Shared Services as a Strategy for Collective Impact in a Low-Income Community

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I'm delighted to be with you today and appreciate the invitation to tell you about our Shared Services Alliance experience in Richmond, Virginia. This morning I'm going to share a secret and tell you a story. First, the secret. I've known Louise Stoney for many years now. When I first heard her begin to talk about Shared Services Alliances for child care providers, I thought – wow – what a cool idea! I really liked the ingenuity behind the concept, and felt there was an amazing solutions-oriented strategy within this big idea. But I also thought – it's so complicated! Does it have to be so hard to build and achieve? I wanted a quick fix. I wanted something that was a more simplistic solution to a systemic problem. Through my work over many years in early childhood policy both within Virginia and across the country, I have seen over and over the challenges with the fragmentation of our early care systems, and particularly within the child care industry and community. I saw not just the challenges, but also the exceptional value that these private sector small businesses and non-profit organizations can represent. We (society) can't function without child care services – working parents need a reliable, safe, and high quality environment for their young children while they work. And yet there is such instability that makes our systems at times feel like a house of cards.

And now for the story. Over the last couple of years, we've been on a journey in the East End of Richmond, Virginia. I'd like to tell you how this journey has unfolded and led us to conclude that Shared Services was the right strategy.

A couple of years ago, a visionary family foundation in Richmond, the Robins Foundation, tasked my organization, the Virginia Early Childhood Foundation, with understanding more about the quality and adequacy of early childhood services in Richmond's low income communities. We conducted a fiscal mapping and analysis that helped us understand in a more granular way what resources exist and what gaps need addressing. The Community Foundation Serving Richmond and Central Virginia joined in the discussion and also invested in a deep dive to discern how the philanthropic community could leverage its investment in areas where public sector spending leaves gaps. These funders didn't want to invest less, but to invest smarter, and in an appropriate proportion to the public sector, with the goal of achieving collective impact.

The East End of Richmond, Virginia is an urban community of concentrated poverty. It contains four of the city's six public housing developments. There is a long history – over many decades

– that has sustained the structural and institutional isolation of the citizens in these neighborhoods. We chose this community for our study, figuring that if we could crack this nut, surely we could assist our philanthropic investors with a rational, cohesive long term investment plan for metro Richmond.

Selected Early Childhood Demographic/Risk Factor Indicators

Indicator	East End	Richmond
Number of Children Birth-Four	2,000	13,500
Poverty Rate Birth-Four (<100% FPL)	65%	43%
Number of Children Birth-Four in Poverty	2,300	5,820
Number of Low-Income (<200% FPL) Children Birth-Four	2,650	8,150
Birth-Four Living with One Parent	83%	61%
Birth-Four All Available Parents Working	73%	70%
Birth-Four Uninsured	3.6%	5.8%
Percentage Low-birth weight newborns	13.7%	5.7%
Births to Mothers with less than 12th grade education	17.6%	17.1%
Number/Percent of Eligible 4 yr. olds in VPI or Head Start	307 (93%)	
Number/Percent of 3-4 yr. olds not attending preschool	60%	50%
Number/Percent of 3-4 yr. olds in Early Childhood Special Education	23 (2.9%)	193 (3.6%)

The table above shows demographics and indicators of risk for the East End as compared with all of Richmond. Bear in mind that most of the better rates shown here for Richmond city-wide are worse than statewide averages. Within this community, there are approximately 2,000 young children under the age of 5. The poverty rate for this population is 65%, as opposed to 43% for all of Richmond. The majority of young children live in low income and poor families, and 83% are in a single parent household. The percentage of low weight births is about 14%, while citywide it's about 6%. Nearly 18% of mothers in the East End have less than 12th grade education, more than double the statewide rate of 8.6%. Importantly, within this community, 73% of all parents -- more than the 70% city-wide – are working. Hold onto that statistic.

The number of East End 4 year olds enrolled in preschool is remarkable. 93% of four year olds are served in public preschool. Great – right? But 76% of those families eligible for home visiting services are not served; and 83% go without child care assistance. Remember that 73% of all parents are working; yet are "rewarded" by extremely limited access to child care subsidy assistance. Where are these children while their moms are working – and often working more than one job?

Another piece of data we got from Richmond Public Schools is that, over the 5 most recent years for which we have data, the percentage of East End kindergartners meeting benchmarks on Virginia's kindergarten literacy screener declined. The decline was slight, but in comparison to widespread and significant gains in this indicator over that same time period in communities across the state, the decline is sobering. Improving overall school readiness in the East End will require more – and more effective – early childhood investment.

We have some real assets, but also are dealing with the unintended consequences that have come from progress with public PreK for 4 yr. olds. The added pressures and implications for the fragile child care community have been intense. What a confounding situation – in the very neighborhoods and for populations for whom high quality and consistent child care services for children birth through 3 are needed most, they are least available.

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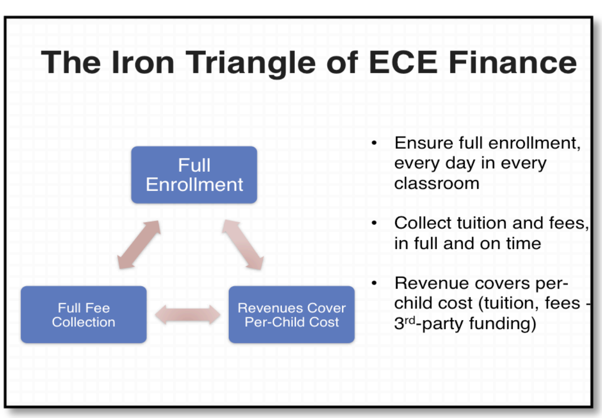
Bottom line – this is a quiet crisis. And the crisis, which has been building for some time, came to a boil with our recognition that we need to act. Not re-act, but act in a strategic, systemic way. This is easier said than done. The problem is complex. And it requires a complex solution.

We are interested in moving beyond a Band-Aid, piecemeal approach toward a cohesive, common sense, long-term plan among the funding sectors. It has become clear that there would be benefit for all stakeholders to have more clarity around the roles and responsibilities of the private/philanthropic sector vs. that of the public sector, in terms of investment in high quality early learning and other human services for residents of high-risk communities. Here's the punch line to my story: It was this combination of factors in particular that led us to be Shared Services Alliance converts.

Over the years, experts in early care and education finance (like Louise and her team) have taught us many lessons about what child care really costs and how markets work or don't work. But we were learning this lesson in an up close and personal way in the East End of Richmond. Financing child care is a lot tougher when you don't have a robust revenue line of parent tuition to bolster your budgets. This experience led me to think about child care cost models in a more differentiated way. You've got those centers in communities serving families at middle to higher incomes; you've got centers in communities, like those in the urban center of Richmond serving almost exclusively low-income families; and you've got centers that work to deliver mixed-income services – which we know is best for children, but probably hardest to achieve.

These lessons informed our study - lessons like the *Iron Triangle of Early Care and Education Finance*, which the Opportunities Exchange staff have continually reinforced, along with many other bottom line issues. The demographics, economic factors, and business realities mean that we're dealing with extremely challenging but profoundly important dynamics. Again: a complex problem – requiring complex solutions.



Here's what we shared with the philanthropic investors following our study. Instead of fickle and reactive investment, we need to invest in smarter ways. We need to shift from focusing on the "next shiny thing" to systemic, complex solutions that require a steady, patient hand. Not glamorous, not sexy, but we need to be consistent, willing to go deep in the weeds, and tough it out in the grimy hard realities where families live and struggle. We need to not "go away," as so many investors in our inner city have come and gone. All too often, promises are made, hopes fade, resources shift – but not this time.

We believe there is a key role for private sector partners to help establish durable, collaborative, multi-sector structures supporting a system for early learning services in this community. To that end, here are the recommendations we made:

First and foremost, we recommended that the funders front the costs of a Shared Services Alliance. With 73% of East End families having "all available parents working" and with 83% unable to access child care assistance, there must be many parents relying on informal care. Few East End providers have participated in structured quality improvement opportunities. These realities, as well as the recent crises of child care center closures, point to *access to quality child care* as a critical unmet need – not a new finding but one that has defied easy solution for some time. Progress on this front should not only be a priority but may also require novel, larger-scale efforts to meet the challenge.

There is significant potential in building more sustainable models for early learning programs in inner-city communities, including developing the expertise to efficiently establish and manage budgets that leverage every available revenue stream, clearly articulate the gap between revenue and costs, and appropriately allocate the dollars needed to improve quality. Participating in a collective such as a Shared Services Alliance would make it possible to tap into these strengths and redirect cost savings derived from shared business functions to higher quality and better paid teachers in the classroom. There would also be opportunity to build shared governance and infrastructure that creates clearer accountability and reinforces collective responsibilities and outcomes. Private sector funders can play a significant role in getting this strategy off the ground, but can also build and expect it in time to be self-sustaining.

Second recommendation: Promote quality. With better expertise and a clearer understanding of actual costs, potential revenue streams, and common sense budgeting, child care programs can be more accountable and articulate in identifying the gaps that remain for providing the level of quality of services needed to support the high risk children in their care. Private investors will benefit from more clarity regarding the level of investment needed to fill this gap, as well as specifically what their dollars can buy.

Third recommendation: Champion better policy. Another key role for the private/philanthropic sector is discerning and championing improved public sector policies, budgeting, and decision-making. Private partners may be in a better position to identify and push for solutions to longstanding policy barriers and to advocate for better supports. Existing barriers have evolved over a long period of time; rather than expecting overnight solutions we can lead a more intentional, entrepreneurial approach to sustained root-cause problem solving. And Shared Services is a key piece of this story.

As enthusiastic as we have been about these steps forward, we have also been clear with our stakeholders and partners that Shared Services is not a silver bullet. There are dynamics and realities that won't magically go away with the introduction of this strategy. But we believe that if we do this right, Shared Services can help us begin to bring to light and address thorny issues, including an unconscionably low child care reimbursement rate.

So we have been on a journey. We've brought along Communities of Practice within stakeholder groups in Richmond. We've benefitted greatly from assistance from Opportunities Exchange. Louise, Libbie Poppick, and Sharon Easterling have been with us every step of the way. We went to Seattle last year to see Sound Child Care Solutions in action, and came away sold on the idea that building our own version of Shared Services is possible. Our philanthropic community has walked the walk with us. We have gotten our Mayor's office, and city officials, and other tiers of human services providers – such as home visiting, parent education, wrap-around support for our schools, etc. - engaged in our journey and conversations. It's been a community-wide, rich conversation. Not simple, but *process* is essential. We've learned that building trust is probably the most important element.

We determined that it would be important to first identify the Hub before we asked potential participants to join up. Why? We thought that the Hub needed to be an organization or entity that could continue to build and honor the trust part of our equation. If the Hub ended up being an entity that was perceived as potentially a competitor in the child care space, that could be problematic. We took a great deal of time and a competitive process to identify our Hub entity – and are so proud and pleased with having found a partner that has brought not a "we're the boss of you" approach for Alliance members, but rather a peer, collegial relationship that honors and respects the individual value and assets that each partner/member brings to the Alliance "whole." Commonwealth Autism is an organization with strong financial standing, entrepreneurial and savvy leadership, and respectful orientation that has encouraged a principles-driven, collegial collective management model.

Next, we identified, from many months worth of vigorous community exploration and discussion, three organizations to serve as the initial Alliance members - FRIENDS Association (David Young), St. James's Children's Center (Debbie Lickey), and Church Hill Activities and Tutoring (Stephen Weir). Last but not least, Rich Schultz from Smart Beginnings Greater Richmond (an affiliate of Virginia Early Childhood Foundation) is a valuable partner as are on-the-ground trusted conveners and systems builders. Another big part of the trust factor is that Rich had experience with Shared Services in another job and role – around meals and food security. He has brought those skills and sensitivities to our conversation for this Alliance in Richmond.

We continue to host ongoing community discussions about our Alliance, which we are now calling the Richmond Area Shared Services Alliance, or RASA for short. We've earned the attention of our Richmond Mayor's office and his Office of Community Wealth Building. As part of the community's multi-faceted efforts to reduce poverty, Shared Services has been a nested part of the ecosystem of housing, jobs, transportation, safety, health, education, and *hope* that our city is working to build for every family in every neighborhood. We believe that early childhood and opportunities for high quality environments and experiences for our youngest children should be the core from which all else radiates.

Our group – small but mighty – meets at least monthly with many interim emails to finalize our principles, mission, vision, and to work toward establishing a shared automation/technology platform. One of the first items on the wish list for Shared Services from our member CEOs has been to attend to their staff – to make sure that salaries, benefits, and working conditions of those delivering the services are as generous as we are able to provide, as a collective. We also plan to consider and set our performance metrics. We have started with this question to each partner: What will be different in 3 years, because of participation in Shared Services?

We learned a couple of weeks ago that the Hub has received a generous grant from the Mary Morton Parsons Foundation to help with the IT costs for our Alliance. And, we have grants submitted to our two inaugural community and family foundations for continued support of our journey with Shared Services for the coming fiscal year. We've developed a draft projected 2-year budget and are seeking additional funding in order to fully cover the start-up and first 2 year costs of the Hub services. We plan to launch in July – one short month away!

Our plan is to add new members to the Alliance over time, hopefully adding new members at 6 month increments. To this end, we keep potential partners and of course our community stakeholders and investors abreast of our progress. This is part of our commitment to the whole-community, trust-building process that we pledged from the start. I'd describe this process as methodical, careful, thoughtful, and trustful. Not speedy but recognizing that process and trust building are everything.

You can probably tell that I am proud of what we are accomplishing in Richmond. I have admiration and respect for the courage that our partners show. This is not for the faint of heart. Here's what I'm most proud of.

- The Shared Services approach we are taking is like a prism that becomes more beautiful with each layer of complexity and partnership.
- We have partners who each bring distinctive assets and expertise in a sharing model – sharing not just services, but power and commitment.
- Principles drive our organizational culture.
- We are working to build capacity to address trauma-informed services; to seek out sustainable funding; to develop realistic cost models that help discern where philanthropy can best invest and best advocate for public funding and better policy.

Over 2 years, philanthropy will cover the costs of the Hub activity on behalf of the members; and we are building toward a sustainable model by converting to member fees in Year 3. By then, cost savings and the value to each member should be evident and documented.

I have found the Shared Services journey to be highly relevant for our community in a number of ways.

- The high concentration of poverty and child care closures were the reasons for striking out on the journey.
- Philanthropic interest and leadership has served as motivation along the way.

- And equity has been our guiding star.

As I look back, one of the most difficult challenges in building Shared Services "believers" in our community has been the lack of clearly documented evidence of Shared Services success. This has required a bit of a leap of faith for us all. Anecdotal stories of success in implementation are good, but our funders are looking for performance – proof of concept – that requires a closer attention to metrics. One of the more difficult things we hope to do with RASA is to show progress from baseline to bodacious. We understand that the "purchase" of Shared Services is not as simple as a line item total – it's an exchange that has the promise of a net benefit that will be difficult, but important, to measure. We hope to authentically and honestly assess our progress along metrics determined among the collective. Ask us in a year or two how that's going for us!

We are also working to document our journey in a guidebook. One of the key responsibilities of the Virginia Early Childhood Foundation is to build models for replication. We build these models and offer them to our Smart Beginnings partners across the Commonwealth as well as with peers and partners in other states. We hope within a few short months to have a nice neat guide for our partners to assist them along their own Shared Services journeys. Some pioneering partners from other communities in Virginia are already interested!

I mentioned earlier our links to the city's Office of Community Wealth Building. We believe that through Shared Services, we are supporting the Mayor's plans to transform Richmond. Staying deeply connected to a collaborative web of supports and innovation will help nourish Richmond's collaborative ecosystem and help affirm upward mobility for its residents. We hope our Shared Services Alliance for child care providers is establishing an important and cost-effective model for other human-serving organizations and networks in Richmond – kind of a "next tier" that we believe further positions Richmond as a model for other metro centers in Virginia and the country.

So I am a convert, and Shared Services is a priority part of the solution to a complex problem in my home community. And now you know my secret and our story!

Kathy Glazer is President of the Virginia Early Childhood Foundation, which serves as the public/private convener increasing efficiencies, encouraging innovation and creating partnerships to advance school readiness. The Foundation is the backbone for a statewide network of Smart Beginnings partnerships supporting local community leaders as they create optimal environments for thriving children and families.