



COVID-19 Budget Impact

March 23, 2020



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MAYORAL ACADEMIES
opening schools. opening minds.

Agenda

- *Discussion:* Provide Financial Situation Status
- *Action:* Durham Contract Extension
 - Recommend: Approve Two Week Durham Contract
- *Action:* Business Interruption Planning
 - Recommend: Approve Check Signing Changes
- *Discussion:* Budget Amendment Update
 - Solicit board volunteers for Emergency Budget Advisory Group to the CFO



Current Status – Cash on Hand

- As of 3/22/20 we have **81.6 days of cash on hand**
- Funds due bring us to 114 days:
 - April State Aid (\$1.6M)
 - Accounts Receivable (\$1.2M)
 - District Invoicing (\$795K)
 - 3rd Quarter Federal Grants (\$442K)
 - ELs Grant (\$37.5K)



Pathways to Meet Obligations

- Moved all payables to 60 days
 - Except leases, mortgages, debt service and utilities
- Invoicing for Federal Grants on a semi-monthly basis (usually quarterly)
- Working with vendors to establish fair practices
- Tracking cash flow on a daily basis
- Finance Team has instituted Business Interruption Plan and working to refine accordingly.
- No school-related spending unless directly related to Distance Learning (no stocking buildings with supplies for return)



Scenario 1: Fully Funded through June

- If all funding sources stay the same - State pays us on time, June recovery, and districts pay in June and July
- Potentially end year with 76 days cash on hand
 - Accruals would bring net revenue to estimated \$275K
 - Can continue to pay everyone
 - Meet all lease and mortgage obligations
 - 60 day net pay
 - Meet our financial health ratios



Scenario 2:

State Funds through April; Local through Q3

- If the State ceases to pay us any aid after April, local payments are delayed until 2020 or are not paid at all
 - Potentially end year with 14.5 days cash on hand
 - Accruals would bring net revenue to -\$5.3M
 - Capacity to pay everyone through July
 - Meet all lease and mortgage obligations through June
 - Do not meet any financial health ratios



Specific Spending Shifts - Savings

Refuse and Recycling (approx \$6,525/month)

Utilities (40% reduction = \$20,000/month)

Transportation (\$10,188/day)



Specific Spending Shifts- New Expenses

- Initial direct shipping of books (\$17,000)
- Deep cleaning (\$5,000)
- Device depreciation (\$60,000)
- WiFi Access (\$1,500/month)
- Materials for teachers (\$20,000)
- Postage (\$3,000)
- Unpaid lunch balances (\$35,000)



Bus services

- Contract does not require we pay them when we do not receive services (e.g. snowday)
- For the next two weeks Durham has asked we continue to pay them \$7,826.43/day instead of \$10,188/day to allow their staff to continue to be paid (\$78,264 vs. \$101,880 = savings \$ 23K)
- Contract amendment proposal



Budget Amendment Update



CFO Advisory Committee

- Convene a CFO Budget Advisory Committee inclusive of staff and board members to review and plan for all potential scenarios



COVID-19 Electronic Payment Policy Finance Resolution

- Currently, BVP requires two signatures for checks over \$2,500. In an effort to continue payments and support social distancing, dual-signatures are no longer required for any checks; rather the CFO will develop a protocol to ensure two signers digitally sign-off on checks above \$2,500.
- Current check signers:
 - Jeremy Chiappetta, Chief Executive Officer
 - Colleen Colarusso, Chief Schools Officer
 - Mike DeMatteo, Chief Operations Officer
 - Joy Souza, Head of School, ES1
 - James Diossa, Board Chair



Questions? Suggestions?

