



**FPP: Chart of Accounts Discussion Item:  
Read ACT Five Year Plan**

**1. Question or Issue:**

It appears a vendor is working with several districts – possibly telling districts that they will receive a substantial discount, if they buy five years’ worth of literacy related products/services, and that READ Act can cover this.

**2. Any Prior FPP Action:**

NA

**3. Discussion Points/Department Recommendation or Observations (if any)::**

CDE wanted to identify potential issues with this approach:

- Districts need to confirm with CDE if the product/services purchased with READ Act funds are on the approved list:  
<http://www.cde.state.co.us/coloradoliteracy/advisorylistofinstructionalprogramming2020>
- If READ Act per-pupil dollars are used to purchase core programming that there is no requirement that the programming to be used exclusively for students on READ plans. This is different in other sections. There is however a statement in statute about supplanting:
- Districts will only receive product/services based on the number of students in each year.
- If districts pay for five years of services now, there are unknowns with the number of students over the course of five years – needing these services.
- READ Act cannot and should not pay for the five years-worth of services plan up front – if a district enters a five year plan, the General Fund should commit the funds in year one, and charge the READ Act annually for subsequent years.
- Are districts are being asked to prepay for services they may or may not need in three/four/five years?
- Only the appropriate amount based on current year students should be reported to expenditures in each of the five years: approximately 20%.
- The full purchase would be reported as a Prepaid Expense by the district. READ funds used up front would be questioned in the budget process. Therefore, the district’s General Fund is purchasing this programming and charging the READ Act funding a share in each of the five years. The READ Act funding should NOT be charged the full costs up front. Based on the costs of this programming, the district may still have issues with unused carryover of READ Act funds each year as only 1/5 of the programming costs is reported as an expenditure over the five years.

**4. FPP Action, Decision Made:**

NA



**5. Further Action/Research Needed/Table for Future Meeting:**

NA

**6. Effective Date:**

NA