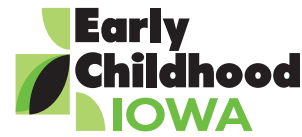


BUSINESS PRACTICES AND TECHNOLOGY SURVEY



HOME BASED CHILD CARE PROVIDERS

In December 2021, Early Childhood Iowa sent an electronic survey to all 2,333 registered home based providers in the state to learn about how providers manage their business, and what, if any, technology solutions they are using. There were 305 (13%) returned surveys, with the majority (79%) of responses from providers who have been in operation for 6 years or more.

KEY SURVEY FINDINGS

96%

have consistently reliable high-speed internet access

43%

report regularly being paid late

74%

of respondents are not using business software tools to operate their business

70

hours worked per week reported by more than half the respondents

COLLECTIONS

Full collection of fees is a significant driver of provider sustainability. Several questions on the survey asked about how providers handle billing and collections. Survey results indicate that most Iowa providers are collecting fees in the form of checks and cash (See Table 1). This is important because there are several steps involved in processing payments paid “manually.” Checks must be endorsed and prepared for deposit (either online or at the local bank branch). Cash must be secured and deposited (in order to be tracked as revenue) into the provider’s bank account.

Additionally, each payment must be reported in the child/family record so that providers can track what is owed and families have a record of payment for tax purposes.

For those providers who use a cash application (e.g. – Venmo or PayPal) or an ACH transfer, time is saved on making the physical deposit, but recording payments in each family’s individual account is still necessary. Providers who use a child care management system for billing and collections will have electronic payments deposited in their bank account and recorded to the family record without any action on the part of the provider.

Table 2 shows a significant number of providers (43%) report that 1-2 families are consistently late in paying tuition. The likelihood that a provider will be paid diminishes exponentially every day that payment is late, largely because small sums quickly build up. Unpaid tuition bills that grow too large for a family to manage can result in their withdrawal from the program, with providers permanently losing income.

There is strong anecdotal evidence that electronic payment and frequent reminders to families can significantly reduce the level of bad debt held by providers.

TABLE 1: METHODS FOR PAYMENTS

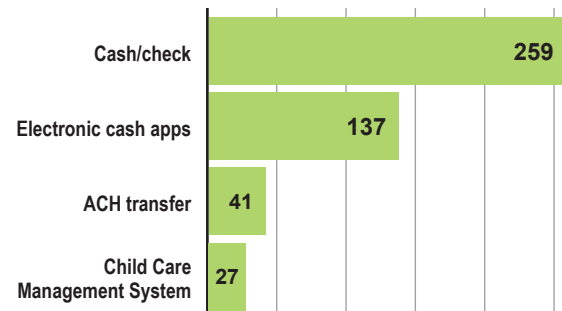
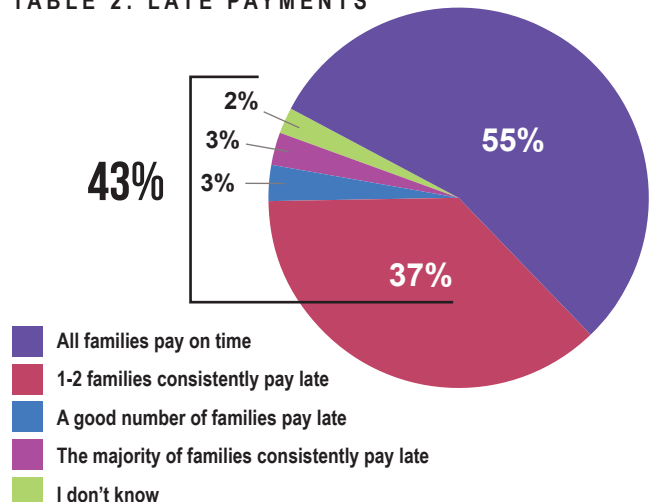


TABLE 2: LATE PAYMENTS



WORK/LIFE BALANCE

Home based providers can never leave work – literally. While there are benefits to operating a business in your home, the downside is the lack of boundaries between work and home. Home based child care providers open before the work day starts for parents and operate until after the work day ends. Providing direct care for 50 hours each week is typical, and beyond that is the time it takes to operate a business, deliver educational services, and attend to the facility/environment.

Table 3 shows that providers work an average work week of 69 hours, with half of providers working more than 70 hours/week.

When asked about the hours spent on specific types of tasks, respondents confirmed that most time is spent in direct care and education of children in the program at 40 hours/week. The second most time consuming task is cleaning/shopping/meals, at 12 hours weekly. Managing the business ranked third at an average of 7 hours/week. (See Table 4.)

Providers reported that their most significant challenge is time. When asked to compare the challenges of time, expertise, and money, providers reported that having enough time to manage business tasks was the biggest pain point, by a wide margin (See Table 5).

ACCESS TO TECHNOLOGY

The digital divide is an important consideration when seeking to understand the business environment. While many individuals living in low-income communities do not own desktop/laptop devices, the use of smartphone technology is available to everyone. The survey asked providers to report their access to technology devices; Table 6 shows that 63% have access to at least a smartphone, with smaller percentages owning other hardware devices.

Finally, the issue of connectivity can be a barrier to accessing business software solutions. The survey found that 96% of providers have access to consistently reliable internet access, with 74% having generally reliable access to high speed internet/mobile data (See Table 7). It is important to note, however, that those with limited, poor or no internet access were not likely to respond to an electronic survey that was delivered via email.

TABLE 3: TOTAL HOURS WORKED PER WEEK

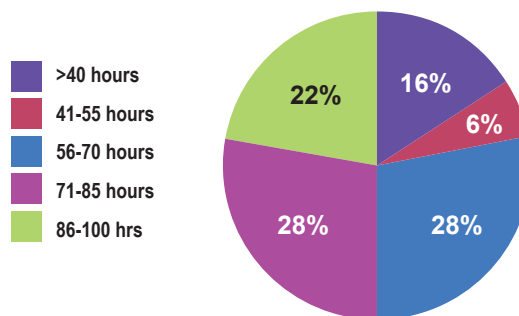


TABLE 4: AVERAGE HOURS SPENT/TASK EACH WEEK

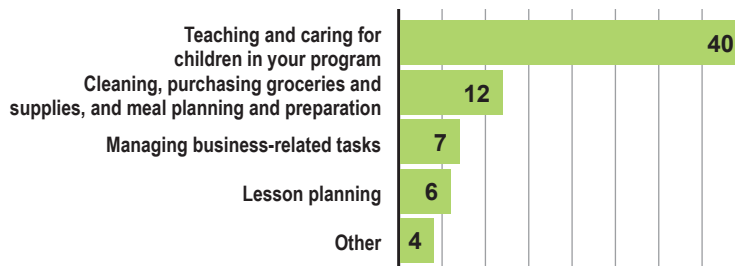


TABLE 5: CHALLENGING BUSINESS RELATED TASKS

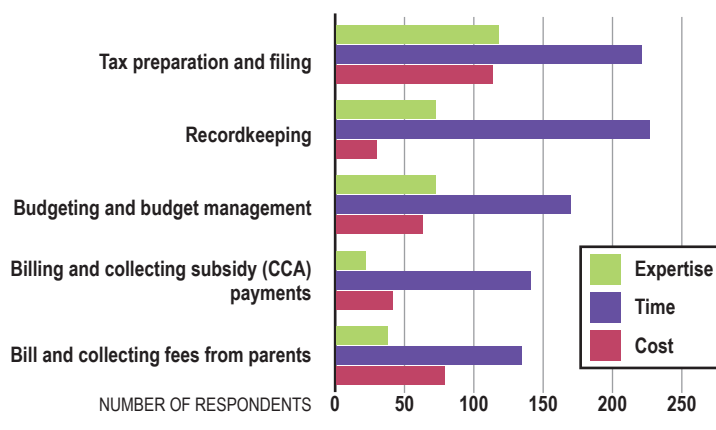


TABLE 6: HARDWARE/DEVICES AVAILABLE

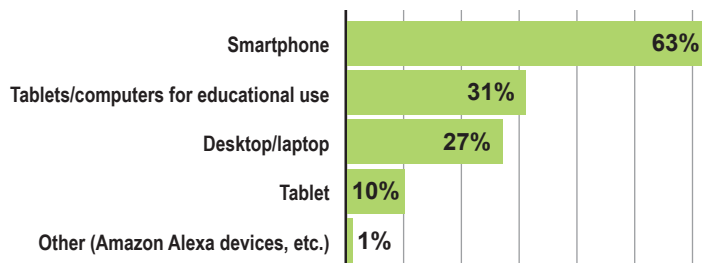


TABLE 7: INTERNET CONNECTIVITY

