FINANCIAL POLICIES AND PROCEDURES ADVISORY COMMITTEE MEETING MINUTES
February 23, 2023 at 9:30 a.m.

Amanda Smith facilitated today's meeting. At 9:30 Amanda called the meeting to order and asked for approval of the agenda. As there were no objections or changes to the agenda, the agenda was approved. The November FPP meeting minutes were posted today. The CDE team will be presenting the November minutes for review and approval at the next FPP meeting.

Tim provided an update on funding updates from the legislative session. The School Finance Act has not been introduced yet. Tim provided an overview of the Budget Amendment Request for 23-24. The request assumes an 8% inflation rate and increases the statewide average per pupil funding by $948. It buys down the Budget Stabilization Factor by $120M. The Governor has indicated intent to reduce the BSF by FY25-26. The Governor has also requested $325M from Prop EE in UPK. It also increases Special Education funding by $29M, $1M for Turnaround Grants, $8.4 for School Safety, and $7M for CSI.

    a. Other Introduced Bills
- Career Development Success Program (SB23-065)
- Transportation Modernization (SB23-094)
- Special Education Services For Students In Foster Care (HB23-1089)
- Investment of Public School Fund Study and Report (HB22-1146)
- Legal Representation And Students With Disabilities (HB23-1168)
- PERA Defined Contribution Plan School Personnel (HB23-1176)
- Cameras On School Buses For Student Safety (HB23-1177)
- Individualized Learning Schools And Programs (HB23-1188)

    b. At-Risk Measure Working Group Report to the Legislature

HB 22-1202 created a new At-Risk Measure for the School Finance formula and established a working group to provide input on several topics:
- collecting the necessary data to implement the measure;
- developing the neighborhood socioeconomic status index and determining the (minimum of) five index factors;
- determining how a student's neighborhood socioeconomic index value should be incorporated;
- conducting pre-implementation modeling and testing with actual data;
- considering the impact of the new measure on other programs;
- determining the distribution of at-risk funding, how districts and charter schools will demonstrate that at-risk funding is being used to serve at-risk students, the process for initially identifying students, and the design of a hold-harmless provision.

New At-Risk Measure= Identified Student Percentage (ISP) plus Neighborhood Socioeconomic Status (SES) Indicator

- The Socio-Economic Status (SES) is recommended to include the following data points from the American Community Survey (ACS):
o Share of those in the same residence as of last year
o Share of adults age 25 or older with a bachelor's degree or higher

o   Share of children under 18 who are adopted, foster, or living with relatives that are not their biological parents
o   Median household income
o   Share of occupied housing units with more than 0.5 occupants per room
o   Average ratio of income to rent/ownership costs
o   Share of children age 5 to 17 who speak non-English language at home

Implementation timeline
●   The working group recommends waiting to implement the new At-Risk Measure until the 2024-25 school year
●   Reasons include the timing of available data on Medicaid student counts and SES information
•   Medicaid count estimates will not be available statewide until July 2023
•   SES information will not be available statewide until November 2023

c.   Healthy School Meals for All

Provides funding opportunities for school food authorities (SFAs) participating in the National School Lunch and School Breakfast Programs

•   Reimbursements for meals provided to students that would otherwise pay full price for meals (school year 2023-24)
•   Funding to purchase local food (school year 2024-25)
•   Funding to increase the wages or provide stipends to staff (school year 2024-25)

Districts may opt into this program - it is not mandatory to participate-Local decision if the School Board needs to approve SFA participation

To participate, the SFA must:
•   Participate in National School Lunch and School Breakfast Programs
•   Provide annual notice of participation to CDE School Nutrition Unit
•   Participate in Community Eligibility Program (CEP) at qualifying schools (40% ISP – SNAP, Medicaid, Foster, Homeless, Migrant)
•   Provide free meals to all students enrolled in participating schools
•   Optional: Provide wage increases or stipends to front line staff
•   Optional: Purchase local food

CEP (Community Elgibility Participation)
•   CEP allows low-income schools to serve breakfast and lunch at no cost to all enrolled students without the burden of collecting free/reduced applications
•   Funding is based upon a formula
•   Identified Student Percentage x 1.6
•   Districts, individual schools, or a group of schools can participate in CEP
•   Participation in the CEP maximizes federal funding, decreasing the state funds to cover the cost of paid meals
•   All qualifying schools must implement CEP
•   Breakfast and Lunch

- • Districts/schools that don't qualify for CEP can still participate in HSMA

Considerations:
- • Providing universal free meals may increase meal participation
- • Districts will need to plan how to accommodate the changes
- • Areas to consider
- • Adequate meal times
- • Length of meal times
- • Increased staffing
- • Equipment and infrastructure needs
- • Communication to families

d. UPK Updates - CDE and CDEC
   i. Funding Updates

   Section 26.5-4-209, C.R.S. summary:
   The general assembly shall transfer the difference between the state share of total program in FY 2022-23 budget year and the state share of total program without CPP and SPED PK.
   Starting in FY 2024-25, the amount will increase by inflation.

   Funding Transfer Calculation

   The difference between the FY 2022-23 formula ran with PK-12 students and K-12 students is $139.1M

   Funding Breakdown

   The funding received by districts for CPP and SPED PK students based upon district PPR is $176.1M in FY 2022-23.

   The difference of $37M between the $176M funding to districts and the $139M to be transferred is due to the factors within the formula, including the size factor.
   As a result, the per pupil floor funding will increase and the per pupil revenue for some districts may increase.

   Hold Harmless

   Section 26.5-4-208(4), C.R.S. summary
   If the funding that a school district or a charter school receives based upon per-child rates for FY 2023-24 is less than the funding for FY 2022-23 for CPP, CDEC shall distribute the difference to the school district or charter school.

   Hold Harmless only applies to CPP since it is a one-year transition allotment to ensure continuity of services. Meanwhile, SPED students under UPK's purview will be provided funding for "seats" to their providers in accordance with the hours and requirements of their IEP.

The Preschool Programs Cash Fund (PPCF) has multiple sources of revenue, including the Transfer as touched upon. This Transfer includes portions of School Finance meant for SPED seats. This does not touch special-education-specific revenues and expenditures which continue to reside with CDE and AUs.

However, regardless of the different amounts received as revenue, CDEC is statutorily obligated to ensure funds are available within the PPCF to provide a UPK seat for all SPED students under the program's umbrella in accordance with their IEPs. This will happen regardless of how much money is transferred to the PPCF from various sources. Students served under UPK with IEPs are Tier 1 in PPCF distributions.

The funds in School Finance that were generated by SPED PK students will now be provided by CDEC. The IDEA and ECEA payments will remain the same - both for the formula and the timing.

Use of Fund 19 is optional and can be used for UPK

Providers will have four payments during the year starting with a first payment in August, followed by payments in November, February, and May

    ii. Coding Guidance
   Codes for districts that are also LCOs:
   - Revenue Source Code 3010
   - Grant Code 3897: Colorado Department of Early Childhood (CDEC) Funding
   - LCO may want to use an SRE code to distinguish LCO revenue from the District Preschool per student revenue.
   - Expense Program Code 3340: Local Coordinating Organizations: Activities provided by Local Coordinating Organizations to include responsibilities for coordinating Universal Preschool. (Communication, Support, Administrative costs). Use the normal object codes.

2. Federal Stimulus Funding
   a. ESSER I (et al) CLOSEOUT Requirements and Process
      - Closeout Requirement for all ESSER I funding:
      - ESSER I 90% and Supplemental - one submission (4425
      - Presented 2/9 Office Hours, will be emailed to districts week of 2/20/2023
      - 21st CCLC Learning Opportunities 5625
      - will be emailed to districts week of 2/20/2023
      - ESSER I Broadband Connectivity 5525
      - will be emailed to districts week of 2/20/2023
      - ESSER I K-8 Curricula 4445
      - will be emailed to districts week of 2/20/2023
      - ESSER I Rapid Request 4448
      - will be emailed to districts week of 2/20/2023

b. ESSER Reporting:

The U.S. Department of Education (USDE) has been authorized by Congress to collect data from all ESSER I, II, and III (and other ESSER award) grantees, including but not limited to the uses and impact of funds.

CDE is able to use the ESSER I, II, and III applications to provide the vast majority of the requested data (809 data elements total) on behalf of our LEAs for 22-23, with the exception of the following data points:

- How students with poor attendance or participation have been re-engaged;
- How school level allocations were determined; and
- LEA and school-level participation in specific academic ESSER-funded activities (question 4.b1 on the reporting form, or page 37), such as summer and afterschool programs.

All other data elements required for the 2022-2023 school year and beyond can be reported based on the online applications.

CDE has previously sent out surveys on the first two data elements. The surveys will continue to be sent out yearly to collect data. A new data collection instrument will be sent out for the third data point.

c. Allowable Uses - Unpaid Student Balances

ESSER can cover child nutrition activities, specifically ESSER funds can be used to pay down student meal debt.

C-16.a. May ESSER and GEER funds be used to cover the costs of waiving the outstanding school meals balance of a student from low-income backgrounds? (New December 7, 2022)

To the extent a low-income family's ability to pay for school meals has been impacted by the COVID-19 pandemic, an LEA may use ESSER or GEER funds to cover the student's school lunch balance. As noted in FAQ C-16, the Department encourages the LEA to first utilize funding and flexibilities provided by USDA in addressing the costs associated with providing school meals.

d. Grants Management System

- CDE has contracted to implement a new department-wide Grants Management System - LINQ
- System will streamline application, submission, monitoring and award process
- The system will be live late Fall 2023
- Opportunities for District 'Testers' and focus groups
- Training for external users will be provided

3. Office of the State Auditor Updates
   a. Audit Law Deadlines and Extensions
      - Section 29-1-606(1)(b), C.R.S.
      - School Districts – June 30 year end
      - Audit shall be completed within 5 months

- Submit to the OSA within 30 days of receipt of audit report
- December 31st – Deadline to file an extension
- Extension may be granted for 60 days
- March 1

b. Audit Considerations
   If audit not received by the deadline:
   ● County treasurer hold all property taxes collected on behalf of the local government
c. School District Fiscal Health FY2022
   - Contract and/or signed engagement letter (Soon!)
   - RFP process
   - OSA/CDE has a list of auditors
   - Remote auditing?
   - Charter school audits
   - Same auditor as district?
   - Single audit?
   - Review trends for Fiscal Years 2020, 2021 and 2022
   - Early May – data to districts to verify information
   - Legislative Audit Committee
   - October 2023

Best Practice for Auditors - GFOA https://www.gfoa.org/materials/audit-procurement

4. Financial Reporting Updates
   a. Collection Updates: Finance December
      - Completion of Finance December submission
      - Assurances for Financial Accreditation
      - Reconciliation Reports
      - 1st Tier, 2nd Tier and Grant Revenue Reconciliations
      - The FY 2021-2022 collection must be finalized for districts in order to open the FY 2022-2023 collection.
      - The Submission Data is used to populate the Colorado Financial Transparency website.
      - The Submission Data is used for federal reports, consolidated application (indirect costs), ESSU High Cost Allocations and other reporting purposes beginning in March 2023
   b. Job Code Request: Career and Technical Education (CTE) Instructor (vote)
      Requested By: IMS- Data Service and Educator Talent, they will have a representative attending the meeting
   c. Source Code Request: Mill Levy Match (vote)
      Revenue from State sources that CDE sends to district as a result of legislative statutory initiatives that are not grant programs. These State revenues must be coded with a State source code but not a Grant/Project code.
   d. COA Subcommittee - Topics for Consideration - Meeting One: Committee Overview Goals, keeping in mind Financial Transparency implications. November 10th 10:30am
   e. Meeting Two: District, Administration Unit, School, Grant, Fund and Codes. December 7th 8:30am

     f.   Meeting Three: SRE and Program Instructional Codes 0010 - 2099. January 9th 9:00am
     g.   Meeting Four: Program Support Codes 2100 - 9999
     h.   February 8th 9:00am
     i.   Meeting Five: Object Codes: FPP Recommendations March 8th 9:00am
     j.   Meeting Six: Object Codes: Balance Sheet and Revenue Codes April 11th 9:00am
     k.   Meeting Seven: Expenditure Codes
     l.   Meeting Eight: Job Codes
     m. Meeting Nine: Financial Transparency - Changes/Enhancements
     n.   Meeting Ten: Wrap-up

5. Other Topics of Interest
     a.   CASB
     b.   CASBO - Spring conference coming up in April in Pueblo.
     c.   CASE-DBO
     d.   CGFOA
     e.   COCPA
     f.   AEFP

6. Membership Updates

7. Upcoming Meetings
     a.   Friday, April 28, 2023
     b.   Thursday, June 22, 2023

8. Adjourn