

PROGRAM ACCOUNTING

Training for board members in what program accounting is, how it works, what's required of your school, and how you can provide effective oversight.

WHAT YOU'LL LEARN

- What program accounting is, why it's there, and what your school's responsibilities are
- What you should ask for from your school to demonstrate their compliance with program requirements
- What to look for to ensure your school is
- How to educate your board so they understand how it works and how awesome you are at your job

MEET THE PRESENTERS

- **The CHARTER SOLUTIONS Team**
- **Lincoln Fillmore**
 - Former teacher and principal
 - Business manager since 2005
 - Member of Utah Special Education Finance Committee
- **Max Meyer**
 - Business manager since 2003
 - Founder at American Preparatory Academy
- **Bob Bell**
 - Business Manager since 2007
 - Critical needs expert, serving at four different schools
 - Loves Starbursts

WHAT ARE "PROGRAMS"?

- ▶ Lincoln's definition:
- Attempts to make schools and educators behave the way politicians want them to.
- ▶ Another definition:
- "As a lawmaker, my judgment about what schools should do is superior to yours."
- ▶ A non-cynical definition:
- Programs are streams of funding designed to fund specific activities with restrictions and requirements to ensure that funding is used consistent with intent to achieve desired objectives.

WHY PROGRAMS EXIST

- ▶ Let's start with the non-cynical:
- Programs exist to target funding to target populations of students (Special Education, Economically Disadvantaged, etc.) to improve their academic achievement
- ▶ Some other reasons:
- Politicians want to make a point to help them win election or re-election
 - ▶ K-3 Reading Achievement Program; Class-Size Reduction
- Overcorrection—The Preparation H Syndrome
 - ▶ Instances of people not using common sense leads to laws forcing common sense
- Substituting Judgment
 - ▶ Educator Salary Adjustments; Teacher Materials and Supplies

SUPPORTING YOUR PROGRAM

- ▶ There can be conflict between your charter and program funding requirements. Find a way to let the charter win.
- ▶ When your school understands how programs work, what they are designed to achieve, and how to successfully comply, you can use these funding streams to support *your* program.
- ▶ That is what I hope you will get out of this training. Understanding of how restricted funding streams work so you can follow their rules *in the support of your school's charter*.
- ▶ Do you get the sense that I don't like Program Accounting? I HATE it. That's why I've spent so much time finding ways to make it easier for me and my team, and why I'm teaching this course.

UNDERSTANDING PROGRAMS

This section should help you understand what specific programs are, how they relate to each other, and how they can be used.



SOME DOCUMENTS YOU'LL NEED

- ▶ We provide this list of programs to our team to help structure budgets each year; hope you find it useful
- ▶ You should also see and be familiar with your school's Annual Program Report. We'll go over a sample, but you should get a copy of yours from your business manager and review it as we'll discuss
- ▶ Your Allotment Memo—the monthly record of what funding the state is providing you
- ▶ These will help familiarize yourself with funding programs



RESTRICTED VS. UNRESTRICTED

- ▶ While there are lots of little funding streams that each need to be accounted for (and I'm fairly cynical about it all), in reality, we mostly work with unrestricted funds.
- ▶ About 75% of your school's funding will be unrestricted.
- ▶ About 75% of the restricted funds will be very easy to account for and use properly.
- ▶ We will be dealing with the marginal funding that's left, but that's where schools tend to get in trouble.
- ▶ This 6% of your funding will take much more than its share of your time and trouble



FEDERAL PROGRAMS

- ▶ Individuals with Disabilities Education Act (IDEA)
 - ▶ Pre-school
 - ▶ School-age
- ▶ No Child Left Behind Act (NCLB)—also (ESEA)
 - ▶ Title I
 - ▶ Title II
 - ▶ Other Titles that usually result in small funding amounts for charters
- ▶ Other Federal Programs
 - ▶ Rural Education Assistance Program (REAP)
 - ▶ Direct-to-school grants (Not through the state)

STATE PROGRAMS

- ▶ General Education (K12 WPU; Class-size reduction;)
- ▶ Special Education
- ▶ Career and Technical Education
- ▶ Special Populations (At-Risk; Accelerated Learning; Concurrent Enrollment)
- ▶ Restricted Funds (K-3 Reading; Local Replacement; Salary Adjustments)
- ▶ Other minor one-time or other bills (Library; classroom supplies)
- ▶ See your APR, Allotment Memo, and Utah Education Program Funding document provided at this meeting for all the detail

LAND TRUST

- ▶ You all heard about the recent rule re-interpretation, right?
- ▶ Recent rule interpretation makes this a little easier in that fewer people need to be involved, but all the same stuff has to be done.
- ▶ Really, nothing logistically has changed except that now the board can delegate planning to whomever they want and delegate the reporting to whomever they want. And that will be to you.

LOCAL PROGRAMS

- ▶ All local funding your school raises (donations, grants, sales) are unrestricted except for:
 - ▶ Lunch sales are just as restricted as other lunch revenue
 - ▶ If you apply for and accept grants for specific uses, you'll have to document such use according to the grant agreement
 - ▶ Any commitments you make to donors or your parents about how you'll use money (like a fundraiser for a scoreboard), you may need to document that as well

OVERLAPPING PROGRAMS

- ▶ Several state and federal programs overlap and are designed to serve the same purpose or target the same groups of students.
- ▶ Special Education
 - ▶ Federal IDEA;
 - ▶ State Special Education Add-on and other SpEd streams (extended year)
- ▶ At-Risk
 - ▶ State At-Risk Enhancement
 - ▶ Federal Title I-A
- ▶ Lunch
- ▶ Understanding how these funds overlap and the reporting requirements for each (more on this later) will help you structure and report these most efficiently

LOGISTICS AND PROCEDURES

How to set this up in your accounting software and budgets, how to track everything throughout the year, and how to report your data efficiently.

SETTING UP PROGRAMS

- ▶ In your accounting software, set up "Classes" or "Jobs" for each program that requires the reporting of income and expenses, including any Local programs you set up.
- ▶ Good news is, once you start using this, you can also use it to track almost anything you want—profitability of yearbook projects; teacher class funds and donations; field trips; school carnival
- ▶ Here's how it's done at Providence Hall

BUDGETING

- ▶ You have to submit to the state a Budget that doesn't take into account any program funding, but have to report actual data for every program.
- ▶ Even though your adopted budget needn't include program data for purposes of compliance, if you don't factor in program requirements and revenue, you'll run into compliance issues later on.
- ▶ Potential Trouble Spots:
 - ▶ Large restricted balances within programs
 - ▶ Maintenance of Effort requirements
 - ▶ Overdraws of federal revenue
- ▶ Your school should have a plan for how it uses restricted funds, even though it doesn't submit such a plan to the state.

UTAH CONSOLIDATED APPLICATION

- ▶ The UCA is a semi-consolidated resource where plans, budgets, and data are entered for several restricted programs.
- ▶ Your school will write an overall plan and specific budgets for the use of such funding that the school should provide to the board for its knowledge and approval.

REPORTING

- ▶ Most programs come with their own reporting requirements, each with their own forms, deadlines, and needed data.
- ▶ Your board may want to ask for copies of the reports that your school submits, or at least evidence that such submissions were made on time
- ▶ It's a lot of paperwork, and often the same data is presented several different times in different formats to satisfy different requirements

OVERSIGHT BY THE BOARD

As a board member, you should be informed about the school's status, knowledgeable of your plans, and confident in its compliance.

RESTRICTED CARRY-FORWARD

- ▶ You should review your APR to see how much of your school's cash is from restricted programs
- ▶ Functional problem
 - ▶ While it's good to carry cash reserves, when the money in the bank is made up of restricted funds, they don't really serve the purpose of having reserves
 - ▶ You can't use special education funds to repair the parking lot
- ▶ Compliance problem
 - ▶ Misuse of program funds means you don't get to keep them. You have to return any improperly used program funds.
 - ▶ It also puts you out of compliance with the law and your charter, and makes the school subject to corrective action by your authorizer

REPORTS TO THE BOARD

- Your board should review and approve the following:
 - Utah Consolidated Application budgets (evidence of compliance would be the reimbursement requests you submit for each program)
 - Annual Program Report (or its successor) with particular attention to program balances
 - Audited Financial Statement. If there has been a problem with program accounting that auditors found, it will be noted in the Management Letter. Absence of a finding is good news
 - Periodic statements of expenses and income by Program with evidence that such expenses are consistent with your approved plans

WHAT BOARDS NEED TO SEE

Metric	Evidence
Compliance with program requirements	UCA Approval; Audited Financials
Program Balances and Restricted Carry-Forward	APR; Plans to bring program balances down
Progress toward goals	Quarterly Program Finance Reports; Reimbursement Requests;
How it all works	Starbursts; M&Ms (Skittles work, too, but they're not nearly as good.)

What reports do you provide to your board about program compliance?

WHAT THE STATE WANTS

- Annual reports of all program funds by object (APR; Datamart)
- Annual reports of almost every individual program reported separately from the comprehensive report above
- Audited financial statements that are free from deficiencies or weaknesses regarding program funds or documentation
- The ability to come in for a monitoring visit any time on any program.

WRAPPING ALL THIS UP

- Program accounting sucks, but understanding the requirements of each program, the school's plans, and the reporting requirements can make oversight much more effective
- Your administration can prove your school's compliance to your board by being proactive with communication and providing you with plans and reports as they are submitted to the state
- If you want some help getting set up for success, give us a call: 801-548-0144
