

# SECTION 8

## FINANCIAL ADMINISTRATION FOR CTE PROGRAMS

### PURPOSE AND BACKGROUND

The numerous responsibilities for managing a federal grant can be categorized as programmatic and financial. These instructions have been developed to provide career and technical education (CTE) administrators and grant managers with the necessary information about requirements and procedures used for the effective financial administration of federal and state CTE funds.

The information contained in this section is a summary of requirements contained in federal and state statutes, regulations, policies, and manuals. These instructions do not include all legal requirements applicable to CTE programs, nor are they intended to provide legal advice.

#### **History of Carl D. Perkins Federal Funds**

As early as 1917, Congress recognized the social and educational need for vocational education in public schools. The Smith-Hughes Vocational Education Act was passed “to provide for the promotion of vocational education; to provide for cooperation with the states in the promotion of such education in agriculture and the trades and industries; to provide for cooperation with the states in preparation of teachers of vocational subjects; and to appropriate money and regulate its expenditure.” The legislation was “especially designed to prepare workers for the most common occupations in which the great mass of our people finds useful employment.”

In the 1960s, Congressional action expanded the role and scope of vocational education with the Carl D. Perkins Act (Perkins), focusing on improving vocational programs and serving special populations. In the 1990s, Perkins reflected on the education policies and reform efforts of the time. There was emphasis on the integration of vocational and academic instruction and added Tech Prep to make Perkins a tool for educational reform by linking vocational education more closely with academics and with instruction at the postsecondary level. The amendments of 1998 added increased references to technology, training teachers in technology, and distance learning. The intent was to ensure that programs receiving funds under Perkins responded to economic and employment needs.

The term “career and technical education” emerged in the 2006 reauthorization of Perkins, replacing “vocational education.” This 2006 Act focused on rigorous academic and technical skills as well as preparation for postsecondary education through programs of study. Perkins continues to be a vehicle to promote the preparation of students for the skills that are needed by business and industry for the global economy.

On July 31, 2018, the President signed Perkins V into law. The Strengthening of Career and Technical Education for the 21st Century Act (Perkins V) became law and was numbered Public Law 115-224. The purpose is “to develop more fully the academic knowledge and technical and employability skills of secondary education students and postsecondary education students who elect to enroll in career and technical education programs and programs of study.”

Michigan has participated in the Perkins programs since its inception. These funds are considered “flow-through funds” in that the state distributes the funds via formula to school districts. The federal legislation that authorizes the funding contains required activities that recipients of the funds must follow. Therefore, there are no discretionary funds available for schools or consortia – the activities must meet the intended purpose of the law. The Michigan Department of Education’s Office of Career and Technical Education (MDE-OCTE) administers the secondary CTE Perkins grants in Michigan. Eligible recipients for funding local education agencies (LEAs), both traditional public school districts and public school academies (PSAs) that provide state-approved CTE programs and services.

The Perkins funds are distributed electronically as a reimbursement of expenditures to eligible regional fiscal agents throughout the state. Eligible recipients are required to develop and submit a Comprehensive Local Needs Assessment (CLNA) to align with the purpose and intent of the Perkins legislation. These plans address the long-term goals and objectives for CTE partnerships in the region.

In addition to a CLNA, an annual application must be submitted that identifies the activities that will be completed to reach the long-term goals and objectives and to continually increase student performance as measured by the Perkins Core Performance Indicators (CPI). CTE Perkins funds may only be used to fund activities that support state-approved CTE programs.

### **Federal Administrative Requirements**

Acceptance of federal grant funds is accompanied by requirements for strict compliance with terms, conditions, and regulations. Since grants are awarded to an institution, not an individual, the grantee organization accepts full legal responsibility for the program and for fulfilling the granting agency requirements.

The annual application contains assurances and certifications that are included in all federal education applications, as well as specific assurances pertaining to Perkins. These assurances must be certified electronically by authorized administrators (superintendent, regional CTE administrator, etc.).

There are three financial components that are essential to an integrated federal grant management system: financial management, procurement standards, and property and equipment management.

## **Financial Management**

[\(Uniform Guidance 2 C.F.R. Part 200\)](#)

Fiscal control and accounting procedures of Perkins grant recipients must be sufficient to (1) permit the preparation of required reports and (2) permit the tracing of funds to a level of expenditures adequate to establish that funds have not been used in violation of the restrictions and prohibitions of applicable statutes. A summary of the financial management system described in the Uniform Guidance 2 C.F.R. Part 200.302, 200.303, 200.305, follows:

### Financial Reporting

Accurate disclosure of the financial results of grant-funded activities must be made available upon request of the granting agency.

### Accounting Records (200.302)

Grantees must maintain records that identify the source and use of grant funds. Project expenditures should be recorded within the function code and object classifications defined in the [Michigan Public School Accounting Manual](#) (PAM).

### Internal Controls (200.303)

Internal controls are methods to help program and financial staff achieve program results, safeguard assets, ensure the reliability of accounting data, and comply with management policy, grant terms and conditions. In summary, federal grant recipients are required to:

1. Have controls in place.
2. Assign staff that are trained to use the controls.
3. Be certain that the controls are followed and are working.

### Budget Control (200.430(i)(1)(vii))

Actual expenditures must be compared with budgeted amounts for each project on a regular basis.

### Allowable Costs (200.403(a) and 200.430(i))

Costs charged to the Perkins grant must be allowable according to the Perkins Act, Uniform Guidance, program regulations, the terms of the grant agreement, and that occur during the period the funds are available.

### Source Documentation

Accounting records must be supported by source documentation such as cancelled checks, paid bills, payroll, time and attendance records, purchase requisitions, purchase orders, contracts, and invoices.

## Cash Management (200.305)

The grantee must minimize the time between making disbursements and drawing down funds for reimbursement.

### **Procurement Standards**

([Uniform Guidance 2 C.F.R. Part 200.317-200.326](#))

Grant recipients may use their own procurement procedures which reflect applicable state and local laws and regulations, provided that the procedures conform to the federal law and regulations, including the following standards:

- Maintain a contract administration system that ensures that contractors comply with the terms and conditions of the contract
- Maintain a written code of standards of conduct for employees responsible for procurement transactions. The code of conduct must state that no employee, officer, or agent of the grantee shall participate in selection, or in the award or administration of a contract supported by federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:
  - the employee, officer, or agent,
  - any member of his immediate family,
  - his or her partner, or
  - an organization which employs, or is about to employ, any of the above
  - has a financial or other interest in the firm selected for award. The grantee's officers or employees may not solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to an agreement
- Procedures include measures to avoid the purchase of unnecessary or duplicative items. All costs must be necessary for the performance or administration of the federal grant
- Make awards only to responsible contractors possessing the ability to perform successfully under the terms of the procurement agreement
- Maintain records sufficient to detail the significant history of the procurement, including, but not limited to, rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price
- Procurement transactions provide for full and open competition to the extent practicable. No contract can be made with a vendor that has been suspended or disbarred. Recipients must verify this if the contract is \$25,000 or more by checking the vendor's status on the [System for Award Management \(SAM\)](#) website

An agency may establish informal procurement procedures that can be used to secure services, supplies, etc. that do not cost more than the established threshold. The competitive bid threshold for purchasing supplies, materials, and equipment is calculated annually.

### **Property and Equipment Management**

([Uniform Guidance 2 CFR Part 200.310-200.316](#))

Subrecipients are required to provide reasonable assurance that proper records are maintained for equipment acquired with federal funds, that equipment is adequately safeguarded and maintained, and that disposition of such equipment is done according to regulations. There are different rules for equipment and supplies.

Refer to the Uniform Guidance 2 CFR Part 200.313 for Equipment definitions and disposition.

Refer to the Uniform Guidance 2 CFR Part 200.314 for Supply definition.

## **CTE PERKINS REQUIREMENTS**

### **Funding Policy**

Funds generated by the Perkins formula are pooled at the regional (consortia) level. Each region/consortium receives its proportionate share based on the grand total of the amounts generated by local school districts, PSAs, and LEAs. Schools funded by the Bureau of Indian Affairs are treated as LEAs for inclusion in the region. Michigan sends each fiscal agent a list of PSAs and Indian education programs in their region for which they must deliver services and treat as an LEA. An assurance of this relationship is required in the regional application for Perkins funding.

Funds allocated to a regional consortium shall be used only for purposes and programs that are mutually beneficial to all members of the consortium and can be used only for authorized programs. Such funds may not be reallocated to individual members of the consortium for purposes or programs benefiting only one member of the consortium as an LEA. An assurance of this relationship is required in the regional application for Perkins funding.

### **Funding Formula**

Allocations to regions (consortia) are distributed based on the following formula:

- 70% is distributed in proportion to the census poverty counts of individuals aged 5-17 for each district served by the region as a percentage of the state total.
- 30% is distributed in proportion to the latest census count of individuals aged 5-17 residing in the districts served by the region as a percentage of the state total.

Once funds are distributed to the regional fiscal agency, members of the consortium may be reimbursed for expenditures based on approved regional activities.

### **Allowable Costs**

Federal grant programs are governed by the Education Department General Administrative Regulations (EDGAR) and Uniform Guidance. To determine whether a cost may be paid with federal funds, i.e., whether the cost is permissible, subrecipients must be familiar with these rules. In general, a cost may be considered allowable if the following conditions are met.

- Be incurred during the grant period (generally, July 1st through June 30th). Grantees should be cautious about purchases that occur late in the grant period, while this may meet the letter of the regulation, does it provide benefit to the program during the eligible period?
- Be allowable under the Perkins Act

- Be necessary and reasonable. For instance:
  - It must be necessary for the performance or administration of the grant.
    - Is it really needed?
    - Does it meet the minimum necessary requirements, or does it contain all the “bells and whistles”?
  - It must follow sound business practices.
    - What would the prudent person do?
    - Do I have the capacity to use it?
    - Could I comfortably defend this purchase, or would I be embarrassed?
    - Can I prove that I paid fair market value?
- Be Allocable (200.405)
  - Proportional benefit. No cost shifting.
- Comply with the limitations of a grant agreement as well as other applicable federal and state laws and regulations:
  - Be authorized under state and local rules - if something is prohibited by state or local laws and policies, the use of federal funds is also prohibited.
  - Are allocated to the grant on a basis consistent with policies that apply to all activities of the grantee. (Incidental use by a non-Perkins program may be allowable if it does not interfere with the primary use).
  - The federal grant program is charged in proportion to the value received by the program.
  - Can prove the program benefited.
  - Are accounting for consistently and in accordance with generally accepted accounting principles.
  - Are adequately documented.

### **Supplement, Not Supplant**

*“Funds made available under this Act for career and technical education activities shall supplement, and shall not supplant, non-Federal funds expended to carry out career and technical education activities ...”*

*[Strengthening Career and Technical Education for the 21<sup>st</sup> Century Act, P.L. 115-224, Section 211]*

The supplement, not supplant, requirement means that Perkins funds must add to, rather than substitute for, services provided with state and local funds. A recipient may not divert state or local funds from an activity merely because Perkins funds are available. In other words, providing CTE programs is a local responsibility, not a federal responsibility. Perkins funds should be added to the basic CTE program that a local district provides. The key question to ask when reviewing documentation to determine compliance is: "What would have happened in the absence of the Perkins funds?"

A specific example of such a circumstance is the use of federal funds for any program that a recipient is required by state law to provide. Because the school district would have to use state and local funds to provide statutorily required services in the absence of federal funds, the school district may not use Perkins funds in place of the state and local funds it would otherwise be required by law to use. Rather, the recipient may only use Perkins funds to provide supplemental services that it would not have provided had the Perkins funds not been available.

The following questions and answers are examples intended to help in clarifying this requirement.

1. Does it violate the supplement, not supplant, requirement if a school district uses Perkins funds to continue a program previously operated with state funds if the school district no longer qualifies for the state funds?

A recipient may have qualified for state funds to operate a program for at-risk students, for example, based on the number of such students attending the school district. If the number of students decreases and the district no longer qualifies for the state funds, the school district may continue to operate the program with Perkins funds if the program addresses the purposes of the Perkins legislation and does not violate the supplement, not supplant requirement.

There is no violation because the state funds would not be available, in the absence of Perkins, to continue the program previously provided. This, of course, presumes that the recipient would not fund the program out of any other nonfederal funds in the absence of Perkins.

2. If a school district was not able to implement an approved activity, can the funds budgeted for that activity be shifted and not violate the supplement, not supplant requirement?

Districts are required to continually monitor the status of approved activities and related budget items. If it is determined early in the school year that an activity will not occur as planned, a budget amendment may be submitted to establish a new activity and related budget item. Budget amendments that occur late in the grant year may indicate supplanting. Perkins projects are approved on an annual basis to be used by the end of the fiscal year (June 30<sup>th</sup>). If a budget adjustment was not approved prior to the end of the fiscal year, the funds may not be shifted. To do so would mean that the school district was replacing funds already spent with the unspent Perkins dollars. This would be supplanting.

3. If a school district orders computer equipment that is to be paid for with both state funds and Perkins funds, and subsequently, the state funds are not provided, would the use of Perkins funds to purchase the computer equipment be considered supplanting?

Federal requirements state that Perkins funds must be used to supplement and, to the extent practical, increase the level of funds that would, in the absence of the Perkins funds, be made available from nonfederal sources. If the reduction of nonfederal funds for the purchase of the computer equipment had occurred in the absence of Perkins funding, the use of Perkins funds for the same purpose would not be considered supplanting.

4. If a school district uses Perkins funds to purchase basic lab materials, does that expenditure violate the supplement, not supplant requirement?

Perkins funds may not be used for activities that a recipient would, in the absence of Perkins funds, make available with nonfederal funds. Presumably, in the absence of Perkins funds, a school district would have to purchase basic lab materials in order to provide instruction in the various occupational subjects. Thus, the use of Perkins funds to purchase this equipment that the school district would otherwise have to provide from local funds would violate the supplement, not supplant requirement. The school district, however, could use Perkins funds to purchase supplemental lab materials without violating that requirement.

## **Time and Effort Reporting**

A subrecipient should have written policies and procedures that comply with state and federal timekeeping requirements, including sufficient detail to guide employee training to assure compliance, identify accountability or consequences for non-compliance, and require coordination between the program office and the business office. Uniform Guidance 2 CFR Part 200.430 requires an employee whose salary and wages are supported, in whole or in part, with federal funds to document his/her time spent working on the federal programs to ensure that charges to each federal program reflect an accurate account of the employee's time and effort devoted to that program.

A Personnel Activity Report (PAR) is no longer required under Uniform Guidance 2 CFR Part 200.430. However, it is still acceptable. If a PAR is used, please follow the guidelines provided within this section.

### Cost Objective (200.28)

A cost objective is defined as a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.

A "single cost objective" can be a single function, a single grant, or a single activity. It is possible to work on a single cost objective even if an employee works on more than one federal award or on a federal award and a nonfederal award.

The key to determining whether an employee is working on a single cost objective is whether the employee's salary and wages can be supported, in full, from each of the federal awards on which the employee is working, or from the federal award alone if the employee's salary is also paid with nonfederal funds.

There are only four possible options to consider when determining whether to complete a semi-annual certification or PAR.

1. A single fund source with a single cost objective, complete semiannual certification.
2. A single fund source with multiple cost objectives completes a PAR.
3. Multiple funding sources with a single cost objective complete a semi-annual certification.
4. Multiple funding sources with a multiple cost objective complete a PAR.

### Semi-Annual Certification

If an employee works solely on a single federal award or cost objective, charges for the employee's salary and wages must be supported by periodic certifications that the employee worked solely on the program or cost objective for the period covered by the certification. These certifications must be:

- Prepared after the fact and at least semi-annually
- Be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee

The United States Department of Education (USED) has authorized the use of a "blanket semi-annual certification" that would identify multiple employees working on the same single cost objective. This blanket certification would be signed and dated (after the fact) by the supervisory official having firsthand knowledge of the work performed by the employees.

### **Personnel Activity Reports**

#### **(Are Still Allowable)**

If a PAR is used where an employee works on multiple activities or cost objectives, a distribution of the employee's salary and wages must be supported by documentation that includes the following:

- More than one federal award
- A federal award and a nonfederal award
- An indirect cost activity and a direct cost activity
- Two or more indirect activities that are allocated using different allocation bases
- An unallowable activity and a direct or indirect cost activity

The PAR must:

- Reflect an after-the-fact distribution of the actual activity of the employee
- Account for the total activity for which each employee is compensated
- Be prepared at least monthly and coincide with one or more pay periods
- Be signed by the employee

## PERKINS GRANT PROCEDURES

This section describes the MDE-OCTE's implementation of the requirements for the CTE Perkins grant. MDE-OCTE expects that the local education agency staff associated with this grant will actively participate in the following responsibilities:

- Application
- Budget Preparation and Revision
- Post Award Administration
- Compliance Monitoring
- Evaluation
- Audit
- Financial Closeout (Final Expenditure Report)

### **Application**

The CTE Perkins grant application is completed and submitted through [Next Generation Grant, Application and Cash Management \(NexSys\)](#).

### **Budget Preparation and Revision**

The grant budget is an estimate of the cost of the activities proposed in the grant application. Communication between fiscal and program staff is essential. The CTE Perkins application budget is prepared once Core Performance Indicators (CPIs) and corresponding grant activities have been selected in [NexSys](#). Function codes for required and permissive activities are selected based on the appropriate use of funds.

Only the fiscal agency and Career Education Planning Districts (CEPDs) are eligible to have budgets in the grant application. For most regions, only the agencies employing the administrators are eligible to submit a participating agency budget in the regional application. A participating agency budget totaling less than \$15,000 in federal funds is not allowed. This is to ensure that the funds are not being reallocated to ineligible recipients (those not generating the minimum allocation) and that the use of funds will benefit all members of the consortium/region.

The Budget Summary for the region shows the amount of these flow-through funds in function code 410, Outgoing Transfers. The Regional Budget Summary shows the total regional budget by function code.

A reconciliation of the approved budget to actual expenditures should be done routinely. This may result in a need to shift grant funds between approved activities. A transfer of funds between line items that exceeds 10% of the original approved grant budget necessitates a request for budget revision. It may also require a change to the Action Plan and activities related to that line item. A grant amendment must be submitted before dollars can be expended for the projects.

Clear communication is necessary between the regional CTE administrator, project or grant coordinator, and the business office before submission of the budget adjustment.

The fiscal year ends June 30<sup>th</sup>. Final budgets must be submitted prior to June 1<sup>st</sup>; amendments submitted after this date will not be approved. Budget amendments that occur late in the grant year may indicate supplanting.

In the event of a national emergency or pandemic, possible grant extension(s) or exceptions may be allowed by the Federal Awarding Agency. If an extension or exception is made by the Federal Awarding Agency, the pass-through agency and the subrecipients will be allowed to extend the grant period and/or continue to pay salary and benefits during the state of emergency or pandemic.

## **Post Award Administration**

### Grant Award Notification

The fiscal agent may print a hard copy of the Grant Award Notification from NexSys after the application has been approved and the status is "Grant Funds Available." The project number, source code, and the approved amount are then made available in the NexSys System. Grantees may not begin to obligate funds until the latter of the following dates:

- July 1<sup>st</sup>
- The date the applicant submits its application in substantially approvable form

### Reimbursement Process

[Login to NexSys](#) for reimbursement requests for CTE Perkins grant funds

Email Applications and Cash Management to: [MDE-NexSys-Applications@Michigan.gov](mailto:MDE-NexSys-Applications@Michigan.gov). Visit the NexSys website for more information.

## **Compliance Monitoring**

Fiscal agents for the CTE Perkins regional consortia have additional financial-related responsibilities. These include:

1. Maintaining fiscal records, including monitoring expenditures against the approved budget.
2. Disbursing grant funds to participating agencies upon request for reimbursement of the cost of approved and completed activities.
3. Ensuring that all required reports are accurate and submitted by the due dates.
4. Be fiscally accountable for obligations and expenditures as required under the Single Audit Act and Uniform Guidance 2 CFR Part 200.

Participating agencies have the following responsibilities:

1. Maintain all necessary data and/or reports, including detailed financial transactions for costs incurred.
2. Prepare all required reports and forward to the fiscal agency in time to meet due dates.

3. Be fiscally accountable for obligations and expenditures as required under the Single Audit Act and Uniform Guidance 2 CFR Part 200.

## **Audit**

CTE revenue and expenditures must be recorded according to the [Michigan Public School Accounting Manual](#) (Bulletin 1022). Each local and intermediate school district (ISD) is required to have an annual audit of the district's financial records. Auditors will test for appropriate classification regarding fund, function, and object code; therefore, it is important that CTE personnel work closely with fiscal staff for proper financial reporting.

## **Financial Closeout (Final Expenditure Reports)**

### NexSys – Next Generation Grant, Application and Cash Management

Final expenditure reports are due in NexSys at the end of August (60 days after the end of the grant period). The NexSys End-of-Year Report should be completed before starting the Final Expenditure Report (FER) in the Cash Management section of NexSys; this allows for a transfer of the budget and expenditure data.

A FER is due 60 days after the end of the grant period. There are three steps that the recipient must make when submitting their FER. The first two, entering and posting, can be done by the same individual.

Select "Reporting Final Expenditures (DS-4044)" from the Main Menu. The list that appears will include all active projects past the project ending date, all active projects in which all funds have been paid, and reopened projects. The project and approved budget information are loaded from the NexSys system.

1. Select the appropriate project from the list
2. Enter the federal expenditures according to function and object codes
3. Save
4. "Post" the report when it is complete and there are no errors

The third step is **certifying** the FER. The person authorized to certify the FER must not be the same person that entered and posted it.

1. Select "Certifying Final Expenditures (DS-4044)"
2. "Posted" FERs are listed
3. "Select" the appropriate project
4. Review the information, make changes if necessary
5. Click "I Certify"

## **PUBLIC SCHOOL FUNDING**

### **History of State School Aid**

In the past, public schools were financed through a combination of State Aid payments and locally raised revenue (property tax mills). State Aid was provided through an equalization formula for general purpose and categorical aid. The equalization method guaranteed each district a minimum return per pupil for each mill of property tax levied. Districts could tax themselves at whatever rate voters approved. If the district's local revenue per pupil exceeded the state's guaranteed revenue, they were "out of formula" and received no general school aid. The state equalized value and millage rate formula created an opportunity for inequity in school funding.

In 1993, the Michigan legislature eliminated local school property taxes and the State Equalized Value as a means of financing public schools. To replace the revenue to the School Aid Fund, proceeds from increased sales tax (4% to 6%), the cigarette tax, and other taxes help provide operating funds.

The mechanism for reformed school financing in Michigan is a foundation allowance. It is a per-pupil amount that is a combination of State Aid and non-homestead property tax revenue. To receive the full foundation allowance, a district must levy local school-operating mills on the non-homestead property of 18 mills. The state payment per pupil is the difference between the district base amount (what a school received in 1993-94 per pupil) and the local revenue. The plan includes an annual increase in revenue per pupil. Lower revenue districts receive larger dollar and percentage increases, while higher revenue districts receive flat dollar increases.

### **Public School Accounting**

The Michigan Compiled Laws contain the legal requirements for school district accounting. The Compiled Laws, together with Administrative Code Rules governing school accounting, have the force and effect of law and are legally binding on Michigan's LEAs. The [Michigan Public School Accounting Manual](#) is the required accounting manual for LEAs of Michigan.

The provisions of P. A. 621 (Uniform Budgeting and Accounting Act) became effective July 1, 1981. At that time, boards of education and school district administrators were required to come into compliance with the Act. The purpose is to provide the structure necessary for a close relationship between the administrator and the local school board with regard to the establishment of budgets and appropriations.

P.A. 621 also provides that the state superintendent shall publish suggested manuals, forms, and operating procedures for use by local/ISDs. The superintendent is responsible for budget preparation and presentation to the school board and for the control of expenditures as presented in the Budget and General Appropriations Act. The superintendent may assign the duty of preparation and

administration of the budget to a fiscal office. Local districts must prepare a budget for the general school fund, debt retirement fund, and special education fund. ISDs must also include the special education fund, area vocational education fund, and the cooperative education fund. The school district must hold a public hearing on the budget before it is adopted, as provided for in school laws.

### **State Aid Process within MDE-OCTE**

Each year, a school district is confronted with the task of achieving numerous educational objectives within available financial resources. The accomplishment of this task is more probable through School Aid categorical funding approved by the state legislature each year. These funds are for specific purposes and are awarded to eligible agencies in addition to the basic foundation allowance. MDE-OCTE implements and monitors the activities for the following sections of the [State School Aid Act](#):

- Section 61a(1) - CTE programs (Added Cost) are based on expenditure data and enrollments. Funding for programs is distributed according to the established rank list based on wage, placement, and job outlook data.
- Section 61a(2) - CTE Administrator Reimbursement is proportioned to approved administrators based on a combination of Perkins administration funding level and percent of time spent administering CTE programs.
- Section 61b – Funds for CTE Early Middle College (EMC) and CTE dual enrollment programs and planning grants for the development or expansion of CTE EMC programs to increase the number of Michigan residents with high-quality degrees or credentials, and to increase the number of students who are college and career ready upon high school graduation.
- 61c - Equipment grant that distributes products and services to CEPDs for state-approved CTE programs throughout Michigan.
- Section 61d – Funds to districts for CTE programs for the purpose of increasing the number of Michigan residents with high-quality degrees or credentials and to increase the number of pupils who are college- and career-ready upon high school graduation.

The roster of districts and allocations is sent to the Michigan Department of Education (MDE) School Aid Office. Payments are distributed through the State Aid funding process in 11 equal allocations throughout the year. Schools must report expenditures in the Schedule B form due each year in the fall.

## **NONCOMPLIANCE PROVISIONS**

### **Noncompliance Conditions**

For the purposes of the administration of state and federal funds, the following situations are incidences for which a school district may be found to be out of compliance with program requirements. All of these issues have a basis in the federal or state law and regulations:

- Incomplete, insufficient, or late application materials
- Onsite monitoring finds the district (including career centers) out of compliance with requirements
- Insufficient or no progress made toward CPI levels
- Incomplete, inaccurate, insufficient, or late follow-up, enrollment, course information, and other data reports
- A budget that is not approved prior to the expenditure of funds
- Incomplete, insufficient, or late narrative or financial reports
- Non-submission of the annual Single Audit Act reports
- Inappropriate use of funding
- Non-submission of individual student enrollment data for all state-approved CTE programs
- Failure to provide the MDE-OCTE with the necessary information to reasonably carry out its function under the Act
- Failure to complete a required CPI activity
- Failure to meet a required Use of Funds activity
- In circumstances where noncompliance has been established, state and/or federal funds may be withheld from an institution until the school district reaches compliance, or funds may be recaptured from the recipient

### **Provisions for Withholding Recipient Funds**

It is not the intent of the MDE-OCTE to be punitive when issues of noncompliance are found. However, Perkins legislation is clear that the MDE-OCTE must be provided with the information necessary to reasonably carry out its function under the Act. In the event that a participating educational agency is delinquent in submitting required data to the fiscal agency, a specific request and deadline for the report or other required data shall be delivered in writing to the participating educational agency by the fiscal agency. If the participating educational agency is requested to return Perkins and/or State School Aid Funds received for the fiscal year, they may be prohibited from receiving any such funds in the subsequent fiscal year.

Procedures for the withholding of funds for noncompliance must follow due process:

- When a noncompliance finding is identified, an email contact from MDE-OCTE will be sent to the superintendent and the CTE administrator.

- Within 30 days of the date of the letter, the superintendent or designee is expected to review the findings and respond to MDE-OCTE.
- Within 30 days of the date of the response letter, MDE-OCTE will contact the superintendent or designee to discuss the findings, procedures, and timelines for corrective action and/or other appropriate response.

### **Procedures for Fund Recovery**

If it is found through a financial audit, onsite monitoring, application, or final report review that federal or state school aid funds have been misused or misappropriated, fund recovery procedures will be instituted by MDE-OCTE.

### **Appeal Process**

Michigan school districts and other clients of the MDE (Department) shall have access to review procedures in regard to decisions and actions taken on monitoring visits and the enforcement of reporting requirements.

The procedures for notification and review are as follows:

1. An eligible subrecipient who intends to appeal the Department's action shall notify the MDE-OCTE state director in writing within 14 calendar days of receipt of the Department's findings. Within an additional 16 calendar days of receipt of the findings, the subrecipient shall submit a written request for review which shall state: (a) the finding of the Department that is in question; (b) the issues upon which the Department's finding is challenged; and (c) all pertinent facts related thereto.
2. Upon receipt of such a request, the MDE-OCTE state director shall prepare and issue a written reply within 30 calendar days. Such a reply may include a change of position by the Department or an affirmation of its original position, in whole or in part.
3. Within 14 calendar days of receipt of the reply from the Department, the subrecipient whose appeal has been denied shall indicate whether it wishes to continue a request for review by the Department. Such notification shall be sent to the MDE-OCTE state director. If the timing of the local board of education meetings prevents the subrecipient from acting within the allotted 14 days, the subrecipient shall send the MDE-OCTE state director written notification of this fact within the initial 14-day period. A subrecipient providing this notification shall have a total of 30 calendar days to submit a request for continued review.
4. Within 14 calendar days of receipt of notice indicating a further review of the decision, a final meeting shall be scheduled. At this time, there shall be a discussion including the subrecipient's representative, the MDE-OCTE state director, appropriate MDE-OCTE staff, and/or the deputy superintendent of the MDE bureau or designee.

5. The MDE-OCTE state director or designee, may make a ruling based upon the facts presented or may convene a review panel of three members.
6. If a review panel is convened, within 14 calendar days of receipt of information and materials, the panel shall review the documentation and decision for the purpose of making one of the following recommendations to the deputy superintendent:
  - a. Further review is not warranted based upon the facts presented. The review should end. Original staff decision is supported.
  - b. Further review is warranted based upon the facts presented. Original staff decision is not supported.
  - c. Further review may be unwarranted because there is an alternative solution that can be suggested to the subrecipient. The original staff decision is not modified.
7. The deputy superintendent of the MDE-OCTE shall make a decision regarding the appeal. All decisions are based on applicable laws and the policies of the MDE.