

Financial Model & Sustainability

How can a school's financial model make the most of its resources to keep the focus on students?

2
EDITION



**A budget
that allows
a school
to flourish
takes
thoughtful
planning.**

**High
school
budgets
are
detailed
and
complex.**

**A creative
approach
to budgeting
makes room
for new student
learning
opportunities.**

THINGS TO THINK ABOUT



01

What costs are involved in creating a new school? In redesigning an existing one? What public and private resources are available for innovation, and how can they be accessed?



02

What's the financial climate for school funding in your community and state? What funding streams for youth and education are available? How flexible are they?



03

How can money be used strategically to support planning, community engagement, and other activities that are essential for designing or redesigning a school? How much of the work can be done part-time or on a volunteer basis? At what point is it necessary to employ paid staff, and in what roles?



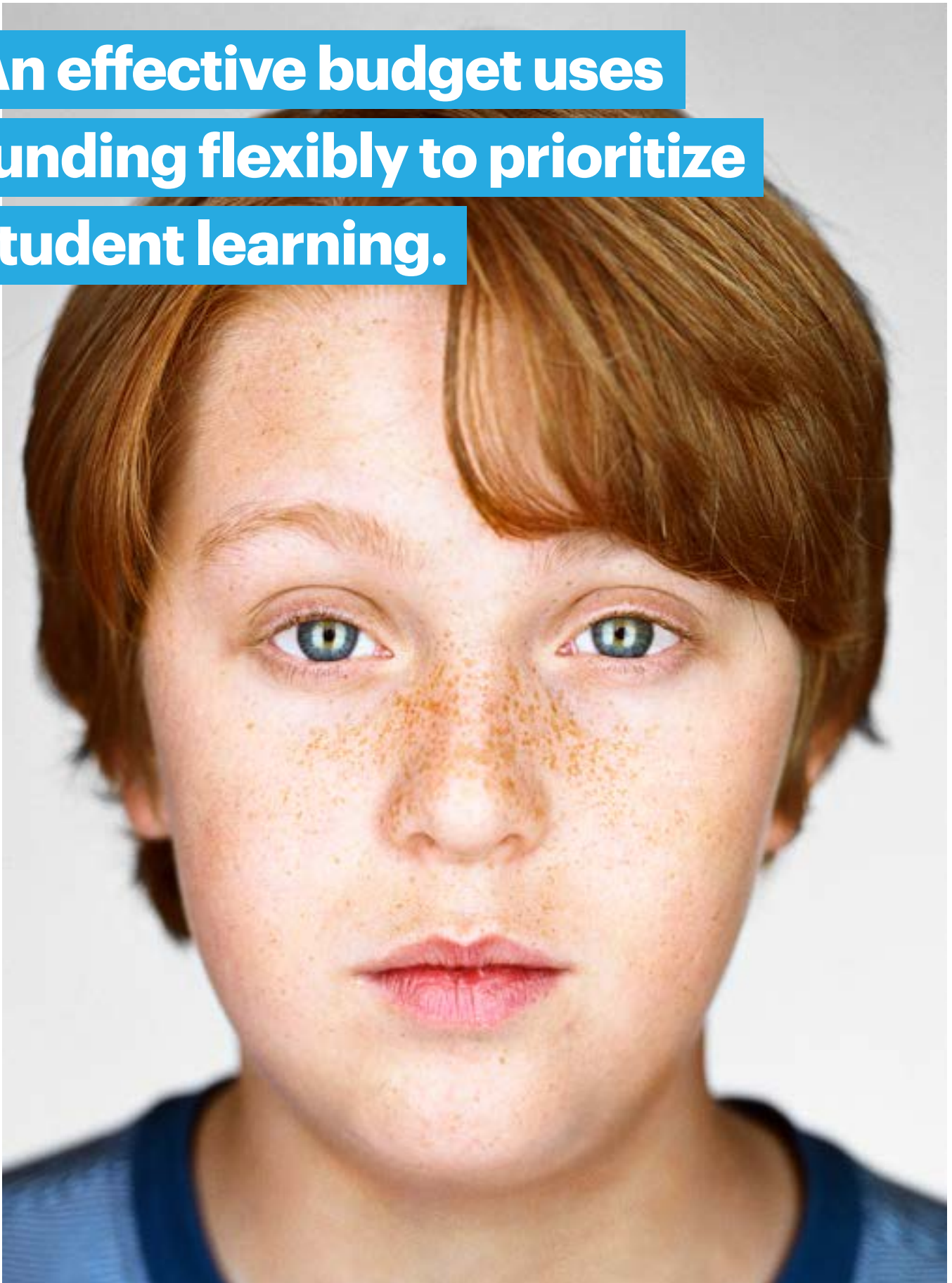
04

Who has the financial and fundraising expertise needed to pursue a vision for rethinking high school? Are they interested and willing to help?

SCHOOL
BUDGETING
IS BOTH A
SCIENCE
AND AN **ART**

FACT 31

An effective budget uses funding flexibly to prioritize student learning.



Innovative school models use resources in unconventional ways.

Developing a school budget is an analytical and creative process. Analytical skills are needed to estimate total revenues, including per-pupil allocations, special education funding, state and federal dollars, and other private or public support. Determining the overall mix and allocation of resources, however, is an inherently creative activity. This includes understanding how flexible funding sources are and whether it may be necessary to seek waivers in order to use resources most effectively.

Each element of a school design or redesign has budgetary implications. Take staffing innovations. If a school plans to offer stipends to teaching fellows or compensate teacher leaders at higher levels; bring on paid nontraditional educators; or invest in coaching, mentoring, and other learning experiences for teachers, each needs to be planned for and included in the budget. The same is true for offering youth services, arts experiences, or community-based learning. Other upfront costs might include purchasing specialized equipment, reconfiguring space, or creating a technology-enabled learning platform.

Budget projections also depend on growth plans and expected ongoing expenditures. In a school's first five years, enrollment will most likely grow, driving up both spending and budget allocations. Spending more in one area means spending less somewhere else. What trade-offs can be anticipated? What strategies can be used to manage them?

Think About →

What impediments to designing or redesigning a high school could be overcome through flexible funding? What innovations might be possible?

“School districts produce reams of financial data to check off the right boxes on accounting and compliance reports required by states and the federal government. Typically missing is any financial analysis that follows the money into the school building to the classroom. Yet the classroom is where the mission-critical work happens and where the conversion of resources into services affects student performance.”

MARGUERITE ROZA

Author, Breaking Down School Budgets

Supporting School-Level Design

The financial planning templates in this Public Impact toolkit illustrate how some schools use budgeting to enable innovative staffing models.



Sound Budgeting

This presentation from the New York City Charter School Center explains budget assumptions, revenue streams, and cost centers. A sample five-year budget is included.



Breaking Down School Budgets

This blog post by researcher Marguerite Roza for Education Next explains why it's important to follow the dollars into the classroom to craft an effective budget.



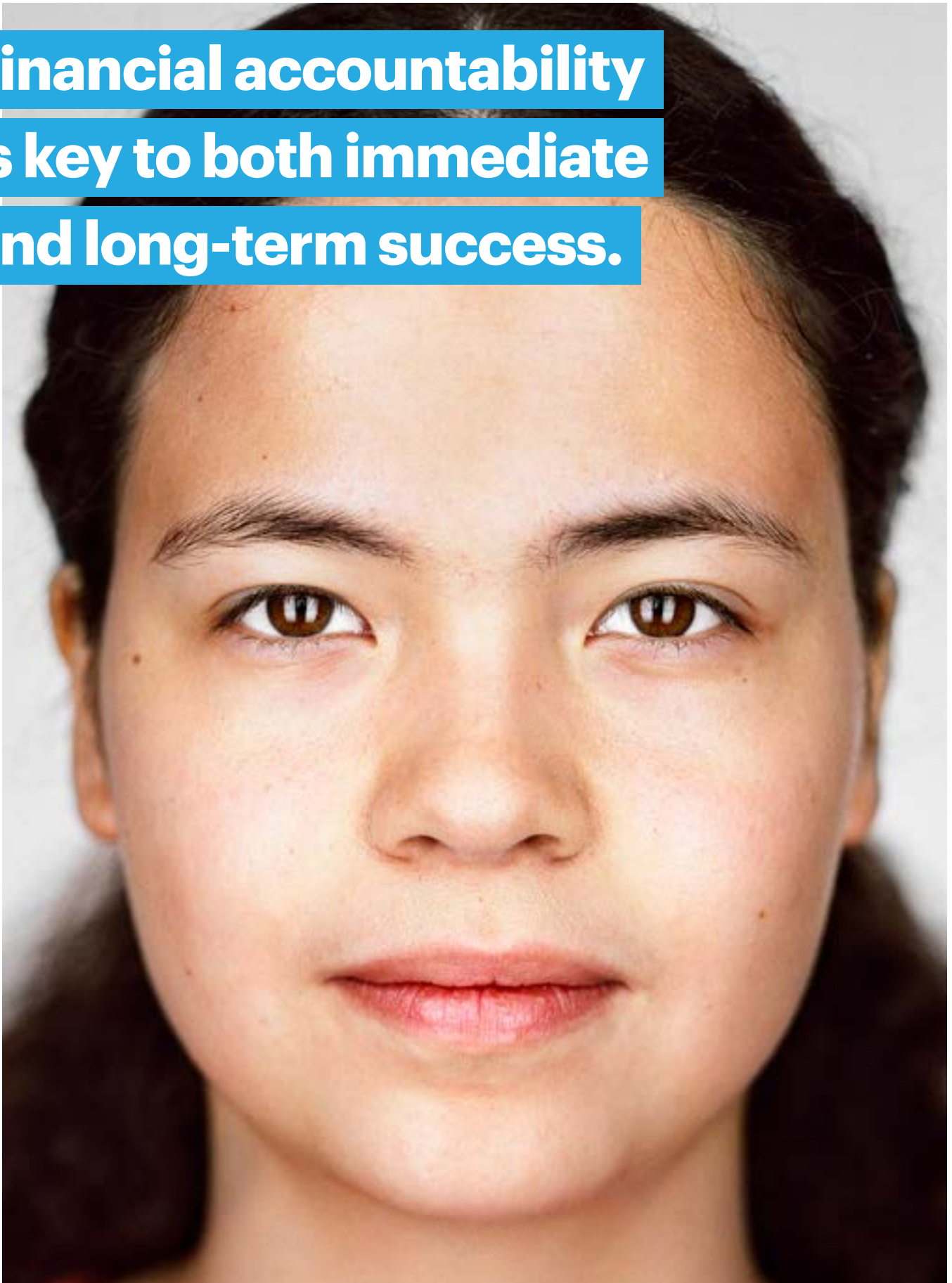
Where Do Charter Schools Get Their Money?

The 74 created a “13 Things to Know About Charter Schools” flashcard series, which includes a helpful explanation of charter school funding.



FACT 32

**Financial accountability
is key to both immediate
and long-term success.**



A school can't serve its students if its finances aren't clear, clean, and sound.

Managing a school's finances requires precision, capacity, and a commitment to accountability. A school's leadership team must have the financial competency to manage the day-to-day budget and plan for the future. Budgetary reporting needs to be clear and transparent. Responsibilities for these functions vary, depending on how the school is organized and governed.

Schools that are part of a district have their finances overseen by the local school board and district staff, while the leadership of the charter management organization (CMO) are in charge of charter school's budgets. In either circumstance, each school needs someone, usually the principal, who knows the budget inside out who can handle routine transactions that are part of running their school. In addition to the principal, some schools hire a CFO or other staff member to manage finances.

For schools that have an independent governing board, board members must have the capacity and expertise to oversee the finances actively, while school leaders and staff are responsible for implementing procedures and routines for regular reporting and review by the board.

Sound school finance also depends on familiarity with the state's public school finance regulations, reporting calendars, and auditing processes, which are available from each state's department of education.

Think About →

Strong financial practices put a school in a good position to set and justify budget priorities for future years. What information should a school make publicly available to demonstrate financial accountability? How can a school make the best case for necessary spending?



Understanding School Funding Sources

Various public federal, state, and local funds are available to high schools in every state. Although they all come with stringent guidelines and constraints, most allow for more flexibility than many people realize. Waivers from certain restrictions may also be available, if a school has a strong rationale.

Use Data and Resources Wisely

A brief from the National School Boards Association makes the connection between improving student achievement and wise allocation of resources.



Board Members' Roles and Capacity

BoardOnTrack spells out the purpose and responsibilities of the finance committee of a charter school board.



Financial Best Practices

This quick inventory of best financial practices, responsibilities, and safeguards is available through the New York City Charter School Center.



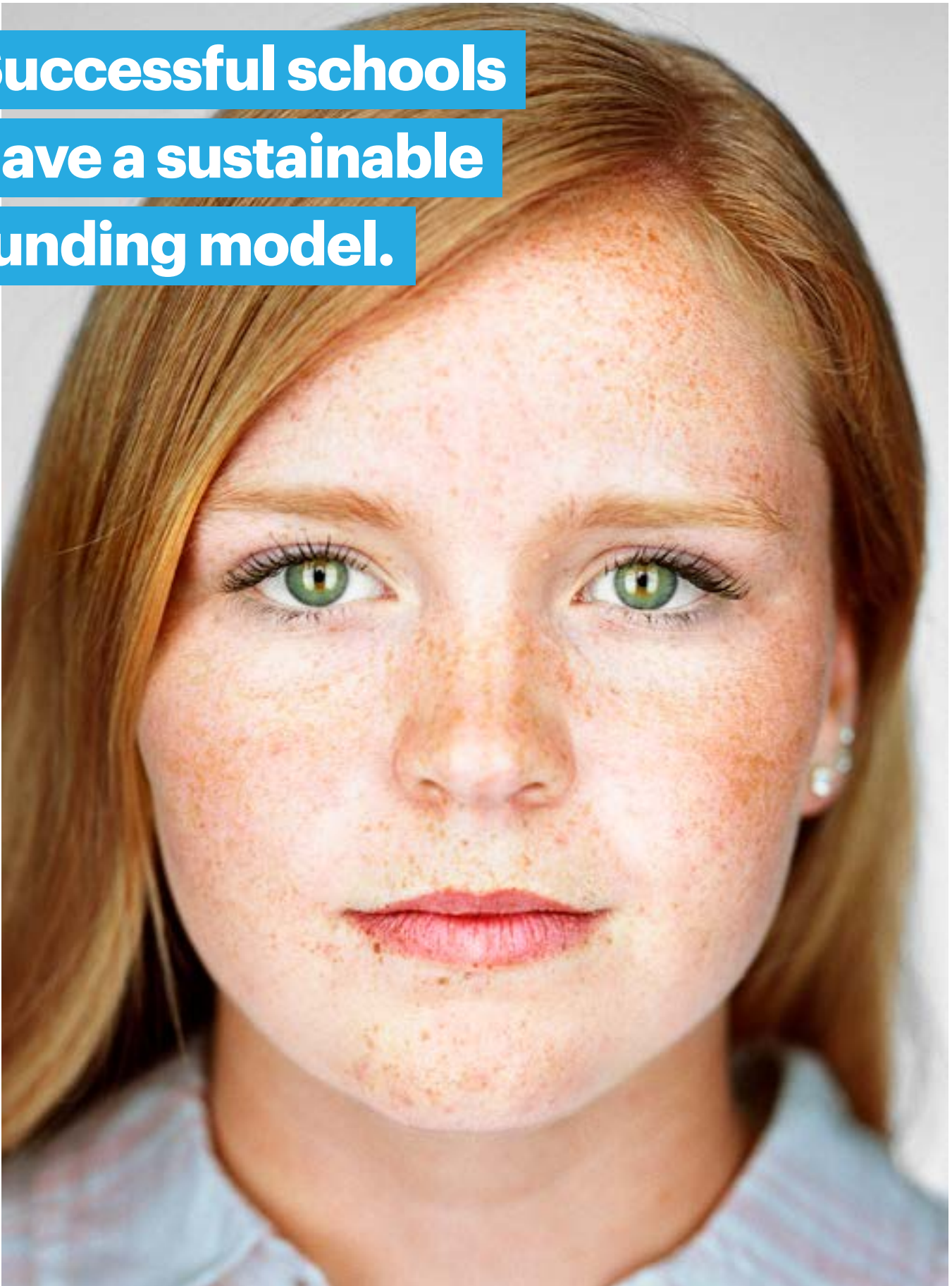
Best Budgeting Practices

Resources from the Government Finance Officers Association (GFOA) explain how to structure your budget process around student achievement goals.



FACT 33

**Successful schools
have a sustainable
funding model.**



School funding should be used judiciously and creatively.

A public high school is entrusted with millions of dollars of public investment to support the education of young people. School finances are ripe for innovation—instead of viewing funding as just a means to an end, imagine creatively mixing and matching standard allocations with other public and private resources to create a more sustainable financial picture. Maybe student work experiences can be supported through federal, state, or local incentive funds. Maybe health and social services can be made available to students through partnerships with local agencies. Arts and sports programs, college counseling, technology access, and career exploration are other features that can often be funded externally.

Resourceful schools also find ways to stay on top of funding opportunities from local businesses, foundations, and individual donors. Some schools solicit donations regularly from supporters, host annual fundraising events, or mount campaigns to support special, one-time expenditures. Each of these activities takes a lot of work—and is where a development committee can be enormously valuable. Parents and other volunteers are often willing to help out with logistics, maintain lists, do research, and even write proposals.

Think About →

What fundraising capacity does a school need on an ongoing basis? How can a school support and sustain innovation if supplementary funding is not available, or if partners or funders drop off?



“There is an important distinction between financial management and financial leadership. Financial management is the collecting of financial data, production of financial reports, and solution of near-term financial issues. Financial leadership, on the other hand, is guiding a nonprofit organization to sustainability.”

KATE BARR AND JEANNE BELL
Authors, *An Executive Director's Guide to Financial Leadership*

Eight-Point Guide to Financial Leadership

Nonprofit Quarterly offers savvy advice on budgeting, managing risks, and other business practices that can help schools build toward sustainability.



What Do We Know About Nonprofit Sustainability?

The RAND Corporation provides a literature review on nonprofit sustainability.



Foundation Directory Online

The Foundation Center is the go-to source for grantseekers. Research their online directory or visit one of their network locations.



Who's Funding What in Education

This Inside Philanthropy guide tracks the K-12 education causes funders are supporting.



**What a
school
ultimately
delivers to
students
depends
on how
money is
allocated**

**The budget is where
rubber meets the road.**

Rethinking high school takes boldness, imagination, and a willingness to put conventional constraints aside. Creative school finance can help bring unique and sustainable programming to life for students, educators, and the whole community. A sound budget that truly prioritizes student needs is the foundation of an innovative school.

GET INSPIRED



Resources on Social Impact Bonds

Social impact bonds are a funding model that combines private and public sector funding. They've been experimented with on a range of programs across the U.S., from preschools in Utah to prison reform in NYC.



In Search of the Hybrid Ideal

The *Stanford Social Innovation Review* offers a survey of social entrepreneur business models that combine profit and purpose.



10 Nonprofit Funding Models

The Bridgespan Group, a nonprofit consultancy, scanned the field of nonprofits and came up with 10 funding models that think differently about matching mission with finance.



Inspiration from America's Largest Worker-Owned Business

What does it look like when employees own the company they work for? What if teachers, or families, owned their school? Read more in this article from *Fast Company*.



Lessons from Crowdfunding

Using online platforms at scale, crowdfunding has funded Hollywood films, tech inventions, and numerous nonprofit startups. Learn how it works in film and the arts in this article from *The Guardian*.



TEDx Talk

LUIS VON AHN

Lessons from a Free Learning App

How does entrepreneur Luis von Ahn provide his language-learning app Duolingo to the world for free? Check out his innovative business model in this TED Talk.



GET INSPIRED



Find Education Spending in Your State

When it comes to school and per-pupil spending, every state is different. Find your state here and understand the implications of its spending trends to your financial model.



Prioritizing Teacher Effectiveness

Check out this video from Education Resource Strategies on how to budget for teacher development.



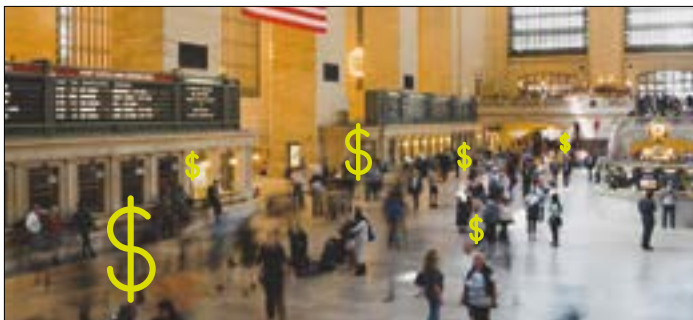
Donors Investing in Teacher Town USA

This report shows how a group of local donors set out to transform the teaching profession in Tennessee.



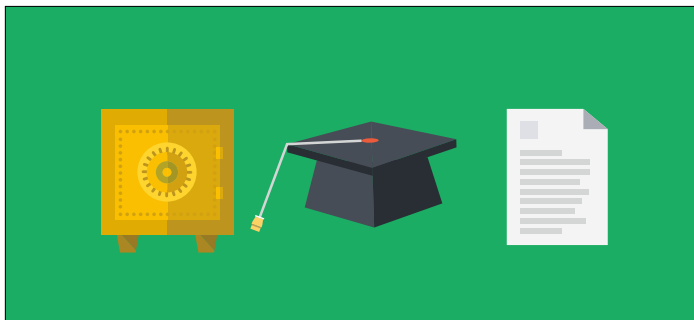
Donors Choose

Bronx high school teacher Charles Best founded DonorsChoose to make it easy for anyone to support a classroom in need.



Crowdfunding How-To

Here's advice on using crowdfunding to raise money for schools, including mistakes to avoid and a comparison of platforms.



Edutopia's Big List of Grants

Here's a continuously updated roundup of available grants, contests, awards, and free resources in education.



A SOUND
FINANCIAL.
MODEL.
DIRECTLY
DRIVES
STUDENT
LEARNING