



Arizona Department of Education

MEGA Conference Title I Allocations Overview

November 15, 2017

Our Goals

After this overview, we will...

1. Understand issues identified in the historical Title I LEA allocation process
2. Be aware of actions taken in regards to findings and process improvements in place to prevent future issues
3. Know what to expect next regarding the audit finding resolution

Afton Partners: Who We Are

6

Years

95+

Initiatives

32

States

7,500+

Schools

Afton's vision is that all of America's public education organizations are using ***financial strategies, policies, and practices that sustain effective academic initiatives***—allowing more students to succeed.

Three areas of work:

Sustainability Planning

Operational Efficiency & Effectiveness

Funding Equity & Fiscal Transparency

Why do we have a “Title I Allocations” Process?

SEAs receive allocations from USED and are required to further allocate funds equitably to LEAs based on established criteria

While allocations come from USED by LEA, it is only by census-district (county) LEA; this must be further disaggregated for non-census LEAs

Title I LEA Allocations Process Overview

USED sends Title I funding under four Title I grant components (Basic, Concentration, Targeted, and Education Finance Incentive Grants) to SEAs for census-districts only

SEAs must adjust allocations to accommodate non-census-LEAs

SEAs must ensure no LEA is seeing an unmanageable year-over-year reduction in funding (this is known as the “hold harmless” provision)

SEAs must “set aside” funding for School Improvement and Administration activities

SEAs must apply adjustments for “maintenance of effort” issues and any applicable prior year adjustments

In FY14, an audit identified an issue with Title I LEA Allocations

- ADE received an FY14 State Single Audit finding regarding earmarking for school improvement activities via the School Improvement Fund Set-Aside
- Auditors identified calculation errors that impacted 23 LEAs, for a total questioned value of \$435,831
- It was understood that this issue would have further ramifications due to the “roll forward” to future year calculation files (allocations)

ADE's investigation spanned multiple years and uncovered multiple additional (and much more significant) issues

Calculation Process Errors

Incorrect limits on
LEA contributions to
School
Improvement Fund

Inconsistent
application of hold
harmless

Incorrect order of
operations

Lack of adjustments
to existing LEAs for
the addition of new
LEAs

Policy Violations

Lack of proper
documentation and
records retention

Improper approvals

*FY18 allocations, processes, and policies
will correct for all of these issues*

Post-mortem: *Why did this happen and how can we prevent similar issues?*

A combination of factors likely contributed to this situation. Practices that could have prevented it include:

- Adhering to policies and procedures
- Ensuring policies and procedures remain updated
- Asking questions when policies and procedures are unclear
- Ensuring proper checks and balances in the process (and improving policy where needed)
- Ensuring data integrity and maintaining proper documentation
- Raising issues for proper resolution
- Communicating effectively, particularly cross-functionally/departmentally

Process improvements and trainings will prevent future errors

- A ***corrected template***, reviewed and vetted by US Department of Education, has been used for FY18 and will be used for future years
- This corrected template is accompanied by a detailed ***Standard Operating Procedure***, which thoroughly explains how to complete allocation procedures
- ADE and Afton will continue to ***train and support Title I leadership*** and ***cross-training*** backup personnel as identified

What can you expect next?

- ADE is committed to resolving the FY14 audit finding with as minimal disruption to LEAs as possible; ADE has proposed to USED:
 - No reductions or holdbacks in future funding to LEAs that were historically overfunded
 - Making historically underfunded LEAs whole over the course of no longer than 2-5 years as unobligated funds become available
- ADE's updated procedures and allocations files are publicly available on the ADE Title I website
- ADE will notify LEAs once negotiations with USED are completed and the resolution plan is approved

**Please join a breakout session with ADE and Afton
if you would like more information**

Thank you – please see us for more information in today's breakout sessions!