



Know Yourself. Know The World.

NOVA CLASSICAL ACADEMY™

NOVA CLASSICAL
ACADEMY

NON SCHOLAR SED VITAE DISCUNTUS
WE LEARN NOT FOR SCHOOL BUT FOR LIFE

As you come in . . .

. . . take a few minutes to complete a School Finance 101 Pre-Test.



Lower School

Barbara Guth
Mantwa Rabopape

Educational Support
Educational Support

Special Education

Julie Curtis

Marcia Murphy (December)

Ryan Oden-Tanner

Hyewon Park

Peter Pepowski

Jacqueline Radford

Bai Vang

Deborah Webster

Paraprofessional

Paraprofessional

Paraprofessional

Paraprofessional

Special Education Teacher

Special Education Teacher

Paraprofessional

Paraprofessional



School Finance 101

Pre-Test

A Simple Complexity

Overview of Nova Finances

Revenues

Expenditures

Impact of COVID-19

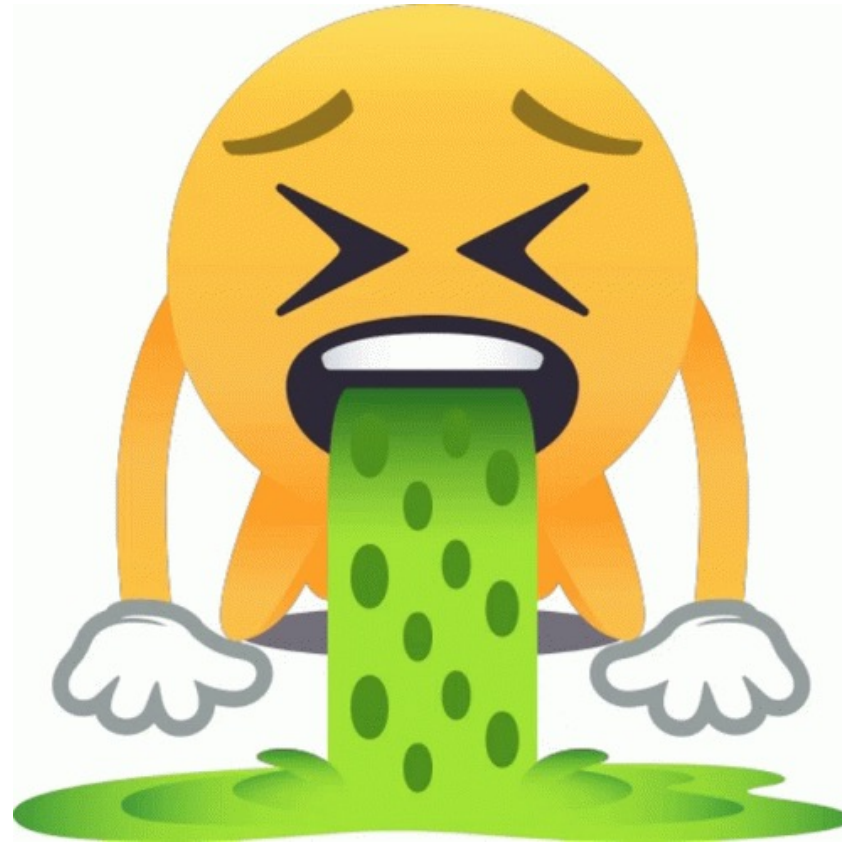
Final Thoughts

As you come in . . .

. . . take a few minutes to complete a School Finance 101 Pre-Test.



A Word of Warning

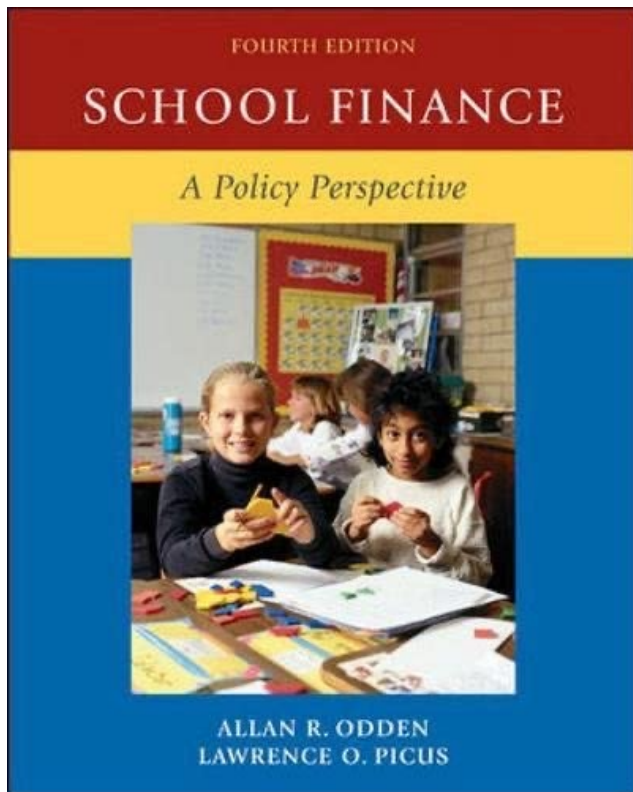




A Simple Complexity



The Philosophy Of School Finance Is Simple

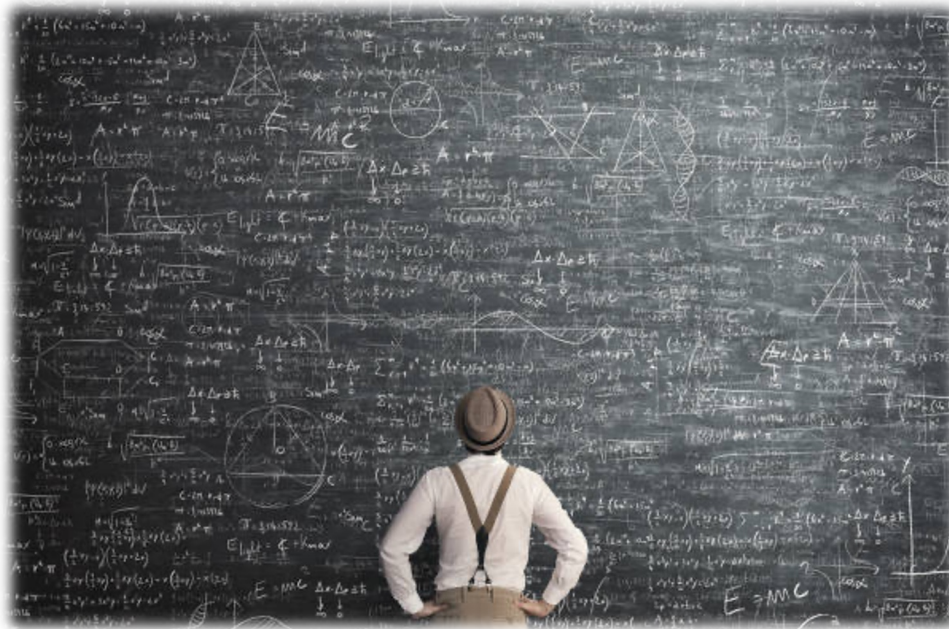


$$\text{Revenue} - \text{Expenditure} = \text{Income/Loss}$$

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But in practice . . .

- Many levels of nuance
- “A state is lucky if they have more than three people who truly understand their funding formula.”



A Recent Scenario



Why Should We Care About School Finance?

- Answer may be different as an individual than a school
- According to our bond covenants, if we do not meet financial covenants bondholders can direct change
- In MN, a charter school can not operate “in the red”
- It doesn’t matter how good the education you provide is if the school does not continue to exist

NEWS | LOCAL | News reporting

School bells going silent in Clarkfield first time since pioneer days in western Minnesota town

The small community's charter school has made the decision to close as enrollment declines, leaving the community without an operating

Why Should We Care About School Finance?

Ethical and prudent financial decision making is vital to protect the Nova Classical's assets and ensure we are able to continue to provide the classical education model to students in the future.



Nova Overview



Finance Snap Shot

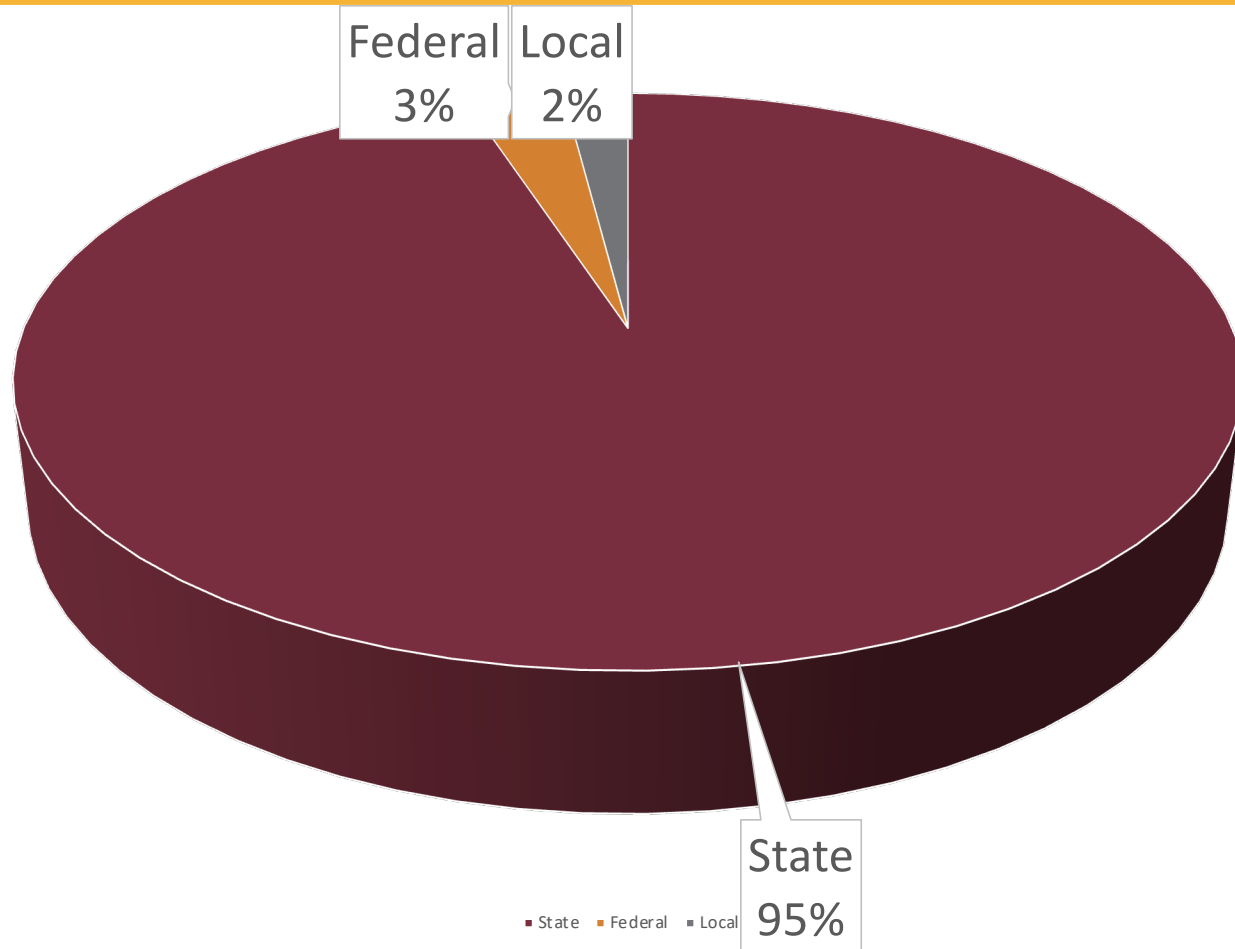
Current Enrollment	= 1030
Total Revenue	= \$11,867,339
Total Expenditures	= \$11,680,845
Expenditures Per Student	= \$11,407 (22-23)
State Average Per Pupil	= \$13,266 (19-20)
St. Paul Public Schools	= \$16,969 (19-20)
Special Education Expenses	= 11.1%
Per Student Transportation Cost	= \$419
Number of Adults Per 1000 Students	= 107
Fund Balance	= \$4,320,904 (37%)



Revenue



Nova's Revenue Sources



Major Revenue Sources

General Education Formula (State)	\$7,968,839 (68%)
Charter School Lease Aid (State)	\$1,405,192 (12%)
Special Education (State)	\$1,032,799 (9%)
ADSIS (State)	\$270,324 (2%)
Q-Comp (State)	\$256,409 (2%)
Extracurricular Fees (Local)	\$166,700 (1.4%)
Special Education (Federal)	\$144,005 (1.2%)

***These Categories Reflect 95.6% of Revenue**

Minnesota's Funding Formula

Minnesota has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. The categories of students considered in Minnesota's funding policy are students in certain grade levels, English-language learners, students with disabilities, students identified as gifted, students in high-poverty schools, students enrolled in career and technical education (CTE) programs, and students enrolled in small districts and sparsely populated districts.

Minnesota expects school districts to contribute to the funding of their public schools, with the amount of the local share based on districts' property values. Districts in Minnesota are permitted to raise and keep additional local property tax revenues for regular district operations.

Minnesota's Base Amount

\$6728

Per Student



Impact of School Growth

School Year	K	1	2	3	4	5	6	7	8	9	10	11	12	Total	Attrition Rate
2009-10	40	44	44	48	48	48	52	51	32	0	0	0	0	407	8%
2010-11	60	72	72	78	52	53	54	54	48	28	0	0	0	571	9%
2011-12	60	72	72	78	78	52	54	54	53	37	21	0	0	631	11%
2012-13	60	72	72	78	78	78	54	54	53	42	37	15	0	693	5%
2013-14	80	78	78	78	78	78	81	81	81	50	36	32	15	846	3%
2014-15	80	78	78	78	78	78	79	80	77	65	48	36	28	883	9%
2015-16	80	78	77	78	79	76	80	78	78	69	52	41	32	898	19%
2016-17	78	78	78	78	78	78	80	78	79	76	64	66	42	953	9%
2017-18	80	78	78	78	78	78	78	80	75	77	65	60	62	966	6%
2018-19	80	78	80	78	79	79	82	80	81	78	77	64	58	994	7%
2019-20	80	81	81	81	81	81	82	85	84	74	74	74	63	1020	6%
2020-21	80	81	80	81	80	81	78	81	81	72	72	66	64	997	10%
2021-22	80	81	80	81	81	81	80	79	80	76	67	65	64	995	11.1%
2022-23	79	81	80	81	81	81	88	82	80	83	79	69	66	1030	4%

Impact of School Growth

FY11 → FY12 60 Additional Students = \$400,000

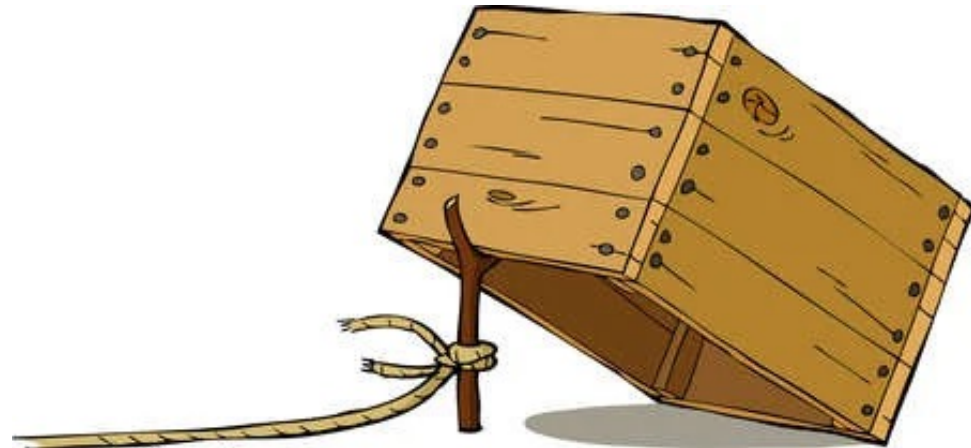
FY21 → FY22 2 Fewer Students = -\$13,400

“Even a half a percent decrease a year is enough to send a district into a tailspin.”

– Roza

Charter Growth Trap

- Charter schools with drastic growth can increase expenses quickly
- If you don't want to continue to grow enrollment, you must not increase expenses beyond the increase in the state formula



Increase in State Funding Formula

Year	Funding Increase
11-12	1%
12-13	1%
13-14	1.5%
14-15	1.5%
15-16	2%
16-17	2%
17-18	2%
18-19	2%
19-20	2%
20-21	2%



Expenditures



Major Expenditures

Expense	Total Cost	% of Expenditures	Per Student
Salaries & Wages	\$5,860,000	50.2%	\$5689
Building Lease	\$1,569,000	13.4%	\$1523
Benefits	\$1,562,000	13.4%	\$1517
Maintenance Services	\$529,000	4.5%	\$514
Transportation	\$432,000	3.7%	\$419
Extracurriculars	\$395,000	3.4%	\$383

***These Categories Reflect 88.6% of Expenditures**

Reoccurring vs. One Time

- We have roughly 11% of our costs that aren't "fixed"
- Whether our cost is recurring or a one-time cost is a major consideration of whether or not to approve an expenditure.
- Many things we don't consider are recurring costs that come from this 11%
 - Replacement Technology (\$42,000)
 - Printer/Copier contracts (\$40,000)
 - Substitutes (\$204,000)
 - Consumable curriculum
 - Paper/Supplies

2024-2025



Staffing Overview

- **141 Employees (110FT – 31 PT)**
 - **Licensed Faculty – 67**
 - **Program Support – 11**
 - **Educational Support – 33**
 - **Administration - 7**
- **Number of students per licensed staff 15:1**
- **Number of students per licensed teacher 18:1**
- **Average Lower School Class Size = 25.4**
- **Average Upper School Class Size = 23.4**
- **Teachers Meeting MDE Criteria as Experienced = 82.8%**
- **Teachers holding license in area taught = 97.8%**
- **Teachers with advanced degree = 70.3%**

Teacher Compensation

	Nova FY23	MACS Compensation Survey (Average)
Minimum Teacher Salary	\$37,725	\$37,141
Average Teacher Salary	\$52,875	\$46,915
Highest Teacher Salary	\$75,012	\$67,170

The market is changing and we expect significant market changes through 2024-2025.



Impact of COVID-19



Influx of COVID Funding

- **Influx of Money into Schools (Mostly Federal)**
 - **PPP, ERC, ESSER**
- **Used for qualifying costs**
- **Nova received less than most, but not an insignificant amount**
- **For example - ESSER III Funds**
 - **Nova - \$123,000 (<1% of annual budget)**
 - **SPPS - \$206,862,473 (23% of annual budget)**
- **Funds have various end dates to spend between now and 9/2024**



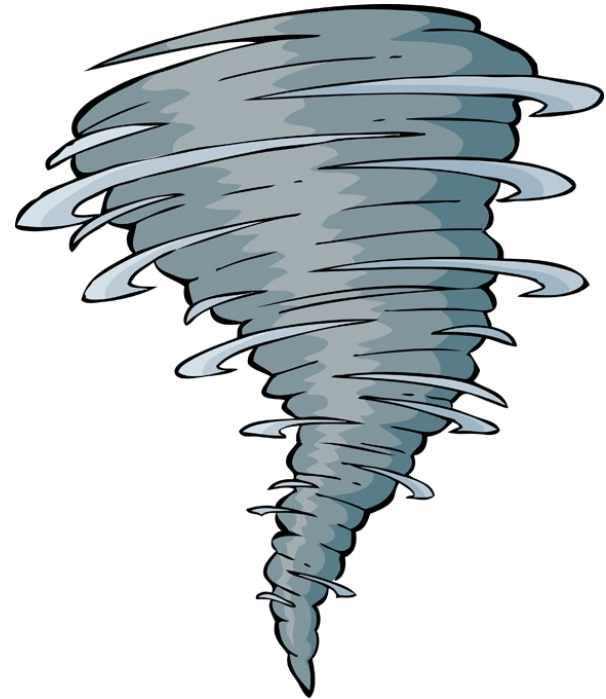
Final Thoughts



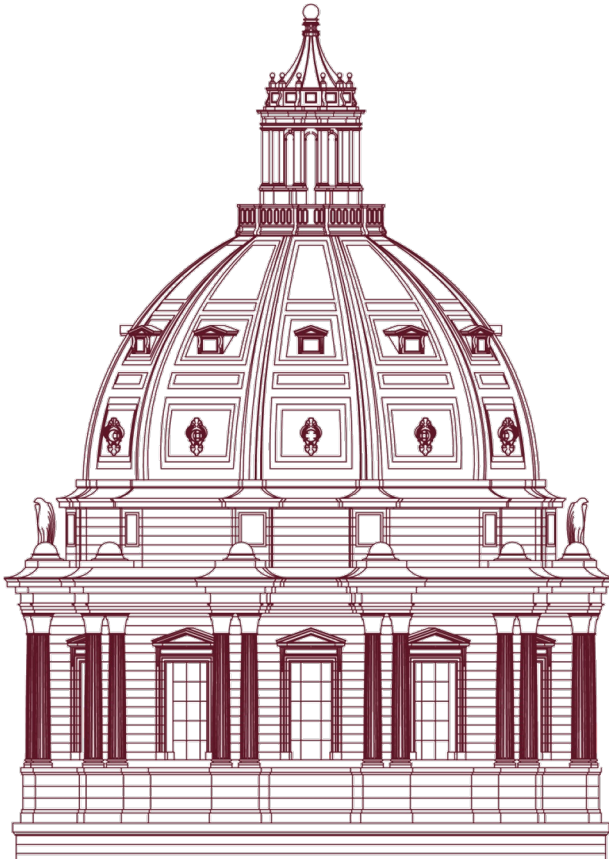


Protect the Downside

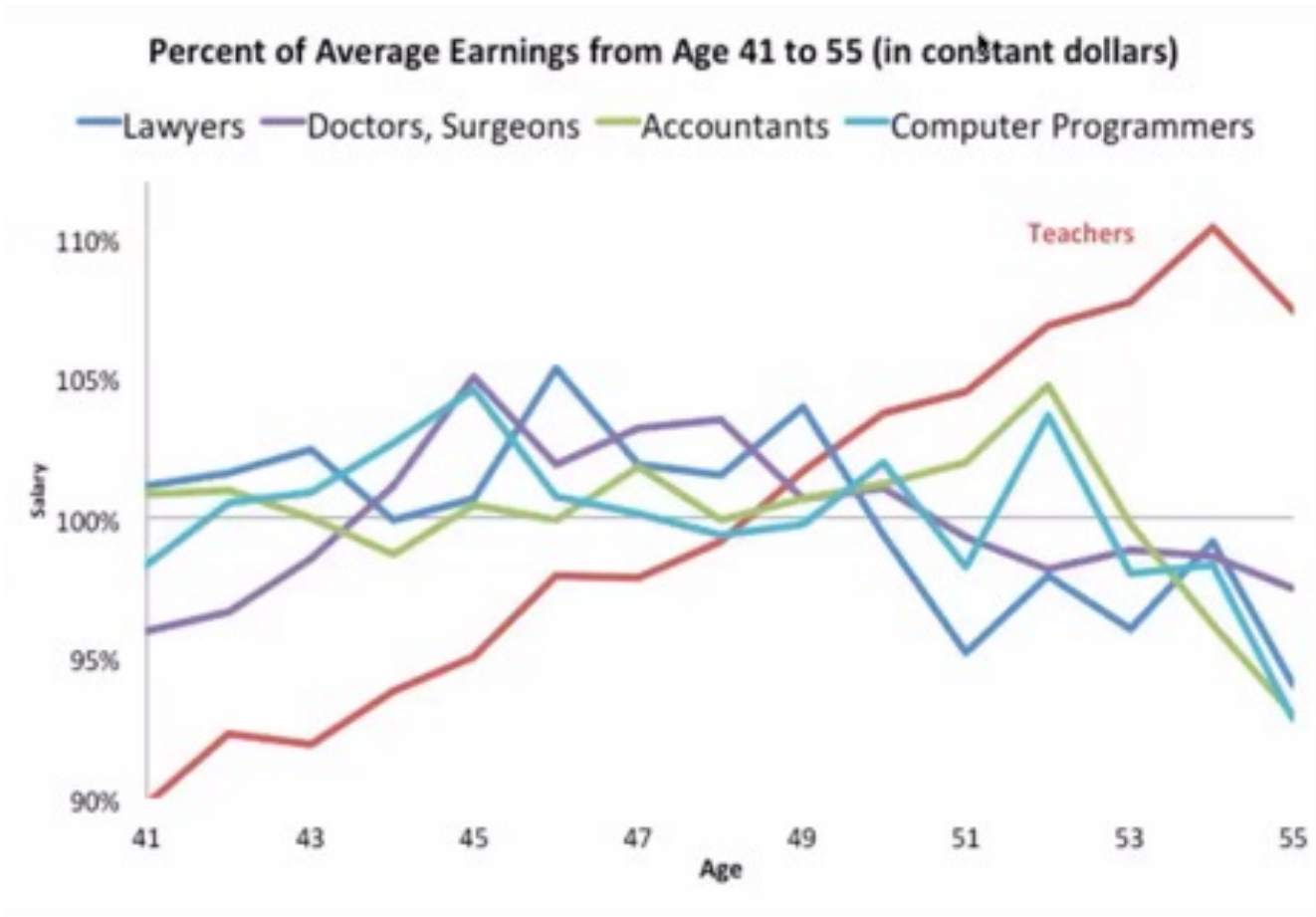
Why?



**Nova must exist for
our classical model to
matter.**



Brookings Institute



How You Spend Your Money IS Your Strategy

