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Financial Training for Superintendents 12/8/16

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Unrestricted Fund Balance Trend

- Districts should monitor their general current expense fund unrestricted fund balance trend.
- Unrestricted Fund Balance = Sum of Committed, Assigned and Unassigned Fund Balances.



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Unrestricted Fund Balance Trend

- The county's unrestricted fund balance will ideally increase annually or stay at a constant level.
- WVDE has historically recommended that the balance be at least 3-5% of total expenditures, but the GFOA recommends it be at least 2 month of operating expenditures (which is roughly 16%).

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Sample Declining Fund Balance

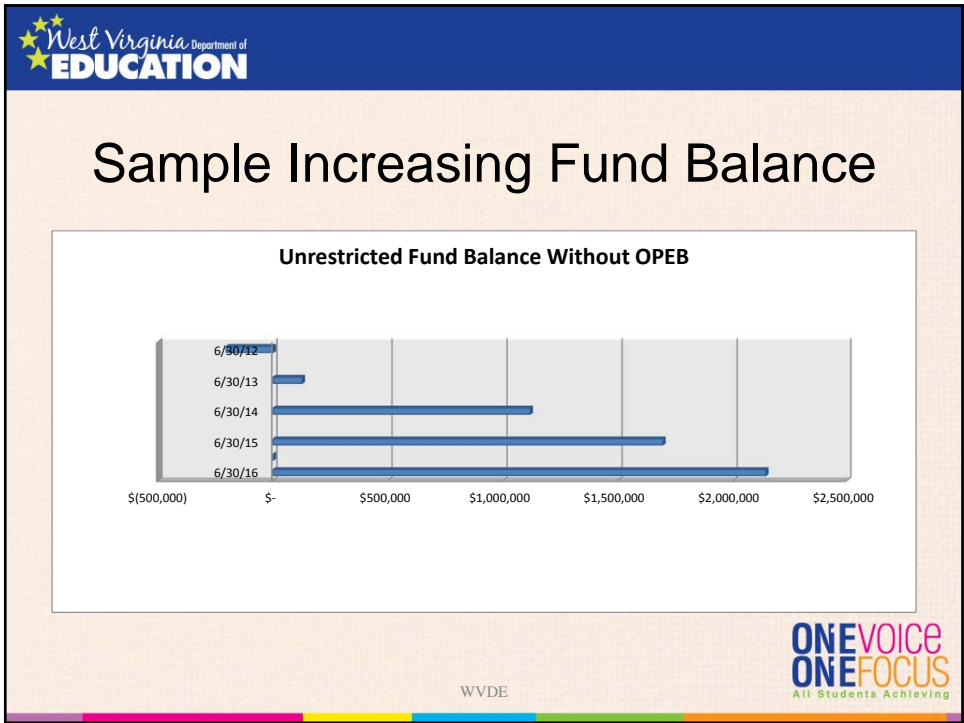
Unrestricted Fund Balance Without OPEB

The chart displays the unrestricted fund balance without OPEB for five consecutive years. The x-axis represents the fund balance in dollars, ranging from \$(4,000,000) to \$10,000,000. The y-axis lists the dates from 6/30/12 to 6/30/16. The bars show a clear downward trend, starting at approximately \$8,500,000 in 2012 and ending at approximately \$1,500,000 in 2016.

Date	Unrestricted Fund Balance Without OPEB
6/30/12	\$8,500,000
6/30/13	\$5,000,000
6/30/14	\$4,000,000
6/30/15	\$2,000,000
6/30/16	\$1,500,000

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10 Common Contributing Factors to Deficit Fund Balances

Note: This list is not intended to be a comprehensive list of reasons a county may be in a deficit.

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10 Common Contributing Factors

- Decrease in enrollment from previous year without corresponding reduction in number employed.
- Employment of personnel in excess of number allowed/funded by PSSP without an alternative funding source.
- Overspending on construction projects.

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10 Common Contributing Factors

- Excess number of extended employment contracts for professional educators and service personnel (contracts beyond 200 days).
- Providing more services than required, or providing them in a less efficient manner.
- Operation of a larger number of school facilities than necessary.

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10 Common Contributing Factors

- Expenditures in excess of available revenues (balancing budget with carryover fund balance)
- No excess levy or a reduced levy (less than maximum rate)
- Failure to adjust spending for a decline in assessed values/reduced excess levy collections.
- Obligation of funds without the approval of the CSBO.

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Analyzing the County Board's Financial Situation and Reducing Costs

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Expenditures by Object

The “Expenditure by Object of Expenditure for Current Operations” report can be used to compare the expenditures of county boards of education by object code. The report shows expenditures by object code for all county boards, as well as a state total and statewide percentages by object code.

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Potential Areas for Reduction

- As reflected by the “Expenditure by Object of Expenditure for Current Operations” report, salary and fringe benefit related expenditures account for approximately 80% of the total expenditures in the general current expense fund.
- Unless action is taking to change staffing during personnel season, county boards of education are unable to make reductions in personnel, salaries, benefits, etc.
- That only leaves a window of approximately 20% of your expenditures that could potentially be reduced mid-year. Of that 20%, many of those expenditures are fixed in nature and cannot be reduced (ex: utilities, flood insurance, property insurance, etc.).

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Potential Areas for Reduction

- While it is important to analyze all categories of spending for the county board, the area where potential cuts can make the biggest impact on the county's overall budget is personnel.
- All county boards should make sure that their staffing levels align with their projected funding for FY18.

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Analyze Staffing Levels


Utilize the staffing pages from PCOMPS18 to review the staffing level of the county board:

- How many positions is the county over formula for professional personnel and service personnel?
- What number of personnel can the excess levy support?

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Excess Levy Funding for Positions

- It is recommended that all county boards of education do an analysis of exactly how many positions their excess levy can support.
- The “salary” lines from many excess levies combine the county salary supplement and funding for positions over formula in the same levy line. Fulfilling the county salary supplement for all employees should be considered first since statutorily required. Then, any remaining funds in the levy line would support full positions.
- Look at actual levy collections, not just what the levy was projected to bring in at the time of the election.

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PCOMPS18

- The number of service personnel over formula can be found on page 3 of the provided staffing pages of PCOMPS18.
- The number of professional personnel over formula is broken down into two components and can be found on page 7 of the provided staffing pages from PCOMPS18:
 - Professional Educators
 - Professional Student Support Personnel

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Professional Personnel Staffing

In addition to the number over formula on PCOMPS18, you must also consider those professionals employed in positions not eligible for state aid funding (most common examples: Directors of Supportive Services, TSS, Occupational Therapists, Physical Therapists, etc.).

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Professional Personnel Staffing

When determining what reductions to make for professional educators, be sure to consider the Professional Instructional (PI) ratio. The required number of PI can be found on page 5 of the provided staffing pages.

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Staffing Ratios Per Pupil

- Another way to review staffing levels is to look at how the staffing in your county per pupil compares to the state average and other similar county boards.
 - Pupil Administrator Ratio 16
 - Pupil Teacher Ratio 16

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Staffing Ratios Per Pupil

- FY 17 staffing ratio data is not yet available for all county boards. It should be available in January 2017 and will be sent to all county superintendents and CSBOs.
- If a county made significant staffing changes between FY16 and FY17, it would be best to wait for the FY17 data or perform your own quick calculations if waiting until January isn't feasible.

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Professional Personnel – Extended Contract Days

- The State Aid Funding formula only covers the basic 200 day contract for eligible professional personnel.
- Any contract days beyond 200 must be paid with local sources.
- Can utilize “Extended Employment Days 16” to review how your county compares to other counties for having extended contract days.

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Service Personnel – Extended Contract Days

- For service personnel, the state aid funding formula funds the full extended contract term instead of just the regular 200 day term. For example, a 261 day employee = 1.305 FTE.
- One way to reduce the number of service personnel over formula is to cut extended days instead of full positions.
- When cutting extended days, must be sure to treat all employees in the same classification the same.

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Use of Step 7a for Personnel

- WVC 18-9A-10(a)(1) allows county boards of education to utilize up to 25% of their Step 7a (Allowance for the Improvement of Instructional Programs) funding for personnel costs.
- Use of the funds for personnel requires the submission of a Step 7a Personnel Plan by May 1st each year.

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Use of Step 7a for Personnel

Statutory Limitations on Using Step 7a for Personnel:

- May not be used to increase the number of professional noninstructional personnel in the central office beyond four
- Must use the difference between the amount available for personnel now and the amount available for personnel during 2012-13 for Technology Systems Specialists (TSS) unless the State Superintendent determines the county has sufficient TSS to serve the needs of the county.

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Deficit County Boards – Step 7a

In accordance with previous rulings by State Superintendents, those county boards of education with a deficit fund balance (Boone, Calhoun, Greenbrier, Grant and Upshur), an additional 25% of the annual Step 7a allocation can be utilized for operating costs. The maximum combined amount between personnel and operating costs is 50% of the total allocation.

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Using Step 7b Funds for Personnel

A May 12, 2016 Superintendent Interpretation indicates that Step 7b funds can be used for the employment of Technology Systems Specialists (TSS) as long as the request to employ such personnel is included and justification is provided in the county board's Strategic Technology Learning Plan specified by WVC §18-2E-7.

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Other Data Sources


WVDE, through the Office of School Finance, publishes an annual Source Book which contains large quantities of useful financial information. Copies can be found at the link below.

<http://wvde.state.wv.us/finance/sourcebooks.html>

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Special Education Related Funding Considerations

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Special Education Considerations

- Under IDEA, as long as a county board of education is meeting Maintenance of Effort requirements, there are no supplanting issues when personnel are moved between local and federal sources.
- This allows county boards of education to maximize all special education related funding sources by changing the funding source for particular employees as needed.

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Maximizing Medicaid Funding

- There is no “one size fits all” approach for determining which staff should be paid through federal funds in order to maximize Medicaid dollars.
- Employees/contractors paid 100% with federal funds are unable to bill Medicaid or be included on the annual cost report.

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Maximizing Medicaid Funding

- If the county utilizes contractors for Speech, Occupational or Physical Therapy, it maximizes the Medicaid cost settlement to pay them with local funds instead of federal funds.
- Contractors do not have the RMTS ratio applied on the cost report, so a greater portion of their cost is captured on the cost report compared to an employee.

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Maximizing Medicaid Funding

Although paying contractors with local funds may maximize the Medicaid cost settlement, it may not be financially feasible to pay for the contractors with local funds since Medicaid does not cover the full cost of those contractors. Some county boards can only afford to pay contractors using federal IDEA funds.

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Maximizing Medicaid Funding

For county board employees, it is generally best to pay direct service providers (speech therapists, occupational therapists, physical therapists, psychologists, etc.) with local funds and pay teachers and aides with federal funds. The direct service providers generate a higher return on the annual cost report.

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Maximizing Medicaid Funding

- The CSBO and Special Education Director can help analyze the best way to establish federal/local funding sources for personnel who provide Medicaid services.
- When making changes, county boards must make sure that all Maintenance of Effort requirements continue to be met.

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High Cost / High Acuity Funding

- All county boards should be sure to apply for High Cost/High Acuity funding if they have students who meet the eligibility requirements.
- The High Cost/High Acuity applications are generally due in August each year for the previous fiscal year. Applications are reviewed and awards issued in approximately late fall.

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Out-of-State Placement Funding

- If a county board has eligible students who have been placed in an out-of-state program (not through a court-ordered placement), they are encouraged to apply for the competitive state grant set aside to reimburse counties for this cost.
- The application was recently sent out by the Office of Special Education and the first deadline associated with the application is January 27, 2017.


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Child Nutrition Related Funding Considerations

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Tips for Maximizing Funding

- Apply for every equipment grant opportunity to offset costs for needed equipment that would otherwise be paid with local funds.
- Be sure to take advantage of every Wellness grant opportunity.
- Take advantage of grants offered by the American Dairy Association – Mid East.
- Make good use of the USDA Donated Commodities program.

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Meals Per Cook Hour

- It is recommended that county boards perform Meals Per Cook Hour calculations regularly.
- If these calculations show that a school has excess labor, focus on increasing participation at that school.
- Analyzing these calculations can help with staffing decisions during personnel season, as they will show schools which may need additional cooks as well as those schools with excess labor that could potentially be reduced for the upcoming school year.

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Community Eligibility Program

- If a county board of education is not currently participating in CEP and has not already requested a Financial Impact Analysis from the Office of Child Nutrition, it is recommended that you do so in order to see if CEP can actually save the county money.
- If you are already participating in CEP, any policy or activity that encourages increased participation in the program will help lower the county's local contribution.

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Increasing Participation

- Every meal served by the county generates some level of federal revenue.
- The Office of Child Nutrition recommends that all county boards operate to maximize revenue, not necessarily reduce costs.
- As long as the county doesn't have to increase labor costs, the variable cost (food, supplies) associated with each additional meal is less than the amount of the federal reimbursement.
- Limiting the amount of dollars spent on food costs could actually cost the county money if the reduced food quality results in lower participation and lower federal revenues.

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Breakfast Strategies

- Breakfast is the most profitable meal for county boards of education.
- Increasing breakfast participation will decrease the county's sponsor contribution to the program.
- Make sure that all schools are adhering to the breakfast strategy requirement. Child Nutrition Directors often need the support of the Superintendent to make sure that all principals/schools are complying.

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Breakfast Strategies

- To help increase breakfast participation, some county boards have had success in having a breakfast participation contest among schools. The school with the highest breakfast participation each month is recognized in some way by the Superintendent.
- Again, as long as the increased participation doesn't require additional labor, every additional meal served helps lower the county's sponsor contribution to the program.

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Miscellaneous Tips

- Continually review the procurement process to ensure that the best pricing possible is obtained for food and supplies.
- Monitor the amounts charged for items such as extra milks and adult meals to ensure that the county is charging more than the cost of each item/meal. The cost per meal can be found on the annual report in Primero.
- Make sure that cooks are not overproducing.


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Leveraging Federal Funds

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Funding Streams

- Title I - Improving Basic Programs Operated by State and Local Educational Agencies
- Title II – Preparing, Training, and Recruiting High-Quality Teachers, Principals, or Other School Leaders





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Core Academic Subjects


Mathematics	English Language Arts
Science	History
Civics and Government	Geography
Foreign Language	Arts
Economics	


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Well-Rounded Education

Writing	Technology
Engineering	Computer Science
Music	Career and Technical
Health	Physical Education


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Improving Basic Programs Operated by State and Local
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TITLE I




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Funding Rules

- Title I services are restricted to LEA level activities and services to designated Title I schools
- School funding is subject to Title I allocation rank and order rules




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Uses of Funds


- Services that facilitate the transition from early learning to elementary education
- Recruitment/retention of effective teachers in high-need subjects
- Instructional coaches to provide high-quality school-based PD
- Evidence-based strategies to accelerate content knowledge for EL's




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- Advanced placement, dual/concurrent enrollment programs
- CTE programs that prepare students for post secondary education
- Counseling, school-based mental health, mentoring
- School climate interventions (anti-bullying, positive behavior interventions)
- Equip, materials, training to compile and analyze student achievement data




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- Response-to-intervention strategies intended to allow for early identification of students with learning or behavioral needs
- Devices and software for students to access digital learning materials
- Activities that increase family and community engagement (ex. family literacy programs)




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Title I Funded Positions

- Effective for fiscal year 2018 all Title I funded positions must be fully state certified in order to be allowable under Title I





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Supplement not Supplant


1. **Legal Mandate** - Required to be made available under other federal, state, or local laws
2. **Prior year nonfederal** - Provided with non-federal funds in prior year
3. **Same Service to Non- Title I** - Provided services to Title I students and the same services were provided to non-Title I students using state or local funds


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Supplement not Supplant


- #2 prior year non federal is the only supplant provision that can be overcome
 - LEA must be able to demonstrate that it would not have provided the services in question with nonfederal funds had the federal funds not been available.
 - Ex. LEA would have to show that it would have been forced to terminate teacher due to lack of nonfederal funds, but Title I stepped up to essentially “re-hire” that teacher

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Comparability

- LEA must also meet comparability requirements annually under Title I to be eligible for funding
 - Demonstrate equivalence using measures such as staff/student ratios, or expenditures per pupil
 - Compare instructional ratios in Title I to Non-Title I Schools




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Preparing, Training, and Recruiting High-Quality Teachers,
Principals, or Other School Leaders

TITLE II




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Historical Uses of Funds

- Class-size reduction
- Professional development




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New uses of funds


- Multiple Pathways to Teaching and Leading
 - Teacher, principal and other school leader academies
 - Teacher residency programs
 - Alternative routes to teaching
 - Reform of preparation standard, certification, licensure and tenure




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- Induction and Mentorship
- Educator evaluation and support systems
- Strong teacher leadership
 - Flex time for collaborative planning, curriculum writing, peer observations, and leading training
 - Increased compensation for teachers in leadership roles




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- Transformative school leadership
 - Ongoing professional learning for principals and other school leaders




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Supplement not Supplant

- Title II funds are subject to supplement not supplant tests # 1 & 2




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Needs Assessment

- Federal expenditures under Title I/II must be driven by the annual needs assessment/strategic plan




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Prohibited Use of Funds


- ESSA prohibits grant spending funds on the following unless specifically authorized by a program
 - School construction, renovation or repair
 - Transportation



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Questions?



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