

**Transportation
Allocations
Reimagined
FPP Subcommittee
Summary-to-Date
May 10, 2022**

Why Are We Here?



FPP September 23rd Meeting - Transportation Reimbursements Reimagined

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

Why Are We Here?



Number of Fiscal Year 2021 CDE 40 Submissions that were Flagged for Corrections or Require Some Form of Follow-up

176 Received
85 Reviewed
66 Required Changes (77.7%)

Error Types:

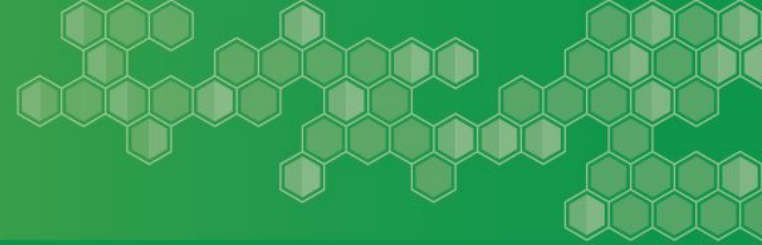
- Current Operating Expenditures: 47 Districts
- Mileage Scheduled (Count Day): 18 Districts
- Days School in Session: 8 Districts
- Actual Trip Miles: 16 Districts
- Total Miles any Purpose: 19 Districts

Data Submission - Supporting Documentation

Districts are required to upload all supporting audit documentation at the time of the CDE-40 claim form data submission (**Required** vs **Optional** upload documents)

- Total current operating expenditures calculation
- Summary general ledger
- Detail general ledger
 - District contracted transportation invoices
 - Commercial transportation vendor invoices
 - Parent contract expenses
- Insurance premium details
 - Physical building/property insurance premiums
 - Vehicle insurance premiums
 - Workers' compensation insurance premiums
 - Unemployment insurance premiums
- Utilities
- Support Costs
- Total Vehicle Mileage
- Scheduled Count Day Mileage
- Calendar(s)

Why Are We Here?



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

52 responses

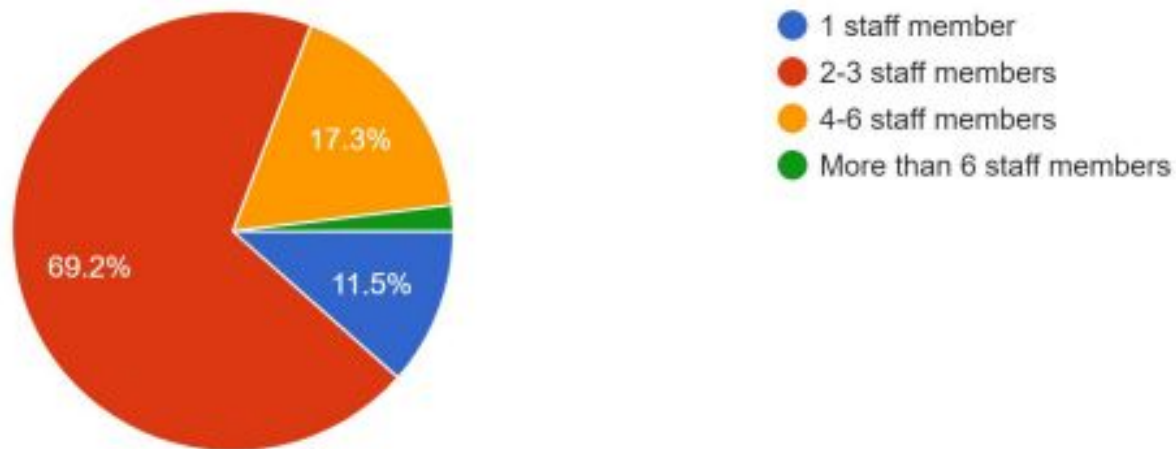


- 1-5 hours
- 6-15 hours
- 16-25 hours
- 25-40 hours
- More than 40 hours

Why Are We Here?

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



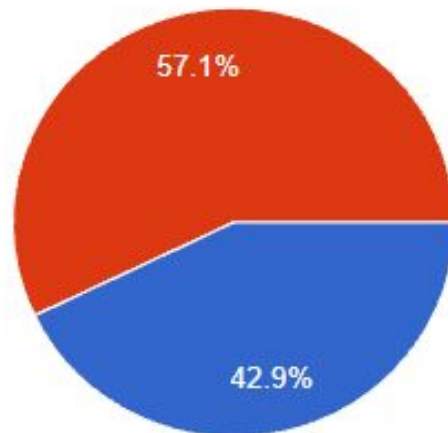
Why Are We Here?



FPP Meeting Survey Results - 42 District Respondents

I would be in favor of exploring a new transportation reimbursement methodology if...:

42 responses



- I would be in favor of exploring a new methodology, as long as I knew my district would not lose funding.
- I would be in favor of exploring a new methodology, independent of the impact on my individual district.
- I am not in favor of exploring a new methodology.

FPP District Subcommittee Members

22,000 - 75,000 Students and 46 - 93 Schools Served

Ashley Zhang, Accounting Supervisor, MESA County Valley 51

Jana Schleusner, Director of Finance, Douglas County RE1

Justin Petrone, Director Finance & Accounting, Boulder Valley RE2

1,100 - 1,800 Students and 4 - 6 Schools Served

Leona Holland, Accounting/Risk Manager, Monte Vista C-8

Mike Hodgson, Finance Director, Archuleta 50JT

Eric Burt, Assistant Finance Director, Archuleta 50JT

200 - 400 Students and 2 - 3 Schools Served

Pam Cole, Business Manager, EADS RE-1

Tammy Bruntz, Business Manager, Cripple Creek-Victor RE-1

FPP CDE Subcommittee Members

Jennifer Okes, Chief Operating Officer

Kate Bartlett, Executive Director

Richard Hull, School Finance Analyst and Auditor

David Miller, Data Analyst

Mark Rydberg, School Finance Program Manager

Rebecca McRee, Audit Supervisor

Tabitha Tyree, Lead Regulatory Document Reviewer

Tim Kahle, School Finance Program Director

Yolanda Lucero, Fiscal Data Coordinator

Potential Goals/Outcomes for Developing a New Transportation Reimbursement Methodology

1) Simplify/Efficiency (10 Votes)

- 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)
- Standardize/Automate the Process where Possible

2) Equity/Fairness Options (9 Votes)

- Adjust Reimbursement Amounts Using Factors (size for example)
- Provide a Minimum/Base Funding Level for all Districts and/or Students
- Eliminate Expenditure Data from the Formula - spend more, get more

3) Checks and Balances/Audit (6 Votes)

- Maintain a System for Reviewing and Verifying District Submissions

4) Consistency/Maintain a Defined Methodology (4 Votes)

- Reduce Payment Fluctuations from Year-to-Year
- Audit Process would be more Manageable and Timely
- Potentially Eliminate the Need for a Second Payment



Goals/Outcomes for Developing a New Transportation Reimbursement Methodology

- **Decision Making Criteria**
 - Use Fewer Data Points/Reduce Data Collected
 - Eliminate Data Collected/Use Data Currently Available/Automate the Process
 - Equity - Minimum Base Funding for Districts
- **Other Factors to Consider**
 - What is the Cost of Hold Harmless? \$\$\$
 - Defensible - Does it Make Logical Sense?

Time for a Change?

Overall Approach

1. Winnow the Variables
2. Deep Dive into Understanding the Variables as Currently Used
 1. Define and Recommend Variables
 2. Recommend Possible Weights for Variables
 3. Review Specific Potential Funding Models
 4. Refine and Finalize a Suggested New Transportation Reimbursement Funding Formula for Consideration





Winnow the Variables

1. Mileage - Maybe Use
2. Operating Expenditures - Use
3. Number of Pupils - Don't Use
4. Geographic Area - Don't Use
5. Size Factor - Don't Use
6. Any Additional Variables to Consider? - None

Allocation Scenarios

- The committee considered 11 different allocation scenario models
- They each used one, two or three variables
- For each model, we calculated the individual impact on districts using their current data, determined a base allocation amount and calculated the amount of “hold harmless” that would be required to implement the model using current assumptions
- The committee selected two allocation scenario models to move forward



One Single-Factor Scenario

- **Scenario 6: Total Data Pipeline Expenditures**
 - Per District Base Amount of \$20,000 (Equity)
 - Results in an \$3.65 Million Hold-Harmless Amount
 - Based on Prior Year Actual Data
 - Requires No Additional Collection of Data from Districts
 - Results in a \$3.7 Million Hold-Harmless Amount
 - **FY 2021 + 10 Million** = \$374k Hold-Harmless
 - 10 Districts Total (Hold-Harmless)



One Dual-Factor Scenario

- **Scenario 8: Data Pipeline Expenditures (60%) & Reimbursable (Route) Miles (40%)**
 - Per District Base Amount of \$10,000 (Equity)
 - Calculates to \$0.57 per Mile
 - Based on Prior Year Actual Data
 - Requires Collection of Additional Data from Districts
 - Results in a \$5.5 Million Hold-Harmless Amount
 - **FY 2021 + 20 Million** = \$756k Hold-Harmless
 - 4 Districts Total (Hold-Harmless)

Subcommittee Recommendation:

Carry Forward Scenarios 6 and 8 as Two Potential Models for How Transportation Funding Reimbursements/Allocations Could Work in the Near Future

Potential Benefits of Pursuing this Change

- Time, FTE and Financial Savings for Districts
 - Significantly reduces data submission requirements to CDE
 - Survey indicates 70% of districts spend over 6 hours on prepping the CDE 40; 13% spend over 40 hours
- Time and Financial Savings for CDE
 - Significantly reduces training and auditing time for CDE
 - Current estimates are 700+ hours on Transportation audits, 200+ hours on prep and training – both would be significantly reduced
- More Equitable Methodology for Distributing Transportation Funding
- Particular Benefits for Rural Districts

Implementation Question

- Both of the subcommittee's recommended scenarios would use expenditure data based on Data Pipeline data for program 2700
- What, if any, implementation challenges does this raise?
- What percentage of your transportation costs that you report on the current CDE 40 are coded to program 2700?
- What potential steps would we need to take to ensure consistent use of program 2700 across all districts?

Hierarchical Order of Change

- **Colorado Revised Statutes** (Section 22.51.101-109, C.R.S.)
 - Current Law
 - Provides “Statutory Intent”
 - Can be Specific or Provide General Guiding Principles
 - Requires a Special Bill and Legislative Process to make Changes
 - Bill Sponsor, Committee Review, Floor Debate/Amendments
- **Rule**
 - Provides Specific Guidelines
 - Approved by the Board of Education
- **Instructions** - Developed by CDE
 - Specific Instruction and Guidelines Based on Statute and Rule
 - Training - Manual, Meetings, Videos
- **Auditing**
 - Audit Resource Guide Used to Determine Compliance with Statute and Rule

Next Steps Discussion

- Update Colorado Association of School Executives (CASE), Colorado Association of School Boards (CASB), and Rural Alliance with Final Subcommittee Recommendation
 - We have general support!
- We will discuss internally if and how to move the proposal forward

Adopting either allocation scenario model would require a statutory change, which is not a step CDE leads

Questions?
Feedback?

