

Phi Iota's Omega Foundation, Inc.

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Budget Narrative
Program Year 39 (2004-2005)

Program Funding Overview

Phi Iota's Omega Foundation, Inc (Foundation) is the parent organization of the Omega Head Start Child Development Center (Omega). The Head Start program began in 1966 with 40 children. The program has grown considerably, now serving 220 children in 11 classrooms on 8 elementary school campuses in the Phoenix Elementary School District #1 (District).

The District provides substantial in-kind support to the program. The contributions include: classroom and administrative office space, on-site pupil administration, and lunch program administration and distribution.

The program operations are financially supported by a funding contract between the Foundation and City of Phoenix. The Foundation board of directors is investigating other sources for supplemental funding to subsidize ancillary activities that will enhance the program. A permanent donor has not been identified to date. .

Salaries

Arizona State Dept. of Health Services Child Care licensing requirements mandates the adult-to-child ratio be maintained in each classroom. Omega Head Start program exceeds the mandated ratios at 1:10 adults per child. A Teacher and Teacher Assistant are assigned to each class. Full-day service classrooms are staffed with two teacher assistants to provide service during the extended hours of operation. Omega operates 2 full-day service classrooms and 9 half-day classrooms. The staffing schedule reflects the number of staff that is required to operate the program in a manner that leads to excellence in operation and best practice philosophy.

Employees are recruited and chosen based on ability, skills and knowledge of the job functions. Because the early childhood field is not yet widely recognized as a viable profession, it is increasingly difficult to find qualified and degreed staff to meet the mandate of teachers having at least an AA degree in Early Childhood Education. This program has encouraged and has the majority of teachers—who have been employed for a number of years—enrolled in community college to obtain the needed credential. The program's compensation structure encourages staff members to acquire degrees and certifications in early childhood education.

The budgeted rate per hour equals the staff salaries in PY 38 plus the 1.5% COLA increase. The merit pool reflects a 2.5% increase of PY 38 gross salaries. The rate reflects the difference between each pay grade outlined in the program's policies and procedures. Merit increases are awarded based on the employees' performance reviews. Hence, the merit pool has not been allocated by employee in the budget.

Fringe Benefits

The fringe benefits category includes the payroll taxes required by federal and state regulations: FICA, Medicare, FUTA and SUTA. The budgeted rates for the payroll taxes are based on governmental guidelines.

The program's workers' compensation insurance policy is through SCF of Arizona. The budget rate of .40% of gross salaries is based on the program's current policy rate. The agency's workers compensation claims history has been relatively low, and no rate increase is anticipated.

To remain competitive and attract quality personnel, employees are offered a comprehensive benefit package that includes: medical, dental, disability and life insurance as well as a program-funded annuity plan.

Medical insurance premiums have historically increased at a rate greater than inflation. The budgeted rate reflects a 3.5% increase over the PY 38 rate of \$386.51 per employee per month.

Dental insurance: budgeted rate reflects a 3% inflationary increase over the PY 38 rate of \$11.17 per employee per month.

Pension /Annuity contributions are made at 4% of the employees' annual salary. The contribution equals the rate set when the program employees were employees of the City of Phoenix. This benefit has enabled the program to remain competitive, offering a fair market rate of contribution. Each employee is also able to contribute a voluntary amount.

Disability and life insurance premiums are based on the gross salary of the employees. In PY 38, the monthly premium is approximately \$515 per month. The budget amount was calculated at \$530 per month, factoring in the 2.5% merit increase and a slight increase in premium rates.

Travel

Staff members are encouraged to continue their education and professional growth through certification or degreed programs, as well as participation at professional seminars and conferences. The program has historically sent at least 3 staff members to the National Head Start Association Annual Conference. This conference is an opportunity to learn and network with other professionals in the field of early childhood education.

The conference will be held in April 2004 in Anaheim, California. The budgeted amount of \$5,500 was based on actual expenses incurred in PY 37 when the conference was held in New York. The budget amounts include registration, airfare, meals and lodging.

Budgeted Expense Methodology

The budgeted amounts for the remaining expense categories were calculated utilizing the following formula, except where noted:

PY 37 actual expenses times an Inflationary rate of 6%

Due to the timing of the budget process for PY 39, the actual expenses for PY 37 were used as basis for budgeted the expenses. An annual inflationary rate of 3% was multiplied by 2 years to determine the budgeted inflation rate of 6%. Source: NASA cost estimating website.

Supplies

Books & Education Materials

Head Start performance standards and outcome measures mandate the program address the literacy development of enrolled children. The funds budgeted will be used to purchase new, innovative and updated materials that will aid in the development of the children's literacy, numeric and phonetic skills. Examples of items to be purchased include books, tapes and print materials and cultural relevant artifacts and manipulative toys. These supplies provide the infrastructure and the basis for the development of the classroom curriculum

The PY 37 actual expenses reflect the cost of materials needed to establish a new full-time classroom as well as updating materials for existing classrooms. It is anticipated that the cost of updating the materials will level off at 50% of the prior year's actual expense.

Computer Software

Omega purchases child-center software to supplement the classroom curriculum and expose children to educational media as required by Head Start performance standards. In addition, the program updates administrative software on a semi-annual basis to support the educational activities of the program and provide the cutting edge technological nuances for the field. The agency seeks the assistance of qualified professionals to volunteer time in the configuration and loading of hardware and software.

Parent Fund

\$300 annual allowance X 11 classrooms. The performance standards outline the establishment of funds to be expended at the discretion of the parent classroom committees. Historically, the amount has been set at \$300 per classroom.

Film Processing

Head Start performance standards mandate that staff establish a means to help individualize the program for each child. The staff takes photographs of the children engaged in classroom activities and field trips and uses the photos in art projects and student portfolios. The budgeted amount will cover the cost to process the film.

Food Experience

\$20 X 10 months X 11 classrooms. Teachers provide a cooking experience at least once per month in each classroom. Cooking experience, as described in the performance standards, enhances the curriculum.

Postage and Delivery

\$200. Mailings are sent periodically throughout the year to update families on program activities and during recruitment process and child find activities. In prior years, additional costs were incurred as a result of the administrative office being moved to a new location. The agency plans to continue to send "non-response required" communications home with the students in an effort to control costs.

Printing and Reproduction

Head Start performance standards and operating procedures mandate that students have access to printed materials. In an effort to control cost and use staff's time efficiently, management will outsource the reproduction of large quantity printing jobs. Photocopying jobs include, but not limited to, the reproduction of the program handbook, NRS testing materials, newsletters and screening result letters.

Supplies

Program PY 37 actual expenses include the cost of establishing a classroom at the Whittier school site. The costs to establish a new classroom are considerably higher than maintaining and updating materials for an existing classroom; therefore, the budgeted amount, compared to the prior year, shows a dramatic decrease.

The budgeted amounts were calculated on a per-classroom basis, instead of taking a percentage of the Program PY 37 actual costs. Due to the timing of the PY 39 budget preparation process, accurate actual data was not available to determine the supply cost of maintaining an existing classroom. The budgeted per-classroom rate was decreased from the PY 38 budget in order for the overall budget to fall within budget guidelines. Management will take measures to control cost while maintaining program quality. However, a budgeted shortfall in this area is anticipated.

The following program expense categories and office supplies comprise the Supplies budget. The annual budgeted per classroom rate is set to \$500. The annual office supplies budget was set at \$1,500 to supplement the classroom supply budget and purchase administrative supplies such as ink toner, paper, pens, tape and staples. Management will use bulk discounts with its vendors to manage costs.

Classroom Materials. The program provides consumable classroom supplies such as crayons, paper, glue and scissors for the classroom to meet the performance standard to provide sufficient materials for the children.

Disposal Meal Supplies. The program provides disposable meal supplies such as cups, plates, and flatware to facilitate the food experience in the classroom. The nutrition needs and healthy habits of the performance standards are addressed in this area.

Medical Dental Supplies. Toothbrushes are provided for each enrolled child at least twice a year as a part of the dental and oral hygiene program. Materials needed for the first-aid and EPPE kits are purchased as a part of the health and safety portion of the performance standards.

Photographic Supplies. The performance standards mandate that staff establish a means to help individualize the program for each child. The staff takes photographs of the children engaged in classroom activities and field trips and uses the photos in art projects, book making and student portfolios.

Sanitation Supplies. The program provides consumable cleaning supplies, and health and safety products as defined in the performance standards. The health and safety products include facial tissue, paper towels, trash liners *etc.*

Water. In an effort to provide the quality of care for our children and meet the Child Care Licensing standards, the agency provides access to water in each classroom. The program has purchased water coolers and has water delivered to each classroom by an external vendor.

Other

Accounting and Audit

Management has determined the most efficient approach to meet the financial management responsibilities of the agency to outsource functions where outsourcing can:

1. Strengthen the fiscal internal controls;
2. Increase the administrative staff's efficiency and focus on the program's educational responsibilities and;
3. Permanently address findings noted during the City and federal monitoring processes.

Omega Head Start Child Development Center is required to under go an annual single audit in accordance with Circular A-133. The budget reflects the projected cost of the accounting and audit agreements.

Adult Meals

Omega Head Start provides for at least two regular volunteers to eat meals with the teachers as a part of the family-style meal service. Lunch is also provided for children on atypical days. Meal prices are set based on the agreement for meal service with the District. The budget also includes the cost of meeting refreshments for staff training.

Bank Service Charges

The bank service charges include the fees to maintain the program's bank account.

Professional Services

The performance standards require staff to attend professional development training sessions throughout the year. The program conducts a new-hire training seminar for all employees. In addition, topic-based seminars are offered throughout the year. The budgeted amount covers the consultants, materials and space rental for these professional development sessions.

Dues and Subscriptions

The program provides magazines, books, and other materials for the classroom, office, and parent lending libraries. Head Start performance standards mandate an emphasis on literacy for children and families. Budgeted amounts will pay for related periodicals and other culturally-related printed materials, and to pay for annual dues for selected professional associations.

Field Trips

Head Start performance standards require field trips to enhance and expand the classroom curriculum. The budgeted amount will cover entrance fees for the field trips and other trips as needed.

Janitorial Services

The budgeted amount is based on a contract with the district to clean all sites to support health, safety and building maintenance. The contract is based on labor usage and time per site.

Management has negotiated a “no-cost increase” contract for two years, and anticipates the same agreement will be reached for PY 39.

Liability Insurance

Includes general and child liability, professional insurance coverage, and employee bonding. The premium is based on building structures, and the number of children enrolled in the program.

License and Permits

The budgeted funds will be used to renew the annual site and operation licenses that are required by the Arizona Department of Health Services, Child Care Licensing.

Payroll Processing Fees

Payroll processing and human resources functions are outsourced, to maximize efficiency and to benefit the agency and employees. This agreement also includes an employee assistance plan.

Recruitment

The program orders fingerprinting and background checks on all new employees as required by Head Start performance standards and state regulations. This budget line item also includes the cost of advertising vacant positions.

Repairs & Maintenance

Head Start performance standard mandate that all facilities, furniture and equipment be maintained in good and safe condition. Normal repairs may also be paint, replacement of ceiling tiles, plumbing fixtures and window replacement.

Storage Facility

\$65 per month. Materials not in use are stored off-site. Office space is not conducive to store files, equipment, *etc.*

Telephone

The telephone system is the communication center and pulse of our program. Successful operation depends on the use of an efficient phone system. Each classroom has either a phone landline or a wireless phone. The performance standards require a reliable method of communication for safety, effective and efficient program operation.

Transportation

\$90 X 2 trips X 11 classrooms. Field trips are an element of the Head Start performance standards as it relates to the curriculum and learning environment. The District provides transportation for field trips. The program is responsible for mileage and the driver cost, based on time spent. Budget reflects two field trips per classroom. Historically, transportation costs have been approximately \$90 per outing.