

**Date:** May 14, 2014

**From:** Wil McKoy and Bojan Stoyanov, PTA Budget Committee co-Chairs

**To:** PTA General Membership

**Re:** Proposed FY 2014-15 Operating Budget

### **Executive Summary**

Attached for your review is the proposed FY15 PTA operating budget, which will govern PTA spending during the upcoming school year. A vote on the proposed budget will be held at the June 11 General PTA Meeting. The budget contains a proposal to place \$480K of existing PTA funds into a reserve against potential events outside the control of the PTA, in particular the possibility of further NYC Department of Education budget cuts and the loss of GreenFlea revenues. The budget also reflects a proposed plan to spend in deficit during academic 2014-15 and academic year 2015-16. Deficit spending will support new and expanded school programs over two years by drawing down approximately \$320K of currently accumulated and available PTA funds in excess of the proposed reserve. Our school's administration has not yet received its DOE funding allotment or other budget parameters for the coming year. Our budget may require revision at the start of next school year if DOE funding falls short of covering the school's basic operations.

### **The Basics of Anderson PTA Finance**

Each year, parents and outside donors contribute approximately \$800K in support of our school. In addition, we receive approximately \$115K from our share of the revenues generated from the rental of the schoolyard to the GreenFlea market. In total, our PTA contributes approximately \$900K annually to support our school and our students, a substantial supplement to the \$2.4M received by the school from the DOE.

The Anderson PTA generates funds each year to support the following year's spending. Donations and GreenFlea revenues received this year are set aside to fund next year's budget. Funding a year in advance provides stability to the PTA's operations and therefore greatly improves the school's ability to hire teachers and staff supported by PTA funds.

PTA by-laws govern our organization's financial management. The annual PTA budget is prepared by the PTA Budget Committee, reviewed with the PTA Executive Board and school administration, provided in draft to the General Membership in May, and voted on by the General Membership in June. During the school year, the Budget Committee monitors PTA finances, reports on variances to budget, and from time-to-time brings proposed budget revisions to the General Membership for a vote. PTA accounts are kept by elected Treasurers, who also controlled disbursements to the school and other parties.

### **Proposed Operating Reserve**

In recent years, PTA finances have been healthy, and with extra income from GreenFlea revenues, the PTA has been able set aside unspent funds. Through prudent management by the PTA and the school administration, these funds are now sufficient to establish a formal operating reserve and to support increased spending on school programs. The Budget Committee recommends setting aside \$480K as an operating reserve against three potential events outside the PTA's control. Such a reserve would allow for uninterrupted operation of the school and the existing enrichment programs for a period of two years. During that two-year period, the PTA will have the time to increase fundraising and/or gradually curtail spending to adjust to the new needs.

Although in a worst case scenario all three events could occur simultaneously, the committee recommends reserving an amount equal only to the single largest item: a DOE budget cut of 10%.

1. **DOE Budget Reductions.** The school receives approximately \$2.4M annually in FAIR Student Funding from the NYC DOE. As occurred most recently in FY12, city and state finances may occasionally result in sizable reductions to this revenue allocation. The Budget Committee recommends that the reserve be sufficient to cushion for approximately 2 years against a 10% reduction in the school's DOE allocation.  $2 \text{ years} \times \$2.4\text{M}/\text{year} \times 10\% \text{ reduction} = \$480\text{K}$ .
2. **Loss of GreenFlea Income.** The PTA receives approximately \$115K annually from its share of GreenFlea revenues. This income represents approximately 12% of total annual PTA operating revenues. GreenFlea revenues are not guaranteed in future years. The Budget Committee recommends that the reserve be sufficient to allow for a two-year transition to a budget that does not rely on GreenFlea revenues.  $2 \text{ years} \times \$115\text{K}/\text{year} = \$230\text{K}$ .
3. **School Relocation.** Although unlikely, the DOE may in the future require relocation of the school to a new building complex. The Budget Committee and the Executive Board of the PTA expect that any such move would require significant investment to improve the new space, as well as moving costs, as was the case when the school was relocated to the O'Shea complex in 2009. Estimated cost: \$250K.

#### **Proposed Spending of Funds in Excess of Reserve**

After setting aside a reserve, the PTA will have approximately \$320K in additional funds on hand to support school operations. After consultation with the school administration and the School Leadership Team (SLT), the Budget Committee recommends spending in deficit over each of the next two years to utilize these funds. In support of specific requests from the school administration, the proposed FY15 budget includes increased spending on a number of new or expanded programs. These include new literacy and math coaches, increased funding to support enrichment instructors, additional hours for the artist in residence program, additional hours for our teaching assistants, converting the school's tech support specialist from part-time to full-time, additional support for recess and 3-5 intramural sports, and increased funding for student teams and meets including math, debate, robotics, Science Olympiad, and chess. Although existing funds are sufficient to cover these expenditures for two years, increased parent fundraising will be required to sustain them afterwards, if desired.

#### **Potential Impact of DOE Budget Decrease**

Since FY12, the PTA has budgeted contingency funding to cover gaps in the DOE's support for school operations. In order to provide funding for new and expanded programs next year, the contingency amount is reduced in the proposed budget from \$100K this year to \$25K next year. Following the city's recent settlement with the teachers' union, there is considerable uncertainty regarding DOE funding for next year. If DOE funding is insufficient to support ongoing school programs in amounts larger than the proposed \$25K for DOE contingency, it may be necessary to revise the PTA 2014-15 budget in the fall. Such a revision could entail limiting new programs and redirecting PTA funds to support existing activities.

#### **For More Information**

This is your PTA. If you would like to know more about the PTA's financial position or if you have questions about the proposed FY15 budget, please contact the Budget Committee co-Chairs or your Budget Committee grade representatives. Budget Committee contact information is posted on the PTA web site and is also included at the back of the budget packet.