



MINUTES
Excel Academy Massachusetts Board of Trustees
Finance Committee Meeting
Wednesday, Jan. 17, 2024 – 8:30-9:45am
Location: Zoom

Finance Committee Members in Attendance: David Stolow, Dave Sachs

Finance Committee Members Absent: Rob Lytle

Non-Finance Committee Board Members Present: N/A

Staff Attending: Owen Stearns, Andrew Solomon, Aaron Stelson, Arthur Kaynor

Members of the Public Attending: N/A

1. Call to Order & Introductions

Stolow called the meeting to order at 8:32 am and presided over the meeting. Kaynor kept the minutes.

2. Public Comment

None

3. Board Business

Stolow motioned to approve the 12.8.23 meeting minutes, and Sachs seconded, and the motion was approved unanimously.

All those in favor: David Stolow, Dave Sachs

Opposed: None

Abstain: None

4. Update on FY24 YTD Finances

Stelson provided an update on year-to-date finances for Excel Academy MA. The organization is currently approx. \$100k above budget in terms of income and projecting to end the year around \$400k above budget (over in revenue, under in expenses). Partly this is due to entitlements that have not been claimed yet, so some of the variance is just due to timing and should partially even out as we progress through the year.

Stolow asked a clarifying question about student enrollment. Solomon noted that the school is currently slightly over-enrolled and expects to end the year on track with enrollment relative to budget.

Stelson clarified that some of the reduction in expenses relative to budget is a result of delays in hiring for certain positions, as well as fewer stipends than projected. The school is now essentially fully staffed.

Stelson reviewed cash balances for Excel's three entities with the Board, as detailed in the summary slides that were presented to the Board.

5. Preview of FY25 Budget Process

Stelson updated the Board on where we are so far in the FY25 budget planning process and reviewed the timeline with the Board. Stelson summarized three key parameters that we are seeking the Board's directional approval of, in order to move the budgeting process forward at this stage, as detailed in the slides that were presented:



1. Decrease the CMO fee from 13% to 12.5% of public revenue for FY25 (in MA & RI), which is consistent with the financial model and CMO agreements
2. The CMO continues to subsidize the XLMA CAPS program in line with prior years
3. Invest approx. \$500k more than standard raises in compensation

Stolow noted that it would be helpful to monitor total CMO spending per student across all regions as a helpful overall metric to monitor, as all three of Excel's entities have a shared interest in keeping the CMO effective and efficient. Stolow noted that he would like to focus discussion less on the exact right CMO fee % and more on whether the CMO and regions are operating efficiently and have sufficient resources to be effective.

Stelson reviewed the budgeted CMO subsidy with the Board and Solomon clarified the overall scale of the CAPS budget relative to the subsidy. Stolow noted that the MA Board interest in this topic is primarily in ensuring continuity of CAPS programming, and it would be helpful to spend some time in the next inter-Board joint finance committee meeting looking at available resources and needs across the entities broadly and how the MA CAPS program fits into that bigger picture.

In discussing the proposed additional investments in compensation, Solomon noted that FY25 revenue and expense projections are not yet certain, and also that there is a higher likelihood that the school will end up with higher net income than projected due to conservative budgeting. There is more uncertainty in local tuition projections for FY25. Despite this uncertainty, there is greater risk to the school overall if additional investments are not made in compensation. The proposed investment recommendation is coming from school leadership, the network academic team, and other stakeholders who are closest to the challenges we are experiencing in talent and staff recruitment and believe this additional investment is the best tool we have right now to address these challenges meaningfully, including with the potential new PeopleJoy College Loan Repayment benefit, which Solomon described to the Board.

Stolow and Sachs noted that they are in agreement with the three directional parameters as presented for the FY25 budget. Stolow noted that, especially as we know more about the exact investments we are making and refine our projections for FY25, he would like to ensure that we are also providing the full Board with this same level of information and then that we are continuing to monitor the impact of these investments over time.

6. Debrief of 12.8.23 Joint Finance Committee Meeting

Solomon facilitated a debrief discussion of the 12.8.23 joint inter-Board finance committee meeting and refreshed the Board on the content that was covered in that meeting.

Stolow noted that one continued area of work is related to clarifying exactly who the Finance Team should turn to when they need support. Another priority topic is debt strategy. Excel MA holds a large amount of debt and needs a way of assuring that we have the competency and capacity to do this important work to manage the organization's debt strategy.



Stolow also highlighted the ongoing broad theme of inter-entity decisions about uses of resources. We seem to be on the right track, with a lot of open, transparent communications and collaboration around key issues. However, how do we ensure that this continues 2, 3, 5, 10 years from now. What structures do we want to set up now to protect the organization for the long-term. Stolow named a potential fear for the future, that it's conceivable that we could encounter scenarios when each entity is doing what it should do for itself, but that – without sufficient collaboration and transparency/awareness between the three entities – it's possible one entity could take an action out of step with the other entity and introduce risk for the overall Excel Academy institution. Stolow and Sachs would like to continue discussing safeguards we can put in place now, to make potential future outcomes like this less likely. Stolow noted that, while on a very technical level, the CMO is a provider of services via a services contract, that is not the whole relationship. The CMO and the MA and RI schools are intrinsically and organizationally connected in much deeper ways. The biggest risks to the organization long-term seem to be around areas of potential misalignment or lack of awareness and collaboration between the three entities. Sachs and Stolow noted that they are looking forward to continuing to dig into this work with their colleagues on the Friends and RI Boards at the next joint meeting. Sachs elaborated that he would like to be kept informed about key developments in RI and at the CMO level, even if they are not directly within his purview as a MA Board member, and Stolow agreed.

Stolow noted that there is a lot of dependency by the three Boards on the experience and talents of the current CMO staff and leadership team, and the principles that they embody and the behaviors they espouse. The Board is grateful for this but also needs to know that there is sufficient Stolow noted that he would like to be reassured that the Friends/CMO Board is explicitly thinking about leadership talent recruitment and retention as a core responsibility at the CMO level, to help ensure the continuity of our current leadership culture and capabilities across the overall organization over time.

Sachs asked whether an additional sentence or phrase could be added to some of the decision topics on the draft framework to make it more explicit what they are referring to, or even just 1-2 parenthetical examples. Sachs and Stolow noted that it will also be helpful to discuss the decision-making framework with their Friends and RI Board colleagues in the context of a few tangible scenarios at the next joint meeting.

7. Adjourn

Having completed the Board's business, Stolow motioned to adjourn the meeting at 9:47 am, and Sachs seconded, and the meeting was adjourned unanimously.

List of Documents Presented at the Meeting:

1. Agenda
2. 12.8.23 Meeting Minutes
3. FY24 Finance Update & FY25 Budget Process Overview Slides
4. Draft Inter-Entity Financial Decision-Making Framework