Collaborative for Educational Services
Finance Committee Meeting
March 22, 2022 at 8:00am-9:00am
Minutes: FINAL

Attendance:

Committee Members: Dan Hayes, David Lubbers, Rick Martin, Anne McKenzie, Denise Storm.
CES Attendees: Todd Gazda, Judy Houle, Victoria Lucadello, Karen Reuter, Marc Richard, Sherry Smith.

Welcome:
The meeting was called to order and a quorum was confirmed at 8:02am.

FY22 Financials through 2/28/22:
Judy Houle reviewed the FY22 financial reporting and gave an overview. Spending is slightly ahead of the general fund revenue. Including the special fund revenue, there is an overall surplus of approximately $51,000. This is well ahead of the performance during the previous year, when there was a $291,000 deficit at this time. Todd Gazda noted that there are two large payments that CES is expecting which will increase the positive cash flow. Houle reminded the Committee that fluctuations are a natural part of the cash flow cycle since many segments of contract work are billed after the services have been provided.

FY22 Update:
TMS continues to work on various aspects of the CES budget, spending, and financial processes. Performance of the FY22 budget is being assessed to prepare for the FY23 budget. There are no unexpected issues of concern with the financial reporting to date.

FY23 HEC Academy Tuition:
Karen Reuter, Sherry Smith, and Marc Richard developed the tuition proposal after analyzing revenue and expenditures. The new proposed rate would be a 4% increase over the prior year. This still allows CES to charge a daily rate that is below the average daily rate of other providers in the state and therefore very competitive. A request was made to clarify the tuition sheet to show the total increase for the summer is $246.

Storm motioned to approve the FY23 HEC Academy Tuition rates as presented. Lubbers seconded the motion. There was a show of hands and the motion carried unanimously with none opposed and no abstentions.

Treasurer Position Description and Candidate:
Gazda discussed the Treasurer position and the job description, which has not been adjusted for approximately 10 years. With the changes in the CES business office, the activities of the
Treasurer role have been reviewed. The need for a more robust Treasurer position was evident. Gazda noted that the current Treasurer did not wish to expand his time commitment and has offered his resignation. Gazda offered the organization’s thanks to Don Scott for all of his years of dedicated service.

After seeking information about new options for the Treasurer role, Gazda proposed Bradford Jackson. Jackson was Superintendent of the Year in Massachusetts two years ago and is retiring from his role this spring. He has decades of experience, including work as a school Director of Administration and Finance, with a Master’s degree in Business Administration from Babson College. He is also the Treasurer for the The Educational Collaborative in Walpole. After discussion about Jackson’s interest in the role and relevant experience, the committee discussed the salary for the position. The salary for this part-time role has not been adjusted in ten years. The proposal was made to increase the annual salary for the Treasurer to $12,000. The Committee discussed this and determined that it was commensurate with the salaries for similar positions. Dan Hayes reminded the Committee that their role can include a recommendation of the candidate and the salary level, which will be voted by the full CES Board at the upcoming meeting.

_Storm motioned to endorse the candidate Bradford Jackson as the new Treasurer at the new salary rate. Lubbers seconded the motion. There was a show of hands and the motion carried unanimously with none opposed and no abstentions._

**Capital Plan and Capital Reserve Account:**
Gazda asked to update the committee at this time in order to provide information and context on this proposal. These issues will continue to be discussed by the Committee and the Board in the coming months. There has been interest for some time in a capital project that would allow CES to consolidate a major portion, or perhaps all, of its staff and activities. A single campus was the original focus. That concept has been adjusted throughout the pandemic as the organization responds to a changing climate that allows more flexible work opportunities.

Adjusting and reducing physical space requirements for administrative services will allow the organization to position itself for its next fifty years of commitment to students and the community. Currently it is feasible to give up the office space at 123 Hawley Street, a move which would save the organization approximately $60,000 annually in rental costs. The staff based there have worked remotely throughout most of the pandemic. The goal is to leave the space by July and allow 123 Hawley Street staff to continue their remote roles while accessing any necessary physical services at 97 Hawley Street.

A flexible working environment will aid in work/life balance for staff, recruitment efforts, and retention. It will make CES a more competitive employer. However Gazda noted that some CES positions based in other locations cannot shift to partial or entirely remote work, for example front line teaching staff, direct early childhood support services, and receptionist positions.
CES has formed a working group to look at a flexible business model in greater detail, including how to support staff in a hybrid environment, what physical office services would be necessary, and how to maintain relationships among staff and clients. A capital reserve fund can be established to pay for this transition which would include renovation and upgrade work on 97 Hawley Street building, Pleasant Street building, and possible purchase of real estate. The forgiven PPP loan funds would be the primary source of capital. The working group will develop a capital plan to articulate the organization’s goals and identify the appropriate uses of capital reserve funds. The capital plan itself and the reserve fund proposal will be brought before the Committee and the Board for a vote by June 2022. Then the organization will need to obtain a two-thirds vote of approval from School Committees at member districts to establish the fund. Those approval decisions by school committees will take place during the summer and fall, with an anticipated November 2022 date to finalize its establishment and the total available for the reserve fund (after the completed FY22 audit). Gazda is already working with MA Department of Elementary and Secondary Education and Massachusetts Organization of Educational Collaboratives to ensure that all the required actions take place in the correct order.

The Committee discussed this plan in some detail. There were questions about whether the timeline was reasonable, how detailed a capital plan description should be, and whether using the forgiven PPP loan funds in this way would contribute to the long-term sustainability of the organization. The Committee members agreed that the plan would be beneficial and asked for further updates as the process moves forward.

**Additional Topics:**
Hayes asked the members if there were any additional topics for discussion. When none were proposed, the meeting was adjourned.

The meeting adjourned at 8:49am.