

FINANCE



SCHOOL REOPENING TOOLKIT: FINANCE

As districts plan for the instructional and operational launch of the 2020-21 school year, district leads must ensure that fiscal operations and practices continue to monitor revenues and expenditures, both for the closing of the 2019-20 fiscal year and the beginning of the new year, so that the financial stability of the district may be maintained. Faced with economic uncertainties that may impact district budgets, finance directors will need to rethink fiscal strategies, leverage federal grant flexibilities and opportunities, and pursue competitive grants while maintaining strong internal practices on data quality and fiscal controls. The purpose of this document is to provide district leaders with financial-related action items and considerations for the re-opening of schools.

All information in the document is non-regulatory guidance issued for general informational purposes only. This document is not intended to constitute legal advice. Because local school board policy and unique facts make dramatic differences in analyzing any situation, the Tennessee Department of Education advises each school district to consult with the local school board attorney for specific legal advice regarding the impact of the COVID-19 pandemic on school operations.

II. Checklist

Review Existing Grant Budgets for Opportunities

Leveraging flexibilities in period of availability, districts should revise grant budgets to address newly surfaced needs and respective timelines for grant activities. These activities will be supported by both the Local Finance and Federal Programs & Oversight teams.

- Update needs assessments with district leadership team, identifying newly emergent areas to address under each grant.
- Engage with TDOE grant program teams for assistance in planning new activities and allowable expenses following any released federal or state guidance.
- Revise grant budgets in ePlan, accounting for any expenses to-date.
- Address any outstanding questions surfaced in the fiscal or programmatic review.

Leverage Stafford Act Reimbursement Opportunities

The Stafford Act, facilitated through the Tennessee Emergency Management Agency (TEMA), provides federal reimbursement funds for eligible expenditures related to national emergencies, offering districts an opportunity to apply for support funding for COVID-19 response and mitigation efforts. The reimbursements, covering 75% of eligible expenses incurred, require districts to either establish their own application accounts or to use those of their respective county emergency management agencies.

- Districts should review any expenses incurred dating back to the period eligibility date (January 20, 2020) for personnel or operating expenses directly tied to the emergency response.
- As districts plan for expenses related to school operational design in response to COVID-19, review whether or not these planned expenditures may be eligible for Stafford Act reimbursement. (Note: The remaining 25% of the expense may not come from other federal grants.)
- If district pursues Stafford Act reimbursements, they should be filed expediently. Currently, there is not a defined end date to the emergency declaration, but access to the reimbursements will end at the time such a declaration is established by the President.

TEMA may assist districts in setting up accounts, determining eligibility, and other technical assistance by contacting COVID.PA@tn.gov. A brief overview of the Stafford Act, including information on how to set up accounts and additional contacts is available on the department's website [here](#).

□ **Review School Nutrition Data to Potentially Increase Federal Reimbursement**

Given the impact of the economic downturn on families, many more students may be eligible for free or reduced price lunch. Districts and schools should leverage every opportunity to collect necessary data to potentially increase participation and reimbursement levels in school nutrition programs:

- Meal Benefit Applications: Districts should consider making applications readily available as often as possible (e.g. sending out applications to families over the summer, making them available in hard copy at school sites and/or summer feeding sites, creating online applications where feasible, advertising availability of applications during enrollment windows) and emphasize the importance of having students/families return the applications in the opening weeks of school.
- Direct Certification Data: As more students and families may qualify for direct certification through other social services, districts should carefully review the data to ensure all eligible students are matched to an enrollment record and coded as such in the local student information system. For districts implementing the Community Eligibility Provision (CEP), it will be important to revisit the Identified Student Percentage (ISP) if the direct certification rate has increased, opening the possibility of higher reimbursement levels. For more support on direct certification, please contact your regional nutrition consultant.

□ **Maximize the Use of Elementary & Secondary School Emergency Relief (ESSER) Funds**

ESSER grant allocations have been awarded to districts in ePlan and applications should be completed in ePlan by June 15, 2020.

- As additional grant opportunities are released, districts should continue to amend their ESSER applications as these funds carry significant flexibilities for districts. Fiscal strategies should seek to use these funds strategically for expenses not covered by more narrowly focused funding streams.
- Districts should use the flexibility to revise federal funding applications throughout the upcoming school year should new needs emerge or additional funding becomes available.
- **Note:** The unrestricted indirect cost rate applies to the ESSER grant because the grant does not include a supplement not supplant provision. Districts do not have to take the full amount of indirect cost that is allowed – all, a portion or none of the allowed indirect cost may be budgeted.

□ Other Considerations

- *Basic Education Program (BEP) FY21:* BEP funding for FY2021 will continue on the same schedule as prior years. Payments will occur in August, September, October, November, December, January, February, March, April, and June.
 - ADM used in the FY21 will be the weighted average of attendance months 2, 3, 6, and then 6 again in place of month 7. This follows most closely the usual methodology and minimized variance in ADM when compared with FY20.
 - The BEP includes funding for ACT tests for students in the eleventh grade. Due to school closures as a result of Covid-19, many students were unable to test this year. Funds may be reserved from this year's BEP funding to pay for these tests in FY21.

- *Data Entry:* State funding is largely appropriated based on the data entered by districts into the state's Education Information System (EIS). As schools re-open, making sure that data entry continues and follows all relevant guidelines will support funding allocations.

- *Submit budgets and final expenditure reports:* Districts should make sure that all budgets and final expenditure reports (FERs) are submitted timely. Doing so will ensure access to all available funds as early as possible.

- *Submit reimbursement requests regularly:* By submitting reimbursement requests regularly, districts can better manage their cash and take the strain off of general purpose funds. These reimbursements should be submitted at least quarterly, if not more frequently.

III. Planning

Explore Flexibilities to Maximize Use of Federal Funds

The U.S. Department of Education continues to release updated guidance and flexibilities on federal grants, providing options as district teams continue to realign current year budgets to new needs and plan for next year's grant activities. Continue to maintain open communication among the instructional, federal programs, and finance teams to ensure these options are being leveraged in fiscal strategies and that they align with identified needs. The department will continue to release guidance and resources as they become available.

Consider opportunities to braid and blend funds from multiple sources to align and fund programs efficiently and effectively. See the *Consolidated Funding Toolkit* for a framework on aligning funding more comprehensively, as well as the department's *Coordinated Spending Guide* available in ePlan.

Continue to Analyze Needs and Update Grant Budgets/Activities

As noted above, districts should update needs assessments and grant applications to reflect new priorities. To ensure maximum efficiency with grant funds, district leadership teams should create an iterative process to revise grant applications throughout the year to align to evolving and prioritized needs. In the Consolidated Funding Application (CFA), other formula grants, and any competitive grants, districts should evaluate how needs have shifted and submit revisions/amendments via ePlan to reflect those updated needs. Federal program leads, finance leads, and respective program leads should partner on evaluating these shifts ongoing throughout the year, working with the Department's Federal Programs & Oversight division and program teams to regularly ensure grant funds are being used most strategically to meet local needs.

Pursue Additional Grant Opportunities

Whether to pursue existing grants not previously leveraged or to apply for new federal grants, philanthropic, or local support opportunities as they become available, districts should continue to seek new funding streams for the upcoming school year. The Department will continue to release new grant opportunities over the summer and fall, including from the ESSER funds, and district leadership teams should explore the alignment of these initiatives to their own local strategies.

Grant announcements will be issued on a rolling basis and applications available in the state's ePlan system.

□ **Continue to Track COVID-19 Response Effort Expenditures**

Districts should continue to ensure all expenditures related to the COVID-19 closures have been fully captured in local accounting systems and all supporting documentation maintained. This information will be useful in internal planning and in determining appropriate paths forward and will be part of the quarterly reporting required for the CARES Act.

- Review all operating expenses to ensure any contracts, purchase orders, or other expenses related to response efforts are specifically denoted as such in fiscal systems. Review expense list with leadership team to increase accuracy.
- Review all personnel who conducted unique work during the unexpected closure, being sure to capture hours and days dedicated to response work. Review personnel and hours list with leadership team to increase accuracy.
- Review fiscal systems to validate all supporting documentation is present for all identified expenses.
- Produce summary memos of total expenses related to response work to share with leadership teams and appropriate stakeholders.

Collecting and synthesizing this information will be important for districts considering filing for Stafford Act reimbursement, and will serve as a key distinction in budget planning as districts consider one-time versus new recurring expenses.

□ **Plan for Potential Reduction Strategies**

As districts determine initial budget constraints, some may also face uncertainties in how local tax revenues will be realized throughout the upcoming school year. District leadership teams and board attorneys should collaborate early and often to review potential reduction strategies, identifying planned expenses that could be scaled down or eliminated quickly and with minimal impact on programming. Developing these scenarios is likely to be an evolving strategy throughout the year and as actual revenues are received. As districts establish these contingency plans, they will be better positioned to react quickly should there be any major divergences from the projected revenue budget.

□ **Other Planning Considerations**

○ *Identify Major/New Cost Drivers*

As schools reopen, districts should consider the major cost drivers behind education delivery, especially in any considerations of new models for school operations. Review any major cost adjustments that occurred during school closures to understand how you might have to adjust budgets (for example: transportation, IT purchasing, digital

curricula, nutrition). Savings in a budget line may indicate an opportunity to shift funds to a high-need area. Consider these cost drivers on both general purpose and federal funds to determine what might need to be reallocated.

- *Monitor Local Impact*

Finance leads continue to collaborate with county and city officials as applicable, to assist in evaluating the projected impact of the school closures on budgets, reserve funds, anticipated revenues, and other fiscal implications.

- Track budget year-to-date expenditures and current status of reserve funds.
- On an ongoing basis, determine level of funding needed to continue operations through the end of the fiscal year.
- Continue to review and revise, as necessary, forecasts to ensure that ongoing and resumed operations can be supported.
- Continue to partner with county and city officials on any projections for local revenue estimates and to keep them informed of projected impact on district operations.

