



ASCENSION LUTHERAN SCHOOL

# Ascension Lutheran School Budget Discussion

2019-2020

# 2018/19: A Very Challenging School Year

- Enrollment down substantially, especially in middle school
- Temporary school closure due to community disasters
- Loss of a key staff member/instructor to serious illness mid-year
- Loss of marketing coordinator to Amgen mid-year
- Summer school enrollment down significantly in 2018
- Some middle-school student turmoil

# Day School Historical Financial Performance

FY	Revenue	Expenses	Surplus/Deficit
2013/14	\$1,465,532	-\$1,552,021	-\$ 86,489
2014/15	\$1,510,227	-\$1,455,547	\$ 54,680
2015/16	\$1,512,316	-\$1,643,863	-\$131,547
2016/17*	\$1,972,780	-\$1,989,015	-\$ 16,234
2017/18	\$1,925,835	-\$1,914,951	\$ 10,883
2018/19**	\$1,585,820	-\$1,779,045	-\$193,225
*Pinecrest closure		**est.; as of June 26, 2019	
Budget 20:	\$1,543,874	-\$1,707,958	-\$164,084

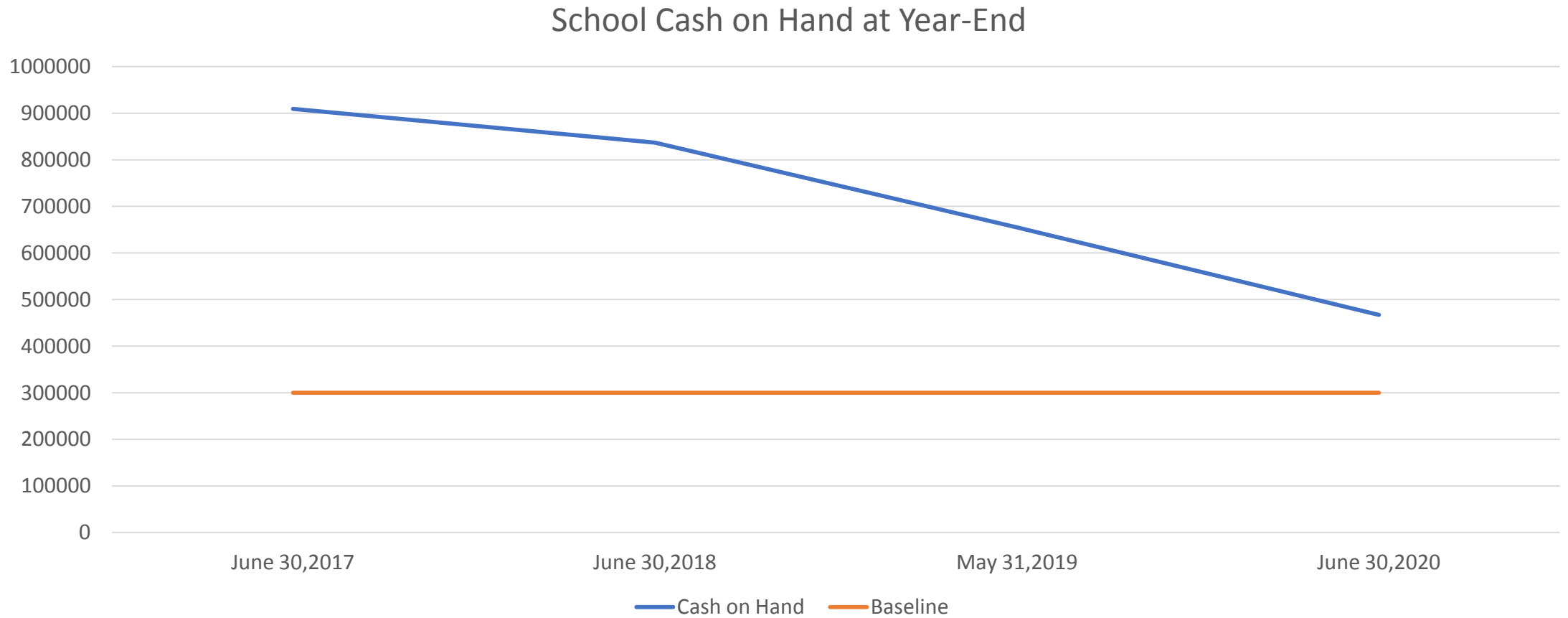
# Key Budgeted Changes for FY19/20

- Enrollment decrease of -7, leading to revenue decrease of \$42K (impact lessened by +2.5% tuition increase). Next slide provides details.
- Payroll & associated benefit decrease of \$134K
  - Two staff positions eliminated.
  - Salary freeze for second consecutive year
- Some increase in utilities, property maintenance & office expense, plus deferred curriculum upgrades recognized in budget
- Net reduction in Expenses of \$71K compared to actual for FY18/19.
- Staff considers this maximum reduction without cutting programs.

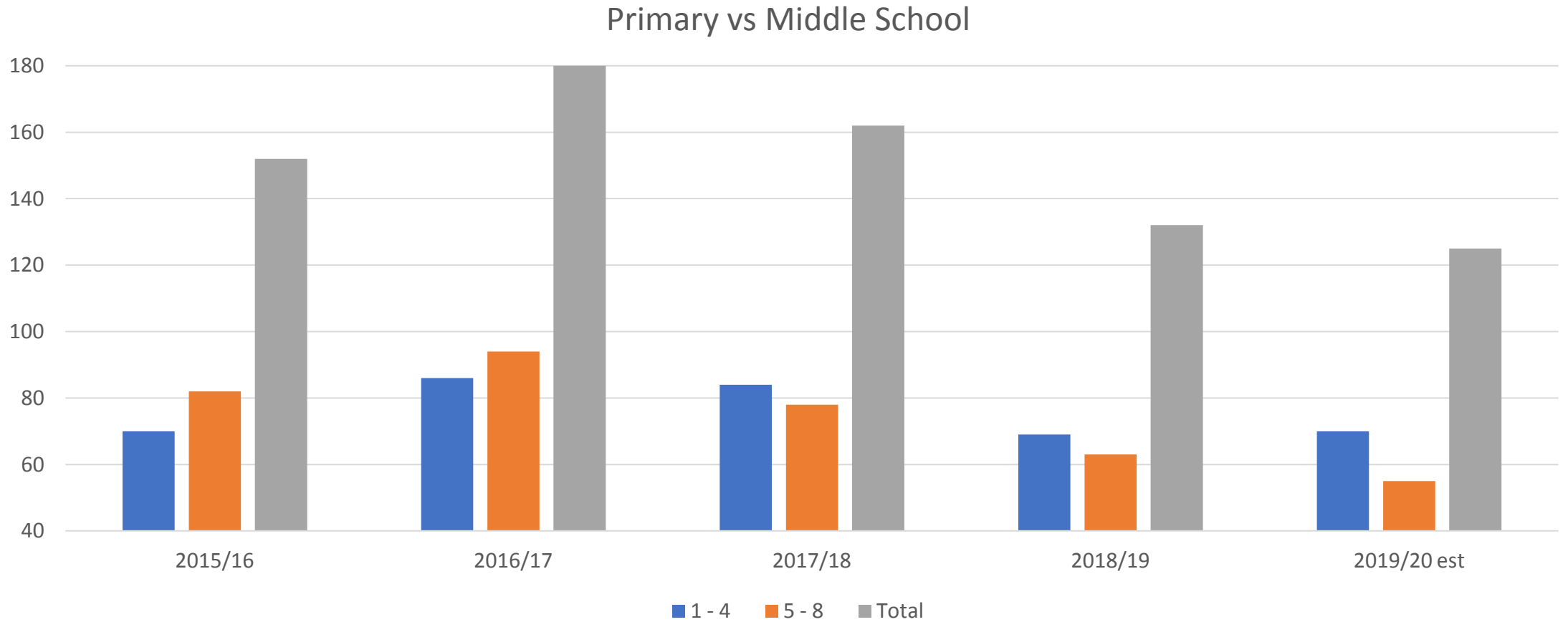
# Enrollment by Year

Year Entering	No. Students	% Change
2008-2009	196	
2009-2010	183	-7%
2010-2011	195	+7%
2011-2012	202	+4%
2012-2013	194	-4%
2013-2014	186	-4%
2014-2015	170	-9%
2015-2016	171	+1%
2016-2017	209	<b>+22%</b> [Pinecrest closure]
2017-2018	197	-6%
2018-2019	161	<b>-18%</b>
<i>2019-2020 est.</i>	<i>154</i>	<i>-4%</i>

# Impact of Operating Deficit on Cash Position

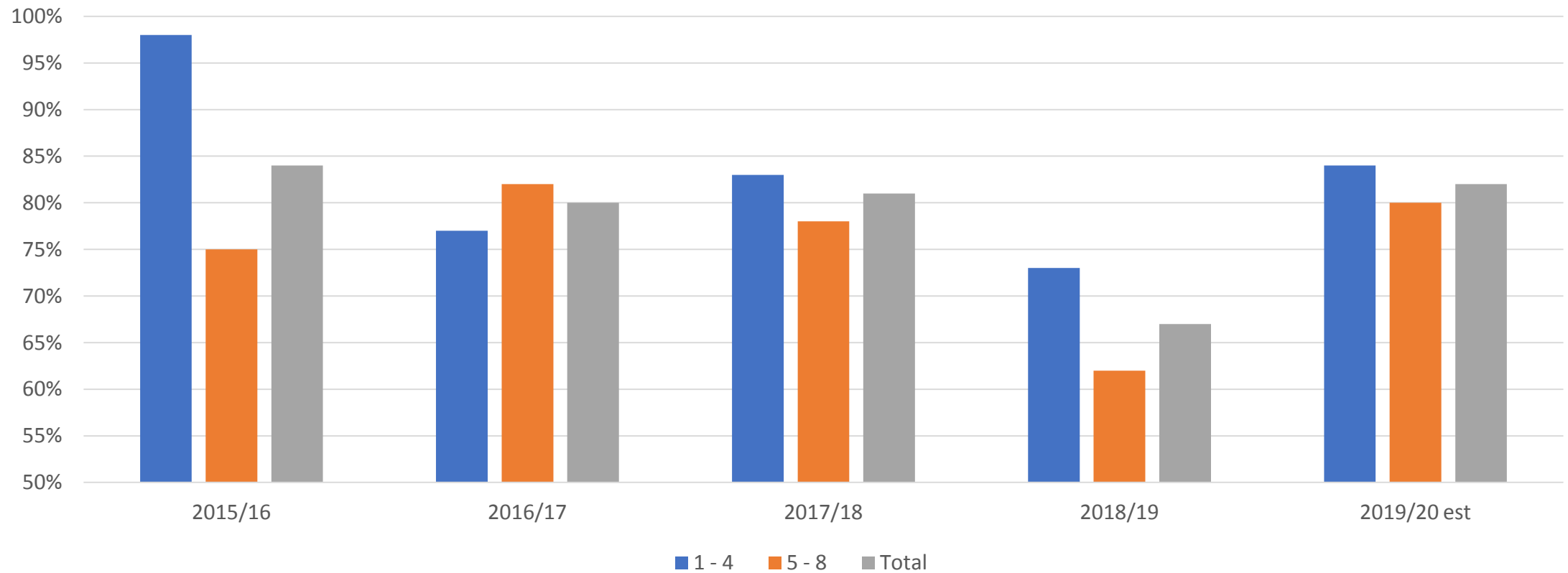


# Historic Student Headcount (ex. Kindergarten)



# Historic Student Retention (ex. Kindergarten)

Primary vs Middle School Retention





# Go-forward Actions to Address Shortfall

- Staff, Board and parents forming focus groups to address Middle School. This activity is already initiated and will be ongoing this summer.
- Staff and Board planning meetings to reorganize administration for greater efficiency.
- Revision of the budget during the summer to take into account changes noted above, as well as to reflect actual enrollment through August.
- Resubmit for the September congregational meeting.

# Early Childhood Center

- 2018/19 Revenue shortfall
  - Budgeted operating surplus was set at \$148,623.
  - Actual operating surplus is estimated to be \$56,081.
- Reasons for shortfall
  - 7 Students were positioned in Transitional Kindergarten (a pilot program in the Day School initiated in 2017). These were originally slotted in the “4’s” classes. Further, three “4’s” students left in the Fall due to parents’ relocation. This class is the only one without a waiting list so the resulting shortfalls could not be made up.
  - Infant Tuition short by \$10K due to a family accommodation (slot held open) for an infant not born until the Spring.
  - Summer school and extended care less than anticipated (school closure after fires also influenced extended care to a minor extent).

# ECC Historical Financial Performance

FY	Revenue	Expenses	Surplus/Deficit	Ex-loan/rent
2013/14	\$ 807,975	-\$ 709,183	\$ 98,793	\$ 98,793
2014/15	\$ 879,416	-\$ 828,646	\$ 50,770	\$ 52,768
Modular expansion impact:				
2015/16	\$1,333,913	-\$1,304,058	\$ 29,855	\$ 46,811
2016/17	\$1,411,811	-\$1,306,201	\$105,610	\$182,207
2017/18	\$1,454,540	-\$1,306,856	\$147,684	\$223,132
2018/19*	\$1,396,403	-\$1,340,322	\$ 56,081	\$160,049
*est.; as of June 26, 2019				
Budget 20:	\$1,518,111	-\$1,486,933	\$ 31,177	\$135,787

# Key ECC Budget Changes for FY19/20

- Advertising Expense increased to re-engage with community based on increased licensing and capacity for the 2020/21 year. It is expected to synchronize advertising with the Day School to maximize cost with expected result.
- Capital expenditures increased to initiate some of the classroom enhancements anticipated for the new building - \$40,000 increase.
  - Note this is different than the \$125,000 cap ex identified in the Pro-Forma for the ECC buildout, which was earmarked for outdoor equipment and which was subsequently folded into the construction loan .
- Some increase in supply costs associated with the new building.
- Salary changes are under negotiation at the present time; the indicated cost may be slightly diminished when the final budget is prepared.