

Budget Development & Scenario Planning in an Uncertain Environment

CLCS Annual Finance Seminar |
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Session Overview

The Challenge

Uncertain Environments

Enrollment volatility, funding uncertainty, and rising costs require schools to plan for multiple possible futures.

The Strategy

Practical Planning

This session covers practical forecasting and scenario-planning strategies that support informed decisions and long-term sustainability.

What We Will Cover

01

Naming the uncertainty

The four variables that move a charter school budget the most: enrollment, funding, costs, and leadership change.

02

Forecasting & scenario tools

Why a model not a single budget number is the right instrument for an uncertain year.

03

Models that earn their keep

The budget model, the five-year financial forecast, and the utilities forecasting model.

04

Turning scenarios into decisions

Defining trigger points, sequencing decisions to the budget calendar, and communicating with the board.

Part 1: Naming the Uncertainty



Four Forces Driving Budget Uncertainty

- **Enrollment fluctuations**

Cohort size, kindergarten yield, mid-year mobility, and competition from new schools all move the top line — and enrollment drives most of a charter school's revenue.

- **Funding uncertainty**

Per-pupil rates, formula phase-in, mill levy pass-through, and federal or grant timing are set outside the school and can change after the budget is adopted.

- **Rising costs**

Compensation and benefits, insurance, utilities, special education, and vendor escalators rarely rise at the same rate as revenue.

- **Changes in organizational leadership**

Turnover in the executive director, business manager, or board seats puts institutional knowledge, and budget assumptions at risk.

Enrollment Fluctuations

\$8,900.40

Statewide base per pupil funding for 2026-27.

Twenty-five students below plan is roughly \$222,500 of base funding.

Model enrollment from the bottom up

Project grade by grade: entry-grade demand, cohort progression, attrition, waitlist yield/conversion rate, and re-enrollment rates. A single school-wide growth percentage hides where the risk actually sits.

Know how the count is funded

For 2026-27 and beyond, a district's funded pupil count is the greater of the current-year count or a three-year average so a one-year dip keeps affecting revenue for several years.

Test the miss, not just the plan

Budget the realistic count, then model what happens at 95% and 90% of it. Know the dollar value of one student before the October count, not after.

Use sensitivity analysis

Sensitivity analysis allows you to look at situations based on multiple enrollment scenarios.

Source: [Colorado SB26-023 School Finance Act](#)

State funding depends on a formula, an economy, and a legislature none of which you control.

What moves year to year

The School Finance Act resets base per pupil funding annually — \$8,900.40 for 2026-27, inside roughly \$10.2 billion of total program funding and the new formula continues phasing in.

What to hold as an assumption, not a fact

Inflationary increases, formula factors, mill levy override pass-through, categorical and special education revenue, and the timing of federal and grant awards.

How to plan around it

Build the model so per-pupil rates and pass-through percentages are input cells. When the legislature or the district changes a number, you re-run the model instead of rebuilding the budget.

Source: [Colorado SB26-023 School Finance Act](#), [Colorado HB25-1320 School Finance Act](#)

**Costs rise on
their own
schedule, not
yours.**

The pressure points

Salary schedules and market adjustments, health insurance renewals, PERA contributions, property and liability premiums, utilities, special education and transportation, facility lease escalators, and technology refresh cycles.

Build cost drivers as rates

Enter compensation as schedule plus percentage increase, benefits as a rate per FTE, and contracts at their escalator. Then a 2%, 4%, or 6% assumption is one keystroke not a rebuild.

Watch the ratio, not just the total

Track compensation as a percent of revenue and cost per pupil over time. Those two ratios reveal structural problems that a balanced single-year budget can conceal.

Turnover is a financial risk, not only a staffing one

A new executive director, business manager, or board treasurer inherits the numbers without inheriting the reasoning behind them.

Put institutional memory in the model, not in a person

Document every assumption in the file: enrollment logic, staffing ratios, rate sources, and why each was chosen. The model becomes the handoff document.

Build shared fluency before you need it

Walk the board and leadership team through the same model each cycle so a transition does not restart the learning curve. Keep a written budget calendar and a standing business manager–leadership meeting.

Plan for the transition year itself

Carry search costs, overlap or interim pay, and slower decision cycles as explicit line items in at least one scenario.

Part 2: Practical Forecasting & Scenario Planning Tools



The Essence of Scenario Planning

Models,
Models,
Models!

Why Models Work

01

Variable Analysis

Change enrollment, per-pupil funding, staffing, or benefit rates and see the effect immediately one structure, many futures.

02

Documented Assumptions

The reasoning behind the budget is visible and reviewable, which shortens board discussion and audit questions alike.

03

Easy Replication

Next year's budget starts from this year's structure rather than a blank spreadsheet.

04

Historical Baseline

Comparing projected to actual results shows which assumptions were reliable and which need tightening.

05

Stakeholder Confidence

Boards, authorizers, and lenders respond to a school that can show its work and answer "what if" in the meeting.

Model 1: The Budget Model

One model, many futures.

Differing inputs for enrollment, funding, staffing, and benefits one bottom line.

Inputs that should be switches

Enrollment by grade, per-pupil funding rates and pass-through, staffing FTE and class-size ratios, salary schedule and percentage increase, benefit and PERA rates, and per-pupil non-personnel spending.

Outputs the board actually needs

Bottom line by scenario, change in fund balance, days of cash, compensation as a percent of revenue, and cost per pupil.

Discipline that keeps it usable

One assumptions tab, no hard-coded numbers inside formulas, dated versions for proposed, adopted, mid-year, and supplemental budgets, and a short note on the source of every rate.



Model 2: The Five-Year Financial Forecast

Today's
decision has a
five-year
shadow.

What it adds beyond the annual budget

Multi-year planning shows future impacts alongside current ones: step and salary growth, lease and debt service, staffing added in a strong year, and enrollment ramping to full capacity.

Questions it answers

When does the fund balance cross the policy floor? Can we sustain this raise in year three? What enrollment level does this facility commitment require?

How to keep it honest

Refresh at least annually, tie year one to the adopted budget, and run the same three scenarios all the way through the horizon.



Model 3: The Utilities Forecasting Model

Forecast both
rates and
usage.

Separate the two variables

Utility cost is rate times consumption. Modeling them separately lets you project the effect of a rate increase, a usage change, or both at once.

Use the data you already have

Twelve to twenty-four months of billing history by meter, with monthly seasonality, square footage, and calendar changes such as summer programming or extended-day use.

Where it pays off

More defensible monthly budgeting, early warning on equipment running inefficiently, and a credible payback case for efficiency projects the same logic applies to insurance premiums and food service.

Building Three Scenarios

Keep the discipline consistent

Same model, same tabs, one variable set per scenario. Change only the assumptions never the structure so results stay comparable and reviewable.

Base case — the plan of record

Most likely enrollment, funding as adopted by the legislature, and known cost increases. This is the budget you present and manage to.

Conservative case — the planning discipline

Enrollment at roughly 95% of plan, no new discretionary revenue, and cost increases at the high end of the range. Identify what you would defer here.

Downside case — the stress test

Enrollment near 90% of plan, a funding reduction or delayed payment, plus an unbudgeted cost event. Confirm the school stays solvent and above its reserve floor.



Decide the trigger before you need it.

Define trigger points

Write down the enrollment or revenue level that activates each contingency, and what specifically happens when it is reached.

Sequence to the calendar

Spring staffing commitments, summer re-enrollment confirmation, the October count, mid-year revision, and the supplemental budget each have their own decision window.

Anchor to reserve policy

State the fund balance floor and days of cash the board expects, then test every scenario against it.

Communicate with the board

Present scenarios side by side with a summary dashboard, charts, clean tables, and a short narrative then focus the discussion on the decisions, not the arithmetic.



Takeaways

Budget the
plan, model the
range.

Document All Assumptions

Make every major assumption an input and document its source.

Establish Trigger Points Early

Decide your trigger points before the October count.

Build Institutional Memory

Keep the model, not a person, as the institutional memory.

Thank you.

