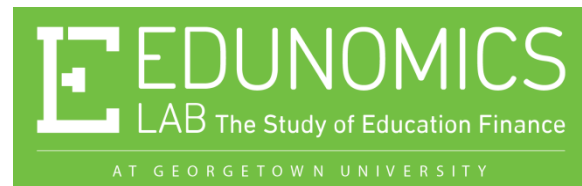


Financial Transparency Working Group:

*Supplement Not Supplant &
Financial Transparency*

November 17, 2017

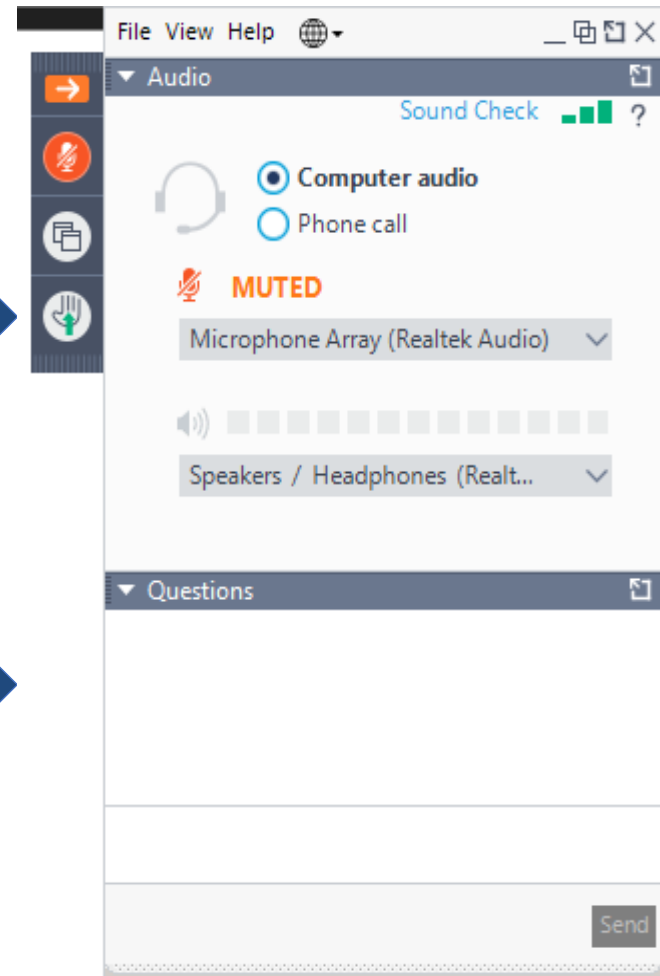


Communicating During the Call

To request to be unmuted, please use the hand raise tool



Use the question box to ask questions or make a comment, and we will reply all so the group can see the question/comment & answer



Agenda

1. Updates, housecleaning items
2. Presentation from Federal Education Group about Supplement Not Supplant & the relationship to the financial transparency requirement



Updates

1. In-person meeting: February 7, 2018 in D.C.
 - Waiting on details from CCSSO – will send them as soon as we have them
2. Next two working group meetings:
 - December 4 & 19, 1-2pm EST
 - One meeting will be office hours, and the other will likely focus on IFR criteria
 - Katie will send calendar invites on Monday
3. No U.S. Department of Education guidance yet, but we expect it (if it is going to come out) in the next six weeks.



**Supplement not Supplant
vs.
Financial Transparency:
ESSA Title I, Part A Requirements**

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What Is Supplement Not Supplant in Title I, Part A?

- All LEAs that receive Title I, Part A funds must comply with a supplement not supplant (SNS) requirement.
- In general, SNS means federal funds should add to (supplement) and not replace (supplant) the state and local funds an LEA spends on educational services.
- ESSA changes the way compliance with Title I, Part A's SNS requirement is tested for LEAs and schools.

Poll Question

- How many of you that are involved with financial transparency are also involved with supplement not supplant issues?

Revised Title I, Part A SNS Test and Financial Transparency

- Currently, there are no federal regulations or guidance on the revised Title I, Part A SNS test.
- The Obama Administration proposed SNS regulations in 2016, but they never went into effect. Why is this important?
 - The proposed regulations linked SNS to per-pupil expenditures.
 - Per-pupil expenditures and SNS are not linked in the ESSA law and this linkage is potentially inconsistent with certain ESSA limitations on ED.
 - Yet, because the proposed regulations had a link, some continue to believe per-pupil expenditures are a required part of SNS.
 - **It is not.** Per-pupil expenditures must be *reported* under ESSA financial transparency, but this is separate requirement from SNS.

How do LEAs Demonstrate SNS Compliance?

- SNS looks at how an LEA allocates state/local funds to its schools, not per-pupil spending.
- LEAs should be able to demonstrate they do not reduce state/local resources to Title I schools because they participate in Title I.
 - For example, if an LEA typically allocates one state/locally funded librarian staff position to each elementary school, it cannot deprive a Title I school of the position because it has Title I funds to pay the cost.
- This is different from prior law, which focused on whether each individual cost charged to Title I was supplemental.

How Do SEAs Verify LEA Compliance with Title I, Part A SNS?

- ESSA does not say how SEAs should test SNS.
- ESSA does not require LEAs to submit their methodologies to the SEA, nor does it require SEAs to approve LEA methodologies.
- Instead, SEAs have discretion over how to oversee compliance. Some might:
 - Require LEAs to sign assurances,
 - Test compliance through normal Title I monitoring processes,
 - Require LEAs to report their allocation methodologies,
 - A combination of the above, or
 - Another approach.

How Is SNS Different From Financial Transparency?

SNS	Financial Transparency
<p>Looks at <u>how</u> an LEA allocates state/locally-funded resources to schools.</p> <p>(Front end: how an LEA budgets funds to schools.)</p>	<p>Looks at <u>how much</u> the LEA spends per-pupil in each school.</p> <p>(Back end: how an LEA spent funds in schools.)</p>
<p><u>Compliance requirement.</u> An LEA violates Title I's SNS requirement if its allocation methodology deprives Title I schools of state/locally-funded resources they would have received if they did not participate in Title I.</p>	<p><u>Reporting requirement.</u> SEAs and LEAs must report per-pupil expenditures.</p>
<p>States have discretion over how to verify SNS compliance.</p>	<p>SEAs and LEAs must publicly report per-pupil spending in state and local report cards.</p>

True/False

- To comply with SNS LEAs must show Title I schools get at least as much state/local money per-pupil as non-Title I schools. **False**
- To comply with SNS LEAs must provide the exact same resources to all of their schools. **False**
- To comply with SNS SEAs must develop a standard methodology all LEAs must use to allocate state/locally-funded resources to their schools. **False**
- ESSA requires SEAs to approve state/local allocations methodologies from every LEA receiving Title I. **False.**

Making SNS and Financial Transparency Work Together

- SEA staff overseeing financial transparency can coordinate with staff overseeing SNS to make sure policies and procedures are consistent.
- SEA staff overseeing financial transparency can provide subject matter expertise on issues such as:
 - How LEAs in the state typically allocate state/local funds,
 - How to interpret financial data provided by LEAs, and
 - Data that might already be available to the state that can inform SNS oversight.
- SNS and financial transparency each have a role to play in informing resource allocation conversations.

Disclaimer

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Questions?