



2024 SD Department of Education Updates

Overview

- American Rescue Plan Elementary and Secondary School Emergency Relief Funds – ESSER III
 - Annual Reporting
 - Real Property Reporting & Notice of Federal Interest
 - ESSER Obligation & Liquidation Deadline
 - ESSER III Late Liquidation Extension
- Single Audit Roles
- FY25 Allocations

ESSER Annual Expenditure Reporting

- Current reporting period is for grant funds the local education agency (LEA) received from SD DOE for the period July 1, 2022- June 30, 2023.
- LEAs must report and categorize expenditures in the following areas:
 - Addressing Physical Health & Safety
 - Meeting Students' Academic
 - Social, Emotional, and Other Needs
 - Mental Health Supports for Students/Staff,
 - Operational Continuity
 - Other Allowed Uses

ESSER Annual Reporting Areas

LEAs must also provide:

- Planned uses for remaining funds that have not been reported on
- FTE Counts; FTE counts funded with ESSER
- Student participation in school, after-school, and summer school
- Student enrollment data by Demographic Subgroups
- For information on US ED ESSER Reporting see their website:
 - <https://covid-relief-data.ed.gov/grantee-help/esser>

LEA ESSER Annual Reporting

- The SD DOE hired a contactor to assist with the LEA reporting reequipments.
- Superintendents & Business Managers were emailed a SharePoint link to their LEA's workbook.
- The email included a guidance document to help fill out the workbook.
- An assistance walk-through video was posted on our website:
<https://doe.sd.gov/SupportingSchools/>
- The due date for LEA reporting submission to SD DOE was **Friday, April 26, 2024.**

ESSER & Real Property

- The ESSER grants allow for the use of funds for construction and real property acquisition or improvements.
- LEAs must report annually for at least 15 years on the status of the real property in which the ESSER funds made a monetary investment.
- Helps to ensure that the property continues to be used for educational purposes after the grant has ended.
- Establishes the level of public investment that may be recouped if the property is no longer needed for its original purpose.

Real Property: Who Must Report

- All subgrantees that improved or acquired real property with ESSER funds.
- Real property is land, land improvements, buildings or structures permanently attached to the land.
- Does not include moveable machinery and equipment (like HVAC, mobile classrooms, and furniture).
- LEAs will submit the report to their State Education Agency (SEA).
- SEAs must submit reports on their LEAs property to US ED.

Real Property Disposition

- If for any reason the real property acquired or improved by ESSER grant funds will be sold, transferred, or otherwise modified, the SEA or LEA must contact the US ED for appropriate disposition instructions of the Federal interest.
- LEAs may be required to reimburse US ED for the Federal interest in the property if the property will not be used in the way that was supported originally by Federal grant funds.”

Recording the Notice of Federal Interest

- LEAs that have a renovation, major remodeling, construction, or real property project where the Federal interest is significant must record a Notice of Federal Interest (NFI) in the official real property records for the County in which the improved or purchased property is located.
- Projects including \$1 million or more in ESSER funds
- Projects using less than \$1 million in ESSER funds that represents a big share of the overall value of the property.
- Each property will require a separate NFI.
- All LEAs required to record the NFI must do so by January 28, 2025.

NFI Requirements

- Clearly describe the approved construction project, renovation, or acquisition.
- The legal description should be the full legal description of the property in the deed.
- Signed by an authorized representative of the LEA to indicate their consent to have a lien filed on the property.
- Notarized and embossed with a notary seal.
- Recorded with the applicable County jurisdiction.

ESSER III Obligation & Liquidation Deadlines

- ESSER III funds must be **obligated by September 30, 2024**
- LEAs have a 90-day period to liquidate obligations.
- LEAs have been advised to submit reimbursement requests to SD DOE **by December 1st, 2024** to allow SD DOE time to review and process liquidations in December.
- SD DOE has a 120-day period (ending January 28, 2025) to liquidate the subrecipient LEAs' obligations.

Possible Late Liquidation Extensions

- The US ED has announced that it **will consider requests** to extend the timeline for liquidating ARP ESSER III funds that were properly obligated during the grant period.
 - Up to 14 months to possible with US ED approval.
 - Does not extend the timeline for obligating ARP ESSER funds.
 - Can only be requested for valid obligations incurred by September 30, 2024.
 - May not pay for contracts executed after that date.
 - Work performed by an employee after that date
 - Travel taken after that date
 - Any other transaction obligated after that date.

Obligations for Federal Education Grant Purposes

| If the obligation is for - | The obligation is made |
|--|--|
| a) Acquisition of real or personal property | On the date on which the State or subgrantee makes a binding written commitment to acquire the property. |
| b) Personal services by an employee of the State or subgrantee | When the services are performed. |
| c) Personal services by a contractor who is not an employee of the State or subgrantee | On the date on which the State or subgrantee makes a binding written commitment to obtain the services. |
| d) Performance of work other than personal services. | On the date on which the State or subgrantee makes a binding written commitment to obtain the work. |
| e) Public utility services | When the State or subgrantee receives the services |
| f) Travel | When the travel is taken |
| g) Rental of real or personal property | When the State or subgrantee uses the property |
| h) A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR part 200, Subpart E - Cost Principles | On the first day of the grant or subgrant performance period |

LEA Late Liquidation Requests

- State Education Agencies must submit the requests on behalf their LEAs
- Complex and lengthy process.
- Identify the expenses that will be covered and why the expenses cannot be liquidated on time
- Verify that the LEA is a “low risk”.
- Ensure that funds were obligated within the grant period.
 - Collect and review supporting documentation. (purchase orders, contracts, communications regarding delays)
 - Need reasonable justification, not just “ran out of time”.
 - What measures were taken by the LEA to liquidate on time.
 - Expense must be a reasonable and necessary activity in response to COVID.

Proper Liquidation Expenses

- The liquidation extension is distinct from prepaying for contracts.
- Liquidation extensions are intended to allow for time to complete a properly obligated transaction. For example:
 - Delivery delays on supplies or equipment due to supply chain issues.
 - Construction project delays.
- LEAs should not prepay for services. This is a poor business practice and could be subject to audit scrutiny.

State Education Agency's Role in Single Audits

- SEAs are responsible for reviewing their LEAs' single audits and:
 - Verifying that each LEA that spent more than the required threshold in federal funds obtained a single audit,
 - Issue a “management decision” for single audit findings related to federal programs administered by the SEA within six **months** of receiving the audit report, and
 - Ensuring LEAs take timely and appropriate action on any deficiencies identified in the audit.

Auditor's Role

- Review the OMB Compliance Supplement for the year and federal programs to be audited.
- Federal Agencies identify compliance requirements in the Supplement that they expect to be covered as part of an audit.
- Auditors identify potential compliance concerns at the LEA or other subgrantee.

LEAs Role

- Hire a qualified auditor to ensure a complete and compliant Single Audit is completed and submitted in a timely manner.
- Ensure all required documentation is organized and available.
- Provide access to key LEA staff.
- Develop corrective action plans to any findings in the audit.
- This does not mean an auditee has to accept a finding.
- The LEA should be aware that the auditor does not make the final determination about whether an entity complied with federal requirements.

LEAs Corrective Actions

- Prepare a corrective action plan to address each audit finding included in the current year auditor's reports.
- The corrective action plan must provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date.
- If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons why.

SEA Management Decisions

- In a “management decision” an SEA makes the determination whether the audit findings are valid, and if the LEA’s corrective actions are acceptable.
- The SEA may request more information from the LEA or auditor on the findings.
- An SEA can either sustain or not sustain a finding depending on the circumstances.
- The management decision should explain the reasons for the decision and explain what the LEA must do to address the issue.
- Where appropriate, use flexible cooperative audit resolution options to minimize the fear of harsh sanctions for noncompliance.
 - Consider alternative documents to support compliance.

US ED Formula Grants and Census Estimates

- US Census estimates are a major input variable in most Federal Education formula grants.
- US Census Bureau provides estimates of the number of children ages 5 to 17 residing in each school district.
 - Number of school aged children
 - Number of school aged children from families with incomes below the poverty line
- Census estimates are updated annually.
 - Census Year 2021 was used for SY 2023-24 allocations
 - Census Year 2022 will be used for SY 2024-25 allocations

US Census Estimates

- Small Area Income and Poverty Estimates (SAIPE) Program websites.
 - <https://www.census.gov/programs-surveys/saipe.html>
 - <https://www.census.gov/programs-surveys/saipe/guidance/model-input-data.html>

Title I Part A

- Census Data main formula factor.
- Number and percentage of poverty children residing in the district.
- Title I is made up of 4 separate funding streams – Basic, Concentration, Target, and Education Finance Incentive Grants(EFIG)
- Target and EFIG make up almost 2/3 of Title I funds.
- School Districts need at least 5% child poverty rate to qualify for Target and EFIG

Title II Part A, Title IV Part A & CTE Perkins

- Title II Part A – Supporting Effective Instruction
 - 20% based on number of children residing in the district.
 - 80% based on number of poverty children residing in the district.
- Title IV Part A – Student Support and Academic Enrichment
 - Funds are allocated to districts based on each district's proportion of the prior year's overall Title I Part A allocations
 - Minimum district allocation is \$10,000
- CTE Perkins
 - 30% based on the number of children residing in the district
 - 70% based on number of poverty children residing in district

IDEA Part B

- Each LEA receives a base allocation set back in SY 1999-2000
- Of the remaining funds
 - 85% is allocated based on the number of poverty children residing in the district.
 - 15% is allocated on number of children residing in the district.

QUESTIONS??



General State Aid Accountabilities

- Two requirements that can impact General State Aid Allocations
 - Teacher Compensation Accountability
 - Monthly Cash Balance Accountability

Teacher Compensation Accountability

- Teacher Compensation Accountability Reporting
 - Contract salary plus benefits
 - K-12 Certified Instructional Staff Only
 - Shared Teachers are reported by the district holding the teacher contract (district paying the salary/benefit cost)
 - Salary and FTE data is pulled from the Personnel Record Form database (June)
 - PRF database is an annual staffing data collection

Teacher Compensation Accountability

- Teacher Compensation Accountability Reporting
 - Staff excluded from the Teacher Compensation Reporting
 - Non-certified teachers, preschool teachers, guidance counselors, librarians, technology coordinators/staff, long term substitutes, administrative positions and classified staff

Teacher Compensation Accountability

- Teacher Compensation Reporting includes benefits
 - Total benefits paid for the reported certified instructional staff
 - 210 – Social Security
 - 220 – Retirement
 - 230 – Insurance for Group Health, Life, Vision, Dental etc.
 - 240 – Worker’s Compensation
 - 250 – Unemployment Insurance
 - 260 - Disability Insurance
 - 270 – Annuities
 - 290 – Other Employee Benefits

Teacher Compensation Accountability

- Teacher Compensation Reporting Timeline
 - July 1 – School districts can begin to submit TC data
 - August 29 – Teacher compensation data is due (SDCL 13-8-47)
 - September – DOE completes the final review
 - 1st Friday in October – DOE must notify districts of their teacher compensation accountability status (Oct. 4, 2024)
 - Before 1st Friday in November – School districts not in compliance must submit a waiver to the school finance accountability board (Oct. 31, 2024)

Teacher Compensation Accountability

- **Current Teacher Compensation Accountability Penalties**
 - Teacher Compensation reported on the annual report for 2023-2024 school year must be equal to or greater than the reported average from FY2017.
 - Penalty for non-compliance = \$500 per total FTE reported on the Teacher Compensation submission.
 - Penalty is imposed on FY2025 General State Aid
- **FY2024 Teacher Compensation Calculator**
 - <https://doe.sd.gov/ofm/schoolbudget.aspx>

Teacher Compensation Accountability


- **NEW Teacher Compensation Accountability**
 - Two teacher compensation accountability measures
 - Average Teacher Compensation effective FY2025 reporting
 - Minimum Teacher Salary effective FY2027 reporting
 - Average teacher compensation accountability
 - Each district must increase their average teacher compensation from FY2024, so the cumulative increase in average teacher compensation is at least equal to the cumulative percentage change in the target teacher salary.
 - FY2024 will be the new baseline year.
 - Each district is compliant if the average compensation is at least 97% of the average teacher compensation requirement.

Teacher Compensation Accountability

- State minimum teacher salary accountability effective the FY2027
 - Each school district must pay each full-time equivalent teacher a salary equal to the state minimum salary applicable for that fiscal year.
 - State minimum teacher salary requirement changes by the percent change in the target teacher salary.
 - Data will be reviewed through the PRF submission process and will be also be reviewed during the annual report teacher compensation submission.

Teacher Compensation Accountability

- NEW Teacher Compensation Accountability Calculator

| NEW Teacher Compensation and Minimum Salary Accountability Calculator  | |
|--|-----------------|
| FY2025 District Average Teacher Compensation Accountability | |
| FY2024 District Average Teacher Compensation: | |
| Percent Change in Target Teacher Salary (FY2024 to FY2025) | 4% |
| FY2025 District Target Average Teacher Compensation | \$0 |
| FY2025 Minimum Required Average Teacher Compensation for Compliance | \$0 |
| FY2025 State Minimum Salary (no accountability required) | \$45,000 |
| FY2026 District Average Teacher Compensation Accountability | |
| Percent Change in Target Teacher Salary (FY2025 to FY2026) | |
| FY2026 District Target Average Teacher Compensation | \$0 |
| FY2026 Minimum Required Average Teacher Compensation for Compliance | \$0 |
| FY2026 State Minimum Salary (no accountability required) | \$45,000 |
| FY2027 District Average Teacher Compensation/Minimum Salary Accountability | |
| Percent Change in Target Teacher Salary (FY2026 to FY2027) | |
| FY2027 District Target Average Teacher Compensation | \$0 |
| FY2027 Minimum Required Average Teacher Compensation for Compliance | \$0 |
| FY2027 State Minimum Salary (1st year of accountability) | \$45,000 |

Teacher Compensation Accountability

- Current Teacher Compensation Accountability Penalties
 - Penalty for non-compliance = \$500 per total FTE reported on the Teacher Compensation submission.
 - Penalty is imposed on FY2026 General State Aid for non-compliance on average teacher compensation
 - Penalty is imposed on FY2028 General State Aid for non-compliance on both average teacher compensation and minimum teacher salary
 - Teacher Compensation Calculator
 - <https://doe.sd.gov/ofm/schoolbudget.aspx>

Monthly Cash Balance Accountability

- General Fund Cash Balance Accountability
 - Percent of cash balance = lowest monthly cash balance amount divided by the general fund expenditures for the fiscal year (exclude other financing uses).
 - District allowable percentages are based on the State Aid Fall Enrollment student count (SDCL 13-13-10.1(2))
 - Student count used is lesser of the 2 previous years or the current year
 - SAFE count <201 40%
 - SAFE count 201-599 30%
 - SAFE count >599 25%

Monthly Cash Balance Accountability

- General Fund Cash Balance Accountability Statewide Waivers
 - Annually reported cash balance penalties have been waived for the past several years due the impact of the Covid-19 pandemic.
 - FY2024 annual report cash balance information will be used to determine general state aid penalties.
 - Penalties will be applied to FY2025 general state aid.
 - Penalty is a reduction in the allocation for the amount in excess.

School Finance Accountability Board

- **General State Aid Accountability Waivers**
 - School districts not in compliance with either accountability must submit a waiver from the penalty to the School Finance Accountability Board.
 - SFAB will meet in November to review waivers. Each school district must present their waiver.
 - SFAB actions are forwarded to the Joint Committee on Appropriations for final approval and/or action. (December)
 - NEW – SFAB may recommend the Dept of Education review the accreditation of a school district that does not meet either accountability.

Helpful DOE Websites

- Monthly Federal Grant Payments
 - <https://doe.sd.gov/ofm/payment.aspx>
- School District Budget Resources
 - <https://doe.sd.gov/ofm/schoolbudget.aspx>
- State Aid Payments and Calculations
 - <https://doe.sd.gov/ofm/statefunding.aspx>

QUESTIONS??

