

USBE FINANCE COMMITTEE
Summary of Actions

February 3, 2023

Members Present: James Moss, Kristan Norton, Cindy Davis, Christina Boggess, and Brent Strate

Staff Present: Deborah Jacobson, and Cammy Wilcox

Others Present: Aaron Brough, Benjamin Rasmussen, Darin Nielsen, Dean Dykstra, Kelsey James, Michelle Watts, Noralee Green, Sam Urie, Jared Felt, Dale Frost, Adam Herd, Katy Challis, Katrina Brinkley, Cole Shakespear, Noralee Green, Sue Mak, and Katy Challis.

Finance Committee Chair Norton called the meeting to order at 9:00 a.m.

Public Comment

There was no public comment.

12.3 Teacher and Student Success (TSSA) Account SFY 2023 Funding Update

Staff presented the corrections needed for TSSA Distributions for FY 2020-2022 during the January 13, 2023, Finance Committee. This item shows the corrected allocations for FY 2023 to align distribution amounts with R277-927, TSSA Program. These allocations have been corrected and are reflected on the LEA allotment memos and business practices are being adjusted so this issue doesn't happen again going forward.

12.4 R277-927, Teacher and Student Success Act (TSSA) Program (Amendment)

Staff recommends amending R277-927 to remove the November 1 deadline for LEAs to submit student success frameworks and annual assurances for the TSSA Program. This reflects current practice. With this change, whenever an LEA submits those required items, the LEA will receive its TSSA allocation.

In addition, staff recommends that TSSA distributions be based on prior year Weighted Pupil Units (WPU) rather than current year Budget Request WPU, in order for TSSA distribution amount to remain stable throughout the school year, to be based on actual student counts rather than projected student counts, and to reflect all legislative changes made to programs that contain WPU.

Staff presented R277-927, Draft 1, for consideration and approval and confirmed that the proposed disbursement model would not require changes to code, only Board rule.

Authorizing, and Implemented or Interpreted Law: Art X Sec 3; 53E-3-401(4); 53F-2-416; 53G-7-1304; 53G-7-1306

Member Davis encouraged LEAs who might experience differences in growth to communicate their suggestions, concerns, or ideas prior to the March Board meeting.

Committee Action: Board Member Norton moved, and the Committee voted unanimously to approve R277-927, Teacher and Student Success Act Program, Draft 1, on first reading and forward to the Board for approval on second and final reading.

MOTION FOR THE BOARD: The Committee moves that the Board approve R277-927, Teacher and Student Success Act Program, Draft 1, on second and final reading.

12.5 Medicaid Billing System

Districts and/or charter schools (districts/charters) currently utilize contracted services for their Medicaid billing needs and these services can be quite expensive. The expenses often preclude districts/charters from billing Medicaid even though they are eligible to do so, which translates to "leaving money on the table."

The Utah Department of Health (UDOH) has an opportunity to utilize ARP/ESSER funds to develop, test, and implement a statewide Medicaid billing system (MBS). This system would be accessible for use by districts/charters. The system would be free of charge to districts/charters with the estimated impact on them of only having to provide sufficient staff to ensure proper use of the system and entry of information to access Medicaid funds for their students.

Additionally, districts/charters here in Utah have had to 'reimburse' for erroneous Medicaid billings. In one instance a school district had to reimburse Medicaid over \$1 Million. The system, once funded, developed, tested, and implemented by the UDOH would conceivably provide not only additional revenue but 'cost avoidance' to our districts/charters.

The key condition is that once the system is fully operational, public education will take the system under its control. Utah State Board of Education (USBE) Financial Operations staff estimate that assuming control of a properly established system will have very little financial impact. If the USBE were to approve working with the UDOH on the system, it could identify the staffing levels as part of the development of the system for sustaining the system once it is completed and transferred over from the UDOH to the USBE. Preliminary estimates are that two additional Information Technology staff, full time, could sustain a properly developed and implemented MBS for our districts/charters to utilize to effectively increase much needed revenue for their students.

The estimated benefits to our districts/charters outweigh the costs. The UDOH assumes responsibility for funding the development, testing, and implementation of an MBS that meets or exceeds the needs of the districts/charters to effectively bill and collect Medicaid funds properly. The USBE would assume responsibility for sustainment funding of the fully operational MBS.

Committee Action: Board Member Davis moved, and the Committee voted unanimously, to recommend that the Board approve staff to work and coordinate with the Utah Department of Health to develop, test, and implement a Medicaid billing system for use by districts and/or charter schools, and that once the system is fully operational, USBE staff transition the system to oversight and control by USBE staff.

MOTION FOR THE BOARD: The Committee moves that the Board approve USBE staff to work and coordinate with the Utah Department of Health to develop, test, and implement a Medicaid billing system for use by districts and/or charter schools, and that once the system is fully operational, USBE staff transition the system to oversight and control by USBE staff.

12.6 Utah Data Research Center (UDRC) Agenda Priority

The UDRC was created in 2017, with the passage of Senate Bill 194, and signed into law under 35A-14. The UDRC integrates data from:

- Utah System of Higher Education
- Utah System of Technical Colleges
- Utah State Board of Education
- Utah Department of Health
- Utah Department of Workforce Services

The data provided from partner agencies constitute the "P20W" pipeline. P20W captures the behavior of individuals starting in early childhood, through primary and secondary schools, higher education and lastly as they enter the workforce. The data are stored on an annual basis and are considered, as a set, longitudinal--allowing for the study of long-term patterns.

UDRC research provides objective insights into public policy queries to help decision makers find meaningful and impactful solutions to the issues facing the state of Utah. The UDRC significantly decreases the cost of its partners and key stakeholders to receive data and analyses, by leveraging technology resources to create efficiencies in the exchange and release of data--between agencies and external requestors.

Each Year the UDRC creates a multi-agency Research Agenda. When data elements cross between agencies, such as student k-12 course taking patterns that are correlated with Higher Education outcomes and career opportunities, UDRC priorities research with research staff to work on possible outcomes.

USBE staff recommend cooperation with the ULEAD's focus topics and adoption of the items presented as prioritization requests for the 2023 UDRC research agenda. The 2022 UDRC Research Agenda is found here: <https://udrc.io/methods/research.html>.

Committee Action: Board Member Strate moved, and the Committee voted 4-1, to recommend that the Board approve the Utah Data Research Center research agenda priorities. Members Norton, Moss, Davis, and Strate in favor, and Member Boggess opposed.

MOTION FOR THE BOARD: The Committee moves that the Board approve the Utah Data Research Center research agenda priorities.

12.7 Social Studies RFP Committee Selection

Action taken in the Thursday, February 2, 2023, Board meeting resulted in a task for each Committee to select one member as a representative on the Social Studies Competitive Grant Committee.

Member Strate was recognized as a candidate to serve on the Committee.

Committee Action: Board Member Norton moved, and the Committee voted unanimously, to recommend that Board Member Strate serve on the Social Studies Competitive Grant Committee.

12.8 Recognition of Progress, Achievements, or Improvements

1. *Program Monthly Report (PMR) on the Utah Schools Information Management System (USIMS).*

Committee Members were directed to the USIMS PMR that is provided monthly, but only reported on quarterly.

2. *Program Monthly Report (PMR) on Utah Grants*

Staff provided the Committee with an overview of the Utah Grants System, Metrix, History and timeline, upcoming enhancements, and financial detail. Staff demonstrated several of the enhancements made to Utah Grants based on the Business Administrator user group and the Reports and Requirements Taskforce feedback.

12.9 Indirect Cost Pool Proposal Review

Indirect costs represent the expenses of doing business that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs.

An indirect cost rate is simply a mechanism for determining fairly and conveniently within the boundaries of sound administrative principle, what proportions of Departmental/organization administration costs each program should bear. An indirect cost rate represents the ratio between the total indirect costs and benefiting direct costs, after excluding and/or reclassifying unallowable costs, and extraordinary or distorting expenditures. (i.e., capital expenditures and major contracts and subgrants). The indirect costs in the numerator of the equation should bear a reasonable relationship to the direct costs from the denominator. This will allow for each program or activity represented in the direct costs base to assume their fair share of indirect costs when the rate is applied.

The cognizant Federal agency is responsible for approving indirect cost rates for recipients based on an indirect cost proposal submission. The indirect cost proposal or cost allocation plan should:

1. Identify all the activities carried on by the Department or unit and their attendant costs. All activities must be included, regardless of the source of funds used to pay for them.
2. Incorporate those costs allocated to the departments or units through the central service cost allocation plan.
3. Classify the activities and their costs as direct or indirect.
4. Eliminate from indirect costs capital expenditures and those stipulated as unallowable by OMB Circular or program legislation.
5. Compute the rate by dividing the total remaining indirect costs by the direct cost base selected for distribution of the indirect costs. The most frequently used base is Modified Total Direct Costs (MTDC).

12.10 Requests for Data and Information

Staff reviewed the document that staff created from a request by Member Boggess during the January Finance Committee related to data sharing agreements with agencies. Staff will provide Member Boggess an updated report that specifies active data sharing agreements versus the historical report that was provided.

The meeting adjourned at 11:00 a.m.