

ESSA Fiscal Issues

Every Student Succeeds Act

Reauthorization of the Elementary and Secondary Education Act
Effective July 1, 2017

Rob Huffman
Cody Stoesser
Office of Grants Management

Formula Grants to School Districts

- Consolidated Application Programs
 - Title I Part A - Improving Basic Programs
 - Title II Part A – Supporting Effective Instruction
 - Title IV Part A – Student Support and Academic Enrichment Grants
 - Other Programs with Limited Eligibility
 - Title V Part B – Rural and Low-Income Schools
 - Title I Part D – Programs for Delinquent or At Risk Children

Other ESSA Programs

- Other ESSA Programs Applications
 - Title I Part C – Migrant
 - Title III - English Language Acquisition
 - School Improvement Grants Under Title I Part A Section 1003 for schools identified for:
 - Comprehensive Support and Improvement (lowest performing schools)
 - Targeted Support and Improvement (consistently underperforming subgroups)

ESSA Program Use of Funds

The screenshot shows a web page titled "ESSA Use of Funds Document" from the Illinois State Department of Education's Grants Management System. The page contains a header with the department name and a main content area with text and a navigation bar at the bottom.

Title I District Level Program

- Districts must reserve Title I funds for the following required activities:
 - Homeless children services, an amount necessary based on an assessment of needs.
 - Parent and family engagement
 - At least 1 % if District allocation is > \$500,000
 - 90% of the 1% must be distributed to schools
 - Equitable services for eligible private school students
 - Children in local institutions for neglected children

Title I District Level Discretion

- Administration (reasonable and necessary)
 - Including indirect costs
- Other Examples of Districtwide Programs
 - Preschool
 - Professional Development
 - Summer School
 - Technical Advisors

Title I School Level Programs

- Two School Level Program Models
 - Schoolwide Programs
 - Upgrade entire educational program
 - All students are considered Title I students
 - Must develop a plan describing services based on a comprehensive needs assessment.
 - Targeted Assistance Programs
 - Targeted help to students that are failing or at risk of failing

Schoolwide Programs

- Schools with at least 40% poverty
 - May obtain poverty rate waiver from the State
- All Students and staff may participate
- Use Title I funds to support reasonable activities designed to improve the school's educational programs as long as it is consistent with the school's schoolwide plan.

Schoolwide Plan

- A strategic tool that identifies school needs and the strategies to address those needs.
- Must be based on a **comprehensive needs assessment** of the entire school.
- If the school consolidates other funds under the schoolwide plan, it must list the specific state, local, and federal programs that will be included.

Schoolwide Ongoing Process

- Remain in effect for the duration of the school's participation in Title I.
- The school must regularly monitor and revise their plan as necessary based on student needs.
- Must be available to parents and the public and understandable to the extent practical.

Targeted Assistance Programs

- Title I funds can only be used to help specifically identified students meet state standards.
 - Expanded learning time, including before and after school programs.
 - Extra supports aligned to the regular education program.
 - Minimize the removal of children from regular classroom during regular classroom hours.
 - Professional development to staff who work with eligible students.

New Title I Supplement, not Supplant

- Title I funds should add to (supplement) and not replace (supplant) state and local funds.
- New Title I SNS test under ESSA
 - SNS does not look at how Districts and schools spend Title I funds.
 - Instead SNS looks at how a District distributes its state and local funds to schools.
- Please Note: The SNS test did not change for other ESSA programs.

SNS New Title I Test

- The District must **demonstrate that the methodology it used to allocate state and local funds** to schools provides each Title I school with all the state and local money it would receive if it did not participate in the Title I program.

Allocation Methodology

- ESSA does not prohibit the district from varying the distribution of state and local funds to schools based on different school characteristics.
- However, the district must demonstrate its distribution process does not take away state and local funds from Title I schools because these schools receive federal Title I funds.

SNS Questions for Districts

- How do you distribute state and local funds/resources to schools?
 - Positions in the schools (student/teacher ratio)
 - Weighted student funding formula
 - A combination of these approaches
- How do you currently document the distribution method?

Title I Part A Equitable Services

- Expenditures for equitable services to eligible private school children, teachers and other educational personnel, and families must be equal to the proportion of funds allocated to participating public school attendance areas based on the number of children from low-income families who reside in those attendance areas and attend private schools.

Title I Change to Requirement

- Districts must determine the amount of funds available for providing equitable services prior to any reservations previously taken "off the top" of the district's allocation.
- Amounts were previously determined when distributing funds to participating school attendance areas.

Title I Proportionate Share for Equitable Services

- Determine the total number of children from low-income families residing in participating public school attendance areas who attend public and private schools.
- Determine the overall proportion of these children who attend private schools.
- Based on this proportion, determine the amount of funds available for equitable services from the LEA's total Title I allocation.

Title I Administrative Costs for Equitable Services

- From the proportionate share of Title I funds available to provide equitable services, an LEA may reserve an amount that is reasonable and necessary to administer equitable services.
- An LEA determines this amount separately from the funds needed to administer the Title I program for students in public schools.

Title I Proportionate Share Example \$1,000,000 LEA Allocation

EXAMPLE OF DETERMINING THE AMOUNT OF TITLE I FUNDS FOR EQUITABLE SERVICES

Public School Attendance Area	Number of Public School Low-Income Children	Number of Private School Low-Income Children	Total Number of Low-Income Children
A	500	120	620
B	300	0	300
C	200	0	200
D	250	15	265
TOTAL	1,450	135	1,585
PROPORTIONATE SHARE:	90%	10%	
	\$900,000	\$100,000	

GMS Set-aside Table

Title I Equitable Share	Public	Non-Public	Total
Low Income Students in Participating Title I School Attendance Areas	1320	350	1670
Percentage	80.0%	20.0%	100.0%
Proportional Amounts	900,000	100,000	1,000,000
Administration	25,000	5,000	30,000
Indirect Costs (1% in this example)	18,000	2,000	20,000
Total District Wide Reservations	43,000	7,000	50,000
Funds Available for Non Public Instruction and Professional Development		93,000	
Non Public Low Income Student Amount		420	
Funds Available for Allocation to Public Schools	857,000		

New Equitable Services Requirement (All ESSA programs subject to equitable services)

- Funds allocated for equitable private school services must be obligated in the fiscal year for which the funds are received.
- Ensure entitled equitable services are provided in a timely manner.
- Reinforces that the district conduct timely consultation with private school officials so services can begin at the start of the school year.

Carryover Unobligated Funds?

- The District is expected to provide services in a timely manner.
- In extenuating circumstances, if the district is unable to obligate all funds in a responsible manner, the funds may remain available for equitable services during the subsequent school year.
- The District must consult with private school officials on the use of these funds.

Title II Part A Formula Changes

- The previous law included a hold harmless base amount equal to the LEA's combined allocations in Federal FY 2001 (SY 2001-02) for:
 - Eisenhower Professional Development Program
 - Class-Size Reduction Program
 - The hold harmless amounts made up 92% of the amounts allocated to SD LEAs in SY 2016-17 so only 8% was distributed by formula.

Title II A New Distribution Formula

- Hold Harmless was eliminated so now 100% distributed by the formula.
- 20 percent based on relative numbers of children ages 5 -17 who reside in the LEA based on the most recent Census data.
- 80 percent based on the relative numbers of children ages 5 -17 who reside in the LEA from families with incomes below the poverty line based on the most recent Census data.

Affect of Title II Allocation Change

- Hold Harmless amounts were established in SY 2001-02 based on student counts from 1997 Census Data.
- SY 2017-18 Title II A allocations are based on 2015 Census Data.
- Significant Population Changes occurred over this time period.

Title II Equitable Services Change

- The prior law allowed the district to reserve off the top the amounts it used for class size reduction and teacher recruitment costs.
 - ESSA removed this exception.
- The equitable services amount is now based on the district's total Title II allocation, less administrative costs.
- Per-pupil basis for all public and participating private school students

Example Title II A

EXAMPLE OF FORMULA TO DETERMINE AMOUNT FOR TITLE II, PART A EQUITABLE EXPENDITURES	
A. Number of Students	
A1. LEA Enrollment	900
A2. Participating Private Schools Enrollment	100
A3. Total Enrollment = A1 + A2	1,000
B. Title II, Part A Allocation	
B1. Total LEA Allocation	\$1,200,000
B2. Administrative Costs (for public and private school programs)	\$50,000
B3. LEA Allocation Minus Admin. Costs = B1-B2	\$550,000
C. Per Pupil Rate	
C1. B3 divided by A3	\$550
D. Equitable Services	
Amount LEA must reserve for equitable services for private school teachers and other educational personnel = A2 x C1	\$95,000

Title IV Part A Program

- Student Support and Academic Enrichment (SSAE) Grants
- New Formula grant to LEAs starting in SY 2017-18
- Direct Administration Costs are capped at 2%

Title IV, Part A Funding

Allocations

- Funds are allocated to LEAs by formula in the same proportion as their prior year's proportion of the overall Title I, Part A allocations.
- Minimum LEA allocation: \$10,000.
- The State must ratably reduce all LEA allocations above \$10,000, until no LEA is below \$10,000.
- An LEA must have received a Title I A allocation in the prior year to qualify for a Title IV A allocation.

Title IV Part A Use of Funds Overview

- Well-rounded educational opportunities,
- Safe and healthy students, and
- The effective use of technology.

Title IV Part A Allowable Activities

- Examples of allowable Title IV A Program Activities listed in this presentation are not an exhaustive list of allowable activities, but rather describe a range of practices that are illustrative of the possibilities and flexibilities under the law.

Well-Rounded Education Allowable Activities Examples

- College and career guidance and counseling programs
- Music and the arts
- Accelerated learning programs
- Foreign language instruction
- Environmental education
- Volunteerism and community involvement
- Programs and activities that integrate multiple disciplines
- Science, technology, engineering, and mathematics, including computer science (STEM)

Support Safe and Healthy Students Activities Examples

- Preventing bullying and harassment
- Relationship building skills
- School dropout prevention
- Re-entry programs and transition services for justice-involved youth
- School readiness and academic success
- Child sexual abuse awareness and prevention
- Reducing use of exclusionary discipline practices & promoting supportive school discipline
- Suicide prevention

Continued Safe and Healthy Examples

- Drug and violence prevention
- Health and safety practices in school athletic programs
- School-based health and mental health services
- Healthy, active lifestyle
- Nutritional education
- Physical activities
- Trauma-informed classroom management
- Preventing use of alcohol, tobacco, smokeless tobacco, electronic cigarettes
- Chronic disease management

Effective Use of Technology Activities Examples

- Provide educators, school leaders, and administrators with the professional learning tools, devices, content and resources to do the following activities, among other allowable uses:
 - Provide personalized learning;
 - Discover, adapt and share high-quality resources;
 - Implement blended learning strategies; and
 - Implement school-and district-wide approaches to inform instruction, support teacher collaboration, and personalize learning.
 - Help educators learn how to use technology to increase the engagement of English Learner (EL) students;
 - Develop or implement specialized or rigorous academic courses using technology, including assistive technology; and
 - Support professional learning for STEM, including computer science.

Title IV Part A Equitable Services

- The LEA must reserve funds to provide SSAE services to eligible private school children, teachers, and other educational personnel in private schools.
- Base equitable share on public and participating private school enrollments counts.
 - See previous Title II Part A example calculation.

Transferability Authority

- LEAs may transfer funds they receive by formula under certain programs to other programs to better address local needs.
- **REAP-Flex LEAs should NOT use Transferability**

ESSA Transferability Changes

- Additional programs from and to which an LEA may transfer funds.
- Removed the limits on the amount of funds that may be transferred.
 - Now 100% (Previously 50%)

Updated Programs from which an LEA May Transfer Funds

- Title II, Part A – Supporting effective instruction state grants
- Title IV, Part A – Student support and academic enrichment grants

Updated Consolidated Application Programs to which an LEA May Transfer Funds

- Title I, Part A – Improving basic programs operated by LEAs
- Title II, Part A – Supporting effective instruction state grants
- Title IV, Part A – Student support and academic enrichment
- Title V, Part B – Rural and low income schools (RLIS)

Also Programs not in Consolidated Application - Title III and Title I Part C – Contact DOE if considering.

What rules and requirements apply to Transferred Funds?

- Funds transferred are subject to the rules and requirements of the receiving program.
- Still need to track the transferred funds by Federal program revenue source.
 - GMS will draw down transferred funds and carryover funds first.
 - Check the GMS Payment Funding Details table on Reimbursement Request after payment is made to verify breakdown.

GMS Funding Detail Example

Payment Breakdown Example in the GMS
1st Payment of the Year

Payment Type	Amount	Fund Stream Program	Reporting Category			
			Year	Code	Federal Aid #	
PAYMENT	\$22	Title I	2017	15511	150016511YR1	Title I C/O
PAYMENT	\$2,094	Title IA	2017	15541	150015541YR1	Title C/O Transfer In
PAYMENT	\$74,304	Title IA	2017	17541	170017541YR1	Title II Transfer In
PAYMENT	\$14,499	Title I	2017	17511	170017511YR1	Title I Current
Total	\$91,429					

Transferability and Equitable Services

- Before an LEA may transfer funds it must engage in timely and meaningful consultation with appropriate private school officials.
- The LEA must provide private school students and teachers equitable services under the program based on the total amount of funds available to each program after the transfer.

Transferability versus REAP-Flex

- Should an LEA eligible for REAP-Flex use Transferability? No
 - REAP-Flex eligible LEAs have more flexibility to use funds than Transferability provides.

Transferability Compared to REAP Flex

- REAP Flex expands the allowable use of program funds, but the funds are not actually transferred from one program to another.
 - Still need to track by Federal Program revenue source.
- REAP Flex allows the use of applicable program funds to carry out activities authorized under other programs.
- But, the funds are not subject to the rules and requirements of the programs authorizing the activity.

REAP FLEX Allowable Activities Authorized under the Following Programs

- Title I-A (Improving Basic Programs)
- Title II-A (Supporting Effective Instruction)
- Title III (Language Instruction for English Learners and Immigrant Students)
- **New** -Title IV-A (Student Support and Academic Enrichment)
- Title IV-B (21st Century Community Learning Centers)
- **No Longer Available** - Title V Part A (Innovative Programs)

Tracking REAP-Flex Funding

- Still need to track the REAP-Flex funds by Federal program revenue source.
 - GMS will draw down funds in the following order
 - Title II Part A carryover funds
 - Title IV Part A current funds
 - Title II Part A current funds
 - Check the GMS Payment Funding Details table on Reimbursement Request after payment is made to verify breakdown.

Example REAP-Flex Payment

Example REAP-Flex Payment Breakdown on the GAS

Payment Type	Amount	Fund Stream		Reporting Category			
		Program	Year	Code	Federal Aid #		
PAYMENT	\$1,000	Title IA	2017	16541	100016541YR1		Title C/O
PAYMENT	\$10,000	Title IV A	2017	17541	170011710YR1		Title IV A Current
PAYMENT	\$3,000	Title IA	2017	17541	1700117541YR1		Title II A Current
Total	\$14,000						

US Ed UGG Information Website

- Uniform Grant Guidance 2 CFR Part 200
- <https://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>

Uniform Grant Guidance - Determining Allowable Costs (2CFR 200.403)

- Costs must be:
 - Necessary, reasonable and allocable,
 - Conform to the cost principles in Subpart E of the UGG
 - Consistent with policies and procedures that apply uniformly to federal and non-federal activities
 - Consistent treatment as direct or indirect costs
 - In accordance with GAAP
 - Adequately documented

Internal Controls over compliance

- Transactions are properly recorded to:
 - Permit the preparation of reliable financial statements and reports.
 - Maintain accountability over assets
 - Demonstrate compliance
- Funds, property, and other assets are safeguarded against loss from unauthorized use of disposition.

Written Procedures for Determining Allowable Costs

- UGG requires that LEAs develop written procedures to ensure that costs are allowed under the Federal program and in accordance with the cost principles in the UGG.

Questions to consider

- Who develops the federal program budget?
- Who verifies that the approved budget aligns with the business office accounting records?
- Who is responsible for ensuring that costs are allowable and that funds are expended consistent with the approved budget?
- Who ensures proper supporting documentation is maintained?

UGG requires SD DOE Monitor its LEAs

- Begins with the Application Process
- Also includes Risk Based Monitoring (not covered today)
 - Onsite fiscal and programmatic
 - Desk reviews – fiscal and programmatic
 - Technical assistance

Approved Application

- SD DOE staff reviews LEAs applications to ensure the program and fiscal requirements are met, and budgeted activities and costs appear to be allowable before approving applications.
- SD DOE expects that the LEA will conduct activities and expend funds consistent with the plan and budget in the approved application.
- Proposed amendments or revisions should be submitted to SD DOE and approved before incurring costs.

Track Program Expenditures

- Each Federal program's budget expenditures must be tracked separately.
 - School level budgets for Title I Part A
- The LEA must be able to identify the Federal program revenue source for each expenditure.

Payment Requests on GMS

- Should be submitted at least quarterly to ensure proper fiscal and program management. (May be submitted monthly)
- Must be consistent with the program budget in the approved application.
- The LEA should maintain a project ledger that matches each payment request submitted on the GMS.
- A project ledger from the LEA's accounting records should match the grant close out report submitted on the GMS.
- Sufficient documentation should be available to support the project ledger and determine if costs are allowable.

Potential Consequences

- If SD DOE finds that payment requests:
 - are not according to budget,
 - are not adequately documented,
 - include costs that cannot be identified, or
 - otherwise determined to be inappropriate or unallowable.
- the costs may be disallowed,
- corrective actions plans may be required,
- added risk factor for monitoring selection, and
- supporting documentation may be required prior to future payment authorizations.

Questions

