
Section Five: Financial Management of SIA Funds

Understanding the Funding Model

The SSA establishes a corporate activity tax to be collected and deposited in the Fund for Student Success which is created as a part of the Oregon Department of Education. [Section 13 in the bill](#) describes how the Student Investment Account grant budget will be allocated to sub-recipients based on the extended Average Daily Membership weighted (extended ADMw) of the school district as calculated by the State School Fund, with adjustments. Extended ADMw compares the current and prior school year's ADMw and uses whichever year is greater.

Establishing a Grant Agreement

Each grant recipient will enter into a grant agreement with ODE. The grant agreement will include the SIA plan which will be inclusive of the longitudinal performance growth targets once finalized and any agreements between a public charter school and the school district.

A grant agreement is valid after it is:

- Made available at the main office of the grant recipient and on the grant recipient's webpage;
- Shared during an oral presentation by an administrator at an open meeting;
- Made available for the public to comment at an open meeting;
- Approved by the governing body of the grant recipient at an open meeting; and
- Approved by the Oregon Department of Education.

Responsibility for Financial Management

All grant recipients are responsible for the financial management and accounting of SIA funds in partnership with ODE. A total distribution of \$471,873,500 is projected for the first year of this non-competitive grant program, beginning July 1, 2020. Grant recipients must comply with application requirements set forth in the law and have a plan approved by ODE to receive these grants.

Any allocated funds that are not used by a grant recipient by June 30, 2021 will be returned to the Student Investment Account for distribution in the next biennium. Grant recipient may request an extension to spend funds until September 30, 2021. A request must be made to ODE and the department may approve the request if the spending aligns to the recipient's grant agreement.

Quarterly Payments and Reports

The SIA grant is unique relative to most ODE processes in that grant recipients will receive disbursements of their total allocation on a quarterly basis ahead of expenditures. We anticipate first payments will arrive between July 1 and August 15, 2020. Beginning in fall 2020 and continuing on a quarterly basis, grant recipients will be expected to submit a quarterly report detailing their expenditures. The quarterly report will be submitted to ODE ahead of the next quarterly disbursement. Additional information on this process will be made available in the spring of 2020 to school leaders and business managers.

Please note: In the case that an SIA applicant is engaged in processes to comply with application requirements or setting longitudinal performance growth targets that delay the execution of a grant agreement, their planned grant allocation amount will not be impacted (no proration) while they will receive their first payment following grant execution. Next payments would put them back on a standard quarterly schedule, if at all possible, tied to quarterly reporting.

Accounting Practices

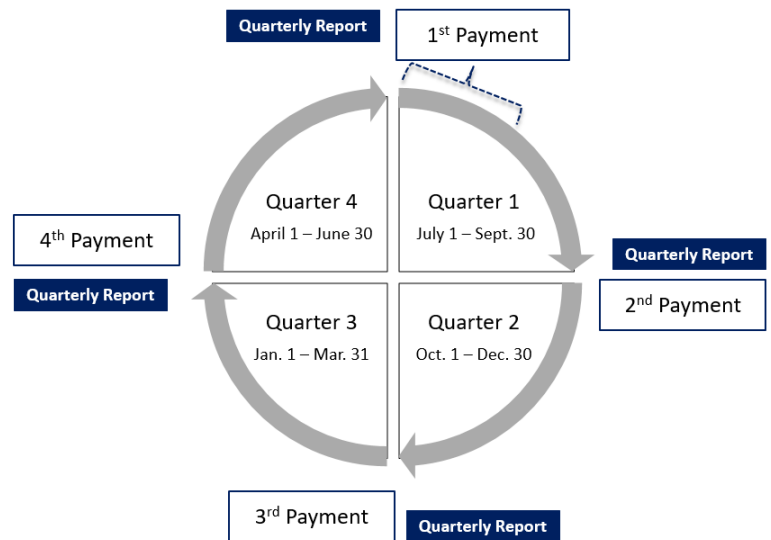
SIA funds are required to be spent in any, all, or some of the four categories of allowable use:

- Increasing instructional time.
- Addressing students' health and safety needs.
- Evidence-based strategies for reducing class size and caseloads.
- Expanding availability of and student participation in well-rounded learning experiences.

While accounting for these funds will follow standard protocols as described in the [Program Budget Accounting Manual](#) (PBAM) it is necessary and important to separately account for the funds.

Recommended Guidelines

ODE recommends school districts review [Appendix G of the PBAM](#) and that grant recipients, at minimum, create a new fund for SIA. For reporting to data collections for the 2020-21 Actuals



Financials data collection, districts will need to crosswalk their data to a 251 fund, which is a sub-fund of the 200 Special Revenues Fund. Districts only need to use a cross-walk if they are accounting for the SIA revenue and expenditures in a different sub-fund.

Annual Financial Audits and Self Reporting System

Required for All Grant Recipients

Required under Section 15 of the Act, each year beginning July 2021, all grant recipients must:

- Conduct a financial audit of the use of grant moneys in accordance with the [Municipal Audit Law](#); and
- Review their own progress toward meeting the performance growth targets in the grant agreement.

Results of the financial audit and progress review must be made available at the main office of the grant recipient and on the grant recipient's webpage and presented to the governing body of the grant recipient at an open meeting with the opportunity for public comment on the results.

This annual review is then required to be forwarded to ODE.

ODE Responsibilities

Each year beginning July 2021, ODE will determine whether grant moneys received by a grant recipient were used as described by the grant recipient in their grant agreement.

When a grant recipient does not use funds as described in the grant agreement:

ODE is required by law to:

- Collaborate with the grant recipient to identify and implement specific interventions;
- Provide technical assistance to the grant recipient; and
- Deduct amounts from future grant distributions.

When a grant recipient fails to commit to spending all available grant moneys, ODE may deduct amounts not committed from future grant distributions.

When a grant recipient does not meet performance growth targets identified in the grant agreement and reviewed by ODE each biennium:

The grant recipient may submit an explanation for the reasons why the performance growth targets were not met. ODE may:

- Take into consideration the explanation submitted by the grant recipient;

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- Require the grant recipient to enter into a coaching program; and/or
 - Direct the expenditure of grant moneys.

Indirect Costs

A grant recipient may use funds for indirect costs directly related to allowed expenditures as provided in the grant agreement. Indirect costs are limited to 5 percent of the total expenditures or \$500,000, whichever is less. Any indirect costs incurred by a participating charter school must be accounted for within the sponsoring school district's overall limit of 5 percent or \$500,000, whichever is less.