

Making Child Care Subsidies Easier Makes Our Society Better

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May 2018

Executive Summary

Child care providers' work has widespread benefits for their own families and for all of society, yet, their labor is systematically undervalued. Providers -- 96 percent of whom are women and 40 percent are people of color -- earn only \$23,000 per year on average, despite working 64 hours per week and having more than ten years of experience. On top of these challenges, providers face heavy regulatory burdens that further complicate their jobs. Pie for Providers uses technology to help child care providers build stronger businesses. We offer a digital assistant built for overburdened small business owners that helps providers navigate government programs so they can increase their revenue and spend less time on administrative work.

Through simple tools like a case management dashboard and interactive checklists, we are creating the conditions for a better child care economy. We envision a future in which providers have stable careers and low-income

families have better access to care.

Why is Our Product Needed?

Few small child care providers use business software, which is typically built for large businesses and does not support government compliance. However, there is a growing interest in serving this market. For example, KidKare processes Child Care and Adult Food Program reimbursements, and Wonderschool (another startup) offers administrative support to start family child care businesses. The success of KidKare demonstrates that providers use software when it helps them claim much-needed funding. Compared to our competitors, Pie for Providers serves a more robust set of compliance needs. We also better serve providers and families in low-income neighborhoods, as exemplified by our focus on subsidies. Nationwide, there are one million family child care providers and 100,000 day care centers. Our total addressable market for our first product, based on direct monthly subscription fees alone, is \$321.6 million.

Our opportunity to serve the child care market is much bigger. Nationally, child care is a \$41 billion industry. Recently, the federal government doubled child care funding, authorizing \$14.1 billion over the next two years alone. As policymakers seek to professionalize the early childhood field with new regulations, the demand for administrative support among small child care businesses will only grow.

How Do We Help?

To fund and operate their businesses, providers must navigate a complex maze of funding, licensing, and accrediting agencies and bear the risk of bureaucratic errors and delays. Each year, providers fail to claim thousands of dollars in available revenue that they desperately need -- up to 36 percent of their annual income. Providers who serve low-income neighborhoods face the greatest risk of unclaimed revenue and the highest administrative burden. As a result, providers are discouraged from serving the families who need them most, and they have little time to focus on offering them high quality education.

Pie for Providers streamlines providers' compliance to increase their income, reduce the time they spend on administration, and make it easier to accept subsidy payments. Our suite of services includes three verticals: subsidies, licensing & accreditation, and expense tracking. Key features include:

Subsidies

Providers access an online dashboard to easily manage and update their subsidy cases. Text message reminders ensure providers never miss an application deadline. Pre-filled forms ensure applications are complete and accurate. Monthly billing reconciliation ensures payment accuracy.

Licensing & Accreditation

Checklists reconcile and prioritize the overlapping requirements of multiple agencies. Policy updates make it easier to track changes in rules. Pre-filled forms save providers time and ensure accuracy. Text message reminders ensure that providers monitor their compliance consistently and efficiently.

Expense Tracking

Providers upload receipts or send them via text message. Pie for Providers sends monthly and annual reports to help with tax accounting and business management. This simple process ensures providers track expenses regularly and completely, so they can easily claim all the tax deductions for which they qualify.

We have built an iterative, human-centered design approach into the DNA of our business. This approach has helped us understand our customers' pain points at a granular level and design software to improve their daily lives. We do the work every day to understand our customers' lives, from their hopes for the future to the minutiae of their filing systems. This has allowed us to design a service that fits seamlessly into the lives and daily routines of small business owners.

Why Does This Matter?

Pie for Providers will increase access to care for low-income families by streamlining the administration of government subsidies. Today, only 15 percent of eligible children in the United States are enrolled in subsidies. The subsidies are vastly underutilized, in part, because they come with a heavy administrative burden and risk for providers. Pie for Providers helps providers claim the subsidy revenue for which they qualify and spend less time doing so.

In the next five years, we are projected to serve more than 15,000 providers who, in turn, serve nearly 55,000 subsidy-enrolled children. At that point, we will be generating more than \$10 million per month in additional revenue for our customers and saving them more than eight million hours per month on administrative work. This additional revenue for providers will directly help low-income children access care, and it will enable greater continuity of care for these children.