



Recommendation for SPECC Liberty/IT

Follow up analysis of the BPG & EC requests



Thank you

A special thanks to...

- The Business Planning Group (BPG)
- The Board of Education
- Bob Burgess
- Lois Love
- Staff

Without their tireless efforts we would not have the information to
guide us forward.

Recommendations from the BPG

- Greater budgeting autonomy for the Principal and B of E
- Stabilize the extent the school relies on the church financially
- Evaluate fiscal performance of all Early Childhood Centers
- Move each program toward self-sufficiency

Report from BPG – 04/12/2016

Trustees Recommendation to EC

Trustees recommended in their report dated 06/02/2016, that the IT house “no longer be used for the care of infants”. The trustees noted, after thorough study, the cost to maintain the house is exceeding their ability to practically support the facility.

- “Annual regulation compliance costs exceed excess revenue... to say nothing of the general maintenance costs”
- “Overall condition of 225 is deteriorating. We’re losing the battle of maintaining the property’s value”
- “We think regulation deficiencies are just the tip of the iceberg”

Trustee Report to EC 6/02/2016

EC requests of Principal and B of E

- Make analysis of “whole IT program”
- Report back to EC in August with recommendations

Reminder from BPG: - “SPECC overall, when established, was not to be a mission or ministry of St Paul. It was and is supposed to be a self sufficient outreach program”

June 8th, 2016 E-mail

AUGUST RECOMMENDATIONS

- Need to create accounting system to evaluate each program individually
- Review data to recommend future for IT program

How the Principal & B of E Chair prepared

Created a tracking system to review finances at an account level, but sorted by program.

IT, SPECC Liberty, SPECC Earhart, School, and Church are now available for review.

Reviewed data and familiarized ourselves with the financial operations of each program.

Met with Directors of each program to understand philosophy and an overview of their operations.

Identifying our Future Vision

Armed with solid information and an understanding of the programs, Bob and I informed the Board of the request for a recommendation to EC in September.

The Board of Ed held a special session on 11/02/2016 to familiarize themselves with the information already collected, reviewed and prepared additional questions to finalize a recommendation at our regular Board meeting.

Bob and the B of E met for our regular session, 11/07/2016 to plan out the vision of the school and our programs, followed by a closed session for Q & A amongst the Board.

Bob and I met with EC to update progress 11/08/2016.

The final special session was held 11/14/2016 to craft the language of the motion approving the recommendation.

Here are the Numbers...

2015-2016 Fiscal Year

IT/SPECC Liberty accounting was combined, no numbers existed for each individual program. Here are the actuals for Liberty & Earhart...

	<u>Liberty</u>	<u>Earhart</u>
Revenue	\$366,761.00	\$387,744.00
Payroll	\$382,927.00	\$293,340.00
Program Cost	<u>\$ 50,609.00</u>	<u>\$ 27,012.00</u>
Net Profit/(Loss)	\$ (66,775.00)	\$ 67,392.00

Many items are co-mingled with the church. Church pays for payroll service fees for all employees, office supplies, insurance on IT house, and liability costs. No rent or facility costs are charged by the church to SPECC Liberty. In fairness, rent is not charged at Earhart as well.

2016-2017 Fiscal Estimate

<u>SPECC/IT Program P & L</u>				
Data through 11/2016				
	<u>IT</u>		<u>SPECC Liberty</u>	<u>SPECC Earhart</u>
Salary	\$150,739.78		\$252,373.13	\$358,337.06
Program	\$18,422.86		\$30,774.65	\$54,705.94
Total Cost of Program	\$169,162.64		\$283,147.78	\$413,043.00
Tuition	\$144,992.26		\$246,232.46	\$566,873.81
Profit/(Loss)	-\$24,170.38		-\$36,915.32	\$153,830.81
	-17%		-15%	27%
Tuition @ 10% Increase	\$159,491.49		\$270,855.71	N/A
Tuition @ 20% Increase	\$173,990.71		\$295,478.95	N/A
Revenue needed for 5% gross profit	\$178,065.94		\$298,050.29	\$434,782.11
Revenue needed for 10% gross profit	\$187,958.49		\$314,608.64	\$458,936.67

These numbers do not include \$14,522.53 that has been paid to update the IT house for licensing. The trustees estimate a total of \$50,000 will be needed for licensing updates at both Liberty programs.

IT/SPECC Liberty Facts

Staff

4 Full-time – IT

5 Full-time – SPECC Liberty

6 Part-Time who float between programs

Children

12.4* FTE – IT (Optimistic Estimate)

26.6* FTE – SPECC (Optimistic Estimate)

50 Families

5 Families with children in IT & SPECC

40	Ann Arbor
2	South Lyon
2	Dexter
4	Ypsilanti
2	Chelsea
1	Novi

Questions?

Whereas we find these factors present

Physical Conditions

- Condition and age of Brauer Hall
- Overall deteriorating condition of the IT house
 - Outstanding future costs of the identified necessary repairs to the IT house
 - Loss of property function and value if the IT house continues on current path
 - Limitation of program size at IT house

Financial Conditions

- Enormity of necessary rate increases to bring program to self-sufficiency
 - Adversely affect the retention of families
 - Difficulty showing value with little visible change to program
- If only IT program is eliminated
 - Concern for retention of families with multiple children in both programs
 - Loss of feeder program for SPECC

Whereas we find these factors present

Conditions of Current Culture

- Resistance to changes in the program – NAEYC/Staffing
- Lack of tracking and retention of children to the day school and/or church

Administrative Conditions

- Top heavy staffing costs
- Lack of financial awareness, planning, and administration of the programs
- Concern of setting programs up to fail

Public Relations

- Justification of sudden rate increase needed to make program viable
- Justification of discontinuing programs to families/membership
- Loss of employment for long-time employees and members
- Loss of program to the community downtown
- Lack of activity at Liberty
- Welfare of employees

Board of Education Recommendation

We the Board of Education, recommend the discontinuing of both IT and SPECC Liberty programs by 7/1/2017.