

# ESSA 'bout Ensuring Costs Are Allowable

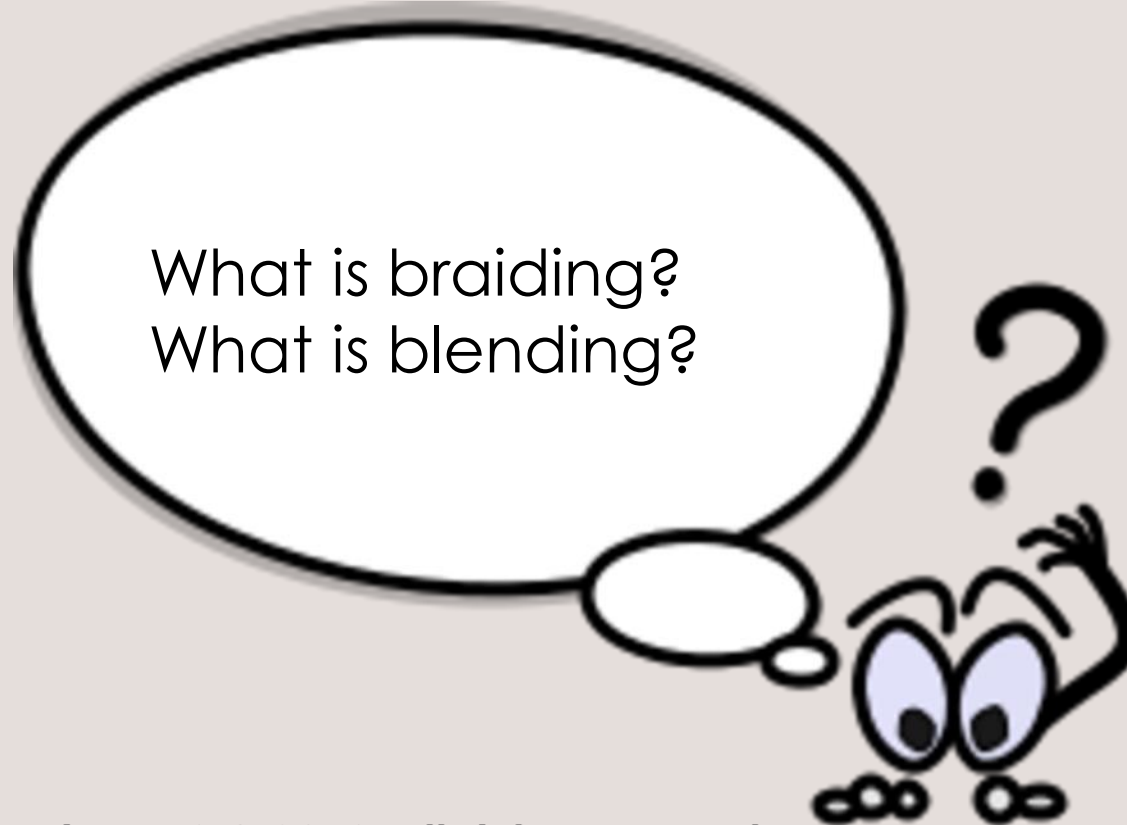
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# Blending and Braiding Federal Funds



# Braiding

- Braiding: “Financial assistance from several sources is coordinated... to support a single initiative or strategy, while each individual award maintains its award specific identity.”
- No statutory authority necessary
- Good project management
- Best practice

# Blending

- Blending: “...financial assistance is combined [emphasis added] under a single set of reporting and other requirements, and resources contributed from each individual funding stream lose their original award-specific identity.”
- Requires specific statutory authorization
- Single project can have both Blended and Braided Funding

# General Considerations

- EDGAR 34CFR 76.580
  - Braiding – State and Subgrantees
    - State and subgrantees coordinate each project with similar ones in same locale



# ESSA Section 1111 – Braiding

- ESSA Title I A plans coordinated with other ESSA programs AND:
  - IDEA
  - Rehabilitation Act 1973
  - Perkins
  - WIOA
  - Head Start
  - Adult Education
  - McKinney-Vento  
(and others)

# ESSA Sections 1112, 8305 Braiding

- Consolidated Local Plan
  - Cross program coordination
  - Flexibility
  - Enhance integration of programs

# ESSA 8203 Consolidated Administration - Blending

- Combine administration for all ESSA programs
  - Not McKinney-Vento, Perkins, IDEA, Head Start, Agriculture
- Applies only to Administration
  - No federal definition
  - Cap on %
  - Statute
  - SEA under an LEA
  - “Necessary and Reasonable” amount



# Allowable Uses

- Administration of any contributing program
- Coordination with federal and non federal programs – Braiding
- Peer review
- Model programs information
- TA – any ESSA program
- Training personnel – Monitoring and auditing
- CAROI
- Fiscal support teams

# Benefits of Consolidating Admin

- Need not distinguish administration costs among covered programs
- No separate records
- Time and effort records?
  - Single Cost Objective
  - If you work 100% on ESSA consolidated administration, then do semi-annual certification

# Prerequisites

- **LEAs =**

- Need approval of the SEA
- SEA must set % cap for administration, OR use “necessary and reasonable amount”

- **SEAs =**

- Need to demonstrate that majority of operating expenses come from non-federal sources

# Schoolwide Schools Sec. 1114 Blending



# Schoolwide Requirements

## Sec. 1114(a)(1)-(2)

- Consolidate and use funds, together with other federal, state, and local funds to upgrade the entire educational program of a school
- Pre-requisite: 40% poverty
  - (NEW) State may waive (previously waivable only by the Secretary, Secretary may still waive under Sec. 8401)
- Not required to identify:
  - Eligible students; or
  - Individual services as supplemental

# Schoolwide Program Plan

## Sec. 1114(b)

Combines components and elements of prior requirements:

1. Developed during 1 year period (LEA can determine less time is needed);
2. Existing schoolwide may continue but must amend plan;
3. Developed with involvement of parents and other members of the community (teachers, principals, school leaders, paraprofessionals, etc.);
4. Remains in effect but shall be regularly monitored and revised as necessary based on student needs;
5. Is available to the public in an understandable format and, to the extent practicable, in a language parents can understand;

# Schoolwide Program Plan (cont.)

## Sec. 1114(b)

6. Is developed in coordination with other Federal, State, and local services, resources, and programs;
7. Is based on a comprehensive needs assessment; and
8. Includes strategies to address school needs, including
  - Providing a “well-rounded education”;
  - Counseling and school-based mental health services;
  - Post-secondary and workforce preparation including career and technical education;
  - Consolidation of funds;
  - Schoolwide tiered model (behavior and EIS); etc.

# The Importance of the Schoolwide Plan





# The Schoolwide Plan (cont.)

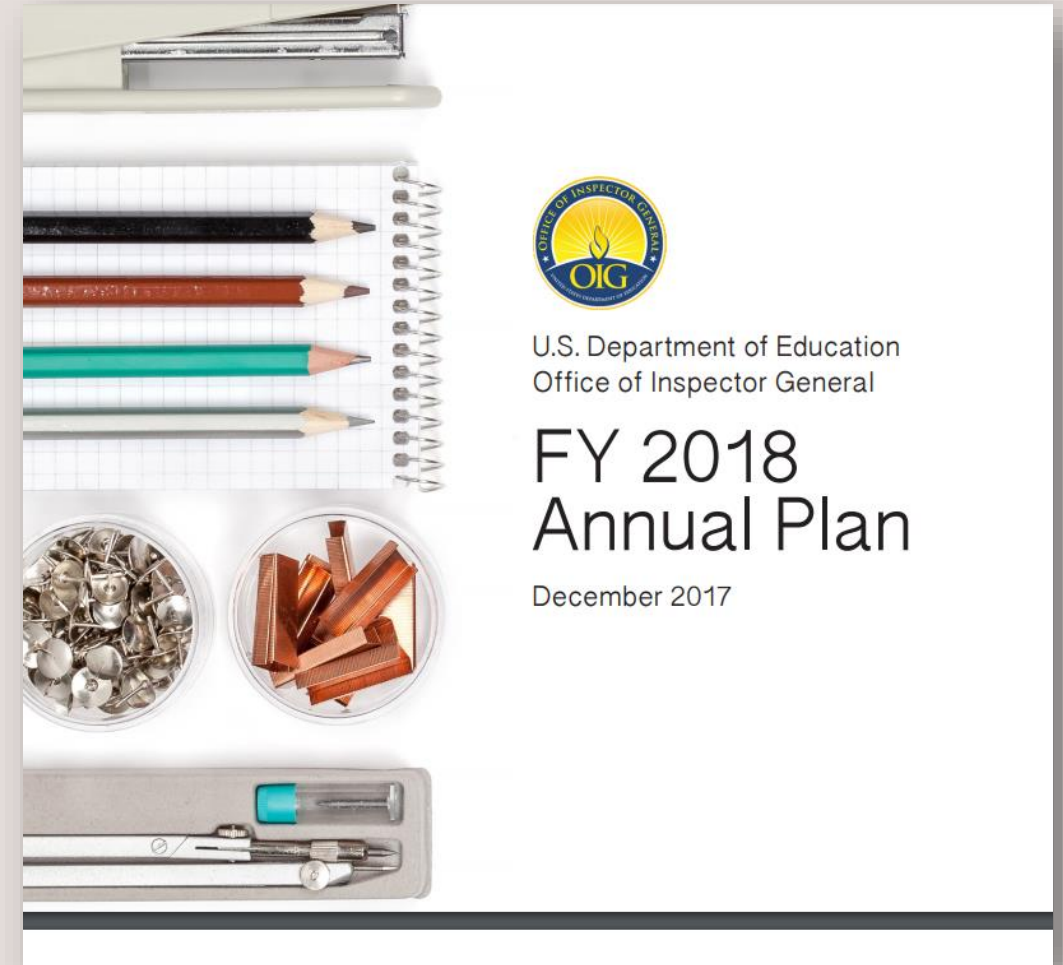
- Provides information to auditors and monitors about which programs are included if there is a consolidation.
- Auditors will hold the school accountable in accordance with whether:
  - The plan's activities meet the intent and purposes of the consolidated federal programs;
  - The school is implementing the activities detailed in the plan.

# OIG SW Accountability

## New Priority Work: State and District Oversight of Schoolwide Programs

*“Determine whether selected State and districts provided adequate oversight of schools operating schoolwide programs”*

1. Providing guidance on conducting comprehensive needs assessments, developing schoolwide plans, and conducting annual evaluations.
2. Monitoring the implementation of schools' SW plans and adherence to all applicable requirements.



# SW Accountability – New OIG Finding

September 28, 2017 – Idaho Department of Education (Oversight of Online Charter Schools)

- SW Component: implementation of additional support activities (intervention services) for students who experience difficulty attaining proficient or advanced levels of academic achievement.
- The school's plan identified specific intervention that it would provide to at-risk students to increase academic achievement.

***“We did not find sufficient documentation to support that [the school] provided the Title I intervention services required in its SW Plan.”***

- Reviewed 32 student files (15 from 2011-2012 and 17 from 2012-2013)

**“Could not confirm that any of these students received services”**

- School could not provide sufficient docs to support it provided the services.

# Annual Evaluation

- Must annually evaluate the implementation of, and the results achieved by, the program.
- Amend if appropriate
- If SW under NCLB – keep but amend



# Mechanics of Funding Consolidation



# Levels of Schoolwide Consolidation

## **1. Only Title I funds support the schoolwide plan; no funds are consolidated**

- Least amount of flexibility
- EDGAR applies

## **2. Consolidates only federal funds**

- Moderate amount of flexibility
- EDGAR applies

## **3. Consolidates state, local, and federal funds**

- Most amount of flexibility
- Loss of federal identity but state/local rules still apply

# How should the process of consolidation begin?

- Who makes the decision to consolidate?
- Starting points?
- School responsibilities?
- District responsibilities?
- Training and policies and procedures

# What does it mean to consolidate funds in a schoolwide program?

- Lose their individual identity and treated like a single “pool” of funds.
- What does “pool” mean?
  - Not required to combine funds in a single account or “pool” with its own accounting code
  - Used figuratively to convey the idea that a schoolwide program has the use of all consolidated funds to support schoolwide program



# What programs can be consolidated?

- U.S. Department of Education Programs
  - Formula Grants: Can consolidate funds from nearly every noncompetitive, formula grant
    - Title I, Part A; Migrant Education Program (Title I, Part C); Preparing, Training and Recruiting Effective Teachers and Principals (Title II, Part A); English Language Acquisition (Title III, Part A); Perkins; and the IDEA
  - Discretionary Grants: Can consolidate funds it receives from discretionary grants
    - 21<sup>st</sup> CCLC & Adult Education
    - Must still carry out activities described in the application under which the funds were awarded
- **Must be named in schoolwide plan!**

- Other federal awarding agencies
  - Cannot consolidate
  - Authority to consolidate extends only to funds administered by ED
    - National School Lunch & Head Start
- State and local programs
  - Can consolidate state and local funds except for special allotments
  - CAUTION – STATE RULES MAY RESTRICT

# Special Restrictions

- IDEA
  - Programmatic Responsibilities
    - IDEA funds can be consolidated but all programmatic protections must apply, including the provision of FAPE.
    - In other words, IDEA services must be provided, but not necessary to track IDEA dollar to IDEA service.
  - Restrictions on Consolidation
    - Amount of funds cannot exceed the number of students with disabilities multiplied by per-disabled-child amount of Part B funds received by LEA.
    - What about the non-consolidated funds?
      - Any non-consolidated funds can be spent to ensure that programmatic requirements are met and all children with disabilities are served.
      - But must track those separately.

# Accounting for Funds in a Schoolwide Consolidation

- Generally, the LEA accounts for all expenditures under the schoolwide plan as expenditures from the consolidated pool.
- May use any reasonable method, but there are at least three options approved by ED.

# Accounting for Funds in a Schoolwide Consolidation (cont.)

## Option 1: Across all SW schools in LEA

- Consolidated schoolwide pool with its own accounting code
- The expenditures attributed to that code are charged on a proportional basis
  - If Title I contributed 16%, then 16% of SWP expenses charged to Title I

# Accounting Method #1

## Programs Contributing Funds to the Consolidated Schoolwide Pool

School	Title I - A	Title II-A	21 <sup>st</sup> CCLC	IDEA- B	State and Local Funds	Total for Each Building
Lincoln	\$200,000	\$50,000	\$20,000	\$100,000	\$1,000,000	\$1,370,000
Washington	\$300,000	\$25,000	\$35,000	\$75,000	\$1,250,000	\$1,685,000
Jefferson	\$325,000	\$70,000	\$22,500	\$90,000	\$1,400,000	\$1,907,500
Total Funds LEA Distributes to Individual Schools	\$825,000	\$145,000	\$77,500	\$265,000	\$3,650,000	\$4,962,500
Percent of Total	16.6%	2.9%	1.6%	5.3%	73.6%	100%

# Accounting Method #1 - Example

- For example:
  - Lincoln spends \$2,000 to send teachers to a PD conference.
  - LEA charges each grant's share of the expenditure using proportionality.
    - \$332 to the Title I, Part A program ( $\$2,000 \times 16.6\%$ );
    - \$58 to the Title II, Part A program ( $\$2,000 \times 2.9\%$ );
    - \$32 to the 21<sup>st</sup> CCLC program ( $\$2,000 \times 1.6\%$ );
    - \$106 to the IDEA, Part B program ( $\$2,000 \times 5.3\%$ ); and
    - \$1,472 to state and local funds ( $\$2,000 \times 73.6\%$ ).

# Accounting for Funds in a Schoolwide Consolidation (cont.)

## EXAMPLE 2: Single school model

- For accounting purposes, LEA attributes expenditures back to specific program **REGARDLESS** of what services those funds support
- Two options for distributing expenditures:
  - 1) proportion of revenues or 2) sequence charging



# Accounting Method #2 – Proportion by Single-School

Adams Middle School Source of Funds	Revenues	Percent of Total	Expenditures
Total	\$1,000,000	100.0%	\$950,000
State and Local Funds (included in schoolwide program)	\$700,000	70.0%	\$665,000
Federal Programs (included in schoolwide program)			
Title I, Part A	\$200,000	20.0%	\$190,000
Title II, Part A -- Improving Teacher Quality	\$50,000	5.0%	\$47,500
IDEA Part B (Special Education) *	\$50,000	5.0%	\$47,500

Example - Adams Middle School spends \$1,000 on 5 replacement computers for a computer lab. LEA charges each grant's share of the expenditure using proportionality.

- \$200 to the Title I, Part A program ( $\$1,000 \times 20.0\%$ );
- \$50 to the Title II, Part A program ( $\$1,000 \times 5.0\%$ );
- \$50 to the IDEA, Part B program ( $\$1,000 \times 5.0\%$ ); and
- \$700 to state and local funds ( $\$1,000 \times 70.0\%$ ).

# Accounting Method - #3

## Sequence Charging by Single School

- The third approved option allows an LEA to charge 100% of a school's schoolwide expenditures to state and local sources first, then Title I, Part A, then other federal programs until each is expended fully or until the maximum carryover amount is all that remains.

# Accounting Method #3 – Sequence Charging by Single School

Adams Middle School Source of Funds	Revenues	Total Expenditures (\$950,000) Charged to Federal, State, and Local Programs	Amount Remaining
Total Included in Schoolwide Consolidated Pool	\$1,000,000		
State and Local Sources	\$700,000	\$700,000	
Title I, Part A	\$200,000	\$200,000	
Title II, Part A -- Improving Teacher Quality	\$50,000	\$50,000	
IDEA Part B (Special Education) *	\$50,000	0	\$50,000

# Reporting with SW Consolidation

Proportional Basis (or “any other reasonable method”)

- Use for identifying:
  - Carryover
  - Amount of unused non-federal funding
  - MOE
  - Comparability
  - Reporting expenditures back to State or USDE
  - State Per Pupil Expenditure (SPPE)

# Benefits of Consolidation



# Formula Grants

## All Types of Consolidation

- Not required to meet school-level statutory or regulatory requirements
- Need to address intents and purposes of combined programs AND ensure that the needs of the intended beneficiaries of these programs are addressed
- Example: Title II, Part A is consolidated
  - One purpose of Title II, Part A is to increase the number of effective teachers, principals, and assistant principals
  - Can spend consolidated funds on recruitment initiatives to increase the number of effective teachers if plan allows for it

# Formula Grants (cont.)

## All Types of Consolidation

- Must still meet accountability provisions of ESEA, including:
  - Annual review by district;
  - Potential identification for school improvement and appropriate corrective action; and
  - Accountability provisions required by ESEA waiver.
- Must also meet program-linked requirements relating to health, safety, civil rights, student and parental participation and involvement, services to private school children, and various programmatic fiscal requirements
  - But consolidation may change some of those fiscal requirements!

# Discretionary Programs

## All Types of Consolidation

- Less flexibility than formula grants
- Not enough to simply meet the intents and purposes of the discretionary grant
- Must still carry out all activities described in the application
- BUT may use any of the combined funding sources to do so



# Flexibility in Use of Funds

- Full Consolidation
  - Federal funds lose their identity
  - Not required to be spent in accordance with specific program requirements or cross-cutting federal requirements (EDGAR)
- Federal Consolidation Only
  - Funds lose program-specific identity but not federal identity
  - Consolidated federal funds must be used to address the specific “educational needs” of the school identified in needs assessment and comprehensive plan
  - EDGAR still applies

# Use of Funds – Basic Operational Expenses

- Basic operational expenses includes maintenance and repairs, landscaping, and custodial services
  - Full Consolidation – Allowable
  - Federal Only – Unallowable, consolidated funds must be used to address educational needs identified in needs assessment and articulated in plan
- Be careful of supplement, not supplant (?)
  - School must receive all the state and local funds it would otherwise *need to operate* in the absence of Federal funds



# Record-Keeping Flexibility

- Full Consolidation
  - **Flexibility:** Not required to maintain separate fiscal accounting records by program that identify the specific activities supported by the program funds
  - **But:** Must maintain records that demonstrate the schoolwide program, as a whole, addresses the intents and purposes of each consolidated federal education program

# Record-Keeping Flexibility

- Federal only
  - **Flexibility:** Records do not need to identify that funds came from a specific program
  - **But:** Must show
    - That the funds supported activities that addressed specific educational needs of the school as articulated in plan
    - That the expenditures met all federal cost principles

# Procurement Flexibility

- Full consolidation:
  - Federal procurement rules do not apply
  - Must follow state and local rules.
- Federal only:
  - Federal procurement rules still apply because no loss of federal identity

# Inventory Management Flexibility

- Full Consolidation:
  - School is generally expected to follow state and local rules rather than federal rules for property purchased with consolidated funds.
  - Must still keep records identifying property as schoolwide property and documentation that the equipment was purchased with consolidated funds.
- Federal only: Inventory management rules would still apply.

# Time and Effort

- Full Consolidation:
  - **FLEXIBILITY:** No Time and Effort!!!!
- Federal only
  - Time and Effort still required
  - SWP considered single cost objective



# Equitable Services Under ESSA Section 1117

- Consultation must include:
  - “Whether to consolidate [emphasis added] and use [Title IA funds]... in coordination with eligible funds for services to private school children under... [other] ESSA programs...”
- 1117b(1)(L)
  - Does consolidate here authorize Blending?



# Equitable Services Under ESSA Section 1117

- No!
- ED Guidance
  - This authorizes coordination → **Braiding**
- ESSA Non Regulatory Guidance Fiscal and Equitable Service <https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf> (Question O-7)

District-level  
Schoolwide  
Consolidation?

No!

# ESSA District-level Uses of Funds

- District-level Administrative Costs
- District-wide Initiatives
- Homeless Children and Youths (ALL homeless students) (ESSA Section 1113(C))
- Neglected and/or delinquent children
- Early childhood education programs
- 1% Parent and Family Engagement (ESSA Section 1116(a)(3))
  - 90% of that amount must go to schools
- 5% Financial Incentives and Rewards (ESSA Section 1113(c)(4))
- 5% Public School Choice Transportation (ESSA Section 1111(D))
- Equitable Services
- School Improvement (as applicable (ESSA Section 1003))

# ESSA District-level Uses of Funds (cont.)

LEAs must have a State approved plan (ESSA Section 1112) that describes how the LEA will:

- Monitor student's progress in meeting challenging State academic standards
  - Includes implementing a “well-rounded program of instruction”
- Address disparities in teacher distribution
- Meet its responsibilities re: comprehensive support and improvement
- Provide effective parent and family engagement
- Coordinate and integrate services with preschool programs
- Coordinate academic and CTE content
- Support efforts to reduce the overuse of discipline practices that remove students from the classroom

# ESSA District-level Uses of funds (cont.)

(continued from the prior slide)

- Facilitate transition middle to high school to postsecondary
  - Coordination with IHEs, dual or concurrent enrollment
- Where LEA uses funds for preschool
  - Ensure services comply with Head Start Act
- For English learners with disabilities under IDEA how the program will meet the student's IEP
- Ensure its Title I or III language program (as applicable):
  - Informs parents on reasons for child's selection;
  - Details the program, including right to opt out; and
  - Effectively communicates with EL parents including regular meetings

# One more thing...

- Transferability is not the same thing as consolidation.

# Title V – Transferability

## Sec. 5103

Allows SEAs or LEAs to transfer some or all of their funds into or out of:

- Title II, Part A (Professional Development),
- Title IV, Part A (Student Support), or
- Sec. 4202(c)(3) (21<sup>st</sup> Century Community Learning Centers State Activities– State only),

And from those programs into (but not out of):

- Title I Part A (Academic Disadvantaged),
- Title, I, Part C (Migrant),
- Title I, Part D (Neglected and Delinquent),
- Title III, Part A (English Learners), or
- Title V, Part B (Rural Education).

# Transferability and Equitable Services

- Before a transfer, the district must engage in timely and meaningful consultation with appropriate private school officials.
- LEAs must calculate equitable services based on the total amount of funds available after a transfer



# ESSA References



- **Statute**

- The Elementary and Secondary Education Act was amended by the Every Student Succeeds Act Under Public Law 114–95.

- **Regulations**

- Final Academic Assessments Final Innovative Assessment Demonstration Authority
  - Final Impact Aid

Available at: <http://www.ed.gov/essa>

- Numerous guidance documents available on the website as well!



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