



# Manage Your School's Spending

**THE CHARTER SCHOOL SPEND MANAGEMENT GUIDE**

In partnership with Fraxion



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Schools**

Getting you the money, resources, and  
know-how to create thriving schools.

# Written in Partnership with Fraxion

## ABOUT FRAXION

With over 20 years of expertise in spend management, Fraxion is committed to helping schools reduce operational costs and improve efficiency. As a leading procurement software provider, Fraxion's all-in-one solution for procure-to-pay processes simplifies and automates purchasing, expense management, and accounts payable.

Trusted by charter, private, public, and independent schools worldwide, Fraxion provides real-time visibility and control, ensuring budget and policy compliance while offering advanced spend analysis and reporting. Schools can track spending against grants, funds, and multiple budgets, all while maintaining transparency and audit-readiness.

By optimizing spending processes and improving operational efficiency, Fraxion empowers schools to reduce costs, enhance accountability, and make smarter financial decisions, driving better educational outcomes.



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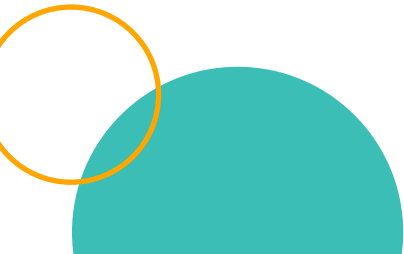
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# Understanding Operational Costs and Budget Management

Operating costs and overheads are the essential day-to-day expenses required to keep your school running smoothly. This includes salaries, utilities, classroom and office supplies, technology and software, IT support and infrastructure, curriculum and textbooks, communication and marketing, food services, capital expenditures, transportation, student activities and extracurriculars, equipment leasing, and grounds and facility maintenance. Understanding these expenditures is the first step in managing your spending effectively.

Having clear visibility into a school's budget and effectively managing operational costs is essential for ensuring financial resilience and long-term stability. With a well-structured approach to spending, schools can plan for the future, optimize resources, and make informed decisions that help maintain financial health while continuing to deliver quality education.

Charter schools often manage multiple budgets and a variety of funding sources, including:

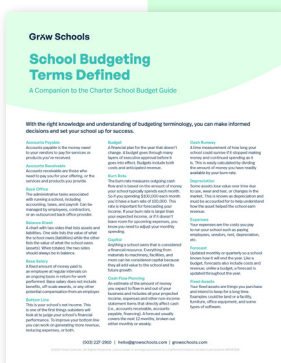
- General operating budget
- Fundraising and development budget
- Technology and IT budget
- Facilities and maintenance budget
- Restricted or grant funds





Having multiple budgets makes effective spend management even more critical to maintaining stability and continuing to provide quality education. By tracking spending against multiple budgets in real-time, schools can:

- 1. Ensure Financial Stability:** Stay on budget, meet financial obligations, avoid excessive debt, and maintain stable cash flow—particularly important for charter schools with limited funding from public sources and private donations.
- 2. Maximize Educational Resources:** Control costs to allocate more resources directly to student education, such as quality teaching, academic programs, and technology—ensuring funds have the greatest impact on student outcomes.
- 3. Support Long-Term Sustainability:** Operate within means to remain sustainable, plan for the future, adapt to changing financial conditions, and continue providing quality education without compromising on mission.



**FREE DOWNLOAD**

## Need Help Understanding Charter School Budget Terms?

This reference guide defines key budgeting terms to help you make informed decisions and set your school up for financial success.

[growschools.com/budgetterms](https://growschools.com/budgetterms)



# Why Spend Tracking Matters for Charter Schools

Tracking operational costs is not just about good financial management—it's a cornerstone of transparency, fostering trust and accountability. Without careful cost tracking, schools risk compromising their ability to deliver on their mission.

Accurate spend tracking against budgets and funds provides:

- **Clear financial reporting** for schools relying on a mix of public funding and private donations
- **Accountability** in identifying areas where savings can be made or funds need reallocation
- **Trust-building** with the community and potential donors, enhancing credibility and strengthening relationships
- **Compliance** with regulations and reporting requirements mandated for charter schools
- **Effective resource allocation** to areas with the most significant impact on student outcomes





# Best Practices for Spend Management

## TRACK RECURRING EXPENSES

**Why It's Important:** Recurring expenses, such as salaries, utilities, janitorial services, and maintenance, are predictable and can quickly add up if not properly managed.

**Best Practice:** Set up or leverage a system to track these expenses monthly or quarterly. Monitor trends and ensure that payments align with your budgeted amounts. By identifying patterns and staying on top of these costs, you can proactively address areas of concern (e.g., unexpected spikes in energy use or maintenance costs).

### EXPERT TIP

Make sure your process includes guidance on getting multiple quotes before large purchases or projects. By seeking competitive quotes for major expenditures, you can ensure that the school is getting the best value for goods or services purchased, leading to significant cost savings. Regularly review and renegotiate supplier contracts to maintain competitive pricing and consolidate purchases where possible, to qualify for bulk discounts.

## ESTABLISH AND ENFORCE A CLEAR PROCUREMENT PROCESS

**Why It's Important:** Uncontrolled or inconsistent purchasing can result in overspending or waste, especially in areas like office supplies, instructional materials, or technology.

**Best Practice:** Develop a formal procurement process that includes clear guidelines and policies for purchasing, budgeting, and approvals. Ensure that all staff members are trained on making purchases within these processes and budget guidelines, with checks and balances in place (e.g., central approval for large purchases).

## MONITOR SPENDING TRENDS AND HISTORICAL DATA

**Why It's Important:** Reviewing past spending patterns helps you identify areas where costs may have exceeded expectations or increased over time, which is key to staying within budget.

**Best Practice:** Regularly analyze historical data to uncover patterns in spending and compare it to your current year's budget. Look for any areas of overspending or rising costs in categories like supplies or maintenance. This will help identify inefficiencies and allow you to take corrective action (e.g., adjusting consumption, negotiating better rates, or reallocating funds). Historical trend analysis also enables more accurate future budgeting.

## NEGOTIATE CONTRACTS FOR BETTER RATES

**Why It's Important:** Charter schools often rely on external vendors for services like cleaning, food services, and security. These service contracts can be significant drivers of operating costs.

**Best Practice:** Review all existing service contracts annually to assess whether there are opportunities to renegotiate terms for more favorable rates or find alternative vendors offering better pricing. This can involve switching providers, consolidating services and leveraging purchasing data to get volume discounts, or exploring long-term contracts that offer cost savings. It's also wise to monitor the market for price changes or new vendors that may offer more cost-effective solutions.

## CONTROL EXPENSES AND TRAVEL COSTS

**Why It's Important:** Travel, field trip, and incidental expenses can be difficult to track and manage, and uncontrolled spending can quickly deplete a school's budget. Implementing a formal expense and travel policy helps ensure that expenditures, including those incurred on tours and field trips, are necessary and stay within budget.

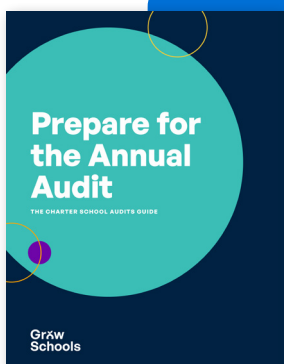
**Best Practice:** Establish clear guidelines and policies for expenses and insist on detailed receipts and justification for expense reimbursement. Implement an approval system to ensure that any expenses are reviewed and authorized before they are incurred.

## ENSURE AUDIT-READINESS AND MANAGE RISK

**Why It's Important:** Charter schools are accountable to taxpayers, parents, funders, and other stakeholders. Strong internal controls and audit trails help prevent fraud, mismanagement of funds, ensure compliance, and build trust with the community.

### EXPERT TIP

Implement internal controls, including regular audits, segregation of duties, and approval workflows, to ensure all financial transactions are legitimate and transparent. Use procurement and accounting software to manage and track every transaction and create an easy-to-review audit trail. Set clear guidelines for monitoring and addressing any discrepancies in purchasing, ensuring accountability at each step. Regularly review and update internal controls to identify and address any weaknesses.



### FREE GUIDE

## Stress Less with Charter School Audits

Want to navigate the annual audit process more efficiently? This guide will empower you to prepare, manage compliance issues, and simplify the auditing experience.

[growschools.com/auditguide](https://growschools.com/auditguide)





# Managing Burn Rate

Burn rate refers to the rate at which a school is spending its available funds, particularly in relation to operational expenditure. A high burn rate can lead to cash shortages, forcing the school to make difficult decisions, such as cutting programs or staff.

## WHY BURN RATE IS IMPORTANT FOR CHARTER SCHOOLS

- **Cash Flow Management:** Monitoring the burn rate ensures the school doesn't overspend and can adjust before funds run out
- **Financial Health:** Helps evaluate if the school's spending is sustainable
- **Decision-Making:** Allocate funds to core educational expenses first

## Best Practices to Manage Burn Rate

1. **Monitor Cash Flow Regularly:** Track monthly cash flow to ensure spending aligns with available funds
2. **Forecast Expenses and Revenue:** Develop accurate forecasts based on historical data
3. **Prioritize Essential Spending:** Allocate funds to core educational expenses first
4. **Build a Financial Buffer:** Maintain a reserve fund for unforeseen expenses
5. **Track and Review Burn Rate Each Semester:** Make necessary adjustments to avoid overspending
6. **Limit Non-Essential Expenses:** Scrutinize all non-essential costs and trim where possible
7. **Implement Cost Control Measures:** Set up internal controls with approval workflows
8. **Empower departments heads to manage budgets:** Create collective accountability to manage costs

# Effective Cash Flow Management

Understanding the timing of income and expenses is essential, as charter schools often face fluctuating funding streams while managing fixed operational costs.

## WHY CASH FLOW MANAGEMENT MATTERS

With a reliance on public funding (based on enrollment), grants, and private donations for revenue, the timing of these funds doesn't always align with the school's expenditures. Managing cash flow ensures that there is enough liquidity at any given time to cover expenses, especially when there are gaps between when income is received and when payments are due.

## Best Practices for Managing Cash Flow

### KEEP A CASH FLOW FORECAST

**Why It Helps:** A cash flow forecast helps track both expected income and expenditures. By projecting future cash flows, charter schools can anticipate any periods where expenses may exceed income and plan accordingly.

**Best Practice:** Regularly update your cash flow forecast to account for seasonality (e.g., higher spending at the beginning of the school year) and any unexpected changes in funding or costs.

## TIME MAJOR EXPENSES (CAPEX)

**Why It Helps:** Large capital expenditures require careful timing to avoid cash shortages. By aligning these expenses with expected cash inflows, schools can avoid depleting their cash reserves.

**Best Practice:** Plan significant capital expenditures around times when cash flow is strong, such as after receiving government funding or end-of-year donations. Additionally, get adequate quotes and approvals for high-value items before making purchases.

## PRIORITIZE ESSENTIAL EXPENSES

**Why It Helps:** If cash flow becomes tight, it's essential to prioritize critical expenses like salaries, utilities, and educational supplies to ensure core operations continue to run smoothly.

**Best Practice:** Regularly assess which expenses are essential for immediate operation and defer less urgent spending until there is more certainty about cash flow.

### WEBINAR

## Boost Your School's Financial Resilience

Access expert insights from vChief, CSBM, and Fraxion and learn how to create a sustainable budget, optimize staffing, and maximize funding streams. Discover practical strategies for refining your budget, optimizing resources, and leveraging facility refinancing to drive school growth without compromising quality or morale.

[growschools.com/financialsurvivalkit](https://growschools.com/financialsurvivalkit)





# Accounts Payable Management

Efficient management of Accounts Payable (AP) is crucial for charter schools to stay on budget and avoid unnecessary costs. If not managed properly, accounts payable can lead to cash flow problems, missed payments, late fees, and strained relationships with vendors.

## HOW TO STAY ON BUDGET WITH ACCOUNTS PAYABLE

1. **Implement Approval Processes:** Establish a clear approval process for all invoices to ensure expenditures are necessary, within budget, and properly authorized
2. **Track All Payments and Due Dates:** Maintain a clear record of outstanding invoices and their due dates to prevent late fees
3. **Consolidate Vendor Invoices:** Batch invoices from the same vendors to simplify the AP process and improve visibility into cash flow
4. **Negotiate Payment Terms:** Extend payment terms when possible, to smooth cash flow during tight periods
5. **Prioritize Critical Expenses:** Develop a hierarchy of payment priorities to ensure essential operational expenses are paid first
6. **Regularly Review AP Aging Reports:** Monitor how long invoices have been outstanding to address potential issues promptly

## HOW TO MITIGATE RISKS AND REDUCE ADMINISTRATIVE BURDEN

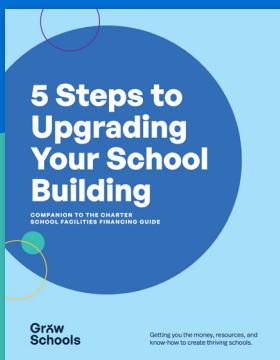
- **Automate the AP Process:** Use software to reduce manual data entry, minimize errors, and save time
- **Ensure Invoice Matching as Policy:** Verify that invoices align with purchase orders and receipts to prevent overpayment
- **Streamline AP Approval Workflow:** Establish clear and efficient approval workflows
- **Review Vendor Contracts Regularly:** Assess contracts periodically to negotiate better terms

# Fixed Assets: Maintenance vs. Replacement

Fixed assets, such as school buildings, furniture, and technology, represent a significant portion of your school's long-term investments. Properly tracking maintenance costs versus replacement costs ensures that you're getting the most value out of your assets while avoiding unnecessary capital expenditures.

## EXPERT TIPS

- **Regular Maintenance & Tracking:** Schedule regular maintenance and track both maintenance and replacement costs to evaluate the total cost of ownership (TCO) over time.
- **Data-Driven Decision Making:** Use lifecycle cost data to determine whether repairing or replacing assets is more cost-effective, helping to optimize long-term expenses.



## FREE RESOURCE

### Planning a School Building Upgrade?

Get started with this practical 5-step guide. Learn how to create a strategic plan, engage key stakeholders, and collaborate with architects and builders to align your facility with your school's mission.

[growschools.com/5steps](https://growschools.com/5steps)



# Protecting Your Budget

In charter schools, financial planning is essential to ensure that day-to-day operations run smoothly while also safeguarding long-term financial health. Unexpected costs can strain the budget if not managed properly.

## Best Practices for Protecting Your Budget

### **BUILD RESERVES**

**Why It Helps:** Having a reserve or contingency fund provides a buffer against unexpected costs, such as urgent repairs, emergency staffing needs, or sudden changes in funding.

**Best Practice:** Allocate 3-5% of your annual budget for this fund and ensure it is easily accessible when needed.

### **PRIORITIZE SPEND MANAGEMENT**

**Why It Helps:** Cutting waste and unnecessary expenses supports long-term financial stability for your school. By conducting regular reviews of operational costs and expenses, you can uncover areas for potential savings and redirect resources to core educational priorities.

**Best Practice:** Conduct regular reviews of current expenses, identify areas where you can scale back or negotiate better terms, and allocate savings to build reserves or support key programs.

### **TRACK EXCEPTIONAL EXPENSES**

**Why It Helps:** Monitoring unplanned expenses allows the school to adjust other areas of the budget if necessary and better anticipate future needs.

**Best Practice:** Maintain detailed records of out-of-the-ordinary expenses and review them regularly.



## LEVERAGE SOFTWARE TO MANAGE PROCUREMENT PROCESSES

**Why It Helps:** Consolidating spending data into one platform provides real-time visibility and control over expenditures.

**Best Practice:** Use a centralized procurement solution to streamline processes, set spending limits, and establish approval workflows, ensuring compliance with school policies and budgets. By consolidating purchase orders, you can also qualify for bulk discounts, further reducing costs.

## STAY FLEXIBLE WITH YOUR BUDGET

**Why It Helps:** Flexibility is key when unexpected events or changes in financial circumstances arise.

**Best Practice:** Regularly review and adjust your budget to reflect changes in income and expenses, revisiting allocation priorities as needed.

### WHAT NOT TO DO

## Common Spending Mistakes

- **Don't Ignore Small, Recurring Costs:** They add up significantly over time
- **Don't Skip Regular Budget Reviews:** Static budgeting leaves your school vulnerable to financial strain
- **Don't Rely Solely on Last Year's Budget:** Adjust for current circumstances and new financial realities
- **Don't Make Major Purchases Without Proper Approval:** Unapproved purchases can disrupt your budget
- **Don't Ignore the Need for a Financial Buffer:** A contingency fund is essential for financial stability
- **Don't Delay Payments to Vendors:** Late payments damage relationships and lead to penalties

# Analyzing Expenditure Trends

Tracking expenditure trends over time is essential for maintaining financial health and making informed budgeting decisions.

## Best Practices

### REVIEW HISTORICAL DATA

**Why It Helps:** Analyzing spending trends over past years gives insights into where costs have increased, helping to pinpoint areas of concern or opportunities for cost-saving.

**Best Practice:** Create detailed financial reports comparing year-over-year spending in key categories to identify escalating costs.

### FORECAST FUTURE TRENDS

**Why It Helps:** Using historical data to forecast future trends helps schools anticipate changes in funding and plan for upcoming expenses.

**Best Practice:** Incorporate key variables such as projected enrollment and per-pupil funding adjustments into future budget forecasts.

### BENCHMARK AGAINST PEERS

**Why It Helps:** Comparing your school's spending and processes with similar institutions can uncover areas where your school may be overspending or inefficient.

**Best Practice:** Seek comparisons to peer institutions to identify best practices that your school could adopt.

#### FREE GUIDE

### Transform Your School's Financial Future

Dive into the detailed world of charter school budgeting with this comprehensive guide. Learn how to skillfully manage your finances, set up internal controls, track key metrics, and plan for long-term financial health—whether you're expanding enrollment, facilities, or programs.

[growschools.com/budgetguide](https://growschools.com/budgetguide)



# Action Steps to Improve Your School's Spending

1. **Categorize your operational costs into fixed and variable, and review quarterly** for effective cost allocation, better resource management, and to identify savings opportunities.
2. **Gain spend visibility** to consolidate ordering and negotiate better rates.
3. **Automate administrative tasks** to save time and reduce labor costs.
4. **Track spending against budgets** in real-time to prevent overspending.
5. **Enforce a clear procurement policy** to ensure all staff understand the guidelines for purchasing and approvals to maintain budget control and compliance.
6. **Monitor and manage vendor performance** and renegotiate terms when possible, to ensure the school is getting the best value for money.
7. **Join a group purchasing organization** to secure bulk discounts on materials.
8. **Use cloud-based systems** to eliminate the need for costly on-site IT infrastructure.
9. **Regularly analyze spending** to identify inefficiencies and cost-saving opportunities.
10. **Review and eliminate unused services** or subscriptions.
11. **Create a 6-12 month cash flow forecast** and update it monthly.
12. **Set aside 3-5% of your annual budget** for a reserve fund.
13. **Implement energy efficiency measures** to reduce costs and redirect savings to education.
14. **Track repair and maintenance spending** on assets to make informed replacement decisions.
15. **Implement software** to automate purchasing, expenses, invoice processing, approval workflows, and spend analysis.



# You can get the money, resources, and know-how to create a thriving school.

## WE CAN HELP WITH:

- Money to run your school
- Money to buy your school
- Kids to fill your school

**Let's get started.**

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