



KINDERBERRY HILL
CHILD DEVELOPMENT CENTERS

Dear Kinderberry Hill Families,

As we navigate through the COVID-19 pandemic, some of you have reached out with questions about how this pandemic will affect Kinderberry Hill, and in particular, the impact it will have on our teachers. As you know, this is not only a crisis exclusive to Kinderberry Hill, but it is a global crisis affecting all child care providers.

We are in uncharted territory and are adapting as quickly as possible in these constantly changing times. Due to the fluid nature and uncertainty of this global pandemic, Kinderberry Hill has already been forced to make swift and extremely difficult decisions in order to preserve our ability to survive. Kinderberry Hill relies solely on the tuition it receives from families in order to pay our teachers and all of our other operating expenses. In addition to employee compensation, these other expenses include such things as food, rent, utilities, supplies, and insurance. However, approximately, 65 percent of the tuition we receive goes directly to employee compensation, which is significantly higher than industry average and higher than almost every other type of business. With such a dramatic drop in our schools' enrollment, we are doing everything possible to shore up the financial losses incurred. For instance, the owners along with members of our company's executive team immediately stopped taking salaries, our upper level managers have reduced their compensation, and we have reduced our corporate support team to only those truly essential positions. We have also stopped paying rent as of April 1, and asked our landlords to give us some relief for the next couple of months or until this crisis eases. We have made these drastic and immediate changes so that the tuition we receive during this pandemic can be prioritized to compensate the teachers who are caring for your children. However, even with these measures, teachers' compensation will still be impacted.

To minimize this impact, Kinderberry teachers who have reduced hours or are staying home have a choice to use their paid time off, or PTO. Most, except for the newest Kinderberry teachers, earn 120 hours of PTO per year. We have also offered teachers a furlough, making them immediately eligible for full unemployment benefits. Most should receive somewhere between 60-76 percent of their earnings, based on recent research by our CFO. Furloughed employees will remain on our health insurance program during this time. In addition, while we are still awaiting details, it is our understanding that these teachers will also soon receive a supplemental support of up to \$600 per week from the new federal funding passed by Congress. Minnesota recently passed a Child Care Emergency Fund to specifically provide financial support for child care providers that remain open during this crisis. We are still waiting on the details of how this fund will work, but we intend to apply for it. If Kinderberry Hill is selected, this will also help us bring back more teachers as soon as we possibly can.

We would also like to say that the outpouring of support from families who want to help our teachers is simply incredible. We celebrate any way you choose to assist them during this uncertain time.



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We are constantly evaluating our current practices to keep both our staff and children safe. Therefore, we have new guidelines regarding travel. We ask that you notify us if you have traveled to anywhere outside of the State of Minnesota, including travel to other states. Depending on where you have traveled, we may ask you to refrain from entering our schools for two weeks. Thank you for being diligent in keeping us informed of any travel so we can determine if it qualifies under any Level 3 travel areas. We are so appreciative of your understanding.

Thank you for your continued support of our Kinderberry Hill community. We care deeply for the well-being of your children and value the important role we have as an extension of your family. The many expressions of support from you are heartwarming and uplifting, and the trust you place in us inspires us to continue to provide the very best during this difficult time. Please know that we have confidence that, together, we will overcome this challenge.

Sincerely,

Lisa Swan
On behalf of Chad Dunkley and our Kinderberry Hill Family