

## Financial Considerations for Schools affected by COVID-19

May 2020

presented by:

Justin Wedel, CFO, Texas School for the Deaf

**Challenge – to maintain special education services with less money for the next 1-2 years. States get most of their money from sales taxes, real estate taxes, income taxes (in most states) and other fees. With most business closed and more than 20 million people not working this will result in significant tax revenue loss for states, which may result in a loss of funding to schools.**

**What can you do to prepare your school for a potential decrease in funding?**

- Every school is different
  - Know where your primary funding (known as “revenue”) comes from. Options may include:
    - State appropriations (direct funding from your state legislature)
    - Funds from your state education agency (might be based on student enrollment #'s)
    - Federal programs
      - IDEA funds from Dept. of Education
      - National School Lunch Program from Dept. of Agriculture
      - SHARS / Medicaid Admin Claims from Dept. of Health
    - Donations, endowments, fundraising activities
    - Funding from other mainstream schools
    - Interagency contracts, MOU's
    - Grants (state, federal or local)
    - Facility Rental Contracts
    - Other
    - *Action item – verify your existing upcoming revenue projections. Will we still get these grant funds? Is student enrollment going up or down? Are we maximizing the amount of funds that are available to us each year (ex: SHARS / MAC)? Has my state legislature or state education agency already sent out guidance that we should expect to cut our budget by 10% or 20% next year? How will that impact our programs? How long are our existing funds good for? Can they be extended? What happens if we*

*don't spend them? Be cautious, be conservative. Plan for the worst – you can always go back and increase your operating budget if more funding comes available.*

- Know where your money goes when spent (known as “expenses” or “liabilities”)
  - Staff Salaries (most likely your biggest monthly expense – probably 60-80% of your total annual budget). This can include stipends, bonuses, health benefits, retirement contributions depending on the school.
  - Facilities, Building, Land, Construction and Maintenance Costs
  - Program Costs
    - Classroom Instruction (supplies, material, virtual equipment / software, furniture, etc.)
    - Related and Support Services (ex: transportation, cafeteria, health services, security, risk management, interpreting costs, OT, PT, SLP)
    - Residential Programs (if applicable)
    - Career and Transition Programs (CTE)
    - Central Administration (IT, HR, Legal, copiers, business office, cell phones, utilities, other one time or recurring services payments, etc.)
    - *Action item – verify your current and anticipated costs. Are we overstaffed? Are we understaffed? Be honest – don't be afraid to change “the way we've always done it”. What essential services are we legally required to provide? What services or purchases are elective or “nice to have”? Is now the time to give staff raises or bonuses? Probably not if cash is tight. Is now really the right time to buy that new bus? Probably not. What monthly contracts can we cut back on? Do we really need 15 copiers? Is there anything we can do to reduce our monthly utility costs? Can that maintenance on the heating system wait until next year? Can we renegotiate the terms and conditions of some of our service contracts to reduce the price? Look at your largest expense items first – salaries and facilities for maximum cost savings. Don't be afraid to implement a hiring freeze if necessary to put a cap on salary costs. Double check with your accounting and purchasing staff to ensure that all previous orders have been placed, received, and paid for. If not, then consider cancelling those orders. Should we cancel all non-essential travel and training plans for the next year or two? Remember – you should be saving money right now in certain areas since schools are closed (ex: utilities, food*

*purchases, fuel for buses). Can these cost savings be carried forward to help offset new costs anticipated as a result of COVID-19? Virtual classroom costs? Thermometers? Hand washing stations?*

**\*\* Key points \*\***

- Have a good relationship with your Chief Financial Officer or Business Manager. They can make or break you. Don't be afraid to ask for their input or admit that you don't understand something, it will only make things worse in the long run.
  - Ask for monthly reports (or more frequently if needed). Reports should be simple to read and easy to understand! Trust them, yet verify them. Share them with your management staff to encourage their professional development and understanding that there is more to running a school than just teaching students. Every decision comes with a cost attached to it.
  - Your business office should be able to explain the reports to you in simple language with confidence. If they can't easily explain where the money is then there is a problem.
  - Don't make it any more difficult than it needs to be. Think of your school's budget as a checkbook register (back when we used to balance our checkbooks before online banking). How much \$\$ is coming in and how much \$\$ is going out? Can you spend more than you bring in? NO.
- 

**Risk Management Considerations**

**Recovery planning concerns and strategies**

The following series of questions is designed to help your organization consider a wide array of safety and health issues and make choices to return your personnel safely from a pandemic event. Differences in strategy may be necessary to accommodate many things such as (but not limited to):

- Whether you are a large agency, small agency housed with others in a large shared building, small agency in your own, easily isolated workspace or a campus with multiple buildings
- The setup of your workspace, traffic patterns and size of shared areas
- The frequency of entry by the public or others who might not observe the same precautions
- The health and vulnerabilities of your personnel and customers
- Budget available to maximize capabilities
- Leadership choices and compatibility with other organizational strategies

The questions should be used as a starting place for your planning process, focusing you on topics that are often useful. Modify as needed to build the best recovery plan your organization can manage at the time of need.

- Some topics may be missing so create your own as needed
- Some may not pertain to your organization and you can skip those
- Others may be impossible to strategize at this point but should be added to the multi-year strategic plan and budget strategy to enhance capabilities at a later date.

### **Return of the workforce:**

1. Order of return to the workplace:
  - a. Who should come back first?  
**Such as:**
    - i. People who conduct tasks that are difficult or impossible to do remotely
    - ii. People who have recovered from the infection and may have built a resistance
  - b. Who should come back last?  
**Such as:**
    - i. People who are able to complete the same amount of work at the same quality and in the same time from their remote location (if they're more safe and just as effective it may be best to keep them remotely located for a while)
    - ii. People with pre-existing or other health issues that make them more vulnerable
    - iii. People who have not yet been infected
2. How can you adopt a 'new normal' schedule?  
**Such as:**
  - a. Split groups of staff who do the same work into groups and alternate the days they are allowed to come into the office so that no two teams from any division/workgroup are ever there at the same time. Zero overlap should mean that if someone gets sick and infects others you will only lose a half, third, etc. of the people who know how to do that function.
  - b. Use remote work as a routine part of every employee's schedule to:
    - i. Create more social distance.
    - ii. Ensure equipment stays updated and is operational for when it is needed.
    - iii. Ensure personnel remember all of their log-in and access credentials and altered processes for remote work.
3. How can you protect returned workers from infection?  
**Such as:**
  - a. Create unbreachable, enforced social distancing. How far is 6' really in an office (don't forget the vertical dimension compared to cube wall height)?
  - b. Personal protective equipment (PPE) such as masks, gloves, eye protection, coveralls.
    - i. Required or optional?
    - ii. Who is responsible for providing the masks?
    - iii. Is training, fitting for correct use needed?
    - iv. Safe removal, sanitation or disposal procedures?
    - v. Remember that use of masks is designed to protect others from your coughs and sneezes so it isn't a choice of "If I choose not to wear one then I accept that I might get sick" but rather "If I don't wear one and end up sick then I am expected to infect 1-3 others and that could cascade through the workplace.
  - c. What procedures will you require for PPE removal, hand washing and sanitizing? (and how will you deal with the dry, cracked skin that could follow frequent cleansing)

- d. Will you conduct daily wellness checks and send home anyone who shows symptoms, and how will you do that (taking temperature, answering self-identification questions)? For best protection use skin surface testing thermometers not oral ones with disposable sheaths.
  - e. Will staff be allowed/mandated to self-quarantine if they are potentially exposed?
  - f. How do you handle employees who become symptomatic or who do/have tested positive regarding distancing and return to work?
  - g. Can you train your additional duty safety officers (ADSOs) or others to safely set and monitor cleaning schedules, distancing, wellness monitoring, etc.?
4. How will you handle multi-staff areas to avoid cross-contamination?  
**Such as:**
- a. Workers who move throughout the building or grounds.
  - b. Groundskeepers
  - c. Equipment operators.
  - d. Vehicle drivers (especially if they are carrying others)?
  - e. Visitors from other entities?
5. How will you handle customer/visitor/public needs?  
**Such as:**
- a. Setting up safe entry (limiting numbers, distancing and pathways).
  - b. Regulating appointments or otherwise controlling traffic.
  - c. Facilitating access to needed services in a safe way.
  - d. Administering exams.
  - e. Interviewing job candidates.
6. Mitigating staff fears  
**Such as:**
- a. Regular, honest updates and other communications.
  - b. Sharing best, scientifically supported data and recommended procedures.
  - c. Demonstrating a high level of protectiveness toward employee health.
  - d. Prioritize protection of the whole workforce (don't allow individuals to make choices that might affect more than themselves (choosing not to wear PPE or participate in wellness screenings)).

### **Monitoring and protecting the workspace**

1. Who is ensuring social distancing, sanitization and safe behaviors?  
**Such as:**
  - a. Every day distancing.
  - b. Break room, conference room, lobby and other common areas.
  - c. Elevators
2. How will you handle special event celebrations such as potlucks, parties, holidays or birthdays?
3. Who should ensure the building is sanitized?  
**Such as:**
  - a. The responsibilities of owners, property managers, maintenance, janitorial and your staff.
  - b. Cleaning schedules, both regular and deep sanitization.
    - i. Elevators (buttons, panel, rails, door edges)
    - ii. Bathrooms
    - iii. Break rooms
    - iv. Copy rooms

- v. Conference rooms
- vi. Gyms and showers
- vii. Air filter changes
- viii. Structural (such as sneeze guards)
- ix. Vehicles (fleet, buses golf carts, forklifts)
- x. Equipment (copiers, vacuums, microwaves, coffee makers, refrigerators, etc.)
- xi. Tools and machinery
- xii. Other

4. How will you handle mail, documents, cash and supplies?

**Such as:**

- a. Mail and package sanitization.
- b. Cash handling.
- c. Donations received.
- d. Office supplies and personal items brought back in from home worksites.

5. What control can staff have over their own vulnerability and wellness?

**Such as:**

- a. Where possible accommodate individual wellness concerns and work safety preferences.
  - i. Remote work and success expectations/measurements (example: the ability to complete the same amount of work at the same quality and in the same time as at the office pre-pandemic)
  - ii. The choice to limit their workspace only to people who are protected (ex: if masks are optional, individuals can choose not to let anyone into their area without a mask).

6. Will you require vendors, contractors and RFP/RFQ applicants to show proof of having a safety plan that at least meets your office standards?