

IMPROVING THE QUALITY OF CHILD CARE THROUGH ECONOMIES OF SCALE

A Look at Shared Services
Approaches for Texas

January 2018

This report was prepared by the Center for Social Measurement and Evaluation at CHILDREN AT RISK with generous support from the W. K. Kellogg Foundation.



A special thanks to Opportunities Exchange and the following organizations for their feedback, guidance, and expertise as we explored various Shared Services approaches:

Chambliss Center for Children
Early Learning Alliance (Los Angeles)
Early Learning Ventures
Early Connections Learning Centers
Infant Toddler Family Day Care
Philadelphia Early Learning Alliance
San Francisco Early Learning Alliance
Sheltering Arms Early Education & Family Centers
Los Angeles Universal Preschool
SharedSource Pennsylvania / Pennsylvania AEYC
State Early Learning Alliance of New Hampshire

CHILDREN AT RISK is a research and advocacy nonprofit dedicated to improving the lives of Texas children. The Center for Social Measurement and Evaluation (CSME) supports the research and evaluation efforts across all of CHILDREN AT RISK's primary issue areas, centers, and policy initiatives

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In recent years, Texas advocates, researchers, child care providers, public officials, and other stakeholders have been working to improve the quality of child care and access to quality child care, especially for low-income families. While there is no silver bullet, using a Shared Services framework to strengthen systems at the provider level is a promising concept. A Shared Services approach focuses on sharing skilled staff and resources to provide business and pedagogical leadership among a network of center- and/or home-based providers. In at least 28 states, and more than two dozen communities, early care and education leaders are using a Shared Services approach to help tackle long-standing challenges such as raising and sustaining program quality, increasing teacher compensation, and implementing sound business practices. This preliminary brief explores various models of Shared Services and special considerations for the state of Texas.

Section I addresses challenges facing Texas child care programs; Section II introduces Shared Services; Section III provides a FAQ on Shared Services; Section IV drills down into various shared services models and Section V explores implications for Texas.

I. Challenge

In Texas, there are approximately 15,000 child care centers and homes with the capacity to serve over 1 million children.ⁱ These programs face a number of significant challenges as they seek to fulfill their purpose to meet the early learning and developmental needs of the children and families that they serve.

High Turnover. Compensation in Texas and across the country for child care teachers is extremely low. It is a field dominated by women, many of whom rely on government assistance programs because they are unable to make a living wage. The median wage for child care teachers in Texas is \$9.12 an hour, while preschool teachers make \$5 more per hour.ⁱⁱ Who can fault our teachers moving to other more lucrative jobs, such as public pre-kindergarten, when they improve their education? But the result is not a good one—child care programs find themselves with high turnover of under-paid, under-educated teachers.

Small Scale. Child care businesses are very small – often too small to be financially viable. National experts suggest that a center must serve at least 100 children in order to meet high-quality standards and break even financially.ⁱⁱⁱ Few Texas child care centers can meet this threshold. Indeed, half of all child care centers in Texas are licensed to care for fewer than 90 children.

Overextended. Not surprisingly, child care providers are often running their businesses month-to-month, making little to no profit and struggling to invest in their staff and their programs. Further, these business owners/child care directors typically wear many hats, acting as the human resources director, office manager, accountant, substitute teacher, curriculum-planner, nurse, parent liaison, janitor, food preparer, and more. This is compounded for many directors by a lack of business skills and networks to most effectively run their small business. Many directors are

overextended and find it impossible to become proficient at both the business and educational side of child care. These basic barriers make it even more challenging to provide quality care.

Child care owners and directors need more time to mentor teachers, manage classrooms, invest in their own education, recruit families, engage parents, and plan strategically for their business. They need time and opportunities to either acquire financial skills or pass those responsibilities on to a more qualified party. They need support to streamline processes and share resources, so they can invest their time and money back into their business. These problems are not unique to a few child care providers. They are widespread and deeply entrenched across the sector in Texas, impacting thousands of small businesses and tens of thousands of child care teachers.

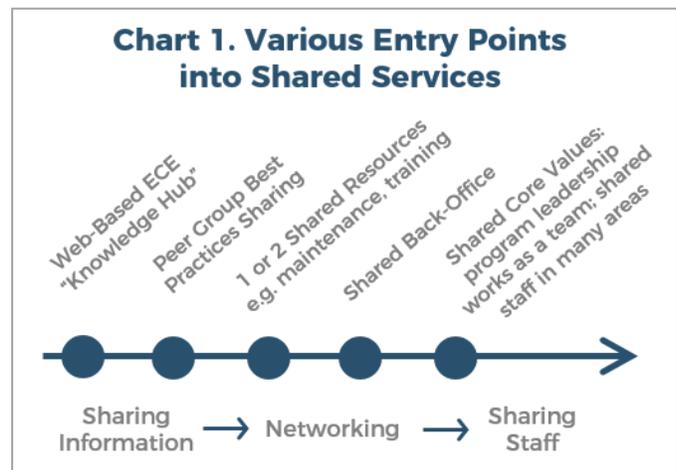
Whether these providers are for-profit or non-profit, these businesses are providing a service—a service that is very valuable to the economy, ensuring parents can participate in the workforce. It is also a key element to the education of our future workforce. Given its fundamental role in our society, we must explore solutions to stabilizing this field and increasing the quality of services.

II. One Solution

Shared Services can be part of the solution to the challenges facing our child care programs. A Shared Services approach can help child care centers run more efficiently, improve their leadership structure, free time for the director to address learning, increase revenue through stronger business management, and realize cost savings through purchasing networks.

Shared Services allows child care providers to stay small, while improving their quality, financial strength, and capacity.^{iv} There are multiple ways to create Shared Services, as noted in Chart 1.

Cost savings from a Shared Services approach can vary tremendously, based on the model of sharing and the size of the provider. It is not uncommon for providers who share staffing and/or jointly purchase significant goods and services to save up to \$10,000 or more each year.^v These savings can be direct, such as cost savings through vendors offering discounts to a group of child care providers. They can also be indirect, such as the hundreds or thousands of hours a director/owner saves by operating more efficiently.



Source: Shared Services 101: A Powerful Framework for Strengthening Early Care and Education [slide deck] retrieved from <http://opportunities-exchange.org/wp-content/uploads/SS101.pdf>

Proven results from Shared Services^{vi}:

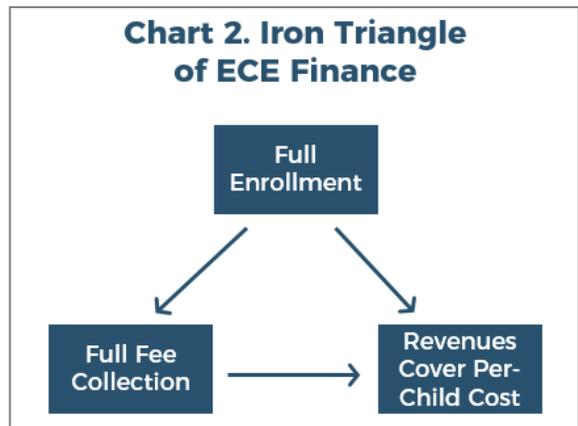
	Better data and school transitions via centralized systems, assessments, and technology to support outcomes tracking, reflective practice, and linkages with school districts.
	More career opportunities and better working conditions, wages, and benefits for staff.
	Lower costs from economies of scale in business functions like payroll, benefits management, banking, janitorial, food services, and purchasing.
	Higher-quality early childhood education and the ability to offer family support services, due to a more stable financial and organizational structure and a comprehensive approach to professional development.
	Professional fiscal management and economic strength of a larger organization makes it easier for very small businesses to weather economic ebbs and flows.

The Focus of Shared Services

To truly improve quality, Shared Services approaches allow a child care provider to focus on their educational (also called “pedagogical”) practices, their business practices, or both. Some Shared Services approaches may focus more heavily on one or the other, depending on needs and existing resources. However, sustainable quality care is delivered when a child care director or owner is skilled in both teaching/learning and business practices.^{vii} Below are examples of what Shared Services strategies can include in each of these two important leadership practices.

1. **Educational Leadership** – How directors lead teaching and learning in early childhood education (ECE).
 - a. Improving child development expertise
 - b. Classroom coaching
 - c. Teacher supervision
 - d. Instructional leadership
 - e. Child assessments
2. **Business Leadership** – Building an infrastructure and managing the fiscal side of business.
 - a. Tactics to reach full enrollment
 - b. Fully collect all tuition and fees that are owed
 - c. Ensuring revenues cover per-child costs
 - d. Fundraising
 - e. More efficient reporting and compliance
 - f. Strategically planning staffing and structure
 - g. Implementing strong policies and procedures

There are many resources available in Texas for pedagogical leadership, and they could be harnessed through a Shared Services framework. At present, Texas especially lacks business leadership strategies for child care providers. With many child care providers struggling financially, improving business skills could be an essential element of a Shared Services framework in this state. For example, a focus on the “Iron Triangle ECE Finance” (Chart 2) could increase revenues—particularly for the 8,000 Texas providers participating in publicly-funded child care—or reduce costs for a child care provider, regardless of whether publicly-funded reimbursement rates increase.



Source: Opportunities Exchange. (2016). The Iron Triangle: A Simple Formula for Financial Policy in ECE Programs.

III. Shared Services 101

This section answers some key questions to understanding how Shared Services approaches can be created and structured.

The Shared Services Alliance^{viii}

- A Shared Services Alliance is a membership organization, or a multi-site ECE organization, through which Shared Services are provided.
- Alliance members are center- and/or home-based ECE providers who receive Shared Services through their membership, or as part of a multi-site ECE organization.
- The Alliance design is unique to its members, but it generally focuses on improving educational and business practices through sharing resources, staff, and/or information.
- Alliances generally charge a fee to members and/or receive grant support for providing these services. The time and cost savings obtained through sharing services should more than offset the cost of membership fees.
- Alliances usually contain one or more Hub agencies.

What is an Alliance “Hub” agency?^{ix}

This is an organization that provides one or more Shared Service to the Alliance members. The Hub agency may also support shared leadership and decision-making among members. An Alliance could be supported by one or more Hub agencies, depending on what entity is most suitable for providing specific services. The Hub agency could be a large center, a Resource and Referral Agency, a central administrative office, or a similar type of organization.

What do Alliance Hub agencies do?^x

Alliance Hub agencies offer a range of services and purchasing options to their members, such as:

- Bookkeeping, Billing and Fee Collection
- Marketing and Enrollment Management
- Shared In-person Professional Development
- Shared Administrative Staff
- Shared Quality Support Staff — mentor teachers, QRIS supports, etc.
- Fundraising and Fund Development
- Staff Recruitment and Substitute Pool
- Janitorial and Maintenance Services
- Joint Purchasing

What makes a successful Hub agency?^{xi}

It is important to identify the Hub(s) early on in the work. In doing this work, Opportunities Exchange has found that the Hub must be:

Buy-In from Members – A Shared Services approach cannot be forced on a community. The Hub agency must have buy-in from potential members before moving forward. It can be very effective to start this work with an existing group of center directors that know and trust each other.

Trusted by the Community – The Hub agency must have, or be able to build, trust among small ECE centers and/or homes in the community, local funders, policy makers and others.

Mission Driven – The Hub agency must have the desire to work with other ECE organizations to improve business and/or pedagogical performance and see this as part of their mission rather than as an opportunity for increased funding.

Fiscally Sound, Efficient, and Effective – The Hub agency must be in strong financial shape as measured by “Iron Triangle.” Additionally, the Hub agency should have fiscal management automation systems in place and experience with, or the ability to quickly get up to speed in managing, a wide range of early care and education funding streams.

Willing to Innovate – The Hub agency is not rooted in the status quo but willing to explore different models and methods of sharing staff with other centers/ECE organizations to attain both economies of scale and economies of specialization.

Supported by their Board of Directors – If the Hub agency has a board of directors, it is important that the board is supportive of Shared Services in both concept and practice, and willing to support it as a mission rather than a revenue-generator.

Staffed with Effective, Qualified People - Launching Shared Services requires staff that: understand the concept of Shared Services in general and fiscal/program management in particular, are willing to innovate, and excited to be part of a new, national movement. Staff does not need to be on-board currently; but the agency needs to be able to recruit the right leadership.

The Hub agency does not need to be:

Located in the Target Community - A successful Hub agency must be able to garner support, and provide services, in the target community; they do not necessarily need to be physically located there.

An ECE Provider - While there are some clear economies of scale and economies of specialization when an existing ECE provider takes on the role of a Shared Services Hub agency, it is not essential. The bottom line is capacity, efficiency, and effectiveness.

This process explains what is typically required to start an Alliance:

1. Identify Alliance goals
2. Identify interested and likely partners
3. Identify one or more Hub agencies to provide centralized services
4. Identify potential services to offer Alliance participants
5. Establish Steering Committee to lead Alliance development and business planning
6. Agree on an Alliance services, structure, governance and membership model most likely to be effective
7. Develop financial projections of revenue and cost and determine funding needed for launch
8. Identify funder(s) willing to fund startup and ongoing Alliance costs
9. Develop a business plan

Is there a resource for more information?

Yes! Opportunities Exchange, which serves as a champion and clearinghouse for Shared Services for child care, provides great resources to help get started. The information in this section can be found at <http://opportunities-exchange.org/get-started/>.

IV. Six Approaches to Shared Services

This section explores six approaches to Shared Services, showcasing the variety of approaches and the results that could be obtained. Interested parties might decide to start with one of the strategies described in this section and expand to incorporate others. Or they could incorporate more than one strategy into their Shared Services, depending on the needs and resources of the service population.

The organizations described under each approach may use multiple approaches, but only the corresponding approach is described for each section. For example, Early Learning Ventures is described in a few sections because they offer three different tiers (or approaches) for services.

1. Web-Based Platform

Scope: Statewide

This web-based platform is a fairly simple first step that makes it possible to reach a significant number of providers and offer a host of downloadable tools, resources, cost savings, marketing support, and more. There is a website in use across the country, powered by CCA for Social Good, that operates a shared platform that can be customized for each state. To date, organizations in 28 states have signed licensing agreements for access to the Shared Services web-based platform in their community and state. Click [here](#) to view a sample platform.

Opportunities Exchange best describes the role of the web-based platform:

“The Shared Services web platform is often used as an initial engagement tool to create awareness of the Shared Services concept. Once providers have been introduced to the platform and begin to use the content, the concept of shared resources as a way to improve quality and help providers work smarter becomes clearer. At this point, the benefits of sharing resources more deeply through shared staffing and back-office operations becomes easier to understand and more compelling.”^{xii}

Basic

The basic version of this web-based platform includes over 3,500 tools and resources for child care providers to access, including:

- State-specific rules, guidelines, policies, etc.
- Administrative tools such as employee handbooks and policy language, staff descriptions, safety, business operations, etc.
- Parent engagement tools/tips
- Classroom resources such as activities, curriculum, assessments, etc.
- Training/resources for licensing and compliance
- Resources to raise quality
- Nationally negotiated rates for food and beverage
- Negotiated rates for school supplies, office supplies, and payroll services
- Discounted access to ADP payroll services, including a professional employer organization (PEO) that includes a range of bill and fee collection services

A Shared Services Web-Based Platform is:

- **A simplified, easy-to-understand layout of complicated information and processes.**
- **A resource for most current best practices, learning from other states’ experiences.**
- **Customizable to meet the needs of the users.**

Customizable

However, the platform's greatest value is derived when the sponsoring organization customizes the site to integrate with state systems such as subsidy management and Quality Rating and Improvement Systems (QRIS). See page 10 for examples.

Other states have customized the platform with additional resources specific to their users' needs, such as:

- Discounted electricity rates
- Regional coaches and quality support
- Facilities repairs/projects at discounted rates through partnership with a property management company
- Licensing support
- Coordinated professional development
- Discounts for child care employees and their families: auto/home insurance, utilities, cell phones, etc.
- Coordinated social services, such as health, mental health, family support, etc.

Web-Based Platform in Texas

Child Care Associates in North Texas recently signed the license to bring a Shared Services web-based platform to Texas. This website, www.TXChildCareTools.com, is currently the only formal Shared Services approach in Texas. The aim is to use the website to build up the quality of child care business functionalities, reduce business costs, and support higher quality programs for child care programs participating in the state's QRIS, Texas Rising Star (TRS). TRS and publicly-funded child care is managed through the Texas Workforce Commission and its 28 local Workforce Boards across Texas.

The state provides limited tools to TRS coaches to achieve their goals and very little offerings that specifically strengthen the child care business. Child Care Associates (CCA) has customized the online platform for Texas and plans to offer access rights to child care programs through their local Workforce Boards. By partnering with the local efforts of Workforce Boards, CCA believes it can strengthen the quality of child care businesses and support the local efforts of TRS mentors with an online toolbox of offerings.¹

When using this web-based approach, Texas can benefit from a few lessons learned from other states.^{xiii}

¹ For more information, contact Child Care Associates at (817) 838-0055 or www.childcareassociates.org.

City or State	Strategy	Outcome
Colorado	Incorporated tiers of services in addition to the website with reasonable, sliding scale costs to providers.	In the website plus tiers of services, they have 600 child care providers and are adding 5-8/week. Provider retention is 98%.
New Hampshire	Contracted with a property management company to deepen offerings on the SS platform.	Very good buy-in with deep savings for providers. Grew from small regional Alliance to statewide.
Ohio	Charged providers a reasonable user fee up front.	Helped recruit and retain users.
Pennsylvania	Has dedicated staff for maintaining the shared services website. This required advanced planning and dedicated financial resources from the funder.	Keeps the website updated and accurate; keeps track of user activity and needs.
Pennsylvania and others	Used tactics including: <ul style="list-style-type: none"> • Hosted introductory information sessions for providers on how to use the website. • Recruited other providers to “show and tell” about the website. • Trained technical assistance staff to help providers with the website. • Provided a phone hotline for providers to call with questions about the website, as well as intentional 60-day onboarding process to show providers how to use it. 	These tactics were essential to recruiting providers into the web-based platform and ensuring providers used the web-based platform.
San Francisco and others	Used web-based, but did not have providers pay in to use it for first year(s).	It became very hard to get them to pay in as the years progressed.
Virginia, California, New Hampshire, and others	Worked hard to gain trust from providers. Behavior change takes time, but it does happen.	Depending on the approach, it could take a few months or up to a year to get provider buy-in and shared services started. It was important to build a strategy for this.

2. Web-Based Platform + Coordination with State Systems

Scope: Statewide

Web-based platforms have shown their greatest value to providers when they incorporate state systems, such as licensing, QRIS, and subsidy. This approach is not just meant to save child care providers money. It helps make the industry more effective—giving teachers more time in the classrooms, giving directors more time for supervision and leadership, and reducing time spent meeting the demands of multiple state agencies.

Key Components	Pennsylvania	Colorado
Alliance/Hub	SharedSource Pennsylvania	Early Learning Ventures (Tier 2 services)
Funding	Originally funded through Pennsylvania AEYC member fees, some philanthropy, and local vendor fees; now through the PA Office of Child Development and Early Learning	Provider fees and some philanthropy
Providers	~3,600 total users and ~800 active users (centers and homes)	~235 centers and homes
State Systems	<ul style="list-style-type: none"> • A one-stop shop for QRIS resources to help meet each QRIS requirement. • Pairs each QRIS standard with links to resources, such as tools, forms, templates, etc. 	<p>A web-based child care management system that helps with record keeping and compliance. It streamlines processes, such as:</p> <ul style="list-style-type: none"> • State licensing compliance and reporting • Food programming accountability • Attendance tracking for the subsidy program • Early Head Start / child care partnerships – monitoring, record keeping, compliance • QRIS
Quality Benefits	<ul style="list-style-type: none"> • Ready access to quality resources • Removes barriers to help make the QRIS more accessible • Helps coaches better support providers in meeting and moving up the QRIS standards 	<ul style="list-style-type: none"> • Tier 2 providers have access to quality improvement programs, such as a volunteer pool • Improved communication with parents • More time in the classroom • More time with families • More qualified teachers and higher quality programs through the Early Head Start partnership
Economic Benefits	<ul style="list-style-type: none"> • Time savings • Direct cost savings from vendor discounts 	<ul style="list-style-type: none"> • Time savings • Directors become part of a network, empowering them to advocate for better systems and processes • Direct cost savings from shared discounts • Improved cash flow due to attendance tracking • Improved record-keeping • Daily tracking of enrollment vs. vacancies

3. Sharing Some Resources

Scope: Statewide or larger regional organization

This approach is more intensive than the website alone, though many of these Shared Services alliances also have access to a web-based platform in their state. Because this approach is providing users more support, it tends to be more expensive per user. However, it allows for greater maximization of resources and increased economic benefits. By sharing best practices—typically through “communities of practice”—and strategically expanding offerings on the website, provider

engagement is deeper and more lasting. Providers can also benefit from sharing more tangible resources, such as substitute teachers and negotiated group rates on food, maintenance, marketing, utilities, insurance, and more.

Key Components	New Hampshire^{xiv}	Philadelphia, PA^{xv}	Los Angeles County, CA^{xvi}
Alliance/Hub	State Early Learning Alliance of New Hampshire	Philadelphia Early Learning Alliance	Early Learning Alliance
Funding	Philanthropy and membership fees	Philanthropy (for startup) and business fees	Philanthropy (for startup) with plans to charge membership fees
Number of Centers	Started with 10, expanded to 130	12 centers (all have partnerships with either Head Start or public pre-k); 1,000 kids, 92% low-income	14 centers; 2000 children, primarily low-income and African American or Hispanic; 175 staff
Sharing Resources	<ul style="list-style-type: none"> • HR and legal services • Vendor discounts (insurance, cleaning, trash removal, heating) • Marketing • Utilities • Food costs • Maintenance Hotline • Regional communities of practice • Grant writing 	<ul style="list-style-type: none"> • Professional development and in-classroom support • Maintenance • Grant writing • Teacher mentors • Support to administer environmental measures, such as ERS • Facilities for training • Director support 	<ul style="list-style-type: none"> • Professional development (PD) • Fund development • Shared purchasing for workers' comp insurance
Quality Benefits	<ul style="list-style-type: none"> • Increased time for directors to work with teachers and children • Providers share best practices and learn from each other 	<ul style="list-style-type: none"> • Increased time for directors to work with teachers and children • Providers share best practices and learn from each other 	<ul style="list-style-type: none"> • Higher quality PD • Increased time for directors to work with teachers and children
Economic Benefits	<ul style="list-style-type: none"> • Improved facilities • Faster response to emergencies (e.g... plumbing) • Cost savings for staff members (cell phone plans, utilities, etc.) • Stronger business practices 	<ul style="list-style-type: none"> • Preventive maintenance • Reduced turnover (costs ~\$5,000 each time has to turn over a teacher) • Improved understanding of costs of operations (opening earlier/later, vacancies in classrooms, etc.) 	<ul style="list-style-type: none"> • Reduced costs through shared PD • Cost savings through shared purchasing • Increased revenue through shared fund development • Increased enrollment • Greater access to potential funders (as a group)

4. Sharing Back-Office Support

Scope: Regional

By giving child care directors and owners the tools and knowledge they need to run their small business, they have more time to invest in their teachers and students. This is meant to help them run more efficiently as a business by clearly monitoring enrollment, collecting payments, and tracking revenues against cost-per-child. With intentional guidance, this can allow them to follow the “Iron Triangle of ECE Finance” and increase their financial strength. This could be a good fit for a smaller population in Texas.

Key Components	Colorado	San Francisco, CA	Los Angeles, CA
Alliance/Hub	Early Learning Ventures (Tier 3 services)	San Francisco Early Learning Alliance	Los Angeles Universal Preschool
Funding	Provider fees	Provider fees and philanthropy	Government funds and membership fees
Providers	7 centers (4 of them are part of a multi-site)	11 centers (some multi-site)	12 centers and 1 home
Shared Back-Office	<p>One or more of these features:</p> <ul style="list-style-type: none"> • Tuition/billing collection • Invoices and online payments for tuition • Financial Reporting • Payroll Services • Accounting 	<ul style="list-style-type: none"> • Full accounting, fiscal management, and HR • Enrollment, billing, and debt collection • Data management and reporting • Manage audits and state monitoring • Grant management • Manage subsidy contracts • Site needs (manage immunizations, cost-per-child calculations, etc.) 	<ul style="list-style-type: none"> • Input and track child/family data • Help maintain records and attendance • Assist with implementing electronic sign in-out • Assist with food program requirements • Financial services—tracking income/expenses
Quality Benefits	<ul style="list-style-type: none"> • Improved relationships with parents • Increased time for directors to work with teachers and children 	<ul style="list-style-type: none"> • All sites participate in QRIS • Increased time for directors to work with teachers and children 	<ul style="list-style-type: none"> • Improved relationships with parents • Better able to manage classrooms • Increased time for planning and staff development
Economic Benefits	<ul style="list-style-type: none"> • Time savings (~ 1,500 hours/year) • Improved cash flow due to debt collection • Providers offload managing complex subsidy programs • Better decision making through enhanced financial reporting 	<ul style="list-style-type: none"> • Time and cost savings • Improved admin/organization at centers • Increased staff wages • Employee benefits (retirement, health insurance, bonuses) • Increased revenue through debt collection and maximizing funding 	<ul style="list-style-type: none"> • Time and cost savings • Provided remote access to data • Reduced double entry of child info • Automated child data • Minimized paperwork • Reduced errors • Maximized reimbursements

5. Sharing Staff and Leadership

Scope: Regional

Under this approach, program leadership works as a team and share staff across many areas. This is one of the deepest approaches to Shared Services and can help achieve maximum efficiencies. This approach may help to fill a void in services or to save child care providers struggling to stay in business.

The child care providers that come together may agree to share policies, staff, an accountability structure, decision-making, and benefits—all managed in partnership with one contracting organization. The management works as a team. For example, a staff person skilled at curriculum or human resources who works at one child care provider might support this for all the providers in the Alliance.

Many structures are possible, including the following:

Program Alliance — Independent child care providers contract with a common administrative agency to handle some or all aspects of program administration and fiscal management.

Consortium — Existing child care providers join together as a single non-profit entity.

Cooperative — Child care providers create a jointly owned entity that assumes responsibility for administration in multiple, independent sites.^{xvii}

[See table on next page]

Key Components^{xviii}	Fairfax, VA	Chattanooga, TN
Alliance/Hub	Infant/Toddler Family Day Care	Chambliss Center for Children
Type	Includes aspects of all three structures	Program Alliance
Funding	Philanthropy, government funding, and portion of parent fees	Philanthropy, fundraising, parent fees, Head Start partnerships, USDA, United Way, city contracts, and subsidy
Providers	125 home-based (mostly new Americans) serving mostly 0-5	1 on-site center and 6 independent off-site centers (600 children); 12 infant/toddler classrooms in public schools
Business Support	<ul style="list-style-type: none"> • CACFP administration • Parent bill/fee collection • Recruit families, manage business relationship, marketing • Provide required training • Liability insurance and other • Direct deposits 	<ul style="list-style-type: none"> • Financial, food program, fund development • HR and staff recruitment • Maintenance • Volunteer management • Distribution of donations • Cook and meal prep (if needed)
Pedagogical Support	<ul style="list-style-type: none"> • Training and professional development (PD), including bilingual support • Technical assistance and support 	<ul style="list-style-type: none"> • Training and PD • Classroom observations, assessments • Family events • Parent engagement
Quality Benefits	<ul style="list-style-type: none"> • Individualized training • Monthly visits to homes provides opportunities to monitor quality and teach age-appropriate activities • Sets child-to-teacher ratios lower than the state standards • Encourages providers to pursue infant/toddler care certificate and QRIS 	<ul style="list-style-type: none"> • At-risk families linked to health, mental health, and social services • Children scored well on Kindergarten screening • Improved parent engagement
Economic Benefits	<ul style="list-style-type: none"> • Staff stayed in child care field 2.6 times longer than national average • Earned steady income w/ annual revenues higher than many peers • Families stayed with providers on average 3.5 years • Eliminated isolation, which is typically felt by many home-based providers. • Provided livelihoods for families of child care provider—keeping new Americans out of poverty 	<ul style="list-style-type: none"> • Time savings • Average enrollment of 92% • Average bad debt 2.9% • Reduced staff time on HR, admin, etc. • Increased wages, retirement benefits, career ladder for teachers • At-risk families linked to health, mental health, and social services • Allowed a greater number of families to work by increasing capacity and enrollment in centers

6. Multi-Site Child Care Centers

Scope: Regional

Multi-site providers—typically operated by a single corporate entity—are already sharing services, but there is often room to improve efficiency and maximize resources. For example, there might be an opportunity to centralize more processes in order to increase the scale and economy of the organization. With more coordination and centralization, an organization can provide higher quality services and achieve greater economic benefits. Being more intentional in shared service operations and drawing on staff expertise can strengthen the organization.

Key Components	Colorado Springs, CO	Atlanta, GA
Alliance/Hub	Early Connections Learning Centers	Sheltering Arms
Funding Source	Fundraising, philanthropy, subsidy, parent pay, state pre-k program, Head Start/Early Head Start, drop-in center at courthouse, QRIS	Fundraising, philanthropy, subsidy, parent pay, state pre-k program, and Head Start/Early Head Start
Providers	7 quality accredited centers (owned by ECLC)	16 centers (~2500 children, 91% low-income)
Multi-Site Strategies	<ul style="list-style-type: none"> • Changed leadership • Centralized billing • Implemented curriculum • Offer professional development (PD) during the workday • Customized, intentional PD • Peer learning communities • Program support / coaches for directors and classrooms • Behavioral health support coupled with no-expulsion policy 	<ul style="list-style-type: none"> • Brought in new central office staff • Human resources • Vendor contracts • Accounting, payroll, etc. • Training and PD • Curriculum and program support • Transportation • Enrollment and data/contract mgmt. • Parent services (health/wellness; family support and coaching) • Program reporting • Maintenance, facilities mgmt.
Quality Benefits	<ul style="list-style-type: none"> • Allowed more time for directors to be in classrooms to coach teachers and give PD • Created culture around continuous learning and reflective practice • Directors became instructional leaders • Improved scores in assessments • Greater parent engagement • Paid planning time allowed teachers greater focus teaching 	<ul style="list-style-type: none"> • Centers focus more on service delivery • Improved leadership skills for directors • More streamlined and customized professional development • More responsive to family needs
Economic Benefits	<ul style="list-style-type: none"> • Time savings • Reduction in paperwork and errors • Decreased bad debt (higher collections) • Growth in enrollment • Maximized collection from different revenue sources 	<ul style="list-style-type: none"> • Time savings • Cost savings • Reduction in paperwork • More qualified teachers and staff • Lower teacher turnover than industry average

V. Finding a Texas Solution

Texas is rich in resources to support a Shared Services approach. Below are some of the best practices learned from those who have implemented Shared Services in other states. This includes some strengths of this work, as well as issues for Texas, and options for further discussion and exploration.

Key Practices

- Ensure the right partners are on board to manage the Hub and leadership resources. Be inclusive and get community input. Remember that Shared Services is, at its core, system-building at the provider level. Thus, building leadership that is “owned” by participating providers is key.
- Incorporate Shared Services into QRIS because it secures the investment the state is making in child care providers and ensures they are in existence (and providing quality services) in the coming years.
- Incorporate Shared Services into public-private partnerships or vice versa. Partnerships between private child care and state-funded pre-k programs—or private child care and Early Head Start/Head Start—are already streamlining some business practices. Expanding to sharing services or other resources can make the partnership even more effective.
- Incorporate an intentional strategy for pedagogical leadership into the Shared Services approach, and create an agreement with providers to track progress, report results and focus on change. This can ensure that dollars are reinvested into child care providers and allow for truly meaningful changes to the ECE field, such as higher pay for teachers without raising costs to parents.
- Measure results and track metrics from Day 1, and incorporate a plan to evaluate the service/resources.
- Align licensing and QRIS reporting, and use Shared Services on the web as a TA tool for providers.
- Encourage automation as well as staff-sharing Alliances that centralize fiscal management and reporting. Allow third party billing and policies that enable state agencies to collect and pull information from a centralized back office that manages finances for a network of centers and/or homes.
- Embed the “Iron Triangle of ECE Finance” into the QRIS via reporting of enrollment, bad debt, revenues, and cost-per-child. The goal is to reward and incentivize a better way to do business.

Strengths of Texas

- There are many models and states from which to learn.
- Texas values local control and may be conducive to local pilots of various models.
- A Texas intermediary, Child Care Associates, has already signed the license to introduce and customize a Shared Services web-based platform for Texas and will begin to make it available statewide in February 2018 via local Workforce Boards.
- There is interest from stakeholders at the local and state level to implement Shared Services approaches in order to strengthen the ECE field, improve quality, and maximize public dollars.
- Multiple Shared Services approaches can be of minimal to no cost to state taxpayers.

- The federal Office of Child Care recognizes Shared Services as a best practice for states to maximize public dollars.

Concerns to Address for Texas

- State systems are fragmented, making it harder to find meaningful solutions to work for everyone.
- Growing the web-based platform to the entire state will require a strategic approach that meets the needs of different communities.
- Implementing a Shared Services framework within a long-fragmented field is difficult. The approach requires a strong vision, collaborative leadership, and careful attention to coordination, structure, direction, and provider “buy-in” in order to be effective.
- Shared Services is a long-term, sustainable plan, so it often is slow moving.
- Shared Services requires start-up investment as well as a funder who is patient and willing to make an investment that may take several years to produce results.

Potential Hubs

There are many organizations in Texas that might serve as Hub agencies in various regions and communities. It does not always matter what the organization does, as much as it matters what characteristics the organization has (see insert).

Local Early Childhood Education (ECE) organizations

A natural fit for a Hub agency would be one of the state’s local nonprofits charged with mentoring and assessing child care providers to improve their quality and obtain a certification, such as Texas Rising Star. They have qualified staff, understand the needs of local child care providers, and are trusted by the community.

Organizations outside of the ECE Field

An organization that has the ideal characteristics could provide a wide range of services to the community. It could be a community center, a mental health provider, a family services organization, etc. There are many possibilities!

Local ECE coalitions

In recent years, local ECE coalitions have formed cross the state. A coalition aimed to increase the quality of ECE programs and child outcomes in their area would be well-suited to act as a Hub agency or to explore Shared Services approaches.

Remember, a Hub agency must be:

- **Trusted by the community.**
- **Mission driven.**
- **Fiscally sound, efficient, and effective.**
- **Willing to innovate.**
- **Supported by their Board to approach Shared Services.**
- **Staffed with effective, qualified people.**

See page 6 for more details.

Local Workforce Boards

Texas is in a unique position with its workforce agency supporting child care efforts. It is managed through 28 local Workforce Boards. Each board has various local and state business contacts that they can harness to improve the business skills of child care providers.

- Negotiate and offer shared back-office support for payroll, HR, etc.
- Negotiate and offer facilities services through a property management company including plumbing, repairs, waste removal, etc.
- Negotiate and offer discounts for utilities and insurance companies
- Organize business support trainings through local accountants, HR companies, tax professionals, and others to assist with the unique challenges faced by child care providers

Education Service Centers

The Texas Education Agency has 20 Education Service Centers across the state. These are meant to help school districts and charter schools increase student performance, implement state initiatives, and operate more efficiently. Through child care and public pre-k partnerships, Education Service Centers might coordinate sharing:

- Professional development between school districts and child care providers.
- Curriculum and classroom resources, such as Texas School Ready.
- Substitute teacher pools.
- Data entry into the state's Early Childhood Data System.

Potential Service Population

In this section you will find a few examples of potential service populations that might benefit from a Shared Services approach.

Child care partnerships with public Pre-K or Head Start/Early Head Start

The Texas Education Agency and Texas Workforce Commission increased their support for these partnerships in 2016 with a grant to increase access to public Pre-K. School districts can partner with Texas Rising Star Level 4 child care providers to serve more eligible 3- and 4-year-old children in the child care setting.

There are also partnerships forming outside of this grant opportunity with school districts and Early Head Start or with child care providers that are not Texas Rising Star Level 4.

Through these partnerships, child care providers can get \$3,500 per year per eligible 3- and 4-year-old child. This injection of funds could be maximized by implementing a Shared Services framework to support business and pedagogical leadership with these providers.

Texas Rising Star (Texas' QRIS)

There are approximately 1,000 Texas Rising Star providers in the state. These providers are mentored and assessed either by their local Workforce Boards or local nonprofits. Access to

Shared Services on the web could be incorporated as an incentive to becoming Texas Rising Star. Further, data and TA based on the "Iron Triangle of ECE Finance" (e.g. enrollment, bad debt, revenues, and cost-per-child) could be incorporated into one or more of the Texas Rising Star levels.

All licensed child care providers

Texas Department of Family and Protective Services manages child care licensing for the state. They could make Shared Services on the web available to all licensed providers for a small fee, though there would have to be some mechanism to guide providers to using the resource.

Home child care providers

There are entities in communities across Texas that work with groups of home child care providers. Family homes can benefit greatly from Shared Services approaches that might include sharing resources, back-office support, peer learning opportunities, technical assistance, professional development, recruitment, and more.

What does this mean for local stakeholders?

There are a variety of entry points depending on one's role and interest in ECE.

Child Care Provider (Center or Home). Providers may want to pay their teachers more, reach higher quality, be financially secure and thriving, grow their business, connect with others in the community and feel less isolated, and/or reduce costs by sharing resources. Shared Services approaches can meet any or all of those needs.

Foundation or Philanthropist. Program funders might have an interest in helping our youngest and most vulnerable learners become school-ready. Or they might aim to build a more equitable future for low-income and/or minority families for whom so many disadvantages exist. The gaps between rich and poor, white and minority children are hard to overcome once they begin school. Shared Services can address those issues by strengthening child care providers, improving their quality of care, and getting kids school-ready.

Business Leader. Business leaders know about economies of scale and the impact it can have on efficiency. If a business is interested in strengthening the educators charged with getting our children school-ready, then they can use their position in the community to influence funders, potential Alliance Hub agencies, and public officials to explore and work toward a Shared Service approach that works for the community.

Potential Hub Agency. A successful Hub could be any entities similar to the ones listed on pages 18-19 or those that have the key characteristics listed on page 6. These organizations are a key component to starting a Shared Services model in local communities. There are plenty of resources to help organizations explore options at <http://opportunities-exchange.org/get-started/>.

Public Official. Local and state public officials understand their community and how systems can impact each other. They see businesses, nonprofits, and government entities work together every day. At its core, Shared Services is about pooling resources to work smarter with public dollars. Local or state public officials can start these conversations with key stakeholders, incentivize a Shared Services approach, support the Texas Workforce Commission and local Workforce Boards in their efforts to improve the quality of child care, and much more.

If you have further questions or are interested in exploring next steps, please contact CHILDREN AT RISK using the information below to learn more.

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