

State Charter Schools Commission of Georgia

Staff Recommendations for Administrative Withholds

Action:	To amend the SCSC administrative withhold for the current fiscal year.
Applicable Fiscal Year:	2021
Recommendation:	<p>It is recommended that the SCSC direct the Georgia Department of Education to reduce the SCSC's administrative withhold to 1.48% of state funding allocated to state charter schools not currently in their first year of operation as authorized by O.C.G.A. § 20-2-2089(b). It is further recommended that the withhold for state charter schools in the first year of operation shall be 0.00%. Adoption of this recommendation will replace the previously adopted recommendation from the March 2020 meeting.</p>
Rationale:	<p>Although O.C.G.A. § 20-2-2089(b) authorizes the SCSC to withhold up to 3% of state funding allocated to state charter schools, the SCSC has historically operated on a reduced budget to allow state charter schools to allocate more funding to instructional expenses.</p> <p>Consistent with previous years, at its March 2020 meeting, the SCSC approved a 2% administrative withhold for existing state charter schools and 1% administrative withhold for state charter schools in the first year of operation.</p> <p>However, due to the COVID-19 pandemic and the resulting impact on state revenues, the state implemented austerity reductions to state education formula funds for the FY21 school year. Although the SCSC has always returned unused agency funds to state charter schools upon closure of the fiscal year's accounting records, SCSC staff wishes to take additional steps to partially offset the loss of state funding in the FY21 school year.</p> <p>Rather than returning unused funds to schools at the end of FY21, the SCSC proposes to preliminarily reduce the withhold. Reduction of the withhold to 1.48% for state charter schools not in their first year of operations will yield SCSC revenue of approximately \$4.5 million when accounting for austerity reductions.</p> <p>Reduction of the withhold allows additional funds to remain with schools, thereby aiding schools to offer additional instructional programs and services to their students, including any expenses related to pandemic response and distance learning. Additionally, a reduced withholding of 0.00% for new state charter schools will allow those schools to receive additional funding to better address costs associated with the initial implementation of a charter school. Finally, due to conservative</p>

budgeting and diligent work by staff, further reduction of the withhold will not compromise the SCSC's ability to sufficiently perform its duties as required by law.
