

# Review of the Budget Process at Christ Classical Academy

## Grades Pre-K through 8

### 2015 - 2016

CCA's Board has completed the school's most current operational budgeting cycle related to the 2015 – 2016 academic year. The approved budget is being provided in the discussion that follows for the benefit of parents and any other interested parties.

The Board has received several inquiries regarding (i) the general process by which CCA adopts its operating budgets, (ii) the school's aspirational goals regarding those matters, and (iii) how each of those matters impacted the just-completed cycle. This memorandum is intended to address those issues.

The General Process Leading to Adoption of an Operational Budget. This process has undergone significant changes over the years as the school has moved from a start-up operation to one that is now entering its second decade of existence while experiencing, particularly of late, dramatic growth. The process is marked by several distinct steps or stages.

First, in or around November of each year, the Board and the administration endeavor to adopt a budget blueprint for the next academic year taking into account numerous factors. They include, but are not limited to, current enrollment, anticipated enrollment increases (or decreases) at the school generally and individual grade levels, anticipated increases in fixed costs (salary, employee benefits (particularly announced increases in health care expense), rent and utilities), and any other anticipated expense factors. The blueprint by necessity is merely a planning document that can and often does change dramatically as the budget process progresses, and as more concrete information is obtained. Yet the document is an important one because, among other things, it does allow the school to determine (i) the specific grades and sections of grades that CCA would plan to offer the following academic year, and (ii) planned tuition and fee schedules. With respect to those schedules, the school is required to report its final figures no later than the February before the start of the next academic year if CCA's students and families are to participate in scholarships or other awards offered under the McKay or Step Up for Students programs.

The second phase of the budgeting process occurs with the opening of CCA's enrollment season, with both its closed-enrollment and open-enrollment segments. During the closed-enrollment that typically lasts from January 20 to February 15 , families of currently enrolled students are allowed to re-enroll those students assuming they are in good academic and financial standing. Absent exceptional circumstances, those students can expect to be accepted for attendance during the following academic year. Once the closed-enrollment period concludes, CCA enters a general enrollment period during which the school considers applications from current or new families for any remaining spaces not already taken during the closed-enrollment period, as authorized in the budget blueprint. Returning students in good standing completing the application process, and proposed new students that meet the school's admission criteria and complete that same process, are on a first-come, first-served basis either admitted for the following school year, assuming there is space available, or placed on a waiting list.

Based on the enrollment information received at the end of both enrollment seasons, the Board begins to adjust its budget blueprint by considering various trial budgets that take into account likely

enrollment figures, as well as updated cost and other expense information based on those enrollment figures. At this point a renewal lease also typically needs to be negotiated, which will result in new, draft budgets being prepared and considered. More updated expense data then needs to be obtained and then incorporated in further revised, draft budgets. That iterative process will culminate in the Board's approval of a final operating budget, which is the authorization from the Board to the administration to negotiate and enter into conforming teacher contracts, and otherwise to obligate the school to other authorized expenses.

Aspirational Goals in the Budgeting Process. Over the last several academic years, CCA has continued to move away from operational budgets marked by large operational deficits, and resulting reliance on the generosity of a limited pool of donors to meet operational expense requirements. Instead, CCA now endeavors to have future donor contributions be utilized primarily for capital improvements and equipment purchases. This is also necessary if CCA is to seek accreditation.

Other aspirational goals for the operational budget, both at the draft stage and as adopted, include the following:

- (1) Tuition and fees to be set, and reasonably be expected to collected, in an amount that will cover not less than 85% of anticipated expenses, and preferably as close as is prudently possible to 100% of those costs;
- (2) Reliance on not more than two internal fundraising events (i.e., the Gladiator challenge, etc.) to cover any remaining, anticipated operational deficits;
- (3) Offering at least one class per grade level, while opening additional class sections within that grade level to the extent justified by enrollment figures;
- (4) Adoption of a budget that allows CCA to offer all aspects of the trivium model that is the hallmark of classical education which, when fully implemented, will include class offerings at Pre-K through 12<sup>th</sup> grade;
- (5) Increases in teacher compensation and benefit packages to make them more competitive with other in-town opportunities.

This Year's Budget Cycle, In Review. There were several noteworthy events in the budget cycle just completed, including the following –

- With respect to the Pre-K program, that was originally offered primarily as an additional teacher benefit. However, the program has met with an unanticipated level of interest and resulting success such that the program, which will be offered again next year, has proven to be both self-sustaining, while also a tremendous teacher benefit and contributor to teacher retention.
- CCA based on a sufficient level of interest will be re-launching its high school offerings in the form of a developmental model for 2015-16. A separate budget for high school offerings has been prepared;

- CCA's enrollment numbers justify offering two class sections at the Kindergarten, First Grade and, just recently, the Second Grade level as well.

The Resulting, Adopted Budget for 2015-2016 Based on all the foregoing considerations, the Board has adopted the following budget at the Pre-K through 8<sup>th</sup> Grade levels. This budget may be amended both before and after the start of the academic year, if required:

Grade Level	Tuition Rate	Children	Total
K to 5th Grade	5500	114	\$627,000.00
6th to 8th Grade	5700	37	\$210,900.00
High School	7000	0	\$0.00
Pre School	5300	20	\$106,000.00
<b>Total Tuition</b>			<b>\$943,900.00</b>
<b>Fees</b>	400	171	\$68,400.00
<b>Total Fees</b>			<b>\$1,012,300.00</b>

#### Expense Side

Payroll Administrative	\$75,800.00
Payroll Teachers Grammar	\$288,000.00
Payroll Teacher Upper	\$132,500.00
Payroll Pre-School	\$75,000.00
Raises	\$5,000.00
Adjunct teachers	\$19,000.00
	\$595,300.00
plus Tuition Reduction	\$119,800.00
Health Premiums	\$62,000.00
Taxes	\$56,553.50
Rent	0
Curriculum	
Art Science	7500
Upper & Lower	\$35,000.00
Utilities	450
Cleaning	1000
Maintenance/Desks	15000
Insurance	\$8,000.00
Memberships	5500
Office supplies	400
Computers & Telephone	750
Security	65
	\$780.00

Bad Debt/Bank fees		\$5,500.00
Copiers	400	\$4,800.00
Marketing		\$1,500.00
Total Expense		\$1,029,233.50
Fundraising Requirements		-\$16,933.50