

Effective School-Age Care Program Operations

- A suburban developer wants to attract prospective home buyers.
- A housing project seeks alternatives to gang activity and drugs.
- A group of working parents need before- and after-school care for their children.

Each of these real-life situations describes an impetus for starting up a school-age care program. Each program arises from particular social and cultural conditions. Each program's success depends on how well its planners and administrators respond to those conditions. How well they respond frequently depends on how well organized they are.

A school-age program can serve a community in many different ways, but every successful program observes the same basic organizing principles. Guided by these principles, program administrators create an organizational structure that gives them the authority to respond to local conditions.

This paper is intended to introduce some of these

administrative principles, to outline the basic operations they govern, and to describe specific legal steps to be taken by administrators of new programs in New Jersey.

PART 1 Administrative Organization

Every program uses some type of organizational structure that gives it the administrative authority to set operating policies and take legal action. The two primary purposes of any school-age care program administration are:

- to establish the physical and procedural means for operating the program
- to engender communication and coordination of efforts that maintain operation

For a list of typical organizations and agencies that administer school-age care, see "Getting Started," Technical Assistance Paper No. 2 in this series. Within its framework of administrative authority, an effective organization fosters the concept of personal responsibility for each person's assigned set of tasks and duties. That is, anyone at any time can quickly determine who is

responsible for carrying out any particular administrative function.

One of the most effective ways to achieve administrative authority is to put the program under the direction of a formal group known as a board of directors. The fundamental responsibilities of a school-age program board fall into three broad categories:

Mission and/or purpose – To serve its own agenda and to comply with legal requirements, a board determines general policies regarding factors such as enrollment and personnel.

Scope of authority – Through its bylaws, a board establishes how it will govern and conduct itself in relation to other agencies and institutions, as well as who may qualify for board membership.

Fiscal governance – Through the committee process, a board prepares or approves budgets, raises and manages money, designs fee scales, and authorizes financial assistance mechanisms.

To present their personal concerns to administrators, parents and sometimes older children form their own advisory board.

Many New Jersey programs are jointly administered by a collaboration between two or more independent groups. Such a collaboration might be undertaken by a public school, which administers the location, and a youth-serving organization, which administers personnel and activity planning. For a detailed discussion of collaborations with schools, see Technical Assistance Paper No. 8 in this series.

Boards generally delegate the responsibility for overseeing day-to-day operation to one person, a program director (PD). Programs that spread over more than one site also employ site directors at each location. In small single-site



photo by Diane Genco

programs, one person may function as both caregiver and director; for larger programs, a full-time PD is needed.

By becoming active in professional organizations, program and site directors in New Jersey can draw on the administrative experience and expertise of other New Jersey directors. The New Jersey School-Age Care Coalition (NJSACC) and unified child care agencies in each county serve professional school-age program administrators. The advantages offered by these organizations include:

Technical information and assistance – By linking with other programs and agencies that serve school-agers, you can find resources for training, activity planning, and fund-raising.

Cost-effective spending – Program leaders can team up to buy food, equipment, supplies, or transportation in bulk at lower cost. Political and moral support – A united group of program representatives makes a compelling showing when it counts. Pooled energies and resources can more effectively attract media attention to events or maximize parent attendance at public meetings.

PART 2

Internal Policies

Exactly how will you handle enrollment? Who has responsibility for registration? Do you conduct personal interviews? Which children are eligible? Do you accept applications by mail? What information do you require, and how is it to be kept on file?

Long before they open for business, program administrators have to address these types of questions. The answers become the program's internal policies, the nitty-gritty, day-to-day courses of action by which a program effectively operates. To be effective, each program or program site's policies and procedures will reflect a unique understanding of the people being served, the rationale for school-age care service, and the nature of the program site.

In addition to enrollment procedures,



photo by Sarah E. Round

administrative activities that require policy decisions include:

- safety
- health maintenance
- food provision
- transportation
- behavior management
- parent involvement
- child abuse/neglect reporting

Some policies you can set independently, whereas others will be guided or determined by local, state, and federal law. For example, New Jersey state law requires a minimum of two staff members, one of whom shall be 18 years of age, to be at the site and involved in the care of children at all times (with some exceptions for before school programs).

Topic outlines for policy handbooks are given a little farther along in this paper. Each document details policies pertinent to program directors, staff, parents, and board members. As you develop your own policies, try to avoid the tendency to overregulate. Create policies and procedures that ensure fairness, resolve foreseeable problems, and avoid complicated situations.

For more on internal policies, see Further Readings at the end of this paper. For additional guidance, contact other program directors and request copies of their policies and handbooks. For details on developing personnel policy, consult

Technical Assistance Paper No. 4 in this series, "The Right Staff".

PART 3: Legal Issues

This section describes various legal concerns pertinent to school-age program operation, including the process of incorporation, licensing requirements, and insurance. It is included here with the understanding that neither the authors nor the state of New Jersey is rendering legal, accounting, or other professional service. For legal advice or other expert assistance, the services of a competent professional should be sought.

A. Incorporation as a Tax- Exempt Nonprofit Organization

Simply put, incorporation is the formal means by which you establish a legal identity for your program. It also offers personal protection from lawsuits against you or other people who operate the program. If your program's primary administrator already holds legal corporate standing—e.g., a school corporation, a church, a youth-serving agency— you probably won't need to undertake this process. See Figure 1.

When filing as a nonprofit corporation, your organization may also seek tax-exempt status. This means that your program will not have to pay federal or state income tax or state sales tax. When

it comes to fund-raising, tax-exempt status allows the corporation to solicit tax-deductible contributions.

The following steps will lead you to legitimate operation of a nonprofit corporation.

Step 1: Apply to the New Jersey Department of State

Only the Department of State can recognize your program as a legal entity.

If you wish to form a nonprofit business, request a copy of the guidebook *Doing Business in New Jersey*. Also obtain Form C-101, the Nonprofit Corporation Form.

A corporation's bylaws spell out the rights and duties of its members, its board of directors, and its operations personnel. Bylaws provide a codified framework for the way your program will conduct business: the rules by which decisions are made, the delegation of power and authority, the use of assets and the way they will be distributed when your organization dissolves, the extent of political lobbying or political involvement, etc. Although the Internal Revenue Services (IRS) does require them (see Step 2), New Jersey state administrators do not wish to see your bylaws and ask that you not submit them with your corporation forms.

Incorporation guides and forms can be obtained from and filed with:

Department of State
Division of Commercial Recording
CN308
Trenton, NJ 08625
(609) 530-6400

As of 1995, the filing fee for nonprofit incorporation was \$50. The C-101 should be filed in triplicate, with at least one copy bearing the original signature(s) of the incorporator(s). The Department of State can then return one file-stamped copy to you.

Step 2: File for Tax-Exempt Status

Under Amendment 501(k) of the tax laws, child care programs applying for 501(c)(3) tax-exempt status must meet the following criteria:

- Substantially all care provided is for the purpose of allowing parents to be gainfully employed.

- Enrollment is open to the general public.

[NOTE: When they cannot or do not wish to satisfy these two criteria, school-

age programs seeking tax-exempt status sometimes apply as educational organizations or charities rather than as child care programs.]

Obtain IRS Publication 557, "How to Apply for and Retain Exempt Status for Your Organization," and IRS Form 1023. These may be obtained from any local IRS branch office, or call 1-800-TAX-FORM.

Also obtain IRS for 8718, "User Fee for Exempt Organizations Determination Letter Request". Depending on the organization's gross receipts, this fee ranges from \$150 to \$300. The IRS will notify you of your program's user fee within two months of your submission.

Complete Form 1023 and attach certified copies of both your corporate bylaws and your articles of incorporation. Complete Form 8718. Submit all to:

IRS Center
P.O. Box 192
Covington, KY 41012-0192
1-800-829-1040

Step 3: Apply for Exemptions from State Income Tax and Sales Tax

When you successfully incorporate through the Department of State, your corporation will be assigned an internal identification number. Once this number has been assigned, you may obtain the REG-P packet, which includes Form REG-1, "Application for Registration." To obtain

the packet, and for detailed assistance on tax registration contact:

Tax Registration Department
Division of Taxation
CN252
Trenton, NJ 08625
(609) 292-1730

After you file REG-1, the Exempt Organization Department will forward an application for an exempt organization certificate to you. Complete the application and return it to:

Exempt Organization Department
Division of Taxation
CN269
Trenton, NJ 08625
(609) 292-5995

Step 4: Comply with legal reporting and compensation requirements

To obtain a federal employer identification number (EN), file Form SS-4 with your district IRS office.

The New Jersey Department of State requires nonprofit corporations to file an annual status report, accompanied by a \$15 fee. Each year, the department will send this form with instructions to the corporation's last reported address.

State law requires all businesses operating in the state to provide financial coverage for injuries and accidents. New Jersey companies have



photo by Sarah E. Round

Policy Handbooks: Tips and Suggested Outlines

Tips for Effective Policies

- Establish and distribute rules as early as possible.
- Devise uniform procedures.
- Don't give too much authority to any one person.
- Ensure that policies and procedures justify themselves.
- Develop a policy about making changes in policies.
- Make exceptions the exception, not the norm.
- Follow your own rules firmly and consistently.

Opening Procedures Handbook

- A. Program Description
- B. Organizational Chart
- C. Philosophy and Service Provided.
- D. Licensing
- E. Sources of Funding
- F. Purpose of the Handbook (including procedures for revision)
- G. Health and Safety
- H. Admissions Policy and Procedures
- I. Service Delivery

Personnel Handbook

- A. Purpose of the Handbook
- B. Personnel Practices
 - 1. Equal Opportunity/Affirmative Action Guidelines
 - a. Recruitment
 - b. Hiring
 - c. Probation
 - d. Evaluation
 - e. Discipline
 - f. Grievance
 - g. Termination
- C. Financial Information
 - 1. Payday and Pay Periods
 - 2. Salary Ranges
 - 3. Salary Review
- D. Leave Accrual and Use
- E. Time and Attendance
- F. Pay and Benefits
- G. Ethical Standards
- H. Orientation and Training
- I. Use of Facilities
- J. Communication
- K. Job Descriptions
- L. Sample Staff Schedules.

Parent Handbook

- A. Program philosophy
- B. Description of Services
 - 1. Policies
 - 2. Hours and Type of Services
 - 3. Curriculum and Program Activities.
 - 4. Release of Children
 - 5. Enrollment Procedures
 - 6. Discipline and Setting Limits
 - 7. Meals and Snacks
- C. Financial Issues
- D. Parent Roles and Responsibilities
 - 1. Communication
 - 2. Volunteer Involvement
 - 3. Clothes, Food, etc.
- E. Health and Safety
- F. Emergency/Disaster-Related Procedures
- G. Transportation/ Escort Service Policies
- H. Snow Days
- I. Vacation and Long Days
- J. Staff and Board
- K. Day Care Calendar
- L. Discrimination and Civil Rights Policies.

Board of Directors Handbook

- A. Articles of Incorporation/By-Laws and Amendments
- B. Three Most Recent Audited Financial Statements
- C. Program and Service Description
- D. Program History
- E. Organizational Structure and Charts
- F. Board Membership Requirements
- G. Legal, Fiscal, and Personal Responsibility and Liability.
- H. Mission Statements
- I. Policies and Practices
- J. Agency Goals and Objectives- Past, Present and Future.
- K. Roles of Officers, Members, Committee Chairs/Job Descriptions
- L. Clarification of Governance (Board) vs. Management (Program Director/ Staff)
- M. Decision-Making Process/ Robert's Rules of Order
- N. Orientation/Mentoring Practices
- O. Personnel Practices/Grievance Procedures

the option to self-insure, that is, to establish their own financial reserves from which to pay work-related damages. The more common method is to secure workers' compensation insurance for their employees. This insurance may be obtained only through a private commercial insurance carrier.

When your nonprofit tax-exempt program pays wages of at least \$1,000 in a calendar year, you are obliged to contribute to the state's unemployment and disability insurance funds, administered by the Department of Labor. The only exceptions are church and religion-affiliated programs, which can secure full exemption from unemployment taxes. Otherwise, as a new employer, both you and your employees will be assigned a base rate for payment. In 1995 these rates were calculated as percentages of gross wages:

Employer – Unemployment, 2.8 percent; disability, 0.5 percent; total, 3.3 percent of all annual wages and salaries

Employee – Unemployment, 0.625 percent; disability 0.5 percent; total, 1.125 percent of gross pay up to \$17,600

While the employee percentage contribution will remain constant, your contribution as employer will be adjusted after three years to a calculated rate, based on the number of claims made over the period.

Depending on your organization's specific legal status, the IRS, the Department of State, and the Division of Taxation may require other reports. Consult them for current requirements.

B. Licensing

Licensing requirements cover a wide range of health, safety, program operations, staffing, administration, and supervision policies related to the professional care and supervision of young children. SAC licensing requirements can be obtained by writing to: Bureau of Licensing, Division of Youth and Family Services, P. O. Box 717, Trenton, NJ 08625-0717, or by visiting the following website: www.state.nj.us/humanservices/DYFS/. There is a charge of \$5.00 for the manual.

C. Insurance

Accidents sometimes happen. Parents of an injured child may sue the center. To guard against the potentially devastating financial impact of a lawsuit, it is imperative that all school-age child care programs obtain appropriate insurance.

Frequently, a corporate entity can extend coverage from an existing policy to a program it sponsors.

The following are some specific types of insurance pertinent to school-age care program operation.

Comprehensive general liability – This insurance provides coverage for any claims of damage due to negligence. Specialists frequently recommend that a program carry blanket liability coverage of \$1 million.

Employee, directors' and officers' liability – While a general liability policy protects the corporation, these add-ons help to financially protect individual staff or board members from charges of negligence.

Directors can also be protected in the corporation's bylaws through an indemnification resolution, which states that no officer or director will have to pay money because of an action of the organization.

Accident – Liability insurance covers only those injuries that result from negligence. Accident insurance covers medical expenses for any injury. Some programs require that families purchase the accident insurance available through their children's school.

Vehicle – If you use private non-school transportation even occasionally, seek coverage at or above the following suggested minimums: injury per person, \$100,000; injury per accident, \$300,000; property damage, \$25,000.

Fire and theft – School corporations and institutional youth-serving agencies can often cover programs they administer under existing policies. Otherwise, owing to the red lining practices of private insurers, high rates of crime and arson in your program's neighborhood make this coverage expensive and difficult to obtain.

Fidelity bonds – This low-cost coverage protects the program from stealing or embezzlement by employees.

If seeking insurance, you may wish to contact the National Association for the Education of Young Children (NAEYC), 834 Connecticut Avenue, N.W., Washington, DC 20009; 1-800-424-2460, which offers its members a variety of group insurance plans.

Updated 2002 by NJSACC funded in part by The Westfield Foundation. NJ Department of Human Services & the Training & Technical Assistance Grant. Designed by Sarah E. Round

Further Readings

Child Care Information Exchange. Roger Neugebauer, Editor. Six issues per year. Subscriptions available from Box 2890, Redmond, WA 98073; (206) 883-9394 or 1-800-221-2864; fax (206) 867-5217.

Day Care Council of New York. **Handbook for Day Care Board Members.** Available from Day Care Council of New York, 10 East 34th Street, 6th Floor, New York, NY 10016.

ERIC Clearinghouse on Elementary and Early Childhood Education. Available from University of Illinois, 805 Pennsylvania Avenue, Urbana, IL 61680; 1-800-583-4135 or (217) 333-1386; fax (217) 333-3767; email: ericeece@ux1.cso.uiuc.edu. Murraray, Kathleen, and the Child Care Law Center staff.

Child Care Resource and Referral Legal Guide "Liability Insurance," "501(c)(3) Status and How to Get It," and "Finding and Using Legal Resources for Child Care." Available from: Child Care Law Center, 22 Second Street, 5th Floor, San Francisco, CA 94105.

Olenick, Arnold J., and Philip R. **A Nonprofit Organization Operating Manual.** 1991. New York: Foundation Center, 79 Fifth Avenue, Dept. PG, New York, NY 10003-3076.

Report on School-Age Child Care (formerly *School Child Care Report*). Available from 951 Pershing Drive, Silver Spring, MD 20910; (301) 587-6300; fax (301) 587-1081. Subscription \$297/year. A biweekly update on school-age and rekindergarten child care, health care, Head Start, research on work and family issues, and regulations (e.g., block grants, welfare reform) and their implications.

Sciarra, Dorthy J., and Anne G. Dorsey, **Developing and Administering a Child Care Center.** 1990. Albany, N.Y.: Delmar Publishers.

Seligson, Michelle, and Michael Allenson, **School-Age Child Care: An Action Manual for the 90's and Beyond.** 2nd ed., 1993. Westport, Conn.: Auburn House/Greenwood. Available from *SACCPProject*, Wellesley College Center for Research on Women, Wellesley, MA 02181.