

FY 21 BUDGET PROPOSAL

State Charter Schools Commission of Georgia

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Overview

The State Charter Schools Commission of Georgia (SCSC) is Georgia's state-level, independent charter school authorizing board. The SCSC was established via constitutional referendum in 2012 after the passage of House Bill 797.

To achieve our mission and carry out our statutory charges, the SCSC conducts all business according to high standards of transparency, accessibility, objectivity, and innovation.

“The mission of the SCSC is to improve public education throughout the state by authorizing high-quality charter schools that provide students with better educational opportunities than they would otherwise receive in traditional district schools.”

The SCSC is funded through an administrative withhold of state charter school state education funds, including Quality Basic Education (QBE) formula funds, state charter schools supplement formula funds, and state categorical grants. Statutorily, the SCSC is authorized to withhold up to 3% of state charter school earnings to fund agency operations. Since its inception, the SCSC has voluntarily reduced the withhold amount to 2% for established state charter schools, and 1% for schools in the first year of operation. Any unused agency funds have been returned to schools at the close of the fiscal year via a “giveback grant.”

However, in light of the COVID-19 pandemic and its impact on state revenue, the state will implement austerity reductions to state education formula funds in the FY21 school year. To partially offset the loss of state funding, the SCSC seeks to issue the “giveback grant” to schools earlier in the fiscal year. This action aids schools in offering additional instructional programs and services to their students, including any expenses related to pandemic response and distance learning.

The SCSC staff requests approval from SCSC commissioners for the proposed fiscal year (FY) 2021 budget. To facilitate the return of school funds, the SCSC substantially decreased its operating budget. As a result, the budget presents conservative estimates of operational costs. As the SCSC is funded through state charter school earnings, the SCSC will also realize any austerity reduction made to education formula funds and categorical grants.

All projected expenditures reflect the actual historical and anticipated expenses of the agency. All agency funds are allocated for the programs and services that most effectively support state charter schools and fulfill the SCSC mission.

SCSC Budget Adoption and Budget Amendment are governed by the SCSC Internal Policy Manual. A copy of the Budget Policy is attached as Appendix A.

(continued on next page)

Grants & Benefits

The largest portion of the FY21 budget, slightly over \$2 million (36%), is allocated to Grants and Benefits. This amount represents a significant increase from the amount budgeted in this category for FY20 (just under \$1.1 million representing 20% of the budget) as a result of operational efficiencies.

Personnel Services

Also representing 32% of the proposed FY21 budget, just under \$1.9 million, is allocated to Personnel Services. This amount represents a slight increase of approximately \$165,000 from the amount budgeted for FY20, which was nearly \$1.7 million (31%). This difference is largely attributed to increases (approximately \$118,000) in the employer contributions for employee healthcare and retirement. Another account which saw a moderate increase (approximately \$20,000) is temporary/casual labor for additional intern assistance, including the cost of an intern for the State Charter Schools Foundation (SCSF).

Finally, the FY21 budgeted amount represents an increase of approximately \$156,000 for salaries when compared to FY20 actuals. This difference is due to the SCSC fully accounting for positions that remained vacant through parts of the FY20 year.

Personnel Services include salaries and benefits for full-time SCSC staff, payment for part-time interns, commissioner per diem as applicable, and all other human resource related expenses.

Contracts

Approximately 25%, or just over \$1.4 million, of the proposed FY21 budget is dedicated to Contracts. To accommodate the 11% reduction required of state agencies, this amount represents a moderate decrease from 43% or \$2.3 million in FY20.

The Contracts section of the budget includes contracts for all agency projects, research, training resources, and services offered to schools, and related per diem and fees. For FY21, the SCSC critically analyzed the supports and services provided to our schools to support increased academic, financial, and operational performance. Through diligent negotiation and cost savings in other areas, the SCSC can continue offering robust

opportunities for trainings and supports to an increased number of state charter schools. A sample of services offered to SCSC schools in FY21 are listed as follows:

- **Leadership Advisor Program** – Educational leadership experts mentor school leaders to develop and implement an individualized growth plan designed to meet the specific needs of the school. The growth plan will build upon the school leader’s strengths and mitigate weaknesses to cultivate quality leadership practices aimed at increasing student achievement and improving operational efficiency.
- **Governance Support** – SCSC schools that need additional support in establishing and implementing effective governance practices will receive a Governance Support Specialist who will assist the school’s governing board to identify and implement sound governing practices.
- **Implementation Support** – Charter school experts will assist newly approved schools in completing the SCSC’s Pre-Opening Checklist and serve as an advisor and resource to the school in its planning year. Additionally, the Implementation Support Program will assist newly approved schools with obtaining a facility and guide schools through the facility approval process. The SCSC began offering facilities support in FY20 and found it to be extremely helpful for schools in the pre-opening process.
- **Financial Management Training** – Schools have the option to receive financial management training from two high-quality providers (Carl Vinson Institute of Government and the Georgia Charter Schools Association). Subject areas include financial policies, budgeting, and payroll administration.
- **Independent Financial Audits** – The SCSC will continue to identify high-quality auditors to provide annual financial audits to schools that choose to participate in the approved auditor program.

Fiscal Year 2021 – Budgeted Revenue

Graph 1: Operational SCSC Schools & Students Served

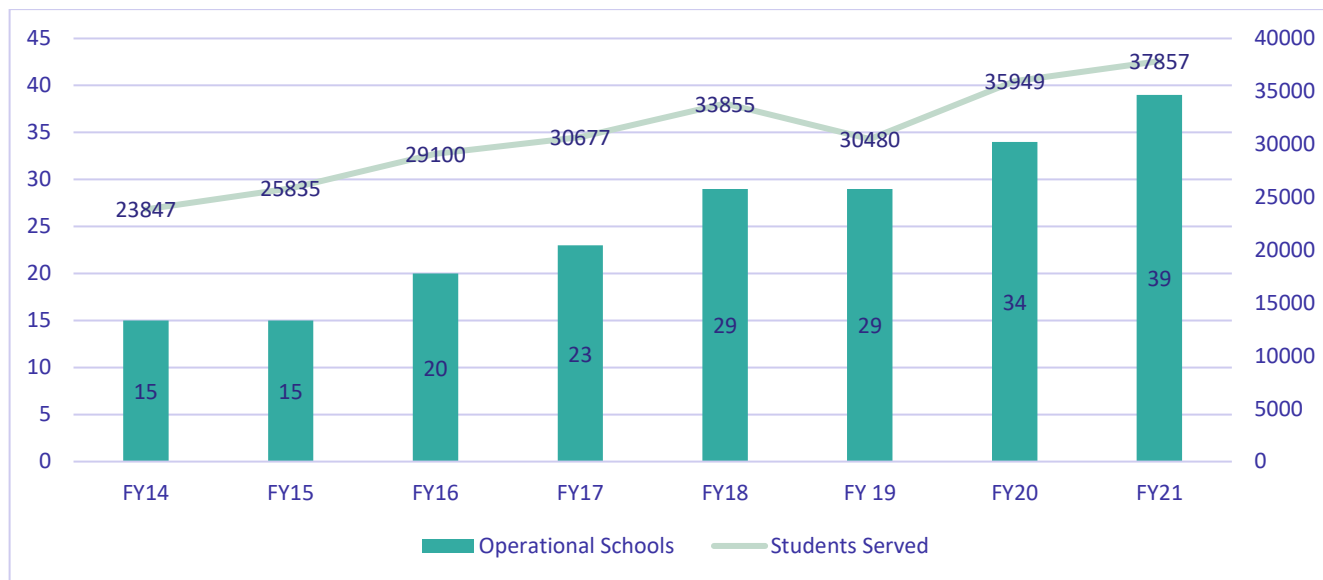


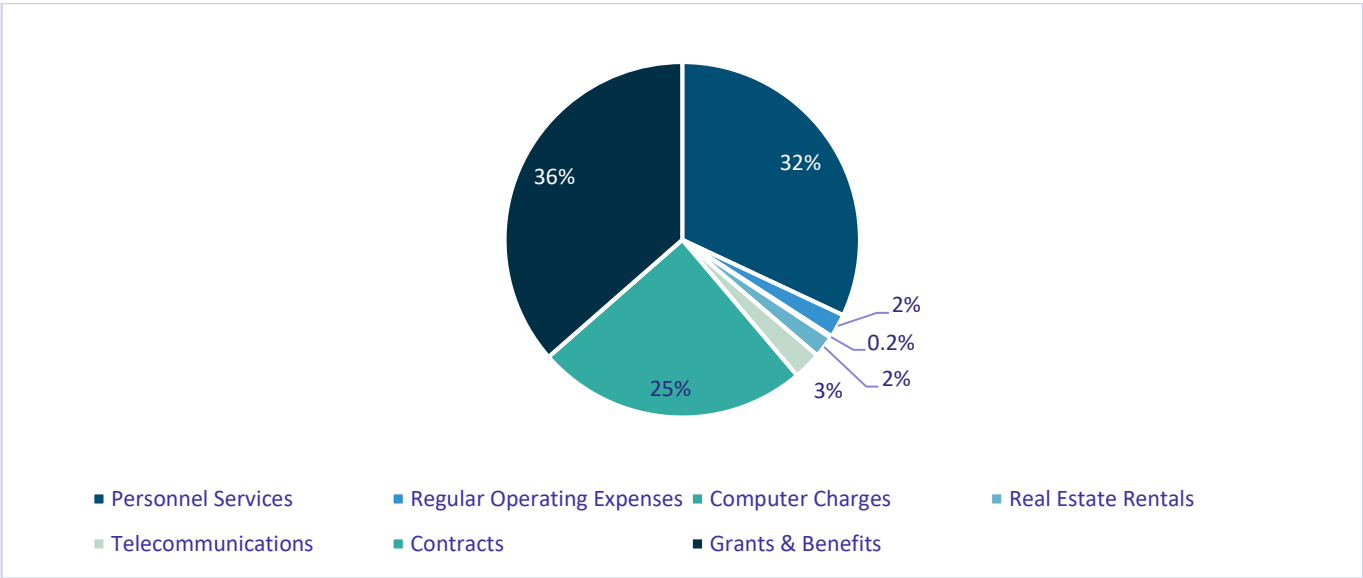
Chart 1: SCSC Revenue for FY21 by Source

School	FY20 Actuals	FY21 – With Austerity Reduction	FY20-FY21 \$ Change
Academy for Classical Education	\$ 174,730.00	\$ 330,282.81	\$155,552.81
Atlanta Heights Charter School	\$ 149,906.00	\$ 137,094.16	(\$12,811.84)
Baconton Community Charter School	\$ 83,554.00	\$ 153,751.47	\$70,197.47
Brookhaven Innovation Academy	\$ 104,744.00	\$ 92,640.37	(\$12,103.63)
Cherokee Charter Academy	\$ 157,694.00	\$ 131,344.32	(\$26,349.68)
Cirrus Academy Charter School	\$ 98,589.00	\$ 91,437.32	(\$7,151.68)
Coastal Plains Education Charter High School	\$ 344,138.00	\$ 310,708.68	(\$33,429.32)
Coweta Charter Academy	\$ 152,401.00	\$ 139,621.90	(\$12,779.10)
DuBois Integrity Academy	\$ 159,935.00	\$ 143,902.48	(\$16,032.52)
Ethos Classical	\$ 12,841.00	\$ 24,353.96	\$11,512.96
Foothills Education Charter High School	\$ 392,628.00	\$ 381,834.39	(\$10,793.61)
Fulton Leadership Academy	\$ 70,711.00	\$ 65,562.58	(\$5,148.42)
Genesis Innovation Academy for Boys	\$ 69,827.00	\$ 64,056.18	(\$5,770.82)
Genesis Innovation Academy for Girls	\$ 72,402.00	\$ 66,310.45	(\$6,091.55)
Georgia Connections Academy	\$ 625,552.00	\$ 569,535.17	(\$56,016.83)
Georgia Cyber Academy	\$ 1,627,081.00	\$ 1,402,001.82	(\$225,079.18)
Georgia School of Innovation & the Classics	\$ 140,295.00	\$ 127,610.80	(\$12,684.20)
International Academy of Smyrna	\$ 99,500.00	\$ 86,178.36	(\$13,321.64)

International Charter Academy of Georgia	\$ 36,717.00	\$ 33,453.30	(\$3,263.70)
International Charter School of Atlanta	\$ 155,933.00	\$ 145,561.81	(\$10,371.19)
Ivy Prep Academy at Kirkwood	\$ 101,002.00	\$ 88,432.04	(\$12,569.96)
Liberty Tech Charter School	\$ 87,325.00	\$ 79,457.30	(\$7,867.70)
Mountain Education Charter High School	\$ 519,785.00	\$ 477,958.50	(\$41,826.50)
Odyssey School	\$ 73,782.00	\$ 67,062.25	(\$6,719.75)
Pataula Charter Academy	\$ 121,112.00	\$ 135,824.34	\$14,712.34
Resurgence Hall	\$ 58,102.00	\$ 52,702.77	(\$5,399.23)
SAIL - School for Arts-Infused Learning	\$ 112,651.00	\$ 103,096.67	(\$9,554.33)
Scintilla Charter Academy	\$ 109,789.00	\$ 98,832.52	(\$10,956.48)
SLAM Academy of Atlanta	\$ 22,857.00	\$ 20,684.22	(\$2,172.78)
Southwest Georgia STEM Charter	\$ 71,966.00	\$ 66,232.18	(\$5,733.82)
Spring Creek Charter Academy	\$ 25,724.00	\$ 47,161.79	\$21,437.79
Statesboro STEAM	\$ 34,780.00	\$ 31,427.38	(\$3,352.62)
Utopian Academy for the Arts	\$ 52,618.00	\$ 48,037.96	(\$4,580.04)
Miscellaneous Revenue	\$ 337,346.78	-	-
Total	\$ 6,458,017.78	\$ 5,814,152.26	(\$643,865.52)

Fiscal Year 2021 – Budgeted Expenses

Graph 2: Budgeted Expenditures by Class



Graph 3: Utilization of FY21 Revenues

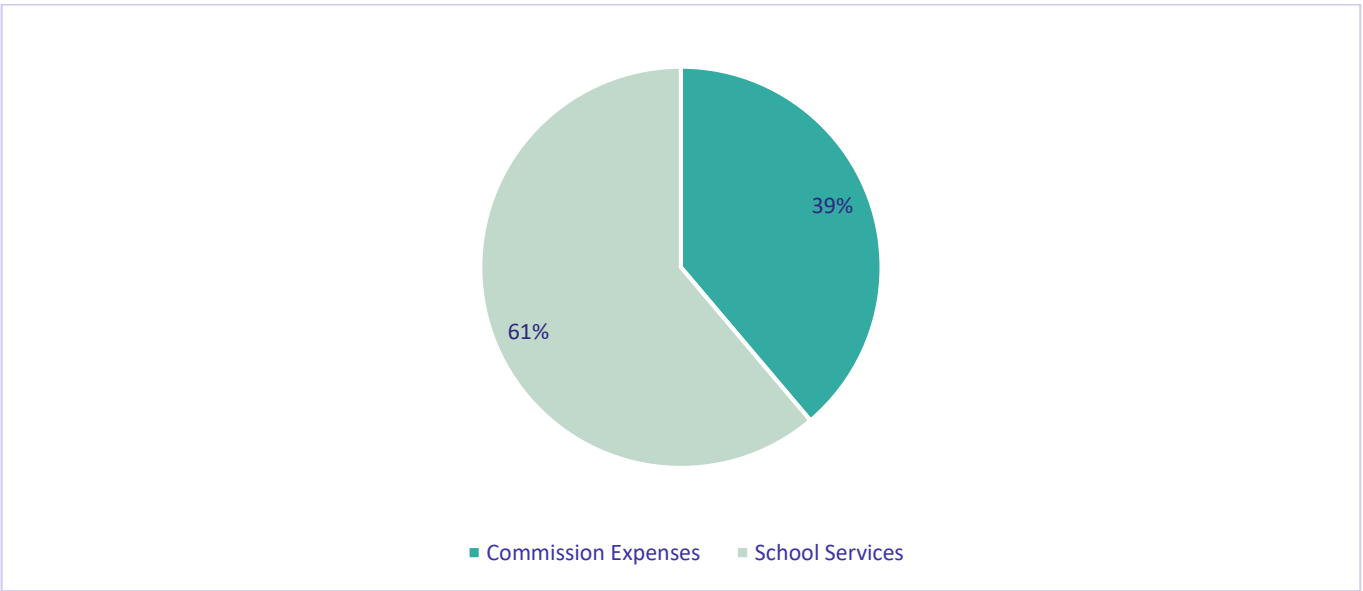
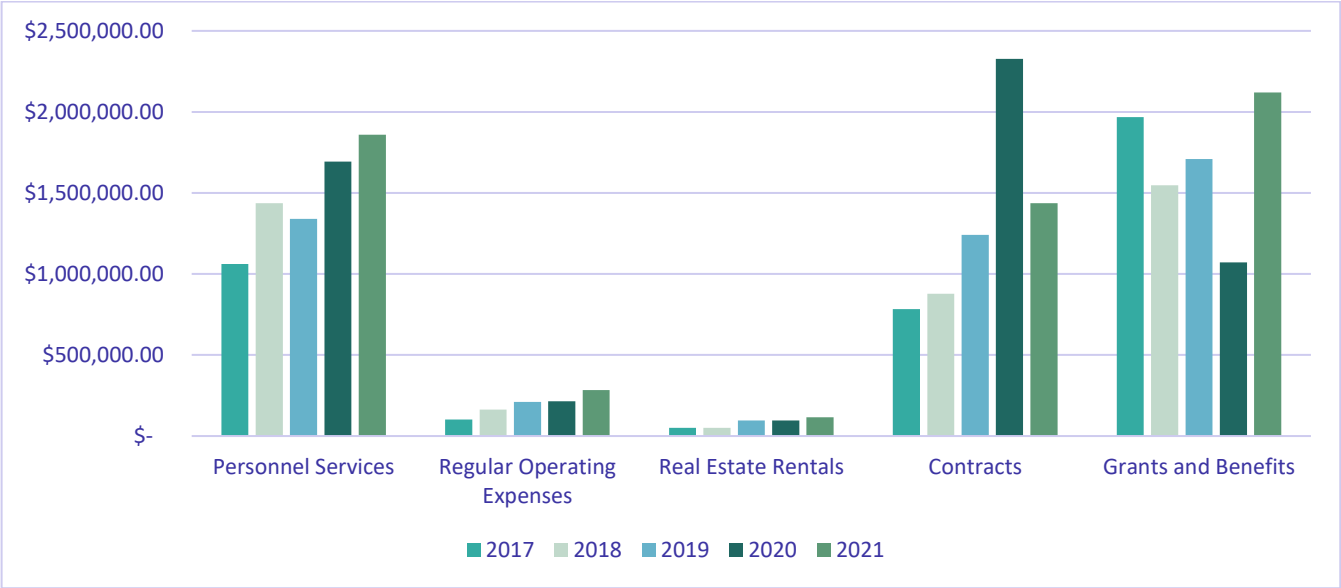


Chart 2: Budgeted Expenditures by Class & Account

Class/Account	FY21 Budget	FY20 Actuals*	Change (%)	Change (\$)
Personnel Services				
Regular Salaries	\$ 1,070,508.53	\$ 914,659.84	17%	\$ 155,848.69
Annual Leave Pay	\$ 21,410.17	\$ 17,064.13	25%	\$ 4,346.04
Other Supplemental Pay	\$ 13,000.00	\$ 4,725.00	175%	\$ 8,275.00
Temporary/Casual Labor	\$ 40,000.00	\$ 20,049.34	100%	\$ 19,950.66
FICA	\$ 74,935.60	\$ 64,405.74	16%	\$ 10,529.86
Retirement	\$ 256,922.05	\$ 218,705.80	17%	\$ 38,216.25
Health Insurance	\$ 374,677.98	\$ 274,429.94	37%	\$ 100,248.04
Unemployment Insurance	\$ 1,070.51	\$ 116.65	818%	\$ 953.86
Worker's Compensation	\$ 5,352.54	\$ 3,649.64	47%	\$ 1,702.90
Assessments By Merit System	\$ 1,500.00	\$ 1,098.78	37%	\$ 401.22
Total Personnel Services	\$ 1,859,377.38	\$ 1,518,904.86	22%	\$ 340,472.52
Regular Operating Expenses				
Printing & Publications	\$ 2,850.00	\$ 285.34	899%	\$ 2,564.66
Supplies & Materials	\$ 7,000.00	\$ 3,141.05	123%	\$ 3,858.95
Repairs & Maintenance	\$ 2,000.00	\$ -	-	\$ 2,000.00
Insurance & Bonding	\$ 2,000.00	\$ 1,236.97	62%	\$ 763.03
Other Operating Expenses	\$ 61,687.50	\$ 36,271.74	70%	\$ 25,415.76
Travel	\$ 49,206.00	\$ 30,296.91	62%	\$ 18,909.09
Software Not Capitalized	\$ 10,112.22	\$ -	-	\$ 10,112.22
Infra/Telecom-Pay GTA Invoices	\$ 140,572.50	\$ 107,784.89	30%	\$ 32,787.61
Voice/Data-Vendors Non GTA	\$ 7,512.00	\$ 7,304.27	3%	\$ 207.73
Total Regular Operating Expenses	\$ 282,940.22	\$ 198,813.52	42%	\$ 84,126.70
Real Estate Rentals				
Real Estate Rentals	\$ 115,299.12	\$ 98,993.02	16%	\$ 16,306.10
Total Real Estate Rentals	\$ 115,299.12	\$ 98,993.02	16%	\$ 16,306.10
Contracts				
Per Diem & Fees	\$ 5,000.00	\$ 15,843.90	-68%	\$ (10,843.90)
Per Diem & Fees - Expenses	\$ 58,378.00	\$ 24,165.68	142%	\$ 34,212.32
Contracts	\$ 1,284,286.40	\$ 1,803,641.77	-29%	\$ (519,355.37)
Contracts - State Orgs	\$ 89,610.00	\$ 55,630.71	61%	\$ 33,979.29
Total Contracts	\$ 1,437,274.40	\$ 1,899,282.06	-24%	\$ (462,007.66)
Grants & Benefits				
Grants	\$ 2,119,261.14	\$ 2,742,024.32	-23%	\$ (622,763.18)
Total Grants & Benefits	\$ 2,119,261.14	\$ 2,742,024.32	-23%	\$ (622,763.18)
Total Expenditures				
Total Expenditures	\$ 5,814,152.26	\$ 6,458,017.78	-10%	\$ (643,865.53)

*FY20 Actuals include July – May actual expenditures and June projected expenditures. As a result, the final FY20 actual total may vary slightly.

Graph 4: Historical SCSC Expenditures



State Charter Schools Foundation Overview

The State Charter Schools Foundation of Georgia (SCSF), a qualified nonprofit organization, provides financial support and resources for new and existing schools authorized by the SCSC. The mission of the SCSF is to support high-quality state charter schools serving children throughout Georgia by leveraging resources to help schools launch, build capacity, and grow. The SCSF is governed by its own board of directors, and although the SCSF and SCSC work in cooperation, the SCSF's activities are separate and distinct from the SCSC.

The SCSC provides the SCSF with facility and operational support to allow the SCSF to focus on serving schools directly. The SCSF raises private funds and secures in-kind donations of goods and services to provide grants to state charter schools and offer other material support. In FY20, the SCSC's contribution to the SCSF's operations led to the development of significant resources for state charter schools, representing over a 200% rate of return on the SCSC's investment in the SCSF.

The SCSF named a new President in November 2019, and since that time, the SCSF has leveraged nearly \$400,000 in funds, equipment, services, and teacher recognition awards for state charter schools. Notably, the SCSF disbursed \$204,000 in grant funds to support distance learning to 16 state charter schools in response to the COVID-19 pandemic. In addition, the SCSF has facilitated the donation of nearly \$100,000 of electronic devices for schools and students; recognized 25 outstanding state charter school teachers through the Shining Star Teachers program; facilitated pro bono consulting services for school re-opening amid a pandemic; and provided direct technical assistance and training for new and existing state charter schools.

The largest portion of the FY21 budget as presented is allocated to personnel. Other expenditures include contracted services for financial oversight and software subscriptions. The SCSF shares office space and equipment with the SCSC, and the SCSF will raise other funds to cover additional operational and programmatic expenses not listed here.

For FY21, the SCSF will continue providing and facilitating technical assistance and support for state charter schools related to operations during a pandemic. The SCSF will

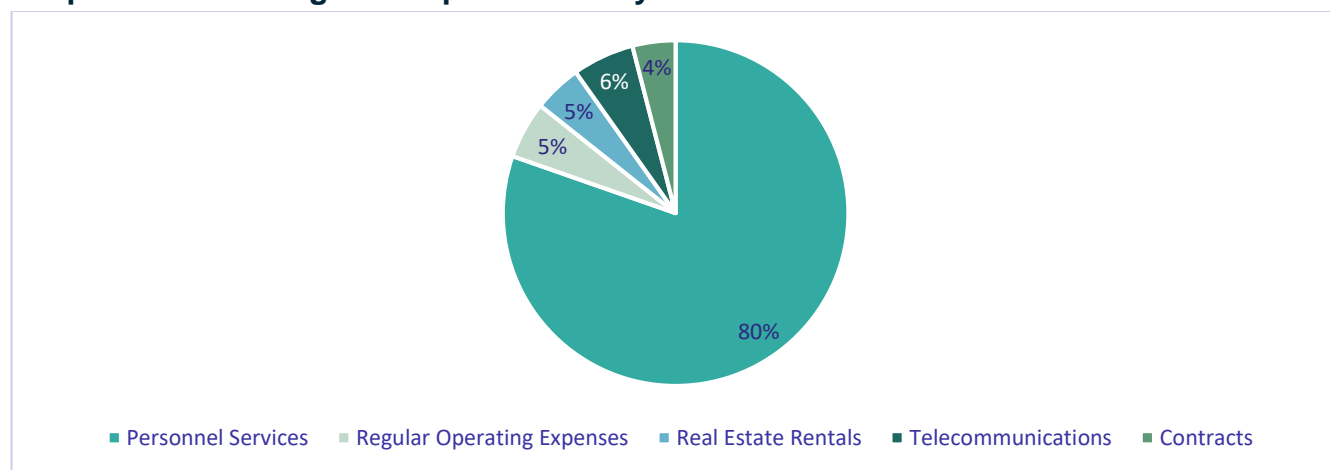
seek philanthropic funding to provide schools with grant awards to meet their needs for facility improvements, electronic devices, and personal protective equipment and cleaning supplies to promote the health and safety of students and staff. In particular, the SCSF will place an emphasis on ensuring that state charter school students have access to electronic devices and the Internet in the classroom and during distance learning at home to support continuity in learning. In order to help state charter schools build capacity and address reductions in revenue, the SCSF will provide direct fundraising support for individual schools through the SCSF's online platform. Other activities considered by the SCSF board for FY21 include engaging in root cause analyses to determine state charter schools' needs and disseminating best practices identified by state charter schools in Georgia.

The State Charter Schools Foundation is grateful for the SCSC's support and the ability to promote high-quality educational opportunities for Georgia's children.

Chart 3: State Charter Schools Foundation Budget

Class	FY21 Budget	FY20 Budget	Change (\$)
Personnel Services	\$ 187,030.00	\$ 192,080.00	\$ (5,050.00)
Regular Operating Expenses	\$ 12,411.45	\$ 16,330.98	\$ (3,919.53)
Real Estate Rentals	\$ 10,481.74	\$ 9,390.50	\$ 1,091.24
Telecom Expenses	\$ 13,462.23	\$ 7,140.00	\$ 6,322.23
Contracts	\$ 9,373.00	\$ 9,180.00	\$ 193.00
Total Expenditures	\$ 232,758.42	\$ 234,121.48	\$ (1,363.06)

Graph 5: SCSF Budgeted Expenditures by Class



Appendix A

Annual Budget: Policy 2.1

Article I

Purpose

The SCSC is committed to adopting and implementing an annual budget that allows the agency to fulfill its statutory duties while maximizing efficiency.

Article II

Policy

1. Administrative Withhold. As provided by O.C.G.A. § 20-2-2089(b), the SCSC is authorized to direct the Georgia Department of Education to withhold up to 3% of state earnings for state charter schools for the current fiscal year to allow the agency to perform its duties required by law. To maximize resources for state charter schools, the SCSC will utilize the smallest percentage of administrative withhold that allow the SCSC to effectively meet its statutory obligations. Except as provided by the Emergency School Operations Fund Policy, if the SCSC does not utilize the entire amount of funding withheld during the fiscal year, the Executive Director shall request that the SCSC direct the Georgia Department of Education to return any funding remaining in the SCSC administrative budget to state charter schools on the same pro rata basis as its collection upon satisfaction of the SCSC's expenses for the fiscal year.

2. Preparation of the Annual Budget. Prior to the conclusion of the current fiscal year, the Executive Director shall utilize the initial QBE allotment sheets for each state charter school to estimate the funding available for SCSC operations. Thereafter, the Executive Director shall prepare an annual budget for the upcoming fiscal year that details proposed expenses at class and account levels that will guide the agency in fulfilling its mission, strategic plan, and statutory charge. In preparing the annual budget, the Executive Director may propose to utilize an administrative withhold that is less than the permitted 3%. The Executive Director, or his or her designee, shall present the draft budget to the SCSC for its approval prior to the start of the upcoming fiscal year. The budget presentation must expressly state that the budget is presented consistent with the terms of this Policy.

3. SCSC Approval. The SCSC shall approve the SCSC annual budget by majority vote prior to the start of the upcoming fiscal year. In the event the SCSC does not approve the budget prior to the start of the fiscal year, the Executive Director shall make only those expenditures and contractual arrangements that are necessary to continue the operations of the SCSC without interruption.

4. Budget Amendments. The Executive Director may redirect funding for budgeted items at the account level; provided however that such changes shall not exceed the budgeted class level amount by more than 10% each year without prior written approval from the SCSC Chair. In the discretion of the SCSC Chair, he or she may solely approve budget amendments that exceed 10% of the budgeted class amount or he or she may require a vote by the SCSC to approve the amendment request. The language of this subsection shall be included in the Executive Director's presentation of the draft budget to the SCSC.

5. Compliance with Law. The SCSC shall administer its budget in accordance with all applicable federal and state laws, rules, and regulations, including, but not limited to, budget directives issued by the Governor's Office of Planning and Budget.

State Charter Schools Commission of Georgia

Staff Recommendation SCSC FY21 Operational Budget

Recommendation: It is recommended that the SCSC adopt the SCSC FY21 Operational Budget as prepared by SCSC staff.

Rationale: The SCSC budget as prepared by SCSC staff allows the agency to fulfill its statutory charges as an independent charter school authorizer while conducting all business according to high standards of transparency, accessibility, objectivity, and innovation.