

Title I and Title II Finance Meeting

Regional Meeting
August 30, 2016
Spartanburg School District Six

Agenda

- Federal Programs Background
- Regs, Regs, Regs
- Risk Assessment / Audit Findings
- Allowable Use of Funds
- Supplement, Not Supplant
- Maintenance of Effort
- Comparability
- GAPS
- Monitoring

ESEA BACKGROUND AND PURPOSE

ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

Roy Stehle

Director of Federal and State
Accountability

Title I

- Title I is the first title in the ESEA of 1965 as reauthorized as the NCLB Act of 2001 and now as ESSA of 2015.
- Title I is the largest federal aid program for K-12 schools.
- The purpose is to ensure that all students have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging state academic achievement standards and assessments.

Title I

- South Carolina receives over \$200 million in Title I funds.
- The vast majority of funds are allocated to districts, and through districts, to schools.
- Title I is designed to support state and local school reform efforts.
- Title I is designed to support teaching and learning for students who are most at risk of not meeting state standards.

Title II

- Title II provides funding to states for professional development and for class size reduction teachers.
- ESSA places emphasis on professional development of teacher leaders and school and district administrators.
- Class size reduction teachers are allowed, but must be supported by research.
- S.C. receives about \$27 million in Title II funding, but the formula is going to change under ESSA. The state may see a reduction in the future.

Title I/ Title II

- Coordinators have a **major responsibility** to see that the funds that flow to the districts are used for the educational purposes intended in the law.
- Coordinators have a **major role** in overseeing that the funds which are spent are in compliance with applicable law, regulations, and guidance.
- Coordinators need to be well versed in both program and compliance.

Title I/Title II

- **Coordinators need to be up-to-date on the latest in education reform efforts and to understand curriculum and instruction.**
- **Coordinators need to know the law, the regulations, and guidance related to Title I.**
- **Coordinators also need to be familiar with EDGAR (Education Department General Administrative Regulations).**

Title I

Tips to survive:

- Learn federal programs from multiple perspectives.
- Evaluate your program activities.
- Understand and control your budgets.
- Tap outside resources.
- Train your staff and those you work with.
- Be visible – be the Title I expert.
- Seek help from veterans.
- Work with your SEA staff.

Questions



Regs, Regs, Regs

Audrey Shifflett

Grants Program

Division for Legal Services

Requirements for Title I and Title II

Agenda

- I. Reminders and Hierarchy of Federal Requirements
- II. Overview of 34 CFR Part 76
- III. Overview of 2 CFR Part 200
- IV. Changes to Reduce Risk of Waste, Fraud, and Abuse
- V. Resources

Disclaimer

This presentation is designed to help participants understand federal regulations including parts of 34 CFR Part 76 and the Uniform Grant Guidance in 2 CFR Part 200.

This presentation is *not a substitute* for reading the regulations.



Reminder: Grant Manager's Role

Manage administration of a specific grant program:

- **Programmatic activities** to achieve the proposed goals and objectives
- **Financial activities** to achieve prudent and fiscal management of grant funds
- **Record keeping activities** to ensure accurate documentation
- **Compliance activities** to fulfill all grant program requirements, including accurate reporting and closeout.



Compliance with what?

Grant Requirements



and **EDGAR**

Education Department General Administrative Regulations
(US Department of Education (USED))

Comply with Requirements

- Federal Grant and Cooperative Agreement Act
- Authorizing Legislation (programmatic statute)
- Appropriations Language/Law
- Administrative Statutes (i.e., Single Audit Act of 1984)
- Federal Regulations - agency-specific (i.e., 34 CFR Part 200, EDGAR)
- Federal Regulations - cross-cutting, like 2 CFR Part 200 and 2 CFR Part 25
- Non-Regulatory Guidance
- Letters and Press Releases



Title I and Title II

Authorizing Legislation: Title I and Title IX, as applicable, of the **Elementary and Secondary Education Act** as reauthorized by **NCLB**

Appropriations Language/Law:
Consolidated Appropriations Act of 2016



Title I and Title II

Implementing Regulation: 34 CFR Part 200

Title I Improving the Academic Achievement of the Disadvantaged

**Subpart A – Improving Basic Programs
Operated by LEAs**

EDGAR

- [34 CFR Part 76](#) State-Administered Programs (except for 76.650–76.662)
- [34 CFR Part 77](#) Definitions
- [34 CFR Part 81](#) General Education Provisions Act–Enforcement
- [34 CFR Part 82](#) Restrictions on Lobbying
- [2 CFR Part 200](#), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (a.k.a. [UGG](#))



“As Adopted at”

Cross-cutting regulation made “agency-specific”

For example, USED regulations:

- 2 CFR Part 180 Debarment and Suspension **as adopted at 2 CFR Part 3485**
- 2 CFR Part 200 (UGG) **as adopted at 2 CFR Part 3474**



34 CFR Part 76 State-Administered

9 Subparts

Subpart A – General

Subpart B – How a State Applies for a Grant

Subpart C – How a Grant is Made to a State

Subpart D – How to Apply to the State for a Subgrant

Subpart E – How a Subgrant is Made to an Applicant



34 CFR Part 76 State-Administered, cont.

**Subpart F – What Conditions Must Be Met
by the State and Its Subgrantees?**

**Subpart G – What Are the Administrative
Responsibilities of the State
and Its Subgrantees?**

Subpart H – How Does a State or LEA Allocate
Funds to Charter Schools?

Subpart I – What Procedures Does the Secretary
Use to Get Compliance?



In Subpart G—General Administrative Responsibilities

34 CFR Part 76.707 – When Obligations Are Made

If the obligation is for—	The obligation is made—
(b) Personal services by an employee of the state or subgrantee	When the services are performed.
(c) Personal services by a contractor who is not an employee of the state or subgrantee	On the date on which the state or subgrantee makes a binding written commitment to obtain the services.
(f) Travel	When the travel is taken.

2 CFR Part 200 (UGG)

- Effective as of 12/24/14, for federal grant awards and subawards
- Incorporates administrative regulations, cost principles, and audit regulations into **one set** of regulations
- Goals - streamline federal regulations and strengthen oversight to **reduce risk** of waste, fraud, and abuse.



2 CFR Part 200 (UGG) Overview

5 Subparts and 12 Appendices

- **Subpart A – Acronyms and Definitions**
- Subpart B – General Provisions
- Subpart C – Pre-Award Requirements and Contents of Federal Awards
- **Subpart D – Post-Award Requirements**
- **Subpart E – Cost Principles**
- Subpart F – Audit Requirements

2 CFR Part 200 - Appendices

- I. Full text notice of funding opportunity**
- II. Contract provisions for nonfederal entity contracts**
- III. Indirect cost information for IHEs**
- IV. Indirect cost information for nonprofits**
- V. State/local/tribal government cost allocation plans**
- VI. Public assistance cost allocation plans**

2 CFR Part 200 – Appendices, cont.

- VII. State/local/tribal government indirect cost proposals**
- VIII. Nonprofits exempted from Subpart E-Cost Principles**
- IX. Hospital cost principles**
- X. Data collection form (Form SF-SAC)**
- XI. Compliance supplement**
- XII. Award term and condition for recipient integrity and performance matters**



Things to Know

- If a federal program statute or regulation conflicts with the UGG, then statute or regulation governs
- UGG changed >60 items related to grants management
 - Know what changes affect your district
 - Know where to find answers



Key Definitions

- 2 CFR Part 200.20 – Computing Devices
- § 200.21 – Compliance Supplement
- § 200.28 – Cost Objective
- § 200.33 – Equipment
- § 200.61 – Internal Controls
- § 200.62 – Internal Controls over
Compliance Requirements for
Federal Awards

Post-Award—Financial

2 CFR Part 200.302 – Financial Management

Written policies/procedures for

- Cash Management § 200.302(b)(6) and § 200.305
- Allowability of Cost Procedures § 200.302(b)(7), Cost Principles in Subpart E, and 34 CFR Part 76.707 When Obligations are Made



Post-Award—Procurement Standards

- 2 CFR Part 200.318 – General Procurement
Written standards of conduct covering
Conflicts of Interest § 200.318(c)
- 2 CFR Part 200.319 – Competition
Written procedures for Procurement
Transactions § 200.319 (c).



Cost Principles

2 CFR Part 200.474 – Travel Costs

References compliance with the
nonfederal entity's **written travel
policy § 200.474(b)**

Note: SC limits subgrant funds for travel

See **Terms and Conditions for Federal Subawards,**
item J

State Limits Subgrant Funds for Travel

- J. Travel Costs.** Travel costs, if allowed under this solicitation, must not exceed limits noted in the United States General Services Administration (www.gsa.gov) regulations for lodging. Meals and incidentals are limited by the state budget proviso, currently **not to exceed \$25 per day for in-state travel** and \$32 for out-of-state travel (see page 91 of the document at <http://www.cg.sc.gov/guidanceandformsforstateagencies/Documents/CGsAPP/9-30-2015/DisbursementReg-9-30-15edit.pdf>). Mileage reimbursement must follow the current Office of Comptroller General instructions, which is consistent with the published IRS rates.

Reminder—procedures define...

- **Who performs the procedure?**
- **What steps are performed?**
- **When are the steps performed?**
- **How are the steps are performed?**

See recorded webinar on Internal Controls at <http://ed.sc.gov/finance/grants/scde-grants-program/subgrant-summer-training/>

“...strengthen oversight to reduce the risk of waste, fraud, and abuse”



SC charter school head guilty of embezzlement



Dinkins-Robinson, right, leaves the federal courthouse in Columbia last week. JOHN MONK

Fraud

Director of M.L. Dinkins Charter School

- **Set up 4 shell companies and paid them with USED Title I and USDA Child Nutrition funds**
- **Scheme totaled approx. \$1.5 million**
- **Convicted in federal court (jury trial)**
- **Serving 3.5 years in federal penitentiary**

Abuse



Districts had to reimburse Title I funds

- \$38,000 expended for a “team building” event at a Kiawah Island spa
- Salary and benefits for Title I coordinator who, in the district’s Title I plan, spent 85% of time on Title I, but actually spent < 15%

See 2 CFR Part 200.303 Internal Controls

Waste

Desk audit found unaccountable Title I inventory totaling \$20,000

- Site visit – three schools
 - Accounted for all but approximately \$900
 - District inventory clerk and some principals **failed to follow written procedures** for inventory control
- District must return unaccounted for funds.

Subaward Notification

10. Scope of Work and/or Special Conditions (continued on page 2):

C. Expenditure claims must be submitted at least **quarterly** to the SCDE's Grants Accounting Processing System.

Assurances, Terms, and Conditions for Federal Subawards Terms and Conditions

F. **Submission of Expenditure Reports.** Claims for reimbursement **must** be made **at least quarterly** and consistent with calendar quarters (e.g., an expenditure report claim for costs for January 1 through March 30 must be filed by May 15).

So...

- A district's Title I funds are accessible when the budget is entered into GAPS and approved
- Expenditure claims are due quarterly
- Somehow, no expenditure claims are submitted until June.

What tax monies were used for the expenses each quarter?





Think about it

Is it Waste?

Is it Abuse?

What is the legislated purpose for the funds?

What happens when

- a program officer is looking for funds?
- a legislator/senator is looking for funds?



EDUCATION

August 11, 2016

Education chief fires three after federal funds are misspent

By Kate Royals

SunHerald

EDUCATION

AUGUST 12, 2016 11:42 AM

Funding cuts loom for after-school programs, state says

The incident is "the latest example of what has become **a pattern of poor decision-making and mismanagement** at the Mississippi Department of Education," Gov. Phil Bryant said in a written statement. "The State Board of Education must remedy this immediately."

Questions



Resources

- Electronic Code of Federal Regulations www.ecfr.gov
- USED's Technical Assistance on UGG
<http://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>
- USED's EDGAR web site
<http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- SCDE Guidelines for Retaining Documentation to Support Expenditures Claims (Aug 3, 2016)
<http://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/guidelines-for-retaining-documentation-to-support-expenditures/>
- U.S. Government Accountability Office (GAO)'s "Greenbook" (internal control) www.gao.gov/greenbook
- COFAR website www.cfo.gov/cofar

For More Information

SCDE Summer Training for Federal Subgrant Recipients (recorded webinars)

<http://ed.sc.gov/finance/grants/scde-grants-program/subgrant-summer-training/>

The Grants Program

grants@ed.sc.gov

803-734-5810

Risk Assessment/ Audit Findings

Nancy Williams

Chief Financial Officer

Federal Awarding Agency Review of Risk Posed by Applicants

2 CFR Part 200.205

- a. Prior to making a federal award, the federal awarding agency is **required to review information available** through any OMB-designated repositories of governmentwide eligibility qualification or financial integrity information as appropriate.

Federal Awarding Agency Review of Risk Posed by Applicants

2 CFR Part 200.205, cont.

- b. the federal awarding agency must have in place a framework for evaluating the risks posed by applicants before they receive federal awards.

Federal Awarding Agency Review of Risk Posed by Applicants

2 CFR Part 200.205, cont.

In evaluating risks posed by applicants, the federal awarding agency may use a risk-based approach and **may consider any items** such as the following:

- 1) Financial stability;
- 2) Quality of management systems and ability to meet the management standards prescribed in 2 CFR Part 200;

Federal Awarding Agency Review of Risk Posed by Applicants

2 CFR Part 200.205, cont.

- 3) History of performance. The applicant's record in managing federal award, including **timeliness of compliance** with applicable reporting requirements, conformance to the terms and conditions of previous federal awards, and if applicable, the extent to which **any previously awarded amounts will be expended prior to future awards;**

Federal Awarding Agency Review of Risk Posed by Applicants

2 CFR Part 200.205, cont.

- 4) Reports and findings from audits performed under Subpart F—Audit Requirements of this part or the reports and findings of any other available audits; and
- 5) The applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on non-federal entities.

Risk Assessment

2 CFR Part 200.331

Evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward which may include consideration of such factors as:

- 1) The subrecipient's **prior experience** with the same or similar subawards;
- 2) The **results of previous audits** including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part,

Risk Assessment

2 CFR Part 200.331, cont.

- 3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- 4) The extent and results of federal awarding agency monitoring (e.g., if the subrecipient also receives federal awards directly from a federal awarding agency).

SCDE's Risk Assessment

- Formed working group to address UGG requirements
- Developed specific risk assessment criteria, tiers, and weightings
- Solicited input from all federal program grant managers and Office of Finance
- Formulated total risk score for all LEA and non-LEA subgrantees of federal funds and determined which are high, medium, and low risk.



Risk Criteria

Criteria 1 – Key Personnel Turnover

Experience of key personnel

Criteria 2 – Required Reporting

Required program reporting submitted and
timeliness of submission



Risk Criteria, cont.

Criteria 3 – Programmatic Compliance

- Instances of programmatic noncompliance
- Minimal or significant deficiencies noted

Criteria 4 – Fiscal Compliance

Level of fiscal deficiencies noted during monitoring visits

Criteria 5 – Performance

Were performance requirements, expectations, and outcomes met?



Risk Criteria, cont.

Criteria 6 – Technical Assistance

Frequency and need for technical support and assistance

Criteria 7 – Financial Stability

The percentage of general fund unassigned balance to general fund total expenditures

Criteria 8 – Management Systems

Internal control findings or federal award noncompliance findings noted in annual audit report

Risk Criteria, cont.

Criteria 9 – Audit Report Submission

Submission of annual audit in the LEA Audit Reporting System (LARS) by December 1st

Criteria 10 – Other Material Factors

- LEAs – accreditation, cheating/test security violations, etc.
- Non-LEAs – litigation, bankruptcy, etc.

Now What?

How can
you **reduce**
your risk
score?





Subrecipient Responsibilities

- Submit all required reports, both financial and programmatic, on time
- Ensure all new personnel are high quality and are properly trained
- Understand all programmatic regulations, requirements, performance measures, and expected outcomes and comply



Subrecipient Responsibilities, cont.

- **Ensure all costs charged to federal programs are allowable**
- **Submit at least quarterly expenditure reports in GAPS**
- **Document all policies and procedures related to financial management**
- **Ensure proper segregation of duties**



Subrecipient Responsibilities, cont.

- **Maintain sufficient operating funds**
- **Correct all accreditation deficiencies**
- **Ensure test security procedures are followed**

Notification and Next Steps

- State Superintendent will notify all subgrantees identified at risk of noncompliance (i.e., **high risk**)
- As allowed under CFR Part 200.207(b), specific conditions will be imposed on affected subgrants; can include
 - **withholding authority to proceed to the next phase until receipt of evidence of acceptable performance**
 - **requiring additional, more detailed financial reports**
 - **requiring additional project monitoring**
 - **requiring subgrantee obtain technical or management assistance**
 - **establishing additional prior approvals.**



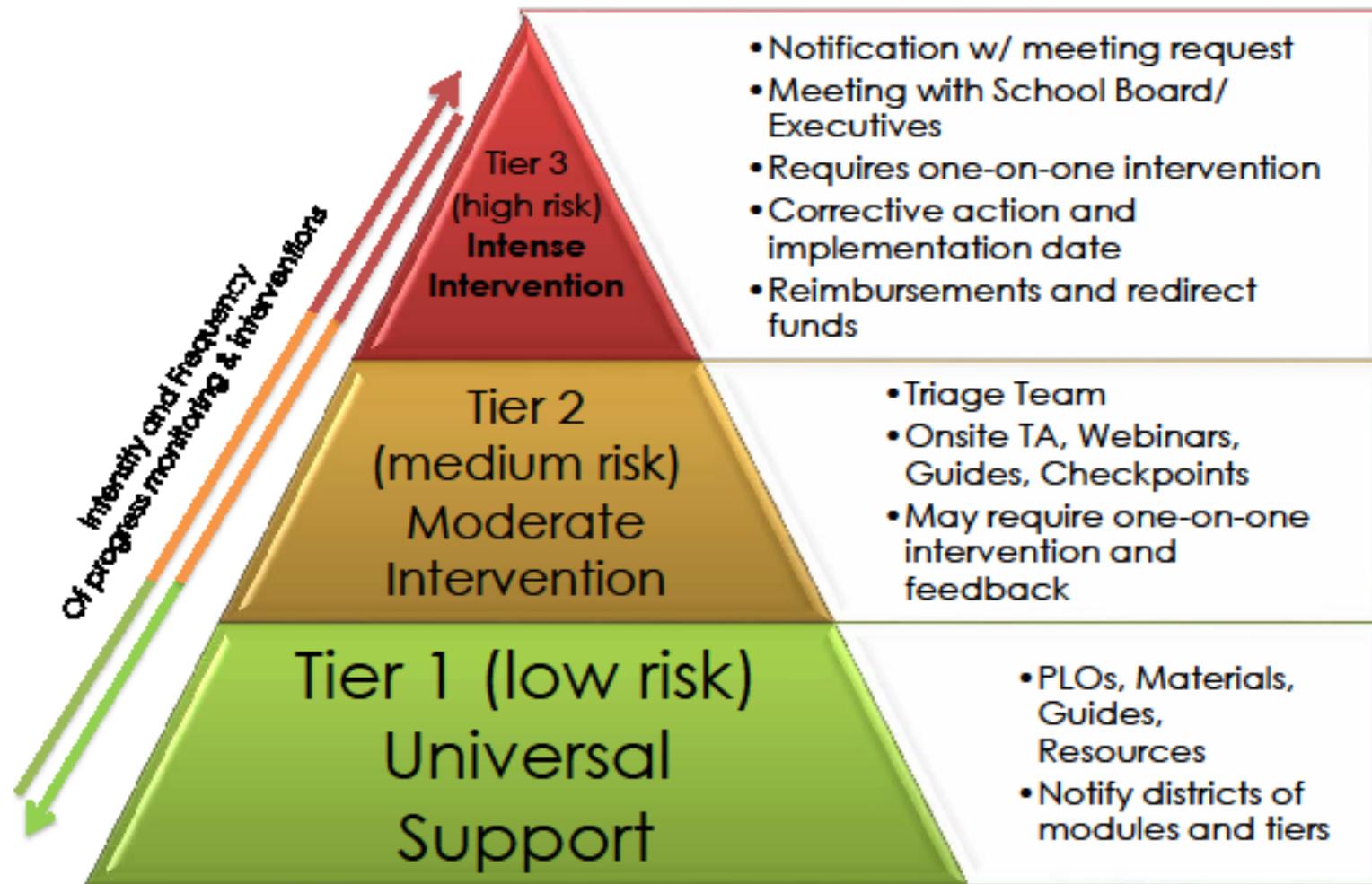
Notification and Next Steps, cont.

Subgrantees identified as **medium and low risk** should

- review **2 CFR Part 200**
- take **immediate action** to come into compliance.

Risk will be assessed on an **annual** basis.

Response to Intervention (RTI)



Tiers based on risk assessment scale.

Remedies for Noncompliance

If imposing specific conditions do not remedy subgrantee's risk of noncompliance, the SCDE can take **further actions** allowable under 2 CFR Part 200.338:

- a) Temporarily **withhold cash payments** pending correction of the deficiency...or **more severe enforcement action**
- b) Disallow (i.e, deny **both** use of funds and any applicable matching credit for) **all or part** of the **cost of the activity or action** not in compliance
- c) Wholly or partly **suspend or terminate** the subaward

Remedies for Noncompliance, cont.

- d) Recommend the federal awarding agency (US Department of Education or US Department of Agriculture) **initiate suspension or debarment proceedings** as authorized under 2 CFR part 180 and federal agency regulations
- e) Withhold **further federal awards** for project or program
- f) Take **other remedies** that may be legally available.



LEA Requirement for Charter Schools

A school district that is a charter school's sponsor (i.e., authorizer) is responsible for oversight.

Oversight includes assessing the charter school's risk of noncompliance with established statutes, regulations, and the terms and conditions of all federal grant awards (i.e., subgrants to the charter school).

Common Audit Findings

Lack of Written Procedures

1. Cash Management Procedure—
§ 200.302(b)(6) & § 200.305
2. Allowability Procedures— § 200.302(b)(7)
3. Conflicts of Interest Policy—§ 200.318(c)
4. Procurement Procedures—§ 200.319(c)
5. Travel Policy—§ 200.474(b)

Lack of Time and Effort Reporting

- **Personnel Activity Reports**
- **Semi-Annual Certifications**

Lack of Segregation of Duties

- Separate authorization, recording, and custody functions.

Additional Audit Findings

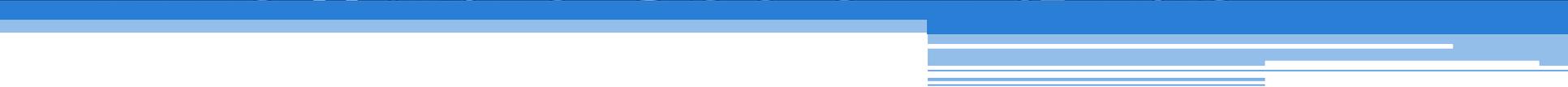
- **Failure to Prepare Financial Statements and note disclosures**
- **Inadequate or no supporting documentation for expenditures**
- **Reconciliations of accounts not performed or not performed timely**
- **Failure to determine whether vendors are suspended or debarred from receiving federal funds**

Questions?





Allowable Use of Funds



Jewell Stanley

Title I, Team Leader

Allowable Use of Funds

Levels of Complexity:

- 2 CFR Part 200– Basic allowability
- EDGAR Part 76 – General allowability for the USED
- ESEA Law and Regulations
- ESEA Program Guidance
- USED Policy Letters



2 CFR Part 200

(200.403)

To be allowable, a cost must **generally**

a.) be necessary and reasonable for the performance of the Federal award and allocable thereto under these principals.

2 CFR Part 200

b.) Conform to any limitations or exclusion set forth in these principals or in the Federal award as to types or amounts of cost items;

c.) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

2 CFR Part 200

d.) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

e.) Be determined in accordance with generally accepted accounting principles (GAAP), except for state and local governments.

2 CFR Part 200

f.) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either current or a prior period.

g.) Be adequately documented.

Allowable Costs in an LEA Plan

Types of District Set-Asides

Required Set-Asides:

1. Parent Involvement - One percent (1%) of the current year allocation must be reserved (if current allocation is \$500,000 or more).
 - Ninety-five (95) percent of the 1% for Parent Involvement **must** be allocated to Title I schools. ***(90 % in the 2017-2018 SY)***
2. Homeless - District **must** set aside funds for homeless (no pre-determined percentage is required).

Required set-asides (cont.):

3. ~~Highly Qualified (HQ) Professional Development~~ – A district whose teachers are not all HQ **must** set aside funds (as needed) for professional development to obtain HQ status (Not required according to the Transitioning to Every Student Succeeds Act (ESSA) Frequently Asked Questions document dated June 29, 2016. See question C-7.)

Non-required Set-Asides:

1. LEA Administration: Used for funding administrative staff, supplies, equipment, travel, etc. at the district level for Title I administrative purposes.
1. Other – Summer school, pre-school programs, additional professional development, school improvement, etc.
 - * Activities must be in Title I schools only, except pre-school programs.

District Set- Asides

- Reflects:

 - District's total requested amount

 - District's set-asides

Amount available to allocate to schools

Consultation

LEAs must consult with teachers, pupil services personnel (where appropriate), principals, and parents of children in participating schools in determining, as a part of the LEA plan, what reservations are needed.



Remember that **poverty** is the only factor on which a district may determine funding. In other words, an LEA may not allocate funds based on the instructional model, educational need, or any other non-poverty factor.

Supplemental District Set-Asides

Guiding principles- All plans should be examined to determine if supplement, not supplant will be violated.

- Examine activities, programs, or interventions to see if they fit best in a school allocation or as a district set-aside.
- Have rationale or justification for placing the funding for programs, activities, or interventions in a district set-aside instead of allocating funds directly to the schools.

Supplemental District Set-Asides

- USED monitoring of states has resulted in findings of district set-asides where funds were used or distributed to schools without regard to poverty or per pupil allocation (PPA).

Supplemental District Set-asides

- Rationale for set asides should be apparent. (Examples- LEA Administration, district sponsored Title I summer school program held at one site serving several schools, Pre-K).
- *Note: If the district is serving private schools, then these schools need to be consulted as well when planning supplemental set-asides.*

Supplemental District Set-asides

Examples of Allowable District Set-Asides:

- LEA administration including indirect cost
- Preschool programs
- Parent Involvement above the 1%
- Specific program strategies at Title I schools
- District wide staff to work at Title I schools
- **Supplemental** nurses/social workers
- District interventions at Title I schools that are “Focus”, “Priority” or by Federal Accountability Grade, such as schools earning a “D” or “F” rating

Supplemental District Set-asides

- Set-asides for the purchase of supplies and technology without being tied to an allowable activity, program, or intervention are not allowable.



Allowable Use of Funds in School Wide Plans

Implementing a Schoolwide Program

There are three components of a schoolwide program that are essential to effective implementation:

- **Conducting a comprehensive needs assessment of the entire school,**
- **Preparing a comprehensive schoolwide plan; and**
- **Reviewing the schoolwide plan annually.**



Make the Connection

- The schoolwide activities must tie back to the comprehensive needs assessment.
- Do not include an activity or expenditure if the school cannot demonstrate a need for it in the comprehensive needs assessment.



Allowable vs Non-allowable

Allowable

- **Salaries and Benefits**
(teacher to reduce class size or to provide remediation services)
- **Professional Development**
(Conference attendance or bringing in a speaker or consultant)
- **Instructional Supplies and Materials**
(purchasing supplemental reading or math programs; books for PLCs)
- **Family Engagement Activities**
- **Extended Day Programs**

Non-allowable

- **Entertainment Costs**
(including amusement, social activities, and ceremonials and any associated costs)
- **Field Trips** (amusement parks; fairs)
- **Gift Certificates/Gift Cards**
- **Student Incentives ****
(exceeding 1% of allocation)

Allowable Costs

In deciding whether a cost is allowable, you need to decide if it fits the grant program.

- Do your homework as not everyone you talk to will have the “right” answer.
- Look at flexibility as what you want to do may not fit one grant program, but may fit another program.
- Be able to “defend” your position and your decision.

When determining if expenditures are appropriate, ask the following questions:

- How does this expenditure directly support student achievement for at-risk students?
- How does this expenditure directly support meaningful professional development?



When determining if expenditures are appropriate, ask the following questions:

- How does this expenditure increase the participation of parents in school activities or assist parents to support student achievement?
- How does this expenditure foster continuous improvement and evaluate activities to modify or discontinue?



Allowable Costs

- There is no single list of allowable Title I or ESEA activities.
- The most inclusive guidance is the Title I Use of ARRA Funds Guidance from September 2009.
- Check with your district's policies. District policies can be more restrictive than Title I regarding allowability.

Allowable Costs

If you are unsure about whether a cost is allowable – always check with your Finance Department and your Title I Program Manager (SCDE).

Title II Allowable Use of Funds

Karen Cook

Title II, Part A

Allowable Uses of Funding (Overview)

- **Recruitment and Retention of Highly Effective teachers and principals**
- **Coursework and scientifically based professional development**
- **Class size reduction**
- **Testing expenses /courses to complete add-on certifications**
- **New teacher mentoring**

Recruitment Strategies - Examples

- Monetary incentives for certified teachers in hard-to-fill core academic classroom positions
- Moving expenses for certified core academic teachers
- High quality mentoring
- Recruiting qualified professionals from other fields and provide them with alternative routes to teacher certification (i.e., PACE)

Retention Strategies for Teachers - Examples

- Monetary incentives for highly effective teachers; defined increased student achievement criteria
- Reimbursement for coursework that meets criteria and is tied to teaching assignment
- Stipends for mentoring, conducting or participating in professional development activities beyond the contracted days

Professional Development for Whom?

- Core academic teachers
- Superintendents and Assistant Superintendents
- Principals and Assistant Principals
 - Professional development to help the above mentioned become better managers and instructional leaders
- Does not extend to other administrative personnel
- Superintendents, Assistant Superintendents, Principals, Assistant Principals and core academic teachers also holds true for private schools

Add-On Certifications – Examples

- **Gifted and Talented**
- **ESOL**
- **Read to Succeed**
- **Advanced Placement (AP)**
- **Educator wishing to add additional grades or subjects to their certificate**

Non-Allowable Activities

- Food
- General substitute teachers
- Instructional materials
- MAP testing and other benchmark testing
- Technology /equipment
- Recruitment giveaways with district logo

Cost Principles

- To be allowable, a cost must generally

1. be necessary and reasonable for the proper and efficient performance and administration of the grant award (a cost is generally reasonable if, in nature and amount, it does not exceed that which would be incurred by a prudent person under the similar circumstances at the time the decision was made to incur the cost);

Cost Principles

Travel

- Travel costs are allowable for approved expenses for transportation, lodging, subsistence, & related items incurred. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip, and results in charges consistent with those normally allowed in like circumstances in non-federally-sponsored activities.

MEALS	DEPART BEFORE	RETURN AFTER	IN-STATE	OUT- OF- STATE
Breakfast	6:30 AM	11:00AM	\$ 6.00	\$ 7.00
Lunch	11:00 AM	1:30 PM	\$7.00	\$9.00
Supper	5:15 PM	8:30 PM	\$12.00	\$16.00
DAILY MAXIMUM ALLOWANCE			\$25.00	\$32.00

- Lodging – GSA rates (www.gsa.gov/perdiem)

Cost Principles

In deciding whether a cost is allowable, it must fit the grant program. The activity may not fit one grant program, but may fit another program. Consider transferring funds, when appropriate. Call on the SCDE for feedback.

Carryover

- Does not exist for Title II, Part A
- Funds are available for two grants simultaneously:
 - 2016 Title II: July 1, 2015-June 30, 2017
 - 2017 Title II: July 1, 2016-June 30, 2018
 - Continue to spend 2016 Title II money on activities that were approved in the 2016 Plan.
 - Spend “old money” first

Questions



Supplement, Not Supplant

Roy Stehle

Director of Federal and State Accountability

Supplement, Not Supplant

According to federal guidance:

LEAs may use Title I funds only to supplement or increase the level of funds that would, in the absence of Title I funds, be made available from non-federal sources for the education of students participating in Title I programs.

Supplement, Not Supplant

~In plain language - Please~

- Another way to look at supplement, not supplant is to ask the question - what would districts and schools be required to offer in the absence of any federal funding? For example – the state required Defined Minimum Program for elementary schools.
- Title I funds (and most federal funds) should be used in addition to state and/or local funding and not in the place of state or local funding.
- Title I funds should not be used **to meet** other federal requirements (Title III, IDEA, etc.)

How to Determine if Activities are Supplemental

- Testing for Presumptions of Supplanting:
 - Is it required by the state, district, or federal statute or regulation?
 - Are the same services provided for in non-Title I schools or students with (non-supplemental) state/local funds?
 - Were these activities paid for in prior years with state/local funds?

Other Questions to Consider

- Are the Title I schools receiving similar services provided for by state/local funding as non-Title schools?
- Are Title I schools receiving their “fair share”?
- Are the Title I schools being treated comparably (similar positions, technology, etc.)?

Supplanting Defense/Rebuttals

- Similar activity is funded in a non-Title school with supplemental funding, such as the following:
 - State At-Risk Funding
 - Discretionary Grant
 - Possibly, other funds that all schools are not eligible
 - This is generally known as the “exclusion” rule to supplement, not supplant.
 - An example might be an afterschool program funded with Title I funds at Title I schools and funded with state At Risk funding at non Title I schools.

Supplanting Defense/Rebuttals

- Activities funded in prior year with state/local funds
 - However, the state/local funds used to pay for activities were reduced/eliminated, and during budget prioritization the activities are to be eliminated
 - Document in Board agendas, minutes, etc.
 - Document via directives from the state (funding levels, allocations, etc.)
 - Budget reports/meetings

Supplanting Defense/Rebuttals

- Activities required by local, state, or federal statute
- This presumption of supplanting is almost always not rebuttable. It is presumed that in the absence of federal funding, the district/school would be required to do the activity anyway.
- Basic ESOL programs would be a good example of a program that districts would have to provide in the absence of any federal funding.

Supplemental Title I Activities

- Common supplemental uses of Title I funds:
 - Decreasing class size (below state requirements)
 - Providing extra supplies/materials
 - Providing additional professional development
 - Extending learning time (before/after school or summer school)
 - Funding extra support services - nurses, guidance counselors, etc.

Always call your Title I Program Contact to get an opinion on supplement, not supplant issues.

Supplement, Not Supplant

- Under ESSA, supplement, not supplant will change.
- “Specifically, it requires that a district “demonstrate that the methodology used to allocate State and local funds to each [Title I school] ensures that such school receives all of the State and local funds it would otherwise receive if it were not receiving assistance under [Title I].” A district must meet this requirement not later than two years after the date of enactment of the ESSA — *i.e.*, by December 10, 2017.” (from draft position paper)

Supplement, Not Supplant

- The SCDE will work with districts to develop a methodology which might include a staffing formula and weighted per pupil funding.
- There is no final regulation but one proposed draft would have the methodology measure expenditures at Title I and non-Title I schools.

Questions



Maintenance of Effort

Greg King

Education Associate

What is MOE?

- Maintenance of Effort (MOE) is a federal requirement that requires grant recipients and/or sub-recipients to maintain a certain level of state/local fiscal effort to be eligible for full participation in federal grant funding.



In Other Words

- MOE requires LEAs to demonstrate that the level of state and local funding remains relatively constant from year to year.
- An LEA may receive Title I funds only if the LEA has maintained its fiscal effort.

The Underlying Principle

- The district is responsible for maintaining effort in providing a free public education to all students from year to year.
- Title I funds are *in addition (supplemental)* to the required education that all students receive.

Purpose

- To ensure the recipient of federal funds does not spend those funds in place of state and local dollars
- To ensure the recipient spends their state and local funds for the same activities that would be provided if federal dollars were not available



Items Removed From MOE Calculation

Expenditures for

- Community Services
- Capital Outlay
- Debt Service
- Pupil Services (272 & 273)
- Supplementary expenses as a result of a presidentially declared disaster
- Funds provided by the Federal Government

“Meeting” MOE

Step 1:

Preceding Year Audit Report Total Expenditures:

(Refer to the audited Location Reconciliation Schedule)

\$ 15,200,000

Step 2:

Items Subtracted From Total Expenditures in Step 1:

(List page number for each data source from Audit Report.)

Federal Expenditures (SEFA) Page

\$595,000

Capital Outlay (Attach Report)

170,000.00

Debt Service Page

73,500.00

Community Services Page

1,600.00

Pupil Activity Fund Page

45,000.00

Intergovernmental Page

9,800.00

Total Amount Excluded:

\$ (894,900.00)

Total Expenditures for MOE Calculation:

\$ 14,305,100.00

Step 3:

135 ADM:

2,105

The per pupil MOE calculated for the preceding year

from Audit Year 2014 _____:

\$ 6,795.77

Step 4:

The per pupil MOE calculated for the second preceding year

from Audit Year 2013 _____: (Attach Worksheet)

\$ 6,576.98

Met MOE Requirements? *

Met MOE

*Compare the per pupil MOE in step 3 to the per pupil MOE of step 4. The per pupil amount in step 3 must be not less than ninety percent of the per pupil amount in step 4 to meet the MOE requirement.



“Meeting” MOE

- MOE is based on the two previous years
- Districts meet MOE if
2015 state/local effort = is at least 90% of 2014

For example:

MOE for 2014:	\$7,305.50
MOE for 2015:	<u>\$7,246.03</u>
Difference	(\$59.47)
90% of \$7,305.50 - Min amount required to meet MOE	<u>\$6,574.95</u>
\$7,246.03 > \$6,574.95 so MOE <u>has been met</u>	

Note:

- Allocation reduction if an LEA fails to meet the MOE requirement
- The state has no authority to waive the MOE requirement. ED may waive the requirement for the following:
 - exceptional or uncontrollable circumstances, such as natural disaster
 - a precipitous and unforeseen decline in the financial resources of the State
 - basically, situations that you would not want to be in

Not "Meeting" MOE

Step 3:

135 ADM:	2105		
The per pupil MOE calculated for the <u>preceding</u> year from Audit Year <u>2014</u> :	\$5,000.00		

Step 4:

The per pupil MOE calculated for the <u>second preceding</u> year from Audit Year <u>2013</u> :	\$6,576.98	\$5,919.28	90%
Met MOE Requirements? *		\$5,000.00	15.53%
		Not Met	

If the LEA fails to meet the 90 percent mark for any fiscal year, the SEA must reduce the amount of funds allocated under a Title program in the exact proportion to which an LEA fails to meet the 90 percent requirement.

MOE - 2014	\$5,000.00		
MOE - 2013	\$5,919.28		
	(\$919.28)	15.53%	84.47%
Reduction in Allocation (1576.98/6576.98)	15.53%		

Total Fiscal Effect On District

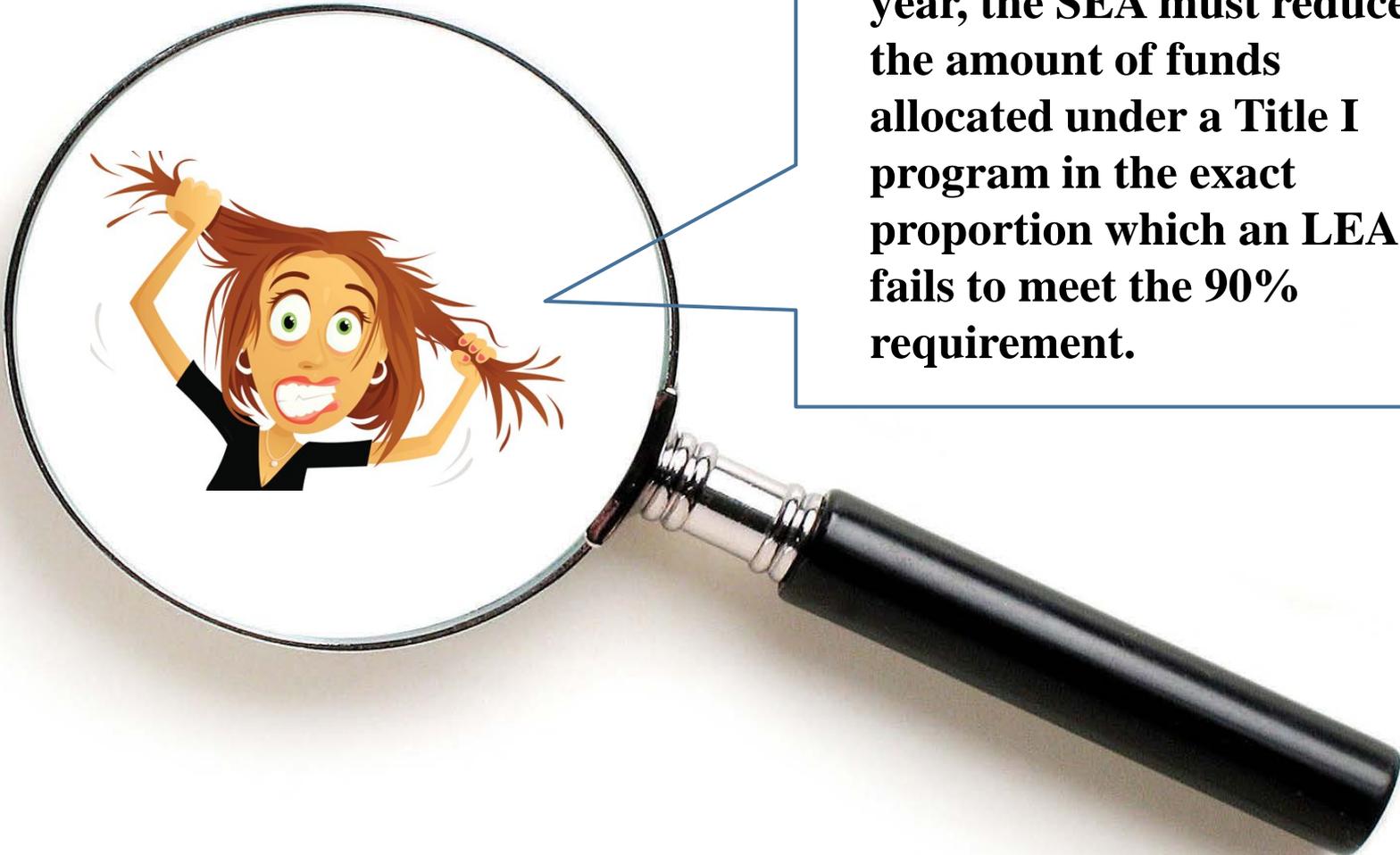
Reduction in Allocation (\$1,500,000 - 15.53%)	\$232,950.00
MOE Baseline Make Up (%5,000-\$6,500) * ADM (2105)	\$3,157,500.00
Total Deficit to Make Up	\$3,390,450.00

MOE - 2012 (Third preceding year)	\$6,500.00
-----------------------------------	------------

The MOE for the fiscal year immediately following the fiscal year in which the LEA failed to meet MOE must be no less than 90 percent of the expenditures for the third preceding year.

Results of Not Meeting MOE

If an LEA fails to meet the 90 % mark for any fiscal year, the SEA must reduce the amount of funds allocated under a Title I program in the exact proportion which an LEA fails to meet the 90% requirement.



**Due to state/local budget reductions,
meeting the MOE 90% requirement may
be much more difficult to achieve!!!**

**Coordinate with district financial staff and
the Office of Federal and State
Accountability to prepare!!!**

**Greg King
803-734-0025
gking@ed.sc.gov**

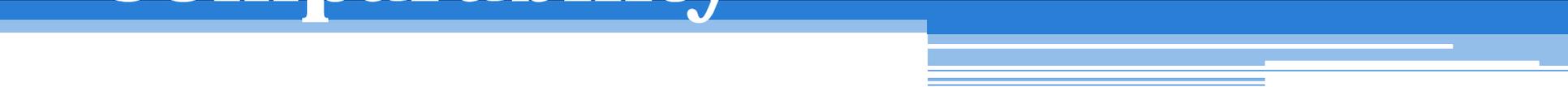
Tips To Meeting and Reviewing MOE

- Don't Reinvent the Wheel
 - Use and fully complete the form from the SCDE website...It works! Do not use “custom” forms.
 - <http://ed.sc.gov/policy/federal-education-programs/title-i/title-i-administration/maintenance-of-effort-moe-and-comparability/maintenance-of-effort-moe/>
- Work Closely with your Finance Director
- Review Quarterly (give yourself time to make adjustments)
- Ask Questions

Questions



Comparability



David Boison

Education Associate

Comparability

- Comparability means **FAIRNESS**
- **Fairness** in funding
- **Required** by ESSA, Section 1120A(c)

Comparability

- Required **every year** you receive Title I funding
 - **Unless** one school per grade span
 - **Or** one large school and one small school

Comparability

- Complete by **NOVEMBER 15**
- Comparable by **JANUARY 15**

Comparability

Federal criteria:

- District-wide salary schedule
- District policy to ensure equivalence of staff
- District policy to ensure equivalence in materials and supplies
- **Assurance # 27!!!**

Comparability

Federal criteria (continued)

- Test
- SCDE picks the test
- In SC, the test = **student : teacher**

Comparability

- If student:teacher ratio does not work:
 - Adjust funding source
 - Use another method (contact SCDE first)
 - Move people

Comparability

PROCEDURE:

- Must count students and teachers **ON SAME DAY!**
- Compare Title I schools by grade spans you serve,
- Compare non-Title I to Title I schools, *or*
- If all Title I schools, compare least poor to most poor.

Comparability

PROCEDURE: (continued)

- Count students using districts **ADM** program
- Count allowed staff using best possible system (ex. personnel or finance)
- Do not count three year olds or four year olds

Comparability

PROCEDURE: (continued)

- Source data must be **verifiable** by an auditor
- Social security numbers and salaries are **not** needed.
- A K-8 school can be counted as one K-5 and one 6-8 school.
- A K-2, 3-5 or similar school can be excluded if only one in district.

Comparability

PROCEDURE: (continued)

- Use SCDE form

or

- District produced form (as long as all information is included)

Comparability

School	Grade Span	Student Enrollment	FTE Instructional Staff	Student/ Instructional Staff Ratio	Comparable ?
Title I Elementary Schools					
Beaufort Elementary	KG - 5	528	* 70.2	7.5	Yes
Broad River Elementary	KG - 5	510	49.4	10.3	Yes
Davis Elementary	KG - 5	417	38.7	10.8	Yes
Shanklin Elementary	KG - 5	726	59	12.3	Yes
Port Royal Elementary	KG - 5	189	16	11.8	Yes
St. Helena Elementary	KG - 5	808	56	14.4	No
Shell Point Elementary	KG - 5	673	60	11.2	Yes
Non-Title I Elementary Schools					
Hilton Head	KG - 5	1,764	114.5	15.4	
Lady's Island	KG - 5	757	70.0	10.8	
MC Riley	KG - 5	1,005	88.0	11.4	
Mossy Oaks	KG - 5	484	42.0	11.5	
Total		4,010	314.5	12.8	
110% of Student/FTE ratio for non-Title I schools *				14.08	

Questions



Grants Accounting Processing System (GAPS)

Felicia Poston

Fiscal Manager, Grants Accounting

Grants Accounting and GAPS

Title I Coordinators Need Grant Coordinator Role for GAPS

- Regardless of whether they are the individual entering budget or not

Quarterly Expenditure Reporting Required

- Due by end of month following end of quarter once budget has been approved
- If these aren't submitted timely, risk assessment score will go up

Budget amendments must be submitted prior to expenditures being obligated – federal regulations state that expenditures must be approved prior to obligation. If not, you're out of federal compliance.

Please Note: General deadline for budget amendments is three weeks prior to end of expenditure period unless noted differently in GAN.

Grants Accounting and GAPS (continued)

Final submission deadline for June 30, 20XX , Expenditures will always be August 15, 20XX, regardless of the award period of the grant and/or the day of the week that this date falls on.

Please review reports to verify that all line items have been submitted to SCDE Finance – items can't be in “Presubmittal” or “Submitted to Finance Approver Status”. If they are, they haven't been submitted to the SCDE for payment and will not be paid.

GAPS Reports Available

Two Types of Reports Available

Budget

Budget Summary – High level report to show budget balance

* Budget Details – Budget Balance by line item and **Approval Status**

Budget Status – Summary report – probably not useful for you

* Budget Actuals Summary – Budget balance/pending items

Expenditures

Expenditure Summary – High level report to show net funds remaining

*Expenditure Details – Line item expenditures report and **Approval**

Status

Expenditure Status – Summary report – probably not useful for you

Expenditure Refund Details – To view status of **Expenditure Refunds**

Additional Tips.

Reports can be sorted by clicking on column headings if needed

Most reports can be exported to EXCEL for further sorting and/or filtering

Accessing Reports in GAPS

To view Budget Status

The screenshot displays the GAPS Administrator interface. At the top right, there are links for "Admin Page", "GAPS Administrator", "Member Center", and "Logout". The main header features the "SOUTH CAROLINA STATE DEPARTMENT OF EDUCATION" logo. Below the header is a navigation bar with four tabs: "Home", "Application", "Finance", and "Admin". The "Admin" tab is highlighted. Underneath the navigation bar is a menu with several options: "Reports", "Grant Management", "Sub-Recipient Management", "Process Grants", "Application Management", and "Bulk Email". The "Reports" option is expanded, showing a sub-menu with "Budget Report", "Expenditures Reports", and "Ed Assoc Reports". The "Budget Report" option is highlighted in blue. At the bottom left, there is a copyright notice: "© 2016 - South Carolina Department of Education".

3) Select Budget Report

Your screen will look a little different. However, you will choose the

- 1) Admin Tab and then Go To
- 2) Reports Tab

Accessing Reports in GAPS (cont'd)

To check status of a budget

Budget Report | GAPS Administrator | Member Center | Logout

SOUTH CAROLINA STATE DEPARTMENT OF EDUCATION

Home Application Finance Admin

Reports Grant Management Sub-Recipient Management Process Grants Application Management Bulk Email
CATE Finance Management General Management

Budget Report

Listing Current Sub Grants

Grant Name
Set by Grant

Grant
Select a Grant

Sub Grant
16 Title I Regular (201) (07/01)

Sub Recipient Type
Select Sub Recipient Type

Sub Recipient
Select Sub Recipient

Sub Program Number
Select Sub Program

Report Type
Select Report to run
Budget Summary
Budget Details
Budget Status
Budget Actuals Summary

Only Export to Excel

Accessing Reports in GAPS (cont'd)

Listing Current Sub Grants

Grant Name

Set by Grant



Grant

Select a Grant



Sub Grant

16 Title I Regular (201) (07/01)



Sub Recipient Type

Select Sub Recipient Type



Sub Recipient

Horry



Sub Program Number

Select Sub Program

Select Sub Grant Title

Report Type

Budget Details



Only Export to Excel



Clear Selection

Export to Excel

Select Budget Details to see approval status by line

| <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Grants ID | Sub Grant Name | Entity Name | Sub Program Number | Function code | Object code | Is Item Amendment ? | Budget Amount | Expenditure Amount | Net Budget Balance | Approval Status |
| H63010100116 | 16 Title I Regular (201) | Horry | 01 | 100 | 100 | <input type="checkbox"/> | \$7,392,041.53 | \$5,783,902.49 | \$1,608,139.04 | Approved |
| H63010100116 | 16 Title I Regular (201) | Horry | 01 | 100 | 200 | <input type="checkbox"/> | \$2,621,218.35 | \$2,133,729.80 | \$487,488.55 | Approved |

Accessing Reports in GAPS (cont'd)

Budget Report | GAPS Administrator | Member Center | Logout

SOUTH CAROLINA
STATE DEPARTMENT
OF EDUCATION

Home Application Finance Admin

Reports ▾ Grant Management ▾ Sub-Recipient Management ▾ Process Grants ▾ Application Management ▾ Bulk Email

CATE Finance Management ▾ General Management ▾

Budget Report

List Inactivated Sub Grants

For Budget Reports, you'll have to click on the button for Inactivated Sub grants if the grant is no longer in an active award status

Grant Name
Select Grant Name ▾

Grant
Select a Grant ▾

Sub Grant
Select Sub Grant ▾

Sub Recipient Type
Select Sub Recipient Type ▾

Sub Recipient
Select Sub Recipient ▾

Sub Program Number
Select Sub Program ▾

Report Type
Select Report to run ▾

Only Export to Excel

You must select a report to run

Accessing Reports in GAPS (cont'd)

Expenditure Report | GAPS Administrator | Member Center | Logou

SOUTH CAROLINA
STATE DEPARTMENT
OF EDUCATION

Home Application Finance Admin

Reports ▾ Grant Management ▾ Sub-Recipient Management ▾ Process Grants ▾ Application Management ▾ Bulk Email

Budget Report Finance Management ▾ General Management ▾
Expenditures Reports
Ed Assoc Reports

Expenditure reports are accessed by going back to Reports Tab

List Expired

Current as of Date
8/23/2016

Date Validation Level
Grant Name ▾

Grant Name
Select Grant Name ▾

Grant
Select a Grant ▾

Sub Grant
Select Sub Grant ▾

Sub Recipient Type
Select Sub Recipient Type ▾

Sub Recipient
Select Sub Recipient ▾

Sub Program Number
Select Sub Program ▾

Report Type
Select Report to run ▾

From Fiscal Quarter
Select a Fiscal Quarter ▾

FUTURE QUESTIONS/ISSUES

Questions related to **Budget/Budget Amendment Status** need to go to the specific SCDE Program Office – Grants Accounting Staff can't approve or return these items

Questions related to **Expenditures/Expenditures Refunds Status** need to be sent to the SCDE Grants Accounting Office at grantsaccounting@ed.sc.gov.

FUTURE QUESTIONS/ISSUES

GAPS issues should be explained and screenshots taken of each step being taken and sent to the Grants Accounting Office at grantsaccounting@ed.sc.gov

You're always welcome to copy the assigned Grants Accountant on these email submissions. However, the grants accounting email box is monitored all day and chances are you'll hear back from someone more quickly when your question is submitted through this box. Also, this allows us to maintain a tracking system so that we can watch for potential issues affecting multiple users so we can begin trouble shooting the issue.

Questions?



Monitoring Title I, Part A

David Boison

Federal and State Accountability

Lead Monitor

Why Monitor?

- SCDE is required to by Federal law
- 2 CFR Part 200
- 200.327, 200.328, 200.329, 200.330, 200.331
- EDGAR 76.770

Monitoring Forms

- Various forms (approx. 12)
- Address numerous program areas
- Address numerous finance areas
- Questions come from Federal law
- Not all forms may be used
- Evidence and/or documentation needed
- Some forms used for a desk audit **before** on-site visit

Be Organized

- Determine what forms apply to your district
- Prepare a folder for each question on the form
- Use a binder (tabbed!) or box to store folder

The Visit

- Start 9am
 - 9:00 a.m.-1:00pm at district office
 - 1:00pm visit school(s)
 - 3:00 pm visit completed
-
- Note: times are approximate

Time

- You will have at least two months to prepare

Help

- You have plenty of help available before the visit
- David Boison, 803.734.0594,
dboison@ed.sc.gov
- Your Title I Project Manager
- Greg King
- Jewell Stanley
- Roy Stehle

Any Questions?

- I will look forward to seeing some of you this year!