

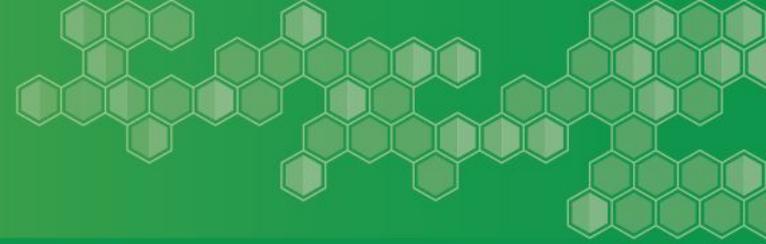
# Financial Policies & Procedures Meeting May 28, 2021

# Welcome & Agenda

- Welcome & member committee updates
- Approval of Agenda
- Approval of Minutes
- Updates
  - Legislative Session & Funding Updates
  - School Finance Unit Updates
  - Federal Stimulus Funding
  - Remote Learning
  - Financial Reporting
- Membership Updates
- Other Topics of Interest
- Upcoming Meetings

# Legislative Session Updates for School Finance and Other Relevant Funding Issues

# School Finance Historical Recap



- **2018-19**
  - Budget Stabilization Factor = \$672.4M (-\$150M)
  - Average Per Pupil Funding = \$8,137 (+\$475)
  - Total Program = \$7.08B (+\$450M)
- **2019-20**
  - Budget Stabilization Factor = \$572.4M (-\$100M)
  - Average Per Pupil Funding = \$8,489 (+\$352)
  - Total Program = \$7.6B (+\$520M)
- **2020-21 School Finance Act (HB20-1418)**
  - Budget Stabilization Factor = \$1.174B (+\$601.1M)
  - Average Per Pupil Funding = \$8,077 (-\$412)
  - Total Program = \$7.2B (-\$367.6M)
- **2020-21 School Finance Mid-Year Supplemental**
  - Budget Stabilization Factor = \$1.052B (-\$121.4M)
  - Average Per Pupil Funding = \$8,123 (+\$46)
  - Total Program = \$7.2B (+/- \$0)
- **2021-22 School Finance Act as Introduced**
  - Budget Stabilization Factor = \$572.4M (-\$479.7M)
  - Average Per Pupil Funding = \$8,858 (+\$734)
  - Total Program = \$7.8B (+\$631.7M)

# SB 21-268: Highlights of the 2021-22 School Finance Act

- **Base per pupil funding.** The bill increases base per pupil funding for FY 2021-22 by \$141.67 to \$7,225.28, which reflects a 2.0 percent inflation rate.
- **Budget stabilization factor.** The bill decreases the budget stabilization factor by \$478.7 million, from \$1.05 billion in FY 2020-21 to \$572.4 million in FY 2021-22. For FY 2022-23, the bill specifies that the budget stabilization factor cannot exceed the FY 2021-22 level.
- **Additional at-risk funding.** In FY 2021-22 only, the bill provides \$77.4 million in additional funding for students who qualify for reduced-price lunch and English language learners who currently qualify as at-risk students. This amount is distributed outside the funding formula to local education providers on a per-eligible student basis.

- [Fiscal Year 2021-22 School Finance Funding](#)
  - Contains FY 2021-22 District Funding Calculation Worksheet - May 12, 2021 DRAFT Projections
  - This model is based on the **draft** school finance bill **as introduced**
  - Any changes by the legislature to the bill may result in additional changes to amounts for total program, state share and per pupil revenue
  - The model does not include additional at risk funding
  - Estimates for these funds are available in the [Fiscal Note](#)
- Funding runs do **not** include rescission funding
  - Joint Budget Committee discontinued the use of the rescission (withholding) mechanism starting in FY 2021-22

## • Mill Levy Correction Bill Summary

- Already implemented:
  - For the 2020 property tax year, the existing statute corrects the total program mill levies for school districts that are not subject to constitutional property tax revenue restrictions but whose mill levies were erroneously reduced.
  - Each school district that levies a higher number of mills as a result of the correction must grant a tax credit for the number of mills by which the levy is increased.
- [New legislation:](#)
  - Requires CDE to adopt a correction schedule to begin phasing out the tax credits in the 2021 property tax year. The correction schedule must apply consistently to each affected school district; must require each district's tax credit to phase out as quickly as possible, but by no more than one mill per year; and must ensure that the tax credits are fully phased out in 19 years.
- [Supreme Court Ruling on Interrogatory on HB 21-1164](#)
  - The ruling was that the mill levy tax credit is constitutional and does not violate the Colorado Taxpayer Bill of Rights.

- Confirmation of Mill Levy Tax Credits
  - Legislative staff have flagged the mill levy credit certified for the Property Tax Year 2020 by a number of districts in December 2020.
  - CDE will follow-up with individual districts to confirm the mill levy credit, including supporting documentation for the tax credit.
- Correction Plan Subcommittee
  - CDE would like to form a stakeholder group to advise the department on the development of the correction plan, should the bill pass. If you would like to participate, please let us know.

# At-Risk Funding Considerations

- **Carry Over Provision:** School Finance Rule [1 CCR 301-39-6.03\(1\)\(a\)](#) states:  
Absent the current year application (for free or reduced price school meals), a district may submit the pupil's prior year application, which application shall be valid evidence for a maximum of 30 school days into the current year.
- **Variance Waiver:** A variance waiver may be requested to extend the carry over through the Pupil Enrollment Count Day, if it does not fall within the first 30 school days for a district/school.. Send a request to [okes\\_j@cde.state.co.us](mailto:okes_j@cde.state.co.us).

Therefore, a students on the Direct Certification list or with a valid FRL application for SY20-21 can be submitted for At-Risk funding for SY21-22.

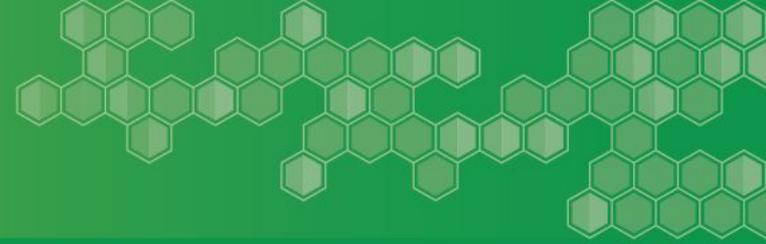
- **District Considerations:**
  - Ensure matching is completed for all students against the Direct Certification list
  - Targeted communications to families that have not submitted FRL applications
  - P-EBT Benefits and [emergency broadband benefit \(EBB\) program](#) may be incentives to submit FRL application

# SB 21-268: Other Provisions in School Finance Act

- **CDE-40 Transportation Funding:** Deadline for district submission is moved to September 15th and CDE must make payments by November 15th
- **READ Act:** Allows carry forward more than 15% of the per-pupil intervention money for the 2020-21 budget year for use in the 2021-22 budget year
- **Budget Deadlines:** Extends the budget deadlines for the 2021-22 budget year
  - Prepare/submit by June 23rd
  - Publish by June 25th

# SB 21-268: Other Provisions in School Finance Act

- **School Finance Audit Payments:** Increases appropriation to \$1M for CDE to make payments to underfunded districts
  - Remaining issue for FY 2018-19 and FY 2019-20
  - May result in delays in completing audits prior to mid-year true up for this spending authority
- **Alternative Pupil Count Day:** Changed to within 45 school days after the first school day (vs. after pupil enrollment count date)



## The following grant programs to be restored this session:

- Workforce Diploma program: \$212,222
- Computer Science Grant program: \$250,000
- School Food Purchasing Program: \$675,255
- BEST Cash Grant: \$100,000,000
- Ninth Grade Success Program\*: \$800,000
- School Leadership Program\*: \$375,807
- Accelerated College Opportunity Exam Fee\*: \$280,730
- John Buckner Auto Enrollment in AP Courses\*: \$250,000
- School Counselor Corps\*: \$2,000,000 & removes cap on appropriations

*\*Pending passage of School Finance Act*

## Senate Bill 21-202

- Provides \$10 Million for public school air quality improvement projects grants
- Prioritize grant awards for applicants with the lowest matching money percentage
- May not issue grants as reimbursement for projects funded or completed before April 1, 2021
- Bill is still pending
- Related Topic: Based upon guidance from CDPHE and data from the EPA, Hydrogen Peroxide and Bipolar Ionization HVAC systems will not be approved for ESSER funding prospectively.

## HB 21-1304 creates the new Department of Early Childhood

- It establishes a transition working group
  - Adopt a transition plan for the new department
  - Prepare recommendations for a statewide, universal preschool program beginning in FY 2023-24
  - Includes Early Childhood Leadership Commission (ECLC), Governor's Office, and departments of Human Services, Public Health and Environment, Education
    - Establish an advisory group with parents, early childhood workforce, program providers, early childhood councils, county human services, business community, and advocacy organizations
- Transition plan to General Assembly November to December 2021
- Bill is not expected to change early childhood programs administered by local governments and school districts

# School Finance Unit Updates

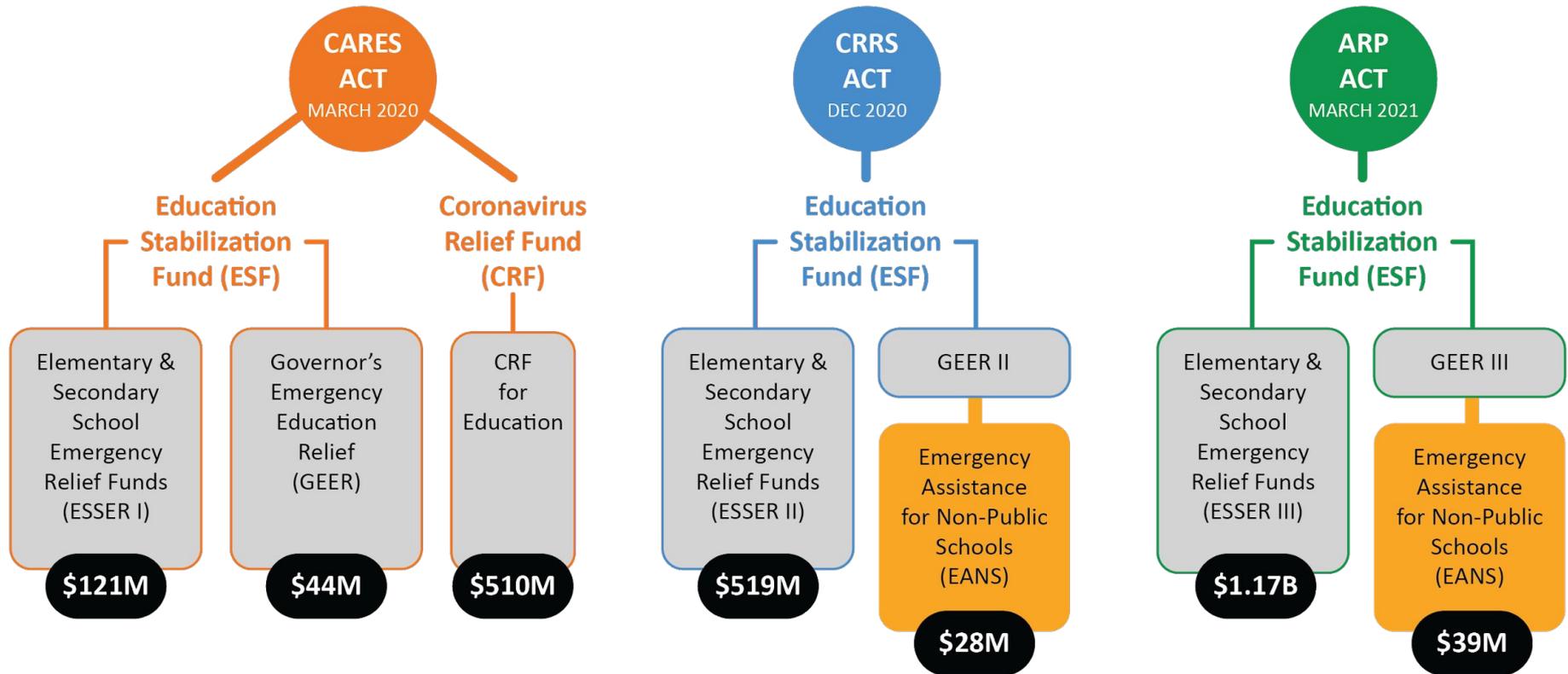
- Thank you, Adam, for 23 years!

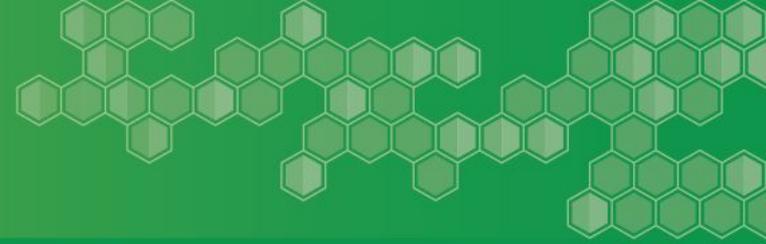


- Hiring and org chart updates
  - Financial Data Coordinator
  - FTE restored by JBC: Priorities identified in the survey include CPA qualifications and training for the field

# Federal Stimulus Funding

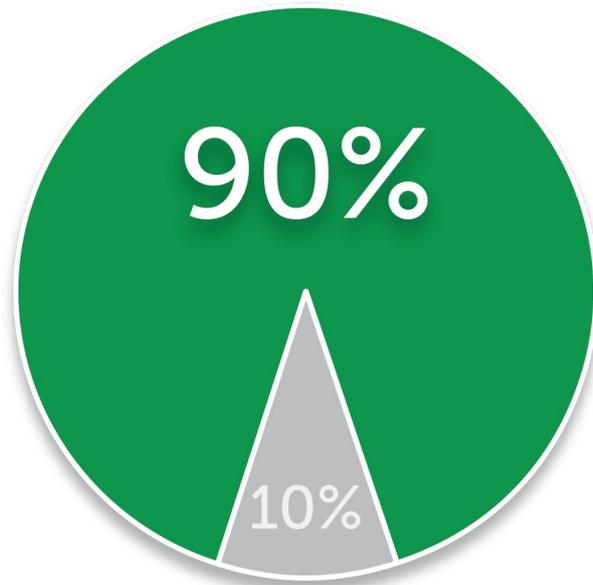
# Overview of Federal COVID Relief for K-12 Education





- **What has happened so far?**
  - Office of the State Controller engaged KPMG to do a sampling monitoring of districts regarding their expenditure of CRF funds
- **What's new?**
  - CDE has learned from OSC that the department is now also required to perform monitoring
  - We are working on a protocol for this that will place the least possible burden on districts
  - Monitoring must be performed by December 2021





## 90% of the funding will flow to districts through the Title I formula

- **At least 20% of funding** must be used to address the learning impacts of COVID-19 through interventions, summer programming, and after-school opportunities (\$210M)

Aside from these requirements, allowable uses of ESSER III funds are like ESSER I and ESSER II and must be used to address the impacts of COVID-19

# LEA Plans & Stakeholder Consultation - Breaking!

- The US Department of Education released Interim Final Rules for ESSER III in late April with several requirements that are *not in statute*.
  - **Safe Return to In-Person Instruction and Continuity of Services Plan**
  - **LEA ARP ESSER Plan**



- LEAs must post **Safe Return to In-Person Instruction and Continuity of Services Plans (regardless of whether the district is already open--or has been all year)**
  - The extent to which the LEA has adopted policies and a description of any such policies on each of the following health and safety strategies:
    - masks
    - physical distancing
    - cleaning and maintaining healthy facilities, including improving ventilation
    - contact tracing
    - testing
    - efforts to provide vaccinations
    - appropriate accommodations for children with disabilities
    - how the LEA will ensure continuity of services

**Start where you are, tell us what you have, within the ESSER III application.**

- LEAs must submit **LEA ARP ESSER Plans** within a reasonable timeline established by CDE
- Plans must be developed in consultation with stakeholders and at a minimum describe:
  - How funds will be used to implement prevention and mitigation strategies,
  - How the LEA will use the mandatory 20% set-aside for to address the academic impact of learning loss or “lost instructional time” through the implementation of evidence-based interventions,
  - How the LEA will use the remaining ARP ESSER funds consistent with statutory requirements.

***More to come!***

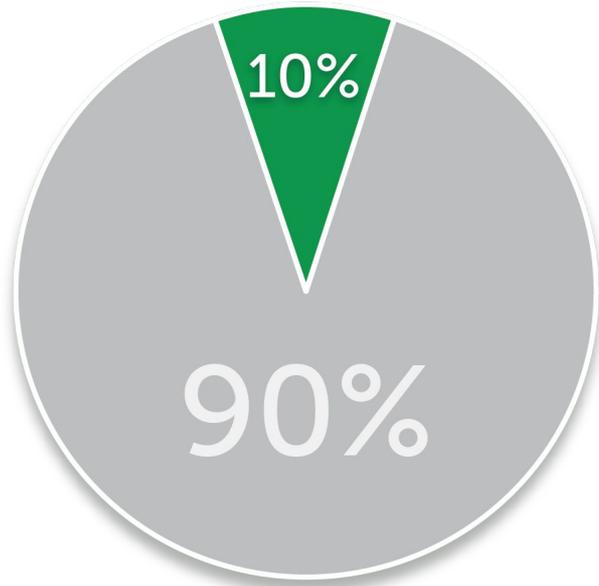
- **What is meant by “meaningful consultation?”**

- Students, Families, School admins, District admins, Spec. Ed admins, Teachers, Principals, Other educators, School staff, Employee unions
- And other groups, i.e. Tribes, as relevant

- **What is the ED’s rationale?**

*“An LEA’s decisions about how to use its ARP ESSER funds will directly impact the students, families, and stakeholders in their school district, and thus the LEA’s plans must be tailored to the specific needs faced by students and schools within the district.”*

- **The SEA must also engage in meaningful consultation on the development of the SEA ARP ESSER Plan.**



## 10% of funding will be set aside for state-level priorities

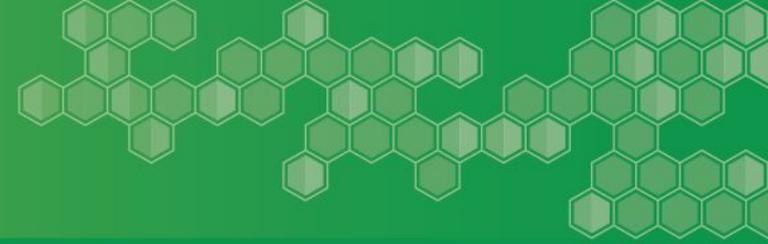
- States must use a portion of funds for grants or contracts to address the impacts of COVID-19
- **At least 5% of funds** must be used to support evidence-based interventions to address learning loss (\$58M)
- **At least 1% of funds** must be used to support summer programming (\$12M)
- **As least 1% of funds** must be used to support after school programming (\$12M)

Aside from these requirements, allowable uses of ESSER III funds are like ESSER I and ESSER II and must be used to address the impacts of COVID-19

# ESSER III State Reserve Decision Making Process

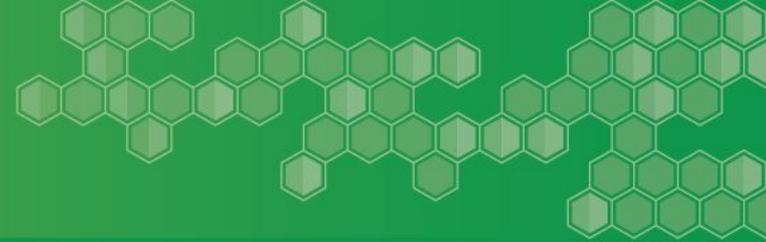
- 1 We recognize the once in a generation opportunity to support our education system with these funds.
- 2 We want to think big and creatively, gather input, and use this funding to truly make a difference for our students in Colorado.
- 3 Our top priority is to close the opportunity and achievement gaps that have been exacerbated by the pandemic.
- 4 We are planning processes for gathering diverse input, including listening sessions and design sessions.

# ESSER State Reserves Summary

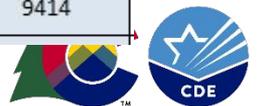


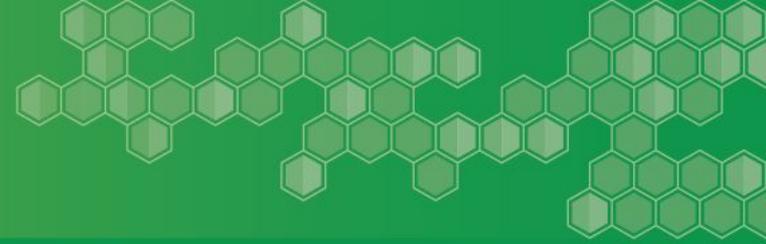
	ESSER I (CARES Act)	ESSER II (CRRSA)	ESSER III (ARPA)
Use of 10% State Set Aside Allocation	<ul style="list-style-type: none"> <li>Districts that did not receive or received a small allocation from 90% allocation *</li> <li>BOCES for in special education funding</li> <li>BOCES for “brick and mortar” schools *</li> <li>Tribes *</li> <li>Districts with Native American students *</li> <li>Broadband connectivity</li> <li>Recruitment and placement of substitute teachers *</li> <li>.5% for SEA administration</li> </ul>	<ul style="list-style-type: none"> <li>* Same as ESSER I</li> <li>Administrative Units for special education funding</li> <li>BOCES for operating expenditures</li> <li>Facility Schools</li> <li>Support for online courses</li> <li>.5% for SEA administration</li> <li><i>Remainder to be determined</i></li> </ul>	<ul style="list-style-type: none"> <li>5% for the implementation of evidence-based interventions aimed at addressing learning loss</li> <li>1% for evidence-based summer enrichment programs</li> <li>1% for evidence-based comprehensive after school programs.</li> <li>.5% for SEA administration</li> <li><i>Remainder to be determined</i></li> </ul>

# ESSER Grant Codes



Account: GBL Code	Grant or Contract Title	FUND	CFDA#	Source Code	Grant/Project
47SD	Education Stabilization Fund (ESF) - Elementary and Secondary School Emergency Relief Fund (ESSER Fund) - Formula: 90% to LEAs To be distributed based on Title I formula. (LEA, BOCES, SPED, ETC distribution)	ESSER I	84.425D	4000	4425
47SG	ESSER I Recruitment, Capacity and Licensing	ESSER I	84.425D	4000	4525
47SF	<b>SUPPLEMENTAL</b> Education Stabilization Fund (ESF) - Elementary and Secondary School Emergency Relief Fund (ESSER Fund): 10% Discretionary (SPED, BOCES, Facility, Tribes, Title VI, Supplemental ESSER)	ESSER I	84.425D	4000	5425
47SH	<b>CCSG - HOTSPOT</b> -Education Stabilization Fund (ESF) - Elementary and Secondary School Emergency Relief Fund (ESSER Fund): 10% Discretionary -supplemental	ESSER I	84.425D	4000	5525
47SL	ESSER I 21stCCLC Expanded Learning	ESSER I	84.425D	4000	5625
47SM	ESSER: Support for OnLine Learning - Supplement Learning	ESSER I	84.425D	4000	5725
57SF	ESSER II 9.5% (State Reserve): Source 4000, Grant 4419	ESSER II	84.425D	4000	4419
57SD	ESSER II - Distribution 90%	ESSER II	84.425D	4000	4420
77SF	ESSER III – SEA Learning Loss Set-Aside (5% of total state allocation)	ESSER III	84.425U	4000	4415
77SD	ESSER III – SEA After School Set-Aside (1% of total state allocation)	ESSER III	84.425U	4000	4416
77SD	ESSER III – Summer Enrichment Set-Aside (1% of total state allocation)	ESSER III	84.425U	4000	4417
77SD	ESSER III – State Set-Aside (2.5% of total state allocation)	ESSER III	84.425U	4000	4418
77SD	ESSER III 90% – LEA Allocation	ESSER III	84.425U	4000	4414
NA	ESSER III - LEA Learning Loss Set Aside (20% of LEA allocation)	ESSER III	84.425U	4000	9414





## School Program Emergency Operational Costs Reimbursement Program:

Difference of reimbursements half of March\*, April, May or June 2020 and 2019

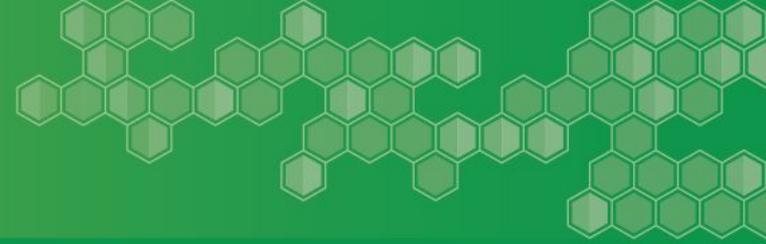
Multiplied by 55%

= Total Payment

\* March is March 2019 less March 2020 \* 55% / 2

- **Homeless Children and Youth**
  - Education of Homeless Children and Youth Funding through the American Recovery Plan (ARP) Act (ARP-HCY): \$7,640,075 total for Colorado
  - ARP-HCY I (25%): \$1,910,019
    - \$447,505- state reservation/state activities
    - \$1,462,514 - competitive distribution
    - Through September 30, 2023.
    - Funds can be used for purposes permitted by the current McKinney-Vento Education of Homeless Children and Youth (EHCY) program. ED also provided a list of broader allowabilities found here.
  - ARP-HCY II (75%): \$5,730,056
    - Full amount as a formula distribution (info to date)
    - Available in June (earliest)
- **Individuals with Disabilities Education Act (IDEA)**
  - Colorado's allocation is \$41.5 million
  - Waiting on additional information
- **Library Services and Technology**
  - Colorado's allocation is \$3.4 million

# Accruing for Federal Funds



## Summary

- **Modified accrual accounting follows the cash-basis method to record short-term events. It follows the accrual method to record long-term events.**
- **The modified accrual accounting method recognizes revenues when they are available and measurable. It recognizes expenditures as they are incurred.**

## Modified Accrual Accounting and the GASB

Modified accrual accounting is set by the GASB with the purpose to **measure the current-year revenues, expenditures, and financial resources in government funds.**

All ESSER funds are cost reimbursement grants, so revenues must equal expenditures in the FIN DEC - with unspent funds recorded in 7481.

**ESSER I and II** - Most districts will likely have to record an accrual for Unearned Revenues - balance sheet code 7481 as of June 30, 2020.

**ESSER III** – Only a few districts have final been granted approval on their ESSER III allocations – so for most districts an accrual for unearned ESSER III funds will not be necessary.

Any additional thoughts from the field?

# Remote Learning Guidance Updates

- The department has released updated **Remote Learning as a result of COVID-19 Health Concerns** guidance for 2021-2022. Highlights include:
  - The ability for districts to continue to offer families a 100% remote learning option - *Updated guidance coming soon!*
  - Best practices for districts when they are required to offer [temporary remote learning](#) due to quarantine or other local issues
  - Increased expectations regarding the amount of synchronous instruction that is provided during remote learning as a result of COVID-19 health concerns (20%)
- 2021-2022 is likely the last year the department will offer these flexibilities
- Increased expectations from 2020-2021 are the result of feedback from stakeholders and best practices research for online learning

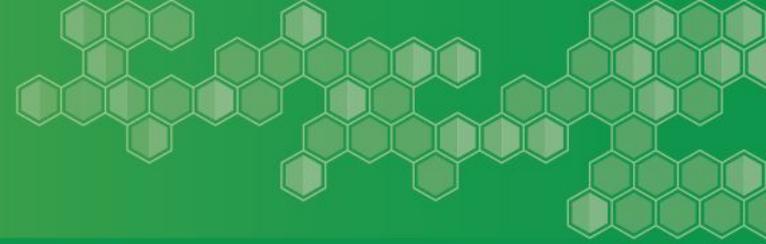
# Blended Learning & Supplemental Online Courses

- In late April, **DRAFT** updated guidance for Blended Learning and Supplemental Online course guidance was released
- Update included:
  - Continue no cap to blended and supplemental courses when students access these courses at a school site
  - Set guardrail of 40% off site, online cap for these courses on a student's schedule for funding, so as not to unintentionally replicate the creation of an unapproved online school or program
  - Create equity by leveling the playing field of requirements for all brick and mortar schools
  - Include 20% weekly synchronous instruction
  - Create a variance process for schools and districts that exceeded the 40% off site, online courses on a student's schedule due to current programming commitments

# Blended Learning & Supplemental Online Courses

- The proposed variance process would allow schools and districts to request a variance waiver to the updated guidance for the 2021-2022 and 2022-2023 school years
- In exchange for receiving a variance, schools and districts would be asked to participate in a one-year Blended Learning Initiative
  - Sharing of information and best practices
  - Cohort-based learning about what online learning in Colorado currently looks like
  - Sharing of student outcomes data
- The department has paused the release of updated guidance pending input from the State Board.

# Financial Reporting Updates



## FY 20-21

- PERA did not receive the July 1, 2020 direct distribution payment (HB 20-1379) - therefore the PERA On-Behalf Pipeline edits will be disabled for the FY20-21 submission:
  - FD297 - Object 0280, grant 3898, Amount > zero, must be reported by all districts and BOCES
  - FD298 - Source 3010, grant 3898, Amount > zero, must be reported by all districts and BOCES. The amount to report is determined by the district
  - FD299 - The sum of Source 3010, grant 3898 must equal the sum of Object 0280, Grant 3898
  - Each Charter School is required to report PERA State Contributions. For Districts with Charter Schools
    - Each instance of Location 900-969 must report: Object 0280, grant 3898, Amount > zero.
  - Each Charter School is required to report PERA State Contributions. For Districts with Charter Schools
    - Each instance of Location 900-969 must report: Object 3010, grant 3898, Amount > zero.

## FY 21-22

- PERA will receive these payments in July 2021 ([SB21-228](#)) - therefore the Pipeline edits will be reactivated for the FY21-22 submission
  - \$380M in General Fund transferred to the Public Employees' Retirement Association Payment Cash Fund
  - The State's direct distribution will remain at \$225M

- FY19-20 independent audit completion and Financial December Data Pipeline completion was a challenge and a burden for more districts than usual
  - It is critical that independent auditors, who take on school districts, are keenly aware of statutory deadlines for audit and financial data submission
  - Internal discussion at CDE has been initiated to discuss the hardship of finding auditors that can complete audits in a timely manner - especially for small/rural districts

# Required Budget Documents for District Financial Transparency Webpages

There are two budget posting requirements:

1. The Adopted Budget – adopted by your BOE
  - a. This can be the CDE-18 or any other district specific document which meets formal budget adoption statutory standards
2. The Uniform Budget Summary
  - a. If you use the CDE-18 budget document, the Uniform Budget Summary (UBS) is completed for you – last tab in the CDE-18 <http://www.cde.state.co.us/node/46283>
  - b. If you do not use the CDE-18, you must prepare the UBS separately: <http://www.cde.state.co.us/cdefinance/fy201920uniformbudgetsummary>

# Required Budget Documents for District Financial Transparency Webpages

- Should FPP form a subcommittee to review the two financial transparency budget document requirements?
  - What is working? What is not working?
  - The CDE-18 is a compliant...but cumbersome document
  - How can the FPP Committee work to ensure more (all) districts are meeting the statutory requirements for budget document posting?

- On May 4, Rebecca McKinney, Director of the Office of Gifted Education sent a [letter](#) related to carry over of Gifted Education Funds
- Related to 3150 funds, the letter clarifies:
  - CDE recommends AUs make every effort to spend funds 3150 within the fiscal year
  - AUs may retain unused 3150 funds and AUs will not be requested to return unspent 3150 funds
  - Funds must be used in accordance with grant requirements
  - Funds should be used in a timely manner
  - Funds may not be rolled into the General Fund
- Related to 3228 Universal Screening Qualified Personnel Funds, the letter clarifies:
  - Carry over of 3228 funds is not allowed pursuant to grant requirements

- CDE is working to ensure consistency in fiscal grant management between programs, except in cases where there are different grant specific requirements
  - e.g. READ Act legislation requires a maximum carry forward of 15% of funds
  - CDE does agree that, absent specific legislative and/or regulatory direction, districts should:
    - Make every effort to spend funds within the fiscal year
    - Unspent funds will not be requested to be returned
    - All funds must be used in accordance with grant requirements
    - Funds should be used in a timely manner
- The requirement that funds may not be rolled into the General Fund needs to be investigated further
- The carry forward provision for 3228 will be confirmed

# Membership Updates



# Membership Updates - District Staff Turnover

- We have the following vacant positions due to staff turnover:
  - Wendy Everett (Telluride R-1): term expires 2023
  - Jodi Poulin (D49) term expires 2023
    - Christine Reich (Telluride R-1) would like to fill this seat vacated by her predecessor.
- We have the following vacant positions to align with membership guidance:
  - Chloe Flam (BOCES): BOCES rep
    - Leaves district rep vacancy term expires 2024
  - Jack Bay (Charter School)
    - leaves district rep vacancy term expires 2024
    - will be Charter Liaison starting 2021
- We would like to have a call for interest in fulfilling the other three vacant positions.

# Membership Updates - Expiring Terms

At the June meeting, we will address the memberships expiring in 2021:

- Justin Petrone - Boulder Valley RE-2
- Mimi Livermore - Adams 12 Five Star
- Shelley Becker - Harrison SD 2
- Gina Lanier - Adams-Arapahoe 28J
- Brook Quint - Briggsdale
- Erich Dorn - Centennial BOCES
- Cameron Gehlen - Compass Montessori

We have been contacted by several individuals interested in filling these positions. If you are interested, please contact Megan Richardson at [richardson\\_m@cde.state.co.us](mailto:richardson_m@cde.state.co.us)

The departing members will make vote on recommendations to fill these positions.

# Membership Updates - General Guidelines

- Pursuant to the [FPP Advisory Committee General Guidelines](#):
  - The committee shall consist of 2 permanent members (Denver & Jefferson Counties), twenty (20) school district members and two (2) BOCES serving rotating terms.
- Can a representative from the Colorado Charter School Institute (CSI) fill a school district member position?
- Discussion and vote - some potential motions:
  - I move to amend the FPP Advisory Committee General Guidelines to clarify that a CSI representative can fill one of the 20 school district member positions
  - I move to allow a CSI representative to fill one of the 20 school district member positions, without changing the General Guidelines
  - I move to not allow a CSI representative to fill one of the 20 school district member positions

# Other Updates from Partners

Next Meeting: June 24

Questions?