



Date: April 15, 2021
To: Board of Directors
From: Kevin Sved, CEO
Subject: 2021-22 Salary Cost of Living Adjustment of 3%

While the final adoption of the 2021-22 Local Control Accountability Plan (LCAP) and budget is scheduled for board consideration for the June 2021 meeting, it is necessary for the board to consider authorization of salary increases prior to that so that offer letters may be issued. Timeliness of this process plays an important role in achieving high staff retention rates. Staff is recommending a 3% Cost of Living Adjustment (COLA) based primarily on a projected state revenue COLA of 3.81%. The following pages highlight key factors in the budget development process, and presents a preliminary 2021-22 budget that demonstrates the financial strength of the organization and the feasibility of providing a 3% COLA increase for 2021-22. The attached preliminary budget development work was discussed with the Finance Committee on April 8th.

It is recommended that the board authorize staff to implement a 3% COLA increase.



2021-22 Budget Process

April 15, 2021

Budget Process

- ❖ Began budget planning in January 2020
- ❖ Directors and Chiefs meet weekly
- ❖ Will meet with all three site Principals
- ❖ Collaborating with two Charter finance groups
 - Charter School Growth Fund - CFO group
 - CBO group led by Joyce Montgomery
- ❖ April/May stakeholder input on LCAP
- ❖ April Board meeting consider 3% salary increase
- ❖ May - Governor's Revise is released and budget is adjusted as needed
- ❖ June Board meeting approve the 2021-22 LCAP and budget

2021-22 Budget Assumptions

LCFF Revenue includes a 3.81% Cost of Living Adjustment (COLA)

	<i>GPS K-8</i>	<i>HPS K-8</i>	<i>WPS TK-3</i>
Enrollment/ADA	540 / 518	540 / 518	325 / 305
LCFF Revenue per ADA	\$9,571	\$9,906	\$11,329
2020-21 Unduplicated Pupil %	55.58%	59.78%	91.67%
2020-21 Free/Reduced Lunch (FRL)	263	283	191
English Language Learners (EL)	151	185	134

ESSER III Funding

The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act)
Elementary and Secondary School Relief (ESSER II) Fund

Gilroy Prep School	\$302,688
Hollister Prep School	\$315,077
Watsonville Prep School	\$222,843

The American Rescue Plan Act, passed on March 11, 2021, provided \$122.7 billion in supplemental ESSER funding, known as the ESSER III fund.

Gilroy Prep School	Approx. \$700,000
Hollister Prep School	Approx. \$720,000
Watsonville Prep School	Approx. \$500,000

2021-22 Expenditure Overview

	GPS	HPS	WPS	CMO
Salaries & Benefits	\$4,258,577	\$4,263,026	\$3,118,109	\$2,074,755
Technology (hardware)	\$243,000	\$169,100	\$60,000	\$48,500
Special Education Consultants	\$55,000	\$190,000	\$90,000	0

Projected Fund Balance

	GPS	HPS	WPS	CMO
Projected 6/30/21	\$2,527,089	\$2,444,848	\$548,467	\$1,055,175
Projected 6/30/22	\$3,042,995	\$2,930,311	\$815,537	\$1,269,212

2021-22 Preliminary Budget

April 15, 2021

	Total 2021-22 Prelim Budget	TOTAL 2020-21 Budget	2021-22 Variance	GPS 2021-22 Prelim Budget	GPS 2020-21 Budget	2021-22 Variance	HPS 2021-22 Prelim Budget	HPS 2020-21 Budget	2021-22 Variance	WPS 2021-22 Prelim Budget	WPS 2020-21 Budget	2021-22 Variance 2020-21Budget	CMO 2021-22 Prelim Budget	CMO 2020-21 Budget	2021-22 Variance
	Enrollment 1405	1308		540	540		540	540		325	228				
REVENUE:															
LCFF Revenue	13,557,819	11,994,140	1,563,679	4,961,575	4,725,123	236,452	5,135,210	4,907,676	227,534	3,461,034	2,361,341	1,099,693	0	0	0
Federal Revenue	3,720,415	3,118,314	602,101	1,420,334	1,124,870	295,464	1,290,481	913,600	376,881	1,009,600	1,079,844	(70,244)	0	0	0
Other State Revenue	1,533,012	1,368,819	164,193	482,190	642,538	(160,348)	469,722	508,169	(38,447)	581,100	218,112	362,988	0	0	0
Donations & Grants	756,729	1,263,802	(548,302)	7500	8,802	(1,302)	7,500	5,000	2,500	200,500	350,000	(149,500)	500,000	900,000	(400,000)
Other Revenue	110,929	60,500	50,429	48,729	10,000	38,729	20,000	7,500	12,500	15,200	0	15,200	27,000	43,000	(16,000)
CMO Management Fees	2,185,438	1,679,180	506,258										2,185,438	1,679,180	506,258
REVENUE	21,823,113	19,484,755	2,338,358	6,920,328	6,511,333	408,995	6,922,913	6,341,945	580,968	5,267,434	4,009,297	1,258,137	2,712,438	2,622,180	90,258
EXPENDITURES:															
Salaries	11,017,370	9,561,101	(1,456,269)	3,460,807	3,126,997	(333,810)	3,462,618	3,128,756	(333,862)	2,476,746	1,732,355	(744,391)	1,617,199	1,572,993	(44,206)
Benefits & Taxes	2,697,097	2,421,145	(275,952)	797,770	767,965	(29,805)	800,408	771,502	(28,906)	641,363	443,967	(197,396)	457,556	437,711	(19,845)
Books & Supplies	1,203,740	1,868,729	664,989	534,750	750,816	216,066	362,850	425,001	62,151	227,740	659,012	431,272	78,400	33,900	(44,500)
Services & Other Operating Expense	3,167,992	2,273,243	(894,749)	750,859	616,434	(134,425)	943,292	812,673	(130,619)	1,128,595	490,704	(637,891)	345,246	353,432	8,186
CMO Management Fees	2,185,438	1,679,180	(506,258)	825,236	661,517	(163,719)	851,282	687,075	(164,207)	508,920	330,588	(178,332)			0
Capital Outlay	0	343,472	343,472	0	13,820	13,820	0	0	0	0	329,652	329,652	0	0	0
EXPENDITURES	20,271,637	18,146,870	(2,124,767)	6,369,422	5,937,549	(431,873)	6,420,450	5,825,007	(595,443)	4,983,364	3,986,278	(997,086)	2,498,401	2,398,036	(100,365)
REVENUE LESS EXPENDITURES	1,551,476	1,337,885	(213,591)	550,906	573,784	22,878	502,463	516,938	14,475	284,070	23,019	(261,051)	214,037	224,144	10,107
GAAP Adjustments:															
Revenue Less Expenditures	1,551,476	1,337,885	(213,591)	550,906	573,784	22,878	502,463	516,938	14,475	284,070	23,019	(261,051)	214,037	224,144	10,107
Add back Capita Outlay to Net income	0	343,472	343,472	0	13,820	13,820	0	0	0	0	329,652	329,652	0	0	0
Subtract Depreciation Expense	(69,000)	(69,000)	0	(35,000)	(35,000)	0	(17,000)	(17,000)	0	(17,000)	(17,000)	0	0	0	0
Net Income - GAAP Basis 2018-19	1,482,476	1,612,357	129,881	515,906	552,604	36,698	485,463	499,938	14,475	267,070	335,671	68,601	214,037	224,144	10,107
Beginning Net Assets @ 6/30/21	6,575,579	4,963,222		2,527,089	1,974,485		2,444,848	1,944,910		548,467	212,796		1,055,175	831,031	
Net Income - GAAP Basis 2021-22	1,482,476	1,612,357		515,906	552,604		485,463	499,938		267,070	335,671		214,037	224,144	
Ending Net Assets @ 6/30/22	8,058,055	6,575,579		3,042,995	2,527,089		2,930,311	2,444,848		815,537	548,467		1,269,212	1,055,175	