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An Analysis of the Reschool Pilot: Costs, Potential Savings, Successes, and Lessons Learned

Prepared by APA Consulting

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Introduction

In 2017 APA was contracted by Reschool to conduct data gathering and analysis on the organization's program pilot. The focus of APA's effort was on the employer's perspective of the Reschool program, on understanding the program's cost structure, and on a preliminary examination of the feasibility of studying the program's potential savings and returns to employers. APA addressed the following main research questions in this effort:

1. What are the costs of operating the Reschool program?
2. What are the cost implications of various size configurations of the Reschool program, and how might savings to employers be considered?
3. What are the successes and pain points learned from the employer perspective?

In order to answer these questions, the APA study team collected financial and time expenditure data for all parts of Reschool's operations, met and conducted structured interviews with the managers of Saint Joseph's Hospital (SJH) and Embassy Suites (ES), and interviewed the Reschool advocates.

Findings

The findings discussed below are organized by research question.

Research Question 1: What are the costs of operating the Reschool Program?

The study team collected detailed personnel and non-personnel expenditure data from Reschool to determine the cost of providing Reschool benefits to an individual employee client. Currently, Reschool is serving 15 clients in total from ES and SJH. For personnel expenses, APA collected data on the time spent by each Reschool staff person for tasks, such as meeting with clients or conducting training and coaching. The study team recorded any additional expenses that were not assigned to a staff person's time but that were required in order to conduct Reschool operations, such as scholarships for families or evaluation costs.

In addition, at the beginning of Reschool's pilot there were two advocates who were hired on a part time basis. These advocates were required to track and record their time on an hourly basis. The other staff at Reschool were salaried foundation employees and a portion of their salaried time was spent on Reschool related activities. Since salaried staff member hours were not specifically allotted by discrete tasks, the study team took the number of hours spent per month on Reschool activities and split them evenly across each Reschool related task they performed each month. The hours worked on each task were costed out using each employee's specific hourly rate. The study team calculated the hourly rate by multiplying the Reschool employee's salary by the percentage of time per month spent on Reschool-related tasks, divided by the hours worked per month.

Beyond personnel expenses, there are seven additional non-personnel cost areas:

1. Administration – This area included a variety of miscellaneous expenses, such as office supplies.
2. Travel – This area included primarily advocate travel to meetings.

3. Learner Scholarships – This money is used to help families enroll their children in various after school and summer activities.
4. Tools, Tech, and Supplies – This is used for different technology, software licensure, and other supplies needed to run Reschool effectively.
5. Consultants – These funds are used for consulting services on research and evaluation, recruitment planning, and language interpretation support.
6. Conference/Convening – These funds are used for Reschool employees and advocates to attend trainings and conferences.
7. Recruiting – This covers fees and materials for recruiting employees to join the Reschool program.

The study team then coded both the personnel and non-personnel expenditures into one of two main categories:

1. Program Operations – Mainly fixed expenses for the operation of Reschool and not the expenses associated with serving clients.
2. Program Delivery - Expenses for the delivery of Reschool programming to the clients.

The allocation of spending into each of these two main categories allowed the APA study team to determine the proportion of Reschool's expenses devoted to program delivery and to program operations. Table 1 shows that, at the beginning of the 2017 year, a majority of the expenditures were allocated to Program Operations; however, Program Delivery and Program Operations expenditures were about the same in October through December. By this time the program was up and running and employees could spend more time on actual delivery of the program to clients.

Table 1
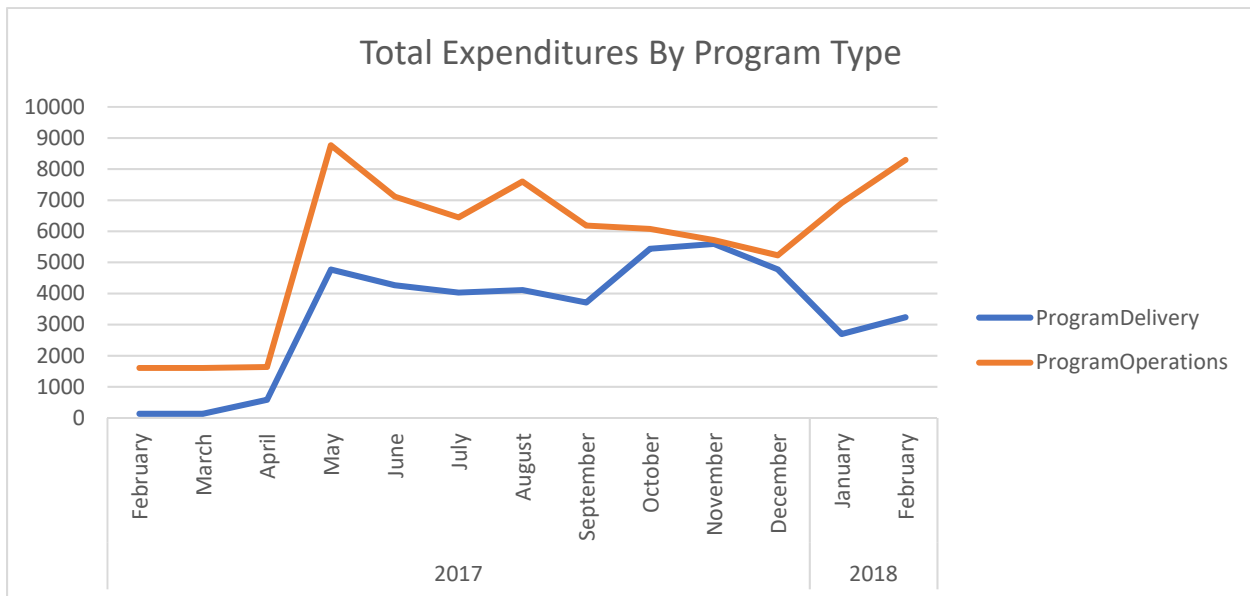
* All figures in the following tables are in Dollar value

In January and February 2018 the gap between expenses associated with Program Delivery and Program Operations became larger. The Reschool team at the beginning of 2018 spent a greater amount of their

time focused on Program Operations versus Program Delivery. In February 2018 the Program Operations expenditures were close to $8,000 and Program Delivery was at about $4,000. This could be due to the pilot wrapping up and the Reschool team spending more time strategizing and planning for the program's next steps.

To allow for additional analysis of spending, each of the two main categories (Program Delivery and Program Operations) was then broken down into various sub-categories.

Program Delivery was broken into six different sub-categories:

1. Support – Direct Contact – Expenses for the time spent meeting in person, talking on the phone, or emailing and texting with an employee client.
2. Support – Research – Expenses for the time spent doing research to support employee client needs (such as researching appropriate program opportunities for children).
3. Support - Client Management – Expenses for managing client files and distributing scholarships.
4. Employer Support – Expenses for maintaining relationships with employers.
5. Training/coaching – Expenses for training and coaching advocates.
6. Recruiting – Expenses for recruiting potential employee clients.

Program Operations was broken down into ten different sub-categories:

1. Admin – Budgets – Expenses for developing and maintaining budgets for Reschool.
2. Admin – Timesheets – Expenses for reviewing and recording time sheets.
3. Admin – HR – Expenses for recruiting, hiring, and managing current and future Reschool employees.
4. Admin – Accounting – Expenses for working on Reschool's accounting and financial reporting.
5. Admin – Technology – The expenses for purchasing and developing technology.
6. Development – Funders – Expenses for recruiting, meeting, and cultivating relationships with current and future Reschool funders.
7. Development – Business – Expenses for meeting and recruiting future employer and business partners.
8. Program Evaluations – Expenses for the evaluation of the Reschool program.
9. Strategic Management – Expenses for managing the current project and strategizing on the future of the project.
10. Develop Program tools – Expenses for obtaining tools and resources to assist in automating parts of the Reschool process, for example Sales Force client management software.

Identification and allocation of funds into these subcategories allows APA and the Reschool team to examine where a majority of expenditures in each of the main buckets were allocated.

The APA team examined the expenditure sub-categories for each of the main categories. Table 2 shows the sub-category expenditures by month for Program Delivery. January 2017 is not shown since the pilot had not started at that time. Throughout the year the majority of expenditures were support for the clients, whether it was meeting with clients one-on-one, doing research on available education programs and opportunities for clients, or basic case management. In October there was a higher than usual amount of expenditures allocated to staff training and coaching. This was most likely due to the hiring of a new advocate to serve additional employee clients.

Table 2

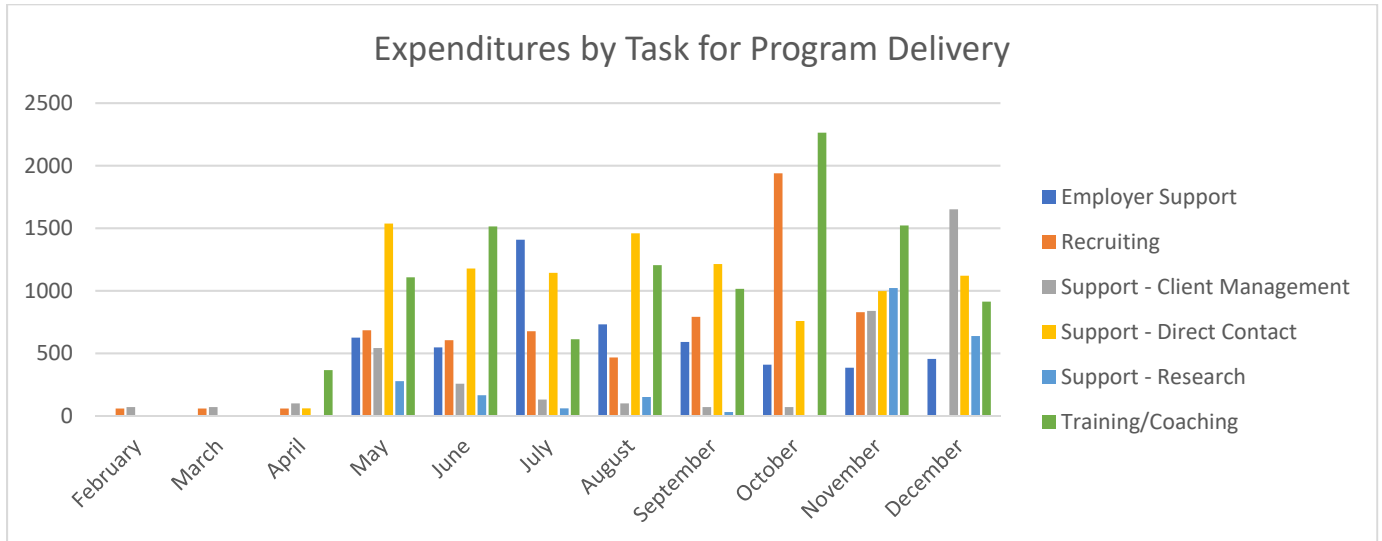## Expenditures by Task for Program Delivery

Table 3 examines the sub-category expenditures for the first two months of 2018. In January and February, significant time was spent training/coaching, as well as providing support to Reschool's clients.

Table 3

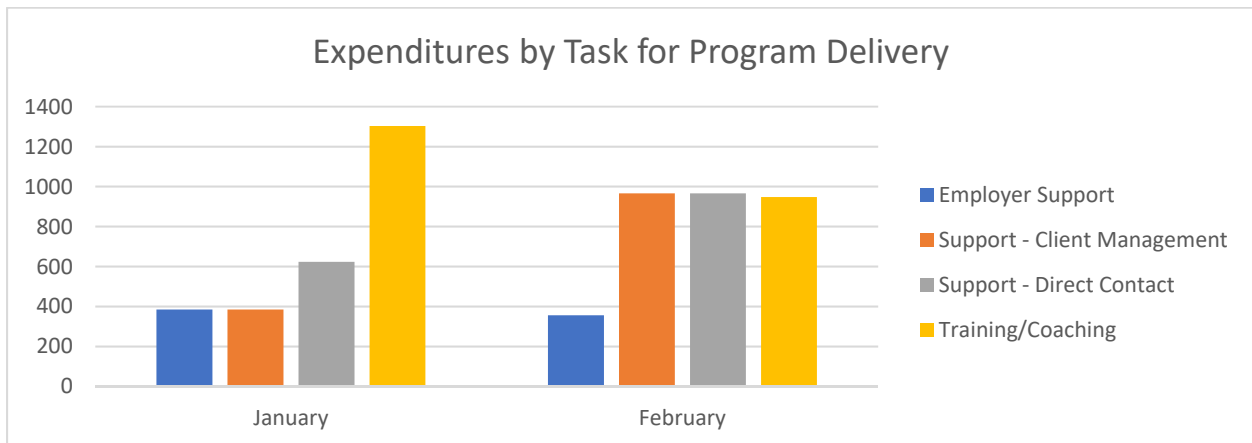## Expenditures by Task for Program Delivery

Table 4 examines the sub-category expenditures for Program Operations by month for 2017 from the start of the Reschool pilot. A majority of the operations expenditures during the 2017 year were spent on evaluation work and development of program tools. There was less time spent on meeting with funders and administrative work such as accounting and budgeting. Additionally, in August and September the Reschool team spent a significant amount of time meeting with future businesses to develop potential partnerships. During the month of September, the Reschool team spent more time on human resources administration in order to recruit a new advocate.

Table 4

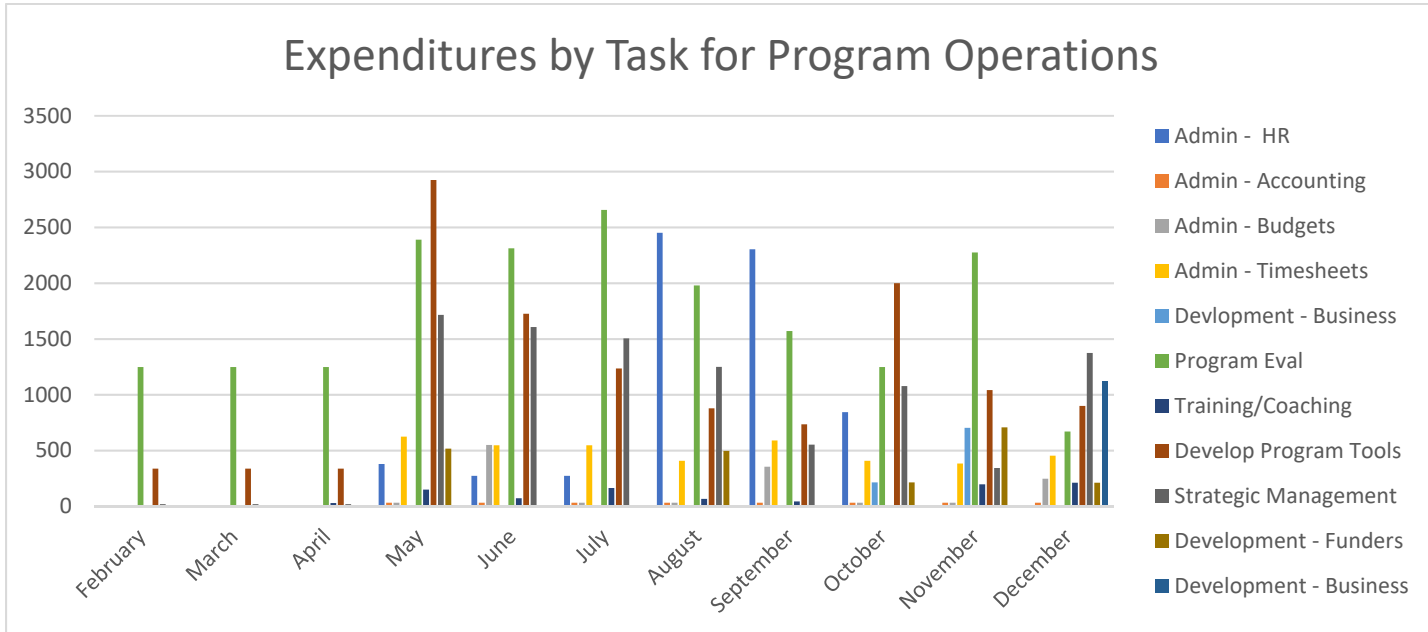Expenditures by Task for Program Operations

Table 5 examines the sub-category expenditures for Program Operations by month of 2018. Sub-categories are not shown if there were no expenses in that category for a given month. In 2018, $2,500 worth of time was spent on development of business relationships and on strategic management. Again, this was due to the pilot coming to an end and Reschool staff devoting more effort and energy to examining next steps for the program, including exploring additional businesses with whom to potentially partner in the future.

Table 5

Expenditures by Task for Program Operations
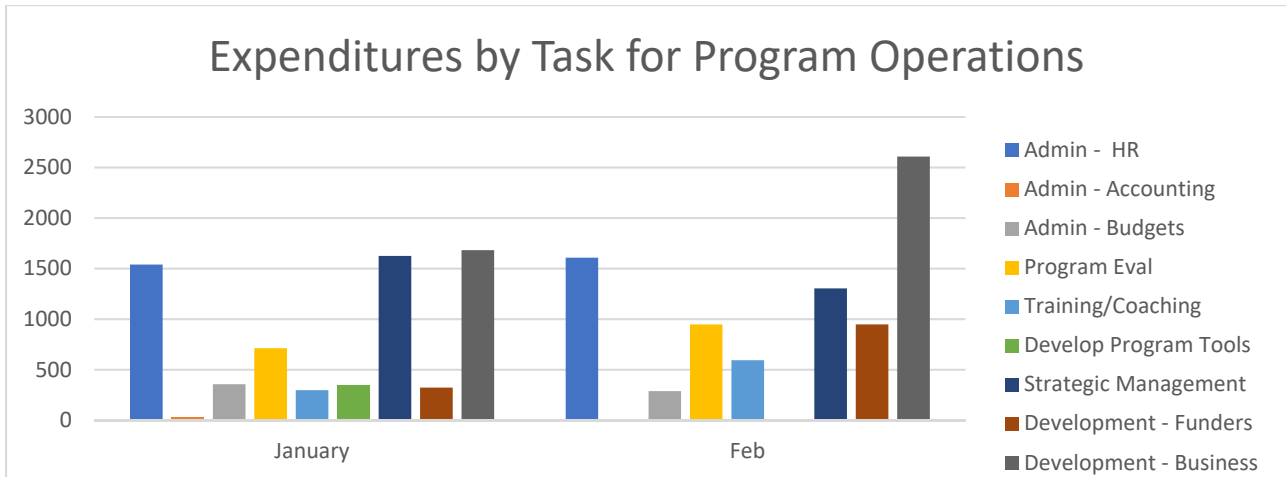
Tables 6a and 6b examine expenditures by personnel. This allows the study team and Reschool to examine which parts of the program each individual is spending the most time on. It also allows the study team and Reschool to note where there are spikes, or changes in how staff time is invested. In the

month of August for instance, there is a spike in Marlene's time spent on program operations. Marlene's role as an advocate means most of her time is likely to be spent working with clients and less time on program operation work. Table 6a shows data from February through July 2017.

Table 6a
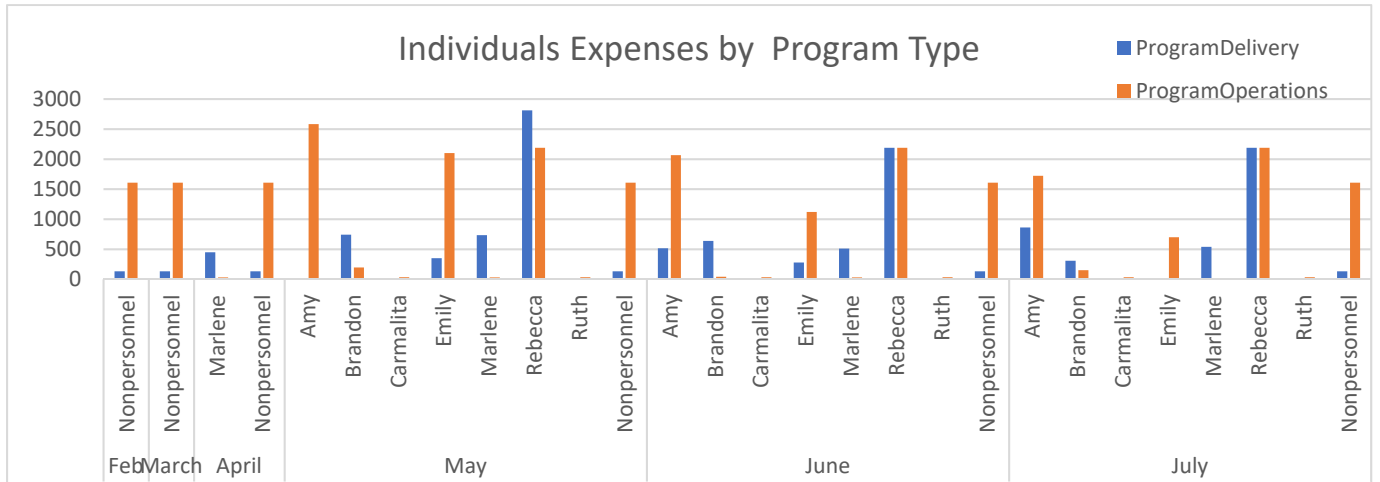
Table 6b shows data from August through December 2017.

Table 6b
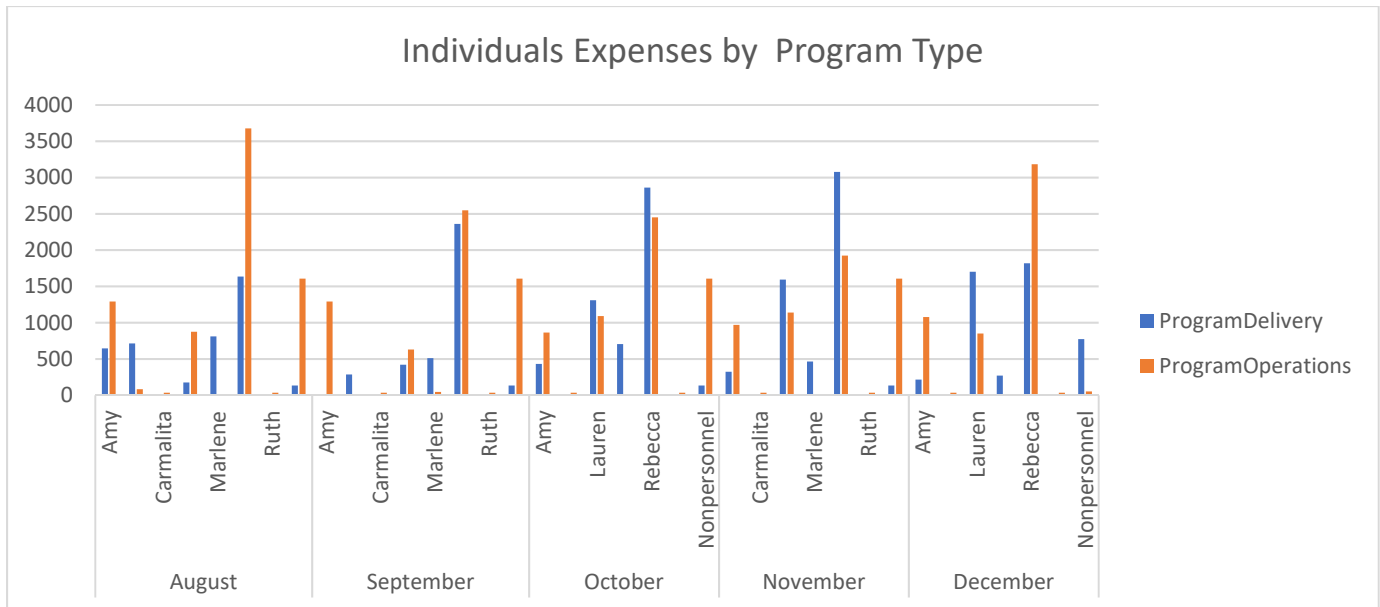
The Reschool pilot had many of the expected expenditures one would see in a pilot. For instance, more time and money is spent on program operations than on program delivery especially during the first few months of the pilot. This is natural as staff expend considerable effort to get the program up and running while recruiting clients. Once clients were recruited and actively participating in the Reschool program, more time was spent on program delivery by the advocates. Even with the limited number of

clients during the current pilot, in the final months of 2017 Reschool Program Delivery costs rose to a similar level as Program Operation costs.

Research Question 2: What are the cost implications of various size configurations of the Reschool program and how might savings to employers be considered?

In order to better understand the cost implications of various Reschool size configurations, APA created a cost model. The model is designed specifically to examine the costs to participating employers based on the number of their employees who participate in the program. The model allows the user to manipulate both the data and various assumptions such as turnover rate per client type, cost of turnover, and number of clients served. The study team created a handbook for Reschool to use in order to understand and allocate these costs.

The model is based on multiple assumptions, and it uses the current salaries of Reschool employees and advocates. One assumption is that each advocate is capable of serving a case load of 30 clients. This assumption was developed based on structured interviews which APA conducted with advocates towards the end of the pilot. These structured interviews allowed APA to probe with advocates, based on their actual experiences during the pilot, how much time they spent on average with each client on a weekly and monthly basis and how many clients that advocates found they could properly and adequately handle in a case load while maintaining fidelity to the program's expected design. Another assumption is that a manager of the advocates who helps oversee the program as a whole (such as Rebecca who served as an Advocate Manager during the current pilot) can handle a ranging case load depending on the size of the program and the number of advocates who require training and ongoing supervision. It is assumed that, if no advocates are hired by the program, then the Advocate Manager would handle the entire client case load but that, as more advocates are hired, the case load that the Advocate Manager can handle would be diminished. (Table 7)

Table 7 – Projected Client Caseload for Reschool Advocates

Advocate Caseload and Client Count			
# of Advocates	Caseload per Each Advocate	Caseload for Advocate Manager	Total Number of Clients
0	0	25	25
1	30	20	50
2	30	15	75
3	30	10	100
4	30	5	125
5	30	0	150
6	30	0	180
7	30	0	210

Another assumption the model makes is on the salaries to use. The model assumes 13.5 percent of an executive director's time will be spent on the program. This is based on the average time spent by the executive director during the Reschool pilot over the past year. The model assumes 100 percent of an advocate manager's time as well as 100 percent of all advocates time will be devoted to the program.

The cost model created by APA projects the cost to an employer for having employees in the reschool program. The model allows the user to input estimated turnover rates and the cost of turnover for each type of staff that is served. Table 8 shows an example of the staff an employer might have enrolled in Reschool, along with estimated turnover rates and cost of turnover for each type of staff.

Table 8 – Analyzing Turnover Rates and Costs

Employee Type	Number Served	% Expected Turnover	Cost of Turnover
Nurse	10	20%	$ 5,000
Housekeeper	35	40%	$ 3,000
Food Service	30	40%	$ 3,000
Technician	25	20%	$ 3,000
Reschool assumes it will decrease all turnover by 30%			

The example in Table 8 assumes that nurses will have a turnover rate of 20 percent and cost about $5,000 each time a nurse is replaced. Housekeepers are expected to have a turnover rate of 40 percent and a cost of $3,000 to replace, food service providers are given an expected turnover rate of 40 percent with a cost of $3,000 to replace, and technicians are expected to have a turnover rate of 20 percent with a cost of turnover of $3,000. The model lets the user manipulate these numbers to see what either the cost of turnover or the expected turnover percentage would need to be in order for Reschool to produce a net savings for any participating employer by reducing employee turnover.

For instance, if it could be shown that Reschool decreased turnover by 30 percent amongst the employees shown in Table 8, the model would create a calculation showing the projected dollar savings to the employer. This savings would be driven by producing a 30 percent reduction in the 20-40 percent expected turnover shown in the table, with each extra retained saving the employer either $5,000 in the case of a nurse, to $3,000 in the case of the other employee types. The model therefore allows employers and Reschool to examine many different scenarios to see what projected costs and savings might look like assuming different turnover rates and costs.

Another feature of the APA cost model is that it allows the user to examine and understand the per-employee cost of Reschool to the employer, and how this cost changes depending on the overall number of employees served. This allows Reschool and employers to better understand the opportunities and potential efficiencies associated with economies of scale when serving larger numbers of employees. Table 9 below shows the differing numbers of employees served and the resulting per employee cost.

Table 9 – Understanding Economies of Scale

Cost Variance by the number of Clients Served				
Number of Clients Served	Number of Advocates	Cost Per Client	Employer Covering 50% of Cost	Reschool Covering 50% of Cost
25	0*	$3,837	$1,918	$1,919
50	1	$3,118	$1,559	$1,559
75	2	$2,879	$1,439	$1,440
100	3	$2,759	$1,379	$1,380
101	4	$3,326	$1,663	$1,663

* Just the Advocate Manger would be needed to serve 1 -25 clients

As shown in the table, the costs per employee decreases every time the cohort served increases by 25 new participants. This is because at each interval of 25 the advocate and the advocate manager have

reached a full case load. The lack of efficiency in price occurs when Reschool adds the 26th person and must then hire an additional advocate. For example, when there are 100 clients being served the cost per client is $2,759; however, when 101 clients are served the cost rises to $3,326 per client. This is because at 100 clients the caseload of all the current advocates are completely full and the 101st person requires Reschool to hire another advocate. It is important for Reschool to be cognizant of the cost differential that occurs with each new client that joins the program. Understanding this cost can also help inform the proportion of cost that might be allocated to the employer. Ir instance, the last two columns in the table show the costs if the employer and Reschool equally splitting the total per client cost. When combined with a clear understanding of turnover cost, the employer's proportion of cost could be adjusted so that the overall cost to the employer is equal to or less than the savings associated with Reschool benefits, such as potential reductions in turnover.

It should be noted that the turnover costs shown in Table 8 are not based on a rigorous study of actual employer turnover costs, although APA did receive a preliminary estimate of turnover cost of $5,000 per employee from Embassy Suites. The study team recommends conducting such a detailed estimate of turnover costs in the future in order to support a more rigorous analysis of the benefit to employers of participating in Reschool and to inform a rigorous return on investment analysis.

Ideally, such a detailed estimate should be produced separately for every employer participating in Reschool, since employers have different employee models, different turnover expectations, and different costs associated with recruiting and retaining their employees. Conducting such detailed estimates for each employer participating in Reschool would have the added advantage of providing customized expectations and estimates that would inform and clarify Reschool and employer expectations.

One possible approach to produce such estimates is to use a tool similar to the one shown in table 10a. The APA team created the tool shown in Table 10a based on structured interviews with a manager team for one of employers participating in the Reschool pilot (Saint Joseph's hospital). As shown in the table, the tool captures several types of costs which the managers indicated that the hospital must absorb each time an employee leaves. Such costs include those associated with recruiting, reviewing applications, interviewing applicants, and hiring a new employee to fill a vacant position. Costs also include the need for managers or other supervisors to devote valuable time to mentor new employees, the need to invest in training and utilizing trainers to "shadow" new employees, and the need to spend dollars to conduct background checks, conduct drug tests, and to purchase supplies such as new uniforms for all new employees.

This type of tool, which can be customized for each business participating in Reschool, can help any employer to better understand, track, and record their full cost of employee turnover. In many cases, creation of such a tool can also help bring to light hidden or unseen costs which the employer bears every time an employee leaves that can cost the employer significant time and money. Understanding the full range of costs associated with turnover can be a key part of understanding the full extent of cost savings which may be associated Reschool support to employees.

Table 10a Example of a Tool to Collect Data on the Cost of Employee Turnover

	Hiring		Mentoring		Training			Orientation			Background Data Gathering			Supplies	
	Manager Time	HR Staff Time	*Time that other employees spend supporting or mentoring the new employee*	*Time that the manager spends supporting or mentoring the new employee*	*New Employee's Time*	*Manager time*	*Trainer to "Shadow" the New Employee*	*New Employee's Time*	*Manager time*	*HR Staff*	*Background Check*	*Employee Physical*	*Drug Test*	*New Uniform*	*Other supplies*
Food Services	Reviewing resumes; Creating job announcements; conducting interviews	Reviewing resumes; Creating job announcements; conducting interviews			2-5 days of new employee's time.	2-5 days	?	2 days	X # of days?	X # of days?	Cost?	Cost?	Cost?	Cost?	
Central Transport	Reviewing resumes; Creating job announcements; conducting interviews	Reviewing resumes; Creating job announcements; conducting interviews	30, 60, and 90 day check-ins with new employee at 1.5 hours each		2 weeks of new employee's time.	X # of days	Trainer who shadows new employee for 2 weeks at X hours per day.	2 days	X # of days?	X # of days?					
Environmental Services	Reviewing resumes; Creating job announcements; conducting interviews	Reviewing resumes; Creating job announcements; conducting interviews			?	X # of days	?	2 days	X # of days?	X # of days?					

A similar type of tool could also be created to help employers better understand how employee productivity might be enhanced by participation in Reschool. An example of such a tool is shown in Table 8b. As shown in the table, there are multiple ways to track impacts on employee productivity. These could include gathering data to understand impacts on employees when another employee is either tardy or unproductive and distracted at work.

For instance as Table 10b describes, when employees are absent or tardy due to pressures associated with finding the most appropriate education opportunities for their children, managers and other employees in their department might be forced to work extra hours —and receive overtime pay — in order to cover for the reduced staffing capacity. Employers might also be forced to locate, hire, and pay for temporary workers to fill in for a missing employee. Costs to the employer can also accrue when an employee is placed into corrective action for being tardy or less efficient in their work.

Again, creating customized tools such as this for every employer participating in Reschool could be a valuable way of helping them understand the full value of benefits that Reschool might provide. Helping employers understand the full value of such benefits could be of assistance to Reschool when negotiating the fees expected of the employer for supporting their employees to participate.

Table 10b Example of a Tool to Collect Data on Employee Productivity

	Tardiness			Employee Absence			Corrective Action			Temp Services	Other Costs	Other	
	Impact on Manager Time	*Impact on HR Staff Time*	*Impact on other employee time/estimated lost productivity*	*Impact on other employee time/estimated lost productivity*	*Estimated added overtime costs to cover absences*	*Impact on Manager time*	*New Employee's Time*	*Manager time*	*HR Staff*	*Temp service cost to fill in for absent employees*		*Other Employee Time*	*Manager Time*
Food Services								X # of days to conduct investigation?	X # of days?				
Central Transport								X # of days to conduct investigation?	X # of days?				
Environmental Services								X # of days to conduct investigation?	X # of days?				

Research Question 3: What are the successes and lessons learned from the employer perspective?

The APA study team conducted structured interviews with managers and leaders at Saint Joseph's hospital and at Embassy Suites. At both organizations there was discussion of the importance of retaining staff. Both employers also expressed an interest in developing a better understanding of why their employees choose to leave. Neither organization, however, appears to gather detailed data on why employees leave. Developing tools (such as an independently administered exit survey) to gather such data more systematically would help both the employers and Reschool to understand the key drivers behind employee turnover. Such tools could identify not only the primary reasons employees leave, but also how those reasons may or may not differ by a variety of factors, such as job type, employee length of tenure with the company, gender, age of children, and other demographic characteristics. Such data could help identify where targeted support from an organization such as Reschool might be most effective.

Interestingly, expectations for employee turnover and retention can vary by job type in some cases. For instance, Embassy Suites expects turnover to occur in higher-paid administrative leadership positions. This is because such turnover is viewed as a natural and necessary occurrence for employees in these positions to learn the trade by working for a variety of hospitality/hotel companies. For housekeeping and food service employees, however, it is believed that offering a program like Reschool could help not only recruit employees to join the organization but also to stay with the organization over time. Understanding the nuances and differences in expectations for different types of employees is an important consideration for Reschool as it expands and develops relationships with employers in the future.

Both employers in the pilot indicated that a strong positive selling point for Reschool was that providing added support to employees might help the employer "stand out" when compared to the benefits offered by other companies in the same industry. In this way, both employers indicated a perception and hope that participating in Reschool might give them a competitive edge over other companies in attracting and retaining employees. This concept of helping employers gain a competitive edge in a tight job market is a message which Reschool can continue to utilize as it reaches out to new employers to participate in the program.

One potential lesson learned from the Reschool pilot was the need to ensure that employers have clarity regarding the full range of requirements and expectations when participating in Reschool. This was particularly true with regard to understanding the employer role in recruiting employees to participate in Reschool. Since managers often face multiple demands on their time, their available bandwidth for organizing and supporting such recruitment efforts can be limited. This makes it critical to ensure that a clear recruitment process is in place at the beginning of each cohort, with expected time commitments and recruiting schedules laid out in advance.

Even with such clear expectations, recruitment may prove challenging, and employee word of mouth remains a critical resource to help promote the benefits of employee participation in Reschool. Employers and advocates participating in the pilot appear to agree that gaining the trust of employees is

essential in this regard. In fact, once an advocate is able to develop a relationship of trust with an employee, the potential for that employee to encourage their peers to participate in the program rises significantly. Incorporating opportunities to leverage success stories from the employee perspective – including potentially providing direct testimonials to prospective clients from those employees that have received Reschool support in the past – might be an effective means of utilizing word of mouth recruiting from trusted sources to encourage new clients to consider accessing Reschool support.

With regard to how Reschool impacts employee productivity, leaders at both Embassy Suites and Saint Joseph's report that employees are not required to give a reason for absences or tardiness. There is therefore only anecdotal evidence as to why employees miss work, and how these absences might relate to addressing the educational needs of their children. This anecdotal evidence does support the Reschool theory of action, which suggests that employee absences and lost productivity often involve arrangements for care and education of children. The summer, in fact, does tend to be a more challenging time for employees because school is out and there is more coordination that needs to take place to arrange for appropriate activities, education, and care of children.

Regardless of the time of year, however, employers agree that when parents must leave in the middle of the work day to tend to their child's needs it effects everyone in their department. In certain departments for instance, absences or tardiness from one employee can force the remaining staff to take on higher caseloads and can draw manager time away from other important duties. Both Embassy Suites and Saint Joseph's therefore view Reschool as a valuable resource not only to increase the efficiency of those employees specifically working with Reschool, but also to enhance the overall productivity of departments, which can benefit managers, supervisors, and those employees that do not access Reschool support.

Conclusion and observations

The following observations and recommendations are offered based on APA's data gathering and findings as presented in this report. These findings suggest that Reschool might:

- Continue messaging with employers that the program offers an opportunity to differentiate the benefit package they provide to their employees from the packages provided by their competitors. The message that Reschool could be a way to help employers gain a competitive edge in tight job markets is appealing to employers.
- Define with potential employers the outcomes they are most interested in addressing through Reschool for their employees. For some employee types, reducing turnover may not be the primary outcome identified by employers. Instead other factors might be identified, such as satisfaction while in the job, changes in employee goals for professional growth, increased productivity, higher evaluation ratings, or other factors identified that are specific to each employer. Defining such outcomes early in the outreach process to employers can help ensure that Reschool can tailor and align its own messaging and support.
- Conduct a review of the costs of employee turnover for each new employer. Such a review could be used to create a tool that helps employers track and understand more fully the extent of turnover costs over time, and can highlight how Reschool can best help to ameliorate such costs.
- Work with new potential employers to understand and identify productivity expectations for their employees. This could help identify metrics for measuring employee efficiency that could be built into a tool to help track such efficiency over time, and to inform discussions of how Reschool can contribute to enhanced employee efficiency.
- Consider design and feasibility of a future outcome study to help measure Reschool impacts on employees and their employers. Such a study could, for instance, examine:
    - Potential benefits of participating in reschool, such as increased employee satisfaction.
    - Whether participation in Reschool contributes to employees seeking to alter the trajectories of their own education or careers.
    - Include an examination of employee evaluation ratings and how such ratings might change over time after receipt of Reschool support.
    - Examine changes in employee productivity after receiving Reschool support.
    - Examine changes in retention/turnover rates after receiving Reschool support.

In addition to the suggestions and recommendations listed above, APA offers the following additional observations:

- A potential optimal level of employees served by Reschool is in the range of 90-100 employees. Serving this number of employees can help maximize economies of scale and reduce per-employee costs of Reschool to employers.
- APA has created a cost model for Reschool which has been shared in a separate document from this report. This model is a tool which Reschool leaders can utilize to understand different scenarios for operating the program to maximize efficiency and to understand the drivers of cost.

- Employers did not give a clear estimate of the amount they are willing to pay per employee in order to offer Reschool as a benefit. Further exploration of this topic could inform future reschool pricing strategies.
- Recruitment of employees to participate in Reschool was challenging during the pilot. Establishing trust with employees is essential to produce strong word-of-mouth marketing among employees. Employers and Reschool advocates agree such word-of-mouth support is critical. Use of employee success stories could be a useful strategy to build trust with future potential employee clients.