



Wesley International Academy

Finance Committee Meeting (Public Hearing #1) – May 20, 2020

FY2021 DRAFT BUDGET



AGENDA

- ✓ FY2021 Budget Objectives
- ✓ FY2021 Enrollment Assumptions
- ✓ FY2021 Revenue Forecast
- ✓ FY2021 Compensation Overview
- ✓ FY2021 Total Expense Forecast
- ✓ FY2021 Budget Proposal
- ✓ FY2021 Capital and Special Items
- ✓ FY2021 Unrestricted Cash Balance
- ✓ FY 2021 Budget Options – Virtual Learning
- ✓ FY2021 Sensitivity Analysis
- ✓ Next Steps
- ✓ Appendix
 - Budget Function Definitions
 - Historic Austerity Rates in Georgia
 - APS History of Revenue

FY2021 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.

FY2021 ENROLLMENT ASSUMPTIONS (FTE)

Enrollment	FY2020 Funded FTE	FY2021 Forecast	Change
QBE and Local Funding Model	800	Base Case: 800 FTEs	+0 FTEs
QBE and Local Funding Model	800	Best Case: 805 FTEs	+5 FTEs

- The Base Case assumption will remain flat at 800 FTEs (Base on 3-Count Rolling Average)
- The Best Case assumption will reflect enrollment growth to 805 FTEs
- Full enrollment, per Charter Petition, is defines as 824 FTEs.

FY2021 REVENUE ASSUMPTIONS

REVENUE	FY 2020 REVISED BUDGET	FY2021 FORECAST	CHANGE	% CHANGE
State/Local	\$10,907,124	\$10,380,526	(\$526,598)	-4.8%
Federal	\$0	\$135,000	\$135,000	N/A
Grants	\$172,900	\$58,800	(\$114,100)	-66.0%
Other	\$176,210	\$84,900	(\$91,310)	-51.8%
Grand Total	\$11,256,234	\$10,659,226	(\$597,008)	-5.3%

2021 REVENUE ASSUMPTIONS -

- State: Confirmed 14% reduction in QBE allotment.
- Local: Assumes 2.98% increase per APS guidance. APS Fund Balance remains flat (\$0). LFS increases by 11% (or \$17M).
- Title 1 Funding for 2021. Resources will be used to offset salaries (Social Worker & Parent Liaison)
- Grants: Includes School Fundraising to cover Development/Fundraising costs (est. \$59K)

****** Actual YE 2020 State/Local Funding may differ from the Revised 2020 Budget***

FY2021 COMPENSATION OVERVIEW

FUNCTION CODE/GROUP	FY 2020 REVISED BUDGET	FY2021 FORECAST	\$ Change	% Change
1000 Instruction	\$6,323,622	\$6,115,283	(\$208,339)	-3.3%
2100 Pupil Services	\$514,085	\$598,219	\$84,134	16.4%
2210 Improvement of Inst. Svc	\$751,015	\$680,309	(\$70,706)	-9.4%
2300 General Admin	\$222,302	\$262,448	\$40,146	18.1%
2400 School Admin	\$759,704	\$769,834	\$10,130	1.3%
2500 Support Svc - Bus	\$379,823	\$472,311	\$92,488	24.4%
2600 Maint. & Ops Facility	\$127,060	\$137,474	\$10,414	8.2%
Grand Total	\$9,077,611	\$9,035,878	(\$41,733)	-0.5%

COMPENSATION ASSUMPTIONS -

- Salaries will remain flat for 2021.
- Employer pension contribution reduced from 21.14% to 19.06% for 2021
- Healthcare expenses are flat for 2021 with an expected credit of +\$80K toward 2021 premiums.
- Current personnel not reflected in 2020 Budget: PT Office Assistant (Acct 2400), FT Bus Manager/Bookkeeper (Acct 2500), 1 SPED Para (Acct 1000)
- New 2021 positons include Social Worker and Parent Liaison (Title 1 funded). Acct 2100
- Total 2020 WIA Personnel 104 (2020 Budget). Total 2021 WIA Personnel 109 (2021 Budget)

FY2021 TOTAL EXPENSE FORECAST

FUNCTION CODE/GROUP	FY 2020 REVISED BUDGET	FY2021 BUDGET FORECAST	CHANGE	% CHANGE
1000 Instruction	\$7,006,028	\$6,503,073	(\$502,955)	-7.2%
2100 Pupil Services	\$560,290	\$644,424	\$84,134	15.0%
2210 Improvement of Inst. Svc	\$751,015	\$680,309	(\$70,706)	-9.4%
2213 Instructional Staff Training	\$50,000	\$65,000	\$15,000	30.0%
2300 General Admin	\$607,915	\$668,859	\$60,943	10.0%
2400 School Admin	\$881,679	\$880,509	(\$1,170)	-0.1%
2500 Support Svc - Bus	\$537,158	\$620,211	\$83,053	15.5%
2600 Maint. & Ops Facility	\$865,608	\$987,449	\$121,841	14.1%
2700 Student Transportation	\$31,100	\$20,000	(\$11,100)	-35.7%
3100 School Nutrition	\$8,000	\$10,000	\$2,000	25.0%
Grand Total	\$11,298,792	\$11,079,834	(\$218,958)	-1.9%

NOTES-

Acct 1000: \$280K cost reductions in textbooks/consumables, supplies, tech licenses, subs, CSP

Acct 2100: Personnel (S. Worker/Parent Liaison)

Acct 2210: Updated salary info (2020 over estimate)

Acct 2300: 2021 includes fundraising/development expenses

Acct 2500: 2021 Personnel (FT Bookkeeper)

Acct 2600: Increase due to Security (SRO), Kelly lease, Tech Support Service, Tech Licenses, Internet

FY2021 BUDGET PROPOSAL (BASELINE)

REVENUE	FY 2020 REVISED BUDGET	FY20201 FORECAST	CHANGE	% CHANGE
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Baseline Budget includes a \$421K funding gap that will require the utilization of Fund Balance/ Operating Cash Reserves

FY2021 CAPITAL BUDGET & SPECIAL ITEMS

Capital Projects	Amount
Unplanned Planned MTC (Capital only)	\$25,000
Auditorium Renovations \$60K - On Hold	\$0
Media Center A/V Equipment \$10K - On Hold	\$0
IT Infrastructure (Dell Servers) + Install/Programing	\$55,000
Resurfacing Playground \$90K - On Hold	
TOTAL	\$80,000

Special - One Time Expenditures	Amount
Website Redesign	\$25,000
Teacher Laptops (40*600)	\$25,000
Media Center Shelving	\$15,000
60 Student Chromebooks (60*400)	\$25,000
Other School Furniture (FFE)	\$15,000
1:1 Student Devices + Accessories \$265K - On Hold	\$0
TOTAL	\$105,000

2021 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 2020 YE estimated expense is \$10,985,000 (excluding special items \$313,000), so the estimated YE 2021 Unrestricted Cash Balance is \$1,354,000.

- Current Unrestricted Cash Balance (4/30/2020): **>\$1,203,000**
Segregated funds
- Estimated YE 2020 Operating Cash Balance (6/30/2020): **≈\$2,500,000**
Reflects 2020 operating surplus due to the Federal PPP Grant

Approximately \$150,000 will be transferred from Operating Cash to Unrestricted Cash in July 2020

- **Total Estimated Unrestricted Cash Balance (6/30/2021): >\$1,354,000**

FY2021 BUDGET OPTIONS – VIRTUAL LEARNING

2021 OPERATING BUDGET SCENARIOS	Baseline Traditional Calendar Budget Option 1	25% Virtual Calendar Budget Option 2	50% Virtual Calendar Budget Option 3	100% Virtual Calendar Budget Option 4
Revenue				
Enrollment	800	800	800	800
State Funding (Austerity)	-14.0%	-14.0%	-14.0%	-14.0%
Local Funding (YOY Variance)	2.98%	2.98%	2.98%	2.98%
State/Local Funding	\$10,380,526	\$10,380,526	\$10,380,526	\$10,380,526
Title 1	\$135,000	\$135,000	\$135,000	\$135,000
Other Revenue	\$143,700	\$123,700	\$72,890	\$61,200
Total Revenue	\$10,659,226	\$10,639,226	\$10,588,416	\$10,576,726
Expenses				
Number of Personnel (FT/PT)	109	109	109	109
Staff Step Increase	No	No	No	No
10/11 Month Staff Contract Realignment	0	0	0	0
12 Month Staff Furlough Days	0	0	0	0
Total Compensation	\$9,035,878	\$9,035,878	\$9,035,878	\$9,035,878
Total Other Expenses	\$2,043,956	\$2,009,419	\$1,495,523	\$1,223,288
Total Special Projects (OPEX) <small>600 Chromebooks/Accessories</small>	\$0	\$265,000	\$265,000	\$265,000
Total Expenses	\$11,079,834	\$11,310,297	\$10,796,401	\$10,524,166
Net Income	(\$420,608)	(\$671,071)	(\$207,985)	\$52,560
2021 Cash Flow Analysis				
Starting Operating Cash Balance (estimated) <small>Includes +\$1M anticipated 2020 surplus</small>	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
Net Income	(\$420,608)	(\$671,071)	(\$207,985)	\$52,560
CAPEX	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)
Ending Operating Cash Balance	\$1,999,392	\$1,748,929	\$2,212,015	\$2,472,560

FY2021 BUDGET SENSITIVITY ANALYSIS

Scenario 1 -

Additional revenue shortfall is anticipated based on unplanned adjustments to QBE and/or Local Funding (>\$100K)

Action Plan 1 - (all options are available)

- Deficit funding will be offset by Operating Cash Reserves
- School Leadership will be more aggressive with non-compensation cost reduction initiatives
- School Leadership will evaluate the possibility of utilizing staff furlough days to offset additional budget deficits

Scenario 2 -

WIA has an enrollment shortfall >15 students (funding rate = \$12,975)

Action Plan 2 - (all options are available)

- Deficit funding will be offset by Operating Cash Reserves
- School Leadership will be more aggressive with non-compensation cost reduction initiatives
- School Leadership will evaluate the possibility of utilizing staff furlough days to offset additional budget deficits

Scenario 3 -

Wesley's school calendar includes 45 days or more of virtual learning during the school year

Action Plan 3 -

- The Board will conditionally adopt one of Wesley's Optional Budgets (#2, #3 or #4) which could include a special one-time purchase of up to 600 student devices and accessories for 1:1 virtual student engagement.
- School Leadership will initiate a mid-year budget revision to address changes in school operations due to virtual learning.

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 Fiscal Year 2021 Budget Review
-June Finance Committee Meeting

APPENDIX

1. Budget Function Definitions
2. GCSA: Historic Austerity Rates in Georgia
3. APS: District History of Revenue

FY2021 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.
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.

Historic Austerity Rates in Georgia

%	2.62	3	6.20	5.86	2.76	2.16	7.52	13.51	14.78	18.50	15.42	14.13	9.73	5.88	2.08
Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

Helpful Resource:

The National Alliance of Public Charter Schools just released an issue briefing titled [What Charter Schools Should know: Acting During the Impending Fiscal Downturn.](#)

Summary:

- The current crisis will have economic implications that will affect school budgets.
- Identifying and understanding these effects and possible ways to mitigate their impact is important as schools look ahead to the budget for next year and the years that follow.
- This brief provides an initial assessment of lessons learned from previous economic downturns, different ways that states and charter schools may be affected, and some things that charter school leaders can do now to prepare for the impending fiscal downturn.

History of Revenue

- While we do not anticipate large decreases in general fund revenue for FY2021, we DO anticipate potential large and impactful decreases in future years
- According to the U.S. National Bureau of Economic Research, the last recession began in December 2007 and ended in June 2009, and thus extended over eighteen months
- However, state funding saw the sharpest declines in FY2009 and FY2010. Local revenue was impacted most substantially in FY2010 and remained in a declining state through FY2013
- Therefore, we will be sweeping unspent funds for FY2020 and planning for sharp declines in local funding for FY2022 and FY2023 by growing fund balance wherever possible

