



Peoria School District 150

Recommendations to Modify and Extend the Quest Charter School Agreement

January 26, 2015

Major Substantive Changes to Quest Charter Agreement

- Agreement is for 5 more years, beginning on July 1, 2015 and ending on June 30, 2020.
- Clarifies Quest access to Safe Schools program at WCTC on a space-available basis.
- Clarifies that Quest will have access to District 150 gyms for athletic events in accord with District 150 Policy 8:22.

Major Substantive Changes to Quest Charter Agreement (continued)

- New funding formula.
- District 150 will forgive remaining \$210,000 balance on loan to Quest for the 2012 purchase of the former Loucks and Columbia school buildings.
- Quest will use District 150 student information system for all Quest students. Previously used only for special education students.
- Quest will provide beginning of year and end of year reports on its special education population.

Major Substantive Changes to Quest Charter Agreement

- District 150 will provide legal defense for due process legal proceedings involving District 150 special education students enrolled at Quest.
- Quest no longer limited to one named vendor for school management or operational services; may select another qualified vendor or no outside vendor. (Subject to approval by District 150 and ISBE).

Funding Overview

Quest Funding Through District 150

Statutory
Requirements

Current Use of the Per
Capita Tuition Charge

Challenges With the
PCTC

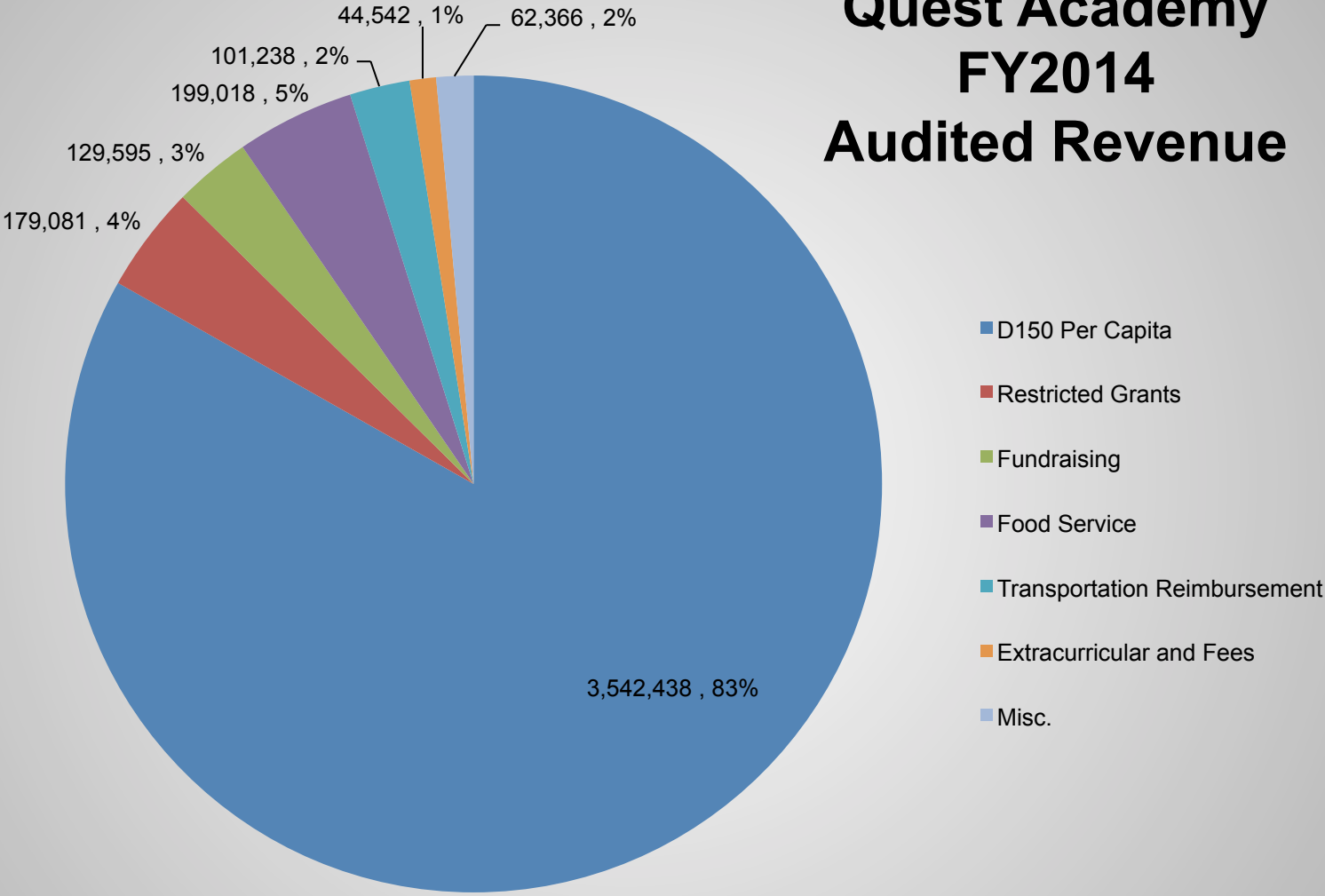


Funding Recommendation

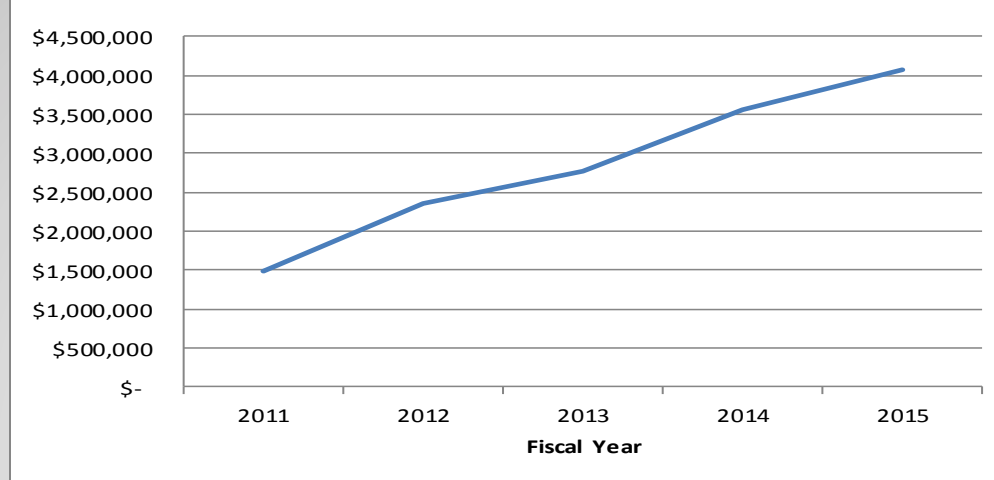
Goals

Funding Recommendation and
Analysis

Quest Academy FY2014 Audited Revenue



Quest Per Capita Funding FY2011 to FY2015



<u>Fiscal Year</u>	<u>Per Capita Funding</u>	<u>Mortgage Payment</u>	<u>Net Payment</u>	<u>Percent Change</u>
2011	\$1,486,542	\$ -	\$ 1,486,542	-
2012	\$2,350,079	\$ -	\$ 2,350,079	58%
2013	\$2,764,444	\$ -	\$ 2,764,444	18%
2014	\$3,548,538	\$ 30,000	\$ 3,518,538	27%
2015	\$4,078,191	\$ 30,000	\$ 4,048,191	15%

Note: FY2015 includes the estimated 4th quarter payment of \$1,008,519

Charter Schools

Statutory Funding Requirement

- The charter school and the local school board shall agree on funding and any services to be provided by the school district to the charter school.
- All services centrally or otherwise provided by the school district shall be subject to negotiation between a charter school and the local school board.
- In no event shall the funding be less than 75% or more than 125% of the school district's per capita student tuition multiplied by the number of students residing in the district who are enrolled in the charter school.

ILCS 5/27-11(b) (summarized)

Per Capita Tuition Charge (PCTC)

The amount a local school district charges as tuition to nonresident students as defined by Sections 18-03 and 10-20.12a of the School Code. (Illinois State Board of Education)

Such per capita cost shall be computed by dividing the total cost of conducting and maintaining the schools of the district by the average daily attendance, including tuition pupils. (Illinois School Code 10-20.12a)

Calculating the PCTC

- Add all expenses of the school district in its Ed, O & M, Debt Service, Transportation, IMRF/SS, and Tort Funds.
- Subtract expenditures not applicable to the regular K-12 program (such as adult education and summer school).
- Subtract offsetting/restricted revenues from state and federal sources and revenues from student and community services.
- Add a depreciation allowance.
- Divide total by the nine-month ADA for the year.

FY2014 District 150 PCTC

Expenditures *	\$ 178,074,075
<u>Less Deductions</u>	
Operating Expenses **	21,064,290
Restricted Revenues	38,661,599
Total Deductions	\$ 59,725,889
Add Depreciation	\$ 7,595,821
Total Costs	\$ 125,944,007
Average Daily Attendance	11,911
Per Capita Tution Charge	\$ 10,573.75

* From Ed, O&M, Trans, IMRF/SS
Debt Service and Tort Funds

** Not applicable to K-12 operations

Challenges With The Use of the PCTC

- Total District 150 PCTC for FY2014 is \$10,573.75

Of this total:

- \$638 is attributable to depreciation
- \$472 is attributable to interest expenses
- \$676 is attributable to deficit financed expenditures (expenditures over revenues)
- ***In total, \$1,787 of the PCTC, 17%, is attributable to expenditures that are either:***
 - ***not related to student instruction or instructional/admin support***
 - ***not financed from sustainable revenues***

**PEORIA SCHOOL DISTRICT 150 AND QUEST ACADEMY
FINANCING SCENARIOS**

	FY2015 Budget	FY2016	FY2017	FY2018
<u>FY2014 Per Capital Tuition Charge of \$10,573.75 at 85% and 2% annual increases)</u>				
Total Funding	4,218,203	5,392,614	5,500,500	5,610,500
\$ Change		1,174,411	107,887	110,000
% Change		27.8%	2.0%	2.0%
Ave % Change				
<u>FY2014 PCTC at 85% with Planned Expenditure Reductions in FY2015 and FY2016</u>				
Current Funding	4,218,203			
PCTC		10,573.75	10,352.07	9,616.57
PCTC at 85% Funding Level		8,987.69	8,799.26	8,174.08
Enrollment		600	600	600
Total Funding		5,392,614	5,279,556	4,904,448
\$ Change		1,174,411	(113,058)	(375,108)
% Change		27.8%	-2.7%	-8.9%

For comparison purposes, assumes level enrollments of 600 students in FY2016 - FY2018

Goals for New Funding Model

- Needs to be appropriate and reasonable for D150 and Quest.
- Must address the identified issues related to the use of the PCTC.
- Should be tied more closely with available unrestricted District revenues.
- Should assure that Quest and D150 students have equitable funding support.

Recommended Funding Model (First Year – FY2016)

- Establishes a FY2016 funding base of \$5,122,590, an increase of 23% above current year funding.
- This funding includes:
 - Support for 570 students (an increase of 66 new students)
 - A funding level of \$8,987 per student (85% of the district's per capita tuition charge)
 - Adjustments will continue to be made if enrollment levels are not reached

Recommended Funding Model Fiscal Years 2017-2020

- Each year Quest's funding base would be increased based on the two-year average change in District 150 General State Aid.
- The latest two-year averages were:
 - 2.8% (FY12-FY14)
 - 2.5% (FY13-FY15) used for FY2017 funding

Key Points

1. The Quest funding model must be appropriate, reasonable and fair for District 150 and Quest - the Recommended Model satisfies these requirements.
2. The Recommended Model recognizes issues with the PCTC and uses the PCTC only to establish the base funding in year one.
3. Linking Quest funding to changes in the District's General State Aid assures that funding for Quest students will trend in a similar and equitable manner as funding for all other District 150 students.
4. The Recommended Funding Model has been agreed to by negotiating teams from Quest Academy and District 150.