

Charter Application Technical Assistance Workshop





Finance - Agenda

- Expectations
- Funding Sources
 - Education Finance Act
 - Education Improvement Act
 - SC Charter School Act
- Financial Transparency
- SCDE Resources
- PowerSchool and Student Counts
- Budgeting Best Practices
- Financial Governance
- What Do We Look For?



Finance – Office Expectations

- Process funding out to schools within the Institute on a timely manner (<=10 business days)
- Coordinate with Institute PowerSchool team to ensure accurate enrollment data
- Financial Reporting
 - School Sustainability
 - School Audit
- Prepare annual budget requests to the Governor’s office, Education Oversight Committee, and other state agencies



Finance – School Expectations

- School must adhere to funding requirements
- School must have adequate internal control systems
- School must comply with all state and federal laws and regulations
- School must comply with their charter contract
- School must meet performance expectations
- School must meet all reporting requirements with accuracy by designated deadline



Finance – Funding Sources

- Local
 - Donations, gifts
 - Private Grants
- State Funding
 - Base Student Funding (EFA)
 - Categorical Funding (EIA)
 - Charter School Funding (Proviso)
- Federal Funding (If Eligible)
 - 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



Education Finance Act

- The based student cost is \$2489.00 for FY 20
- To guarantee each student in SC the availability of at least minimum educational programs and services
- To establish a procedure for distribution



Charter School Act (proviso)

- Additional per-pupil allocation to supplement EFA funding
- Brick and Mortar- \$3,600.00
- Virtual- \$1,900.00



State Base funding

Brick and Mortar

Base Student Cost EFA	\$2,489.00
Charter School Funding	<u>\$3,600.00</u>
Total Per Pupil	<u>\$6,089.00</u>

Virtual

Base Student Cost EFA	\$2,489.00
Charter School Funding	<u>\$1,900.00</u>
Total Per Pupil	<u>\$4,389.00</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) $36 \times 1.00 = 36 \times \$2,489 = \$89,604$
 - Monthly Payment = $\$89,604 / 12 = \$7,467$
 - (Charter): $36 \times 1.00 = 36 \times \$3,600 = \$129,600$
 - Monthly Payment = $\$129,600 / 12 = \$10,800$



Education Information 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 135th Day Count
 - New schools do not qualify for funds until 45th Day Count
- Most EIA funds are allocations
 - Difficult to budget for on a school level



Finance – Funding Allocation

- 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



Estimating Student counts

- Be cautious when estimating student projections.
- Inflation of student projections when completing your budget is strongly discouraged.

Reminder: Funding is adjusted at the 5th day of school and over-estimating initial student projections will result in a loss of funding.



Finance – Financial Transparency

- Financial records are subject to Freedom of Information Act (FOIA)
- School's annual audit will be posted to the Institute's website
- School's annual audit is due to the Institute by **November 1st** of the following year



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



Finance – Charter School Budgeting

- Set up a sound financial governance structure
 - “Trust, but verify”
- Understand your financials (i.e. revenue vs. expenditures)
- Prioritize spending that will assist in the goal of “Moving the Needle”
- Be conservative
 - “Underestimate revenues, overestimate expenses”



Finance – Financial Governance

- Will your governing board have a finance committee?
- Who will be your finance expert?
- Who will run the day to day finances at the school if approved?



What do we look for in an application?

- Does your budget align with your Charter Application?
- Is your budget sustainable with the base state funding?
- What percentage of your budget goes back to the students?
- What percentage of your budget goes to an EMO?



Finance – Questions?

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