



Know Yourself. Know The World.

NOVA CLASSICAL ACADEMY™

1455

NOVA CLASSICAL
ACADEMY

NON SCHOLAE SED VITAE DISCIMUS
WE LEARN NOT FOR SCHOOL BUT FOR LIFE



School Finance 101

| A Simple Complexity

| Overview of Nova Finances

| Revenues

| Expenditures

| Impact of COVID-19

| Final Thoughts



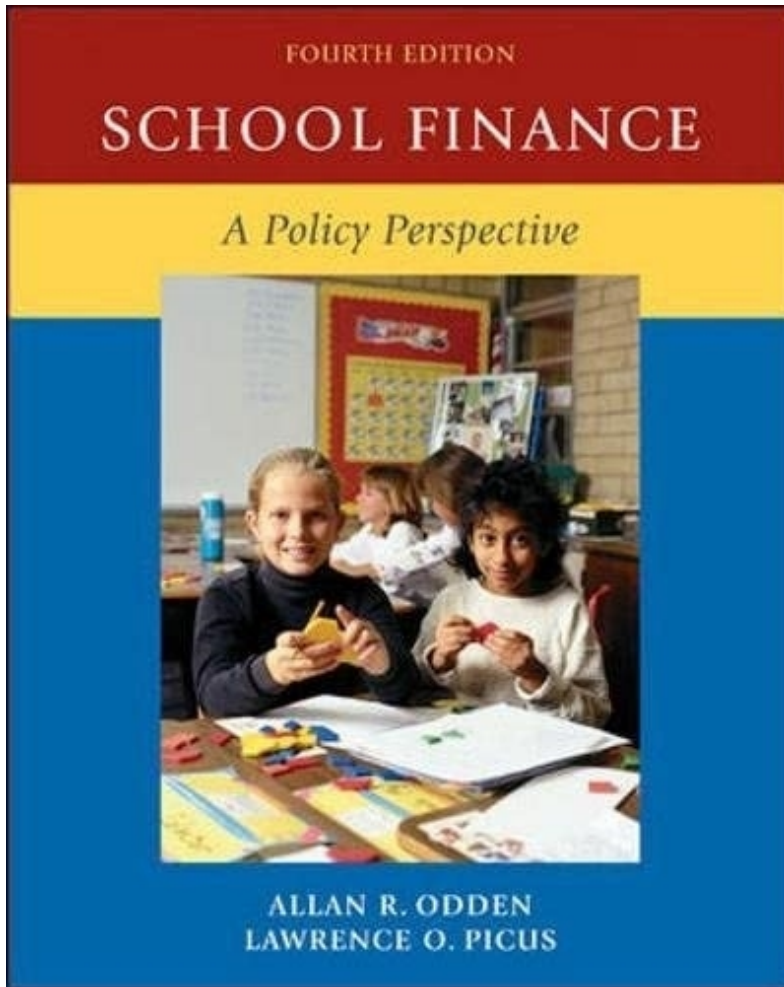
Know Yourself. Know The World.

**NOVA CLASSICAL
ACADEMY™**

A Simple Complexity



The Philosophy Of School Finance Is Simple





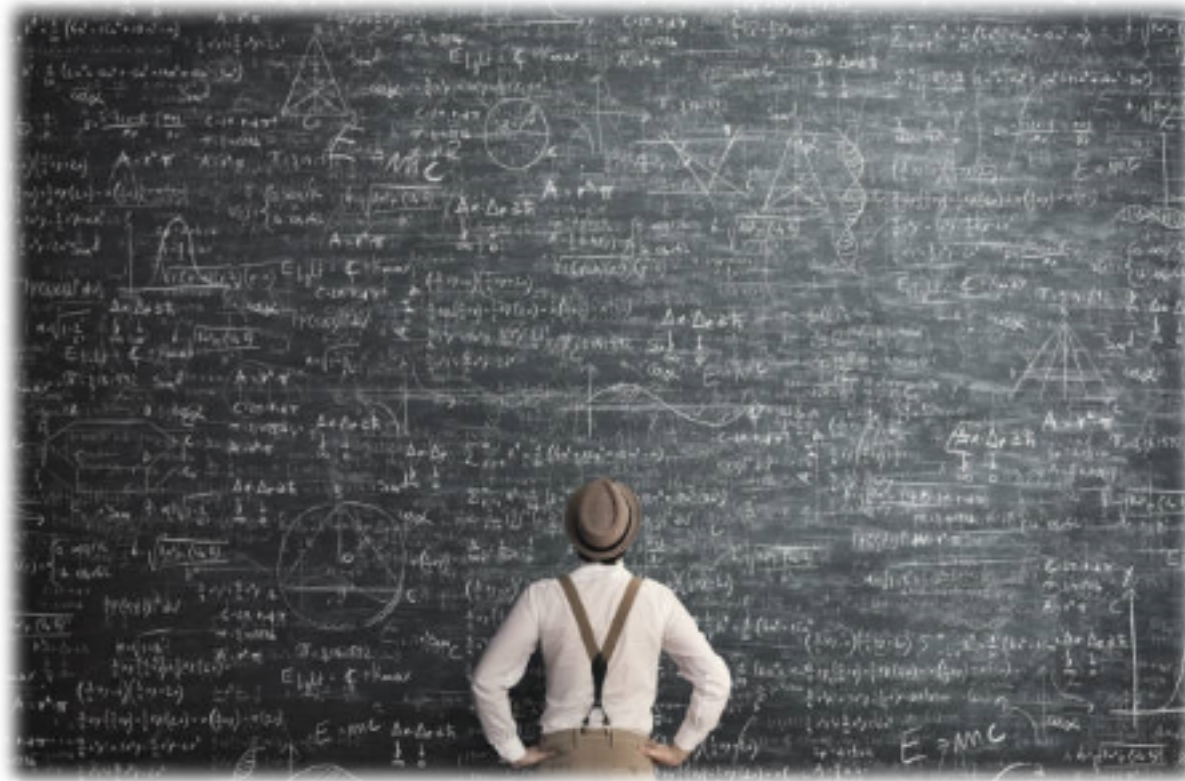
Revenue - Expenditure = Income/Loss

© JB Farrell - JBFarrell.com

The diagram illustrates the school finance equation: Revenue - Expenditure = Income/Loss. The equation is presented in a stylized font within a white rectangular box with a dark red border. Above the box is a dark red house icon, and below it is a dark red downward-pointing arrow. The 'Income/Loss' part of the equation is enclosed in a dark red oval. The copyright notice '© JB Farrell - JBFarrell.com' is located in the bottom right corner of the diagram.

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

Why Should We Care About School Finance?

Nova Classical Belief Statement

We believe ethical and prudent financial decision-making ensures the continued existence of our model.



Know Yourself. Know The World.
NOVA CLASSICAL
ACADEMY™

Nova Overview



Finance Snap Shot

Current Enrollment	= 1027
Total Revenue	= \$13,358,319
Total Expenditures	= \$13,108,641
Expenditures Per Student	= \$12,764 (23-24)
State Average Per Pupil	= \$15,010 (21-22)
All Charter Schools	= \$16,184 (21-22)
St. Paul Public Schools	= 22,601 (22-23)
Special Education Expenses	= 16.4%
Per Student Transportation Cost	= \$420
Fund Balance	= \$7,533,002 (57%)*

*Includes an \$817,934 Employee Retention Credit not included in the Total Revenue above. Total credit received \$2,273,220.

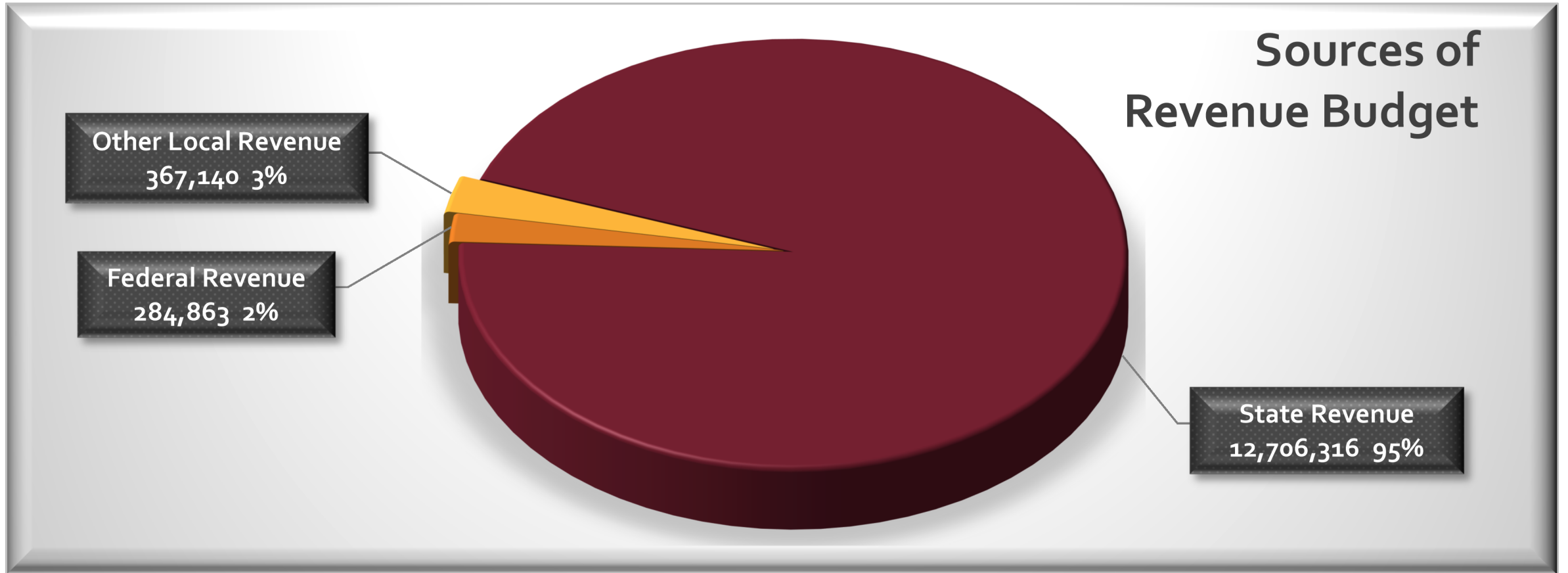


Know Yourself. Know The World.
NOVA CLASSICAL
ACADEMY™

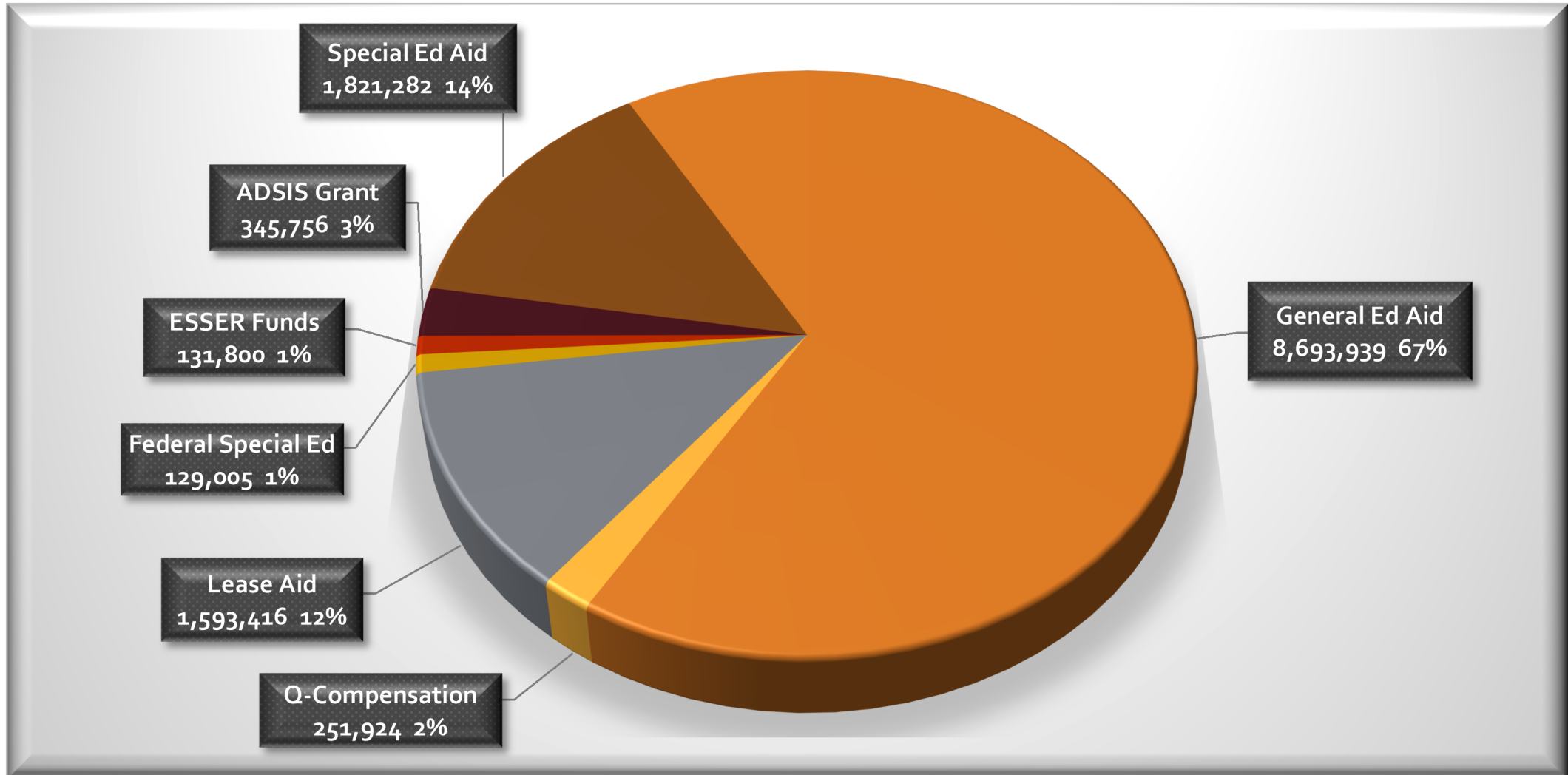
Revenue



Nova's Revenue Sources



Major Revenue Sources



***These Revenue categories represent 97% of the budgeted General Fund 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

\$7,138

Per Student*

***Funding based on Pupil Units which is the student's average days enrolled weighted for an additional 20% more if in grades 7-12. Total funding of \$7,528 per Pupil Unit per current State approved funding**

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

FY22 → FY23

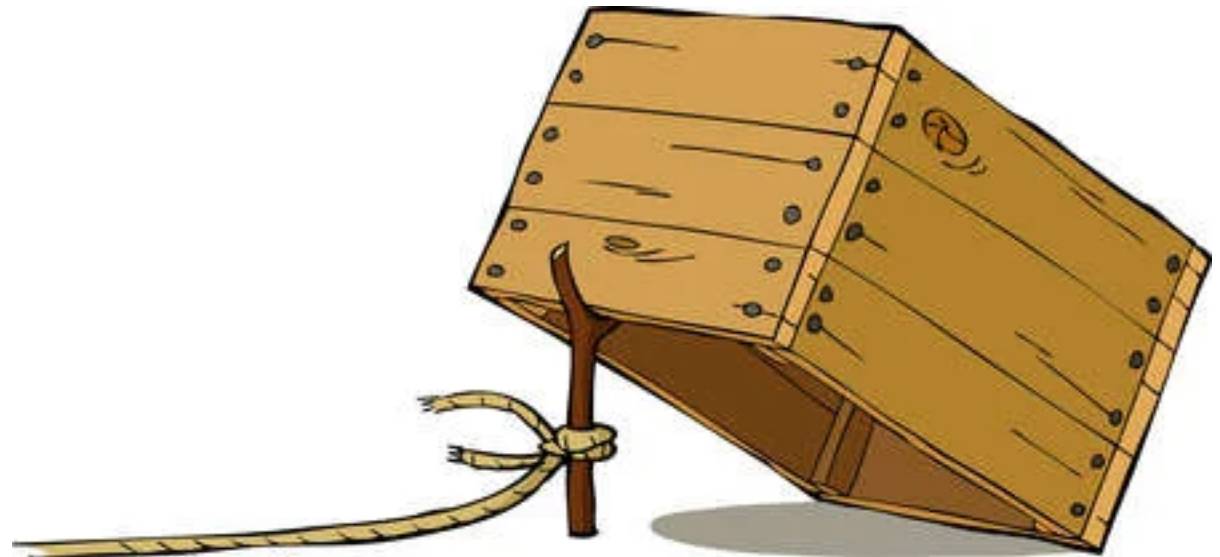
2 Fewer Students = -\$15,057

“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
14-15	1.5%
15-16	2%
16-17	2%
17-18	2%
18-19	2%
19-20	2%
20-21	2%
21-22	2%
22-23	2%
23-24	4%



Know Yourself. Know The World.

NOVA CLASSICAL
ACADEMY™

Expenditures



Major Expenditures

Expense	Total Cost	% of Expenditures	Per Student
Salaries & Wages	\$6,937,091	52.8%	\$6,755
Building Lease	\$1,608,044	12.2%	\$1,566
Benefits	\$1,710,646	13.0%	\$1,666
Building and Maintenance Services	\$655,774	5.0%	\$639
Transportation	\$432,000	3.3%	\$421
Extracurriculars	\$381,023	2.9%	\$371

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

Reoccurring vs. One Time

- We have roughly 10% 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 10%
 - Equipment (\$76,000)
 - Printer/Copier contracts (\$40,000)
 - Substitutes (\$121,919)
 - Consumable curriculum
 - Paper/Supplies

Staffing Overview (Prior Version)

- 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 (Gen Ed)

	Nova FY24	MACS Compensation Survey (Average)
Minimum Teacher Salary	\$37,725	\$37,141
Average Teacher Salary	\$53,267	\$46,915
Highest Teacher Salary	\$78,013	\$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**





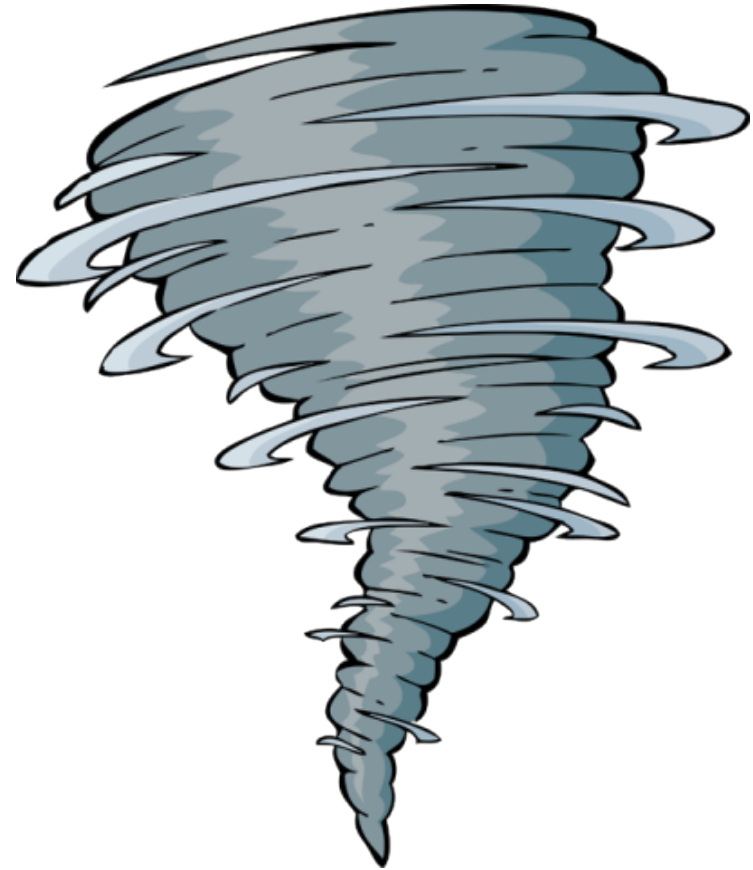
Know Yourself. Know The World.
NOVA CLASSICAL
ACADEMY™

Final Thoughts



Protect the Downside

Why?



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

How You Spend Your Money IS Your Strategy

