



BUSINESS SERVICES DIVISION

TITLE I ADMIN MEETING

*Current Federal & State Fiscal Issues
2012-2013*

April 27, 2012

Washington D. C.

What happens there – doesn't stay There!

- The federal budget process is in gridlock and as a result state & local fiscal planners must operate with a high degree of uncertainty.
- As with 2011-2012 federal formula grants , MSDE & LEAs will have to plan for 2012-2013 using inaccurate and untimely \$ projections, which will need to be adjusted at least three (3) times. This will cause problems with local budgets, State Master Plans, RTTT sub-grants, non-public allocations, carry-over funds, and state /local unrestricted fund budgets. **This is a fact of life!**
- Title I Coordinators must understand and be able to explain the impact of the federal budget impasse to local managers. They must understand that any dollar estimates that we give them definitely will change.
- We also must warn them **not to accept any estimates from external sources other than MSDE!**

How did we get Here.....

and what do I dosince I can't retire tomorrow!

- The federal budget process can be summed up as – The President proposes and the Congress (Senate & House) reviews, marks-up, revises, adds, subtracts, and in conference – agrees to a budget – which the President then signs.
- This should be accomplished prior to the start of the federal fiscal year – October 1. For FFYs 2011 (10/1/2010) there was no final budget. No final budget exists yet for FFY-2012 (10/1/2011) and because of the failure of Senate & House conferees to reach an agreement of the federal debt ceiling – a sequester (7.8% - 9.1%) will be applied to FFY – 2012 (SFY-2013) non- mandated programs.
- **Title I & all other NCLB programs fall into the FFY – 2012 (SFY-2013) non- mandated program category.**
- **Budget for the worse case** - 9.1% cut from your 2012-2013 Title I Part A allocation .
- Title I Part A funds are composed of appropriation from two (2) FFYs.

Budget for the worse case

will this estimate be close to the actual allocation?

- **Maybe!** A % cut at the federal level does not always translate into the same % cut at the LEA level.
- **Four components to the Title I Part A - allocation.** Basic, Concentration, Targeted, & EFIG . ED may distribute the % cut to one or more components. Different LEA impact based on the ED distribution.
- Federal and State level hold harmless rules will cushion the impact to some states. Other states/LEAs will make up the difference on a zero-sum basis.
- MSDE allocation of the four (4%) SIP section 1000a state holdback usually results in disproportionate cuts to Maryland LEAs.
- MSDE – because of the overall cuts to the total Title I Part A, C, & D programs will be allowed to withhold 1% for administrative funds.
- Congress – **as in FFY-2011** - may rescind part or all of the sequestration.

Title I Coordinator Actions

Take Ownership of the situation

- **Schedule meetings with budget, accounting, procurement and program managers – at all levels.** Make sure they understand the situation and what may happen in 2012-2013. They are making budget decisions **now**. Include the non-public contacts. The 2012-2013 cuts should not come as a surprise.
- **Review carry-over (2011 & 2012) fund balances monthly** – cancel any unneeded encumbrances. Submit amendments if required. You cannot leave this to the accountants. They have different priorities and timelines.
- **Guard the pot of gold.** State and local funding streams are also facing shortfalls. Supplanting and comparability rules still apply and federal & MSDE monitors expect that LEAs will play fast & loose with federal funds.
- **Let your MSDE POC know about problems** as soon as you know.
- **Keep informed of changes** local – state – federal – read newspapers, websites, listservs, blogs, etc. Google Title I Part A

Other Fiscal Issues

before you hit the beltway

- **Auditors are swarming SEA/LEA grant sites.** Compliance issues are on the rise. Extremely Picky – if it's on the books – they will cite exceptions. It flows downhill!
 - Review processes – document everything – stress internal controls
- **ESEA Maintenance of Effort (ESEA - MOE)** MSDE watches this for LEAs and certifies compliance. **ESEA – MOE** is not the same as **IDEA – MOE** or **State MOE**.
- **Annual Financial Reporting System (AFR)** Final & Annual reports. Submitted by LEA finance officials via electronic means to MSDE. Not the same as required C-125 program reports. If you have questions re: AFR reports – talk with your LEA accountants.
- **Preliminary & *Final* 2012-2013 Title I Part A allocations will be released By MSDE as soon as we receive them from ED and calculate the LEA pass-through \$ amounts. Hopefully – in the next few weeks - Preliminary.**

Results & Compliance – Final thought

- The two rails of Grant Management
- Run parallel, consistent, no breaks, constantly monitored for problems
- One rail is useless without the other

