Financial Management & Oversight
2020 GS | Issue Highlights

**Highlights**
- Reports of USBE Discovering Unallowable Costs in LEAs
  - Impacts Districts & Charters
  - Closure of Charter School
- Potential Issue in State & Federal Programs
  - Formula Allocation Programs
    - Special Education & Title I (Federal Only)
- State Level Issues for Consideration by Subcommittee
  - Nature & Implementation of Restricted Funds Designated by the Legislature
  - Ramifications of Non-Compliance with Restrictions
  - LEA Retention of Balances at Year-End
- What Does Statute Say About These Issues?
Statutory Highlights

2020 GS | Budget Restrictions & MSP Flexibility

**General Restriction on Appropriations**
- Budgetary Procedures Act – 63J-1-206
  - (2)(a) Appropriations are Subject to Any Schedule of Programs and Restrictions as Designated by the Legislature
  - (2)(d) Money Appropriated to a Schedule of Programs or Restriction Used for Authorized Purposes Only
  - (2)(c)(ii) State Superintendent May Transfer Between MSP Line Items as Designated in 53F-2-205

**Minimum School Program Adjustments**
- Authority to USBE – 53F-2-205
  - Exception to 63J-1-206
  - Allows the USBE to Adjust Program Funding Levels & Transfer Between Line Items & Programs in Limited Cases
    - Maintain the WPU Value for Programs
    - Support the State Guarantee for Voted & Board Local Levy Programs
    - Support the State Supplement to Local Property Taxes Allocated to Charter Schools (Local Replacement)
    - Support an LEA with a Loss in Student Enrollment as Provided in 53F-2-207

Statutory Highlights

2020 GS | Special Education & Flexibility in State Revenue Deficit

**Special Education Restrictions**
- WPU Programs for Students with Disabilities – 53F-2-307
  - (2) Money Allocated to LEAs is Restricted and Shall be Spent for the Education of Students with Disabilities
  - (3) State Board Shall Establish and Strictly Interpret Definitions and Provide Standards in Determining Students and Services Provided
  - (6) If Money Appropriated for MSP Does Not Meet the Costs, Each LEA Shall First Receive Amount Generated for Each Student with a Disability

**State Revenue Deficit**
- Reduction to LEA Allocations Based on Insufficient Revenues – 53F-2-203
  - If the Legislature Makes Reductions Due to Education Fund Budget Deficit
  - LEA Boards Shall Determine Impact of Reduction on Programs & Requirement to Spend Certain Amounts Waived, Except:
    - A Special Education Program within the Basic School Program (Among Others)
Statutory Highlights
2020 GS | State Board of Education Authority – Violations

**USBE Authority**

- If an Education Entity Violates Public Education Code or Rules – *[53E-3-401]*
  - (8)(a) USBE May do the Following in Accordance to Board Rules:
    - Require a Corrective Action Agreement
    - Temporarily or Permanently Withhold State Funds
    - Require a Payment of Penalty
    - Require Reimbursement of Specified State Funds
  - (b) Penalty and Reimbursements Paid to Uniform School Fund
  - (9) Audit the Use of State Funds by Education Entity

Financial Management & Oversight

Presentation & Subcommittee Discussion

**Discussion Outline**

- Focus on General Public Education System Issues – Not Specific Instances
- Improvements in State-Level Financial Management (USBE)
  - Development of Internal Controls
  - Grants Management System
  - Utah School Information Management System (USIMS)
- Recent Findings of Unallowable Expenses & Unrestricting of State Funds (USBE)
  - Impacts on LEAs | State/Federal Penalties
  - USBE Procedures/Actions
- State Board of Education Task Force (USBE)
- Steps to Improvement
  - House Bill 242: Charter School Operations Amendments
  - House Bill 67: Local Education Agency Financial Information Systems
  - USBE | SCSB Answer Questions
- Subcommittee Discussion