

# Restructure Proposal

OCC Harry & Grace Steele  
Children's Center

March 2025


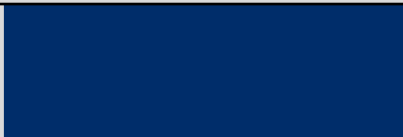



# Executive Summary



The OCC Children's Center has been servicing relatively few college student and staff families while running at a significant annual deficit

After analyzing several solutions, we report on the ability for each to better allow the Children's Center to serve college students and staff as well as to become financially stable

OCC Student Services Management Historical and Planned						25/26 School Year Children’s Center Proposal		
24/25 Budget			25/26 Plan			Restructure Without Tuition Increase		Restructure With Tuition Increase
			Annual (Deficit) / Profit By Proposal					
\$ in thousands								
								
(\$717)			(\$208)			(\$196)		
Classroom Structure								
Open Rooms	# Daily Children	# Teachers	Open Room	# Daily Children	# Teachers	Open Rooms	# Daily Children	# Teachers
Infant	4	1	Infant	0	0	Infant	0	0
Toddler	12	2	Toddler	0	0	Toddler	12	2
YP	18	3	YP	0	0	YP	18	2
PS 1	0	0	PS 1	24	2	PS 1	24	2
PS 2	24	2	PS 2	24	2	PS 2	24	2
PS 3	0	0	PS 3	0	0	PS 3	0	0
PS 4	24	2	PS 4	0	0	PS 4	24	2
5	82	10	2	48	4	5	102	10
3 Restructuring the Existing Number of Classrooms and Teachers Most Effectively Reduces the Deficit								



OCC Student Services Management Historical and Planned			
24/25 Budget		25/26 Plan	
37	65	48	0
Student / Staff Children	Community Children	Student / Staff Children	Community Children
14	82	7	48
Full-Time Employees	Total Daily Children*	Full-Time Employees	Total Daily Children*
\$1.3m Tuition		\$818k Tuition	
\$1.6m Teachers and Office Staff		\$821k Teachers and Office Staff	
\$359k Hourly Staff and Other		\$205k Hourly Staff and Other	
(\$717k) Deficit		(\$208k) Deficit	
<ul style="list-style-type: none"> <li>Highest quality childcare center available to students, teachers, and community members</li> <li>Provides hand-on experience for OCC students of early childhood development</li> <li>Runs at annual deficit</li> </ul>		<ul style="list-style-type: none"> <li>Layoff 7 full-time staff</li> <li>Expel 70 children</li> <li>True cost / deficit will likely be much higher if the College subsidizes tuition for OCC students and all spots are not filled</li> <li>Will continue to run at a deficit indefinitely</li> </ul>	

25/26 School Year Children's Center Proposal			
Restructure Without Tuition Increase		Restructure With Tuition Increase	
48 - 102	0 - 54	48 - 102	0 - 54
Student / Staff Children	Community Children	Student / Staff Children	Community Children
14	102	14	102
Full-Time Employees	Total Daily Children*	Full-Time Employees	Total Daily Children*
\$1.8m Tuition		\$2.1m Tuition	
\$1.6m Teachers and Office Staff		\$1.6m Teachers and Office Staff	
\$370k Hourly Staff and Other		\$370k Hourly Staff and Other	
(\$196k) Deficit		+\$34k Profit	
<ul style="list-style-type: none"> <li>Re-arrange existing teaching staff to optimize child to teacher ratios</li> <li>0 Layoffs</li> <li>0% tuition increase</li> <li>0 new hires</li> <li>20 additional student / teacher children accepted from existing 133-child waitlist</li> </ul>		<ul style="list-style-type: none"> <li>Restructure plan plus a 10-15% tuition increase to better align with market</li> <li>Prioritize student / teacher children for all spots on waitlist going forward</li> <li>Modest annual tuition increases to keep up with market rates will drive sustained profitability</li> </ul>	

## 25/26 Contribution by Classroom With Potential Additional Savings Through Part-Time Classified Employees

# Student Services Downsize Proposal

Room	Tuition	Teacher Expense	Net Income (Loss)
Infant	\$0	\$0	\$0
Toddler	\$0	\$0	\$0
YP	\$0	\$0	\$0
PS 1	\$371,184	\$240,420	\$130,764
PS 2	\$371,184	\$243,172	\$128,012
PS 3	\$0	\$0	\$0
PS 4	\$0	\$0	\$0
<b>Total</b>	<b>\$742,368</b>	<b>\$483,591</b>	<b>\$258,777</b>

ASOCC and Registration Revenue	\$76,000
Other Full-Time Staff Expense	(\$337,152)
Hourly Staff Expense	(\$185,400)
Other Misc Expense	(20,000)
<b>Net Income / (Loss)</b>	<b>(\$207,775)</b>
Part-Time Classified Expense	(\$180,756)
Savings From Hourly Staff Expense	\$4,644
<b>Net Income / (Loss) With Part-Time Classified</b>	<b>(\$203,132)</b>

- Utilizing part-time classified employees instead of hourly labor for substitutes creates additional staffing stability and potential savings upside
- Assumes one 27.5-hour part-time classified employee and three 19.5-hour part-time classified employees
- EC Lab School currently utilizes part-time classified employees in staffing model

## Restructure Without Tuition Increase

Room	Tuition	Teacher Expense	Net Income (Loss)
Infant	\$0	\$0	\$0
Toddler	\$269,436	\$236,630	\$32,806
YP	\$359,244	\$228,894	\$130,350
PS 1	\$371,184	\$210,068	\$161,116
PS 2	\$371,184	\$213,858	\$157,326
PS 3	\$0	\$0	\$0
PS 4	\$371,184	\$231,920	\$139,264
<b>Total</b>	<b>\$1,742,232</b>	<b>\$1,121,370</b>	<b>\$620,862</b>

ASOCC and Registration Revenue	\$87,850
Other Full-Time Staff Expense	(\$535,139)
Hourly Staff Expense	(\$339,900)
Other Misc Expense	(30,000)
<b>Net Income / (Loss)</b>	<b>(\$196,326)</b>
Part-Time Classified Expense	(\$305,067)
Savings From Hourly Staff Expense	\$34,833
<b>Net Income / (Loss) With Part-Time Classified</b>	<b>(\$161,493)</b>

- Utilizing Part-time classified employees instead of hourly labor for substitutes creates additional staffing stability and potential savings upside
- Assumes one 27.5-hour part-time classified employee and six 19.5-hour part-time classified employees
- No teachers are laid off under this scenario, allowing hiring of part-time classified employees to replace hourly substitutes
- Creates more stability of schedules and reduces regular staffing changes, potentially allowing for consolidation of management roles

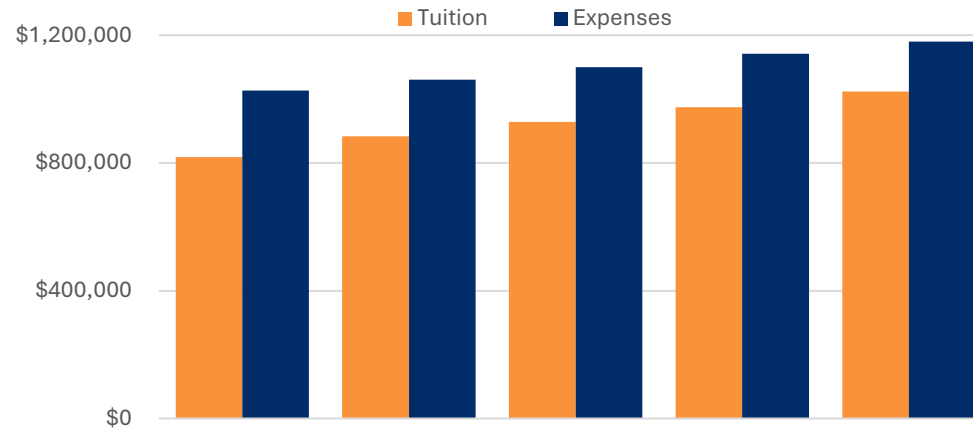
## Restructure With Tuition Increase

Room	Tuition	Teacher Expense	Net Income (Loss)
Infant	\$0	\$0	\$0
Toddler	\$296,380	\$236,630	\$59,750
YP	\$395,168	\$228,894	\$166,274
PS 1	\$426,862	\$210,068	\$216,794
PS 2	\$426,862	\$213,858	\$213,004
PS 3	\$0	\$0	\$0
PS 4	\$426,862	\$231,920	\$194,941
<b>Total</b>	<b>\$1,972,133</b>	<b>\$1,121,370</b>	<b>\$850,763</b>

ASOCC and Registration Revenue	\$87,850
Other Full-Time Staff Expense	(\$535,139)
Hourly Staff Expense	(\$339,900)
Other Misc Expense	(30,000)
<b>Net Income / (Loss)</b>	<b>\$33,574</b>
Part-Time Classified Expense	(\$305,067)
Savings From Hourly Staff Expense	\$34,833
<b>Net Income / (Loss) With Part-Time Classified</b>	<b>\$68,408</b>

# Student Services Downsize Proposal

## Five Year Financial Summary



Annual P&L	25/26	26/27	27/28	28/29	29/30
Total Daily Children	48	48	48	48	48
<b>Tuition</b>	<b>\$818,368</b>	<b>\$883,837</b>	<b>\$928,029</b>	<b>\$974,431</b>	<b>\$1,023,152</b>
Personnel	\$502,588	\$518,168	\$537,858	\$559,372	\$576,154
Substitutes	185,400	190,962	196,691	202,592	208,669
Benefits and Payroll Tax	318,156	330,882	344,117	357,882	372,197
Other Misc Expenses	20,000	20,600	21,218	21,855	22,510
<b>Total Expenses</b>	<b>\$1,026,143</b>	<b>\$1,060,612</b>	<b>\$1,099,884</b>	<b>\$1,141,701</b>	<b>\$1,179,530</b>
<b>Contribution</b>	<b>(\$207,775)</b>	<b>(\$176,774)</b>	<b>(\$171,855)</b>	<b>(\$167,270)</b>	<b>(\$156,378)</b>

Projected periods assume an 8% annual tuition increase for 26/27 school year and 5% annually thereafter. Salaries increase annually at projected COLA rates, benefits increase at 4% annually, and all other expenses increase at 3% annually

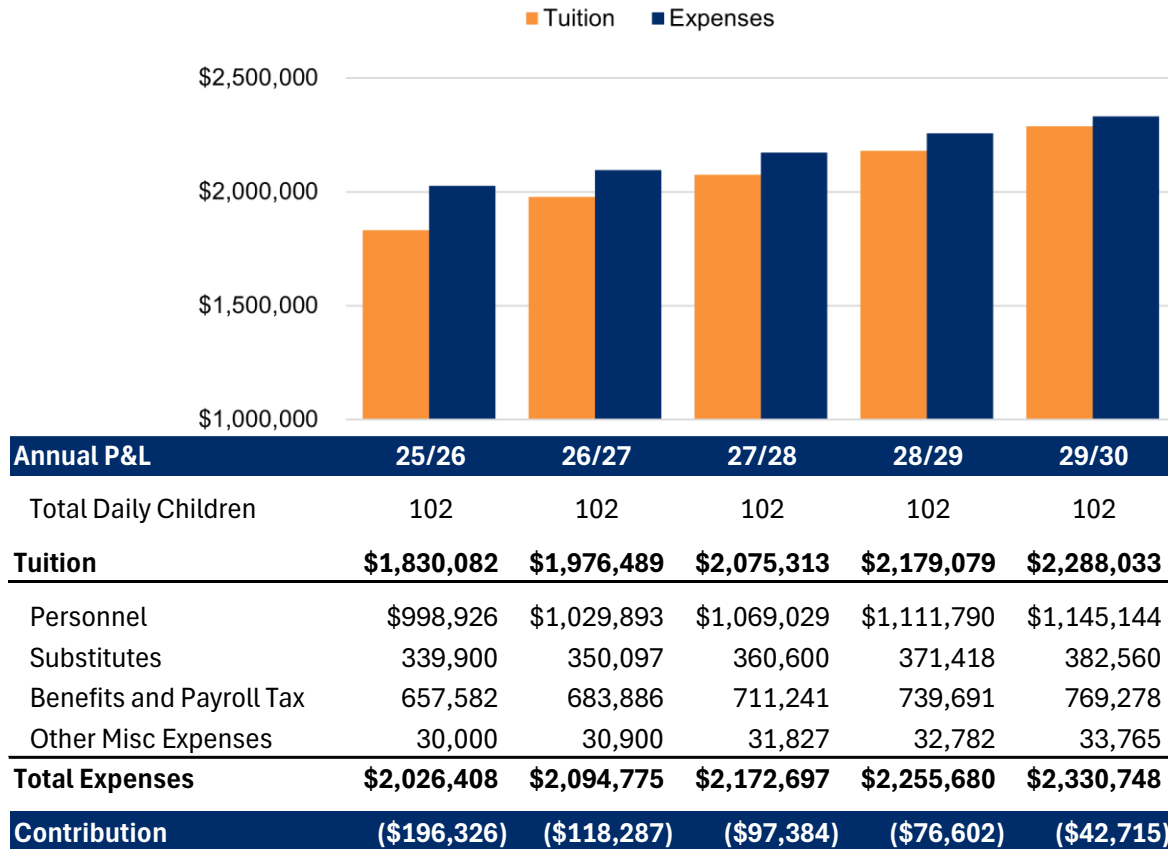
## Commentary:

- Limits potential spots for children of students and staff to 48 between the ages of two to five years old
- Does not provide childcare at the more critical ages below two years old when public pre-k options are not available to parents
- Layoff seven full-time staff (four teachers remain)
- Reduce office staff to two admins and one director
- Reduce enrollment to 48 pre-school aged students
- Likely initial drop in revenue if OCC student/staff families from waitlist are not ready to enroll during summer semester
- True cost to the College is likely much higher if tuition is subsidized for children of OCC students without offset of community members paying tuition

No viable path to becoming financially sustainable

## Restructure WITHOUT Tuition Increase

### Five Year Financial Summary



Projected periods assume an 0% annual tuition increase for 26/27 school year and 5% annually thereafter. Salaries increase annually at projected COLA rates, benefits increase at 4% annually, and all other expenses increase at 3% annually

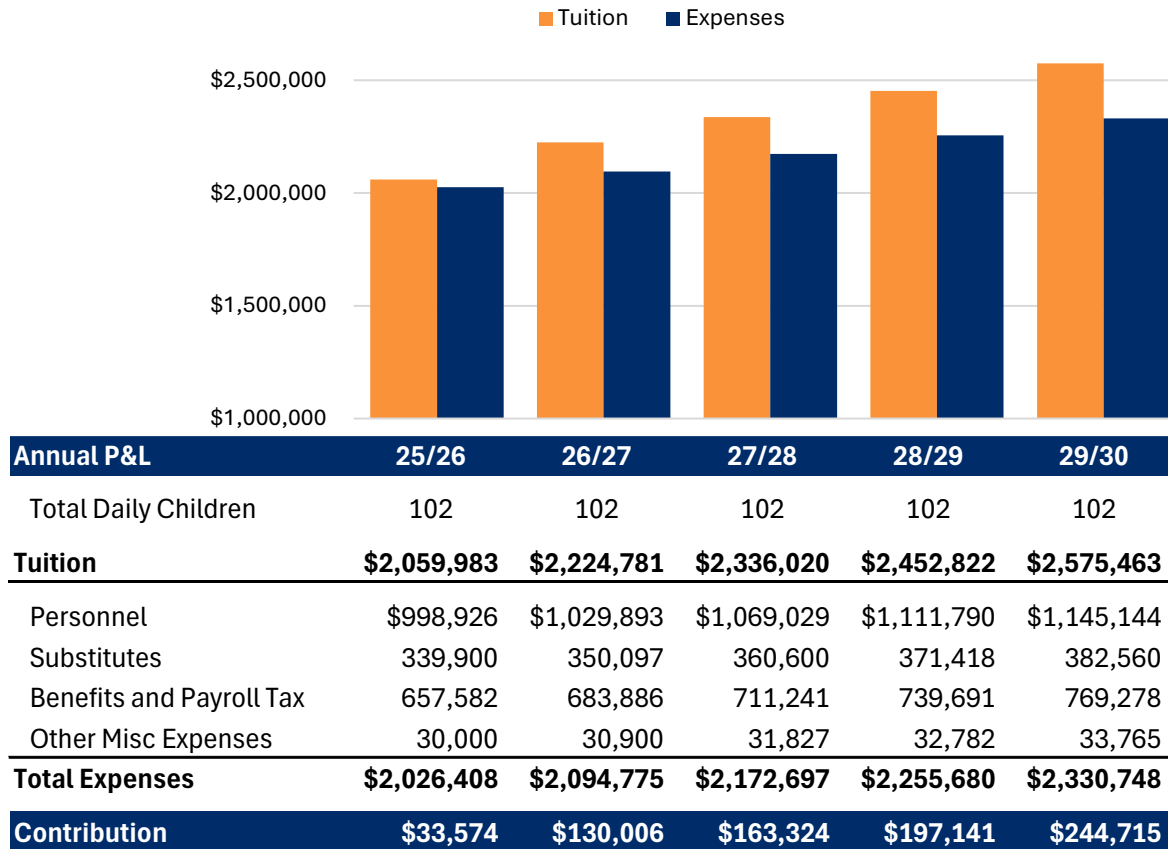
### Commentary:

- Provides up to 102 spots for Student/Staff children
- No layoffs of teaching, office, or admin staff
- Infant program is closed, and teaching staff is utilized for higher ratio classroom (PS1) opening twenty additional spots to waitlist families
- **Zero tuition increases assumed**
- Alternative payment reimbursement cost differential is charged to community and staff families who receive assistance
- Allows for no initial revenue gap as all enrolled community families continue enrollment effective July 1, 2025, and new Preschool classroom can be filled by waitlist (students, faculty and community)
- Additional cost saving potential through role consolidation

Minimizes the deficit utilizing all existing teachers and staff

## Restructure WITH Tuition Increase

### Five Year Financial Summary



Projected periods assume an 8% annual tuition increase for 26/27 school year and 5% annually thereafter. Salaries increase annually at projected COLA rates, benefits increase at 4% annually, and all other expenses increase at 3% annually

### Commentary:

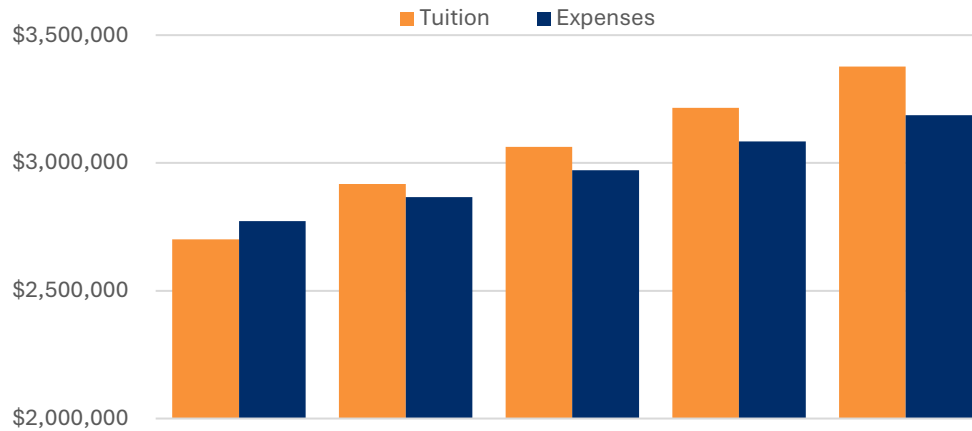
- Provides up to 102 spots for Student/Staff children
- No layoffs of teaching, office, or admin staff
- Infant program is closed, and teaching staff is utilized for higher ratio classroom (PS1) opening twenty additional spots to waitlist families
- **Modest tuition and enrollment fee increase of 10–15% in 25/26 school year to better align with market pricing**
- Alternative payment reimbursement cost differential is charged to community and staff families who receive assistance
- Allows for no initial revenue gap as all enrolled community families continue enrollment effective July 1, 2025, and new Preschool classroom can be filled by waitlist (students, faculty and community)
- Additional cost saving potential through role consolidation

**Runs profitably beginning the 25/26 school year**



# Maximize Facility Capacity

## Five Year Financial Summary



Annual P&L	25/26	26/27	27/28	28/29	29/30
Total Daily Children	134	134	134	134	134
<b>Tuition</b>	<b>\$2,701,013</b>	<b>\$2,917,094</b>	<b>\$3,062,949</b>	<b>\$3,216,096</b>	<b>\$3,376,901</b>
Personnel	\$1,319,793	\$1,360,706	\$1,412,413	\$1,468,910	\$1,512,977
Substitutes	515,000	530,450	546,364	562,754	579,637
Benefits and Payroll Tax	887,576	923,079	960,002	998,403	1,038,339
Other Misc Expenses	50,000	51,500	53,045	54,636	56,275
<b>Total Expenses</b>	<b>\$2,772,369</b>	<b>\$2,865,736</b>	<b>\$2,971,824</b>	<b>\$3,084,703</b>	<b>\$3,187,228</b>
<b>Contribution</b>	<b>(\$71,356)</b>	<b>\$51,359</b>	<b>\$91,125</b>	<b>\$131,393</b>	<b>\$189,673</b>

Projected periods assume an 8% annual tuition increase for 26/27 school year and 5% annually thereafter. Salaries increase annually at projected COLA rates, benefits increase at 4% annually, and all other expenses increase at 3% annually

## Commentary:

- Five additional teaching staff hires to maximize student enrollment across all existing classrooms
- Infant program is open, allowing for eight additional spots to waitlist families. (Inf/Todd care is the greatest need in community)
- PS3 classroom is open allowing for twenty-four additional spots
- Modest tuition and enrollment fee increase of 10 – 15% in 25/26 school year to better align with market pricing
- All employees of the center, including management and office staff, are fully allocated to expenses
- There are currently enough waitlist members to fill all new spots

Breaks even in the  
2026/2027 school year

A close-up photograph of a child's hands painting a crab on a white plate. The child is using a paintbrush to apply brown paint to the crab's legs. The background is a dark, textured surface, possibly asphalt. The text 'CONCLUSION:' is overlaid on the right side of the image.

## CONCLUSION:

Downsizing the Center reduces the potential funds and services available to students of the College while leaving a long-term deficit — reorganizing classrooms can open 2x as many potential spots to children of OCC students and staff, eliminate the deficit, and avoid life-changing disruptions to employees and families



# Appendix: Tuition Analysis





# OCC Children Center parents are **willing to spend more** on tuition based on results of a March 5, 2025 survey

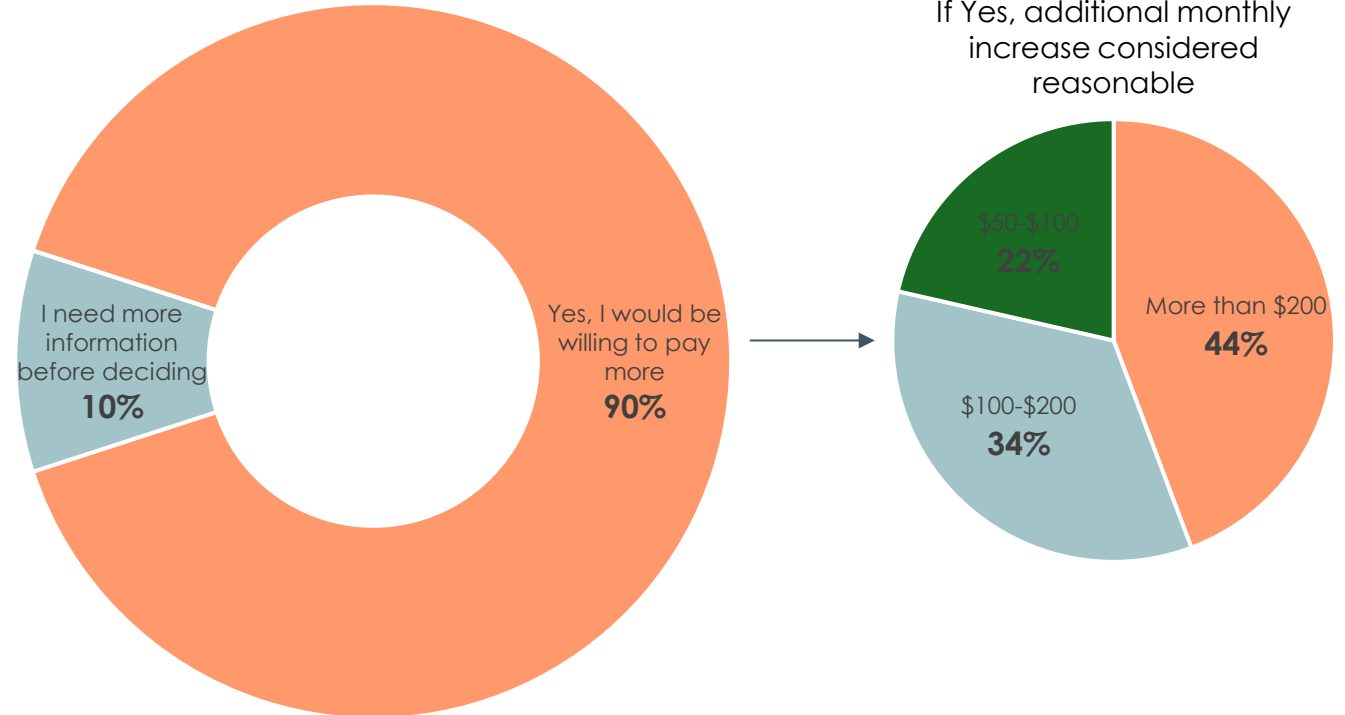
## Survey Participation:

- **70** Total Responses Received
- **67%** Response Rate (sent to 105 recipients)

## Key Takeaways:

- **0%** responded they are unwilling to pay more
- **90%** of parents are open to a tuition increase, with the majority willing to pay an increase of **\$200 or more** per month
- The overall sentiment from the survey comments was **overwhelming support** for keeping the center open, even at higher costs.
- Parents trust the quality of the program and believe it is **worth the price**.

## Parent's willingness to pay more tuition



OCC is **51% below avg market rate** of nearby infant care programs, additionally infant care is not widely offered

Infant Care Tuition Comparison (12 months to 23 months)

\*Data as of March 2025

School / Child Care Facility	Monthly rate	Hours	Distance from OCC	Notes
OCC Children's Center	\$2,052	7:45am - 5:00pm	-	
Bright Horizons Newport Beach	\$3,735	8:00am - 5:00pm	4.3 miles	
Newport Coast Preschool	\$2,850	9:00am - 4:00pm	6.6 miles	They do not offer full day but half day am is \$1600 and half day pm is \$1250.
Turtle Rock Preschool	\$2,705		8.9 miles	Daily lunch is included

Recommend increase of 10% = New rate of **\$2,257**



# OCC is **9% below avg market rate** of nearby toddler and YP program for ages 18 to 36 months

## Toddler/YP Care Tuition Comparison (18 to 36 months)

*\*Data as of March 2025*

School / Child Care Facility	Monthly rate	Hours	Distance from OCC	Notes
<b>OCC Children's Center</b>	<b>\$1,944 - Tod</b> <b>\$1,728 - YP</b>	<b>7:45am - 5:00pm</b>	-	
Coastal Children's Learning Center	\$1,774	7:30am - 5:30pm	1.8 miles	additional diapering fee of \$210 per child per month for non-potty trainers
ENC Nature Preschool	\$2,350	9:30am - 5:00pm	5.0 miles	Tortoise Classroom (serving ages 2.5 - 3.5) \$1,900 (until 2pm) + \$450 for extended care
Newport Coast Preschool	\$1,900	9:00am - 2:00pm	6.6 miles	Does not include summer
Turtle Rock Preschool	\$2,450		8.9 miles	

Toddler Recommend increase of 10% = New rate of **\$2,138**  
YP Recommend increase of 10% = New rate of **\$1,900**

OCC is **34% below avg market rate** of nearby preschool programs, preschools tend to be more widely available

## Preschool Care Tuition Comparison (3 to 5 years)

*\*Data as of March 2025*

School / Child Care Facility	Monthly rate	Hours	Distance from OCC	Notes
<b>OCC Children's Center</b>	<b>\$1,339</b>	<b>7:45am - 5:00pm</b>		
Seaside Costa Mesa Preschool	\$1,575	8:00am - 5:00pm	1.7 miles	
Coastal Children's Learning Center	\$1,484	7:30am - 5:30pm	1.8 miles	
Heritage Montessori School	\$1,780	7:30am - 5:30pm	2.1 miles	\$1,440 for 9-2:30, +\$130 AM care + \$210 PM care
ENC Nature Preschool	\$2,250	9:30am - 5:00pm	5.0 miles	Coyote & Bear Classrooms (serving ages 3.0 - 5+ years) \$1,800 (until 2pm) + \$450 for extended care
Newport Coast Preschool	\$2,000	9:00am - 2:00pm	6.6 miles	
Turtle Rock Irvine	\$1,652		8.9 miles	

Recommend increase of 15% = New rate of **\$1,539**