



SUMMARY

A LIMITED REVIEW OF THE CHARTER INSTITUTE AT ERSKINE

NOVEMBER 2025



Members of the S.C. General Assembly requested that we conduct an audit of the Charter Institute at Erskine (the Institute).

AUDIT OBJECTIVES

- Assess the Institute's relationships with education management organizations (EMOs).
- Ensure the Institute's fundraising and donations comply with state laws, regulations, and best practices.
- Determine the nature of the relationship between the Institute, Erskine College, and any subsidiaries or related entities.
- Ensure the Institute's use of state funding complies with state laws, regulations, and best practices.

Our full report, including comments from the Charter Institute at Erskine, is published on our website.

LAC.SC.GOV

1331 Elmwood Avenue
Suite 315
Columbia, SC 29201
803.253.7612

SOUTH CAROLINA GENERAL ASSEMBLY

Legislative Audit Council
Independence, Reliability, Integrity

K. Earle Powell
Director

The Charter Institute at Erskine (the Institute) was established in 2017 by Erskine College. For the 2025-2026 school year, the Institute sponsored 28 public charter schools. The Institute anticipates opening 10 schools in the next school year (2026-2027) or later. Overall, the Institute serves more than 25,000 students.

CLARIFICATIONS NEEDED TO CHARTER SCHOOLS ACT

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 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.

The Charter Schools Act does not address many of the types of conflicts of interest that could arise in the charter school sector. The act is largely silent on issues of conflicts of interest, particularly conflicts related to sponsors and EMOs. Clarification of the Charter Schools Act by the General Assembly regarding potential conflicts of interest could allow for greater public trust regarding charter schools.

THE INSTITUTE'S TRAVEL AND EXPENSES

From FY 22-23 through FY 24-25, the Institute spent \$477,834 on travel for professional development, which includes paying for 30 or more charter school leaders and Institute employees to tour charter schools located in London, England and Stockholm, Sweden.

The Institute signed a 10-year lease for the top floor of a building in downtown Columbia. The Institute spent over \$1.2 million in state funds to renovate the space, and the Institute will spend close to \$7.6 million in state funds to rent the space if it remains for the entirety of the lease term.

TEACH RIGHT USA (TRUSA)

The Institute is financially and administratively supporting TRUSA, a separate nonprofit that offers a bachelor's apprenticeship program, alternative certifications for future teachers, and educational consulting services. TRUSA is not operating as an EMO; however, it has worked as a vendor with four Institute-sponsored charter schools for a total of \$30,500 in contracted services.

It is likely that the Institute has used intergovernmental funds it received pursuant to the Charter Schools Act to financially support 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 also issued \$234,271 through checks on behalf of TRUSA out of its own bank account containing the Institute's intergovernmental funds.

INSTITUTE RELATIONSHIPS AND HANDLING OF DONATIONS

Donations

The Institute's general ledger does not have a separate special revenue fund for its donations, which effectively results in the Institute's general funds having a mixture of both state funds and private funds.

The Institute received donations from businesses which provide services to the Institute and its charter schools, including receiving \$18,500 from four education management organizations contracted with Institute-sponsored charter schools.

The Institute provided a list showing receipt of 233 donations totaling \$470,972 from FY 18-19 through FY 24-25; however, this includes \$131,786 in reimbursements from the S.C. Public Charter School District for its share of expenses for Kids First Conferences.

Management of Donations and Fundraising

The Institute currently lacks formal policies governing the management of donations and fundraising initiatives. Creating guidelines specifically for these areas could improve fundraising practices and the management of donations.

The Institute also does not have a designated person, such as a development director, to manage donations and fundraising. Instead, the communications and finance teams work with leadership to identify and create sponsorship opportunities. While a full-time position may not be necessary, it could be beneficial to assign a specific employee to oversee these areas.

Relationship with Erskine College

The Institute operates independently but is a subsidiary of Erskine College. According to Institute officials, Erskine College does not oversee its operations or associated charter schools. However, the shared name "Erskine" has led to confusion regarding which entity is ultimately responsible.

The LAC encountered issues contacting the chair of the Institute's board. Legal representation for the Institute asserted the LAC did not possess the authority to request information from the chairman of the Institute board due to his status as president of Erskine College. Further, members of the Institute's board, including the chair, are unable to respond to inquiries without a formal vote.

The Institute also has no clear process for its board of directors to disclose conflicts of interest. This increases the risk that personal or professional interests may improperly influence board decisions.

Legal Review

The Institute currently has a conflict of interest policy which could be clarified. Inclusion of a provision that allows for a conflict of interest review regarding vendors could add clarity. The review could determine whether vendors have connections to Institute staff, school employees, board members, etc.

We did not find that the Institute was in 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.

BOARD TRAINING

South Carolina requires newly-appointed charter school board members to complete a state orientation within the first year. However, there are no regulations mandating continued training or refresher courses. This lack of continued training may lead to school board members being uninformed about changing laws and best practices. Additionally, state law does not require board members of statewide sponsors to participate in the new member orientation.

EDUCATION MANAGEMENT ORGANIZATIONS (EMOs)

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. 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.