

Charter Application Technical Assistance Workshop





Hello!

Thank you for joining us!



*The Charter Institute
at Erskine*

*John Li, Assistant Director of
Finance*



Finance - Agenda

- State Funding
 - Education Finance Act
 - Education Improvement Act
 - SC Charter School Act
- Federal Funding
- Risk Prevention
- PowerSchool and Student Counts
- Procurement
- SCDE Updates
- Budgeting Best Practices



Finance – Office Expectations

- Process funding to school on a timely manner
- Coordinate with Institute PowerSchool team to ensure accurate enrollment data
- Financial Reporting
 - LARS
 - ESSA
- Prepare annual budget requests to the Governor’s office, Education Oversight Committee, and other state agencies



Finance – 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



Finance – Funding Sources

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



Finance - 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.

- **Weighted Pupil Units (WPU)**
 - The total ADM in a classification multiplied by assigned weight for that student classification.



Finance – 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 |



Finance – Add On Weightings

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



Finance – Funding Allocation Updates

- Initial Funding
 - Projection
- 5 Day Count
 - New Charter Schools
 - Schools having approved incremental growth and expansion
- 45 Day Count
 - All schools
- 135 Day Count
 - All schools



State Base funding

Brick and Mortar

| | |
|-----------------------|-------------------|
| Base Student Cost EFA | \$2,425.00 |
| Additional Funding | <u>\$3,600.00</u> |
| Total Per Pupil | <u>\$6,025.00</u> |

Virtual

| | |
|-----------------------|-------------------|
| Base Student Cost EFA | \$2,425.00 |
| Additional Funding | <u>\$1,900.00</u> |
| Total Per Pupil | <u>\$4,325.00</u> |



Finance – 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 = $\$129,600 / 12 = \$10,800$



Finance – Financial Transparency

- Financial records are subject to Freedom of Information Act (FOIA)
- School's annual audit will be post to the Institute's website
- Schools are recommended to post all check registers, credit card statements, and audit reports to the school's website



Finance – 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



Chart of Accounts

- Become familiar with SCDE's financial accounting handbook.
 - Standard revenue and expenditure definition.
 - Revenue code and sub-fund provided for each source of funding
 - Expenditures maintained and tracked by source of funding



Estimating Student counts

Be careful in estimates of students. Don't over inflate student counts when completing your budget.

Remember – you are adjusted at the 5th day of school and over-estimating initial student counts could result in a loss of funding.



Finance – Charter School Budgeting

- Set up a sound financial governance structure
 - “Trust, but verify”
- Understand your financial drivers
- Prioritize spending that will assist in the goal of “Moving the Needle”
- Be conservative
 - “Underestimate revenues, overestimate expenses”



Finance – Financial Governance

- Does your governing board have a finance committee?
- Who is your finance expert?
- Who will run the day to day finances at the school?



Finance – Questions?

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