



TO: Commissioners, Business Operations Committee

FROM: Melanie Harrell, Director of Finance and Operations

DATE: July 28, 2022

SUBJECT: Charter Commission Budget Updates

### **FY22 Budget-to-Actuals**

- We have updated the FY22 budget-to-actuals to reflect our current spending and drawdown, which reflect final expenditures except those that are accrued through the close process.
- BEP passthrough and authorizer fee projections have been adjusted slightly to reflect recent enrollment changes and the June BEP true-up.
- We are currently not anticipating expending all ESSER administrative funds that were initially budgeted, and these funds will be reallocated to schools.
- Outstanding passthrough funding reflects the final reimbursements for the fiscal year that we anticipate from schools. We are also waiting on some reimbursements and authorizer fee revenue to be recorded by accounting, which will be finalized during the close process.
- Additionally, BEP expenditures exceed revenue due to the final fiscal year true-up for FY21, which we received from TDOE in April 2022. After the final BEP true-up and reconciliation of accounts, there was an additional balance owed in FY21 authorizer fee refund to schools that was not held in reserve and reverted to the general fund after FY21 close. After discussion with the Department of Finance and Administration, it was determined that despite this being a State Board of Education liability in FY21, the funds appropriated by the General Assembly for charter authorizing purposes were allocated to the Charter Commission for FY22. We paid the difference in refund still owed to schools, which was approximately \$150,000.
- We are still projecting a surplus overall for FY22.

### **FY23 Update**

- The amended budget for Committee review and approval is provided here.
- The current draft budget anticipates an enrollment of approximately 3,800 students across nine (9) schools. We currently project a surplus of \$700,000. This amount is about 30% of total projected revenue (excluding passthrough funds), which provides a cushion against uncertainty in enrollment variance.
- We have updated the estimated ESSER carryover amount and the initial anticipated grant allocations in this budget; however, these are just estimates, as we do not yet have final grant allocations for FY23.
- Our professional services line item includes the contracts referenced in the Executive Director's operations update, as well as budgeting for additional supports for the LEA team. We are hoping to pursue two contracts for additional federal programs and special populations support: one short-term contract to provide support for schools serving homeless and foster students, and one longer-term contract to provide general federal programming support.

### **FY24 Update**

- The preliminary FY24 budget proposal is provided here. The revenue and authorizer fee estimates are based on the current estimated BEP rate for FY23, though we anticipate these estimates will change once TISA rules are finalized.
- The current proposed budget anticipates an enrollment of approximately 4,850 students across 11 known schools. We currently project a surplus of \$900,000. This amount is about 40% of total projected revenue (excluding passthrough funds), which provides a cushion against uncertainty in enrollment variance and funding amounts. Additionally, this reflects our goal of moving toward sustainability on the authorizer fee alone.
- The current expenditure estimates include current staffing levels and static assumptions for most expenses, except for contracted service amounts that will grow as we have more students. These increased expenses are primarily for student information management systems.
- We have not included any initial anticipated grant allocations in this budget because of significant uncertainty in these amounts; however, these will be included in the amended budget as we get closer to the start of the next fiscal year.
- As we move through this year's appeal cycle and get a better sense of our future portfolio size, we anticipate that we may request 1-3 additional positions from the General Assembly for FY24. We will update the Committee on our budget requests during our October meeting.