



TRACKING & PLANNING

YOUR WAY OFF THE

FUNDING CLIFF

FINANCIAL MANAGEMENT AS POST PANDEMIC FUNDING IS DEPLETED

Presenters



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Agenda

- **Opening Check-In**
- **The Current Outlook**
- **Success Loves Preparation**
- **Long-Term Financial Management**





OPENING QUESTIONS

LET'S ALL GET ON THE SAME PAGE

Who is in the room?

- **Are you running a homeschool, independent study, fully virtual, or some other model?**
- **For those with a building, do you own or are you renting?**
- **Do you have multiple schools/sites?**
- **What grade levels are you serving?**
- **Is this completed internally, or do you utilize a back-office/ consultant?**
- **What is your high-need student population?**
- **Are you increasing, decreasing, or keeping enrollment flat?**

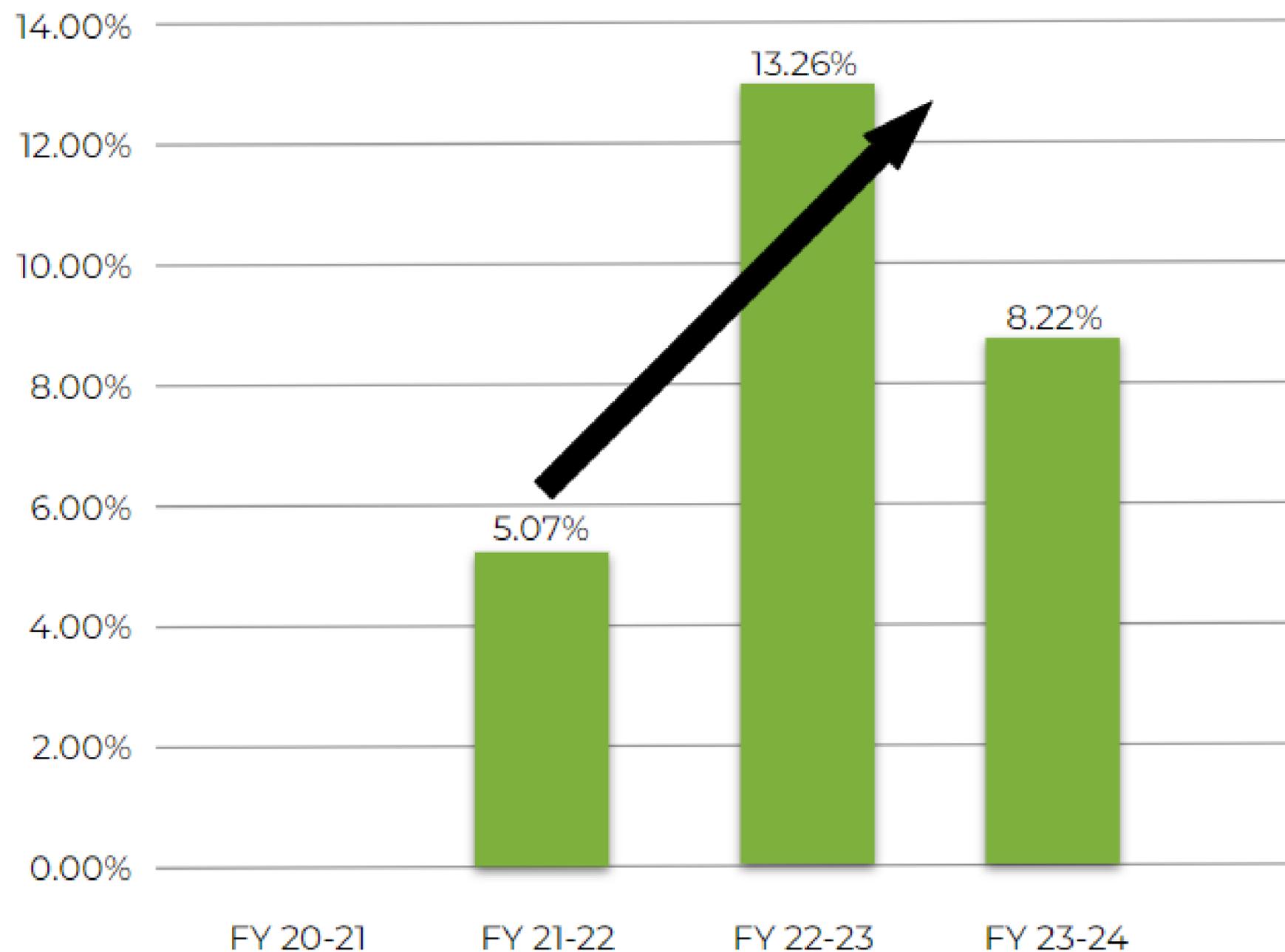




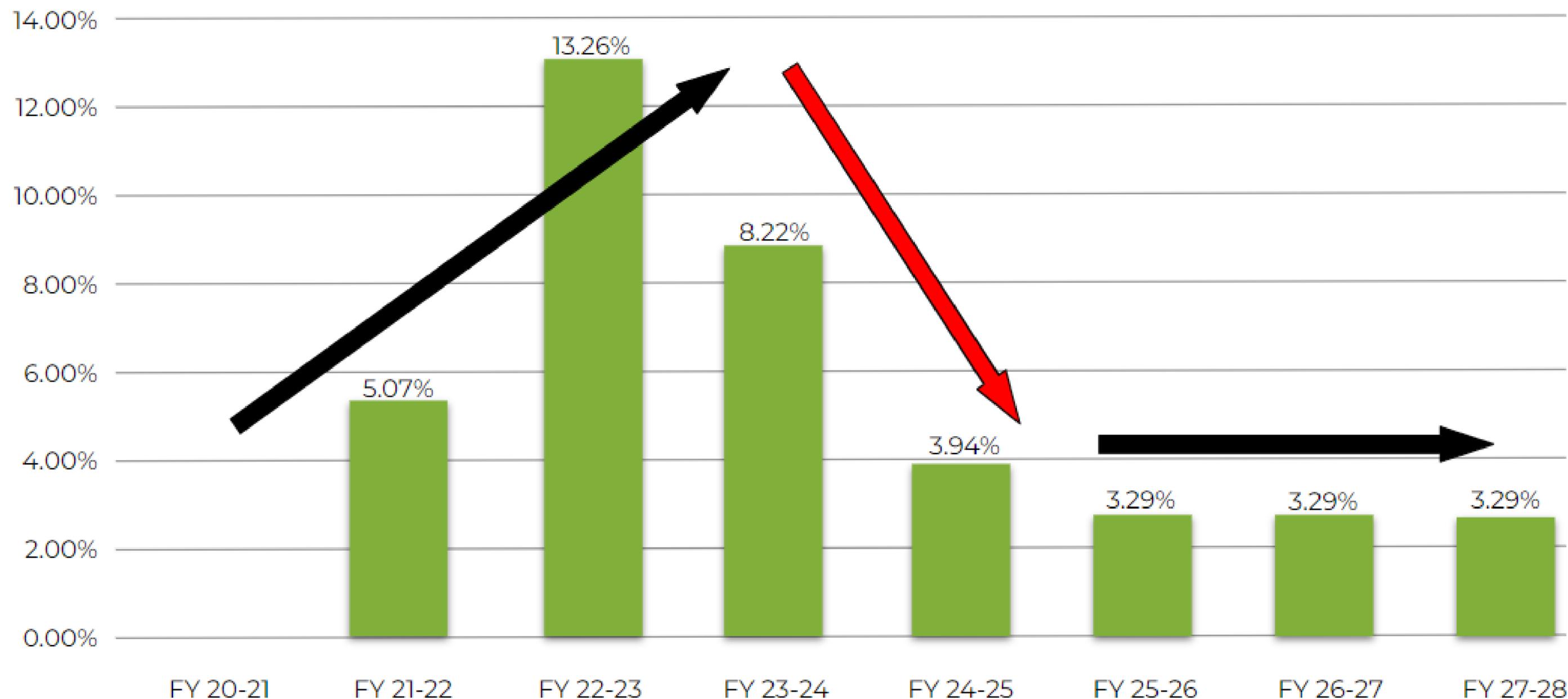
CURRENT OUTLOOK

WHERE ARE WE TODAY AND WHERE ARE WE HEADED?

The Revenue Golden Years - COLA



The Reality of Coming Years - COLA



Declining California Tax Receipts

GROWTH OF STATE SPENDING SINCE 2018

Fiscal Year	January Proposal	May Revision	Enacted in June
2018-19	\$190.3	\$199.2	\$201.4
2019-20	\$209.1	\$213.5	\$214.8
2020-21	\$222.2	\$203.3	\$202.1
2021-22	\$227.2	\$267.7	\$262.5
2022-23	\$286.4	\$300.7	\$307.9
2023-24	\$296.9		

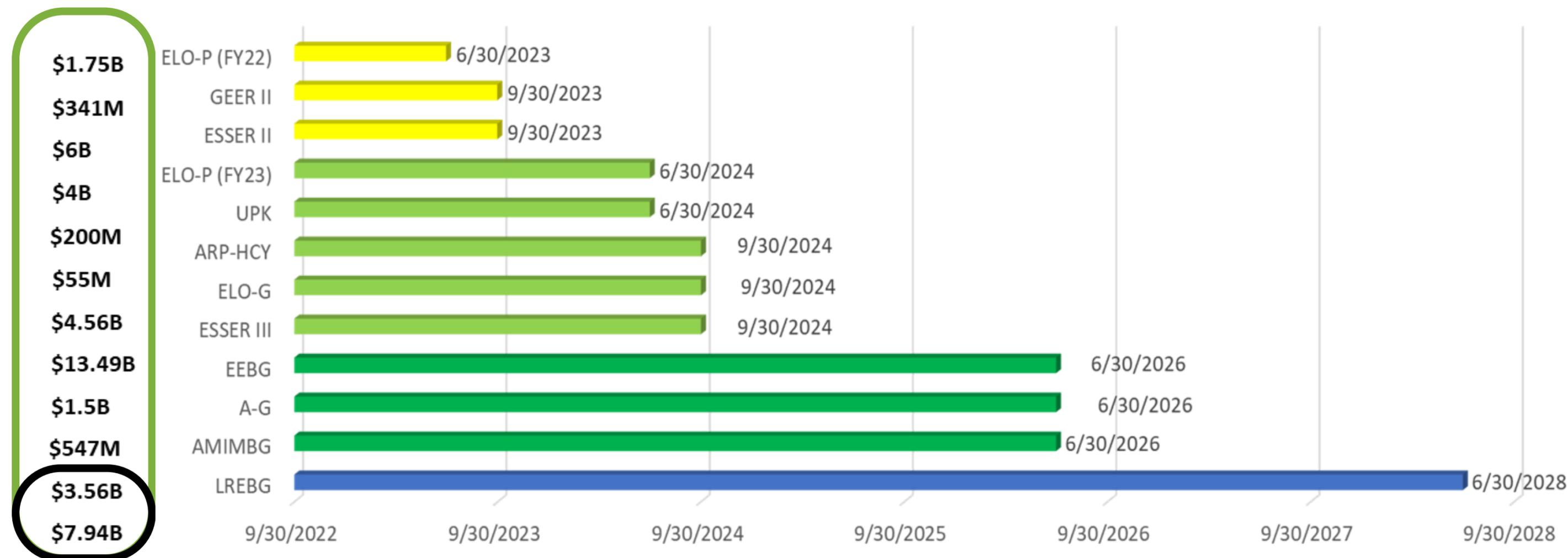
Growth of State Spending Since 2018 (in billions)



The Revenue Golden Years: One-Time Grants

~~\$44 Billion Allocated~~

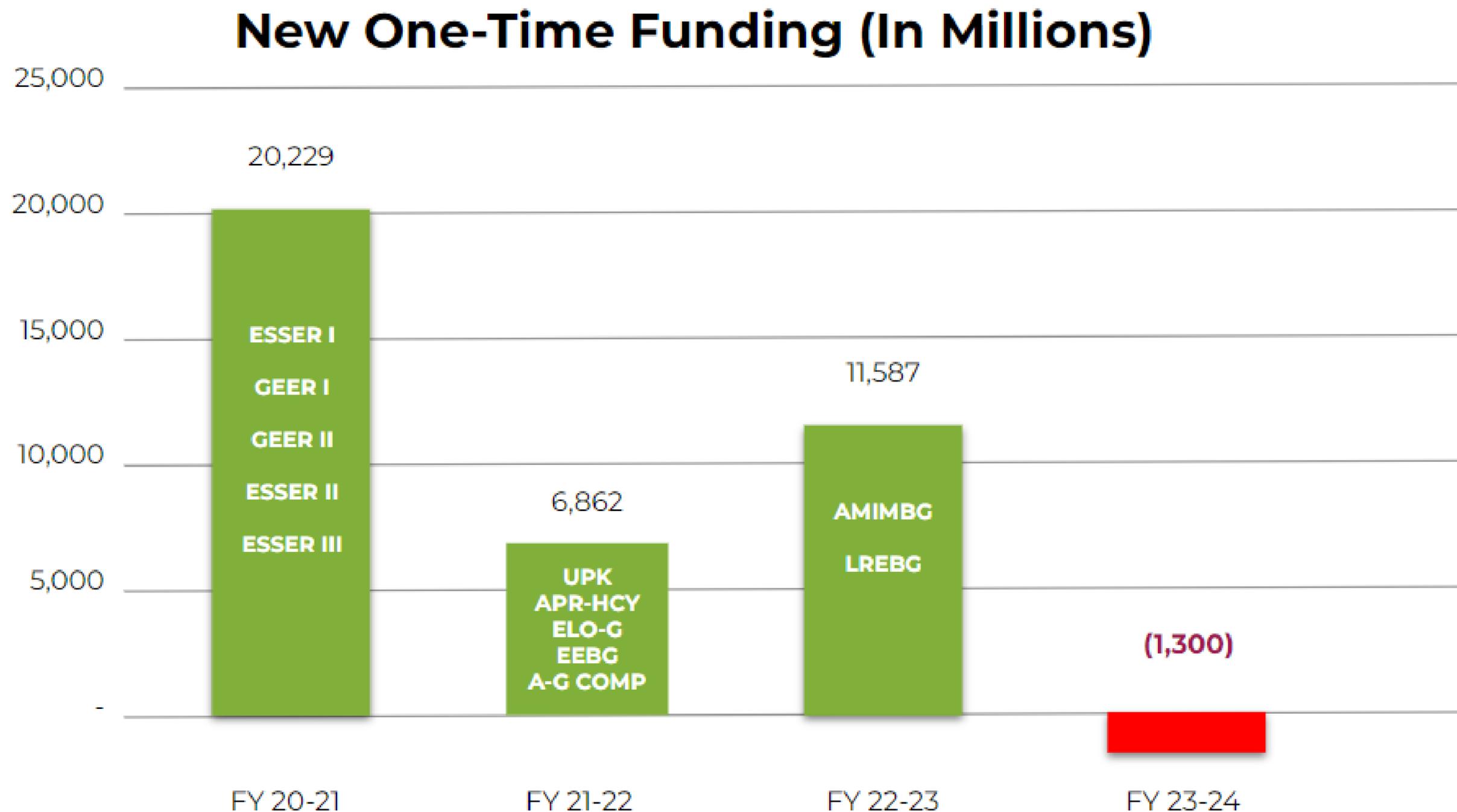
\$42.6 Billion Allocated



**** No New Large One-time Money ****



One-Time Grants By Year Awarded





GRANT MANAGEMENT

NEW TO SOME, REMINDER FOR OTHERS, IMPORTANT TO ALL.

Tracking of Multi-Year Funds Over Time

Sample Charter School

Multi-Year One-Time Funding Planning Tracker

Revised 10/24/2022

Other Federal: - 1,295,780 2,082,737 1,902,245 - - -
 Other State: 1,215,530 - 334,820 251,491 1,501,372 1,409,252 1,699,440 1,699,440

Source	Resource	Expiration	Type	Total	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
LRS	6537	6/30/2023	State	256,223	-	-	256,223	-	-	-	-	-
DPF	6536	6/30/2023	State	57,228	-	-	57,228	-	-	-	-	-
ESSER II	3212	9/30/2023	Fed	1,329,056	-	876,177	452,879	-	-	-	-	-
ELOG (ESSER II)	3216	9/30/2023	Fed	321,016	-	321,016	-	-	-	-	-	-
ELOG (GEER II)	3217	9/30/2023	Fed	73,676	-	73,676	-	-	-	-	-	-
ELOG (State - General)	7425	9/30/2024	State	1,001,657	1,001,657	-	-	-	-	-	-	-
ELOG (State - Para)	7426	9/30/2024	State	213,873	213,873	-	-	-	-	-	-	-
ELOG (ESSER III - Emergency)	3218	9/30/2024	Fed	209,265	-	-	209,265	-	-	-	-	-
ELOG (ESSER III - Learning Loss)	3219	9/30/2024	Fed	360,737	-	-	360,737	-	-	-	-	-
ESSER III	3213	9/30/2024	Fed	2,389,610	-	24,860	700,000	1,664,750	-	-	-	-
ESSER III	3214	9/30/2024	Fed	597,402	-	51	359,856	237,495	-	-	-	-
UPK	6053	6/30/2024	State	139,878	-	-	-	139,878	-	-	-	-
A-G Completion	7412	6/30/2026	State	81,723	-	-	11,613	11,613	20,431	38,066	-	-
AMIMD	6762	6/30/2026	State	2,427,280	-	-	-	-	1,213,640	1,213,640	-	-
EEBG	6266	6/30/2026	State	534,603	-	-	9,756	100,000	267,302	157,546	-	-
LRBG	7435	6/30/2028	State	3,398,880	-	-	-	-	-	-	1,699,440	1,699,440
TOTAL				13,392,107	1,215,530	1,295,780	2,417,557	2,153,736	1,501,372	1,409,252	1,699,440	1,699,440

Ensure that spending is on-track for what is in your budget/forecast and see how the spending cliff can be extended



Spending Reports

	EPA	Lottery Non - Prop 20	Lottery Prop 20	Special Education (AB 602)	ESSER II	ESSER III Fund	ELO Grant	ELO Grant - Para	Unrestricted	Total
Revenue										
State Aid	\$ 243,056	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,648,183	\$ 10,891,239
Federal Revenue	-	-	-	-	491,033	19,748	-	-	-	510,781
Other State Revenue	-	190,357	4,564	916,654	-	-	-	-	57,543	1,169,118
Other Local Revenue	-	-	-	-	-	-	-	-	18,583	18,583
Total Revenue	243,056	190,357	4,564	916,654	491,033	19,748	-	-	10,724,309	12,589,721
Expenses										
Salaries	184,775	143,715	-	1,142,217	67,455	-	210,581	-	5,413,678	7,162,421
Benefits	58,281	46,518	-	207,232	12,145	-	38,849	-	1,833,867	2,196,892
Books & Supplies	-	124	4,564	7,625	376,094	19,622	8,531	-	1,894,547	2,311,108
Subagreement Services	-	-	-	308,013	-	-	16,750	-	901,891	1,226,655
Professional & Consulting	-	-	-	-	35,340	126	36,928	-	668,273	740,667
Facilities, Repairs & Other	-	-	-	-	-	-	-	-	91,630	91,630
Operations & Housekeeping	-	-	-	-	-	-	8,481	-	236,812	245,294
Depreciation	-	-	-	-	-	-	-	-	11,411	11,411
Total Expenses	243,056	190,357	4,564	1,665,087	491,033	19,748	320,121	-	11,052,110	13,986,076
Changes in Net Assets	\$ -	\$ -	\$ -	\$ (748,433)	\$ -	\$ -	\$ (320,121)	\$ -	\$ (327,801)	\$ (1,396,355)
Net Assets, Beginning of Period	-	-	-	-	-	-	781,410	86,823	4,783,683	5,651,916
Net Assets, End of Period	\$ -	\$ -	\$ -	\$ (748,433)	\$ -	\$ -	\$ 461,289	\$ 86,823	\$ 4,455,882	\$ 4,255,561

Reviewing YTD spending quarterly (or at least mid-year) will avoid year end surprises.



Different Levels of Complexity

ELO-P

Used to extend the day to at least 9-hours

- Recess and lunch period now included

Used for 30 non-school days (above 175 instructional days)

- TBD if Professional Development days eligible for inclusion

ELO-G

Learning recovery programs: tutoring, learning recovery, EL proficiency, academic proficiency, educational training, technology, high-speed internet, academic support, pupil learning assessments, increase college eligibility, trauma informed training, social-emotional health needs, etc.

- 85% needs to be spent on in-person activities
- The CDE is not approving fund uses and encourages LEAs to consult legal counsel for guidance



Tracking Spending

Train staff managing invoices

Communicate goals of program to appropriate staff

Ensure that salaries, benefits, purchases, contracts, etc. are marked properly from the start:

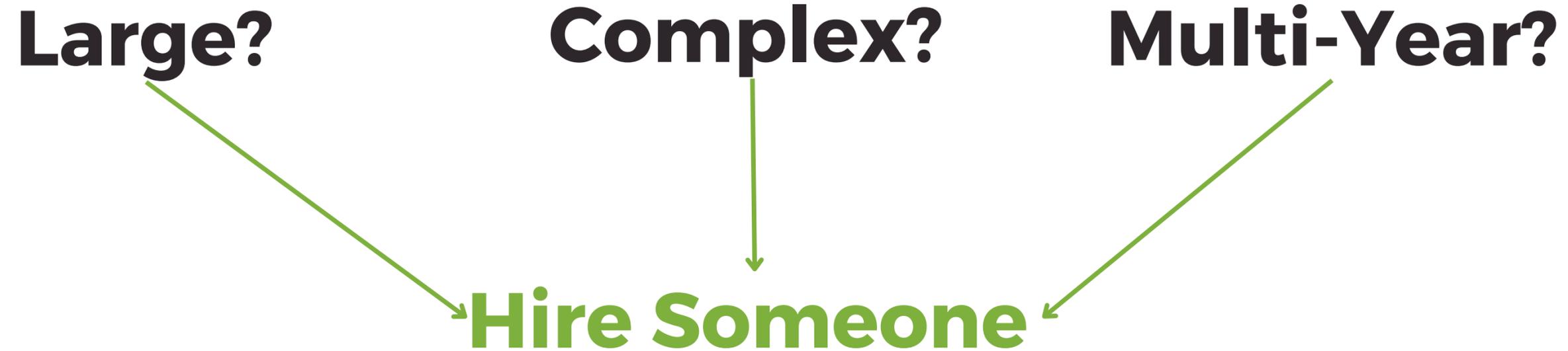
- No double booking
- Compliance tracking
- Timely reimbursements
- Proper purchase planning

Review fund balance by resource/grant spending at least quarterly

Keep an eye on multi-year projections as spending shifts during the year



Plan Accordingly



- Funding can justify the additional cost
- Having an expert for a program (or programs) gives the extra layer needed to ensure compliance
- Ensures that every dollar gets tagged
- Expense may outweigh the cost of non-compliance



Plan Accordingly

Large?

Complex?

Multi-Year?

Train and Utilize Existing EE

- Available uses are not so complex that an additional employee is needed
- Creates a chain of responsibility to ensure programmatic support and compliance
- Still ensures that every dollar gets tagged
- Still creates a system of accountability



Plan Accordingly

~~Large?~~

~~Complex?~~

~~Multi-Year?~~

Everything Else



Tag Existing Expenses that Qualify

- Rely on finance team to tag normal expenses that qualify
 - Example: Technology purchases under ESSER
 - AMIMBG: Increased STRS/PERS/403B expenses
- Creates no new expenses while boosting revenue
- Some items might be missed, but if the program is long enough and on pace within the timeline, this should not be an issue.



Compliance - Time & Effort Tracking

Continue to document personnel activity for these funds in same manner as other Federal funds.

Records are required to be maintained and:

- Be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable, and properly allocated
- Be incorporated into official records
- Reasonably reflect total activity for which employee is compensated
- Encompass all activities (federal and non-federal)



Semiannual Certification

Period Covered: July 2021 - December 2022 Fiscal Year: 2021-22

School Name: My Cool School

The following individuals have worked 100 percent of their time during the last six months under a single cost objective.

Cost Objective Name: ESSER (Elementary and Secondary School Emergency Relief Fund)

Cost Objective Account/Resource Number: 3210

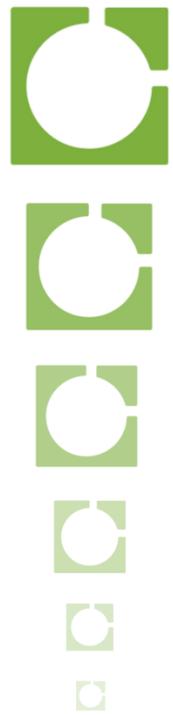
Position	Printed Name	Signature
Teacher	John Doe (3210: payroll 8/31-12/31)	
Office Manager	Rebecca Smith (3210: payroll 9/15-12/15)	
Assistant Principal	Jill Jackson (3210: payroll 7/15-12/31)	

By signing below, I hereby certify that this report is an after-the-fact determination of actual effort expended for the period indicated and that I have full knowledge of 100 percent of these activities.

Supervisory Official Signature: _____ Title: _____

Supervisory Official Printed Name: _____ Date: _____





LONG-TERM FINANCIAL MANAGEMENT

THE WORLD HAS CHANGED, SO SHOULD YOUR LONG-TERM PLANNING.

Planning For The Cliff

- Reduce salary scale increases to grow projected surplus over time. (example to follow)
- Ensure expenses are increasing less than revenue to maintain/grow surplus.
- Use natural attrition to begin reducing staff early.
- Staff will see reductions in FTEs as drastic cuts instead of a return to normalcy if not properly managed and communicated.
- Invest in long-term assets that will provide benefits for years to come.
- Begin reviewing staff assignments early to plan how roles could shift with a smaller team.



Planning For The Cliff - Hypotheticals

Increase Consistent with LCFF

	2022-23	ESSER Ends		LREBG Ends	
		2023-24	AMIMBG Ends	2025-26	2025-26
			2024-25	2025-26	
LCFF COLA	13.26%	8.22%	3.94%	3.29%	3.19%
Salary Scale COLA	13.00%	8.00%	3.50%	3.00%	3.00%
OPEX COLA	3.00%	3.00%	3.00%	3.00%	3.00%
Total Revenue	\$ 30,842,144	\$ 31,839,636	\$ 32,564,653	\$ 33,321,657	\$ 33,656,798
Total Expenses	29,721,399	31,554,130	32,599,151	33,574,289	34,581,518
Annual Surplus	1,120,745	285,506	(34,498)	(252,632)	(924,720)

Increase Flatlined

	2022-23	ESSER Ends		LREBG Ends	
		2023-24	AMIMBG Ends	2025-26	2025-26
			2024-25	2025-26	
LCFF COLA	13.26%	8.22%	3.94%	3.29%	3.19%
Salary Scale COLA	8.00%	5.00%	3.00%	3.00%	3.00%
OPEX COLA	3.00%	3.00%	3.00%	3.00%	3.00%
Total Revenue	\$ 30,842,144	\$ 31,839,636	\$ 32,564,653	\$ 33,321,657	\$ 33,656,798
Total Expenses	28,978,364	30,291,965	31,213,687	32,147,382	33,111,803
Annual Surplus	1,863,780	1,547,671	1,350,966	1,174,276	544,995



Understanding the Cost of Increases

Hypothetical Scenario

- Base Case is 25 Teachers at \$65K salary
- Comparison is total cost of 5% increase

	Salary	Benefits	Total
Base	1,625,000	578,138	2,203,138
5% Raise	1,706,250	593,307	2,299,557
		Cost of Increase	96,419

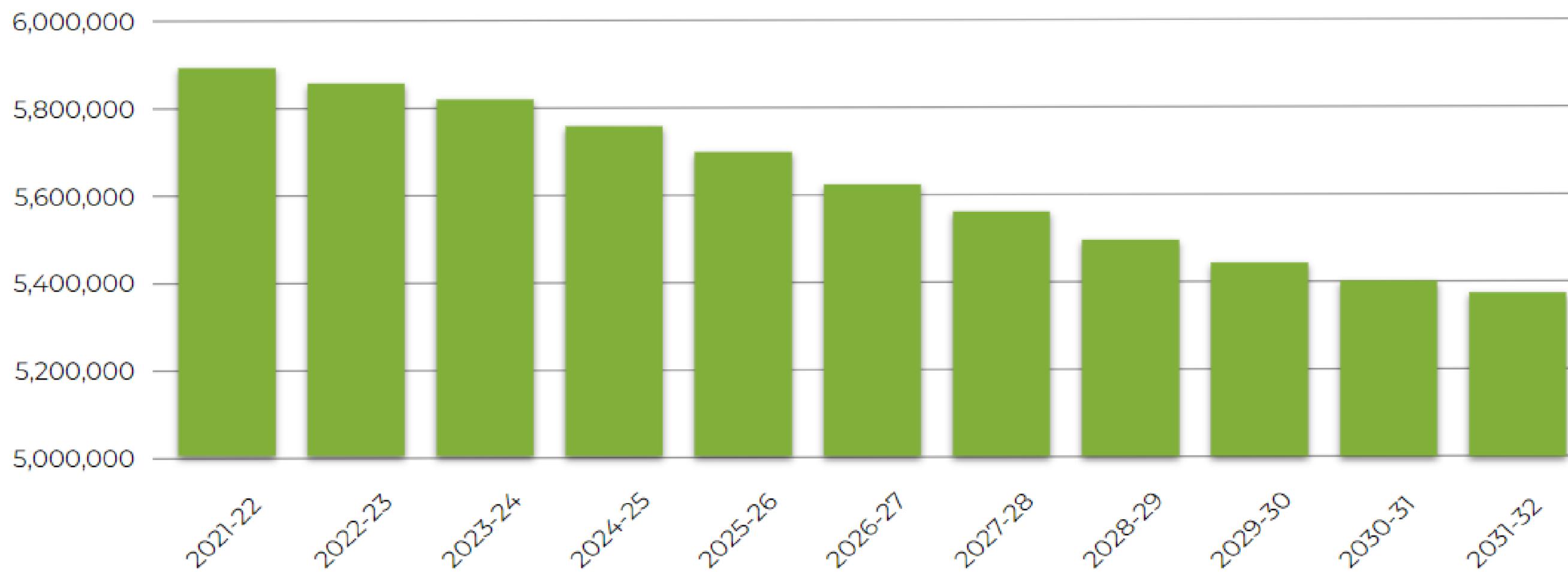
Instead of salary scale increases, what else can be offered?

- Work from home
- Flex days and support staff
- Conceptual input
- Career options
- Having an impact
- Professional development
- Recognition



California's Declining Enrollment

Projected K-12 Statewide Enrollment



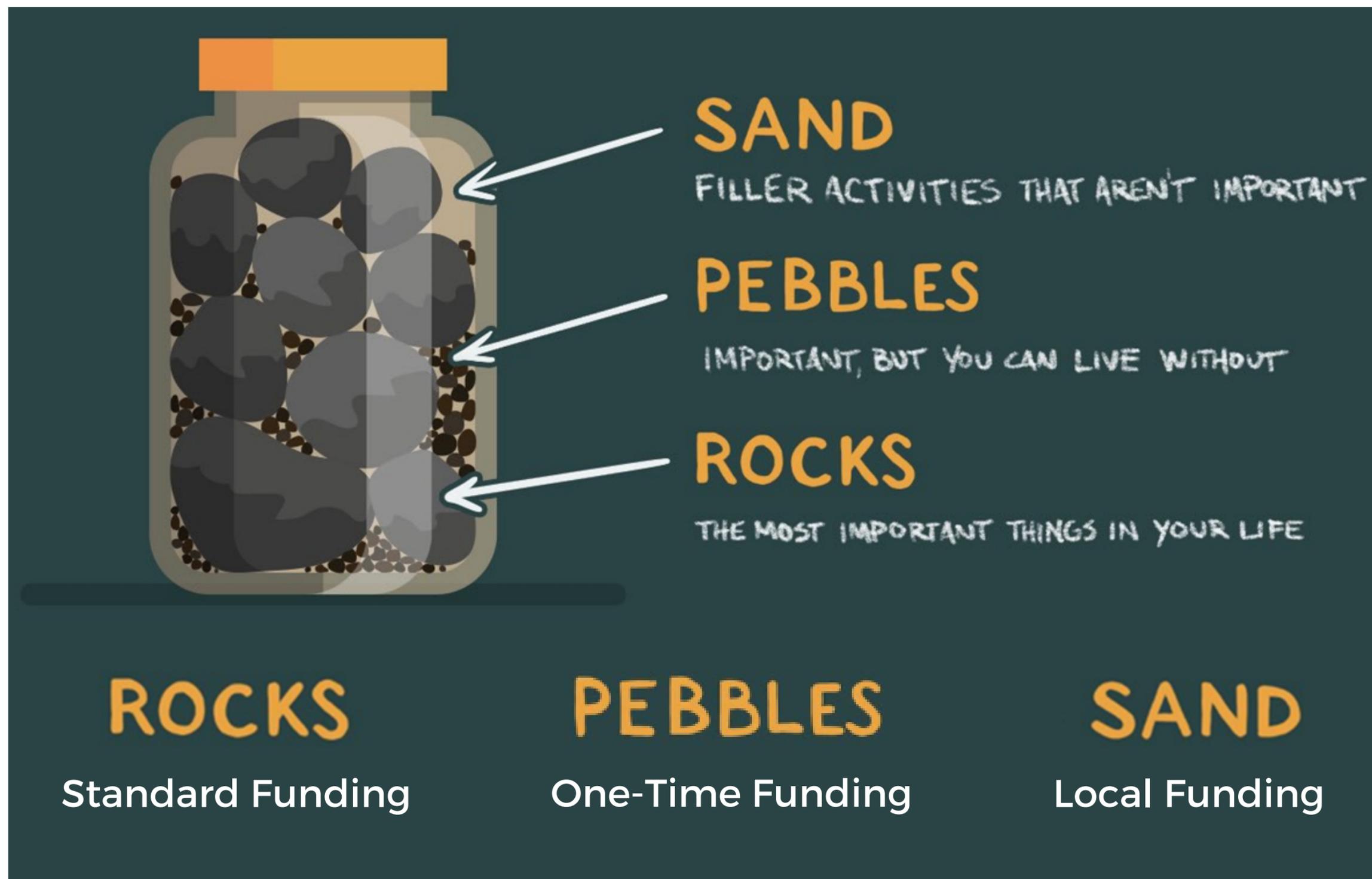
Managing Low Enrollment

As an industry, we need to avoid the magical thinking that schools can achieve enrollment targets solely with more effort. **Some things to consider:**

- Plan for the declines to be permanent
- Consider online/remote teachers
- Evaluate credentials needed for a smaller school model
- Potentially re-evaluate facility usage and terms for a smaller school size if possible
- Re-think recruitment strategies regardless of school life stage
- Differentiate your school from competition (learn how to tell your story – develop your elevator pitch)



Rocks | Pebbles | Sand

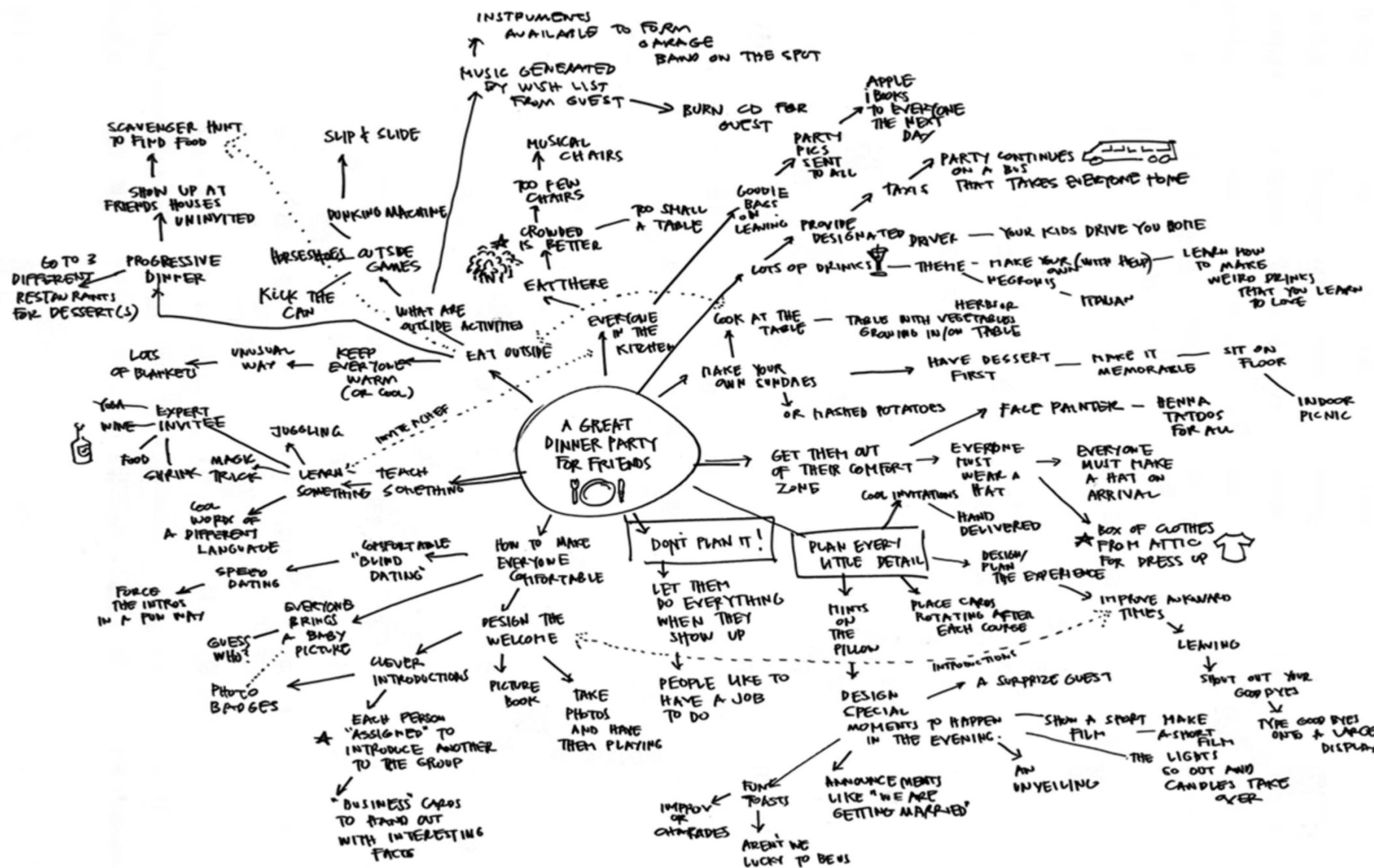


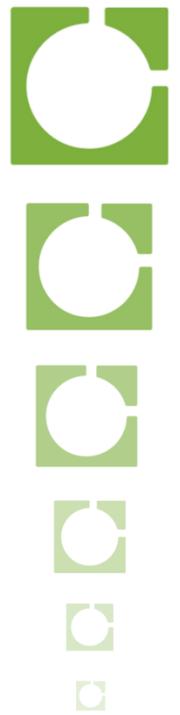
Unleashing Creativity

Thoughts?

Questions?

Ideas?





THANK YOU
ANY QUESTIONS?