

SCSB Approved Startup and Implementation Plan

SCSB Approved 3/24/2017

General Information

UCA [§53A-1a-513.5](#) and [R277-470-5](#)

Annually, \$2.1 million is allocated for charter school start up and implementation.

Statute and rule set some of the requirements for the grant, such as basing the grant on enrollment, requiring a budget, monitoring, and a final report, a grant limit of 36 months, excluding expansions, and repayment provisions. Rule allows the SCSB to determine the allowable expenditures, grant amounts, and conditions for distribution.

Prior Distribution Plan

Previously the yearly dollar amount was divided into three “pots” of money. \$1,000,000 for startup schools, \$700,000 for year one implementation schools, and \$400,000 for year two school. The cohort of schools in each “class” shared the allocated amount. The disbursements were based on maximum enrollment and paid at 50%. After the October 1st membership audit, if the school’s actual enrollment was below the projected enrollment, the second distribution was corrected to compensate.

Concerns

There are several concerns with this strategy, primarily the varying amounts of money from year to year based on the number of schools in a cohort. Under this system, schools cannot appropriately budget this money, as there is no way to predict how many schools will actually be approved from year to year. This means that schools could have very minimal startup money in the preoperational year but a large sum in year 2 of operations. There is also the difficulty with calculating the correction amount, as there is not an agreed upon per pupil amount. This correction was determined each year as it occurred. Finally, the schools could not adequately plan to have \$300,000 as it again depended on how many schools were in a cohort. Other minor issues include schools of varying size receiving the same amount of money, replications and satellites receiving the same amount of money as a new LEA, and no maximum for a single year.

Proposed Changes

The suggested plan seeks to provide three years of funding, with the largest amount in the startup year, a smaller amount in Implementation Year 1, and an even smaller amount in Implementation Year 2 with schools of average size or larger receiving the full award. All satellite schools would be eligible to receive a minimum \$137,500 and new schools a minimum of \$200,000 total over 36 months. Maximum amounts are \$200,000 for a satellite and \$300,000 for a new LEA. This plan still bases the distribution on enrollment, as required in statute, but is designed to make the process equitable to school size, efficient and easier for schools to receive the amount budgeted. The pupil unit also makes the correction

equivalent from year to year. A new recommendation is to require attendance at mandatory training in order to receive the startup grant. Funding will be withheld if a school fails to adhere to the training schedule.

Although there is still no way to know how large a cohort of schools will be, the maximum amount to be paid from year to year is pre-calculated, thus allowing an accurate budget. All differences in calculations will be in favor of a reduced amount. As this system provides a per pupil unit, the correction due to enrollment becomes standard as opposed to the size of the cohort and the amount of money in each “pot”. The decision to pay replications and satellites less money is due to the ability for an existing LEA to financially support some of the startup functions.

Funding Amounts

The median charter school size is 600 students. The majority of schools are over 200 students. Thus the base allocation is for schools up to 200 schools. For schools with 200-599 students the amount is base plus a per pupil amount. For schools with 600 plus students the full amount is budgeted.

Year of Grant	Base for up to 200 students		Pupil Unit for students 201-599		Maximum Allocation 600+	
	Satellite	New	Satellite	New	Satellite	New
<i>Start Up</i>	75,000	100,000	<i>Enrollment x \$85</i>	<i>Enrollment X \$125</i>	100,000	150,000
<i>Implementation 1</i>	50,000	75,000	<i>Enrollment x \$42.50</i>	<i>Enrollment X \$62.50</i>	75,000	100,000
<i>Implementation 2</i>	12,500	25,000	<i>Enrollment x \$42.50</i>	<i>Enrollment X \$62.50</i>	25,000	50,000
TOTAL	\$137,500	\$200,000			\$200,000	\$300,000

Enrollment Requirements

For all three years, 50% of the allocation will be paid in July, with the remaining balance paid in November. In the startup year, the allocation is based on the maximum authorized for year one, regardless of a growth plan. In the startup year, the full amount authorized will be funded, paid in two payments of 50% each. If in the first operational year the actual enrollment is below the yearly maximum authorized, the November payment will be reduced by the pupil unit difference. For new LEAs, the per pupil rate is \$125/student during the startup year and \$62.50/student during the two implementation years. For satellites, the per pupil rate is \$85/student during the startup year and \$42.50/student during the two implementation years.

Example

For example, School A is planning to have 300 students year one and grow by 100 students each year for a maximum enrollment of 600, the grant will pay startup funds for 300 students, Implementation Year 1 funds for 300 students, and Implementation Year 2 funds for 400 students. For startup the school would

receive a base of \$100,000 plus \$12,500 for the pupil unit, for a total of \$112,500, paid at \$56,250 each payment. If the enrollment year one is actually 300, the school will be paid \$40,625 in July and again in November for a total of \$81,250 and keep all of the startup year funds. However, if the October 1 count of year 1 shows a 250 student count, the school would still receive \$40,625 in July but only \$31,250 in November to recapture the \$6,250 overpaid in startup and the \$3,125 overpaid in year 1.

In year 2, a new projection and membership correction will be applied. Thus, the school will be funded for the 400 projected in July, or \$37,500, and then corrected for actual enrollment in November.

Applications

In past years, a cumbersome application was required of schools. The SCSB approved a simplified application process that collects the required information, allows for more effective monitoring, and is collected with the new school/satellite applications. At the end of each year, the school must submit a report of expenditures for that year, as well as a final report.

Allowable Expenditures

Allowable expenditures include:

- Post-award planning and design of the educational program.
- Research-based professional learning activities for teachers, staff, and board.
- Initial implementation of the charter school including:
 - Informing the community about the school,
 - Acquiring necessary equipment and educational materials and supplies,
 - Acquiring, developing or aligning curriculum, and
 - Other initial operational costs;
 - Costs associated with creating and implementing office functions;
 - Costs associated with the installation of computers, data systems, networks, and telephones;
 - Personnel expenses incurred either before or after the school's opening (not to exceed a total of \$5,000 per month); and
 - Rental or occupancy costs for the school facility for a reasonable period of time in preparation for the school's opening.

Repayment Provisions and Requirements for Disbursements

Should the charter school change to non-charter status within ten years of receiving grant funds, grant funds must be reimbursed to SCSB.

The school will participate in monitoring activities, including attendance at mandatory trainings as set forth by the SCSB, and compliance with statute and rule. Failure to comply may result in a denial of or a loss of funds.