

School Finance Hot Topics May 16, 2018

OSF Annual Summer Conference Registration

Registration for the Office of School Finance Annual Summer Conference is now open at the link below. The conference will be held on July 17-19, 2018 at the Robert H. Mollohan Research Center in Fairmont, WV. We broke from our recent trend of literary themes this year to go with a circus theme: The Greatest Finance Show on Earth. **Registration closes on July 11, 2018 at 4:30 PM.**

<http://wvde.state.wv.us/forms/2018/finance/summer-conference>

Be sure to retain your registration confirmation email for future reference.

Although an agenda hasn't been finalized, the general daily topics are as follows:

- July 17, 2018 – Federal Programs Day
- July 18, 2018 – Financial Statement Day
- July 19, 2018 – Technology/Miscellaneous Topics

For lodging, room blocks were secured at the following nearby hotels. **Please note the cutoff dates for room reservations:**

25 Rooms @ \$91 Group Code: WVE Cutoff Date for Reservations: June 1, 2018 Holiday Inn Express 2256 Landing Lane Fairmont, WV 26554 304-816-5133	50 Rooms @ \$93 Group Code: SFC Cutoff Date for Reservations: June 24, 2018 Hampton Inn 2121 Pleasant Valley Road Fairmont, WV 26554 304-363-4999
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OSF Certified List of Personnel Training Registration

The annual Certified List of Personnel Training will be held on July 26, 2018 at the Bridgeport Conference Center. The registration link is below. The cutoff for registration is July 20, 2018 and you will receive a confirmation email when you register. Please be sure to save the email for your records.

<http://wvde.state.wv.us/forms/2018/finance/07-certified-list/>

A block of rooms is reserved at the Wingate adjacent to the Bridgeport Conference Center for July 25, 2018. The code is CGOSF4 and the room rate is \$93. The cutoff date to make reservations is June 29, 2018. Any rooms not booked will be released after that day. The phone number for the hotel is (304)808-1000. Reservations should be made via telephone and not the online registration system.

Office of Child Nutrition: Unpaid Meal Debt Graduation Reminder

The Office of Child Nutrition recently sent a gentle reminder regarding unpaid meal debt. Graduation is a busy time and schools are working hard to assist families with fulfilling and closing outstanding obligations – including student meal accounts. Practices such as denying students access to transcripts, diplomas, or participation in graduation are not allowable under WVBE Policy 4321.1. Communicating with households, setting up payment plans, or taking further collection action under your county policies and procedures is allowable. Schools might be using former templates or collection letters that need to be updated.

WVEIS Coding for Backpack and Other Food Insecurity Programs

The Office of School Finance worked collaboratively with Tony Crago, Assistant Director of the Office of Child Nutrition, to develop the guidance below regarding the proper WVEIS coding for backpack and other food insecurity programs.

Food backpack programs, school sponsored food banks, etc. are not part of the National School Lunch Program (NSLP) and therefore should not be charged to project 88Y1X. Project 88Y1X should only be used to record expenditures and revenues related to the school breakfast, lunch and snack programs for the regular school term. Erroneously including the cost of such programs in project 88Y1X inflates the cost per meal on the county's annual child nutrition report. Note that the cost of suppers provided to students by county boards of education are technically part of the CACFP program and the expenditures/revenues related to suppers should be recorded under project 88Y5X.

There are certain state grant opportunities available to assist county boards of education with the operation of backpack programs or other community food insecurity programs. When those grants are sent out by WVDE, they should be coded to project 88Y9X. If a county is using local funds to support such a program, the county could utilize project 88Y9X but must transfer local funds into that project to cover the expenditures for the program. Counties are encouraged, however, to record transactions paid with local funds either in project 00000 or in a local project established in the 9XXXX series (if specific tracking of the local funds is desired).

If a donation for a food insecurity program is received and designated as related to the Feed to Achieve Act, the transaction should be tracked in Fund 62 in a new project that will be added to the LEA Chart of Accounts: 89Y21 – Community Food Insecurity Programs. If there is no designation as being part of Feed to Achieve, there is no requirement to track the donation in Fund 62 in this separate manner. Use of a 9XXXX project in Fund 61 would be sufficient to track a non-Feed to Achieve donation.

Regardless of the fund/project number used, the correct program function code for such programs is 83381: Welfare Activities. The description of that code is as follows:

Activities pertaining to the provision of personal needs of individuals who have been designated as needy by an appropriate governmental entity. These needs include stipends for school attendance, salaries paid to student for work performed (whether for the school district or for an outside concern); and funds for clothing, food, or other personal needs.

2018-19 Application for Alternative Use of Bus Replacement Funding

See Attachment #1 for a copy of the Application for the Alternative Use of Bus Replacement Funding for the 2018-19 year.

HB 2561, which passed during the 2017 Legislative session, added language that allows up to \$200,000 of bus replacement funds per year to be used by a county board of education for alternative purposes with the approval of the State Superintendent. The legislation requires the county superintendent to submit a request that includes the amount and intended use of the funds as well as information regarding the serviceability of the bus fleet. Before approving the request by the county, the State Superintendent must verify the serviceability of the bus fleet based upon the state school bus inspection defect rate of the county over the two prior years.

For county boards of education currently seeking to utilize bus replacement funding for alternative purposes during the 2018-19 school year, the application from Attachment #1 must be completed and submitted to the WVDE Office of School Finance. Applications for Barbour – McDowell County should be submitted to Uriah Cummings at Uriah.cummings@k12.wv.us and applications for Mercer – Wyoming County should be submitted to Kristen Lanham at Kristen.Lanham@k12.wv.us.

If a county board of education plans to include the alternative use of the bus replacement funds in the original 2018-19 budget due to WVDE by May 30, 2018, the application must also be submitted by that same date so that the requests can be approved in conjunction with the routine budget review and approval process that must be completed by June 30, 2018. If an application is denied due to the county's bus inspection defect rate, the county's proposed 2018-19 budget will be required to be modified prior to the State Superintendent's approval on June 30, 2018. If the bus inspection data is not available prior to the approval of the county's proposed budget, any budget revisions needed due to a denial will be performed during FY19 immediately upon notification.

County boards of education that do not plan to include the alternative use of the funds in their original 2018-19 budget will be permitted to submit requests to utilize bus replacement funds for alternative purposes throughout the year. Upon approval of a mid-year request, the county will submit a budget revision via the WOW system to modify their budget to reflect the approved alternative spending plans.

If you have any questions regarding this application process, please contact Amy Willard (awillard@k12.wv.us) or Kristen Lanham (kristen.lanham@k12.wv.us) in the Office of School Finance at (304)558-6300.

Medicaid FY17 Annual Cost Settlement Timeline

All of the desk reviews for the FY Medicaid Annual Cost Reports are complete and DHHR is currently pulling the interim claim data for the dates of service from July 1, 2016 to June 30, 2017 for population into the PCG system. The claims data will be used to calculate the missing one-way trip ratio and to determine the amount of the cost settlement for each LEA. The cost settlement amounts should be known by no later than the end of June 2018. It is anticipated that any amounts due to the LEAs under

the cost settlement process will be paid to county boards of education before the end of August 2018 in order for the revenue to be received within the 60-day window for financial statement purposes.

Legislative Bill Summary: HB 4145

HB 4145 increased the basic salary amounts in the State Minimum Salary Schedule for teachers and other professional personnel contained in WVC 18A-4-2 by \$2,020, effective for the 2018-19 school year and continuing thereafter. The \$2,020 increase equated to an average five percent across the board increase based on the average state-funded basic salary for state aid eligible professional educators.

The bill also increased the basic salary amounts in the State Minimum Salary Schedule for service personnel contained in WVC 18A-4-8a by \$110 per month, effective for the 2018-19 school year and continuing thereafter. The \$110 per month increase equates to a \$1,100 per year increase based on a standard 200-day employment contract. The \$1,100 increase equated to an average five percent across the board increase based on the average state-funded basic salary for state aid eligible service personnel.

Legislative Bill Summary: SB 267

SB 267 added a provision to WVC 18-9A-8(a)(5) that increases the amount of funding under the Public School Support Plan (PSSP) for professional student support personnel (counselors and nurses) as the result of any increases in the State Minimum Salary Schedule effective for the fiscal year beginning July 1, 2018 and any increases thereafter. The funding for professional student support personnel under Step 5 of PSSP had previously been fixed at the 2013 amount and no additional state aid funding had been added for any legislatively granted pay increases, forcing county boards of education to use local funds to cover such pay increases for school counselors and nurses.

Legislative Bill Summary: HB 4619

HB 4619 added a new provision (Step 7d) to the Public School Support Plan (PSSP) for the purpose of supporting county-level implementation of comprehensive systems for teacher and leader induction and professional growth. Step 7d will first be included in the state aid calculations for the 2019-20 school year.

Up through the 2018-19 school year, the legislature made separate line-item appropriations for teacher and principal mentors. The statewide Step 7d funding will be calculated as the amount appropriated for the purpose in the immediately preceding school year plus twenty percent of the growth in the local share amount under PSSP. The statewide Step 7d amount will be allocated to the county boards of education in a manner established by the State Board which takes into account the following factors:

- The number of full-time equivalent teachers employed by the county with zero years of experience.

- The total number of full-time equivalent teachers employed by the county with one, two or three years of experience.
- The number of full-time equivalent principals, assistant principals and vocational administrators employed by the county who are in their first or second year of employment as a principal, assistant principal or vocational administrator.
- The number of full-time equivalent principals, assistant principals and vocational administrators employed by the county who are in their first year in an assignment at a school with a programmatic level in which they have not previously served as a principal, assistant principal, or vocational administrator.
- Needs identified in the strategic plans for continuous improvement of schools and school systems, including those identified through the performance evaluations of professional personnel.

The bill indicates that no county may receive an allocation which is less than the county's total 2016-17 allocation from the teacher mentor and principal mentor funds distributed by the WV Department of Education.

The bill also indicates the Step 7d funding shall only be used for the implementation of comprehensive systems for teacher and leader induction and professional growth pursuant to WVC 18A-3C-3.

ESSA Per Pupil Expenditures by Location Update

As a reminder, the Every Student Succeeds Act (ESSA) contains a new requirement that per pupil expenditure data be reported at both the LEA and school level. Although an extension is available to states if necessary, the initial deadline to report this new data as part of the state's school report cards is December 31, 2018 for the 2017-18 school year. The WVDE Office of School Finance is working closely with Tim Conzett, Senior Administrator for the Office of Data Management & Information Systems to build the program which will calculate the per pupil expenditure amounts at both the LEA and school level.

WVDE is attempting to follow, to the extent possible, the Interstate Financial Reporting (IFR) model that was developed by the Financial Transparency Working Group (FiTWiG). The FiTWiG is a group of 39 state agencies and 20 plus school districts that worked collaboratively to develop a voluntary reporting model that met the minimum criteria in the federal regulations but which would also allow for more meaningful comparisons across states.

West Virginia has been fortunate in that there is a statewide chart of accounts with an existing location code field. Approximately 80% of the costs incurred by the county are already coded to the location level because salaries and benefits are coded to each location. Of the remaining 20% of total expenditures, not all will be coded to a school location simply because it would place a significant burden on LEA financial staff. However, many of the costs can be coded to a specific school location. Some general guidelines for non-personnel expenditure coding are as follows:

- **If you can easily identify an expenditure with a specific school or schools, the expenditure should be charged to the appropriate location code(s).** Examples include:

- Utility Costs
 - Mountaineer Challenge Academy Tuition (the tuition should follow the student who is enrolled to their home high school)
 - Supplies (Maintenance, Custodial, General, etc.) purchased for a specific school
 - School-Specific Professional Development Programs
- Examples of expenditures which can be coded to a central office location instead of a school location are as follows:
 - Student Transportation Costs
 - Supplies (Maintenance, Custodial, General, etc.) NOT purchased for a specific school
 - Financial Statement Audit Costs
 - Most Legal Fees (unless directly associated with an issue for a specific school that can be easily identified)
 - County-Wide Professional Development Programs
 - **Unfunded Retirement Liability For/On Behalf Payments**
 - **OPEB ARC Expenditures (*can be at the location level for county boards that have this set-up through the payroll module instead of booking a journal entry at year-end*)**
 - **Out-of-State Tuition for Special Education Students**
- **Food and other non-payroll child nutrition costs should be reported at the individual school locations.** Some counties were already doing this for each purchase. For counties that do not initially code such purchases to the school location level, the guidance provided in July 2017 was for the expenditures to be **allocated at year end on the basis of the number of meals served** via a journal entry in WVEIS. Such an allocation of these costs is required for the 2017-18 school year.
- **All Pre-K Collaborative payments should also be coded to a specific school location so that the costs follow the student.** Unfortunately, county boards seem to handle Pre-K enrollment differently so more specific guidance can't be given. **Each CSBO will need to work with their Pre-K director to determine at which school the students attending each Pre-K Collaborative site are enrolled in WVEIS and code the payments to the Pre-K Collaborative site to that school location since the students are included in that school's enrollment count.** Ideally, the school in which the students are enrolled in WVEIS will be the same school that provides lunches to the collaborative site (if applicable).
 - For example, the students attending the Tri-County YMCA in Putnam County all appear to be enrolled in Scott Teays Elementary School. Any payments that Putnam County Schools makes to the Tri-County YMCA should therefore be coded to the location code for Scott Teays Elementary so that the costs for those Pre-K students follow their enrollment.
- **The coding of textbook expenditures will be at the discretion of each LEA since they will generally be immaterial to the overall PPE calculation.** If it is relatively easy to allocate the cost of the textbooks to the applicable schools based on student enrollment or some other similar factor, county boards are encouraged to code to the school location level. However, we recognize that for county boards with a larger number of schools, this may be more difficult and coding to a centralized location code will be acceptable.

Fundraisers for Individual Students

The Office of School Finance has received several inquiries in recent months regarding donations or other fundraisers for individual students or families in need due to some type of medical or other emergency. **LEAs and schools are not permitted to collect donations or conduct fundraisers and give the proceeds directly to an individual student or the student's family.**

W. Va. Code §18-5-13 does allow schools to expend funds for student, parent, teacher and community recognition programs using funds generated through a fund-raiser or donation-soliciting activity. However, this type of activity is not a recognition program, so it does not meet that exception.

State Board of Education Policy 1224.1, Section 1-18, states that "schools and school clubs may not make contributions to charitable or private non-profit organizations unless a fundraiser is conducted specifically for that purpose." **Schools may be able to find a local charitable or private non-profit organization that will be willing to assist the student in need.** If a charitable partner is found, then a fundraiser could be conducted and advertised as being for the purpose of assisting the student via the charitable organization, and the fundraiser proceeds could be donated to the charitable organization.

In many instances, other outside community assistance can be arranged to help students in need. For example, local banks will often be willing to open accounts for the benefit of the student/family where other individuals can make donations directly to the bank. The school can then make everyone aware of that avenue for helping the student in need. Local sports leagues will often rally to support such students and do fundraisers on their behalf. Such activities are not directly associated with the school and therefore are not reported on the school/LEA books.

We understand that communities want to come together to help those in need, especially when a tragic event has occurred. We do not want to discourage such kindness and thoughtfulness. However, we must always make sure that any efforts to assist in times of need are done so within the requirements of W. Va. Code and applicable State Board of Education Policies.

National Board Certification

The National Board of Professional Teaching Standards (NBPTS) has changed their process and is now issuing NBCT certificates for 5 years instead of 10. Based on the wording of WVC 18A-4-2a, the \$3,500 salary supplement is good for the life of the certificate, but in no event more than 10 years for any one certification. For the newly issued certificates that are only 5 years in duration, the salary supplement would be effective for the 5 year period (life of the certificate) unless it is renewed at the end of the 5 years.

FY19 Proposed Budget Due Date Reminder

As a reminder, the FY19 Proposed Budgets are due Wednesday, May 30, 2018.

