

BOR Finance Committee Operating Budget Comments 2021-2

April 14, 2021

Marc E. Jaffe

CEO

Children's Learning Centers of Fairfield County, Inc. (CLC)

Due to COVID-19, 2020-21 has been an extraordinary year. Unlike the public schools, CLC reopened a site end of March 2020 and all of its sites late June 2020. We have been open and functioning at 7 locations serving more children than any other childcare program in the State of CT. for the last 10 months.

That being said, it has been extremely challenging. We have managed to lay no one off of our approximately 240 employees, many of whom are Stamford residents. We are currently about 215 employees. We will have lost approximately \$2MM due to significant decreases in major revenue streams such as parent fees and Care For Kids and added expenses due to strict COVID protocols. Thankfully, that has been made up by \$2.15MM in PPP \$\$.

There has been no reduction in program services although we shortened hours from 10 hours a day to 8.5. However we are moving towards returning to our normal hours and increasing enrollment.

Despite the difficulties, CLC introduced two significant agency improvements. We invested significantly in enhanced technology capabilities and introduced **BPK**, Blended PreK, which allowed us to support our families and children remotely while remaining engaged with our parents who are currently not allowed in the buildings. We also expanded our very successful partnership with Columbia Medical School. Columbia's Nurture Science Program introduced their **Family Nurture Intervention (FNI)** which is a two generation program to support emotional connection between mother and child resulting in improved behavior of the child and less depression by the mother. We see this as being a powerful and critically important tool in addressing what will be the next pandemic, the mental health crisis resulting from COVID. Both programs will be fully engaged in 2021-22.

We do not anticipate curtailing any programs in 2021-22.

Our challenges are myriad. We can finalize a 2021-22 budget because our largest funder, the State of CT., has not revealed its funding plans for the year. We do anticipate increases although the magnitude is unclear. Our expenses will go up substantially as we incorporate minimum wage increases and its rippling effects throughout our cost structure. We also have ongoing increased expenses due to COVID.



City of Stamford Unaffiliated Organizations Operating Request

Request Amount: \$85,000

Contact: Marc E. Jaffe, CEO marcjaffe@clcstamford.org or 203-653-1326

CLC Mission: Together, We'll Shape a Generation through Early Childhood Education

CLC Vision: Building a Just Future Where Every Child and Family Thrives Because of Early Childhood Education

Agency Description and Impact on Stamford: CLC provides high quality early childhood education and care to children 6 weeks – 5 years old. We deliver a unique, whole family approach that includes nutrition, health and family services. We're typically open 10 hours/day, 51 weeks/year providing high quality education and care that enables parents to work or go to school.

CLC typically serves 923 children daily at eight Stamford locations. The majority of children we serve come from low income and/or immigrant families, many with parents who have a limited education. CLC works to prepare children for kindergarten and close the achievement gap between them and their more affluent peers.

The demographics of the children we served in the most recently completed year:

- 64% Hispanic
- 17% Black
- 9% White
- 8% Asian
- 2% Multi-racial

CLC closed on March 13 to support community risk mitigation strategies. As innovators, we quickly pivoted to provide remote learning and support to children and families after we closed. We opened Project 26 to serve children of Stamford Health employees for 8 weeks during the peak of the pandemic earlier this year. Our Palmers Hill location is less than a mile away from the hospital, offering our community's essential workers safe and reliable childcare during an incredibly difficult and stressful time. CLC was honored with Moffly Media's Light a Fire award as a COVID-19 Hero and Best Friend to Children in December for this important work.

CLC re-opened our centers to more than 300 children on June 29, enabling more than 500 parents and caregivers to return to work. We remain the largest early childhood program in Connecticut to re-open following COVID-19 closures and are currently serving more than 500 children across our eight Stamford locations. We're following CDC and Connecticut Office of Early Childhood guidelines to operate as safely as possible during the pandemic.

CLC is making it possible for hundreds of low and moderate income parents and caregivers to return to work or seek employment. CLC is the federally designated Head Start and Early Head Start provider for Stamford, Darien and Greenwich. We also run the state subsidized Child Development and School Readiness programs.

We've been working hard to build a Blended Pre-K (BPK) model to support current and future operating needs resulting from the pandemic. BPK offers a meaningful way to keep children engaged in learning, provide support to parents and caregivers at a time when health and safety protocols limits physical interaction and offers greater flexibility and opportunities for success for our children, families and staff if an outbreak or surge requires another closure.

Program/Project Description: We're requesting operating funds for food. CLC provides breakfast, lunch and a snack that meet 80% of a child's daily nutrition requirements – a critical element of our programs since 86% of our families are considered low income. We surveyed CLC families prior to our re-opening and found that 40% of our families had lost income and were struggling with basic needs. We continue to work hard to provide families support and connect them to resources to meet those needs.

We participate in the government subsidized Child and Adult Care Food Program (CACFP) which has strict eligibility and program requirements. Our nutrition team sets menus in compliance with CACFP guidelines, provides nutrition and meal monitor training and oversees reporting and all CACFP requirements. We contract with Lindley Food Service to prepare the meals and snacks out of our commercial kitchen at CLC William Pitt. Lindley delivers the food in temperature controlled containers to other CLC locations.

The reimbursements provided by CACFP do not cover our costs and we anticipate running a \$200K-225K deficit in our food and nutrition program this year. We write grants and have held special "fund a need" paddle raises for food at our annual spring benefit. With the pandemic and social distancing requirements continuing, we are reassessing our development and event strategy to meet critical funding needs.

The challenges and set-backs due to COVID-19 are always evolving and we continue to work hard to overcome them and persevere. According to the Connecticut Office of Early Childhood (OEC), 50% of childcare programs in CT are expected to close in the next several months and 81% by September 2021 unless the State or Federal government significantly increases funding. In Stamford, the Superintendent of Schools shared that 14 of 31 licensed programs have already closed. Ongoing government funding and the ability of families to pay reduced fees with recent income losses pose the greatest financial challenges.

CLC is in a position to strengthen and grow and support families who are displaced by other program closures. We are in regular communication with the OEC and have some influence with them because they recognize our role as a high quality program and critical pillar of the community. Continued financial support from both government and the private sector is necessary and we have a robust outreach and fundraising plan to help see us through these uncertain times.

Our operating costs have risen due to increased cleaning, PPE and staffing models that allow us to maintain cohorts and reduce the opportunity for exposure to the virus. At the same time, we're seeing dramatic decreases in revenue streams – family fees, Care 4 Kids and possibly our largest source of funding – the OEC. State funding is driven by enrollment and we are still working to fill openings. Demand has been reduced by income losses, public school schedule changes and fear of the virus. We have implemented new marketing and outreach strategies to reach parents and caregivers who need care in order to return to work.

Bank of America recently honored CLC with its Neighborhood Builders Award – a prestigious award with only 98 winners nationally. The award provides \$200,000 in flexible funding over two years as well as professional training and development for the CEO and an emerging leader. The professional development and financial support will strengthen our organizational

and leadership capacity in a number of ways as we face the new challenges resulting from COVID-19 and an economic recession.

We have an operating reserve of \$1.6 million of which \$450,000 is restricted. Due to COVID-19 we have reduced slot capacity and openings that occurred when our kindergarten bound children left us at the end of August have not been completely filled. Our outreach campaign to support enrollment includes a \$10,000/month Google Ads grant for the next year and other digital and social media promotions and virtual open houses.

We are not able to project next year's budget because our largest funder, the State of Connecticut has not indicated how they will fund us in the upcoming year. We are working hard to strengthen and stabilize our financial picture and are counting on continued City of Stamford support in these uncertain times.

Please don't hesitate to contact us if you have any questions as you consider our request. Thank you for your consideration – funding would make a meaningful impact for the children and families we serve as well as CLC.

Childcare Learning Centers

Budget for year July 1, 2020 to June 30, 2021

	Approved Board Budget 2019-2020	Revised Budget 2019-2020	Unaudited 2019-2020	Budget 2020-2021
Revenue				
Fees	2,035,000	2,035,000	1,471,076	1,300,000
Care 4 Kids	830,000	830,000	1,052,669	550,000
Govt Grant Income	10,200,000	10,200,000	9,539,967	9,800,000
PPP Grant/Loan	0	0	0	2,165,000
Other Income	200,000	200,000	96,533	80,000
Sub-Total	<u>13,265,000</u>	<u>13,265,000</u>	<u>12,160,245</u>	<u>13,895,000</u>
Contributions:				
Contributions/Fundraising	1,850,000	2,350,000	1,560,491	2,000,000
Special Events Revenue (gross)	600,000	100,000	99,965	
Contributions Sub-Total	<u>2,450,000</u>	<u>2,450,000</u>	<u>1,660,456</u>	<u>2,000,000</u>
Total Revenue	15,715,000	15,715,000	13,820,701	15,895,000
Direct Operating Expenses				
Salaries	9,296,000	9,296,000	8,758,828	9,175,000
Benefits and Taxes	2,731,902	2,731,902	2,611,307	2,700,000
Lunches and Snacks	925,000	925,000	634,738	700,000
Program Supplies & Activities	179,000	179,000	79,417	179,000
Occupancy	1,450,187	1,450,187	1,641,066	1,600,000
Training	24,000	24,000	6,595	24,000
Professional Fees	346,868	346,868	419,819	425,000
Marketing	20,000	20,000	12,418	20,000
Delegate and Collaborations	325,000	325,000	337,627	325,000
Office Expense	235,600	235,600	201,130	235,000
Telephone / Internet	146,000	146,000	135,000	146,000
Interest Expense	50,400	50,400	38,739	36,000
Fund Raising Expenses	150,000	150,000	54,368	50,000
Contingencies	100,000	100,000	0	100,000
Other Expenses	75,000	75,000	78,022	75,000
Total Expenses	16,054,957	16,054,957	15,009,074	15,790,000
Operational Income (Loss)	(339,957)	(339,957)	(1,188,373)	105,000
Depreciation and Amortization	(500,000)	(500,000)	(337,411)	(500,000)
Net Budget Income/(Loss)	(839,957)	(839,957)	(1,525,784)	(395,000)

SAMPLE

Child and Adult Care Food Program (CACFP) Centers Budget Worksheet

(CHILD DAY CARE /HEAD START CENTERS, ADULT DAY CENTERS, EMERGENCY SHELTERS AND AT RISK AFTERSCHOOL PROGRAMS)

INSTITUTION NAME CHILDREN'S LEARNING CENTERS, INC.

AGREEMENT NUMBER 999AOC

<p style="text-align: center;">Projected CACFP Reimbursement / Allowable Costs / Non-Program Funds</p> <p>A. PROJECTED ANNUAL CACFP REIMBURSEMENT The amount listed here is to be dispersed in the 'CACFP Funded' column (below) towards allowable budget costs. Do not include cash-in-lieu of commodities payments. CACFP reimbursements should be applied to food costs <u>first</u>.</p>	<p>\$ 794,642</p>
<p>B. ALLOWABLE ADMINISTRATIVE COSTS FUNDED BY CACFP MULTIPLY Line A (above) x 15%. CACFP-funded administrative costs for multi-site sponsors cannot exceed 15% of the annual CACFP reimbursement, unless a waiver to exceed this amount has been granted in writing by the State agency.</p>	<p>\$ 119,196 LINE A (ABOVE) X .15</p>
<p style="text-align: center;">TOTAL NON-CACFP FUNDS</p> <p>The amount listed here identifies the total amount of non-Program funds used to meet CACFP expenses. It can be estimated by subtracting the amount of anticipated CACFP reimbursements from total allowable Program expenses. This line must equal Line E, Column 2 [sum of Lines C11, Column 2 + D8, Column 2].</p>	<p>\$ 340,440 LINE E, COLUMN 2</p>

<p>BUDGETED COSTS</p> <p style="color: red; font-size: small;">NOTE: ANY LINE FOLLOWED BY AN ASTERISK (*) REQUIRES A DETAILED BUDGET WORKSHEET TO BE SUBMITTED TO THE CHILD NUTRITION UNIT.</p>	<p>CACFP Funded Col. 1</p>	<p>Non-CACFP Funds Col. 2</p>	<p>Non-CACFP Funds SOURCE Col. 3</p>	<p>Total Annual Budget Col. 4 (Col. 1 + Col. 2)</p>
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C. OPERATIONAL COSTS				
1. Food Purchases	\$	\$ 4,100	FEES	\$ 4,100
2. Non-Food Supplies and Small Equipment Purchases (under \$5,000)		3,200	FEES	3,200
3. Postage/Printing*		700	FEES	700
4. Food Service Labor and Taxes*		26,970	FEES	26,970
5. Food Service Benefits*		1,059	FEES	1,059
6. Food Service Equipment Purchases/Depreciation (\$5000 and over)*				
7. Utilities*				
8. Contracted Services*	794,643	174,012	FEES	968,645
9. Equipment Rental or Lease*				
10. Other*				
11. SUBTOTAL - OPERATIONAL COSTS [Sum of Lines C1 through C10]	\$ 794,642	\$ 210,041		\$ 1,004,674

D. ADMINISTRATIVE COSTS*				
THIS SECTION IS REQUIRED FOR ALL NEW INSTITUTIONS AND RENEWING SPONSORS OF MULTIPLE SITES				
1. Administrative Labor and Taxes*	\$	\$ 102,349	F/R	\$ 102,349
2. Administrative Benefits*		13,200	F/R	13,200
3. Administrative Office Supplies*		4,450	F/R	4,450
4. Transportation for Facility Monitoring / Travel*		1,000	F/R	1,000
5. Office Rent and Maintenance*		6,800	F/R	6,800
6. Utilities (unless included with rent)*		2,600	F/R	2,600
7. Other Administrative Costs*			F/R	
8. SUBTOTAL - ADMINISTRATIVE COSTS [Sum of Lines D1 through D7]	\$	\$ 130,399		\$ 130,399

E. TOTAL OPERATIONAL AND ADMINISTRATIVE COSTS [Sum of Lines C11 and D8]	\$ 794,642	\$ 340,440		\$1,135,073
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For State Office Use Only			
APPROVED ADMINISTRATIVE COSTS TO BE FUNDED BY CACFP			
Lesser of Line B (15% OF PROJECTED REIMBURSEMENT) or Line D8, Col. 1 (TOTAL CACFP ADMIN. COSTS)			\$ _____