**The Advance CTE Finance/Audit Committee Conference Call**

June 16, 2020

2-3 p.m.

Conference Call

**ATTENDEES:** Bernadette Howard, Victoria Crownover, Whitney Thompson, Sheila Ruhland, Laura Scheibe

**STAFF:** Kim Green, Kate Kreamer

**Welcome:** Howard welcomed everyone on the call.

**MOTION: To approve minutes from March 27, 2020, as presented.**

 **Ruhland; Crownover.**

 **MOTION APPROVED.**

**Presentation of the Proposed The Center to Advance CTE FY21 Budget:** Kreamer began by sharing that the organization made a decision to not plan or budget for any travel or in-person convenings through the end of December 2020. We did budget for meetings in the first half of 2021, but will re-evaluate that decision as we get closer to the end of the calendar year. She also shared that the organizational split – which is how the organizations distribute shared expenses such as rent, phones, technology platforms, etc. – has shifted from 60% (The Center) and 40% (Advance CTE) in FY20 to 75% (The Center) to 25% (Advance CTE) in FY21. This split is calculated based on our projected staff time on projects, which means approximately 75% of our staff time will be supported by The Center. This is due to the strength of the organization’s fundraising and that we are back to one full-time federal policy staff member.

Kreamer offered context for how the organization calculates income for its grants and contracts; we strive to have our income match our projected expense for the fiscal year. Although we often receive grant payments that may cover more than one fiscal year, we only account for the income we plan to spend in the current fiscal year and count the rest as restricted assets, to carry forward into future fiscal years.

Kreamer shared that we are reporting $40,096 in income over expenses for FY21, which is largely driven by the fact that we are not on track to spend the full amount of the Partnership to Advance Youth Apprenticeship (PAYA) contract. However, given PAYA is a subcontract from New America – not a grant – and we are meeting all of our contractual obligations, this is not an area of concern. The other grant that has more income over expenses for this fiscal year is our NSFY Innovation grant from JPMorgan Chase due to the work significantly changing in the last few months. We are planning to seek a no-cost extension with JPMC for this grant and will need to rework the budget once we have a clearer sense of what is possible.

Kreamer shared that the “other income” for FY20 exceeded expectations due to Perkins implementation meetings registrations and some Career Cluster product sales. She added that while we budgeted only $250 for FY21, we are in the process of seeking philanthropic sponsors for the Summit so that number may increase.

Kreamer provided some context for how we estimate our FY21 income and expenses, which includes estimating any obligated June 2020 expenses, which are primarily staff time and consultant costs. Once our year-end financials are completed, we will reconcile those numbers with our projected income and make any necessary adjustments.

Kreamer shared that the MOU with ACTE around CareerTech VISION has ended, by completely mutual agreement. We are still planning to lead sessions at VISION and are in discussions about how we should proceed with the joint State Director/State ACTE leader session. The Excellence in Action award program is not included in the budget for the second year in a row, but will be re-launch in February 2021. As such, we do not anticipate any expenses this fiscal year beyond staff time.

Kreamer added that a number of grants and contracts ended in FY20 including New Skills for Youth, Siemens 2.0, Joyce and the Oregon contract, as expected. She also shared that there are no new categories as all new grants were approved as part of the December FY20 budget modification (GCRI, ECMC and Lumina) or at the May Board meeting (Siemens 3.0).

Kreamer provided context for the increase in the “development” budget, which includes our $15,000 membership in the College in High School Alliance steering committee. By being a part of the steering committee, we are now eligible to receive grant funding and will receive these resources back when new funding is received for that organization, likely early in this fiscal year. The Board expenses are also increased going forward to account for the in-person strategic planning retreat to happen in early 2021.

Green added that we had planned to expand our physical footprint in the office, but have decided to hold on expanding our lease (which would have cost an approximately $150,000 more each year) and are exploring moving to more remote work.

Ruhland asked about the dissolution of the MOU with ACTE. Kreamer shared that is was the result of ACTE changing their processes for reviewing and approving sessions and working to align the strands with their framework for high-quality CTE. The Career Clusters strand does not make sense anymore and the MOU served its purpose of helping us transition away from the Career Clusters Institute years ago.

Ruhland also asked about the reciprocity of membership for ACTE and Advance CTE Board members. Green shared that it is not part of this MOU but is more an informal agreement and will continue.

Howard added that she agrees with the decision to end the MOU was the right one.

**MOTION: To approve the Proposed The Center to Advance CTE FY21 Budget, as presented.**

 **Ruhland; Thompson.**

 **MOTION APPROVED.**

**Presentation of the Proposed Advance CTE FY21 Budget:** Green shared that the FY20 income is largely on target, taking into account the cancellation of the Spring Meeting and some adjustments to grants and contracts. Interest is only recorded through March 2020 but already exceeds our budgeted income. She added that expenses are significantly below projections due to shifts in salaries and benefits to grants (paid for by The Center), the cancellation of the Spring Meeting and related impact on 100-year budgeted activities, which alone account for 19% of the budgeted expenses, and coronavirus.

Greed added that the relationship between Advance CTE and The Center is very strong; we are very intentional about only pursuing grants or contracts that advance our core mission and vision. Even though so much time is being shifted to The Center, the work is still in service of both organizations and our members.

Green shared that, for FY21, we approached the budget very conservatively given economic volatility and expected tight state budgets. Specifically, we ensured that we did not rely on any income from the 2021 Spring meeting. We only have a projected income of $1,240 because we did not want to rely on income from spring meeting registrations or sponsorships if the meeting were to be cancelled.

Green added that one area where we are increasing our budgets across both organizations is for a contractor to function as a finance/operations staff member. This is an expanded scope of work for our current bookkeeper/meeting planner.

With regards to income, we are estimating our income from state dues based on intent forms, which have been received from all states and territories except for Indiana and Puerto Rico. We also made the decision to budget for reduced organizational memberships based on the fact that many vendors are struggling given COVID-19.

Green shared that a number of contracts have ended in FY20 (as expected), including contract work in Iowa and with the U.S. Chamber of Commerce Foundation. We have received no-cost extensions for two other contracts – with NASFAA and Association of Black Charities – into the first quarter of FY21 to complete the work that was delayed due to coronavirus. One contract that is continuing is our five-year contract with the University of Massachusetts Medical related to CTE and adult learners with disabilities.

In terms of expenses, Green shared that we have some costs within “member services” to finalize and roll out an updated evaluation system, updating our SOP and investing in technology to support efficiencies.

Within “member supports,” the most significant shift is the revision of the New State Director Leadership Program. Given reduced tenure of State Directors, we plan to shift to a paid mentor program where we hire recently retired State Directors to serve as mentors. Green shared that also within this budget is the continuation of Advance CTE’s investment in internal equity work and training, as well as a slightly expanded plan for the Year in Review report and related assets.

Green added that the “Government Relations” budget includes the hiring of a graduate-level fellow and some resources for a firm to potentially provide support for “back end” analysis and tracking in lieu of hiring a second staff member. The “communications” budget has been zeroed out; the funds were mostly related to website updates, so it made sense to shift these costs to member services since expenses were in services of supporting members.

Since we were unable to have the 100-year celebration this year, we embedded some costs for a 101-year celebration within the Spring Meeting budget. These additional costs contribute to the higher per person costs for the Spring Meeting and why the income versus expense margin is smaller than normal.

Green added that the “Board” budget was increased due to funding for in-person strategic planning retreat and the “G & A” is lower than FY21 due to shift in organizational split discussed earlier.

Howard appreciated the depth and the clarity of the comments and context, which reinforces the trust she has in the integrity Advance CTE has in managing its budget.

**MOTION: To approve the Advance CTE FY21 Proposed Budget, as presented.**

 **Ruhland; Crownover.**

 **MOTION APPROVED.**

Green thanked Ruhland for her service and acknowledged this is her last finance committee meeting.

Green added that the organizations do have a solid amount of reserves in the bank, which means we can continue to support our staff and support states going forward. At this time, there are no plans to draw down on reserves but they are there if we need to.

Howard called the Advance CTE Finance Committee Meeting to a close at 2:44 p.m.