



One Vision to Improve Sustainability in the California Child Care Sector

Background

In January 2006, stakeholders in the child care field from northern California participated in a meeting co-sponsored by the Federal Reserve System and the Aspen Institute's Economic Opportunities Program. Representatives from four sectors, including Individual Development Account programs, charter schools, child care, and mid-sized Community Development Financial Institutions, gathered to pursue the following shared goals: 1) consider a new framework for scale and sustainability for their fields; 2) explore the feasibility of collaborative models for their sectors; 3) learn from and share ideas among each other; and 4) pursue future dialogue and implementation models where appropriate.

The Low Income Investment Fund (LIIF) led the planning effort for the child care sector. Meeting participants included: representatives from center-based and family child care; intermediaries that have worked with providers on a range of business issues; experts who have worked with providers on administrative issues such as facilities development and fiscal accounting; funders with interest and expertise in early childhood education; and experts with experience with collaborative models for child care.

Participants were introduced to new business models and practices from other sectors that developed collaborative models of managing infrastructure costs. Through a series of facilitated exercises, we had a chance to explore various themes ranging from creating our vision for the year 2010 to designing a system to support child care programs to operate more efficiently. The ideas generated are presented here as a starting point for further discussion and exploration.

A Shared Vision

Through facilitated conversations, participants were able to think broadly about the administrative gaps and limitations facing child care businesses, and conceived a vision for a two-tiered collaborative entity or trade association to support and strengthen child care throughout California. The vision involves developing a California child care trade organization. The goal of the organization would be to create opportunities that promote child care programs as viable businesses. Using an economies-of-scale approach, services and goods could be offered to help programs save money, increase efficiency, and improve quality.

At the state level, such an organization could offer services such as a) health insurance group rates, either through Professional Employee Organizations or purchasing pools;

b) advocacy efforts on tax and land use issues, for example, to promote child care as a business; c) technology support for purchasing and maintaining computers, web creation and management, procuring cell phones and negotiating long distance rates; d) bulk purchasing for major products, such as instructional materials, office supplies, diapers, energy efficient and green products, and playground equipment. In addition, the vision includes local affiliates or chapters, utilizing existing local agencies where appropriate, to support providers with local services such as a) joint contract administration; b) staffing and human resources management; c) professional development tracking; d) fee collection and bookkeeping e) facilities development technical assistance; f) bulk purchasing with local vendors; g) subsidy and grant administration; h) marketing and collateral materials development; and i) organizational development technical assistance.

Funding for the trade organization could include foundation start-up grants, membership fees, fees for services, trade association credit cards, and corporate sponsors. In an effort to engage providers, a cost-benefit tool would be developed to demonstrate the savings that could result from membership in the organization.

Meeting participants were unanimously enthusiastic about engaging with a broader group of child care sector stakeholders to pursue the discussion, respond to questions that were raised, and to further develop ideas spawned at the meeting.

Questions for further discussion included:

- How would a new organization interface with other organizations throughout the state?
- Could an existing organization be expanded to include some of these additional functions?
- How does a collaborative organization prioritize which services to offer?
- What would the structure of an organization be in such a large state?
- Is this a fundable model?
- How do we deal with the current child care system as a backdrop, one that is under-funded, fragmented, and administratively burdensome?
- Could such an organization become self-sufficient over time?