



Dr. Jennifer McCormick
Superintendent of Public Instruction

DEPARTMENT OF EDUCATION

Working Together for Student Success

An Explanation for Pooling of Funds and Contracted Services

Pooling of Funds

This example is for Title I purposes, but the method for determining the pool-of-funds applies equally to other federal education programs for equitable services. The law provides for funds to be expended for allowable activities on a school-by-school basis according to the funds generated by students in that school, or pooling the funds among all the schools within the Local Educational Agency (LEA). In the case of Title I only, if the funds are insufficient to serve all students in the pool, the most educationally needy children are served first. *The decision of whether to not to pool funds is determined through the consultation process.*

Expending the Non-Public Equitable Share School-by-School

1. Students in non-public school #1 generate \$75,000
\$75,000 is expended on eligible students in non-public school #1
2. Students in non-public school #2 generate \$120,000
\$120,000 is expended on eligible students in non-public school #2
3. Students in non-public school #3 generate \$67,000
\$67,000 is expended on eligible students in non-public school #3
4. Students in non-public school #4 generate \$163,000
\$163,000 is expended on eligible students in non-public school #4

Pooling

The total of \$425,000 is spent on eligible children attending all four non-public schools in the pool, with the most educationally needy children served first under the Title I program, regardless of the amount of funds an individual school generated through its count of low-income children.

Partial Pooling

Non-public school #1, 2, and 3 are all Catholic schools and request that they pool their funds together. Non-public school #4 is not a Catholic school and prefers to retain the funds that its students generated.

Non-public schools in the pool generate \$262,000 for services to eligible children attending these schools. Non-public school #4 retains the \$163,000 generated by its students to provide services to eligible students attending non-public school #4.

Contracting with Independent Third-Party Providers

Following consultation, an LEA may provide services directly or indirectly through contracts with public and private agencies, organizations, and institutions so long as those entities are independent of the non-public school in the provision of those services. Under these circumstances, the LEA remains responsible for the oversight of the program.

An LEA may enter into a contract with a religious organization to provide equitable services on the same basis as any other private entity, but the contractor must still be independent of the non-public school and provide secular, neutral and non-ideological services.

In general, whether a contractor is independent of a non-public school in the provision of equitable services depends on the extent to which the contractor has administrative or fiscal direction and control over the non-public school. For example, an administrative body that oversees a group of affiliated non-public schools and has control over the schools' curriculum and hiring policies would not be independent of a non-public school. As a result, an LEA would be prohibited from entering into a contract with the administrative body for the provision of equitable services. In contrast, a membership organization with no authority over the operations of its member schools likely would be considered independent of the non-public schools.

An explanation of the decision must be provided to the non-public school official if a third party provider is requested by the non-public school official and not agreed to by the public school district.

At a minimum, the contract with a third-party provider of Title I services to non-public school students should:

_____ State the dates that services should begin and end.

_____ Require the provider to break out administrative and instructional costs on invoices. Include definitions of:

- **Instructional costs:** Teacher and paraprofessional salaries, including benefits; materials and supplies; books; and computers.
- **Administrative costs:** Cost to the contractor of administering the program, including the director's salary; support staff; classroom or office rent and utilities; office equipment and supplies; postage; travel; and professional for the Title I teachers and their supervisors.

_____ Explain whether the provider is also delivering parent involvement activities or professional development to the non-public school teachers of the Title I students. If so, the content of those programs should be detailed, and those costs should be invoiced separately.

_____ Specify how and when invoices should be submitted, and what information they should contain. Reserve the right to request additional information in case of an audit or monitoring review.

_____ Indicate whether the contractor is responsible for evaluating the effectiveness of the Title I program. If so, the contract should specify the standards and assessments that will be used in the evaluation, as determined after consultation with the non-public school.

_____ Describe the instruction to be provided. Specify the grades served, the subjects that will be covered, the frequency of instruction, maximum class size, and the number of children the provider will serve.

_____ Specify the qualifications of the teachers and paraprofessionals who will deliver instruction. Include any expectations regarding the training that staff will be provided by the contractor.

_____ State that classroom space, instruction, and materials and supplies must be secular, neutral and non-ideological. Classroom space must be reserved for the exclusive use of the Title I program during the time Title I services are being delivered.

_____ Explain that all equipment purchased with Title I funds are the property of the LEA, not the contractor. State that the contractor will comply with all Title I statutory requirements and regulations. Clarify that the LEA reserves the right to withhold payment if any requirement is not met. Indicate that the contract may be modified if there is a reauthorization of the ESEA.

_____ Include the date by which the LEA will inform the contractor of the amount of funds available for instruction and, if applicable, professional development and parent involvement. Make clear to the contractor that the amount of the Title I allocation for non-public school services fluctuates from year to year.

_____ State how and how often, the LEA is going to monitor the non-public school program. Explain that visits by LEA officials may be unannounced.

An equitable services contract should not:

_____ Cede any responsibility for consultation with non-public school officials to the third-party provider. An LEA cannot contract out its obligation to engage in formal face-to-face discussion with non-public school officials on topics such as how the LEA will identify non-public school students' academic needs; what services will be offered; how, where, and by whom the services will be provided; how the LEA will determine the number of non-public school children from low-income families who reside in eligible Title I attendance areas; how the program will be evaluated; and how allocated funds for parent involvement and professional development services will be used.

_____ Grant any authority to non-public school officials to supervise Title I staff, approve expenditures, or make instructional decisions.

_____ Provide for "team-teaching" with non-public school teachers.

Key Points:

- LEAs contracting with third parties retain responsibility for fiscal and programmatic compliance.
- Calculate instructional, parent involvement, optional reservations and administrative funds separately.
- Spell out eligibility, evaluation and teacher quality demands in the contract.

Assessments and Evaluations

Under Title I, LEAs must also establish through consultation with the non-public school officials: a) multiple educationally related objective criteria to determine which non-public school children are eligible for Title I services, and, within the eligible group, which children will be served; and b) how the LEA will assess academically the services provided to non-public school children.

An LEA may choose to contract with a third party to administer a student eligibility assessment and to assess the effectiveness of the program. However, in doing so, an LEA may not use the Title I funds for student eligibility assessments, so the LEA must identify a nonfederal funding source to support these costs. In contrast, Title I funds may be used for a program assessment if the assessment is used only for Title I purposes. Accordingly, if the same provider is used to administer both the student eligibility as program assessments, it may be necessary to support the contract with two different funding streams.

LEAs should consider potential conflicts of interest in awarding such contract. Federal law does not prohibit a vendor from administering student eligibility or program assessments while also providing equitable services. Nonetheless, doing so may result in the appearance of a conflict of interest.