New Charter Schools

ALEXIS SCHAUSS
CHIEF BUSINESS OFFICER OF NC PUBLIC SCHOOLS
DIVISION OF SCHOOL BUSINESS
Agenda

- Organization
- Communications
- Budgeting
- Allotments
- Cash
- Reporting
- Compliance
School Business Administration Organization
Who is School Business?

28 employees who are responsible for student, personnel and financial policies and data of entities receiving state and federal public school funds.
What School Business is Responsible for

- Public school budget development
- Allocation of funds
- Collection of data
- Analysis of data
- Projections
- Monitor the compliance of laws and policy
- Report
Communications

Sign up Weekly School Business Newsletter

- Reports due
- Changes
- State Board policies
- Year end information
- New legislation

http://www.ncpublicschools.org/fbs/resources/newsletters/
Systems

Subscribe to:

CSADM system (in spring)

http://www.ncpublicschools.org/fbs/charterschools/

Information on maximum allowable growth and input by CS on projected students

Allotments system (in June)

http://www.ncpublicschools.org/fbs/allotments/

Read only system. Notifications of allocations made.

EDDIE (in spring)

http://www.ncpublicschools.org/fbs/accounting/eddie/

Public systems. Each school needs at least one subscriber to update info. Required info includes Board Chair and principal.
Financial and Business Services (FBS) Website

Website

http://www.dpi.state.nc.us/fbs/

- Allotments
- Budget Information
- Student Accounting
- Manuals
- Statistical Resources
Budgeting
Budgeting

- Average Daily Membership (ADM)
- State per Pupil
- Local per Pupil
- Federal Grants
Annual Process

CSADM System: [http://www.dpi.state.nc.us/fbs/charterschools/](http://www.dpi.state.nc.us/fbs/charterschools/)

**November**: CS submit requests for material growth to SBE for approval

**January**: CS provide preliminary ADM for the next fiscal year

DPI Projects the ADM by grade/by LEA statewide for the State budget

**Feb- June**: ADM is the backbone of the budget process

**June**: CS provide a final projected ADM.

New and material growth CS provide detail of where the students are coming from—used to reduce LEAs and move funds.
ADM

First State funding installment is based on the projected ADM the charter school provides.

- Be realistic
- Know your breakeven point
- Adjust if expected applications do not come in.
- If ADM is lower than expected – revenues will be lower- expenditures need to be adjusted down.
State Funding

1st year
- Funded based on the base $ per ADM of the LEA where the student previously attended.
- Kindergarten Students – $ per ADM of the LEA where the student would have attended.
- Other – Private Schools, Home Schools, etc.- $ per ADM where the new charter is located.

Following years
- Returning student plus small growth funded based on the LEA in which the CS is located
- Students in excess of small growth funded based on the LEA where the students reside.
Children with Special Needs –
based on Dollars per Headcount calculated separately.
Only students who are on the prior year April 1 headcount are funded.

Limited English Proficiency –
October 1 Headcount is needed for LEP students. At least 20 students or 2.5% of ADM.

NOTE: Charter Schools do receive funding for Fines & Forfeitures from the School Technology category which is allotted in a revision.
Driver’s Training –
The LEA in which the Charter School is located is responsible for offering driver’s training to all eligible students.

Guaranteed funding -
eg. Advanced Placement exam fees. State pays on behalf of all schools.

Restricted Grants -
Charters may apply or may not be eligible.
Webinar on State Funding Calculation

30 minute demonstration of what is included and how it is calculated. It dispels some myths that you may be told.

*Dissecting Charter School Funding*

http://www.dpi.state.nc.us/fbs/charterschools/
## Dollars Per ADM Calculation

### LEA “X”

### Position & Months of Employment Categories:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom Teachers</td>
<td>$5,800,000</td>
</tr>
<tr>
<td>Instructional Support</td>
<td>690,000</td>
</tr>
<tr>
<td>School Building Administration</td>
<td>783,000</td>
</tr>
<tr>
<td>Career Technical Education - MOE</td>
<td>794,000</td>
</tr>
<tr>
<td><strong>Total Position &amp; Months of Employment</strong></td>
<td><strong>$8,067,000</strong></td>
</tr>
</tbody>
</table>

### Other Categories:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teacher Assistants</td>
<td>$729,000</td>
</tr>
<tr>
<td>Central Office Administration</td>
<td>535,000</td>
</tr>
<tr>
<td>Non-Instructional Support</td>
<td>479,000</td>
</tr>
<tr>
<td>Classroom Materials &amp; Supplies</td>
<td>69,000</td>
</tr>
<tr>
<td>Textbooks</td>
<td>35,000</td>
</tr>
<tr>
<td>At-Risk Supplemental Funding</td>
<td>451,000</td>
</tr>
<tr>
<td>Academically &amp; Intellectually Gifted</td>
<td>101,000</td>
</tr>
<tr>
<td>Career Technical Education Support</td>
<td>36,000</td>
</tr>
<tr>
<td>Low Wealth Supplemental Funding (if applicable)</td>
<td>142,000</td>
</tr>
<tr>
<td>Small County Supplemental Funding (if applicable)</td>
<td>1,547,000</td>
</tr>
<tr>
<td>Disadvantaged Student Supplemental funding</td>
<td>400,000</td>
</tr>
<tr>
<td>Prior Year Transportation</td>
<td>651,000</td>
</tr>
<tr>
<td><strong>Total Other State Funds</strong></td>
<td><strong>$5,175,000</strong></td>
</tr>
<tr>
<td><strong>Total State Funds (Initial Allotment)</strong></td>
<td><strong>$13,242,000</strong></td>
</tr>
</tbody>
</table>
### Base Dollars Per ADM Calculation

**LEA “X”**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total State Funds</td>
<td>$13,242,000</td>
</tr>
<tr>
<td>LEA Allotted ADM</td>
<td>2,100</td>
</tr>
<tr>
<td>Dollars per ADM</td>
<td>$6,305.71</td>
</tr>
</tbody>
</table>

**Plus: Un-allotted Dollars Per ADM** $102.85

(Longevity, Annual Leave, Short Term Disability, Worker’s Compensation & Unemployment)

**TOTAL Adjusted base PER ADM** $6,408.56

See Base allocation per ADM
## State Base Calculation for Charter School

Collins Academy - located in Wake County.

<table>
<thead>
<tr>
<th>No. Students</th>
<th>LEA Previously Attended</th>
<th>$/Per ADM</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>Wake</td>
<td>$4,434.28</td>
<td>$177,371</td>
</tr>
<tr>
<td>20</td>
<td>Granville</td>
<td>$5,046.75</td>
<td>$100,935</td>
</tr>
<tr>
<td>20</td>
<td>Private</td>
<td>$4,434.28</td>
<td>$88,686</td>
</tr>
</tbody>
</table>

**TOTAL ADM 80**  
**$366,992**

*Provided by Charter School in June*
Local Funding

- Best Information can be obtained from the LEA Finance Officer for $ per student funding.
- Local Funding will come from the County where the student resides.
- As a gauge, the 2018 per pupil is in your materials.
- Local funds carryover.
Federal Grants

Charter schools qualify based on the population in their school. Not related to the LEA.

Most common

- Title I – High poverty
- IDEA VIB – Exceptional Children

These funds are supplemental and should not be relied upon for base funding
Vendors and Contractors

- Retirement - Teachers’ and State Employees’ Retirement System or other
- Health Insurance - the State Health Plan or other
- Accounting Services – Internal or contract
- Insurance provider – Liability insurance
- Independent auditor
Allotments
What is an Allotment?

It is access to funds. It is **not** cash.

It is unlawful to pull down funds in excess of what the school will expend with in 3 days.
Average Daily Membership (ADM)

State Maximum for projection
  - State Board Approved Charter
  - The cap on the funded ADM for Allocation

Actual Funded ADM
  - Month 1 actual
  - Not to exceed maximum
Schedule

Initial – 1st Installment

- 34%
- Based on the charter’s projected ADM
- Within 3 weeks after the budget is signed.
- If budget is late, an estimate is sent out before the end of July.

2nd Installment

- Funded ADM Calculated from 1st month PMR
- Recalculate to provide access to 68% of State Allocation
Schedule

3rd installment

Final 32% before the end of February

Schools which have submitted 3 audits with no material weaknesses and have not been placed on non compliance receive the 3rd installment at the same time as the 2nd.

Schools on Disciplinary Non Compliance receive the allotments monthly
When Are The Charter School State Fund Allotments Made?

Initial 32%  
After 1st Mo. 34%  
Final 34%  

Approx 3 weeks after the budget is signed

Before end of February

when First Month ADM received –usually end of October
Children With Disabilities

- Headcounts
  - December 1, 2018 – Federal Allocations
  - April 1, 2019 – State Allocations
- Eligible Students for Funding **must** be on one of these headcounts. I.e. Students previously homeschooled are not funded.
- Funds Follow Students 1st 60 Days of School. Request through the Allotments transfer system
Federal Allocations

- Planning Allocations
  - Federal Planning Report issued in August
  - Planning Allocations are subject to change

- Initial Allocations
  - Calculations made when information available (September-October)
  - Allocations made in Allotment Revisions as Applications and Budgets are approved.
Contact Information

- School Allotments Phone Number
  - 919-807-3739

- Allotment Policy Manual

- School Allotments Web site
  http://www.ncpublicschools.org/fbs/allotments/
CASH
Cash Flow

- Start up costs will require funding
- Local funds generally are not paid until invoiced with support of Power school reports
- Federal Funds are not available until October
- Therefore, 34% of the State allotment is likely the only cash from July until November
Certificate of Occupancy

- No CO no Cash

- Forms are NOT Processed until we receive CO. Allow 2 weeks for access to be approved.
Cash Management

- Establish a ACH bank account with the State Treasurer’s Office. Allow 2 weeks
  - ACH Bank Account Authorization Form
  - Voided Check or Original Deposit Slip (Cannot accept temporary checks)

- Establish access to the Cash Management System (CMS) – Complete Security Forms
  - CICS Application Maintenance Form
  - RACF02 Site Security Officer Form
  - RACF03 RACF User ID Maintenance Form

- Complete Bill Action Code Form – ITS Access
Cash Management

- Know the cash calendar and funds requirement date (FRD)
- Do not order more cash than needed to cover the current expenditures

**It is against state and federal law to hold their cash for more than 3 days. (GS147-86.11)**

Guidelines and forms

[www.ncpublicschools.org/fbs/finance/cash](http://www.ncpublicschools.org/fbs/finance/cash)
Charter Financial Training

Required for new charters

- Topics Covered – Financial Personnel
  - Forms Needed for access to systems
  - Cash Management
  - MSA (DPI General Ledger) System
  - Required Software
  - Chart of Accounts
  - Zero Out Process
REPORTING
Uniform Education Reporting System (UERS)

- GS 115C-218.30
  - Schools shall comply with the Uniform Education Reporting System (UERS)

- Financial
- Student Accounting
- Personnel
- Ad hoc data collection
Mandatory

Accountability

Basis for majority of reports to stakeholders

We are only as good as the data you submit
Shows how the allotments were expended.

This is the only financial communication between the Charters and DPI.

DPI uses this data to communicate to the State Legislature, the State Budget Office, media and the Federal Government.
Chart of Accounts

- Uniform Accounting System for all LEAs and Charters
- Information Gathering
- Consistency amongst LEAs and Charters
- Comparability between years
- Decision making tool
- Comparing Budget to Actual

www.ncpublicschools.org/fbs/finance/reporting
Published Data

- Data in the chart is used for:
  - Building the State budget
  - State funding
  - Federal Grants and monitoring
  - Financial Statement and single audits
  - School Report Card (ESSA changes)
  - Teacher certification requirement (50% rule)
  - Reporting to the General Assembly, Federal Government, media and general public on past and future education initiatives
  - Research and Statistics
Account String

- Fund-Purpose-PRC-Object
- A-BBBB-CCC-DDD
- 1-5110-036-121
Reading an Account Code

- 1-5110-036-411
  State - Regular Curricular - Charter Schools - Supplies and Materials

- 1-5270-016-121
  State - LEP – Reading Camp- Salary - Teacher

- 1-6550-036-171
  State – Transportation- Charter Schools - Salary Driver
Submit these files to us on a monthly basis

- Payroll
- Monthly Financial Reports

Software will create these files

- Review the files and reconcile
- DPI provides financial reports
Financial Reports

DPI provides these reports

- ALTARPO1 - Budget Allotment Revision
- ALTINRP1 - Planning Allotments
- JHA 305 - Local Account Balance Reconciliation
- JHA 705 - Budget Balance Reconciliation
- JHA714 - Cash Balance Report
- Monitor - Monthly Monitoring Report
Student Accounting

- Principals Monthly Report (PMR)
  - Monthly
  - Submitted via PowerSchool
  - Source of Average Daily Membership (ADM)
  - Student Accounting Reports

- School Attendance and Student Accounting Manual:
  http://www.ncpublicschools.org/fbs/accounting/manuals/
Student Accounting

- It is fraud to knowingly certify students on the PMR who are not in membership in your charter school.
Student Accounting

- School Activity Report (SAR)
  - Who, What, When and Where of the School
  - Accuracy of Data
  - Uses of Data

- SAR Manual:
Take Aways

- Data reporting is NOT optional (must be in our required format – on time)
  - Financial Datafile – UERS Transfer Schedule
  - PMR – PowerSchool
  - SAR – PowerSchool

- Board of Directors is responsible for data submitted

- Decisions made based on submitted data

- No access to funds until approximately 2 weeks after CO is submitted

- DPI Provides Cash Management Training (Required for all new schools)
Contacts

- Section Chief
  - Gwendolyn Tucker (919) 807-3708

- Financial Related Questions
  - Roxane Bernard (919) 807-3725

- Student Accounting
  - LaShon Creech (919) 807-3727
Non Compliance
Audits

- Annual Financial audits are due Oct 31\textsuperscript{st}
- Local Government Commission and DPI review.
- DPI is required to follow up on the resolution of findings
- DPI assesses each charter school for compliance and solvency.
Financial Performance Framework

http://www.dpi.state.nc.us/fbs/charterschools/

Evaluates both near term health and long term sustainability.
Financial Non Compliance

- SBE policy CHRT-006-U
- 3 levels
  - Cautionary
  - Probationary
  - Disciplinary
Most common reasons

- Negative fund balance
- Non responsive or late reporting
- Low ADM
- Material weaknesses
- Cash Flow issues
- Student Accounting irregularities