



**BOARD OF DIRECTORS
MEETING MINUTES
July 24, 2014**

Meeting: Early Learning Coalition of Pasco and Hernando Counties, Inc.
Board of Directors Meeting

Day/Date/Time: Thursday, July 24, 2014 at 8:30 a.m.

Location: Early Learning Coalition of Pasco and Hernando Counties, Inc.
15506 County Line Road, Suite 103
Spring Hill, FL 34610

Board of Director Members Present: Dr. Steve Kanakis, Chair; Dr. Amy Anderson, Joan DeMauri, Cathy Dofka, Gus Guadagnino, Joe Mascaro, Pat McHugh, Dave Meglay, Beth Narverud, Angela Porterfield, Jean Rags

Board of Director Members Present via Phone: None

Board of Director Members Excused: Marsha Carpenter, Dr. Steve Knobl, Heidi Rand

Board of Director Members Absent: James Cook, Josh Kelly, Diane Rowden

Coalition Staff Present: Shannon Dewey, Jenny Dodson, Bev Doucet, Pattie Eacobacci, Jim Farrelly, Rachel Hardy, Jak Jakubauskas, Brenda Mayo, Sherri Sabadishin

Guests Present: Dr. Bonnie Clark, Bill Nairns, Nancy Nairns

I. Welcome and Call to Order – Dr. Steve Kanakis, Chair

Dr. Kanakis called the regularly scheduled meeting of the Early Learning Coalition of Pasco and Hernando Counties, Inc. Board of Directors to order at 8:39 a.m. He welcomed attendees. After the Pledge of Allegiance, introductions were made.

II. Action Items

• **Adoption of Agenda**

Dr. Kanakis requested a motion to adopt the agenda. Mr. Guadagnino so moved and Ms. Rags seconded the motion. All were in favor with no abstentions and the motion carried.
(Action Item #1415-01)

- **Approval of Minutes, May 22, 2014 Board Meeting**

Dr. Kanakis requested a motion to approve the minutes of the May 22, 2014 Board Meeting. Ms. Rags so moved and Mr. Meglay seconded the motion. All were in favor with no abstentions and the motion carried. (**Action Item #1415-02**)

- **Treasurer's Report – Mr. Pat McHugh, Chair**

- A. Financial Statements – May/June, 2014**

Mr. McHugh reported that the fiscal year ended with an operating deficit of approximately \$248,000. He explained the budget being proposed today will show the deficit is fully covered and the same amount of funds will be allocated to School Readiness as last year. The Coalition is still tracking 90% of funds going to children.

Mr. McHugh explained the financial reports for May/June reflect the operating loss of \$248,000. He further explained this loss was born of several poor predictions, accounting errors which have been remedied and state mandated Protective Services (PS) and Temporary Aid to Needy Families (TANF) children being enrolled at a higher rate. Mr. McHugh reported that 700 of these protected children were enrolled over the last three (3) months of the fiscal year with 294 being enrolled in June alone.

Dr. Kanakis requested a motion to accept the Financial Statements for May/June, 2014 as presented. Mr. Guadagnino so moved and Mr. Meglay seconded the motion. All were in favor with no abstentions and the motion carried. (**Action Item #1415-03**)

III. Remarks from the Chair/Executive Committee Report – Dr. Steve Kanakis, Chair

- **Executive Committee Update**

Dr. Kanakis explained the Executive Committee had discussed the budget concerns, designing a new forecasting model and the influx of state mandated children. The Committee also discussed Board participation at events. At this time, Dr. Kanakis passed around a sign-up sheet for the upcoming Preschool Palooza event scheduled for August 2 and requested members that were able to participate to volunteer their time.

Mr. Guadagnino inquired if members from the private/corporate sector could involve their employees as volunteers at events. Mr. Farrelly responded yes to this question.

- **Honor to Departing Board Member**

Dr. Kanakis and Mr. Farrelly presented Dr. Bonnie Clark with artwork created by a child enrolled at TodayCare at PHSC. Dr. Clark thanked members and stressed how important board involvement is and how she felt this organization is one of the best because staff members are so dedicated and work to support the Coalition's mission. She urged Board members to support events which in turn support the children.

- **Evaluation of Executive Director**

Dr. Kanakis reported that Mr. Farrelly had received a fine evaluation and that he is very competent and is doing a fine job. Mr. Farrelly is valued and appreciated for all he does for the Coalition. Dr. Kanakis reported that 15 out of 20 Board members responded to the survey.

IV. Utilization Reports – Ms. Betsy Kier, Assistant Executive Director

In Ms. Kier's absence, Mr. Farrelly reported the Historical SR Enrollment report indicated a decrease in enrollment over last year with a total of 3,666 children. VPK had a total enrollment of 3,909 children for June. Mr. Farrelly reported that VPK providers will receive a slight increase in funds this year from the state.

V. Finance and Audit Committee – Mr. Pat McHugh, Chair

- **Committee Update**

Mr. McHugh encouraged members with interests in finance or statistics to participate in developing a prediction model. He reported the FY 2015 operating budget will have the same amount of funds for children as last year. In order to do this, the Quality Budget has been reduced as the state has a new Quality Initiative for providers that will begin to be distributed this year. The budget also contains a requirement for salary increases for employees coming off their probation period, staff incentives have been reduced significantly from last year, funds are included for overtime costs and include an increase in the staff pension contribution from 3% to 5%.

Ms. Hardy added there will be a net reduction of one staff member to attrition, one staff transfer and one new hire.

- **Review/Adoption, FY 2015 Operating Budget**

Mr. Farrelly requested the Board turn to page 3 of the (attached) document and explained the contributing factors leading to the \$248,000 deficit. The overriding issue was that too much was spent on Direct Services for children. He explained the Coalition had open enrollment from December to the first week of April and then the wait list was closed; no new children were enrolled from income eligible families.

However, during the months of April, May and June, the Coalition received 700 new court ordered enrollments that left the Coalition no choice but to enroll the children arriving through PS and TANF referrals; 294 children were enrolled in June alone. Mr. Farrelly explained the state had presented new priority changes last September and that income eligible children now fall into the third category. He explained that enrolling these 700 mandated children cost the Coalition an additional \$390,000.

Mr. Farrelly explained that if the Coalition continues to receive these mandated children, he does not foresee the wait list opening for income eligible children for months. Currently, the wait list contains approximately 1,500 children.

Mr. Meglay expressed concern about possibly having to dis-enroll School Readiness children to make room for mandated children. He is concerned about facing another deficit as the focus now appears to be on only these two (2) categories of children. He suggested the Board put together a plan to discover why so many of these children are being court mandated.

Ms. DeMauri inquired if the numbers correlate to new growth in the county's population. Dr. Kanakis reported he has seen a 200-300% increase in protective cases in Pasco County over the last 2-3 years. He will be setting up a meeting with local judges to try to determine the cause. Mr. Mascaro stated that parents who do not work during the summer and do not qualify for child care assistance can enroll for TANF assistance and may also go to DCF to request mandated child care.

Mr. Meglay stated these cases need to be investigated and the Coalition needs to be proactive even though it is mandated to serve these children. He inquired what will happen if more mandated children must be enrolled and the Coalition does not have the funds.

Mr. Farrelly explained that a 6% attrition rate is still expected; that no children will be dis-enrolled but the wait list will continue to grow with over 100,000 children waiting for services statewide. He explained the Board can say "no" to TANF children but the Coalition could suffer negative consequences to such a decision.

Ms. Rags inquired if other ELCs have posted deficits. Mr. Farrelly explained this type of data is not shared among ELCs, only through personal outreach. Some Coalitions had deficits while others de-obligated funds. Ms. Porterfield stated this is the first time she recalls the Coalition being in this deficit situation and inquired if there would be options if there were funds left at the end of this fiscal year. Mr. Farrelly explained if funds were left on June 1st, they could be distributed, but if funds are still left on June 30th they must be returned to the state.

Mr. Guadagnino suggested talking with legislators about increased funding and he expressed the need for members to become more active as a Board.

Mr. Meglay stated that if the Coalition does have the ability to say "no" to TANF children, what can be done about it. The Board should make a decision to control the Coalition's destiny – the Board needs to be more proactive.

Dr. Kanakis stated that he will be researching the increase in cases but will hold off on any decision until October or November pending the outcome of his investigation.

Dr. Anderson inquired if TANF eligible families are required to have employment and if their income is reviewed. Ms. Dodson explained that income is reviewed and TANF funding can be adjusted accordingly. If the family is making more through other income streams such as unemployment, they are not eligible for TANF. Dr. Anderson remarked that by changing the priority, people may decide not to work to receive services and the budget indicates the Coalition can afford to serve these children, if only temporarily.

Dr. Kanakis stated he will convene an Ad Hoc committee to collect data and the Committee will consist of himself, Mr. Mascaro and Ms. Carpenter of DCF. As there were no other volunteers, Dr. Kanakis stated he will send a memo to the committee.

Mr. Farrelly referred to the budget narrative and explained the \$11,284,807.32 budget for this year is the same exact amount as last year and the deficit will not affect providers or children. He then referred the Board to page 2 of the narrative

Mr. Farrelly explained the Coalition received an additional \$73,000 from the state for School Readiness but there was a decrease in VPK funds. However, the costs of doing business increase annually. He explained the majority of the funds to cover the deficit will come from the Quality Budget as the state has approved a \$10 million quality initiative for providers intended for distribution to high quality providers. He explained the Coalition's own Quality Incentive program has been declining over the years with fewer and fewer providers taking advantage of the program. Additionally, our own QRIS continues to be developed and providers received a 7.5% increase last year.

Mr. Farrelly explained the Executive Committee awarded a staff incentive last year and this year that incentive has been reduced within the budget from \$40,000 to \$10,000. The budget also anticipates a fourth quarter increase in health insurance costs. Mr. Farrelly explained the budget does include staff overtime but this does not occur frequently. Additionally, a pension contribution increase from 3% to 5% is being recommended as the industry standard is 4.8% as reported in the *Non-Profit Times*. Mr. Farrelly explained that the majority of Coalition's offer between 5-7% pension match.

He explained that reimbursement staff has been reduced from three (3) to two (2) positions and for the open staff accountant position, a Mobile Outreach Specialist will be transferred to that position. The Coalition will also return to having a single van on the road. Mr. Farrelly explained the older van has required over \$7,000 in repairs recently but it is reported to have good resale value. It will be warehoused and a single driver will visit all participating providers within a 6-week time frame.

Mr. Farrelly explained that moving payroll in-house will be delayed for a year as the expense of the new software will take several years to make up the cost. He explained the \$248,000 deficit was eliminated by internal cost savings and changes.

Mr. Farrelly referred to the first page of the budget packet and explained this is the proposed operating budget for FY 2015.

Dr. Kanakis requested a motion to approve the Operating Budget for FY 2015. Mr. Guadagnino so moved and Ms. Dofka seconded the motion.

Mr. Meglay requested further discussion on the cost to implement the Sage payroll. Ms. Hardy explained two (2) new modules would have to be purchased, payroll and Human Resources, for approximately \$8,000, not including labor and consulting fees. She explained that currently the Coalition expends \$175 per payroll for 26 payrolls per year with an additional fee of \$300 each year to compile the W-2's.

Mr. Meglay inquired how the Affordable Care Act (ACA) would affect the Coalition and suggested taking the time to explore this option as some staff members receive an insurance subsidy if they are covered under their spouse's insurance. He suggested investigating how this subsidy is determined and if it discriminates against some of the older staff.

Mr. Farrelly explained that about \$300,000 is spent annually on health insurance costs for 41 staff members or about \$8,200 per person per year. Mr. Meglay inquired if the Board would explore ACA options and provide support and guidance to the staff.

Dr. Kanakis requested that health insurance and stipends be placed on the next Board agenda.

Ms. Rags inquired what the annual cost incurred would be with the increase to the staff pensions. Mr. Farrelly explained the cost would be approximately \$36,000 if all staff members participated at the maximum amount. Ms. Rags stated the state's pension is still at 3% and inquired if this would create a negative perception.

Dr. Kanakis called for an end to the discussion and a roll call vote was taken:

Dr. Anderson – Aye	Ms. Carpenter – not present
Mr. Cook – not present	Ms. DeMauri – Aye
Ms. Dofka – Aye	Mr. Guadagnino – Aye
Mr. Kelly – not present	Dr. Knobl – not present
Mr. Mascaro – No	Mr. McHugh – Aye
Mr. Meglay – Aye	Ms. Narverud – Aye
Ms. Porterfield – Aye	Ms. Rags – Aye
Ms. Rand – not present	Ms. Rowden – not present

The ayes carried and the motion was approved. **(Action Item #1415-04)**

- **Second Reading, Revisions to Fiscal and Accounting Policies**

Mr. McHugh explained the revisions to these policies will align them with recommendations from the state's auditors.

Dr. Kanakis requested a motion to approve the revisions to the Fiscal and Accounting Policies. Ms. Rags so moved and Ms. Dofka seconded the motion. All were in favor with no abstentions and the motion carried. **(Action Item #1415-05)**

VI. Program Committee – Ms. Angela Porterfield, Chair

- **Committee Update**

Ms. Porterfield reported the Committee had met and reviewed Corrective Action Plans. Two (2) centers have opted out of School Readiness contracts and one is pending a determination for contract cancellation. She reported that forty-four (44) centers had been assessed and had scored 87% or higher. Additionally, only thirteen (13) out of the original forty (40) CLASS assessments were completed due to staff turnovers. The Committee also continues to discuss the development of QRIS. Ms. Porterfield also reported that the state has approved a total of forty-six (46) curricula and that four (4) currently being used by Coalition providers are no longer on the approved list.

VII. Quality Committee – Mr. Joe Mascaro, Chair

- **Committee Update**

Mr. Mascaro reported the Quality Committee had met on July 8th and reviewed and approved the Quality Budget for FY 2015 pending the final outcome of the operating budget. The Quality Budget will now be changed.

VIII. Match Fundraising Committee

- **Committee Update**

No report at this time.

IX. Executive Director Report – Mr. Jim Farrelly

A. Coalition Update

Mr. Farrelly welcomed Dr. Anderson to the Board and explained that Ms. Borrego is attending a national QRIS conference and will update the Board at the next meeting.

Mr. Farrelly explained that on August 2nd, the second annual Preschool Palooza will be held at the Jerome Brown Community Center in Brooksville where Mr. Tommy will entertain the children. Mr. McHugh will be on site to help with the concessions. The Coalition's annual Early Learning Conference will be held on October 25th and on Friday, August 29th, a bus trip to a Rays baseball game will take place as a fund raiser for the Foundation. Tickets are still available for \$50 each.

B. Update, Progress on QRIS Development

This item will be presented at the next meeting.

C. Foundation Update

Mr. Farrelly announced the Foundation has had its 501(c)(3) non-profit status re-instated.

X. New/Unfinished Business

None.

XI. Public Input

Bill and Nancy Nairns presented the Board with a Certificate of Appreciation from the Florida Family Child Care Home Association for sponsoring providers to attend the 2014 national conference.

XII. Adjournment

Dr. Kanakis requested a motion to adjourn. Dr. Anderson so moved and this meeting of the Board of Directors of the Early Learning Coalition of Pasco and Hernando Counties, Inc. was adjourned without further discussion at 10:23 a.m.

Respectfully submitted by:

Ramute “Jak” Jakubauskas
Administrative Assistant