



A Consortium of Centers, Better Together

Running a child care center requires two completely different skill sets: It is a business, and has to keep the doors open, but it's also an important partner in the intimate work of educating and nurturing children. It's often difficult for a child care center to be excellent in both arenas.

Strategies that support the best outcomes for children are well-known, but difficult to practice consistently in child care centers, especially those that serve low income children. Why? Operating as small independent businesses or non-profits, child care centers struggle in a chronic state of financial fragility. Without a stable, efficient administrative structure, the long term capacity to deliver all of the best practices has seemed just outside the reach of most Puget Sound area child care centers. Sound Child Care Solutions is changing that paradigm.

Sound Child Care Solutions (SCCS) creates a structure for high quality, stable child care centers to join together, sharing administrative functions to streamline and strengthen business practice, while retaining their community and family identity. Small community-based centers are generally unable to gain the advantage of economies of scale or respond effectively to market forces. By uniting across centers to support early learning **and** small business, we free resources to meet the highest standards of quality. Better management equates to a greater investment in improved teacher practice. The result? More children will have the developmental skills they need to be ready to succeed.

Our mission is to prepare children for school and life by deeply integrating child-centered, high quality, anti-racist, early childhood education with excellent business practice. Our combined strengths in early literacy, child development, and management enable Sound Child Care Solutions to apply research-based strategies to support high quality outcomes for children.

Within Sound Child Care Solutions, centers gain:

- ☞ The **economic strength** of being a part of a larger organization, enabling our combined centers greater stability to weather economic and enrollment ebbs and flows and the flexibility to take advantage of new opportunities.
- ☞ **Deeper attention to the teaching and learning** process beyond just meeting standards, through our integrated approach to professional development. Directors can focus on center quality so we exceed national standards.
- ☞ **Financial discounts** from economies of scale in business functions like payroll, benefits management, banking and purchasing of goods and services.
- ☞ **Together**, we draw on the talents of a wider pool of people. We can access more sophisticated resources to solve problems, improve our workplaces, and strengthen our communities. Funders like to support us because our work is sustainable.

Centers joining the consortium are committed to SCCS core values regarding high quality ECE, culturally relevant anti-bias practice and professional development. Our on-going professional development, career pathways and supports (like a substitute pool) strengthen centers, ensuring stability and consistency for children and families and a healthy work environment for staff. In a consortium framework, we can have both great teachers and great business people, ensuring each child care dollar is used most effectively. Our financial model demonstrates that this is a

sustainable approach: once established, the administrative core will need no further funding.

We launched SCCS with a Venture Grant from a national child care financing think tank which believes our approach is a necessary component of comprehensive efforts to strengthen the child care financing system. We have raised 75% of the \$300,000 necessary to take this pilot to scale. We are currently seeking the remaining implementation funding, negotiating joining agreements with new centers and testing the basic shared services model with our six chapters, Interlaken Preschool, Little Eagles, Southwest Early Learning, Refugee Immigrant Family Center, Pinehurst Child Care Center and Epiphany Early Learning. We serve over 300 children a day; 9 of our 20 classrooms are dual language (English with Spanish or Somali or Vietnamese).

**How does it work?** All funds are pooled and managed as one entity under SCCS. Each center director leads education at their center while sharing in major operational and financial decisions that affect multiple centers. SCCS is a ‘portfolio’ of different types of centers, with the strengths of each contributing to a stronger whole. We have centers large and small, faith-sponsored and employer-sponsored, low-income and middle-class. Additional centers are actively considering joining us. The infrastructure developed with full scale implementation funding will allow us to strengthen 10-15 small non-profits and serve 750-1,000 children by the end of 2014. Our toolbox for replication of our approach will eventually affect many thousands of children.

**Leadership:** Diana Bender and Laura McAlister are SCCS Co-Executive Directors. **Diana** spent 10 years in early childhood policy and planning at the City of Seattle where she raised over \$5 million for children, created and managed multi-million dollar project budgets and led large, diverse teams. She was interim director of Seattle Early Reading First and national Director of Development for Common Cause in DC where she raised over \$30 million. Diana has a master’s degree from Harvard in children and family policy. **Laura** has been working with children, families and teachers for over 25 years. She’s been an Early Reading First coach, teacher trainer and college instructor in Early Childhood Education; an accreditation mentor; director of an accredited center; parent educator and a Kindergarten and a Pre-K teacher. Laura has a master's degree in Human Development (bi-cultural development specialty) from Pacific Oaks College.

While organizations around the country have adopted a variety of shared management services strategies, we are the first in the nation to create a new entity for centralized non-profit management of child care with healthy, high quality centers deciding to share their business functions. Built on national research pointing to the importance of strengthening child care economically, this new model creates an opportunity for centers to choose to come together, rather than be ‘taken over’ by a for-profit chain or large non-profit or forced to merge out of desperation. It generates value through economies of scale while preserving the unique culture that each center creates within its community.

An investment in SCCS will enable the successful development of a financially and economically sound prototype that can be widely replicated. A commitment to this model, which maximizes each child care dollar, will lead to children’s improved developmental and academic outcomes for years to come. With testing and refinement, the consortium approach will be a highly effective strategy to increase the economic strength of child care and enhance our system of financing education in the early years.

## What do centers do and what do the centralized SCCS staff do?

Each center under the leadership of the Director maintains their:

- Unique community and cultural identity (including current center name)
- Enrollment applications and processes and final enrollment decisions
- Center-specific marketing
- Daily program supervision
- Approving tuition bills
- Hiring and firing authority and all personnel decisions at their center, including signing off timesheets
- Centers develop their own center budgets with help from central finance staff.

Centralized consortium staff provides **educational support**, including support for:

- Professional development through a coordinated, systematic approach. Each employee has a professional development plan. Teachers and staff receive mentoring, coaching and coursework. A mentor teacher supports each center.
- Support for Pedagogical Leadership; monthly, a group of teachers from each center examines and carefully analyzes the teaching and learning process, deepening and strengthening their practice and sharing what they have learned with their peers.
- Systematic on-going child assessments to inform curriculum planning and track effectiveness of curricular, environmental, and teacher strategies.
- Literacy enrichment activities in the form of teacher training, volunteer support and classroom enhancements.
- Substitute Pool (called our Relief Squad) for both planned and unplanned absences.
- Volunteer recruitment, training, and support, to provide individualized reading and learning opportunities.
- On-going staff recruitment, taking on turnover in a direct and planful way.\*

**Streamlined and shared business functions** frees resources for teaching and learning:

- Payroll and Benefits management, including health, dental, vision, retirement\* and supplemental insurance.
- Modified payment plans and collections of past due bills.
- Financial management, including budgeting, bookkeeping and financial analysis.
- Fund development and participation in national literacy, numeracy, family and child development campaigns.
- Support and tools for waiting list management and enrollment, ensuring all available slots are full.\*
- Joint/bulk purchasing of goods and services where discounts are available.
- USDA and DSHS subsidy paperwork, billing and tracking
- Insurance
- Computer and information technology support
- Human Resources problem-solving and technical assistance.

\* Still under development

## Serving Low Income Children at Sound Child Care Solutions

Many popular high quality child care centers want to serve low income children, but experience a significant barrier. The Working Connections child care subsidy that many low income parents must rely on has a very low reimbursement rate compared to the market rate for early education in the Seattle area. With such very tight budgets in child care, there is a considerable financial challenge for centers to fulfill their ideal of serving low income children.

At SCCS we are committed to ensuring that at least 25% of the slots consortium-wide will be for low income children. We have a clearly and carefully budgeted approach to overcome the financial barrier involved. By joining together in a Consortium, we save money. At SCCS, part of the savings from joint operations will be channeled into a scholarship pool. It will be organized so that each center has two budget line-items: contributions to a scholarship pool on the expense side and drawing from the scholarship pool on the income side. Each center will contribute enough to the pool to ensure that 25% of their slots can be Working Connections-funded children, covering the gap between reimbursement and tuition. Then, each center will draw back from the scholarship pool to cover the gap for the number of children they actually serve. Initially, this will start out as a cross-subsidization process from one center to another, because some centers in the Consortium serve many low income children and others serve few, despite their interest and best intentions. But, as centers adjust to the new reality that they really can serve more low income children and not make major sacrifices in program quality to do so, access to low income children across all centers will increase. Over the long run, we will be raising scholarship funds in a variety of ways to cover the gap if more than 25% of the slots can be filled by low income kids.

Once the financial barrier is overcome, we expect to encounter, in a more significant way, the other barrier to serving low income children. Most high quality, accredited centers in Seattle have long waiting lists. Savvy families, who typically have a variety of choices regarding the care and education of their children, have the luxury to get onto waiting lists years in advance. The way that Working Connections is set up, low income families often don't have the luxury of time; they need child care immediately and can't wait for spots to open. With a large number of centers and a real, financially viable strategy to serve low income families, SCCS will be able to continuously hold some slots open for low income families to meet their often immediate needs. Working Connections state offices and Child Care Resources will be able to direct low income families to Consortium centers knowing that there is more likely to be a slot open with high quality educational opportunities for the children who need it most.

## Sound Child Care Solutions Program and Outcome Evaluation Strategy

Evaluation of our approach is a key element in our design, since our intention is to develop a replicable model. Our success will be measured by improvements in child outcomes, teaching and classroom environment, administrative effectiveness (a necessary component to high quality early childhood education) and administrative savings. We have selected the following performance measures as the best tools which allow us to carefully assess progress over time.

**Child outcomes** will be monitored using the Creative Curriculum embedded assessment protocols. These tools measure child development in four key domains, using 50 subset categories. **Teaching and classroom environment** will be evaluated before and after joining the Consortium using the Early Language and Literacy Classroom Observation (ELLCO) and the Creative Curriculum Implementation Checklist. These tools measure the organization, availability, content, and diversity of reading, writing, and listening materials; the teachers' skills at establishing positive relationships and managing the classroom climate and behaviors; and the use of curriculum supporting cognitive and emotional growth and social skills. **Administrative effectiveness** will be measured pre- and post-Consortium using the Program Administration Scale developed by Talan and Jorde-Bloom, a widely acclaimed scale which measures the leadership and management practices of center-based early childhood organizations. All of these measures will be used on an ongoing basis to help us outline and assign organizational tasks to staff, set interim goals and design plans to meet those goals over time.

We will be carefully tracking the **financial impact** of joining the Consortium. Through our due diligence work before centers join us, we have good data on the financial and operational status of centers pre-Consortium. We will be carefully tracking funds saved over time across a wide range of categories. We want to understand exactly the financial and operational benefits to joining. This will be critical both to replication and to encouraging future centers to join.

## Why Sound Child Care Solutions?

- **A proven commitment to high quality early education**
  - In fall, 2009 Southwest Early Learning (which opened as a chapter of SCCS in 2008), received the highest ECRS score in Seattle based on an independent assessment by the City of Seattle of over 100 preschool classrooms.
  - All SCCS chapters meet or exceed accreditation standards set by the National Association for the Education of Young Children.
  - According to assessment data, children in our centers reach developmental milestones and are prepared for life success.
- **We invest in teachers** as the key to child success
  - All teachers have regular, on-going support from a mentor teacher.
  - Our benefits package for teachers is among the strongest in Seattle and includes medical, dental, vision, retirement and transit passes where needed.
  - Our substitute pool (called the 'relief squad') currently under development, will provide consistency for children and systematic support for teachers to pursue professional development.
  - Our 10% teacher turnover rate is substantially lower than 30% industry average.
- We create **structural support** so that **low income children** have real opportunities at every center.
- We actively work to identify and **undo racism** in our organization and to continually strengthen our **culturally relevant, anti-bias practice in the classroom**.
- All of our centers have received **Eco-Healthy certification**.
- Our Consortium approach has many benefits for centers:
  - Cost savings from our consortium approach allows us to **direct more of every dollar to the classroom**.
  - Although we are one entity, **each center keeps its own unique identity**, preserving the best in child care while gaining needed economies of scale.
  - We have the **economic strength of being a part of a larger organization**, enabling the combined centers greater opportunity to weather the economy
  - Directors report being less isolated and have access to business and educational expertise they couldn't afford on their own.
- Funders value our work:
  - SCCS received the largest allocation in the early learning category from United Way of King County in the first year we applied (\$100,000).
  - City of Seattle tripled our funding in the second year of working with us.
  - The Seattle Foundation, Paul G Allen Foundation, Boeing Corporation and Merage Foundation supported the development of our Consortium framework.



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