

Benchmarks for Budgeting – An Update

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Last year, EdTec embarked on a broad benchmarking study of charter school financial data to understand what schools across the state were doing when it came to their budgets. We sought to answer some questions that schools we work with were asking, such as: “We’re creating a petition budget, what is the typical spending profile of a new charter school? How much do other schools with our FRL profile spend on student food services? What percent of a school’s budget is typically spent on facilities?” The study yielded interesting findings and proved useful to charter developers and seasoned practitioners alike for budget planning and evaluating budget efficiency.

This year, we updated the study and dove deeper into some topics of interest for charter school leaders, such as teacher compensation, and fiscal health metrics like operating income and fund balance. Below, we highlight a few of the main findings from our study. For the full report, a link is provided below at the end of this article.

Our goal for the study is to provide a statewide context to inform school leaders as they make financial decisions. It does not draw any conclusions about the cause and effect of charter school spending. As always, budgets should be based on each school’s priorities to best serve its student population.

About the Data

Source: 2010-11 SACS unaudited actuals data

of Schools: 339 charter schools

of Cities represented: 117

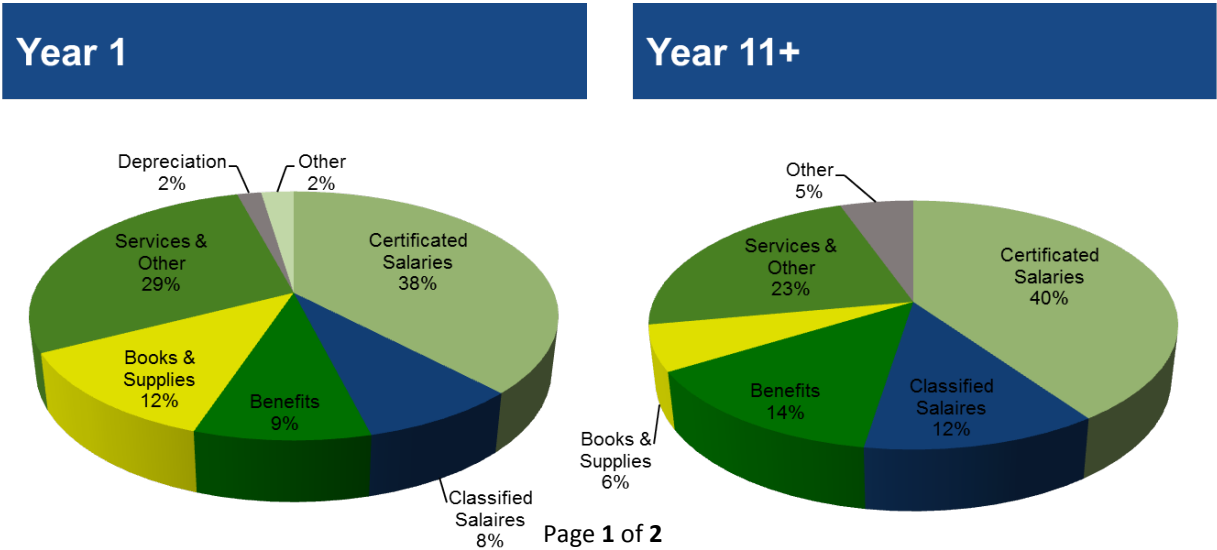
of Counties represented: 38

of Schools in each free/reduced lunch quartile: 60+

School years in operation: 1-11+

Overall Charter School Spending

To capture the big picture of this year’s analysis, the charts below show the allocation of expenditures for a new school and an established school. As schools mature, spending shifts from services to salaries as permanent staff take over roles previously performed by consultants – the average first year school spends 55% on salaries and benefits whereas the average 11+ year school spends 66%.



Teacher Compensation

One question that we heard repeatedly from our study last year was, “How does teacher salary vary with experience?” While the SACS data doesn’t allow us to answer that question, we were able to use the 2011-12 CALPADS teacher salary and experience data of EdTec clients and found that of the 288 teachers surveyed, on average, teachers had 6.8 years of experience and made approximately \$52K. Teacher salary is related to experience level, with first year teachers making approximately \$43K.

Years of Experience	Average Salary
1	43,411
2	45,535
3	47,688
4	49,396
5	53,482
6-10	54,464
11-15	60,654
15+	62,977

Facilities Costs

Another question that we are often asked is, “How much do charters typically spend on facilities?” On average, the schools in the sample spent approximately 7.5% of their budget on facilities costs, but this varies depending on grades served, whether the school is in a Prop 39 space or is non-classroom based, and where the school is located.

We also found that facility costs vary based on the number of years the charter has been in operation.

Average Spending Per ADA	Middle 50% Spending Per ADA	Average % of Budget	Middle 50% Percent of Budget
\$701	\$172 – \$949	7.56%	2.01 – 11.1%

Operating Income

A school’s operating income continues to be an important metric in evaluating fiscal health. Our analysis this year found that larger new charters and long-established charters had the strongest operating incomes. Specifically, new schools with over 200 students had an operating income over 7% while new schools with fewer than 200 students had an operating loss of more than 4%. For established schools that have been in operation for 11+ years, those with over 400 students had on average a much larger operating income (10.4%) than schools with under 400 students (4.2%). How does your school compare?

More In-depth Information

For the complete EdTec Benchmarking Study, with drilled down information on charter school spending and fundraising, visit our website at:

http://www.edtec.com/news/CCSA/EdTec_CCSA_2013_Benchmarking.pdf