



*It will be the goal of this administration to ensure that every child has access to a complete and competitive education – from the day they are born to the day they begin a career... We have dramatically expanded early childhood education and will continue to improve its quality, because we know that the most formative learning comes in those first years.*  
-President Barack Obama

President Obama has challenged Americans to chart a new course. He has made funding available to help stimulate investment and has encouraged policymakers and citizens across the nation to explore new approaches to meeting our most urgent challenges. The early care and education (ECE) industry needs to rise to this challenge and begin to develop and invest in new strategies and approaches. The ECE industry has serious market challenges that are fueled by the fact that ECE is largely comprised of small, private sector, community-based programs that operate on weak business platforms with numerous funding streams and little or no economies of scale. The result is a fragile industry where

#### **ECE Stimulates the Economy**

- Creates jobs in early childhood programs
- Contributes to the earnings and productivity of working families
- Generates revenue in local economies, through the purchase of goods and services
- Helps ensure that young children -- our future workforce -- succeed in school and life.

*The ECE industry has higher output multipliers than other economic sectors—1.86 in Colorado.*

tuition is often the sole sources of revenue, prices frequently fail to cover costs, and third-party funding is not only scarce but often requires unwieldy accounting and reporting. Unlike the K-12 and higher education systems, which have their own financing and accountability practices, ECE lacks the infrastructure to ensure universal access to a high-quality early learning experiences.

#### **Innovative Market Intervention: Shared Service Alliances**

In Colorado we are utilizing a result oriented business approach to strengthen the industry and improve universal access to high-quality ECE-- *Early Learning Ventures Alliances*-- a community-based

partnership model comprised of small early care and education provider affiliates working together to share costs and deliver services in a more streamlined and efficient way. The initiative is spearheaded by Early Learning Ventures, non-profit organization, established by the David and Laura Merage Foundation to promote ECE innovations, policies, and incentives that are market-oriented, include parent involvement, and have measurable impact. By participating in an Alliance, small early care and education businesses become stronger, accountable, financially sound and efficient, and better equipped to offer affordable, high-quality services for children and their families.

Under this structure, each Alliance supports approximately 100 affiliate child care businesses, including family child care providers, faith-based centers, and other small providers. By creating a centralized operations hub for these small businesses, Alliances achieve an economy of scale to efficiently support the broad delivery of high-quality services. Alliances also increase the capacity of ECE programs that serve a high number of TANF-eligible families to provide support services.

The Alliances are designed to provide a centralized and trusted source for accessing high-quality and affordable child care as well as a comprehensive range of family supports and services (either on-site or via referral), including: **health screening, developmental surveillance, family self-sufficiency resources, mental health screening, early intervention, workforce development, and asset building.** Delivering this comprehensive breadth of services and supports to their affiliates and their families requires highly efficient operational



systems with a state-of-the-art business infrastructure. ELV is developing an integrated technology platform, or an “information hub,” that will allow applications and systems to exchange data and seamlessly interact with each other. This web-based technology platform will integrate disparate systems into a centralized, multi-user, information and management architecture for the Alliances.

### **Funding and Accountability**

**Collaboration with the public, private, and nonprofit sectors is the cornerstone of Early Learning Venture’s work.**

Leverage is a significant component to the initiative’s strategies; leveraging existing human capital to provide technical assistance and reduce overhead costs; leveraging intellectual capital to effect systems change; and leveraging financial capital to a sector previously ignored. The David and Laura Merage Foundation has already made a substantial financial commitment to provide the seed funding for developing the Alliance model and fostering information technology and business tool innovations.

**Public funding provides an opportunity to bring this initiative to scale by supporting the development of an infrastructure to launch a network of nationwide Alliances.**

In Colorado we are building on the statewide ECE council structure and other high capacity ECE businesses and expect to launch 30 Alliances in the near future. Moreover, taking this initiative to a national scale will provide the much needed oversight and accountability infrastructure for this essential industry. **Public funding will provide venture capital that will benefit the future generations of Americans, and will have an immediate positive impact on every state’s economy.**

#### **The US Early Care and Education Industry Key Facts**

- ECE includes over 300,000 establishments (120,000 centers and 214,000 home-based businesses); most are structured as for-profit businesses.
- Public agencies providing ECE represent a small fraction – probably less than 6% – of total services
- Consumers are the primary funder of ECE, spending approximately \$46 billion annually, or about 57% of total industry revenues.
- Most ECE businesses are small; the average center-based program enrolls only 75 children.

Early Learning Ventures (ELV), in cooperation with operating partners, will oversee the replication process and will maintain the integrity of the Alliance model by providing the Alliances with customized technologies, business consultation, technical assistance, quality control, and collaborative fund development to optimize the delivery of shared services to their Affiliates. ELV will also be responsible for monitoring the Alliances’ performance to ensure fiscal, operational and programmatic integrity. We are seeking co-investors to support the following key functions:

- **Quality Rating & Improvement** -- in collaboration with Qualistar, to ensure that all Alliance affiliates are engaged in continuous quality improvement and will impact 70,000 children in Colorado alone
- **Start-up assistance for an Early Learning Alliance** -- including business and financial consultation to offer small ECE businesses comprehensive supports that enable them to become fiscally stable and offer high-quality programs at 3,000 businesses and 13,500 employees statewide to support 70,000 children
- **Information Technology Platform**— Web 2.0 interface facilitating on-line enrollment and fee collection, bookkeeping, purchasing, marketing, HR, peer connections, training, parent education & engagement, comprehensive services and community resource referral/navigation at 3,000 businesses and 13,500 employees statewide to support 70,000 children
- **Policy and Finance Reform** -- proactive approach to identify barriers and develop new market interventions aimed at increasing universal access to high-quality ECE
- **National Shared Service Learning Community** – webinars, conferences, blogs, e-newsletters, and other modes of facilitated information exchange and innovation transfer resulting in organization and professionalization of the Early Care and Education industry.

**The impact in Colorado, a mid-sized state, will set the stage for national replication of this much needed ECE infrastructure.**