The meeting was called to order at 8:02 AM.

**Changes in Fund Balance for period ending 4-30-21**

Barbara Siegel reviewed the Changes in Fund Balance document with the committee, including these highlights:

- Shared Services and Professional Services have surpluses, $115,176 and $138,990 respectively.
- Birth to Age 22 has a deficit of $322,173.
- Overall, this is still leaving us in a positive position with a surplus of $35,038 at 4/30, a huge swing from where we were last year at this time.
- The fund balance is down by $88,823 as compared to last year.

Projections for the year end position:

- Barbara reflected that it's likely that we could end up in a better position than previously expected. We had been looking at a year end deficit of around $450,000. Having reviewed the figures to date, it's more likely that we will have a deficit closer to $300,000.
- Based on the $500,000+ worth of contracts remaining in Salesforce there is potential for an additional $200,000+ in revenue should all deliverables be completed by June 30. We anticipate that some of the contracts will be deferred, still providing revenue but it wouldn't be recognized until FY22. However, were they all to be completed, CES would break even for the year.
- Our challenges from Covid-19 remain. We anticipate a $250,000 deficit for HEC Academy which is currently seeing an increase in the number of students and inquiries. Related Services will likely end with a $70,000 deficit this year. While they have around $160,000 worth of contracts in Salesforce, we know that if students aren't available to meet with the specialists we don't earn the money. We will know for certain in late July.
when all the billing is entered but there is room for the deficit to be significantly reduced. The Licensure Program will also have a deficit around $90,000, like the Academy, due to lower enrollment this year.

**Statement of Activities and Adjusted Budget for period ending 4-30-21**

Barbara reviewed the Statement of Activities document with the committee with the below highlights.

- Shared Services brought in 95% of expected revenue in the period and spent 90% of expected expenses, resulting in a surplus.
- Birth to Age 22’s general fund revenue is pacing ahead of expenditure and part of that is because we have had more students joining HEC Academy late in the year.
- Professional Services, while in the 75th percentile for revenue, they are at 60% of spending. The majority of contracts in Salesforce are for Professional Development contracts.
- Special Revenue shows a net zero balance. It is possible that there will be a small surplus at year end based on Parent Fees and Donations in the Afterschool grant programs.
- Professional Services received increases in funding for several grants including Facebook and Tobacco Cessation.
- The DYS contract was reduced by $300,000 due to the lapse in spending. Those lapse funds are the result of unfilled teaching positions throughout the year and have been returned to the funder.

Barbara asked if there were any questions. A question was asked about the new DYS contract and Karen updated the committee on the contract process.

**FY22 Budget**

Barbara informed the committee that we have received award notices for two large grants that we had budgeted for. A good early trend and we anticipate bringing a favorable update to the September meeting.

**FY21 Cost of Living Allowance (COLA)**

Karen Reuter explained that historically, a COLA is awarded across the board at CES. The union membership successfully negotiated and received a 2% COLA. Most of the Special Revenue grants and contracts had built a COLA into their budgets. The General Fund budgets did not include a COLA because of the $1,250,065 deficit we were facing at the start of FY21. So we find ourselves in a situation of the haves versus the have nots. Even though there are all
these grants with the funds to cover a retroactive COLA we have not awarded them yet because of the precedent of always providing an agency-wide COLA. The Operational Continuity Team (CT) felt strongly that we commit to an increase of some kind for all staff, particularly in light of the very difficult working conditions of the past year. After much discussion and review of the costs, the OCT asked that the Cabinet take on consideration of a retroactive COLA.

The Cabinet discussed the need to develop some standards around how COLA’s are determined and distributed, how to ensure that we build them into all budgets, what a tiered distribution approach might look like and perhaps most importantly, how the lack of a COLA has a lasting impact on our staff’s future earnings. There was great concern about the inequities we are currently facing and the negative impact on our community when some are receiving a COLA and most are not.

The Cabinet ultimately decided to recommend that the Board approve a 2% retroactive payment for all non-union employees. They could not recommend a COLA because we face the same problems again in FY22 where most grants have budgeted for a COLA but the Shared Services and the Fee for Service providers did not - again due to the deficit budget situation. The 2% cost for the general fund comes to around $74,000. The SEIS contract and all the other grants have the funds ready to go to cover the increase, however the DYS contract does not. The cost of the DYS increase would be just under $40,000. Karen shared with the Finance Committee the difficulties experienced when negotiating with DYS to use lapse funds to cover the COLA. They were firm in their stance and would not agree to it. This means that in order to provide all non-union staff with the increase, CES would have to cover the DYS portion.

The Cabinet would really prefer to propose a COLA but the cumulative effect it would have on the FY22 budget would further increase the deficit and they decided that they could not make that recommendation. The Cabinet enthusiastically recommends a 2% thank you enhancement (for lack of a better title) as an acknowledgement of the staff’s hard work and commitment.

The Finance Committee discussed the enhancement, the importance of equity, and how to communicate it to staff. The cost of retention, the impact on morale and the current job market were discussed. The committee unanimously supported the enhancement and the importance that it be managed in an equitable manner. The committee proposed that going forward the inclusion of a COLA in the budgeting process is essential, even if that means making cuts elsewhere to accommodate it.

**FY22 Meeting Schedule**

The schedule went out to members with the agenda in the hopes that people can get those dates on their calendars should they choose to be on this committee next year.

The meeting adjourned at 8:51 AM.