

2005 Montana Home Child Care Workforce Survey

Report Summary

Montana's Family and Group Child Care Homes provide critical services to working parents and children statewide. They offer hard-to-find care for infants and multi-aged siblings in family environments, at convenient neighborhood locations, with flexible scheduling. They are the backbone of care in rural counties. Through regional child care resource and referral agencies, working parents gain access to a network of regulated, trained home-based caregivers.

The 2005 Montana Home Child Care Workforce Survey summarizes the characteristics and compensation of over 1,700 workers employed in 1,070 registered family and group child care homes statewide. In June 2005 these facilities had the capacity to serve over 8,700 children at any given moment, with an estimated enrollment of over 11,800 children.

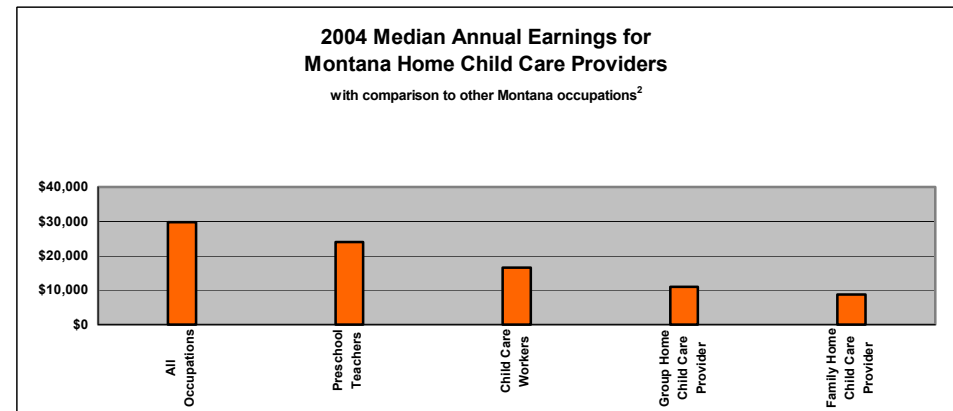
Although home child care businesses require long hours and offer moderate earnings, they offer a professional entry point to entrepreneurship for women in rural and urban areas alike. As this survey shows, the vast majority of owner-operators are self-employed women who work in their homes.

Key Findings

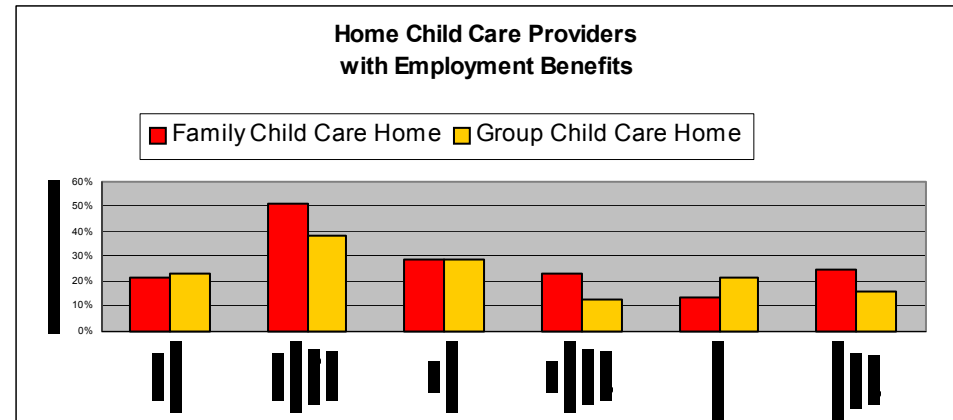
- Annual Income:** In 2004, income after business expenses averaged \$8,769 for Family Child Care Homes and \$10,899 for Group Child Care Homes. Family Child Care Homes claimed an average of \$4,329 in IRS-allowed home business expense; Group Child Care Homes claimed \$4,707. For some households, this deduction offered significant tax savings.
- Gross Receipts:** In 2004, gross receipts averaged \$18,453 for Family Child Care Homes (employing one provider) and \$37,662 for Group Child Care Homes (employing two providers). This represented an increase of 55% and 47% respectively over average gross receipts reported in 1999.
- Employment Benefits:** 51% of Family Child Care Home providers and 39% of Group Child Care Home providers had health insurance through their spouses. An additional 22% of Family Home Child Care providers and 23% of Group Home Child Care providers purchased their own health insurance.
- Longevity:** The average length of time in business for Family and Group Child Care Homes alike was just over 10 years. The length of time in business most frequently cited by Family Home Child Care providers was six months; by Group Child Care Home providers it was three years.
- Source of Household Income:** 13% of Family Child Care Homes and 29% of Group Child Care Homes earned the household's sole source of income. Therefore 86% of Family Child Care Home providers and 61% of Group Child Care Home providers relied on additional sources of household income.

All of the above demonstrated statistical significance at the $p \leq .05$

Home Child Care Annual Earnings and Benefits



¹Median hourly wage is the midpoint of all reported wages. Half of all reported wages were lower than the median wage, half were higher. ²State Occupational Employment and Wage Estimates-Montana, US Department of Labor, Bureau of Labor Statistics, May 2004



A Snapshot of Montana Home Child Care

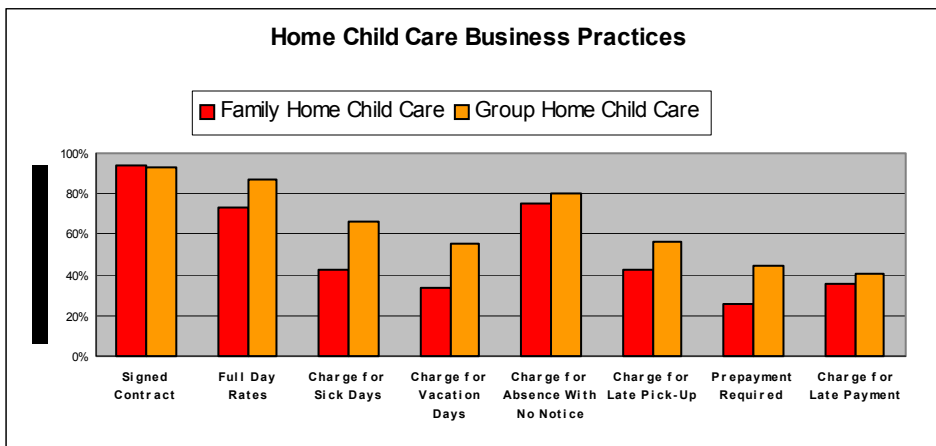
- Location:** Most home child care businesses were located in the provider's home: 96% of Family Child Care Homes and 59% of Group Child Care Homes surveyed were in the provider's home.
- Care of Provider's Own Children:** Many home child care providers include their own children in their care: 36% of Family Child Care Homes and 23% of Group Child Care Homes had at least one of the provider's children in their care.
- For-Profit Businesses:** Almost all home child care businesses operated for profit: 99% of Family Child Care Homes surveyed and 90% of Group Child Care Homes were for-profit businesses. (Only 32% of Montana child care centers surveyed in 2005 were for-profit businesses).

Conclusions and Recommendations

- **State Child Care Payment Assistance:** Many home child care businesses accepted state child care payment assistance for the care of low income children: 15% of children in Family Child Care Homes and 25% of children in Group Child Care Homes are state-assisted.
- **CACFP:** Most home child care businesses participated in the USDA Child and Adult Care Food Program (CACFP): 68% of Family Child Care Homes and 83% of Group Child Care Homes surveyed participated in the CACFP.
- **Tax Credits:** Over one-third (36%) of Family Home Child Care providers received the federal Earned Income Tax Credit; over one-fifth of (22%) of Family Home Child Care providers received the Montana Child Care Tax Credit.
- **Professional Memberships:** Thirty percent (30%) of family home and 34% of group home respondents were members of the Montana Child Care Association; 13% of family home and 22% of group home respondents were members of the Montana Association for the Education of Young Children.
- **Registered Capacities:** Registered capacities of Family Child Care Homes averaged six children, with one or two additional children allowed through overlap. Group Child Care Home capacity averaged 12 children and overlap of three or four children, with two caregivers.

Home Child Care Business Practices

Home child care is a labor intensive business with relatively high expense to revenue ratios. The child care industry has developed business practices that ensure fair rates and consistent income. The business practices graphed below reflect national industry standards.



Given the critical value of home-based child care businesses to working families, we recommend the following:

- **Increase child care licensing staff statewide** so that all Family and Group Child Care Homes can be inspected annually to better support program health and safety.
- **Promote use of services that help improve child care program quality and sustainability.** These include the USDA Child and Adult Care Food Program, DPHHS Best Beginnings grants, and child care resource and referral services.
- **Assist working parents to find and pay for needed child care** through child care resource and referral services and state child care payment assistance.
- **Improve quality in home child care settings** by increasing support for professional development and assuring availability of easily accessed, meaningful skill development training in all regions of the state.
- **Encourage professional development of home child care providers** by developing incentive awards at all levels of the Practitioner Registry as recommended in DPHHS' 2004 report, *The State of Early Care and Education in Montana*.

Survey Methodology

This survey was developed by the Montana Child Care Resource and Referral Network in partnership with the Montana Department of Public Health and Human Services and the Montana State University Early Childhood Project. Participation in the study was voluntary. Of the 500 randomly selected registered Family and Group Child Care Homes contacted, 38% responded. Data management and analyses were conducted by Sandy Bailey, Ph.D., CFLE at Montana State University. For more information or to review the full report, contact the Montana Child Care Resource and Referral Network at info@montanachildcare.com.



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