

A photograph of a teacher with curly hair, wearing a blue and white patterned sweater, leaning over a table in a classroom. She is interacting with three young children who are sitting at the table. The children are focused on their work, which involves colorful materials and blue trays. The classroom background shows shelves with books and educational materials.

Early Education Initiative

Lynch Foundation

Overview

Goals:

1. Communicate the social and financial benefits of early childhood education for students and communities.
2. Demonstrate how the Lynch Foundation's Early Education Initiative is profitable and sustainable while improving outcomes for diocese students.
3. Provide guidelines for how funders might invest in/launch similar early childhood education programming.

I.

**The Lynch
Foundation's
Early
Education
Initiative**

II.

**The
Importance of
Early
Childhood
Education**

III.

**Financial
Sustainability
of the EEI
Model**

IV.

**EEI and Your
Community**

V.

**EEI Financial
Case Studies**

VI.

**Philanthropic
Support**

Executive Summary

The Lynch Foundation's Early Education Initiative

- Since its founding in 2006, the Early Education Initiative (EEI) has supported the launch and redesign of 20 early childhood programs across the Archdiocese of Boston Catholic Schools, improving schools' financial health.

The Importance of Early Childhood Education

- Early childhood education provides many social and developmental benefits for children and their families, going beyond basic child care to provide research-based, developmentally appropriate curriculum and instruction.
- In addition to providing financial benefits for schools and communities, the goals and benefits of early childhood education programming align with the mission of Catholic schools.

Financial Sustainability of the EEI Model

- EEI programming ensures Catholic school sustainability by reaping enough profit to support overall school financial health and increasing student enrollment in the long term.

EEI Financial Case Studies

- Mission Grammar, South Boston Catholic Academy, and Sacred Heart Lynn are three schools in the Lynch Early Education Initiative. Since joining EEI, each school has seen their enrollment and profit increase each year.

EEI and Your Community

- The EEI model prepares students for future academic success and instills spiritual values, all while serving students from diverse backgrounds in the community.

Philanthropic Support

- Lynch Foundation offers support to funders interested in investing in early childhood programming.
- When launching similar programming, we recommend that funders consider specific support structures to ensure the long-term success and sustainability of the programs.

A photograph of a teacher with curly hair leaning over a table, interacting with three young children. The children are focused on an activity on the table, which includes several blue trays. The background shows a classroom setting with bookshelves and educational materials. The entire image is overlaid with a semi-transparent dark purple filter.

I.

The Lynch Foundation's Early Education Initiative

Overview of EEI and Its Impact

Overview of EEI

Founded in 2006, the Lynch Foundation's Early Education Initiative is a **comprehensive strategy** to support the launch and redesign of early childhood programs across the **Archdiocese of Boston Catholic Schools**.

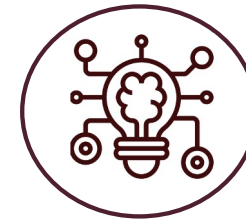
standardized professional **development** and technical **assistance**

professional community of early childhood educators

research-based early education **curriculum**

standards for **quality** assurance and control

administrative systems for maintaining **voucher eligibility**



Improve learning outcomes for young students



Increase enrollment and improve financial health of Catholic schools

Current Impact

20

Schools participating
across 3 of the 6
Archdiocese
voucher regions

109

Classrooms
currently serving
1,596 students

78%

Average
kindergarten
retention rate for
schools in program

7.3M

Revenue
generated via **new**
seats added
across the initiative
schools

"We are blessed to have a fantastic partnership with the Lynch Foundation where we have not only the highest quality materials in front of kids and beautiful spaces for kids to learn in—we also have the very best teachers in front of children each and every day."

PRINCIPAL, MISSION GRAMMAR SCHOOL

The background of the slide is a photograph of several young students in a classroom. They are wearing blue school uniforms. One student in the foreground is writing on a piece of paper with a pencil. Other students are visible in the background, some looking towards the camera and others looking down at their work. The entire image is overlaid with a semi-transparent dark purple filter.

II.

The Importance of Early Childhood Education

Benefits of Early Childhood Education and Alignment with Catholic Schools' Mission

Financial Benefits

With the **increased demand** for childcare, early childhood education programs fulfill this need, while providing financial benefits for schools and communities.



Capitalizing on Market Expansion

The US child care market is valued around \$54B with 4% expected annual growth.¹



Fulfilling Demand

With more than half of Americans living in **childcare deserts**,² the need for childcare is high.



Mitigating Opportunity Costs

Parents forego roughly **\$30-35B in potential income** as high early childhood education costs force them to care for their children.³



Realizing Societal Returns

Early Childhood Education is estimated to provide a **return of \$8.60 to society per \$1 spent** through reduced crime and increased future earnings.⁴

Social Benefits

Early childhood education provides many social and developmental benefits for children and their families, going **beyond basic child care** to provide research-based, developmentally appropriate curriculum and instruction.



Academic Progress & Success

Early childhood education programs have led to **gains in reading and math**; reductions in remedial education, grade retention, and special education placement¹; and **higher HS graduation rates and higher ed completion.**²



Whole Child Development

Early childhood education contributes positively to students' **self-esteem and self-control as well as parenting** practices.³

Head Start leads to **large cognitive gains** in pre-school children, especially for those with lower levels of math & literacy achievement.⁴



Health Outcomes

Early childhood education programs lead to healthier outcomes later in life, such as a **reduced risk of heart disease, obesity, depression, and smoking** and increased exercise and nutritious eating habits.⁵

Mission Alignment

The goals and benefits of early childhood education programming align with the **mission of Catholic schools.**



Enhancing Equity

Expanding early childhood education has the largest **impacts for disadvantaged students.**

Head Start is estimated to close one-third of the outcomes gap between children with median and bottom quartile family income.¹



Respecting Human Dignity

Early childhood education empowers students & families to **feel valued**, leading to positive life outcomes down the road.

Early childhood education can increase earnings in adulthood by 1.3-3.5%²

African Americans who participated in Head Start are significantly less likely to be charged or convicted of a crime.³



Serving Families and Communities

Early childhood education enables parents to **meaningfully participate in society**, including work.

2 million parents made career sacrifices due to childcare costs in 2016.⁴

Universal Pre-K expansion in D.C. increased the city's maternal labor force by 10%.⁵

A young child wearing a face mask and holding a drawing of a hand with a face, with a sign that says "Thank you for helping me grow!!".

III.

Financial Sustainability of the EEI Model

Financial Benefits of the EEI Model

The EEI Model: Profitable, Competitive, and Sustainable

In the current market, **investing** in an early childhood education model similar to EEI would be a **timely and rewarding opportunity**.



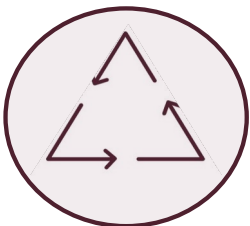
Profitable: Program tuition and vouchers drive EEI profitability.

- Average tuition rates are **\$8,150/student per year**.
- Early education programs capitalize on public early childhood voucher funds that provide additional profit and might not be available to higher grade levels.
 - The average voucher reimbursement rate per student annually in Massachusetts is \$8,313.57.



Competitive: Compared to childcare options, the EEI model provides an enriching and affordable option for families.

- The cost of infant/child care in MA ranges from about **\$15,000 to \$21,000/child per year**.¹
- 12-month early childhood education programs are more competitive than 10-month early childhood education programs, as they ensure families do not need to find alternate childcare in off-months.*

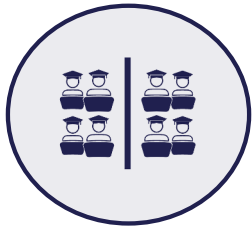


Sustainable: Because of EEI's profitability model, the program funds itself without additional inputs, ensuring long-term sustainability.

- 95% of participating EEI schools project that they will profit in 2021-2022.

The EEI Model: Schoolwide Sustainability

EEI programming ensures Catholic school sustainability by reaping enough profit to support **overall school financial health** and increasing student enrollment in the long term.



78% of EEI students remain in their Catholic schools through kindergarten and beyond, ensuring a **steady pipeline of K-12 enrollment** and ensuring Catholic school sustainability.



The EEI model allows schools to **diversify revenue streams** by taking advantage of Massachusetts' early childhood voucher program, enabling Catholic schools to expand their outreach and enrollment numbers while also serving low-income families.



Additional profits from EEI can contribute to funds for:

- K-12 after-school programming
- Financial aid to students who are not eligible for vouchers, increasing enrollment and further serving communities
- Covering common costs (while not contributing to them)*



IV.

E EI and Your Community

Impact of EEI on Communities


MISSION GRAMMAR
SCHOOL

Serving Community Through EEI Model

The EEI model serves communities by **instilling spiritual values** and preparing students of all backgrounds for **future academic success**.



Student Outcomes

Participating schools* reported high percentages of kindergarten readiness: **85 - 100%**.



Spiritual Values

EEI is an opportunity to instill in students faith, love, and kindness at an early age.



Low-Income Students

Fully sustainable via voucher revenue, the EEI model is accessible to students from all backgrounds.

"The strength of Lower Mills and the love we share with one another is directly related to our strong partnerships within our community, and that students here know they are loved by our teachers, our staff, and by God."

PRINCIPAL, ST. JOHN PAUL II ACADEMY - LOWER MILLS CAMPUS



V.

EEI Financial Case Studies

Deep Dive into the Financials of Three Diverse and Profitable
EEI Schools

Case Study: Mission Grammar School

Mission Grammar is in Mission Hill, Boston, and has seen consistent growth in enrollment and profitability since joining EEI in 2011. In 2019-2020, Mission Grammar **profited \$329,545** from its EEI program (\$3,877/student), and its profit is projected to **more than double** for SY 21-22.

School Characteristics (2019-20)	
<ul style="list-style-type: none"> ● Joined EEI: SY 2011-12 ● Total School Enrollment: 242 ● EEI students: 85 ● Students Receiving Vouchers: 18% ● Students Receiving Financial Aid: 10% 	<ul style="list-style-type: none"> ● Net Profit: \$329,545 ● EEI Grades Served: Infant, Toddler, K0, K1 (7 classrooms) ● Kindergarten Retention: 77% ● 1st Grade Retention: 96%
School Projections (2021-22)	
<ul style="list-style-type: none"> ● Total School Enrollment: 282 ● EEI Enrollment: 126 ● Students Receiving Vouchers: 46% ● Students Receiving Financial Aid: 10% 	<ul style="list-style-type: none"> ● Net Profit: \$774,846 <ul style="list-style-type: none"> ○ Net Profit/Student: \$6,150 ● EEI Grades Served: Infant, Toddler, K0, K1 (10 classrooms)

**See Appendix I for full budget details and Appendix III for considerations for common costs and potential capital costs.*

Case Study: South Boston Catholic Academy

South Boston Catholic Academy is on track to continue serving over 175 students and see significant growth in profit. In 2019-2020, SBCA **profited \$147,950** from it's EEI programming (\$1,049/student) and is projected to profit **\$705,592** in SY 21-22.

School Characteristics (2019-20)	
<ul style="list-style-type: none"> ● Joined EEI: SY 2013-14 ● Total School Enrollment: 402 ● EEI students: 141 ● Students Receiving Vouchers: 0% ● Students Receiving Financial Aid: 1% 	<ul style="list-style-type: none"> ● Net Profit: \$147,950 ● EEI Grades Served: K0, K1 (8 classrooms) ● Kindergarten Retention: 84% ● 1st Grade Retention: 80%
School Projections (2021-22)	
<ul style="list-style-type: none"> ● Total School Enrollment: 437 ● EEI Enrollment: 180 ● Students Receiving Vouchers: 0% ● Students Receiving Financial Aid: 3% 	<ul style="list-style-type: none"> ● Net Profit: \$705,592 <ul style="list-style-type: none"> ○ Net Profit/Student: \$3,922 ● EEI Grades Served: K0, K1 (8 classrooms)

**See Appendix I for full budget details and Appendix III for considerations for common costs and potential capital costs.*

Case Study: Sacred Heart Lynn

Sacred Heart Lynn joined EEI very recently and used the foundation’s support to bolster its existing early childhood education programming. In 2019-2020, SHL **profited \$147,493** from its EEI program (\$1,777/student) and is projected to profit **\$321,336** in SY 21-22.

School Characteristics (2019-20)	
<ul style="list-style-type: none"> ● Joined EEI: SY 2019-20 ● Total School Enrollment: 204 ● EEI students: 83 ● Students Receiving Vouchers: 26% ● Students Receiving Financial Aid: 23% 	<ul style="list-style-type: none"> ● Net Profit: \$147,493 ● EEI Grades Served: K0, K1 (5 classrooms) ● Kindergarten Retention: 70% ● 1st Grade Retention: 65%
School Projections (2021-22)	
<ul style="list-style-type: none"> ● Total School Enrollment: 226 ● EEI Enrollment: 90 ● Students Receiving Vouchers: 28% ● Students Receiving Financial Aid: 9% 	<ul style="list-style-type: none"> ● Net Profit: \$321,336 <ul style="list-style-type: none"> ○ Net Profit/Student: \$3,570 ● EEI Grades Served: K0, K1 (6 classrooms)

**See Appendix I for full budget details and Appendix III for considerations for common costs and potential capital costs.*

A young girl with a joyful expression is the central focus of the slide. She is wearing a dark blue t-shirt with a white crest that features a shield containing the letter 'M' and the year '1889' below it. Underneath the crest, the words 'MISSION GRAMMAR SCHOOL' are printed in white. The background is a soft-focus indoor setting, possibly a classroom or library, with bookshelves visible. The entire image is overlaid with a semi-transparent dark red filter.

VI.

Philanthropic Support

Overview of Lynch Foundation Offerings and Potential Avenues
for Your Philanthropy

Technical Resources

The Lynch Foundation is offering the following **technical resources** as additional guidance for funders interested in investing in/launching early childhood programming.

EEI Handbook

- Research and guidance for student recruitment and financial management of an EEI program
- Operational guidance
- Resources and best practices for curriculum development and assessment

Financial Models (in appendix)

- Sample financial models for structuring budget (includes assumptions and considerations for capital/common costs)



Programming Partnership

In order to launch early childhood programming similar to the Lynch Foundation's EEI, funders can consider offering schools the following **support structures** to promote the longevity and success of their programs.

Start-Up Funding

- Furniture, materials, and classroom set up support
 - ~\$25,000/classroom

Funding for Teacher Development

- Coaching, professional development, and assessment support
 - The Lynch Foundation funds ~\$3,000 annually/teacher
 - Costs determined by funder and training content
- Scholarships for teachers to complete masters programs
 - The Lynch Foundation funds ~\$18,000/teacher for masters programs
 - Costs determined by funder and partner school

Program Implementation Support

- Financial tracking assistance
- Guidelines for reaching target enrollment and maintaining voucher eligibility



Appendix

I. EEI Case Studies and Sample Budgets

- A. Mission Grammar School
- B. South Boston Catholic School
- C. Sacred Heart Lynn

II. Financial Models

- A. 10-Month Model
- B. 12-Month Model
- C. 10/12-Month Comparisons
- D. Budget Assumptions

III. Capital Expenses and Common Costs

- A. Potential Capital Expenses
- B. Budget Considerations for Common Costs

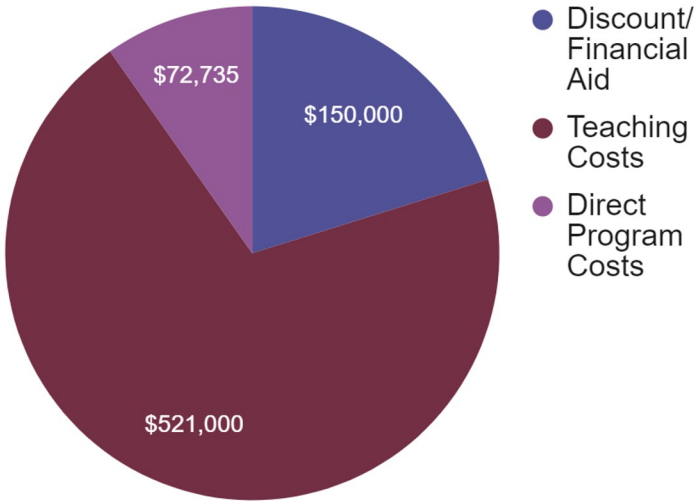
IV. Sources

I. EEI Case Studies and Sample Budgets

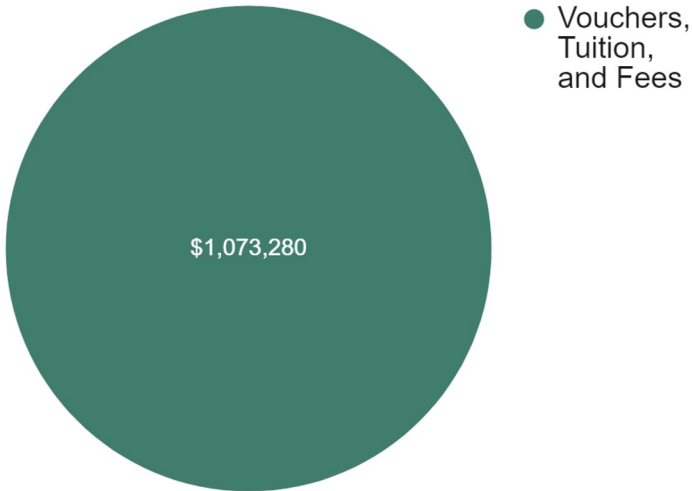
Case Study: Mission Grammar School

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Costs: \$743,735*



Revenue: \$1,073,280

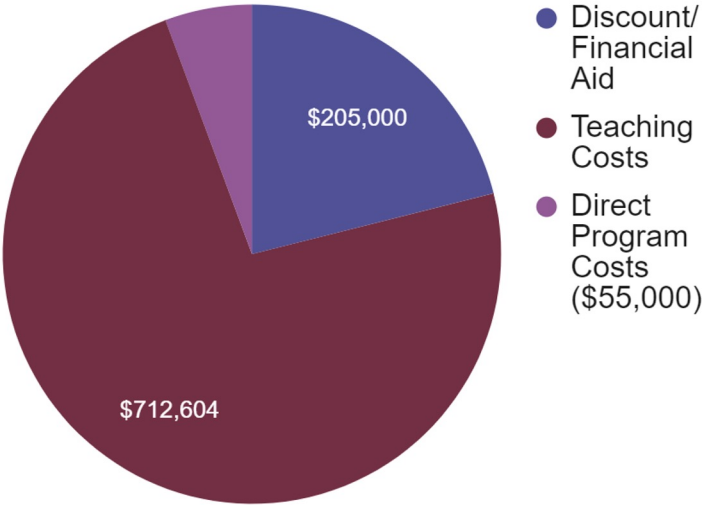


**See Appendix III for considerations for common costs and potential capital costs.*

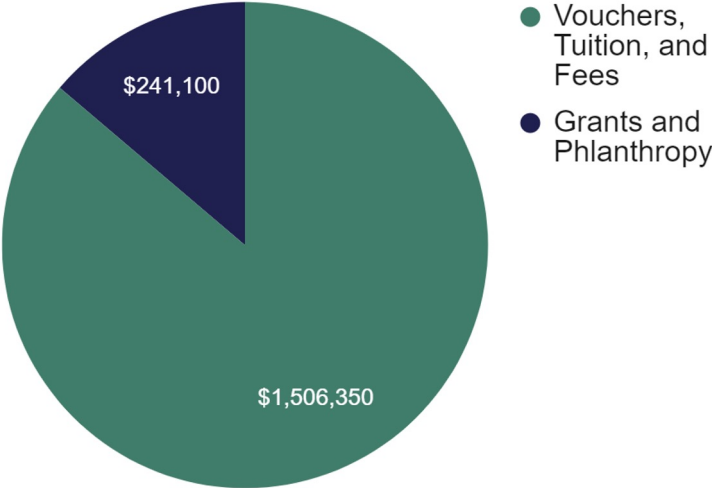
Projections: Mission Grammar School

School Characteristics (2021-22)	
<ul style="list-style-type: none"> ● Joined EEI: SY 2011-12 ● Total School Enrollment: 282 ● Students Receiving Vouchers: 46% ● Students Receiving Financial Aid: 10% ● EEI Grades Served: Infant, Toddler, K0, K1 (10 classrooms) 	<ul style="list-style-type: none"> ● Net Profit: \$774,846 <ul style="list-style-type: none"> ○ 2019 Net Profit: \$329,545 ● EEI Enrollment: 126 <ul style="list-style-type: none"> ○ 2019 Enrollment: 85 ● Net Profit/Student: \$6,150

Costs: \$972,604*



Revenue: \$1,747,450



*See Appendix III for considerations for common costs and potential capital costs.

Budget - Mission Grammar School

<i>School Year 2019-2020</i>					
	2019-20	<i>Avg per student 2019-20</i>	2021-22 (Forecasted)	<i>Avg per student 2021-22</i>	<i>Notes</i>
Total EEI Enrollment	85		126		
Total Revenue	\$ 1,073,280	\$ 12,627	\$ 1,747,450	\$ 13,869	
Voucher, Tuition and Fees	\$ 1,073,280	\$ 12,627	\$ 1,506,350	\$ 11,955	
Grants and Philanthropy	\$ -	\$ -	\$ 241,100	\$ 1,913	Includes CSF, Lynch Hispanic and Lynch New Classroom Funds, Funds to be raised
Total Operating Expenses	\$ (1,041,535)	\$ (12,253)	\$ (1,442,190)	\$ (11,446)	
Discount/Financial Aid	\$ 150,000	\$ 1,765	\$ 205,000	\$ 1,627	CSF, Lynch Hispanic, Unfunded aid, employee discounts
Teaching Costs	\$ 521,000	\$ 6,129	\$ 712,604	\$ 5,656	14 (19-20) and 19 (21-22) teachers & teaching assistants
Direct Program Costs	\$ 72,735	\$ 856	\$ 55,000	\$ 437	Classroom materials, food, curriculum, etc.
Net Profit	\$ 31,745	\$ 373	\$ 305,260	\$ 2,423	

For Reference - Mission Grammar Characteristics

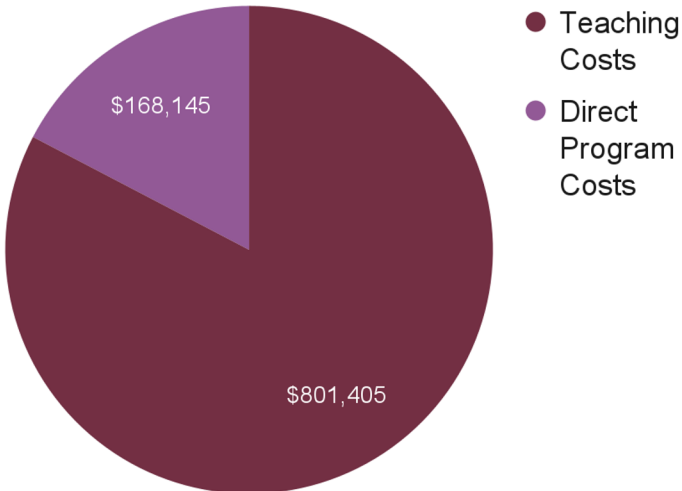
Neighborhood	Mission Hill/ Roxbury (in Boston)
EEI Open Year	2011-2012
Enrollment 2019	85
# Vouchers 2019 (not including K2)	40
% Students Paying Full Tuition 2019	72%
% Students Receiving Vouchers 2019	18%
% Students Receiving Financial Aid 2019	10%
Enrollment 2021	126
# Vouchers 2021	58
% Students Paying Full Tuition 2021	55%
% Students Receiving Vouchers 2021	46%
% Students Receiving Financial Aid 2021	10%

	2019	# Classrooms	Avg # Students / Classroom
# Infant Classrooms		1	7
# Toddler Classrooms		1	9
# K0 Classrooms		3	12
# K1 Classrooms		2	15
Total		7	43
Teachers		14	
2019 Total # of Early Ed Teachers/Aides (Infant-K1)			
	2021		
# Infant Classrooms		2	5
# Toddler Classrooms		2	8
# K0 Classrooms		4	12
# K1 Classrooms		2	19
Total		10	44
2021 Total # of Early Ed Teachers (Infant-K1)		19	

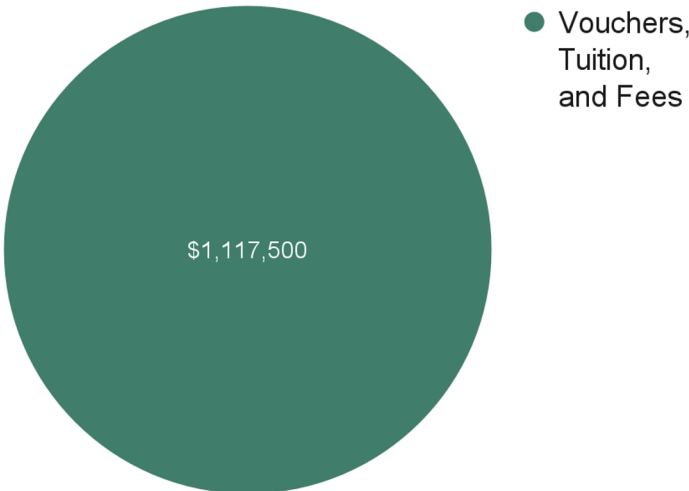
Case Study: South Boston Catholic Academy

School Characteristics (2019-20)	
<ul style="list-style-type: none"> ● Joined EEI: SY 2013-14 ● Total School Enrollment: 402 ● Students Receiving Vouchers: 0% ● Students Receiving Financial Aid: 1% ● EEI Grades Served: K0, K1 (8 classrooms) 	<ul style="list-style-type: none"> ● Net Profit: \$147,950 ● EEI Enrollment: 141 ● Net Profit/Student: \$1,049 ● Kindergarten Retention: 84% ● 1st Grade Retention: 80%

Costs: \$969,550*



Revenue: \$1,117,500

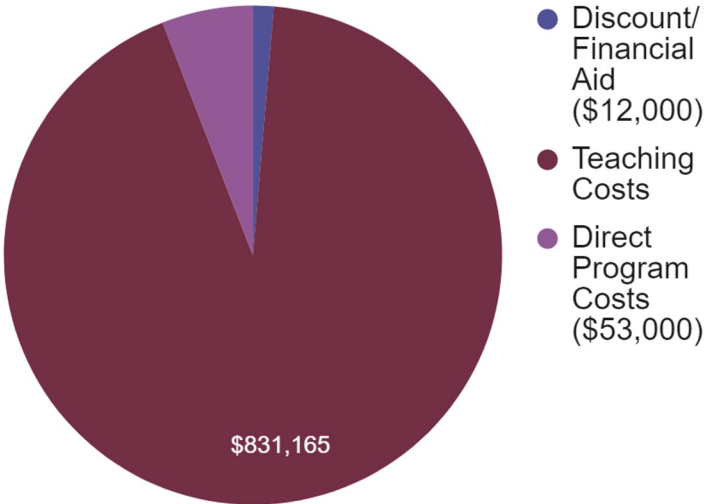


**See Appendix III for considerations for common costs and potential capital costs.*

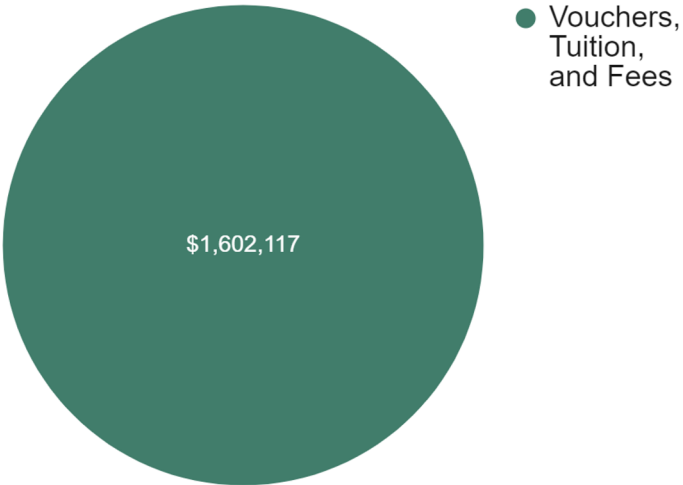
Projections: South Boston Catholic Academy

School Characteristics (2021-22)	
<ul style="list-style-type: none"> ● Joined EEI: SY 2013-14 ● Total School Enrollment: 437 ● Students Receiving Vouchers: 0% ● Students Receiving Financial Aid: 3% ● EEI Grades Served: K0, K1 (8 classrooms) 	<ul style="list-style-type: none"> ● Net Profit: \$705,592 <ul style="list-style-type: none"> ○ 2019 Net Profit: \$147,950 ● EEI Enrollment: 180 <ul style="list-style-type: none"> ○ 2019 Enrollment: 141 ● Net Profit/Student: \$3,922

Costs: \$896,165*



Revenue: \$1,602,117



*See Appendix III for considerations for common costs and potential capital costs.

Budget - South Boston Catholic Academy

<i>School Year 2019-2020</i>					
	2019-20	Avg per student 2019-20	2021-22 (Forecasted)	Avg per student 2021-22	Notes
Total EEI Enrollment	141		180		
Total Revenue	\$ 1,117,500	\$7,926	\$ 1,602,117	\$ 8,901	
Voucher, Tuition and Fees	\$ 1,117,500	\$ 7,926	\$ 1,602,117	\$ 8,901	
Grants and Philanthropy	\$ -	\$ -	\$ -	\$ -	
Total Operating Expenses	\$ (969,500)	\$ (6,876)	\$ (896,165)	\$ (4,979)	
Discount/Financial Aid	\$ -	\$ -	\$ 12,000	\$ 67	Admin Salary, specialists, and Benefits
Teaching Costs	\$801,405	\$ 5,684	\$ 831,165	\$ 4,618	16 (19-20) and 18 (21-22) teachers & teaching assistants
Direct Program Costs	\$168,145	\$ 1,193	\$ 53,000	\$ 294	Classroom materials, food, curriculum, etc.
Net Profit	\$147,950	\$ 1,049	\$ 705,952	\$ 3,922	

For Reference - South Boston Catholic Characteristics

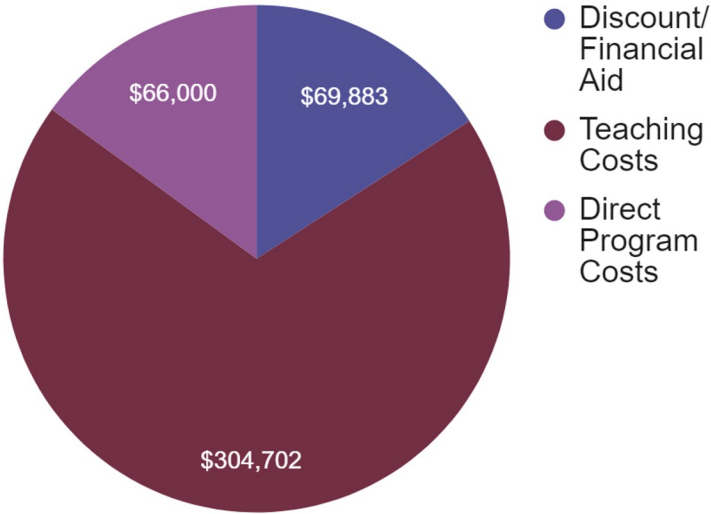
Neighborhood	South Boston
EEI Open Year	2013-2014
Enrollment 2019	141
# Vouchers 2019 (not including K2)	0
% Students Paying Full Tuition 2019	100%
% Students Receiving Vouchers 2019	0
% Students Receiving Financial Aid 2019	1%
Enrollment 2021	180
# Vouchers 2021	0
% Students Paying Full Tuition 2021	100%
% Students Receiving Vouchers 2021	0%
% Students Receiving Financial Aid 2021	3%

	2019	# Classrooms	Avg # Students / Classroom
# Infant Classrooms		0	0
# Toddler Classrooms		0	0
# K0 Classrooms		4	17
# K1 Classrooms		4	19
Total		8	36
Teachers		16	
2019 Total # of Early Ed Teachers/Aides (Infant-K1)			
	2021		
# Infant Classrooms		0	0
# Toddler Classrooms		0	0
# K0 Classrooms		5	17
# K1 Classrooms		4	19
Total		9	36
2021 Total # of Early Ed Teachers (Infant-K1)		18	

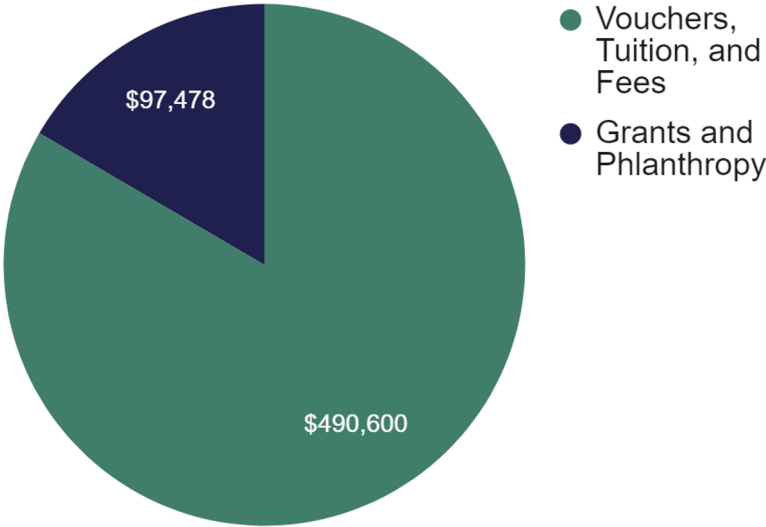
Case Study: Sacred Heart Lynn

School Characteristics (2019-20)	Outcomes (2019-20)
<ul style="list-style-type: none"> ● Joined EEI: SY 2019-20 ● Total School Enrollment: 204 ● Students Receiving Vouchers: 26% ● Students Receiving Financial Aid: 23% ● EEI Grades Served: K0, K1 (5 classrooms) 	<ul style="list-style-type: none"> ● Net Profit: \$147,493 ● EEI Enrollment: 83 ● Net Profit/Student: \$1,777 ● Kindergarten Retention: 70% ● 1st Grade Retention: 65%

Costs: \$440,585*



Revenue: \$588,078

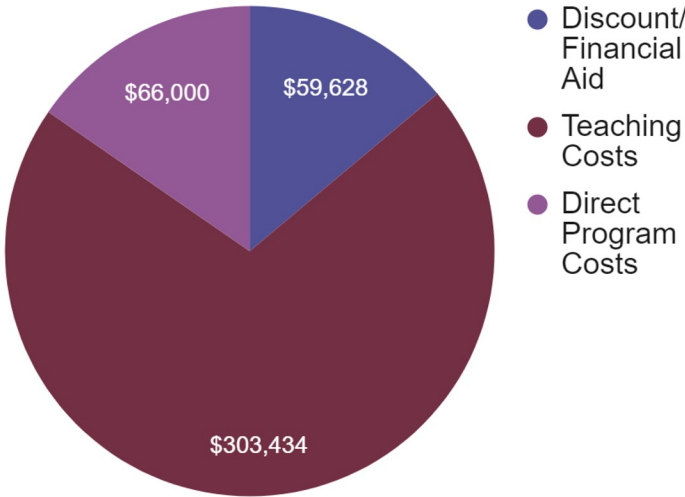


*See Appendix III for considerations for common costs and potential capital costs.

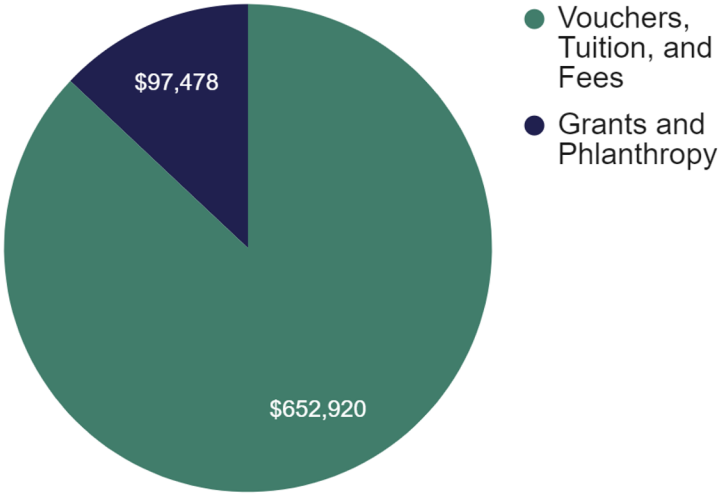
Projections: Sacred Heart Lynn

School Characteristics (2021-22)	Outcomes (2021-22)
<ul style="list-style-type: none"> ● Joined EEI: SY 2019-20 ● Total School Enrollment: 226 ● Students Receiving Vouchers: 28% ● Students Receiving Financial Aid: 9% ● EEI Grades Served: K0, K1 (6 classrooms) 	<ul style="list-style-type: none"> ● Net Profit: \$321,336 <ul style="list-style-type: none"> ○ 2019 Net Profit: \$147,493 ● EEI Enrollment: 90 <ul style="list-style-type: none"> ○ 2019 Enrollment: 83 ● Net Profit/Student: \$3,570

Costs: \$429,062*



Revenue: \$750,398



*See Appendix III for considerations for common costs and potential capital costs.

Budget - Sacred Heart Lynn

<i>School Year 2019-2020</i>					
	2019-20	<i>Avg per student 2019-20</i>	2021-22 (Forecasted)	<i>Avg per student 2021-22</i>	<i>Notes</i>
Total EEI Enrollment	83		90		
Total Revenue	\$ 588,078	\$7,085	\$ 750,398	\$ 8,338	
Voucher, Tuition and Fees	\$ 490,600	\$ 5,911	\$ 652,920	\$ 7,255	
Grants and Philanthropy	\$ 97,478	\$ 1,174	\$ 97,478	\$ 1,083	Includes CSF, Lynch Hispanic and Lynch New Classroom Funds, Funds to be raised
Total Operating Expenses	\$ (440,585)	\$ (5,308)	\$ (429,062)	\$ (4,767)	
Discount/Financial Aid	\$ 69,883	\$ 842	\$ 59,628	\$ 663	CSF, Lynch Hispanic, Unfunded aid, employee discounts
Teaching Costs	\$ 304,702	\$ 3,671	\$ 303,434	\$ 3,371	12 teachers & teaching assistants
Direct Program Costs	\$ 66,000	\$ 795	\$ 66,000	\$ 733	Classroom materials, food, curriculum, etc.
Net Profit	\$ 147,493	\$ 1,777	\$ 321,336	\$ 3,570	

For Reference - Sacred Heart Lynn Characteristics

Neighborhood	Lynn
EEI Open Year	2019-2020
Enrollment 2019	83
# Vouchers 2019 (not including K2)	23
% Students Paying Full Tuition 2019	64%
% Students Receiving Vouchers 2019	26%
% Students Receiving Financial Aid 2019	23%
Enrollment 2021	90
# Vouchers 2021	25
% Students Paying Full Tuition 2021	63%
% Students Receiving Vouchers 2021	28%
% Students Receiving Financial Aid 2021	9%

	2019	# Classrooms	Avg # Students / Classroom
# Infant Classrooms		0	0
# Toddler Classrooms		0	0
# K0 Classrooms		2	14
# K1 Classrooms		3	18
Total		5	32
Teachers			
2019 Total # of Early Ed Teachers/Aides (Infant-K1)			
	2021		
# Infant Classrooms		0	0
# Toddler Classrooms		0	0
# K0 Classrooms		2	15
# K1 Classrooms		4	17
Total		6	32
2021 Total # of Early Ed Teachers (Infant-K1)		12	

II. EEI Financial Models

10-Month Model

	2022-23	2023-24	2024-25
Total EEI Enrollment	56	72	72
Total Revenue	\$ 555,742	\$ 791,085	\$ 806,906
Recurring Revenue			
Voucher, Tuition and Fees	\$ 555,742	\$ 791,085	\$ 806,906
Startup Revenue			
Total Operating Expenses	\$ (602,002)	\$ (780,832)	\$ (730,241)
Startup Expenses*			
Furniture and Other Classroom Outfitting	\$ (90,000)	\$ (51,000)	\$ -
Coaching and Professional Development	\$ (36,000)	\$ (20,400)	\$ -
Recurring Expenses			
Teaching Costs	\$ (441,252)	\$ (662,002)	\$ (681,862)
Direct Program Costs	\$ (34,750)	\$ (47,430)	\$ (48,379)
Total Net Profit	\$ (46,260)	\$ 10,253	\$ 76,665
Net Profit Per Student	\$ (826)	\$ 142	\$ 1,065

*We recommend that programs following the 10-month seek additional philanthropic support to breakeven in the first-year. Philanthropic support can also help support program enrichment, including professional development and master's degrees for teachers.

12-Month Model

	2022-23	2023-24	2024-25
Total EEI Enrollment	56	72	72
Total Revenue	\$ 817,267	\$ 1,163,360	\$ 1,186,627
Recurring Revenue			
Voucher, Tuition and Fees	\$ 817,267	\$ 1,163,360	\$ 1,186,627
Startup Revenue			
Total Operating Expenses	\$ (682,009)	\$ (906,317)	\$ (859,417)
Startup Expenses*			
Furniture and Other Classroom Outfitting	\$ (90,000)	\$ (51,000)	\$ -
Coaching and Professional Development	\$ (36,000)	\$ (20,400)	\$ -
Recurring Expenses			
Teaching Costs	\$ (515,659)	\$ (780,143)	\$ (803,548)
Direct Program Costs	\$ (40,350)	\$ (54,774)	\$ (55,869)
Total Net Profit	\$ 135,258	\$ 257,043	\$ 327,210
Net Profit Per Student	\$ 2,415	\$ 3,570	\$ 4,545

*Programs following the 12-month can seek additional philanthropic support to offset costs and make additional profit in the first-year. Philanthropic support can also help support program enrichment, including professional development and master's degrees for teachers.

10-Month/12-Month Comparison

We recommend a 12-month early childhood model over a 10-month model because it ensures profitability in the program's first year and makes the program more competitive with other childcare options by avoiding gap weeks that make it challenging for families to find care.

10-Month Model

	2022-23	2023-24	2024-25
Total Revenue	\$ 555,742	\$ 791,085	\$ 806,906
Total Operating Expenses	\$ (602,002)	\$ (780,832)	\$ (730,241)
Total Net Profit	\$ (46,260)	\$ 10,253	\$ 76,665
Net Profit Per Student	\$ (826)	\$ 142	\$ 1,065

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Total Net Profit	\$ 135,258	\$ 257,043	\$ 327,210
Net Profit Per Student	\$ 2,415	\$ 3,570	\$ 4,545

Budget Assumptions for Financial Models (1/4)

	10 Mo Teacher Salary - 2021-22	10 Mo Aide Salary - 2021-22	12 Mo Teacher Salary - 2021-22	12 Mo Aide Salary - 2021-22	Benefits Rate at % of Salary	Annual Increase	
Region 3 - Essex	\$39,000	\$23,000	\$46,800	\$27,600	20.0%	3.0%	<---Key Assns (rate of growth & benefit load)
Region 4 - Norfolk	\$42,000	\$22,000	\$50,400	\$26,400	20.0%	3.0%	
Region 5 - Southeast	\$42,000	\$22,000	\$50,400	\$26,400	20.0%	3.0%	
Region 6 - Boston	\$44,000	\$25,000	\$52,800	\$30,000	20.0%	3.0%	
	Administrator Salary						
Region 3 - Essex	\$56,000						
Region 4 - Norfolk	\$56,000						
Region 5 - Southeast	\$56,000						
Region 6 - Boston	\$56,000						

Budget Assumptions for Financial Models (2/4)

	Voucher Reimb Rates for School Day - Infant	Voucher Reimb Rates for School Day - Toddler	Voucher Reimb Rates for School Day - Pre-School	# Days in School for 10 month (school year) program	# Days in School for 12 month program	Annual Increase	
Region 3 - Essex	\$76.35	\$66.39	\$47.99	170	250	2.0%	<---Key Assn (rate of growth)
Region 4 - Norfolk	\$86.93	\$78.92	\$60.79	170	250	2.0%	
Region 5 - Southeast	\$63.18	\$59.28	\$45.22	170	250	2.0%	
Region 6 - Boston	\$82.38	\$76.79	\$48.43	170	250	2.0%	
	2 Rates assume the program qualifies for QRIS Level 2 rates						
	Voucher Reimb Rates for Before Care - Kindergarten	Voucher Reimb Rates for After Care - Kindergarten	Voucher Reimb Rates for After & Before Care - Kindergarten	Voucher Reimb Rates for Full Day Kindergarten	Annual Increase		
Region 3 - Essex	\$9.44	\$28.22	\$37.66	\$47.99	2.0%	<---Key Assn (rate of growth)	
Region 4 - Norfolk	\$9.71	\$29.14	\$38.85	\$60.79	2.0%		
Region 5 - Southeast	\$8.91	\$26.52	\$35.43	\$45.22	2.0%		
Region 6 - Boston	\$9.71	\$29.14	\$38.85	\$48.43	2.0%		

Note: Care up to 10 hours per day for a full time program and no less than 6 hours

All for FY 2022

Budget Assumptions for Financial Models (3/4)

	Voucher Reimb Rates Before School Care Only	Voucher Reimb Rates After School Care Only	Voucher Reimb Rates Before and After School Care	Annual Increase				
Region 3 - Essex	\$10.17	\$22.49	\$32.66	2.0%	<---Key Assn (rate of growth)			
Region 4 - Norfolk	\$10.44	\$23.09	\$33.53	2.0%				
Region 5 - Southeast	\$9.58	\$20.12	\$29.70	2.0%				
Region 6 - Boston	\$10.44	\$23.09	\$33.53	2.0%				

Budget Assumptions for Financial Models (4/4)

	Classroom Expense - FY23 (10 Mo)	FY23 Classroom Set Up Inf Toddler (10 Mo)	FY23 Classroom Set Up PreSchool (10 Mo)	Classroom Expense - FY23 (12 Mo)	FY23 Classroom Set Up Inf Toddler (12 Mo)	FY23 Classroom Set Up PreSchool (12 Mo)	Annual Increase	
Region 3 - Essex	\$500	\$25,000	\$20,000	\$600	\$25,000	\$20,000	2.0%	<---Key Assn (rate of growth, cost of classroom expenses and annual class exp)
Region 4 - Norfolk	\$500	\$25,000	\$20,000	\$600	\$25,000	\$20,000	2.0%	
Region 5 - Southeast	\$500	\$25,000	\$20,000	\$600	\$25,000	\$20,000	2.0%	
Region 6 - Boston	\$500	\$25,000	\$20,000	\$600	\$25,000	\$20,000	2.0%	
	FY23 One Time Coaching/PD Per New Teacher	FY23 Annual Coaching/PD per Teacher	Rate of Increase					
All Regions	\$4,000	\$750	2.0%	<---Key Assn (rate of growth & coaching/PD costs)				

III. Considerations for Capital Expenses and Common Costs

Potential Capital Expenses

In addition to the start-up costs included in the budget models, some schools may require more significant renovation before implementing new early education classrooms.

Early childhood classroom requirements

Child Care Licensing Regulations* requirements include:

- A minimum of 35 sq. ft. of activity space per child
- Sinks, toilets, and bathrooms in close proximity to the classroom
- Drinking water in or convenient to rooms occupied by children

Scenario 1: Classroom Rehab

- Cost per square foot: \$45
- Minimum cost for a 20-student, pre-k classroom: \$31,500
- Costs include:
 - lead paint remediation
 - Remove asbestos
 - Install water and plumbing

Scenario 2: Full Gut Renovation

- Cost per square foot: \$210
- Minimum cost for a 20-student, pre-k classroom: \$147,000
- This is the full construction cost of transforming a vacant building into a licensed space that meets all classroom requirements.

Budget Considerations - Common Costs

EI programming does not add to the common costs of Catholic schools. Instead, EI programming can help support and cover common costs schoolwide.

- Catholic schools with participating EI programs have common costs including:
 - Administrator and support staff salaries, benefits (all teachers), and facilities
- EI profits more than cover their share of common costs
 - At Mission Grammar, the total common costs are projected to be \$1,218,688, or \$4,329.59 per student, for 21-22
 - With 126 EI students this year, EI's share of common costs are \$544,220.17
 - Mission Grammar's projected EI profit is \$774,846, which covers EI's share of common costs, with more than \$230,000 surplus

Budget Considerations - Common Costs

Mission Grammar's breakdown of common costs are typical across Catholic schools with EEI programming.

<u>Common Costs: Mission Grammar 21-22</u>	\$1,218,688
Administrator and support staff Salaries	\$602,050
Benefits (All teachers outside EEC)	\$347,000
Facilities	\$231,000

IV. Sources

Sources

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5. <https://www.grandviewresearch.com/industry-analysis/us-child-care-market>
6. <https://www.americanprogress.org/article/americas-child-care-deserts-2018/>
7. <https://www.epi.org/publication/whos-paying-now-costs-of-the-current-ecce-system/>
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10. <https://www.americanprogress.org/article/2-million-parents-forced-make-career-sacrifices-due-problems-child-care/>
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