

State Charter Schools of Georgia “How To Be An LEA”

Finance and Budget
Scott Austensen, CFO

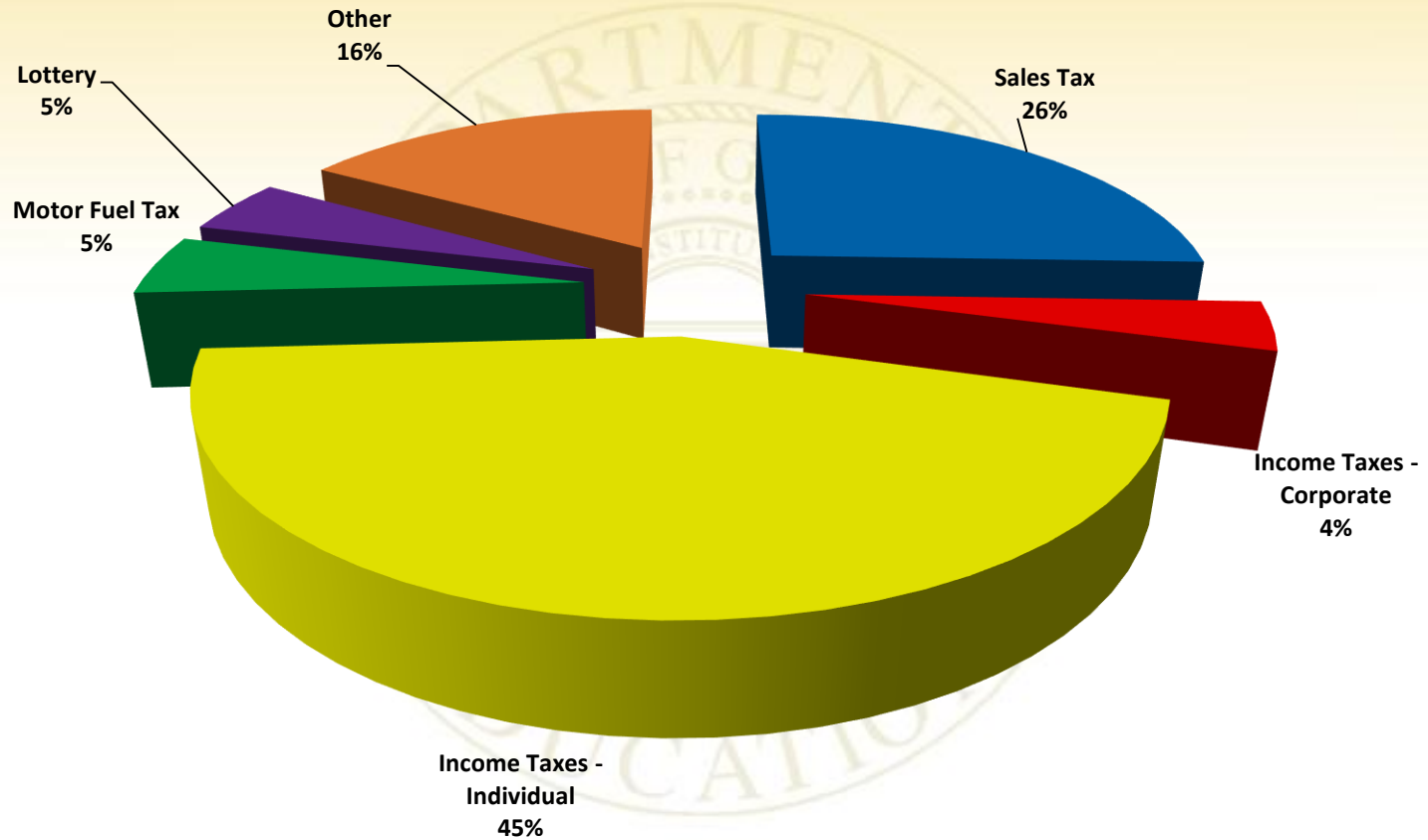
May 9, 2014



State Budget – Revenue

\$19,920,261,481

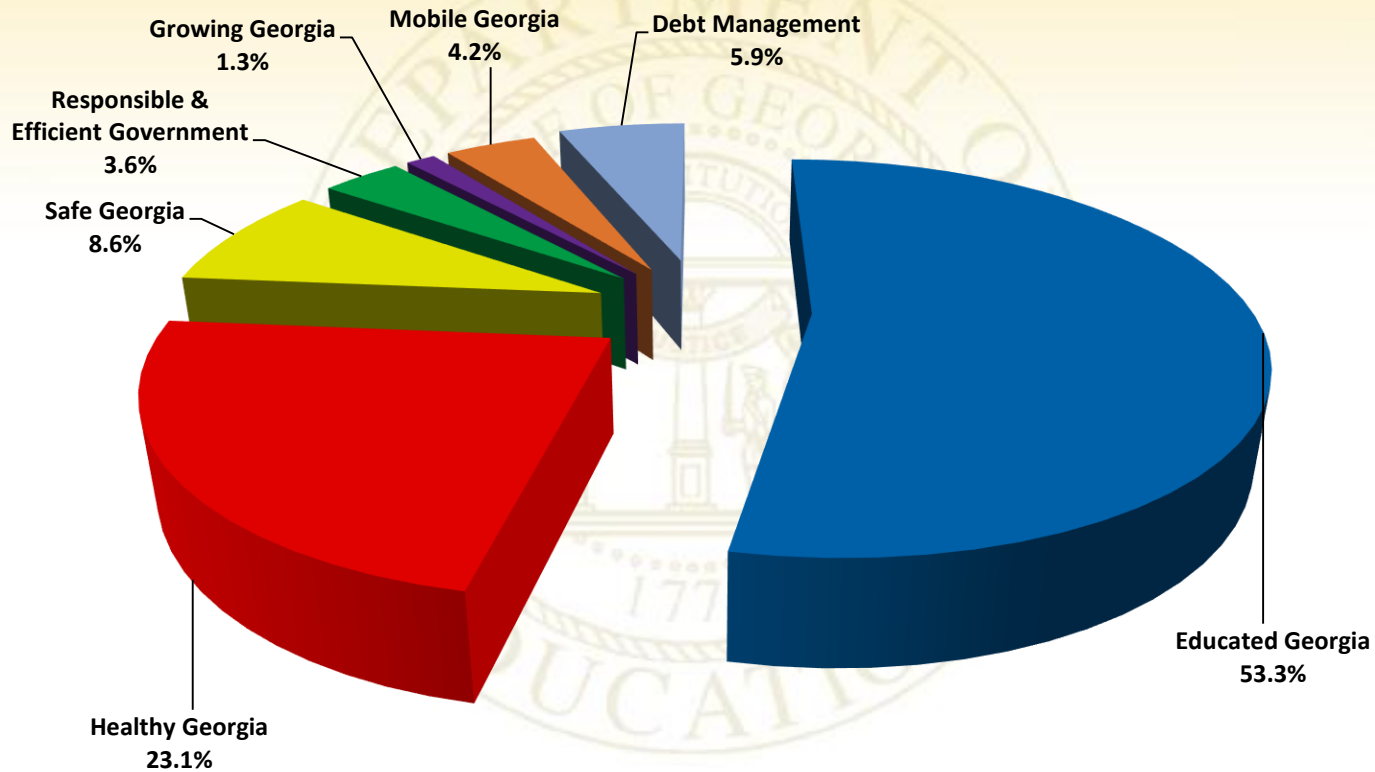
FY 2014



State Budget – Expenditures

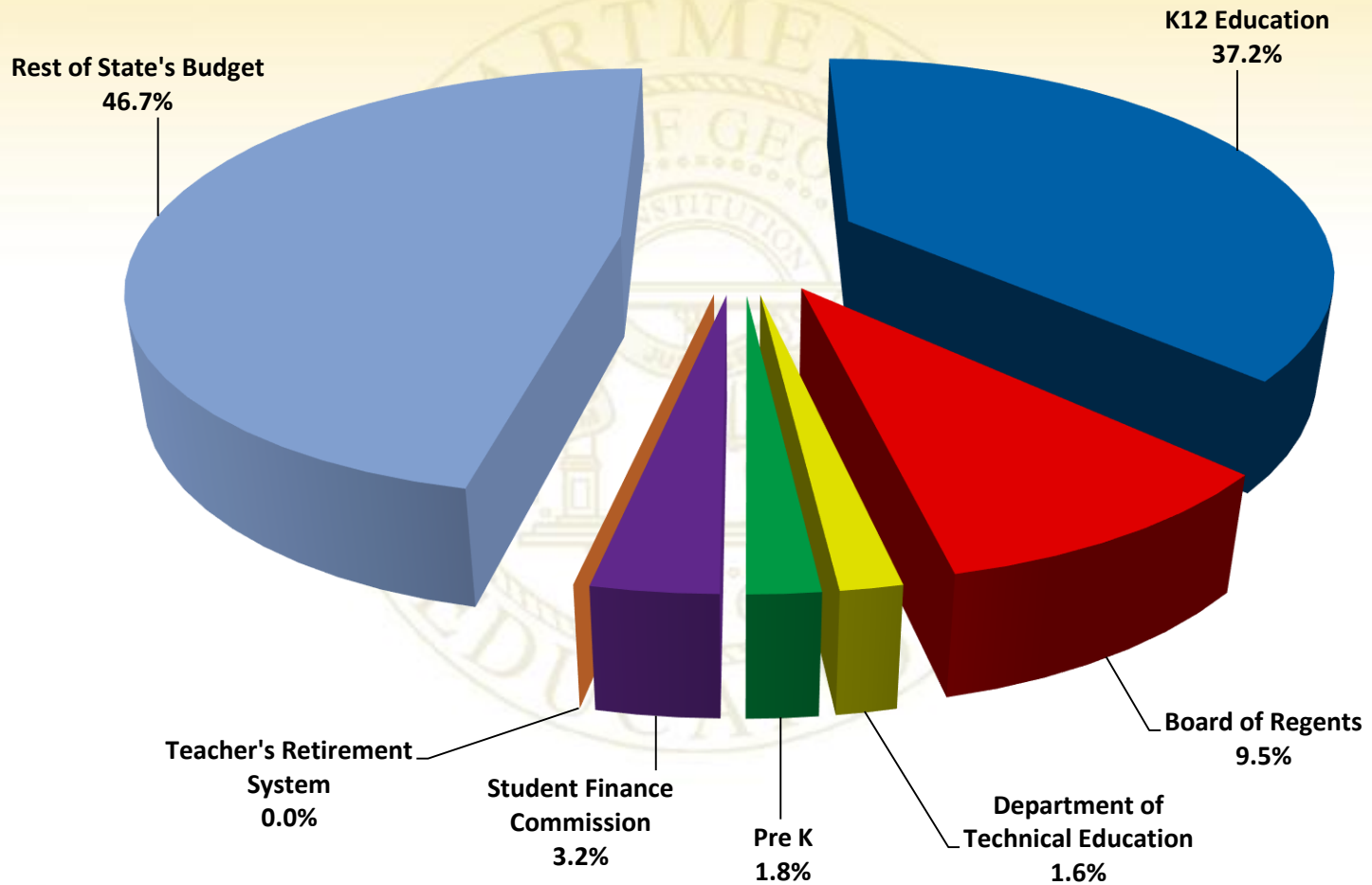
\$19,920,261,481

FY 2014



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Educating Georgia Compared to Rest of the State's Budget



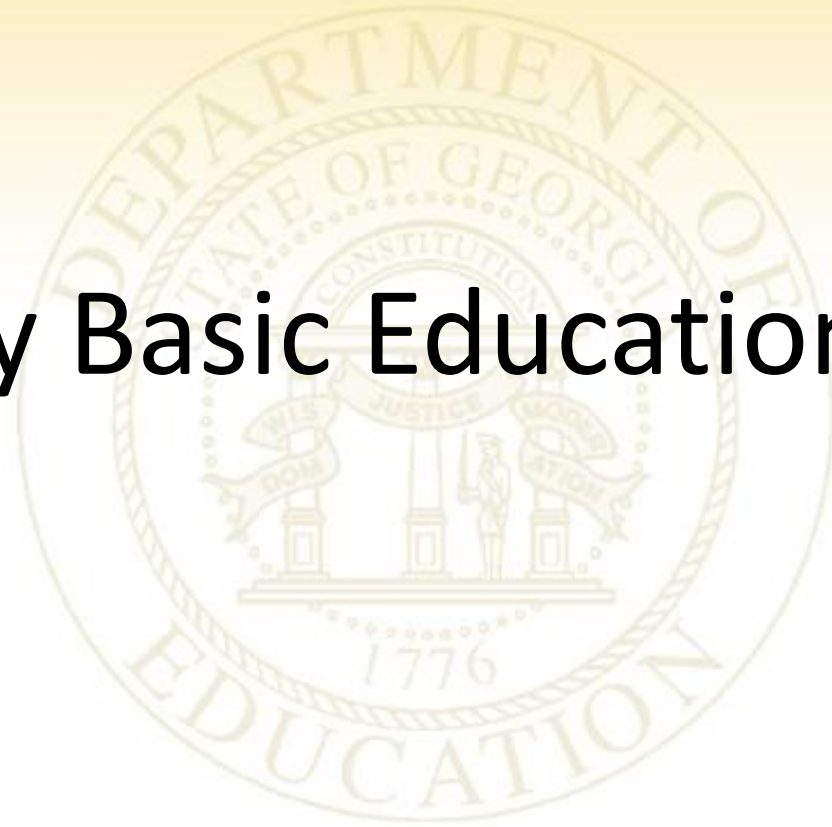
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Funding for School Systems

- State Funds (FY 2014)
 - QBE (\$6.46 Billion)
 - Categorical Grants
 - Pupil Transportation (\$127.7 Million)
 - Equalization (\$474 Million)
 - School Nurses (\$32.7 Million)
 - Targeted Grants such as School Improvement, Special Education



Quality Basic Education (QBE)



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Quality Basic Education (QBE)

- The Quality Basic Education 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
- Last major revision was made in the A-Plus Education Reform Act of 2000



Quality Basic Education (QBE)

- 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 differentiated costs



Quality Basic Education (QBE)

Local school systems are required to underwrite a portion of the QBE formula amount under a provision of the law entitled “local five mill share”



Quality Basic Education (QBE)

- The QBE Act (as amended) imposes certain requirements on school systems:
 - Maximum class sizes
 - Minimum expenditure levels
 - Employment requirements for Certificated Staff
- *(Currently the State is providing waivers for Class Size and Expenditure Controls)*



Components of the Formula

- Students (FTE Counts)
- Class size (Funding Student/Teacher Ratios)
- Teachers (Training and Experience)



FTE or Full Time Equivalent Students

- Obtained by the using student counts (FTE's) from March and October (funding is based on a three part average).
- The count records the actual classes the students are attending for six segments of the school day



Programs and Program Weights

- There are 19 QBE Programs
- Six of these programs are for Exceptional Education students (Mild Resource, Moderate Resource, Moderate Self-Contained, Severe Self-Contained, Inclusion, Gifted)
- Thirteen other programs: (K, K EIP, Gr 1-3, Gr 1-3 EIP, Gr 4-5, Gr 4-5 EIP, Middle Gr, Middle Sch, Gr 9-12, Voc labs, Remedial, Alternative Ed, and ESOL)



Programs and Program Weights

- QBE is a weighted funded formula based upon cost differentials for students in each program. Examples include:
 - Grades 9-12 is the Base Unit Cost and carries a weight of 1.0000
 - Kindergarten carries a weight of 1.6508
 - Middle Grades carries a weight of 1.0277



Teacher Student Funding Ratios

QBE Program	Funding Ratio	QBE Program	Funding Ratio
K	15:1	K EIP	11:1
Gr 1-3	17:1	Gr 1-3 EIP	11:1
Gr 4-5	23:1	Gr 4-5 EIP	11:1
Mid Gr	23:1	Mid Schl	20:1
Gr 9-12	23:1	Voc Lab	20:1
Cat I	8:1	Cat II	6.5:1



Teacher Student Funding Ratios

QBE Program	Funding Ratio	QBE Program	Funding Ratio
Cat III	5:1	Cat IV	3:1
Cat V	8:1	Gifted	12:1
Remedial	15:1	Alt Ed	15:1
ESOL	7:1		



Training and Experience (T&E)

- The formula provides salary funding for a T-4 teacher with 0 years of experience
- T&E funds are provided to compensate for the difference between beginning and experienced teachers
- The information is obtained from the CPI (Certified Personnel Information) report submitted to GaDOE each October



Direct Instructional Costs

- **Salaries** and benefits for Teachers, paraprofessionals (Kindergarten only), Subject Specialists (Art, Music, Physical Education, Foreign Language), Counselors, Technology Specialists
- Direct Instructional **Operations Costs** include Consumable Materials, Textbooks, Travel, Technology, and Equipment Replacement
- Direct Instructional costs comprises approximately **84%** of QBE earnings for FY 14



Indirect and Other (Non-Direct) Instructional Costs

- Funds for Central Administration (NOW IT)
- Funds for School Administration
- Facility Maintenance and Operations
- Funds for 20 Additional Days of Instruction
- Professional Development
- Media salaries and operations
- Indirect and Other costs comprises approx. 16% of QBE earnings for FY 14



Other pieces of the puzzle

- One Superintendent per LEA (\$45,616)
- One Secretary per LEA (\$15,906)
- One Accountant per LEA (\$23,740)
- One Principal per *school* (\$45,616)

- Additional Indirect funding calculated on FTE proration (see supplemental slides)



Health Insurance

- In FY13, Health Insurance was funded as a percentage of budgeted State Salaries
- For FY14, QBE funding formula updated to only include funding for certified staff that actually had State Health Insurance
- Funded similar to that for Training and Experience



Midterm Adjustment

- Funding count updated for Amended Budget
- Fall 2013 Student Count will be used to update FY 2014 (Amended) and calculate the FY 2015 Initial
- Systems with FTE gains receive additional funding
- Systems with declining enrollment do not lose State Funds in the Amended Budget (Hold Harmless)



“Forward Funding”

- Basis in Law: 20-2-2089 (d)
 - Subject to legal revision (stay abreast of Charter laws)
 - Amounts subject to Appropriation!
- Only for Current Year Appropriations
 - New schools, first year of operations
 - New Grade, existing school (added prior to count)
- Commission will arrange and report counts



Amended Formula Adjustment

- Often referred to as, “Austerity Adjustment”
- Bottom line adjustment to the amount the state funds for QBE; based on state funding shortfalls
- For FY 2014 amounts to \$1.061 Billion or approx. 14.1% of State QBE funds
- For FY 2015 REDUCED to approx. 9.7% or approx. \$747 million



School System: State

FY 14 Midterm

THE BASIC UNIT COST IS DEFINED TO BE THE AMOUNT OF \$2,430.57

←-----Earnings (\$)--→							←-----Earned Positions Grades K-12--→					
ACT INSTRUCTIONAL POST	FTE	SALARY	OPERATING	QBE EARNINGS	LESS LOCAL 5 MILLS	STATE FUNDS	Teacher	Sub- Spec	Couns.	Tech. Spec		
ergarten Pgm	116,510	612,114,053	9,105,071	621,219,124	115,597,100	505,622,024	7,767.34		258.00	105.93		
ergarten Early Intrv Pgm	14,658	100,368,267	1,145,529	101,513,796	17,758,539	83,755,257	1,332.54		32.57	13.33		
ary Grade(1-3) Pgm	329,843	1,391,315,941	28,333,073	1,419,649,014	263,017,736	1,156,631,278	19,402.53	956.09	732.95	299.88		
ary Grd Early Intrv(1-3) Pgm	36,756	233,045,919	3,157,376	236,203,295	42,711,309	193,491,986	3,341.45	106.54	81.68	33.42		
ar Elementary Grd(4-5) Pgm	200,321	644,662,602	14,106,557	658,769,159	121,424,394	537,344,765	8,709.63	580.85	445.14	182.12		
Elem Grd Early Intrv(4-5)	19,756	125,182,070	1,391,255	126,573,325	22,820,454	103,752,871	1,796.00	57.26	43.90	17.96		
le Grade(6-8) Pgm	0	0	0	0	0	0	0.00	0.00	0.00	0.00		
le School(6-8) Pgm	319,599	1,162,948,145	22,505,895	1,185,454,040	214,144,739	971,309,301	15,979.98	926.39	710.19	290.57		
chool Gen Educ(9-12)	339,938	1,026,867,565	38,616,947	1,065,484,512	193,527,000	871,957,512	14,779.99		755.39	309.06		
E(9-12) PGM	68,624	238,939,615	22,522,331	261,461,946	45,827,310	215,634,636	3,431.36		152.50	62.39		
ents with Disab Cat I	19,023	153,936,655	4,735,952	158,672,607	30,836,089	127,836,518	2,378.12			17.30		
ents with Disab Cat II	9,189	93,100,509	1,206,948	94,307,457	16,593,668	77,713,789	1,415.85			8.37		
ents with Disab Cat III	54,014	705,720,841	11,029,863	716,750,704	128,866,355	587,884,349	10,859.99			49.37		
ents with Disab Cat IV	10,170	222,623,433	4,295,946	226,919,379	39,552,841	187,366,538	3,419.67			9.33		
ents with Disab Cat V	14,158	116,834,189	5,980,589	122,814,778	21,352,292	101,462,486	1,769.75			12.87		
id Student Category VI	93,295	509,027,075	9,413,401	518,440,476	96,164,511	422,275,965	7,774.58			84.82		
edial Education Pgm	18,925	83,564,624	1,087,055	84,651,679	15,932,414	68,719,265	1,261.67			17.21		
ate Education Pgm	19,202	86,235,993	1,352,187	87,588,180	15,378,914	72,209,266	1,280.13		42.67	17.46		
Spkrs. of Other Lang.(ESOL)	16,707	154,779,436	959,615	155,739,051	28,579,805	127,159,246	2,386.71			15.19		
Ed. Itinerant				886,732	153,265	733,467						
Ed. Supplemental Speech				4,890,174	844,524	4,045,650						
TOTAL DIRECT INSTRUC.	1,700,688	7,661,266,932	180,945,590	7,847,989,428	1,431,083,259	6,416,906,169	109,087.	2,626.93	3,255.89	1,546.58		
INDIRECT COST												
Central Admin		219,140,423	183,604	219,324,027	39,278,966	180,045,061						
School Admin		405,643,840	11,893,572	417,537,412	76,651,808	340,885,604						
Facility M & O			506,804,839	506,804,839	92,056,215	414,748,624						
Sub Total (INDIRECT COST)		624,784,263	518,882,015	1,143,666,278	207,986,989	935,679,289						
IA CENTER PGM.	190,188,289		23,796,569	213,984,858	39,148,173	174,836,685				2.93		
AYS ADDITIONAL INSTRUCTION	63,875,012			63,875,012	11,668,338	52,206,674						
FF & PROFESSIONAL DEV				41,597,589	7,547,924	34,049,665						
ICIPAL STAFF & PROF. DEV				758,848	140,417	618,431						
MIDTERM HOLD HARMLESS				10,936,042	1,921,246	9,014,796						
ended Formula Adjustment						(1,061,127,407)						
ter System Adjustment				11,272,098		11,272,098						
FORMULA EARNINGS	8,540,114,496		723,624,174	9,334,080,153	1,699,496,346	6,573,456,400	109,087.	2,626.93	3,255.89	1,546.58		
CATEGORICAL GRANTS												
Pupil Transportation Pgm (Includes 8892 Drivers and bus replacement s of 0)				127,704,479		127,704,479						
Sparsity - Regular				2,631,274		2,631,274						
Nursing Services				32,740,966		32,740,966						
TOTAL EARNINGS FOR QUALITY BASIC EDUCATION				9,497,156,872		6,736,533,119						
Education Equalization Funding Grant				475,324,163		475,324,163						
TOTAL STATE FUNDING ON THIS ALLOTMENT SHEET				9,972,481,035		7,211,857,282						
Charter Commission Admin - State						-2,511,278						
One Time QBE Adjustment						3,818,353						
DCH Direct Payment						-720,112,128						
State Commission Charter Supplement				51,276,262		51,276,262						
TOTAL FUNDING ON THIS ALLOTMENT SHEET				10,023,757.		6,544,328,491						
							Total T&E	3,465,879,607	includes T&E	2,363,001,526	and HI	1,102,878,081
							NOTES	1. Expenditure Controls relating to direct instructional costs, media center costs, staff and professional development costs and 20 Days on Additional Instruction have been waived and shall not apply to nor be enforceable against a local system in FY 2014. 2. Health Insurance for Certificated Personnel is funded on a per member per month amount of \$945.00, for an annual funding amount of \$11,340 in QBE under appropriation in FY 2014 (HB 106). 3. Teacher Retirement is funded at 12.28% in QBE FY 2014 (HB 106).				



SSCS Supplement

- Georgia State Law: 20-2-2089
- Components:
 - Categorical: Transp. and Nutrition (must offer to qualify)
 - Total-Fed-State+Equalization (lowest 5 LEA's)
 - Capital Revenue uses SPLOST + Capital Outlay (all 180 LEAs)
 - Adjustment for Virtual Charters Schools



SSCS Supplement

CHARTER AMENDMENT CALCULATIONS EXAMPLE

	FTE	(A)(ii) Categorical Grants <u>Transportation</u>	(A)(ii) Categorical Grants <u>Nutrition</u>	(B) Total -Federal - State + <u>Equalization</u>	(C) Capital <u>Revenue</u>	GRAND <u>TOTAL</u>
VALUE PER FTE		\$77.77	\$13.61	\$2,402.23	\$1,097.84	
Cherokee Charter Academy	1,104	\$0	\$15,021	\$2,652,062	\$1,212,015	\$3,879,098
Heritage Preparatory Academy	200	\$15,553	\$2,721	\$480,446	\$219,568	\$718,288
Ivy Prep Academy for Girls	342	\$0	\$4,653	\$821,563	\$375,461	\$1,201,677
Ivy Prep Young Mens Academy	330	\$0	\$4,490	\$792,736	\$362,287	\$1,159,513
CCAT	148	\$0	\$0	\$355,530	\$162,480	\$518,010
Pataula Charter Academy	413	\$32,117	\$5,619	\$992,121	\$453,408	\$1,483,265
Fulton Leadership Academy	267	\$0	\$3,633	\$641,395	\$293,123	\$938,151
Atlanta Heights Charter	672	\$0	\$9,143	\$1,614,299	\$737,748	\$2,361,190
Coweta Charter	578	\$44,948	\$0	\$1,388,489	\$634,551	\$2,067,988
Mountain Education Center	1,124	\$0	\$15,293	\$2,700,107	\$1,233,972	\$3,949,371
Scholars Academy	242	\$0	\$3,293	\$581,340	\$265,677	\$850,309
Odyssey - Brick and Mortar	405	\$0	\$0	\$972,903	\$444,625	\$1,417,528
Ivy Prep Academy (Gwinnett)	360	\$0	\$4,898	\$864,803	\$395,222	\$1,264,923
SUB-TOTAL	6,185	\$92,618	\$68,764	\$14,857,793	\$6,790,138	\$21,809,312
VALUE PER FTE		\$0	\$0	\$1,601.49	\$0	
Odyssey*	12,431	\$0	\$0	\$19,908,081	\$0	\$19,908,081
Georgia Connections*	2,948	\$0	\$0	\$4,721,183	\$0	\$4,721,183
Provost Academy*	2,175	\$0	\$0	\$3,483,234	\$0	\$3,483,234
SUB-TOTAL	17,554	\$0	\$0	\$28,112,497	\$0	\$28,112,497
GRAND TOTAL	23,739	\$92,618	\$68,764	\$42,970,289	\$6,790,138	\$49,921,809

* - Virtual Schools (School's "Total-Federal-State+Equalization" is calculated at 2/3)



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