

# FINANCIAL REVIEW

# Georgia Department of Education

GASBO November 2009  
Augusta, Georgia

# Items for Discussion

- National Board Certified Teachers
- Schoolwide – ARRA Funds
- Internal Control – Risk Assessment
- 65% Report Minimum Direct Classroom Expenditures – Waivers

# Items for Discussion

- Budget FY 2010
- Budget FY 2011
- American Recovery and Reinvestment Act

# National Board Certification

- FY 2009: Final funding at 9.2% instead of 10% for a total of \$13,294,628
- FY 2010: Program funding was reduced by \$5 million to a total of \$7,209,486 state wide. 45.77% reduction in funding
- Salary Supplement of 5.2% of the individual's state base salary

## Schoolwide – ARRA Funds

- You may consolidate the ARRA funds, still have to track separately
- You do not have to consolidate due the stringent reporting requirements

# Risk Assessment of School Systems

- In order to better assist school systems, the Department is utilizing “Risk Assessments” to classify school systems so that resources can be targeted instead of using a shotgun approach
- The goal is to identify districts that are having difficulties early so that their problems don’t have a chance to grow

# Risk Assessment of School Systems

- Both financial and programmatic assessments are being designed and implemented
- Title I has used this the past couple of years
- We share assessments within the Department

# Risk Assessment of School Systems

- Elements of the Financial Risk Assessment
  - Audit Report Information
    - Number of Financial Statement Findings
    - Number of Federal Award Findings
    - Auditors Opinion
    - Low Risk Auditee
    - Deficit
    - Irregularity (20-2-67)
    - Internal Control Finding



# Risk Assessment of School Systems

- Elements of Financial Risk Assessment
  - DE46 Information
    - General Fund Deficit
    - Capital Projects Deficit
    - School Nutrition Program Deficit
    - Capital Assets Included
    - If in deficit, approved Deficit Elimination Plan
    - Has General Fund been in Deficit > 2 years
    - Has School Nutrition Program in Deficit > 2 years
    - DE46 submitted timely

# Risk Assessment of School Systems

- Factors are not weighted evenly.
- Some carry more weight
- The heaviest weight is for systems in Deficit

# Risk Assessment of School Systems

- Systems are ranked
  - High Risk
  - Medium Risk
  - Low Risk

# Risk Assessment of School Systems

- Significance of Risk Assessment
  - High Risk
    - Request for early audit by the Auditors
    - Greater scrutiny by other areas in the Department when applying for grants

## Minimum Direct Classroom Expenditure (65%)

- For any given fiscal year a system must meet one or more of the following:
  - Spend at least 65% of total operating expenditures on direct classroom expenditures
  - Increase 2% or more from previous fiscal year
  - Qualify for Achievement or Hardship Waivers

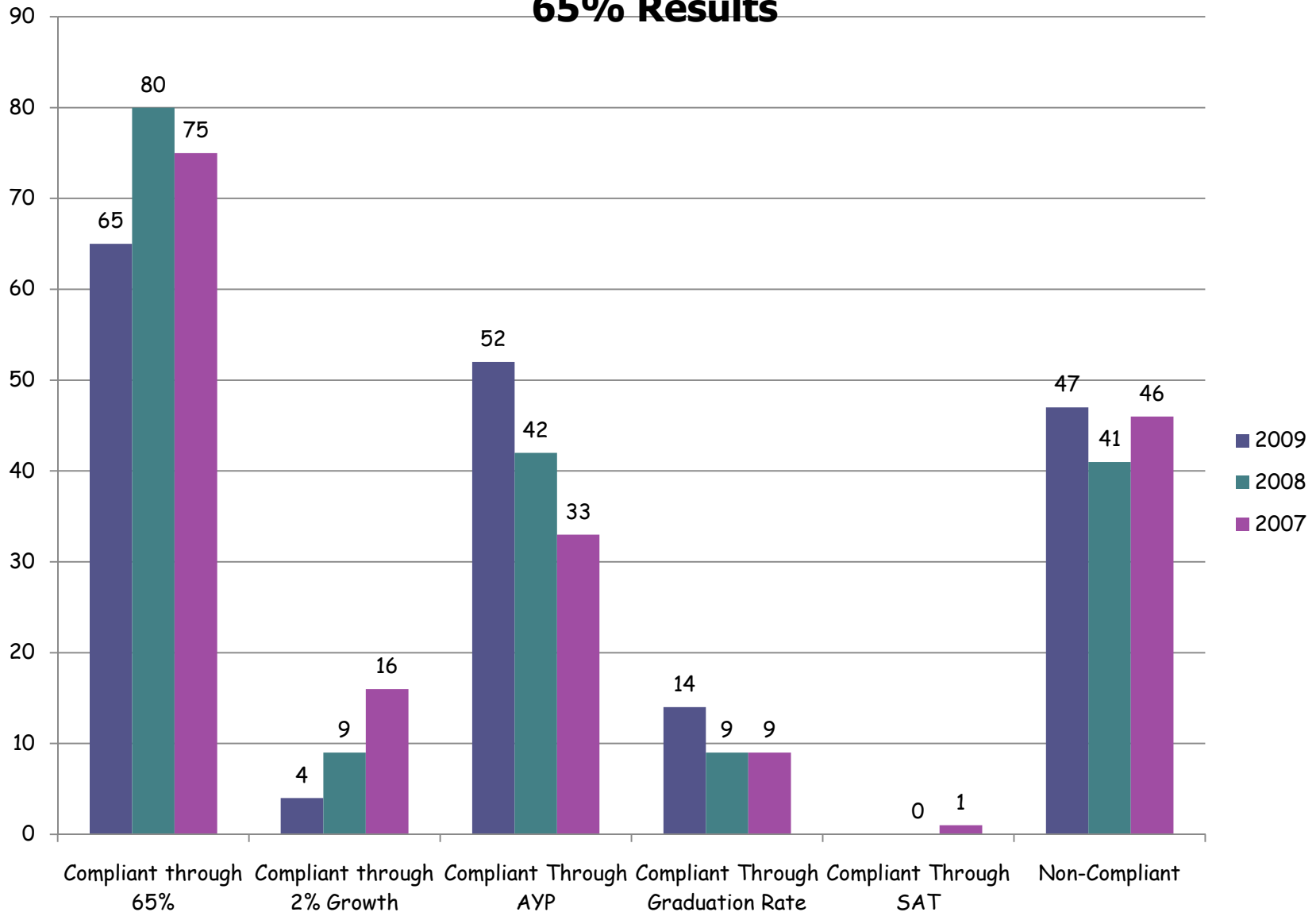
## Minimum Direct Classroom Expenditure (65%)

- Reports are part of Financial Review Application
- There will be a time period for review by district
- Ability to make adjustments, if necessary, will be made available
- November 16 – December 4, 2009 will be the appeal window

## Minimum Direct Classroom Expenditure (65%)

- What happens if you do not meet
  - District must submit a (multi-year) corrective action plan to show how they plan to come into compliance
  - This report will be submitted to Financial Review

### 65% Results





# Minimum Direct Classroom Expenditure (65%) – Waiver Process

- Board Resolution showing intent to apply
- Letter from Superintendent
- Send to the Policy section of the Department
- Needs to include the year the waiver applies to
- All waivers approved so far are for FY 2010
- It is okay to apply for both FY 2009 and 2010, if needed

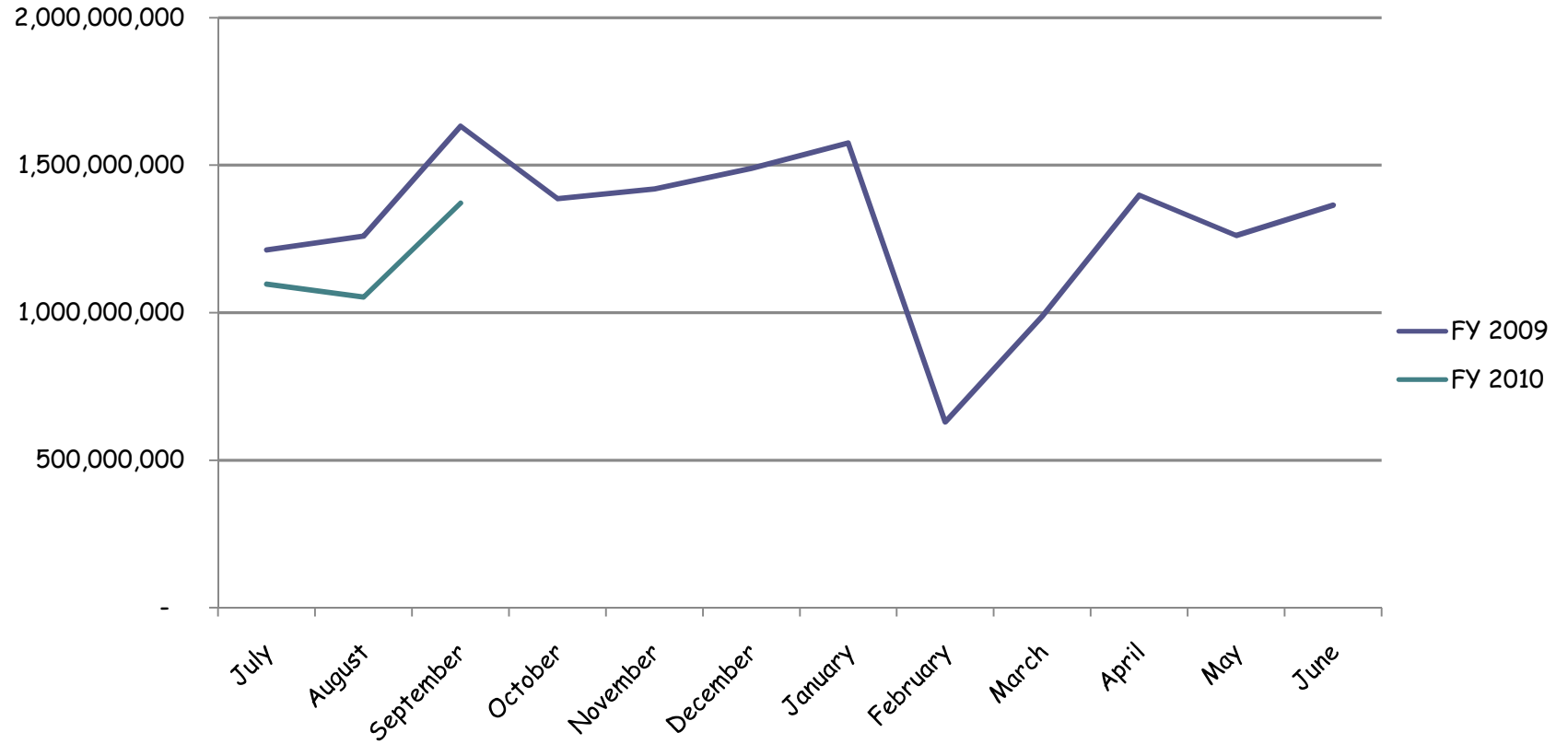
## FY 2010 Budget Update

- The Department has been told to prepare a 4%, 6% or 8% view of the budget. Not including QBE
- Do not know if there will be more furloughs
- Superintendent Cox's goal is to find out as soon as possible so this can be shared with districts

# FY 2010 Revenue Collections

- September down 16%
- YTD down 14.2% through September

# Monthly State Revenues



# QBE Formula Reduction (Austerity)

DESCRIPTION	AMOUNT
Original FY 2009	(\$92,959,815)
FY 09 Enhancement Reduced	(\$50,000,000)
FY 2010 Reduction of 2.1%	(\$147,202,564)
Additional FY 2010 reduction ( to be funded with ARRA Stabilization funds)	(\$413,145,927)
Graduation Coach Add back	\$49,225,901
3% Reduction	(\$93,881,388)
3 Day Furlough	(\$188,378,607)
<b>Net Austerity FY 2010 (Nov 2009)</b>	<b>(\$936,342,040)</b>

# QBE Payments

- Starting with the November QBE payment, ARRA Stabilization funds will not replace state funds
- All of the ARRA Stabilization funds were paid out as of October
- The Amended Formula Adjustment will be adjusted to payout correctly over the remaining months in the fiscal year

# QBE Payments

	<b>Current Allotment Sheet</b>
Less	Previous Payments
÷	Number of months remaining in fiscal year

County Monthly Advice Payment	September	October	November	December	January
QBE Funds					
QBE Earnings	1,067,624	1,067,624	1,074,512	1,074,512	1,074,512
3 Day Furlough (August through December)	(34,948)	(34,948)	(34,948)	(34,948)	
Remainder of Amended Formula	(516,502)	(516,502)	(34,806)	(34,806)	(34,806)
<b>Total QBE Formula Earnings</b>	516,174	516,174	1,004,758	1,004,758	1,039,706
Categorical Grants	158,678	158,678	158,678	158,678	158,678
<b>Total State Funding on this Advice Payment</b>	<b>674,852</b>	<b>674,852</b>	<b>1,163,436</b>	<b>1,163,436</b>	<b>1,198,384</b>
ARRA Stabilization Funds	385,357	385,357			
<b>Total All Funds on this Advice Payment</b>	<b>1,059,863</b>	<b>1,059,863</b>	<b>1,163,090</b>	<b>1,163,090</b>	<b>1,198,038</b>



# Health Insurance

- “Direct Bill” has been delayed till FY 2011
- This would be a blended rate between certified and non-certified
- Effective July 2010 (July Payroll) for August Coverage

## Expenditure Controls FY 2010

- **TEST 3 - 100%** of the Direct Instruction QBE Earnings, Salary and Operating, must be expended for Direct Instruction in the System
- **TEST 4 - 100%** of the funds designated for Media Center Costs at the System Level

# Expenditure Controls FY 2010

- **TEST 5 – 100%** of Staff and Professional Development Earnings must be expended for Staff and Professional Development costs at the system level.
- **TEST 8 - 100%** of 20 Additional Day funds must be expended, up to 15% of earnings allowed to be expended for Function 2700 expenditures

# American Recovery and Reinvestment Act (ARRA)

# ARRA – Section 1512 Reporting

- The report is divided into two parts
  - Prime Recipient – Report of the ARRA Grants
  - Sub Recipient – Listing of sub awards
- All reports used the DUNS numbers, instead of names









# ARRA Reporting

- New reports available
  - Expenditures
  - Overall Summary
  - Vendor
- We will work on more

Public Folders | My Folders

Public Folders

Entries: 1 - 3

Name	Modified	Actions
 <a href="#">DOE ARRA Reports</a>	October 19, 2009 11:15:48 AM	 <a href="#">More...</a>
 <a href="#">GADOE ARRA FM Model Pro</a>	October 6, 2009 8:35:29 AM	 <a href="#">More...</a>
 <a href="#">GDOE ARRA MODEL</a>	September 29, 2009 12:37:20 PM	   <a href="#">More...</a>



Public Folders

My Folders

Public Folders > DOE ARRA Reports



Name ↕



Expenditure Data detail



expenditure detail - program

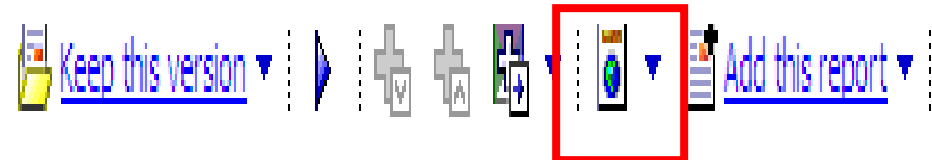


LEA Data Input



vendor sub source





## Title

Program Code w/Title Level 2	Prog	Functions Level 2	Object Codes w/ Descrip Level 2	Cumulative Expenditures
<u>4110 State Fiscal Stabilization Funds</u>	4110	<u>1000</u> <u>INSTRUCTION</u>	<u>110 TEACHERS</u>	2,893,635

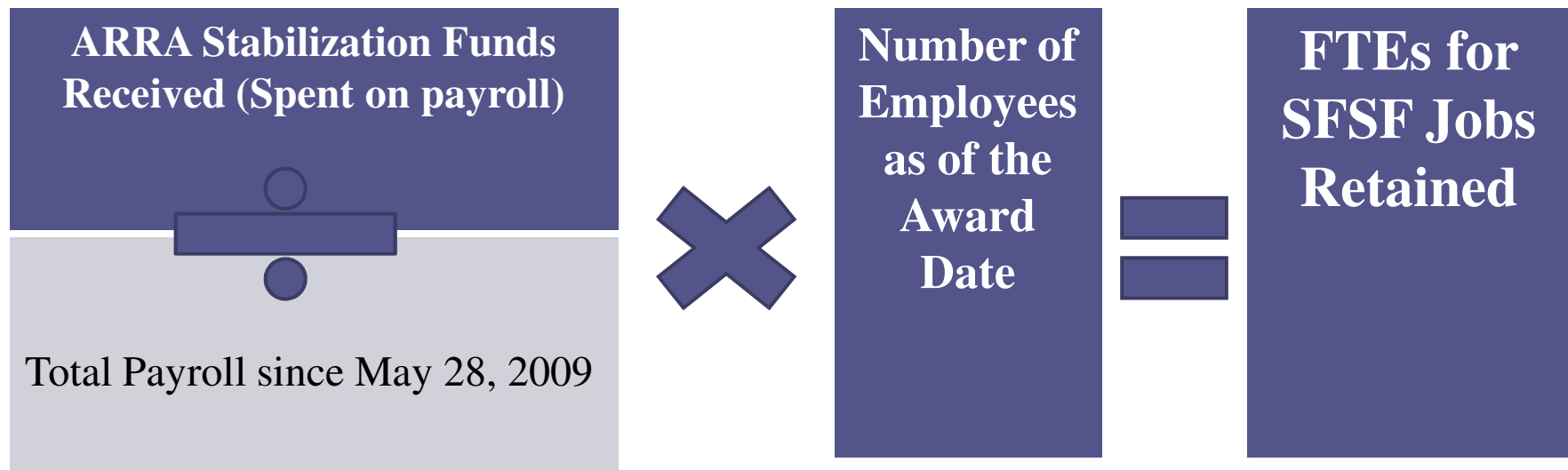
# ARRA Reporting

- Click on the down arrow
- This will open a drop down box with several options
- The last one is “View in Excel Options”
- This will allow you to open the report in Excel

Program Code w/Title Level 2	Prog	Functions Level 2	Object Codes w/ Descr Level 2	Cumulative Expenditures
<u>4110 State Fiscal Stabilization Funds</u>	4110	<u>1000 INSTRUCTION</u>	<u>110 TEACHERS</u>	2,893,635
<u>4210 ARRA - Title I Grants to LEAs</u>	4210	<u>1000 INSTRUCTION</u>	<u>113 SUBSTITUTE</u>	174
<u>4210 ARRA - Title I Grants to LEAs</u>	4210	<u>1000 INSTRUCTION</u>	<u>220 FICA</u>	2,573
<u>4210 ARRA - Title I Grants to LEAs</u>	4210	<u>1000 INSTRUCTION</u>	<u>300 PURCHASED PROFESSIONAL AND TECHNICAL SERVICES</u>	2,110
<u>4210 ARRA - Title I Grants to LEAs</u>	4210	<u>1000 INSTRUCTION</u>	<u>610 SUPPLIES</u>	9,755
<u>4210 ARRA - Title I Grants to LEAs</u>	4210	<u>1000 INSTRUCTION</u>	<u>616 EXPENDABLE COMPUTER EQUIPMENT</u>	1,295
<u>4210 ARRA - Title I Grants to LEAs</u>	4210	<u>1000 INSTRUCTION</u>	<u>810 DUES AND FEES</u>	1,980
<u>4210 ARRA - Title I Grants to LEAs</u>	4210	<u>1000 INSTRUCTION</u>	<u>210 State Health Insurance</u>	3,942
<u>4210 ARRA - Title I Grants to LEAs</u>	4210	<u>1000 INSTRUCTION</u>	<u>230 Teachers Retirement System</u>	2,996
<u>4210 ARRA - Title I Grants to LEAs</u>	4210	<u>1000 INSTRUCTION</u>	<u>290 Other Employee Benefits</u>	52
<u>4210 ARRA - Title I Grants to LEAs</u>	4210	<u>1000 INSTRUCTION</u>	<u>199 Other Salaries and Compensation</u>	35,518
<u>4220 ARRA - IDEA Title VI,B Flow Thru funds</u>	4220	<u>1000 INSTRUCTION</u>	<u>110 TEACHERS</u>	14,206
<u>4220 ARRA - IDEA Title VI,B Flow Thru funds</u>	4220	<u>1000 INSTRUCTION</u>	<u>113 SUBSTITUTE</u>	29
<u>4220 ARRA - IDEA Title VI,B Flow Thru funds</u>	4220	<u>1000 INSTRUCTION</u>	<u>114 SUBSTITUTE</u>	1,336
<u>4220 ARRA - IDEA Title VI,B Flow Thru funds</u>	4220	<u>1000 INSTRUCTION</u>	<u>140 AIDES AND PARAPROFESSIONALS</u>	39,381
<u>4220 ARRA - IDEA Title VI,B Flow Thru funds</u>	4220	<u>1000 INSTRUCTION</u>	<u>220 FICA</u>	3,782
<u>4220 ARRA - IDEA Title VI,B Flow Thru funds</u>	4220	<u>1000 INSTRUCTION</u>	<u>615 EXPENDABLE EQUIPMENT</u>	8,187
<u>4220 ARRA - IDEA Title VI,B Flow Thru funds</u>	4220	<u>1000 INSTRUCTION</u>	<u>210 State Health Insurance</u>	4,338
<u>4220 ARRA - IDEA Title VI,B Flow Thru funds</u>	4220	<u>1000 INSTRUCTION</u>	<u>230 Teachers Retirement System</u>	5,089
<u>4220 ARRA - IDEA Title VI,B Flow Thru funds</u>	4220	<u>1000 INSTRUCTION</u>	<u>290 Other Employee Benefits</u>	84

Grant Name	CFDA No.	Grant Award Amount	Prime		
			Total Federal ARRA Funds Received	Total Federal Expenditures	Jobs
ARRA Stabilization Funds	84.394	\$ 571,077,111.00	\$ 364,504,194.00	\$364,504,194.00	8,240.80
Title I-A, Grants - ARRA	84.389	\$ 351,008,292.00	\$ 3,815,453.51	\$ 3,808,253.51	1,346.94
IDEA Part B Flow Through - ARRA	84.391	\$ 313,758,336.00	\$ 4,012,370.64	\$ 3,637,731.40	2,325.25
IDEA Part B, Preschool - ARRA	84.392	\$ 10,449,347.00	\$ 98,318.42	\$ 92,722.86	102.39
National School Lunch Program - ARRA Equipment	10.579	\$ 4,420,793.00	\$ 1,755,322.84	\$ 1,327,328.89	
Ed for Homeless Child & Youth Grants - ARRA	84.387	\$ 1,873,212.00	\$ -	\$ -	6.15
Title II-D, Ed tech - ARRA	84.386	\$ 22,044,403.00		\$ -	-
		\$ 1,274,631,494.00	\$ 374,185,659.41	\$373,370,230.66	12,021.53

# Formula for State Fiscal Stabilization Funds Jobs Retained (only)



*"We will lead the nation in improving student achievement."*

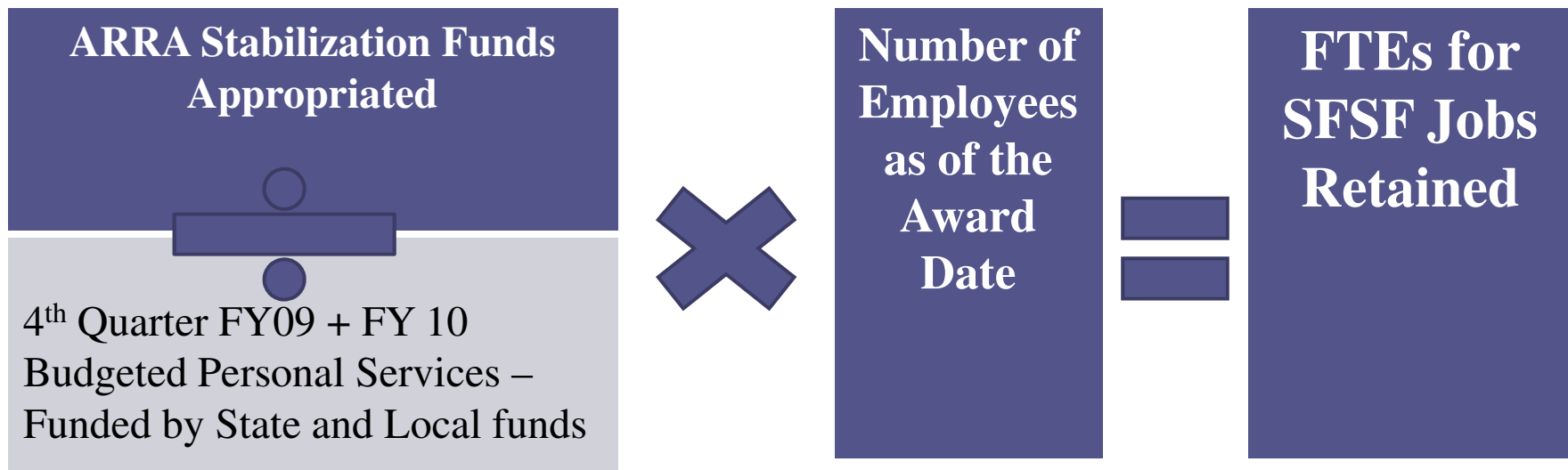
# ARRA – Job Calculation SFSF

- Problems with guidance originally given to LEA on the job calculation
- Numbers were too high
- New formula puts things more in line with the original guidance from May

## ARRA – Job Calculation SFSF

- Personal Services of certified staff from FY 2010 budget, FY 2009 actuals or FY 2008 actuals (whichever data was the most current)
- Excluded obvious non-certified positions
- Full time staff from March 2009 CPI report

# Formula for State Fiscal Stabilization Funds Jobs Retained (only) - Used



*“We will lead the nation in improving student achievement.”*



Grant Name	CFDA No.	Amount of SubAwards	Sub Awards Disbursed	Number of Vendors Reported over \$25,000	Amount of Vendor Payments Reported*
ARRA Stabilization Funds	84.394	\$ 571,077,111.00	\$ 364,504,194.00	1	\$ 26,260.00
Title I-A, Grants - ARRA	84.389	\$ 335,746,326.00	\$ 3,808,253.51	29	\$ 6,219,262.18
IDEA Part B Flow Through - ARRA	84.391	\$ 312,527,664.00	\$ 3,637,731.40	51	\$ 2,768,452.78
IDEA Part B, Preschool - ARRA	84.392	\$ 10,408,360.00	\$ 92,722.86	0	
National School Lunch Program - ARRA Equipment	10.579	\$ 4,370,019.00	\$ 1,327,328.89	39	\$ 1,256,351.95
Ed for Homeless Child & Youth Grants - ARRA	84.387	\$ 1,873,212.00	\$ -		
Title II-D, Ed tech - ARRA	84.386	\$ -	\$ -	-	
		\$ 1,236,002,692.00	\$ 373,370,230.66	120	\$ 10,270,326.91

# ARRA – Per Pupil Expenditures

- Requirement of the ARRA legislation is the reporting of per pupil expenditures for every school in FY 2009
- Using State and local funds
- The Department will use the existing DE46 data to calculate
- Once calculated, we will share and ask for your review

<b>Grant</b>	<b>CFDA No</b>	<b>Fund</b>	<b>Program</b>	<b>Revenue Source Code</b>
State Stabilization	84.394A	100	4110	4521
		100	4120	
		100	4130	
<b>EDUCATION FOR THE DISADVANTAGED</b>				
ARRA Title I - Grants to LEAs	84.389A	402	4210	4521
ARRA Title I - School Improvement A	84.389A	402	4212	4521
ARRA Title I - Delinquent Funds	84.389A	402	4214	4521
ARRA Title I - School Improvement	84.388	402	4215	4521
<b>STUDENTS WITH DISABILITIES</b>				
ARRA IDEA - Title VI, B	84.391A	404	4220	4521
ARRA IDEA - Preschool	84.392A	404	4225	4521
<b>OTHER GRANTS</b>				
ARRA School Lunch Equipment	10.579A	600	4260	4521
ARRA Education for Homeless Children and Youth	84.387	432	4262	4521
Title IID Ed Tech Grants	84.386	414	4264	4521
<b>OTHER GRANTS NOT THROUGH THE GADOE</b>				
Impact Aid (Section 8007)	84.404A	390	4310	4822
Cobra	NA	XXX	4320	4531
Head Start		514	4330	4531
Pre K		560	4340	4531

# Contact Information

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