

FINANCE COMMITTEE MEETING

July 19, 2018

4:00 P.M. until business concluded
2536 Countryside Blvd, Suite 500
Clearwater, FL 33763

PROPOSED AGENDA

- I. CALL TO ORDER
 - A. Approval of July 19, 2018 Agenda
 - B. Approval of May 17, 2018 Finance Committee Minutes

- II. DISCUSSION
 - A. Finance Report

- III. PUBLIC COMMENT

In accordance with the Florida Government in the Sunshine, all meetings of the Early Learning Coalition of Pinellas County, Inc. and its committees are open to the public. Those in attendance who wish to address the Coalition must submit a public comment card to the recorder prior to addressing the Coalition.

- IV. ADJOURNMENT

Next meeting scheduled Thursday, September 20, 2018 at 4:00 p.m.
ELC, Countryside Towers
2536 Countryside Blvd. Suite 500
Clearwater, FL 33763.

**This meeting may be recorded for the purpose of composing meeting minutes only.*



Finance Committee Meeting
May 17, 2018 Minutes – UNAPPROVED
4:00 P.M. until business concluded
2536 Countryside Blvd, Suite 500
Clearwater, FL 33763

Present: Craig Phillips, Elliott Stern and Jack Geller

Absent: Harry Fogle

Coalition Staff: Merita Kafexhiu and Eva Stoddard

I. CALL TO ORDER

Chair, Elliott Stern called the meeting to order at 4:00 P.M.

- A.** Chair, Elliott Stern called for approval of the agenda for the May 17, 2018 Finance Committee Meeting.

A motion was made by Craig Phillips and seconded by Jack Geller to:

Approve the May 17, 2018 Agenda.

The motion passed unanimously.

- B.** Chair, Elliott Stern called for approval of the January 18, 2018 minutes.

A motion was made by Craig Phillips and seconded by Jack Geller to:

Approve the January 18, 2018 Minutes.

The motion passed unanimously.

II. ACTION ITEMS

- A.** 2018 Sliding Fee Schedule

Section 1002.85(2)(c)5., F.S., states that each coalition is required to adopt, as part of its school readiness plan, a “sliding fee scale and policies on applying the waiver or reduction of fees in accordance with s. 1002.84(8).”

Rule 6M-4.400(1)(a), Florida Administrative Code, provides additional instruction regarding the establishment of a coalition's sliding fee scale, stating that a "coalition's sliding fee scale must be set at a level that provides economically disadvantaged families equal access to the care available to families whose income is high enough not to qualify for financial assistance for school readiness services." Furthermore, the total amount of a family's copayment for services based upon the sliding fee scale may not "exceed 10 percent of the family's income, regardless of the number of children in care.

The United States Department of Health and Human Services (HHS) annually revises the federal poverty guidelines. The revised guidelines are published in the Federal Register. The 2018 Federal Poverty Guidelines have been released by the OEL.

Based on the information provided by the OEL, the Coalition has revised the sliding fee scale to reflect the adoption of the 2018 federal poverty guidelines and state median income estimates. The revised scale will be implemented July 1, 2018.

A motion was made by Jack Geller and seconded by Craig Phillips to:

Approve the revised Coalition's Sliding Fee Scale as proposed by The staff. The effective date of the revised Sliding Fee Scale will be July 1, 2018.

The motion passed unanimously.

B. Antifraud Plan FY 2018-19

Section 1002.91(8), Florida Statutes requires the Coalition to adopt an Antifraud Plan and submit the plan to the Office of Early Learning for approval by June 30th of each fiscal year. The criteria to prepare and implement the Antifraud Plan is described in Rule 6M-9.400, FAC. The Rule also requires that the Antifraud Plan be approved by the Coalition Board prior to submission to the Inspector General of the Office of Early Learning for approval.

The Coalition has prepared the 2018/19 Anti-Fraud Plan to streamline the processes for detecting, reporting, investigating, and preventing fraud in accordance with state rule and the Office of Early Learning guidelines. The plan must be sent to the Office of Early Learning's Office of Inspector General for approval by June 30, 2018.

A motion was made by Craig Phillips and seconded by Jack Geller Phillips to:

Review and approve the Coalition's Antifraud Plan for the fiscal year 2018/19.

The motion passed unanimously.

C. Removal and Disposal of Property

Surplus equipment is evaluated on a semi-annual basis to determine its usefulness to the Coalition and whether it meets the current business needs. The attached Surplus Property Report lists the unused equipment and furniture we are requesting to remove from the inventory.

The report includes the tag number, the description of surplus property (furniture and equipment) to be removed, condition of the property, and reason for removal. Items classified as inefficient are outdated or do not match our current technology needs. Items classified as obsolete are both outdated and no longer used.

Pursuant to s. 274.05, F.S., Surplus Property, and the Coalition policy ELC 400.06 "Tangible Personal Property", the Coalition has the discretion to classify as surplus any of its property that is obsolete or the continued use of which is uneconomical or inefficient, or which serves no useful function.

Pending Board approval, the Coalition will remove the property and follow its disposition policy consistent with Sections 274.05, 274.06, and 274.07, F.S. and Rule 69I-73.005, F.A.C. The Coalition will dispose the property in the following order of priority: (1) Programs, projects, or activities the HHS awarding agency sponsors; (2) Programs, projects, or activities other HHS awarding agencies sponsor; then (3) Programs, projects, or activities other federal agencies sponsor.

A motion was made by Jack Geller and seconded by Craig Phillips to:

Approve the removal & disposal of the surplus inventory.

The motion passed unanimously.

D. Fiscal Year 2018-2019 Budget

The Coalition's budget for School Readiness and Voluntary Prekindergarten combined is approximately \$49,268,595. This budget is funded by a mix of federal, state and local grants. The Coalition is charged with using this funding effectively and efficiently to achieve program goals. However, this budget does not fully cover the identified needs in Pinellas County, as evidenced by the waiting list for financially assisted early care and education services.

REVENUE: Factors affecting the Coalition revenues include the impact of the legislature. However, at this time, the proposed budget for the year 2018-2019 is being presented based on the FY 2018/19 SR and VPK grant allocations from the OEL.

The revenue is being projected to be approximately \$49,268,595 for the year 2018/19.

The Coalition historically derived nearly all its revenues from the Florida Office of Early Learning at the State level, but over the last few years, revenue maximization efforts have diversified the base through the local sources; Juvenile Welfare Board programs,

Pinellas County Schools Teen Parent program, and the Thrive by Five Pinellas grant/program.

EXPENDITURES:

The proposed funding allocations are focused on the Coalition mission and are recommended by an interdepartmental staff team. They are as follows:

The School Readiness (SR) program is part of the state's early childhood education. It provides the elements necessary to prepare at-risk children for school, including health screenings/referrals and an appropriate educational program. SR services are provided on a full day, full-year, and full-choice basis to the extent possible in order to enable parents to work and be financially self-sufficient. The delivery of SR programs is comprised of child care providers and school-based sites operated by public and nonpublic schools.

The total SR program allocation for the year 2018/19 is being projected to be: \$30,840,464. The funds will be expended as follows: Slots 80% or \$24,689,536; Quality Programs 9% or \$2,753,157; Support Services 7% or \$2,110,223, and Administration 4% or \$1,287,548.

The Voluntary Pre-Kindergarten (VPK) program provides that every four-year old child in Florida is eligible for a free, high quality pre-kindergarten learning opportunity that shall be voluntary and delivered according to professionally accepted standards.

This program is designed to enhance each child's ability to make age appropriate progress in the development of language and cognitive capabilities through education in basic skills. The delivery system for the VPK program is comprised of private Pre-Kindergarten providers and of school-based sites operated by public and nonpublic schools.

The total VPK program allocation for the year 2018/19 is projected to be: \$15,507,937. The VPK funds will be expended as follows: Slots 96% or \$14,887,620; Support Services and Administration 4% or \$620,317.

The Juvenile Welfare Board funds will be expended in accordance with the terms of the contract agreement for slots and the VPK All day program

The Pinellas County Schools funds for the Teen Parent program will be expended in accordance with the terms of the contract for slots and non -direct services.

Current grants that continue will be 1) The Performance Funding Project grant. The grant amount will be allocated to the Coalition in the first quarter. 2) Thrive by Five Pinellas grant which cover expenses for 1FTE. The amount allocated to the Coalition for the year 2018/19 is \$161,678.

The Coalition budget includes a personnel staff of 86. An organizational chart is attached. An employee bonus has been budgeted. **All employees will receive a one-time up to 5% merit bonus based on work performance.** ~~All employees that have been with the company for one year or more will receive a bonus equal to 5% of their annual salary compensation. For the employees that have been with the company for~~

~~more than 3 months but less than a year, the amount of the bonus will be prorated based on the months worked during the year.~~ Also, health insurance may increase, so an increase of 5% have been budgeted for health insurance benefits for the year 2018-19.

The budget will be prepared based on projected revenues discussed above. All variables in the budget that cause major adjustments as well as changes in the revenue amounts will be provided to the Finance Committee and the Board of Directors meetings based on the final grant award received.

DISCUSSION:

The Committee as a whole had no issues with approving the proposed budget including the one-time up to 5% of their annual salary but questioned and discussed the methodology of a bonus based on seniority only.

Merita Kafexhiu informed the Committee that the distribution of the up to 5% bonus falls in line with the annual performance evaluation completed between June and July. The Committee discussed that Supervisors should be instructed, as a matter of principle, that everyone does not get the full 5%; the bonus should not be totally subjective but based on measured criteria, as well.

The Committee requested that Lindsay Carson come back with a proposal regarding the methodology for the distribution of the merit bonus for the Finance Committee to review and approve. It was also noted by the Committee that the Executive Committee will review the CEO for the up to 5% merit bonus.

A motion was made by Jack Geller and seconded by Craig Phillips to:

Amend the proposed Coalition Budget for the year 2018-2019 to remove All employees that have been with the company for one year or more will receive a bonus equal to 5% of their annual salary compensation. For the employees that have been with the company for more than 3 months but less than a year, the amount of the bonus will be prorated based on the months worked during the year, and replace with: All employees will receive a one-time up to 5% merit bonus based on work performance.

The motion passed unanimously.

A motion was made by Jack Geller and seconded by Craig Phillips to:

Approve the proposed Coalition Budget for the year 2018/2019 as amended.

The motion passed unanimously.

III. DISCUSSION ITEM

A. Finance Report

Merita Kafexhiu presented the Finance Report, a copy of which is attached to the minutes.

IV. PUBLIC COMMENT

In accordance with the Florida Government in the Sunshine, all meetings of the Early Learning Coalition of Pinellas County, Inc. and its committees are open to the public. Those in attendance who wish to address the Coalition must submit a public comment card to the recorder prior to addressing the Coalition.

V. ADJOURNMENT: There being no further business, the meeting adjourned at 4:20P.M.

The next meeting scheduled for Thursday, March 15, 2018 at 4:00P.M.
2536 Countryside Blvd., Suite 500, Clearwater FL 33763

Chair Signature

July 19, 2018
Date



of Pinellas County, Inc.

**Board of Directors Meeting
July 26, 2018
Monthly Board Financial Report**

FINANCIAL HIGHLIGHTS

June 30, 2018

Prepared by Merita Kafexhiu, CFO

Enclosed you will find the June 2018 reports. Please note the following:

School Readiness Program:

1. It was expected at the end of the month of June 2018, the fiscal year budget for SR services would be 100% spent. The actual spending rate was 100%.
2. The School Readiness budget by category spending rates is in line with state and federal requirements. Actual spending rates are as follows:

Spending by SR Budget Category	Budget (\$)	Expenditures (\$)	% of Spending by Category	Minimum/Maximum Requirements
Administration	\$1,334,432	\$1,334,432	4.24%	5% Maximum
Non Direct	\$1,822,952	\$1,822,952	5.80%	14% Maximum
Quality	\$2,054,322	\$2,054,322	6.53%	4% Minimum
Direct Services	\$26,243,130	\$26,242,604	83.43%	78% Minimum
Total:	\$31,454,836	\$31,454,310	100%	

The Coalition's current level of spending for Administration cost is 4.24%. Per our agreement with OEL, the maximum rate of expenditures for administrative costs for the fiscal year cannot exceed 5% at the end of June.

The Direct Services expenditures are currently at 83.43%; Direct Services expenditures must meet at least 78% by the end of June.

In addition, the Administrative, Quality and Non-Direct Services expenditures cannot exceed 22%; our records indicate that our current expenditures are at 16.57%.

3. The School Readiness grant agreement with the Coalition requires a match of 6% from local sources for working poor eligible participants in the School Readiness Program childcare slots unless granted a waiver. The Coalition's YTD match expenditures are \$720,000. Match Funders for the BG8 category are JWB, City of St. Pete, and the Jabil Corporation.
4. The School Readiness grant agreement with the Coalition requires a match of 50% from local sources for the Child Care Executive Partnership program in the School Readiness Program. The Coalition's YTD CCEP match expenditures are \$952,148. The CCEP match funder is the Pinellas Core Management Services.
5. The School Readiness Utilization Report ending June 30, 2018 indicates the following:

As of June 30, 2018, the Coalition served 6,186 children with an average cost per child per month of \$358.51.

The mandatory priority eligibility groups TANF recipient's ages birth to 13 years and the At-Risk children under the age of 9 years are not impacted by the wait list.

During a fiscal year, fluctuations in the number of children enrolled in the School Readiness program may result in the School Readiness funds needed to support the program to fluctuate.

Following is a list of other common variables that impact the cost of providing direct services for this past fiscal year.

- i. Attendance of children is not mandatory; therefore, the number of days attended by each child varies.
- ii. Parents are required to recertify their child's eligibility on an on-going basis. During the recertification process parents are assigned a parent fee. The changes in parent fees impact the average daily rate.
- iii. The Coalition pays different rates per child depending on the age of each child and the rates charged by each provider. The birthdays of each child during the fiscal year impacts the average daily rate.
- iv. School age children are generally authorized to attend full time care when the public school is closed for holidays, planned days off, or half days. As a result, the attendance of school age children on full time days impacts the average daily rate.
- v. The projections are based on the children reported for payment during the current month. If a provider failed to report an eligible child for payment they are authorized to do so in the following month. The failure to report a child for payment impacts the average daily rate.

vi. The Coalition is required to serve certain populations of children, such as children under the State’s protection, upon receipt of a referral. The cost of services provided to these children impacts the average daily rate.

vii. Parents terminate their child’s School Readiness services for a variety of reasons. The termination of a child’s services impacts the average daily rate.

Voluntary Pre-Kindergarten Program

It was expected at the end of the month of June 2018, the fiscal year budget for VPK services would be 100 % spent. The actual spending rate was 99.8 %.

The allowable VPK administrative, enrollment, and monitoring expenses are limited to 4.00% of the total slot expenditures. The Coalition served 386 children with an average cost per child per month of \$783.97.

Spending by VPK Budget Category	Budget (\$)	Expenditures (\$)	% of Spending by Category	Minimum/Maximum Requirements
Administration	\$557,040	\$526,223	3.58%	4% Maximum
Direct Services	\$14,701,466	\$14,701,466	96.42%	
Total:	\$15,258,506	\$15,227,688	100%	

The Coalition’s current level of spending related to the Grant Agreement Scope of Work, Section 7.3, and Voluntary Prekindergarten Program is as follows:

- The ELC’s Administrative expenditure rate is currently 3.58%.
- Reminder: The Coalition may expend no more than 4 percent of the funds paid by the Coalition to private prekindergarten providers and public schools for administrative costs by the end of by the end of the fiscal year.

Interim Financial Statements – June 2018

Attached are preliminary financial statements for the period ending on June 2018. As indicated on the financial statements, the Coalition’s financial position is sound.

The Coalition’s cash and grant receivable exceed its accounts payable due to providers and advances due back to grantors by \$261,410.