



INFORMATION AS OF AUGUST 6, 2025

# School Financial Governance During Uncertain Funding

For Charter School Board Members



# Better Outcomes. Brighter Futures.

Afton Partners is an impact-driven consultancy that reimagines and implements systems, policies, and practices that improve lives.

Afton's work with charter schools builds financial capacity. We illuminate the short & long term financial implications of organizational decisions, like capital projects, expansion, instructional models, & compensation strategy.

We have partnered with close to 100 charter school networks of all sizes around the country including many here in Missouri.



# Today's Agenda:

Today's Operating Climate &  
The Financial Implications

Four Leadership Actions to Take  
in Your Planning

Reflections





In one word, how would you describe the current federal and state policy climate for your school organization?

THE UNCERTAINTY YOU ARE NAVIGATING

# Getting Grounded in the Facts of your Operating Climate





## AFTON'S "7 E's"

Forces that are constraining your school's resources



**ESSER**

one-time federal funding ended, paired with persistent achievement gaps



**Economy**

rising costs outpacing revenue growth



**Enrollment**

declining K12 public school enrollment in many areas across the nation



**Employees**

talent difficult to find and competitively compensate



**Exceptional Needs**

increasing student needs individually and in aggregate



**Expectations**

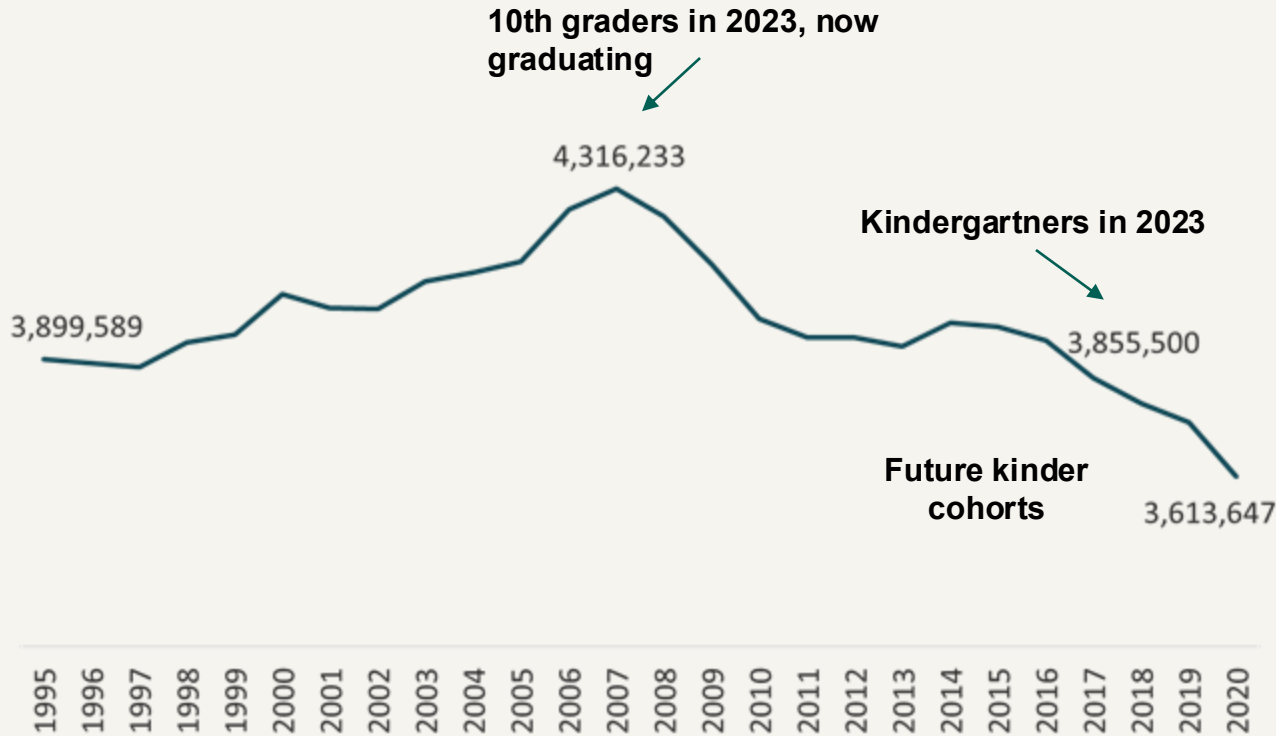
increasing pressures and expectations for services



**Environment**

federal policy & funding uncertainty necessitating scenario planning





**16%**

Decline in births since 2007.

### Historic Lows

US Births on a rate basis are the lowest in history, mirroring trends in nearly all developed countries

**1,000,000**

fewer people under 18 living in the US in 2020 versus 2010, while the adult population increased 24,000,000, highlighting that immigration is not able to off-set fewer births.

**3,500,000**

Decline in public school enrollment by 2030 from the 2019 peak, as projected by NCES; the first decline since the Baby Boomers. This decline is more than the entire enrollment of Florida.

## Birth Rates Affecting Enrollment

National birth rates are at an all-time low. Each year a larger student cohort graduates and is replaced by a smaller student cohort.



There are significant federal, state, and local funding matters to stay abreast of

- 01 July 1 Federal Funding Freeze, then Unfreeze
- 02 OBBBA (timing impact on schools possibly SY 26-27 and beyond)
- 03 Proposed FY26 federal education budget (impacting schools FY27)
- 04 Your own state & local funding news





01

The July 1 federal ed funding freeze held up these grants over a few weeks in July, until they were reinstated

FY26 Federal Ed Funds Frozen / Unfrozen	Total Across the U.S. & Territories**
Title I - C	\$375 Million
Title II - A	\$2.2 Billion
Title III - A	\$890 Million
Title IV - A	\$1.3 Billion
Title IV – B	\$1.4 Billion
Adult Basic & Literacy Education	\$630 Million
Adult Integrated English Literacy & Civics Education	\$86 Million
<b>Total</b>	<b>\$6.8 Billion</b>

\*\*State by state estimate: <https://www.edweek.org/policy-politics/see-how-much-school-funding-trump-is-holding-back-from-your-state/2025/07>

District by District estimate: <https://www.edweek.org/policy-politics/see-how-much-federal-money-trump-is-holding-back-from-your-district/2025/07>



01

The previously frozen funds are now being released to states, under policy guardrails that are yet to be fully defined

According to the Washington Post\*:

*"The administration official said Friday that "guardrails" will be in place "to ensure these funds will not be used in violation of executive orders or administration policy." **It was not immediately clear what those guardrails will be or when school districts will see the funds.**"*

\*<https://www.washingtonpost.com/education/2025/07/25/school-funds-released-trump-omb/>



## 02 On July 4, 2025, OBBBA was signed by the President, with substantive cuts to Medicaid and SNAP

While the timing and extent of school impact is not totally clear, we anticipate:

- Implementation of the **cuts will take time** (earliest implementation is likely end of 2026)
- **More children suffering** from food, housing, and healthcare insecurities years from now
- **Lower counts** of students qualifying via direct certification **for certain state poverty-based funding and meal programs**, as early as 2nd semester 2026-27
- **Pressure on state budgets** to make up for the lack of food and health care support for millions of Americans, **adversely impacting education funding**
- **More difficult processes** for collecting Medicaid for school-based services

<https://www.aarp.org/advocacy/snap-medicaid-changes-timeline.html>

<https://www.the74million.org/article/medicaid-cuts-in-trump-tax-bill-spark-fears-for-child-health-school-services/>

<https://bellwether.org/blog/what-the-one-big-beautiful-bill-act-means-for-the-social-safety-net-in-k-12-schools/>

<https://www.edweek.org/policy-politics/how-medicaid-snap-changes-in-trumps-big-budget-bill-could-affect-schools/2025/07>



## 03 The proposed FY26 federal education budget could materially impact public education resources for FY27 and beyond

**Trump proposed federal education budget** revealed in Spring 2025 includes proposals for:

- Steady funding for Title I-A, IDEA, Head Start.
- \$60M increase for charter school program grants.
- Consolidation of 18 competitive grants into 1 with cuts of close to \$4B of the current \$6B.
- Elimination of \$890M Title IIIA (EL).
- “Re-envision and re-compete” \$1B school mental health grants (SBMH).
- Elimination of Preschool Development Grants (PDG).



# 03 The President's proposed FY26 federal education budget proposes consolidation and cut of these funding sources

Supporting Effective Instruction State Grants (Title II-A), \$2.19 billion	Promise Neighborhoods, \$91 million
Student Support and Academic Enrichment (Title IV-A), \$1.38 billion	Neglected, Delinquent, or At-Risk (Title I-D), \$49.2 million
21st Century Community Learning Centers, \$1.33 billion	Native Hawaiian Education, \$45.9 million
State Assessments, \$380 million	Alaska Native Education, \$45 million
Rural Education Achievement Program (REAP), \$220 million	Arts in Education National Program, \$36.5 million
School Safety National Activities, \$216 million	Innovative Approaches to Literacy, \$30 million
Comprehensive Literacy State Development, \$194 million	American History and Civics Education, \$23 million
Magnet Schools Assistance, \$139 million	Statewide Family Engagement Centers, \$20 million
Education for Homeless Children & Youth (McKinney-Vento), \$129M	Javits Gifted and Talented Students Education, \$16.5 million

In addition, the proposed budget (1) eliminates 6 SPED programs putting their funds into IDEA for states and (2) merges and cuts 6 different ed research & data programs.



# 03 However, on July 31, 2025, Senators advanced a bill that rejected most of the President's proposed cuts to education

## MAINTAINS FUNDING FOR: \_\_\_\_\_

- Title I-A
- IDEA
- Head Start
- Existing federal grant programs in separate funding streams
- Staffing in key US ED offices including OCR, IES

## INCLUDES REQUIREMENTS FOR US ED TO: \_\_\_\_\_

- "Send funds to states and schools on time;
- Maintain staffing necessary to execute tasks required by law; and
- Prohibit the department from offloading core functions to other agencies."

Source: <https://www.edweek.org/policy-politics/senators-including-republicans-reject-all-of-trumps-proposed-education-cuts/2025/07>

Congress has a goal of finalizing the FY26 federal budget before October 1. This will impact schools for FY 2026-27.

**The negotiations are far from over!**





04

And in Missouri, you set budgets for this school year without finalized funding rates, which arrived at the end of July

Per WADA funding rates for this school year

ST LOUIS - \$15,456 per WADA

KANSAS CITY - \$14,777 per WADA



Other recent federal actions (as of July 2025) could materially impact public education resources, timing and magnitude

Substantive layoffs and contract terminations took place in the U.S. Department of Education, with about the half the staff now gone. The layoffs proceeded with the recent decision by the Supreme Court.

Department of Education letter requiring State Education Agencies (SEAs) to certify their compliance with their anti-discrimination obligations, with references to DEI programs, in order to continue receiving federal financial assistance. Matters are currently in legal disputes within the judicial system.

Enactment of tariffs.

Intensified deportations.



# How should we plan for federal funds for 2025-2026?

The overall timing of reimbursements from federal to state to charters is a question mark for this school year due to the potential for different grant review processes and changes in federal staffing.

Magnitude of funding for largest of federal sources in education (Title I-A, IDEA) are already appropriated and expected to remain steady for 2025-2026.

We are aware of some school districts and states who are running scenarios on potential cuts to Title I-A, as a result of being targets of federal investigations.



## Consider some potential financial impacts from federal policy shifts and actions for FY26 and beyond

- Enrollment & attendance might be at risk due to deportation fears and potential increase in housing, food, medical insecurity.
- Specific federal grants will be impacted in timing and magnitude.
- OBBBA will result in substantive cuts to Medicaid & SNAP over time with a likely adverse impact to student well-being and school access to poverty-based education funding, meal funding, and special service funding reimbursements.
- Costs may increase from tariffs, particularly public facility construction and technology
- Potential increase authority delegated to states across education matters could eventually change policy and funding streams
- Increase in public servant mobility and stress, putting program quality and sustainability at risk



Monitoring your federal and state funding changes gives you important context for decision making.

#### WHAT WE CANNOT CONTROL:

- Federal and state actions
- Funding rates
- Family mobility
- Birth rates

#### WHAT WE **CAN** CONTROL:

**Our planning process**, including scenario planning - where risks are identified and mitigation strategies are developed

**Our communications**, including the tone we set for our teams and constituents

**Our operations & execution**, including changes to resource allocation to meet evolving needs



# Financial Health: What are you aiming to achieve?

## Successful charter schools are sustainable, resilient, & compliant.

### SUSTAINABLE

Aligning financial resources with their mission and strategic plan

Spending within their means and saving money to increase reserves

Building credit-worthiness to support future borrowing for facilities and other needs

### RESILIENT

Making budget assumptions that are reasonable and conservative

Monitoring and projecting cash position with margin for error

Building waitlists to support full enrollment

Thinking ahead, considering different scenarios, and making contingency plans

### COMPLIANT

Over-communicating the existential importance of following financial rules and regulations

Operating with clear financial policies, procedures, and controls

Establishing systems to meet debt covenants, support clean audits, and hold all team members accountable





# Reflection

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What reflection or clarification questions might you have?



## FINANCIAL PLANNING IN UNCERTAIN TIMES

# Meeting the moment in your financial governance role



# How your financial governance role can meet the moment



# Four Board Governance Actions During Funding Uncertainty



01  
Engage with your leadership about the operating climate, toward clarity and decision-making



03  
Plan for reimbursement delays and conserve cash



02  
Understand the magnitude of your risks and scenario plan some options



04  
Encourage maximization of revenue, namely enrollment



# Align your organizational decision making to the operating climate 01

**Collaborate with your ED to dialogue about the facts** with the board and leadership team.

**Align on risk tolerance in decision making and connect the operating climate matters to decisions**, such as:

- Growth & expansion decisions
- School staffing and overall operating plans
- Compensation and talent strategy
- Facility investments and related financings

*What are the strategic decisions your organization is making that might be influenced by the uncertainty in today's policy climate?*





# Understand the magnitude of your risks and scenario plan your options

Identify & prioritize **what works for student outcomes**

**Review all funding sources** including conducting a grant-by-grant risk assessment

**Establish financial guardrails** – such as days of cash targets

**Scenario plan** based on the impacts above:

- Run enrollment scenarios.
- Stress-test budgets for lower revenues, higher costs, contingencies.

*How much is your exposure? When?*

*What strategic priority in your budget feels most vulnerable?*





# What do we mean when we say “scenario planning”?

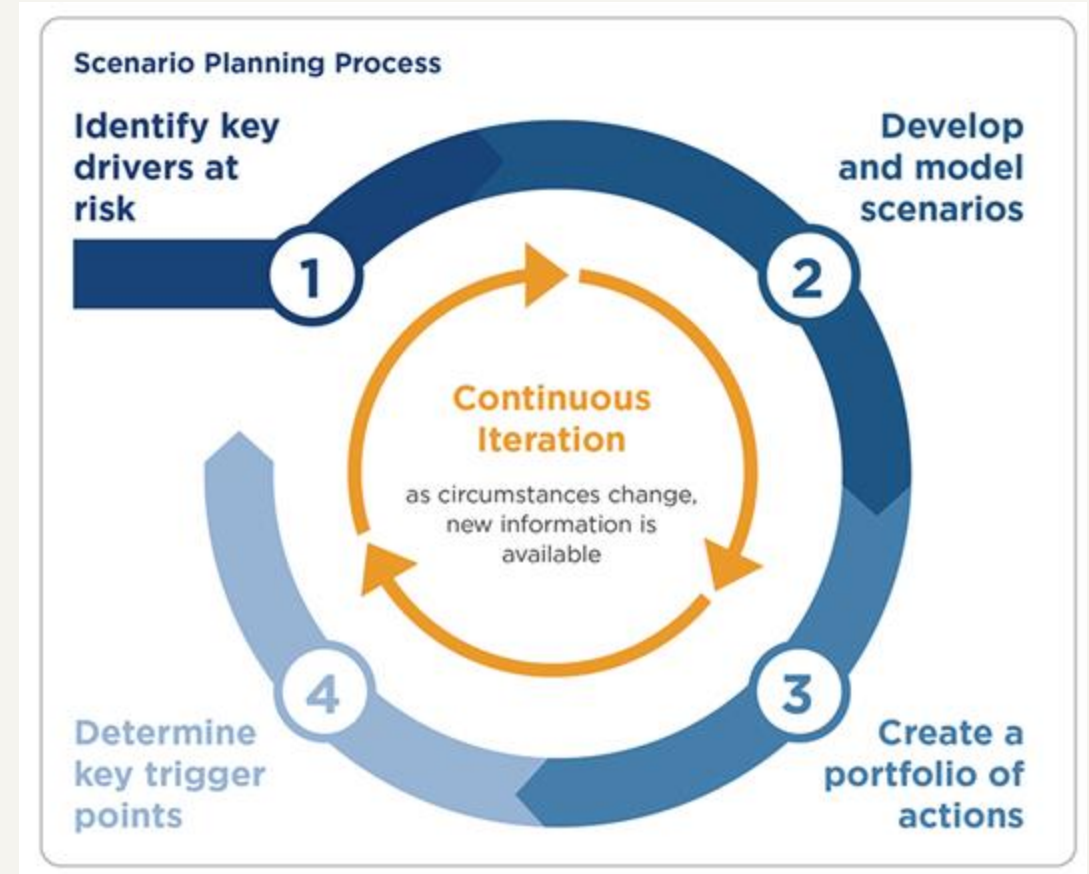
Identify the key drivers of risk, such as:

- enrollment level
- funding rates
- fundraising levels

Identify what you would change with staffing, services, etc. if those risk drivers change

Calculate the budget implications

Make plans for how you would adjust to keep your school quality AND financial health.



Source: Bridgespan  
<https://www.bridgespan.org/insights/nonprofit-organizational-effectiveness/making-sense-of-uncertainty-nonprofit-scenario-planning>



# Plan for reimbursement delays and conserve cash. 03

If possible, **build cash reserves** for FY26+, and/or **increase your cash target** (we recommend >90 days) to provide flexibility in times of high uncertainty

Establish or renew a **line of credit**

**Project cash monthly** with conservatism

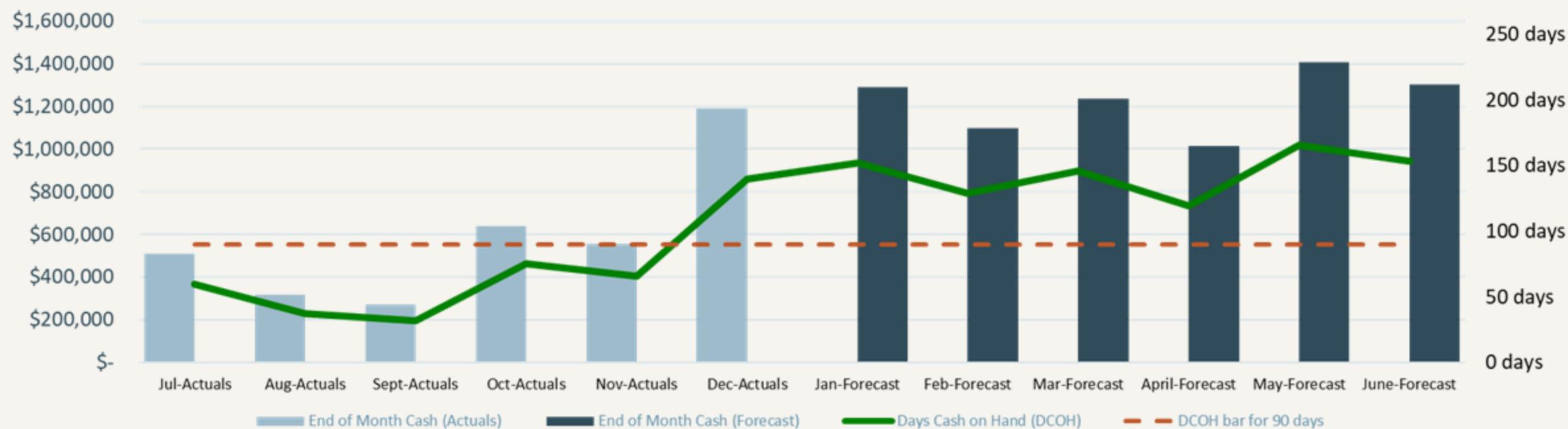
**Use cash projections to inform strategies** you may need to take to ensure operational continuity if reimbursements slow down

**Explore** cash flow risks in finance committee

*If reimbursement delays hit — what would be your first three cash conservation levers?*



# Monthly cash flow projection provides visibility to future cash



Engage with your leadership team to ensure maximizing revenue, namely enrollment.

04

Fully resource **data-driven student recruitment** strategies

Strategically **over-enrolling** certain grade levels where possible

Secondary to enrollment, identify opportunities for **diversifying revenue streams** such as grants, philanthropy, local business partnerships, fee-based services, facility rental

*What opportunities do you think you might have to strengthen your revenue in the coming year?*





A well-functioning **finance committee is an enabling condition** for your board's financial governance effectiveness

#### CHARGE

*Who is responsible for the financial decision-making?*

#### COMPOSITION

*Who should be on a charter school finance committee?*

#### CONTENT

*What info will enable effective financial governance?*

#### COLLABORATION

*How should finance committee members work together?*

#### CADENCE

*What is an effective meeting plan for a finance committee?*

Intentional financial governance increases impact and improves sustainability.  
*If you don't have an engaged, effective finance committee, it's not too late to make it happen!*



# How might you successfully launch or reinvigorate a board finance committee?

Align ED, Board Chair, Finance Lead on prioritizing this committee, including a commitment for the board to be populated with engaged, financially-literate members who are willing to meet at least bi-monthly if not monthly

Name a committee chair and ensure a relationship is cultivated between management & the committee chair

Ensure the committee chair creates a role description for the committee in alignment with management

Calendar the entire fiscal year of finance committee meetings, upfront

Determine a format for your financial reporting for the committee alongside your accounting provider – start with something simple and do-able, then later name what you might build toward





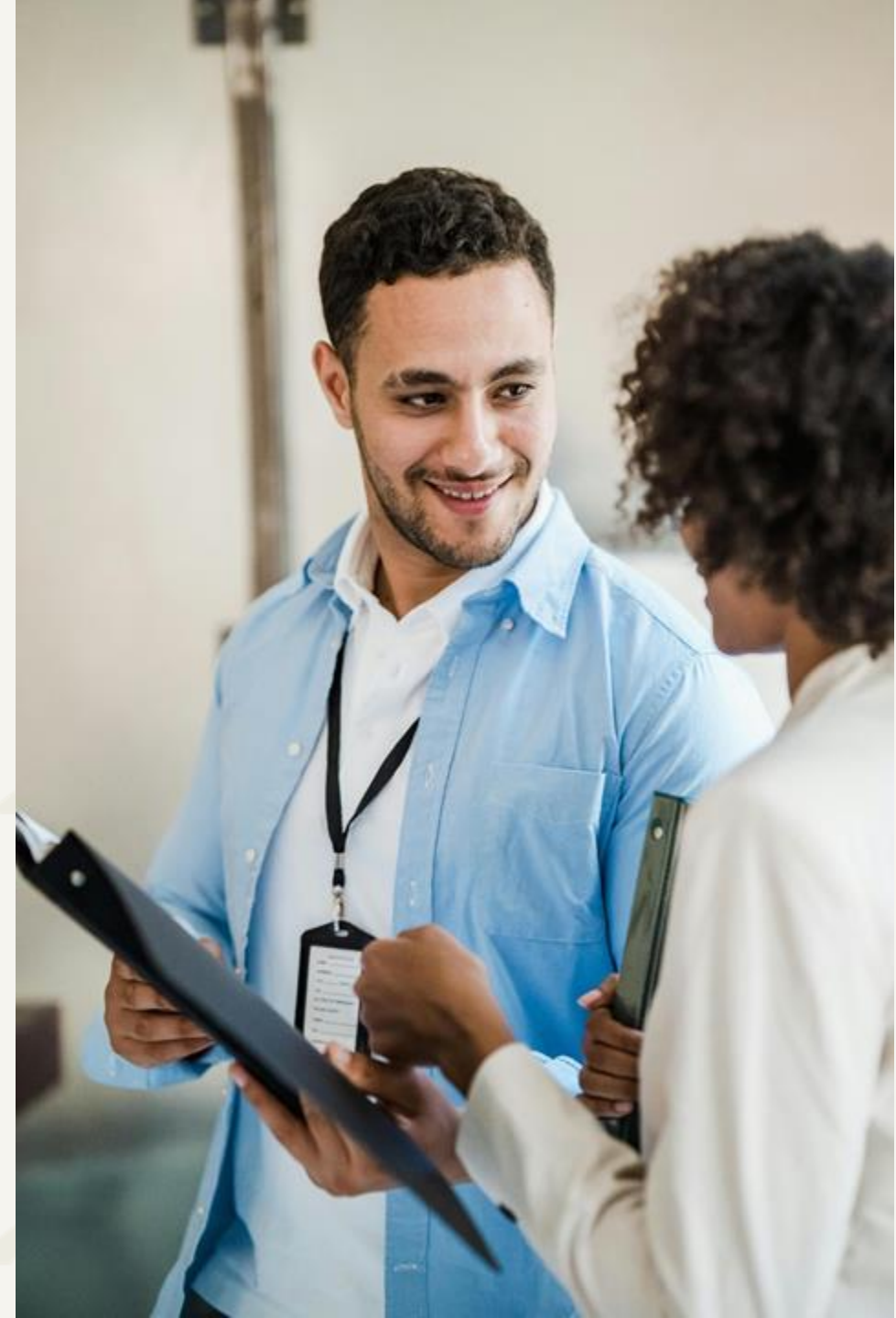
The operating climate and policy **matters will evolve.**

Your job is to align your **governance practices to the moment.**

# Reflections

What did the content today evoke for you about your board role?

What is one new thing that you learned or one next step you will take today?



Your feedback matters - please take [this short survey!](#)

