



CHILDCARE LEARNING CENTERS



## Childcare Learning Centers City Operating Budget Presentation Narrative:

### Budget Request:

2013-2014	2014 – 2015 Request
\$75,000	\$350,000

Budget Increase: -1.2%

Human Capital/Personnel Change: -2.2%

Childcare Learning Centers is requesting \$350,000 in operational funding for the 2014-2015 year. After 3 years of keeping our operating budget requests flat, our new request provides us with funds needed to close the growing gap between our federal food subsidies and the true cost of providing this program. The combination of state, local, and federal support along with family fees covers only 85% of CLC's total costs to provide high quality early childhood education for each child. Fully 15% of expenses must be raised by outside sources, a significant challenge in these economic times. Consequently, we are projecting a deficit again in FY2014-15.

**CLC has undertaken significant steps to reduce our expenses and improve our operational efficiencies, eliminating \$1.2M from our operating budget in FY2008-2009, an additional \$300,000+ in FY2009-2010, \$725,000+ in FY2010-11, \$700,000+ in 2011-12, \$700,000+ in 2012-13, and \$562,000 in 2013-14. Our recent audit showed that \$.86 of every CLC dollar is spent on programming for our children. The industry standard is \$.65 per dollar. In addition, every \$1 spent on a preschool education reduces the longer term costs of remediation, incarceration, teenage pregnancies, high school drop out rates, and homelessness.**

Cuts to the state-funded Care4Kids program and State Head Start Program resulted in average revenue losses each of the last three years of over -\$500K. In addition, our

Federal Head Start program was forced to cut its budget by 5% (\$120,000) as a result of the government Sequester. This has reduced staff and the number of Head Start children served. These types of changes in state and federal funding have made it very difficult for CLC to maintain operations at the present level. Collectively, these reductions in funding and unfunded increases in teacher credentialing and student-teacher ratios have made it increasingly difficult for CLC to sustain its high quality programming. We continue to evaluate all positions and operations to become more efficient while maintaining our accreditations; however, the agency has now reached the point where additional cuts will impact our programming.

CLC's largest budget line item is teacher salaries and benefits. A newly negotiated teacher contract and new federal and state mandates requiring changes in staffing patterns and teacher credentialing have increased this line item expense by \$1.4M over the next three years. These salary increases of 3% per year for the next 3 years are necessary for CLC to remain competitive and at the same time maintain required staffing levels and new mandates.

Our next largest budget line item expense is our Child and Adult Care Food Program (CACFP). Government subsidies cover only 60% (\$550,000) of the total cost of this program (\$900K). The program provides all CLC children with 80% of their nutritional requirements daily, leaving us with a gap of \$350,000 each year that must be covered through outside sources. Ensuring children have proper nutrition is critical to our programming because kids who are tired, sick, or hungry cannot learn.

CLC currently serves nearly 1000 children and families in Stamford and the surrounding community by providing affordable early childhood services that allow parents to find and keep jobs. Fifty percent (50%) of the incoming kindergartners to the Stamford Public Schools each year are CLC graduates.

**Performance Measurement and Improvement:**

*Key Performance Metrics:*

- CLC is projecting a financial deficit of \$590,017 in 2013-14.

	<b>Revenue Per Child (Fed, State, Parent Fees)</b>	<b>Cost Per Child (total expense/954 children)</b>
Per Child @ 6/30/12	\$12,267	\$14,262

<b>Categories</b>	<b>Revenue Totals</b>	<b>Expense Totals</b>
Grants	\$9,246,592	
Fees + Care for Kids	\$2,456,022	
Salaries & "Benefits"		\$8,775,077
Other Direct & Indirect		\$4,831,033

CLC sites are accredited by NAEYC or the Office of Head Start Monitoring (OHSM). Our Head Start/Early Head Start program completed its tri-annual review in October, 2011 and received very high ratings. Our William Pitt facility completed its re-accreditation in 2012 and received very high ratings. Our Palmers Hill revalidation also received an excellent rating in 2012. Accredited sites receive higher levels of state and federal funding.

*Performance Benchmarks (2013--2014)*

- CLC has been awarded \$1.4M to renovate the K-Wing of our Maple Avenue campus (former Roger's school campus) to expand the number of slots offered to the community and/or to consolidate two additional satellite sites at this location. Savings in rent and utilities could add up to \$52,000. (Over the last 4 years, CLC has contracted from 17 to 7 sites around the community while continuing to serve nearly 1000 children and their families).
- CLC implemented Phases I and II of our collaboration with Yale University to create a lab school on site to test, develop, and deliver a new preschool program in Emotional Literacy, which when tested with K-12 children showed a high correlation to academic success. This three year partnership and grant from the Federal Institute of Education Sciences will save CLC \$150,000 in teacher training expense over the 3 year period.

*Performance Improvement Plans (2013-2014)*

- CLC completed an organization assessment and trained its board of directors in fundraising skills to grow our major donor program with the goal of obtaining \$710,000 in 2013-14.
- CLC maintained accreditation and licensing status at all sites, thus sustaining higher levels of state and federal funding.
- CLC reduced our full time teaching positions by 4 and our staff by 4.5 (part time kitchen monitor; education coordinator, Care4Kids subsidy clerk, Head Start family service worker, and SVP of Development). Total savings: \$400K

**Budget Management**

*Cost Reductions, Transformations, and Process Improvements in 2013-2014*

<b><u>Action</u></b>	<b><u>Savings</u></b>
4 Teaching Position reductions	\$150,000
4.5 Staff Position reductions	\$250,000
Capped tuition reimbursement expense	\$25,000
Consolidate one satellite site	\$52,000
Secured new auditing firm and eliminated all but essential professional services	\$85,000
Year 2 of Yale University on-site, training programs (In -Kind)	\$50,000

*Cost Analysis and Spending Priorities*

- CLC has analyzed its operating budget according to State and Federal required services and mandates and has addressed all possible reductions.
- We have no priorities left to consider unless the agency gives up its current funding sources.
- Cost drivers: union contract, number of children, regulations requiring greater numbers of highly credentialed teachers, increases to teacher salaries to remain competitive
- Key operational changes:
  - ◇ Consolidation of satellite sites (Franklin Commons and/or Yerwood at Maple Avenue site)
  - ◇ Expand K-Wing at Maple Avenue to serve 60 more families
  - ◇ Investments in development activities to grow the number of contributors to the major donor program and annual appeal, number of grant requests funded, and number and type of community initiatives and special events.

*Business Case and Justification for increases in resources requested: N/A*

*Funding Scenarios: 3% - 10%*

Reductions in numbers of children served/elimination of programs and funding sources. Our agency audit has warned that CLC may have exceeded the maximum recommended ratio of direct to indirect expense to continue operating with sufficient support to maintain accreditation and licensing requirements needed to qualify for state and federal funding.