



INFORMATION AS OF AUGUST 6, 2025

# School Leadership During Uncertain Funding

For Charter School Leaders



# 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

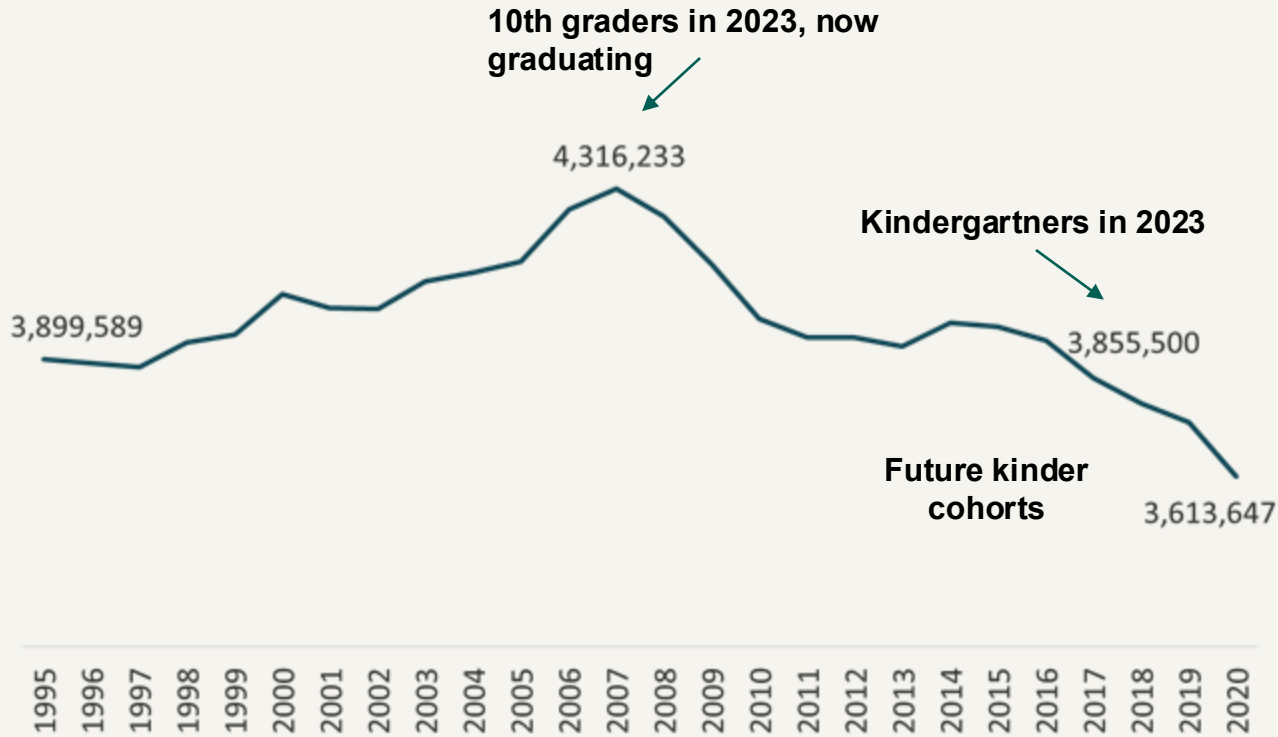
increasing pressures and expectations for services



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

# Four Actions for Leaders During Funding Uncertainty



# Four Leader Actions During Funding Uncertainty



01  
**Engage your board and team in the context, 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  
**Maximize your revenues, namely enrollment and diversified revenue sources**



# Engage your board and team toward clarity and good decision-making

Bring facts to your board and team to lay the context.

Facilitate dialogue, not just reporting.

Connect your decision making to all this context, 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?*



# Communication example

KIPP NC Colleagues Across Schools and RST—I hope this email finds you all well.

Since I emailed you on March 13 acknowledging the highly uncertain times we’re living through, I have been uplifted by seeing and hearing our KIPP team and family remain committed to our mission, show up for our students and families, and produce absolute magic for our KIPPsters and one another. Thank you for all of that. Thank you for your life’s work.

1 Consistent

There continues to be a tremendous amount of economic, social, and political uncertainty in our state and country. In many high-profile instances over the past several weeks, we have already started to see the impacts of federal cuts and hiring freezes take hold in districts and educational organizations all around us.

2 Informative

We have started to receive our 2025-26 budget planning guidance from the state, and these are the two decisions we have made because of it:

3 Transparent

1. Holding 2025-26 Salaries at Current 2024-25 Levels: We will keep all base salaries (those at both schools and RST) at their current amounts for the next school year. This means that we will be headed into a new fiscal year on July 1 without our traditional pay increases (either through a step increase or a cost of living adjustment).
2. Reducing 2025-26 Staffing: Even with us freezing salaries next year, all schools and RST are projected to have significant budget deficits next fiscal year with our current staffing models. As such, starting as early as Monday, April 7, we will begin having individual conversations with staff to communicate which positions will be renewed and which will need to be eliminated in the next fiscal year. In either case, school-based staff will be notified by Friday, April 11, of your job status for the 2025-26 school year; RST-based staff will be notified by Friday, April 25. This will allow all of us to begin planning for our next steps beyond June 30. If you are being offered a position for the next school year, you will receive an offer letter by May

Please take this time over the weekend to process this information and prepare questions you may have for your principals or managers next week.

4 Compassionate

As I shared in March, we must be fortified by our mission during this time of unprecedented upheaval. KIPP was founded because the students and communities we serve face diverse challenges, many of which span generations and are exacerbated by difficult economic times. KIPP was founded by a group of resilient, creative, and results-oriented leaders across the country who decided to stand as a bulwark against those forces.

We are responsible for carrying on that legacy today. I urge us all to find strength in and recommit to our mission through these times.

Sending you much love and appreciation tonight and always,



# 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”?

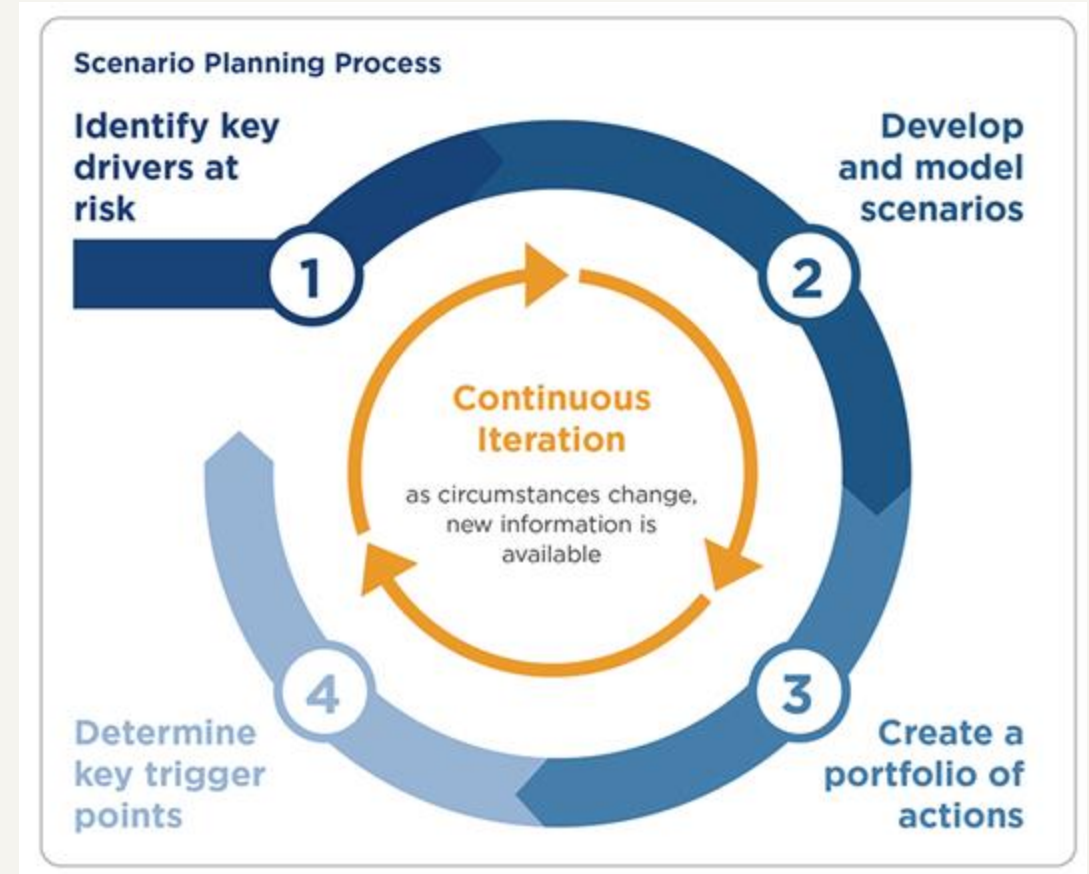
Identify the key drivers of risk, such as:

- 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

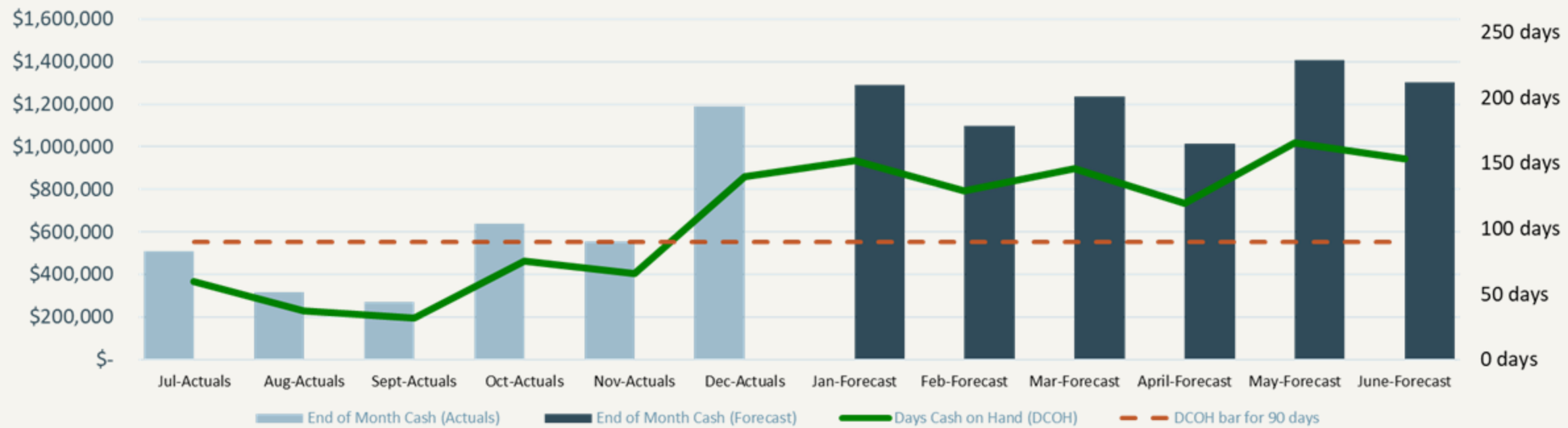
Use cash projections to inform strategies you may need to take to ensure operational continuity if reimbursements slow down

Communicate openly with board about cash flow risks.

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



# Monthly cash flow projection provides visibility to future cash



# Maximize your revenues, namely enrollment and diversified revenue sources.

04

Fully resource data-driven student recruitment strategies

Strategically over-enrolling certain grade levels where possible

Identify opportunities for diversifying revenue streams

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





# Examples of diversified revenue streams



Grants & philanthropy



Local business partnerships



Fee-based services (after school, summer programming)



Facility rental





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

**Your job is to lead with clarity in the face of uncertainty.**



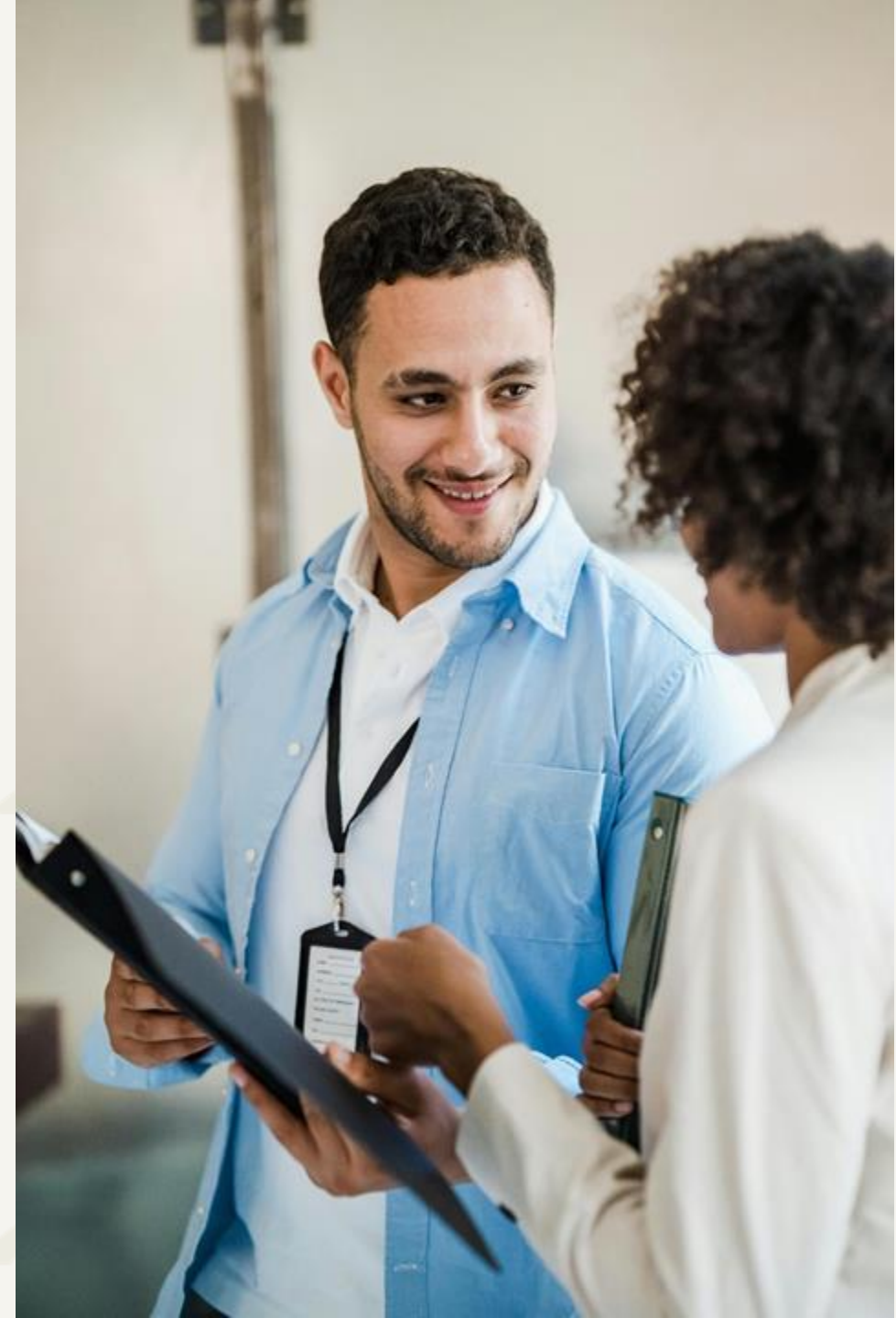
# Reflections

What **questions** do you have?

What content did you hear today that seems **most relevant** for your board members?

What is **one new thing** that you learned today?

What is **one next step** you will take that stems from this material?



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

