



**FINANCIAL AND
ADMINISTRATIVE
SERVICES**

**Federal Financial
Management Updates**

February 25 2014

Missouri Department of Elementary
and Secondary Education

AGENDA

- ❑ Period of Availability & Carryover Limitations
- ❑ Title Funding for 2014-2015
- ❑ Allocation Criteria
- ❑ Title I and the Community Eligibility Provision
- ❑ OMB Supercircular
- ❑ Management Requirements



Period of Availability



Grant Cycle vs. Obligation Period vs. FER Reporting Period		
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 <u>only after a substantially approved budget application has been submitted</u>	Expenditures for obligations made <u>during the obligation period (date of substantially approved application – June 30)</u> may be reported up until September 30

When is an Obligation Made?

IF THE OBLIGATION IS FOR--	THEN THE OBLIGATION IS MADE--
Acquisition of real or personal property	On the date the school district makes a binding written commitment to acquire the property
Rental of real or personal property	When the school district uses the property
Personal services by an employee of the school district	When the services are performed
Personal services by a contractor who is not an employee of the school district	On the date the school district makes a binding written commitment to obtain the services
Performance of work other than personal services	On the date the school district makes a binding written commitment to obtain the work
Public utility services	When the school district receives the services
Travel	When the travel is taken

EDGAR §76.707



What happens to unobligated funds?

- Tydings Amendment allows an extra year to obligate funds
- If an LEA does not obligate all of its grant funds by the end of the fiscal year (June 30), it may obligate the remaining funds during a carryover period of one additional fiscal year
 - Carryover funds cannot be obligated until the LEA has a prior year FER approved and amends the current year budget application to include those fund
 - Carryover funds that have not been obligated by June 30 of the following year will be forfeited by the LEA



Title I Carryover Limitation

- ❑ Under Tydings, unobligated funds can usually be “carried over” from first year
- ❑ Generally, no limit on “carryover” unless stated:
 - Title I =
 - 15% carryover, SEA may waive once every 3 years
 - Requirement does not apply to a LEA that receives less than \$50,000



Title I 9/30 Report

- ❑ State fiscal year ends June 30. We call the funds not used in the initial year carryover funds.
- ❑ The federal fiscal year runs through September 30. So in order to determine the actual “carryover funds” based on the federal definition, we use the 9/30 Report to collect this information.
- ❑ Excess funds will be released unless a waiver is granted.



Budget Revisions

- ❑ Revisions must be submitted and approved prior to obligation of funds
- ❑ **April 30 deadline** for application amendments
- ❑ Final Expenditure Report (FER) allows 10% variance in approved object codes
- ❑ Compare budgets with anticipated expenditures
- ❑ Funds expended outside the approved budget will be district expense



Final Expenditure Report (FER)

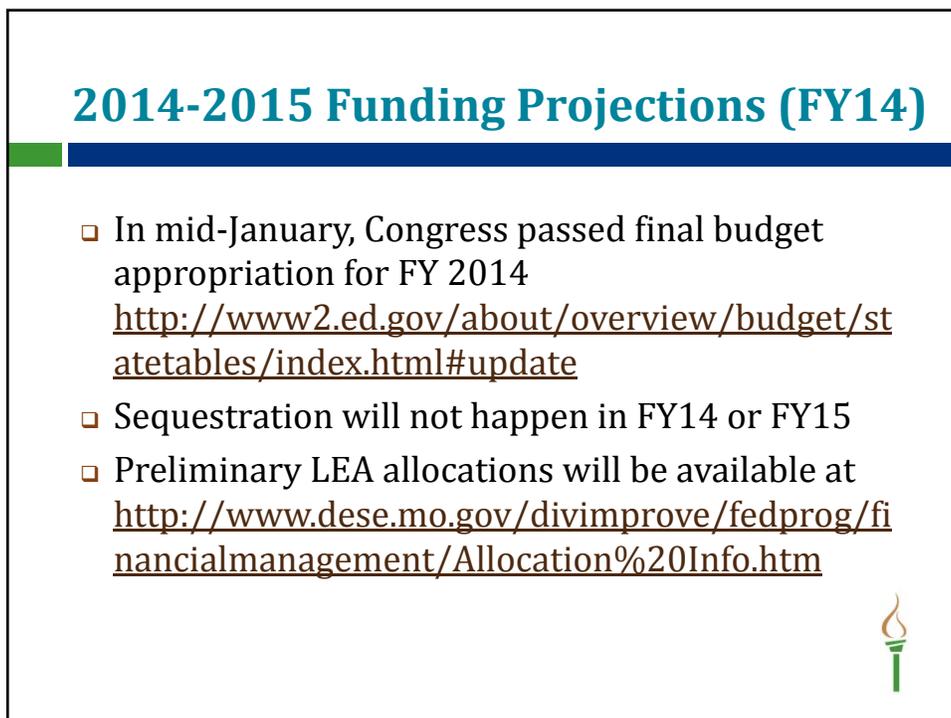
- ❑ FER in ePeGS displays the approved budget
- ❑ Expenditures are reported by both object and function code
- ❑ For NCLB, expenditures in approved object codes may not exceed 10% of the total amount budgeted within the approved program
- ❑ Budget amendments are due April 30
- ❑ Expenditures outside approved budget will not be allowed





A presentation slide with a white background and horizontal lines. A dark blue horizontal bar is positioned across the middle, containing the text "Title Funding for 2014-2015" in white. To the left of this bar is a green square. In the bottom right corner, there is a small logo of a green torch with a flame.

Title Funding for 2014-2015



A presentation slide with a white background and horizontal lines. A dark blue horizontal bar is positioned across the middle, containing the text "2014-2015 Funding Projections (FY14)" in teal. To the left of this bar is a green square. Below the bar, there is a list of three bullet points. In the bottom right corner, there is a small logo of a green torch with a flame.

2014-2015 Funding Projections (FY14)

- ❑ In mid-January, Congress passed final budget appropriation for FY 2014
<http://www2.ed.gov/about/overview/budget/statetables/index.html#update>
- ❑ Sequestration will not happen in FY14 or FY15
- ❑ Preliminary LEA allocations will be available at
<http://www.dese.mo.gov/divimprove/fedprog/financialmanagement/Allocation%20Info.htm>

2014-15 Funding Projections

NCLB Program	2013-2014	2014-2015 Estimate	Percent Change
Title I	\$224,772,351	\$237,022,556	5.5%
School Improvement (SIG)	\$7,531,890	\$7,714,327	2.4%
Title I.C Migrant	\$1,490,930	\$1,494,523	0.2%
Title I.D State Agency	\$1,355,827	\$1,367,710	0.9%
Title II.A	\$39,561,586	\$39,582,401	0.1%
Title II.B Math & Science	\$2,358,722	\$2,518,642	6.8%
Title VI.B Rural & Low-Income	\$2,873,297	\$2,873,295	0.0%
Title VI Small Rural School (SRSA)	\$4,765,554	\$4,769,451	0.1%
Title III English Learner	\$4,986,513	\$5,287,728	6.0%
Homeless Children & Youth	\$968,886	\$1,041,367	7.5%



2014-2015 Census Data

- ❑ Comparison of 2012 Census Data with 2011 by state, Missouri's change in the national poverty share increased by 1.17%
- ❑ Available under Federal Financial Management/Census at <http://www.dese.mo.gov/divimprove/fedprog/financialmanagement/>
- ❑ Income Year 2012
- ❑ Large districts allocation is based solely on census poverty data
- ❑ Small districts use alternative poverty



Allocation Criteria for 2014-2015

The Department uses the following data to compute NCLB formula grants:

- ❑ Census Poverty – Income Year 2012
- ❑ Free and Reduced Lunch Counts – October 2013
- ❑ Neglected and Delinquent Counts – Fall 2013
- ❑ Nonpublic Enrollment & F/R Lunch Counts – Fall 2013
- ❑ Hold Harmless Percentages

The allocation amount is based on a formula and is NOT dependent on need or use of funds



Title I, Part A – Improving the Academic Achievement of the Disadvantaged

- ❑ The purpose of this program is to ensure that all children 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 state academic assessments



Title I Allocation

Title I **Preliminary** Allocation for 2014-2015 =
\$237,022,556

Title I Allocation for 2013-2014 = \$224,772,351

95% LEA Allotment

4% is reserved for School Improvement 1003(a)
Funds

< 1% is reserved for State Administration



Allocation Criteria – Title I

NCLB law requires the use of census data.

Large districts (total census population of 20,000 or more) receive their allocation based solely on census poverty data.

Smaller districts – Missouri uses alternative poverty data (State Board Approved and USED Approved).

- 80% census poverty data and foster child counts
- 20% October free/reduced lunch counts as reported on MOSIS/Core Data



Allocation Criteria – Title I

Title I allocation consists of four separate funding calculations:

- Basic Grant
- Concentration Grant
- Targeted Grant
- Education Finance Incentive Grant (EFIG)

Each funding category has different criteria and formula to distribute these funds.

Hold-harmless criteria –no less than 85% if criteria are met and funding is sufficient.

Detailed Allocation Criteria is located at:

<http://dese.mo.gov/divimprove/fedprog/financialmanagement/Allocation%20Info.htm>



Hold Harmless Amounts

The amount made available to the LEA shall be:

- Not less than 95% of the amount made available for the preceding fiscal year if the percentage of formula children is not less than 30%
- Not less than 90% of the amount made available for the preceding fiscal year if the percentage of formula children is between 15% and 30%
- Not less than 85% of the amount made available for the preceding fiscal year if the percentage of formula children is below 15%



Title II, Part A – Preparing, Training, and Recruiting High Quality Teachers and Principals

- The purpose of this program is to increase student academic achievement through strategies such as improving teacher and principal quality, increasing the number of highly qualified teachers in the classroom, highly qualified principals and assistant principals in schools and to hold schools accountable for improvements in student academic achievement



Title II.A Allocation

Title II.A **Preliminary** Allocation for 2014-2015 = \$39,582,401

Title II.A Allocation for 2013-2014 = \$39,561,586

Hold Harmless – 100% of 2001-2002 Title II Eisenhower funds + 100% of 2001-2002 Class Size Reduction funds.

Additional funds over the hold harmless amount are distributed as follows:

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



Title I and the Community Eligibility Provision (CEP)

Guidance available at
<http://dese.mo.gov/divimprove/fedprog/financialmanagement/>



Background

- 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



Standard Procedures vs CEP

School meal programs determine eligibility through:

- Household income applications
- Participation in assistance program (directly certified through SNAP, TANF, or otherwise directly certified)

CEP determines eligibility by:

- Eliminating household applications
- Based on the percentage of directly certified students



Implementation by School Foods

- CEP will be available through NSLP in Missouri beginning July 1, 2014 with April 2014 data
- 2012-2013 direct certification data shows 90 Public LEAs and 10 Private Schools have at least one school eligible for CEP
- A total of more than 400 public and private schools are eligible



Connections Between Title I and CEP

Title I requires school-level poverty data

Free/Reduced and CEP data will be used in FY15 (SY 2015-2016):

- Within-state allocations
- Within-district allocations
- Equitable services to eligible private school students
- Accountability



Free/Reduced vs CEP

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



Within-State Allocations

Need for the Department to:

- Determine alternative poverty data to distribute Title I funds to small LEAs
- Derive a Census poverty count using alternative poverty data for “special LEAs”



Within-District Allocations

- Title I ranking and serving procedures require school-level poverty data
- Choices of school-level poverty measures include school lunch data as an option
- CEP data are part of school lunch data



CEP and Non-CEP schools

Determine Percentage Economically Disadvantaged:
Using Multiplier for CEP Schools:

- For CEP schools, multiply the number of students identified by direct certification by the 1.6 multiplier and divide by the enrollment
- For non-CEP schools, use the direct certification plus household application count (free/reduced) reported in MOSIS and divide by the enrollment

Some LEAs are not required to rank schools



Equitable Services

Methods for determining number of private school children from low-income families:

1. Same poverty measure used by LEA (school lunch data) including CEP or non-CEP schools
2. Comparable poverty data from a survey, extrapolating if complete data are unavailable
3. Proportionality (same rate as public school)
4. Comparable poverty data from a difference source



Equitable Services

- Title I funds for equitable services are generated on the basis of low income private school students who reside in a Title I public school attendance area



OMB Supercircular

**Uniform Administrative Requirements,
Cost Principles, and Audit Requirements
for Federal Awards**



OMB Resources

- Link to the Federal Register
<http://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf>
- For those that want to just hit the highlights:
<https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards#h-265>



Management Requirements

- Time and Effort Reporting
- Capital Outlay/Inventory



Time and Effort Reporting

- ❑ If federal funds are used for salaries “time distribution records” are required (sometimes referred to as “Personnel Activity Report (PAR)”)
- ❑ Must demonstrate that employees paid with federal funds actually worked on the specific federal program/cost objective
- ❑ Time and Effort Requirements:
 - Semi-annual certification
 - Personnel Activity Report (PAR)
 - Substitute System Certification & Fixed Schedule
 - Written Agreement



OMB Circular A-87 Time and Effort Reporting Quick Reference Guidelines		
Cost Objective	Criteria	Documentation Required
Single Cost Objective	<ul style="list-style-type: none"> • Employee works solely on a single Federal award or cost objective 	Semi-Annual Certification <ul style="list-style-type: none"> • Must be prepared at least semi-annually; and • Must be signed after-the-fact by employee or supervisory official having firsthand knowledge of the work performed by the employee.
Multiple Cost Objectives	<ul style="list-style-type: none"> • More than one Federal award; • Federal award & non-Federal award; • Indirect cost activity & direct cost activity; • Two or more indirect activities that are allocated using different allocation bases; • Unallowable activity & a direct or indirect cost activity; or • One Federal award with multiple cost objectives. 	Personnel Activity Report (PAR) <ul style="list-style-type: none"> • Reflect an after-the-fact distribution of the actual activity of the employee; • Account for the total activity for which each employee is compensated; • Be prepared at least monthly & coincide with one or more pay periods; and • Must be signed after-the-fact by the employee. • At least quarterly, the actual time reflected on the PAR must be compared to the payroll charges, and if differences exist, then payroll adjustments must be made.
Multiple Cost Objectives w/ Fixed Schedule (Substitute System)	<ul style="list-style-type: none"> • Currently work on a schedule that includes multiple activities or cost objectives that must be supported by monthly personnel activity reports; • Work on specific activities or cost objectives based on a predetermined schedule; and • Not work on multiple activities or cost objectives at the exact same time on their schedule. 	Substitute System Certification & Fixed Schedule <ul style="list-style-type: none"> • Indicate the specific activity or cost objective that the employee worked on for each segment of the employee's schedule; • Account for the total hours for which each employee is compensated during the period reflected on the employee's schedule; and • Be certified at least semi-annually & signed by the employee & a supervisory official having firsthand knowledge of the work performed by the employee.
Stipend and Extra Duty Pay	<ul style="list-style-type: none"> • Pay for extra work beyond an employee's regular contract 	Written Agreement <ul style="list-style-type: none"> • Indicates the extra work to be performed; • Date(s) of performance; • Amount to be paid to the employee; and • Must be signed by the employer & the employee to show the acceptance of the terms. <p>And</p> Semi-Annual Certification or Personnel Activity Report (PAR) <ul style="list-style-type: none"> • See requirements above

<http://dese.mo.gov/fas/GeneralFederalGuidance.html>

Time and Effort Reporting

- ❑ If employee works 100% on single cost objective, need Single Funding Certification, signed **semi-annually** by supervisor or employee
- ❑ If employee works on multiple cost objectives, need **monthly** Personnel Activity Report (PAR)
- ❑ **NEW** – if employee works on multiple cost objectives with **fixed** schedule, option of Substitute System signed **semi-annually** by supervisor and employee



Personnel Activity Report (PAR)

- ❑ Documentation Required:
 - Reflect an after-the-fact distribution
 - Account for the total activity
 - Be prepared at least monthly and coincide with one or more pay periods
 - Must be signed after-the-fact by the employee
 - At least quarterly, the actual time reflected on the PAR must be compared to the payroll charges, then payroll adjustments must be made if differences exist



Substitute System Certification & Fixed Schedule

- ❑ Option for employees with multiple cost objectives with **fixed** schedules, in lieu of PARs
- ❑ LEA must first complete and submit for approval a management certification form
- ❑ Reflect an after-the-fact distribution
- ❑ Account for the total activity
- ❑ Must be signed after-the-fact by the employee and a supervisor
- ❑ At least semi-annually



Written Agreement – Stipend & Extra Duty Pay

Documentation Required:

- ❑ Indicates the extra work to be performed
- ❑ Date(s) of performance
- ❑ Amount to be paid to the employee
- ❑ Must be signed by the employer and the employee to show the acceptance of the terms

AND

- ❑ Semi-Annual Certification or PARs



Management Requirements

- ❑ Equipment & Property records (Inventory List)
- ❑ Physical inventory (at least every two years)
- ❑ Control system to prevent loss, damage, theft (all must be investigated), and LOCKS!
- ❑ Adequate maintenance procedures
- ❑ If authorized to sell, proper sales procedures for highest return



Supplies

- ❑ Must maintain effective control and accountability
- ❑ Must adequately safeguard all such property
- ❑ Must assure that it is used solely for authorized purposes



Guidance documents

Education Department General Administrative Regulations (EDGAR)

<http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>

OMB Circulars

<http://www.whitehouse.gov/omb/circulars>

Fiscal Guidance For Federal Grant Programs

<http://dese.mo.gov/fas/documents/fas-GeneralFederalGuidance.pdf>



Contact Us

dese.mo.gov

federalfinancial@dese.mo.gov

