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CHARTER SCHOOL SUMMIT

ESEA FINANCE

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Today's Topics

- Allocation of Funds
- Fiscal Requirements
 - ❑ Maintenance of Effort
 - ❑ Comparability of Services
 - ❑ Supplement, Not Supplant (SNS)
- Coding expenditures
- Schoolwide Pool User Guide

SEA ADJUSTMENTS TO USED CALCULATIONS

- United States Department of Education (USED) calculates Title I funds for LEAs on the Census list through the Basic, Concentration, Targeted, and FIG Grant formulas.
- The State Education Agency (SEA) must make adjustments to the allocations of “traditional LEAs” calculated by USED to account for “special LEAs” (i.e., LEAs for which Census poverty data are not available, such as charter school LEAs and Special School District); and
- To reserve up to 7% for school improvement; and
- Authorizes an SEA to reserve up to 1% from LEAs for State administration and Direct Student Services.

TITLE I.A ALLOCATION CRITERIA

ESEA statute requires the use of census data in computing allocations.

Because Census poverty data is not available for charter school LEAs, DESE must derive a Census poverty and population count.

DESE uses the number of children ages 5 through 17

- enrolled in the charter school; and
- free and reduced lunch (F/R) or Community Eligibility Provision (CEP) count as source of poverty data.

Based on these derived data, DESE determines the number of Census poverty and population children who transfer to Charter LEAs.

CEP REMINDER

- **Healthy, Hunger-Free Kids Act of 2010**
 - ❑ Provides an alternative to household applications for free and reduced price meals
 - ❑ Offers all students free meals in high poverty LEAs and schools

CEP POVERTY DATA VS FREE/REDUCED

1.6 Multiplier for CEP:

- Analysis showed that on average for every ten **identified students** there were six more students certified based on an income application
- Multiplying the identified student percentage by 1.6 approximates the free and reduced price percentage

ADJUST FORMULA COUNTS

For each special LEA, the SEA uses alternative poverty data to derive a Census poverty count. The SEA then subtracts these counts from each traditional LEA (KC or SL).

LEA	Census Poverty	Poverty children enrolled	Percent of Poverty children	Adjusted Census Poverty
Traditional LEA 1	10,615	13,544	56.56%	6004
Charter LEA 1		392	1.64%	175
Charter LEA 2		730	3.05%	324
Sum of Other Charters		9280	38.75%	4112
Total	10,615	23,946	100.00%	10,615

ADJUST INITIAL ALLOCATIONS

The ESEA requires an SEA to calculate Basic, Concentration, Targeted, and EFIG Grants for each special LEA by using the adjusted census poverty from step 1 and adjusting the ED-determined allocations.

LEA	Adjusted Census Poverty	Basic Grant	Conc. Grant	Targeted Grant	EFIG Grant	Total
ED-determined Traditional LEA 1	10,615	\$6,047,362	\$1,444,616	\$3,999,936	\$5,053,706	\$16,545,620
Traditional LEA 1	6,004	\$3,737,338	\$892,789	\$2,472,006	\$3,123,247	\$10,225,380
Charter LEA 1	175	\$95,264	\$22,757	\$63,011	\$79,611	\$260,643
Charter LEA 2	324	\$174,560	\$41,699	\$115,460	\$145,877	\$477,596
Sum of Other Charters	4,112	\$2,040,200	\$487,371	\$1,349,459	\$1,704,971	\$5,582,001

NEW OR SIGNIFICANTLY EXPANDED CHARTER LEAS

- ESEA includes specific language requiring an SEA to derive a hold-harmless amount for each formula that reflects the increased enrollment for a newly opened or significantly expanded charter school LEA.
- The derived hold-harmless ensures:
 - ❑ Each significantly expanding charter LEA receives an allocation that reflects its current student count.
 - ❑ A newly opened charter LEA is not disadvantaged by the fact it had no Title I allocation in the prior year to apply the hold-harmless percentage.

SIGNIFICANT EXPANSION DEFINED

For ESEA programs, DESE defines a significant expansion of enrollment as an addition of one or more grades OR an increase of 10% or more in the K-12 enrollment of the local educational agency (LEA) from the current year K-12 September enrollment (October MOSIS count).

NEW/EXPANDING ALLOCATION DATA

Charter school authorized representative must notify DESE by March 15 via Core Data, February Cycle, Screen 37

The charter school must provide DESE with a reasonable estimate of its enrollment and poverty of children ages 5-17

New or expanding Charter Schools receive an estimated allocation by July 1

In the Fall, allocations are finalized using actual data from Screen 15 and CEP

Core Data Screen 37

LEA

County District Code
Name

Date of First Day of School 2018-2019

Grades Served 2017-2018

Grades That will be Served 2018-2019

If the LEA is adding a new building, please provide the name of the new building and grade span.

New Building Name

Grades Served for the new Building

IDEA and ESEA Allocation Data

Community Eligibility Provision (CEP) Participation 2017-2018

Community Eligibility Provision (CEP) Participation 2018-2019

Federal Programs Headcount (Ages 5-17 Free/Reduced Lunch Count) for non-CEP Buildings 2017-2018

Total Federal Programs Headcount (Ages 5-17) September 2017-2018

Expected Total Federal Programs Headcount (Ages 5-17) September 2018-2019

Total PK September Enrollment 2017-2018

Total K-12 September Enrollment 2017-2018

Expected Total PK September Enrollment 2018-2019

Expected Total K-12 September Enrollment 2018-2019

HOLD HARMLESS PROVISION

- Percentage of LEA formula children ages 5 to 17, inclusive, as a percentage of its total population of children ages 5 to 17, inclusive, and variable hold-harmless percentage
 - (i) 30% or more: 95%
 - (ii) 15% or more but less than 30%: 90%
 - (iii) Less than 15%: 85%

ESSA REQUIREMENT SEC 4306(c)

Special Hold-Harmless Provisions for Newly Opened and Significantly Expanded Charter School LEAs

For purposes of implementing the 85, 90, or 95 hold-harmless percentage protections under Title I, an SEA must calculate a hold-harmless base for the prior year that reflects the new or significantly expanded enrollment of the charter school LEA.

TITLE II.A ALLOCATION

95% LEA Allotment

- ❑ Optional 3% reservation for activities for principals or school leaders

4% reservation for State Activities for teacher, principal or other school leader preparation academies

1% reservation for State Administration

TITLE II.A ALLOCATION FORMULA

Funds are distributed as follows:

- 80% based on census poverty
- 20% based on census population ages 5-17

TITLE IV.A ALLOCATION

Funds are distributed as follows:

- ❑ 95% LEA Allotment
- ❑ 4% reservation for State Activities
- ❑ 1% reservation for State Administration

TITLE IV.A ALLOCATION FORMULA

- ❑ Allocations are based on their relative share of Title I.A for the preceding fiscal year, with a guaranteed minimum of at least \$10,000.
- ❑ LEAs that receive \$30,000 or more must use
 - ❑ at least 20% to support well-rounded educational opportunities.
 - ❑ at least 20% to support safe & healthy students.
 - ❑ some portion of the allocation to support effective use of technology.

Title I



Fiscal Requirements

Maintenance of Effort (MOE)
Comparability of Services
Supplement Not Supplant (SNS)

WHAT IS MOE UNDER ESEA?

- All **LEAs** must maintain a consistent floor of State/local funding for free public education from year-to-year.
- Combined fiscal effort per student; or
- The aggregate expenditures of State/local funds for free public education for the preceding fiscal year was not less than 90 percent of the combined fiscal effort per student or aggregate expenditures for the second preceding fiscal year.

COMPLIANCE CHECK/PENALTY

Compliance is verified each year in ePeGS under ESEA MOE using specific data from the Annual Secretary of the Board Report (ASBR).

- If State/local effort falls below 90% for one or more of the five immediately preceding fiscal years, DESE reduces the allocation under ESEA covered programs in the exact proportion by which a LEA fails to meet the 90% requirement.

- USED may waive the MOE requirement due to
 - ❑ Exceptional or uncontrollable circumstances, or
 - ❑ Precipitous decline in financial resources.

COMPARABILITY OF SERVICES

LEAs with more than one building for each grade span must ensure that **state and local** funds are used to provide services that taken as a whole, are comparable between Title I and non-Title I schools.

COMPARABILITY OF SERVICES

An LEA has options for demonstrating compliance when comparing schools. A 10% variance is permitted.

- Student/teacher FTE ratio.
- Student/teacher salary ratio.
- State and local per-pupil expenditures.

Note: Schoolwide Pool uses State/local contribution percent.

COMPARABILITY OF SERVICES

- DESE uses **October** MOSIS/Core Data information to compare student/teacher FTE ratios.
- This is reliable only to the extent that the LEA has accurate information in MOSIS/Core Data.
- In November, DESE will provide report for LEA to review and confirm accuracy.

COMPARABILITY OF SERVICES

- If LEA is out of compliance, the LEA must make adjustments no later than the start of the second semester.
- This could mean staff transfers or hiring of additional staff with state or local funds.
- It is critical to have procedure in place to check when school starts in order to avoid disruption!

TITLE I SUPPLEMENT NOT SUPPLANT

- The U.S. Department of Education:
 - ❑ Released draft informational document for public comment on January 25, 2019
 - ❑ Released the final version on June 19, 2019
- <https://www2.ed.gov/policy/elsec/leg/essa/index.html>

TITLE I SUPPLEMENT NOT SUPPLANT (SNS)

The ESEA requires an LEA to use Title I funds only to **supplement** the funds that would, in the absence of those Title I funds, be made available from State and local sources for the education of students participating in Title I programs, and not to supplant such funds.

1118(b)(1)

TITLE I SUPPLEMENT NOT SUPPLANT

The ESEA requires an LEA to demonstrate that the methodology the LEA uses to **allocate** State and local funds to its schools ensures that each Title I school receives all of the State and local funds it would otherwise receive if it were not receiving Title I funds.

1118(b)(2)

TITLE I SUPPLEMENT NOT SUPPLANT

- An LEA does not have to demonstrate compliance under ESEA if it has:
 - ❑ Only one school.
 - ❑ All Title I schools.
 - ❑ A grade span with a single school or all Title schools (i.e., no methodology is required for this grade span).
- Although such an LEA need not have a methodology to comply with 1118(b)(2), it does not relieve the LEA of its requirement under 1118(b)(1) and elsewhere to operate consistent with all Federal, State and local requirements and provide free public education, including for schools and grade spans meeting the conditions described above.

FINANCIAL MANAGEMENT SYSTEMS

- LEAs must ensure that their overall financial management system can prepare reports and provide sufficient financial data so that expenditures of a federal award can be traced to a level that assures the funds were spent in accordance with federal statutes and the terms and conditions of the award.

CODING ESEA EXPENDITURES

- General ledger must match the final expenditure report (FER).
- General ledger should not be overstated.
- Expenditures must be coded to appropriate DESE assigned codes in the MO Financial Accounting Manual
 - ❑ ESEA/ESSA Coding Guidance is available at <https://dese.mo.gov/financial-admin-services/esea-finance/esea-fiscal-requirements-and-monitoring>

SCHOOLWIDE POOL USER GUIDE

Over 90% of the Charter LEAs utilize SW Pool.
Let's review key areas of the handout.

- Upgrade the entire educational program
- Meet the needs in the building plan
- Meet the intent and purposes of the contributing grants
- Exclude administration funds
- Report appropriate location code for all expenditures
- Comply with Period of Availability for entire SW pool

CODING SCHOOLWIDE POOL EXPENDITURES

- Schoolwide Pool must utilize Project Code 40001.
- LEAs must report ALL expenditures under the appropriate location code, even if the Missouri Financial Accounting Manual does not require it.
- DESE will designate the source-of-funds code for the expenditures for each location code based on budget contribution.

SCHOOLWIDE POOL FUNCTIONS

The Schoolwide pool includes **building level educational** funds.

- ❑ Instruction function codes 1111 through 1942 (except for Adult Ed)
- ❑ Support Services 2111 through 2213
- ❑ Community Services (3611 Homeless, 3812 Afterschool and 3912 Parental Involvement)
- ❑ Special Education instruction and support services IF Special Education/IEP program funds are contributed to the Pool

SCHOOLWIDE POOL EXCLUSIONS

The LEA should **NOT** include:

- ❑ function 216x through 2182 Special Education/IEP services unless Special Education program funds are contributed to the Pool
- ❑ function code 2214 Professional Development (to meet the requirement of Section 160.530, RSMo to allocate at least 1% of current year basic formula funds)
- ❑ function codes 23xx Support Services – General Administration
- ❑ function codes 24xx Support Services – Building Level Administration (building level Principal and instructional support are optional)
- ❑ function codes 25xx Business Support Services
- ❑ function codes 26xx Support Services – Central Office
- ❑ function codes 40xx Facilities Acquisition and Construction (4051 may be used for *minor* remodeling)
- ❑ function codes 50xx Long and Short Term Debt

OBLIGATION OF FUNDS

A purchase order, a contract, a service, or similar transaction during a given period that requires payment by the recipient. Funds may not be obligated before July 1st or the substantially approved date, whichever comes later.

FISCAL REQUIREMENT

- Comply with obligation/period of availability

Grant Cycle	Obligation Period	FER Reporting Period
July 1 – June 30	Date of Substantially Approved Application – June 30	July 1 – September 30
Period during which funds may be obligated and expended.	Obligations occur during the grant cycle, but only after a substantially approved budget application has been submitted.	Expenditures for obligations made during the obligation period (date of substantially approved application – June 30) may be reported up until September 30.

TIME OF OBLIGATION

IF THE OBLIGATION IS FOR:	THEN THE OBLIGATION IS MADE..
Acquisition of real or personal property.	On the date the LEA makes a binding written commitment to acquire the property. (Including materials/supplies and meeting registrations.)
Personal services by an employee of the LEA.	When the services are performed.
Personal services by a contractor who is not an employee of the LEA.	On the date the LEA makes a binding written commitment to obtain the services.
Travel.	When the travel is taken.

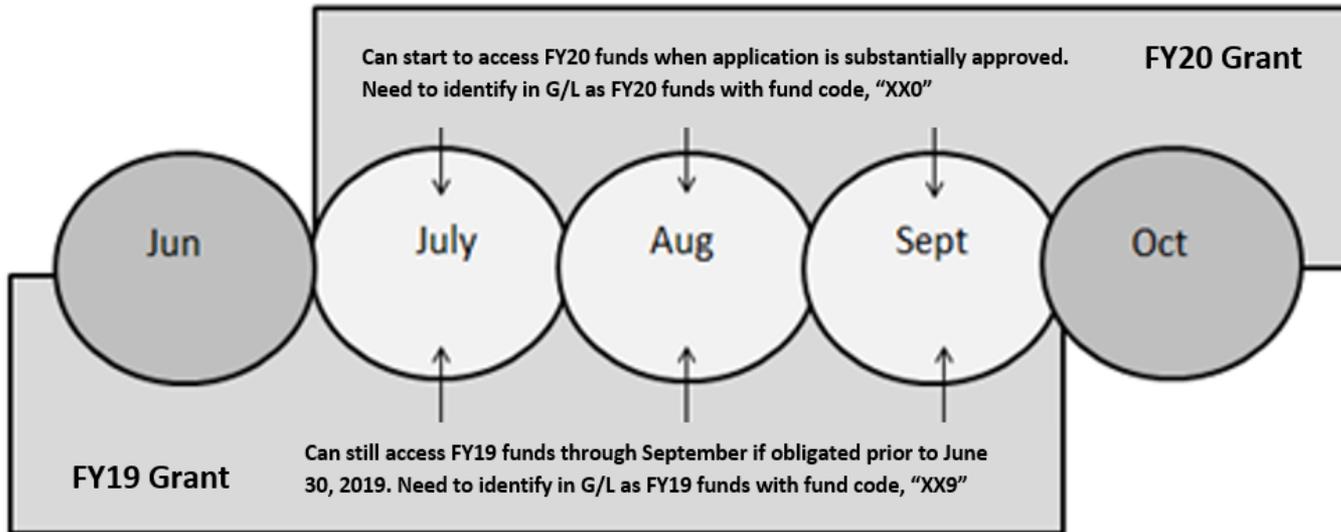
FER REPORTING CYCLE

- LEAs have an extra three months to access funds after the Period of Performance ends.
- Can continue to request funds as long as the obligation occurred prior to June 30th.
- Specific coding requirements must be met due to overlapping grant cycles in the same general ledger.

OVERLAPPING GRANT CYCLES

- Overlapping grant cycles means the LEA is accessing two fiscal years of grants simultaneously in the same general ledger.

OVERLAPPING GRANT CYCLES



EXPENDITURE CODING STRUCTURE

Fund Type	Function Code	Object Code	Location Code	Source of Funds	Project Code
3 Digits	4 Digits	4 Digits	4 Digits	1 Digit	5 Digits

Fund Type consists of type of fund and fiscal year.

Last digit can be used to track ESEA funds obligated in one year but paid in the subsequent year.

- Teacher obligates federal funds when the work is performed (August 2018-May 2019). FY2019 or fund 029.
- Twelve month salary continues into FY2019 (July 2019 – August 2019) FY2020 with fund 029.

ESEA RESOURCES

- ESEA Fiscal Requirements
- <https://dese.mo.gov/financial-admin-services/esea-finance/esea-fiscal-requirements>
- Schoolwide Pool User Guide
- <https://dese.mo.gov/sites/default/files/ffm-SchoolwidePoolUserGuide.pdf>



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<https://dese.mo.gov/financial-admin-services/esea-finance>