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Springfield Prep
CHARTER SCHOOL

Springfield Prep

Minutes

Finance Committee Meeting

Date and Time
Monday March 31, 2025 at 7:30 AM

Location
This meeting is remote and will take place over Zoom.

Committee Members Present
A. Piela (remote), M. Frodema (remote), R. Molina-Brantley (remote)

Committee Members Absent
None

Guests Present
B. Spirer (remote), M. Velazquez (remote), M. Wagner (remote)

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

A. Piela called a meeting of the Finance Committee of Springfield Prep to order on Monday Mar 31, 2025 at 7:34 AM.

C. Approve February Finance Committee Minutes

M. Frodema made a motion to approve the minutes from Finance Committee Meeting on 02-24-25.
R. Molina-Brantley seconded the motion.
The committee **VOTED** unanimously to approve the motion.

Roll Call

A. Piela	Aye
R. Molina-Brantley	Aye
M. Frodema	Aye

D. February Financials

Marelin presented the revenue and expenses. On the revenue side, she noted that the nutrition funding was lower due to student participation. Federal entitlement grants are higher than projected and we are on track to spend these down by the end of the year.

On the expense side, she explained that the facilities line was higher than anticipated due to unexpected expenses like plowing and HVAC system replacement. Despite this, the school projects a positive net position of over $213,000 for the end of the fiscal year. Enrollment remains at 485, with one vacant seat. The school doesn't plan to enroll at this point in the year but this is not a budget concern since we budgeted for 484 seats.

The school anticipates ending the fiscal year with over 5 months of operating cash on hand. It has shifted fundraising efforts from the school's operating budget to the alumni program. Amy asked about the "remaining to raise" number on the dashboard. Meghan noted that this is if we were still seeking to raise $350,000 this fiscal year. She and Bill will work to make this more clear on the dashboard.

Amy asked about the HVAC system. Marelin explained that the system, which consists of multiple compressors and sensors, was not under warranty and was affected by the extreme cold weather in January. The system was working harder than expected, causing pipes to freeze due to a faulty temperature sensor. They have since replaced the compressor and implemented temperature regulation measures. Bill noted that the system is a mini-split system, which means that individual units can be repaired if needed, instead of requiring significant costs to replace an entire building's system at once.

Mary Kate asked if the HVAC issue is part of what's changing our thinking about capital reserve contributions. Meghan and Bill said it was a part of their recommendation to transfer approximately $200,000 of surplus to the capital reserve fund instead of spending it on non-essential projects like repaving. This decision is based on some economic uncertainty and the desire to maintain financial flexibility.

Ron asked how much we will be able to carry over to next year. Meghan explained that she expects a limit of approximately $40,000. Ron suggested adding a capital reserve amount to the financial dashboard. Amy asked if there are any limits on capital reserve accounts. Meghan and Bill said they don't believe there is because of the need for charter schools to fund building projects.

Bill noted that we will put the decision to transfer surplus funds to our capital reserve account to the board for a vote at the May 1 meeting.

Amy said she has been looking at our debt financing ratios and suggested that we do a deeper dive on those, possibly at our next meeting.

II. Finance

A. FY26 Budget

Meghan reviewed the proposed budget.

Revenue increases are very similar to last year's revenue increase because of the implementation of the Student Opportunity Act. Expenses include a slight increase in planned expenses for our athletic program, which we have continued to grow. They also include a significant increase in our employee benefits, specifically health insurance, which we're expecting will increase by ~20%. She explained that the school has built a 5-Year Projection, which conservatively uses 1% per-pupil revenue increases and 1% COLA increases.

Mary Kate asked about why health insurance is increasing. Meghan explained that this is an industry-wide issue due to the increased use of weight-loss drugs and the high insurance usage among our team. Bill noted that this is consistent with what other school districts and municipalities are facing.

Amy asked about whether we have thought about using other firms to remain competitive in the health insurance marketplace. Meghan noted that HR Knowledge is unique in its expertise related to charter schools. She clarified that HR Knowledge is a benefits broker, so we still go to market, and the rate we are getting would likely be the same as with another broker. She noted that Blue Cross is a good carrier for our staff because other insurers do not provide as much coverage for our staff members who live in Connecticut.

Bill discussed the economic and financial uncertainty surrounding charter school funding in Massachusetts. He explains that while he doesn't expect federal funding to end, there is some uncertainty at the federal level. He noted increasing uncertainty at the state level as well. Three bills have been introduced that could potentially reduce charter school funding by lowering the percentage of net school spending allocated to charter schools. Currently, Springfield receives 18% of net school spending for charter schools, but proposed bills could cap this at 9% or lower. Bill emphasizes that while these changes are not expected to happen immediately -- and hopefully not at all -- they represent potential threats to charter school funding in the coming years. The school is planning advocacy efforts and maintaining healthy reserves to prepare for possible changes in the funding landscape.

Meghan explained that we have built a separate contingency budget to have back-up plans in the event federal funding streams were diminished or eliminated. The focus of the contingency budget is maintaining our team but reducing costs for additional services for students and staff.

She noted that we are projecting slightly lower private support funding than what we projected this year, and believe this is a good, sustainable annual target. She also noted that we are projecting the same amount of interest revenue. However, given that we are moving some funds to CDs, this number may exceed our budget.

Amy noted that she likes the level of detail in the memo. She said she also appreciated the discipline in the line-item budget. Her one suggestion was to continue to communicate the strategy behind the changes.

Ron asked about the school transportation line item. Meghan explained that we primarily pay for transportation for homeless students. The reason for the uptick was that there was a delay in billing for the prior year. The school is increasing spending slightly from prior years but decreasing from FY25 given that anomaly.

Bill summarized the budget as very consistent with last year. We are seeing increased revenue from the SOA and are seeing increased personnel costs because of a 2% COLA increase plus experience increases. There are very few changes in personnel or program expenses.

Amy reviewed the next steps: to recommend approval of this budget to the board and recommend approval of the transfer to capital reserves, with some flexibility as needed.

III. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 8:30 AM.

Respectfully Submitted,
A. Piela
M. Frodema made a motion to adjourn the meeting.
R. Molina-Brantley seconded the motion.
The committee **VOTED** unanimously to approve the motion.

Roll Call

M. Frodema	Aye
R. Molina-Brantley	Aye
A. Piela	Aye

B. Next Finance Committee Meeting

Amy noted that our next meeting is on April 28. Bill asked if this would be needed given that we have consensus around our draft budget. He and Meghan will discuss whether there are other items that would benefit from a meeting, and if not, cancel that meeting.

Documents used during the meeting

- SPCS FY26 Proposed BUDGET .pdf
- Budget Memo for the Finance Committee - March 2025.pdf
- 0. SP FY25 February Financial Dashboard.pdf
- 1. SPCS FY25 February Details.pdf
- 2. SPCS FY25 February Summary.pdf
- 3. SP Friends FY25 February.pdf
- 4. SP Realty FY25 February.pdf
- 5. SP FY25 February SNP.pdf
- 6. SPCS FY25 February Cash Flow.pdf
- 7. SPCS FY25 February Grants.pdf