Operating a private, non-profit, sectarian preschool is a very difficult endeavor. The successful director has a myriad of responsibilities that span everything from child development and curriculum, hiring and staffing issues to state and federal requirements, budgets and marketing. The amount of knowledge and expertise necessary is astounding.

Current concerns being voiced by directors of Adventist early childhood programs are a result of the economic upheaval. Families are facing job losses, changes in lifestyles and relocations. This affects the local preschool as clientele numbers decline, income decreases and fragile budgets require immediate attention.

There is no magic wand to wave over the financial issues. There are, however, several ways in which an early childhood program can control costs and expenditures. The following strategies have been gathered from seasoned early childhood directors who are constantly looking for new ways to keep their programs financially stable. We hope they will benefit your program as well.

**Controlling Costs and Expenditures**

**Tuition Rates**
First and foremost, set tuition rates on the high end of local market prices. There is no need to be the most expensive preschool in the area, but maintaining tuition rates that are on the low end of the market’s pricing sends a message. People believe, justifiably, that they get what they pay for: low tuition = low quality; high tuition = high quality. Try to find a balance and maintain annual program evaluations so the program is constantly improving in its services.

**Annual Fees**
Paperwork requires man-power; consumables cost money. Charge an annual registration and materials fee to help keep these costs under control.

**Usage Agreement Rates**
Throughout the year, enrollment rises and falls. All costs and expenditures follow suit, especially in the area of staffing. For the annual budget to remain stable, usage agreement rates (often called rent) must also. Usage agreement rates should be no more than 7% of the center's monthly income rather than a dollar amount. For clarification, the tax-exempt status of the Adventist church prohibits rental income; hence, the term "usage agreement".

**Correlating Expenses with Income**
Pay rates, salaries, annual raises and benefits must correlate with tuition increases and expense decreases. Define categories of employees and ensure each employee is categorized appropriately with the appropriate pay and benefit package.

**Unexpected Closures**
Every year, unexpected closures create additional financial hardships for early childhood centers. Build unexpected closures due to situations such as snow days and power outages into the annual budget and have a plan for how to cover the loss in tuition. The center’s board might consider adopting a policy regarding unexpected closures and whether or not tuition reimbursements will be considered.

**Late Pick-up Fees**
Twenty years ago, when a parent arrived after closing time, they paid a fee to the attending staff member who either pocketed the money or turned it over to the preschool, depending on the center’s policy. Today, wage and hour laws are stricter. Late pick-up fees must cover the hourly wage of the employee forced to stay at work after hours. This is especially true if the staff member incurs overtime. State wage and hour laws may require overtime pay even for partially worked hours – be sure to look into these issues!

**Reconsider Discounts**
If giving discounts, have a plan for how the money (lost through discounts) will be recuperated. Purposefully plan tuition recuperation efforts by developing a fund from a donor, organizing annual...
fund raisers, marking up tuition prices just like the commercial market or other method. If given, discounts should be for employees of the early childhood center. Discounts to staff members of the local host site, be it a church, school or college/university, should not be given unless the host site has made arrangements for recuperating those discounts for the center. In addition, when it comes to discounts, stop dealing in percentages; deal in dollar amounts!

**Multi-site Supervision**

When more than one Adventist center is within close proximity, consider having one administrator who focuses on marketing, fund development, billing and collections. Let the assistant director(s) handle daily local issues such as staffing, meals and such. In that way, more than one center can benefit from excellent leadership, have one operating board, share teachers and substitutes, help cover expenditures, place bulk orders for consumables and build a stronger community presence.

**Working with College Students**

One idea to help the administrator and assistant director with daily duties is to create a position for an Early Childhood Education, Child Development or Education major to be a student worker supervisor. In addition to wages or a stipend, the student worker supervisor could be given administration course credits for their work. (Union College successfully instituted this concept. Contact the editor for more information and a sample job description.) Colleges and training programs are always looking for quality lab sites, so take advantage of this need to help benefit the center. What a wonderful idea to train up new center administrators!

**Meal Service**

Perform an annual cost analysis of the center’s hot meal service. Meal fees will need to be adjusted as costs dictate. To control or eliminate the cost of the center’s hot meal service for clientele, consider finding corporate meal sponsors in exchange for business promotion. Be aware that the government’s Child and Adult Care Food Program (CACFP) requires a mountain of daily, monthly and annual paperwork and the audits are not worth the monies received.

**Daily Census and Ratios**

Keep an accurate account of the daily census and ratios. Keep the census as close to full as possible and know how to calculate full time equivalency numbers – the center’s budget lives and dies by this. (For help learning how to calculate full time equivalency numbers, go to our website at http://earlychildhood.puconline.org/ and click on the link for the Adventist Child Care Network.) Keep the ratios tight with staggered staffing.

When hiring, be sure potential employees know that they are being hired to work for the center, not for a specific age group. Also, train new employees in every aspect, including the kitchen and custodial duties. Shuffle staff between classrooms when necessary based on the daily census and ratios.

**Bad and Doubtful Debt**

As difficult as it is, discontinue services for clientele who are behind in payments; or, help them find a temporary sponsor. For those who withdraw with a balance due, find and use a collection agency. In an effort to defer a drain on the center, build in bad and doubtful debts when putting together the annual budget.

**Professional Development**

As a means of self preservation, be sure to build into the annual budget and calendar the time and money for professional development of all staff members. The administrator especially needs to be aware of new trends in early childhood. Networking with other professionals provides valuable opportunities for gleaning tips on program management, staffing issues and business acumen.
California Preschool Energy Efficiency Program

The California Preschool Energy Efficiency Program (CPEEP) is a great opportunity for center-based child care and preschool facilities in the Southern California Edison, San Diego Gas & Electric, and Pacific Gas & Electric service areas to upgrade their facilities and save money on energy bills by performing lighting installations and AC tune ups. The program can provide comprehensive retrofitting for the church and private school if the preschoolers, staff, or parents are using the facilities. CPEEP has worked with over 500 preschools in California, and over 100 of those have been Church/Preschool combos!

The CPEEP program is beneficial to child care centers because unlike most rebate programs, which only cover about 25% of the cost of lighting materials, CPEEP covers 80% of the whole project, including labor and materials and the free assessment. CPEEP will fund 80% of the project, and you will be billed the remaining 20% after project completion. Most co-pays are recouped through savings in 3 months to 1 year.

There is a simple registration process, and the whole project can be done in a relatively short amount of time. To get information about the CPEEP program and register, visit http://www.liifund.org/PROGRAMS-NEW/CHILDCARE/CPEEP/index.html.

CPEEP is a collaboration of five organizations: Low Income Investment Fund as the lead agency, California Child Care Resource and Referral Network, the California Department of Education, the California Head Start Association, and Intergy Corporation. This $5.7 million program will replace older, energy-intensive equipment at eligible child care centers with energy-efficient upgrades that help reduce operating costs.

Eligible center-based child care facilities include Head Start, state-contracted and private centers served by: Southern California Edison, San Diego Gas & Electric, and Pacific Gas & Electric. For eligible centers, CPEEP can set up a free energy assessment, and you will receive a written report with recommendations to increase your site’s energy efficiency. You may also qualify for a free air conditioner tune-up.

If you choose to do the recommended upgrades, we will work with you and, in conjunction with our subcontractors, manage the process for you. CPEEP wants to ensure that the project is completed to your satisfaction with minimal disruption to your center.

Technologies and Equipment Covered

The program will replace older, energy-intensive equipment with more efficient alternatives. A few examples include:

- Fluorescent lighting conversions (T12 to T8 or T5)
- Incandescent to CFL conversions
- Exit sign conversions (incandescent to LED)
- Occupancy sensors to turn off unused lighting

Heating and air-conditioning (HVAC) systems

- Free tune ups (Edison and PG&E customers)

Aside from basic site information, the most important things you will need to have available in order to submit a form include:

- Southern California Edison, San Diego Gas & Electric, or Pacific Gas & Electric name on the account and service account number
- Number of air conditioning units
- Facility owner’s information (local conference office)
- Approximate square footage and building age
REMINDER

In October of 2009, the Pacific Union Conference Early Childhood Education and Care Division will be hosting a union-wide Director’s workshop – with shared funding from both the union office and local conference offices of education.

The workshop sessions will focus on the business side of ECEC centers, quality control and the supervision of personnel, including evaluation and certification processes.

We want to see each center director in October, so save the dates in your calendar and start planning now! You will meet directors from other Adventist centers, hear knowledgeable speakers on topics relevant to the business administration of an effective early childhood program, and receive professional development credit for attendance.

More details will follow, but for now, here are the basics:

2009 ECEC Director’s Workshop

Date: October 11, 2009 (Sunday)
October 12, 2009 (Monday)
Place: Westlake Village, CA

Observe how the lilies of the field grow; they do not toil nor do they spin, yet I say to you that not even Solomon in all his glory clothed himself like one of these.