



Wesley International Academy

FC Meeting – May 22, 2019

FY2020 FINAL PROPOSED BUDGET



AGENDA

- ✓ FY2020 Budget Objectives
- ✓ FY2020 Enrollment Assumptions
- ✓ FY2020 Revenue Assumptions
- ✓ FY2020 Compensation Overview
- ✓ FY2020 Compensation Deep Dive
- ✓ FY2020 Total Expense Forecast
- ✓ FY2020 Budget Proposal
- ✓ FY2020 Capital Budget and Special Items
- ✓ FY2020 Cash Management
- ✓ 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 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	\$313,000	\$313,000	N/A
Red Thread	\$67,781	\$0	-\$67,781	-100.0%
Grand Total	\$11,156,475	\$11,682,344	\$525,869	4.7%

2020 REVENUE ASSUMPTIONS -

- State: Assumes 4.7% increase which includes salary step increase plus \$3,000 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 = \$14,000 (2.93% YOY).
- *Cash Reserves: Assumes one-time special funding of \$313,000 to offset one-time Special Projects and Healthcare expenses.*
- Red Thread: Red Thread Funds will be segregated from school funds and recorded independently.

FY2020 COMPENSATION OVERVIEW

FUNCTION CODE/GROUP	FY 2019 REVISED BUDGET	FY2020 FORECAST	\$ Change	% Change
1000 Instruction	\$5,737,697	\$6,323,622	\$585,925	10.2%
2100 Pupil Services	\$422,291	\$514,085	\$91,794	21.7%
2210 Improvement of Inst. Svc	\$301,488	\$751,015	\$449,527	149.1%
2300 General Admin	\$220,297	\$222,302	\$2,005	0.9%
2400 School Admin	\$767,046	\$759,704	-\$7,342	-1.0%
2500 Support Svc - Bus	\$317,661	\$379,823	\$62,162	19.6%
2600 Maint. & Ops Facility	\$85,486	\$127,060	\$41,574	48.6%
Grand Total	\$7,851,966	\$9,077,611	\$1,225,645	15.6%

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 schedules will be updated to reflect either a \$1,000 or \$2,000 across the board increase in salary (based on QBE funding increase).
- All non-certified/non-teaching staff (administrative staff and custodians) scales will be updated to reflect an additional \$1,000 across the board increase in salary.
- All Principals, APs, Directors and Manager's 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	\$4,303,488	\$328,403	8.3%
2100 Pupil Services	\$313,136	\$384,489	\$71,353	22.8%
2210 Improvement of Inst. Svc	\$215,419	\$529,873	\$314,454	146.0%
2300 General Admin	\$165,000	\$165,000	\$0	0.0%
2400 School Admin	\$552,099	\$544,227	-\$7,871	-1.4%
2500 Support Svc - Bus	\$228,000	\$272,092	\$44,092	19.3%
2600 Maint. & Ops Facility	\$53,760	\$75,831	\$22,071	41.1%
Taxes	\$454,513	\$531,918	\$77,405	17.0%
Benefits	\$788,100	\$967,200	\$179,100	22.7%
Pension	\$1,106,853	\$1,303,493	\$196,639	17.8%
Grand Total	\$7,851,966	\$9,077,611	\$1,225,645	15.6%

2020 COMPENSATION DEEP DIVE (104 FT Staff) –

- In the 2019 revised budget, Function Code 2210 represented partial staffing @ 3 FT employees (many roles were not back-filled). In 2020, Function Code 2210 represents full staffing @ 7 FT employees.
- Benefits and Pension expense = \$2.3M or 25% of total compensation expenses.

FY2020 TOTAL EXPENSE FORECAST

FUNCTION CODE/GROUP	FY 2019 REVISED BUDGET	FY2020 BUDGET FORECAST	CHANGE	% CHANGE
1000 Instruction	\$6,614,257	\$7,126,452	\$512,195	7.7%
2100 Pupil Services	\$475,996	\$560,290	\$84,294	17.7%
2210 Improvement of Inst. Svc	\$301,488	\$751,015	\$449,527	149.1%
2213 Instructional Staff Training	\$125,000	\$125,000	\$0	0.0%
2300 General Admin	\$606,287	\$607,915	\$1,628	0.3%
2400 School Admin	\$919,546	\$903,204	-\$16,342	-1.8%
2500 Support Svc - Bus	\$472,961	\$564,923	\$91,962	19.4%
2600 Maint. & Ops Facility	\$1,008,337	\$995,940	-\$12,397	-1.2%
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	\$11,681,839	\$1,064,267	10.0%

NOTES-

- Red Thread Program treated as independent entity.

FY2020 FINAL BUDGET PROPOSAL

REVENUE	FY 2019 REVISED BUDGET	FY2020 FORECAST	CHANGE	% CHANGE
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FY2020 CAPITAL BUDGET & SPECIAL ITEMS

Capital Projects	Amount
Planned MTC (Capital only)	\$25,000
New Trailers & Infrastructure (late 2020)	\$15,000
Media Center Renovation	\$30,000
Interactive Boards (MYP)	\$100,000
IT Infrastructure (Cook & Kelly)	\$75,000
TOTAL	\$245,000

Special - One Time Expenditures	Amount
Healthcare Subsidy	\$150,000
40 Teacher Laptops	\$30,000
Fountas Pinnell	\$60,000
30 PYP Chromebooks + Cart	\$12,500
60 Tablets + Cart	\$25,500
Replacement Locks	\$10,000
Media Center FFE	\$15,000
IT Manager FFE	\$10,000
TOTAL	\$313,000

FY2020 CASH MANAGEMENT

The Wesley Board has set a budget parameter that the Unrestricted Cash Balance (Rainy Day Fund) 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 estimated expense is \$10,617,000 (excluding special items), so the estimated FY2020 forecasted Unrestricted Cash Balance is \$1,309,000.

FY2020 CASH MANAGEMENT

FY2020 Beginning Operating Bank Balance (book balance 6/30/19):	\$3,300,000
FY2020 Beginning Unrestricted Cash Balance (segregated funds):	<u>(\$1,309,000)</u>
FY2020 Beginning Operating Cash Reserve Balance:	\$1,991,000
FY2020 Proposed utilization of cash reserves (One-Time OPEX):	(\$313,000)
FY2020 Proposed utilization of cash reserves (One-Time CAPEX):	(\$245,000)
FY2020 Forecasted Budget Surplus/(Deficit):	<u>\$0000000</u>
FY 2020 Forecasted Ending Operating Cash Reserve Balance:	\$1,433,000

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 \$182K in additional funding. The funding would offset our total reliance on cash reserves to fund special OPEX projects (\$313K).
- An additional 27 pupils are projected to generate approximately \$378K in additional funding. The funding would offset all reliance on cash reserves to fund special OPEX projects.

Scenario 2 –

If WIA has an enrollment shortfall of 30 pupils (797 to 767 FTEs), WIA's revenue shortfall is estimated at -\$420K.

Action Plan 2 –

- Capital and Expense projects will be reevaluated for deferment with unspent funding re-allocated to deficit funding.
- Board approval will be necessary to allocate additional cash reserves for deficit funding.
- Leadership will be tasked 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 final FY2020 Budget Adoption
-June Board Meeting