



State of the School
Town Hall
December 3, 2022

Agenda

Update the community in key areas and gather your thoughts:

- Current State of our School (10 – 11 am)
 - Overview of the School – curriculum, accreditation, activities, committees, employee update
 - Our Finances 2021-2022, 2022-23 and Forecast for 2023-24
 - Factors that affect our financial situation
 - Questions
- Conversation and Community Input (11 – 11:30 am)
 - Tuition Increase for 2022-23 School Year
 - Faculty and Staff Salaries
 - Enrollment promotion and growth

Overview of the State of the School

- Curriculum Related
 - Middle School Support – and next steps
 - Diversity, Equity and Inclusion work
 - Southeast Michigan Stewardship Coalition
 - Ecological Education
- AWSNA and ISACS Accreditation Update
 - ISACS Accreditation Complete
 - AWSNA Accreditation on Track
- School Activities
 - Sports Seasons
 - Winter Festival
 - Celebration of the 25th Anniversary of the High School
- School Committees
 - College Committees fully engaged post COVID
 - Board Committees – still seeking additional community members
 - Parent Council
- Employee Update
 - New Faculty and Staff 2022-23
 - Finance Office Changes
 - Development Office Changes
 - Administrative New Staff
 - Athletic Director

2021-22 School Year Finances

- We had anticipated a deficit year with the use of COVID reserves to balance our budget
- Enrollment outdid projections
- Costs were less than anticipated partly due to COVID limitations (fewer trips etc.)
- We received ongoing significant COVID related grants
 - Childcare Stabilization Grants
 - EAMS Grants for supplies, technology and training (could underwrite operating costs)
- Faculty Salaries were supported by a significant anonymous gift – allowing us to return to close to pre-COVID faculty salary levels
- Generosity of community through the COVID Response Fundraising greatly supported the school
- We did continue to fund the highest level of Tuition Assistance we have ever experienced
- End of year
 - No need to use the approximately \$400,000 of COVID reserves originally dedicated
 - Had a small “profit” for the year which was used to support the 2022-23 school year

Current School Financials – 2022-23

Budget School Revenue 2022-23

| Income Source | Amount | Comments |
|----------------------|---------------------|--|
| Tuition Revenue | \$ 6,071,000 | 304 Students, 65 EC, 168 Grades, 71 HS |
| Tuition Assistance | (\$ 983,565) | 112 Students |
| Tuition Grants | (\$ 330,580) | 77 Students, 67 returning from 2020-21 |
| Tuition Remission | <u>(\$ 483,822)</u> | Full-Time Faculty: 90% oldest child, 100% younger |
| Net Tuition | \$ 4,273,033 | |
| | | |
| Annual Fund | \$ 195,000 | Donations for Tuition Assistance and Faculty Dev. |
| Fees, Camp, etc. | \$ 133,400 | Camp, Aftercare, Sports Fees |
| Fundraising | <u>\$ 0</u> | Primarily Winter Festival – no expectation this year |
| | | |
| Total Revenue | \$ 4,601,433 | |

Budgeted School Expenses 2022-23

| Expense | Amount | Comments |
|--------------------------------------|--------------------|--|
| Salaries, Payroll Taxes | \$ 3,204,800 | Average FT salary is \$45,600; Range \$36,200 - \$61,800 |
| Benefits | \$ 495,100 | FT Health – 80% paid by school, retirement contribution back |
| Teaching Supplies, Program Exp. | \$ 268,500 | Classroom supplies, books, camp, computers |
| Association Memberships | \$ 37,000 | AWSNA, WECAN, ISACS – training, accreditation, resources |
| Insurance, Technology, Office | \$ 248,850 | Workers Comp and umbrella insurance, IT, phones, etc. |
| Marketing, Printing, Ads, Web | \$ 82,350 | Not staffing, only 2% of total budget spent on marketing |
| Building and Grounds | \$ 300,800 | Heat, water, electricity, repairs, furniture, lawn, snow |
| Bond (Mortgage) | \$ 310,000 | \$147,400 interest + \$162,600 principal, \$4.5m at 3.24% |
| Development Expenses | \$ 30,900 | Donation processing, events and software, not staff |
| Other: Childcare, Camp, assets, etc. | \$16,000 | Does not include staffing |
| Contingency, Replacement Fund | <u>\$ 106,600</u> | Savings for large future repairs, contingency |
| Total Expenses | \$5,100,900 | |

Balancing Our Budget 2022-23

| Expense | Amount | Comments |
|--|---------------------|--------------------------------------|
| Total Revenue | \$ \$ 4,601,433 | |
| Total Expenses | <u>\$ 5,100,900</u> | |
| Gap | (\$499,467) | Deficit for the 2021-22 year |
| | | |
| Funds to Address Gap | | |
| COVID Reserves | \$ 387,467 | Reserves – COVID fund remaining |
| Anonymous Gift for Wages | \$ 112,000 | Second year of gift to support wages |
| | | |
| Result is a Balanced Budget for 2022-23 | | |

Other School Resources 2022-23

| Source | Amount | Type | Comments |
|---------------------------|------------|----------------------|--|
| Remaining COVID Reserves* | \$ 366,000 | Unrestricted | Remainder of PPP loan |
| Contingency Fund | \$ 282,000 | Unrestricted | Savings Account |
| Other Reserves | \$ 328,000 | Unrestricted | Savings Account |
| Capital Campaign Checking | \$ 550,400 | Restricted | For bond balloon (2024); in savings acct |
| Bond Principle Reserves | \$ 123,000 | Board Designated | For bond balloon (2024) |
| Replacement Fund | \$ 696,000 | Board Designated | Reserved for major building repairs |
| Endowments | \$ 280,600 | Partially restricted | Conservatively invested |

* Does not include the COVID reserves used to support the operating budget in the 2022-23 school year

Looking Ahead to the 2023-24 School Year Financials

Looking Ahead to 2023-24 – Enrollment

We work with a complex set of data-based predications as we look at enrollment for the coming years. Strong Grade 1, Grade 6 and Grade 9 enrollment is needed.

| | 2018-19 (actual) | 2019-20 (actual) | 2020-21 (actual including Flexible) | 2021-22 (actual) | 2022-23 (actual) | 2023-24 (projected) |
|-----------------|----------------------------|----------------------------|--|----------------------------|----------------------------|-------------------------------|
| Early Childhood | 63 | 65 | 65 | 65 | 65 | 65 |
| Grades | 150 | 141 | 164 | 171 | 168 | 169 |
| High School | 103 | 93 | 80 | 80 | 71 | 75 |
| | | | | | | |
| | 316 | 299 | 309 | 316 | 304 | 309 |

Looking Ahead to 2023-24 – What are the Inevitable Increases?

- Faculty and Staff Salaries and Benefits – Full time and Part Time at minimum growth
 - Current budget is \$1000 increase for FT and .50 an hour for PT
 - This is significantly below current inflation and cost of living
 - 2.0 % increase for average FT; 2.5 % increase for average PT
 - We are not keeping up with inflation
- Current rate of inflation in all areas of our lives – impact on basic costs for us
 - Some budgets can be capped – we can advertise less for instance
 - Most budgets cannot – such as utilities, contractors, supplies
 - Field trips and tuition-based trips are rapidly increasing in cost
- No gift to support salaries
- Cannot continue to carry such a large deficit – we do not have the reserves to sustain the current level of use.

Budgeting for the 2023-24 School Year

| Area of Anticipated Change | Amount | Comments |
|-----------------------------------|-------------------|--|
| Increase in Income - enrollment | \$ 95,000 | This is without any tuition increase |
| | | |
| Increase in Salaries – FT and PT | \$ 65,000 | Amount significantly below inflation and cost of living |
| Increase in Benefits/Workers Comp | \$ 70,000 | Assuming 15% increase in costs |
| Increase in supplies/materials | \$ 25,000 | Minimum possible – capping budgets rather than expanding |
| Increase in contractor costs | \$ 30,000 | Minimum possible – assuming no unexpected challenges |
| | | |
| No salary support gift | \$ 112,000 | Needs to be carried by operations in the 2023-24 year |
| Ideally no use of reserves | \$ 387,000 | This is the amount budgeted for the 2022-23 year |
| | | |
| | | |
| Gap in our 2023-24 Budget | \$ 594,000 | |

In setting a 2023-24 Budget we face three big challenges

- **How do we keep tuition increases reasonable in a time of rapid inflation?**
- **How do we appropriately support our teachers and staff?**
- **How can we get closer to full enrollment?**

Challenge of setting Tuition for 2023-24

How do we keep tuition increases reasonable in a time of rapid inflation?

2023-24 Budget with no additional spending, just increases due to costs and existing commitments

| | 2022-23 tuition | | 5% increase | 8% increase | 10% increase |
|---|--------------------|--|-----------------|-----------------|-----------------|
| Early Childhood – 5 full days | \$16,500 | | \$17,325 | \$17,820 | \$18,150 |
| Grades 1-8 | \$20,140 | | \$21,150 | \$21,750 | \$22,155 |
| Grades 9 – 12 | \$24,910 | | \$26,155 | \$26,900 | \$27,400 |
| Increase in revenue on enrollment of 309 | | | \$303,200 | \$426,900 | \$533,600 |
| Less Tuition Assistance on Increase - 12% on inc. | | | <u>\$36,400</u> | <u>\$58,200</u> | <u>\$72,800</u> |
| Net Increase in operating funds | | | \$266,800 | \$426,900 | \$533,600 |
| Remaining Deficit | | | \$327,200 | \$167,100 | \$ 60,400 |

Challenge of Equitable Faculty and Staff Salaries

How do we appropriately support our teachers and staff?

Flat Salary Calculation for all fulltime Faculty and Staff – based on education and years of experience. Base starting calculation results in lowest fulltime salary of \$40,250 per year.

- Current RSSAA Fulltime Salaries
 - Early Childhood Lead Teacher \$ 40,250 to \$ 49,620 Average: \$ 44,255
 - Grades 1 – 8 Lead and Specialist Teachers \$ 40,250 to \$ 65,200 Average: \$ 47,958
 - High School Teachers \$ 40,250 to \$ 62,620 Average: \$ 49,602
 - Administrative Staff \$ 40,250 to \$ 62,800 Average: \$ 45,213
- Ann Arbor Public School Salaries
 - All teaching positions \$ 43,906 to \$ 86,400 Average: \$ 58,000
 - Administrative Staff \$ 65,000 to \$ 250,000 Average: \$ 120,000
- Midwestern Independent School Salaries
 - Teaching Positions \$ 26,700 to \$ 123,500 Average: \$ 58,600
 - Administrative Staff \$ 48.000 to \$ 195,000 Average: \$ 121,000

Challenge of Equitable Faculty and Staff Salaries

How do we appropriately support our teachers and staff?

Part time salaries are based on an hourly rate – front desk, assistant and administrative positions start at a minimum of \$15 an hour – increased from \$12 in the past 12 months

Part time salaries for teaching staff are calculated based on education and years of experience and the base wage of \$22.50 an hour has not been increased for at least the last six years.

Highly experienced part time teaching staff are paid on average \$32.00 an hour.

Part time teachers are paid only for their time in the classroom and meetings – not prep-time.

Salary for teaching a year long daily class at the High School is approximately \$5,000 a year

Part time professional administrative positions generally pay \$25.00 an hour. Most staff in these positions are working 20 hours a week with an annual salary of \$25,000 a year

Challenge of Growing Towards Full Enrollment

How can we get closer to full enrollment?

Current Enrollment and Capacity

- Early Childhood Program – Consistently at capacity, Looking at adding an outdoor program for 2023-24
 - Growing enrollment here supports the Grades Programs
 - Early Childhood Program breaks even at full staffing and program (Golden Eagles etc.)
- Grades 1 – 4– Over the past 4 years we have built enrollment from 16-18 students to 22-26 in these classes
 - Larger classes need assistants and support, but larger enrollment supports this well
- Grades 5 – 8 – Middle School Classes are 15 – 20 students, capacity is 24-26
 - Challenge of bringing full programs and activities when classes are at lower enrollment levels
 - These classes have been low enrolled since first grade – this is not attrition but no growth either
- Grades 9 – 12 – High School Classes are 13 – 26, capacity is 28 – 32
 - There are very few ways to save money at the High School when numbers are low as students still need the full range of curriculum classes and sports, trips, etc.

What would full enrollment look like?

How can we get closer to full enrollment?

If we were at full enrollment across the school what would the budget look like?

- Enrollment in Early Childhood and Grades 1 – 4 would not change from the present levels
- Full Enrollment in Grades 5 – 8 would add approximately 28 students to the Lower School campus
 - This would add approximately \$350,000 to our operating budget (after tuition assistance)
- Full Enrollment in the High School would add approximately 37 students to the High School campus
 - This would add approximately \$530,000 to our operating budget (after tuition assistance)

So, this would add approximately \$890,000 to the operating budget - this would not remove all of our economic challenges but would certainly help us manage tuition levels and support our teachers well.

We need your Input and Thoughts on these Challenges

1.How do we keep tuition increases reasonable in a time of rapid inflation? The school needs to stay affordable and accessible for our full community, but also pay its bills and continue to offer a full and vibrant program. This is a challenging balancing act.

2.How do we appropriately support our teachers and staff? We have wonderful teachers and administrative staff throughout the school - both full and part time - and it is an ongoing challenge for the school to make sure that they are well supported - including paid reasonable and fair salaries. If we are not able to offer competitive salaries (at least in the small independent school world) then we will not be able to retain and attract the teachers we need to keep our school strong.

3.How can we get closer to full enrollment? Especially in the middle and high school programs. Strong enrollment is the best way to increase the resources available to us for keeping tuition reasonable and supporting our teachers and staff. How can we grow our enrollment over the coming three years?



Thank You

RUDOLF STEINER SCHOOL
OF ANN ARBOR