

**Southeast Tech**  
Scarborough Child Care Center  
**EXECUTIVE SUMMARY**

**Purpose:**

To provide the School Board an overview of Southeast Tech's Scarborough Child Care Center, including revenue and expenditure history.

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Since 1991, Southeast Tech's Scarborough Child Care Center has been offering child care services to Southeast Tech's students and employees. Named after Alva W. Scarborough, the Center provides services for up to 50 FTE children from four weeks to eight years old. The Center currently accepts children whose parents are either Southeast Tech students, Southeast Tech employees, or Sioux Falls School District employees (started FY15).

As an institute, Southeast Tech has realized numerous benefits by providing child care services. Student parents who use the Center have a 5% higher retention rate than student parents who do not use the service. For single parents, the retention rate is 6% higher. The Center also provides Southeast Tech with recruitment advantages for new students as well as an incentive when recruiting new employees. Now that Southeast Tech offers an Early Childhood program, the Center has become a hands-on learning opportunity and lab site for this program, providing students more opportunities to practice their child care skills in a real-life environment.

The purpose of the Center is to provide high quality child care services at an affordable price. However, meeting that purpose has been a challenge. While the majority of Southeast Tech students meet the Child Care Assistance program requirements, the number qualifying has dropped and those that do qualify must now pay more out of pocket. Southeast Tech has worked hard to maintain a fee structure that works within the limits of our students' pocket books.

However, the costs for providing child care continue to rise, and the Scarborough Center must balance what we offer with the requirements and hurdles the Center faces. For example, the Center must meet the required Department of Social Services (DSS) licensing guidelines for child to adult ratios, which requires one adult for every five children age birth to two, and one adult for every ten children age three or older. The Center has also experienced increases in salary and benefit costs and must fulfill required Program Assistant 184 day contracts.

The Center has also faced revenue hurdles, including the loss of income from Head Start children (eliminated in Summer 2013), losses due to the reduction from an eighteen week to sixteen week semester (beginning Fall 2011), and students needing more part time rather than full time child care services (more part time students and more students taking online courses). Direct support from Southeast Tech has also been reduced (\$50,000/year to \$20,000/year).

Currently, the Center's funds have a negative balance of \$-143,950.

To improve the financial standing of the Center, Southeast Tech took the following steps in FY15:

- Moved food costs to families
- Reduced all program assistants to 184 day contracts
- Re-classified the Program Coordinator position to a Lead Program Assistant/Curriculum Development position, placing this person back into direct child care
- Reduced 1 Program Assistant FTE position
- Increased Rates by \$5/week
- Accepted Sioux Falls School District Employee children (currently we have 3 full time and 3 part time)
- Reduced program expenses
- Reduced 2 more Program Assistant FTE positions in Spring 2015

Although it is too early to determine the exact financial outcomes from these changes, we estimate that the Center's revenue will still fall short of meeting expenditures by \$50,000 (including the Southeast Tech \$20,000 contribution).

For FY16, the Center will be recommending the implementation of the following changes during the budget process:

- Continue with the 2 additional Program Assistant FTE reductions
- Utilize more part time and/or student employee assistance as needed to meet required ratios
- Increase rates by \$5/week
- Increase marketing to Sioux Falls School District employees and Southeast Tech students and employees
- Set goals for overall child enrollment at achievable levels that will better meet the revenue needs of the Center

Even with these adjustments, we do not expect that the Center will be able to operate without additional support from Southeast Tech. We also expect that the amount of required support will vary by year and will likely be more than the current \$20,000/year provided by the institute. However, it is the goal of the Scarbrough Center to keep the required support below \$40,000 for next year and work toward reducing the necessary support to under \$30,000/year in the future.

We believe that continuing to provide this service is important to the success of the institute and its students with children. We have set as our goal, however, to continue to develop ways to improve the financial position of the Center.

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### **Administrative Recommendation to School Board:**

Acknowledge the Scarbrough Child Care Center Report.

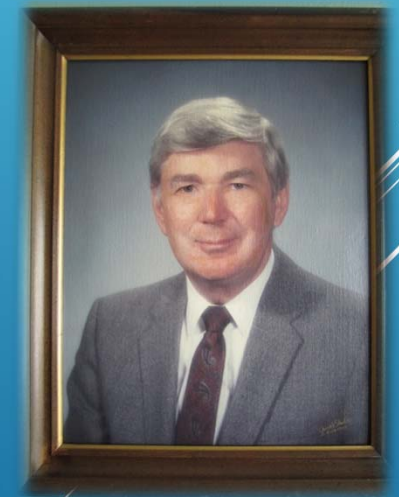
# SCARBROUGH CENTER REPORT

*Sioux Falls School District Board  
Meeting April 1, 2015*

# SCARBROUGH CENTER HIGHLIGHTS



- ▶ Established 1991/ Remodeled Summer 2009
- ▶ Named after Alva W. Scarbrough



# SCARBROUGH CENTER HIGHLIGHTS

- ▶ Provides services for up to 50 FTE children (with current staffing and two part time students)
- ▶ Current enrollment: 49 children (not all full time)



- ▶ Southeast Students: 30 (61%)
- ▶ Southeast Employees: 13 (27%)
- ▶ SF School Employees: 6 (12%)

# SCARBROUGH CENTER HIGHLIGHTS

- ▶ Current Staffing
  - ▶ Child Care Program Supervisor
  - ▶ Lead Program Assistant/Curriculum Development
  - ▶ Program Assistants (5) –
    - ▶ (FY15 budget for 7 at .9375  
= 6.5625 FTE)
  - ▶ Part Time Assistants (students) (4)



# SCARBROUGH CENTER HIGHLIGHTS

## ► Inspiring Indoor Environment



# SCARBROUGH CENTER HIGHLIGHTS





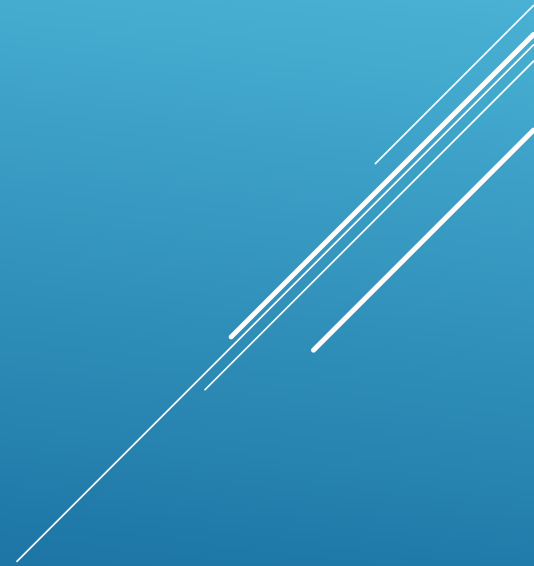
# SCARBROUGH CENTER BENEFITS

## ▶ Increases Retention of Student Parents

### ▶ 2007 through 2012

- ▶ Scarbrough: 60% retention/grad rate
- ▶ Non-Scarbrough: 55% retention/grad rate

Overall 5% higher retention rate of Student Parents when they use the Scarbrough Center



# SCARBROUGH CENTER BENEFITS

- ▶ Increases Retention of Single Student Parents

- ▶ 2007 through 2012

- ▶ Scarbrough: 58% retention/grad rate
    - ▶ Non-Scarbrough: 52% retention/grad rate

Overall 6% higher retention rate of Single Student Parents when they use the Scarbrough Center

# SCARBROUGH CENTER BENEFITS

- ▶ Offers Flexibility in Scheduling
  - ▶ Full Time
  - ▶ Part Time
  - ▶ Less than Part Time
  - ▶ Drop In care




# SCARBROUGH CENTER BENEFITS

- ▶ Early Childhood Program Lab Site
  - ▶ Hands-On Learning Opportunity
  - ▶ Scarbrough Center and Early Childhood Suite



# SCARBROUGH CENTER BENEFITS

- ▶ Student Recruitment
  - ▶ Staff Recruitment
    - ▶ No bad debt and more full time contracts
    - ▶ Consistent years of enrollment (up to five)
  - ▶ High School Early Childhood Program Visits
    - ▶ LHS, RHS, WHS, and CTE
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# REQUIREMENTS:

Department of Social Services (DSS) –

Licensing Guidelines:

- Birth to 2 = 1 Adult: 5 Children
- Age 3+ = 1 Adult: 10 Children
- Must maintain ratios even if we go over by one child (example – 5 Babies = 1 Adult; 6 Babies = 2 Adults)

## CURRENT HOURLY RATE STRUCTURE:

- 0-2 Full Time: \$4.25
  - 0-2 Part Time: \$4.60
  - 3+ Full Time: \$3.75
  - 3+ Part Time: \$4.07
  - Hourly Rate: \$5.00
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## KEY FINANCIAL HURDLES:

- Change in Child Care Assistance (CCA)
  - Fewer qualify for assistance
  - Students pay more out of pocket



## KEY FINANCIAL HURDLES:

- ▶ Head Start
  - ▶ Reduced from 8 to 5 students Summer 2009
  - ▶ Eliminated in Summer 2013

Financial Impact: Loss of revenue for 8 full year (50 week) children (and frequently siblings). Impact up to \$55,000 per year.

## KEY FINANCIAL HURDLES:

- ▶ Reduced Semester
  - ▶ 18 Weeks to 16 Weeks (Fall/Spring)
  - ▶ Starting in Fall 2011

Financial Impact: Loss of revenue of over \$20,000 per year

## KEY FINANCIAL HURDLES:

- ▶ Student Time on Campus
  - ▶ More Scarborough Students Need Part Time Care
    - ▶ 2009: 69% had 0 to 39 hours of child care
    - ▶ 2014: 81% had 0 to 39 hours of child care
  - ▶ More Online Students Need No Care or Part Time Care
    - ▶ 51% of Southeast Parents take Online Courses
    - ▶ 37% of Scarborough Parents take Online Courses

Financial Impact: Unknown

## KEY FINANCIAL HURDLES:

- ▶ Reduced Southeast Tech Direct Support
  - ▶ \$50,000 Thru 2010-2011
  - ▶ \$30,000 2011-2012, 2012-2013
  - ▶ \$20,000 2013-2014
  - ▶ \$20,000 2014-2015

## KEY FINANCIAL HURDLES:

### ▶ Increases in Salaries and Benefits

▶ FY06 – 2%	FY07 – 3.64%	FY08 – 10%
▶ FY09 – 3%	FY10 – 3%	FY11 – 1.25%
▶ FY12 – (2.05%)	FY13 – 2.3%	FY14 – 4.87%
▶ FY15 – 3.36%	FY16 - 2%	


### ▶ Current Benefit Load: 46.42%

### ▶ Required Contracted Days


- ▶ 184 Day PA Contracts

## CHANGES FOR FY2015


To improve the financial standing of the Scarbrough Center, adjustments were made to the revenue options and to expenditures.

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# CHANGES FOR FY2015

- Moved Food Costs to Families
    - Students may still receive free & reduced
  - Reduced All Program Assistant (PA) Staff Days
    - 210 day to 184 day contracts (3 contracts)
  - Re-classified Program Coordinator Position to Lead Program Assistant/Curriculum Development
  - Reduced One Program Assistant FTE
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# CHANGES FOR FY2015

- Increased Rates (\$5/week)
  - Accepted SFSD Employees
    - 6 children (3 full time, 3 part time)
  - Reduced Program Expenses
  - Reduced 2 PA positions for Spring 2015
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# PROPOSED CHANGES FOR FY 2016

To further improve the financial standing of the Scarborough Center, Southeast Tech is proposing the following adjustments.



## CHANGES FOR FY 2016

- Continue with Program Assistant reduction (2 FTE)
  - Utilize more Part Time and/or Student Employees
  - Rate Increase (\$5/week)
  - Increase marketing to SFSD employees
  - Increase marketing to Southeast Tech students
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# FY 2016 CHILD ENROLLMENT GOALS

- Our estimates for child enrollment FY16 using reduced staff:
- Age 0 to 2 Full-Time: 8
- Age 3+ Full-Time: 9
- Age 0 to 2 Part-Time: 9
- Age 3+ Part-Time: 9
- Hourly Rate Children (FTE Equivalent): 6

## FY 2016 REVENUE ESTIMATES

- Our estimated FY16 revenue based on child enrollment estimates and \$5/week increase:

\$259,000



## FY 2016 EXPENDITURE ESTIMATES

- Our estimated FY16 expenditures based on continued reduction of staff:

\$296,000



## REVENUES - EXPENDITURES

Revenue	259,000
Expenditures	296,000
Profit/Loss	( 37,000)

The above profit/loss does not reflect any Southeast Tech contribution to the Scarborough Center for FY16.



QUESTIONS?

