CHARTER SCHOOL FUNDING
Can’t stress enough how important it is to budget conservatively and know what you can afford for your positions before you hire

This is truly an eye opener for most people when they realize just how little money is left to cover other necessities.....

Once you have setup your budget & set aside approx 85% for salaries & benefits....

What’s left?
approx 15% to cover other necessary expenses / supplies, utilities, books, computers, maintenance & possibly transportation and these are all big ticket items.
What will happen to your budget if only 100 of those students actually show up?

Enrollment is a moving target with no guarantees the best way to work with this is to:

- Budget ultra conservatively and hire in the same manner

It is very important to determine what you can afford to pay positions. Establish budget you can adhere too follow through with when hiring. Someone with more teaching experience will cost more than someone with just a few years of experience.

Say you are hiring for a position and you have budgeted to hire a less experienced person. The person that is ultimately hired has much more experience and brings a much higher cost for salaries & benefits.

- Was there room in the budget to cover the increased costs for this position?
- If not, with limited funds what will you cut to offset this increased expense, supplies, utilities, books, computers, maintenance or possibly transportation?

Remember you must have a balanced budget and maintain this balanced budget throughout the year.
Now that you know what is considered a day of attendance

Let's look at how attendance is used for funding
Attendance

- **Aggregate Attendance** - is the total # students physically present that week.
  - Daily attendance will be aggregated by the week and reporting period.

- **ADA (Average Daily Attendance)** - “the average number of days students are present, divided by the number of days of school...” I.C. 33-1001

**Note:** No student shall generate more than one (1.0) ADA.

Aggregate Attendance drives funding - The number of students in attendance each week

To find the ADA for the week:

\[
\text{Aggregate Attendance} \div \text{#of days in Session} = \text{ADA (Average Daily Attendance)}
\]
Payments from July through November are estimates based on your enrollment projections.
So important to use conservative enrollment projections so you are not over paid.

The February 15th payment is where the rubber meets the road. How close were your projections?
Over estimating will mean more expenditures than revenue
Possibly leaving you with a negative year end balance
Through the ISEE (Idaho System of Educational Excellence) data uploads you will be able to determine how close your projections are in November – December.

Most Charter schools that fail, will do so due to poor financial management. Not projecting with an ultra conservative outlook. Which will leaves them in a position of not having enough revenue to cover their expenditures. Idaho Code requires you have a balanced budget and maintain this balanced budget throughout the year and every year.

<table>
<thead>
<tr>
<th>TYPES OF FUNDING</th>
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</thead>
<tbody>
<tr>
<td><strong>Midterm Reporting Period:</strong></td>
</tr>
<tr>
<td>– Attendance from the 1st day of school through and including the 1st Friday in November.</td>
</tr>
<tr>
<td>– Funds approx 80% of State funding for the year</td>
</tr>
<tr>
<td>– Drives salary and benefit apportionment &amp; various special distributions</td>
</tr>
<tr>
<td><strong>Best 28 Weeks:</strong></td>
</tr>
<tr>
<td>– 1st week of attendance through and including the last week of attendance</td>
</tr>
<tr>
<td>• Throw out all but the best 28 weeks</td>
</tr>
<tr>
<td>– Fund approx 20% of state funding for the year</td>
</tr>
<tr>
<td>– Drives the distribution factor</td>
</tr>
</tbody>
</table>
What is a Support Unit

ADA/Divisor = Unit

UNIT DRIVES

– Salaries & Benefits & various Special Distributions
  • Midterm reporting period
– Discretionary Funding
  • Best 28 weeks

ADA is derived from the Aggregate Attendance – # of students in their seats each day
Take the aggregate attendance and divide this by the number of calendar school days = ADA

Divisor is taken from the Unit Calculation Table setup in IC 33-1002(4) (which we will look at next)

Due to the number of charters that do not make it due to financial reasons
It can not be stressed enough be CONSERVATIVE! If enrollment is over estimated the support unit will be over estimated. Resulting in over payment from the SDE.

When you are hiring for the business manager or finance position, it is advised to find someone with a strong accounting background (CPA), school finance background or both. I understand that most people that open charter schools have a business background. Just a word of CAUTION school finance does not operate the same as private industry. It has many different layers and will take time to fully understand all the inner workings that ultimately calculate the SUPPORT UNIT that pays salaries, benefits & discretionary funding. Hiring someone without experience is a recipe for disaster.

You want to know the person managing the funds can sit down and drive. Not trying to figure out how to put the key in the ignition.
The support unit calculation table will determine what divisor will be used to find the support unit for each grade grouping.

When you look at this calculation table keep in mind this is based on ADA (Average Daily Attendance) not enrollment.

K  Takes a minimum of 41 students to equal 1 unit / Only funded for .5 day
1-6  Notice the divisor for secondary is lower / since secondary is more expensive to educate – much more overhead
7-12

<table>
<thead>
<tr>
<th>Grade</th>
<th>Units Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>K</td>
<td>1 or more as computed</td>
</tr>
<tr>
<td>1-6</td>
<td>.85</td>
</tr>
<tr>
<td>7-12</td>
<td>.5</td>
</tr>
</tbody>
</table>

**Support Unit Calculation Table**

Idaho Code 33-1002
(ADA is converted to Support Units)

- Smaller the divisor the greater the funding
Projected Unit Calculation

Charter Support Unit Calculation Template
SY 2015-2016

http://www.sde.idaho.gov/finance/index.html

CAUTION: Project Conservatively

This template will help you walk through projecting your units for both Midterm reporting period and best 28 weeks.

This is an extremely valuable tool to use in your budgeting process. This will help take some of guess work out of the process.
Projected Unit Calculation Template

This is an excel spreadsheet and this first page once it is filled out will populate the following spreadsheets.

Using your conservative projected fall enrollment enter this in the first column enter this for each of the grade groupings

   K / 1-3 / 4-6 / Secondary

2nd column is for the state wide average ADA 95% of enrollment Midterm Reporting Period

3rd column is for the state wide average ADA 93% of enrollment Best 28 Weeks Reporting Period

Once this is complete you can move through the tabs at the bottom to see how your enrollment projection will calculate into the unit you will use for the discretionary funding and working through the salary based apportionment and Pam will be going over this with you in a moment.

If your fall enrollment is over estimated this will mean your budget will be inflated and more than likely allowing for overspending and possibly ending the school year with a deficit.

Very difficult to pull out of a negative balance when there are so many needs to fill.
The next two tabs will project the Midterm Support Unit - (based on ADA being 95% as state wide average of enrollment) – This will be used to process the salary based apportionment – funding salaries & a portion of your benefits. Please keep in mind the State only funds for PERSI, FICA & Medicare which currently is 18.97%.

The February 15th payment will be the first payment based on current year data and will begin to true up the total amount to be paid for the year since all of the previous payments have been based on projections.

The spreadsheet will prefill showing your projected ADA of your projected enrollment, Special Ed Adj, the Adjusted ADA divided by the unit divisor pulled from the unit calculation table and finally the support units for each grade grouping.

Please note the total units of 29.58

As we go to the next tab
You will see these look the same but does not include the secondary special education adjustment. This is just another way to look at the unit calculation.

w/o the secondary special ed adjustment the total support units on this page is 28.68 compared to the 29.58 on the previous tab.

When Pam & I are processing payments we look at both calculations and fund on the higher of these two.

As you look at these and determine which support unit to use to project your budget please go the conservative route and use the lower of these two.
These next two tabs will project for Best 28 Weeks – Discretionary funding – Paid on July 15th

Based on ADA being 93% as the state wide average of enrollment

This spreadsheet will prefill showing your projected ADA, less the Special Ed adj, the Adjusted ADA divided by the unit divisor pulled from the unit calculation table and finally the support units for each grade grouping.
Once again these look the same but it does not include the secondary special education adjustment.

Again please use the lower of the two support units in your budgeting process.
The last tab is estimating the exceptional child unit approvals. This will walk you through the special ed adjustment for elementary & secondary. These numbers will tie back to four previous support unit calculation spreadsheet for the special ed adjustment.

This calculation is set by Idaho Code and allows for a lower unit divisor to be used to increase funding for special ed students. We know that Special Education is extremely expensive to operate and by no means will cover the actual costs of the program.

Now that you are riveted to your seats waiting for more, Pam will talk to you about staffing.
Support Units are used to determine Staffing.

**Staff allowance Idaho Code 33-1004**

Every support unit that is generated is multiplied by the Staff Allowance Ratio on the Salary Based Apportionment

<table>
<thead>
<tr>
<th>Staff Category</th>
<th>Certificated Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructional Staff</td>
<td>Certificated Positions: Instructional Staff – direct instruction of students</td>
</tr>
<tr>
<td>Pupil Services</td>
<td>Certificated Positions: Certified Staff – not directly involved with student instruction</td>
</tr>
<tr>
<td>Administrative Staff:</td>
<td>Charter Administrator, Principal, Program Director</td>
</tr>
<tr>
<td>Noncertified Staff:</td>
<td>Business Manager, Aides, Office Support, Custodial, Maintenance, Tech Support</td>
</tr>
</tbody>
</table>

This is the allowance that is multiplied with each Support Unit to give you an estimate for funding your Staff – you will see how it is used in a following sheet.

Instructional Staff: those involved in the direct instruction of a student or group of students and who hold an Idaho certificate issued under I.C. 33-1201

Pupil Services: those who provide services to students but are not involved with the direct instruction of those students, including staff holding a pupil service certificate. Includes athletic facilitator, mentor specialist, counselors, occupation and physical therapist, school nurses and education media.

Administrative: those who hold an administrator certificate and are employed as a superintendent, an elementary or secondary school principal, or are assigned administrative duties over and above those assigned to teachers

Noncertified: Business managers, aides, office support, custodial, maintenance staff.
### How many Support units Generate a Position?

<table>
<thead>
<tr>
<th>Units X the Staff Allowance Ratio</th>
<th>FTE</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>29.58 Units X 1.021 = 30.20 FTE</td>
<td></td>
<td>Instructional</td>
</tr>
<tr>
<td>29.58 Units X .079 = 2.34 FTE</td>
<td></td>
<td>Pupil Services</td>
</tr>
<tr>
<td>29.58 Units X .075 = 2.22 FTE</td>
<td></td>
<td>Administrative</td>
</tr>
<tr>
<td>29.58 Units X .375 = 11.09 FTE</td>
<td></td>
<td>Noncertified</td>
</tr>
</tbody>
</table>

Units X the Staff Allowance Ratio = FTE

Per our example, this is the amount of staff that would be funded
Who you hire makes a difference

Newly certified teacher w/o experience will cost less
VS
Seasoned certified teacher w/ years of experience

Depending on their education and experience teachers will be placed in a cohort on the Career Ladder.

Who you hire impacts your funding, the state does not pay a specific amount per teacher, your focus should be on who is the best person for your opening.
This template will help you walk through projecting who you may want to hire

This is an extremely valuable tool to use in your budgeting process. This will help take some of guess work out of the process.
Date Elements Screen
Found out on our website – same place as the Support Unit Calculation

This is the first tab when you open the Salary Based Apportionment - Template Charter

Enter information on this sheet which will populate the SBA spreadsheet – the Red will populate from Templates you will fill out for Staffing (upcoming sheets) The yellow will be filled out manually per your estimated salaries and Noncertified FTE.

If you have questions as you go through this exercise to build a budget, please call and we will be happy to walk you through the steps.
Admin Index

Add the Admin Staff you estimate based on their years of certified experience and degrees earned.

In this example you will get an Index of 1.86980 that you will multiply by the base salary created.
Mapping FY15 Instructional Staff FTE

Place Certified teachers on the table based on years of certified experience and degrees earned – this will populate a table for the career ladder.

This is based on where that instructional staff member would be as of September 2014.

This template shows how we map teachers from the existing system to the new Careel Ladder. Next year this sheet will look different as teachers will be moving up the rungs on the ladder.
Instructional staff worksheet – creates your Estimated salary and gives you an Average Salary

Information from previous sheet, showing were the teachers will fall on the career ladder. NOTE if you have a first year teacher without certified experience, place them here (yellow cell)

Also enter any Advanced Degrees for those with Professional Endorsements (three years of experience) and those that have a BA+24 or MA.
Pupil services index

Enter Pupil Services FTE in this area, it will populate the Data Elements sheet
Pupil services minimum adj – this table shows Pupil Service FTE’s that do not meet the minimum salary, shows the difference needed.

This table will show you who falls below the minimum salary $32,703 based on the SDE base salary of $24,055 and will pay the difference to meet that minimum salary required.

<table>
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<tr>
<th>Year</th>
<th>BA</th>
<th>BA+12</th>
<th>BA+24</th>
<th>MA+36</th>
<th>MA+12</th>
<th>MA+24</th>
<th>MA+60</th>
<th>ES/DR</th>
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<tbody>
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<td>$7,748</td>
<td>$5,636</td>
<td>$4,830</td>
<td>$3,784</td>
<td>$2,699</td>
<td>$1,573</td>
<td>$407</td>
</tr>
<tr>
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<td>$7,740</td>
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<td>$5,836</td>
<td>$4,830</td>
<td>$3,784</td>
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<td>$1,573</td>
<td>$407</td>
</tr>
<tr>
<td>2</td>
<td>$8,810</td>
<td>$6,330</td>
<td>$4,830</td>
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<tr>
<td>3</td>
<td>$9,830</td>
<td>$4,830</td>
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</tbody>
</table>

Total $3,784
Based on information we used from Support Unit Calc, Data Elements about your Charter School from previous sheet, and Admin Index, Career Ladder and Pupil Services Index sheets

Conservative projection

Admin $137,370.18
Instructional $1,116,455.62
Pupil Services $81,292.20
Noncertified $219,919.91

Total Salaries $1,555,037.90
Total Benefits $294,990.69

Remember the Benefit Apportionment is only Persi, FICA and Medicare for a total of 18.97% - note it does not fund your health, dental, eye insurance etc.

GRAND TOTAL $1,850,028.59

This is approx the 80% of the funding you will receive through the state foundation calculation
How to Succeed

- Budgeting Tools
  - Support Unit Calculation Template
    - Be conservative in enrollment projections
  - Salary Based Apportionment Template
    - Know what you can afford to pay staff before hiring
    - Know what it takes to have a full-time Administrator
  - Have a plan to continue after one time grant money is expended
- Financial & Personnel Management Software
- Student Management Software
- Network with others that are a similar size as you are

Never budget based on dollars per student

Please take serious consideration into the people you hire to handle your finances. School Finance is very complex and it will be to your benefit if they have accounting (CPA) or school finance background. If they don’t have either this is a recipe for disaster.

Check with other Charters / Districts to see what Financial & Personnel & Student Management software might work best for you
These are important dates to remember, both payment dates and deadlines.

The July 31st Advance payment is based on estimated enrollments, the first year it is a “given” - your Charter school will receive this, after that you must qualify.

To qualify you must increase your student count or add a grade to your Charter school.

The July 31st and the August 15th are a percentage with the amount based on if you received the July 31st payment or not. By the time your November payment arrives you will have received almost 70%

This is a good reminder to be conservative, 70% is a large amount if you have missed your budget as the payments after November will be to true up the estimate.
IDAHO DEPARTMENT OF EDUCATION
Public School Finance

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