



CANUTILLO INDEPENDENT SCHOOL DISTRICT

BUDGET MANUAL 2018 - 2019

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BUDGET MANUAL FOR THE YEAR 2018 – 2019

July 1, 2018 to June 30, 2019

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Chief Financial Officer
Executive Director for Curriculum & Instruction
Chief Human Resources Officer
Executive Director for Facilities and Transportation Division

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MISSION STATEMENT

Canutillo ISD's purpose is to provide high quality educational experiences that will inspire and prepare all students to apply the knowledge and skills necessary to become effective leaders and productive citizens.

VISION STATEMENT

Canutillo ISD is a premier school district with nationally-ranked, multi-literate graduates ready to excel in college, their careers, their community, and in life.

DISTRICT GOALS

1. Provide a Safe & Secure Environment
2. Increase Student Academic Achievement
3. Enhance Student Character & Drive Towards a Career/Profession
4. Build Meaningful Parent Partnerships for their Empowerment & Engagement in Their Child's Education
5. Convey and Share a Positive Image to all CISD & Community Stakeholders

Note: This is an abbreviated version of TEA's Financial Accountability System Resource Guide (FASRG) Version 15. Customized by the Financial Services Department for Canutillo ISD. The full version of the FASRG can be accessed on TEA's website www.tea.state.tx.us.

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INTRODUCTION

Budgeting is the process of allocating resources to the prioritized needs of a school district. Although budget formats and policies are by no means uniform in school districts, formal budgets play a far more important role in the planning, control and evaluation of school district operations than in those of privately owned organizations. In school districts, the adoption of a budget implies that a set of decisions have been made by school board members and school district administrators which culminate in matching a school district's resources with its needs. As such, the budget is a product of the planning process. The budget also provides an important tool for the control and evaluation of a school district's sources and uses of resources. With the assistance of the accounting system, administrators are able to execute and control the activities that have been authorized by the budget and evaluate performance based upon comparisons between budgeted and actual operations.

LEGAL REQUIREMENTS FOR BUDGETS

Sections 44.002 through 44.006 of the *Texas Education Code* establish the legal basis for budget development in school districts. The following six items summarizes the legal requirements from the Code:

- The Superintendent is the budget officer for the district and prepares or causes the budget to be prepared. TEA recommends that an interactive approach between the board of trustees and the superintendent be taken to establish the budget process and define related roles and responsibilities.
- The district budget must be prepared by a date set by the State Board of Education, which is currently June 19.
- The president of the Board of Trustees must call a public meeting of the Board, giving ten days public notice in a newspaper, for the adoption of the district budget. Any taxpayer in the district may be present and participate in the meeting.
- Concurrently with the publication of notice of the budget above, a school district must post a summary of the proposed budget on the school district's Internet website or in the district's central administrative office if the school district has no Internet website. The budget summary must include a comparison to the previous year's actual spending and information relating to per-student and aggregate spending on instruction, instructional support, central administration, district operations, debt service, and any other category designated by the commissioner.

The summary of the budget should be presented in the following function areas:

- A. Instruction – Functions 11, 12, 13
- B. Instructional Support – Functions 21, 23, 31, 32, 33, 36

- C. Central Administration – Function 41
- D. District Operations – Functions 51, 52, 53, 34, 35
- E. Debt Service – Function 71
- F. Other – Functions 61, 81, 91, 92, 93, 97, 99

The 'per student' will be based on the student enrollment.

- No funds may be expended in any manner other than as provided for in the adopted budget. The Board of Trustees has the authority to amend the budget or adopt a supplementary emergency budget to cover unforeseen expenditures.
- The budget must be prepared in accordance with GAAP (Generally Accepted Accounting Principles) and state guidelines.
- The budget must be legally adopted before the adoption of the tax rate unless the district elects to adopt a tax rate before receiving the certified appraisal roll for the district as provided by Section 26.05(g), Tax Code. Additionally, a school district must publish a revised notice and hold another public meeting before the district may adopt a tax rate that exceeds the following: (1) The rate proposed in the notice prepared using the estimate; or (2) The district's rollback rate determined under Section 26.08, Tax Code, using the certified appraisal roll.
- If a school district elects to adopt a tax rate before adopting a budget, the district must publish notice and hold a meeting for the purpose of discussing the proposed tax rate as provided by TEC 44.004. Following adoption of the tax rate, the district must publish notice and hold another public meeting before the district may adopt a budget. The comptroller shall prescribe the language and format to be used in the notices. The school district may use the certified estimate of taxable value in preparing a notice.
- HB3, 81st Regular Session, added TEC 39.084 which requires that on final approval of the budget by the school board, the school district shall post on the district's Internet website a copy of the adopted budget. The website must prominently display the electronic link to the adopted budget until the third anniversary of the date the budget was adopted.

TEA LEGAL REQUIREMENTS

The Texas Education Agency (TEA) has developed additional requirements for district budget preparation as follows:

- The budget must be adopted by the Board of Trustees no later than June 30. In order to prepare the public notice to be published 10 days prior to the meeting, the district budget must be prepared by a date set by the state board of education, currently August 20 (June 19 if the district uses a July 1 fiscal year start date).

- Minutes from the District's board meetings will be used by TEA to record adoption of any amendments to the budget.
- Budgets for the General Fund, the Food Service Fund (whether accounted for in a Special Revenue Fund or Enterprise Fund), and the Debt Service Fund must be included in the official district budget.
- The officially adopted district budget must be filed with TEA through PEIMS (Public Education Information Management System) by the date prescribed in the annual system guidelines. Revenues, other sources, other uses, and fund balances must be reported by fund, function, object (at the second level), organization, fiscal year, program intent, and amount.
- A school district must amend the official budget before exceeding a functional expenditure category, i.e., instruction, administration, etc., in the total district budget.

SITE BASED BUDGETING

Site based budgeting generally involves the granting of increased budgetary authority to the campus level. Campuses are normally allocated a certain level of resources over which they have authority to allocate to educational and support services. These budgetary allocations are meant to cover those areas over which campus decision-makers have control. For example, campuses with budget staffing authority would be allocated funds for staff costs. In contrast, campuses in a district where staffing decisions are made centrally may not be granted funds for staff costs. These staff costs would be budgeted at the district level. This is the case in the Canutillo Independent School District. Even though the principal at each campus has control over the staffing of teachers and other personnel, these costs and the associated fringe benefits are budgeted at the district level. Site-based budgeting takes many forms and may be implemented by districts to varying degrees.

The main advantage of site-based budgeting is that it allows school personnel to make budgetary decisions for their own campuses. Thus, those who best understand student needs at the campus level plan how funds are used to meet them. This decentralization of budgetary authority may also be a means of increasing school accountability. Another potential advantage of site-based budgeting is increasing the level of participation of both campus staff and parents in budget development. Many site based budgeting systems create committees composed of campus staff, parents, and other community members to determine campus budgetary allocations. These committees give parents and other community members a voice in school budgeting from its inception, rather than merely when the budget is presented for public review by the district's board.

The Canutillo Independent School District exercises the recommended committee set up. It is called the Campus Improvement Committee (CIC) and it consists of the principal, staff members, teachers and parents. The team compiles a plan for its campus and outlines the objectives for improving the students' education. The allocation of funds on a lump-sum basis to

each campus will allow the CIC to allocate the necessary educational funds and decide how these funds should be expended.

The current allocation process is called the per capita allocation and the amounts allotted for the 2018-2019 school year are as follows:

Local Operating – Fund 199

- ❖ **High School** campus is allotted **\$99 per student**
- ❖ **Middle School** campus is allotted **\$86 per student**
- ❖ **Elementary School** campus is allotted **\$78 per student.**

SCE – Fund 185

- ❖ **ALL** campuses will be allotted **\$674.37 per At Risk Student Population.**

Title I, Part A – Fund 211

- ❖ Tiered Based on Economically Disadvantaged (ED) Student Populations:
 - **Greater than or Equal to 85%** will be allotted **\$450 per ED**
 - **Greater than or Equal to 80%, but less than 84.9%** will be allotted **\$400 per ED.**
 - **Greater than or Equal to 75%, but less than 79.9%** will be allotted **\$350 per ED**
 - **Greater than or Equal to 65%, but less than 74.9%** will be allotted **\$300 per ED**
 - **Less than 64.9%** will be allotted **\$250 per ED**
- ❖ A separate **Parental Involvement** amount will be allotted based on a prorated formula.

Changes in the campus allocations will be predicated on future State and/or Federal funding.

IMPORTANT CONSIDERATIONS

BUDGET PREPARATION INVOLVEMENT

The budget preparation process and guidelines should be established through interaction between the school board and the superintendent. Thus, the delegation of budget responsibilities among district administrators (district-wide) and individual campuses (site-based) will reflect consensus of the School Board and the Superintendent.

At the district level, the following individuals should be involved in budget development:

- District-wide Administrative Council
- Special Program Administrators
- Department Administrators
- Executive Directors
- Associate Superintendent
- Superintendent

At campus level, the following individuals should be involved in budget development:

- Campus Staff
- Campus Improvement Committee (CIC) composed of:
 - Elected campus staff
 - Community members
 - Parents
- Principals (School Budget Managers)

BUDGET PRIORITIES

The budget priorities are a list of specific items to be considered in the development of the next school year's budget. This list is prepared by the Superintendent and submitted to the Board of Trustees. This list may contain special expenditures that need consideration for the next school year's budget, such as additional personnel and services for the new schools.

BUDGET CALENDAR

The Director of Financial Services prepares the budget calendar in the Fall of the current school year for the next school year. For example, the calendar for the 2018-2019 fiscal year was prepared in September 2017. The budget calendar was submitted to the Board of Trustees and updates are provided on a monthly basis.

DEVELOPMENT OF BUDGETS

The development of unit and campus budgets must follow the budget preparation instructions issued by the Director of Financial Services. The Director also prepares the revenue side of the district budget. The unit and campus budgets become part of the overall district budget submitted to the Board of Trustees for adoption. Each unit and campus budget should be

developed and driven by the educational needs of the District and with the District's long-term educational goals and objectives.

BUDGET PROCEDURES FOR CAMPUSES AND DEPARTMENTS

BUDGET PREPARATION PROCESS

The divisions and departments in the District, other than the campuses, should prepare their budgets based on the needs assessment in various areas. Supplies and materials needed to run various programs should be included in that particular unit's budget as well as the campuses. The amounts allocated to campuses must be based on an equitable allocation factor such as student population of each particular program.

Campus budgets are at the discretion of the campus under the site-based decision-making model. The first step in the campus budgeting process should be the identification of a school's goals and objectives by the principal and the school's Campus Improvement Committee. These goals and objectives should be driven by the educational needs of the campus. In addition, the school's goals and objectives should be aligned with long-term district educational goals and campus improvement plans.

STEPS TO FOLLOW DURING THE BUDGET PROCESS

- 1) The Financial Services Department will make available a copy of the budget instruction booklet for the 2018-2019 budget process to the department supervisors and campus administrators in March of 2018. Each budget line item request will be required to "tie-in" to campus plans and/or district goals and objectives must be prioritized.
- 2) The Financial Services Department will conduct budget training for department and campus personnel on April 5, 2018.
- 3) Each individual campus will receive a budget allocation (based on student population) for instruction and staff development needs by March, 2018.
- 4) Each department will receive a budget allocation from the Financial Services Department by March, 2018.
- 5) All budgets will be entered into the TEAMS system following the guidelines provided in subsequent sections. Please include adequate justifications. Campus/Department Supervisors must approve the budgets entered in TEAMS system. Please note that campuses must include their Campus Improvement Committees in the preparation of their budget. The Superintendent's Cabinet will conduct budget hearings to evaluate budget requests. These hearings will take place during the month of March.
- 6) Budget submissions for Federal Programs will be coordinated with the External Funding Coordinator.

- 7) Beginning in April, all campus and department budgets will be presented to the Board of Trustees for review and approval. During the approval process, principals and directors may be called upon to explain and defend their budget requests to the Board.
- 8) The Board of Trustees is scheduled to approve the overall District's budget no later than June 30, 2018.
- 9) Upon approval of the budget by the Board of Trustees, a final copy of the budget will be available to each principal and director.

ITEMS TO REMEMBER DURING THE SCHOOL YEAR

- 1) Each department and campus is allowed to request a budget change within functions (i.e. function 11 to function 11). No budget change requests will be accepted that cross functions (i.e. function 11 to function 12) for the Operating Fund, unless a *Budget Amendment Request* is submitted and approved by the Financial Services Department for submission to the Board.
- 2) Regular budget change requests must be submitted through the TEAMS system. The request must include:
 - ✓ Budget change request description,
 - ✓ Justification for the request,
 - ✓ Reference of the campus/department improvement plan goals, objectives, and strategies,
- 3) Budget change requests require budget authority approval.
 - ✓ Budget change request approvals are made in TEAMS,
 - ✓ Supporting documentation can be electronically attached to the request.

Budget change requests are processed on a weekly basis and budget amendments on a monthly basis.

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Canutillo Independent School District

2018-2019 Budget Calendar

Activity Description	Month	Owner
Discuss Proposed Budget Calendar w/Cabinet	July	Cabinet
Re-Align current year budgets	July - August	ALL
Cabinet Project Planning Meeting Budget Calendar and Priorities	August	Cabinet
DAC Elections	August	Cabinet Campuses
Leadership-Proposed Budget Priorities	September	ALL
Current staffing and student enrollment review	September	Cabinet
Board Meeting Discussion & Approval of Budget Calendar	September	Cabinet
Preliminary Revenue Projections - Enrollment, Boundaries and Property Tax	October	Cabinet
Discussion of Campus and Department Budget Priorities	October - December	CIC DAC
Discussion of DAC Budget Priorities	October - December	Cabinet DAC
Review proposed staffing and teacher ratios	October	Cabinet
Campus and Department Program Needs Assessment Meetings - Discuss Program Needs	November	ALL
Enrollment Projections	December	SUP AS CFO
Board Meeting - Discussion of Preliminary Revenue Projections	December	BOT Cabinet
Campuses and Department Budget Preparation Workshop	January	ALL
Budget Allocations Provided to Campuses and Departments	January	FS
Districtwide Budget Priorities Submitted by DAC	January	Cabinet DAC FS
Board Meeting - Preliminary Budget Workshop Revenues and Expenditures	January	BOT Cabinet
Personnel Needs Assessments - Campus and Departments	January - February	ALL
Review Instructional Programs	January - March	C&I
Preparation and Submission of Budget by Campus and Department Administrators	January - March	ALL
Finance Review of Campus and Department Budgets	February - March	ALL
Board Budget Workshop – Updated revenue projections, campus and department allocations, and districtwide and DAC budget priorities	February	BOT Cabinet
Needs Assessment Meetings-Final	March	ALL
Budget Review with Campus and Department Heads	March	ALL
Board Meeting - 1. Update Board of Trustees on Status of Budget Process and Priorities. 2.Presentation on Budget and Compensation Package	March	BOT Cabinet DAC
Board Meeting - 1. Preliminary Budget Update of Projected Revenues and Expenditures including Salary Recommendations. 2.Approval of Salary Increases, Stipends and Staffing	April	BOT Cabinet
Special Board Meeting - Additional Meetings to Discuss Budget Recommendations (as needed)	May	BOT Cabinet FS
Notice to discuss and adopt the budget and the proposed tax rate	June	FS
Fund balance/GASB 54 resolution	June	FS
Publish Notice of Public Meeting to Discuss Budget and Proposed Tax Rate in newspaper	June	FS
Board Meeting Approval of the District's Tax Rate - Based upon certified property values provided by the Central Appraisal District	August	BOT

**CANUTILLO INDEPENDENT SCHOOL DISTRICT
ACCOUNT CODES**

<u>FUND</u>		<u>FUNCTION</u>	
101	Foodservice	11	Instruction
185	State Compensatory Education - SCE	12	Instructional Resources and Media Svc
196	High School Allotment	13	Curriculum Development/Instructional Staff Development
199	Local Operating - General	21	Instructional Leadership
211	Title I, Part A	23	School Leadership
212	Title I, Part C - Migrant	31	Guidance/Counseling Service
224	IDEA Part B Formula	32	Social Work Service
225	IDEA Part B Preschool	33	Health Service
242	Summer Feeding Program	34	Student (Pupil) Transportation
244	Voc-Ed Basic Grant	35	Foodservice
255	Title II, Part A - TPTR	36	Co curricular/Extracurricular Activity
263	Title III, Part A LEP	41	General Administration
272	Medicaid Administrative Cost	51	Plant Maintenance/Operations
289	LEP Summer School - Federal	52	Security/Monitoring Service
397	Advanced Placement	53	Data Processing Service
410	State Instructional Materials	61	Community Service
429	State Discretionary Grant	71	Debt Service
480	Grass Root - Outdoor Lab	81	Facilities Acquisition
484	Arcelor Mittal Grant	99	Governmental Charges
485	Expanding the 3 Es Nutrition Program		
486	Wells Fargo STEM-Power		
487	CREED Accelerated Certification Program		
488	Canutillo Healthy Girls-Oliver Foundation Program		
489	Fruit & Veggie Grant- Chef Ann Foundation		
599	Debt Service		
691	Bond Capital Projects (Series 2006)		
692	Bond Capital Projects (Series 2011)		
693	Bond Capital Projects (Series 2013)		
753	Insurance		
770	Workers Comp		
865	Activity Funds		
<u>OBJECT CODE</u>			
6112.13	Substitutes - Staff Development	6329	Reading Materials
6112.96	Substitutes - Duty Related/Not Staff Development	6339	Testing Materials
6117.05	Extra Duty Pay - Professional	6341	Food
6117.13	Extra Duty Pay - Professional Staff Development	6342	Non Food
6118	Stipends	6349	Foodservice Supplies
6119	Salaries	6395	Supplies - Automotive Parts
6121.06	Overtime Pay	6396	General Supplies - Tools
6126.03	Academic Tutor Pay	6397	Controlled Assets - Furniture and Equipment
6128.05	Extra Duty Pay - Hourly	6398	Controlled Assets - Technology
6128.07	Excess Hour Pay - Transportation	6399	General Supplies
6128.13	Extra Duty Pay - Hourly Staff Development	6411	Travel/Subsistence - Employees
6129	Salaries- Hourly	6411.89	In-City Mileage
6211	Legal Services	6412	Travel/Subsistence - Students
6212	Audit Services	6419	Travel/Subsistence - Non-Employees
6213	Tax Appraisal/Collection	6429	Insurance
6219	Professional Services	6439	Election Costs
6221	Staff Tuition - Higher Education	6494	Transportation Charges
6229	Tuition/Transfer Payments	6495	Membership Dues
6239	Education Service Center Services	6497	Postage
6249	Contracted Maintenance and Repair	6498	Claims Paid
6256	Utilities - Electric	6499	Miscellaneous Operating Costs
6257	Utilities - Telephone & Telecommunication Charges	6499.01	Board Funded Field Trips
6258	Utilities - Water, Wastewater Treatment & Sanitation	6511	Bond Principal
6259	Utilities - Gas	6513	Long-Term Loan Principal
6269	Rental - Copy Machine Leases	6519	Debt Principal
6291	Consulting Services	6521	Interest on Bonds
6297	Printing	6523	Interest
6299	Miscellaneous Contracted Services	6599	Other Debt Service Fees
6329	Reading Materials	6619	Land Purchase/Improvements
6315	Custodial Supplies - Departments	6629	Bldg Purchase/Construct/Improvement
6316	Custodial Supplies - Elementary School	6631	Vehicles over \$5000
6317	Custodial Supplies - Middle School	6636	Capital Assets - Tech Equip & Software > than \$5000
6318	Custodial Supplies - High School	6639	Capital Assets - Furniture/Equipment > \$5000
6319	Other Supplies-Maintenance	6649	Capital Assets - Other
6321	Textbooks		

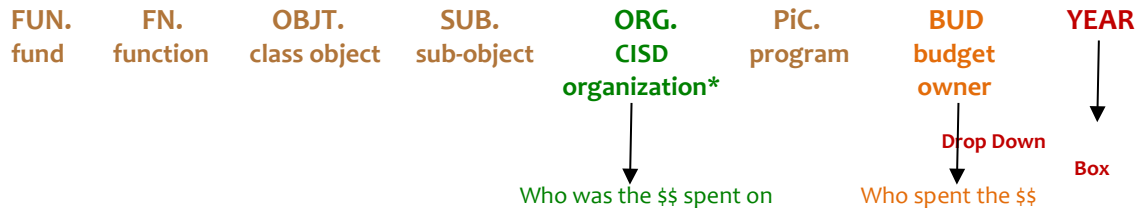
**CANUTILLO INDEPENDENT SCHOOL DISTRICT
ACCOUNT COMPONENTS FOR CAMPUSES AND DEPARTMENTS**

ACCOUNT CODING SCHEME

199.11.6399.00.001.Y.11

199-FUND
11-FUNCTION (FUNC)
6399-CLASS OBJECT (CLASS OBJ)
00-SUB-OBJECT (SUBOBJ)
001-ORGANIZATION (ORG)
5-FISCAL YEAR (FY)
11-PROGRAM INTENCT CODE (PIC)

TEAMS ACCOUNT CODE



*Note: With the exception of organizations 726-749 (PEIMS – 750) and 800-997 (PEIMS – 999), CISD organization represents the PEIMS organization. The account element “year” appears in a drop down box rather than as an element of the account string, if more than one year is available.

FUND CODE

(QUESTION: How is the expenditure financed?)

The *Fund Code* is a mandatory three-digit code used for all financial transactions to identify the funding group and specific fund. The first digit refers to the fund group; the second and third digit specifies the fund. For example, the local maintenance fund for fiscal year 2015 (school year 2014-2015) will be coded 199. The first 1 indicates the General fund, the 99 specifies local maintenance. There are different fund types to record our financial transactions.

FUNDS

101 Food Service Fund - This fund classification must be used to account for food service activities required by the National School Breakfast and Lunch Program.

- 185 State Compensatory Education – This fund classification must be used to account for expenditures related to the State Compensatory Education program.
- 196 High School Allotment – This fund classification must be used to account for expenditures related to the High School Allotment program. This fund should be used with PIC 31 at all times. *Fund 196 replaced Fund 428, effective September 1, 2009.*
- 199 Local Maintenance (Operating Fund) - This fund classification must be used to account for transactions in which the local governing board has wide discretion to use as provided by law. This fund usually includes transactions as a result of revenues from local maintenance taxes, payments in lieu of taxes, foundation entitlements, State and County available and other Foundation School Program sources not identified on warrants for foundation entitlement.

Special Revenue - Federal Programs

- 211 ESEA, Title I Part A - Improving Basic Programs
- 212 ESEA, Title I Part C - Education of Migratory Children
- 224 IDEA - Part B, Formula
- 225 IDEA - Part B, Preschool
- 242 Summer Feeding Program, Department of Human Services (DHS)-(If Special Revenue)
- 244 Career and Technical-Technical Preparation - Basic Grant
- 255 ESEA Title II, Part A - Teacher and Principal Training and Recruiting
- 263 ESEA Title III, Part A - English Language Acquisition and Language Enhancement
- 289 LEP Summer School - Federal

Special Revenue Funds - State Programs

- 397 Advance Placement
- 429 State Discretionary Grant
- 484 Arcelor Mittal Grant

Other Funds

- 599 Debt Service

691	Capital Projects – Bond Series 2006
692	Capital Projects – Bond Series 2011
693	Capital Projects – Bond Series 2011 (2013 Issuance)
753	Self-Insurance Fund –Health Care (Administration Use Only)
865	Campus Activity Funds – This fund is used as an agency account for student “clubs” funds or “class” funds.

FUNCTION CODE

(QUESTION: Why was the expenditure made?)

The *Function Code* is a mandatory 2 digit code applied to the expenditures/expenses that identify the purpose of the transaction. A function represents a general operational area in a school district and groups together related activities.

- **1X** - Instruction and Instructional-Related Services: This function code series is used for expenditures that 1) Provide direct interaction between staff and students to achieve learning and 2) Provide staff members with the appropriate resources to achieve the appropriate student learning outcomes through either materials or development.
- **2X** - Instructional and School Leadership: This function code series is used for expenditures that relates to the managing, directing, supervising, and leadership of staff who are providing either instructional or instructional-related services. This function code series also includes the general management and leadership of a school campus.
- **3X** - Support Services - Student (Pupil): This function code series is used for expenditures used directly for non-instructional student activities or services, including administrative and supervisory costs that are non-general in nature and are incurred directly and exclusively for a non-instructional student activity or service.
- **4X** - Administrative Support Services: A function code series for the overall general administrative support services of the school district.
- **5X** - Support Services - Non-Student Based: This function code series is used for expenditures that are used for school district support services that are non-student based (as opposed to the Function 30 series that includes cost directly related to providing services to students or are previously defined).
- **6X** - Ancillary Services: This function code series is used for expenditures that are for school district support services supplemental to the operation of the school district.

- **7X - Debt Service:** This function code series is used for expenditures that used for the payment of debt principal and interest.
- **8X -Capital Outlay:** This function code series is used for expenditures that are acquisitions, construction, or major renovation of school district facilities.

FUNCTIONS

- 11 **Instruction** - This function is used for activities that deal directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations. It may also be provided through some other approved medium such as television, radio, telephone, telecommunications, multimedia, and correspondence. This function includes expenditures for direct classroom instruction and other activities that deliver, enhance, or direct the delivery of learning situations to students. Certain expenditures must be accounted for by organization code and program intent code. School districts are encouraged to use appropriate program intent codes for all other costs that are directly attributable to a specific program intent code. However, benefits to the management of the school district in relation to the effort to allocate these costs should be examined before allocating costs that are not mandatory. If specific program intent codes are not used, the school district is to use program intent code 99 (undistributed).
- 12 **Instructional Resources and Media Services** - This function is used for expenditures that are directly and exclusively for resources centers, establishing and maintaining libraries and other major facilities dealing with educational resources and media.
- 13 **Curriculum Development and Instructional Staff Development** - This function is used for expenditures that are directly and exclusively used to aid instructional staff in planning, developing and evaluating the process of providing learning experiences for students. Expenditures include in-service training and other staff development for instructional or instructional-related personnel (functions 11, 12, and 13) of the school district. This function also includes expenditures related to research and development activities that investigate, experiment, and/or follow-through with the development of new or modified instructional methods, techniques, procedures, services, etc.
- 21 **Instructional Leadership** - This function is used for expenditures that are directly used for managing, directing, supervising, and providing leadership for staff who provide general and specific instructional services. Program intent/organization accounting is mandatory for all payroll costs recorded in this function. School districts are encouraged to use appropriate program and organization codes for all costs that are directly attributable to a specific program and/or organization.
- 23 **School Leadership** - This function is used for expenditures that are used to direct and manage a school campus. They include the activities performed by the principal, assistant principal and other assistants while they:

- Supervise all operation of the campus
 - Evaluate staff members of the campus
 - Assign duties to staff members maintaining the records of the students on the campus
 - Coordinate school instructional activities with those of the entire school district
- 31 Guidance, Counseling and Evaluation Services - This function is used for expenditures that are directly and exclusively used for assessing and testing students' abilities, aptitudes and interests; counseling students with respect to career and educational opportunities and helping them establish realistic goals. This function includes costs of psychological services, identification of individual characteristics, testing, educational counseling, student evaluation and occupational counseling. Program intent/organization accounting is mandatory for all payroll costs recorded in this function. School districts are encouraged to use appropriate program and organization codes for all costs that are directly attributable to a specific program and/or organization.
- 32 Social Work Services - This function is used for expenditures that are directly and exclusively used for activities such as:
- Investigating and diagnosing student social needs arising out of the home, school or community
 - Casework and group work services for the child, parent or both
 - Interpreting the social needs of students for other staff members
 - Promoting modification of the circumstances surrounding the individual student which are related to his or her social needs (This includes referrals to and interaction with other governmental agencies).
- 33 Health Services - This function is used for expenditures that are directly and exclusively used for providing physical health services which are not direct instruction. This includes activities that provide students with appropriate medical, dental and nursing services. Program intent/organization accounting is mandatory for all payroll costs recorded in this function. School districts are encouraged to use appropriate program and organization codes for all costs that are directly attributable to a specific program and/or organization.
- 34 Student (Pupil) Transportation - This function is used for transporting students to and from school. Expenditures for regular bus routes to and from school are to be recorded using the 99 (undistributed) program intent code and the 999 (undistributed) organization code (PEIMS). Expenditures for transportation specifically and exclusively for purposes of transporting students relating to program codes such as Career and Technology and Services to Students with Disabilities (Special Education), etc., are to be recorded in Function 34 with the appropriate program codes.
- 35 Food Services - This function is used for food service operation expenditures, including the cost of food, labor, and other expenditures necessary for the preparation,

transportation and storage of food to provide to students and staff. Expenditures are used directly and exclusively for supervision and maintenance of a food service operation. Program intent/organization accounting is mandatory for all payroll costs recorded in this function. School districts are encouraged to use appropriate program and organization codes for all costs that are directly attributable to a specific program and/or organization.

- 36 Co-curricular/Extracurricular Activities - This function is used for school-sponsored activities during or after the school day that are essential to the delivery of services for Function 11, the Function code 20 series or other Function code 30 series. These activities are generally designed to provide students with experiences such as motivation and the enjoyment and improvement of skills in either a competitive or noncompetitive setting. These activities include student groups such as Future Farmers of America (FFA), National Honor Society, etc.

Co-curricular activities are those activities that are not essential to instructional program but enhance the curriculum and include University Interscholastic League (UIL) competition such as one-act plays, speech, debate, band, etc.

Extracurricular activities are those activities that do not enhance the instructional program including athletics that normally involve competition between schools (and frequently involve offsetting gate receipts or fees such as football, baseball, volleyball, track and tennis). Also included are related activities (such as drill team, pep squad and cheerleading) that exist because of athletics.

Certain expenditures must be accounted for by program intent code. School districts are encouraged to use appropriate program intent codes for all other costs that are directly attributable to a specific program.

- 41 General Administration - This function is for the purposes of managing or governing the school district as an overall entity. This function covers multiple activities that are not directly and exclusively used for costs applicable to specific functions. General administration is an indirect cost applicable to other expenditure functions of a school district. Program intent code 99 is to be used for all expenditures for Function 41. The organization codes specified in the 700 organization code group are the only organization to be used with Function 41 costs and may not be used in any other function, other than specific costs in Function 53 (Data Processing) that relate to the functions of the business office.

- 51 Plant Maintenance and Operations - This function is used for activities to keep the physical plant and grounds open, clean, comfortable, safe, and in effective working condition and state of repair. This function is used to record expenditures for the maintenance and operation of the physical plant and grounds. This function also includes expenditures associated with warehousing and receiving services. Program /organization accounting is not mandatory for this function. School districts are encouraged to use appropriate program/organization codes for all costs that are directly attributable to a specific program and/or organization.

- 52 Security and Monitoring Services - This function is used for activities to keep student and staff surroundings safe, whether in transit to or from school, on a campus or participating in school-sponsored events at another location.
- 53 Data Processing Services - This function is for data processing services, whether in-house or contracted. Examples of Function 53 costs are computer facility management, computer processing, systems development, analysis and design, and those interfacing costs associated with general types of technical assistance to data users. Specific types of applications include attendance accounting, grade reporting, accounting and human resources/personnel. Personal Computers (PCs) that are stand alone are to be charged to the appropriate function. Peripherals including terminals and printers are to be charged to the appropriate function. Costs associated with mainframe, minicomputers, networked or stand-alone microcomputers that provide services to multiple functions are to be recorded here. Program intent/organization accounting is mandatory for all payroll costs recorded in this function. School districts are encouraged to use appropriate program and organization codes for all costs that are directly attributable to a specific program and/or organization.
- 61 Community Services - This function is used for activities or purposes other than regular public education and adult basic education services. These types of expenditures are used for services or activities relating to the whole community or some segment of the community. This includes providing resources to non-public schools, institutions of higher education, and any propriety types of services incurred for outside entities in the community. Program /organization accounting is mandatory for all payroll costs recorded in this function. School districts are encouraged to use appropriate program and organization codes for all costs that are directly attributable to a specific program and/or organization.
- 71 Debt Service - This function is used for the retirement of recurring bond, capital lease principal, and other debt, related debt service fees, and for all debt interest. Note principal for short-term loans (one year or less in duration) is to be recorded in the liability account 2122, Notes Payable - Current Year. For this function the school district is to use program intent code 99 (undistributed) and organization code 999 (undistributed).
- 81 Facilities Acquisition and Construction - This function is used by school districts for acquiring, equipping, and/or making additions to real property and sites, including lease and capital lease transactions. Certain expenditures must be accounted for by program intent codes. If specific program intent codes are not used, the school district is to use program intent code 99 (undistributed).

Object Codes

(QUESTION: What type of transaction is it?)

The *Object Code* is a mandatory 4 digit code applied to the account code to identify the nature and object of an account or transaction.

- **1000** – Asset Object Codes: Assets are probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events.
- **2000** – Liabilities Object Codes: Liabilities are probably future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.
- **3000** – Fund Balance/Net Assets Object Codes: Fund balances/net assets represent the difference between the assets and liabilities of a fund.
- **4000** – Clearing Account Object Codes: These codes differ from other object codes as they are not reflected in the accounts show on the school district's financial statements. Clearing accounts are used to balance the accounting records during interim periods and are closed to other accounts at the end of the fiscal year.
- **5000** – Revenue Object Codes: Revenues are defines as an increase in a school district's current financial resources. Some sources of revenue for school districts include property taxes, foundation fund entitlements, user charges, and grants.
- **6000** – Expenditure/Expense Object Codes: An expenditure/expense account identifies the nature and object of an account, or a transaction. Expenditures/expenses should be classified by the major object classes according to the types of items purchased or services obtained.
- **7000** – Other Resources/Non-Operating Revenue Object Codes: These detail accounts reflect estimated (budgeted) and incurred (actual) other resources or non-operating revenues.
- **8000** – Other Uses/Non-Operating Expenses Object Codes: This control account is to be used at the option of the school district, to record amounts of budgeted other uses or non-operating expenses and the offset to fund balance.

6000 – Expenditure/Expense Object Codes:

Expenditures should be classified by the major object classes according to the types of items purchased or services obtained. An expenditure/expense account identifies the nature and object of an account, or a transaction. The school district's accounting records are to reflect expenditures at the most detail level, as depicted in the chart of accounts (4 digits) for accounting and Public Education Information Management System (PEIMS) reporting (actual data) purposes. The major expenditure areas are:

61XX - PAYROLL COSTS: This major classification includes the gross salaries or wages and benefit costs for employee services. An employee is paid a salary or wage. The school district acts in a supervisory capacity over an employee and furnishes a working area and usually the equipment and materials necessary for the completion or performance of a task or service. Although an employee may work with more than one supervisor subsequent to, during, or after the normal employment period of hours, if the services or tasks performed are at the general direction of the school district, the amount paid to that employee is considered a payroll cost.

62XX - PROFESSIONAL AND CONTRACTED SERVICES: This major classification is used to record expenditures for services rendered to the school districts by firms, individuals, and other organizations. This includes services provided by internal service funds unless the internal service fund is used to account for employee benefits. Internal service fund expenditures for employee benefits such as health insurance are classified to the appropriate code in the 6100 series of accounts. Normally, professional and contracted services represent a complete service that is rendered for the school district, and no attempt should be made to separate labor from supplies.

63XX - SUPPLIES AND MATERIALS: This major classification includes all expenditures for supplies and materials.

64XX - OTHER OPERATING COSTS: This major classification is used to classify expenditures for items other than Payroll Costs, Professional and Contracted Services, Supplies and Materials, Debt Service, and Capital Outlay that are necessary for the operation of the school district.

65XX - DEBT SERVICE: This major classification includes all expenditures for debt service. All debt service object codes must be used only with Function 71, Debt Service.

66XX - CAPITAL OUTLAY - LAND, BUILDINGS, AND EQUIPMENT: This major classification is used to classify expenditures for fixed assets.

6XXX OBJECT CODE EXPENDITURES

61XX Expenditures

- 6112 Salaries or Wages for Substitute Teachers
This code is used to classify the gross salary and wage expenditures for substitute teachers and may be used with **Function 11 (Instruction)**.
Substitute – 6112.00
Substitute - Staff Development – 6112.13
Substitute – Duty Related/ Not Staff Development – 6112.96
- 6117 Extra Duty Pay - Professional
This code is used to classify the expenditures for tutoring, addendum, special performance pay (Speech Therapists, Special Education, Etc.) and other related types of pay (For PEIMS, will roll to Class Object 6119).
Extra Duty – Professional – 6117.05
Extra Duty – Professional Staff Development – 6117.13
Extra Duty – Summer School Professional – 6117.40
- 6118 Stipend
This code is used to classify the expenditures for assignment stipends and flat stipends (For PEIMS, will roll to Class Object 6119).
- 6119 Salaries or Wages - Teachers and Other Professional Personnel
This code is used to classify the gross salary and wage expenditures for teachers and other professional personnel. This includes:
- Gross salary and wage expenditures
- Wages paid to employees for performing duties beyond the normal working day
- Amounts above the school district’s standard pay for additional certification requirements, such as a Bilingual teacher.
- Amounts for additional responsibilities such as coaching, UIL sponsorship, band directing, tutoring and department heads.
- 6121 Overtime - Support Personnel
This code is used to classify wages paid to support personnel for hours worked over 40 in a workweek.
Overtime – 6121.06
- 6122 Salaries or Wages for Support Personnel
This code is used to classify the gross salary and wage expenditures/expenses for substitute support personnel and should be used with the function code being used for payroll record purposes.
Substitutes – Support Personnel – 6122.08
- 6126 Part-Time/Temporary (Academic Tutor)

- 6128 Extra Duty Pay - Hourly
This code is used to classify wages paid to support personnel for performing duties beyond the normal working day or for amounts above the school district's standard pay for additional qualifications.
Extra Duty Pay – Hourly – 6128.05
Excess Hour Pay – Transportation – 6128.07
Extra Duty Pay – Hourly Staff Development – 6128.13
Extra Duty Pay – Summer School Hourly – 6128.40
- 6129 Salaries or Wages for Support Personnel
This code is used to classify salaries or wages for support personnel such as paraprofessional and support staff.
- 6131 Contract Buyouts
This code is used to identify expenditures/expenses for employee contract buyouts. Such expenditures may include direct payments made by a school district as severance and any other benefits extended as part of a contract buyout agreement. Such costs should be recorded in the function(s) in which the individual was classified. These payments are subject to federal withholding, social security (if applicable) and Medicare (if applicable). These payments are *not* subject to TRS.
- 6139 Employee Allowances
This code is used to classify allowances paid to compensate employees for costs incurred for which the employee is not required to render a detailed accounting. Examples include: Automobile, housing, cell phone, uniform and meal allowances.
- 6141 Social Security/Medicare
This code is used to classify expenditures required to provide employee benefits under the Federal Social Security program. This excludes employee contributions.
- 6142 Group Health and Life Insurance
This code is used to classify expenditures made to provide personnel with group health and life insurance benefits. This excludes employee contributions but includes benefit amounts transferred to an Internal Service Fund.
- 6143 Workers' Compensation
This code is used to classify expenditures made to provide personnel with workers' compensation benefits. This includes benefit amounts transferred to an Internal Service Fund. There are no employee contributions.

- 6144 Teacher Retirement/ TRS Care-On-Behalf Payments
This code is used to classify expenditures made from “On-Behalf” payments of matching teacher retirement paid for active members of the school district in accordance with GASB Statement No. 24. A school district contributes matching funds for personnel funded from federal sources and, if applicable, statutory minimum funds for qualifying personnel. The school district also provides certain employer contributions for the retired teachers’ health insurance plan (TRS Care). The state provides all other matching funds on behalf of members. The amount that the state provides in excess of school district contributions are to be recorded here. An equal revenue amount should be recorded in account 5831, Teacher Retirement – On-Behalf Payments.
- 6145 Unemployment Compensation
This code is used to classify expenditures made to provide personnel with unemployment compensation. This includes benefit amounts transferred to an Internal Service Fund. There are no employee contributions.
- 6146 Teacher Retirement/ TRS Care
This code is used to classify expenditures made from local, state and federal program funds and/or private grants to pay state matching of teacher retirement on the above state minimum contribution or the required matching amount from federal funds. Also included in this account is any employer contribution for the retired teachers’ health insurance plan.
- 6149 Employee Benefits
This code is used to classify expenditures made to provide personnel with other employee benefits not detailed above. This excludes employee contributions but includes any benefit amounts transferred to an Internal Service Fund.

62XX Expenditures

- 6211 Legal Services
This code is used to classify fees, associated travel and other related costs for legal services. However, legal fees, associated travel and other costs related to the collection of taxes are to be classified in account 6214, Tax Appraisal and Collection. Delinquent tax collection fees that are charged as “costs” to the taxpayer and paid to an attorney are to be treated as a liability in account 2110, Accounts Payable, not as expenditure.
- 6212 Audit Services
This code is used to classify fees, associated travel and other related costs for audit services.

6213 Tax Appraisal and Collection

This code is used to classify fees, associated travel, and other related costs for the appraisal of property and the collection of taxes, including attorney fees directly related to the collection of taxes. This account is also to be used by the school district to record its pro-rata share of the administrative cost of the Consolidated Taxing District. Delinquent tax collection fees that are charged as “costs” to the taxpayer and paid to an attorney are to be treated as a liability in account 2110, accounts payable, and not as expenditure. This code is only to be used in the General Fund.

6214 Lobbying

This code is used to classify fees, associated travel and other related costs for lobbying services.

6219 Professional Services

This code is used to classify expenditures for professional services rendered by personnel who are not on the payroll of the school district. This includes all related expenditures covered by a professional services contract, if the contracted service is not detailed above

6221 Staff Tuition and Related Fees - Higher Education

This code is used to classify expenditures for services rendered by institutions of higher learning for the benefit of school district personnel. Expenditures classified in this account are excluded from the calculation of indirect cost rates.

6229 Tuition and Transfer Payments

This code is used to classify expenditures for tuition and transfer payments not detailed above.

6239 Education Service Center Services

This code is used to classify all contracted services provided by the education service center. Included in this account are:

- Data Processing services
- Media services
- Special education services
- Vocational education services
- Staff development
- Drug training
- Grant writing services, etc. that the education service center provides to the school districts.

This does not include supplies (which should be charged to the appropriate

supply account) purchased under a purchasing agreement with an education service center, but does include a fee assessed for providing the service.

6249 Contracted Maintenance and Repair

This code is used to classify expenditures for normal contracted maintenance and repair of items. This includes expenditures for normal upkeep, repair and restoration of:

- Office equipment
- Furniture
- Computers
- Copiers
- District-owned telephone
- Facsimile machines
- Other equipment when the repairs are provided by an outside individual or firm.

For vehicles, this includes expenditures for normal upkeep and contracted repair of vehicles, including buses, maintenance vehicles, driver education vehicles, and any other vehicles used by school district staff or students.

For buildings and grounds, this includes expenditures for normal upkeep of buildings and grounds. This includes contracted costs of maintenance for buildings including heating, ventilation, air conditioning, and any related maintenance agreements.

Services may be provided on an on-call basis or within the terms of the agreement.

6256 Electricity

This code is used to classify expenditures for electricity.

6257 Telephone, Facsimile, and Telecommunication Charges

This code is used to classify expenditures for telephone services and telecommunication charges for cellular telephones, pagers, modem line charges, and facsimile charges, etc.

6258 Water, Wastewater Treatment and Sanitation

This code is used to classify expenditures for water, wastewater treatment, and sanitation (garbage).

6259 Utilities-Gas and Other Fuels for Heating and Cooling of Facilities

This code is used to classify expenditures for natural gas, propane, coal and any other fuel used for the heating and cooling of buildings. Class

objects 6256 through 6258 will roll into class object 6259 for PEIMS reporting.

6269 Rentals – Copier Machines

This code is used to classify expenditures for copier rentals or copier operating leases. .

6291 Consulting Services (Effective fiscal year 2008-2009)

This code is used to classify expenditures for consulting services.

6297 Printing

This code is used to classify expenditures for contracted printing services.

6299 Miscellaneous Contracted Services

This code is used to classify expenditures for miscellaneous contracted services not specified elsewhere.

63XX Expenditures

6311 Gasoline and Other Fuels for Vehicles (Including Buses)

This code is used to classify expenditures for gasoline, motor oil and other fuels required for operating vehicles.

6315 Custodial Supplies - Departments

This code is used to classify expenditures for Department supplies and materials necessary for maintenance and/or operations not detailed above.

Expenditures in this account include, but are not limited to:

- Janitorial or custodian supplies
- Building maintenance supplies for minor repairs and upkeep by maintenance staff
- Supplies for upkeep of furniture and equipment.

6316 Custodial Supplies – Elementary School

This code is used to classify expenditures for supplies and materials necessary for Elementary School maintenance and/or operations not detailed above. Expenditures in this account include, but are not limited to:

- Janitorial or custodian supplies
- Building maintenance supplies for minor repairs and upkeep by maintenance staff
- Supplies for upkeep of furniture and equipment.

- 6317 Custodial Supplies – Middle School
This code is used to classify expenditures for Middle School supplies and materials necessary for maintenance and/or operations not detailed above. Expenditures in this account include, but are not limited to:
- Janitorial or custodian supplies
 - Building maintenance supplies for minor repairs and upkeep by maintenance staff
 - Supplies for upkeep of furniture and equipment.
- 6318 Custodial Supplies – High School
This code is used to classify expenditures High School for supplies and materials necessary for maintenance and/or operations not detailed above. Expenditures in this account include, but are not limited to:
- Janitorial or custodian supplies
 - Building maintenance supplies for minor repairs and upkeep by maintenance staff
 - Supplies for upkeep of furniture and equipment.
- 6319 Supplies for Maintenance and/or Operations
This code is used to classify expenditures for supplies and materials necessary for maintenance and/or operations not detailed above. Expenditures in this account include, but are not limited to:
- Janitorial or custodian supplies
 - Building maintenance supplies for minor repairs and upkeep by maintenance staff
 - Supplies for upkeep of furniture and equipment.
- 6321 Textbooks
This code is used to classify expenditures for textbooks purchased by the school district and furnished free to students, certain classes or grades. This does not include the cost of state-adopted textbooks.
- 6329 Reading Materials
This code is used to classify expenditures for magazine subscriptions, newspaper subscriptions, reference books, and other reading materials that are placed in the classroom, office, or libraries. Also included are reference books and other reading materials placed in a classroom or office that are not catalogued and controlled by the library. Additionally, this code also includes library books and media that do not meet the capitalization criteria of the school and have a per unit value of less than \$5,000 and/or a useful life of one year or less. Any local option codes that are used at the local option are to be converted to account 6329 for PEIMS reporting.
- 6339 Testing Materials
This code is used to classify expenditures for testing materials including test booklets.

- 6341 Food
This code is used to classify expenditures for food, including related costs such as transportation, handling, processing, etc.
- 6342 Non-Food
This code is used to classify expenditures for non-food items such as napkins, straws, brooms, etc.
- 6343 Items for Sale
This code is used to classify expenditures for such items as soft drinks, food, or other goods to be sold through vending machines, school stores, etc., not related to the regular food service program.
- 6344 USDA Donated Commodities
This code is used to classify the cost of commodities. Expenditures in this account should agree with the revenue realized in account 5923, USDA Donated Commodities for school districts that utilize the General Fund or Special Revenue Fund. For school districts utilizing an Enterprise Fund, non-operating revenue account 7954, USDA Donated Commodities is to be used.
- 6349 Food Service Supplies
This code is used to classify general Food Service supplies and materials.
- 6395 Supplies
This code is used to classify expenditures for those items of relatively low cost (even though used in large quantities) necessary for the vehicle/bus maintenance.
Supplies – Buses – 6395.00
Supplies – Tires – 6395.01
Supplies – Vehicle Maintenance – 6395.02
- 6397 Controlled Asset – Other Equipment
This code is used to classify expenditures for those assets that have *a per unit cost of \$250 to \$4,999 or considered Theft Sensitive*. These items include:
- Desks,
 - Washing machines,
 - Appliances
 - Furniture,
 - Any tangible equipment with a serviceable life of one-year or more.
 - **Please Note that department and campus administrators are still responsible to tag and inventory these items.**

6398 Controlled Assets – Technology/Software

This code is used to classify expenditures for those fixed assets that have *a per unit cost of \$250 to \$4,999 or Theft Sensitive and are technology based*. These items include:

- Computers,
- Printers,
- Data projectors,
- Televisions,
- Digital Cameras,
- Any technology-based tangible equipment with a serviceable life of one-year or more.

Please Note: Department and campus administrators are still responsible to tag and inventory these items.

6399 General Supplies

This code is used to classify expenditures for those items of relatively low cost (even though used in large quantities) necessary for the instruction process and/or for administration. These items include:

- Consumable teaching and office items such as paper, pencils, forms, postage, etc.
- Workbooks
- Audio-visual aids such as filmstrips, VCR tapes, CD-ROM disks, diskettes, computer tapes, software
- Supplies for a satellite dish and other supplies for technology
- Site licenses, single use software that has a per-unit cost of less than \$5,000
- All consumable purchases under \$5,000 per unit cost.

64XX Miscellaneous Operating Expenditures

6411 Travel and Substance - Employee Only

This code is used to classify the cost of transportation, meals, room, and other expenses associated with traveling on official school business. Travel expenses must conform to IRS and OMB Circular A-133 regulations. Any travel reimbursed from state funds and federal funds that are received from the Texas Education Agency must comply with the General Appropriations Act. Excess costs due to compliance deviations must be paid from local funds.

The cost of employee travel also includes any registration fees associated with attending conferences, including seminars, in-service training, etc. Membership dues are classified in account 6499, Miscellaneous Operating Costs.

6411.89 In-City Mileage

This code is used to classify the cost incurred for reimbursing employees for driving their personal vehicles on required District business in the city. The reimbursement must be approved by the employee's immediate supervisor and turned in on a monthly basis. Mileage expenses must conform to IRS and OMB Circular A-133 regulations.

6412 Travel and Subsistence - Students

This code is used to classify costs paid on behalf of students traveling for school sponsored events. Transportation costs for students participating in extracurricular/co-curricular events in town should be classified in Expenditure Object Code 6494.

6413 Stipends - Non-employees

This code is used to classify stipends paid to individuals not employed by the paying agency for allowances related to and/or for participation in organizational controlled or directed activities. Expenditures relating to travel for individuals not employed by the school district should be classified in class object 6419. Expenditures classified in this account are excluded from the calculation of indirect cost.

6419 Travel and Subsistence-Other

This code is used to classify the cost of transportation, meals, room and other expenses associated with traveling on official school business not specified elsewhere. This includes expenditures for the following groups:

Travel for individuals not employed by the school district.

This includes travel expenses incurred while traveling to school district authorized activities, including transportation expenditures paid to 1) parents, 2) board members, and 3) individuals not employed by the paying agency for allowances related to and/or for participation in organizational controlled or directed activities.

Registration fees associated with attending conferences, including seminars, in-service training, etc. are also classified in this account. Travel expenses must conform to IRS and OMB Circular A-133 regulations and any travel reimbursed from state funds and federal funds that are received from the Texas Education Agency must comply with the general appropriations act. Excess costs due to compliance deviations must be paid from local funds.

6429 Insurance and Bonding Costs

This code is used to classify costs for insurance, including property insurance, liability insurance, bonding costs, athletic insurance, etc.

- 6439 Election Costs
This code is used to classify expenditures to cover costs incurred in connection with elections, including election officials who are not school district employees, legal notices, etc.
- 6449 Depreciation Expense
This code is used to classify depreciation expense of fixed assets owned by Proprietary Fund Types or Non-expendable Trust Funds. Any local option codes that are used at the local option are to be converted to account 6649 for PEIMS reporting.
- 6494 Reclassified Transportation Expenditures
This code is used to classify expenditures for transportation costs other than those incurred for the purpose of transporting students to and from school. Expenditures from various expenditure object codes for salaries, fuel, etc. in Function 34 (Student Transportation) should be reclassified to this expenditure object code with the appropriate function assigned. Examples of such costs include those associated with field trips (Function 11) and co-curricular/extracurricular activities (Function 36). Identification of the costs of transporting students for any purpose other than to and from school is required under Section 34.010, TEC.
- 6495 Dues (Effective fiscal year 2008-2009)
This code is used to classify expenditures associated with dues paid to clubs, committees, or other organizations. Examples of organizations are TASA, TASP, TASB, Lions Club, Rotary Club, local chambers of commerce and other associations. This does not include any registration fees associated with attending conferences or seminars, which are coded to account 6411.
- 6497 Postage Expenditures
This code is used to classify expenditures associated with postage expenses.
- 6498 Claims Paid
This code is used to classify expenditures associated with health and dental expenses.
- 6499 Miscellaneous Operating Costs
This code is used to classify expenditures for all other operating costs not mentioned above. This account includes:
- Fees
 - Awards
 - Bid Notices
 - Graduation expenses
 - Newspaper advertisements, etc.

65XX Debt Service Expenditures

- 6511 Bond Principal
This code is used to classify expenditures to retire the principal of bonds.
- 6512 Capital Lease Principal
This code is used to classify expenditures to retire the principal of long-term lease/purchases.
- 6513 Long-Term Debt Principal
This code is used to classify expenditures to retire the principal of long-term debt (except bond and lease/purchase principal), using dedicated tax proceeds and other revenue. This includes non-voter approved debt repaid using tax proceeds dedicated to debt repayment. Long-term debt is defined as any debt that will not be paid with current available financial resources.
- 6519 Debt Principal
This code is used to classify expenditures to retire the principal of debt not specified elsewhere.
- 6521 Interest on Bonds
This code is used to classify expenditures to pay interest on bonds.
- 6522 Capital Lease Interest
This code is used to classify expenditures to pay interest on lease/purchases.
- 6523 Interest on Debt
This code is used to classify expenditures to pay interest on debt.
- 6524 Amortization of Bond and Other Debt Related Costs
This code is used to classify expenses in connection with the amortization of bond and other debt issuance costs, including lease-purchase debt issuance costs. Included are amortized deferred gain and loss amounts in connection with the defeasance of bonds.
- 6525 Amortization of Premium and Discount of Issuance of Bonds
This code is used to classify expenses amortized as debt premium and/or discount in connection with the issuance of debt.
- 6529 Interest Expenditures
This code is used to classify expenditures to pay interest not specified elsewhere.
- 6599 Other Debt Service Fees

This code is used to classify expenditures for any allowable fees related to debt service activity, including fiscal agent fees and other than proceeds from the new debt.

66XX Capital Outlay Expenditures

- 6619 Land Purchase and Improvement
This code is used to classify expenditures for the purchase of land, land improvements other than buildings and any associated fees. This includes any other costs necessary to alter the land for its intended purpose.
- 6629 Building Purchase, Construction or Improvements
This code is used to classify expenditures to purchase buildings or for materials, labor, etc., to construct new buildings. This account also includes expenditures for substantial alteration or remodeling of existing buildings that materially increase building life and/or usefulness. All associated fees are included in this account.
- 6631 Vehicles per unit cost of \$5,000 or more – Capital Assets
This code is used to classify expenditures for the purchase of vehicles having a per-unit cost of \$5,000 or more and a useful life of more than one year.
- 6636 Technology Equipment and Software per unit cost of \$5,000 or more –Capital Assets
This code is used to classify expenditures for all equipment and capital outlay items that are technology based having a per-unit cost of \$5,000 or more and a useful life of more than one year not classified elsewhere. Included in this code are items such as software, servers, mainframes and telecommunication systems.
- 6639 Furniture and Equipment per unit cost of \$5,000 or more –Capital Assets
This code is used to classify expenditures for all equipment, furniture, technology equipment and capital outlay items having a per-unit cost of \$5,000 or more and a useful life of more than one year not classified elsewhere. Included in this code are items such as filing systems, audio equipment, high-capacity copy machines, kitchen equipment, playground equipment, telephone systems, mainframes, telecommunication systems, and site licenses if more than \$5,000.
- 6644 Capital Assets – Technology ARRA
This codes is to be used to classify expenditures for the purchase of technology using ARRA funds with a per unit cost of less than \$5,000.
- 6646 Capital Assets – Software ARRA
This code is to be used to classify expenditures for the purchase of software using ARRA funds with a per unit cost of less than \$5,000.

6651 Capital Lease of Buildings

This code is used to classify capitalization of movable buildings and major repairs to buildings under a capital lease arrangement. The contra-account entry is to other resources.

6659 Capital Lease of Furniture, Equipment and Software

This code is used to classify capitalization of furniture, equipment and software under a capital lease arrangement. The contra-account entry is to other resources.

6669 Library Books and Media

This code is used to classify all expenditures for books and film that meet the one-year or more useful life criteria. Meets the capitalization criteria of the school or has a per unit value of equal to or greater than \$5,000 whichever is less; and are to be catalogued and controlled by the library.

SUB-OBJECT CODE

(QUESTION: What school club activity is the expenditure used for?)

Sub-object service project numbers can be used for all 6200 through 6600 class objects. The District recognizes information such as club/group accounts in the Sub-object field. These club accounts consist of extra-curricular clubs such as Band, Volleyball and Soccer, to curriculum based clubs like Art and English. Note that students and parents generate revenues and expenditures in these accounts through fund-raisers and donations.

Sub-objects numbers – 01 through 99

ORGANIZATION CODE

(QUESTION: What department or campus is making the purchase / expenditure?)

An organization is a group of employees who are obligated to complete a specific responsibility. There are two distinct types of organization units: (1) a campus organization, which usually is a group of employees who are obligated to complete the responsibilities of the teaching of, supporting the teaching of and providing the necessary services to a set of students; and (2) an administrative or other organization unit which is a group of people who perform a specific responsibility such as those in the superintendent's office, the school board or those who perform the business functions for the school district. The activity, not the location, defines the organization. Use your campus number or unit number for these three digits

Campus numbers –

- 001-040 High School Campuses
- 041-100 Middle School/Junior High Campuses
- 101-199 Elementary Campuses
- 699 Summer School
- 700-998 Administrative Units/Federal & State Programs

FISCAL YEAR

(QUESTION: What year will the purchase take place?)

For school year 2016-2017, a “7” must be used for fiscal year digit

PROGRAM INTENT CODE

(QUESTION: Who will benefit from the expenditure/activity?)

These codes are used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students. The intent (the student group toward which the instructional or other service is directed) determines the program intent code, not the demographic makeup of the students served.

11 Basic Educational Services

The costs incurred to provide the primary level of education/instruction to students in grades PK-12 prescribed by Texas State Law as well as adult basic and secondary education Services. Primarily local taxes and the basic allotment of the Foundation School Program fund those costs associated with grades K-12. Basic education services include the costs to evaluate, place, and provide educational services to students in honors, college preparatory and advanced placement courses. See Appendix C for what costs should be and should not be included in program intent code 11.

21 Gifted and Talented

The costs incurred to assess students for program placement and provide instructional services beyond the basic educational program and that are designed to meet the needs of students in gifted and talented programs. See Appendix C for what costs should be and should not be included in program intent code 21.

22 Career and Technology

The costs incurred to evaluate, place and provide educational and/or other services to prepare students for gainful employment, advanced technical training or for homemaking. This may include apprenticeship and job training activities. See Appendix C for what costs should be and should not be included in program intent code 22.

23 Services to Students with Disabilities (Special Education)

The costs incurred to evaluate, place and provide educational and/or other services to students who have Individual Education Plans (IEP) approved by Admissions, Review and Dismissal (ARD) committees. These plans are based on students’ disabilities and/or learning needs.

- 24 Accelerated Education (Effective September 2, 2002)
The costs incurred to use instructional strategies in accordance with campus/district improvement plans to provide services in addition to those allocated for basic services for instruction, thereby increasing the amount and quality of instructional time for students at risk of dropping out of school.
- FSP compensatory education expenditures are attributable to program intent code 24, Accelerated Education, only if the expenditures are supplemental. Activities reflected in expenditures attributable to FSP compensatory education are those activities that supplement the regular education program for students at risk of dropping out of school. As a goal, accelerated education seeks to provide a challenging and meaningful instructional program to close the achievement gap between children at risk of dropping out of school and their peers.
- 25 Bilingual Education and Special Language Programs
The costs incurred to evaluate, place and provide educational and/or other services that are intended to make the students proficient in the English language, primary language literacy, composition and academic language related to required courses. These services include the bilingual basic program of instruction and special assistance to increase cognitive academic language proficiencies in English.
- 26 Non-disciplinary Alternative Education Program – AEP Basic Services (Effective September 1, 2004)
All costs incurred services to students who are separated from regular classroom to a non-disciplinary alternative education program and are at risk of dropping out of school. Services must be described in the campus improvement plan.
- 28 Disciplinary Alternative Education Program – DAEP Basic Services
All costs incurred to provide the base line program (non-supplemental) services to students who are separated from the regular classroom to disciplinary alternative education program. For the purpose of analyzing compliance with 85% minimum expenditure rule for the FSP compensatory education allotment for each fiscal year (beginning with fiscal year 2003 or beginning with the twelve month period ended on June 30, 2003 or August 31, 2003), the Texas Education Agency will include in its analysis base level costs recorded under this program intent code in an amount up to 18% of the FSP compensatory education allotment. (See Section 9.3.7, Module Nine for methodology) Services must be described in the campus improvement plan.
- 29 Disciplinary Alternative Education Program – DAEP State Compensatory Education Supplemental Costs
The supplemental costs incurred to provide services to students who are separated from the regular classroom to a disciplinary alternative education program. These costs **are supplemental** costs in relation to standards for base level education resource allocations and must be described in the campus improvement plan.

- 30 Title I, Part A School wide Activities Related to State Compensatory Education (SCE) and Other Costs on Campuses with 40% or more Educationally Disadvantaged Students
The SCE costs incurred to supplement federal awards for use on Title I, Part A school wide campuses with at least 40% educationally disadvantaged students (including fund 211) in the amount of the SCE allotment used to supplement federal awards.
- 31 High School Allotment (effective fiscal year 2009-2010)
This program intent code is to be used to account for the high school students' preparation of students to go on to higher education, encourage students to take advanced academic course work, increase the rigor of academic course work, align secondary and postsecondary curriculum and support promising high school completion and success initiatives in grades 6-12. Prior to FY10, this funding was coded under Fund 428.
- 32 Prekindergarten (Pre-K) (effective fiscal year 2011-2012)
The costs incurred for prekindergarten programs designed to develop skills necessary for success in the regular public school curriculum, including language, mathematics, and social skills.
- 33 Special Education Prekindergarten (Pre-K) (effective fiscal year 2013-2014)
The costs incurred for special education prekindergarten programs designed to develop skills necessary for success in the regular public school curriculum, including language, mathematics, and social skills.
- 34 Compensatory Education Prekindergarten (Pre-K) (effective fiscal year 2013-2014)
The costs incurred for compensatory education prekindergarten programs designed to develop skills necessary for success in the regular public school curriculum, including language, mathematics, and social skills.
- 35 Bilingual Education Prekindergarten (Pre-K) (effective fiscal year 2013-2014)
The costs incurred for bilingual education prekindergarten programs designed to develop skills necessary for success in the regular public school curriculum, including language, mathematics, and social skills.
- 91 Athletics and Related Activities
The costs incurred to provide for participation in competitive athletic activities such as football, basketball, golf, swimming, wrestling, gymnastics, baseball, tennis, track, volleyball, etc. This includes costs associated with coaching as well as sponsors for drill team, cheerleaders, pep squad or any other organized activity to support athletics. However, this does not include band. See Appendix C for what costs should be and should not be included in program intent code 91.

99

Undistributed

All charges not readily distributed to program intent codes are classified here. This code may be used with any function except Function 11, of which only substitute teachers and teachers' retirement on-behalf payment may be classified in this code.

APPENDIX A

COSTS TO INCLUDE OR EXCLUDE FROM FUNCTIONS

Function 11 - Instruction

Function 11 - Costs to Include:	Function 11 - Costs to Exclude (with Correct Function):
<p>Salaries and related expenditures /expenses associated with:</p> <ul style="list-style-type: none"> • Classroom teachers • Teacher aides • Classroom assistants • Graders • Staff working in the classroom on a dedicated basis • Adult basic education teachers • Substitute teachers (ALL instructional substitutes effective 2008-09 fiscal year) • Teachers that deliver instruction by television, satellite, etc. • TI-IN services provided by education service centers • Classes taught to students by education service centers • Special education instructional services, including speech, occupational and physical therapy • Upkeep and repairs to instructional materials and equipment in the classroom 	<ul style="list-style-type: none"> • Salaries and related expenditures/ expenses associated with: <ul style="list-style-type: none"> • Curriculum development (Function 13) • Salaries or salary supplements related to department heads (Function 13), curriculum writers (Function 13), program directors (Function 21) • School leadership costs such as principals, assistant principals and their staffs (Function 23) • Salaries and expenditures/ expenses (including hardware/ software maintenance) for PC networks that include student and general administrative software, license fees and serve multiple functions (Function 53) • Network managers for non-instructional computer networks (Function 53) • Management Information Services (MIS) directors (Function 53) • Salaries and expenditures/ expenses for webmaster (excluding costs attributable to instructional settings) (Function 53) • Salaries and expenditures/expenses for technology network, data, or system security (excluding costs attributable to instructional settings) (Function 53) • Salaries and expenditures/expenses information technology developer, programmer, tester, or systems analyst (excluding costs attributable to instructional settings) (Function 53) • Supplies and services for upkeep and maintenance of buildings and grounds, including utilities (Function 51) • Tuition for students attending classes in another school district because the resident school district does not offer certain grade levels (Function 99) • Purchase of Weighted ADA (WADA) from either the state or other school districts according to Chapter 41 of the Texas Education Code (Function 91)

Function 11 - Instruction (CONTINUED)

<u>Function 11 - Costs to Include:</u>	<u>Function 11 - Costs to Exclude (with Correct Function):</u>
<ul style="list-style-type: none"> • Instruction in health • Field trips • Band instruments purchased by the school district or donated by band boosters or other groups • Instructional computer networks, software, licensing fees, maintenance, supplies, staff and instructional computer lab teacher • Network manager for instructional networks • Technology coordinator for instructional networks • Testing materials for tests developed and administered by teachers • Salaries for instruction, including that portion of the salary for the regular school day that is for teaching physical education (P.E. equivalent) courses for credit when athletic activities are being practiced or are taking place • Instructional supplies including but not limited to classroom supplies, grade books, grade book software, report cards, student handbooks and related costs • Insurance for driver's education vehicles • Graduation expenditures/expenses • Pre/post employment physicals or drug testing for personnel classified in this function 	<ul style="list-style-type: none"> • Testing materials for standardized tests (Function 31) • Band Uniforms (Function 36) • Insurance on band instruments (Function 51) • Additional costs associated with serving as coaches, athletic directors, band directors, sponsors for UIL speech, debate, science competition, class sponsors, student organization sponsors. This includes costs associated with additional days employed, reduction of class load, length of day, etc. (Function 36)

Function 11 - Instruction (CONTINUED)

Function 11 - Costs to Include:	Function 11 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Purchase of vehicles for instructional purposes, including driver education 	

Function 12 - Instructional Resources and Media Services

Function 12 - Costs to Include:	Function 12 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Salaries and related expenditures/expenses associated with: <ul style="list-style-type: none"> • Librarians • Library aides and assistants • Media or resource center personnel who work in an audiovisual center, television studio or related work-study areas • Substitute pay for library staff (ALL substitutes effective 2008-09 fiscal year) • Selecting, preparing, cataloging and circulating books and other printed materials • Planning the use of the library by students, teachers and other members of the instructional staff • Building individuals ability in their use of library books and materials • Selecting, preparing, maintaining and making available to members of the instructional staff equipment, films filmstrips, transparencies, tapes, TV programs, software, CD/DVDs and similar materials 	<ul style="list-style-type: none"> • Salaries and related expenditures /expenses associated with: <ul style="list-style-type: none"> • Encyclopedias and other reference books in the classroom (Function 11) • Supplies and services for upkeep and maintenance for buildings and grounds, including utilities (Function 51) • Textbooks (Function 11) • Teaching supplies used in the classroom (Function 11) • Additional costs associated with serving as coaches, athletic directors, band directors, sponsors for UIL speech, debate, science competition, class sponsors, student organization sponsors. This includes costs associated with additional days employed, reduction of class load, length of day, etc. (Function 36) • Staff who conduct in-service training on the use of technology (Function 13) • Network manager for instructional networks (Function 53) • Technology coordinator for instructional networks (Function 11)

Function 12 - Instructional Resources and Media Services (CONTINUED)

Function 12 - Costs to Include:	Function 12 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Planning, programming, writing and presenting educational programs or segments of programs by closed circuit or broadcast television • Studio crews that record educational programs or segments of programs by closed circuit or broadcast television, including those for TI-IN • Library books, films, video cassettes, CD/DVD disks, and other media that are maintained by a resource center or library • Supplies for binding and repairing books or other media contained in the resource center • Upkeep and repairs to media, library and resource center materials and equipment • Media and Living Science services provided by an education service center • Pre/post employment physicals or drug testing for personnel classified in this function • Purchase of vehicles for instructional resources and media purposes 	

Function 13 - Curriculum Development and Instructional Staff Development

Function 13 - Costs to Include:	Function 13 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Staff that research and develop innovative, new or modified instruction • Fees for outside consultants conducting inservice training or staff development for instructional and instructional related staff 	<ul style="list-style-type: none"> • Salaries of instructional staff when attending inservice training or staff development (Function 11 or 12, as applicable) • Substitute pay for instructional staff attending staff development or inservice training (Function 11)

Function 13 - Curriculum Development and Instructional Staff Development (CONTINUED)

Function 13 - Costs to Include:	Function 13 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Staff who prepare and/or conduct inservice training or staff development for instructional and instructional related staff (includes instructional technology) • Curriculum coordinator (not responsible for supervising instructional staff) • Subject area or grade level department heads and related support staff • Assistant/Deputy Superintendent(s) for Curriculum • Travel and subsistence for instructional and instructional related staff to attend inservice or staff development meetings • Tuition and fees paid by the school for instructional staff to attend college for additional hours of credit • Supplies, materials and equipment for curriculum development or inservice training • Upkeep and repairs to equipment used for curriculum development or inservice training • Paid sabbatical leaves for instructional staff • Staff development or inservice training provided by an education service center • Pre/post employment physicals or drug testing for personnel classified in this function • Purchase of vehicles for staff development or curriculum development purposes 	<ul style="list-style-type: none"> • Substitute pay for library staff attending staff development or in-service training (Function 12) • Assistant/Deputy Superintendent(s) for Instruction (Function 21) • Instructional supervisors (Function 21) • Supplies and services for upkeep and maintenance for buildings and grounds, including utilities (Function 51) • Inservice training or staff development for staff that are not classified in functions 11, 12 or 13 (use appropriate function) • Additional costs associated with serving as coaches, athletic directors, band directors, sponsors for UIL speech, debate, science competition, class sponsors, student organization sponsors. This includes costs associated with additional days employed, reduction of class load, length of day, etc. (Function 36) • Technology coordinator for instructional networks (Function 11)

Function 21 - Instructional Leadership

Function 21 - Costs to Include:	Function 21 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Instructional supervisors • Special population or educational program coordinators or directors (Chapter 1, Special Education, Career and Technical Education, etc.) and related support staff • Upkeep and repairs to materials and equipment related to instructional leadership • Assistant/Deputy Superintendent(s) for Instruction • Pre/post employment physicals or drug testing for personnel classified in this function • Purchase of vehicles for instructional leadership purposes 	<ul style="list-style-type: none"> • Principals, assistant principals and related staff (Function 23) • Staff members who perform accounting, personnel, or other administrative functions (Function 41) • Staff development and inservice training personnel (Function 13) • Assistant/Deputy Superintendent(s) for Curriculum (Function 13) • Curriculum coordinator not responsible for supervising instructional staff (Function 13) • Supplies and services for upkeep and maintenance for buildings and grounds, including utilities (Function 51) • Additional costs associated with serving as coaches, athletic directors, band directors, sponsors for UIL speech, debate, science competition, class sponsors, student organization sponsors. This includes costs associated with additional days employed, reduction of class load, length of day, etc. (Function 36)

Function 23-School Leadership

Function 23 - Costs to Include:	Function 23 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Principals, assistant principals and related staff • Staff to record, compile and report pupil attendance data, such as attendance databases, including enrollment records • Campus staff that maintain principal's activity or student activity funds 	<ul style="list-style-type: none"> • Staff who compile superintendent's annual report (Function 41) • Networked microcomputers, minicomputers, or mainframe computers that are used for multiple functions -- e.g., general administration in conjunction with school leadership (Function 53) • Supplies and services for upkeep and maintenance for buildings and grounds, including utilities (Function 51)

Function 23-School Leadership (CONTINUED)

Function 23 - Costs to Include:	Function 23 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • All expenditures related to teacher appraisal (even if the appraisal is conducted by a teacher peer group) • Upkeep and repairs to equipment related to school leadership • Microcomputers that are used exclusively by the school leadership staff, whether networked or stand alone • Purchase of vehicles for school leadership purposes • Pre/post employment physicals or drug testing for personnel classified in this function • Design of campus improvement plans 	<ul style="list-style-type: none"> • Additional costs associated with serving as coaches, athletic directors, band directors, sponsors for UIL speech, debate, science competition, class sponsors, or student organization sponsors. This includes costs associated with additional days employed, reduction of class load, length of day, etc. (Function 36)

Function 31-Guidance, Counseling and Evaluation Services

Function 31 - Costs to Include:	Function 31 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Counselors and related staff, including Career and Technical or occupational counselors • Staff who evaluate student performance using assessment instruments • Mental health screening • Psychologists • Psychiatrists • Diagnosticians • Assistant/Deputy Superintendent(s) for Guidance and Counseling • Student appraisal services 	<ul style="list-style-type: none"> • Supplies and services for upkeep and maintenance for buildings and grounds, including utilities (Function 51) • Costs for providing physical health services to students (Function 33) • Testing materials for student tests developed and administered by teachers (Function 11)

Function 31-Guidance, Counseling and Evaluation Services (CONTINUED)

Function 31 - Costs to Include:	Function 31 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Maintaining information on home and family background, standardized test results and school performance • Maintaining information on course of study for each student • Placement services • Testing materials for standardized tests • Contracted testing services for standardized tests • Student/parent counseling • Upkeep and repairs to equipment related to guidance and counseling services • Purchase of vehicles for guidance and counseling personnel • Supplies for guidance, counseling and evaluation services • Pre/post employment physicals or drug testing for personnel classified in this function 	

Function 32-Social Work Services

Function 32 - Costs to Include:	Function 32 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Truant/attendance officers • Personnel transferring migrant student records • Social workers • Assistant/Deputy Superintendent(s) for Social Services 	<ul style="list-style-type: none"> • Staff that record and compile student attendance -- e.g., attendance databases (Function 23) • Staff that record and compile superintendent's report on attendance (Function 41) • Supplies and services for upkeep and maintenance for buildings and grounds, including utilities (Function 51) • Parent education/involvement liaison or coordinator (Function 61)

Function 32-Social Work Services (CONTINUED)

Function 32 - Costs to Include:	Function 32 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Purchase of vehicles for social work services • Upkeep and repairs to materials and equipment related to social work services • Supplies for social work services • Pre/post employment physicals or drug testing for personnel classified in this function 	<ul style="list-style-type: none"> • Additional costs associated with serving as coaches, athletic directors, band directors, sponsors for UIL speech, debate, science competition, class sponsors, student organization sponsors. This includes costs associated with additional days employed, reduction of class load, length of day, etc. (Function 36)

Function 33-Health Services

Function 33 - Costs to Include:	Function 33 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • School physicians (including ophthalmologists), dentists, optometrists, nurses and nurses' aides that are used to maintain the health of students or provide health services for the well-being of the students • Contracted medical services including doctor visits, dental visits, vision services and nurses services • Staff and student inoculations • Medical and health supplies for the use of students to assist in health care • Medicaid administrative expenditures • Student physical health screening and referral • Upkeep and repairs to materials and equipment related to health services 	<ul style="list-style-type: none"> • Medical and health supplies to be used for athletics (Function 36, Program Intent Code 91) • Instruction in health (Function 11) • Speech, health, physical and occupational therapy to assist special education students in the learning process (Function 11) • Supplies and services for upkeep and maintenance for buildings and grounds, including utilities (Function 51) • Pre/post employment physicals or drug testing for personnel classified in other functions (charge to appropriate function) • Medical and health supplies to be used for athletics (Function 36) • Physical examinations for purposes of athletics (Function 36)

Function 33-Health Services (CONTINUED)

Function 33 - Costs to Include:	Function 33 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Pre/post employment physicals or drug testing for personnel classified in this function • Industrial nurses • Purchase of vehicles for health services 	

Function 34-Student (Pupil) Transportation

Function 34 - Costs to Include:	Function 34 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Transportation specifically for students that participate in special programs as defined in program intent codes -- e.g., Services to Students with Disabilities (Special Education), Career and Technical, etc. Include the appropriate program intent code when applicable • Transportation supervisors, directors, bus drivers and bus maintenance personnel • Fuel, tires, etc. for buses • Contracted repair of buses • Bus driver training and certification • Fleet insurance for buses • Bonding expenditures/expenses for bus drivers • Assistant/Deputy Superintendent(s) for Transportation • Pre/post employment physicals or drug testing for personnel classified in this function • Initial purchase of school buses 	<ul style="list-style-type: none"> • Field trips (Function 11) • Student organization trips -- e.g., FFA, National Honor Society (Function 36) • Additional costs associated with serving as coaches, athletic directors, band directors, sponsors for UIL speech, debate, science competition, class sponsors, student organization sponsors. This includes costs associated with additional days employed, reduction of class load, length of day, etc. (Function 36) • Financing costs -- e.g. principal and interest for acquisition of buses (Function 71) • Principal and interest on school bus loans/capital leases (Function 71) • Vehicles other than those used for student transportation (charge to appropriate function)

Function 35-Food Services

Function 35 - Costs to Include:	Function 35 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Food service supervisors or directors and related staff • Cooks • Snack bar staff • Food purchases • Non-food purchases such as plates, silverware, napkins, etc. essential to providing food services to students • Commodities • Purchase of vehicles and other transportation costs for the purpose of transporting food from central locations to satellite locations • Purchase of food service equipment (Contact School Meals Programs at the Texas Department of Agriculture for clarification regarding equipment that is eligible under the food service program) • Pre/post employment physicals or drug testing for personnel classified in this function 	<ul style="list-style-type: none"> • Food purchases to instruct students on food preparation (Function 11) • Supplies and services for upkeep and maintenance for buildings and grounds, including utilities (Function 51) • Concession stands at athletic events (Function 36) • Snacks, food and drinks for resale in an activity fund (Function 36)

Function 36-Cocurricular/Extracurricular Activities

Function 36 - Costs to Include:	Function 36 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Athletic salary supplements paid exclusively for coaching, directing or sponsoring extracurricular athletics, drill team, pep squad or cheerleaders (use Program Intent Code 91) • Athletic Directors/assistants and trainers (use Program Intent Code 91) 	<ul style="list-style-type: none"> • Salaries for instruction, including that portion of the salary for the regular school day that is for teaching physical education (P.E. equivalent) courses for credit when athletic activities are being practiced or are taking place (Function 11) • Supplies and services for upkeep and maintenance for buildings and grounds, including utilities (Function 51)

Function 36-Cocurricular/Extracurricular Activities (CONTINUED)

Function 36 - Costs to Include:	Function 36 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Expenditures/expenses for insurance to cover student injuries that take place while participating in athletics (use Program Intent Code 91) • Physical examinations for purposes of athletics (use Program Intent Code 91) • Medical and health supplies to be used for athletics (use Program Intent Code 91) • Athletic supplies and equipment, including, uniforms, etc. (use Program Intent Code 91) • Game officials (use Program Intent Code 91) • Travel for coaches, trainers, sponsors, and students including meals and lodging (use Program Intent Code 91) • Travel for band director, sponsors of debate, science competition, etc. and students including meals and lodging for student competition and extracurricular activities (use Program Intent Code 99) • Gatekeepers, timers, scorekeepers at athletic events (use Program Intent 91) • Additional costs associated with serving as band directors, sponsors for UIL speech, debate, science competition, etc., class sponsors, student organization sponsors -- e.g., Future Farmers of America, National Honor Society, etc. This includes costs associated with additional days employed, reduction of class load, length of day, etc. (use Program Intent Code 99) • Band uniforms (use Program Intent Code 99) 	<ul style="list-style-type: none"> • Property insurance for band uniforms, instruments and other equipment (Function 51) • Band instruments purchased by the school district or donated by band boosters or other groups (Function 11) • Security for cocurricular/ extracurricular events (Function 52) • Property insurance for athletic uniforms and equipment (Function 51)

Function 36-Cocurricular/Extracurricular Activities (CONTINUED)

Function 36 - Costs to Include:	Function 36 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Items (food, drinks, pencils, pens, paper, etc.) for resale in an activity fund (use Program Intent Code 99) • Pre/post employment physicals or drug testing for personnel classified in this function • Purchase of vehicles for cocurricular/extracurricular purposes 	

Function 41-General Administration

Function 41 - Costs to Include:	Function 41 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Expenditures/expenses for board of trustees, including travel, training and legal fees • Salary of chief officer of the school district -- e.g., superintendent while performing administrative duties directly related to the superintendency • Other salaries and expenditures/expenses related to the office of the superintendent • Salaries and expenditures/expenses related to budgeting, accounting and fiscal affairs, including payroll and internal auditing expenditures/expenses, property accounting (capital assets), inventory and purchasing • Salaries and expenditures/expenses related to human resources (personnel services) • Salaries and expenditures/expenses related to tax office services for the school district 	<ul style="list-style-type: none"> • Portion of superintendent’s salary associated with other duties such as instruction, campus leadership and support services (charge to appropriate function) • Incremental costs of tax collection due to purchase of Weighted Average Daily Attendance (WADA) from either the state or other school districts (Function 92) • Building and property insurance (Function 51) • Supplies and services for upkeep and maintenance for buildings and grounds, including utilities (Function 51) • Salaries and expenditures/expenses related a warehouse operation (Function 51)

Function 41-General Administration (CONTINUED)

Function 41 - Costs to Include:	Function 41 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Salaries and expenditures/expenses related to textbook custodian • Salaries and expenditures/expenses related to support services for aggregating attendance reports to superintendent's report • Salaries and/or other expenditures/expenses associated with legal and risk management issues, including analysis of tax value limitation agreements • Stand alone or networked computers used primarily by Function 41 personnel for administrative purposes • Salaries and expenditures/expenses associated with planning and research • Salaries and expenditures/expenses associated with community/public relations • Vehicles (including acquisition, maintenance and supplies) used for administrative personnel • Expenditures/expenses for bonding administrative personnel • Costs associated with records management • insurance for administrative automobiles • Purchase of vehicles for administrative staff • Liability insurance for board of trustees and administrative personnel 	<ul style="list-style-type: none"> • Salaries and expenditures/ expenses related to personal computer networks, minicomputers and mainframes that include student and general administrative software and serve multiple functions (Function 53) • Management Information Services (MIS) directors (Function 53) • Delinquent tax attorney fees (use liability object code account 2110, Accounts Payable) • Amounts paid to other governmental entities such as county appraisal districts for costs related to the appraisal of property (Function 99)

Function 41-General Administration (CONTINUED)

Function 41 - Costs to Include:	Function 41 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Design of district improvement plan • Pre/post employment physicals or drug testing for personnel classified in this function • Fees, associated travel, and other related costs for the appraisal of property and the collection of taxes when no other governmental entities are involved • Amounts paid to other governmental entities such as county appraisal districts for costs related to the collection of taxes • Amounts paid for monitors, conservators or management teams required by TEA 	

Function 51-Plant Maintenance and Operations

Function 51 - Costs to Include:	Function 51 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Salaries and other expenditures/expenses for custodian services • Salaries and other expenditures/expenses for building and appliance maintenance • Salaries and other expenditures/expenses for property/casualty insurance • Supervisors, Directors, Assistant/Deputy Superintendents for facilities maintenance and operation • Premiums for blanket casualty insurance for physical facilities, including food service operations • Property insurance for band instruments, uniforms and other equipment 	<ul style="list-style-type: none"> • Acquisition or purchase of land and/or buildings (Function 81) • Remodeling or construction of buildings (Function 81) • Major improvement to sites (Function 81) • Initial installation or extension of service systems or other equipment (Function 81) • Security and monitoring expenditures (Function 52)

Function 51-Plant Maintenance and Operations (CONTINUED)

Function 51 - Costs to Include:	Function 51 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Property insurance for athletic uniforms and other athletic equipment • Acquisition of supplies and contracted maintenance for vehicles used for facilities maintenance and operation, including food service operations • Utilities for the entire school district, including food service operations • Salaries and expenditures/expenses related to a warehouse operation • Pre/post employment physicals or drug testing for personnel classified in this function • Security systems that are part of a smoke detector system • Vehicles purchased for facilities maintenance and operation 	

Function 52-Security and Monitoring Services

Function 52 - Costs to Include:	Function 52 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Security guards • Hall monitors for security purposes • School bus security monitors • School crossing guards • Campus police • Security at school-sponsored events, including cocurricular/extracurricular events • Security vehicles for personnel assigned to this functional area 	<ul style="list-style-type: none"> • Security systems that are part of a smoke detector system (Function 51) • Truant officers (Function 32) • Social workers (Function 32) • Parent education/involvement liaison or coordinator (Function 61) • School bus aides for special education (Function 11)

Function 52-Security and Monitoring Services (CONTINUED)

Function 52 - Costs to Include:	Function 52 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Supplies, equipment and contracted services for the safekeeping of students and staff, including metal detectors, drug dogs, surveillance devices, etc. • Pre/post employment physicals or drug testing for personnel classified in this function 	

Function 53-Data Processing Services

Function 53 - Costs to Include:	Function 53 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Salaries and expenditures/expenses (including hardware/software maintenance) for PC networks that include student and general administrative software, license fees and serve multiple functions • Network managers for non-instructional computer networks • Salaries and expenditures/expenses (including hardware/ software maintenance) for minicomputers that include student and general administrative software and serve multiple functions • Salaries and expenditures/expenses (including hardware/ software development and maintenance) for mainframe computers that include student and general administrative software and serve multiple functions • Management Information Services (MIS) directors 	<ul style="list-style-type: none"> • Stand alone or networked computers used by a specific functional area (Charge to appropriate function) • Instructional computer networks, software, licensing fees, maintenance, supplies, staff and instructional computer lab teacher (Function 11) • Instructional Technology Coordinator (Function 11) • Webmaster in instructional setting (Function 11) • Staff who prepare and/or conduct inservice training or staff development for instructional and instructional related staff (includes instructional technology) (Function 13)

Function 53-Data Processing Services (CONTINUED)

Function 53 - Costs to Include:	Function 53 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Salaries and expenditures/expenses for webmaster (excluding costs attributable to instructional settings) • Salaries and expenditures/expenses for technology network, data, or system security (excluding costs attributable to instructional settings) • Salaries and expenditures/expenses information technology developer, programmer, tester, or systems analyst (excluding costs attributable to instructional settings) • Pre/post employment physicals or drug testing for personnel classified in this function 	<ul style="list-style-type: none"> • Library system software/license including standalone and networked applications (Function 12) • Supplies and services for upkeep and maintenance for buildings and grounds, including utilities (Function 51)

Function 61-Community Services

Function 61 - Costs to Include:	Function 61 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Salaries and related expenditures for community recreation services such as the operation of a school library, swimming pool, and playgrounds for the public • Parenting programs • Parental involvement programs • Parent education/involvement liaison or coordinator • Parental and education services to adults other than adult basic education • Salaries and related expenditures for child care for teen parents attending school • Staff for child care for teachers or working parents • Baby-sitting after hours and after school daycare 	<ul style="list-style-type: none"> • Upkeep and maintenance for buildings and grounds (Function 51) • Summer feeding program (Function 35) • After hours tutorial and enrichment (Function 11) • Adult basic education (Function 11)

Function 61-Community Services (CONTINUED)

Function 61 - Costs to Include:	Function 61 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Salaries and related expenditures for amnesty programs • Salaries and related expenditures for civic centers • Salaries and related expenditures for public health programs • Salaries and related expenditures for conducting meetings with parental advisory committees • Pre/post employment physicals or drug testing for personnel classified in this function 	

Function 71-Debt Service

Function 71 - Costs to Include:	Function 71 - Costs to Exclude (with Correct Function):
<ul style="list-style-type: none"> • Bond principal • Interest on bonds • Capital lease principal • Capital lease purchase interest • Principal on long-term debt • Interest on long-term debt • Interest on short term notes • Principal on school bus loans (that exceed one year in duration) • Interest on school bus loans 	<ul style="list-style-type: none"> • Short-term debt principal - 12 months or less in duration (record initial liability and repayment as a credit and debit to Notes Payable liability account respectively) • Acquisition or purchase of land and/or buildings financed with debt (Function 81)

Function 81-Facilities Acquisition and Construction

Function 81 - Costs to Include:	Function 81 - Costs to Exclude (with Correct Function)
<ul style="list-style-type: none"> • Acquisition or purchase of land and/or buildings 	<ul style="list-style-type: none"> • Debt service expenditures associated with debt to finance capital construction (Function 71)

Function 81-Facilities Acquisition and Construction (CONTINUED)

Function 81 - Costs to Include:	Function 81 - Costs to Exclude (with Correct Function)
<ul style="list-style-type: none"> • Remodeling or construction of buildings • Major improvement to sites • Initial installation or extension of service systems or other equipment • Initial capital outlay to equip new facilities • Capital outlays under capital leases (this does not include lease payments) • Pre/post employment physicals or drug testing for personnel classified in this function 	<ul style="list-style-type: none"> • Debt service expenditures associated with capital leases to finance capital items (Function 71) • Capital expenditures that do not relate to major renovation or construction (charge to appropriate function) • Equipment for facilities maintenance and operation (Function 51)

APPENDIX B

COSTS TO INCLUDE OR EXCLUDE FROM PROGRAM
INTENT CODES (PICS)

PIC 11 Basic Educational Services

Program Intent Code 11 Costs to Include:	Program Intent Code 11 Costs to Exclude (with Correct Program Intent Code):
<p>Costs incurred relating to:</p> <ul style="list-style-type: none"> • Basic services for education/ instruction (PK-12) prescribed by Texas law, including: <ul style="list-style-type: none"> -Regular education program for limited English proficiency students • PK funded from basic education allotment during one-half of full-day program • District/campus improvement plan • Honors, college preparatory courses • Advanced placement courses not designated as part of a gifted and talented program • Adult basic and secondary education services • Section 504 students • Physical education (P.E.) classes when athletic activities take place, but P.E. or P.E. equivalent credit is issued • Foreign language courses • TEKS for foundation curriculum and electives in needed for high school graduation • Day Care Cost • In School Suspension Program • Parenting Classes • Services for an elective alternative education program for students not at risk of dropping out of school 	<p>Costs incurred relating to:</p> <ul style="list-style-type: none"> • Gifted and talented services (PIC 21) • Advanced placement services designated as part of a gifted and talented program (PIC 21) • Additional salaries and related expenditures/ expenses associated with band, UIL speech, debate, science competition, class sponsors, student organizations social clubs, (i.e., NHS, Beta Club, Letterman’s Club) (PIC 99) • Additional salaries and related expenditures/ expenses associated with serving as coaches, athletic directors, drill team sponsors, cheerleader sponsors, pep squad sponsors, or other organized activity to support athletics (i.e., additional days employed reduction of class load, length of day, etc.) (PIC 91) • Basic services for DAEPs (PIC 28) • Services for alternative education programs (nondisciplinary) that do not represent costs for providing services to students at risk of dropping out of school, as defined under Section 29.081 TEC (PIC 31) • Costs for nondisciplinary alternative education programs (PIC 26) • AEP costs (Basic and Supplemental) • SCE costs incurred in support of Title I, Part A schoolwide campuses with 40% or greater educationally disadvantaged students (PIC 30) • SCE costs incurred to provide supplemental services in support of a Title I, Part A targeted assistance program. (PIC 24) • Title I, Part A services

PIC 21 Advanced Academics (Gifted and Talented)

Program Intent Code 21 Costs to Include:	Program Intent Code 21 Costs to Exclude (with Correct Program Intent Code):
Costs incurred relating to: <ul style="list-style-type: none"> • Gifted and talented programs • Advanced placement courses designated as part of a gifted and talented program 	Costs incurred relating to: <ul style="list-style-type: none"> • Honors, college preparatory courses (PIC 11) • Advanced placement courses not designated as part of a gifted and talented program (PIC 11) • Summer camps, summer schools, field trips or other summer enrichment programs (PIC 11) • All DAEP related cost

PIC 22 Career and Technology Education (CATE)

Program Intent Code 22 Costs to Include :	Program Intent Code 22 Costs to Exclude (with Correct Program Intent Code):
Costs incurred relating to: <ul style="list-style-type: none"> • Career and Technical for Handicapped (VEH) • Employment preparation services • Apprenticeship and job training activities • All career and technical courses (grades 9-12 and VEH for grades 7 - 8) • Career and Technical Supervisor or Director • Career and Technical Counselors • Programs which follow the State Plan for Career and Technical Education 	Costs incurred relating to: <ul style="list-style-type: none"> • Vocational adjustment classes - VAC (PIC 23) • Quasi - Vocational classes in Middle School and Junior High (PIC 11) • Career and Technical courses that do not meet the state guidelines (PIC 11) • All DAEP related cost

PIC 23 Services to Students with Disabilities (Special Education)

Program Intent Code 23 Costs to Include:	Program Intent Code 23 Costs to Exclude (with Correct Program Intent Code):
Costs incurred relating to: <ul style="list-style-type: none"> • Students who are served in the special education program under identified instructional settings such as: <ul style="list-style-type: none"> -Homebound - Hospital class - Speech therapy - Resource room - “Self-contained, mild, moderate or severe” classroom 	Costs incurred relating to: <ul style="list-style-type: none"> • Services to Section 504 students (PIC 11) • Career and Technical for Handicapped (VEH) (PIC 22) • Regular education services in the basic educational program, including the salaries of regular education personnel (PIC 11) • All DAEP related cost

PIC 23 Services to Students with Disabilities (Special Education) (CONTINUED)

Program Intent Code 23 Costs to Include:	Program Intent Code 23 Costs to Exclude (with Correct Program Intent Code):
<ul style="list-style-type: none"> - Off home campus setting (multi-district, community class and self-contained separate campus) - Residential Care and treatment facility - Residential facility - Nonpublic contract - Vocational adjustment class (VAC) - Mainstream (support for students in inclusive setting) • Students with identified disabilities under the Individuals with Disabilities Education Act and TEC • Special Education directors, coordinators or supervisors • State funded special education extended year program • Services to preschool students with disabilities (ages below 5) 	

PIC 24 Accelerated Education

Program Intent Code 24 Costs to Include:	Program Intent Code 24 Costs to Exclude (with Correct Program Intent Code):
<p>Supplemental costs to the Regular Education Program for additional instructional programs and instructional related services specifically designed to benefit students at risk of dropping out of school, Texas Education Code:</p> <ul style="list-style-type: none"> • Intensive instructional programs • State Compensatory Education (SCE) supplemental instructional activities for students at risk of dropping out of school • Concentrated instructional staff resources • Reduction of class size • Teacher assistants 	<p>Costs incurred relating to:</p> <ul style="list-style-type: none"> • Basic services (PIC 11) • Services for nondisciplinary alternative education programs (Basic and Supplemental Costs) • Services for disciplinary alternative education programs (Basic and Supplemental Costs) • SCE costs incurred to provide services in support of Title I, Part A schoolwide campuses with 40% or greater educationally disadvantaged students (PIC 30) • Day Care Cost (PIC 11)

PIC 24 Accelerated Education (CONTINUED)

Program Intent Code 24 Costs to Include:	Program Intent Code 24 Costs to Exclude (with Correct Program Intent Code):
<ul style="list-style-type: none"> • Staff development activities for teachers and teacher assistants to add new competencies specifically geared to the needs of students at risk of dropping out of school • Extension of the instructional day, week and/or year • Implementation of individual and small group tutorials • Purchase of specialized computer-assisted instruction • Purchase of specialized instructional supplies and materials • Specialized instructional equipment • TAKS remediation • Dropout recovery/dropout intervention services at high school/middle school campuses/centers • School Reform programs • Individualized instruction programs • Summer/intersession programs • Local programs to "close the gap" • Visiting teachers • Improvements and enhancements to programs for limited English proficiency (LEP) students • Mentorship programs • Residential placement programs • Costs for modified curriculum for instructional services provided to migrant students • Costs incurred to provide supplemental services in support of Title I, Part A • Supplemental instructional services in support of a Title I, Part A Targeted Assistance Program • Cost of services for a modified curriculum program specifically designed to improve the academic performance of students at risk of dropping out of school, as defined under Section 29.081, Texas Education Code • Mentoring services program for students at risk of dropping out of school 	<ul style="list-style-type: none"> • In School Suspension Program (PIC 11) • Parenting Classes (PIC 11)

PIC 24 Accelerated Education (CONTINUED)

Program Intent Code 24 Costs to Include:	Program Intent Code 24 Costs to Exclude (with Correct Program Intent Code):
<ul style="list-style-type: none"> • Cost of a program for treatment of students who have dyslexia or a related disorder as required by Section 38.003 in proportion to the percentage of students served by the program that meet the criteria in Section 29.081(d) or (g) • An accelerated reading instruction program under Section 28.006(g) in proportion to the percentage of students served by the program that meet the criteria in Section 29.081(d) or (g) 	

PIC 25 Bilingual Education and English as a Second Language

Program Intent Code 25 Costs to Include:	Program Intent Code 25 - Costs to Exclude (with Correct Program Intent Code):
<p>Costs incurred relating to:</p> <ul style="list-style-type: none"> • Services intended to make students proficient in English • Provision of a bilingual program • Provision of ESL instruction • Instruction in primary language • Increase in cognitive academic language proficiencies • Bilingual services to immigrant students • Program and student evaluation • Instructional materials and equipment • Staff development • Supplemental staff expenses • Salary supplements for teachers • Supplies required for quality instruction and smaller class size 	<p>Costs incurred relating to:</p> <ul style="list-style-type: none"> • Foreign language courses (PIC 11) • All DAEP related cost • Full salary of bilingual/ESL instructors

PIC 26 Non-disciplinary Alternative Education Programs – AEP Basic Services

Program Intent Code 26 Costs to Include:	Program Intent Code 26 Costs to Exclude (with Correct Program Intent Code):
<p>Nondisciplinary AEP education program costs:</p> <ul style="list-style-type: none"> • A program specifically designed to serve students at risk of dropping out of school, as defined by TEC, Section 29.081 	<p>Costs incurred relating to:</p> <ul style="list-style-type: none"> • State Compensatory Education (SCE) costs to provide services in support of Title I, Part A schoolwide campuses with 40% or greater educationally disadvantaged students (PIC 30)

PIC 26 Non-disciplinary Alternative Education Programs – AEP Basic Services (CONTINUED)

Program Intent Code 26 Costs to Include:	Program Intent Code 26 Costs to Exclude (with Correct Program Intent Code):
<ul style="list-style-type: none"> • English language arts, mathematics, science, history, and self-discipline • Educational and behavioral needs • Supervision • Counseling • Parental involvement • Security • Mentoring services program for students at risk of dropping out of school • Cost of a program for treatment of students who have dyslexia or a related disorder as required by Section 38.003 in proportion to the percentage of students served by the program that meet the criteria in Section 29.081(d) or (g) • An accelerated reading instruction program under Section 28.006(g) in proportion to the percentage of students served by the program that meet the criteria in Section 29.081(d) or (g) 	<ul style="list-style-type: none"> • Costs incurred to provide supplemental services in support of Title I, Part A targeted assistance program. (PIC 24) • Services under Title I, Part A • Services for an elective alternative education program for students not at risk of dropping out of school (PIC 11) • Day Care Cost (PIC 11) • In School Suspension Program (PIC 11) • Parenting Classes (PIC 11)

PIC 28 Disciplinary Alternative Education Programs – DAEP Basic Services

Program Intent Code 28 Costs to Include:	Program Intent Code 28 Costs to Exclude (with Correct Program Intent Code):
<p>DAEP base level education program costs:</p> <ul style="list-style-type: none"> • English language arts, mathematics, science, history, and self-discipline • Educational and behavioral needs • Supervision • Counseling • Parental involvement • Security • Mentoring services program for students at risk of dropping out of school 	<p>Costs incurred relating to:</p> <ul style="list-style-type: none"> • Nondisciplinary AEPs (Basic and supplemental costs) • Supplemental costs for disciplinary alternative education program services (PIC 29) • SCE costs incurred in support of Title I, Part A schoolwide campuses with 40% or greater educationally disadvantaged students (PIC 30) • SCE costs incurred to provide supplemental services in support of a Title I, Part A targeted assistance program. (PIC 24) • Services under Title I, Part A • Day Care Cost (PIC 11) • In School Suspension Program (PIC 11)

PIC 28 Disciplinary Alternative Education Programs – DAEP Basic Services (CONTINUED)

Program Intent Code 28 Costs to Include:	Program Intent Code 28 Costs to Exclude (with Correct Program Intent Code):
<ul style="list-style-type: none"> • Cost of a program for treatment of students who have dyslexia or a related disorder as required by Section 38.003 in proportion to the percentage of students served by the program that meet the criteria in Section 29.081(d) or (g) • An accelerated reading instruction program under Section 28.006(g) in proportion to the percentage of students served by the program that meet the criteria in Section 29.081(d) or (g) <p>Program Intent Code 29 Costs to Include:</p> <p>DAEP supplemental SCE costs:</p> <ul style="list-style-type: none"> • English language arts, mathematics, science, history, and self-discipline • Educational and behavioral needs • Supervision • Counseling • Parental involvement • Security • Mentoring services program for students at risk of dropping out of school • Cost of a program for treatment of students who have dyslexia or a related disorder as required by Section 38.003 in proportion to the percentage of students served by the program that meet the criteria in Section 29.081(d) or (g) • An accelerated reading instruction program under Section 28.006(g) in proportion to the percentage of students served by the program that meet the criteria in Section 29.081(d) or (g) 	<ul style="list-style-type: none"> • Parenting Classes (PIC 11) <p>Program Intent Code 29 Costs to Exclude (with Correct Program Intent Code):</p> <p>Costs incurred relating to:</p> <ul style="list-style-type: none"> • Basic services for DAEPs (PIC 28) • Nondisciplinary AEPs (Basic and supplemental costs) • AEP costs (Basic and Supplemental) • SCE costs incurred in support of Title I, Part A schoolwide campuses with 40% or greater educationally disadvantaged students (PIC 30) • SCE costs incurred to provide supplemental services in support of a Title I, Part A targeted assistance program. (PIC 24) • Title I, Part A services • Day Care Cost (PIC 11) • In School Suspension Program (PIC 11) • Parenting Classes (PIC 11)

PIC 29 Disciplinary Alternative Education Programs – DAEP State Compensatory Education Supplemental Costs

Program Intent Code 29 Costs to Include:	Program Intent Code 29 Costs to Exclude (with Correct Program Intent Code):
<p>DAEP supplemental SCE costs:</p> <ul style="list-style-type: none"> • English language arts, mathematics, science, history, and self-discipline • Educational and behavioral needs • Supervision • Counseling • Parental involvement • Security • Mentoring services program for students at risk of dropping out of school • Cost of a program for treatment of students who have dyslexia or a related disorder as required by Section 38.003 in proportion to the percentage of students served by the program that meet the criteria in Section 29.081(d) or (g) • An accelerated reading instruction program under Section 28.006(g) in proportion to the percentage of students served by the program that meet the criteria in Section 29.081(d) or (g) 	<p>Costs incurred relating to:</p> <ul style="list-style-type: none"> • Basic services for DAEPs (PIC 28) • Nondisciplinary AEPs (Basic and supplemental costs) • AEP costs (Basic and Supplemental) • SCE costs incurred in support of Title I, Part A schoolwide campuses with 40% or greater educationally disadvantaged students (PIC 30) • SCE costs incurred to provide supplemental services in support of a Title I, Part A targeted assistance program. (PIC 24) • Title I, Part A services • Day Care Cost (PIC 11) • In School Suspension Program (PIC 11) • Parenting Classes (PIC 11)

PIC 30 Title I, Part A School-wide Activities Related to State Compensatory Education (SCE) and Other Costs on Campuses with 50% or More Educationally Disadvantaged Students

Program Intent Code 30 Costs to Include:	Program Intent Code 30 Costs to Exclude (with Correct Program Intent Code):
<p>SCE costs incurred to supplement the following eight components of a Title I, Part A schoolwide program:</p> <p>(1) A comprehensive needs assessment of the entire school, including the needs of any migratory children in attendance. This assessment is based on information about the achievement of children in relation to the Texas state Academic Standards (TAKS). It should identify gaps between the current status of the school and its vision of where it wants to be, relative to key indicators or focus areas.</p> <p>Data obtained from the needs assessment provide the foundation for the goals of the comprehensive schoolwide plan.</p> <p>(2) Schoolwide reform strategies that provide opportunities for all children to meet the state’s academic standards, particularly low-achieving children. The schoolwide plan also should address how the school will determine if student needs have been met.</p> <p>-</p> <p>(3) Instruction by highly qualified teachers (refer to the NCLB Program Coordination web page for additional information: http://www.tea.state.tx.us/nclb/).</p> <p>(4) High quality and ongoing professional development for teachers, principals, and paraprofessionals, and if</p> <p>SCE costs incurred relating to:</p> <ul style="list-style-type: none"> • Basic and supplemental services at AEPs and DAEPs appropriate, pupil services personnel, parents, and other staff. <p>(5) Strategies to attract high-quality highly qualified teachers.</p> <p>(6) Increased parental involvement activities.</p> <p>(7) Assistance for preschool children in the transition from early childhood programs, such as Head Start, Even Start, Early Reading First, or a state-run preschool program, to local elementary school programs.</p>	<ul style="list-style-type: none"> • SCE costs incurred to provide supplemental services in support of a Title I, Part A targeted assistance program. (PIC 24) • Day Care Cost (PIC 11) • In School Suspension Program (PIC 11) • Parenting Classes (PIC 11)

**PIC 30 Title I, Part A School-wide Activities Related to State Compensatory Education (SCE)
and Other Costs on Campuses with 50% or More Educationally Disadvantaged Students**

Program Intent Code 30 Costs to Include:	Program Intent Code 30 Costs to Exclude (with Correct Program Intent Code):
<p>(8) Inclusion of teachers in the decisions regarding the use of academic assessments in order to provide information on, and to improve, the achievement of individual students and the overall instructional program.</p> <p>(9) Provision of effective, timely additional assistance and activities to students who experience difficulty mastering the proficient or advanced levels of academic achievement standards. This shall include measures to ensure that students' difficulties are identified on a timely basis and provide sufficient information on which to base effective assistance.</p> <p>(10) Coordination and integration of federal, state, and local services and programs.</p>	

PIC 91 Athletics and Related Activities

Program Intent Code 91	Program Intent Code 91 Costs to Exclude (with Correct Program Intent Code):
<p>Costs to Include:</p> <p>Costs incurred relating to: Additional salaries associated with serving as coaches, athletic directors drill team sponsors, cheerleader sponsors, pep squad sponsors, or other organized activity to support athletics (i.e., additional days employed, reduction of class load, length of day, etc.)</p>	<p>Costs incurred relating to:</p> <ul style="list-style-type: none"> • Additional salaries and related expenditures/expenses associated with band, UIL speech, debate, science competition, class sponsors, student organizations, social clubs (i.e., NHS, Beta club, Letterman's Club) (PIC 99)

PIC 99 Undistributed

Program Intent Code 99 Costs to Include:	Program Intent Code 99 Costs to Exclude (with Correct Program Intent Code):
<p>Costs incurred relating to:</p> <ul style="list-style-type: none"> • Substitute teachers (if not allocated to specific PICs) 	<p>Costs incurred relating to:</p> <ul style="list-style-type: none"> • Additional salaries associated with serving as coaches, athletic directors, drill team sponsors, cheerleader sponsors, pep squad sponsors, or other organized activity to support athletics (i.e., additional days employed, reduction of class load, length of day, etc.) (PIC 91)

PIC 99 Undistributed (CONTINUED)

Program Intent Code 99 Costs to Include:	Program Intent Code 99 Costs to Exclude (with Correct Program Intent Code):
<ul style="list-style-type: none"> • Teacher retirement on-behalf payment (if not allocated to specific PICs) • Additional salaries and related expenditures/expenses associated with band, UIL speech, debate, science competition, class sponsors, student organizations, social clubs (i.e., NHS, Beta club, Letterman’s Club) 	

**State Compensatory Education
Frequently Asked Questions
School Year 2013-2014
(Revised 10/1/13)**

1. Is funding for state compensatory education based upon the number of students at risk of dropping out of school?

No. Funding is based on:

- the number of students reported on the free- or reduced-price lunch count from the average of the district's best six-months' enrollment from the previous school year or in the manner provided by commissioner's rule, if no campus in the district participated in the national school lunch program of free or reduced-price lunches during the preceding school year (HB 2879, 77th Legislature);
- an annual allotment for students who reside in a residential placement facility in a district in which the student's parent or legal guardian does not reside; and
- an annual allotment for pregnant students or students who are parents that attend school full time and participate in a program under Section 29.081 of Texas Education Code (TEC).
- an annual allotment for military dependent students [42.152(c)]

2. What are the campus eligibility criteria?

In order for SCE funds to be allocated to a campus, the campus must have students who meet the state criteria for students at risk of dropping out of school and services provided to these students must be described in the district and/or campus improvement plan, as appropriate.

3. What are the state eligibility criteria for identifying students at risk of dropping out of school?

A student at risk of dropping out of school includes each student who is under 21 years of age and who:

1. is in prekindergarten, kindergarten or grade 1, 2, or 3 and did not perform satisfactorily on a readiness test or assessment instrument administered during the current school year;
2. is in grade 7, 8, 9, 10, 11, or 12 and did not maintain an average equivalent to 70 on a scale of 100 in two or more subjects in the foundation curriculum during a semester in the preceding or current school year or is not maintaining such an average in two or more subjects in the foundation curriculum in the current semester;
3. was not advanced from one grade level to the next for one or more school years;
4. did not perform satisfactorily on an assessment instrument administered to the student under Subchapter B, Chapter 39, **and** who has not in the previous or current school year subsequently performed on that instrument or another appropriate instrument at a level equal to at least 110 percent of the level of satisfactory performance on that instrument;
5. is pregnant or is a parent;
6. has been placed in an alternative education program in accordance with Section 37.006 during the preceding or current school year;
7. has been expelled in accordance with Section 37.007 during the preceding or current school year;
8. is currently on parole, probation, deferred prosecution, or other conditional release;
9. was previously reported through the Public Education Information Management System (PEIMS) to have dropped out of school;
10. is a student of limited English proficiency, as defined by Section 29.052;
11. is in the custody or care of the Department of Protective and Regulatory Services or has, during the current school year, been referred to the department by a school official, officer of the juvenile court, or law enforcement official;

12. is homeless, as defined by 42 U.S.C. Section 11302, and its subsequent amendments; or
13. resided in the preceding school year or resides in the current school year in a residential placement facility in the district, including a detention facility, substance abuse treatment facility, emergency shelter, psychiatric hospital, halfway house, or foster group home.

4. What is the purpose of State Compensatory Education (SCE)?

SCE is defined in law as programs and/or services designed to supplement the regular education program for students identified as at risk of dropping out of school.

The purpose is to increase the academic achievement and reduce the dropout rate of these students.

As a goal, the SCE program seeks to provide a challenging and meaningful instructional program to close the achievement gap between children at risk of dropping out of school and their peers.

<http://ritter.tea.state.tx.us/financial.audits/resguide14/Comped.pdf> Financial Accountability System Resource Guide, Section 9.2 and Texas Education Code, Section 29.081

5. May SCE funds be used to implement a state mandated program?

No, SCE funds are supplemental funds and cannot be used to meet state mandated rules, programs or positions. This rule also applies when SCE funds are used on a Title I, Part A schoolwide campus. SCE funds supplement the regular education program for students identified as at risk of dropping out of school.

Example: SCE funds cannot be used to meet the State mandated class size rule regarding 22 to 1 as required in Texas Education Code (TEC) Section 25.112 and Financial Accountability System Resource Guide, Section 9.2.4.1

6. May SCE funds be used to implement a state mandated program on a Title I, Part A schoolwide campus?

No. Refer to information above.

7. When a district allocates SCE funds to their campuses, may any campus receive SCE funds?

The allocation of SCE funds should be based on “need” and each campus receiving SCE funds must have students who meet the TEC criteria for students in at-risk situations.

Financial Accountability System Resource Guide, Section 9.2.1

8. Must identified at risk students on Title I, Part A schoolwide campus (at or above 40% low-income) be reported to PEIMS?

Yes. Students who meet any of the 13 state eligibility criteria are reported to PEIMS.

9. Must the program intent of the SCE program be met in a schoolwide program?

Yes, SCE is a state mandated program. Keep in mind: state law provides flexibility with the use of SCE funds on Title I, Part A campuses at which at least 40 percent of the students are educationally disadvantaged. SCE funds used to support a Title I, Part A educational program must be part of the campus budget and all SCE expenditures must be tracked back to the SCE fund code, and all generally, accepted accounting principles must be followed. As with Title I funds, SCE funds used to upgrade the educational program must also meet the same guidelines required of the No Child Left Behind Act of 2001 (Public Law 107-110), (abbreviated in print as NCLB) in that SCE funds may only be used to incorporate instructional strategies that scientifically-based research has shown are effective with teaching low-achieving students.

Please keep in mind, State law does not create a schoolwide SCE program. Instead, in TEC 42.152(c), districts are allowed to use SCE funds “to support a [schoolwide] program eligible under Title I of the Elementary and Secondary Education Act of 1965.” Note the use of the term “support.” This means that the district may use SCE

funds to act with (i.e., coordinate) Title I, Part A to implement the schoolwide program. However, **the district will still need to adhere to the fiscal requirements stipulated in TEC 42.152 and the program requirements mandated in TEC 29, Subchapter C.**

- 10. Is a student enrolled in the free-or reduced-price lunch program automatically considered to be in an at-risk situation?**

No. Students must meet the state criteria or documented local criteria for identifying students in at-risk situations.

- 11. Are Title I students automatically considered to be at risk of dropping out of school?**

No, not according to state criteria.

- 12. May SCE funds be used to supplement Title I, Part A districtwide positions or activities?**

Flexibility with SCE funds does not extend to Title I, Part A, districtwide program activities funded through the central office, regardless of whether all campuses in a district are Title I, Part A schoolwide. Please note: There are only Title I, Part A schoolwide campuses not Title I, Part A schoolwide districts.

- 13. May SCE funds be used to supplement Title I, Part A targeted assistance program?**

SCE funds may be used to support a Title I, Part A identified program on a targeted assistance campus where the poverty percentage is 40% or greater. Students served in a Title I, Part A program must meet the Title I eligibility criteria, as clearly specified in the campus improvement plan.(Eligible children are children identified by the school as failing, or most at risk of failing, to meet the State’s challenging student academic achievement standards on the basis of multiple, educationally related, objective criteria established by the district and supplemented by the school, except that children from preschool through Grade 2 shall be selected solely on the basis of such criteria as teacher judgment, interviews with parents, and developmentally appropriate measures.)Like the use of SCE funds on a Title I, Part A schoolwide campus, students are not required to meet the SCE eligibility criteria to use SCE funds to support the Title I, Part A Program.

- 14. Should students only be identified at one time during the year, typically just before PEIMS data are submitted in October?**

No. Identification should be conducted (for the student’s benefit) at any time during the year in order to identify those students who are eligible for services under the SCE program. For example, if a student becomes homeless in the month of March, this student should be identified and served accordingly even though this student was identified after the district’s PEIMS snapshot report. How often a district reviews their student’s at risk classification is their own decision; however, the earlier the student is identified, the earlier the student may benefit from the SCE program .Refer to the Financial Accountability System Resource Guide, Section 9.2.5

- 15. How does one determine if a student with disabilities is also classified as a student at risk of dropping out of school?**

The at-risk situation cannot be due to a disability. The student with a disability would be in an at-risk situation if the student met one of the listed criteria, not due to the disability.

- 16. Are dyslexic children automatically considered to be at risk of dropping out of school?**

No, not according to state criteria.

- 17. Are all homebound students automatically considered to be at risk of dropping out of school?**

No, not according to state criteria.

18. May SCE funds be used to identify 504 students?

No, 504 students do not meet the state at risk criteria.

19. Are students who are classified as 504 students automatically considered to be at risk of dropping out of school?

No, not according to state criteria. This is a state mandated program. State mandated programs cannot be funded with SCE funds. More information can be found at <http://www2.ed.gov/about/offices/list/ocr/504faq.html>

20. May SCE funds be used for a 504 Coordinator?

No, not according to state criteria. This is a state mandated program. State mandated programs cannot be funded with SCE funds. More information can be found at <http://www2.ed.gov/about/offices/list/ocr/504faq.html>

21. May SCE funds be used to serve students over the age of 20?

YES, Starting with the 2014-2015 school year, House Bill 5 created a change to the At-Risk definition by raising the maximum at-risk student age from 20 to 25.

22. Once a student is identified as at risk of dropping out of school, is the student always considered to be at risk of dropping out of school?

Once a student is not advanced from one grade level to the next or if the student previously dropped out of school, the student remains at risk of dropping out of school for the remainder of his/her public education.

23. If a student failed two or more foundation subjects during the preceding year (fall semester) but passed the same subjects during the spring semester, is this student at risk during the current year?

Yes, according to state criteria.

24. If a student is currently failing two or more foundation subjects, should this student be identified at risk?

Yes, according to state law. Early identification should enable the student to receive timely services and allow the student to pass foundation subjects during the semester.

25. Are students in a prekindergarten program automatically considered to be at risk of dropping out of school?

No, not according to state criteria.

26. If the student has successfully exited the Limited English Proficient (LEP) program and is now being monitored by the campus, is the student still considered an at risk student?

No, not according to state criteria.

27. What is the definition of a Foster Group Home?

A "foster group home" means a child-care facility that provides care for seven (7) to twelve (12) children for 24 hours a day. However, any foster child meets the state criteria for at risk of dropping out of school because all foster children are under the custody or care of the Department of Family and Protective Services.

28. Are homeless students automatically considered to be at risk of dropping out of school?

Yes.

29. Are students who live with their grandparents or any other relative, automatically considered homeless and thereby identified as at-risk students?

No. Homelessness depends on the student’s living conditions. (Refer to the McKinney-Vento Homeless Assistance Act of 2001, Sec. 725) <http://www.utdanacenter.org/theo/> This FAQ provides answers to frequently asked questions on the McKinney-Vento Homeless Assistance Act:

30. Are students placed in a disciplinary alternative education program (DAEP) classified as at risk of dropping out of school?

Yes, if students placed in the program meet the DAEP requirements stated in Chapter 37.006, TEC.

31. Is the Reading Proficiency Test in English (RPTE) used for identifying students at risk of dropping out of school?

No. The purpose of the RPTE is to measure LEP students’ academic progress in reading until they are ready to be assessed with STAAR in English. LEP students due to their limited English proficiency automatically meet the state criteria for students at risk of dropping out of school.

32. Must a district administer a norm-referenced assessment?

No.

33. For Pre-K through grade 3; how is “satisfactory performance” determined on a readiness or assessment instrument?

This is a district decision; the district determines “satisfactory” performance.

34. What type of readiness tests may be used for determining eligibility?

This is a local decision. Several types of readiness tests are available and each one has certain strengths that may best fit certain target situations when assessing students. It is a local decision if the district wants to develop a readiness test or purchase a commercially made test.

35. Should only one subject, such as reading, be tested and used as the readiness test?

The Texas Education Code, Section 29.018 defines the State criteria used to identify students at risk of dropping out of school. The criterion that pertains to the readiness test, reads as follows, “Is in prekindergarten, kindergarten or grade 1, 2, or 3, and did not perform satisfactorily on a readiness test or assessment instrument administered during the current school year.”

Basically, a readiness test is a testing instrument designed to measure skills believed to be related to school learning tasks and to be predictive of school success and when used properly, readiness test can provide information about designing instructional programs to further children's learning. A common definition of school readiness looks at the competencies children should have when they enter early grades, including academic and cognitive skills, language and literacy abilities, and social-emotional functioning, which are vital to later school success. Therefore, a readiness test should measure more than reading, otherwise, children who need early intervention in an area other than reading will also benefit from additional assistance.

For the most part, readiness tests provide information on the current state of children’s development and knowledge, but they do not necessarily predict school success two or three years into the future. For that reason, scores should be used for programming **for the current year only.**

It is important to remember that the purpose of the a readiness test is to evaluate a child’s knowledge and skill level at the beginning of the school year (in this case, Pre-K through 3rd grade) in order to identify areas that may

need supplemental assistance, and formulate a plan to help the student succeed in the coming year. Readiness tests should be useful tools for both teachers and parents.

36. Must the readiness test be administered during the current school year?

Yes. Districts should administer the readiness test as early in the year as possible in order to identify those students who are eligible for services under the SCE program. It is recommended that students who enroll during the school year be assessed within 30 days after enrolling. For purposes of evaluation, districts are encouraged, when appropriate, to use the same instrument district wide.

37. Can the PEIMS early reading indicator be used to identify at risk students for prekindergarten through 3rd grade.

Yes, districts may use the early reading indicator but only in conjunction with assessment scores from other core areas. We recommend that the early reading indicator be used only as a tool rather than part of an assessment but it is up to your district to determine the official assessment. We recommend that the district develop their own assessment that covers all core areas so that an at-risk student will trigger any needed assistance in any area in which a student is not deemed “satisfactory”. The assessment must be part of a district policy that defines what is and is not deemed “satisfactory” performance. The assessment policy must be district wide and cannot vary from campus to campus

38. If a student does not perform satisfactorily on one or more (any portion) of the STAAR assessment instruments, is the student considered to be at risk of dropping out of school?

Yes. This includes all the State of Texas Assessments of Academic Readiness (STAAR®) subject areas.

39. At what point is a student who does not perform satisfactorily on an assessment instrument under Subchapter B, Chapter 39 no longer at risk of dropping out of school?

This occurs once the student performs on the instrument or other appropriate instrument in the same or comparable subject area, at a level equal to at least 110% of the level satisfactory performance on that instrument.

40. Will districts need to consider the Texas Projection Measure (TPM) when calculating the 110 percent calculation for satisfactory performance on a state assessment?

No. Currently, the state law indicates that a student is considered at risk of dropping out of school if the student did not perform satisfactorily on an assessment instrument administered to the student under Subchapter B, Chapter 39, and who has not in the previous or current school year subsequently performed on that instrument or another appropriate instrument at a level equal to at least 110 percent of the level of satisfactory performance on that instrument. However, the calculation is subject to change dependent of future changes to state law.

Note: The TEA does not maintain the 110 percent calculation for any public school. It is the district's responsibility to complete the 110 percent calculation. The district should consult its regional education service center for assistance.

41. If a 3rd grade student does not perform satisfactorily on the third grade reading state assessment but passes the second or third administration, is the student considered to be at risk of dropping out of school?

If a student fails the 3rd grade reading state assessment, but passes below 110% on the second or third administration, the student remains classified at risk of dropping out of school.

42. If a district decides to give another appropriate test, what test is considered appropriate for determining the 110% requirement, and is there a time frame for giving this test?

What test is administered, when it is administered, and how it is calculated for showing a level equal to at least 110% of the level of satisfactory performance on that instrument is a district decision. Documentation, however, must be maintained to show how the 110% level of satisfactory performance was calculated.

43. At what point is a student who does not perform satisfactorily on a state assessment no longer considered at risk of dropping out of school?

A special education student that does not perform at the level of progress established by the Admission, Review, and Dismissal (ARD) Committee is considered at risk of dropping out of school. The ARD Committee will decide when the student has met the assessment goal for exiting the student from being at risk of dropping out of school based on a state assessment.

44. How did House Bill 2703 change the compensatory education definition of “student at risk of dropping out of school”?

Beginning with the 2009-2010 school year, the bill added a provision to TEC Section 29.018(d)(1) that changed the compensatory education definition of “student at risk of dropping out of school” by excluding a student who did not advance from prekindergarten or kindergarten to the next grade level only as a result of the request of the student’s parents. Therefore, school personnel need to ensure that all requests for retention are carefully maintained for auditing purposes.

45. Is a student considered to be at risk of dropping out of school if the student was placed in the next grade but was not promoted to the next grade based upon academic performance?

No. Placement in the next grade is considered as "advancement" to the next grade.

46. Are school districts allowed to use local criteria for identifying at risk students?

Yes. In addition to serving students who meet the state at risk criteria, school districts may serve (§29.081, TEC) students who meet local eligibility criteria if the local criteria have been adopted by the board of trustees of a school district. However, the number of students receiving SCE services under local criteria during a school year may not exceed 10% of the number of students who met the State criteria under §29.081 and who were served in the SCE program in the preceding school year.

Example: If a district served 500 students in school year 2009-2010 that met the state eligibility criteria, the district can serve 50 students in 2010-2011 that meet the local eligibility criteria established by the local board of trustees for school year 2007-2008.

A district must be able to document that students identified under local eligibility criteria were added to a listing of students who were identified under TEC, §29.081. To achieve and maintain compliance, all information must be current.

47. Are students who meet the local criteria reported to the Public Education Information Management System (PEIMS) PEIMS?

No. Only students who meet the state eligibility criteria are reported to PEIMS.

48. Which subjects are part of the foundation curriculum?

The foundation curriculum includes the following subjects:

English language arts;

Mathematics;

Science;

Social studies, consisting of Texas, United States, and world history, government, and geography

Refer to the Financial Accountability System Resource Guide, Section 9.2 and the TEC, Section 28.002.

49. Who must be included in the planning of the SCE program?

Program planning and decision-making MUST include the principal, superintendent, and site-based decision-making committee.

50. How often do district and campus improvement plans need to be updated?

Each school year, the principal of each school campus, with the assistance of the campus-level committee, shall develop, review, and revise the campus improvement plan for the purpose of improving student performance for all student populations.

Texas Education Code, Section 11.253

51. May SCE funds be used to pay staff to develop, review, and revise campus improvement plans?

No, SCE funds are supplemental funds and cannot be used to meet state mandated rules. As noted in the Texas Education Code, Sec. 11.251, " The board of trustees of each independent school district shall ensure that a district improvement plan and improvement plans for each campus are developed, reviewed, and revised annually for the purpose of improving the performance of all students."

52. How does a charter school document the SCE requirements?

A charter school that receives SCE funding must develop an academic campus plan describing the program that meets the identified needs of students who meet the state student eligibility criteria for students at risk of dropping out of school. Refer to the Financial Accountability System Resource Guide, Section 9.2.3.

53. Must FTEs funded by SCE be included in the district/campus improvement plan or charter instructional plan?

Yes. At a minimum, payroll costs attributed to state compensatory education must be shown at the summary level (total number of FTEs) in the district and/or campus improvement plan or charter instructional plan, as appropriate. In addition, personnel paid with SCE funds must have payroll documentation, such as a class schedule (should include number of students and number of minutes), job description, or time and effort to support charges.

Auditable documentation must also be maintained to substantiate the cost of all SCE funded FTEs, supplemental contracts and extra-duty pay. Refer to the Financial Accountability System Resource Guide, Section 9.2.3

54. Must FTEs funded by SCE maintain a signed job description?

Yes. An integral component of an adequate financial management system is the development and maintenance of records documenting the duties and responsibilities of personnel and the employee's acknowledgement of their understanding of their duties and responsibilities.

Accordingly, the following is being acknowledged:

- That the duties contained on the job description are the responsibility of the employee.
- That the information contained on the job description is accurate.
- That the signer (the employee) has full knowledge of and can support listed activities, if requested.

55. May SCE funds pay the salary of a counselor?

SCE funds may be used to hire a supplemental counselor whose primary responsibility is to work with students at risk of dropping out of school. Time and effort must be on file if the position is not 100% SCE funded. The SCE funds may not be used to fund counselors responsible for guidance, assessment, and administrative activities that

benefit the overall regular education instructional program. The district must demonstrate that guidance or counseling services paid for by SCE funds are provided to at-risk students and are supplemental to other available guidance and counseling services. NOTE: The Texas Education Code, Section 33.006(b)(1)(A) denotes the primary duties required of school counselors – serving at-risk students is one of the duties listed.

56. May SCE (52% direct cost) funds pay the salary of a school psychologist?

No. This position does not relate specifically to the SCE program and does not meet the intent and purpose of the program.

57. May SCE (52% direct cost) funds pay the salary of a superintendent, a school principal, or an assistant principal?

No; administrative staff may only be paid from the SCE 48% indirect cost amount as indicated in Title 19, Texas Administrative Code (TAC), Section 105.11.

View the [Title 19 Texas Administrative Code \(TAC\) §105.11](#) for additional information regarding indirect cost.

58. May SCE (52% direct cost) funds pay the salary of an attendance clerk?

No. This position does not meet the intent and purpose of the program. Maintaining attendance information is required by every school district in accordance with the Texas Education Code, Section 42.

SCE funds must be used to provide support programs and/or services that supplement the regular education program so that students at risk of dropping out of school can succeed in school.

59. May SCE (52% direct cost) funds pay the gifted and talented (GT) program?

No. Funding the gifted and talented program does not meet the intent and purpose of the SCE program. Identifying and/or serving gifted and talented students in the district and establishing a program for these students is required by every school district in accordance with the Texas Education Code, Section §29.122.

60. May SCE funds pay the salary of a parent/involvement liaison or a community liaison?

No. Expenditures that are for activities or purposes other than regular public education may not be paid from the 55 percent SCE direct cost allocation. SCE funds must be used to provide support programs and/or services that supplement the regular education program so that students at risk of dropping out of school can succeed in school.

61. May SCE funds pay the salary of a secretary/clerk who is assigned to a SCE-funded campus staff person?

A secretary/clerk that supports professional staff assigned to specific SCE programs or activities may be paid from the 52 percent SCE direct cost allocation. The actual percentage of the staff person's salary is based on the percent of time devoted to SCE. SCE funds must be used to provide direct services to students. Administrative staff working with SCE at the central office may only be paid from the SCE 48% indirect cost amount.

62. May SCE funds be used to hire staff to work with other programs such as special education or career and technology?

SCE funds may be used to hire a supplemental positions whose primary responsibility is to work with students at risk of dropping out of school; however, SCE funds may not be used supplement the district's basic fund allotment. SCE funds must be used to provide support programs and/or services that supplement the regular education program so that students at risk of dropping out of school can succeed in school. Therefore, all direct instructional costs must relate specifically to the SCE program and must be adequately documented.

Special education programs and career and technology programs are not programs specifically designed to meet the needs of state identified at-risk students. SCE expenditures should directly relate supplemental instructional services that assist in improving the student's ability to meet the state's student performance standards.

63. May SCE funds be used to pay for construction costs or to purchase a portable building?

These costs may not be charged to the 52% SCE direct cost allocation. The 52% must be used for direct services to improve instruction, reduce the dropout rate, and increase academic performance for students identified as at risk of dropping out of school.

64. May a schoolwide campus bypass the Title I requirement for “highly qualified staff” by funding uncertified core subject teachers with SCE funds?

No. An LEA must ensure that any teacher who is hired after the first day of the 2002-2003 school year is highly qualified as defined in 34CFR Section 200.56. All teachers of core academic subjects, whether or not they work in a program supported with Title I, Part A funds, must be highly qualified by the end of the 2006-2007 school year in accordance to P.L. 107-110, Sections 200.56 and 200.58.

65. May the SCE funds be used to elevate teacher and principal quality through recruitment, hiring and retention strategies and to increase the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools with SCE funds?

No. The use of SCE funds to pay for any of the above-mentioned objectives does not meet the statutory purpose of SCE program. LEA may use Title II, Part A funds to fund these objectives.

66. May the SCE funds be used to pay the costs of State tests required of new teachers to determine whether they have subject-matter competence or to assist them in meeting State certification requirements?

No, funding the cost of State tests required of new teachers and assisting them in meeting State certification requirements does not meet the statutory purpose of SCE program. However, the LEA may use Title II, Part A funds to administer State certification exams required of new teachers (and available to existing teachers) to determine whether they have subject matter competency, and to assist them in meeting Texas certification requirements, e.g., by paying for the costs of additional required courses.

67. Is an In-School Suspension (ISS) Program a DAEP?

No. An ISS Program is a disciplinary strategy used by a district or campus; it does not meet the DAEP requirements stated in TEC, Chapter 37; therefore, ISS may not be funded with SCE.

68. Is the In-School Suspension (ISS) Program coded to program intent code 24 or 11?

ISS would be coded to program intent code 11. Only activities that supplement the regular education program for students at risk of dropping out of school would be coded to program intent code 24. Refer to section 1.4.15.4 *Compliance Monitoring - Program Intent Codes* in the Financial Accountability System Resource Guide.

69. Is it allowable to fund the base level services at the Juvenile Justice Alternative Education Program (JJAEP) with SCE funds (funds other than indirect cost)?

No. Statute only allows SCE funds to be used on a DAEP operated under Section 37.008; JJAEPs are operated under TEC, Section 37.011. The DAEP is a placement for students removed from the regular classroom under Section 37.002 or Section 37.006; the JJAEP is a placement for students expelled under Section 37.007.

Some school districts contract with the county to run a DAEP, which may be located in the same facility as the local JJAEP. If the school district’s DAEP is contracted with the county, the district may use SCE funds for the DAEP only. The district may use SCE funds to pay the costs associated with placing students in a JJAEP, but not to fund base level services.

Consequently, a school district may not provide direct SCE funding for expelled students in a JJAEP operated under the guidelines indicated in the Texas Education Code, Section 37.011. If the district were to allocate funds to the JJAEP, it would have to use Function Code 95 [indirect cost] to account for JJAEP expenditures.

70. May SCE fund non-disciplinary Alternative Education Programs?

All direct costs attributed to “a program specifically designed to serve students at risk of dropping out of school, as defined by TEC Section 29.081” are eligible to be charged to the SCE allotment.

“A program specifically designed to serve students at risk of dropping out of school, as defined by TEC §29.081,” represents a temporary special program placement or setting, such as a non-disciplinary alternative education program, that provides special instruction or services for the period of time **that the student is classified as at risk of dropping out of school. The district and campus improvement plans are to describe how students are entered and exited from the temporary special program placements or settings, and the direct costs attributed to these placements or settings are eligible to be charged to the SCE allotment.**

71. May SCE fund Disciplinary Alternative Education Programs?

Yes, SCE funds may be used to fund a disciplinary alternative education program established under Section 37.008, to pay the costs associated with placing students in a juvenile justice alternative education program established under Section 37.011, or to support a Title I, Part A program.

Texas Education Code, Section 42.152(c)

72. May the DAEP be located on a regular school campus?

Yes. Additionally, if the DAEP is located at the regular campus, this program must be identified and described in the regular campus’ campus improvement plan. If the DAEP is located on a separate campus, the DAEP must have its own campus improvement plan.

73. May SCE funds be used to pay for study hall or study period?

No. SCE funds may only be used for costs of programs and/or services that are supplemental to the regular education program and are designed for students at risk of dropping out of school.

Study hall, or study period, is a term for a class period during the school day, wherein the students are not scheduled in an academic class. A study hall generally has assigned rooms and teachers or teacher's aides, who monitor the students. Students typically use this time towards completing homework or use this time to catch up on missing assignments or study for a test or quiz that they have the following day. Programs must be supplemental and specifically designed to serve students at risk of dropping out of school, as defined by TEC Section 29.081.

74. May SCE funds be used to pay for construction costs, administration costs or transportation costs?

These charges ([Title 19 Texas Administrative Code \(TAC\) Chapter 105, Subchapter B](#)) may not be charged to the 52% SCE direct cost allocation. The 52% must be used for direct services to improve instruction, reduce the dropout rate, and increase academic performance for students identified as at risk of dropping out of school. Financial Accountability System Resource Guide, Section 9.2.4

75. May SCE (52% direct cost) fund Pre-K?

Districts reporting Pre-K programs receive Foundation School Program (FSP) funding for half day of Pre-K through the regular program. SCE funds may only be used to supplement this regular education program. This means SCE funds may only be used to extend Pre-K half-day to full-day for the same students who meet the state and/or local

eligibility criteria for at risk of dropping out of school. Costs cannot be charged to the SCE allotment for providing services to ineligible Pre-K students.

76. May SCE (52% direct cost) funds be used to fund a PRE-K program for students who do not meet the at-risk criteria?

No. SCE funds may only be used for costs of programs and/or services that are supplemental to the regular education program that are designed for students who meet the state and/or local eligibility criteria. Refer to question 47 for additional guidance on “local” criteria.

77. May SCE (52% direct cost) funds be used to fund “other” duties, such as lunch duty, hall duty, or bus duty, assigned to supplemental educational aides?

No. SCE funds may only be used for costs of programs and/or services that are supplemental to the regular education program that are designed for students at risk of dropping out of school.

The term regular education program applies to basic instructional services to which all students are entitled. Therefore, services must be part of the delivery of academic instruction supplemental to the regular program.

Documentation should be maintained outlining the duties of each educational aide employed at the LEA (regardless of funding source). For each educational aide funded with SCE dollars, the LEA should (1) explain how the educational aide’s duties increase the opportunities for at risk students to meet the state’s academic achievement standards and (2) identify how the duties meet the guidelines of listed in the Texas Education Code, Section 42.152.

Examples of allowable duties for educational aides:

- One to one tutoring
- Assist classroom management
- Provide computer lab assistance
- Provide instructional support under direct supervision of a teacher.

78. May SCE (52% direct cost) be used to fund curriculum development for at-risk programs?

No. SCE is a state mandated program and SCE funds may only supplement the regular education program. The purpose of the SCE program is to improve student performance through direct instructional services to students at risk of dropping out of school. The development portion of this has NO at-risk student contact.

79. May SCE (52% direct cost) fully fund the dyslexia program?

No. this program is a state mandated program and SCE funds may only supplement the regular education program for students identified as at risk of dropping out of school. Texas Education Code, Section 42.152(c-1)(2)

80. May SCE (52% direct cost) fully fund the bilingual program?

No. this program is a state mandated program (TEC §29.051) and SCE funds may only supplement the regular education program for students identified as at risk of dropping out of school.

Texas Education Code, Section 38.003 and Texas Education Code, Section 42.156

81. Is the purchase of snacks and allowable cost with SCE funds?

Consistent with TEC 42.152(c), the use of SCE funds for food, including snacks or meals is not an allowable cost.

82. TEC, §38.017 requires schools to make an automated external defibrillator (AED) available at each campus. May SCE fund be used to purchase the defibrillators?

No. SCE funds are supplemental funds and cannot be used to meet state mandated rules, programs or positions. This rule also applies when SCE funds are used on a Title I, Part A schoolwide campus. SCE funds supplement the regular education program for students identified as at risk of dropping out of school.

83. May SCE (52% direct cost) fund a crime prevention program or fund (Truant) Safety Resource Officers?

No. The purpose of SCE is to prevent students from dropping out of school and to improve student academic performance for students at risk of dropping out of school. A crime prevention program is for ensuring student safety not for preventing students from dropping out of school. The same would apply to funding security cameras/monitors and safety resource officers.

84. May SCE (52% direct cost) fund court-related children--liaison officers?

No. The Texas Education Code, Section mandates this duty and State Compensatory Education funds cannot be used to meet state mandated rules, programs or positions. The law states that each school district shall appoint at least one educator to act as liaison officer for court-related children who are enrolled in the district. The liaison officer shall provide counseling and services for each court-related child and the child's parents to establish or reestablish normal attendance and progress of the child in the school.

It is the responsibility of the liaison officer appointed in accordance with the Texas Education Code, Section 37.014, to assist students and teachers to ensure that students are provided the opportunity to complete all missed assignments.

85. May SCE (52% direct cost) fund a dog handler's position or be used to hire/contract/purchase or care for a drug dog?

No. The purpose of SCE is to prevent students from dropping out of school and to improve student academic performance for students at risk of dropping out of school. Drug dogs are used for ensuring student safety and drug prevention not for preventing students from dropping out of school.

86. May SCE (52% direct cost) funds be used to promote the district's safe, drug-free, gang-free, bully-free, and healthy environment?

No. The use of SCE funds to promote the district's safe, drug-free, gang-free and healthy environment is not consistent with the legislatively-established purposes of the funds (TEC §42.152). The SCE services must be part of delivery of academic instruction supplemental to the regular program.

NOTE: (The [Federal Partners in Bullying Prevention Steering Committee](#) has partnered with the [Interagency Working Group on Youth Programs](#) to share information the federal government has prepared to help prevent and address bullying in communities. [http://www.findyouthinfo.gov/feature-article/federal-collaboration.](http://www.findyouthinfo.gov/feature-article/federal-collaboration))

87. May SCE (52% direct cost) funds be used to purchase a service which permits district staff to quickly send mass notifications to parents, students, student organizations, and employees in any language and at any device? (Some districts refer to this service as a Parent Alert System.)

The purpose of the SCE program is to improve the performance of students at risk of dropping out of school through direct instructional services. The use of SCE funds for this type of service is not consistent with the legislatively established purposes of the funds (TEC §42.152). These funds must be used for programs and/or services designed to supplement the regular education program for students identified as at risk of dropping out of school. As a goal, the SCE program seeks to provide a challenging and meaningful instructional program to close the achievement gap between children at risk of dropping out of school and their peers. This answer remains the same if SCE funds are used on a Title I, Part A schoolwide campus because SCE may only be used to upgrade the educational program for students primarily those in greatest need of receiving services to pass the state academic assessment.

88. May SCE (52% direct cost) funds be used to purchase gifts or prizes or to pay for entertainment expenses?

No. The purpose of SCE is to prevent students from dropping out of school and to improve student academic performance for students at risk of dropping out of school.

SCE funds may only be used for costs of programs and/or services that are supplemental to the regular education program and are designed for students at risk of dropping out of school. The term regular education program applies to basic instructional services to which all students are entitled.

89. May the 52% of SCE funds allocated to the campuses be used to provide teacher bonus, raises or incentive pay or “across the board” pay?

No. These charges may not be charged to the 52% SCE direct cost allocation. The 52% must be used for direct services to improve instruction, reduce the dropout rate, and increase academic performance for students identified as at risk of dropping out of school.

90. May SCE (52% direct cost) funds be used to finance the cost of an additional planning period for teachers?

No. The services must be part of delivery of academic instruction supplemental to the regular program. These funds are to be used for programs and/or services designed to supplement the regular education program for students identified as at risk of dropping out of school.

91. May SCE (52% direct cost) funds be used to operate an on-going day care for teen-age parents?

No. A district’s SCE program should be aligned with the TEC, Section 29.081 which requires the district to design and implement appropriate compensatory, intensive, or accelerated instructional services for students in the district’s schools that enable the students to be performing at grade level at the conclusion of the next regular school term.

Thus, SCE expenditures should directly relate to the student’s ability to learn the curriculum in order to perform at grade level. In addition to supplemental instructional programs, supplemental support services such as counseling may also contribute to improving student achievement. Consequently, direct SCE expenditures that provide general support for the parent such as diapers, wipes, car seats, and other baby products, job placement services, on-going day care, transportation for teenage parents and children to the site and to health care and social services appointments, etc. would not qualify.

92. May SCE (52% direct cost) funds be used to operate an after school care program (latch-key program) for children?

No. The services must be part of delivery of academic instruction supplemental to the regular program. In contrast, programs such as after school tutoring for students at risk of dropping out of school would qualify.

93. May SCE (52% direct cost) funds be used to supplement the Communities in Schools program?

In accordance with TEC §42.152(c), a district shall use its SCE allotment to fund supplemental programs and services designed to eliminate any disparity in STAAR performance or disparity in the rates of high school completion between students at risk of dropping out of school, as defined in TEC Section 29.081, and all other students. Specifically, SCE funds may be used to meet the costs of providing a compensatory, intensive, or accelerated instruction program under TEC §29.081 or an alternative education program established under TEC §37.008 or to support a Title I program. One may observe that TEC §42.152(c) further states that in meeting the costs of providing a compensatory, intensive, or accelerated instruction program pursuant to TEC Section 29.081, the district shall use its SCE allotment for costs supplementary to the regular education program.

This includes costs for program and student evaluation, instructional materials and equipment and other supplies required for quality instruction, supplemental staff expenses, and salary for teachers of at-risk students, smaller class size, and individualized instruction. Thus, in order for a district to use its SCE allotment for a Communities in

Schools (CIS) program or any other strategy or activity that intended to address students at risk of dropping out of school, the district must design its SCE program based on the identified needs of students at risk of dropping out of school.

In determining the appropriate compensatory, intensive, or accelerated instructional programs and/or services for students at risk of dropping out of school, districts must use student performance data from the STAAR and other appropriate assessment instruments and achievement tests administered under Subchapter B, Chapter 39 of the TEC. In addressing the needs of students at risk of dropping out of school, the SCE program must be based upon the results of the district's comprehensive needs assessment and be described in the campus improvement plan if the SCE program is implemented at the campus level or be described in the district improvement plan if the SCE program is implemented district wide. In this context, the district must demonstrate that the use of SCE funds for a CIS program specifically addresses the identified needs of students at risk of dropping out of school. Because the CIS program provides services (e.g., abstinence or eating disorder under supportive guidance and counseling, tax preparation assistance under parental and family involvement, baby sitter/CPR certification classes or vocational training under career awareness/employment) that may not necessarily constitute a compensatory, intensive, or accelerated instruction program, it is incumbent upon the district to ensure that its participation in the CIS program and the services that it receives do in fact address the identified needs of students at risk of dropping out of school. Accordingly, the district's use of the SCE allotment for CIS services must be adequately documented in the applicable DIP or CIPs.

94. May SCE (52% direct cost) funds be used to provide services to a private school in the district's boundaries?

No. Students served with SCE funds must be students of the school district who meet the eligibility criteria as stated in Section 29.081 of the Texas Education Code.

95. How may SCE (52% direct cost) funds be used to fund a mentoring program for at risk students?

Senate Bill 16 of the 78th Legislature also amended Subchapter C, Chapter 29, of the Texas Education Code by adding Section 29.089, relating to mentoring services. According to Section 29.089, programs that provide mentoring services to students at risk of dropping out of school, as defined by Section 29.081, are also eligible to be charged to the state compensatory education allotment. Before the LEA provides a mentoring program, adequate planning and research must be conducted to determine what types of programs are capable of achieving the many goals, including improved academic performance and attendance in mentored youth. It is imperative that programs implement proven, research-based best practices if they are to achieve their desired outcome. As with all other services provided for students at risk of dropping out of school, a needs assessment must be conducted to aide in the development of the programs' scope of services. The analysis of the results of the assessment should provide the foundation that is critical in designing a program that can be integrated into raising the academic success of students at risk of dropping out of school.

Activities offered by the mentoring programs may include homework completion and assistance, supplemental academic classes, academic games and activities, computer-assisted instruction and educational games, one-on-one tutoring, and reading, writing, and vocabulary activities. The ***What Works Clearinghouse*** (WWC) releases new intervention reports, topic reports, practice guides and quick reviews throughout the year. Use the ***What's New*** archive to browse releases from the past year. <http://ies.ed.gov/ncee/wwc/whatsnew/index.asp?Date=6/1/2009>

Note: Prior to implementing the mentoring program, the LEA should have established policies and procedures which include the screening of all potential mentors including background checks; training and support for mentors and program staff on an ongoing basis; activities for mentors and students; and established procedures for supervising and monitoring of mentoring relationships.

96. May SCE (52% direct cost) funds be used to fund the cost of the development and implementation of personal graduation plans?

No, SCE funds are supplemental funds and cannot be used to meet state mandated rules, programs or positions.

Senate Bill 1108, passed (during the 78th Texas Legislature, Regular Session, 2003), a mandate that a school principal designate a guidance counselor, teacher, or other appropriate individual to develop and implement a personal graduation plan for each student in junior high, middle school, or high school who did not perform satisfactorily on an assessment instrument administered under Texas Education Code, Chapter 39, Subchapter B, or who is not likely to receive a high school diploma before the fifth school year following the student's enrollment in grade 9 (as determined by the district) (TEC §28.0212). [Refer to TEA Correspondence dated October 23, 2003.] <http://ritter.tea.state.tx.us/taa/stanprog102303.html>

97. May SCE (52% direct cost) funds be used to fund the cost of dual enrollment courses for which students receive both high school and college credit?

No. Expenditures for activities or purposes other than regular public education may not be paid from the 55 percent SCE direct cost allocation. SCE funds must be used to provide support programs and/or services that supplement the regular education program so that students at risk of dropping out of school can succeed in school. However, in accordance with the Texas Education Code, §39.234(a), the high school allotment funds may be spent on this activity.

98. May SCE funds (direct cost - 52%) be used to fund or supplement the following:

- Banquets, award ceremonies, celebrations, door prizes, prom dresses, pep rallies or food costs?
- Trophies used for "student of the month", A/B honor roll, "A" honor roll and all end of year events?
- Drug dogs, drug testing, drug treatment, red ribbons, PA systems, security mirrors/monitors, cameras, drug/gang/bullying prevention, health fairs, or defibrillators?
- Furniture, door mats, murals, banners, display cases, clinic/nurse supplies, school nurses, rock climbing walls, bike racks or custom or outdoor signs?
- Library equipment, library supplies or yearly campus library budget; laminating machines; library books unrelated to the SCE program?
- Gifts, promotional items, memorabilia, or souvenirs for staff, students, parents, administrators, coaches, board members or community (such as T-shirts, caps, tote bags, key chains, imprinted pens)?
- Meals, snacks, bottled water, or food costs? Meals for parents? Meals for board members?
- Athletics, PE teachers, PE aides, PE, playground equipment or gym equipment, sport uniforms or megaphones?
- "Supplemental" positions or duties **not associated to intensive instruction**, such as crossing guards, nurses, librarians, counselors, parent/community liaisons, psychologists, central office personnel, assistant principals?
- Staff development unrelated to the SCE program? Visiting teachers?
- Family/Adult literacy programs, Parent Involvement/Family/Community/Youth Centers? GED/ adult basic instruction? Testing of gifted and talented students, special education students or other programs unrelated to the SCE program?
- Backpacks, student handbooks, student ID badges, yearbooks, school newspaper or campus marquee?
- Entertainment, recreation, reward trips, social events or proms?
- Reward trips, or trips to amusement parks, restaurants, swimming pools or theater?
- UIL, music, fine arts, cheerleading or athletic events?
- Lawn maintenance, pest control? Fire alarm inspections? Plant maintenance?
- Custodial Staff, Supplies/Equipment/Uniforms?
- Stipends- such as UIL, department head, subject area, LEP, and sports?

No. The services **must be part of delivery of academic instruction supplemental to the regular program and be reflected in the comprehensive needs assessment**. In contrast, programs such after school tutoring for students at risk of dropping out of school would qualify. **Additionally, all costs must be reasonable and necessary**. **NOTE:** This answer also applies to using SCE funds on a Title I, Part A schoolwide program.

99. May SCE (52% direct cost) funds be used to purchase incentives?

Although not specifically addressed in the Financial Accountability System Resource Guide or the Texas Education Code, incentives are allowable only when reasonable in cost and when necessary to accomplish program objectives as noted in the campus improvement plan.

Program incentives and awards are an important part of conducting program activities. However, schools should examine closely the type of incentives or awards given to students for program participation in order to ensure the award or incentive does not appear to be a gift because gifts, or items that appear to be gifts, are prohibited by the state constitution.

Acceptable awards and incentives include certificates, plaques, ribbons, and small trophies nominal in cost, or inexpensive instructionally related items such as pens/pencils to be used in the classroom.

When faced with the question of whether certain positions, programs, strategies or activities may possibly be funded with SCE dollars, the district must keep in mind that purpose of the SCE program is to improve student performance through direct instructional services to students at risk of dropping out of school. The more removed services are from the student, the more the resources are diluted and the more difficult it becomes for the school district to defend and evaluate the use of the SCE funds and justify the effectiveness of the program in improving student performance. All expenditures using SCE funds must be reasonable and necessary. It helps to determine if the expenditure is reasonable by picturing the district having to justify the expenditure to an auditor. Accordingly, school personnel need to ensure that all requests for incentives meet the guidelines listed above to refrain from having an audit concern and being required to repay funds for inappropriate expenditures.

100. Why do auditors inspect the time of expenditures?

Auditors always scrutinize the time of expense. For example, if a district expends funds at the end of the school year (i.e., field trips, electronic equipment, supplies); auditors will question how the delayed expense raised academic standards? If it is noted that large purchases or large expenses were made at the end of the school year, it appears that the district/campus did not carefully plan how these funds were to be spent to benefit the needs of the students. Therefore, districts are advised to carefully plan the use of SCE funds and maintain auditable to substantiate the cost of all SCE funded activities.

101. May State Compensatory Education Funds be used to pay the salary for a school social worker?

Yes. SCE funds may be used to pay the salary for a school social worker. In accordance with TEC §29.081, SCE funds may be used for costs of a school social worker to assist a school with preventing students from dropping out of school and to improve academic performance for students at risk of dropping out of school.

When the Campus Improvement Plan documents a need for school social worker services based on a campus needs assessment, school districts may employ social workers as supplemental staff to the regular education program in accordance with TEC §42.152. School social workers may be employed with SCE funds on a campus or in an alternative setting, such as a credit recovery program, to address identified student needs including social, emotional or societal factors that impact a student's academic success. SCE-funded school social worker services must be provided in coordination with academic instruction in order to improve student achievement for at-risk students who are struggling to succeed in school, including serving former dropouts who return to complete an academic program.

A social worker is licensed by the Texas State Board of Social Work Examiners and is bound by a professional Code of Ethics. A school social worker may provide supplemental social worker services in order to increase the capacity of at-risk students to benefit from the instructional program, to help students meet state academic standards and to assist the school with implementing research-based strategies to improve student achievement such as:

- working collaboratively with faculty on a student support team addressing social and emotional needs of at-risk students;
- connecting students with community mental health and behavioral health services, and providing related supportive services, to remove barriers to academic success;
- providing direct individual and group counseling or crisis intervention services based on identified student needs which impact student performance;

- conducting related consultation with instructional staff regarding student strengths and needs in the academic program;
- conducting home visitations to engage parents in improving at-risk student academic achievement;
- coordinating with community organizations to access evidence-based resources for at-risk students such as adult advocates, academic support services, mentoring, tutoring or services to improve social skills in the classroom; and,
- Implementing related evidence-based strategies designed to prevent at risk students from dropping out of school that are documented in a campus needs assessment and campus plan.

School social workers are supplemental and are not state mandated roles in schools. The primary responsibility of the school social worker must be to provide direct services to students at-risk of dropping out of school. Care must be taken to ensure that school social workers do not perform administrative duties in the school building. School social workers may participate in campus needs assessment for at-risk students, direct program planning and development activities that supplement the instructional program for at-risk students.

School social workers funded with 100% SCE funds may not perform functions which are unallowable with the 52% direct cost category for the SCE program, such as lunch duty, hall duty, bus duty, or testing. They may not function in the role of the school guidance counselor related to guidance, assessment or administrative activities that benefit the overall regular education instructional program in accordance with the primary school counselor duties in TEC Chapter 33. School social workers may not function in the role of the parent liaison, the community liaison, the truant officer, safety officer or court liaison required by TEC Chapter 37 or any another legislatively mandated duty with SCE 52% funds.

Aligned with state auditing requirements for all other SCE funded positions, a job description is required for school social workers. The position description must indicate that the SCE funded school social worker has the primary duty of working with students at-risk of dropping out of school. The district must demonstrate that school social worker services paid for by SCE funds are provided to at-risk students and are supplemental to other available guidance and counseling services, such as with a personnel activity report. Time and effort must be on file if the position is not 100% SCE funded. Auditable supporting documentation for payroll is required in accordance with the TEA Financial Accountability System Resource Guide.

102. With the revisions to HB 3 can school districts still use SCE funds for accelerated instruction?

Yes.

103. Is TEC 29.081, Compensatory, Intensive and Accelerated Instruction, only applicable to LEAs that are receiving State Compensatory funds?

No, a program serving students at-risk of dropping out **is mandated by law** whether or not you receive SCE funds.

104. When are the SCE District and Campus Improvement Plans (D/CIPs) due to the agency?

The D/CIPs should be submitted no later than the 150th day after the last day permissible to send data for the PEIMS data FINAL Midyear resubmission 2. This will not necessarily fall on the same date each year.

105. For the at-risk criteria that states “resided in the preceding school year or resides in the current school year in a residential placement facility in the district, including a detention facility, substance abuse treatment facility, emergency shelter, psychiatric hospital, halfway house, or foster group home” how would you define the term resided? What documentation should we require?

The term “resided” is defined as staying overnight at any of the facilities listed. Even one night is sufficient criteria to list the student as at-risk for the following two years.

Districts must have a report from a facility or note from a counselor or social worker on letterhead states the admission/release dates of the student.

106. Is the residential placement facility, including a detention facility, substance abuse treatment facility, emergency shelter, psychiatric hospital, halfway house, or foster group home that the student resided in required to be in the district boundaries?

No, the location of a facility does not affect a student's at risk status. If a student resides or resided in one of the facilities listed above during the current or preceding school year, the student is at risk and that at risk status is valid for two years after the date of their release from the facility.

Districts must have a report from a facility or note from a counselor or social worker on letterhead states the admission/release dates of the student.

107. Under House Bill 5 high school students are now required to pass five State of Texas Assessments of Academic Readiness (STAAR®) end-of-course exams to meet the new graduation requirements. There are exams that are no longer being required, however, some students were classified as at-risk based on their failure on the assessments that are no longer in use. Are the students that failed assessments that are no longer offered still at-risk under TEC §29.081(d)(3)?

A student who was identified as at risk based on this category last year should continue to be identified as at risk this school year, but the at risk status should be removed at the end of this school year.

The LEA should also determine whether the student meets any of the other criteria under TEC §29.081(d). An LEA should also review local eligibility criteria adopted by the board of trustees in accordance with TEC §29.081(g) to determine whether the student is eligible for services/supports.

ADDITIONAL INFORMATION

When faced with the question of whether a certain position, program or activity may possibly be funded with SCE dollars, keep the following in mind:

- The purpose of the SCE program is to improve student performance through direct instructional services to students at risk of dropping out of school.
- The more removed services are from the student, the more the resources are diluted and the more difficult it becomes for the school district to defend the use of the SCE funds and justify the effectiveness of the program in improving student performance.
- LEA's are prohibited from using FSP SCE resource allocations for students at risk of dropping out of school to supplant resource allocations for the regular education program.

Ensure that positions funded with SCE:

- provide direct instruction/services to at-risk students tied to foundation curriculum;
- are supplemental to the basic instructional program; and are identified in the district and campus improvement plan and meet a need identified in the comprehensive needs assessment.

Keep in mind:

- Any program activity, program personnel, or program materials required by federal law, state law or State Board of Education rule may not be funded with SCE funds.
- SCE funds must be used to provide support programs and/or services that supplement the regular education program so that students at risk of dropping out of school can succeed in school. Simply because a district may need more of a certain position or a position may appear "supplemental" to the district's budget does not mean that this position is supplemental to the SCE program.
- LEAs are required to evaluate the effectiveness of their designated SCE program and include the results of this evaluation in the district improvement plan or the charter school instructional plan. Accurately determine which funded strategies are successful at raising academic standards.

- SCE resources must be redirected when evaluations indicate that programs and/or services are unsuccessful in producing desired results for students at risk of dropping out of school.
- All costs must be reasonable and necessary.

Additional SCE Questions:

- **SCE Program, student identification & the 110% calculation**—consult with your ESC SCE contact
- **D/CIPs**—contact your ESC SCE contact
- **SCE audits**—contact the Division of Financial Compliance at 512-463-9095
- **D/CIPs submission**—contact Paul Moreno in the Division of Financial Audits at 512-463-9095
- **SCE Funding Allocations**—contact the Division of State Funding at 512-463-9238
- **Questions regarding the SCE program**—contact your SCE ESC contact or the Division of Financial Compliance at 512-463-9095.
- **Questions regarding the Title I program**—consult with your ESC Title I contact or the NCLB Division at 512-463-9374

Additional WEB Links

- **Summary of Finances** – www.tea.state.tx.us/school.finance/funding/sofweb3.html
- **Financial Accountability System Resource Guide Version 14.0**
<http://www.tea.state.tx.us/index4.aspx?id=1222>
- **High School Allotment Program** - <http://www.tea.state.tx.us/index4.aspx?id=4181>
- **NCLB Program Coordination** – www.tea.state.tx.us/nclb/
- **Texas Education Code** – <http://www.statutes.legis.state.tx.us/>
- **Texas Homeless Education Office** – www.utdanacenter.org/theo/
- **Dropout Prevention Site** - <http://www.tea.state.tx.us/dpchse/>
- **Comprehensive Needs Assessment Overview** - [tp://portal.esc20.net/portal/page/portal/NCLB/CNA.htm](http://portal.esc20.net/portal/page/portal/NCLB/CNA.htm)
- **TEA** – www.tea.state.tx.us/
- **Regional Education Service Centers (ESCs)** – www.tea.state.tx.us/ESC/
- **Chapter 37 / Discipline - Law and Order** - <http://www.tea.state.tx.us/index2.aspx?id=6653>
- **Division of Financial Compliance Web page** - <http://www.tea.state.tx.us/index4.aspx?id=3819>
- **SCE presentations**- <http://www.tea.state.tx.us/index4.aspx?id=4138>
- **TEA MAILING LIST WEBPAGE** & select **FINANCIAL COMPLIANCE** from the dropdown menu http://miller.tea.state.tx.us/list/SUBSCRIBE_TO_OUR_MAILING_LIST – go to the

Campus Improvement Plan/Charter School Instructional Plan Information –

In addressing the needs of students at risk of dropping out of school, the state compensatory education program must be addressed in the comprehensive needs assessment and be described in the campus improvement plan if the program is implemented at the campus level or be described in the district improvement plan if the state compensatory education program is implemented district wide. **The district/campus improvement plan or charter instructional plan, as appropriate, must also include the following:**

- **Comprehensive needs assessment** - conducted to identify the strengths and weaknesses of existing programs, practices, procedures, and activities; ensures the use of resources is carefully planned, supplemental and cost effective
- **Total amount of state compensatory education funds allocated for resources and staff**
- **Identified strategies** – specific strategies aligned with the comprehensive needs assessment
- **Supplemental financial resources for state compensatory education** - indication of the approximate dollar amounts for activities and/or strategies
- **Supplemental FTEs for state compensatory education** - shown for SCE activities involving personnel at both the district and campus level
- **Measurable performance objectives** - based on needs assessment data and stated in terms of what the student is expected to do, and stated in terms of measurable and/or observable behavior to ensure that the plan is resulting in academic improvement

- **Timelines for monitoring strategies and reaching goals** – specific schedule for data collection during the school year. This should be written in incremental units such as every three weeks, every month, (not August through May or “ongoing”), each semester, etc.
- **Formative and summative evaluation criteria** – Formative evaluation is the assessment of progress *during instruction for purposes of determining* whether students are learning or whether the instruction needs to be modified. Formative evaluation answers the question *Is the student learning, and if not, what needs to be changed?* The purpose of formative evaluation is to inform instruction and enable intervention when a student is not progressing. This evaluation strategy is especially important for at-risk students. For many teachers, progress monitoring is summative, *not formative*. *Summative evaluation takes place after instruction*. Summative evaluation answers the question *Has the student learned?* The purpose of summative evaluation is to judge or grade the success of the strategy.

The plans for evaluating and monitoring improvement efforts are a critical component of the district comprehensive needs assessment. Inferences about the effectiveness of strategies and interventions can accurately be made, if it has been determined with a reasonable degree of certainty, that strategies have been implemented as designed. By analyzing what is working and what is not working to improve student achievement, LEAs can focus resources on the strategies and goals that will most likely impact student achievement.

Refer to next page for additional information.

IDENTIFIED STRATEGIES- <i>are aligned with the comprehensive needs assessment –strategies developed to meet identified needs</i>	SUPPLEMENTAL FINANCIAL RESOURCES – <i>What is the funding source?</i>	SUPPLEMENTAL FULL-TIME EQUIVALENT (FTEs)*	MEASURABLE PERFORMANCE OBJECTIVES – <i>based on identified need</i>	TIMELINES FOR MONITORING STRATEGIES – <i>for completing the activity</i>	FORMATIVE EVALUATION- <i>informs both teachers and students about student understanding at a point when timely adjustments can be made.</i>	SUMMATIVE EVALUATION – <i>has the finalized need been met? What was analyzed to measure the results?</i>
<p>A strategy is a plan of action designed to achieve a particular goal. Planned methods or techniques for facilitating and enhancing learning. The activities/ strategies should be specific. A specific strategy builds in the criteria you will use to evaluate your success. The activities/ strategies should be evaluated (formatively) at increments during the school year. Note: August–May is not an increment</p>	<p>Indicate the actual dollar amounts for activities and/or strategies. Indicate HOW these specified funds are supplemental and how the intended benefit will be measured for effectiveness.</p> <p>*The aggregate amount must be disclosed for each campus in accordance with State Board of Education rule, Title 19, Texas Administrative Code (TAC), Section 109.25.</p>	<p>FTEs must be shown for SCE activities involving personnel at both the district and campus level. Indicate how each position is supplemental to the basic instructional program. Indicate HOW these specified positions are supplemental and how the intended benefit will be measured for effectiveness.</p> <p>*The aggregate amount must be disclosed for each campus in accordance with State Board of Education rule, Title 19, Texas Administrative Code (TAC), Section 109.25.</p>	<p>Measurable student performance objectives based on the needs assessment data. Objectives stated in terms of what the student, learner will do, rather than what the campus, or instructor will do. Measurable goals do not contain words that cannot be measured such as demonstrate, understand, comprehend, improve, etc. How will you know if a child or has improved or comprehends material? You will measure it by observing a behavior, thus the behavior should be stated in the goal.</p>	<p>Schedule for data collection during the school year. Timelines should indicate <u>when</u> progress toward the objective will be monitored. This should be written in incremental units such as every three weeks, every month, (not August though May or “ongoing”) each semester, etc. Effective strategies are key.</p>	<p>Used to control, assure or improve the quality of performance or delivery. Includes periodic measures that are utilized during the actual implementation of the interventions or strategies. Example: Collecting continuous feedback from participants in a program in order to revise the program as needed – concerned with program improvement. Examples: weekly check of lesson plans, weekly and/or six weeks evaluation of student projects and/or subject grades, regular inspection of attendance records, examination of semester passing rates, etc. The formative evaluation and the time increments should be specified as well as indicating who will be responsible for monitoring the activity.</p>	<p>Summative evaluations provide overall effects & program accountability. These measures summarize the cumulative results for the year; is a method of judging the worth of a program at the end of the program activities. Analysis of the outcome is conducted – concerned with the final judgment of success. Examples: summaries of annual performance reports, summaries of parent surveys, summaries of staff development evaluations, pass/failure rates, attendance/drop summary reports, etc.</p> <p>NOTE: <i>The more we know about individual students as they engage in the learning process, the better we can adjust instruction to ensure that all students continue to achieve by moving forward in their learning.</i></p>

9. Compensatory Education Guidelines, Financial Accounting Treatment, and an Auditing and Reporting System

Update 14

A MODULE OF THE

TEXAS EDUCATION AGENCY FINANCIAL ACCOUNTABILITY SYSTEM RESOURCE GUIDE

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Note: This document is formatted primarily for use on the Internet. Certain underlined passages may appear in the paper format representing hyperlinks to sites on the Internet that are provided for the benefit of individuals reading this document in an electronic format.

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9. Compensatory Education Guidelines, Financial Accounting Treatments, and an Auditing and Reporting System

9.1 Introduction

Over the last two decades, state compensatory education has experienced many changes that have affected the delivery of educational programs to educationally disadvantaged students. An objective of this volume of the Financial Accountability System Resource Guide is to provide detailed information that will assist local school officials' understanding of the numerous options for use of the state compensatory education allotment. Foremost, the intent of this volume of the Resource Guide is to explain various components of the state compensatory education auditing and reporting system required by [Section 42.152\(q\)](#), Texas Education Code (TEC).

All rules in this guide pertain to all local educational agencies (LEAs), including school districts, charter schools and any other public authority that receives State Compensatory Education funds.

9.1.1 History of Texas State Compensatory Education (1975-2007)

In Texas, state compensatory education began with the passage of House Bill 1126 in 1975. This bill provided a state compensatory education allotment titled "Support for Educationally Disadvantaged Pupils." Districts were required to be eligible for federal Title I monies in order to receive state compensatory education funds. In the 1976-77

school year, school districts were required to submit a coordinated plan to the Texas Education Agency on their use of federal and state compensatory education dollars. The use of state compensatory education monies paralleled federal requirements, such that state compensatory education funds were defined as supplemental to other state and local monies and were mandated to be spent on identified students. Districts were required to apply for state compensatory education funds through a consolidated application that included the federal Title I, Part A, and Title I, Part C (Migrant) programs. Accountability measures for use of state and federal compensatory education funds were identical.

In 1977, the Texas Legislature repealed the law linking federal and state compensatory education funds, but retained the requirement that state compensatory education dollars be allocated based on the number of Title I students in a district. Additionally, State Board of Education rules were passed which allowed greater local flexibility in the use of state compensatory education monies. The goal of the state compensatory education program was defined as bringing students at risk of dropping out of school up to grade level with respect to basic academic skills.

In 1979, the Texas Legislature redirected the focus of the state compensatory education program. This redirection included the following changes: (1) funding was to be based on the best six months' enrollment from the preceding school year (October – September) of students participating in the federal free and reduced-price lunch program; (2) a statewide basic skills assessment program was implemented in order to measure student academic achievement; (3) districts were required to use student performance data from the state-mandated basic skills tests to design and implement compensatory education services and programs; and (4) districts were to be held accountable for local use of state compensatory education monies. These changes provided a clear linkage in state law between state compensatory education funding and services.

Between 1979 and 1983, several major changes occurred in the state compensatory education program. The funding allotment was raised and continued to be based on the best six months' enrollment from the preceding school year (October – September) of students participating in the federal free and reduced-price lunch program. Additionally, the Texas Legislature required that student performance data be used in designing and implementing local compensatory education programs. The State Board of Education rules on compensatory education were revised to eliminate ties to federal compensatory education funds. The application requirement was removed and replaced by a mandate that districts file a statement of intent. Allowable expenditures were redefined to include instructionally related activities. Non instructional and administrative expenditures were prohibited. Use of compensatory funds for construction and equipment was also limited.

House Bill 72, Texas' 1984 education reform legislation, included additional changes to the state compensatory education program. The compensatory education allotment was significantly increased, from approximately \$50 million to more than \$300 million per year. The distribution of funds continued to be based on the number of students in the

federal free-and reduced-price lunch program. House Bill 72 provided additional flexibility in local use of compensatory education dollars. Tutorial, early childhood, and basic instruction programs were targeted as top priorities. Funds were designated to be used for direct instructional costs, with a maximum of 35 percent to be used for program administration. The indirect cost percentage was reduced to 15 percent by the State Board of Education in 1985.

Under House Bill 72 (TEC §21.557), school districts were to use results from the state testing program and achievement tests administered by the LEA to design and implement appropriate compensatory or remedial instructional services for secondary students who had not performed satisfactorily on each section of the state assessment instrument and students at all grade levels whose achievement test scores fell below a standard set by the State Board of Education. School districts were required to submit an annual report to the commissioner of education that described compensatory instructional services on each campus.

In 1987, the legislature adopted House Bill 1010, the state's first comprehensive dropout reduction bill. The new law required school districts to provide compensatory programs for students at risk of dropping out of school and to designate one or more at risk coordinators. School districts were required to provide remedial and support programs for any student whose achievement test score fell below a standard established by the State Board of Education or who was at risk of dropping out of school. Criteria for identifying students at risk of dropping out of school in grades 7-12 were defined in the statute. Remedial and support programs were mandated to include an evaluative mechanism that documented the effectiveness of each school district's education program in reducing the dropout rate and increasing student achievement.

In 1990, a special called session of the Texas Legislature added the term "supplemental" to the existing state law which required school district compensatory education programs and services.

The State Board of Education then recommended to the Texas Legislature that the term "supplemental" be deleted from the law. The concern was that requiring that state funds be used for supplemental programs and services would preclude complementary use of state compensatory education and federal Title I, Part A funds.

The 1990-91 school year was used as a transition year prior to implementation of the new legislation. School districts were required to adopt policies for remedial and compensatory education programs which specified eligibility requirements, the programs and services to be provided, and a plan for coordinating federal, state, and local funds.

House Bill 2885, as passed by the Texas Legislature in 1991, amended the Texas Education Code. The law removed the term "supplemental" from state compensatory education and required that state compensatory education funds be used to improve and enhance programs and services funded under the regular education program.

As a result of these legislative changes, in July 1991, the State Board of Education adopted additional criteria to assist districts in identifying students at risk of academic failure. The additional criteria allowed districts to use environmental, familial, economic, social, developmental, and other psycho-social factors that may contribute to the student's ability to progress academically.

In 1995, the Texas Legislature passed Senate Bill 1, which was a complete rewrite of the state education code. Senate Bill 1 required the State Board of Education to repeal all board rules adopted before May 30, 1995, including existing rules on state compensatory education.

In 1997, Senate Bill 1873 amended Section 42.152 of the Texas Education Code and placed new restrictions on compensatory education. The bill required the design and implementation of reporting and auditing systems that ensure monitoring of school districts for appropriate use of compensatory education allotment funds. Appropriate use of compensatory education allotment funds has been defined as instructional programs that improve or enhance the regular educational program and costs that are supplementary to the regular education program. Additionally, the Texas Education Agency received an interpretation of legislative intent concerning Senate Bill 1873, stating that alternative education programs are supplemental per se in relation to the regular education program. According to the statute, the State Board of Education is to be assisted by the State Auditor's Office and Comptroller's Office in the design and implementation of this reporting and auditing system. The reporting and auditing system must be developed by August 1, 1998. This document describes the reporting and auditing system required by Senate Bill 1873.

In 2001, Senate Bill 702 amended the Sections of the Texas Education Code that govern the State Compensatory Education Program, enacting significant changes to statutory provisions that applied to accelerated, intensive and compensatory instructional programs. The bill amended the state criteria for identifying students that are at risk of dropping out of school, adding significant flexibility in the use of the allotment because a larger population of students would be identified as "at risk of dropping out of school," under Texas Education Code Section 29.081. The bill also enacted a 10% ceiling for use of the state compensatory education allotment to serve students under local criteria adopted by the local board of trustees (10% of the number of students who met the State criteria for at risk of dropping out of school that were served in the prior school year). The bill enacted an 18% ceiling for use of the allotment to fund basic costs of disciplinary alternative education programs, and prohibited use of the allotment to fund the basic costs of non disciplinary alternative education programs. Also, all school districts and charter schools were required

to enter into an agreed-upon procedures engagement with an independent auditor for the purpose of testing compliance with statutory requirements for state compensatory education during school year 2001-2002.

In 2003, House Bill 3459 amended the Sections of the Texas Education Code that govern the State Compensatory Education Program, enacting additional flexibility, and rescinded the annual requirement to submit an agreed-upon procedures report to the Texas Education Agency (the annual report was not required for school year 2002-2003 and subsequent school years, although certain school districts and charter schools will be specifically directed to obtain a local audit, in accordance with the requirements of the risk assessment process in the Financial Accountability System Resource Guide). HB 3459 retroactively amended the Texas Education Code by adding subsection 42.152(c)(3), which allows use of the compensatory education allotment to fund costs that are attributed to programs that are specifically designed to serve students at risk of dropping out of school, as defined by Texas Education Code Section 29.081. Thus, the addition of Subsection 42.152(c)(3) provides flexibility in use of the state compensatory education allotment for funding the basic costs of programs that are specifically designed to service students at risk of dropping out of school, as described in district improvement plans and campus improvement plans, and charter school instructional plans. The bill also lowered the required threshold percentage for low income students on a campus to 40% (or greater), which will permit expanded use of the state compensatory education allotment to supplement schoolwide components of federal No Child Left Behind projects. The bill also enacted provisions for an electronic reporting and auditing system, which will be used by the TEA to assess risk factors for noncompliance and/or reporting deficiencies. The assessment of risk factors by the TEA will be the basis for directing certain school districts or charter schools to have a local audit of state compensatory education programs, in accordance with the provisions in the Financial Accountability System Resource Guide.

House Bill 1691 of the 78th Legislature also amended Section 42.152 of the Texas Education Code to allow charges to the state compensatory education allotment (in proportion to the percentage of students that meet the criteria in Section 29.081(d) or (g)) for programs that serve students that are enrolled in accelerated reading program under Section 28.006(g) or that are enrolled in a program for treatment of students who have dyslexia or a related disorder as required by Section 38.003.

Senate Bill 16 of the 78th Legislature also amended Subchapter C, Chapter 29, of the Texas Education Code, by adding Section 29.089, relating to mentoring services. According to Section 29.089, programs that provide mentoring services to students at risk of dropping out of school, as defined by Section 29.081, are also eligible to be charged to the state compensatory education allotment.

The electronic reporting and auditing system implemented in Update 11 of the Financial Accountability System Resource Guide assesses the risk that schools did not use the state compensatory education allotment “to fund supplemental programs and services designed

to eliminate any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39, or disparity in the rates of high school completion between students at risk of dropping out of school, as defined by Section 29.081, and all other students (see Texas Education Code Section 42.152(c).” One primary purpose of the risk assessment activities by TEA staff (see Exhibit 7) is to test whether the school district or charter school complied with this general requirement for the expenditure of the supplement funds from the SCE allotment. In most all instances, schools will not be burdened in the future with the cost of obtaining a separate audit of state compensatory education, if only effective strategies, programs and activities are supported by the SCE allotment.

In 2009, House Bill 2703 of the 81st Legislature added a provision to §29.081 (added Subsection (d-1) to §29.081, Education Code) that changed the compensatory education definition of “student at risk of dropping out of school” by excluding a student who did not advance from prekindergarten or kindergarten to the next grade level only as the result of the request of the student’s parents. Previously the law under §29.081(d)(1) included in the compensatory education definition of “student at risk of dropping out of school” any student who was not advanced from one grade level to the next.

In House Bill 3646, Section 52 of the bill amended Section 42.152(c), Education Code. This section amended the indirect cost allotment for the compensatory education allotment from 15 to 45 percent. In Section 53 of the bill, a new category of compensatory education, funding for the military dependent allotment was established. Section 53 of the bill amends Section 42.152, Education Code, by adding Subsections (s), (s-1), (s-2), and (s-3) to provide a compensatory education allotment of \$650 per ADA for students who have a parent or guardian on active duty in a combat zone and for students who have a parent or guardian on active duty who have transferred to a school district as a result of a change related to an action taken under the Defense Base Closure and Realignment Act of 1990. Districts would be permitted to use this funding only to serve eligible students. Funding may be provided only if funds are specifically appropriated for that purpose or the commissioner determines that a surplus exists in the appropriation for the Foundation School Program (FSP). The amount appropriated for this purpose may not exceed \$9.9 million. If the total amount of allotments exceeds the available appropriation, the commissioner is required to reduce each district’s allotment proportionately.

9.1.2 Summary of Filing Requirements

What

Regarding the electronic reporting requirements in this section, a school district or charter school will submit through a Texas Education Agency Secure Environment (TEASE) AUDIT account:

1. the district improvement plan, and
2. two campus improvement plans (instructional plans from charter schools) for the campuses that had the highest percentages of students at risk of dropping out of school
 - Of the two campus improvement plans to be submitted, at least one campus improvement plan is to be submitted for a non-Title I schoolwide campus, if any, that had the highest percentage of students at risk of dropping out of school).
 - Campus improvement plans must also be submitted electronically for **all** campuses that received low performing academic accountability ratings for the previous school year; therefore, it is possible that a district may file more than 2 plans.
3. the local evaluation of state compensatory education strategies, activities and programs is required for a school district or a charter school that:
 - had **any** low performing campuses or
 - reported more than 59% at risk students for the previous school year

The electronic submission of any of these documents will only apply to school districts and charter schools whose state compensatory education allotment (as reported under the District Planning Estimate (DPE) or Legislative Planning Estimate (LPE) column on the Summary of Finances) was \$500,000 or more for the previous fiscal year. NOTE: Ensure all plans include required information as regulated in state law, TEC Sections, 11.251-253.

When

The district improvement plan, campus improvement plan(s) (for school districts) or instructional plan (for charter schools) and the local evaluations (for both school districts and charter schools) are to be submitted not later than the 150th day after the last day permissible to send data for the PEIMS data FINAL Midyear resubmission 2. Typically, the last day for the PEIMS data FINAL Midyear resubmission 2 occurs in the latter part of February; therefore, the 150th day falls in late July.

How

The plan(s) and evaluation are to be submitted in Adobe Acrobat® pdf file through a Texas Education Agency Secure Environment (TEASE) AUDIT account. File naming and submission instructions are outlined in the Electronic Reports Submission Standards which can be found on the [School Financial Audits](#) web page on the Texas Education Agency web site.

Example Timeline:

February 19, 2009 – last date for resubmitting midyear data for school year 2007-08

July 19, 2009 – 150 days after PEIMS resubmission; due date for electronic reports for school year 2007-2008

As noted above, the 150th day falls in late February; the due date for the submission for plans and evaluations will thus fall in late July. The agency would therefore accept plans through the last Friday of the month of July.

9.2 Guidelines for Compensatory Education Programs

Under Section 29.081 of the Texas Education Code (TEC), compensatory education is defined in law as programs and/or services designed to supplement the regular education program for students identified as at risk of dropping out of school. The purpose is to increase the academic achievement and reduce the dropout rate of these students.

9.2.1 Compensatory Education Goals

The goal of state compensatory education is to reduce any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39 TEC, or disparity in the rates of high school completion between students at risk of dropping out of school and all other LEA students (TEC [Section 29.081](#)).

9.2.2 Compensatory Education Objectives

State compensatory education funds were authorized by the legislature to provide financial support for programs and/or services designed by LEAs to increase the achievement of students at risk of dropping out of school. State law, [Section 29.081, TEC](#), requires LEAs to use student performance data from the state's legislatively-mandated assessment instrument known as the Texas Assessment of Knowledge and Skills (TAKS) tests and any other achievement tests administered under Subchapter B, Chapter 39, of the Texas Education Code, including norm-referenced tests approved by the State Board of Education to provide accelerated intensive instruction to students who have not performed satisfactorily or who are at risk of dropping out of school.

9.2.3 District/Campus Improvement Plans

Since school year 1992-93, [TEC Section 11.251](#) has required each LEA to have a district and campus improvement plan or charter instructional plan, as appropriate. The state compensatory education program must be described in the campus improvement plan if the program is implemented at the campus level or be described in the district improvement plan if the state compensatory education program is implemented district wide.

Additionally, [TEC Section 11.251](#) also requires that the board of trustees ensure that the LEA and all campus plans be developed, reviewed and revised annually for the purpose of improving the performance of all students. Annual board approval must ensure that the district and campus plans are mutually supportive to accomplish the identified objectives and support the state goals and objectives listed in [TEC Chapter 4](#).

State law requires the district/campus improvement plan; it is the primary record supporting expenditures attributed to the state compensatory education program.

The LEA must design the state compensatory education program based on the identified needs of students at risk of dropping out of school. In determining the appropriate accelerated, intensive compensatory programs and/or services, LEAs must use student performance data from the TAKS and other appropriate assessment instruments and achievement tests administered under Subchapter B, Chapter 39 of the Texas Education Code. In addition, the LEA must annually evaluate the outcomes and the plan's implementation to determine whether the academic achievement of all at risk students improved; whether the goals and objectives contained in the plan were achieved; and if the plan is still appropriate as written.

In addressing the needs of students at risk of dropping out of school, the state compensatory education program must be addressed in the comprehensive needs assessment and be described in the campus improvement plan if the program is implemented at the campus level or be described in the district improvement plan if the state compensatory education program is implemented district wide. The district/campus improvement plan or charter instructional plan,, as appropriate, must also include the following:

- Comprehensive needs assessment - conducted to identify the strengths and weaknesses of existing programs, practices, procedures, and activities; and ensures the use of resources is carefully planned, supplemental and cost effective
- Total amount of state compensatory education funds allocated for resources and staff
- Identified strategies – specific strategies aligned with the comprehensive needs assessment
- Supplemental financial resources for state compensatory education - indication of the approximate dollar amounts for activities and/or strategies
- Supplemental FTEs for state compensatory education - shown for SCE activities involving personnel at both the district and campus level
- Measurable performance objectives - based on needs assessment data and stated in terms of what the student is expected to do, and stated in terms of measurable

and/or observable behavior to ensure that the plan is resulting in academic improvement

- Timelines for monitoring strategies and reaching goals – specific schedule for data collection during the school year. This should be written in incremental units such as every three weeks, every month, (not August though May or “ongoing”), each semester, etc.
- Formative and summative evaluation criteria - Formative evaluation includes periodic measures that are utilized during the actual implementation of the interventions or strategies. The summative evaluation occurs at the end of the implementation period, to provide the overall project and process evaluation.

The plans for evaluating and monitoring improvement efforts are a critical component of the district comprehensive needs assessment. Inferences about the effectiveness of strategies and interventions can only be accurately made if it has been determined with a reasonable degree of certainty that strategies have been implemented as designed.

State compensatory education resources must be redirected when evaluations indicate that programs and/or services are unsuccessful in producing desired results for students at risk of dropping out of school.

LEAs are required to have local policies and procedures to identify:

1. Students who are at risk of dropping out of school under the criteria in [Section 29.081\(d\)](#), TEC;
2. Students who are at risk of dropping out of school under local criteria and document compliance with the 10% cap in [Section 29.081\(g\)](#), TEC;
3. How students are entered into the SCE program;
4. How students are exited from the SCE program;
5. The methodologies involving calculation of 110% satisfactory performance on all assessment instruments, in accordance with [Section 29.081\(d\)\(3\)](#), TEC; and

6. The cost of the regular education program in relation to budget allocations per student and/or instructional staff per student ratio.

LEAs must maintain current records to accurately document numbers of students at risk of dropping out of school.

Many LEAs utilize their regional education service centers (ESCs) to assist in the development of their district/campus improvement plans and charter school instructional plans. ESCs provide technical assistance to school districts and charter schools and can provide a wealth of information on best practices and model programs.

9.2.3.1 State Criteria for Identification of Students at Risk of Dropping Out of School

TEC [Section 29.081](#) defines the State criteria used to identify students at risk of dropping out of school.

A student at risk of dropping out of school includes each student who is under 21 years of age and who:

1. Is in prekindergarten, kindergarten or grade 1, 2, or 3, and did not perform satisfactorily on a readiness test or assessment instrument administered during the current school year;
2. Is in grade 7, 8, 9, 10, 11, or 12, and did not maintain an average equivalent to 70 on a scale of 100 in two or more subjects in the foundation curriculum during a semester in the preceding or current school year or is not maintaining such an average in two or more subjects in the foundation curriculum in the current semester;
3. Was not advanced from one grade level to the next for one or more school years; Note: prekindergarten or kindergarten students who did not advance to the next grade level only as the result of the request of the student's parents are excluded from this identification; effective school year 2009-2010.

4. Did not perform satisfactorily on an assessment instrument administered to the student under Subchapter B, Chapter 39, and who has not in the previous or current school year subsequently performed on that instrument or another appropriate instrument at a level equal to at least 110 percent of the level of satisfactory performance on that instrument;
5. Is pregnant or is a parent;
6. Has been placed in an alternative education program in accordance with Section 37.006 during the preceding or current school year;
7. Has been expelled in accordance with [Section 37.007](#) during the preceding or current school year.
8. Is currently on parole, probation, deferred prosecution, or other conditional release;
9. Was previously reported through the Public Education Information Management System (PEIMS) to have dropped out of school;
10. Is a student of limited English proficiency, as defined by [Section 29.052](#);
11. Is in the custody or care of the Department of Protective and Regulatory Services or has, during the current school year, been referred to the department by a school official, officer of the juvenile court, or law enforcement official;
12. Is homeless, as defined by 42 U.S.C. Section 11302, and its subsequent amendments; or
13. Resided in the preceding school year or resides in the current school year in a residential placement facility in the LEA, including a detention facility, substance

abuse treatment facility, emergency shelter, psychiatric hospital, halfway house, or foster group home.

The SCE program may also supplement the dyslexia program. [TEC Section 42.152](#) allows charges to the state compensatory education allotment (in proportion to the percentage of students that meet the criteria in Section 29.081(d) or (g)) for programs that serve students that are enrolled in an accelerated reading program under Section 28.006(g) or that are enrolled in a program for treatment of students who have dyslexia or a related disorder as required by [Section 38.003](#). Thus, only the portion of SCE funds used to supplement the dyslexia program for identified at risk students may be charged to SCE. Any other funds used to supplement this program for students who meet neither state or local criteria would have to come out of local funds or another fund source.

9.2.3.2 Local Criteria for Identification of Students at Risk of Dropping Out of School

Because the SCE funds cannot be used to serve students who are not identified as at risk of dropping out of school, “incidental inclusion” does not apply to the use of this grant; therefore, if the district wants to serve additional students who do not meet State criteria, the district may establish local criteria to serve the additional students.

In addition to serving students at risk of dropping out of school defined by state criteria, the LEA may serve students who meet local eligibility criteria if the local criteria have been adopted by the board of trustees of the LEA. The adopted criteria must be clearly defined in the district improvement plan for districts or the instructional plan for charter schools. However, the number of students receiving services under this subsection during a school year may not exceed 10 percent of the number of students who met the State criteria under Section 29.081 who received services from the LEA during the preceding school year.

The LEA must maintain current auditable documentation regarding the locally identified at risk students. Furthermore, the documentation indicating the compliance with the 10 percent cap must be maintained at the LEA level and addressed in the district/charter improvement plan. This is auditable data.

The LEA must also be able to explain that children identified under local criteria were added to a listing of children that were identified under [TEC Section 29.081](#). This means that the state compensatory education allotment may not be used to serve students on a particular campus, if the LEA has not identified any students on the same campus that meet any of the state criteria specified in TEC Section 29.081(d).

Students at risk of dropping out of school reported through PEIMS must meet the state criteria; students identified using local criteria are not reported through PEIMS.

9.2.4 Funding of Compensatory Education Programs under the Foundation School Program

Funding allocated for state compensatory education programs and/or services is based on the number of educationally disadvantaged students in the LEA. The number of educationally disadvantaged students is determined by averaging the best six months' student enrollment that qualifies in the national school lunch program for free- or reduced-price lunches in October of the preceding school year through September of the current school year. Districts are entitled to receive an additional annual allotment equal to the adjusted basic allotment multiplied by 0.2 for each student who is educationally disadvantaged. Districts are also entitled to receive an annual allotment equal to the adjusted basic allotment multiplied by 2.41 for each full-time equivalent student in a remedial and support program under TEC [Section 29.081](#) because the student is pregnant or a parent.

House Bill 3646, Section 52, 81st Texas State Legislature, Regular Session, amended Section 42.152(c), Education Code. This section amended the indirect cost allotment for the compensatory education allotment from 15 to 45 percent. Under [Title 19 Texas Administrative Code \(TAC\) §105.11](#), no more than 45 percent of the allotment may be spent on indirect costs related to state compensatory education. Indirect costs may be attributed in the General Fund to the following expenditure function codes: 34- Student Transportation; 41- General Administration; 81- Facilities Acquisition and Construction; and the Function 90 series of the General Fund, as defined in the Texas Education Agency [Financial Accountability System Resource Guide](#). The remaining 55 percent of the state compensatory education allotment must be spent on the LEA's identified state compensatory education programs and/or services.

School districts and open-enrollment charter schools that receive compensatory education program funding pursuant to this section are responsible for obtaining the appropriate data from families of potentially eligible students, verifying that information, and retaining records.

House Bill 2879 and Senate Bill 702, 77th Regular Legislative Session, amended the Education Code to provide an alternative state compensatory education allotment funding count for school districts and open-enrollment charter schools that do not participate in the national school lunch or breakfast programs (see [TEC §42.152\(b\)](#) as amended). The law allows the commissioner to adopt a counting method and rules for this alternative. The rules for the program can be found on the TEA School Finance web site at [Compensatory Education Allotment – Alternative Funding Procedures](#).

To assist districts and charter schools with gathering the proper income eligibility information for families, the following documents have been posted to the TEA web site at [Compensatory Education Allotment – Alternative Funding Procedures](#).

Districts and open-enrollment charter schools that receive the alternative compensatory education allotment are responsible for obtaining the appropriate data from the families of potentially eligible students, verifying the information, and retaining records. The agency will conduct an audit of the data submitted by districts and charter schools. As a result, records should be retained for a minimum of five years after the end of each school year.

9.2.4.1 Supplement/Not Supplant

SCE funds, other than the indirect cost allotment that may not exceed 45 percent, may be used only to meet the costs of providing

- (1) a supplemental compensatory, intensive, or accelerated instruction program under Section 29.081; or
- (2) an alternative education program established under Section 37.008; or
- (3) support to a program eligible under Title I of the Elementary and Secondary Education Act of 1965, as provided by Public Law 103-382 and its subsequent amendments, and by federal regulations implementing that Act, at a campus at which at least 40 percent of the students are educationally disadvantaged; or
- (4) a program specifically designed to serve students at risk of dropping out of school, as defined by Texas Education Code Section 29.081.

Supplemental Program under Section 29.081

SCE costs may supplement the costs of the regular education program and may be used for costs of programs and/or services that are supplemental to the regular education program and are designed for students at risk of dropping out of school. LEAs are prohibited from using FSP compensatory education resource allocations for students at risk of dropping out of school to supplant resource allocations for the regular education program.

The term regular education program applies to basic instructional services to which all eligible students are entitled. At a minimum, the Regular Education Program consists of the following required curriculum for each LEA that serves grades K-12:

A foundation curriculum that includes

- English language arts;
- Mathematics;
- Science; and
- Social studies, consisting of Texas, United States, and world history, government, and geography

Where regular education program allocations at certain campuses within the LEA are deficient compared to other campuses serving similar grade levels, the allocation of compensatory education budgetary resources to those campuses may be interpreted to have

supplanted necessary regular education services. TEA will rely upon data reported by districts through PEIMS to determine compliance with requirements in the Texas Education Code and State Board of Education rules contained in this Resource Guide. TEA may request additional data as necessary in order to clarify questions related to PEIMS data. Additionally, on-site visits will be conducted in some LEAs to further assess qualitative and quantitative questions about SCE Programs. If TEA determines that the LEA supplanted the regular education program, then financial penalties may apply to the LEA.

A majority of FSP compensatory education program expenditures are accounted for in the General Fund, under function code 11, Instruction. Other function codes account for additional instructional and non instructional-related activities. Transactions accounted for under various function codes are those transactions representing supplemental costs to the regular education program. Because all students are entitled to receive instructional services under a regular education program setting, instructional strategies that involve modification of the regular education program do not represent supplemental direct costs, unless incremental costs to the regular education program are demonstrated. Supplemental direct costs represent incremental costs, meaning that additional costs are involved above costs necessary to provide the regular education program. Standard staff and fiscal resource allocations must be documented for different grade levels for regular education, which are necessary to substantiate the attribution of supplemental resources for incremental staff and fiscal costs benefiting students at risk of dropping out of education that are documented in campus improvement plans.

All direct costs attributed to “a program specifically designed to serve students at risk of dropping out of school, as defined by Texas Education Code Section 29.081” are eligible to be charged to the state compensatory education allotment. “A program specifically designed to serve students at risk of dropping out of school, as defined by Texas Education Code Section 29.081,” represents a temporary special program placement or setting, such as a non disciplinary alternative education program, that provides special instruction or services for the period of time that the student is classified as at risk of dropping out of school. The district/campus improvement plans and the charter school instructional plans are to include a complete description and evaluation of the program and describe how students are entered and exited from the temporary special program placements or settings. Accordingly, the direct costs attributed to these placements or settings are eligible to be charged to the state compensatory education allotment.

Supplemental includes such costs as costs for program and student evaluation, including evaluations to assess the impacts or effectiveness of programs specifically designed to benefit students at risk of dropping out of school, supplemental instructional materials and equipment and other supplies required for quality intensive instruction, supplemental staff expenses, salary for teachers of students at risk of dropping out of school, individualized instruction, and reducing class size. Such costs must be reasonable and necessary for the success of the program.

House Bill 1691 of the 78th Legislature also amended Section 42.152 of the Texas Education Code to allow charges to the state compensatory education allotment (in

proportion to the percentage of students that meet the criteria in Section 29.081(d) or (g)) for programs that serve students that are enrolled in accelerated reading program under Section 28.006(g) or that are enrolled in a program for treatment of students who have dyslexia or a related disorder as required by Section 38.003.

Senate Bill 16 of the 78th Legislature also amended Subchapter C, Chapter 29, of the Texas Education Code by adding [Section 29.089](#), relating to mentoring services. According to Section 29.089, programs that provide mentoring services to students at risk of dropping out of school, as defined by Section 29.081, are also eligible to be charged to the state compensatory education allotment. Before the LEA provides a mentoring program, adequate planning and research must be conducted to determine what types of programs are capable of achieving the many goals, including improved academic performance and attendance in mentored youth. The LEAs should view the improvement of academic performance as a primary outcome of their efforts and it is imperative that programs implement proven, research-based best practices if they are to achieve their desired outcome. Furthermore, the mentoring program should align with the program intent of the State Compensatory Education program, with the objective of providing accelerated, intensive and compensatory instructional programs to students who are at risk of dropping out of school. As with all other services provided for students at risk of dropping out of school, a needs assessment must be conducted to aid in the development of the programs' scope of services. The analysis of the results of the assessment should provide the foundation that is critical in designing a program that can be integrated into raising the academic success of students at risk of dropping out of school.

Activities offered by the mentoring programs may include homework completion and assistance, supplemental academic classes, academic games and activities, computer-assisted instruction and educational games, educational board games, one-on-one tutoring, and reading, writing, and vocabulary activities. The What Works Clearinghouse (WWC) releases new intervention reports, topic reports, practice guides and quick reviews throughout the year. Use the *What's New* archive to browse releases from the past year. <http://ies.ed.gov/ncee/wwc/whatsnew/index.asp?Date=6/1/2009>

If the state compensatory education allotment is used to fund strategies in the campus improvement plan to reduce class size, the percentage of students (who do not meet the state eligibility criteria) that may benefit from this strategy under local eligibility criteria is limited to 10% of the number of students who met the state eligibility criteria and were served in the SCE Program in the preceding year.

Example: Grade four on Campus A meets the state mandated 22:1 class size requirement; however, based on the campus needs assessment, the campus determines that the class size in grade four on Campus A needs to be further reduced. Statistically, 50% of the students in grade four meet the state eligibility criteria for students at risk of dropping out of school and 2% meet the local eligibility criteria. Therefore, it is allowable for SCE to pay 52% of the supplemental salary and benefit costs for reducing class size in grade four on Campus A. **(The compensatory education allotment shall not be used to achieve the Foundation School Program student to teacher ratio requirement of 22:1) This rule**

also applies when these funds are used to upgrade the educational program on a Title I, Part A schoolwide campuses.)

Special Financial Accounting Rule for School Districts or Charter Schools with an Enrollment of Less Than 500 Students

The comprehensive needs assessment for small enrollment school districts and charter schools may often establish class size reduction as a primary strategy for state compensatory education program and reflect this strategy in the campus improvement plans (for school districts) or the campus instructional plans (for charter schools). Often, class sizes for all grade levels are significantly smaller than an average of 22 students per teacher for regular education). This characteristic of many small enrollment school districts and charter schools is the result of maintaining separate classrooms for all grade levels for academic programs (not including physical education). If a school district or charter school had less than 500 students enrolled during the entire school year, then the fiscal transactions for regular education (for regular education campus settings) may be allocated between Program Intent Codes 11 and 24, based upon the percentage of students at risk of dropping out of school on each campus to the total enrollment for each campus. A calculation of supplemental FTEs or fiscal resources in reference to a documented standard for regular education is not required in all school districts and charter schools covered by this special provision. Supplemental FTEs and fiscal resource amounts attributed to use of the SCE allotment will be disclosed in the district improvement plan, corresponding campus improvement plan, or the charter school instructional plan consistent with the methodology described above for allocating costs between Program Intent Codes 11 and 24.

Example: A small enrollment school district stated in its district and campus improvement plans that small class size is the primary strategy for state compensatory education. On one campus, the school district classified 25% of the students as risk of dropping out of school under the criteria in Texas Education Code Section 29.081 and local criteria adopted by the board of trustees (in accordance with the 10% limit in Section 29.081). Regular education program costs under Function Code 11, Instruction, for the campus were \$1,000,000. Costs allocated to Program Intent Code, 11 were \$750,000, and costs allocated to Program Intent Code 24, were \$250,000, in proportion to the percentage of students at risk of dropping out of school.

Alternative Education Programs

Under [TEC §42.152](#) (c)(3) a program specifically designed to serve students at risk of dropping out of school, as defined by TEC 29.081, is considered to be a program supplemental to the regular education program and a district may use its SCE allotment for such a program. Therefore, the costs of a non disciplinary alternative education program, thoroughly established and described in the comprehensive needs assessment and in the campus improvement plan, as a program specifically designed to serve students at risk of

dropping out of school (directly targeting students meeting state and local criteria in [TEC Section 29.081](#)) are eligible to be charged to the SCE allotment.

However, [TEC §42.152](#) (c)(1) states that in order to ensure that a sufficient amount of the SCE funds allotted to a district are available to supplement instructional programs and services, no more than 18 percent of the SCE funds allotted to a district may be used to fund a disciplinary alternative education program (DAEP) established under [TEC Section 37.008](#). Expenditures in excess of 18 percent require a state waiver, must be supplemental, and may only fund programs directly targeting students meeting state and local criteria in [TEC Section 29.081](#). The DAEP base line program and the supplemental program/services must be described in the campus/district improvement plan, as appropriate and must be submitted with the waiver for TEA review.

An approved annual state waiver is required prior to the use of more than 18 percent for supplemental compensatory education funds on disciplinary alternative education programs under [TEC Section 37.008](#). Upon an annual petition by a district's board and a district's site-based decision-making committee, presenting the reason for the need to spend supplemental compensatory education funds on disciplinary alternative education programs under [TEC Section 37.008](#), the commissioner may waive the 18 percent limitation. The LEA shall in its petition report the number of students in each grade level, by demographic subgroup, not making satisfactory progress under the state's assessment system. The DAEP base line program and the supplemental program/services must be described in the campus/district improvement plan, as appropriate and must be submitted with the waiver for TEA review.

Example: If a district's total SCE allotment is \$500,000, 45% of the allotment, which is \$225,000, may be used for indirect costs; 18% of the total allotment, which is \$90,000, may be used for providing DAEP base line services. The remainder of the LEA's 55% allotment (\$185,000) for direct services must be used to provide supplemental programs and services to students identified as being at risk of dropping out of school. These supplemental services must be supplemental to the regular education program.

Some school districts may contract with the county to operate a DAEP, which may be located in the same facility as the local juvenile justice alternative education programs (JJAEP). If the LEA's DAEP is contracted with the county, the LEA district may use the allowable 18% to provide the base level program of the DAEP under [TEC Section 37.008](#). SCE funds may not provide funding for expelled students in a JJAEP operated under [Section 37.011](#).

Additionally, SCE funds are not allowed to fund an In-School Suspension Program (ISS) because this is a disciplinary strategy used by a district or campus and does not meet the DAEP requirements stated in TEC Chapter 37. An In-School Suspension Program (ISS) also does not meet the intent and purpose of the SCE program in that SCE expenditures should directly relate supplemental instructional services that assist in improving the student's ability to learn the curriculum in order to perform at grade level.

Support of a Title I, Part A Program

The No Child Left Behind Act of 2001 mandates that schools receiving Title I funds must “use effective methods and instructional strategies that are based on scientifically based research that strengthen the core academic program in the school; increase the amount and quality of learning time, such as providing an extended school year before-and after school, summer programs and opportunities, and help in providing an enriched and accelerated curriculum; and include strategies for meeting the educational needs of historically underserved populations.

Schoolwide program schools use Title I funds to meet the needs of all students in the school, as determined through a comprehensive needs assessment. Individual students are not identified as eligible to participate. All school staff is expected to direct their efforts toward upgrading the entire educational program and improving the achievement of all students, particularly those who are low achieving.

State law provides flexibility with the use of SCE funds on Title I, Part A campuses at which at least 40 percent of the students are educationally disadvantaged. SCE funds used to support a Title I, Part A program must be part of the campus budget and all SCE expenditures must be tracked back to the SCE fund code, and all generally accepted accounting principles must be followed. As with Title I funds, SCE funds used to upgrade the educational program must also meet the same guidelines required of NCLB in that SCE funds may only be used to incorporate instructional strategies that scientifically-based research has shown are effective with teaching low-achieving students.

SCE funds may be used on a Title I, Part A Schoolwide campus to upgrade the educational program where the actual poverty percentage of the campus is 40% or greater as long as the SCE funds allocated to the campus are supplemental to the costs of the regular education program. To determine a campus’ poverty percentage, school districts will use the same auditable poverty data it uses for Title I, Part A for identifying Title I campuses in the NCLB Consolidated Application for Federal Funding, located on the Title I Campus Selection Schedule. The use of these funds must be described and evaluated in the schoolwide campus improvement plan.

Although activities conducted with SCE funds may be used to support the educational program of a Title I school, the campus must continue to receive its fair share of state and local funds for conducting the regular education program, and the intent and purpose of the SCE Program must still be met.

Furthermore, satisfactory justification must be provided to document that the expenses requested are reasonable in cost and are necessary to accomplish the objectives of the project. “Necessary to accomplish the objectives of the project” is interpreted as meaning that the project will not be successful without the expenditure of funds for certain items/purposes/activities.

The flexibility described above does not apply to Title I, Part A Schoolwide campuses that use the Title I, Part A feeder pattern to meet the 40% poverty threshold or the Title I, Part

A regulation which allows a campus that has operated as a schoolwide campus the previous year with a 40% poverty threshold to continue to operate as a schoolwide campus. In addition, this flexibility does not apply to Title I, Part A Schoolwide campuses that are schoolwide because of an Ed-Flex Waiver.

SCE funds may be used to support a Title I, Part A identified program on a Targeted Assistance campus where the poverty percentage is **40% or greater**. Students served in a Title I, Part A Program must meet the Title I eligibility criteria, as specified in the campus improvement plan, but are not required to meet the SCE eligibility criteria to use SCE funds to support the Title I, Part A Program.

On Title I, Part A Targeted Assistance campuses or Schoolwide campuses where the poverty percentage is **below 40%**, the flexibility offered to the Title I campuses above 40% or greater does not apply. On these campuses, SCE funds must be used to implement a supplemental SCE program. SCE funds may be used in conjunction with Title I funds, if appropriate. For example, on a Title I campus below 40% poverty, a teacher may be split funded between Title I and SCE if the students served meet both the Title I eligibility criteria and the SCE eligibility criteria.

Flexibility with SCE funds does not extend to Title I, Part A, district wide program activities funded through the central office, regardless of whether all campuses in a district are Title I, Part A schoolwide.

9.2.4.2 Alternative Method for Receiving the Compensatory Education Allotment

Effective December 2, 2001, school districts and open-enrollment charter schools that do not participate in the national school lunch program may derive an eligible student count by an alternative method for the purpose of receiving the compensatory education allotment. Schools receiving SCE funds via the alternative method are responsible for obtaining the data from families, verifying the information, and retaining records. TEA will conduct an audit of data submitted every five years. See [19 TAC 61.1027](#) for additional information.

9.2.5 State Compensatory Education Planning Cycle

The planning cycle for students at risk of dropping out of school involves a complex analysis of short- and long-term indicators used to identify students and many considerations regarding service options. [Section 29.081\(d\), TEC](#), defines State criteria for identifying students at risk of dropping out of school. A student's identification as "at risk" may change during the school year. In some instances, such as in large districts, campuses where student mobility is high, multi-track school calendars and/or year-around schools, some of the tasks involving assessment, evaluation and modification of state compensatory education programs may be conducted at other times during the year. Additionally, a

student may fit the criteria for at risk over several years, such as the criteria relating to below satisfactory performance on an assessment instrument. Furthermore, districts attempt to ensure early identification, because factors that cause the child to be identified as at risk of dropping out of school may become more complex over the long-term.

The school district or charter school will maintain a record of students that were served in intensive instructional programs in order to attribute supplemental costs appropriately in proportion to the population of students that were at risk of dropping out of school and local criteria approved by the board of trustees, in accordance with Section 29.081.

The LEA must maintain current student records verifying the at-risk classification. Records must include the reason(s) the student was identified, when the student was identified, the supplemental services provided, and the date and documentation substantiating the reason for exiting the program. Additionally, the at-risk classification records must indicate periodic review and verification. Refer to Appendix 2 of this module for sample documentation records.

9.2.6 State Compensatory Education Programs and Resources

As LEAs design state compensatory education programs and/or services, they must ensure that the district/campus improvement plans and charter school instructional plans identify the resources that will be used to implement the program. Resources may include specialized supplemental materials for reading or mathematics, specialized software, additional staff, and equipment. In addition to the state compensatory education allotment, LEAs may also identify other state or local funds to help support the designated state compensatory education programs and/or services. Some examples of supplemental state compensatory education programs and/or services developed by LEAs include but are not limited to:

- tutorials;
- class size reduction; (Note: SCE funds cannot be used to meet State or Federally mandated rules);
- computer-assisted instruction
- specialized staff development to train personnel who are working with students at risk of dropping out of school* ;
- specialized reading and mathematics programs;

- TAKS remediation;
- individualized instruction;
- extended day (instructional) sessions for prekindergarten;
- accelerated instruction; and
- extended day, week, or year instructional services

* Additional notes on training:

Training and training expense must be reasonable and necessary and training **MUST** be related and beneficial to the at-risk program. Therefore, training must be aligned with the needs of at-risk students as indicated in the district/campus needs assessment. The district should ensure that training is not a “one time” event. Documentation must be maintained that training was evaluated for effectiveness. Has the district established thoroughly written policies regarding attendance of staff development?

State compensatory education (SCE) funds must be used to provide support programs and/or services that supplement the regular education program so that students at risk of dropping out of school can succeed in school. Therefore, all direct instructional costs must relate specifically to the SCE program and must be adequately documented. Furthermore, the district/charter school must be able to demonstrate the SCE programs were cost efficient and program effective.

The LEA should maintain the following information to substantiate the cost of all supplemental state compensatory education programs and/or services.

1. State the name of program.
2. State the purpose, goal, and objective.
3. State the amount that will be expended to support this program and the source of funds for the amounts expended.
4. Indicate the number of students that will be served.
5. Indicate the number of staff members involved.
6. Specify how the program supplements the regular education program. What documentation will the district/campus maintain to verify that this training is supplemental to the at-risk program and not the campus’ entire educational program? TEC §42.152(c) and (q)
7. Specify how the program will reduce the dropout rate.

8. Specify how the program will increase the achievement of students identified as being at risk of dropping out of school. TEC §29.081(d)
9. Specify how evaluations will be conducted to measure the impact of the program on student performance. In this specific case, specify how this training will be periodically evaluated for effectiveness. TEC §11.252(a)(8) and §11.253(d)(7)
10. Indicate the research used to support the effectiveness of the staff development. Basically, describe the settings and populations that have shown improved performance after using this program and summarize the evidence showing that this training improves student achievement.
11. What data will the campus use to **evaluate the success** of the new program as it relates to increased student achievement in the areas in need of improvement? (results of evaluation) TEC §29.081(c)
12. How will the campus **monitor the implementation** of the training into classrooms? Who will be responsible for mentoring and monitoring the implementation? What is the timeline for implementation? Please provide specific dates and times.
13. Indicate how the cost of the training is reasonable and necessary.
14. Identify the page number(s) of the district improvement plan/campus improvement plan (D/CIP) that describes the planned strategies, activities, services and/or functions that will be implemented in support of this program.
15. Is the proposed use of SCE and federal funds disclosed in the applicable CIP? Does this disclosure relate to the applicable line item in the approved budget?

When faced with the question of whether certain positions, programs, strategies or activities may possibly be funded with SCE dollars, the LEA must keep in mind that purpose of the SCE program is to improve student performance through direct instructional services to students at risk of dropping out of school. The more removed services are from the student, the more the resources are diluted and the more difficult it becomes for the school district to defend the use of the SCE funds and justify the effectiveness of the program in improving student performance.

9.2.7 Evaluation of State Compensatory Education Programs

LEAs are required to evaluate the effectiveness of their designated state compensatory education program and include the results of this evaluation in the district improvement

plan or the charter school instructional plan. The analysis allows the LEA to focus resources on the strategies and goals that will most likely impact the achievement of students at risk of dropping out of school.

The state compensatory education program must be evaluated and documented by showing the effectiveness in reducing any disparity in:

1. Performance on assessment instruments between “students at risk of dropping out of school” and all other district students; and
2. Rates of high school completion between “students at risk of dropping out of school” and all other district students.

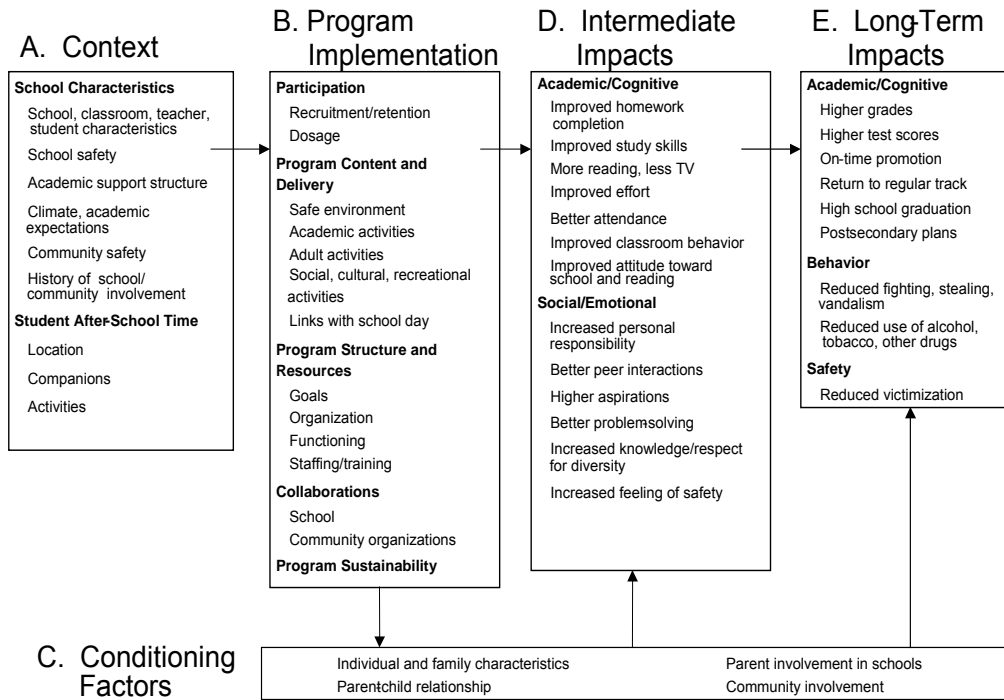
The TEC does not specify the minimum standard or design for an evaluative process. Some examples of recognized standards for the design of evaluative processes are described in various reports that may be accessed on the Internet. The U. S. Department of Education report, *When Schools Stay Open Late: The National Evaluation of the 21st-Century Learning Centers Program, First Year Findings* (2003) describes a comprehensive evaluative process (see Exhibit 1), and provides an example for a conceptual design for an evaluation of supplemental programs. The 21st Century Learning Centers Program report provides an illustration of a best practice for evaluative processes.

Appropriate modifications in the design of evaluative processes should be made in the context of different grade levels and subpopulations of students, and for campuses that have varying percentages of students at risk of dropping out of school enrolled. Substantive and meaningful evaluations of the uses of the SCE allotment are essential in order to ensure an optimum allocation of scarce resources and timely modifications of accelerated, intensive and compensatory programs.

The U. S. Department of Education’s evaluation of learning centers placed an “emphasis on rigorous estimation of effects and multifaceted data collection that allowed the evaluation to explore many questions about program operation and implementation in addition to its impacts on children and youths.” School district and charter school decisions about the process design for an evaluation should represent a reasonable cost/benefit balance. More rigorous evaluations of strategies, programs and services, and assessments of the programmatic impacts to academic success factors are needed in certain school districts and charter schools.

The U. S. Department of Education’s evaluation of learning centers included use of propensity score matching (PSM), involving selection of a potential comparison group of students whose characteristics most closely resembled those of participants in the learning center programs. Techniques for benchmarking student populations may be combined with various statistical models, including the use of regression analysis, supported by statistical software packages to estimate the standard errors of the coefficients of various models. The design process for the evaluation of SCE-related activities may be complex, requiring the use of outside consultants, in some instances, which would represent an appropriate charge to the state compensatory education allotment.

Exhibit 1. Example Logic Model for Understanding the Impacts of Supplemental Local, State or Federal Programs for Students at Risk of Dropping Out of School



Source: U. S. Department of Education, [When Schools Stay Open Late: The National Evaluation of the 21st-Century Learning Centers Program, First Year Findings](#) (2003).

According to the U. S. Department of Education, there are four types of program evaluation, as explained in Exhibit 2. The four basic types of program evaluations have different audiences, answer certain questions and involve different methodologies. Certain aspects of the four types of program evaluations should be considered by school districts and charter schools in the context of short-term and long-term process design factors for evaluations of accelerated, intensive, and compensatory instructional strategies, activities and programs.

Exhibit 2. Four Types of Program Evaluation

Type of Evaluation	Audience	Key Questions	Timeline	Methodologies
Continuous Improvement	Program Staff	How can we continuously improve our communication and guidance in order to achieve our objectives?	ASAP	Market research methods like fast response surveys, focus groups, etc.
Performance Data	Appropriators/OMB	Which federal programs are working? Are some programs more effective than others?	Annual	Analysis using Performance-Based Data Management System
Implementation Studies	Authorizers	How well are programs being implemented? Are the policy changes we made leading to improved outcomes?	5-7 Years	Passive, descriptive evaluation studies, using methods like self-reported surveys and case studies
Field Trials	Practitioners	What works? What specific educational interventions lead to increased student achievement?	Long-term	Random assignment field trials with longitudinal data

Source: U. S. Department of Education, [New Directions for Program Evaluation at the U.S. Department of Education](#) (2003).

In addition to school districts' and charter schools' local evaluations, the TEA is required by law to evaluate state compensatory education statewide. The Agency will review TAKS scores of students identified through PEIMS as being at risk of dropping out of school to determine if the achievement gap is closing and students at risk of dropping out are succeeding.

9.2.8 Campus Considerations for Supplement/Supplant Compliance

Different variables impact regular education costs for various types of campuses, such as high school versus middle school. Accordingly, statistical analysis of resource allocations for the regular education program is restricted to a comparison of campuses offering similar grade levels, such as comparisons between campuses serving elementary grade levels within a district. The statistical analysis for determination of a supplant is more comprehensive in districts that have multiple campuses across several grade levels.

The LEA may also decide to concentrate its FSP compensatory education resources on only one or a small number of campuses that serve students at risk of dropping out of school. Decisions to target campuses selectively instead of in proportion to allocations according to the concentration of students at risk of dropping out of school may give the appearance that the regular education program was supplanted.

Single Attendance Campuses for Grade Levels

Statistical analysis of LEA resource allocations will be affected by certain characteristics, like the number of campuses that serve similar grade levels. If the LEA has no more than one campus for a grade level, then the one statistical analysis for supplant will be resource allocations to campuses according to the proportion of students at risk of dropping out of school. Other statistical tests will involve review of regular education resources across campuses. Accordingly, TEA will determine whether compensatory education program resource allocations per student at risk of dropping out of school on the elementary campus are proportional to the percentages of students at risk of dropping out of school at the middle, junior high and/or high school campuses.

Multiple Attendance Campuses for Grade Levels

Statistical analysis of LEAs that have multiple attendance campuses for a grade level is more complex. One test for these campuses is whether direct costs for regular education reflect an equitable distribution of regular education resources across campuses that serve comparable grade levels. Another test will be whether compensatory education resource allocations are proportional to the number of students at risk of dropping out of school in campuses serving similar grade levels. If compensatory education resources are concentrated on one or a few campuses, then the statistical analysis will also include a review of resources for regular education.

9.2.9 Analysis of Fiscal Data for Supplement/Supplant Compliance

Fiscal data used in analyzing direct costs per student are expenditures recorded in the General Fund under object codes 61XX, Payroll Costs, through 6599, Debt Service, under Program Intent Codes 11, Basic Educational Services; 24, Accelerated Education; 26, Non disciplinary Alternative Education Programs – AEP Basic Services; 28, Disciplinary Alternative Education Program – DAEP Basic Services; 29 Disciplinary Alternative Education Program – DAEP State Compensatory Education Supplemental Costs; and 30, Title I, Part A Schoolwide Activities Related to State Compensatory Education Costs on Campuses with 40% or More Educationally Disadvantaged Students.

Consideration of other fiscal data will apply to costs recorded under 66XX, Capital Outlay, under Program Intent Codes 24, Accelerated Education; 26, Non disciplinary Alternative Education Programs – AEP Basic Services; 28, Disciplinary Alternative Education Program – DAEP Basic Services; 29 Disciplinary Alternative Education Program – DAEP State Compensatory Education Supplemental Costs; and 30, Title I, Part A Schoolwide Activities Related to State Compensatory Education Costs on Campuses with 40% or More Educationally Disadvantaged Students. This data is excluded in analyzing direct costs per student because one-time purchases of equipment may distort an analysis of the correlation of compensatory education expenditures with the proportion of students at risk of dropping out of school. Supplemental review of district data will be made when expenditure patterns indicate a district may have supplanted the regular education program.

The analysis of fiscal data described in this section excludes those functions defined as indirect costs in State Board of Education rule, under [Title 19 Texas Administrative Code Chapter 105, Subchapter B, Maximum Allowable Indirect Cost](#). Additionally, if the LEA is a member of a shared services arrangement for compensatory education, then TEA's analysis will also include the LEA's share of expenditures by the fiscal agent.

9.2.10 Analysis of Student Data for Supplement/Supplant Compliance

Student data reported through PEIMS is analyzed to determine the relative proportion of students at risk of dropping out of school per campus. Statistical analysis of student data also includes a review of academic performance of students at risk of dropping out of school as a group and in comparison to other students.

9.2.11 Analysis of Staff Data for Supplement/Supplant Compliance

An analysis of instructional staffing patterns is a useful tool. Instructional payroll related to concentrated staff resources is a primary cost of public education, including FSP compensatory education programs. Differences in teacher degree status and experience may complicate the analysis of fiscal resource allocations across campuses in certain districts.

If school district/campus improvement plans or charter school instructional plans primarily rely upon smaller class sizes, then staffing patterns may show a correlation between the number of instructional units, teachers and teacher aides, and the proportion of students at risk of dropping out of school per campus. An analysis of staffing patterns is necessary when examining the allocation of resources in most districts, whenever instructional salaries are recorded under Program Intent Codes 24, Accelerated Education; 26, Non disciplinary Alternative Education Programs – AEP Basic Services; 28, Disciplinary Alternative Education Program – DAEP Basic Services; 29 Disciplinary Alternative Education Program – DAEP State Compensatory Education Supplemental Costs; and 30, Title I, Part A Schoolwide Activities Related to State Compensatory Education Costs on Campuses with 40% or More Educationally Disadvantaged Students. Split funded state compensatory education program teachers' salaries and an entire salary of a teacher that is assigned to the state compensatory education program may be recorded to Program Intent Code 24, Accelerated Education, as applicable.

9.2.12 Example of District Profiles of Supplemental Resources for Compensatory Education Programs

LEA profiles, illustrated in Exhibits 3 and 4, reflect the use of FSP compensatory education resources to supplement the regular education program for intensive instructional programs serving students at risk of dropping out of school. Exhibit 3 illustrates a simple formula for allocation of FSP compensatory education resources, reflecting increasingly concentrated resources in proportion to the percentage of students at risk of dropping out of school at different campuses. Exhibit 4 illustrates that the FSP compensatory education allotment may be used to supplement regular education program resources provided to at risk bilingual students in order to close the gap in academic performance between limited English proficiency students at risk of dropping out of school and other students. There is little likelihood that any LEA's resource allocation patterns would mirror those illustrated in Exhibits 3-5 because of important considerations that are made for programmatic reasons, relating to differences in academic performance across campuses if all other factors were equal.

Exhibit 5 illustrates another simple example wherein the entire FSP compensatory education allotment is concentrated at a single campus that has the highest concentration of students at risk of dropping out of school involving intensive instructional programs for these students. These exhibits illustrate opposite extremes for potential resource allocation practices. Actual LEA practices differ in many ways.

Exhibit 3. Examples of Proportional Allocations of FSP Compensatory Education Resources According to the Percentage of Student at Risk of Dropping Out of School

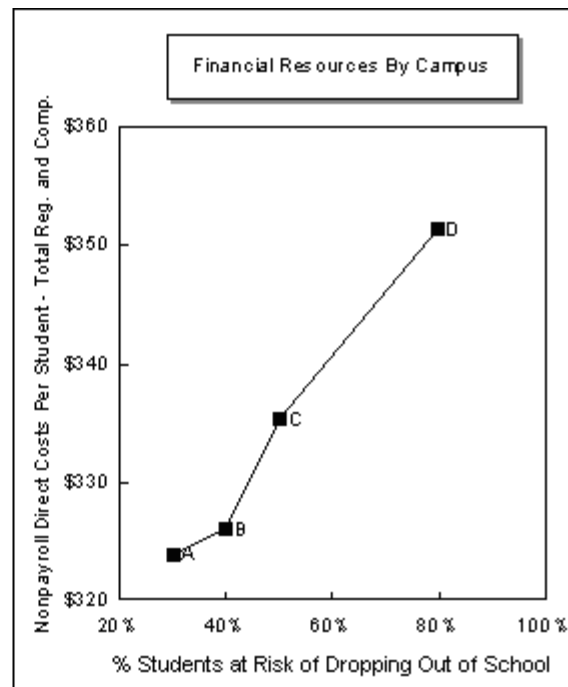
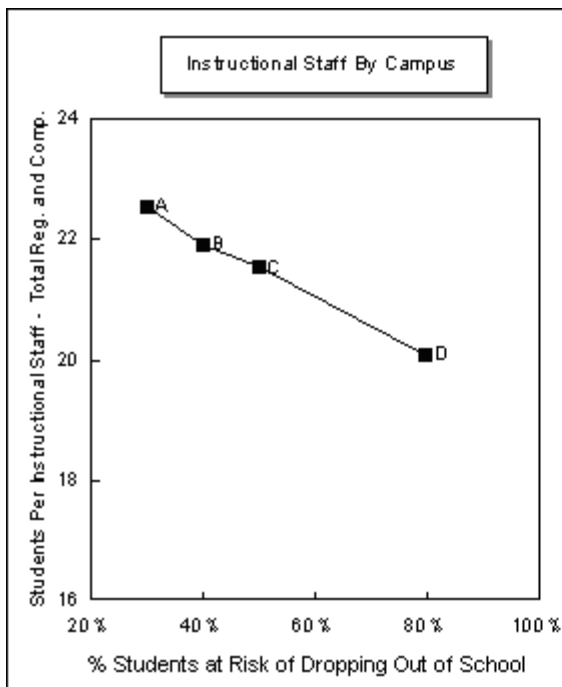


Exhibit 4. Examples of Bilingual Education Setting Showing Proportional Allocation of FSP Compensatory Education Resources According to the Percentage of Student at Risk of Dropping Out of School

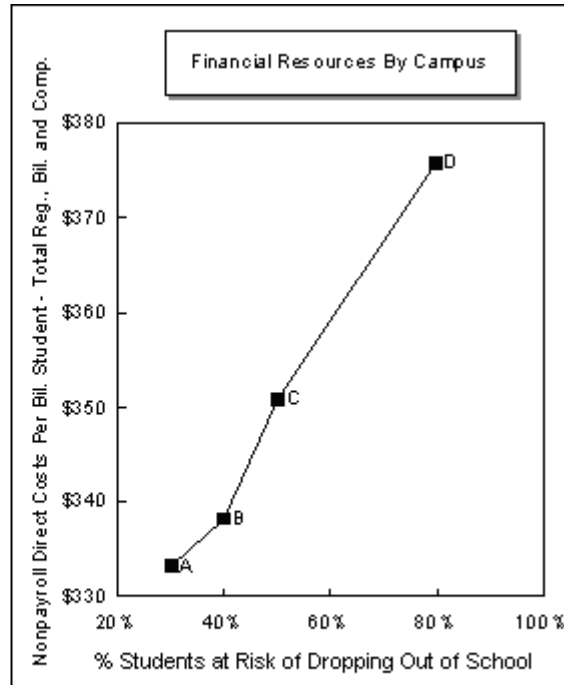
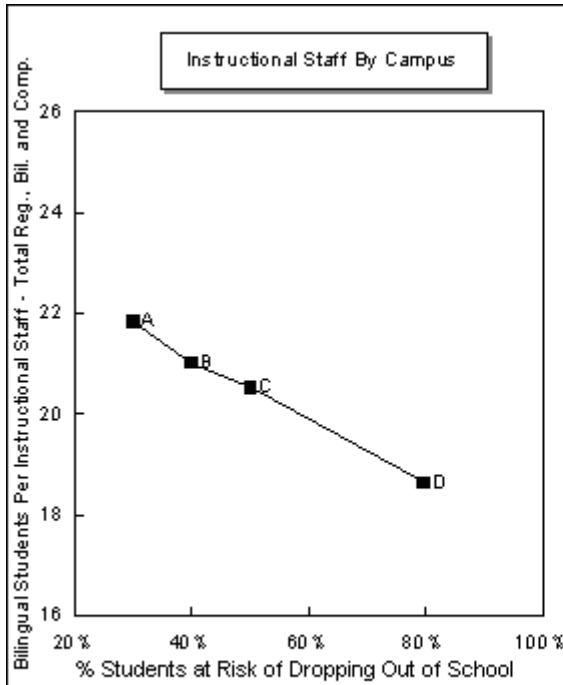
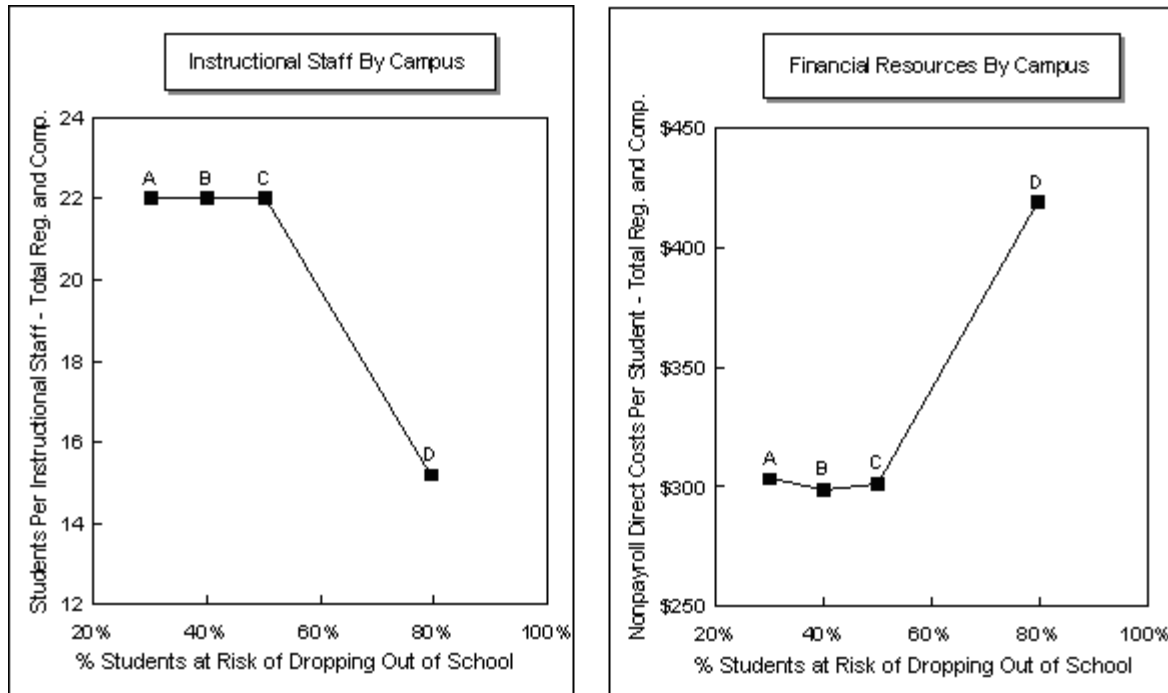


Exhibit 5. Examples of Disproportional Allocation of FSP Compensatory Education Resources to Campuses



To reiterate an important point, there is little likelihood that any LEA’s resource allocation patterns would mirror those illustrated in Exhibits 3-5 because of important considerations that are made for programmatic reasons, relating to differences in academic performance across campuses if all other factors were equal. However, the illustrations do serve to explain the requirement in state law that the basic allotment is to be supplemented in providing state compensatory education resources to students at risk of dropping out of school.

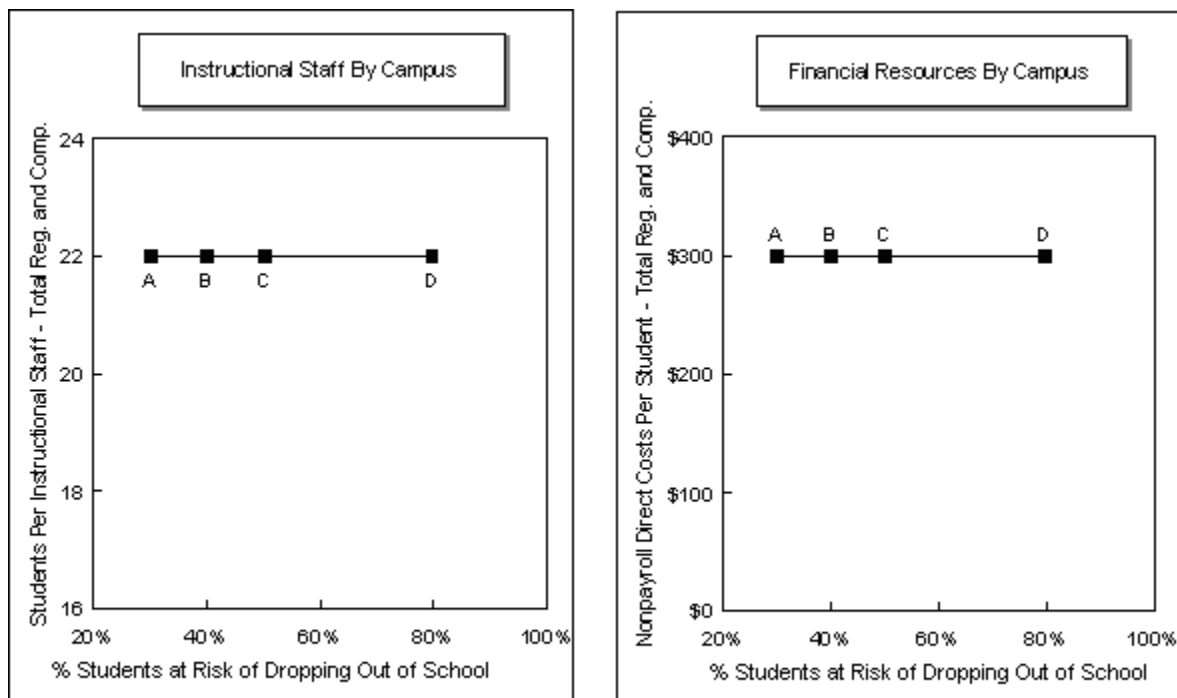
9.2.13 Example of District Profiles of Supplant of Regular Education Program Resources

LEA resource allocation practices that appear to supplant regular education resources are illustrated in Exhibit 6. Exhibit 6 illustrates a simple formula for allocation of aggregate regular education and FSP compensatory education resources that are in proportion to enrollment in different campuses, without any discernible correlation to the percentage of students at risk of dropping out of school per campus. The exhibit illustrates what appears

to be an extreme example of the LEA that is supplanting regular education resources with the FSP compensatory education allotment.

The LEA gives the appearance that it is supplanting the regular education program if the allocation of compensatory education resources appears independent of the number and/or proportion of students at risk of dropping out of school across all campuses. Such an allocation practice contradicts a logical expectation that resources tend to be concentrated according to increased student needs for additional staff, training, educational services, specialized curriculum, and specialized instructional equipment.

Exhibit 6. Examples of FSP Compensatory Education Resource Allocations that Suggest Supplant of the Regular Program



9.2.14 Federal Program Compliance Considerations in Design of State Compensatory Education Programs

Title I, Part A of the Elementary and Secondary Education Act (ESEA), as amended, is intended to improve the regular education programs operated by local education agencies.

The two types of programs by Title I, Part A are schoolwide programs and targeted assistance programs. Both schoolwide and targeted assistance programs must use effective methods and instructional strategies that are grounded in scientifically based research. Each of these program types has components that are required by law, and the state compensatory education requirements affect each program type differently.

9.2.14.1 Considerations Related to Targeted Assistance in Elementary and Secondary Education Act, as Amended, Title I, Part A

A campus that is eligible for Title I, Part A services but is either ineligible or chooses not to participate as a schoolwide program may operate a targeted assistance program.

The intent and purpose of a targeted assistance program operated under Elementary and Secondary Education Act, as amended, Title I, Part A is to provide **supplemental services** only to eligible Title I, Part A students identified as having the greatest need for special assistance based on **multiple, educationally-related, objective criteria**. A targeted assistance program employs staff paid with Title I funds to serve only those students who have been identified as Title I students.

A supplemental State or local program meets the requirements of a targeted assistance program if the program –

- Serves only children who are failing, or most at risk of failing, to meet the State’s challenging student academic achievement standards;
- Provides supplementary services designed to meet the special educational needs of the children who are participating in the program to support their achievement toward meeting the State’s student academic achievement standards; and
- Uses the State’s assessment system described in 34 CFR Part 200.2 to review the effectiveness of the program.

Therefore, the LEA must have established criteria for every grade that receives services under Title I, Part A targeted assistance programs. Any supplemental identification criteria established at the campus level must also be described in the Title I, Part A targeted assistance campus improvement plan.

Students must be identified on the basis of multiple, educationally related, objective criteria established by the LEA and supplemented by the school. The LEA’s criteria for identifying students for Title I, Part A services must be clearly defined in the LEA’s district/campus improvement plans or charter school instructional plan. Any supplemental criteria established at the campus level must also be described in the corresponding campus plan. The LEA must have criteria for every grade that receives services under Title I, Part A targeted assistance programs.

Children from preschool ages through Grade 2 shall be selected solely on the basis of such criteria as:

- teacher judgment;
- interviews with parents; and
- developmentally appropriate measures.

A Title I, Part A, **targeted assistance program** must do the following:

1. implement the Eight Components of a targeted assistance program;
2. include in the CIP the **student eligibility criteria** used for identifying Title I, Part A, students—students who are failing or most at risk of failing to meet the state’s student performance standards;

The campus must use multiple (at least two), educationally related, objective criteria established by the LEA; and

3. describe in the CIP how Title I, Part A, funds are spent on **effective methods** and instructional strategies that are **based on scientific research** for participating Title I, Part A, students.

The Title I program incorporates only instructional strategies that scientifically-based research has shown are effective with teaching low-achieving students. Targeted assistance programs cannot serve all students in a grade. They can only serve students identified as in greatest need. Additionally, the number of students served should be less than 40% of the total enrolled at the campus.

To assist targeted assistance schools and local educational agencies to meet their responsibility to provide for all their students served under this part the opportunity to meet the State’s challenging student academic achievement standards, each Title I, Part A targeted assistance program includes **eight required components**. Each targeted assistance program shall —

- 1) use Title I, Part A resources to help participating children meet the state’s challenging student academic achievement standards expected for all children;
- 2) ensure that planning for students served is incorporated into existing school planning;
- 3) use effective methods and instructional strategies that are **based on scientifically based research** that strengthens the core academic program of the school and that —
 - give primary consideration to providing extended learning time, such as an extended school year, before- and after-school, and summer programs and opportunities;

- help provide an accelerated, high-quality curriculum, including applied learning; and
 - minimize removing children from the regular classroom during regular school hours for Title I, Part A instruction;
- 4) coordinate with and support the regular education program, which may include services to assist preschool children in the transition from early childhood programs such as Head Start, Even Start, Early Reading First or State-run preschool programs to elementary school programs;
 - 5) provide instruction by highly qualified teachers;
 - 6) provide opportunities for professional development for teachers, principals, and paraprofessionals, including, if appropriate, pupil services personnel, parents, and other staff, who work with participating children in targeted assistance programs or in the regular education program; and
 - 7) provide strategies to increase parental involvement, such as family literacy services;
 - 8) coordinate and integrate Federal, State, and local services and programs, including programs supported under this Act, violence prevention programs, nutrition programs, housing programs, Head Start, adult education, vocational and technical education, and job training.

The LEA must maintain current records to document the number of students from low-income families, the students who meet the eligibility criteria, and the students identified as having the greatest need for special assistance.

9.2.14.2 Considerations Related to Schoolwide Programs Operated under Elementary and Secondary Education Act, as Amended, Title I, Part A

The intent and purpose of a Title I, Part A schoolwide program is to upgrade the entire educational program at the participating campus. Title I, Part A funds must be supplemental. All children enrolled at a schoolwide campus are eligible to participate.

The goal of schoolwide programs is to generate high levels of academic achievement in core subject areas for all students in a school. Schoolwide programs must also focus on the

needs of the low-achieving children and those at risk of not meeting state achievement standards. All staff and resources are part of the overall schoolwide program.

Although a campus has met the 40% threshold, they are not required to serve schoolwide. See discussion below regarding becoming a schoolwide program.

Title I, Part A schoolwide programs operate according to a plan that contains proven, research-based strategies designed to facilitate schoolwide reform and improvement, including professional development activities based on practices proven to be successful in helping teachers improve the quality of their instruction. Furthermore, Section 1114 of Title I of the ESEA requires that the plan be developed with the involvement of parents and other members of the community to be served and individuals who will carry out the plan, including teachers, principals and administrators, and, if appropriate, pupil services personnel, technical assistance providers, school staff, and, if the plan relates to a secondary school, students from such schools. The planning team must remember that any strategies the school considers should be research-based and likely to produce the desired results. Therefore, in addition to being grounded in scientifically based research, the strategies developed must be comprehensive and span all grades and subjects.

Becoming a Schoolwide Program

For a school to operate a schoolwide program, the following must occur:

- Poverty level at the individual school building needs to be 40 percent or above. (Once a school becomes schoolwide, it may remain a schoolwide even if the poverty level drops below 40 percent)
- The school, in consultation with its district and its school support team or other technical assistance provider, decides if it wants to become a schoolwide program in order to upgrade the school's total educational program.
- High-quality assistance and support is available to the school from external technical assistance providers.
- A comprehensive plan must be developed over a one-year period based upon an extensive needs assessment. The one-year time period may be shortened only if the school district determines, after consideration of the technical assistance availability, that less than one year is needed to have a schoolwide plan developed and ready for implementation.
- The plan is to be developed by a diverse group of appropriate individuals
 - Teachers
 - Principals
 - Pupil services personnel
 - Support Staff
 - Parents
 - Other members of the community to be served.
 - Secondary level students if program is at a high school
 - Administrators from other Title programs

- Schoolwide plans must describe how other local, state and federal resources will be used in conjunction with Title I funds. The school also may consider coordinating with other programs such as: Reading First, Early Reading First, Even Start, Carl D. Perkins Vocational and Technical Education Act of 1998, and the Head Start Act.
- Plans should describe how the school will provide information about the results of individual student academic assessments to parents in a language they can understand.
- The plan must describe how the school will implement all of the ten required components.
- The plan should be reviewed and revised as necessary.

Components of a Schoolwide Program

A schoolwide program must include and address the following 10 components in its plan:

1. **A comprehensive needs assessment** of the entire school, including the needs of any migratory children in attendance. This assessment is based on information about the achievement of children in relation to the Texas state Academic Standards (TAKS). It should identify gaps between the current status of the school and its vision of where it wants to be, relative to key indicators or focus areas.
Data obtained from the needs assessment provide the foundation for the goals of the comprehensive schoolwide plan.
2. **Schoolwide reform strategies** that provide opportunities for all children to meet the state's academic standards, particularly low-achieving children. The plan also should address how the school will determine if student needs have been met.
3. **Instruction by highly qualified teachers** (Refer to the NCLB Program Coordination web page for additional information: [http://www.tea.state.tx.us/nclb/.](http://www.tea.state.tx.us/nclb/))
4. **High quality and ongoing professional development** for teachers, principals, and paraprofessionals, and if appropriate, pupil services personnel, parents, and other staff.
5. **Strategies to attract high-quality highly qualified teachers**
6. **Increased parental involvement** activities including family literacy services.
7. **Assist preschool children in the transition from early childhood programs**, such as Head Start, Even Start, Early Reading First, or a state-run preschool program, to local elementary school programs.
8. **Include teachers in the decisions regarding the use of academic assessments** in order to provide information on, and to improve, the achievement of individual students and the overall instructional program.
9. **Provide effective, timely additional assistance** and activities to students who experience difficulty mastering the proficient or advanced levels of academic achievement standards. This shall include measures to ensure that students' difficulties are identified on a timely basis and provide sufficient information on which to base effective assistance.
10. **Coordinate and integrate federal, state, and local services and programs.** These may include other programs under the Elementary and Secondary Education Act (ESEA), and violence prevention, nutrition, housing, Head Start, adult education, vocational and technical education, and job training programs.

Other Considerations

- Identification of students is not required, but care must be taken to ensure that the needs of those farthest from meeting the state's student academic achievement standards are met.
- Services to children in schoolwide programs must be supplemental in nature, not supplanting services.
- Schools with schoolwide programs that consolidate and use funds from different federal programs are not required to maintain separate fiscal accounting records, by program.

The schoolwide campus must evaluate annually the outcomes and the plan's implementation to determine whether the academic achievement of all students, and particularly of low-achieving students, improved, whether the goals and objectives contained in the plan were achieved, and if the plan is still appropriate as written.

In summary, a schoolwide campus must retain documentation related to its three core components: the comprehensive needs assessment, the comprehensive schoolwide plan, and the evaluation. Documentation relating to the needs assessment should include significant information about the achievement of students and conditions in the school that directly affect their academic achievement. Documentation relating to the comprehensive schoolwide plan must contain specific information about how the program will implement each of the 10 required components, how resources will be used, the programs consolidated to support the schoolwide program, and how student assessment results will be disseminated. Documentation relating to the evaluation should include the method of evaluation used, and findings that describe the results achieved by the schoolwide program and its implementation.

Technical assistance on schoolwide program requirements and accounting for funds combined on schoolwide campuses is available at the regional Education Service Centers (ESCs).

Resources:

- Division of NCLB Program Coordination, Texas Education Agency
<http://www.tea.state.tx.us/nclb/>
- Designing Schoolwide Programs
<http://www.ed.gov/policy/elsec/guid/designingswpguid.doc>
- U.S. Department of Education: <http://www.ed.gov>
- ED Pubs:
<http://www.ed.gov/about/ordering.jsp>
1-877-4-ED-PUBS

- Public Law print of Public Law 107-110 , the No Child Left Behind Act of 2001
<http://www.ed.gov/policy/elsec/leg/esea02/index.html>
- Success Stories - From ED News Parents Can Use.
See videos of schools that are improving achievement and helping students succeed.
<http://www.ed.gov/nclb/overview/intro/reauth/successstories/index.html>
- This website offers "one-stop-shopping" for links to legislation, Federal Register Notices, Policy Guidance, and Grant Applications for the *No Child Left Behind Act of 2001*. Links to Legislation, Regulations, and Policy Guidance for programs still being implemented under the *Improving America's Schools Act* are also on this site.
<http://www.ed.gov/about/offices/list/oese/legislation.html>
- National Association of State Title I Directors
<http://www.titlei.org/>

9.2.14.3 Supplement, Not Supplant and Comparability

Introduction

In general, the term “Supplement, Not Supplant” means that federal funds must be used to enhance or increase the level of funding which is normally available from state or local sources; federal funds must not replace state and local funds.

Title I, Part A funds must be used only to supplement the amount of funds that would, in the absence of Title I, Part A funds, be made available from state and local sources; Title I, Part A funds may not supplant (take the place of) non-federal funds.

Any program activity required by state law or State Board of Education rule may not be funded with federal funds, regardless of whether any funding was provided in conjunction with the state mandate.

Federal funds may not be used to fund positions, programs, or activities which were previously funded from state funds. For example, a position which was previously funded under one federal program may be funded under another federal program. However, a position may not be funded under a federal program when that position was previously funded from non-federal (state or local) funds. The only exception

to this rule is if the position was previously funded from state or local funds to carry out state-funded activities and the position is no longer needed to carry out such activities. Then the position could be funded from federal funds to carry out activities associated with the respective federal program.

Documentation must be maintained which clearly demonstrates the supplementary nature of federal funds.

- Fiscal and program records must show that activities conducted with federal funds were not previously funded from state or local sources.
- In order to demonstrate the supplementary nature of federally funded activities, grant recipients should maintain a written plan which clearly outlines what activities are state or locally funded versus which activities are federally funded, and provide a description of how these activities are supplementary.

Supplemental state or local funds expended to meet the intent and purpose of Title I, Part A as described in 34 CFR may be excluded from this requirement.

The purpose of the federal fiscal requirement of supplement, not supplant is to ensure that the level of state and local support for programs remains at least constant and is not replaced by federal funds.

Funds for this program must be used to supplement (increase the level of services) and not supplant (replace) funds from nonfederal sources. Any program activity required by State law, State Board of Education (SBOE) rules, or local board policy may not be paid with these funds. State or local funds may not be decreased or diverted for other uses merely because of the availability of these funds. The LEA must maintain documentation that clearly demonstrates the supplementary nature of these funds.

An LEA may receive Title I, Part A funds only if it uses state and local funds to provide services at Title I, Part A campuses that are at least comparable to the services provided at campuses that are not receiving Title I, Part A funds. Comparability applies only to multiple attendance areas and campuses with more than 100 students. For determining comparability, LEAs compare state and local per pupil expenditures, per pupil expenditures for state and local salaries, or the pupil/non-federal instructional staff ratio. Whichever method the LEA chooses, the method must be applied consistently throughout the LEA.

For the purpose of determining comparability, the LEA may exclude state and local funds expended for (1) bilingual education for children with limited English proficiency, (2) excess costs of providing services to children with disabilities, or (3) supplemental state or local funds that meet the exclusion requirements under 34 CFR 200.79.

For the purposes of determining compliance with the Title I, Part A fiscal requirement—supplement, not supplant and comparability—described above under Title I, Part A, the LEA may exclude supplemental State or local funds expended in any school attendance

area or school for programs that meet the requirements of Section 1114 (schoolwide programs) or Section 1115 (targeted assistance programs).

Description of the Schoolwide Program

Schoolwide programs address the educational needs of children living in impoverished communities with comprehensive strategies for improving the whole school so every student achieves high levels of academic proficiency. Schoolwide programs have great latitude to determine how to organize their operations and allocate the multiple funding sources available to them. They do not have to identify particular children as eligible for services or separately track Federal dollars. Instead, schoolwide programs can use all allocated funds to increase the amount and quality of learning time.

A campus participating in a schoolwide program shall use Title I, Part A funds only to supplement the amount of funds available from non-federal sources for the campus including funds needed to provide services that are required by law for children with disabilities and children with limited English proficiency. A schoolwide campus does not have to demonstrate that activities are supplemental. The school is not required to identify particular children or to provide supplemental services to identified children. Other funds may be used on a schoolwide campus in combination with Title I, Part A to upgrade the entire educational program, but the funds must not be commingled. Such schoolwide programs are exempt from statutory or regulatory requirements of other federal education programs, provided that the intent and purposes of each such program are met and the needs of the intended beneficiaries of the federal fund sources combined are met. The effectiveness of the program is measured by student performance.

Schoolwide

34 CFR 200.79

Schoolwide: A supplemental State or local program will be considered to meet the requirements of Section 1114 if the program:

1. Is implemented in a school that meets the schoolwide poverty threshold for eligibility;
2. Is designed to promote schoolwide reform and upgrade the entire educational program in the school to support students in their achievement toward meeting the State's challenging student performance standards that all students are expected to meet;

3. Is designed to meet the educational needs of all children in the school, particularly the needs of children who are failing, or most at risk of failing, to meet the State's challenging student performance standards; and
4. Uses the State's system of assessment under Section 34 CFR 200.2 to review the effectiveness of the program.

Note: These criteria apply to all schoolwide campuses, including those that have been granted an Ed-Flex Waiver to waive the schoolwide poverty threshold.

Fiscal and Program Requirements for All Schoolwide Programs

In summary, the following fiscal and program requirements apply to all schoolwide programs.

1. The LEA must be able to maintain an audit trail according to budget authority in the Notice of Grant Award for federal funds expended on a schoolwide campus.
2. The LEA must be able to demonstrate comparability of services and/or maintenance of effort as required by each federal program.
3. Program activities included on a schoolwide campus must be implemented and evaluated as required by each federal program.
4. Federal funds on a schoolwide campus must be used to meet the needs identified through the school's comprehensive needs assessment and the school reform activities described in the Campus Improvement Plan. The Campus Improvement Plan must incorporate the requirements for a Schoolwide Program.
5. Documentation at the local level must be maintained to demonstrate that appropriate activities were conducted to reasonably address the needs of the intended beneficiaries of the federal programs included on a schoolwide campus and that the intent and purposes of each federal program were met.

To ensure that Title I, Part A funds were used to provide services that were in addition to the regular services normally provided by an LEA for participating children, the LEA must have met three fiscal requirements related to the expenditure of regular state and local funds. An LEA must have—

- Maintained state and local effort;
- Provided services in project areas with state and local funds that were at least comparable to services provided in areas not receiving Title I, Part A services; and
- Used Title I, Part A funds to supplement, not supplant regular non-federal funds.

To ensure that required planning was conducted, documentation at the local level must have been maintained to demonstrate that each schoolwide program plan was:

- developed with the involvement of parents and other members of the community served and individuals who carried out the plan, including teachers, principals, and administrators, administrators of other Title I programs, and if appropriate, pupil services personnel, technical assistance providers, school staff, and, if the plan related to a secondary campus, students from such campus.
[Parental Involvement: Title I, Part A Non-Regulatory Guidance.](#)
 April 23, 2004. [See Appendix E for a sample template of a school-parent compact.
<http://www.ed.gov/programs/titleiparta/parentinguid.doc>
- in effect during the campus's participation under Title I, Part A and was reviewed and revised when necessary by the campus.
- made available to the LEA, parents, and the public, and the information contained in the plan was in an understandable and uniform format and, to the extent practicable, provided in a language that the parents could understand.
- developed (when appropriate) in coordination with programs under Reading First, Early Reading First, Even Start, Carl D. Perkins Vocational and Technical Education Act of 1998, and the Head Start Act.

Targeted Assistance

34 CFR 200.79

Targeted Assistance: A supplemental State or local program will be considered to meet the requirements of Section 1115 if the program:

1. Serves only children who are failing, or most at risk of failing, to meet the State's challenging student performance standards;
2. Provides supplementary services designed to meet the special educational needs of the children who are participating to support their achievement toward meeting the State's student performance standards that all children are expected to meet; and
3. Uses the State's system of assessment under 34 CFR Part 200.2 to review the effectiveness of the program.

Title I Programs

Regardless of which types of Title I, Part A, program the LEA operates, it is possible that some Title I, Part A, administrative, professional development, parental involvement, or even instructional activities are conducted through the central office. The LEA should be able to respond appropriately to and maintain documentation for each of the following questions to determine whether certain expenditures would be allowable:

1. Is the program, activity, or strategy reasonable and necessary to carry out the intent and purpose of the program?
2. Does the program, activity, or strategy address a need previously identified in the campus comprehensive needs assessment?
3. Is the program, activity, or strategy to be funded described in the district/campus or charter improvement plan before the decision of whether to pay the expenditure from Title I, Part A, funds?
4. How will the program, activity, or strategy be evaluated to measure a positive impact on student achievement?
5. If for a schoolwide campus, will the program, activity, or strategy upgrade the entire educational program on the campus?
6. Is the program, activity, or strategy supplemental to other nonfederal programs? On a schoolwide program, the amount of Title I, Part A, funding on the campus must be supplemental. On a targeted assistance program, the program, activity, or strategy must be supplemental.

The Title I, Part A, guidance document at <http://www.tea.state.tx.us/nclb/newpolicy/title1a.pdf> describes other general uses of Title I, Part A, funds for items such as salaries, rent, maintenance, mobile vans, and equipment.

QUESTIONS AND ANSWERS

Question 1: When may nonfederal supplemental funds be excluded for supplement, not supplant and comparability on a targeted assistance campus?

Answer 1: Nonfederal supplemental funds may be excluded IF:

- the funds are used to implement a program that meets the requirements of 34 CFR 200.79;
- **funds are not used for implementing the regular mandated foundation program;**

- funds are not used to implement an activity required by state law, SBOE rule, or local board policy;
- the program uses multiple, educationally related, objective criteria that are comparable to Title I, Part A for determining eligibility; and
- the program implements strategies **based on scientific research** that strengthen the core academic program, increase the amount and quality of learning time and include strategies to address the needs of low-achieving students.

Question 2: Must the “same” criteria used to identify Title I students on a targeted assistance campus also be used by programs conducted with nonfederal funds when these nonfederal funds will be excluded for supplement, not supplant and comparability?

Answer 2: No. However, the multiple criteria must be objective and educationally related and must be comparable to that used in Title I, Part A.

Question 3: Who determines if the nonfederal funds meet the criteria of supplemental on a schoolwide or targeted assistance campus?

Answer 3: The campus may request the exclusion, the LEA reviews and approves the exclusion, and the State verifies the program meets the intent and purposes of Section 1114 or 1115, as appropriate, through monitoring for exclusion for supplement, not supplant and through the review and approval of written documentation submitted for exclusion from comparability.

Examples

Example 1

One year on a Title I targeted assistance campus, a teacher is paid 50% from Title I, Part A funds and 50% from supplemental local funds for performing 100% Title I services.

May these nonfederal supplemental funds be excluded from the calculation of supplement, not supplant and comparability? Yes, because the funds meet the requirements for exclusion, the funds are not used for implementing the regular mandated foundation program, and multiple, objective, comparable educational criteria were used.

Example 2

On a Title I, Part A targeted assistance campus, the campus implements a supplemental program in grades 1-3 for students failing math and reading.

May the campus use Title I, Part A funds for students failing reading and use supplemental state funds for those failing math? Yes.

Is this a violation of supplement, not supplant? Title I students must have equitable access to money and services that non-Title I students receive. It would appear in this example and other examples described in this document that Title I students are not getting their fair share. However, if nonfederal supplemental funds are used to carry out a “Title I-like program” which meets the requirements under 34 CFR 200.79, is not part of the regular mandated foundation program, uses multiple, objective, educationally related criteria, and is not required by state law or local board policy, the nonfederal funds may be excluded for determining supplement, not supplant and comparability.

Must these nonfederal supplemental funds be used to serve Title I identified children to meet the exclusion? No.

Must the school serve those students most in need with Title I funds or may the most in need be served with the supplemental state compensatory (SCE) funds? Either way is allowable.

Note: LEAs are required to provide TAKS remediation. Therefore, TAKS remediation activities funded with federal or supplemental nonfederal funds targeted for exclusion must be in addition to what is required by state law or local policy and addressed in the campus improvement plan.

Example 3

An LEA implements a Title I program at grade 1 on a K-3 targeted assistance campus. The LEA uses supplemental SCE and local funds to implement a similar program in grades 2-3.

May these nonfederal funds at grades 2-3 be excluded for calculating supplement, not supplant and comparability? Yes, if the requirements in 34 CFR 200.79 are met.

Example 4

Campus A (K-3) is a Title I targeted assistance campus and implements a Title I program at grades 2-3. Campus B (K-3) is NOT a Title I campus but provides the **same** supplemental program for grades 2-3 with supplemental state funds.

May Campus B exclude these state funds for determining compliance with the supplement, not supplant and comparability requirements? Yes, if the requirements in 34 CFR 200.79 are met.

Example 5

An LEA uses supplemental state funds to implement an Alternative Education Program (AEP) for Grades 6-12.

May the LEA exclude these supplemental state funds from the determination of compliance with supplement, not supplant and comparability requirements? Only the portion of funds that meets the requirements in 34 CFR 200.79 and is not used to provide the required Alternative Education Program may be excluded.

Example 6

An LEA offers a supplemental extended-day program with supplemental SCE funds at a non-Title I campus and offers a Title I, Part A extended-day program at a Title I, Part A Targeted Assistance campus.

Is this a supplant? No, if the program meets the requirements of 34 CFR 200.79.

Reference Material

For more detail about presumptions concerning whether an LEA has supplanted Title I funds see the discussion in the Part 4 – Department of Education Cross-cutting section of the [A-133 compliance supplement](#) (March 2009 version) .

The following documents or websites contain additional information to assist with program requirements and compliance questions. Lengthy guidelines are summarized with links to full text.

NCLB Policy Guidance:

<http://www.tea.state.tx.us/index4.aspx?id=4478>

Program-Specific Provisions and Assurances:

http://198.214.97.41:8080/Guidelines/NCLB/NCLBAA09/NCLBAA09CS7000_X.pdf

NCLB Provisions and Assurances:

http://198.214.97.41:8080/Guidelines/Reference%20Materials/705XXXXCS7000_N.pdf

NCLB Program Appendices: <http://www.tea.state.tx.us/index4.aspx?id=4480>

Appendix Title

- 1 [General Guidelines](#)
- 2 [OMB Circulars](#)
- 3 [Cost Principles Payroll](#)
- 4 [PEIMS](#)
- 5 [Encumbrances and Expenditures](#)
- 6 [Indirect Costs](#)
- 7 [Audits](#)
- 8 [Supplement Not Supplant](#)
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- 10 [Attendance Area Selection](#)
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- 14 [Definitions](#)
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- 17 [Homeless](#)
- 18 [Safe and Drug Free Schools and Communities Risk Factors](#)
- 19 [eGrants](#)
- 20 [Shared Service Arrangements](#)
- 21 [Funding Transferability](#)

9.3 Financial Accounting for FSP Compensatory Education

Standards for school district accounting systems are explained in the Financial Accountability System Resource Guide, Financial Accounting and Reporting (FAR, Module 1). Standards for financial accounting were improved to implement new requirements in Senate Bill 1873, 75th Legislature, Regular Session. Changes to the statute require that the standard accounting system produce information ensuring that direct costs of the FSP compensatory education program supplemented expenditures of the regular education program. Financial accounting standards for FSP compensatory education are explained below.

9.3.1 Financial Accounting for FSP Compensatory Education Programs

Financial accounting codes and general guidelines applicable to standard accounting records and reporting are described in the Resource Guide module Financial Accounting and Reporting (FAR, Module 1). Expenditures attributable to the FSP compensatory education program are recorded in financial accounting records under program intent codes 24, Accelerated Education; 26, Non disciplinary Alternative Education Programs – AEP Basic Services; 28, Disciplinary Alternative Education Program – DAEP Basic Services; 29 Disciplinary Alternative Education Program – DAEP State Compensatory Education Supplemental Costs; and 30, Title I, Part A Schoolwide Activities Related to State Compensatory Education Costs on Campuses with 40% or More Educationally Disadvantaged Students. (See Program Intent Codes section in the FAR, Module 1).

Activities reflected in expenditures attributable to FSP compensatory education are those activities that supplement the regular education program services provided to students at risk of dropping out of school. Supplemental expenditures for FSP compensatory education are incremental costs related to providing concentrated efforts, specialized contractual services, specialized supplies and materials and/or specialized equipment.

9.3.1.1 Fund Codes

School district accounting systems are organized and operated on a fund basis. A fund is an accounting entity with a self-balancing set of accounts recording financial resources and liabilities. A school district designates the fund's financial resources for a distinct purpose. The fund's purpose can be established by the state or federal government as well as the school district.

The majority of FSP compensatory education program expenditures are accounted for in the General Fund, under fund code 199. Certain FSP compensatory education program expenditures are accounted for in the Special Revenue Fund, such as fund code 394, Pregnancy, Education and Parenting Program. Additionally, services provided through a shared services arrangement are accounted for under a state/local shared services arrangement fund code in the Special Revenue Fund (see 1.4.2 Fund Codes in the [Financial Accounting and Reporting](#) module).

9.3.1.2 Function Codes

A function represents a general operational area in a school district, and groups related activities. Most school districts use all of the functions in the process of educating students or organizing the resources to educate students. For example, in order to provide the appropriate atmosphere for learning, school districts offer guidance and counseling services, teach students, provide staff development to teachers, and provide library and media resources. Each of these activities is a function.

A majority of FSP compensatory education program expenditures are accounted for in the General Fund, under function code 11, Instruction. Other function codes account for additional instructional and non instructional-related activities. Transactions accounted for under various function codes are those transactions representing supplemental costs to the regular education program. Because all students are entitled to receive instructional services under a regular education program setting, instructional strategies that involve modification of the regular education program do not represent supplemental direct costs, unless incremental costs to the regular education program are demonstrated. Supplemental direct costs represent incremental costs, meaning that additional costs are involved above costs necessary to provide the regular education program. Compensatory education activities are for the purpose of supplementing the regular education program. Certain expenditure function codes are used exclusively to account for indirect costs. State Board of Education rules related to indirect costs are found in [Title 19 Texas Administrative Code \(TAC\) Chapter 105, Subchapter B](#).

9.3.1.3 Object Codes

An expenditure/expense account identifies the nature and object of an account, or a transaction. The school district's accounting records are to reflect expenditures/expenses at the most detailed level, as depicted in the chart of accounts (4 digits) for accounting and Public Education Information Management System (PEIMS) reporting (actual data) purposes. For PEIMS budget reporting purposes, expenditures/expenses are reported to the second digit of detail (6100, 6200, etc.) If a school district needs to use codes in addition to the mandatory codes for managerial purposes, the optional codes provided for local use in the code structure should be used.

The six major categories of expenditure object codes are:

- Payroll accounted for under the object code series 6100
- Professional and contracted services accounted for under the object code series 6200
- Supplies and materials accounted for under the object code series 6300
- Other operating costs accounted for under the object code series 6400
- Debt service accounted for under the object code series 6500
- Capital outlay for land, buildings and equipment accounted for under the object code series 6600

Direct costs charged to FSP compensatory education program in the General Fund are for incremental or supplemental costs to the regular education program. A majority of supplemental costs for compensatory education programs are recorded under the object codes for payroll, 6100.

Local officials have flexibility in allocating resources to different campuses and in determining how resources are to be used to benefit students. It should be noted that supplemental services, supplies and/or equipment charged to the state compensatory education allotment need to be indicated in the district/charter school improvement plan and benefit students at risk of dropping out of school served in compensatory education programs.

9.3.1.4 Organization Codes

An organization is a group of employees and/or volunteers who are obligated to complete a specific responsibility. Usually, an organization has an identifiable leader or an individual who is accountable for the overall completion of the responsibility. A majority of supplemental direct costs for compensatory education programs involve instructional and instructional-related expenditures in campuses providing instruction in grades Pre-K through 12.

9.3.1.5 Program Intent Codes (PICs)

These codes are used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students. The intent (the student group toward which the instructional or other service is directed) determines the program intent code, not the demographic makeup of the students served. In the case of state programs, state law may determine the intent and permissible use of allotments. In the case of FSP compensatory education, state law restricts expenditures for direct costs to those costs that are supplemental to the regular education program. Costs recorded under Program Intent Codes (PIC) 24, Accelerated Education; 26, Non disciplinary Alternative Education Programs – AEP Basic Services; 28, Disciplinary Alternative Education Program – DAEP Basic Services; 29 Disciplinary Alternative Education Program – DAEP State Compensatory Education Supplemental Costs; and 30, Title I, Part A Schoolwide Activities Related to State Compensatory Education Costs on Campuses with 40% or More Educationally Disadvantaged Students need to be aligned with local district/campus improvement plans or charter school instructional plans.

Please refer to Section 1.4.15.4, Compliance Monitoring – Program Intent Codes, in the FAR Module for guidance regarding the types of costs to be recorded to each PIC.

9.3.1.6 Carry Over Amounts

According to [TAC §105.11](#), at least 55% of the school's compensatory education allotment is to be spent on direct costs each year. If a disproportionate amount of the allotment is received at the end of the year, carry over amounts may result if expenditures are less than 55 percent of the FSP compensatory education allotment for the school year. In this instance, carry over amounts are to be budgeted in the first or second subsequent fiscal year. In calculating the carry over amount, the lower of either the preliminary or final earned allotment amount reflected in the LEA's summary of finances is compared to the LEA's expenditure amount for the respective school/fiscal year.

9.3.2 School District Support for Charges to Compensatory Education

Several types of documents may be necessary to document the basis for charges to the FSP compensatory education allotment, such as allocations of payroll costs to regular and/or compensatory education. The primary and most important paper trail is provided by the district/campus improvement plan or the charter school instructional plan. Refer to Appendix 2 for a sample document to track costs and FTEs related to State Comp Ed.

9.3.2.1 District/Campus Improvement Plan

The comprehensive needs assessment is required by TEC 11.252. The needs assessment is a comprehensive evaluation plan of a school's strengths and weaknesses. The concept of needs assessment is to build on the school's strengths and improve areas of weakness. Educators are expected to use data from the needs assessment to write a school improvement plan that has specific targets and strategies designed by the school stakeholders to improve the school and student achievement. The process used is almost as important as the data that are collected.

The [district/campus improvement plan](#) or the charter school instructional plan is the primary record supporting expenditures attributed to the state compensatory education program. The plan serves to: (a) define purpose; (b) ensure accountability; (c) build consensus; (d) ensure that the use of resources is carefully planned and cost effective; (e) make certain that decision making is informed by a conscientious and well planned and managed evaluation system; (f) keep the mission focused; and, (g) increase productivity for greater results and success for *at risk* students. District and campus managers and leadership, and campus-based committees have broad discretion to design and implement compensatory education programs that best serve the unique needs of students in each campus.

<http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.11.htm>

9.3.2.2 Teacher Schedules

The primary record in the LEA supporting payroll charges to program intent code areas is the campus teacher schedule. This record describes the assignment of teachers and/or teacher assistants to instructional areas and other responsibilities during the school day. Other supporting documentation may be necessary, such as campus staffing formula policies and records documenting calculations of the supplemental costs of smaller class sizes.

Teacher schedules may also be used to charge other costs. Non payroll costs may be attributed to program intent codes according to the relative proportion of payroll costs charged to different programs or the relative proportion of FTEs assigned to various programs, as appropriate.

9.3.2.3 Campus Staffing Formulas

Campus staffing formulas contained in LEA local policies and/or district/campus improvement plans provide a benchmark figure that is used to calculate supplemental full-time equivalent (FTE) staff. The number of excess FTEs resulting from smaller class sizes is determined from campus staffing formulas. For example, if 10 additional teachers are

employed at a campus in order to improve instruction for students at risk of dropping out of school in FSP compensatory education to supplement the 50 teachers employed under campus staffing formulas, then the salaries and benefits for the 10 supplemental FTEs would be coded to Program Intent Code 24, Accelerated Education. Alternatively, in the preceding example, 1/6th or 16 percent of all teachers' payroll and benefits at the campus could be coded to Program Intent Code 24, Accelerated Education.

Campus staffing formulas may also be used as a basis to charge other costs. Non payroll costs may be charged according to the relative proportion of payroll costs charged to different programs or the relative proportion of FTEs assigned to various programs, as appropriate.

9.3.2.4 Job Descriptions

Other primary records in the LEA supporting payroll charges to program intent code areas are job descriptions. This record describes the roles and responsibilities of staff in instructional and/or non instructional areas. Other supporting documentation may be necessary, such as time and effort records for staff that work in multiple cost objectives or program areas.

Job descriptions may also be used to charge other costs. Non payroll costs may be charged according to the relative proportion of payroll costs charged to different programs or the relative proportion of FTEs assigned to various programs, as appropriate.

9.3.2.5 Time and Effort

Time and effort records are the primary records for documenting payroll charges for staff that work in multiple cost objectives involving federal programs. The record is used to record the time devoted to different program areas during the work day. Because consistency in policies may be preferable, districts may implement general policies in accordance with federal requirements for time and effort records. These records may be applicable in documenting payroll charges for non instructional staff that work a portion of their time in FSP compensatory education programs.

Time and effort records may also be used to charge other costs. Non payroll costs may be charged according to the relative proportion of payroll costs charged to different programs or the relative proportion of FTEs assigned to various programs, as appropriate.

9.3.2.6 Student Case Counts

Student case counts are other records that may be used to document payroll charges of staff, such as instructional aides. Calculations of ratios or percentages of students served in different program areas may be used to document payroll costs for staff that work in multiple program areas.

Student case counts may also be used to charge other costs. Non payroll costs may be charged according to the relative proportion of payroll costs charged to different programs or the relative proportion of FTEs assigned to various supplemental programs, as appropriate.

9.3.2.7 Use of Local Criteria

In addition to serving students at risk of dropping out of school, as defined in [TEC Section 29.081\(d\)](#), the LEA may serve students who meet local eligibility criteria if the local criteria have been adopted by the board of trustees. However, the number of students receiving services pursuant to local criteria during a school year may not exceed 10 percent of the number of students who received services from the LEA pursuant to TEC Section 29.081(d) during the preceding school year.

In this instance, the LEA may not use its compensatory education allotment to provide supplemental services or instruction to students identified as at risk pursuant to local criteria on a campus that did not have any students identified as at risk pursuant to Section 29.081(d). Students at risk of dropping out of school reported through the PEIMS must meet the criteria set forth in Section 29.081(d); students identified using local criteria are not reported through the PEIMS.

As with all other aspects of a compensatory education program, the LEA must document the need for the specific supplemental services or instruction in its comprehensive needs assessment. Once a need has been identified, the LEA may provide the specific supplemental services or instruction to students identified at risk of dropping out of school pursuant to local criteria. In accordance with [TEC Section 42.152\(c\)](#), the LEA must use its compensatory education allotment to fund supplemental programs and services designed to eliminate any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39, of the Texas Education Code or disparity in the rates of high school completion between students at risk of dropping out of school, as defined by Section 29.081(d), and all other students. The school district may not use its compensatory education allotment to supplant other funds.

As with all other compensatory, intensive and accelerated instructional services, the LEA district must support its expenditure of compensatory education funds for the specific supplemental services and instruction by including an adequate description of said services in the campus improvement plan(s). Similarly, the LEA must evaluate the effectiveness of

the services or instruction. Lastly, consistent with TEC Section 42.152(c-1), a school district may only use its compensatory education allotment to provide the specific supplemental services or instruction in proportion to the number of at risk students identified pursuant to local criteria as compared to the number of at risk students identified pursuant to Section 29.081(d).

9.3.2.8 Statistical Sampling Based Time and Effort Studies

A time and effort study that utilizes statistical sampling is another method that may be used to document payroll charges of staff. Statistical sampling methods applied to time and effort record keeping may decrease the administrative burden of keeping daily time and effort records.

Teacher schedules may also be used to charge other costs. Non payroll costs may be charged according to the relative proportion of payroll costs charged to different programs or the relative proportion of FTEs assigned to various programs, as appropriate.

9.3.2.9 Other Estimating Techniques for Allocation of Costs

Other procedures may be used in estimating the relative proportions of payroll and other charges recorded under different program intent codes. Ratios used as a basis for allocating costs to program areas may be calculated from measurements reflecting the programmatic intent of services provided to students, and should not be based upon the demographics of populations served.

Accordingly, direct costs for state compensatory education programs must relate to substantive programmatic strategies as indicated in the LEA's school needs assessment, district/charter school improvement plans, and must be supplemental to direct costs necessary to provide the regular education program.

9.3.3 Cost/Benefit Considerations for School Districts Relating to Detailed Financial Accounting Procedures

The Basic or Enhanced Program Intent Codes are to be charged with costs directly attributable to the program intent codes according to definitions and examples provided in the Resource Guide Financial Accounting and Reporting module. In some cases, this may require the allocation of costs among several program intent codes. However, the allocation of costs should be performed only when, in the judgment of the LEA

management, there would be a material effect on the financial records of either an individual transaction or the total amount of a certain type of transaction. Consideration should also be given to the effort involved in gathering the information necessary to perform the allocation compared to the benefit derived from the allocation of costs. In some instances, the cost of effort to allocate costs among several program intent codes may exceed the cost of the underlying transaction.

If the LEA elects not to allocate costs to Basic or Enhanced Program Intent Codes or the Athletics and Related Activities Program Intent Code, the Undistributed Program Intent Code 99 is to be used.

9.3.4 Allocation Formula of the Texas Education Agency

TEA provides a formula to allocate costs recorded in Program Intent Code 99, Undistributed, according to instructional FTEs (on the Fall Snapshot) assigned to Basic and Enhanced Program Intent Codes. Compliance with direct cost requirements in state law relating to FSP compensatory education is monitored by TEA using allocated cost information in PEIMS. This information includes costs assigned to specific program intent codes. Shared services arrangement cost information which is submitted on a special PEIMS record will also be included in the compliance monitoring calculations. The total costs which will be considered for compliance monitoring purposes are represented by the following formula.

Expenditures coded by the school district to specific Enhanced Program Intent Codes	+	Allocations of expenditures to Enhanced Program Intent Codes from the Undistributed Program Intent Code (99) based upon instructional full-time equivalents	+	Expenditures associated with a school district as a member of a shared services arrangement which are coded to specific Enhanced Program Intent Codes	=	Total expenditures used for monitoring purposes such as maintenance of effort, comparability and compliance with State Board of Education rules on indirect costs
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9.4 Risk Assessment Processes and Identification of Schools Requiring a Local Audit

General

The risk assessment system described in this section was developed in accordance with House Bill 3459, 78th Legislature (2003). The electronic reporting and audit system primarily uses information and data currently submitted through the Public Education Information Management System (PEIMS) and other reporting systems. These traditional data and reporting requirements are supplemented by four types of electronic documents submitted by electronic filing of PDF documents through a Texas Education Agency Secure Environment (TEASE) AUDIT account. These four electronic documents which explain various strategies for state compensatory education programs are:

- 1) district improvement plans from school districts,
- 2) campus improvement plans from school districts,
- 3) instructional plans from charter schools, and
- 4) local evaluations by school districts and charter schools of state compensatory education strategies, activities and programs.

The risk assessment system that is described in this section is comprised of multiple objective indicators and certain compliance indicators. TEA staff will assess the degree of risk of noncompliance in a school district's or charter school's use of the Foundation School Program (FSP) state compensatory education allotment for the previous fiscal year and the degree of risk that the school inadequately reported data related to state compensatory education programs.

Threshold

The risk assessment will be done by TEA staff for all school districts and charter schools whose FSP state compensatory education allotment for the previous fiscal year was \$500,000 or more.

Risk Indicators

Exhibit 7. Risk Indicators for Electronic Auditing System of School Districts and Charter Schools

Indicator	Threshold		Data Source
	Value	Yes No	
Critical Indicators			
1. Was School FIRST rating above substandard achievement? (This indicator shall apply to charter schools beginning with the 2010-2011 school year)	N/A		School FIRST rating for the school district for the previous fiscal year
2. Were actual expenditures reported in PEIMS in the General Fund for state compensatory education-related costs equal to or greater than 55% of the state compensatory education allotment, based upon a three-year average of the LEA's allotments and actual expenditures? ¹	N/A		Summary of Finances and PEIMS submission of actual financial data for the three previous fiscal years
3. Did the school district's or charter school's academic rating exceed Academically Unacceptable for the most recent school year that an academic rating was assigned?	N/A		Accountability Ratings for the school district or charter school for the previous school year
4. Was the Annual Financial and Compliance Report (and the Agreed-Upon Procedures Report for State Compensatory Education, if applicable) filed within 30 days after the due date?	N/A		Annual Financial and Compliance Report for the previous fiscal year
5. Did more than 5 at risk students drop out annually over a three-year period OR did 1% or more of the at risk population drop out annually over a three-year period AND did the three-year trend in the dropout rate of at risk students evidence an overall increase in the dropout rate? ²	N/A		Fall PEIMS submission of student data for three previous school years
6. Did the three-year trend for the at risk population not evidence an overall decrease in TAKS performance? ³	N/A		TAKS performance data for three previous

¹ For the 2008-209 and previous school years, this analysis is based on direct costs equal to or greater than 85% of the state compensatory education allotment.

² The 78th Legislature required the TEA to implement adjustments to the dropout measures. This indicator will be applicable when adjusted dropout measures are available for three successive school years.

³ This indicator will be effective when TAKS exam results are available for at least three successive school years. With the conversion to end-of-course exams, this indicator will be adjusted.

		school years
<i>Other Indicators</i>		
7.	Was the percent of students at risk of dropping out of school less than the threshold value (count of at risk students in the school district or charter school /total students in the school district or charter school)?	59.0%
8.	Was the percent of low income students less than the threshold value?	80.0%
9	Was the overall student teacher ratio lower than the threshold value?	16.3:1
10	Was the percent of attendance greater than the threshold value?	94.5%
11	Was the percent of limited English proficient students less than the threshold value?	33.0%
		Totals
		Fall PEIMS submission of student data for the previous school year AEIS Report for the school district or charter school for the previous school year AEIS Report for the school district or charter school for the previous school year AEIS Report for the school district or charter school for the previous school year AEIS Report for the school district or charter school for the previous school year

A local audit will be obtained (and paid for) by a school district or a charter school, in accordance with the requirements for an agreed-upon procedures engagement for the compensatory education program, as follows:

- If one or more critical indicators in Exhibit 7 (indicators one through six) are answered “no”;
- If indicator seven is answered “no” and one or none of the indicators eight through 11 are answered “yes”;
- If the TEA identifies significant data quality issues relating to staff, students or financial data submitted through the Public Education Information Management System;
- If the TEA identifies noncompliance during the course of audit, investigative or monitoring activities of other state and/or federal programs (e.g. Title I, Part A);
- If the most recent agreed-upon procedures engagement submitted to the TEA disclosed significant deficiencies or noncompliance (or if school district or charter school did not

submit an agreed-upon procedures report for any subsequent school year in accordance with TEA requirements to obtain a local audit or submitted the report late);

- If the school district did not submit district and campus improvement plans or the charter school did not submit instructional plans for the previous school year, in accordance with this section; or
- If the school district or charter school did not submit a local evaluation of state compensatory education strategies, activities and programs for the previous school year, in accordance with this section.

Timeline for Risk Assessment

Within 60 days after the due date for submission of the district/campus improvement plans (instructional plans from charter schools) and local evaluations, a school district or charter school that evidenced a high degree of risk will be notified in writing concerning the TEA's requirement that the school district or charter school obtain a local audit of state compensatory education; however, evidence of high risk associated with data quality issues may result in notification at any time that such evidence is disclosed by TEA staff.

Because the risk assessment processes described in this section are relatively simple, a school district or charter school should be able to anticipate receiving notification from the TEA to obtain a local audit. Thus, a school district or charter school should appropriately factor in this requirement during budgetary development processes for the next fiscal year, as soon as the school district or charter school is able to reasonably anticipate the probability of this requirement.

Example Timeline:

February 19, 2009 – last date for resubmitting midyear data for school year 2007-08

July 19, 2009 – 150 days after PEIMS resubmission; due date for electronic reports for school year 2007-2008

September 20, 2009 – 60 days after electronic reporting deadline; preliminary notification of Agreed-Upon Procedures (AUP) requirement

October 20, 2009 – 30 days after preliminary notification; deadline for appeal of AUP requirement

December 1, 2009 – final notification of Agreed-Upon Procedures (AUP) requirement

April 30, 2010 – due date for Agreed-Upon Procedures (AUP) report

Filing Requirement for Agreed-Upon Procedures Report

For those school districts and charter schools that are required to obtain a local audit, the Agreed Upon Procedures report for State Compensatory Education is to be submitted in both paper format and electronically (in Adobe Acrobat® pdf format). The electronic report must be submitted through a Texas Education Agency Secure Environment (TEASE) AUDIT account. File naming and submission instructions are outlined in the Electronic Reports Submission Standards which can be found on the [School Financial Audits](#) web page on the Texas Education Agency web site.

Alternate Procedures

If a school district or charter school that has a state compensatory education allotment is exempted by the TEA from electronic reporting under the provisions of Texas Education Code Section 42.152(q)-(q-4) for any reason (such as receiving an allotment less than \$500,000), the school district's or charter school's annual financial and compliance report will be reviewed for disclosures of material noncompliance with the requirements for state compensatory education. Evidence of material noncompliance may cause the TEA to direct the local school district or charter school to obtain a local audit in accordance with the requirements for an agreed-upon procedures engagement for the compensatory education program.

On-site Monitoring

As authorized in Section 42.152(q-2) of the Texas Education Code, the Division of Financial Audits may conduct on-site monitoring of a school district's or charter school's expenditures of its state compensatory education allotment if the school district or charter school did not submit an agreed-upon procedures report for any subsequent school year in accordance with TEA requirements to obtain a local audit or if one or more of the following criteria are observed for two or more consecutive school years.

- If the TEA identifies noncompliance during correspondence or on-site monitoring of the school district's or charter school's expenditures of its state compensatory education allotment;
- If the agreed-upon procedures engagements submitted to the TEA disclosed significant deficiencies or noncompliance and the school district or charter school failed to adequately address the significant deficiencies or noncompliance;
- If the school district did not submit district and campus improvement plans or the charter school did not submit instructional plans in accordance with this section; or
- If the school district or charter school did not submit local evaluations of state compensatory education strategies, activities and programs, in accordance with this section.

9.4.1 Role of the Independent Auditor in Testing for Compliance with Budgeting, Accounting, Operational and Reporting Standards Related to State Compensatory Education

This section only applies if the LEA is required to obtain a local audit under Section 42.152 of the Texas Education Code.

The LEA's independent auditor represents an important check and balance in the public education financial accountability system in testing for compliance with budgeting, accounting, operational and reporting standards related to state compensatory education. The independent auditor applies agreed-upon procedures in evaluating management's assertion about the LEA's compliance with state compensatory education requirements. Specific aspects of compliance matters that are addressed by the independent auditor are found in various sections of the Texas Education Code, including Sections [11.251-11.253](#), [29.081](#) and [42.152](#), State Board of Education rule 19, TAC, Section 109.25, and this module of the Resource Guide. Additional requirements apply to testing compliance with standards for use of account codes in fiscal data reported through the Public Education Information Management System (PEIMS).

The independent auditor's working papers are to document the extent and scope of the work performed in connection with tests applied to management's assertions about compliance with state compensatory education requirements. The working papers are to document the auditor's procedures performed and samples selected.

The major areas requiring testing in relation to state compensatory education in the LEA are identified below along with examples of agreed-upon procedures which may be performed by the independent auditor. While the list of procedures is comprehensive, it is not considered all-inclusive. An independent auditor may perform additional procedures as deemed necessary by professional judgment and by the circumstances. *While examples of agreed-upon procedures are provided in this module, these procedures are not considered to be all-inclusive. Such procedures are not intended to serve as an agreed-upon procedure engagement program for the independent auditor.*

The independent auditor should review the instructional settings, services or programs that are provided by the LEA to determine which agreed-upon procedures are applicable to the agreed-upon procedures engagement for the LEA. All procedures are mandatory (also required on Title I, Part A schoolwide campuses unless specifically noted), except for those that are not applicable to the types of instructional settings, services or programs provided by the LEA. (In connection with charter schools, the General Fund references below refer to fund codes 199 and 420.)

*** If all campuses are exemplary or recognized, the auditor should test the 2 campuses with the highest percentage of students at-risk (Procedures 1.b, 4.a, 5.a, and 5.b).*

1) Example agreed-upon procedures - Budgetary Process

- a) Inquire and confirm that appropriations for state compensatory education (Program Intent Codes 24, 26, 28, 29 and 30 in the General Fund) were distributed (snapshot submitted through PEIMS) to budget managers (including campus principals), and that the appropriations in the aggregate for the LEA were equal to or greater than 55% of the estimated compensatory education allotment, according to planning estimates for this allotment in the LEA's Foundation School Program (FSP) [Summary of Finances](#) (the FSP Summary of Finances document for the month of August for the school year being tested under agreed-upon procedures);
- b) For each campus that did not receive an exemplary or recognized academic rating**, inquire and confirm whether appropriations for state compensatory education (Program Intent Codes 24, 26, 28, 29, and 30, in the General Fund) in any budget status document distributed to budget managers (including campus principals) materially agreed with (within plus or minus 10%) summary totals for supplemental full-time equivalent staff (FTEs) and supplemental financial resources (plus basic services for disciplinary alternative education, as applicable, limited to 18% of the State Compensatory Education allotment - in the context of budgetary plans for compliance with the 55% expenditure rule for state compensatory education) in district/campus improvement plans or charter school instructional plans;
- c) Obtain a copy and read the LEA's evaluation of the effectiveness of strategies involving students at risk of dropping out of school for all campuses that did not receive an academic rating of exemplary or recognized. Obtain a copy of and read the LEA's analysis of the potential benefits that could result from realigning staff and financial resources, following or in conjunction with the LEA's local evaluation of the effectiveness of strategies for the preceding school year.

2) Example agreed-upon procedures - State Compensatory Education Allotment

- a) For the federal reporting period October through September for the Child Nutrition Program, compare the amounts in tables reported to the TEA for the best six months' average to the number of the free/reduced price lunch applications (compare the base year measures used in reports to the TEA by a Provision II school district to the free/reduced lunch applications on file for the base year).

3) Example agreed-upon procedures – Expenditure Tests

- a) Compare the current year's expenditures to the prior year's expenditures attributed to state compensatory education (compare expenditures for Program Intent Codes

24, 26, and 28-30) in the General Fund, and inquire about factors that the LEA attributed to significant or unusual variances (greater than plus or minus 10%);

- b) Confirm whether actual expenditures recorded in the LEA's accounting records that were attributed to state compensatory education (Program Intent Codes 24, 26, 28, 29, and 30, in the General Fund) were equal to or exceeded 55% of the state compensatory education FSP program allotment in the preliminary or near-final Summary of Finances;
- c) Compare aggregate actual expenditures recorded in the LEA's accounting records that were attributed to state compensatory education (Program Intent Codes 24, 26, 28, 29, and 30, in the General Fund) with summary totals for supplemental FTEs and supplemental financial resources (plus basic services for disciplinary alternative education, as applicable, limited to 18% of the state compensatory education allotment - in the context of monitoring by central administration for compliance with the 55% expenditure requirement for state compensatory education) in district/campus improvement plans or charter school instructional plans, and inquire about factors that the LEA attributed to significant or unusual variances (greater than plus or minus 10%); and

4) Example agreed-upon procedures - District/Campus Improvement Plans

- a) For all campuses that received an academic rating other than exemplary or recognized** for the most recent school year, confirm district/campus improvement plans or charter school instructional plans contain required components, in accordance with Sections 11.251 – 11.253, Texas Education Code, including:
 - i) Comprehensive needs assessment;
 - ii) Identified strategies;
 - iii) Supplemental financial resources for state compensatory education (plus basic services for disciplinary alternative education, as applicable, limited to 18% of the state compensatory education allotment). The aggregate amount must be disclosed for each campus in accordance with State Board of Education rule, [Title 19, Texas Administrative Code \(TAC\), Section 109.25](#);
 - iv) Supplemental staff FTEs for state compensatory education (plus basic services for disciplinary alternative education, as applicable, limited to 18% of the state compensatory education allotment). The aggregate amount must be disclosed for each campus in accordance with State Board of Education rule 19, TAC, Section 109.25;

- v) Measurable performance objectives;
- vi) Timelines for monitoring strategies; and
- vii) Formative and summative evaluation criteria.

5) Example agreed-upon procedures - Participation by Eligible Students

- a) Sample student records (campus-level samples for all campuses that did not receive an exemplary or recognized academic rating**) and test the LEA's procedures involving the identification of students at risk of dropping out of school, under Section 29.081, Texas Education Code;
- b) For each campus that did not receive an exemplary or recognized rating**, obtain and read a report (sample of one per campus) that identified students at risk of dropping out of school, under Section 29.081, Texas Education Code, to classroom teachers assigned to specific accelerated, intensive and compensatory instructional settings and strategies that were documented in district/campus improvement plans or charter school instructional plans;

6) Example agreed-upon procedures – Reporting of Expenditures and Student Records

- a) Select a sample of transactions (LEA-level sample of transactions recorded in the Fund Code 199, General Fund, and Program Intent Codes 24, 26, 28, 29 and 30) and review the LEA's documentation supporting the attribution of costs for state compensatory education. Procedures applied to fiscal data to be reported in the 032 (actual financial data) and 033 (shared services arrangements reported by fiscal agent) record types of the Public Education Information Management System Data Standards are to assess appropriate use of account codes in conjunction with Program Intent Codes 24, 26, 28, 29 and 30, in accordance with the Financial Accounting and Reporting Module of the Financial Accountability System Resource Guide;
- i) Obtain a copy and read the LEA's document(s) that define standards for resource allocations that support basic services or regular education in relation to student-staff ratios and financial resources for campuses serving comparable grade levels. Confirm that for transactions recorded in the General Fund under Program Intent Code 24 that the LEA applied the standard measures for resource allocations for basic services in order to attribute costs to Program Intent Code 24;

- ii) Obtain copies of teacher contracts and teaching schedules for items selected in the sample and review the support for the attribution of salary and benefit costs for teacher recorded under Program Intent Codes 24, 26, 28, 29 and 30, in the General Fund;
- iii) Confirm that for programs eligible under Title I of the Elementary and Secondary Education Act, as provided by Public Law No. 103-382 and its subsequent amendments, and by federal regulations implementing that Act, the expenditure of the state compensatory education allotment to support this federal program only occurred at campuses at which at least 40% of the students were educationally disadvantaged (see additional information under Title I, Part A in the Supplement/Not Supplant section). (This procedure only applies if the LEA used the compensatory education allotment to supplement a federal schoolwide project under Title I.);
- iv) Confirm that for disciplinary alternative education programs established under Section 37.008, Texas Education Code, the expenditure of the state compensatory education allotment for direct costs attributed (in the context of monitoring by central administration for compliance with the 55% expenditure requirement for state compensatory education) to disciplinary alternative education did not exceed 18% (without a waiver) of the total compensatory education allotment amount (see additional information under Alternative Education Programs in the Supplement/Not Supplant section). Direct costs for basic services reported in this area count towards the 55% minimum expenditure requirement under Section 42.152, TEC; however, the amount of costs for direct basic services that counts towards the 55% compliance rule is limited to 18% of the state compensatory education allotment. (This procedure only applies to tests of transactions attributed to a disciplinary alternative education campus established under Section 37.008, TEC.);
- v) Confirm that for disciplinary alternative education programs established under Section 37.008, Texas Education Code, supplemental costs were recorded in accounting records according to standards (recorded in accounting records under Program Intent Code 29) for attribution of costs to this program area (the LEA is to define standards for resource allocation for basic services in relation to standard allocations supporting student-staff ratios and financial resources for campuses serving comparable grade levels as a basis for attributing costs to basic services versus supplemental costs). (This procedure only applies to tests of transactions attributed to a disciplinary alternative education campus and requires an approved waiver from the State.) (See additional information under Alternative Education Programs in the Supplement/Not Supplant section).; and

- vi) Confirm that for alternative education programs (non disciplinary), the costs recorded in accounting records under Program Intent Code 26 were attributed to programs specifically designed to serve students at risk of dropping out of school, as defined by Texas Education Code Section 29.081. (This procedure only applies to tests of transactions attributed to a non disciplinary alternative education campus specifically designed to serve students at risk of dropping out of school.)

- b) Select a sample of student records (LEA-level sample of students) and review the LEA's documentation for use of the at-risk indicator code (Element ID E0919) and Title I, Part A code (Element ID E0894) in student data reported in the "Student Data – Enrollment" record (Record Type 110) through the Public Education Information Management System Data Standards.

In performing the agreed upon procedures for the compliance attestation function, the auditor shall apply a sampling methodology in connection with the application of certain mandatory agreed-upon procedures. Use of one the methods specified in this section shall constitute a representative sample, as follows:

1. Sample items shall be selected in such a way as to comprise a simple random sample of each relevant population; and
2. In connection with the application of certain agreed-upon procedures to items that require sampling procedures, sample sizes shall be determined using one of the following options:

Option 1. Determine the sample size using a 10% Margin of Error, a 40% Estimated Attribute Error Rate, and a 95% Confidence Level.

Option 2. The auditor may use some other form of sample selection and/or some other method to determine the sample size, provided that the resulting sample affords equal or better strength of inference and freedom from bias (as compared with paragraph (2) (a) of this section), and that the auditor summarizes the substitute methods and clearly demonstrates their equivalence in the final report on the audit.

The agreed-upon procedures report required under Section 9.3.6 is to include the certificate of board and an exhibit, as shown below, reporting staff and financial resources relating to state compensatory education. The exhibit, "Full-time Equivalent Staff and Financial Resources by Campus for the Compensatory, Intensive, and Accelerated Instruction Program under Section 42.152, Texas Education Code, According to District/Campus Improvement Plans," is to report amounts in relation to information contained in district/campus improvement plans. To assist the auditor in completing the agreed-upon procedures, the LEA should prepare an exhibit, as

shown in Appendix 2, reporting staff and financial resources relating to SCE. The exhibit (Exhibit F), “*Full-time Equivalent Staff and Financial Resources by Campus for the Compensatory, Intensive, and Accelerated Instruction Program under Section 42.152, Texas Education Code, According to District/Campus Improvement Plans,*” is to report amounts in relation to information contained in district/campus improvement plans.. The independent auditor is to test the attribution of amounts accounted for in the General Fund (also any amounts attributed to services provided by shared services arrangements) that are reported in connection with supplemental FTEs and supplemental financial resources for State Compensatory Education (plus gross direct costs for disciplinary alternative education) for the five program classifications, as provided in Appendix 2 – Full-time Equivalent Staff and Financial Resources.

Note: Gross direct costs for basic services are reported. Direct costs for basic services reported in this area count towards the 55% minimum expenditure requirement under Section 42.152, TEC; however, the amount of costs for direct basic services that count towards the 55% compliance rule is limited to 18% of the state compensatory education allotment.

9.4.2 Required Special Report on Applying Agreed-Upon Procedures for State Compensatory Education

House Bill 3459, 78th Legislature (2003) directed the commissioner to develop electronic audit and reporting systems to identify school districts that are at high risk of having used compensatory education funds other than in compliance with Subsection 42.152(c), Texas Education Code, or of having inadequately reported compensatory education expenditures. Based upon an analysis of risk factors, the commissioner will direct certain school districts to have a local audit of state compensatory education expenditures. The agreed-upon procedures report will enumerate procedures that were applied by the independent auditor and the auditor’s findings for the following areas: (1) Budgetary process; (2) State Compensatory Education allotment; (3) Allowable expenditures; (4) District/campus improvement plans; (5) Participation by eligible students; and (6) Reporting; and include the *Full Time Equivalent Staff and Resources* form. This special report is separate from the LEA’s annual financial and compliance report. (This section only applies if a school district or charter school is required to obtain a local audit under Section 42.152 of the Texas Education Code.)

School districts and charter schools that are directed to have a local audit will engage a certified public accountant to apply the agreed-upon procedures in accordance with standards for attestation engagements described in Statements on Standards for Attestation Engagements, of the American Institute of Certified Public Accountants (at the school district's or charter school's cost).

For those school districts and charter schools that are required to obtain a local audit, the Agreed Upon Procedures report for the State Compensatory Education is to be submitted in both paper format and the specified electronic file type, (in Adobe Acrobat® pdf format). The audit will be submitted to the TEA within 150 days after notification by TEA.

The following is an illustration of an agreed-upon procedures report on management's assertion about an entity's compliance with specified requirements in which the procedures and findings are enumerated rather than referenced. (AICPA Statements on Standards for Attestation Engagements)

Independent Accountant's Report

On Applying Agreed-Upon Procedures

January 15, 2010

Board of Trustees

Anywhere Independent School District

10 Main Street

Anywhere, Texas 79999

Members of the Board of Trustees:

We have performed the procedures enumerated below, which were agreed to by *Anywhere ISD*, solely to assist the users in evaluating management's assertion about *Anywhere ISD's* compliance with state compensatory education requirements during the fiscal year ended *August 31, 2002*. Management asserted compliance with the requirements for state compensatory education in Section 42.152, Texas Education Code and Module Nine, Compensatory Education Guidelines, Financial Accounting Treatments, and an Auditing and Reporting System, of the Financial Accountability System Resource Guide. This agreed-upon procedures engagement was performed in accordance with attestation

standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the *Anywhere ISD*. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures Performed:

1.	Budgetary Process
	a.
	b.
	c.
2.	State Compensatory Education Allotment
	a.
3.	Allowable Expenditures
	a.
	b.
	c.
4.	District/campus improvement plans
	a.
5	Participation by Eligible Students
	a.
	b.
6.	Reporting of Expenditures and Student Records
	a.
	b.

Findings and Questioned Costs:

We found the following non-compliance with the requirements tested:

Finding 02-1	
1.	Condition
2.	Criteria
3.	Cause
4	Effect

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

[*Signature*]

[*Date*]

9.5 Sanctions and District Interventions

The range of possible Agency sanctions and/or other oversight actions are as follows:

- Informal monitoring
- Recommended training
- Recommended assistance from outside consultants
- Financial penalties
- Accreditation actions

A decision by Agency staff to take one or more of the above actions will depend upon the facts in each situation. The preferred level of action by Agency staff in most situations will be informal monitoring and, if necessary, recommendation(s) for training and/or obtaining assistance from outside consultant(s), such as the regional education service center.

Agency staff may determine that accreditation and/or financial penalties may be necessary. Severe actions such as these may be unavoidable in those instances wherein a district may not demonstrate the capacity to develop pertinent skills within its organization and/or obtain those skills from outside consultants.

Appendix 1 - Definitions

Academic Content Standards: The Texas Essential Knowledge and Skills (TEKS) form the state's academic content standards and serve as the basis for its student assessment program.

Academic Excellence Indicator System (AEIS): Information used to rate and acknowledge districts and campuses or to provide a comprehensive profile of their characteristics and performance is compiled into the Academic Excellence Indicator System (AEIS). This is a comprehensive system: both performance and profile information is available for all districts and schools.

Three types of performance indicators are used in the system: (1) Base Indicators are identified in statute and are used to determine accountability ratings; (2) Additional Indicators are used to acknowledge high performance on other statutorily-defined indicators; and (3) Report-Only Indicators are reported on annual campus-, district-, and state-level reports. They may be identified by statute, identified by the commissioner, or adopted by the State Board of Education.

The AEIS is used for all aspects of the integrated accountability system that has evolved for the Texas public schools. In addition to being used to determine accountability ratings, AEIS is utilized to determine additional acknowledgments and campus-level performance awards as well as to produce a variety of reports.

Accelerated Instruction: Accelerated Instruction is a restructuring model designed to improve the education of students at risk of dropping out of school by using "acceleration" techniques. The goal is to speed up the learning of students so they will be able to perform at grade level. Accelerated Instruction is based on intervention that raises expectations for students at risk of dropping out of school and moves decision-making about curriculum, instruction, and organization of schools to the campus level. The focus is on fostering family involvement in education, staff development, assessment-driven practices, and high expectations. The model is based on the constructs of Henry Levin's Accelerated Schools Model.

Categorical Program: A categorical program is a grant program which may be used for specific purposes or narrowly defined activities. A categorical program may be contrasted with a block grant program, in which funds can be used for a variety of activities within a broad functional area. Four examples of categorical programs in the Elementary and Secondary Education Act, as amended, are Title I, Part A--Improving Basic Programs Operated by Local Education Agencies; Title I, Part B--Even Start Family Literacy Programs; Title I, Part C--Education of Migratory Children; and Title I, Part D--Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At Risk of Dropping Out.

Chapter 1: see Title I, Part A.

Comparability: Federal law [P.L. 103-382, §1120A(c)] contains a provision for comparability of services, designed to ensure that Title I, Part A campuses are provided services with state and local funds that are at a minimum comparable to services provided on non-Title I, Part A campuses. The purpose of this requirement is to ensure that Title I, Part A campuses receive the same level of services from state and local monies as other campuses. School districts must develop procedures to ensure compliance with the federal comparability of services requirement and must implement these procedures annually.

Compensatory Education (State): State Compensatory Education, as defined in TEC Section 42.152 (c), is a program(s) and/or service(s) designed to supplement the regular education program for students at risk of dropping out of school. The purpose of state compensatory education is to increase the achievement and reduce the dropout rate of identified students. The state criteria for identifying students at risk of academic failure or dropping out of school are contained in TEC Section 29.081.

Comprehensive Needs Assessment (CNA): A needs assessment is a comprehensive evaluation plan of a school's strengths and weaknesses. The concept of needs assessment is to build on the school's strengths and improve areas of weakness. Educators are expected to use data from the needs assessment to develop their campus improvement plan which includes specific targets and strategies designed by the school stakeholders to improve the school and student achievement

Discretionary Program: A discretionary program permits the grantor agency to use discretion in selecting applications for funding and/or determining the use of funds within the applicable statute. A discretionary grant program may or may not be competitive, depending on the authorizing language of the grant program and/or the discretion of the grantor agency's management priorities.

Division of Program Monitoring and Interventions: The major function of this division is to support the accomplishment of the state's goals for public education by reviewing, monitoring, acknowledging, sanctioning, and intervening in school districts and campuses to ensure excellence in education for all students. Currently, the major areas of responsibility are: accountability monitoring and interventions; program monitoring and interventions, including data validation monitoring and investigation; and administration of certain court orders and/or consent decrees, including those related to Civil Action 5281 and the residential facilities (RF) Monitoring system.

Educationally Disadvantaged Students: As applicable to federal programs, educationally disadvantaged students are those students whose educational attainment is below the level that is appropriate for children of their age. State law (TEC §5.001) defines "educationally disadvantaged" students as those eligible to participate in the national free or reduced-price lunch program established under 42 U.S.C. Section 1751 et seq.

Education Flexibility Partnership Demonstration Program (Ed-Flex): Ed-Flex is the short name for the federal Education Flexibility Partnership Demonstration Program. This program delegates states the authority to waive various federal regulations if waiving those regulations will result in improved student performance. This means that Texas educators

have the freedom to design and implement federal programs in ways that will meet the needs of their students and communities.

Texas is one of several states that have been approved as an Ed-Flex state. As an Ed-Flex state, the Commissioner of Education has the authority to waive many provisions of federal law. Waivers may be requested by districts or for individual campuses within a district. Statewide waivers may apply to any district or campus in the state that wishes to utilize the waiver. All proposed waivers are reviewed by the Texas Ed-Flex Committee, and the committee's recommendations are forwarded to the commissioner of education. This committee is composed by Texas educators and other interested citizens.

Elementary and Secondary Education Act (ESEA): The federal Elementary and Secondary Education Act of 1965 was authorized as part of President Lyndon B. Johnson's War on Poverty. The intent of this Act was to strengthen and improve educational quality and educational opportunities in the nation's elementary and secondary schools.

Elementary and Secondary Education Act, as amended: The Elementary and Secondary Education Act of 1965 was amended by the Improving America's Schools Act of 1994.

Entitlement Program: An entitlement program is a governmental program specified by law to provide benefits to members of a specific group based on a formula or specific requirements in statute.

Formative evaluation – Evaluation conducted while a creative process is under way, designed and used to promote growth and improvement in a student's performance or in a program's development. Examples include (but are not limited to): pre/post tests, portfolios, benchmark tests, quizzes, teacher observations.

Improving America's Schools Act (IASA), Public Law 103-382: The Improving America's Schools Act of 1994 reauthorized the Elementary and Secondary Education Act of 1965 from July 1995 through June 2000. IASA encourages educators to align various reform efforts and to create comprehensive solutions for schools and districts in order to meet students' needs.

Local Educational Agency (LEA): A local educational agency is defined as a public board of education or other public authority legally constituted within a state for either administrative control of, direction of, or to perform service functions for public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a state.

No Child Left Behind Act of 2001: The federal law that authorizes funding and contains the current requirements for Title 1 and other federal educational programs. On January 8, 2002, President Bush signed into law the *No Child Left Behind Act of 2001*. The Act has been heralded as the most sweeping reform of the Elementary and Secondary Education Act (ESEA) since ESEA was enacted in 1965. It expands the federal role in K-12 education and was written to help close the achievement gap between disadvantaged and minority students and their peers. It is based on four basic principles: stronger

accountability for results, increased flexibility and local control, expanded options for parents, and an emphasis on teaching methods that have been proven to work.

“Pull-Out” Program: “Pull-out” programs provide services to eligible children in a setting away from the regular classroom.

Regular Education Program: State law (TEC §28.002) outlines the required curriculum for each school district that serves grades K-12 as: (1) a foundation curriculum that includes: (a) English language arts; (b) mathematics; (c) science; and (d) social studies, consisting of Texas, United States, and world history, government, and geography; and (2) an enrichment curriculum that includes: (a) to the extent possible, languages other than English; (b) health with emphasis on the importance of proper nutrition and exercise; (c) physical education; (d) fine arts; (e) economics, with an emphasis on the free enterprise system and its benefits; (f) career and technology education; and (g) technology applications.

Under TEC §28.002 (f), school districts may also offer courses for local credit in addition to those in the required curriculum. The State Board of Education approves courses for credit for high school graduation under this subsection.

Schoolwide Program: Under Title I, Part A of the federal Elementary and Secondary Education Act as amended, a campus that has at least 40 percent of its students from low income families may use its Title I, Part A allocation to upgrade its entire educational program. The LEA must be able to show that the Title I, Part A funds allocated to a schoolwide campus are supplemental to state and local funds.

Scientifically Based Research: No Child Left Behind Act of 2001 defines *Scientifically Based Research* as follows:

- Research that involves the application of rigorous, systematic, and objective procedures to obtain reliable and valid knowledge relevant to education activities and programs; and
- Includes research that employs systematic, empirical methods that draw on observation or experiment;
- Relies on measurements or observational methods that provide reliable and valid data across evaluators and observers, across multiple measurements and observations, and across studies by the same or different investigators.
- Is evaluated using experimental or quasi-experimental designs.
- Ensures that experimental studies are presented in sufficient detail and clarity to allow for replication or, at a minimum, offer the opportunity to build systematically on their findings; and
- Has been accepted by a peer-reviewed journal or approved by a panel of independent experts through a comparably rigorous, objective, and scientific review.

Students at Risk of Dropping Out of School: The criteria used to identify students at risk of dropping out of school are defined in [Section 29.081, Texas Education Code](#). See 9.2.3.1 for specific criteria.

Summative Evaluation: An evaluation designed to present conclusions about the merit or worth of a student's performance. Examples include (but are not limited to): End-of-unit tests, state assessments, final exams.

Supplant: A supplant occurs when the state or local education agency does not supplement state or local funds with federal funds or state compensatory education funds to provide services above and beyond what the state or local education agency is required to offer with non-federal funds or funds targeted for the regular education program.

Supplement not Supplant: As required by federal statute, a state or local education agency shall use federal funds only to supplement the amount of funds and services that would, in the absence of such federal funds, be made available from non-federal sources for the education of students.

Targeted Assistance Program: Under Title I, Part A of the federal Elementary and Secondary Education Act, as amended, a campus that is eligible to receive Title I, Part A funds but does not meet the poverty threshold to qualify as a schoolwide program (or meets the poverty threshold, but chooses not to operate a schoolwide program) may operate a Title I, Part A program that targets students who are identified as failing or most at risk of failing to meet the state's academic content and performance standards. Title I, Part A funds on a targeted assistance campus must be supplemental and used to provide supplemental services only to the students in the greatest need who meet the Title I, Part A eligibility criteria.

Texas Administrative Code (19 TAC): Title 19 of the Texas Administrative Code contains the State Board of Education rules.

Texas Assessment of Knowledge and Skills (TAKS): a primary and secondary education standardized test used in Texas to assess student attainment of math, English, science, reading, and social science skills required under Texas education standards. It replaced the previous state test called the Texas Assessment of Academic Skills (TAAS) and assesses the statewide curriculum, the Texas Essential Knowledge and Skills (TEKS). TAKS is a standards-based test, which means it measures how well students are mastering specific skills defined for each grade by the state of Texas.

TAKS–Alt: a state assessment designed for students with significant cognitive disabilities to meet the federal requirements mandated under the No Child Left Behind Act of 2001.

Texas Education Code (TEC): The Texas Education Code is state law pertaining to public education, as passed by the Texas Legislature.

Texas Essential Knowledge and Skills (TEKS): The TEKS are Texas' statewide curriculum elements. These academic content standards represent an update of the state's Essential Elements. The TEKS were adopted by the Texas State Board of Education at its July 1997 meeting. The TEKS represent the essential knowledge and skills that all students will need to know and be able to do to succeed in the work force of the 21st century.

Title I - Title I is the largest federally funded education program in the nation. Recently re-authorized by The No Child Left Behind Act of 2001, Title I funding helps local school systems provide equal educational opportunities for low-performing students with economic need. The purpose of this title is to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging state academic achievement standards and state academic assessments. Any school with 35% or more students on free or reduced lunch is eligible for Title I funds.

Title I, Part A - Improving Basic Programs Operated by Local Education Agencies (LEA) provides supplemental funding to state and LEAs for resources to help schools with high concentrations of students from low-income families provide a high-quality education that will enable all children to meet the state's student performance standards. Title I, Part A supports schools in implementing either a school-wide program or a targeted assistance program. These programs must use effective methods and instructional strategies that are grounded in scientifically based research.

Appendix 2 – Sample Forms

[SCE At-Risk Student Profile](#)

This report can be used to maintain student records verifying the at-risk classification. Records must include the reason(s) the student was identified, when the student was identified, the supplemental services provided, and the date and documentation substantiating the reason for exiting the program. Additionally, the at-risk classification records must indicate periodic review and verification.

[Full-time Equivalent Staff and Financial Resources](#) by Campus for the **Compensatory, Intensive, and Accelerated Instruction Program under TEC Section 42.152 According to District/Campus Improvement Plans** ([pdf](#))

This report is used for reporting staff and financial resources relating to SCE in relation to information contained in district/campus improvement plans. The independent auditor is to test the attribution of amounts accounted for in the General Fund (also any amounts attributed to services provided by shared services arrangements) that are reported in connection with supplemental FTEs and supplemental financial resources for SCE (plus gross direct costs for disciplinary alternative education) for the five program classifications, and include the form in the report.

[State Compensatory Education PowerPoint presentations](#)

From time to time, PowerPoint presentations related to State Compensatory Education are posted to the School Financial Audits website under the [Other School Financial Audits Topics](#) heading.

Certificate of Board

Charter School version

Anywhere Charter Holder
(Federal Employer Identification Number: 12-3456789)
Certificate of Board

We, the undersigned, certify that the attached agreed-upon procedures report of Anywhere Charter Holder was reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 20BB, at a meeting of the governing body of the charter holder on the _____ day of _____, 20BB.

Signature of Board Secretary

Signature of Board President

NOTE: If the governing body of the charter holder does not approve the independent auditor’s report, it must forward a written statement discussing the reason(s) for not approving the report.

School District version

CERTIFICATE OF BOARD

Name of School District County Co.-District Number

We, the undersigned, certify that the attached agreed-upon procedures report of the above-named school district was reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 20BB, at a meeting of the Board of Trustees of such school district on the _____ day of _____, 20BB.

Signature of Board Secretary Signature of Board President

NOTE: If the Board of Trustees does not approve the independent auditor's report, it must forward a written statement discussing the reason(s) for not approving the report.

List of Acronyms

AEIS - Academic Excellence Indicator System

D/CIPs – District and campus improvement plans

ESC – Education Service Center

ESL - English as a second language

FAR – Financial Accounting and Reporting (Module 1 of the Financial Accountability System Resource Guide)

FTE - Full-time equivalent

GAAP - Generally accepted accounting principles

GASB - Governmental Accounting Standards Board

HB - House Bill

LBB - Legislative Budget Board

LEA – Local Educational Agency, also known as a school district or a school system (includes charter schools).

LEP - Limited English proficient

NCLB – No Child Left Behind

PEIMS - Public Education Information Management System

SAT - Scholastic Assessment Test

SB - Senate Bill

SBOE - State Board of Education

SAO – State Auditor’s Office

SCE – State Compensatory Education

TAC – Texas Administrative Code

TAKS - Texas Assessment of Knowledge and Skills

TEC – Texas Education Code

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NEW EDGAR REGULATIONS FREQUENTLY ASKED QUESTIONS (FAQ):

*PRELIMINARY GUIDANCE APPLICABLE TO ALL
FEDERALLY FUNDED GRANT PROGRAMS ADMINISTERED BY
THE TEXAS EDUCATION AGENCY*

Blue text identifies changes, updates, and clarifications. New text is also bracketed with the following special characters for accessibility purposes: ►►► to indicate the start of new text or questions, and ◄◄◄ to indicate the end of new text or questions.

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Changes in This Version

▶▶▶ This version 7 of the EDGAR FAQ addresses recently asked questions and changes made at the federal level. In particular, see questions 7.1, 7.36, and 9.8 for clarification. New questions include 7.41. Appendix 1 has been updated with this information. ◀◀◀

Applicability of FAQ

Except where a question specifies a particular type of subgrantee, such as an education service center (ESC), all responses are intended for TEA subgrantees, primarily independent school districts (ISDs), charter schools, and ESCs.

USDE may issue additional EDGAR guidance in the future. This FAQ will be updated as further information becomes available. Appendix 1 provides a chronology of this FAQ document describing the guidance available and released in each updated version.

This FAQ document applies to all federally funded grant programs administered by TEA.

Source of Questions

This preliminary guidance is provided in response to questions TEA staff received either during or after the statewide and regional cluster trainings. We reworded some questions to make them applicable to all TEA subgrantees.

1. General Topics

1.1 What is the difference between grantee, subgrantee, and non-federal entity?

Response:

Basically the Texas Education Agency (TEA), as the pass-through entity¹ (and a non-federal entity), is the grantee² from the US Department of Education (USDE) and TEA awards subgrants to non-federal entities³ such as local educational agencies (LEAs), including ISDs, charter schools, and ESCs, and to a lesser degree institutions of higher education (IHEs), and nonprofit organizations (NPOs) who are the subgrantees⁴.

¹ Pass-through entity is defined as a non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program. (2 CFR 200.74)

² Grantee is defined as the legal entity to which a grant is awarded and that is accountable to the federal government for the use of the funds provided. The term “grantee” does not include any secondary recipients, such as subgrantees and contractors that may receive funds from a grantee. (34 CFR 77)

³ Non-federal entity is defined as a state, local government, Indian tribe, institution of higher education, or nonprofit organization that carries out a federal award as a recipient or subrecipient. (2 CFR 200.69)

⁴ Subgrantee is defined by TEA to be the same as a subrecipient which is defined as a non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program; but does not include an individual that is a beneficiary of such program. (2 CFR 200.93) Subgrantee is defined in 34 CFR 77 as the legal entity to which a subgrant is awarded and that is accountable to the grantee for the use of the funds provided.

1.2 Does the Texas Literacy Initiative (TLI) continuation grant have to follow EDGAR guidelines?

Response:

All federal education grants follow EDGAR. Since TLI is a federally funded continuation grant, it will follow the old or new EDGAR based on what is stated on the LEA's NOGA supplement. At this time, it is expected that the continuation grants will continue to follow the old EDGAR rules; however, the new EDGAR has a provision that USDE could change the terms and conditions of the grant award to TEA and thus require the continuation grant to follow the new EDGAR rules. The subgrantee will need to pay particular attention to, and read, the complete 2015-2016 school year NOGA and supplement.

1.3 What about eRate vendors? Can we still limit the distance from LEA for bid submission for eRate purposes?

Response:

The eRate is generally considered a reimbursement rather than a grant; however, you must contact the eRate program office for clarification.

1.4 Will current "policy services" vendors have the updated policies?

Response:

Contact your policy service vendor for details on their individual plans to update policies or not. However, the obligation to ensure compliance with EDGAR is with the subgrantee regardless of your local process for writing and adopting policies and procedures.

Please note that USDE may release additional guidance in June and TEA will update its guidance accordingly. Be sure you are keeping up to date on the most recent guidance available as you write your policy and procedures.

1.5 Does ROTC grant have to follow EDGAR rules?

Response:

All federal grants must follow the new Part 200 administrative requirements. The new EDGAR is specific to federal awards from USDE. However, you should review the new Part 200 administrative requirements from the applicable federal awarding agency of the grant in question.

1.6 If an LEA develops policy changes and submits them to the board for first review in June, the changes cannot be approved or adopted until the July board meeting. Does submitting changes for first reading review meet the requirement of having policies and procedures in place by July 1, even though it hasn't received the final board approval yet? (We will submit our eGrants application by June 30.)

Response:

The policies and procedures are to be completed by July 1. Regarding the approval and adoption process for the required policies and/or procedures, the subgrantee is to follow its local process and policy for approval of administrative policies and procedures when seeking approval of the required EDGAR policies and procedures. The subgrantee's policies and procedures are not official until this approval process has been completed.

If the subgrantee has completed its writing of the policies and procedures and is fully implementing them, prior to the official approval process, the subgrantee would generally be considered to be compliant as long as the approval process is completed in a timely manner. If the subgrantee were to be cited for noncompliance in this situation, the corrective action would be to document the approval of the policies and procedures and there would likely be no questioned costs with the finding.

See Appendix 2 for a complete list of policy and procedure requirements from 2 CFR 200.

1.7 Will shared services arrangements (SSAs) for special education need their own management board policies, procedures, and internal control systems by July 1, or will the fiscal agent's having all of them in place meet the requirements?

Response:

The responsibility for compliance with the new EDGAR belongs to the non-federal entity receiving the funds (the fiscal agent) for the SSA. The SSA agreement must define the roles and responsibilities of the fiscal agent and the member LEAs, including the responsibilities for policies and procedures. The agreement would be followed and documented in the policies and procedures document of the fiscal agent for the SSA. It is possible that the responsibility for policies and procedures may be shared between the fiscal agent and member LEAs, depending on arrangement and organization of the SSA.

1.8 Are the following funds subject to the new EDGAR: Food Service (fund 240), MAC (fund 272—claim reimbursement program), and SHARS (claim reimbursement program)?

Response:

All federal grants must follow the new Part 200 administrative requirements. The new EDGAR is specific to federal awards from USDE. However, you should review the new Part 200 administrative requirements from the applicable federal awarding agency of the grant in question. MAC and SHARS are reimbursements and not federal awards.

1.9 The SHARS and MAC guidance through HHSC states that record retention for those programs should meet federal retention guidelines of seven years. However, under 200.333 of EDGAR, records pertaining to the federal award must be retained for three years. Could you please clarify this difference?

Response:

Check with HHSC for clarification.

For USDE grants, the recommendation is five years past the revised final expenditure reporting date, or closing of any open audit or litigation, whichever is later. The federal statute of limitations, under 34 CFR 81.31 of the General Education Provisions Act (GEPA), for requesting repayment of funds is five years from the date of obligation even though the new EDGAR states a records retention requirement of three years.

Note that the GEPA statute of limitations only applies to USDE grants and it does not apply to the Higher Education Act grants.

1.10 When is the “termination or completion of the project or program”?

Response:

The “termination or completion of the project or program” (as used in 2 CFR 200.314) is the end of a federal grant that either will not be renewed, extended, or funded in the subsequent year. For example, Title I, Part A is a continuing, formula entitlement grant as long as the LEA remains eligible while the Texas Title I Priority Schools (TTIPS) grant has a definitive start and end date of the funds.

1.11 LEAs have to plan for how their Title I, Part A campus allocations are distributed. Is this a written plan or policy?

Response:

LEAs must have “allowability of costs” procedures for identifying cost to be charged to each federal grant. The new allowability of costs procedures would govern how the funds are obligated to campuses in conjunction with federal statute and/or program regulations on campus allocations, as applicable.

1.12 Is the concept of “first and full access” to the intended recipients/students of a grant program with “incidental benefit” to other students still applicable? If so, would any amount of the cost of a purchase have to be allocated to a funding source other than the grant?

Response:

The item purchased is required under EDGAR to be made available for use by another program area; however, you may be required to allocate the cost of the usage to the other program if it exceeds the incidental use standards. If the usage does not exceed 5% of the time and does not impede intended beneficiaries from having access to the service, then the incidental benefit use does not require another program area to be charged for the time the equipment is used.

If the item, such as a computer lab, is on a Title I, Part A schoolwide campus and was purchased with the consolidated schoolwide budget, it may be used by any program area that is included in the campus improvement plan to upgrade the entire educational program of the campus. If the campus has a separate discretionary grant that is not included in the campus improvement plan, the campus would be required to allocate the cost of the use of the item to that program if it exceeds the incidental use criteria.

1.13 Once an item has fully depreciated, do we have to continue to track it?

Response:

2 CFR 200.302(b)(4) states the non-Federal entity “must adequately safeguard all assets and assure that they are used solely for authorized purposes.” Supplies are defined in 2 CFR 200.94 as all tangible personal property other than equipment, including computing devices when the acquisition price is below \$5,000 or the LEA’s capitalization threshold.

Equipment must be tracked until it is properly disposed and removed from the subgrantee’s inventory.

In order to provide subgrantees flexibility and not require them to track every individual supply purchased with federal grant funds, TEA has adopted a statewide policy requiring assets to be tracked if the supplies are non-consumable, regardless of the useful life of the item.

1.14 On a Title I schoolwide campus, all students are eligible for services, so how would a computer lab only be available to “Title I students” for part of a day?

Response:

EDGAR generally requires all items purchased to be made available for use by another program area; however, you may be required to allocate the cost of the usage to the other program if it exceeds the incidental use standards. If the usage does not exceed 5% of the time and does not impede intended beneficiaries from having access to the service, then the incidental benefit use does not require another program area to be charged for the time the equipment is used.

If the item, such as a computer lab, is on a Title I, Part A schoolwide campus and was purchased with the consolidated schoolwide budget then it may be used by any program area that is included in the campus improvement plan to upgrade the entire educational program of the campus. If the campus has a separate discretionary grant that is not included in the campus improvement plan, then the campus would be required to allocate the cost of the use of the item to that program if it exceeds the incidental use criteria.

1.15 Is the disposition of equipment form required for equipment with an initial unit purchase price of greater than \$5,000?

Response:

Disposition of equipment and aggregate amounts of supplies is required for any equipment with an original per unit acquisition cost of \$5,000 (\$5,000 or less if the district policy has a lower capitalization level) or an aggregate amount of supplies that exceeds \$5,000, or the district’s capitalization level, whichever is lower.

After identifying the equipment or supplies which require a disposition request to be filed, the subrecipient will complete the form using the current fair-market value of the item(s). Only items with a current, fair-market value exceeding \$5,000 (regardless of initial purchase price) are required to be listed individually on the disposition form.

1.16 How will shared services arrangements (consortia) be impacted by the EDGAR requirements?

Response:

The responsibility for compliance belongs to the non-federal entity (fiscal agent) receiving the grant award. The SSA agreement must define the roles and responsibilities of the fiscal agent and the member LEAs, including the responsibility for the policies and procedures. The agreement would be followed. It is likely that the responsibility may be shared depending on the specific arrangement and organization of the SSA.

SSA fiscal agents, under Texas’ SSA structure, are not considered pass-through entities and flow-through funds are not subawards. Therefore, TEA is responsible for the pass-through entity responsibilities such as conducting risk assessments and subrecipient monitoring.

1.17 Will TEA update the federal cost principles side-by-side document to align with the new EDGAR regulations?

Response:

No. The existing side-by-side cost principles document will remain for those multi-year and continuation grants that continue to follow the existing EDGAR rules. For all grants following the

new EDGAR rules, there is only one set of cost principles found in Subpart E of Part 200. There is no need for a side-by-side document under the new EDGAR.

1.18 Is the new EDGAR only 2 CFR 200?

Response:

No, the new EDGAR consists of multiple parts and regulations. For a complete description of the federal regulations that apply to federal education grant awards, visit USDE's EDGAR website at <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>.

1.19 Does the new EDGAR apply to all state and local funds in addition to state grant funds and federal grant funds?

Response:

All federal grants must follow the new Part 200 administrative requirements. However, the new EDGAR is specific to federal awards from USDE and applies to those federal awards from USDE received after December 26, 2014. All grants issued by USDE before December 26, 2014, were governed by the OMB circulars that were in effect when the grant was initially awarded, unless an incremental allocation was received which caused the grant to follow the new EDGAR regulations.

However, some federal grants that were initially awarded before December 26, 2014, continue for one or more years subsequent to their initial award (multi-year grants). As of October 1, 2015, these multi-year grants become carryover after the initial grant period (15 months) and are to be governed by the new EDGAR, rather than the OMB circulars that were in effect when the grant was initially awarded. Grantees can therefore administer all their grants using a single set of federal regulations.

Individual grantees of multi-year grants will be notified by TEA whether the original OMB circulars or the new EDGAR regulations apply to the grant.

State grant funds follow the state's Uniform Grant Management Standards (UGMS) which traditionally apply federal grant regulations to state grants. However, the update to UGMS has not been released.

While it is best practice to have one set of rules governing the use of all funds within an organization, EDGAR requirements do not apply to other state and local funds.

However, note that federal grant expenditures that are paid with other state and local funds and later reimbursed with federal grant funds must follow EDGAR regulations. In the same manner, state grant expenditures that are paid with other state and local funds and later reimbursed with state grant funds must follow UGMS regulations.

1.20 How should the subgrantee's policy for conflict of interest address "immediate family" and "partner," since they are not defined in the federal regulations?

Response:

Since the federal regulations do not define the terms, the local policy should define the terms for the subgrantee. If the local policy does not define the terms and an issue arises, the subgrantee is at risk of a monitoring or audit finding and subsequent potential remedies for noncompliance.

Refer to the Local Government Code, [Chapter 176](#) for definitions of "family" and other potentially relevant information.

1.21 The new EDGAR requires several “policies” but is not specific about the local approval process. Are subgrantees required to update or write local policies, or can they simply write the changes into their local procedures?

Response:

EDGAR requires the subgrantee to have several types of policies in addition to requirements for procedures. The regulations require a policy; however, policy is first defined in your local organization and then approved following your local policy approval process. Monitors or auditors will ask for both policies and procedures based on the federal requirements.

1.22 In the conflict of interest policy, where the subgrantee defines any allowable exceptions for staff receiving gifts or gratuities, is there a specific dollar amount the subgrantee should use? Is the dollar amount per item, or is it total value per donation from the one vendor?

Response:

The way your local organization writes and implements its policy is local discretion. Each subgrantee will define its own dollar thresholds per unit or in the aggregate in its policy.

2. Audit and Monitoring

2.1 Does the new EDGAR \$750,000 audit threshold for conducting a federal single audit apply if an LEA receives a total of \$750,000 in federal funding (across all programs), or only if it receives one federal grant valued at over \$750,000?

Response:

Beginning with state fiscal year 2016, the requirement for the subgrantee to have the federal single audit applies when the subgrantee *expends* an aggregate of \$750,000 in federal funds. The amount received for individual grants is not a determining factor in whether the subgrantee is required to conduct the federal single audit.

Note that for state fiscal year 2015, the requirement for the subgrantee to have the federal single audit applies when the subgrantee expended an aggregate of \$500,000 in federal funds during 2014–2015 school year.

2.2 If an SSA fiscal agent flows funds through to its LEA member districts, who is required to do subrecipient monitoring?

Response:

SSA fiscal agents, under Texas’ SSA structure, are not considered pass-through entities and flow-through funds are not subawards. Therefore, TEA is responsible for the pass-through entity responsibilities such as conducting risk assessments and subrecipient monitoring.

If the fiscal agent were to issue actual subgrants (not flow-through funds to member LEAs), the fiscal agent becomes a pass-through entity and is responsible for the pass-through entity responsibilities such as conducting risk assessments and subrecipient monitoring. Note that issuing subgrants with federal education funds is rarely allowable and would be identified in the program guidelines.

2.3 Is the subgrantee required to submit its audit reports to both TEA and the Federal Audit Clearinghouse (FAC)?

Response:

As the cognizant agency, TEA is required under the Texas Administrative Code (TAC) and Texas Education Code (TEC) to maintain all annual financial and compliance reports submitted by LEAs. LEAs are required to submit annual financial reports and compliance reports to TEA within 150 days after the end of the fiscal year.

In the new EDGAR, 2 CFR 200.512 states the auditee must electronically submit the audit report package to the Federal Audit Clearinghouse (FAC) within the earlier of the following: 1) 30 calendar days after the receipt of the auditor's reports; or 2) nine months after the end of the audit period.

The audit reporting package must include the following.

- Financial statements and schedule of expenditures of federal awards
- Summary schedule of prior audit findings
- Auditor's report(s), either organized as a combined report or in separate reports
- Corrective action plan to address each audit finding included in the current year auditor's report(s)

USDE has issued guidance stating that LEAs should submit their audit reports to TEA under the TEC requirement *and* electronically submit the report to the FAC as required under 2 CFR 200.512.

2.4 Does an auditor test for EDGAR compliance if the LEA has less than \$750,000 in total federal expenditures and the single audit is not required?

Regardless of whether the single audit is required, the LEA is required to be in compliance with EDGAR. The independent auditor will follow the required testing procedures for the annual financial report and, when applicable, the single audit as required in the compliance supplement.

When the single audit is not required, the independent auditor will not select and test specific federal grant programs for compliance with applicable requirement. However, some EDGAR requirements will be tested during the regular work performed for the audit of the annual financial and compliance report.

3. Payments

3.1 Are payroll accruals considered an advance payment or a reimbursement payment?

Response:

By definition, payroll accruals are wages, salaries, the related payroll taxes, TRS and IRS payments, and benefits that have been earned by an organization's employees but have not yet been paid by the organization. The payroll accruals should not be claimed for reimbursement until they are reversed and paid out as payroll expenditures.

Generally, advance or reimbursed payments depend on the type of payroll drawn down from TEA's Expenditure Reporting (ER) system. To be a reimbursement under the cash management system, the drawdown from the ER system must be no earlier than the day the payment is mailed, delivered, or electronically submitted.

Cash Advance

If the LEA were to draw down the payroll accrual that has been earned for that month, but that is not paid until July or August, then it is a cash advance. The LEA's payment system is required to minimize the number of days between the disbursement (mailing, delivering, or electronically submitting the payment) and the drawdown from the ER system. If the LEA cannot meet this requirement and keeps federal grant cash on hand in the LEA's bank account, it is an indication that the LEA does not have good internal controls, indicating a higher risk under the new EDGAR rules.

When the LEA has cash on hand from federal grants, interest begins to accrue from the date of receipt of the drawdown and will be required to be remitted back to the federal government once the total aggregate amount of interest earned on all federal grants equals \$500. 2 CFR 200.207 allows for specific conditions to be placed on any grant award when TEA identifies a subgrantee as posing a level of risk identified by the agency's risk criteria, such as not meeting this requirement.

Specific conditions may include requiring payments as reimbursements rather than cash advances or other conditions stated in 2 CFR 200.207. If TEA determines that noncompliance cannot be corrected by imposing the specific conditions, TEA may take one or more of the following remedies for noncompliance actions, as appropriate in the circumstances:

1. Temporarily withhold cash payments.
2. Disallow all or part of an activity or action not in compliance.
3. Suspend or terminate the grant award.
4. Initiate suspension or disbarment proceedings.
5. Withhold further grant awards for the project.
6. Take other remedies that may be legally available.

In the example below, if the amount earned for the month in Column C is drawn down at the end of each month, but only the amount in Column D is paid to the employee, then the amount in Column E is the cash advance. Note that cash on hand from federal funds in the LEA's local bank account must be held in an interest-bearing account and the LEA's accounting system must be able to track the interest earned to the federal program fund source.

Reimbursement

If the LEA draws down *only* the amount to be paid to the employees on the date the employees are paid—leaving an accrual balance in the accrued wages payables account in the LEA's accounting system—then the drawdown is a reimbursement. Unless the payroll cost is first being paid out of non-federal funds and then claimed for reimbursement from federal funds, the drawdown is still considered an advance payment and must also be deposited in to an interest bearing account. In the example below, if only the amount to be paid to the employee in Column D is drawn down each month, then it is a reimbursement.

Example of payroll earned on a 10-month contract and paid over 12 months.

Column	(A)	B)	(C)	(D)	(E)	(F)
	Days	Daily	Earned/	Paid	Monthly	Accrual
Month/Yr	Worked	Rate	Expend	to Employee	Accrual	Balance
Aug FY 15	9	\$ 157.38	\$ 1,416.42	\$ -	\$ 1,416.42	\$ 1,416.42
Sept FY 16	19	\$ 157.38	\$ 2,990.22	\$ 2,452.51	\$ 537.71	\$ 1,954.13
Oct FY 16	18	\$ 157.38	\$ 2,832.84	\$ 2,452.51	\$ 380.33	\$ 2,334.46
Nov FY 16	16	\$ 157.38	\$ 2,518.08	\$ 2,452.51	\$ 65.57	\$ 2,400.03
Dec FY 16	19	\$ 157.38	\$ 2,990.22	\$ 2,452.51	\$ 537.71	\$ 2,937.74
Jan FY 16	19	\$ 157.38	\$ 2,990.22	\$ 2,452.51	\$ 537.71	\$ 3,475.45
Feb FY 16	19	\$ 157.38	\$ 2,990.22	\$ 2,452.51	\$ 537.71	\$ 4,013.16
Mar FY 16	19	\$ 157.38	\$ 2,990.22	\$ 2,452.51	\$ 537.71	\$ 4,550.87
Apr FY 16	18	\$ 157.38	\$ 2,832.84	\$ 2,452.51	\$ 380.33	\$ 4,931.20
May FY 16	18	\$ 157.38	\$ 2,832.84	\$ 2,452.51	\$ 380.33	\$ 5,311.53
June FY 16	13	\$ 157.38	\$ 2,045.94	\$ 2,452.51	\$ (406.57)	\$ 4,904.96
July FY 16	0		\$ -	\$ 2,452.51	\$(2,452.51)	\$ 2,452.45
Aug FY 16	0		\$ -	\$ 2,452.45	\$(2,452.45)	\$ -
Totals	187	\$29,430.06	\$29,430.06	\$29,430.06	\$ 0.00	\$ 0.00

3.2 If our TRS payment is not submitted until it is due on the 6th of the next month following payday, is it a cash advance?

Response:

If you drawdown the TRS, or IRS, payments at the same time you drawdown the employee's paycheck amount before you submit the TRS or IRS payments it is a cash advance. If you drawdown the employee's paycheck amount on the day staff are paid and you drawdown the TRS and IRS payments on the date they are submitted, then both would be reimbursements.

3.3 How do we define the date of disbursement to determine if we are implementing a reimbursement or cash advance system of cash management and payments?

Response:

Reimbursement is defined as drawing down funds on, or after, the day the subgrantee has mailed, delivered, or submitted an electronic payment for the federal program purpose. Cash advance is defined as the subgrantee drawing down funds in advance of when it will issue the payment for the federal program purpose.

The LEA's payment system is required to minimize the number of days between the disbursement (mailing, delivering, or electronically submitting the payment) and the drawdown from the ER system. If the LEA cannot meet this requirement and keeps cash on hand in the LEA's bank account, it is an indication that the LEA does not have good internal controls indicating a higher risk under the new EDGAR rules.

When the LEA has cash on hand from federal grant funds, interest begins to accrue from the date of receipt of the drawdown and will be required to be remitted back to the federal

government once the total aggregate amount of interest earned on federal grant awards equals \$500. Note that cash on hand from federal grants in the LEA's local bank account must be held in an interest bearing account and the LEA's accounting system must be able to track, or impute, the interest earned to the federal program fund source.

3.4 Can TEA post the system “triggers” that cause manual review of expenditure reporting?

Response:

As stated in the General and Fiscal Guidelines, TEA has the right to request supporting documentation for any expenditure request. An expenditure report may be selected for manual review for any number of reasons including, but not limited to, exceeding established thresholds, the appearance of not requesting actual expenditures incurred, or if TEA staff questions the sustainability of the grant program.

For example, consistently requesting the same amount each month could indicate the subgrantee is not requesting funds for actual costs incurred for a particular service period. In addition, requesting significant funds at the beginning of a grant could prompt TEA to question how costs will be covered for the entire grant period.

3.5 Can the expenditure drawdown requests be made by the same person with the new certification statement, or does the requester need to have contract binding authority?

Response:

The ER system will continue to allow different staff to enter the expenditure request and an authorized official to “certify and submit.” The authorized official who actually certifies and submits the request (Grantee Official or Grantee Manager) is the official certifying to the new certification statement (starting July 2015). The authorized official (Grantee Official or Grantee Manager) must have been delegated authority to enter the organization into legally binding agreements.

3.6 If we choose to use the reimbursement method of drawdown for cash management purposes, do we have to track interest?

Response:

No, interest is earned only under the cash advance method of payment for federal funds.

To be a reimbursement under the cash management system, the drawdown from the ER system must be no earlier than the day the payment is mailed, delivered, or electronically submitted.

3.7 If the subgrantee uses a cash advance payment system and accrues interest, when does interest begin to accrue?

Response:

Interest begins to accrue on the day that the drawdown is deposited into your bank account, whether the drawdown is made from TEA's ER system or from the USDE's G5 system for direct grant programs. Interest continues to accrue until the day you submit the payment (the day the check is mailed, delivered, or electronically submitted) for the grant expenditure.

3.8 Question #3.3 above defines how a grant payment is a reimbursement. Earlier guidance advised that the payment had to clear the bank before the LEA drew down the funds from TEA for a payment to be a reimbursement. Please clarify whether the LEA must wait for the payment to clear the bank.

The response to question #3.3 is correct. For the subgrantee, reimbursement is defined as drawing down funds on, or after, the day the subgrantee has mailed, delivered, or submitted an electronic payment for the federal program purpose. Cash advance is defined as drawing down funds in advance of when the subgrantee will issue the payment for the federal program purpose.

Prior guidance was superseded by the FAQ document when TEA received additional clarification and guidance.

3.9 Many district finance systems have limited space for descriptions of the awards received. Can the Schedule of Expenditures of Federal Awards (SEFA) serve as the LEA's source documentation of 2 CFR 200.302(b)(1), which requires subrecipients to identify specific criteria for all federal awards received and expended?

The required information may be included in the SEFA as long as the subgrantee's local policy defines where that required information is documented. The detailed information is not necessarily expected to be reflected in the general ledger but rather documented in the subgrantee's financial management system, as described in its policy.

3.10 Which areas or functions of grant management must have internal control procedures?

A complete list of all required written policies and procedures is contained in [Appendix 1](#).

All areas of grant management including administrative, fiscal, and programmatic functions must have internal controls to ensure that documented policies, procedures, and activities are designed to provide reliable information and provide reasonable assurance that program activities are carried out as planned and meet all applicable statutory and regulatory requirements. Internal controls also safeguard assets, promote efficient use of resources, and assist in accomplishing the goals and objectives of the program.

3.11 How does an LEA document to its auditor or TEA that the LEA has appropriate internal controls in place?

The primary documentation for internal controls is written policies and procedures and verification that the policies and procedures are actually implemented and reviewed on a periodic basis.

4. Specific Costs

4.1 Do participant support costs include field trips, especially under the Carl D. Perkins grant programs? Will there be guidance on how to request prior approval? Does the LEA have to submit the prior approval request to USDE?

Response:

2 CFR 200.75 states that participant support costs means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (non-employees) in connection with conferences, or training projects.

Educational field trips are not participant support costs, but rather generally fall under entertainment.

Entertainment is unallowable unless it has a programmatic purpose. TEA policy defines educational field trips as generally unallowable unless they are identified as allowable in the program guidelines to the specific grant application. Although prior approval is not required, you must submit a justification form for allowable field trips in the grant application. See question #6.6.

4.2 Will all trainings and/or meetings such as staff development require prior approval?

Response:

No, 2 CFR 200.472 states that training and education provided for employee development (such as meetings and staff development) is allowable; no prior approval is required. The expenditure must be reasonable, necessary, and allocable to the federal award.

4.3 For a federal grant program that is ending on September 30, 2015, may funds be used to pay for speaker to provide staff development in August 2015?

Response:

Yes, if the speaker was budgeted in the grant application, a contract was signed appropriately within the NOGA period obligating the funds, and the service was received and liquidated by the date the revised final expenditure report is due.

The expenditure may also be obligated under the new federal grant program (2015-2016 school year) if the speaker was budgeted in the new grant application and the application has been submitted in substantially approvable form prior to the staff development event. The expenditure could be paid from the new grant funds once the NOGA is received.

4.4 What is an example of a stipend for a non-employee?

Response:

An example of a stipend for a non-employee is providing a nominal payment for a parent's time to attend a training while the parent misses work.

Note that 2 CFR 200.75 defines participant support costs as stipends, travel expenses, and registration fees for non-employees to attend training relevant to the federal grant program. Participant support costs require prior approval.

4.5 How does this student travel apply to McKinney Vento identified students if they are being transported from out of district to their campus of origin?

Response:

Federal statute outlines the requirements for transportation of students under the McKinney-Vento Homeless Assistance Act. When federal statute conflicts with EDGAR, follow the federal statute.

4.6 LEAs with students attending the Texas School for the Deaf or Texas School for the Visually Impaired are required to provide transportation for the students between their home district and Austin. How does the new EDGAR apply to this student travel?

Response:

Providing transportation for the students between their LEA of residence and the school in Austin is considered to be special education related services for students to attend school and is not considered student travel.

4.7 Suppose the rebate generated from a procurement card or purchasing cooperative is not considered significant by the LEA and it is cumbersome to determine what percentage is related to a federal grant. Can we implement a local policy to set a higher threshold for applicable credits?

Response:

No, there is no threshold that applies to the “applicable credits” regulations. It applies to any rebate received by the subgrantee which relate to allowable costs charged to a federal award. (See 2 CFR 200.406.)

4.8 Suppose an LEA wants to use some or all of the funds reserved for parent involvement in the NCLB Consolidated grant application for their Title I, Part A campuses to send parents to the annual parental involvement conference. Is this considered a field trip, with the prior approval requirement? If so, how should that be indicated in the application?

Response:

Travel for parents attending a conference is not considered a field trip. However, it is considered participant support costs (non-employee travel) under 2 CFR 200.456 and requires prior approval in the application.

4.9 If two or three LEAs are contracting for several ESC consultants to come out and do a one-day workshop covering several areas, such as Title III, and Title II core academic professional development, is that considered “hosting a conference”? No one outside of the two or three contracting LEAs will be attending the training.

Response:

No, this example is two or three LEAs coordinating funding for best value purposes.

4.10 How are Head Start and special education field trips addressed under the new field trip policy?

Response:

Field trips will be addressed in the program guidelines of each individual grant application for that fund source. However, community-based instruction identified in the student's IEP is considered special education related services rather than a field trip.

4.11 Are extended learning experiences in out-of-school-time programs, such as 21st Century Community Learning Center (CCLC) grants, treated the same as field trips under TEA's new policy and process requiring justification forms?

Response:

No, 21st CCLC grantees would follow the existing programmatic process for approval of learning activities conducted off-site. These types of activities in an out-of-school-time grant is not considered a field trip under TEA's new policy.

4.12 How will TEA reduce the grant award (NOGA) if the subgrantee generates program income?

Response:

TEA is currently seeking clarification and will be implementing policy decisions related to this question. This response will be updated in the future.

4.13 When and how is interest calculated?

Response:

Regardless of the date of the obligation, interest is calculated from the date that the federal funds are deposited into the subgrantee's bank account when drawn down from the ER system (for TEA administered grants) and the date that the federal funds are drawn down from the G5 system (for direct grant programs from USDE) until the date the payment is made (disbursed) by either mailing, delivering, electronically submitting the payment check.

4.14 Are there selected items of cost identified in Subpart E Cost Principles where the state policy or rules are more restrictive than the EDGAR regulations?

Response:

Hosting conferences, field trips (entertainment), out-of-state travel, travel, and procurement all have state rules that are more restrictive than the EDGAR regulations.

Hosting conferences, field trips, and out-of-state travel are generally unallowable under state policy unless they are specified in the program guidelines of the specific grant application.

State travel rules do not allow per diem allowances, but rather require only reimbursement of actual costs expended by the traveler. Specific documentation for travel expenses is also required under state travel rules.

State procurement rules are more restrictive at various procurement levels for school districts and ESCs. See question #7.1.

4.15 How is TEA defining “hosting a conference” for determining when prior approval is required?

Response:

For purposes of TEA’s policy restricting hosting conferences, a “conference” is defined as a *meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-federal entity (for other non-federal entities that are not part of the grant award) and is necessary and reasonable for successful performance under the federal award.*

For LEAs, providing meetings, seminars, symposiums, or workshops for the LEA’s employees, parents, and/or students are allowable with no prior approval needed, if the activity is reasonable, necessary, allocable, allowable, and meets the program intent and purpose. These activities would not be defined as hosting conferences.

For SSA fiscal agents, providing meetings, seminars, symposiums, or workshops for your member LEAs are allowable with no prior approval needed, if the activity is reasonable, necessary, allocable, allowable, and meets the program intent and purpose. These activities would not be defined as hosting conferences.

For ESCs, providing meetings, seminars, symposiums, or workshops for LEAs in Texas are allowable with no prior approval needed, if the activity is reasonable, necessary, allocable, allowable, and meets the program intent and purpose. These activities would not be defined as hosting conferences.

4.16 Can a tutor paid through Title I, Part A during the school year be paid with state comp ed (SCE) funds during the summer?

Response:

From a federal grant perspective, yes. However, the subgrantee may want to discuss this with the SCE program office to ensure that you comply with SCE program requirements.

5. Travel

5.1 Are all travel and trainings for private nonprofit staff considered to be participant support costs, with required prior approval?

Response:

Yes, private nonprofit staff are non-employees of the LEA. Any stipends, travel, or registration fees for professional development provided as part of equitable services would be considered as participant support costs and require prior approval. However, we are checking with USDE for further clarification related to travel for required equitable services.

Note that several other types of equitable services activities (that do not include stipends, travel, or registration fees) are not considered participant support costs.

5.2 The TEA letter regarding travel reimbursement states that the per diem rate is up to \$46 per day. However, on the Comptroller’s website, it has different per diem rates listed for certain cities that are higher than \$46. Which is correct?

Response:

If the Comptroller’s travel website does not list the specific city or county in Texas, then the general \$46 rate applies to the destination of the travel. If the Comptroller’s website indicates a

higher rate for the city or county destination, then the higher rate is applicable. An updated TEA travel letter clarifying this rate has been posted to the TEA correspondence website.

5.3 When asked about registration fees being part of travel, TEA said that registration fees could be paid separately from the travel and paid when the registration was submitted. Please explain.

Response:

The response was related to when the federal funds were obligated for paying registration fees (34 CFR 76.707). If obligated as travel, the registration fee is obligated the day the conference or meeting begins. If obligated as personal services, the registration is obligated the day the registration is submitted. The benefit of obligating registration fees as personal services by a contractor (non-employee of the subgrantee) under 34 CFR 76.707 is that the subgrantee may benefit from reduced cost registration fees when registering earlier for conferences or trainings.

Demonstrating relative benefit to the program is generally defined as the benefit must be received within the grant period dates identified on the NOGA. For discretionary grants that will be ending at the end of the grant period and no continuation funding is expected, the benefit must be received within the grant period. However, for a formula entitlement grant that will receive a continuing funding allocation in the subsequent year, benefit may be received during the liquidation period.

The subgrantee must liquidate all obligations within the liquidation period which is defined as the time period from the end of the grant period to the due date of the revised final expenditure report. Note that the revised final expenditure reports may be due on the same date as final expenditure reports in some instances.

It is the subgrantee's discretion how to incur and code the obligation for registration fees (either as personal services or as travel) under 34 CFR 76.707. That decision will determine when the cost is obligated. If the registration fee is obligated as personal services, then the registration fee may be paid at the time the registration is submitted. If the registration fee is obligated as travel, then the registration fee may not be paid with federal funds until the travel is taken. In either case, the relative benefit of the obligation must be received and the obligation liquidated as described in the paragraphs above.

Regardless of how the subrecipient chooses to treat the obligation of registration costs, the subrecipient should⁵ have a local policy that outlines the consistent treatment of registration costs.

5.4 What is the difference between a travel advance and a travel allowance?

Response:

A travel advance is the estimated cost of the travel that is provided to the employee in advance of the trip. The employee must submit travel receipts for the amounts, within the allowable rates, actually expended and refund back to the subgrantee organization any funds not documented through receipts. A travel advance is allowable with federal grant funds.

⁵ "should" refers to best practice

A travel allowance is unallowable under the state's travel rules. An allowance would be when the traveler is given a flat rate for the travel regardless of the actual amounts expended. Travel allowances are not reimbursements and could become taxable income for the employee.

5.5 What is the per diem meal rate for students when student travel is allowable under the grant program?

Response:

When the student travel is allowable, the subgrantee would follow either the state travel rate for the location of the travel or the subgrantee's local policy, whichever is lower. Note that many LEAs have local policy defining meal rates for students for extra-curricular activities and this rate may be lower than the state travel rate. Regardless of the original purpose of the policy, the subgrantee must follow the most restrictive rule or policy.

5.6 Are meal receipts required under federal travel regulations?

Response:

Meal receipts are not required under federal or state travel requirements; however, the subgrantee must always follow the most restrictive requirement, which may be local policy. The local written travel policy may require employees on travel for the federal grant program to submit meal receipts. The subgrantee is within its authority to have more restrictive requirement than the federal or state requirements.

State travel rules only allow reimbursement of actual costs expended. When the subgrantee does not have a local policy requiring meal receipts to be submitted, the traveler may only be reimbursed for the actual costs expended for meals up to the maximum allowed per diem rate. The maximum allowed per diem rate is always the state-approved per diem rate or local policy per diem rate, whichever is less. The traveler must certify in the travel reimbursement request that the amount requested for reimbursement for meals is only the actual amount expended.

5.7 Do the state travel guidelines apply to travel reimbursements or travel advances paid only with non-grant funds (state funds or local funds)?

Response:

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to paying travel from state and local funds (non-grant funds).

5.8 How does the LEA document that participation of an individual is necessary to the project so that that person's travel is an allowable expense to the federal award?

The subgrantee's written travel policies and procedures must identify the allowable travel costs that will be reimbursed. The procedures would include the types of roles and responsibilities of the staff who would be eligible for travel reimbursement.

The subgrantee would then document the responsibility of the traveler and how the travel is relevant to the grant program.

6. Grant Application Changes

6.1 Do the changes to the grant applications affect the Special Education Consolidated Grant Application?

Response:

Yes, the changes being implemented due to the changes in the EDGAR regulations apply to all federal grant applications. The changes in EDGAR are cross-cutting regulations and; therefore, the changes to the grant applications will apply to all the applicable federal programs.

6.2 On the part of the grant application that will be revised to include field trips, will LEAs have to include justification for all field trips for all campuses?

Response:

Yes, field trips will only be allowed if explicitly identified as allowable in the program guidelines to the application for the particular grant program. Expending funds for field trips without including them in the grant application and receiving approval is unallowable and will result in questioned costs.

6.3 Concerning changes to the grant application, please explain how we will request written approval for student travel, non-employees (parents and private schools), stipends for non-employees, field trips (if approved), and out of state travel. Will the grant application have a line with a total amount or will we have to break down the details?

Response:

Some items will have a specific line item in the application and others will required attachment will be submitted with the grant application.

6.4 Since USDE has not delegated prior approval authority to TEA as of yet, how do we complete the grant application as it relates to items that require prior approval?

Response:

We recommend including all items requiring prior approval in the grant application and submitting them to TEA. However, do not expend funds for the items until the appropriate approval is received, either from USDE or from TEA if the authority is delegated to TEA in the future.

Effective November 20, 2015, TEA is providing approval of the following types of activities that require prior approval under 2 CFR 200.456:

- Equitable services to private nonprofit schools that are required, and therefore allowable, under federal program statute; this includes registration and travel costs for participating in allowable professional development activities
- Parental involvement activities required, and therefore allowable, under federal program statute; this includes registration and travel costs for participating in allowable parent trainings or conferences and required parent involvement/advisory committees

Approval forms for these activities are posted on the New EDGAR page of the TEA website and may be downloaded by the subrecipient and maintained locally for its documentation of prior approval.

The subrecipient may complete and submit prior approval request forms for other types of participant support costs, such as travel for school board members to attend an allowable program training, to TEA on an individual basis.

Fiscal agents are not required to submit requests for approval for participant support costs for travel or registration fees for employees of member LEAs of the SSA. In the same manner that member LEAs of an SSA are considered to be part of the grant award for defining conferences (see question 4.15), the employees of the member LEAs are considered part of the grant award for participant support cost purposes.

6.5 Is there a definition in the new EDGAR of “administration”?

Response:

No, “administration” is not defined in the new EDGAR regulations. Various program statutes include useful information related to defining the term. For any program that does not have a statutory definition of administration, the subgrantee should⁶ define administration of the grant program in its local policy or procedures consistently for all federal grant programs.

6.6 May the subgrantee expend funds on educational field trips or program-related out-of-state travel before the NOGA is received?

Response:

TEA has recently rescinded the policy requiring prior approval of educational field trips and program-related out-of-state travel before issuing the NOGA. However, if the educational field trip or out-of-state travel is identified as allowable by the program guidelines, the justification form must still be submitted in the grant application or amendment. As with any expenditure with federal grant funds, the subgrantee must maintain appropriate documentation that the educational field trip or out-of-state travel is reasonable, necessary, allocable to the federal grant program, and has a programmatic purpose.

The subgrantee may begin to expend funds for the activity based on the grant application submission date or wait until the NOGA is received, at its discretion. As with all costs budgeted in the grant application, the agency is not responsible for any educational field trip or out-of-state travel costs that are removed from the grant application during negotiations.

6.7 Title I, Part A and Title II, Part A previously did not allow field trips under TEA’s new policy. Has that changed?

Response:

Educational field trips are now allowable under Title I, Part A under certain conditions that will be updated in an errata to the program guidelines. If the LEA has not negotiated its grant application, it may submit a field trip justification form and make necessary adjustments to its budget during the grant negotiation process. If the LEA has completed its grant negotiations, was denied a previous request prior to the policy change, or received a NOGA, it may submit a field trip justification form and any subsequent budget adjustments through the grant amendment process.

⁶ “should” refers to best practice

Title II, Part A does not allow educational field trips.

6.8 Is TEA's policy change (To The Administrator Addressed letter, August 18, 2015), which says that prior approval is no longer required for educational field trips and program-related out-of-state travel, retroactive for educational field trips and out-of-state travel justification forms that were already submitted with the grant application?

Response:

Yes, the policy change applies to grant program applications under the new EDGAR, whether a NOGA has already been issued or has not been issued. See question #61.

6.9 I did not submit a justification form for program-related out-of-state travel with my grant application because I did not think I would get the NOGA in time (I submitted my application on July 1, 2015, and the travel took place on July 15, 2015.) Now that TEA has rescinded the prior approval policy, can I charge the cost of the travel to federal grant funds?

Response:

Yes, so long as you submit a justification form and make the necessary budget adjustment through the grant amendment process. The out-of-state travel, taken between the submission of the grant application and the change in TEA policy, must also have been allowable, allocable, reasonable, and necessary. See question #6.10 below.

6.10 If prior approval is no longer required by TEA, why must we submit the justification forms for educational field trips and program-related out-of-state travel with the grant application?

Response:

The justification forms are still necessary to provide supplemental information to the agency that demonstrates the activities have a programmatic purpose. The justification forms will be reviewed during the grant application negotiation process in the same manner as all other information contained in the grant application.

Because TEA is no longer requiring or issuing prior approval for the costs of educational field trips and program-related out-of-state travel, as with all expenditures with federal grant funds subgrantees must still comply with the terms and conditions of federal grants and are responsible for demonstrating that these costs are allowable, allocable, reasonable, and necessary. All federal grant subgrantees must maintain adequate supporting documentation for their independent auditors and for TEA monitors.

7. Procurement and Contracts

7.1 Which procurement thresholds determine the strictest rules to follow, EDGAR or FASRG?

Response:

The response varies depending on the subgrantee's entity type.

ISDs and ESCs

Regarding procurement regulations in the new EDGAR and FASRG, the ISD or ESC must follow the most restrictive rule or regulation.

For micro-purchases below \$3,500⁷, the federal rules apply. In addition, per state rules, the LEA should⁸ have a local policy identifying a threshold below \$50,000 for which the LEA does not require a competitive process. ▶▶▶ Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$3,500. To the extent practicable, the LEA must distribute micro-purchases equitably among qualified suppliers and may be awarded as long as the LEA considers the price to be reasonable. ◀◀◀

For purchases that cost between \$3,501 and \$49,999, the federal rules require ▶▶▶ a competitive process, which may be an informal process, including ◀◀◀ price or rate quotations from an adequate number of qualified sources. In this case, the federal rules are more restrictive than the state rules, up to \$50,000. ▶▶▶ This is for securing services, equipment or supplies, or other property that do not cost more than \$50,000 per individual service, aggregate equipment or supplies (such as 10 similar items of equipment at \$5,000 each), or other individual property. ◀◀◀

At \$50,000 and above, the state rules become more restrictive than the federal and must be followed.

However, at \$150,000 and above, the federal rule for the cost or price analysis is more restrictive and must also be followed in conjunction with the state rules. ▶▶▶ This analysis must be conducted anytime the purchase price exceeds \$150,000 per item or service. ◀◀◀

Charter Schools

The FASRG requirements are not applicable to charter schools unless the commissioner approved otherwise in the individual contract for charter. Generally, TEC §12.1053 provisions do not significantly limit the contracting and purchasing activities of open-enrollment charter schools. The federal EDGAR requirements will, therefore, be more restrictive where FASRG does not apply and must in such instances be followed for all procurements under federal awards.

Nonprofit Organizations

The FASRG requirements are not applicable to nonprofit organizations. The federal EDGAR requirements must be followed.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.2 2 CFR 200.323 requires an entity to conduct a cost or price analysis in connection with every procurement action in excess of \$150,000 (Simplified Acquisition Threshold). But per state law, the ISD or ESC must obtain competitive bids for purchases of \$50,000 or more. Does this mean the ISD or ESC must perform a cost or

⁷ The micro-purchase threshold was originally \$3,000, but was increased to \$3,500 under 48 CFR Subpart 2.1 (Definitions). The Federal Acquisition Regulations occasionally change procurement thresholds due to the cost of inflation.

⁸ "should" refers to best practice and is LEA discretion

price analysis in connection with every procurement that is \$50,000 or more, since Texas law requires that these purchases be competitive?

Response:

No, these are two slightly different rules. At \$50,000 or greater procurements, the ISD or ESC must follow the more restrictive state rules for competitive bids; however, at \$150,000 and above, the federal rule for the cost or price analysis is more restrictive and must also be followed in conjunction with the state rules.

7.3 For contracts that hit the \$50,000 state competitive threshold requirement, how does this apply to special education personnel contracts, such as speech therapists? Can their contract be extended, or will it require another competitive bid?

Response:

The subrecipient's local procurement procedures will dictate whether a multi-year contract may be signed or how often a contract can be extended in order to continue to use the same contractor more than one year. The LEA should⁹ also consider a multi-year contract initially. TEA recommends only two-year contracts be executed since life of most federal awards is 27 months.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.4 How do we equally distribute micro-purchases among vendors when we are restocking office supplies or purchasing supplies for a parental involvement activity?

Response:

The subgrantee should¹⁰ develop a local policy to determine how to equitably distribute micro-purchases, to the extent practicable, among qualified vendors and implement its local policy. Due to changes in availability, the subgrantee may have to review and revise this policy annually.

7.5 Can the subgrantee split up costs that in the aggregate would normally exceed \$3,500 and purchase the items in smaller quantities under the micro-purchase option?

Response:

No, you must ensure that you do not abuse this procurement method and that you use it only when it is allowed. The intent is to reduce administrative burden for the cost of small items that do not exceed \$3,500. Once the aggregate of the item exceeds \$3,500, it is no longer a micro-purchase, and you must follow the appropriate procurement process for the item.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.6 Is the subgrantee *required* to use the micro-purchase flexibility, since the subgrantee should properly plan for procurements and issue procurements to encompass all

⁹ "should" refers to best practice

¹⁰ "should" refers to best practice

needed supplies or services? If we use commodity lines as are used in all other purchases, it does not appear that we would spend less than \$3,000 in the aggregate.

Response:

No, the subgrantee is not required to use the micro-purchase option. The subgrantee should plan for its procurements for the entire year and procure goods and services accordingly in compliance with federal and state procurement rules. However, the micro-purchase is an option allowable by federal regulations for subgrantees to consider when needing to make low-cost, unexpected procurements that may not have been included in original planning and contracts for supplies or services.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.7 Is travel for employees considered a micro-purchase if the cost is less than \$3,500 per trip?

Response:

No, travel for employees must be reimbursed under the most restrictive of federal, state, or local travel rules. Micro-purchases apply to procurements, not reimbursements.

7.8 Would a service such as a personal services contract for staff training or professional development be considered a micro-purchase?

Response:

If the personal services contract meets all the above requirements that apply to a micro-purchase, then it may be classified as such. The personal services contract must also meet the requirements of 2 CFR 200.459 and should follow the Guidance and Best Practice: Professional Services Contracts issued by TEA.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.9 Can the subgrantee purchase multi-year subscriptions with federal funds?

Response:

Generally, a multi-year subscription is treated as a contract. The subgrantee may enter into multi-year contracts if it is permissible with the vendor and the subgrantee follows the Guidance and Best Practice: Professional Services Contracts issued by TEA. As with any multi-year contract, the subgrantee may only pay for one year of service per grant year, since you cannot pay for benefits not yet received.

7.10 Can the one year of service of the multi-year subscription be paid at the beginning of the grant year?

Response:

As long as the subgrantee receives the full benefit of the subscription (full access to the service) at the beginning of the grant year, the contract for that grant year may be paid at the beginning of the period of availability.

If the subscription contains items that are not all available at the beginning of the service, such as completing one level of the software before the next level is available, then you may only pay for the service that has been invoiced and received during the period of the invoice. In this

example, you could not pay for the entire year of the subscription at the beginning of the grant year because you have not received the full benefit (full access).

7.11 How does the sole source requirement work when doing a specific book study by one particular author and availability is limited? If we are not allowed to specify a particular brand, then is it not okay to specify a particular book?

Response:

2 CFR 200.320(f) states that noncompetitive procurements (sole source) may only be used when one or more of the following circumstances apply.

1. The item is available only from a single source. Note that this circumstance is hard to document and prove when questioned.
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
3. The federal awarding agency (USDE) or pass-through entity (TEA) expressly authorizes noncompetitive proposals in response to a written request from the non-federal entity (LEA or subgrantee).
4. After solicitation of a number of sources, competition is determined inadequate.

Since books are generally readily available from a variety of sources, a book will be difficult to document as a noncompetitive procurement. If the book is only available from one publisher, then it is easier to document as a sole source procurement. For example, if an educational research organization publishes and sells a book or research report that is not available from any other vendor, then it may be considered a sole source procurement.

7.12 Does the handout provided at the training on the new EDGAR, *Guidance and Best Practices* regarding Professional Services Contracts, apply to all professional services contracts?

Response:

The handout relates to professional and consulting services and applies to any professional services contracts under 2 CFR 200.459.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.13 Does the handout provided at the latest training on the new EDGAR, *Guidance and Best Practices* regarding all professional services contracts, apply to employment contracts as well?

Response:

No, the guidance applies to professional and consultant services contracts that would be budgeted under class-object code 6200. It does not apply to employment contracts budgeted under class-object code 6100.

7.14 Under the new EDGAR, are LEAs allowed to purchase items from their existing purchasing cooperatives, or must they follow the new regulations and make

individual procurement decisions for each item that they would normally purchase from a purchasing cooperative?

Response:

2 CFR 200.318(e) encourages non-federal entities to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services in order to foster greater economy and efficiency. The purchasing cooperative must follow the same state and federal procurement rules that would apply if the local LEA made the procurement.

Once it has been verified that the purchasing cooperative has followed the most restrictive of the state or federal procurement rules (as detailed in the response to question #7.1), the LEA may purchase goods and services from the purchasing cooperative directly, without any additional procurement activities or documentation.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.15 Will TEA be asking LEAs to self-certify their procurements as is discussed in 2 CFR 200.324?

Response:

The requirement in 2 CFR 200.324 is that the subgrantee must make available the following types of documents to USDE or TEA upon request.

1. Technical specifications on proposed procurements when USDE or TEA believes a review is warranted, or
2. Procurement documents such as proposals, invitations to bid, or independent cost estimates under one or more of the following potential procurement events.
 - The subgrantee has been noncompliant with the new federal procurement rules.
 - The procurement is expected to exceed \$150,000 and is to be awarded without competition or when only one bid or offer is received in response to a solicitation for bid.
 - The procurement is expected to exceed \$150,000 and specifies a “brand name” product.
 - The procurement is expected to exceed \$150,000 and is to be awarded to other than the apparent low bidder under a sealed bid procurement.
 - A proposed contract modification changes the scope of contract amount by more than \$150,000.

The subgrantee is exempt from the procurement review if USDE or TEA has determined that its procurement policies, procedures, and systems are compliant. The subgrantee may request USDE or TEA to review its procurement system to be certified, or the subgrantee may self-certify its procurement system. The USDE may rely on the written assurances from the subgrantee’s self-certification, but the self-certification does not prevent the USDE or TEA from conducting its own review of the subgrantee’s procurement system.

In any case, these reviews of the subgrantee's procurement system generally occur where there is continuous, high-dollar funding and third-party contracts are being awarded on a regular basis. As stated above, the subgrantee must always follow the most restrictive procurement rules, whether those are federal, state, or local.

7.16 Is an affidavit or sole source letter from a vendor sufficient documentation to issue a noncompetitive (sole source) procurement under the new EDGAR?

Response:

No. Noncompetitive (sole source) procurements must meet the requirements in 2 CFR 200.320(f), which states that procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

1. The item is available only from a single source.
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
3. The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-federal entity.
4. After solicitation of a number of sources, competition is determined inadequate.

An affidavit or sole source letter is not sufficient documentation that the item or service is only available from a single source. Attorneys have indicated that under the new regulations, sole source must be proven and adequately documented, and will seldom be used in federal procurements.

7.17 Am I required to submit a request for pre-authorization to TEA for all noncompetitive (sole source) procurements under the new EDGAR?

Response:

No. Noncompetitive (sole source) procurements may be used only when one or more of the following circumstances apply:

1. The item is available only from a single source.
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
3. The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-federal entity.
4. After solicitation of a number of sources, competition is determined inadequate.

Requesting pre-authorization from TEA is only one (#3 above) way of documenting a sole source. Note that all procurements, including sole source procurements, must comply with the general procurement standards identified in 2 CFR 200.318.

7.18 Am I required to submit a request for pre-authorization to TEA for noncompetitive (sole source) procurements for affiliation fees for CTE programs?

Response:

No. An affiliation fee would be treated like a membership fee and is not a procurement.

7.19 Is the verification that a vendor is not suspended or debarred required on all procurement transactions or only when the procurement is over a specific threshold?

Response:

The non-federal entity must not award any federal funds to any vendor who is suspended or debarred. In addition, if the award exceeds \$25,000 the non-federal entity must verify and document that the vendor is in good standing by one of the following methods.

- Checking SAM.gov on the day the contract is to be signed to ensure the vendor is not included in the suspended or debarred list and then printing the search results as documentation the vendor is not suspended or debarred
- Requiring a certification signed by the vendor that they are not suspended or debarred
- Including a clause in the contract whereby the vendor assures they are not suspended or debarred

Note that all procurements must also comply with the general procurement standards identified in 2 CFR 200.318.

7.20 Can the subrecipient include brand names in the description of an item in the procurement documents and application?

Response:

No, the subrecipient cannot restrict competition by specifying only a brand name.

2 CFR 200.319(a)(6) states that you cannot be restrictive of competition which includes “specifying only a ‘brand name’ product instead of allowing ‘an equal’ product to be offered and describing the performance or other relevant requirements of the procurement.”

In addition 2 CFR 200.319(c)(1) states that the non-federal entity must have written procedures for procurement transactions and must ensure that all solicitations must not unduly restrict competition and when it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a ‘brand name or equivalent’ description may be used as a means to define the procurement. See 2 CFR 200.319(c)(1) for more details.

7.21 May we use interlocal cooperative RFPs in place of getting the 3 quotes required over the micro-purchase threshold or for purchases under the micro-purchase threshold because it is a more restrictive process?

Response:

The subrecipient must use its own documented procedures which reflect the most restrictive applicable federal, state, or local policy. The subrecipient must maintain proper documentation of the general procurement standards identified in 2 CFR 200.318.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.22 Under EDGAR are multiple awards permitted under the same request for procurement?

Response:

The subrecipient must use its own documented procedures which reflect the most restrictive applicable federal, state, or local policy. The subrecipient must maintain proper documentation of the general procurement standards identified in 2 CFR 200.318. There is no prohibition of multiple awards.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.23 Do the federal purchase thresholds apply to each individual purchase of a specific item or all purchases for the year?

Response:

The subrecipient must use its own documented procedures which reflect the most restrictive applicable federal, state, or local policy. The subrecipient must maintain proper documentation of the general procurement standards identified in 2 CFR 200.318.

In this instance, state purchasing rules in FASRG are more restrictive.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.24 When the LEA only knows of one vendor for a product, how do we document that we searched for other vendors?

Response:

The subrecipient must use its own documented procedures which reflect the most restrictive applicable federal, state, or local policy. The subrecipient must maintain proper documentation of the general procurement standards identified in 2 CFR 200.318.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.25 Debarment and Suspension: A contract award must not be made to parties listed on the government wide exclusions in the System for Award Management (SAM.gov). When the SAM search returns a “record not found”, does it mean that the company is not excluded and we have complied with verification of this provision; or does it mean that the company is not registered in SAM and we cannot do business with a company not registered in SAM?

Response:

If you receive a “record not found” in your search of SAM.gov, on the day the contract is to be signed to ensure the vendor is not included in the suspended or debarred list, then print and maintain the search results as documentation the vendor is not suspended or debarred.

7.26 If the LEA is taking the 2-year grace period for procurement and during that time we have an awarded vendor that will not complete a district’s federal CFR form due to legal concerns/constraints, no matter the amount of the purchase, are we unable to

make purchases with federal funds with this specific vendor under any circumstance?

Response:

The subrecipient must use its own documented procedures which reflect the most restrictive applicable federal, state, or local policy. The subrecipient must maintain proper documentation of the general procurement standards identified in 2 CFR 200.318. In addition you must follow the Local Government Code, Chapter 176.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.27 State rules do not require competitive procurement for professional services or consultants, so we typically procure under Texas Government Code § 2254. However, except for certain services, EDGAR requires price be a component of the evaluation process for these providers. Are we required to have an RFP with the purchase of goods for these services?

Response:

You must follow the most restrictive rules, either state or federal. In this instance the federal regulations are more restrictive so price must be a component of the review matrix. The LEA determines the value of price once it is included in the review matrix.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.28 When the LEA has verified that a purchasing cooperative had followed the most restrictive procurement rules, exactly what specific documentation is required?

Response:

The subrecipient must use its own documented procedures which reflect the most restrictive applicable federal, state, or local policy. The subrecipient must maintain proper documentation of the general procurement standards identified in 2 CFR 200.318.

Documentation of verifying the purchasing cooperative followed the appropriate rules could be as simple as maintaining a signed certification statement or an email stating that the rules were followed.

7.29 Does the subrecipient collect conflict of interest forms from all vendors or only from grant staff?

Response:

2 CFR 200.112 requires the disclosure of *any* potential conflict of interest while 2 CFR 200.318(h) describes integrity of vendors. In addition, the subrecipient must follow Local Government Code, Chapter 176 which also governs conflict of interest procedures.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.30 The criteria for state procurement requires us to consider residency for many categories of purchases, but the federal rules prohibit this practice. Does this mean we must do two separate RFPs for both funding sources?

Response:

Federal EDGAR regulations prohibit the use of residency requirements because it is considered to be limiting competition which is a more restrictive regulation. For federal procurements, the residency requirement would be deleted from the RFP. The subrecipient could; however, have a criteria such as being able access the location in a timely manner.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.31 When crediting applicable credits from procurement cards back to the federal grant, are we required to track each individual purchase credit or can this be done in the aggregate at the end of the year?

Response:

The applicable credit may be applied either by individual purchase or in the aggregate. Since most rebates from procurement cards are done annually, an aggregate credit may be the most practical. In either instance, the prorated distribution of the applicable credits back to allocable federal grants must be documented.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.32 How do we ensure that we have included the appropriate contracting provisions in Appendix II in our procurements?

Response:

Most of the contracting provisions in *Appendix II to Part 200—Contract Provisions for Non-federal Entity Contracts Under Federal Awards* states the specific type of contract for which it is applicable. The subrecipient should either consult with their legal counsel to ensure the appropriate provisions are included in specific procurements or the subrecipient could duplicate the entire list of provisions in all procurement contracts.

7.33 How do we document the cost or price analysis process required in 2 CFR 200.232?

Response:

The subrecipient must use its own documented procedures which reflect the most restrictive applicable federal, state, or local policy. The subrecipient must maintain proper documentation of the general procurement standards identified in 2 CFR 200.318.

The cost or price analysis requirement is done during the planning process before the procurement process is completed.

7.34 How does the subrecipient handle multi-year contracts that are in place which may not have followed the new rules since they were signed before the new regulations took effect?

Response:

TEA will consider school year 2015-2016 as a transition year. The subrecipient may continue the contract for this school year, but should ensure its contracts are compliant with the most restrictive rules or regulations before the next year. This may require new procurements that follow the new regulations.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.35 Will TEA publish a list of the sole source procurements which it has pre-authorized?

Response:

No, it is the responsibility of each subrecipient to document a noncompetitive (sole-source) procurement. This documentation must include how the subrecipient determined the noncompetitive procurement is the appropriate procurement method.

7.36 When the LEA is verifying EDGAR compliance with existing local purchasing cooperatives (see question #7.14 above), how often must the verification be done?

Response:

Once it has been verified that the purchasing cooperative has followed the most restrictive of the state or federal procurement rules (as detailed in the response to question #7.1), the LEA may enter into an agreement with the purchasing cooperative to purchase goods and services directly, without any additional procurement activities or documentation. This verification is to be conducted annually, preferably at the beginning of the grant period.

▶▶▶ The LEA must ensure the purchasing cooperative is compliant. During monitoring of several LEAs' use of purchasing cooperatives, federal grant monitors have determined that the cooperatives are not fully compliant with federal rule for the cost or price analysis which is more restrictive and must also be followed in conjunction with the state rules as stated in question 7.2. In these circumstances, the LEA needs to conduct certain procurement procedures to be compliant. The LEA must read the cooperatives statement of compliance closely and ensure that the LEA is meeting any compliance requirements not met by the cooperative. See question 7.41 below. ◀◀◀

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.37 Can the LEA document the cooperative's statement of compliance posted on its website to meet this requirement?

Response:

If the cooperative posts its compliance certification to its website, the LEA may document that compliance as long as the posted certification is dated and is current (no more than one year

old). If the posted compliance certification is not updated annually, the LEA must ask the cooperative for a current compliance verification.
Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.38 If the LEA has a vendor that it pays at the end of the year with a combination of local, state, and federal funds, and the federal portion for any specific federal grant program is less than \$3,500, can the LEA consider the federal grant share a micro-purchase since the federal grant aggregate is less than \$3,500?

Response:

The subgrantee must follow its written local procurement policies and procedures. Those policies and procedures must align to FASRG rules and EDGAR regulations, which detail the process for using total cost to determine the appropriate type of procurement activity. The subgrantee must follow its written local procurement policies and procedures. Those policies and procedures must align to FASRG rules and EDGAR regulations, which detail the process for using total cost to determine the appropriate type of procurement activity.

While the federal grant share may technically be within the micro-purchase threshold, TEA advises the subgrantee to follow the local written policy and appropriate procurement standards (as detailed in the response to question #7.1) for the total cost of the procurement. Considering the federal grant share as a micro-purchase could cause an audit exception for the LEA. See question #7.5 above.

Contact the Division of Financial Compliance at (512) 463-9095 or schoolaudits@tea.texas.gov for questions related to state purchasing rules under FASRG.

7.39 Is the individual purchase order the appropriate mechanism for determining the procurement method to be followed under EDGAR, not taking into account the state purchasing rules?

Response:

No, an individual purchase order may not reflect the full obligation that has been made. In any case, the LEA must follow the most restrictive of federal, state, or local procurement and purchasing rules based on the total cost of the purchase (see question #7.1 above) and may not circumvent the intent of the regulation.

7.40 If the subgrantee included the name of a specific vendor in its approved grant application, does this suffice as TEA's approval of a sole source vendor?

Response:

No, TEA does not approve vendors through the application process. In fact, the subgrantee should not include vendor names in the grant application.

Noncompetitive (sole source) procurements may be used only when one or more of the following circumstances apply:

1. The item is available only from a single source.
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
3. The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-federal entity.
4. After solicitation of a number of sources, competition is determined inadequate.

Requesting pre-authorization from TEA is only one (item #3 above) way of documenting a sole source. To request a pre-authorization review of a proposed sole source procurement, complete the form and follow the process described on TEA's website.

Note that all procurements, including sole source procurements, must comply with the general procurement standards identified in 2 CFR 200.318.

7.41 ►►► If the purchasing cooperative is not fully compliant with the EDGAR purchasing regulations and the LEA needs to gather price quotes, may the LEA use price quotes from multiple vendors offered by one purchasing cooperative?

Response:

Yes. It is up to the individual LEA to perform their cost analysis prior to the purchase, and confirm the actual price paid was essentially consistent with the original cost analysis and not significantly more. Therefore, the LEA may use price quotes from multiple vendors offered by one purchasing cooperative or a combination of vendors from multiple purchasing cooperatives.



8. Payroll; Time and Effort

8.1 What documentation should be kept for time and effort under the new EDGAR?

Response:

Time and effort must be documented appropriately for any employee compensation that is paid, in full or in part, with federal funds. The new EDGAR does not list specific types of documentation for time and effort, rather it lists seven characteristics of documentation that must be met. Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- i. Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- ii. Be incorporated into the official records of the non-Federal entity;
- iii. Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
- iv. Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- v. Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and
- vi. [Reserved for future use in regulations]
- vii. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
- viii. Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
 - (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;

- (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
- (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

TEA's recommendation, at this time, is to continue to maintain your existing system of documentation for time and effort if it currently meets A-87, A-21, or A-122, as applicable, compliance requirements.

8.2 Should PARs be kept for teacher extra duty pay (tutoring) in addition to the documentation we request and they maintain?

Response:

Time and effort must be documented if the tutors are paid with federal funds. See the response to question #8.1.

8.3 Does a substitute teacher require time and effort records since substitutes are considered employees of the LEA?

Response:

Time and effort must be documented appropriately for any employee compensation that is paid, in full or in part, with federal funds. The subgrantee generally will either have a policy or procedure that all substitute pay is paid from state and/or local, not federal or state grant, funds or the substitute pay follows the same pay as the staff members for whom the substitute is working. If the substitute pay follows the employees funding distribution, the LEA's after-the-fact documentation must identify the teacher or staff for whom the substitute is working. Either a statement signed by the substitute or other system documentation would be sufficient. See the response to question #8.1.

8.4 Can we use federal funds to pay teachers on payroll for stipends the LEA gives to teachers for things like having a master's degree, being bilingual, teaching dual-credit, or teaching in a high-need area such as science and math?

Response:

Federal funds may pay for salary and benefits for positions that benefit the federal program. Stipends for an advanced or preferred degree or specific position may be paid from federal funds only in the same manner that is consistent with local salary schedules and local policy. Note that if stipends are paid with federal funds, time and effort documentation must be maintained and the amount to be paid from federal funds must be reasonable and necessary. See the response to question #8.1.

8.5 If a staff member is paid 100% with federal funds, what type of documentation do we keep for time and effort?

Response:

Time and effort must be documented appropriately for any employee compensation that is paid, in full or in part, with federal funds. The new EDGAR does not list specific types of documentation for time and effort, rather it lists seven characteristics of documentation that must be met. See the response to question #8.1

8.6 Is it correct that if a teacher is paid by IDEA-B grant funds and is on the semiannual certification, any substitute for that teacher must complete time and effort reports or that cost is unallowable?

Response:

Time and effort must be documented appropriately for any employee compensation that is paid, in full or in part, with federal funds. The subgrantee generally will either have a local policy/procedure that all substitute pay is paid from state and/or local, not federal or state grant, funds or the substitute pay follows the same pay as the staff members for whom the substitute is working. If the substitute pay follows the employees funding distribution, the LEA's after-the-fact documentation must identify the teacher or staff for whom the substitute is working. Either a statement signed by the substitute or other system documentation would be sufficient. See the response to question #8.1.

8.7 How would time and effort documentation work for teachers who are moved into their positions mid-semester?

Response:

Regardless of when the time worked begins and ends, time and effort documentation described in the response to question #8.1 must be maintained for any salary paid in full or in part with federal grant funds.

8.8 A campus has requested to hire a supplemental instructional position using its 2015-2016 Title I, Part A funds. Normally, we would have them wait until July 1 (start date of funding) to hire a new position. Are we correct to assume a campus can hire an employee now using its 2015–2016 Title I, Part A funds since the employee would not be performing any services until the start of the next school year?

Response:

Yes, the funds for paying salary with federal grant funds are obligated the first day the employee works and each day worked thereafter. See the response to question #8.1.

8.9 I have been told that grants that fall under the Ed-Flex rules are not required to comply with the time and effort rules. Is this true?

Response:

Not exactly. Only the semiannual certification requirement is waived under Texas' Ed-Flex administrative waiver. Note that there is no semiannual certification requirement under the new EDGAR regulations; therefore, you must meet the documentation standards described in the response to question #8.1.

8.10 Do we still have to identify work by single and multiple cost objectives?

Response:

Yes, the subgrantee must maintain accurate documentation for personnel expenses based records that accurately reflect the work performed. See the response to question #8.1.

8.11 Is it best practice or a federal or state requirement that an employee paid with federal funds must sign his or her job description?

Response:

Maintaining signed job descriptions is not a state or federal requirement; however, it is considered to be an internal control activity that signifies the employee's understanding of his or her respective job duties. Auditors and monitors often consider the lack of a signed job description to be an indicator of poor internal controls which, in combination with other poor controls, could lead to an audit or monitoring finding or comment.

Subgrantees should¹¹ maintain signed job descriptions for all staff paid in full or in part with federal funds or staff paid with other funds whose salary is used to meet a federal matching or cost sharing requirement.

9. Fiscal Topics

9.1 If there are no statutory limitations for special education, why does TEA send notification about carryover amounts?

Response:

Excessive carryover or lapsing federal funds indicates higher level of risk and may indicate poor planning, poor program implementation, poor fiscal management, and potentially poor performance outcomes. Subgrantees should plan for the expenditure of funds in the 15-month grant period and use the 12-month carryover period, when applicable, to expend remaining funds due to unforeseen circumstances. TEA notifies subgrantees of excessive carryover as part of the state agency's fiduciary responsibilities and as good grant management practice.

9.2 At the end of the year, rebates are provided to the LEA for using procurement or credit cards to make purchases. Do the rebates have to be credited back to the federal award?

Response:

Yes, 2 CFR 200.406, Applicable Credits, requires the refund or rebate to be credited back—either as a cost reduction or cash refund—to the federal grant program in proportion to the amount of federal program expenditures that were charged on the card that generated the refund/rebate. For example, the LEA receives a rebate of \$150 from the procurement card for the year. Of the total expenditures, 10% was charged to the IDEA-B program initially; therefore, 10% of the rebate (or \$15) must be credited back to the IDEA-B account.

¹¹ "should" refers to best practice

9.3 What about paying stipends to employees? How will those be treated? We pay district-level instructional specialists out of Title II grant funds and pay a cell phone stipend from Title II. Is that still allowable?

Response:

Stipends may be used interchangeably with extra-duty pay for employees and may also be used for non-employees. (This is a new interpretation of the terminology. In the past, the term “stipend” was generally used only for non-employees when expending federal grant funds.)

Stipends for an advanced or preferred degree or specific position may be paid from federal funds only in the same manner that is consistent with local salary schedules and local policy. Note that if stipends are paid with federal funds, time and effort documentation must be maintained, and the amount to be paid from federal funds must be reasonable and necessary.

Stipends should not be paid for personal cell phone usage. If the employee needs a cell phone to be in constant contact with central office and is traveling a sufficient amount of time between campuses, the LEA must determine whether it will provide a cell phone for business use to the staff member and follow local policy.

9.4 Is the subgrantee required to request approval from TEA to enter into a sole source (noncompetitive) procurement under the new EDGAR regulations?

Response:

No, TEA authorizing a sole source in response to a prior written request from the applicant/subgrantee is one of four allowable circumstances. 2 CFR 200.320(f) states that noncompetitive procurements may only be used when one or more of the following circumstances apply:

1. The item is available only from a single source. Note that this circumstance is hard to document and prove when questioned.
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
3. The federal awarding agency (USDE) or pass-through entity (TEA) expressly authorizes noncompetitive proposals in response to a written request from the non-federal entity (LEA or subgrantee).
4. After solicitation of a number of sources, competition is determined inadequate.

9.5 Does the policy and procedures handout from the regional cluster trainings provide an all-inclusive list of policies and procedures required in EDGAR?

Response:

No, the handout covers key policies and procedures listed in EDGAR. Some references to EDGAR policies and procedures group all the policies and procedures into only six categories—Cash Management, Allowability of Costs, Conflict of Interest, Procurement, Methods for Conducting Technical Evaluations, and Travel.

9.6 Can our district reclassify staff members in the middle of the school year if they were paid with local funds from the beginning of the school year and now the district wants to pay them with federal funds?

Response:

It depends. Generally, no, the district would be creating a presumption of supplanting to do this in the middle of the year if the teacher positions were paid with state funds in the prior year. However, there may be certain instances where this could be allowable if the teacher positions are new (not paid with state funds the previous year) and the adjustment can be done within the same fiscal year. You must discuss the details of your situation with TEA staff.

9.7 What is required to be included in our local policy if we decide to take the two-year¹² grace period of implementation of the new EDGAR procurement regulations?

Response:

Subgrantees may choose to implement the new EDGAR procurement rules in 2015–2016 or may take the two-year grace period and implement the new rules in the 2017–2018 school year. The subgrantee’s local procurement policy must specify if the subgrantee is implementing the old rules in the 2015–2016 and/or 2016-2017 school year(s) or implementing the new EDGAR procurement rules in the 2015–2016 and/or 2016-2017 school year(s). If the subgrantee takes the two-year grace period, its procurement policies and procedures must be updated to the new rules by July 1, 2017.

TEA recommends that LEAs implement the new EDGAR procurement rules in the 2015–2016 school year to take advantage of new flexibility since the new rules are not significantly different from the existing rules.

9.8 How long should we keep federal grant records since 2 CFR 200.333 requires the subgrantee to maintain records for three years from the date of submission of the final expenditure report and TEA says to maintain records for five years past the end of the grant period of availability?

Response:

TEA recommends LEAs maintain records for five years after (1) submission of the final expenditure report, including any carryover funds, or (2) the last audit, monitoring, or litigation activity, whichever is later.

This recommendation is based on the GEPA statute of limitations stated in 34 CFR 81.31 for requesting repayment of funds being five years from the date of obligation even though the new EDGAR states a records retention requirement of three years. Note that the GEPA statute of limitations only applies to USDE grants, and it does not apply to the Higher Education Act grants.

¹² The Council on Financial Assistance Reform (COFAR) made technical corrections to the Uniform Guidance on September 10, 2015, which included a grace period of two fiscal years for non-Federal entities to implement changes to their procurement policies and procedures to align with the Uniform Guidance procurement standards. This two-year grace period only applies to procurement policies and procedures.

▶▶▶ Updated Response:

TEA has a five-year records retention rule for grants. The archives commission's rules published on line currently reflect the existing rules and will be updated after the new rules are finalized. TEA guidance and application documents will reflect the five year retention rule. ◀◀◀

9.9 What is the consequence of a subgrantee's failure to have its policies and procedures updated to the new EDGAR requirements by July 1, 2015?

Response:

The subgrantee will be out of compliance and should work diligently to come into compliance with the EDGAR requirements as quickly as possible. The consequences of that noncompliance will be determined based on the type of monitoring or auditing activity that identifies the noncompliance and the severity of the noncompliance, but may include specific conditions being placed on the grant award and/or remedies for noncompliance being taken.

2 CFR 200.207 allows for additional award conditions to be imposed on any grant award when TEA identifies a subgrantee as posing a level of risk identified by the agency's risk criteria, the subgrantee has a history of failure to comply with the terms and conditions of the grant award, the subgrantee fails to meet performance goals, or is not otherwise responsible.

Specific conditions may include 1) requiring payments as reimbursements rather than advanced payments (cash advances), 2) withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given performance period, 3) requiring additional, more detailed, financial reports, 4) requiring additional project monitoring, 5) requiring technical or management assistance, or 6) establishing additional prior approvals.

If TEA determines that noncompliance cannot be corrected by imposing the specific conditions, TEA may take one or more of the following remedies for noncompliance actions, as appropriate in the circumstances.

1. Temporarily withhold cash payments pending correction of the deficiency.
2. Disallow all or part of an activity or action not in compliance.
3. Wholly or partly suspend or terminate the grant award,
4. Initiate suspension or disbarment proceedings.
5. Withhold further grant awards for the project.
6. Take other remedies that may be legally available.

9.10 How is program income defined and determined?

Response:

Definition

Program income is defined in 2 CFR 200.80 as gross income earned by the non-federal entity that is directly generated by a supported activity or earned as a result of the federal award during the period of performance.

Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds (when allowed).

Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income also does not include rebates, credits, discounts, and interest earned on any of them.

Requirements

2 CFR 200.307 states that non-federal entities are encouraged to earn income to defray program costs where appropriate.

Unless the federal statute or terms of the grant award state the use of program income, or prior approval has been granted, all program income (after the deduction of costs to generate the program income) must be deducted from the total allowable costs of the program area to determine the net allowable costs.

The costs of generating program income may be deducted from the gross income to determine the program income, as long as the costs have not been charged to the federal grant.

Uses

Program income must be used for current costs of the grant program. Program income not anticipated at the time of receipt of the NOGA must be used to reduce the NOGA rather than to increase the total amount of funds committed to the grant program.

2 CFR 200.305(b)(5) states that to the extent available, the non-federal entity must disburse program income (including repayments to a revolving fund) and interest earned on such funds before requesting additional payments from federal grant funds. 2 CFR 200.400(g) contains the regulation that the non-federal entity may not earn or keep any profit generated by a federal grant award.

What this means is that the subgrantee is encouraged to generate program income to be used to pay for current expenses of the grant program. The subgrantee may not generate more program income than it expends in the program. This would result in a reduction of the grant NOGA because it is unallowable to generate or keep profit from a federal grant award.

Generally, when more program income is generated than the total expenditures of the grant program, and the NOGA award is not reduced accordingly, profit has been earned from the federal grant award.

Example

For example, a school district pays a total \$1,000 for a staff development activity from federal grant funds and \$800 from local funds. The district charges registration fees totaling \$1,500. The \$1,500 is the gross program income.

After deducting the \$800 activity expense (paid with non-federal grant funds), the district must use the remaining \$700 program income to pay for other current expenditures of the federal grant program, rather than charging those other current expenditures to the actual grant program. In this example, the federal grant program received \$1,700 worth of grant expenditures (\$1,000 for the activity and \$700 paid with program income) while only costing the grant program \$1,000.

9.11 Is the sale of student-generated products from CTE courses considered program income?

Response:

Yes. The same regulations apply *if* the federal CTE program funds paid for the materials and equipment used in building the product.

As stated above, the costs of generating the program income (cost of materials) may be deducted from the gross program income amount. However, if the student provides all the materials for the project, then the proceeds of the sale of the project remain with the student.

The use of equipment that is purchased with CTE funds and is used at an LEA facility is considered to be an instructional cost. This type of equipment use is not part of the determination of program income.

Appendix 1: Chronology of the EDGAR FAQ Document

This appendix describes the chronology of the New EDGAR Regulations FAQ document and details the version and date when each question and response were added to the document. Note that the formatting of the numbering changed to help the reader more easily identify the new questions added to the end of each applicable section and that current numbering structure is referenced here.

Version 1, released on June 8, 2015, contained the following guidance.

- Questions 1.1-1.18, 2.1-2.2, 3.1-3.6, 4.1-4.10, 4.12-4.14, 4.16, 5.1-5.5, 5.7, 6.1-6.3, 7.1-7.4, 7.11-7.13, 8.1-8.10, and 9.1-9.9 were posted in the original version.

Version 1.1 (later considered version 2), released on June 15, 2015, contained the following guidance.

- Questions 1.13, 1.16, 2.2, 4.4, and 5.3 were clarified.
- New questions included 1.19, 4.15, and 6.4.

Version 3, released on August 14, 2015, contained the following guidance.

- Questions 4.1, 4.10, 4.14, 5.3, 6.4, and 7.1 were clarified.
- New questions included 1.20-1.22, 2.3, 3.7, 4.11, 5.6, 6.5, 7.5-7.10, 7.14-7.16, 8.11, 9.10, and 9.11.

Version 4, released on August 24, 2015, contained the following guidance.

- Questions 4.1 and 5.7 were clarified.
- New questions included 6.6-6.10.

Version 5, released on November 23, 2015, contained the following guidance.

- The format of the numbering changed to help the reader more easily identify the new questions added to the end of each applicable section.
- Questions 1.15, 1.19, 1.20, 5.3, 6.4, 6.7, 6.9, 7.1, 7.3, 7.5, 7.6, 7.8, 7.11, 7.12, 7.14, and 9.7 were clarified.
- New questions included 7.17-7.35.

Version 6, released on June 20, 2016, contained the following guidance.

- Questions 1.6, 6.4, and 9.8 were clarified.
- New questions included 2.4, 3.8-3.11, 5.8, and 7.36-7.40.
- Appendices 1 and 2 were added.

Version 7, released on June 1, 2017, contained the following guidance.

- Questions 7.1, 7.36, and 9.8 were clarified.

- New questions include 7.41.

Appendix 2: Policies and Procedures Contained in 2 CFR 200

§200.302 Financial management.

(b) The financial management system of each non-Federal entity must provide for the following (see also §§200.333 Retention requirements for records, 200.334 Requests for transfer of records, 200.335 Methods for collection, transmission and storage of information, 200.336 Access to records, and 200.337 Restrictions on public access to records):

(6) Written procedures to implement the requirements of §200.305 Payment.

(7) Written procedures for determining the allowability of costs in accordance with Subpart E—Cost Principles of this part and the terms and conditions of the Federal award.

§200.305 Payment.

(1) The non-Federal entity must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in this part. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The non-Federal entity must make timely payment to contractors in accordance with the contract provisions.

§200.318 General procurement standards.

(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.

(c)(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

(2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

§200.319 Competition.

(c) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

(1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and

(2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

§200.320 Methods of procurement to be followed.

(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

(3) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;

§200.430 Compensation—personal services.

(a) General. Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

(1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;

(2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable;

(c) *Professional activities outside the non-Federal entity.* Unless an arrangement is specifically authorized by a Federal awarding agency, a non-Federal entity must follow its written non-Federal entity-wide policies and practices concerning the permissible extent of professional services that can be provided outside the non-Federal entity for non-organizational compensation. Where such non-Federal entity-wide written policies do not exist or do not adequately define the permissible extent of consulting or other non-organizational activities undertaken for extra outside pay, the Federal Government may require that the effort of professional staff working on Federal awards be allocated between:

(h) *Institutions of higher education (IHEs)*. (1) Certain conditions require special consideration and possible limitations in determining allowable personnel compensation costs under Federal awards. Among such conditions are the following:

(ii) Incidental activities. Incidental activities for which supplemental compensation is allowable under written institutional policy (at a rate not to exceed institutional base salary) need not be included in the records described in paragraph (i) of this section to directly charge payments of incidental activities, such activities must either be specifically provided for in the Federal award budget or receive prior written approval by the Federal awarding agency.

(4) Extra Service Pay normally represents overload compensation, subject to institutional compensation policies for services above and beyond IBS. Where extra service pay is a result of Intra-IHE consulting, it is subject to the same requirements of paragraph (b) above. It is allowable if all of the following conditions are met:

(i) The non-Federal entity establishes consistent written policies which apply uniformly to all faculty members, not just those working on Federal awards.

(7) Sabbatical leave costs. Rules for sabbatical leave are as follows:

(i) Costs of leaves of absence by employees for performance of graduate work or sabbatical study, travel, or research are allowable provided the IHE has a uniform written policy on sabbatical leave for persons engaged in instruction and persons engaged in research. Such costs will be allocated on an equitable basis among all related activities of the IHE.

(8) *Salary rates for non-faculty members*. Non-faculty full-time professional personnel may also earn “extra service pay” in accordance with the non-Federal entity’s written policy and consistent with paragraph (h)(1)(i) of this section.

(iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity’s written policy;

(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity’s written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and...

§200.431 Compensation—fringe benefits.

(b) Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:

(1) They are provided under established written leave policies;

(c) The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in §200.447 Insurance and indemnification); pension plan costs (see paragraph (i) of this section); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the non-Federal entity's accounting practices.

§200.464 Relocation costs of employees.

(a) Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period of not less than 12 months) of an existing employee or upon recruitment of a new employee. Relocation costs are allowable, subject to the limitations described in paragraphs (b), (c), and (d) of this section, provided that:

(2) Reimbursement to the employee is in accordance with an established written policy consistently followed by the employer.

§200.474 Travel costs.

(a) General. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies. Notwithstanding the provisions of §200.444 General costs of government, travel costs of officials covered by that section are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award.

(b) Lodging and subsistence. Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the non-Federal entity in its regular operations as the result of the non-Federal entity's written travel policy. In addition, if these costs are charged directly to the Federal award documentation must justify that:

(d) In the absence of an acceptable, written non-Federal entity policy regarding travel costs, the rates and amounts established under 5 U.S.C. 5701-11, ("Travel and Subsistence Expenses; Mileage Allowances"), or by the Administrator of General Services, or by the President (or his or her designee) pursuant to any provisions of such subchapter must apply to travel under Federal awards (48 CFR 31.205-46(a)).

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High School Allotment

Laws, Regulations and Guidance

Prepared by the Department of State Initiatives

Texas Education Agency



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Texas Education Code

Sec. 39.234. USE OF HIGH SCHOOL ALLOTMENT. (a) Except as provided by Subsection (b), a school district or campus must use funds allocated under Section 42.160 to:

- (1) implement or administer a college readiness program that provides academic support and instruction to prepare underachieving students for entrance into an institution of higher education;
 - (2) implement or administer a program that encourages students to pursue advanced academic opportunities, including early college high school programs and dual credit, advanced placement, and international baccalaureate courses;
 - (3) implement or administer a program that provides opportunities for students to take academically rigorous course work, including four years of mathematics and four years of science at the high school level;
 - (4) implement or administer a program, including online course support and professional development, that aligns the curriculum for grades six through 12 with postsecondary curriculum and expectations; or
 - (5) implement or administer other high school completion and success initiatives in grades six through 12 approved by the commissioner.
- (b) A school district may use funds allocated under Section 42.160 on any instructional program in grades six through 12 other than an athletic program if:
- (1) the district's measure of progress toward college readiness is determined exceptional by a standard set by the commissioner; and
 - (2) the district's completion rates for grades nine through 12 meet or exceed completion rate standards required by the commissioner to achieve a status of accredited under Section 39.051.
- (b-1) Expired.
- (c) Repealed by Acts 2009, 81st Leg., ch. 1328 §105(5).
- (d) The commissioner shall adopt rules to administer this section, including rules related to the permissible use of funds allocated under this section to an open-enrollment charter school.

Added by Acts 2006, 79th Leg., 3rd C.S., Ch. 5, Sec. 5.06, eff. May 26, 2006. Redesignated from V.T.C.A., Education Code §39.114 and amended by Acts 2009, 81st Leg., ch. 895, §59, eff. June 19, 2009. Amended by Acts 2009, 81st Leg. Ch. 1328, §§42, 43, 105(5), eff. Sept. 1, 2009.

- Sec. 42.160. HIGH SCHOOL ALLOTMENT.** (a) A school district is entitled to an annual allotment of \$275 for each student in average daily attendance in grades 9 through 12 in the district.
- (b) A school district that is required to take action under Chapter 41 to reduce its wealth per student to the equalized wealth level is entitled to a credit, in the amount of the allotments to which the district is entitled under this section, against the total amount required under Section 41.093 for the district to purchase attendance credits. A school district that is otherwise ineligible for state aid under this chapter is entitled to receive allotments under this section.
- (c) An open-enrollment charter school is entitled to an allotment under this section in the same manner as a school district.
- (d) The commissioner shall adopt rules to administer this section, including rules related to the permissible use of funds allocated under this section to an open-enrollment charter school.

Added by Acts 2009, 81st Leg., R.S., Ch. [1328](#), Sec. 56, eff. September 1, 2009.

Texas Administrative Code

Chapter 61. School Districts Subchapter II. Commissioner's rules Concerning High School Allotment

Statutory Authority: The provisions of this Subchapter II issued under the Texas Education Code, §§39.233, 39.234, and 42.160, unless otherwise noted.

§61.1091. Definitions.

The following words and terms, when used in this subchapter, have the following meanings, unless the context clearly indicates otherwise.

(1) **Academically rigorous course work**--Academically rigorous course work is an academically intense and high-quality program of study that provides students with the information and skills necessary to successfully enroll in entry-level courses at an institution of higher education without the need for developmental course work. Academically rigorous coursework includes four years of high school level mathematics and four years of high school level science.

(2) **Advanced academic opportunity**--An advanced academic opportunity includes the following:

(A) honors courses, such as College Board advanced placement and International Baccalaureate courses, and others as defined in §74.30 of this title (relating to Identification of Honors Courses), with the exception of the Social Studies Advanced Studies;

(B) dual enrollment courses for which students receive both high school and college credit, as limited by §74.25 of this title (relating to High School Credit for College Courses);

(C) an original research/project as described in §74.54 of this title (relating to Distinguished Achievement High School Program--Advanced High School Program) or by §74.64 of this title (relating to Distinguished Achievement High School Program--Advanced High School Program); and

(D) advanced technical credit courses.

(3) **College readiness program**--A college readiness program is any program, activity, or strategy designed to do either of the following:

(A) increase the number of students who are academically prepared to enroll in entry-level courses at institutions of higher education without the need for developmental course work; or

(B) increase the number of students who enroll in institutions of higher education.

(4) Developmental course work--As defined in §4.53 of this title (relating to Definitions), developmental course work is non-degree-credit course work designed to address a student's deficiencies.

(5) High school allotment--The high school allotment is the funding allocated under the Texas Education Code (TEC), §42.160.

(6) High school completion and success initiative--A high school completion and success initiative is any program, activity, or strategy designed to do the following:

(A) improve student achievement in high school; and

(B) increase the number of students who graduate from high school.

(7) Institution of higher education--An institution of higher education is any public technical institute, public junior college, public senior college or university, medical or dental unit, or other agency of higher education as defined in the TEC, §61.003.

(8) School district--For the purposes of this subchapter, an open-enrollment charter school is considered a school district.

Source: The provisions of this §61.1091 adopted to be effective November 9, 2006, 31 TexReg 9025; amended to be effective March 3, 2010, 35 TexReg 1732.

§61.1092. Payment of the High School Allotment.

(a) In accordance with the Texas Education Code (TEC), Chapter 42, Subchapter C, the Texas Education Agency (TEA) will distribute funds to school districts for the purpose of payment of the high school allotment, as specified by the provisions in this subchapter.

(b) Each school district must provide to the TEA an estimate of student enrollment for Grades 9-12 for the school district in a manner established by the commissioner of education.

(c) High school allotment funds will be distributed to each school district as a part of regularly scheduled state aid payments according to the district's Foundation School Program payment schedule.

(d) School districts must account for the receipt and expenditure of funds distributed under the TEC, §42.160, in accordance with §109.41 of this title (relating to Financial Accountability System Resource Guide). The commissioner may establish specific procedures for reporting the receipt and expenditure of high school allotment funds.

Source: The provisions of this §61.1092 adopted to be effective November 9, 2006, 31 TexReg 9025; amended to be effective March 3, 2010, 35 TexReg 1732.

§61.1093. Use of Funds.

In accordance with the Texas Education Code, §39.234(a), high school allotment funds may be spent on the following, which, unless otherwise noted, must be targeted toward Grades 6-12:

- (1) programs that provide underachieving students, as defined by local policy, with the following:
 - (A) instruction in study skills for success in college level work;
 - (B) academic and community support for success in college preparatory classes;
 - (C) support to participate in academic competitions; and
 - (D) information about and access to college and financial aid;
- (2) activities designed to increase the number of students who take preparatory college entrance examinations and college entrance examinations;
- (3) programs that increase the number of students who enroll and succeed in College Board advanced placement courses and International Baccalaureate courses;
- (4) programs that increase the number of students who take College Board advanced placement examinations and International Baccalaureate examinations;
- (5) programs that expand participation in dual enrollment or concurrent enrollment courses;
- (6) activities designed to increase access for underachieving students to college and financial aid;
- (7) activities designed to create a college-going culture within a district or on a campus;
- (8) early college high school programs that provide at-risk students and other students with the opportunity to graduate from high school with an associate's degree or 60 hours of credit toward a baccalaureate degree;
- (9) programs that provide academic support and instruction to increase the number of students who complete the Recommended High School Program or the Distinguished Achievement Program as defined in Chapter 74, Subchapter E, of this title (relating to Graduation Requirements, Beginning with School Year 2004-2005) or Chapter 74, Subchapter F, of this title (relating to Graduation Requirements, Beginning with School Year 2007-2008);
- (10) strategies that create small learning communities, advocacy programs, or advisory programs for students;

(11) programs or activities that create individualized high school graduation and postsecondary plans for students;

(12) programs that ensure that students have access to rigorous curriculum, effective instruction, and timely formative assessment;

(13) programs that create opportunities for middle and high school educators and college and university faculty to jointly identify college and secondary curricular requirements and expectations and develop means to align these requirements and expectations;

(14) summer transition programs and other programs that provide academic support and instruction for students entering Grade 9; and

(15) other high school completion and success initiatives as approved by the commissioner of education.

Source: The provisions of this §61.1093 adopted to be effective November 9, 2006, 31 TexReg 9025; amended to be effective March 3, 2010, 35 TexReg 1732.

§61.1094. Exceptions for Alternative Uses of Funds.

In accordance with the Texas Education Code, §39.234(b), before the beginning of each school year, the commissioner of education will identify school districts that are eligible for exceptions for alternative uses of high school allotment funds.

Source: The provisions of this §61.1094 adopted to be effective November 9, 2006, 31 TexReg 9025; amended to be effective March 3, 2010, 35 TexReg 1732.

§61.1095. Allowable Expenditures.

(a) A school district may use high school allotment funds to support a program or activity that is currently in place in the district or on a campus, provided that the program satisfies at least one of the permissible uses of funds identified in the Texas Education Code (TEC), §39.234(a), and further defined in §61.1093 of this title (relating to Use of Funds).

(b) A school district may spend high school allotment funds on the following, provided these items are for uses identified in the TEC, §39.234(a), and further defined in §61.1093 of this title:

(1) tuition and fees;

(2) textbooks and other instructional materials;

(3) transportation;

- (4) equipment, including science laboratory equipment;
- (5) technology;
- (6) parent and community involvement and outreach;
- (7) professional development;
- (8) technical assistance services;
- (9) performance reward and incentive programs for students;
- (10) personnel costs, including salaries and benefits;
- (11) stipends and extra-duty pay; and
- (12) performance reward and incentive programs established in district policy or employment contracts.

(c) School districts may pool high school allotment funds to implement multidistrict programs for the uses of funds identified in the TEC, §39.234(a), and further defined in §61.1093 of this title.

Source: The provisions of this §61.1095 adopted to be effective November 9, 2006, 31 TexReg 9025; amended to be effective March 3, 2010, 35 TexReg 1732.

§61.1096. Unallowable Expenditures.

A school district may not spend high school allotment funds on indirect or administrative costs or athletic programs.

Source: The provisions of this §61.1096 adopted to be effective November 9, 2006, 31 TexReg 9025.

§61.1097. Additional High School Completion and Success Initiatives Approved by the Commissioner.

(a) To implement high school completion and success initiatives for students in Grades 6-12 other than those programs, activities, and strategies identified for Grades 6-12 in the Texas Education Code (TEC), §39.234(a), or further defined in §61.1093 of this title (relating to Use of Funds), a school district must apply to the Texas Education Agency (TEA), by a date set by the commissioner of education. The application must include a standard application as required by the TEA division responsible for approving high school completion and success initiatives under this subchapter. No application is needed to implement programs under §61.1093 of this title.

(b) The TEA will review and consider approval of applications submitted under this section.

(c) The TEA may consider criteria that include, but are not limited to, the following when determining whether to approve an application:

(1) indications that the initiative will improve student performance in relation to the performance indicators established in §61.1099 of this title (relating to School District Annual Performance Review);

(2) evidence that activities under the initiative address the needs of the target population participating in the initiative;

(3) indications that the design of the initiative reflects up-to-date knowledge about high school completion and success and/or college readiness and effective practices;

(4) the qualifications, experience, or certifications of personnel or external consultants involved in the initiative; and

(5) the appropriateness of proposed expenditures.

(d) A school district that receives approval from the TEA to implement a high school completion and success initiative under this section may be required to reapply for approval each year.

(e) The TEA may identify specific programs, activities, and strategies that are approved for use in the expenditure of high school allotment funds in addition to those identified in the TEC, §39.234(a), or further defined in §61.1093 of this title.

Source: The provisions of this §61.1097 adopted to be effective November 9, 2006, 31 TexReg 9025; amended to be effective March 3, 2010, 35 TexReg 1732.

§61.1098. Policy Advisory Group.

(a) The commissioner of education may create an advisory group composed of stakeholders, including the following:

(1) representatives from school districts;

(2) representatives from institutions of higher education;

(3) experts with high school completion and success and college readiness experience; and

(4) other interested stakeholders.

(b) The advisory group may review activities and programs implemented with high school allotment funds and make recommendations to the commissioner regarding the following:

(1) standards for evaluating the success and cost-effectiveness of high school completion and success and college readiness programs implemented with high school allotment funds;

(2) criteria for identifying and disseminating promising practices and strategies; and

(3) guidance for school districts and campuses in establishing and improving high school completion and success and college readiness programs implemented with high school allotment funds.

(c) If requested by the commissioner, the advisory group will make recommendations regarding standards for selecting and methods for recognizing school districts and campuses with exceptional high school completion and success and college readiness programs implemented with high school allotment funds.

Source: The provisions of this §61.1098 adopted to be effective November 9, 2006, 31 TexReg 9025; amended to be effective March 3, 2010, 35 TexReg 1732.

§61.1099. School District Annual Performance Review.

(a) At an open meeting of the board of trustees, each school district must establish annual performance goals for programs, activities, and strategies implemented with high school allotment funds related to the following performance indicators:

(1) percentage of students graduating from high school;

(2) enrollment in advanced courses, including College Board advanced placement courses, International Baccalaureate courses, and dual or college credit courses;

(3) percentage of students successfully graduating on the Recommended High School Program or Distinguished Achievement Program described in Chapter 74, Subchapter E, of this title (relating to Graduation Requirements, Beginning with School Year 2004-2005) or Chapter 74, Subchapter F, of this title (relating to Graduation Requirements, Beginning with School Year 2007-2008);

(4) percentage of students who achieve the higher education readiness component qualifying scores on the English language arts section of the exit-level Texas Assessment of Knowledge and Skills (TAKS); and

(5) percentage of students who achieve the higher education readiness component qualifying scores on the mathematics section of the exit-level TAKS.

(b) Annually, the board of trustees of each school district must review its progress in relation to the performance indicators specified in subsection (a) of this section. Progress should be assessed based on information that is disaggregated with respect to race, ethnicity, gender, and socioeconomic status.

(c) Each school district must ensure that decisions about the continuation or establishment of programs, activities, and strategies implemented with high school allotment funds are based on:

- (1) state assessment results and other student performance data;
- (2) standards for success and cost-effectiveness as established by the commissioner of education under the Texas Education Code (TEC), §39.233(a)(1); and
- (3) guidance for improving high school completion and success and college readiness programs as established by the commissioner under the TEC, §39.233(a)(2).

Source: The provisions of this §61.1099 adopted to be effective November 9, 2006, 31 TexReg 9025; amended to be effective March 3, 2010, 35 TexReg 1732.

§61.1100. Evaluation of Programs.

(a) The Texas Education Agency (TEA) will evaluate programs implemented with high school allotment funds based on the following:

- (1) performance indicators as established in §61.1099 of this title (relating to School District Annual Performance Review); and
- (2) standards for success and cost-effectiveness as established by the commissioner under the Texas Education Code, §39.233(a)(1).

(b) In addition to the evaluation on the indicators identified in subsection (a) of this section, school districts will be evaluated based on the academic quality indicators in the TEA's performance-based monitoring system and other compliance requirements.

Source: The provisions of this §61.1100 adopted to be effective November 9, 2006, 31 TexReg 9025; amended to be effective March 3, 2010, 35 TexReg 1732.

§61.1101. Standards for Selecting and Methods for Recognizing Districts and Campuses Offering Exceptional Programs.

(a) In accordance with the Texas Education Code (TEC), §39.233(a)(3), by January 1 of each year, the commissioner of education will select for recognition districts and campuses that offer exceptional high school completion and success and college readiness programs implemented with high school allotment funds.

(b) The commissioner must establish standards for selecting school districts and campuses with exceptional high school completion and success and college readiness programs.

(c) The standards for selection will be based on information that is disaggregated with respect to race, ethnicity, gender, and socioeconomic status. Standards for selection will include consideration of district and campus performance in relation to the following:

(1) performance indicators as established in §61.1099 of this title (relating to School District Annual Performance Review);

(2) standards for success and cost-effectiveness as established by the commissioner under the TEC §39.233(a)(1); and

(3) district or campus improvement relative to districts and campuses that exhibit similar characteristics of students served by the campus or district, including, but not limited to, past academic performance, socioeconomic status, ethnicity, and limited English proficiency.

(d) The commissioner must establish methods for recognizing school districts and campuses that offer exceptional high school completion and college readiness programs implemented with high school allotment funds.

Source: The provisions of this §61.1101 adopted to be effective November 9, 2006, 31 TexReg 9025; amended to be effective March 3, 2010, 35 TexReg 1732.

What is the High School Allotment?

The High School Allotment is an annual fund created by the Texas Legislature in 2006 that provides every Texas school district with \$275 per student in grades 9-12 to improve high school graduation and college readiness rates. High school allotment funds shall be distributed to each school district as a part of regularly scheduled state aid payments according to the district's Foundation School Program payment schedule.

What are the goals of the High School Allotment?

Allotment funds may be used to support district-wide programs or allocated by district to specific campuses that serve middle school or high school students. The district will use strategies with evidence of effectiveness to:

- Prepare students who traditionally have not gone on to higher education for college- and university-level work
- Encourage all students to take advanced academic course work that leads to college credit
- Increase the rigor of academic course work for all students
- Align secondary and postsecondary curriculum and expectations
- Support promising high school completion and success initiatives in grades 6 through 12

How may districts use allotment funds?

TEC §39.234 **Use of High School Allotment** states that school districts and campuses must use funds under §42.160 to:

- Implement college readiness programs to prepare underachieving students for college
 - Create a college-going culture
 - Increase number taking college entrance exams
 - Increase access for underachieving students to college and financial aid
 - Increase number completing Recommended or Distinguished Achievement Programs
 - Creating small learning communities or advisory programs
 - Creating individualized graduation or postsecondary plans
- Implement programs that encourage students toward advanced academic opportunities, such as dual credit and AP
 - Increase number enrolling and succeeding in college prep courses including AP, IB and dual credit
 - Increase number taking AP and IB tests
- Implement programs that give students opportunities to take academically rigorous course work, including four years of math and science
 - Expanding participation in dual or concurrent enrollment courses
 - Offering early college high school programs
- Implement programs that align the curriculum for grades 6 through 12 with postsecondary curriculum
 - Align curriculum with college requirements
 - Provide summer programs for transition to high school
 - Providing access to rigorous curriculum
- Implement other high school completion and success initiatives in grades 6 through 12 as approved by the commissioner

Are there exceptions to uses of the High School Allotment?

- TEC §39.234(b) allows a school district to use the high school allotment funds on any instructional program other than an athletic program if
- The district's measure of progress toward college readiness is determined exceptional by a standard set by the commissioner;
- The district's completion rates for grades 9 through 12 exceed completion rate standards required by the commissioner to achieve a status of accredited under TEC §39.051.

What are allowable expenditures?

According to 19 Texas Administrative Code (TAC) §61.1094, allowable expenditures include:

- Tuition and fees
- Textbooks and other instructional materials
- Transportation
- Equipment, including science laboratory equipment
- Technology
- Parent and community involvement outreach
- Professional development
- Technical assistance services
- Performance reward incentive programs for students
- Personnel costs, including salaries and benefits
- Stipends and extra-duty pay
- Performance reward and incentive programs established in district policy or employment contracts

How are districts using their allotment?

Districts that are putting their allotment funds to use in some powerful and creative ways are:

- Integrating their allotment funds into the district's overall plan to improve student success and college readiness
- Using data to drive decisions by analyzing district performance to determine where gaps exist
- Incorporating research-based results on best practices
- Planning to discontinue programs that do not demonstrate measurable results

How are allotment funds increasing rigor?

- tutoring
- accelerated online instruction
- summer programs such as summer AP readiness camps
- support for co-curricular programs such as robotics clubs and Odyssey of the Mind
- pre-engineering courses such as Project Lead the Way
- programs such as AVID and AP Strategies to support students taking challenging courses
- tuition, textbooks and transportation for dual credit courses
- exam subsidies for AP/IB

How are Allotment Funds Creating Personalization strategies?

- Advisories
- Small learning communities

How are allotment funds increasing high school success?

- “Newcomer Academy” to assist Limited English Proficient students with acquisition of English language and support services
- Tutoring and support services for students at-risk of dropping out
- Two-week mandatory math & science summer school for struggling students
- Stipends for teachers to staff a 4-9pm credit recovery program

How are allotment funds creating a college-going culture?

- Tuition, books, and transportation for dual or college credit courses
- Courses to prepare students for college entrance exams (SAT and ACT)
- Exam subsidies for SAT and ACT
- Creation of a UIL forensic program designed to
- Recruit students without plans to attend college;
- Establish college going expectations; and
- Equip with communication and critical thinking skills valuable for college success

How are allotment funds contributing to successful transitions?

- Summer program for graduating 8th graders to equip with study and other skills to succeed in high school
- “Fish Tank” to house freshman core classes in one location and increase staff providing support during transition
- system to track graduates and use data to improve efforts to better prepare students for college and career

How are allotment funds building capacity

- Professional development
- Stipends for mentor teachers
- Incentives to recruit and retain math and science teachers
- Incentives to recruit and retain teachers at hard-to- staff schools
- On-line courses and virtual science labs for advanced classes for which there are not enough students to create an additional class

What are the expectations for success?

- Percentage of students graduating from high school
- Percentage of students enrolled in advanced courses, including AP, IB and dual credit
- Percentage of students successfully graduating on the Recommended High School Program or the Distinguished Achievement Program
- Percentage of students who achieve higher education readiness component qualifying scores on the English sections of the exit-level TAKS
- Percentage of students who achieve higher education readiness component qualifying scores on the Math sections of the exit-level TAKS

Frequently Asked Questions

- 1) **In past school years, TEA’s website posted a spreadsheet that estimated the monthly high school allotment. I used this to post my monthly TEA payments. Is there one for 2009-2010 or are we supposed to use the 08-09 estimate again?**

The High School Allotment is no longer a separate fund code and is no longer estimated as a separate payment. The **annual** high school allotment amount appears on the The Summary of Finance Report and is posted on <http://ritter.tea.state.tx.us/school.finance/funding/sofweb7.html> and distributed as part of the regular foundation payments to districts.

Since the High School Allotment is being moved to Fund 199, a new program intent code (PIC) has been established to help districts track their expenditures. Beginning in the 2009-2010 school year, districts should use PIC 31 to identify their high school allotment expenditures.

- 2) **Can these funds be expended for programs that the district currently offers that meet the requirements specified in statute or will the district be required to offer additional programs that meet these requirements? For example, if we currently offer several dual credit classes and college classes, can we fund our current staff from these funds?**

Expenditures for existing programs that meet the statutory requirements can be funded with the High School Allotment.

- 3) **Are there exceptions to uses of the High School Allotment?**

A school district can use the allotment funds on any instructional program other than an athletic program if:

- the district’s measure of progress toward college readiness is determined exceptional by a standard set by the commissioner; and
- the district’s completion rates for grades 9 through 12 meet or exceed completion rate standards required by the commissioner to achieve a status of accredited under Section 39.051.

- 4) **How may districts use High School Allotment funds?**

TEC §39.234 **Use of High School Allotment** states that school districts and campuses must use funds under §42.160 to:

- a. Implement college readiness programs to prepare underachieving students for college
- b. Implement programs that encourage students toward advanced academic opportunities, such as dual credit and AP
- c. Implement programs that give students opportunities to take academically rigorous course work, including four years of math and science

- d. Implement programs that align the curriculum for grades 6 through 12 with postsecondary curriculum
- e. Implement other high school completion and success initiatives in grades 6 through 12 as approved by the commissioner

5) Can allotment funds be used to fund programs for students in Grades 6-8?

TEA sought clarification on legislative intent and determined that a broader interpretation of §39.234 is consistent with the legislation's overriding goals of preparing students for entrance into institutions of higher education. Consequently, the agency has decided that allotment funds may be used to target students in Grades 6-8.

6) Can allotment funds be used to support participation in academic competitions such as UIL academic and forensic competitive programs?

Yes, academic competition designed to increase college readiness by:

- a. effectively equipping students with academic skills valuable for successful completion of high school and college;
- b. actively recruiting students who are traditionally underrepresented in college populations; and
- c. motivating students to enroll in college

7) Given that there is a serious shortage of math and science teachers in Texas, can allotment funds be used to recruit and retain math and science teachers?

Yes, allotment funds may be used for recruitment and retention of math and science teachers as well as teacher incentive pay.

8) Can a high school designated as academically unacceptable use allotment funds to pay for a Campus Improvement team (CIT)?

The use of High School Allotment funds for a CIT is not consistent with the legislatively-established purposes of the funds. These funds are to be used for programs that directly relate to improving graduation and college readiness rates.

9) Can parents apply to use the allotment funds to pay for services for their child?

Allotment funds were not appropriated by the legislature for direct use by parents to purchase individual academic services for their children. Rather, the funds are allocated to districts to ensure that all students have access to academically rigorous programs that promote college readiness. Parents and other community members are encouraged to contact school officials to provide input into their district's process for determining the use of its High School Allotment funds.

- 10) **Is reference in the rules to using allotment funds for programs to increase the number of students enrolling and succeeding in Advanced Placement (AP) and International Baccalaureate (IB) courses meant to discourage districts from employing other proven approaches for introducing rigor, particularly to low-income students?**

No. Nothing in the rule precludes districts from using allotment funds to support *any* program proven to assist students succeed with an academically rigorous curriculum. Nor does the reference to AP and IB courses exclude the use of other programs designed to encourage students to pursue advanced academic opportunities. AP and IB courses are cited in the enabling legislature as a type of advanced academic opportunity which students should be encouraged to pursue. Research studies have established a strong relationship between successful participation in high school AP/IB courses and success in college. This relationship holds true even for students who take an AP course but do not do well on the national AP examination. The allotment funds are designed to encourage districts to extend the benefits of the AP/IB programs to a larger population of students, including low-income and middle- and low-performing students. Districts are encouraged to use allotment funds to recruit and support students who traditionally have not enrolled in AP/IB courses. Furthermore, test fees, including fees for AP/IB examinations, are allowable expenditures. Districts may pay these examination fees for students unable to afford them, thus enabling low-income students to obtain college credit for AP/IB courses while in high school just as their more financially able classmates do.

- 11) **What is the definition of “underachieving student?”**

Underachieving students are those whose course selections and academic performance do not correspond to the level of rigor and achievement of which they are capable. The underlying principle of HB1 is that all students should graduate from high school prepared to succeed in college or a career.

- 12) **Can allotment funds be used for Career and Technical Education programs (CTE)?**

While CTE programs are not explicitly identified as a program for which allotment funds may be used, CTE programs which are designed to encourage CTE students to pursue certifications through dual and concurrent enrollment programs with post secondary institutions as well as programs designed to ensure that CTE students have access to rigorous curriculum are consistent with the purposes established for High School Allotment funds.

- 13) **Can allotment funds be used to purchase technology, such as graphing calculators and computers?**

Yes, provided such technology is used for purposes consistent with the legislative intent for such funds.

14) Can technology purchased with allotment funds for purposes consistent with the legislative intent also be used for other purposes?

If such allotment-funded technology is to be used for other purposes, then allotment funds may be used to pay only for the percentage of the technology cost that corresponds to the percentage of time it is be used for allotment purposes.

15) Can allotment funds be used for tutoring?

Yes

16) Can allotment funds be used to fund staff positions?

Personnel costs, including salaries and benefits, are an allowable use of allotment funds. If the staff position involves additional responsibilities, other than implementation of programs and activities addressing the intent of the legislation, then allotment funds may be used to pay only for that portion of the salary that corresponds to the percentage of the staff member's time designated for allotment purposes.

17) Can allotment funds be used for staff development?

Allotment funds may be used for staff development provided the training is designed to address the objectives of the legislation.

18) Can allotment funds be used for Pre-Advanced Placement (Pre-AP) courses?

Yes. Pre-AP courses provide students access to rigorous curriculum and are designed to prepare students for the even more rigorous challenge of AP and IB coursework and therefore are consistent with the purposes established for allotment funds

19) Can allotment funds be used to transport students?

Transportation is an allowable use for allotment funds provided it supports an activity or program that addresses the objectives of the legislation.

20) Can allotment funds be used to pay teacher stipends?

Stipends are an allowable use for allotment funds provided they support an activity or program that addresses the objectives of the legislation, such as teaching dual credit courses.

21) Can allotment funds be used for Campus Improvement Plan activities?

Campus Improvement Plan activities are an allowable use for allotment funds provided they address the objectives of the legislation.

22) Can allotment funds be used to provide services to Limited English Proficient (LEP) students to acquire English skills?

Yes. Allotment funds may be used to provide academic support and instruction to increase the number of students completing the Recommended High School Program or Distinguished Achievement Program. Services to assist LEP students acquire English skills would be an appropriate way to achieve this purpose.

23) Can allotment funds be used to enable at-risk students participate in alternative programs such as night school, summer school, college vocational certification programs and accelerated credit recovery?

Tuition and fees for programs designed to increase the number of students who complete the Recommended High School Program are an appropriate use for allotment funds.

ANNUAL PERFORMANCE GOAL SETTING AND PERFORMANCE REVIEW

24) When should districts establish their annual performance goals and conduct performance review?

Setting goals for the allotment funds ideally would take place as a part of the district's budget setting process for the upcoming school year. The district's annual review of progress toward achieving its allotment goals should be scheduled at the conclusion of the year's allotment-funded programs and activities and prior to the following school year.

25) Is the annual performance review to be conducted by the board of trustees or by district employees?

Both the establishment of annual performance goals and the annual performance review are to be conducted by the district's board of trustees.

26) Is the board of trustees required to hold a special called meeting for the exclusive purpose of taking public testimony regarding the establishment of allotment performance goals or can the board consider the allotment goals as a part of its posted agenda for a regularly scheduled Board meeting open for public discussion and comment?

Both the establishment of annual allotment performance goals and the annual performance review may be considered as a part of a board of trustees' regularly scheduled open meeting.

27) How should annual performance of the allotment funds be reviewed?

During the first year of implementation, boards should, at a minimum, consider how the district's use of allotment funds contributed to the following performance indicators set forth in new 19 TAC §61.1099.

- (1) percentage of students graduating from high school;
- (2) enrollment in advanced courses, including College Board advanced placement courses, International Baccalaureate courses, and dual or college credit courses;
- (3) percentage of students successfully graduating on the Recommended High School Program or Distinguished Achievement Program described in Chapter 74, Subchapter E, of this title (relating to Graduation Requirements, Beginning with School Year 2004-2005), or Chapter 74, Subchapter F, of this title (relating to Graduation Requirements, Beginning with School Year 2007-2008);
- (4) percentage of students who achieve the higher education readiness component qualifying scores on the English language arts section of the exit-level Texas Assessment of Knowledge and Skills (TAKS); and
- (5) percentage of students who achieve the higher education readiness component qualifying scores on the mathematics section of the exit-level TAKS.

Once standards for success and cost-effectiveness are established by the commissioner, based on recommendations from the Policy Advisory Group, then those standards should also be used in the board's performance review.

PROCEDURAL ISSUES

28) Can unexpended allotment funds be carried over for use in the following year?

Yes. Allotment funds may be carried over in the same manner as Foundation School Program funds.

29) If allotment funds are carried over to the next year, are districts limited to the 80% -20% restriction, which requires 80% be spent and limits the amount that may be carried over to 20%?

No. The 80% - 20% requirement applies only to federal funds.

30) Are allotment funds affected by the Governor's Executive Order requiring districts to use 65% of funds received for instructional purposes?

Yes. Allotment funds expended for instructional purposes and coded to functions 11, 36, 93 or 95 will count towards meeting the 65% requirement.

31) How will allotment funds affect Chapter 41 schools?

A Chapter 41 district is entitled to receive the high school allotment as a credit against its cost of recapture.

32) For how many years can districts expect to receive allotment funds?

Legislative appropriations cover a two-year period. Each legislature will determine appropriations for the allotment program for the upcoming biennium.

**State Compensatory Education and NCLB
Allowable and Unallowable Uses of Funds**

All allowable costs must be:

1. *Supplemental to the regular education program (not supplanting),*
2. *Reasonable and Necessary, and*
3. *Documented in your needs assessment and improvement plan.*

STATE COMPENSATORY EDUCATION (Fund 185)

- PIC 24 – Accelerated Education for students in at-risk situations **
- PIC 26 – Non-disciplinary Alternative Education Programs for students who are separated from the regular classroom and are at risk of dropping out of school
- PIC 28 – Disciplinary Alternative Education Programs for students who are separated from the regular classroom
- PIC30 – Supplemental costs for campuses targeting at-risk students, for direct services to improve instruction, reduce the dropout rate, and increase academic performance

TITLE I-A (Fund 211)

- Supplemental costs for economically disadvantaged students, used to upgrade the entire education program at Schoolwide campuses to support students in meeting the state's student academic performance standards

Title II-A (Fund 255)

- Teacher and Principal Training and Recruitment, supports activities that can promote a teaching staff that is highly qualified and able to help students achieve the state content and academic achievement standards

** Targeted assistance must benefit at-risk student's Fund (185) or ED student's Fund (211) only.

6100 Payroll Costs

Expenditure Items	SCE	T-IA	T-IIA
Lead Teacher	Y	Y	N
Core Subject Teacher	Y	Y	N
Teacher Supervisor	Y	Y	N
Educational Aide	Y	Y	N
Extra-duty Pay (beyond regular work hours, such as for Tutoring or to attend Professional Development)	Y	Y	Y
Parent Liaison	N	Y	N
Substitute(s) for Professional Development of Regular Education Personnel	Y	Y	N
Summer School Personnel	Y	Y	N
Pay for other duties, such as lunch, hall, or bus duty	N	N	N

6200 Professional and Contracted Services

Expenditure Items	SCE	T-IA	T-IIA
Building Use Fee	N	N	Y
Child Care for Parent of Students during Parent Training	N	N/Y*	N
Contracted Curriculum Development	Y	Y	N
Keynote Speakers for Motivation or General/Regular Education Topics	Y	Y	Y
Maintenance and Repair of Equipment	N	N	N
Conference/Seminar Hall Rental	Y**	Y**	Y**
Parent/Private Transportation Contract	N	N	N
Printing Services	Y***	Y/N***	Y
Travel Related	Y	Y	Y
Staff Development Consultant: Fee, Travel and Per Diem	Y	Y	Y
Staff Development by Contracted Consultants/Service Providers	Y	Y	Y

*Allowable ONLY under the Parent Involvement Program

**Allowable ONLY if used for Allowable Professional Development

***Allowable ONLY if used for direct services to students

6300 Supplies and Materials

Expenditure Items	SCE	T-IA	T-IIA
Library Books***	Y	Y	N
Classroom Library books***	Y	Y	N
Clothing, Uniforms, or Shoes	N	N	N
Computer Software for Instructional/Assessment Use	Y	Y	N
Instructional, Assessment, Related Services, and Staff Development Supplies and Materials	Y	Y	Y
Office and Clerical Supplies	N	N	N
Postage	N	N	N
Instructional Supplies	Y	Y	N
Printing Services	Y*	Y*	Y
Professional Books and Magazines for Education	Y**	Y**	Y
State-adopted Textbooks (within district's allocation)	N	N	N
Supplemental Textbooks	N	N	N
Equipment (may require TEA approval for Title Programs)	Y	Y	Y
Entertainment: including amusement, diversion, social activities and related costs	N	N	N
Classroom Libraries	Y***	Y***	N
Paper (approved for TEKS Resource)	N	Y	N
Student Supplies (approved for Interactive Notebooks)	N	Y	N
Furniture	N	N/Y****	N

*Printing services must be for direct student related materials to be used for instruction

**Professional books/magazines is allowable only if they are part of a district/campus wide professional development program

***Allowable if they are part of a reading program and/or used directly by students and is part of the curriculum and instructional strategies

****May require approval by TEA

6400 Other Operating Expenses

Expenditure Items	SCE	T-IA	T-IIA
Non-employee Training	N	Y*	Y
Travel for campus administrators	Y	Y	Y
Travel for district administrators	N	Y**	N/Y**
Travel, Registration, and Per Diem to attend Educational Training Events-Teachers/Non Administrators	Y	Y	Y
Transportation Charges for Educational Field Trips (see specific guidelines)	Y	Y***	N
Transportation Charges for Students on Tutoring	Y	Y	N
Gratuities or Tips	N	N	N
Food or Snacks (refer to specific guidelines)	N	N/Y****	N
Membership in Business, Technical, and Professional Organizations related to the grant program	N	Y	Y

*Allowable as part of a parental involvement program

**TIA allowable for district administrators involved with educational programs, not general administration; TIIA allowed for Superintendent, but no other district administrators.

***TEA Approval needed for Educational Field Trips

****Refer to Cost Principles for specific guidance during training or as part of the parental involvement program

Out of State travel will need specific TEA approval.

6600 Capital Outlay

Expenditure Items	SCE	T-IA	T-IIA
Equipment considered Capital Outlay	Y*	Y**	Y**
Building Improvement Remodeling	N	N	N
Portable Building Purchase or Construction	N	N	N
Campus, Classroom remodeling, upgrades, painting, flooring, electrical, plumbing etc.	N	N	N

*Most equipment purchases will be out of 6398.

**Must be approved by TEA for equipment items costing \$5,000 and over.

Specific guidelines for Certain Costs:

- **Food Items:**
 - *Refreshments* allowable for Parental Involvement Activities necessary to encourage participation/attendance. Full meals are not allowed.

- **Field Trips:**
 - Must be part of teacher's lesson plans, which include activities leading up to the trip and follow-up activities that allow students to summarize, apply, and evaluate what they learned from the trip
 - Must include objectives to be accomplished from conducting the field trip
 - Field Trips will need TEA specific approval.

- **Parental Involvement:**
 - Take-home materials for at-home language and math learning, such as book bags, books, calculators, directional signs, erasers, glue, magnetic calendars, math manipulatives and templates, notebooks, paper, pencils, pens, rulers, scissors, take-home folders, timers.
 - Snacks (food and drinks), but may include cups, napkins, plates, and utensils. Items must be for family events that include an academic component, such as CSI night.
 - Notification/flyer costs, such as ink cartridges, paper, postage, and printing.

- The following costs are ***unallowable***:
 - Alcoholic beverages,
 - Award ceremonies, banquets, and social events
 - Entertainment,
 - Gifts or items that appear to be gifts,
 - Gratuities or tips,
 - Memorabilia,
 - Promotional items (such as T-shirts, caps, imprinted pens),
 - Souvenirs
 - Gift cards
 - Fundraising activities
 - Tips or gratuities



Section 6: Working With Non-Personnel Budget Allocations

Once allocations have been created for a fiscal year using either the Maintain Budget Owner function or the Maintain Allocation function, the team of people who are working to create the budget can use the functions listed below to work with an allocation through the adoption process. Each function shares the same tabs and much of the same functionality. Whether the functionality is view-only or can be modified depends on the user's role in the budget allocation process.

This section describes how to access each Budget Owner Allocation function. After you have accessed the appropriate function and selected an allocation, proceed to "Working With Budget Owner Allocation Function Tabs".

In this section:

Budget Owner Allocation Functions Overview	6.2
Accessing Budget Owner Allocation Functions	6.3
Maintain Budget Owner Allocations	6.4
Allocate Budget Owner Allocations	6.6
Approve Budget Owner Allocations	6.8
Adjust Distribution of Budget Owner Allocations	6.9
Adopt Budget Owner Allocations	6.11
Working With Budget Owner Allocation Function Tabs	6.13
Budget Owner Allocation Tab	6.14
Assigning Managers Tab	6.21
Allotment Adjustment Tab	6.23
Approval History Tab	6.25

Budget Owner Allocation Functions Overview

The budget owner allocations functions are described below.

- **Maintain Budget Owner Allocations:** This function is used by Budget Directors to manage information related to the allocation approval process, including work submitted for approval by Budget Managers, allotment adjustments, version history, and approval history. From the Maintain Budget Owner Allocations function, Budget Directors can assign managers to allocations.
- **Allocate Budget Owner Allocations:** This function is used by Budget Managers to determine allocations. This function includes a work area that lets the Budget Manager play with allocation information before submitting it for approval. The draft information in the work area can be saved, but is not viewed by the Budget Director, Approver, or others on the Budgeting Team until the Budget Manager submits the information for approval.
- **Approve Budget Owner Allocations:** This function is used by the person on the Budgeting Team who is set up in the Work Flow process as the Approver for budget allocations. The Approver can approve the budget allocation for the version displayed.
- **Adjust Distribution of Budget Owner Allocations:** This function is a budget directors' menu option. With this function, budget directors can make changes to the amounts assigned to the account numbers in the worksheets when the status is Approval in Progress or Ready for Adoption, and the status will not change.
- **Adopt Budget Owner Allocations:** This function is used to edit or view allocations that have been approved and have the status Ready for Adoption or to view items with the status of Cut.

Accessing Budget Owner Allocation Functions

This section discusses how to access the four Budget Owner Allocations functions:

- Maintain Budget Owner Allocations
- Allocate Budget Owner Allocations
- Approve Budget Owner Allocations
- Adjust Distribution of Budget Owner Allocations
- Adopt Budget Owner Allocations

For more information about the specific tabs of these functions see “Working With Budget Owner Allocation Function Tabs” on page 6.13.

Maintain Budget Owner Allocations

Budget Directors use the Maintain Budget Owner Allocations function to manage information related to the allocation approval process, including work submitted for approval by Budget Managers, allotment adjustments, version history, and approval history. From the Maintain Budget Owner Allocations function, Budget Directors can assign managers to allocations.

How to Access the Maintain Budget Owner Allocations Function

1. Navigate to the TEAMS Home page and locate the Budget Planning menu.

Note: The exact name of the menu you use to access this function depends on how your district has configured its TEAMS Home page. If you are unsure of the menu name, you can enter the function name in the Search Menu Items field to quickly locate it.

2. Select the **Maintain Budget Owner Allocations** link. The Maintain Budget Owner Allocation tab is displayed.

Note: Maintain Budget Owner Allocations is an administrative entry point used by budget directors.

Figure 6.1: Maintain Budget Owner Allocation tab

3. In the Budget Owner Allocation Search Criteria panel, select one or more of the following fields
 - **Budget Year:** The budget year defaults to the current year.
 - **Status:** Select the status of the line item from the drop-down menu. Options include Adopted, Ready for Adoption, Cut, Approval in Progress, Incomplete, or Approval Denied.
 - **Budget Owner:** Select a budget owner from the drop-down list.
 - **Account Element boxes:** Complete one or more of the account element boxes to narrow your search by account number information.
 - **Allocation:** Select an allocation from the drop-down list.
 - **Allocation Category:** Select an allocation category from the drop-down list.

- **Allocation Group:** Select an allocation group from the drop-down list.
 - **Allocation Subgroup:** Select an allocation subgroup from the drop-down list.
 - **Filter:** Select one of the following allocation types: Non-personnel, Personnel, Staff allocation allotment, or Stipend.
4. Click the **Search** button. Allocations matching your search criteria are displayed on the tab.

The screenshot shows the 'Maintain Budget Owner Allocation' interface. At the top, there is a 'Budget Owner Allocation Search Criteria' section with fields for Budget Year (2016), Status, Budget Owner, and Allocation (Campus Allocation - Elementary). Below this is a 'Search' button. The main area displays a table titled 'Budget Owner Allocations' with columns for Allocation, Budget Owner, Status, Curr/Next Approver, Org Allmtnt, Avail Allmtnt, Adjustment In, Adjustment Out, Allocatable Allmtnt, Unallocated Amt, Curr Yr Adopted Bdg, Curr Yr Amended Bdg, Curr Yr Transactions, Prior Year Adopted Bdg, Prior Year Amended Bdg, and Prior Yr Transactions. The table contains several rows of data, including 'Campus Allocation - Elementary' and 'Campus Allocation - Elementary' with various numerical values. At the bottom right of the table, it says 'record count: 25 of 25'. There are 'Edit' and 'View' buttons at the bottom left of the table area.

Figure 6.2: Maintain Budget Owner Allocation tab with allocations

5. In the Budget Owner Allocations list, select an allocation and click the **Edit** button. The Budget Owner Allocation tab is displayed.
- Note:** Click the **View** button if you only want to view the allocation information without modifying it.
6. Proceed to “Working With Budget Owner Allocation Function Tabs” on page 6.13.
- Note:** When you are finished working with the function, you can click the **Exit Worksheet** button on the Budget Owner Allocation tab.

Allocate Budget Owner Allocations

Budget Managers use the Allocate Budget Owner Allocations function to determine allocations. This function includes a work area that lets the Budget Manager play with allocation information before submitting it for approval. The draft information in the work area can be saved, but is not viewed by the Budget Director, Approver, or others on the Budgeting Team until the Budget Manager submits the information for approval.

Budget Managers can determine the allocation on a budget allocation if the following conditions are met:

- The budget workbook for the year is open for Budget Managers.
- The Budget Manager has been assigned modify rights for the allocation. If a manager has view-only rights, he or she can view the current version of a budget allocation but cannot modify it.
- Budget Managers can only make changes when the status of the allocation is Incomplete. Once the worksheet has been submitted, Budget Managers can view it, but they are not allowed to make any changes.

How to Access the Allocate Budget Owner Allocations Function

1. Navigate to the TEAMS Home page and locate the Budget Planning menu.

Note: The exact name of the menu you use to access this function depends on how your district has configured its TEAMS Home page. If you are unsure of the menu name, you can enter the function name in the Search Menu Items field to quickly locate it.

2. Select the **Allocate Budget Owner Allocations** link. The Allocate Budget Owner Allocation tab is displayed.

The screenshot displays the 'Allocate Budget Owner Allocation' tab. At the top, there is a 'Budget Owner Allocation Search Criteria' section with various dropdown menus and input fields for filtering results. Below this is a 'Search' button. The main area shows a table titled 'Budget Owner Allocations' with a header row containing 16 columns: Allocation, Budget Owner, Status, Curr/Next Approver, Org Allmtnt, Avail Allmtnt, Adjustment In, Adjustment Out, Allocatable Allmtnt, Unallocated Amt, Curr Yr Adopted Bdgt, Curr Yr Amended Bdgt, Curr Yr Transactions, Prior Year Adopted Bdgt, Prior Year Amended Bdgt, and Prior Yr Transactions. The table is currently empty, and the record count at the bottom right is '0 of 0'. At the bottom of the interface, there are buttons for 'Fast Acct Allocation', 'Edit', and 'View'.

Figure 6.3: Allocate Budget Owner Allocation tab

3. In the Budget Owner Allocation Search Criteria panel, select one or more of the following fields
 - **Budget Year:** The budget year defaults to the current year.
 - **Status:** Select the status of the line item from the drop-down menu. Options include Adopted, Ready for Adoption, Cut, Approval in Progress, Incomplete, or Approval Denied.
 - **Budget Owner:** Select a budget owner from the drop-down list.
 - **Account Element boxes:** Complete one or more of the account element boxes to narrow your search by account number information.
 - **Allocation:** Select an allocation from the drop-down list.
 - **Allocation Category:** Select an allocation category from the drop-down list.
 - **Allocation Group:** Select an allocation group from the drop-down list.
 - **Allocation Subgroup:** Select an allocation subgroup from the drop-down list.
 - **My Budget Lines:** The My Budget Lines field defaults to Yes. Do not change this selection.

System Administrator Note: *The My Budget Lines field will be removed in the future. You should lock this field through system security so that the selection cannot be set to No.*

- **Filter:** Select one of the following allocation types: Non-personnel, Personnel, Staff allocation allotment, or Stipend.
4. Click the **Search** button. Allocations matching your search criteria are displayed on the tab.
 5. You now have the following button options in the Budget Owner Allocations panel for working with allocations:
 - **Fast Acct Allocation:** If you want to search for a specific account number in a worksheet and update the amount without opening the worksheet, select an allocation and click the **Fast Acct Allocation** button.
 - **Edit:** Select an allocation and click the **Edit** button. The Budget Owner Allocation tab is displayed. Proceed to "Working With Budget Owner Allocation Function Tabs" on page 6.13.

Note: *Click the **View** button if you only want to view the allocation information without modifying it.*

Note: *When you are finished working with the function, you can click the **Exit Worksheet** button on the Budget Owner Allocation tab.*

Approve Budget Owner Allocations

The Approve Budget Owner Allocations function is used by the person on the budgeting team who is set up in the Work Flow process as the Approver for budget allocations. The Approver can approve the budget allocation for the version displayed. (For more information on versions, see "Version History Tab" on page 6.25.)

Note: Work Flows are established in the Organization Maintenance function. For more information, see the TEAMS Position Inventory Guide or TEAMS Online Help.

How to Access the Approve Budget Owner Allocations Function

1. Navigate to the TEAMS Home page and locate the Budget Planning menu.

Note: The exact name of the menu you use to access this function depends on how your district has configured its TEAMS Home page. If you are unsure of the menu name, you can enter the function name in the Search Menu Items field to quickly locate it.

2. Select the **Approve Budget Owner Allocations** link. The Approve Budget Owner Allocation tab is displayed.

The screenshot displays the 'Approve Budget Owner Allocation' interface. At the top, there is a 'Budget Owner Allocation Search Criteria' panel with several dropdown menus: Budget Year (set to 2016), Status (set to Approval in Progress), Budget Owner, Allocation, Category, Allocation Group, and Allocation Subgroup. A 'Filter' dropdown is also present. Below the search panel is a 'Search' button. The main area shows a table titled 'Budget Owner Allocations' with a 'Sort | Clear' option and a 'Sorted by: (default)' indicator. The table has 17 columns: Allocation, Budget Owner, Status, Curr/Next Approver, Org Allmnt, Avail Allmnt, Adjustment In, Adjustment Out, Allocatable Allmnt, Unallocated Amt, Curr Yr Adopted Bdgt, Curr Yr Amended Bdgt, Curr Yr Transactions, Prior Year Adopted Bdgt, Prior Year Amended Bdgt, and Prior Yr Transactions. The table is currently empty, and the record count is 0 of 0. There are 'Edit' and 'View' buttons at the bottom of the table.

Figure 6.4: Approve Budget Owner Allocation tab

3. In the Budget Owner Allocation Search Sub-Criteria panel, select one or more of the following fields
 - **Budget Year:** The budget year defaults to the current year.
 - **Filter:** Select one of the following filtering options: Show All, Approval Pending, Approved, Not Submitted, Created, Denied, or Show Denied Only.
 - **Budget Owner:** Select a budget owner from the drop-down list.
 - **Account Element boxes:** Complete one or more of the account element boxes to narrow your search by account number information.
 - **Allocation:** Select an allocation from the drop-down list.
 - **Allocation Category:** Select an allocation category from the drop-down list.

- **Allocation Group:** Select an allocation group from the drop-down list.
 - **Allocation Subgroup:** Select an allocation subgroup from the drop-down list.
 - **Filter:** Select one of the following allocation types: Non-personnel, Personnel, Staff allocation allotment, or Stipend.
4. Click the **Search** button. Allocations matching your search criteria are displayed on the tab.
 5. In the Budget Owner Allocations list, select an allocation and click the **Edit** button. The Budget Owner Allocation tab is displayed.

Note: Click the **View** button if you only want to view the allocation information without modifying it.

6. Proceed to “Working With Budget Owner Allocation Function Tabs” on page 6.13

Note: When you are finished working with the function, you can click the **Exit Worksheet** button on the Budget Owner Allocation tab.

Adjust Distribution of Budget Owner Allocations

The Adjust Distribution of Budget Owner Allocations function is a budget directors’ menu option. With this function, budget directors can make changes to the amounts assigned to the account numbers in the worksheets when the status is Approval in Progress or Ready for Adoption, and the status will not change.

How to Access the Adjust Distribution of Budget Owner Allocations Function

1. Navigate to the TEAMS Home page and locate the Budget Planning menu.

Note: The exact name of the menu you use to access this function depends on how your district has configured its TEAMS Home page. If you are unsure of the menu name, you can enter the function name in the Search Menu Items field to quickly locate it.
2. Select the **Adjust Distribution of Budget Owner Allocations** link. The Adjust Budget Owner Allocation Distribution tab is displayed, as shown in the following figure.

Figure 6.5: Adjust Budget Owner Allocation Distribution tab

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3. In the Budget Owner Allocation Search Criteria panel, select one or more of the following fields:
 - **Budget Year:** The budget year defaults to the current year.
 - **Status:** Select either Approval in Progress or Ready for Adoption as the status of the allocations to view. The default is Approval in Progress.
 - **Budget Owner:** Select a budget owner from the drop-down list.
 - **Account Element boxes:** Complete one or more of the account element boxes to narrow your search by account number information.
 - **Allocation:** Select an allocation from the drop-down list.
 - **Allocation Category:** Select an allocation category from the drop-down list.
 - **Allocation Group:** Select an allocation group from the drop-down list.
 - **Allocation Subgroup:** Select an allocation subgroup from the drop-down list.
 - **Filter:** Select one of the following allocation types: Non-personnel, Personnel, Staff allocation allotment, or Stipend.
4. Click the **Search** button. Allocations matching your search criteria are displayed on the tab.
5. In the Budget Owner Allocations list, select an allocation and click the **Edit** button. The Budget Owner Allocation tab is displayed.

Note: Click the **View** button if you only want to view the allocation information without modifying it.
6. Proceed to “Working With Budget Owner Allocation Function Tabs” on page 6.13

Note: When you are finished working with the function, you can click the **Exit Worksheet** button on the Budget Owner Allocation tab.

Adopt Budget Owner Allocations

The Adopt Budget Owner Allocation function is used to edit or view allocations that have been approved and have the status Ready for Adoption or to view items with the status of Cut.

How to Access the Adopt Budget Owner Allocations Function

1. Navigate to the TEAMS Home page and locate the Budget Planning menu.

Note: The exact name of the menu you use to access this function depends on how your district has configured its TEAMS Home page. If you are unsure of the menu name, you can enter the function name in the Search Menu Items field to quickly locate it.

2. Select the **Adopt Budget Owner Allocations** link. The Adopt Budget Owner Allocations tab is displayed.

The screenshot shows the 'Adopt Budget Owner Allocation' interface. At the top is the 'Budget Owner Allocation Search Criteria' panel with the following fields:

- Budget Year: * 2016
- Status: Ready For Adoption
- Budget Owner: [Dropdown]
- Fund -Function-Object -Sub-Object-Organization-Program Intent-Local: [Account Element Boxes]
- Allocation: [Dropdown]
- Allocation Category: [Dropdown]
- Allocation Group: [Dropdown]
- Allocation Subgroup: [Dropdown]
- Filter: [Dropdown]

Below the search criteria is a 'Search' button. Underneath is the 'Budget Owner Allocations' table with the following columns:

Allocation	Budget Owner	Status	Curr/Next Approver	Org Allmnt	Avail Allmnt	Adjustment In	Adjustment Out	Allocatable Allmnt	Unallocated Amt	Curr Yr Adopted Bdgt	Curr Yr Amended Bdgt	Curr Yr Transactions	Prior Year Adopted Bdgt	Prior Year Amended Bdgt	Prior Yr Transactions
[Dropdown]	[Dropdown]	[Dropdown]	[Dropdown]	[Dropdown]	[Dropdown]	[Dropdown]	[Dropdown]	[Dropdown]	[Dropdown]	[Dropdown]	[Dropdown]	[Dropdown]	[Dropdown]	[Dropdown]	[Dropdown]

At the bottom of the table are 'Edit' and 'View' buttons, and a 'record count: 0 of 0' indicator.

Figure 6.6: Adopt Budget Owner Allocations tab

3. In the Budget Owner Allocation Search Criteria panel, select one or more of the following fields:
 - **Budget Year:** The budget year defaults to the current year.
 - **Status:** Select either Ready for Adoption or Cut as the status of the allocations to view. The default is Ready for Adoption.
 - **Budget Owner:** Select a budget owner from the drop-down list.
 - **Account Element boxes:** Complete one or more of the account element boxes to narrow your search by account number information.
 - **Allocation:** Select an allocation from the drop-down list.
 - **Allocation Category:** Select an allocation category from the drop-down list.
 - **Allocation Group:** Select an allocation group from the drop-down list.

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- **Allocation Subgroup:** Select an allocation subgroup from the drop-down list.
 - **Filter:** Select one of the following allocation types: Non-personnel, Personnel, Staff allocation allotment, or Stipend.
4. Click the **Search** button. Allocations matching your search criteria are displayed on the tab.
 5. You now have the following button options in the Budget Owner Allocations panel for working with allocations:
 - **Edit:** Select an allocation and click the **Edit** button. The Budget Owner Allocation tab is displayed. Proceed to "Working With Budget Owner Allocation Function Tabs" on page 6.13.

Note: Click the **View** button if you only want to view the allocation information without modifying it.

Note: When you are finished working with the function, you can click the **Exit Worksheet** button on the Budget Owner Allocation tab.

- **Adopt Budget Owner Allocation:** If you want to adopt the worksheet without drilling into it, select the allocation and click the **Adopt Budget Owner Allocation** button.

Working With Budget Owner Allocation Function Tabs

The five Budget Owner Allocation functions (Maintain Budget Owner Allocations, Allocate Budget Owner Allocations, Approve Budget Owner Allocations, Adjust Distribution of Budget Owner Allocations, and Adopt Budget Owner Allocations) include the same five tabs. The actions users can take on the tabs depend on which function they are in and their tasks on the Budget Team.

The tabs, which are listed below, are covered in this section with any differences noted.

- **Budget Owner Allocation Tab:** In the Allocate Budget Owner Allocations function, this tab is used by the Budget Manager with modify rights for an allocation to draft allocation amounts and accounts before submitting the allocation for approval. Use the Adjust Distribution of Budget Owner Allocations to make changes to the amounts allocated to the account number in the worksheets with statuses Approval In Progress and Ready for Adoption. Users with view-only rights or with access to other Budget Owner Allocation functions will not see the draft information until the Submit for Approval button is clicked. In the Maintain Budget Allocations, Approve Budget Allocations, and Adopt Budget Allocations functions, the work area of the Budget Allocation tab is view-only.

- **Assigning Managers Tab:** This tab is used to assign Budget Manager status to one or a group of employees for a budget allocation. Budget Managers will be able to view or modify the selected budget allocation.

Note: The Assigning Managers tab was formerly labeled as the Manager Assign tab.

- **Allotment Adjustment Tab:** This tab displays the allotment history for a selected allocation and can be used by Budget Managers to adjust allotment amounts into or out of the allocation.
- **Version History Tab:** This tab displays the history or revisions for a selected budget allocation and shows users where an allocation is in the current process.
- **Approval History Tab:** The Approval History tab displays the approval or denial for a selected budget allocation.

Budget Owner Allocation Tab

How the Budget Owner Allocation tab is used depends on the role of the user on the Budget team and the function in which he or she is working.

Note: For information about accessing any of the Budget Owner Allocations functions, see "Accessing Budget Owner Allocation Functions" on page 6.3.

The Budget Manager who has rights to modify the account distribution for the allocation allotment uses the Allocate Budget Owner Allocation function. Only the Budget Manager can modify information in the account distribution work area. For more information, see "How to Use the Budget Owner Allocation Tab in the Allocate Budget Allocations Function" on page 6.17.

In the Maintain Budget Owner Allocations, Approve Budget Owner Allocations, and Adopt Budget Owner Allocations functions, the account distribution work area of the Budget Owner Allocation tab is view-only. The items that are available for editing on the tab in these functions are listed below.

- When the Budget Manager with rights to modify the account distribution area is working on an allocation and the status is Incomplete, only the Budget Manager can modify the tab. All other users have view-only access to the information in the account distribution work area.
- If the status of the line item is Approval in Progress, Approvers are expected to work on the current version. Other Budget Team members view the same information in the current version.
- If the status of the line item is Ready for Adoption, Budget Directors are expected to work on current version. Other Budget Team members view the same information in the current version.

How Budget Directors Use the Budget Owner Allocation tab in the Maintain Budget Owner Allocations Function

This section describes the additional functionality of the Maintain Budget Owner Allocations function that Budget Directors can use on the Budget Owner Allocation tab.

Note: This same tab for budget directors can also be accessed from the budget worksheet in the Maintain Allocation or Maintain Budget Owner functions.

Total Allocation Amount: 1400.0 Remainder Allocation Amount: 3600.0

Bdgt Acct	Description	Allocate PCT	Allocate Amt	Explanation	Rsv PCT	Curr Adopted Bdgt	Curr Amended Bdgt	Curr Yr Tran	Curr Yr Diff	Pr Adopted Bdgt
199.11.6119.00.102.11	SALARIES	0.00	0.00			0.00	0.00	0.00	0.00	0.00
199.11.6129.00.102.23	SALARIES	0.00	0.00			0.00	0.00	0.00	0.00	0.00
199.11.6299.00.102.30	MISC CONTRACTED SVCS	10.00	500.00			0.00	0.00	0.00	0.00	0.00
199.11.6499.82.102.11	MISC EXPENSE - WARRANTY	4.00	200.00			0.00	0.00	0.00	0.00	0.00
199.11.6499.82.102.30	MISC EXPENSE - WARRANTY	10.00	500.00			0.00	0.00	0.00	0.00	0.00
199.12.6299.00.102.11	MISC CONTRACTED SVCS	4.00	200.00			0.00	0.00	0.00	0.00	0.00
199.13.6299.00.102.30	MISC CONTRACTED SVCS	0.00	0.00			0.00	0.00	0.00	0.00	0.00
199.13.6499.00.102.11	MISC OPERATING EXPENSE	0.00	0.00			0.00	0.00	0.00	0.00	0.00
199.23.6299.00.102.99	MISC CONTRACTED SVCS	0.00	0.00			0.00	0.00	0.00	0.00	0.00

Figure 6.7: Budget Owner Allocation tab in the Maintain Budget Owner Allocation function

How to Override Allotment Information for a Budget Owner

If the Budget Director has mass added allotment information for multiple budget owners in the Maintain Allocation function, he or she may want to override the allotment information for a specific budget owner by using the Allotment panel of the Budget Owner Allocation tab. Follow the steps below to work with allocation allotments on the Budget Owner Allocation tab:

Note: The Allotment panel of the Budget Owner Allocation tab is view-only in the other Budget Owner Allocation functions.

1. Add or modify the following fields in the Allotment panel as necessary:
 - The **Recurring** field defaults to Recurring with Allocation, but you can change this selection, if appropriate. The other options are Non Recurring and Recurring without Allocation.
 - The **Allotment Amount** displays the allotment assigned for the budget owner for the allocation in the Maintain Allocation function. You can modify this as necessary.

Note: If you are working with a variable allocation, the Allotment Amount information is broken down so you can view or modify it for each unit of measure.

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- Use the **Justification** field to enter the reason the allotment is necessary.

Note: If you want to revert back to the original allotment figures, click the **Reset** button.

2. To save the changes to the Allotment information for the allocation, click the **Save** button. Messages are displayed that the revision total has been changed in the work area (the worksheet grid) and in the New current version on the Version History tab.

How to Add Exception Account Numbers

The account numbers displayed on the Budget Owner Allocation tab are generated by the account pattern assigned to the allocation in the Maintain Allocations tab. Budget Directors may want to add an exception account number for a specific budget owner. Follow the steps below to add an exception account:

1. Click the **Add Account Number** button. The Budget Account Number box is displayed.

Add?	Account Number	Description	Internal Id

Figure 6.8: Budget Account Number box

2. To narrow your search results, complete the element boxes for the account number to locate.

Note: The more account number element boxes you complete, the more narrow your search results will be.

3. Click the **Search** button. Matching account numbers are displayed in the Budget Account Numbers box.

Add?	Account Number	Description	Internal Id
<input type="checkbox"/>	199.11.6269.00.105.11	RENTAL - COPIERS	2406

Add

Figure 6.9: Budget Account Numbers box with matching account numbers

4. Select (checkmark) the **Add?** box for the account number(s) you want to add to the allocation for the selected budget owner.
5. Click the **Add** button. The account number is added to the worksheet grid of the Budget Owner Allocation tab.

How to Remove an Account Number

Budget Directors can remove an account number from an allocation for a budget owner. To do this, follow the steps below:

1. In the work area of the Budget Owner Allocation tab, select the row for the account to be removed.
2. Click the **Remove** button. A confirmation box is displayed asking you to confirm the deletion.
3. Click the **Yes** button to proceed with removing the account number.

How to Cut an Account Number from an Allocation

In some cases, Budget Directors may need to cut an account number for the allocation and to record the reason. To do this, follow the steps below.

1. In the **Deny/Cut Reason** field on the Budget Owner Allocation tab, select the reason for cutting the allocation.
2. Click the **Cut** button. A confirmation box is displayed asking you to confirm that you want to cut the item.
3. Click the **Yes** button to process with cutting the allocation.

How to Use the Budget Owner Allocation Tab in the Allocate Budget Allocations Function

In the Allocate Budget Owner Allocations function, the Budget Owner Allocation tab is used by the Budget Manager with modify rights for an allocation to determine the distribution of the allocation to various accounts before submitting the allocation for approval. Users with view-only rights or with access to other Budget Owner Allocation functions will not see the draft information in the account distribution work area of the tab until the Budget Manager clicks the Submit for Approval button.

If you are a Budget Manager, follow the steps below to work with the Budget Owner Allocation tab:

1. On the Allocate Budget Owner Allocation tab in the Allocate Budget Owner Allocations function, select an allocation and click the **Edit** button to display the Budget Owner Allocation tab, as shown in the following figure.

Note: For information about accessing the Allocate Budget Owner Allocations function, see "Allocate Budget Owner Allocations" on page 6.6.

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Allotment information is view-only in this function.

Use the scroll bar to view all columns.

Click in a field to activate it for editing.

Bdg Acct	Description	Allocate PCT	Allocate Amt	Details	Explanation	Curr Adopted Bdg	Curr Amended Bdg	Curr Yr Tran	Curr Yr Diff	Pr Adopted Bdg	P Am B
199-11-6112-61-111-11-000	Salaries Sub Profesnls	0.00	0.00	Details		0.00	0.00	0.00	0.00	0.00	
199-11-6117-61-111-11-000	Prof PT Othr Prof Pay	0.00	0.00	Details		0.00	0.00	0.00	0.00	0.00	
199-11-6141-61-111-11-000	FICA	0.00	0.00	Details		0.00	0.00	0.00	0.00	0.00	
199-11-6143-61-111-11-000	Workers Compensation	0.00	0.00	Details		0.00	0.00	0.00	0.00	0.00	
199-11-6146-61-111-11-000	TRS Care	0.00	0.00	Details		0.00	0.00	0.00	0.00	0.00	
199-11-6219-61-111-99-000	Professional Services	0.00	0.00	Details		100.00	100.00	0.00	100.00	100.00	
199-11-6249-59-111-99-000	Contrtd Maint Repair	0.00	0.00	Details		100.00	100.00	0.00	100.00	100.00	
199-11-6268-61-111-99-000	Copier Rental	0.00	0.00	Details		1,500.00	1,500.00	0.00	1,500.00	1,500.00	
199-11-6269-61-111-99-000	Rentals Oper Leases	0.00	0.00	Details		100.00	100.00	0.00	100.00	100.00	
199-11-6299-61-111-99-000	Misc Contracted Serv	0.00	0.00	Details		400.00	400.00	400.00	0.00	400.00	
199-11-6329-61-111-99-000	Reading Materials	0.00	0.00	Details		2,000.00	2,000.00	0.00	2,000.00	1,200.00	
199-11-6329-62-111-99-000	Reading Materials	0.00	0.00	Details		500.00	500.00	0.00	500.00	500.00	
199-11-6395-61-111-99-000	Technlg Supply *\$5000	0.00	0.00	Details		1,000.00	1,000.00	407.00	593.00	1,000.00	

Figure 6.10: Budget Owner Allocation tab in the Allocate Budget Owner Allocation function

- The Account Distribution area is the work area. To add or modify information in this area, click in a field to activate it. The following fields can be modified: **Allocate PCT**, **Allocate Amt**, and **Explanation**. See below for a description of all the information displayed in the Account Distribution area.

The columns in the Account Distribution area are listed below:

- Budget Account:** This column is populated with accounts that matched the account rule pattern set for the allocation.
- Description:** This column is populated with the description associated with the account number.
- Allocate PCT:** If you are allocating based on percentages, enter the distribution percentage.
- Allocation Amt:** If you are allocating based on a dollar amount, enter that amount.

Tip: If you want to include information about how the allocation amount will be divided, click the **Details** button. The Details box is displayed. Enter the **Amount** and the **Description** for each item included in the allotment. Click the **Save** button to save your details. A sample configured Details box is shown in the following figure.

Amount	Description	-
150.00	Contracted Service 1	
50.00	Contracted Service 2	
0.00		

Total Amount: 200.0

Save Clear Reset Cancel

Figure 6.11: Details box

- **Explanation:** Enter an explanation for the allocation.

Note: The Rsrv PCT column will be covered in a future edition of the documentation.

Note: In the column descriptions that follow, "Current Year" refers to the system's current fiscal year.

- **Curr Adopted Budget:** The system displays the current year adopted budget for the allocation.
- **Curr Amended Budget:** The system displays the current year amended budget for the allocation.
- **Curr Yr Tran:** The system displays current year transaction information.
- **Curr Yr Difference:** The system displays the difference between the current year expenditure information and the current year budget information for the item.

Note: In the column descriptions that follow, "Previous Year" refers to the system's current fiscal year minus one year.

- **Pr Adopted Budget:** If the allocation was budgeted in the previous year, the system displays the previous year adopted budget amount for the allocation.
- **Pr Yr Amended Budget:** If the allocation was budgeted in the previous year, the system displays the previous year amended budget for the allocation.
- **Pr YR Tran:** If the allocation was budgeted in the previous year, the system displays previous year transaction information.
- **Pr Yr Difference:** If the allocation was budgeted in the previous year, the system displays the difference between the previous year expenditure information and the previous year budget information.

Note: Use the Scroll bar in the Account Distribution area to view all columns of information.

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3. After you have modified information in the account distribution work area, you have the following options on the Budget Owner Allocation tab:
 - If you are working with a Flat or Variable Worksheet for the first time and it has not yet been saved, the **Distribute Based Prior Yr** button is displayed on the tab. You can click this button to distribute amounts based on the percents used in the previous year's worksheet. Once an amount is entered, either using this button or manually, and the worksheet is saved, this button is removed from the tab and is no longer available.
 - Click the **Save Allocate** button to save your work in the Account Distribution area. This allows you to return to it at a later time but does not submit the information for approval. Other users will not see your saved work until you click the Submit for Approval button.
 - Click the **Reset** button to clear any changes you have made to the Account Distribution area since the last time you saved your work.
 - Click the **Submit for Approval** button to save your allocation information and send it to the workflow for approval. Other users with view-only access will now see your allocation information.
 - Click the **Print Worksheet** button to print a Budget Owner Allocations Report for the work area you are viewing. For more information, see "How to Print a Budget Worksheet" below.

How to Print a Budget Worksheet

On the Budget Owner Allocation Worksheet, you can print the Budget Owner Allocations Report for the work area you are viewing. To do this, follow the steps below:

1. Click the **Print Worksheet** button. The Click on a report to run box is displayed.



Figure 6.12: Click on a report to run box

2. Select whether you want to print the report in Adobe Acrobat PDF format or as a Microsoft Excel Spreadsheet. The report is displayed in a separate browser window.
3. Click the **Close** button to close the Click on a report to run box.

Assigning Managers Tab

Use the Assigning Managers tab to assign Budget Manager status to one or a group of employees for a budget allocation. Budget Managers can view or modify allocations the selected budget allocation. Budget Managers can be assigned in the Maintain Budget Owner Allocations, Allocate Budget Owner Allocations, and Adjust Distribution of Budget Owner Allocations functions. In the Approve Budget Owner Allocations and Adopt Budget Owner Allocation functions, the Assigning Managers tab is view-only.

Note: The Assigning Managers tab was formerly labeled as the Manager Assign tab.

How to Assign Managers to a Budget Allocation

1. For a selected budget allocation in the Maintain Budget Owner Allocations or Allocate Budget Owner Allocations functions, click the **Assigning Managers** tab to bring it forward.

Figure 6.13: Assigning Managers tab in a Budget Owner Allocation function

Note: The **Budget Year** field defaults to the open year.

2. In the **Assign Managers** panel, select one of the following Search Type options and complete the associated fields:
 - **Role:** Select to search for employees by role. Next, select the **Role** from the drop-down list.
 - **Position:** Select to search for employees by position. Next, select the **Role** associated with the position from the drop-down list and select the **Location** associated with the position from the drop-down list.
 - **Security Role:** Select to search for employees by their security role. Next, select the **Security Role** from the drop-down list.
 - **Location:** Select to search for employees by their district location. Next, select the **Location** from the drop-down list.
 - **Employee:** Select to search for an employee by **Employee ID** or **Name**. Next, complete the appropriate fields.

Tip: If you are unsure of the spelling of a name, you can select the **Begins With** option and enter at least the first three letters. For example, if you select this option and enter Brown, your search results could return matches of Brown, as well as those with the last name Browning.

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The tab is redisplayed with results matching your Search Type selections in the Available Positions to Assign As Budget Manager panel.

The screenshot shows the 'Assign Managers' tab with the following details:

- Budget Year:** 2016
- Search Type:** Role (selected), Position, Security Role, Location, Employee
- Role:** Principal - MS
- Available Positions To Assign As Budget Manager:** A table with 6 records, all with Role 'Principal - MS'. Columns include Role, PCN, Location, Employee ID, and Employee Name.
- Selected Budget Manager Positions:** A table with 0 records. Columns include Role, PCN, Location, Employee ID, and Employee Name.
- Buttons:** Add, Add All, Remove, Remove All

Figure 6.14: Assigning Managers tab with search results

3. Select the position to assign as Budget Manager.
4. Click the **Add** button. The Assign Managers box is displayed.

The dialog box 'Assign Managers' contains:

- Access Type:** * [Dropdown menu]
- Buttons:** Ok, Cancel

Figure 6.15: Assign Managers box

Note: Use the **Add All** button to select all positions in the Available list.

5. In the **Access Type** field, select View if you want to restrict the Budget Manager you selected to only viewing the allocation information; select Modify if you want to allow the Budget Manager to change allocation information.
6. Click the **OK** button. The Budget Manager you chose is moved to the Selected Budget Manager Positions list.

Note: Repeat **Step 2** through **Step 6** as appropriate to select additional managers.

Note: Use the **Remove** button to remove an individual position from the Selected list. Use the **Remove All** button to remove all items from the Selected list.

Allotment Adjustment Tab

The Allotment Adjustment tab displays the allotment history for a selected budget owner allocation and whether unused funds have been transferred to or from another allocation.

Only allocations for which the Adjustment IN? or Adjustment OUT? options are set to Yes in the Maintain Allocation function can be adjusted. Allotment adjustments are made by the Budget Director in the Maintain Budget Owner Allocations function or by the Budget Manager in the Allocate Budget Owner Allocations function.

In the Approve Budget Owner Allocations and Adopt Budget Owner Allocations functions, the Allotment Adjustment tab is view-only.

To access the Allotment Adjustment tab for a selected budget owner allocation, click the tab to bring it forward. The Allotment Adjustment tab is shown below.

Figure 6.16: Allotment Adjustment tab in the Maintain Budget Owner Allocations function

How to Adjust an Allotment Amount Into an Allocation

Budget Managers can adjust an allotment amount to re-allocate unused funds from another allocation. To do this, follow the steps below:

1. On the Allotment Adjustment tab, click the **Adjustment IN** button. The Allotment Adjustment tab is redisplayed with the Adjust Allotment from Budget Owner Allocations panel. Allocations that have unused funds that can be re-allocated are listed in this panel with the amount that can be transferred from each.

Figure 6.17: Allotment Adjustment tab with fields for adjusting an allotment into an allocation

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2. In the Adjust Allotment From Budget Owner Allocations panel, double-click in the **Adjust IN Amt** column for the allocation from which you want to transfer available funds. The Adjust IN Amt entry field opens, as shown below.

Budget Owner Allocation | Managers Assign | Allotment Adjustment | Version History | Approval History

Total Transferable
Allotment: 2529.70

Adjust Allotment From Budget Owner Allocations

Sort | Clear Sorted by: (default)

From Allocation	Transferable Allotment	Adjust IN Amt
Supplies	2468.00	0.00

record count: 1 of 1

Save Adjustment IN Cancel

Adjustment History

Figure 6.18: Allotment Adjustment tab (partially illustrated) with the Adjust In Amt column active

3. Enter the amount to be transferred from the selected allocation.
4. Click the **Save Adjustment IN** button. The allotment amounts are updated, and the allotment adjustment is added to the Adjustment History information.

How to Adjust an Allotment Amount Out of an Allocation

Budget Managers can use the Allotment Adjustment tab to transfer unused funds from the budget owner allocation in which they are working to another allocation. To do this, follow the steps below:

1. On the Allotment Adjustment tab, click the **Adjustment OUT** button. The Allotment Adjustment tab is redisplayed with the Adjust Allotment from Budget Owner Allocations panel. Allocations that can have unused funds transferred into them are listed in this panel.

Budget Owner Allocation | Managers Assign | Allotment Adjustment | Version History | Approval History

Total Transferable
Allotment: 2529.70

Adjust Allotment To Budget Owner Allocations

Sort | Clear Sorted by: (default)

To Allocation	Transferable Allotment	Adjust OUT Amt
Supplies	2468.00	0.00

record count: 1 of 1

Save Adjustment OUT Cancel

Adjustment History

Sort | Clear Sorted by: (default)

Adjust From	Adjust To	Adjust IN Amount	Adjust OUT Amount	Adjustment Date
record count: 0 of 0				

Total Adjustment IN 0.00
Total Adjustment OUT 0.00

Adjustment IN Adjustment OUT

Figure 6.19: Allotment Adjustment tab with fields for adjusting an allotment out of an allocation

2. In the Adjust Allotment From Budget Owner Allocations panel, double-click in the **Adjust OUT Amt** column for the allocation to which you want to transfer funds. The Adjust OUT Amt entry field opens.

3. Enter the amount to be transferred to the selected allocation.
4. Click the **Save Adjustment OUT** button. The allotment amounts are updated, and the allotment adjustment is added to the Adjustment History information.

Version History Tab

The Version History tab displays the history or revisions for a selected budget allocation and shows users where an allocation is in the current process. The Version History tab operates identically in the Maintain Budget Owner Allocations, Allocate Budget Owner Allocations, Approve Budget Owner Allocations, and Adopt Budget Owner Allocation functions.

To access the Version History tab, click it to bring it forward.

Rev	State	Cu	Revision	Orig Allotment	Avail Allotment	Total Adjustment IN	Total Adjustment OUT	Allocatable Allotment	Allocated Amt	Unallocated Amt	Allotme Per Unit	Quantit	Units of Measure
5	Revision	N	11-05-2008	\$20.00	16.00	\$2.00	\$2.00	\$16.00	\$16.00	\$0.00	\$20.00	20.0	
6	Revision	Y	11-05-2008	\$20.00	16.00	\$2.00	\$2.00	\$16.00	\$0.00	\$16.00	\$20.00	20.0	
0	Work In Progress	N	10-21-2008	\$20.00	16.00	\$2.00	\$2.00	\$16.00	\$0.00	\$16.00	\$20.00	20.0	
1	Revision	N	10-21-2008	\$20.00	16.00	\$1.00	\$0.00	\$17.00	\$0.00	\$17.00	\$20.00	20.0	
4	Revision	N	11-05-2008	\$20.00	16.00	\$2.00	\$2.00	\$16.00	\$0.00	\$16.00	\$20.00	20.0	
3	Revision	N	10-21-2008	\$20.00	16.00	\$1.00	\$1.00	\$16.00	\$0.00	\$16.00	\$20.00	20.0	

Figure 6.20: Version History tab

A budget allocation may have multiple revisions. All members of the Budgeting Team share the work area (Account Distribution area) that is on the Budget Owner Allocation tab. The version is only updated when the Budget Manager submits the information on the Allocation area for approval. The version is not updated with the Budget Manager is still working with the Account Distribution area and simply saves his or her changes.

Approval History Tab

The Approval History tab displays the approval or denial for a selected budget allocation. The Approval History tab operates identically in the Maintain Budget Owner Allocations, Allocate Budget Owner Allocations, Approve Budget Owner Allocations, and Adopt Budget Owner Allocation functions.

To access the Approval History tab for a selected budget allocation, click it to bring it forward.

Revision	Current	Approval Status	Approved/Denied On	Approved/Denied By	Denied Reason

Figure 6.21: Approval History tab

SECTION 6: WORKING WITH NON-PERSONNEL BUDGET ALLOCATIONS



Maintaining Budget Change Requests

This document describes the functions used in TEAMS to enter and approve requests to move funds from one General Ledger account to another.

In this document:

Request Budget Change	2
Approve Budget Change Requests	9

Request Budget Change

Use the Request Budget Change function to submit a request to move funds from one General Ledger account to another. The accounts to which you have access are associated with your position. Requests you submit may be approved or denied either through the Budget Change Request workflow or automatically based on district-defined rules governing budget transfers.

Note: The Maintain Budget Change Request Categories function is used to assign positions to categories used to determine access to General Ledger accounts. The Budget Transfer Rules Maintenance function is used to create rules governing budget transfers. These functions will be covered in future documentation.

How to Add a Budget Change Request

1. Navigate to the TEAMS Home page and locate the Budget Change Request menu.

Note: The exact name of the menu you use to access this function depends on how your district has configured its TEAMS Home page. If you are unsure of the menu name, you can enter the function name in the Search Menu Items field to quickly locate it.

2. Select the **Request Budget Change** link. The Budget Change Requests tab is displayed, as shown in the following figure.

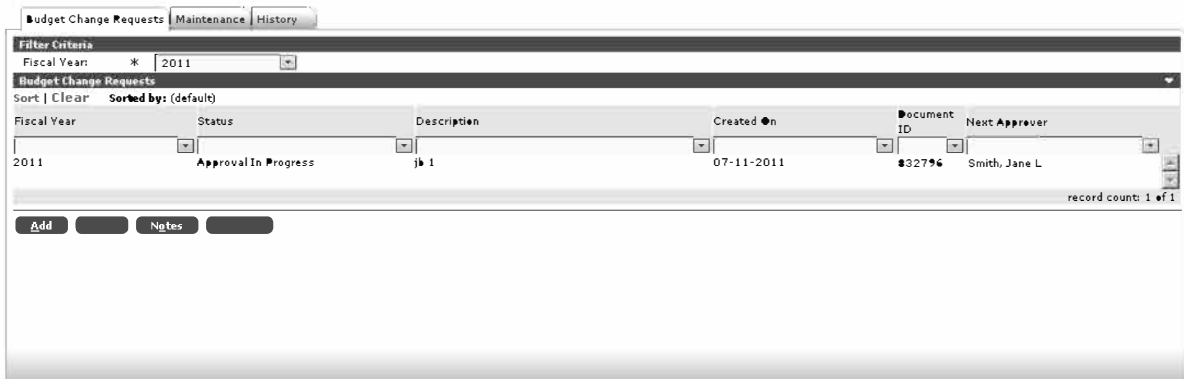


Figure 1: Budget Change Requests tab

Note: If you have previously entered a budget change request and its status is Approval In Progress, it is displayed on the tab. To search for a previous budget change request that has already been approved or denied, use the History tab. For more information about the History tab, see "How to View Previous Budget Change Request Submissions" on page 7.

3. Click the **Add** button. The Maintenance tab is displayed, as shown in the following figure.


Request Budget Change

The screenshot shows a web application interface for 'Budget Change Request Details' in the 'Maintenance' tab. The form includes the following fields and sections:

- Request ID:** 032036
- Date:** 07-11-2011 (with a calendar icon)
- Description:** (empty text field)
- Justification:** (empty text field with a character count: 500 / 500 max)
- Amount:** \$0.00
- Unreconciled Amount:** \$0.00
- Decrease Accounts:** A table with columns 'Account', 'Balance', 'Amount', and 'Percentage'. It shows a single row with values '\$0.00' and '0.0000%'. Below the table is the text 'Auto Complete: on'.
- Increase Accounts:** A table with columns 'Account', 'Balance', 'Amount', and 'Percentage'. It shows a single row with values '\$0.00' and '0.0000%'. Below the table is the text 'Auto Complete: on'.
- Attachments:** A section with a 'File Description' label and an empty text field.
- Buttons:** 'Previous & Return', 'Next & Return', 'Save', 'Cancel', and 'Submit'.

Figure 2: Maintenance tab

Note: The system defaults the Request ID number. This number becomes the Budget Transaction Number when the request is submitted.



4. The **Date** field defaults to the current date, but you can enter a new date or click the  icon to select one from the calendar, if necessary.
5. Enter a short **Description** for the budget change request.
6. In the **Justification** field, enter the reason for the change request.
7. In the **Amount** field, enter the amount to be moved between accounts. When you move your cursor out of the Amount field, the Maintenance tab is redisplayed with the Decrease Accounts and Increase Accounts boxes expanded, as shown in the following figure.


MAINTAINING BUDGET CHANGE REQUESTS


The screenshot shows the 'Budget Change Request Details' window in the 'Maintenance' tab. The 'Request ID' is 832836, 'Date' is 07-11-2011, and 'Amount' is \$5.00. The 'Description' is 'Sample Budget Change Request'. Below this, there are sections for 'Decrease Accounts' and 'Increase Accounts'. Each section has a table with columns for account elements (FND, FN, OBJ, SO, ORG, PI, L, PR, Year, Owner) and 'Balance Amount', 'Amount', and 'Percentage'. The 'Auto Complete' option is currently turned 'on'. At the bottom, there are buttons for 'Approve & Return', 'Deny & Return', 'Save', 'Cancel', and 'Submit'.

Figure 3: Maintenance tab with the Decrease Accounts and Increase Accounts boxes expanded

8. In the **Decrease Accounts** box, enter the General Ledger account number from which to move the amount.



Note: To clear the values from all account element boxes, click the  icon. To remove an account, click the  icon.


Tip: To filter the list of account numbers, complete one or more of the account element boxes and click the  icon.


Note: The **Auto Complete** option is On by default. When this option is on, the system will use colors to validate the account number as you complete the account element boxes. If the labels of the element boxes are displayed in orange text, then the system has found too many results to filter and you should complete another element box. If the labels are displayed in green, you can either continue to complete element boxes or click the  icon to display a list of matching accounts and select one. If the labels are displayed in red, then you have entered an invalid value in an account element box. If the system finds one exact match as you are entering an account number, it will automatically complete the remaining element boxes. If you do not want to use the Auto Complete option, click the **Auto Complete** link to toggle the option Off.

9. Enter the **Amount** to be moved from the account.
10. Enter the **Percentage** of the total you are requesting to move that the amount represents.

11. **Optional.** If you want to take the amount from multiple accounts, click the + icon and repeat **Step 8** through **Step 10**. If you use multiple accounts, the amounts for each must add up to the amount you entered in your budget change request details (Step 7) and the percentage for each must add up to 100 percent.
12. In the **Increase Accounts** box, enter the General Ledger account number to which the amount will be moved.

Note: To clear the values from all account element boxes, click the  icon. To remove an account, click the  icon.

Tip: To filter the list of account numbers, complete one or more of the account element boxes and click the  icon.

Note: The **Auto Complete** option is On by default. When this option is on, the system will use colors to validate the account number as you complete the account element boxes. If the labels of the element boxes are displayed in orange text, then the system has found too many results to filter and you should complete another element box. If the labels are displayed in green, you can either continue to complete element boxes or click the  icon to display a list of matching accounts and select one. If the labels are displayed in red, then you have entered an invalid value in an account element box. If the system finds one exact match as you are entering an account number, it will automatically complete the remaining element boxes. If you do not want to use the Auto Complete option, click the **Auto Complete** link to toggle the option Off.

13. Enter the **Amount** to be moved to the account.
14. Enter the **Percentage** of the total you are requesting to move that the amount represents.
15. **Optional.** If you want to move the amount to multiple accounts, click the + icon and repeat **Step 12** through **Step 14**. If you use multiple accounts, the amounts for each must add up to the amount you entered in your budget change request details (Step 7) and the percentage for each must add up to 100 percent.
16. **Optional.** If you want to attach supporting information to the request, click the + icon in the Attachments panel. In the **File** field, click the **Browse** button to locate the file to be uploaded, and enter a **Description**.

Note: To remove an attachment, click the  icon.

17. You now have the following button options on the Maintenance tab:

- **Submit:** If you are ready to enter your request, click the **Submit** button. The Budget Change Request tab is redisplayed with the status of your submission (for example, Approval in Progress). If a budget change request rule was applied to the submission, the rule number and description are displayed in the message, as shown in the following figure.

Note: Once you submit a budget change request, you will not be able to edit it.

Note: If the amounts you enter for account numbers in the Decrease Accounts and Increase Accounts boxes do not match and do not match the amount entered in the Budget Change Request Details, a Confirm box is displayed to alert you that the amounts do not reconcile. If you want to proceed with submitting the request anyway, click the **Ok** button. If you want to correct the amounts, click the **Cancel** button in the Confirm box and return to the Maintenance tab.

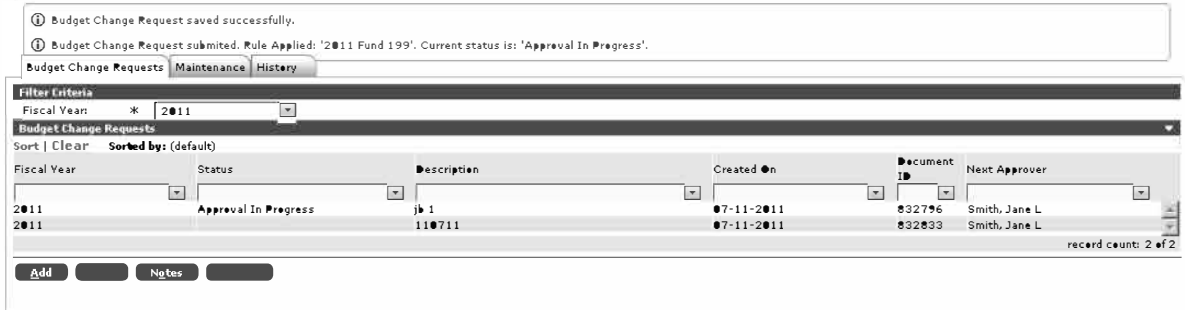


Figure 4: Budget Change Requests tab (partially illustrated) with message that request has been successfully submitted

- **Save:** If you want to save your request without submitting it so that you can return to it later, click the **Save** button. The Budget Change Requests tab is displayed with a message that the request has been saved successfully.
- **Cancel:** Click the **Cancel** button to return to the TEAMS Home page without saving your request.

How to Edit Budget Change Request

Note: You can only edit budget change requests that have not been submitted.

1. Select the budget change request to be modified and click the **Edit** button. The Maintenance tab is displayed.
2. Modify the fields on the Maintenance tab as necessary. See "How to Add a Budget Change Request" on page 2 for more information about working with the Maintenance tab.

How to Add a Note to a Budget Change Request

1. Select the budget change request to which to add the note and click the **Notes** button. The Notes tab is displayed.
2. In the **Notes** field, enter any free-text comments, up to 500 characters.
3. In the **Private** field, select Yes to indicate that this note is private; select No if the note is not private. No is the system default.

Note: If a note is designated as Private, then only the person entering the note has access to it. No information about the note is displayed for other users.

4. In the **Internal Only** field, select Yes to indicate that this note is for internal use only; select No if the note is not only for internal use. Yes is the system default.

Note: Selecting Yes in the Internal Only field indicates that only district employees have access to the note.

5. Select the **Communication Method** by which you received the information.
6. Click the **Add** button. The note is added to the Notes list.
7. Click the **Return** button to return to the Budget Change Request tab.

How to Delete a Budget Change Request

To delete a budget change request, select it and click the **Delete** button.

How to View Previous Budget Change Request Submissions

1. Click the **History** tab to bring it forward. The History tab is shown in the following figure.

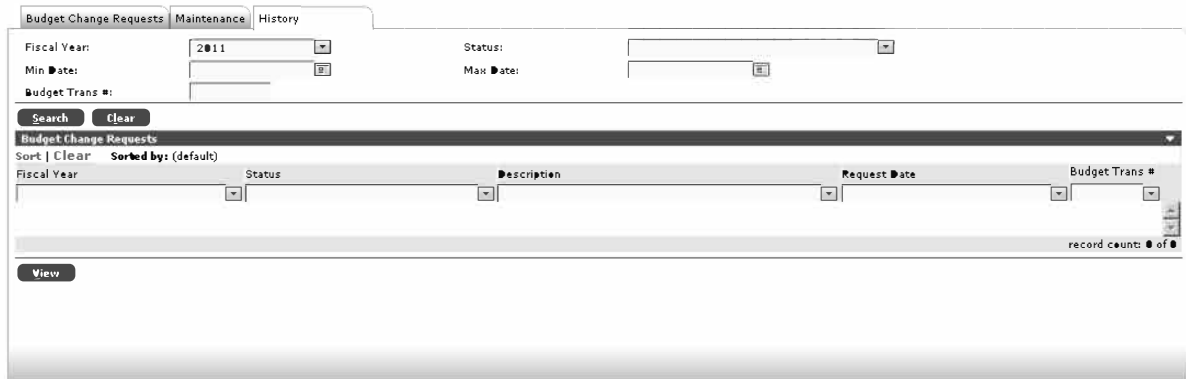




Figure 5: History tab

2. **Optional.** To filter your search results, complete one or more of the following fields:
 - **Fiscal Year:** The default is the current year.
 - **Status:** Select the status of the budget change request (for example, Denied by Validation Rules).
 - **Min Date:** Enter the minimum date for which the system should search for requests or click the  icon to select it from the calendar.
 - **Max Date:** Enter the maximum date for which the system should search for requests or click the  icon to select it from the calendar.
 - **Budget Trans #:** Enter the Budget Transaction number for the request.
3. Click the **Search** button. Search results are displayed in the Budget Change Requests panel, as shown in the following figure.

MAINTAINING BUDGET CHANGE REQUESTS

Budget Change Requests | Maintenance | History

Fiscal Year: 2011 Status: []
Min Date: [] Max Date: []
Budget Trans #: 832767

Search Clear

Budget Change Requests

Sort | Clear Sorted by: (default)

Fiscal Year	Status	Description	Request Date	Budget Trans #
2011	Auto Approved	JB 1	07-11-2011	832767

record count: 1 of 1

View

Figure 6: History tab with search results

4. **Optional.** If you want to view a budget change request, select it and click the **View** button. The Maintenance tab is displayed for the request. Click the **Return to History** button to go back to the History tab.

Approve Budget Change Requests

Budget Change Requests that are not approved or denied automatically based on district-defined rules are approved through the Budget Change Request Approval workflow. If you have been designated as an approver for this workflow, use the Approve Budget Change Request to approve or deny budget change requests.

How to Access Budget Change Requests Needing Approval

1. Navigate to the TEAMS Home page and locate the Budget Change Request menu.

Note: The exact name of the menu you use to access this function depends on how your district has configured its TEAMS Home page. If you are unsure of the menu name, you can enter the function name in the Search Menu Items field to quickly locate it.

2. Select the **Approve Budget Change Requests** link. The Budget Change Request Workflow Approval tab is displayed with requests awaiting approval, as shown in the following figure.

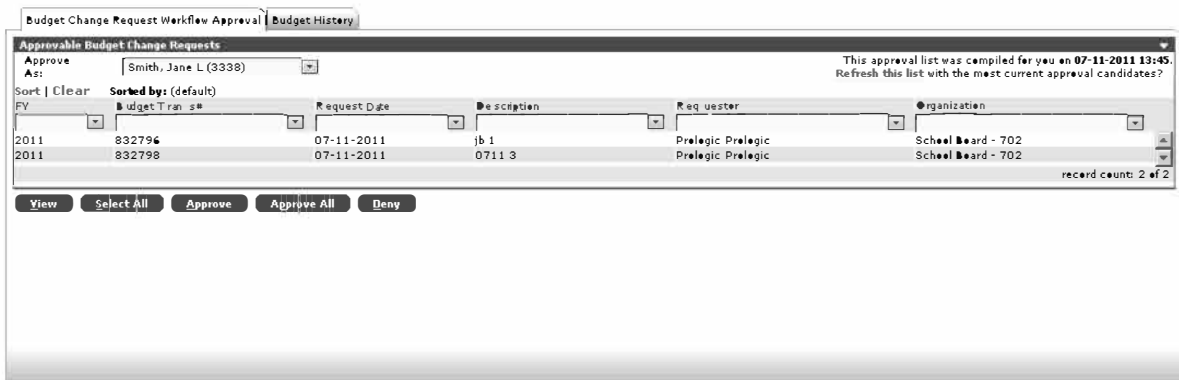


Figure 7: Budget Change Request Workflow Approval tab

3. The **Approve As** field defaults to your name. If you are supporting another approver, select his or her name from the drop-down list.
4. In the upper right corner of the tab, the date and time that the approval list was last compiled is displayed. We recommend that you click the **Refresh this list** link to be sure you are viewing the most current approval candidates.

How to Work With Button Options on the Budget Change Request Workflow Approval Tab

The button options you have for working with budget change requests that need approval are described below.

View Button

Click the **View** button to display the Budget Change Request Maintenance tab (shown in the following figure) and review details about the budget change request and any supporting documents.

The screenshot displays the 'Budget Change Request Maintenance' window. At the top, it shows 'Request ID: 832798', 'Date: 07-11-2011', and 'Amount: \$3.00'. Below this, there are fields for 'Description' (07113) and 'Justification' (0711). A table titled 'Decrease Accounts' shows a single entry for account 199.23.6399.PK.021.99.0.00.2011.021 with a balance of -\$3.00 and an amount of \$3.00. A second table titled 'Increase Accounts' shows a single entry for account 199.23.6399.00.011.26.0.00.2011.011 with a balance of \$1,215.69 and an amount of \$3.00. At the bottom, there is an 'Attachments' section and three buttons: 'Approve & Return', 'Deny & Return', and 'Cancel'.

Figure 8: Budget Change Request Maintenance tab

On the Budget Change Request Maintenance tab, you have the following additional button options:

- **Approve & Return:** Click to the **Approve & Return** button approve the budget change request. The Approval Note box is displayed (shown in Figure 9 on page 11). In the **Approval Note** field, enter a note regarding the approval, if desired. Click the **Ok** button to proceed with the approval. You are returned to the Budget Change Request Workflow Approval tab.
- **Deny & Return:** Click to the **Deny & Return** button deny the budget change request. The Denial Note box is displayed (shown in Figure 11 on page 12). In the **Denial Note** field, enter a note regarding the denial, if desired. Click the **Ok** button to proceed with the denial. You are returned to the Budget Change Request Workflow Approval tab.
- **Cancel:** Click the **Cancel** button to return to the Budget Change Request Workflow Approval tab without taking any action on the request.

Select All Button

Click the **Select All** button to select all the requests listed on the Budget Change Request Workflow Approval tab. You can then proceed to approve or deny the selected requests.

Approve Button

To approve requests, follow the steps below.

1. Select one or more requests on the Budget Change Request Workflow Approval tab and click the **Approve** button. The Approval Note box is displayed, as shown in the following figure.

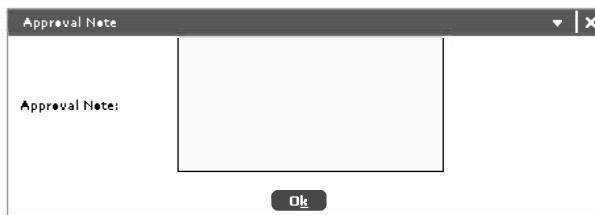


Figure 9: Approval Note box

2. In the **Approval Note** field, enter a note regarding the approval, if desired.
3. Click the **Ok** button to proceed with the approval. A message is displayed above the Budget Change Request Workflow Approval tab that lets you know that budget change request was submitted for approval, as shown in the following figure.

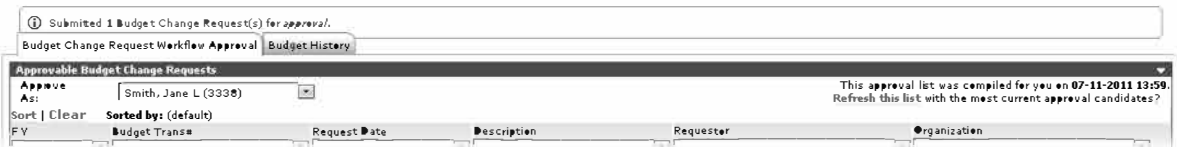


Figure 10: Budget Change Request Workflow Approval tab (partially illustrated) with message that a budget change request has been submitted for approval

Note: If there are no other approvers in the workflow, the budget change request is approved.

Approve All Button

To quickly approve all the requests on the Budget Change Request Workflow Approval tab, click the **Approve All** button. The Approval Note box is displayed. Complete the Approval Note box as described in the description the Approve button (above) and click the **Ok** button.

Deny Button

To deny requests, follow the steps below.

1. Select one or more requests on the Budget Change Request Workflow Approval tab and click the **Deny** button. The Denial Note box is displayed, as shown in the following figure.

Figure 11: Denial Note box

2. In the **Denial Note** field, enter a note regarding the denial, if desired.
3. Click the **Ok** button to proceed with the denial. A message is displayed above the Budget Change Request Workflow Approval tab that the budget transaction has been denied, as shown in the following figure.



Figure 12: Budget Change Request Workflow Approval tab (partially illustrated) with a message that the budget transaction has been denied

How to Review Budget Request History

Use the Budget History tab to view a list of budget change requests and their approval history. To locate requests, follow the steps below.

1. To access the Budget History tab, click it to bring it forward, as shown in the following figure.

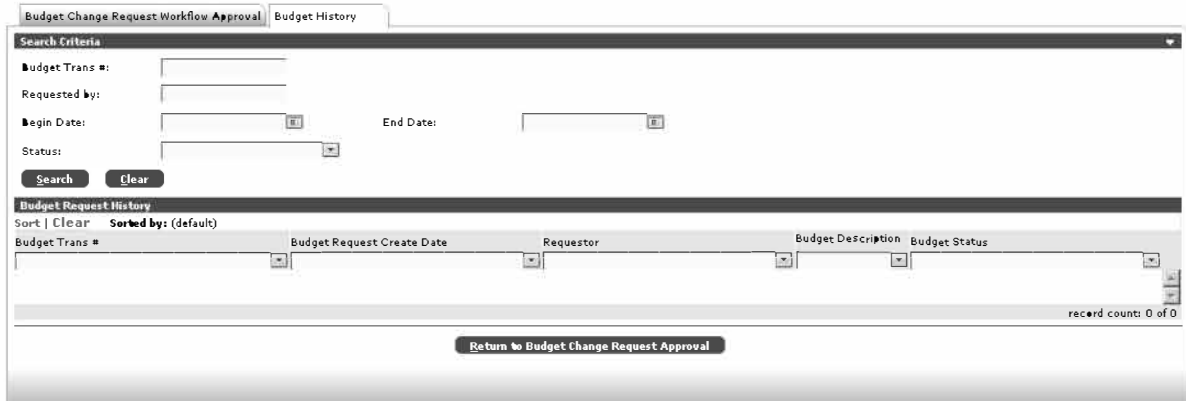




Figure 13: Budget History tab

2. **Optional.** To filter your search results, complete one or more of the following fields in the Search Criteria panel:
 - **Budget Trans #:** Enter the Budget Transaction number for the request.
 - **Requested by:** Enter the ID number of a specific employee whose requests you want to view.
 - **Begin Date:** Enter the start date for which the system should search for requests or click the  icon to select it from the calendar.
 - **End Date:** Enter the end date for which the system should search for requests or click the  icon to select it from the calendar.
 - **Status:** Select the status of the budget change request (for example, Denied by Validation Rules).
3. Click the **Search** button. Search results are displayed in the Budget Request History panel, as shown in the following figure.

MAINTAINING BUDGET CHANGE REQUESTS

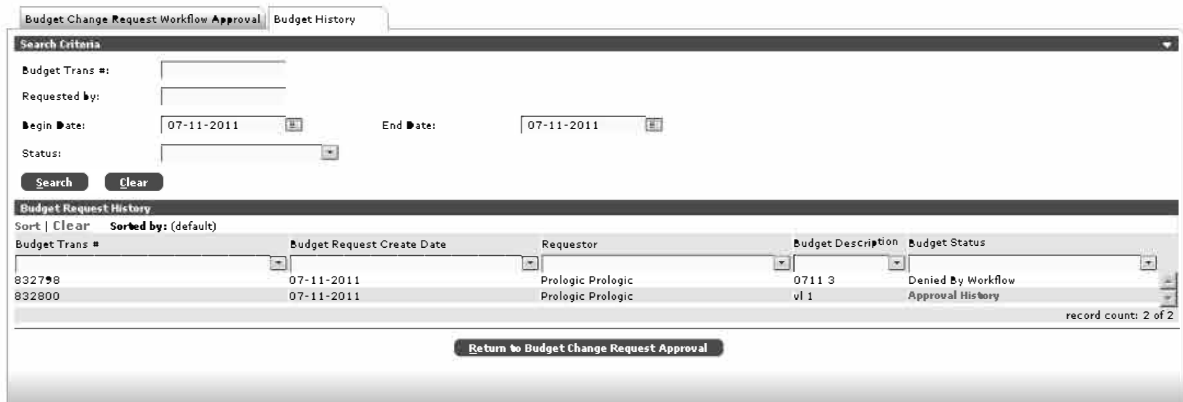


Figure 14: Budget History tab with search results

4. You have the following options on the Budget History tab:

- Double-click a request to display the Budget Change Request Maintenance tab with details about the request. When you are finished viewing this information, click the **Return to Budget Request** button to go back to the Budget History tab.
- If the Budget Status of a request is Approval History, you can click this link to display the Budget Approve History box, as shown in the following figure. When you are finished viewing the information, click the **Close** button to return to the Budget History tab.

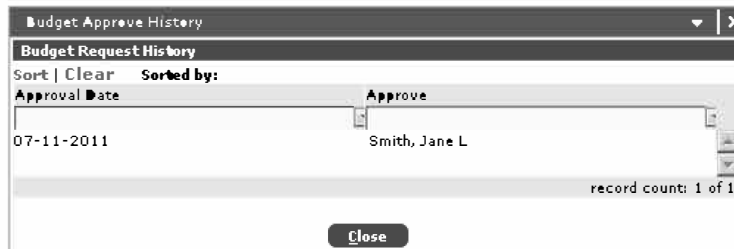


Figure 15: Budget Approve History box