Charter School Finance and Facilities Update

ELLIE SCHOLLMEYER
OCTOBER 24, 2019
Strategic Plan 2019-2024 Review

**OUR MISSION**

- The Exploris School is a diverse learning community that engages students in a challenging, relevant, relationship-based education. Through experiential, project-based learning we empower students to foster a just and sustainable world.

**OUR VISION**

- Empowering learners to improve our world.
OUR VALUES

- Innovation
- Relationships
- Social Empowerment
- Curiosity
- Craftsmanship
- Responsibility
- Connections to Nature
- Reflection
Introduce yourself to your table
Share grade of your children
How long you have been part of Exploris
The Value of Exploris

Please jot down what Exploris means to your family on a notecard. Please add your name if you wish.
Agenda

- Overview of Charter School Finance
- Exploris Budget
- Status of New Building
Differences Between Charter and Traditional School

**Charter Schools**
- Higher degree of flexibility
- State Per Pupil
- Local Per Pupil
- Federal programs allotted to charters

**Traditional Schools**
- Funding flows through multiple ‘sources’
- Staff position allotments
- State vendor contracts
- Capital funds
- Transportation funds
- Local funding
### TOTAL BUDGET FOR 2018-19

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Operations</td>
<td>$1,642,051,716</td>
<td>72%</td>
</tr>
<tr>
<td>+ Capital Outlay (mobile units, furniture, and vehicles)</td>
<td>$1,168,080</td>
<td>&lt;1%</td>
</tr>
<tr>
<td><strong>EQUALS OPERATING BUDGET</strong></td>
<td><strong>$1,643,219,796</strong></td>
<td><strong>72%</strong></td>
</tr>
<tr>
<td>+ Building Program (provided by taxpayer bonds)</td>
<td>$630,172,659</td>
<td>28%</td>
</tr>
<tr>
<td><strong>EQUALS TOTAL BUDGET</strong></td>
<td><strong>$2,273,392,455</strong></td>
<td><strong>100%</strong></td>
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</tbody>
</table>
Impact – Charter Schools receive 28% less funding than traditional public schools
Average Daily Membership (ADM)

- State funding is based on the ADM of students during the first 20 days of school.
- Attendance on Day 1 is critical.
- Example – if a student misses the first 10 days of school, we get ½ of the state funds for the year- prorated daily.
- Full Enrollment 456 students.
State Budget not yet Approved for 19-20

Initial Allotments based on 18-19 Levels

State Revenue - $5233.73 per student based on ADM

Local Revenue based on County and enrollment each month

- Wake - $2,706.72
- Durham - $3,431.76
- Johnston - $1,653

Annual per student - $5,233.73 + $2,706.72 = $7,939.72

Federal Funds for EC - $4,464.16 per EC Student
Exploris 19-20 School Revenue

Total Revenue
$4,149,999.36

Revenue

- State: 64%
- Local: 30%
- Annual Fund: 2%
- Federal: 2%
- Before & After Care: 2%

Annual Fund $100,000
Exploris 19-20 Expenses

- **Salary & Benefits**: 79% of Expense
- **Salaries**: 64%
- **Benefits**: 11%
- **Books & Supplies, & Technology**: 10%
- **Contracted Student Services & Scholarships**: 4%
- **Financial, Insurance, Legal, PD, & HR**: 3%
- **Facilities**: 2%
- **Before & After Care**: 1%

**Total Expenses**: $4,137,862

**Surplus**: $12,138
Audit 2019

Financial Highlights

The assets of The Exploris School exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $2,107,960 (net position).

The School's total net assets increased by $95,356.

As of the close of the current fiscal year, The Exploris School’s governmental funds reported combined ending fund balances of $1,158,138.

Enrollment has increased at the School. In 2016-2017 the State funded Average Daily Membership (ADM) was 419. In 2017-2018 it was 420, and in 2018-2019 it was 448.
Additional Funding Sources

- NC ACCESS Grant - $600 K
- Applied for Title II Funding to provide for Professional development
- School Safety Grant in progress
- Parent and Community Support through donations and our Annual Fund
- Continuously looking for new grants
Questions

- Charter School Finance
- Exploris Budget
Vision for the Future of Exploris

- New Building for our K-8 School
- Expand Enrollment from 456 to 684
- Expand Diversity of our Students and Staff
- Affordable facilities in / or close to downtown Raleigh
History of City Gateway Project

- Vision began in 2013-2014
- Exploris found 5.89 tract in downtown Raleigh – 120 Kindley Street
- Developer purchased the land in 2016 – Exploris minority owner in property (15%)
- December 2017 Exploris entered into long term lease rate of $19 per sq ft for lifetime lease. (Current market rates are $40+ per sq ft). Developer divided land into 3 parcel tracts – City Gateway, Road improvements, Future development. In exchange Exploris gave up ownership in City Gateway tract and retained 15% ownership of gain in development of the remaining tract of land.
History of City Gateway continued

- Developer agreed to match $1 Million for Capital Campaign Contributions and provide interest free loan of $2.5M for upfit of building.
- Developer needed to obtain financing to begin construction.
- September 2019 Developer informed Exploris they could not obtain investors with Exploris in the building.
- Developer proposed alternatives that the Board is evaluating.
Board Action Steps in Progress

- Evaluating Alternatives
- Attorney Review of Exploris position with developer breaking lease is underway
- Property search
- Meetings with Financing firms to establish our capacity for bond financing
- Evaluating Lease vs Purchase Alternatives
- Assessing Types of Construction
- Board Facilities Committee
How important is a downtown Raleigh location?

How far from downtown is reasonable to you?

Class size drives our revenue – how satisfied are you with crew sizes of 19?

What factors do you want the facilities committee to consider during the next steps?
Questions

- New Building
Thank you all for Coming!
Budget at a Glance

STATE BUDGET IMPACT

The General Assembly approved the following changes that impact the 2018-19 budget:

**House Bill 90**

On February 13, 2018, the NC General Assembly ratified House Bill 90 to phase in class size requirements for kindergarten through third grade. This House Bill refers to the current General Statute 115C-301 for allocation of teachers and class size.

Class size average and individual maximum for grades K-3 shall not exceed:

<table>
<thead>
<tr>
<th>Year</th>
<th>Grade</th>
<th>District Average</th>
<th>Individual Maximum</th>
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<tbody>
<tr>
<td>2017-18</td>
<td>K-3</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
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</tr>
<tr>
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<td>K-3</td>
<td>18</td>
<td>21</td>
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<tr>
<td>2021-22</td>
<td>K</td>
<td>18</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>16</td>
<td>19</td>
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<tr>
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<td>17</td>
<td>20</td>
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