Alternate Child Care Delivery Systems

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Traditional family child care model

- The most common model involves a family child care business owner providing care for children in their primary home
  - The license holder is the primary provider of care
  - Cares for a mix of ages of children, with limits on total number and the numbers in each group
  - One provider: maximum capacity of between 5 and 12 children
  - Two providers: maximum capacity of 14 children

Other family child care models allowed in MN

- Special family child care – care that is not in the license holder's primary home
  - Care can be provided in non-residential settings, such as churches, schools, and employer-based settings
  - Care can be provided in a residential setting that is not the provider's primary home
- Co-located family child care ("pod model")– multiple family child care providers who run distinct programs under the same roof

Economic challenges of traditional model

- Current business model was built on a foundation of women doing low wage work in their own homes
- Is not large enough to achieve economies of scale
- Owners work long hours
- Few, if any, economic supports designed specifically for family child care

Business models to increase financial sustainability

- In order to make family child care business **models** more sustainable, two common factors are considered:
  - Economies of scale
  - Partnerships that impact financial operations

There are many more strategies to impact financial sustainability of child care, but this conversation is focused on business models only

Business models that impact economies of scale

- There are many options available in Minnesota vs. other states
- Co-located family child care (a.k.a the “pod model”)

NOTE: following models are not currently available in Minnesota

- Co-located family child care in a single residence
- Franchised family child care; license holder is no longer an individual
- Family child care that serves larger numbers of children (North Dakota model)

Models that impact financial operations

- Co-located family child care
  - Low or no facility costs, joint purchasing/reduced purchasing, food service
  - Community asset, community facility
- School-based family child care
- Employer-sponsored family child care business partnerships
  - Family child care operates independently; completely separate entities
  - Employer holds license, family child care provider becomes an employee
  - No facility costs, operations underwritten (payroll, accounting, liability coverage, worker's compensation), "safety net" funding available, access to benefit packages

Conclusion

- Traditional model of delivering family child care will ***always*** be an option
  - Relies heavily on home ownership and additional household income
- In order to recruit new entrepreneurs to family child care, business innovation is necessary
  - Promote equity, remove challenges for non home owners
  - Honor professionalization of early care and education field
  - Promote culturally and linguistically diverse entrepreneurs
  - Strategies highlighted can – and should be – combined
  - Business consultation is integral to planning a new FCC business or shifting FCC operations to a new model

Thank you!