

# Scaling Solutions for the Childcare Crisis: Technology and Shared Services

October 13, 2020

The logo consists of a purple square with a white border. Inside the square, the text "The Campaign for" is at the top, "GRADE-LEVEL" is in the middle, and "READING" is at the bottom, all in white, uppercase letters.

The Campaign for  
GRADE-LEVEL  
READING

# Moderator



Chelsea Sprayregen  
Entrepreneur in Residence  
Promise Venture Studio

# Lead Presenter



Sharon Easterling  
Consultant  
Opportunities Exchange

# Discussants



**Shannon Cotsoradis**  
Chief Executive Officer  
Nebraska Early Childhood  
Collaborative



**Ariana Shapiro**  
Business Mentor Coach  
All Our Kin, Inc.



**Sue Renner**  
Executive Director  
Merage Foundations

# Agenda

- Part 1: Shared Services Overview & Challenges and Opportunities to Scale
- Part 2: How Policymakers and Funders Can Support Shared Services
- Closing Thoughts

# Lead Presenter



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Exchange

## **Campaign for Grade Level Reading**

## The Pathway to Quality Programs



# Shared Services → Child Outcomes

**Strong financial management**

**Improved revenue, decreased overhead**

**More compensation, time for pedagogical support**

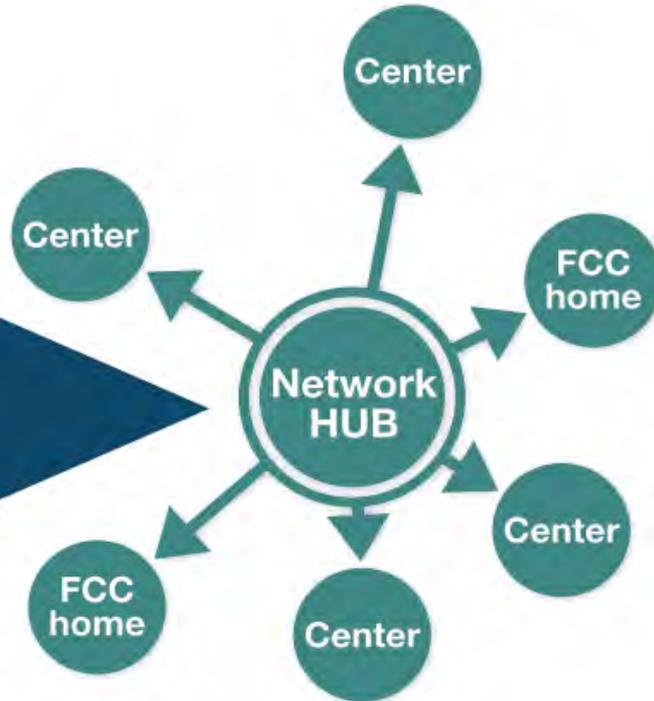
**Skilled, stable workforce = Improved student outcomes**



# Shared Services Enables Scale + Sustainability



- Marketing + Enrollment
- Eligibility Determination  
(child care, PreK, Head Start, etc)
- Tuition Collection (private + subsidy)
- P+L – Business Metrics
- Automation + Technology support
- Accounting + Tax Prep Support
- Licensing Compliance
- Coaching/PD/scholarships
- Family Supports
- Child Assessments + screening
- Fundraising + Development



# A Path to Systemic Change

## Address Inequity

- Empower small business owners with the tools to succeed and access to resources
- Strengthen leadership pathways
- Greater focus on children and families

## Improve Compensation

- Re-deploy resources for teacher wages
- Director as pedagogical leader > better working conditions > time for teachers to reflect and plan

## Stabilize Businesses

- Better Business Metrics
- Reduce time spent on collecting/reporting data
- Increase accuracy of data
- Use data to inform decision making

# Child Care Management Software

*Transforming the Business of Child Care*



# Business Challenges

- Billing and collections
- Managing staff-child ratios
- Maintaining full enrollment
- Compliance with program and funding standards increases administrative/overhead expenses

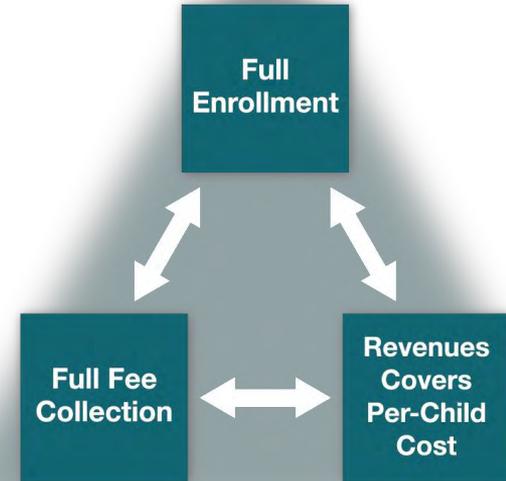


# Challenge: Billing and Collections

## Why it Matters

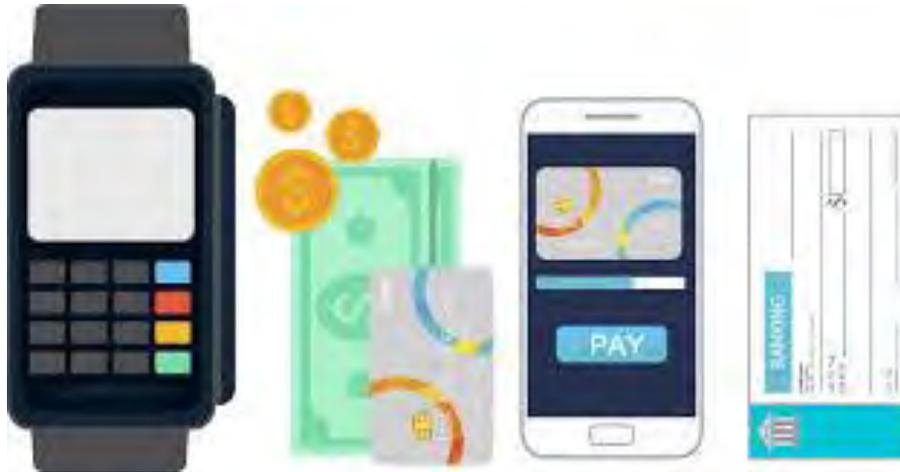
- Every \$ counts!
- Providers have conflicting roles between family support and tuition collection
- Subsidy billing can be time consuming and requires careful monitoring for timely and accurate payment

## The Iron Triangle of ECE Finance



# Solution: Electronic payment system

- 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)

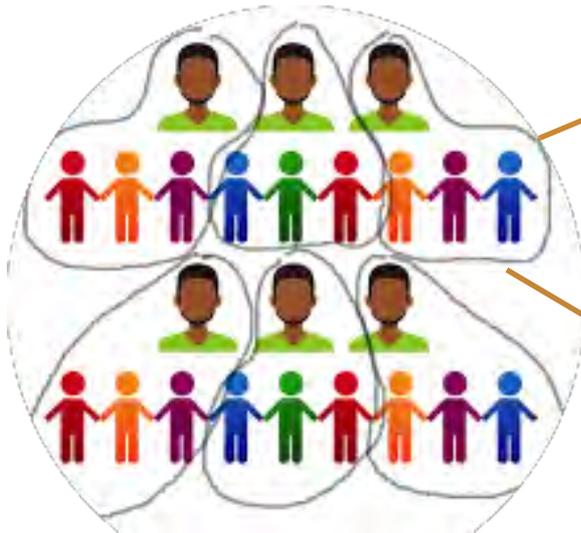


**Notes from the field:** In every instance of moving from paper to electronic billing, OppEx has observed that collection rates significantly improve



# Challenge: Right Sizing Classrooms

## Staff Child Ratios: Why it Matters



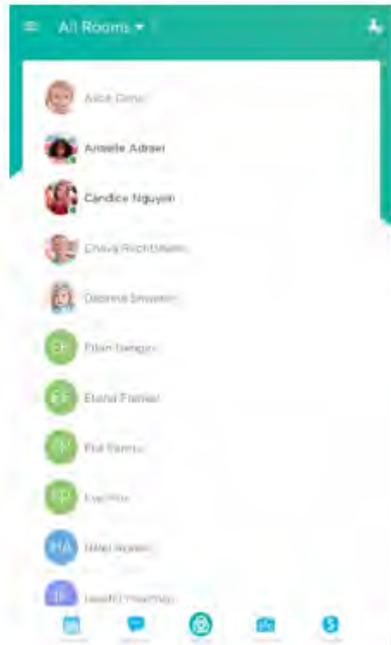
Staff is the  
highest  
cost

Revenue  
and  
Expense  
need to  
Align

Group size and ratios during the COVID19 crisis will require even more attention to the delicate balance between **tuition revenue** and **staff expense**



# Solution: Staff-child ratio management



## Track Your Student-to-Staff Ratio

With our real-time staff and student attendance system, you can easily track ratios and ensure you are always licensing-compliant.

Set up alert monitoring to get notified when overstaffed or understaffed.

- Many CCMS systems give providers real-time data about staff-child ratios for every classroom in their program
- Providers can use this information to stay on top of staffing needs throughout the day



# Challenge: Staying Full

## Why it Matters

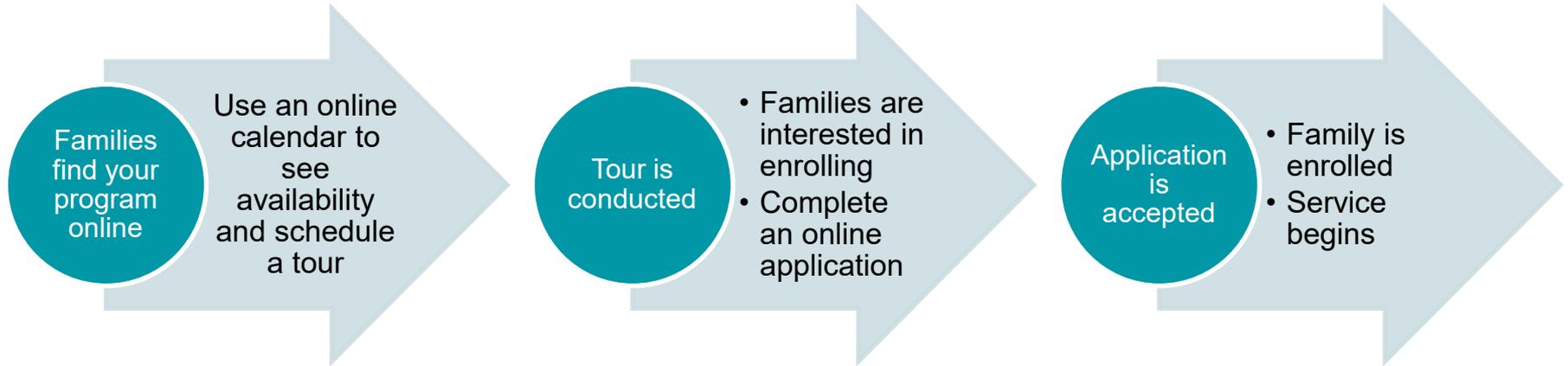
- Budgets are based on STAFFED capacity
- If you are paying for staff in a classroom that is not fully enrolled, you are **losing money**
- Part-time slots -- and ANY gaps in filling slots -- contribute to less-than-full enrollment



**Under-enrollment** is likely to be a significant challenge due to COVID-19 concerns; helping families find programs and enroll as quickly as possible is critical during this period

# Solution: Enrollment + Waitlist Management

## *Customer Relationship Management (CRM) Tools*



# Challenge: Regulations, Standards, and Reports

## Why it Matters

- Manual labor = increased personnel costs for non-teaching staff
- Inefficiencies rob the program of scarce resources
- When directors are performing redundant, manual tasks, they are not able to focus on Pedagogical Leadership

Additional health/safety/reporting procedures during COVID-19 will increase the need for efficient administration



# Solution: Business Automation

## Lower Administrative costs

Task	Before Automation	After Automation
Payroll/HR tracking	8 hours/week	1 hour/week
Tuition billing, tracking	5 hours/week	1 hour/week
Attendance tracking/subsidy billing	10 hours/week	.5 hours/week
Waitlist management/enroll new families	2 hours/week	.5 hours/week
Total	25 hours/week .625 FTE staff	3 hours/week .075 FTE



# Pedagogical Challenges

- Child Assessment
- Family Engagement
- Staffing (Professional Development/Compensation)



# Challenge: Child Assessment

## Why it Matters

- Paper based assessments require double work: observe/assess, and enter data into a tracking platform
- Electronic format enables use of data for a range of purposes, such as:
  - Inform teaching practices
  - Communicate with families and support staff
  - Support reporting for longitudinal studies or trend analysis



# Solution: Online Assessment Tools



## More teaching time

Saves teachers two to three hours per week



## Quick turnaround from assessment to instruction

Shortens feedback cycle from assessment to instructional adjustment



## Increased child outcomes

Through enhanced instruction and more objective data collection

Teachers can focus on WHAT they collect about children rather than spending time on the task of collection



# Challenge: Family communication

## Why it Matters

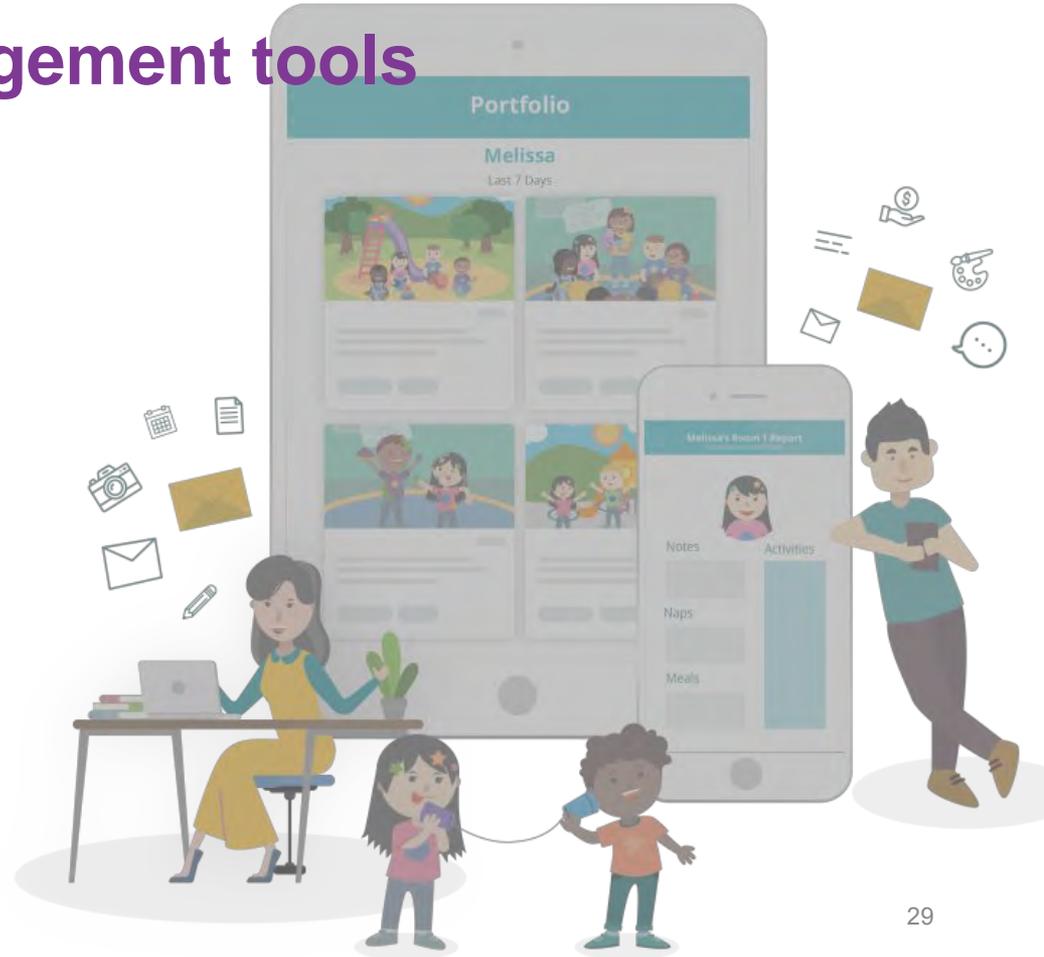
- Communication is more effective in multiple small bites
- Families are more engaged when communication is frequent
- Paper-based communication documents (e.g. health reports/forms/documents) can be streamlined



Ability to immediately communicate with families is essential during COVID-19 pandemic

# Solution: Parent Engagement tools

- On-going communication (email or text) between teacher and family, including daily reports, photos, etc.
- Messages to individual families, classroom, center-wide



# Challenge: Staff Management

## Why it Matters

Complex data tracking for...

- Scheduling staff in classrooms to maintain child-staff ratios
- HR responsibilities (i.e. benefits, sick leave, recruitment, furloughed employees, etc.)
- Professional development plans, maintaining requirements, documentation
- Payroll, timesheets, etc.

COVID-19 challenges include:

- Bringing staff back in less than full employment; sharing tasks + jobs
- Scheduling, tracking assignments, maintaining ratios in small consistent groupings
- New training requirements



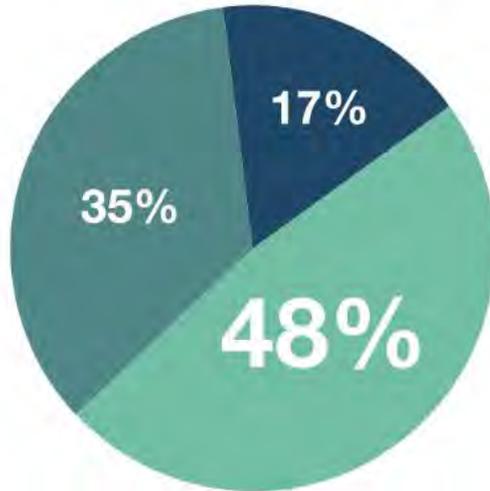
## Solution: HR Management tools

- Personnel files are electronic and up to date
- Tracking staff sign in/out is automated; payroll streamlined
- Increased capacity to manage PTO, paid planning time, benefits, etc.
- Multi-sites – can track personnel in all sites across the system



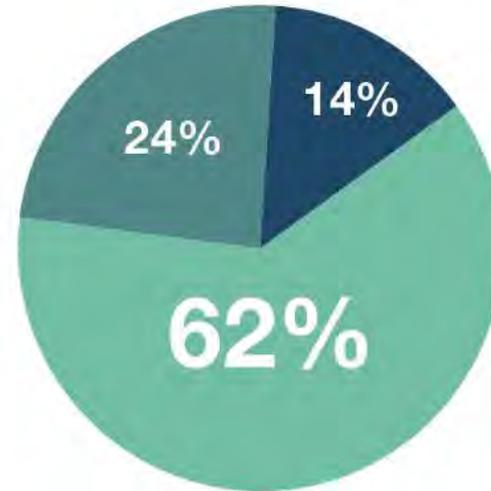
# Shared Services Increases Teacher Pay

**Child Care Center  
Personnel Expenses**  
January 2018



■ Support ■ Direct ■ Admin

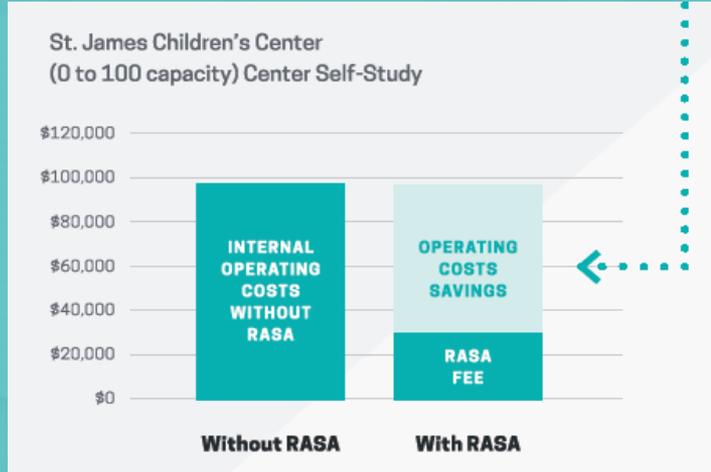
**Child Care Center  
Personnel Expenses**  
December 2018



■ Support ■ Direct ■ Admin



# INTENSIVE STAFF SHARING



St. James Children's Center reinvested their savings into a **new 401k retirement plan** for their staff, **increased medical benefits**, and offered **raises and bonuses to employees**.

SJCC saved  
**\$52k**  
in direct costs

collections moved from  
**13%-0%**  
in month one, increasing cash flow and preventing financial loss.

**408**  
labor hours saved

RASA financial benefits realized within two months

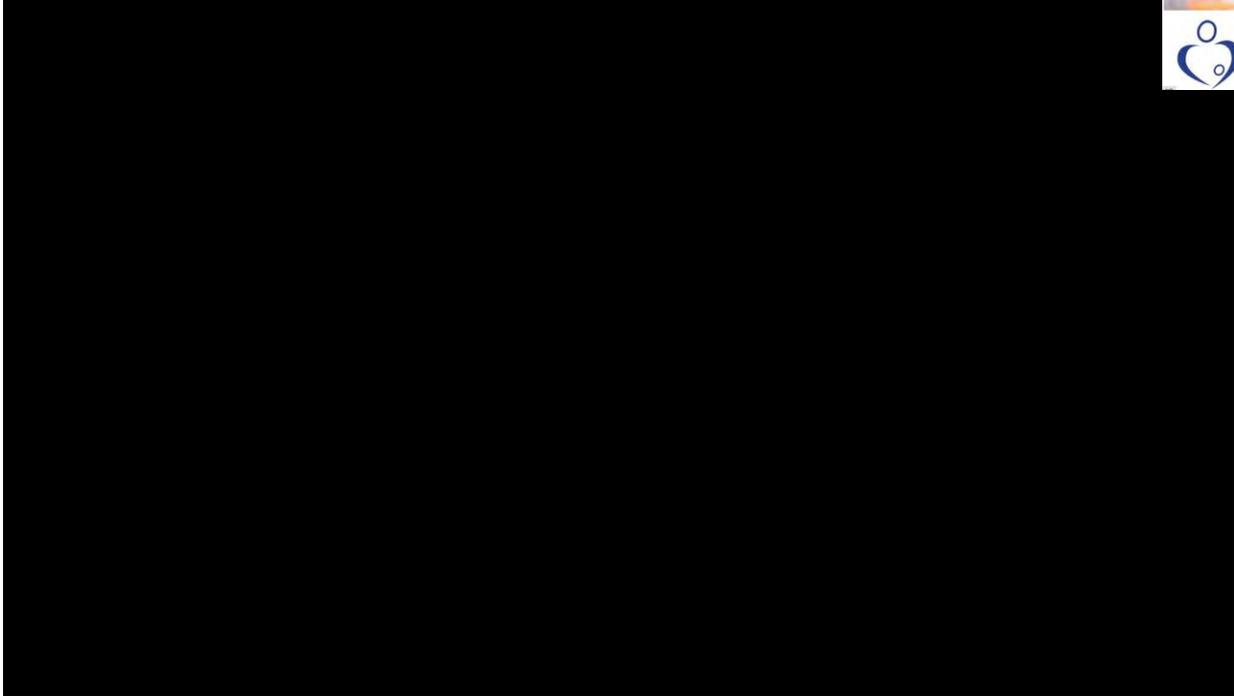


# Shared Services Increases Family Childcare Pay

	With Shared Services	Stand Alone	
Market price avg monthly tuition (per child)	\$1150	\$1150	
Total capacity of home	12	12	
<b>% of market tuition captured</b>	<b>100%</b>	<b>80%</b>	Iron Triangle
Actual monthly subsidy + tuition charged	\$1150	\$920	
<b>Vacancy rate</b>	<b>5%</b>	<b>25%</b>	
Total potential revenue	\$157,320	\$99,360	
<b>% of tuition collected (bad debt)</b>	<b>100%</b>	<b>90%</b>	
<b>Estimated Annual Revenue</b>	<b>\$157,320</b>	<b>\$89,424</b>	
<b>Expenses</b> (Assistant wages, materials, services, etc.)	<b>\$68,682</b>	<b>\$44,367</b>	
<b>Net Revenue to FCC Home Provider</b>	<b>\$88,639</b>	<b>\$45,057</b>	



# What Success Looks Like



Monique Reynolds, Quality Care for Children, Atlanta GA

# How do we get there from here?

## Barriers to scaling Shared Services



**20-30%**

**Of child care providers use CCMS to manage  
their business**



# Many providers do not fully use software

State report on KidKare Data (pulled directly by the vendor) (n=1900)

# of Providers using KidKare Accounting as of 12/31/19	68
# of KidKare users who have entered any data into the system as of 12/31/19	19
# of KidKare users entering data into the accounting section to claim expenses of IRS Form 8829 as a deduction (as analyzed by Tom Copeland)	1



# Connecting Providers to Shared Services

## Child Care Management System

- Procure, Alliance CORE, KidKare, Wonderschool, etc.
- No need to re-invent the wheel/build from scratch

## Business Coaching

- Support for on-boarding
- Tracking critical business metrics

## Shared Services Hub

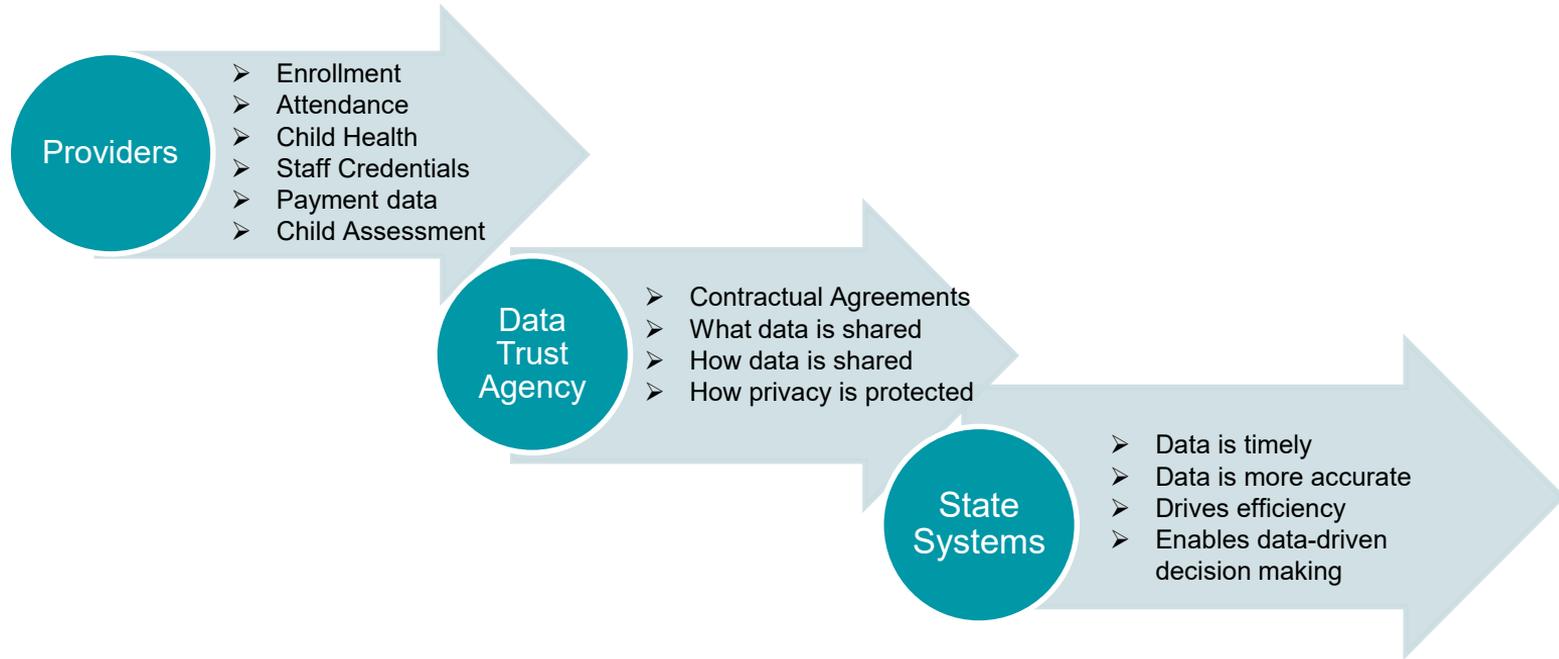
- Skilled financial management
- Scaled capacity

## Focused Educational Leadership

- Directors have more time to spend coaching teachers and supporting families



# Interoperability with Public Data Systems



What if 80% of providers were using CCMS system that linked to state data systems?

# Resources

<https://opportunities-exchange.org>

[Getting Started with Shared Services](#)

[Reinvent VS. Rebuild: Let's Fix the Child Care System](#)

Contact: [sharoneasterling@gmail.com](mailto:sharoneasterling@gmail.com)



# Discussant



**Shannon Cotsoradis**  
Chief Executive Officer  
Nebraska Early Childhood Collaborative



# NECC

The Nebraska Early Childhood Collaborative harnesses the potential of providers to deliver high-quality early learning opportunities through access to business resources, innovative partnerships, and educational support.

# Shared Services



## Nebraska Educare Schools

- Financial Services
- Subsidy & CACFP billing
- Human Resources
- Substitute Pool
- Professional Development
- Bulk Purchasing



## Statewide Family Child Care Network

- Licensing Support
- Business Training and Mentoring
- Professional Development
- Business Automation/CCMS
- Capital Investment
- Peer Networking



# Shared Services Footprint



# Lessons Learned in Nebraska

- Technology Forethought, Not Afterthought
- Technology Critical to Sustainable, Scaled Shared Services
- Address Barriers to Technology Utilization
- Focus on Providers New to the Field



# Discussant



**Ariana Shapiro**  
Business Mentor Coach  
All Our Kin, Inc.

# Business Training and Coaching are Important Complements to Shared Services Technology

- Business skills enable effective use of technology
- Relationships reduce isolation and support knowledge retention
- Communication and self-advocacy skills round out business success



# How do we provide effective business training and coaching for family child care?

- Offer content that is high-quality, engaging, and tailored to home-based child care settings
- Gather feedback from providers about their needs
- Structure professional development offerings to work for **family child care providers' real lives**
- Ensure that trainers and coaches understand and reflect the family child care community
- Build community among family child care providers
- Incentivize training on good business practices



# Questions & Discussion



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## **Scaling Solutions for the Childcare Crisis: Technology and Shared Services**

**Campaign for Grade Level Reading, Learning Tuesdays  
October 13, 2020**

# Why should states encourage automation?

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- Child outcomes
- Build sustainable businesses with the least resourced providers
- Increase access to care, especially for infants & toddlers
- Help women of color stay in the sector



# Risk: government rules limit the power of automation

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<b>Key business function</b>	<b>CMS* automation available?</b>	<b>Separate record required for subsidy?</b>
Attendance	Yes	✓
Billing & Accounts Receivable	Yes	✓
Payment processing	Yes	✓
Child record	Yes	✓
Accounts Payable	Yes	
Taxes	Yes	



**23% of eligible children are  
enrolled in the subsidy**



# Providers generate the best data in their work every day



Child  
Management  
Software



Subsidy

Licensing

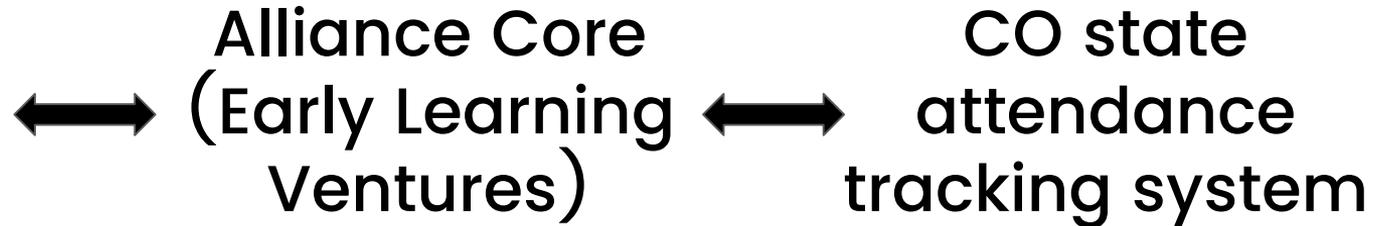
Food Program

Quality Rating

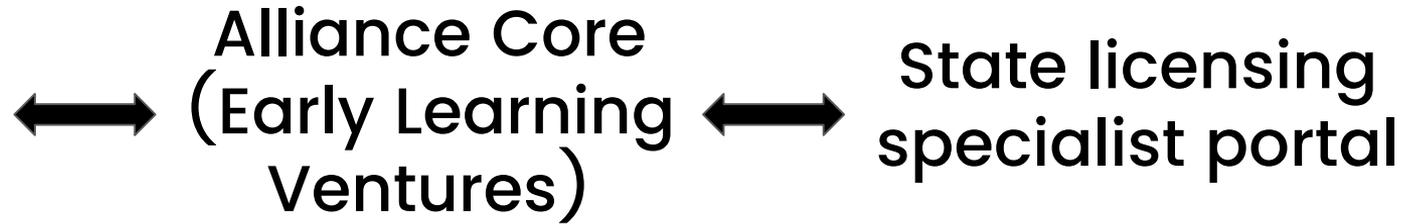
Assessment



## Case study: Colorado



## Case study: Colorado



## Case study: Missouri



# What can we know

- Openings in child care programs
- Program and staff characteristics
  - QRIS
  - Staff compensation
  - Turnover
  - Ages served
- Child health and assessment
  - Absences
  - Immunizations
  - Developmental screenings
  - Correlation to program and staff characteristics



# Steps to Enabling Automation through APIs

1. Interview providers and families
2. Identify low-tech pilot opportunities
3. Map the vendor landscape



# Appendix



# Key Software Components and Definitions

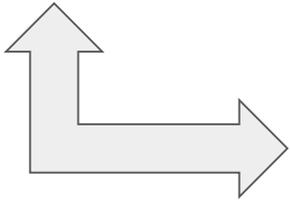
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## Child Care Management Software:

- **Users:** Child care providers (home & center); networks & alliances
- **Purpose:** Proactive business management to enable sustainability
- **Key features:** invoicing, payment processing, attendance, child records

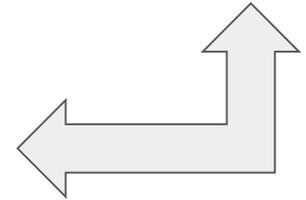
## Database Management System:

- **Users:** Government case workers, eligibility & billing specialists
- **Purpose:** Process subsidy eligibility status; review & process payments
- **Key features:** Review & update case records; manage audits & follow up



## Application Programming Interface (API):

- Enables two software systems to share data
- Specifies rules and routines for data exchange



# Discussant



**Sue Renner**  
Executive Director  
Merage Foundations

All children deserve **access** to quality early care & education.



## **Supply**

Reengineer the child care business model

## **Cost**

Policy reforms that shift child care from private responsibility to public good

In 2008 Merage makes a deep commitment to the incubation of a shared services model with an eye for **scale & sustainability**.

- 6 States
- 608 Child Care Members
- Early Head Start-Child Care Partnerships
- Partnership not a Product



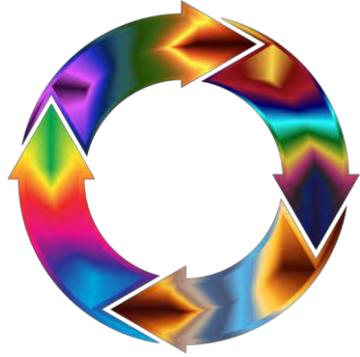
[www.earlylearningventures.org/national-expansion-opportunities-2/](http://www.earlylearningventures.org/national-expansion-opportunities-2/)

[www.merage.org](http://www.merage.org)

**MERAGE**  
FOUNDATIONS

## Why Invest in Technology?

- Speed, simplification and significant cost optimization to all stakeholders....



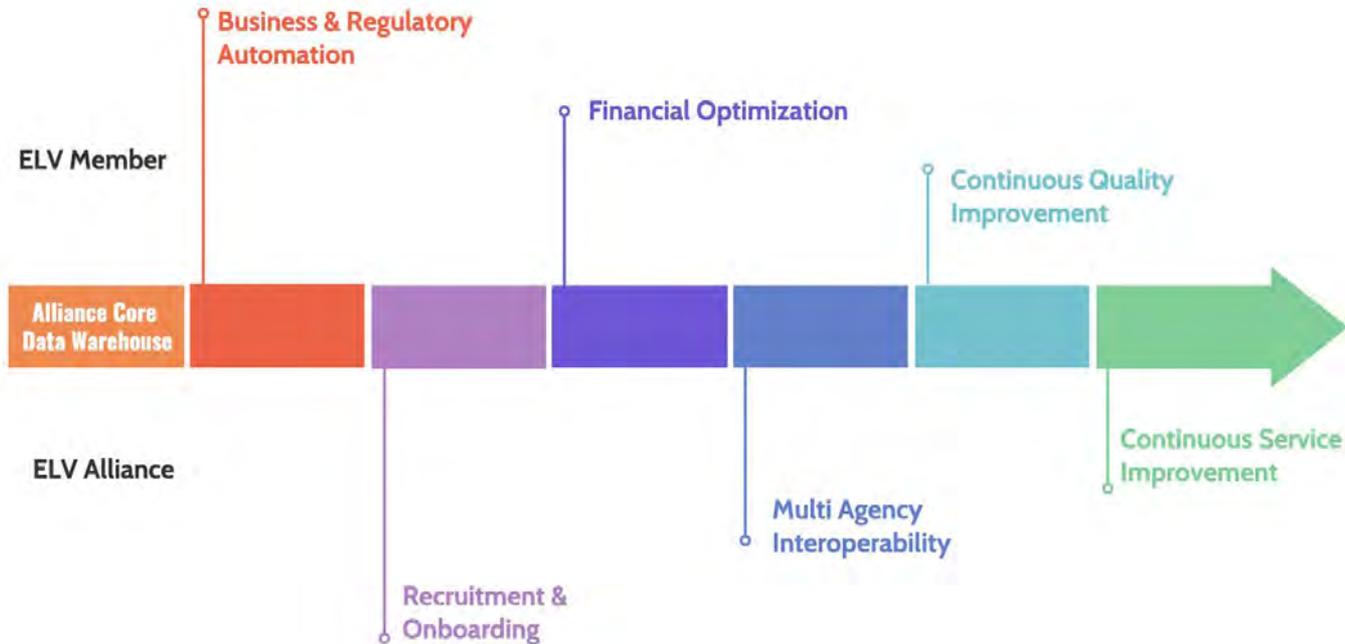
Parents

Providers

Regulators

Payors

Alliance



# The Role of Philanthropy



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## Shared Service Network Start Up

- Seed Funding
- Incubation
- Technology Platform *Customization*

# The Role of Philanthropy



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## Shared Service Network Sustainability

- *Partial* Membership Stipends
- National Networking
- Policy Reform

# Questions & Discussion

# Upcoming GLR Learning Tuesdays Webinars:

## LEARNING LOSS RECOVERY CHALLENGE WEBINAR

Telenovela as Teacher: Innovations With Univision, Too Small to Fail and Literacy Partners  
Tuesday, October 13, 3 p.m. ET/12 p.m. PT

## FUNDER TO FUNDER CONVERSATION WEBINAR

Global and National and Still Local: The Bill & Melinda Gates Foundation in Washington State  
Tuesday, October 20, 12:30 p.m. ET/9:30 a.m. PT

## EMERGING MODELS WEBINAR

Transforming Well-Being Through Social & Emotional Development: Show+Tell 3  
Tuesday, October 20, 3 p.m. ET/12 p.m. PT

