

Response to RFI from Board President Michael Hicks:

Infant Early Learning Centers (IELCs)

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Overview

- Why were IELCs established?
- What is the mission of the IELCs?
- Introduction of Brichta and Shumaker
- Who are the IELC's customers?
- AZ Dept. of Health Services Mandatory Ratios
- Monthly Tuition Rates
- Income Statements
- Capacity Levels vs Enrollment
- How many IELC graduates attend TUSD's schools?
- Percentage of children on Free and Reduced Lunch
- When are the costs highest and what are significant cost drivers?

Executive Summary

- The overhead costs are minimal since each IELC has only 1 FTE site coordinator, 1.5 FTE custodians, and 1.5 FTE office staff. These employee's salaries total to \$115,313.62 at Brichta and \$104,951 at Shumaker.
- Although, overhead costs are minimal both IELCs are losing money. For FY 2017, Brichta had a net loss of **\$241,063.16** and Shumaker had a net loss of **\$334,830.81**. This does not include food costs and utilities, which combine for \$251,142 at Brichta and \$240,369 at Schumaker.
- Majority of spending directly impacts the children.
- The mandatory child-to-staff ratios, AZ retirement benefits, and overtime pay during the holiday breaks, significantly drive up costs.

Why were IELCs established and what is the mission?

- IELCs were established to provide affordable child care to TUSD employees. Subsequently, IELCs started to provide that affordable care to the local community. To illustrate, when IELCs first opened only TUSD employees could place their children in the infant and 1 year old rooms, but later community children were added.
- The mission is to support TUSD's employees and the community by providing quality child care in an environment that provides the skills to ensure that children are prepared for success and ready to learn.

Introduction to Brichta and Shumaker

Brichta (West)

Position	# of Employees
Site Coordinator	1
Office Staff	1.5
Custodians	1.5
Teachers	48*
Cafeteria Staff	2
Total	54*

Shumaker (East)

Position	# of Employees
Site Coordinator	1
Office Staff	1.5
Custodians	1.5
Teachers	35*
Cafeteria Staff	2
Total	41*

*At each site two teachers are funded from the Preschool Development Grant. Therefore, those four teachers are not included in the IELC's budget. As a result, 46 teachers at Brichta and 33 teachers at Shumaker are included in the IELC's budget.

Who are the IELC's customers?

- TUSD's employees.
- Intergovernmental Agreement (IGA) - UA employees, military, City employees, and government.
- Individuals who receive Department of Economic Security (DES) support.
- Individuals who receive the ADE Preschool Development Grant (PDG). This grant is given to those families who would not normally be able to provide their child with the preschool experience because of their socioeconomic status. Shumaker has 13 children and Brichta has 20 children that receive the PDG.
- The public.

Who are the IELC's customers?

Brichta as of 10/4/2017						
Children Belonging to	# of Infants	# of 1 Yr Olds	# of 2 Yr Olds	# of 3 Yr Olds	# of 4 Yr Olds	Totals
IGA	4	12	17	26	24	83
TUSD	7	5	14	17	22	65
Public	4	6	9	13	17	49
DES	0	1	4	6	3	14
Total before PDG children						211
ADD PDG children						20
Total children enrolled @ Brichta						231

Who are the IELC's customers?

Schumaker as of 10/18/2017						
Kids Belonging to	# of Infants	# of 1 Yr Olds	# of 2 Yr Olds	# of 3 Yr Olds	# of 4 Yr Olds	Totals
IGA	4	7	10	2	18	41
TUSD	8	8	12	20	18	66
Public	5	10	9	9	16	49
DES	0	4	4	6	7	21
Total before PDG children						177
ADD PDG children						13
Total children enrolled @ Schumaker						190

AZ Dept. of Health Services Mandatory Ratios

Staff to Children Ratios

- Infants 1:5 or 2:11
- 1 year olds 1:6 or 2:13
- 2 year olds 1:8
- 3 year olds 1:13
- 4 year olds 1:15
- 5 year olds 1:20

• According to: *AZ Admin Code & ARS for Child Care Facilities*; Article 4. Facility Staff, R9-5-404

Monthly Tuition Rates

Customer	Infant	One Yr Old	Two Yr Old	Three Yr Old	Four Yr Old
TUSD Employees	\$595	\$536	\$519	\$493	\$468
IGA	\$630	\$567	\$537	\$511	\$484
Public	\$700	\$630	\$610	\$580	\$550

Brichta's FY 2017 Income Statement

Tuition	\$1,120,426.15	
DES Revenue	\$84,459.71	
Total Income		\$1,204,885.86
Salaries	(\$1,019,284.46)	
Benefits	(\$251,870.84)	
Supplies	(\$168,153.03)	
Capital Purchases	(\$658.69)	
Other	(\$5,982.00)	
Total Expenses		(\$1,445,949.02)
NET DEFICIT		(\$241,063.16)*

*This deficit does not include food costs and utilities which are paid by TUSD. See following slide.

Additional Expenses Not Included in Brichta's Income Statement

Brichta's Additional Expenses	Total Amount Paid for FY 2017
Food Costs	\$160,590
Electricity	\$63,369
Natural Gas	\$4,157
Water	\$9,324
Irrigation	\$11,844
Refuse	\$1,387
Recycling	\$471
Total	\$251,142

Shumaker's FY 2017 Income Statement

Tuition	\$792,003.92	
DES Revenue	\$102,443.96	
Total Income		\$894,447.88
Salaries	(\$831,696.71)	
Benefits	(\$224,634.50)	
Supplies	(\$164,751.44)	
Capital Purchases	(\$2,214.04)	
Other	(\$5,982.00)	
Total Expenses		(\$1,229,278.69)
NET DEFICIT		(\$334,830.81)*

*This deficit does not include food costs and utilities which are paid by TUSD. See following slide.

Additional Expenses Not Included in Shumaker's Income Statement

Shumaker's Additional Expenses	Total Amount Paid for FY 2017
Food Costs	\$134,791
Electricity	\$71,994
Natural Gas	\$4,691
Water	\$7,467
Irrigation	\$19,568
Refuse	\$1,387
Recycling	\$471
Total	\$240,369

Capacity vs. Enrollment

	Shumaker	Brichta
Capacity Based on Licensing	391	277
Number of Children Currently Enrolled	190	231

Percentage of FY17 IELC graduates that entered kinder at TUSD schools

- **Brichta**- 29 (43%) out of 67 graduates entered kinder at a TUSD school.
- **Shumaker**- 22 (52%) out of 42 graduates entered kinder at a TUSD school.

Percent of Free and Reduced (F/R) Lunch Eligible

- If TUSD was not a School Food Authority, the district would receive no reimbursement from the state for F/R (under the Child and Adult Care Food Program). It would be ideal for the IELCs to have greater than 25% F/R eligible children to make the program more affordable for the district.
 - The table below shows TUSD's F/R eligible compared to the IELC's F/R eligible.

Tucson USD	Brichta	Schumaker
63.68%	18.22%	9.65%

Cost Drivers and Benefits

Significant Cost Drivers

- Small staff to children ratios based on licensing requirements.
- Benefits (ASRS and Insurance Cost).
- Holiday breaks where staff has to be paid OT. (Dec 2016 example: Brichta \$17k in OT & Schumaker \$18k in OT)
- Supplies.

Significant Benefits of IELCs

- Able to prepare children for success and a learning environment.
- Able to provide low cost care for TUSD employees, while ensuring the kids receive a quality education.
- Allows TUSD principals to build relationships with IELC parents to recruit children to TUSD schools.
- Low overhead- most spending directly impacts the children.