



CSAO

Charter Schools Administrative Office of Hawai'i



CSAO Professional Development Conference

Financial Breakout Session

Introduction

- The purpose of this session is to:
 - Provide useful information to schools on a variety of business related topics
 - Begin a dialogue to resolve certain recurring issues

- Presented by: Bob Roberts, CFO

Topics for Discussion

- Financial Allocations
 - Closing the books on 2005-06
 - Estimated Per Pupil Allocations 2006-07
 - Estimated Facilities Allocations for 2006-07
 - Other 2006-07 Allocations
- Ceridian Payroll Issues
 - Tax Sheltered Annuities 403(b)
 - VEBA/ EUTF
 - ERS Hybrid Plan
 - FICA/Medicare Reimbursements
- DOE Payroll Issues
 - YE Cash Crunch

2005-06 Allocations

- In 2005-06 the CSAO became responsible for the distribution of all funds to charter schools
 - Per Pupil Amounts
 - Federal Title II
 - Federal Title I
 - Federal Impact Aid
 - DOD Impact Aid
 - SPED Child Count/Teacher Support
 - Drug Free Schools

2006-07 Estimated Allocations

- Per Pupil Alloc. 2006-07:
 - Total \$ in Budget \$42,6M
 - Total \$ in Act 87 \$1.5M
 - Total Available \$44.1M
 - Est. 10/15 enr. 6,356
 - Est. 06/07 PP Amt. \$6,940
- Per Pupil Alloc.2005-06:
 - Total \$ in Budget \$31.2M
 - Total \$ in Act 87 \$1.2M
 - Total Available \$32.4M
 - Actual 10/15 enr. 5,744
 - Actual PP Amt. 5,570.44

Estimated Per Pupil by School

Charter School (Column A)	School Number (Column B)	Estimated Enrollment Count (1st Allocation) (Column C)	Projected Annual Allocation: Column C x Item 2 (Column D)	1st Allocation (7/20/05) - Based on May Projection Column D x 50% (Column E)
CONNECTIONS-PCS	396	400	\$ 2,776,134	\$ 1,388,067
EDUC LAB: A HAWAII NC-PCS	543	424	2,942,702	1,471,351
HAKIPU'U LEARNING CTR-PCS	546	95	659,332	329,666
HALAU KU MANA-PCS	540	125	867,542	433,771
HALAU LOKAHI NC-PCS	542	150	1,041,050	520,525
HI ACADEMY OF A&S-PCS	561	225	1,561,575	780,788
INNOVATIONS-PCS	548	138	957,766	478,883
KA 'UMEKE KA'EO-PCS	562	149	1,034,110	517,055
KA WAIHONA O KA NAAUAO-PCS	545	360	2,498,520	1,249,260
KANAKA-PCS	466	55	381,718	190,859
KANU O KA'AINA-PCS	397	150	1,041,050	520,525
KANUIKAPONO-PCS	564	45	312,315	156,158
KE ANA LA'AHANA-PCS	549	105	728,735	364,368
KE KULA NIIHAU KEKAHA-PCS	556	35	242,912	121,456
KE KULA O KAMAKAU LAB-PCS	547	125	867,542	433,771
KIHEI PC HIGH SCHOOL-PCS	554	260	1,804,487	902,244
KUALAPU'U ELEMENTARY	411	390	2,706,730	1,353,365
KUA O KA LA-PCS	557	55	381,718	190,859
LANIKAI-PCS	320	330	2,290,310	1,145,155
MYRON THOMPSON ACAD-PCS	544	900	6,246,300	3,123,150
NAWAHI IKI LAB-PCS	563	104	721,795	360,898
VOLCANO SCH OF A&S-PCS	560	150	1,041,050	520,525
VOYAGER-PCS	541	196	1,360,305	680,153
WAIALAE-PCS	149	490	3,400,764	1,700,382
WAIMEA MID-PCCS	394	520	3,608,974	1,804,487
WATERS OF LIFE-PCS	398	220	1,526,873	763,437
WEST HI EXPLOR ACAD-PCS	399	160	1,110,453	555,227
		6,356	\$ 44,112,762	\$ 22,056,385

Estimated Facilities Funding Per School

Charter School	Projected Enrollment 2006-2007	Facilities Funding Enrollment Count	Projected Facilities Allocation
CONNECTIONS-PCS	400	400	274,449
EDUC LAB: A HAWAII NC-PCS	424	424	290,916
HAKIPU'U LEARNING CTR-PCS	95	95	65,182
HALAU KU MANA-PCS	125	125	85,765
HALAU LOKAHI NC-PCS	150	150	102,918
HI ACADEMY OF A&S-PCS	225	225	154,377
INNOVATIONS-PCS	138	138	94,685
KA 'UMEKE KA'EO-PCS	149	149	102,232
KA WAIHONA O KA NAAUAO-PCS	360	360	247,004
KANAKA-PCS	55	55	37,737
KANU O KA'AINA-PCS	150	150	102,918
KANUIKAPONO-PCS	45	45	30,875
KE ANA LA'AHANA-PCS	105	105	72,043
KE KULA NIIHAU KEKAHA-PCS	35	35	24,014
KE KULA O KAMAKAU LAB-PCS	125	125	85,765
KIHEI PC HIGH SCHOOL-PCS	260	260	178,392
KUALAPU'U ELEMENTARY	390		
KUA O KA LA-PCS	55	55	37,737
LANIKAI-PCS	330		
MYRON THOMPSON ACAD-PCS	900	900	617,509
NAWAHI IKI LAB-PCS	104	104	71,357
VOLCANO SCH OF A&S-PCS	150	150	102,918
VOYAGER-PCS	196	196	134,480
WAIALAE-PCS	490		
WAIMEA MID-PCCS	520		
WATERS OF LIFE-PCS	220	220	150,947
WEST HI EXPLOR ACAD-PCS	160	160	109,780
	6,356	4,626	3,174,000

- Based on Budget Act appropriation of \$3,174,000
- Purpose is to provide facilities funds to support non-conversion CS
 - Must be accounted for separately to document appropriate use
- Works out to \$686 per pupil
- Amounts will be revised based on actual (10/15) enrollment

Title II

■ 2005-06 Title II Amount	\$ 733,895
■ Allocations to Schools	(193,710)
■ CS4S (2 years)	(79,044)
■ Prof Dev. Conf. (est.)	<u>(50,000)</u>
■ Carry Over to 2006-07	\$ 411,141
■ Projected 2006-07 Grant	<u>\$ 425,000</u>
■ Total Available 2006-07	\$ 836,141
■ Honoraria for Teachers CS4S	84,000
■ Teacher Driven Research	135,000
■ Curriculum Dev., Alignment	150,000
■ CS4S 2006-07	50,000
■ Conf 2006-07	<u>50,000</u>
■ Remaining 2006-07 Grant	\$367,141

Title I – General Info

- CSAO Office is now responsible for distributing these funds to CS
- Special Programs Management Section (SPMS) is responsible for administration of this program and determining the amounts per school
- A breakout session is scheduled for the 2nd day of the conference with SPMS where more info on Title I will be provided.

Title I 2005-06

- Funds were released by SPMS in batches over the course of the 2005-06 year
 - Because of how schools got their paperwork in to SPMS
- CSAO distributed \$891,623 to charter schools in 2005-06
 - (not including conversion charters)
 - Title I funds must be spent or encumbered by August 15
 - Only 15% of total allocation can be carried over to next year (06-07)
 - Unspent amounts in excess of 15% must be returned to Title I funds pool
- Minimum grant: \$50,000
- Hopefully this will be a smoother process in future years

Title I 2006-07

- Schools have received eligibility notices, plan documents to be completed and preliminary grant amounts
 - Deadline to submit docs & budgets to CSAO is August 1, 2006, the earlier the better
 - CSAO deadline to complete peer review of submitted plans is Sept. 1, 2006
- Per SPMS: all Title I Charter Schools are eligible for school-wide program
- Final amounts are not known until after 10/15
 - Because changes in CS enrollments changes funding state-wide

Impact Aid

- Per DOE amount in 2006-07 may only be 80% of amounts in 2005-06
- In 2005-06 Impact Aid came in two pieces:
 - Federal \$1,730,215
 - DOD \$ 65,390
- Together worked out to be \$312.60 per pupil
 - Using 10/15/05 actual enrollment (5,744)
- With higher enrollments in 06/07 per pupil amount may be less
 - Works out to \$282.50 using est. 10/15/06 enrollment of 6,356
- If total is 80% of PY then per pupil amount may only be \$226.00

SPED Support Funds (PROG ID 17929)

- CSAO was notified very late (May 2006) that this funding existed
- Per DOE SPED Office (Patty Dong) this is monies from Dec. 1, 2004 Child Counts and/or SPED Teacher Support and/or SPED support from Districts
- Distribution of funds has been processed and is at DOE Vendor Payments Office as of June 16, 2006

SPED Support (PROGID 17929)

CHILD COUNT 2004 100% SCHOOLS

School	Number of SPED Students on Dec. 1, 2004	Total Award
Halau Ku Mana	19	\$500
Halau Lokahi	20	\$20,544
Myron B. Thompson	11	\$250
Voyager	13	\$250
Hakipu'u Learning Center	14	\$2,182
Ke Kula 'O Kamakau	4	\$5,094
HI Academy of Arts & Science	6	\$682
Innovations	5	\$189
Ke Kula 'O Nawahiokalani'opu'u Iki	3	\$250
Kua 'O Ka La	11	\$5,250
Volcano	14	\$8,238
WHEAPCS	19	\$638
WOLPCS	36	\$2,158
Ke Ana La`ahana	-	\$123
Ke Kula Ni'ihau O Kekaha	5	\$250
Ka Waihona O Ka Na`auao	-	\$15,518

Drug Free/Safe Schools

- Allocated and distributed as competitive grants in 2005-06
 - Total available to appropriate \$110,000
 - Total allocated \$ 39,913
- No info as of June 2006 regarding allocation for 2006-07
- No decisions regarding how to distribute
- Intent of the DFS is to promote drug/alcohol awareness/resistance programs and safe schools programs

Charter Schools Administrative Office

Drug Free & Safe Schools Program Awards

School	Amount Awarded	Project
Ka `Umeke Ka`eo	\$ 4,000	Art & the Environment
Volcano	2,300	HI Canoe Focus
HAAS	4,000	4H/PAP
WHEA	4,000	Mural
Kua O Ka La	3,000	Plant Id. Class
Kualapu`u	4,013	Life Stories
Ke Kula Ni`ihau	2,600	Proverbial Pictures
Ke Ana La`ahana	4,000	Art & the Environment
Innovations	4,000	Musical Theater Play
Wai`alae	4,000	African Percussion/Performance
KKS Kamakau	4,000	Hula Ki`i Performance
Total	\$ 39,913	

Payroll/Personnel Issues

- Ceridian Payroll Services
 - VEBA
 - Tax Sheltered Annuities
 - ERS Hybrid Plan
 - Collective Bargaining Funds
 - FICA/Medicare Reimbursement
- DOE FMS Payroll
 - YE Cash Crunch

Ceridian Payroll

- Seventeen schools are using Ceridian for at least some of their payroll
- Seven schools are using Ceridian for all of their payroll
- EUTF, VEBA and ERS benefits are provided to eligible employees paid through Ceridian
- 164+ ERS/EUTF employees are currently paid through Ceridian
- Very important to meet P/R deadlines and notify Ceridian and CSAO of banking changes

VEBA Successfully Implemented

- This was potential disaster since HSTA/VEBA did not seem to be ready on March 1, 2006
 - HSTA's original plan was to activate as of Jan. 1. 2006
 - Because they were not ready, delayed to March 1
- CS had to settle any outstanding issues with HSTA to enroll employees.
- Still working out EUTF/VEBA cutoff issues with some schools/employees

VEBA Rate Change

HSTA VEBA MONTHLY PREMIUMS AND CONTRIBUTIONS

July 1, 2006 **through** June 30, 2007

Product Code	Benefit Options	Plans	Coverage Share	Employee
ACTIVES - PRIMARY				
PMHM	HMSA Medical Pkg	M,D,C,V	Single	104.67
PMHM	HMSA Medical Pkg	M,D,C,V	Family	313.26
PMKA	Kaiser Medical Pkg	M,D,C,V	Single	108.84
PMKA	Kaiser Medical Pkg	M,D,C,V	Family	324.13
PDHD	HDS Dental	Dental	Single	11.15
PDHD	HDS Dental	Dental	Family	22.94
PLIF	Life Insurance	Life	Single	0.00
ACTIVES - SUPPLEMENTAL				
SMHM	HMSA Medical Pkg	M,D,C,V	Single	52.65
SMHM	HMSA Medical Pkg	M,D,C,V	Family	156.52
SDHD	HDS Dental	Dental	Single	6.75
SDHD	HDS Dental	Dental	Family	19.52

HSTA MBC
06/01/06

These rates should be used effective with the July 20, 2006 payroll

Next Ceridian Challenges

- Immediate
 - FICA/Medicare Reimbursements
 - Creating a TSA (403(b)) program for CS employees
 - Implementing ERS Hybrid Plan
- Less than immediate (but not much)
 - Developing a systemic solution to Collective Bargaining
 - Completing PCP and FSA plans at all schools
 - AFLAC
 - Other??

FICA/Medicare Reimbursements

- On June 8th B&F processed transfer of funds for reimbursement of FICA/Medicare into EDN 600
- Reimbursement totaled \$539,102
 - B&F estimated 4-1 to 6-30 qtr.
- CSAO will be processing distribution to schools based on actual 7-1 to 3-31 FICA/Medicare paid and estimated 4-1 to 6-30
- CSAO will try and get these funds to schools before 6/30/06

FICA/Medicare Reimbursement per School

		FICA/MEDICARE				
		1st Quarter	2nd Quarter	3rd Quarter	Est. 4th Quarter	Total
328	WATERS OF LIFE NEW CENT PUB CHART SCHOOL	7,585.88	10,488.03	10,476.90	9,615.22	\$ 38,166.03
351	HALAU KU MANA	7,251.71	9,799.82	10,153.75	9,162.07	\$ 36,367.35
CUR	KIHEI HIGH SCHOOL	10,684.55	11,169.28	10,634.98	10,941.43	\$ 43,430.24
DFY	MYRON B THOMPSON ACADEMY	11,152.37	15,351.78	16,275.03	14,406.98	\$ 57,186.16
G15	HAKIPUU LEARNING CENTER	5,180.09	6,373.47	6,585.64	6,108.84	\$ 24,248.04
CVJ	HAWAII ACADEMY OF ARTS & SCIENCE	2,757.27	2,622.74	3,025.87	2,830.89	\$ 11,236.77
320	KE KULA NIIHAU O KEKAHA LEARNING CENTER	1,958.64	2,537.65	2,597.64	2,389.06	\$ 9,482.99
329	CONNECTIONS NEW CENTURY PUBLIC CHARTER S	12,714.35	24,137.38	23,046.38	20,172.22	\$ 80,070.33
DFB	KE KULA O NAWAHIOKALANIOPUU IKI LPCS	6,873.32	6,670.27	4,921.08	6,218.45	\$ 24,683.12
DGB	KANUIKAPONO PCS	3,141.56	4,699.47	3,700.27	3,886.83	\$ 15,428.13
DFP	KUA O KA LA NEW CENTURY PUBLIC CHARTER S	143.44	860.62	921.83	648.59	\$ 2,574.48
388	HALAU LOKAHI PUBLIC CHARTER SCHOOL	11,100.96	14,683.85	16,236.41	14,151.71	\$ 56,172.93
84C	VOLCANO SCHOOL OF ARTS & SCIENCES	8,565.20	12,376.82	12,821.28	11,370.65	\$ 45,133.95
DFR	KA UMEKE KA EO DBA KA'UMEKE KA'EO	3,242.86	5,057.64	6,604.24	5,019.55	\$ 19,924.29
DFW	KE KULA O SAMUEL M KAMAKAU	1,478.50	4,275.00	4,982.58	3,615.65	\$ 14,351.73
G2U	KULA AUPUNI NIIHAU A KAHELELANI ALOHA	2,440.93	2,996.68	3,008.84	2,844.55	\$ 11,291.00
DGY	STATE OF HAWAII CHARTER SCHOOL ADMIN OFFICE	212.29	346.74	346.74	305.04	\$ 1,210.81
401	Kanu O Ka Aina	4,584.59	15,088.76	16,341.41	12,128.89	\$ 48,143.65
	Total	\$ 101,068.51	\$ 149,536.00	\$ 152,680.87	\$ 135,816.62	\$ 539,102.00

Tax Sheltered Annuities

- CSAO has hired a law firm to draft the plan documents
- CSAO is working with several vendors that offer TSA “products”
- CSAO needs to identify a third party administrator (TPA)
 - TPA checks that withholdings are done in conformance with IRC
 - TPA distributes funds to vendors
- Goal is to have plan in place effective 8/1/06

ERS Hybrid Plan

- This is the new plan that existing employees could opt into
 - Decision had to be made by 3-31-06
- New employees are automatically enrolled in hybrid plan
- Hybrid plan requires an employee contribution (6%)
- For Ceridian schools, process will work essentially the same as the current process for VEBA/EUTF
 - Schools set up deduction in Ceridian
 - ERS Hybrid amount is withheld from employees pay
 - Payment is made to ERS through automated clearing house (ACH) transfer processed by CSAO
 - CSAO sends payment and report to ERS for all schools
- Deduction will be made effective with 7-20-06 PR

Collective Bargaining

- B&F is responsible for estimating the cost of CB and drafting bill to fund
- Problem with CS is that the data on costs for non-FMS PR is not available
 - and FMS cost is mixed with DOE costs
 - 2005-06 CSAO had to wrestle funds for CS away from DOE (\$402,589)
- Solution is to provide comprehensive list of data to B&F which includes all CS employees

Collective Bargaining 2006-07

- Per B&F amount in law related to CS employees is \$1,467,509
- CSAO has data on which employees this includes
- However, distributing these funds to schools based on that list is not fair to schools using outside payroll
- Another option is to distribute to schools on a pro-rata basis
 - E.g. schools PR is 10% of total payroll of all CS; therefore, 10% of CB funds goes to that school

PCP and FSA (Section 125)

- Timelines:
 - PCP at pilot schools effective for P/R earned after 1/1/06
 - FSA at pilot schools 2/1/06
 - PCP/FSA at other schools using Ceridian for all payroll Spring 2006
 - PCP/FSA for all schools by 7/1/06

PCP and FSA (cont.)

- More Details:
 - Each school will have their own plan(s)
 - Must adhere to plan rules
 - Mostly related to changes outside of open enrollment period
 - Schools have flexibility over plan design

DOE Payroll-FMS/Year End Cash Crunch

- Using the current process results in a year end (6/30) cash crunch
 - E.g. this year per DAGS EDN 600 deficit has been as much as \$673K (as of early June)
- This happens because cycle time to reimburse DAGS for PR and late in the year conversion schools have depleted most of their budget
 - Cycle time: time lag between date payroll is funded and reimbursement is received
 - Conversion schools balances in FMS system provide “float” to other schools for most of the year.

Cycle Time: An Illustration

- 6/20/06 P/R is paid – cash goes out of EDN 600
 - (DAGS actually must fund this before the date P/R is paid since most employees in FMS are on EFT)
- 6/21/06 CSAO Office received spreadsheet from DOE providing details of P/R
- 6/23/06 CSAO mail invoices/ statements to schools
- 6/26/06 schools receive invoices
- 6/29/06 school pays invoice and mails to CSAO
- 7/3/06 CSAO receives mailed payments
- 7/7/06 CSAO submits TDR (deposit) to DOE
- 7/10/06 DOE processes deposit
- 7/15/06 Deposit shows up in DAGS records

Net Cycle Time 25 days

Year End Cash Crunch

- Why is this important?
 - Conversion schools have vendor payments withheld
 - CSAO gets many unpleasant telephone calls from: DOE, DAGS, B&F, etc.
 - Possibility of other payments to schools being withheld
 - E.g. FICA/Medicare Reimbursement
 - Possibility of other unpleasant consequences

Year End Cash Crunch: Solutions

- Do nothing and hope for the best
 - Pro: Easy
 - Con: Will likely result in very unpleasant consequences
- Go back to advance deposits that PCSP Office required
 - Pro: More accountability (statements) mitigates old problem of "disappearing funds"
 - Con: May cause cash crunch at schools
- Use ACH system to shorten cycle time
 - Pro: System is in place
 - Con: May not reduce cycle time enough
 - Con: More complex for schools

Goal Setting

- Complete additions of PCP, FSA, TSAs and plans to Charter School Payroll System
- Harmonize accounting systems among charter schools
- Streamline systems for distributing and collecting funds
- Clear up and correct many of the outstanding financial issues with DOE
- Your ideas?



Questions/Comments



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THANK
YOU