

# Funding Overview and Practical Considerations

# Agenda

## Types of Charter Schools

- **Funding Differences**

## Funding Overview

- **State**
- **Local**
- **Federal**

## State/QBE Funding

- **Formula**
- **Waivers**
- **Allotment Sheet**

## Local Funding

## Helpful Links

## Questions

# Types of Charter Schools

Conversion  
Charter School

Start-up Charter  
School

Charter System  
Schools

Locally-  
Approved  
Charter School

State-Chartered  
Special School

# Conversion Charter School

## Definition

- Traditional public school that becomes a charter school
- Gains additional flexibility in exchange for higher levels of accountability

## Facts & Features

- 31 conversion charter schools in Georgia
- Strategy for turning around low-performing schools

## Relative Advantages:

- Student population, building, and operational systems and structures are already in place

## Federal/State Compliance

- Must comply with all Federal laws and regulations
- Must comply with all State laws, rules and regulations not waived by the Charter

# Start-up Charter School

## Definition

- Started by private individuals, private organizations, or state and local public entities

## Facts & Features

- Did not exist prior to the petition
- Most common type of charter school in Georgia (85)

## Relative Advantages

- Opportunity to start a school with everything needed to be a successful school

## Federal/State Compliance

- Must comply with all Federal laws and regulations
- Must comply with all State laws, rules and regulations not waived by the Charter

# State Chartered Special School

## Definition

- A start-up charter school approved by the State Board of Education after being denied by a local district

## Facts & Features

- Functions as its own Local Education Agency (LEA)
- Did not exist prior to the petition

## Relative Advantages

- Freedom from the oversight of a local district

## Federal/State Compliance

- Must comply with all Federal laws and regulations
- Must comply with all State laws, rules and regulations not waived by the Charter

# Funding Overview

# State/QBE

- The Quality Basic Education Act was enacted into law by the 1985 session of the Georgia General Assembly.
- The Act set out the provisions for educational funding for grades Kindergarten through twelve.
- Pre-K is not funded through QBE



## State/QBE (cont'd)

- Georgia utilizes a state funding formula that is based on the full-time equivalent (FTE) student counts in nineteen instructional programs.
- Cost components are identified for each program.
- Programs are weighted to reflect estimated costs associated with each program.

# Waivers

- The QBE Act (as amended) imposes certain requirements on school systems:
  - Maximum class sizes
  - Minimum expenditure levels
  - Employment requirements for Certificated Staff
- Charter schools have the ability to waive these requirements through specific or broad flexibility waivers.
  - A charter school may waive most state laws and SBOE rules, with the exception of those pertaining to health and safety, funding formulas, and accountability provisions.

# Components of the QBE Formula

# Full Time Equivalent Students (FTE)

- Obtained by using the student counts from March and October
- The count records the actual classes the students are attending for six segments of the school day.

# Direct Instructional Costs

Include salaries and benefits for Teachers, paraprofessionals (Kindergarten only), Subject Specialists (Art, Music, Physical Education, Foreign Language), Counselors, Technology Specialists.

Consumable Materials, Textbooks, Travel, and Equipment Replacement.

# Indirect Instructional Costs

Funds for Central Administration.

Funds for School Administration.

Facility Maintenance and Operations.

Funds for 20 Additional Days of Instruction.

## Media

- Media Specialist salary and benefits
- Operations costs

# Programs and Program Weights

- There are 19 different QBE programs.
- Six of these programs are for Exceptional Education students (Mild Resource, Moderate Resource, Moderate Self-Contained, Severe Self-Contained, Inclusion, and Gifted).
- QBE is a weighted funded formula based upon cost differentials for students in each program.

# Programs and Program Weights

- Examples include:
  - Grades 9-12 is the Base Unit Cost and carries a weight of 1.0000.
  - Kindergarten carries a weight of 1.6601.
  - Middle School carries a weight of 1.1218.



# Training and Experience (T&E)

- The formula provides salary funding for a T-4 teacher with 0 years of experience.
- T&E funds are provided to compensate for the difference between beginning and experienced teachers.
- The information is obtained from the CPI (*Certified Personnel Information*) report submitted to GADOE each October.

# What does all this look like?

# Georgia School System

School System: 611 - Bibb County		FY12 NEW MT(HI@1.4762%)					Earnings (\$)					EARNED POSITIONS					THE BASIC UNIT COST IS DEFINED TO BE THE AMOUNT OF \$2,431.69				
												← EARNED POSITIONS →									
												← GRADES K-12 →									
DIRECT INSTRUCTIONAL COST	FTE	SALARY	OPERATING	QBE EARNINGS	LESS LOCAL 5 MILLS	STATE FUNDS	Teacher	Subj. Spec	Couns.	Tech. Spec											
Kindergarten Pgm	2,024	9,323,985	127,029	9,451,014	1,766,257	7,684,757	134.93		4.38	1.84											
Kindergarten Early Intr Pgm	28	166,985	1,757	168,742	31,535	137,207	2.55		0.06	0.03											
Primary Grade(1-3) Pgm	5,259	19,071,436	370,816	19,442,252	3,633,474	15,808,778	309.35	15.24	11.38	4.78											
Primary Grd Early Intrv(1-3) Pgm	297	1,610,488	20,942	1,631,430	304,891	1,326,539	27.00	0.86	0.64	0.27											
Upper Elementary Grd(4-5) Pgm	3,288	9,099,340	180,938	9,280,278	1,734,349	7,545,929	142.96	9.53	7.12	2.99											
UppElem Grd Early Intrv(4-5)	273	1,480,348	15,023	1,495,371	279,463	1,215,908	24.82	0.79	0.59	0.25											
Middle Grade(6-8) Pgm	8	21,889	440	22,329	4,173	18,156	0.35	0.02	0.01	0.01											
Middle School(6-8) Pgm	4,514	13,998,755	248,403	14,247,158	2,662,587	11,584,571	225.70	13.08	7.23	4.10											
High School Gen Educ(9-12)	4,715	12,371,686	463,065	12,834,751	2,398,628	10,436,123	205.00		11.79	4.29											
Vocational Lab(9-12) Pgm	1,004	3,000,930	314,060	3,314,990	619,523	2,695,467	50.20		2.51	0.91											
Students with Disab Cat I	117	824,606	27,327	851,933	159,214	692,719	14.63			0.11											
Students with Disab Cat II	162	1,403,351	18,785	1,422,136	265,777	1,156,359	24.92			0.15											
Students with Disab Cat III	697	7,838,633	131,598	7,970,231	1,489,520	6,480,711	139.40			0.63											
Students with Disab Cat IV	80	1,496,795	32,562	1,529,357	285,815	1,243,542	26.67			0.07											
Students with Disab Cat V	220	1,550,542	89,546	1,640,088	306,509	1,333,579	27.50			0.20											
Gifted Student Category VI	906	4,272,246	77,472	4,349,718	812,899	3,536,819	75.50			0.82											
Remedial Education Pgm	13	49,173	547	49,720	9,292	40,428	0.87			0.01											
Alternate Education Pgm	255	1,106,729	14,033	1,120,762	209,454	911,308	17.00		2.55	0.23											
Eng. Splrs. of Other Lang.(ESOL)	58	466,756	2,439	469,195	87,686	381,509	8.29			0.05											
Spec Ed. Itinearant				34,294	6,409	27,885															
Spec Ed. Supplemental Speech				114,633	21,423	93,210															
<b>TOTAL DIRECT INSTRU.</b>	<b>23,918</b>	<b>89,154,673</b>	<b>2,136,782</b>	<b>91,440,382</b>	<b>17,088,878</b>	<b>74,351,504</b>	<b>1,457.64</b>	<b>39.52</b>	<b>48.26</b>	<b>21.74</b>											
<b>INDIRECT COST</b>											<b>EARNED POSITIONS</b>										
Central Admin		2,193,384	368,106	2,561,490	478,705	2,082,785					Supl.	Asst Supt	Prin.	Asst Prin.	Secy.	Acont.	VT/SW	Psych.	Sp Ed Ldr	Media Center	
School Admin		5,639,815	169,182	5,808,997	1,085,617	4,723,380					1.00	6.00			1.00	1.00	9.67	9.67	10.91		
Facility M & O			7,127,561	7,127,561	1,332,038	5,795,523							42.00	37.61	47.88						
Sub Total (INDIRECT COST)		7,833,199	7,664,849	15,498,048	2,896,360	12,601,688					1.00	6.00	42.00	37.61	48.88	1.00	9.67	9.67	10.91		
MEDIA CENTER PGM.		2,340,735	337,116	2,677,851	500,451	2,177,400														41.98	
20 DAYS ADDITIONAL INSTRUCTION		804,040		804,040	150,263	653,777															
STAFF & PROFESSIONAL DEV				560,515	104,752	455,763															
MIDTERM HOLD HARMLESS				1,369,743	255,985	1,113,758															
Amended Formula Adjustment						(16,806,624)															
Charter System Adjustment																					
<b>QBE FORMULA EARNINGS</b>		<b>100,132,647</b>	<b>10,138,747</b>	<b>112,350,579</b>	<b>20,996,689</b>	<b>74,547,266</b>	<b>1,457.64</b>	<b>39.52</b>	<b>48.26</b>	<b>21.74</b>	<b>1.00</b>	<b>6.00</b>	<b>42.00</b>	<b>37.61</b>	<b>48.88</b>	<b>1.00</b>	<b>9.67</b>	<b>9.67</b>	<b>10.91</b>	<b>41.98</b>	
<b>CATEGORICAL GRANTS</b>																					
Pupil Transportation Pgm (Includes 105 Drivers and bus replacement funds of 0)				1,780,228		1,780,228					<b>NOTES</b>										
Sparsity - Regular				0		0					1. Expenditure Controls relating to direct instructional costs, media center costs, staff and professional development costs and 20 Days on Additional Instruction have been waived and shall not apply to nor be enforceable against a local system in FY 2012.										
Sparsity - Alternative Program				0		0					2. Health Insurance for Certificated Personnel is funded at 18.534% in FY 2012 (HB 78)										
Sub Total (SPARSITY)				0		0					3. 'State Special Charter Supplement' subject to final general fund appropriation.										
Migrant Education				0		0															
<b>TOTAL EARNINGS FOR QUALITY BASIC EDUCATION</b>				<b>114,130,807</b>		<b>76,327,494</b>															
Education Equalization Funding Grant				6,330,399		6,330,399															
Nursing Services				346,130		346,130															
<b>TOTAL STATE FUNDING ON THIS ALLOTMENT SHEET</b>				<b>120,807,336</b>		<b>83,004,023</b>															
Charter Commission Admin - State						0															
Charter Commission Local Revenue						0															
State Health Reimbursement						67,132															
State Special Charter Supplement				0		0															
<b>TOTAL FUNDING ON THIS ALLOTMENT SHEET</b>				<b>120,807,336</b>		<b>83,071,155</b>															

# LEA Approved Charter



# State-Chartered Special School





# Midterm Adjustment

- Funding count updated for Amended Budget.
- Fall 2010 Student Count used to update FY 2012.
- Fall 2011 count will update FY2012 (Amended).
- Systems with FTE gains receive additional funding.
- Systems with declining enrollment DO Not lose State Funds in the Amended Budget (Hold Harmless).

# Austerity Cut

- Due to the current economic conditions in Georgia and the country as a whole an austerity reduction is included in the calculation of state funds earned by a school system.
- The deduction is approximately 16% of state funds earned by a school system.
- This deduction is identified on the allotment sheets as an amended formula adjustment.

# Local Funding

# How is local funding calculated?

- Local revenue should be allocated to a local charter school on the same basis as for any local school in the local school system.
- Local funding is only earned by Start-Up and Conversion Charter Schools (Not by State-Chartered Special Schools).

# How is local funding calculated? (cont'd)

- A ratio is created by dividing the QBE earnings of the charter school by the QBE earnings of the local approving school system.
- That ratio is multiplied by the local revenue generated by the local school system.

# Example

Charter (C) QBE	System QBE (S)	Ratio (R)	Local Revenue (L)	Local Charter Funding
\$100	\$1,000	100/1,000	\$1,500	\$150
C	S	$C/S=R$	L	$L*R$

# Helpful Links

- Allotment Sheets
  - [http://app3.doe.k12.ga.us/ows-bin/owa/qbe\\_reports.public\\_menu?p\\_fy=2000](http://app3.doe.k12.ga.us/ows-bin/owa/qbe_reports.public_menu?p_fy=2000)
- Revenue/Expenditure Reports by School System
  - [http://app3.doe.k12.ga.us/ows-bin/owa/fin\\_pack\\_revenue.entry\\_form](http://app3.doe.k12.ga.us/ows-bin/owa/fin_pack_revenue.entry_form)
- Data Reporting/GADOE
  - <http://www.gadoe.org/Technology-Services/Data-Collections/Pages/Home.aspx>
- Charter Schools/GADOE
  - <http://www.gadoe.org/External-Affairs-and-Policy/Charter-Schools/Pages/default.aspx>

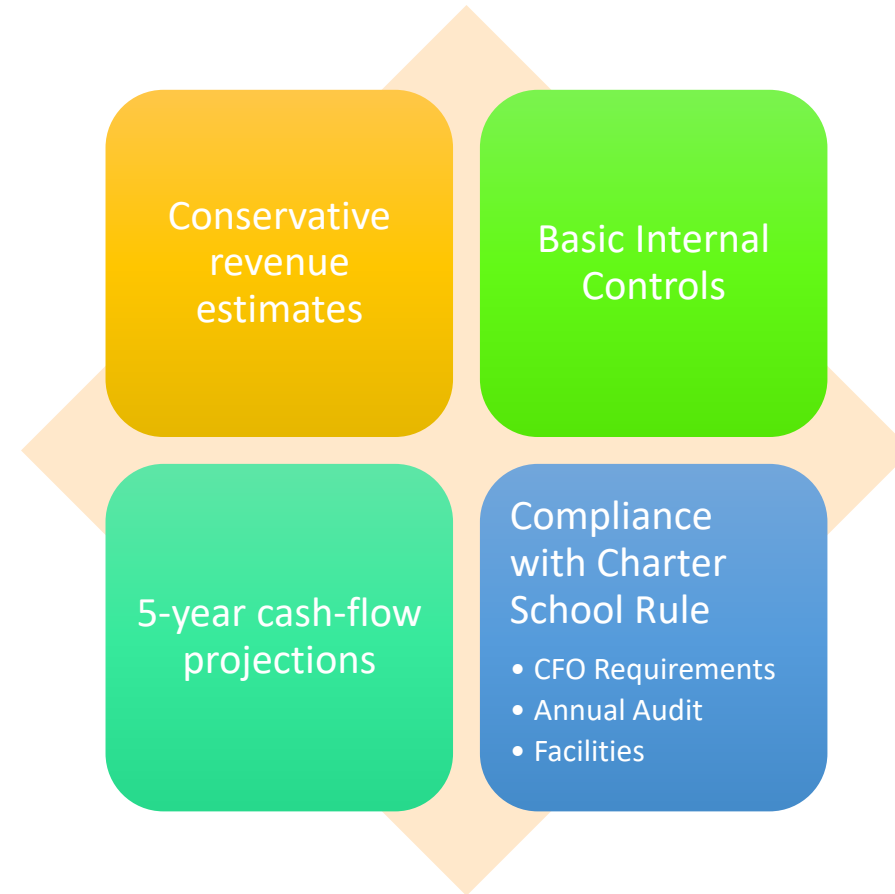
# Creating a Sustainable 5 Year Charter School Budget



# Governing Board Financial Management

- The ideal board member should have the following characteristics:
  - expertise in financial management and accounting.
  - experience in the financing and negotiation of commercial real estate.
  - broad management experience.

# Reasonable Financial Plan



# CFO Requirement

At the time you submit your petition you should have a highly qualified CFO or be in the process of recruiting one.

Name the person OR provide details of job qualification and rigorous hiring process

List how their qualifications match state requirements

If CFO selected, please provide resume

# CFO Requirement

Designation of a chief financial officer possessing the following credentials

Baccalaureate or higher degree in business, accounting, or finance from an accredited college or university and a minimum of four years experience in a field related to business; or

Documented experience of ten or more years in the field of business and financial management.

# Operational/ Financial Plan

What is a reasonable budget/financial plan?  
How do we make accurate, conservative  
revenue estimates?

# A Quick Look at the Budget Template

[Charter Petitioner Resources - GCSA Conf\Petition Budget Templates.xls](#)

# Common Petition Budget Mistakes

Overestimating  
funding

Underestimating  
expenses

Including  
competitive grants  
as a source of  
revenue

Budget Deficits

Negative ending  
cash amounts

5 Yr Budget  
numbers do not  
match Cash Flow  
Projection numbers

Fuzzy Assumptions

# Facilities

Make reasonable rent or mortgage estimates when a facility hasn't been secured

- Provide documentation to support your estimate

Provide all information requested on the application

- Geographic region
- Facility descriptions
- Permits, Certificate of Occupancy and documents of ownership/lease
- Etc.



# Useful Links

## Budget Template

- <http://www.gadoe.org/External-Affairs-and-Policy/Charter-Schools/Pages/Charter-Petition-Application.aspx>

## School System Revenues/Expenditures

- [http://app3.doe.k12.ga.us/ows-bin/owa/fin\\_pack\\_revenue.entry\\_form](http://app3.doe.k12.ga.us/ows-bin/owa/fin_pack_revenue.entry_form)

## QBE Reports

- [http://app3.doe.k12.ga.us/ows-bin/owa/qbe\\_reports.public\\_menu?p\\_fy=2000](http://app3.doe.k12.ga.us/ows-bin/owa/qbe_reports.public_menu?p_fy=2000)

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