



Wesley International Academy

FC Meeting – April 17, 2019

FY2020 PROPOSED BUDGET



AGENDA

- ✓ FY2020 Budget Objectives
- ✓ FY2020 Enrollment Assumptions
- ✓ FY2020 Function Definitions
- ✓ FY2020 Revenue Assumptions
- ✓ FY2020 Compensation Overview
- ✓ FY2020 Compensation Deep Dive
- ✓ FY2020 Total Expense Forecast
- ✓ FY2020 Budget Proposal
- ✓ FY2020 Unrestricted Cash Balance
- ✓ FY2020 Sensitivity Analysis
- ✓ Next Steps

FY2019 BUDGET OBJECTIVES

1. WIA will develop a balanced budget for the purpose of allocating resources to support Strategic Initiatives and Charter Performance Goals as outline in the Charter Petition.
2. WIA will pursue the implementation of a competitive multi-year compensation model for teachers, with a goal of base salaries reflecting 95% of the APS 2019 published scales (as of April 2019). WIA will continue to implement signing bonus and stipend programs to retain high-quality teachers.
3. WIA will manage escalating pension and healthcare expenses through responsible budgeting, cash management and competitive bidding.
4. WIA will maintain an Unrestricted Cash Balance between 30-45 days of working capital.

FY2020 ENROLLMENT ASSUMPTIONS (FTE)

Enrollment	FY2019 Funded FTE	FY2020 Forecast	Change
QBE and Local Funding Model	797	Base Case: 797 FTEs	+0 FTEs
QBE and Local Funding Model	797	Best Case: 810 FTEs	+13 FTEs

- The Base Case assumption will remain flat at 797 FTEs
- The Best Case assumption will reflect enrollment growth to 810 FTEs
- Full enrollment, per Charter Petition, is defines as 824 FTEs.
- Full enrollment is expected to be realized by FY2021.

FY2020 BUDGET BY FUNCTION - DEFINITIONS

FUNCTION CODE/GROUP	DEFINITIONS
1000 Instruction	Staff and activities dealing directly with the interaction between teachers and students. Includes all Teachers and Paras.
2100 Pupil Services	Staff and activities designed to assess and improve the well-being of students and to supplement the teaching process. Includes Counselor, Social Worker, Nurse, SST and all before and after school Extra Curricular Support.
2210 Improvement of Inst. Svc	Staff and activities designed primarily for assisting instructional staff in planning, developing, and evaluating the process of providing challenging learning experiences for students. Includes IC, Data Coach and IB Coord.
2213 Instructional Staff Training	Activities associated with the professional development and training of instructional personnel. These include such activities as in-service training, workshops, conferences, demonstrations, and other activities related to the ongoing growth and development of instructional personnel.
2300 General Admin	Staff and activities concerned with establishing and administering policy for operating the school. Includes the Board, Executive Director, Executive Assistant and Communications.
2400 School Admin	Staff and activities concerned with overall administrative responsibility for school operations. Includes Principal, Asst. Principal, Dir., Clerical Staff, Registrar, etc
2500 Support Svc - Bus	Staff and activities concerned with the fiscal operation of the school, including budgeting, financial and property accounting, purchasing, payroll, inventory, audit and managing funds. Includes CFO, HR Manager and Bookkeeper
2600 Maint. & Ops Facility	Staff and activities concerned with keeping the building open, comfortable and safe for use, and keeping the grounds, buildings and equipment in effective working condition and state of repair. Includes Building Porter.
2700 Student Transportation	Activities concerned with the conveyance of students to and from school and trips to school activities.
3100 School Nutrition	Activities concerned with providing food to students and staff at the school. This service also includes the preparation and serving of regular and incidental meals or snacks in connection with school activities and delivery of food.

FY2020 REVENUE ASSUMPTIONS

REVENUE	FY 2019 REVISED BUDGET	FY2020 FORECAST	CHANGE	% CHANGE
State/Local	\$10,874,519	\$11,193,134	\$318,614	2.9%
Federal	\$9,040	\$0	-\$9,040	-100.0%
Other	\$205,135	\$176,210	-\$28,925	-14.1%
Cash Reserves	\$0	\$250,000	\$250,000	N/A
Red Thread	\$67,781	\$0	-\$67,781	-100.0%
Grand Total	\$11,156,475	\$11,619,344	\$462,869	4.1%

2020 REVENUE ASSUMPTIONS -

- State: Assumes 4.7% increase which includes salary step increase plus \$2,775 pay raise for teachers and instructional support salary scales. Funding increase does not include contribution to LFS.
- Local: Assumes 4.3% increase per APS guidance. APS Fund Balance remains flat with previous year. LFS increases by \$12M to \$153M. Total gross funding estimate per FTE = \$13,640.
- Red Thread: Red Thread Funds will be segregated from school funds and recorded independently.
- Cash Reserves: Special one-time funding of \$250K to offset anticipated increase in healthcare expenses.

FY2020 COMPENSATION OVERVIEW

FUNCTION CODE/GROUP	FY 2019 REVISED BUDGET	FY2020 FORECAST	\$ Change	% Change
1000 Instruction	\$5,737,697	\$6,517,125	\$779,428	13.6%
2100 Pupil Services	\$422,291	\$308,260	-\$114,031	-27.0%
2210 Improvement of Inst. Svc	\$301,488	\$755,903	\$454,415	150.7%
2300 General Admin	\$220,297	\$223,002	\$2,705	1.2%
2400 School Admin	\$767,046	\$761,820	-\$5,226	-0.7%
2500 Support Svc - Bus	\$317,661	\$433,314	\$115,653	36.4%
2600 Maint. & Ops Facility	\$85,486	\$87,513	\$2,027	2.4%
Grand Total	\$7,851,966	\$9,086,937	\$1,234,971	15.7%

COMPENSATION ASSUMPTIONS -

- **All** WIA salary tables are aligned with APS schedules to reflect 95% of APS published salaries (April 2019).
- In addition to the newly aligned salary schedules, all certified teachers and instructional support staff (excluding paras) schedules will also be updated to reflect a \$2,000 across the board increase in salary (due to state QBE funding increase).
- All non-certified/non-teaching staff (including paras, administrative staff and custodians) scales will be updated to reflect an additional \$1,000 across the board increase in salary.
- All Principal, AP, Director and Manager tables are also aligned to 95% of APS' published salaries. There will be no additional dollar increases for these work groups.
- Based on the entire Teacher's Schedule, the average salary increase for 2020 is 7.8% (based on daily rates).

FY2020 COMPENSATION DEEP DIVE

FUNCTION CODE/GROUP	FY 2019 REVISED BUDGET	FY2020 FORECAST	CHANGE	% CHANGE
1000 Instruction	\$3,975,086	\$4,417,859	\$442,773	11.1%
2100 Pupil Services	\$313,136	\$214,895	-\$98,241	-31.4%
2210 Improvement of Inst. Svc	\$215,419	\$529,864	\$314,445	146.0%
2300 General Admin	\$165,000	\$165,000	\$0	0.0%
2400 School Admin	\$552,099	\$542,609	-\$9,490	-1.7%
2500 Support Svc - Bus	\$228,000	\$303,843	\$75,843	33.3%
2600 Maint. & Ops Facility	\$53,760	\$51,646	-\$2,114	-3.9%
Taxes	\$454,513	\$528,148	\$73,634	16.2%
Benefits	\$788,100	\$1,040,000	\$251,900	32.0%
Pension	\$1,106,853	\$1,293,074	\$186,220	16.8%
Grand Total	\$7,851,966	\$9,086,937	\$1,234,971	15.7%

2020 COMPENSATION DEEP DIVE –

- Healthcare expenses continue to be our wild card. Renewal data will not be available until early May. Current budget estimate includes \$10,000 subsidy per full time staff (104).
- Over 35% of the YOY increase in total compensation is driven by Healthcare and Pension expense.

FY2020 TOTAL EXPENSE FORECAST

FUNCTION CODE/GROUP	FY 2019 REVISED BUDGET	FY2020 BUDGET FORECAST	CHANGE	% CHANGE
1000 Instruction	\$6,614,257	\$7,235,670	\$621,413	9.4%
2100 Pupil Services	\$475,996	\$354,465	-\$121,531	-25.5%
2210 Improvement of Inst. Svc	\$301,488	\$755,903	\$454,415	150.7%
2213 Instructional Staff Training	\$125,000	\$125,000	\$0	0.0%
2300 General Admin	\$606,287	\$608,615	\$2,328	0.4%
2400 School Admin	\$919,546	\$896,320	-\$23,226	-2.5%
2500 Support Svc - Bus	\$472,961	\$618,414	\$145,453	30.8%
2600 Maint. & Ops Facility	\$1,008,337	\$972,553	-\$35,784	-3.5%
2700 Student Transportation	\$31,100	\$31,100	\$0	0.0%
3100 School Nutrition	\$16,000	\$16,000	\$0	0.0%
Red Thread Program Expense	\$46,600	\$0	-\$46,600	-100.0%
Grand Total	\$10,617,572	\$11,614,040	\$996,468	9.4%

NOTES-

- Red Thread Program treated as independent entity.

FY2019 BUDGET PROPOSAL

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2020 UNRESTRICTED CASH BALANCE

The Wesley Board has set a budget parameter that the Unrestricted Cash Balance (Rainy Day Fund) should reflect at least 45 days of working capital at the end of each fiscal year. The basis of the calculation is derived from the previous year's actual operating expenses (or YE estimate), excluding special items. For context, the 2019 YE estimate expense is \$10,617,000 (excluding special items), so the estimated 2020 Unrestricted Cash Balance is \$1,309,000.

BUDGET GAP ANALYSIS – 2020 BUDGET

FY2020 Beginning Operating Bank Balance (book balance):	\$3,300,000
FY2020 YE Unrestricted Cash Balance (separate bank account):	\$1,309,000
FY2020 Cash Reserves available for operational shortfalls and special projects:	\$1,991,000
FY2020 Proposed utilization of cash reserves (Healthcare Subsidy):	\$250,000
FY2020 Proposed Capital Expenses (Trailer/Media Center/Boards, etc):	\$265,000
FY 2020 YE Cash Reserve estimate	\$1,476,000

FY2020 SENSITIVITY ANALYSIS

Scenario 1 -

If our enrollment projections exceed the budgetary base-case of 797 FTE pupils and we reach best-case scenario of 810 FTE or our stretch goal of 824 FTE.

Action Plan 1-

- An additional 13 pupils are projected to generate approximately \$176K in additional funding. The funding would offset our total reliance on cash reserves to fund our Employee Healthcare Subsidy (\$250K).
- An additional 27 pupils are projected to generate approximately \$367K in additional funding. The funding would offset all reliance on cash reserves to fund our Employee Healthcare Subsidy. The additional surplus could be use to provide additional Employee Healthcare Subsidies for our staff.

Scenario 2 –

If WIA has an enrollment shortfall of 30 pupils (797 to 767 FTEs), WIA's revenue shortfall is estimated at -\$408K.

Action Plan 2 –

- Capital projects will be re-evaluate for deferment with unspent funding being re-allocated to deficit funding.
- Board approves the use of additional cash reserves (available funds = \$1.4M) for use of deficit funding.
- Leadership creates focus group to determine future strategies for meeting enrollment stabilization objective of 824 FTE.

IMPLEMENTATION OF ALL, PARTS, OR A COMBINATION OF ACTION PLANS ARE AT THE DISCRETION OF SCHOOL LEADERSHIP AND THE BOARD OF DIRECTORS.

NEXT STEPS

- Public Budget Hearing for Fiscal Year 2020 Budget Review and Final Adoption
 - May Board Meeting
 - June Board Meeting