



ARIZONA DEPARTMENT OF EDUCATION

Third-party Vendors Managing Equitable Services Programs

LEAs have the option to use a third-party provider to manage the day-to-day activities involved with equitable services. This guidance document is provided to ensure compliance and support if this option is implemented.

- Third-party providers must be independent of the private school. (ESEA section 1117(d)(2))
 - In general, whether a contractor is independent of a private school depends on the extent to which the contractor has administrative or fiscal direction and control over the private school
 - For example, an administrative body that oversees a group of affiliated private schools and has control over the schools' curriculum and hiring policies would not be independent of a private school subject to its authority. As a result, the LEA would be prohibited from entering into a contract with the administrative body for the provision of equitable services to its affiliated schools
 - In contrast, a membership organization with no authority over the operations of its member schools would likely be considered independent of such schools
- LEAs assure they will adhere to the 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in regulation.
- The control of funds including any title to material, equipment, and property purchased with ESEA funds must remain with the LEA (ESEA section 1117(d)(1))
- Programs and services must be secular, neutral, and nonideological

Components of an Equitable Service Program with the Implementation of a Third-Party Provider

- **Notice of Intent to Participate (NIP):** LEAs initiate consultation through the Notice of Intent to Participate. On multi-year contracts, the third party may support this process by acting as a liaison for document retrieval, document completion, and assisting with locating potential participating private schools.
- **Grant Writing:** LEAs will be responsible for writing and then updating all applicable grants. If the LEA receives additional funding or approves any carryover, the equitable share must be updated and communicated to applicable participating private schools.
 - Using vendor management, LEAs will code everything provided by the third party to 6300-2100:
Purchased Service: Equitable Services provided by a third party on behalf of the LEA
 - Administrative Costs: break out and code accordingly ([ADE Administrative Cost Guidance](#))
- **Transferring:** LEAs have the option to transfer following consultation. Third party providers may support LEAs in the consultation process.
- **Determining the Proportionate Percentage and Equitable Share:** Once the Notice of Intent to Participate is received by all private schools, the LEA may determine each school's equitable share. Third party providers may support this process by acting as a liaison for document retrieval and document completion.

- **Notice of Equitable Share/Affirmation of Consultation (AOC):** Once each participating school's equitable share is determined, third-party providers may support LEAs by providing participating private schools with their Affirmation of Consultation and notice of equitable share. They may then support the continued consultation process by acting as a liaison for document retrieval and document completion. The AOC should not be *signed and collected* prior to the start of the school year. It should be provided to any participating school once the equitable share is calculated.
- **Preliminary Yearlong Planning:** Along with the Affirmation of Consultation, participating private schools must develop their yearlong plan. Third-party providers may support private schools with developing plans based on need and allowability. *Reminder, private school activities will not be broken out in grants if using vendor management.
- **Timely, Meaningful, and Ongoing Consultation:** Third-party providers will ensure this is done by ensuring that services are provided without disruption, funds are utilized based on need, programs are evaluated and/or adjusted as needed, and maintain a constant level of support for the LEA and private school participants.
- **Plan/Budget Revisions:** Third-party providers will be responsible for participating private school's plans. If a plan needs revising, the third-party provider will approve the plan on behalf of the LEA. They must always keep the LEA informed for proper oversight of all programs.
- **Supplement not Supplant:** Supplanting is always the presumption for equitable services. Federal funds must add to (or supplement) and not replace (or supplant) other funds in providing general educational services. Funds *may not* benefit the private nonprofit school or be applied to general needs as a whole. Funds must supplement what private school participants receive without federal funds. Private schools may not fund partial programs that they are planning to fund for all students.
*Presumption of supplant questions:
 - Are any of the services required under applicable (to private schools) state law or local policy?
 - Were local funds used in the prior school year to provide any of the services which are currently being requested using federal funds?
 - Are any of the same services being requested also being provided to non-participating students using local funds?
- **Data Collection:** LEAs are responsible for evaluating programs. Third party providers will be responsible for ensuring that data is collected for all programs relevant to each need under each program. For example, if the private school has a need for counseling, the data collected must align to the reason the private school has the need. If the need is based on discipline, then the data collected might be discipline referrals.
 - Data for Services:
 - Collected once the year begins and ongoing as students move in and out of different programs
 - *Students may move in and out of the program as long as they are eligible
 - *Students must be verified as eligible BEFORE receiving services
- **Services:**
 - Title I-A – Student who lives in a Title I-A funded boundary (public LEA) who demonstrates the identified need, and/or staff who work directly with eligible Title I-A students, and/or families of eligible Title I-A students
 - *Common misconception: income eligibility has nothing to do with being eligible to receive services
 - Title I-C – Students who are eligible and verified in MIS2000 (not based on LEA boundary)
 - Title II-A – Schoolwide staff including paraprofessionals and/or leadership
 - Title III-A – Any eligible EL student (not based on LEA boundary)
 - Title IV-A – Schoolwide staff or student (not based on LEA boundary)
 - Title IV-B – Any student meeting the target population (not based on LEA boundary)

- **Prorating:** LEAs may only fund eligible programs for eligible students; therefore, third-party providers must prorate services/programs when working with more than one LEA and/or fund.
 - Professional development/conferences may be prorated when content is both secular and non-secular based on the sessions attended by the attendee. Only secular content may be funded. The prorated amount applies to the registration, travel, per diem, etc. Software that is both secular and non-secular may NOT be prorated.
 - [Prorating Funded Services](#)
 - Funds may be braided across Federal programs if the activity is allowable under each fund.
- **Invoicing:** Third party providers must invoice LEAs monthly to allow them to maintain oversight of all programs. LEAs may not receive reimbursement on their grant until providers are paid. Invoices must be itemized by program and student if applicable. The SEA recommends using the chart of accounts coding structure for clarity and to support LEAs.
 - Services for students: Invoice must include student's names for verification purposes; student eligibility must be verified prior to receiving services
 - *Some LEAs require progress data with invoices
 - Products/Programs/Professional Development/Etc.: Invoice must include detailed description for program for allowability oversight
 - Budget Code: [Auditor General Chart of Accounts](#)
 - Structure: Fund-Program-Function-Object-Unit (school number)
 - Title I-A tutoring services using a third party provider for a school with unit number 23
 - 100-100-1000-6300-231
 - Title II-A professional development registration for a teacher for a school with unit number 41
 - 140-100-2100-6300-41
 - Title IV-A band equipment for a school with unit number 17
 - 160-100-1000-6731-17
- **Public Control of Funds:** LEAs must maintain control of funds. Funds may not be paid directly to any private school. Services/activities must be procured on behalf of private schools. If the LEA codes everything to 6300-2100 for vendor management, the third-party provider will procure on behalf of the LEA and bill the LEA on a monthly basis.
 - LEAs have varying procurement procedures
 - The strictest policy prevails (local, state, federal)
- **Programmatic Monitoring:** LEAs are required to submit evidence of equitable service programs to the state agency. Third party providers may not complete monitoring tasks for the LEA. However, they may serve as a liaison for collecting required paperwork, ensuring procedures are followed and updated, as well as support all parties in the process.
 - LEA Timeline and Procedures – due 9/30
 - All Affirmation of Consultations – due 9/30
 - Program Evaluation/Carryover Forms – due 2/5
- **Evaluation of Programs:** LEAs are responsible for evaluating programs. Third party providers will be responsible for ensuring that data is collected for all programs relevant to each need under each program. As data is collected throughout the year, the third party must work with participating private schools to modify plans, if necessary, or if not meeting needs, or increasing achievement.

- **Carryover:** Third-party providers may support this process by ensuring that services are provided without disruption, and funds are utilized based on need. In the event funds are remaining, third-party providers will work with private school partners to determine the amount of carryover needed to complete the program by the end of the funding cycle.
 - Should be rare
 - Reasonable deadlines are highly recommended
 - High reservation of funds eliminates opportunities for remaining students (public and private)
 - Federal funds expire (must be returned to the federal government)
 - Lack of use demonstrates lack of need = appropriation decrease
 - Title I-A: must be redistributed to remaining participating private schools before LEA
 - Title VIII: may redistribute to both LEA and participating private schools
- **Complaints/Disagreements:** In the event a complaint arises, the third-party provider will work to solve all issues before involving the LEA.
- **Ombudsman:** The ombudsman serves as a general resource regarding equitable service requirements for both LEAs and private school officials. Third party providers may reach out to the state agency for support, attend training, and utilize agency resources.

Pooling Within and Across LEAs

Pooling within an LEA using Title I-A: Providing equitable services to eligible children attending a private school that is part of a group of private schools (such as a group of schools under the authority of a single organization) by pooling the Title I-A funds generated by children from low-income families who reside in participating Title I-A public school attendance areas and attend a private school in the group. The LEA, in consultation with appropriate private school officials, must establish criteria to determine the eligible private school students in greatest educational need to receive services. The services provided to eligible children attending a particular private school do not depend on the amount of funds generated by children from low-income families in that school; rather, the services are based on educational need. If private school officials representing different groups of private schools request pooling, the LEA may establish a separate pool for each requesting group.

Example: Pooling Title I-A funds among private schools within a single LEA Appropriate private school and LEA officials agree after consultation to pool Title I-A funds within LEA A and LEA B individually. There is \$75,000 available to serve low-achieving private school children in both Private School 1 and Private School 2 who live in LEA A and \$6,000 available to serve low-achieving private school children in both private schools who live in LEA B. Even if there are more low-achieving children who reside in LEA B than LEA A, there is only \$6,000 available to serve these students.

Pooling Within an LEA using Title VIII: Provide equitable services, as applicable, to eligible private school children and educators in a private school that is part of a group of private schools (such as a group of schools under the authority of a single organization) by pooling the funds generated by the total number of children or number of eligible children, as applicable, enrolled in private schools in the group. The LEA, in consultation with appropriate private school officials, must establish criteria to determine how services will be allocated for eligible private school children and educators in schools within the pool. The services provided to private school children and educators in a particular school do not depend on the amount of funds generated by children enrolled in that school; rather, the services are based on the criteria developed for allocating services among the eligible private school children and

educators. If private school officials representing different groups of private schools request pooling, the LEA may establish a separate pool for each requesting group.

Example: In consultation with LEA A, private school officials representing Private Schools 1 and 2 request that the LEA pool the Title IV, Part A funds generated by their children and LEA A agrees. LEA A combines the total amount of Title IV, Part A funds generated for services for eligible children and educators in Private School 1 (\$50,000) and Private School 2 (\$5,000). The LEA then has \$55,000 to spend on Title IV, Part A services for eligible private school children and educators in these schools regardless of the amount of funds generated by children in a particular school. In consultation with private school officials, the LEA then decides how the funding will be allocated for services to meet the various needs of the children and educators in these schools. Under this option, the services provided to children and educators in a particular private school are not dependent upon the amount of funding generated for services by children in that school (e.g., if the needs are greater in Private School 2, the LEA may spend more than \$5,000 of the \$55,000 in this school). Children in Private School 3 receive \$25,000 in services, administered by LEA B, and are not included in the pool under LEA A.

Pooling across LEAs using Title I-A: Because eligibility for Title I-A services is based on a child's residence and not where the child attends school, it is common that multiple LEAs have a responsibility to provide services to eligible children who attend the same private school, making provision of those services through pooling across LEAs potentially more educationally effective and efficient than by each individual LEA providing services to eligible students in the same private school. Thus, multiple LEAs may pool the Title I-A funds generated by their private school children from low-income families who reside in a participating Title I-A public school attendance area to serve eligible low-achieving private school children who reside in those LEAs. In other words, low-achieving private school children in greatest need who reside in a participating Title I-A public school attendance area in any of the applicable LEAs may be served with the pooled funds. The LEAs, in consultation with appropriate private school officials, must establish criteria to determine the eligible private school students in greatest educational need to receive services.

Example: Appropriate private school and LEA officials agree after consultation to pool Title I funds across both LEA A and LEA B. There is then \$81,000 available to serve, based on uniform criteria of educational need, the lowest-achieving eligible private school children who attend Private Schools 1 and 2 regardless of whether they reside in LEA A or LEA B and without regard to how much funds children from low-income families within their private school generate towards the pool. Eligible low-achieving children may receive Title I services even if their school has few or no children from low-income families who generate Title I-A funds.

Pooling Across LEAs using Title VIII: Provide equitable services, as applicable, to eligible private school children and educators in a private school that is part of a group of private schools (such as a group of schools under the authority of a single organization) located in multiple LEAs by pooling the funds generated by the total number of children or number of eligible children, as applicable, enrolled in private schools in the group. The LEAs, in consultation with appropriate private school officials, must establish criteria to determine how services will be allocated for eligible private school children and educators in schools across all participating LEAs within the pool. The services provided to eligible private school children and educators in a particular school or LEA are not dependent on the amount of funds generated by eligible children enrolled in that school; rather, the services are based on the criteria

developed for allocating services among the private school children and educators across LEAs. Based on consultation with private school representatives, the LEAs participating in the pool may arrange to have one LEA, another public entity, or a third-party contractor provide services for eligible private school children and educators in private schools participating in the pool.

Example: In consultation with LEAs A and B, private school officials representing Private Schools 1, 2, and 3 request that the LEAs pool the Title IV, Part A funds generated by their children and both LEAs agree. The LEAs combine the total amount of Title IV, Part A funds generated for services for eligible children and educators in Private School 1 (\$50,000), Private School 2 (\$5,000), and Private School 3 (\$25,000). The LEAs have \$80,000 to spend on Title IV, Part A, services for all eligible private school children and educators in these schools regardless of the amount of funds generated by children in a particular school. In consultation with private school officials, the LEAs then decide that LEA A will provide services and how the funding will be allocated for those services to meet the needs of the eligible private school children and educators in the three schools. Under this option, the services provided to children and educators in a particular private school are not dependent upon the amount of funding generated for services by the children in that school (e.g., if the needs are greater in Private School 2, LEA A may spend more than \$5,000 of the \$80,000 in this school).

Vendor management reduces LEA's burden of selecting a lead fiscal agent to support pooling options. Pooling allows for more flexible use of funding, and greater access for nonpublic participants and potentially reduces need for prorating.