Texas Performance Review Report FY 2018

Commendations	**0**
Met Requirements	**19**
Recommendations	**2**
Action Required	**3**

12 11 2018

U.S. Department of Education
Office of State Support
Office of Elementary and Secondary Education
400 Maryland Avenue, SW
Washington, DC 20202

Office of State Support Performance Review Process

The Office of State Support (OSS) provides coordinated policy development, performance management, technical assistance, and data analysis services through a State support team structure that deepens partnerships with States and more effectively supports their implementation of key reforms that will lead to improved outcomes for all students. OSS administers programs of financial assistance to State and local educational agencies (LEAs) and to colleges and universities. Under Title I of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA), OSS administers several Title I programs of supplementary instruction and other services. This includes the School Improvement Grants program authorized in section 1003(g) of Title I, Part A, of the ESEA, as amended by the No Child Left Behind Act of 2001 and the Improving Basic Programs Operated by LEAs under Title I of the ESEA, as amended by ESSA. Under Title II, Part A of the ESEA, OSS administers the Improving Teacher Quality State Grants. Under Title III of the ESEA, OSS administers the State Formula Grant Program for English Language Acquisition and Language Enhancement. OSS also administers the State Assessment Grant, Innovative Assessment and Accountability Demonstration Authority, and Flexibility for Equitable Per-Pupil Funding programs authorized in sections 1201, 1204, and 1501 of the ESEA.

OSS is organized specifically to provide high-quality performance management and support to State educational agencies (SEAs) in administering and leveraging the grant programs above, focusing on the SEA's quality of implementation while continually reducing the burden to the State in the exercising of the United States Department of Education's (the Department's) necessary stewardship and compliance role. Quarterly progress checks, Desk Reviews, and On-Site Reviews help ensure that SEAs are making progress toward increasing student achievement and improving the quality of instruction for all students through regular conversations about the quality of SEA implementation of OSS administered programs.

The goals of the OSS performance review process are to conduct a State-centered, performance-focused review of all OSS programs through a single, streamlined process that results in improved and strengthened partnerships between the Department and States, and encourages States to develop and effectively implement integrated and coherent consolidated State plans. To accomplish these goals, the OSS performance review process is organized by areas, which reflect the programmatic and fiscal requirements and priorities of OSS programs.

Performance Review Report

The Performance Review Report summarizes the results of the August 6 – August 10, 2018, OSS review of the Texas Education Agency's (TEA's) grant administration and fiscal management processes. The report is based on information provided through the review process, and other relevant qualitative and quantitative data. The primary goal of this review is to ensure that implementation of the four programs listed above is consistent with the fiscal, administrative, and select program requirements contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance: 2 Code of Federal Regulations (CFR) Part 200), the Education Department General Administrative Requirements (EDGAR), and the ESEA, as amended by the ESSA, and, where applicable, NCLB. In addition, the review covers State internal controls related to data quality and reporting and encompasses

those fiscal and data reporting requirements applicable to the covered programs under both NCLB and the ESSA.[1]

[1] To ensure that the OSS performance review process did not interfere with an SEA's transition to the ESSA requirements, in fiscal years (FYs) 2015 and 2016 the OSS reviewed for compliance fiscal and select program requirements applicable to covered programs under NCLB and ESSA, as well as the uniform administrative requirements and general management systems of SEAs. The number of program requirements under review increased in subsequent years and will result in a comprehensive review of fiscal and program requirements in FY 2019. Because this report of FY 2018 summarizes the results of a non-comprehensive set of ESSA and, where applicable, NCLB compliance requirements, the issuance of this report does not preclude other Department program offices, or independent auditors, from identifying areas of noncompliance that are not outlined in this report. In addition, as part of the FY 2018 Performance Review the OSS asked Texas to complete a self-assessment and provide supporting documentation on the State's implementation of a number of accountability-related requirements in the 2017-2018 school year. Recognizing that many States were not yet implementing their new accountability systems in alignment with new requirements under the ESEA, as amended by ESSA, or their approved State Plans in the 2017-2018 school year, the OSS only reviewed sections of the self-assessment and documentation that related to requirements that were applicable in the 2017-2018 school year. As a result, this report does not include an analysis of State implementation, in the 2017-2018 school year, of the State Plan, Annual Meaningful Differentiation, 1003(a) School Improvement, Support and Improvement Plans, Long-Term Goals and Measurements of Interim Progress, Identification of Schools, and Continued Support for School and LEA Improvement sections of the monitoring protocol.

Section I: State Overview

As part of this document the OSS includes relevant State background information as a way of providing context for the review conversation. All data presented in Section I are reported by grantees to either the National Center for Education Statistics (NCES), Common Core of Data (CCD), or through standard oversight activities.

Section II: Grant Administration and Fiscal Management Performance Evaluation

The information provided in Section II is intended to help a State quickly assess whether there are sufficient capacities, infrastructure, and resources allocated to State activities by area, in a manner that enables the State to achieve its strategic goals for the reviewed Federal programs. The section provides the State and the OSS' rating of performance on grant administration of applicable Title I, Part A; Title II, Part A; Title III, Part A; and School Improvement Grant programs in FY 2017. Each area rating is a reflection of how a State is addressing fiscal and cross program requirements. The State rating column is populated based on the self-assessment completed by the State prior to the review. OSS' analysis for each area is primarily based on evidence submitted by the State in the form of answers to the self-assessment questions, documents submitted by the State prior to the review, and the responses provided to questions during the review.

OSS' rating is also informed by evidence collected through public sources and other components of the performance review process. In some cases area ratings may overlap (e.g., Risk Assessment and Procurement) and feedback is provided in the cross-cutting subsection that appears at the end of Section II.

Ratings are based on a four-point scale, for which "met requirements with commendation" represents high quality implementation where the grantee is exceeding expectations; "met requirements" indicates that work is of an acceptable quality and the grantee is meeting expectations; "met requirements with recommendations" indicates there are quality implementation concerns and some improvements could be made to ensure the grantee continues to meet expectations; and "action required" indicates there are significant compliance or quality concerns that require urgent attention by the SEA and will be revisited until the State has remedied the issue.

Section III: Met Requirements with Commendation

This section highlights the areas where the State has exceeded requirements and is commended on the grant administration and fiscal management as identified in Section II of this report (*i.e.*, those areas categorized as "met requirements with commendation"). In addition, this section provides an opportunity for the OSS to highlight those areas where the State has implemented an innovative or highly successful system or approach. In these areas, the OSS is not recommending or requiring the State to take any further action.

Section IV: Met Requirements

This section identifies those areas where the OSS has determined that the State has met basic requirements of grant administration and fiscal management and is implementing those requirements in a satisfactory manner as identified in Section II of this report (*i.e.*, those areas categorized as satisfactory quality, "met requirements"). The description of satisfactory implementation by relevant area and requirement is an indication of an acceptable implementation quality level. In these areas, the OSS is not recommending or requiring the State to take any further action.

Section V: Met Requirements with Recommendations

This section identifies those areas where the OSS has quality implementation concerns related to grant administration and fiscal management as identified in Section II of this report (*i.e.*, those areas categorized as quality concerns, "met requirements with recommendations"). In these instances, the OSS is determining that the State is currently complying with requirements, but that improvements could be made to improve the efficiency or effectiveness of operations. Identified issues are grouped according to relevant area and requirement, with citations provided. For each issue listed, the OSS will provide a recommendation for improvement, but is not requiring the State to take any further action.

Section VI: Action Required

This section identifies those areas where the OSS has "significant compliance and quality concerns" (corresponds to "action required" in Section II). For those issues the OSS will outline the current practice, the nature of noncompliance, and the required action. Documentation of required action must be provided to the OSS within thirty (30) business days of the receipt of the final Performance Review Report.

State Overview[2]

COVERED GRANT PROGRAMS

TITLE I, PART A; TITLE II, PART A (TITLE II); TITLE III, PART A (TITLE III), SCHOOL IMPROVEMENT GRANTS (SIG)

STUDENT CHARACTERISTICS

Enrolled:	5,301,477	Limited-English Proficiency:[3]	17%
In Title I Schools:[4]	63.2%	Eligible for Free & Reduced Lunch:	59%

RACIAL/ETHNIC BACKGROUND (%)

White:	28.5	Asian or Pacific Islander:	4
Hispanic:	52.2	American Indian/Alaskan Native:	0.4
Black:	12.6	Native Hawaiian/Other Pacific Islander:	0.1

SCHOOL & LEA CHARACTERISTICS

LEAs:	1,266	FTE Teachers:	347,328
Schools:	9,385	Per-Pupil Expenditures:[5]	$8,602
Charter Schools:	701		

FEDERAL FUNDING[6]

Total:	$1,745,326,581	Title III, Part A:	$112,249,586
Title I, Part A:	$1,421,809,894	SIG[7]:	$42,108,003
Title II, Part A:	$169,159,098		

[2] Data Source: The Department, CCD, 2015-2016 school year, unless otherwise noted (see http://eddataexpress.ed.gov/ and http://nces.ed.gov/ccd/elsi/ for additional information).
[3] Data from 2014-2015.
[4] Schools eligible for Title I, Part A schoolwide programs are also included in the count of all Title I, Part A eligible schools. A Title I, Part A eligible school is one in which the percentage of children from low-income families is at least as high as the percentages of children from low-income families served by the LEA as a whole or because 35 percent or more of the children in the school are from low-income families. A schoolwide Title I, Part A eligible school has a percentage of low-income students that is at least 40 percent. Data is from 2014-2015.
[5] Data Source: The Department, NCES, CCD, "National Public Education Financial Survey (State Fiscal)", 2013-2014 (FY 2014), v.1a. (see http://nces.ed.gov/ccd/elsi/ for additional information).
[6] FY 2017 funds included above are from OSS administered programs that allocate funds to States using a statutory formula. The totals do not reflect all Department funds that flow to a State. States and other entities may also receive funds from grants that are awarded on a competitive basis.
[7] FY 2016

NAEP Average Scale Scores by Grade & Year

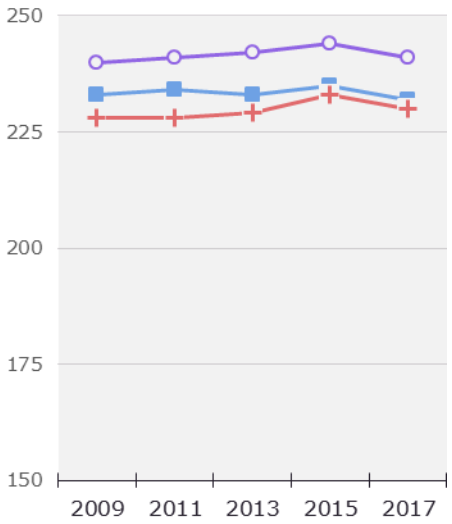
The National Assessment of Educational Progress (NAEP) is the largest nationally representative and continuing assessment of what America's students know. The NAEP mathematics and reading scales range from 0–500.

All
Low-income students
EL students

Grade 4

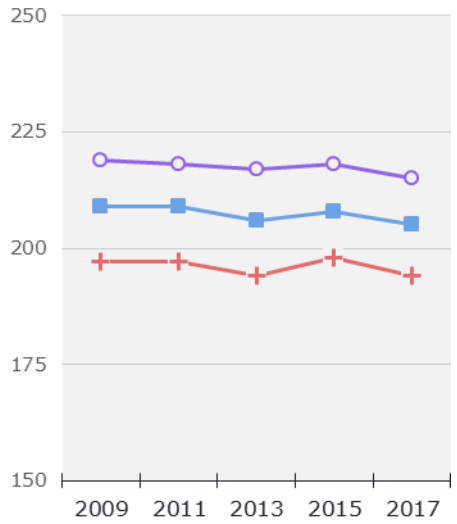
Math

Proficient ≥ 249



Reading

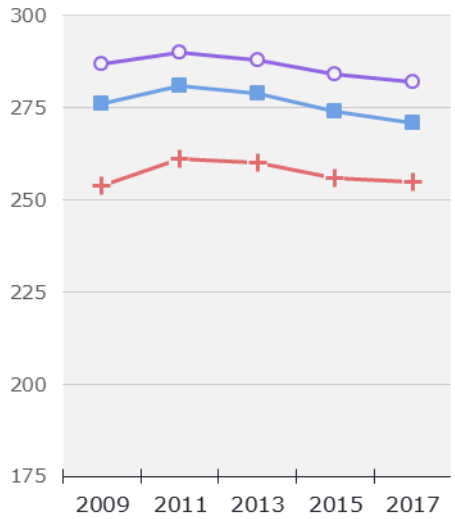
Proficient ≥ 238



Grade 8

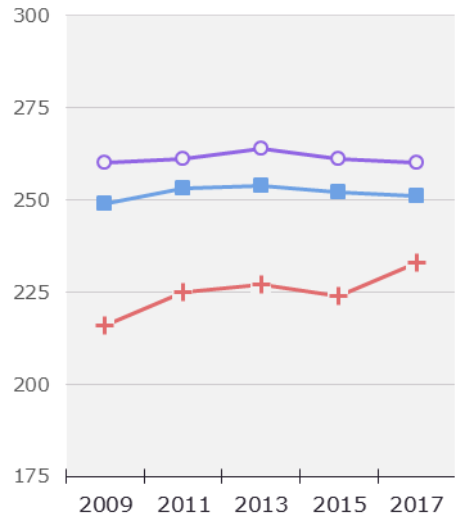
Math

Proficient ≥ 299



Reading

Proficient ≥ 281



	All	Low-Income	EL
2009	240	233	228
2011	241	234	228
2013	242	233	229
2015	244	235	233
2017	241	232	230

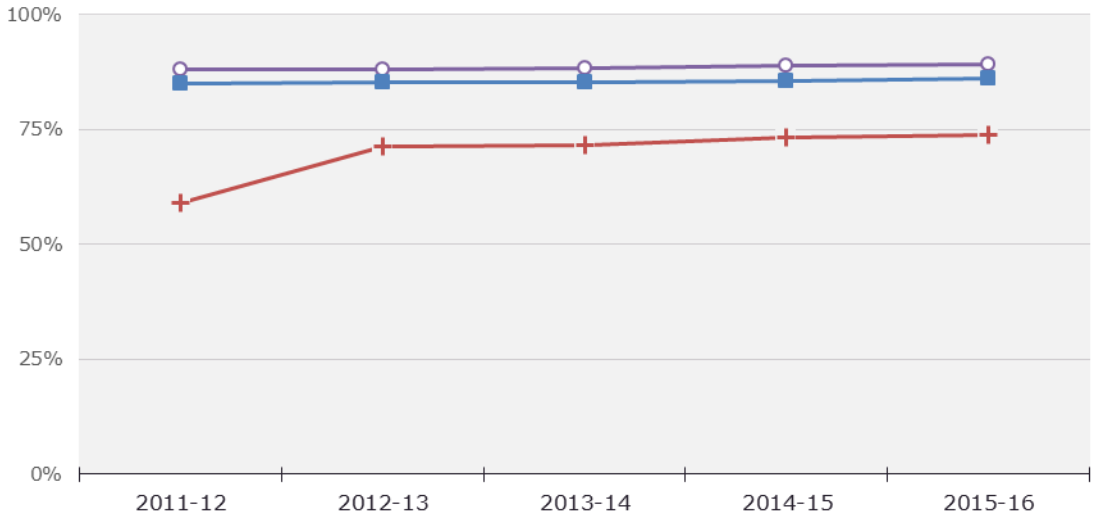
	All	Low-Income	EL
2009	219	209	197
2011	218	209	197
2013	217	206	194
2015	218	208	198
2017	215	205	194

	All	Low-Income	EL
2009	287	276	254
2011	290	281	261
2013	288	279	260
2015	284	274	256
2017	282	271	255

	All	Low-Income	EL
2009	260	249	216
2011	261	253	225
2013	264	254	227
2015	261	252	224
2017	260	251	233

ADJUSTED COHORT GRADUATION RATE (ACGR) BY SCHOOL YEAR

The four-year adjusted cohort graduation rate is the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for the graduating class. From the beginning of 9th grade (or the earliest high school grade), students who are entering that grade for the first time form a cohort that is "adjusted" by adding any students who subsequently transfer into the cohort and subtracting any students who subsequently transfer out, emigrate to another country, or die. There are some differences in State implementation of the ACGR requirements, leading to the potential for differences across in how rates are calculated. See http://www2.ed.gov/admins/lead/account/consolidated/index.html for additional information on interpreting this data)



	All	Low Income	EL
2011-12	88.0%	85.0%	59.0%
2012-13	88.0%	85.2%	71.3%
2013-14	88.3%	85.2%	71.5%
2014-15	89.0%	85.6%	73.3%
2015-16	89.1%	86.0%	73.7%

SECTION II

Grant Administration and Fiscal Management Evaluation

Dates of Review	August 7 – August 10, 2018
Reviewers	Erin Shackel (Office of State Support) Dan Behrend (Office of State Support) Stephanie Choroser (Office of State Support) Patrick Rooney (Office of State Support) John Keefer (Management Support Unit) Shane Morrisey (Management Support Unit)
LEA Participants	San Antonio Independent School District (San Antonio, TX) Edgewood ISD, Region 20 (Edgewood, TX)
Current Grant Conditions	Title I, Part A: As noted in the letter the Department sent to TEA on October 30, 2018, the State has not yet demonstrated that its standards and assessment system meets all ESEA requirements. The State must submit evidence satisfying the items identified in that letter. Title II, Part A: None Title III, Part A: None SIG: None
Outstanding Findings	Title I, Part A: None Title II, Part A: None Title III, Part A: None SIG: None
High Risk Status	Not Applicable

Assessment Criteria Key

●●●●	●●●○	●●○○	●○○○
Met requirements with commendation	**Met requirements**	**Met requirements with recommendation**	**Action required**
High quality implementation & compliance.	Satisfactory implementation & compliance.	Satisfactory compliance with quality concerns.	Significant compliance & quality concerns.

		SEA	OSS
Accounting Systems and Fiscal Controls	**A**	●●●○	●●●○
Period of Availability and Carryover	**B**	●●●○	●●●○
Internal Controls (Control Environment and Control Activities)	**C**	●●●○	●●●○
Audit Requirements	**D**	●●●○	●●○○
Records and Information Management	**E**	●●●○	●●●○
Equipment Management	**F**	●●●○	●●●○
Personnel	**G**	●●●○	●●●○
Procurement	**H**	●●●○	●●●○
Indirect Costs	**I**	●●●○	●●●○
Charter School Authorization and Oversight	**J**	●●●○	●●●○
Reservations and Consolidation	**K**	●●●○	●●●○
Budgeting and Activities	**L**	●●●○	●●●○
Allocations	**M**	●●●○	●●●○
Risk Assessment	**N**	●●●○	●●●○
Subrecipient Monitoring	**O**	●●●○	●○○○
LEA Support and Guidance	**P**	●●●○	●●○○
Supplement Not Supplant	**Q**	●●●○	●●●○
Maintenance of Effort (MOE)	**R**	●●●○	●●●○
Comparability	**S**	●●●○	●●●○
Equitable Services	**T**	●●●○	●●●○
Data Quality	**U**	●●●○	●●○○
Transparency and Data Reporting	**V**	●●●○	●○○○
Public School Choice	**W**	●●●○	●●●○

Indicators	**X**	●●●○	●○○○

SECTION III

Met Requirements with Commendation

No areas reviewed were identified for commendation.

SECTION IV

Met Requirements

A.

ACCOUNTING SYSTEMS AND FISCAL CONTROLS

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REQUIREMENT SUMMARY

An SEA shall expend and account for Federal funds in accordance with State laws and procedures for expending and accounting for State funds. State accounting systems must satisfy Federal requirements regarding the ability to track the use of funds and permit the disclosure of financial results. SEAs must have written procedures for determining cost allowability and must maintain effective control over all funds.

Uniform Guidance 2 C.F.R. 200.302

EDGAR 34 C.F.R. 76.702

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DESCRIPTION OF SATISFACTORY IMPLEMENTATION

To help ensure that it only uses Federal funds for allowable costs TEA fills out a finance approval form which lays out the requirements for a given grant program. Multiple levels of review are also utilized to confirm that funds will only be used for allowable costs. Additionally, “allowability” is an area that TEA looks at when conducting subrecipient monitoring. During monitoring, TEA also provides guidance and technical assistance to LEAs regarding the management of Federal funds.

TEA regularly reviews its obligations and expenditures to ensure it releases grant funds properly and timely. On a monthly basis, TEA posts a report on its website with information regarding expenditures and fund balances. In addition, TEA conducts monthly meetings to review accounts to ensure it is providing appropriate resources to TEA’s divisions and are communicating regularly with LEAs.

B.

PERIOD OF AVAILABILITY AND CARRYOVER

REQUIREMENT SUMMARY

The SEA may only charge a grant program for allowable costs incurred during the period of availability and any pre-award costs that have been authorized by the Department. Unless the Department authorizes an extension, the SEA shall liquidate all obligation incurred under the award not later than 90 calendar days after the end date of the performance period. If the SEA fails to obligate all funds by the end of the award year, it can "carryover" the remaining funds for a period of one additional fiscal year. Any funds not obligated by the end of the carryover period shall be returned by the SEA to the Federal government as an unobligated balance.

Uniform Guidance 2 C.F.R. §200.309 and §200.343(b)

EDGAR 34 C.F.R. §76.707 and §76.709

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

The period of availability for grant funding is established within TEA's financial management system based on dates outlined in the Finance Approval Forms (FAFs) and Funding Source Abstracts (FSAs) created for each award. Each award is provided with a unique code within the financial management system which can only be used for posting transactions during the dates provided in the FAFs and FSAs. By utilizing the reporting function for each award code within the financial management system, TEA is able to monitor spending levels on each award and track carryover balances during the award period. To ensure that all carryover funds are expended prior to the expiration of the carryover period, TEA uses an expenditure transfer voucher process to manually allocate expenditures to the oldest available funds based on the obligation date of the expenditure.

To ensure subrecipients are aware of the period of availability for each grant award, every Notice of Grant Award (NOGA) TEA provides to LEAs clearly lists the period of performance for the award and outlines the requirement that funds be obligated during that period. Subrecipient grant draws are processed through TEA's Expenditure Reporting system which includes the service period for each drawdown request, allowing TEA to verify that obligations were incurred during the period of availability. Conversations with LEAs during the review confirmed that TEA provides clear notice of the period of availability and carryover requirements for all awards, monitors LEA award balances throughout the award period, and follows-up when LEAs are not spending funds timely.

C.

INTERNAL CONTROLS

REQUIREMENT SUMMARY

The SEA shall establish and maintain a system of effective internal controls over Federal awards that provides reasonable assurance that the SEA is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards. These internal controls should be in accordance with guidance stated in the "Standards of Internal Control in the Federal Government" (GAO Green Book) or the "Internal Controls Integrated Framework" (Treadway Commission).

Uniform Guidance 2 C.F.R. §200.303

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

TEA's internal audit division periodically conducts a risk assessment of agency functions, activities, and operational data, reviewing compliance with laws, regulations, rules, and operating procedures, and issuing internal audit reports. Additionally, TEA has "detective controls" in place (e.g., exception reports, reconciliation procedures, and reviews) to ensure that any risks can be identified and resolved in a timely manner.

E.

RECORDS AND INFORMATION MANAGEMENT

REQUIREMENT SUMMARY

An SEA shall keep records that fully show the amount of funds under a grant award or subgrant, how the SEA used the funds, the total costs of Federally supported projects, the share of costs provided from other sources, records to show compliance with program requirements, and any other records needed to facilitate an effective audit. An SEA shall also take reasonable measures to safeguard and protect personally identifiable information (PII). PII is information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual

Uniform Guidance 2 C.F.R. 200.79, 200.303(e), §200.333, §200.336(a)

EDGAR 34 C.F.R. §76.730-731

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

TEA has a Records Management Officer (RMO) who administers the records management program and serves as the agency's liaison to the Texas State Library and Archives Commission. TEA also has a Records Manager (RM) who manages the records management program in coordination with the RMO. Additionally, each division within TEA has a Records Management Division Coordinator who is the liaison with the RM and RMO. Additionally, access to TEA's information system requires multiple approvals, both internal and external vulnerability testing of the system is performed on a monthly basis, and a written remediation plan is required for any identified vulnerabilities.

F.

EQUIPMENT MANAGEMENT

REQUIREMENT SUMMARY

An SEA shall use, manage and dispose of equipment and supplies purchased using Federal funds in accordance with all relevant State laws and procedures. SEAs shall also ensure that equipment and supplies are used only for authorized purposes of the project during the period of performance (or until no longer needed).

Uniform Guidance 2 C.F.R. §200.313-314

GAO Green Book Principle 10.03

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

TEA operates under a robust set of equipment and supplies management policies, including procedures for receiving, inventorying, and disposing of equipment and supplies purchased using Federal funds. Under TEA procedures, an annual physical inventory is conducted of all items regardless of funding source, with each TEA division responsible for completing a full inventory of all items assigned to the division in TEA's property records. To ensure that LEAs comply with all applicable Federal requirements pertaining to the use and disposition of equipment, TEA provides LEAs with guidance covering applicable requirements and monitors LEA management and use of Federally funded equipment during subrecipient monitoring activities.

G.

PERSONNEL

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REQUIREMENT SUMMARY

An SEA shall ensure that charges to Federal awards for salaries are based on records that accurately reflect the work performed. These records must be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated.

Uniform Guidance 2 C.F.R. §200.430

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DESCRIPTION OF SATISFACTORY IMPLEMENTATION

TEA's Budget and Planning Division manages the time and effort reporting application system. This system documents the time entered by staff members spent on Federally funded activities to ensure personnel charges reflect an accurate distribution of the work performed. TEA's Budget and Planning Division also prepares reports for management that compare actual effort to the budgeted funding. Quarterly or semi-annual reviews are also performed to identify delinquent reporting.

H.

PROCUREMENT

REQUIREMENT SUMMARY

An SEA shall ensure that all relevant State procurement procedures are followed when procuring goods and services using Federal funds. An SEA must also maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specification of their contracts.

Uniform Guidance 2 C.F.R.§200.317, §200.322, and §200.326

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

TEA maintains comprehensive procurement procedures that outline both Statewide and agency-specific procurement requirements and processes. The documented procedures cover all phases of the procurement process, including prohibitions against conflicts of interest and other ethics requirements, and outline the conditions for renewals and contract amendments. Following the completion of procurement transactions, TEA policies require program staff to monitor contract performance, ensure the receipt of acceptable goods or services, and complete required formal contractor evaluations.

Evaluation of subrecipient compliance with procurement requirements is a significant emphasis in TEA subrecipient monitoring activities. During subrecipient monitoring, program monitors review an LEA's documented procurement procedures and a sample of procurement transactions to verify that they were conducted in accordance with the procedures as well as Federal and State procurement requirements.

I.

INDIRECT COSTS

REQUIREMENT SUMMARY

An SEA shall ensure that indirect costs are only charged at the correct indirect cost rate. An indirect cost is a cost that is incurred for the benefit of the entire organization.

Uniform Guidance 2 C.F.R. §200.414

EDGAR 34 C.F.R. §76.560-569

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

TEA's Budget Division uses an FSA for each Federal grant awarded. The FSA includes indirect cost information for TEA which is based on the indirect cost rate approved by the Department. The Budget Division verifies the indirect cost rate in the FSA, and then records the rate in TEA's accounting system. In addition, the NOGA issued to the LEA includes the LEA indirect cost rate and TEA's system will not allow an LEA to exceed the allowed indirect cost rate when making charges.

J.

CHARTER SCHOOL AUTHORIZATION AND OVERSIGHT

REQUIREMENT SUMMARY

The SEA provides information on OSS programs (i.e., allocations; applications; and requirements, including requirements for proper disposition of equipment and property) to all charter schools and LEAs and Charter Management Organizations (CMOs) or Education Management Organizations (EMOs) that oversee charter schools, has established internal controls related to the charter schools' relationships with their CMOs/EMOs, and has clear procedures that are systematically monitored for orderly closure, where applicable.

ESEA §1122(c) and 1125A(g)(3)

EDGAR 34 C.F.R. §74.42, §74.45-46, §74.48, §75.525(a), §75.525(b), and §80.36(b)

Uniform Guidance 2 C.F.R. §200.318(c)

Final Audit Report: ED-OIG/A02M0012

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

In the State of Texas, charter schools may be authorized by an LEA or the State. After a charter request is initially approved, TEA requires the submission of an amendment to an authorized charter where a charter LEA desires to increase enrollment beyond an already approved maximum enrollment level, allowing the SEA to identify which charters have seen significant expansion for the purposes of ensuring that charters receive full program allocations. Once a charter LEA has begun serving students, TEA utilizes the same methods as with traditional LEAs to communicate grant opportunities, obtain program eligibility data and review program applications, provide support and guidance for grant administration, and monitor grant implementation. In the event of charter closure, TEA utilizes a clearly documented charter closure protocol to ensure that all requirements are met during charter closure and that all assets and funds are properly accounted for, collected, and redistributed (where necessary).

K.

RESERVATIONS AND CONSOLIDATION

REQUIREMENT SUMMARY

The SEA shall ensure that the amount of program funds reserved for administration and other State activities does not exceed statutory limits for each program. SEAs are permitted to consolidate the administrative set-asides from several ESEA programs (Title I, Title IIA, Migrant Education Program, Negligent and Delinquent Youth Program, Rural and Low Income Schools Program, and the 21st Century Community Learning Centers Program) in order to administer them collectively.

ESEA §1003(a), §1003(g)(8), §1004(a)(1), §2113(c), §2113(d), §3111(b)(3), and §9201(a)

EDGAR 34 C.F.R. 299.4

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

TEA uses the statutory requirements to calculate consolidated reservations for administration and State-level activities. Through TEA's financial management system, FAFs are updated with program and finance deputy commissioner approvals, after which funds can be obligated. The FAF also includes the funds reserved for administration and is reviewed by TEA staff and associate commissioner prior to deputy commissioner approval.

TEA incorporates the statutory requirements for reservations in TEA's FSA. Whenever TEA develops or amends an FSA, it is reviewed by grant managers and program supervisors to ensure compliance with statutory limits. TEA's financial systems allow TEA to calculate and track reservations, including tracking consolidated administrative expenditures.

LEAs submit applications to TEA through a uniform, consolidated application system, through which TEA reviews LEA reservations, including the option to consolidate administrative funds.

L.

BUDGETING AND ACTIVITIES

REQUIREMENT SUMMARY

An SEA and its subrecipients can only use program funds for allowable costs, as defined in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements (2 C.F.R. §200), which include, among other things, the requirement that costs be reasonable and necessary for the accomplishment of program objectives.

Uniform Guidance 2 C.F.R. §200.403-408 and §200.420-475

EDGAR 34 C.F.R. §76.530

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

During budget preparation, TEA program and fiscal staff coordinate to ensure that budgeted funds are used for allowable activities. This budget process includes the development of the FAF, which is reviewed by program staff, supervisors, the Associate Commissioner for Department Contracts, Grants, and Financial Administration, and deputy commissioners from both the program and finance divisions. TEA provides TEA and LEA staff with guidance on allowable and unallowable activities.

TEA's consolidated LEA application contains prepopulated allowable uses of funding, which allows TEA staff to focus their review on other uses proposed by LEAs. TEA uses a two-tiered review process and standardized checklists to review each application. TEA negotiators conduct an initial review and contact LEAs and program offices when there are questions around allowable uses of funds. The LEA's risk assessment status (low, medium, or high) determines which review protocol the TEA negotiator uses. Following TEA negotiators completing their review, TEA supervisors review the applications. TEA uses the same process to review amendments. TEA also utilizes their e-grants system to conduct automated checks on LEA applications.

TEA provides guidance to LEAs through its website, regular trainings, educational support centers, and individualized technical assistance. TEA encourages LEAs to coordinate program funds and began to collect information in the consolidated application with the plan to use the data collected to assess LEA progress on meeting Specific, Measurable, Attainable, Relevant, Time-bound (SMART) goals.

M.

ALLOCATIONS

REQUIREMENT SUMMARY

SEAs shall ensure that, when subawarding funds to LEAs or other subrecipients, it makes subawards in accordance with applicable statutory requirements (including requirements related to the process for subawarding funds and the amounts to be subawarded to individual subrecipients).

ESEA §1124, §1124A, §1125, §1126(b), §2121, §2122(a), §2132, §3111(b)(1), §3114, §3116(a), §1003(g)(5), and §1003(g)(7)

EDGAR 34 C.F.R. §76.50-51, §76.300, and §76.789

DESCRIPTION OF SATISFATORY IMPLEMENTATION

TEA follows written policies and procedures to calculate subaward amounts for covered programs. TEA uses Department data, Public Education Information Management System (PEIMS) data for existing schools, and enrollment data at new charter schools to create a census poverty calculation. TEA uses two systems (SAS and SQL) to confirm the accuracy of allocations. TEA provides LEAs with an estimated allocation, preliminary allocation, and a final allocation in a timely manner. TEA links its allocation system with its e-grants system to send alerts and notices to LEAs. TEA reviews LEA within-district allocations during its application review and negotiators provide notes to the LEA when errors are found.

N.

RISK ASSESSMENT

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REQUIREMENT SUMMARY

In order to determine the appropriate method and level of subrecipient monitoring, an SEA shall evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward.

Uniform Guidance 2 C.F.R. §200.331(b)

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DESCRIPTION OF SATISFACTORY IMPLEMENTATION

TEA assesses LEAs using 11 risk indicators and assigns risk levels of low, medium, or high. An LEA's risk assessment determines the protocols used and the scope of review for applications and subrecipient monitoring. In addition to publishing information regarding the risk indicators and risk assessment process, TEA publishes each LEA's risk assessment.

P.

LEA SUPPORT AND GUIDANCE

REQUIREMENT SUMMARY

An SEA shall have procedures for providing technical assistance and evaluating how project funds were spent, if they were spent in compliance with statutes and regulations, and if expected outcomes were achieved as a result of spending.

EDGAR 34 CFR 76.770

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

TEA uses established procedures for reviewing and approving LEA consolidated applications, which includes regular feedback and technical assistance. TEA provides multiple statewide conferences where it offers trainings on Federal requirements. TEA's 20 regional educational service centers also provide training and technical assistance to LEA staff. TEA publishes handbooks, FAQs, and other guidance documents, which are available on its website. TEA surveys LEAs for technical assistance needs and incorporates common findings during its monitoring in its guidance and technical assistance.

Q.

SUPPLEMENT NOT SUPPLANT

REQUIREMENT SUMMARY

The State and its subgrantees must ensure that funds from the Title I, Part A, Title II, Part A and Title III, Part A programs are used to supplement not supplant State and local funds (as well as other Federal funds for the Title III, Part A program).

ESEA §1114(a)(2)(B), §1120A(b), §2113(f), §2123(b), and §3115(g)

EDGAR 34 C.F.R. §200.79

DESCRIPTION OF SATISFACTORY IMPLEMENTATION[8]

TEA reviews LEA applications for compliance with supplement, not supplant requirements during initial submission and through review of amendments. TEA includes supplement, not supplant requirements in its guidance, including a Supplement Not Supplant Handbook, and annual trainings. TEA developed guidance documents and PowerPoint presentations for its educational service centers to use when providing LEAs with technical assistance and training.

[8] Due to the timing of the review, requirements for supplement, not supplant were evaluated according to requirements outlined in NCLB. The Department provided flexibility to meet the supplement, not supplant requirements for the ESEA as amended by ESSA until the 2018-2019 school year. (https://www2.ed.gov/policy/elsec/leg/essa/snstransition126.pdf)

R.

MAINTENANCE OF EFFORT

REQUIREMENT SUMMARY

An SEA shall ensure that each LEA shall have an amount of funding not less than 90% of the amount available the preceding year.

ESEA §9521

EDGAR 34 C.F.R. 299

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

TEA calculates whether LEAs satisfy maintenance of effort requirements on an annual basis. TEA notifies LEAs whether they satisfied the requirements and provides LEAs that fail to meet maintenance of effort requirements with guidance on how to submit a waiver request to the Department. TEA provides guidance on maintenance of effort requirements through its annual conferences and its handbooks, and by providing information publicly available on its website.

S.

COMPARABILITY

REQUIREMENT SUMMARY

The SEA may only provide Title I, Part A funds to an LEA if State and local funds will be used in schools served by Federal programs to provide services that, on the whole, are at least comparable to services in schools that are not receiving Title I funds.

ESEA §1120A(c)

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

TEA contacts LEAs in October to complete a Comparability Assurance Document using an online survey tool, where the LEA indicates whether the LEA is exempt or not. TEA cross-checks its consolidated data to determine whether the LEA's indication of exemption status is accurate. LEAs that are not exempt use the Comparability Calculation Tool to calculate comparability. The calculation using this tool is typically due in early November. TEA provides a handbook and trainings on comparability and trains educational service centers to provide LEAs with technical assistance. LEAs that do not satisfy comparability must come into compliance. TEA reviews half of LEAs each year to ensure compliance and typically completes this process in January through March.

T.

EQUITABLE SERVICES

REQUIREMENT SUMMARY

An SEA shall ensure that LEAs use Federal funds to provide benefits to eligible children enrolled in private schools and to ensure that teachers and families of participating private school children participate on an equitable basis.

ESEA §1117, §8501

ESEA Regulations 34 C.F.R. 299.6, 34 C.F.R. 299.9

Title I Regulations 34 C.F.R. 200.62-67

EDGAR 34 C.F.R. 76.661

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

TEA includes a schedule in its consolidated application that is used to generate an LEA's estimated equitable services amount. LEAs submit affirmation forms signed by private school representatives that the LEA conducted timely and meaningful consultation. In addition to providing LEAs with equitable services amounts and asking LEAs to share the information with private schools, TEA posts the amounts on its website and notifies private school organizations. TEA provides guidance on equitable services requirements through handbooks and other information available on its website and through and trainings to LEAs.

W.

PUBLIC SCHOOL CHOICE

REQUIREMENT SUMMARY

An LEA may provide all students that are enrolled in a school identified by the State for comprehensive support and improvement in accordance with ESEA section 1111(c)(4)(D)(i) with the option to transfer to another public school served by the LEA, unless prohibited by State law. The LEA must permit the student who transfers to another school to remain in that school until the student has completed the highest grade at that school. In providing students the option to transfer to another public school, the LEA must give priority to the lowest-achieving students from low-income families.

ESEA §1111(d)(1)(D)

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

The Texas Education Code Subchapter B Assignments and Transfers Section 25.031 allows for public school choice and is more encompassing than the option provided in the ESEA's public choice provision for students enrolled in a school identified for comprehensive support and improvement. At the time of the review, the State was considering whether to issue additional guidance on public school choice.

SECTION V

Met Requirements with Recommendation

D.

AUDIT REQUIREMENTS

REQUIREMENT SUMMARY

An SEA is responsible for both resolving the audit findings of subrecipients and for conducting audit follow-up activities and corrective actions for findings from the SEA's yearly Single Audit. An SEA is also required to ensure that subrecipients who meet the audit threshold are audited and the audits are reported according to established timelines.

Uniform Guidance 2 C.F.R. §200.303(d)(2), §200.331(d)(3), §200.331(f), §200.511(a), §200.512, and §200.521(c)

ISSUE

During the review, TEA provided evidence that it monitors audit submissions and follows up with an LEA that fails to submit its audit in accordance with established timelines. Once audits are received, TEA identifies any potential Federal program findings and issues management decision letters for each finding, outlining corrective actions required and the amount of funds to be repaid (where applicable). TEA staff ensures that documentation of the completion of corrective action is obtained prior to closure of any audit findings. Audit data and information pertaining to audit findings is then used to inform subrecipient monitoring activities through TEA's subrecipient risk assessment process.

However, while TEA provided evidence demonstrating components of its audit resolution process and provided verbal descriptions of the process during the review, the SEA did not provide documented procedures capturing the agency's process for monitoring audit submission and resolving subrecipient audit findings for Federal programs. Documented procedures are an important form of internal control, facilitate the process of identifying needed improvements in procedures, and are important for ensuring consistency in operations.

RECOMMENDATION

The Department recommends that TEA develop documented standard operating procedures (SOPs) capturing its subrecipient audit tracking and resolution procedures. Such procedures could help ensure that TEA consistently identifies and resolves subrecipient audit findings in accordance with established timelines, particularly during times of unexpected transitions.

U.

DATA QUALITY

REQUIREMENT SUMMARY

An SEA is required to have appropriate procedures in place to ensure that the data reported to the public and the Department are high quality (i.e., timely, complete, accurate, valid, and reliable).

ESEA §1111(h)(4)

Government Accountability Office's "Standards for Internal Control in the Federal Government" (GAO Green Book)

Uniform Guidance 2 CFR 200.303 and 2 CFR 200.328(b)

OMB Circular A-133 Compliance Supplement: Department of Education Cross-cutting Section

Final Audit Report: ED-OIG/A06O0001

ISSUE

To ensure data reported by TEA are of high quality, edit checks are included within the data submission systems, including warning flags for users, with the goal of preventing inaccurate data from being submitted. TEA also requires certification of its data by an authorized LEA official and conducts desktop monitoring of LEA data submissions at the end of the school year. LEAs with repeated data quality issues may be referred to the TEA monitoring team for additional scrutiny.

Although TEA follows its procedures to ensure high quality data, school year 2016-2017 data on its Individual Graduation Committee (IGC) graduates suggest that TEA may want to apply greater scrutiny to its high school diploma reporting requirements.[9] In Texas, students who fail no more than two of the five end-of-course exams that the State requires them to pass in order to graduate are eligible to earn their high school diploma through an IGC process. A student receiving special education services is not subject to IGC requirements; and Texas law extended the IGC requirements through the 2018-2019 school year. TEA data show that 25.4 percent of English learner graduates earned their high school diploma through the IGC process during the 2016-2017 school year, whereas other reported subgroups had graduates earn their diplomas through the IGC process at rates ranging from 1.1 to 5.2 percent.

[9] Under ESEA §8101(43), the term regular high school diploma means, "the standard high school diploma awarded to the preponderance of students in the State that is fully aligned with State standards, or a higher diploma, except that a regular high school diploma shall not be aligned to the alternate academic achievement standards described in section 1111(b)(1)(E)…"

RECOMMENDATION

The Department recommends that TEA monitor its LEAs' IGC processes to ensure that students from all subgroups are held to the same standards, especially given the IGC data showing that a disproportionate percentage of English learners, as compared to other subgroups of students, are earning their high school diplomas through the IGC process.

SECTION VI

Action Required

O.

SUBRECIPIENT MONITORING

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REQUIREMENT SUMMARY

An SEA shall monitor local educational agencies (LEAs) and any other entities, including external providers, receiving Federal funds from programs covered in the Consolidated State Plan to ensure that performance goals are achieved and that subawards are used for authorized purposes and in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards.

Uniform Guidance 2 C.F.R. §200.331(d)

ISSUE

TEA provided evidence of a robust program for fiscal monitoring. Using an LEA's risk level, TEA determines the protocol and scope of its review. TEA monitors on a 4-year cycle, which may be adjusted based on risk assessments and attempts to monitor 15-20 percent of total grant expenditures each year. Based on its review, TEA issues preliminary and final reports and monitors to ensure completion of corrective actions by established deadlines. TEA provides training to LEAs on the monitoring process and uses common findings to help inform training and technical assistance efforts.

While TEA coordinates its programmatic monitoring with its fiscal monitoring, it relies primarily on an annual compliance report and random validation of LEA responses in those reports to monitor for programmatic compliance. TEA acknowledged that it does not undertake random validation or other programmatic monitoring for Title II, Part A.

REQUIRED ACTION

Within 30 business days, TEA must provide the Department with a plan to monitor Title II, Part A subawards.

RECOMMENDATION

While TEA conducts random validation of the annual compliance report, TEA should consider strengthening its subrecipient monitoring by incorporating the review of additional programmatic requirements during or in coordination with its fiscal monitoring.

V.

TRANSPARENCY AND DATA REPORTING

REQUIREMENT SUMMARY

An SEA and its LEAs are required to prepare and annually disseminate report cards that include all required elements to the public in a timely manner.

ESEA §1003(f) and §1111(h)(1)

Title I Regulations 34 C.F.R. §200.11, §200.19(b)

ISSUE

Under ESEA §1111(h), an SEA and its LEAs are required to prepare timely, annual report cards that include information related to student and school performance within the State. For data from the 2016-2017 school year, each State was required to continue to implement the report card requirements under Title I, Part A of the ESEA, as amended by NCLB, except for specific provisions that the Department has communicated to States are no longer required in order to ensure an orderly transition to the ESSA.[10]

For the 2016-2017 school year the State report card did not include:

- The percentage of students not assessed on the mathematics, reading/language arts, and science assessments for all students and each subgroup of students; and
- The names of schools served by the State as priority and focus schools for the 2016-2017 school year.

For the 2016-2017 school year Texas LEA report cards did not include:

- Information, both in the aggregate and disaggregated by high-poverty and low-poverty school, on the professional qualifications of teachers, including the number and percentage of teachers teaching with emergency or provisional credentials; and
- The names of schools served by the LEA as priority and focus schools for the 2016-2017 school year.

In addition, for the 2015-2016 school year, Texas failed to meet established EDFacts deadlines for reporting graduation rate data files (FS 150 and 151) at all levels to the Department.

[10] See FAQ C-9 from the Department's June 29, 2016, document "Transitioning to the Every Student Succeeds Act (ESSA)" for additional details at https://www2.ed.gov/policy/elsec/leg/essa/essafaqstransition62916.pdf

REQUIRED ACTION

Within 30 business days of receiving this report, TEA must provide:

- A revised State report card for the 2016-2017 school year that includes all missing information outlined above;
- An assurance that it has revised LEA report cards for the 2016-2017 school year that provide complete information;
- Hyperlinks to revised LEA report cards for Edgewood ISD and San Antonio ISD and five other randomly selected LEAs; and,
- An assurance that, beginning with the 2017-2018 school year and for subsequent years, TEA will submit graduation rate data files (FS 150 and 151) for the SEA-, LEA-, and school-levels by the established deadline.

RECOMMENDATION

In order to ensure that the information in the report card is easily understood by parents and the public, the Department recommends that TEA: 1) spell out all abbreviations and acronyms in a key or at the beginning of the report card; and 2) provide information clarifying the performance level descriptors for the STAAR levels so that parents and the public clearly understand what is considered proficient on the STAAR tests.

X.

INDICATORS

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REQUIREMENT SUMMARY

An SEA must measure, on an annual basis, all required indicators for all students and each subgroup of students. For purposes of the academic achievement indicator, the SEA must ensure that at least 95 percent of all students and each subgroup of students are assessed annually on the State's reading/language arts and mathematics assessments.

ESEA §1111(c)(4)(B), §1111(c)(4)(E), §8101(23), §8101(25)

ISSUE

The 2018 Texas accountability manual states that "Unschooled asylees, unschooled refugees, and students with interrupted formal education (SIFEs) are not included in State accountability until their sixth year of enrollment in U.S. schools." However, all students, except for certain recently arrived English learners in their first 12 months of schooling in the United States, must be included in the State assessment system and all students who meet the State's definition for a full academic year must be included in the State's accountability system. It is not permissible under ESEA section 1111(b)(3)(A) to exclude unschooled asylees, refugees, and SIFEs from the Texas accountability system.

In addition, the 2018 Texas accountability manual notes that in some cases "qualifying results on substitute assessments are included in this component at the Meets Grade Level standard" in place of the student's result on the State assessment. For Federal accountability purposes according to ESEA section 1111(c)(4)(B)(i)(I), this indicator must be based on the State assessments required under subsection (b)(2)(B)(v)(I) and does not permit the use of substitute assessments. Similarly, Texas permits students in grades earlier than 8th grade who are taking advanced mathematics courses to take the advanced assessment in place of the grade level advanced assessment without also taking the grade level assessment. With the exception of eighth-grade students taking high school mathematics assessments in ESEA section 1111(b)(2)(C), all students must take the grade-level assessment. Based on on-site conversations during the review and recent Consolidated State Performance Reporting submissions, the State has been out of compliance for multiple years as it relates to assessment reporting of mathematics and reading/language arts.

Finally, the approved State plan does not include high school growth as part of the Academic Achievement indicator, yet review documentation and on-site conversations indicated the State calculates growth in high school. While this is permissible, the State plan must be amended to include this information.

REQUIRED ACTION

Within 30 business days of receipt of this report, Texas must:

- Provide evidence that students who are asylees, unschooled refugees, and SIFEs are included in the assessment and accountability systems for Federal purposes consistent with the ESEA (i.e., annually assessed and included in the accountability system except for the limited exception for recently arrived English learners enrolled in schools for less than 12 months noted in ESEA §1111(b)(3)). One way to do this is to provide a revised accountability manual and documentation of guidance to LEAs.
- Provide documentation that it has ceased the policy of permitting substitute assessments (e.g., by providing a revised accountability manual and guidance to LEAs). TEA must require that all students (except those who take the alternate assessment aligned with alternate academic achievement standards for students with the most significant cognitive disabilities and 8th-grade students taking the State's high school mathematics assessment in place of the 8th-grade mathematics assessment) take the reading/language arts, mathematics, and science assessments TEA has identified as the assessments used to meet ESEA section 1111(b)(2)(B)(v)(I) for their grade level.
- Provide evidence that it administers the same, grade-level assessments to all public school students, including those students enrolled in advanced mathematics, reading/language arts, and, if applicable, science courses (except for 8th-graders taking the high school mathematics assessment, which is in the approved Texas consolidated State plan and permitted under ESEA §1111(b)(2)(C)). Evidence for this requirement could entail, for example, a revised accountability manual and guidance to LEAs.
- Submit an amendment to its State plan for Department review and approval regarding the inclusion of growth in high school as part of the Academic Achievement indicator, if the State intends to continue using that as part of its accountability system. For information regarding amending its State plan, see this letter sent to States on November 14, 2018.