

## Shared Services: A Strategy for Building Stronger Systems Among Early Care and Education Providers

by Sharon Easterling and Louise Stoney

One of the best things about child care programs in the U.S. is that most are small, independent entities with the ability to meet the unique needs of families in the communities they serve. One of the most challenging things about child care programs in the U.S. is that most are small, independent entities with limited capacity for operational efficiencies and coordination with multiple programs in a mixed delivery system.

A new round of funding from the federal government could help address some of these challenges. Preschool Development Grants Birth-5 (PDG B-5) will fund states to develop, update, or implement a strategic plan to facilitate collaboration and coordination among early childhood care and education (ECE) programs in a mixed delivery system to prepare low-income and disadvantaged children to transition into the local educational agency or elementary school.

With a focus on efficiency and coordination, shared services is one helpful approach to achieve this goal. A Shared Services Alliance allows individual programs to stay small where being small matters and be big (achieve scale) where being big matters.

A shared services framework, applied to public sector systems, will drive more efficient use of resources and greater coordination among early childhood programs. The PDG B-5 offers the opportunity for states to: develop equivalent standards, align program requirements, integrate eligibility and enrollment, and share and analyze collected data in order to evaluate program effectiveness. The principles of a shared services framework can be useful in these systems-building activities by addressing:

- Common data platforms with the seamless transfer of information.
- Streamlined operations that eliminate redundancies.
- Standardized processes and practices across all ECE programs.
- Opportunities to encourage networked provider systems.
- A pathway for sustainability after federal funding ends.

Shared services is a framework (organizational structure) that enables center- and home-based ECE providers to establish systems that can sustain high-quality teaching and learning (pedagogical leadership) while at the same time making sure all necessary fiscal and administrative tasks are performed (business leadership). In a Shared Services Alliance, multiple ECE sites form a network that pools needs and shares resources, including staff, information, automated systems, skills, and funds, in order to strengthen capacity and ensure sustainable, high-quality care.

## Efficient and Effective Services

Efficiency is the engine that drives successful Shared Service Alliances. Small programs that participate in an Alliance utilize business automation tools that enable data sharing and back office services led by an entity that serves as the Alliance Hub. The Hub is able to deliver these services with less time and money, driving every available resource into classrooms to support qualified, effective teachers. Another benefit of hubs representing networks of high-quality early care and education (ECE) programs is greater capacity to develop partnerships between small ECE sites and system stakeholders including local educational agencies, Head Start grantees, early intervention providers, as well as funders, business leaders, and local or state government.

### *Support for Leadership in Pedagogy and Business*

Shared services is more than a back office. It is a leadership framework that includes both pedagogy and business, with the power to transform the quality of services for children, particularly those for whom quality preschool can narrow the achievement gap. This transformation is achieved via economies of specialization – that is, creating jobs where

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professionals can focus on what they do best, whether it's working directly with children, leading teachers, managing dollars, raising funds or serving as a liaison with regulators. The goal is to shift from a single (often exhausted) director responsible for all tasks in a single site, to an administrative team with staff and systems that work together to support both business and pedagogical leadership in a network of sites. The typical result is that tasks such as billing, enrollment, fund management and reporting are completed in a timelier manner and generate more revenue because the staff team can focus on effective implementation and improve its skills in this unique area. Similarly, teaching and learning improves because teachers have access to focused leadership, with time to work directly in classrooms alongside teachers, so that coaching becomes part of daily practice rather than a 'pull out' training they might attend once or twice a year. For home-based providers, participation in a Shared Services Alliance often improves working conditions (e.g., it provides a chance to spend weekends with the family instead of on paperwork) as well as increases enrollment and revenues. Research from the Erikson Institute<sup>1</sup> finds that "FCC providers affiliated with staffed networks have significantly higher quality scores than unaffiliated providers."

<sup>1</sup> Bromer, Juliet. et al. (2008, December). *Staffed Support Networks and Quality in Family Child Care: Findings from The Family Child Care Network Impact Study*. Retrieved from [https://www.erikson.edu/wp-content/uploads/fccnetwork\\_execsummary1.pdf](https://www.erikson.edu/wp-content/uploads/fccnetwork_execsummary1.pdf)



Shared Service Alliances are also good for families. Many Alliances support parent choice among a network of providers and access to a host of family supports. When parents are able to interact with a coordinated network of high-quality programs, rather than one program at a time, they are able to choose the option that is best for their family and can also benefit from family engagement and support services that are rarely available in small ECE centers or homes that operate independently.

The shared services framework can be applied to almost every program type or auspice, including non-profit or tax-paying centers and homes, school-based sites, after-school programs, even home visiting and other family engagement initiatives.

### Links to the PDG B-5 Funding Opportunity

Potential benefits of a shared services approach, at both the program and the system level, make it an ideal strategy for the PDG B-5 opportunity. From needs assessment to implementation, there are multiple activities that will move state systems toward a shared services framework and closer to the goals of the PDG B-5 initiative.

#### **Activity One: Needs Assessment**

*Conduct or update a periodic, statewide birth-through-five needs assessment of the availability and quality of existing programs in the State, including such programs serving the most vulnerable or underserved populations and children in rural areas, and, to the extent practicable, the unduplicated number of children being served in existing programs and, to the extent practicable, the unduplicated number of children awaiting service in such programs.*

The focus of Activity One is planning, and the assumption is that existing systems, used correctly, can provide data to determine needs, measure supply, and identify gaps. Unfortunately, most states currently lack the systems needed to gather these data across ECE sectors. In other words, existing data are collected in silos, and combining results from multiple silos will, at best, offer partial

information and could paint a very misleading picture. However, the PDG B-5 grant offers states the opportunity to “think outside the box” and craft new data collection methods that link directly to the automated systems used by ECE providers and the families they serve.

Data challenges are often rooted in definitions. For example, the word “program” – used in the PDG B-5 Activity One description, above – is somewhat confusing when applied to market-based ECE because child care funding is portable. Spaces can exist in an ECE center or home even if there are not public funds to pay for them, and public funds can be linked to a child even if a space to serve that child does not exist in the community. Thus, in addition to gathering data on the number of children served by available funding streams (such as CCDF, Pre-K, Head Start/ Early Head Start, and so forth), state leaders also need information on 1) where children are served (the number of ECE spaces that exist for each age of child, regardless of funding stream or program auspice); and 2) how many spaces are actually available to be filled (i.e., vacancy rates, by age of child and location). Gathering this sort of comprehensive data, and crafting an unduplicated count of children served as well as those in need, is typically not possible within existing systems.

The PDG B-5 application requires states to include a number of elements in the planning process (see bullets on page 26 of the application). In several cases, a shared services approach can produce more effective implementation over time and could be coupled with existing data for the near-term. Particularly relevant elements include:

- *Defining key terms such as quality ECE, availability...underserved children* – As noted above, the word “program” needs clarity. States should be clear to use different definitions for funding (number of children who receive public subsidy) and seats (number of spaces available to serve those children).
- *Describing vulnerable children, identifying what ECE is available to them, and counting (unduplicated) how many of them are currently served (e.g., actual enrollment data) or awaiting service.* Point-in-time vacancy rate surveys could be helpful, as well as data from Market Price Surveys, cost modeling studies, and child care licensing databases, to inform availability counts in market-based child care. Making sure this count measures availability by age of child is important.
- *Design measurable indicators of progress* – Leaders in the shared services work are currently developing new indicators of progress, linked to ensuring that every slot is full, networks are as efficient as possible, and families have access to high-quality care. These indicators could help inform a broader state effort designed to identify and fill gaps in high-need communities.
- *Identify barriers as well as more efficient use of resources* – Shared services offers a unique opportunity to maximize the power of automation, linking it directly to provider practice, encouraging networks of providers that gather, analyze, report and use data (for their center or home, regardless of funding stream) to inform both practice and planning.

In Vermont, the Permanent Fund, through its Vermont Birth to Five (VB5) initiative, is supporting the transition from paper-based record keeping to implementing child care management software across the field. Following a careful vetting process, VB5 selected a “Software as a Service” vendor, [Smartcare](#), and offered financial and technical assistance to selected child care centers that applied to implement the system during the pilot phase. A parallel initiative was launched with [Wonderschool](#), a new automated business support network for family child care. By working in partnership with these two private companies, Vermont leaders hope to more quickly achieve scale in the state as well as create the market share needed to customize the technology so that it more efficiently interfaces with Vermont’s ECE systems (licensing, child care subsidy, professional development registry, etc.). Vermont Birth to Five is monitoring these pilots closely. It is anticipated that providers will stabilize finances (through better collections, improved enrollment, efficient operations, etc.) and be better equipped to interface with myriad public and private funding streams.

In Colorado, [Early Learning Ventures](#), a shared services non-profit spearheaded by the David and Laura Merage Foundation, worked with state leaders to connect the child care licensing system to an automated child management system (Alliance CORE™) used by providers to manage all aspects of their ECE program. The result is a streamlined process for verifying administrative compliance, and an improved focus on site based observations for licensing, resulting in cost savings to the state. More recently, ELV has worked with state leaders to link EBT swipe cards to the automated child management systems used by providers on a daily basis. The new strategy enables a “data bridge” (Application Programming Interface, or API) to facilitate automatic uploads of enrollment/attendance information that triggers provider payment. Once fully implemented, the API bridge will save time and money for both the state and providers as well as help reduce errors and streamline communication with parents.

## Activity Two: Strategic Planning

*Develop or update a strategic plan that recommends collaboration, coordination, and quality improvement activities (including activities to improve children's transition from early childhood care and education programs into elementary schools) among existing programs in the State and local educational agencies.*

The PDG application requires states to include several elements in the planning process for which a shared services approach can be particularly helpful (see bullets on page 27 of the application).

These include:

- *Engage the full range of stakeholders* – As noted above, a shared services framework can be applied to almost every program type or auspice. Indeed, diverse delivery is a cornerstone of this approach to “system-building at the provider level.”
- *Recommend partnership, collaboration, coordination and quality improvement activities* – Specific activities that leverage resources from CCDF-funded child care, Pre-K, Head Start/Early Head Start, early intervention and home visiting can and should be built into a shared services strategy.
- *Better serve children in existing programs...and increase overall participation in ...a mixed delivery system* – A shared services framework helps strengthen existing programs as well as support and boost participation in quality improvement efforts.
- *Describe how indicator data will be used to assess progress* – The shared services work is leading the way with several new site-based indicators focused on both business leadership [The Iron Triangle of ECE Finance](#) and [Pedagogical Leadership](#) (building site-based capacity for reflective leadership). This is cutting-edge work that will underscore the state's commitment to creativity and growth.

In Lawrence, MA, [The Community Group \(TCG\)](#) uses a shared services framework to link K-8 charter schools, child care centers, family child care homes, school-age child care and family engagement initiatives. A few years ago, TCG also began to offer administrative leadership to help turn around a formerly failing public elementary school that was in receivership. All of these services are coordinated by TCG, which serves as the Alliance Hub.

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## Activity Three:

*Maximize parental choice and knowledge about the State's mixed delivery system of existing programs and providers by ensuring that parents are provided information about the variety of early childhood care and education programs for children from birth to kindergarten entry in the State's mixed delivery system, and promoting and increasing involvement by parents and family members, including families of low-income and disadvantaged children, in the development of their children and the transition of those children from an early childhood care and education program into an elementary school.*

The PDG B-5 application requires states to include some elements to maximize parent knowledge and choice for which a shared services approach can be particularly helpful (see bullets on page 28 of the application). These include:

- *Collaborate and coordinate with health and wellness supports including Healthy Start, CACFP, WIC* – States that share access to the ECE Knowledge Hub ([www.ecesharedresources.org](http://www.ecesharedresources.org)), a national shared services support, can demonstrate linkages with many health and wellness supports via this resource.
- *Collaborate with IDEA early intervention* – Shared Service Alliances can share staff to assist with family supports and referrals to early intervention. Additionally, the ECE Knowledge Hub includes a host of resources for families who need information on developmental milestones and disabilities. Many of these resources are available in multiple languages (which addresses concern about parents who are English Language Learners).
- *Collaborate with CCR&Rs, Head Start, and other partners* – The ECE Knowledge Hub includes a host of resources specifically designed to assist CCR&Rs, as well as direct links to Head Start Performance Standards and many Head Start supports, tools, and resources. In some communities, CCR&Rs or Head Start agencies serve as Shared Services “Hubs.”
- *Empower parents to facilitate smooth transitions* – The ECE Knowledge Hub includes tools and resources specifically designed to support transitions; and staff-sharing alliances often include supports for transition.

In Chattanooga, TN, the [Chambliss Center for Children](#) has provided long-standing leadership with shared services. Chambliss operates a large center for over 300 children and also provides management services to 6 off-site centers as well as 13 micro-centers in local public schools. In addition to leveraging significant investment from the private sector, Chambliss taps funding from CCDF, HS/EHS, Pre-K, and the City of Chattanooga, among others.

## Activity Four:

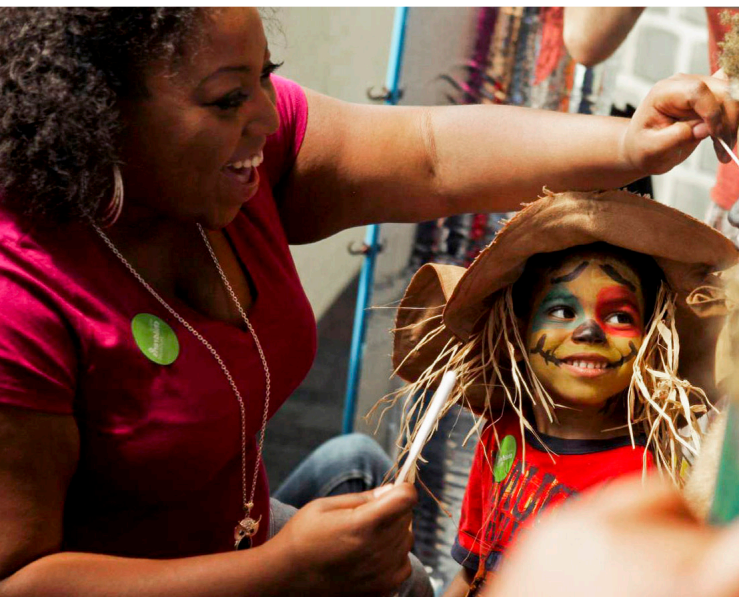
*Share best practices among early childhood care and education program providers in the State to increase collaboration and efficiency of services, including to improve transitions from such programs to elementary school.*

This section of the PDG B-5 application requires states to “specifically provide a plan for how to share best practices among ECE providers to reduce duplication of effort, leverage financial and other resources, and increase program quality, collaboration, and efficiency...” Shared services speaks squarely to this goal. Indeed, the approach is built on the concept of sharing best practices to improve efficiency and improve quality. The PDG B-5 application specifically mentions the following (see bullets on page 29 of the application):

- *Describe partnerships... for sharing best practice... as they relate to efforts conducted by researchers, national TA centers, [and others]* – Almost all of the resources included on the ECE Knowledge Hub (a national shared services resource) draw from the work of well-respected national ECE organizations. Thus, enabling access to the site helps ECE providers and leaders easily tap into best practices and download a host of helpful resources all in one place.
- *Provide systemic technical assistance to local community-based organizations* – Several states have recently launched a statewide strategy to encourage and promote shared services for the ECE sector, and a strategy for technical assistance is typically included in this work. Examples include Vermont and Connecticut (state RFP for provider networks and/or automation); West Virginia, Georgia, Colorado, Pennsylvania (statewide support for web-based shared services), among others.

Partnerships with local educational agencies are more easily facilitated by an Alliance Hub than by individual programs separately. For example, in Vermont, a Network developed a common agreement form that was used by all program partners in developing Pre-K partnerships with the local elementary schools.

In Colorado Springs, [Early Connections Learning Centers](#) is a multi-site early childhood organization serving 380 children from birth-13. Several years ago, ECLC used a shared services framework to guide reorganization of the entire organization. Operations such as enrollment, billing, and collections were shifted from individual sites to a shared central office, resulting in more consistently full enrollment and lower bad debt. Site directors were empowered to serve as pedagogical leaders for their staff, given time to focus on supporting teachers and families (including overseeing home visits), and professional development practices were transformed to a more intentional, reflective model. Using the lessons learned from this experience, ECLC has extended support services to a network of 41 family child care homes. Practitioners choose from a menu of services that are designed to stabilize business practices as well as improve program quality. Most recently, ECLC was recognized for a proposal to support “micro centers” (single classroom sites) in public schools. These settings, too small to support administrative overhead, will be operationally and programmatically supported by ECLC’s infrastructure.



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## Activity Five:

*After activities one and two are completed, improve the overall quality of early childhood care and education programs in the State, including, but not limited to, developing and implementing evidence-based practices (as defined in this notice), improving professional development for early childhood education and care providers, and enhancing learning opportunities for children.*

Strategic activities that improve quality through a shared services framework will focus on supporting [Pedagogical Leadership](#) in early childhood education and care programs. While traditional professional development systems have created external training events and tracked annual training hours, pedagogical leadership is focused on building internal leadership roles and responsibilities, as well as new performance metrics, to encourage and support job-embedded professional development. These evidence-based practices are shown to have a positive impact on teaching practices. Through a Shared Service Alliance, these supports include:

- Identifying and supporting one or more designated pedagogical leaders at each site that participates in a Shared Services Alliance, so that coaching relationships are sustained over extended periods of time.
- Supporting site-based pedagogical leaders, so that they are able to build reflective practices into program planning and routines.
- Including new performance measures (such as the amount of paid “time off the floor” for planning and reflection) so that site-based leaders can track progress and craft improvement strategies.
- Creating improved career pathways (within and across sites) as well as opportunities for increased education and credentials.
- Supporting child assessments among participating sites, and helping teachers use this information to improve teaching.
- Streamlining administration and flattening hierarchies to drive more dollars into improved wages and benefits for classroom teachers.

### *Shared Services and Data Management*

As states work to create common data definitions across the myriad agencies that administer funds for, or monitor, ECE programs, they can also encourage stronger data management at the provider level. The shared services work offers opportunities at two levels of intervention:

1. Adopt strategies to **increase the utilization of business automation tools** by the provider community (child care management software):
  - Identify barriers to adopting technology solutions (skill, time, money, etc.).
  - Develop strategies to address barriers.
  - Consider a vetting process to “short list” technology options that meet the needs of providers in the state.
2. Create mechanisms for **seamless transfer of data** from community-based providers into state systems
  - Allow software vendors to build API solutions that enable providers to upload data into state systems.
  - Create incentives for providers to move to automated systems.

### *Sustainability*

The PDG B-5 requires applicants to propose a plan for sustainability after federal funding ends. This is another place where a shared services framework can help. Shared services is, for all intents and purposes, “systems-building at the provider level” and ensuring sustainability is a primary focus. The goal is to invest in systems and services that, once effectively implemented, result in improved revenues and more efficient administration. Examples:

- An investment in purchasing, populating, and implementing an automated child management system will pay for itself over time in improved collections, greater efficiency, and reduced labor costs.
- Crafting a pilot project to enable innovative new management structures – such as small sites that are linked by a shared, off-site

In Richmond Virginia, the philanthropic community was moved into action by the sudden closure of several longstanding child care programs, despite a sustained funding commitment from grant makers. With seed money from several community based funders, three programs serving over 300 children in the East End of Richmond, a community struggling with deep, sustained poverty, formed Richmond Area Service Alliance (RASA). The hub agency, a highly effective nonprofit that offers early intervention services, was motivated by their shared mission of increasing the supply and quality of early childhood education settings. In just one full year of operation, the hub was able to identify strategies for each program to: 1) significantly reduce the cost of administrative overhead and re-direct savings to staff compensation and benefits; 2) expand services in its community to serve more families; and 3) implement strategies to close the gap between available revenue and actual cost of care. Efforts are currently underway to recruit additional programs into the alliance.

management team, or family child care networks that include business back office services or share a family support staff person – will require an up-front investment but, if successful, should generate the increased revenues needed to be sustainable over time.

Exploring a host of new policy options aimed at encouraging [Quality At Scale](#) via shared services may require only marginal cost to develop and test, but could significantly strengthen the sustainability of high-quality ECE services as, over time, providers make changes in their practice. During the webinar introducing the new PDG B-5 funding, the Child Care Bureau continually underscored the desire that states seize the opportunity for flexibility and use it to propose creative new solutions. Shared services is one example of a bold, new approach to ECE service delivery. The possibilities are multi-faceted and state leaders are encouraged to explore the framework and use it to guide their proposals.



### About the Authors

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