

ARISE High School Board Financial Update

BRYCE FLEMING

JUNE 15, 2021



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State Funding Update



Positive 2021-22 May Revise



COLA

- 5.07%: LCFF Super COLA!
- 4.05%: SPED
- 1.70%: Other (SB740, State Nutrition, MBG)



Additional Ongoing Funding

- \$1.1B: Additional staff for LEAs w/concentration grant, increase from 50% to 65% in LCFF formula
- \$1B: Extended learning time, after school & summer enrichment for TK-6 w/highest UPP, five-year implementation, estimate of \$1100/K-6 student for 85% UPP in Y1



One Time Funding

- \$3.3B: Teacher initiatives including \$1.5B Educator Effectiveness
- \$2.6B: Targeted interventions, intensive tutoring, 4.2% of LCFF
- \$2B: In-Person Health & Safety, COVID related, 3.3% of LCFF
- \$278M for one-time IDEA, estimate of \$50/ADA



Deferrals

- Only June deferral remains
- 100% of June to be deferred
- No early payback of Spring 2021 included



In-Person Attendance

- Full day, in-person expected
- Amendments to independent study, more TBD on technology access, reengagement, daily participation tracking & teacher interaction



Charter Renewals

- Two-year extension of charter terms

May Revise Proposal Tracker



	Total 2021-22 Allocation	Methodology	Spend By
Targeted Intervention	\$2.6B	4.2% of LCFF	June 30, 2024
In-Person Health & Safety	\$2B	3.3% of LCFF	June 30, 2023
Educator Effectiveness	\$1.5B	~\$2400/FTE	June 30, 2024
Additional Staffing	\$1.1B	30% increase in concentration grant	Ongoing, match expense
Extended Learning Time	\$1B	~\$1100/ADA	Ongoing, match expense

2020-21 April Forecast Update

Actuals through 4/30/2021

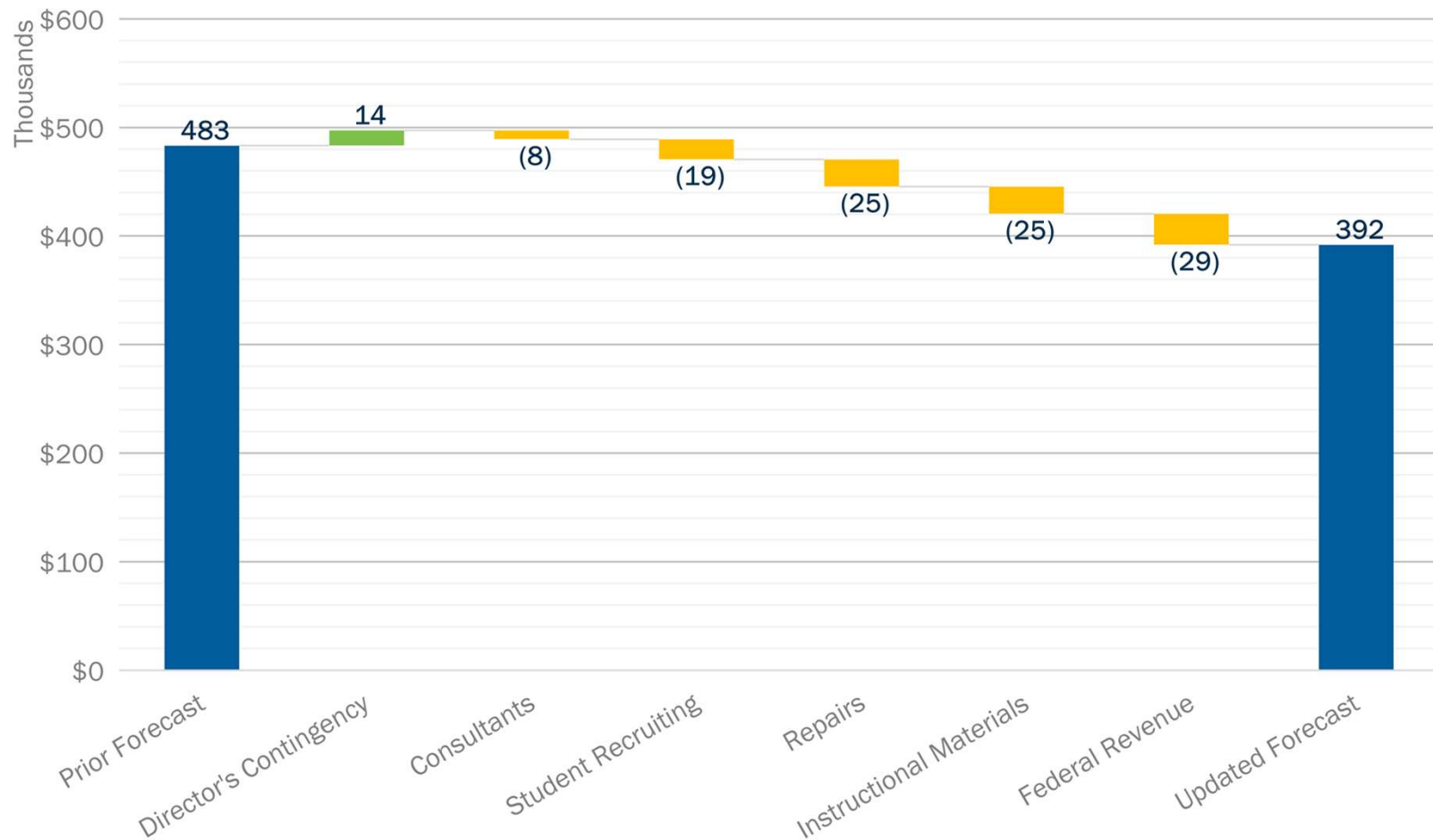
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20-21 Forecast Changes



Increases in expenses and federal revenue shift have decreased forecast



20-21 Forecast



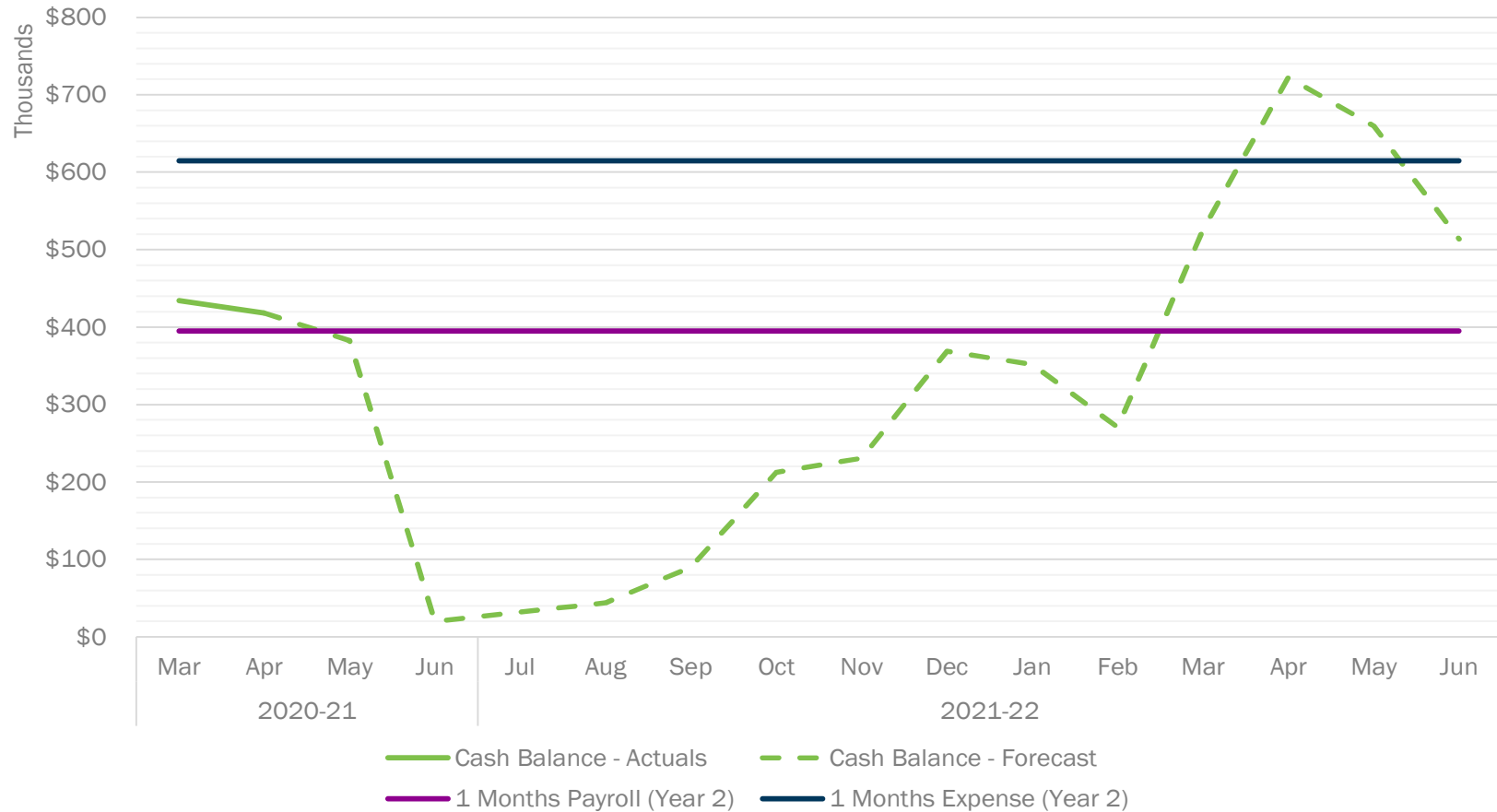
Net \$92K decrease in operating income

		2020-21	2020-21	Variance
		Previous Forecast	Current Forecast	
Revenue	LCFF Entitlement	4,422,829	4,422,829	-
	Federal Revenue	775,039	746,392	(28,647)
	Other State Revenues	909,806	909,806	-
	Local Revenues	464,674	464,674	-
	Fundraising and Grants	-	-	-
	Total Revenue	6,572,349	6,543,702	(28,647)
Expenses	Compensation and Benefits	3,584,834	3,584,872	(38)
	Books and Supplies	441,983	466,983	(25,000)
	Services and Other Operating	1,725,747	1,763,591	(37,844)
	Depreciation	272,578	272,578	-
	Other Outflows	63,900	63,900	-
	Total Expenses	6,089,043	6,151,925	(62,882)
	Operating Income	483,306	391,777	(91,529)
	Beginning Balance (Unaudited)	1,558,778	1,558,778	-
	Operating Income	483,306	391,777	(91,529)
	Ending Fund Balance (incl. Depreciation)	2,042,084	1,950,555	(91,529)
	Ending Fund Balance as % of Expenses	33.5%	31.7%	-1.8%

20-21 and 21-22 Monthly Cash Flow Projection



Cash reaches low point in June and then grows throughout next year



With decrease in cash over the summer, financing options are being pursued

Receivable Sale Financing

Context

State delays in funding and slow reimbursement of grants have caused decrease in cash

Year end AR of \$1.875M is money earned, but not received

All schools are experience delays of 36% of State Aid funds, but more challenging at ARISE due to revenue structure

Process

Investor purchases future state aid at a discount

School receives cash now; investor collects when delayed funding is distributed

Common source of financing as charter schools don't typically have strong credit profiles or assets to collateralize

Amount/ Cost

ARISE would receive \$277K of funding 2-3 months early and pay \$5,500 in interest

Cost of capital is 2%, about 7.5% annualized

ARISE Financial Dashboard

Metric	Target	Legend	2020-21 Board Meetings					
			10/20	11/17	2/16	3/16	4/20	6/15
Enrollment	385	<ul style="list-style-type: none"> ■ >385 ■ 375-385 ■ <375 	387	387	387	387	384	384
Attendance	93.5%	<ul style="list-style-type: none"> ■ >94% ■ 92-94% ■ <92% 	93.5%	94.0%	94.0%	94.0%	94.0%	94.0%
Expense variance to budget	No more than 5%	<ul style="list-style-type: none"> ■ <4% ■ 5% to 4% ■ >5% 	3.1%	2.8%	7.1%	8.5%	9.8%	11.0%
Uncategorized revenue & expense	<\$10,000	<ul style="list-style-type: none"> ■ <\$10,000 ■ \$5K-\$10K ■ >\$20,000 	\$17,000	\$23,995	\$0	\$0	\$756	\$11,697
Cash on hand	45 days' expense	<ul style="list-style-type: none"> ■ >45 ■ 30-45 ■ <30 	24	29	29	29	27	25
Year-end fund balance (forecast)	20% of expenses	<ul style="list-style-type: none"> ■ >20% ■ 15-20% ■ <15% 	41.0%	37.6%	35.3%	34.4%	33.5%	31.7%

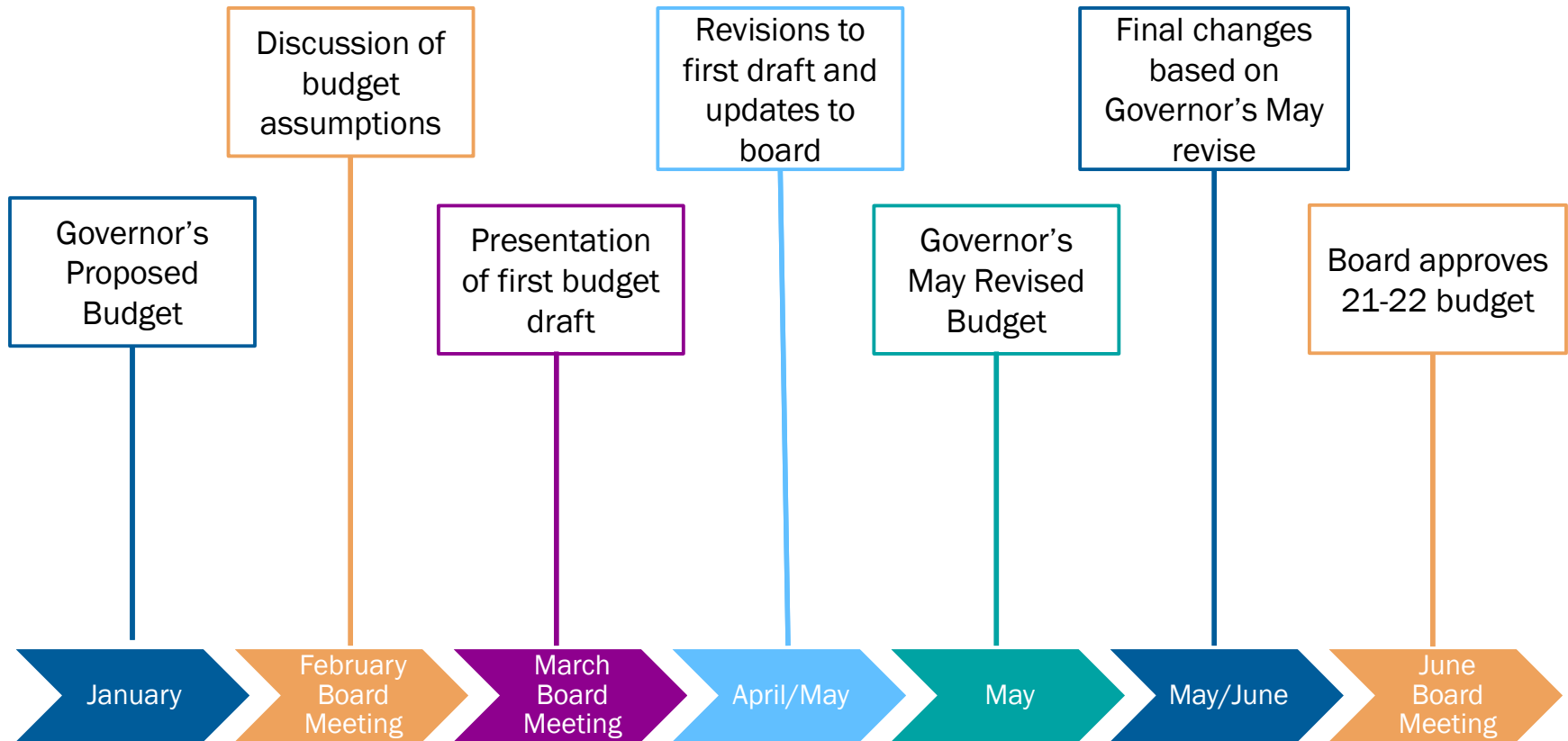
2021-22 Budget Update

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21-22 Budget Development

Final draft of budget to be approved by the board at June 15 meeting



21-22 Budget Assumptions

Enrollment

Projecting 400 (full planned enrollment)

Grant Funding

CTEIG increasing by \$48K, Measure N increasing by \$122K

COVID Relief

ESSER II (\$363K) and Expanded Learning (\$306K) both included in forecast,

Payroll

3% raises for continuing staff, increase of 11 FTE

SPED Contractors

More services being brought in-house; contractor budget reduced by \$300K

Three-year budget

Operating income projected in each of the next three years

		2020-21	2021-22	2022-23	2023-24
		Current Forecast	Projected Budget	Projected Budget	Projected Budget
Revenue	LCFF Entitlement	4,422,829	4,923,189	5,056,183	5,212,859
	Federal Revenue	746,392	775,661	779,788	779,788
	Other State Revenues	909,806	1,138,996	833,166	833,458
	Local Revenues	464,674	631,793	631,793	631,793
	Fundraising and Grants	-	-	-	-
	Total Revenue	6,543,702	7,469,639	7,300,930	7,457,898
Expenses	Compensation and Benefits	3,584,872	4,742,556	4,784,817	4,927,837
	Books and Supplies	466,983	519,076	418,027	426,388
	Services and Other Operating	1,763,591	1,793,847	1,692,229	1,729,676
	Depreciation	272,578	272,578	266,917	262,863
	Other Outflows	63,900	49,606	39,917	45,116
	Total Expenses	6,151,925	7,377,662	7,201,907	7,391,881
	Operating Income	391,777	91,977	99,023	66,017
	Beginning Balance (Audited)	1,558,778	1,950,555	2,042,532	2,141,555
	Operating Income	391,777	91,977	99,023	66,017
Ending Fund Balance (incl. Depreciation)		1,950,555	2,042,532	2,141,555	2,207,572
Ending Fund Balance as % of Expenses		31.7%	27.7%	29.7%	29.9%

2021-22 Student Information



Planning to increase to full enrollment next year

	FY20-21	FY21-22
Total Enrollment	387	400
9 th Grade Enrollment	110	120
10 th Grade Enrollment	105	110
11 th Grade Enrollment	90	95
12 th Grade Enrollment	82	75
Attendance Percentage	94.0%	93.5%
ADA	363.7	374.0
Unduplicated Pupil % (3-Year)	83.22%	86.85%

2021-22 Revenue Assumptions



Growth in CTEIG and Measure N balance decrease in COVID funding

	FY20-21	FY21-22
LCFF Funding Per ADA (COLA 5.07%)	\$12,161	\$13,164
State Lottery Funding Per ADA	\$197	\$199
State SPED Funding Per ADA	\$625	\$634
Federal SPED Funding Per PY Enroll	\$125	\$125
Federal COVID Funding	\$419K	\$418K
State COVID Funding	\$35K	\$307K
Measure N	\$301K	\$423K
CTEIG	\$100K	\$148K
SB740 Facilities Funding	\$396K	\$423K
SWP	\$50K	\$0
Revenue Per ADA	\$17,992	\$19,972

2021-22 Payroll Projections



Increase of 11 FTE for FY 21-22 (not counting additional TA budget)

	FY20-21	FY21-22
Percent Raise for Continuing Staff	1.6%	3.0%
Total FTE	38.3	49
Teacher FTE	22.1	26.10
Average Teacher Salary	\$66,101	\$71,657
Total Comp and Benefits	\$3.56M	\$4.74M

2021-22 Non Payroll Expenses



Non personnel expenses remain similar overall, changes include:

	FY20-21	FY21-22	Variance
Textbooks and Core Curriculum	\$12,000	\$60,000	\$48,000
Rent	\$742,362	\$841,148	\$98,785
Leadership Coach	\$16,000	\$29,000	\$13,000
Professional Development	\$500	\$45,000	\$44,500
Enrichment	\$0	\$80,000	\$80,000
Student Activities	\$15,000	\$80,000	\$65,000
SPED Contractors	\$338,147	\$40,000	-\$298,147