

Business-Child Care Partnership Tool Kit

MODULE 3

Best Business Practices for Child Care



**PROJECT
GROWTH**
WISCONSIN FAMILIES ARE A GOOD INVESTMENT

Like most industries, there are particular legal, regulatory, and tax implications to consider when operating a child care business. Best business practices for child care must consider the intersection of regulatory policies, operational norms, and quality indicators along with these other standard business practices. The strength of Wisconsin's rules and regulations along with the quality measures laid out within the YoungStar program provide a solid foundation for best business practices for child care programs. This module outlines additional practices and supports which, when implemented, can provide increased ease of business management, employee retention, and improved outcomes for children.

Bookkeeping and Finances

Regulatory policies outlined in "Moving Forward: Rules and Regulations for Opening or Expanding a Child Care Site" set rules for the necessary square footage, maximum group sizes, and teacher-to-child ratio based on the age of the child served. These rules, grounded in safety and risk management, have financial implications.

The [Iron Triangle model](#) developed by Louise Stoney of Opportunities Exchange is a set of principles designed to ensure successful financial management of child care businesses. The Iron Triangle represents a set of operational metrics proven to strengthen financial stability.

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Tool Kit Modules

- Module 1 — High-Quality Child Care: Why It Matters and How We Achieve It
- Module 2 — Building Successful Business-Child Care Partnerships
- **Module 3 — Best Business Practices for Child Care**
- Module 4 — Moving Forward: Rules and Regulations for Opening or Expanding a Child Care Site
- Module 5 — Sustaining Child Care in My Community
- Module 6 — Why Should Businesses Partner with Child Care?

Tool kit modules will be released on a rolling basis. For a full list, visit www.ProjectGrowth.WI.gov.





- **Enrollment trajectories:** Smart budgeting for enrollment considers staffing capacity (number of children necessary to have enrolled to cover costs of number of staff required to meet ratio) and enrollment patterns (with a norm of 85% licensed capacity). Solely budgeting on licensed capacity may leave your budget in the red.
- **Full fee collection:** Child care businesses often carry bad debt. To ensure full fee collection, enforce payment contracts and encourage online and auto deduction of payments.
- **Revenues to cover your per-child costs:** Child care programs typically have different tuition rates based on the age of the child. The rates set for each age group must cover per-child expenses.
 - Per-child costs include staffing and supply costs for a given age group/classroom as well as a portion of all shared expenses such as utilities, rent, snow removal, and food costs.
 - An assumption of average enrollment rates (85%) should be used to calculate revenue estimates.

Child care program policies, including registration fees, sibling discounts, late fees, and others, may carry financial implications which should be accounted for within the budget. Signed contracts with each family should be built into a program's practices and should be signed by the person(s) responsible for the payment incurred. Contracts need to have five parts to be legally binding: the names of the parties entering the agreement, the description of services provided, the amount and expectations around payment, termination clause, and signatures/dates of the parties involved.

Legal and Tax Considerations

Legal and tax implications for child care providers can be complex, and providers are encouraged to work with professionals in these fields familiar with child care businesses. The requirements for licensing to operate a child care program in Wisconsin include creation and implementation of policies with legal implications. These include but are not limited to:

- Employment terminations
- Contract violations
- Sexual or child abuse claims
- Injuries on property

Insurance coverage is also required for child care providers, with the premium based on the number of children on the state License or Certificate. In addition to liability insurance, providers renting space may want to consider renter's insurance. All providers may need to add an additional policy for professional materials/equipment.



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One recommended resource for legal and tax implications for child care providers is [Tom Copeland](#), whose blog provides guidance on a host of topics and questions. While focused on family child care providers, many resources provided by Copeland are also applicable to group child care providers. Resources include:

- [Q&A on legal and insurance issues](#)
- [Questions to ask before purchasing liability insurance](#)
- [Family child care contracts & policies](#)
- [Tax workbook and organizer](#)

Additional Supports and Resources

- Staff Supports: implementation of supports for early care and education professionals can be critical for recruiting, hiring, training, and retaining qualified early care and education professionals; this requires investment by a child care program which can reap multiple benefits. Some supports to consider include:
 - [T.E.A.C.H. Early Childhood® WISCONSIN](#) provides higher education scholarships to professionals who work in regulated early childhood and school age care settings.
 - [REWARD Wisconsin Stipend Program](#) provides salary supplements based on educational attainments and longevity in the field.
- The [Child and Adult Care Food Program \(CACFP\)](#) provides reimbursement for nutritious meals and snacks served to children and adults enrolled in care and to children in afterschool programs and emergency shelters.
- [The Wisconsin Early Education Shared Services Network \(WEESN\)](#) brings together family and center-based early care and education programs to pool resources and leverage economies of scale. By sharing resources, knowledge, and expertise, child care programs can save time and money. Tiered levels of services include communication, cooperation, and collaboration.
- [YoungStar Resources for Providers](#) provides an outline for best quality practices for Wisconsin's child care programs. Programs are always encouraged to strive for the highest level of quality possible.
- [Child Care Resources and Organizations](#) from the [Child Care Information Center](#) provides resources from internal and external sources to build a strong child care program.
- [Infant and Early Childhood Mental Health Consultation](#) provides support to early care and education professionals to build self-reliance, mental health awareness, and confidence to best support children in their earliest years.
- Bureau of Early Care Regulation (BECR) Policy Samples
 - [Policy Sample – Family Child Care Centers](#)
 - [Policy Sample – Emergency Plan Regulated Child Care](#)



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Read

- [Budget, Tax, and Record-Keeping Requirements for YoungStar](#)
- Review the licensing Policy Checklists from DCF:
 - [Policy Checklist for Group Child Care Centers](#)
 - [Policy Checklist for Family Child Care Providers](#)
 - [Policy Checklist for Day Camps for Children](#)

Do

- Consider a membership to [Wisconsin Shared Education Resources \(WISER\)](#) for sample budgets, policies and administrative tools and templates.
- Explore resources from [Opportunities Exchange](#), including [Financial Management Toolkits](#) for child care providers.

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