



FEDERAL GRANTS FISCAL TOPICS

Maintenance of Effort, Comparability and Supplement-Not-Supplant

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Maintenance of Effort IDEA

Federal Requirement

Except as provided in §300.204 and §300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of these expenditures for the preceding fiscal year. 34 CFR §300.203

Note: The threshold for IDEA is 100% unlike Title I which is 90%



Multiple Ways of Calculating MOE

- Use both state and local expenditures (excludes all federal expenditures)
- Use local only expenditures
- Aggregate
- Per student

Use the calculation most advantageous to the district; however, the LEA must calculate expenditures from the same source from one year to the next in order to have a valid comparison.

Timeline

- Compare expenditures for the most recent completed fiscal year to the preceding fiscal year.
For example, compare expenditures in 2017-18 to 2016-17. Expenditures in 2017-18 must equal or exceed those in 2016-17.
- Each year a review of the MOE threshold should be conducted to determine if any of the exceptions prescribed in 34 CFR 300.204 and 300.205 may reduce the MOE threshold.

Flexibility and Exceptions

The MOE threshold can be reduced by the following documented circumstances:

- Departure of special education or related services personnel;
- Termination of a program with significant costs for a particular student;
- Termination of costly expenditures for long-term purchases.

Flexibility and Exceptions (cont.)

- Under certain circumstances, the MOE threshold can be reduced by 50% of the increase in IDEA funding from year to year.
- Certain districts are required to use a portion of their IDEA funds for Coordinated Early Intervening Services – others choose to do so.
- If CEIS is required, the MOE threshold may not be reduced.
- When voluntary, the amount of funds used for CEIS count toward the maximum amount that MOE may be reduced.

Flexibility and Exceptions (cont.)

- Example of MOE reduction calculations
 - State and Local Expenditures for year 1 \$500,000
 - Amount of increase in IDEA for year 2 100,000
 - Amount of voluntary CEIS expenditure in year 2 20,000
 - Amount by which MOE threshold can be reduced for year 2 30,000
 - MOE requirement for year 2 **\$470,000**



Process for Determining MOE

- Office of Funding and Financial Reporting prepares MOE calculations based on cost reports.
- After audits are complete, staff from Office of Audit Resolution and Monitoring work with the district, using audited financial data to achieve the best possible outcome with respect to MOE.
- If MOE is not met, district will have to restore the amount of the deficit to the program using non-Federal funds.
- DOE will work with district to establish “payment plan” if necessary.

OFFR Procedure

- Using the program cost report, capture total district costs for exceptional student education programs (programs 111, 112, 113, 254, and 255).
- Calculate expenditures for gifted students and subtract from ESE expenditures (gifted FTE is multiplied by basic cost factor by grade group, then multiplied by the BSA and the District Cost Differential).
- A per FTE amount for the ESE Guaranteed Allocation is also included for grades K-8.

OFFR Procedure (cont.)

- Deduct from expenditures, Community Services, Capital Outlay, Debt Services, and any non-recurring Incentive or Bonus Programs.
- Deduct expenditures from federal funds – federal direct and federal through state (an exception is made for SFSF expenditures which may count as state funds).
- Determine the outcome of MOE analysis in both the aggregate and per FTE.
- Compare against the previous year.
- For any district that does not meet the MOE requirement, apply the flexibility and exceptions.

OFFR Procedure (cont.)

Calculation of Exceptions

- Enrollment decline – Bureau of Exceptional Education and Student Services calculates the decline using the student database.
- Departure of Personnel – district submits list of personnel who have left the district and individuals hired to replace them along with salary/benefits information.
- Termination of program of high-cost purchases – district must provide documentation including descriptions, actual costs, dates costs incurred and completed, etc.

Audit Procedures for Determining MOE Compliance

- Determine if Districts have procedures in place to determine if it is on course to meet.
- Request financial data that represent State and local funds used to support ESE students. (General fund Function 5200)
- Request FTE count for students identified as ESE.
- Perform the calculation to determine if MOE was met in aggregate or per Capita
- Consider exceptions

Example of an Auditor's Calculation

<u>Source</u>	<u>Fiscal Years</u>		<u>Difference</u>	<u>Amounts</u>
	<u>2016-17</u>	<u>2017-18</u>		
State and Local Expenditures for Special Education Services	\$ 7,000,000.00	\$ 6,000,000.00	\$ 1,000,000.00	\$ (1,000,000.00)
Full-Time Equivalent (FTE) Enrollment in Special Education	1500	1450	-50	
Average Expended per Capita (FTE)	\$ 4,666.67	\$ 4,137.93	\$ (528.74)	
Allowance for Decrease in FTE (50 FTE decrease times \$528.74 avg expended per capita for 2017-18 fiscal year)				\$ <u>26,437.00</u>
Deficiency in Expenditures of State and Local Resources				\$ (973,563.00)

Post-Audit Procedures

(Office of Audit Resolution and Monitoring)

- Review auditor's findings and data.
- Where there are findings, will review data with district to see if any additional mitigation is appropriate

Consequences

- There are no waivers available for LEAs failing to meet the MOE requirement.
- The State must repay (with non-Federal funds) the Federal government the amount of money by which the LEA failed to maintain effort.
- The State has the discretion to require the LEA to pay back to the State the amount of money by which it failed to maintain effort.

Best Practices

- Know your district's MOE threshold from the previous year.
- Establish a budget which meets your MOE requirement.
- Track expenditures throughout the year and make adjustments as necessary to maintain effort.



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Maintenance of Effort ESEA



Federal Requirement

ESEA § 8521

For eligibility under ESEA entitlement programs,

Either:

- Per student amount of state and local funds; or
- Aggregate expenditures of state and local funds

for the preceding fiscal year, must be not less than 90 percent of the second preceding fiscal year**

Calculation

For MOE, state and local funds include:

- Administration
- Instruction
- Attendance and health services
- Pupil transportation
- Operation and maintenance of plant
- Fixed charges; and
- Net expenditures to cover deficits for food services and student body activities

Calculation

For MOE, state and local funds exclude:

- Community services
- Capital outlay
- Debt service
- Supplementary expenses for declared disaster
- Expenditures from federal funds



Consequences

- Funding will be reduced in proportion to the amount by which the LEA failed to meet the 90%, if:
 - LEA failed to meet 90% threshold; and
 - LEA also failed to meet 90% threshold in any one of the immediately preceding five years
- Waiver is possible



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Comparability



Federal Requirement

An LEA may receive Title I funds only if it uses state and local funds to provide services in Title I schools that, taken as a whole, are at least comparable to the services provided in non-Title I funds.

Federal Requirement

If all schools in an LEA are Title I schools, the LEA must use state and local funds to provide services that, taken as a whole, are substantially comparable in each Title I school.

Comparability Requirement Is N/A

- When a district has only one building for each grade span (e.g., a district with one elementary, one middle, and one high school)
- When the district has only two schools – one of which is a large school and one of which is a small school

Schools Excluded from Comparability

- Schools with fewer than 100 students
- Schools with grade spans not served by Title I
- Schools outside the K-12 educational system

Methodology

- Federal requirements allow for several different methods for determining comparability.
- Florida has chosen to use pupil-teacher ratio as the method for establishing comparability.

The general requirement for determining comparability using the pupil-teacher ratios is to examine the average number of students per instructional staff member (pupil-teacher ratios) in non-Title I schools compared to the pupil-teacher ratios of each Title I school. The ratios in Title I schools should not be greater than 110 percent of the average for non-Title I schools.



Variance

- Florida defines “at least comparable” as being within a 10% variance.
- The criterion for determining comparability using the pupil-teacher ratio method is 110 percent of the average student-to-instructional staff ratio across the comparison schools.

Annual Determination

- Every school must be comparable every year
- The calculation must be made early in the school year (generally just after Survey 2) so that a district can identify and correct any non-comparable Title I schools (no later than the beginning of the 2nd semester)



Groupings

- District can choose to use district-wide, grade span, or enrollment size.
- If the district chooses grade span, the number of grade spans should match the organization of the schools in that district.
- Enrollment size: can group by large and small, but only if there is a significant difference in the enrollment size between the largest and smallest.

Written Procedures

- Each district must have written procedures which include:
 - The office(s) responsible for making comparability calculations and their responsibilities
 - Timeline for demonstrating comparability
 - Sources of data, the actual data used, and the name of the LEA's human resource (HR)/financial reporting system/database used to generate reports



Written Procedures (cont.)

- Date certain (student enrollment and instructional staff Full-Time Equivalent [FTE] data should be generated on the same date)
- Measure and process used to determine if the schools are comparable, including charter schools
- Manner and timeline for making adjustments in non-comparable schools
- Definition of non-federal instructional staff (the LEA should identify “included” and “excluded” positions used when conducting comparability calculations)

Written Procedures (cont.)

Timelines:

- Date certain data are collected
- Estimated timelines for determining staff allocations
- Timeline for identification of schools participating in the Title I, Part A program
- Estimated timeline for conducting the calculations
- Timeline for making adjustments if non-comparable schools are identified
- Timeline for submission of revised supporting documents



What Staff Are Included?

- Instructional staff includes classroom teachers and other personnel who provide direct instructional services.
- Other personnel who provide services that support instruction



What Staff Are Included? (cont.)

- A district may include instructional paraprofessionals in the comparability calculation. However, if included, instructional paraprofessionals supported with state and local funds should be counted as one-half of one FTE (0.5 FTE)
- Non-instructional paraprofessionals may not be included



What Staff Are Included? (cont.)

- The following staff are not considered instruction and should not be included:
 - Food service
 - Cafeteria or playground supervision
 - Personal care services
 - Non-instructional computer assistance

What Staff Are Included? (cont.)

- Part-time staff, if included in staff counts at any location, should be counted on the basis of the total amount of hours worked from the beginning of the fiscal year to date certain in proportion to the total hours a full-time employee would have worked during the same time span.

What Staff Are Included? (cont.)

- A district must only include instructional staff paid with state and local funds. This would exclude instructional staff paid with private or federal funds, such as Individuals with Disabilities Education Act (IDEA), Title II, or Title I



Charter Schools

- Charter schools must be included in comparability calculations just like traditional schools.
- Should one or more charters not be comparable, a second type of calculation may be performed to determine comparability

Corrective Action

- If a district determines that one or more Title I schools is not comparable, the district should immediately make necessary staffing adjustments
- For example, adding an instructional position from state or local sources to the non-comparable Title I school

Monitoring

Districts are divided into two groups (Cycle A and Cycle B)

- All districts must do calculations every year (using the online system)
- Districts need to submit a comparability report and supporting documentation to DOE once every 2 years



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Supplement-Not-Supplant ESSA – Title I



Traditional Presumptions of Supplanting

For Non-Title I Programs, the following presumptions of supplanting apply:

1. Required to be made available under other federal, state, or local laws.
2. Provided with Non-federal funds in the prior year.
3. Same services were provided to other students using non-federal funds.

Title I – SNS under ESSA

ESSA Sec. 1118(b)

- Title I, Part A funds must be used to supplement, not supplant state and local resources
- No presumptions
- To demonstrate compliance, the LEA shall demonstrate that the methodology used to allocate state and local funds to each school receiving assistance under this part ensures that the school receives all the State and local funds it would otherwise receive if it were not receiving Title I funds.

Title I – SNS under ESSA

ESSA Sec. 1118(b)(3)

No LEA shall be required to

- Identify individual costs or services as supplemental
- Provide services through a particular instructional method or in a particular instructional setting to demonstrate compliance.

Title I – SNS under ESSA CAUTION

- ED will apply a specific cost test to DISTRICT-WIDE costs
- Is there a state-mandated requirement?
- Same services provided to non-Title I students using other funds

ED claims this would indicate violation of the methodology test in the statute.

Title I – SNS under ESSA

ESSA sec. 1118(b)(4):

The Secretary may not prescribe the specific methodology a LEA uses to allocate State and local funds to Title I schools.

Title I – SNS under ESSA Exclusion

- ESSA sec. 1118(d)
- SEA or LEA may exclude from a supplanting determination supplemental state or local funds expended for programs that meet the intent and purposes of Title I, Part A.

Title I – SNS under ESSA Exclusion (cont.)

34 C.F.R. 200.79 – a program meets intent and purposes, if it either:

- Is implemented in a school with at least 40 % poverty;
- Is designed to promote schoolwide reform and upgrade the entire educational operation of the school; is designed to meet the educational needs of all students in the school, particularly those who are not meeting state standards; and
- Uses the state assessment system to review the effectiveness of the program; OR

Title I – SNS under ESSA Exclusion (cont.)

- Serves only students who are failing, or most at risk of failing, to meet state standards;
- Provides supplementary services to participating students designed to improve their achievement; and
- Uses the state assessment system to review the effectiveness of the program.

Title I – SNS under ESSA Florida Implementation

- LEAs will be required to assure that they meet the SNS requirement and describe the methodology in its 2018-19 application
- LEA has flexibility, must show:
- Students living in poverty, ELLs, SWD, other subgroups generate additional funding for their school; and
- Each Title I school receives for its use all of the funds to which it is entitled

Title I – SNS under ESSA Florida Implementation

Examples of Acceptable Methodologies (From 2015 ED guidance on schoolwide programs):

- Weighted per-pupil funding formula
- Staffing and Supplies, e.g.:
 - 1 teacher per 22 students (\$65,000/teacher)
 - 1 principal per school (\$120,000)
 - 1 librarian per school (\$65,000)
 - 2 guidance counselors per school (\$65,000/guidance counselor)
 - \$825/student for instructional materials and supplies

Title I – SNS under ESSA Florida Implementation

Approval of application \neq Approval of methodology

For approval of the application, FDOE will review:

- Is methodology objective/measurable?
- Is methodology Title I neutral?

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