

FPP Meeting January 29, 2021



Official Introduction of Newest FPP Members

The following are FPP members through August 2024

- Mr. Brad Arnold - Cherry Creek 5
- Ms. Chloe Flam - NW BOCES
- Mr. John Wall - Moffat County RE-1
- Ms. Angela Skalla - Widefield 3
- Mr. Jack Bay - Chavez Huerta Prep. Academy

Legislative Updates for School Finance

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 Request
 - Budget Stabilization Factor = \$1.052B (-\$121.4M)
 - Average Per Pupil Funding = \$8,123 (+\$46)
 - Total Program = \$7.2B (+/- \$0)
- 2021-22 School Finance Governor's Budget Request
 - Budget Stabilization Factor = \$572.4M (-\$479.7M)
 - Average Per Pupil Funding = \$8,858 (+\$734)
 - Total Program = \$7.8B (+\$631.7M)



- Maintains original Total Program appropriation per HB20-1418
- Reduces Budget Stabilization Factor by \$121.4M
- The lower statewide student count brings state average per pupil funding up to \$8,123 from \$8,077 per original appropriation
- Presented to JBC and was passed to move forward as requested
- Legislature may make additional changes as this moves through the process

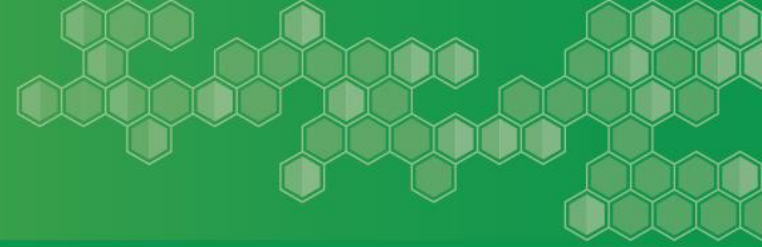
2021 Legislative Session



November 2020	Governor Submits Budget Request for 2021-22 THIS IS ONLY A PROPOSAL/PLACEHOLDER!
December 2020	Joint Budget Committee Hearings with Department The JBC hears about the 2021-22 Budget Request from the Department and seeks additional information
January 2021	Governor Submits <i>Supplementals</i> for 2020-21 Adjusts current year's actual pupil counts, AVs, etc., Governor Submits <i>Budget Amendments</i> for 2021-22 Revises estimates for next year's pupil counts, AVs, etc.
Spring 2021	JBC Develops State Budget Through Figure Setting General Assembly Passes the Long Bill based on current law (HB20-1418 for School Finance)
Spring 2021	School Finance Bill Is Introduced and Passed Adjusts the Appropriation included in the Long Bill



FY 2020-21 Rural and Small Rural Funding



- HB20-1427 required voters to pass funding in November 2020 elections
- Prop EE was passed by the voters of Colorado
- Provides rural and small rural funding for:
 - FY2020-21 in the amount of \$25M
 - FY2021-22 in the amount of \$30M
 - FY2022-23 in the amount of \$35M
- Follows same funding calculation of prior funding with 45% for small rural districts and 55% for rural districts
- Must go through mid-year budget approval process by the legislature before CDE can distribute

State Share December / January True-Up Process

- CDE proposed change to process in FY2018-19 at district request
- FPP approved change following discussion
- Appeared to work well for first two fiscal years implemented
- Current year has presented unique situation with two districts increasing student count more than 50% due to large increase in multi-district student enrollment
- Propose continued improvement of process to include a flag for districts with 50% or more student growth

CRF Reporting: Grant codes 4012, 5012 and 6012

- The new federal legislation (CRRSA) extended the period of availability for the CRF funds to December 31, 2021
- The Governor ([Executive Order D 2020 070](#)) allows any unspent/unobligated funds to be utilized for expenditures through December 31, 2021
- No changes to the allowability guidelines or reporting guidelines
- Quarter 3 CRF reporting templates for 4012, 5012 and 6012 were due to the Grants Fiscal Office by January 4, 2021
 - There were SEVERAL smaller districts who have never filed the required reporting, we will be reaching out to your superintendents and/or fiscal staff
- Quarter 4 CRF reporting will be due in early April for the period 12/31/20 through 3/31/21
- We encourage district all recipients expend any remaining funds in the first quarter of 2021

KPMG – Review of CRF Monitoring Results

KPMG provided an overview of CRF funding and guidance based on what was reviewed at select districts the past couple of months at Office Hours on 1/28/21. Topics were:

- Provide a high level overview of the work completed by KPMG

- Discuss high level risks and lessons learned

- Provide guidance for potential audit of CRF funds in your district

- Discuss supporting documentation needed for CRF expenditures

- Answer your questions

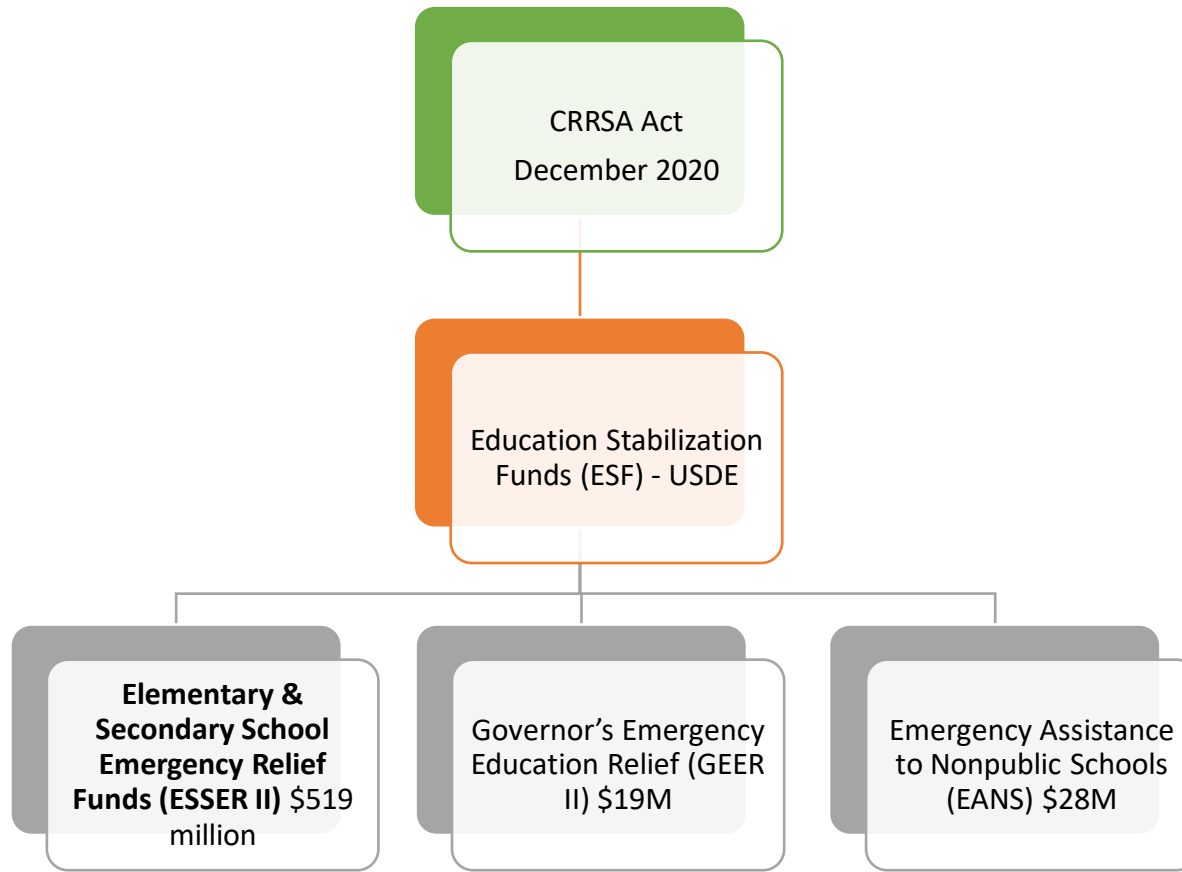
This session was very informative, the recorded version can be viewed at:

<http://www.cde.state.co.us/fedprograms/resourcesandtechnicalassistance>

CDE is responsible for ongoing monitoring of CRF funds.

ESSER II

CRRSA Act, 2020 and ESSER II



ESSER I v. ESSER II Comparisons

Topic	ESSER I (CARES Act) – March 2020	ESSER II (CRRSA) – December 2020
Colorado Award	\$120,993,782	~ \$519,324,311
LEA Award	90% direct allocation to LEAs	
90% to LEAs	\$108,894,404	~\$467,391,880
SEA Award	10% state reserve (up to .5% for administration)	
10% to CDE	\$12,099,378	~\$51,932,431
SEA Admin Max	No more than 0.5% of the total award	
CDE Admin	\$604,969	~\$2,596,622

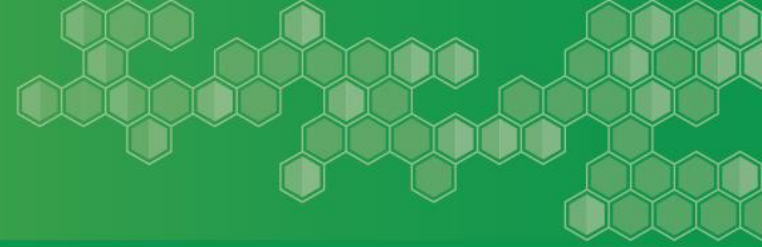
ESSER I v. ESSER II Comparisons

Topic	ESSER I (CARES Act)	ESSER II (CRRSA)
Period of Availability	Costs dating back to 3/13/20 Expended by 9/30/2022	Costs dating back to 3/13/20 Expended by 9/30/2023
Use of Funds See allowable uses matrix	Costs related to preventing, preparing for, and responding to COVID-19 (including <i>addressing learning loss, preparing schools for reopening, and testing, repairing, and upgrading projects to improve air quality in school buildings*</i>)	
Equitable Services	Proportionate share for Non-Public Schools	Separate program under GEER
Tracking Funds	Must be tracked separately	
Reporting	Federal Funding Accountability and Transparency Act (FFATA) and other reporting required by the Secretary	ESSER I Reporting + detailed accounting of the use of funds, including measuring and addressing learning loss for disproportionately affected populations
Maintenance of Effort	FY 2020 and 2021 based on at least the average of support for education for 3 preceding years (FYs 2017, 2018, & 2019)	FY 2022 based on proportional share of the State's support for education in 3 years prior to pandemic (FYs 2017, 2018, & 2019)

*New clarifying language in CRRSA



ESSER I & ESSER II State Reserve



Topic	ESSER I (CARES Act)	ESSER II (CRRSA)
Use of 10% Allocation	<ul style="list-style-type: none">• Funding to BOCES and districts that did not receive a traditional ESSER I allocation, or that received a very small allocation• Funding to “brick and mortar” BOCES schools• Funding to tribes• Funding for connectivity• .5% for SEA administration	<ul style="list-style-type: none">• <i>TBD – internal discussions underway</i>



- ESSER I
 - LEA applications were due 12/31/2020
 - System is now open for Post-Award Revisions
 - Annual AFR reports due from Districts to GFMU 9/30/2021
- ESSER II
 - CDE is working to release the application as soon as possible
 - System will look much like ESSER I
 - Streamlining as much as possible
 - New requirements for identifying students impacted—working to make this as easy as possible
 - LEA applications will be due 9/30/2021

Funding Codes



Funding Source	Funding Code
ESSER I (90% direct allocation)	4425
ESSER I (10% supplemental allocation)	5425
ESSER II (90% direct allocation)	4420

Access ESSER II Preliminary Allocations:

<https://www.cde.state.co.us/caresact/esseriipreliminaryallocations>



ESSER I & ESSER II for 2019-20 expenses

Period of Performance for ESSER I and ESSER II began on **March 13, 2020**.

Funds can be utilized for expenditures beginning March 13, 2020.

If your district decides to utilize ESSER funds for expenditures in Fiscal Year 2020, some considerations should be made:

Are your books closed?

Is your Audit closed?

Has your district already sent data pipeline?

Districts will want to work with their auditor to determine ramifications and steps to utilize ESSER funds for expenditures in the prior fiscal year.

CDE assumes that for those districts who have finalized their FY19-20 Financial December collection and have submitted their finalized audit, this is a non-issue, as those districts have already reclassified those expenditures prior to year end close.

If you are a district that has a FY19-20 audit extension, you may wish to discuss this with your auditor. Additionally, please feel free to provide any district insight into this during office hours.

- Finance December/Audit Process
 - Review Process
 - Year-end email to primary business official
 - Year-end letter to Superintendent/BOE
 - Single Audit Consideration/Timing
 - Financial Transparency
 - Please ensure your district's Financial Transparency webpage is up to date
 - Please ensure all charter school webpages are up to date
 - FY20-21 Webpage Templates:
<http://www.cde.state.co.us/cdefinance/sffinancialtransparency>
 - Remember – Financial Transparency webpages should follow the layout of the FPP-approved webpage template as closely as possible
 - Any bulleted items shown on the template must be shown by all districts, even if the item for a particular district is “N/A”
 - School districts should show CRF as passed through CDE (not Governor's Office or Office of the State Controller's Office) for Schedule of Expenditures of Federal Awards (SEFA) reporting

FFP Handbook: Proposed TABOR Language Update

- Should the FY 20-21 FFP Handbook TABOR language sections be modified?
- Why? This change is proposed to inform districts/charters of statutory requirements for the replenishment of any use of emergency reserves while allowing for interpretation and application to their specific circumstances.
- See changes on pages 17, 18, 24 & 25

► G. **Reserves for TABOR Emergency: “District” - Applies to Districts and Charter Schools**

The district must set aside a reserve of 3% or more of its *fiscal year spending* which excludes bonded debt service. Article X, section 20(5) of the Colorado Constitution. The district may elect to satisfy this 3% requirement through a *cash reserve* (Method 1) or a letter of credit or pledge of real property and a *district emergency reserve* (Method 2).

Regardless of which method chosen to satisfy TABOR emergency reserve requirements, the amount of the reserve *and* the method used is disclosed in the notes to the audited financial statements. District staff should discuss with the independent auditor and/or legal counsel the district’s interpretation of addressing compliance with the TABOR emergency reserve requirements.

FPP Handbook: Proposed TABOR Language Update: Page 18

► If at any time the district expends any moneys from the district emergency reserve, **Districts should evaluate any potential related accounting determinations, consistent with GASB guidance, including, but not limited to:**

- **Timing of expenditures from the emergency reserve if the declared emergency crosses into the next fiscal year.**
- **Timing of accounting transactions for replenishment of the reserves**
- **School districts and charter schools should seek their own legal counsel on the application of the provisions under § 22-44-105 (1)(c.6)**

~~the board must restore the reserve to 3% of the amount budgeted to the general fund as follows:~~

~~If the district expends moneys from the district emergency reserve in a single fiscal year, the board must restore the reserve within 36 months of the first draw of the money from the reserve; and~~

~~If the district expends moneys from the district emergency reserve in two consecutive fiscal years, the board must restore the reserve by the end of the fiscal year following the second fiscal year in which the board expended moneys from the reserve.~~

~~It is recommended that board action be taken to approve any use of the district emergency reserve, including a plan to replenish the district emergency reserve as required in (1) or (2) above.~~

Reserve for Contingencies

► Within the budget, the district establishes an emergency reserve consisting of a minimum of not less than three percent of its fiscal year spending excluding bonded debt service. This reserve is to be used for declared emergencies only, and not made available to address “economic conditions, revenue shortfalls, or district salary or fringe benefit increases.” ~~Any amounts used in the current year must be restored in the ensuing year’s budget.~~ A reserve must also be maintained for non-voted multi-year obligations for which an annual appropriation clause is not included in the agreement. Article X, sections 20(2)(c) and 20(5) of the Colorado Constitution.

See also a discussion of the [Reserves for TABOR Emergency](#).

During the budget year, unidentified operating needs or other emergencies may impact the integrity of the budget. Districts are advised to set aside contingency funds in the budget for potential revenue shortfalls and unanticipated expenditure needs. These funds may be appropriated or unappropriated contingency reserves.

Financial Transparency Website



- CDE had a 5-year contract with BrightBytes through FY19-20
- A one-year sole source extended the contract through FY20-21
 - Provide sufficient time to go out to bid with a new RFP
- CDE was also working on improving our public facing data on other aspects of schools and districts.
 - Considerations of benefits to have all data on schools and districts (including financial transparency data) in a single location.
- Financial transparency was an identified reduction for a potential CDE budget reduction
 - CDE proposed reducing the annual funding for maintenance, keeping a small portion of the funding to facilitate moving the financial transparency website internally.
 - Intend to maintain similar look and feel of the current site
 - JBC will consider this request as part of the March 1 figure setting

New Institute of Education Sciences (IES) Reporting

- SRI International (SRI) and its partner, Augenblick, Palaich and Associates (APA), are conducting the study for the U.S. Department of Education.
- A representative sample of 400 districts nationwide. Data collected will include revenue, expenditure, and personnel and payroll data, for up to four consecutive school years: 2018-19, 2019-20, 2020-21, and 2021-22.
- CDE provided much of the data in November, 2020.
- State suballocations to school districts for three school years (2018-19, 2019-20, and 2020-21) for the following federal programs:
 - *ESEA* Title I, Part A
 - *ESEA* Title I School Improvement Grants made from funds reserved under Section 1003
 - *ESEA* Title II, Part A
 - *ESEA* Title III, Part A
 - *ESEA* Title III Immigrant Subgrants provided under Section 3114(d)
 - *ESEA* Title IV, Part A
 - *IDEA* Title I, Part B

State suballocations to school districts for the following emergency relief funds provided under the CARES Act:

- Elementary and Secondary School Emergency Relief Fund (ESSER I)
- Governor's Emergency Education Relief Fund (GEER)
- Coronavirus Relief Fund (CRF)

Discussion- ESEA and ESSER Applications

In what scenarios do you utilize each of these object codes?

	Supplies (0600)	Non-Capital Equipment (0735)	Equipment (0730)
COA Text	<p>Amounts paid for items that are consumed, worn out, or deteriorated through use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances. Items that do not contribute to a district's capital assets, as evaluated by the district's capital assets policy, may be coded as supply items, or may be coded as 0735, Non-Capital Equipment. Items that contribute to a district's capital assets must be coded as equipment items in the 0700 series</p>	<p>Expenditures for items classified as equipment but costing less than the district policy for capital assets inventory. Alternatively, non-capital equipment may be coded as a supply to an object in the 0600 series</p>	<p>Expenditures for the initial and replacement items of equipment, such as machinery, furniture, fixtures, and vehicles Machinery, furniture, and fixtures (including teacher desks, chairs, and file cabinets), technology equipment, and other equipment that are used for instructional purposes should be charged to appropriate instructional programs. The district's capital asset policy establishes criteria for when an equipment item must be capitalized and included on the district's property inventory records. Usually this criteria requires equipment costing above a certain dollar amount to be capitalized. Capitalized equipment must be coded with an object 0730</p>

Issue – Chromebooks, Laptops, Hotspots, etc. Some districts are coding as supplies, while still others are coding as Non-Cap Equipment and Technology Equipment. These items are highly walkable/attractive items, are required to be tracked.



Save the Date! Free BruMan Training February 3, 2021

The well-known educational law firm, Brustein and Manasevit (aka BruMan), will be offering CDE and Colorado school district grant and fiscal administrators a one-day, free training on February 3 (10am – 4pm)

This training will cover various topics, including:

- Changes to 2CFR200
- Free and Reduced lunch counts and effects due to the CARES Act
- Waiver impacts
- New federal funding and others.

Please visit the link below and look for the important announcements section for the link to register!

<https://www.cde.state.co.us/cdefisgrant>