

EARLY LEARNING COALITION OF SARASOTA COUNTY
BUDGET AND FINANCE COMMITTEE MEETING

Cavanaugh & Company, LLP, Conference Room, 2381 Fruitville Road, Sarasota
25 September 2009

MINUTES

1. ATTENDANCE.

a. Members:

Linda Mason Janet Kahn Steve Spangler Janice Mee

b. Staff:

James Pawlak

2. CALL TO ORDER. The meeting was called to order at 8:00 a.m.

3. OLD BUSINESS. *None*

4. NEW BUSINESS.

a. FY2009 CCC/Business Manager Reports.

1. SR & ARRA Enrollment & Provider Payments – This is our first meeting for Fiscal Year 2010. In July our slot payments were \$284k for SR and \$134k in ARRA. In August, we flipped the children in ARRA into BG8 so we could utilize all remaining dollars in our County “Working Poor” match category. So our SR slot payment increased to \$326k. For September, James has forecasted a decrease in SR slot payments to \$300k. In October, we will begin to enroll children of the wait list (currently 1,000) in our ARRA category. We anticipate being able to serve 120 children each month in ARRA until June, 2010.

2. News’s and Terms – In August, we saw our first substantial increase in the number of Terminations (126), highest since September 2008. This was the main reason that we have come into FY2010 with a carryover deficit of \$88k. Janet stated the reason our Terms did not materialize last fiscal year was perhaps because we have a “new working poor” – those families who previously were not eligible for our services but now due to loss of hours, reduction in pay, etc these families do qualify. In addition there are new families locating to Sarasota County, who have moved into the community because now housing has become more affordable. These are factors that seem to have contributed to our wait list being so high. Steve asked how children are brought in off the list and Linda explained that when the new children are being enrolled in ARRA, they are served in order of their priority based on ELC established point system. The initial target is to have 100 children enrolled by the end of October.

3. BG1 SR Enrollment & Provider Payments – For the first two months of FY2010 our BG1 costs remain high. We are currently running 4% above last year’s record dollar amount of \$789k. James has budgeted \$750k for this Fiscal year. If this trend continues we may have to move BG8 budgeted slot monies into this category

4. BG3 SR Enrollment & Provider Payments – We have a new report this Fiscal Year. James will begin reporting to the Budget and Finance committee on the BG3 costs. FY2009 saw a 41.2% increase in costs \$322k vs \$227 in FY2008. This was due to increasing unemployment in our County. We initially budgeted \$290k this year for BG 3, so if the current trend continues, we are expected to be over budget again in this group, which will again result in less BG8 (Working Poor) children being served.

5. **SR Days Paid & Per Day Cost** – For the first two months our per day “OEL” costs average \$18.24. This was expected because we are not able to serve more children, and the majority of our costs are fixed, this number will remain above average. Going forward, it will start to come down once we start enrolling children into ARRA in October.
6. **Board Financial Indicators** – For our SR indicators, James stated that after two months our Admin and Non-Direct costs are well contained (\$38k under Budget). Janet however did remind the Board that some costs are a timing issue and we expect our costs to be more in line with our monthly projections going forward which are \$14k for Admin and \$43k for Non-Direct. The next indicators discussed were our Quality ones – Gold Seal, Infant & Toddler and Quality. James commented that all three are in line to spend what we had budgeted for in each category. Steve inquired why the total SR Grant Earmark for Quality is only four percent. Janet explained that this is a federal earmark requirement but that local Coalitions can spend more. Our Coalition has always felt that it was very important to provide support to our providers (scholarships, quality materials, mini grants etc...) so we budget accordingly.

The next indicator discussed was our SR child care slot indicator, which stood at 73.1% of total expenditures spent; minimum required by AWI is 70%. The final SR indicator is our ARRA funds. Our grant earmark for this year is \$794,600. We currently have only budgeted \$516,490 which is 65%. AWI has stated that each coalition needs to spend at least 60% of the earmark - \$476,760 by June 30, 2010. Janet and James both feel that it be best to spend the requirement and hold the remaining dollars so that they can be used in FY2011, should the \$300k cut in our SR grant this year become permanent. Steve concurred that probably is a prudent thing to do, considering our economy.

Next, the VPK indicators were discussed – First was our Admin indicator which showed \$30k in expenses being utilized in the first two months, which was 12.3% of total expenditures – this is above the earmark of 4.8% for FY2010. James quickly reminded the committee that is a yearly occurrence. Our first two months are always frontloaded with VPK-Enrollment costs. Now that we have all children enrolled, this cost will decrease substantially. James stated that September will probably still show a 6 to 7% admin cost. But after that, since we have a record number of children enrolled 1,800 – our admin costs should drop to the 3% range and remain there for the balance of this Fiscal year.

The final two indicators reviewed were our VPK and VPK ARRA slots. James stated we could have a potential problem in regards to our VPK funds. On September 16th, the state moved \$340,261 from our VPK grant and added a VPK ARRA grant allocation, obviously using ARRA to fill shortfalls in the state VPK budget to the extent possible. Overall the total dollar amount of our grants did not change, however we are now projecting a shortfall of \$343k in our VPK grant and a surplus of \$354k in the VPK ARRA, which net/net leaves us with a small overall surplus of \$9k. Janet stated the reason was because the VPK ARRA monies can only serve School District Programs. James informed the committee at this time we only have one in the school year program. James contacted AWI in regards to this issue and they informed him that they are currently working with the State Legislature to see if the monies can be transferred back to our VPK grant. James will provide an update to the committee at each monthly B&F meeting.

7. **SR Spending Plan** – Per Steve’s request, James has added new columns to this spreadsheet – they are FY2009 Budget per line item and FY2009 Actuals per line item. This will give the committee a reference has to what was budgeted and spent on each category in FY2009 and what we have Budgeted and Projected for each line item in FY2010. After two months James stated we are under budget in our Admin and Non-Direct costs, all of our Quality OCA’s look to be line has to what we have budgeted for in FY2010 and our SR slots are slightly under budget; this was due to having not enrolled

children since April. James reiterated to the committee that we plan on bringing in SR children much more slowly this year; he feels that the coalition should try to achieve a net new enrollment of 10 children per month over the course of the next six months. As stated previously, we are starting to enroll ARRA children and once we achieve 120, we will begin to fill CCEP and BG8 openings. We have to carefully manage all of the funds this year since our core funding allocation was reduced and the ARRA funds are temporary.

8. **VPK Spending Plan** – As noted earlier, James will monitor the status of our VPK and VPK ARRA grant amounts and hope that the state will be able to transfer back the \$343k back to our VPK grant from VPK-ARRA. This would be both grants in balance to their actual spending plans.

b. Accountant Reports.

Eric was not able to provide the August financials until early this morning. James did make copies and present them to the committee at today's meeting. After a short review, Steve inquired as to why we do not have 12 month budget amounts for Group Ins / Workmen's Comp/ Retirement and Payroll admin fee under both Coalition and CCC operations. Janet stated we have asked Eric to provide them and James stated he will call Eric before the next meeting and work with him to ensure that all categories under each Payroll section has a 12 month budget projection. The only other item brought up was by Janet – she inquired why we were showing two balances in the 61-90 day category in our A/R Aging report. James knew the first one was the GCCFV (Because it matters) invoice – we should be receiving those monies any day now. James also stated the OEL dollars were yearend invoices in SR and VPK in regards to the carryover issue and he will contact Marlin Seay of AWI to ensure we will receive payment.

5. DISCUSSION.

a. The one item brought up for discussion was raised by Steve: he asked James how did the field audit go with our new auditors – Berman & Hopkins? James replied that since it was their first year with us – it required more of time then the past two year when it was performed by Florida C.P.A.'s. We covered the Bank Reconciliations, SR & VPK monthly reimbursement process and review of our Policies and Procedures. Carter Lane of Berman did comment that our Financial Policy and process was one of the best they seen from an Early Learning Coalition. They completed the review last night. Except for a few documents and emails, the field work has been completed. Hopefully the target date of completing the audit by November can be met.

James stated the next meeting will be held on Friday, October 31st.

6. **ADJOURN.** The meeting was adjourned at 8:36 am.

James Pawlak