

Advance CTE/The Center to Advance CTE  
Finance/Audit Committee  
**MINUTES**  
CONFERENCE CALL  
March 29, 2019  
3 p.m.-4 p.m. ET.

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**Attendees:** Pradeep Kotamraju, Marcie Mack, Sheila Ruhland, Lee Burket  
**Absent:** Victoria Crownover  
**Staff:** Kim Green, Kate Kreamer

**Introductions:** Green led introductions.

**Review and Approval of Minutes:** Mack presented the Finance/Audit Committee minutes from the January 18, 2019 committee call and asked for questions. After no questions, Mack entertained a motion to approve the minutes.

**MOTION: To approve the January 18, 2019 Finance/Audit Committee minutes.  
Ruhland; Kotamraju  
MOTION ADOPTED.**

**Review and Approval of Advance CTE Financial Reports:** Green presented the Advance CTE report, sharing that both organizations are in very strong financial positions, which is largely due to the development efforts on The Center side. The budget actuals are accurate as of March 24, which is 73% of the fiscal year. The only numbers that are not up to date are investments and salaries, both of which were last reconciled in January.

Green shared that the Advance CTE income is very strong in part due to participation and sponsorships at both the spring and fall meetings exceeding all expectations. Advance CTE also ended up unexpectedly producing revenue from the Perkins regional implementation meetings due to many states bringing additional team members, well above the five individuals covered by Advance CTE.

Green also shared that our associate state membership is growing significantly; we've reached over 600 members without any explicit recruitment effort. Generally, from a state dues perspective, we are in a very strong perspective, with all 50 states, including Michigan joining. Looking ahead, all 50 states have signaled intent to join next year, we are just finalizing our agreement with California but are confident it will be worked out. This is not reflected on this year's budget but is a signal of the commitment ahead.

Green shared that the expense side will be impacted by the budget modification for The Center going to the Board next week to reflect new grants. \$70,236 will be recorded on the Center side once budget modification is approved.

Finally, our investment portfolio is doing well and Mark Friese has no recommended changes to our investments at this time.

Green asked for questions.

Kotamraju asked for clarification about the regional meetings and whether we used reserve funds to cover expenses. Green shared that we approved funds for Perkins implementation (totaling \$164,000), with those funds coming from increased state membership (Michigan and Puerto Rico joined after failing to signal intent); the expected reimbursement from The Center for rent; and approximately \$22,000 from reserves. However, we will not going to use the reserve or the rent reimbursement due to the income from registrations. The expectation that the meetings would be revenue neutral, but participation was much higher than expected, leading to unexpected income. In addition, the meeting costs were split across the two organizations and were able to use some of our Gates funding to offset regional meeting costs.

Mack asked for other questions and for a motion to approve the Advance CTE financials.

**MOTION: To approve the Advance CTE financials.  
Kotamraju; Burket  
MOTION ADOPTED.**

**Review and Approval of The Center to Advance CTE Financial Reports:** Green presented The Center to Advance CTE's financials, which is actually a combination of the actual budget and the proposed modification (highlighted in yellow) going to the Board of Directors in April 2019.

The budget modification reflects additional resources coming from a Gates supplemental grant; a new contract with the state of Oregon; a contract from New America for the Partnership to Advance Youth Apprenticeship; and a grant from JPMorgan Chase & Co. to highlight their investments in local innovation sites throughout the country and internationally. All of these projects have started after the budget was approved.

Green shared that the budget modification also shows recommended changes to existing projects, notably Siemens and Joyce, both which had funds carried forward from last fiscal year that will be spent this fiscal year.

Green explained that the Gates grant has grown from \$300,000 to \$1,000,000 and will run through 2020; Oregon will run through end of FY20 and JPMC innovation sites will run through next fiscal year. The proposed budget modification shows projections of what will be spent by the end of June 2019, but the notes column provides more context for the full grants.

Green shared that our two most significant investments – New Skills for Youth and Siemens 2.0, as well as our current Joyce grant – are all ending at the end of 2019. We anticipate a re-up of NSFY and a new Siemens grant, but we won't know the details until at least the first quarter of FY20, after the budget is approved by the Board.

Green asked for some input on the best way to approach the budgeting process given there will be a major shift halfway through next fiscal year. She also shared that we are anticipating a new

\$300,000 grant from the Joyce Foundation for Perkins implementation support, but it is not reflected in the budget modification as we do not put grants in the budget until a contract is finalized.

Green noted that we are looking to staff up; we have an open position jointly funded by Gates and The Center for the Career Clusters work. We have also brought on former State Directors and Alisha Hyslop and Catherine Imperatore from ACTE to help with Perkins implementation to build capacity.

Kotamraju asked if the new Joyce grant would be restricted to their priority states. Green shared that the new grant is restricted to four of their states (Illinois, Indiana, Ohio and Minnesota) in terms of direct technical assistance, but we can use balance of Joyce grant to cover one of the regional meetings, the Shared Solutions Workgroup focused on equity; and other 50-state efforts.

Kotamraju asked for more information on the Oregon contract. Green shared that we were already doing work with Oregon around the use of our policy benchmark tool on program quality. Oregon invited us to apply for the RFP, but we were clear that we would not write their state plan, only provide thought partnership and content expertise, in partnership with ACTE. Oregon still selected us. Ashleigh McFadden is leading that work for Advance CTE.

Mack called for a motion to approve The Center's financials.

**MOTION: To approve The Center to Advance CTE financials.  
Ruhland; Kotamraju  
MOTION ADOPTED.**

Mack thanked Green for her and the team's proactive information thanked everyone for joining.

**Discussion of FY20 Budget:** Green reminded everyone that the next call is on June 14, 2019 when they will be reviewing the final budgets.

Green shared that we could easily do a FY20 Advance CTE budget, but know that a full FY20 budget for The Center will be incomplete as we have major grants sunsetting and do not yet know what to expect for NSFY 2.0 and Siemens 3.0 in terms of amounts and scope.

Green offered the potential approach of proposing a six-month budget for The Center. The other option is we do a full budget, which will need to be completely redone at the end of 2019. Green asked if there were any suggestions or advice for how we move forward.

Kotamraju asked if this would be discussed at the Board meeting. Green confirmed it would. Kotamraju asked if they could have information on when the grants are ending and an estimate of how much of the budget comes from those grants.

Kreamer shared that JPMC and Siemens are particularly critical because they cover significant staff time. Green clarified that upwards of five staff members are directly funded in some way by

these grants so if we do a full year's budget, we will need to pull significant resources from reserves to cover those salaries for the second half of the fiscal year.

Ruhland said that the six-month approach would make sense as it would show a more realistic view and reduce the amount of work needed at the end of the year.

Kotamraju asked if there would be an issue on the auditing side if we do a six-month budget. Green shared that when we do budget modifications now, we share that with auditors. Green will check with auditors to see if they have any concerns with us doing a six-month budget. She also shared that the audit will likely be delayed this year given the three Perkins implementation meetings will happen in August, September and October. If the audit occurs late enough, they would only see the full, year-long budget.

**Meeting adjourned 3:33 p.m.**