



SOUTH CAROLINA GENERAL ASSEMBLY

Legislative Audit Council

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A LIMITED REVIEW OF THE CHARTER INSTITUTE AT ERSKINE



Legislative Audit Council

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Introduction and Background

Audit Objectives

Members of the S.C. General Assembly asked the Legislative Audit Council to conduct an audit of the Charter Institute at Erskine (the Institute), a sponsor of public charter schools in South Carolina. The audit request asked for an audit with special consideration given to whether the Institute and Erskine College (Erskine) invested funds in an education management organization (EMO), whether the Institute or Erskine received funds from vendors that contract, or desire to contract, with charter schools sponsored by the Institute, and whether there are subsidiaries or related entities that are affiliated with the Institute. Our objectives for this audit were to:

- Determine the Charter Institute at Erskine's relationship with EMOs.
- Ensure that the Charter Institute at Erskine's fundraising and donations comply with state laws, regulations, and best practices.
- Determine the relationship between the Charter Institute at Erskine, Erskine College, and any subsidiaries or related entities.
- Ensure that the Charter Institute at Erskine's use of state funding complies with state laws, regulations, and best practices.

Scope and Methodology

The period of our review was generally 2022 to 2024, with consideration of earlier or later periods, when relevant. We used the following sources as evidence:

- Interviews with Institute employees, interested parties, and employees of other state entities.
- State laws and regulations.
- Institute financial records.
- Institute policies and procedures.
- Charter school contracts and applications.
- Reports of the S.C. Inspector General.

Criteria used to measure performance included primarily state laws, Institute policies, and the practices of other states and organizations. We reviewed internal controls in several areas. Our findings are detailed in the report.

We also interviewed staff regarding various information systems used by the Institute to determine how data are maintained and what levels of control are in place. We identified ongoing legal proceedings and considered those in relation to our audit objectives.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

S.C. Code §2-15-50(b)(2) requires us to review the effectiveness of organizations, programs, activities, or functions to determine if they should be continued, revised, or eliminated. We did not conclude from this review that the Charter Institute at Erskine should be eliminated; however, we have a number of recommendations for improvement.

Background

The Charter Schools Act of 1996 authorized the creation of charter schools statewide. A charter school is defined in S.C. Code §59-40-40(1) as:

...a public, nonreligious, nonhome-based, nonprofit corporation forming a school that operates by sponsorship of a public school district, the South Carolina Public Charter School District, or a public or independent institution of higher learning, but is accountable to the board of trustees, or in the case of technical colleges, the area commission, of the sponsor which grants its charter...

Charter schools receive state and federal funding and are required to meet the same educational requirements as traditional public schools; however, to encourage innovation, charter schools are granted more flexibility to determine how they operate.

The Charter Schools Act was amended in 2012 to allow institutions of higher education to sponsor charter schools in addition to the S.C. Public Charter School District and local school boards. Charter school sponsors serve as a charter school's local education agency (LEA) and ensure that students enrolled in their charter schools are served in a manner consistent with applicable federal, state, and local laws. Sponsors are also referred to as authorizers.

As of September 2025, there are 13 charter school sponsors in South Carolina.

LOCAL SCHOOL DISTRICTS	Anderson School District 5 Beaufort County School District Charleston County School District Chester County School District Georgetown County School District Horry County School District Lancaster County School District Richland School District 2 Rock Hill School District
STATEWIDE SCHOOL DISTRICT	S.C. Public Charter School District
INSTITUTIONS OF HIGHER EDUCATION	Charter Institute at Erskine Limestone Charter Association Voorhees University Charter Institute of Learning

The S.C. Public Charter School District sponsors the most charter schools in the state—44 schools in school year 2024-2025 and 45 schools in school year 2025-2026.

THE CHARTER INSTITUTE AT ERSKINE

The Charter Institute at Erskine (the Institute) was established in 2017 by Erskine College, a four-year Christian liberal arts college affiliated with the Associate Reformed Presbyterian Church. For more information on the relationship between the Institute and Erskine College, refer to Chapter 4, *Relationship Between Erskine College and the Charter Institute at Erskine*.

The Institute sponsored 28 charter schools for the 2025-2026 school year. There are also ten “Institute Pipeline Schools” the Institute anticipates opening in the next school year (2026-2027) or later. Pipeline schools are schools that have gone through the charter application process, and their charters have been approved by the Institute board. Overall, the Institute serves more than 25,000 students. For information on the Institute’s charter schools’ report card ratings, refer to *Appendix A*.

The Institute’s total general fund administrative budget for FY 25-26 is \$5,963,488. According to its most recent available audited financial statements, its assets exceeded its liabilities at the close of FY 23-24 by \$5,586,580. During FY 23-24, its governmental fund expenditures were \$293,577,711.

INSTITUTE INITIATIVES

During our audit, Institute leadership highlighted the following initiatives established by the Institute:

- ❖ A school improvement team and associated system to provide training and support to Institute schools that the Institute describes as “robust” and “innovative.”
- ❖ Trainings that the Institute states “demonstrate a level of support of which no other authorizer in the country can boast,” including over 200 trainings during the 2024-2025 school year.
- ❖ A system to monitor, evaluate, and improve school accountability which the Institute describes as “innovative and effective.”
- ❖ A \$1.7 million allocation to support the Corridor of Success initiative, which seeks to improve opportunities and outcomes for children along the I-95 corridor.
- ❖ A charter school Student Ambassador program to provide opportunities for students to learn advocacy skills.
- ❖ Statewide awards banquets, Institute’s Got Talent shows, global TEDx talks, and other events.
- ❖ A “two-district” structure for its schools to increase support.
- ❖ A legislative committee comprised of school leaders to advocate for school choice.
- ❖ A communications operation, systems, and team that the Institute describes as “robust” and “unparalleled.”
- ❖ An extensive financial dashboard to provide schools and local boards with real-time transparency for their finances.
- ❖ Ratings of “low risk” on its S.C. Department of Education annual risk assessment reports and annual financial audits the Institute describes as “clean.”

Issues for Further Study

Issues for further study pertain not just to the Institute but to the South Carolina charter school system in general.

District Growth

The Charter Institute at Erskine (the Institute) has grown substantially since its founding in 2017. The Institute sponsored 13 charter schools during its first school year (2018-2019), but that number has now more than doubled. The Institute currently sponsors 28 charter schools. By the 2029-2030 school year, the Institute anticipates it will sponsor 57 charter schools.

Currently, the Charter Schools Act does not address growth of charter school districts. By comparison, 20 states and the District of Columbia limit, among other things, the number of charter schools that can be established under a single sponsor, the number of charter schools that can be established statewide, and the number of charter schools that can be started each year.

An Institute-sponsored charter school opened a satellite school during the 2025-2026 school year within eight months of announcing it. A satellite school operates under the same charter school contract as its parent charter school. It shares the same school board, administrative staff, and instructional program with its parent charter school, but is located on a different campus. The Charter Schools Act also does not currently address satellite schools.

Institute Spending

While analyzing the Institute's general ledger from FY 22-23 to FY 24-25, we found that it spent large sums of money on legal fees, consulting and lobbying services, and food at events promoted by the Institute and its charter schools.

LEGAL FEES	\$1,028,462
CONSULTING AND LOBBYING SERVICES	\$819,476
FOOD AT INSTITUTE AND SCHOOL EVENTS	\$131,332

Although we did not examine all expenses, further review of expenses may be warranted to ensure public funds were spent as efficiently and effectively as possible. An overview of some spending by the Institute is addressed in more detail in Chapter 2, *Travel and Expenses*.

S.C. Freedom of Information Act

We did not conduct a review of the Institute's compliance with the S.C. Freedom of Information Act (FOIA). The Charter Schools Act mentions FOIA twice. S.C. Code §50-40-50(B)(10) requires that a charter school and its governing body be subject to FOIA. Additionally, S.C. Code §59-40-230(E)(11) requires the S.C. Public Charter School District's board of trustees to be subject to FOIA. However, the Charter Schools Act is silent regarding whether other charter school sponsors, like the Institute, are subject to FOIA. A 2014 S.C. Attorney General opinion stated that Limestone College, a private, religion-based education institution, would likely be considered a public body for the purposes of FOIA if it accepted a donation from the Gaffney Board of Public Works.

PEBA

The Institute sent an employer eligibility determination request to the South Carolina Public Employee Benefit Authority (PEBA) to determine whether the Institute is eligible to participate in the South Carolina Retirement System (SCRS). In 2022, PEBA determined that the Institute was not eligible to participate in the SCRS because it is not a government entity.

PEBA held that the Institute is not a department or division of any local government and has not been established as a separate political subdivision by state law. PEBA noted that the Institute was created by Erskine College, a private institution, and is not administered by public officials or elected by the general electorate.

It should be noted that S.C. Code §59-40-125(A) specifically authorizes charter schools to elect to participate in SCRS. Additionally, S.C. Code §59-40-125(B) specifies that the S.C. Public Charter School District (SCPCSD) is a covered employer in the SCRS. The SCPCSD is, like the Institute, a statewide sponsor of public charter schools. Amending state law to allow sponsors from independent institutions of higher learning to participate in SCRS—such as the Institute—could be an issue for further study.

Travel and Expenses

Institute's Travel

We reviewed the Charter Institute at Erskine's (the Institute's) trip itineraries, travel preauthorization forms and supporting documents, and general ledger from FY 22-23 through FY 24-25. We also reviewed independent audit reports addressing the Institute's trip to London, England from April 21, 2024 to April 26, 2024. We found:

- The Institute paid for staff members and charter school leaders to travel domestically and internationally to tour charter schools, and up to 24% of the participants were school leaders from virtual charter schools.
- The Institute spent \$820,271 on travel for FY 22-23 through FY 24-25, and over 58% (\$477,834) of that was dedicated to travel for professional development.
- The Institute justified its trip to London, England by providing a cost analysis to conferences within the continental United States using regular registration fee rates (as opposed to early registration rates) and standard hotel rates instead of special hotel rates.

We also reviewed the Institute's travel policies, and found that the Institute's policy on travel and meals exempts its chief executive officer (CEO) and director from adhering to its meal reimbursement rate.

Domestic and Foreign Travel for Professional Development

To strengthen leadership capacity and ensure continuity among charter school leaders, the Institute created the School Leaders Cohort (the Cohort) comprised of charter school leaders—including, but not limited to, its charter schools' board members, principals, assistant principals, and lead teachers. As of June 2025, there were 22 people in the Cohort.

Throughout the school year, the Cohort engages in virtual and in-person professional development opportunities. According to an Institute employee, when selecting travel destinations for the Cohort, the Institute considers several key factors, such as whether the destination aligns with school needs, safety, hosting capacity, engagement with government officials, proven track record of academic success, comparable models, and cost analysis and value comparison. Final approval for the Cohort's travel destinations rests with the Institute's CEO/superintendent and chief operating officer (COO). For comparison, regardless of the source of funding, state employees are required to seek prior approval from the S.C. Comptroller General's Office for any foreign travel—which is defined as any destination outside the continental United States except for Alaska, Hawaii, Canada, Puerto Rico, or the Virgin Islands.

We found that, within the past two school years, the Institute paid the travel expenses of its staff and several members of its Cohort to tour domestic and foreign charter schools. Specifically, we found the Institute paid the travel expenses for:

- 28 individuals (22 charter school leaders and 6 Institute employees) to travel to Miami, Florida.
- 31 individuals (24 charter school leaders and 7 Institute employees) to travel to London, England.
- 30 individuals (20 charter school leaders and 10 Institute employees) to travel to Phoenix, Arizona.
- 30 individuals (20 charter school leaders and 10 Institute employees) to travel to Stockholm, Sweden.

Twelve individuals attended all four trips (six of whom were charter school leaders and six of whom were Institute employees). According to an Institute official, traveling internationally was “a strategic extension of its three-tiered professional development model, providing learning experiences in high-performing schools,” and this model is designed to prepare charter school leaders “to bring innovative, effective solutions to their unique education environments.”

One charter school leader stated that meeting British students and educators helped “bridge cultural and geographical divides.” Another charter school leader noted touring Swedish schools helped them see the “disparities in funding” between Swedish schools and S.C. charter schools, and that Swedish schools focus on metacognition—where students are aware of what they are learning and “why they are learning it, how [it] connects to their goals, and how they can improve.”

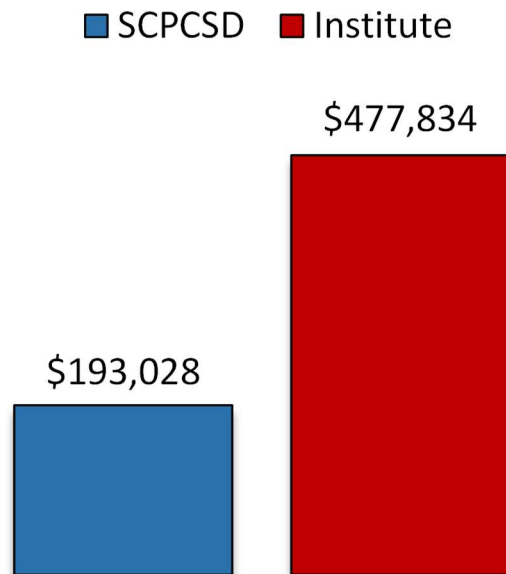
We also found that 4 (14%) attendees of the Miami trip, 7 (23%) attendees of the London trip, 7 (23%) attendees of the Phoenix trip, and 7 (24%) attendees of the Stockholm trip were charter school leaders from virtual charter schools sponsored by the Institute. We questioned the Institute as to how leaders from virtual charter schools would benefit from touring brick-and-mortar charter schools. An Institute employee stated that, other than the mode of instructional delivery, virtual charter schools are no different than brick-and-mortar charter schools because both are held to the same educational standard.

Cost of Professional Development Travel

We reviewed the Institute’s general ledger from FY 22-23 through FY 24-25 and searched for all accounts dedicated to travel. We calculated that the Institute spent \$820,271 on travel during that time frame. We then focused solely on accounts dedicated to travel for professional development, and found that 58.3% (\$477,834) of the total travel expenditures were spent on travel for professional development.

For comparison, we reviewed and analyzed the total travel expenditures the S.C. Public Charter School District (SCPCSD) spent on professional development during the same time frame and found that SCPCSD spent \$193,028. This means that, from FY 22-23 through FY 24-25, the Institute spent 2.5 times more (\$284,807) on travel for professional development than the SCPCSD. Refer to Chart 2.1.

Chart 2.1: Comparison of Total Travel Expenditures for Professional Development Between SCPCSD and the Institute from FY 22-23 – FY 24-25



Source: LAC Analysis of Data Provided by the Institute and SCPCSD

The SCPCSD only paid for domestic travel for professional development from FY 22-23 through FY 24-25.

According to the Institute, no state or federal funds were used to pay for its foreign travel; rather, it relied on private donations to cover the cost of these trips. We were unable to verify this because the Institute mixed its donated funds with other funds in its general ledger. For more information on the Institute combining its donations with other funds, refer to Chapter 4, *Institute's Donation Solicitation Process*.

In March 2025, two independent accounting firms determined that the Institute had sufficient private funds to cover its trip to London. According to the audit reports, the Institute provided these firms with its financial reporting system, and it showed the Institute had \$47,523 in unspent, private funds from FY 22-23, and \$24,500 in sponsorships collected by the end of FY 23-24. It is unclear whether the \$131,786 in event reimbursements we found on the Institute's donation list were part of the unspent, private funds from FY 22-23. For more information on the Institute including SCPCSD's reimbursement in its list of donations, refer to Chapter 4, *Institute's Donation Solicitation Process*.

Institute's Cost Analysis

To justify its international travel, the Institute provided us with a cost analysis which states that its London trip in April 2024 was comparable in price to attending the 2025 National Charter School Conference (NCSC) or the South Carolina Association of School Administrators' 2025 Innovative Ideas Institute (I3). According to the Institute's cost analysis, for 32 participants, it cost \$79,776 to go to London, England from April 21, 2024 to April 26, 2024, and, for the same number of participants, it would have been \$124,880 to attend the NCSC in Orlando, Florida from June 29, 2025 to July 2, 2025, and \$95,792 to attend I3 in Myrtle Beach, South Carolina from June 16, 2025 to June 19, 2025.

We disagree with the Institute's cost analysis. We reviewed the data the Institute used in its cost analysis, and found that the Institute used regular registration fee rates (which are typically higher), as opposed to early registration rates, standard hotel rates instead of special conference rates, and a \$912 per-person estimate for airfare from Charlotte, North Carolina to Orlando, Florida from June 29, 2025 to July 3, 2025. This inflated the estimated cost of the trips. It is unclear why the Institute used these figures for its cost analysis. Normally, the Institute schedules group travel well in advance because travel documents show the Institute started paying for its airfare to London in January 2024 and booked its hotel in February 2024, even though the trip did not take place until late-April 2024.

We calculated the cost of attending the NCSC and I3 using the earliest registration rates, special conference room rates, and the average flight prices (both low and high) from Charlotte, North Carolina to Orlando, Florida during the month of June. We estimated that, for 32 participants, it would have cost \$62,048 to \$64,768 to attend NCSC and \$75,761 to attend I3. These totals are less than the totals provided in the Institute's cost analysis. Having a travel cost analysis with expense estimations based on advanced planning may provide a more realistic comparison.

Museums and Sightseeing

We reviewed the Institute's itineraries for its Cohort's trips to Miami, Florida; London, England; Phoenix, Arizona; and Stockholm, Sweden, and found the trip itineraries included visits to museums, dining in several restaurants, and sightseeing. For example, the six-day itinerary for its London trip (of which two days were designated for travel) shows that Wednesday and Thursday mornings were dedicated to visiting three charter schools, while the evenings were dedicated to sightseeing and having dinner. The London itinerary also shows that the Institute dedicated Tuesday for team building, which consisted of either meeting with delegates at Parliaments or sightseeing, touring the Tower of London, and visiting the Natural History Museum.

Similarly, the eight-day itinerary (of which two days were designated for travel) for the Cohort's Stockholm trip shows that three mornings were dedicated to touring two charter schools and a university, while the rest of the time was dedicated to sightseeing, visiting museums, having meals, meeting with a member of Sweden's Parliament, touring Sweden's Parliament, and airfare travel. Trips for professional development typically focus on building job-specific knowledge, skills, and experience. Meetings with parliamentarians may also contribute to enhanced knowledge of foreign education systems. Recreational activities—such as sightseeing and visiting museums—could distract from the core objectives of building and improving professional skills. Waste can be minimized on trips by confining sightseeing to non-business hours, with business hours dedicated to touring schools, meeting with parliamentarians, and continuing education.

Travel Preauthorization Forms

Per the Institute's policy on travel and meals, an employee must provide a travel pre-authorization form. However, the policy does not indicate what documents are required with the travel preauthorization form which would indicate estimated travel costs.

We reviewed and analyzed the Institute's travel documentation for FY 23-24 to determine if any supporting travel documentation was provided. We found that approximately 54% of the travel preauthorization forms did not have any supporting documents. After a limited review of the Institute's general ledger for FY 22-23 to FY 24-25 to determine if actual expenses were documented, we found that the Institute had purchase orders, along with travel receipts, that documented the travel expenses in accordance with the Institute's policy on financial management.

Exemption from Policy on Travel and Meals

We reviewed the Institute's policy on travel and meals and found that the policy exempts its CEO and director from adhering to the Institute's meal reimbursement rate, which is the same as the in-state and out-of-state per diem rate for state employees. Rather, the policy states that, if the cost is reasonable, the Institute reimburses its CEO and director the actual cost of their meals. Reimbursing leaders their actual meal expenses instead of on a per diem basis can create budgeting issues and extra costs.

Recommendations

1. The S.C. General Assembly should consider clarifying travel practices for charter school sponsors.
2. The Charter Institute at Erskine should use estimations based on advance planning when calculating a cost analysis for travel.
3. The Charter Institute at Erskine should ensure its travel for professional development is primarily dedicated to building and improving professional skills and should reduce the amount of time dedicated to recreational activities, such as sightseeing and visiting museums.
4. The Charter Institute at Erskine should amend its policy on travel and meals to indicate what documents are required when submitting a travel preauthorization form.
5. The Charter Institute at Erskine should amend its policy on travel and meals to reimburse its chief executive officer and director on a per diem basis.

Institute's Spending

We reviewed the Charter Institute at Erskine's (the Institute's) policies on financial management, fixed assets, credit card usage, and procurement. We also reviewed the Institute's leases and its general ledger from FY 22-23 through FY 24-25. We found, among other things:

- The Institute signed a lease for the top floor of commercial real estate in downtown Columbia, costing almost \$7.6 million for the 10-year term, plus renovation costs of over \$1.2 million—all which will be paid for using state funds the Institute receives.
- The Institute never secured a written opinion from the State Fiscal Accountability Authority's Division of Procurement Services (DPS) to confirm that the Institute is exempt from adhering to the S.C. Consolidated Procurement Code (the state procurement code).
- The Institute does not post notices of awards on its requests for proposal (RFP) webpage.
- The Institute paid a charter school leader \$163,200 for consulting services, and it paid a former board chair of one of its charter schools \$22,700 for office furniture and decor.
- The Institute classified a \$30,000 fitness and nutrition program for its staff as a sole source procurement.
- The Institute gave \$10,000 to a non-profit in December 2022 and spent \$9,400 on fireworks in October 2023.

We also found that the Institute issued credit cards to approximately one third of its employees, and there are multiple reimbursements to these individuals on the Institute's general ledger to reimburse the employees for using their personal credit cards for Institute expenses.

Institute's Leases and Renovations

The Charter Schools Act does not currently address property acquisition or leasing for charter school sponsors. S.C. Code §1-11-55 requires the S.C. Department of Administration's Real Property Services (RPS) to evaluate and approve real estate leases for state governmental bodies. When evaluating a commercial lease for a state agency, RPS must consider location and total cost—which includes rent, upfitting costs, escalations, additional rents, operating, and other costs. RPS must give the highest weight to total cost. RPS's oversight helps ensure that equitable competition occurs when soliciting lease proposals from commercial entities. S.C. Code §1-11-55 is not applicable to school districts like the Institute.

We reviewed the Institute's leases, including amendments, within the past three years, and found that, on December 1, 2024, the Institute started renting 30,093 square feet in a building in downtown Columbia. According to the Institute's amended lease, the base rent escalates each year, starting at \$20.91 per square foot (PSF) in February 2025, and ending with a rental rate of \$28.83 PSF effective December 1, 2033. We calculated the Institute's total base rent to be \$7,558,459 for the 10-year term of the lease. The lease states that the landlord may increase the rent if the actual operating expenses exceed the base rent, and that parking accommodations for Institute personnel are not included.

Per the S.C. Department of Administration's Real Property Services' January 2025 commercial lease report, four state agencies lease space in the same building as the Institute. Those agencies include:

- S.C. Office of the Attorney General.
- S.C. Department of Administration.
- S.C. Department of Insurance.
- S.C. Retirement System Investment Commission.

The S.C. Department of Insurance leases 31,665 square feet on two floors at a rate of \$18.90 PSF. The base rate for that lease may escalate. The S.C. Department of Insurance leases roughly the same square footage as the Institute.

In September 2021, the S.C. Public Charter School District (SCPCSD) purchased its 29,024 square foot building on one acre located in downtown Columbia for \$1.5 million. The county assessed the market value in 2025 for the SCPCSD building to be \$4,433,000. SCPCSD has accumulated substantial equity on its building according to tax records.

We note the SCPCSD's purchase because it and the Charter Institute are the state's largest statewide charter school sponsors. However, their situations are not directly comparable. Different sponsors have different areas of emphasis, which may inform decisions such as office locations, leasing versus purchasing, and site usage.

Prior to its current lease, the Institute was renting 12,191 square feet on the 3rd floor of the same building, but it needed to expand to 20,000 square feet. According to an Institute official, “the only solution available to accommodate the Institute’s operational needs was a pending vacancy of the entire 25th floor.” The current lease is for 30,093 square feet—which includes 9,694 square feet on the 3rd floor and 20,399 square feet on the 25th floor. The Institute intends to only occupy the space on the 25th floor. From December 2024 through July 2025, the Institute had been trying to sublease the entire space on the 3rd floor. As of September 2025, the Institute had not found a subtenant.

Before moving to the 25th floor, the Institute renovated the space to construct 23 new offices, 2 conference rooms, 2 break rooms, a boardroom, and other workspace. The total cost of renovating the space was \$2,085,296, but the Institute paid \$1,240,570 of the renovation expense because it received a tenant improvement allowance of \$844,726 from its landlord. The Institute used its administrative fees as a charter school sponsor to pay for both rent and renovations.

Although S.C. Code §1-11-55 is not applicable to school districts like the Institute, the Institute could save state funds if it explored more economical opportunities for its office location.

Rental Policy

We found that the Institute intends to generate extra revenue by renting out some of the space on the 25th floor for events, but it has not adopted a rental policy. S.C. Code §59-19-125(1) allows school districts to rent any school property for civic or public purposes. At no cost, the Institute offers its schools access to its space for training, retreats, and other school functions. However, we found that, as of July 2025, the Institute has not developed a rental policy or procedures. A comprehensive rental policy protects school district’s property by obligating renters to procure insurance, could allow for fair competition with neighboring venues, and protects the school district’s from potential lawsuits by requiring indemnification clauses. An Institute employee stated that the Institute “is currently working to develop a formal booking process” and it has hired an event management service provider.

Exemption from the State Procurement Code

We found that the Institute did not get a written opinion from the Division of Procurement Services (DPS), which exempts the Institute from the state procurement code. S.C. Code §11-35-5340 says that a school district whose budget of total expenditures exceeds \$75 million annually is subject to the state procurement code; however, if the school district has secured a written opinion from DPS saying its procurement policy is “substantially similar” to the state procurement code, then the school district is exempt from the state procurement code. S.C. Reg. §19-445.3000(C) says a school district’s procurement policy will be approved if it largely mirrors the state procurement code—it does not need to be identical.

Since its inception in FY 18-19, the Institute’s total expenditures have exceeded \$75 million; therefore, in accordance with S.C. Code §11-35-5340, the Institute may be subject to the state procurement code unless it obtains a written opinion from DPS. We asked DPS if the Institute ever received a written opinion, and a DPS official said the agency has no record of the Institute ever requesting such a review. Except for the sole source procurement discussed later, after a limited review, we found no other instances where the Institute may have violated its internal procurement policy.

For comparison, DPS determined that the SCPCSD’s 115-page procurement policy is substantially similar to the state procurement code. Therefore, the SCPCSD is exempt from adhering to the state procurement code in accordance with S.C. Code §11-35-5340.

According to an Institute official, the Charter Schools Act exempts the Institute from the state procurement code. The act exempts charter schools from all provisions of law and regulations applicable to a public school, a school board, or a school district, unless provided otherwise by the act. This provision can be interpreted as exempting charter schools from the state procurement code; however, the law can be clarified to specify whether or not charter school sponsors, like the Institute, are also exempt.

Notices of Awards Posted to the Website

We found that the Institute has not posted notices of awards on its RFP webpage for its competitive, sealed bidding process. The state procurement code states, unless only one response is received for a competitive sealed bidding, a notice of an award “must be given by posting the notice on the date and at a location specified in the invitation for bids,” and it must contain a statement of a bidder’s right to protest as required by S.C. Code §11-35-4210(1). Additionally, the state procurement code requires notices of awards for a contract that has a total or potential value more than \$100,000 to be posted and emailed to all bidders seven business days before executing the contract.

We reviewed the Institute’s RFP webpage, and we were unable to find any notices of awards. It should be noted that the Institute’s procurement policy does not specifically address posting notices of awards on its website; however, it states, “All proposals shall be recorded at the time of opening and shall be opened for public inspection after contract award.” Posting notices of awards on an organization’s website may lead to fostering stronger relationships with the vendor community while also enhancing transparency, which can lead to an increase in public trust.

Vendors with Ties to Institute’s Charter Schools

We found that the Institute paid one of its charter school’s leaders \$163,200 for consulting services from May 1, 2021 to June 30, 2025. According to the school leader, the Institute approached him to be a consultant, and the school leader’s duties mainly consist of speaking at conferences and attending meetings with other charter school leaders. We also found that the Institute purchased office furniture and decor for its charter schools from a former charter school board chair for \$22,700. However, the Institute does not appear to have violated state law regarding these examples, and we did not find explicit evidence of favoritism.

The Institute’s procurement policy does not specifically address the appearance of conflicts of interest when buying goods and/or services from leaders of its charter schools. However, its procurement policy states, “A conflict of interest occurs when the personal, professional, or business interests of an [Institute’s] employee or Board Member conflict with the interests of the organization. Both the fact and the appearance of a conflict of interest should be avoided.” By expanding upon this conflict of interest provision to include specific examples of potential conflicts of interest, including, but not limited to, relationships between the Institute, vendors, and school officials, the actual or perceived conflicts of interest could be reduced and/or eliminated.

Sole Source Procurement for Fitness Program

We found that the Institute spent \$30,000 for a fitness program for its staff and said it was a sole source procurement. An Institute official justified the sole source procurement because the vendor “is the only company specializing in educator wellness.” We reviewed the Institute’s contract with the vendor, and it required the vendor to host monthly calls and onsite visits, and to develop a health plan and exercise program for the Institute’s staff. It is difficult to ascertain how this particular vendor is the only business that could have provided these fitness services to the Institute’s staff.

Both the state procurement code and the Institute’s procurement policy state that a good or service may be a sole source procurement as long as there is a written justification explaining that no other source would be suitable or acceptable to meet the need. According to state procurement regulations and best practice standards, the written justification should be accompanied by market research to show the vendor is the only source. We reviewed the Institute’s procurement policy and found that it does not require market research. The Institute’s sole source justification for this particular contract did not include any market research. Following the state procurement code can help ensure fairness, maintain fiscal responsibility, and promote general trust of the public.

Non-Profit Donation and Fireworks

We reviewed and analyzed the Institute's general ledger from FY 22-23 through FY 24-25 and we found that the Institute made the following purchases:

- A \$10,000 donation to a non-profit on January 11, 2023.
- \$9,400 to a pyrotechnics vendor on October 7, 2023.

We found a credit card payment for \$10,000 under the account titled, "INSTITUTE MISC." We asked the Institute about this transaction, and the Institute said the payment "represents a donation to another South Carolina nonprofit organization."

We asked the Institute about the pyrotechnics purchase, and an official explained it was for special effects for the 2023 Kids First Conference. An Institute official stated that the pyrotechnics purchase was covered by sponsorships. After reviewing the October 7, 2025 preliminary audit draft, the Institute provided us with a representation dated October 15, 2025, conducted by an independent accounting firm, which concluded that the Institute had "sufficient unincumbered sponsorship funds" to pay for the \$9,400 pyrotechnic purchase after reviewing the Institute's accounting records from July 1, 2018 through December 31, 2023. The firm concluded that the funds used to pay for the pyrotechnics were from sponsorship funds available on October 7, 2023. However, we cannot positively determine whether sponsorships covered this expense because the Institute combined its donations and sponsorships with other funds. For more information on the Institute's donations and sponsorships, refer to Chapter 4, *Institute's Donation Solicitation Process*.

Purchases made by the Institute should focus primarily on items that will directly assist the Institute in accomplishing its mission. The spending may not comply with S.C. Code §59-40-55(C) of the Charter Schools Act and Provisos 1.106 of FY 24-25 and 1.102 of FY 25-26. For more information, refer to Chapter 3, *Investment in Education Management Organizations (EMOs)*.

RFP Webpage

We found that the Institute's RFP webpage is difficult to locate on its website. The RFP webpage is not on the Institute's website's homepage; rather, it is located by clicking on "Quick Links" and scrolling down to "Finance" to click on the link titled, "RFP Requests." Placing a link to its RFP webpage prominently on the homepage enhances transparency and may lead to more competitive and attractive bids from multiple vendors.

Institute Credit Cards

We found that the Institute issued credit cards to 11 (30%) of its employees. Best practices recommend that organizations adopt a credit card policy which limits the type of employees who can use a company's credit cards. For example, the state adopted a policy that says state agencies can only issue a purchasing card (also known as a P-Card) to a "permanent, part-time or full-time State employee whose jobs require the use of P-Card," and prohibits student employees, temporary workers, or contractors from being issued a P-Card.

The Institute's credit card usage policy does not restrict the type of employee who can be issued a credit card; rather, it states that the Institute's chief executive officer has the sole authority to designate which employees can be issued an Institute credit card. Reducing the number of individuals who are issued company credit cards can help minimize a company's exposure to fraud or loss.

We also found that, despite having company credit cards, some employees are still using their personal credit cards to pay for Institute expenses. For example, one employee who has an Institute credit card used his/her personal credit card to buy the Institute's annual Microsoft Office subscription for \$5,031 and the Institute's parking garage bill for \$4,313. An official said the Institute's financial management policy authorized the employee to seek reimbursement for these expenses.

We reviewed this policy and found that these purchases were, in fact, in violation of the policy. The policy states an Institute employee may only seek reimbursement for goods or services purchased with a personal payment method if the circumstance was an emergency and the normal process of obtaining such goods or services was not feasible, an immediate supervisor approved the purchase, and the purchase was \$250 or less. Both the Microsoft Office subscription and the parking garage bill exceeded \$250; therefore, reimbursing this individual was contrary to the Institute's policy. Using a personal credit card for company expenses, and then seeking reimbursement, can complicate financial management; as such, it should only be done sparingly and in accordance with the Institute's policy. This implies a lack of control over the Institute's funds.

Statute Clarification

S.C. Code §59-40-55(C) of the Charter Schools Act says, in part, that a charter school sponsor shall use the state funding it receives for overseeing its charter schools "exclusively for the purpose of fulfilling sponsor obligations." More specificity regarding what can be purchased with state funds can help provide greater clarity regarding the spending of state funds.

Additionally, S.C. Code §59-40-55(C) only specifies that the S.C. Public Charter School District may retain no more than two percent of the total state appropriations for the schools it authorizes to cover the costs for overseeing its charter schools. Clarity regarding the ability of other sponsors to retain no more than two percent of appropriations for each charter school authorized may provide greater consistency to the financing of charter school sponsors.

Recommendations

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6. The S.C. General Assembly should consider amending the Charter Schools Act to include oversight of charter school sponsors' real estate transactions, including lease agreements.
 7. The Charter Institute at Erskine should determine whether it may be beneficial to terminate its lease and move to another office space.
 8. The Charter Institute at Erskine should draft and adopt a rental policy for its facility.
 9. The S.C. General Assembly should consider amending the Charter Schools Act to clarify whether or not charter school sponsors are exempt from the South Carolina Consolidated Procurement Code.
 10. The Charter Institute at Erskine should request the Division of Procurement Services to review its procurement policy.
 11. The Charter Institute at Erskine should amend its procurement policy to require notices of awards for competitive sealed bidding to be posted on the Institute's request for proposals webpage.
 12. The Charter Institute at Erskine should adopt a policy addressing procuring goods and/or services from its charter schools' leaders and employees.
 13. The Charter Institute at Erskine should amend its procurement policy to require market research to be included with its written sole source justification.
 14. The Charter Institute at Erskine should ensure that its purchases are limited to goods and services directly related to fulfilling its mission.
 15. The Charter Institute at Erskine should have a link to its requests for proposals webpage on the homepage of its website.

16. The Charter Institute at Erskine should amend its policy on credit cards to restrict the type and number of employees who can be issued credit cards.

17. The Charter Institute at Erskine should require its employees who are issued an Institute credit card to use their personal credit cards strictly in an emergency, as outlined in the Institute's policy on credit cards.

18. The S.C. General Assembly should consider amending the Charter Schools Act to clarify how charter school sponsors can retain and spend state funds.

Relationships with Education Management Organizations (EMOs)

Investment in Education Management Organizations (EMOs)

We were asked to determine whether the Charter Institute at Erskine (the Institute) had invested funds in an education management organization (EMO). We reviewed the Charter Schools Act, budget provisos, and financial documentation, including the general ledgers for the Institute and for Teach Right USA (TRUSA). We found:

- Erskine College, but not the Charter Institute at Erskine, loaned \$1 million of its funds to a private business affiliated with an EMO of an Institute-sponsored school.
- The Institute is financially and administratively supporting TRUSA, a separate nonprofit which is not currently operating as an EMO.
- TRUSA has been paid \$30,500 for consulting services by four Institute-sponsored schools.
- At least two Institute employees assist TRUSA; however, the Institute does not document their time working for TRUSA.
- The Institute covered \$1,248,292 in expenses for TRUSA from FY 22-23 to FY 24-25, of which \$865,341 has been reimbursed as of June 2025.
- The Institute covered \$111,890 in TRUSA expenses before the effective date of its agreement with TRUSA.
- The Institute has issued \$234,271 in checks on behalf of TRUSA out of its own bank account containing the Institute's intergovernmental funds.

It is likely that the Institute has used intergovernmental funds it received pursuant to the Charter Schools Act to financially support TRUSA outside of the Institute's obligations as a sponsor. The Institute's use of these funds may also contradict the requirements of Proviso 1.106 of FY 24-25.

State Law

The Charter Schools Act, S.C. Code §59-40-55(C), states:

The South Carolina Public Charter School District may retain no more than two percent of the total state appropriations for each charter school it authorizes to cover the costs for overseeing its charter schools...*The sponsor shall use its funding provided pursuant to this section exclusively for the purpose of fulfilling sponsor obligations in accordance with this chapter.* [emphasis added]

The South Carolina Public Charter School District is initially named in this subsection; however, in the remaining sentences, the term “the sponsor” is used. As a result, it is likely that this subsection would apply to the Institute as a sponsor. (For more information on the clarifications needed to this provision of the Charter Schools Act, refer to Chapter 2, *Institute’s Spending*.) A sponsor’s obligations under the Charter Schools Act include:

Adopting national industry standards of quality charter schools and authorizing and implementing practices consistent with those standards.

Approving charter school applications.

Declining to approve charter school applications.

Negotiating and executing sound charter contracts with each approved charter school.

Monitoring, in accordance with the charter contract terms, the performance and legal/fiscal compliance of charter schools to include collecting and analyzing data to support ongoing evaluation according to the charter contract.

Conducting or requiring oversight activities that enable the sponsor to fulfill its responsibilities.

Collecting an annual report from each of its sponsored schools and submitting those reports to the S.C. Department of Education.

Notifying the charter school of perceived problems.

Taking appropriate corrective actions or exercising sanctions short of revocation in response to apparent deficiencies in charter school performance or legal compliance, including requiring schools to develop and execute corrective action plans.

Determining whether each charter should be renewed.

Providing information to parents and the general public about charter schools and the enrollment process.

Closing any charter school that receives the lowest performance level rating for three consecutive years.

In support of the General Assembly’s intent to create innovative strategies to educate all children within the public school system, the Charter Schools Act encourages a liberal interpretation of its provisions. However, in FY 24-25 and FY 25-26, the General Assembly clarified its intent regarding a sponsor’s use of its funds. FY 24-25 Proviso 1.106 and FY 25-26 Proviso 1.102 both require the following:

...a charter school authorizer [sponsor] shall not expend any state appropriated funds, or funds realized as a result of its operations, for any purposes other than those listed in the [Charter Schools Act]...

The language of the provisos indicates that a liberal interpretation of a sponsor’s obligations under the Charter Schools Act may not be taken. The provisos emphasize that a sponsor may only use its funding for the purposes *listed* in the Charter Schools Act. The use of the word “listed” clarifies the language of the act, which states that the funding should be used “exclusively for the purpose of fulfilling sponsor obligations.”

Erskine College’s Loan to a Business Affiliated with an EMO

We reviewed the Institute’s relationship with EMOs, including financial and legal documentation. We did not find that the Institute has invested funds in an EMO; however, Erskine College loaned \$1 million of its funds to a private business affiliated with a for-profit EMO. This EMO was previously used by Institute-sponsored schools. A promissory note between the two entities was executed on August 1, 2021, and requires the business to repay the principal amount plus 5% yearly interest. This promissory note is the subject of pending litigation.

For more information on the relationship between Erskine College and the Institute, refer to Chapter 4, *Relationship Between Erskine College and the Charter Institute at Erskine*.

TRUSA’s Mission

We reviewed the Institute’s relationship with Teach Right USA (TRUSA). We found that, although the Institute is financially and administratively supporting TRUSA, TRUSA is not currently operating as an EMO.

TRUSA is a nonprofit that offers a bachelor’s apprenticeship program and an alternative certification program for future teachers. The apprenticeship program is registered as a part of the U.S. Department of Labor’s National Apprenticeship System, and the alternative certification program has been approved by the State Board of Education.

TRUSA also provides educational consulting services. These services include, but are not limited to, professional development, literacy training, evaluations, school diagnostic reviews, teacher improvement plans, academic consulting, financial services, and mentoring. As of August 2025, TRUSA has worked as a vendor with four Institute-sponsored schools for a total of \$30,500 in contracted services.

Shared Board Member

One member of TRUSA's board of directors is also a member of the Institute's board of directors. The Institute provided a written opinion by outside counsel which notes that it is not improper for two nonprofit boards to share a member under current South Carolina state law. For more discussion of state law as it relates to potential conflicts of interest, refer to Chapter 4, *Legal and Policy Review*.

Tennessee Schools

In October 2023, a letter of intent to open Teach Right Traditional School Nashville was submitted to the Tennessee Department of Education. The application listed Teach Right USA as the sponsoring entity and included an Institute employee and the Institute's address as primary contact for TRUSA. The application also indicated that the sponsor intended to create two or more schools in Tennessee.

Leadership for the school included seven Institute employees, including both the COO and the superintendent of the Institute. It also included two individuals identified as Teach Right USA employees, and three education-adjacent individuals. The abstract for the school states that Teach Right Schools was founded by the leaders of the Institute and highlights the Institute employees' experience as an asset to the future school. As of April 2025, no further steps have been taken to open the school.

When asked about the connections between Teach Right Traditional Schools, Teach Right USA, and the Institute, Institute leadership stated that the application mistakenly listed Teach Right USA as the sponsor for the school. Institute leadership also stated that despite the similarities in names and individuals, Teach Right Traditional Schools and Teach Right USA are unrelated.

Had Teach Right USA successfully opened schools in Tennessee, it would be operating as an EMO, and its relationship with the Institute would require further study. We asked Teach Right USA leadership whether there were plans to open any schools in the future. Leadership responded that there were none.

Fiscal and Administrative Sponsorship Agreement

We reviewed documentation of the relationship between TRUSA and the Institute. We found that, in addition to founding TRUSA, the Institute currently serves as TRUSA's fiscal and administrative sponsor under the terms of an agreement effective June 26, 2023. The agreement states that the Institute will maintain a Teach Right USA fund, and that all amounts it may deposit in the fund, less any expenses and administrative charges, will be granted to TRUSA.

The agreement also stipulates that, on behalf of TRUSA, the Institute will:

- ❖ Conduct general administrative and other operational functions, including, without limitation, the following:
 - Provision and supervision of all other personnel necessary to perform the duties of and to further TRUSA's operations.
 - Sublease, license, or provision of office space, fixtures, furniture, and equipment for TRUSA's operations and employees.
 - Contract for services from third parties on behalf of TRUSA.
 - Performance of any other additional and specific services on behalf of TRUSA on reasonable request and at the direction of the board.
- ❖ Provide financial and accounting services, including, without limitation, the following:
 - Administration of all accounts receivable and payable of TRUSA.
 - Provision of financial, accounting, and bookkeeping functions, including the payment of all invoices, reconciling bank statements, debit and credit entries, procurement, and purchasing.

The agreement requires the Institute to establish a mutual bank account separate from the Institute's operating account into which it will receive TRUSA's funds. It also requires the Institute to account for TRUSA revenue and expenses within the Institute's general ledger but using unique general ledger codes. The agreement further states that the Institute will write checks and disburse funds on submission of invoices approved and submitted by a TRUSA representative. When asked, an Institute official confirmed that the Institute processes payments for TRUSA. The official stated that all TRUSA activities require approval.

Institute Employees Conducting TRUSA Work

We requested a list of Institute employees who have provided or are currently providing administrative services to TRUSA and the hours worked by those personnel, from FY 22-23 to present. An Institute official stated that the Institute staff do not keep track of the separate hours of the administrative services provided to TRUSA because the Institute does not seek compensation for them. An Institute official also confirmed in an interview that the Institute does not maintain time and effort reporting.

Despite this, documentation of TRUSA expenses provided by the Institute included evidence that at least one other Institute employee and one Institute intern provided work for TRUSA. We found an invoice to TRUSA for an Institute employee's services, which appears to have been issued on behalf of the employee's personal business. The invoice was for \$2,000 for "Website redesign." We also found a form with the Institute's logo documenting an intern's work for TRUSA. The form provides a breakdown in hours of the work the intern completed for "TRUSA Social Media." It is unclear why this information, or these individuals' work, was not included as a part of the Institute's response.

Without maintaining documentation of Institute employees' hours of work for TRUSA, the Institute cannot confirm that the employees are only working on Institute matters during Institute business hours. This is important regardless of whether TRUSA is paying the employees.

TRUSA Expenses

It is likely that the Institute has used intergovernmental funds to cover expenses for TRUSA. Intergovernmental funds include all state sourced revenue and any federal revenue that is transferred to charter schools. We reviewed the Institute's general ledger and audited financial statements, as well as TRUSA's general ledger maintained by the Institute. We found that from FY 22-23 to FY 24-25, the Institute has covered \$1,248,292 in expenses on behalf of TRUSA, as demonstrated by Chart 3.1.

Chart 3.1: Expenses Covered by the Institute on Behalf of TRUSA, FY 22-23 – FY 24-25

	FY 22-23	FY 23-24	FY 24-25	Total
PERSONNEL EXPENSES				
Salary	\$63,735	\$328,000	\$126,993	\$518,728
Health and Life Insurance	\$7,624	\$26,910	\$15,172	\$49,706
Retirement	\$1,298	\$7,322	\$5,127	\$13,747
Social Security	\$4,883	\$25,093	\$9,796	\$39,772
Workers' Compensation Tax	\$180	\$966	\$451	\$1,597
Travel	\$290	\$3,707	\$4,316	\$8,314
RENTALS, EQUIPMENT, AND SUPPLIES				
Rental	\$225	\$2,916	--	\$3,141
Software	--	\$4,238	--	\$4,238
Supplies and Materials	\$3,640	\$17,408	--	\$21,048
Technology	--	\$858	--	\$858
CONTRACTED SERVICES				
Curriculum Development	\$1,750	--	--	\$1,750
Legal Services	\$1,503	\$16,743	--	\$18,245
Management Services	\$40,984	\$267,234	\$210,425	\$518,643
Technology Contracts	\$17,723	\$8,331	\$22,452	\$48,506
Total	\$143,835	\$709,724	\$394,733	\$1,248,292

Note: The general ledger report was generated on June 19, 2025.
As a result, the total for FY 24-25 may have changed prior to the completion of the fiscal year.

Source: LAC Analysis of the Institute's TRUSA General Ledger

Of the amount covered by the Institute, \$865,341 has been reimbursed, and \$382,951 is outstanding. According to its audited financial statements, the Institute paid \$143,855 in expenses for TRUSA during FY 22-23, and \$697,981 in expenses for TRUSA during FY 23-24. The reason for the difference in amounts is unclear.

Loan Agreement and Promissory Note

The Institute has also executed a loan agreement and promissory note with TRUSA effective June 26, 2023. The amount of the agreement is \$500,000, which TRUSA will pay back to the Institute plus interest at a rate equal to the prime rate at the bank used. Both the fiscal sponsorship of TRUSA and the loan agreement and promissory note were approved by the Institute's board, and as confirmed by the Institute, have not been amended since. According to the Institute's general ledger, \$450,000 of the loan has been utilized by TRUSA, with \$125,000 of that amount paid back.

Likely Use of Charter Schools Act Funds

The Institute's operational budget is largely funded through public dollars; mainly, a 2% administrative fee paid to the Institute by its charter schools. The 2% fee is only mandated in the Charter Schools Act at S.C. Code §59-40-55(C) for the SCPCSD; however, the Institute states it has elected to keep its fee at or below 2% in adherence with the act. For discussion of the need to clarify this provision of the Charter Schools Act, refer to Chapter 2, *Institute's Spending*.

The Institute also solicits donations (refer to Chapter 4, *Institute's Donation Solicitation Process* for more information) and maintains investments on which interest accrues. In its FY 22-23 and FY 23-24 audited financial statements, the Institute reported \$156,403 and \$345,183 in local revenue, respectively. Local revenue includes interest on investments, contributions and donations from private sources, refunds of prior year expenditures, and other revenue from local sources. The FY 22-23 local revenue of \$156,403 would be sufficient to have covered TRUSA's expenses in that fiscal year. However, the Institute's local revenue of \$345,183 in FY 23-24 would not have covered TRUSA's expenses of \$709,724 for that fiscal year, as demonstrated by Chart 3.2.

Chart 3.2: Expenses Covered by the Institute on TRUSA's Behalf Compared with the Institute's Reported Local Revenue

	FY 22-23	FY 23-24
Expenses Covered on TRUSA's Behalf	\$143,835	\$709,724
Local Revenue	\$156,403	\$345,183

Note: FY 24-25 audited financial statements are not yet available.

Source: LAC Analysis of the Institute's TRUSA General Ledger and Institute Audited Financial Statements

We asked Institute leadership to demonstrate that the funds used to support TRUSA were not state funds. Institute leadership asserted that one hundred percent of state funds go directly to the Institute's charter schools. When asked for clarification on whether the 2% administrative fee is retained from those state funds, Institute leadership again stated that "schools get all the funding" and then pay the Institute a portion of their state revenue. However, passing the funding through the charter schools before receiving it back does not change the funding source; the funding still originated as government-issued funding for administration of charter schools.

Expenses Paid Prior to Agreement

We reviewed the Institute's TRUSA general ledger and found that expenses for TRUSA were incurred prior to execution of the agreement between TRUSA and the Institute. The Institute and TRUSA's fiscal sponsorship and administrative services agreement was executed on June 26, 2023. Expenses for TRUSA were being covered by the Institute as early as February 10, 2023. The Institute paid \$111,890 in TRUSA expenses before the effective date of the agreement.

Issuance of Checks on Behalf of TRUSA

We reviewed the Institute's check registers and compared them to the check numbers provided in the Institute's TRUSA general ledger. We found 93 checks representing \$234,271 in expenses on TRUSA's behalf on the Institute's check registers from FY 22-23 to FY 24-25.

We asked an Institute official whether all series of checks on the Institute's check registers were coming out of the same bank account. The official confirmed that every bill the Institute pays, it issues from one account. From their inclusion on the Institute's check registers, the 93 checks issued on TRUSA's behalf represent \$234,271 likely paid out of the same account used by the Institute to pay its bills with its intergovernmental funding. The use of this account increases the likelihood that intergovernmental funds are being used to support TRUSA.

Institute Response

Charter Schools Act and Provisos

At the start of this audit, the Institute provided several boxes worth of documentation, including written responses to our audit requestors' questions. In response to whether the Institute has invested funds in an EMO, the Institute stated that it "explicitly does not invest funds in any [EMO]." The Institute emphasized its role as a sponsor, stating:

As a sponsor, the Institute's role is to oversee and ensure the school's compliance, not to directly manage or financially engage with operational vendors like EMOs. The sponsor's primary responsibilities include ensuring special education services and maintaining compliance with federal, state, and local educational requirements.

While TRUSA is not an EMO, it is a vendor that has provided services to Institute-sponsored schools. The Institute is correct in reasoning that the Charter Schools Act does not include the financial and administrative sponsorship of vendors as a responsibility of a charter school sponsor.

Later in the audit, in response to a request for information, the Institute asserted that "the Teach Right USA initiative reflects the [Charter Schools] Act's intent by addressing the critical need for high-quality educators through innovative training and support programs." The Institute emphasized that the provisions of the Charter Schools Act were intended to be "interpreted liberally" to support charter schools. The Institute claimed that, while support of TRUSA by the Institute is not directly outlined within the Charter Schools Act, "TRUSA embodies the Act's foundational goals of innovation, opportunity, and accountability."

Review by Outside Counsel

The Institute provided a June 2024 review of its operations by outside counsel in response to a letter sent to the S.C. Office of Inspector General (OIG) by members of the General Assembly. One question asked in the letter to the OIG was "which duty under the code was the institute [*sic*] fulfilling when it undertook to create an alternative certification entity, Teach Right USA?" In response, the outside counsel states that the Charter Schools Act directly addresses the question; however, the outside counsel does not provide any additional information on where or how the Charter Schools Act does so.

In the same review, outside counsel states that the funds loaned to TRUSA were "non-pass-through" funds, and that this transaction was legal and acceptable. Outside counsel also states that TRUSA has been loaned "initial capital" and that no further funds have been committed to or obligated by the Institute to TRUSA. Our review of the TRUSA general ledger maintained by the Institute shows that the Institute was still covering expenses for TRUSA in FY 24-25, after the date of the review.

The Institute also provided another report prepared by different outside counsel stating that it is “not uncommon” for nonprofit organizations to establish and support other nonprofit organizations. However, the report did not address the use of state funds in doing so and, therefore, does not directly apply to the appropriateness of that aspect of the Institute and TRUSA’s arrangement.

Preliminary Draft Response

In its response to our preliminary draft report, the Institute stated that “had it been the intent and will of the General Assembly to restrict a sponsor solely to what is outlined in S.C. Code §59-40-55(B), it would have said so.” The Institute is correct in stating that the General Assembly has not clarified this point in the Charter Schools Act as it is written. However, through passage of Proviso 1.106 of FY 24-25 and Proviso 1.102 of FY 25-26, the General Assembly did add some clarification by stating that a charter school sponsor “shall not expend any state appropriated funds, or funds realized as a result of its operations, for any purposes other than those *listed* [*emphasis added*] in Chapter 40, Title 59 [the Charter Schools Act].” We were unable to identify a provision *listed* in the Charter Schools Act that aligns with the Institute’s support of TRUSA. The Institute also did not provide a citation to a *listed* provision of the Charter Schools Act stating that sponsors may fiscally and administratively support a separate nonprofit.

In its response to our preliminary draft report, the Institute also cites to *Sutherland Statutory Construction*, 5th ed.: “What a legislature says in the text of a statute is considered the best evidence of legislative intent or will.” A plain reading of the provisos indicates that use of Charter Schools Act funds that deviates from the *listed* obligations of a sponsor is a potential violation of state law. Further, it seems unlikely that the legislature intended for charter school sponsors to financially support separate nonprofits that then contract with that sponsor’s own schools. Even in the context of S.C. Code §40-59-30(A), which states that “provisions of this chapter [the Charter Schools Act] should be interpreted liberally,” there appears to be no written provision of the Charter Schools Act to liberally interpret that would result in support of such an arrangement.

As this may be confusing, the Charter Schools Act should be further clarified to help sponsors determine how to best utilize their funds to support their schools and students.

Comparisons

We reviewed other nonprofits associated with school districts, including the Charleston County School District's newly created foundation and multiple initiatives of the S.C. Public Charter School District (SCPCSD). We found that the entities' missions significantly differ from TRUSA's.

Charleston County School District Foundation

Charleston County School District has recently started a philanthropic foundation. This foundation differs from TRUSA in that it will be used to raise money to support the district's schools. The foundation has been described as a way to keep private philanthropic funds separate from public funds.

SCPCSD Initiatives

The SCPCSD also offers an alternative certification pathway for teachers, called Charter Inspire; however, unlike TRUSA, it is a direct initiative of the district only working with its own schools, and not a separate entity. The SCPCSD has another initiative, the Workforce Centers of Excellence (WCOE), which also is not a separate entity. The WCOE is a program that individual schools may choose to adopt to enhance career and military readiness and is only open to students enrolled in the district's schools that have adopted the framework.

Finally, the SCPCSD is the sponsor of the Palmetto Excel Center, a charter high school focused on adult education. The Palmetto Excel Center differs from TRUSA in that it is a charter school that the SCPCSD sponsors, and in that it provides adults with high school diplomas, similar to a local school district adult education center.

Overall

While TRUSA's mission to address teacher shortages in South Carolina does ultimately impact charter schools statewide, it is unlikely that the use of intergovernmental funds to support TRUSA aligns with the Charter Schools Act as its currently written. Further, the General Assembly's intent was clarified by FY 24-25 and FY 25-26 provisos, which prohibit the use of state funds or "funds realized by [a sponsor's] operations" for any purpose other than the responsibilities assigned to a sponsor under the Charter Schools Act. As discussed, the language of the provisos indicates that a liberal interpretation of this provision of the Charter Schools Act may not be taken.

Recommendations

19. The S.C. General Assembly should consider amending the Charter Schools Act to codify the language of FY 24-25 Proviso 1.106 and FY 25-26 Proviso 1.102 prohibiting a sponsor's use of state appropriated funds or funds realized as a result of the sponsor's operations for any purposes other than those listed in the Charter Schools Act.
20. The Charter Institute at Erskine should adopt and enforce a policy requiring employees performing duties on behalf of Teach Right USA to maintain time and effort documentation.
21. The Charter Institute at Erskine should consider ceasing coverage of expenses for Teach Right USA until such time as it can be established that state funds are not being used.
22. The Charter Institute at Erskine should consider no longer loaning any additional funding to Teach Right USA until such time as it can be established that state funds are not being used.
23. The Charter Institute at Erskine should consider stopping issuance of checks on behalf of Teach Right USA from its own bank account containing state funds.

Inadequate Control Over State Funds at Charter Schools with EMOs

The Charter Schools Act does not address many aspects of the relationship between sponsors, schools, and education management organizations (EMOs). As a result, there is inadequate control over state funds at some of the Institute's sponsored charter schools engaged with EMOs. We reviewed the Institute's policies, all management agreements between the Institute's charter schools and EMOs, and all charter contracts between charter schools and the Institute. We found:

- Seven Institute-sponsored charter schools have executed management agreements granting an EMO, or the EMO's employees, signatory authority over bank accounts in which state funds are deposited.
- Two of these seven Institute-sponsored charter schools have executed such management agreements despite the schools' charter contracts with the Institute, which prohibit EMOs from controlling any school bank account.
- Four of these seven Institute-sponsored charter schools have executed such management agreements despite the Institute's policy prohibiting signatories from any entity other than the schools' board members or employees.
- At least four Institute-sponsored charter schools have executed management agreements that require or have resulted in the use of entities related to the EMO.
- Eleven Institute-sponsored charter schools have executed management agreements delegating hiring authority for the head of school and/or administrative staff to the EMO.

Management agreements granting signatory authority or control over school bank accounts dilute the charter school boards', Institute's, and state's accountability over state and federal funds. By not enforcing its policy or contract provisions, the Institute is weakening its own authority and increasing the risk of fraud or waste involving public funds.

Charter Schools Act

The stated intent of the General Assembly in authorizing charter schools is "to create a legitimate avenue for parents, teachers, and community members to take responsible risks and create new, innovative, and more flexible ways of educating all children within the public school system." The Charter Schools Act prioritizes flexibility and preserves the autonomy of a charter school board to encourage innovation.

The Charter Schools Act is largely silent on the relationship between charter schools and management organizations like EMOs. While the Charter Schools Act does require charter school applicants to identify any proposed responsibilities that will be managed by an EMO or similar management organization, it does not establish which responsibilities, or what level of authority, are acceptable for the management organization to assume.

The act also does not directly address oversight of the relationship between a charter school and an EMO. However, Section 59-40-55(B) of the Charter Schools Act includes the following among the duties of a charter school sponsor:

(4) monitor, in accordance with charter contract terms, the performance and legal/fiscal compliance of charter schools to include collecting and analyzing data to support ongoing evaluation according to the charter contract;

(5) conduct or require oversight activities that enable the sponsor to fulfill its responsibilities outlined in this chapter, including conducting appropriate inquiries and investigations, only if those activities are consistent with the intent of this chapter, adhere to the terms of the charter contract, and do not unduly inhibit the autonomy granted to public charter schools;...

(7) notify the charter school of perceived problems if its performance or legal compliance appears to be unsatisfactory and provide reasonable opportunity for the school to remedy the problem, unless the problem warrants revocation and revocation timeframes apply;...

Oversight and monitoring of a charter school's relationship with an EMO to ensure fiscal and legal compliance, including compliance with the charter school's charter contract with its sponsor, would likely fall under at least one of these three duties. Though autonomy of a charter school is important, the involvement of state funds requires that proper controls be in place to reduce the risk of financial fraud or waste.

Institute Policies

Management Organization and Required Agreement Provisions

In September 2020, the Institute approved a management organization and required agreement provisions policy that outlines requirements for such relationships. This policy includes EMOs in its broader definition of management organizations. Among other requirements, the policy states:

No provision of [an] agreement shall affect the deposit of all funds into the School's depository account. The signatories on the School accounts shall solely be Board members or properly designated Board employees...

The policy requires Institute approval of management agreements prior to execution of the agreement. Failure to comply with the policy's provisions may result in the non-issuance of a charter contract or the beginning of revocation procedures against the school.

The policy also states that a school may request a waiver exempting them from the policy's provisions. We requested documentation of any waivers that were issued. An Institute official responded that the Institute has not issued any formal waivers to date because "the Institute has adopted the practice of reviewing and approving management contracts and their terms during the charter school application process...thereby eliminating the need for a separate review and approval..." The official informed us that the policy also did not affect schools with existing contractual agreements with service providers at the time of the policy's implementation.

We reviewed the Institute's board minutes and found three schools that requested waivers from the policy during a November 2020 meeting. The waivers allowed the schools' EMOs to hire the schools' principals. Two of these schools are no longer sponsored by the Institute.

Financial Management Policy

The Institute also maintains a financial management policy, last modified in April 2023, that requires all charter schools sponsored by the Institute to operate a depository account owned by the charter school board. The policy requires that only board members, school personnel authorized by the board, or designees of the board be signatories on the account. This language contradicts the management organization and required agreement provisions policy as it creates a broader group of allowable signatories than just board members or properly designated board employees.

Inspectors General Reviews

In 2021, the S.C. Office of Inspector General (S.C. OIG) conducted a limited scope review of three charter schools sponsored by the Institute. All three schools were managed by the same EMO. The S.C. OIG review identified “serious concerns” about the relationship between the schools and the EMO. The S.C. OIG identified that the EMO, “a private, for-profit, out-of-state corporation,” had signatory authority over one school’s bank accounts into which state funds were deposited.

The S.C. OIG identified oversight of EMOs as “a matter of increasing concern.” Ultimately, the S.C. OIG recommended:

[The Institute] and [the South Carolina Public Charter School District] should ensure public charter school bank account signature authority and contracting authority are limited to authorized personnel, consistent with the fiduciary duties of the public charter school Boards, particularly regarding the use and oversight of state funding.

Similarly, the U.S. Department of Education’s (USDE’s) Office of Inspector General (OIG) determined “charter school relationships with [EMOs] posed a significant risk...” with regards to fraud, waste, and abuse, and lack of accountability over federal funds. The USDE OIG also determined state laws should more consistently require the following:

- Sponsors to review the contract between the charter school and the EMO.
- The charter school board to be separate from the EMO.
- The charter school board to disclose conflicts of interest in the charter application and renewal application.

In alignment with the USDE OIG’s recommendations, South Carolina’s Charter Schools Act requires information about the responsibilities of any proposed management company or educational service provider in the charter school’s application. However, the Charter Schools Act does not require review of the contract or relationship between the charter school and the EMO, or that the charter school board be separate from the EMO.

In FY 23-24, FY 24-25, and FY 25-26, the General Assembly addressed an aspect of the relationship between EMOs, charter school boards, and sponsor boards through budget provisos. These provisos prohibit individuals paid or employed by EMOs from serving on the board of any charter school or on the board of any sponsor.

Bank Account Signatory Authority

We reviewed all 16 management agreements between the Institute's charter schools and EMOs and all charter contracts between the Institute and its charter schools. We found seven Institute-sponsored charter schools have executed management agreements granting an EMO, or the EMOs employees, signatory authority over bank accounts in which state funds are deposited.

Four of the seven charter schools granting signatory authority to an EMO have done so despite the Institute's management organization and required agreement provisions policy prohibiting signatories from any entity other than the schools' board members or employees. Three of the seven charter schools' management agreements were executed prior to the implementation of the Institute's management organization and required agreement provisions policy.

Additionally, of the seven schools granting signatory authority to an EMO, two schools executed charter contracts with the Institute which state "The School shall not allow the [EMO] to open or control any School bank account..." One of these schools is no longer in a contractual relationship with its EMO; however, while the relationship existed, it contradicted the terms of the school's charter contract.

We asked the Institute to explain the contradictions between the management agreements, the Institute's management organization and required agreement provisions policy, and the school charter contracts. According to an Institute official, "official communication by email" was sent to the charter schools exempt from the policy; however, the same official also stated that "the Institute has not issued formal documentation for any waivers to date" as the Institute reviews contracts during the charter school application process.

The Institute also responded that the agreements were allowable under the Institute's financial management policy. As previously discussed in this section, the financial management policy creates a broader group of allowable signatories than the Institute's management organization and required agreement provisions policy by including "designees of the Board." The difference in allowable signatories between the two policies may create confusion for charter school boards and EMOs.

Example One

We reviewed one management agreement that grants an Institute-sponsored charter school's EMO near complete control of the charter school's state funding. The management agreement contains the following provisions:

- The signatories on the charter school's bank accounts shall include representative(s) of the EMO and the charter school, as approved by the charter school's board.
- On charter school board approval, the EMO shall have access to all bank accounts, lines of credit, and other financial accounts.
- The EMO shall supervise, manage, disburse, and account for all revenues.
- The EMO will manage the direct payment of the charter school's bills and expenses by the EMO on behalf of the charter school from the charter school's bank accounts.
- The EMO's payment of expenses shall be authorized and permitted for any of the charter school's ordinary and recurring operating expenses, including, without limitation, utility bills, the charter school's employee salaries, supplies, building maintenance and repair, and equipment maintenance and repair.

In addition to these provisions, the management agreement states that:

Additional Services...certain additional services provided by [the EMO] outside of the ongoing Services may be recommended by [the EMO] for approval by [the charter school]...**[The charter school] recognizes that [the EMO] possesses the time, expertise, negotiating power and the ability to procure such additional service beyond the time, expertise, negotiating power and ability available to [the charter school] [emphasis added]...**

These terms of the management agreement directly contradict the charter contract between the charter school and the Institute, which states "The School shall not allow the [EMO] to open or control any School bank account;..." According to an Institute official with knowledge of the contract, this contract has not been amended since its execution. The terms also directly contradict the Institute's management organization and required agreement provisions policy, which requires that "The signatories on the School accounts shall solely be Board members or properly designated Board employees."

The combined effect of these provisions creates an environment in which, by its contract, the EMO of a public charter school may use state funding to support vendors of its own choosing and expenses that it considers to be “ordinary and recurring” “without limitation.” Further, it could create potential situations where the charter school, and, by extension, the Institute, may not know the exact expenses for which state money is being used. This eliminates the Institute’s oversight over state funds.

Related Party Transactions

We reviewed business registration records, charter school board minutes, and property records for the charter school in Example One. We found that the environment created by its management agreement with the EMO has likely resulted in the frequent engagement of entities related to the EMO.

The Financial Accounting Standards Board® Accounting Standards Codification® 850-10-05-3 includes entities sharing principal owners, management, or members of the owners’ or managements’ immediate families in its examples of related party transactions. Related party transactions are not automatically inappropriate; however, use of state funds to contract with related parties should result in additional scrutiny to ensure that fraud or waste of taxpayer dollars is not occurring.

Example One Related Parties

The charter school in Example One is partnered with an EMO registered outside of South Carolina. The EMO has one member: a holding company (Holdings Company). Holdings Company has two members: Individual 1 and Individual 2.

LANDLORD COMPANY AND LEASE

The landlord company for the charter school’s building is registered in South Carolina. Its members are Holdings Company and another individual, Individual 3. Individual 1, who is tied to the EMO, is listed as a manager. The charter school signed a build-to-suit lease for a term of 20 years. The charter school has an option to purchase the property, but only after the 18th month of the lease term.

According to the charter school’s audited financial statements for the year ending June 30, 2024, the school makes monthly payments of \$331,312 that increase 2.5% annually for the duration of the lease period. Should the charter school remain in the lease for the entirety of its term, it will have paid a total of \$103,799,525. The audited financial statement notes that an owner of the lessor company is a shareholder of the EMO.

DEVELOPER/BUILDER

The Developer/Builder is registered outside of South Carolina. Its managers are Individual 1, Individual 3, and another individual, Individual 4. It is also developing the property for a new, affiliated charter school.

UNIFORM VENDOR

The uniform vendor is registered outside of South Carolina. The two members of the vendor providing these uniforms are the EMO and another individual. All students at the charter school are required to wear uniforms.

PROPERTY OWNING COMPANY

The property owning company is registered outside of South Carolina. Individual 3 is its sole listed member. The property owning company owns a building that will be renovated for a future charter school under the same branding as the charter school in Example One.

LEGAL/CONSULTING FIRM

A legal/consulting firm (the Firm) has provided services to the EMO, the charter school, the Institute, and the future charter school. The Firm has three employees, all family members. Two of the employees have also personally worked for the EMO, and formed the steering committee to create the charter school at the EMO's request. One of the employees is the registered agent in South Carolina for both the EMO and the charter school.

Additionally, one member of the Firm is a prior board member of Teach Right USA, a nonprofit affiliated with the Institute (for more information on Teach Right USA, refer to Chapter 3, *Investment in Education Management Organizations (EMOs)*). Current law appears to allow for these types of transactions.

Example Two

We reviewed three management agreements between a different EMO and Institute-sponsored charter schools where the contracts require the schools to engage with a related entity to the EMO (Related Entity). The provisions state:

[The charter school] understands and acknowledges that engagement of [Related Entity] is an essential requirement for [the EMO] to perform its obligations hereunder. [The charter school] agrees to enter into an agreement with [Related Entity]...

Related Entity is a private accounting and consulting firm co-owned by a part owner of the EMO. Under the management agreements, Related Entity will provide accounting, financial, payroll, back-office, and/or management services to the charter schools. In a 2021 applied forensic accounting procedures report on another Institute-sponsored school, Related Entity noted that it “holds a limited stockholder interest in [the EMO], an education management firm...”

In the same 2021 applied forensic accounting procedures report, Related Entity questions costs associated with services provided by two entities operated by related parties to the EMO of the charter school under review. The two entities provided human resources and bookkeeping services similar to those Related Entity will provide for the three schools.

Related Entity states in the applied forensic accounting procedures report that the relationship between the EMO and the two entities “constitutes a conflict of interest as it relates to procurement thereby barring [the other EMO’s owner’s] involvement in the process of reviewing and selecting qualified providers...” This report served as the basis for a notice of noncompliance issued by the Institute for the charter school reviewed.

Here, in the three agreements mandating engagement of Related Entity, a similar scenario exists where the charter schools’ EMO has required that a related entity be engaged to provide services to the schools seemingly outside of a procurement process. The contracts between the EMO and the charter schools take that relationship a step further by stating that the agreements between the schools and the EMO are “co-terminus with the agreement[s] between the school[s] and [Related Entity].” Further, the schools are subject to early termination fees should they terminate either the EMO contract or the Related Entity contract prior to the initial 10-year term.

Hiring Authority

Eleven Institute-sponsored charter schools have executed management agreements with an EMO delegating hiring authority to the EMO for the head of the school and administrative staff. One of these charter schools does require in its board’s agreement to hire the head of school.

Only one of these eleven charter schools had received a waiver from this provision of the Institute’s management organization and required agreement provisions policy. Three of the eleven charter schools executed contracts before the Institute’s management organization and required agreement provisions policy became effective. The remaining management agreements contradict this policy, which states that “[the charter school’s board] is responsible for selecting and hiring the Head of School.”

Institute Employee and Interested Party Responses

We interviewed multiple people, including Institute employees, an official from the S.C. Department of Education, representatives of other charter school sponsors, and other interested parties. Some stated that there are benefits and risks to partnering with EMOs, and that some EMOs provide great services. However, many interviews indicated that greater oversight over EMOs and other similar service providers are needed.

Institute Responses

An Institute leader expressed concerns about for-profit EMOs controlling public funds and identified one school board where the Institute helped facilitate the board opening a separate bank account. The same Institute leader stated that “EMOs are running over the school boards.” Another Institute leader told us that “lawyers and EMOs began working with the schools, and this allowed them to become more powerful than the board.”

Other Institute employees repeatedly stated that the Institute could not interfere in a charter school board’s relationship with an EMO. One employee told us that, under the law, it was “prohibited for [the Institute] or school districts to contact EMOs directly because the EMOs are vendors.” We did not find where this is prohibited in state law.

When asked directly about charter school boards granting EMOs signatory authority over charter school bank accounts, the Institute responded that “...issues arising between Schools and Education Management Companies typically do not stem from the Management Organization having signatory authority on bank accounts, but rather from insufficiently trained Boards not properly fulfilling their fiduciary responsibilities.” The Institute also stated that it has implemented safeguards to ensure proper financial oversight, such as requiring its charter school boards to pass an “account designation resolution.” A blank form for the resolution was provided; however, we were not provided with evidence of final, approved resolutions by the schools’ boards.

Other Responses

An official from the S.C. Department of Education identified EMOs as a “significant issue” and that there were serious concerns about EMO ownership of charter school property. The official outlined a scenario where an EMO would own a school building that a charter school would rent without any reasonable ability to own the property, even if the contract between the school and the EMO was terminated.

This individual was not the only person we interviewed concerned about EMO real estate transactions in the state. We also spoke with representatives from other charter school sponsors, who identified that some EMOs are “focused on building a real estate portfolio.” These representatives were concerned that an EMO would build a charter school building, but the state will have no real asset as a result. The representatives confirmed that the sponsor helps its schools manage EMOs.

Recommendations

24. The S.C. General Assembly should consider amending the South Carolina Charter Schools Act to require sponsors to review the relationships between their charter schools and education management organizations and notify their charter schools of any related noncompliance.

25. The S.C. General Assembly should consider codifying its provisos prohibiting individuals paid or employed by education management organizations from serving on the board of any charter school or on the board of any sponsor.

26. The Charter Institute at Erskine should amend its financial management policy to ensure that only a charter school board or the charter school board’s employees are allowed to be signatories on school bank accounts, in alignment with its education management organization and required agreement provisions policy.

27. The S.C. General Assembly should consider amending the Charter Schools Act to prohibit charter schools from granting anyone other than the charter school board or its employees signatory authority over bank accounts into which state funds are deposited.

28. The Charter Institute at Erskine should prohibit its charter schools from granting signatory authority or control of charter school bank accounts to anyone other than the charter school board or its employees in its charter contracts.

29. The Charter Institute at Erskine should review the relationships between its charter schools and education management organizations and notify its charter schools of any related noncompliance.

30. The S.C. General Assembly should consider amending the Charter Schools Act to clarify whether education management organizations or their related entities can own the property for and lease the property to charter schools with which they are currently contracted.

Institute Relationships and Handling of Donations

Relationship Between Erskine College and the Charter Institute at Erskine

Pursuant to the audit request, we examined how Erskine College (Erskine) relates to the Charter Institute at Erskine (the Institute). This involved a review of relevant information involving the two entities, discussions with staff at the Institute, an examination of the Institute's board of directors' structure and oversight, and a review of relevant laws and state legislation. We found:

- The Charter Schools Act does not address ambiguities that may arise between institutions of higher education (IHEs) and their delegated sponsors.
- Although a framework for governance and operations is in place between the Institute and Erskine, there may be areas for improving transparency, accountability, and the management of conflicts of interest.

Role of South Carolina Charter School Sponsors

The Charter Schools Act defines a "sponsor" as the S.C. Public Charter School District board of trustees, the local school board of trustees where the charter school is located, public IHEs, or independent institutions of higher learning. These entities can serve as sponsors for charter schools after registering with the S.C. Department of Education (SCDE), which keeps a list of all registered sponsors. As a sponsor, the entity takes on the role of the Local Education Agency (LEA) for the charter school, responsible for overseeing special education services and ensuring compliance with all relevant federal, state, and local laws.

Review of Requested Documentation

We requested any agreements, contracts, or legal documents between the Institute and Erskine. The Institute provided the following documentation:

- The memorandum of understanding (MOU) between the Institute and Erskine.
- Correspondence from SCDE that includes the Institute's assigned School Identification Number (SIDN).
- The SCDE IHE Charter Sponsors List and email confirmation from SCDE regarding the Institute's status as a sponsor.
- An order of dismissal related to a South Carolina circuit court case involving the Institute, Erskine, and an affiliated charter school.
- A 2024 Institute board resolution regarding the responsible use of taxpayer funds.

We found the relationship between the Institute and Erskine was established through the creation of the Institute to serve as a subsidiary institution of Erskine and sponsor charter schools. This association was formalized through a MOU made and entered into on July 21, 2017, which outlines the responsibilities and obligations of both entities.

According to the MOU, the Institute was delegated authority by Erskine to sponsor charter schools. It specifies that both parties are accountable for their respective acts and omissions, thereby protecting each from liability stemming from individual decisions. This framework is intended to allow the Institute to operate independently in its role as a sponsor while still maintaining its affiliation with Erskine. On January 17, 2018, SCDE assigned the Institute a SIDN, further solidifying its position as an authorized sponsor. Additional correspondence from SCDE, dated June 15, 2022, confirmed the Institute is recognized as an LEA for charter schools.

The legal relationship between the two entities was examined by a South Carolina circuit court in a case involving Erskine, the Institute, and an affiliated charter school. The court dismissed the case partly because the Institute was the authorized sponsor of the school under the Charter Schools Act, not Erskine. The case emphasized that Erskine had established the Institute specifically to serve as a charter school sponsor and had received approval from SCDE. Additionally, the school had entered into a contract with the Institute, reinforcing its position as the sponsor.

Overall, the relationship between Erskine and the Institute is structured to create a division of responsibilities and minimize potential liabilities for both organizations. However, the shared name “Erskine” has led to confusion regarding accountability. It appears Erskine, as an IHE, is not responsible for overseeing charter schools or the operations of the Institute; instead, it is lending its name to the initiative. However, amending the Charter Schools Act may result in increased clarity regarding the intended relationship between IHEs and their delegated sponsors.

Insights from Institute Officials

Between March and May of 2025, we conducted interviews with several Institute officials. During these discussions, officials were asked to describe the relationship between Erskine and the Institute. Several recurring themes emerged:

Operational Independence

Several officials stated Erskine, as an IHE, delegated authority to the Institute, which grants the Institute autonomy over its activities and the schools it oversees. One Institute official stressed, from an operational standpoint, there is no relationship between the Institute and Erskine. This viewpoint was echoed by other officials who confirmed the two entities operate separately without impacting each other's functions. One official expressed the view that the Institute functions as a suborganization of the college.

Financial Separation

Several officials emphasized the financial independence that exists between the Institute and Erskine. One official remarked that there are no shared personnel or financial resources between the two organizations. Additionally, two officials reiterated that Erskine does not have access to the Institute's funds or financial information.

Mission Engagement

Two officials noted Institute personnel attend certain events organized by Erskine, which will host activities for charter school students and provide resources for prospective college visits. One Institute official emphasized Erskine's involvement with the Institute aligns with its mission, as it provides free branding opportunities for the college. Another official added that this affiliation has led to Erskine enrolling students from the Institute's schools.

Governance and Oversight

Several officials noted the Institute's board of directors is chaired by the Erskine College president. One official also stated the Erskine board of trustees operates independently from the Institute, with the Institute chair being the only individual who interacts with both the Erskine board and the Institute board. Although an Institute official provided differing interpretations regarding the appointment and removal process for board members during two separate interviews with the LAC, the Institute's bylaws specify the board of directors is responsible for voting on these appointments and removals.

Potential Complications

The relationship between the Institute and Erskine presents potential complications that could affect governance, accountability, and operational efficiency:

Conflict of Interest Management

Although the Institute has a conflict of interest policy in place, an official noted there is not a formal process for board members to disclose conflicts, such as the completion of annual disclosure forms. Without clear procedures in place to identify and manage potential conflicts, there may be increased risks.

Transparency and Governance Issues

While the Institute functions with operational independence, its status as a subsidiary of Erskine makes understanding its authority and governance more complex. The board is made up of seven members, with the president of Erskine acting as the chair. It functions as an independent, self-perpetuating body. According to the organization's bylaws, the board of directors has ultimate authority over the Institute's management and operations.

Concerns about governance arose during efforts to gather information from the Institute's board. After the LAC sent an information request to the Institute's board chair in their official capacity as the Institute's board chair, legal counsel asserted the LAC did not have the authority to obtain information from Erskine College. Further, legal counsel stated individual directors, including the chair, could only respond to our questions after a full board vote.

Recommendation

31. The S.C. General Assembly should consider clarifying the Charter Schools Act to address the relationships between institutions of higher education and their delegated sponsors.

Institute's Donation Solicitation Process

We reviewed the Institute's policies and procedures for soliciting donations, and how the Institute solicited contributions and sponsorship from prospective donors. We also reviewed and analyzed the Institute's list of donations from FY 18-19 and FY 24-25. We found:

- The Institute combines its donations with the state funds it receives as a charter school sponsor.
- The Institute received donations from businesses which provide services to the Institute and its charter schools, including education management organizations (EMOs).
- From 2021 to 2023, the Institute cohosted the Kids First Conferences (KFCs) with the S.C. Public Charter School District (SCPCSD), and, for each year, the cost of organizing the event exceeded the amount in sponsorships. However, the Institute states that Title II funds and other applicable allocations offset this difference.
- The Institute's donation list includes reimbursements from the SCPCSD to cover KFC expenses.

We also found that, prior to April 2024, the Institute's solicitation materials did not clearly convey that a substantial portion of the Institute's donations would be used for domestic and foreign travel for professional development for its staff and charter school leaders. Additionally, we found that the Institute does not post a complete list of its donors on its website.

Donations Combined with State Funds

In addition to being a higher education sponsor of charter schools, the Institute is also a domestic nonprofit corporation in South Carolina with a 501(c)(3) tax exempt status. As such, the Institute may solicit tax deductible donations. We found that the Institute does not have a separate special revenue fund for the donations it receives.

We reviewed the Institute's general ledger from FY 22-23 through FY 24-25, and found that the accounting code designated for donations indicates that the funds are part of the Institute's general funds. The Institute's finance department states it uses the guidance outlined in the S.C. Department of Education's (SCDE's) financial accounting handbook. The Institute's accounting code for donations begins with the same prefix as its general funds, and uses the SCDE code 1920 (Contributions and Donations from Private Sources), which is the code recommended for school districts to use to capture donations.

The Institute's general fund also included an account for its administrative fees for being a charter school sponsor—these funds are state funds. Additionally, there are multiple accounts for Teach Right USA (TRUSA) included in the Institute's general fund. For more information on the Institute managing TRUSA financial accounts, refer to Chapter 3, *Investment in Education Management Organizations (EMOs)*. The Institute's combining of donations with other funding sources, such as state funds, makes it impossible for us to precisely ascertain how much donated money was spent. Keeping state funds separate from private funds allows for more tracking and transparency in how donated funds are used.

Donations from Vendors

We reviewed and analyzed the Institute's donations received from FY 18-19 through FY 24-25 and specifically searched for donors that provided professional services to the Institute. We found the Institute collected:

- \$18,702 in donations from a company that provides technology services to the Institute.
- \$9,500 in donations from a bank that manages the Institute's investment funds.
- \$12,250 from law firms that provide legal services to the Institute.

We did not find any indication that the Institute gave preferential treatment to these businesses due to their donations; nor did we find any evidence suggesting that these companies donated with the intent of earning preferential treatment.

We reviewed and analyzed the Institute’s donations to search for donors that may currently contract or seek to contract with charter schools sponsored by the Institute. We found that the Institute received:

- \$76,750 in donations from construction companies which regularly build charter schools.
- \$21,000 in donations from five EMOs—organizations that manage charter schools for a fee.
- \$10,635 in donations from companies which specialize in giving charter schools loans and other financing opportunities.
- \$8,000 in donations from businesses which focus on providing charter schools with financial management.

We found two construction companies that donated a sum of \$67,250 to the Institute were selected to build charter schools sponsored by the Institute. We also found that four EMOs hired by the Institute’s charter schools donated \$18,500 to the Institute. We did not find any evidence indicating that these donations resulted in any favoritism towards these companies in securing business from the Institute’s charter schools; nor did we find any evidence suggesting that these companies donated with the intent of earning preferential treatment from charter schools sponsored by the Institute.

The National Council of Nonprofits recommends organizations adopt a donation or gift acceptance policy. Such a policy can help manage donor expectations and serves as guidance for board and staff members who are either on the asking or receiving end of contributions.

SCPCSD adopted a gift policy which states that it “should not accept or solicit a gift, directly or indirectly, from a donor if the [SCPCSD] has reason to believe the donor has or is seeking to obtain contractual or other business or financial relationships with the [SCPCSD].” A representative of the SCPCSD said that, since August 2020, the SCPCSD has not accepted any donations from vendors that contract, or desire to contract, with SCPCSD or its charter schools, including EMOs. However, SCPCSD noted that these kinds of vendors have purchased sponsorships for SCPCSD hosted events.

When we asked the Institute if it had a donation or gift acceptance policy, an employee noted that the Institute’s conflict of interest policy applies to soliciting donations. This policy states:

An Institute employee or Board member may not, directly or indirectly, knowingly ask, demand, exact, solicit, seek, accept, assign, receive or agree to receive anything of value (defined below) for him/herself or for another person in return for being:

- Influenced in the discharge of his/her official responsibilities;
- Influenced to commit, aid in committing, collude in, allow fraud, or make an opportunity for the commission of fraud on a government entity; or
- Induced to perform or fail to perform an act in violation of his/her official responsibility.

EMOs provide significant educational, administrative, managerial, operational, or instructional services to charter schools. As a charter school sponsor, the Institute’s responsibilities include monitoring and overseeing its charter schools, and holding charter schools accountable for unsatisfactory performance or legal compliance. Although we found no evidence of favoritism due to donations from EMOs, clarification to policies regarding donations from EMOs could bolster public confidence.

Kids First Conferences

The Institute collaboratively hosted the KFCs with the SCPCSD from 2021 through 2023. The KFCs celebrated accomplishments of the previous year and provided professional development to charter school leadership. Sessions at the KFCs were not approved as charter school board training but some classes counted towards continuing education units. The Institute stated it “appropriately used Title II funds to cover certain related expenses [for the Kids First Conferences].” Like other conferences and banquets hosted by the Institute, donors at the KFCs could purchase sponsorships at different tiers.

The Institute’s reconciliation records for the KFCs are reflected in Chart 4.1.

Chart 4.1: Sponsorships and Expenses from the Kids First Conferences

	2021	2022	2023
KFC SPONSORSHIPS			
Institute	\$44,000	\$63,000	\$98,500
SCPCSD	\$29,000	\$37,000	\$37,000
Total Sponsorships	\$73,000	\$100,000	\$151,500
KFC EXPENSES			
Institute	\$56,419	\$59,251	\$85,013
SCPCSD	\$43,021	\$48,759	\$70,869
Total Expenses	\$99,440	\$108,010	\$155,882
NET (SPONSORSHIP MINUS EXPENSES)			
Institute	-\$12,419	\$3,749	\$13,487
SCPCSD	-\$14,021	-\$11,759	-\$33,869
Total Net	-\$26,440	-\$8,010	-\$4,382

Source: LAC Analysis of Institute Records

Expenditures for the KFCs include venue rental; catering and food; photographers and videographers; keynote speaker fees; photo booth rental; and cost for special effects—which includes fog, lights, audiovisual equipment rental, and pyrotechnics.

The Institute studied the longitudinal impact of its investment into the KFCs, and determined these conferences were ineffective at nurturing school leader continuity and leadership quality. The Institute no longer cohosts KFCs, and now focuses on its School Leaders Cohort which engages in a mix of face-to-face and virtual professional development opportunities. For more information on the Institute’s School Leaders Cohort, refer to Chapter 2, *Institute’s Travel*.

Donation Record

We reviewed and analyzed a list of donations from FY 18-19 through FY 24-25 provided by the Institute, and found the list shows the Institute received 233 donations totaling \$470,972, which includes \$131,786 from SCPCSD for three separate donations. We asked the SCPCSD about these donations, and an SCPCSD official provided documentation showing the money was to reimburse the Institute for SCPCSD’s portion of the KFCs’ expenses.

Clarity in Charitable Solicitations

In late April 2024, 31 Institute staff and charter school leaders, plus 4 spouses, traveled to London, England for professional development. The Institute started booking airfare for this trip in January 2024. The Institute said that private sponsorships and donations paid for all the expenses of this trip, but spouses reimbursed the Institute for their airfare.

We reviewed the fundraising materials Institute employees used to solicit donations and sponsorships on behalf of the Institute. We found that, before April 2024, the fundraising material provided to prospective donors did not clearly convey that sponsorships and donations would be used to fund domestic and international trips for professional development for Institute staff and charter school leaders. Rather, it stated that 100% of donations would go towards sponsored events hosted by the Institute, or that sponsorship packages would have a “direct impact on students’ learning and professional growth” and that “leftover sponsorship funds not utilized for specific events will be used to further charter school awareness and advocacy in South Carolina.”

According to the National Council of Nonprofits, charitable organizations must use accurate and honest communication when fundraising. The S.C. Solicitation of Charitable Funds Act prohibits a person from knowingly and willfully misrepresenting or misleading another person when soliciting contributions, and violating this Act could result in the S.C. Secretary of State’s Office imposing a \$2,000 administrative fine.

Using donated funds and sponsorships for foreign travel should be clearly conveyed in solicitation material to all potential donors. It should be noted that, in April 2024, the Institute started informing prospective donors that their donated money would help fund domestic and foreign professional development trips.

Donor List Not Posted on Website

We found that the Institute does not post a complete list of all its donors on its website. The National Council of Nonprofits recommends organizations post a complete list of its donors on its websites but protect the identity of those donors that desire to remain anonymous. Such postings promote transparency and public confidence.

Recommendations

32. The Charter Institute at Erskine should have separate bank accounts for its intergovernmental funds and its donated funds.

33. The S.C. General Assembly should consider amending state law to clarify fundraising and donation practices for charter school sponsors, specifically practices involving fundraising and donations from organizations that currently contract or seek to contract with charter school sponsors.

34. The Charter Institute at Erskine should develop and adopt a donation policy, and such policy should address soliciting and accepting donations from organizations that currently contract or seek to contract with the Institute and its charter schools.

35. The Charter Institute at Erskine should continue to clearly and accurately communicate to prospective donors that contributions and sponsorships will be used to pay for foreign travel for professional development for its staff and charter school leaders and specify which locations it plans to visit.

36. The Charter Institute at Erskine should post a complete list of all its donors, except for its anonymous donors, on its website.

Management of Donations and Fundraising

We evaluated whether the Charter Institute at Erskine (the Institute) has officials in place to manage donations and fundraising, and whether specific policies exist for these practices. After speaking with Institute officials and reviewing the conflict of interest policy and the board of directors' bylaws, we found:

- The Institute lacks an employee responsible for overseeing its donation and fundraising activities.
- The Institute does not have formal policies specifically for managing donations and fundraising; instead, it relies on its conflict of interest policy to govern the acceptance of donations.
- Members of the board of directors are permitted to accept any contribution on behalf of the Institute, even though the impact of these donations on decision-making processes remains unclear.

No Specific Officials Involved with Donations and Fundraising

The Charter Institute at Erskine, a 501(c)(3) nonprofit organization, acknowledges that it receives donations from various sources, including funds or gifts from vendors contracting or seeking to contract with charter schools under its sponsorship.

Currently, the Institute does not employ a specific person, such as a development director, who is exclusively dedicated to managing donations and fundraising efforts. Instead, personnel from the communications and finance teams work with leadership to identify and create sponsorship opportunities.

When asked how donations are solicited, the Institute explained that its fundraising efforts are tied to specific initiatives. These initiatives include the Kids First Conference, a previous collaboration with the S.C. Public Charter School District, and the School Leaders Cohort, which focuses on professional development for school leaders. The Institute primarily relies on donation and fundraising outreach through emails and cold calling. An official from the Institute indicated that these activities target previous sponsors, as well as organizations involved in education and charter schools. Additionally, the official mentioned that there are typically no formal systems in place for tracking leads or conducting targeted outreach.

While it may not be necessary to allocate a full-time equivalent position solely for donations and fundraising, it may be beneficial to assign a specific employee to these areas to streamline the process, ensure compliance, and improve the effectiveness of fundraising efforts.

Limited Policies on Donations and Fundraising

When asked about the Institute's existing policies for accepting donations or gifts, an official referred us to the conflict of interest policy. We also asked for established policies or procedures related to fundraising. The Institute provided the following response:

As South Carolina statutes and regulations do not require a non-profit to have a fundraising policy, the Institute has operated under the authority of the Board adopted [*sic*] Conflict of Interest Policy. In the spirit of continuous-improvement [*sic*], the Institute is open to reasonable recommendations on how to improve the processes within the organization in adherence to applicable state statutes and regulations.

The conflict of interest policy restricts employees and board members from accepting gifts that may compromise their impartiality in their duties. Regardless, concerns regarding the transparency of donor sources, particularly as to contributions from education management organizations, still exist. According to the bylaws of the board of directors, members may accept any contribution, gift, bequest, or devise for the general purposes or any special purpose of the Institute on behalf of the organization.

While the Institute asserts that it maintains an arm's length relationship with its donors, the methods for ensuring that the organization's contributions do not influence decision-making processes are not clearly defined. The absence of clear protocols, along with conflicting language between the conflict of interest policy and the board of directors' bylaws, may result in varied interpretations of policy and could affect transparency surrounding these activities.

Although not mandated by South Carolina law, establishing well-defined policies for fundraising and donations could provide important guidelines for ethical fundraising and effective donor management. To support these initiatives, the Institute could, through its board of directors, form a committee tasked with drafting these policies and overseeing the management of fundraising and donation activities.

Recommendations

37. The Charter Institute at Erskine should establish formal policies for fundraising and donations.

38. The Charter Institute at Erskine should designate a specific employee to oversee fundraising and donations.

39. The Charter Institute at Erskine should consider establishing a committee that is responsible for setting development policies and providing additional oversight as to the management of donations and fundraising.

S.C. Solicitation of Charitable Funds Act Violation

The S.C. Solicitation of Charitable Funds Act (SCSCFA) requires a charitable organization to file a registration statement or an annual application for registration exemption with the S.C. Secretary of State's (SOS's) office before soliciting donations. We found that the Charter Institute at Erskine (the Institute) did not file a registration statement or an annual application for registration exemption with the Secretary of State before soliciting money from donors. However, after we contacted the SOS during our audit regarding this matter, the Institute remedied this violation by filing a registration statement with the SOS.

Charitable Organization Registration

The General Assembly enacted the SCSCFA in 1994 to regulate the manner, conditions, and procedures in which organizations solicit charitable funds in South Carolina. Before soliciting any donations, the SCSCFA requires a charitable organization to file a registration statement with the SOS's Division of Public Charities. Under the SCSCFA, a corporation that has been determined by the Internal Revenue Service to be a tax exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code fits the definition of "charitable organization." The SCSCFA also requires a charitable organization to file, within four and one-half months of the close of the organization's fiscal year, an annual report of its financial activities that cover the preceding fiscal year. If an organization files a late registration or fails to file an annual financial report, then the SOS may impose administrative fines up to \$2,000 against the charitable organization.

The SCSCFA says public school districts and public schools may file an annual application for registration exemption with the SOS instead of a registration statement. The SCSCFA does not require an exempted organization to file an annual financial report. Under the Charter Schools Act, a charter school sponsor is the Local Education Agency, which means the sponsor is the school district for its charter schools.

The Institute is organized as a domestic nonprofit corporation in South Carolina, and the Institute has a 501(c)(3) tax exempt status with the Internal Revenue Service. During our entry conference, the Institute provided documentation showing it collected \$450,442 in donations from July 1, 2018 through December 9, 2024. Therefore, we contacted the SOS's office in mid-March 2025 to request the documentation filed by the Institute to determine the Institute's compliance with the SCSCFA. An SOS employee informed us that the Institute never registered as a charitable organization or filed an annual exemption from registering.

On March 18, 2025, the SOS issued a Notice of Violation to the Institute for failure to file a registration statement before soliciting contributions. The notice told the Institute that it had 15 days to remedy this violation, or the Institute would be assessed an administrative fine of \$2,000. On March 26, 2026, the Institute submitted an online registration statement for a charitable organization with the SOS.

As a charter school sponsor, the Institute is the school district for all its charter schools. Consequently, in accordance with the SCSCFA, the Institute may file an annual application for registration exemption.

Recommendations

40. The Charter Institute at Erskine should continue to adhere to the filing requirements of the S.C. Solicitation of Charitable Funds Act.

41. The Charter Institute at Erskine should file an application for registration exemption with the S.C. Secretary of State's office each year in accordance with the S.C. Solicitation of Charitable Funds Act if the Institute remains a school district under the Charter Schools Act.

Legal and Policy Review

We reviewed the Institute and related entities to determine whether potential conflicts of interest exist. We found:

- The Institute has a conflict of interest policy, though potential improvements and clarifications can be made.
- The Charter Schools Act does not address many of the types of conflicts of interest that may arise in the charter school sector.
- Instances of relationships which may be clarified by changes to state law or Institute policy.

We evaluated the Institute's internal controls and also reviewed South Carolina laws regarding conflicts of interest.

Conflict of Interest Policy

The Institute currently has a conflict of interest policy to establish a structure of ethical conduct and avoidance of conflicts of interest on the part of Institute employees and board members. The policy states:

Institute employees will not engage in any activity that conflicts or raises a reasonable question of conflict with their responsibilities in the Institute.

The policy states that family members of any current board member or Institute staff are not eligible for employment with the Institute. It also states that Institute employees and board members may not interfere with the employment of a family member at the Institute or at one of the schools sponsored by the Institute. Family members are defined as spouses, parents (including in-laws), children (including in-laws), siblings (including in-laws), grandparents, grandchildren, or any individual claimed as a dependent.

The policy states that Institute employees are under the jurisdiction of S.C. Code Title 8, “Ethical Conduct of Public Officials and Employees.” These provisions include the following:

- Employees may not solicit or accept anything of value for themselves in return for any influence over their official responsibilities.
- Employees may not use their positions to obtain economic interest for themselves, immediate family members, or an individual or business associate. If employees are required to make decisions involving the above, they must provide a written statement regarding potential conflicts of interest and submit it to their superiors.
- Those who participate directly in procurement may not resign and accept employment with a person contracting with the Institute if the contract falls under the departing employee’s responsibilities.
- Employees may not use governmental materials in an election campaign or serve as members or employees of a governmental regulatory commission that regulates any business with which the employee is associated.

The policy also outlines conflicts of interest when dealing with Federal procurement procedures, which include the following:

- No Institute employees or board members may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest.
- The employees and board members may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value.
- Upon discovery of any potential conflict, the Institute will disclose, in writing, the potential conflict to the federal awarding agency in accordance with applicable federal awarding agency policy. The Institute will also disclose, in writing, to the federal awarding agency or pass through any violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the award.

The initial policy was created in 2018 and there have been two revisions, one in 2020 and the other in 2022.

Certain clarifications could potentially enhance the current conflict of interest policy. An example of an area that could be clarified in the conflict of interest policy is dual and outside employment for Institute staff. The Institute's employee handbook currently states that temporary, part-time employment with another entity may be accepted provided prior approval is obtained in each instance. The handbook notes that Institute employees may not accept work outside the Institute if that employment can reasonably be construed as a conflict of interest or deemed inappropriate for the image of the Institute. However, "conflict of interest" is not defined in the handbook. Clarification of conflicts of interest regarding dual employment with examples of such conflicts could reduce the risk of conflicts of interest.

Additionally, the conflict of interest policy could include a provision that allows for a conflict of interest review regarding vendors. Such a review could determine whether vendors have connections to Institute staff, school employees, board members, etc.

Also, although the conflict of interest policy addresses the issue of immediate family of current institute employees and board members not being able to work for the Institute, it could clarify issues related to family working for entities related to the Institute. Clarification of whether such arrangements are permitted and/or instances in which such arrangements are not permitted could provide greater transparency.

Charter Schools Act

We reviewed the Charter Schools Act to determine whether conflicts of interest specific to the charter school sector are addressed. We found that the act is largely silent on issues of conflicts of interest, particularly conflicts related to sponsors.

The only specific mention of conflicts of interest in the act is in S.C. Code §59-40-75(B), which allows for the Governor to remove a charter school board member from office if the board member engages in an act of malfeasance, misfeasance, absenteeism, conflicts of interest, misconduct, or persistent neglect of duty. However, sponsors are not addressed in this section.

Additionally, S.C. Code §59-40-50(B)(11) states that charter schools are subject to the ethics and government accountability requirements for public members and public employees as contained in Chapter 13, Title 8 of the South Carolina Code. However, this section does not mention sponsors.

Education management organizations (EMOs) are generally not addressed in the act. S.C. Code §59-40-60(F)(8) is the only specific reference to EMOs in the act. It merely states that charter school applications must include a description of any proposed management company or educational service provider responsibilities.

We reviewed other state charter school laws to find examples of conflict of interest legislation specific to charter schools. Most states, including Georgia and North Carolina, do not have private institutions of higher education (IHE) as charter school sponsors.

Hawaii allows private IHEs to be sponsors. Hawaii Revised Statutes §302D-8(b) states:

An employee, trustee, agent, or representative of an authorizer shall not simultaneously serve as an employee, trustee, agent, representative, vendor, or contractor of a public charter school authorized by that authorizer. Authorizer members shall disclose to the authorizer a list of all charter schools in which the member has previously been an employee, governing board member, vendor, contractor, agent, or representative.

Minnesota also allows private IHEs to be sponsors. Minnesota Statutes 2024, section 124E.16, subdivision 3(e) states:

A CMO or EMO or its affiliates, employees, or agents may not contract with, be employed by, or serve on the board of an authorizer. An authorizer or its affiliates, employees, or agents may not contract with, be employed by, serve as a paid consultant for, or serve as a board member of a CMO or EMO.

Given the role vendors (including EMOs) have in the charter school sector, clarification of the Charter Schools Act by the General Assembly regarding potential conflicts of interest could allow for greater public trust regarding charter schools.

Examples of Relationships

In reviewing the Institute and related entities, we did not find a violation of state law regarding conflicts of interest. However, clarification of state law, Institute policies, or board policies may increase public trust regarding the types of relationships that may arise in the charter school sector.

For instance, we found that the spouse of one member of the Institute's board ran as a candidate for the board of one of the Institute's member schools. The board member made posts on social media advocating for his/her spouse's election. A special board meeting was held by the charter school board and the board's attorney, and it was found that there were no conflict of interest concerns pertaining to the spouse's board membership. However, it was noted that the spouse would be required to recuse him/herself from any budget approvals or contractual matters involving the Institute.

We found that an individual was employed by an EMO while serving on the board of a charter school sponsored by the Institute. This arrangement was legally permissible per Proviso 1.83 in the FY 24-25 appropriations act. That proviso allowed for a person paid or employed by an EMO to serve on a charter school board if he/she was not contracted to provide services to that school. However, Proviso 1.82 of the FY 25-26 appropriations act states that a person paid or employed by an EMO cannot serve on a charter school board regardless of whether he/she is contracted with that school. We found that the individual is no longer on the board. Codification of Proviso 1.82 of FY 25-26 could clarify this issue for future fiscal years.

Perceived Issues

We received documentation that an Institute employee had dual employment with another entity in the charter school sector. Based on our review of state law, it does not appear that this dual employment arrangement violated state law or Institute policy, and we did not find that the case in question resulted in questionable activity. However, amending the Charter Schools Act could provide clarity regarding dual employment.

We were contacted by an interested party with information about an Institute employee who also serves on the board of a fundraising organization that supports a charter school authorized by the Institute. The interested party expressed concern regarding this arrangement. We did not find that an sponsor employee serving on a fundraising committee for one of the sponsor's charter schools violated state law or Institute policy, and we did not find wrongdoing on the part of the employee. Amending the Charter Schools Act to say whether or not sponsor employees may serve on fundraising committees for member schools could provide clarification.

An interested party expressed concern that an Institute official is the spouse of a member of the board of directors of a charter school under the authorization of the Institute. We did not find that this relationship violated a state law. Additionally, this relationship does not appear to violate the Institute's conflict of interest policy, and we did not find evidence of wrongdoing regarding this relationship. However, the Institute's current conflict of interest policy does not currently address the specific situation of a member of Institute staff being a spouse or other familial relation to an Institute school employee or board member. Clarification regarding such scenarios could further ensure public trust.

Schools that have gone through the charter application process and have been approved but have not opened are called pipeline schools. A board member of the Institute stated that he/she was involved in the early planning stages of one pipeline school. Additionally, that proposed school is set to be located on property that the board member stated was owned by a non-profit of which the board member serves as a board member. Although we did not find a violation of state law regarding this arrangement or evidence that the board member financially benefitted from the arrangement, clarification of the Charter Schools Act might be needed.

Recommendations

42. The Charter Institute at Erskine should consider amending its conflict of interest policy to more specifically address examples of when dual employment of Institute employees is and is not permissible.
43. The Charter Institute at Erskine should consider amending its conflict of interest policy to require a conflict of interest process to review vendor connections to Institute staff, school employees, and board members.
44. The Charter Institute at Erskine should consider amending its conflict of interest policy to clarify situations in which immediate family of Institute employees may work for related entities such as Institute schools, education management organizations, and education agencies.
45. The S.C. General Assembly should consider amending the Charter Schools Act to clarify instances which constitute conflicts of interest.
46. The S.C. General Assembly should consider amending the Charter Schools Act to codify Proviso 1.82 of the FY 25-26 appropriations act.

Board Training

Existing Charter School Board Member Training

We reviewed support and training opportunities offered to board members affiliated with the Charter Institute at Erskine (the Institute). Our review included documentation from the Institute, the South Carolina Department of Education (SCDE), the S.C. Public Charter School District (SCPCSD), and the Public Charter School Alliance of South Carolina (PCSASC). We found:

- In accordance with the Charter Schools Act, SCDE offers a new board member orientation program that is mandatory for all newly appointed charter school board members.
- The Institute, while not allowed to conduct the mandatory board member training under the Charter Schools Act, provides supplemental resources aimed at supporting board members of its schools.
- Newly appointed directors of the Institute's board are encouraged to attend the SCDE orientation; however, charter school sponsor board participation is not mandated by state law.

SCDE Charter School Board Member Orientation

The Charter Schools Act requires charter school board members to complete an orientation program within one year of assuming their roles. This free orientation is held by SCDE in partnership with PCSASC. The new member orientation is specifically designed for newly appointed school board members, new school leaders, or individuals who may need a refresher on the responsibilities and requirements of charter school boards.

Orientation sessions are conducted in person annually in September, with virtual options available throughout the year. The SCDE orientation covers essential topics, including board responsibilities, instructional programs, school finance and law, community engagement, policy development, and personnel matters. Compliance with this training requirement is monitored through SCDE's annual reporting process. The Institute, as a charter school sponsor, cannot conduct the mandatory training required under the Charter Schools Act.

Charter Institute Board Training and Resources

We reached out to an Institute official for information on training options for its school boards and the Institute's board of directors. The official confirmed that, while the Institute cannot provide the mandated training for its affiliated schools and board members, it has offered various resources aimed at supporting board governance. Institute-led initiatives have included:

- An allowable level of board training for prospective charter school planning committees once their letters of intent have been submitted.
- Dedicated governance support from an Institute employee focused on assisting school boards in governance issues.
- The annual Kids First Conference, which was last held in 2023. Co-hosted by the Institute and SCPCSD, this conference took place each year from 2021 to 2023.
- Data tools such as the Accountability, Reporting, and Compliance System and the Comprehensive School Snapshot platforms.
- Tailored board retreats for individual schools available upon request.
- The School Leaders Cohort, a professional development program for charter school leaders.
- The Institute Legislative Committee, which comprises school leaders and school board members.

Additional opportunities for Institute schools include student services training, school leader meetings, and board development sessions, upon request.

The Charter Schools Act does not explicitly mandate participation in training for members of sponsor or authorizer boards. The Institute's Board of Directors Handbook, distributed to newly appointed Institute board members, recommends attendance at the SCDE training, but it is not mandatory.

Recommendation

47. The S.C. General Assembly should consider revising the Charter Schools Act to require board members of statewide sponsors or authorizers to complete the S.C. Department of Education's new board member orientation.

Training Requirements for Charter School Board Members

To better understand the essential training necessary for charter school boards, we examined documentation from organizations such as the Charter Institute at Erskine (the Institute), the S.C. Public Charter School District (SCPCSD), the National Charter Schools Research Center (NCSRC), the National Charter School Institute (NCSI), and the Public Charter School Alliance of South Carolina (PCSASC). Additionally, we reviewed board governance training requirements across several states, including Florida, Georgia, Illinois, Kentucky, North Carolina, South Carolina, Tennessee, and Texas. We found:

- South Carolina law does not mandate any training for charter school boards beyond basic orientation for new members provided by the S.C. Department of Education (SCDE) or an association approved by SCDE.
- State charter school sponsors, including the Institute and SCPCSD, have recognized the need for enhanced training and revisions to current state requirements.

Continued Training for Charter School Board Members

NCSRC is an initiative of the U.S. Department of Education designed to support the development of high-quality charter schools. Along with NCSRC, organizations such as NCSI and PCSASC emphasize the importance of both effective onboarding and continuous education and offer materials and resources that outline essential skills and expectations for governance in charter schools.

State charter school sponsors, including the Institute and SCPCSD, also recognize the need for additional training and have proposed that sponsors be permitted to offer essential board training to their respective schools. SCPCSD identified several areas for additional training, including school curriculum, education funding, team-building sessions, school mission and vision reviews, reviews of board and officer job descriptions, leadership development, new board member orientations, and committee assignments.

Aside from SCDE, other providers of training for charter school board members include PCSASC and the NCSI Board Network, both of which focus on the specific responsibilities associated with board membership. Additionally, BoardOnTrack, an online platform we identified during our review, offers customized training designed to enhance board leadership and promote effective decision making. An affiliate of PCSASC, BoardOnTrack is also an approved provider of charter school training for board members in Tennessee. Utilizing online learning services can help charter school board members pursue further training while accommodating their other commitments outside of board service.

State Training Comparison

We reviewed charter school board member training requirements for a number of states—including Florida, Georgia, Illinois, Kentucky, North Carolina, Tennessee, and Texas—and compared those with South Carolina’s requirements. Chart 5.1 details each state’s initial and subsequent training requirements:

Chart 5.1: Charter School Board Member Training Requirements by State

STATE	INITIAL TRAINING	SUBSEQUENT TRAINING
Florida	4 hours within 90 days of a member's appointment.	2 hours every 3 years; full retraining required if lapsed.
Georgia	12 hours within the first year of a member's term.	12 hours during the second year of a member's term; 6 hours of training annually for tenured members.
Illinois	4 hours within the first year of a member's term.	2 hours of training annually.
Kentucky	12 hours annually for members with <8 years of experience; 8 hours annually for members with ≥8 years of experience.	8 or 12 hours annually; dependent on experience level.
North Carolina	2 hours of ethics training within the first year of a member's term.	12 hours of training every 2 years.
South Carolina	Statewide orientation within the first year of a member's term; number of hours not specified.	N/A
Tennessee	6 hours within the first year of a member's term.	4 hours of training annually.
Texas	12 hours within the first year; 2 hours within 90 days of a member's appointment.	6 hours of training annually.

Source: LAC Analysis of State Charter School Board Training Requirements

Among the states reviewed, Georgia, Illinois, Kentucky, Tennessee, and Texas require annual ongoing training for charter school board members. The Charter Schools Act, however, does not mandate continuing training for board members and does not define a specific number of training hours. While the act does require orientation by SCDE or an association approved by SCDE for new board members, the orientation is generally two hours long, which is shorter than the training obligations in other states examined.

Several states, including Georgia, Tennessee, and Texas, have established training frameworks for charter school boards that are aimed at both new and tenured members. Training topics include fiscal and budget management; governance best practices, such as access to public records and meeting procedures; legal updates on relevant statutes and policies; strategic recruitment; charter law; and measures to ensure oversight and accountability.

While South Carolina mandates orientation training for newly appointed charter school board members within one year, the absence of enforcement for subsequent training or refresher courses may leave board members without ongoing support and updated knowledge on evolving laws and best practices. Developing a statewide training framework that enables sponsors to mandate additional training through their own programs or those of approved partners may improve charter school operations statewide and assist board members in maintaining effective governance practices.

Charter Institute Official on Board Training

We asked an official from the Institute about possible revisions to the Charter Schools Act. The Institute official emphasized the need for better training for school boards and noted that although SCDE has knowledgeable staff, there is a gap in understanding of the charter school landscape. This official pointed out that training sessions fall short and are brief. The Institute official's recommendation is to offer training earlier in the process and to make it more robust. Furthermore, the Institute official highlighted the distinction between nonprofit and for-profit organizations and implied that, as a result of limited training, board members may not fully grasp the relationship between their schools and education management organizations.

Recommendations

48. The S.C. General Assembly should consider revising the Charter Schools Act to authorize the S.C. Department of Education to develop a comprehensive training framework for charter school board members.

49. The S.C. General Assembly should consider amending the Charter Schools Act to require ongoing training for charter school board members beyond the new member orientation.

Charter Institute at Erskine

2023-2024 School Report Cards

SCHOOL NAME	CITY	POVERTY INDEX	SCHOOL TYPE	2023-2024 REPORT CARD RATING
American Leadership Academy Lexington	Lexington	41	Elementary	Good
			Middle	Good
			High	Average
Belton Preparatory Academy	Belton	45	Elementary	Average
			Middle	Average
Berkeley Preparatory Academy	Summerville	39	Elementary	Average
			Middle	Average
Brashier Middle College Charter High School	Simpsonville	19	High	Excellent
Calhoun Falls Charter School	Calhoun Falls	79	Middle	Good
			High	Good
Cherokee Charter School	Gaffney	70	Elementary	Average
			Middle	Good
Clear Dot Charter School	Columbia	89	Elementary	Average
			Middle	Below Average
			High	Not Rated
Cyber Academy of South Carolina	Online	73	Elementary	Below Average
			Middle	Average
			High	Average
Gray Collegiate Academy	West Columbia	27	Middle	Excellent
			High	Excellent
Greenwood Charter Academy	Greenwood	81	Elementary	Below Average
Heron Virtual Academy of South Carolina	Online	77	High	Unsatisfactory
Legion Collegiate Academy *	Rock Hill	16	High	Excellent
Libertas Academy - Boiling Springs	Boiling Springs	60	Elementary	Good
Lowcountry Connections Academy	Online	62	Elementary	Below Average
			Middle	Average
			High	Below Average
Lowcountry Leadership Charter School	Meggett	52	Elementary	Average
			Middle	Good
			High	Good
Mevers School of Excellence	Goose Creek	57	Elementary	Average
			Middle	Good
Midlands STEM Charter School	Winnsboro	78	Elementary	Average
			Middle	Below Average
			High	Below Average

SCHOOL NAME	CITY	POVERTY INDEX	SCHOOL TYPE	2023-2024 REPORT CARD RATING
Oceanside Collegiate Academy *	Mount Pleasant	11	High	Excellent
Odyssey Online Learning	Online	70	High	Below Average
Royal Live Oaks Academy	Hardeeville	77	Elementary	Good
			Middle	Average
			High	Good
South Carolina Connections Academy	Online	60	Elementary	Average
			Middle	Average
			High	Average
South Carolina Virtual Charter School	Online	64	Elementary	Average
			Middle	Good
			High	Average
Summit Classical School *	Clinton	76	Elementary	Below Average
			Middle	Not Rated
The Montessori School of Camden	Camden	36	Elementary	Average
			Middle	Not Rated
The South Carolina Preparatory Academy *	Online	73	Middle	Below Average
			High	Unsatisfactory
Thornwell Charter School	Clinton	65	Elementary	Good
			Middle	Good
			High	Not Rated
Virtus Academy of South Carolina	Florence	65	Elementary	Below Average
			Middle	Average
			High	Not Rated

*** SCHOOLS NO LONGER SPONSORED BY THE INSTITUTE
AS OF JULY 2025**

Legion Collegiate Academy

Oceanside Collegiate Academy

Summit Classical School

The South Carolina Preparatory Academy

**SCHOOLS NOT YET OPEN FOR 2023-2024 SCHOOL
YEAR**

Ascent Classical Academy Fort Mill

Cogito Academy

Libertas Academy - Colleton

Willie Jeffries School of Excellence

Note: Langston Charter Middle School was sponsored by the Greenville County School District in 2023-2024 and is therefore excluded from this data.

Source: LAC Analysis of S.C. Department of Education Data Downloaded from SCReportCards.com

Charter Institute at Erskine Comments



CAMERON A. RUNYAN
CEO and Superintendent

1201 Main Street, Suite 2500, Columbia, SC 29201

19 November 2025

K. Earle Powell, Director
South Carolina Legislative Audit Council
1331 Elmwood Ave., Ste. 315
Columbia, SC 29201

RE: Charter Institute at Erskine's Response to LAC Review

Dear Director Powell:

The Charter Institute at Erskine ("Institute") is in receipt of the Legislative Audit Council's ("LAC") November 2025 review of the Institute. We would like to first thank the Institute Board of Directors, school leaders, local school board members, and business partners who have continuously demonstrated their support and belief in the Institute's mission and integrity over the past two years. The Institute is grateful for our stakeholders who recognize the unique innovations we provide through teacher training, leadership development, a unique office infrastructure dedicated to the furtherance of children's education and educator capacity, and many other one-of-a-kind innovations that the Institute has been, and will continue to be, known for.

The Institute would also like to recognize the LAC staff for their thoroughness in reviewing the 13,417 pages of documentation that the Institute submitted as well as the many, many hours of interviews that were conducted with Institute staff, school leaders, boards, business partners, community members and others. Lastly, I would like to thank the Institute's tireless staff who expended more than 3,500 hours over 421 days¹ in support of the LAC's more than 180 unique requests. Throughout this process, the Institute staff consistently demonstrated the organization's top-to-bottom commitment to transparency, cooperation and professionalism.

Audit Conclusions

Legislative Audit Council Scope	Conclusions of Legislative Audit Council
1. Has Erskine invested funds in an EMO?	"We did not find that the Institute has invested funds in an EMO." Chapter 3, p. 25
2. Has Erskine received funds or donations from vendors that contract, or desire to contract, with charter schools sponsored by Erskine?	"We did not find any indication that the Institute gave preferential treatment to these businesses due to their donations; nor did we find any evidence suggesting that these companies donated with the intent of earning preferential treatment." Chapter 4, p. 52 "We did not find any evidence indicating that these donations resulted in any favoritism towards these companies in securing business from the Institute's charter schools; nor did we find any evidence suggesting that these companies donated with the intent of earning preferential treatment from charter schools sponsored by the Institute." Chapter 4, p. 53
3. Are there subsidiaries or related entities that are affiliated with, or have close ties to, Erskine College, or the Charter Institute at Erskine? If so, do these entities improperly share board members, assets or any items or personnel that may create a conflict of interest?	"The Institute does not appear to have violated state law regarding these examples, and we did not find explicit evidence of favoritism." Chapter 2, p. 17 "TRUSA is not currently operating as an EMO." Chapter 3, p. 25 "In reviewing the Institute and related entities, we did not find a violation of state law regarding conflicts of interest." Chapter 4, p. 65

¹ The LAC approved the audit on 24 September 2024. The Institute submitted its response to the LAC's final report on 19 November 2025.

The LAC's review of the Charter Institute was exceptionally thorough and affirms the clean findings in the Institute's independent annual financial audits, and the South Carolina Department of Education's annual low-risk rating of the Institute² and recent 'all clear' rating of the Institute's Federal Programs³.

While the Institute's statutorily mandated annual independent audit costs approximately \$40,000 to complete, the LAC audit is calculated to have cost more than half a million dollars⁴. The Institute would like to express its appreciation to the LAC for its application of such significant resources to definitively answer the questions contained in the Legislative referral⁵ that initiated this audit.

Additional LAC Recommendations

As you are aware, the LAC staff did not confine its review to the audit scope that was approved by the Council's governing Board⁶. The following were additional, non-scoped areas where the LAC audit provided input.

Travel

Another innovation of the Institute is its efficient and highly effective School Leaders Cohort program, which utilizes travel to the highest-performing schools in America and the globe to further the professional development of South Carolina educators. Placing educators inside of these successful institutions and classrooms is a time proven and cost effective strategy to more effectively produce positive outcomes for children than corresponding investments in conferences, seminars, and the like. The Institute will continue to make strategic investments in strategies, like the Leaders Cohort, that are producing positive results for children throughout South Carolina. Since the inception of this program, all out-of-country travel has been funded with non-governmental funds⁷. The LAC report documents that the Institute has not engaged in favoritism or quid-pro-quo arrangements with donors who have sponsored these professional development trips. As a result of the LAC recommendation regarding the need for a donor development policy, the Institute Board has proactively adopted such a policy⁸ to address this area of need.

Teach Right USA

The LAC report expended a significant amount of energy reviewing the Institute's sponsorship of Teach Right USA ("TRUSA"). As a reminder, Institute leadership received approval from its auditor and testified to both the South Carolina House and Senate in advance of investing any resources in this valuable teacher development and certification program. The Institute's legal counsel affirmed that the utilization of resources in support of this teacher development organization was lawful and appropriate⁹. Subsequently, the Institute's state-approved, independent financial auditor also opined that Institute financial support of other, mission-aligned non-profit organizations was likewise lawful and appropriate¹⁰. Despite these facts, the LAC indicated that there remained questions regarding the Institute's support of TRUSA. To settle questions regarding this highly effective partnership, the Boards of TRUSA and the Institute each agreed to terminate prior agreements governing the relationship¹¹. As of the publication of this report, TRUSA is an independently governed, independently operated, and independently funded organization. The Institute is grateful for the incredible work the team at TRUSA is accomplishing on behalf of South Carolina's children and we look forward to celebrating their successes for many years to come.

Office Space

We are grateful to the LAC for recognizing that the Institute is the largest authorizer in the state and has different needs than other authorizers. The Institute's unique office is an important resource that is used to train and develop not only Charter

² SCDE annual risk assessments: [link](#).

³ SCDE Federal Programs Review letter dated 19 November 2025: [link](#).

⁴ LAC audit cost: [link](#).

⁵ 08 May 2024 audit scope: [link](#).

⁶ Letter from Cameron A. Runyan to K. Earle Powell dated 05 August 2025: [link](#).

⁷ Independent audit reports: [link](#) and [link](#).

⁸ Institute's Fundraising Policy: [link](#).

⁹ TRUSA Legal Opinion: [link](#).

¹⁰ Institute Auditor's Opinion: [link](#).

¹¹ Termination of Fiscal Sponsorship and Administrative Services Agreement between TRUSA and the Charter Institute at Erskine: [link](#).

Institute public charter schools and their children, but also many traditional school districts, numerous State agencies (including some that occupy portions of the 160,000 sf leased by the State in this very building), and the general public. In future audits, we encourage the LAC to also consider the impact of rental income, as the Institute did, as part of its calculation of net lease expenses - an arrangement that significantly lowers the Institute's cost of occupancy.

Closing Comments

Since its inception, the Institute has been focused on one thing above all else: bringing educational freedom and opportunity to the children, families, communities, businesses, and taxpayers of South Carolina. Achieving this goal required the Institute to establish a culture that recognized the reality that the decades-long approaches to improving education across South Carolina simply were not working.

The promise of a better tomorrow for children is *the* reason the Institute is so radically innovative. Our out-of-the-box thinking led to the establishment of initiatives like:

- The Institute Leaders Cohort that exposes school leaders to the best educational models on the planet for the benefit of South Carolina's children;
- The \$1,750,000 *Success Agenda* that is rapidly bringing educational freedom to the long neglected Corridor of Shame by transforming it into the *Corridor of Success*;
- The establishment of the first in the nation Board Liaison program that utilizes seasoned experts to support and increase the capacity of South Carolina's numerous volunteer public charter school boards;
- The development of unprecedented support structures like the multi-award winning Institute communications team that has already produced five feature length documentaries about the impact of Institute schools on the lives of children;
- The development of a one of a kind Data Team that is driving student improvement and opportunity across the state;
- The Institute Shared Services Model that leverages the scaled purchasing power of the entire Institute portfolio, reduces costs for public schools, and increases resources available for classrooms and children. All this is accomplished without pecuniary gain to the Institute;
- The establishment of the Charter School Ambassador program that provides a platform for the best and brightest charter school children to develop life-long skills on both the state and national stage.

These few initiatives are but the tip of a very large iceberg of innovation at the Charter Institute at Erskine. We note that while the LAC review focused extensively on bureaucratic imperatives, there was *not one* request for information or interview question by the LAC that focused on children or the impact that the Charter Institute at Erskine has had on children over its entire seven year existence. The current House Education Chairman once said that the most important rule is to put the child in the center of the table and to take all other desires captive to the child's wellbeing. It is our sincere hope that the LAC, in future engagements, will heed this wise counsel and recall that the impact on citizens is the ultimate measure of success or failure.

The staff at the Charter Institute at Erskine would like to thank the LAC for establishing a permanent record that documents the Institute's capacity and the integrity of its personnel. This audit has definitively answered the questions of those who sought to bring those realities into doubt. The entire team at the Institute thanks the audit team for their investment of time and energy and we look forward to continuing our work to serve South Carolina's most important resource - our children.

Sincerely,



Cameron Runyan

This report was published for a total cost of \$47.85; 11 bound copies were printed at a cost of \$4.35 per unit.

