



July 26, 2023

TO: Charter School Administrators
Charter School Directors
Business and Personnel Administrators
Los Angeles County School Districts and Charter Schools

FROM: Philip Thi, Enterprise Financial Systems Consultant
Business Charter Schools Unit
Division of School Financial Services

SUBJECT: Charter School Services and Support

New charter schools continue to be approved in Los Angeles County. These charter schools, as public educational entities, have administrative and business responsibilities. Some of these responsibilities are based on federal and/or state laws. Other responsibilities are required in the authorizing charter agreements or in side-agreements/memorandums of understanding with the authorizing entity.

LACOE has the following statutory responsibilities:

- Disbursing public funds through the Los Angeles County Treasury
- Remitting and reporting employees' retirement contributions to California State Teachers' Retirement System (CalSTRS) or California Public Employees' Retirement System (CalPERS)
- Submitting attendance and financial reports to the California Department of Education (CDE)

School Financial Services (SFS) provides services to facilitate funds disbursements, processing of CalSTRS and CalPERS retirement reporting, payroll, and other business processes through the BEST Advantage System – Financial (FIN), Human Capital Management (HCM), and the Human Resources System (HRS). These systems are components of services made available to local educational agencies including charter schools within Los Angeles County. The Business Charter Schools Unit (BCSU) provide guidance and assistance in working with these LACOE systems.

SFS offers the following services:

- CalSTRS and/or CalPERS retirement reporting
- Funding disbursement, including EFT processing
- FIN for accounts payable processing and accounting services
- HCM/HRS for payroll processing

There are four (4) levels of support. Depending upon the characteristics of an individual charter school, the leadership staff may choose the appropriate support level.

The four levels of support are:

Charter Type	Description
Type I—Pass Through	- Funds received by LA County Treasury and disbursed by LACOE - No STRS/PERS retirement reporting - No HCM/HRS or FIN
Type II—Retirement Reporting only	- Funds received by LA County Treasury and disbursed by LACOE - STRS/PERS Retirement reporting through external file submission - No HCM/HRS or FIN
Type III—Retirement Reporting and FIN	- Funds received by LA County Treasury and deposited by LACOE into the Charter School’s Business Unit - STRS/PERS Retirement reporting through use of external file submission - Use FIN for at least some business functions
Type IV—Full Service (HCM/HRS & FIN)	- Funds received by LA County Treasury and deposited by LACOE into the Charter School’s Business Unit - Use HCM/HRS to generate payroll and retirement reporting - Use FIN for all or part of business functions

The support levels are described in detail below:

Type I—Pass Through

LACOE only disburses funds for a *Pass Through* charter school. They maintain a separate bank (financial) account; and will not use LACOE’s FIN nor HCM/HRS. They have an alternative retirement system because they did not elect CalSTRS or CalPERS;

This type of charter school is responsible for the following:

- Covering its employees with an alternative retirement system
- Obtaining alternative accounts payable processing and accounting services
- Paying employees through other systems

If the charter school changes its charter document to include CalSTRS and/or CalPERS retirement contributions and deductions, the charter school **must** contact LACOE immediately regarding the required retirement reporting through LACOE.

Type II—Retirement Reporting and Processing (RR&P)

A *Retirement Reporting and Processing (RR&P)* charter offers CalSTRS and/or CalPERS to its employees; they maintain a separate bank (financial) account; and will not use LACOE's FIN and HCM/HRS.

LACOE offers:

- CalSTRS and/or CalPERS retirement reporting
- Funding disbursement and EFT processing with summary reports

This type of charter school is responsible for the following:

- Obtaining alternative accounts payable processing and accounting services
- Paying employees through other systems
- Maintaining all payroll records for such payments. These records must be retained indefinitely for adjustment processing purposes
- Providing payroll and retirement information to a third-party vendor interface, via LACOE system's record layout format or using the SFS retirement submission form
- Submitting CalSTRS and/or CalPERS required forms, reports and/or files to LACOE, including a copy of the payroll register, according to published schedule
- Accepting financial responsibility for all CalSTRS and/or CalPERS fines and penalties resulting from incomplete, inaccurate, or late reports and/or inadequate or late deposits

Type III—FIN and Retirement Reporting and Processing (RR&P)

A *FIN and Retirement Reporting and Processing (RR&P)* charter school offers CalSTRS and/or CalPERS to its employees; uses LACOE's FIN for accounts payable processing and accounting services; but will not use LACOE's HCM/HRS.

LACOE offers:

- CalSTRS and/or CalPERS retirement reporting
- FIN for accounts payable, procurement processing and accounting services

This type of charter school is responsible for the following:

- Paying employees through other systems
- Maintaining all payroll records for such payments. These records must be retained indefinitely for adjustment processing purposes
- Providing payroll and retirement information to a third-party vendor interface, via LACOE system's record layout format or using the SFS retirement submission form
- Submitting CalSTRS and/or CalPERS required forms, reports and/or file to LACOE, including a copy of the payroll register, according to published schedule
- Accepting financial responsibility for all CalSTRS and/or CalPERS fines and penalties resulting from incomplete, inaccurate, or late reports and/or inadequate or late deposits
- Maintaining a separate bank (financial) account, to deposit and disburse all private funding, e. g. donations, in accordance with Government Code Section 27011

Type IV—Full HCM/HRS, FIN & RR&P Services

A *Full HCM/HRS, FIN and RR&P* charter school is a charter school that offers CalSTRS and/or CalPERS to its employees and uses LACOE's FIN and HCM/HRS.

LACOE offers:

- CalSTRS and/or CalPERS retirement reporting
- FIN for accounts payable, procurement, tax processing and accounting services
- HCM/HRS for payroll processing including direct deposit

When this type is selected, LACOE and charter school leadership have to meet at least two (2) months prior to the first payroll issue date in order to review the implementation process and schedule appropriate automated system training.

This type of charter school is responsible for:

- Complying with operating procedure, policies and schedules within the CalSTRS and/or CalPERS, FIN and HCM/HRS
- Maintaining a separate bank (financial) account, to deposit and disburse all private funding, e. g. donations, in accordance with Government Code Section 27011

Agreement with LACOE

Every charter school in Los Angeles County will have a master agreement with LACOE. This agreement includes standard contract language for all the defined charter types, and a separate schedule pertaining to the specific type of service/support needed.

LACOE BCSU Contact

SFS BCSU staff is available if you would like to discuss a specific support-type or have questions about the available services. If you have any questions regarding this bulletin, please contact:

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Please note that K-12 school districts and other Local Educational Agencies are being sent this bulletin for informational purposes only.

Approved by:
Nkeiruka Benson, Director
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