



Supporting Strong Schools. Sustaining the Future.



Arizona Department of Education

All-Staff Title I Allocation Process Overview

October 3, 2017

Afton Partners: Who We Are

5

Years

85+

Initiatives

32

States

2300+

Schools

Afton's vision is that all of America's public education organizations are using ***financial strategies, policies, and practices that sustain effective academic initiatives***—allowing more students to succeed.

Three areas of work:

Sustainability Planning

Operational Efficiency & Effectiveness

Funding Equity & Fiscal Transparency

Today's Goals/Agenda

After today's meeting, we will...

1. Understand issues identified in the historical Title I LEA allocation process
2. Be aware of resolutions to findings and process improvements in place to prevent future issues
3. Have clear communication points to share with LEAs regarding FY18 allocations

Why do we have a “Title I Allocations” Process?

SEAs receive allocations from USED and are required to further allocate funds equitably to LEAs based on established criteria

While allocations come from USED by LEA, it is only by census-district (county) LEA; this must be further disaggregated for non-census LEAs

Title I LEA Allocations Process Overview

USED sends Title I funding under four Title I grant components (Basic, Concentration, Targeted, and Education Finance Incentive Grants) to SEAs for census-districts only

SEAs must adjust allocations to accommodate non-census-LEAs

SEAs must ensure no LEA is seeing an unmanageable year-over-year reduction in funding (this is known as the “hold harmless” provision)

SEAs must “set aside” funding for School Improvement and Administration activities

SEAs must apply adjustments for “maintenance of effort” issues and any applicable prior year adjustments

In FY14, an audit identified an issue with Title I LEA Allocations

- ADE received an FY14 State Single Audit finding regarding earmarking for school improvement activities via the School Improvement Fund Set-Aside
- Auditors identified calculation errors that impacted 23 LEAs, for a total questioned value of \$435,831
- It was understood that this issue would have further ramifications due to the “roll forward” to future year calculation files (allocations)

ADE's investigation uncovered multiple additional (and much more significant) issues

Calculation Process Errors

Incorrect limits on LEA contributions to School Improvement Fund

Inconsistent application of hold harmless

Incorrect order of operations

Lack of adjustments to existing LEAs for the addition of new LEAs

Policy Violations

Lack of proper documentation and records retention

Improper approvals

FY18 allocations, processes, and policies will correct for all of these issues.

Post-mortem: *Why did this happen and how can we prevent similar issues?*

A combination of factors likely contributed to this situation. Practices that could have prevented it include:

- Adhering to policies and procedures
- Ensuring policies and procedures remain updated
- Asking questions when policies and procedures are unclear
- Ensuring proper checks and balances in the process (and improving policy where needed)
- Ensuring data integrity and maintaining proper documentation
- Raising issues for proper resolution
- Communicating effectively, particularly cross-functionally/departmentally

Process improvements and trainings will prevent future errors

- A ***corrected template*** will be used for future years. The goal in creating this template was to make the process as efficient, effective, and error-proof as possible.
 - This template has been reviewed and vetted by US Department of Education Office of State Support
 - It will need to be updated for any allocation policy updates post-FY18 for future year use
- This corrected template is accompanied by a detailed ***Standard Operating Procedure***, which thoroughly explains how to complete allocation procedures.

Process improvements and trainings will prevent future errors

- An ***updated policy manual*** including proper approval authorities is under development
- ADE and Afton will be ***training Title I leadership*** and ***cross-training*** backup personnel
- Future ***all-staff meetings*** will further inform staff of the issues identified and the implementation of the resolution plan

How will these issues be resolved?

ADE Staff Messaging for LEAs

1. FY18 allocations will be impacted by the implementation of ESSA; they will also be impacted by the corrections needed to bring the allocation process into compliance
2. FY18 allocations are nearly complete and have been sent to USED for review
3. Once FY18 allocations are finalized, reviewed, and approved with USED, we will immediately load into Grants Management
4. ADE is committed to resolving the FY14 audit finding with as minimal disruption to LEAs as possible; ADE is in discussions with USED on a resolution plan for this
5. Once negotiations with USED are completed, a formal resolution plan will be communicated internally and externally
6. Corrections for prior years (if any) will begin with FY19 (SY18-19)
7. ADE has engaged third party national experts, Afton Partners, and has been in direct communications with USED to ensure this issue is fully resolved; measures have been put in place to ensure it does not happen again

Questions?