MONTGOMERY EARLY LEARNING CENTERS

REVENUES

- Pre-K Counts **(7.1%)**
- CCW subsidy **(14.2%)**
- Head Start **(9.0%)**
- CACFP **(1.3%)**
- Private pay **(54.8%)**
- Other grants & revenue **(13.8%)**
- Publicly-funded **(31.5%)**

$12,392,714

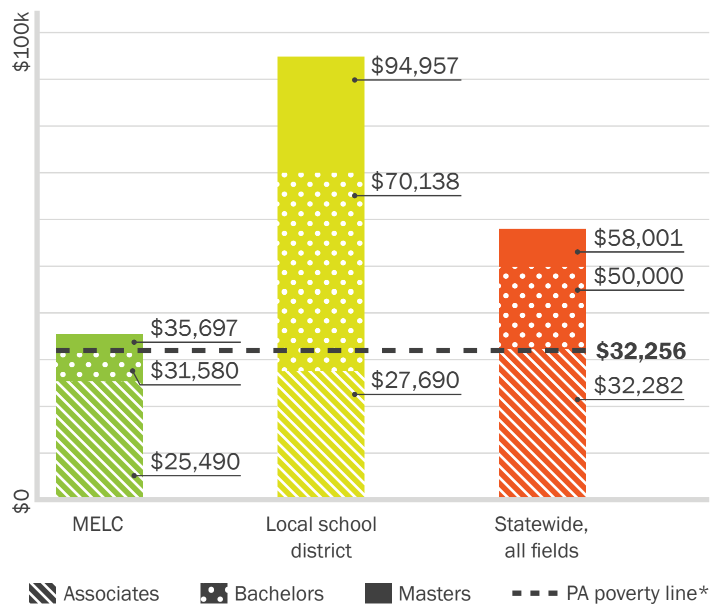
EXPENSES

- Salaries **(56.9%)**
- Benefits **(8.6%)**
- Facilities & equipment **(11.5%)**
- Supplies **(6.8%)**
- Other **(16.2%)**
- Personnel-related **(65.5%)**

$12,781,620

1,426	174	18
CHILDREN	STAFF	SITES

SALARY COMPARISONS



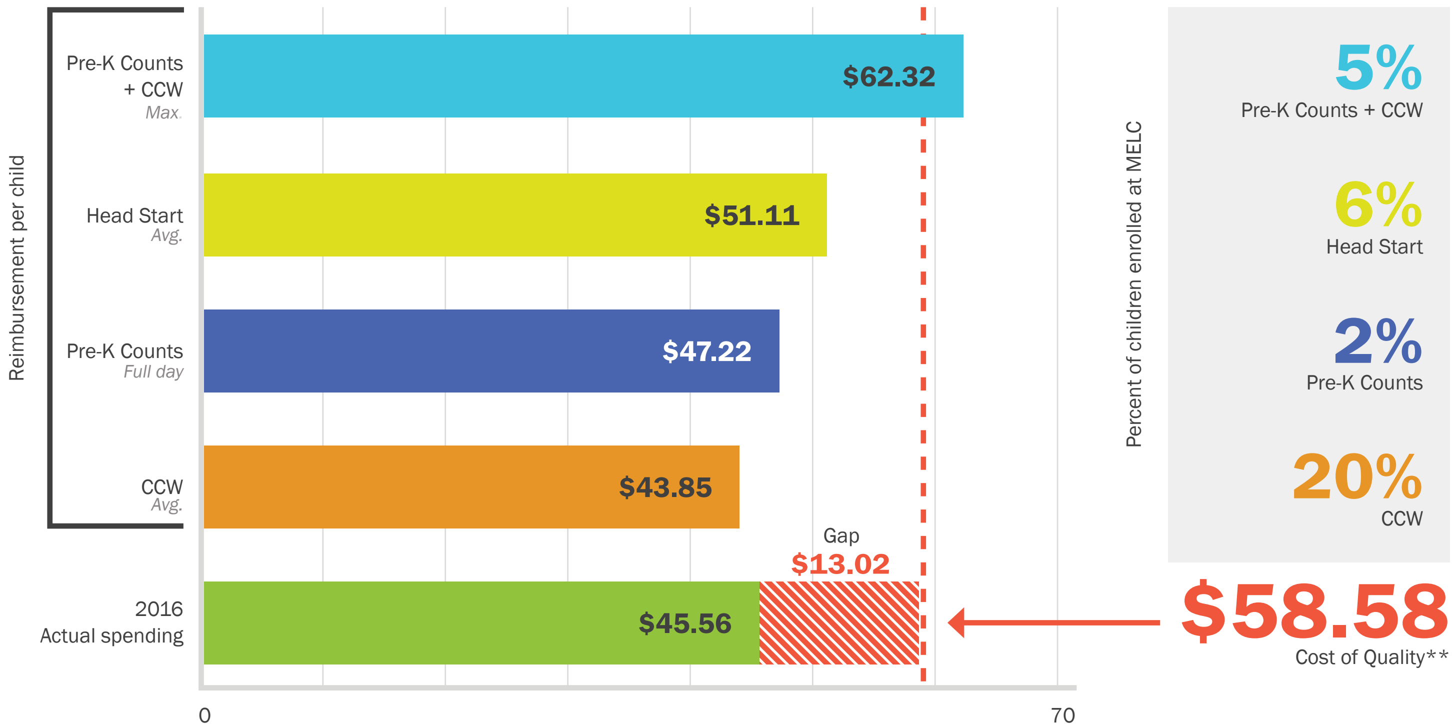
Montgomery Early Learning Centers (MELC) has been working in Southeastern suburban communities for over 50 years, beginning as a non-profit provider of school-age before- and after-care and eventually growing to also serve infants, toddlers, and pre-K children. Today, MELC runs five child care centers in Montgomery and Philadelphia counties, and three additional school-age programs in partnership with local school districts, at a total of 18 sites. Each site serves a different community, and their needs, funding levels, and expenses vary significantly.

As Theresa Snyder, one of MELC's two program directors explains, "Each program serves different families and faces different challenges in meeting needs and maximizing enrollment. In our suburban sites there is the challenge of marketing our program to private-pay parents in the community who have other choices of varying quality and price." The situation requires a real balancing act: maintain the high-quality programing and attractive facilities that parents want, but never price themselves higher than a nanny-share. To do so, MELC staff must be thrifty and creative. "We tend to do a lot of trying to figure out how to put broken things back together or extending the life of old equipment and materials."

Meanwhile, in the more under-resourced communities they serve, MELC staff face challenges that come with serving a more transient population. Kids experiencing instability at home may accumulate many absences, and some simply stop showing up without explanation, making it difficult to maximize enrollment. Teachers and support staff work hard to address the individual needs of students, many of whom have experienced trauma already. They know if they can do that, children are less likely to experience social and academic challenges once they enter school. CEO Ann O'Brien sees this commitment to providing high-quality care to all MELC children, regardless of the zip code where they live, as "the core of her organization's mission."

It's a mission they are able to pursue, in large part, because they have built an economy of scale. "Center by center, some of our sites are losing money, but because of

DAILY REIMBURSEMENT RATES VS. COST OF QUALITY



*Represents SNAP eligibility for family of three in PA

**Estimate includes cost of wages increases competitive to local school districts and achieving NAECY-recommended ratios

our size and diversity we are able to manage financially," O'Brien explains. A centralized administration allows for more profitable centers to support less profitable, more costly ones. It's up to CFO Tom Sulpizio to make the dollars add up and navigate the requirements of various funding streams. And while braiding funding allows some programs to get closer to the cost of care, O'Brien is adamant that, "It's a myth that braided funding is the silver bullet. It's kind of like saying to someone, 'Go get five jobs and then your salary will be totally adequate.'" Still, MELC has more support than many providers to juggle those "five jobs."

> *"More than anything else, the quality of the staff determines the quality of the program."*

MELC's central administration not only helps manage budgeting and finance, but it also takes substantial burdens off of individual center staff in terms of recruiting, hiring, and training. Without that, "the job of being a center director is extremely demanding, and it's so hard to keep talented people."

But O'Brien and her leadership team are frustrated that as long as state reimbursement rates remain inadequate to cover the cost of care, their staff will continue to be undercompensated for their hard work.

MELC strives to pay competitive wages, but O'Brien still regrets that her hard-working staff are not paid nearly as well as their public school counterparts, and some still fall below the poverty line. In addition to salary, MELC is committed to providing a strong compensation package, including paid leave, a 401K plan with an employer match, and discounts on child care for employees. They also offer health insurance, which is "a huge cost, but absolutely essential to ensure that staff have access to affordable, high-quality medical care." In the end, the cost is worth it if it means staff stay, and children and families benefit. "More than anything else, the quality of the staff determines the quality of the program. Our staff are amazing. Wages most certainly do not reflect their value."