

Results from
Survey of
Massachusetts
Early Education
Providers
Reliant on
Parent-Paid
Tuition Fees



THE NETWORK

A Provider Collaborative

Binal Patel

Director of Workforce Development

Neighborhood Villages

bpatel@neighborhoodvillages.org

Kelly Pellagrini

Director

Charlestown Nursery School

kelly@charlestownnurseryschool.org



Survey Participants

- Surveys Conducted
 - Initial Survey: 100+ responses to a first survey on educator compensation and its impact on program quality.
 - Second Survey: detailed financial and budget figures. Survey response of 20+ sites.
- Profile of Survey Respondents
 - Rely primarily on parent-paid tuition models. (Some respondents have mixed models inclusive of parent-paid tuition and tuition subsidized by state and federal subsidies.)
 - Operate 10 month and 12 month programs.
 - Represent 57 cities and towns in Massachusetts.
 - Collectively serve more than 8,000 children.
 - Collectively employ more than 1,700 educators.

Executive Summary of Findings

- To reopen and sustain financial solvency, respondent programs plan to do all or one of the following: exhaust financial reserves, increase tuition, decrease staff salaries, decrease staffing, reduce program hours, and/or secure additional loans.
- Almost half of respondents needed to furlough staff during mandated Covid-19 closures.
- Most programs said their lowest paid teacher made between \$12-\$17/hour while their highest paid teacher still made less than \$24/hour. Because of this, almost all administrators said their teachers relied on supplemental income from second or third jobs and/or on support from a family member to afford their cost of living.
- More than half of surveyed programs do not feel that they will be able to retain their teachers and that they will therefore have reduced enrollment capacity.

A Sample Snapshot of 10 Center-Based Programs

Location	Funding method	% enrollment decrease	Annual tuition income only*	Annual total expense	Amount in reserves	Planned increase to tuition	How long will your reserves last?	How will you make it work?
Danvers	Private Pay	50%	\$120,000	\$110,000	\$4,500	8%	1-3 months	Increase tuition, Reserves
Lincoln	Private Pay	23%	\$1M	\$800,000	\$600,000	2-3%	3-6 months	Increase tuition, Teacher staffing cuts, Cut down program hours, Use reserves
Lexington	Private Pay	26%	\$418,000	\$420,000	\$150,000	35%	1-3 months	Increase tuition, staff/salary cuts, cut program hours, reserves
Framingham	Mix – Private & subsidies	43%	\$750,000	\$725,000	\$60,000	7%	1-3 months	Increase tuition, Teacher staffing cuts, Cut down program hours, Use reserves
Concord	Mix – Private & subsidies	47%	\$3.3M	\$3.3M	\$880,000	10-25%	3-6 months	Increase tuition, staff/salary cuts, cut program hours, reserves

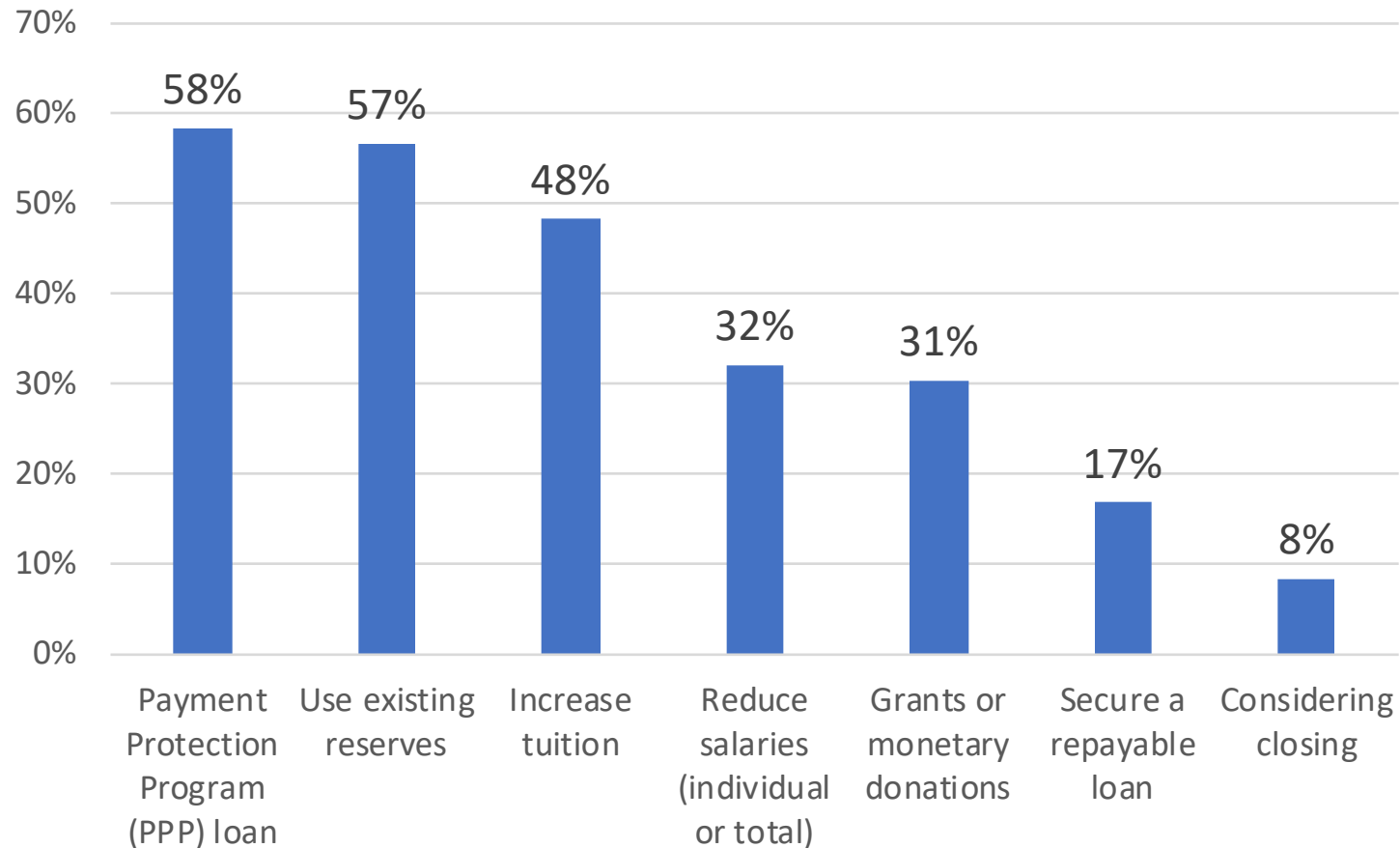
*Anticipated tuition income pre-COVID, many centers did not collect this full amount this year.

A Sample Snapshot of 10 Center-Based Programs

Location	Funding method	% enrollment decrease	Annual tuition income only*	Annual total expense	Amount in reserves	Planned increase to tuition	How long will your reserves last?	How will you make it work?
Belchertown	Mix – Private & subsidies	80%	\$479,262	\$486,619	\$78,847	7%	3-6 months	Increase tuition, Teacher staffing cuts, Cut down program hours, Not currently opening
Amherst	Private Pay	50%	\$500,000	\$520,000	\$0	0	6-12 months	Supported by college
Cambridge	Private Pay	33%	\$12.2M	\$12.1M	\$4.4M	5-7%	3-6 months	Increase tuition, Cut down program hours, Use reserves, Grants and loans from employer sponsor
Milton	Private Pay	29%	\$557,745	\$434,034	\$20,000	10-15%	1-3 months	Increase tuition, Cut down program hours, Use reserves
Medford	Private Pay	23%	\$80,000	\$87,000	\$9,000	30%	3-6 months	Cut salaries, reduce hours, increase tuition

*Anticipated tuition income pre-COVID, many centers did not collect this full amount this year.

How Programs Have Survived Shutdown and How They Plan to Stay Open



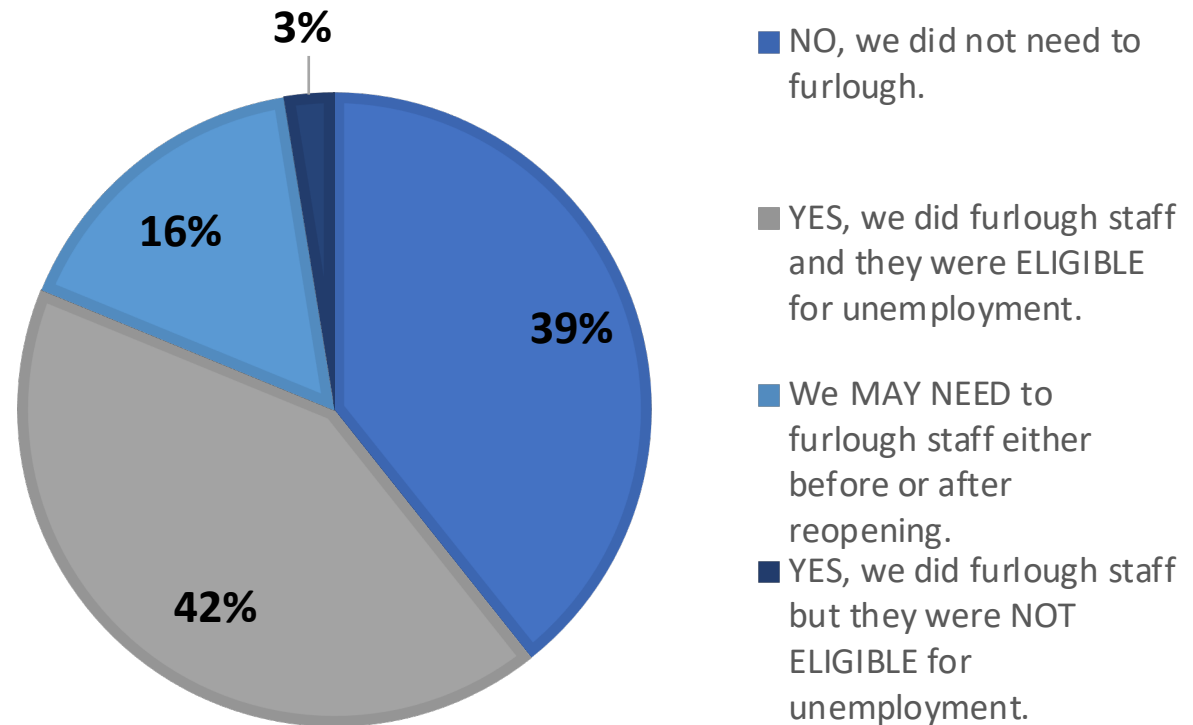
While many programs were able to access PPP, it has only temporarily sustained programs through the closure. As they plan for re-opening now or in the fall, programs are relying on reserves, increased tuition from 3-30%, COVID surcharges charged to families, reduction in staff or administration, reducing already very low teacher salaries, loans, and reducing program hours.

**Programs were able to choose any approaches that applied, most chose multiple options.*

Need to Furlough Staff Due to Covid-19 Mandated Closures and/or Challenges Associated with Reopening

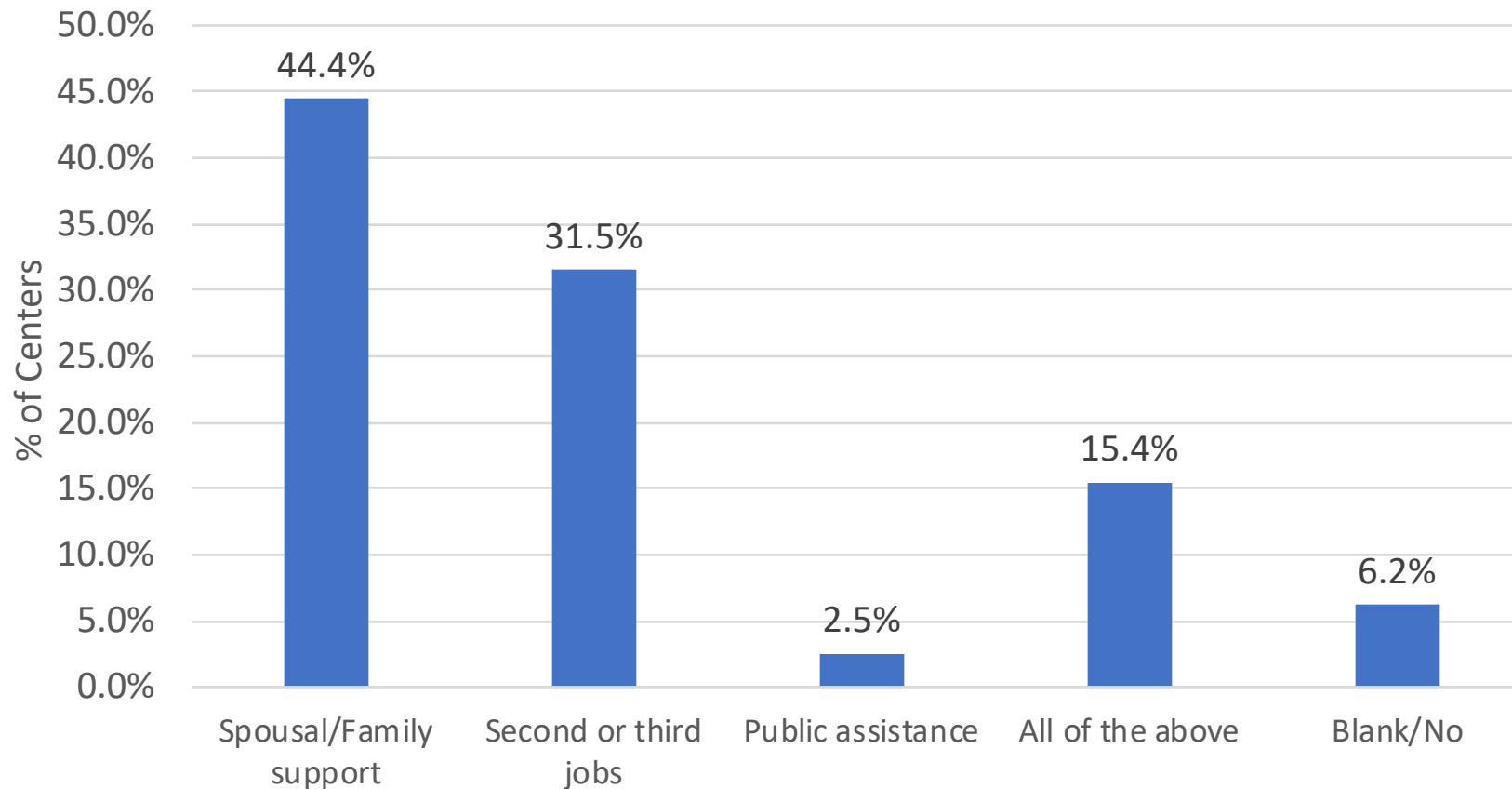
- 45% of programs furloughed their teachers as a result of the pandemic.
- Due to COVID-related changes in regulations and resulting financial effects, 16% of programs surveyed may still need to furlough their teachers.

FURLOUGH DATA



Reducing Staff Salaries Will Exacerbate Pre-Existing Staff Needs to Supplement Their Incomes

Do your teachers need to supplement salary with:



Prior to Covid-19 mandated closures, Early Educator wages were already extremely low:

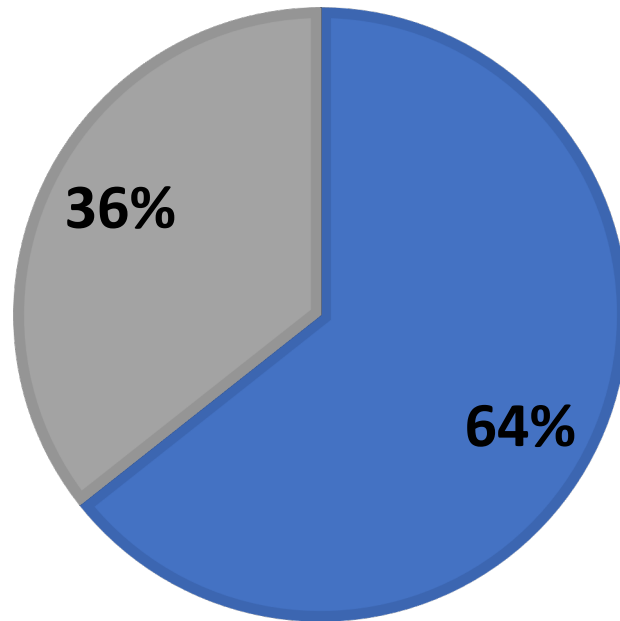
- Of surveyed programs, **lowest paid educators** are paid \$12-\$17/hour (\$25,000-\$35,000 per year).
- Of surveyed programs, **highest paid educators** were still paid less than \$24/hour (\$50,000 per year).

Survey results show that most early educators must supplement their income with additional revenue sources, such as family support and/or taking on second or third jobs.

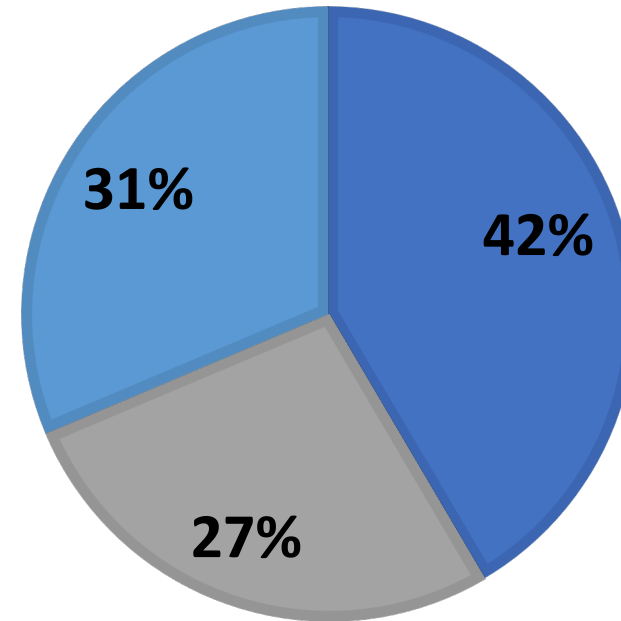
Hourly and annual wages were based on full time equivalency (40 hrs/week) and one full calendar program year (12 months).

Immediate and Projected Impact on Program Staffing

Of 117 respondents, 64% of program providers cannot recruit or retain the qualified staff needed with their expected budgets for next year, despite the range of low salaries in the field.



■ No ■ Yes ■ Possibly



58 percent of surveyed programs will either definitively or possibly modify preschool ratios from 2:10 to 1:10 to sustain financial solvency. (This will result in decreasing staffing.)

Immediate and Projected Impact on Program Capacity and Quality

Survey Respondents Reported the Following as Immediate or Project Impacts on Program Capacity and Quality, Due to Covid-19 Mandated Closures and Challenges Associated with Efforts to Reopen:

- Reduced ability to support children with diverse learning abilities.
- Reduced ability to provide support services to parents/caregivers.
- Changes to pedagogical practices.
- Overall decrease in program quality.
- Reduced staffing will in turn reduce enrollment capacity, denying children access to their programs.
- Higher educator shortages, burnout, and turnover.
- Decrease in support staff for classrooms, such as teaching aides and assistants.

Stories from the field

“As a dedicated director, already donating 40 hours per WEEK, above the 40 hours I am paid for, **if my pay is cut, I will resign** and leave the field after dedicating myself to early education for just short of 40 years in the field.”

“I will have to **turn away 4 full time children** whose parents are teachers, in medical field or bus drivers. I will also have to **turn away 4 part time children** as current regulations do not allow for part-time children to be in same room as full timers. It is heart breaking to have to do this as these parents will not be able to find care as preschool slots are cut in half.”

“**We can not afford to open** due to the guidelines for teacher child ratio. We would be losing 6-10,000 a month we are not looking to make a profit but are unable to break even.”

“In April 2020, we significantly reduced tuition for all families, and provided numerous families with emergency tuition assistance. We did not charge tuition for May or June. This resulted in a loss of \$400K in private pay tuition, our only source of income. A PPP loan helped us navigate 8 weeks in May to June. We have paid our staff full pay and benefits since the closure began on March 13th. This summer only 50% of our students are returning, and we have cut our program hours. **The income loss continues.** We are using our reserves, but those will not last forever. If the pandemic forces another extended closure, we will not be able to sustain this level of support for staff or families.”

“However, because of the square footage per child increase and the limit of class size, we lost 25% of revenue. This means we had to make serious budget cuts plus draw heavily from our reserves (by \$130,000) to break even. Budget cuts include freezing all salaries (by 2.5%); furloughing summer teachers and a staff member; laying off 8 part time teachers; cutting programming; cutting approved funding for Special Needs and DEI work; cutting Professional Development for teachers. However, we are not sure that this is the worst case scenario, since just in the last 2 days we had 2 families asking to defer enrollment by one year. If we see more drops in enrollment which we can't fill, then we will have to draw more funds from our reserves. This is not a sustainable situation, and **we urge our legislators and EEC to provide funding for private preschools to bridge the budget cuts** due to restricted class sizes and increased costs due to PPE, safety renovations, etc.”

Stories from the field

“We are a private pay, half-day preschool located in Lexington, Massachusetts. Pre COVID-19, we were at 90% capacity with 5 classes totaling 61 students aged 2yrs 9 months - 5-years old. Our revenue for the 2019-2020 school year was expected to be \$425,000. Due to the forced closure of schools in March as a result of COVID-19, we lost 13% of revenue while still maintaining all fixed costs. We procured a PPP loan which allowed us to continue paying teacher salaries at 80% of their rate for the remainder of the school year while providing remote learning for our families. Due to the timing of the Health and Safety regulations, we had to close our 5-week summer program. Based on the new Health and Safety Minimum Requirements, our new maximum capacity is 45 students while our staff remains constant, thus forecasting an annual loss of \$114,000 due to this decreased capacity and closure of all extended day programs. Added to this is the increase in new COVID related expenses of \$29,500. Based on this scenario, our school would need to contribute \$50,000 from its reserves while raising tuition costs by 35% in order to break even by the close of the 2020-2021 school year. This also assumes teacher salaries remain flat, administration salaries are reduced by 14% and professional development and supplemental health care benefits and enrichment specialists (music class) are eliminated. As of this morning, **the town of Lexington released the Public schools reopening plan** (based on DESE recommendations). This plan calls for hybrid every-other-week in-person learning. Based on this new information, **our school loses staffing potential for half of its classes** as our teachers with young children must remain home when their children are not participating in in-person learning. This forces a job share situation which will increase salary costs. Based on the current teacher shortage in early education, if no additional teachers can be hired, our school will have to close down one to two classrooms, further reducing enrollment by 17 students and thus, revenue. Our families, already facing financial insecurities, cannot incur a tuition increase higher than 35%, assuming they can manage the 35% increase. **For the first time in our 63-year history, we are forced to consider closing our doors.**”

“We are large, well-established preschool program with an excellent reputation. We are usually full, or very close to it, with a wait-list for most classes under normal circumstances. Since COVID, our 2020-21 **enrollment has dropped by over 30% since families are afraid to return to school**. We have continued to pay our teachers because they rely on their salaries to live, and we feel responsible for taking care of them. Plus, we need teachers to run school, which is now more labor intensive than ever! But our school's expenses are comprised of almost entirely fixed costs (mortgages, staff salaries, professional services) and our profit margin is completely eliminated by the revenue drop. We are taking on significant long-term debt to fund operations but cannot do this forever... PPP was great, but that covered 10 weeks of salary at a time when we had no revenue (camp program was canceled). **We are continuing to lose money every week and it will be difficult to sustain without help.**”

Stories from the field

“We are a small preschool which will be entering into it's 20th year in the Fall. We started as a one room schoolhouse with 8 children & ended our 1st year with a total of 18 total children. Currently, we have three classrooms which serve 53 children daily. Over the last 20 years, we have worked hard to establish & create a loving & nurturing environment where families can leave their children each day. As many in this field, we work hard to provide high quality education to young children. It takes years to establish this and **the last few months have challenged us in ways we never imagined.** We are hopeful to open in September but we worry about the future. We worry about being able to survive another shut down. It has **taken its toll on us not just financially, but emotionally & physically.** It is just "preschool". We hear this so often. But we are more. We are the base that allows families to go out & provide a life for themselves & their children. We are crucial to getting things back to "normal." We want to continue to do what we love, but we need change. To continue the way it has always been may very well end what so many of us have worked so hard to establish.”

“Our program is a 501c3 nonprofit preschool founded in the early 1960s. We pride ourselves in providing a high-quality, play-based preschool program which is affordable for families. In years past, we had a robust enrollment, but recently we have struggled to meet our expenses and have operated at a loss. While our very modest reserve has helped us through, **we are facing a year which could threaten our survival,** as is the case with many early childhood programs. In order to maintain our affordability, we plan to keep our set tuition rates but institute a small COVID-related surcharge in the neighborhood of 4%. At the same time, we are withholding staff salary increases, which are also 4%. This was a difficult decision, since our teachers are already underpaid (as a profession) for the amazing work they do. We are also looking at the possibility of having to turn away returning families, because current health and safety requirements do not allow us the flexibility of providing the programs and services we otherwise might be able to offer to accommodate family needs. In addition, the limit placed on enrollment, coupled with the additional staffing and resource requirements, mean that **our expenses will outpace our income.**”

Stories from the field

“The school has always been dependent on strong financial management, the support of the town, and the maintenance of a reserve fund to sustain financially and offer quality care to all families regardless of income. CCC is the only program in Concord to accept vouchers and provides a significant portion of its budget to assist low and middle income families with the cost of tuition. In 1999 the Town re-purposed our main campus and CCC used reserves and aggressive fundraising to build a new school. In 2015 , responding to the anticipated loss of our leases at the hospital and public-school location, we began to raise funds to develop another campus fully owned by the school. Increasing reserves was a cornerstone of our planning. **Once again, we have been called upon to deplete the reserves** to maintain operations because of COVID 19. The erosion of reserves will negatively impact our ability to continue to provide services.”

“We own two centers and on March 27, were supposed to close on a third center. When all centers were mandated closed on 3/20, we had to walk away from that deal, losing \$75,000 in the process in deposits and fees. Thanks to being part of a national networking group, we had good advice and were able to apply and get the PPP and EIDL loan. We charged a percentage of tuition while we were closed and parents were very supportive. We furloughed all our employees so we reopened with cash reserves. **We're going to lose \$100,000 in July and August** between the two centers, so having the PPP will enable us to not go under. We are at 50% pre-Covid enrollment now - **if we are not able to accommodate all the families who are enrolled for September, it's going to be a disaster.**”

“If class sizes are limited to 10 preschoolers, **we will be losing about \$900K this school year.** We have spent \$15k to install fencing to create more outdoor spaces to keep children outdoors as much as we can. We have spent \$12k on HVAC improvements recommended by our epidemiologist. We anticipate another \$12k for bathroom ventilation as per current recommendations. Creating more classrooms to accommodate children already enrolled is \$15,000 to buy or rent partitions. We need additional on staff teachers to be able to fill in when others are sick. We need funds to provide additional sick days for teachers. We have agreed to refund families after two weeks of closure, so we will need a way to keep teachers on health insurance and ready to return. Because we are a religious organization and MA doesn't allow us to participate in unemployment, those teachers can't receive any unemployment. **Without the support of our host institution agreeing to fund the program for the year, we would need to close.**”