



American Enterprise Institute

Webinar — How networks can help family childcare businesses succeed

Welcome and introductions:

Katharine B. Stevens, Resident Scholar, AEI

Presentation:

Chris Bennett, CEO and Cofounder, Wonderschool

Comments:

Shannon Cotsoradis, Chief Executive Officer, Nebraska Early Childhood Collaborative

Tracey McEntyre, Program Director, Little Elm STE(A)M Academy

Mia Pritts, Head of Early Care and Education, Wonderschool

Panel discussion

Panelists:

Chris Bennett, CEO and Cofounder, Wonderschool

Shannon Cotsoradis, Chief Executive Officer, Nebraska Early Childhood Collaborative

Tracey McEntyre, Program Director, Little Elm STE(A)M Academy

Mia Pritts, Head of Early Care and Education, Wonderschool

Moderator:

Katharine B. Stevens, Resident Scholar, AEI

2:00–3:15 p.m.

Thursday, July 29, 2020

Event Page: <https://www.aei.org/events/webinar-how-networks-can-help-family-childcare-businesses-succeed/>

Katharine B. Stevens: Hi, my name is Katharine Stevens. I'm a resident scholar at the American Enterprise Institute, and I'm delighted to welcome you to our webinar today on how networks can help family childcare businesses succeed.

Before I introduce our panelists, I just wanted to say a couple of words on what family childcare is and why it matters. As many of you know, family childcare — also called home-based childcare — is childcare that is run by the owner out of their own home instead of being based in a childcare center. So, family childcare businesses are much smaller than centers. They'll have four or five — 10 children is the typical size.

And there are several reasons that family childcare really matters. It's not interchangeable with center-based care for several reasons. The first and most important is there are many families who prefer putting their children in family-based childcare for a number of reasons.

It's a smaller-scale, more intimate environment, which enables the children and the families to develop closer bonds with the caregiver and the other children because center-based care is age-segregated. So, each classroom has a different age group that we — babies and toddlers and 3-year-olds and 4-year-olds. In family childcare, children of all ages are mixed. (I'm so sorry. I'm getting a message that I'm muted. OK.) So, because there are mixed-age groups, siblings can stay together. Children are able to be in an environment with other children, so they're learning from children who are different ages than them. And it's also possible for a kind of continuity of care where a child can, perhaps, begin as an infant with one caregiver and stay with that caregiver until they go to kindergarten.

Some other important things are family childcare providers tend to have more flexible hours, so they're able to accommodate nontraditional, unpredictable work schedules in a way that's more difficult for centers to do. They're community-based, meaning they reflect the language and food and culture of the children that they are serving. And in the environment of the coronavirus pandemic, because they're small, there's less scope for disease transmission, which is something that's become very important these days. And the logistics of maintaining a clean, safe environment are easier. They're more manageable logistics. So, that's the whole set of reasons that there are a lot of families who prefer family-based childcare.

A second reason that family childcare is really important is it provides a unique opportunity for small business ownership, especially for women — especially in low-income communities. It's a pathway to entrepreneurship that's very important, especially in low-income communities.

And then, finally, family childcare often serves as kind of a cornerstone of the community. There have been a lot of stories about that these days around coronavirus, where the family childcare provider is part of the community. They know the families, they know the children, and they've been stepping in to help people out because they're an important part of the community.

So, those are the reasons why family childcare matters. The problem is that over the last 15, 20 years, there has been a big decline in the number of home-based providers. So, what you see here on this slide is that since 2005, the number of licensed, home-based childcare businesses has declined from 2005 to 2017 by 44 percent — from around 220,000 in 2005 to around 120,000 in 2017 — losing almost 100,000 providers.

At the same time, the capacity of childcare centers has actually increased. So, in 2005, the capacity of centers was a little over seven million children total. And, in 2017, it had increased to almost nine million children. Even as you can see on this slide, the capacity of home-based care, which was considerably less than center-based care to start with, has declined to, really, a very small percentage of the overall market. So, there are a couple of reasons for this.

We can take the slides down. Thanks. So, family childcare providers are, first and foremost, caring for children, but they're also small business owners. They're running a small business, often with little or no business experience, while simultaneously caring for children 40 hours, sometimes 50, 60 hours a week. They are operating all by themselves. They're needing to navigate sometimes complex state systems for licensing, certification, quality ratings — and that can be very difficult for a small provider to do by themselves. And then, finally, they're working in isolation, usually, with no peer networks and few training opportunities.

So, a solution to this problem that's been emerging over the last several years are what are called “networks” — family childcare networks. They link family childcare businesses together through a kind of a central coordinating hub focused on increasing quality of care and increasing sustainability of the family childcare businesses by improving their business practices. So, they're focused both on quality of care and on strengthening business practices. They provide economies of scale and cost-effective support by bringing together 10, 20, 30, maybe 40 very small childcare businesses together under a sort of one umbrella. And they often centralize operational functions while, at the same time, enabling family childcare providers to remain viable and independent.

So, there are a number of networks — a growing number of networks that are using different approaches to this. And in the follow-up materials to this webinar, we'll provide links to some resources if you're interested in learning more about it.

Today, we're going to be hearing about a new technology-based initiative for family childcare networks that Wonderschool, a really remarkable company, has recently launched.

So, I am going to just give a quick rundown of the agenda, and then I'm going to turn it over to our guests to explain what they're doing, why, and how. So, we're going to begin with a presentation by Chris Bennett. He is the CEO and cofounder of Wonderschool. So, we're going to begin with a presentation from him, where he explains sort of the big picture, what they're doing, why they're doing it, how they're doing it.

Then we're going to be hearing from our three other guests. The first is Mia Pritts. She's head of early care and education for Wonderschool. She's going to be talking with Tracey McEntyre, who is a program director of a family childcare business, Little Elm STE(A)M Academy. And then, finally, we're going to hear from Shannon Cotsoradis. I hope I got that right. She's CEO of the Nebraska Early Childhood Collaborative, which is a family childcare network in Nebraska that has been working with Wonderschool. So, she's going to explain why they decided to start working with Wonderschool and how that is supporting what they're doing in Nebraska. Then we'll have a conversation among ourselves and take questions if any questions have been sent in. So, with that, I am delighted to turn the screen over to Chris.

Chris Bennett: Katharine, thank you so much for the incredible introduction. So, I have a presentation that I prepared, and I also have a demo that I'm going to share with you all. So, I'm going to share my screen. Can you all see my screen? Thumbs up. Great.

So, just a little about me. So, I'm originally from Miami, Florida — so born and raised in Miami, Florida. And my parents — they're immigrants from Honduras. So, I grew up in a really large Honduran community. And I'm not sure if you can see my mouse, but that's me there. That's me there. And I'm one of 31 first cousins who all grew up in Miami together. We spent a lot of time over the holidays, over dinners — a very close-knit type of a community.

You know, I went on to do really well academically. I was the president of the Future Business Leaders of America in middle school. I was the first in my family to graduate from college. I went to the Wharton School of Business and graduated there with undergrad. And this is a photo of my preschool. So, I went to an incredible preschool in Miami. It's one of the best schools in the state. And when I look back on my childhood and look back at sort of the outcomes of myself and my cousins, I was one of the few of us out of the 31 to actually go to college. And doing a lot of research on the value of early childhood education, just looking backward, a lot of the success that I've been able to have academically and in my career started with the right early childhood education.

And the way I think of early childhood education — as you're sort of going down this path, and if you get access to the right educator and the right program, it can send you in a direction that could be remarkably better than the direction you're on prior. And so, I moved to San Francisco about 10 years ago, and about five years ago, I started to hear from a lot of my friends that they were having a hard time finding childcare. And thinking about my own personal experience and living in a city where there's such immense amounts of wealth — if there was folks having a hard time finding childcare here, it's sort of scary to think that there's a large number of Americans who are likely having a hard time finding childcare, and it turned out to be true. So, in San Francisco, there are 37,000 children under the age of 5. And pre-COVID, there were 26,000 spots. And based on conversations I'm having with the state, we think that that number has decreased significantly. And it's even worse when you look at them in California.

And so, I spent a lot of time thinking about how to solve this problem. Like, what are some ways to solve this problem — to solve this shortage of childcare in America? So, I went back to my childhood again, and this is actually the home of a woman — her name is Yoli. She's a Cuban immigrant, lives in my neighborhood where I was growing up, and she started a childcare program out of her home. My sister went to her program for preschool. I went for after-school care. And Yoli was almost part of our family. I love Yoli. And we spent a lot of time at our home — really received a lot of enrichment and a lot of care from her.

And this is a photo of me with Yoli just last year, where I went to go visit her. She now runs a program — serves 100 families — and she's grown it from in-home program to a center. She owns three homes. She has three cars. She lives a great life. Her daughter is in medical school planning to be a doctor. And she's truly living the American dream, while also giving back tremendously to her community. And I'm really inspired by her story.

And so, what I asked myself was how do we create more Yolis? How do we take Yoli's experience and apply it to more individuals? And the idea that came up with was an Airbnb for childcare.

So, Airbnb — I'm sure everyone is familiar with it. It's a technology company first that has built technology to support individuals looking for — in our case, we've built a technology company for folks who are looking for childcare and for individuals looking to start and operate their own childcare programs.

And to test the idea, we didn't write a line of code. We actually did everything without any sort of technological advancement. We rented a house, we hired a teacher, and we launched a childcare program. And this is the home that we rented in the Berkeley Hills to learn everything about creating childcare programs in the homes. And within six months, we filled the program. The teacher was earning a significant amount in revenue. And she went from earning \$30,000 a year to significantly more, utilizing a lot of the best practices that we developed with her in her community.

And then, in early 2017, we put the idea with three programs out of individual homes in San Francisco. So, instead of renting the home, we worked with folks who already had their own home and who wanted to start their own program. And today, we have close to 1,000 programs on the Wonderschool platform in 11 different states. And that's growing pretty rapidly right now in terms of the number of programs that we're supporting and bringing onto our platform and the number of states we're going to supporting.

And, in 2020, we started to partner with family childcare networks. And our goal is to grow this way going forward. And what we focus on is making sure the providers that are using our platform are earning enough. And we're very inspired by the concept of the "iron triangle" early childcare education finance. The main concept behind the "iron triangle" early educational finance is full enrollment, so, helping programs get full, collect all of their fees, and charge tuition rates to cover the cost of childcare.

And we do this in a number of ways. So, we help a provider who wants to start a program get licensed, set up their environment, come up with the right prices to charge in their community. Then we've built tools for search features, enrollment features, pricing adjustments, billing, automated payments, use photo and video sharing — all optimized around the "iron triangle" to help a provider operate their program in an optimal fashion.

And the way we work with networks is we've developed even more features for networks. So, we provide childcare search if that is of interest. The providers get access to a website — childcare management tools. Our providers get access to a community to support them, shared services to support them, and aggregated data that our network is able to use to support a provider.

Now I'll do a quick demo of our product.

So, one of the main ideas around the "iron triangle" is full enrollment, so we built features and products so it makes it easy for a provider to create a program and for parents to find the program. So, I'll use a ZIP code in San Francisco. You can type in the ZIP code. And, similar to Airbnb, parents can then go and find programs in their communities. They can see photos, see reviews, see if they're open during COVID — so, let's click on this program.

This program run by Simone has a lot of information about the program so a parent can learn about the program — photos, more information about the program, reviews. I'll zoom in. All of this is created with the Wonderschool technology. And we help the provider rank on Google. So, I just typed in the name of one of our programs. You'll see that it's one of the top hits on Google.

And we invest pretty heavily in SEO so it makes it easy for parents to find programs and enroll in the programs. Every program provider has a dashboard that they're able to use to manage their program. So, this is the backend. This is what the provider sees. These are the number of enrollments they have. This is how much a provider is earning on a monthly basis. Again, this is all around the "iron triangle," helping a provider understand how they're doing with their finances and then helping them attract more families for their business. They're able to see all of the different students in the program. This is a demo page, so none of this is compromising information — email address, phone number.

All of our programs manage payments through the Wonderschool platform. And, again, this is to help the provider make sure they're collecting all of their payments. We have an "Interested" tab, which is effectively a wait list so that a provider is able to get access to all of the parents that are interested in their program and see where they are and message them when necessary. And then you can update your website using the Wonderschool platform, as well, or yourself. So, you can just update your philosophy. These are all sections I shared with you prior. There is an enterprise-level view that a network is able to use to see all of this data for the network, and that's something that Mia is going to talk about when she presents.

Just a couple more things I'd like to share with you. So, this is what childcare search would look like for a network. So, this is just a demo of us using the state of New Jersey. But we can put our technology into that experience that you typically would utilize if you're a network or a state. All of our programs have access to a mobile app to manage their business as well. So, there's photo-sharing, messaging, check-in, check-out, and all of this data can be shared with the network. And our directors and providers get access to a community and then shared services, so they're able to get access to a resource hub to answer questions about licensing or anything about operating their program — access to partnerships that we have with a number of organizations, whether it be new students, tech services, acquiring teachers, advertising. And we have a consistent stream of educational webinars for our providers on a weekly basis to support them in operating their business.

And from here, I'll hand it over to Mia and Tracey. Thank you so much.

Mia Pritts: Thank you, Chris, and thank you to Katharine and team for having us. We're very excited to be here with you today. My name is Mia Pritts. And as Katharine shared, I'm the head of early care and education at Wonderschool. I've been with the company since early 2017, and I've spent the last roughly 22 years working in early childhood. I started as a preschool teacher and then have held various roles and operations of childcare programs, as well as working on shared services. And at Wonderschool, I work to help basically develop the perspective that Wonderschool carries about what a high-quality learning experience looks like and how we develop tools and resources to support providers in implementing those best practices around high-quality programming, and then different resources and supports for families.

And then I also work on our different network partnerships, which I felt so lucky that I get to work with parents, providers, and network leaders like Shannon, who will be talking with us in a few minutes. And I wanted to spend a few minutes talking with Tracey McEntyre, who's joining us as well. Tracey is a Wonderschool director, and I'm going to do like a sort of a mock interview with her. So, Tracey, welcome. Thank you for being here with us today. It's so great to see you.

Tracey McEntyre: Thank you.

Mia Pritts: Can you tell us a little bit about your program? Things like how long it's been open, why you opened it, and sort of what it's like — what type of program you offer?

Tracey McEntyre: Yes. Well, just to make sure everyone can hear me. My school is here in Texas in a little suburb in Little Elm. And the whole purpose of this program was actually kind of centered around my son, and I wanted something new for him. I had spent 20 years in early childhood education. It's hard to believe sometimes. And I kind of retired, got married, had a baby — was going through those different motions. Once my son entered into elementary school, I started really noticing the differences in how I was teaching from what my son was being and how he was being taught. He had terrific teachers. However, the way I knew how his mind worked and what was going on just didn't click, and I knew I wanted something more for him.

And with that, kind of went on to a journey of, "OK, I'm getting back into the world of education," and so, doing a lot of research trying to figure out what kind of program I wanted. I knew I didn't want a childcare center. I wanted a learning environment — a school. And it was going to range from pre-K kids all the way up to elementary school.

So, I did my research. Google was my friend for a good couple of years, and just trying to find the right program — trying to figure out how and where I was going to open up my program. I thought about opening it outside of my home. That proved to be difficult for me because I was still having my son at school. The whole managing my son in a school and then managing a school was just proving to be impossible. My son is on the spectrum so we had to deal with services outside of school. There were just a lot of things getting in the way of having a brick-and-mortar school.

So, the idea came to where — "Maybe I should open inside my home." I have the experience of running a school, training teachers, teaching children — but opening an actual school inside my home, I had no idea. And I just had to just do a lot of research. The one thing I knew I wanted: I wanted a school that was for all children — all learning abilities. How I was going to do that? I had no idea.

So, I actually came across Wonderschool just on a whim. I was on Facebook. I saw the name. I was like, "OK, that's cute. Preschools are opening. Like, I'm not interested in a brick and mortar." A couple of more times, it just kept popping up, and I'm like, "I'm just going to see what it is." And once I saw, OK, it was not an actual preschool, but it was a company that was helping people open their schools in my home.

And it was like, "OK, here we go." And the process was amazing. And it really allowed me to kind of step back and really concentrate and mold what I wanted in a school. And what I wanted was a micro-school. I wanted a school for all children. I wanted a school that could

house all children — all abilities. I also wanted to make sure that my son can come with me. So, that was the big, huge thing.

So, once I created this, I got this place. I'm in my house. Now I have a company that can help me, and now I can bring my son home with me. So, I don't have to worry about, "Oh, gosh, it's time. How am I going to go and pick up my son? Who's going to pick up my son?"

So, going on the journey with Wonderschool was — it was fairly easy for me. Because I had the background, I knew I didn't have to worry about that. I had to worry about how to build an environment in my house, which I had no idea on. And that's where Wonderschool came in, to where they stepped in and said, "Hey, we can help you sort where you want your school, how you want it to look, how to get the licensing," which I knew, but my brick and mortar — they already had that. So, that process I had no idea on. So, it was great to see that someone could create a checklist. "OK, these are the things that we're going to start with." The one thing I can say that I really enjoyed with Wonderschool is I was able to have a mentor and someone who could come in and kind of see what I was seeing, but have somebody say, "Oh, yeah, I did see this. You're not crazy."

So, I had a space, but then my mentor could come in. And my mentor was actually in California. So, we both had our iPhones and I was showing her my space and then we walked through the rest of my house. And she saw my living room, and she's like, "This is perfect." I'm like, "Oh, my gosh, she sees what I see." So, we were bouncing ideas off of each other. And it was really — that was like my highlight of anything else. Having that mentor there and bouncing ideas off of her — sending pictures of different things that I wanted in my room. Once I had my room set up, getting that second eye to check that out was really important for me. So, I could really concentrate on what I wanted in a school as far as the concept, what I knew, and how I wanted to market — who I wanted inside my school.

Mia Pritts: Can you tell us a little bit about the families you have enrolled? Do you work with private-pay families exclusively? Do you work with families that you subsidy? Do work with a combination?

Tracey McEntyre: I work with a combination. I have parents who are privately paid. I have two subsidies that we work for. One is military for military families, which was amazing. I actually didn't find that out myself. My military family was the one who actually told me about it. I was like, "This is amazing." And then we have one that's here based in my county that I use that's pretty well-known in the Dallas area. So, we have a couple of different ways that we handle pay, me personally. I also do a sliding scale for those families who are not able to use the subsidies. So, I use a couple different ways to help my —

Mia Pritts: That's a really good thing to point out to our audience in case they're not as familiar as we are. But there are many, many cases where a family — their income level is too high to receive subsidy funding, and they're nowhere near able to pay market-based rate tuition. And so, there's a whole gap that's occurring. And so, Tracey, I think what you're saying is you offer a sliding scale at your own expense basically. It's something you've decided to do personally. And so, you're making that adjustment so that more families have the opportunity to attend your program. And a tip of the hat to you for that for being a good steward of your community. How many children are enrolled on your program, and what age ranges do they cover?

Tracy McEntyre: We are at nine, and the youngest is 3.5. My oldest, if you count my son, is 15. And in between, we've got 3.5, fours, fives, and then it comes to this huge gap. And then we have 7, 8, 9, 10, and 15. So, it's a wide, multi-aged group that we have, which is what I wanted my son to, you know, be extra of it. But I always knew I wanted a multi-aged group. I knew I didn't want one specific group when I opened my school. And I knew I wanted us all to be together because that is how our school works and how we learn. So, everyone has a chance to kind of be the lead, if you will, in whatever we're learning.

So, we are a STEM school. We're 100 percent STEM, which means that the core that our kids need to learn math, language literacy — we use STEM, which is science, technology, engineering — we stick in the “A” for arts — and then “M” for mathematics.

So, we use all of those things to introduce those four subjects that our children need. So, kids get a chance to pick a subject, and they are able to create their own little curriculum for it. So, if we're talking about flowers, that person is going to lead that group. So, it kind of helps them get that self-esteem of talking out and leading and then teaches others to do the listening and do the following sometimes. So, we're working on those different roles in life.

We have a great multicultural group as well. We talk about everything. My classes are really amazing core to have, and I think that's really important when you're building a school on how and what you want your school to represent.

And we represent a school that everyone is welcomed, and then we're all learning from each other in some kind of way. So, I think it's important. I think it's great. When you're opening your school, you can create that. You have the power to create that, and there's nobody kind of telling you, “No, you can't do this. No, you can't learn this way” and what curriculum or whatever it is. You're allowed to just kind of create your own environment for kids.

Mia Pritts: And you have a true micro-school, which — everyone probably has heard recently that micro-schools have been used very frequently. And inherently, family childcare is a micro-school. And so that can be children 0–5. It can be exactly like you have where it's 3.5 and up. It can be 0–12. There are all sorts of scenarios that allow for, I think, exactly what you're describing, which is really individualized up to you, your passion, your deep knowledge, and your commitment to education and learning and allows you to customize the learning experience of all the children as well.

I would also love to ask you — since we're talking next a little bit more deeply about networks — have you — this is sort of a parallel thing. Have you tapped into the Wonderschool network of directors — the Wonderschool community of providers? Have you spent any time interacting with your peers and colleagues?

Tracey McEntyre: I have with a few, and there are a few that from the beginning to now, that I am quite close with outside at Elm. We still text each other and see how each other is and especially right now. It's like, “How are you doing?” “I'm OK.” It's funny because, even when I started, I was the lone person in Texas. I don't know if there's anybody in Texas yet. I don't know if I'm the only one yet. I don't know.

Mia Pritts: There's a few more, but I don't know if they're right near you.

Tracey McEntyre: So, it was always stuff like, “Oh, do you want to come to this?” Like, “Oh, I live in Texas.” OK, we still have that communication going but it was fun. You have somebody in Texas or you’re listening to somebody in New York or California and you’re just kind of feeling off of each other on their different environments because we are quite different, even how we started our business from licensing to the types of children that we have in our groups — in our schools. So, it’s great to learn off of each other, as well, and just get that support that you need, too, sometimes.

Mia Pritts: Yeah. And you recently led a conversation with a group of directors about micro-schools. I remember seeing that conversation happening in our chat room.

Is there anything else you’d like people to know about running an education or childcare business out of your home or anything else that you want to share?

Tracey McEntyre: I think the number one thing — I have a lot of people, especially now that we’re dealing with this pandemic, asking me, “Oh, is this the best way to get money quick?” And I always tell people, even before this, it is a business. It is a school. And we’re not just dealing with — and it’s not to put a fast food place down, but we’re dealing with children and their education.

So, first and foremost, you got to love what you do. You got to want to be doing it because of that. Because if you’re doing it only to earn money, you kind of get blinded from that and you forget the main reason why you’re opening that group or that school, and that’s the kids. So, you have to do it for the kids. And from there, you build on how you want to do it to earn money if this is going to be the only thing that you’re going to do. Obviously, you want to be able to make money and take care of your family.

But opening this is a little bit more than that. So, you’ve got families — you’ve got children that you’re dealing with. And once you get over that, it’s incredibly rewarding. And the fact that you can create something that you know works — I know STEM works. I know multi-age works. I know that each one of my kids in my classroom has an individual learning plan. So, I know when we’re teaching one big subject, I know that this person is going to learn it differently from this person. And I know that I have the freedom to create that in my environment.

The best part about having it in your house for me is the independence, the ability to help families financially, and the ability to open your mind up to teaching kids how they need to be taught, which is on an individual basis and a group — and a small group where kids are always going to be able to give their independent time with their teachers.

Take it slow, do your research — everything else out the window. Do your research first. Make sure you want it in your house because, you know, you’re inviting people in your house. And this is also your living environment too. So that’s definitely something else to think about.

Having my son here, it was like kind of hard. He’s on the spectrum. Sometimes he’s like, “Oh, they’re coming to school today?” It’s like, “Yes, they’re coming to school today.” Because this is our home. This is his home. This is our environment. And it kind of goes both ways.

So, if you know how to separate those things, it's going to be amazing for you. I wouldn't trade it for the world. This is like the best time for me because I'm watching my son do what he loves to do and learn how he knows how to learn, and he's thriving. I can't take that away for anything. Absolutely.

Mia Pritts: Amazing. Thank you so much. I really appreciate you sharing your experience with everyone. We're lucky to have you as a partner, and your community of families is lucky to have you as well.

Tracey McEntyre: Definitely happy to be here.

Mia Pritts: And thank you for taking time away from your day too.

OK, so we're going to shift gears slightly. I'm going to share my screen now and go through a little bit more in-depth of how Wonderschool is working with different childcare networks, and then Shannon is going to talk about it on a very individual network level. So, I'm going to speak broadly, and then Shannon is going to say how it's working in real life in Nebraska with the network they've created and then providers.

So, when we talk about working in partnership with different childcare networks, we're talking about the partnering organization using the Wonderschool technology with providers. The partner providing on-the-ground, local, quality work is applicable and everyone gaining efficiency and their ability to work across programs or do their work as a provider. So, we're sort of off-loading some of the administrative work and manual work that everyone has to do. This is also allowing the partner to have enhanced data collection and reporting, which we'll talk a little bit about why that's important in a minute.

Wonderschool manages the onboarding and support for all the providers in the community, so the network doesn't have to become a tech expert on the Wonderschool software solution. And Wonderschool also is able to find — use the feedback from providers to make an even stronger product and experience for them.

And then we provide access and support to our community partners. So, much like we've built a community of childcare directors and providers, we're able to collaborate and work together. We're building the same thing with our network partners so that we can all continue to learn in that environment as well. And the impact that we're all working towards is a new definition of quality, where it does encompass the traditional elements of early childhood programmatic quality that you think of when you think of a high-quality program, but also expanding that definition to include the quality of the business. Because if a business like Tracey's can't stay open and grow and thrive alongside her and the children and then has to close, the benefit is lost and the resources are lost.

And so, we want to help provide that sort of whole program support. Much like, if we think about the whole development of a child, you don't just look at cognitive development. You look at physical, social, emotional, etc., and we want to look at the whole program and the quality on programmatic side and also business side. And this is really important for communities.

And so, when we talk about a childcare network, that's kind of an umbrella term. We're mainly speaking about organizations that are 501(c)(3)s and nonprofits funded on a variety

of ways that could be philanthropic, private, or public money. And typical other terms for these networks would be a “shared services alliance,” a “staffed network,” a “childcare network,” or a “resource and referral agency.”

And so, again, Wonderschool provides software, the Wonderschool provider community, and technical and business assistance. And then the network is able to provide the deeper on-the-ground quality support. And the way our contract works is Wonderschool contracts directly with the network who typically purchases Wonderschool memberships for the providers in their community, and we’re able to drive economies of scale that way as well. So, we’ve got the economies of scale Chris mentioned around services and products for providers to use, but we’re also able to drive economies of scale on the network level, where a network partnering to bring on more and more programs will receive a lower unit cost.

And then how our partnerships roll out really depends on the goals and the long-term vision of the partnering organization. And, most typically, we see where we start with a pilot or we do a phased approach where you would, say, start with 10 programs and then phase into 20, 30, 60, 1,000.

And so, this is just showing some of the partnerships. We’ve got our friends at the Nebraska Early Childhood Collaborative. We’ve recently partnered with Quality Care for Children in Georgia. Early Resource Center is a resource center for our agency throughout Pennsylvania, and we’re partnering with the group in western Pennsylvania and then other programs and other states as well. So, some are networks, some R&Rs, some are doing all different types of work. And our goal is to meet each network where they are and work with them to best support their unique community, versus being like, “Oh, this is the only way Wonderschool works with people.”

And so, our business model is that Wonderschool provides this end-to-end solution to run a childcare business. This can be family childcare programs, center-based programs, micro-schools, outdoor programs — so, forest schools or nature preschool programs. The memberships are purchased by the partner. Some require use of the Wonderschool platform in order to participate in or receive other services and programs from the network. Some allow for opt-in. So, our partner in Pennsylvania, for example — Chris and I gave a demo to a group of providers of the Wonderschool platform, and then they were able to apply to participate to receive access to the platform and talk about why their program would benefit from this partnership.

And then the partner funds any additional quality work or resources. And this is where the story that that data can tell becomes very compelling. And so, what do I mean when I say that? Well, what’s always in the news, always — always? The importance of high-quality early learning. We all know this. What is less understood, though, is the impact of low-quality care. And how do we even know low-quality care is happening? It becomes very much, I would say, nearly impossible to diagnose when day-to-day issues are happening across programs, and I mean that in terms of quality-related issues or business-related issues. And that’s really important because, again, if we’re just sort of introducing funds and resources but without really understanding what’s happening in a program or across programs, those dollars might not be distributed as great as they could be.

And so, how would a partnership with Wonderschool impact this? Imagine if you were a network leader and you’re able to access a program’s website site views and how many

views their program got, and then, digging down deeper, how many tours were scheduled, and then from those tours the conversion to enrollment? If you were able to see that a program had 500 views over the last 30 days and they gave 15 tours and zero enrollments came off that, that would be a red flag to you that something's going on. Is there something about how the tour is being given? Is there something about the physical space or quality? Is there some mismatch in what's being offered versus what families need? And you would be able to direct your attention very specifically to that program or that community and sort of diagnose and make impact.

Unenrollment data. So, there's a reason — in the Wonderschool platform, a provider gives the reason for unenrollment along with the reason the parent gives. And sometimes those don't match, and sometimes they match but give really insightful information into things like preschool expulsion or challenging behaviors or, again, a mismatch occurring that would be otherwise really hard to see and support. Churn rates — so, the average length of time a family spends on a program. We want families to stay for years in programs. We want a 3-year-old to enroll in Tracey's program and stay until they're 12, 15, 18 — and then they start working there. But if you're able to see that the average tenure of a family is only one to two months, for example, that should tip you off that, again, something is going on here.

And then Wonderschool frequently asks parents to, like, provide feedback about their experience in the program, and this results in really amazing ways to celebrate the successes of the programs. And, again, it can also just create additional insight if a parent isn't experiencing something as great as we would want them to and, again, can support the network in doing targeted intervention, whether it's coaching, training materials, etc. And Chris mentioned earlier that we're able to provide access to the networks on both aggregate-level data — so, across the whole group of programs around enrollments, financial health of the program, overall parent satisfaction, etc. — and then also really drill down on to an individual program basis, where a network can see exactly what's happening in each program.

And we also are working on building network childcare search functionality out, which I think Chris talked about in terms of a state-level solution, and it also can be a network-level solution if a network is working in a community versus across an entire state. And so, again, just like he showed earlier with the website search functionality, this can be white-labeled basically to include — this is an example of what it could look like for the state of New Jersey versus looking branded, like, for Wonderschool, or any CC could brand programs this way as a white-labeled solution as well. And, again, this all comes back to redefining quality.

And with that, I'm going to turn it over to Shannon to speak about how this is working in Nebraska with providers and with her organization.

Shannon Cotsoradis: Thanks, Mia. Glad to share our story in Nebraska today.

The Nebraska early childhood collaborative is, as Katharine mentioned and Mia suggested, a hub or a network organization. We are supporting a group of family childcare providers. And we started that work with a small group of family childcare providers in Omaha, where our organization is based, and quickly realized that if we wanted to be able to take that work statewide, that we needed a technology platform to both help us scale our work in a state as large as Nebraska — it's more than seven hours to the other corner from Omaha, so in the absence of a technology platform, very difficult to scale — and also to have a sustainable

solution to our work. We needed access to a technology platform. So, that drove us to the marketplace looking for a product that could help us support family childcare providers, and we decided on Wonderschool for a couple of reasons that I want to touch on today.

First, I think lots of evidence that it's a really innovative technology platform, as has already been described. But a few things that stood out to us from a network perspective, that don't exist in other products in the market I wanted to touch on. I think the billing and collection from parents is a really unique feature of Wonderschool's platform and really a huge challenge for family childcare providers. They often have such a strong relationship with the families they serve. That the ability to take billing and collection out of their hands and have that exist on the platform is a strength that also helps the revenue collection of providers — such a critical piece to their success. So, that was one thing that really stood out to us.

I think there's also marketing. Chris touched on some of the ways that Wonderschool supports marketing of providers. There's essentially a suite of supports that allows a provider to manage their marketing in one place, and we find that to be a really important element to the Wonderschool platform in terms of helping our family childcare providers.

And then, of course, access to insurance through a marketplace, another feature that really stood out to us as we were looking for a product to best serve Nebraska. Other things that, I think, were really important to us and looking for a product to support our network — Wonderschool has a strong commitment to quality and safety that's evidenced by the parent check-in data that really gives us insight into whether or not providers are providing high-quality care.

And I think one of the things Tracey mentioned was the importance of a mentor for family childcare providers. And as a network organization on the ground in Nebraska, we can rely on Wonderschool's technology platform. But we can be informed by the data — for example, the parent check-in data — to help us provide on-the-ground supports for providers in the communities that we're serving. So, I think, in that way, the data becomes very important.

A couple of slides ago, Mia showed the dashboard. So, I think, obviously, there are innovative elements to the technology platform, but I think what's most attractive to us is the network solution that Wonderschool is offering. The ability to access data across all of the providers that we're supporting helps us inform how we support them on the ground, both around their business metrics — the "iron triangle" that Chris referenced — but also around their quality.

The idea of a mentor that Tracey lifted up — if we know a provider is struggling in a particular area based on the data that's included in the dashboard, that helps us as an organization target opportunity to support them as a mentor to check in with those family childcare providers to make sure we're connecting them to appropriate professional development that we offer at the collaborative. So, it's really the best of both worlds. We're supporting providers and strengthening their business but also recognizing, with the help of Wonderschool's technology platform, that elevating the business of early care and education is part of a bigger journey towards higher quality in the family childcare sector. So, it's really just bringing a lot of elements to the work that, in the absence of a technology platform, we wouldn't be able to extend beyond our own backyard in Omaha. It allows us to scale in a sustainable way across the state.

Mia Pritts: Awesome. Katharine, you are muted.

Katharine B. Stevens: Thank you. So, thank you all very much for your presentations. That was fascinating. I wanted to start by asking if any of you have any comments or questions on what the others of you said. Are there any things anyone wanted to fill in?

Shannon Cotsoradis: I want to attend just to echo around Tracey's point about a mentor and how important I think that is — that part of what makes the technology solution that Wonderschool is offering unique in the context of networks is it's so much more effective if we give providers data and we pair that with mentorship, because we want to be able to guide providers in their quality journey as well as in strengthening their business. So, I think it has to be technology going hand-in-hand with on-the-ground mentorship, and that's really part of the strength of this solution.

Katharine B. Stevens: Yeah. I mean, it just strikes me that, you know, hearing about this — to picture what it's like in the absence of it, right? I mean, that a provider just — I mean, Tracey when you're just literally out there all by themselves with less support than really most small business people have — because let's say you're opening a little grocery store. You're going to be able to find someone else who had a little grocery store. But as a family childcare provider, you're sort of especially isolated.

So, I have a couple of questions. One is, I guess, for Chris. Chris, I can imagine people thinking this is a terrific idea but having sort of a sense of hesitation around the fact that you guys are a for-profit company. How do you think about that?

Chris Bennett: Well, I think it's a fair question. Typically, folks in the education community and folks especially in childcare often are nonprofits. But when I set out to start Wonderschool, we have very — we see this as a global company. This is something that can touch every single childcare provider in the world. And to achieve that, we recognize that this would have to be a venture-backed company to be able to achieve that sort of scale similar to what you've seen with, like, a company like Airbnb. And for us to attract the technologists, the data scientists, the folks that are core to building the technology platform that we're building, the folks working in education, folks working in sales being a for-profit company — and being able to raise venture capital was going to be core to it. And so, yeah, that's what led to the decision.

Katharine B. Stevens: And, Shannon, from your point of view, do you care? Does it matter to you guys if they're for-profit or nonprofit? Is there anything about working with Wonderschool that has highlighted for you that they're — I mean, essentially, they're making money off you? How does that feel on your end?

Shannon Cotsoradis: I think, for us, we really just wanted the best product for the providers that we serve, and we feel like we get the best of both worlds with Wonderschool. They approach their partnership very much like a nonprofit organization would approach a partnership, but they bring the innovative spirit and the ability to respond quickly to changing market conditions that you expect from a for-profit company.

Katharine B. Stevens: That makes a lot of sense to me. I don't know, Chris, if that's a question you get often, but I can imagine that it's fairly unusual to have — I don't know if

it's ever existed that for-profit company came 50 miles close to family childcare. I think it hasn't happened before.

And kind of related to that, this is really beyond your scope, but I'm just wondering what your guys' thoughts are on this question of access. And this is obviously not — Chris and the others, this is not what Wonderschool's primarily focused on. It's not the problem you're focused on solving, but you're in the space. And obviously, Tracey, Shannon, you're in this space.

This question of access to quality care for low-income kids, whether they're subsidy kids who, in a lot of cases, the subsidy isn't going to necessarily be sufficient to pay for high-quality care, or they're in that in-between — that gray zone, Mia, that you were talking about, where they have too much money to get a subsidy but not nearly enough to pay for childcare. So, I'm just wondering in terms of the big picture — Chris, you're a systems thinker. Mia, you've been in this for ages. Tracey, you're on the ground. Shannon, you are as well. What are you guys' thoughts on how we can improve access to high-quality care for lower-income kids who are often the ones who need high-quality care the most?

Tracey McEntyre: I personally — you go to where they need the help. You ask the families themselves. That's where you're going to get the knowledge that you need to get a plan. If you just think of the plan and not ask the group that is involved in that, that's where you're going to tank. So, for me, I have 20 years. So, I've been a director, I've been assistant, I've been the teacher, and I know the number one thing that parents struggle with in needing childcare is paying for it. So, me creating my own program — I knew, yes, I was going to set up tuition. I knew I had two subsidies that I could use, but I also knew that, me personally, I was going to need to work with certain parents. So, for me having that background, I also know when someone is trying to con you, you know, trying to squeeze in there, but have the heart to know that life is life and we go through things. And I am willing to help you.

If more, I think, individual schools would do that, we can reach more people. It can't just always be about making the money. Yes, we need to make a living, but there's also families who need to do that, as well, and they need to have a safe place for their children to have an incredible learning journey. So, first, we need to go to those families and say, "What do you need from us?" That is something I do on a regular basis is — I contact friends in different areas and go out and say, "What do you need from me?" I'm way in Little Elm but in the back of my head, I know I'm going to be reaching out to more areas and opening up, or educating more people to open up schools inside their homes. That knowledge that I'm getting from families of all backgrounds is going to help me grow and be better. So, first is that knowledge of going to those families and asking, "What do you need?"

Katharine B. Stevens: Yeah. That makes a lot of sense. So that's sort of the very local level. And then in terms of a big system, there's economies of scale, obviously, that we're able to get with some of these things. But what are your guys' thoughts in general about the economics of childcare and family childcare in particular? Any thoughts?

Mia Pritts: I actually think technology is part of the solution because we have to help providers get more efficient and more attuned to their own business metrics to allow them to bring in more revenue and ultimately to serve more children of greater need. And, I think, we also need to streamline the systems around billing for children that do need subsidy to attend

childcare, and, I think, technology will ultimately be a really important part of being able to make those changes.

Katharine B. Stevens: Right. Right. I mean, for people who are outsiders to this — and I just learned this term fairly recently, the “iron triangle,” meaning that if you are under-enrolled, you’re not making enough money to carry your business, right? I mean, I guess that that’s — what I’ve gathered is that’s actually more of a problem than people might think — that people are not as much on top of — they’ve got spaces for eight kids. They only have five. That’s not fiscally viable, but they’re so busy taking care of kids but they don’t have the wherewithal to get the other five children, which is going to make their business viable when it otherwise wasn’t. Is that true? Is that a problem that you would see?

Mia Pritts: That’s for sure a big issue across the field if you’re not fully enrolled. People might think like, “Well, I have five kids out of six — I’m pretty good — or four out of six.” But if you really help them see the numbers of it, there’s an additional issue of, if you’re applying discount sort of inconsistently and not really aware of how much you’re giving away in your program, that can impact you financially. And that also is, I mean — part of the “iron triangle” is having enough revenue to cover the cost per child. And that directly speaks to subsidy dollars not being enough to pay for the actual cost of implementing a high-quality program. And that’s a real thing that people deal with. So, not only do they not make enough money to sustain have a stable livelihood but also they’re not making enough money to offer the highest quality of programs that children need.

And then they kind of really brought systems over for Wonderschool. Our mission — our company mission is to ensure that every child has access to a quality, early learning program. And so, we are right there with you in terms of making sure that we can figure out how to scale and disseminate our services so that every provider can access the tools, every family can enroll in a program, and that we’re working with networks and other partnering organizations and communities to make that happen.

Tracey McEntyre: I think the one that works for me — well, another point I should say about Wonderschool is you always have somebody checking in on you. So, whether it’s just, “How’s your day going? How’s your business going?” — there’s always some kind of communication going on. So, if you’re having trouble growing your business — that was one thing that having a mentor really helped me with because, again, I was used to having brick and mortar. I wasn’t used to having my own business that I grew up. And so, kids were already there. So, all I had to do was manage them and do tours and pull them in. So, having that mentor there giving me some pointers on, “OK, maybe we should try it this way. How do you do your open houses?” Having that mentor really helped me in building my program better. Even though I had that 20 years, I didn’t have that 20 years as a private school owner.

Katharine B. Stevens: Right. You are running a small business. That’s what you are doing.

Tracey McEntyre: Right. That’s what was key is just having somebody there to kind of say, “Let’s try these things. And if they don’t work, OK, let’s move them aside and try something else.” So that is something great that’s valuable with Wonderschool.

Katharine B. Stevens: Yeah, that makes a lot of sense. Chris, did you have any comments on any of this?

Chris Bennett: Yeah, the only thing I'll add is that when we started the company, we thought that we were building our own network effectively. So, we have a team of mentors, we have a team of business coaches, and we built all this technology primarily for ourselves so that we can support our network. And we quickly realized in having conversations with Shannon — in having conversations with other networks that a partnership between the network and Wonderschool can be really powerful, where a provider like Tracey would get access to mentors through the network and would also get access to the technology provided by Wonderschool.

So, it's a really harmonious partnership that Mia highlighted in her presentation, but how we're able to use each other's strengths to provide the best solution for the market. And we're lucky as an organization, Wonderschool, to have done so much of that work ourselves that we actually understand exactly what networks need to be able to support their communities.

Katharine B. Stevens: Yeah. I mean, I have to say that you have paid your dues at each step of the way from starting your own family childcare home, which is pretty impressive.

So, we are just about out of time. Any last thoughts? Comments? We said what we need to say?

Chris Bennett: Yeah. I guess the only thing I'll end with is I think it's great that, in a time where there's a lot of struggle and sort of pain that America's experiencing due to COVID, some component of silver lining is that we're understanding the value of in-home childcare and we're understanding the value of the networks that support them. And I'm really excited about the steps that our leaders are taking to support the work that networks and our providers are doing.

Katharine B. Stevens: So, it inspired this event. So, I want to thank all of you guys very, very much for joining us. And for our viewers, we will link to more information about Wonderschool and the Nebraska network and Tracey's school in case you need somewhere for your kid when you're in Texas. So, in case you want to follow up or learn more about any of what we've been talking about, you can find the information in those links. So, thank you so much, and I'm looking forward to meeting you guys one day in person.

Chris Bennett: Yeah, absolutely.

Tracy McEntyre: Yeah, thank you.

Shannon Cotsoradis: Thank you so much.

Chris Bennett: Thank you.

Katharine B. Stevens: Pleasure.