

Child Care Business Models and Programs

A Resource Guide

Choosing a child care business model and program type that works for you and your community is a critical step in your design process. The purpose of this guide is to outline the variety of child care business models that currently exist. We start with child care program types, then outline business models,



Click on the lightbulb icon or scan the QR codes in the document as you read to be directed to more resources!

Child Care Programs

There are four main types of licensed/ registered child care programs providers can choose to offer in the state of Montana. Use the guide below to find what child care program suits you best.



Licensed Child Care Center	This program is located outside of a home typically in a commercial building in which care is provided to 16 or more children on a regular and is considered licensed.
Registered Group Child Care Home	This program type is located in either a private residence or another structure in which care is provided for 9-15 children on a regular basis and is considered registered.
Registered Family Child Care Home	This program type is conducted out of a private residence in which care is provided for 3-8 children on a regular basis and is considered registered
Family Friend, & Neighbor	This provider is registered to provide care in a child's home or in a provider's home for a sibling group of any size or no more than 4 unrelated children. ¹

¹ <https://dphhs.mt.gov/ecfsd/childcare/childcarelicensing/>

Child Care Business Models

There are many child care business models that your community can explore. Some options may work better or worse depending on the needs and structure of your community. You can even combining models to find your perfect match.

Organizational Structures

Nonprofit

The Nonprofit Child Care model is governed by a board of directors made up of representatives from the communities much like a public school. Nonprofit facilities have access to government funds, grants, and private donations and hold a tax-exempt status.

Benefits	Considerations
Parents who utilize nonprofit child care do not pay the provider directly impacting financial security for families.	Nonprofit child care facilities must use any profit or excess income to benefit the program and cannot distribute to individuals.

For Profit

The For Profit Child Care model is controlled by ownership and is designed to make a profit for staff. These facilities are considered private businesses and must pay federal and state corporate income, payroll, sales, and property taxes.

Benefits	Considerations
The business owner of this model has full control of how the facility is run and can choose to diversify funding to turn a higher profit.	owners of for profit facilities will need to consider that price of service could lead to a decrease in the number of families who can utilize their care. ¹



Check out this document from First children's finance

<https://bit.ly/40qpZTW>

¹ https://ndchildcare.org/file_download/ffc01e9c-dcd9-40be-a30a-e1f6bd059957

² <https://familyforwardnc.com/family-forward-policies/subsidized-reimbursed-child-care/>

Employer Sponsored Child Care Model

The Employer Sponsored child care model includes subsidized, reimbursed, and, reserved spots with local care options. The partnership between employers and providers is mutually beneficial; employers increase staff retention and loyalty, providers obtain stable revenue and clientele.

Benefits	Considerations
This model reduces employee absence, and mental health as parents are able to check on their kids when needed.	Considering the number of employees that would benefit from child care support may help determine what support to offer. ¹

On-Site/Near-Site Child Care Model

The On-Site/Near-Site Child Care model lets organizations provide the location for child care within or near their site for the benefit of employees or the general parenting population.

Benefits	Considerations
This model helps organizations offer support and show their concern for young families.	Completing a cost of care assessment may help you decide between on-site and near-site. ²



Check out this example from Printing for Less in Livingston, MT

<http://bit.ly/3nbADj4>



Long-Term Care Facility Partnership Child Care Model

The Nursing Home partnership Model is a merger between generations by implementing a child care program within a care facility. elderly residents can be used as a resource to play with and teach young children alongside teachers.

Benefits	Considerations
This model counterbalances the effects of isolation and loneliness in the aging population while providing more social interaction for the children.	To establish a child care within a nursing facility the provider will need to work with the facility to find space and schedule that works with the existing establishment. ³



Check out this example from Seattle, Washington

<http://bit.ly/3lE3nR9>



¹ <https://familyforwardnc.com/family-forward-policies/subsidized-reimbursed-child-care/>

² <https://familyforwardnc.com/family-forward-policies/on-site-or-consortium-sponsored-child-care/>

³ <https://www.theatlantic.com/education/archive/2016/01/the-preschool-inside-a-nursing-home/424827/>

Housing Development Child Care Model

The Housing Development Child Care model incentivizes and supports the development of new child care facilities within housing developments for the benefit of its residents.

Benefits	Considerations
<p>This model opens the door to solving two economic issues: access to low-income housing and available and affordable child care.</p>	<p>Developers should collaborate with early childhood professionals early on in the process to ensure the space meets licensing regulations and class schedule flow.¹</p>



Check out this project out of San Francisco

<https://bit.ly/3FLFsWM>



School District Child Care Model

The School District Child Care facility, is housed within a school district typically for the used of staff children or siblings of current students. This model utilizes the facility resources and district connections to further the success of the program.

Benefits	Considerations
<p>This model is an incentive for school staff members to choose your school district over others that do not offer child care support.</p>	<p>Child Care providers will need to work with school administrators to decide whether this child care program operates outside of school session.</p>

College Campus Child Care Model

The College Campus Child Care model offers the opportunity for practical education for upcoming educators as well as a relief for parents attending college courses.

Benefits	Considerations
<p>Having reliable and accessible child care can help students finish their degree rather than just accumulating debt.</p>	<p>Much like the school district model, directors will need to determine if operation follows the school schedule.²</p>



Check out this example from MSU Great Falls College

<http://bit.ly/3LJlvCA>




¹ <https://www.liifund.org/wp-content/uploads/2020/09/Sonoma-White-Paper-Housing-Development-Child-Care-Facilities-Strategies-and-Financing.pdf>

² <https://www.cupahr.org/issue/feature/on-campus-childcare/>

Shared Service/Hub/Pod Child Care Model

The Hub or pod model allows for several family child care providers to operate within one building. Providers run their programs separately but share overhead costs making opening and operating much more affordable.

Benefits	Considerations
This model helps family child care providers operate outside of their homes when before it would be too expensive.	For specific details visit opportunity Exchange at https://www.oppex.org/ 



Check out this example from the Wisconsin Early Education Shared Services Network
<http://bit.ly/3ngXv0I>



Micro-Center Network Child Care Model

The Micro-Center model is comprised of several small child care providers who rent a space within a shared building. The providers who choose to participate share administrative support to lighten the load on each program.

Benefits	Considerations
Micro-Centers can act as a lead organization to attract outside funding and distribute evenly among partners.	Consider whether each program should have their own director or if one director could serve multiple or all programs. ¹



Check out this example from The Early Connections Learning Centers: <https://bit.ly/3nftgqU>



¹ <https://www.neighborimpact.org/microcenters/>

Head Start Model

The Head Start model takes a comprehensive approach to connecting with 3-4 year old children and their families. Head Start implements programs with a four pillar approach including education, health services, family involvement, and wraparound support.

Benefits	Considerations
This model is federally funded to local organizations, so child care services are available to qualifying families at no cost.	A limited number of grants are available, so reach out to the state <u>Head Start Collaboration Office</u> . However, the model can be adapted and <u>resources are available</u> .

Early Head Start Model

Early Head Start serves infants and toddlers under the age of 3, and parents starting prenatally. The model provides comprehensive child development and support services to low-income families and children with special needs.

Benefits	Considerations
Providers can support parents early in their child's life, starting at pregnancy. This model centers the entire family at the most critical states of life.	For all Head Start programs a community assessment will need to be done before a full program launch can take place.

Early Head Start - Child Care Partnership Model

This partnership model combines the efforts of local child care providers and Early Head Start programs to strengthen the quality of care offered to families. The Partnership integrates Early Head Start services and resources into a child care setting.

Benefits	Considerations
This model fosters a sustained, mutual respect and collaboration amongst the child care system.	Partnerships should share the same general vision, mission and agree to the anticipated results. ¹



Check out this example from Ravalli Head Start Partnerships

<http://bit.ly/4ObwdHp>



¹ <https://eclkc.ohs.acf.hhs.gov/programs/article/head-start-programs>

Cooperatives also known as Co-Ops are created by community members to solve an identified need. Community members take on the role of owners and become decision makers for the business. Cooperatives are not created to turn a profit; rather, they aim to solve an economic need within the community. There are many different types of cooperative child care business models, let's explore some options. For more details and support on starting a co-op in Montana reach out to Montana Cooperative Development Center. <https://www.mcdc.coop/>



Multi-Collaborator Cooperative Model

This model demonstrates the flexibility of cooperatives by combining either different types of cooperative or utilizing different types of individuals/organizations. For example this model could be a shared services model and an employer- owned for even more community collaboration.

Benefits	Considerations
This model lets communities share even more collective impact on the development of the early childhood system.	The multi-cooperative models challenge communities to look to the future to see payout rather than focusing on short-term interests.

Shared Services Cooperative Model

Within the shared service model child care businesses share resources while remaining entirely separate entities. examples of shared resources could include; marketing, bulk buying, toy lending, paperwork, or even a backup care network.

Benefits	Considerations
The shared service model creates a sense of community within an industry that can often seem isolating, reducing the risk of burnout among providers.	Child care providers looking to create this model will want to put an emphasis on the standard of care provided by all facilities involved so the collective quality of care is not diminished. ¹

¹ <https://www.mcdc.coop/resources/>

Employer-Owned Cooperative Model

The Employer-Owned Cooperative can be owned by an outside business or contract with a child care business to offer services to employees. Child care services could be onsite or at a reduced rate as an incentive to employees.

Benefits	Considerations
This model can reduce employee absences, increase a sense of loyalty, and boost morale.	Employers could be involved by providing or paying for facility space, covering start-up costs, or paying a portion of the child care rate.

Parent Owned Cooperative Model

Parent Co-Ops are formed by a small group of parents who operate as a board of directors caring for around 4 to 15 children. Each parent pays a member fee to fund the operating costs and contributes time to the cooperative's success.

Benefits	Considerations
These programs can give parents more control over teacher selection, curriculum, and schedule.	Once children age out of needing care parents may leave the Co-Op. Owners will need to reach out to upcoming parents to sustain membership.

Consortium Cooperative Model

In this model businesses collaborate to provide care within industrial parks, and commercial developments for the benefit of those employed there. The child care is collectively owned by the business, and governed by a board of directors from membership and participating businesses.

Benefits	Considerations
This model lets businesses share costs associated with providing child care, and can benefit businesses that want to offer child care but have a low parent population.	The board of directors will want to decide whether they would like to build a new facility or contract with existing providers. ¹

¹ <https://www.mcdc.coop/resources/>

Child Care Investment Cooperative Model

The investment cooperative model, a collaboration of businesses and organizations provide capital investments to a child care. These investments can support start-up costs, new builds, renovations, or upkeep costs.

Benefits	Considerations
Democratic leadership is still important, meaning each member still has one vote in regards to the distribution of funds.	Investment cooperatives can invest in child care cooperatives or other child care models.

Worker Cooperative Model

In this model, child care employees take on an additional role as member-owner. As member-owners, directors, teachers, and assistants make decisions for the business. worker cooperatives can contract with consortium or employee sponsored cooperative models to strengthen collaboration.

Benefits	Considerations
Employees have more control over fair wages and working conditions in this model.	Worker cooperative can be governed by either an elected board of directors or as a collective where decisions are made with a consensus, or majority vote. ¹

Other Considerations:



Check out our philosophies document to further develop your child care business.



Contact your local Child Care Resource and Referral agency to apply for your child care license to get access to supports, resources, and start safely caring for children in your area.



Contact Montana Child Care Business Connect for business consultation, and technical assistance



¹ <https://www.mcdc.coop/resources/>