New family child care (FCC) providers often have little understanding of standard business practices, including zoning, contracts and policies, insurance, and record keeping for tax purposes. This lack of knowledge contributes to low income, high turnover, and other problems. A practicum project set out to improve entry-level FCC providers' understanding of such business practices through development and distribution of a business manual. Copies of the manual were distributed to 12 new providers attending a state-mandated provider orientation, and providers' knowledge was subsequently tested by means of a telephone questionnaire. Results showed that participants had acquired the hoped-for level of knowledge in the four areas covered by the manual: zoning, contracts and policies, insurance, and record keeping. (Two appendices contain the Family Child Care Provider Business Questionnaire and the Business Manual Evaluation Form. Contains 59 references.)

by

Joanne Labish Taylor
Cluster 72


PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

Joanne Labish Taylor

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

Nova Southeastern University 1996

BEST COPY AVAILABLE
Approval Page

This practicum took place as described.

Verifier: Nancy Thomson

Director of Resource Development

Title

Trenton, New Jersey

Address

August 27, 1996

Date

This practicum was submitted by Joanne Labish Taylor under the direction of the adviser listed below. It was submitted to the Ed.D. Program in Child and Youth Studies and approved in partial fulfillment of the requirements for the degree of Doctor of Education at Nova Southeastern University.

Approved

October 4, 1996

Date of Final Approval of Report

Roberta Wong Bouverat, Ph.D., Adviser
Table of Contents

<table>
<thead>
<tr>
<th>Chapter I: Introduction</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of Community</td>
<td>1</td>
</tr>
<tr>
<td>Writer's Work Setting</td>
<td>1</td>
</tr>
<tr>
<td>Writer's Role</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter II: Study of the Problem</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem Statement</td>
<td>6</td>
</tr>
<tr>
<td>Problem Description</td>
<td>6</td>
</tr>
<tr>
<td>Problem Documentation</td>
<td>7</td>
</tr>
<tr>
<td>Causative Analysis</td>
<td>11</td>
</tr>
<tr>
<td>Relationship of the Problem to the Literature</td>
<td>14</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter III: Anticipated Outcomes and Evaluation Instruments</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goals and Expectations</td>
<td>24</td>
</tr>
<tr>
<td>Expected Outcomes</td>
<td>24</td>
</tr>
<tr>
<td>Measurement of Outcomes</td>
<td>24</td>
</tr>
<tr>
<td>Description of Plan for Analyzing Results</td>
<td>25</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter IV: Solution Strategy</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussion and Evaluation of Solutions</td>
<td>26</td>
</tr>
<tr>
<td>Description of Selected Solution</td>
<td>29</td>
</tr>
<tr>
<td>Report of Action Taken</td>
<td>32</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter V: Results</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results</td>
<td>36</td>
</tr>
<tr>
<td>Discussion</td>
<td>41</td>
</tr>
<tr>
<td>Recommendations</td>
<td>42</td>
</tr>
<tr>
<td>Dissemination</td>
<td>43</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>References</th>
<th>Page</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Appendices</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Family Child Care Provider Business Questionnaire</td>
<td>50</td>
</tr>
<tr>
<td>B Business Manual Evaluation Form</td>
<td>52</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tables</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Frequency of Correct Responses by Potential FCC Providers Regarding Zoning Regulations After Orientation and After Preservice</td>
<td>8</td>
</tr>
<tr>
<td>2 Frequency of Correct Responses by Potential FCC Providers Regarding Insurance Issues After Orientation and After Preservice</td>
<td>9</td>
</tr>
<tr>
<td>3 Frequency of Correct Responses by Potential FCC Providers Regarding Contracts and Policies After Orientation and After Preservice</td>
<td>10</td>
</tr>
</tbody>
</table>

ii
4 Frequency of Correct Responses by Potential FCC Providers Regarding Record keeping for Tax Purposes After Orientation and After Preservice
5 Frequency of Correct Responses by Potential FCC Providers Regarding Zoning Regulations After Orientation and Business Manual
8 Frequency of Correct Responses by Potential FCC Providers Regarding Record keeping for Tax Purposes After Orientation and Business Manual
9 Mean Score of Content Areas of Business Manual
Abstract


New family child care providers had minimal understanding of standard business practices which apply to a family child care business. This practicum was designed to increase the knowledge and understanding of standard business practices by family child care providers through introducing entry level basic business information to the provider prior to registration.

Information was gathered from the community using experienced providers, resource staff, a lawyer, an accountant, and other persons identified in the community. The information was combined with existing written information and state regulations to develop a resource manual for family child care, specific to the state. The information addressed four areas: zoning, insurance, contracts and policies, and record keeping for tax purposes. The writer presented the information in the manual along with scenarios and local resources for in-depth information. During an orientation session for new providers, the resource manual was discussed and distributed.

Analysis of the data revealed that the orientation group of new providers who received the resource manual were more aware and had a greater understanding of standard business practices than the orientation group who did not receive the manual. All participants took the initiative to read the manual. The resource staff also rated the manual as being comprehensive in zoning, insurance, contracts and policies, and record keeping for tax purposes.

*****

Permission Statement

As a student in the Ed.D. Program in Child and Youth Studies, I do (X) do not ( ) give permission to Nova Southeastern University to distribute copies of this practicum report on request from interested individuals. It is my understanding that Nova Southeastern University will not charge for dissemination except to cover the costs of microfiching, handling, and mailing of the materials.

Oct. 5, 1996

Joanne L. [Signature]
Chapter I: Introduction

Description of Community

The community encompasses a four county region of the state. The region is within a 50 mile radius of two different metropolitan cities. The size of the community stretches over 1,521 square miles, consisting of rural, suburban and urban areas. The area is very diverse. The area is rapidly growing, converting farm land to private homes. Approximately 70% of the households are home owners. Approximately 35% of the people over 25 years old have a college degree while 19% lack a high school diploma. The population within the region is approximately 1.8 million people. Approximately 35% of the 642,000 households have children. Approximately two-thirds of the population hold white collar jobs. There are numerous large corporations in the area.

Family child care (FCC) mirrors the community, therefore, the diversity of the community at large is also reflected in the FCC homes. The demographics of the region have an impact on the child care services provided in the community. Some FCC providers operate the business like a mini child care center along with formal contracts and policies. Other FCC providers view FCC in a less formal manner. The clients could be friends and neighbors. These providers may not feel the need to follow business procedures. FCC takes little capital to start and can be started more rapidly than a child care center. Inversely, the FCC home can close quickly with little or no notice. The FCC provider of tomorrow could be from any of the diverse neighborhoods in the geographic region.

FCC regulations were enacted in 1987 as a voluntary system. Basically anyone who is over 18 years old can legally provide FCC for up to five children for a fee, with or without becoming registered. If six children are present, other than the provider’s children, the setting would constitute a center which requires licensing by the state. Although center licensing visits and monitoring is conducted by the state, the registration of FCC homes is
done through sponsoring organizations appointed by the state. Each county has one sponsoring organization, however, a sponsoring organization can serve more than one county.

The sponsoring organization inspects the FCC home for safety, conducts a six hour preservice training required for registered providers, provides technical assistance, makes sure all other standards set by the state are being followed including child abuse registry checks, and monitors the FCC providers. The sponsoring organization also maintains a database of registered providers in the counties and supplies the names of the providers to parents looking for FCC in that neighborhood.

In 1993, the state enacted the Family Day Care Zoning Law allowing registered FCC homes to operate without additional local zoning requirements. Basically, the state feels that the regulations in registration protect the safety of the children and the community so that other zoning regulations would be unduly burdensome to the FCC provider. The zoning law also gives FCC providers an additional incentive to register in this voluntary system.

There are only a few agencies established specifically to support FCC providers including, the sponsoring organization, the resource and referral (R & R) agency, a providers’ association, and a for-profit network that supplies assistance to providers and parents by attaching an additional fee onto the parent’s weekly child care fee.

The Writer’s Work Setting

The writer’s work setting is a child care R & R agency which works with the community at large. The agency is also the sponsoring organization designated by the state to register FCC providers in two counties. The R & R provides support services to corporate parents and providers within a four county region.
In 1984, the United Way in the local communities established the agency as a public/private partnership to provide child care resources and referrals to one major business corporation in the community. After two years, the agency incorporated and became a private nonprofit corporation serving over 60 corporations. In 1988, the R & R became the sponsoring organization for FCC registration. The agency is governed by a board of trustees comprised from the community. The mission of the R & R is to develop and improve child care services in the community. To accomplish this mission, the R & R uses a four prong approach: develop child care choices in the community, work with families who would use the child care services, develop links with corporations and the community at large to develop these services, and provide child care advocacy.

The agency provides referrals at no charge to community and corporate parents seeking child care within the service region. The parents seeking services through the agency have diverse needs. To meet the parents needs, the R & R maintains a data base comprised of FCC providers, centers, summer camps, school age programs, and in home services. Since these referrals are provided at no fee to the families, alternative funding sources must be maintained. The corporations in the community have been supportive of increasing the amount and quality of child care in the area as a benefit to the employees. Currently, the R & R receives funding through block grants, state funding, corporate funding, and donations. The R & R is accountable to each of these sources. All entities must be satisfied with services to maintain the funding. Concerns and complaints from parents are taken seriously.

The resource department recruits new FCC providers from targeted communities, conducts the home visit, conducts the required preservice training, registers the provider with the state, and performs ongoing monitoring. The agency works with FCC providers
in four counties, although the R & R registers FCC providers in only two counties. The agency provides additional special projects and events including an annual conference.

The resource department is an important link for FCC providers. The agency provides resources for child care providers through workshops, the child care food program, community cluster groups, Child Development Associate (CDA) training, conferences, a warm line for FCC to provide emotional support, and technical assistance calls. The agency serves approximately 500 FCC providers with diverse experience, socioeconomic status, educational level, housing, and family structure.

The FCC provider may care for up to five children for a fee in the home. FCC registration is voluntary. Only registered FCC providers are maintained in the database. Registration is currently conducted by sponsoring organizations authorized by the state. The only training required for registration is a six hour preservice training. The registration must be renewed every three years. To obtain a renewal, the FCC providers must substantiate attendance at an additional six hours of training during the past three years.

FCC providers are self employed, small business owners. As entrepreneurs, the FCC provider is responsible for developing a business plan, setting fees, developing a contract, and developing policies for the business within the limitations of registration regulations. The regulations do not require liability insurance, CPR training, first aid training, home inspection by a fire marshal, or a fenced play yard. Animals, swimming pools, and transportation in a private automobile are allowed within the regulations. Given the state regulations and the minimal amount of training required, providers have little incentive to attend ongoing training.

Writer's Role

The writer is the coordinator of the child care food program (CCFP) for FCC homes. All registered FCC providers are eligible to participate in the program. FCC providers
enrolled in the program are reimbursed at a set rate for serving the children nutritious meals, rather than having parents pack meals for the children. The writer is responsible for recruiting, training and monitoring 50 FCC providers who participate in the food program. The writer provides training and technical assistance for FCC providers during home visits.

The writer conducts trainings, workshops, and provides technical assistance as needed for FCC providers, not specifically related to the food program. The writer has conducted workshops on business related issues, cognitive development, process art, and multiple intelligences. The writer is an active member of professional organizations, both state and national. The writer attends local and national child care and FCC conferences. The writer has conducted training sessions and workshops for child care providers at local and regional conferences. The writer has four years experience as a FCC provider.
Chapter II: Study of the Problem

Problem Statement

New FCC providers had little understanding of standard business practices including zoning, insurance, contracts and policies, and record keeping for tax purposes, which apply to a FCC business.

Problem Description

New FCC providers were unaware of the existence of the family day care zoning law legislation which was passed in 1992. Legislation was passed to increase the availability of regulated child care in the state by reducing barriers to FCC. The legislation protects the rights of a registered FCC provider to operate a FCC business from their residence without meeting additional zoning regulations which might be imposed in some municipalities. Even condominium associations cannot restrict FCC, unless the housing is restricted, such as, “for mature adults over 55”. Providers continued to be harassed in some communities and needlessly adhered to municipal zoning laws inflicted to curtail the existence of FCC.

All FCC providers need insurance, in addition to home owner’s insurance, to protect the FCC business. Many FCC providers did not have additional insurance and others had inadequate coverage. Some FCC providers were operating businesses unaware of the risks and the areas of exposure due to lack of insurance coverage.

New FCC providers reported having the greatest difficulty with issues related to the parent provider contracts. Few providers used a policy manual in addition to a contract with the parents. The FCC providers usually used the standard contract supplied at registration without customizing the contract to the needs of the specific provider which resulted in miscommunication. The standard contract does not address many of the key areas of complaints by FCC providers and by parents. Some of the most frequent
complaints the counselors at the agency hear are, parents lack of payment, parents picking up children late, lack of days off, and low income.

New FCC providers did not maintain adequate records and receipts for the business. Some of the providers did not claim the income from the business on tax returns, while others gave parents two different prices for child care representing "on the books" or "off the books", unaware that if the Internal Revenue Service (IRS) audits a FCC provider, the off the books funds can be detected. Even those providers who operated within the IRS regulations have difficulty due to lack of record keeping. The IRS places the burden of proof on the business provider. The provider must prove what fees were received from parents, which children were in attendance, and what purchases were made for the business. Recently, four out of five FCC providers who were audited by the IRS had errors which resulted in substantial amounts owed to the IRS.

Problem Documentation

The evidence collected supported the existence of poor business practices. The writer developed a questionnaire using open-ended questions to assess the current knowledge level in business practices of incoming FCC providers (see Appendix A).

The questionnaire contained four broad questions with each question related to a different business content area. Each question was scored according to the number of correct elements found in the answer (see Appendix A). The first question regarding the zoning law was scored based on the description of the law. Several providers thought they were familiar with the law, but explained the registration law, not zoning.

A survey of newly registering FCC providers was conducted by telephone after orientation training but prior to preservice training using the questionnaire developed by the writer. The following results of the telephone survey were obtained:
1. The Family Day Care Zoning Law was unknown to all newly registering FCC providers (see Table 1).

Table 1

Frequency of Correct Responses by Potential FCC Providers Regarding Zoning Regulations After Orientation and After Preservice

<table>
<thead>
<tr>
<th></th>
<th>Number of Correct Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Zoning</td>
<td></td>
</tr>
<tr>
<td>Orientation</td>
<td>15</td>
</tr>
<tr>
<td>Preservice</td>
<td>23</td>
</tr>
</tbody>
</table>

2. Only 7 out of 15 registering FCC providers knew that home owner's insurance would not cover any aspect of the FCC business, but were unable to explain the risks or types of additional insurance needed (see Table 2). The registering providers made comments such as, additional insurance is too expensive or unavailable. None of the responses mentioned protection against charges of child abuse or molestation, for professional liability, fire during business hours, or accidents off the premises. Only 2 newly registering FCC providers mentioned that transporting children would not be covered by the standard automobile policy.
Table 2

Frequency of Correct Responses by Potential FCC Providers Regarding Insurance Issues
After Orientation and After Preservice

<table>
<thead>
<tr>
<th>Number of Correct Responses</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>n</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Insurance</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Orientation</td>
<td>15</td>
<td>8</td>
<td>5</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Preservice</td>
<td>23</td>
<td>13</td>
<td>8</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

3. In 7 out of 15 registering FCC providers, the provider could not identify any issues to be included in the policies and contracts between parents and providers (see Table 3). Late pick-up, vacation, child care philosophy, back-up care, holidays, and provider illness were not listed by any provider.

4. Only one newly registering FCC provider could name five records to maintain for tax purposes, 4 providers could name 2 records, 3 providers could name only one, and 7 providers could not name any records (see Table 4). Two of the registering providers were currently providing child care as unregistered providers. The most frequent responses were business receipts and record of payments from parents. Personal receipts and contracts were not listed by any respondent.
Table 3

**Frequency of Correct Responses by Potential FCC Providers Regarding Contracts and Policies After Orientation and After Preservice**

<table>
<thead>
<tr>
<th>Number of Correct Responses</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Contracts / Policies</td>
<td></td>
</tr>
<tr>
<td>Orientation</td>
<td>15</td>
</tr>
<tr>
<td>Preservice</td>
<td>23</td>
</tr>
</tbody>
</table>

Table 4

**Frequency of Correct Responses by Potential FCC Providers Regarding Record keeping for Tax Purposes After Orientation and After Preservice**

<table>
<thead>
<tr>
<th>Number of Correct Responses</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Taxes</td>
<td></td>
</tr>
<tr>
<td>Orientation</td>
<td>15</td>
</tr>
<tr>
<td>Preservice</td>
<td>23</td>
</tr>
</tbody>
</table>
Providers were given the same survey, only in written form, at the end of a six hour preservice training. Some of the providers had been providing care prior to attending the preservice training. The number of correct responses would be expected to be higher than the responses after the orientation training, since some business aspects are discussed during preservice training.

1. Out of the 11 providers who were familiar with the Family Day Care Zoning Law, only two providers could explain two features of the law (see Table 1).

2. Although the providers knew additional insurance was needed, 13 providers were unable to explain what kind of additional coverage is needed (see Table 2).

3. Five providers did not list any items to be contained in a contract or policy manual, 5 providers named one item, and 2 named two items, while only 1 provider named twelve items (see Table 3).

4. Only 2 providers could name three records to maintain for tax purposes, while 11 could not name any type of record (see Table 4).

**Causative Analysis**

Several factors contributed to the problem of substandard FCC business practices including, the attitudes of FCC providers, availability of training, availability of resource and training materials, and the strength of registration regulations.

The state requirement for FCC providers is a six hour preservice training for a three year certificate of registration with an additional six hours of training needed for renewal at the end of three years. Six hours is an insufficient amount of time to cover business issues along with other mandated issues. Preservice training is the only time all FCC providers are required to attend. The R & R may not require training in addition to the state mandate. Recently, the R & R instituted an orientation training prior to the
preservice training. Most newly registering FCC providers attend orientation, but not all providers.

The importance of training is diminished since FCC providers do not have to attend any additional training until expiration of the three year certificate. FCC providers find it difficult to attend additional training due to long working hours, family commitments, and personal commitments. Some providers need an incentive or an extra push to participate in elective training.

Written training materials and resource materials for FCC used by the agency give only vague information regarding administrative and business practices (Lubchenco, 1981; Modigliani, Reiff & Jones, 1991; Koralek, Colker & Dodge, 1993). The manual received by the providers, fails short in the business areas. This is due in part to the general nature of the manual being an overview of FCC and the specific problems and regulations in each state which cannot adequately be covered in one book.

The manual (Lubchenco, 1981) currently used by the agency and given to all registering FCC providers supplies general information which applies nationwide. The general information supplied leaves numerous important business issues unanswered. The manual states that FCC providers should find out the local zoning laws that may apply, however, fails to tell the FCC provider how to do it. The manual states that accident and liability insurance for FCC is offered by many insurance companies, which is inaccurate. The different types and amounts of insurance coverage are not addressed. Specific information is not provided on how to locate the insurance companies.

In regard to contracts and policies, a sample policy agreement is supplied which merges the functions of the contract and the policy manual rather than use both a contract and a policy manual. The sample fails to address several issues which FCC providers frequently encounter such as, the last two weeks paid in advance, notice for ending
contract, vacation of provider and of child emergency back-up, schedules, philosophy, provider's illness, illness in the provider's family, and child's illness. The manual does not explain to the provider the need for any of the items in the sample policy.

The manual does address claiming expenses and income on tax forms, but fails to explain the necessary back-up records needed to substantiate these claims. In addition to the receipts for the business, all personal receipts should also be saved, due to the nature of the business. FCC is considered a cash business and the provider is self-employed. The provider may need to prove that additional funds were not received, or that receipts submitted for food expenses were not for the personal use of the family members.

Personal receipts, deposit slips, shared expenses, contracts with parents showing the fee schedule, along with attendance records should be maintained by the provider. The manual does contain a sample attendance form and ledger, but these forms are not adequate for a FCC business.

The FCC profession is young and has not established clear guidelines for standard business practices within FCC. The National Association for Family Child Care has only existed for 13 years and most state associations are even younger. Only in the past few years has FCC been recognized as an alternative, but equal, environment to center care. Still, FCC is not universally accepted. Attempts to assign center standards of quality to FCC have failed in other realms. The business aspects of FCC have been neglected by the professionals in early childhood.

New FCC providers concentrated more on the children and caregiving issues and were unaware of the impact and importance of business practices. FCC providers are overwhelmed by the many roles they must fill, administrator, caregiver, and family member. The role of administrator generally received the least amount of attention. Parents are not generally requesting a contract or insurance. However, the parents are
requesting or commenting on the care the child is receiving. The provider’s own family members are still asking for attention. The first year of a new business is arduous, leaving the entrepreneur struggling for survival if the business plan was not in place prior to opening the business.

Relationship of the Problem to the Literature

Other professionals found similar problems in FCC business and administrative practices. Often, FCC is still viewed as “baby-sitting”, not as a profession. FCC providers who do not view their work as a business generally have substandard business practices. There is a high rate of turnover in FCC. Some FCC providers believe the government cannot dictate what they do in their own home. The literature documents the problem of substandard business practices and the advantages of providers making changes in business practices. The study of FCC has concentrated on the quality of care provided in the home setting. The study of business practices in FCC has been overlooked until recently, therefore, some of the literature reports only the outcomes of the use of standard business practices or the impact of training on business practices.

Often, FCC is misunderstood and surrounded by old myths (National Council of Jewish Women, Center for the Child, 1988). The FCC providers are viewed as baby-sitters who are just taking in children to earn extra spending (National Council of Jewish Women, Center for the Child), rather than entrepreneurs (Sale, 1988, 1989) making necessary earnings for the family (Galinsky, Howes, Kontos, & Shinn, 1994). Some even view FCC as a lower quality of care for children, used basically because of convenience and lower cost (National Council of Jewish Women, Center for the Child). The FCC business evolved from informal baby-sitting arrangements and still has both business and social aspects (Barnett, 1992; Windflower Enterprises, 1994).
The FCC providers have a wide range of values and beliefs (Kontos, 1992; Trawick-Smith & Lambert, 1995). Parents seek providers who have a similar set of values and beliefs (Galinsky et al., 1994). Galinsky et al. documented some providers still maintain the belief that women should remain at home and raise the children as women have done for centuries. The provider opens the FCC home to provide a natural familiar environment for young children. The provider may view the FCC children as part of an extended family. Not all FCC providers want to be “professionals” (Galinsky, et al.). Furthermore, Kontos found that some providers feel that what they do in their own home is private and should not be regulated. Other providers create an enriched learning and nurturing environment for young children in the home, providing the best of both the homelike setting and an enriched environment designed specifically for the needs of young children. The business aspects and human aspects of FCC could be viewed as a continuum with providers falling anywhere along the continuum.

Some providers feel self sufficient (Kontos, 1992; Windflower, 1994). The attitude was developed over the years when FCC was still stigmatized as a lower quality of care. Materials were not available specific to FCC and the provider had to be self sufficient. The FCC provider adapted materials which were geared to center care.

Providers have a variety of reasons for starting the FCC business. The longevity of the FCC provider is of concern since when the provider discontinues providing care, the FCC home closes also. The first year that a FCC is in business and the year that the provider’s own children enter school are the most likely time for providers to close the business (Deery-Schmitt & Todd, 1995). While one might see the logic in closing the business when the provider’s own children go into school, the implication of many FCC businesses closing during the first year of operation is more concerning and also implies lack of preparation for operating a business.
Providers had different reasons for opening the FCC business (Galinsky et al., 1994; Rosenthal, 1988, 1991). Bollin (1993) found the primary reason for doing FCC was to stay home with their own children while still earning money. Atkinson (1991) found that 90% of providers opened the FCC home for financial reasons. The findings indicated the need for financial remuneration from the child care business. Despite the need for income, Atkinson found FCC providers indicated that liking children was the most important reason for opening an FCC home. The majority of FCC providers felt that parenting was the best experience to qualify for being an FCC provider (Fischer & Eheart, 1991; Divine-Hawkins, 1981). Atkinson also found that FCC providers most frequently identified previous work with children or reading about children as a qualification for FCC even though they most frequently referred to their work as a "child care professional" or a "small business owner". In a 1989 study of FCC providers in California, Fischer & Eheart found only 17% of FCC providers had training in business management, although 50% had some training in other content areas.

Providers often equated following sound business practices in FCC with being a professional and expressed concern that professionalization will decrease the essence of FCC (Galinsky et al., 1994; Kontos, 1992; Sale, 1989; Windflower Enterprises, 1994). Parents using center care were found to have a different set of criteria than parents choosing the FCC setting (Pence & Goelman, 1987). Findings indicated providers believe that parents who choose FCC are looking for personalized care and small group settings which are not available in a child care center (Atkinson, 1991; Barnett, 1992; Windflower Enterprises).

The roles of the FCC provider are a unique combination of administrator, caregiver, and family member (Harms & Miller, 1994; Trawick-Smith & Lambert, 1995; Clifford, Harms, Pepper & Stuart, 1992). To operate a successful FCC business, a provider must
have both caregiving and administrative abilities (Harms & Miller; Clifford et al.). The child care provider needs to be warm and loving, a nurturing person, providing for the development needs of the children. The administrator needs to take into account the cost of the equipment, supplies, and other overhead against the revenues or fees charged to the parents as well as liabilities, regulations, and recruiting children to fill vacancies. The role of administrator and caregiver are conflicting and require different skills (Harms & Miller; Trawick-Smith & Lambert; Clifford et al.). FCC providers are busy trying to meet other peoples needs and neglect business issues which reflect the provider's needs. The FCC providers rated themselves the highest in being reliable and a stable form of care for parents, likewise, they viewed being reliable as the most important service to parents (Atkinson, 1991).

Generally, FCC providers based their fee scale on the mother's income (Nelson, 1989), rather than the cost of providing care (Morgan, 1989). The provider was looking at the ability of the parent to pay for care, rather than the cost of operating the business. Most FCC providers earn less money than other working mothers even though they work longer hours (Atkinson, 1993). Many FCC providers are unintentionally subsidizing child care by undercharging parents for the cost of care (Galinsky et al., 1994). Regulated FCC providers who followed standard business practices also charged higher rates (Galinsky et al.; Cohen, no date), implying poor business practices reduce the income of the FCC provider. Providers were often reluctant to raise rates even to keep up with inflation, concerned that parents would find a new provider. This may seem to be an advantage to parents. When child care is not operated in a businesslike and profitable manner, the business will cease to exist (Copeland, 1991; Smith, 1990). Undercharging parents may end up costing parents even more, by creating higher rates of turnover among FCC homes.
Early childhood professionals found substandard business practices can lead to high turnover. Kontos (1992) estimated FCC provider turnover is greater than or similar to the rate of 40% which was found in center-based care (Whitebook, Howes, & Phillips, 1989), while other estimates for FCC turnover are as high as 50% (Corsini, Wisendale, & Caruso, 1988). Higher turnover was found in FCC providers who earned lower incomes (Kontos, Howes, Shinn, & Galinsky, 1995). Most FCC providers have a family, and the majority of the providers need to supplement the family income. Income was not the only cause of high turnover. Deery-Schmitt and Todd (1995) suggested that working conditions such as long hours, client factors, such as respect, and other life events create the stress which can lead to burnout, although Bollin (1993) found an association between working long hours and higher job commitment, higher job satisfaction, and greater stability of FCC.

Providers often stated the desire to care for their own children while earning a income as the main reason for starting a FCC business. Others viewed the FCC provider as having the best of two worlds, yet FCC providers were found to have higher levels of stress than working mothers and nonworking mothers (Atkinson, 1993). Majeed (1983) found that providers left the field of FCC due to stress and the need to earn more money. While job satisfaction alone does not predict turnover in FCC (Kontos et al., 1995; Rosenthal, 1988, 1991), it is an indicator. The factors affecting job satisfaction in centers have been identified (Deery-Schmitt & Todd, 1995) but the factors in FCC job satisfaction are uncertain (Kontos, 1992). Molgaard (1993) found FCC providers were less satisfied with FCC if they encountered problems with the client parents. The most frequently reported problems for FCC providers were business related (Aguirre & Marshall, 1988; Bollin, 1993) and problems with parents (Bollin). Job stability implies business stability since when a provider leaves FCC the business closes (Nelson, 1990).
Numerous FCC providers felt that developing and following good business practices was the means to winning the respect of parents (Dombro & Modigliani, 1995). Written contracts were used with parents of 74% of regulated FCC providers (Galinsky et al., 1994), but the contents and relevance of the issues addressed in the contracts are unknown. Vacations and holidays were paid to only 54% of regulated FCC providers (Galinsky et al.). Common problems that FCC providers had with parents included: late pick-ups and early drop-offs, late payment of fees, parents bringing sick children, and parents lingering to talk at pick-up time (Atkinson, 1988; Jones, 1991; Pence & Goelman, 1987). All of these issues are common issues to address in the contract and the policy manual, and then need to be enforced by the FCC provider. Raising fees or addressing contractual issues increased stress for the FCC provider (Trawick-Smith & Lambert, 1995). Nelson (1991) found that training in professional and business management was a form of support that FCC providers could use to deal with parent’s demands.

The business of FCC evolved from informal baby-sitting arrangements and still has social elements (Barnett, 1992; Windflower Enterprises, 1994). The mixture of social and business aspects lead to role conflict (Barnett; Bollin, 1993). Moss and Melhuist (1988) concluded that conflicts between the parent and informal caregivers were caused by vague child care arrangements and often resulted in short term care.

Seventy percent of FCC providers trained in business practices stated that they report income to the Internal Revenue Service, which is similar to the 70.1 % that the Government Accounting Office has estimated for small businesses overall (Galinsky, Howes, & Kontos, 1995). The overall percentage of FCC providers reporting income from FCC is unknown, due to the underground nature of the business. Child care costs were depreciated on federal taxes by 59% of regulated FCC providers and child care expenses were claimed for tax purposes by 90 % of FCC providers (Galinsky et al., 1994).
Yet in another study, Modigliani (1995) found that providers were unaware of the business deductions allowable when reporting federal income tax. Despite following the regulation of reporting income, the FCC providers were not aware of the deductions afforded to FCC businesses.

Training was not convenient or accessible to the provider (Dombro & Modigliani, 1995). Scheduling workshops or seminars to meet the busy schedules of FCC providers means providing trainings on Saturday or in the evening, with only a small group of providers being available on a given day. The FCC provider needs to make arrangements for her own children or family. The provider generally works ten to twelve hours a day, plus preparation time, cleanup time, and shopping for supplies and food. FCC providers need alternatives to workshops and seminars due to the long work hours and multiple roles (DeBord, 1993; Dodge, Koralek & Foulks, 1994; Kontos, 1992). The FCC providers who did not think of FCC as their profession were not interested in training (Dombro & Modigliani). FCC was described as the chosen profession of 69% of regulated FCC providers (Galinsky et al., 1994). The FCC providers who have been in the FCC field for less than three years were most interested in information related to the business practices of operating a FCC business (Dombro & Modigliani). Business practices were the most neglected area of training (Aguirre & Marshall, 1988).

Resources for FCC are generally provided by R & R agencies or provider associations. Networks and associations for FCC have difficulty meeting the diverse needs of new providers who need to devote so much time to their business (Page, 1992). It takes time for new providers to network with other providers and learn the infrastructure of the FCC support system (Shuster, Finn-Stevenson, & Ward, 1992). The new providers may not have the time to network with the providers association during the first year of business operation.
The difficulty with business training is not limited to accessibility. Computerized child care business management programs are too expensive for most FCC providers and they are not geared specifically to FCC but to center based programs (Neugebauer, 1994). Some of the computer management systems are in the process of designing a scaled down version for FCC, but might not meet the needs of the FCC provider. Redleaf Press (Copeland, 1991, 1995, 1996) has designed a set of books for FCC dealing with policies, contracts, taxes, and record keeping. Redleaf Press also has a calendar record keeper for FCC providers and is in the process of designing a computer program for FCC, but it will not be available before 1997. The series of products for FCC business management produced by Redleaf Press are high quality, however, the new provider is both unaware of the existence of these products and unaware of the need for the products. Some may be reluctant to spend money on an product of unknown value.

Existing written training materials and resources are vague in the areas of business practices (Koralek, Colker, & Dodge, 1993; Lubchenco, 1981; Modigliani, Reiff, & Jones, 1991). Most manuals tell the new FCC provider to investigate the local zoning regulations and to find out what insurance options are available. The Children’s Foundation (1994) finds that zoning regulations vary from state to state. The availability of insurance for FCC also varies within each state.

There are significant barriers to FCC homes obtaining insurance (National Governors' Association, 1990). The availability of liability insurance is limited (National Governors’ Association) making it difficult to locate brokers and be aware of insurance options. The provider is at the mercy of the broker or agent selling the insurance. Liability insurance is held by 34% of regulated FCC providers (Galinsky et al., 1994). Providers may not be aware that insurance is available. Even FCC providers who have liability insurance...
experience cancellation of homeowner’s insurance when the insurance company discovers they are providing child care in their home (National Governors’ Association).

The standards for FCC business practices are still being developed (Harms, 1994). The thrust of studies involving FCC have centered around the quality of care, not FCC as a business. The standards that have been set for FCC have yet to be embraced by the early childhood community. Several sets of standards have been created, with varying degrees of consensus among the child care professionals. The Family Day Care Rating Scale does not deal with many business practices, such as, contracts and policies, record keeping, and taxes (Harms & Clifford, 1989). The Assessment Profile for Family Child Care (Abbott-Shim & Sibley, 1991) deals with business practices as a portion of professional development, but does not address all issues. The Child Development Credential for FCC providers deals little with business aspects (Harms & Miller, 1994; Modigliani, 1990).

In 1991, the Quality Criteria Advisory Board was established with representation from all areas of the early childhood profession and developed a comprehensive set of standards for FCC. The Quality Criteria Advisory Board has identified eight criteria in business management of FCC homes: (a) meet the current regulations within the state, (b) filing taxes and providing information to parents so they can obtain applicable tax credits, (c) written policies, (d) a parent-provider contracted signed by both parties, (e) current and organized records, (f) liability insurance protection, (g) arrangements are made for emergency and backup care, and (h) familiarity with community resources (Harms, 1994). The guidelines set by the board are the most comprehensive standards for FCC business practices.

Levels of compliance with any of the criteria or standards have not been determined, therefore, a parent-provider contract could contain just the fee structure and be considered compliant with standards (Abbott-Shim & Sibley, 1991; Harms, 1994). Regulations of the
Internal Revenue Service, local zoning regulations, and insurance restrictions applicable to home businesses should be met whether or not FCC is regulated by the state.
Chapter III: Anticipated Outcomes and Evaluation Instruments

Goals and Expectations

The goal was to improve the entry level FCC providers’ understanding of standard business practices including the family day care zoning law, insurance, contracts and policy manual, and record keeping for tax purposes.

Expected Outcomes

The following outcomes were projected for this practicum:

1. After reading the business manual distributed at orientation, the newly registering FCC provider will demonstrate understanding of the zoning law by naming at least two benefits of the law in an open-ended survey question conducted by telephone.

2. After reading the business manual distributed at orientation, the newly registering FCC provider will demonstrate understanding insurance issues in FCC by naming at least three potential areas of risk when operating a FCC business without additional insurance in an open-ended survey question by telephone.

3. After reading the business manual distributed at orientation, the newly registering FCC provider will demonstrate understanding policies and contracts by naming a minimum of five issues that should be addressed in a contract and policy manual in an open-ended question conducted by telephone.

4. After reading the business manual distributed at orientation, the newly registering FCC provider will demonstrate understanding record keeping for tax purposes by naming a minimum of four forms of records that should be maintained for tax purposes in an open-ended question conducted by telephone.

Measurement of Outcomes

The four outcomes were measured using the questionnaire developed by the writer, Family Child Care Provider Business Questionnaire (see Appendix A). The same
questionnaire was used to gather the evidence of the existence of the problem. The writer used the same method of administering the questionnaire during the outcome measurements as was used during the gathering of evidence. The FCC providers who completed only the orientation training received the questionnaire in oral form over the telephone approximately four weeks after receiving the business manual at the orientation training.

Due to the timing of the practicum, none of the people attending orientation and receiving the business manual had the opportunity to attend the six hour preservice training. The preservice training is generally not held during the summer months. Orientation was held each month during the summer.

**Description of Plan for Analyzing Results**

The results of the outcomes are recorded and presented in tables showing the frequency of correct responses by the potential provider in each business area of FCC represented in the implementation. Each of the four business areas, zoning, insurance, contracts and policies, and record keeping for tax purposes are represented in a separate table. The scores compare the knowledge level scores without intervention and with the use of the business manual. The expected outcomes were based on all participants, the newly registering FCC providers who attended orientation and received and read the business manual, demonstrating a level of understanding measured by a minimum number of correct responses in each business area.

The business manual for FCC, rated by the staff, should have a mean score of 4 or above for the each item on the instrument. The mean scores are presented in a chart showing the mean score for each item.
Chapter IV: Solution Strategy

Discussion and Evaluation of Solutions

Incoming FCC providers had little understanding of standard business practices including zoning, insurance, contracts and policies, and record keeping for tax purposes, which apply to operating a FCC business. A number of solutions have been gleaned from the literature. All of the solutions involved some form of training, however, delivery, content, target audience, and goals of the other projects differed to some degree. Generally, the literature indicated training seminars in business practices should be available to FCC providers (Dombro & Modigliani, 1995; Kontos, 1992; Nelson, 1991), as well as alternatives to training seminars (DeBord, 1993; Dombro & Modigliani), training materials should be specific to state regulations (Massachusetts State Office for Children, 1990), and training should be accessible to the FCC provider (Mueller & Orimoto, 1993). To meet the varied needs of the FCC provider, training in FCC should be divided into three levels: orientation, intermediate, and advanced (Modigliani, 1991). Modigliani defined orientation as the essential knowledge to get the business started. Any given group of FCC providers is generally diverse in level of experience, knowledge base, and learning style.

The review of literature revealed three projects relevant to the problem of FCC providers' level of knowledge regarding business practices. The three projects each addressed the general issue of improving the quality of care in FCC homes, as well as specifically addressing improving business management skills.

In Hawaii, Mueller and Orimoto (1993) conducted a project over a two year period to improve the quality of FCC and to increase the retention of FCC providers. Five content areas were identified for training, including business management. The project was funded by the state and involved 22 trainees, enabling the project to subsidize the
providers by paying for the cost of registration and related costs. Training was provided at no cost to the provider and child care was provided during the training at no cost. Project staff were trained in business practices to provide technical assistance to the providers, tax workshops were available for FCC providers at no cost to the provider, and home visits were conducted. The project coordinator was instrumental in locating liability insurance companies to cover FCC insurance and provide the information to FCC providers.

In the second project, the Massachusetts State Office for Children (1990) produced a manual for FCC providers specific to the regulations within the state. The manual is a general resource guide for all FCC providers in the state incorporating business and caregiving information. The manual goes a step further by including the availability of resources within the state such as, recommended types of insurance, optional ways of obtaining insurance, and a list of resources. Samples of forms needed by the provider are furnished. The manual explains the justification of obtaining different types of insurance coverage through short scenarios. Grubb (1993) found that compliance with state FCC regulations was increased when providers understood the rationale behind the regulation. Likewise, if providers understand the rationale behind business practices, the provider is more likely to accept and follow the practice. Aguirre and Marshall (1988) also found that providers benefited from the awareness of the rationale behind suggested practices. The guide appears to be both an introductory training material as well as a resource for future use.

In the third project, Aguirre and Marshall (1988) developed a manual and a set of videotapes as training materials in four areas of FCC, one of which encompasses business aspects of FCC. The program was funded for several years to increase the quality of care. The program was delivered to 437 providers through extension home economists who were trained in the business aspects of FCC. Six resource materials were used, a study
manual, bulletins, study questions, suggested activities, extension home economists for technical support, and videotapes. Only 18.5% of the participating FCC providers had been in business for less than a year. Aguirre and Marshall (1988) were also dealing with providers who expressed interest in receiving training. The FCC providers rated “acquiring resources for later use” and “awareness of what to know and do” (Aguirre and Marshall, p. 33) as the most helpful benefits of the program. Providers rated the study manual as most helpful resource material and the videos as the least helpful resource material.

Similarly, DeBord (1993) found that FCC providers preferred different methods of learning based on the number of hours of training the FCC provider received annually with 49% of FCC providers who received 2-4 hours of training preferred self study.

Participants of the Family-to-Family Project provided insights into general training methodology and techniques used to train FCC providers (Dombro & Modigliani, 1995). The Family-to-Family Project identified a sponsor in communities across the country to promote professional development of FCC providers through training, accreditation, and development of local provider’s associations. Each community developed courses in specified topic areas, but were able to customize the course to the needs of the providers in the community. The project has been operating since 1988. In 1994, graduates of the project were surveyed, with over 2,000 respondents. Participants rated the learning techniques used, with “visiting other FCC homes” as the highest rated and “watching videotapes” as the lowest rated (Dombro & Modigliani, p. 13; Dombro, 1995). Providers also reported business practices as the most common change made as a result of training. Dombro and Modigliani found sensitivity and familiarity of issues in FCC to be the most important characteristic of the trainer. The trainer does not need to have direct experience being a FCC provider, but the trainer should have an understanding of the problems and nature of FCC.
Description of Selected Solution

The writer used elements of several solutions.

The average FCC provider does not come into FCC with business knowledge. The provider is interested in working with children and has some kind of experience with children. The FCC provider needs to acquire a base of knowledge in business practices when first opening the business, or ideally prior to opening. Too much information can be overwhelming and discouraging. For example, the provider needs to understand what records must be maintained to file and support the tax return. The provider may benefit from examples in order to gain the knowledge and realize the information is applicable to the FCC business, however, the provider does not need detailed instructions on how to fill out the tax forms. The elements of the solution shall be geared toward orientating the new provider in business management practices instead of general information to a group of providers with mixed levels of experience (Modigliani, 1991).

The R & R agency is the viable entity to provide the service. R & R agencies are funded to train child care providers in twenty eight states (National Governors’ Association, 1990). The R & R is established as the training and registering agent by the state so the new provider identifies the R & R as a resource. During the first year of operation, FCC providers are consumed by the operation of the business and are unaware or unable to seek out other support groups (Shuster, Finn-Stevenson, & Ward, 1992). The staff of the R & R have a strong knowledge of FCC business as recommended by Dombro & Modigliani (1995).

Other training projects (Aguirre & Marshall, 1988; Dombro & Modigliani, 1995; Mueller & Orimoto, 1993) have dealt with the general training of providers in multiple content areas by recruiting start-up through advanced providers on a voluntary basis. Business practices should not be a voluntary training. Setting practices and a fee schedule
are essential to the longevity of the business. Ideally, business practices should be developed prior to opening the FCC home.

The materials should be available to new providers, who have the least amount of time for training and the greatest need for training (Dombro, 1995). Therefore, incorporating the strategy into the orientation and preservice training conducted by the R & R prior to the provider becoming registered would be most practical and useful to the provider. The method of delivery would also reach all newly registering providers in the community.

Due to the hectic schedule of FCC providers, the R & R agency should develop resources for providers making the information specific to FCC, regulations within the state, and accompanied with explanations (Aguirre & Marshall, 1988; The Children’s Foundation, 1994; Grubb, 1993; Massachusetts State Office for Children, 1990; Mueller & Orimoto, 1993). The information should be available in the form of a self study manual which has been found successful by others (Aguirre & Marshall; DeBord, 1993; Massachusetts State Office for Children). Emphasis needs to be placed on the importance of business practices. By issuing the self study manual at orientation, the registering provider could start reading the manual prior to attending the six hour preservice training. Since attendance at the preservice training is required, the provider might be more inclined to read the manual. The new provider will have the opportunity to read the material prior to the preservice training, thus allowing more in-depth questions and concerns at the preservice training. Although preservice training is not offered during the summer months, orientation is offered monthly. The number of attendants are anticipated to be lower during the summer than during the other months of the year. Attendance sheets are saved from all the trainings. If a very low attendance occurs, the manual could be distributed to two groups of incoming FCC providers.
The manual contained information which was lacking in the resource manual supplied to providers but recommended by experts in the field (Harms, 1994; Lubchenco, 1981). The business areas included zoning, insurance, policies and contracts, and record keeping for taxes. The manual contained resource people and agencies in the community and reference lists for additional reading. The manual was developed with the input from the FCC community, including experienced providers, trainers, and business experts (Dombro & Modigliani, 1995). Collaboration and the use of experienced providers served to increase the esteem of FCC providers and give validity to the recommended practices. The self study manual as a form of training and technical assistance was provided at no cost to the provider (Mueller & Orimoto, 1993). The business manual was photocopied for distribution to the incoming providers.

In addition to the outcomes of the implementation, the business manual itself was also assessed. The business manual designed for the training of new FCC providers was rated by the staff of the resource development department using the Business Manual Evaluation Form, an instrument developed by the writer (see Appendix B). The instrument uses a Likert scale with five options. A rating of '4' or above in each content area was acceptable.

Prior to implementation, the writer obtained consent from the director of the resource development to implement the practicum, including supplies and materials. Since the orientation training was already scheduled, additional facilities were not needed for implementation. Additional staff time needed for implementation was minimal. Technical assistance is an ongoing responsibility of the staff of resource development. A minimal amount of staff time was needed for the evaluation of the manual.
Report of Action Taken

During the first two months of implementation, the writer consulted with providers and counselors to prepare a business management manual for FCC providers covering four areas: (a) zoning, (b) insurance, (c) policies and contracts, and (d) record keeping for tax purposes. The writer assumed a leadership role as project coordinator. The writer was responsible for identifying resources in the local community, including experienced FCC providers. The writer elicited the cooperation of experienced providers, staff resource and referral coordinators, a tax expert, and an insurance expert in a collaboration process to produce a business management resource manual for new FCC providers.

The writer first identified people to contact who were knowledgeable in the field of FCC and business management. Some people had expert experience or advice in more than one of the four business areas. Originally, the writer was going to deal with each content area separately, but found that the content areas overlapped. The contact people's expertise also overlapped. For efficiency sake, information was gathered and then sorted into content areas. Existing written resource and training materials were also used to fill in information.

The writer discussed the zoning law with the persons identified, eliciting experiences and perceptions of the zoning law. Through close examination of the providers' comments regarding the zoning law, the law itself, and the interpretation of the law, the writer came to understand the misconceptions of the law. The writer found it important to discriminate between the intention of the law and the manner in which the law is viewed by municipalities. The writer then determined which points needed to stressed to the providers and developed scenarios of zoning problems experienced by FCC providers based on current and previous experiences of FCC providers and developed a list of
sequential steps to follow when confronted with zoning problems, based on information gleaned from regulatory agencies and success stories of FCC providers.

The unit on liability insurance information was developed using the aforementioned consultants, as well as attending several training workshops on FCC insurance, and through reviewing written material. The writer wanted to identify insurance companies which provide coverage for FCC in the state, discuss issues concerning FCC providers with an insurance broker or agent, define key insurance terms, and explain the types of insurance coverage. To make the information relevant to providers the writer developed scenarios supporting the need for each type of insurance coverage based on the experiences of FCC providers. The unit also included a list of insurance companies which provide liability insurance for FCC homes in this state.

The unit on contracts and policies was developed after consulting with parents who have used FCC, experienced FCC providers, referral staff who log complaints by parents, and resource staff who investigate complaints against FCC providers. The writer identified issues which annoyed the parent or the provider gleaned from discussions with the persons identified. A list of issues for providers to address in writing contracts and policy manuals was developed along with suggestions for dealing with each of the issues. Short scenarios were used to describe issues and supported the need for inclusion in a contract and policy manual. The resource department was beneficial in pointing out the necessity of including the sample contract and forms that the state provides to new providers. Although these forms do not cover all of the issues which concern the provider and parents, the forms contain information required by the state. When providers develop their own forms, they often leave out information which is required. The sample contracts and policy manuals were designed in compliance with the state requirements. The forms for the contract and
policy section overlapped with the record keeping unit. All forms were designed to meet the state FCC registration requirements for information.

Initially, the writer contemplated sharing the experiences of providers who had been audited by the IRS. However, after speaking to providers who had been audited, the experiences sounded too negative and onesided. All of the providers who had been audited were filing tax reports, none were working "underground". Out of concern that the experiences might encourage providers to work underground and not declare the income from the FCC business, the IRS experiences were not included in the manual. Emphasis was placed on developing record keeping forms for tax purposes. Since FCC varies so greatly from home to home, several different forms were provided for recording the same types of information. While some providers interviewed were very meticulous with records, other providers would not maintain records at all if it required much effort. Both options needed to be described in the manual.

Two months were not sufficient time to allocate to the gathering of information and the writing of the manual. Many long nights were used refining the manual. Presenting the information in a manner that providers would find interesting while still providing comprehensive information was more challenging than anticipated. Fortunately, the writer had no difficulty in locating the resource materials and experts in the field. The information had to catch the eye of the provider and be relevant, but not alarm the provider. The manual was submitted to the department director for approval before distribution. The manual was approved for distribution to the incoming providers as a college project of a staff member. The agency name did not appear on the document, only the writer's name. For legal reasons all materials bearing the name of the agency must first go through a lengthy lawyer review process. With the approval of the director, the writer self copyrighted the material and offered the manual on disk. Since numerous sample contracts
and forms were included in the manual, the writer felt that providers would be more likely to customize the contracts and forms to suit personal needs if the entire document did not need to be retyped.

Copies of the manual were distributed to the 12 people attending the FCC provider orientation training. The initial response to the manual was overwhelmingly positive. The recipients were surprised that it was free of charge. A manual was distributed to each resource development staff to enable the staff to assist in preservice training and technical assistance calls regarding business practices. The writer and other resource coordinators maintained a log of technical assistance calls regarding business practices. The writer also provided technical assistance to resource coordinators upon request. Only three calls regarding business practices were received during the month following distribution of the manual.

The participants who attended orientation training and received the business manual were surveyed using the Family Child Care Provider Business Questionnaire (see Appendix A). The evaluation was conducted over the telephone and consisted of four open-ended questions. The same instrument and method were used to gather data documenting the problem.
Chapter V: Results

Results

The problem being addressed was that incoming FCC providers had little understanding of standard business practices. The goal of the project was to improve the entry level FCC providers' understanding of standard business practices including the family day care zoning law, insurance liability, contracts and policies, and record keeping for tax purposes. The writer developed a resource manual for FCC providers through consulting and interviewing accountants, lawyers, insurance brokers, experienced providers, parents, and resource and referral staff members. The manual was designed to be comprehensive and relevant to FCC providers. The manual contained a section on each content area, along with scenarios, examples, and resource lists for further information.

The following outcomes were projected for this practicum:

1. After reading the business manual distributed at orientation, the newly registering FCC provider will demonstrate understanding of the zoning law by naming at least two benefits of the law in an open-ended survey question conducted by telephone.

   This outcome was met.

All incoming FCC providers who attended orientation and received the manual were able to describe at least two features of the zoning law (see Table 5). Providers were eager to discuss the law. None of the providers confused the zoning law with the FCC registration act which occurred frequently in the pretest. Comments were made that the law is not very effective and that the municipalities do not seem to be aware of the law. The incoming providers who attended orientation and received the manual rated higher scores than the pretest group after orientation and even the pretest group after the six hour preservice training.
Table 5

Frequency of Correct Responses by Potential FCC Providers Regarding Zoning Regulations After Orientation, After Preservice, and After Orientation with Manual

<table>
<thead>
<tr>
<th></th>
<th>Number of Correct Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>n</td>
</tr>
<tr>
<td></td>
<td>Zoning</td>
</tr>
<tr>
<td>Orientation</td>
<td>15</td>
</tr>
<tr>
<td>Preservice</td>
<td>23</td>
</tr>
<tr>
<td>Orientation with Manual</td>
<td>12</td>
</tr>
</tbody>
</table>

2. After reading the business manual distributed at orientation, the newly registering FCC provider will demonstrate understanding insurance issues in FCC by naming at least three potential areas of risk when operating a FCC business without additional insurance in an open-ended survey question by telephone.

This outcome was met.

The potential FCC providers who attended orientation and received the manual were all able to name at least three insurance issues (see Table 6). Providers stated that they never thought of professional liability issues prior to reading the manual. Some providers were concerned to realize that accidents off the premises, such as taking a walk, may not be covered by all FCC liability policies. The potential providers who attended orientation and received the manual rated higher scores than the pretest group after orientation and even the pretest group after the six hour preservice training.
Table 6

Frequency of Correct Responses by Potential FCC Providers Regarding Insurance Issues

After Orientation, After Preservice, and After Orientation with Manual

<table>
<thead>
<tr>
<th></th>
<th>Number of Correct Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
</tr>
<tr>
<td>Orientation</td>
<td>15</td>
</tr>
<tr>
<td>Preservice</td>
<td>23</td>
</tr>
<tr>
<td>Orientation</td>
<td>12</td>
</tr>
</tbody>
</table>

3. After reading the business manual distributed at orientation, the newly registering
FCC provider will demonstrate understanding policies and contracts by naming a minimum
of five issues that should be addressed in a contract and policy manual in an open-ended
question conducted by telephone.

This outcome was met.

The potential providers who attended the orientation training and received the manual
were all able to name a minimum of five issues to address in the contract and policies (see
Table 7). Some of the providers described feeling incapable to determine how to rewrite
the contract at this time. A few providers doubted the need for the policies or contract.
The potential providers who attended orientation and received the manual rated higher
scores than the pretest group after orientation and even the pretest group after the six
hour preservice training.
Table 7


<table>
<thead>
<tr>
<th>n</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orientation with Manual</td>
<td>12</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Preservice</td>
<td>23</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Orientation</td>
<td>15</td>
<td>7</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

4. After reading the business manual distributed at orientation, the newly registering FCC provider will demonstrate understanding record keeping for tax purposes by naming a minimum of four forms of records that should be maintained for tax purposes in an open-ended question conducted by telephone.

This outcome was met.

All potential providers who attended orientation training and received the business manual were able to name at least four forms of records needed to maintained for tax purposes (see Table 8). Some providers questioned the need to maintain the records, stating that the government has no right to pry into the personal expenses of the household. From the discussions that started on the telephone, the writer anticipated lively dialog regarding business practices at the next six hour preservice training. The potential providers who attended orientation and received the manual rated higher scores than the
pretest group after orientation and even the pretest group after the six hour preservice training.

Table 8

Frequency of Correct Responses by Potential FCC Providers Regarding Record Keeping for Tax Purposes After Orientation, After Preservice, and After Orientation with Manual

<table>
<thead>
<tr>
<th></th>
<th>Number of Correct Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td></td>
</tr>
<tr>
<td>Orientation</td>
<td>15</td>
</tr>
<tr>
<td>Preservice</td>
<td>23</td>
</tr>
<tr>
<td>Orientation</td>
<td>12</td>
</tr>
<tr>
<td>with Manual</td>
<td></td>
</tr>
</tbody>
</table>

5. A business manual and resource guide will be developed for FCC providers which is comprehensive in the areas of zoning, insurance, contracts and policies, and record keeping for tax purposes as rated by the resource staff. The manual will be rated by the resource development staff, using the instrument developed by the writer (Appendix B). Each item on the instrument shall obtain a mean score of 4 or above on the 5 point Likert type scale.

This outcome was met.

All content areas measured by the Business Manual Evaluation Form, had a mean score greater than 4 (see Table 9).
Table 9

Mean Score of Content Areas of Resource Manual Rated by Resource Staff

<table>
<thead>
<tr>
<th>Content Area</th>
<th>n = 6</th>
<th>Mean Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoning</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>4.96</td>
<td></td>
</tr>
<tr>
<td>Contracts and Policies</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Record Keeping</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

Discussion

The incoming providers and the resource staff were overwhelmed by the content of the resource manual. All of the expected outcomes of the practicum were met. Some additional insights were provided by the resource staff. The resource staff, overall, found the manual to be comprehensive in the four content areas addressed. However, the staff questioned why other areas were not addressed. Due to the time limitations of the practicum, the manual encompassed only the four business areas that were found to be lacking in the existing resource manuals used in training (Lubchenco, 1981; Modigliani, Reiff, & Jones, 1991; Colker & Dodge, 1993). At least five additional distinct areas were identified by the staff: marketing the FCC business, communicating with parents, being self employed, obtaining benefits for the self employed, and registration requirements. Going a step further, the resource development department is discussing expanding the manual to include additional areas covered in the current resource materials. One comprehensive
manual covering all areas of FCC would be less confusing to providers, reduce redundancy, and could be more cost effective.

The providers who received the manual were aware that a follow-up telephone call would be made. This may have influenced their decision to read the manual. However, if the manual becomes a part of the orientation training, the providers will still be told to read the manual prior to the preservice training. The preservice training is mandated for registration. The provider might still feel compelled to read the manual.

Providers did state they understood the need to comply with the issues discussed in the resource manual. The number of issues that the new providers could identify was an indicator of their understanding of the issues. The providers also stated that they anticipate the manual being very helpful during the first year since resources were listed. When regulations requirements are added to the manual, using scenarios to explain the rationale behind the regulations, the provider is likely to see the need for the requirement. The manual might increase compliance with registration requirements as Grubb found (1993).

Recommendations

Based on the results of the project the following recommendations are made:

1. The manual should be expanded to encompass additional content areas identified by the resource staff and the providers. Five additional content areas were identified: (a) marketing the FCC business, (b) communicating with parents, (c) registration requirements, (d) what does it mean to be self employed, and (e) how to obtain benefits when self employed.

2. The state should endorse the resource manual for FCC and each sponsoring agency should formulate a section pertinent to the policies within the county agency. The state regulations are sometimes difficult to interpret, thus making it difficult for the sponsoring agency and the FCC provider. Since the state regulations are open to
interpretation by the sponsoring organizations, the FCC providers might encounter
different enforcement of regulations between different counties.

3. Consideration should be given to charging for the manual. The providers who
obtained the manual seemed to be willing to purchase it. The manual costs approximately
$3 per copy to print or photocopy.

4. The manual should be available to the providers on computer disk. The forms and
samples would need to be rewritten so that providers could format the document easily
when making changes and adapting the samples to their business. The disk should be
available in different formats also, so that it can run under different computer applications.

5. The manual should be available to all incoming FCC providers, both registered and
not registered. The three technical assistance calls related to business practices during the
last month of the practicum, were made by experienced FCC providers. This reinforces the
concept by Shuster, Finn-Stevenson, and Ward (1992) that the R & R is identified as the
resource for FCC providers.

Dissemination

The manual must be reviewed by the corporate lawyers before it can be disseminated
further by the agency. The agency is interested in expanding and disseminating the manual
as the written resource for registering FCC providers.

In the event the manual is not approved for use by the agency, the writer will make
the material available to providers through the state FCC providers’ association in written
and disk form.
References


DeBord, K. (1993). A little more respect and eight more hours in the day: Family child care providers have special needs. *Young Children, 48*(8), 21-31.


Office of Children and Youth. (ERIC Document Reproduction Service No. ED 361 619)


APPENDIX A

FAMILY CHILD CARE PROVIDER BUSINESS QUESTIONNAIRE
Family Child Care Provider Business Questionnaire

1. Are you familiar with the Family Day Care Zoning Law? yes no
   If you answered yes, please give a brief description explaining the law’s benefitsa.

   Pertains to registered providers only
   Intended to increase availability of child care
   Municipalities cannot restrict FCC with additional zoning regulations, zoning must
   be the same as a private home
   Condo’s and coop’s cannot restrict FCC, even if the association has a "no home
   business" clause (unless they are a restricted community, such as, "for mature
   adults over 55")

2. What aspects of family child care are not covered by home owner’s insurance?

   general liability
   child abuse and neglect
   accidents off premises, such as when taking a walk
   auto
   professional liability
   negligence
   fire

3. What issues should be addressed in a provider-parent contract and policy manual?

   fees
   holidays
   philosophy
   provider illness
   emergency plan
   hours
   vacation
   guidance
   back-up care
   transportation
   schedules
   late pick-up
   sickness (child care)
   medication administration
   leaving the premises

4. What records should the family child care provider keep for tax purposes?

   business receipts (food, toys, books, subscriptions, etc.)
   attendance records
   contracts
   daily schedule
   personal receipts (food, toys, etc.)
   shared expenses (mortgage, electric bills, heating, etc.)
   deposit slips and record of payments from parents

---

a The question is specific to the state and would not be applicable to other states.
APPENDIX B

BUSINESS MANUAL EVALUATION FORM
I. DOCUMENT IDENTIFICATION:

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Author(s):</td>
<td>Joanne Labish Taylor</td>
</tr>
</tbody>
</table>

II. REPRODUCTION RELEASE:

In order to disseminate as widely as possible timely and significant materials of interest to the educational community, documents announced in the monthly abstract journal of the ERIC system, Resources in Education (RIE), are usually made available to users in microfiche, reproduced paper copy, and electronic/optical media, and sold through the ERIC Document Reproduction Service (EDRS) or other ERIC vendors. Credit is given to the source of each document, and, if reproduction release is granted, one of the following notices is affixed to the document.

If permission is granted to reproduce the identified document, please CHECK ONE of the following options and sign the release below.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>Sample sticker to be affixed to document</td>
</tr>
<tr>
<td></td>
<td>Sample sticker to be affixed to document</td>
</tr>
</tbody>
</table>

Sign Here, Please

Documents will be processed as indicated provided reproduction quality permits. If permission to reproduce is granted, but neither box is checked, documents will be processed at Level 1.

"I hereby grant to the Educational Resources Information Center (ERIC) nonexclusive permission to reproduce this document as indicated above. Reproduction from the ERIC microfiche or electronic/optical media by persons other than ERIC employees and its system contractors requires permission from the copyright holder. Exception is made for non-profit reproduction by libraries and other service agencies to satisfy information needs of educators in response to discrete inquiries."

| Signature: | Joanne Labish Taylor |
| Printed Name: | Joanne Labish Taylor |
| Address: | 75 Rohill Rd, Neshanic Sta., NJ 08853 |
| Telephone Number: | (908) 369-4812 |
| Date: | October 8, 1996 |
III. DOCUMENT AVAILABILITY INFORMATION (FROM NON-ERIC SOURCE):

If permission to reproduce is not granted to ERIC, or if you wish ERIC to cite the availability of this document from another source, please provide the following information regarding the availability of the document. (ERIC will not announce a document unless it is publicly available, and a dependable source can be specified. Contributors should also be aware that ERIC selection criteria are significantly more stringent for documents which cannot be made available through EDRS).

| Publisher/Distributor:          |
| Address:                       |
| Price Per Copy:                |
| Quantity Price:                |

IV. REFERRAL OF ERIC TO COPYRIGHT/REPRODUCTION RIGHTS HOLDER:

If the right to grant reproduction release is held by someone other than the addressee, please provide the appropriate name and address:

Name and address of current copyright/reproduction rights holder:
Name:  
Address:  

V. WHERE TO SEND THIS FORM:

Send this form to the following ERIC Clearinghouse:

ERIC Clearinghouse on Educational Management  
College of Education - Agate Hall  
5207 University of Oregon  
Eugene, OR 97403-5207

If you are making an unsolicited contribution to ERIC, you may return this form (and the document being contributed) to:

ERIC Facility  
1301 Piccard Drive, Suite 300  
Rockville, Maryland 20850-4305  
Telephone: (301) 258-5500