



# **SCDE Financial Update**

**SCASBO 2017 FALL CONFERENCE**

**Networks & Net Worth – Adding Value to K-12 Education**  
**November 9, 2017**



# Budget Statistics

FY 17-18	Projected FY 18-19
RFA's Est. BSC -\$2,959	RFA's Est. BSC - \$3,018
Base Student Cost- \$2,425	Requested BSC- \$2,550
WPU Prior year 135- 993,312	Projected WPU- 997,545
FY 17 Average SC Teacher Salary-\$50,050	
FY 18 Est. Avg. SE Teacher Salary- \$51,130	Projected FY 19 SE Teacher Salary- \$52,152



# Revenue Projections

- BEA meets on November 9, 2017 to consider a revised GF revenue estimate for FY 18 and adopt a preliminary GF estimate for FY 19.



# FY 19 Budget Request

- Teacher Salary Increase:
  - 2% increase across all classes and bands
  - Increase the starting pay to \$32k
  - Create a band for years 0 and 1
  - Funded from EIA TSS and EFA



# FY 19 Budget Request

- Increase BSC cost by \$125 to \$2,550
- Consolidate Lunch Program funding and IMD into EFA.
- Increase Aid to Districts by \$10,015,179
  - Consolidate funding for Professional Development (3511)
  - Consolidate funding for Reading (3558)



# FY 19 Budget Request

- Bus Purchase:
  - Recurring-\$5,000,000
  - Non-recurring- \$65,000,000
- Statewide Routing:
  - Recurring -\$ 3,000,000
  - Non-recurring -\$3,000,000





# FY 19 Budget Request

- Technical Assistance -\$22,152,000 recurring
  - New Accountability Model
  - 10% of all schools
- Student Engagement Survey- \$750,000 recurring





# FY 19 Budget Request

- PowerSchool Hosting- \$1,600,000
- Data Validation- \$1,400,000
- Learning Management System -\$5,217,600
- Educator Effectiveness and Data Management-  
\$1,440,000





# FY 19 Budget Request

- Reading Coaches- \$3,000,000
  - More qualifying schools
- Competency Based Education Coaches-\$1,213,600
  - Time-limited positions



# FY 19 Budget Request

- Instructional Materials
  - Recurring \$10,500,000
  - Non-recurring \$58,164, 309





# FY 19 Budget Request

- Adult Education- \$1,020,000
- VirtualSC - \$4,301,960
- Standards and Learning- \$188,475
- Finance/Auditing Fiscal Practices-\$384,143



# ESSA Financial Reporting Requirement

- New ESSA requirement:
  - The per pupil expenditures of federal, state, and local funds including actual personnel expenditures and actual non-personnel expenditures of all funds disaggregated by source of funds for each LEA and each school in the state for the preceding fiscal year.



# Abbeville Equity School Districts Capital Improvement Plan 2017-2018 Proviso 1A.82





## 2017-2018 Proviso 1A.82

- 1A.82. (SDE-EIA: Abbeville Equity School Districts Capital Improvement Plan) The funds appropriated for the Abbeville Equity School Districts Capital Improvement Plan in Part 1A, Section 1, VIII, I, Abbeville Equity School Districts Capital Improvements and by provisos 1.89, 1A.50, 1A.81, and 1A.85 shall be allocated by the Department of Education to eligible school districts for the purpose of funding school facility upgrades. Eligible school districts include any school district that is a plaintiff in the Abbeville law suit or districts with a poverty index of eighty percent or higher. For the purpose of this provision, “school facility” means only facilities necessary for instructional and related supporting purposes including, but not limited to, classrooms, libraries, media centers, laboratories, cafeterias, physical education spaces, related interior and exterior facilities, and the conduit, wiring, and powering of hardware installations for classroom computers or for area network systems. Eligible school facility projects shall include: (a) health and safety upgrades; (b) technology upgrades inside school facilities; (c) upgrades associated with career and technology education programs; and (d) deferred maintenance needs as described in the district’s capital improvement plan. For purposes of this provision, school facilities shall not include unimproved real property, centralized district administration facilities, or other facilities, including those normally identified with interscholastic sports activities.



## 2017-2018 Proviso 1A.82

- The department shall develop and maintain an application process for school districts to request funding for qualified school projects and establish policies, procedures, and priorities for the making of grants pursuant to this provision. At least twice a year and upon receipt of applications pursuant to the application process adopted by the department, the department shall prioritize the eligible projects with the greatest need and shall submit a list of recommended grant awards to the State Board of Education. Grants shall be awarded upon an affirmative vote of the State Board.
- The financial assistance provided to school districts pursuant to this provision must be used for the eligible school facility project. The department is responsible for establishing policies and procedures to ensure that funds are expended in a manner consistent with this provision.



## 2017-2018 Proviso 1A.82

- Following the close of the fiscal year, the department shall submit an annual report of its Abbeville Equity School Districts Capital Improvement Plan activities for the preceding year to the Governor, the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, the Chairman of the Senate Education Committee, and the Chairman of the House Education and Public Works Committee.





“school facility” means only facilities necessary for instructional and related supporting purposes including, but not limited to

- Classrooms
- Libraries
- Media centers
- Laboratories
- Cafeterias
- Physical education spaces
- Related interior and exterior facilities
- Conduit, wiring, and powering of hardware installations for classroom computers or for area network systems

\$55.8M  
48  
Districts

Abbeville  
Districts +  
80%  
Districts

\$45.2M  
48  
districts  
11/2017

\$10.6M 48  
districts  
12/2017



# Eligible School Facility Projects

- (A) Health and safety upgrades
- (B) Technology upgrades inside school facilities
- (C) Upgrades associated with career and technology education programs
- (D) Deferred maintenance needs as described in the district's capital improvement plan





# Application Process

Sub Fund 393  
and Revenue  
Code 3593

- Description of Activities/Narrative by Category
- Budget by Category
- (A) Health and safety upgrades
- (B) Technology upgrades inside school facilities
- (C) Upgrades associated with career and technology education programs
- (D) Deferred maintenance needs as described in the district's capital improvement plan
- (E) Fees (optional)
- Function Code
- Object Code



Example 393-253-520-000A-00



# Funding & Reporting

- Applications are approved by SDE Board
- Funds are distributed 100% to approved districts
- Districts required to submit quarterly and final status adobe reports of funds spent along with summary expenditure reports in excel to [acipfundreporting@ed.sc.gov](mailto:acipfundreporting@ed.sc.gov)
- SDE required to monitor funds spent accordingly
- SDE required to submit final report of funds spent





# Reporting Deadlines

- ~~11/10/17 Quarter 1 Report (Jul-Sep)~~
- 2/10/18 Quarter 2 Report (Oct-Dec)
- 5/10/18 Quarter 3 Report (Jan-Mar)
- 8/10/18 Quarter 4 Report (Apr-Jun)
- 10/10/18 Annual Report (Jul-Jun)



Carryover?



YES



# GAPS

- Enhancements (GAPS Reporting)
- Zero Expenditure Claims
- **Final submission deadline for June 30, 20XX , Expenditures will always be August 15, 20XX**, regardless of the award period of the grant and/or the day of the week that this date falls on.
- **Quarterly Expenditure Reporting Required**
  - Due by end of month following end of quarter once budget has been approved
  - If these aren't submitted timely, risk assessment score will go up





# GAPS

- **Budget amendments must be submitted prior to expenditures being obligated – federal regulations state that expenditures must be approved prior to obligation. If not, you’re out of federal compliance.**
- **Please Note:** General deadline for budget amendments is three weeks prior to end of expenditure period unless noted differently in GAN.

- General Due Dates

- 7/1/17 – 9/30/17      ~~Due 10/31/17~~ 11/10/17
- 10/1/17 – 12/31/17      ~~Due 1/31/18~~ 2/10/17
- 1/1/18 – 3/31/18      ~~Due 4/30/18~~ 5/10/17
- 4/1/18 – 6/30/18      Due 8/15/18

- Working on consistent “deadlines”



# DEADLIINES

- ~~November 2~~ ~~DEADLINE FOR PCS STAFF UPDATES (THIS IS A DUE DATE FOR FEDERAL REPORTS AND ACCREDITATION REPORTS)~~
- ~~November 2~~ ~~INITIAL MEMBERSHIP/ATTENDANCE 45 DAY REPORT~~  
~~INITIAL STUDENT ACCOUNTABILITY 45 DAY REPORT~~
- **November 21** **MEMBERSHIP/ATTENDANCE CERTIFY 45 DAY REPORT**  
**(\$)** **STUDENT ACCOUNTABILITY CERTIFY 45 DAY REPORT (\$)**
- **December 1** **2016-17 AUDITS AND IN\$ITE**





# Deadlines

- April 4 INITIAL MEMBERSHIP/ATTENDANCE 135 DAY REPORT  
INITIAL STUDENT ACCOUNTABILITY 135 DAY REPORT
- April 30 PCS UPDATES FOR 135 DAY FUNDING (\$)
- April 30 MEMBERSHIP/ATTENDANCE CERTIFY 135 DAY REPORT (\$)  
STUDENT ACCOUNTABILITY CERTIFY 135 DAY REPORT (\$)  
HOME INSTRUCTION REPORT (\$)
- June 29 FINAL CHANGES TO PCS/ TECHNOLOGY PROFICIENCY FOR FY 17-18
- June 29 FUNDING FLEXIBILITY FORM 2017-18



# PCS

For PCS content and policy questions about staff information, please contact the Chief Financial Office.

Ann Castro – [acastro@ed.sc.gov](mailto:acastro@ed.sc.gov) – 803-734-8147

Michael Thom – [mthom@ed.sc.gov](mailto:mthom@ed.sc.gov) – 803-734-8488

For technical issues regarding system functionality or errors, please use this link: <https://eservices.ed.sc.gov> and submit a technical support request for assistance. For questions regarding staff information where the source is the Office of Educator Services, (fields with the **RED** dot indicator on PCS staff record), please contact your district's certification analyst in the SCDE's

Office of Educator Services at

<http://ed.sc.gov/educators/certification/>



## Certification Portal System and Professional Certified Staff System

The SDE has entered into a contract with Mainstream Technologies, Inc., based out of Little Rock, Arkansas to create and implement a new web application titled Professional Certification and Compensation System (PCCS), enabling both systems to merge as one.

Estimated completion timeline is 2 years.



## **ESSA Title I Supplement, not Supplant (SNS)**

- Title I funds are required to supplement, and not supplant existing state and local funding. Title I funds should add to local and state funding, and should not be used to replace local and state funding.
- Prior to ESSA, Title I, Part A's SNS requirement was tested through three presumptions that looked at each Title I funded activity to determine if the activity was something a local education agency (LEA) or school would have paid for with state and/or local funds if Title I funds were not available.



## **ESSA Title I Supplement, not Supplant**

- With ESSA, the three presumptions will no longer apply to Title I, Part A.
- Under ESSA's Title I SNS requirement, LEAs must demonstrate that the methodology they use to allocate state and local funds to schools provides each Title I school with all of the state and local money it would receive if it did not participate in the Title I program.
- The new SNS requirement becomes effective in December of 2017.
- The Office of Federal and State Accountability (OFSA) will begin to monitor LEAs on the new supplement, not supplant requirement beginning with the 2018-19 school year.



## **ESSA Title I Supplement, not Supplant**

- As LEAs and schools begin to plan their 2018-19 budgets, the new requirement should be taken into consideration.
- The three presumptions could still be a guide in helping to determine an LEA methodology for allocating local and state funding.
- The South Carolina Department of Education (SCDE) and the OFSA will collaborate with LEA Title I Coordinators, Superintendents, Chief Finance Officers, Auditors and others as appropriate to review, to work through issues, and to develop monitoring tools for the new supplant, not supplant requirement.



## **ESSA Title I Supplement, not Supplant**

- At this time, there is no guidance from the United States Department of Education, so SEAs and LEAs have only what is in the law to go by.
- Please note that the other ESSA Titles have their own supplement, not supplant requirements similar to those of the No Child Left Behind Act.
- Please contact Roy Stehle for questions via email at [rstehle@ed.sc.gov](mailto:rstehle@ed.sc.gov) or by telephone at 803-734-8118.



- [illegible]





# Audit Requirements



# Annual Audit Requirements

- SC Code of Laws 59-17-100
- Due Date – December 1, 2017
- LARS Upload
  - Full Audit Report (Hard copy not required)
  - SCDE Supplemental Schedules
  - Single Audit Section
  - Schedule of Findings and Questioned Costs
  - Corrective Action Plan
  - **Management Letter**
  - SCDE Supplemental Schedule Template



# Supportive Information Sheet

- Supportive Information
  - Input supportive information values under the supportive information tab
  - Form does not have to be submitted
  - **Ensure that values are input to the hundredth place or data cannot be submitted**



# Audit Submission Issues

- Template upload
  - Data is used for several state and federal reports (indirect cost, NPEFS, F-33, etc.)
  - Select the correct option (LEA, Charter, or Both)
  - If incorrect option selected, revenue and expenditures could be double counted or under reported
  - Have conversation with charter schools to inform them if their data has been blended with the sponsoring district's data



## **Audit Submission Issues (Cont'd)**

- Ensure that transfers from one fund to the next net to \$0 or an error will be noted
- Ensure that whole numbers are entered in each field to avoid rounding errors



# New Audit Testing Requirements

- Fiscal Practices and Budgetary Conditions Act
  - Auditors will test the general fund **unrestricted** fund balance and compare it to the general fund operating expenditures to determine if auditees have at least one month of unrestricted fund balance available to meet expenditures
  - Auditors must determine that districts are not at risk of being in default of any loans
- Lottery testing procedures



# **Penalties for Late Audit Submission**



## **Penalties for Late Audit Submission**

- If audit report is not received by the December 1 deadline, your district may receive correspondence from the State Superintendent about the nonsubmission of the audit
- Each school board member and legislative delegation will receive a copy of the correspondence
- Possible sanctions for nonsubmission of an audit can include withholding of federal funds, suspension of a federal award, or other sanctions stated in 2 CFR 200.338





## **Penalties for Late Audit Submission (Cont'd)**

- A district will receive a rating of medium for an audit report submitted after the December due date but within 30 days of the due date (December 31)
- Risk rating for audit report is high for submission more than 30 days after the due date (January 1 or later)
- An LEA who submits the audit report 60 days late (January 31 or later) will be in a state of fiscal caution under the Act 23, Fiscal Practices Legislation



# **Common Desk Review Findings**



# Common Desk Review Findings

- Failure to include required detail of the federal award findings in the SFQC (2 CFR 200.516)
  - Federal program and specific Federal award identification including the CFDA title and number, **Federal award identification number (FAIN) and year**, name of Federal agency, and name of the applicable pass-through entity. (FAIN is in Section 5 of GAN)
  - Criteria, condition, cause, effect, recommendation
  - Identification of questioned costs and how they were computed



## Common Desk Review Findings (Cont'd)

- Failure to include required detail of the federal award findings in the SFQC (2 CFR 200.516)
  - Information to provide proper perspective for judging the prevalence and consequences of the audit findings, such as whether the audit findings represent an isolated instance or systemic problem
  - **Identification of whether the audit finding was repeat of a finding in the immediately prior year and applicable audit finding numbers**
  - Views of responsible officials

**DEPARTMENT OF EDUCATION**

**MOLLY M. SPEARMAN**  
*STATE SUPERINTENDENT OF EDUCATION*

Columbia, SC 29201

Questions? Contact Jewell Stanley at  
 803-734-8131; [jstanley@ed.sc.gov](mailto:jstanley@ed.sc.gov)

**Keep a signed copy for your records.****SUBGRANT AWARD NOTIFICATION**

<b>1. Name and Address of Subgrantee:</b>	<b>2. Subaward Information:</b> Grant Status: New Grant Number: H63010100116 Subaward Name: Title I, Part A (Regular) Sub Program Number: Award Amount: Total Obligated to Subrecipient: District Revenue Code: District Subfund:
<b>3. Name of Authorized Official:</b>	
<b>4. Subgrantee Unique Identifier (DUNS#):</b> Subgrantee Code: 0301	<b>5. Federal Award Information (as applicable):</b> <b>FAIN: S010A150040</b> Awarding Agency: US Department of Education Federal Award Date: 7/1/2015  R&D Award? No CFDA #84.010A and Name: Title I Grants to Local Education Agencies (LEAs)
<b>6. Period of Performance:</b> Start: 7/1/2015                      End: 6/30/2017	
<b>7. Type of Agency: LEA</b>	
<b>8. Project Title:</b> 16 Title I Regular	
<b>9. Federal Project Description: 84.010 Title I Grants to LEAs</b>	
<b>10. Scope of Work and/or Special Conditions (continued on page 2):</b> A. Funds are for the purpose of ensuring 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.	



## Common Desk Review Findings (Cont'd)

- Failure to include required detail of federal awards in the SEFA (2 CFR Part 200.510 (b))
  - List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name.
  - For federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity
  - Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.



## Common Desk Review Findings (Cont'd)

- Failure to include required detail of federal awards in the SEFA (2 CFR Part 200.510 (b))
  - Include the total amount provided to subrecipients from each Federal program
  - For loan or loan guarantee programs described in 2 CFR Part 200.502, Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule
  - Note whether or not the auditee elected to use the 10% de minimis cost rate for indirect costs



# Common Desk Review Findings

- Failure to use the updated terms for the audit opinion
  - Unmodified (Unqualified)
  - Modified (Qualified)
- Opinion in opinion letter differs from opinion in the SFQC





# Common Desk Review Findings

- Corrective action plan not submitted or omits required elements
  - In addition to the auditee response to finding
  - Name of the person responsible for completing the CAP
  - Anticipated completion date
  - Plan of action to correct deficiency



# Common Desk Review Findings

- Language on data collection form does not agree to language in the audit report
  - Data collection form states a finding is a material weakness but the audit report does not indicate a material weakness
  - Major programs not tested on the data collection form does not agree to list of tested major programs in the SFQC



# Risk Assessment



# SCDE's Risk Assessment Process

- Required under 2 CFR Part 200.331
- Each federal program area that awards grant funds to a subrecipient rates each subrecipient on selected criteria
- The SCDE Office of Finance and Office of Auditing Services also provide a rating on selected criteria
- Ratings from each area are averaged to formulate a total risk score for subrecipients of federal funds
- Based on total risk score, LEAs are identified as high, medium, or low risk
- Risk scores will also be used to make federal award grant decisions for discretionary awards and to determine what level of additional state support is required for a subrecipient



## **SCDE's Risk Assessment Process (cont.)**

- The Office of Auditing Services will send correspondence to each District's Superintendent, School Business Official, and Federal Programs Director notifying them of the District's overall risk score.
- All subrecipients who are identified as at risk of noncompliance (high risk) will be notified directly by the Office of the State Superintendent. The SCDE can and will impose specific subaward conditions, allowable under 2 CFR Part 200.207(b), on the federal funds that pass-through the SCDE to the subrecipient.
- Medium risk subrecipients are urged to review the regulations in 2 CFR Part 200 and take immediate action, as nonfederal entities, to come into compliance.



# **SCDE's LEA Risk Criteria**

## **Criteria 1 – Key Personnel Turnover**

- Experience of key personnel
- Stability of key personnel
- Turnover in key personnel

## **Criteria 2 – Required Reporting**

- Required program reporting submitted and timeliness of submission



## **SCDE's LEA Risk Criteria (cont.)**

### **Criteria 3 - Programmatic Compliance**

- Instances of programmatic noncompliance
- Minimal or significant deficiencies noted

### **Criteria 4 – Fiscal Compliance**

- Level of fiscal deficiencies noted during monitoring visits

### **Criteria 5 – Performance**

- Were performance requirements, expectations, and outcomes met?



## **SCDE's LEA Risk Criteria (cont.)**

### **Criteria 6 – Technical Assistance**

- Frequency and need for technical support and assistance

### **Criteria 7 – Financial Stability \*\*\***

- The percentage of general fund unassigned balance to general fund total expenditures

### **Criteria 8 – Management Systems**

- Internal control findings or federal award noncompliance findings noted in annual audit report





## **SCDE's LEA Risk Criteria (cont.)**

### **Criteria 9 - Audit Report Submission**

- Submission of annual audit in the LEA Audit Reporting System (LARS) by December 1st

### **Criteria 10 - Other Material Factors**

- Accreditation
- Cheating/Test security violations
- Other known issues (state program violations, etc.)



## Remedies for Noncompliance

If SCDE determines that the district's risk of noncompliance cannot be remedied by imposing special condition(s), the SCDE may take one or more of the following actions, allowable under 2 CFR Part 200.338, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency by the non-federal entity or more severe enforcement action by the federal awarding agency or pass-through entity.
- Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- Wholly or partly suspend or terminate the federal award.



## Remedies for Noncompliance (Cont.)

- Recommend the US Department of Education or US Department of Agriculture (depending upon the grant) initiate suspension or debarment proceedings as authorized under 2 CFR part 180 and federal awarding agency regulations.
- Withhold further federal awards for the project or program.
- Take other remedies that may be legally available.



## **Results of FY 2015-16 Risk Assessment**

- LEAs were determined to be in every risk area (low, medium, and high)
  - 67 – Low Risk
  - 11 – Medium Risk
  - 3 – High Risk



## **FY 2016-17 Risk Assessment**

- Will begin after submission of the FY 2016-17 audits that are due on December 1



## Indirect Cost Rate

- FY 2015-16 was the last year that the SCDE calculated a separate food service indirect cost rate
  - Restricted or unrestricted rate is allowable for food service
  - SCDE recommendation is the restricted rate
- The State is due for another review of our LEA indirect cost rate methodology
  - Plans are to ask USDE to approve another rate type other than the fixed with carryforward provision



## **Audits of State Allocations**

- OAS has hired a staff member that will begin performing these audits
- Will perform on a cyclical basis



# Questions

?





# Office of Auditing Services Contact Information

**Melissa A. Myers, Director**

(803) 734-8453

[mmyers@ed.sc.gov](mailto:mmyers@ed.sc.gov)

**Hershula Davis, Audits Manager**

(803) 734-6022

[hdavis@ed.sc.gov](mailto:hdavis@ed.sc.gov)

**Debra Wolfe, Administrative Assistant**

(803) 734-8180

[dwolfe@ed.sc.gov](mailto:dwolfe@ed.sc.gov)

[auditingervices@ed.sc.gov](mailto:auditingervices@ed.sc.gov)