



## **Funding at Great Hearts and Trivium Prep**

### **What is Great Hearts?**

Great Hearts is a non-profit, 501c3 organization that opens and operates public charter schools. No part of our structure is for-profit, and no individuals privately own the organization. We are a mission-driven organization dedicated to improving education through classical preparatory K-12 academies. Our core purpose is to cultivate the hearts and minds of students in the pursuit of Truth, Goodness, and Beauty.

Each academy in the Great Hearts network is a state-chartered public school and a subsidiary 501c3 non-profit. Collectively, our academies utilize a home office team for more efficient support of the network: Human Resources, Curriculum Development, State Compliance and Reporting, IT, Marketing, Facilities support, Enrollment, Finance and Accounting, Exceptional Student Services support, Fundraising support, and Teacher, Staff, and Leadership Professional Development. Each academy directs 10% of their state aid payment to the network for academy support services. Importantly, however, every penny donated at each academy stays at the academy and is not moved between schools or used for network support services.

### **Why do Great Hearts and the schools in our network have a need to fundraise?**

There is a gap between what the state invests in our schools and what it actually costs to run them.

As you probably know, public charter schools are funded differently than public district schools. Both districts and charters receive what is called a base per-pupil amount. For our school, the total of this base amount comes from the state's general fund and some federal grants. For a district school, the general fund plays a smaller role in their overall funding with local property taxes making up a significant portion of their total.

Because charter schools do not receive any local tax revenue, charter schools receive more from the state's general fund than district schools.

Some have taken this difference to mean that charter schools get more funding than districts schools. This is false. In addition to local property tax revenue received to cover their base amount, school districts can also increase their per pupil funding through local bonds, voter-approved budget overrides, and additional facilities funding from the state's school facilities board. When all sources of public revenue are totaled, district schools receive significantly more in public funding than charter schools.

Depending on the district a public charter school resides in, it can receive anywhere between \$1,000 and \$5,000 less per student than the public district school next door.

Even still, this doesn't tell the whole story. Charter schools must pay rent or a mortgage on their facilities. District schools don't have that expense as the local tax payer covers that payment. This means that charter schools only have their per-pupil funding at their disposal to ensure students have a safe and functional school in which to learn.



Here's how this ends up working out at Trivium Prep:

\$7,575	= The amount that Trivium Prep receives in total per-pupil funding from the state and federal sources
<u>\$423</u>	= What your Community Investment dollars add, per-pupil to our school funding
<b>\$7,998</b>	<b>= Total Unrestricted Per-Pupil Funding Amount</b>
<u>-\$1,123</u>	= Mortgage payment on our facility on a per-pupil basis
<b>\$6,875</b>	<b>= Total Per-Pupil Amount Left Over To Operate Our School</b>

The reported average per-pupil funding level for public schools in Maricopa County is around \$9,600. In the public school district that Trivium Prep resides, Litchfield School District, the reported total per-pupil funding amount is around \$10,800. In real dollars, this constitutes over a \$3,900 difference between the funding of a LSD student and a Great Hearts student. **This means that our school has approximately \$85,800 less in funding per classroom.**

Great Hearts and the schools in our network fundraise not only because of these low per-pupil investments, we also do more inside our classrooms than you will find at many district schools: Smaller class sizes, lower student-to-teacher ratios, along with daily, core curricular programs like art, music, foreign language, drama, poetry, not to mention college counseling and a range of extra-curricular and cultural opportunities. All of this adds to the richness of the student experience and all of it costs money. We know this is what our children deserve, and it is why we rely on our partnership with families to help provide their children with this unique and worthwhile education.

### **What is the Community Investment campaign?**

The annual Community Investment campaign helps to buffer our school from the reality of public funding. The amount we receive from public funding is insufficient to run the program we believe students deserve. And while the \$1,500 per student we ask families to consider donating does not cover the full gap that truly exists, it has historically helped us run positive operating incomes, albeit narrowly.

It is important to note that 100% of all Community Investment campaign gifts made to the school stay at the school and directly support the school's operating budget.

### **Gifts to the Community Investment campaign:**

- Cover some of the gap between what we need to deliver the top-tier education that our children deserve and what we receive from public funding
- Help us support our excellent and dedicated faculty
- Keep our class sizes smaller for more individualized attention
- Enable us to offer programs such as art, music, and foreign language on a daily basis
- Allow us to offer our students a private school caliber education in a public school setting



### **What is the Arizona Public School Tax Credit drive?**

The Arizona Public School Tax Credit allows Arizona taxpayers to contribute to the public school of their choice and receive a dollar-for-dollar credit on their state tax liability. Married couples may contribute up to \$400 and single filers may contribute up to \$200 and receive the full credit from their state tax liability. Tax Credit contributions support our qualified extra-curricular and athletic programs, field trips, and character-building programs. 100% of all Tax Credit gifts stay at the school where they were donated.

### **What is the Teacher Excellence Fund?**

In October 2017, Great Hearts Arizona started the new Leadership Society Teacher Excellence Fund – a new innovative fundraising effort to directly address teacher compensation. Dollars raised through this initiative will be used at your Academy to supplement teacher salaries with annual retention bonuses.

Families who have already made a Community Investment gift may also support the Teacher Excellence Fund. For every dollar given to the Teacher Excellence Fund, \$.70 will stay at our local academy with \$.30 supporting the network-wide Teacher Excellence Fund. We do this so no Great Hearts school across the Valley is left behind in receiving support to increase their teacher compensation. You will hear more about the opportunity to participate in the Teacher Excellence Fund from your Academy Giving Manager in the months ahead.

### **Why do schools in the Great Hearts network need to run capital campaigns?**

Unlike district schools, charter schools do not receive local or bond override funding to build or maintain their facilities. Therefore, Great Hearts and the schools in their network seek bond funding from open markets to finance capital projects to build new schools or refinance existing bonds. The lease payment/debt service of the bond is paid directly from the operating budget of each academy. Capital campaigns may be run at some academies to complete campuses with program amenities for our students and teachers beyond what responsible debt service will allow.

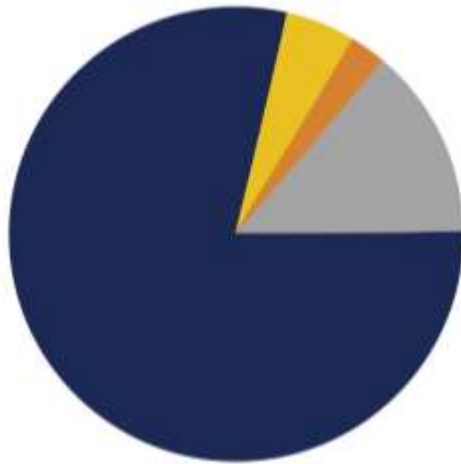
### **I have questions. Where should I go?**

Please contact Annann Hong, Academy Giving Manager, at 623-866-9480 or [ahong@triviumprep.org](mailto:ahong@triviumprep.org).

*Please see the final three pages of this document to learn more about Trivium Prep's funding for the 2018-19 school year.*

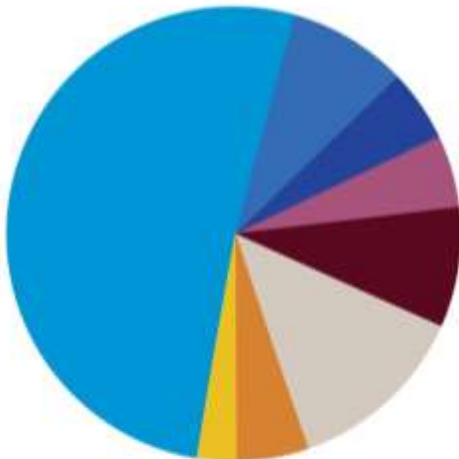


## Where Does Our Funding Come From?



- State Aid: 79%
- Community Investment Campaign: 5%
- Tax Credit Drive: 2%
- Extra-curricular, Special Programs & Other: 14%

## Where Does Our Funding Go?



- Instructional: 65%
- Faculty Salaries & Benefits: 51%
- Student Support Services & Materials: 9%
- Extra-Curriculars: 5%
- Academy Administrative Salaries & Benefits: 6%
- Network Support Services: 9%
- Building Mortgage/Rent: 13%
- Building Operating Expenses & Supplies: 5%
- Program Support: 2%



## Pie Graph Category Descriptions

### Where Does It Come From?

#### **Public Funding & State Aid:**

- State funding including state aid, Prop 301, Prop 123, and the instructional improvement fund
- Federal funding including IDEA (ESS), Title I, II & III, AZCSP, REAP, NSLP

#### **Community Investment:**

- Community Investment gifts

#### **Tax Credit:**

- Tax Credit contributions

#### **Extra-curricular, Special Programs & Other:**

- Summer School
- Athletics
- Clubs
- School Meals
- Rental Income
- Other Contributions and Gifts
- PSO Donations

### Where Does It Go?

#### **Instructional**

#### **Faculty Salaries & Benefits:**

- Salaries
- Hourly Wages and Overtime
- Stipends
- Performance Pay
- Summer School
- Employee Insurance (Medical, Dental, Life, STLT Disability, etc.)
- FICA (Social Security/Medicare)
- SUTA (State Unemployment)
- Retirement Matching
- Workers' Comp

#### **Student Support Services & Materials:**

- Instructional and Exceptional Student Services Expenses
- Support Staff for Students
- Textbooks and Instructional Supplies
- Photocopying Related Expenses

#### **Extra-curriculars:**

- Athletics
- Clubs

#### **Academy Administrative Salaries & Benefits:**

- Salaries
- Hourly Wages and Overtime
- Stipends
- Performance Pay
- Employee Insurance (Medical, Dental, Life, STLT Disability, etc.)
- FICA (Social Security/Medicare)
- SUTA (State Unemployment)
- Retirement Matching
- Workers' Comp

#### **Network Support Services:**

- Shared Services from Great Hearts
  - Human Resources
  - Curriculum Development
  - State Compliance and Reporting
  - IT
  - Marketing
  - Facilities Support
  - Enrollment
  - Finance and Accounting
  - Exceptional Student Services Support
  - Fundraising Support
  - Teacher, Staff, and Leadership Professional Development

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**TRIVIUM**  
PREPARATORY ACADEMY  
A Great Hearts Academy

**Building Mortgage/Rent**

**Building Operating Expenses & Supplies:**

- General Liability Insurance
- Utilities
- Waste Management
- Cleaning Services
- Landscaping Services
- Pest Control
- Facilities Supplies
- Alarm Services
- Common Area Maintenance
- Repairs and Maintenance
- IT and Internet
- Phone

**Program Support:**

- Software Subscriptions
- Yearbook
- Vision/Hearing Screenings
- Library Related Expenses
- Fundraising Expense
- Credit Card Merchant Fees
- Audit Fee
- Accreditation
- Dues and Fees
- Legal

**Questions? Please contact Annann Hong at 623-866-9480 or [ahong@triviumprep.org](mailto:ahong@triviumprep.org). Thank you!**