

.....> MASSACHUSETTS <.....

# FAMILY CHILD CARE

<..... BUDGET PILOT STUDY .....>



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## INTRODUCTION

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Family Child Care (FCC) is a vital part of our nation's early childhood education (ECE) infrastructure. However, very little is known about the actual income and expenses of FCC programs in Massachusetts. This lack of information is a challenge for decision making by the state, FCC systems, and individual practitioners.

Understanding the complexity of Family Child Care is more important than ever, in the context of the current worldwide pandemic and declining numbers of FCC programs in Massachusetts<sup>1</sup>.

In response to these and other concerns raised by the CAYL Solutions FCC Workgroup, the CAYL Institute launched this pilot study to design and test a standardized method to collect income and expense information from FCC programs. This was done in a way that preserved the confidentiality of individual programs and created data that could be used for collective advocacy.

This pilot study was conducted with two collaborating partners: Shared Services of MA - an initiative of The United Way of Massachusetts Bay - and Clarendon Early Education Services, one of 39 MA FCC Systems<sup>2</sup>. This work was supported by the Eastern Bank Foundation, which funded the CAYL Solutions FCC Workgroup that initiated this pilot study.



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## METHODOLOGY

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The CAYL Institute utilized an income and expense form developed and used by Shared Services of MA for their FCC Business Training workshops<sup>3</sup>, adapted it, and converted it into a digital tool. Both collaborating partners reviewed and conducted a trial of the new instrument before this test was conducted.

The collection tool described a singular FCC program as the unit of study. In addition to sources of income and expense data, information collected for each program included: city or town, number of enrolled children, time that practitioners spent dedicated to their programs, the amount of space in the home dedicated to their programs, and whether program slots were subsidized or privately funded.

Participants in the pilot study were FCC owners and/or primary practitioners contracted with Clarendon Early Education Services.

Data was collected in November 2021 in 3 of the 6 EEC Regions<sup>4</sup>.

To recruit participants, two large group meetings were held via Zoom - one in English and one in Spanish. The first 20 programs that volunteered were selected. Throughout the pilot study, participants were provided with access to a budget coach, who provided technical assistance through on-demand, one-on-one sessions.

All written materials and coaching sessions were offered in both English and Spanish, the two most commonly reported primary languages of FCC Educators<sup>5</sup>. No compensation was provided to participants.

Participants' individual data was shielded so that no personally identifiable information was included in the analysis or final report.



# RESULTS



This pilot study yielded the following results:

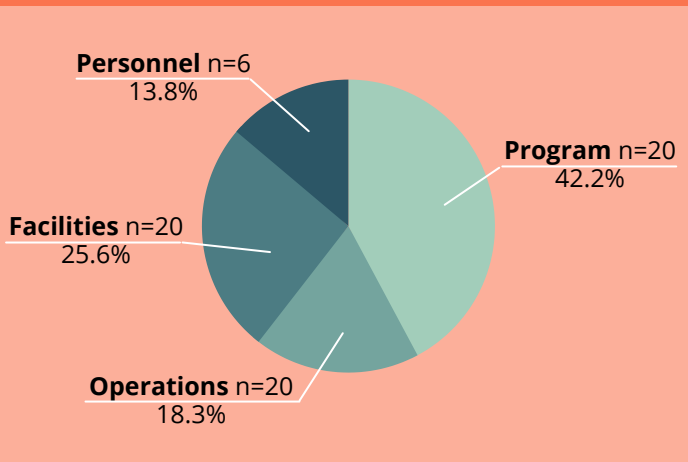
1. All 20 participants included in the pilot study were successfully able to complete the tool with the provided support.
2. The collection tool was able to capture detailed information about FCC programs' sources of income and expenses, while preserving participants' anonymity.



# FINDINGS



Fig. 1 Average Percentage of Expenses in the FCC Pilot Study



## Personnel\* (13.8%)

Employee wages, professional development, CPR training & certification, worker's compensation, employee payroll taxes, & benefits

## Program: (42.2%)

Educational supplies, books, equipment, toys, furniture, equipment, entertainment, cleaning supplies, PPE, & food

## Facilities: (25.6%)

Mortgage or rent, utilities, water/sewer, fixing equipment, home repairs, home insurance, & property tax

## Operations: (18.3%)

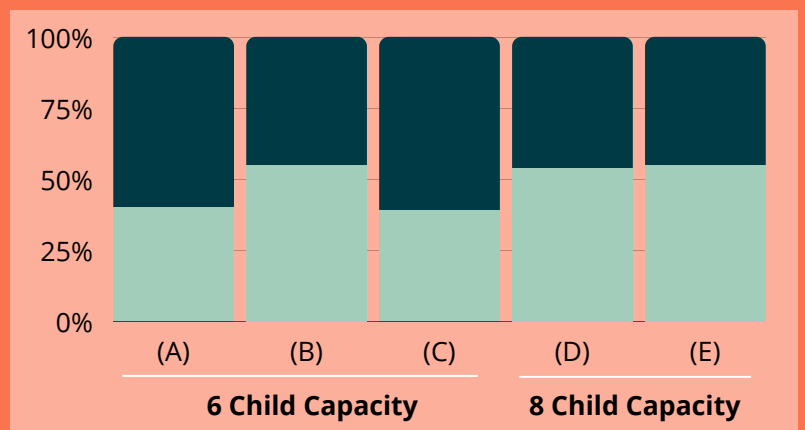
Business liability insurance, legal, accounting, office supplies, licenses, & permits

Of the 20 participating FCC programs in this study, n = the number of program budgets used to create these charts.

## \*Personnel:

The Personnel category in Fig. 1 represents the 30% of participants that reported employee wages, a majority of whom have a 10 child capacity. Those programs are required to have a teaching assistant per MA licensing standards. The other 70%, who have 6 and 8 child capacities (as noted in Fig. 2), left the field blank as they are likely sole proprietors, who draw both their salaries and funds needed to reinvest in their business from their net annual income. Understanding the relationship of licensed capacity with the cost of quality care may have a significant impact on net income and the stability of the FCC business model.

Fig. 2 6 & 8 Child Capacity FCC Program Avg. Percentage of Net Income and Expense (n=16)



To maintain participant anonymity, the above 5 columns (A-E) are small group data averages of 2-3 programs.

Revenue Annual Expenses Annual Income

# DISCUSSION

A comparative analysis of FCC programs' annual net income and average hourly wage, with and without access to the Massachusetts' Commonwealth Cares for Children (C3) grant program, was possible using this tool. Programs reporting "employee wage" were excluded in this calculation (31.6% of the respondents). In the analysis data was disaggregated by licensed capacity, or the total number of children able to be enrolled in the program, and average pay ranged from \$9.32 - \$11.66 per hour. (Fig. A)

In order to reflect on the impact that the C3 grant program has had on the average hourly wage of practitioners, each calculation was performed again with each program's grant income artificially adjusted to zero. Thanks to the C3 program, respondents received between a 12.97% - 18.02% average increase in hourly pay. It should be noted that in 2021, Massachusetts FCC income was likely strongly influenced by the high participation rate amongst FCC in the Massachusetts' C3 grant program. (Fig. B)

The average hourly wage calculated through this small, limited pilot study was much lower than the hourly wage reported through a comprehensive Massachusetts ECE workforce study<sup>7</sup> conducted pre-pandemic, in the summer of 2019. In that study, respondents self-reported estimated pay based on gross income (before taxes and deductions,) and an hourly pay rate was calculated assuming an 8-hour workday. While the licensed capacity of FCC respondents was not reported in the 2019 study, there was less than a 1% difference between the gross annual income reported in this pilot study for FCC programs licensed for 10, and the estimated average gross annual income in the 2019 study. (Fig. C)

**Avg. Compensation & Time Worked from Nov 2021, (Assuming Access to C3 Grant Disbursements for Entire Eligibility Period)**

**FIGURE A**

Licensed Capacity of Program	Annual Net Income After Tax	Hourly Wage	Weeks Worked per Year	Hours Worked per Day
6	\$35,694.33	\$11.66	51	12.43
8	\$32,431.25	\$9.32	51.5	13.75

Note: These averages exclude one program who reported operating at a loss, and all programs who reported employee wages.

**FCC Practitioner Average Hourly Wage: With & Without Access to MA's Commonwealth Cares for Children (C3) Grant Income 2021**

**FIGURE B**

Licensed Capacity of Program	Average Hourly Wage with Grant Income Adjusted to 0	Average Hourly Wage with C3 Grant Disbursement	% Increase
6	\$9.88	\$11.66	18.02%
8	\$8.25	\$9.32	12.97%

Note: These averages exclude one program who reported operating at a loss, and all programs who reported employee wages.

**Gross Annual Income Comparison Between 2019 and 2021**

**FIGURE C**

Source of Info	Gross Annual Income	Hourly Wage*	Weeks Worked per Year	Days Worked per Week	Hours Worked per Day
2019 ECE Workforce Study	\$46,488	\$22.35	52	5	8
2021 FCC Pilot Study**	\$46,201	n/a	n/a	n/a	n/a

\*Self-Reported \*\*Average of FCC programs licensed for 10

Note: The 2021 Pilot Study collected gross annual income information directly from the pilot study collection tool.

## RECOMMENDATION



This pilot study was able to uncover detailed information about FCC sources of income and annual expenses. We recommend expansion of this study to a statewide scale in order to inform the decisions of the Massachusetts government, FCC Systems, and FCC practitioners. Results from an expanded study would be of critical value for informing policy and budget recommendations for FCC programs in the future.

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## ENDNOTES

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2. Karlin, Denise, Assistant General Counsel Department of Early Education and Care (public records request, January 20, 2021)
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