



3/1/23

To: Shrewsbury School Committee
From: Karen Isaacson, Director of Extended Learning
RE: Extended Learning Programs – Report and Tuition Recommendation

The pandemic has had a lasting effect on the extended school care program. Enrollment is down by 18% from pre-pandemic levels, and we no longer have a waiting list. At the same time, we have seen a significant rise in the number of students who qualify for financial aid. For the last two years, our revenue has not covered our expenses.

In order to protect the operating budget going forward, and bring ESC back to a financially self-sufficient program, we need to examine both our tuition fees and our financial aid policy.

Currently, we have 112 students in the program who receive a discount. Students who qualify for free lunch receive an 80% discount, and student who qualify for reduced lunch receive a 60% discount. This policy was put into place in 2019 to provide a simple, consistent way to determine eligibility. This policy has given greater access to the program to SPS families, but comes with a corresponding cost. The forecast for FY23 shows a projected subsidy of \$313,000. This represents 19% of our gross revenue.

5-year history of financial aid to families

| School Year | # students | % of revenue |
|--------------------|-------------------|---------------------|
| 2017-2018 | 31 | 4% |
| 2018-2019 | 44 | 6% |

| | | |
|-----------------------------------------------------|-----|------|
| 2019-2020 | 70 | 8% * |
| 2021-2022 | 79 | 14% |
| 2022-2023 | 112 | 19% |
| * Changed to current model of 80% and 60% discounts | | |

If we do not make any changes to our tuition rates or reduced fees next year, we would likely impact the operating budget by \$180,000, even without any changes to personnel and other expenses. In order to eliminate this deficit, and provide a recommended cushion of 3-4% of gross revenue to accommodate unpredictable circumstances, I have prepared three options for next year's tuition rates and discounts.

Option A

No change to the reduced fee policy.

A 20% tuition increase would be needed in order to cover expenses

| | | |
|---------------------------|--------------------|-----------------------------|
| AM & PM tuition | \$1,955,719.00 | 20% tuition increase |
| Reduced Fee | (\$371,587) | 19% of revenue |
| Registration Fees | \$9,000 | |
| Other fees | \$9,000 | |
| Total Revenue | \$1,602,132 | |
| Wages | \$1,179,655 | 2.75% wage increase |
| Health Insurance | \$131,610 | 7% increase |
| SELCO | \$50,000 | |
| Supplies, Services, Snack | \$106,000 | no change to other expenses |
| Admin Expense | \$5,000 | |
| Professional Development | \$5,000 | |
| On-line payment processi | \$56,000 | |
| Car allowance | \$2,700 | |
| phone allowance | \$7,400 | |
| Total Expense | \$1,543,365 | |
| Net | \$58,767 | |
| | | 3.67% |

Option B

Free lunch = 60% discount

Reduced lunch = 40% discount

A 13% tuition increase would be needed to cover expenses

| | | |
|----------------------------|--------------------|-----------------------------|
| AM & PM tuition | \$1,839,317 | 13% tuition increase |
| Reduced Fee | (\$257,504) | 14% of gross revenue |
| Registration Fees | \$9,000 | |
| Other fees | \$9,000 | |
| | | |
| Total Revenue | \$1,599,813 | |
| | | |
| Wages | \$1,179,655 | 2.75% wage increase |
| Health Insurance | \$131,610 | 7% increase |
| SELCO | \$50,000 | |
| Supplies, Services, Snack | \$106,000 | no change to other expenses |
| Admin Expense | \$5,000 | |
| Professional Development | \$5,000 | |
| On-line payment processing | \$56,000 | |
| Car allowance | \$2,700 | |
| phone allowance | \$7,400 | |
| | | |
| Total Expense | \$1,543,365 | |
| | | |
| Net | \$56,448 | |
| | | |
| | 3.53% | |

Option C

Free lunch = 50% discount

Reduced lunch = 30% discount

| | | |
|----------------------------|--------------------|----------------------------|
| AM & PM tuition | \$1,791,000 | 10% tuition increase |
| Reduced Fee | (\$214,920) | 12% of gross revenue |
| Registration Fees | \$9,000 | |
| Other fees | \$9,000 | |
| Total Revenue | \$1,594,080 | |
| Wages | \$1,179,655 | 2.75% wage increase |
| Health Insurance | \$131,610 | 7% increase |
| SELCO | \$50,000 | |
| Supplies, Services, Snack | \$106,000 | no change to other expense |
| Admin Expense | \$5,000 | |
| Professional Development | \$5,000 | |
| On-line payment processing | \$56,000 | |
| Car allowance | \$2,700 | |
| phone allowance | \$7,400 | |
| Total Expense | \$1,543,365 | |
| Net | \$50,715 | |
| | 3.18% | |

Unpredictable factors

- Enrollment fluctuations. If we lose 1 FTE per site, staffing levels don't change, but annual revenue would drop by \$22,000
- Number of families who qualify for financial aid has increased each year
- Number of students who require 1:1 staff support to meet their needs to access the program is very hard to predict. We strive to make our program inclusive and accessible to all.

Market Rate Survey – Average \$436 per month

All rates on this chart, other than SPS, represent the current school year. Most programs increase their rates annually. Even with a 20% rate increase, SPS falls well below the market average for the current year.

| Town | program type | monthly tuition 5 days/week |
|----------------------------------------------|-------------------|-----------------------------|
| YMCA - Westborough | private | \$720 with transportation |
| Acton-Boxborough | public | \$575 |
| Hopkinton - YMCA | private | \$565 |
| Dover-Sherborne | public | \$562 |
| YMCA - Framingham/Natick | private | \$542 |
| Holliston | public | \$522 |
| Shrewsbury Montessori | private | \$500 |
| Watertown | public | \$496 |
| Uxbridge | public | \$484 |
| Hingham | public | \$472 |
| Hopedale | public | \$460 |
| Attleboro | public | \$460 |
| Franklin | public | \$456 |
| Natick | public | \$455 |
| Medford | public | \$450 |
| Marlborough | private on site | \$447 |
| State reimbursement rate for subsidized care | | \$438 |
| Northborough | private on site | \$435 |
| Framingham | public | \$430 |
| Southborough | private on site | \$427 |
| Westborough | public | \$424 |
| Ashland | public | \$408 |
| Shrewsbury Option A - 20% increase | public | \$401 |
| YMCA - Worcester | private | \$400 |
| Nashoba Regional | public | \$378 |
| Shrewsbury Option B - 13% increase | public | \$377 |
| Littleton | public | \$368 |
| Shrewsbury Option C - 10% increase | public | \$367 |
| West Boylston | private - on site | \$357 |

| | | |
|-----------------|---------|-------|
| Berlin Boylston | public | \$315 |
| North Andover | public | \$314 |
| Millis | public | \$309 |
| Hudson | private | \$250 |
| Wilmington | public | \$243 |

Staffing levels:

Personnel expenses account for 85% of our budget. The ESC guideline is 1 adult for every 10 students. State licensing allows for a 1:13 ratio. Due to a shortage of substitutes, we are frequently operating closer to 1:13 than 1:10.

We continue to see a difference in student behavior since the pandemic – they struggle with social skills, and self-regulation, and require more focused attention and intervention from staff. Reducing staffing levels would compromise program quality and student safety.

| Site | PM Enrollment | # staff | # aides |
|--------------|---------------|-------------|------------|
| Beal | 124 | 12 | 3.4 |
| Coolidge | 64 | 6 | 2 |
| Floral | 59 | 6 | 2 |
| Paton | 51 | 5.5 | 1 |
| Spring | 46 | 5 | .4 |
| Sherwood | 75 | 9* | 1 |
| TOTAL | 419 | 43.5 | 9.8 |

*Sherwood enrollment has dropped throughout the year. To preserve staff jobs, they never need to hire a sub, and they will send staff to other sites as subs as needed.

Recommendation:

Option B keeps our rates below \$400 per month, which is a great value to families.

The cost per day would be \$20.38, or roughly \$8 per hour. The average cost of a nanny in our area is approximately \$19 per hour.

Option B continues to provide a generous discount to families. Families who receive free lunch would pay \$8.38 per day, or \$3.30 per hour.