Springfield Prep

Minutes

Finance Committee Meeting

Date and Time
Monday May 19, 2025 at 7:30 AM

Committee Members Present
A. Piela (remote), M. Frodema (remote)

Committee Members Absent
R. Molina-Brantley

Guests Present
B. Spirer (remote), J. Callan (remote), M. Velazquez (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 May 19, 2025 at 7:31 AM.

C. Approve March Finance Committee Minutes

M. Frodema made a motion to approve the minutes from Finance Committee Meeting on 03-31-25.
A. Piela seconded the motion.
The committee **VOTED** unanimously to approve the motion.

Roll Call

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

II. Finance

A. Q3 Financial Reports and April Financials

- Meghan reported on the monthly financials.
- She noted that overall, we are projecting a similar operating surplus as we did last month, but are seeing a slight decrease in projected change in net position due to adjustments in nutrition program revenue following a completed audit.
- Meghan explained that the nutrition program is running more efficiently overall, despite the revenue decrease.
- The committee discussed changes to the financial dashboard, including clearer fundraising information and the addition of the capital reserve account value.
- Bill reminded the group of the plan to transfer up to $125,000 of operating surplus to the capital reserve account by the end of the fiscal year, as discussed at the last board meeting.
- Meghan noted that plowing was expensive this year, which drove up facilities expenses. Amy noted that plowing is small compared to other line items, but it was a relatively mild winter. She asked whether this could be an issue. Meghan noted that while it was a mild winter, there were a number of icy events, which required attention.
- Amy asked whether the nutrition audit would lead to changes in our budget projections for next year. Meghan said she did not think so.
- Amy noted that these financials feel consistent with what we've been discussing all along.

B. Policy Updates

- Bill discussed two major policy issues that could potentially affect charter schools.
- The first issue involves four charter school funding bills in the Massachusetts state legislature that propose reducing the net school spending cap for charter schools. These bills could potentially halve funding for some charter schools, like those in Springfield.
- The MA Charter Public School Association (MCPSA) is planning advocacy initiatives related to these bills.
- The second issue is a Supreme Court case about a religious charter school in Oklahoma, which could potentially redefine charter schools as private actors instead of state actors. This decision, expected in June or July, could have

significant implications for charter school funding and operations, particularly in states like Massachusetts.

- Amy asked about how we are managing communications around this. Bill said that while he has informed staff and families about these issues, he is not making them a central focus given the high level of uncertainty. He shared that he has called on families to engage in some advocacy efforts, with 85 families contacting legislators. He emphasized the difficulty in balancing the need to keep people informed without creating unnecessary concern.
- Bill also noted that advocacy is becoming a larger part of his role as a school leader.

C. Debt Covenant Review

- Meghan provided an overview of the two major financial debt covenants: the debt service coverage ratio and the loan to value. This report is a response to the committee's request to review the debt covenants we have in place to better understand them.
- The debt service coverage ratio (DSCR) is a calculation looking at how likely we can afford our debt. I.e., how much cash do we have and will it cover our obligations? Currently, our DSCR is 2.13, a healthy position showing we have more than double our annual debt service annually.
- Amy asked about how often we have to report on DSCR. Meghan shared that we have to do this annually, but she reviews it quarterly.
- Amy recommended looking into guidance on the frequency of property appraisals, as the current one is nearly four years old. The group discusses the potential cost implications of a new appraisal and agrees to investigate sector norms regarding appraisal frequency and costs.
- Jean noted that this all looks good and that it is great to see the DSCR look so comfortable. She shared that she has not seen LTV ratios similar to this one in her accounting work.
- As a next step, Meghan will do some research on the timing of the appraisal and whether other schools in the sector have experience with needing updated appraisals.

D. FY26 Employee Benefits

- Meghan presented changes to employee benefits aimed at managing cost increases while minimizing the impact on employees' paychecks.
- The school will now contribute a flat dollar amount towards premiums for all plans instead of a percentage, which is increasingly seen as a more equitable approach in the industry.
- This change allows employees to switch to a higher deductible plan without significantly affecting their paycheck contributions. Meghan also clarified that the

benefits year aligns with the school's fiscal year, starting July 1st, in response to a question from Mary Kate.

- Meghan presented changes to the health insurance plans, including adjustments to employer contributions and deductibles. Amy suggests refining the wording of the memo to ensure it appears equitable for all employees, particularly those already on high-deductible plans.
- Meghan explained that Springfield Prep will cover the increased deductible costs, reducing the impact on employees while not significantly increasing the school's overall expenses. This is a way for the school to keep costs to employees down in a period of significantly increasing health insurance costs.
- Mary Kate asked about the potential to go over our budget on our share of benefits costs. Meghan explained that we budget conservatively and do not expect this.
- The group discussed the potential risks of higher utilization and the importance of clearly communicating these changes to employees, emphasizing the school's increased coverage of deductible costs as a way of reducing employee out-of-pocket costs.
- Meghan discussed changes to the company's insurance carriers, including switching from Principal to USAble, a Blue Cross Blue Shield subsidiary, for PFML, life, and disability insurances. This change results in a lower rate locked in for two years and a $45,000 savings compared to the budget.
- We did reference checks with two other schools that have made this switch and worked with USAble to ensure that the employee experience was a positive one. We heard very positive reviews from multiple schools so feel confident this will be a positive change.
- With these savings, the company is considering implementing a 403(b) contribution for employees, potentially requiring a $1,000 employee contribution to receive a $500 employer match.
- Mary Kate expressed support for the idea. She asked a question about the logistics of tracking employee contributions.
- Meghan shared that since there is only half a calendar year remaining, we plan to match employee contributions up to $500 by the end of the year, which could lower the barrier to participation and incentivize participation this year.
- Amy asked about whether there would be increased costs, administrative or otherwise, for these fees. She also asked whether there would be a benefits plan audit. Meghan explained that there is no audit.
- Amy also asked about whether this could be seen as a benefit some but not all. Bill talked about how they have been considering this and that this could be an issue. He said that the benefit cost is relatively small and that it is an important benefit to some longer-tenured teachers, who the school is increasingly trying to retain, so strategically it seems like the right type of benefit to offer even if all do not participate. The committee discussed potentially lowering the contribution threshold to make it more accessible.
- Bill asked about whether the committee felt the need to bring this to the board for a bigger discussion. Amy and Mary Kate said they believed this is appropriate

management discretion of an existing benefit but that the board would appreciate knowing about the meeting.
- The committee considered the impact on different employee groups. Bill notes that while not all employees may benefit, it could help retain experienced staff. The committee agrees that this decision falls under management discretion and does not require board approval, though they plan to inform the board.

III. Closing Items

A. Next Finance Committee Meeting

B. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 8:36 AM.

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

Roll Call

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

Documents used during the meeting

- 0. SPCS FY25 April Financial Dashboard.pdf
- 1. SPCS FY25 April Details.pdf
- 2. SPCS FY25 April Summary.pdf
- 3. SP Friends FY25 April.pdf
- 4. SP REalty FY25 April.pdf
- 5. SPCS FY25 April SNP.pdf
- 6. SPCS FY25 April Cash Flow.pdf
- SP FY25 March SNP.pdf
- SPCS FY25 March Summary.pdf
- SP Realty FY25 March.pdf
- SP Friends FY25 March.pdf
- MEMO. Debt Covenant Overview.pdf

- MEMO. FY26 Employee Benefits Updates - Google Docs.pdf