

*Life Without One-Time Funds:*

# **Benchmarking for Long-Term Budget Sustainability**

JEAN YANG & JOANNA HAN



# Meet Your Presenters



**JOANNA HAN**

**Sr. School Finance Manager  
EdTec**



**JEAN YANG**

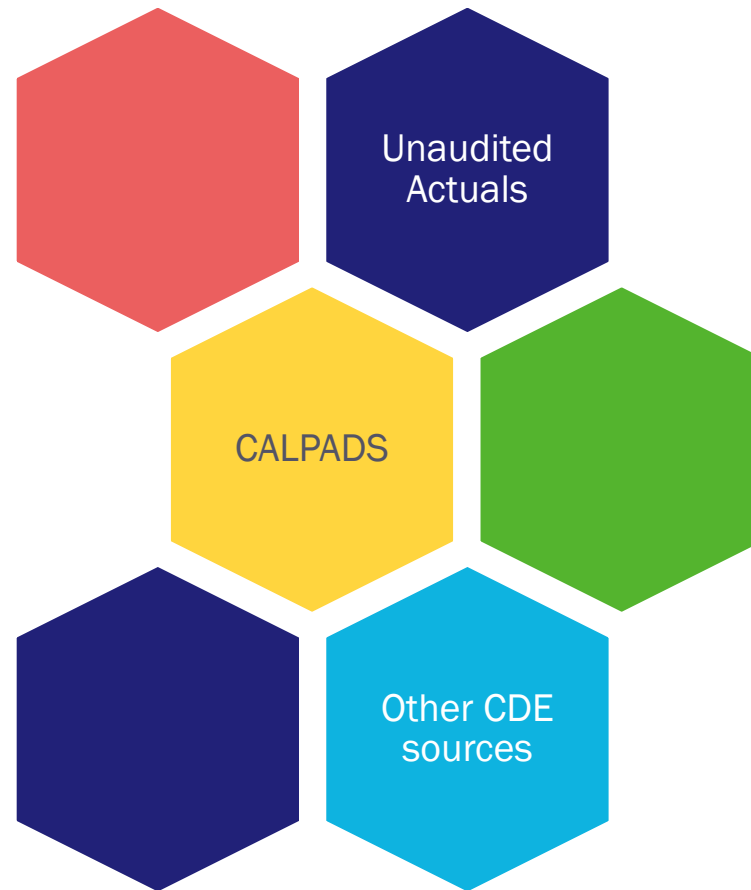
**School Finance Manager  
EdTec**



# About the Data



## Where Is The Data Coming From?

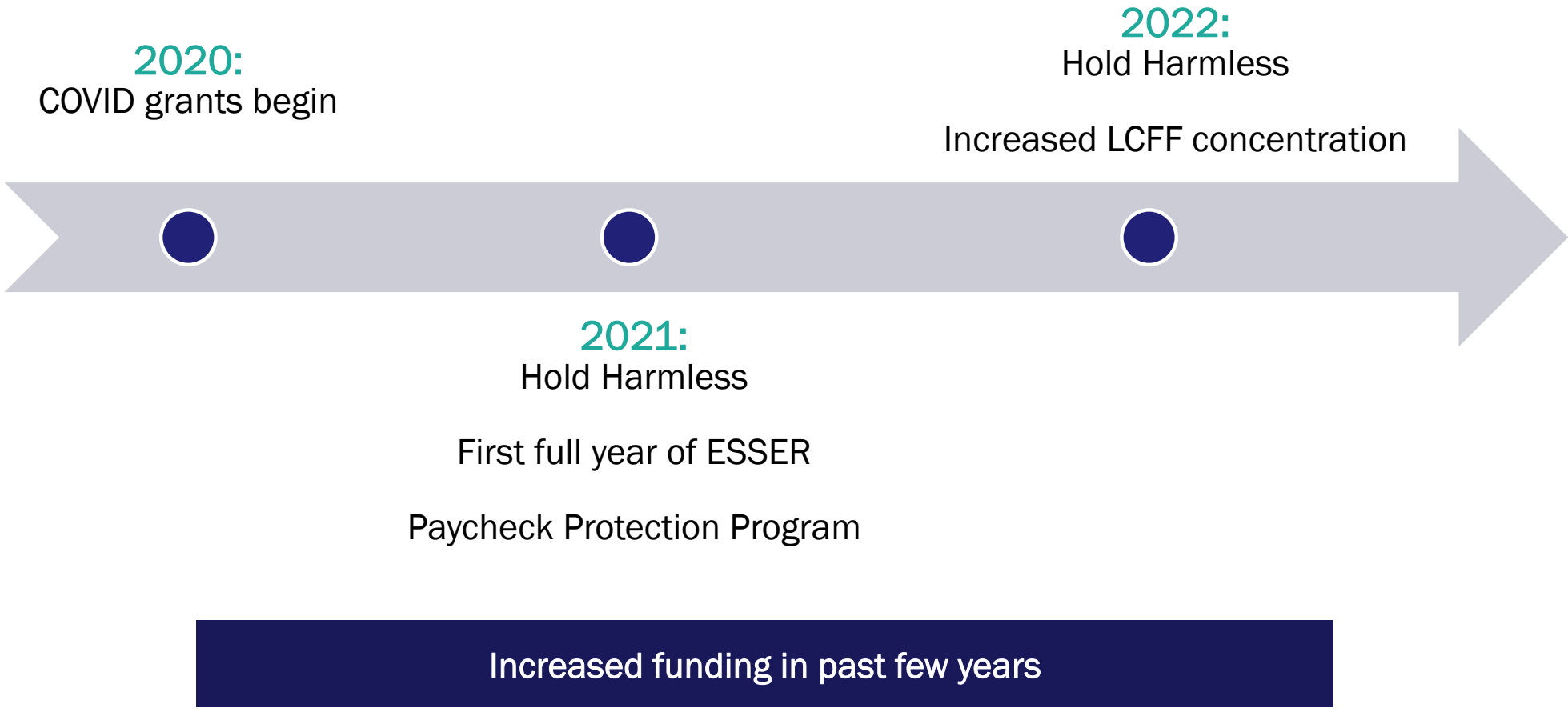


Latest Data Release

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
# of Charters	437	476	509	540	785	876	914	935	947
Average ADA per LEA	479.00	480.87	486.49	503.27	522.83	518.18	547.89	551.62	521.21
Average Age (Yrs.)	9.14	9.43	9.84	10.38	10.49	11.00	11.08	11.61	12.43
<b>Geo Breakout</b>									
Bay Area, North Coast, Central Coast	33%	34%	34%	33%	23%	22%	22%	22%	22%
Central Valley	12%	12%	11%	11%	9%	9%	8%	9%	9%
Inland Empire	9%	8%	8%	8%	6%	7%	8%	7%	8%
Los Angeles	14%	14%	14%	14%	36%	35%	35%	35%	35%
Northeastern California	14%	14%	15%	14%	11%	11%	11%	11%	11%
San Diego	19%	18%	18%	19%	15%	16%	16%	16%	16%

**Disclaimers:** only including data for charter LEAs that report UA at the school level, lending to a varying year-to-year sample size and composition; public data do not include detail beyond line-item level

# Historical Context



# Before We Begin...



## How can we use this data?

- To gain perspective on charter school norms in key budget areas
- Explore opportunities to create efficiencies in your school's budget
- Understand how your school may be unique from the norms shown in the data

## What should we keep in mind?

- This data is not intended to:
  - *Dictate how your budget looks – every school is different!*
  - *Justify any budgetary decisions*
  - *Provide prescriptive measures for future planning*

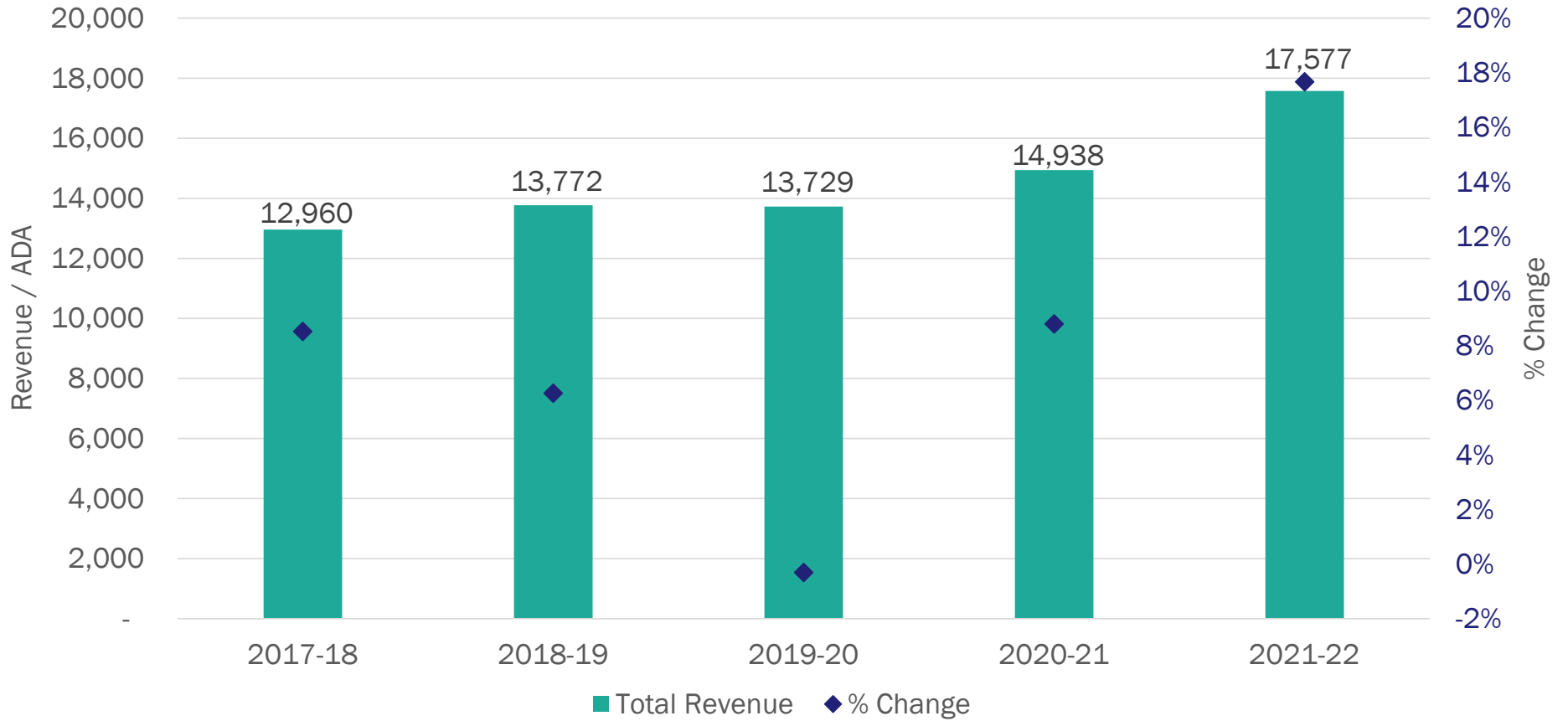


# Revenue Trends

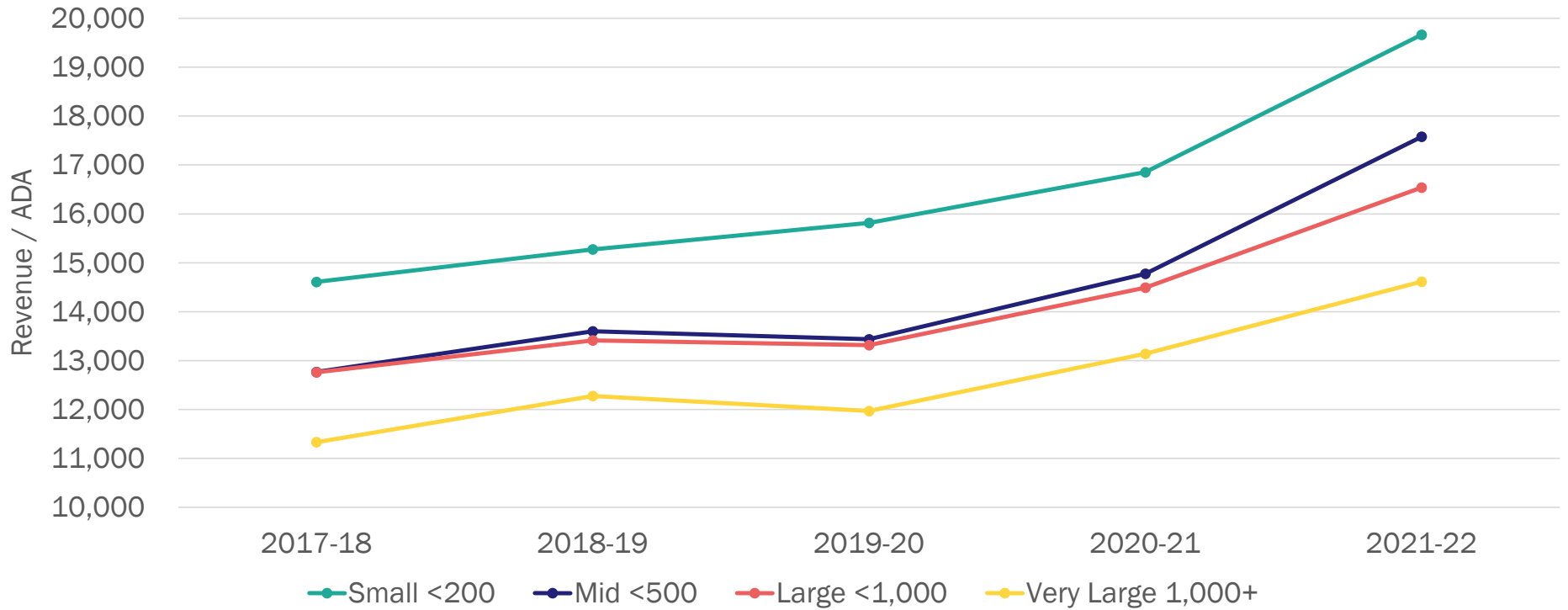




# Total Revenue Per ADA – Over Time



# Total Revenue Per ADA – By Size – Over Time

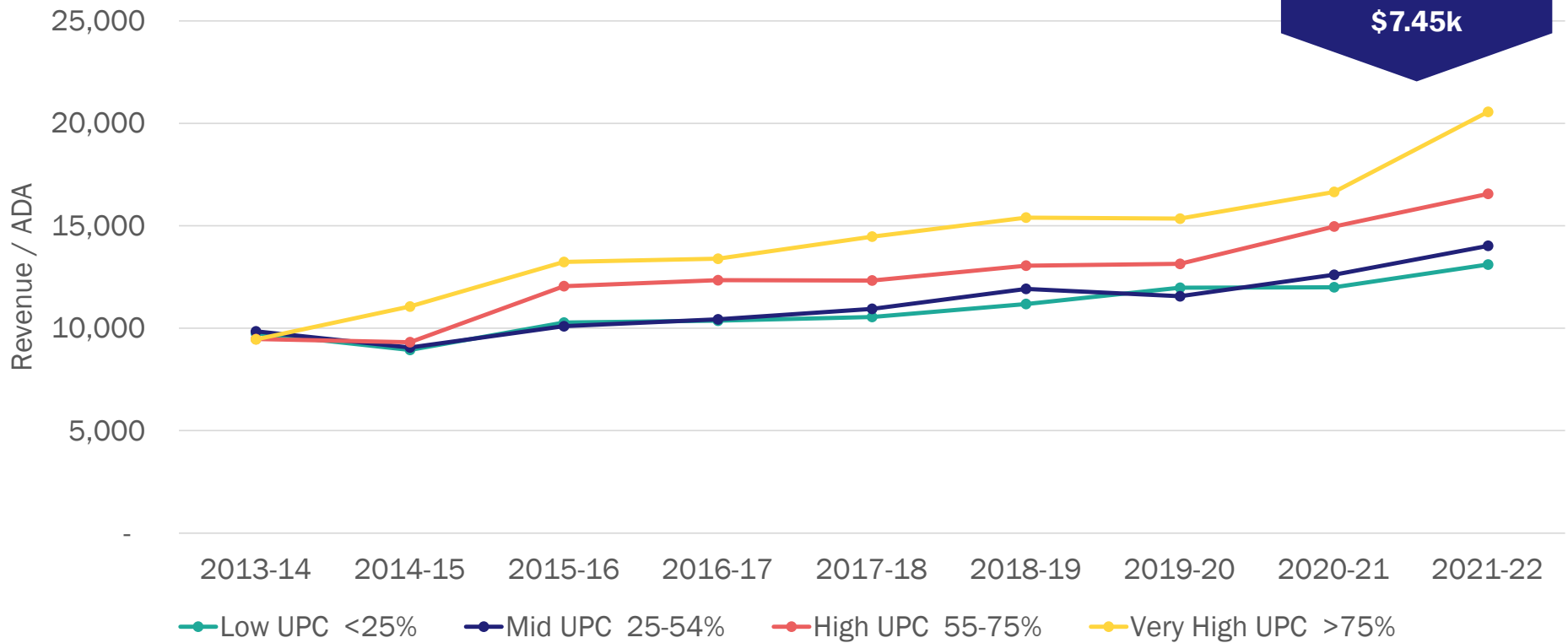


Small and Mid-Sized schools are more likely to have high UPP

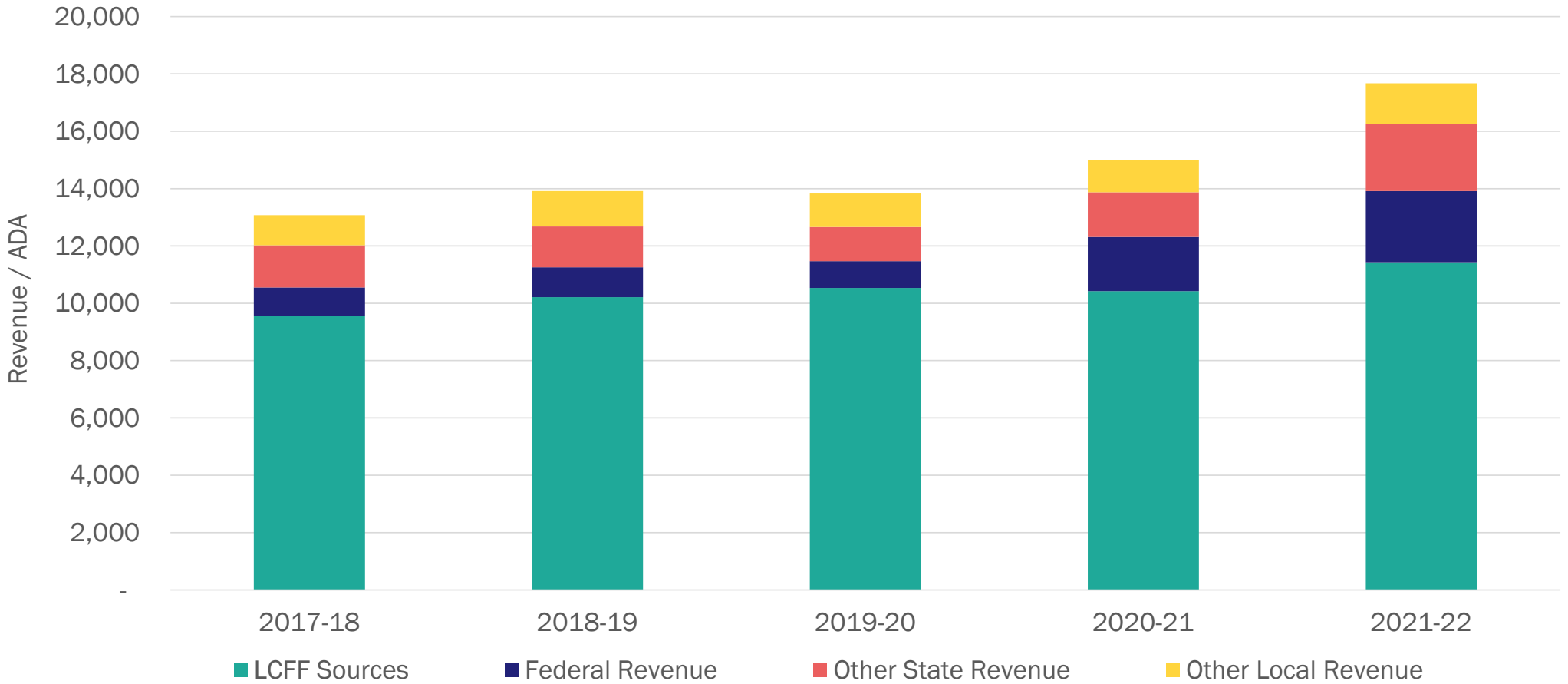
# Total Revenue Per ADA – By UPP – Over Time

Growing delta between LEAs based on unduplicated population

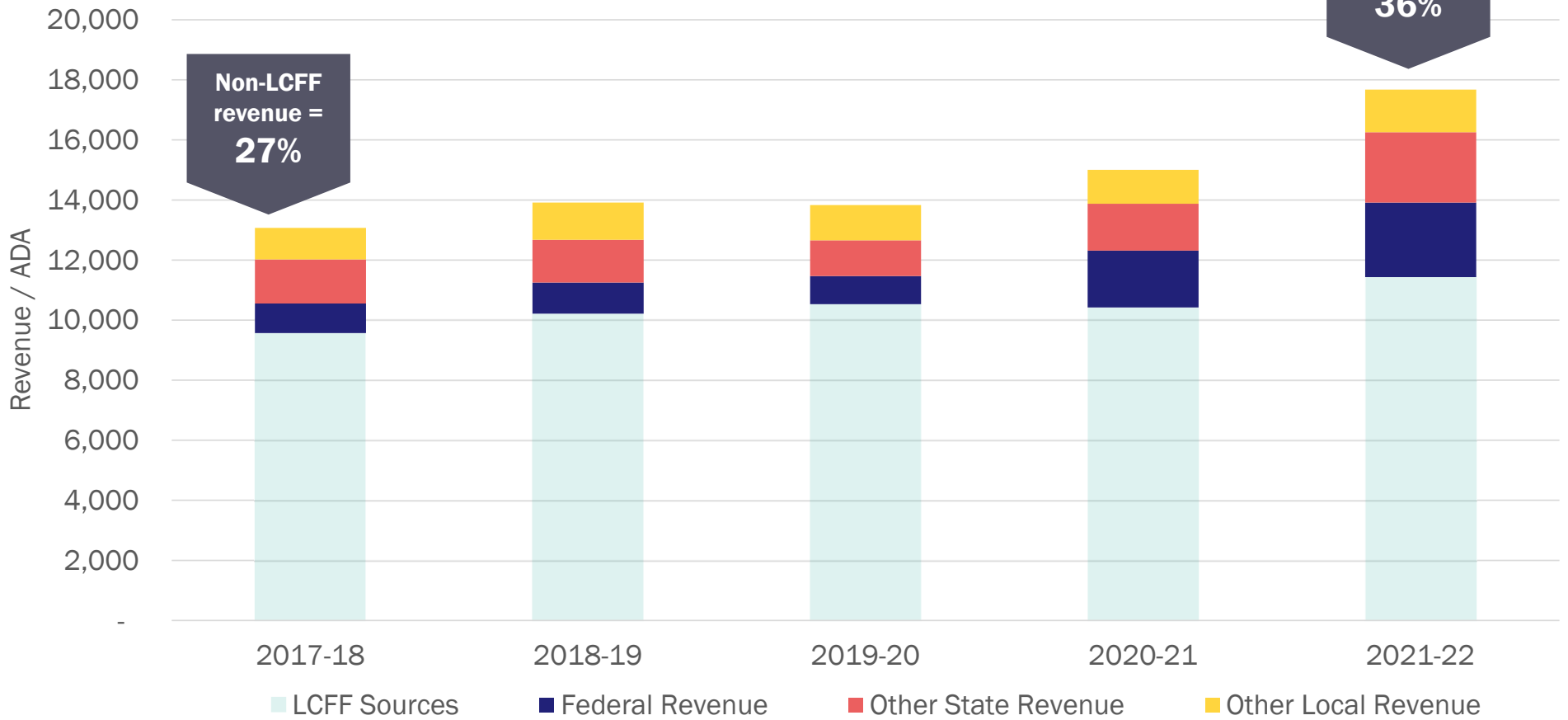
Variance between lowest UPP and highest UPP groups  
**\$7.45k**



# Revenue Category Breakdown – Over Time

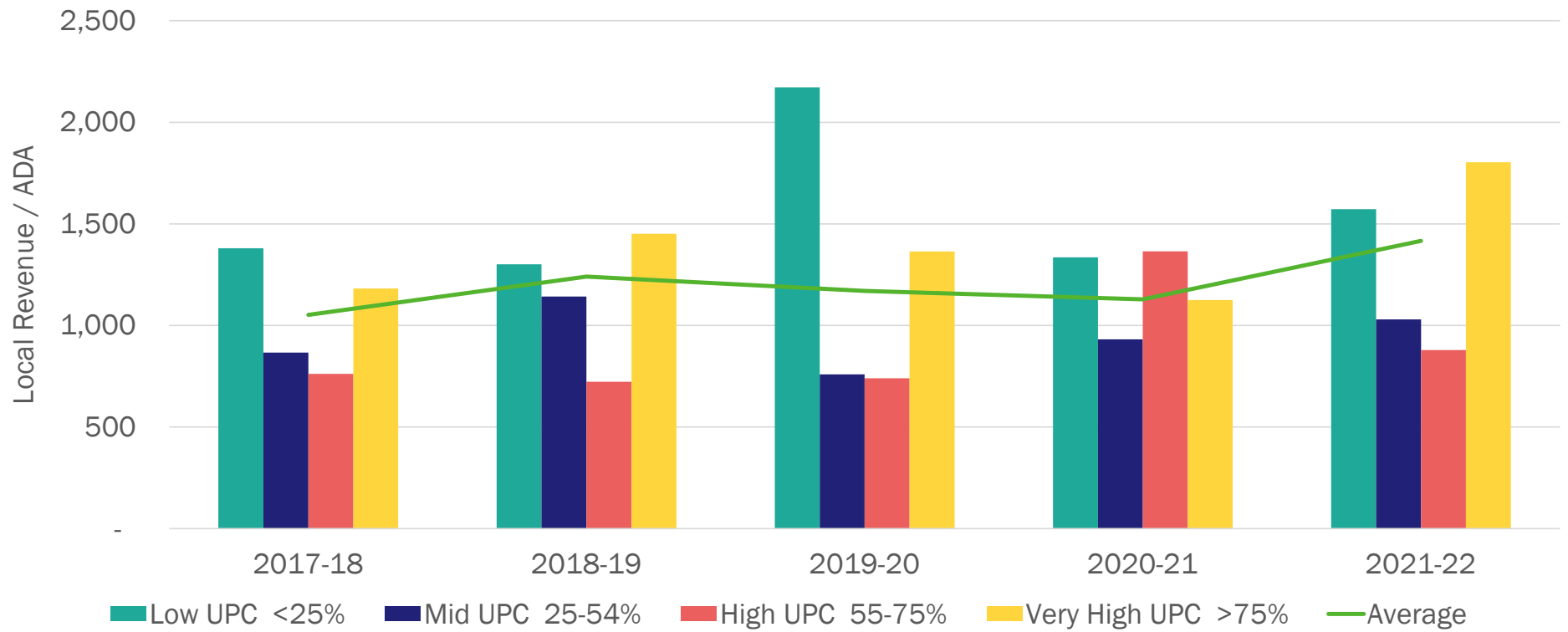


# Revenue Category Breakdown – Over Time

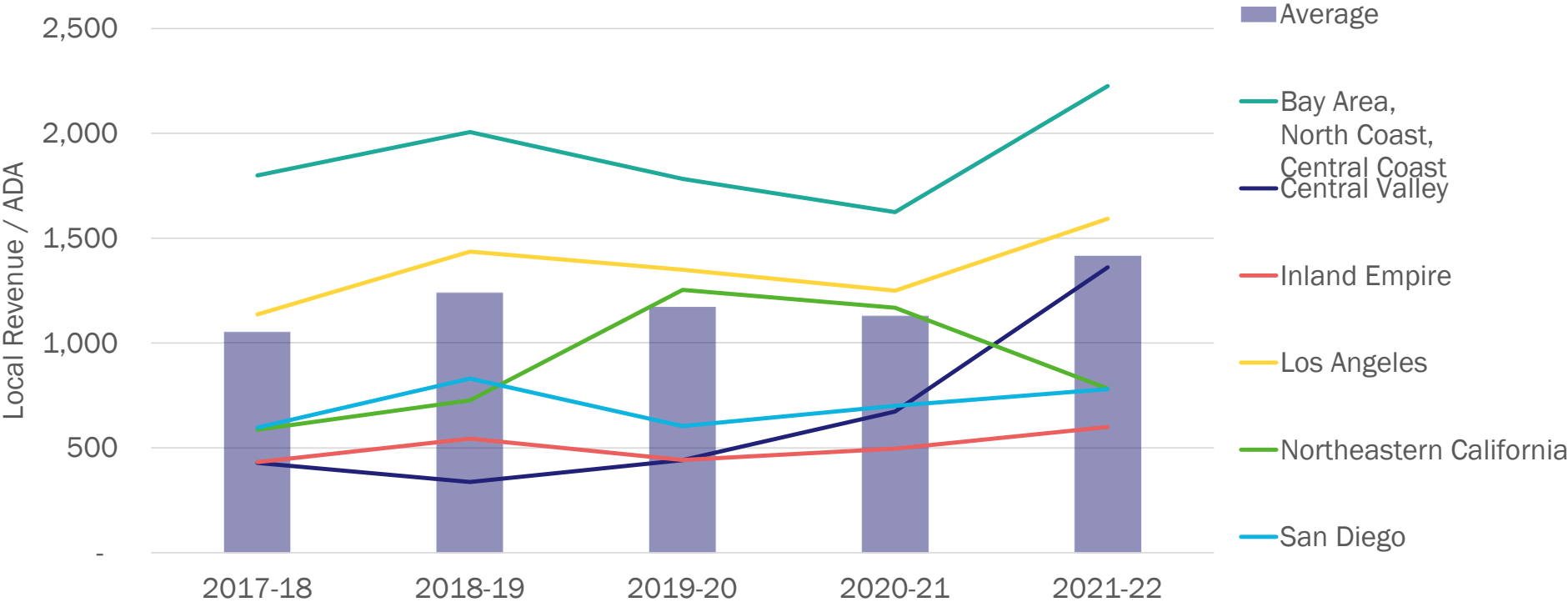


# Local Revenue Trends – By UPP – Over Time

**Charters with low Unduplicated Pupil Percentages are overall highest local revenue earners**

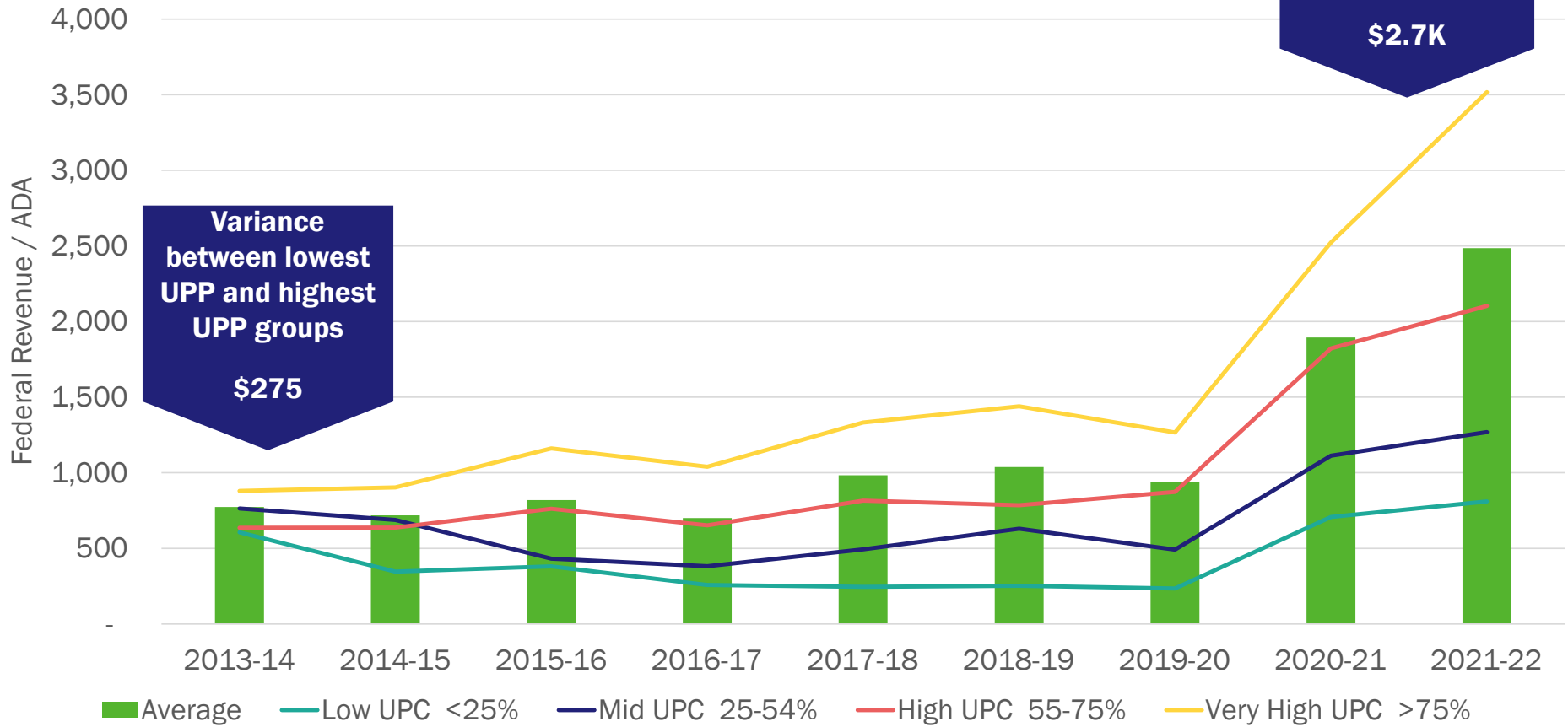


# Local Revenue Trends – By Region – Over Time



Highest local revenue generation in Bay Area, North Coast, Central Coast and Los Angeles

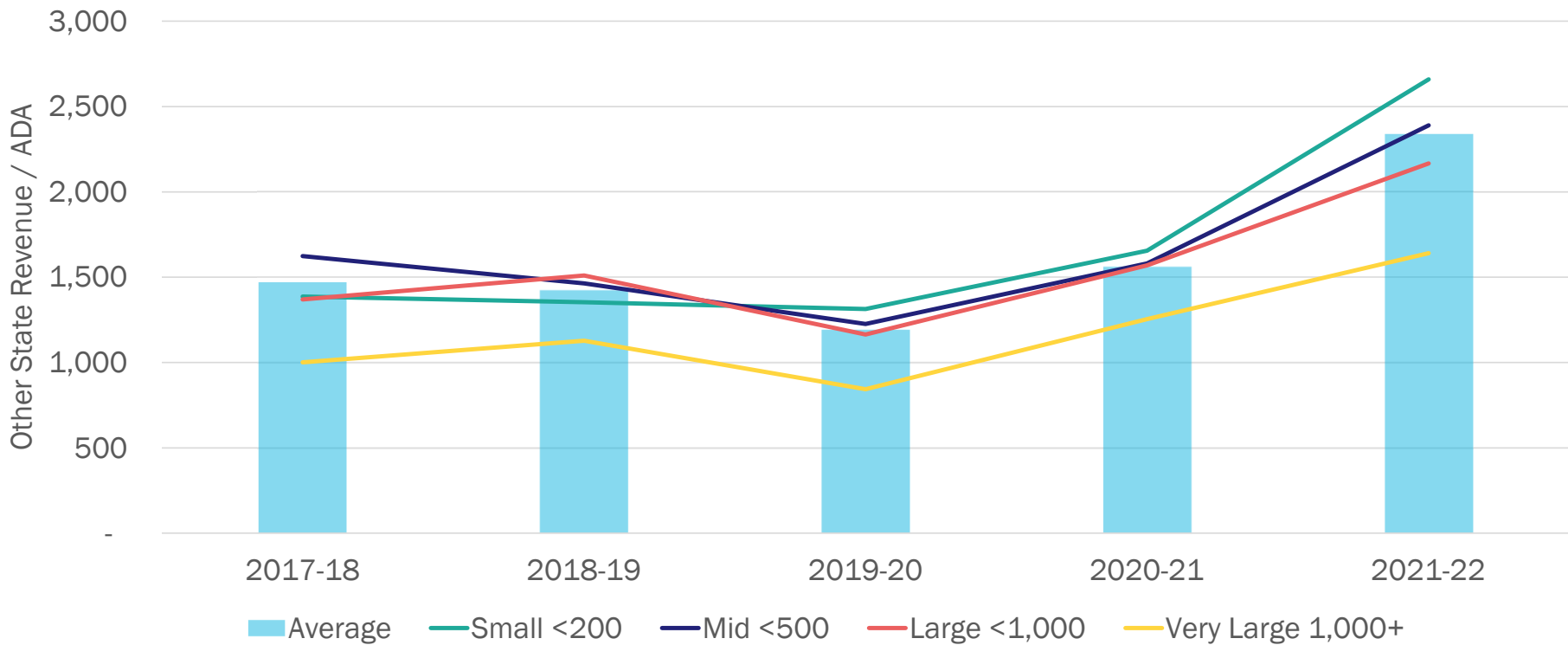
# Federal Revenue Per ADA – By UPP – Over Time



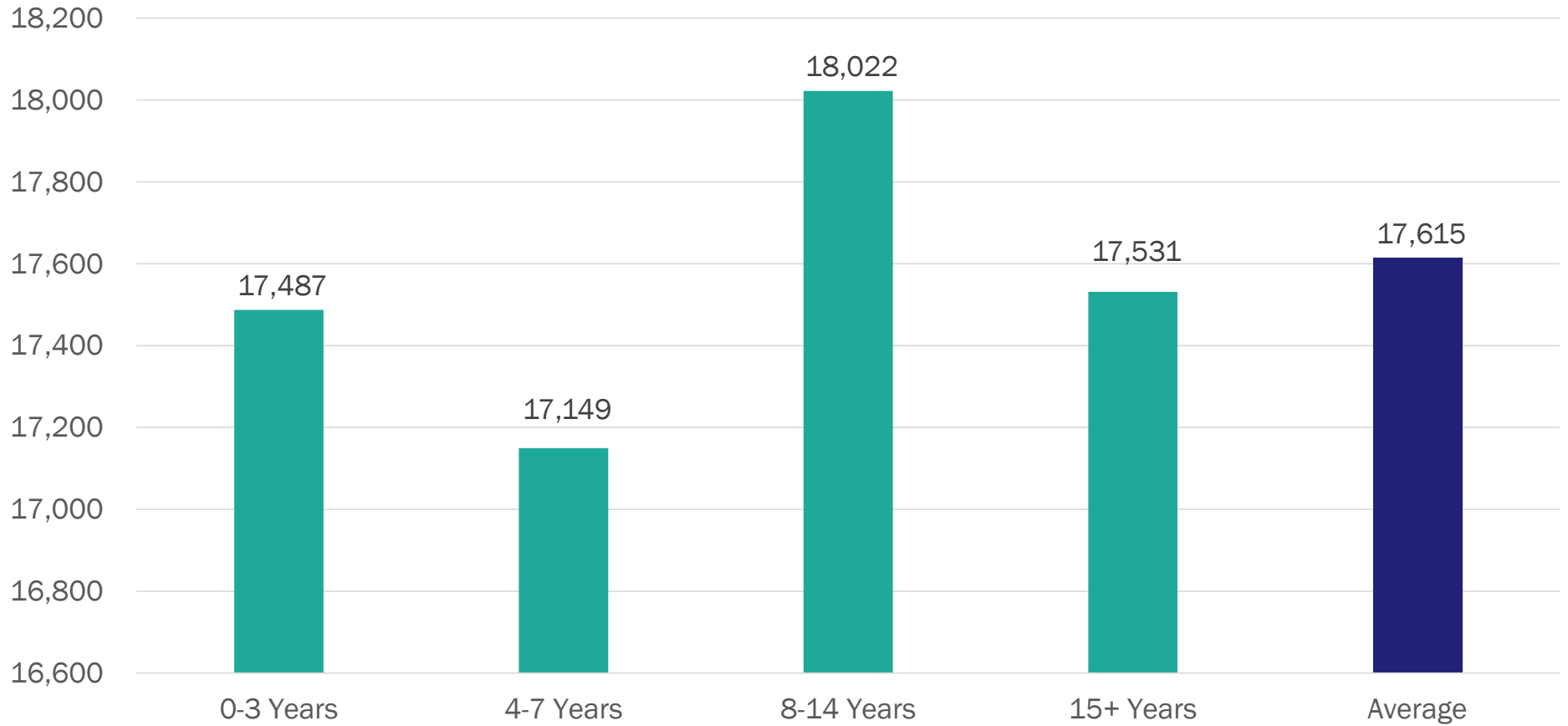


# Other State Revenue Per ADA – By Size – Over Time

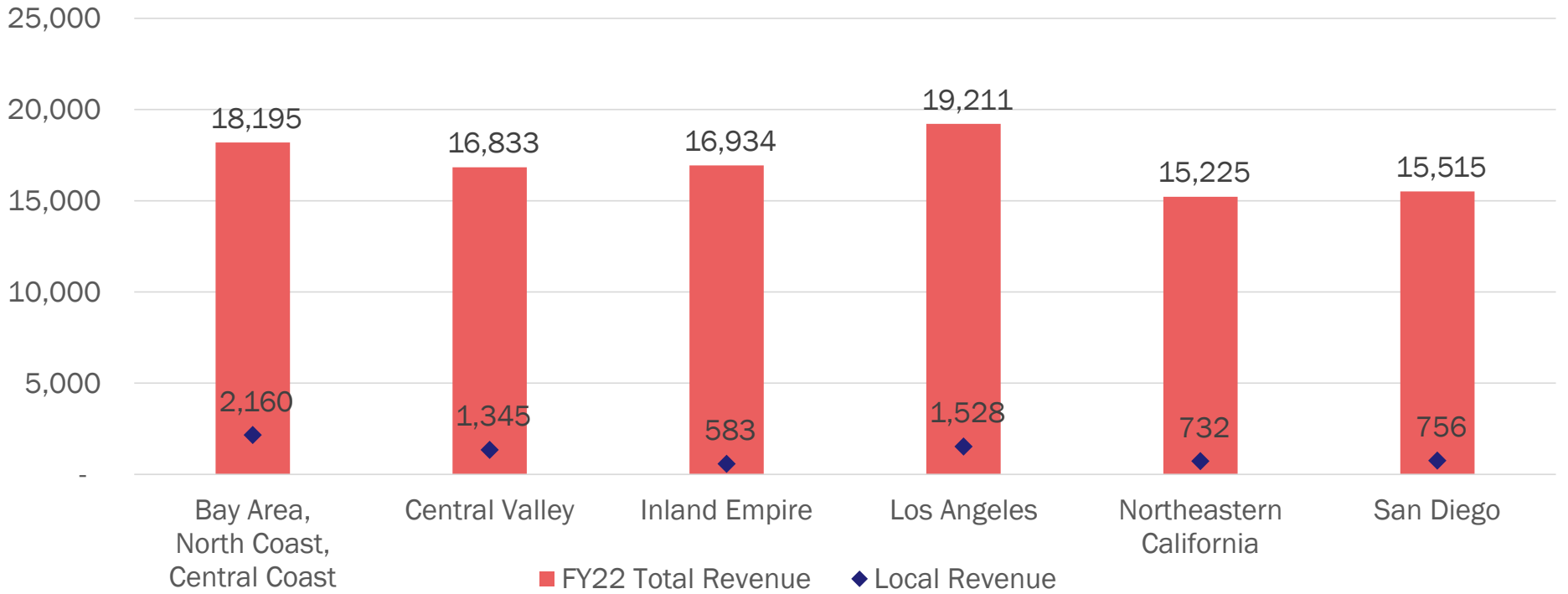
**92% increase FY22 vs FY18 for small charters (<200), compared to ~56% for other groups**



# Total Revenue Per ADA – By School Age – FY22 Snapshot

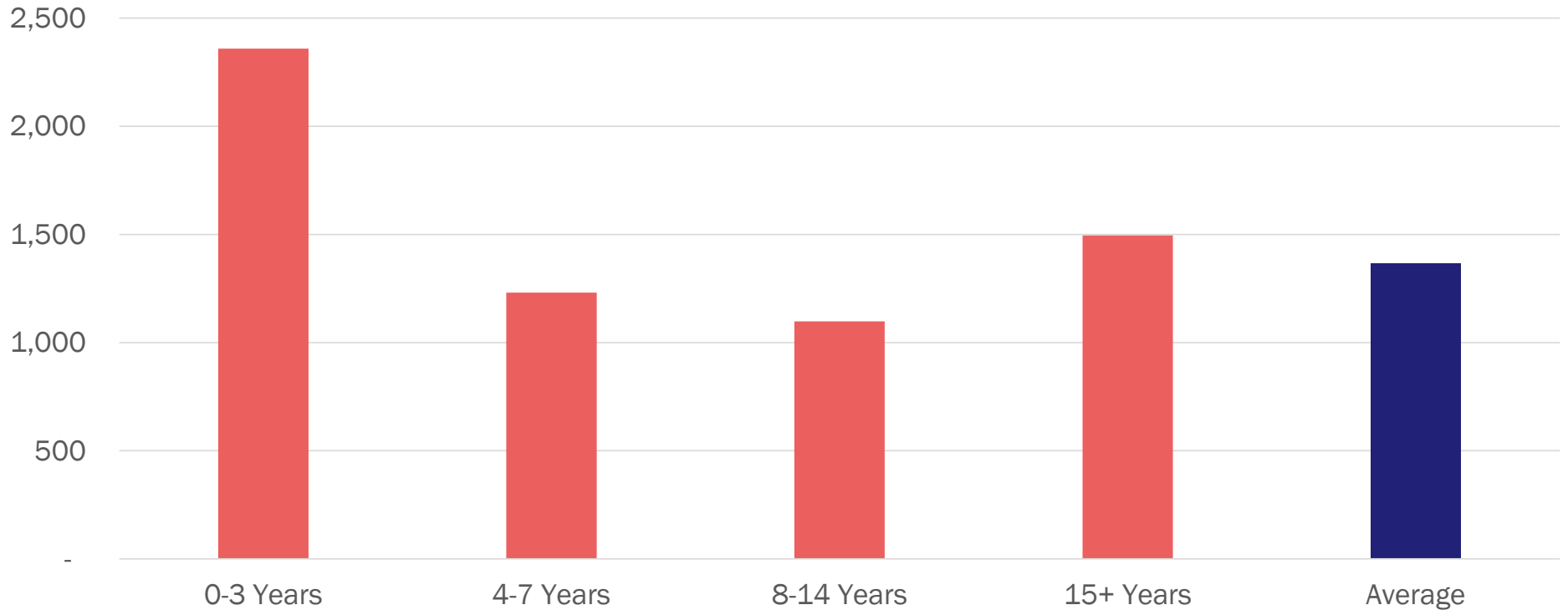


# Total Revenue Per ADA – By Region – FY22 Snapshot



	Bay Area, North Coast, Central Coast	Central Valley	Inland Empire	Los Angeles	Northeastern CA	San Diego
21-22 Median HH income	91,686	64,157	69,604	84,958	67,265	79,268

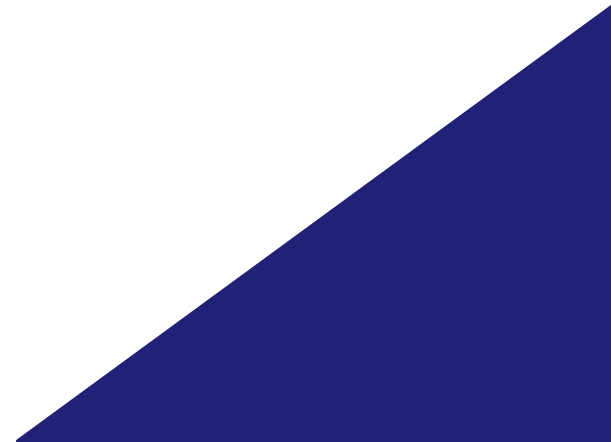
# Local Revenue Per ADA – By School Age – FY22 Snapshot



New and very established schools had most local revenue generation

## Some Things to Consider...

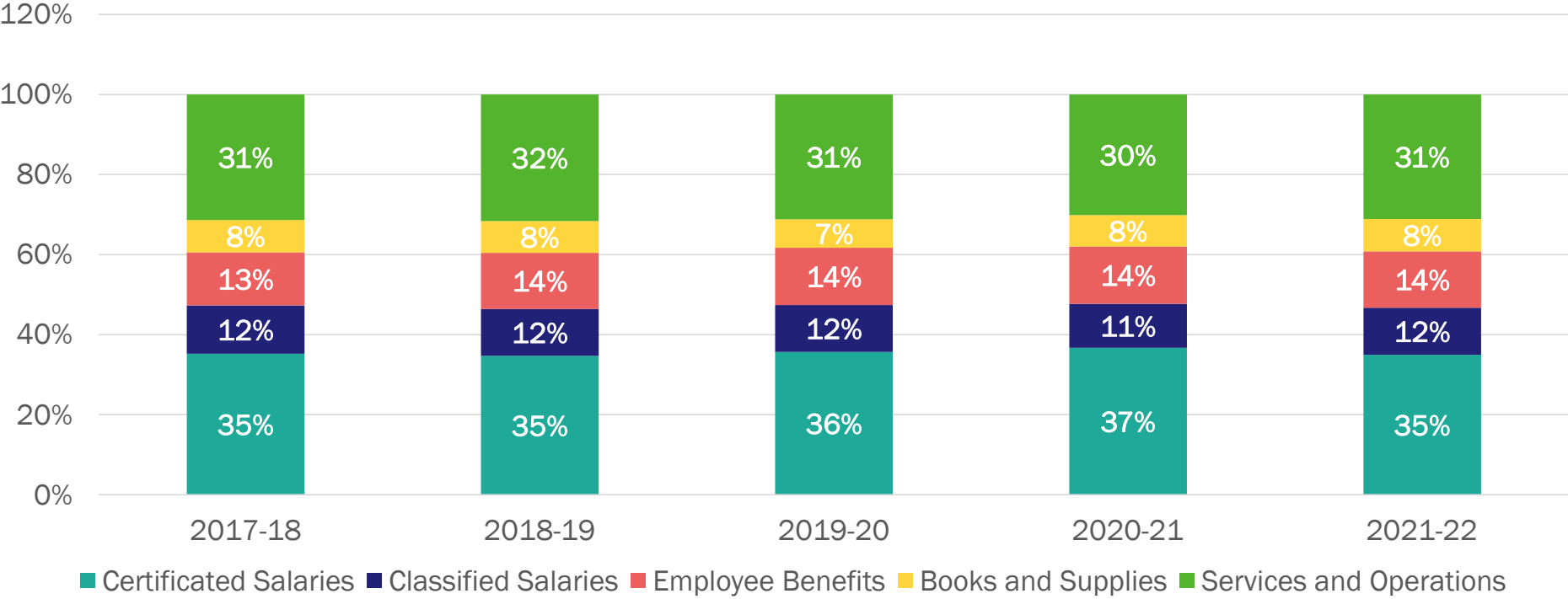
- Good to be aware of the increasing non-LCFF funding in school budgets – how much of core operations is dependent on other sources?
- Newer, smaller schools may be in for the biggest shock when budgeting for future years – things will be the most different for them!
- Keep an eye out on your LEA's (and local district's!) unduplicated population. Are there trends in your local student population, and how might that impact your future planning?



# Expense Trends

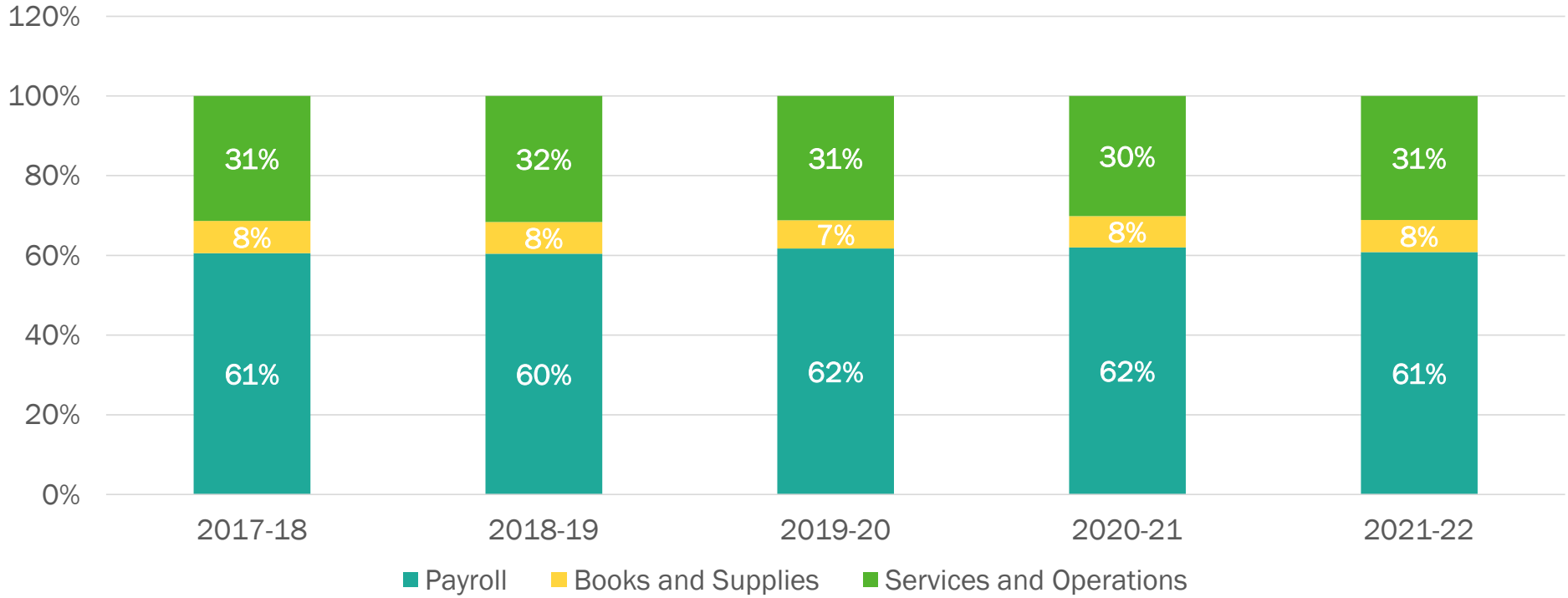


# Expense Category Breakdown – Over Time



Despite one time funding, expense categories stayed consistent

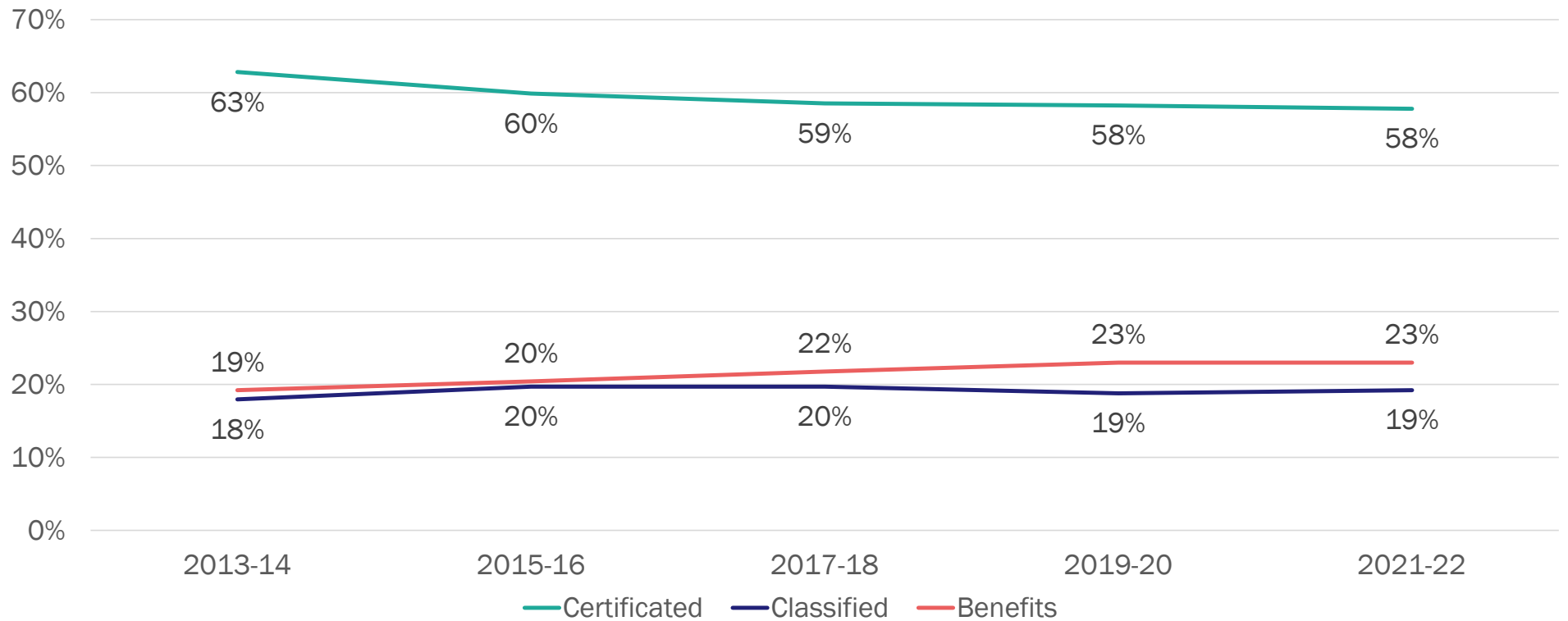
# Expense Categories Summary – Over Time



**Benchmark Spending: 61% Payroll, 8% Supplies, 31% Services**

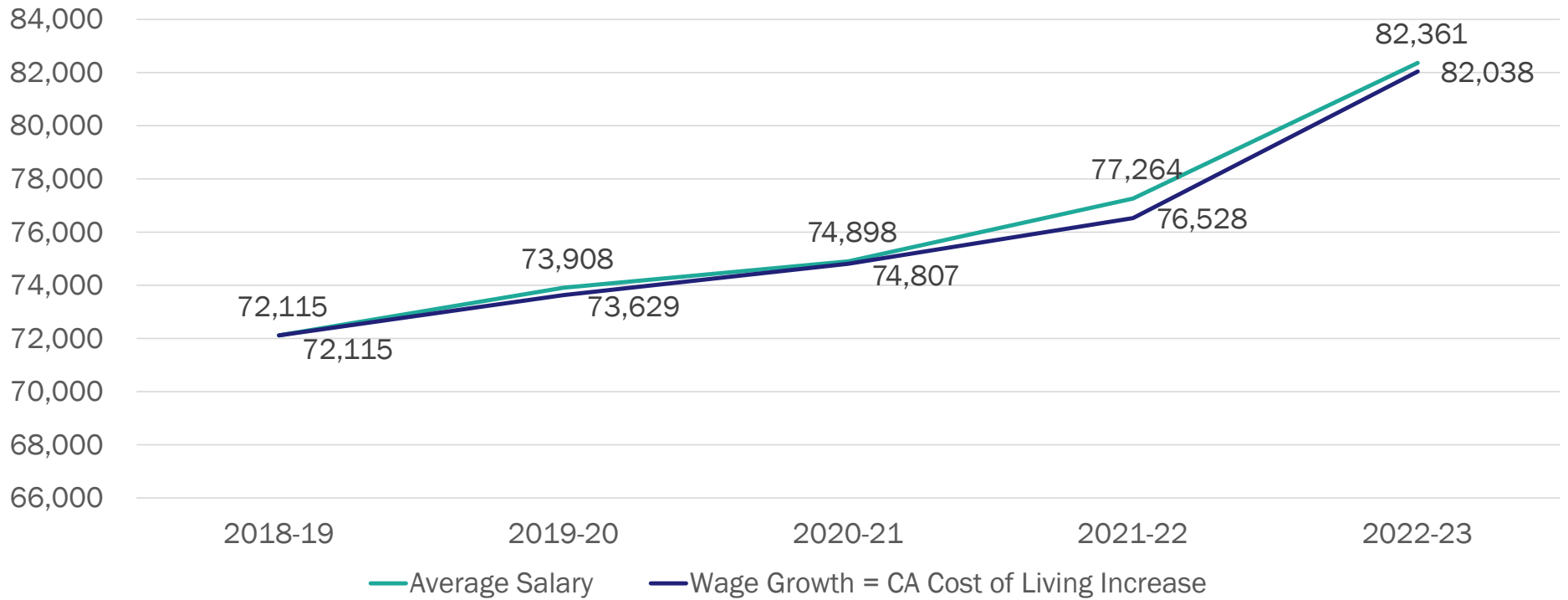


# Payroll Expenditures Breakdown – Over Time



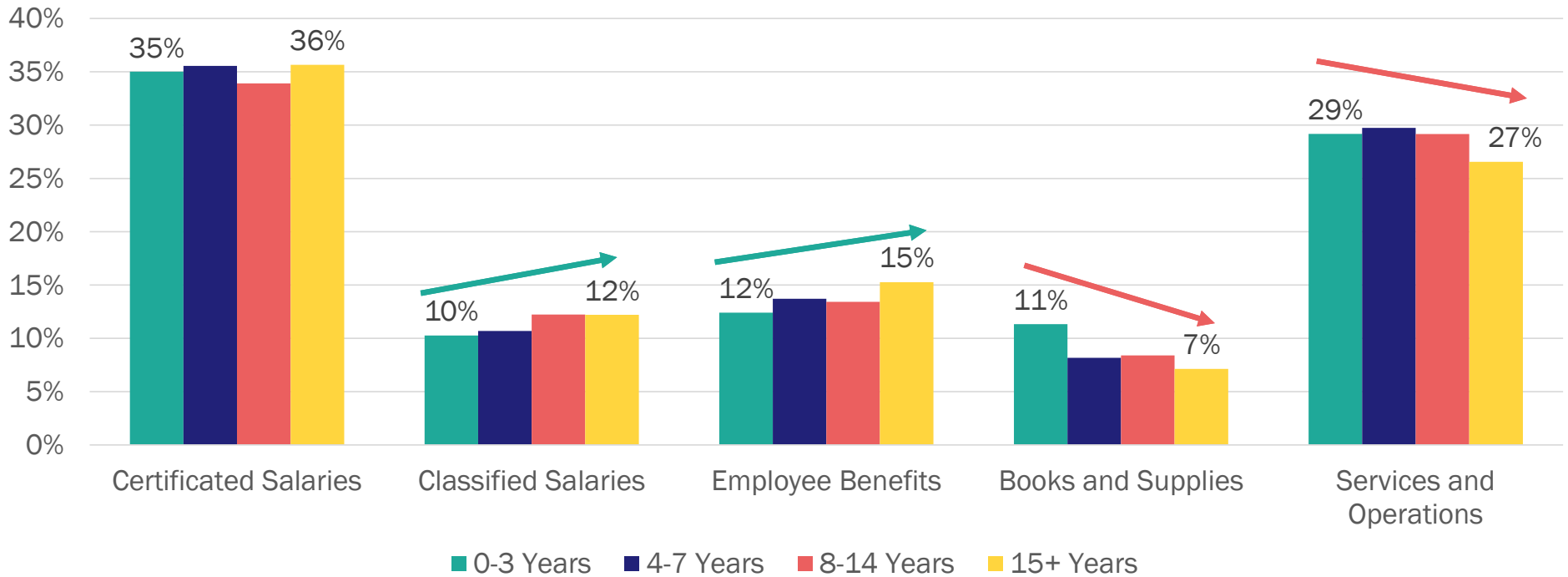
**Benefits slowly rising overtime to 23%**

# CA Public Schools Average Teacher Salary – Over Time



Average teacher salary kept up with high inflation

# Expenditure Changes – By School Age – FY22 Snapshot



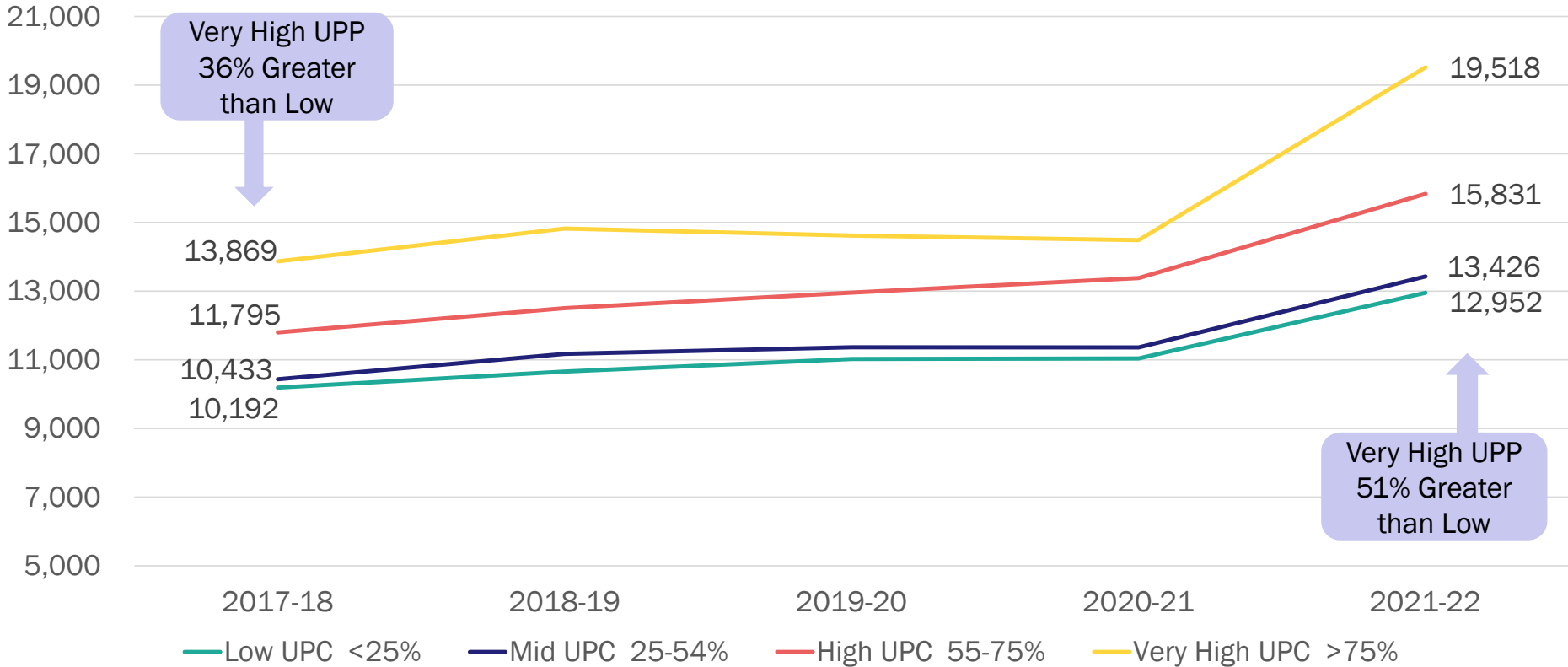
**Classified & Benefits rise as supplies and services decrease**

# Expenditure Changes – By School Size – FY22 Snapshot



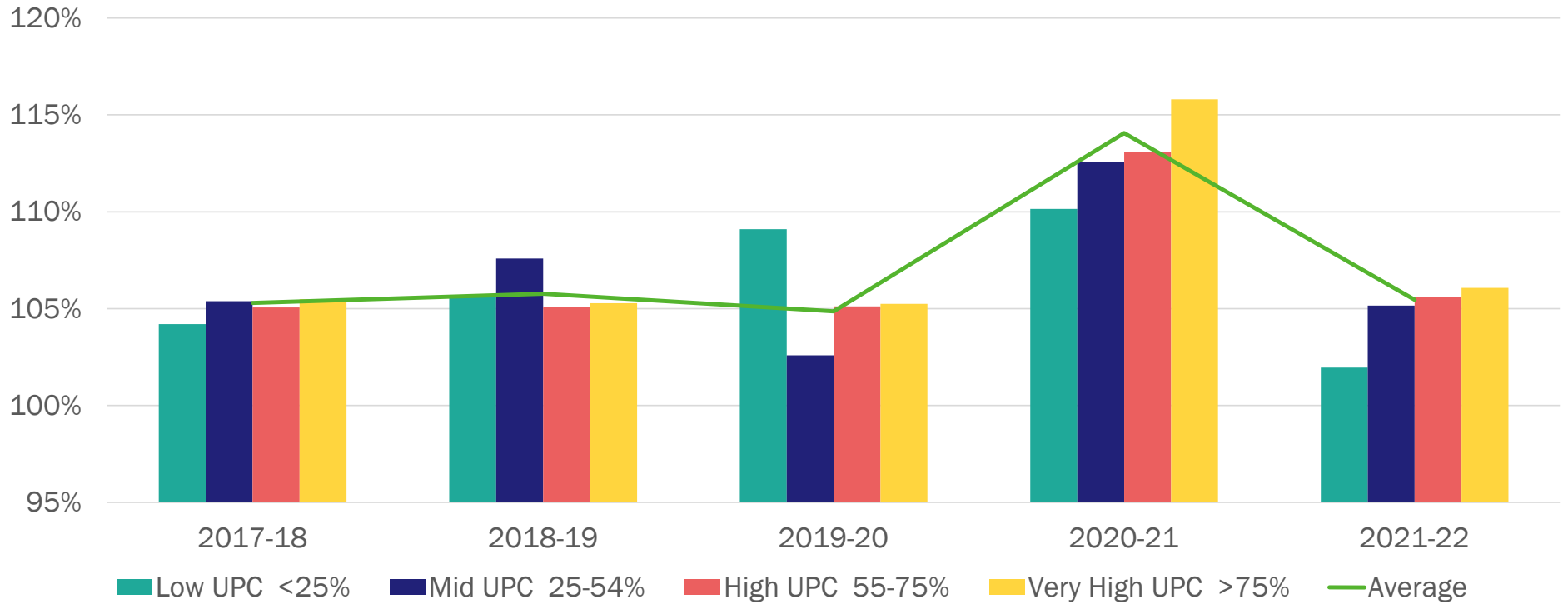
Larger schools spend more on Certificated staff & Supplies

# Expense per ADA - By UPP - Over Time



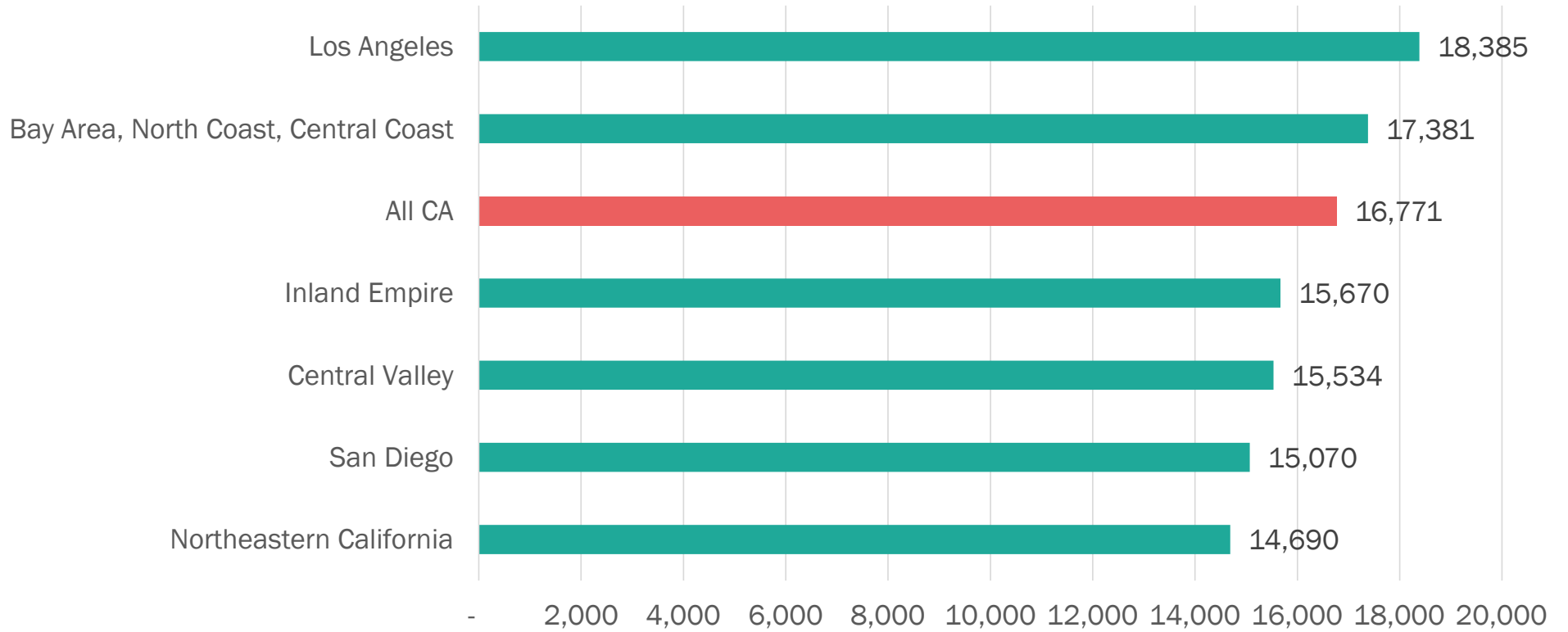
The gap between Very High UPP schools vs. Low continues to grow

# % Exp Covered by Revenue – By UPP – Over Time



Rising expenses for High UPC schools covered by increasing revenue

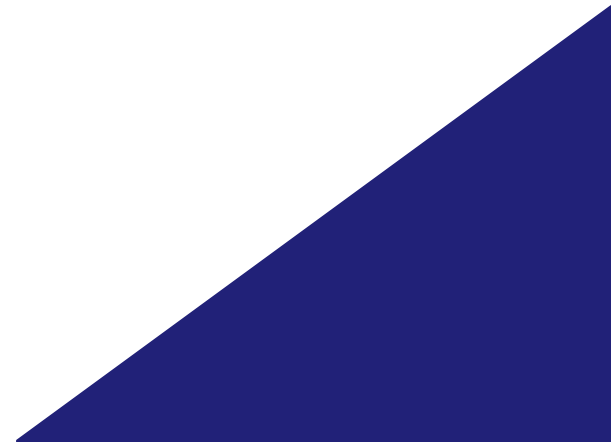
# Expense per ADA – By Region – FY22 Snapshot



Expenses vary extensively by region

## Some things to consider...

- Despite one time funding, school expenditure across categories have stayed consistent. How does your school compare? Are there strategic reasons why your school differs?  
61% Payroll, 8% supplies, 31% Services
- Despite high inflation, public schools' teacher pay has kept up with CA inflation in FY22. Does your school have strategies for keeping up with competitive pay?
- All schools are experiencing escalating costs, with small or high UPC schools most able to cover them. What strategies does your school use to balance your budget?

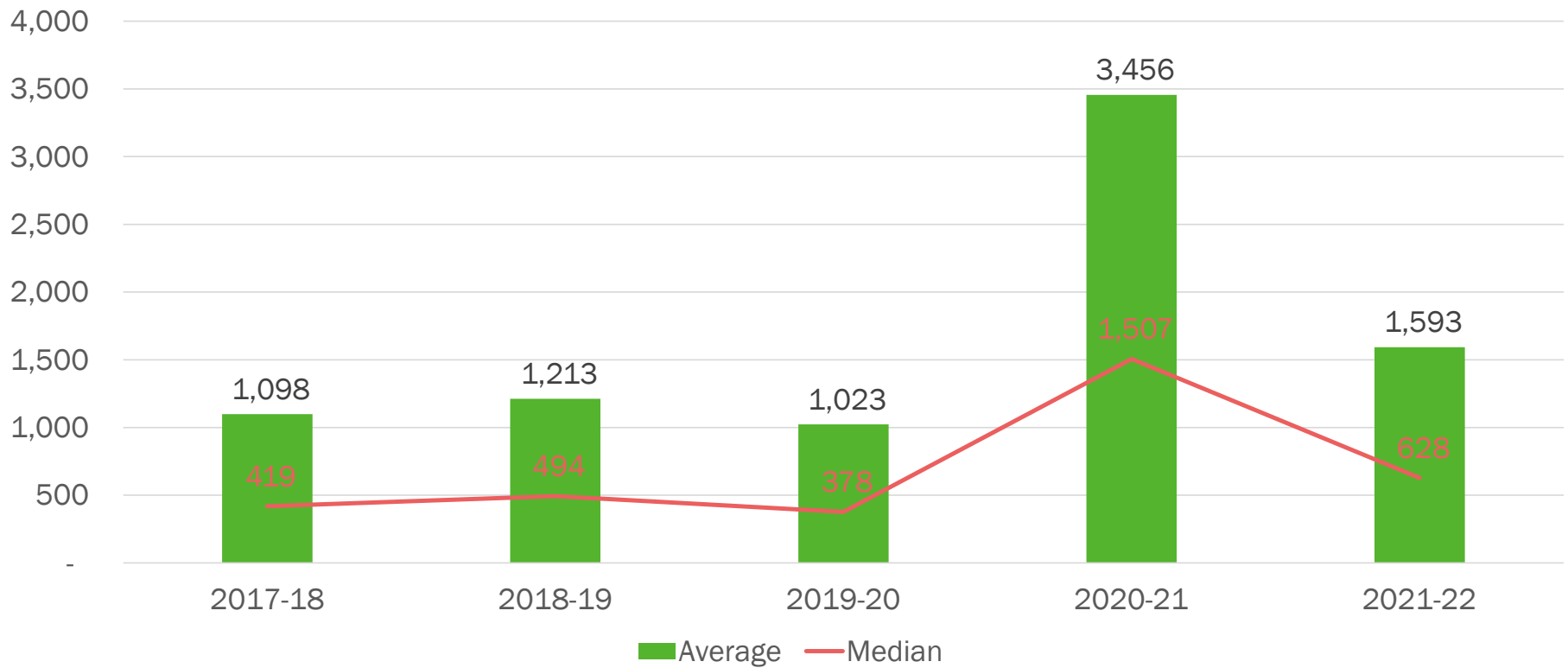




# Fiscal Health

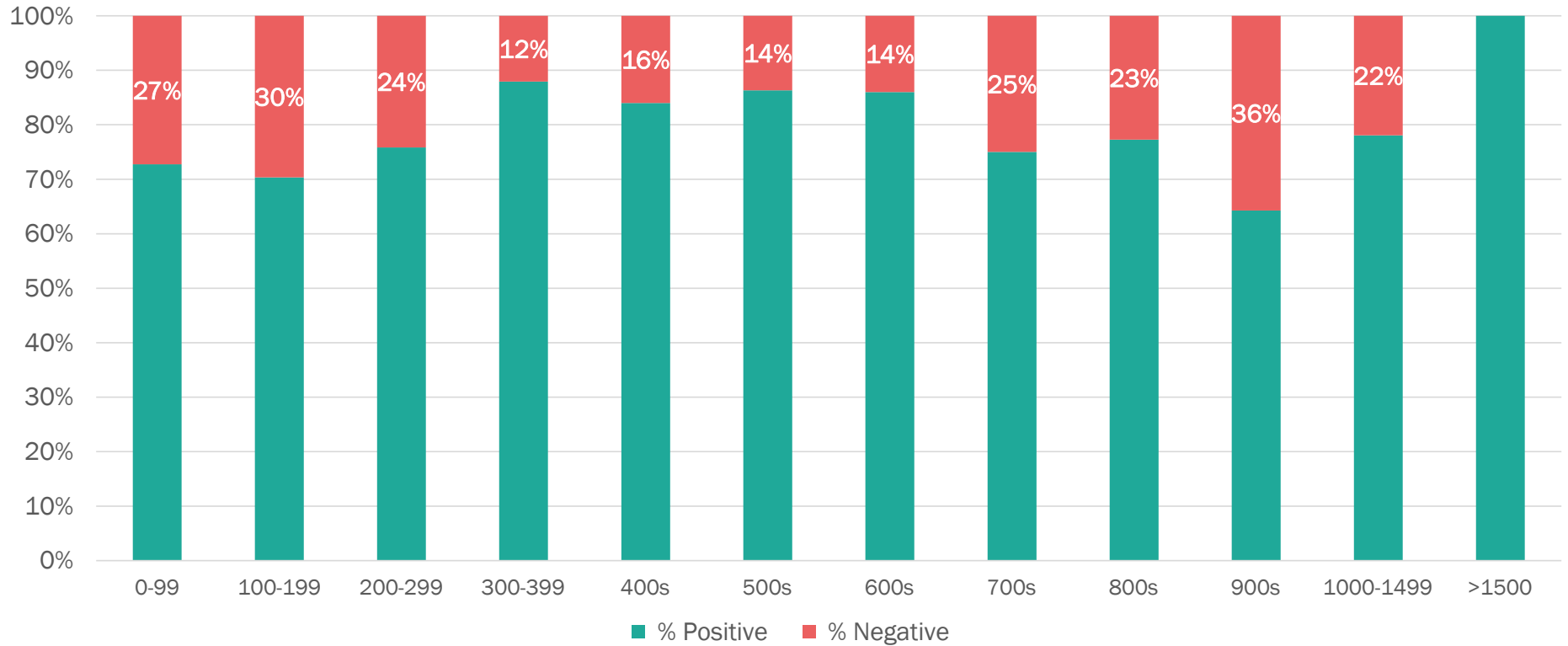


## Operating Income per ADA – Over Time



Covid funding increased FY21 Per ADA earning but trending back down

# Operating Income - By School Enrollment - FY22 Snapshot



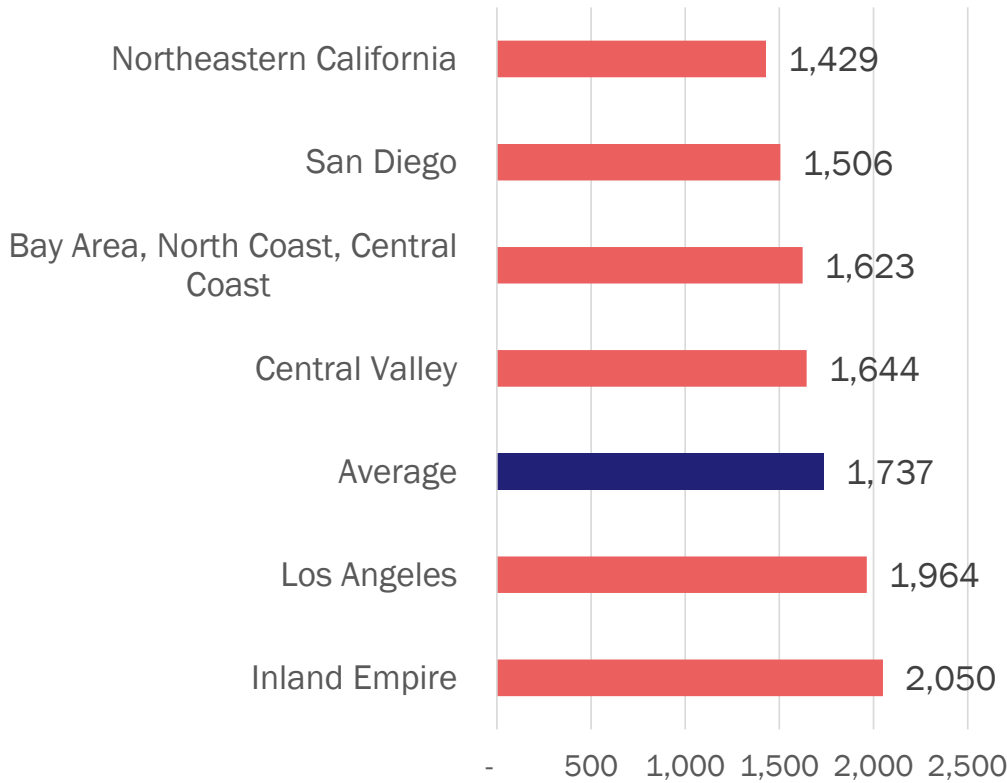
**Continuous Growth does not guarantee stability**

\*Note the sample size of schools is largely concentrated between 100-600

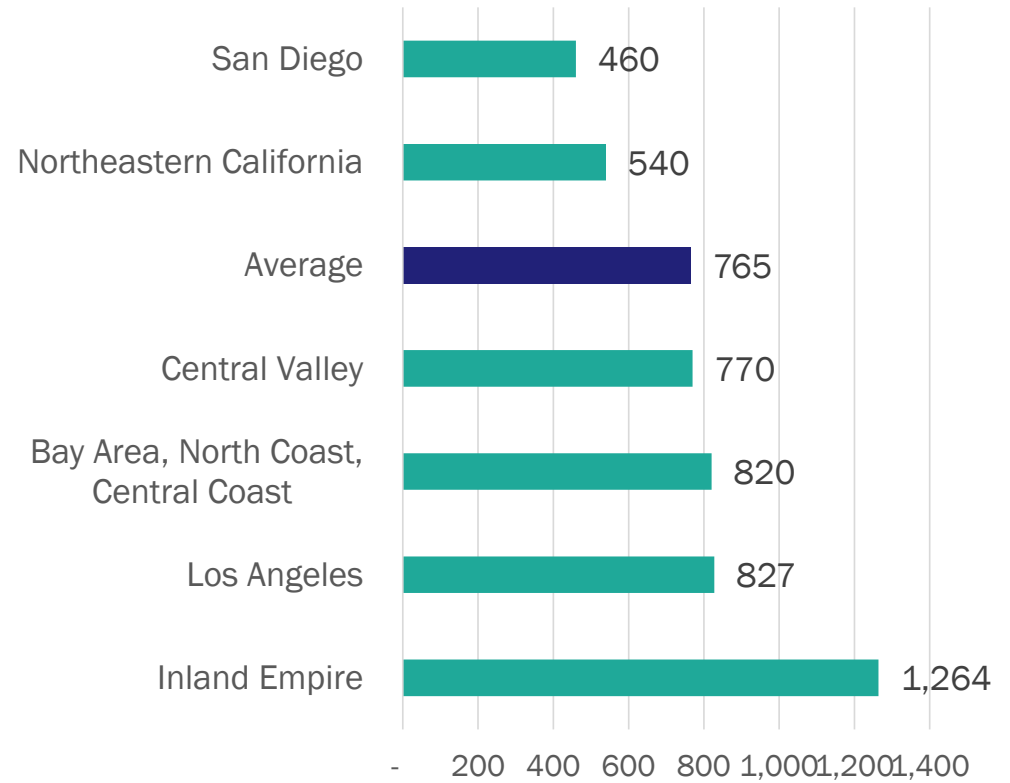
# Operating Income per ADA – By Region – FY21 & FY22 Snapshots



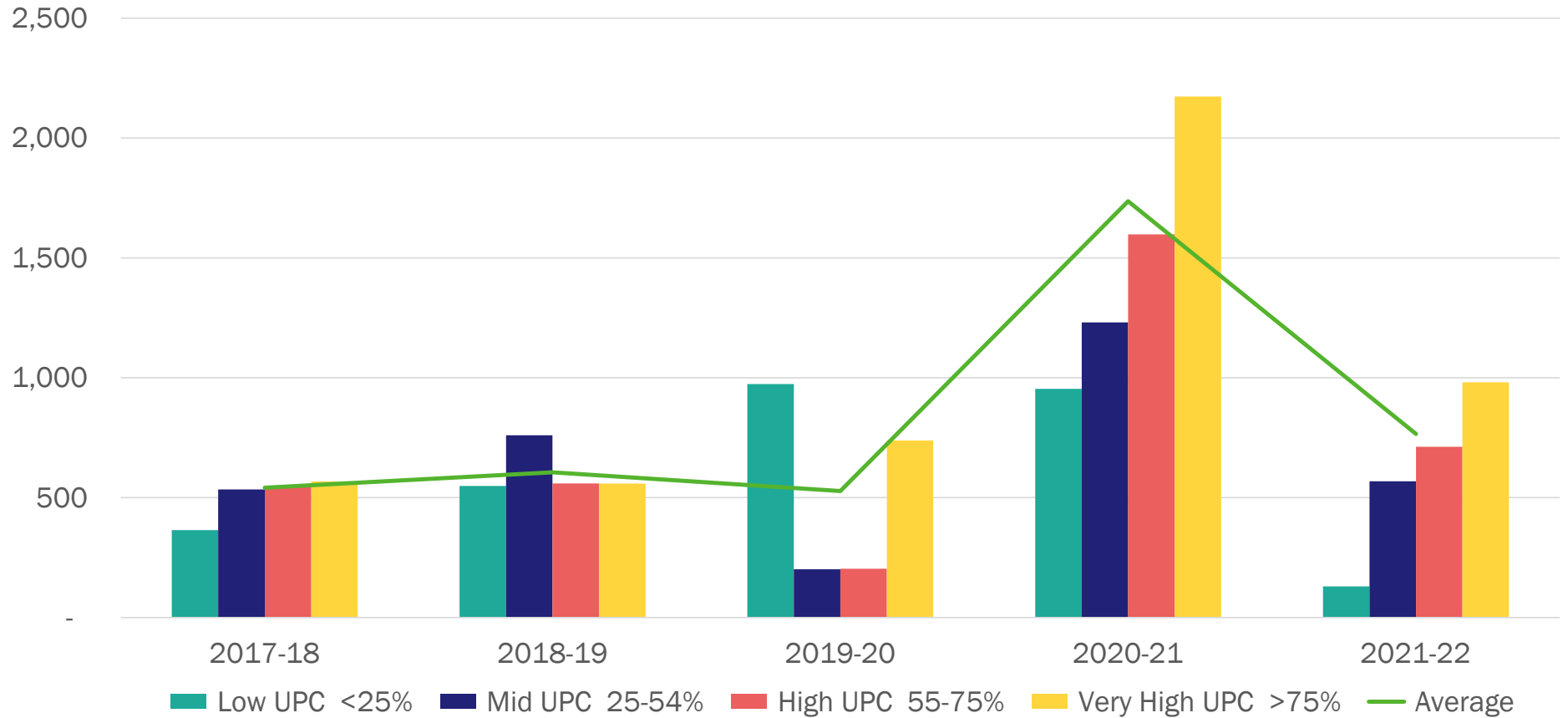
2020-21



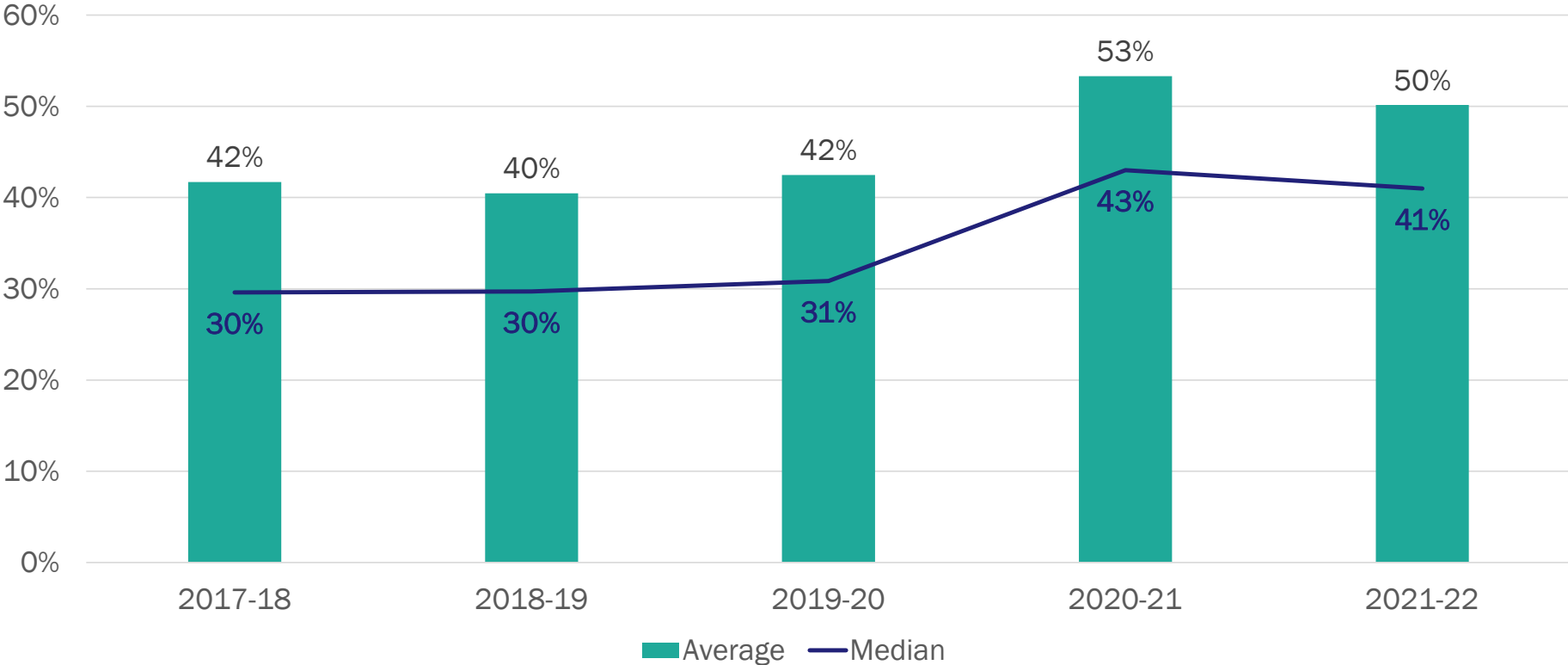
2021-22



# Operating Income per ADA – By UPP– Over Time

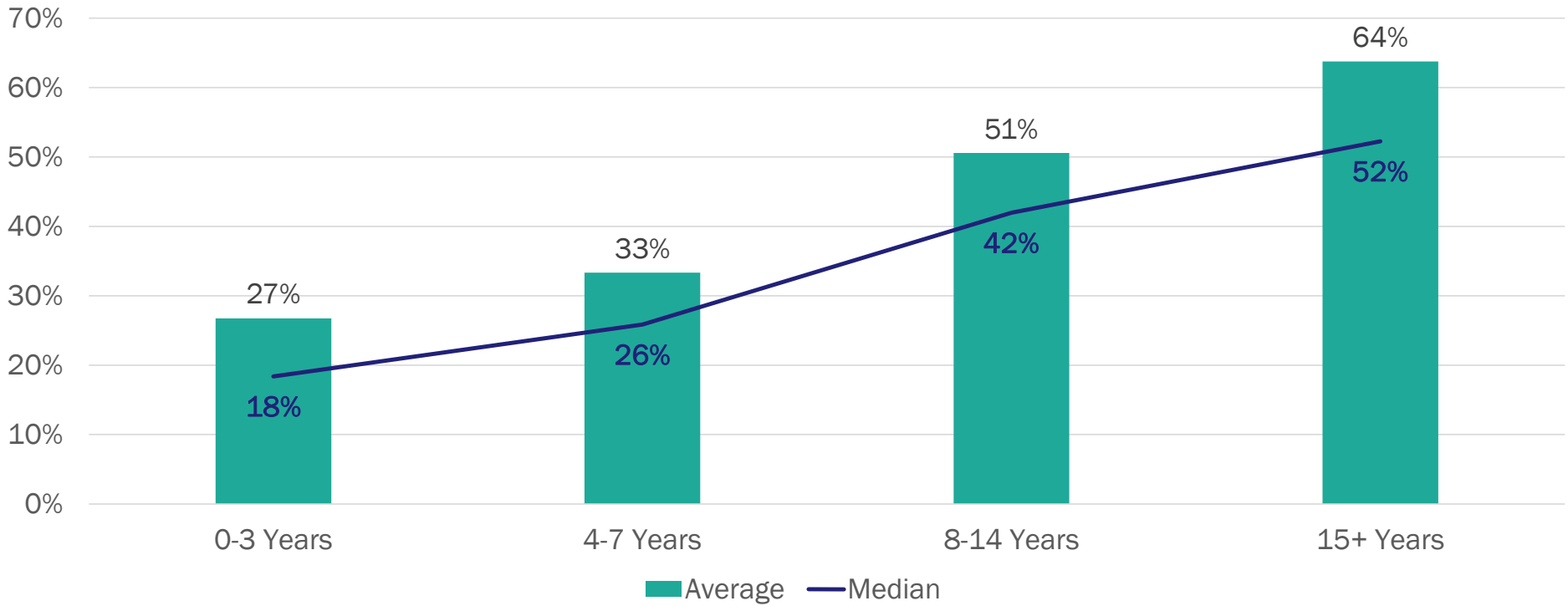


# Fund Balance as % of Expense – Over Time



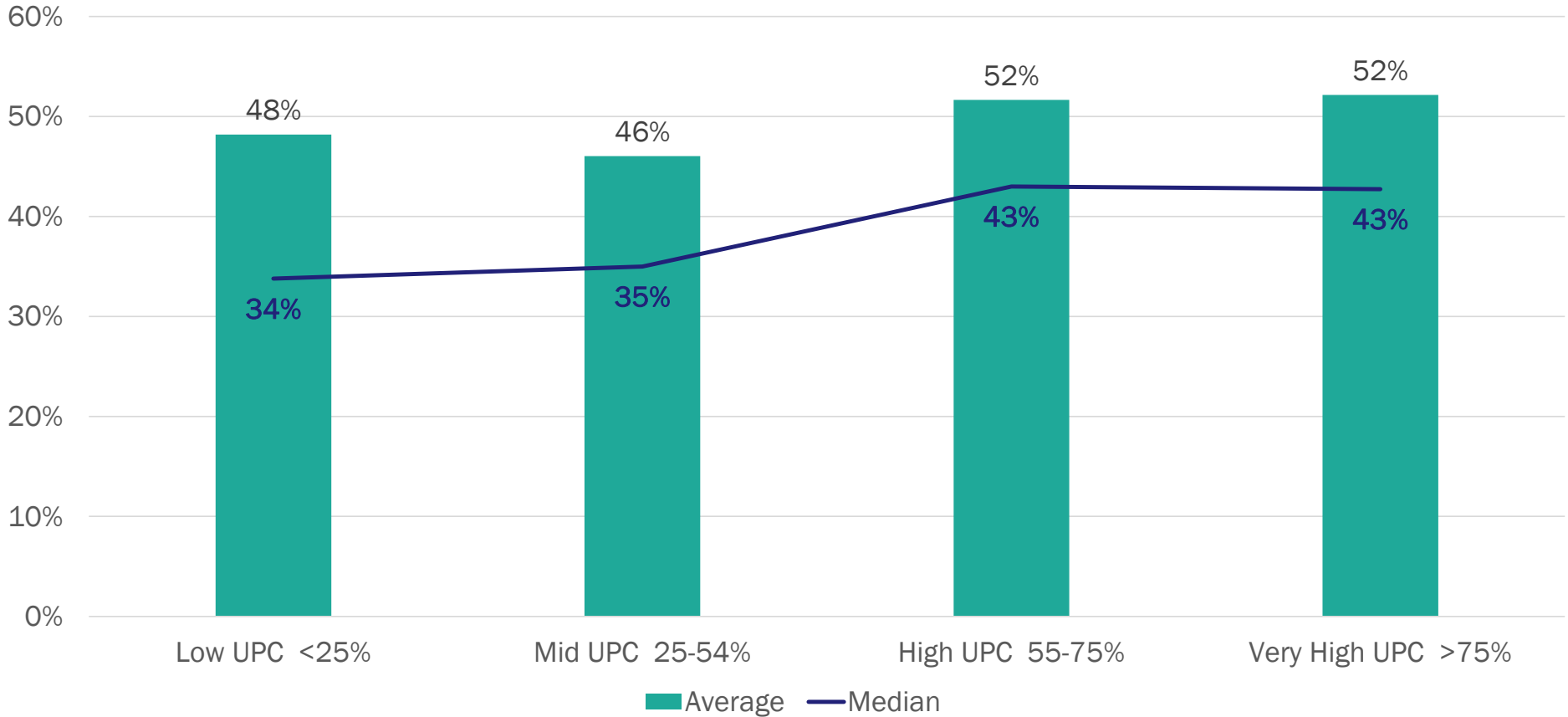
On average, LEAs saw a significant growth in fund balance in FY21

# Fund Balance as % of Expense – By Age – FY22 Snapshot



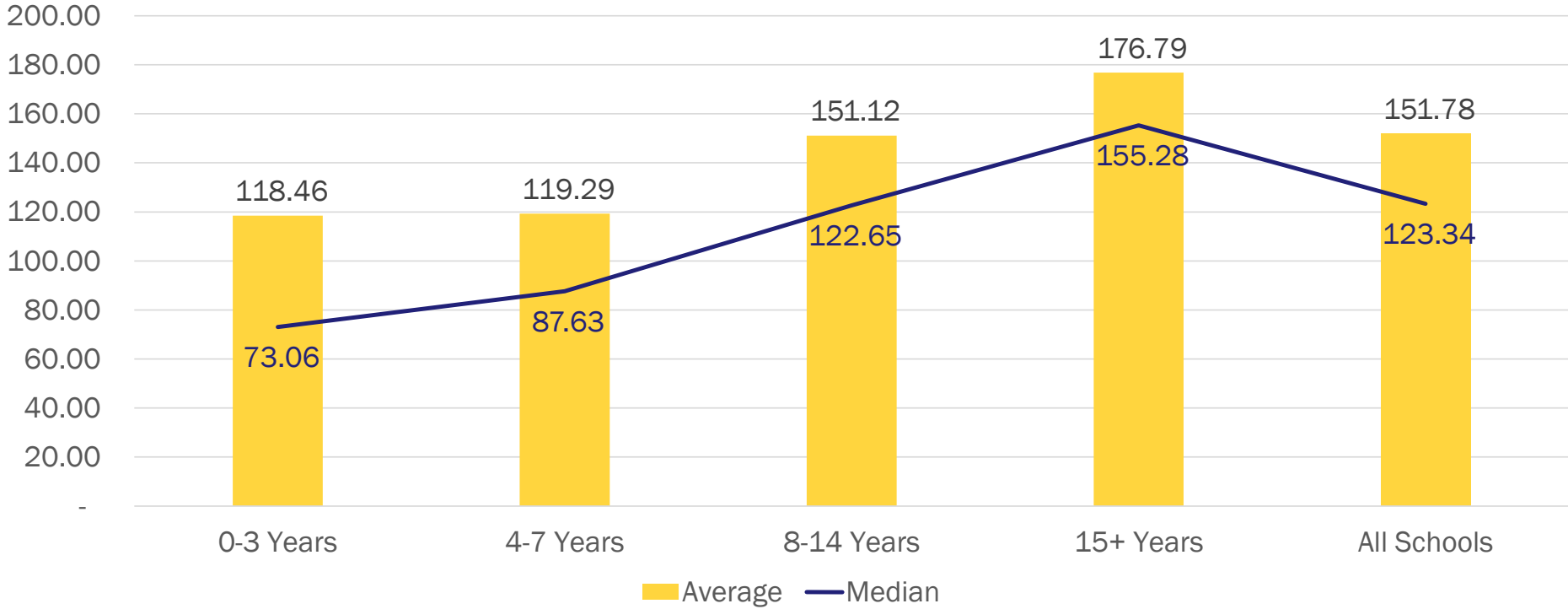
Sustainability built over time

# Fund Balance as % of Expense – By UPC – FY22 Snapshot



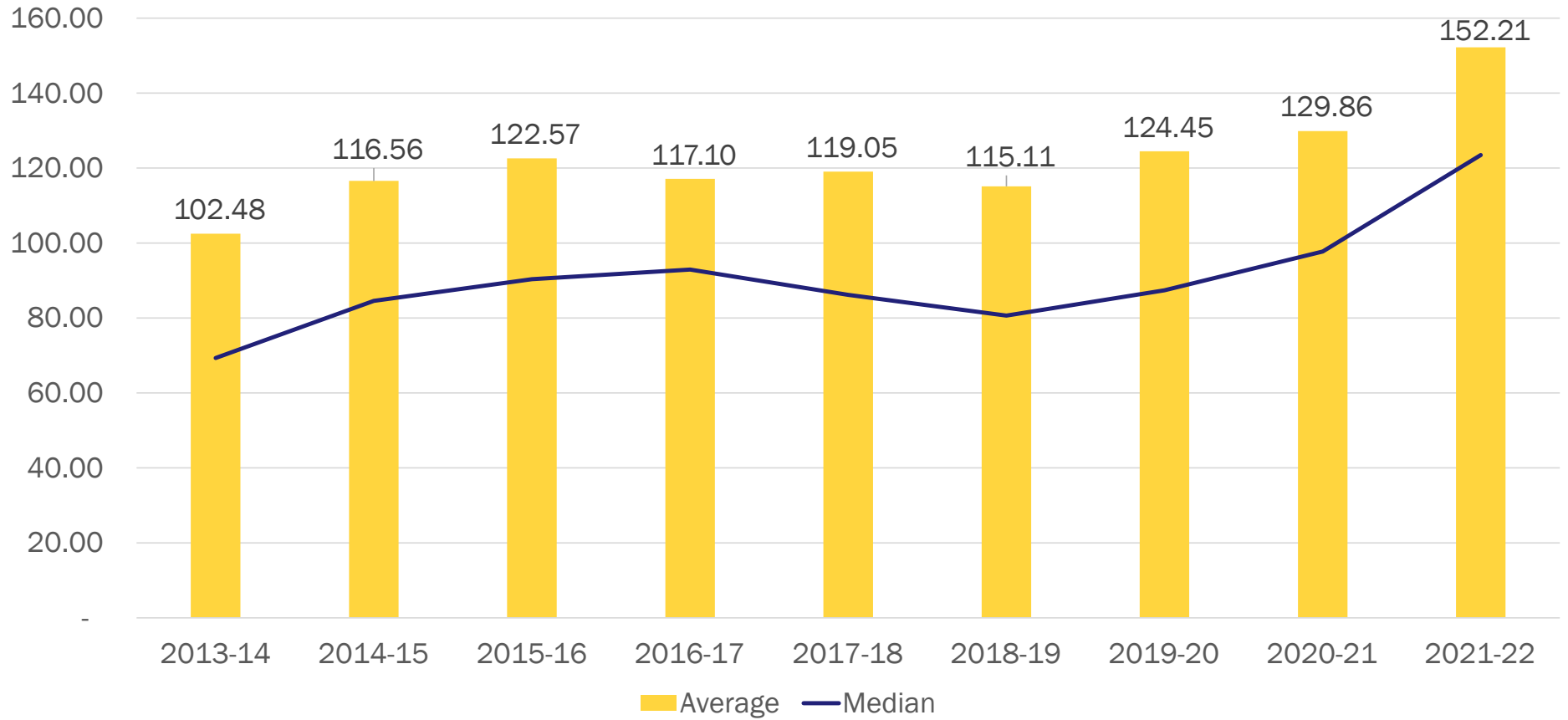


# Days Cash on Hand – By Age – FY22 Snapshot



Charters 8+ years of age seeing biggest cash reserve at year end

# Days Cash on Hand – Over Time



# Building Sustainability



## Making the Most of the Benchmarks

- *Building sustainability is an ongoing process*, and budgeting and fiscal optimization should also be ongoing throughout the year. Think about your goals and how you will get there!
- *Averages and medians don't tell the whole story*. Every school has variances from the norm – but essential to be able to explain causes and possible financial implications to stakeholders
- *Communicating budget information* and comparative data with parents, community members, staff, grantees, etc. can foster engagement, understanding, and transparency with stakeholders



## Planning Metrics & Questions

Metric / Formula	Questions / Insights
Total Core Op Costs as % of LCFF	How much does your school need to lean on non-LCFF or non-enrollment driven funding?
Revenue ÷ ADA Expense ÷ ADA Net Income ÷ ADA	Can provide numbers in a more digestible and understandable form – can be especially helpful for stakeholder understanding
Revenue Category ÷ Total Revenue	LCFF, Other State, Federal, Local
Expense Category ÷ Total Expense	Salaries & Benefits, Books & Supplies, Services & Other



# Planning Metrics & Questions

Metric / Formula	Questions / Insights
<b>Fund Balance as % of Total Expense</b> <i>Fund Balance ÷ Total Expense</i>	What does this number indicate about your sustainability and your priorities?
<b>Days Cash on Hand</b> <i>Cash Balance ÷ (Total Cash Expenses ÷ 365)</i>	How long can you sustain operations with cash reserves? How will deferrals impact your school? How are you using excess reserves?
<b>Your school's and your local district's projected UPP &amp; ADA</b>	How might local demographic trends shift your fiscal outlook?





# Thank you!

Questions? Contact us at:  
[Edtec.com/contact](https://edtec.com/contact)  
510.663.3500



# Appendix





## Links to Public Data Sources

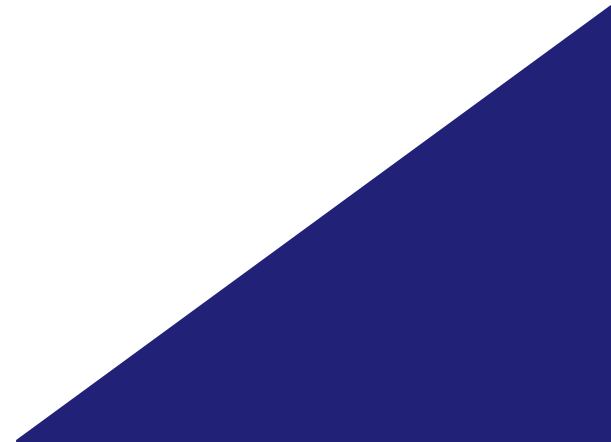
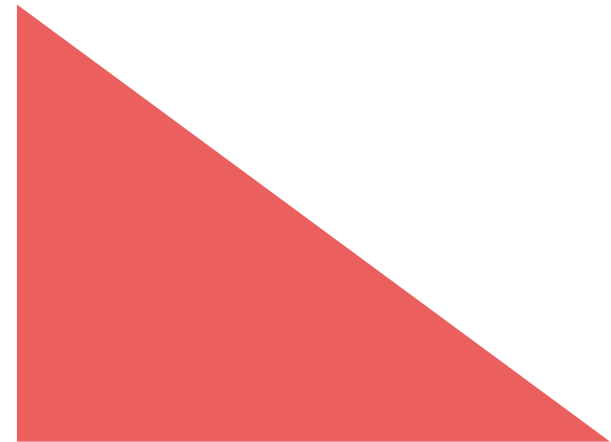
- Annual Financial Data (Unaudited) - <https://www.cde.ca.gov/ds/fd/fd/>
- CALPADS UPC data: <https://www.cde.ca.gov/ds/ad/filescupc.asp>
- Public Schools & District data files: <https://www.cde.ca.gov/ds/si/ds/pubschls.asp>
- US Census Bureau: <https://data.census.gov/>
- CDE Certificated Salaries and Benefits: <https://www.cde.ca.gov/ds/fd/cs/index.asp>
- CA Department of Finance Inflation: <https://dof.ca.gov/forecasting/economics/economic-indicators/inflation/>



*Special thanks to Aidan Barry-Owen, Solutions Analyst at EdTec, for his exceptional contributions to data analysis*

# Counties by Regions

Region	Counties
Bay Area, North Coast, Central Coast	Alameda, Contra Costa, Del Norte, Humboldt, Lake, Marin, Mendocino, Monterey, Napa, San Benito, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Trinity
Central Valley	Amador, Calaveras, Fresno, Kern, Kings, Madera, Mariposa, Merced, San Joaquin, Stanislaus, Tulare, Tuolumne
Inland Empire	Inyo, Mono, Riverside, San Bernardino
Los Angeles	Los Angeles, Santa Barbara, Ventura
Northeastern California	Alpine, Butte, Colusa, El Dorado, Glenn, Lassen, Modoc, Nevada, Placer, Plumas, Sacramento, Shasta, Sierra, Siskiyou, Sutter, Tehama, Yolo, Yuba
San Diego	Imperial, Orange, San Diego



## About EdTec

EdTec is a social enterprise committed to improving public education by supporting charter schools with **business, operations, and performance** services.

We are motivated by our **vision** to have the **greatest positive impact on the quality of public education**, as evidenced by our successful long-term partnerships with charter schools across the country.



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