


**Indirect Cost Rates,
Comparability of Services,
and ESSA LEA MOE**

Tuesday, April 23, 2019




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Agenda

1. Welcome and Introductions
2. Indirect Cost Rates for 2019–2020
3. Title I, Part A Comparability of Services
4. ESSA LEA Maintenance of Effort
5. Questions



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**Indirect Cost Rates for
2019–2020**




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Process for Requesting Indirect Cost Rates for ISDs

- ISDs submitted the ICRP Additional Cost Workbook (ACW) to request an indirect cost rate for 2019–2020
- TEA has merged ISD-submitted ICRP ACW data with PEIMS data to create/prepopulate the completed ICRP
- TEA will post the completed ICRPs in GFFC Reports and Data Collections on **April 25, 2019**
- ISDs are required to review and certify acceptance of the resulting indirect cost rates by **May 17, 2019**
- New rates become effective **July 1, 2019**




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Indirect Cost Rates Next Steps

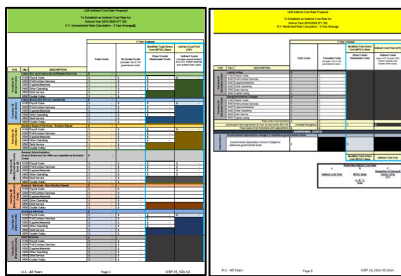
Date	Action
April 25, 2019	TEA posts completed ICRPs in GFFC Reports and Data Collections for ISD review, approval, and certification.
May 17, 2019	Due date for ISDs to submit ICRP Certifications in GFFC Reports and Data Collections, accessible through TEAL .
July 1, 2019	TEA posts Indirect Cost Rate notification letters in GFFC Reports and Data Collections, accessible through TEAL . 2019–2020 Indirect Cost Rates become effective.




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Reviewing the ICRP – Financial Worksheets



- ICRP Certification Instructions for ISDs available on the [Indirect Cost Rates webpage](#)
- Pages of the ICRP are labeled at the bottom of each page. The specific data contained within the worksheets are as follows:
 - U-1 All Years (pages 2–3) Summary of the unrestricted rate's data average for all 3 years
 - R-1 All Years (pages 5–6) Summary of the restricted rate's data average for all 3 years



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Reviewing the ICRP – Financial Worksheets continued.

- Restricted Rate Adj All
 - Summary of the restricted rate adjustment average for all 3 years (page 4)



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Reviewing the ICRP – Financial Worksheets continued.

- Supporting data for each of the 3 fiscal years used in the calculation (additional costs and TSDS/PEIMS financial data)
 - Year 1–2017 (pages 7–10)
 - Year 2–2016 (pages 11–14)
 - Year 3–2018 (pages 15–18)



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Completing the ICRP Certification

- ISD's certification of the information contained within the proposal (page 1)

LEA Indirect Cost Rate Proposal
 To: **Education and Public Assistance**
 School Year: **2019-2020 (FY 20)**
 Continuation of Indirect Costs

This proposal certifies that the indirect cost rate information reported on this proposal (ICRP) is accurate and that the information is based on the best available information and is not inflated or otherwise manipulated to increase the rate. The information reported on this proposal is based on the best available information and is not inflated or otherwise manipulated to increase the rate. The information reported on this proposal is based on the best available information and is not inflated or otherwise manipulated to increase the rate.

1. All costs included in the indirect cost rate calculation are allowable under the provisions of the Code of Federal Regulations (CFR) 201.103, 201.104, 201.105, 201.106, 201.107, 201.108, 201.109, 201.110, 201.111, 201.112, 201.113, 201.114, 201.115, 201.116, 201.117, 201.118, 201.119, 201.120, 201.121, 201.122, 201.123, 201.124, 201.125, 201.126, 201.127, 201.128, 201.129, 201.130, 201.131, 201.132, 201.133, 201.134, 201.135, 201.136, 201.137, 201.138, 201.139, 201.140, 201.141, 201.142, 201.143, 201.144, 201.145, 201.146, 201.147, 201.148, 201.149, 201.150, 201.151, 201.152, 201.153, 201.154, 201.155, 201.156, 201.157, 201.158, 201.159, 201.160, 201.161, 201.162, 201.163, 201.164, 201.165, 201.166, 201.167, 201.168, 201.169, 201.170, 201.171, 201.172, 201.173, 201.174, 201.175, 201.176, 201.177, 201.178, 201.179, 201.180, 201.181, 201.182, 201.183, 201.184, 201.185, 201.186, 201.187, 201.188, 201.189, 201.190, 201.191, 201.192, 201.193, 201.194, 201.195, 201.196, 201.197, 201.198, 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201.976, 201.977, 201.978, 201.979, 201.980, 201.981, 201.982, 201.983, 201.984, 201.985, 201.986, 201.987, 201.988, 201.989, 201.990, 201.991, 201.992, 201.993, 201.994, 201.995, 201.996, 201.997, 201.998, 201.999, 202.000.



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Submitting the ICRP Certification

- To complete the certification:
 - Print the certification page
 - Enter the required information
 - Ensure the Superintendent, CEO, or CFO sign and date the printed page
 - Scan the signed and dated page
 - Upload the scanned certification into GFFC Reports and Data Collections as **"ICRP Certification"**

Important Note: The ICRP certification must be signed by the school district's superintendent, chief executive officer (CEO), or chief financial officer (CFO).



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Submitting the ICRP Certification continued.

Complete the following steps to submit your school district's completed ICRP Certification:

- Log on to the [TEA, Login \(TEAL\)](#)
- Select **GFFC Reports and Data Collections**
- Select **Upload Response Documents**
- Select **ICRP Certification** from the "Response Template Title" pulldown menu
- Select **Response Document** from the "Response Doc Type" pulldown menu
- Select the school year **2019-2020** from the "School Year" pulldown menu



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**Title I, Part A
Comparability of Services**



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Comparability Webpage

Comparability Assurance Document (CAD) →

TEA

Title I, Part A - Comparability of Services Requirement

LEA Requirements

All LEAs

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Comparability Webpage continued.

Non-Exempt LEAs

The CAD lists the criteria an LEA must meet to be exempt from comparability testing. If your organization does not meet any of the criteria listed on the CAD, you must complete and submit a **Comparability Computation Form (CCF)**. Refer to the **COMPARABILITY** section for information on how to complete the CCF. Instructions for reviewing and submitting the CCF are in the **CFR**, Reports and Data Collection section below.

TEA Guidance

The sections below provide guidance from TEA regarding Comparability of Services.

Comparability of Services Guidance Handbook

For more information about the comparability of services, you may refer to the **2013-14 LEA Comparability of Services Guidance Handbook**.

Training Modules

Below are Title I, Part A Training Modules to assist LEAs with reporting and documenting data in the Comparability Computation Form. These presentations are meant to be used in conjunction with the **2013-14 LEA Comparability of Services Guidance Handbook** and the **Comparability Computation Form**.

- General Overview (PDF)
- Reporting Exemption Data (PowerPoint Presentation)
- Reporting Exemption Data (PDF)
- Reporting State and Local Expenditures (PowerPoint Presentation)
- Reporting State and Local Expenditures (PDF)
- Reporting State and Local Salary Schedules (PowerPoint Presentation)
- Reporting State and Local Salary Schedules (PDF)
- Reporting State and Local ESSA (PowerPoint Presentation)
- Reporting State and Local ESSA (PDF)

← **Comparability Computation Form (CCF)**

← **Comparability Handbook**

← **Training Modules**

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Comparability Webpage continued.

Nonregulatory Guidance →

← **ESSA Citation**

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Statutory Citations

- **ESSA Sec. 1118(C)(1)(A):** LEAs may only receive funds if services provided with state and local funds in Title I, Part A campuses are comparable to the services in campuses that do not participate in the Title I, Part A program.
- **ESSA Sec. 1118(C)(1)(B):** If an LEA serves all campuses with Title I, Part A funds, services provided with state and local funds must be "substantially comparable" in each Title I, Part A school.



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Statutory Citations continued.

ESSA Sec. 1118(C)(2)(A): All LEAs receiving Title I, Part A funds must establish:

- An LEA-wide salary schedule;
- A written policy to ensure equivalence among schools with regards to teachers, administrators, and other staff; and,
- A written policy to ensure equivalence among schools in provision of curriculum materials and instructional supplies.



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Statutory Citations continued.


- **ESSA Sec. 1118(C)(3)(B):** LEAs are required to:
 - Develop procedures to ensure compliance with the comparability requirement.
 - Maintain records that are updated biennially.



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Exemption Criteria

- Single-campus LEA
- One campus per grade span group
- Multiple campuses in the grade span group, yet no overlap of grade levels
- Overlap of grade levels but no Title I, Part A campuses in the grade span group
- Exclusion of campus or campuses results in no basis for comparison




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Exemption versus Exclusion

- Exemption refers to the basis by which an **LEA** is exempt from the comparability **testing** requirement.
- Exclusion refers to:
 - The basis by which a **campus** is excluded from a grade span group being tested; or,
 - The basis by which a **grade-span group** is excluded from testing.




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Comparability Test Methods

There are three tests that an LEA can use to demonstrate compliance:

1. State and local expenditures per pupil
2. Student/non-federal instructional staff **salary** ratios
3. Student/non-federal instructional staff **FTE** ratios



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All Tests - Campus Enrollment Data

- LEA chooses any day during the current school year to report total campus enrollment.
- The day chosen to report campus enrollment must be uniform for all campuses.
- Report student counts as described within the Student Attendance Accountability Handbook (SAAH).



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Test 1: State and Local Expenditures Per Pupil

- State and local funds (excluding supplemental state and local funds).
- Supplemental state and local funds are funds expended for:
 - The intent and purposes of Title I, Part A;
 - Language instruction educational programs; and,
 - Excess state and local costs of providing services to children with disabilities as determined by the LEA.



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Test 1: State and Local Expenditures Per Pupil (continued)

- Not excluding supplemental state and local funds is one of the main reasons a district may appear to be out of compliance with comparability requirement.



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Test 2: Non-Federal Instructional Staff Base Salary Ratio

"Non-federal instructional staff base salaries" means the following items have been removed from the salaries:

- Federal funds;
- Supplemental state and local funds;
- Staff salary differentials for years of employment; and,
- Benefits, stipends, and merit increases.



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Test 3: Student/Non-Federal Instructional Staff FTE Ratio

"Non-federal instructional staff FTEs" means:

- FTEs funded with federal funds and/or supplemental state and local funds have been removed from the FTE count; and,
- FTEs partially funded with federal funds and/or supplemental state and local funds have been adjusted by an analysis of an equivalent FTE percentage in the FTE count.
 - Example: If the staff person is paid from both state/local and federal funds, and the portion paid from local/state sources is 50%, enter .5 FTE for that person.



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Grade Span Groups


- When grade span groups are used, elementary school campuses are compared to elementary school campuses, middle school campuses to middle school campuses, and high school campuses to high school campuses.
- LEAs are not required to split into grade span groups when testing.



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Grade Span Groups (continued)

- If a grade span group has two sets of campuses without an overlap of grades, two separate grade span groups may be formed. Example: three campuses serving grades K-2 and three campuses serving grades 3-5.
- If an LEA has a campus that overlaps grade span groups (that is, the campus serves grades from multiple grade span groups), and the majority of students belong in one of those grade span groups, the LEA should place the campus in the majority grade span group.




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Campus Exclusion Criteria

- A campus with an enrollment of fewer than 100 students may be excluded.
- In a grade span group consisting of two campuses with a significant difference in enrollment (i.e., the enrollment of the larger campus is at least twice the enrollment of the smaller), both campuses may be excluded.

Grades	Grade Span Group	Enrollment
6-8	Middle School	105
6-8	Middle School	235




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Campus Exclusion Criteria (continued)

In a grade span group consisting of more than two campuses, a campus may be excluded if the enrollment is **less than half** the enrollment of the campus in the grade span group that is nearest in enrollment.

Grades	Grade Span Group	Enrollment
9-12	High School	400
9-12	High School	210
9-12	High School	365




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Campus Exclusion Criteria (continued)

In a grade span group consisting of more than two campuses, a campus may be excluded if the enrollment is at **least twice the enrollment** of the campus in the grade span group that is nearest in enrollment.

Grades	Grade Span Group	Enrollment
9-12	High School	525
9-12	High School	790
9-12	High School	1600




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Campus Exclusion Criteria (continued)

- A federally-funded dedicated Head Start campus with no state and local funding (or only supplemental state and local funds) may be excluded.




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Skipped Campuses

The LEA must treat all "skipped" campuses as Title I, Part A campuses when making comparability determinations. A "skipped" campus is:

- When an LEA skips a campus eligible for Title I funds in order to fund a lower-ranked campus, the higher ranked campus is considered "skipped".
- When an LEA does not fund a campus which has a low-income percentage greater than 75%, the campus is considered "skipped".




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Comparability Timeline

Date	Action
October	CAD and CCF available.
November	CAD and CCF due.
November–April	TEA reviews submissions to ensure compliance and requests clarifications and/or resubmissions as necessary.
mid–April	Comparability compliance notification letters posted in GFFC reports.

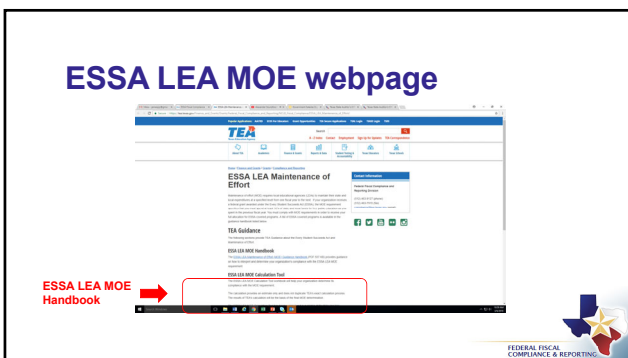


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ESSA LEA MOE webpage continued.

ESSA LEA MOE Calculation Tool
 The ESSA LEA MOE Calculation Tool resources will help your organization determine its compliance with the MOE requirement.
 The calculation provides an estimate only and does not duplicate TEA's exact calculation process. The results of TEA's calculation will be the basis of the final MOE determination.
 The ESSA LEA MOE Calculation Tool has been updated and is available at the following link:
 • [ESSA LEA MOE Calculation Tool \(Excel\)](#)
 • [ESSA LEA MOE Calculation Tool \(PDF\)](#)

Nonregulatory Guidance
 The [Laws, Statutes, and Orders](#) provides the federal regulations concerning the ESSA LEA MOE.
 • [Nonregulatory Guidance: Fiscal Conditions and Eligible Services Requirements Under ESSA](#) published on November 21, 2016. This guidance document includes information regarding ESSA LEA MOE.
 Additional guidance will be posted on this page as it becomes available. If you would like to be notified when updates occur, please subscribe to the [Grants \(Reports\) GAFTG](#) for email updates.




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Statutory Citation for Compliance Standard

- **Sec. 8521(a):** Combined fiscal effort per student or aggregate expenditures of LEA for preceding fiscal year was not less than 90% of the second preceding fiscal year.




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Statutory Citation for Consequences of Failing to Meet Compliance Standard

- **Sec. 1118(a):** An LEA may only receive ESSA funds if the LEA met the ESSA LEA MOE requirement outlined in section 8521.
- **Sec. 8521(b)(1):** TEA shall reduce an LEA's ESSA allocations for covered programs by the exact proportion that the LEA failed to meet the ESSA LEA MOE requirement (using the measure most favorable to the LEA).



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Four ESSA LEA MOE Tests

An LEA must “pass” at least one of the following four tests:

- **Test #1** - Total state & local expenditures
- **Test #2** - Total state & local expenditures per pupil for refined average daily attendance (RADA)
- **Test #3**: Total state & local expenditures per-pupil for membership
- **Test #4**: Total state & local expenditures per pupil for enrollment



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Compliant LEA Example

Column A	Column B	Column C	Column D	Column E	Column F
ESSA MOE Test	FY17 State & Local Expenditures	Level required to maintain effort in FY18 (90% of B)	FY18 State & Local Expenditures	Amount LEA failed to maintain effort in FY18 (C minus D)	% Alloc. Reduced in FY20 (E divided by C)
Total Operating Expenditures	\$3,589,570	\$3,230,613	\$3,445,875	N/A LEA Compliant	
Total Oper. Exp. RADA	\$8,015	\$7,214	\$7,664	N/A LEA Compliant	
Total Oper. Exp. Membership	\$7,670	\$6,903	\$7,316	N/A LEA Compliant	
Total Oper. Exp. Enrollment	\$7,670	\$6,903	\$7,316	N/A LEA Compliant	



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Non-Compliant LEA Example

Column A	Column B	Column C	Column D	Column E	Column F
ESSA MOE Test	FY17 State & Local Expenditures	Level required to maintain effort in FY18 (90% of B)	FY18 State & Local Expenditures	Amount LEA failed to maintain effort in FY18 (C minus D)	% Alloc. Reduced in FY20 (E divided by C)
Total Operating Expenditures	\$1,870,509	\$1,683,458	\$1,546,506	\$136,952	8.135%
Total Oper. Exp. RADA	\$11,449	\$10,304	\$8,437	\$1,867	18.120%
Total Oper. Exp. Membership	\$10,689	\$9,620	\$7,850	\$1,770	18.400%
Total Oper. Exp. Enrollment	\$10,689	\$9,149	\$7,544	\$1,605	17.547%




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Consequences of failing MOE

Sec. 8521(b)(1) - TEA **shall** reduce allocations of the following programs by the proportion by which LEA failed.

- Title I, Part A
(Improving Basic Programs)
- Title I, Part D
(Neglected/Delinquent)
- Title II, Part A
(Supporting Effective Instruction)
- Title III, Part A
(English Acquisition)
- Title IV, Part B
(21st Century Community Learning Centers)
- Title V, Part B Subpart 2
(Rural & Low Income grant)




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Consequences of failing MOE continued.

Sec. 8521(b)
Reduction will be made if LEA has failed to meet MOE for **one** or more of the **five** immediately preceding fiscal years. ****New flexibility under ESSA****




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Consequences of failing MOE continued.

In this example, the LEA is **not subject to sanctions** for failing MOE in FY 2018.

Compliance review fiscal year	FY 2018	Noncompliant
1st preceding fiscal year	FY 2017	Compliant
2nd preceding fiscal year	FY 2016	Compliant
3rd preceding fiscal year	FY 2015	Compliant
4th preceding fiscal year	FY 2014	Compliant
5th preceding fiscal year	FY 2013	Compliant



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USDE Waiver

Sec. 8521(c) - Waiver

An LEA may request a waiver from USDE if the LEA has failed due to:



1. Exceptional or uncontrollable circumstances, such as a natural disaster or *a change in the organizational structure of the LEA (new!)*
2. A precipitous decline in the financial resources of the LEA




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USDE Waiver continued.

<p><u>Waiver APPROVED</u></p> <ul style="list-style-type: none"> • LEA is considered COMPLIANT • ESSA Allocations NOT reduced 	<p><u>Waiver DENIED</u></p> <ul style="list-style-type: none"> • LEA is considered NONCOMPLIANT • ESSA Allocations ARE reduced (assuming LEA is not eligible for ESSA's 5-year flexibility) 
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Comparison Years for Fiscal Year 2018

<p>LEA that was compliant in FY 2017</p>	<p>LEA that was noncompliant in FY 2017</p>
<p>FY 2018 vs FY 2017</p>	<p>FY 2018 vs FY Last Compliant</p>



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ESSA LEA MOE Timeline

When Data is Reviewed	Determination Year	Fiscal Years Compared		Funding Impacted (if non-compliant)
Spring 2019	FY 2018 (2017-18)	FY 2018 (2017-18)	vs FY 2017 (2016-17)	FY 2020 (2019-20)
Spring 2020	FY 2019 (2018-19)	FY 2019 (2018-19)	vs FY 2018 (2017-18)	FY 2021 (2020-21)
Spring 2021	FY 2020 (2019-20)	FY 2020 (2019-20)	vs FY 2019 (2018-19)	FY 2022 (2021-22)

TEA expects to publish FY 2018 compliance reviews to GFFC Reports by mid-May 2019



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Contacts and Resource Information

- Federal Fiscal Compliance and Reporting Division
 - Phone: (512) 463-9127
 - E-mail: compliance@tea.texas.gov
 - Webpages:
 - [Indirect Cost webpage](#)
 - [ESSA LEA MOE webpage](#)
 - [Comparability webpage](#)



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