APPROVED

# Lawrence Family Development Charter School

## Minutes

### LFDCS Finance Subcommittee Meeting

**Date and Time**
Thursday May 7, 2026 at 5:30 PM

**Location**
Zoom

**Committee Members Present**
C. Needham (remote), G. Lopez (remote), J. Henriquez (remote), L. McRae (remote)

**Committee Members Absent**
D. DeFillippo

**Guests Present**
D. Thakkar (remote), M. Ventre (remote), S. Stukuls (remote), Y. Rodriguez (remote)

**I. Opening Items**

**A. Record Attendance**

**B. Call the Meeting to Order**

C. Needham called a meeting of the Finance Committee of Lawrence Family Development Charter School to order on Thursday May 7, 2026 at 5:35 PM.

**C. Approve Minutes**

J. Henriquez made a motion to approve the minutes from LFDCS Finance Subcommittee Meeting on 04-02-26.
G. Lopez seconded the motion.

The committee **VOTED** to approve the motion.

**Roll Call**

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|---|---|
| G. Lopez | Aye |
| C. Needham | Aye |
| D. DeFillippo | Absent |
| L. McRae | Aye |
| J. Henriquez | Aye |

## II. Business Items

### A. Finance Overview

Mark V. presented the financial report for the first nine months of the fiscal year, reporting gross revenues of approximately $16.5 million. He noted that salaries, wages, and benefits account for nearly 80% of total expenditures, while campus operations represent approximately 15%. As a result, the school is currently operating at a net loss of approximately $1.9 million year-to-date.

Mark V. explained that a significant contributor to the deficit is an unexpected reduction in DESE tuition reimbursement. At the beginning of the fiscal year, the school was receiving approximately $1.725 million per month in tuition reimbursements; however, that amount has declined to approximately $1.65 million per month, representing a loss of roughly $76,000 per month and approximately $450,000 in annual revenue. He stated that this decrease was not anticipated when the budget was developed. The school is currently operating at an annual tuition reimbursement rate of approximately $20.25 million, substantially below original projections.

Mark V. shared other financial pressures facing the school, including a previously discussed $2 million reduction in federal funding between FY24 and FY25. He explained that actual revenue is approximately $2.9 million lower than anticipated. Health insurance costs have significantly exceeded projections. The original budget assumed approximately $1 million in health insurance expenses. However, year-to-date spending has already reached approximately $1.7 million and is projected to total approximately $2 million by year-end. Mark V. emphasized that these two factors, the revenue shortfall and increased health insurance expenses, are the primary reasons the school is currently operating at a deficit of approximately $2 million.

For the balance sheet, Mark V. reported that the school remains financially stable with approximately $8 million in cash reserves. However, he cautioned that cash balances are declining in line with operating losses. He explained that some differences between the operating loss and cash reduction are attributable to capitalized expenditures, including approximately $600,000 in building improvements, as well as furniture and technology investments that are recorded as assets rather than operating expenses.

Mark V. shared several strategies being considered to improve the school's financial position. He highlighted the potential savings associated with purchasing the campus rather than continuing to lease facilities, estimating annual savings of approximately $1.3 million through financing versus rent payments. He also discussed the possibility of reducing or eliminating snack and catering expenses, which total nearly $300,000 annually, postponing capital improvement and leasehold projects until the campus purchase is completed and potentially terminating the lease with Lawrence Housing Authority for the gym facility at 580 Haverhill Street. Mark V. noted concerns about future benefit costs, including projected health insurance increases of 15–20% and the potential impact of shifting to the state family medical leave plan.

**B. FY27 Budget**

Mark V. presented the proposed Fiscal Year 2027 Human Capital Plan. He explained that current salary and wage expenditures are projected at approximately $13.8 million and that the goal for FY27 is to keep overall personnel costs essentially flat despite anticipated revenue growth. He reported that total spending is projected to decrease by approximately $140,000. The largest reductions will occur in instructional leadership, which is expected to decrease by approximately 18% through position eliminations and consolidation of responsibilities. Student services and administrative positions are projected to decrease by approximately 32%. At the same time, investments in teachers and paraprofessionals will increase by approximately 9%, reflecting the school's commitment to maintaining classroom instruction. Extended-day programming will also expand to support additional clubs, sports, and student activities. Mark V. noted that stipend expenditures are expected to decline significantly as the school transitions away from project-based stipend work and toward more comprehensive role responsibilities.

Mark V. requested the Finance Committee's approval of the overall Human Capital Plan, noting that while management is responsible for assigning duties and responsibilities, overall personnel spending requires committee approval. He reiterated that the strategy is to maintain relatively flat personnel costs while allowing revenue growth to help eliminate operating losses over time.

Chris N. requested additional information regarding the operational impact of the proposed reductions, particularly in instructional leadership, facilities, and stipends.
Darshan T. explained that throughout the planning process, the administration's primary goal was to protect direct classroom instruction. He stated that no reductions were made to teachers, paraprofessionals, curriculum, or classroom supplies. Multiple budget models were reviewed, and the selected approach was designed to keep FY26 and FY27 expenditures relatively stable while gradually improving the school's financial position. He emphasized that increases were concentrated on instructional positions, while reductions were focused primarily on administrative functions.
Darshan T. explained that administrative responsibilities previously assigned to multiple individuals would be redistributed among existing leaders. While some administrative

positions were eliminated, all essential functions will continue to be performed through consolidation and shared responsibilities. He stated that this approach allows the school to reduce costs without negatively affecting students or instructional services.

Chris N. asked if the majority of stipends went to teachers. Darshan T. explained that many stipends had been tied to special projects funded through federal ESSER grants. Of approximately five major projects, four have already been completed, leaving only a mathematics curriculum project still underway. Since ESSER funding has expired and most project work has concluded, the administration believes stipends can be reduced substantially without affecting curriculum development or classroom instruction. Future curriculum work will be managed by existing curriculum leaders rather than through separate stipend-funded initiatives.

Chris N. questioned whether the staffing changes and reductions in administrative positions could negatively impact faculty and leadership morale. Darshan T. responded that teachers would see meaningful compensation growth, noting that the projected increase for teachers exceeds 9%. He explained that while the salary ladder itself has not changed, adjustments were made to allow teachers to advance more quickly through the existing compensation structure.

Mark V. and Darshan T. explained that approximately 16 teachers had become stalled at a particular salary level because advancement required obtaining a professional teaching license. Many teachers had entered the profession through emergency, provisional, and initial licensure pathways, resulting in extended delays before becoming eligible for advancement. Administration modified its internal advancement practices to allow teachers who are actively progressing through licensure requirements to continue advancing on the salary schedule. School leaders stated that this change will improve teacher retention, prevent educators from remaining at the same salary level for multiple years, and provide greater incentives for professional growth. Sally S. commented that the adjustment addresses a long-standing concern and helps ensure that teachers are not discouraged from remaining with the school.

Chris N. shared that the change would be particularly beneficial for newer teachers.

Jose H. expressed concern about the projected 16.7% overtime expense and asked administration to explain the factors contributing to the increase. Mark V. reported that a substantial portion of overtime costs originates from facilities operations. The school currently employs 14 maintenance and facilities staff members across four buildings, and administration is conducting a detailed review of schedules, responsibilities, and workload distribution to determine why overtime is occurring and whether work can be completed within regular work hours.

Mark V. also explained that paraprofessionals frequently earn overtime when serving as substitute teachers. Paraprofessionals who assume responsibility for classrooms during

teacher absences receive additional compensation, including a $100 incentive payment. Mark V. shared that the school is in the process of implementing a new ADP payroll and timekeeping system, which will provide integrated time and attendance tracking, employee badge swipes, mobile clock-in capabilities, and more accurate allocation of labor costs. Currently, overtime tracking is largely manual and occurs after the fact, making oversight difficult.

Jose H. emphasized the importance of controlling overtime costs and expressed support for the ADP implementation. Mark V. acknowledged that some overtime may not be essential and stated that improved monitoring will help supervisors determine whether overtime is necessary or elective. He also suggested that the projected savings in the Human Capital Plan could increase if overtime is reduced more effectively.

Darshan T. provided additional context regarding the unexpected tuition reimbursement reduction. He explained that the governor's budget included a $20 million charter school funding reserve that could be reduced through executive veto authority. In November, a portion of that reserve was vetoed, resulting in reduced reimbursement payments for charter schools across the state. The reduction was distributed among all charter schools, including LFDCS. Darshan T. noted that the House Ways and Means Committee had approved legislation to restore the funding and that the Senate was expected to consider the matter shortly. However, he cautioned that even if the funding is restored, the governor has indicated that reimbursements would likely only be provided prospectively rather than retroactively. As a result, the school may recover only a small portion of the revenue lost earlier in the fiscal year. Mark V. concluded by noting that fluctuations of approximately $76,000 per month make financial planning extremely difficult and have been a significant factor in the school's current budget challenges.
J. Henriquez made a motion to approve and recommend to the Board the Human Capital Plan for final approval.
L. McRae seconded the motion.
The committee **VOTED** to approve the motion.

**Roll Call**

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| D. DeFillippo | Absent |
| C. Needham | Aye |
| J. Henriquez | Aye |
| L. McRae | Aye |
| G. Lopez | Aye |

## III. Other Business

### A. Projected Payroll Taxes & Benefits, Campus Acquisition

Mark V. reviewed employee benefits and explained that health insurance costs are one of the primary drivers of the school's increasing expenditures. He reported that benefits and payroll taxes are projected to increase by approximately 15% next year, prompting

administration to work closely with its health insurance broker to identify strategies for controlling costs. Mark V. noted that rising healthcare expenses are not unique to the school and are being experienced broadly by employers.

Chris N. asked whether a significant portion of the increase was due to more employees selecting family health insurance plans. Mark V. confirmed that this was a major factor, explaining that participation in the school's health insurance program had grown from 86 employees to 109 employees. In addition to increased enrollment, insurance premiums themselves have risen by approximately 8–9%, and because the plan is self-insured, higher utilization of healthcare services has also contributed to increased costs. Mark V. emphasized that the combination of more participants, higher rates, and greater utilization has significantly increased overall health insurance expenses.

Chris N. then asked whether there were any realistic opportunities to address the utilization side of healthcare costs. Mark V. shared a potential strategy for controlling rising health insurance costs by encouraging employees who are eligible for Medicare to transition from the school's health insurance plan to Medicare coverage. Mark V. reported that the school's insurance broker estimates this approach could generate approximately $160,000 in annual savings, although participation would remain voluntary. Chris N. and Darshan T. emphasized the importance of educating employees about Medicare eligibility, noting that delaying enrollment can result in long-term financial penalties and higher costs. The committee also discussed providing employees with information about Medicare Advantage and Medicare Part D plans to help them make informed decisions and ease the transition process. Mark stated that the administration plans to work with its broker to develop educational resources and explore ways to support eligible employees while pursuing potential cost savings.

Mark V. reported that he, Sally S., and Yulissa R. met with consultants from Krokidas & Bluestein to explore financing options for a potential campus purchase, including the possibility of using New Market Tax Credits through a mission-affiliated nonprofit that would own the property and lease it back to the school. While this structure could provide benefits such as lower down payments, reduced interest rates, and greater flexibility for renovations, Mark noted it would also introduce significant governance complexity, including the need for an independent board, especially given the school’s recent experience with a prior affiliated nonprofit.

Chris N. expressed concern about the added complexity and governance risks, questioning whether the financial benefits would outweigh those challenges. Darshan T. added that only a limited number of such projects exist locally and that administration would consult other schools with similar financing structures.

Chris N. expressed a preference for straightforward financing that preserves local control, avoids complex governance structures, and maintains flexibility for future refinancing. Mark V. agreed, noting that conventional financing appears to be the preferred path,

particularly given the restrictions tied to New Market Tax Credit deals, including limits on refinancing for the first seven years, which further reduce their appeal.

Mark V. reported that recent conversations suggest LFD may now be more interested in selling the campus than in previous years. Darshan T. added that Dan H.  initiated discussions about beginning the purchase process. Chris N. agreed that campus ownership remains an important long-term objective and that the timing may be favorable to begin pursuing acquisition opportunities.

Mark V. shared he has engaged in conversations with a potential financial advisor. He explained that initial conversations had focused primarily on construction management and renovation planning for 404 Haverhill Street, as well as potential financing strategies.

The Finance Committee recommended proceeding with direct campus ownership without establishing an affiliated nonprofit, while continuing to evaluate financing options and engaging professional advisors as the process moves forward.

## IV. Closing Items

### A. Adjourn Meeting

J. Henriquez made a motion to adjourn.
L. McRae seconded the motion.
The committee **VOTED** to approve the motion.

**Roll Call**

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| D. DeFillippo | Absent |
| J. Henriquez | Aye |
| G. Lopez | Aye |
| C. Needham | Aye |
| L. McRae | Aye |

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 6:40 PM.

Respectfully Submitted,
Y. Rodriguez