

# Financial Policies & Procedures Meeting

September 23, 2021

# Welcome & Agenda

- Welcome & member committee updates
- Approval of Agenda
- Approval of Minutes
- Membership Update
- Updates
  - Legislative Session & Funding Updates
  - School Finance Unit Updates
  - Transportation Reimbursement CDE 40 Process Overview
  - Federal Stimulus Funding
  - Financial Reporting
- Other Topics of Interest & Updates from Partners
- Upcoming Meetings

# Membership Update



# Comings and Goings - FPP Members

## **Departing Committee Members - 2021:**

- Justin Petrone - BVSD
- Brooke Quint - Briggsdale
- Mimi Livermore - Adams 12 Five Star Schools
- Shelley Becker - Harrison 2
- Gina Lanier - Adams - Arapahoe 28J

## **New Committee Members - 2025:**

- Johan Van Nieuwenhuizen - Weld RE-1
- Donna Murphey - Littleton Public Schools
- Lisa Bollers - Adams - Arapahoe 28J
- Shelbie Schenck - Holly R-3
- Tia Mills - Gunnison Watershed RE-1J

## **New BOCES Members - 2023**

- Stephanie Hund - SE BOCES
- Mandi Birge - San Juan BOCES

## **New Charter Liaison - 2023**

- Jack Bay - Chavez Huerta Prep.

## **New Ex-Officio Non-Voting Member - CSI**

- Amanda Karger

## **Remaining Vacancies - Per Term:**

- 2023 - 1
- 2024 - 2



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

# Formula Changes: ELL Factor

- “Adds a new English language learner funding factor to the school finance formula for all English language learners included in the ~~prior year's~~ **current year's** pupil enrollment. The factor is 8% of per pupil funding multiplied by the English language learner enrollment, as defined in the bill.”
  - Per pupil funding is by district, before at-risk
- Based on 2021 Student October Count data submission
- Funding for this factor will replace ELPA PD and Student Support funding; districts will still receive ELPA categorical funding
- ELL students who will be funded are:
  - NEP and LEP (*not* FEP M1 and M2)
  - Who are also still within the five-year services window defined in ELPA
  - ~61,000 English language learners (current year)
- Districts will treat funding via this factor the same as at-risk funding regarding adjustments to charter schools

# Tracking ELL Expenditures & Categoricals

- With the changes to funding for English language learners, tracking expenditures related to serving these students is a little more challenging because they used to all be coded to an ELPA grant code
- We use these expenditure to quantify the “gap” between funding and expenditures for serving ELL students, which informs the categorical funding discussion
- In order to preserve this picture, it will be helpful for districts to continue to code all ELL-related expenditures to one of the ELPA grant codes.
  - The grant codes are 3139 and 3140
  - This is optional, but coding decisions by districts will impact how funding increases are allocated between the categorical programs

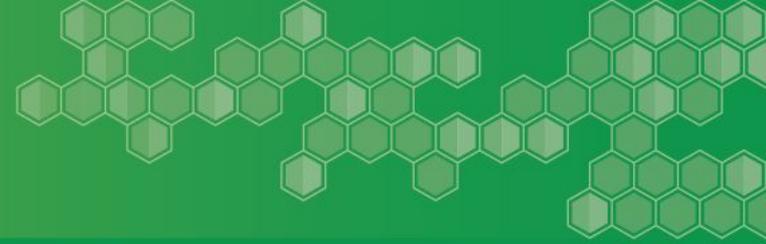
- CDE previously reported that the rescission has been eliminated beginning in FY 2021-22
- This was based upon legislative discussions, including the JBC briefing document which states:
  - Staff recommends that the Committee discontinue the use of the rescission (withholding) mechanism and support the associated appropriations entirely with direct appropriations from the General Fund and the State Education Fund.
- However, the FY 2021-22 long bill includes \$100,424 (which equates to approximately \$0.12 per pupil) with a letter note citation that these funds shall be transferred from the State Share of Districts' Total Program Funding line item appropriation in the Assistance to Public Schools section of this department
- We believe this may be an oversight and CDE will be working with JBC staff to adjust the appropriation and avoid a rescission

# Mill Levy Correction: History

- June 2020:** [HB20-1418](#) signed (see Section 33). The 2020-2021 School Finance Act required districts to levy the number of mills specified by the requirements in the bill, including the establishment of temporary tax credits, if necessary, to correct historical errors.
- December 2020:** If required, districts included temporary tax credits when certifying property tax mills related to the local share of total program for the 2020 tax year. The temporary tax credits were equal to the difference between the district’s current total program mill and the mill levy target established by [HB20-1418](#).
- March 2021:** [HB21-1164](#) introduced. The bill requires CDE to implement a correction plan for districts with temporary tax credits. Specifically, the plan must ensure that districts incrementally reduce temporary tax credits “as quickly as possible but by no more than one mill each property tax year,” beginning in the 2021 tax year.
- May 2021:** Colorado Supreme Court ruled in an [interrogatory](#) that HB21-1164 is constitutional.
- June 2021:** [HB21-1164](#) signed into law.

[CDE Mill Levy Correction Webpage](#)

# Mill Levy Correction: Shout Out!



CDE would like to send a special Shout Out to those who have been part of our **Mill Levy Correction Subcommittee** work so far!

Brad Arnold, Cherry Creek

Colleen Doan, DougCo

Johan van Nieuwenhuizen, Weld RE 1

Tia Mills, Gunnison

Tony Whiteley, St. Vrain

Jacque Corsentino, Fremont RE 2

Jeremy Burmeister, Platte Valley

Mike Hodgson, Pagosa

Justin Patrone, BVSD

Tracie Rainey, CSFP

Cheri Wrench, CASB

Susan Meek, CASB



- **Updates**
  - Offered 3 webinars on MLC (2 from CDE, 1 with CASB)
  - Collecting documentation from districts
  - Working directly with districts who may need to correct their MLC targets
  - Drafted communications resources
    - CDE News Release
    - One-pager
    - “Drop In” letter or article
    - Customizable slide deck for BOE, etc. presentations
- **Communications timing** - discussion with subcommittee and considerations

# HB 21-1164: Total Program Mill Levy Tax Credit Non-Compliance

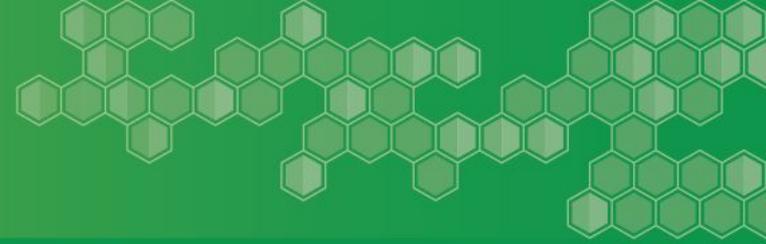
	<u>Local Share</u>	<u>State Share</u>	<u>Total</u>
Total Program with Mill Levy per Statute	4,000,000	6,000,000	10,000,000
Percent of Share (Ratio of Funding)	40.00%	60.00%	100.00%
Reduction to Local Share From Not Increasing Mill Levy	(400,000)		
New Subtotal	3,600,000	6,000,000	9,600,000
New Subtotal Percent Share	37.50%	62.50%	100.00%

Local Share is only contributing \$3.6M, or **90%** of the \$4M obligation per statute, therefore state contributes 90% of state obligation to retain the ratio of funding at 60/40

90% of the required Local Share is matched by 90% of the required State Share	3,600,000	5,400,000	9,000,000
Maintains 60/40 Ratio of Funding	40.00%	60.00%	100.00%

# School Finance Unit Updates

# Introducing the School Finance Support Program



## *Why?*

The field and CDE have identified training and support for school district finance professionals as a high priority.

## *Theory of Action*

**If** we provide a tiered system of supports for Colorado's school district finance professionals, **then**:

- Colorado will develop and retain a community of competent, confident finance professionals; and
- Those professionals will provide outstanding financial leadership to their districts; and
- Those districts will be better able to leverage their financial resources in service of student learning and outcomes.

- The demands on Colorado school district finance teams have increased exponentially in recent years.
  - COVID relief funding is the latest example.

Hey who put this straw on my back?



- Turnover in the finance office can be very disruptive to the district's ability to operate and execute to its strategic plan.
- New finance team members are often overwhelmed and under-trained, leading to not knowing where to begin in terms of training.
  - Single training opportunities, i.e. through CASBO, have been extremely helpful.
- CDE has a role to provide capacity-building for school district finance professionals and teams through a comprehensive, unified set of supports.

## **Mark Rydberg**

Program Manager to develop skills and competencies

Part Time starting November

Full Time starting January

## **Glenn Gustafson**

Special Projects and Initiatives

CPA

Part Time FTE

# What we Seek: School Finance Professional Skills & Competencies

**Goal: Every district completes a timely and accurate FINDEC submission.**

**Skills & competencies required to meet this goal:**

- Audit preparation
- Understand government accounting procedures
- Be a power user in your accounting system & other applications
- Understand school finance statute, board rules & how to comply
- Understand the Chart of Accounts
- Be familiar with the FPP Handbook
- Be familiar with the grant rules for every grant your district holds
- Know how to perform a monthly bank reconciliation
- Be able to develop a budget that supports the strategic plan & goals of the district
- Have redundancy and cross training on the finance team

# What we Seek: Profile of a School Finance Professional in Colorado

**Goal: Every district has a finance professional who has the qualities identified in the SFP Profile.**

## Qualities of a School Finance Professional:

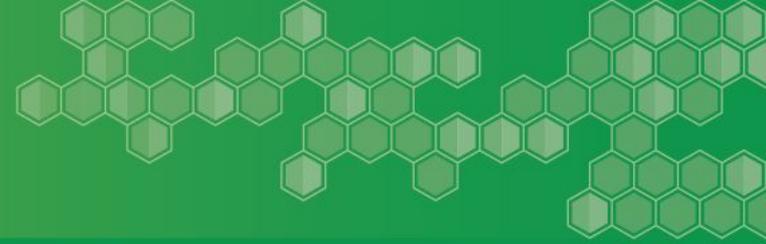
- Student-centered
- Confident
- Knowledgeable
- Inquisitive
- Collaborative
- Can be both a mentor and/or a mentee
- Able to answer finance questions to technical and non-technical audiences
- Comfortable providing counsel and advice to the Superintendent and BOE
- Proficient presenter and public speaker
- Has tools to manage her/his time and priorities
- Is committed to her/his personal health and wellness, and that of the team

# What we Propose: A Tiered System of Supports



- **Cohort 1** (FY22 and FY23) membership is open to all district *lead finance professionals* but will be prioritized for those:
  - In small districts and
  - Who are new (1-2 years of experience)
- Cohort members should commit to one year of intense school finance learning and practice, with a second year of less intense follow up.
  - Year One:
    - 1-2 hours per week individual check in
    - 2-4 hours per month cohort learning (class time)
    - Plus work in between that is related to your core job duties
- ***Interested in being a part of Cohort 1?*** Please complete this survey no later than October 1st:

<https://forms.gle/em3DUG38En2BMpE29>



## PSFU Office Hours

### Complete

- **Tuesday, September 7, 11am-12pm: Mill levy correction work session** – Join us to ask questions about mill levy correction or your district’s specific scenario.
- **Tuesday, September 14, 11am-12pm: School Finance 101, Part I** – A perfect introduction for new finance staff or Superintendents. No question too basic!
- **Tuesday, September 21, 11am-12pm: School Finance 101, Part II** – A perfect introduction for new finance staff or Superintendents, continued.

### Upcoming

- **TODAY, September 23, 2-3:30pm: ESEA Office Hours - Indirect Costs** - [Register here](#)
- **Tuesday, September 28, 11am-12pm: Flow Through Accounting & Internal Service Accounts** – Join us for a special session devoted to these topics. [Click here to join the meeting](#)
- **Tuesday, October 5, 11am-12pm: Single Audit Process** - Particularly for districts encountering this requirement for the first time. [Click here to join the meeting](#)

## Schedule, Recordings, Slide Decks & Links

<https://www.cde.state.co.us/cdefinance/upcomingschoolfinancetownhallsandtrainings>

Questions?  
Feedback?

# Transportation Reimbursements: Reimagined?

# Primary Drivers for Examining the Process

## The CDE 40 Process May Be Excessively Complex, Cumbersome and Time-Consuming when compared to the benefits received.

- **Inputs**

- Current CDE 40 Requires 8 Data Points
  - Current Operating Expenses - Adjusted
  - Pupil Counts
  - Mileage Counts
  - Day Counts
  - Upload of Supporting Docs, etc.
- [Transportation Fund Administration Rules](#) - 7 pages
- [General Instructions and Guidelines](#)- 6 pages
- [Audit Resource Guide \(internal\)](#) - 28 pages
- [Training](#) - 3 Training Videos/2.5 Hours Total

- **Outputs**

- Each Year, a Significant Number of CDE 40 Submissions are Flagged for Corrections or Require Some Form of Follow-up
- Audits Often Result in Changes in Funding
- On Average, Transportation Funding Compares to Only 2.0% of State Share Funding

# Primary Drivers for Examining the Process

- **Equity?**
  - Expenditures are Current Primary Driver for Reimbursement
  - May Not be an Equitable Approach - spend more, get more
  - Rural Districts have Higher Per-Pupil Transportation Costs
- **Consistency?**
  - Reimbursement Payments can Fluctuate from Year-to-Year
  - Audits Can Occur Years in Arrears and May Result in Credits or Paybacks
  - Transportation Adjustments at the Time of Audit Tend to be Larger, on a Percentage Basis, than Those for Pupil Count
- **Time for an Update?**
  - Public School Transportation Fund Statute (Sections 22-51-101 through 111, C.R.S)
  - Originally enacted in 1963
  - Reenacted in 1975



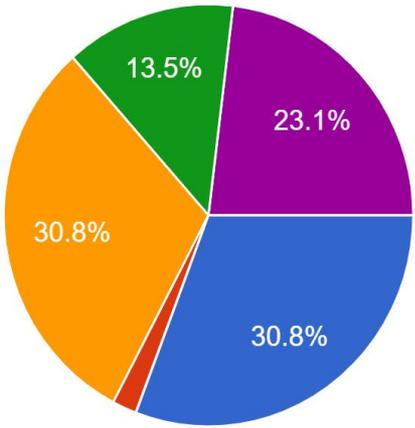
# Potential Goals and Outcomes

## If We Undertook a Review / Refinement of the Process, Some Potential Goals Could Include:

- **Simplify Transportation Reimbursement Process**
  - Reduce or Eliminate Data Collected and Submitted by Districts
  - Use Fewer Data Points in the Model
  - Use Data Currently Available (i.e. factors used in school finance formula)
  - Automate the Process where Possible
- **Ensure Equity**
  - Provide a Minimum/Base Level of Funding for all Districts
  - Adjust Reimbursement Amounts Using Factors (size for example)
- **Provide Consistency**
  - Reduce Payment Fluctuations from Year-to-Year
  - Audit Process would be more Manageable and Timely
  - Potentially Eliminate the Need for a Second Payment

# Survey Results - 29% Response Rate

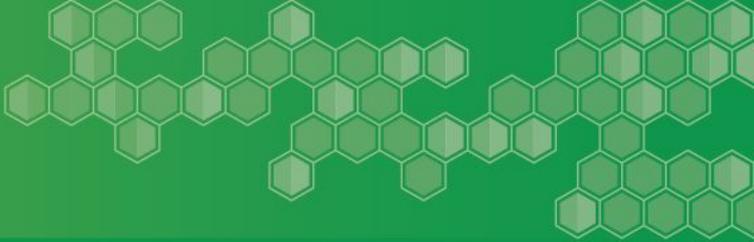
What is the size of your district (PK-12)?  
52 responses



- 1-500 students
- 501-1,000 students
- 1,001-5,000 students
- 5,001-10,000 students
- More than 10,000 students

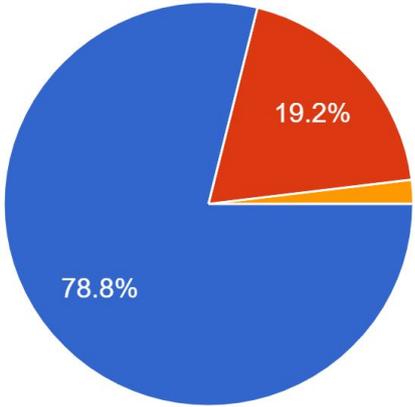


# Survey Results - Role



What is your role in the district with regard to the CDE 40 submission?

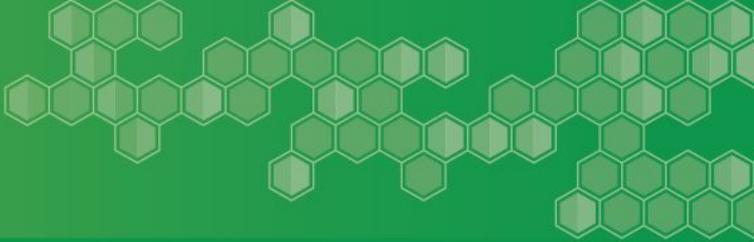
52 responses



- I have primary responsibility for submitting the CDE 40 Transportation Reimbursement Claim.
- I play a support role in the submission of the CDE 40 Transportation Reimbursement Claim.
- I have primary responsibility and support role

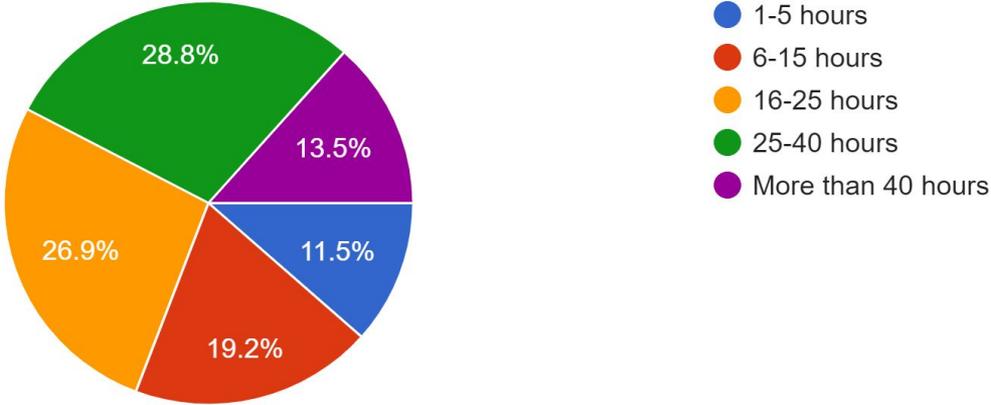


# Survey Results - # of Hours



Approximately how many hours per year does your district, as a whole, spend completing the CDE 40 Transportation Reimbursement Claim submission?

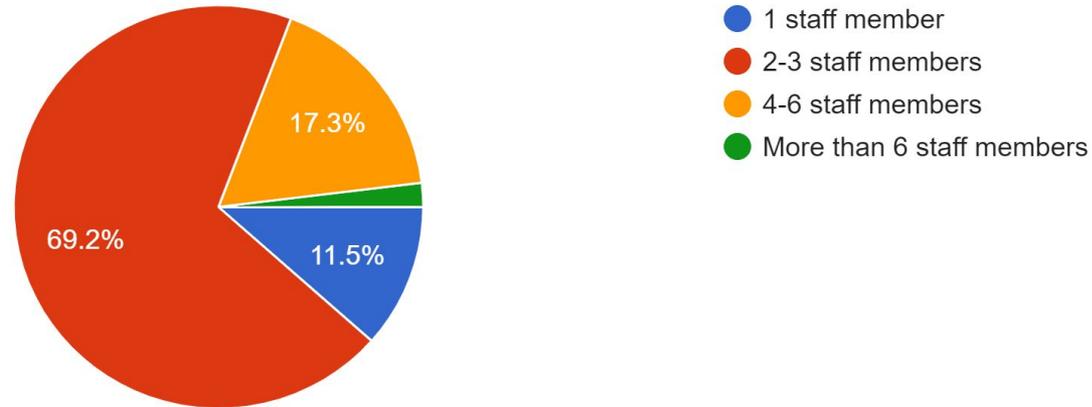
52 responses



# Survey Results - # of Staff

Approximately how many staff members in your district, as a whole, are involved (1 hour or more) in completing the CDE 40 Transportation Reimbursement Claim submission every year?

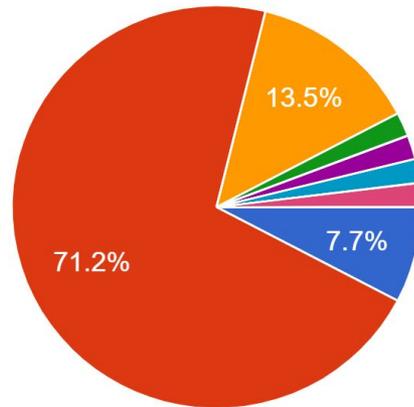
52 responses



# Survey Results - Experience?

Which of these phrases best matches your experience preparing and submitting your submission for the CDE 40 Transportation Reimbursement Claim?

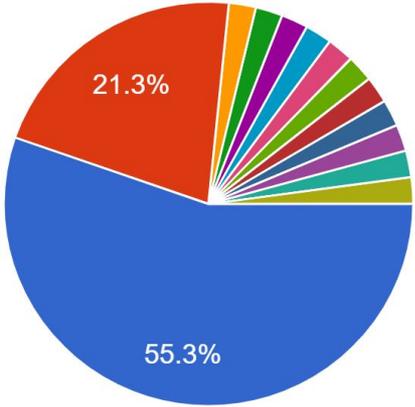
52 responses



- It's easy! We have the data and the submission process is clear and effici...
- It's not too bad. It takes time, but we know how to get the data and how to...
- It's difficult. We have a hard time getting the data and/or the submission proces...
- Need to look at the process when the...
- Last year was my first year submitting,...
- Considering this is my first year prepa...
- I would like to combine It's not too bad...

# Survey Results - Equitable?

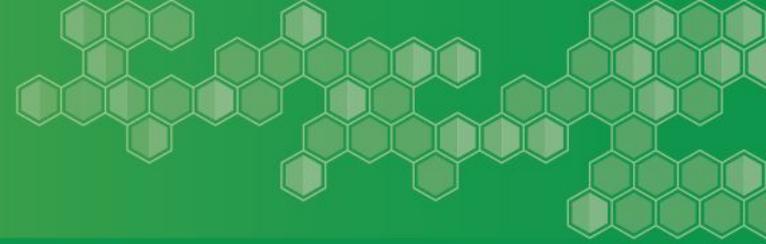
In your opinion, is the current funding process for school transportation fair and equitable?  
47 responses



- Yes
  - No
  - I definitely do not want to over pay th...
  - Don't know
  - Our finance dept handles this part
  - Hard to know from my end
  - not sure
  - Unsure how to answer without a bette...
- ▲ 1/2 ▼



# Survey Results - Comments



No other State funding requires this labor intense process.

Simplify the process... really needed.

Use the same mechanism similar to other categorical funding based off of FPC, or those pupils applicable to public transportation. Is the detailed form and all expense and mileage documentation necessary?

Make it easier.

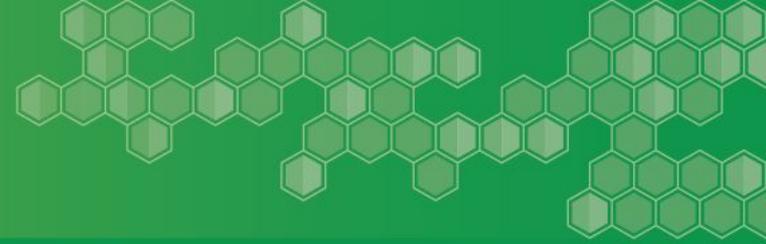
All miles that are in the service of students (activities, meal distribution, etc.) should be claimable, not just to and from school.

It would be nice to have a fillable form that calculates the total refund automatically.

It surely can't be this difficult to figure out transportation funding. This is just a stressful and frustrating process. Every year.

Small rural districts face more challenges.

# Survey Results - Comments



The current system seems more complex than need be. Could there be a simple ratio of miles per students which would assist districts that have lots of miles to drive but few students. Also, the current system causes districts to separate different types of expenses (routes vs activities) for very little reward.

Currently the amount of work required is not in balance with the funding received. Simplification would be really nice. And the audit process is super painful and late.

If it's proportional from year to year, maybe only one data point collection is necessary?

I have done the cde40 now for 8 years. In that time, the system has changed drastically and for the better.

I want to point out that I receive very timely and generous support from Rebecca and team. Thank you!

# Initial Steps Taken

- **Preliminary Research**
  - Looked at How Other States Fund Transportation
    - Unit Cost - Per Pupil or Per Mile
    - Lump Sum - Based on Share of Pupils Transported
    - Expenditures - Allocated Based on Transportation \$\$\$ Spent
    - Combination of Factors
    - No State Funding - Up to Districts
    - Many Adjust for Geographic Disparities
- **Experiment with Different Models for Allocating Transportation Funding Differently in Colorado**
  - Not Using Expenditures as the Driver
  - Using Mileage as the Driver
  - Using Pupil Count as the Driver
  - Using Data and Other Various Factors Currently in the School Finance Formula as the Driver
  - Providing Some Level of Base Funding for all Districts
  - A Combination of These

# Initial Steps Taken

- **Preliminary Research (continued)**
  - Reviewed Transportation Fund Statutes
    - Compared Specific Language Provided in Statute to Rule and Current Instructions
    - Looking for Areas of Over-Reach/Potential Inefficiencies
- **What Did We Learn?**
  - Many Potential Opportunities for a Reboot of the Transportation Funding Allocation Model
  - Any Change in Methodology will Most Likely Require Significant Changes in Statute and / or Rule (could take some time)
  - Any Change in Methodology will Result in Changes to the Reimbursement Amounts Received by Districts, in some cases, Potentially Significantly

# Next Steps

- **So What is Our Collective Tolerance / Appetite for Change?**

Please take this short survey now:

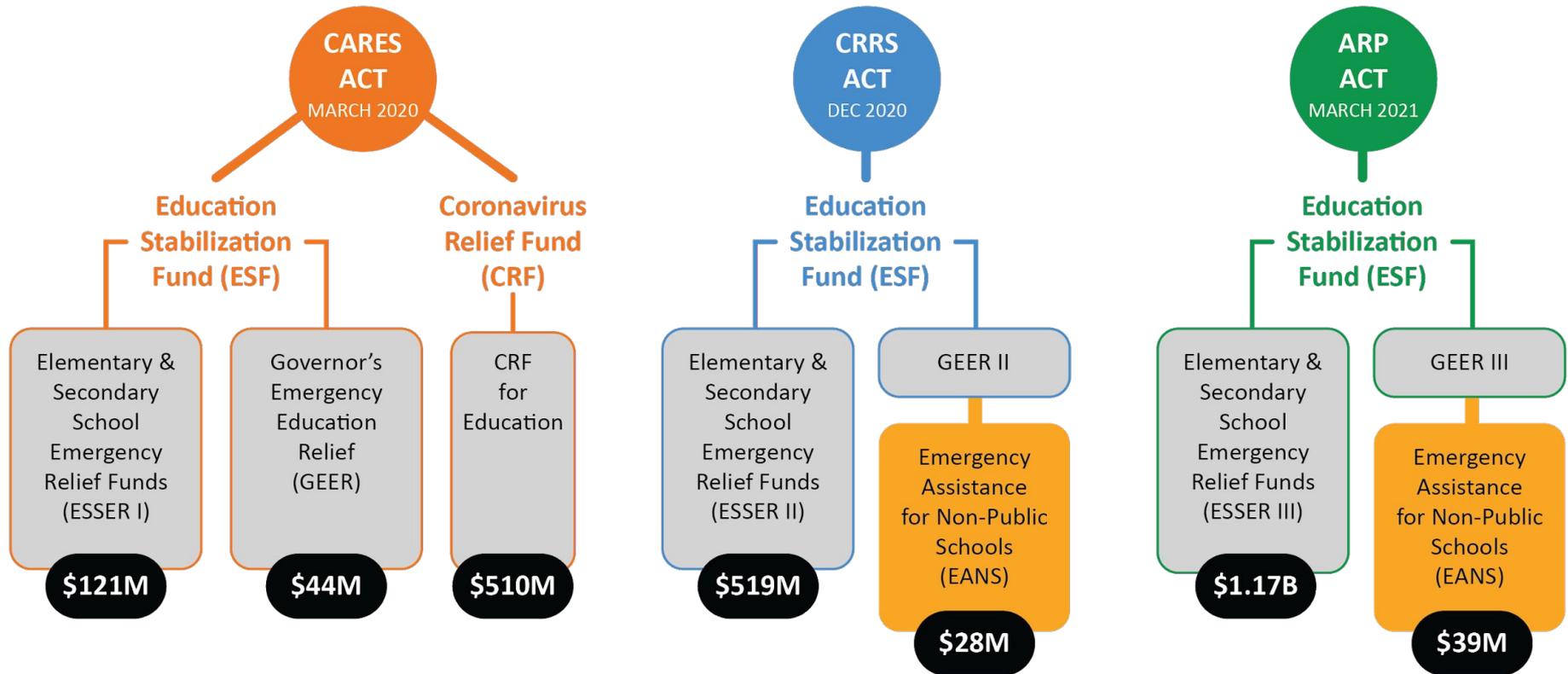
<https://forms.gle/dSHikjvKvxGABG7D9>

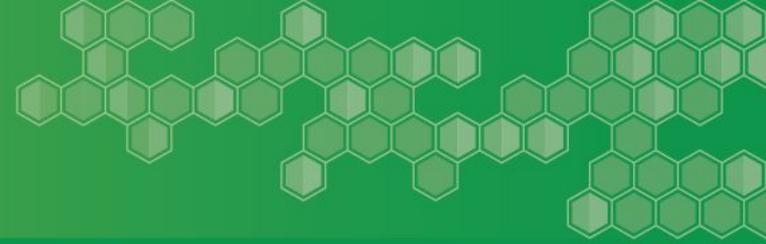
- **Timeline?**

Questions?  
Feedback?

# 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



1

## Increase and support school workforce

teachers, tutors, substitutes, special service providers, bus drivers

**\$15 million** – tutoring corps, preservice, recruitment, mentoring retention grants

**\$5 million** – professional development learning modules

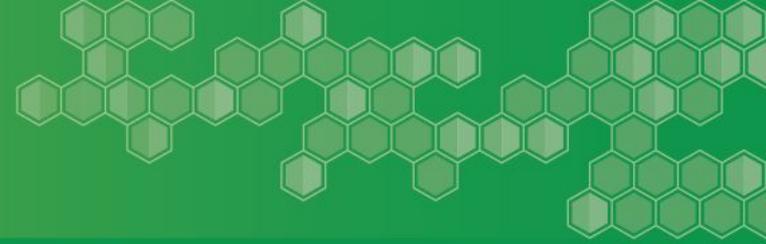
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## Support academic acceleration

English language proficiency, math and literacy for impacted populations

- **\$25 million** – supplemental for districts, BOCES, SPED, Tribes, high risk populations.
- **\$15 million** – career connected learning (CTE, rural collaboration zones)
- **\$30 million** – high dosage tutoring, summer school, after-school

- **\$10 -12 million** – high quality instructional materials and curriculum bank
- **\$6 million** – additional support for EASI, proactive grants for schools



3

## Transparency, monitoring and learning through data, information and evaluation

**\$7-10 million** – data pipeline, customer relations and grant management tool, with data visualization

**\$1 million** – Data and Evaluation Office (includes blended learning facilitator)

4

## Re-engagement for students through after-school, summer school, enrichment, academic innovation, school climate and other supports

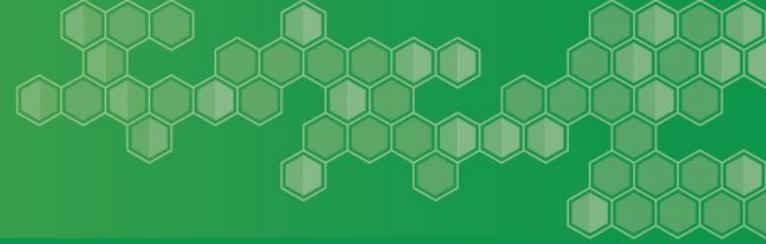
**\$12 million** – community engagement, enrichment, after-school, etc.

## 5 Community Building

**\$2 million** – technical assistance for developing partnerships across schools, districts and/or with community partners

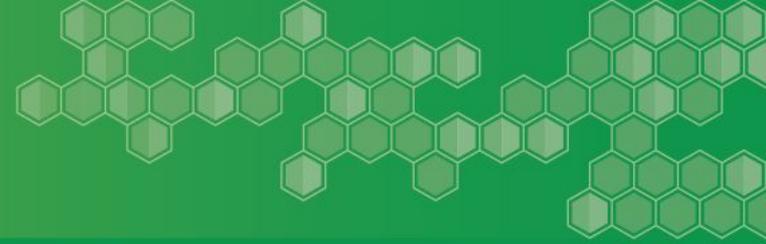
## 6 Additional Needs Reserve

**\$4 million** – reserved for future emergency, recovery needs



- Updates to the Compliance Supplement are expected
- This may result in potential delays to the completion of districts' Single Audit
- Districts may want to consider requesting extensions from the Office of the State Auditor
  - The extension form is posted: <https://apps.leg.co.gov/osa/lq>

# Financial Reporting Updates



## FPP Handbook

- Dates, FPP Committee and CDE Staff

## Chart of Accounts

- Dates, FPP Committee and CDE Staff
- update to definition for location code 461-469 On-Line Activity for clarification of usage.
- addition of SRE 94 COVID-19 Activities
- update definition of program 5200 to “Non-reimbursed Emergency Cost Impact”

# Chart of Accounts Definition Updates

**Location 461-469 On-Line Activity.** Used to designate where on-line activity is taking place. A unique and specific location code should be used for each on-line school or program within the District that have applied and are recognized by the Office of Blended and Online Learning. Charter schools with on-line activities should use the 900-969 charter school location codes. All on-line school and program location codes are bolded and on-line school and program detailed activities must be reported. On-line schools should be reported with the assigned unique school code, while the on-line program should be reported with the associated unique school code (or allocated to unique school codes). Reporting of single purchase service account for online is not allowable. Location codes 461 through 469 are available and are **BOLD** (e.g., location 463 does not roll to 461, it rolls to 463).

**Program 5200 Flood Impact-Non-reimbursed Emergency Cost Impact**

## Payment Distributed in October 2020

- Source Code 4000 should be used with Grant code 5012

## Payment Distributed in July 2021

The booking of the State Share A/R may vary depending on if the district is using Grant Code 0000 or 3110 to record the state share revenue with source 3110.

- balance sheet code 8141 should be used to record the accounts receivable if they are using Grant Code 0000
- balance sheet code 8142 should be used to record the accounts receivable if they are using Grant 3110.

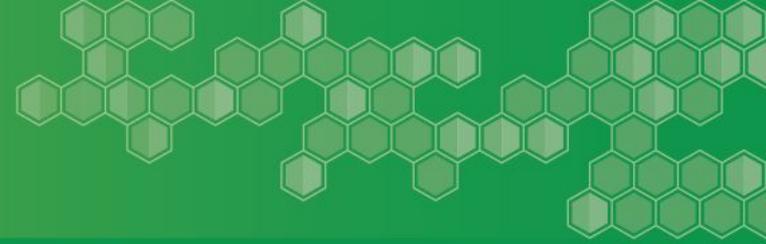
## Payments from Districts to Charter Schools

- Depending on how districts handled 5012 funds with regard to charters in October 2020, the state share payment distributed in July 2021 may raise questions about how to appropriately treat charter school payments for FY21 across all funds.
- If you have questions about this, please contact Yolanda to describe your specific situation and explore options.

# Other Updates from Partners



# 2021-2022 Meeting Schedule



- Upcoming Meetings:



- Friday November 19, 2021
- Thursday Feb 17, 2022
- Friday April 29, 2022
- Thursday June 23, 2022

Questions?  
Happy fall!

