

School Finance Hot Topics – May 13, 2021

Save the Date

The WVDE Office of School Finance annual summer conference will be held virtually again this year. The dates will be Monday, July 12, 2021 through Thursday, July 15, 2021. We are tentatively planning to have sessions from 9:00 to 11:00 and then from 1:00 to 3:00 daily, but depending on the presentations and other obligations, a few of the timeslots could be modified if needed. We will send out a draft agenda as soon as possible so you can plan ahead.

Upcoming Deadlines

As a reminder, county board of education budgets are due no later than Tuesday, June 1, 2021. Because the May 30, 2021 deadline falls on a Sunday and Monday, May 31, 2021 is Memorial Day, the deadline is extended to Tuesday.

County salary schedules and the signed certificates are due June 4, 2021.

Attendance Incentive Bonus – FY21

The data collection form for the 2020-21 Attendance Incentive Bonus for classroom teachers will be due on Friday, June 18, 2021. We plan to utilize the same Excel form that was developed for the 2019-20 year. The forms will be emailed out later this week.

Guidance regarding the impact of COVID-19 leave (whether the federal leave under the Families First Coronavirus Response Act (FFCRA) or locally provided COVID-19 leave) on classroom teachers when determining their eligibility for the \$500 state-funded attendance incentive bonus was sent out on April 12, 2021. That guidance is below:

West Virginia Code §18A-4-10(c) establishes the attendance incentive bonus with the following language:

(c) Effective July 1, 2019, a classroom teacher who has not utilized more than four days of personal leave during the 200-day employment term shall receive a bonus of \$500 at the end of the school year. If the appropriations to the Department of Education for this purpose are insufficient to compensate all applicable classroom teachers, the Department of Education shall request a supplemental appropriation in an amount sufficient to compensate all eligible classroom teachers. This bonus may not be counted as part of the final average salary for the purpose of calculating retirement.

Personal leave is defined under West Virginia Code §18A-4-10(a) and refers to the fifteen days of leave earned annually by a 200-day employee, four of which can be used without regard to the cause for the absence. The federal leave under the FFCRA and locally provided COVID-19 leave do not meet the definition of personal leave – both were granted over and above the statutorily provided personal leave days. **Based on the strict interpretation of the statutory language that eligibility for the attendance incentive bonus is based on the usage of personal leave days, the WVDE has determined that the use of FFCRA leave (either type – Emergency Paid Sick Leave or Expanded Family Medical Leave) or local COVID-19 leave will NOT count against employees for the state-funded \$500 attendance incentive bonus.**

The WVEIS account coding for the Attendance Incentive Bonus is below.

Project 29Y4X – Attendance Incentive Bonus Reimbursement

Revenue Source Code 03196 – Attendance Incentive Bonus Reimbursement – Revenues received by an LEA from state funds to reimburse the LEA for the costs incurred in providing classroom teachers with the state-funded attendance incentive bonus. Use this revenue source code with Project 29Y4X.

After experiencing a shortfall in the FY20 attendance incentive appropriation and submitting a supplemental appropriation request during the 2021 Legislative Session to secure the additional funding to complete the reimbursement to county boards of education for FY20, the WVDE also secured additional funding for FY21 for the bonus. The additional funding will hopefully be sufficient to fully fund the bonus with one payment in late June/early July 2021.

Medicaid Update

FY20 Annual Cost Settlement

The interim cost settlement from the 2019-20 Medicaid Annual Cost Report is on track to be completed by no later than June 30, 2021. WV DHHR has provided the interim paid claims data for dates of service during the 2019-20 school year to PCG. PCG has utilized that data to complete the one-way trip ratio numerator for the total number of paid claims. Based on the calculated one-way trip ratios, PCG has sent follow-up questions through additional desk review comments to several county boards of education due to significant variances in their ratio as compared to the prior year or due to having a calculated ratio in excess of 100% (which would mean that the denominator previously provided by the county contained an error). Once all the one-way trip ratios are finalized, the next step will be for PCG to send out information regarding completion of the CPE form for the annual cost report. As a reminder, the CPE form for the annual cost report is completed electronically.

Quarterly Cost Reports

The quarterly cost report for the January-March 2021 quarter is due May 17, 2021.

PCG is currently in the process of finalizing the desk reviews of the October – December 2020 quarter. Once that process is complete, it will be time for the CPE forms and invoices to DHHR for that quarter. The expected timeline for that is the end of May.

Reminder on Fee-for-Service Billing

Fee-for-service billing is a required component of the school-based Medicaid program. County boards of education are reminded to complete all of the necessary Medicaid billing paperwork and submit the fee-for-service claims. The fee-for-service claims can be submitted within one year of the date of service, but earlier submission of the billing is strongly encouraged so that it can be captured on the initial interim cost settlement for the fiscal year.

GASB 87 Software Update

The WVDE has completed the RFQ process for statewide software for the implementation of GASB 87 – Leases. We are currently working with the apparent low bidder regarding the various contract requirements (ex: WV96, etc.). We hope to have the contract issued later this month, so we can begin working with the vendor to deploy the software to the county treasurers.

WVEIS Coding for Leased Buses

It is becoming more common for county boards of education to enter into lease-purchase agreements for school buses instead of purchasing them directly. It is very important that county boards of education properly code the expenditures in WVEIS to ensure that state aid funding for student transportation is accurately calculated and that the county isn't inadvertently "double dipping" by coding the transactions in a manner that will give them both bus replacement funding and operational funding. The correct WVEIS coding is listed below:

To record the initial capital lease

11.00000.X2711.741 Bus Replacement
11.00000.05501.009 Capital Lease Proceeds

To record the annual payments on the capital lease

11.00000.15141.831 Redemption of Principal
11.00000.15141.832 Interest Expense
11.00000.00101.001 Cash

The leased buses are included in the county's bus fleet data reported by the county transportation director, so the county receives bus replacement funding for the leased buses like they would a bus purchased outright.

County-Level Teacher Leadership Framework \$2,000 Grants

County boards of education each recently received \$2,000 grants with a purpose listed as “County level teacher leadership framework.” The grants were listed with an obligation period from 04/27/2021 to 06/30/2021 with an ending liquidation date of 07/31/2021.

The Office of School Finance received two requests for an extension shortly after the grants were exposed to county boards of education in the e-grant system. After investigating the situation, we have requested that an extension be processed for all 55 county boards of education to allow for sufficient time to spend the grant funds. We anticipate that the grants will have an end date of March 31, 2023 with an ending liquidation date of April 30, 2023 to allow for sufficient time for final close-out of the grant for the state grant audit process.

Carla Warren, Director of Educator Development & Support, requested that we provide further clarification on the grant based on questions that she has received. These grants were awarded from the \$100,000 of Step 7d funding that West Virginia Code §18-9A-10(a)(4) indicates should be retained by the WVDE and utilized “to assist county boards with the design and implementation of a teacher leader framework to accomplish the teacher induction and professional growth aspects of their comprehensive system of support for teacher and leader induction and professional growth pursuant to §18A-3C-3.” For FY21, the WVDE opted to assist county boards by providing this additional financial support for the design and development of your county teacher leader framework/plan. County instructional leaders have received other communication in recent months from Carla regarding the development of a teacher leader framework.

These grants are in addition to your actual Step 7d funding under the Public School Support Plan (PSSP) which you utilize to pay for mentors, professional development, etc.

Legislative Update

HB 2009 - Relating to limitations on the use of wages and agency shop fees by employers and labor organizations for political activities (effective June 17, 2021)

See Attachment #1 for a copy of WVDE’s previous guidance memo regarding HB 2009.

HB 2012, Relating to public charter schools (effective June 1, 2021)

The bill makes the following changes to the existing public charter school law:

- Increases the cap on charter schools from 3 to 10 every three years.
- Requires the legislative auditor to perform an audit on the public charter school program two years after the first charter school opens.
- In situations where the area to be served by a charter extends into multiple counties, the county boards of education must act together and function as a single authorizing entity. If this single entity

does not approve the charter application, any of the county boards can then act by itself to approve the application, so long as the location of the proposed charter school is within that county.

- Makes clear that charter school education service providers (entities that charter governing boards contract with to design, implement and/or manage the charter school) may be public or private, and nonprofit or for-profit.
- Rather than being part of the district LEA (local education agency), designates the charter school as its own LEA. This makes it the responsibility of the charter school, rather than the district, for serving students with special needs, appropriately reporting to the US Dept. of Education, etc.
- Prohibits the WVBE from adopting any rule that conflicts with any provision in the Public Charter School Act.
- Limits the reasons that a charter contract may be revoked by an authorizer prior to the end of the contractual term for the following reasons:
 - Charter school administrator or governing board member is convicted of fraud of misappropriation of funds.
 - Failure to meet generally accepted standards of financial management.
 - Material breach of the charter contract.
 - Substantial violation of any provision of law from which the charter school is not exempt.
 - Dire and chronic academic deficiencies.
- Creates an avenue for charter applicants and charter governing boards to appeal an authorizer's decision to not approve a charter applicant or not renew a charter contract to the WVBE. If certain conditions exist, the WVBE is to remand the application/renewal contract to the authorizer for further consideration.
- Creates the WV Professional Charter School Board consisting of 5 voting members appointed by the Governor and two ex officio members (chairs of House and Senate Ed committees). The following provisions outline the authority/responsibility of the Charter Board:
 - Authorize nonvirtual charter schools; schools authorized will count towards charter school cap.
 - Authorize up to 2 virtual charter schools that do not count towards charter school cap. Enrollment in these virtual charters is capped at 5% of headcount enrollment per year (approximately 12,795/per school).
 - May hire an executive director and staff.
 - Meet as needed, but at least bi-annually.
 - Investigate complaints that allege serious impairments in quality of a charter school.
 - At its discretion, conduct audits to education and operation of charter schools and require corrective action when necessary.
- Expressly allows for the authorization of virtual charter schools. The following provisions outline unique characteristics that are applicable to virtual charter schools:
 - Every county board of education may authorize one virtual charter school.
 - Attendance is limited to the primary recruitment area specified in the charter application. Applications for new virtual charters cannot include areas that are within the primary recruitment area of another virtual charter school.

- Unlike nonvirtual charter contracts that may be authorized/renewed for ‘up to 5 years’ to be determined by the parties of the charter contract, virtual charter contracts are required to be for a term of 5 years.
- Receives same amount of funding as brick and mortar charter schools.
- Not required to adhere to instructional term or calendar requirements required of public schools, nonvirtual charter schools, or private schools.
- Must include in virtual charter contract requirements relating to student engagement and teacher responsiveness.
- Must have a policy for student consequences for failing to participate in instructional activities, up to and including disenrollment from the virtual charter school.
- Virtual charter authorizers can establish additional requirements for students grades 6 and below that enroll.

HB 2013 - Relating to the Hope Scholarship Program (effective June 15, 2021)

The bill establishes the Hope Scholarship program to be administered by the WV State Treasurer’s Office and the WV Hope Scholarship Board. The program is required to be operational by 7/1/2022 with applications available no later than 3/1/2022.

To be eligible for a Hope Scholarship (ESA), a child must (1) be a resident of the state and (2) be enrolled in a public elementary or secondary school for at least 45 days at the time of application and remain enrolled until the application is acted upon. Also, any WV resident child entering their kindergarten year is eligible to receive an ESA. Effective July 1, 2026, if participation in the program is less than 5%, the eligibility for an ESA would expand to include any WV resident child.

The bill establishes a 9 member board consisting of 4 designated members from the Board of Public Works, the HEPC Chancellor, the HHOMA director, and three gubernatorial appointments who must be parents of ESA recipients. The board is responsible for administering the program, including acting on any application received within 45 days of receipt.

The amount of the ESA will be equal to the prior year’s statewide average net state aid per pupil amount, less an administrative fee of up to 5% to cover administrative costs of the program. The proposed legislation provides a list of allowable expenditures from approved education service providers. ESAs would be funded through a special revenue account. Annually, the WVDE is directed to include in its budget request the greater of either 2% of net public school enrollment adjusted for state aid purposes or the total number of eligible ESA applications received by the board, and to transfer that amount to the board to be used to fund the program. The bill directs the Governor to provide in each budget that any ESA funds not used shall be reappropriated.

ESA recipients are required to adhere to the reporting requirements outlined in the bill, or face cancellation of the ESA account. Unless the board revokes the ESA or the student does not renew the ESA account, deposits into the ESA account will cease upon a student’s completion of a secondary program of education or when the student reaches 21 years of age.

HB 2145, Relating to student aide class titles (effective July 9, 2021)

The bill creates two additional aide classifications (Aide V, Special Education Assistant Teacher and Aide VI, Behavioral Support Assistant Teacher); a salary increase may be provided to individuals that earn such classifications. The state board is charged with establishing the coursework requirements that must be satisfied for an individual to obtain this classification. Individuals obtaining this classification are not entitled to a salary increase unless a county board of education has specifically posted a position for an Aide V, Special Education Assistant Teacher and Aide VI, Behavioral Support Assistant Teacher.

HB 2267 - Establishing an optional bus operator in residence program for school districts (effective July 7, 2021)

The bill permits the county boards of education to establish locally funded recruitment and training programs for prospective bus drivers, subject to approval by the West Virginia Department of Education. Such programs may be utilized only if the county board of education is unable to maintain an adequate number of bus operators or substitute bus operators in its pool or is experiencing a shortage in adequately staffing its school transportation system. The legislation sets forth minimum requirements for the programs, as well as making it clear that participation in an approved program does not entitle a participant to employment as a bus operator or substitute bus driver and that participants do not accrue seniority for time spent in an approved program.

HB 2852 - Relating to distribution of the allowance for increased enrollment (effective June 30, 2021)

The WVDE is currently required to distribute 60% of the Allowance for Increased Enrollment to the county boards annually before September 1st based on the projected enrollment for the school year. This 60% distribution based on projected enrollment results in many county boards of education having to return funds to the WVDE each year when the actual enrollment counts are available and the final amount of funding to which each county board of education is entitled is known. The bill removes this requirement, while preserving a county board of education's ability to request and receive a distribution from this line item as necessary due to enrollment.

HB 2906 - Relating to changing the percentage of funding the School Building Authority may use for vocational schools (effective July 5, 2021)

The bill would increase the amount of funding that the SBA could award to a MCV from 3% to 10% if the SBA sees significant needs at the MCVs.

HB 3191 - Requiring employers to send certain notifications when retirants are hired as temporary, part-time employees (effective July 6, 2021)

The bill imposes additional notification requirements for county boards and other entities employing retired employees on a substitute, temporary full-time, or temporary part-time basis. Specifically, county boards are required to provide written notice to CPRB and the retirant if/when employment would

negatively impact the retirant's retired status or benefits. Employers are required to provide written notice to CPRB when employment of the retirant commences.

HB 3266 - Providing for termination of extracurricular contract upon retirement (effective July 1, 2021)

The bill clarifies that extracurricular contracts held by county board of education employees terminate at the time the employee retires. The retired employee is subsequently eligible to apply and become employed in an extracurricular assignment, subject to any county board of education policy or CPRB rule.

SB 11 - Declaring work stoppage or strike by public employees to be unlawful (effective June 2, 2021)

The bill confirms that a work stoppage or strike by public employees, and specifically employees of a county board of education, is both unlawful and disruptive to the delivery of the constitutionally required thorough and efficient education. The bill outlines when an employee is participating in a concerted work stoppage, strike, or interruption of operations. This bill clarifies that an employee may not take personal leave to participate in a work stoppage/strike and clarifies that a county board may not utilize accrued or equivalent instruction time or alternate delivery models to cancel or make up lost days. The bill clarifies that the WVBE waiver process cannot be utilized to waive the employment term or minimum instructional term if the noncompliance is because of a work stoppage or strike. This bill clarifies participation is a ground for termination, but if the county does not terminate the employee, the employee's salary should be prorated to account for the absence.

SB 651 - Allowing county boards of education to publish financial statements on website (effective July 6, 2021)

Starting with financial statements to be published in the fall of 2024, the bill extends the time for county boards of education (CBOE) to annually publish their financial statement in the newspaper from 90 days to 120 days.

Also starting in 2024, the bill provides an electronic option in place of posting the financial statement in the newspaper if certain conditions were met. After conducting a properly noticed public hearing at which interested persons could express their views regarding electronic publication, a CBOE could post its financial statement on the CBOE's website. The first year the CBOE utilizes the electronic option it is required to publish in the newspaper for two consecutive weeks the availability of the financial statement on the CBOE's website.

In addition to all financial information currently required to be included in the CBOE's financial statement, if the CBOE utilizes the electronic option to post the financial statements, it must also include the following information: (1) all persons having a contract with the county board (all professional and service personnel, including substitutes) and the amount paid to each; (2) budget estimates; and (3) list of names of each entity receiving less than \$250 from any fund showing the amount paid and purpose for which it was paid. Financial statements posted on the CBOE website must remain posted until the posting of the following year's financial statement.

SB 680 - Allowing State Superintendent of Schools define classroom teachers certified in special education (effective July 5, 2021)

The bill allows the State Superintendent to provide clarification on special education classroom teachers that are eligible for the three-step salary increase provided for in the 2019 education omnibus bill.



1900 Kanawha Boulevard, East, Building 6 • Charleston, WV 25305
wvde.us

Date: April 16, 2021
To: Chief School Business Officials
From: Michele Blatt, Deputy Superintendent
Subject: House Bill 2009

House Bill 2009 was passed by the West Virginia and subsequently signed by the Governor on March 30, 2021. The bill is effective ninety days from passage, which is June 17, 2021.

This legislation added a provision to West Virginia Code §18A-4-9(6) which indicates that “No deductions or assignments of earning shall be allowed for union, labor organization, or club dues or fees from the compensation of teachers and other employees covered by this section.” Accordingly, county boards of education will no longer be permitted to withhold dues/fees at the voluntary election of county board of education employees for the American Federation of Teachers, West Virginia Education Association, West Virginia Professional Educators, West Virginia School Service Personnel Association, West Virginia Association of Elementary & Middle School Principals, West Virginia Association of Secondary School Principals, or any other union/labor organization/club.

Employees made their individual elections to have union dues withheld for the 2020-21 school year well in advance of passage of HB 2009. It is my understanding that for some county boards of education, the final paychecks from which the 2020-21 union dues will be withheld will be released to employees after the effective date of the legislation. Since the 200 day employment term for the 2020-21 school year will be completed prior to the June 17, 2021 effective date of House Bill 2009, it is my interpretation that county boards of education are permitted to process the final 2020-21 union dues payments on behalf of employees as originally elected for the current school year. **Under no circumstances can a county board of education withhold such dues from employee pay for the 2021-22 school year or any subsequent school year.**

The provisions of House Bill 2009 do not appear to impact deductions for charitable contributions or any employer sponsored insurance or retirement. In addition, the legislation does not appear to prevent voluntary wage assignments for employee requested insurances or other items so long as the voluntary assignments are not related to unions, labor organizations, or clubs. It has come to our attention that some county boards of education have previously permitted voluntary wage assignments/deductions for gym memberships, AAA, Sam’s Club, etc. Because those organizations are considered “clubs,” such voluntary wage assignments/deductions would not be permissible moving forward.

Page 2
April 16, 2021
Chief School Business Officials

As a reminder, under the provisions of West Virginia Code §21-5-3, voluntary wage assignments are only valid for up to one year from the date of the assignment. All voluntary wage assignments must be in writing and specify the amount of the assignment.

If you have any additional questions or concerns regarding this issue, please contact Amy Willard, School Operations Officer, at awillard@k12.wv.us or Uriah Cummings, School Finance Manager, at uriah.cummings@k12.wv.us. Both Amy and Uriah can be reached by telephone at 304-558-6300.