

Be Prepared!

Financial Management in California's Uncertain Fiscal Climate

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Introductions

Panel

Roger Lowenstein – Founder, Los Angeles Leadership Academy
 Joe Lucente – Founder and Board Chair, Fenton Charter Public Schools

Facilitators

Bryce Fleming – Senior Director of Client Management and School Finance, EdTec
 Kristin Dietz – VP of Client Management and Financial Compliance, EdTec

About EdTec

- Founded in 2001 to **develop, support and advance quality charter schools**
- A **social mission-driven** organization, EdTec's social impact spans:

300+ Partner Schools	160K+ Students Supported	380+ Staff Years of Charter Expertise
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- Known for **best-in-class business and operations services**:


Back-Office Business Services	Data Services
Charter Development	Governance Support

Topics

Real World Strategies for:

1. Dealing with Current Budget Challenges
2. Creative Ways to Increase Revenues
3. Reducing Costs
4. Managing Cash Flow

Current Budget Challenges



Current Budget Challenges

Revenues

- Local Control Funding Formula (LCFF)
- Other Revenues

Expenses

- Staffing
- Benefits
- Other (SpEd, Facilities)

Uncertainty

Current Budget Challenges: Other Expenses 10

- Facilities
- Special Education
- Other?

Current Budget Challenges: Uncertainty 11

- **Economic** – California appears to be headed towards a recession, but how long and how severe will have a huge impact on school funding
- **"NO FEDERAL FUNDS?"** – Chance that California loses Federal funding specific to education and/or that overall state budget is hurt by federal changes
- **Deferrals** - State is starting to implement cash deferrals again, schools may need to budget for financing costs


Budget Challenges: Example High School 12

Decrease in total revenue and increasing costs could make 2017-18 a challenging budget year even for schools with a healthy 2016-17 budget

Revenue	2016-17	2017-18	
Principal Apportionment	3,000,000	3,030,000.00	→ 1% increase in LCFF
Federal Revenue	150,000	151,500.00	
Other State Revenue	600,000	472,900.00	→ Decrease in Mandate funding and no CRBG
Local and Fundraising	250,000	252,500.00	
Total	4,000,000	3,906,900	
Expenses			
Certificated	1,500,000	1,545,000	→ Increases in STRS and Health Benefits
Classified	400,000	412,000	
Benefits	500,000	537,500	
Books and Supplies	350,000	360,500	
Services and Operating	1,000,000	1,030,000	
Other	50,000	51,500	
Total	3,800,000	3,936,500	
Operating Income	200,000	(29,600)	

Includes 3% increase in all other budget categories except STRS and health

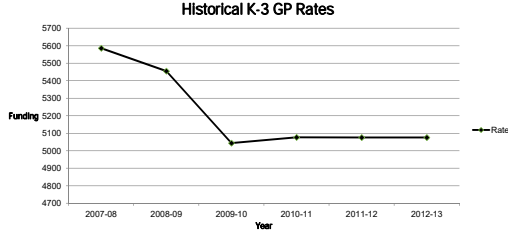
Potential Future Challenges



Revenue: General Purpose Funding – 2008 - 2013

Rates decreased from 2008-2010 and remained flat for several year

Historical K-3 GP Rates



Year	Rate
2007-08	5600
2008-09	5450
2009-10	5050
2010-11	5050
2011-12	5050
2012-13	5050


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Cash Flow: Deferrals – 2011-12


- FY 12 - 55% of State Aid funds were deferred
- Deferrals occurred in eight different months
- Over 36% of funds pushed into the next fiscal year


	2011-12												2012-13		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL	Jul	Aug
Standard Schedule	5.00%	5.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	100%		
Deferral	-5.00%	-5.00%	2.82%	-9.00%			2.18%	-5.11%	-1.20%	-3.11%	-8.00%			2.82%	
Deferral						9.00%								1.93%	1.09%
Deferral														3.15%	5.12%
Deferral														9.00%	3.34%
Actual Funding	0.00%	0.00%	11.82%	0.00%	0.00%	0.00%	25.18%	1.12%	3.88%	1.67%	1.91%	0.00%	63.57%	21.68%	14.74%

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Increasing Revenues





Ways to Increase Revenues

Strategies...

Increase ADA, enrollment

- Sharing info with staff, parents regularly
- Holding all levels accountable
- Independent Study?
 - How hard is it to implement and stay in compliance?


Funding sources – stay informed

- Listserves (LAO, CSFA, FCMAT, CDE, etc)
- Membership in key organizations (School Services, etc.)


Data systems


- Strong internal controls – are CALPADS submissions and ADA counts accurate?

Special programs and fundraising




Reducing Costs




Strategies for Reducing Costs 

- Review and share financial reports with Board regularly (at least quarterly, monthly preferred)
- Know the details of your school's finances – study reports, ask questions
- Have the right people on your Board (experts in multiple business areas)
- Lease rather than purchase
- Develop proficiency of staff and cross training
- Know when to outsource, leverage expertise and create system that ensures continuity
- Creative staffing – part-time vs. full-time
- Effective monitoring of personnel costs – overtime, contracted substitutes
- Nutrition, after school programs - outsourcing

Managing Cash Flow



Ways to Manage Cash Flow 



- Review cash balances and forecasts regularly
 - Accurate and timely financial reports
- Maintain/build adequate reserves to weather financial downturns and deferrals
- Know your need to borrow well in advance of the actual need
- Banking relationships – lines of credit, customer service
- Board member relationships
- Season and manage payables – don't be afraid to ask for terms or payment plans
- Shop prices, get multiple quotes
- Keep your board informed and abreast of info – there is a BIG difference between "budget" and "cash flow"

Special thanks to Roger & Joe!

Thank you!

ADDITIONAL QUESTIONS? CONTACT US:

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