

Funding and Budget Review

State Charter Schools
Commission of Georgia

Terence
Washington
Accountability
Manager

ITEMS TO BE COVERED

- SCSC School Funding Overview
- S.M.A.R.T. Budgeting Tips
- Financial Reporting and Review

FUNDING OVERVIEW

3 TYPES OF FUNDING

1.State

2.SCSC Supplemental Funding

3.Federal

STATE/QBE

- The Quality Basic Education (QBE) 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.

QBE

- QBE is divided up into two parts
 - Amounts based on the number and types of students (Grade specific, Special Education, ...)
 - Training and Experience (T&E) of Staff

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.

QBE

- Student Counts are submitted by each school district twice a year
 - October
 - March
- Based on the collected FTE counts, a formula is used to calculate the amount of funding FTEs (3 Count)
- The FTE count records the actual classes the students are attending for six segments of the school day
- FTEs are then multiplied by the QBE funding amount for each QBE program
- Training and Experience is calculated separately and added to the student portion

Components of the QBE Formula

PROGRAMS AND PROGRAM WEIGHTS

- There are 19 different FTE programs.
- Six of these programs are for Exceptional Education students (Mild Resource, Moderate Resource, Moderate Self-Contained, Severe Self-Contained, Inclusion, and Gifted).

PROGRAMS AND PROGRAM WEIGHTS

- Examples of program weights include:
 - Grades 9-12 is the Base Unit Cost and carries a weight of 1.0000 and a fully funded rate of \$2,430.57.
 - Kindergarten carries a weight of 1.6508.
 - Middle School carries a weight of 1.1310.

TRAINING AND EXPERIENCE (T&E)

- The formula provides salary funding for a T-4 teacher with 0-2 years of experience.
- T&E funds are provided to compensate for education and experience beyond the base amounts.
- The information is obtained from the CPI (Certified Personnel Information) report submitted to GADOE each October.

SCSC Supplemental Funding

SCSC SUPPLEMENTAL FUNDING

- Calculated by the Georgia Department of Education, Finance and Budget Office.
- Two components:
 - State funds equal to the average amount of local revenue and state equalization grant funding for the five school districts with the lowest assessed valuation per student, and
 - The statewide average of total capital revenue per full-time equivalent student.
- Calculation = (Average Total Revenue of the 5 school districts with the lowest assessed valuation — state funding of those districts — federal funding of those districts + state equalization grants of those districts) + the statewide average of capital revenue per FTE

What does all this look like?

FINANCIAL REVIEW WEB SITE

- http://app3.doe.k12.ga.us/ows-bin/owa/qbe_reports.public_menu?p_fy=2000
- Web site used to access allotment sheets, monthly QBE Payment Advice, and QBE funding formula information.

BUDGETING

FORWARD FUNDING

- Forward Funding is defined as receiving funding for those items now that will be earned later in the year.
- Only additional grades are forward funded(QBE Only).
- The SCSC will collect estimates from all the schools early in the Fiscal Year.

MIDTERM ADJUSTMENT

- Funding is updated for Amended Budget.
- The GADOE “3 Count” is used to update FY 2014 funding and to determine FY2015 funding.
- SCSC Schools with FTE gains receive additional funding.
- SCSC Schools with declining enrollment DO Not lose QBE Funds in the Amended Budget (Hold Harmless).
 - They will loose funding in the following Fiscal Year.

COMMISSION FEE

- A fee of 2% is withheld from all amounts on the allotment sheet
- Used only for funding of the Commission

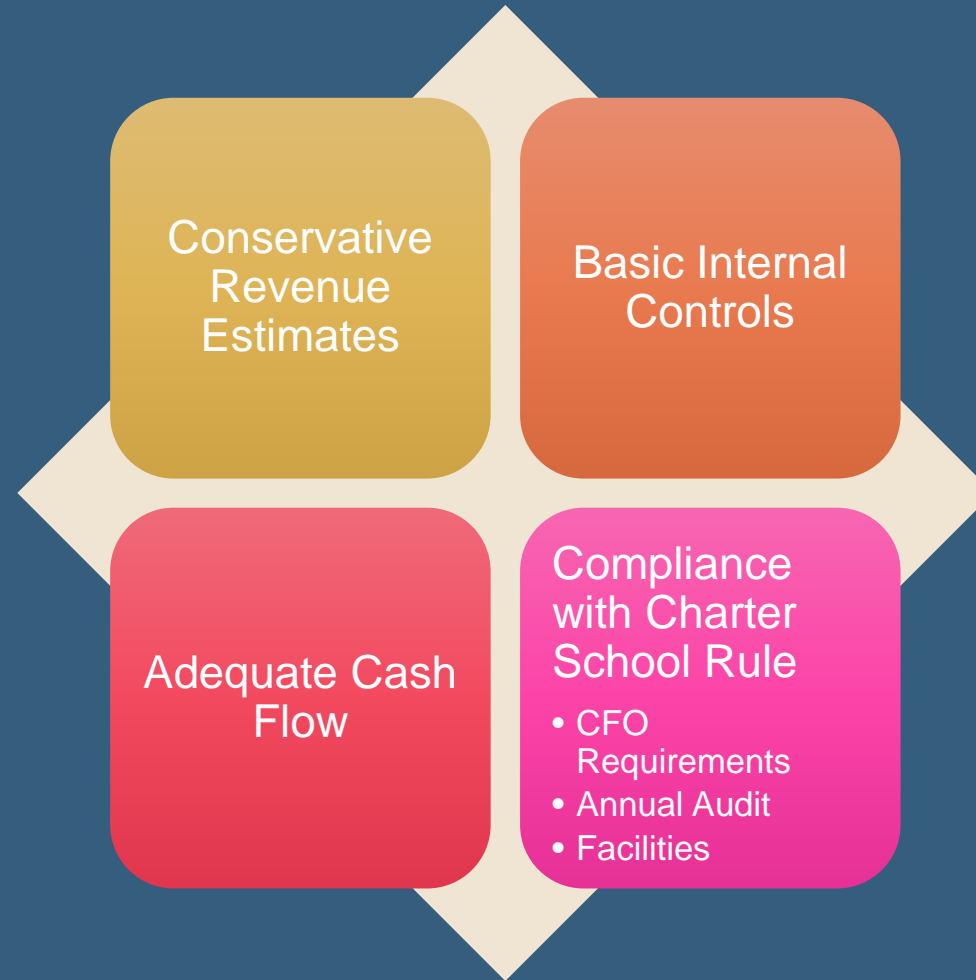
AUSTERITY CUT

- Due to the current economic conditions in Georgia an austerity reduction is included in the calculation of state funds earned by a school system.
- The deduction is approximately 14% of state funds earned by a school system.
- This deduction is identified on the allotment sheets as an amended formula adjustment.

Operational/ Financial Plan

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

REASONABLE FINANCIAL PLAN



COMMON BUDGET MISTAKES

Overestimating
Funding

Underestimating
Expenses

Including
Competitive Grants
as a Guaranteed
Source of Revenue

Budget Deficits
w/o Deficit
Reduction Plan

Negative Ending
Cash Amounts

Fuzzy Assumptions

Writing SMART Financial Goals



Performance Goals

Mission and Vision
Statement



Academic,
Organizational, and
Fiscal Performance
Goals

S

SPECIFIC

M

MEASURABLE

A

AMBITIOUS &
ATTAINABLE

R

REALISTIC/REFLECTIVE OF
MISSION/RESEARCH-BASED/RIGOROUS

T

TIME-PHASED/TIME-
BOUND

SMART GOALS: EXAMPLE 1

SMART

The CFO and Principal at Achievement Charter School will complete a 2-day winter workshop on Governmental Accounting by January 31.

Not So SMART

Two administrative staff members at Achievement Charter School will receive professional development training during the school year.

SMART GOALS: EXAMPLE 2

SMART

The unrestricted days of cash available for Achievement Charter will increase from 30 days to 60 days by year end.

Not So SMART

The leadership at Achievement Charter will improve fiscally by year end.

SMART GOALS: EXAMPLE 3

SMART

Achievement Charter School will reduce the school's debt ratio from 1.0 to .70 by the end of Q1 in FY16.

Not So Smart

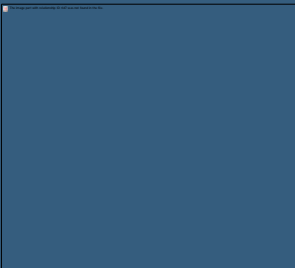
Achievement Charter School will transform a \$300,000 fund deficit to a \$6,000,000 fund balance by year end.

GROUP ACTIVITY: SMART GOALS

Work as a team to write a SMART goal for your school. (5 min)



Two or three groups will share their SMART goal with the whole group. **Justify** what makes it SMART. (5 min)



FINANCIAL REPORTING

- Audit and DE046(GADOE) reports are due on October 1 of each Fiscal Year.
 - Audit Reports are due to the Commission and the GADOE Charter School Division.
 - Deadline Extension Request for the Audit Report must be requested in advance and only one extension is granted per charter term.
 - Failure to comply with the extension deadline will result in a non-compliance report in the school folder.
 - The DE046 is submitted to GADOE using the MyGaDOE portal.

FINANCIAL REVIEW

- It is a best practice to establish financial goals so that the school leadership can gauge performance and fiscal growth.
- Examples:
 - $\text{Unrestricted Days Cash} = \text{Unrestricted Cash} / (\text{Total Expenses} / 365)$
 - $\text{Unrestricted Days Cash} > 90 \text{ days}$
 - $\text{Current Ratio} = \text{Current Assets} / \text{Current Liabilities}$
 - $\text{Current Ratio} > 1$
 - $\text{Debt Ratio} = \text{Total Liabilities} / \text{Total Assets}$
 - $\text{Debt Ratio} < 1$

FINANCIAL REVIEW(CONT'D)

- Working Capital = Current Assets — Current Liabilities
 - Working Capital > \$0
- Efficiency Margin(Profit Margin) = Change in Net Assets/Total Revenue
 - Efficiency Margin > 0%

Questions

