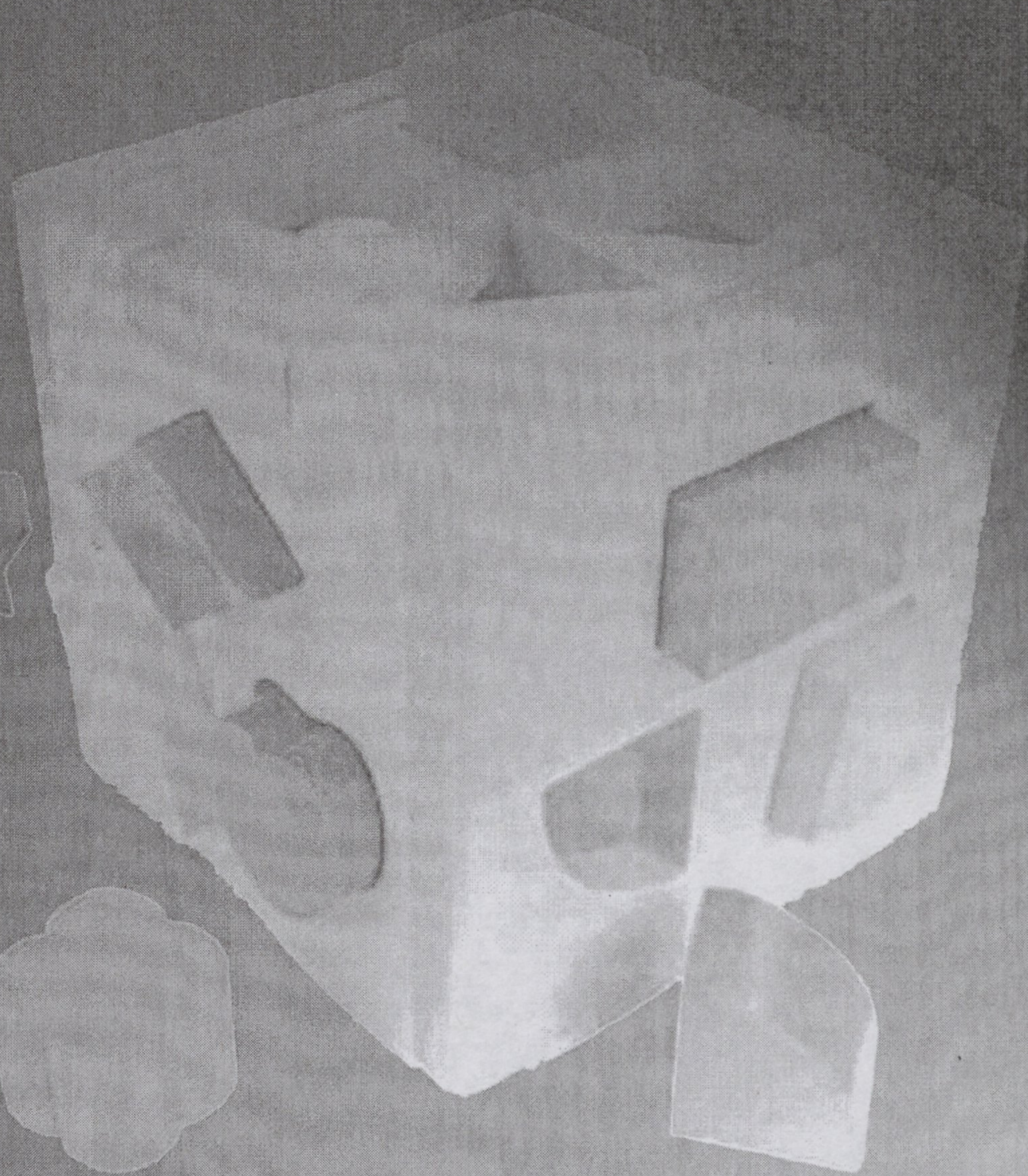


F.S. Oct. 10, 06 agenda



**Providing Child Care
At East Carolina University**

Preliminary Report

October 9, 2006

Providing Child Care At East Carolina University

Preliminary Report

October 9, 2006

Overview

In April 2006 a small group of ECU staff and faculty were charged by the Provost with gathering information relevant to child care for university employees and exploring child care options for the campus community. This document is offered as a Preliminary Report that will apprise the university's leadership of issues, options and costs identified to date. In addition, it requests that the administration endorse solicitation of additional details from potential operators and other parties as may be appropriate in continuing this investigation.

Full-time child care in Pitt County is in tight supply, with far more children of eligible age than there are child care slots to accept them. Of the child care slots that exist, only



23% meet the standard of care that would arguably be expected by a community of educators. Additional but needed services such as drop-in care and babysitting are especially hard to find. Costs vary with the quality of care, which in turn further reduces options for low income families within the university.

In corporate America, there are ample statistics that track the monetary value of lost productivity due to parents attempting to manage child care issues. Many large employers have found a positive return on investment (ROI) by providing various mitigating solutions. Although public universities would not necessarily be affected by lost productivity in the same way as private businesses, they are apt to be even more adversely affected through the costs of retention and turnover.

Universities and corporations alike have found that positive responses to the need for quality child care also provide an advantage when competing for high quality employees.

There are at least four options that ECU can consider both separately and in combinations to address its child care situation:

- A. Financial assistance could be provided for parents with eligible dependents. The amount of assistance could vary from small to large;
- B. Partnerships with existing area providers could be formed to increase quality and care offerings as well as the number of child care slots available to the ECU community. Although this could be a low-cost option, there are challenges such as legal liability;
- C. The university could build and operate its own child care center if funds were available to subsidize operations so that costs to families could be kept under control;
- D. The university could contract with an independent provider for child care, as done at corporations and several other universities. Complete details of this can best be delineated with the benefit of direct communications with such entities.

Providing Child Care At East Carolina University

Preliminary Report

October 9, 2006

Each of these options should be evaluated in terms of three metrics:

- *Cost* – both to the parents as well as to the university;
- *Quality* – in terms of the programs available and the staff that are conducting them;
- *Access* – the extent to which slots are available to ECU families for full-time as well as other forms of child care.

As a result of the discussions held so far, the committee has formed an opinion: *Child care for the university community merits considered attention and a positive response.* To that end, this committee recommends that several specific steps be taken next:

1. The committee invites comments, criticisms and additional perspectives from the administration on the findings presented so far;
2. Subject to endorsement by the administration, the committee will issue Requests for Information to independent child care providers;
3. Upon appropriate discussion and consideration of the results of the first two steps, the committee will issue a final report and recommendations.

Section I – Child Care and ECU

Different families require different types of child care. There are many child care options available in Pitt County, but not all of these child care options are equally accessible to the ECU community. The local market is not ideally suited to meeting the needs of families within a university; however, there is potential for financial and quality benefits to ECU by responding to the situation.

Child Care Described

Child care comes in many configurations and, unless noted as “school-aged”, serves children from 6 weeks to 5 years of age. The typical types of care are:



- Full day - care from 7:00 am to 6:00 pm on workdays
- Part time - regularly scheduled care such as MWF 9-12
- Drop in- care up to 15 hrs per week
- Babysitting - care during evening hours
- School aged - care for school aged children before and after school (requires provision of transportation)
- Summer - summer care for school aged children

In order to meet the needs of a diverse population and maximize both the use of the building and the return on investment, many large centers offer a wide array of services.

The North Carolina Department of Health and Human Services, Division of Child Development serves as the licensing body for education and care programs for young children. Licensing for child care programs is based on a quality (star) rating system of

Providing Child Care At East Carolina University

Preliminary Report

October 9, 2006

one through five stars with one star indicating minimal level of service and five stars indicating quality programming. The quality rating is determined by a combination of staff educational qualifications and classroom assessment. Programs with fewer than four stars are considered to be marginal in service quality.

The North Carolina Division of Child Development licenses child care centers and family child care homes, and their standards can be found at <http://www.dhhs.state.nc.us/dcd/>. Child care centers may be small, medium, or large (101+) in enrollment size. Family child care homes are small, with enrollment capacities of 5 to 8 children each, operating in the residence of the child care provider.

Accreditation of child care programs is by the National Association for the Education of Young Children (NAEYC) and is recognized nationally as the highest measure of quality. Accreditation standards consider all aspects of programs for young children with a focus on the amount of child development and early childhood education coursework completed by each staff member. Programs meeting this high educational requirement are eligible to apply for accreditation after two years of operation. The standards for accreditation can be found at <http://www.naeyc.org>.

Access to Child Care in Pitt County

Child care slots in Pitt County are in tight supply. It is estimated that 4,520 children in Pitt County are currently enrolled in some form of child care. Families seeking moderate to high quality care for their children have limited options. Of the licensed child care



slots in Pitt County, there are currently 790 total full-day child care slots, rated 4 or 5 stars, which are open to the general community (July 29, 2006, NC Division of Child Development). These break down as follows:

- 84 slots in 5 star centers
- 77 slots in 5 star family child care homes
- 482 slots in 4 star centers
- 147 slots in 4 star family child care homes

These programs report being filled, and having long wait lists.

The availability of quality child care programs is impacted by both education and finance, and these combine to limit the number of available slots. Caregiver education is one of the greatest indicators of quality in programs for young children.

Quality programs require workers to be educated in child development, family support techniques, guidance strategies, and early childhood curriculum. The North Carolina Division of Child Development has designed the star rated license in part to reflect the education of child care staff and program administrators.

Obviously, educated individuals require competitive wages and benefits. The vast majority of child care slots in Pitt County are located in "for profit" programs. These programs operate on a tight budget with income based on fees that families can afford to

Providing Child Care At East Carolina University

Preliminary Report

October 9, 2006

pay. Administrators, often lacking education themselves, make hard fiscal decisions that directly impact the quality of care offered. In eastern NC a grossly undereducated child care workforce is the rule rather than the exception, and this lack of an educated child care workforce serves as one of the primary reasons for the severe shortage of quality child care programs. Programs employing undereducated workers are unable to achieve a satisfactory level of care or quality ratings, while programs that partner with businesses or agencies tend to offer better care and higher quality ratings. For example, Pitt County Memorial Hospital's program has a 4 star rating and has also attained accreditation.

Child Care and ECU

There is currently a great demand for high-quality (4- or 5-star) child care centers in Pitt County. As stated previously, there are over 4,500 children in Pitt County who need child care, but there are fewer than 800 high quality full-day child care slots which are open to the general community. These high quality programs are filled to capacity and have long waiting lists. Faculty, staff, and students at ECU compete for these high-quality slots with other residents of Pitt County. Difficulty in meeting child care needs can lead to increased stress, student failure, poor performance, absenteeism, and difficulty in attracting and retaining faculty members, especially those who are primary caregivers to their children (mostly women).

... increased stress, student failure, poor performance, absenteeism, and difficulty in attracting and retaining faculty members, especially those who are primary caregivers to their children (mostly women).

Types of care in demand are defined in Section I and include full-day care, part-time care, drop-in or as-needed care, before- and/or after-school care (and summer care for school-aged children), and evening hours care. All these types of care are likely to be needed if we plan to accommodate the schedules of all ECU faculty, students, and staff. Staff may have early morning or evening hours. Some faculty and students will attend night classes. Part-time students,

staff, and faculty may need care for only certain days or certain hours, and those hours may be split up throughout the day. Unfortunately, most existing child care centers' hours are not designed to accommodate erratic and ever-changing university schedules.

Based on data from the State Health Plan, there are approximately 350 age-eligible dependents of staff and faculty. Not all of these dependents need care in a child care facility, nor will all ECU faculty and staff be able to afford child care at a 4- or 5-star accredited child care facility. There are no data available on the number of children of ECU students who need care, but it can be estimated that there are approximately 175 based on the size of the graduate student body. We clearly need more data in order to plan to accommodate student child care needs as well as the needs of faculty and staff. Students who need child care services may have unique needs, such as having no family living nearby, or going to school part-time while working to earn wages. Many students may have financial limitations as well.

Providing Child Care At East Carolina University

Preliminary Report

October 9, 2006

Indications of a Gap

There are several strong indications that there is a gap between the child care needs of the ECU community and the availability of quality child care options. On March 30, 2004 the ECU Faculty Senate approved Resolution 04-15, subsequently approved by Chancellor Ballard, supporting the establishment of a University child care center for children of faculty, staff, and students and urging the administration to provide building and startup funds for such a center. Both the Staff Senate and Student Senate subsequently adopted the Faculty Senate resolution.

The magnitude of the problem of effective child care can be defined beyond the internal observations of the Faculty, Staff, and Student Senates, though. Recently, ECU participated in the Collaborative on Academic Careers in Higher Education (COACHE) survey, administered by the Harvard Graduate School of Higher Education. The COACHE survey asked all full-time tenure-track faculty about their work environment and work satisfaction, especially as they apply to the tenure and promotion process. Child care ranked third on the list of specific areas in which ECU was perceived as having "effectiveness gaps." The only areas that ranked higher than child care were professional assistance in obtaining grants and a formal mentoring system.

Child care ranked third on the list of specific areas in which ECU was perceived as having "effectiveness gaps."

In March 2006 Prof. Kenneth Wilson conducted a survey of all ECU faculty about benefits-related spending priorities (Kenneth Wilson, 2006, *Faculty Senate Survey on University Priorities*, East Carolina University). The spending priority choices offered on the survey ranged from competitive salaries to a downtown cultural museum.

Predictably, the top two choices were competitive salaries

and better health care. A campus child care facility was in the next tier of priorities, which were grouped statistically very close together. This group of priorities included the following choices.

- More top students
- Attract more quality faculty
- Safer campus and surrounding neighborhoods
- Workloads more in line with other research universities
- A campus child care center
- Off-campus scholarly leave

These data indicate that a campus child care facility is clearly a priority for those on whom the campus depends to fulfill its mission.

Providing Child Care At East Carolina University

Preliminary Report

October 9, 2006

Among the campus-wide implications of a gap in child care are the effects on retention and recruiting. The following example was cited to the committee:

One young African-American female faculty member, upon departing the Department of Family Medicine at the Brody School of Medicine, reported in her exit interview that she would have strongly considered staying in the department if there had been a high-quality university child care center with a reasonable waiting list.

Over the past few years, ECU has lost approximately 100 faculty per year. The cost of replacing these individuals is staggering. If improvements in child care resulted in ECU retaining 10% of these faculty (10 faculty members who would otherwise leave retained per year), then we would have 10% savings in recruiting budgets. Staff retention can be equally important, and increases there will not only save recruiting costs but also training costs. In addition, child care can be a factor in the retention of students and an impact on their ability to attain their degrees.

Retention difficulties create their own recruiting challenges, but they are additive to those the university already faces in enrollment growth. Having viable answers for this critical need known to exist among young talent will clearly expand our pool, and anything that does so enhances our commitments to excellence and diversity.

Gender-equity is another factor to be considered, as the people most likely to have child care needs are those of childbearing age who do not have family in town to help—tenure-



track faculty and, most often, female tenure-track faculty. Evidence shows that female faculty who have children before obtaining tenure are less likely to succeed than their male colleagues (Robin Wilson, 2005, "Keeping kids close: campuses provide child care centers to help professors cope," *The Chronicle of Higher Education*, LI (25): p A10).

Both MIT and Duke University have reported increased recruitment and retention—particularly of female faculty—and increased morale of faculty and staff as a direct result of operating their campus child care centers (Bright Horizons

Family Solutions, "Work/Life 101: The Value of Child Care in a Higher Education Setting," Webinar, November 9, 2004). Across the country, it can be found that a significant number of campuses are planning, or investigating ways to meet this substantial need if in fact they have not already done so.

Providing Child Care At East Carolina University

Preliminary Report

October 9, 2006

Section II – Options

Following are four options that ECU could use to improve child care for its employees. Any one of these options could be selected, and some combinations - or even sequences - of two or more are also possible. Although the level of detail is not exhaustive, each is described on an order-of-magnitude basis and then summarized in terms of the three crucial metrics: *Cost, Quality and Access*.

Option A: Financial Assistance

The cost of child care in Pitt County ranges from \$376 to \$780 per child per month. Costs will vary a bit with the age of the child, but otherwise the cost increases in relation to the level of care offered and the resulting quality (star) rating.

Financial assistance programs for child care have been established at several universities. Oregon State, Cornell and Stanford have a variety of subsidy programs, typically awarded in consideration of variables such as the ages of the children, the costs of the care involved and the family's income level. At the University of Wisconsin-Madison there is a grants program that is privately funded, although it is relatively small in size. At the University of Michigan, a special \$100,000 trial fund set up by the Provost in 2001 led to several forms of family child care assistance. One form of financial assistance is already available to ECU families: the NCFlex program allows child care to be paid with pre-tax dollars.

These examples demonstrate that cash stipends are a valid option that ECU could offer employees with eligible children to offset some of the costs associated with child care. In the interest of promoting the quality aspect, the stipend could be contingent on enrollment in an optimally-rated center – 4 star for example. Prior to implementation, additional information should be collected, such as verification that sufficient higher-quality slots are actually available.

As noted earlier in this report, it is estimated that there are approximately 350 eligible dependents of ECU employees. As an example, if the university were to invest an average of \$100 per dependent in the interest of facilitating higher levels of care, and 50% of those eligible participated, the cost would be \$210,000 per year. This option would compare to the metrics as follows:

- *Cost:* Out-of-pocket costs to families would be lowered;
- *Quality:* Higher quality could be more available to families if the stipend were contingent on it;
- *Access:* There would be no direct improvement in access to slots, except for a possible response by the marketplace to provide more places with higher quality.

Option B: Partnerships

Recently, the University of Chicago and its Hospitals awarded more than \$400,000 to three nearby child care centers as part of a first-time initiative to expand options available to its staff and faculty. Seventy additional slots will be created, and there will also be improvements in playground equipment, outdoor spaces, kitchens and classrooms.

Providing Child Care At East Carolina University

Preliminary Report

October 9, 2006

In addition to this approach, other alternatives could be available to ECU such as:

- “Drop-in” slots could be purchased at area centers as an aid to families with sudden and unexpected needs;
- ECU students and faculty could supplement existing staffs to the extent permitted by any existing affiliations;
- The university could affiliate with an existing center, such that it becomes “The ECU Facility;”
- ECU could create relationships under the umbrella of a coalition of other agencies in need such as Pitt Community College, Pitt County Memorial Hospital and local industries.

Partnerships with existing providers would have the advantage of reducing a number of unknowns. At the same time, there are innumerable challenges in such an approach. Licensing laws, affiliations, cost-to-value issues and legal liabilities could combine to constrain the opportunities. Although outcomes cannot at this time be predicted, in a best case scenario this option would compare to the metrics as follows:



- *Cost:* Out-of-pocket costs to families would not be affected; however, the university would be making an investment;
- *Quality:* Higher quality could be more available to families if the partnerships were designed accordingly;
- *Access:* There would be improvement to the extent that additional slots could be created, especially if the university had priority over them.

Option C: University Construction and Operation

As has been often discussed, ECU could build and operate its own child care center. The committee developed an extensive analysis that considered the types of care to be offered, the applicable licensing regulations and the site and facility requirements. From these the costs of construction and operation were derived.

Ideally, the center would be constructed as close as possible to the main campus. Operation could be on a model similar to that already in use for the Child Development Lab in the College of Human Ecology, with the college assisting in oversight. Extensive opportunities for service learning would exist for practically all academic departments.

As shown below, three different sizes of centers have been considered. Each would offer traditional all-day care as well as after-school care and baby-sitting. All services would be available throughout the calendar year, and a 4-star rating is considered the minimum. A facility could be built and owned by the university, and the estimate below includes the

Providing Child Care At East Carolina University

Preliminary Report

October 9, 2006

cost of the necessary land. It would also be possible to have a facility constructed and leased, and those estimated costs are shown as well.

Estimated Costs	Large Center	Medium Center	Small Center
Center Capacity	260	136	90
Annual Operating Revenues	\$2,556,620	\$1,423,320	\$918,620
Annual Operating Expenses	\$2,849,181	\$1,535,139	\$1,040,229
Operating Excess (Shortfall)	(\$292,561)	(\$111,819)	(\$121,609)
Construction, Land and Equipment	\$4,561,558	\$2,676,138	\$1,763,512
Annual Cost to Lease (in lieu of build and own)	\$257,348	\$149,715	\$98,558

Although a detailed financial model was created as part of this planning (See Item B in Appendix) numerous details would need verification and finalization prior to implementation. On the basis of the work completed so far, it can be shown that this option would compare to the metrics as follows:

- *Cost:* Out-of-pocket costs to families would not be affected based on this model, and consequently there would be costs to the university in the form of the annual operating deficits shown. In addition, there are capital expenses in land, equipment and construction;
- *Quality:* A 4 star rating would be the minimum licensing level. In addition, close association with the College of Human Ecology and other academic units would further enrich the early childhood environment.
- *Access:* This option adds slots to the supply available in Pitt County, and ECU employees would have priority – if not exclusive – access to them.

Option D: University-Sponsored Child Care with an Independent Provider

Although there are innumerable examples of universities and other organizations that have recognized the value in addressing the child care issue, many of them have determined that providing such care is not among their competencies. In these instances, an independent contractor is engaged. ECU is currently operating successfully under similar arrangements for housekeeping and dining services.

Contracted child care is available from firms such as La Petite Academy, Learning Care Groups and Bright Horizons Family Solutions. Bright Horizons, for example, provides child care in North Carolina for clients such as Duke University, SAS and Pitt County Memorial Hospital.

At PCMH, there are currently about 180 slots, and planning is underway that will add 54 slots for 7 and 8-year olds. Informally, PCMH has suggested to this committee that they are seeing benefits in the services but they also believe that demand will continue to exceed supply. Their facility was constructed by the hospital on land that they own just across Moye Boulevard. Annual costs to the hospital for provider fees and family subsidies are approximately \$680,000.

Providing Child Care At East Carolina University

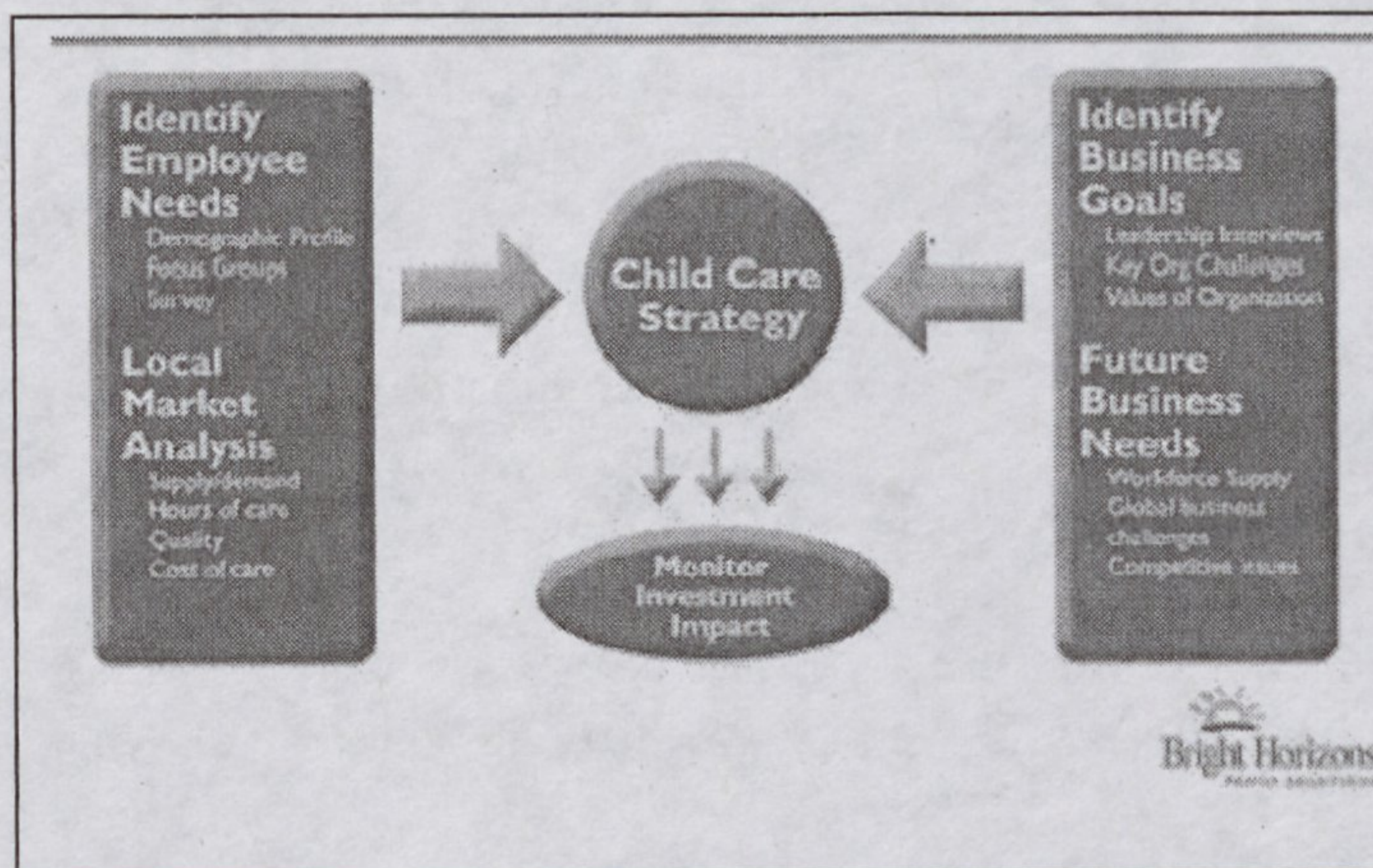
Preliminary Report

October 9, 2006

Child care providers such as those listed above typically take an approach that is highly analytical as well as collaborative. A potential engagement is approached first with a data-supported impact analysis to assess the details of a particular situation. From that, options are generated that would meet the identified needs. Solutions are then developed and agreed upon with the client. Indications are that there is an extensive variety of alternatives and variations possible.

Working with an independent provider has several advantages. First and foremost, the day to day operations of a child care center are not added responsibilities for university administration. When contracting with an experienced national – or international – provider, an array of best practices and state-of-the-art programs are available

instantaneously. In addition, the costs of operation can be more easily identified at the outset than would be the case in an institutional “start-up.” Issues of legal liability are also managed in a way to protect the resources of the institution. Here again, the university would have the option of constructing and owning the facility as well as leasing it either directly from a developer or through the provider as part of the cost of operation.



In conclusion, this option would compare to the metrics as follows:

- **Cost:** As in the PCMH example, some costs are typically borne by the institution so that family out-of-pocket expenses are at least no more than at other centers;
- **Quality:** Programs and staff can be expected to be of the highest quality;
- **Access:** This option adds slots to the supply available in Pitt County, and ECU employees would have exclusive access to them.

**Providing Child Care
At East Carolina University**

Preliminary Report

October 9, 2006

Section III – Next Steps

The committee has extensively researched the need for child care at ECU, but it recognizes that its findings are incomplete. First of all, the committee earnestly solicits the university administration's comments, questions and critiques as aids in drawing a complete picture. Such a dialogue will enable the committee to provide clarifications and additional information as necessary to enable these options and outcomes to be weighed in the context of the institution's broad strategic initiatives.

In addition, the committee would like to take any additional steps necessary to obtain the administration's consent for issuing *Requests for Information* to potential independent operators in order to more fully develop the fourth option described above. Upon authorization, we would work with the Office of Materials Management to identify qualified providers from whom we could request specific information on offerings and costs. With this additional information in hand the four options presented can be compared more effectively.

Upon appropriate discussion and development of the information gleaned, the committee would appreciate the opportunity to submit a final report and recommendations for action.

Providing Child Care At East Carolina University

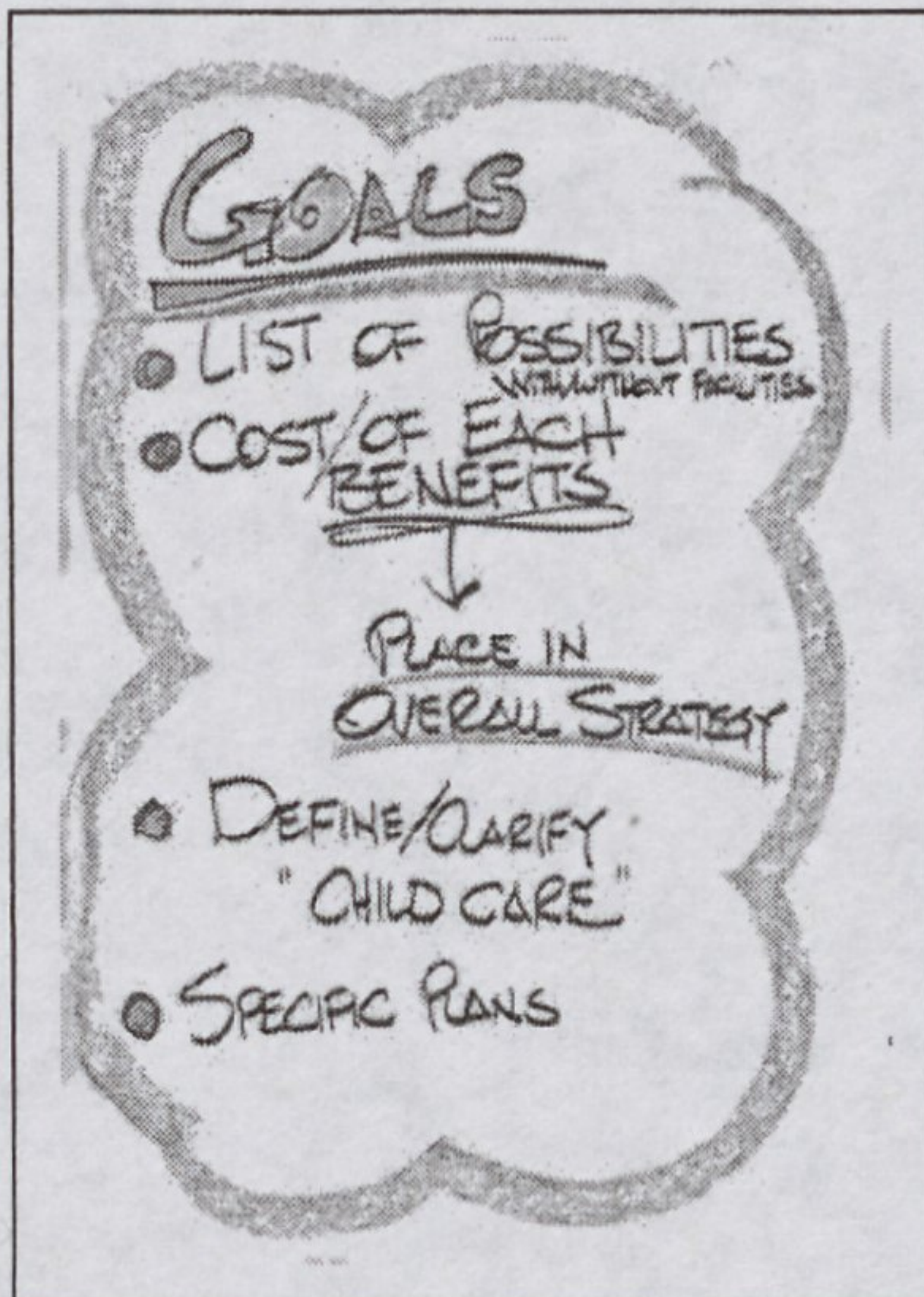
Preliminary Report

October 9, 2006

Appendix

Item A - The Committee

The ECU Child Care Committee was appointed by the Provost in April of this year. Additional members were appointed by the Health Sciences Division at the request of the committee, by the Student Life Division and by the College of Business. The appointees include:



- Dr. Nan Lee
- Dr. Lessie Bass
- Dr. Lynn Roeder
- Dr. Seema Modi
- Dr. Rick Niswander
- Dr. John Reisch
- Dr. Mark Sprague
- Mr. John Toller
- Mr. Scott Buck
- Mr. Bruce Flye

**Providing Child Care
At East Carolina University**

Preliminary Report

October 9, 2006

***Appendix Item B -
Financial Analysis, Option C***

Annual Operating Budget

** Operating expenditures below exclude building (non-annual) costs

	Large Center	Medium Center	Small Center
Annual Operating Revenues	\$ 2,556,620	\$ 1,423,320	\$ 918,620
Annual Operating Expenitures	\$ 2,849,181	\$ 1,535,139	\$ 1,040,229
Operating Excess (Shortfall)	\$ (292,561)	\$ (111,819)	\$ (121,609)

Projected Annual Operating Revenues

	Large Center	Medium Center	Small Center
Day Care Tuition	\$ 2,068,000	\$ 1,082,000	\$ 709,000
After School	\$ 360,000	\$ 240,000	\$ 120,000
Babysitting	\$ 69,120	\$ 69,120	\$ 69,120
Federal Food Program	\$ 26,000	\$ 13,600	\$ 9,000
Registration	\$ 33,500	\$ 18,600	\$ 11,500
Total	\$ 2,556,620	\$ 1,423,320	\$ 918,620

Details:

Day Care Tuition

Infants	\$ 288,000	\$ 144,000	\$ 72,000
Toddlers	\$ 340,000	\$ 170,000	\$ 85,000
Twos	\$ 480,000	\$ 288,000	\$ 192,000
Pre-K	\$ 960,000	\$ 480,000	\$ 360,000
Total Day Care Tuition	\$ 2,068,000	\$ 1,082,000	\$ 709,000

After School:

Regular (school year)	\$ 225,000	\$ 150,000	\$ 75,000
Summer	\$ 112,500	\$ 75,000	\$ 37,500
Special (In-service teaching days)	\$ 22,500	\$ 15,000	\$ 7,500
Total After School Revenues	\$ 360,000	\$ 240,000	\$ 120,000

**Providing Child Care
At East Carolina University**

Preliminary Report

October 9, 2006

***Appendix Item B, cont'd
Financial Analysis, Option C***

Projected Annual Operating Expenditures

	Large Center	Medium Center	Small Center
Personnel	\$ 2,186,274	\$ 1,110,756	\$ 730,081
Food Costs	\$ 410,380	\$ 227,880	\$ 142,880
Childcare Licensing	\$ 1,000	\$ 1,000	\$ 1,000
Insurance	\$ 30,000	\$ 30,000	\$ 30,000
Transportation	\$ 50,000	\$ 50,000	\$ 50,000
Advertising	\$ 5,000	\$ 5,000	\$ 5,000
Office supplies, phones, etc.	\$ 20,000	\$ 20,000	\$ 20,000
Maintenance	\$ 56,650	\$ 33,344	\$ 22,275
Utilities	\$ 67,377	\$ 39,658	\$ 26,493
Staff Training	\$ 2,500	\$ 2,500	\$ 2,500
Educational Material	\$ 20,000	\$ 15,000	\$ 10,000
Total	\$ 2,849,181	\$ 1,535,139	\$ 1,040,229

Details:

Personnel:

Day Care (Lead Teachers)	\$ 693,000	\$ 363,000	\$ 231,000
Day Care Teachers	\$ 588,000	\$ 308,000	\$ 196,000
Day Care (T.A.s)	\$ 64,000	\$ 32,000	\$ 16,000
Floating T.A.s	\$ 176,000	\$ 132,000	\$ 88,000
After School Lead Teacher*	\$ 99,000	\$ 66,000	\$ 33,000
After School (regular) T.A.s	\$ 38,400	\$ 35,200	\$ 17,600
After School (summer) T.A.s	\$ 32,400	\$ 21,600	\$ 10,800
Babysitting	\$ 23,040	\$ 23,040	\$ 23,040
Administrative	\$ 106,000	\$ 70,000	\$ 70,000
Housekeeping	\$ 37,234	\$ 21,916	\$ 14,641
Food Preparation	\$ 32,000	\$ 24,000	\$ 16,000
Benefits (Salaried only)	\$ 297,200	\$ 14,000	\$ 14,000
Total Personnel Costs	\$ 2,186,274	\$ 1,110,756	\$ 730,081

* After School Lead Teacher works summer and regular school year.

**Providing Child Care
At East Carolina University**

Preliminary Report

October 9, 2006

***Appendix Item B, cont'd
Financial Analysis, Option C***

Projected Annual Operating Expenditures cont'd

Classroom Operating Hours:

	Total Hours	-	Lead Teacher Hours	-	Teacher Hours	=	T.A. Hours	Number of Lead Teachers	Number of Teachers
<i>Large Center</i>									
Infants	22,000		6,000		8,000		8,000	4	4
Toddlers	22,000		6,000		8,000		8,000	4	4
Twos	27,500		7,500		10,000		10,000	5	5
Pre-K	44,000		12,000		16,000		16,000	8	8
After-school (regular)	7,200		2,400				4,800	3	6
After-school (summer)	4,950		900				4,050	3	6
							Total	27	33
<i>Medium Center</i>									
Infants	11,000		3,000		4,000		4,000	2	2
Toddlers	11,000		3,000		4,000		4,000	2	2
Twos	16,500		4,500		6,000		6,000	3	3
Pre-K	22,000		6,000		8,000		8,000	4	4
After-school (regular)	6,000		1,600				4,400	2	4
After-school (summer)	3,300		600				2,700	2	4
							Total	15	19
<i>Small Center</i>									
Infants	5,500		1,500		2,000		2,000	1	1
Toddlers	5,500		1,500		2,000		2,000	1	1
Twos	11,000		3,000		4,000		4,000	2	2
Pre-K	16,500		4,500		6,000		6,000	3	3
After-school (regular)	3,000		800				2,200	1	2
After-school (summer)	1,650		300				1,350	1	2
							Total	9	11

**Providing Child Care
At East Carolina University**

Preliminary Report

October 9, 2006

***Appendix Item B, cont'd
Financial Analysis, Option C***

Projected Annual Building Costs (Long Term Lease)

	Large Center	Medium Center	Small Center
Estimated Square Footage:			
Classrooms	11,725	6,510	4,025
Library & Activity Rooms	1,050	1,050	1,050
Laboratories	864	468	288
Administrative	3,518	1,953	1,208
Total square footage	17,157	9,981	6,571
Times: Cost per square foot	15	15	15
Estimated Annual Lease Cost	\$257,348	\$149,715	\$98,558

Note: Utilities included; furniture, fixtures and equipment not included - see below

Projected Building Costs (New Construction)

	Large Center	Medium Center	Small Center
Estimated Square Footage:			
Classrooms	11,725	6,510	4,025
Library & Activity Rooms	1,050	1,050	1,050
Laboratories	864	468	288
Administrative and Grossing	4,092	2,408	1,609
Total square footage	17,731	10,436	6,972
Building cost per sq ft	\$ 150	\$ 150	\$ 150
Estimated Building Cost	\$2,659,605	\$1,565,460	\$1,045,785
Estimated Parking Space Costs	\$395,500	\$239,750	\$157,500
Estimated Construction Costs	\$3,055,105	\$1,805,210	\$1,203,285
Add Building Cost Contingency	\$265,961	\$156,546	\$104,579
Design Cost	\$ 332,107	\$ 196,176	\$ 130,786
Furniture, Fixtures and Equipment	\$213,200	\$106,600	\$53,300
Estimated Land Cost	\$695,185	\$411,606	\$271,562
Total Estimated Cost	\$4,561,558	\$2,676,138	\$1,763,512

**Providing Child Care
At East Carolina University**

Preliminary Report

October 9, 2006

***Appendix Item B, cont'd
Financial Analysis, Option C***

Projected Building Costs - Details

	Large Center	Medium Center	Small Center
Parking Requirements per City			
1 space per employee, and	73	44	27
1 space per 500 sf, and	36	21	14
4 additional spaces for loading etc.	4	4	4
Totals	113	68.5	45

Land Area

Parking @ 450 sf/space	50,850	30,825	20,250
Building	17,731	10,436	6,972
Subtotal	68,580.7	41,261.4	27,221.9
Outdoor play SF per earlier proposal	NA	7,125.0	NA
Outdoor play SF (extrap. from earlier proposal)	14,250.0	NA	4,702.5
Developed SF	151,411.4	89,647.8	59,146.3
Developed Acreage	3.5	2.1	1.4
Landscaped and pervious area @ 25%	0.9	0.5	0.3
Total Acres required	4.3	2.6	1.7

Note: maximum site coverage and other details dependent upon actual zoning district

	Large Center	Medium Center	Small Center
Number of Employees:			
Director	1	1	1
Assistant Director	1	1	1
Admin. Assistant	1	0	0
Food Preparers	2	2	1
Floater	8	6	4
Lead Teachers	27	15	9
Teachers	33	19	11
Total employees (at center simultaneously)	73	44	27

Cost to equip classrooms (per Kaplan Early Education Catalogue)

	Large Center	Medium Center	Small Center
Infants	\$35,200	\$17,600	\$8,800
Toddlers	\$38,800	\$19,400	\$9,700
Twos	\$27,200	\$13,600	\$6,800
Pre-K	\$56,000	\$28,000	\$14,000
After School	\$56,000	\$28,000	\$14,000
Total costs to equip classrooms	\$213,200	\$106,600	\$53,300

Providing Child Care At East Carolina University

Preliminary Report

October 9, 2006

Appendix Item B, cont'd *Financial Analysis, Option C*

Expenses and Revenues - Assumptions and Details

Class size:

Infant	8
Toddler	10
Twos	12
Pre-K	16
After School	25

Number of Classrooms:

Large Center

Infant	4
Toddler	4
Twos	5
Pre-K	8
Total Daycare Children	260
After-school	3
Total Children (excl. nights/even)	335

Medium Center

Infant	2
Toddler	2
Twos	3
Pre-K	4
Total Daycare Children	136
After-school	2
Total Children (excl. nights/even)	186

Small Center

Infant	1
Toddler	1
Twos	2
Pre-K	3
Total Daycare Children	90
After-school	1
Total Children (excl. nights/even)	115

Operating Hours:

Daycare (7am - 6pm) {hrs per day}	11
Days per week childcare is offered	5
After-school, regular (2pm-6pm) {hrs per day}	4
After-school, summer (7am-6pm) {hrs per day}	11
Babysitting, M-TH (6pm-10pm) {hrs per day}	4
Days per week babysitting is offered	4

Weeks of operation:

Daycare	50
After-school, regular	40
After-school, summer	10
Babysitting	50
Month of operations (daycare)	12

Babysitting Occupancy:

Spaces Available:

Large Center	24
Medium Center	24
Small Center	24
Average Occupancy Rate	60%

Revenues:

Daycare (cost per week):

Infant	\$	180
Toddler	\$	170
Twos	\$	160
Pre-K	\$	150
After School (regular)	\$	75
After School (summer)	\$	150
Babysitting (ave. cost per hour):	\$	6
Registration (annual cost per child)	\$	100
Federal Food Program (per daycare child)	\$	100

Drop-off services:

Number per class	1
Occupancy rate	100%
Cost per day (per child)	\$ 30

Special After School (In-service school days)

Cost per day (per child)	\$	30
Number of in-services workdays (per year)		10
Daily additional hours of service (7am-2pm)		7

Providing Child Care At East Carolina University

Preliminary Report

October 9, 2006

Appendix Item B, cont'd

Financial Analysis, Option C

Expenses and Revenues - Assumptions and Details cont'd

Personnel Costs:

Director (annual salary)	\$ 45,000
Asst. Director	\$ 36,000
Admin. Assistant (annual salary)	\$ 25,000
Lead Teacher (annual salary); 1 per class	\$ 33,000
Teacher (annual salary)	\$ 28,000
Teacher's Assistants/Floaters (rate/hour)	\$ 8
Babysitters (rate per hour)	\$ 8
Food preparer's (rate per hour)	\$ 8
Fringe Benefits (for salaried employees)	20%
Teacher (hours per day in classroom)	8
Lead Teacher (hours/day in classroom)	6
Food Preparer (hours per week)	40

Food Preparer Staffing:

Large Center (FTE)	2
Medium Center (FTE)	1.5
Small Center (FTE)	1

Floaters needed per day:

Large Center (FTE)	8
Medium Center	6
Small Center	4

Building Related Items:

Classroom space per child (sf)	35
Activity Room (size in sf)	750
Children's library (size in sf)	300
Children's bathroom (sf of each)	72
Number of classrooms per bathroom	2
Administrative space (as a percentage of classroom space required)	30%
Construction Cost (per sf)	\$ 150
Design Costs (% of all constr costs + cont.)	10%
Leasing Cost (per sf)	\$ 15
Cost per Acre	\$160,000

Staff needed:

Daycare (per classroom):

Infant	2	4.0 <==Children per Staff (computed)
Toddler	2	5.0 <==Children per Staff (computed)
Twos	2	6.0 <==Children per Staff
Pre-K	2	8.0 <==Children per Staff (computed)
After School	3	25.0 <==Children per Staff (set number)

Babysitting (total number needed):

Large Center	6	4.0 <==Children per Staff (set number)
Medium Center	6	4.0 <==Children per Staff (set number)
Small Center	6	4.0 <==Children per Staff (set number)

Other Costs:

Childcare Licensing Fees (annual)	\$ 1,000
Accreditation Fee (annual)	\$ 1,500
Insurance (annual)	\$ 30,000
Transportation Costs (annual)	\$ 50,000
Advertising (annual)	\$ 5,000
Office supplies, phones, etc.	\$ 20,000
Maintenance (percent of building cost)	2.13%
<i>Based on \$150/sf/\$3.20/sf</i>	
Utilities (cost per sf of building)	\$ 3.80
Contingencies (percent of building cost)	10%
Staff Training (annual)	\$ 2,500
<i>Educational Material:</i>	
Large Center	\$ 20,000
Medium Center	\$ 15,000
Small Center	\$ 10,000
<i>Food costs (per child per day):</i>	
Day Care & After School (summer)	\$ 5
After School (regular)	\$ 2
Babysitting	\$ 1
Housekeeping (cost per sf)	\$ 2