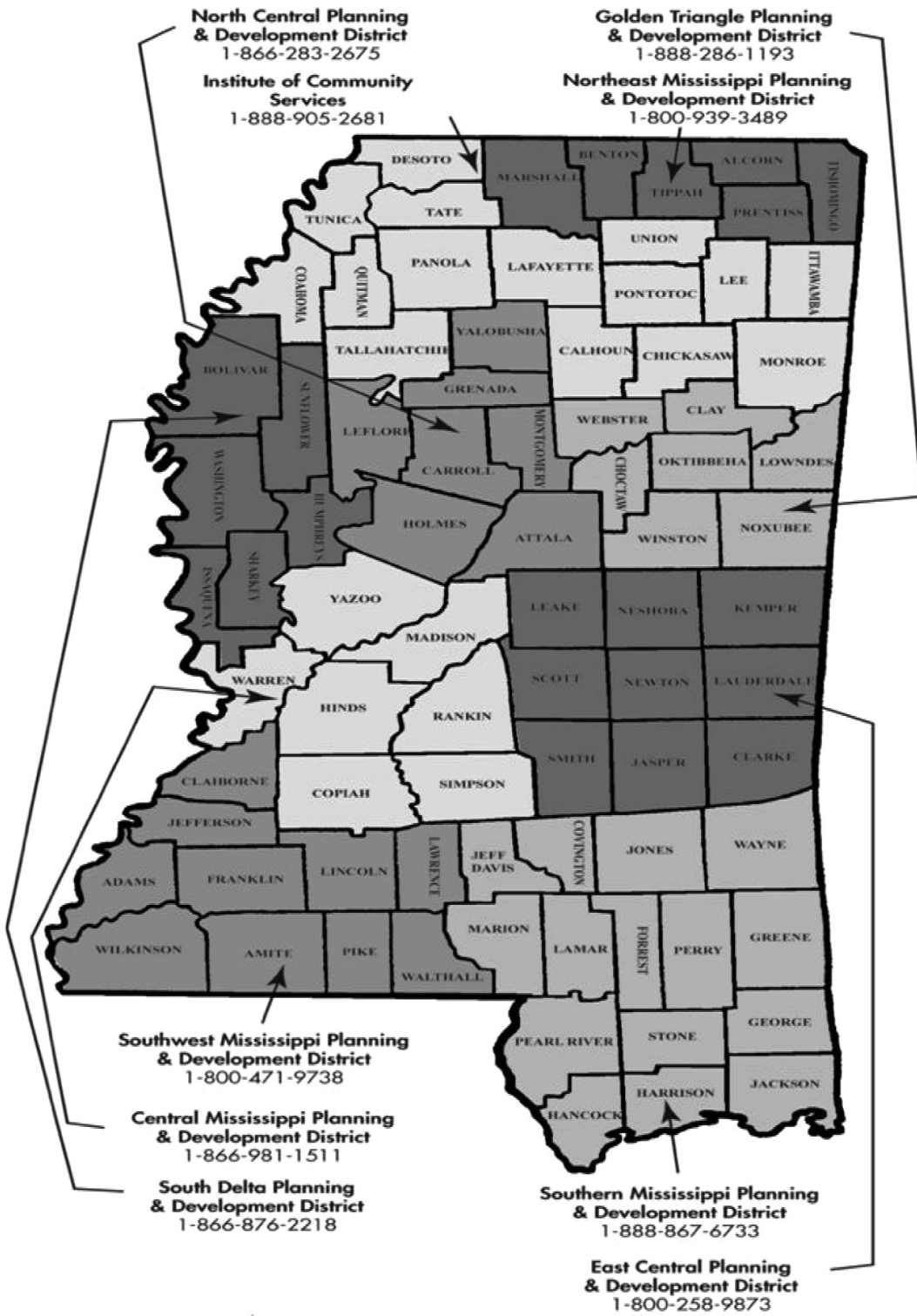
- Fraud, misrepresentation, or concealment of a material fact by the operator in securing the issuance or renewal of a license
- Conviction of an operator of any crime, if the licensing agency finds that the acts of which the operator has been convicted could have a detrimental effect on the children cared for by the child care facility
- Violation of any of the provisions of the act or Department rules and regulations
- Any conduct or failure to act, which is determined by the licensing agency to threaten the health or safety of a child
- Failure by the child care facility to have all criminal records and child abuse central registry checks on file at the facility
- Information received by the licensing authority as a result of the criminal records check (fingerprinting) or the child abuse central registry check on an operator

In any of these cases, the licensing agency will issue a written notice specifying the reasons for the suspension. Upon receipt of the notice, the center's child care license is suspended. In these difficult situations, make sure you know your rights. You have the right to a court hearing within 14 days of the suspension notice.

### **What is the Department of Human Services Office of Children and Youth and what does it regulate?**

The Office of Children and Youth (OCY) at the Mississippi Department of Human Services (MSDHS) is a state government organization whose mission is to provide low-income families with affordable child care. OCY administers the Child Care Certificate Program also known as the Child Care Development Fund (CCDF) through nine Designated Agents located across the state. See the map below for the contact information for your local Designated Agent:

Designated Agent Map<sup>xii</sup>



## What are the important sections of the OCY Policy Manual?<sup>xiii</sup>

### Section 101.03: Rollover

The rollover process, when families have to re-apply for child care benefits, can be a financially hectic time for your center. Applications that are completed in a timely manner allow you to avoid financial hiccups; however, incomplete applications may cause delays in reimbursements and can affect your bottom line. Assisting parents with their child care certificate applications may not have seemed to be part of your job description; however, in order provide seamless child care services and ensure that your certificate reimbursements arrive on time, you may need to walk your clients through the application process.

**Helpful Hint:** Organize a thirty-minute seminar with certificate parents to discuss application processes and answer any questions your clients may have. Although parents must fill out their certificate applications themselves, you can guide parents through the process. The thirty minutes you spend on this seminar could save you a financial headache down the road.

**NOTE:** Assisting parents in the application process is not prohibited by OCY. As long as the parent is filling out the application then you can answer any of their questions. If your Designated Agent has a problem with you assisting parents, please contact OCY directly.

### Section 102.01: Eligible Providers

We highly recommend that you keep your center's licensure current, however, we also understand that every business experiences hurdles. If your center's license expires and you serve children on the certificate program, you can continue to receive certificate reimbursements if: **(1)** the center has not been officially closed by the Health Department, **(2)** the center's director submits a written request, on center letterhead, requesting the continuation of child care payments and, **(3)** the center provides copies of the licensing renewal fee payment, documentation of a current inspection, and a copy of correspondence from the licensing division stating why the license has not been renewed, **(4)** providers can continue to receive reimbursements for certificate children in their centers until the certificates expire. No new certificates will be issued until the center's license is renewed.

### Section 102.02: Application Procedures for Parents &

#### Section 102.03: Eligibility for Parents

Understanding the application procedures for parents can make you a valued resource in your center. Familiarize yourself with the eligibility guidelines and priority groups for child care services and the benefits application. Not only will you be able to help your clients, you will have a better understanding of the CCDF process.

### Section 102.04: Redetermination

Every six months a parent's eligibility for child care services through the certificate program must be re-evaluated. This is known as **redetermination**. It is possible that a parent's financial situation, program eligibility or household composition may have changed which affects their child care benefits. In cases where child care will be terminated or co-payments fees change, the Designated Agent must give you two-weeks notice that the changes will take place. Additionally, parents who have lost their jobs can continue receiving child care for 60 days after their last day of work and the Designated Agent must notify you that their child care benefits will expire after 60 days.

### **Section 104: Payments to Providers**

We do not need to tell you how important accurate record keeping is for your finances, but just in case you have forgotten, here are some helpful reminders. Record-keeping is compulsory for all child care centers, and keeping attendance/absence sheets on a daily basis makes filling out your payment ledgers much less time consuming and more accurate. Additionally, if an OCY Designated Agent decides to drop by your center, you will be prepared.

Remember that your center's rates must be consistent for all of your clients regardless of their participation in the certificate program.

For errors with payments, including under and over-payments, quickly notify your Designated Agent and an adjustment will be made during the next monthly payment cycle.

**Helpful Hint:** Establishing a relationship with your Designated Agent can be a powerful tool for your business. Do not think of Designated Agents as just an authority figure – they can be a resource to help solve any certificate issues concerning your business.

### **Section 105: Interruption of Child Care Services**

There are six circumstances where child care services will be terminated by OCY:

- 1) The Mississippi Department of Human Services Case Manager terminates TANF or TCC child care
- 2) Parents who fail to submit the required information for redetermination are allowed an additional five days' notice before child care services will be terminated
- 3) Non-payment of co-payment fees may result in termination from the Child Care Certificate Program for a one-year period.
- 4) Upon the request of the parent or the OCY Designated Agent
- 5) Child care services are terminated once a child is older than the age requirements
- 6) If the parent provides fraudulent information then services will be terminated and reapplication denied for one year

#### **Section 105.04: Parental and Provider Disputes**

In the unfortunate event that you have a dispute with your Designated Agent, the matter will be resolved by the Director of OCY and sent to you in written form. Before the Director reviews all of the facts and makes a decision, you will be allowed to be heard and provide any evidence that further supports your claims. If you disagree with the final decision from the Director, you have 30 days from the date of the decision to submit a written request for review to the Executive Director of the Mississippi Department of Human Services; however, in the meantime, the final decision from the OCY Director will remain valid until further notice from the Executive Director of the Mississippi Department of Human Services.

The procedures for an Administrative Hearing for a child care dispute are as follows:

- 1) If requested, an Administrative Hearing will be held with the Director of OCY serving as the Hearing Officer
- 2) The Hearing Officer will be a neutral observer who will conduct the hearing, listen to both sides and make a decision based on the information provided

This is an informal proceeding that gives both parties their due process rights and an opportunity to provide evidence. This is not an adverse process. Questions are to be asked only to give

clarification. If a parent has legal representation, the attorney is there only to give legal advice to his/her client.

### **Section 108: Monitoring**

The OCY Designated Agents may perform announced or unannounced visits to your center to review your records and monitor your certificate program. In order to avoid being reported to the Mississippi State Department of Health, Child Care Licensure, keep consistent records so that you are always prepared for an unannounced visit. Monitoring visits include a review of:

- Daily attendance roster for each child
- Comparison of center's attendance roster and the attendance on the center's ledger
- Comparison of the center's published rates charged to the general public and the certificate rates charged to certificate participants
- Verification of co-payment fees
- The center's license
- The center's Statement of Agreement
- Hours of operation
- Attendance verification will be checked to ensure that the center is not receiving more certificates than its licensed capacity

**Helpful Hint:** Record-keeping is an essential aspect of managing your child care center and non-compliance to the OCY record-keeping requirements puts your center at risk of being removed from the certificate program. Save yourself the headache of losing important papers by keeping an electronic version of your records on your computer.

## SECTION 3:

# Sources of Funding for Child Care Providers

This section provides an overview of potential revenue streams for child care providers, from both public and private sources.<sup>xiv</sup> Public support for child care services may be available through federal and state programs, including: the Child Care and Development Fund (CCDF), the Community Development Block Grant (CDBG) and the Child and Adult Care Food Program (CACFP). Descriptions of these programs and contact information are provided in this section. Furthermore, child care providers that are already certified as 501(c)3 nonprofit organizations may be eligible to apply for grants awarded by community and private foundations, and funding through the United Way. In addition to providing descriptions and contacts for foundations and local United Way agencies in Mississippi, this section offers information for child care providers that are not currently 501(c)3 certified but may be interested in pursuing nonprofit status in the future.

### **Learning Objectives:**

- Understanding potential ways to supplement your child care income with public and private funds

### **Public Funding Sources**

Public support for child care services may be available through federal and state programs.

#### **Child Care and Development Fund (CCDF)**

##### *What is CCDF?*

CCDF is a federal child care subsidy program for low-income working families. States must use a portion of CCDF funds to enhance child care quality and availability.

##### *How does it work?*

The U.S. Department of Health and Human Services provides a block grant to the Mississippi Department of Human Services (MSDHS), where the Office for Children and Youth (OCY) determines how the funds are spent. The majority of CCDF money is channeled into OCY's Child Certificate Program, which distributes contracts to nine Designated Agents. Please refer to the Designated Agent Map located above.

##### *How can I receive CCDF funds?*

In order to receive a certificate, parents must apply to one of the Designated Agents. Child care providers must be licensed (or have pending licensure) by the MSDH in order to receive reimbursements. Additionally, a copy of the license must be filed with the appropriate Designated Agent.

##### *Where can I find out more about CCDF?*

A copy of the OCY Child Care Policy Manual is available for download at the MSDHS website:  
[www.MSDHS.state.ms.us/pdfs/ocypolicyman.pdf](http://www.MSDHS.state.ms.us/pdfs/ocypolicyman.pdf)

## **Community Development Block Grant (CDBG)**

- What is CDBG?* CDBG is a federal program of the U.S. Department of Housing and Urban Development (HUD) that funds local community development activities. At the discretion of local city officials, the Mississippi Development Authority can elect to use CDBG funds for child care services to support low- and moderate-income families.
- How does it work?* Child care providers may contract with a local Public Housing Authority (PHA) to provide child care services to residents of public housing. In addition, CDBG funds may be awarded directly to child care providers in Entitlement Cities to serve low- and moderate-income families. To be eligible for a CDBG grant, providers must be licensed by MSDH and be located in one of the following Entitlement Cities: Biloxi, Gulfport, Hattiesburg, Jackson, Moss Point or Pascagoula.
- How can I receive CDBG funds?* Providers may contact their local PHA (see list below) to inquire about the contracting process, or contact the state HUD office:
- Dr. A.H. McCoy Federal Building  
100 West Capitol Street, Suite 910  
Jackson, MS 39269  
Tel: (601) 965-4757  
Fax: (601) 965-4773
- Child care providers in Entitlement Cities may contact their local city officials directly to inquire about CDBG funding, or they may contact the state HUD office listed above.

## **Child and Adult Care Food Program (CACFP)**

- What is CACFP?* CACFP is a federally funded program through the U.S. Department of Agriculture (USDA) that provides meals and nutrition education for children in child care settings.
- How does it work?* States receive grants from the USDA's Food and Nutrition Service. Child care providers may enter into agreements with their administering state agencies. Most child care providers participate in CACFP as non-pricing programs, charging a single fee to cover tuition, meals and other child care services.
- How can I receive CACFP funds?* Providers must contact the Mississippi Department of Education (MDE) and submit application materials to be considered for a CACFP contract. If granted a contract, providers must submit to their administering agency accurate monthly claims in order to receive reimbursements for meals.

*Where can I find out more about CACFP?* Visit the MDE's Office of Child Nutrition website for instructions on how to obtain an application, guidelines and family eligibility requirements:

[http://www.healthyschoolsms.org/nutrition\\_services/cacp.htm](http://www.healthyschoolsms.org/nutrition_services/cacp.htm)

If you are interested in working with other centers in obtaining CACFP funds, contact the Mississippi Low Income Child Care Initiative, 228-669-4827.

### **Local Public Housing Authorities in Mississippi by city<sup>xv</sup>:**

#### **Aberdeen Housing Authority**

910 Martin Luther King Jr. Street  
Aberdeen, MS 39730  
**Tel:** (662) 369-9460  
**Fax:** (662) 369-3366

#### **Amory Housing Authority**

401 South Main Street  
Amory, MS 38821  
**Tel:** (662) 256-3213  
**Fax:** (662) 257-9695

#### **Baldwyn Housing Authority**

101 Eastover Circle  
Baldwyn, MS 38824  
**Tel:** (662) 365-2335  
**Fax:** (662) 365-7669

#### **Bay St. Louis Housing Auth.**

601 Bienville Drive  
Bay Saint Louis, MS 39520  
**Tel:** (228) 467-4545  
**Fax:** (228) 467-4517

#### **Bay Waveland Housing Auth.**

601 Bienville Street  
Bay St. Louis, MS 39520  
**Tel:** (228) 467-4545  
**Fax:** (228) 467-4517

#### **Biloxi Housing Authority**

330 Benachi Avenue  
Biloxi, MS 39530  
**Tel:** (228) 374-7771  
**Fax:** (228) 432-8899

#### **Booneville Housing Authority**

801 N College Street  
Booneville, MS 38829  
**Tel:** (662) 728-4032  
**Fax:** (662) 728-3000

#### **Brookhaven Housing Authority**

501 Brookman Drive  
Brookhaven, MS 39601  
**Tel:** (601) 833-1781  
**Fax:** (601) 833-8090

#### **Canton Housing Authority**

120 Faith Lane  
Canton, MS 39046  
**Tel:** (601) 859-4032  
**Fax:** (601) 859-5217

#### **North Delta Regional HA**

4 East Second Street  
Clarksdale, MS 38614  
**Tel:** (601) 627-9627  
**Fax:** (601) 627-3142

#### **Mississippi Regional HA No. IV**

2845 S Frontage Road  
Columbus, MS 39701  
**Tel:** (662) 327-4121  
**Fax:** (662) 327-4344

#### **Columbus Housing Authority**

**Tel:** (662) 328-4236  
**Fax:** (662) 329-3853

#### **Corinth Housing Authority**

1101 Cruise Street  
Corinth, MS 38834  
**Tel:** (662) 287-1489  
**Fax:** (662) 286-6951

#### **Tennessee Valley Regional HA**

1210 Proper Street  
Corinth, MS 38834  
**Tel:** (662) 286-8437  
**Fax:** (662) 287-1996

#### **Walnut Housing Authority**

1210 Proper Street  
Corinth, MS 38834  
**Tel:** (662) 286-8437  
**Fax:** (662) 287-1996

#### **Forest Housing Authority**

518 N 4th Avenue  
Forest, MS 39074  
**Tel:** (601) 469-1342  
**Fax:** (601) 469-1342

#### **Greenwood Housing Authority**

111 E Washington Street  
Greenwood, MS 38930  
**Tel:** (601) 453-4822  
**Fax:** (601) 455-3547

#### **Mississippi Regional HA No. VIII**

10430 Three Rivers Road  
Gulfport, MS 39503  
**Tel:** (228) 831-2992  
**Fax:** (228) 831-5575

#### **Hazlehurst Housing Authority**

150 Roebuck Court, Apt. 36  
Hazlehurst, MS 39083  
**Tel:** (601) 894-1566  
**Fax:** (601) 894-5330

#### **Holly Springs Housing Authority**

700 Highway 4 East  
Holly Springs, MS 38635  
**Tel:** (601) 252-2971  
**Fax:** (601) 252-4115

#### **Itta Bena Housing Authority**

301 Sunflower Road, Apt. 22  
Itta Bena, MS 38941  
**Tel:** (601) 254-9656  
**Fax:** (601) 254-9330

#### **Iuka Housing Authority**

1629 Old Whitehouse Road  
Iuka, MS 38852  
**Tel:** (662) 423-9232  
**Fax:** (662) 423-9233

#### **Jackson Housing Authority**

2747 Livingston Road  
Jackson, MS 39213  
**Tel:** (601) 362-0885  
**Fax:** (601) 982-4733

#### **Mississippi Regional HA No.VI**

2180 Terry Road  
Jackson, MS 39204  
**Tel:** (601) 373-7040  
**Fax:** (601) 714-3970

#### **Attala County Housing Authority**

**Tel:** (662) 289-5181  
**Fax:** (662) 289-5181

#### **Laurel Housing Authority**

701 Beacon Street  
Laurel, MS 39440  
**Tel:** (601) 425-4651  
**Fax:** (601) 425-7977

#### **South Delta Regional HA**

202 Weston Avenue  
Leland, MS 38756  
**Tel:** (662) 686-2018  
**Fax:** (662) 686-2042

**Clarksdale Housing Authority**

2401 6th Street, Building 9  
Clarksdale, MS 38614  
Tel: (662) 624-8030  
Fax: (662) 627-3341

**Louisville Housing Authority**

605a W Main Street  
Louisville, MS 39339  
Tel: (601) 773-3761  
Fax: (601) 773-3761

**Summit Housing Authority**

1002 Sedgewick Street  
McComb, MS 39648  
Tel: (601)684-7291  
Fax: (601)684-3181

**McComb Housing Authority**

1002 Sedgewick Street  
McComb, MS 39648  
Tel: (601) 684-7291  
Fax: (601) 684-3181

**Mississippi Regional HA No. VII**

130 Commerce Street  
McComb, MS 39648  
Tel: (601) 684-9503  
Fax: (601) 684-6422

**McComb Housing Authority**

1002 Sedgewick Street  
McComb, MS 39648  
Tel: (601) 684-7291  
Fax: (601) 684-3181

**Summit Housing Authority**

1002 Sedgewick Street  
McComb, MS 39648  
Tel: (601)684-7291  
Fax: (601)684-3181

**Meridian Housing Authority**

2425 E Street  
Meridian, MS 39302  
Tel: (601) 693-4285  
Fax: (601) 693-4491

**Okolona Housing Authority**

7005 Okolona Terrace  
Okolona, MS 38860  
Tel: (662) 447-5473  
Fax: (662) 447-5733

**Oxford Housing Authority**

900 Molly Barr Road  
Oxford, MS 38655  
Tel: (662) 234-7524  
Fax: (662) 236-3319

**Hattiesburg Housing Authority**

Tel: (601) 583-1881  
Fax: (601) 583-0759

**Mississippi Regional HA No. II**

900 Molly Barr Road  
Oxford, MS 38655  
Tel: (662) 236-3645  
Fax: (662) 236-3319

**Picayune Housing Authority**

1511 Seventh Avenue  
Picayune, MS 39466  
Tel: (601) 798-3281  
Fax: (601) 799-5123

**Pontotoc Housing Authority**

206 HUD Street  
Pontotoc, MS 38863  
Tel: (601) 489-1312  
Fax: (601) 489-9244

**Richton Housing Authority**

203 Walnut Avenue N  
Richton, MS 39476  
Tel: (601) 788-6231  
Fax: (601) 788-6242

**Sardis Housing Authority**

321 Greenhill Circle  
Sardis, MS 38666  
Tel: (662) 487-2441  
Fax: (662) 487-2487

**Senatobia Housing Authority**

100 Scottsdale Street  
Senatobia, MS 38668  
Tel: (662) 562-5071  
Fax: (662) 562-5095

**Shelby Housing Authority**

1305 Lake Street  
Shelby, MS 38774  
Tel: (662) 398-7141  
Fax: (662) 398-7092

**Starkville Housing Authority**

101 Pecan Acres  
Starkville, MS 39759  
Tel: (662) 323-5536  
Fax: (662) 323-5511

**Long Beach Housing Authority**

102 N Girard Avenue  
Long Beach, MS 39560  
Tel: (228) 863-8256  
Fax: (228) 864-9938

**Tupelo Housing Authority**

701 South Canal Street  
Tupelo, MS 38804  
Tel: (662) 842-5122  
Fax: (662) 680-9730

**Vicksburg Housing Authority**

131 Elizabeth Circle  
Vicksburg, MS 39183  
Tel: (601) 638-1661  
Fax: (601) 638-6993

**Water Valley Housing Authority**

232 Blackmur Drive  
Water Valley, MS 38965  
Tel: (662) 473-2801  
Fax: (662) 473-1826

**Waveland Housing Authority**

500 Camille Circle  
Waveland, MS 39576  
Tel: (601) 467-4247  
Fax: (601) 467-0024

**Waynesboro Housing Authority**

1069 Wayne Street  
Waynesboro, MS 39367  
Tel: (601) 735-4522  
Fax: (601) 735-1751

**West Point Housing Authority**

805 Ivy Lane  
West Point, MS 39773  
Tel: (662) 495-2004  
Fax: (662) 495-2005

**Winona Housing Authority**

200 Briscoe Street  
Winona, MS 38967  
Tel: (662) 283-2575  
Fax: (662) 283-2576

**Yazoo City Housing Authority**

121 Lindsey Lawn Drive  
Yazoo City, MS 39194  
Tel: (601) 746-2226  
Fax: (601) 746-2230

## **Private Funding Sources**

Child care providers that are 501(c) 3 nonprofit organizations may be eligible to apply for grants awarded by community and private foundations. In addition, these providers may be eligible to pursue funding and support services through the United Way.

### **Should I consider becoming a 501(c)3 nonprofit organization?**

Child care providers who successfully form nonprofit organizations may be eligible to pursue grants from community and private foundations. However, these sources of funding are often difficult to obtain due to strict eligibility requirements and competition from other nonprofit organizations seeking the same grants.

In order to become a 501(c)3 nonprofit organization, a child care provider must file paperwork and pay a number of fees to federal and state agencies. Additionally, significant management, planning and reporting obligations are required to run a nonprofit organization responsibly.

For more information on becoming a 501(c)3 nonprofit organization, interested child care providers may contact:

### **Mississippi Center for Nonprofits**

700 North Street, Suite 201

Jackson, MS 39202

Tel: (601) 968-0061

Fax: (601) 352-8820

Email: [mcn@msnonprofits.org](mailto:mcn@msnonprofits.org)

Web: [www.msnonprofits.org](http://www.msnonprofits.org)

## **Community Foundations**

Community foundations are organized to channel public contributions into grants to charitable organizations in a specific community or geographic area.

### **Community Foundation of East Mississippi**

*Areas of interest:* Programs and projects benefiting communities in East Mississippi.

*Application process:* Accepts applications from organizations that provide services for residents in East Mississippi. Foundation staff and Board review applications on a rolling basis. See website for application and guidelines.

*Contact information:* P.O. Box 865  
Meridian, MS 39302  
Tel: (601) 581-8620  
Fax: (601) 693-0464  
Web: [www.cfem.org](http://www.cfem.org)

### **Community Foundation of Greater Jackson**

*Areas of interest:* Projects and programs focusing on education, arts, homelessness and services to benefit women and children.

*Application process:* Applications are available in December and must be returned to the foundation by February. Selected grantees are notified in April and typically receive an award amount up to \$7,500. Additionally, donor-advised grants are awarded to donor-recommended programs; these awards average \$1,000. See website for application and guidelines.

*Contact information:* 525 East Capitol Street, Suite 5-B  
Jackson, MS 39201  
Tel: (601) 974-6044  
Fax: (601) 974-6045  
Web: [www.cfgreaterjackson.org](http://www.cfgreaterjackson.org)

### **Community Foundation of Northwest Mississippi**

*Areas of interest:* Programs and projects focusing on education, health care and youth.

*Application process:* Accepts applications from organizations in Tate, Tunica, Marshall, Coahoma, DeSoto, Quitman, Panola and Tallahatchie counties. Preference for organizations that can raise matching funds. See website for application and guidelines.

*Contact information:* 321 Loshier Street  
Hernando, MS 38632  
Tel: (662) 449-5002  
Fax: (662) 449-5006  
Web: [www.cfnm.org](http://www.cfnm.org)

**CREATE Foundation, Inc.**

*Areas of interest:* Programs and projects in the fields of education, community development, human development and leadership development. Committed to improving the quality of life for people in the sixteen counties of Northeast Mississippi: Alcorn, Benton, Calhoun, Chickasaw, Clay, Itawamba, Lafayette, Lee, Marshall, Monroe, Oktibbeha, Pontotoc, Prentiss, Tippah, Tishomingo and Union.

*Application process:* Applications are typically due by March 1. Following a review by the organization's Grants Committee and Board of Directors, applicants are notified of award status in June. See website for application and guidelines.

*Contact information:* P.O. Box 1053  
Tupelo, MS 38802  
Tel: (662) 844-8989  
Fax: (662) 844-8149  
Web: [www.createfoundation.com](http://www.createfoundation.com)

**Foundation for the Mid South**

*Areas of interest:* Programs and projects supporting community development, education, health/wellness and asset building in Arkansas, Louisiana and Mississippi.

*Application process:* Most grants are awarded through Request for Proposals, periodically posted online. Also accepts unsolicited grant requests on a rolling basis. See website for applications and guidelines.

*Contact information:* 134 East Amite Street  
Jackson, MS 39201  
Tel: (601) 355-8167  
Fax: (601) 355-6499  
Web: [www.fndmidsouth.org](http://www.fndmidsouth.org)

**Gulf Coast Community Foundation**

*Areas of interest:* Programs and projects focusing on education, arts and culture, historic preservation, neighborhood enrichment and health/human services

*Application process:* Applications due in Spring. See website for application, guidelines and current deadlines.

*Contact information:* P.O. Box 2984  
Gulfport, MS 39505  
Tel: (228) 575-8380  
Fax: (228) 436-0733  
Email: [rwilder@mgccf.org](mailto:rwilder@mgccf.org)  
Web: [www.gulfcoastfoundation.org](http://www.gulfcoastfoundation.org)

## **Private Foundations**

Private foundations support charitable endeavors through the distribution of grants. They are created by an individual or a group of related people, and typically do not solicit funds from the public.

### **Phil Hardin Foundation**

*Areas of interest:* Programs and projects focused on early childhood education and literacy.

*Application process:* Applications are accepted on a rolling basis and reviewed monthly. Organizations should submit proposals at least three months prior to funding need. Only proposals that leverage support from multiple funders will be considered. See website for application and guidelines.

*Contact information:* 2750 North Park Drive  
Meridian, MS 39305  
Tel: (601) 483-4282  
Fax: (601) 483-5665  
Email: [info@philhardin.org](mailto:info@philhardin.org)  
Web: [www.philhardin.org](http://www.philhardin.org)

### **Riley Foundation**

*Areas of interest:* Programs and projects focusing on health care, education and the betterment of cultural, environmental and economic conditions of the community.

*Application process:* Grantees must serve the residents of Lauderdale County. Applications are reviewed by staff, then presented to and approved by the Board of Directors on a quarterly basis. See website for application and guidelines.

*Contact information:* 4518 Poplar Springs Drive  
Meridian, MS 39305  
Tel: (601) 481-1430  
Fax: (601) 481-1434  
Web: [www.rileyfoundation.org](http://www.rileyfoundation.org)

## Local United Way Agencies

The United Way is a coalition of charitable organizations working to address community needs throughout the nation with a focus on education, asset building and health. Local United Way agencies may award grants on a competitive basis to 501(c) 3 nonprofit organizations providing early childhood services. Typically, organizations must be United Way member/partner agencies to be eligible to receive United Way funding.

Child care providers that are already member/partner agencies are encouraged to contact their local United Way agency about current grant opportunities and application procedures. A list of local agencies arranged by county is attached.

*If my child care center is not already a member/partner agency, how can it become one?*

In general, acceptance as a member/partner agency with your local United Way depends upon the availability of United Way funds, favorable recommendations from the Fund Distribution Committee and approval by the United Way Board of Directors.

Applicants must meet the organizational and financial reporting obligations required of all 501(c)3 nonprofit organizations, and provide documentation of required filings and certificates. Additionally, applying to become a member/partner agency requires a comprehensive on-site review of its programs/services, policies and practices.

*How can I find out more about becoming a United Way member/partner agency?*

Contact your local United Way (see list of local agencies arranged by county) to ask about member/partner agency application requirements and deadlines.

Additionally, local United Way agencies may provide information about programs and services available to non-member/partner agencies.

**United Way agencies in Mississippi listed by county<sup>xvi</sup>:**

**United Way of the Capital Area**

P.O. Box 23169  
Jackson, MS 39225  
Tel: (601) 948-4725  
Web: [www.myunitedway.com](http://www.myunitedway.com)

**United Way of Cleveland–Bolivar County**

PO Box 1795  
Cleveland, MS 38732  
Tel: (662) 846-1646

**United Way of Corinth and Alcorn County**

P.O. Box 1104  
Corinth, MS 38835  
Tel: (662) 286-8662

**United Way of East Mississippi**

P.O. Box 5376  
Meridian, MS 39302-5376  
Tel: (601) 693-2732  
Web: [www.unitedforunitedway.org](http://www.unitedforunitedway.org)

**United Way of Greater Mississippi–Louisiana**

P.O. Box 1466  
Natchez, MS 39121  
Tel: (601) 442-1081  
Web: [www.liveunitedmisslou.com](http://www.liveunitedmisslou.com)

**United Way of Greater Monroe County**

P.O. Box 612  
Amory, MS 38821  
Tel: (662) 257-0557  
Web: [www.monroecountyunitedway.org](http://www.monroecountyunitedway.org)

**Itawamba United Way**

P.O. Box 334  
Tupelo, MS 38802  
Tel: (662) 862-5557

**United Way of Jackson and George Counties**

3510 Magnolia St  
Pascagoula, MS 39567  
Tel: (228) 762-7662  
Web: [www.unitedwayjgc.org](http://www.unitedwayjgc.org)

**United Way of Leflore County**

P.O. Box 524  
Greenwood, MS 38935  
Tel: (662) 453-1910

**United Way of Lincoln County**

P.O. Box 978  
Brookhaven, MS 39602  
Tel: (601) 833-1411

**United Way of Lowndes County**

P.O. Box 266  
Columbus, MS 39703  
Tel: (662) 328-0943  
Web: [www.unitedwaylowndescounty.org](http://www.unitedwaylowndescounty.org)

**United Way of Neshoba County**

P.O. Box 91  
Philadelphia, MS 39350  
Tel: (601) 656-1000

**United Way of North Central Mississippi**

P.O. Box 1603  
Starkville, MS 39760  
Tel: (662) 323-3830

**United Way of Northeast Mississippi**

P.O. Box 334  
Tupelo, MS 38802  
Tel: (662) 841-9133  
Web: [www.unitedwaynems.org](http://www.unitedwaynems.org)

**United Way of Oxford–Lafayette County**

40 N Lamar Blvd, Suite 5  
Oxford, MS 38655  
Tel: (662) 236-4265  
Web: [www.unitedwayoxfordms.org](http://www.unitedwayoxfordms.org)

**United Way of the Pine Belt Region**

P.O. Box 2026  
Laurel, MS 39442  
Tel: (601) 428-8459

**United Way of Pontotoc County**

P.O. Box 334  
Tupelo, MS 38802  
Tel: (662) 841-9133

**United Way of South Mississippi**

P.O. Box 2128  
Gulfport, MS 39505  
Tel: (228) 896-2213  
Web: [www.uw-sm.org](http://www.uw-sm.org)

**United Way of Southeast Mississippi**

P.O. Box 1648  
Hattiesburg, MS 39403  
Tel: (601) 545-7141  
Web: [www.unitedwaysems.org](http://www.unitedwaysems.org)

**United Way of Washington County**

P.O. Box 115  
Greenville, MS 38702  
Tel: (662) 332-5371

**United Way of West Central Mississippi**

P.O. Box 203  
Vicksburg, MS 39181  
Tel: (601) 636-1733  
Web: [www.unitedwayvicksburg.org](http://www.unitedwayvicksburg.org)

**United Way of West Point and Clay County**

P.O. Box 212  
West Point, MS 39773  
Tel: (662) 494-8089

## SECTION 4:

# The Benefits of Partnerships

Throughout this handbook, you have learned about different tools and strategies to improve your center's operations. In the following section, you will learn about partnerships and how creating meaningful relationships with other organizations can help your center in the long-run.

### **Learning Objectives:**

- Understanding the potential benefits of partnerships
- Learning how to take steps now to have a successful partnership in the future
- Understanding the potential benefits of Head Start partnerships

### **What is a Partnership?**

A **partnership** is any relationship where two or more organizations interact and/or exchange resources in order to benefit all parties involved and help them achieve their goals. Do not let the word partnership mislead you. Partnerships can take on many different forms. They can be casual encounters between centers or formalized agreements involving written contracts. They could be with the child care center across the street or with one across the state. Partnerships could exist between two centers or involve an entire network of providers. They could even exist with individuals or non-child care organizations, such as a local elementary school. The key is that a partnership should make it easier for you to operate your business.

### **Some examples of partnerships are:**

- A child care center arranges the pick-up of children from a local elementary school in exchange for the use of the school's facilities for technical assistance workshops.
- Child care centers exchange information about current issues they are facing, best practices, and other relevant information for successfully running their centers.
- Local child care centers that desire teaching and technical assistance join together and request that technical assistance consultants travel to their area, rather than the individual centers traveling far distances to attend training sessions and conferences.
- Local child care centers band together to buy supplies in bulk. Buying in bulk can reduce costs but requires a high level of coordination and a group administrator, which makes the process more difficult to manage.

### Dialogue Box 3<sup>xvii</sup>

#### **Child Care Center Spotlight – A Simple, But Effective, Informal Partnership**

Mary is the director of a child care center in Itta Bena, Mississippi. She runs a successful center and has over 20 years of child care experience. Even with her years of experience, Mary still faces new problems that threaten the success of her center. Rather than face these issues alone, Mary participates in a monthly meeting with child care directors from all over the Delta region. The meetings are informal, but provide the perfect environment for child care directors to discuss issues in their centers and exchange solutions for how to deal with them. This informal partnership has greatly helped Mary improve her centers and also allows her to pass on her years of wisdom to a new generation of child care directors.

#### **For Centers Who Want To Participate In Partnerships:**

Creating a partnership could relieve some of the stresses placed upon your center. The above examples are just a few of the many ways you can engage with another center or organization. Even without knowing who you will partner with, there are steps you can take now to better prepare your center for a successful partnership in the future:

##### **What do you want out of the partnership?**

You should have an idea of what you are looking to gain from a partnership. Are you looking for an informal partnership, such as one with another child care center to exchange ideas, or one that is more formalized? Are you trying to relieve stress placed on a single aspect of your business, such as transportation? Answering this question will help you determine what kind of partner you are looking for.

##### **How would you describe your center to a potential partner?**

In addition, you must be able to “sell” your center to a potential partner. Essentially, why should an organization partner with you versus another organization? What can you bring to the partnership? This is not only a good question to ask yourself, but also one that potential partners will want to know.

##### **How would your staff react to the idea of a partnership?**

Understanding how your staff will react is incredibly important. Before you become engaged in a partnership, ask your staff members how they would feel about different kinds of partnerships. You do not want to create a hostile or uncomfortable environment for employees. Your staff should be excited about a partnership opportunity. It is your job to educate staff members about the benefits of partnerships and get them comfortable with the idea, if necessary. In some partnerships, staff members reap many of the benefits, including increased training and salaries.

Once you have identified a partner, there are steps you can take to increase your chances of having a successful partnership<sup>xviii</sup>:

- Know your partner's operations
- Clarify roles and expectations
- Coordinate and address conflicting policies
- Avoid duplication

- Prepare staff
- Build trust through communication
- Develop a partnership agreement/contract (if necessary)

### **For Centers Where Partnerships Already Exist:**

Chances are you are already a part of a partnership, but never realized it. Now that you have identified where partnerships exist, the next step is to ensure that you are getting the most out of the relationship. Think of a person or organization that you have a partnership with and ask yourself the following questions:

#### **What is my role in the partnership?**

This is the most important question when examining a partnership and should be the easiest for you to answer. You must be able to clearly identify what you contribute to the partnership.

#### **Am I getting everything I want out of the partnership?**

Most likely, you entered into a partnership because you identified an opportunity join with someone else to improve your business and/or make life a little easier around the center. The key to maximizing the effectiveness of your partnership is communication. Communicate your needs to your partner(s) and have them do the same. Partnerships with open dialogue will provide more benefits for all parties involved.

#### **Could my partnership be expanded to provide additional benefits?**

This question is more appropriate for partnerships that have survived for an extended period of time. You may have a successful partnership that impacts a single aspect of your business. Based on your interactions with that partner, you may consider expanding the partnership to other parts of your business or engaging in a more formalized partnership. Once again, communication is necessary.

#### **Is my partner taking advantage of me?**

Remember, partnerships are meant to improve your center's operations. Therefore, if you are engaged in a partnership where you are not receiving any benefits or the partnership has become more of a headache than help, then you must either find a way to fix the relationship or terminate the partnership all together.

#### **Is my partnership putting me at risk?**

Unlike formal partnerships, which involve negotiated contracts and work agreements, informal partnerships develop during the course of running a business. It is these informal partnerships that can expose your center to unnecessary risks. In extreme cases, informal partnerships can lead to serious problems (see Dialogue Box 4) but in most cases, they can lead to "over-reliance" risk. Because organizations involved in informal partnerships are not legally bound to one another, the partnership can end abruptly. If you have become overly reliant on your partner to provide services, then you may be left scrambling to pick up the pieces.

## Dialogue Box 4<sup>xix</sup>

### Child Care Center Spotlight – The Potential Dangers of Informal Partnerships

Lynn is the director of a child care center in Jackson, Mississippi. Like many centers, Lynn has children who attend both her center and a local Head Start center. The Head Start center picks up Lynn's children in the late morning and drops them off in the early afternoon. These types of partnerships are extremely common in Mississippi. At first glance, this partnership seems normal, but in fact, Lynn may be putting herself at risk for a lawsuit. Lynn's relationship with the Head Start center is very casual and does not include any formal paperwork. Therefore, if anything bad happens to the children while they are in the Head Start van, Lynn could potentially be held legally responsible along with the Head Start center. In addition, she does not maintain a sign-out sheet of the children picked-up by the Head Start center. When the van arrives, Lynn, or one of her staff, performs a simple head count as the children run out the door. Lynn should implement a formalized sign-in/out process.

### THE BENEFITS OF HEAD START PARTNERSHIPS<sup>xx</sup>

Head Start partnerships are partnerships exclusively between a Head Start child care center and a non-Head Start center. Studies have shown that child care centers that partner with Head Start centers receive a wide range of additional benefits and services that would normally not be available. The three main benefits of Head Start partnerships are:

#### 1) Enhanced training opportunities for staff

In partnering with Head Start, your staff would be given the opportunity to learn from Head Start instructors and discuss best practices. Head Start partnerships can also result in increased technical support, training, and mentoring for your staff.

#### 2) Potential sharing of resources

In some Head Start partnerships, Head Start providers have directly contributed financial resources to non-Head Start centers. These funds have been used to purchase supplies and equipment, such as learning centers and playgrounds, fund teacher development, and increase teacher salaries.

#### 3) Extended Head Start benefits to non-Head Start families

In addition to providing child care, Head Start centers also provide a number of family services, such as health screenings and referrals, parent education and involvement, and other social services. Normally, only families that qualify for Head Start programs would be able to utilize their services, but in Head Start partnerships, families of the non-Head Start children would be able to take advantage of Head Start's diverse services. In some cases, these additional Head Start social services have been extended further into the community.

You may be thinking: *What can my center contribute to a Head Start partnership?* It is true that Head Start centers receive federal funding and have rigorous quality and educational curriculum standards, but you offer a service that many Head Start providers desire: **wrap-around care**. Unlike most child care centers, Head Start providers operate for limited hours during the day and do not provide services during the summer. Therefore, wrap-around service provides non-Head Start centers with a great bargaining chip when organizing Head Start partnerships. In some states, Head Start centers compensate partnering non-Head Start centers for wrap-around service with financial resources or training.

Unfortunately, Head Start partnerships are not very common in Mississippi, although they can be found in states all around the U.S. In addition, Head Start partnerships require that non-Head Start centers meet the same quality standards as Head Start providers, which can be difficult and expensive.

### **ADDITIONAL INFORMATION**

If you are interested in Head Start partnerships or would like more information, please visit the Mississippi Head Start Collaboration Office at <http://www.governorbarbour.com/links/headstart.html> or contact the office at (877)-405-0733 or (601)-359-3150.

For further reading on the benefits of Head Start partnerships, please visit the Center for Children and Families website at <http://ccf.edc.org/pubs/partnerships.asp>. It has some wonderful information about how Head Start partnerships can bring in additional resources and improve the overall quality of your center.

## SECTION 5:

# Best Practices of Successful Child Care Centers

### **Treat Your Child Care Center Like a Business**

While the safety, health, and educational growth of the children are the top priorities of your center, you must realize that if you ignore the financial side of running a child care center, your business will suffer. In this handbook, you have been provided with a number of tools to help you run your center, including:

- How to build a business plan
- The Five Forces Model
- The SWOT Model
- Budgeting and Financial Planning
- Tracking Revenue and Expenses

These tools and exercises are meant to help you improve the way you manage the financial side of your business.

### **Look Outside Your Organization**

Whether you know it or not, you are surrounded by a vast wealth of child care knowledge. Don't be afraid to take advantage of the resources around you! Network with other directors, attend training seminars and get involved in your community. Your staff, clients and most importantly, the children will reap the benefits of your efforts.

### **Realize that Your Staff is Your Greatest Asset**

Child care is a human-intensive industry and your center is only as good as the staff that works there. Therefore, take the time to cultivate a winning staff by investing in their training, creating a culture of open dialogue and communication and be sensitive to their needs.

### **Understand the Policies that Regulate Your Center**

Your best defense against penalties, fines, financial hiccups or the closure of your business is understanding the policies instituted by the Mississippi State Department of Health and the Mississippi Department of Human Services Office of Children and Youth.

### **Remember Why You Got Into This Business**

A passionate director and a well-run child care center can better serve children and their families.

# GLOSSARY

**Advisory Board:** group of local leaders who volunteer to provide objective advice

**Branding:** the marketing Strategy that aims to differentiate a product or service, from that of rivals, in a favorable way

**Budgeting:** an itemized projection of an organization's future Revenue and Expenses

**Business Plan:** a plan that sets out the goals and objectives of the business and outlines the Strategy to achieve them

**Competitive Comparison:** compares the competitive offerings of different businesses

**Culture:** the values and beliefs that exist within your center.

**Differentiated Products:** products that are set apart from the products of competitors in a meaningful way

**Distribution Channels:** intermediary companies between producers and final consumers that make products or services available to customers

**Economies of Scale:** the cost advantages and other efficiencies that a business obtains through increased production

**Entrants:** New businesses opening in your market that provide similar services

**Expenses:** the resources a center uses to provide services

**Fixed expenses:** costs that do not depend on the number of children served

**Fixed revenue:** income that does not depend on the number of children served

**Income Statement:** financial document that summarizes an organization's actual Revenues and Expenses over a given period of time

**Leverage:** the ability to influence people, decisions, etc.

**Marketing:** the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals

**Mission Statement:** an organization's reason for existence

**Net Revenue:** the amount of Revenue left over after all Expenses have been paid; calculated as Revenues minus Expenses, ; also known as profit/(loss)

**Partnership:** any relationship where two or more organizations interact and/or exchange resources in order to benefit all parties involved and help them achieve their goals

**Performance Review:** structured feedback given to employees about their strengths, weaknesses and skills. Usually performed every six months to a year

**Positioning:** an attempt to manage the way potential customers view a product or service

**Redetermination:** the period every six months when a parent's eligibility for child care services through the certificate program must be re-evaluated

**Revenue:** money that is earned by providing services

**Segmentation:** a market practice that seeks out pieces of the total market that contain customers with identifiable characteristics, as defined by age, personal interests, ethnic background, and so forth. It allows for direct focus on a Target Market.

**Stakeholder:** one, either internal or external, who has a share or interest in an organization

**Strategy:** a plan that will differentiate the organization and potentially give it a competitive advantage over rivals

**Switching Costs:** the negative costs that a consumer incurs as a result of changing suppliers, brands or products

**Target Market:** the customer base that a business is trying to market its product or service to

**Undifferentiated Products:** products that are not set apart from one another in a meaningful way

**Variable expenses:** costs that depend on the number of children served

**Variable revenue:** income that depends on the number of children served

**Wrap-Around Care:** providing child care services before and/or after the regular hours of operation at a Head Start facility

# Blank Financial Planning and Reporting Worksheet

	BUDGET	ACTUAL	DIFFERENCE
Number of Enrolled Children:	<input style="width: 60px; height: 15px;" type="text"/>	<input style="width: 60px; height: 15px;" type="text"/>	<input style="width: 60px; height: 15px;" type="text"/>
Revenue			
Child Care Fees:			
Parent Fees			
Infants			
Toddlers			
Pre-School			
School-Aged: Summer			
Special Needs			
Certificate Reimbursements			
Infants			
Toddlers			
Pre-School			
School-Aged: Summer			
Special Needs			
Co-Payments			
<i>Subtotal</i>	_____	_____	_____
Federal Grants			
USDA Subsidy			
Other			
<i>Subtotal</i>	_____	_____	_____
Other Income (for non-profit centers)			
Corporate/Foundation Grants			
Fundraising			
Other			
<i>Subtotal</i>	_____	_____	_____
Total Income	_____	_____	_____
Expenses			
Salary:			
Owner			
Director(s)			
Staff			
Fringe			
Occupancy:			
Rent / Mortgage			
Insurance			
Maintenance			
Electricity			
Gas			
Water			
Telephone			
Internet			
Child Care:			
Food			
Supplies			
Transportation			
Staff Training			
Office:			
Supplies			
Printing			
Postage			
Miscellaneous			
Total Expenses	_____	_____	_____
Net Profit / (Loss)	_____	_____	_____

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