Shared Services 101: A Powerful Framework for Strengthening Early Care and Education

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What is Opportunities Exchange?

• Nonprofit consulting group working with ECE sector
• Mission is to improve outcomes for children by promoting the development of Shared Service Alliances
  • Technical assistance to ECE providers interested in transforming the business of early care and education
  • Work to shape public policy and public financing in ways that incentivize high quality care for young children

Shared Services: Our Core Values

• Every director deserves an administrative team.
• Every teacher deserves strong leadership.
• Every child deserves a reflective teacher.

If you’re a child care provider, you might feel like this…
or maybe you are pretty smooth and composed... so this is a more accurate picture

....or maybe you are just super skilled and can do this

ECE Program Director Job Description

Typical Solution: Hire More Staff
Shared Services is about changing these pictures...

- Reinventing “the business model” so that it works – financially and programmatically – for children, families and caregivers
- Creating jobs that have meaning and are manageable and enable professional growth
- Building an organizational structure that is strong and sustainable

What is Shared Services?

- A framework that allows a network of centers/homes to share staff and costs
- A way to strengthen an organization’s pedagogical and business capacity by pooling needs and sharing resources
- Led by a “Hub” agency, supporting shared leadership and decision-making among participating sites
  - Typically a membership organization or multi-site

Shared Services: How does it work?

Shared services is a way to “feed” your mission by pooling needs with others.

This is an ECE center or home, and the circle is its mission, however you define it, such as:
- Educating kids
- Caring for families
- Serving the community
In the white space are all the things that support the mission, such as:
• Recruiting and enrolling children
• Collecting fees
• Hiring and training staff
• Building maintenance, etc.

Everyone wants to feed the mission; everyone hopes their center or home can have a bright mission: strong, sustainable, and successful.

But no one should be expected to excel at both the mission and all the things that support the mission.
• There’s not enough time.
• There’s not enough money to hire staff to do all those things.
• There’s no reason anyone should be expected to have all the skills needed in both circles.

When too much time and effort are feeding the support rather than the mission, then the mission begins to starve.
One solution is to pool needs with other centers, so that everyone meets those needs together.

When centers share staff and tasks, more time, money, and emotional energy is available to feed the mission.

There's more than one way to pool needs and feed the mission.

Shared Services Helps Address Industry Challenges

- Chronic recruitment and retention issues
  - Frequent staff burn-out and turnover
  - Few opportunities for rewarding job growth
- High administrative costs (dollars and time)
  - Limits staff wages
  - Limits focus on professional development and instructional leadership
  - "Starves" the mission of high quality ECE
The Goal: Work Smarter, not Harder

- Economies of Scale – strategies to help small businesses attain scale (e.g. bulk purchasing)
- Economies of Specialization – strategies to restructure jobs so staff can focus on what they do well
- Commitment to directing more resources to the classroom
  - Better wages and benefits
  - More job satisfaction
  - Better results for children and families

Shared Services Helps Programs Deliver High Quality ECE

What is Pedagogical Leadership?

- Pedagogy means the theory and practice of education
- Pedagogical Leadership refers to how we lead teaching and learning in early care and education programs

Leadership Behavior (from Wheatley)

Control

- Teachers/Directors accountable to regulators, funders, state standards
- PD mandated, always delivered externally
- Peer communication discouraged
- Staff wait to be told what to do
- Compliance with standards (licensing/QRIS/HS) is the goal

Order

- Teachers/Directors accountable to each other guided by a set of center-wide core values
- PD woven into daily work; time/space for staff to reflect/learn from one another
- Curiosity and communication with peers encouraged
- Staff understand role and feel empowered to act
- Standards are a platform or framework, not a goal
Leadership Based on Order Creates Energy

Classroom Teachers Begin to:
• See children’s strengths and competencies
• Have new sense of curiosity, purpose
• Gain confidence in observing children, conducting assessments and adapting environments
• Find their own voice and leadership style.

Pedagogical Leadership: How Shared Services Helps
• Site Directors freed up from multiple administrative tasks; time and energy to serve as instructional leaders
• Shared, embedded quality improvement staff to support teachers
• Teacher time ‘off the floor’ to think and plan; opportunities to reflect on their work in professional learning communities
• Children receive the individualized, reflective teaching they need to succeed

What is Business Leadership?
• Define vision: Where do we want to go?
• Plan and strategize: Forecast, assess progress, make changes
• Build infrastructure: Staffing, automation and use of technology, etc.
• Manage fiscal side of business: Enrollment, revenues, expenses, policy and procedure
• Staff to meet program goals: Recruit and retain high quality employees

Business Leadership: Focus on the “Iron Triangle”

The Iron Triangle of ECE Finance
• Ensure full enrollment, every day in every classroom
• Collect tuition and fees, in full and on time
• Revenue covers per-child cost (tuition, fees, and 3rd-party funding)
Business Leadership: How Shared Services Helps

- Centralized, dedicated staff focusing on specific tasks:
  - Fiscal management: allows for greater expertise, efficiency, fewer errors
  - Enrollment: helps keep slots full
  - Fundraising: helps fill funding gaps
- Automation and technology reduce time and errors
- Skilled business leadership can track trends, forecast fiscal challenges/opportunities, ensure sustainability
- Joint procurement and shared staff can reduce costs
- More time and funds to attract high quality staff

Discuss:
- What intrigues you?
- What puzzles you?
- What do you want to hear more about?

What is a Shared Services Hub?

- An entity that provides one or more Shared Services to the Alliance members, e.g.:
  - Large center
  - Other organization such as R&R
  - Central office created for the Alliance
- Funded by membership or contract fees, and/or grant support
  - Goal is to attain enough scale and efficiency that most costs are covered by tuition
- Can offer a range of shared services, such as billing and fee collection, enrollment management, professional development, etc.

Who Pays and How Much?

- Two types of Alliance costs:
  - One-time startup – e.g. software and licensing fees for automated information-sharing systems
  - Ongoing – personnel (e.g. fiscal management, quality support), third-party contracts (e.g. janitorial, food services, etc.)
- Goal of most Alliances: raise funds for startup and operational costs while working toward sustainability
- No typical member “fee” – eventually members must cover costs of Alliance
- But out-of-pocket member expenses expected to be offset by lower costs, higher revenues
Who Should Join an Alliance?

- Each Alliance is different – the Hub, and sometimes the members, determine qualifications to join
- Can be centers or home-based or both; nonprofit or for-profit
- General requirements of members:
  - Share commitment to the mission and vision of the Alliance
  - Willing to transform current practices in both business and pedagogy
  - Commitment to excellence in child outcomes
  - Capacity and willingness to share program information including: financial, student, personnel, etc.

Required: A Commitment to Change

Alliance partners must be willing to:
- Look deeply at how they currently provide services and be open to new ways to work
- Share financial and program information
- Lead the staff, board, parents and other key stakeholders through a successful change process

Different Designs, But the Same Goal

While the design of any particular Shared Services Alliance is unique, all share the goal of strengthening business and pedagogical leadership across sites by creating intentional structures to share staff, information and resources.

A Range of Approaches and Entry Points

- Web-Based ECE Knowledge Hub
- Peer Group Best Practices Sharing
- 1 or 2 Shared Resources:
  - Site Presidents meeting
  - Shared Back-Office
- Shared Core Values; program leadership works as team; shared staff in many areas

Sharing Information → Networking → Sharing Staff
Shared Services on the Web: "ECE Knowledge Hub" (sharing information and resources)

A Range of Approaches and Entry Points

1. Web-based ECE Knowledge Hub
2. Peer Group Best Practices Sharing
3. Web-based ECE Core Values
4. Shared Back-Office Resources, e.g. maintenance, training
5. Networking

A Range of Approaches and Entry Points

1. Shared Services, e.g. maintenance, training
2. Networking
3. Sharing Staff

A Range of Approaches and Entry Points

1. Shared Core Values; program leadership
2. Networking
3. Sharing Information

A Range of Approaches and Entry Points

1. Shared Back-Office Resources, e.g. maintenance, training
2. Networking
3. Sharing Staff
Unlocking Resources

Payroll - $280
Office Supplies - $300
School Supplies - $580
Food - $7,900
$9,000 of Savings to Invest in Quality

Discuss:
• What intrigues you?
• What puzzles (or worries) you?
• What do you want to hear more about?

“On the Ground” Alliance Examples

Currently operating Shared Services Alliances
A Range of Approaches and Entry Points

- Peer Group Best Practices Sharing
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- Networking
- Sharing Information
- Sharing Staff

State Early Learning Alliance of New Hampshire (SELA)

- Started with 10 centers; grew to 35 centers for several years and expanded to 180 in January, 2017
- Project of Early Learning New Hampshire (fiscal agent)
- Contract with property management company for: insurance, risk mitigation, HR, marketing, heating fuel, electricity, waste removal, facilities project bidding and oversight and assistance as needed to expand vendors
- Alliance members also collaborate on grant writing and professional development
- Regional communities of practice for participating providers

SELA Quality Improvement Activities

- Collaborative grant-writing
  - “Business of Child Care” project with Community Loan Fund
  - ECE college classes for staff (approximately $300 per person including books)
  - NAPSACC Wellness project
- Shared professional development
- Sharing quality improvement goals to find opportunities for collaboration and support
- Sharing Staff

SELA Member Success Stories

- Programs average $10,000 savings annually (large programs save more):
  - Commercial insurance
  - Utilities – electricity and heating fuel
  - Food costs and classroom supplies
  - Credit card processing fees and more
- Facility improvement: time and cost savings, small and large improvement projects – fencing, flooring, central A/C and sprinkler system
- Facility emergencies – plumber/electrician on site within 1 hour
- Staff members and families save up to $1000 annually (insurance, utilities, cell phone plans, etc.)
How SELA Ensures Success

- Staff flyer
- Monthly webinars (live and archived, new focus each month)
- Regional coaches to work with individual programs
- Designate a staff coach within each program
- Evening teacher trainings about SELA
- Share successes

Collaborative Teachers Institute
Santa Fe, NM

- Incubated by the Santa Fe Community Foundation's Baby Fund
- 7 ECE programs currently participating
- Programs and staff commit to participate for at least 1 year, identify lead facilitator
- Shared substitute vetting
- Community Foundation will fund substitutes in first year; ongoing links to state QRIS and PreK funding

Collaborative Teachers Institute Structure

1. Monthly Facilitators Training Meetings
   - Each participating program selects a “Facilitator” – the Center Director or an interested teacher
   - Facilitators are trained to support teacher inquiries and team collaboration
   - Facilitators learn to strengthen the connection between teachers’ learning and children’s learning

2. Onsite Collaborative Teacher Meetings
   - Regular, structured meetings for all teachers at a particular site
   - Meetings follow a protocol to support learning
   - Documentation of children’s interests is shared and collaboratively interpreted
   - Teachers learn to deepen the children’s learning as well as their own

3. Shared Substitute Teacher Pool
   - Centers have access to a vetted pool of substitute teachers
   - Substitutes are made available during the Collaborative Teacher meetings

Pause:
- What resonates with you?
- What worries you?
A Range of Approaches and Entry Points

Early Learning Ventures
Colorado

Nonprofit organization that is a Statewide Alliance, providing tools and resources that allow child care providers to improve quality, save time, and lower costs; resulting in better outcomes for all children

- For a progressive fee, providers gain access to a wealth of childcare resources, a robust web-based record keeping and compliance management system, and a full back office financial service solution

ELV Practice Areas

Stronger Business practice – helping save providers time and money to build capacity and invest in quality

- Resource Platform, powered by CCA for Social Good
- Record keeping and compliance, powered by Alliance CORE child care management system
- Financial services, powered by Jitasa

ELV Practice Areas (cont’d)

Stronger Families practice – bringing enhanced services and resources directly to the learning environment

- Quality child care partnerships, in partnership with Early Head Start-Child Care Partnerships
- Healthy Options for Preschoolers, in partnership with the CO Health Foundation
- MERAGEhelp, in partnership with Project Helping
ELV Results (cont’d)

- ELV Impact – 28k+ children served
- Business Practice – 492 Child Care members
- Retention rate for ELV services – 98%
- Conversion to payment for ELV Services – 84%
- ROI evaluation – savings is $247/child (average Child Care Center - for every $1 paid in fee will get a $33 return in direct and indirect savings)
- Family Practice – EHS CCP – 31 Child Care programs serving 240 EHS children impacting 1700 children

San Francisco Early Learning Alliance

- Started with 3 non-profit centers serving mostly low income children; now 6 centers, including 1 for-profit
- Expected to add 3 additional centers by end of 2017
- Focus is on shared back office:
  - Fiscal management
  - Enrollment
  - Data management and reporting
  - Human resource services
- Anticipated to increase services over time
- Shared staff housed in central office
- Funded with membership fees and foundation dollars

A Range of Approaches and Entry Points

- Infant Toddler Family Day Care
  - Fairfax VA
    - Network of 125 home-based providers, most of whom are new Americans
    - Centralized business support:
      - Fiscal management – parent billing/fee collection, CACFP administration
      - Enrollment – recruiting families, managing business relationship
      - Liability insurance and other support
    - Centralized pedagogical support:
      - Training and professional development, including bilingual support
      - Technical assistance – licensing, quality, etc.
Results: Infant Toddler FDC

- Home-based providers stay in the child care field 2.6 times longer than the national average
- Home-based providers earn steady income, with annual revenues higher than many of their peers
- Long-term relationships: children and families stay with providers on average 3.5 years; many stay longer

Chambliss Center for Children
Chattanooga TN

Large nonprofit center providing management services to 5 independent off-site centers, 12 infant-toddler classrooms in public schools; total 650+ children
- Contract sites maintain non-profit status, board
- Small sites have shared directors
- Central services:
  - Training and PD
  - Classroom observations and assessments
  - Financial, food program administration, fund development
  - HR and staff recruitment
  - Maintenance

Results: Chambliss Center

- Finances – all sites more sustainable
  - Average enrollment vs. capacity: 92%
  - Average bad debt: 2.9%
  - Revenues: Chambliss raises funding to fill gaps at centers
- Time – Reduced staff time on admin, operations, HR
- Teachers – Better wages, retirement benefits, career ladder
- Family Support – At-risk children and families now linked to comprehensive health, mental health and social services
- Child outcomes – Children score well on kindergarten screening
Sound Child Care Solutions
Seattle WA
Nonprofit consortium of 6 centers with central administration
• Centers used to be separate but now part of one 501c3
• 26 classrooms in diverse neighborhoods
• Shared central functions:
  § Financial – payroll, benefits, billing, purchasing, reporting,
  § Staff recruitment and sub pool
  § Pedagogical leadership and PD (cross-site learning communities, internal coaches)
  § Structure for collaborative decision-making and leadership
• Directors’ time freed up to focus on teachers, families
• Critical element – intense focus on shared core values

SCCS Approach to Pedagogical Leadership
Cross-center Pedagogical Leaders group
• Teachers apply to participate and study together
Cross-center Directors group
• Directors at each site meet monthly
Coaches for City PreK hired by SCCS
• Agree to follow City requirements, reporting, etc., but paid by, and report to SCCS central office
Relief Squad available to all sites
• Provides staff support to all sites, using shared floaters and a shared substitute pool

SCCS Results
• Finances – Stronger revenues due to better management, reinvested in teaching and learning
• Time – Staff time savings in administration, operations, HR
• Teachers – Better qualified (most have degrees), higher staff salaries and benefits, internal career ladder, low turnover, strong professional development and teacher reflection/mentoring
• Core values – Directors and teachers at all sites focus on pedagogical leadership, family relationships, racial equity
• Child outcomes – All children score well on child assessments; top ERS scores in Seattle
Examples: Emerging Alliances

Liberty City Alliance
Miami, FL

- Emerging Alliance of 4 child care centers in high-poverty neighborhood in North Miami
- First step was an Alliance between 2 centers to share billing and fee collection
- Now contracting with a local non-profit to help develop pedagogical leadership (MCI, a neighborhood development organization similar to Harlem Children’s Zone)
- Supported by local funder

Liberty City Pedagogical Leadership

- Each site identifies Pedagogical Leader
  - Leaders meet in monthly Learning Community, with facilitator from Hub agency
  - Leaders observe/coach teachers at their sites
  - Sites commit to paid time off the floor for teachers and pedagogical leaders to work together
  - MCI raises money to help sites pay for teacher/leader release time
  - Pedagogical Leadership Coordinator at MCI creates tools/templates, models, etc. to help support teachers
  - Plan to align PD/TA from all local initiatives in sites
Liberty City Business Leadership

- Each site agrees to use ProCare and QuickBooks
- Business Leadership Coordinator provides assistance and/or coordinates training
- Sites agree to track and report for shared data reports:
  - Enrollment (vacancy by age)
  - Fee collection (bad debt – public and private)
  - Cost per child, by age
  - # of hours and estimated cost of paid time for staff participation in planning/coaching
- MCI staff exploring feasibility of additional services, e.g. legal support, HR, payroll, insurance, internet

Richmond Alliance
Richmond, VA

- Incubated by VA Early Childhood Fund due to concern about failures of several ECE businesses in low-income area of Richmond
- Key step was identification of Hub: high functioning agency with no direct child care management experience, but mission fit with expanding inclusive settings for young children on autism spectrum
- Concurrent search for Alliance partners open to engagement, beginning with 3 centers
- Current status: Phase 1 Alliance partners developing initial service offerings, and MOU between Hub and Partners; business planning

Lessons Learned

Strong Results Require Real Change

- Revenues can increase and costs can go down
- Requires intensive focus on the Iron Triangle, i.e. dedicated staff, shared technology, openness to new approaches
- Classroom teacher wages and benefits can increase
- Need to shift dollars from administration to classroom
- Working conditions can improve
- When centers are linked by a set of shared, core values
- Child outcomes can get stronger
- Requires strong leadership and dedicated supervision to help coach and mentor teachers
Measuring Results is Critical

- Business Leadership
  - Enrollment vs. capacity
  - Revenue collection
  - Cost per child
  - Time savings and reallocation from Administration to Classroom

- Pedagogical leadership
  - Paid time off the floor, to engage in reflective practice and analysis of data from ERS, CLASS, etc.
  - Child outcomes – TS Gold, Ages and Stages, Montessori Assessment, Alignment to Kindergarten Assessment, etc.

Leadership Matters

- Starting an alliance requires a strong catalyst for change
  - Could be funder, visionary, community leader
  - Needs to challenge status quo, push providers outside comfort zone when necessary
  - Able to leverage resources to implement change
- Identifying the right Hub is crucial
  - Mission driven
  - Able to build trust
  - Skilled in fiscal management, willing to play key role to ensure both business and pedagogical leadership
  - Able to envision new management approach

Factors that can Derail Shared Services

- Create back office as another layer of bureaucracy without members reducing staff or shifting responsibilities
- Begin with most challenging issue (e.g. substitute pool)
- Pricing/fee plan that is not well understood by members – amount, as well as rationale
- Weak partner in key role – if key partner is not strong enough it can place Alliance at risk
- Lack of trust and shared vision among partners

What is/is not Shared Services?

Shared Services IS...
- A change in roles/responsibilities
- A capacity-building strategy
- A way to reallocate resources from administration to classrooms, and focus more deeply on child outcomes

Shared Services is NOT...
- Simply a way to save money
- Just a provider network
- A franchise or a project or a template
- The same in every community
Think about:
• How might a Shared Services framework be helpful for your organization?
• What would you need to know more about, in order to want to participate?

Explore Shared Services

• Opportunities Exchange website: www.opportunities-exchange.org
  § Profiles of current alliances
  § Tools, such as examples of management agreements
  § Articles and presentations
  § Videos and multi-media