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Charter School Vulnerabilities

How to Destroy Your Charter School in Ten Easy Steps

Step 1: Fail to hire competent personnel in the business office.

Business managers: The offensive linemen of the front office.
If they are not where they need to be, train them or replace them.

Step 2: Consistently rely on late and/or inaccurate financial data (closely related to step 1).

When you've finally had enough and insist on accurate data, it might be too late.

Step 3: Fail to ensure proper accountability.

Is the board independent and engaged? It takes both.
Weak boards can rubberstamp the school to financial ruin.
Periodic internal review by the treasurer or a finance committee (quarterly minimum; monthly better).

Step 4: Always wear rose colored glasses when budgeting.

Enrollment projections drive revenue projections. Be conservative.
A school recently lost its charter. Part of the problem was consistently inaccurate enrollment projections.
Give yourself margin in your financial projections.
Build up a rainy day fund. You don't have to spend every penny every year.

Step 5: Over-commit on facilities (related to step 4).

Don't find yourself committed on bonds based on overly-optimistic enrollment projections.
When you do issue bonds, don't push your business plan to the edge.

Step 6: Lose control of your salary schedule.

You must watch your salary schedule very closely.

You will never have enough money to pay your staff what you think they are worth.

Resist the enormous temptation to commit all your resources to salary increases.

Personnel is already by far your largest line item. If personnel costs are growing faster than other line items, they will rapidly squeeze the rest of your budget.

Step 7: Fail to establish checks and balances in the business office.

One person should not be doing it all; the amount of internal control is a function of size.

Step 8: Lard up the administration.

Keep the admin function lean. You win or lose in the classroom.

Resist the enormous temptation to focus resources on admin.

Just because that's where you are, does not mean that's where the need is.

Step 9: Fail to establish clear lines of authority and communication.

If your staff is confused, it's your fault, not theirs.

Boards. DO NOT cut your principal off at the knees. There is nothing worse than responsibility without authority.

Step 10: Hire an auditor who has bigger fish to fry.

If you use the district's auditor (not a good idea) make sure you get a conflict of interest clause in the retainer letter.