Benchmarks for Budgeting: How Do You Measure Up?

MARCH 12, 2019

CCSA CONFERENCE

edtec

Charter School Specialists

BUSINESS • OPERATIONS • PERFORMANCE

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Introduction

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About the Presenters

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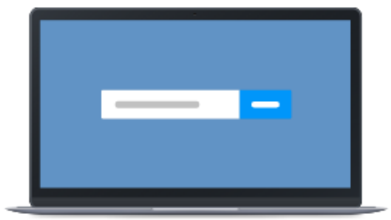
Introductions – Pollev.com/edtec599

How to join

Web



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Text

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Who are you?

Administrator

New School Developer

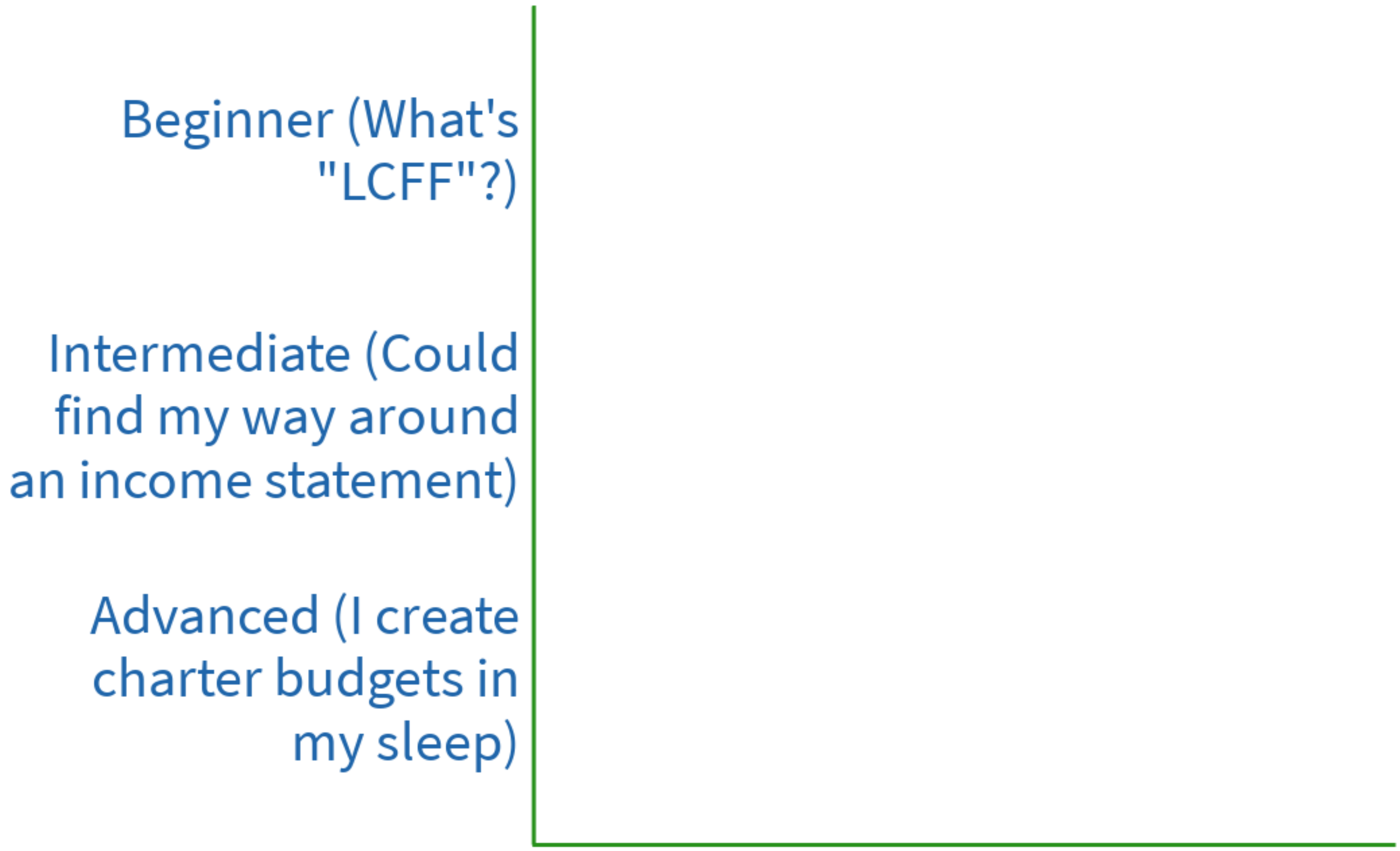
Business Staff

Board Member

Teacher

Other

How would you describe your charter finance knowledge level?



In 1-3 words, what are you most excited to learn about during this presentation?

Expected Outcomes

1. Understand charter school financial benchmarks in key budget areas
2. Explore ideas on how you can gain greater efficiencies in your budget
3. Understand how your school may be unique from the benchmarks

Keep in Mind:

- Public data do not include detail beyond line-item level
- Data are a snapshot in time
- Data vary greatly in composition, geography, and demographics
- This information is not intended to:
  - Dictate how your charter's budget should look
  - Justify expenditures or set salary schedules
  - Be the sole input for any line item or budget as a whole

Data Sources and Methodology

Data Sources:

- Unaudited Actuals Financial Data (CDE)
- Public Schools Data Files (CDE)
- CALPADS UPC Source File (CDE)
- SB740 grantee lists (CSFA)
- County Data (U.S. Census Bureau)
- EdTec Client Data

Methodology:

- Aggregated and linked related charter data in MS Access
  - Created categories for comparison (time, region, size, age, unduplicated pupil % [UPP])
- Analyzed data and created visualizations in MS Excel
  - $ per ADA, quartiles, median, weighted vs. simple average ("composite" vs. school)

Disclaimer: only data for charters who submit UARs at the school level, thus, sample sizes and composition vary over time

  - LAUSD charters missing in prior years included in FY17-18 data

Descriptive Statistics

(summary of the dataset – NOT all charters in CA)

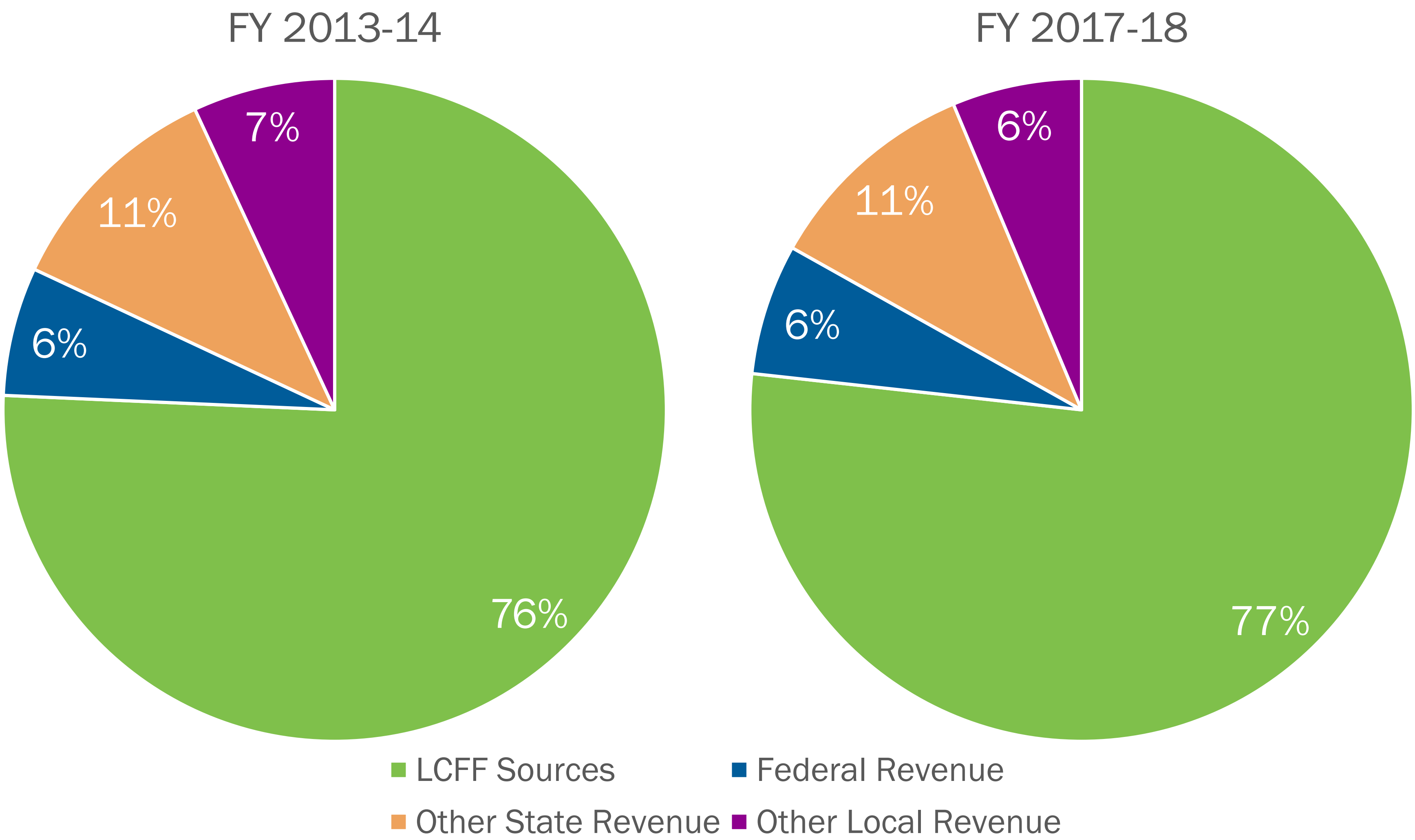
Fiscal Year	2013-14	2014-15	2015-16	2016-17	2017-18
Number of Charters (n)	588	621	658	667	927
Bay Area, North & Central Coast	31%	31%	32%	31%	23%
Central Valley	12%	13%	12%	11%	9%
Inland Empire	9%	8%	8%	8%	6%
Los Angeles	15%	16%	15%	15%	36%
Northeastern California	13%	13%	14%	14%	11%
San Diego	20%	19%	19%	20%	15%
Total ADA	258,770	278,181	297,856	319,371	460,516
Average ADA	440	448	453	479	497
Median ADA	320	321	327	352	379
Average School Age	7	7.5	8	9	9
Average UPP	60%	60%	61%	61%	68%

There is no “average” charter, true – but it’s important to understand the data at a glance!

Revenues

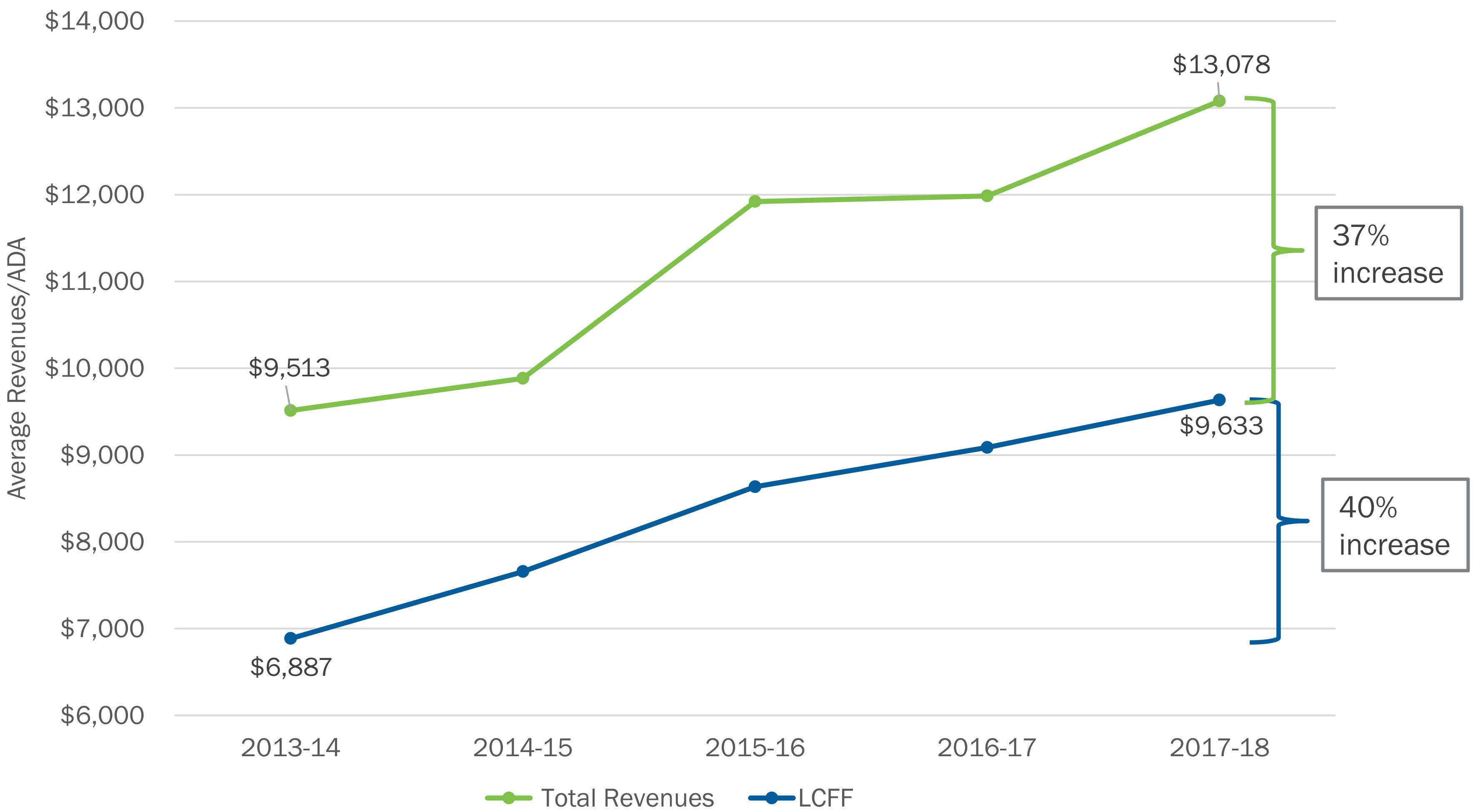
Revenue Breakdown

Revenue sources similar over time



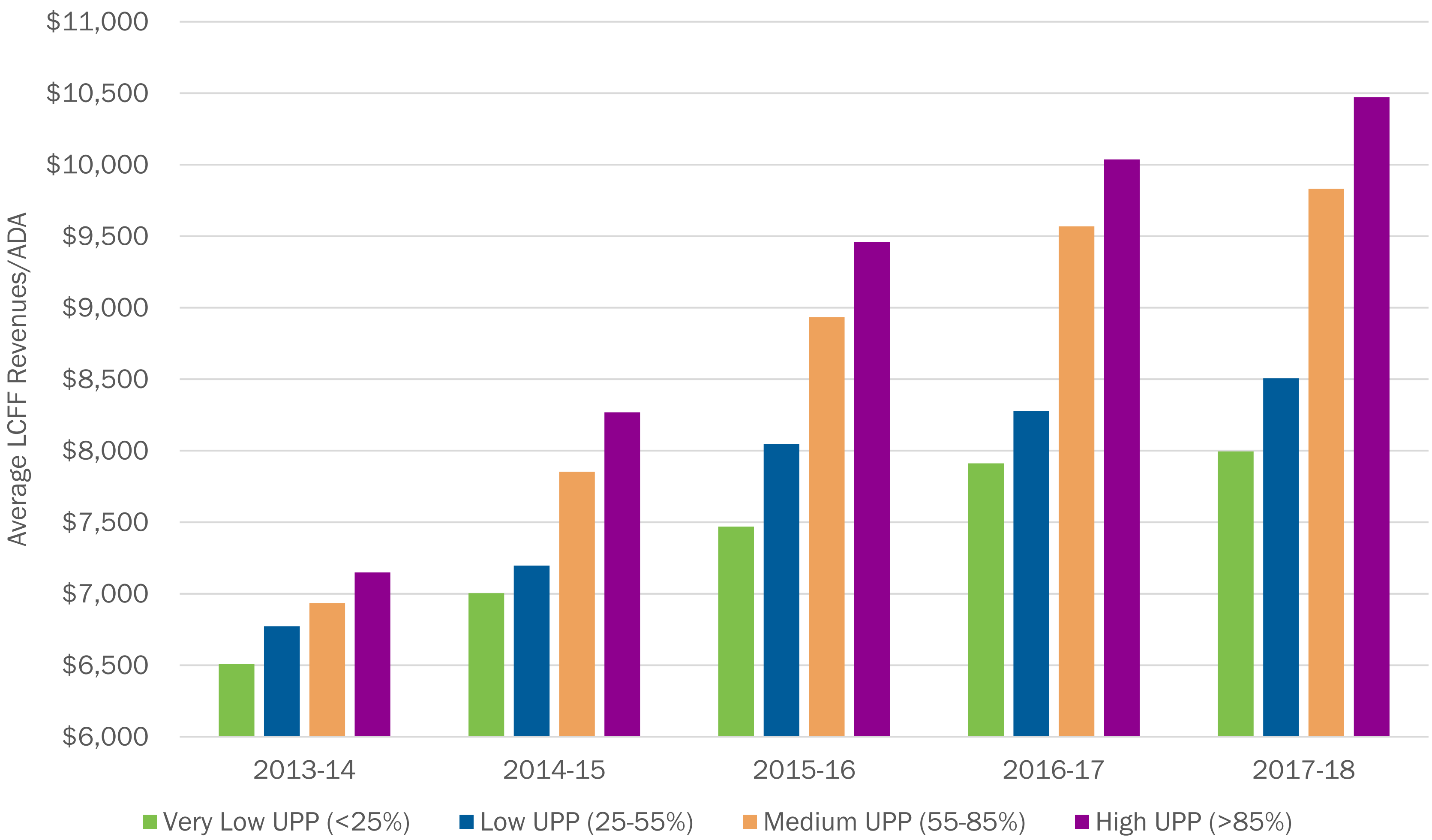
Revenue Over Time

Averaged 9% annual growth of total and LCFF revenues since 2013-14



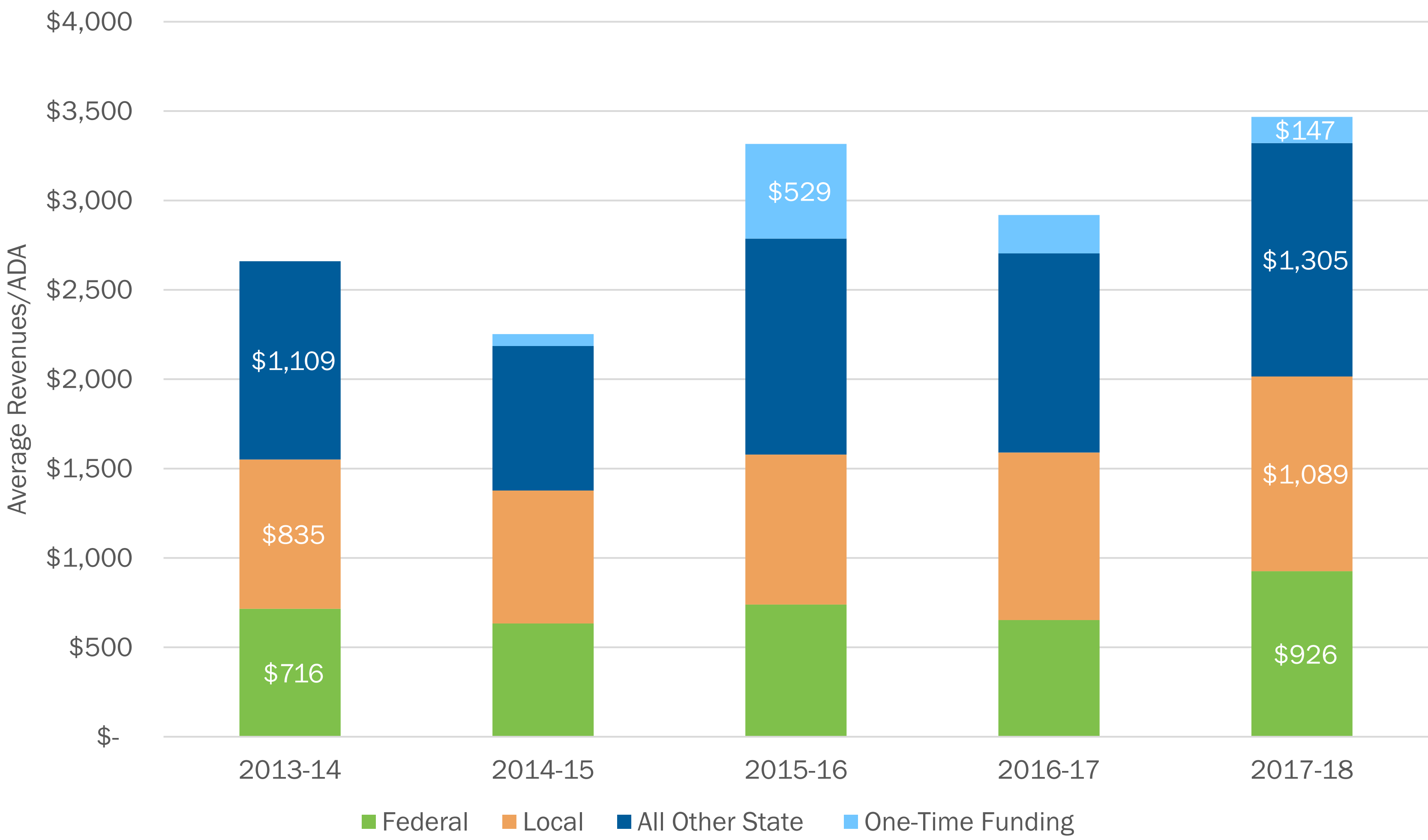
LCFF Revenue by UPP Over Time

Low UPP schools outpaced with LCFF implementation



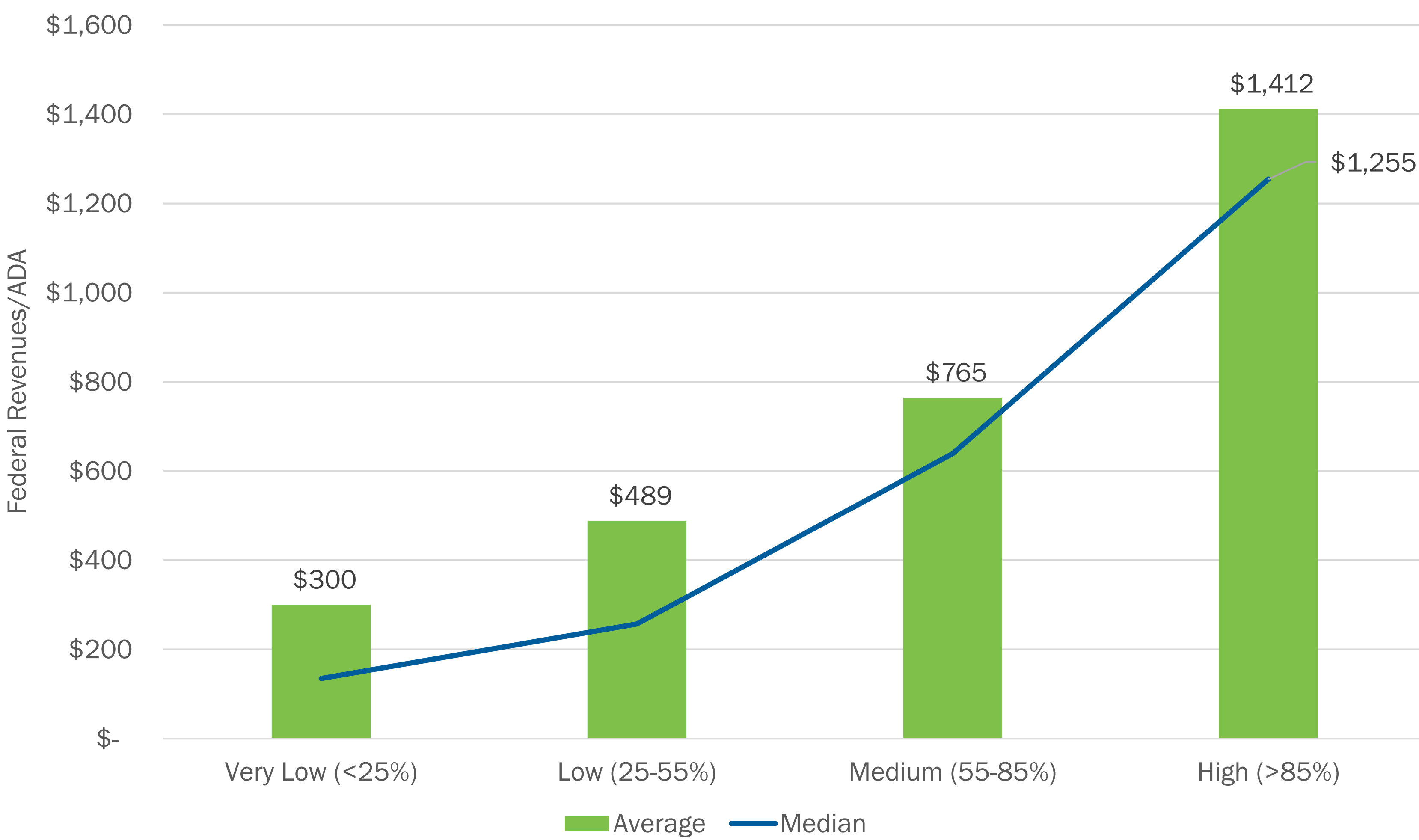
Supplementing the Gap: Other Revenues

Overall trend – growth from all revenue sources on average (~30%)



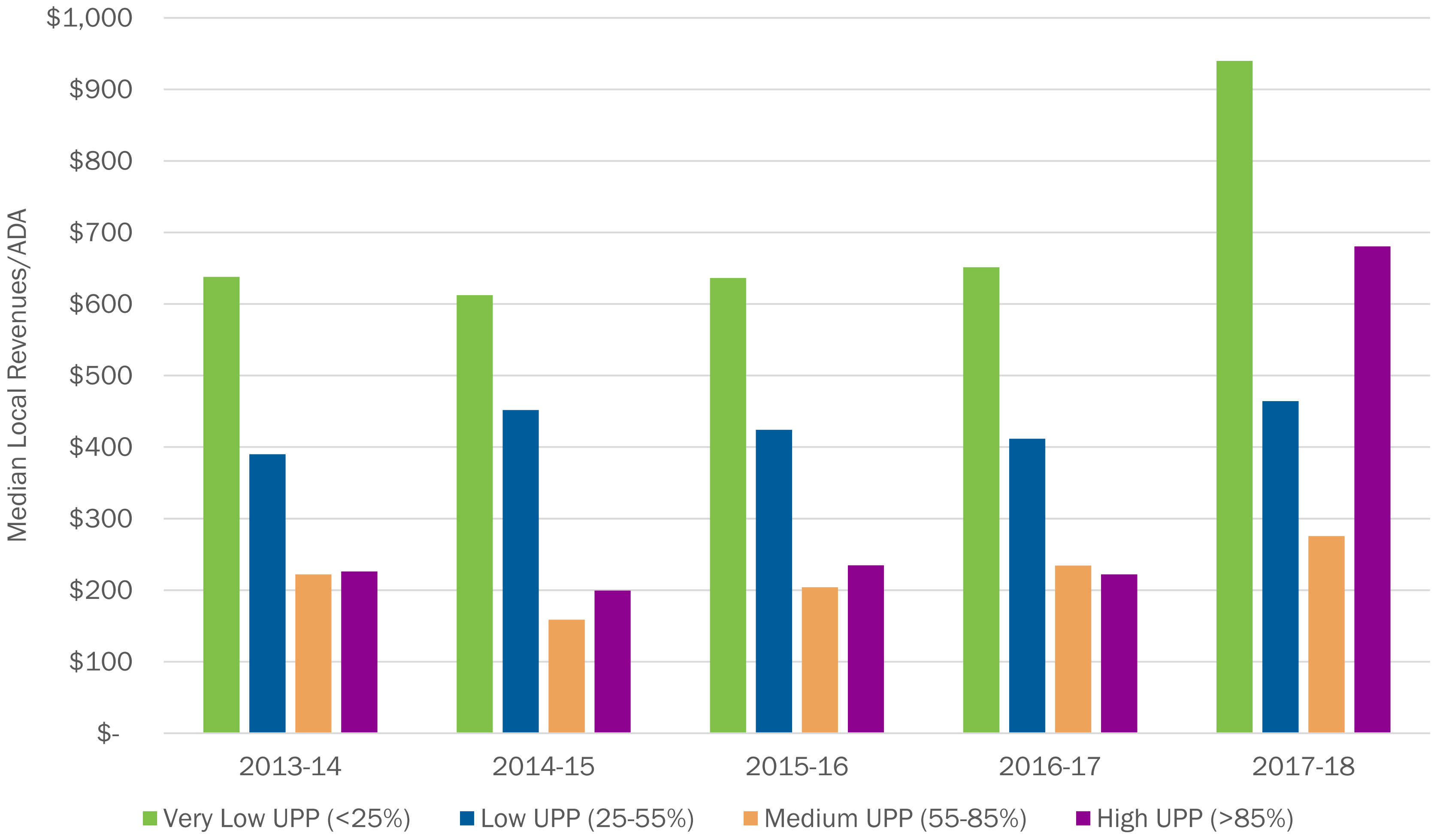
FY18 Federal Revenue by UPP

Higher UPP directly translates to more Federal Revenues



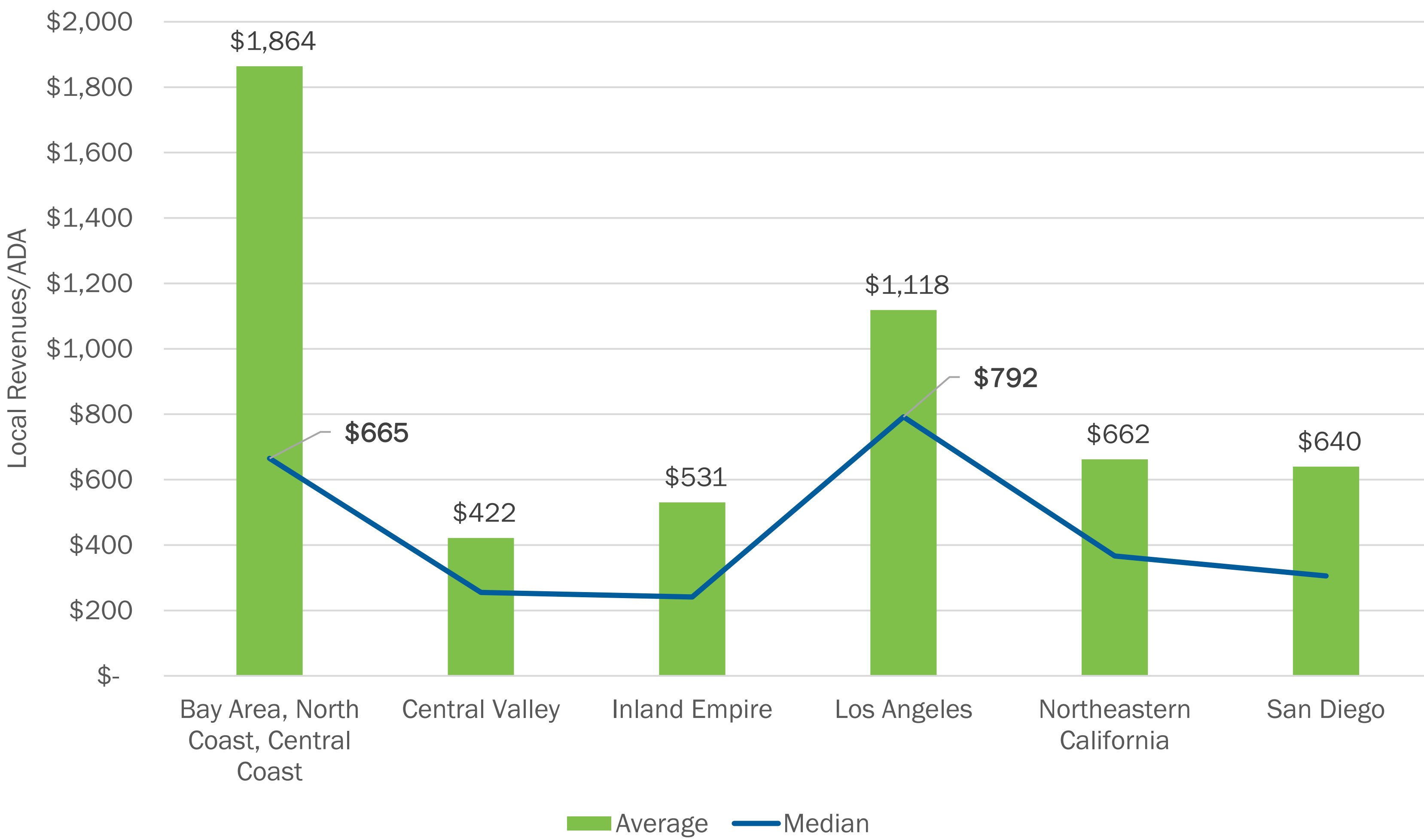
Local Revenue by UPP Over Time

Local/fundraising consistently fill the gap for Very Low UPP



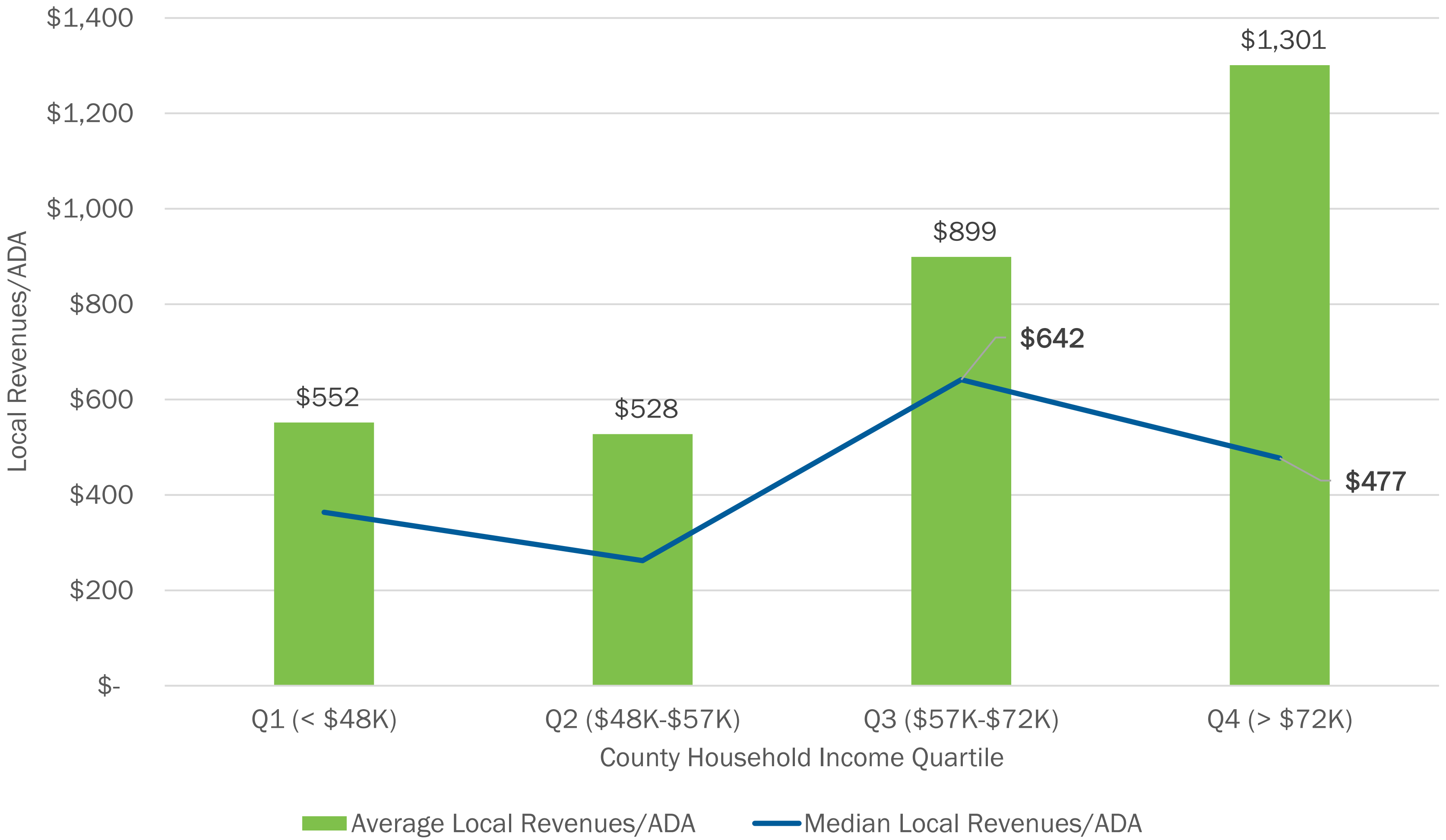
FY18 Local/Fundraising Revenue by Region

Bay Area, Coastal more big donors/local revenues – LA most consistent



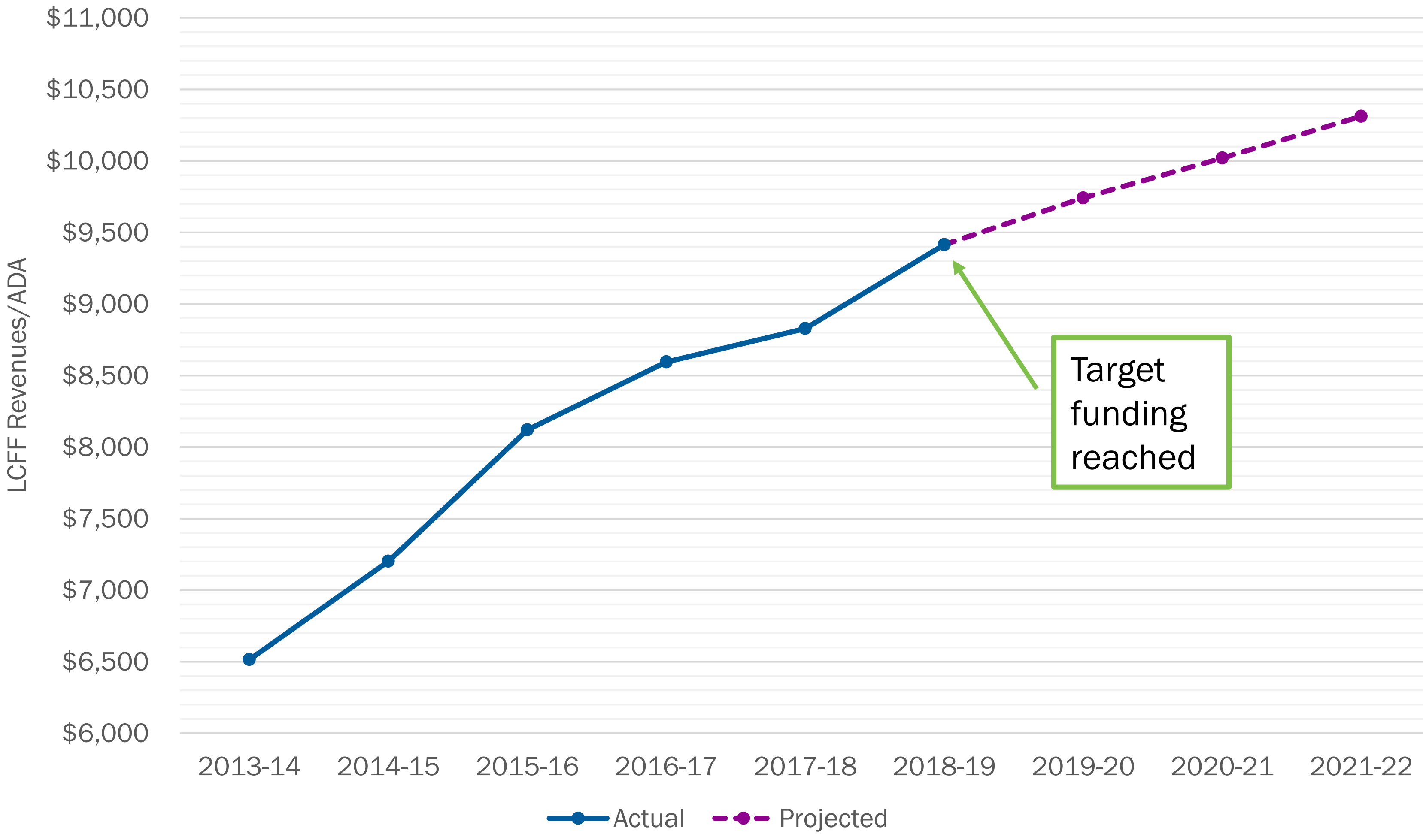
FY18 Local/Fundraising Revenue by County Income

School local revenues vary greatly by County Income Quartiles



The Future of LCFF

Sizable growth in LCFF to target, but only COLA growth on the horizon



Revenue Summary

- Enjoyed revenue increases in past five years led by full LCFF implementation, but uncertain future
- Disparities in government funding often supplemented with local funding, where available
- ADA and student demographics a larger factor than ever in revenue determination, budgeting, and attaining long-term sustainability

Expenses

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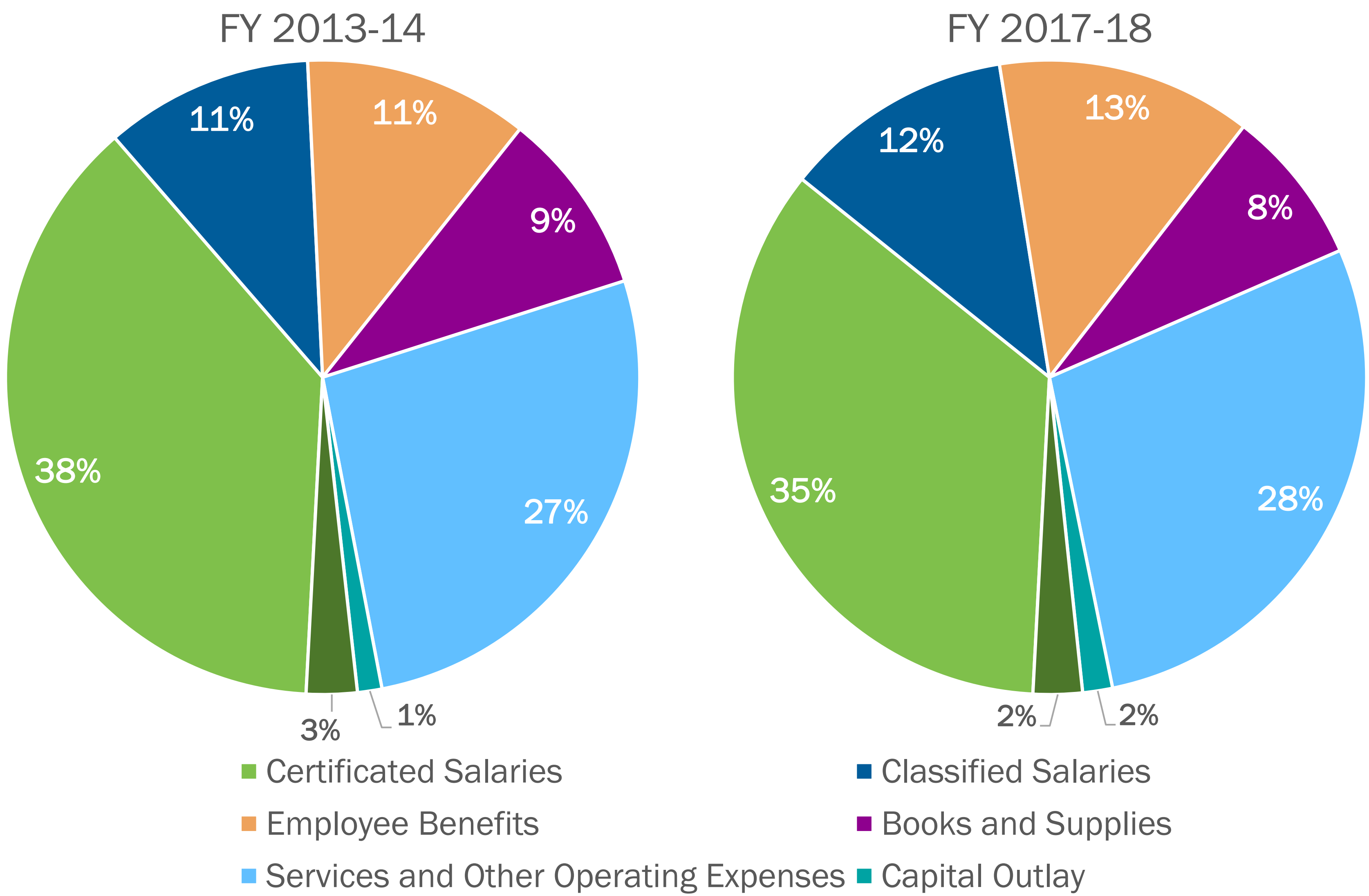
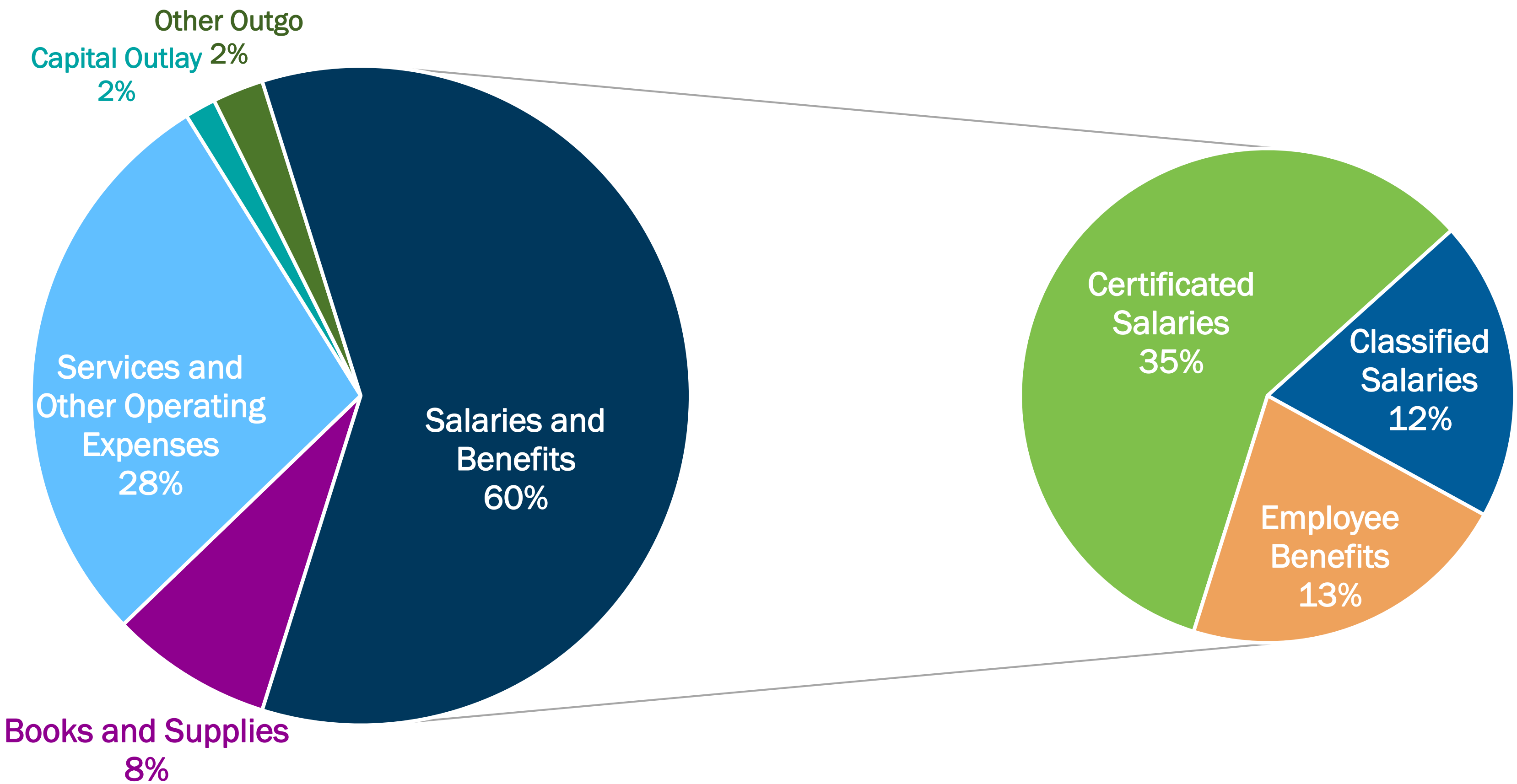
Expense Breakdown

Expenses as a % of total budget similar over time



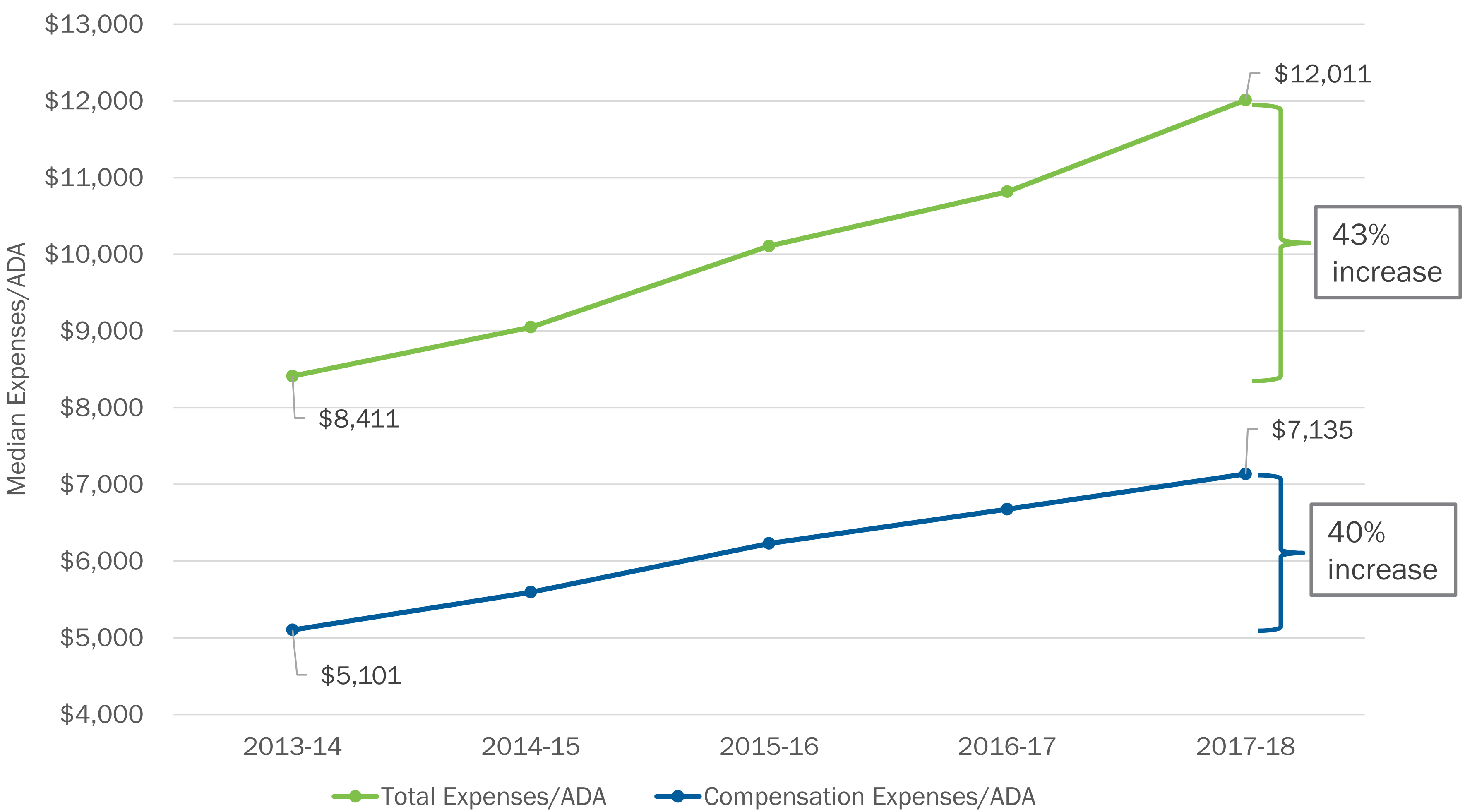
FY 18 Compensation Makeup

Certificated salaries the majority of salaries and benefits



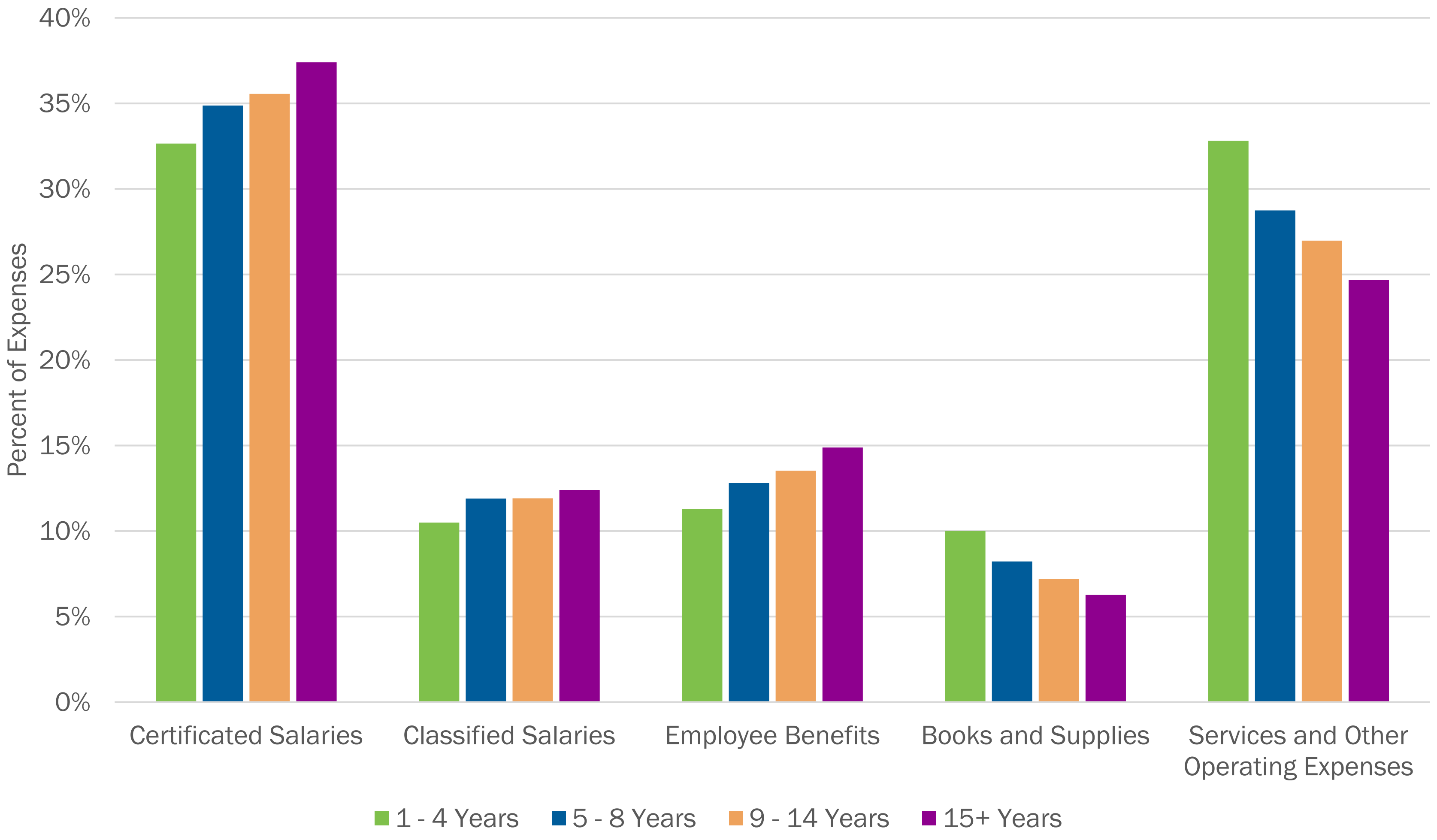
Expenses Over Time

Averaged 9% annual growth of expenses & comp. since 2013-14



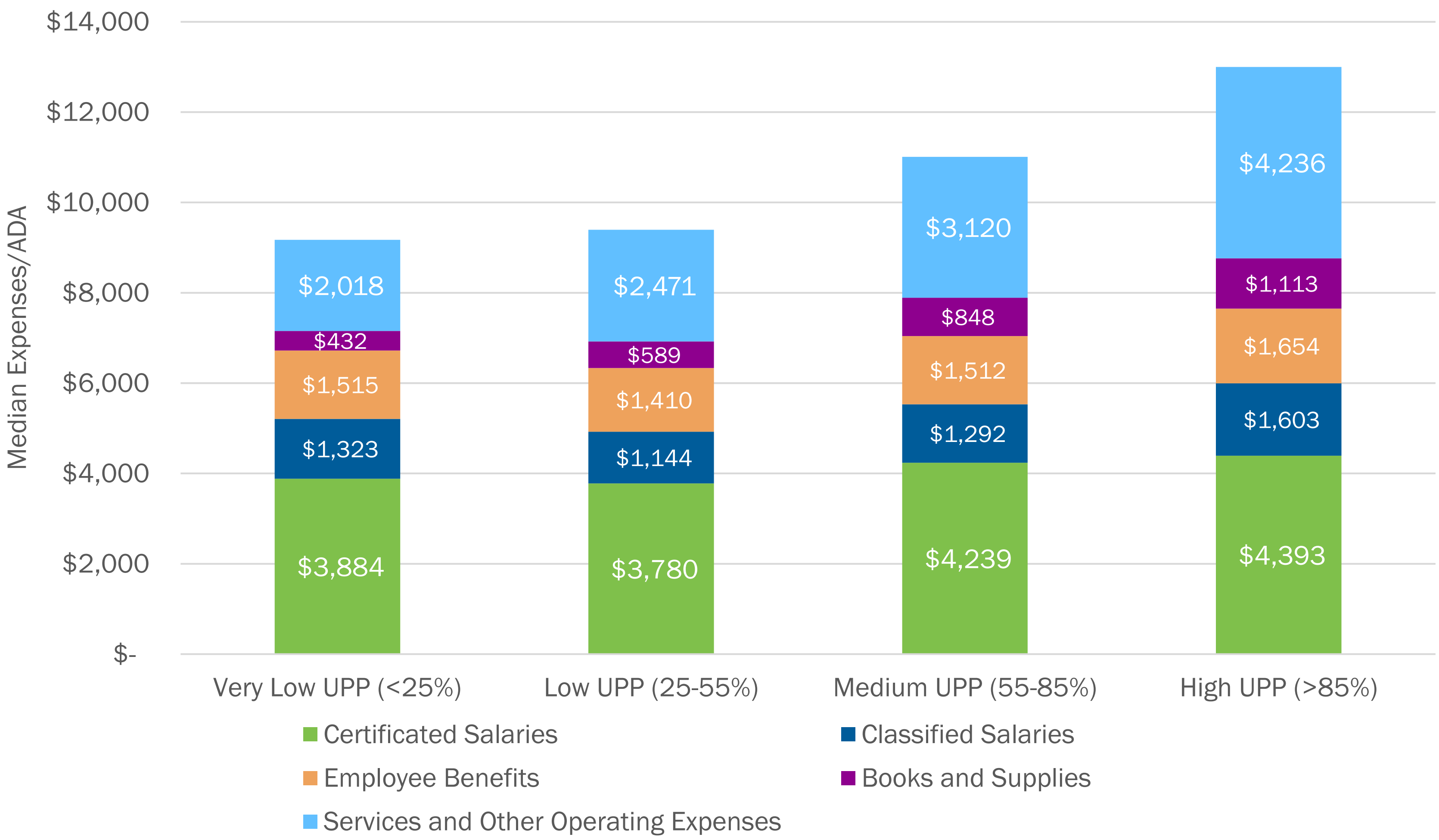
FY18 Expenses as a % of Overall Budget

Older charters typically spend more on compensation, less on services



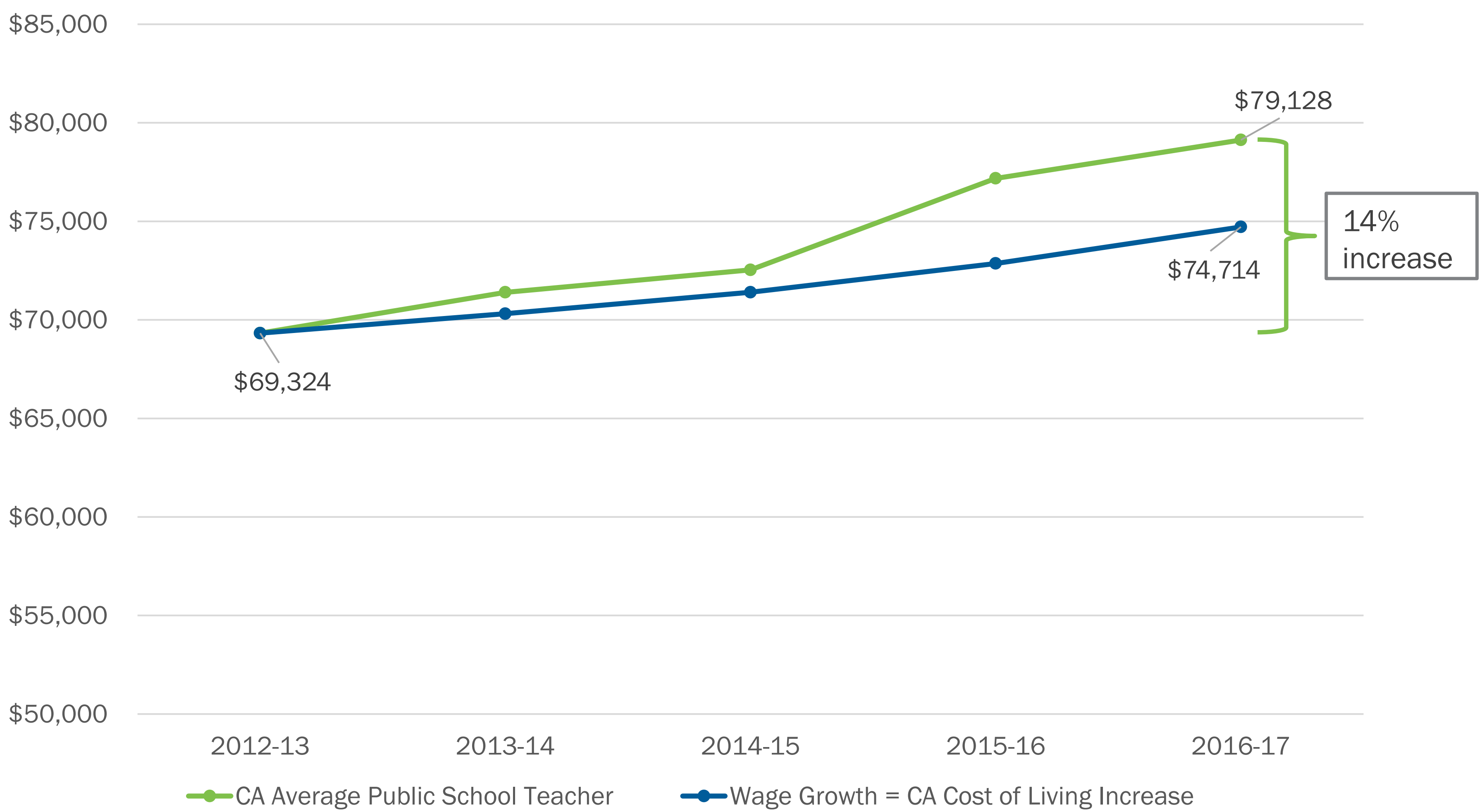
FY18 Expenses/ADA by UPP

Expenses vary greatly by UPP, especially in Supplies, Services + Other



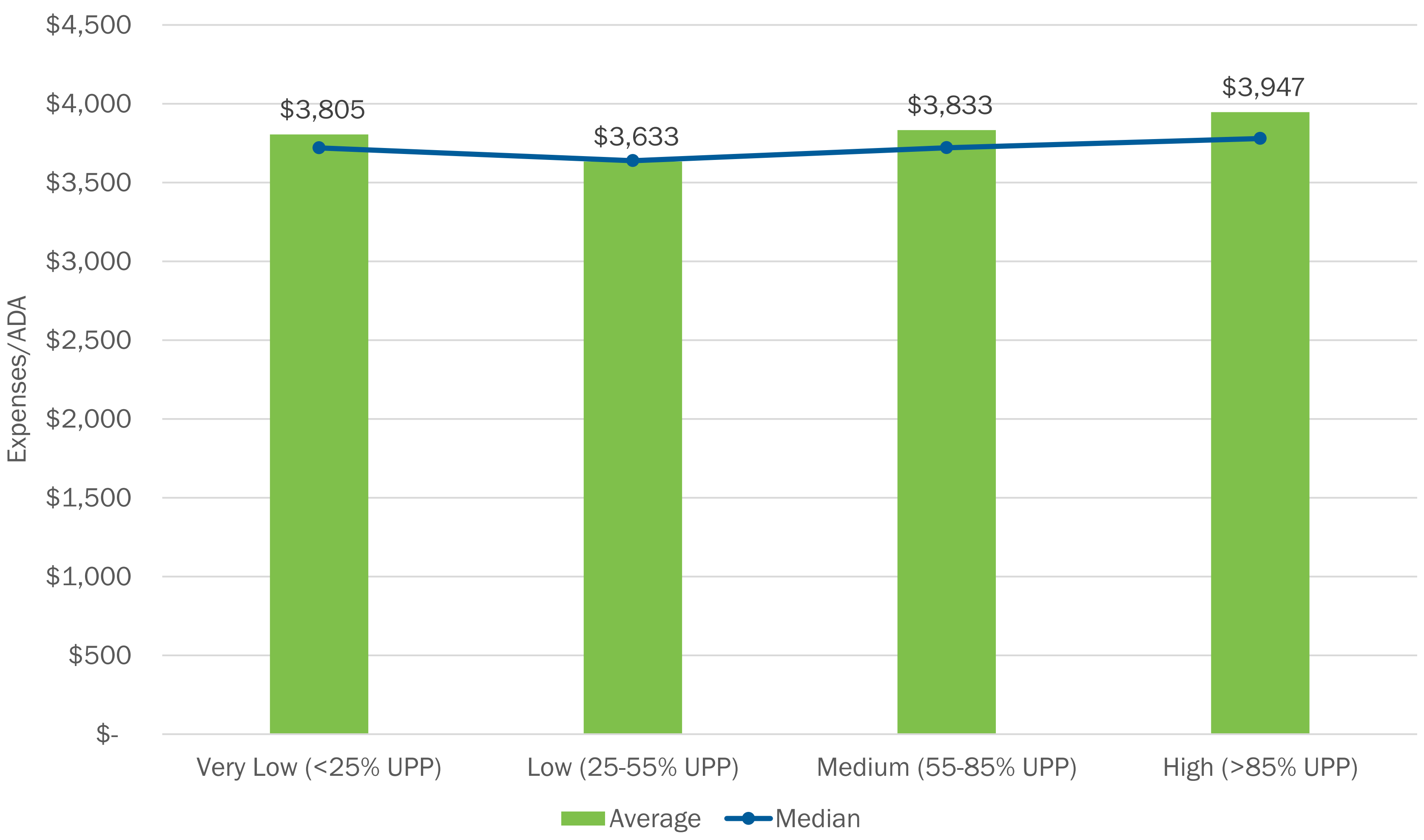
CA Public Schools Average Teacher Salary Over Time

Averaged 3.4% annual salary increases across districts/charters



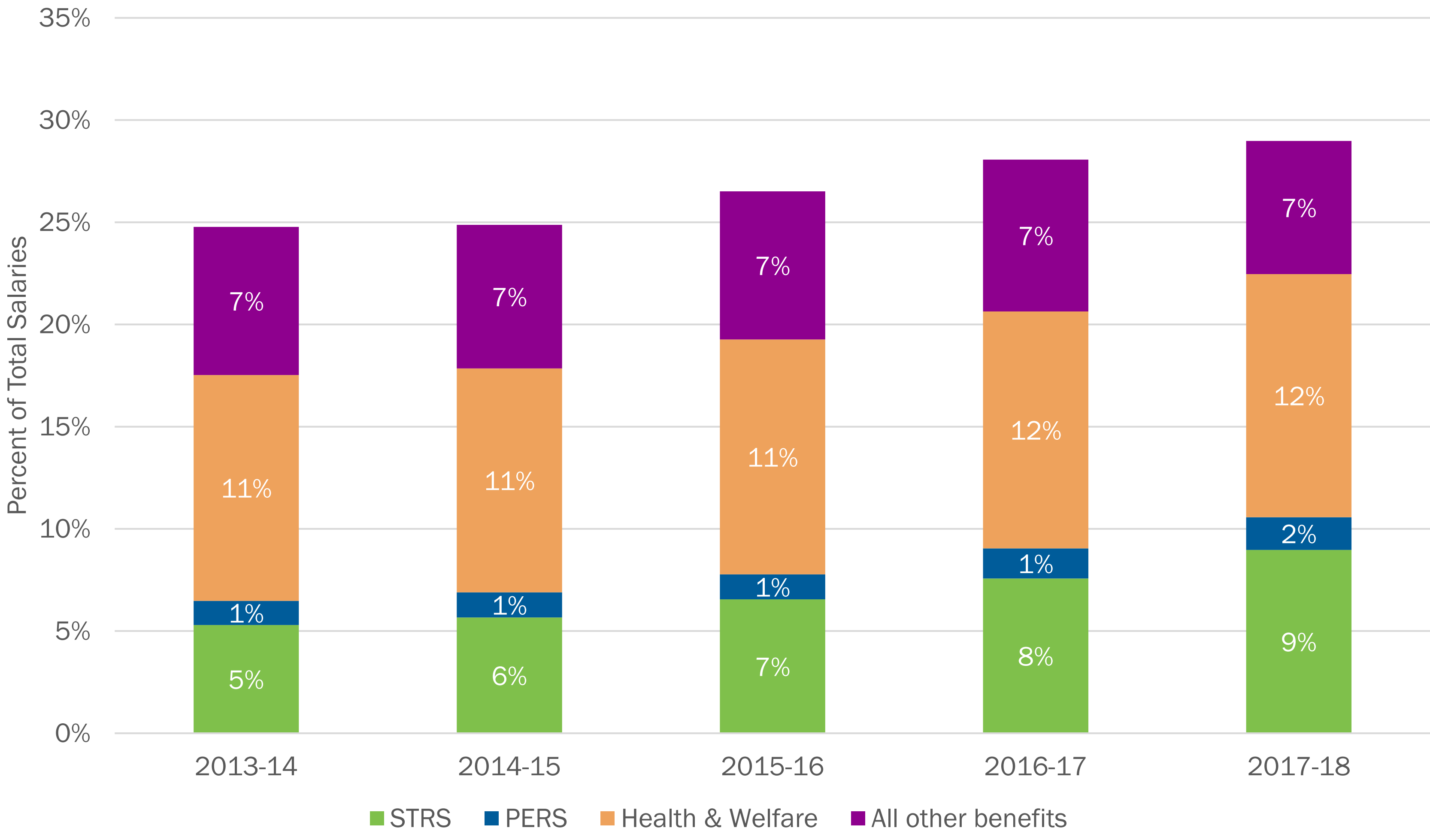
FY18 Direct Instruction Salaries/ADA by UPP

Spending in 1100, 2100 fairly consistent across quartiles – UPP, size, etc.



Employee Benefits as a % of Total Salaries

STRS, PERS, and H&W outpacing growth of Total Salaries



FY18 Food Service

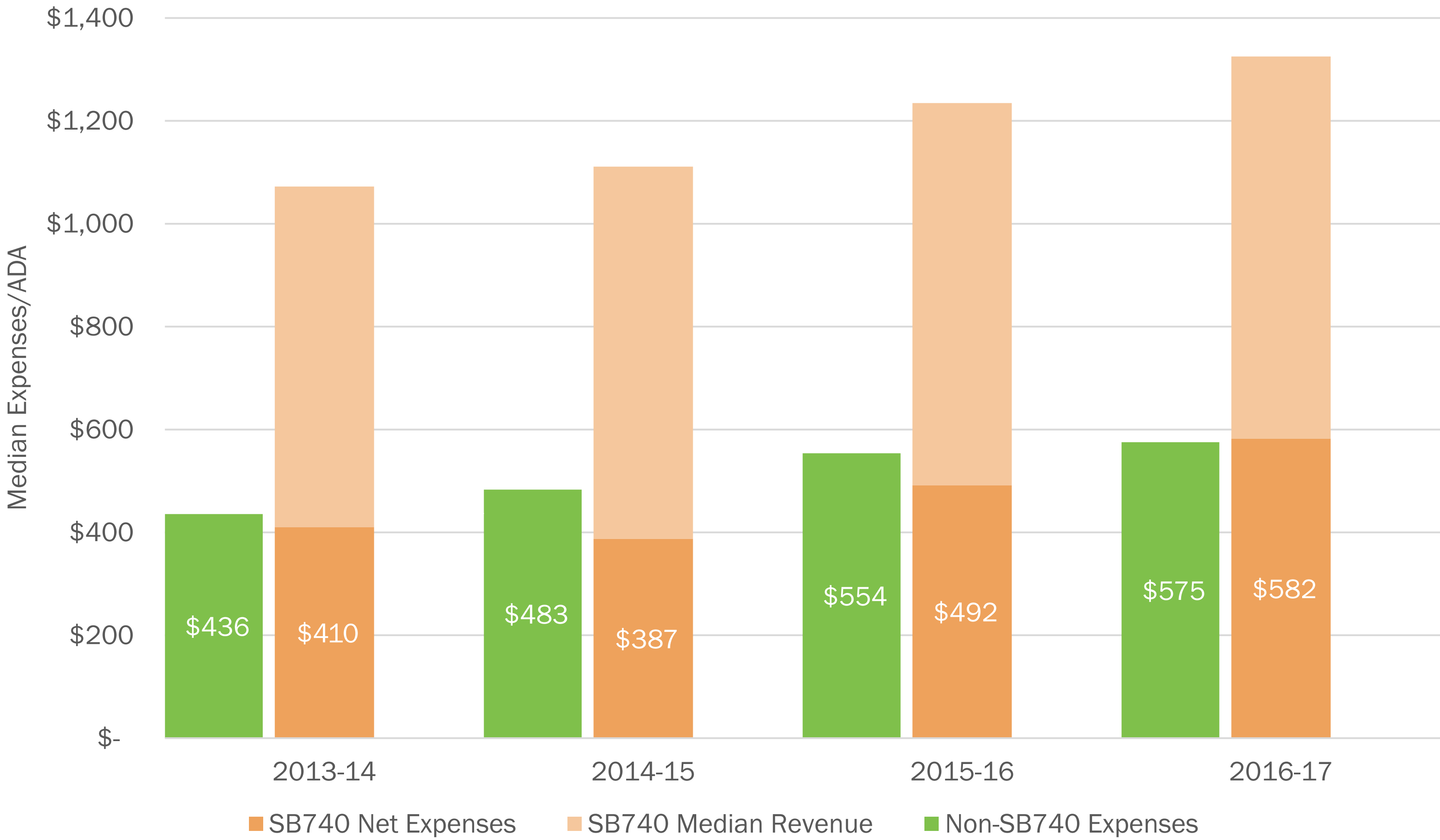
Expect an overall operating loss – barely breakeven with just cost of food

	Revenue/ADA	Food Expenses/ADA	Operating Income/ADA	% of Revenue Gain/Loss
Average	$530	$469	$61	10%
Median	$484	$468	**$20**	**5%**
Max	$1,380	$1,180	$1,088	100%
Min	$64	$0	($267)	-335%

**Due to data limitations, includes EdTec client data and SACS data only, n = 192*
Note: variations in coding and low sample size may be skewing data results

Facilities Expenses Over Time

Facilities expenses rising – and even SB740 schools pay their "fair share"



includes 5600 Rentals, 6000s Facilities & Depreciation costs

FY18 Special Education

Very unpredictable and great variation depending on setup (SELPA/district)

SELPA Charters (n = 51)	Revenue/ADA	Expenses/ADA	Operating Income/ADA	% of Revenue Gain/Loss
Average	$663	$1,282	($503)	-65%
Median	$724	$1,003	($304)	-46%

Average district FY18 contribution to SpEd from General Fund per ADA: $1,257!

**Due to data limitations, table includes EdTec client data only, n = 51*
Note: variations in coding and low sample size may be skewing data results

Expense Summary

- Overall, expenses seem to be matching revenues in growth over time
- Growth of benefits expenses becoming a larger budget concern for charters
- Risk and uncertainty always present and demand contingency budgeting – especially facilities, SpEd

Fiscal Health

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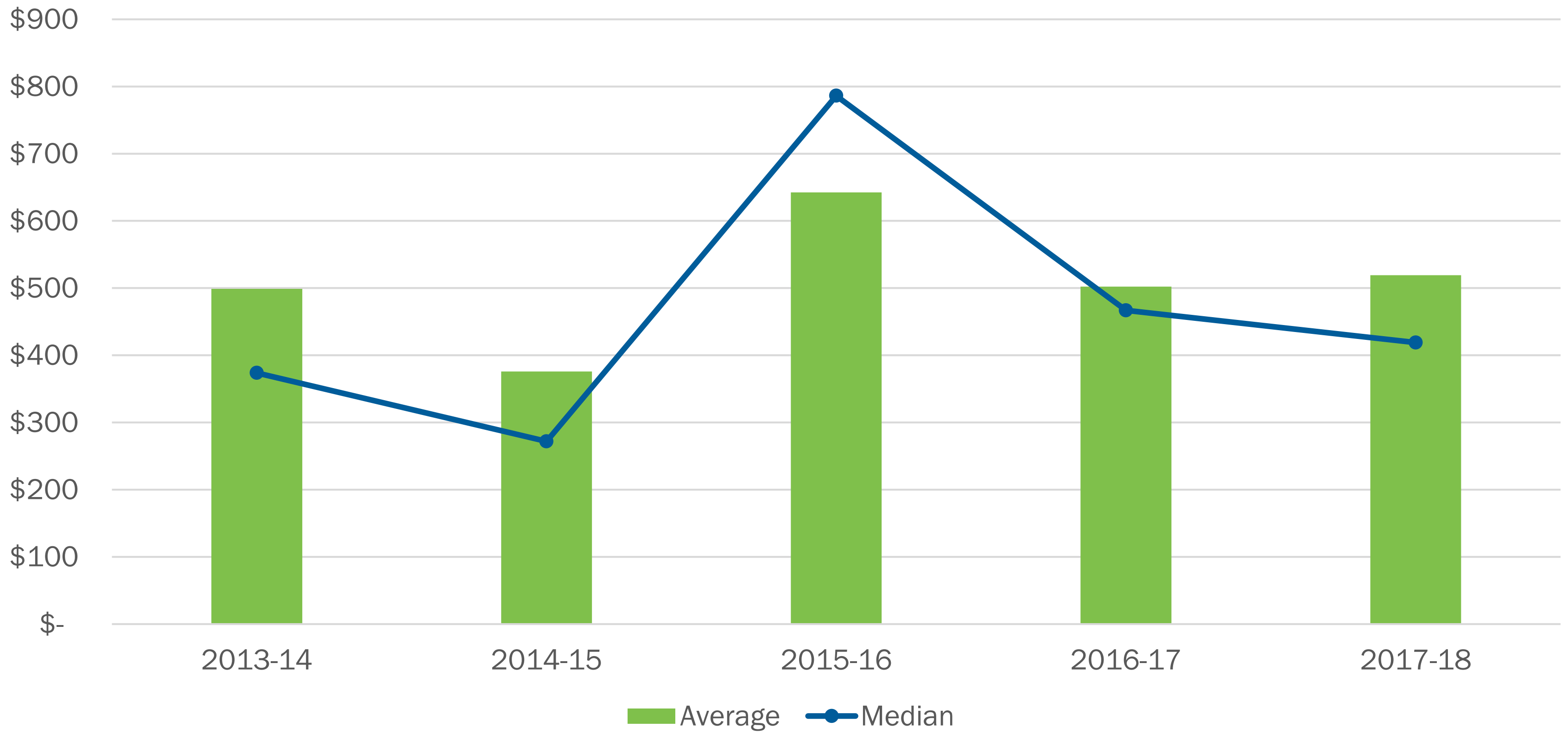
Operating Income per ADA Over Time

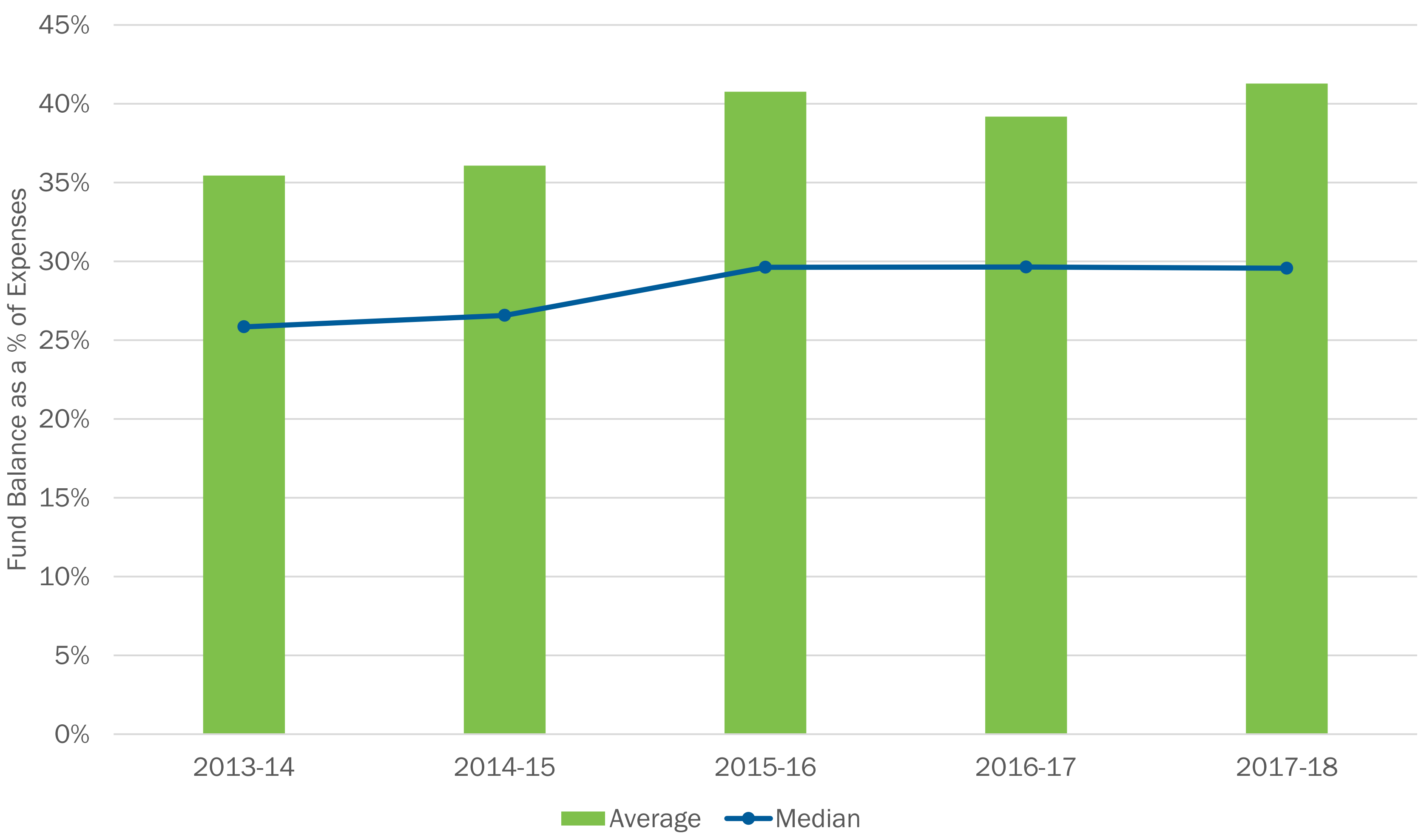
FY 2015-16 strongest for charters, but continuing to improve



	2013-14	2014-15	2015-16	2016-17	2017-18
Net Income School Median Percent of Expenses	5%	3%	8%	4%	3%
Net Income School Median Percent of EFB	18%	15%	27%	16%	13%

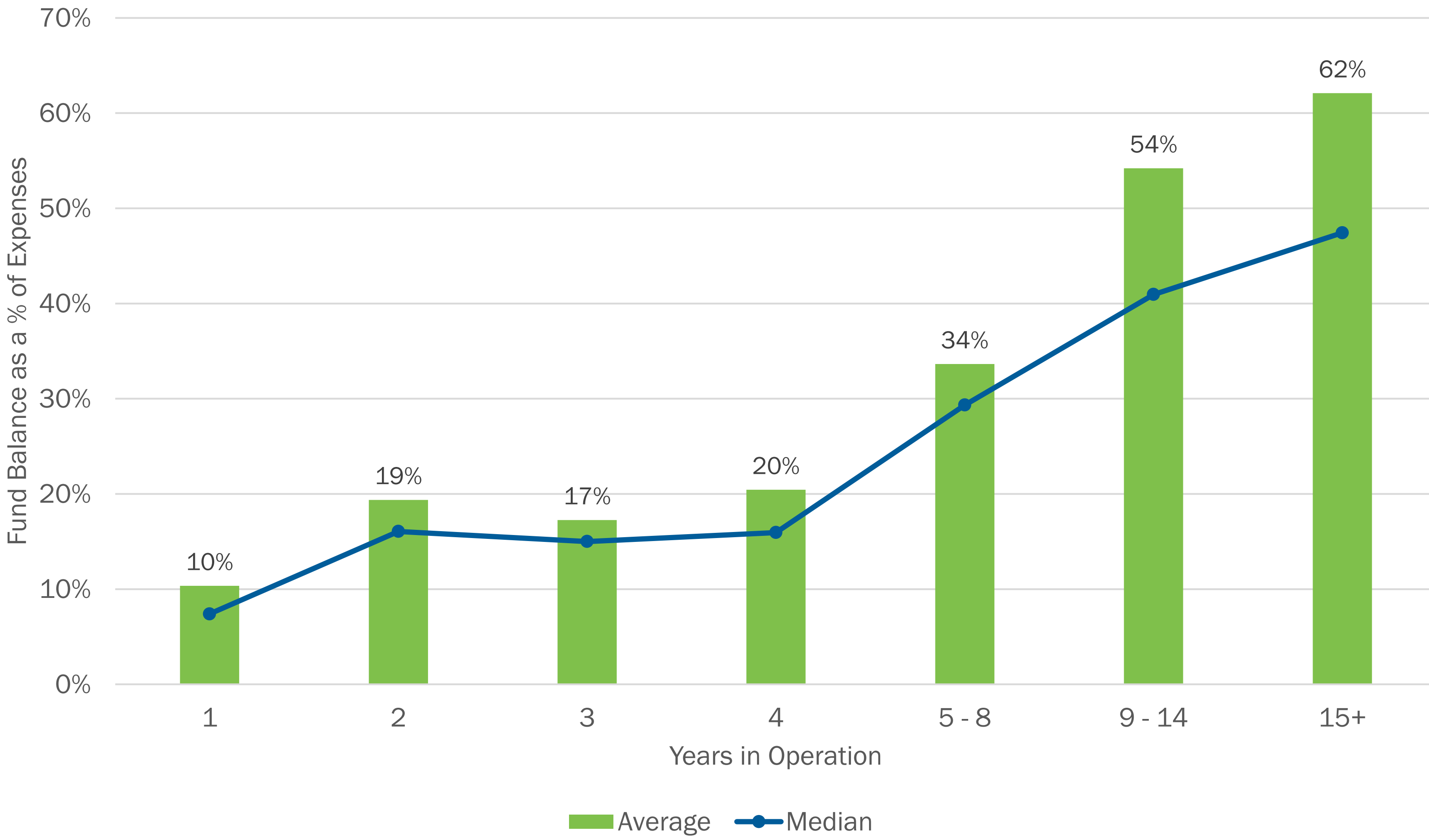
Fund Balance as a % of Expenses Over Time

School average fund balance growing – up to 41% for charters



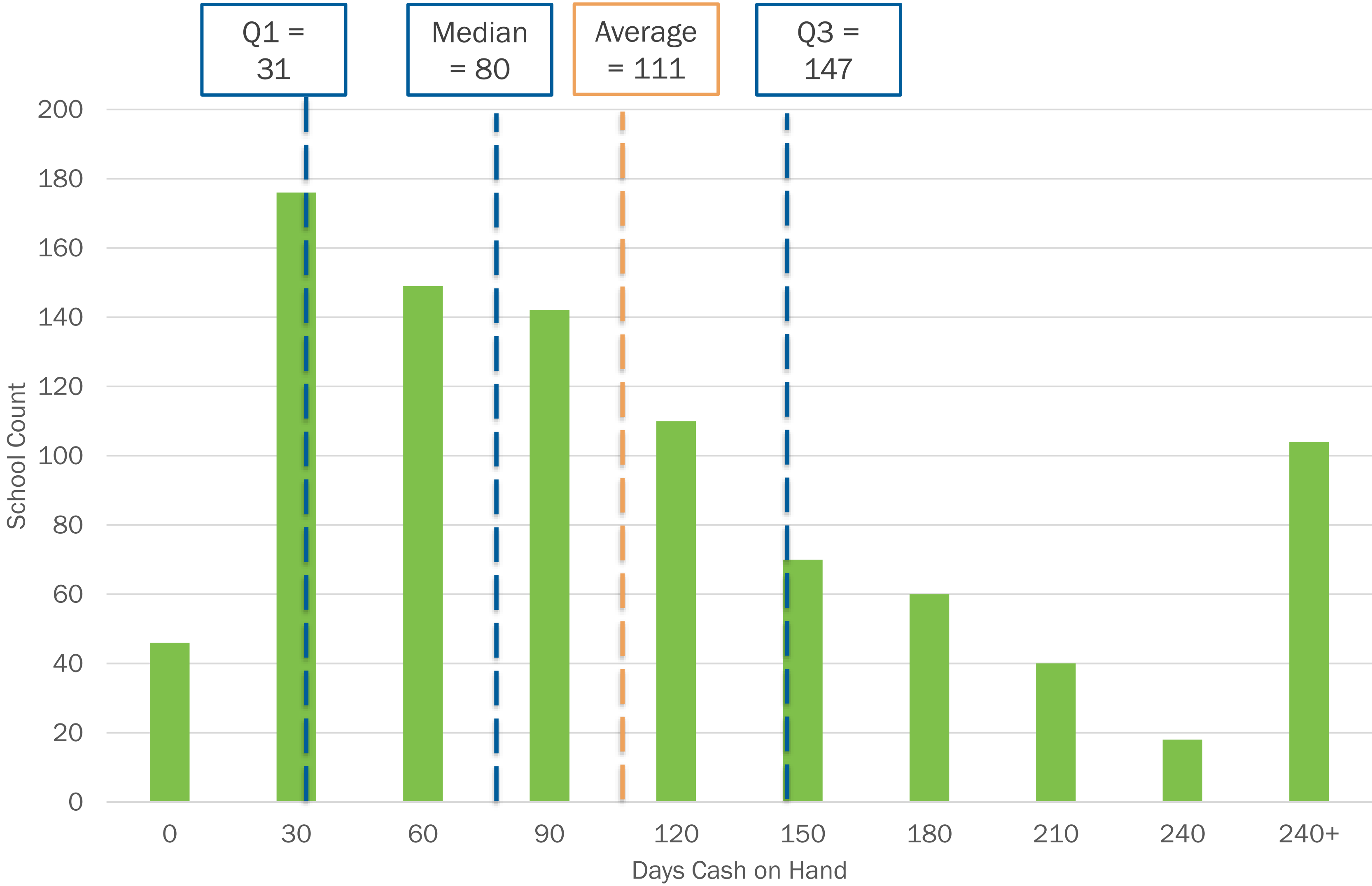
FY18 Fund Balance as a % of Expenses by Age

Older schools able to accumulate greater and greater fund balance



FY18 Days Cash on Hand School Distribution

Varies by school age, but recommend building up to comfortable 80+ days



Making the Most of the Benchmarks

Budgeting and stakeholder engagement

- Averages and medians don't tell the whole story. Every school has variances from the norm – but essential to be able to explain their causes and possible financial implications
- Budgeting and financial review as an ongoing, year-long process
- Communicating budget information and comparative data with parents, community members, staff, grantees, etc. can foster engagement, understanding, and transparency with stakeholders

Panel Q&A

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Thank you!

ADDITIONAL QUESTIONS? CONTACT US:

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Trevor Skelton | trevor.skelton@edtec.com

Links to Public Data Sources

- https://www.cde.ca.gov/ds/fd/fd/
- https://www.cde.ca.gov/ds/si/ds/pubschls.asp
- https://www.cde.ca.gov/ds/sp/cl/
- https://www.cde.ca.gov/fg/fr/sa/cefavgsalaries.asp
- http://www.dof.ca.gov/Forecasting/Economics/Indicators/Inflation/
- https://www.treasurer.ca.gov/csfa/csfgp/awardees.asp
- https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF

Special thanks to Joanna Han and Michael Lee, EdTec, for their contributions to the data collection and analyses utilized throughout this presentation.

About EdTec

- EdTec is a social enterprise committed to improving public education by supporting charter schools with business, operations, and performance services.
- We are motivated by our vision to have the greatest positive impact on the quality of public education, as evidenced by our successful long-term partnerships with charter schools across the country.

97% client retention rate

300+ partner schools

18 years of charter focus

- Our exceptional staff understands the needs and workings of charter schools inside and out, and supports schools with a comprehensive range of services including charter petition development, back office, school data and compliance, school software, and consulting.