NCLB TITLE I:
Charter School Primer

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Introductions

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Mission Statement

The Illinois State Board of Education will provide leadership, assistance, resources and advocacy so that every student is prepared to succeed in careers and postsecondary education, and share accountability for doing so with districts and schools.
Charter School Participation in Title I

Charter schools are entitled to a proportionate share of State and federal resources generated by students with disabilities, as well as a proportionate share of categorical funds.

Federal law also requires that a charter school opening for the first time or significantly expanding its enrollment receive the federal funds for which it is eligible within certain time constraints.
Purpose of Title I

The purpose of this title 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.

- Statement of Purpose from currently authorized Elementary and Secondary Education Act
Types of Title I Schools

• Individual schools with poverty rates **above** 40% may use Title I funds along with other funds to operate a “**schoolwide**” program.

• Schools with poverty rates **below** 40%, or those not choosing to be declared “**schoolwide**” programs, are “**targeted assistance**” schools.
Targeted Assistance

• Targeted assistance programs provide direct services to students eligible for Title I services.

• Services must be *supplemental* to regular educational services.

• Schools/districts must have selection criteria for eligible students that includes *multiple* sources (e.g., below proficient on state assessments, teacher recommendations, local assessments).
Targeted Assistance (cont.)

• Only staff directly supported by Title I funds (in whole or in part) are considered Title I staff (teachers, paraprofessionals).
• Only students who receive services are counted as Title I students for reporting purposes.
• The school must track types of services provided to eligible students.
• All students eligible for Title I services should receive them, even if such students are eligible under other programs such as IC (Migrant) or IIIA (LEP).
Schoolwide Programs

- Schools with at least 40% poverty are eligible to operate as schoolwide.
- The school must develop a schoolwide plan that meets all requirements. This process usually includes about 1 year for planning.
- The plan should improve student achievement at the school overall, but students with academic need should still receive supplemental services.
Schoolwide Programs (cont.)

- Schoolwide (SW) plan resources within Innovation & Improvement Center website, marked on the NCLB Application and migrated into Rising Star.
- SW plan requirements are found in NCLB 1114(b)(1)(A-J).
- SW plan reviewed and approved by district, revised annually.
- SW plan is NOT the same as the School Improvement (SI) plan. SW plan is comprehensive. SI strategies may be part of SW plan.
Title I Fiscal Issues

Three fiscal requirements related to the expenditure of regular State and local funds must be met by an LEA. The LEA must:

- Maintain fiscal effort with State and local funds;
- Provide services in its Title I schools with State and local funds that are at least comparable to services provided in its non-Title I schools; and
- Use Part A funds to supplement, not supplant regular non-Federal funds.

- Department of Education: Non-regulatory Guidance – Title I Fiscal Issues (p.9)
Know the Governing Documents

- Education Department General Administrative Requirements (EDGAR)
- OMB Circular A-87
- OMB Circular A-133 Compliance Supplement
EDGAR

Establishes cross-cutting rules that apply to all ED programs, unless a specific program is exempted by its own statutes and regulations (Title I is not exempted). Rules cover things such as:

» application procedures
» financial administration
» property management
» record retention
» lobbying
» program oversight
EDGAR §75 and §76

• §75 “Regulations That Apply to Direct Grant Programs” — these regulations apply to grants that an LEA receives directly from the federal government.

• §76 “Regulations That Apply to State-administered Programs” — these regulations apply to grants that an LEA receives as a sub-recipient of ISBE.
EDGAR and Title I

The statute articulates the following provisions:

- How funds are to be distributed to the LEAs
- Any program or fiscal conditions that must be met on the state/local level
- The development of applications and amendments that identify the activities that support the purposes of an act
- How grant recipients are accountable for fiscal reporting and for reporting of program performance
OMB Circular A-87

Establishes the cost principles for state and local governments – including what an organization:

- Cannot do (e.g., purchase alcohol)
- Must do (e.g., keep time and effort records)
- Might be able to do (e.g., spend money on a certain cost)
A-87 and Title I

Unlike other federal education programs, Title I, Part A does not have a use of funds section; therefore, funds must be spent consistent with the purpose of the program. A-87 provides that framework.
A-87: What Can’t You Do?

• Generally, federal funds *cannot* be used for:
  – Advertising, including school promotional materials
  – Alcohol
  – Bad debts
  – Donations and contributions
  – Entertainment (Caution: important in the context of field trips & parental involvement activities.)
  – Fundraising
  – Lobbying
A-87: What Can You Do?

All costs charged to federal funds must be:

- **Necessary** for the performance or administration of the grant
- **Reasonable** in light of the goals of the federal programs, the cost of the item, and the needs of the district or school
- **Allocable**, meaning the cost benefits the grant in proportion to the amount charged
- **Authorized** under state and local laws, policies and procedures
- **Adequately documented**
OMB Circular A-133

The OMB A-133 Compliance Supplement is divided into 7 divisions:

- Part I: Background, Purpose, and Applicability
- Part II: Matrix of Compliance Requirements
- Part III: Compliance Requirements
- Part IV: Agency Program Requirements
- Part V: Clusters of Programs
- Part VI: Internal Control
- Part VII: Guidance for Auditing Programs Not Included in This Compliance Supplement
A-133 Compliance and Title I

1. Activities allowed or not allowed
2. Allowable costs/cost principles
3. Cash management
4. Eligibility
5. Equipment and real property management
6. Matching, level of effort, earmarking
7. Period of availability
8. Procurement and suspension and debarment
9. Reporting
10. Subrecipient monitoring
11. Special tests and provisions
Title I A-133
Common Audit Findings

• Unallowable activities
  – RtI
  – Common Core Textbooks

• Unallowable costs
  – Serving ineligible students
  – Food, unless necessary for the meeting

• Incurring/obligating costs outside project dates
  – Hiring staff before the grant submission date
  – Purchasing supplies after the end of the grant year
Supplement v. Supplant

NCLB grant funds must only be used to supplement (add to) any state (SEA) or local (LEA) funds used to provide services, staff, programs, or materials.

In other words, NCLB grant funds cannot be used to pay for things that would otherwise be paid for with state or local funds.
When Does Supplanting Occur?

The OMB A-133 Compliance Supplement details three general situations where an auditor will presume that the use of federal funds violates the “supplement, not supplant” requirement.

1. Required by law
2. Supported last year
3. Provided to everyone

A good question in any “supplement, not supplant” analysis should be, “Could this program or expenditure be implemented if federal funds were not available?”
Presumption #1 – Required by law

- A supplanting violation is presumed when an SEA or LEA uses NCLB funds to provide services the SEA or LEA is required to make available under other federal, state, or local laws.

EXAMPLE: since Illinois state law requires RtI, Title I funds cannot be used for this purpose.
Presumption #2 – Supported last year

- A supplanting violation is presumed when an LEA or SEA uses NCLB funds to provide services that it provided with local or state funds in the prior year.

**EXAMPLE:** if an LEA used state and local funds to support a summer school reading program one year, then it could not use NCLB funds to support the exact same program in the next year.
Presumption #3 – Provided to everyone

- A supplanting violation is presumed when an LEA or SEA uses NCLB funds to pay for services to Title I students but uses state or local funds to provide the same services to other students.

EXAMPLE: if an LEA provides books to all children as part of its after-school reading program, it would be supplanting if the LEA uses NCLB funds to pay for books provided to Title I students but uses state or local funds to buy books for non-Title I students.
Examples of Supplanting

- Funds cannot be used to identify students to be served with Title I funding, including but not limited to testing or administration.
- Funds cannot be used for RtI, special education, or other mandated programs.
- Funds cannot be used to purchase textbooks or books housed in the school library that can be accessed by all students.
- Funds cannot be used to provide for the purpose of credit recovery.
- Funds cannot be used to hire Title I teachers or paraprofessionals that are NOT highly qualified.
- Funds cannot be used for off-setting the cost of kindergarten, if it is available for all students.
Overcoming Presumptions of Supplanting

A presumption of supplanting can be overcome by providing written documentation proving:

- State and local funding were significantly reduced.
- The position would have been eliminated in the absence of NCLB funds.
- The grant allows the expenses.
- Funding decisions are made on an annual basis.
Some Basic Do’s and Don’ts

Do’s

• **Salaries** (above required positions) – Teacher, Substitute for Title I funded positions only, Teacher Assistant, Tutor, Instructional Computer Assistant, School Community Representative, Guidance Counselor

• **Benefits** – Health, Pension, FICA, and other related benefits

• **Purchased Services** – Conference registration fees/travel for teachers, education consultants, contracts for repair and maintenance of equipment purchased with NCLB Title I funds

• **Supplies and Materials** – Consumable supplies, books to supplement not replace Basal/Primary textbooks, workbooks, audio/video, software, periodicals

• **Equipment and Furniture** – Computers, workstations, audio/video equipment
Some Basic Do’s and Don’ts (cont.)

Don’ts

- **Instruction** – Salaries for required positions, Substitute for non-Title I funded teacher unless a teacher is attending staff development activities, Non-Instructional Computer Assistant, School Assistant, Security, Clerk, Business Manager or Operations Manager

- **Purchased Services** – Contracts for non-instructional services or repair and maintenance of equipment not purchased with NCLB Title I funds, transportation to extra-curricular activities (competitions/performances)

- **Supplies and Materials** – Basal/Primary textbooks or replacements, non-instructional items for security, office use, or to assist in administering programs, athletics/band uniforms

- **Equipment and Furniture** – Items for security, office use, or to assist in administering programs; replacement of equipment or furniture purchased with local funds, athletics/band equipment.
Illinois State Board of Education

Grants Terminology

- **Fiscal Year**: Always runs from July 1 to June 30.

- **Grant Period**: By default, same as the fiscal year, but it can be extended; thus it is possible to have two grant periods operating at the same time.

- **Reimbursement**: Schools and/or districts expend funds for grant purposes, and then request reimbursement of those funds from the district or state, respectively.

- **Expenditure**: The actual payment for goods or services; expenditures may occur after a grant period is over in order to settle obligations.
Grants Terminology

• *Obligation*: The commitment to pay for goods or services; funds may be neither obligated before the project start date nor after the grant period is over.

• *Allocation*: The amount of funds available to an LEA in a grant for a grant period.
Carryover of Title I Funds

• Carryover occurs when funds that were part of a previous grant period’s allocation, but were not expended, become available for use in the following grant year by being added to the new current year allocation.

• Carryover is limited to 15% of the current year allocation unless:
  
  — An LEA’s allocation is less than $50,000, in which case, 100% can be carried over.
  
  — An LEA requests a waiver to carryover more than 15%; such a waiver may only be requested every three years.
Beginning of the Grant Period

- **Review** academic needs assessed during a school year
- **Develop** goals to address those needs in the new school year
- **Consider** research-based strategies and activities to accomplish those goals
- **Choose** those strategies and activities that will appear to be the most promising
- **Research** costs for the strategies and activities chosen

Incorporate these decisions and the cost information in the grant application.
Title I Allocation Determinations

- Title I allocations are based primarily on poverty levels. The data for determining the allocations are inserted by ISBE into formulas and LEAs are informed about the resulting allocation numbers through various means.

- LEAs and individual schools within the district may want to research preliminary estimates of allocations for planning purposes.

  CAVEAT: Other factors can affect allocations, such as foster child counts, federal appropriations levels, etc.
Timing of Allocations to Charter Schools

• For each eligible charter school that opens or significantly expands its enrollment on or before November 1 of an academic year, the LEA or SEA must allocate funds to the charter school within 5 months of the date the charter school opens or significantly expands its enrollment.

• For each eligible charter school that opens or significantly expands its enrollment after November 1, but before February 1 of an academic year, the LEA or SEA must allocate funds to the charter school on or before the date the LEA or SEA allocates funds to other public schools under the applicable covered program for the succeeding academic year.
Charter School’s Responsibilities

EDGAR § 76.788

• Must provide the LEA or SEA with written notice of date by which charter school will open or significantly expand its enrollment. Notice must be provided not less than 120 days before that date.

• Must provide the LEA or SEA with any available data or information that the LEA or SEA may reasonably require to assist the LEA or SEA in estimating the amount of funds the charter school may be eligible to receive under a covered program.

• Once the charter school is open or has completed its significant expansion, the school must provide actual enrollment and eligibility data to the LEA or SEA at a time the LEA or SEA may reasonably require.
Implementation and Reimbursement

- Activities can be implemented after the grant application has been submitted but before approval.

CAVEAT: Check on unusual obligations with your ISBE consultants or the district before expending funds.
Implementation and Reimbursement

• Once a grant application has been submitted, the costs of the activities described within the application may be obligated. The LEA can be reimbursed by ISBE after the application has been approved.

© CAVEAT: Costs may only be reimbursed retroactively to the date the LEA initially submitted the grant application, not to the start of the fiscal year. Get those applications in early!
Amendments to Application (Voluntary)

It is common during a grant period for an LEA or individual school to wish to file an amendment to a grant application:

• A planned activity may cost somewhat more or less than what was anticipated.

• You may become aware of materials or trainings you had not known about at the time of the original application.
Amendments to Application (Mandatory)

During a grant period you *must* file an amendment to a grant application if:

- You discover that an expenditure was approved in error and must be removed.
- A significant change in program scope occurs (e.g., adding a new component - summer school).
- Additional funds become available that you wish to use.
- Expenditures have increased or decreased by 20% or $1,000 per budgeted cell, whichever is greater.
- A new expenditure item is desired.
Amendments to Application (Cautions)

REMINDER: Amendments must be submitted by the LEA to ISBE at least 30 days prior to the end of the project end date.

REMINDER: Just like the original applications, there can be no obligating or expending of funds prior to the amendment’s submit date.
Reporting

- LEAs must file quarterly expenditure reports with ISBE to establish that implementation is occurring and that funds are being expended in accordance with the program design approved in the application.
- LEAs must also file a final expenditure report with ISBE when the grant period is over.
Accountability

• You need to keep complete fiscal and program records. These help when preparing for the next grant application and they are vital in case ISBE staff visit for a monitoring or auditing purposes.

• In general, you should maintain records that document implementation of the grant in a manner consistent with the approved program design in the grant. Such records may include copies of letters, meeting agendas, invoices, cancelled checks, and the like.

• Without such records, you may be asked to return funds to ISBE if you are unable to prove you spent funds appropriately.
Sub-Recipient Monitoring

- Desk review of monitoring instrument
- Title I comparability
- On-site monitoring visit
External Assurance Monitoring Outcomes

- Everything submitted is accepted
- Non-monetary finding
- Monetary finding
External Assurance
Common Findings

• Failure to meet comparability
• Lack of proper time and effort documentation
• Lack of documentation to support program
• Expenditure of funds before grant start date or after grant end date
• Supplanting issues
• Non-allowable expenditures claimed
Helpful Resources (General)

- http://www.isbe.net/funding/pdf/fiscal_procedure_handbk.pdf (ISBE’s State and Federal Grant Administration Policy, Fiscal Requirements and Procedures.)
- http://www.isbe.net/grants/html/webinar.htm (Current and archived webinars on NCLB-related topics.)
- http://www.isbe.net/e-bulletins/default.htm (The general access point for all recorded e-bulletins from ISBE.)
- http://www.isbe.net/grants/default.htm (Innovation and Improvement Division’s home page—this is the Division concerned with NCLB Titles I and IIA.)
Helpful Resources (Charter Specific)

• www.ed.gov/policy/elsec/guid/charterguidance03.doc (updated Department of Education Non-regulatory Guidance on the impact of Title I requirements on charter schools.)

• http://www2.ed.gov/policy/elsec/guid/cschools/cguidedec2000.pdf (Department of Education Non-regulatory Guidance on timelines for distribution of Title I funds to charter schools.)

• http://www.isbe.state.il.us/e-bulletins/pdf/03-12.pdf (ISBE e-bulletin regarding allocation of Title I funds by districts to school attendance centers; pgs. 5-6 specific to charter schools.)
Final Thoughts…

• Consult the documents and publications for guidance.

• Know the Grants Management Cycle.

• Determine what type of program works best for your school/district (Targeted Assistance or Schoolwide).

• Avoid Supplanting.

• Contact your designated ISBE consultant if you have questions.
Questions and/or Comments
CONTACTS

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