

# Micro Center Concept: A Potential Win for Providers, Parents, and Employers

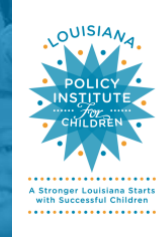
## BACKGROUND

COVID-19 has changed the landscape of early care and education in Louisiana. [Studies](#) conducted by the Louisiana Policy Institute for Children (LPIC) found that many child care providers closed as a result of the pandemic while others reduced their class sizes to ensure the health and safety of staff and children. The long-term impacts of the pandemic on the child care sector are currently unknown, as providers took on a collective estimated loss of [\\$137.5 million](#) during the first three months of the pandemic but most were able to return to operations as of September 2020. Given the thin financial margins most providers operate under during normal circumstances, it remains to be seen whether these businesses will be serving their communities at the same levels, or at all, by summer 2021.

COVID-19 also changed family behaviors. At the same time that some parents faced working from home with no child care available to them, [other parents](#) chose to keep their children home, causing additional financial difficulties for the providers who remained open or reopened after the onset of the pandemic. Perhaps surprisingly, new family care providers registered with the Louisiana Department of Education (LDOE) so they would be eligible to accept Child Care Assistance Program (CCAP) subsidies for the children they serve—despite a [trend](#) of an overall reduction in the number of family care providers in the state and nationwide for a wide variety of [reasons](#).<sup>1</sup>

*Louisiana law currently establishes two categories of child care: family child care<sup>2</sup>, which consists of a caregiver caring for no more than six children in the caregiver's residence, and center-based care,<sup>3</sup> in which seven or more children not related to a caregiver are regularly cared for in a facility. Within these two categories, there are a variety of registration and license type options, only some of which are required to participate in the state's quality rating system.*

In addition to the impacts COVID-19 has had on the early care and education sector, the political response to the pandemic has exposed gray areas in the law. Summer camps, which normally are only able to operate when school is not in session, are generally unregulated by the bodies that oversee child care providers. When Governor Edwards issued a [proclamation](#) in August 2020 suspending statutory provisions “that prohibit camps from operating when school is in session,” a *de facto* new category of child care was created. Troublingly, this type of “care” is essentially unregulated because the Board of Elementary and Secondary Education (BESE) lacks statutory authority to create regulations governing the camps. Because it could not pass a rule, BESE approved “contingencies” for camps pursuant to the governor’s waiver, which are minimally protective of health and safety.<sup>4</sup>



In order to preserve the state’s early care and education capacity under unprecedented circumstances, and to avoid work-around solutions that create negative unintended consequences like the summer camp issue described above, Louisiana should consider alternative regulatory approaches that support the early care and education sector and also prioritize child development and kindergarten readiness.

## HOW MICRO CENTERS CAN SUPPLEMENT AND IMPROVE LOUISIANA’S CHILD CARE SUPPLY

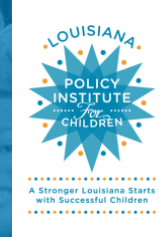
National researchers, like Opportunities Exchange, have proposed a concept called a “[micro center](#)” to bridge the gap between family child care and center-based care. In Louisiana, a micro center could be located in a residence<sup>5</sup> or other location and would operate to serve a smaller number of children--generally, between seven and 12.<sup>6</sup> Seven, because the definition of child care center requires at least seven children to be served, and 12, because more children would trigger additional, cost-prohibitive requirements as discussed below.

While some administrative regulations would have to be adjusted to fit the micro center model, the micro center would be licensed as a center and otherwise be subject to the same regulations as a traditional center because it would meet the definition of a child care center. These businesses would operate in all other respects in the same manner as a traditional center, with similar child-to-teacher ratio requirements and abiding by the same quality standards.

The key element to making a micro center a viable option for providers (e.g., profitable) is having low-cost or no-cost space in which to hold a classroom. This can be achieved through partnering with public, charter, or private schools or local businesses with available, appropriate space. Shared services elements, like having one director managing several micro centers—or the director of a traditional child care center also managing one or more micro centers associated with the main center—can also make a micro center model profitable.

## POTENTIAL ADVANTAGES OF THE MICRO CENTER:

- **For families:** Smaller group sizes result in reduced risk of illness spread and a more personalized experience for children who may thrive better in such a setting. Micro centers also may be located closer to the community in which the family lives or the parent works. Families who prefer a smaller setting for their children would also be able to access one that participates in the quality rating system. Micro centers may also be able to provide greater flexibility for families who work nontraditional hours or who want a specific cultural experience for their child, like additional language training.



- **For providers:** Advantages could include shared services, reduced overhead costs, and reduced risk of illness spread to staff due both to the smaller sizes of people and the smaller space needing to be cleaned. As it provides support for home-based providers, micro center concept could also enable more new providers to enter the system because it is [easier to launch](#) a home-based program than a traditional center.

These opportunities may also create more career pathways for providers. This model could also allow providers currently in the system to diversify their business model by adding micro center opportunities to their program. Licensing micro centers would also allow providers who have traditionally not been able to access supports like the School Readiness Tax Credit to utilize those tools. Microcenters may also be able to create more specialized approaches to early care and education, which may make them more marketable for parents looking for particular hours or a particular service (like secondary language skills).

- **For employers:** More child care options mean employees with young children can be more reliable and productive at work. Employers that embrace the micro center concept could utilize child care tax credits to offset the cost of their investment. Some businesses may also be able to utilize the micro center concept on-site or near-site by offering space but partnering with a family home provider or traditional center to supply staffing and curriculum. This business model would allow a provider to enter the market with minimal start-up costs and would provide a tremendous benefit to the employer's employees as well as access to a reliable workforce for the employer.

To explore the potential benefits of a micro center model, the LDOE should consider piloting 2-3 groups of micro centers in different areas of the state. These programs could be structured with an established, quality-rated center as a "hub" servicing micro centers in the community, a series of registered family care providers working together in a network, or some other model. Fortunately, some of the regulations to make a micro center possible already exist, including allowing child care teachers to take their criminal background check from location to location. Additional regulatory changes may be necessary to enable micro centers to operate most effectively, or the LDOE could pursue a waiver from BESE of certain regulations under Section 319 of Bulletin 137.

### Regulatory changes necessary to implement the micro center model:

- Director: Regulation needs to allow for a director to be able to serve non-contiguous classrooms/disparate sites as long as there is a designated “staff-in-charge” present at all times. Section 1707.
- Outdoor time: Regulation needs to modify “outdoor time” to “exercise time” to accommodate certain micro center locations, or modify the amount of outdoor space required for a micro center regulation.
- Cellular phones: Currently a cell phone may not serve as the emergency line at a center. Section 1901. However, if a charged cell phone stayed on the premises at all times children were present, perhaps a cell phone would suffice as an emergency line for a micro center.

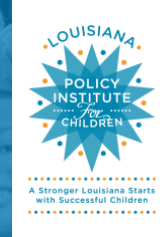
### Other necessary changes (e.g. fire marshall and private insurance requirements):

- Fire marshall requirements kick in when there are more than 12 children in the center. [http://sfm.dps.louisiana.gov/pr\\_daycare.htm](http://sfm.dps.louisiana.gov/pr_daycare.htm). If micro centers were limited to 12 children only, these regulations would not apply.
- Some locations also require city fire approval. This would be a location-by-location determination.
- Zoning ordinances may prohibit the location of a micro center at a business location, but would be unlikely to pose an issue in all circumstances or in a home-based setting.
- Each location of a proposed micro center will have to determine what general liability policy will be necessary.

Regardless of whether the LDOE pursues regulatory changes or a waiver of regulations to pursue a micro center pilot, the health and safety of children remains of utmost importance. Many of the requirements that child care centers abide by to ensure the health and safety of children would still need to be applied to the micro center model, including:

- Same sanitation requirements already required by the Department of Health/Office of Public Health (<https://ldh.la.gov/index.cfm/page/610>);
- ADA ramps and bathrooms;
- Appropriate entrances and exits; and
- Teacher-to-child ratios no larger than the ones currently applied to child care centers

The micro center concept is a promising one. There are significant potential benefits to families, providers, and employers. The LPIC would support LDOE beginning a pilot program to explore the possibility of the micro center model.



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<sup>1</sup> The Louisiana Policy Institute for Children will be conducting a study of newly registered family home providers in the fall of 2020, and will supplement this brief after those results are complete.

<sup>2</sup> La. R.S. 17:407.62(5): “Family care provider’ means an individual who provides child care services for fewer than twenty-four hours per day per child, as the sole caregiver, for six or fewer children, in a private residence.”

<sup>3</sup> La. R.S. 17:407.33(3): “Child day care center’ means any place or facility operated by any institution, political subdivision, society, agency, corporation, person or persons, or any other group for the purpose of providing care, supervision, and guidance of seven or more children, not including those related to the caregiver, unaccompanied by parent or legal custodian, on a regular basis for at least twelve and one-half hours in a continuous seven-day week. If a child day care center provides transportation or arranges for transportation to and from the center, either directly or by contract with third parties, all hours during which a child is being transported shall be included in calculating the hours of operation. A child day care center that remains open for more than twelve and one-half hours in a continuous seven-day week, and in which no individual child remains for more than twenty-four hours in one continuous stay shall be known as a full-time child day care center. A child day care center that remains open after 9:00 p.m. shall meet the regulations established for nighttime care.”

<sup>4</sup> The contingencies include the following, and will remain in effect for the duration of the governor’s proclamation, including extensions to the proclamation: camps must adhere to the Office of Public Health Guidelines for Childcare; all camp staff must be eighteen (18) years of age or older; criminal background checks must be completed on all camp staff; and the child-to-staff ratio for camps shall not exceed 23:1.

<sup>5</sup> The statutory definition of child care center is quite broad in that it can be located in “any place or facility,” which would include a residence.

<sup>6</sup> This model would not preclude legislation to license family care providers as family care providers. It would just provide a way for family care providers who wish to move into the category of “child care centers” to do so in a way that makes financial sense for them and preserves the health and safety of children. In 2020, the LPIC opposed a legislative effort to license family care providers to care for between 7 and 12 children, plus any number of related children. While LPIC does not oppose legislative efforts to license family care providers in general, it does oppose any proposals that fail to explicitly ensure the health and safety of children.