

ESSA FISCAL REQUIREMENTS

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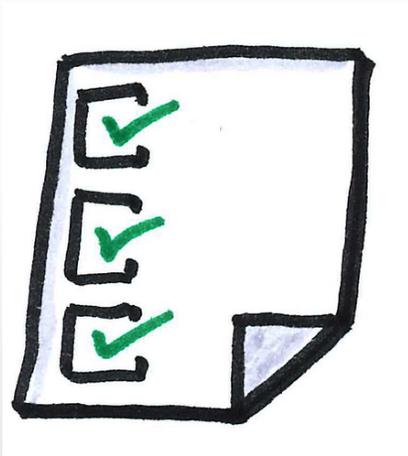
Brustein & Manasevit, PLLC

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ALLOWABILITY

200.403



All Costs Must Be:

1. Necessary, Reasonable and Allocable
2. Conform with federal law & grant terms
3. Consistent with state and local policies
4. Consistently treated
5. In accordance with GAAP
6. Not included as match
7. Adequately documented

NECESSARY

- Is the cost included in your plan?
- Is it aligned with the goals of the district/school?
- Does your district/school have the capacity to use what you are purchasing?
- Is the staff knowledgeable regarding the program?

REASONABLE

- Did you pay a fair price? (UGG Section 200.404)
- Was competitive procurement used? (UGG Section 200.319)
- If sole sourced, what was the reasoning? (UGG Section 200.320(f))
 - Public emergency?
 - Permitted by USDE/SEA?
 - No competition?
 - Only vendor in the world?



ALLOCABLE

- Do you have enough time to implement the cost? (UGG Section 200.405)
- Is the program that bought the product using it?
- Is the program sharing the use of the item(s)?
 - If so, how are costs being shared?
- How is the use being documented?

QUESTIONED COSTS



1. ADVERTISEMENT

Are costs associated with advertising in media such as newspapers, radio and television, direct mail, or email allowable?

- a) Yes
- b) No
- c) It Depends



2. FOOD

May Franklin Elementary School use Title I funds to purchase light snacks and water for a parent meeting?

- a) Yes
- b) No
- c) It Depends



3. FOOD (AGAIN)

May Franklin Elementary School use Title I funds to purchase light snacks and water for a staff meeting?

- a) Yes
- b) No
- c) It Depends



4. FOOD (YET AGAIN)

May Franklin Elementary School use Title I funds to purchase light snacks and water for a staff meeting if the meeting is all day, in the middle of the woods and its 100 degrees outside with killer mosquitoes?

- a) Yes
- b) No
- c) It Depends



5. CLERICAL STAFF

Under ESSA, can Title I funds be used to pay for salaries of clerical support staff?

- a) Yes
- b) No
- c) It Depends



6. INCENTIVES

To increase their assessment scores, Roosevelt Elementary wants to give students an incentive so if a student attends after school tutoring for the year, the student will receive a gift certificate for a pizza. Is this allowable under Title I?

- a) Yes
- b) No
- c) It Depends



7. INCENTIVES (AGAIN)

Now, Roosevelt Elementary wants to give students an incentive to study for their annual assessment so when a student is successful, the student will receive a gift certificate for a pizza. Is this allowable under Title I?

- a) Yes
- b) No
- c) It Depends



8. COMPUTER NETWORKS

Are the costs associated with an LEA's district wide networks allowable under Title I?

- a) Yes
- b) No
- c) It Depends



9. SCHOOL COUNSELING

Can Smith Middle School use Title I funds to pay for a school counselor to provide counseling to all students?

- a) Yes
- b) No
- c) It Depends



10. SECURITY MEASURES TO PROTECT EQUIPMENT

Carter High School wants to purchase cameras and other related security devices to protect assistive technology and other equipment purchased with Title I funds. Is this allowable?

- a) Yes
- b) No
- c) It Depends



11. FIELD TRIPS

Can a school use Title I funds for field trips?

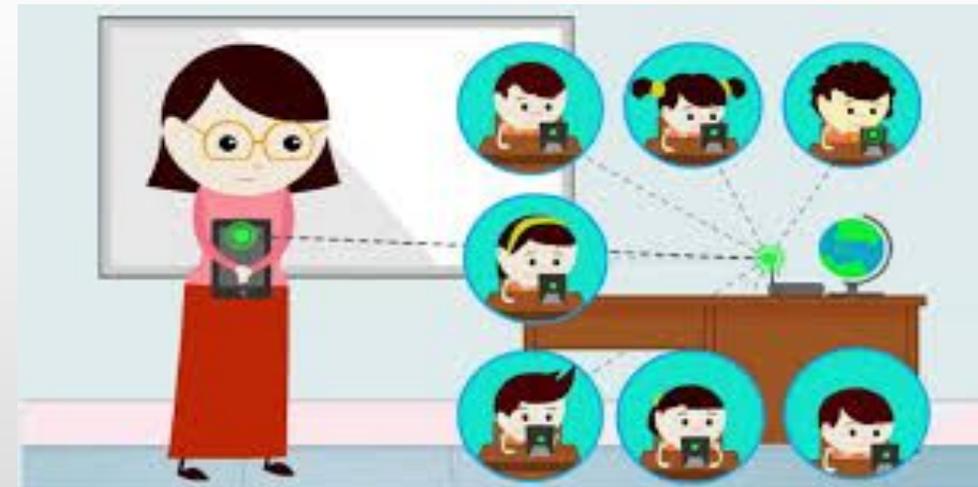
- a) Yes
- b) No
- c) It Depends



12. STEM INITIATIVE

Can a District use its Title I funds for a new STEM lab in every school to increase achievement.

- a) Yes
- b) No
- c) It Depends



13. PRIVATE SCHOOLS

Can a district reimburse a private school the costs of their teachers attending an academic conference related to improving student achievement?

- a) Yes
- b) No
- c) It Depends



14. PARENTAL INVOLVEMENT

Smith Elementary wants to send its parent coordinator to a parental involvement conference. Are the costs associated with registration fees, travel, conference expenses, and other related fees allowable under Title I?

- a) Yes
- b) No
- c) It Depends



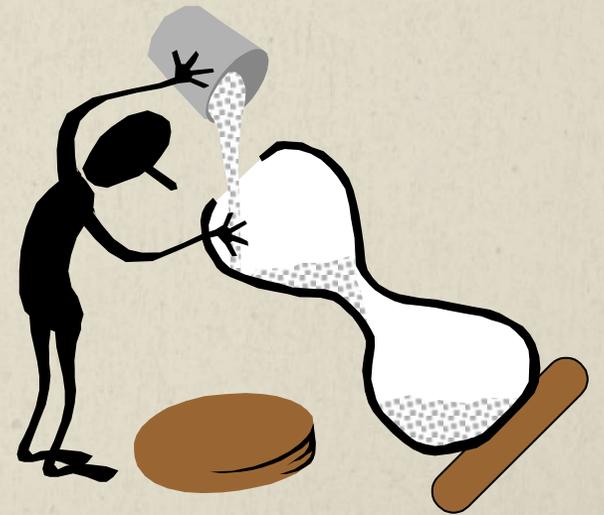
15. GIFTS

Can a district employee accept a gift from a contractor as long as it is below the micro-gratuity threshold?

- a) Yes
- b) No
- c) It Depends



**SUPPLEMENT
NOT
SUPPLANT**



AUDITOR'S SNS TEST: THE PRESUMPTIONS OF SUPPLANTING 2 CFR 200, SUBPART F COMPLIANCE SUPPLEMENT

“What would have happened in the absence of the federal funds??”

3 Presumptions of Supplanting

1. Required to be made available under other federal, state, or local laws
2. Provided with non-federal funds in prior year
3. Provided services to Title I students and the same services were provided to non-Title I students using non-federal funds.



TITLE I, A SNS

SEC. 1118(b)(1)-(2)

Standard: Federal funds must be used to supplement and in no case supplant state, and local resources

Test: To demonstrate compliance, the LEA shall demonstrate that the methodology used to allocate State and local funds to each school receiving assistance under this part ensures that the school receives all the State and local funds it would otherwise receive if it were not receiving Title I funds.

- What does this mean?
- **The presumptions of supplanting do not apply to Title I, A!**

ESSA TITLE I, A SNS (CONT.)

SEC. 1118(b)(2)-(4)

- No LEA shall be required 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.

SNS is now a methodology test:

- The LEA must have a written methodology to district state/local funds to its schools so that funds are distributed without regard to the school's Title I status.
- Must be in place in time for the 18-19 school year.

DOES THIS METHODOLOGY WORK?

- The LEA uses its state/local funding to ensure that each school has enough funds to pay for 1 teacher for every 30 students up to 20 teachers total, and \$5 per student for supplies, up to \$5,000 total.
- At the end of its distribution, the LEA has \$3,000 left over so they distribute it among the non-Title I schools.

DOES THIS METHODOLOGY WORK?

The LEA distributes its state funds based on the characteristics of students in each school so that students with characteristics associated with educational disadvantage generate additional funding for their school.

The LEA provides:

- \$25 for every student;
- An additional \$25 for each economically disadvantaged student;
- An additional \$50 for each student with a disability; and
- An additional \$35 for each English learner.

DOES THIS METHODOLOGY WORK?

- The LEA uses its state funding to ensure that each school has enough funds to pay for 1 teacher for every 30 students up to 20 teachers total.
- The LEA provides state funding in each of its 6 non-Title I schools to pay for 20 teachers. In the remaining 4 schools, the LEA provides state funds to pay for 15 teachers because they are already using Title I funds to pay for 5 teachers so they don't need the state funds to cover those additional teachers.

DOES THIS METHODOLOGY WORK?

The LEA distributes its state/local funds based on the grade level of the student as follows:

- All elementary school students receive \$90 per student;
- All middle school students receive \$65 per student; and
- All high school students receive \$80 per student.

What if only the elementary schools are Title I schools?

WHAT ABOUT DISTRICTWIDE EXPENDITURES?

- **USDE applying a specific cost test!!??**
 - Examples at NASTID that apply a specific cost test for district level expenditures.
 - For state-mandated requirements, and
 - For same services to Title I students/schools and Non-Title I students/schools.
 - ED is using the methodology test to apply this specific cost test!

EXAMPLE OF DISTRICT-WIDE COSTS

- The LEA wants to begin a reading initiative placing a reading coach in every school – paying for Title I schools with Title I funds and non-Title I schools with state funds.
 - According to ED’s guidance, this would be a SNS violation because the state funding would not be provided to Title I schools on the same basis as its non-Title I schools (i.e. they are not getting the benefit of the state-funded reading coaches).

SNS EXCLUSION – 1118(D)

- Under the statute, an LEA may exclude from a supplanting determination *supplemental* non-federal funds expended in any school for programs that meet the intent and purposes of Title I.

“INTENT AND PURPOSES”

- Under the existing Title I regulations, a program meets the intent and purposes of Title I if it either—
 - Is implemented in a school with at least 40 percent poverty;
 - Is designed to promote schoolwide reform and upgrade the entire educational operation of the school; is designed to meet the educational needs of all students in the school, particularly those who are not meeting State standards; and
 - Uses the State’s assessment system to review the effectiveness of the program;

OR

INTENT & PURPOSES

- Serves only students who are failing, or most at risk of failing, to meet State standards;
- Provides supplementary services to participating students designed to improve their achievement; and
- Uses the State's assessment system to review the effectiveness of the program.

34 CFR 200.79(b)

LEA METHODOLOGY

- An LEA has significant flexibility in adopting a methodology to meet the new supplement not supplant requirement. The methodology must—
 - Allocate State and local funds to schools in the LEA;
 - Provide each Title I school the State and local funds it would receive were it not a Title I school—i.e., be neutral regarding a school’s Title I status.
- An LEA must be able to demonstrate compliance—i.e., that it has implemented its methodology.



SNS POP QUIZ QUESTION 1

Gregory Elementary School, a schoolwide school, paid for a math enrichment software program last year using State funds. This year the school wants to use its Title I funds to pay for the program.

Is this supplanting?

Is this allowable?

SNS POP QUIZ QUESTION 2

Bartlett Elementary, a targeted assistance school, heard about that great math enrichment software program and now wants to purchase it to use for all students using its Title I funds.

Is this supplanting?

Is this allowable?

SNS POP QUIZ QUESTION 3

Bartlett Elementary, the targeted assistance school, still wants that math enrichment software program so now decides to purchase it but proportionately charge the software 20% to Title I, since 20% of the students are Title I students and 80% to state funds, since 80% of the students are non-Title I students.

Is this supplanting?

Is this allowable?

SNS POP QUIZ QUESTION 4

Homer Middle School was just cited for having 3 doors that do not meet fire code. Since it is a Title I schoolwide school, Homer Middle wants to use its Title I funds to fix the doors.

Is this supplanting?

Is this allowable?

SNS POP QUIZ QUESTION 5

Last year, an LEA implemented a Title I district-wide summer camp initiative for its Title I schools only. It was so successful that this year they will continue the program but expand it to include the non-Title I schools using state funds.

Is this supplanting?

Is this allowable?

SNS POP QUIZ QUESTION 6

The District is implementing a STEM initiative program in all of its 5 elementary schools (3 Title I schools, 2 Non-Title I schools). The LEA has enough local funds to pay for 3 schools only so it uses Title I funds for the remaining 2 schools because there are not enough local funds for all schools.

Is this supplanting?

Is this allowable?

SNS POP QUIZ QUESTION 7

Gerald Middle School has been paying for a digital learning program with its local funds but it now wants to use those funds on other initiatives so the school decides to pay for it next school year with Title IV, A funds.

Is this supplanting?

Is this allowable?

- What if the digital learning program had been paid for previously with Title I, A funds, and the school now wants to use Title IV, A?



MAINTENANCE OF EFFORT

MAINTENANCE OF EFFORT (MOE)

SEC. 1118(A) AND 8521

- The combined fiscal effort per student or the aggregate expenditures of the LEA
- from state and local funds
- from preceding year must not be less than 90% of the second preceding year

MOE CONSEQUENCES (CONT.)

SEC. 8521(B)

5 Year Penalty-Free

- LEA is not subject to sanctions for failing to maintain 90% effort for one year (either combined fiscal per student or aggregate State and agency expenditures) provided it has not failed to meet MOE for one or more of five immediately preceding fiscal years.

MOE WAIVER SEC. 8521(C)

Secretary of Education may waive MOE if “equitable:”

- Exceptional or uncontrollable circumstances, such as a natural disaster; or
- **(NEW)** a change in the organizational structure of the LEA; or
- A precipitous decline in the financial resources of the LEA.

Waiver = meeting MOE!



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