

Early LCC FY-2020 Budget Overview

Early LCC Advisory Council Meeting

September 26, 2019

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Foundational Assumptions

- ▶ Early LCC exists to provide high-quality early learning and care to children of families in the Greater Lansing Area.
- ▶ “High-quality” is defined as meeting or exceeding the standards established by NAEYC and the Great Start Initiative, including (but not limited to):
 - ▶ Credentialed teaching staff
 - ▶ Low teacher-to-student ratios
 - ▶ Engagement with and support of families

Foundational Assumptions

- ▶ Early LCC strives to have its student body reflect the demographic composition of the Greater Lansing Area.
- ▶ Early LCC strives to be a model center in every way, including financial sustainability.

Budget Assumptions

- ▶ Revenue and expense estimates are based on actual revenue and expenses incurred over the past year.
- ▶ Variables such as number of enrolled children, availability of qualified staff, and certain costs (food, health care, etc.) are largely outside of management's control.

Process for Constructing the Budget: Revenue

- ▶ How much will it take to cover the estimated expenses?
 - ▶ Begin with estimating enrollment—how many children do we reasonably expect to serve in the coming year?
 - ▶ Add estimates of fees and credits—how much revenue will we forego to honor certain policies or incentivize enrollment?
 - ▶ Add known sources of non-tuition revenue—government reimbursements, donations, grants.
 - ▶ Adjust tuition rates until the budget reaches the target equilibrium.

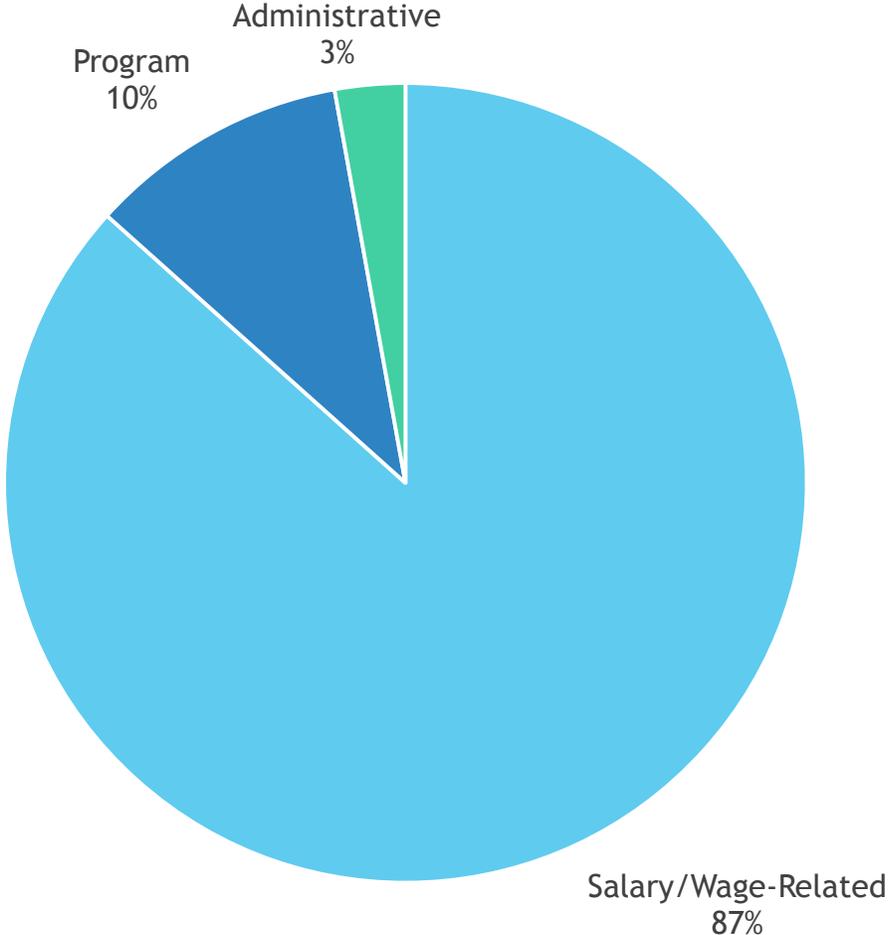
Process for Constructing the Budget: Expense

- ▶ What will it cost to operate a center meeting the foundational assumptions?
 - ▶ Begin with the fixed costs—those that would be incurred regardless of how many families are served and how the staff is structured.
 - ▶ Add program costs—those that have some dependency on the number of children and staff, but still meet the foundational assumptions.
 - ▶ Add people costs—those that are highly dependent on the foundational assumptions.

Early LCC FY-2020 Budget: Expense

Expense Type	What are these exactly?	Proposed Budget
Administrative Expenses	<ul style="list-style-type: none">• Commercial Insurance• Banking and Regulatory Fees• Marketing and Office Supplies• Professional Fees	\$28,576 (3%)
Program Expenses	<ul style="list-style-type: none">• Program Equipment, Supplies, and Activities• Food• Professional Development	\$106,171 (10%)
Salary and Wage Expenses	<ul style="list-style-type: none">• Teaching/Classroom Staff• Administrative Staff• Payroll Taxes and Expenses• Staff Benefits	\$874,488 (87%)

Early LCC FY-2020 Budget: Expense



**Total Expense:
\$1,009,235**

Early LCC FY-2020 Budget: Grant Revenue

Grant Revenue	
Food Program (CACFP) Reimbursement	\$49,200
Program Grant Funding (GSRP, Head Start, Great Start)	\$159,362
Tuition Assistance Funding (LCC-ARC, DHS-CDC)	\$352,500
TOTAL Grant Revenue	\$561,062

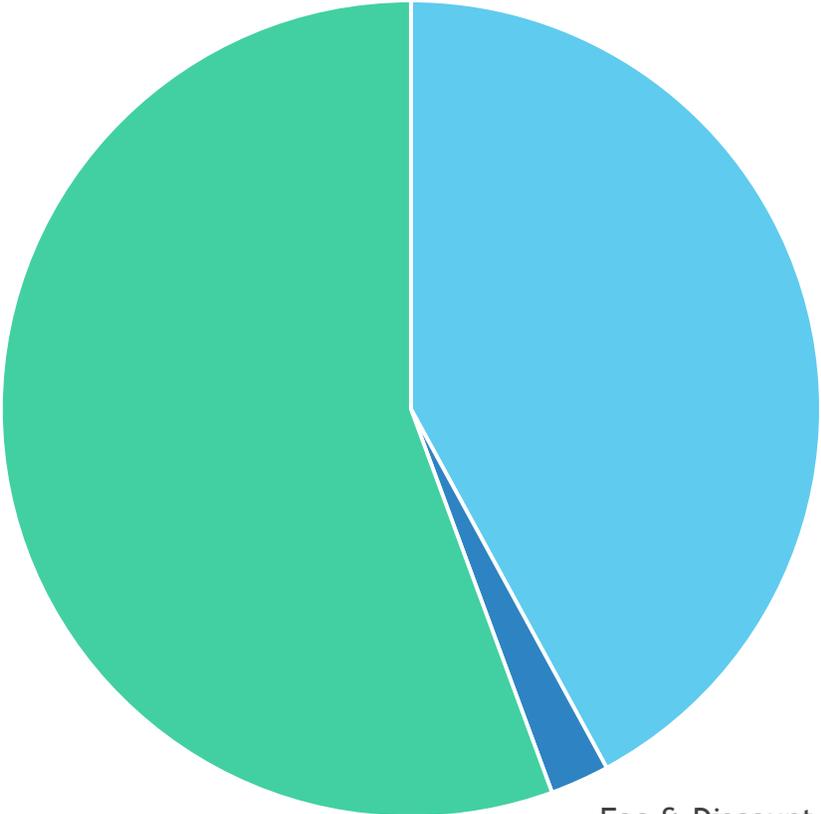
Early LCC FY-2020 Budget: Fee Revenue

Fees and Discounts	
Sibling Discount (for families enrolled prior to 10/1/18)	\$(14,958)
Employee Tuition Discount	\$(9,342)
Application/Late Payment/Late Pickup/Convenience Fees	\$5,400
GSRP/Head Start Wrap Fees	\$42,440
TOTAL Fees and Discounts	\$23,540

Early LCC FY-2020 Budget: Tuition Revenue

Tuition Revenue	Current Weekly Tuition	New Weekly Tuition (begin. 10/28/19)	Annual Revenue
Infants	\$304	\$310	\$68,112
Toddlers	\$304	\$310	\$205,221
Preschoolers	\$256	\$261	\$151,300
TOTAL Tuition Revenue			\$424,633

Early LCC FY-2020 Budget: Revenue



Tuition Revenue (Parent-Paid)
42%

Grant Revenue
56%

Fee & Discount Revenue
2%

**Total Revenue:
\$1,009,235**

Early LCC FY2020 Tuition Rates

	Number of Children per Teacher	Current Weekly Tuition	New Weekly Tuition (begin 10/28/19)	Percentage Increase
Infants-Toddlers	4	\$304	\$310	1.97%
Preschoolers *	8	\$256	\$261	1.95%

** Families of preschool children enrolled in the Head Start and/or GSRP programs are not charged tuition for the regular program schedule (Monday - Thursday, 9:00 a.m. - 4:00 p.m.). If they need wrap-around care, fees are charged; this is estimated and accounted for in the Fee Revenue portion of the budget.*

Early LCC FY-2020 Budget

Budget Overview	
Operating Expense	\$1,009,235
Operating Revenue and Other Income	\$1,009,235
NET REVENUE	\$0

What does my tuition actually pay for?

Expense	Infant-Toddler	Preschool
New Weekly Rates (beginning 10/28/19)	\$310	\$261
Administrative Expenses	\$9	\$8
Program Expenses	\$31	\$26
Salary and Wage Expenses	\$270	\$227

Questions and Answers

- ▶ Why is tuition increasing?
 - ▶ Increased wage and salary levels
 - ▶ Increased cost of employee benefits
- ▶ How does this compare to last year's tuition increase
 - ▶ Last fall, tuition increased by 4.5%
 - ▶ This fall, tuition is increasing by less than 2%

Questions and Answers

- ▶ Why has this budget already been approved?
 - ▶ Because of their significant financial support of Early LCC, LCC required that we adopt a fiscal year matching theirs (July 1st - June 30th)
 - ▶ The Board of Directors passed the budget in June with the provision that tuition would not increase until October
- ▶ When will there be discussions of next year's budget?
 - ▶ Management typically begins its budget cycle six months prior to the new fiscal year, with the goal of presenting a draft budget to the Board by early March
 - ▶ There will be a town-hall style meeting for parents and staff in March or April, prior to approving the next budget