Shared Services Networks

CALIFORNIA
ALL
KIDS
Master Plan
for Early Learning
and Care

California Context

In 2019 California had approximately 36,800 family child care homes (FCCH) and child care centers.[1] While there are certainly some larger providers and programs among this group, the vast majority are effectively small businesses. COVID-19 has added strain to an already fragile system. Early surveys estimated that there would be a short-term loss of at least half of early learning and care providers and programs, with a permanent loss of between 25 percent and 60 percent of supply without additional investments and support.[2]

Now is the time to make strategic investments in rebuilding the sector, supporting family, friend, and neighbor; family child care homes; and centers so they can continue in their operation and support of young children. California has the opportunity to start down this path, with First 5 California initiating a Shared Services Network (SSN) pilot that provides an opportunity to explore how such networks can be brought to scale.

California's ability to address the needs of young children and their families depends upon sustaining and growing in number and location of providers and programs. When asked to describe challenges, providers and programs have shared their struggles to balance the demands of addressing business, programmatic, and operational requirements while also meeting children's development and learning needs.[3] There are promising innovative approaches for addressing these operational needs and overcoming the challenges of operating a small business by creating greater economies of scale through networks.

The Shared Services Solution

Across the nation, community-based partnerships of early learning and care businesses—nonprofit and for-profit—are finding benefits from SSNs. Such networks allow for increased efficiency and effectiveness by providing operational support for routine business tasks (e.g., time accounting and payroll, invoicing, data

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1   California Resource and Referral Network "2019 Child Care Portfolio". https://rrnetwork.org/assets/general-files/2019-CA-Portfolio-08-20.pdf

2   Estimated range based on surveys conducted by the Bipartisan Policy Center, Center for American Progress and Center for the Study of the Child Care Workforce.

3   California Early Childhood Policy Council And PDG-I Strategic Plan Stakeholder Engagement Session
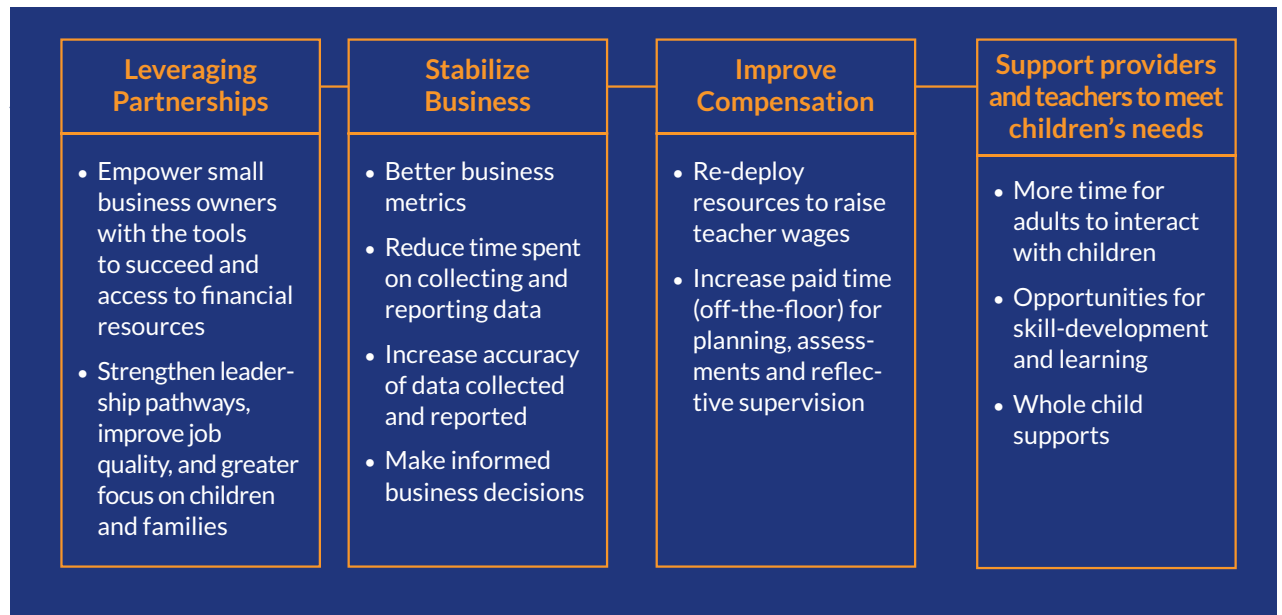
collection, applications and reporting) and pooling resources for training, purchasing supplies, and other activities that greater scale can improve.

Features of Effective Shared Services Networks

Effective networks are generally voluntarily organized around a trusted community partner, or "Hub," that provides back-office support and automation to improve business management—including fee collection, enrollment, contract reporting, and human resources—and

helps participants stabilize and grow revenue. The experience of networks has shown that as engagement deepens, participating providers become financially stronger and more efficient, making it possible to shift resources into what matters most—improved compensation and benefits, professional learning, reflective supervision, and other provider-driven supports that improve adult-child interactions. The following are features drawn from highly effective shared services models, which can serve as a blueprint for California's design and approach.

Figure 1. Features of Effective Shared Services Networks

Leveraging Partnerships	Stabilize Business	Improve Compensation	Support providers and teachers to meet children's needs
• 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	• Better business metrics • Reduce time spent on collecting and reporting data • Increase accuracy of data collected and reported • Make informed business decisions	• Re-deploy resources to raise teacher wages • Increase paid time (off-the-floor) for planning, assessments and reflective supervision	• More time for adults to interact with children • Opportunities for skill-development and learning • Whole child supports

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Leverage Partnerships

A central component of Shared Services is a focus on *power with* instead of power over. This means that SSN Hubs are not charged with monitoring but designed to work side-by-side with providers, providing them with the supports they want most. All SSNs are different and reflect the unique community, context, and culture of the participants. Shared Services Networks empower the participating programs and help small, often underserved early learning and care programs become more financially viable and better serve their communities.

Stabilize and Strengthen Businesses

Financial stability is one of the biggest challenges facing the early learning and care sector, particularly during the COVID-19 pandemic. Child care businesses typically operate on thin margins, with a significant portion of the budget dedicated to staffing costs, and they often struggle to secure stable and predictable cash flow. Low and unpredictable enrollment is the biggest challenge.

The Chambliss Center for Children, Chattanooga, TN, serves as an example of how an SSN has been a source of support through COVID-19. The Chambliss Center operates a child development center for 300 children and also provides management services to 13 additional sites (6 small centers and 13 one-classroom micro-centers) that collectively serve an additional 375 children. During the COVID-19 pandemic, the Chambliss administrative office was able to centralize applications for financial support from the federal Payroll Protection Program and other Coronavirus Aid, Relief, and Economic Security (CARES) Act

funding, making it possible for these smaller programs to stay afloat in challenging times.

Sites that contract with Chambliss for management support serve children six weeks through five years of age in a variety of locations, including public schools and community- and faith-based organizations. Each contract site houses classroom teachers; a leadership team oversees all off-sites, and administrative staff are shared across Chambliss' main campus and off-site programs. The Shared Services framework on which Chambliss has grown enables all participating sites to be strong, high-quality, and sustainable.

Participation in a Shared Services Network makes it possible for programs to make staffing adjustments and share adaptive business and program practices when needed. Homes and centers can maintain their close relationships with families and unique programmatic offerings, but they can also benefit from the backing of a larger nonprofit entity with capacity to tap and leverage funding from multiple sources and manage reporting, payments, and cash flow. Home- and center-based providers who participate in Shared Services are more likely to stay in business, even in challenging times.[4]

Improve Compensation

Low wages for providers and teachers have plagued the early learning and care sector for decades, making it difficult to recruit qualified staff or grow the supply of family child care homes. Small centers that participate in an SSN can generate the additional revenue and administrative efficiencies needed to boost spending on teacher wages. For example, the Early Connections

4   Opportunities Exchange "Reinvent vs. Rebuild: Let's Fix the Child Care System" April 2020. https://opportunities-exchange.org/wp-content/uploads/OpEx_2020_ChldCrCtrsNwWrldOrdr_Covid19_Brief_Stoney.pdf

Learning Centers (ECLC) in Colorado Springs is a multisite early childhood education corporation that used an SSN framework to reorganize its administrative structure for center operations and support a network of family child care homes.

The SSN framework has made it possible for ECLC to improve program quality in the 6 center-based and 44 home-based sites included in their network. A central back office makes it possible to leverage funding from multiple funding streams (child care, Head Start, Early Head Start, prekindergarten, philanthropy, business, and more), streamline administration, and enable local sites to focus on what matters most—children and families. Results—for participating centers and homes as well as the families they serve—are impressive.

Support Providers and Teachers to Meet Children's Needs

Many providers and teachers work in the early childhood field because they are passionate about children and giving them a good start. When Hubs support and enhance business services for small centers and FCCHs, adults are free to spend more time with children.

The San Francisco Early Learning Network provides back-office services to nine agencies operating 12 sites that collectively serve about 600 children with the goal of allowing them to focus on the care and learning of children. The Network back office provides accounting (payables, receivables, payroll, financial analysis, audit prep, budgets), enrollment (family screening, subsidy certifications and re-certifications, site rosters, immunization tracking, attendance), grant- and government contract-management reporting, human resources (compliance, benefit

administration, recruiting), and more. Participating centers include bilingual programs as well as those that work with immigrant families, offer family support services, and partner with low-income housing. Results include improved financial and administrative processes; cleaner audits; increased time for directors to work with teachers; increased staff wages; and greater sense of ownership, commitment, and development of teaching staff in participating centers.

The SSNs can also act as a support for providers and teachers through training mentorship and apprenticeships as they work to increase their skills and services. In addition, they can make it possible for smaller, stand-alone early learning and care sites, including FCCHs, to tap seasoned expertise to help children with disabilities or learning needs, health challenges, or family supports.

A Roadmap to Build Shared Services Networks

California can learn from the experience of others to chart a course for introducing and scaling Shared Services Networks. Communities and states that have built effective Shared Services approaches see dramatic demand from providers. These initiatives have yielded rich insights that can guide implementers, funders, and policymakers as they consider creating provider-driven and responsive SSN solutions.

Pilot First

Providing start-up funding to a set of community-based networks is a critical step and lays the foundation to build systems of SSNs. The goal should be that new Networks are self-supporting

over time, typically three to five years. During the pilot phase the focus should be on designing key elements to best serve local needs.

- To maximize benefit to providers, SSNs should include services aimed at ensuring participating programs are fully enrolled, have "right-sized" their tuition to ensure it covers costs, and have collected all revenues in full and on time.

- Networks should be designed for maximum revenue to be provided to participating centers and homes. Successful SSN Hubs are already typically engaged in similar services (e.g., currently manage finances for early childhood programs or other related small business) so they can operate more efficiently.

- Networks should be able to leverage and support technology-based tools for each participating site to reduce paperwork and administrative costs and deliver responsive, innovative support services (e.g., virtual coaching, shared leadership, peer support networks).

- SSNs should understand the unit cost of both direct services and administration, by age of child and type of service, to build and maintain a sustainable SSN budget.

Embrace Automation

Automation is crucial for easing the burden on providers, supporting efficient administration systems, and streamlining paperwork. This allows maximum dollars to be focused on providers and the children and families they serve.

New cloud-based, mobile-first technology makes it possible to streamline and automate the vast majority of administrative tasks required for child care program operations. When center-based or family child care programs use an automated Child Care Management System (CCMS), it is possible to save significant time and money and also obtain powerful real-time data. These systems can automatically generate required data for billing, reporting, and documentation required by funders. These data can populate local, regional, and statewide databases of early learning and care supply and demand, professional development, licensing, quality, and more. The good news is there are a number of promising technology solutions being widely used in the sector that can be considered in designing a suite of support for programs and providers.

Sequence Large-scale Implementation

Based on what is learned from the pilot phase, regions and the state should engage relevant stakeholders—including family child care organizations and family child care home networks—to design a system of SSNs and the legislative and regulatory changes needed to expand access to diverse Networks designed to best support small centers and family child care homes. Important aspects of the planning process include:

- Design options for SSNs, including the range of business services, development and learning supports that could be offered by the Hub, and consideration of how community-based network Hubs might be chosen.

- Review existing standards and regulations, including funding and contracting, and develop a plan that supports alignment of expanded Shared Services initiatives with existing early childhood systems and structures.

- Identify options for funding the launch and initial technical assistance infrastructure with a plan for self-sufficiency over time.

Conclusion

The SSNs hold promise for California as a strategy to support expansion and resilience of FCCHs and centers. If California is to meet the needs of young children, new structures and improved supports, such as those offered by SSNs, are needed to allow those working with young children to maximize their focus on the developmental and learning needs of young children by minimizing the time and energy expended on operations.

Acknowledgments