

# FINANCE WORKSHOP

TUESDAY, SEPTEMBER 25, 2018

OFFICE OF FINANCE, CHARTER INSTITUTE AT ERSKINE

# WELCOME

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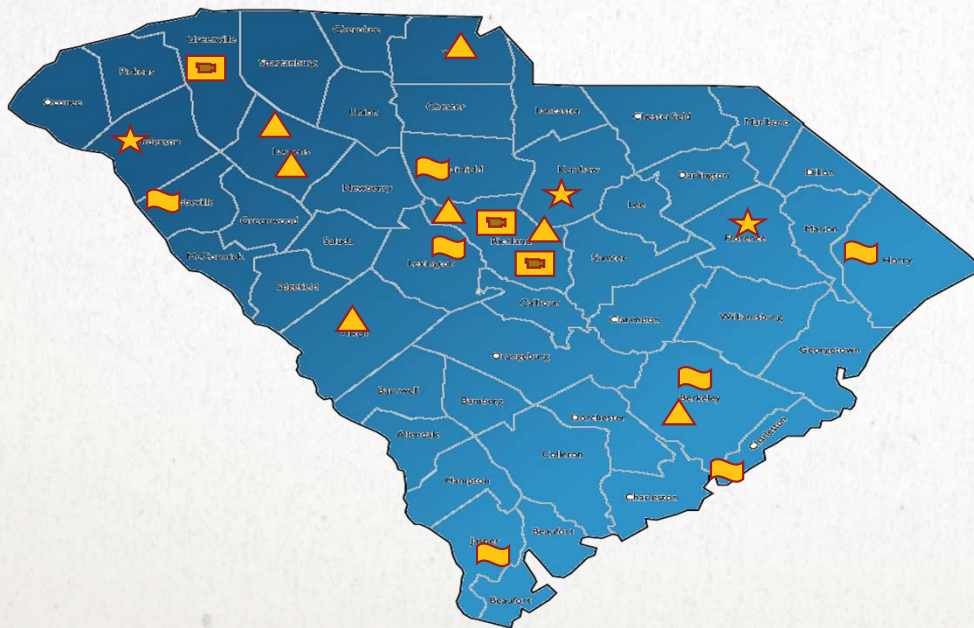
Vamshi Rudrapati (Mr. V)  
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# AGENDA

- Introduction, Expectation, Culture, Overview, and Goal
  - Risk Prevention
  - Education Finance Act, Education Improvement Act, and SC Charter School Act
  - PowerSchool and Student Counts
  - Procurement
  - SCDE Updates
  - Federal Programs
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# MISSION

- To empower families and local communities through the establishment and competent operation of high quality charter schools throughout South Carolina.



- Existing Schools:
-  Brick and Mortar (Seven)
  -  Statewide Virtual (Three)
- New Schools:
-  Fall 2018 (Three)
  -  Fall 2019 (Seven)

## **FINANCE TEAM**

John Li, Assistant Director of Finance

Tasha Robinson, Finance Consultant

Annsley Warnock, Operation Coordinator

Haley Perez, Assistant Director of Federal Programs

Celina Patton, Director of Special Education

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# SCHOOL EXPECTATIONS

- Schools adhere to funding requirements
  - Schools have adequate internal control systems
  - Schools comply with all state and federal laws and regulations
  - Schools comply with their charter contract
  - Schools meet performance expectations
  - Schools meet all reporting requirements completely and on time
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# FUNDING SOURCES

- Local
    - Donations, gifts
    - Private Grants
  - State Funding
    - Base Student Funding (EFA)
    - Categorical Funding (EIA)
    - Charter School Funding (Proviso)
  - Federal Funding
    - Title I
    - IDEA
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# DEFINITIONS

- **Average Daily Membership (ADM)**
  - The aggregate number of days in membership divided by the number of days school is in session at the reporting period.
  - $39,546 \text{ days in membership} / 45 = 878.80 \text{ ADM}$
- **Weighted Pupil Units (WPU)**
  - The total ADM in a classification multiplied by assigned weight for that student classification.
  - $\text{ADM} - 74.96 \times \text{Speech weighting of } 1.90 = 142.42$



# WEIGHTINGS

| Classification                 | Weighting |
|--------------------------------|-----------|
| Kindergarten                   | 1.00      |
| Primary (1-3)                  | 1.00      |
| Elementary (4-8)               | 1.00      |
| High School (9-12)             | 1.00      |
| Trainable Mentally Handicapped | 2.04      |
| Speech                         | 1.90      |
| Homebound                      | 1.00      |
| Emotionally Handicapped        | 2.04      |
| Educable Mentally Handicapped  | 1.74      |
| Learning Disabilities          | 1.74      |
| Hearing Handicapped            | 2.57      |
| Visually Handicapped           | 2.57      |
| Orthopedically Handicapped     | 2.04      |
| Vocational                     | 1.29      |
| Autism                         | 2.57      |

## ADD-ON WEIGHTINGS

| Classification              | Weighting |
|-----------------------------|-----------|
| Gifted and Talented         | .15       |
| Academic Assistance         | .15       |
| Dual Credit Enrollment      | .15       |
| Limited English Proficiency | .20       |
| Pupil in Poverty            | .20       |

# FUNDING ALLOCATION UPDATES

- 5 Day Count
    - New Charter Schools
    - Schools having approved incremental growth and expansion
  - 45 Day Count
    - All schools
  - 135 Day Count
    - All schools
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## CODING: REVENUE

- 4 digit codes (XXXX)
  - Source of Revenue
    - Local (1XXX)
    - Intermediate (2XXX)
    - State (3XXX)
    - Federal (4XXX)
    - Other (5XXX)
  - Example:
    - Kindergarten: 100-003-311-0000-xx
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# CODING: EXPENDITURES

- Fund
- Function
- Object
- Modifier
- Location
- XXX-XXX-XXX-XXXX-XX

## EXPENDITURES: FUNDS

**XXX-XXX-XXX-XXXX-XX**

- General Fund (1XX)
  - Special Revenue (2XX)
  - EIA Fund (3XX)
  - Debt Services (4XX)
  - Capital Projects Fund (5XX)
  - Food Service Fund (6XX)
  - Pupil Activity (7XX)
  - LEA Optional (8XX)
  - SCDE Designated State Grants (9XX)
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## **EXPENDITURES: FUNCTION**

**XXX-~~XXX~~-XXX-XXXX-XX**

- Instruction (1XX)
  - Support Services (2XX)
  - Community Services (3XX)
  - Other Charges (4XX)
  - Debt Services (5XX)
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## **EXPENDITURES: OBJECT**

**XXX-XXX-XXX-XXXX-XX**

- Salaries (1XX)
- Employee Benefits (2XX)
- Purchased Services (3XX)
- Supplies (4XX)
- Capital Outlay (5XX)
- Other (6XX)



# FUNDING MANUAL AND FINANCIAL ACCOUNTING HANDBOOK

- If charging expenses for a certain program, be sure to review the program guidelines in the Funding Manual to ensure that the expenditure is allowable
  - <https://ed.sc.gov/finance/financial-services/manual-handbooks-and-guidelines/funding-manuals/fy-2017-2018-funding-manual/>
- Then, use the Accounting Handbook to ensure that you are charging the expenditure to the correct account
  - <https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/financial-accounting-handbook/fy-2017-18/financial-accounting-handbook-2017-18-updates/>

# ALLOCATION SUMMARY

|  |                         |
|--|-------------------------|
| Charter Institute at Erskine           |                         |
| FY 18-19                               |                         |
| Funding Disbursements                  |                         |
| School                                 | <b>Charter School</b>   |
| SIDN                                   | <b>48-01-xxx</b>        |
| School Type                            | <b>Brick and Mortar</b> |
| Funding Date                           |                         |
| <b>Allocations</b>                     |                         |
| Education Finance Act (EFA)            | \$ 154,363.27           |
| Education Improvement Act (EIA)        | \$ 61,013.41            |
| SC Public Charter School Act (Proviso) | \$ 223,624.86           |
| Allocation Total                       | \$ 439,001.54           |
| <b>Deductions</b>                      |                         |
| Institute's Administrative Fee         | \$ 8,642.54             |
| SC Health Benefits Expense             | \$ -                    |
| MoneyPlus Expense                      | \$ -                    |
| SCASA Dues                             | \$ -                    |
| SLED Check Expense                     | \$ -                    |
| Deduction Total                        | \$ 8,642.54             |
| Disbursement Amount                    | <b>\$ 430,359.00</b>    |

| Monthly Disbursement Record (PRIOR DEDUCTIONS) |                            |               |                |                 |                                |             |
|--|----------------------------|---------------|----------------|-----------------|--------------------------------|-------------|
|  | ADJUSTMENTS                |               |                |                 | Institute's Administrative Fee | Net Revenue |
|  | Prior Year 135th Day Count | 5th Day Count | 45th Day Count | 135th Day Count |                                |             |
| July   | \$ 428,581.98              |               |                |                 |                                |             |
| August   | \$ 439,001.54              |               |                |                 |                                |             |
| September                                      |                            |               |                |                 |                                |             |
| October  |                            |               |                |                 |                                |             |
| November                                       |                            |               |                |                 |                                |             |
| December                                       |                            |               |                |                 |                                |             |
| January  |                            |               |                |                 |                                |             |
| February                                       |                            |               |                |                 |                                |             |
| March  |                            |               |                |                 |                                |             |
| April  |                            |               |                |                 |                                |             |
| May  |                            |               |                |                 |                                |             |
| June   |                            |               |                |                 |                                |             |
| July (13th Month)                              |                            |               |                |                 |                                |             |
| Total  | \$ 867,583.52              | \$ -          | \$ -           | \$ -            | \$ -                           | \$ -        |

## EDUCATION FINANCE ACT

- To guarantee each student in SC the availability of at least minimum educational programs and services
  - To establish a procedure for distribution
  - The based student cost is \$2485.00 for FY 19
  - Eighty-five percent of the funds appropriated through state and local effort for each weighted classification shall be spent in direct and indirect aid in the specific area of the program planned to serve those children who generate the funds
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## CAP BSC

- The state allocation to support base student cost is a fixed appropriation from the state. When across the state there is an increase on WPUs beyond the projections used for the appropriation, the base student cost amount has to be reduced in order to not exceed the total fund allocation
- When the amount that should be provided for distribution to the various school districts totals more than the amount appropriated for such purposes, SCDE shall reduce each school district entitlement by an equal amount per weighted pupil so as to bring the total disbursements in to conformity with the total funds appropriated for this purpose (Proviso 1.4)

## **CHARTER SCHOOL ACT (PROVISO)**

- Brick and Mortar \$3,600.00
- Virtual \$1,900.00



# EDUCATION IMPROVEMENT ACT

- Various state grants designed to support specific programs
- Funding depends on each individual grant
  - SCDE Funding Manual: <https://ed.sc.gov/finance/financial-services/manual-handbooks-and-guidelines/funding-manuals/>
- Significant number of grants are based on Prior Year 135 Day Count
  - New school will not receive funds until 45 Day Count
- Most EIA funds are allocations
  - Difficult to budget for on a school level
- Examples of EIA Funds:
  - Fringe Benefits
  - Teacher Salary Increase
  - Health & Fitness – Nurses
  - Teacher Supplies
  - Career Specialists
  - Health & Fitness – P.E. Teachers



# EIA

| Revenue   | Sub Fund | Revenue Code | Total Allocation | Jul          | Aug           | Sep   | Oct  | Nov  | Dec  | Jan  | Feb  | Mar  |
|---|----------|--------------|------------------|--------------|---------------|---|------|------|------|------|------|------|
| Fringe Benefits Employer Contribution   | 100      | 3180         | \$ 570,465.01    | \$ 47,541.46 | \$ 47,541.46  | \$ 47,533.34  |      |      |      |      |      |      |
| Retiree Insurance   | 100      | 3181         | \$ -             | \$ 2,431.47  | \$ (2,431.47) | \$ -  |      |      |      |      |      |      |
| Aid to Districts  | 397      | 3597         | \$ 7,451.09      | \$ 620.92    | \$ 620.92     | \$ 620.92   |      |      |      |      |      |      |
| Student Health & Fitness  | 937      | 3127         | \$ 7,835.00      | \$ -         | \$ 712.27     | \$ 712.27   |      |      |      |      |      |      |
| Teacher Supply Check  | 917      | 3187         | \$ 6,875.00      | \$ -         | \$ 6,875.00   | \$ -  |      |      |      |      |      |      |
| Teacher Salary Supplement   | 350      | 3550         | \$ 72,849.77     | \$ -         | \$ 6,622.71   | \$ 6,622.71   |      |      |      |      |      |      |
| Fringe Teacher Salary   | 355      | 3555         | \$ 11,797.71     | \$ -         | \$ 1,072.52   | \$ 1,072.52   |      |      |      |      |      |      |
| Student at Risk of Failure  | 338      | 3538         | \$ 73,544.11     | \$ -         | \$ -          | \$ 13,371.66  |      |      |      |      |      |      |
| National Board Certified  | 332      | 3532         | \$ 19,239.00     | \$ -         | \$ -          | \$ 1,923.90   |      |      |      |      |      |      |
| <b>Total EIA Allocation</b>   |          |              | \$ 770,056.69    | \$ 50,593.85 | \$ 61,013.41  | \$ 71,857.32  | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <b>Institute's Administrative Fee</b>   |          |              |                  | \$ 963.25    | \$ 1,131.40   | \$ 1,398.67   | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
|   |          |              |                  | \$ 1,011.88  | \$ 1,082.77   |   |      |      |      |      |      |      |
| <b>Eligible for Administrative Fee</b>  |          |              |                  |              |               | <b>Ineligible for Administrative Fee</b>                          |      |      |      |      |      |      |
| Fringe Benefits, Aid to Districts, Student Health & Fitness, Teacher Salary Supplement, Fringe Teacher Salary, Student at Risk of Failure |          |              |                  |              |               | Retiree Insurance, Teacher Supply Check, National Board Certified |      |      |      |      |      |      |

Note:

## FUNDING CALCULATION

- EFA and Charter Funding are calculated as follows:
- Beginning of Fiscal Year:
  - Total Funding for each classification = ADM for classification X Weighting for classification  
= WPU x Base Student Cost
- Monthly Payment = Total Funding / # payment months remaining in fiscal year
- Example: Brick/Mortar, Kindergarten ADM of 36
  - (EFA)  $36 \times 1.00 = 36 \times \$2,485 = \$89,460$
  - Monthly Payment =  $\$89,460 / 12 = \$7,455$
  - (Charter):  $36 \times 1.00 = 36 \times \$3,600 = \$129,600$
  - Monthly Payment =  $\$129,600 / 12 = \$10,800$

## ADMINISTRATIVE FEE

- Unlike the two percent administrative fee limit imposed on the SC Public Charter School District (SCPCSD), the state charter law does not limit the administrative fees that an institution of higher education may charge a charter school under its sponsorship umbrella. However, because of its commitment to the success of the schools it sponsors, the Institute will not charge administrative fees in excess of the two percent allowed for the SCPCSD.

# AUDIT REQUIREMENTS

SECTION 59-40-50 (3) adhere to the same financial audits, audit procedures, and audit requirements as are applied to public schools.

SECTION 59-40-60 (6) evidence that the plan for the charter school is economically sound, a proposed budget for the term of the charter, a description of the manner in which an annual audit of the financial and administrative operations of the charter school, including any services provided by the school district, is to be conducted.

Source-SC Code of Laws Title 59-Chapter 40

# FISCAL PRACTICES LEGISLATION

On May 9, 2017, Governor McMaster approved the Act 23, which directs the South Carolina Department of Education (SCDE) to develop and adopt a statewide program on fiscal practices and budgetary conditions.

Section § 59-20-90 applies to all South Carolina school districts, including the South Carolina Public Charter School Districts.

- Fiscal Watch, the lowest level of concern;
- Fiscal Caution, an intermediate level of concern; and
- Fiscal Emergency, the most severe level of concern.

# INSTITUTE INSIGHTS

- <https://erskinecharters.org/instituteinsights/>
- <https://docs.google.com/spreadsheets/d/13hfv3E6XhgMG68N9SZTeeB79LSOQT9j08LyTHHYyyaI/edit#gid=1488217634>
- [https://docs.google.com/spreadsheets/d/11fjvLuJ0xpZ2RaSiXOiLDnk5G72Z2\\_yw3ZV0A3fl1ZE/edit#gid=1742070681](https://docs.google.com/spreadsheets/d/11fjvLuJ0xpZ2RaSiXOiLDnk5G72Z2_yw3ZV0A3fl1ZE/edit#gid=1742070681)