Reimagining Stronger and More Equitable Systems of Early Care and Education

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Entrepreneurial Leadership Programs

Leadership and Innovation Network

Policy-Relevant Research and Sharing New Knowledge
Reimagining Stronger and More Equitable Systems of Early Care and Education

A three-part series examining ideas for expanding access to affordable early care and education in Massachusetts presented by

in partnership with

[Logos of various organizations]
Housekeeping

• Please enter questions into the Q&A box
• We will pause to address comments and questions at several points throughout today’s session
• We are recording this session for future use and availability
Webinar #2
The Role of Automation in Re-inventing Child Care

How does automation at all levels -- provider, intermediary, public sector -- help to achieve the goals of financial stability, improved compensation, and equity in our early care and education system?
Introductions

Louise Stoney, Co-Founder
Opportunities Exchange

Sharon Easterling, Partner
Opportunities Exchange
Re-invent vs Re-Build: Key Steps

- Automation and Business Coaching
- Administrative Scale
- De-centralized Services
- Strategic Cost Modeling + Rate-setting
- Real-Time Supply and Demand Data
Automation for Providers

Reinventing the Business of Child Care
Metrics that Matter

Iron Triangle

Full Enrollment

Full Fee Collection

Revenue Covers Per-Child Cost

Administrative Overhead

Child Care Center Personnel Expenses

- 62%
- 24%
- 14%

Support  Direct  Admin
Full enrollment

Customer Relationship Management (CRM) tools

- Families find your program online
- Use an online calendar to see availability and schedule a tour
- Tour is conducted: • Families are interested in enrolling • Complete an online application
- Application is accepted: • Family is enrolled • Service begins
Full enrollment

Data Management

Data
Track your vacancy rate, by classroom, each week and use these data to drive decision-making

Reports
Use vacancy reports, staff assignment tools, on-line enrollment for families, etc.

Trends
Use data to understand times of the year when enrollment goes up and down, and plan classroom staffing accordingly.
Full fee collection

Electronic payment

- Invoice automatically generated (no staff time, no paper/postage, no tracking)
- Increases on time/full payment
- Reduces the need to communicate for non-payment
- Parents manage payment record (including tax information)

Notes from the field: In EVERY instance of moving from paper to electronic billing, OppEx has observed that collection rates significantly improve
Full fee collection

Consider this...

- 69% of Millennials pay bills either online or with direct debit.
- 52% of Millennials NEVER write checks.
- 14% of Millennials pay bills by mail.
Revenue covers cost

Financial management tools help calculate cost/child by classroom

CCMS captures revenue (By child and classroom)

Accounting software captures expense
Do you know your cost per child, by age?

MIN LICENSING - WEST REGION 1
SINGLE MOM +CHILD @$30K

*Cost per child from Center for American Progress
https://costofchildcare.org
Administrative Overhead in Small Center (75 children)

Child Care Center Personnel Expenses

January 2018

- Support: 35%
- Direct: 48%
- Admin: 17%

December 2018

- Support: 24%
- Direct: 62%
- Admin: 14%
# Administrative Overhead Impacts Teacher Wages

<table>
<thead>
<tr>
<th>Before Automation</th>
<th>Cost</th>
<th>Average Salary</th>
<th>After Automation</th>
<th>Cost</th>
<th>Average Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>FT Director</td>
<td>50,000</td>
<td></td>
<td>FT Director</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>FT Asst. Dir.</td>
<td>35,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FT Admin Asst</td>
<td>30,000</td>
<td></td>
<td>.6FTE Admin. Asst</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>4 FT Lead Teachers</td>
<td>120,000</td>
<td>$30,000</td>
<td>4 FT Lead Teachers</td>
<td>140,000</td>
<td>$35,000</td>
</tr>
<tr>
<td>12 FT/PT Asst. Teachers</td>
<td>215,000</td>
<td>$17,916</td>
<td>12 FT/PT Asst. Teachers</td>
<td>234,000</td>
<td>$19,500</td>
</tr>
<tr>
<td>Cost of CCMS ($70/mo. +equipment)</td>
<td></td>
<td></td>
<td>Cost of CCMS ($70/mo. +equipment)</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>450,000</td>
<td></td>
<td>TOTAL</td>
<td>450,000</td>
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Automation and Child Assessment

Automated systems make it possible to use the data for a range of purposes, such as:

- Inform teaching practices facilitating reflective practices
- Communicate with families and support staff
- Support reporting for longitudinal studies or trend analysis

<table>
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<tr>
<th>More teaching time</th>
<th>Quick turnaround from assessment to instruction</th>
<th>Increased child outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saves teachers two to three hours per week</td>
<td>Shortens feedback cycle from assessment to instructional adjustment</td>
<td>Through enhanced instruction and more objective data collection</td>
</tr>
</tbody>
</table>
Selecting a CCMS

- Many off the shelf products are available

- Opportunities Exchange has resources to help
  [Child Care Management Software: What You Need to Know](https://www.opportunitiesexchange.org/childcare-software)
Automation as Pathway to Scale

- Automation = More efficient business management

- Automation + Share back office services = High Impact efficiencies
  - Family Child Care Providers
  - Child Care Centers < 100 children
  - Multi-site agencies with centralized services
Cost modeling shows us that for child care centers that serve less than 100 children, and operate at high levels of quality (NAEYC Accreditation Standards) – don’t have sufficient scale to break even.

Shared Services lets programs be SMALL where SMALL matters and BIG where BIG matters.
Capacity and Scale – Multi-Site Agencies

- Central Office manages all Business Functions
- Site based leaders focus on education and relationships with families
- Results...school readiness, narrowing the achievement gap, better jobs for teachers
Capacity and Scale - FCC

◆ How can a family child care provider tap into the benefits of strong business leadership?

◆ **Staffed Family Child Care Networks** are in every state (including Massachusetts)
  - Most focus on quality standards
  - By adding business services, FCC Networks can help providers benefit from administrative scale

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**Sharing Back Office/Staff Sharing**

*Services Offered in Tiers 1 + 2, **PLUS** the following:*

- **Collect fees/payments from all sources on behalf of providers through common, automated data platform**
  - **PURPOSE:** Ensure full and timely collection of revenue (including reconciliation of subsidy reimbursement)
  - **METRIC COLLECTED:** Network Hub collects data on bad debt, aging receivables

- **Marketing and Enrollment services (eligibility for subsidy, HS, etc.)**
  - **PURPOSE:** Ensure full enrollment
  - **METRIC COLLECTED:** Network Hub collects data on vacancy/enrollment

- **Budget/Revenue Strategies:**
  - **Pricing assistance**
  - **Record keeping and tax prep**
  - **Negotiating reimbursement rates, blended funding streams, etc.**
  - **Generating data to inform public policy**
  - **PURPOSE:**
    - Reduce turnover/recruit new providers
    - Improve earnings/more personal time
    - Rates informed by cost modeling
    - Contracts (vs. vouchers) for high quality networks
  - **METRIC COLLECTED:** Network Hub tracks:
    - Annual earnings of providers (via tax returns)
    - Hours worked/week by providers
    - Number of providers, turnover rate, new providers entering the field
Results

Stabilize Finances
- Better business metrics
- Reduce time spent on collecting and reporting data
- Increase accuracy of data collected and reported
- Make informed business decisions

Improve Compensation
- Re-deploy resources for teacher wages
- Director as pedagogical leader > higher quality > better working conditions (time for teachers to think + plan)

Address Inequity
- Empower small business owners with the tools to succeed and access to financial resources
- Strengthen leadership pathways, improve job quality, and greater focus on children and families
Automation for Intermediaries

Better Data = Better Services for EEC Staff, Programs, and Families
Better Services for EEC Programs

Business Training that includes:
Automation + Coaching = Stronger, more Sustainable Programs

- In One **Hour 50%** of information is forgotten.
- In One **Day 70%** of information is forgotten.
- In One **Week 90%** of information is forgotten.
Better Services for the EEC Workforce

- CCMS systems that track staff can inform Training/TA organizations about relevant needs.
- Connected to the “Professional Qualifications Registry.”
- Focus on creating career pathways that improve economic opportunity for communities of color – who often hold the lowest paying/credentialed positions.
Better R&R Services for Families

- **QUESTION:** Before the internet how did you reserve a seat on an airplane?
- **ANSWER:** Call the airline or go to a travel agent

- **QUESTION:** In 2020, in MA, how does a family reserve a spot in child care?
  - **ANSWER:** Call the program or contact an R&R office
Real Time Supply and Demand

Supply and Demand Analysis

Parent Searches

Available Slots

33.6343361, 97.2491037
Supply/Demand Ratio (size): 0.00
Supply/Demand Ratio: 0.00
## Real Time Supply and Demand

### State of Texas Daily Vacancy

**Total Providers**: 14,563

**Total Searches**: 28,299

**Total Counties**: 239

**Average Daily Attendance**: 126,212

**Total Available Spaces - All Ages**: 145,550

### Availability - Infant

- Total Infant: 20,283

### Availability - Toddler

- Total Toddler: 36,795

### Availability - Pre-K

- Total Pre-K: 46,721

### Availability - School Age (5 years old to 13 years old)

- Total School Age: 41,751

### Map

[Interactive map showing provider and search locations in Texas]
Automation for Public Sector Systems

Efficiency, Security, Informed Policy Decisions
Efficiency: Working Smarter

◆ Licensing Staff
  ▪ Electronic records are easier to monitor, compile, and track
  ▪ Make site visits COUNT!

◆ QRIS – Massachusetts Strong Start
  ▪ Document management
  ▪ Financial metrics reporting
  ▪ Data sharing with Professional Qualifications Registry

◆ Subsidy management
  ▪ Digital signatures MORE secure than paper
  ▪ Electronic records require less manual handwork – fewer staff!
  ▪ More timely payments
Security: Better data integrity

Digital Signatures – verifiably linked to individual authorized for sign in/out (most CCMS solutions have a “no-touch” option)

Submission of data for payment directly from “electronic records” reduces human error
Transferring Data through API’s

Application Program Interface (API) allows time and attendance information to move from the provider system into the state subsidy management system - AUTOMATICALLY.
Automation Supports Better Services for Families

Multi-step process that requires in-person application can limit access

- Parent needs child care
- Goes online to learn about rules
- Calls 211 or R&R to find out if funding is available
- If funding is available, parent receives a letter
- Parent has 15 days to schedule an appointment with CCR&R
- On-site visit to complete an application and bring verification of eligibility

Streamlined, online application boosts access to services

- Parent needs child care
- Goes online to learn about rules
- If approved and funding available - parent is able to find and enroll in a program
- Submits electronic documentation
Some questions for states to consider in their COVID-19 response include the following:

- How will the state prioritize which children and programs are funded? How many children is the state unable to fund?
- How do specific factors such as social distancing or work requirements, unemployment, provider openings/closures, etc. affect changes in provider capacity and demand?
- Where are there access gaps? What providers are currently offering services in areas that have or are at risk of having significant access gaps?
- What are classroom attendance rates, and what is the mix of subsidized and nonsubsidized children who are absent? Can the state track patterns of absenteeism that place programs at risk?
- Can the state forecast impacts on the level of quality that providers are able to deliver if funding and attention shift?
Final thoughts...

From Massachusetts PDG application:

We will use data and information from these participating agencies, in partnership with parents and key stakeholder groups, to inform...

◆ improving parent choice and knowledge through an **online parent portal**, and through more effective implementation of **screening** using the Ages and Stages Questionnaire (ASQ);  
◆ **expanding and coordinating training** for all staff working with children; and  
◆ an integrated data system that will enable to **analyze and track child services and outcomes** longitudinally, from home visiting to early intervention to early education, through K-12 education, and into post-secondary.

*How is it possible to do this without connecting EEC programs to this data system?*
Visit the OppEx website for the following resources:

◆ **Business Training and Automation for Early Childhood Programs**

◆ **Building Technology Infrastructure to Transform Child Care: The Overlooked Potential of APIs for Child Care Subsidy**

◆ **Child Care Management Software and Shared Service Alliances: What You Need to Know**

◆ **SUSTAINABILITY + TECHNOLOGY Making Business Leadership Real: The Role of Automation**
Next Steps

- Respond to our email survey
- Attend the third and final webinar in the series:
  - "Making the Vision a Reality in Massachusetts - How Do We Get There?"

Friday, July 17 from 1-2:30pm.