



INFANT & EARLY LEARNING CENTER FINANCIAL PROPOSAL

NOVEMBER 13, 2018

RENEE WEATHERLESS, EXECUTIVE DIRECTOR FINANCE



MAKING THE EARLY LEARNING CENTERS
FINANCIALLY SOLVENT

AGENDA

- Collaborative Process
- IELC Financial Statements
- Staffing and Staffing Ratios
- Enrollment
- Current Tuition Rates
- Short-Term Action Plan
- Proposed Rate Schedule
- Parent Survey Results
- Long-Term Ideas
- Other Questions

THE COLLABORATIVE PROCESS

- Meeting of Parents and other Stakeholders was held to present the financial position of the Infant & Early Learning Centers
- Small groups were facilitated to generate various revenue and cost-saving ideas
- A parent survey was conducted online to assess sensitivity to proposed changes
- A second forum was conducted to review the financial impact of ideas
- Parents and Stakeholders collectively agreed to the need for a short-term solution in addition to a long-term plan
- Parent forums were streamed on Facebook live

IELC FINANCIAL STATEMENT

	FY13-14 Actuals	FY14-15 Actuals	FY15-16 Actuals	FY16-17 Actuals	FY17-18 Actuals	FY18-19 Estimate
Fund Balance	0	(206,691)	(877,329)	(1,006,326)	(1,592,359)	(1,661,309)
Revenue	21,248	1,718,028	2,106,659	2,099,580	2,663,198	2,941,489
Salaries & Benefits	36,875	2,313,721	2,182,050	2,337,257	2,673,313	2,711,995
Supplies	86,561	35,916	47,177	11,876	41,383	45,000
Meal Costs		0	0	321,028	325,933	188,000
Utilities		0	0	0	164,503	164,950
Credit Card Fees		0	0	615	34,630	35,000
Other	104,504	39,030	6,428	14,837	7,667	5,998
Total Expenses	227,940	2,388,666	2,235,656	2,685,613	3,247,427	3,150,943
Net Profit/(Loss)	(206,691)	(670,638)	(128,997)	(586,033)	(584,229)	(209,454)
Transferred to Auxiliary Fund					+515,279	
Ending Fund Balance	(206,691)	(877,329)	(1,006,326)	(1,592,359)	(1,661,309)	(1,870,763)

* Revenue amount was incorrect in prior presentation

Salaries & Benefits	FTE	Annual Salaries
Brictha Early Child Care Spec	34.44	967,837
Clerk/Receptionist	2.5	59,925
Coord-IF Lrning Ctr	2	108,659
Custodian	1	24,076
Custodian-Gnds Maint Wrkr	2	52,499
Director – Comm. Sch. Pre-K	0.1	7,688
FS Cafeteria Worker Lead	1	23,078
Schum. Early Child Care Spec	29	792,889
Total Salaries	72.04	2,036,650
Temporary pay		8,500
Overtime		41,000
Benefits 30%		625,845
Total Salary & Benefits		2,711,995

IELC SALARIES AND BENEFITS = 86% OF TOTAL EXPENDITURES

FY20 MINIMUM WAGE
INCREASE :

\$12 = +\$359K +13.2%

\$13 = +\$596K +22.0%

\$14 = +\$839K +30.9%

STAFFING RATIOS

R9-5-404. STAFFING RATIOS:

- A. A licensee shall ensure that at least the following staff-to-children ratios are maintained at all times when providing child care services to enrolled children:
- B. Age Group Staff: Children
 - Infants 1:5 or 2:11
 - 1-year-old children 1:6 or 2:13
 - 2-year-old children 1:8
 - 3-year-old children 1:13
 - 4-year-old children 1:15
 - 5-year-old children not school-age 1:20
 - School-age children 1:20

IELC ENROLLMENT FY18

Month	Infants	Age 1	Age 2	Age 3	Age 4	Total
July	31	44	66	88	103	332
August	45	53	84	91	120	393
September	34	58	73	93	122	380
October	37	53	76	90	129	385
November	39	55	76	101	136	407
December	34	57	71	78	156	396
January	36	57	75	80	155	403
February	40	50	76	74	175	415
March	45	54	81	80	171	431
April	40	58	72	79	177	426
May	41	54	75	79	162	411
June	34	49	61	69	139	352
Monthly average	38	53	74	83	145	394

IELC TUITION RATES EFFECTIVE FEB. 1, 2018

Fee Schedule

February 1, 2018

Sites: Brichta and Schumaker

Tuition Rates For A Monthly Payment Plan (12 Payments)	Infant	One Year Old	Two Year Old	Three Year Old	Four Year Old
TUSD Employees	\$714	\$643	\$622	\$591	\$561
TUSD Partners	\$756	\$680	\$644	\$613	\$580
TUSD Public	\$840	\$756	\$732	\$696	\$660
Tuition Rates For A Bi-Weekly Payment Plan (26 Payments)					
TUSD Employees	\$329.53	\$296.76	\$287.07	\$272.76	\$258.92
TUSD Partners	\$348.92	\$313.84	\$297.23	\$282.92	\$267.69
TUSD Public	\$387.69	\$348.92	\$337.84	\$321.23	\$304.61
Tuition Rates For A Weekly Payment Plan (52 Payments)					
TUSD Employees	\$164.76	\$148.38	\$143.53	\$136.38	\$129.46
TUSD Partners	\$174.46	\$156.92	\$148.61	\$141.46	\$133.84
TUSD Public	\$193.84	\$174.46	\$168.92	\$160.61	\$152.30

SHORT-TERM PLAN TO BREAK EVEN IN FY19

	6-Month	12-Month
Implement 6% Rate Increase to cover remaining loss in FY19 and eliminate the partnership rate effective 1/1/19	\$157k	\$314k
Pass credit card fees to parents/payer	\$17k	\$35k
Create a \$50 bi-annual Supplies Fee	\$19k	\$39k
Eliminate holiday pay (winter/Rodeo)	\$20k	\$25k

PROPOSED RATE INCREASE

Implementing a 6% rate increase and eliminating the partnership rate effective Jan. 1, 2019 necessary to breakeven in FY19 would result in the following:

Rate	% Increase	Approx. \$ Per Week	6-Months	12- Months
Parents on Partnership	18-21%	\$30-\$34	\$96k	\$192k
Public	6%	\$10-\$11	\$35k	\$70k
Employee	6%	\$8-\$11	\$26k	\$52k
TOTAL			\$157k	\$314k

- Parents on currently on the Partnership rate would incur a total rate increase between 18-21% as they would be bumped up to the new public rate
- Parents currently on the employee and public rates would incur a 6% rate increase

PROPOSED RATE SCHEDULE

Implementing a 6% rate increase and eliminating the partnership rate effective Jan. 1, 2019 necessary to breakeven in FY19 would result in the following tuition rates:

Monthly Rate	Infant	Age 1	Age 2	Age 3	Age 4
Public	\$890	\$801	\$776	\$738	\$700
Employee	\$757	\$682	\$659	\$626	\$595

Fee Schedule

February 1, 2018

Sites: Brichta and Schumaker

Tuition Rates For A Monthly Payment Plan (12 Payments)	Infant	One Year Old	Two Year Old	Three Year Old	Four Year Old
TUSD Employees	\$714	\$643	\$622	\$591	\$561
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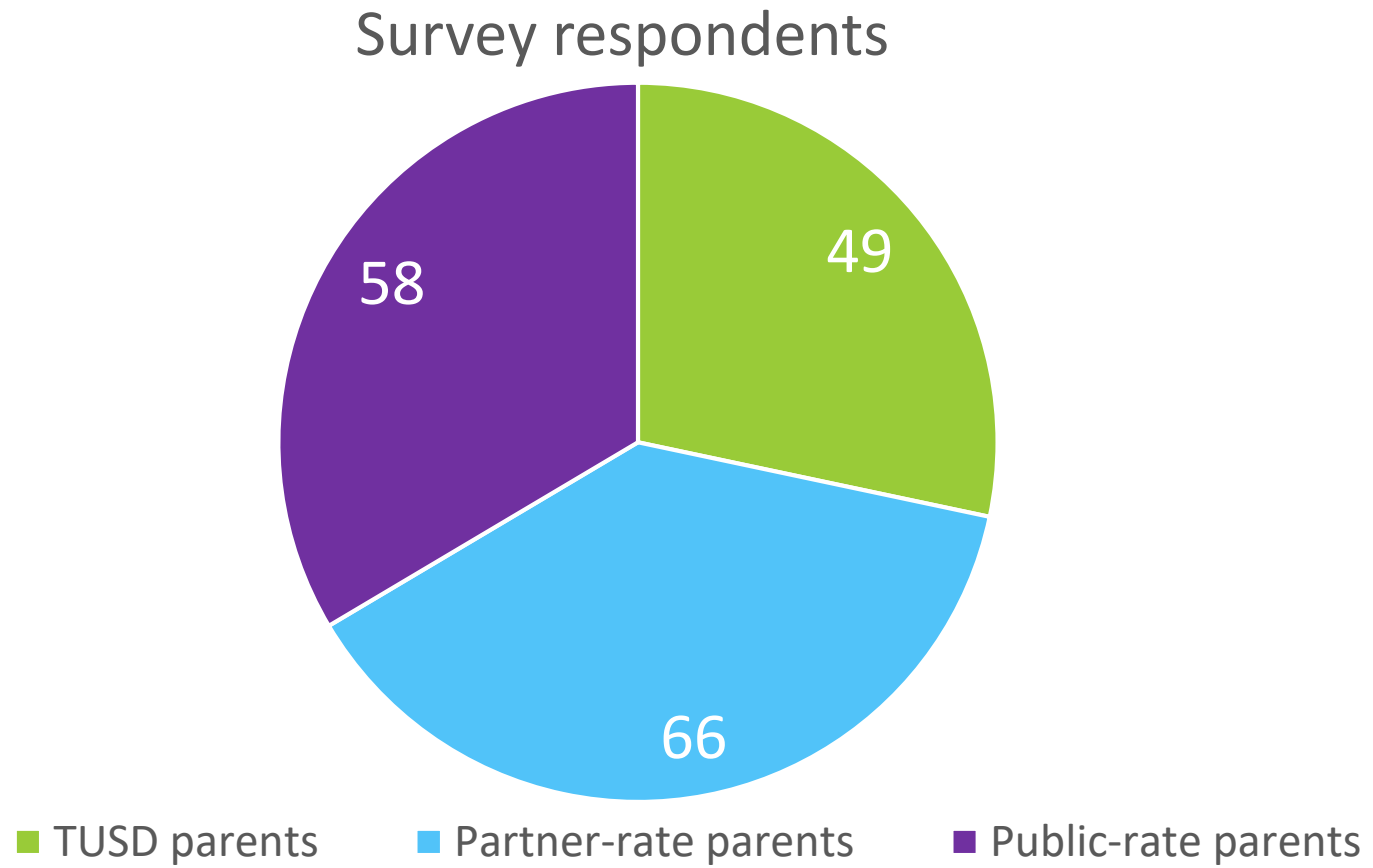
INFANT & EARLY LEARNING CENTER ONLINE PARENT SURVEY

SPECIAL THANKS TO MS. MARTHA DAWSEY FOR PREPARING THE FOLLOWING
SURVEY PRESENTATION

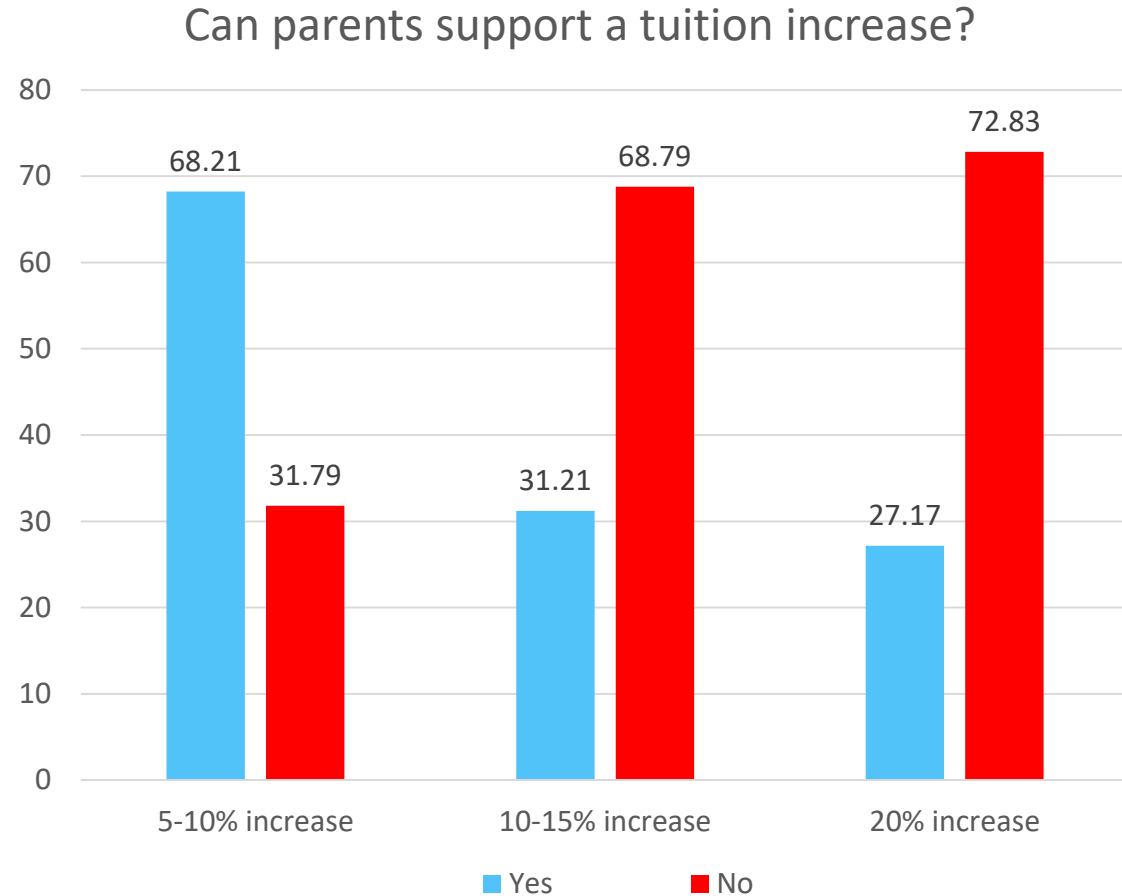
SURVEY QUESTIONS

- Q1. Are you a TUSD employee?
- Q2. If no, are you a partner-rate parent?
- Q3. Are you able to support a modest tuition increase (5-10%)?
- Q4. Are you able to support a more significant tuition increase (10-15%)
- Q5. Are you able to support a tuition increase to support long-term state-required raises to minimum wage (20%)?
- Q6. Would any of the above factors cause you to leave the IELCs?
- Q7. If so, which one? A) 5-10% B) 10-15% C) 20%
- Q8. If you are a partner-rate parent, would you be able to support public-rate tuition if it meant protecting the TUSD employee rate?
- Q9. Would you support the TUSD school calendar including school-year only holidays and breaks?
- Q10. Are you able to support a coordinated summer shutdown for 1-week?

SURVEY RESPONDENTS = 173



CAN ALL PARENTS SUPPORT A TUITION INCREASE?*

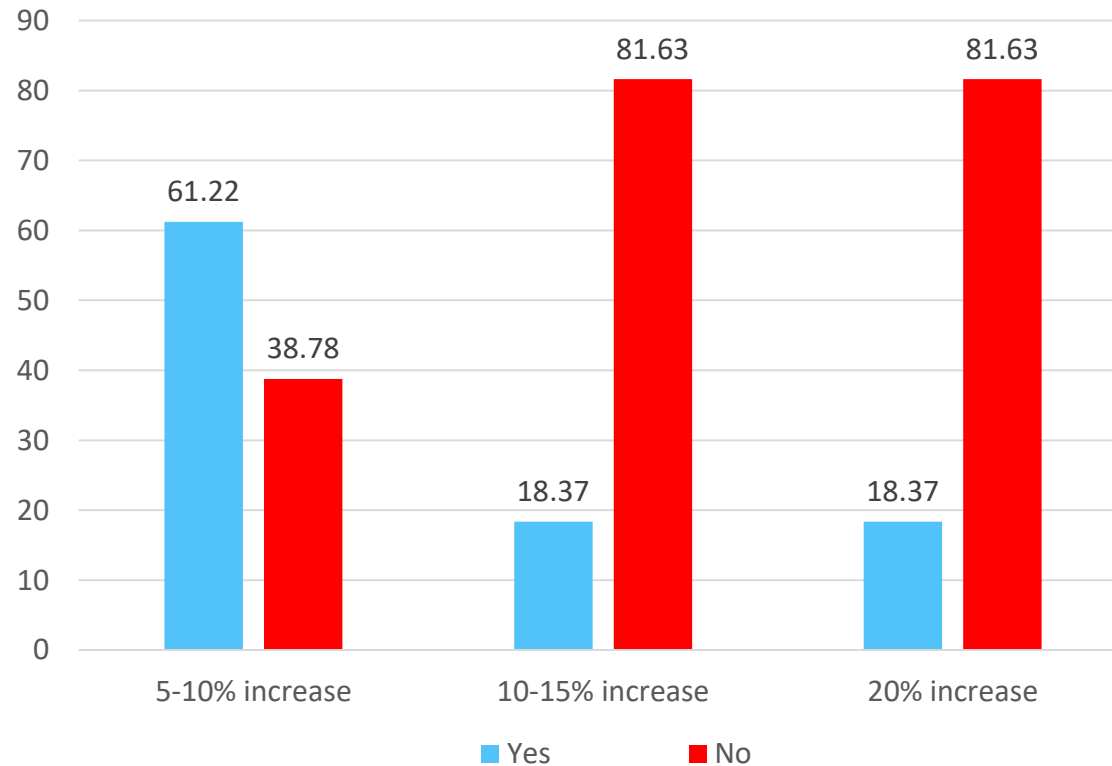


Tuition Increase	Yes	No
5-10%	68.21%	31.79%
10-15%	31.21%	68.79%
20%	27.17%	72.83%

*Includes TUSD rate, partner-rate, and public-rate parents.

CAN TUSD EMPLOYEE PARENTS SUPPORT A TUITION INCREASE?

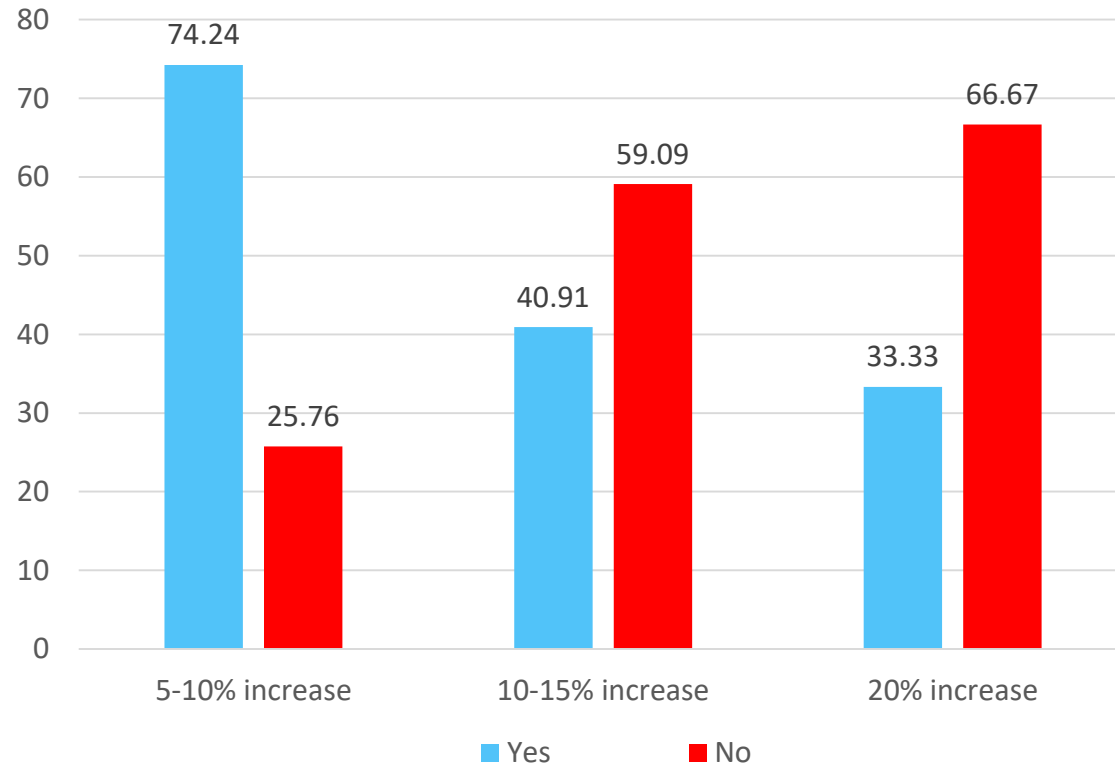
Can TUSD parents support a tuition increase?



Tuition Increase	Yes	No
5-10%	61.22%	38.78%
10-15%	18.37%	81.63%
20%	18.37%	81.63%

CAN PARTNER-RATE PARENTS SUPPORT A TUITION INCREASE?

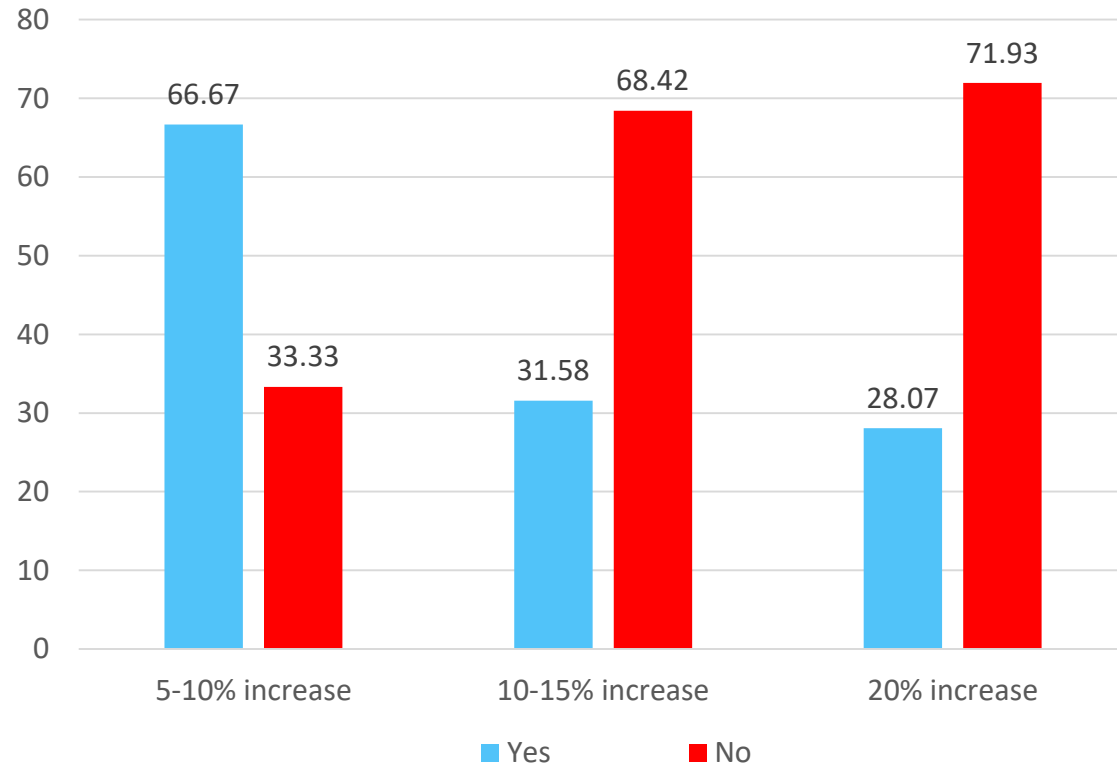
Can partner rate parents support a tuition increase?



Tuition Increase	Yes	No
5-10%	74.24%	25.76%
10-15%	40.91%	59.09%
20%	33.33%	66.67%

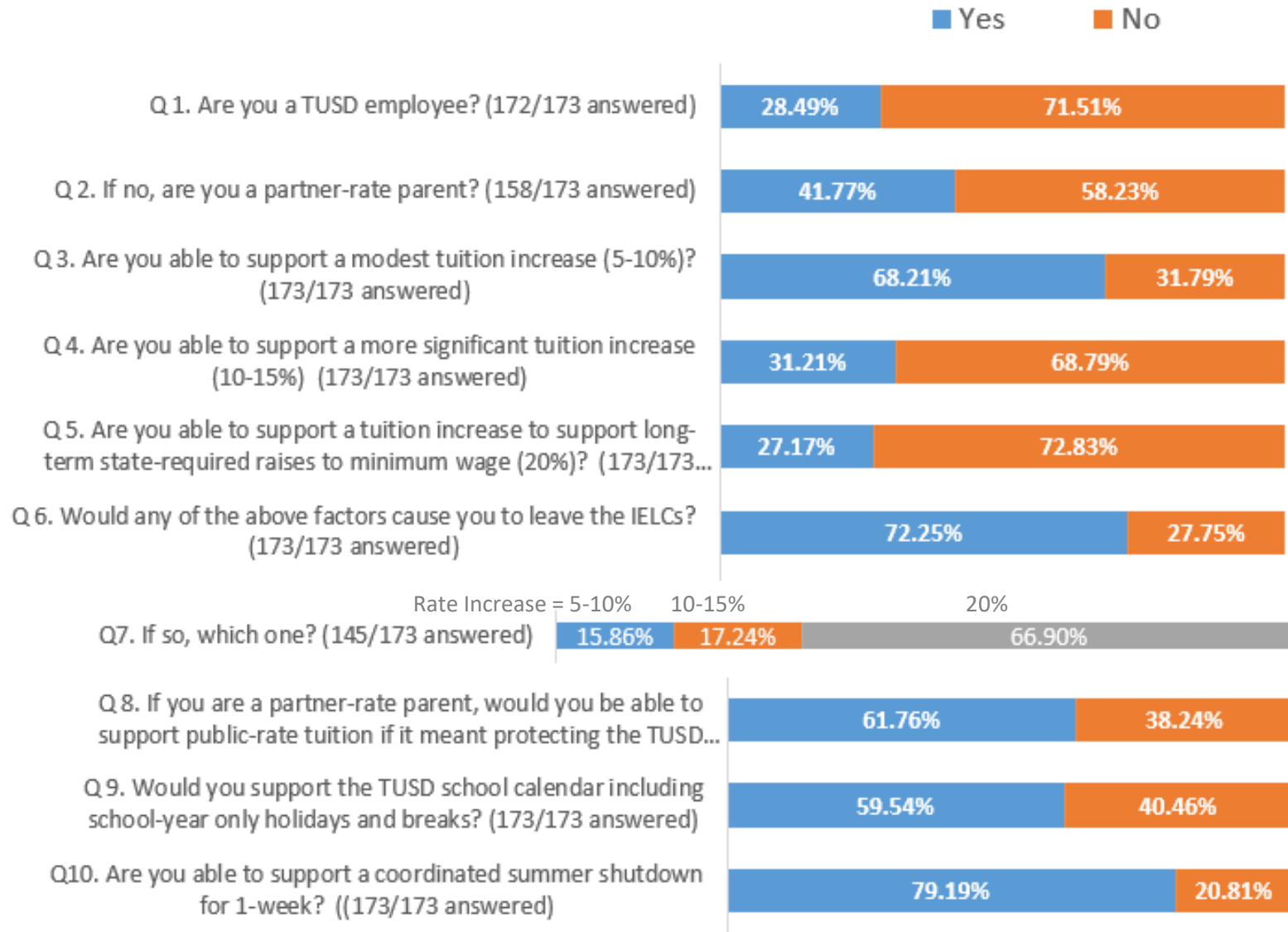
CAN PUBLIC-RATE PARENTS SUPPORT A TUITION INCREASE?

Can public rate parents support a tuition increase?



Tuition Increase	Yes	No
5-10%	66.67%	33.33%
10-15%	31.58%	68.42%
20%	28.07%	71.93%

SUMMARY OF SURVEY QUESTIONS: 173 RESPONDENTS



SURVEY CONCLUSION

- Two-thirds of Partner-rate parents would be able to support an increase to public-rate tuition if it meant protecting the TUSD employee rate.
- At 74%, the Partner-rate parents have the highest rate of acceptance of a small tuition increase of 5-10% and indicate the most support for tuition increases.
- TUSD Employee parents have the lowest acceptance of a 5-10% tuition increase, at 61%.
- Up to 72% of parents would consider leaving the IELCs due to the tuition increases, while only 27% of parents could stay regardless of increases.
- The 20% tuition increase generated the greatest resistance from all parents

LONG-TERM REVENUE-SAVINGS-INVESTMENTS

	6-Month	12-Month
Maximize Enrollment - Brichta	\$229k*	\$458k*
Maximize Enrollment - Schumaker	\$170k*	\$340k*
Create Suspended Service Fee	\$0-10k	\$0-15k
Increase Marketing & Promotion	(\$5-10k)	(\$5-15k)
Contract Financial Consultant	(\$5k)	(\$5k)
Minimum Wage Impact \$12 in FY20	(\$180k)	(\$360k)

* Maximizing enrollment could result in additional staffing needs

AVAILABLE ENROLLMENT CAPACITY BY SITE

THE CENTERS COULD ACCEPT THE FOLLOWING NUMBER OF STUDENTS WITHIN EXISTING CLASSROOMS

Brichta

(6 months at public rate) = \$229k

Infant – 1 (\$5,040 per student)

Age 1 – 1 (\$4,536 per student)

Age 2 – 11 (\$4,392 per student)

Age 3 – 22 (\$4,176 per student)

Age 4 – 20 (\$3,960 per student)

Shumaker

(6 months at public rate) = \$170k

Infant – 4 (\$5,040 per student)

Age 1 – 0 (\$4,536 per student)

Age 2 – 5 (\$4,392 per student)

Age 3 – 7 (\$4,176 per student)

Age 4 – 25 (\$3,960 per student)

OTHER LONG-TERM IDEAS

Seek partnerships with local agencies and foundations

Apply for grants

Establish minimum enrollment needed before opening a new class/program

Look into solar panel options at the centers

Rent/Lease options for center facilities including kitchens

Establish shortened hours of operation and charge premiums for extended hours usage

Would the District consider picking up the employee discount as part of employee benefits and allow the IELC to charge the public rate?

Implement a 12-month prepayment discount

Explore ACH payment options to reduce credit card fees

OTHER LONG-TERM IDEAS

Continue to track retention of IELC students into TUSD schools to monitor academic success

Would the District consider picking up the employee discount as part of employee benefits and allow the IELC to charge the public rate?

Provide open enrollment incentive to IELC students to attend their first school of choice

Offer Kindergarten grade at centers if they are not at capacity

Market IELCs at all hospitals, OB-GYN offices, pediatrician offices, baby expos, etc.

Conduct energy efficiency audit to reduce utility costs

Recruit parent volunteers to help reduce staffing costs

OTHER QUESTIONS

How much did revenue the 20% rate increase produce? \$218k

Are the centers currently at capacity? Brichta = 205 / 277 Schumaker = 155 / 330

What is the cost savings if the centers closed for 1 week and tuition is not refunded? \$50k
savings would only be generated if employees were furloughed (not paid)

What would happen if the centers closed for 1 week and tuition was not charged? A loss -\$15k

What percent of rate increase is needed across the board to break even in FY19? 14%
effective Jan. 1, 2019 which would result in \$212k additional revenue

Can the centers reduce overhead by eliminating office staff? No, office staff is already assisting in all areas of the operation in order to keep costs low. They could not operate with fewer FTE.

Can IELC staff be taken out of the bargaining agreement to save money?

OTHER QUESTIONS

What was the retention of IELC students into District schools? In May 2018, 68% of Schumaker families surveyed said they enrolled in a TUSD school. A total of 58% of Brichta families surveyed said they enrolled in a TUSD school.

Is delinquent tuition unrealized revenue? Yes.

Why is Child and Adult Care Food Program (CACFP) not being used? Not enough families qualify for free and reduced lunch. Therefore, participation in the CACFP would not provide enough reimbursements and would result in higher costs.

RECAP OF FY19 FINANCIAL PLAN

	6-Month
Implement 6% Rate Increase to cover remaining loss in FY19 and eliminate the partnership rate effective 1/1/19	\$157k
Pass credit card fees to parents/payer	\$17k
Create a \$50 bi-annual Supplies Fee	\$19k
Eliminate holiday pay (winter/Rodeo)	\$20k
Total	\$213k
Projected Loss	(\$209k)
Net	\$4k

Long Term Plan

- Continue collaboration with parents to proactively present a long-term plan to the governing board in May 2019
- Establish sustainable financial plan that will encompass future rate increases, minimum wage increases, capital investments, etc.

QUESTIONS?