



SYSTEMS OF CARE INITIATIVE

PROSPECTUS FOR PHILANTHROPIC INVESTMENT



READY FOR KINDERGARTEN

READY FOR WORK

READY FOR LIFE

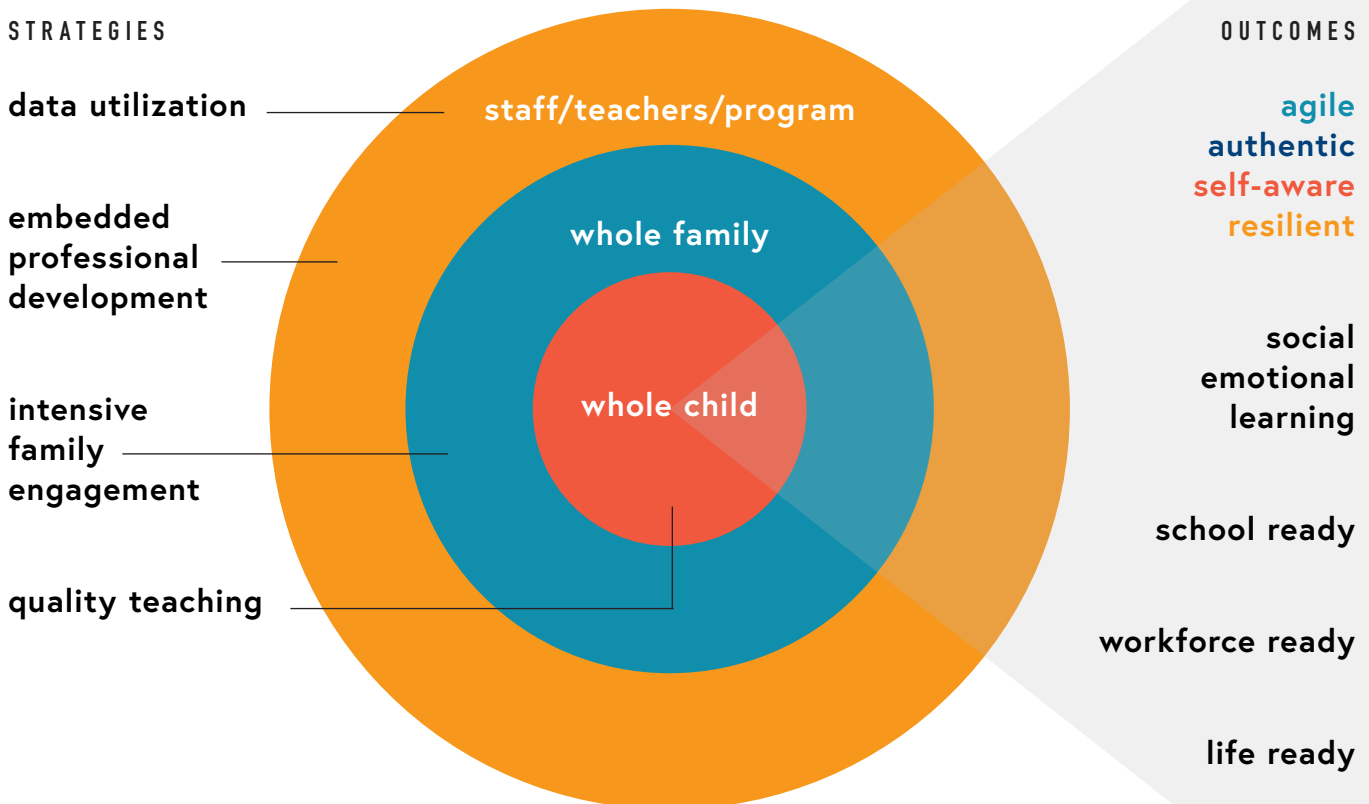


EXECUTIVE SUMMARY

Parents have simple dreams – they want their children to be happy, healthy, and have a bright future that includes work they love. However, early learning experiences and healthcare challenges can push those hopes out of reach. Families sometimes need back-up to keep their kids on track for school and career success. Our communities can answer that call.

Let's start with entrepreneurs and teachers. Working together, the best minds in social entrepreneurship and education can build a System of Care Initiative (SOCi) that prepares even our most at-risk children to hold their own in a future economy.

The vision of SOCi (pronounced so-she) is to support communities seeking to produce children who thrive in school, work, and life. It is an investment vehicle designed to make targeted early investments in high-performance organizations dedicated to improving school readiness and the health of at-risk children. Our mission is to align business and education leaders behind a common goal: to provide children with the skills to become agile, authentic, self-aware, and resilient. When we help nurture and guide the next generation, we give them a chance to grow into the productive employees, families, and community members our state needs.



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WHY ARE KIDS FALLING BEHIND?

After close to a century of steadily rising prosperity, increasing numbers of young people are struggling to finish school and find jobs that pay a living wage. As more families sink into poverty, their communities shoulder the social cost, with demand on public services growing even as the tax base shrinks. Employers in turn face a shortage of skilled labor, further slowing economic growth.

The first step in reversing this downward trend is understanding where it begins. Although interventions during the school years – from academic remediation to career counseling – may help address symptoms, they can't fix the root causes of poor performance. By the time school starts, the damage has already been done. The problems that impair academic and career

potential originate well before kindergarten, in the first months and years of life. During infancy and toddlerhood, the human brain develops at a dizzying rate. M.R.I. studies have shown that 80 percent of a person's neural connections form by age three, in direct response to a child's daily environment. Physical or emotional deprivation at this stage can reduce the overall size and functioning of the brain. Without proper stimulation, the cognitive systems that control skills like reading, writing, and arithmetic will be stunted.

Besides the baseline requirements for food and shelter, children are heavily influenced by the social-emotional climate of their immediate surroundings. Faculties such as attention span, self-control, the ability to work cooperatively,

PHYSICAL OR EMOTIONAL DEPRIVATION AT THIS STAGE CAN REDUCE THE OVERALL SIZE AND FUNCTIONING OF THE BRAIN.

and problem-solving – known as ‘soft skills’ – develop in tandem with literacy and numeracy and are equally critical in determining future success. In all of these areas, trauma and neglect leave an indelible mark. Adverse childhood experiences or ACEs have been linked to higher rates of depression; domestic violence; heart, lung, and liver disease; poor academic and work performance; and financial stress. Familial poverty in turn leads to food insecurity, inadequate medical and dental treatment, and limited or no access to quality child care and early education. These factors cast such a long shadow that when kids fail in school, it’s usually because the developmental needs of early childhood were not met.



Dropping out, underperforming, or lacking the necessary soft skills can diminish the number of pathways children have for a healthy, self-sufficient future. It robs employers of the skilled workforce they need to fill important positions. Lost potential also imposes a heavy burden on society at large, as failure to graduate increases the odds of teen pregnancy, addiction, and incarceration – bringing the problem of poverty full circle.

SO WHY ARE KIDS FALLING BEHIND?		2016 CHILDREN'S DEFENSE FUND	30,000+ kids were uninsured
<p>19% of households affected by food insecurity</p>	<p>99,323 Kansas kids are living in poverty</p>	<p>31% of children across the state were obese</p>	
<p>9,715 Kansas children were homeless</p>	<p>20% of 4-year-olds were enrolled in state-funded preschools</p>	<p>2.2 Number of full-time jobs needed to afford a two-bedroom rental on a minimum wage income </p>	

SEARCHING FOR SOLUTIONS

If the issues facing Kansas kids begin in early childhood, then so should the programs. One of the most promising avenues for achieving this goal is to establish dedicated, data-driven public-private partnerships to support early childhood interventions.

Policy change at the federal level can be a ponderous process, with new initiatives subject to time-consuming bureaucratic and political hurdles. By contrast, businesses, organizations, and individuals that understand the needs of a community – and share a stake in the well-being of the local population – are ideally placed to launch innovative early childhood interventions, and adapt them in response to new data or changing needs. The same qualities we want to see in our children – agility, authenticity, self-awareness and resilience – should inform our efforts to help them.

BUSINESSES, ORGANIZATIONS, AND INDIVIDUALS THAT UNDERSTAND THE NEEDS OF A COMMUNITY – AND SHARE A STAKE IN THE WELL-BEING OF THE LOCAL POPULATION – ARE IDEALLY PLACED TO LAUNCH INNOVATIVE EARLY CHILDHOOD INTERVENTIONS, AND ADAPT THEM IN RESPONSE TO NEW DATA OR CHANGING NEEDS.

Increasing the quality and accessibility of early care and education, and carefully monitoring the effectiveness of such programs, enables community partnerships to eliminate barriers to academic and professional success, setting

young people on the path to better jobs and economic independence. That's the kind of foundational change that gives children a fighting chance to turn their dreams into reality – and pass that success on to the next generation.

GETTING A HEAD START ON HELPING KIDS

Given the link between early environment and lifelong aptitudes, high-quality preschools have been widely identified as an effective method of reaching vulnerable kids. In addition to the educational benefits, center-based preschool programs can offer a stable daily environment; nurturing relationships; healthy meals; medical and/or dental screenings; and a safe, reliable source of child care for working parents.

Two groundbreaking examples are the Perry Preschool Project, which operated between 1962 and 1967, and the Abecedarian Project, initiated in 1972. Both programs offered education and/or care to economically disadvantaged families, and have tracked participant outcomes into adulthood. Abecedarian graduates were 42 percent more likely to have regular employment; 81 percent less likely to have received welfare; and four times as likely to have graduated from college. Perry attendees had higher earnings; committed fewer crimes; and were more likely to graduate from high school and have a job than members of a control group.

More recent preschool initiatives have yet to accrue longitudinal data of this magnitude, but the early signs are encouraging. New Jersey's Abbott Preschool Program began implementation in 1999 and has gradually expanded by raising the quality standards of existing facilities. Initial results of a study starting in the 2005-2006 school year indicate significant improvements in the areas of

language, literacy, and math at kindergarten entry. Similar gains were found at a 2nd-grade follow-up. The National Institute for Early Education Research (NIEER) also found evidence that the Abbott program had closed approximately half the gap between low-income children and their peers, reducing rates of grade repetition and special education.

A five-state study of universal pre-K programs showed similar gains. The largest impact occurred in skills related to literacy, with smaller but still significant improvement in math. A look at Oklahoma’s pre-K program also showed positive results in social-emotional development, including higher attentiveness. Nationwide, the number of states offering publicly funded pre-K programs increased from 10 in 1980 to 40 in 2001.

A PIONEERING PROGRAM IN KANSAS

A successful model of public-private preschool initiatives in Kansas is The Opportunity Project (TOP). First established in 2003, TOP now operates three Early Learning Centers in Wichita, offering year-round care and education for economically disadvantaged children. TOP originated in part through the efforts of a Wichita businessman and entrepreneur named Barry Downing, who himself grew up in poverty. Downing described early childhood education as, “a smart financial investment and also a moral responsibility.”

Working together with state and federal agencies, local school districts, community health care providers, and the Kansas Children’s Cabinet and Trust Fund, Downing played an integral role in

forming a public-private partnership to answer the needs of children in his community. As of 2014, 625 children between the ages of 12 months and five years were enrolled annually. The TOP program model emphasizes a safe and stimulating classroom environment; trained staff; a low teacher-student ratio; and support for working families. Students are fed two meals and a snack during the school day.

An examination of five years of program data shows positive outcomes in both academic and social-emotional development. In 4th grade, students who had participated in a TOP program scored significantly higher on math and reading tests than the control group. Attendance rates were better for the TOP contingent, which also incurred 50 percent fewer discipline referrals. TOP students in need of special education were identified earlier – and moved back to main-stream classes sooner.

Teacher surveys report a comparable advantage in classroom behaviors. TOP graduates use significantly more appropriate behaviors; demonstrate greater skill in social interactions; and possess greater overall emotional maturity.

Longitudinal data for a group of 749 TOP graduates shows an 11 percent return on investment (ROI). That figure is based on the cost avoidance associated with fewer kids requiring special education placement during their school years; it does not include factors such as increased earnings for young people who attend college, as TOP graduates are more likely to do. Over the course of those students’ schooling, the annual ROI of almost \$500,000 adds up to a total savings of approximately \$4.5 million.

THE OPPORTUNITY PROJECT (TOP)	Higher reading scores	Attendance rates better	50% fewer discipline referrals	Students in need of Special Education identified earlier
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749 TOP Graduates → Annual ROI → \$500,000 → \$4.5 million savings

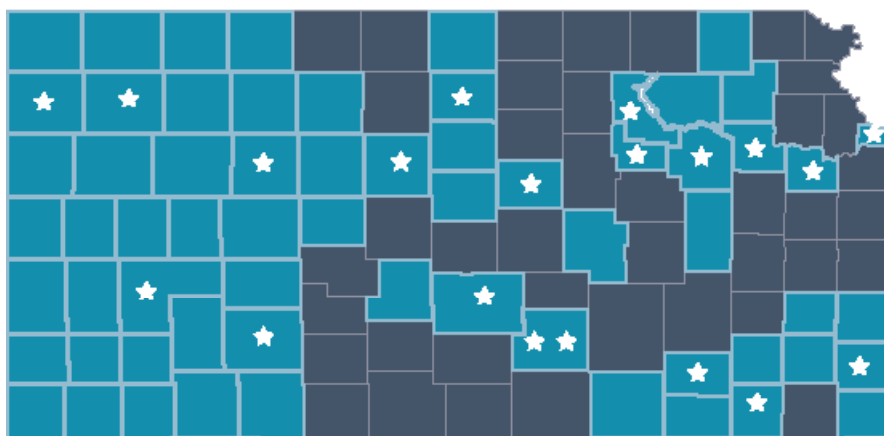
Healthy Kids are Good for Business

TOP is one of a growing number of public-private partnerships that have taken a leading role in providing early childhood education to their communities. The Bright Futures program, which originated in Joplin, Missouri and has since expanded nationwide, is a collaborative effort among school districts, parents, and local faith, business, and social services leaders that offers resources ranging from pre-K to college prep.

The importance of broad-based support to the sustainability and success of these programs is underscored by the Kansas Children's Cabinet requirement that all Early Childhood Block Grant (ECBG) recipients secure 10 percent matching funds in their home communities. Several ECBG-funded Early Learning Communities – beginning in 2009 with Coffeyville, Liberal, and Rossville – have combined resources from the private sector and state and local agencies to fill gaps in their town's early childhood programming. Today there are nine such initiatives in operation throughout the state, each one rooted in the unique needs and resources of its home community.

In some cases, the private-sector contribution takes the form of direct financial assistance, whether as a grant or via a social or development impact bond. Business and other community leaders can also share expertise in policy, law, marketing, finance, fund-raising, or performance management. Assistance with advocacy and networking is another valuable service early childhood 'champions' have successfully provided. Other partnerships might lead a community college to offer a Child Development credential to offset the shortage of qualified preschool staff, or a local industry to promote the area's quality preschool as a recruitment tool. Underlying all of these efforts is a set of shared beliefs: A community is responsible for its children. Outcomes for kids can be improved. Working together creates a collective impact more powerful than the sum of its parts.

Whether creating a new program, increasing the capacity of existing facilities, or improving the quality of data collection and evaluation, public-private partnerships are expanding the potential of early childhood services in Kansas and beyond. By uniting a diverse group of stakeholders behind a common vision, these innovative partnerships are uniquely positioned to address the complex needs of their community's youngest members.



KANSAS IS LEADING THE WAY:

there are 17 ★ Early Childhood Block Grantees, such as TOP, serving 63 counties across Kansas.

SEEING THE WHOLE PICTURE

In a joint statement, the U.S. Department of Health and Human Services and Department of Education gave recommendations for successful early childhood interventions: “Communities can maximize the impact of their programs for all young children and their families by implementing community-focused ‘place-based’ initiatives to support program coordination and integration. Community leaders can identify an existing responsible agency or entity, often known as a ‘backbone organization,’ to provide accountable and transparent leadership for coordination and collaboration, local data coordination, and quality improvement activities. Developing and using shared data across programs is a crucial component of that work.”

In Kansas, the Children’s Cabinet and Trust Fund has been a national leader in establishing a comprehensive, collaborative, data-driven system of early childhood care and education. In addition to providing financial and administrative support to community-based backbone organizations, the Cabinet ensures that individual initiatives function efficiently within a statewide network of services.

To avoid duplicating efforts, or leaving gaps in coverage, the Cabinet relies on the Blueprint for Early Childhood to guide funding decisions. Rather than making piecemeal investments in disparate programs, this strategic framework helps the Cabinet address a comprehensive slate of childhood needs, from health and nutrition to literacy and emotional bonding. Cabinet grantees must demonstrate alignment with one of the Blueprint’s three major themes: Healthy Development, Strong Families, and Early Learning. Balancing investments among these



target areas creates a network of support for Kansas families that extends from the prenatal phase to the school years. Funded services cover needs ranging from early diagnosis and treatment of hearing loss or autism spectrum disorder to assistance with preschool tuition.

While the Blueprint helps direct appropriations, the Common Measures Initiative (CMI) mandates that funded programs provide comprehensive data on outcomes. Grantees have access to an integrated data system known as DAISEY (Data Application and Integration Solution for the Early Years), created and managed by the University of Kansas Center for Public Partnerships and Research (CPPR). Rigorous tracking and reporting via a system of common measures help gauge program effectiveness, making sure early childhood funds are directed where they will have the greatest impact on health and educational outcomes. This data is then analyzed and presented in the Annual Investment Impact Report (aiir), also curated by CPPR, providing stakeholders with an unprecedented level of immediacy and transparency as they assess the results of their efforts.

OUTCOMES

The impact evaluation will be designed to capture short- and long-term outcomes for children. Although the scope of the evaluation will necessarily be constrained by budget, this study has the potential to gather definitive evidence of the multiple potential impacts of high-quality early education in a way that has rarely been accomplished since the Perry Preschool study. One of the major challenges faced by advocates of early childhood initiatives is the difficulty of determining which interventions and program models produce the most significant results. Bringing high-quality data to bear on this issue would be a boon to all parties concerned, from providers, philanthropists, and government agencies to the children being served.

The ideal research design would collect data on children in the early learning and health center and their families every six months while enrolled in the center; annually through K-12 schooling; and periodically into adulthood. It would also collect parallel data on a control group of families not receiving services, as



well as community-level data of interest. The project would employ members of the community to do much of the outreach and data collection, in order to maximize respondent participation and data quality. Data collection would utilize the principles of participatory evaluation, reflecting the priorities of both board and community constituents. In addition to traditional methods – drawing evidence from administrative, survey, and interview data – the design could incorporate innovative techniques such as SenseMaker and video recording to collect qualitative information about the experiences of children, families, and staff.

A data collection effort of this scale would offer a rich source of information to support course correction and program improvement. It would also develop a strong evidence base for the new model, and be an opportunity to make important contributions to general knowledge about the impact of early childhood interventions.

Research questions will be developed with the guidance of the board.
We anticipate a longitudinal evaluation tracking short- and long-term outcomes on:

SHORT-TERM OUTCOMES

Development of pre-literacy skills/Children are academically on track to be Kindergarten ready

Children are socially and emotionally on track to be Kindergarten ready

Children are physically on track to be Kindergarten ready

INTERMEDIATE OUTCOMES

Students continue to develop emergent literacy skills/Students are successful in early years of formal education

- Progress on grade level: 1) Students meet appropriate 4th grade reading levels
2) Students meet appropriate 8th grade reading levels

Students will build leadership skills

Increase students cultural awareness

Develop healthy lifestyle choices

Understand pathway to college and career

LONG-TERM OUTCOMES

Secondary literacy skill developed/Students are successful in higher education

- Progresses on grade level: 1) Students graduate high school
2) Earn a college degree or secondary degree

Students are successful in higher education

Prepared for a productive career

Financially self-sufficient

Lead others out of poverty

Maintain healthy lifestyle

TIMELINE AND METRICS FOR OUTCOME GOALS

Early childhood education and development among children enrolled in pre-K will be compared to that of children of similar demographics who have received other types of care (i.e. nursery school, day care, other center-based care, other non-parental care, or parental care). Measurements will occur in four phases (pre-K, 4th grade, 8th grade, and 12th grade) and will be used to assess three domains (academic achievement, social/behavioral health, and physical health). School readiness will be measured during pre-K using a two-step process (informal assessment and diagnostic assessment). Social-emotional development and physical health will be measured among pre-K children using assessments. Also, because emotional regulation and other soft skills facilitate a

stable and successful workforce, a saliva test will be used to track cortisol levels in children.

To ensure children stay on track for academic success, follow-up assessments for reading comprehension will occur at the 4th grade and 8th grade benchmark (universal assessment and diagnostic assessment). Social-emotional and physical development will be assessed again at the 4th grade, 8th grade, and 12th grade benchmarks. To better understand the long-term effects of early childhood education and its association with workforce size, competence, and stability, a data-sharing agreement will be developed with school districts to collect academic achievement (i.e. high school graduation and college enrollment), social/emotional health (i.e. number of school absences) and physical health (i.e. school health screening indicators) data.



BASELINE (PRE-K WAVE)	<i>Teachers will use a two-step process (informal assessment and diagnostic assessment)</i>
School Readiness	Universal Assessment: myIGDIs Diagnostic tests: Clinical Evaluation of Language Fundamentals-Preschool-2 Phonological Awareness and Literacy Screenings-Pre-K Phonological Awareness and Literacy Screenings-Pre-K
Social and Emotional Health	Devereux Early Childhood Assessment (DECA); Saliva test to track cortisol levels
Physical Health	Physical Assessment by medical provider every 12 months (medical examination report submitted to pre-K), obesity, dental health, immunization rates, and hearing health

FOLLOW-UP MEASUREMENT 1 – 4TH GRADE WAVE

Academic Achievement	Universal Assessment: STAR reading assessment Diagnostic test: Developmental Reading Assessment 2 (DRA2)
Social and Emotional Health	School Attendance School Disciplinary Actions
Physical Health	Physical Assessment by medical provider

FOLLOW-UP MEASUREMENT 2 – 8TH GRADE

Academic Achievement	Universal Assessment: STAR reading assessment Diagnostic test: Developmental Reading Assessment 2 (DRA-2)
Social and Emotional Health	School Attendance School Disciplinary Actions
Physical Health	School health screening (indicators: obesity, positive self-rated health, physical activity level, binge drinking, marijuana use, teenage birth rate, STI incidence, tobacco use)

FOLLOW-UP MEASUREMENT 3 – 12TH GRADE

Academic Achievement	High school graduation Enrollment in college, technical school, or other advanced training Persistence in college, technical school, or other advanced training Graduation from college, technical school, or other advanced training
Social and Emotional Health	School Attendance School Disciplinary Actions
Physical Health	School health screening

THE TEAM

The Center for Public Partnerships and Research (CPPR) at the University of Kansas is a multidisciplinary organization with a mission to optimize outcomes for children, youth, and families. CPPR has long partnered with the Children's Cabinet to meet their needs in research and evaluation, data science, and social innovation. CPPR conducts an annual accountability process of grantees and reports findings in the Annual Investment Impact Report (aiir).

The aiir is a new approach to evaluation reports which makes use of narrative, imagery, and metaphor to frame the goals and outcomes of programs devoted to early childhood learning and development. A team of researchers, writers, and graphic designers work collaboratively to ensure the document is both engaging and accurate. CPPR also developed and manages an integrated data system known as DAISEY (Data Application and Integration Solution for the Early Years), which supports the Children's Cabinet Common Measures Initiative.

CPPR's trademark combination of intensive research and a dynamic presentation of the



results could be brought to bear on SOCI in a variety of forms. From videos and Web design to public presentations, and from issues briefs to comprehensive annual reports, the staff at CPPR has the academic expertise and creative skill to tell the story of early childhood in a way that speaks to the broadest possible audience.

Developing a customized reporting tool for SOCI, possibly along the same lines as the aiir, will ensure that constituents do not need a degree in statistics, public policy, or pediatrics to understand the importance of giving children a strong foundation in life. When complex data are communicated in a clear and thoroughly contextualized manner, stakeholders can see that progress is possible even in the face of systemic social problems.

GROWTH PLAN

- **Plan for Growth: Gaining Investors** SOCI was started by a \$2 million challenge grant (or \$500K annually over 4 years in start-up commitment). A single high-quality center supporting 240 children on average may cost \$2.7 million/year in operating cost (excluding land, building and construction costs). SOCI seeks to provide as much as half of the revenue to run high quality programs designed to educate our future workforce.
- **Benefits of Giving** SOCI investors have the opportunity to directly engage in annual outcome reviews and whole person model workforce discussions. The goal is to bring to life the power of early investment through review of education, health and experiential scores. These meetings will also afford an opportunity to meet many of the families and kids who have benefited from SOCI.

SOCI 'By the Numbers' 2 sample investment models are included in the Appendix.

• **Model 1**

- Duration - 10 years
- # Operating Centers - 2 (single region)
- # Children Reached - 4,560
- # of Required Investors - 37 @ \$50K each (or equivalent to reach \$5.6 million annually over time)

• **Model 2**

- Duration - 10 years
- # Operating Centers - 7 (multi-region)
- # Children Reached - 13,920
- # of Required Investors - 116 @ \$50K each (or equivalent to reach \$19 million annually)

Funding Model. SOCI is a 501c3 vehicle designed to collect business or other private monies with the purpose of making targeted program investments in high-performance partners operating high-quality early learning and health centers. Program partners may receive matching monies from public entities and/or other grants as well. SOCI investment requires a longitudinal assessment of impact and additional needs related to children in our cohort. Needs assessment will include consultation with partners who may provide additional case management, wellbeing, and career development services over time. SOCI reserves the right to make additional investments in the service category as deemed appropriate by the board of directors in our pursuit of community economic stability and a multi-generational approach to job/career readiness.



SOCI FUNDING ► SOCI INVESTMENT ► SOCI EXECUTION ► COORDINATE

Funding Requirements. Organizations may respond to SOCI Requests for Proposal (RFP) either as a single entity or as a Prime with multiple subs.

- **Program grantees.** Funds may be distributed through school districts, child care centers and homes, Head Start sites, and community programs that provide research-based child development services for at-risk infants, toddlers, and their families, and preschool for three- and four-year olds.
- **Grant process.** The grant process is driven by accountability measures and research-based programming, with a focus

on at-risk children and underserved areas. Grantees agree to contribute data and be measured in specified education and health outcome categories (need data from both the program and from the partner school district in geography of qualifying program for longitudinal measurement).

- **Outcomes. Early results to be measured include the following:**
 - Family/parent satisfaction
 - Numeracy/literacy indicating kindergarten readiness in pilot group
 - Health needs met and improved.



Strategic planning for SOCI will take into consideration 1, 5, 10, and 20-year objectives that follow vision, purpose, core values, specific goals, and intended outcomes. Strategic planning will be led by the SOCI executive director and include the SOCI board of directors (duties outlined in the appendix). All strategic plan work will include documentation of overall strategy, people and roles, plans for execution, and sustainable cash/funding.

Strategy.

- **Vision.** The vision of SOCI is to support communities seeking to produce children who thrive in school, work, and life. As the board considers longer-term investment, it will consider the workforce vision of a given community.

WHAT OPPORTUNITIES EXIST IN
A COMMUNITY TODAY?

WHAT NEW OPPORTUNITIES DOES
THE COMMUNITY WANT TO SEE 20
YEARS FROM NOW?

- **Plan for performance.** The board will spend time in understanding education and health gaps (in geographies of interest) along with interventions designed to further help remove barriers to children and their families in pursuing success in school, work, and life. The goal is a whole child, whole family focus that also supports the development of professionals providing high quality service.

People.

- **Identification of partners.** The executive director will identify partners who might fall in one or more categories:

1. Play a role in referral of children and families for inclusion in programs; and
2. Be a direct recipient of SOCI funds to run high performance education and health programs.

SOCI IS A NATIONAL ORGANIZATION.
AS PART OF SET-UP IN A COMMUNITY,
IT WILL CREATE REGULAR INTERSECTION
POINTS AND ACCOUNTABILITY/DATA REVIEW
DISCUSSIONS FOR WORKFORCE INVESTORS
AND EDUCATION AND HEALTH PROGRAMS.

Plans for execution.

- **Program expectations.** The executive director, in partnership with the board, will determine program expectations that will include but not be limited to the following:

1. Process for data collection;
2. Quarterly performance review with programs; and
3. Annual performance review with community investors.

- **Sustainable cash/funding.** Longer-term strategic planning will first consider if existing business assets are available in a community of interest. If not, based on the workforce interests of the community SOCI will generate and bring new investors.

MOVING FORWARD

The movement to improve early childhood outcomes faces a number of barriers. Public understanding still lags behind the science on human development. Some still believe the human brain doesn't really start developing until kindergarten, that preschool is little more than babysitting, and parents should be able to provide for all of a child's emotional and cognitive needs while also working full-time. A greater body of comprehensive, long-term data on the impact of preschools and other early interventions is needed in order to solidify support for such programs among politicians, philanthropists, and the general public.

Another challenge is the fact that no single intervention can answer all of a child's needs. Early development is rapid, complex, and interconnected, and the factors that influence those processes are many and varied. A child needs to be fed in every sense of the word – physically, cognitively, and emotionally. For the best results, that nurturing should begin even before birth, with closer attention to maternal and prenatal health.

A CHILD NEEDS TO BE FED IN EVERY SENSE OF THE WORD – PHYSICALLY, COGNITIVELY, AND EMOTIONALLY.

Even among allies of early childhood services, there are practical obstacles to overcome. High-quality programs are expensive, and difficult to bring to scale. They require safe facilities and equipment, long operating hours, sufficient enrollment capacity, and enough well-trained staff members to preserve a low teacher-student ratio. Persistent staff shortages and high rates of turnover are

difficult to combat given the low salaries most preschool teachers earn. Current teachers are also unlikely to have the means to undertake further training to improve their skills without support for professional development.

In rural areas, attracting and keeping good preschool teachers is particularly challenging. Transportation also becomes an issue for working families when there are no care centers in the immediate vicinity. At the same time, forging cooperative relationships with school districts and other service providers who have their own established methods and priorities can be a complicated process, requiring willingness on all sides to grow and change.

In broader terms, the general economic climate – and increasing prevalence of familial poverty – place an added burden on early childhood programs. The need for reliable child care, medical and dental screenings, healthy meals, and educational activities that stimulate cognitive and social-emotional development is more pressing than ever.

These are some of the many factors that must be taken into account as part of any attempt to enhance health and educational outcomes for children.





CONCLUSION

The story of early childhood is one of making connections: Between sounds and words, actions and reactions, parent and caregiver. From one skill to the subsequent developmental leap. Among places and sensations and possibilities. To do that, a child needs to be agile and self-aware, and possess the resilience to grow into the most authentic version of him or herself.

The same principles apply in serving that population. Rather than relying on outmoded ideas, or waiting for someone else to solve our problems, we need to honestly assess the challenges facing our communities, and the unique resources we can bring to bear on those issues. A willingness to learn and cooperate will help us build innovative new programs tailored to the needs of our children. In order to unite a community behind a shared goal – helping kids – we need to help everyone see the connection between healthy children and the wellbeing of society at large.

Early childhood programs are also part of a connected series of interventions. The first years of life prepare kids to enter school with the cognitive and social-emotional skills they need in order to become successful learners. Doing well in the elementary years increases the odds of high school graduation, which in turn opens the door to college or vocational training – further rungs on a ladder that leads to a stable career and economic self-sufficiency.

All of these systems support each other, creating a network of opportunity. Yet without access to early education, children run the risk of stumbling at the starting line. When entire generations of kids fail to find their footing in life, a nation falls behind. From home to school to work, the path to success is easier to follow with reliable guidance from the start.

The SOCI board of directors and staffing model is focused on accountability, strategy driving structure, and performance metrics. Board members will be members of the business community with ex-officio contributions from education and/or social service leaders.

A. BOARD OF DIRECTORS. The board will elect officers for two-year terms (no limits) including a President (who will serve as board chairman), a President-Elect, a Secretary, and a Treasurer. In the first three years of the organization, it is the objective of the founders to garner in-kind donations and work effort from starting board members with responsibility for programs, financial development, public relations, properties and other community asset management.

- **Programs.** Responsible for oversight of partner identification, program expectations, and consultation on performance as outlined in the Strategic Plan section of the prospectus. Board member experience for this position may include significant business experience. Education or workforce management experience is a plus.
- **Development.** Responsible for recruiting a CPA to conduct accounting work as an in-kind donation for years 1-3. Oversight of budget, tracking income and expenses. Responsible for networking with existing donors or funding agencies, and cultivating new donors. Board member experience for this position may include proven (millions) fundraising.
- **Public Relations and Marketing.** Responsible for recruiting or offering in-kind marketing support for years 1-3. Oversight of website, social media, marketing materials, and any other information facing the public. Board member experience for this position may include agency or corporate public affairs, marketing or advertising work.
- **Properties and Other Community Asset Management.** Responsible for recruiting or offering in-kind a physical location, utilities, and other telecommunications needs for years 1-3. Oversight of future selection of properties (and related needs) and other community presence where programs might be run. Board member experience for this position may include individuals who have run/administered other charitable organizations and or general business experience.
- **Board Nominating.** Board nomination will be chaired by one of the founders unless decided otherwise by the board.
- **Ex-officio.** The SOCI board of directors may include up to 2 ex-officio (non-voting) leaders representing education and social services.

B. STAFF – Executive Director

- **Experience Requirements.** A qualified candidate will have experience in the following areas:
 - *Led and implemented a structured planning process.*
 - *Coordination with community education, healthcare, and social service organizations*
 - *Development of programming and documentation of all organization process*
 - *10+ years of education, healthcare, or social service experience.*
- **Performance Metrics.** In the first three years, the executive director will be the only staff member and responsible for annual planning, program administration/management, community partner management, and oversight of the accountability process. The executive director will be assessed based on program results generated, the financial sustainability of the organization (including investor alignment), and strategic planning designed to take the organization from one region to multiple regions over time.
- **Annual Performance Assessment.** The board president will conduct a performance review of the ED on an annual basis.

ANNUAL OPERATING COST BY CENTER – PROGRAM AND CHILD

2018 Operating Budget
 Single Operating Site
 (excluding land/building/construction costs)

value added services to develop a workforce for today and tomorrow

	Current Early Childhood Education (TOPS Model)	Child & Family Case Management	Family Care Management, Home Visits	Moving Beyond Depression Program	Helath & Wellness Screenings	Other Community Programs (SPARK)	Investment in Teachers (TOPS)	TOTAL PROGRAM	% OF TOTAL
REVENUE									
Federal, State & Local Funding	\$ 1,549,606							\$ 1,549,606	52.5%
Private Pay Classroom Tuition	\$ 85,215							\$ 85,215	2.9%
Enrollment & Supply Fees	\$ 7,920							\$ 7,920	0.3%
Other Contributions									0.0%
Additional Public Funds									0.0%
Program Grand Funding		\$ 150,000	\$ 75,000	–	\$ 35,000			\$ 260,000	8.8%
Private Investors – Year 1 = 21	\$ 493,500	\$ 42,000	\$ 42,000	–	\$ 42,000	\$ 210,000	\$ 220,500	\$ 1,050,000	35.6%
Total Revenue	\$ 2,136,241	\$ 192,000	\$ 117,000	–	\$ 77,000	\$ 210,000	\$ 220,500	\$ 2,952,741	100%

EXPENSES									
Personnel Expense	\$ 1,552,694	\$ 147,565	\$ 73,783	–	\$ 34,560		\$ 155,269	\$ 1,963,871	67.2%
Classroom	\$ 48,584							\$ 48,584	1.7%
Operations	\$ 399,569					\$ 200,000		\$ 599,569	20.5%
Finance & Enrollment	\$ 60,111							\$ 60,111	2.1%
Administrative	\$ 17,901							\$ 17,901	0.6%
New Entity Administrative	\$ 30,440	\$ 33,366	\$ 33,366	–	\$ 33,366	\$ 35,123	\$ 68,489	\$ 234,150	8.0%
Total Expenses	\$ 2,109,298	\$ 180,931	\$ 107,149	–	\$ 67,926	\$ 235,123	\$ 223,758	\$ 2,924,185	100%
Net Income/(Loss)	\$ 26,943	\$ 11,069	\$ 9,851	–	\$ 9,074	\$ (25,123)	\$ (3,258)	\$ 28,555	

Expenses as % of total program	72.1%	6.2%	3.7%	0.0%	2.3%	8.0%	7.7%	100.0%
% of additional service program		22.2%	13.1%	0.0%	8.3%	28.9%	27.5%	

Total Cost per Child 240	\$ 8,789							\$ 12,184
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INVESTMENT NEED – REGION 1 – 2 CENTERS

2018 – 2027 Annual Operating Budgets

All Operating Site
(excluding land/building/construction costs)

	YEAR 1 2018	YEAR 2 2019	YEAR 3 2020	YEAR 4 2021	YEAR 5 2022	YEAR 6 2023	YEAR 7 2024–2027	TOTAL PROGRAM	% OF TOTAL
# of Operating Centers	1	2	2	2	2	2	2	2	
# of Children Reached	240	480	480	480	480	480	1,920	4,560	
# of Investors	21	37	37	37	37	37	37	37	

REVENUE

Federal, State & Local Funding	\$ 1,549,606	\$ 3,099,212	\$ 3,099,212	\$ 3,099,212	\$ 3,099,212	\$ 3,099,212	\$ 12,396,848	\$ 29,442,513	54.7%
Private Pay Classroom Tuition	\$ 85,215	\$ 170,430	\$ 170,430	\$ 170,430	\$ 170,430	\$ 170,430	\$ 681,718	\$ 1,619,080	3.0%
Enrollment & Supply Fees	\$ 7,920	\$ 15,840	\$ 15,840	\$ 15,840	\$ 15,840	\$ 15,840	\$ 63,360	\$ 150,480	0.3%
Other Contributions	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	0.0%
Additional Public Funds	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	0.0%
Program Grant Funding	\$ 260,000	\$ 520,000	\$ 520,000	\$ 520,000	\$ 520,000	\$ 520,000	\$ 2,080,000	\$ 4,940,000	9.2%
Private Investors – Year 4 = 37	\$ 1,050,000	\$ 1,850,000	\$ 1,850,000	\$ 1,850,000	\$ 1,850,000	\$ 1,850,000	\$ 7,400,000	\$ 17,700,000	32.9%
Total Revenue	\$ 2,952,741	\$ 5,655,481	\$ 5,655,481	\$ 5,655,481	\$ 5,655,481	\$ 5,655,481	\$ 22,621,926	\$ 53,852,074	100%

EXPENSES

Personnel Expense	\$ 1,963,871	\$ 3,927,742	\$ 3,927,742	\$ 3,927,742	\$ 3,927,742	\$ 3,927,742	\$ 15,710,969	\$ 37,313,551	69.7%
Classroom	\$ 48,584	\$ 97,167	\$ 97,167	\$ 97,167	\$ 97,167	\$ 97,167	\$ 388,669	\$ 923,088	1.7%
Operations	\$ 599,569	\$ 1,199,137	\$ 1,199,137	\$ 1,199,137	\$ 1,199,137	\$ 1,199,137	\$ 4,796,549	\$ 11,391,805	21.3%
Finance & Enrollment	\$ 60,111	\$ 120,223	\$ 120,223	\$ 120,223	\$ 120,223	\$ 120,223	\$ 480,891	\$ 1,142,115	2.1%
Administrative	\$ 17,901	\$ 35,801	\$ 35,801	\$ 35,801	\$ 35,801	\$ 35,801	\$ 143,205	\$ 340,113	0.6%
New Entity Administration	\$ 234,150	\$ 236,492	\$ 238,856	\$ 241,245	\$ 243,657	\$ 246,094	\$ 994,220	\$ 2,434,714	4.5%
Total Expenses	\$ 2,924,185	\$ 5,616,562	\$ 5,618,927	\$ 5,621,316	\$ 5,623,728	\$ 5,626,165	\$ 22,514,503	\$ 53,545,386	100%
Net Operating Income/(Loss)	\$ 28,555	\$ 38,919	\$ 36,554	\$ 34,166	\$ 31,753	\$ 29,317	\$ 107,423	\$ 306,687	

Cumulative Income/(Loss) \$ 28,555 \$ 67,475 \$ 104,029 \$ 138,194 \$ 169,948 \$ 199,264 \$ 306,687

Building Capital for Centers	YEAR 1 2018	YEAR 2 2019	YEAR 3 2020	YEAR 4 2021	TOTAL
Building Centers	1	1	0	0	2
Building Costs for New Centers	\$3,250,000	\$3,250,000	\$ –	\$ –	\$6,500,000

ASSUMPTIONS

1. Size of each enter will be 30K–36K sq. ft. to accommodate for 240 students.
2. Operating expenses based on TOP ELC annual expenditures (2017) + increase 20% in students served at each center for a total of 240 students + \$610K in additional wrap around services: case mgmt, home visiting, screenings & prof. development
3. Total expenses \$61M over 10 years to include operating cost and capital expenditures (\$54M + \$6.5M).

SEED – \$2 MILLION | ANNUAL NEEDS – \$5.6 MILLION | INVESTORS – 37 @ \$50K ANNUAL

INVESTMENT NEED – MULTI-REGION – 7 CENTERS

2018 – 2027 Annual Operating Budgets

All Operating Site
(excluding land/building/construction costs)

	YEAR 1 2018	YEAR 2 2019	YEAR 3 2020	YEAR 4 2021	YEAR 5 2022	YEAR 6 2023	YEAR 7 2024–2027	TOTAL PROGRAM	% OF TOTAL
# of Operating Centers	1	3	5	7	7	7	7	7	
# of Children Reached	240	720	1,200	1,680	1,680	1,680	6,720	13,920	
# of Investors	21	52	84	116	116	116	116	116	

REVENUE

Federal, State & Local Funding	\$ 1,549,606	\$ 4,648,818	\$ 7,748,030	\$ 10,847,242	\$10,847,242	\$ 10,847,242	\$ 43,388,967	\$ 89,877,146	56.6%
Private Pay Classroom Tuition	\$ 85,215	\$ 255,644	\$ 426,074	\$ 596,503	\$ 596,503	\$ 596,503	\$ 2,386,013	\$ 4,942,456	3.1%
Enrollment & Supply Fees	\$ 7,920	\$ 23,760	\$ 39,600	\$ 55,440	\$ 55,440	\$ 55,440	\$ 221,760	\$ 459,360	0.3%
Other Contributions	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	0.0%
Additional Public Funds	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	0.0%
Program Grant Funding	\$ 260,000	\$ 780,000	\$1,300,000	\$1,820,000	\$1,820,000	\$1,820,000	\$ 7,280,000	\$15,080,000	9.5%
Private Investors – Year 4 = 116	\$1,050,000	\$ 2,600,000	\$4,200,000	\$ 5,800,000	\$5,800,000	\$ 5,800,000	\$23,200,000	\$ 48,450,000	30.5%
Total Revenue	\$ 2,952,741	\$ 8,308,222	\$13,713,704	\$ 19,119,185	\$ 19,119,185	\$ 19,119,185	\$ 76,476,740	\$ 158,808,962	100%

EXPENSES

Personnel Expense	\$ 1,963,871	\$ 5,891,613	\$ 9,819,356	\$ 13,747,098	\$13,747,098	\$ 13,747,098	\$ 54,988,391	\$ 113,904,525	71.9%
Classroom	\$ 48,584	\$ 145,751	\$ 242,918	\$ 340,085	\$ 340,085	\$ 340,085	\$ 1,360,341	\$ 2,817,849	1.8%
Operations	\$ 599,569	\$ 1,798,706	\$ 2,997,843	\$ 4,196,981	\$ 4,196,981	\$ 4,196,981	\$ 16,787,923	\$ 34,774,983	21.9%
Finance & Enrollment	\$ 60,111	\$ 180,334	\$ 300,557	\$ 420,779	\$ 420,779	\$ 420,779	\$ 1,683,117	\$ 3,486,457	2.2%
Administrative	\$ 17,901	\$ 53,702	\$ 89,503	\$ 125,305	\$ 125,305	\$ 125,305	\$ 501,219	\$ 1,038,239	0.7%
New Entity Administration	\$ 234,150	\$ 236,492	\$ 238,856	\$ 241,245	\$ 243,657	\$ 246,094	\$ 994,220	\$ 2,434,714	1.5%
Total Expenses	\$ 2,924,185	\$ 8,306,598	\$13,689,033	\$ 19,071,493	\$19,073,905	\$ 19,076,342	\$ 76,315,211	\$ 158,456,766	100%
Net Operating Income/(Loss)	\$ 28,555	\$ 1,625	\$ 24,670	\$ 47,692	\$ 45,280	\$ 42,843	\$ 161,530	\$ 352,195	

Cumulative Income/(Loss) \$ 28,555 \$ 30,180 \$ 54,850 \$ 102,542 \$ 147,822 \$ 190,666 \$ 352,195

Building Capital for Centers	YEAR 1 2018	YEAR 2 2019	YEAR 3 2020	YEAR 4 2021	TOTAL
Building Centers	1	2	2	2	7
Building Costs for New Centers	\$3,250,000	\$ 6,500,000	\$ 6,500,000	\$ 6,500,000	\$22,750,000

**ASSUMPTION IN THE MODEL FOR
30,000–360,000 SQ. FT. FACILITIES**

1. Based on TOP ELC annual expenditures (2017) + increase 20% in students served at each center for a total of 240 students served + \$610K in additional wrap around services for case management, home visiting, screenings, PD for staff and families.

2. Total expenses \$182.7M over 10 years to include operating cost and capital expenditures (\$159M + \$22.7M).

SEED – \$2 MILLION | ANNUAL NEEDS – \$19.1 MILLION | INVESTORS – 116 @ \$50K ANNUAL

APPENDIX – REVENUE, EXPENSES, ASSUMPTIONS

REVENUE DETAIL AND ASSUMPTIONS

Center operational revenue primarily based on Wichita TOPS 2017-18 model, increased by 20% for additional student population per center from 200 to 240

Federal, State, and Local Funding

- *Federal: \$223k - Head Start funding shifting away from purely needs-based, less responsive to shifts in states needs*
- *State: \$619k - DCF funding increased 1993 – 2005, CACFP Food, EHS, KPP, Early Childhood Block Grant*
- *Local: \$707k - assumes local/county funding of 1/3 of operating costs based on discussions with Wyandotte County*

Private Pay Classroom Tuition – sliding scale basis, ~ 4% of total revenue, based on TOP 2017-18 model

Additional Public Funds – assume no additional funding available

Program Grant Funding – assume First Hand Foundation may provide in-kind support for direct program expenses and private investors provide funding for allocated overhead for these programs

Private Investors – assume adequate investors to cover annual shortfall

EXPENSE DETAIL AND ASSUMPTIONS

Annual operating costs per center ~ \$2.7 million

Annual costs to run new organization – \$234k - see expense line "New Entity Administration"

- *Staff (salaries and benefits) - up to \$134k*
 - *Accountability fund – up to \$100k*
-

REVENUE MODELING ASSUMPTIONS

Federal, State, and Local. Revenue to partner programs may include the following sources: program x, y, and z.

Modeling assumes that no more than 1/3 of partner program revenue will come from a public source or program grant.

Private Pay Classroom Tuition.

Modeling assumes that only x % of students are paying for tuition. Tuition amount is estimated to be \$ x on an annual basis.

Program Grants. Revenue may include the following sources: grants x, y, and z.

Modeling assumes that no more than 1/3 of partner program revenue will come from a public source or program grant.

THANK YOU

CONTACT

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