



Navigating Charter School Finance Resources

Many resources that explain public school finance in Colorado provide information or guidance on charter school funding. However, as a first rule of thumb, new school developers should contact the Chief Financial Officer of the local school district in which they intend to apply, or charter schools already operating in their area, to obtain the most accurate and up-to-date information on key sources of income or designations of charter schools' revenue, including:

- The Per Pupil Revenue (PPR) the district receives for each student;
- Any authorizer required services such as Special Education;
- Any mill levy, Title or other funds the charter is entitled to receive

Colorado public school finance calculations are based on multiple factors that affect funding formulas in each district. Complete descriptions of these areas are given in more detail on the Colorado Department of Education (CDE) website www.cde.state.co.us under "Policy and Funding", under Grants and Funding click "Public School Finance." Under Additional Information click on Understanding Colorado School Finance, or click <http://www.cde.state.co.us/cdefinance/fy2015-16brochure> to access the word document. There is also a good School Finance in Colorado resource available through the Legislative Council Staff: <https://www.colorado.gov/pacific/sites/default/files/SCHOOL%20FINANCE%20BOOKLET%202016.pdf>

To look up projection calculations for local districts, go to the CDE website, click on "Policy and Funding", under Grants and Funding click "Public School Finance", under School Funding Act click "Public School Finance Funding and Payment Information," "Fiscal Year 2016-2017" then "District by District Comparison FY 2015-16 with Supplemental to 2016-2017 Current Law." The district names are listed alphabetically by county. Scroll over to column T-" 2016-17 ESTIMATED PER PUPIL FUNDING AFTER NEGATIVE FACTOR", to find the "Per Pupil Funding" for a target district. This amount should be close to what the district uses for PPR projections. (Good definitions of PPR, and Total Program are included at the back of the School Finance in Colorado guidebook.) The Charter School Institute schools' information for each of the CSI schools is based on the district PPR where their facility will be located.

PPR is the Per Pupil Revenue (PPR) a district receives for a full-time student. Basic funding for each public school is based on the October 1 "student count" numbers multiplied by the PPR amount. For application purposes, charter applicants will use reasonable student enrollment projection numbers multiplied by the PPR amount.

A charter school's budget should be set up according to the **state chart of accounts**. An example of a beginning budget with budgetary assumptions that are relevant to Colorado schools can be obtained from the New School's Office at the League. Because this budget is formula-driven, figures in one spreadsheet are impacted by entries in other spreadsheets, which will be explained once a developing group obtains

access to this budget template. Feel free to contact the League's New School Development Office with questions concerning how to receive and adapt this template for your charter application.

More complete information about the Public Employees Retirement Association (PERA) can be found at <https://www.copera.org/pdf/5/5-123.pdf>. All public employees participate in this retirement plan, and therefore charter schools are required to provide PERA for their employees.

The TABOR Reserve is a required reserve fund amount that will be calculated using the budget totals. TABOR is a mandatory amount established by the Taxpayer's Bill of Rights intended for "act of God" emergency reserves. This reserve is supposed to be based on 3% of the total expenses. For auditing purposes, the safest calculation would be to budget 3% of all non-federal funding. When there is deferred revenue, it is advisable to add any non-federal restricted funds into your total funding calculation. The TABOR reserve will increase or decrease each year based on all non-federal funding, but should always equal 3% of the total. Good information on TABOR can be found in the previous documents and in the Colorado Charter Schools Financial Management Guide located at the following link:

<http://www.cde.state.co.us/sites/default/files/documents/cdechart/guidebook/fin/pdf/financeguide.pdf>.

An excellent source for financial management practices for charter schools, this guide can also be found on the CDE website under the "Teaching and Learning", "Schools of Choice", "Charter Schools" page. Go to "Technical Assistance," "Charter Schools Guidebook," and click on "Finance Best Practice Resources." Here you will find the Finance Management Guide for Colorado Charter Schools along with other helpful resources. This document is a bit dated, but also provides good information on audits (and the requirement to contract with a Certified Public Accountant to conduct an annual, independent financial audit,) capital construction money, administrative overhead costs paid to an authorizer (2-5%), facilities financing, as well as TABOR. TABOR information can also be found in the Colorado Revised Statutes (CRS) Budget Policies and Procedures; 22-44-105-(1)(c.5)-Budget, which then refers to the state constitution Article (X) The Taxpayer's Bill of Rights, Section 20(5)-Emergency Reserves.

The Finance Management Guide for Colorado Charter Schools also contains explanations of accounting, cash management, chart of accounts, PERA and FICA, assets, sources of funding, reporting and much more. Also in the "Finance" link you will find a section for additional "Related Links" and additional League resources can also be found at <http://coloradoleague.site-ym.com/?page=nsdresources>

It will also be important to understand the Financial Transparency Act which requires posting of financial documents by all public schools. <http://www.cde.state.co.us/cdechart/guidebook/fin/finact.asp>

Another good resource for financial planning is: A Cost Estimation Tool for Charter Schools located at <http://www.charterschoolcenter.org/resource/cost-estimation-tool-charter-schools>. This guide from the National Resource Center has good information on understanding finance terminology, and also provides some helpful worksheets. It is advisable to use these with other Colorado specific assumptions such as ones the developers have obtained through research, connecting with the district CFO, or those found in the Five Year Budget Planning Template above.

It is imperative that an applicant contact the CFO in the authorizing district, prior to submitting a final charter application, to determine final budget assumptions. The CFO will have the most current funding calculations from the state. Charter Founders should also request per pupil cost amounts for purchased services that they are interested in purchasing from the authorizer. These areas may include but not be limited to payroll, Special Education, assessments, transportation, food services, etc. Also, ask about any categorical appropriations, or additional grants and state or federal funding that may apply to the school's areas of service in that particular district. The brochure explaining categorical funding can be found at: <http://www.cde.state.co.us/cdefinance/fy2015-16brochure> and a power point is available at http://www.gandgconsult.com/uploads/GG_Consulting_Group_Categorical_Funding_Presentation.pdf