

ESSA and EDGAR

Fiscal Topics

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ESSA'bout Time !



ESSA STATUTE, PROPOSED REGULATIONS, GUIDANCE,
ETC, AVAILABLE AT: [HTTP://WWW.ED.GOV/ESSA](http://www.ed.gov/essa)



SEA/LEA Report Cards

Sec. 1111(h)

Prepared and disseminated every year at State and local levels

Expanded list includes:

- Academic achievement by subgroup
- Percentage of students assessed/not assessed
- Descriptions of States' accountability system
- Graduation rates
- Information on indicators of school quality
- Professional qualifications of teachers: including distribution in high – low poverty schools
- NAEP results (State only)
- Per-pupil expenditures for federal, State, and local funds





SEA/LEA Report Card Regulations

Per-pupil Expenditures (200.35)

Must report for each LEA and for each school served by the LEA:

- **Current expenditures per pupil from Federal, State and local funds for the preceding fiscal year:**
 - **In the aggregate (total federal, state and local funds)**
 - **Disaggregated by source of funds**
 - **Federal**
 - **State and local combined (including impact aid) not including private funds**

Uniform set of statewide procedures to calculate LEA-level and school-level current expenditures per pupil

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SEA/LEA Report Card Regulations (cont.)

Uniform set of statewide procedures to calculate LEA-level and school-level current expenditures per pupil

- Numerator must include actual staff salaries and actual nonpersonnel expenditures including:
 - Administration, instruction, instructional support, student support services, pupil transportation, operation and maintenance of plant, fixed charges, preschool, and net expenditures to cover deficits for food services and student body activities
 - But, not including: community services, capital outlay and debt service.
- Denominator consists of the aggregate number of students in elementary and secondary schools on October 1

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SEA/LEA Report Card Regulations (cont.)

- **Must consult with parents in designing report cards**
- **Must include performance of students in charter schools and under each chartering authority**
- **Make report cards available no later than December 31st each year**
- **State or LEA may request a one-time, 1 year extension for specific data, if unable to include initially**

Equitable Services/ Proportionate Share Sec. 1117(a)(4)

General formula based on number of:

1. Private school students
2. From low-income families
3. Who reside in Title I-participating public school attendance areas



Proportionate share = eligible private school children identified per school attendance area multiplied by the PPA for that area.

(NEW) Must be calculated BEFORE any allowable expenditures or transfer by the LEA!

Expenditures/Proportionate Share

Sec. 1117(a)(4) (cont.)

Old rule :Private school students also must get equitable share of some set-asides:

- Off the top for districtwide instruction
- Off the top for parental involvement
- Off the top for professional development

But under old rule these came off the top before ES allocation determined

- **Status under new rule????**
 - **Unclear, especially for parental involvement**



Carryover??

Sec. 1117(a)(4)(B)

(NEW) Funds allocated to a local educational agency for educational services and other benefits to eligible private school children shall be obligated in the fiscal year for which the funds are received by the agency.



Title I, A Supplement Not Supplant (SNS) Sec. 1118(b)(1)



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

ESSA Title I, A SNS Sec. 1118(b)(2)

(NEW) To demonstrate compliance, the LEA shall demonstrate:

- That the methodology used to allocate State and local funds to each Title I school ensures that the school receives all the State and local funds it would otherwise receive if it were not receiving Title I funds.
 - Similar to prior SW standard

Title I, A SNS (cont.)

Sec. 1118(b)(3) – (4)

(NEW) 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.

(NEW) The Secretary may not prescribe the specific methodology a LEA uses to allocate State and local funds to each Title I school.

Prior Title I, A SNS Rule

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

3 Presumptions of Supplanting

1. Receipt of Title I funds by a local educational agency (LEA) for a fiscal year in which the LEA has received federal, state, or local funds for the same purpose as the Title I funds in the prior year
- students and the same services
students using non-federal
- 



SNS Regulations

200.72(b)(1)(ii)

3 Methodology Options

1. Weighted Per Pupil Formula

- Based on characteristics of students (i.e. poverty, ELs, SWDs, and others with educational disadvantage)

2. Distribution Based on Personnel and Non-Personnel Resources

- Average districtwide salary for each category of school personnel (principals, librarians, school counselors, etc.)
 - Multiply by number of school personal
- The average districtwide per-pupil expenditures for non-personnel
 - Multiply by the number of students in the school.

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SNS Regulations (cont.)

200.72(b)(1)(ii)

Methodology Options (con.t)

3. SEA-Established Compliance Test

- Test must be as rigorous as other approaches (and results in substantially similar amounts of funding)
- Must be approved through Federal peer review process
- SEA is not required to establish the test
- LEA is not required to use the test if established

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SNS Regulations (cont.)

200.72(b)(1)(iii)

Special Rule

An LEA may distribute State and local funds using any methodology that results in the LEA spending an amount of State and local funds per pupil in each title I school that is equal to or greater than the average amount of State and local funds spent per pupil in non-Title I schools.

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SNS Regulations (cont.)

200.72

- Annual Determination
- LEA must publish methodology in a format understandable to parents and the public
- 5% variation is permitted
- May be calculated districtwide or by grade span
 - Grade Spans with single school are exempt
- Schools with fewer than 100 students are excluded
- Single school LEAs are exempt
- Supplemental “Title I like funding” may be excluded

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SNS Regulations (cont.)

200.72(b)(1)(iii)(C)

Exception:

- **IF** one or more non-Title I schools in the LEA receive additional funding because of a high proportion of SWDs, ELs, or low income families; and
- These additional expenditures disproportionately affect the amount of State and local funds allocated, on average, to non-Title I school in the LEA or in a particular grade span within the LEA;
- **THEN** the LEA will be in compliance, IF absent such school(s) the LEA would be in compliance.



SNS Regulations (cont.)

200.72(b)(2)

Districtwide Expenditures

- **The LEA may exclude districtwide expenditures**
- **Provided each Title I School received a share of those activities equal to or greater than the share it would otherwise received if were not a Title I school, and**
- **The LEA distributes to schools almost all of the State and local funds available to it for current expenditures.**
 - **Includes admin, summer school, preschool, personnel provided districtwide services, etc.**
 - **May not include personnel or non-personnel resources associated with an individual school.**



SNS Regulations (cont.)

200.72(b)(3)

Timeline

- **December 10, 2017**
- **Demonstrate that the LEA has a methodology for use by 2018-1019 school year; or**
- **LEA submits a plan to implement a methodology by 2019-2020 school year**

For the 2017-2018 school year:

- **LEA may use the ESSA methodology by adopting the new methodology early; or**
- **Be subject to the NCLB Title I prior test.**

AEFFA's Proposals for New Time and Effort Systems June 15, 2016

**LETTER: [HTTP://WWW.BRUMAN.COM/WP-
CONTENT/UPLOADS/2010/10/AEFA-LETTER-TO-DEPT-
OF-EDUCATION-JUNE-2016-FINAL.PDF](http://www.bruman.com/wp-content/uploads/2010/10/AEFA-LETTER-TO-DEPT-OF-EDUCATION-JUNE-2016-FINAL.PDF)**



Tracking Personnel Expenses

200.430(i)

- All employees must maintain documentation showing that their salaries are allocable to a federal program 200.403(a).
- That documentation must be based on records that accurately reflect the work performed.



Documentation Requirements

200.430(i)(1)

These records **MUST**:

- 1. Be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable and allocable;**
- 2. Be incorporated into official records;**
- 3. Reasonably reflect total activity for which employee is compensated;**
- 4. Encompass all activities (federal and non-federal);**
- 5. Comply with established accounting policies and practices; and**
- 6. Support distribution among specific activities or cost objectives.**

Documentation Requirements (cont.)

What We Know:

- ✓ Consolidated 3 different sets of rules (A-87, A-21 and A-122)
- ✓ Must have some type of documentation
- ✓ Time can be tracked by percentage or hours
- ✓ Track time by cost objectives
- ✓ Reconcile documentation to budgeted amounts
- ✓ Substitute Systems still acceptable to meet these requirements

Documentation Requirements (cont.)



What We Don't Know:

- ✓ Signatures?
- ✓ Time Periods?
- ✓ Electronic system?
- ✓ What is a good system of internal controls?

Compliance

200.430(i)(2)

For records which meet the standards, the non-federal entity will not be required to provide additional support or documentation for the work performed.

- ❖ DOL regulations for Fair Labor Standards Act must still be met (i.e. charges must be supported by records indicating the total number of hours worked each day).

Noncompliance

200.430(i)(8)

Noncompliance

- **For a non-Federal entity where the records do not meet these standards:**
 - **USDE may require personnel activity reports (PARs), including prescribed certifications or equivalent documentation that support the records as required in this section.**
 - **PARs are not defined!!**

AEFFA Proposed T&E Flexibility

- 1. Certification of Actual Time Worked**
- 2. Blanket Certification**
- 3. Official Record of Employee Activities**
- 4. Electronic Submissions/Approvals**
- 5. Roll-up Time and Effort Tracking**
- 6. Allocation of Effort Using a Basis Other than Time**



AEFFA T&E Proposals Certification of Actual Time Worked

If an employee works on a single cost objective:

Semi-Annual Certifications

- **After the fact;**
- **Account for the total activity;**
- **Signed by employee or supervisor; and**
- **Every six months (at least twice a year).**

AEFFA Proposals

- **Annual Certification***

AEFFA T&E Proposals Certification of Actual Time Worked (cont.)

If an employee works on multiple cost objectives:

A-87 Rule: Personnel Activity Report (PAR)

- After the fact;
- Account for total activity ;
- Signed by employee*; and
- Prepared at least monthly and coincide with one or more pay periods.**

AEFFA Proposals

- Signed by employee or supervisor with knowledge*
- PARs are Monthly or Quarterly**

AEFFA T&E Proposals Blanket Certifications

A-87 Permissible Blanket Certification:

Supervisor has first hand knowledge of worked performed by several employees:

- **He/she used a single certification listing all employees and the cost objective that they worked on and the time period covered.**

AEFFA Proposals:

- **The above certification still acceptable documentation**
- **Additionally, supervisor with knowledge could sign a single certification attesting that the named employees all worked in accordance with their stated job descriptions**

AEFFA T&E Proposals

Official Record of Employee Activities

What is an Official Record of Employee Activities (OREA)?

- **Examples: Job Descriptions or Employee's schedule**
- **Clearly identifies all cost objectives at beginning of the year**
- **Clearly identifies position and/or accounting codes.**
- **Single Cost Objective: OREA is sufficient documentation**
- **Multiple Cost Objective: On an annual basis, employee or supervisor with knowledge certify that the employee worked in accordance with the OREA**
- **To ensure internal controls in place:**
 - **A position/activity change form is used to track changes in an employee's job or activities and ensure proper reconciliation/allocability.**

AEFFA T&E Proposals

Electronic Submissions/Approvals

Types of Electronic Submissions Include:

- On-line or electronic form submission where employee logs in and completes their time using a “check the box” system.
- Email submissions from employee.
- Electronic timesheets.
- Key here: internal controls!
 - Passwords
 - Unique identifiers
 - Some record trail

AEFFA T&E Proposals

“Roll up” Time and Effort Tracking

Tracking Supervisors, Clerical and Support Staff

- This was permissible under A-87 with permission (as a substitute system).
- AEFFA Proposal: This is permissible under the new standard (and would not be a substitute system so no permission needed).
- How this works?
 - Time spent by a supervisor on purely supervisory activities may be allocated based on the average time allocations of the supervised employees.

AEFFA T&E Proposals

Allocation of Effort Using a Basis Other Than Time

Allocability

- **When an employee benefits multiple cost objectives in a way that is indistinguishable, may determine the allocability of time using “any reasonable basis”.**
- **Further, if proportions can not be determined because of the interrelationship of the work involved, costs may be allocated on “any reasonable documented basis”.**
- **Meaning – you can use a measure other than time!**

Examples:

- **Paraprofessional teaching supplemental class to students with varying eligibility – could allocate salary based on percentage of students from each funding source.**
- **Accountant’s salary – allocated based on the number of transactions from each funding course. (Permissible under ED’s 1992 Guidance)**



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