

Shared Services Vermont Pilot

2013–2016

Vermont
Birth to
Five

INTRODUCTION

Shared Services is emerging as a successful strategy in the child care industry to enable programs serving children to improve their bottom line while increasing the quality of their programs. A *Shared Services Alliance or Network* is a community-based partnership comprised of centers and/or family child care homes working together to share costs such as bookkeeping, billing and collections, purchasing, insurance, access to nurses, mental health consultants and substitutes, as well as capacity to apply for grant funding. Participants in an alliance become stronger, more efficient, more financially sound, and better able to deliver high-quality child care services. In addition, networking and sharing resources can provide peer support and relieve early childhood professionals from time-consuming administrative tasks. Sharing resources allows those professionals to focus on what they do best—providing young children with high-quality experiences essential to their development.

From August 2013 through spring 2014, Vermont Birth to Five (VB5) and supporting partners completed the discovery phase of a Shared Services project and implementation of a Vermont Shared Services pilot began. This report focuses on the successes and lessons learned during the pilot.

During the discovery phase, VB5 and its partners consulted with Louise Stoney of Opportunities Exchange, a respected national expert on Shared Services. Opportunities Exchange promotes the development of Shared Services alliances by providing technical assistance to programs interested in transforming the business practices of early care and education to improve outcomes for children. Stoney provided insight based on national research and her experience working with more than 20 states ranging from California to New England.

Highlights include:

- The Iron Triangle—to attain financial stability a program must have three things: full enrollment, revenues covering per-child cost, and full fee collection.
- Research indicates stand-alone programs with fewer than 100 children typically are unable to maintain financial stability.
- Economies of scale—programs unite to create leverage for cost savings.
- Economies of specialization—a person who is skilled in an activity accomplishes that activity faster, saving time and resources while producing a better product.
- Commitment from local providers is essential. The choice of one of the many design models of a Shared Services alliance must suit the needs of the providers at a regional level.
- Trust among alliance members is a pre-requisite to deep collaboration and partnering around critical business and financial matters.

During this phase, the goals were to increase understanding and to gauge the level of interest in this model from the Vermont provider community, as well as to gather useful information from successful established programs around the country such as the [Seacoast Early Learning Alliance](#) (SELA) in New Hampshire. During that time, a multi-stakeholder work session was convened and approximately one dozen information sessions were held, helping to build awareness and gauge interest. Over 40 providers—home- and center-based—expressed interest at these meetings.

In March 2014, implementation of a two-year Shared Services Vermont pilot began. In April 2014, approximately 50 Vermont providers from across the state attended a kickoff event held by VB5 at which representatives from partner organizations in New Hampshire and VB5 presented. The three parts of the pilot project announced were: Shared Services Regional Networks, a Shared Services website (www.SharedServicesVT.org), and Great North Advantage property management services. And then, the work began:

- A Shared Services Vermont Advisory team comprised of leaders in VT's early childhood system, funders, and business and professional organizations was formed and actively advised the development of Shared Services VT.
- Between July 2014 and September 2014, VB5 staff worked with CCA Global to develop a customized Shared Services web-based platform and in October 2014, VT's own early childhood resource website, www.SharedServicesVT.org, was launched. As of October 2016, over 700 early care and education professionals and providers have signed on to access resources and discounts for their programs and staff members. Due to the generosity of VB5 funders, all programs and staff members of programs that participate in Vermont's STep Ahead Recognition System (STARS) are eligible for access to the Shared Services VT website at no cost to the program.
- Four pilot Shared Services Regional Networks participated in shared services network development between June 2014 and June 2016. In Chittenden, Bennington, Lamoille/Washington, and Windham regions, ~40 providers—both center- and home-based—organized regional network structures, chose a coordination system and leadership model, and worked on developing their own local benefits for members.
- Shared Services VT established a partnership with Early Learning New Hampshire (ELNH) and SELA to leverage the expertise of the established shared services network in New Hampshire. In 2015, Maine joined and a three-state partnership was formed. The initial support and guidance received through this partnership, especially through the expertise of Cellissa Hoyt of SELA and Jackie Cowell of ELNH, was an essential component of Vermont's early work.
- Great North Advantage (GNA) was contracted to develop benefits for regional network member programs in Vermont as well as in the two neighboring states of Maine and New Hampshire. Promised benefits included access to discounted plumbers and plowing, as well as heating fuel and liability insurance at competitive prices. Additional benefits made available at a discounted or competitive rate included auto tuition payment collection, Inovia Marketplace discounts, marketing consultation, human resources consultation, and discount for GNA services including major project oversight, website design, legal services, and accounting.

REGIONAL NETWORKS

During the discovery phase of this work, Shared Services presentations were given at each Building Bright Futures regional council across Vermont. Through these presentations, as well as other informational sessions offered throughout the state, early childhood leaders in four specific regions expressed strong interest in participating in the development of this work. The four regions identified were Chittenden, Bennington, Windham and Lamoille/Washington.

Participating Programs Received:

- Access to SSVT.org
- Network support and resource sharing
- Access to property management support from GNA

Participating Programs Agreed to:

- Be open to trying new resources and ideas
- Act as ambassadors for Shared Services to peers in the field
- Give ongoing feedback to VB5 as resources were developed

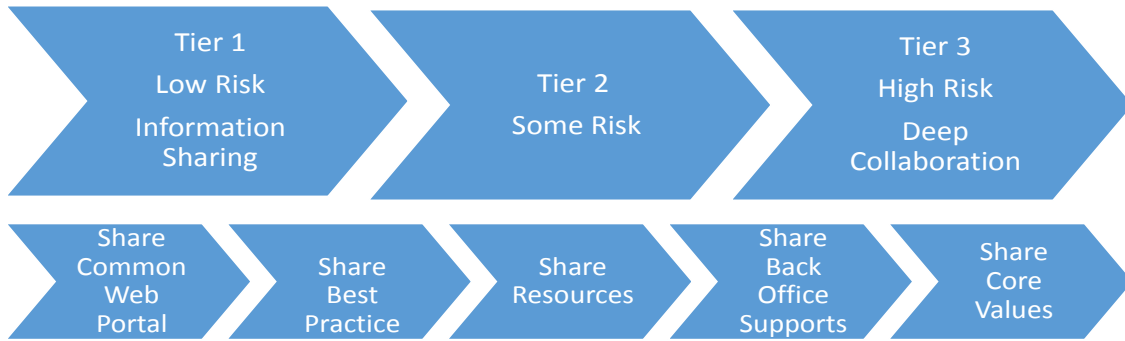
Groups of both home- and center-based providers gathered in the four regions to decide on a network leadership structure. Three sample leadership structures were offered:

- A hub-and-spoke model with a lead regional agency as the hub and the network providers all receiving support and coordination
- Shared leadership with each organization holding a specific role in the leadership work
- One member of the network taking the lead on coordination of Shared Services work

Three regions, Chittenden, Lamoille/Washington and Bennington, each selected an administrator of one of the partner programs to be the Shared Services regional coordinator. The three coordinators received a stipend for 10 hours of work per month. One region, Windham, chose to continue a previously-established coordination structure that had been provided to the region's Starting Points Networks. Windham Child Care Association received a small grant to fund network coordination. In the final year of the pilot, Windham Child Care Association vacated the coordination role and two participating providers assumed shared coordination responsibilities.

Over the next two years, the network members met monthly to share experiences and support. Discussions included how to access savings from the Shared Services VT website, how to meet new regulatory requirements with support from Shared Services, and coordination of communications with GNA. Through these monthly meetings, network members developed trust, communication, and benefit tracking.

According to Opportunities Exchange, sharing of services develops along a spectrum that necessitates higher levels of trust among members as the risk of sharing rises (see graphic on next page).



REGIONAL NETWORK PARTICIPATION SNAPSHOT: FEBRUARY 2015

Bennington Regional Network:

- 13 programs
 - 7 licensed centers
 - 6 family child care programs
- 121 employees
- 349 families
- 460 children

Chittenden Regional Network:

- 10 programs
 - 6 licensed centers
 - 4 family child care programs
- 64.5 employees
- 186+ families
- 278+ children

Lamoille/Washington Regional Network

- 15 programs
 - 5 licensed centers
 - 2 groups of family child care programs, each with 5 providers

Windham Regional Network

- 8 programs
 - 4 licensed centers
 - 1 group of 4 family child care programs

Sample benefits offered to program staff, and in some cases, parents, include access to discounted home and auto insurance, an AT&T discount, and access to discounted home heating fuel—both oil and propane.

Highlights include:

The Lamoille/Washington Regional Network joined forces to place monthly orders to Foodsource Plus, a vendor on the web platform. This vendor requires a minimum order of \$500.00, an amount that could be prohibitive to small centers and family child care (FCC) programs. By placing one order and having it delivered to the regular network meeting place, programs both large and small accessed savings.

The Chittenden Regional Network developed regional discounts such as access to discounted fitness memberships for all members, as well as discounts that all Shared Services members in Vermont, New Hampshire and Maine could access, such as Crystal Rock.

While touting the time-savings benefit, one program director in the Bennington Network described the Shared Services website as, “the Google for Child Care.” Several network members used templates for family events, HR resources for staff policies, and, because of their close proximity to Manchester outlet shops, their staff is enthusiastic about teacher discount benefits at J.Crew, Banana Republic, and Jo-Ann Fabrics. In addition to receiving discounted program insurance, directors were pleased when their staff realized significant savings on personal home and auto insurance as an employee benefit.

In Brattleboro, prior to this project, most preexisting networks typically segregated FCC home providers and center staff. The Shared Services network helped bridge this gap through its unique leadership style. The initial coordination was offered through Windham Child Care Association through its resource development program. When that agency closed its child care program and changed focus, two participants of the cohort—an FCC provider and a center administrator—became co-coordinators. Licensed programs and FCC homes both reported savings from Discount School Supply, Crystal Rock, and local discounts discussed at network meetings. The group created a private Facebook page where members continued to share local discounts as well as announcements such as professional development opportunities and the need for substitutes.

Examples of savings accessed include:

- SharedServicesVT.org: Over four quarters, from July 2015 through July 2016, 30 programs—a mix of center- and home-based programs—saved \$4,034.00 at Discount School Supply. Their orders totaled \$15,916.00 from this one vendor and resulted in a 25% savings for the programs!
- Local network-generated discount: The Chittenden Shared Services Regional Network negotiated a gym membership for \$29.59 per month—a significant savings—for members, employees and family members.
- GNA property management savings: 11 employees of network member programs saved \$5,535.00 on car and auto insurance. This translated to a savings of 15%–50% on insurance costs for employees and, in some cases, resulted in better coverage. This is an example of an additional staff benefit offered at no cost to the employer.
- Verizon cell phone discount: An 8% discount for paperless billing (5% if not paperless) was offered to everyone affiliated with a SELA member program, including all staff and families.

During summer 2014, VB5 staff worked with the CCA Global staff to develop a website that would offer Vermont providers national discounts and resources as well as local Vermont content to support their work. The website was launched at the October 2014 Vermont Association for the Education of Young Children conference with a raffle of a climbing structure and riding toys for all who requested access in the three days of the conference. Prizes were donated by Discount School Supply, one of the vendors on the site. During the first year, various raffles and games were sponsored by CCA Global, which helped to encourage new users.

VB5 staff developed a series of webinars to introduce the resources on the site to new users. The webinars offered a range of topics including: “An Introduction to SSVT.org,” “How to Develop a Handbook Using SSVT.org,” and “The STARS Toolkit on SSVT.org.” These were offered monthly—both in the evening and at naptime—and were open to all website users as well as those interested in the site. The information was also offered, in person by VB5 staff members, at Starting Points Networks, FCC Strengthening Families Cohorts, and conferences across Vermont.

The customized website offers the opportunity to continually add resources and links to new information. For example:

- The new Vermont Early Learning Standards replaced the outdated VELs the day they were released
- The revised regulations were posted as soon as they were made publicly available
- VB5 staff worked with the STARS coordinators to develop a STARS toolkit, which offers step-by-step support for providers working through STARS
- A budget template that is approved for use by programs becoming pre-qualified to provide early education through Act 166, was made available for use

Providers have found that the Shared Services VT website is a one-stop shopping spot for all resources. Newsletter templates, parent handbook templates, budget forms, interview questions, and many more resources are provided in Microsoft Word format to make them easily editable for use in any type of program, with any philosophy.



E-Blasts (bi-weekly emails) are sent to all Shared Services VT website users to highlight the numerous vendors on the web platform that offer ever-changing discounts from trusted suppliers.

Examples include:

- Discount School Supply—20% discount every day and free shipping on orders over \$99
- AAP Quick Reference Guide—20% discount on two award-winning quick reference guides from the American Academy of Pediatrics
- Lakeshore Learning—buy one, get one 50% off
- Unannounced, limited-time specials from various vendors, with substantial discounts offered

Numerous resources to support quality programming include:

- Templates for family handbooks, newsletters, and event flyers
- Information to support Environment Rating Scales program assessments
- Curriculum and programming support
- Program administration support including budgeting templates, HR supports, and access to federal and state regulations
- Local Vermont content including Act 166 resources and a STARS toolkit

PROPERTY MANAGEMENT SUPPORT

In 2014 and 2015, Vermont and New Hampshire negotiated a contract with GNA, a large property management company with connections in states throughout New England. The contract gave 35 programs in Vermont access to property management support. To accommodate 43 programs in our pilots—both home- and center-based—and because GNA had no experience supporting FCC programs, the Vermont agreement allowed small FCC programs within 20 miles of each other to join forces. Four FCC programs located near each other were counted as one program.

Vermont Property Support Implementation

- In two of the regional networks, each program, whether home- or center-based, had direct contact with GNA
- In two of the regions, the center-based programs had direct contact with GNA and the FCC programs accessed GNA as one group
- This allowed GNA to determine the cost of serving FCC programs and allowed Vermont programs to determine how much and what type of services they would need

GNA offered access to discounted heating fuel and home, business, and auto insurance, as well as a number of services (e.g., HR support, marketing consultation, Call Blast, and website design) at a discounted rate.

This service had potential to be a significant game-changer for programs; however, the challenges created by GNA not having relationships with Vermont service providers, and the additional staff

hired by GNA to serve Vermont failing to provide necessary supports resulted in unmet promises. The insurance discount benefit was significant for programs that participated. Unfortunately, the insurance agent contracted through GNA provided inconsistent customer service. It was difficult for program administrators to take a chance on this important issue when they lacked trust in the agent. By the end of the pilot, this contract was terminated.

LESSONS LEARNED

Challenges

- SELA (now Statewide Early Learning Association) had developed a close relationship with GNA property management. This relationship resulted in immediate access to high-quality support services for its members. As mentioned above, these services did not develop in Vermont.
- FCC providers perceived that many benefits supported larger, licensed programs. Discounts resulted in smaller savings for smaller programs. In addition, insurance benefits were elusive for FCC programs. Many insurance vendors will not insure FCC programs.
- Vermont has a well- developed system of provider networks throughout the state. Starting Points, Director Networks and Early Learning Partnerships provide connection, support, and resource sharing. Many of the participants in the shared services regional networks were members of another close knit group. Sharing resources requires trust. Using existing networks to develop our work might have moved the shared-resources process forward at a faster rate.

Successes

- SharedServicesVT.org! The website has over 700 users as of October 2016. The resources are many, the discounts are saving programs significant funds, and the customer service VB5 has received from CCA Global has been excellent.
- Pilot network members saved significant amounts in insurance, heating fuel, and food costs. It is clear that there is interest and buy-in to this system.
- Although the four pilot networks ended in June 2016, the members of the individual groups continue to connect, support each other, and share information and resources. This suggests that, at the conclusion of the second year of the pilot, these alliances had achieved Tier 2 of the shared services trust spectrum, as illustrated in the graphic above.
- The idea of a two- or three-state partnership remains intriguing. The possibilities of savings for providers grows with more participants. SELA Director Cellissa Hoyt is inspirational and skilled in this work. Her motto of “What can SS do for my program today?” emphasizes how providers and program directors can change their way of doing everything for themselves at a high cost and lower quality.

NEXT STEPS

As VB5 moves into Phase II of our shared services development work, a number of priorities are clear:

To be continued:

- Access to www.SharedServicesVT.org for all STARS participants
- Continued development of the local Vermont content on the web platform, increasing access to Northern Lights-approved online professional development and developing a toolkit to support pre-qualification for Act 166
- Development of a system of statewide back office benefits to programs participating in formal, professional networks, including automatic tuition collection, payroll, and accounting services
- Development and use of a data collection system for participants

To be considered:

- Support existing professional networks to increase the sharing of services that are already shared on an informal basis (and often without knowing they are providing them)
- Strengthen networks to enable small programs—both center- and home-based—to partner with and access systems such as health care and public education/Act 166
- Develop a system for programs to share benefits and discounts with employees
- Consider extension of benefits to families in participating programs

RESOURCES

Stoney, L. (2009). *Shared Services: A New Business Model to Support Scale and Sustainability in Early Care and Education*. Retrieved from www.earlychildhoodfinance.org/shared-services/research

Opportunities Exchange: www.opportunities-exchange.org

Iron Triangle: www.opportunities-exchange.org/wp-content/uploads/IronTriangle.pdf

CCA Global: www.ecesharedservicesresource.com

Vermont Birth to Five: www.vermontbirthtofive.org