



COLORADO LEAGUE of
CHARTER SCHOOLS



School Leadership in an Uncertain Financial Climate

SEPTEMBER 5, 2025

www.coloradoleague.org



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 strategic finance capacity. We support charter schools in understanding the future of your finances, illuminating 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 Colorado.





CO-FOUNDER & CEO | AFTON PARTNERS

Carrie Stewart



EXPERIENCE

Advisor & Operator

- Advisor to ~60+ charter school networks
- CFO Coach & CoP facilitator
- Charter school board member
- Seminal charter school CFO/COO experience in New Orleans

EXPERTISE

Education Finance

- Financial strategy, planning, & sustainability
- School funding policy
- Financial governance

Today's Agenda:

Today's Operating Climate &
The Financial Implications

Four Leadership Priorities – And
Actions to Take

Reflections





In a tough policy and operating climate,
*what personal leadership strength or habit are
you leaning on the most?*








THE UNCERTAINTY YOU ARE NAVIGATING

Getting Grounded in the Facts of your Operating Climate

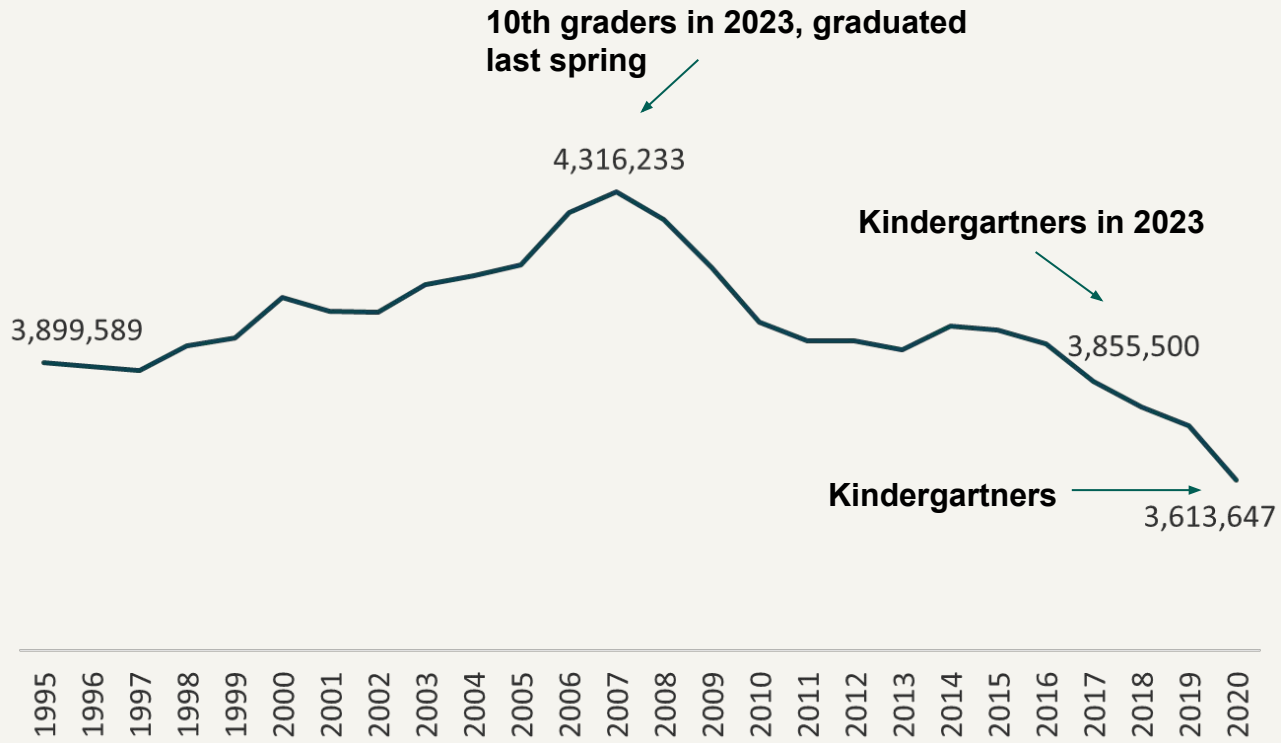


AFTON'S "7 E's"

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





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.

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.



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
Total	\$6.8 Billion

**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 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 poverty-based funding**, 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 III-A (EL).
- “Re-envision and re-compete” \$1B school mental health grants (SBMH).
- Elimination of Preschool Development Grants (PDG).



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!



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

IMMEDIATE / NEAR TERM (0-12 MONTHS)

- Enrollment & attendance might be at risk due to deportation fears and potential increase in housing, food, medical insecurity.
- 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.
- Specific federal grants may be impacted in timing, if not magnitude.

MID-TERM (1-3 YEARS)

- Pressure on state budgets to make up for federal Medicaid & SNAP cuts, potentially adversely impacting education funding
- OBBBA substantively cuts Medicaid & SNAP, likely adversely impacting students and school access to poverty-based ed funding.
- Material change to federal education dollars may occur in magnitude and rules.
- Costs may increase from tariffs, particularly public facility construction and technology
- Increase in public servant mobility and stress, risking program quality and sustainability



04 And, what about our Colorado context?

Colorado has a **state-funded universal meals program**, so the anticipated Medicaid & SNAP enrollment drops do not directly impact your meal funding

→ The risk is more about **if state budgets are cut** as a result of the federal funding pressure and the fact that the state program is already running a deficit

Colorado has instituted a new state formula - its impact will be felt to the extent more money can be put into the state education budget. The **state budget may be squeezed** in the coming years.



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?

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

Pair & Share

How might the current operating climate impact **priorities in your role?** Why?



WITH PRACTICAL ACTIONS FOR LEADERS

Four Priorities for Leaders During Financial Uncertainty



Four Leader Priorities During Financial Uncertainty



01
Communication
Engage your team toward clarity and sound decision-making



03
Cash Planning
Plan for delays in reimbursements and conserve cash



02
Risk Management
Quantify your risks and scenario plan some options



04
Revenue Strategy
Focus on enrollment and diversify revenue sources

Communication

01

1. **Bring some of the slides on operating climate** to your board and team to lay the context. Facilitate dialogue.
2. **Identify decisions you are making that are materially impacted by the operating climate**, like facilities, growth, staffing, compensation, talent strategy.
3. **Quantify the potential impact** of operating climate matters as part of your decision making (e.g., downside enrollment).
4. **Establish your finance committee** for the year and ensure their engagement to support your decision making.
5. **Acknowledge the operating climate context in full staff communications** for transparency and clarity.



Here are some guiding questions you can use with your board members and team to engage on the operating climate

STRATEGIC ALIGNMENT & IMPACT

- Which of these pressures feel most relevant to our school's mission, strategy, and financial stability?
- What assumptions in our current strategy might be challenged by these developments?
- What upcoming organizational decisions are substantially impacted by this operating climate?
- Where are there potential opportunities in this climate that we should be exploring?

GOVERNANCE & COMMUNICATIONS

- What role should the board play in monitoring and responding to these changes?
- How can the board ensure accountability for navigating these external risks?
- How should we communicate these risks and opportunities to our staff, families, and funders?
- What messages will build trust and confidence in our ability to adapt?



A well-functioning **finance committee** is an enabling condition for financially sustainable decision-making

CHARGE

Define roles for CEO, CFO, Finance Committee

COMPOSITION

Build & sustain required skill sets and engagement

CONTENT

Identify & provide materials for sound decision making

COLLABORATION

Build the strategic conversations across CEO, CFO, Board

CADENCE

Meet monthly or bi-monthly, considering "arc of the year"

Intentional financial governance increases impact and improves sustainability especially during a time of challenging economic and policy forces.

If you don't have a fully 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



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.

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.

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:

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.

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,

Tim

1 Consistent

2 Informative

3 Transparent

4 Compassionate



A woman with long blonde hair is smiling broadly while swinging on a swing set. A young child in a pink shirt is also on the swing set, slightly out of focus in the background. The scene is set in a park with green grass and trees under a bright sky.

What is one major decision you making in the next year with your team where communication on operating climate is relevant?



Risk Management

02

1. **Quantify your exposure to specific federal grants** (which specific federal funds are you claiming, for how much annually?)
2. **Create a few scenarios on your biggest operating risks** within today's climate (e.g., federal funds, enrollment, construction costs) – what would the budget impact be?
3. **Identify & prioritize what works for student outcomes** as you plan for trade-off decisions
4. **Partner with your back-office provider** for support in your scenario and cash planning



This charter school network identified \$900,000 (9%) from federal funds out of \$10M total revenue, with varied risk

Federal Revenue	Total Funds	Grant Risk
Title I-A	\$400K	Low
Title II-A	\$25K	Medium
Title III-A	\$50K	Medium
Title IV-B	\$100K	Medium
CACFP Food Reimbursement	\$325K	Low



For those concerned about enrollment and federal funds risks, a scenario planning tool like this can quantify funding impact

Enrollment Change	0	+15	-15	-25	-35	-50
0%	\$0	\$225,000	(\$225,000)	(\$375,000)	(\$525,000)	(\$750,000)
10%	(\$90,000)	\$135,000	(\$315,000)	(\$465,000)	(\$615,000)	(\$840,000)
20%	(\$180,000)	\$45,000	(\$405,000)	(\$555,000)	(\$705,000)	(\$930,000)
30%	(\$270,000)	(\$45,000)	(\$495,000)	(\$645,000)	(\$795,000)	(\$1,020,000)
40%	(\$360,000)	(\$135,000)	(\$585,000)	(\$735,000)	(\$885,000)	(\$1,110,000)
50%	(\$450,000)	(\$225,000)	(\$675,000)	(\$825,000)	(\$975,000)	(\$1,200,000)

% of \$900k Federal Grants Not Collected

This tool can be used to determine the extent of operational changes needed if a combination of enrollment and federal grants are lost.

Cash Planning

03

1. If possible, **build cash reserves** for FY26+, and/or increase your cash target closer to 90 days of cash
2. Establish or renew your **line of credit**
3. Ensure you are submitting **grant reimbursements timely**
4. Project your **monthly cash flow**, revising it each month
5. Identify **what you will delay** if funding reimbursements slow down



Project your sources and uses of funds to anticipate your cash balance and days of cash on hand

Scenario A	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Per Pupil	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
Fed Funds	\$ 175,000		\$ 175,000		\$ -	\$ 225,000
Other	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Total Sources of Cash	\$ 940,000	\$ 765,000	\$ 940,000	\$ 765,000	\$ 765,000	\$ 990,000
Personnel	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000
Services & Supplies	\$ 250,000	\$ 350,000	\$ 250,000	\$ 10,000	\$ 10,000	
Rent			\$ 75,000			\$ 75,000
Other	\$ 125,000	\$ 125,000	\$ 35,000	\$ 10,000	\$ 10,000	\$ 10,000
Total Uses of Cash	\$ 1,000,000	\$ 1,100,000	\$ 985,000	\$ 645,000	\$ 645,000	\$ 710,000
Projected Net Cash Flow	\$ (60,000)	\$ (335,000)	\$ (45,000)	\$ 120,000	\$ 120,000	\$ 280,000
Beginning Cash	\$ 1,250,000	\$ 1,190,000	\$ 855,000	\$ 810,000	\$ 930,000	\$ 1,050,000
Ending Cash	\$ 1,190,000	\$ 855,000	\$ 810,000	\$ 930,000	\$ 1,050,000	\$ 1,330,000
Days of Cash on Hand	42	30	29	33	37	47



This school is starting the year with ~45 days of cash and a balanced budget, with some ebbs and flows that matter if there is a surprise



This same school had \$900,000 of federal funds for the year. If those funds end up delayed by 4 months, it puts October payroll at risk

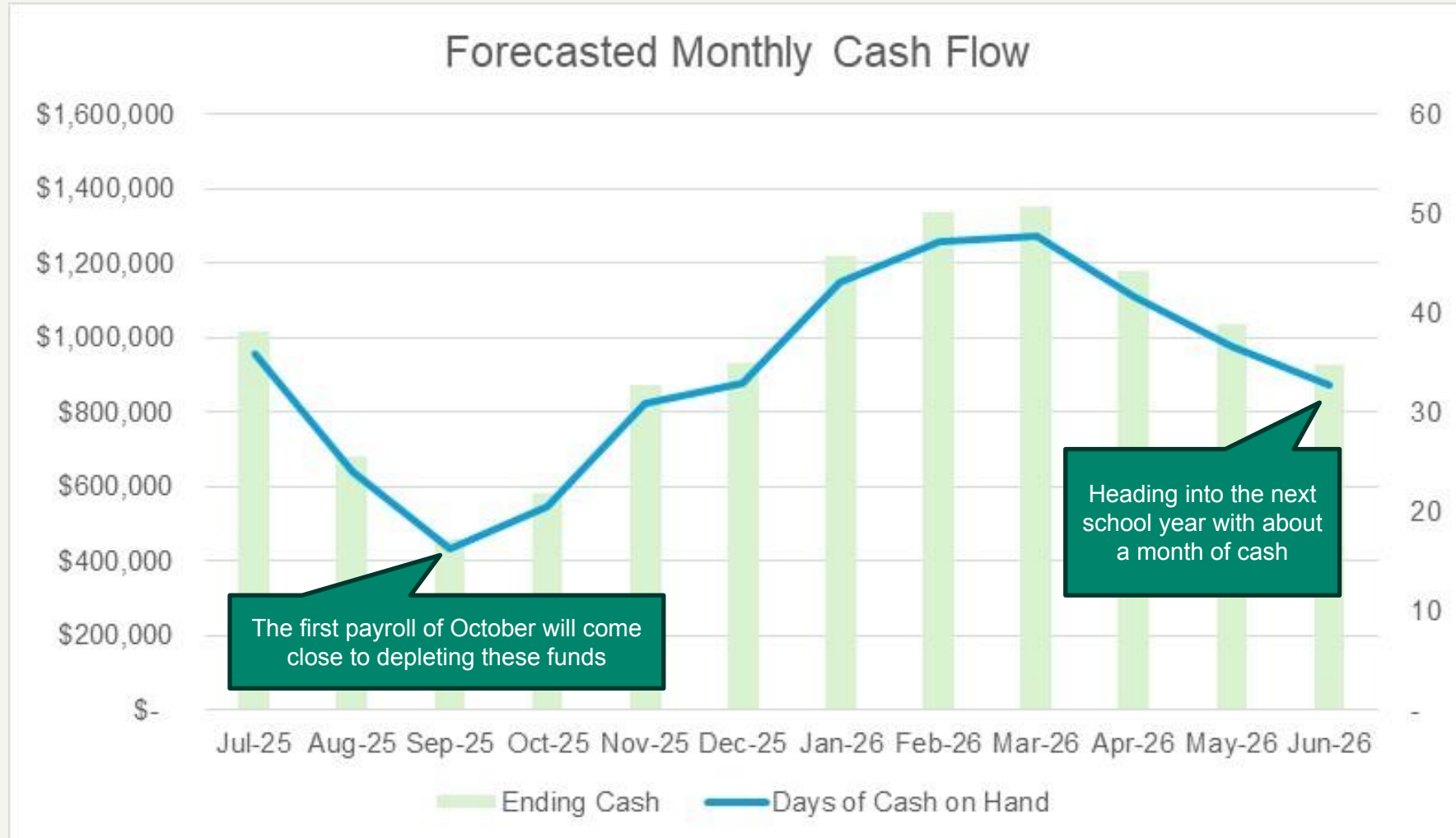


Table Exercise
Review Cash Flow
Scenarios A, B, C, D





As a table, answer for each scenario...

1. What is your takeaway about future cash, in totality and at different points of the year?
2. What steps might you take if was your projected cash flow? Why?



Tactics for mitigating this kind of temporary cash flow challenge

BOLSTER LIQUIDITY

Increase, renew, and/or establish your line of credit.

Ask funders to pull forward commitments.

Monitor monthly cash flows.

HOLD MAJOR EXPENSES

Identify major costs that might need to be delayed, including facilities, equipment, tech purchases, and filling vacancies.

Renegotiate contracts.

STAGE COMMITMENTS

Delay decisions on contracts, programming, or new positions that would need to be cut if student enrollment is lower than expected or if you need to conserve cash.



Revenue Strategy

04

1. Fully resource **data-driven student recruitment** strategies
2. Strategically **over-enroll** certain grade levels where possible
3. Identify opportunities for **diversifying revenue streams**



Five power moves to drive healthy student enrollment and financially sustainable schools



Know your market



Set data-driven targets



Invest in marketing spend, staffing, and systems



Monitor progress and make adjustments



Share ownership & accountability



Examples of diversified revenue streams



Grants & philanthropy



Local business partnerships

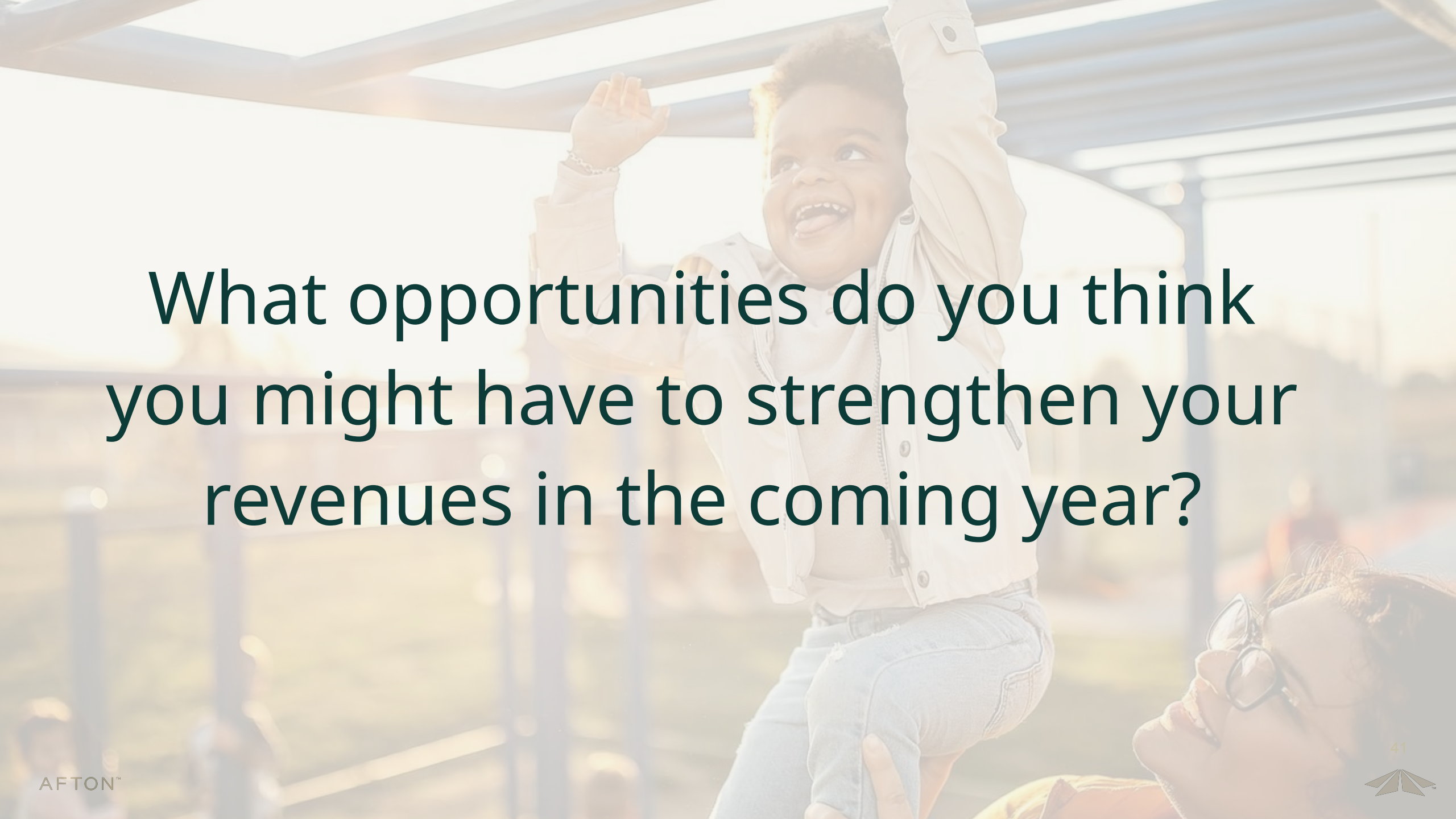


Fee-based services (after school, summer programming, facility rental)



Invest excess funds in interest-bearing accounts



A young child in a white jacket is hanging from a horizontal bar, looking up with a joyful expression. In the foreground, a woman with glasses is smiling and looking towards the child. The background is a bright, sunlit outdoor area with a railing and a building.

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

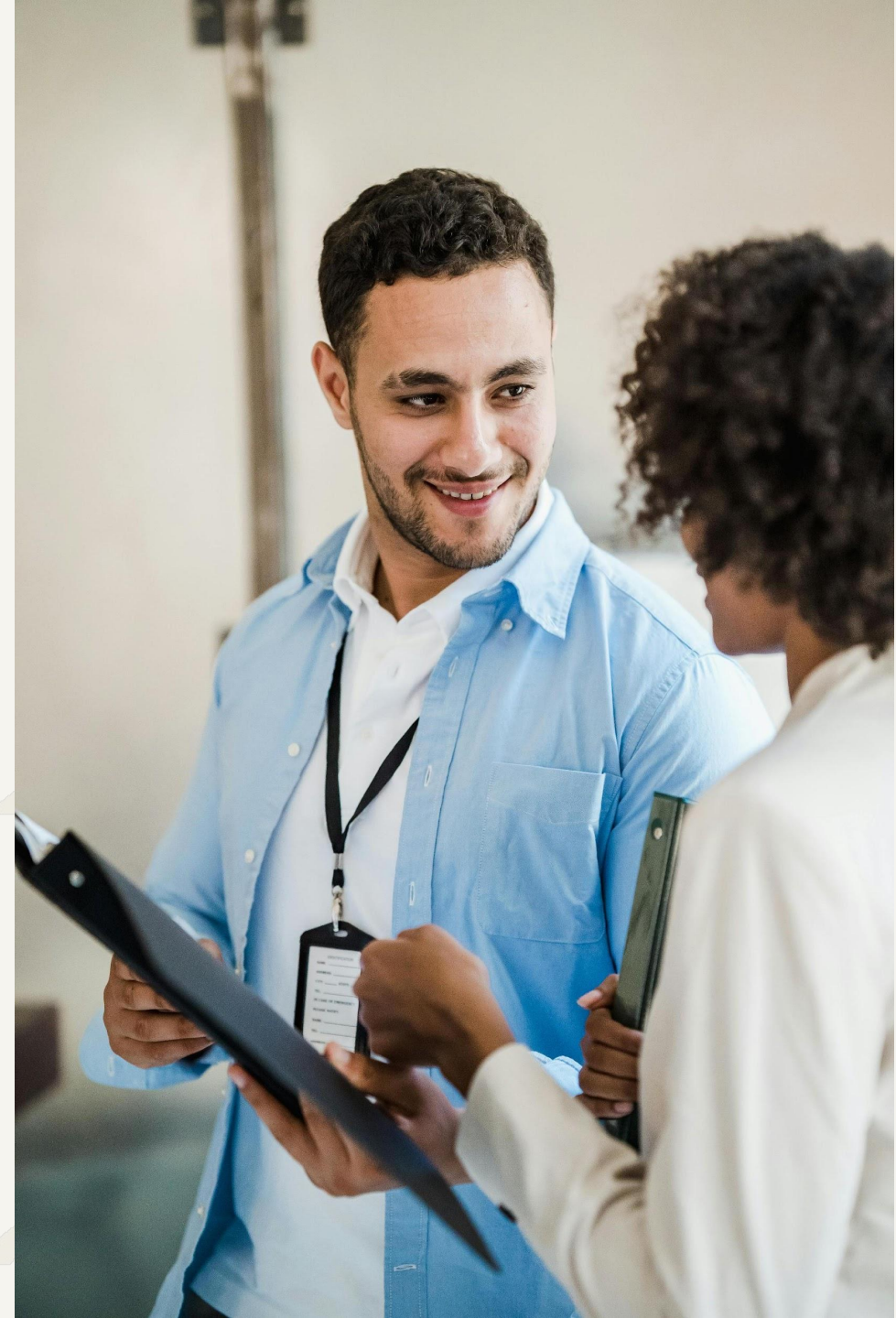




The operating climate and policy **matters will evolve.**

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

Write out three steps you can take from our session today.





HOW DID WE DO?

Please take a moment to help us improve.





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Appendix



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.

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.

