# 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

LocallyApproved
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**



Earnings Sheet for FY 2012

THE BASIC UNIT COST IS DEFINED TO BE THE AMOUNT OF \$2,431.69 FY12 NEW MT(HI@1.4762%) School System: 611 - Bibb County Earned Positions Eamings (\$)--Grades K-12-DIRECT INSTRUCTIONAL QBE LESS LOCAL Subi Tech. OPERATING STATE FUNDS FTE SALARY Teacher Couns. EARNINGS 5 MILLS Spec 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 166,985 1,757 168,742 31,535 137,207 2.55 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 15,023 1,495,371 24.82 0.79 0.25 1.480.348 279,463 1,215,908 0.59 Middle Grade(6-8) Pgm 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 1,550,542 89,546 1,640,088 306,509 27.50 Students with Disab Cat V 220 1,333,579 0.20 Gifted Student Category VI 906 4,272,246 77,472 4,349,718 812,899 3,536,819 75.50 0.82 40,428 Remedial Education Pgm 13 49,173 547 49,720 9,292 0.87 0.01 14,033 Alternate Education Pgm 255 1,106,729 1,120,762 209,454 911,308 17.00 2.55 0.23 Eng.Spkrs.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 Sp Ed VT/SW TOTAL DIRECT INSTRUC. 21.74 Supt. Prin. Psych. 23,918 89,154,673 2,136,782 91,440,382 17,088,878 74,351,504 1,457.64 39.52 48.26 Supt INDIRECT COST 2,193,384 368,106 2.561.490 478,705 2.082.785 1.00 6.00 9.67 10.91 Central Admir 1.00 1.00 School Admin 5.639.815 169.182 5.808.997 1.085.617 4.723.380 42.00 37.61 47.88 Facility M & O 7,127,561 7,127,561 1.332.038 5,795,523 Sub Total (INDIRECT COST) 7,833,199 15,498,048 12 601 688 37.61 48.88 9.67 9.67 10.91 7.664.849 2.896.360 1.00 6.00 42.00 1.00 MEDIA CENTER PGM. 2.340.735 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 100.132.647 10.138.747 112,350,579 20,996,689 QBE FORMULA EARNINGS 74,547,266 1,457.64 39.52 6.00 42.00 37.61 48.88 CATEGORICAL GRANTS NOTES Expenditure Controls relating to direct instructional costs, media center costs, staff and professional Pupil Transportation Pgm (Includes 105 Drivers and bus replacement funds 1,780,228 1,780,228 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 - Regular 2. Health Insurance for Certificated Personnel is funded at 18.534% in FY 2012 (HB 78) Sparsity - Alternative Program 3. State Special Charter Supplement 'subject to final general fund appropriation. Sub Total (SPARSITY) Migrant Education TOTAL EARNINGS FOR QUALITY BASIC EDUCATION 114,130,807 76,327,494 Education Equalization Funding Grant 6,330,399 6,330,399 Nursing Services 346,130 346,130 TOTAL STATE FUNDING ON THIS ALLOTMENT SHEET 120.807.336 83.004.023 Charter Commission Admin - State Charter Commission Local Revenue State Health Reimbursement 67,132 State Special Charter Supplement 83.071.155 TOTAL FUNDING ON THIS ALLOTMENT SHEET 120,807,336



# **LEA Approved Charter**



3/7/2012

#### Georgia State Department Of Education Earnings Sheet for FY 2012

School System: 761 - Atlanta Public Schools THE BASIC UNIT COST IS DEFINED TO BE THE AMOUNT OF \$2,431.69 FY12 SITE(HI@1.4762%) School: 0605 - KIPP West Atlanta Young Scholars Earned Positions Academy-0605 Eamings (\$)--Grades K-12-DIRECT INSTRUCTIONAL LESS LOCAL FTE SALARY OPERATING STATE FUNDS Teacher Couns. COST **EARNINGS** 5 MILLS Spec Spec Kindergarten Pgm Kindergarten Early Intr Pgm Primary Grade(1-3) Pgm Primary Grd Early Intrv(1-3) Pgm Upper Elementary Grd(4-5) Pgm 70 167,474 3.852 171,326 83,405 87.921 UppElem Grd Early Intrv(4-5) 32,815 385 33,200 16,162 17,038 Middle Grade(6-8) Pgm 0 Middle School(6-8) Pgm 238 638,080 13,097 651,177 317,004 334,173 High School Gen Educ(9-12) Vocational Lab(9-12) Pgm 0 0 Students with Disab Cat I Students with Disab Cat II 0 Students with Disab Cat III 944 49,557 24,125 25,432 48,613 Students with Disab Cat IV Students with Disab Cat V 0 Gifted Student Category VI Remedial Education Pgm Alternate Education Pgm Eng.Spkrs.of Other Lang.(ESOL) Spec Ed. Itinearant 865 421 444 Spec Ed. Supplemental Speech Asst Prin VT/SW TOTAL DIRECT INSTRUC. 320 886,982 18,278 906,125 441,117 465.008 INDIRECT COST 27,154 Central Admin 4,925 32,079 15,617 16,462 School Admin 89,496 2,076 91,572 44,579 46,993 Facility M & O 95.360 95,360 46,423 48.937 Sub Total (INDIRECT COST) 116,650 219,011 106,619 112,392 102,361 MEDIA CENTER PGM. 27,019 4,345 31,364 15,269 16,095 20 DAYS ADDITIONAL INSTRUCTION 10,221 10,221 4,976 5,245 STAFF & PROFESSIONAL DEV 6,472 3,151 3,321 MIDTERM HOLD HARMLESS Amended Formula Adjustment Charter System Adjustment QBE FORMULA EARNINGS 571,132 602,061 1,040,872 124,984 1,173,193 NOTES



# State-Chartered Special School



School System: 783010	3 - CCAT			FY12 NEW MT(HI@1.4762%)									
	·		Eamings (\$)							Earned Positions > Grades K-12 >			
DIRECT INSTRUCTIONAL	FTF	SALARY	OPERATING	QBE	LESS LOCAL	STATE FUNDS	Teacher	Subj.	Course	Tech.	1		

THE BASIC UNIT COST IS DEFINED TO BE THE AMOUNT OF \$2,431.69

l	•		E	amings (\$)———			→ Grades K-12>													- 1
DIRECT INSTRUCTIONAL COST	FTE	SALARY	OPERATING	QBE EARNINGS	LESS LOCAL 5 MILLS	STATE FUNDS	Teacher	Subj. Spec	Couns.	Tech. Spec										
Kindergarten Pgm	0		0	0	0	0	0.00		0.00	0.00										
Kindergarten Early Intr Pgm	0	0	0	0	0	0	0.00		0.00	0.00										
Primary Grade(1-3) Pgm	0	0	0	0	0	0	0.00	0.00	0.00	0.00										
Primary Grd Early Intrv(1-3) Pgm	0		0	0	0	0	0.00	0.00	0.00	0.00										
Upper Elementary Grd(4-5) Pgm	0		0	0	0	0	0.00	0.00	0.00	0.00										
UppElem Grd Early Intrv(4-5)	0	0	0	0	0	0	0.00	0.00	0.00	0.00										
Middle Grade(6-8) Pgm	7		385	20,036	0	20,036	0.30	0.02	0.01	0.01										
Middle School(6-8) Pgm	37	117,731	2,036	119,767	0	119,767	1.85	0.11	0.06	0.03										
High School Gen Educ(9-12)	46	123,842	4,518	128,360	0	128,360	2.00		0.12	0.04										
Vocational Lab(9-12) Pgm	4	12,267	1,251	13,518	0	13,518	0.20		0.01	0.00										
Students with Disab Cat I	0	0	0	0	0	0	0.00			0.00										
Students with Disab Cat II	0	0	0	0	0	0	0.00			0.00										
Students with Disab Cat III	4	46,156	755	46,911	0	46,911	0.80			0.00										
Students with Disab Cat IV	3	57,591	1,221	58,812	0	58,812	1.00			0.00										
Students with Disab Cat V	0	0	0	0	0	0	0.00			0.00										
Gifted Student Category VI	14	67,736	1,197	68,933	0	68,933	1.17			0.01										
Remedial Education Pgm	17	65,978	715	66,693	0	66,693	1.13			0.02										
Alternate Education Pgm	2	8,906	110	9,016	0	9,016	0.13		0.02	0.00										
Eng.Spkrs.of Other Lang.(ESOL)	0	0	0	0	0	0	0.00			0.00										
Spec Ed. Itinearant				0	0	0														
Spec Ed. Supplemental Speech				0	0	0						Asst				d Positio			8p Ed	Media
TOTAL DIRECT INSTRUC.	134	519,858	12,188	532,046	0	532,046	8.58	0.13	0.22	0.11	Supt.	Supt	Prin.	Asst Prin.	Secty.	Acont.	VT/SW	Psych.	Ldr	Center
INDIRECT COST																				
Central Admin		12,202	2,062	14,264	0	14,264					0.00	0.00			0.00	0.00	0.05	0.05	0.10	$\overline{}$
School Admin		86,790	850	87,640	0	87,640							1.00	0.25	0.24					
Facility M & O			39,932	39,932	0	39,932														
Sub Total (INDIRECT C	OST)	98,992	42,844	141,836	0	141,836					0.00	0.00	1.00	0.25	0.24	0.00	0.05	0.05	0.10	
MEDIA CENTER PGM.		10,650	1,746	12,396	0	12,396														0.19
20 DAYS ADDITIONAL INSTRUC	TION	4,274		4,274	0	4,274														
STAFF & PROFESSIONAL DEV				3,245	0	3,245														$\overline{}$
MIDTERM HOLD HARMLESS				0	0	0														
Amended Formula Adjustm	ent					(124,309)														
Charter System Adjustment																				
QBE FORMULA EARNINGS		633,774	56,778	693,797	0	569,488	8.58	0.13	0.22	0.11	0.00	0.00	1.00	0.25	0.24	0.00	0.05	0.05	0.10	0.19
CATEGORICAL GRANTS	_	•					NOTES	1 Even	nditure Cor	ntrole relatio	on to dire	of Inches	otional co	ete madis	center o	nete eta	W and or	ninesice		$\neg \neg$
Pupil Transportation Pgm (in 0)	cludes 0 Driv	ers and bus repla	cement funds of	0		0	NOTES 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 - Regular				0		0	Lealth Insurance for Certificated Personnel is funded at 18.534% in FY 2012 (HB 78)						I							
County Altomatica Departs	-						2. Health intotrative for Germicated Personner to idflued at 10.534% Iff PT 2012 (FID 70)													

CATEGORICAL GRANTS		
Pupil Transportation Pgm (Includes 0 Drivers and bus replacement fund)	dis of 0	0
Sparsity - Regular	0	0
Sparsity - Alternative Program	0	0
Sub Total (SPARSITY)	0	0
Migrant Education	0	0
TOTAL EARNINGS FOR QUALITY BASIC EDUCATION	693,797	569,488
Education Equalization Funding Grant	0	0
Nursing Services	21,762	21,762
TOTAL STATE FUNDING ON THIS ALLOTMENT SHEET	715,559	591,250
Charter Commission Admin - State		0
Charter Commission Local Revenue		0
State Health Reimbursement		94,528
State Special Charter Supplement	316,335	316,335
TOTAL FUNDING ON THIS ALLOTMENT SHEET	1,031,894	1,002,113



<sup>3.</sup> State Special Charter Supplement' subject to final general fund appropriation.

## 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 <u>DO Not</u> 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
С	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
- Revenue/Expenditure Reports by School System
  - 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

Conservative **Basic Internal** revenue Controls estimates Compliance with Charter School Rule 5-year cash-flow projections • CFO Requirements Annual Audit Facilities



### 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

• <a href="http://app3.doe.k12.ga.us/ows-bin/owa/fin">http://app3.doe.k12.ga.us/ows-bin/owa/fin</a> pack revenue.entry form

#### **QBE** Reports

 http://app3.doe.k12.ga.us/owsbin/owa/qbe reports.public menu?p fy=2000



# Charter Schools and District Flexibility Division

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