



# FY20 ConApp Webinar: Fiscal Reporting Requirements

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# Agenda

- ESEA and Financial Data Collection overview
- Per-pupil Expenditure Reporting Requirement
- Maintenance of Effort Reporting Requirement
- Supplement Not Supplant Reporting Requirement
- Next Steps
- Additional Resources
- Q & A



# ESEA and Financial Data Collection



# Elementary and Secondary Education Act Timeline

1965

President Johnson  
signs original  
Elementary and  
Secondary  
Education Act  
(ESEA)

1994

President Clinton  
signs the Improving  
America's Schools  
Act (IASA)

2002

President Bush signs  
the No Child Left  
Behind (NCLB)

2015

President Obama  
signs the Every  
Student Succeeds  
Act (ESSA)

- ESEA is a key federal civil rights law, providing federal funding to states, LEAs and schools to serve disadvantaged students, with accountability requirements.
- ESEA includes fiscal requirements to ensure states and LEAs do not take federal funding and reduce state/local education spending.
- **ESSA (2015) added a new requirement to publicly report on state/local and federal per-pupil expenditures by school to highlight resource equity issues.**



# What is the Financial Data Collection?

- New annual data collection process in which all LEAs will submit certain financial data to OSSE in order to meet ESSA requirements:
  - Per-pupil Expenditures (PPE) (all LEAs)
  - Maintenance of Effort (MOE) (ESEA Title I-IV recipients only)
- All LEAs will be required to submit financial data to OSSE.
- LEAs will submit financial data to OSSE starting in **December 2019**, and annually thereafter. LEAs will have until **February 2020** to submit.
- Financial data will be submitted via a spreadsheet upload or manual data input into an application.



# Per-Pupil Expenditures



# Per-Pupil Expenditures Reporting

- Financial data collected from LEAs will be used to report **per-pupil expenditure (PPE)** data for each LEA and each school.
- This is a federal requirement - every State Education Agency, LEA, and school in the country needs to meet this requirement.
- PPE data will be used by families, school leaders, policymakers, and other stakeholders. It is an opportunity to compare school expenditures with student outcomes.
- PPE data will **not** be used by OSSE in its statewide accountability determinations.
- PPE data will be reported annually on the DC School Report Card website ([www.dcschoolreportcard.org](http://www.dcschoolreportcard.org)).



# PPE in the Law

- Section 1111(h)(1)(C)(x) of the Elementary and Secondary Education Act of 1965, as amended by ESSA, requires the state to report:

“The per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual non-personnel expenditures of Federal, State, and local funds, disaggregated by source of funds, for each local educational agency and each school in the State for the preceding fiscal year.”

- Example of the *basic* requirement for a school, per the law:

| Source of Funds | Per-Pupil Expenditure |
|-----------------|-----------------------|
| Federal         | \$400                 |
| State/Local     | \$13,500              |





# Example for a Single-site LEA

| School 1                               |                     | Per-Pupil Expenditures (700 students) |                 |
|--|---------------------|---------------------------------------|-----------------|
| <b>School Expenditures</b>             |                     |                                       |                 |
| Federal                                | \$1,000,000         | Federal                               | \$1,429         |
| State/Local                            | \$12,000,000        | State/Local                           | \$17,143        |
| <b>Total School-Level Expenditures</b> | <b>\$13,000,000</b> | <b>Total Per-Pupil Expenditures</b>   | <b>\$18,571</b> |
| <b>Total LEA Excluded Expenditures</b> | <b>\$2,000,000</b>  |                                       |                 |
| <b>Total LEA Expenditures</b>          | <b>\$15,000,000</b> |                                       |                 |
| <b>Key:</b>                            |                     |                                       |                 |
| LEA-provided Data                      |                     |                                       |                 |
| Calculated cell                        |                     |                                       |                 |



# Example of a Multi-site LEA

|  | School 1           | LEA                 |
|--|--------------------|---------------------|
| <b>School-Level Expenditures</b>                         |                    |                     |
| <i>Federal</i>   | \$400              | \$2,167             |
| <i>State/Local</i>                                       | \$12,000           | \$12,667            |
| Total School-Level Per-Pupil Expenditures                | \$12,400           | \$14,833            |
| <b>School Share of Centralized Expenditures</b>          |                    |                     |
| <i>Federal</i>   | \$100              | \$317               |
| <i>State/Local</i>                                       | \$2,000            | \$1,833             |
| Total School Share of Per-Pupil Centralized Expenditures | \$2,100            | \$2,150             |
| <b>Total Per-Pupil School Expenditures</b>               | <b>\$14,500</b>    | <b>\$16,983</b>     |
| <i>Enrollment Count</i>                                  | 500                | 3,000               |
| <b>Total School Expenditures</b>                         | <b>\$7,250,000</b> | <b>\$50,950,000</b> |
| Total LEA Excluded Expenditures                          |                    | \$5,000,000         |
| <b>Total LEA Expenditures</b>                            |                    | <b>\$55,950,000</b> |



# Additional PPE Guidelines

- Timeline:

|                |   |
|----------------|---|
| December 2019  | Data collection portal opens                  |
| February 2020  | Data collection portal closes                 |
| March 2020     | OSSE verifies and calculates data             |
| April/May 2020 | Final financial data published on report card |

- LEAs will validate financial data before it is published on the report card website.
- [PPE Reporting Requirements Page](#)
  - [OSSE Detailed Guidance](#)
  - [OSSE Detailed Financial Reporting Presentation](#)



# Maintenance of Effort



# Maintenance of Effort (MOE)

- Financial data collected by OSSE will also be used to ensure that charter LEAs are meeting new MOE requirements.
- MOE requires subgrantees receiving federal funds to maintain a minimum floor of state/local funding for education from year to year.
- MOE has been part of ESEA for many years, but before ESSA, only DCPS was required to report MOE expenditures each year.
- The DC School Reform Act of 1995 (DCSRA) exempted DC charter school LEAs from MOE.
- ESSA amended the DCSRA to remove this exemption: **all DC charter LEAs will be required to meet MOE, beginning with reporting FY18 and FY19 expenditures.**
- Individuals with Disabilities Education Act (IDEA) MOE is unchanged: these requirements remain the same and are handled separately through your IDEA grants manager.



# MOE Basic Requirements

A subgrantee may receive federal funds for a covered program for a fiscal year only if OSSE finds that either:

- Aggregate state/local education expenditures OR
- Per-pupil state/local education expenditures

From the previous fiscal year are **at least 90 percent** as high as the second previous fiscal year.

→ Use whichever method is more favorable to the subgrantee.

(ESEA Sec. 8521)

\*Covered programs include the following federal ESEA funds DC receives:

- Title I-A (Education for the Disadvantaged) – LEAs;
- Title I-D (Neglected and Delinquent) – DC Department of Youth Rehabilitative Services (DYRS) only;
- Title II-A (Teachers and Leaders) – LEAs;
- Title III-A (English Language Acquisition) – LEAs alone, together, or in consortia with an institution of higher education or CBO;
- Title IV-A (Student Support and Academic Enrichment) – LEAs; and
- Title IV-B (21<sup>st</sup> Century Community Learning Centers) – LEAs and CBos.

(ESEA Sec. 8101)



# MOE Basic Requirements

- OSSE designed the new ESSA financial data collection process so that MOE data will be collected from the data that is used for PPE reporting.
- Since the PPE reporting is starting with the FY19 data, we will also need to collect FY18 MOE data from LEAs.
- **Charter school LEAs must complete their MOE reporting in QuickBase by Feb. 2020 alongside PPE reporting.**
- DCPS will have an extension to March 2020 because DCPS's fiscal year starts three months later than charter schools', and DCPS's annual fiscal report is released annually on Feb. 1.
- OSSE will review MOE expenditure reports before providing LEAs their preliminary allocation for the next year's ESEA funds (summer 2020).



# MOE Basic Requirements

- If the subgrantee fails to meet MOE, **and also failed to meet MOE once before within the five immediately preceding fiscal years**, OSSE must reduce the federal funding allocation in the exact proportion by which they failed to maintain effort. (See ESEA Section 8521(b)(1).)  
→ Note: Five-year grace period is new flexibility under ESSA, and applies to all subgrantees nationwide.
- **OSSE will not penalize DC charter LEAs that fail to meet MOE between FY18 and FY19, unless they also fail to meet MOE again within the next five years beginning FY20.**
- If an LEA fails to meet MOE, such lesser amount shall not be used to reset the LEA's level by which expenditure efforts must be maintained. (See ESEA 8521(b)(2).)
- Federal Waiver - The U.S. Department of Education may waive this requirement only in cases of exceptional or uncontrollable circumstances, such as a natural disaster, change in the organizational structure of the agency or precipitous decline in the agency's fiscal resources. (See ESEA Section 8521(c).)





# Example: MOE Calculation

|   |  | Aggregate Expenditures | Amount Per Student |
|---|--|------------------------|--------------------|
| 1 | Amount LEA spent in 2nd preceding fiscal year (DC charter schools' FY 2018, which began July 1, 2017)  | \$1,000,000            | \$6,100            |
| 2 | Amount LEA had to spend in the preceding fiscal year (DC charter schools' FY 2019, which began July 1, 2018) in order to maintain effort (90% of 2nd preceding year's expenditure) | 900,000                | 5,490              |
| 3 | Actual amount LEA spent in the preceding fiscal year (DC charter schools' FY 2019)   | 850,000                | 5,200              |
| 4 | Amount by which the LEA failed to maintain effort (Line 2 - Line 3)  | -50,000                | -290               |
| 5 | Percent the SEA would reduce the LEA's allocation (Line 4 ÷ Line 2)  | -5.6%                  | -5.3%*             |

\* The SEA uses the percentage that is most advantageous to the LEA.

Note: Due to ESSA's five-year grace period, OSSE will not reduce allocations unless the LEA misses MOE, and then misses MOE again in the next five years.



# Calculating FY19 MOE Expenditures

|  |              | School 1    | School 2    | School 3    | School 4    | School 5     |
|--|--------------|-------------|-------------|-------------|-------------|--------------|
| <b><i>School-Level Expenditures</i></b>                |              |             |             |             |             |              |
| Federal  |              | \$200,000   | \$100,000   | \$5,000,000 | \$200,000   | \$1,000,000  |
| State/Local  |              | \$6,000,000 | \$7,000,000 | \$1,000,000 | \$4,000,000 | \$20,000,000 |
| <b>Total School-Level Expenditures</b>                 |              | \$6,200,000 | \$7,100,000 | \$6,000,000 | \$4,200,000 | \$21,000,000 |
| <b><i>School Share of Centralized Expenditures</i></b> |              |             |             |             |             |              |
| Federal  |              | \$50,000    | \$50,000    | \$100,000   | \$500,000   | \$250,000    |
| State/Local  |              | \$1,000,000 | \$1,500,000 | \$750,000   | \$1,250,000 | \$1,000,000  |
| <b>Total School Share of Centralized Expenditures</b>  |              | \$1,050,000 | \$1,550,000 | \$850,000   | \$1,750,000 | \$1,250,000  |
| <b>Total School Expenditures</b>                       |              | \$7,250,000 | \$8,650,000 | \$6,850,000 | \$5,950,000 | \$22,250,000 |
| <b>Total LEA Excluded Expenditures</b>                 | \$5,000,000  |             |             |             |             |              |
| <b>Total LEA Expenditures</b>                          | \$55,950,000 |             |             |             |             |              |
| <b>Key:</b>  |              |             |             |             |             |              |
| LEA-provided data                                      |              |             |             |             |             |              |
| Calculated cell  |              |             |             |             |             |              |



# Calculating FY18 MOE Expenditures

OSSE is updating its optional planning tool to help you calculate the FY18 figures for MOE reporting. For FY18, the spreadsheet will help you calculate the total LEA state/local expenditures for MOE reporting:

Total LEA state/local expenditures  
Subtract Excluded Expenditures  
**LEA state/local exp. for MOE Reporting**

|                    |
|--------------------|
| \$2,000,000        |
| \$500,000          |
| <b>\$1,500,000</b> |

Use the optional spreadsheet to calculate the amount that will be submitted during the financial data collection

## FY18 LEA MOE Expenditures

State/Local Expenditures

Key:

LEA-provided Data

You may use the tool to calculate FY19 expenditures as well, if you wish, or to compare any other future years for budgeting purposes.

**Important: all MOE reporting and final calculations will be done in QuickBase.**



Supplement, Not  
Supplant (SNS)



# SNS Overview

- ESEA requires that federal funds “supplement and not supplant” public state and local funding for education.
- SNS has been part of ESEA since 1965.
- DC charter schools were subject to SNS under Titles I-IV of NCLB.
- ESSA updated the methodology to demonstrate compliance with SNS for Title I funds, but made no changes to SNS in Titles II-IV.
- **OSSE interprets the DC School Reform Act and federal Title I SNS guidance to mean that charter school LEAs need not share their local funding methodology with OSSE for Title I SNS. Charter schools still must demonstrate SNS compliance for Titles II-IV.**

# TITLE I SUPPLEMENT NOT SUPPLANT

## OVERVIEW

The ESEA requires an SEA or LEA to use Title I funds only to **supplement** the funds that would, in the absence of those Title I funds, be made available from State and local sources for the education of students participating in Title I programs, and not to supplant such funds. (ESEA section 1118(b)(1))



# TITLE I SUPPLEMENT NOT SUPPLANT

## OVERVIEW

- To demonstrate compliance with the Title I supplement not supplant requirement, the ESEA now requires an LEA to demonstrate that the methodology used to allocate State and local funds to its schools ensures that each Title I school receives all of the State and local funds it would otherwise receive if it were not receiving Title I funds. (ESEA section 1118(b)(2))
- Represents a substantial change in determining whether Title I funds are supplemental:
  - Focus is on allocation of State and local funds rather than on an activity funded by Title I; and
  - Differs from supplement not supplant requirements of other ESEA programs in which the focus remains on whether an activity is supplemental.





# TITLE I SUPPLEMENT NOT SUPPLANT

## SPECIAL RULE

No LEA shall be required to:

- Identify that an individual cost or service supported with Title I funds is supplemental; or
- Provide Title I services through a particular instructional method or in a particular instructional setting in order to demonstrate compliance.

(ESEA section 1118(b)(3))







# ESSA's Revised SNS Test for Title I, Part A

- ESSA's revised SNS test for Title I, Part A changes the way SNS compliance is tested for LEAs and schools that receive Title I funds.
- Proposed U.S. Education Department (USED) [regulations by the Obama administration](#) did not go into effect.
- There are no USED regulations for Title I-A SNS.
- USED finalized [federal guidance](#) in June 2019 on SNS.
- Note: the revised SNS test is different from other ESSA fiscal changes, including the new per pupil expenditure *reporting* requirement and minor updates to Maintenance of Effort.



# SNS: ESEA Title I-A – Applicability

## USED Guidance on Title I-A SNS:

**26. Are there LEAs that, in whole or in part, do not need to have a methodology to comply with ESEA section 1118(b)(2) [demonstrating Title I compliance to the state]?**

Yes. An LEA need not have a methodology to comply with ESEA section 1118(b)(2) if it has—

**a. One school;**

**b. Only Title I schools; or**

**c. A grade span that contains only: a single school, non-Title I schools, or Title I schools (i.e., no methodology is required for this grade span).**

Although such an LEA need not have a methodology to comply with ESEA section 1118(b)(2), it does not relieve the LEA of its requirement under ESEA section 1118(b)(1) and elsewhere to operate consistent with all Federal, State and local requirements and to provide free public education, including for schools and grade spans meeting the conditions described above.

- **The DC School Reform Act considers DC charter school LEAs as all Title I schools or not Title I schools (DC Code § 38–1802.10(a)(1)).**
- **Thus OSSE interprets the law and USED guidance to say DC charter school LEAs need not report their methodology to OSSE for Title I SNS compliance.**
- DCPS funding methodology must show how the LEA distributes local funds to schools in a Title I-neutral manner, or gives more local funds to Title I schools.



# SNS: ESEA Title II-A and IV-A

- ESSA did not change SNS for Title II-A (Supporting Effective Instruction).
- Although Title IV-A's Student Support and Academic Enrichment is a new ESSA program, its SNS requirements are the same as Title II-A.
- In Titles II-A or IV-A, supplanting is presumed when:
  - An LEA uses federal funds to pay for an activity that is required by federal, state or local law; or
  - An LEA uses federal funds to pay for an activity it supported with state or local funds the prior year.
- An LEA may be able to overcome a presumption of supplanting if it has written documentation (for example, state or local legislative action, budget information, or other materials) that it does not have the funds necessary to implement the activity and that the activity would not be carried out in the absence of the federal funds.
- OSSE checks SNS compliance as part of the ESEA ConApp Phase II budget application, and as part of ESEA monitoring.



# SNS: ESEA Title III-A

ESSA did not change SNS in Title III, which has stricter tests.

1. In Title III, supplanting is presumed when:

- An LEA uses Title III funds to pay for an activity that is required by federal, state or local law; or
- An LEA uses Title III funds to pay for an activity it supported with state or local funds the prior year.

2. An LEA may not use Title III funds to meet civil rights obligations to English learner (EL) students, such as:

- Identify and assess all potential EL students, including the annual EL proficiency assessment.
- Provide EL students with an educationally sound language assistance program, including sufficiently well prepared and trained teachers.
- Monitor and evaluate EL students in language assistance programs.
- Ensure EL students have equal opportunities to participate in activities.
- Ensure meaningful communication with limited English proficient parents.

3. An LEA may use Title III funds to pay for Title I activities for ELs, including EL parental notification, parent participation, state reporting on EL progress

See [USED Guidance on Title III](#)



## Next Steps



# Next Steps - LEAs

## **Per Pupil Expenditures**

- All LEAs will report their FY19 expenditures in QuickBase by Feb. 2020.
- OSSE will update school report cards with expenditure data by April/May 2020.

## **Maintenance of Effort**

- Charter school LEAs must report MOE expenditures for FY18 and FY19 in QuickBase by Feb. 2020.
- LEAs may use the optional MOE planning tool to calculate their expenditures to determine whether they will meet MOE.
- MOE reporting will confirm allocations for ESEA Title funding.

## **Supplement Not Supplant**

- Under the latest USED guidance, charter school LEAs need not report local funding methodology to OSSE for Title I SNS compliance.
- OSSE will continue to monitor SNS compliance for all LEAs for Titles II-IV.



# Next Steps - OSSE

- OSSE will continue to share information and optional tools regarding the MOE/PPE financial data collection and the reporting requirements over the next few months. Training sessions and webinars will be held as we get closer to the opening of the data collection portal for PPE and MOE in Dec. 2019.
- Additional resources will be made available to the public so that they have a full understanding of the per-pupil expenditure data.
- The DC School Report Card and STAR Framework Technical Guide will be updated to include PPE calculation information.
- USED released [non-regulatory guidance related to the report card and per-pupil expenditures](#) with the public comment period closing on April 29. We will make any updates to our guidance, if necessary, and communicate changes to LEAs.
- OSSE will continue to monitor all LEAs for SNS compliance for Titles I-IV during the application and monitoring processes, as applicable.



## Additional Resources





# Additional Resources

- Per Pupil Expenditures: [Financial Reporting Requirements under the Every Student Succeeds Act](#)
- OSSE Guidance: [New ESSA Fiscal Requirements: Supplement Not Supplant and Maintenance of Effort Update](#)
- [OSSE Consolidated Application Webinars and Support](#)
- [OSSE ESSA Guidance for LEAs](#)
- [DC School Report Card](#)
- [DC School Report Card and STAR Framework Technical Guide](#)
- [OSSE Grants & Funding resources](#)



Q&A



# Key OSSE Contacts

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EGMS Training Guides and Videos

**<http://grants.osse.dc.gov>**

## **OSSE Organizational Chart**

**<https://osse.dc.gov/node/855822>**

## **OSSE Key Points of Contact for LEAs**

**<https://osse.dc.gov/node/1106621>**



| Thank you!