



SUMMER LUNCH & LEARN SERIES:  
CHARTER SCHOOL FINANCE IN A NEW WORLD

# Update on the Impacts of COVID-19 & The CARES Act on North Carolina Education Budget

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NORTH CAROLINA ASSOCIATION FOR PUBLIC CHARTER SCHOOLS



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INVESTMENT BANKING

# TODAY'S LINE UP

Welcome - Rhonda Dillingham, [rhonda@ncpubliccharters.org](mailto:rhonda@ncpubliccharters.org)

Legislative Update – Amanda Donovan, [adonovan@kilpatricktownsend.com](mailto:adonovan@kilpatricktownsend.com)

COVID Budget Impacts – Cory Draughon, [cory@chartersuccesspartners.com](mailto:cory@chartersuccesspartners.com)

Bond Market Update – Maggie Mirsky, [mmirsky@dadco.com](mailto:mmirsky@dadco.com)

*If you have a question – use the “Raise Hand” function*



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# ON THE LINE



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# NC Charter Schools FY21 Budget Considerations

Cory Draughon, CEO

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# What we know:

- 2008 Recession
  - 5% Average Per Pupil Reduction
  - Federal Emergency Relief Funds closed margin to 0-1% Reduction
- County CFOs proposing Local Allotment increases, budgeting local revenue flat
- Emergency Relief Funds
- Commitment to Education

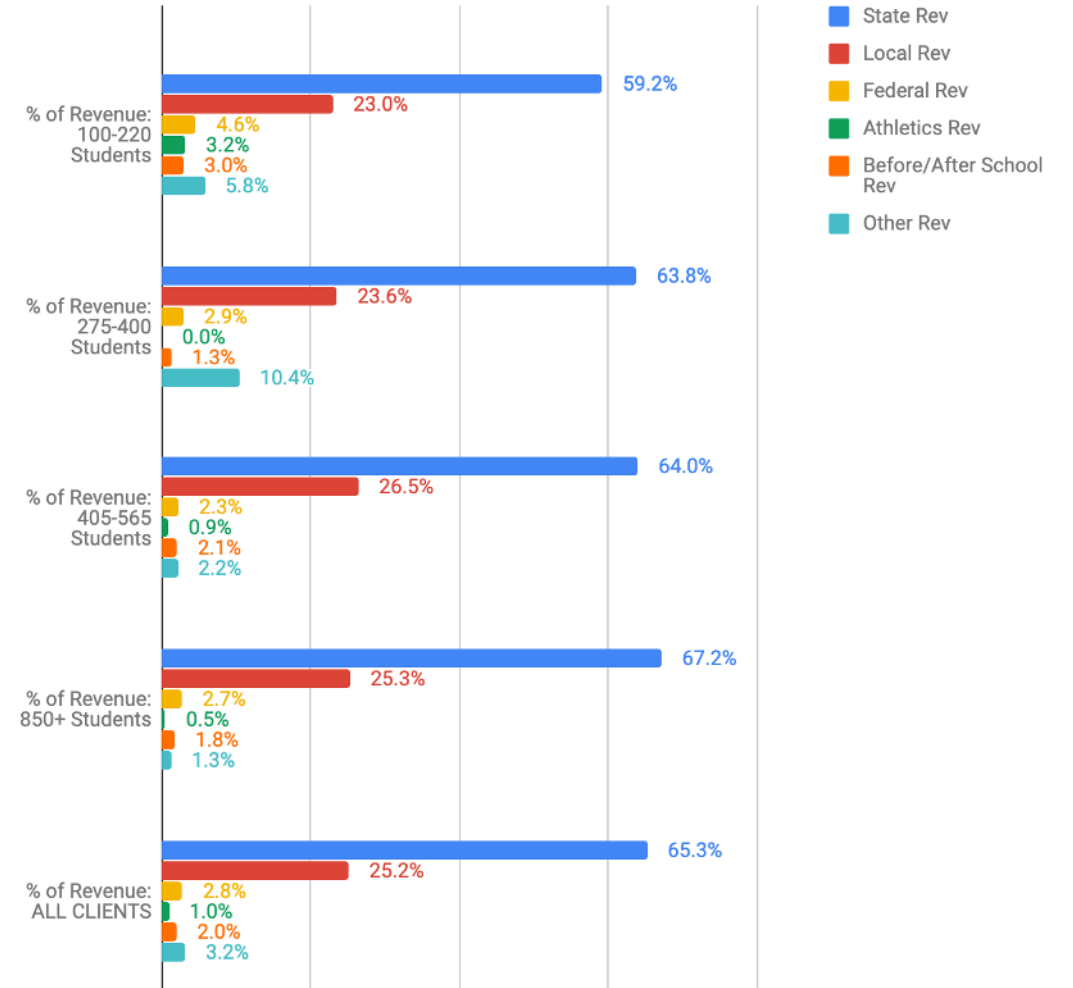
# FY21 Budget Scenarios

- 3% State Per Pupil Reduction – Most recent suggestion from DPI
- Other ‘possible’ scenarios
  - 2% Increase to support additional required school days
  - Flat Revenue
  - 5% Reduction to match prior recession
  - 10%-15% Reduction – worst case scenario; forecast requested by some lenders

# NC Charter Budget Data

- 65% of Revenue from State
- 25% of Revenue from County

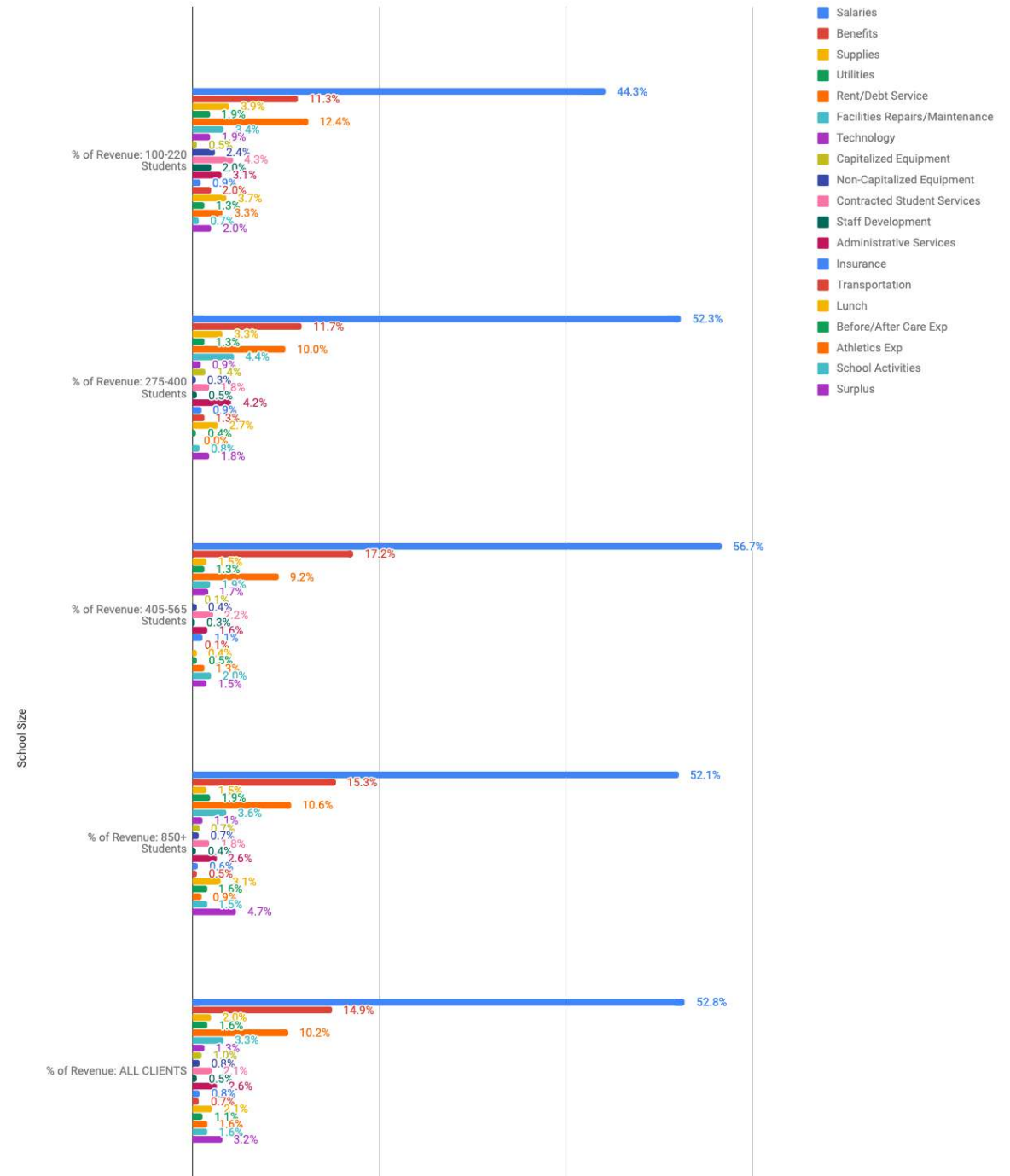
Revenue % of Budget by School Size



# NC Charter Budget Data

- 67% Salaries and Benefits
- 10% Rent/Debt Service
  - 15%-20% for New Facilities
- 23% on Other Expenses

Expense % of Budget by School Size





# FY21 Considerations

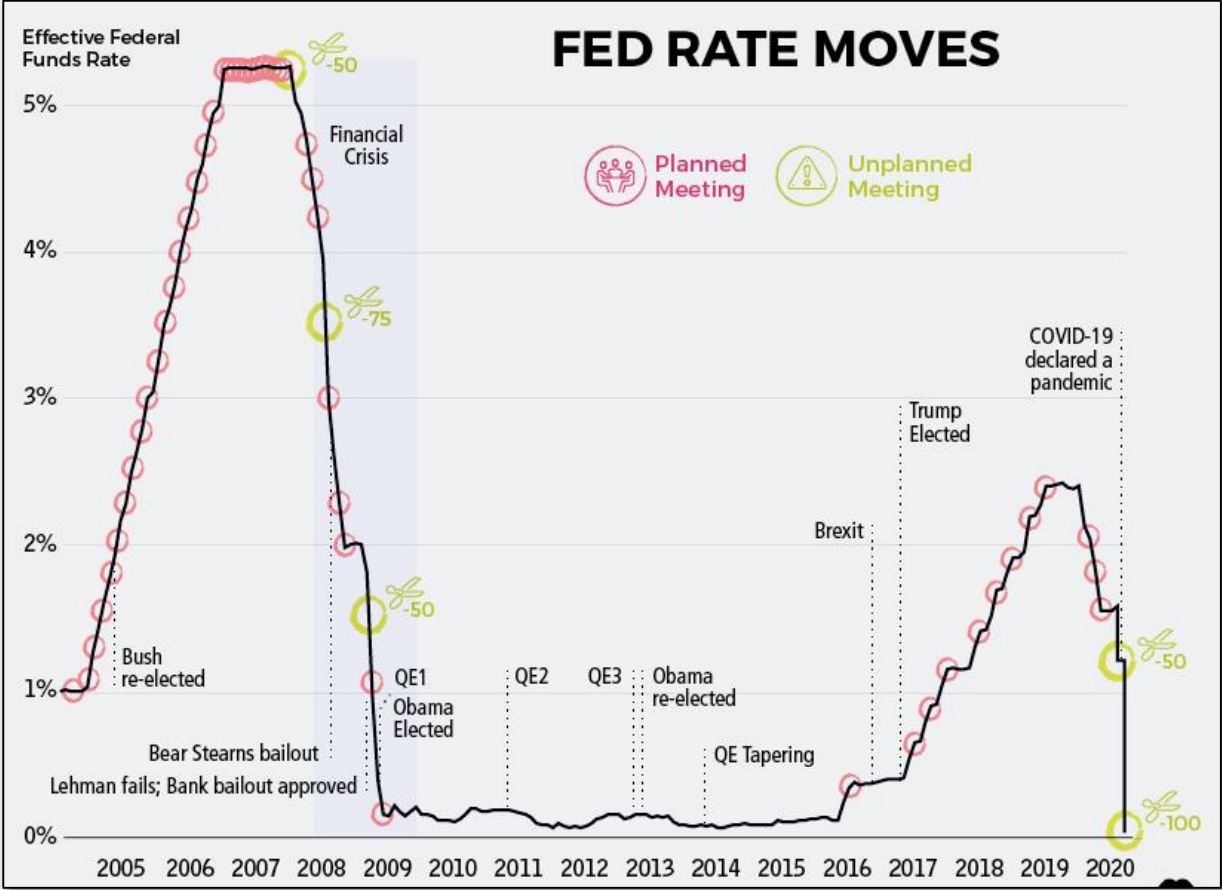
## **Budget Strategies**

- Flat Revenue
- Using Fund Balance (% Utilized?)
- 3% State Funding Cut
- 10%-15%
  - Changes the economy of schools
  - Salary scale changes
  - Reduce staff and increase class sizes
  - Larger schools significantly reduce administrative staff

## **Marketing Strategies**

- How will you stand out in a Remote Learning environment?
- How can you highlight what you've done well during this crisis?
- Strengthen your brand
- Develop strategy that is better than the competition!

# BOND MARKET NOW & THEN



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# OPPORTUNITIES TO SAVE

- Facility first, human capital last
- Know your debt
- Refinancing & Dual Track Approach
- Real estate and construction reset



# COMING UP!

**Wednesday, June 3 @ 12pm EST:**

**Keep More Dollars in the Classroom: Bond & Bank Financing –**

Charter school facility financing is a complex subject that continues to evolve. This session focuses on the 101s of bond and bank financing, pros and cons for each financing structure, and opportunities to structure savings. Join the **D.A. Davidson** team to learn more about bond and bank financing, implications of COVID-19 on facility finance, and how to keep as many dollars as possible in the classroom.

**Wednesday, June 10 @ 1pm EST:**

**Make the Most of Funding Allocations & Opportunities for Success in 2020 –**

Join **Jennifer Lucas & Justin Matthews at Alliance Education Partners** to discuss how to take advantage of federal grants now and how to prepare for next year by maximizing standard North Carolina allocations. The session will also discuss how to reimagine next year as it relates to enrollment (returning and new students) and how to manage specific expenses given the potential decrease in funding that concerns most school leaders.

