

APPENDIX A

MEMORANDUM

To: David Nee
From: Kim Bohlen
Date: October 27, 2006
Subject: Management and Governance Options for Connecticut's Early Childhood Investments

Attached please find my report to the Council's Subcommittee on Management and Infrastructure. The report examines seven specific alternatives put forth by the committee, in the context of current literature on the subject and interviews with a variety of individuals identified as resources. This paper is intended to highlight the salient considerations and jumpstart the committee's thinking about optimal alternatives. The committee will want to consider further the required functions of the new management/governance entity(s) and consult key players with a deep understanding of the Connecticut context.

An Examination of Management and Governance Options for Early Childhood Investments in Connecticut

*Prepared for the Subcommittee on Management and Infrastructure,
Connecticut Governor’s Early Childhood Research and Policy Council,
By Kim Bohem, Consultant, October 27, 2006*

Background: The Subcommittee on Management and Infrastructure of the Connecticut Early Childhood Research and Policy Council requested a brief examination of seven potential governance/management options to administer the state’s anticipated new early childhood investments stemming from the work of the Governor’s Early Childhood Education Cabinet. This analysis was drawn from a review of the literature on early childhood systems-building and interviews with a select group of individuals from both inside and outside the state (see end of document for a list of sources).

The analysis contains four parts:

- I. Lessons from the field – a general discussion culled from the literature and interviews on important considerations in making decisions about management and governance
- II. Examination of options – a chart outlining the relative merits of the seven options the committee requested be considered
- III. Selected state models – summaries of intriguing management and governance developments in five other states
- IV. Conclusions

I. Lessons from the Field

The central rule in management and governance considerations is that “form should follow function.” The critical questions are “what will this entity do?” and/or “what needs to be done that is not currently being done?” Will the entity be setting policy or running programs? Or both? Based on the criteria identified by the committee, the following are anticipated functions of the new “entity” in Connecticut. While this list may capture the main functions, these questions deserve additional consideration by the Council to identify more precisely the required functions in order to inform the choice of an optimal management/governance structure.

Function	Description	Current	Considerations
<i>Leadership</i>	Champion improved outcomes for young children and associated public investments	Dispersed among Governor and several Commissioners	Empowerment of a leader with ability to draw others into the work is crucial.
<i>Policy</i>	Review and recommend improvements across the early childhood system	Early Childhood Education Cabinet	Difficult to sustain with the current Cabinet model
<i>Planning and System Building</i>	a) Foster state-level cross-agency collaboration b) Support local capacity development/system-building	No entity has this charge	Crucial function given importance of local early childhood work and need for capacity building
<i>Resource Allocation</i>	Secure, blend and disburse new (and existing?) resources to meet needs	Divided among many agencies	Local communities have strong desire for flexible, decategorized funds

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Function	Description	Current	Considerations
<i>Program Management</i>	Manage new program implementation (e.g. local capacity building, data management and outcome measurement, evaluation)	Divided among many agencies – many anticipated and necessary efforts not currently managed	This function could be handled directly or through oversight of other entities
<i>Fundraising</i>	Attract and manage private funds	Very limited effort at present	Opportunity to leverage and focus new resources from multiple sources
<i>Accountability</i>	a) Establish clear outcomes and measurable objectives for new investments b) Track and report outcomes through systematic data collection and analysis	Ostensibly part of budget process, not fully realized	Aligns with Legislative RBA initiative
<i>Communications</i>	Build knowledge of early childhood among parents and general public, and regarding new investments	Fragmented with no coherent plan or responsibility	Important function of new entity

In addition to the questions of *function*, the following issues surfaced in the research and are important considerations :

1. *No Best Answer* – A consistent message from all sources is that there is no “right answer” to the questions about structure and governance. The best choice depends on a given state’s vision and goals, existing structures, system elements under consideration, political context, state/local balance of authority, as well as formal and informal sources of influence.¹ Basic attributes of good governance include: representative, legitimate, sustainable (across changes in leadership), effective (flexible, accountable, capable of learning), authoritative (capable of marshalling resources).²
2. *Solutions are Evolutionary* – The optimal governance structure is likely to shift over time, and timing affects feasibility and ease of implementation. Something that may work in the long term may not be possible to implement in the short term; likewise, something that works in the short term may not be the best long term solution.
3. *Leadership Is Vital* – Any management and governance structure is ineffective in the absence of strong leadership from both the key political and budgetary decision-makers (the Governor and the Legislature), as well as the person(s) charged with leading the new structure(s). Leadership in this context also means *accountability*: desire and willingness to take responsibility for outcomes. While strong and assertive leadership is necessary, another crucial point is that “governance requires the consent of the governed” and that successful change requires the inclusion of both those responsible for implementation and those for whom the system is designed.³
4. *Authority* – For any governance structure, it is important to think through questions of authority: How much power does this entity have? Who makes the decisions? Who enforces them? Who can “undo” them?

¹ Anna Lovejoy, “Governing Early Childhood Systems,” National Governor’s Association, Center for Best Practices, Presentation, National Early Childhood Comprehensive Systems meeting, September 2005.

<http://www.hsrnet.net/ECCS/materials/lovejoy.ppt>

² Charles Bruner, Child and Family Policy Center, *Building Comprehensive Systems for Early Childhood*, Presentation, National Early Childhood Comprehensive Systems meeting, September 2005.

<http://www.hsrnet.net/ECCS/materials/bruner.ppt>

³ *Ibid.*

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5. *Build on Strength* – Certain structures lend themselves more readily to certain functions. For example, government is best equipped to make decisions about public investments, program goals and objectives, regulation, and the like. Likewise, it makes sense for a non-profit entity to have functions related to the strengths of the private sector: philanthropic partners are especially well suited to contribute to community capacity building, quality improvement and evaluation; business partners can contribute their expertise in professional development, marketing/communications, and accountability.
6. *Flexibility versus Stability* – Consider whether to create something time-limited (a temporary commission or a new office with a sunset provision) or something with a longer horizon (i.e. something created in statute or an entirely new entity, e.g. a non-profit or a new Department). There are arguments on both sides of the question: e.g. statutory authority insulates and protects; time-limits force evaluation of effectiveness and allow for mid-course corrections.
7. *Don't reinvent the wheel* – Look at existing organizations both within and outside government that may have the desired capabilities. For example, instead of creating a *new* non-profit organization, investigate whether there is an existing organization that has the capacity to manage certain tasks, thereby securing significant savings in time, capacity-building, administrative overhead, etc. Similarly, look to other states for valuable models (e.g. Smart Start's performance measurement system).

II. Examination of Options

The pros and cons of the seven options that the committee is considering are outlined in the following chart. The first four options under consideration are entities that exist or would be created *within* state government. The last two are not governance structures per se, but rather free-standing non-profit organizations that would have their own governance structures, i.e. a Board of Directors, and a best suited to manage programmatic aspects of the undertaking. The fifth option, the quasi-public agency, is a hybrid that would be governed by an independent Board of Directors, but the Board would be appointed in whole or in part by the Governor and the Legislature.

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	Option	Pros	Cons	Functions Best Suited to Perform	Discussion
1	Early Childhood Education Cabinet with expanded staff for policy and operations	<ul style="list-style-type: none"> • Cabinet already exists in statute • Has some experience with planning, policy analysis and cross-agency collaboration 	<ul style="list-style-type: none"> • Multiple-member body diffuses authority and leadership • Limited jurisdiction over state agencies/ local decision-making • New programmatic functions require additional staffing which begs the question of where to locate the new entity 	<ul style="list-style-type: none"> • Policy 	The Cabinet as currently configured and staffed cannot manage anticipated new early childhood investments. However, if certain functions were handled by another entity, the policy and planning functions could potentially still be handled by a modified Cabinet. Enlarging the Cabinet staff, however, raises the question of where the new staff would reside, which leads to the consideration of other options.
2	Office for Early Childhood in the Governor's Office	<ul style="list-style-type: none"> • High visibility/ authority of the Governor • Cross-agency reach • Quick, easy to launch 	<ul style="list-style-type: none"> • Dependent on will and authority of the Governor/vulnerable to future shifts in political priorities • Governor's Office does not generally manage programs, not well-suited to house substantial staff • Potentially lose some independence and ability to advocate 	<ul style="list-style-type: none"> • Leadership • Policy • Planning and system building – state level 	Creation of a new entity within the Governor's office would provide substantial visibility and political clout to the early childhood agenda. For political and practical reasons, however, the location would limit the size of the staff, requiring that some of the functions be farmed out to other entities. As early childhood has gained a higher profile nationally, many states have planning entities located within their governor's offices. Rarely, however, do these entities have programmatic functions. If pursuing this option, some suggest creating the entity with a sunset provision (5-8) years to allow for evaluation and evolution.

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	Option	Pros	Cons	Functions Best Suited to Perform	Discussion
3	New commission, office or division within the Office of Planning and Management (OPM)	<ul style="list-style-type: none"> • OPM’s budget authority would give new entity influence within government • OPM has leverage over existing funding streams • OPM has stated mission of planning, policy development and interagency coordination. 	<ul style="list-style-type: none"> •OPM’s fiscal management priorities may limit its advocacy/leadership function. •OPM does not generally manage programs 	<ul style="list-style-type: none"> • Policy • Planning and system-building – state level • Resource allocation • Accountability 	OPM has an existing Policy Development and Planning Division, the stated mission of which covers many of the functions under discussion, including: planning, interagency coordination, data collection and analysis, and policy development. The authority accrued to a new early childhood entity through attachment to OPM would be significant given its budgetary power. However, any potential clout afforded by association with OPM might be mitigated by OPM’s emphasis on fiscal management. OPM may not be currently configured to manage the local systems development work, and is unlikely to attract private investment.
4	New Department of Early Childhood	<ul style="list-style-type: none"> • Consolidates power and authority in one location • Streamlines system for early childhood services • Elevates visibility of early childhood agenda 	<ul style="list-style-type: none"> • Consolidation in one system creates fragmentation in other systems • Potentially very time-consuming, expensive, and politically charged • Little historical appetite in CT for new Departments 	<ul style="list-style-type: none"> • Leadership • Policy • Planning and system-building – state level • Resource Allocation • Accountability 	A growing number of states have created new Departments of Early Childhood that attempt to consolidate early childhood programs under one roof, sometimes as a separate, free-standing agency and sometimes as a division within an existing agency that already contains a significant share of the early childhood programmatic and budgetary pie. No two states include all the same pieces, however. Even in states that create a single entity, concerns remain that creating a seamless <i>early childhood system</i> by definition creates disruption/discontinuity within other systems, such as education, social services, HUSKY, etc.

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	Option	Pros	Cons	Functions Best Suited to Perform	Discussion
5	Quasi-Public authority	<ul style="list-style-type: none"> • Greater flexibility than government, less red-tape • Easier, quicker to launch than a non-profit, especially if located within an existing authority • Strong accountability mechanisms, experience measuring returns on investments 	<ul style="list-style-type: none"> • Existing CT quasi-publics operate primarily as alternative financial institutions, not managers of programs • Not highly experienced working with communities. 	<ul style="list-style-type: none"> • Planning and system-building – local level • Accountability • Communications 	<p>Quasi-public authorities have dexterity and largely positive reputations with regard to financial issues and accountability, but less is known about their ability to run programs and work with communities. With the exception of Michigan, which is just getting its model off the ground, quasi-public authorities have not been tried in other states for early childhood investments. To the extent that support exists for this entity, many advise locating it within an existing quasi-public such as CHEFA or CDA.</p>
6	Non-profit organization	<ul style="list-style-type: none"> • More flexible, nimble than government • Independence, some insulation from political climate/changes, can play strong advocacy role • Especially attractive to philanthropy and other private funders 	<ul style="list-style-type: none"> • Lack of authority within government to engage state agencies in collaborative work • Time-consuming and expensive to set up unless located within existing 501c3 	<ul style="list-style-type: none"> • Planning and system-building – local level • Fundraising • Accountability • Communications 	<p>An appropriate role for non-profits is in supporting and improving public systems. The success and proliferation of North Carolina’s Smart Start model suggests that a non-profit entity is especially well-suited to support community-level systems building work. The depth and reach of the local partnerships in North Carolina have also proven valuable in insulating statewide investments in early childhood against threats from political and budgetary jockeying. Conversely, its external status has hamstrung its efforts to influence state decisions about Pre-K investments and limited its connection to the school system.</p>

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	Option	Pros	Cons	Functions Best Suited to Perform	Discussion
7	Endowed Trust Fund	<ul style="list-style-type: none"> • Attractive to private funders, especially business • Funding is protected for specified early childhood uses – i.e. “lock box” • Self-sustaining in long term 	<ul style="list-style-type: none"> • Huge initial fundraising task to secure endowment • No authority/leverage over existing public investments • No authority/limited leverage to engage state agencies in collaborative work 	<ul style="list-style-type: none"> • Planning and systems-building – local level • Fundraising • Accountability 	The trust fund is a variation on the non-profit option with the distinction of its funding mechanism. While there may be specific functions of the CT system that it would make sense to establish a designated fund for, there is substantial skepticism that CT could raise sufficient private and/or public funds to create a sizable endowment, as well as questions whether this would actually change the size of the overall investments in early childhood or just shift their locus.

Summary of Form Versus Select Criteria

●= High * = Medium ○=Low

Functions	Expanded ECE Cabinet	EC Office within Governor's Office	New entity within OPM	New Department of EC	Quasi-Public authority	Non-profit	Endowed Trust Fund
<i>Leadership</i>	*	●	*	●	*	○	○
<i>Policy</i>	●	●	●	●	○	○	○
<i>Planning and system building – state level</i>	*	●	●	●	*	○	○
<i>Planning and system building – local level</i>	○	○	○	○	●	●	●
<i>Resource Allocation</i>	○	*	●	●	*	○	○
<i>Program management*</i>	○	*	*	*	*	*	*
<i>Fundraising</i>	*	○	○	○	*	●	●
<i>Accountability</i>	○	*	●	●	●	●	●
<i>Communications</i>	○	*	○	*	●	●	*
Other key criteria:							
<i>Ease of implementation</i>	*	●	●	○	*	*/○**	○
<i>Authority</i>	○	●	●	●	*	○	○
<i>Flexibility</i>	●	●	●	○	●	*	○
<i>Stability</i>	○	○	*	●	*	*	●

* As discussed, some structures are better suited to certain programmatic aspects than others, so no single entity gets a “High” mark overall.

** Ease of implementation is higher if utilize an existing 501(c)3.

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III. Selected State Models

While every state is different, there is growing interest across the nation in the integration of early childhood system components⁴ and a number of states are specifically focused on simultaneously building both state and local systems and enhancing collaboration. While it is useful to look at experiences and models from other states, there is no state in which the vision, existing system, political context, etc. are exactly the same as Connecticut's. That said, the following summaries of five state models may be of particular interest to Connecticut.⁵

Georgia

In Georgia, *Bright from the Start*: the Department of Early Care and Learning is an independent state department with an oversight board. The department includes Pre-K, licensing, quality initiatives, Head Start, Birth to 3 and nutrition programs. Child care subsidies and early intervention remain in the Department of Human Resources and Early Childhood Special Ed remains at the Department of Education. Georgia provides a school-day, school-year pre-kindergarten program for all four-year-olds in the state funded by the Georgia Lottery. The state also has a public/private initiative focused on 0-3 called *Smart Start Georgia* that focuses on child care quality through state and local partnerships.

Michigan

The Michigan Office of Early Childhood Education and Family Services is located in the Department of Education and houses state-funded Pre-K, preschool special education and Even Start, as well as some child abuse prevention and parenting programs. The Department of Human Services administers child care licensing and subsidies. In 2003, Michigan's Governor Jennifer Granholm announced the creation of the *Great Start System*, a community-based approach to enhancing local systems of early care and education. In February 2005, the state created a new public-private entity, the Early Childhood Investment Corporation (ECIC), to coordinate the *Great Start System*. This quasi-public authority is governed by a 15 member executive committee appointed by the governor, and its mission is to: optimize state investments; support, sponsor, and fund partnerships with communities to promote broad-based programs that provide universal access to quality early education and care for all children from birth to kindergarten; and serve as a central statewide clearinghouse for information, resources, and best practices related to early childhood development, educational opportunities and qualifications for child care providers, community activities that promote early childhood education and care, and parent information and support. The ECIC appointed a new director in May 2006 and is just getting off the ground.

Minnesota

In Minnesota, private foundations have spearheaded efforts at local-level early childhood system-building. The Minnesota Early Childhood Initiative (MECI) was launched in 2003 through a collaborative venture between the McKnight Foundation (Minnesota's largest foundation) and six independent foundations serving six regions outside the Twin Cities. The model is a community-driven, early childhood planning and coalition building effort. The MECI provides technical assistance as well as funds to help implement local coalition projects. MECI and the local coalitions also work with Ready 4K, a statewide advocacy organization focused on school readiness. To date, MECI has had very little connection to state government. While it sees advantages in being buffered from political winds, it acknowledges that the lack of connection to state agencies limits its ability to diffuse innovation and influence state policy.

⁴ "School Success for All: Reorganization Strategies to Strengthen the Early Care and Education System," Report to the North Carolina General Assembly, April 2006.

⁵ The state summaries were culled from sources cited at the end of this report, interviews and state websites.

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Launched in 2005, the Minnesota Early Learning Foundation (MELF) is a new nonprofit organization that is seeking to enhance school readiness among the state's most disadvantaged children. MELF aims to raise money (ultimate goal \$2.6 billion) to create an endowed trust fund that would: 1) provide intensive mentoring (case management) to families from the prenatal period through age 8 to support children's optimal development, and 2) provide scholarships for two years of high quality preschool to enhance the most vulnerable children's readiness for school. The model has a strong "market" orientation built on the premise that financial incentives and performance standards for child care providers based on school readiness indicators will produce results. The plan is to raise money in equal thirds from state, federal and private (business and philanthropic) sources. The MELF Board has impressive representation from the business community and has already succeeded in raising \$10 million. MELF seeks to launch three pilots to test its model in the next year.

North Carolina

The North Carolina Partnership was created in 1993 under former Governor James Hunt to oversee the Smart Start Initiative. This public/private partnership is incorporated as a 501(c)3 and is governed by a 25-member board appointed either by the Governor or the Legislature. Through the Smart Start Initiative, 82 local partnerships share in a \$200 million appropriation designed to help communities plan and implement programs that support the development of local early childhood systems. The local partnerships focus on child care quality, affordability and accessibility, as well as access to family support and health services; each local partnership is also a separate 501(c)3. The Partnership has oversight over local plans and has a sophisticated performance-based incentive system to evaluate partnerships based on statewide standards and demonstrated improvements. The Partnership has been very successful at raising private resources to support the local systems-development work, as well as to finance its National Technical Assistance Center.

In July 2005, North Carolina established a new Office of School Readiness (OSR) within the Governor's office to consolidate all the state and federally funded Pre-K programs (including Head Start) that previously resided in three different agencies (governor's office, education and social services). In July 2006, in the interest of strengthening the connections between early childhood and the school system, the Legislature approved moving OSR into the state education department (Department of Public Instruction). The Division of Health and Human Services currently handles all child care subsidies, licensing and quality enhancement initiatives through its Division of Child Development, as well as the Infant-Toddler special education, through the Division of Public Health. The state has been in discussions about consolidating the subsidy and licensing operations with the other early childhood components, but although there is legislative interest in this idea, the current Governor is not supportive. As an interim strategy the state is considering a proposal to create an Early Learning Council to improve coordination among the different system components.

Pennsylvania

In 2005, Pennsylvania launched a comprehensive early learning initiative, but it did not create a new agency. Rather, Pennsylvania created a multi-agency Governor's Early Learning Team. The Team oversees the Governor's new investments in early childhood and is chaired by a new early childhood policy director. The director jointly reports to two state departments: Public Welfare and Education and is a Deputy Secretary (equivalent to a Deputy Commissioner in CT). Pennsylvania started with a *program* office in Public Welfare and a *policy* office in Education, but they are moving to change the Education office to a *program* office to reconcile the fact that they are already running programs (the new state-funded Pre-K), and to provide more direct managerial control over pre-existing early childhood programs in the Education department. When the new office was launched, DPW reorganized and streamlined operations to consolidate subsidy, licensing, early intervention and quality initiatives under the new office. They also reorganized a variety of local consultative groups into new regional planning bodies. There is little connection now between these regional entities and the local education system but the

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Deputy Secretary hopes to promote greater connections with the schools in the future. In addition, the Early Learning Team is working as part of the Build Initiative on public-private system-building and collaborative planning.

IV. Conclusions

In shaping its recommendations on management/governance options for Connecticut's early childhood investments, the committee should:

- Thoroughly analyze anticipated functions and match form to function
 - Consider multiple, connected structures
 - Maintain flexibility and recognize evolutionary nature of the undertaking
 - Build on current centers of strength within and outside State government
 - Pay particular attention to leadership
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Sources

Charles Bruner with Michelle Stover Wright, Barbara Gebhard and Susan Hibbard, "Building an Early Learning System: The ABCs of Planning and Governance Structures," State Early Childhood Policy Technical Assistance Network, Resource Brief, December 2004.

Julia Coffman, Michelle Stover Wright, and Charles Bruner, "Beyond Parallel Play: Emerging State and Community Planning Roles in Building Early Learning Systems," State Early Childhood Policy Technical Assistance Network, Resource Brief, September 2006.

"Early Child Care and Education: State Governance Structure," National Child Care Information Center, April 2006. http://nccic.acf.hhs.gov/poptopics/ece_structure.html.

Anne Mitchell, Louise Stoney and Dana Friedman, "Emerging Entities to Govern and Manage Early Care & Education at the Community and State Levels," Smart Start National Technical Assistance Center, March 2006.

"School Success for All: Reorganization Strategies to Strengthen the Early Care and Education System," Report to the North Carolina General Assembly, April 2006.

Selected Interviews:

Charles Bruner, Child and Family Policy Center
Gerry Cobb, North Carolina Partnership for Children, Smart Start
Jeff Daniels, Jeff Daniels Consulting
Harriet Dichter, Deputy Secretary, Office of Child Development, Pennsylvania Department of Public Welfare & Policy Director, Pennsylvania Department of Education
Rich Gray, Connecticut Health and Educational Facilities Authority
Janice Gruendel, Senior Advisor for Early Childhood, Governor's Office
Mary Ann Hanley, Connecticut Office of Workforce Competitiveness
Sharon Lynn Kagan, National Center for Children and Families, Columbia University
Vicky Marchand, Pathways Mapping Initiative
Marie O'Brien, Connecticut Development Authority
Art Rolnick, Minnesota Early Learning Foundation