ESSA Title I Fiscal Issues

Region 11 ESC
April 10, 2017
Agenda

- Financial Management, Internal Controls
- Planning, Program Budget
  - Coordination of Funds
  - Amendments
  - Consolidated Administrative Funds
  - Carryover
  - REAP/Transferability
- Set Asides, Equitable Services
- Ranking and Serving, Allocations
  - Schoolwide Programs
  - Targeted Assistance Programs
- Use of Funds, Allowability of Costs
- Supplement, Not Supplant
- Maintenance of Effort
- Comparability
- Testing of Expenditures (payroll and non-payroll)
Financial Management Systems
Financial Management Systems

- EDGAR – Compliant Management Systems are:

  Policies & procedures + Accounting software + Record keeping = Financial management systems
Internal Controls

Written Policies and Procedures Required by EDGAR

- Written policies and procedures are required!
  - Written Cash Management Procedures - §200.302(b)(6) & §200.305
  - Written Allowability Procedures - §200.302(b)(7)
  - Written Conflicts of Interest Policy - §200.318(c)
  - Written Procurement Procedures - §200.319(c)
  - Written Travel Policy - §200.474(b)
Internal Controls - continued

- Your LEA is not limited to the policies and procedures previously listed
- Your LEA must have policies and procedures for any need
  - Examples
    - Written policies and procedures for the use of credit cards
    - Written policies and procedures for segregation of duties
- What other policies and procedures does your LEA have?
Risk Assessment

The following are the criteria used to determine the risk level of subrecipients for the 2016–2017 school year:

- The subrecipient did not submit the required annual financial and compliance report (AFR), including the single-audit report, to TEA by the required due date or did not submit an AFR.
- The independent auditor who prepared the subrecipient’s AFR, including the single-audit report, did not express an unqualified opinion.
- The subrecipient was not required to have a single audit conducted under Office of Management and Budget (OMB) Circular A-133 because it did not meet the federal grant spending threshold.
- The subrecipient’s independent auditor identified, in the single-audit report, at least one of the following: (1) an instance of material noncompliance; (2) material weaknesses in internal controls; (3) questioned costs of federal funds; (4) a finding that was also a finding in the prior year.
- The subrecipient has a large amount of federal expenditures compared to total operating costs.
Risk Assessment - continued

- The subrecipient has been referred by other agency divisions for significant issues or deficiencies that may affect its use of federal grant funds or its implementation of federal grant programs.
- The subrecipient has not been monitored recently by the Federal Fiscal Monitoring Division.
- The subrecipient has not drawn down federal funds by January of the current school year for one or more of the following federal grant programs: Title I, Part A, Carl D. Perkins, or IDEA-B Formula.
- The subrecipient has lapsed funds for grants awarded in the NCLB consolidated grant application.
- The subrecipient has lapsed funds for grants awarded in the IDEA-B Formula grant.
- The subrecipient has carried over excessive amounts of funds for federal grants awarded in the NCLB consolidated grant application.
- The subrecipient has changed the primary contact and/or authorized official two or more times in the past three years in the programs in the NCLB consolidated, special education consolidated or Carl D. Perkins grant applications.
Web Expenditure Reporting

- Risk factor: The subrecipient has not drawn down federal funds by January of the current school year for one or more of the following federal grant programs: Title I, Part A, Carl D. Perkins, or IDEA-B Formula

- TEA website
Planning
Program
Budget
Planning

Schedule PS3001 Needs Assessment, Priorities and Program Outcomes

- Timely and Meaningful Consultation
- Data Driven Comprehensive Needs Assessments
- LEA Prioritizes Needs
- Prioritized identified needs are reviewed to determine Program Outcome goals
- Identify the funds budgeted to support TEA’s Strategic Priorities and Program Outcome goals
- Identify activities related to applicable priorities and goals
Planning - continued

- Planning team consisting of all stakeholders
  - Federal programs, compliance, budget, finance
- Preparing Program Budget
- Documentation of the Process
  - Meeting documentation
  - Working papers
  - General Ledgers
Testing of TEA Approved Program Budget

- Ensure that number of positions requested in the grant application match the positions identified as a result of your needs assessment
- Ensure the cost requested in each category is calculated according to the needs assessment
- Checkbox on application for Schoolwide personnel
- Checkbox on application for Extra-duty Pay/Beyond normal hours

**MONITOR** Your Budget
Testing of Program Budget - continued

- Compare amounts approved in each cost category of the program budget with amounts appropriated in the detailed general ledger

- Cash Management: compare the amount of expenditures claimed for reimbursement with the amounts approved in the program budget

- Compare the payroll costs recorded in the general ledger with costs recorded in payroll journals
Coordination of Funds

- Title I, Part A programs must coordinate and integrate Federal, State, and local services and programs, including programs supported under the ESEA, violence prevention programs, nutrition programs, housing programs, Head Start, adult education, vocational and technical education, and job training.
- The CIP must demonstrate how the campus will coordinate and integrate federal, state, and local services and programs.
- Coordinating funds is when a campus pays for an activity using multiple fund sources and tracks each portion to an allowable program expenditure.
Amendments

- After TEA approves the district’s grant application, the district can amend if changes occur to the approved program.
- Amendments need to be made when significant changes are made to the program **BEFORE** you spend the funds.
  - EX: Adding a new position, open a new object code, etc.

- Amendment Submission Guidance:
  - [Administering a Grant](#) on TEA website
    - “When to Amend a Grant”
Consolidated Administrative Funds

- A school district in Texas may elect to consolidate administrative funds from any of the programs under ESEA/ESSA and any other programs designated by the United States Secretary of Education.
- This request and approval is accomplished through the ESEA/ESSA Consolidated Application submittal and approval process.
Consolidated Administrative Funds - continued

- TEA website has more information on advantages, eligible programs, documentation required, etc.
- This web page, which is divided into five parts, provides details about how LEAs can take advantage of the flexibility offered by consolidating their administrative funds and administering their ESSA programs as a whole
- Specific Form to complete

[Consolidated Administrative Funds](http://tea.texas.gov/grants/consolidatedadmin1/) or
[http://tea.texas.gov/grants/consolidatedadmin1/](http://tea.texas.gov/grants/consolidatedadmin1/)
**Carryover**

An LEA that does not obligate all of the Title I, A funds that it was allocated for a given fiscal year may carry over the unobligated funds and obligate them during the succeeding fiscal year.

- Title I, A funds are available for a maximum of 27 months (15 + 12)
- The rules in effect when the funds are obligated apply
- Funds transferred into Title I, A are included in base.
- Carryover funds do not affect the base on which reservations are calculated—e.g., 1 percent for parent involvement
  - Carryover applies as of September 30—not the end of the state’s fiscal year.
  - Funds that exceed the carryover limit may be reallocated by the State Education Agency.
Carryover

How may carryover funds be used?

- An LEA has considerable discretion in using carryover funds:
  - Add to LEA’s district reservations
  - Allocate to campuses with the highest poverty
  - Provide additional funds for specific activities—e.g., school improvement

What if an LEA does not spend all of the funds it was required to reserve for a specific purpose in a given year?

- The LEA must carry over the unspent funds and spend them for the specific purpose in the following year—in addition to the reservation for the following year.
- Unspent funds from required reservations are included in the carryover limitation
Carryover

How does the carryover provision apply to equitable services for private school students?

- If an LEA provides equitable services for private school students, any carryover funds would be additional funds for the LEA’s Title I, A program in general the following year.
- If the LEA does not provide equitable services, it must carry over the unobligated funds and spend them to provide equitable services the following year—in addition to the services private school students are entitled to in the following year.

This will be the last year 2016-2017 for carryover of equitable services funds.
Title I is limited to a 15% carryover
- no more waivers with ESSA

Excess Carryover As Risk Indicator
- 25% or more, for grants other than Title I under ESSA
- Federal Carryover reports are available in the GFFC Reports and Data Collections
REAP / Transferability

NEW

- Title V, Part A – Funding Transferability - P.L. 114-95 Sec. 5102 to Sec. 5103
- Title V, Part B
  - Subpart 1 – Small Rural Schools Achievement Program (SRSA) - P.L. 114-995 Sec. 5202
    - SRSA Grant
    - Alternative Fund Use Authority for SRSA – eligible LEAs (REAP)
  - Subpart 2 – Rural and Low Income Schools Program (RLIS) – P.L. 114-995 Sec. 5221 to Sec. 5225
Title V, Part A – Funding Transferability

- The purpose is to allow LEAs the flexibility to target Federal funds to the programs and activities that most effectively address the unique needs
- LEA may transfer all or any lesser amount of funds TO the following (5103(b)):
  - Title I, Part A
  - Title I, Part C
  - Title I, Part D
  - Title II, Part A
  - Title III, Part A
  - Title IV, Part A
  - Title V, Part B NEW
- FROM the following (5103(b)(2)):
  - Title II, Part A
  - Title IV, Part A
Funding Transferability - continued

- Funds that are redirected from applicable fund sources and expended for alternative uses, must be operated under the rules, regulations, and guidelines of the program to which they are being redirected.

- Before an LEA may transfer funds from a program subject to equitable services requirements, it must engage in timely and meaningful consultation with appropriate private school officials (Section 5103(e)(2)). With respect to the transferred funds, the LEA must provide private school students and teacher equitable services under the program(s) to which, and from which, the funds are transferred, based on the total amount of funds available to each program after transfer.
REAP and Funding Transferability

- Funds are not physically transferred on the SAS between fund codes or budget columns.
- Funds maintain their original fund code, class/object code, and other required account code structure following generally accepted accounting principles.
- Only the allowable uses of the funds are redirected to allowable alternative uses.
- An LEA must apply the Title I set-aside provisions to funds it transfers to its Title I allocation.
Title V, Part B – Rural Education Initiative

- Also cited as the Rural Education Achievement Program (REAP)

The purpose is to address the unique needs of rural school districts that frequently

(1) lack the personnel and resources needed to compete effectively for Federal competitive grants; and

(2) receive formula allocations in amounts too small to be effective in meeting their intended purposes.
Title V, Part B, Subpart 1 - SRSA

- The purpose of the Small, Rural School Achievement (SRSA) program is to provide rural LEAs with financial assistance to fund initiatives aimed at improving student academic achievement.

- The SRSA Program provides funds to very small, rural LEAs
  - The USDE awards these grants directly to eligible LEAs
  - More information can be found at https://www2.ed.gov/programs/reapsrsa/index.html
  - SRSA-eligible LEAs also qualify for the Alternative Fund Use Authority §(a) & (c)) that provides additional flexibility in how they can expend federal education funds.
  - This Alternative Fund Use Authority is what was previously known as REAP-flex
SRSA - continued

**NEW**

- All eligible LEAs will need to apply *every year* through G5
- USDE opens up the SRSA application period (tentative) April 3 – June 5, 2017
- LEAs that are dual eligible for SRSA and RLIS have to decide which grant without knowing the funds for either.
The purpose of the Rural and Low-Income School Program (RLIS) is to provide financial assistance to rural districts to meet local academic needs.

RLIS funds a variety of activities including teacher recruitment and professional development, support for education technology, parental involvement activities, and more.

NEW – This grant application will have a new PS3002 which looks like the PS3001
Set Asides, Equitable Services
Set Asides
Activities Conducted with Reserved Funds

<table>
<thead>
<tr>
<th>N/A</th>
<th>Activities Conducted with Reserved Funds</th>
<th>Reserved Funds Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Districtwide Parent Involvement Activities</td>
<td></td>
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<tr>
<td>b.</td>
<td>Title I, Part A, Services to Eligible Private School Students, Not Including Administration</td>
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<td>c.</td>
<td>Preschool Programs</td>
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<td>d.</td>
<td>Administration of Title I, Part A, Programs (including administration of Title I, Part A, programs for eligible private school students and students at facilities for neglected and delinquent)</td>
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<td>e.</td>
<td>Districtwide Professional Development Activities</td>
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<td>f.</td>
<td>Services to Homeless Students Attending Campuses Not Served by Title I, Part A</td>
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<td>g.</td>
<td>Services to Students Residing in Local Facilities for the Neglected</td>
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<td></td>
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<tr>
<td>h.</td>
<td>Services to Students Residing in Local Facilities for the Delinquent</td>
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<tr>
<td>i.</td>
<td>Foster care transportation</td>
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<tr>
<td>j.</td>
<td>Other (specify):</td>
<td></td>
<td></td>
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</tbody>
</table>

Total

<table>
<thead>
<tr>
<th>Total Reserved Funds</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$750 of 750</td>
<td></td>
</tr>
</tbody>
</table>
Before allocating funds to campuses, an LEA shall reserve funds at the district level as necessary for:

- Districtwide Parental Involvement Activities
- Title I, Part A Services to Eligible Private School Children, Not Including Administration
- Preschool Programs
- Administration of Title I, Part A Programs, Including administration for
  - Private school students
  - Students at facilities for the neglected and delinquent
Set Asides - continued

- Districtwide Professional Development Activities
- Services to Homeless Students Attending Campuses Not Served by Title I, Part A
  - NEW – LEAs now may use this reservation for all homeless students
- Services to Students Residing in Local Facilities for the Neglected
- Services to Students Residing in Local Facilities for the Delinquent
  - NEW – Foster Care Transportation
- Other
Set Asides - Continued

Parent and Family Engagement  Sec.1116(a)(3)(D)

- If the LEA receives more than $500,000 in Title I, A funds, the LEA must reserve and expend at least 1% of Title I, A allocation for parental involvement activities.

  - NEW Not less than 90% (Previously 95%) of the 1% must be distributed to Title I, A campuses, with priority to high needs schools.
Set Asides - continued

Activities Conducted with Reserved Funds

- Ensure that reserved funds are appropriated and expended in financial records according to the schedule

- Use appropriate local option codes, organization codes and campus codes to allocate reserved funds
Equitable Services under Title I of ESSA

Must be calculated BEFORE any allowable expenditures and transfers by the LEA!

- General Formula: Based on number of...
  - Private School Students
  - From low-income families
  - Who reside in Title I participating public school attendance areas
Ranking and Serving, Allocations
Campus Eligibility

- An LEA may use Title I, A funds only in eligible school attendance areas.
- The School Attendance Area is the geographical area in which the children reside for that particular school.
Campus Eligibility

An LEA must use the same measure of poverty uniformly throughout the LEA to:

- Identify eligible school attendance areas
- Determine the ranking of each area
- Determine the allocation for each area
Campus Eligibility

The LEA must select a poverty measure from the following options:

- Most recent census data
- Free and Reduced lunch data
- Temporary Assistance for Needy Families (TANF)
- Medicaid program
- A composite of any of the above options
Basis of Eligibility on Application

Determining eligibility:

- Residing
- Enrollment
- Ed-Flex
- One Year Transition
- SW Program Previous Year
- Feeder Pattern
- Optional Method
- Direct Certification
Feeder Pattern

- May be used for the purpose of determining SW eligibility as well as allocations for middle school or high school campuses not meeting eligibility on their own.

- Allows districts to project number of low-income students in middle and high schools based on the average poverty rate of elementary school attendance areas that feed into that school.

(For the purpose of determining both eligibility and allocations)
Feeder Pattern

Example:

Elementary Schools
\[ \frac{455}{835} = 54.49\% \]

Middle School
\[ \frac{100}{500} = 20\% \]
Now=54.49% (Feeder)

High School
Skipped Campus

All of the following conditions must be met in order to “skip” a campus:

- Comparability
  - AND
- Receives supplemental funds from other sources which are expended to meet either the requirements for Section 1114 or 1115;
  - AND
- Supplemental funds equal or exceed the Title I, Part A funds that are not being provided to the “skipped campus”
Eligible School Attendance Areas

The make-up of the district determines whether it is a:

- Single Attendance Area
- Multiple Attendance Area

Different rules apply to each
Single Attendance Area

LEA enrollment < 1000

OR

One campus per grade span

K – 5

6 – 8

9 – 12
Single Attendance Area Requirements

- All campuses are eligible for services
- May serve any or all of their campuses
- LEA is not required to rank order campuses
- 40% low-income percentage is still required for operating a Schoolwide program unless an alternative method is used
- Must apply the 125 Percent Special Allocation Rule when serving any campus that is below 35 percent low-income
Multiple Attendance Area

LEA enrollment of 1000 or more

AND

More than one campus per grade span

K – 5

6 – 8

9 – 12
Multiple Attendance Area Requirements

1. Identify eligible school attendance areas
2. Rank order campuses by poverty percentage without regard to grade span
3. Must serve schools above 75%
4. **NEW** May include high schools 50% or above poverty
5. Remaining Campuses – rank order by grade span or by percentage.
Example of New 50% for High Schools

<table>
<thead>
<tr>
<th>NCLB School</th>
<th>Poverty Rate</th>
<th># Poverty Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albemarle ES</td>
<td>92%</td>
<td>82</td>
</tr>
<tr>
<td>Lincoln Middle</td>
<td>87%</td>
<td>90</td>
</tr>
<tr>
<td>Roosevelt ES</td>
<td>79%</td>
<td>40</td>
</tr>
<tr>
<td>Scott ES</td>
<td>74%</td>
<td>56</td>
</tr>
<tr>
<td>Washington High</td>
<td>70%</td>
<td>160</td>
</tr>
<tr>
<td>Toshiba Charter ES</td>
<td>59%</td>
<td>119</td>
</tr>
<tr>
<td>Key Middle</td>
<td>58%</td>
<td>47</td>
</tr>
<tr>
<td>Brennan High</td>
<td>52%</td>
<td>92</td>
</tr>
<tr>
<td>Smith High</td>
<td>49%</td>
<td>15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ESSA School</th>
<th>Poverty Rate</th>
<th># Poverty Students</th>
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</thead>
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</table>
Campus Allocations

- In determining the per pupil allocation, remember the purpose of Title I, A funding – to enable children who are most at risk to meet the state’s performance standards.

- An LEA must reference its allowability of costs procedures when identifying how the funds are obligated in conjunction with federal statute and/or program regulations on campus allocations.
- All eligible campuses are identified
- The determination is then made as to which campuses will be served
- Then the district must determine a per-pupil allocation for each of the campuses that will be served with Title I, A funds
Single Attendance Allocations

A Single Attendance Area district (less than 1,000 students and/or has only one campus per grade span) may allocate funds to any campus, regardless of rank order of poverty.
Multiple Attendance Allocations

- A Multiple Attendance Area district must allocate funds to campuses in rank order on the basis of the total number of low-income students residing in each attendance area (including nonpublic).
Multiple Attendance Allocations

- Multiple Attendance Area District
  - LEA discretion on per pupil amount (not required to allocate same per pupil amount to each campus)
  - However, the LEA must not allocate a greater per-pupil amount to a campus with a lower poverty rate than it allocates to campuses with higher poverty rates
  - No regard to Schoolwide program or Targeted Assistance
Multiple Attendance Allocations

- Multiple Attendance Area District
  - LEA that chooses to serve campuses with 75% poverty or less using grade span groupings may determine different per pupil amounts for different grade spans – amounts do not exceed campuses above 75%
  - Per pupil amounts within grade spans may also vary – as long as higher poverty rate campuses receive higher per pupil amount than campuses with lower poverty rates
Special 125% Allocation Rule

- If an LEA serves any areas or schools below 35% poverty, the LEA must allocate to all its participating schools an amount for each low-income child in each participating school attendance school that is at least 125% of the LEA’s allocation per low-income child.
Special 125% Allocation Rule

- Total LEA entitlement
  \[
  \frac{\text{Total LEA entitlement}}{\text{Total low-income students in LEA}} = \text{Base amount per pupil}
  \]

- Base amount per pupil x 125%
  \[
  = \text{Minimum amount per pupil to All campuses served}
  \]
Special 125% Allocation Rule

- An LEA calculates 125% of its allocation per low-income child **before reserving any funds**.

- An LEA must allocate at least this amount for each low-income child in every school the LEA serves **with Title I, Part A funds**, not just those schools below 35 percent poverty.

- If remaining funds are not sufficient to fully fund the next ranked eligible school, the LEA may serve the school if it determines that the funds are sufficient to enable children to make adequate progress toward meeting the state’s performance standard.
Special 125% Allocation Rule

1. Supplemental Funds
   • If the LEA uses supplemental state and local funds that meet the intent and purposes of Title I, Part A, then the district may reduce the amount of the Title I, Part A funds required under the 125% rule.

2. Inadequate Funding
   • If remaining funds are not sufficient to fully fund the next ranked eligible school, the LEA may serve the school if it determines that the funds are sufficient to enable children to make adequate progress toward meeting the state’s performance standard.
Special 125% Allocation Rule

3. Feeder Pattern

- If an LEA uses the feeder pattern of an elementary school with a low-income percentage of 35% or more to establish the low-income percentage of a middle or high school whose original low-income percentage was below 35%, the LEA is not required to implement the 125% Special Allocation Rule.

- If the LEA uses the feeder pattern to qualify a campus, the LEA is required to base funding for the campus on the number of low-income students projected by the feeder pattern.
A Documentation of the Source of Low-Income data must be maintained locally by the LEA and available to be submitted to TEA upon request.

### District Total Low-Income Percentage

<table>
<thead>
<tr>
<th>Campus Selection Data</th>
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<tbody>
<tr>
<td></td>
<td>Title I, Part A</td>
<td>Campus Status</td>
<td># Students Served on TA Campus</td>
<td>TA Prog Assur</td>
<td>SW Prog Assur</td>
<td>Other</td>
<td>Consolidated Funds</td>
<td>Per Pupil Amount</td>
<td></td>
</tr>
<tr>
<td>Total Campus Enroll.</td>
<td>Basis of Eligibility</td>
<td>School Low Income %</td>
<td></td>
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<td>1.</td>
<td>Select ✓</td>
<td>Select One ✓</td>
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<td>2.</td>
<td>Select One ✓</td>
<td>Select One ✓</td>
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<td>Totals</td>
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Schoolwide Program

- Funds are used to upgrade the entire educational program of the school to raise academic achievement for all students.

- The campus has 40% or higher low income (Ed-Flex waiver ends July 1, 2017)

- Statute requires one year of planning to become a Title I SW program, unless external technical assistance provider signs off that lesser time meets planning requirements
Targeted Assistance Program

- A targeted assistance campus is one that receives Title I, A funds yet is ineligible for a schoolwide program or has chosen not to operate a Title I, A schoolwide program.

- Services are provided to a select group of children—those identified as failing, or most at risk of failing, to meet the State's challenging content and student performance standards.

- The campus has less than 40% low income percentage.
Targeted Assistance Programs

- Supplemental services to eligible children identified as having the greatest need for special assistance

- Local Education Agency (LEA) establishes multiple, educationally related, objective criteria to determine which children are eligible to participate in Title I, A.
Use of Funds, Allowability of Costs
Allowability of Costs

- Comprehensive Needs Assessment (CNA)
  - Does the expenditure tie back to a need?

- Campus Improvement Plan (CIP)
  - Does the expenditure have an activity in the CIP

- Evaluation
  - How the campus will measure the impact on student achievement?

- Are the needs of students at risk of not meeting State Standards being met?
Allowability of Costs (200.403-405)

a. Necessary and Reasonable
   - Necessary for the performance of the program
   - Reasonable: does not exceed that which would be incurred by a prudent person under the circumstances
   - Allocable to the award

b. Conforms to limitations or exclusions

c. Consistent with policies and procedures
Allowability of Costs (200.403-405)

d. Treated Consistently
   • A cost cannot be assigned as a direct cost for the same purpose that it has been allocated
     as an indirect cost

e. Determined in accordance with (GAAP)

f. Not used to meet cost sharing requirements

g. Adequately documented
Reasonable, Necessary, and Allocable

Cost is **reasonable** if:

- Does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost
- Comparable to current market value

Cost is **necessary** if:

- Essential for fulfilling the intent of the grant program

Cost is **allocable** if:

- The goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.
Supplement, Not Supplant
Supplement, Not Supplant

Title I, Part A

- For compliance: LEA shall demonstrate a methodology used to allocate State and Local funds to each school, this ensures that schools receive all the State and Local funds it would otherwise receive if it were not receiving Title I funds

- Supplemental Funds Test
  - TEA website at [http://tea.texas.gov/grants/schoolwidefundingandaccounting1/](http://tea.texas.gov/grants/schoolwidefundingandaccounting1/)
Supplement, Not Supplant

Title I, Part A

- LEA does not have to identify individual costs or services as supplemental or,
- Provide services through a particular instructional method or in a particular instructional setting to demonstrate compliance
- Activities still must be addressed in the CNA, CIP, and Evaluation

All Other ESSA grants still have the Supplement, Not Supplant requirements
Maintenance of Effort
Maintenance of Effort (MOE)

- Regulations and guidance:
  - ESSA – Public Law 114-95, sections 1118(a), 8521(b), and 8521(c)
  - The combined fiscal effort per student or the aggregate expenditures of the LEA from state and local funds from the preceding fiscal year must not be less than 90% of the second preceding fiscal year.
  - For the 2016-2017, we are still under NCLB

ESSA makes *NEW* changes to MOE requirement
- *NEW* – The LEA is not subject to sanctions for failing to maintain 90% effort, provided that it has not failed to meet MOE for one or more of five immediate preceding fiscal years
Maintenance of Effort (MOE)

- In this example, the LEA is **not subject to sanctions** for failing MOE in fiscal year (FY) 2016
Maintenance of Effort (MOE)

- In this example, the LEA is subject to sanctions for failing MOE in fiscal year (FY) 2016
- Sanctions: TEA reduces the 2017-2018 school year (FY 2018) covered program allocations in the exact proportion by which the LEA fails to meet the requirement by falling below 90%

<table>
<thead>
<tr>
<th>Compliance review fiscal year</th>
<th>FY 2016</th>
<th>Noncompliant</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st preceding fiscal year</td>
<td>FY 2015</td>
<td>Compliant</td>
</tr>
<tr>
<td>2nd preceding fiscal year</td>
<td>FY 2014</td>
<td>Compliant</td>
</tr>
<tr>
<td>3rd preceding fiscal year</td>
<td>FY 2013</td>
<td>Noncompliant</td>
</tr>
<tr>
<td>4th preceding fiscal year</td>
<td>FY 2012</td>
<td>Compliant</td>
</tr>
<tr>
<td>5th preceding fiscal year</td>
<td>FY 2011</td>
<td>Compliant</td>
</tr>
</tbody>
</table>
Maintenance of Effort (MOE)

- Secretary may waive requirements if it is determined that such a waiver would be equitable due to:
  - Exceptional or uncontrollable circumstances, such as natural disaster
  - NEW – “A change in the organizational structure of the LEA”
  - A precipitous decline in the financial resources of the LEA

- Apply to USDE not TEA
  - No specific definition of change in the organizational structure
  - Would be compliant if the LEA passes the waiver
## Determining MOE (From NCLB)

<table>
<thead>
<tr>
<th>Category</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>11</td>
</tr>
<tr>
<td>Instructional Leadership (previously Administration)</td>
<td>21</td>
</tr>
<tr>
<td>Instructional Leadership (previously Administration)</td>
<td>12</td>
</tr>
<tr>
<td>Curriculum Development and Instructional Staff Development</td>
<td>13</td>
</tr>
<tr>
<td>School Leadership</td>
<td>23</td>
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<tr>
<td>Guidance and Counseling Services</td>
<td>31</td>
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<tr>
<td>Social Work Services</td>
<td>32</td>
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<tr>
<td>Health Services</td>
<td>33</td>
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<tr>
<td>Student (Pupil) Transportation</td>
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<tr>
<td><strong>Deficits</strong> for Cocurricular/Extracurricular Student Body Activities</td>
<td>36</td>
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<td><strong>Deficits</strong> for Food Services</td>
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<tr>
<td>General Administration</td>
<td>41</td>
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<tr>
<td>Plant Maintenance and Operation</td>
<td>51</td>
</tr>
<tr>
<td>Data Processing Services</td>
<td>53</td>
</tr>
</tbody>
</table>
Determining MOE (From ESSA)

- Include state and local expenditures for:
  - Instruction
  - Instructional resources and media services
  - Curriculum and instructional staff development
  - Instructional leadership
  - School leadership
  - Guidance and counseling service
  - Social work services
  - Health services
  - Student (pupil) transportation
  - General administration
  - Plant maintenance and operations
  - Data processing services
Determining MOE

- **Exclude** any state and local expenditures for:
  - Funds from federal government
  - Community services
  - Capital outlay
  - Debt service
  - Supplemental expenditures made as a result of a declared disaster
MOE Test Methods

An LEA needs to meet at least **ONE** of the following four tests to be compliant:

1. The LEA’s total state and local expenditures must equal or exceed 90% of expenditures during the previous fiscal year.
2. Total state and local expenditures per-pupil for **refined average daily attendance** (RADA) must equal or exceed 90% of the amount it expended during the previous fiscal year.
3. Total state and local expenditures per-pupil for **membership** must equal or exceed 90% of what it expended during the previous fiscal year.
4. Total state and local expenditures per-pupil for **enrollment** must equal or exceed 90% of what it expended during the previous fiscal year.
MOE Calculation Tool


The tool is what TEA uses to determine MOE
Comparability
Comparability

- ESSA makes no changes to the comparability of services requirement
- This is not the same as the methodology for Supplemental, Not Supplant
- The intent of the comparability of services requirement is to ensure that an LEA does not discriminate (either intentionally or unintentionally) against its Title I, A schools when distributing resources funded from state and local sources simply because these schools receive federal funds.
- ALL LEAs are required to complete the Comparability Assurance Document (CAD)
Testing of Expenditures
Testing of Grant Expenditures

Payroll transaction attributes tested

- Was the position approved in the budget?
- Was the job description signed, dated, and did it describe activities that are allowed in the grant? Was it updated to reflect current job duties?
- Was the position supported by laws, rules, regulations and the grant application?
- Is the program/activity/strategy that is being funded described in the district/campus improvement plan?
Testing of Grant Expenditures

Payroll transaction attributes tested

- Did the payroll records match the source(s) of funding?
- Did the teacher/paraprofessional meet the state certification (teacher) or highly qualified (paraprofessional) requirements?
- Was the payroll cost incurred within the allowable grant period?
Tracking Personnel Expenses 200.430(i)

Payroll transaction attributes tested

- All employees must maintain documentation showing that their salaries are allocable to a federal program 200.403(a);

- That documentation must be based on records that accurately reflect the work performed
Time and Effort Documentation

Payroll transaction attributes tested

- T & E documentation maintained for the employee worked on a single cost objective or was 100% funded by the grant
- T & E documentation maintained for the employee worked on a multiple cost objectives
- After-the-fact distribution of actual activity
- Accounted for the total activity for which the employee was compensated
- Time Allocation agrees to the Payroll Cost Allocation
Substitute System of Time and Effort

Conditions for Employee Participation

- Must currently work on a schedule that includes multiple activities or cost objective that must be supported by monthly PARs
- Must work on specific activities or cost objectives based on a predetermined, consistent schedule
- May not work on multiple activities or cost objectives at the exact same time (example – federal program director)
Testing of Grant Expenditures

Non-Payroll transaction attributes tested

- Was the expenditure reasonable and necessary to further the statutory purpose, or did it pertain to a required or authorized activity?
- Was the cost of the goods or services chargeable or assignable to the grant in accordance with the relative benefits received?
- Was the expenditure supplemental to other non-federal programs? (Depends on the program)
- Did the accounting record include an original and complete internal accounting document (i.e., executed contract, purchase order, payment authorization form, expense reimbursement form, travel reimbursement form, etc.)?
Testing of Grant Expenditures

Non-Payroll transaction attributes tested

- Did the accounting record include an original and complete third-party document (i.e., utility billing statement, itemized receipt, itemized invoice, etc.)?
- Was an approved purchase order issued prior to the invoice date?
- Did the accounting record indicate that the transaction was approved by a(n) authorized individual(s)?
- Was the item approved in the program budget per the grant application? (Note if the cost and/or activity was approved on a specific line item or schedule, where applicable.)
- Did the purchase meet the appropriate procurement standards?
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