

**Uniform Financial Account and Reporting Standards (UFARS) Redesign Workgroup
Approved by the Workgroup – March 2, 2010 Meeting Minutes**

The redesign workgroup met on March 2, 2010. Participants in attendance: Jaber Alsiddiqui, Kristine Carr, Stephanie Shawbeck and Sara Bratsch.

Members via WebEx: Tom Wieczorek, Pat Morphew, Darin Jensen, Lori Mohs, Barb Gjerde, Janet Halonen, Michelle Knutson, Jolene Kroschel, Jeff Yeager, Tracy Fierek and Jodi Zesbaugh.

MDE Staff: Cathy Wagner, John Paulson, Tom Melcher, Janna Duffy (via WebEx), Karen Dykoski, Mary Weigel and Audrey Bomstad.

The meeting was opened by Tom Wieczorek at 10:05 a.m.

Tom Melcher explained that the purpose of this meeting is to allow committee members to ask questions and provide feedback to Minnesota Department of Education (MDE) regarding the presentation at the last meeting on the MDE perspective on changes that should be considered in the structure of UFARS. As a prelude to this discussion, Tom asked Janna Duffy, John Paulson, and Audrey Bomstad to briefly review topics addressed at the last meeting.

Janna Duffy provided information on the Prior Period Adjustment (PPA) Flag, a new dimension that would be one digit. This would be a new method to report PPA, identifying differences between prior year ending balance and current year beginning balance; allow for reimbursement of PPAs that affect State Educational Record View and Submission (SERVS) reimbursement for federal programs; and allow for SERVS/UFARS reconciliation.

Janna explained MDE's proposed need for one additional digit in the finance dimension. With the American Recovery and Reinvestment Act (ARRA) funding and changes required to accommodate the removal of federal programs from Electronic Data Reporting System (EDRS) many of the finance codes have been used up. With the future plans to remove state special education from EDRS there will not be enough finance codes to meet the transition and any other new finance code requirements.

Janna explained MDE's proposed need for one additional digit in the object code dimension. Currently, most of the 300 series has been used to meet the special education medical assistance rate calculation and federal requirements of the \$25K split between expenditures. There may be additional codes required with the future plans to remove state special education from EDRS.

John Paulson provided information on the proposed new time dimension that would require between one to three digits. The current course code has multiple uses, the federal award year, title Adequate Yearly Progress (AYP) set-asides and project tracking. MDE would like to introduce a time dimension that does not have multiple purposes and would help free up the course code dimensions for local use.

Audrey Bomstad provided information on the proposed new project dimension that would require between four to six digits. This would be part of a new tracking system for capital projects. It would include all capital projects regardless of the size, authorization or funding. The new system would transition into the existing systems that large schools currently utilize and would provide smaller schools a mechanism to manage their projects.

Audrey talked about the current reporting procedures for capital projects and the proposed new consolidated capital system. All project costs would be reported with finance code, project code consisting of three digit building number (district assigned) and three digit code indicating project number (district assigned) and time code for projects extending across years. Approvals (where required) would continue on the same basis. Facility Age and Square Footage report would use a three-digit district defined building number.

The group discussed the fact that capital projects for specific buildings do not always agree with the site numbers in the organization dimension in UFARS.

Some of the comments and concerns raised by members included the following:

- Some software systems have a size limit on the number of digits to which their system can be expanded, such as a maximum of 28 digits. The new proposed dimensions could expand the account code to 29-30 digits.
- Some software vendors provide a separate module for project management that links to UFARS. The proposed change would exceed the limit and would require major software rewrites.
- Other software vendors expressed their belief that their project modular would need to be rewritten; however, the increased field size would be easier.

Janna explained the proposed change to the course code to allow local use except for codes 601 to 640 for No Child Left Behind (NCLB) set asides. Currently, MDE is reviewing other options for collecting the financial data for the NCLB set-aside requirements. MDE will continue to use the course code if alternative methods will not work.

The committee had the following discussion points:

- A member suggested adding one digit to the course code, local usage for codes 0000 to 0999 and MDE would use course codes 1000 to 9999.
- Some thought that a time could be used in the course code dimension; however, concerns arose about it limiting the usage of the course code for other purposes.
- If the course code was used for MDE purposes, how could the same code be used for local purposes?
- For project management a member suggested using the organization code and perhaps adding a digit.
- MDE brought up a concern that we sometimes know the project but not the building or site. In some school districts the sites move annually to different buildings. Some buildings may have multiple sites.
- A member suggested that if a building has multiple sites, a primary site should be assigned and record other sites under that building number.
- Currently, MDE has no mechanism to reconcile the facility age and square footage report to the building/sites.
- A member recommended correcting the report so that it ties to the Minnesota Automated Reporting Student System (MARSS) report.
- MDE stated they are trying to add the least number of codes/digits to meet reporting requirements.
- A committee member said that each dimension has its own purpose and having dimensions with multiple purposes would be confusing and only make UFARS more complex.
- A concern was raised that if schools used new project numbers each year they will run out of project numbers. MDE explained that if they used a time indicator with the project number they could reuse project numbers.
- A member said that, if we add the project number, several small schools will have a lot of dimensions with zeros due to no activity and it would become more complicated.
- Project codes for small projects would really add a lot of extra coding.
- A member felt there is redundancy between the PPA and time dimensions. They could be combined. MDE explained they represent two different things. PPA is the difference between prior year ending balance and current year beginning balance. Time represents the federal award year.
- It was suggested to have the auditors report PPA in the compliance table. MDE's response was there was concern about how to reconcile SERVS to UFARS for federal funds.

- It was suggested to combine the PPA and time dimensions into one dimension with a length of two to three digits. MDE thought this might work; however, they would need to see how NCLB reporting would be handled.
- A member brought up the initial MDE chart that showed the ultimate plan for MDE data collection and one objective was to combine student data to financial data and was not certain how what we were proposing was helping with that issue.
- MDE explained it is difficult to develop changes to a system when it is unclear about the future changes that are required.
- A member stated that it has not been determined if UFARS is the catch-all system or if an alternative system to collect data will be developed. There was concern about 20 digit codes that has 10 digits with zeros.
- A member recommended to phase in the most critical UFARS changes (i.e., add one digit to finance and object code dimensions), develop a plan for an evolutionary process for future needs. The person has been on other committees that bit off more than they can chew and change did not occur.
- A software vendor stated it is a lot easier to add a digit to a dimension rather than to add dimension; however, if the need is there they are not opposed, but it would be a huge effort and costly.
- Another member agreed it would be less costly to add digits rather than an entirely new dimension and only make changes to data elements that are needed for more accurate reporting.
- MDE brought up a couple items if UFARS is not changed: If the time code is not added, the course code will continue to be used with multiple uses and local use will be limited. If the PPA is not added, then the differences between SERVVS and UFARS will include a manual process. This element is necessary due to a department audit finding that MDE expenditure data between UFARS (audited data) and EDRS do not match. Payments were not made based on audited data. If the project code is not added, MDE will continue to use the same process.
- A member asked for an example of a PPA for federal funds. One example was a payroll issue where codes needed to be adjusted for two years and if federal funds were part of the payroll adjustment, nothing in UFARS would indicate that. SERVVS and UFARS would be out of sync and could jeopardize their federal funding.
- A member questioned why this is allowed and how frequent. MDE stated, on average 30 to 50 schools prior year ending balance does not agree with current year beginning balance due to erroneous reporting or PPAs. Another example, in Health and Safety, a school may identify a coding error, currently they are handled manually in the levy system.
- A member did not want to encourage this practice.
- A committee member recommended that members share their thoughts prior to the next meeting on March 17.
- Tom W. recommended sending the comments to Cathy Wagner to be accumulated and distributed to the committee.
- Cathy requested the comments be categorized by the agenda items and get the information to her by March 5.

The meeting was adjourned at 11:30 a.m.

The next UFARS Redesign Committee meeting is scheduled on Wednesday, March 17, 2010, from 9:00 a.m. to 11:30 a.m. at the Minnesota Department of Education.