

Benchmarking for Budgeting

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Since our founding in 2001, EdTec has had the privilege of working with more than 300 charter school leaders, district personnel, board members, charter management organizations, and the like. Given our experience, EdTec's school partners often ask how other charter schools approach their budgets and what spending metrics they should use for their own budget planning. In response, since 2012, EdTec has prepared and updated a benchmarking study of charter school financial data from charter schools across the state of California.

The information provided in this year's update once again yields useful and interesting findings to charter developers and seasoned charter school operators alike for their budget planning and evaluation of budget efficiency. The updated study that follows provides a starting place to compare existing budgets and to inform plans for the future. Every school will have its own priorities and variations in spending, but looking at data for other schools can be a good sanity check.

Data Sources

We drew from the following sources for the findings in this benchmarking analysis:

- Unaudited actuals data from more than 450 charter schools for years 2011-12 through 2013-14
- Public schools database
- 2013-14 Salary and Benefits Schedule for the Certificated Bargaining Unit
- Sample payroll data from EdTec's school partners in 2014
- EDCOE SELPA's and CCSA study's district encroachment

How to Use the Data

EdTec made interesting findings when pulling together this information, but the goal was never to prove a hypothesis. Rather, our aim is to provide schools leaders and boards with additional context around budgeting decisions so they can be better informed when making their own. It's best to use benchmark data in the following ways:

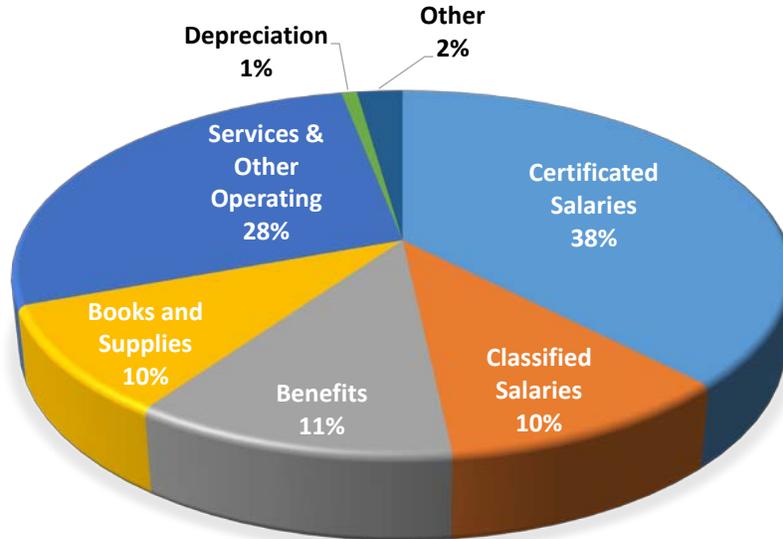
- Budget planning: to establish a baseline budget for new schools and conduct sensibility checks for existing schools
- Evaluate budget efficiency: how does your school compare to others; how has spending changed over time; explain outliers in your spending

Keep in mind that this information should not dictate what your budget should eventually look like, be used to set salary schedules or justify expenditures. This information should be used to explore variations and fence in discussion, and the budget should ultimately reflect the capacity and priorities of each school and its specific profile at that time.

Spending Trends as a Whole

The charts that follow illustrate charter school spending as a whole across all charters in our sample.

Charter School Spending as a Whole

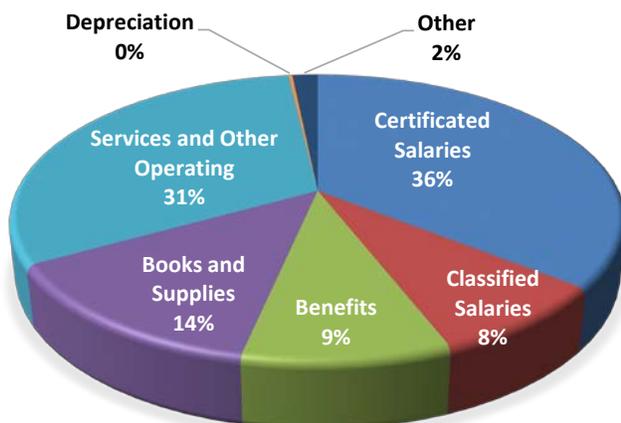


Given that schools rely heavily on personnel, it's not surprising that on average charters spend a majority of their budgets, 59%, on salaries and benefits. Services & Other Operating expenses include leases, back-office services, special education encroachment, and additional programming. Use this chart as a litmus test for your school's budget. Identify areas that differ in your budget and then explore them in greater detail.

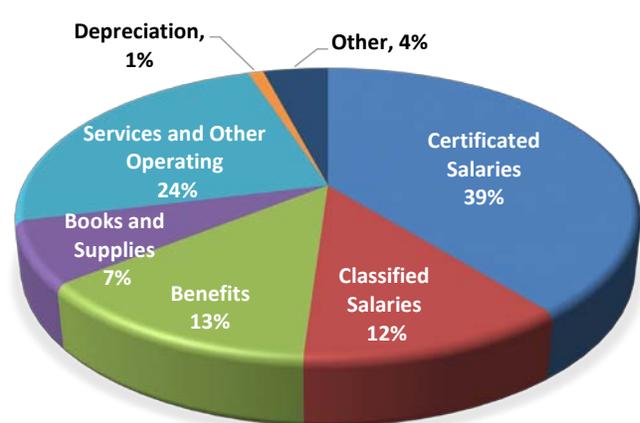
Charter School Spending: New vs. Existing Schools

Spending patterns change over time based on the age of the school. Spending shifts with priorities; budgets generally grow; schools become more efficient with their spending.

Year 1 Schools



Year 11+ Schools



As shown above, schools that have been around for a while tend to spend more on salaries and benefits (64%) than brand new schools (53%). This could be a result of long-established schools bringing traditionally outsourced functions in-house, such as back-office services and special education. As expected, new schools spend more of their budget on books and supplies than their established counterparts.

This data provides a good general overview of how resources are allocated across charters in California. Age and school type will dictate some spending, but one thing that charter budgets all have in common is their biggest expense – salaries and benefits.

A Closer Look: Salaries at Districts vs. Charters

Teacher salaries vary among charters as compared to districts, as seen in the charts below. We analyzed the 2013-14 CALPADS teacher salary and experience data. On a statewide scale, the average teacher tenure is fourteen years and the average salary is \$71,396. Below is a comparison of district averages to charter schools operating within those districts.

	Average Years of Experience	Average Salary	Range		Average Years of Experience	Average Salary	Range
FUSD	16	67,859	39K – 80K	HUSD	11	78,802	56K – 93K
Kepler	4.8	38,000	30K – 45K	KEY	3.5	48,000	41K – 56K

FUSD is Fresno Unified School District; HUSD is Hayward Unified School District

As is shown above, factors such as years of teaching experience have a real impact on salaries. Other variables that affect teacher salary: collective bargaining, non-salary pay (bonuses, stipends), and local cost of living.

Certificated Salaries

Across all charters in our sample, certificated salaries are a significant expense. Charters consistently spend between 38-39% on certificated salaries; it is the largest per ADA line item expense.

	Average Spending Per ADA	Middle Quartiles Spending Per ADA	Average % of Budget	Middle Quartiles Percent of Budget
2013-14	3,371	2,569 – 3,778	37.7%	32.6 – 43.2%
2012-13	3,167	2,521 – 3,660	38.12%	33.2 – 43.6%
2011-12	3,277	2,617 – 3,686	39%	34.2 – 44.3%

Note that independent study schools must spend 40% of revenues on certificated salaries and benefits, so the high number of non-classroom based schools (14% of total ADA) may pull up the average. Again, salaries vary depending on geography. Use EdData as a resource for additional district- and county-wide comparisons.

Certificated Administrators salaries (1300 series) include a number of positions such as Executive Directors, Superintendents, Principals, Assistant Principals, Directors, and Deans. When compared to teacher salaries, the range and distribution for this expense is narrower.

	Average Spending Per ADA	Middle Quartile Spending Per ADA	Average % of Budget	Middle Quartile Percent of Budget
2013-14	484	245-626	5.39%	3.10-7.37%
2012-13	496	246-630	5.79%	3.40-7.88%
2011-12	503	215-649	5.74%	3.08-7.84%

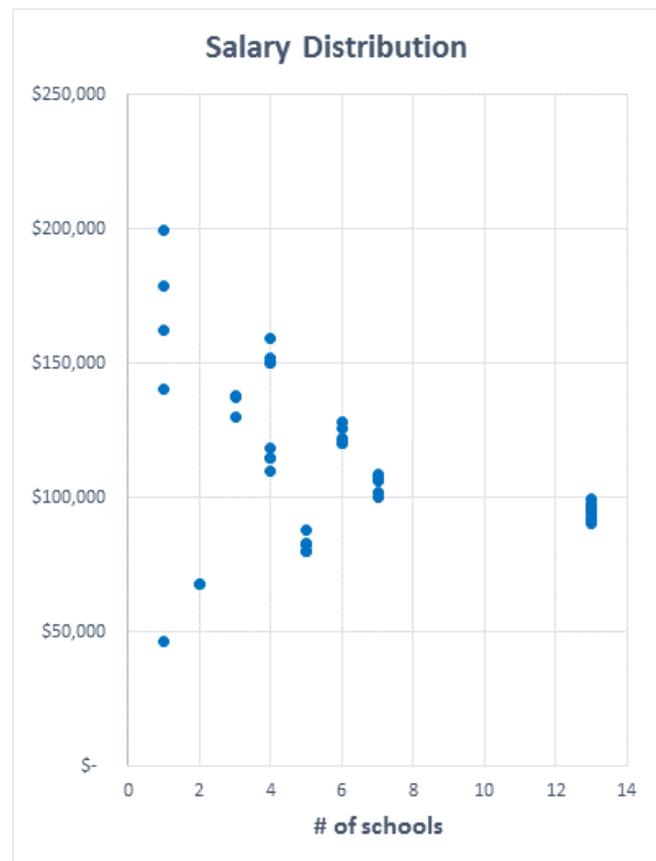
When comparing administrators' salaries between CMOs and stand-alone charters, we can see that average expenditures per ADA, and the percentage of the budget dedicated to school leadership, are higher for standalones than CMOs.

	Average Spending Per ADA	Middle Quartile Spending Per ADA	Average % of Budget	Middle Quartile Percent of Budget
CMO	355	210-492	4.26%	2.51-6.51%
Stand Alone	496	246-630	5.79%	3.40-7.88%

Keep in mind that there are fewer employees in these positions per school compared to teachers, and boards of directors set school leaders salaries at their discretion. Additionally, the leadership structure can vary widely in charter schools, e.g. assistant principals, lead teachers with administrative responsibilities, and non-certificated administrators.

To look closer at Executive Director salaries specifically, we crunched the numbers of our own partner schools. The chart to the right shows salaries for 49 Executive Directors:

The average salary is \$112,094, ranging from a low of \$46,400 to a high of \$199,500. Even when keeping outliers in the data (very high and very low), Executive Director salaries cluster around \$100,000, even for small schools. It is possible that Executive Director salaries plateau sooner (vs. teachers) and that there is less variance by grades served. That is, a high school Director can expect about the same salary as a middle school Director.



Concluding Thoughts

Putting together an efficient, well-allocated budget can sometimes feel like an insurmountable task. But the reality is that many charter world people have been in the same position. Using benchmarking data can provide a snapshot of finances of charters across the state. When comparing, it's important to remember that charter schools can vary widely in composition, geography, and demographics. Also, averages and medians don't tell the whole story. Expect variances from the norms and be able to rationalize them. Use this data to test budget efficiency, make comparisons, and plan a meaningful, robust future for your school! 🌱