

Brookline Adult & Community Education

Financial Update

Fiscal Year: 2021-2022

Presented to the Finance Subcommittee
of The Brookline School Committee
by Michelle M. McGlone, Director
on February 23, 2022

Context

The turbulence and disruption of the pandemic, along with a lack of long-term data for these circumstances, make appropriate projections and planning challenging, at best. As of today's date, the Town of Brookline reports more than 6,500 Brookline residents were diagnosed covid positive and tragically, 108 covid deaths occurred since the start of the pandemic in March 2020. Approximately 80% of the public in Massachusetts are now vaccinated and the pandemic is projected to transition into an endemic with more concentrated, rather than widespread areas of disease. As was the case with Delta and Omicron, however, no one knows if new strains or variants will develop, naturally fostering a continued reluctance by people to gather in groups or classrooms - as has happened this fiscal year and last.

Even under these conditions, BA&CE has valiantly fought to sustain the program. At this time, it is difficult to truly predict where the program will end up at the end of the fiscal year. We aim to break even. If enrollment drops below predictions, we could end up in a deficit, which would be a worst case scenario. Mitigations were implemented whenever possible to reduce costs and increase revenues, including a reduction in staff and hours, an increase in course registration fees, and an increase in tuition prices. The program also continues with a lecture series of notable speakers as a key part in fundraising efforts, in addition to seeking safety net grant funding, and securing advertising in the printed course catalog. All of this done with an eye on mitigating the possibility of a deficit and with the goal of breaking even at a minimum.

Increased Enrollment & Possible Grant Funding

To date, 1,956 people in the community have enjoyed our programming this fiscal year. While the program has witnessed overall enrollment growth, it has not yet reached pre-pandemic levels.

BA&CE is applying for Safety Net Grant funding through the Brookline Community Foundation. Pending the result, the year end total could end up being less than is being projected today. We will continue to work diligently to end the year with a balanced budget or even better end with a small surplus.

Reserve Funds & Subsidy

BA&CE does not have any reserve funds available to address any possible deficits. In FY21, an audit of the BA&CE revolving fund was conducted. Prior to the audit, the program was thought to have a significant reserve. The audit revealed the program was last in surplus during FY17 with \$1,298,570.98.

In FY21, at the height of the pandemic, BA&CE requested and was granted a subsidy (Reserve Fund Transfer) of \$196,362.25 by the School Committee to keep the program solvent and to pay for the audit, conducted by CliftonAllenLarson LLP.

Given the history of a healthy revolving account, BA&CE will likely return to a surplus once the pandemic/endemic is under control and people re-enter public spaces with confidence. Any deficit would be a short-term problem for a program that has been in existence for close to 200 years.

Accounting Systems

In the Spring of FY21, the School Committee gave the program approval to hire a staff member to assist the Director in assisting with financial forecasting, cash flow analysis, tying expenses to revenue, etc. In mid-January of 2022, a Program Manager was brought onboard to work half-time on these finance tasks and half-time on adult programming. Systems are being set up and monthly meetings with finance occur to discuss progress.

Lost Revenues & Mitigation

The CLA audit determined a loss of \$692,811.07 in revenue in FY20. Another \$171,374.75 was lost in FY21 for a total of \$864,185.82 in lost revenues due to the pandemic.

Operational controls and oversight have been put in place. No longer may expenses be paid from expected revenues without the approval of the Deputy Superintendent of Finance and Administration, as had been past-practice under former leadership.

To mitigate any potential deficit in FY22, adding to FY21 staff reductions, further staff were reduced this fiscal year. Two full-time Program Coordinators are no longer employed by BA&CE. The remaining staff continue to work on a reduced work schedule of 25 hours per week. The Director and one Program Manager are working full-time trying to sustain the programming level of what was once a staff of eleven. There is still a critical need for a return to full-time status for three of the remaining part-time staff members. Since revenues can not yet support the return of these positions to full-time status, BA&CE has refrained from making these positions whole.

With an eye on remaining competitive with other Adult Ed programs, a \$2.00 increase in course registration fees from \$8 to \$10 was implemented. Tuition was also increased for a majority of classes. Realizing increased prices may impact people of limited income, BA&CE continues to offer financial assistance to those who qualify. Financial aid comes directly out of the revenue line item. In particular, five (5) recent refugee families from Afghanistan were provided with free courses in English (ESL). BA&CE was able to provide this benefit since the classes had enough paying students to cover the course overhead.

Music Extension

Outside of hiring musicians to teach the lessons, BA&CE is responsible for the operation of the Music Extension program. Music extension is expected to bring a \$27,263.15 profit in FY22. Scheduling 142 individual lessons at eight schools across the District took several months of work in setting up, collecting registrations and tuition, plus payroll maintenance, instructor support, etc. The heavy operational impact in running the music extension program on a bare bones staff was significant in FY22 and was felt by both BA&CE and the Music Department Chair, who assisted in scheduling, in addition to recruiting and hiring highly qualified musicians to teach the lessons. Conversations with the Office of Teaching and Learning and Music Department have begun with the goal of seeking out District funding for a part-time staff member to manage this necessary project in the future.

Music Extension Financial Assistance

Reimbursement from the district is being sought for aid provided to Music Extension students, since the program is an extension of the school day curriculum. To date, there are 14 families who received the aid in the amount of \$9,140.25, which came directly out of the revenues collected.

Room Use Assessment

A district room use assessment is projected to be \$3,674.42 which would be collected in November of 2022 (FY23). The assessment is for use of rooms by the adult ed program for the *SmartSummers* and *SmartVacations* children's programs and any rooms used for adult programs. The amount is far less than past assessments due to the fact that we offered many online classes and had to cancel a large number of classes.

Since 2011, BA&CE has transferred \$1,100,351.40 to the school district to cover custodial salaries, overtime, vacation buybacks, car allowance and gasoline. This amount also represents room use and other cleaning assessments.

In FY20, in addition to a \$45,940 custodial overtime assessment, BA&CE paid \$195,462 back to the district for room use. Of the \$195,462 collected, \$59,681 was for rooms utilized by the children taking the music lessons. The \$241,402 collection was a significant hit to the fund balance in the fall of 2019, just before the pandemic was to arrive in the United States and left BA&CE in a precarious position when enrollment hit a cliff.

In FY21, BA&CE was scheduled to pay another \$180,000+ in an assessment, however, BA&CE did not have the revenue to cover the cost, so it went uncollected. Later, the use of building fees were formally suspended by the School Committee for FY21 for extended day programs and BA&CE - - each were gracefully granted a waiver of rental fees. Additionally, in the Spring of 2021, the School Committee voted to waive the room use fees completely for the Music Extension program, as it is an extension of the daytime music curriculum and band/orchestra courses.

BA&CE Advisory Board members are opposed to the room use assessment as BA&CE is a department of Brookline Public Schools. The Board views electric, heating, air conditioning and custodial/cleaning expenses as part of the District's operational budget. Because many classes are now running online, it would be difficult for the facilities department to rely on BA&CE funds to cover custodial salaries, as fewer dollars would be collected than might have been budgeted for. Conversations with the Deputy Superintendent of Finance and Administration and the Deputy Superintendent of Teaching and Learning are taking place to determine a fair and feasible formula if this assessment must continue.