

# California Charter Authorizers Boot Camp

Reviewing Charter School Budgets

# Learning Outcomes

- What to look for in a petition when reviewing the financials
- Know the appropriate questions to ask to determine knowledge level of charter schools
- Identify red flags in a financial statement

# Charter Petition Budgets

# What does CA law require?

- The petitioner or petitioners shall also be required to provide financial statements that include a proposed first-year operational budget, including startup costs, and cash flow and financial projections for the first three years of operation. Ed Code 47605(g)

# General Information in Petition

- SBE Requirements:
  - Reasonable estimates of all anticipated revenues and expenditures necessary to operate the school, including, but not limited to:
    - Special education, based on historical data from schools or school districts of similar type, size, and location
    - Budget notes that clearly describe assumptions on revenue estimates
  - A budget that in its totality appears viable
  - A budget that provides, over a period of no less than two years of operations, for a reserve equivalent to that required by law for a school district of similar size

# General Information in Petition

- Demonstrate an understanding of the timing of receipt of revenues and their relative relationship to timing of expenditures
- Adequately provide for the acquisition of and budgeting for general liability, workers compensations, and other necessary insurance
- Structure for providing administrative services
  - Should reflect understanding of school business practices and expertise to carry out the necessary administrative services, or a reasonable plan to develop such practices and expertise

# Communication During Petition Process

- Create a consistent structure with staff to review petitions
- Be sure finance staff and education services/curriculum staff are sharing and communicating
- Convene staff meetings to discuss petitions
- Use same rubric to review petitions

# Questions to ask when reviewing a petition

1. Does the petitioner know when the money is coming?
2. Does the petitioner understand the constraints of various funding sources?
3. Do the petition's resource allocation ratios align with best practices?
4. Does the petitioner fund all initiatives described in the narrative?
5. Does the petition contain reasonable enrollment projections?

# Questions to ask when reviewing a petition

6. What are the petitioner's contingency plans should the school experience a budget shortfall?
7. Does the petition include plans for fundraising or fundraising commitments?
8. Does the petition include a description of fiscal controls and management policies? An annual process for budget development?
9. Does the petition demonstrate knowledge of skills needed among board and staff members to support the charter school's financial health?

# Request the Information you Need

- Petitioners shall promptly respond to all reasonable inquiries from the chartering authority, the county office of education, the State Superintendent, and shall consult with these agencies regarding any inquiries (E.C. 47604.3)
  - Access not dependent on Public Records Act
- Chartering authority may “inspect or observe any part of the charter school at any time” (E.C. 47607(a)(1))

# Specific Things to Look For

- Revenues
  - State Revenue
    - Direct-Funded (E.C. 47651[a][1]) or Indirectly-Funded (E.C. 47651[a][2])
    - LCFF (E.C. 42238.02)
      - Base, supplemental, and concentration grants
      - Unduplicated Pupil Percentage (UPP)
      - Cost of living adjustment (COLA), average daily attendance (ADA) versus enrollment, gap percentage, etc.

# Specific Things to Look For

- Other State Revenue
  - State lottery
  - Special education
- Other Local Revenue
  - In lieu of property tax (E.C. 47635)
  - Start-up grants or other “soft” funding sources
    - Grant award letters
    - Donations
    - Loans

# Specific Things to Look For

- Federal Revenue
  - Special education
  - Title I, II, and III
- Expenses
  - Salaries and employee benefits
  - Programming/Instructional Materials
  - Support Services
  - Special Education
- Cash Flow
  - Reserves

# Key Take Aways

- Communicate with finance staff
- Ask the right questions
- Determine that charter school will be fiscally viable



# Epicenter Budget Review Key Take Aways

- Schedule tasks to collect budgets
- Automatically receive notifications to complete your review/approval
- Access Budget Review Sheet or any developed checklist directly on your review/approval task

Task: Compliance - Approve

Organization: The Authorizer  
 Notification: Jul 17 3:32 PM EST  
 Completed:  
 Requirement: **Budget - Approved**  
 Due: **Jul 17**  
 Grace Extension: None  
 School: **Hope Academy**  
 Submission Type: Budget - Approved  
 Description: The budget approved by the school board.  
 Resources: [Budget Sample.xls](#)  
[NACSA Charter-School-Budget-Template-Denver.xls](#)  
[NACSA Charter-School-Budget-Template-Tennessee.xls](#)  
 Instructions: Please see the sample budget provided.

Submission

Submitted By: [Downey, Michelle](#)  
 Time: Jul 17 3:32 PM EST  
 Notes:  
 Files:

[2017-2018 Budget - Approved.xlsx](#)  
 HOPE ACADEMY 17-18 Budget.xlsx

File Name:   
 Template: *Position the cursor where you want a placeholder to be inserted and click [Insert Placeholder](#) below.*  
 Date:\*  [Insert Placeholder](#)  
 School Year:\*  [Insert Placeholder](#)

Revisions

[Add revision...](#)

Your Review

Instructions: Please use the attached Budget Review to guide you as you are approving the Approved Budget. Once you have completed your review attached the completed Budget Review to the approval task.  
 Resources: [Budget Review Sheet.xlsx](#)  
 Files:   
 Notes:

Rich text editor toolbar with icons for Bold, Italic, Underline, Bulleted List, Numbered List, x<sub>2</sub>, x<sup>2</sup>, Indent, Outdent, Decrease Indent, Increase Indent, Undo, Redo, and other editing functions.



# Learn More

- California Charter Authorizing Professionals (CCAP)
- School Services of California
- FCMAT
- NACSA
- Charter School Development Center
- California Charter School Association