

**PVPA Charter Public School  
Finance Committee  
Minutes: May 15, 2018**

**Members Present:** Charlie Heath, Deb Jacobson and Stephanie Burbine

**Members Absent:** Keith Black, Bob Hahn and Owen Sordillo

**Staff Present:** Paul Wright, Marc Kenen, Marcy Conner and Gary Huggett

**Meeting called to order at 8:39 a.m. in room 410.**

**Approval of Minutes:**

May 1, 2018 minutes.

- ❖ Motion to accept – Deb Jacobson
- ❖ Second – Stephanie Burbine
- ❖ Approved – vote count – 3 Yes – 0 No - 0 Abstention

**Old Business**

**FY 19 Budget**

After additional review, the Administration was able to reduce the budget deficit from \$241,287.08 (May 1, 2018 report) to \$198,593.37. The one area in the budget that is showing a significant increase is the salaries and benefits for educational staff (teachers and apprentice teachers). The \$264,819.27 variance is a direct result of the one step movement for teaching staff on the salary matrix, the 3% COLA increase from non-teaching staff and newly unbudgeted positions added in FY18. Also added to this version of the budget is a \$50,000 increase in fundraising revenue.

The Committee was provided a list of ten possible items that could be cut from the budget in attempts to balance:

1. Increase tuition - the conservative approach used in the past has been to increase tuition by 1.5% of the current year tuition. Current FY18 \$5,652,623 \* 1.5% increase = \$5,737,412. Based on projected enrollment for FY19, DESE is showing the projected tuition to be \$5,917,522, which is \$180,000 more than the current conservatively budgeted 1.5%. Numbers were provided to show how much more in tuition could be budgeted if a 1.75% or a 2.0% increase were considered.
2. Legal fees for bargaining - \$30,000 is currently budgeted. This could be removed from the operating budget and applied to cash reserves.
3. Adjustment counselor - reducing the proposed .60 FTE high school and .40 FTE middle school position to .60 FTE position servicing the whole school. If this position was cut, salary and benefits would be \$20,131.
4. Speech pathologist - reducing the proposed .60 FTE to .40 FTE position would save \$18,400 in salary and benefits.
5. Facilities technician - this is a new 1.0 FTE position with a salary and benefits cost of \$55,671. If this position was eliminated \$4,000 would need to be added

back into the facilities budget for summer work - this would mean a net savings of \$51,671.

6. Depreciation expense - this could be removed from the operating budget because it is not an actual cash expense. Depreciation allows a company to write off one year of useful life of an asset as an expense - it is not a cash transaction but an accounting one. At the end of the year it would have an effect on the Profit and Loss statement and could cause an overall loss for the year. Potential savings of \$95,000.
7. Salary matrix for teaching staff - keeping salaries at the FY18 level and not allowing for the step advance that was given last year when the changes in the matrix were made - savings would be \$74,680.
8. Non-teaching staff - removing the 3% COLA increase. The figures on the hand out were incorrect. Marcy will provide the Committee with the correct numbers on what cutting this to 2% or completely would create in savings.
9. Administrative increases - other than contractual increases, the Administration was given a 1% COLA increase. Cutting this would save \$1,685.
10. Administrative positions - there are currently three vacant admin positions for FY19 : Director of Arts Education, Director of Academic Programs and the Associate Director of Academic Programs. Cutting one of these positions could net salary and benefit savings of \$91,249. Reducing one position to a .40 FTE non-benefited position would save \$58,830.

**Items to remain in the budget:**

The Committee determined that the increase in FTEs for an Adjustment Counselor and a Speech Pathologist (item numbers three and four) are both needs that are directly linked to student services and not an option for cutting out of the budget. Likewise, the salary increases for staff and non-teaching staff (item numbers seven and eight) were also determined as areas where cuts would not be made. The Committee wished to uphold the agreement made with teaching staff last year even though bargaining with UAW Local 2322 is in progress. Also, the non-teaching staff did not have an agreement from last year, however the Committee felt that the lowest paid sector of the community should receive a COLA increase. Item number two, the legal fees for bargaining was left in the budget as this will be an expected annual expense as each year a new contract will need to be negotiated. There was significant concern that \$30,000 may not cover the cost of negotiating a first contract.

**Items removed from the budget:**

Other items on the list were discussed at length to determine areas where some savings could be realized.

The tuition figures from DESE were reviewed again and with a projected increase over the 1.5% of \$180,000 the Committee decided to increase the percentage of tuition to 2%, adding \$28,263 in revenue. This is a one year measure to attempt to balance the budget. The Facilities Technician position was cut back to a half time, 20 hours per week position which net a savings of \$18,720.00.

The last item for consideration was the depreciation expense of \$95,000. This is an expense that has no effect on cash and is an accounting transaction that allows for one year of useful life of an asset to be expensed. At the end of the fiscal year the adjustment would have an effect on the overall profit and loss and could result in a loss if fiscal activities are not monitored closely and kept within budget. There was discussion around how this might affect the audit and whether a new capital fund should be established for this expense. Marcy was asked to reach out to MP Group to determine what consequences this may yield and was tentatively removed from the budget.

With these shifts in the budget the overall bottom line totaled \$2,219.63 meeting the goal of a balanced budget.

**Other Business:**

No other business.

The next tentative special meeting is set for May 29, 2018 at 8:30 am in room 410.

- ❖ Motion to Adjourn at 10:08 a.m. – Stephanie Burbine
- ❖ Second – Deb Jacobson
- ❖ Approved – vote count – 3 Yes – 0 No – 0 Abstentions

Documents: DESE Projected FY18 Qtr 3 Tuition Rates 3-22-18  
DESE Projected FY19 Tuition Rates 4-24-18  
FY19 Proposed Budget 5-15-18  
Possible Scenarios to Adjust Budget (list of 10 items)