

# Charter School Financial Planning and Strategy

*Presented by:*

Amanda Karger, SFO - Owner Paragon Financial Services

*Forecasting Tool Demo by:*

Chris Scott - Director of Finance, Ascent Classical Academies

February 8, 2022 CDE Schools of Choice Topic Based Webinar

# Agenda

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01 Intro and Overview

02 Budgeting Nuts and Bolts

03 Financial Strategy

04 Forecasting

05 Wrap-up



# Introduction



## Contact Information:

Email: [amandakarger@paragonk12.com](mailto:amandakarger@paragonk12.com)

Website: <https://paragonk12.com>

## Governmental Finance Service Provider

Providing full suite of high-quality financial services to PK-12 charter schools in Colorado. Services range from ad-hoc consulting to fractional CFO services.



## Expertise

Amanda Karger (Paragon's Owner) has over 15 years of experience in governmental finance serving state and local governments in Colorado - over 8 of which have been in public education.

## School Choice Partner and Advocate

Steadfast supporter of high-quality school choice for every child in the Colorado. As a parent an active community member, Amanda has seen how important access to high quality school choice is for thriving communities.

# Introduction



Contact Information:

Email: [chris.scott@ascentclassical.org](mailto:chris.scott@ascentclassical.org)

Website: <https://www.ascentclassical.org>



## Expertise

Chris Scott has over 11 years of experience in the Colorado Charter School sector, 4 years as a charter school administrator and then 7 years in the finance realm

# Overview



## Welcome:

- What to Expect
- No Judgment



## Q&A

- There will be time allotted in each section for live Q&A
- Send in chat
- Email them to [amandakarger@paragonk12.com](mailto:amandakarger@paragonk12.com)



## Up Next...

- Take a moment to download the worksheets from the shared drive that we will use throughout the presentation.

# The Importance of Financial Planning and Strategy



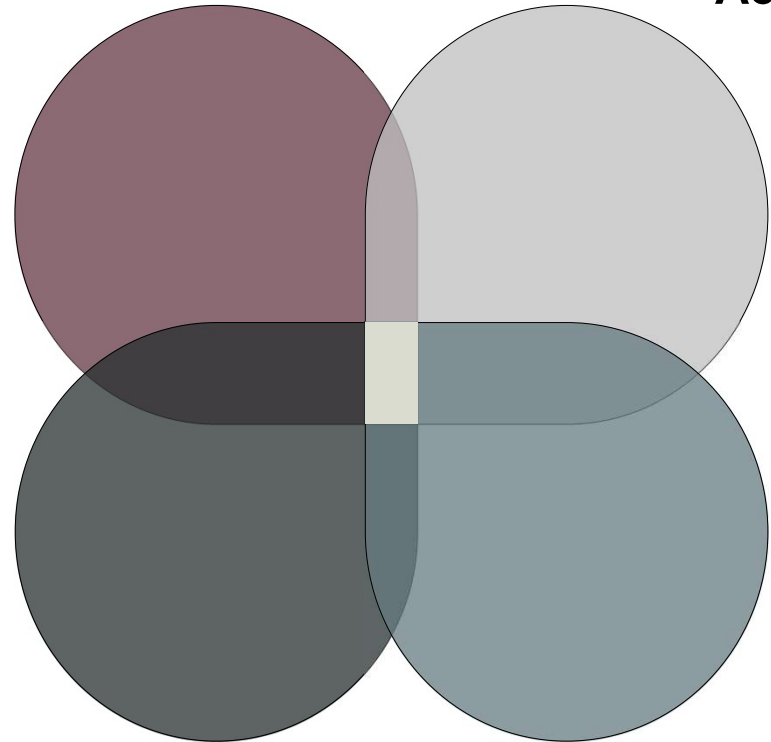
- ✓ **Informed decision making**
- ✓ **Long-term sustainability**
- ✓ **Effective use of resources**
- ✓ **Vision & Mission Alignment**

# Informed Decision Making



Reliable

Accurate



Transparent

Accessible

# Long-Term Sustainability



## 3-5 Year Outlook

Must look out 3 to 5 years in order to understand ongoing and structural impacts of current-year decision making



## One-Time vs Ongoing

Both revenue and expenditures can be one-time or ongoing - which will impact long-term sustainability.



## Facilities

Single largest fixed cost. Beware the "Field of Dreams"



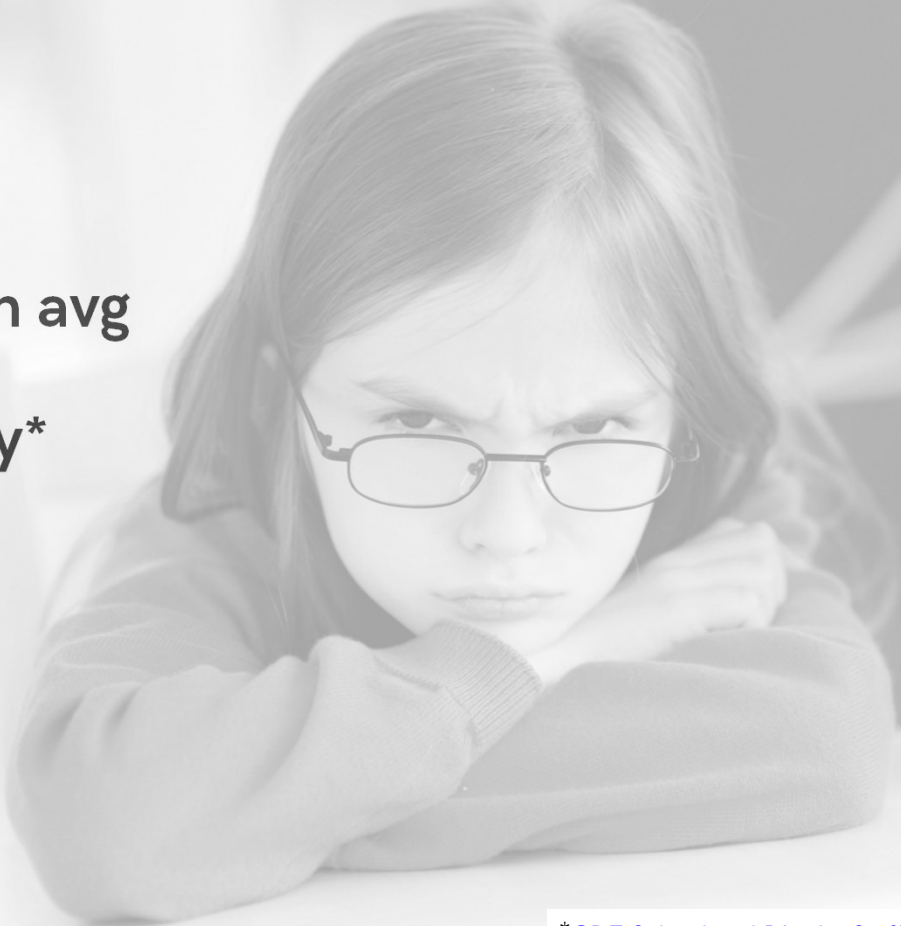
# Less taxpayer funding for Charter Schools

Charter schools receive:

- ✓ Up to 30% less taxpayer funding
- ✓ ~\$1,400 less funding per pupil on avg
- ✓ 27% lower average teacher salary\*



**70%**



\*CDE School and District Staff Statistics

# Budgeting Nuts and Bolts – What is a Budget?



## Financial Plan

A budget is a financial plan outlining the assumed revenue and planned expenses for the upcoming fiscal year.

## Required by Statute

In Colorado, charter schools are required by statute to adopt a budget each year. Statute allows for budget adjustments during specified periods through the fiscal year.



## Delegated Authority

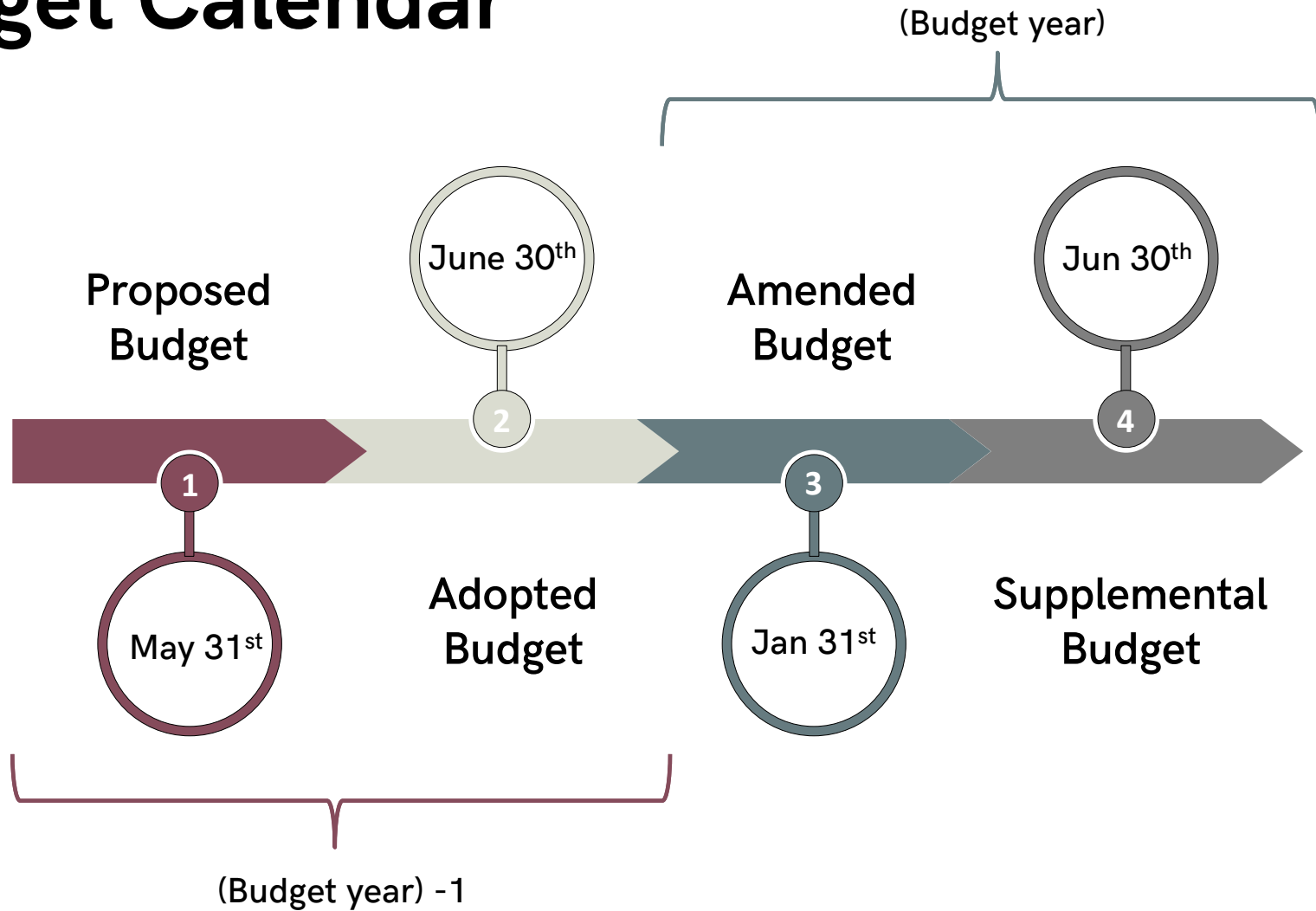
Charter School Boards are provided with statutory authority to spend public funds, and the school's budget is the limited delegation of this authority.

## Statement of Priorities

Since all needs cannot be funded, the budget communicates the board's prioritizing certain needs over others.



# Budget Calendar



# Budget Components

01

## RESERVES

Amount of funds available. Measured at the beginning and end of the year

02

## REVENUE

State Equalization, Property Taxes (total program/Override/Bond Mills), student fees, grants, donations

03

## FIXED COSTS

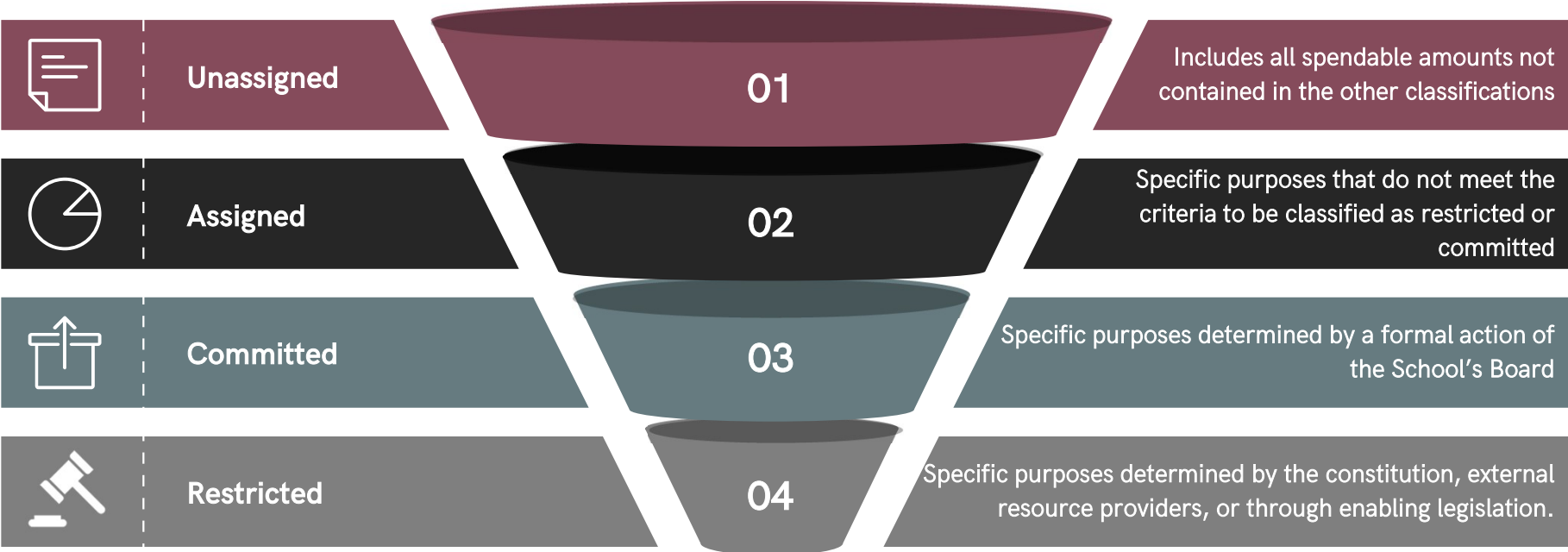
Costs that exist regardless of the number of students served. Administration, facilities, utilities, debt

04

## VARIABLE COSTS

Costs that fluctuate based on the number of students served. Teachers, service providers, instructional support, student transportation fuel, supplies and materials

# Reserves



# Revenue



## Ongoing

- ✓ Total program (PPOR)
- ✓ Mill Levy Overrides
- ✓ Formulaic ongoing funding (Charter Cap Const, IDEA, Title, CSI MLOE, etc)



## One-Time

- ✓ Competitive Federal grants (CCSP, etc)
- ✓ Competitive State Grants
- ✓ Donations, contributions, private grants, fundraising

# Revenue - "PPOR" and MLO/MLOE



$$\text{PPOR} - \text{Budget Stabilization Factor (BSF)} = \text{Funded PPOR}$$

# Compliance



## Board Resolutions

- ✓ Formal documentation of the budget(s) approved by the school's board
- ✓ Reflected in meeting minutes. Signed copies retained according to [records retention guidelines](#).
- ✓ Include record of approval, & budget detail with revenue, expenses, and fund balance



## Minimum Reserves

- ✓ Emergency reserves required in State Constitution -also known as "TABOR Reserves"
- ✓ Other committed, assigned, or restricted reserves
- ✓ Should be reflected in the ending fund balance of adopted budget detail



## Uniform Budget Summary

- ✓ Format determined by CDE. Must use CDE's template
- ✓ Breaks down the budget into operational categories
- ✓ Required to be posted to Financial Transparency Website



# Community Engagement

01

## **Posted Notice of Budget**

Newspaper, online, physical posting of notice of proposed budget deliberation

02

## **School Accountability Committee**

Schools are required to engage and seek budget recommendations from their School Accountability Committees

03

## **UIP**

Schools must ensure improvement strategies within the UIP are included in the budget.

04

## **Timing and Strategies**

Engage school community in the priority setting process in February/March. Some ideas include engaging the community at SAC meetings, and through family & student surveys.



# **Exercise: Budget Self-Assessment**

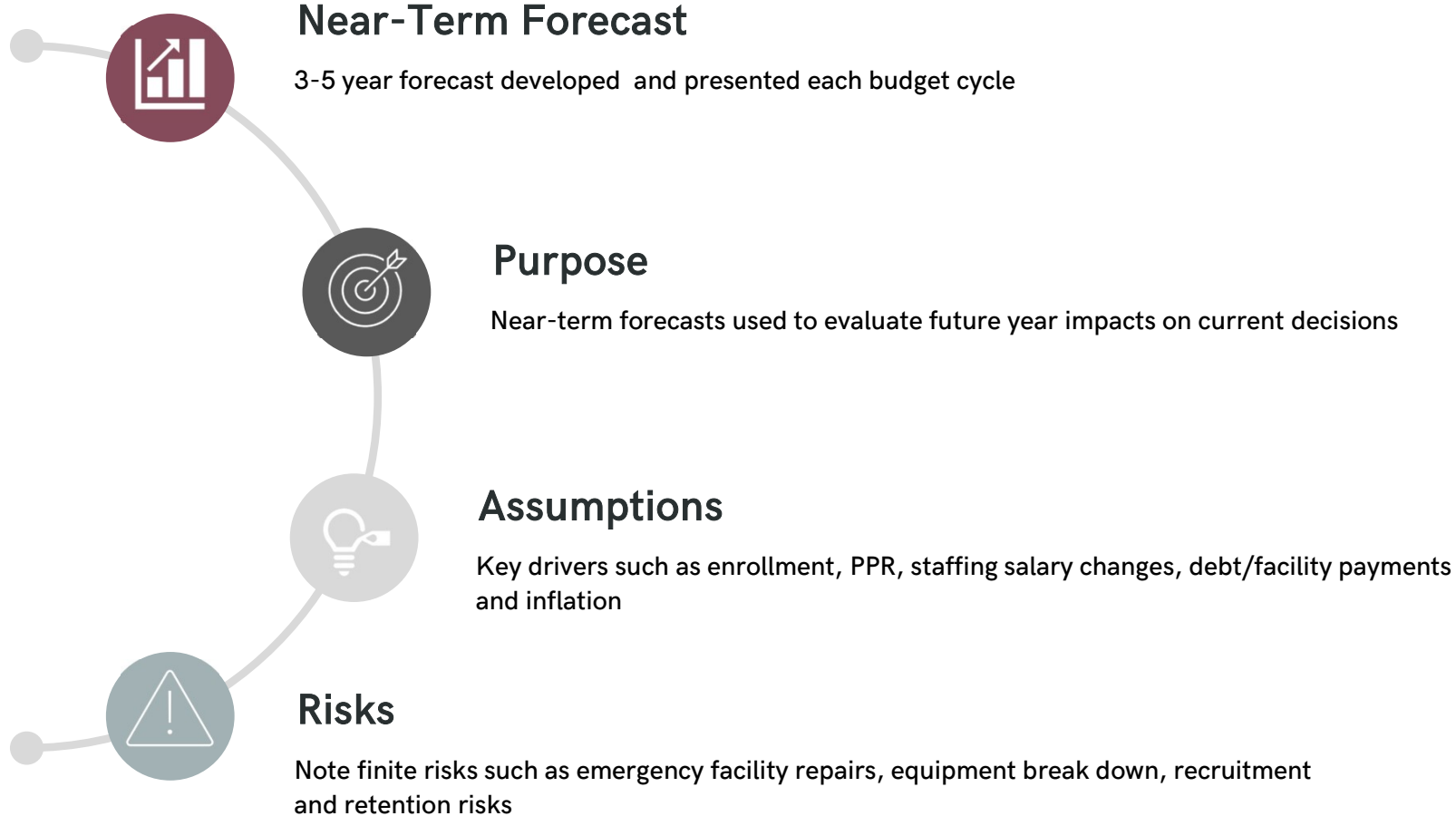


**Take about 5 minutes to  
complete the budget self  
assessment**

# Financial Strategy



# Financial Strategy – Forecasting



# Financial Strategy - Revenue



## Total Program Revenue

School Finance Act, PPOR



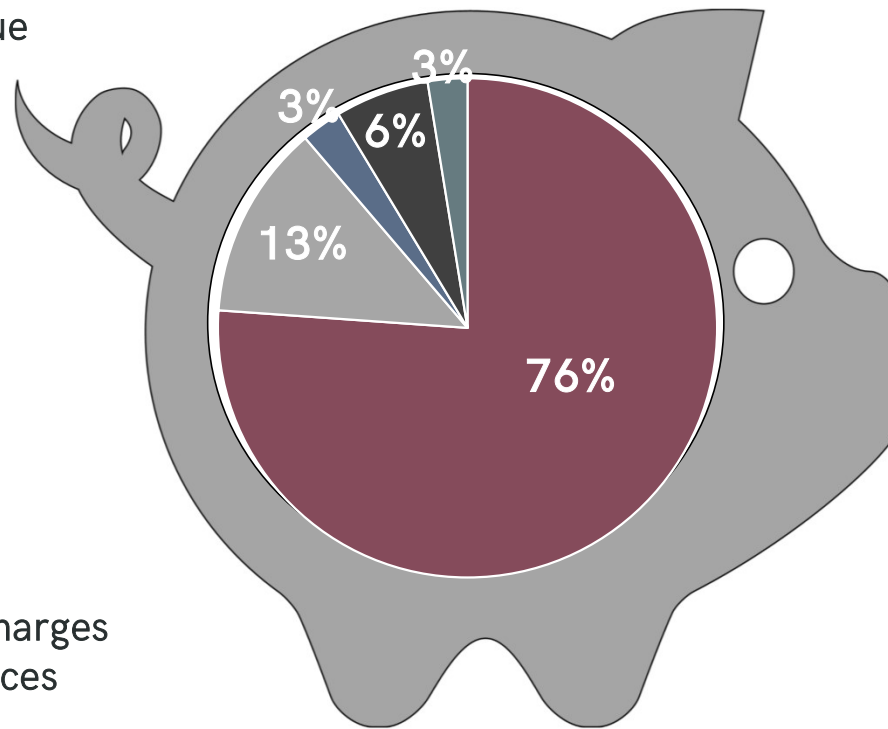
## Local Sources

Property taxes, donations, local grants



## Pupil Activities and Charges for Instructional Services

Gate admissions, field trips, fees for clubs, and fees for instructional services



## Federal Sources

Federal formulaic funding (IDEA, Title, etc) and Federal Competitive Funding (CCSP, etc)



## State Sources

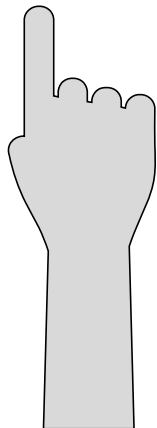
State formulaic funding (ECEA, READ, ELL, Cap construction, CSI MLOE, etc) and State Competitive Funding (BEST, etc)

# Financial Strategy – Forecasting Revenue

## Guiding Questions

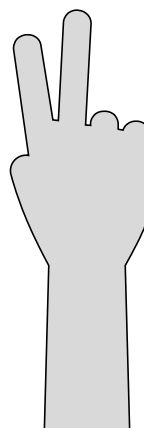
01

How many students enroll or unenroll mid-year?



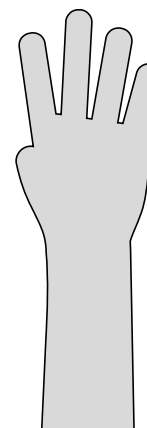
02

How many students enroll for 1 year and do not return?



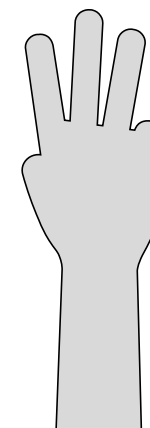
03

Do we have a waitlist? What's the 3 year history of the waitlist?



04

Are there upcoming changes to programming that could cause enrollment to change?



# Financial Strategy - Expenditures



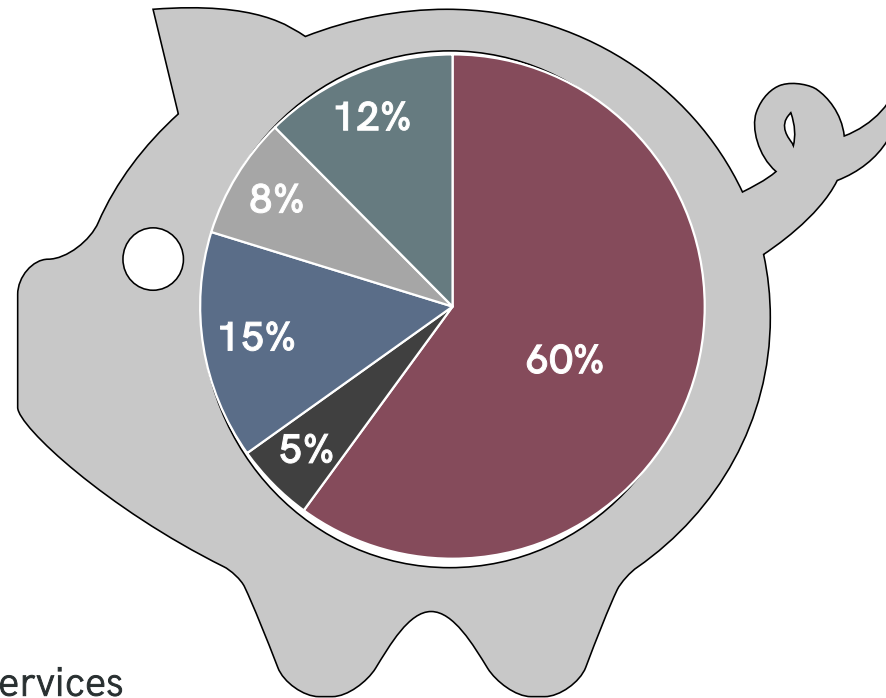
**Compensation**  
Salaries and Benefits



**Purchased Services**  
Primarily purchased and admin services from district



**Property and Property Services**  
Purchase of property and repair and maintenance of property



**Supplies & Other**  
Instructional supplies, administrative supplies, consumables



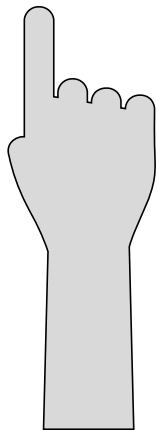
**Professional & Technical Services**  
Services performed by firms with specialized knowledge or expertise

# Financial Strategy – Forecasting Expenditure

## Guiding Questions

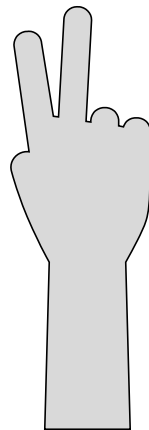
01

How will enrollment changes affect staffing, facility, and equipment costs of school?



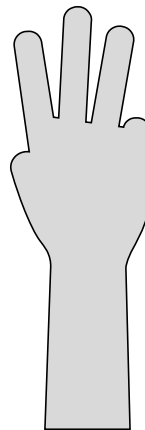
02

What is the local labor market outlook? Who are competing employers and what are their plans?



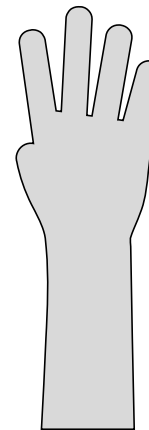
03

What are the changes in our facility lease or debt payments?



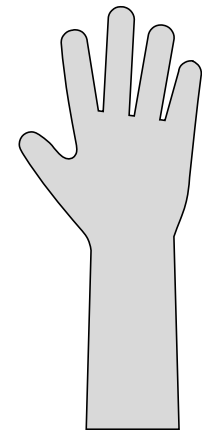
04

What is the average age of our tech equipment?



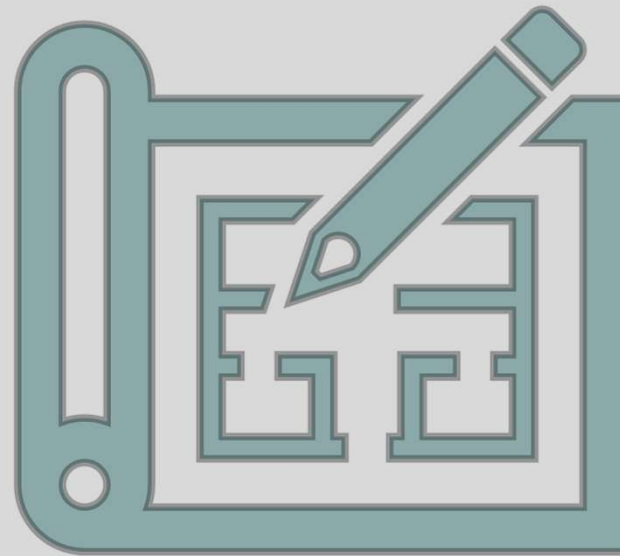
05

If applicable, what is the average age of our fleet?





# Forecasting Tool Demo



# Exercise: Financial Forecast Scenarios



Take 5-10 minutes to complete the forecast scenarios in the exercise

# Thank you!

Feel free to reach out if you have any questions.



**PARAGON**  
FINANCIAL SERVICES

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