



Education Series

THOMPSON

July 2011

Vol. 16, No. 7

Report Urges Breaking Silos in Title I and IDEA

Roughly 2.5 million students receive services under both Title I and the Individuals with Disabilities Education Act (IDEA), but aid to this population is hindered by requirements that “overlap, and are often duplicative and/or contradictory,” according to a new report.

The report, “Recommendations for Improved Coordination between Title I and IDEA,” is likely to get an ear on Capitol Hill and the U.S. Department of Education (ED) because it was drafted by two key advocacy organizations: The National Association for

State Directors of Special Education (NASDE) and the National Title I Association. The recommendations are modest, chiefly aimed at improving efficiency and cutting the red tape that often blocks effective cooperation between the two vast education bureaucracies.

Take, for example, the relatively simple issue of data collection. IDEA requires 16 separate submissions, on issues ranging from assessment to discipline, spread out over seven different dates each year. In addition, that law has a separate data collection under the Annual Performance Report, while Title I collects information from states via a unified No Child Left Behind system called the Consolidated State Performance Report.

See *Title I and IDEA*, p. 7

Second i3 Round Targets Rural Schools

Despite the recession, the U.S. Department of Education (ED) has unveiled a scaled-back second round of its Investing in Innovation (i3) competition, with a new focus on rural schools and shifting rules on the evaluation of evidence.

In contrast to the first round, in which the department gave out 49 awards totaling \$650 million, this time around, ED plans to give out as many as 22 awards totaling \$150 million. Applications will be due in August and funds will be granted in December.

The basic framework of the competition will remain in place: The most money will go toward proposals with the strongest research base so they can “scale up” their ideas; smaller “valida-

tion” grants will go toward proposals with only moderate evidence; and the smallest grants will be for “development” proposals that are based on a reasonable hypothesis. Once again, schools, districts and nonprofits — as well as consortia of these groups — can vie for awards to stimulate promising practices.

Responding to critics who said the first round’s rules hobbled rural schools, which often have fewer grant-writing resources than their urban counterparts, ED created an absolute priority for improving student achievement and graduation rates in rural school districts. In the first round, this was merely a competitive priority.

See *i3 Round Two*, p. 4

Monitor

The Authoritative Report on Compensatory Education

In This Issue

Audits

New audit compliance supplement explains application of Federal Funding Accountability and Transparency Act 8

English Learners

New grant competition will set long-needed standards and definitions for assessment of English learners 5

i3

The second round of i3 grants will target rural schools 1

IDEA

Leading Title I and special ed associations ask the feds to better coordinate Title I and IDEA reporting and requirements .. 1

ESEA Reauthorization

NCLB reauthorization stalls, so beleaguered schools seek regulatory relief 2
Guest author David Deschryver discusses waiver scenarios 3

School Improvement Grants

States vary in how they distribute their SIG funds 2

THOMPSON

Customer Service: 800 677-3789

Online: www.thompson.com

Editorial: 202 739-9665

Title I Briefs

Reauthorization Stalls

Although trumpeted as the passage of its first “education reform bill,” a recent vote by the House Education and the Workforce Committee to pass H.R. 1891 likely means very little in the grand scheme of reauthorizing No Child Left Behind (NCLB).

The majority of the 43 NCLB programs that would be terminated under the bill have never been funded, were de-funded in previous years or were zeroed out in this year’s budget agreement.

With Congress hesitant to dig in to the real meat of NCLB, it is not surprising that May brought the first of what doubtlessly will be many calls to waive elements of the law. The 16-member Learning First Alliance — which includes the American Association of School Administrators (AASA), the National Association of State Boards of Education and the National Education Association — asked U.S. Department of Education (ED) Secretary Arne Duncan to “offer regulatory relief to schools who struggle with the demands of No Child Left Behind” if the law is not reauthorized prior to the start of the 2011-12 school year.

In the May 24 letter, the alliance urged Duncan to “address the act’s current flaws that tie up scarce resources with unnecessary regulatory compliance, counterproductive sanctions and reporting that does little to contribute to student success.”

In other developments, the AASA released a study that is certain to underscore arguments that NCLB has put an undue strain on state and local resources.

Complaints about the underfunding of education are ubiquitous. But states and school districts are being asked to do far more with fewer resources than they had before. According to a study of 1,011 AASA members from 49 states, nearly three-quarters of respondents said they would cut a total of 17,504 education jobs in the 2011-12 school year. The report estimated that a total of 227,000 education jobs will be on the chopping block nationally during that period.

“The results of this survey illustrate that the continued economic recession at the state level, the cessation of emergency federal funding ... and actual and anticipated funding cuts in federal FY11 and FY12 appropriations have created a perfect storm when it comes to staffing the nation’s public schools,” the report said.

—Andrew Brownstein

SIG Implementation Varies by State

States’ implementation of the \$3.5 billion School Improvement Grant (SIG) program is all over the map, according to a new U.S. Department of Education-funded analysis by the American Institutes for Research.

The report emphasizes the wide variation in the relative number of schools receiving SIG money in a given state and the differences in states’ approaches to monitoring local grant recipients.

Some states spread funds to as many schools as possible, thereby diluting the available per-school allotment, while others targeted just the few schools they considered in need of drastic interventions. Generally, the lower per-school funding levels occurred in states like Kentucky and Vermont, which spread their funds so widely that they managed to reach down to almost all of their Tier III schools (i.e., the schools with the least serious problems, relatively speaking). On the other hand, Illinois, which funded only 10 schools out of 738 SIG-eligible schools, averaged \$4.63 million per school.

In terms of monitoring strategies, the timing and approach depended on the states. Eight states plan to monitor their SIG recipients at least monthly, nine quarterly and one bi-annually, while 33 states will only monitor their SIG districts and schools once a year. Regarding the monitoring approach, 39 states will conduct on-site visits. In addition, 16 states will monitor SIG progress through electronic or online tools.

—Travis Hicks

Title I Monitor

Charles J. Edwards
Executive Editor

Andrew Brownstein
Editor

Travis Hicks
Contributing Editor

Laurie S. Clark
Desktop Publisher

Thompson’s Title I Monitor (USPS 016-724) is published monthly by the Thompson Publishing Group, 805 15th St. NW, 3rd Floor, Washington, DC 20005. Periodicals Postage Paid at Washington, D.C., and at additional mailing offices.

POSTMASTER: Send address changes to: *Thompson’s Title I Monitor*, Thompson Publishing Group, 5201 W. Kennedy Blvd., Suite 215, Tampa, FL 33609-1823. Please allow four to six weeks for all address changes.

For subscription service, call 800 677-3789.
For editorial information, call 202 739-9665.

This information is designed to be accurate and authoritative, but the publisher is not rendering legal, accounting or other professional services. If legal or other expert advice is desired, retain the services of an appropriate professional.

Copyright ©2011 by Thompson Publishing Group

 **THOMPSON**
Insight you trust.

Barring the Apocalypse, It's Waiver Time

By David DeSchryver

The deadline for all students to be 100 percent grade-level proficient under No Child Left Behind (NCLB) is fast approaching.

School year 2013-14 is only 730 days away as of Friday, July 1, but who's counting? Coincidentally, the Mayan calendar ends on Dec 21, 2012, their forecasted day of doom. It is only 538 days away. So if the Mayans are correct, we have nothing to worry about.

Predictions of the end of the world come and go, but NCLB's deadline has thus far remained fixed. There is a consensus in Washington that something has to be done. However, there also is a consensus that Congress will not complete NCLB's reauthorization until after the next presidential election. That leaves only a few options.

Congress could postpone addressing the entire law and pass a "patch" bill. It's not difficult to imagine some kind of "earned-extension" patch that would allow states or districts to suspend the adequate yearly progress trajectory any point prior to 100 percent grade-level proficiency. Perhaps, in lieu of such a "patch," the states or districts might be required to revise their accountability workbooks by aggressively adopting the Common Core Standards and assessments that are better calibrated to the objective of college and career readiness. No doubt, many districts are contacting their senators and representatives about such a trade-off in light of a relevant waiver that the U.S. Department of Education (ED) granted to the McPherson Unified School District in Kansas in April.

There is also considerable discussion about regulatory relief. Could ED Secretary Arne Duncan use his authority under Section 9401 to waive, in some manner, the requirement that all students be grade level proficient by the 2013-14 school year? Congress included restric-

tions against waiving certain sections of the law. Notably, the Secretary shall not waive any statutory or regulatory requirements relating to: allocation or distribution of funds, maintenance of effort, comparability, supplement not supplant, parental participation and involvement, and more. But there is no express prohibition against waiving key accountability or intervention requirements.

That said, if the Secretary were to waive key statutory provisions, he would be overriding the very clear intent of Congress — at least at the time the law was passed. Given the problems associated with the 2014 deadline, however, it is unclear just how Congress would react to such a waiver.



See *Waivers*, p. 4

Editorial Advisory Board

Janet Carroll
Title I Director, Rhode Island
(retired)
Providence, RI

Kristen Tosh Cowan, Esq.
Brustein & Manasevit
San Francisco, CA

Michelle Doyle
Chief Executive Officer
Michelle Doyle Educational Consulting
Reston, VA

Bill Erpenbach
President
WJE Consulting
Madison, WI

Brooks Garber
CEO
Getting Better Results Consulting
Alexandria, VA

Kent Gerlach
Professor of Education
Pacific Lutheran University
Tacoma, WA

Jeff Jordan
Director of Finance Program Services
Ohio Department of Education
Columbus, Ohio

Robin Lambert
Consultant, Rural School and Community Trust
Harlan, KY

Leigh Manasevit, Esq.
Brustein & Manasevit
Washington, DC

Laurie Matzke
Title I Director, North Dakota
Bismarck, ND

Scott Marion
Vice President
National Center for the Improvement of Educational
Assessment, Inc.
Dover, NH

Rachel Quenemoen
Senior Research Fellow
National Center on Educational Outcomes
Minneapolis, MN

Andrew Rotherham
Co-Founder and Partner,
Bellwether Education
Arlington, VA

Patricia Saas
Title I Director
Clark County Public Schools
Las Vegas, NV

Roberta Schlicher
Senior Associate
edCount
Washington, DC

William Windler
Director of Compliance and Special Projects
Colorado Department of Education
(retired)
Denver, CO

i3 Round Two (continued from p. 1)

In another nod to smaller communities with fewer resources, ED has significantly reduced the requirement for winners to match 20 percent of their project cost from outside sources. For the second round, “development” winners must get a 15-percent match (of a \$3 million maximum award); “validation” winners would need a 10-percent match (of a \$15 million maximum award); and, finally, “scale up” winners will have to secure a 5-percent match (of a \$25 million maximum award.)

Gone is an absolute priority on improving the use of data. That has been replaced with a new focus promoting science, technology, engineering and math (STEM) education — another core tenet of the Obama administration’s education agenda.

But arguably the most significant change is in the realm of evidence. In an interview conducted several months ago, before the second round was announced, James Shelton, ED’s assistant deputy secretary for innovation and improvement, said the biggest impact of i3 was that “evidence was becoming a more important part of the conversation.”

“You will get funded a little bit of money for a little bit of evidence, and a lot of money for a lot of evidence. That’s the paradigm shift. As a provider, whether you’re a for-profit or a nonprofit, your incentive is now to shift dollars from marketing to producing strong evidence of the effectiveness of your program.”

Robert Slavin, the co-founder of Success for All, called the evidence-emphasis in i3 “potentially revolutionary.” Success for All won a \$50 million “scale up” grant in the first round of the competition.

“It sets a high bar for evidence of effectiveness that I hope and believe will provide language that could be picked up by other federal efforts,” he said. “i3 attends to the whole pipeline of proven programs, providing money both for scale-up of proven programs and for development and validation of promising new initiatives. If i3 continues, it will continually feed proven innovations into the scale-up category, enriching the offerings to schools and establishing the principle that federal funding should be spend on things that are proven to work.”

The 2011 application, however, eliminates the section of the application in which applicants were previously required to present their evidence to peer reviewers. They will present their evidence in an appendix to the application, which will be reviewed separately by ED’s Institute of Education Sciences to determine if the application meets the evidence threshold for the grant. The motive was not immediately clear, but there had been complaints that peer reviewers gave high marks to first-round applicants whose evidence base was weak.

In the earlier interview, Shelton explained that the i3’s tough conflict-of-interest rules kept some of the top experts in some fields off the peer review panels. “I need people who have expertise in data,” he said, citing one example. “The people with the level of expertise I’d like to have are either working for providers or are working for districts that are applying to use the data. You wind up with this funny thing that the people who know the most about the subject can’t be in the reviewer pool because of conflicts.”¹

—Andrew Brownstein

For More Information

To get more details on round two of the i3 competition, go to <http://www2.ed.gov/programs/innovation/applicant.html>

Waivers (continued from p. 3)

Additionally, ED would have to navigate the effort through an open (and, no doubt, contentious) notice and comment process. That could get ugly. Just consider the strange alliances that might emerge between conservative Republicans who would resist lawmaking through regulation and liberal civil rights organizations that would reject the weakening of provisions that benefit their constituents.

It may not be “2012,” but the struggle to grapple with 2013-14 is likely to be epic. Stay tuned.

(This article was written by guest contributor David DeSchryver, vice president of Education Policy at Whiteboard Advisors. It was adapted from an earlier version that appeared on Thompson’s education blog, Title I-Derland. <http://titleonderland.blogs.thompson.com/>)



Are you following us yet?

Join us on Thompson’s new education blog,
Title I-Derland
<http://titleonderland.blogs.thompson.com>

English Language Proficiency Assessment Project Faces Gargantuan Challenges and Limited Funding

By Ellen Forte and Molly Faulkner-Bond

Assessment has been a hot issue in the education grants world over the past 12 months. The assessment landscape may change dramatically over the next four years as new consortia funded by the U.S. Department of Education (ED) seek to develop more powerful assessments with enhanced validity and general utility for all states in the consortia.

Proceeding in stages, the department has awarded grants first for assessments for the general population and then for students with significant cognitive disabilities. ED most recently has solicited applications for assessments to measure English language proficiency (ELP). ED intends to fund two such projects through Enhanced Assessment Grants (EAGs) by October 1 of this year.

In some ways, this last set of grantees will face the biggest set of challenges because they must develop common ELP definitions from the ground up, while the other consortia can start with some level of consensus around many basic concepts.

Common Core Projects

In fiscal year 2010, the department funded four large, long-term projects aimed at developing new assessments aligned to the new Common Core State Standards (CCSS).

The most high-profile and well-funded of these projects are the two Race to the Top Assessment (RTTA) consortia, which are building reading and mathematics assessments for the general student population in grades 3-8 and at least one grade in high school (see box, p. 6, for details on the four consortia). Last fall, ED's Office for Special Education and Rehabilitation Services (OSERS) funded two consortia through its general supervision enhancement grant (GSEG) program to create alternate assessments for students with significant cognitive disabilities that are also aligned to the CCSS.

All four consortia are on a four-year timeline, with the intention of having operational assessments available for use in the 2014-15 school year. Once completed, all assessments will be available without charge to any state regardless of membership in the current consortia. States will be responsible for paying the costs associated with administration, scoring and reporting; federal money is funding the test questions, test formats and some evidence of test quality.

English Language Proficiency Assessments

As for the last set of assessment grants in the federal pipeline — applications were due June 3 — ED plans



Dr. Forte (left) is the president and founder of edCount, LLC, a Washington D.C.-based education consulting firm providing technical assistance and professional services to state and local education agencies, advocacy groups and other education organizations. edCount is a woman-owned small business, with a focus on federal and state education policy, students with disabilities and English learners.

Ms. Faulkner-Bond (right) is a policy associate at ed-Count LLC, where she supports Dr. Forte and her team of senior associates. Ms. Faulkner-Bond earned her bachelor's degree at Harvard University, where she graduated, magna cum laude, in 2006 with an B.A. in Philosophy and a certificate from the university's Mind, Brain, Behavior program.

to award at least one EAG (it anticipates two) later this year for projects to develop English language proficiency assessments (ELPAs) that reflect the language demands inherent in the common core. Like the other competitions, the EAG request for proposals called upon states to form consortia for developing new ELPAs; participating states must agree to use the new assessments once completed and the new ELPAs must yield data that can support evaluations of teacher and principal effectiveness (among other, additional measures), be computer-based, and be compatible with the assessments produced by other consortia.

In addition to these parameters, which are similar to those set forth in the other competitions, the EAG competition stipulated a few additional conditions unique to the task of defining and assessing English language proficiency. These include requirements that:

- All states within a consortium adopt and implement a single definition for "English learner";
- All states within a consortium define and share common standards for English language proficiency, which correspond to the CCSS;

See *EL Assessment*, p. 6

EL Assessment (continued from p. 5)

- The assessment systems developed under the grant include diagnostic *and* summative tests at a minimum, meaning the consortia must also develop what is commonly referred to as a “screener” or “placement” test for newly enrolling students to determine their EL status; and
- The assessment systems must appropriately test all English learners (grades pre-K through 12) in all four language domains: reading, writing, speaking and listening.

The task before these applicants is, in some ways, greater and more challenging than that faced by any of the other funded consortia. Compared to the RTTA consortia, which began their work with a freshly minted set of common standards, and the task of developing summative assessments only for students in grades 3–8 and one high school grade, the EAG consortia are starting off with much less and must create much more. Specifically, the EAG consortia must first determine how to define English language proficiency. That is, what are the language demands of school and what constitutes a level of reading, writing, listening and speaking skills that allow a student to engage fully in an academic setting where the language of instruction is English? What characterizes this level (or these levels) in each of the reading, writing, speaking and listening domains in pre-K? In grade 5? In the other 11 grades in which an assessment must be developed?

In addition to arriving at a consensus regarding this fundamental definition, participating states must then — using resources other than the EAG funds — choose or create ELP standards to share based on this definition and create an assessment system for a full pre-K–12 population based on this construct and these standards.

Given these challenges, the EAG is an odd vehicle to fund such a gargantuan effort. Typically, EAGs are short, relatively small grants, typically averaging \$1.4 million and running only 18 months to two years. The current request for proposals allows for a project to last up to four years, with total funding of \$10.7 million (for an anticipated award of \$5 million to \$7 million per project). EAG project scopes are often targeted in nature, focusing on a specific aspect of testing, such as selecting accommodations or developing alternate formats for testing certain science skills. In size, duration and scope, the new competition is out of the ordinary.

This is not to say that the EAG cannot provide a solid foundation for building an

assessment. Nonetheless, as its name suggests, the EAG competition generally focuses on assessment enhancements rather than core assessment construction. For example, EAGs typically fund efforts to “enhance” testing systems by funding validity studies or projects to develop strategies for improving the quality of test development, administration or reporting. Many have focused on improving access for special populations of students such as students with disabilities or English learners.

On the one hand, the dedication to these often overlooked populations is part of what makes EAGs important. But it is difficult to overlook the fact that over the course of nearly 10 years all of these efforts combined have still received less than half the amount of funds that the department provided for the Race to the Top general assessments. Compared to the large awards provided for general and alternate assessments, and even in the face of the daunting amount of work that must be done, the \$10.7 million available for the *entire* EAG competition looks small. If the consortia each include the recommended (though not required) minimum of 15 states, such an award would amount to between \$300,000–\$500,000 per state — less than 10 percent the amount awarded to the RTTA consortia per state.

Big Challenge, Limited Funding

This very limited funding for assessments that must span four domains (reading, writing, speaking, and listening) in each of 13 grades will require participating states to seek or provide additional resources for assessment development. In addition, limited funding suggests that the studies necessary to provide valid-

See *EL Assessment*, p. 7

Common Core Assessment Projects

- *Race to the Top Assessment (RTTA)* — Under this program, two consortia each received received approximately \$160 million in funding in September 2010.
- Smarter Balanced Assessment Consortium (SBAC) — 33 states, led by Washington state.
- Partnership for the Assessment of Readiness for College and Careers (PARCC) — 26 states, led by Florida.
- *General Supervision Enhancement Grant (GSEG)* — Under this program, two consortia received funding to create alternate assessment for students with significant cognitive disabilities that also are aligned to the Common Core State Standards.
 - National Center and State Collaborative (NCSC) — 17 states, the District of Columbia and six Pacific Rim entities, led by the National Center on Educational Outcomes at the University of Minnesota, \$45 million.
 - Dynamic Learning Maps (DLM) — 11 states, led by the University of Kansas, \$22 million.

Title I and IDEA (continued from p. 1)

Though the three systems report the same types of data, the actual figures do not correspond because the dates of collection differ. Moreover, there is confusion because the two laws use different terms or slightly different definitions for similar data points.

“There’s a lot of overlap, and it’s actually expensive,” said Rich Long, the National Title I Association’s executive director. “It’s not always clear what this data is being used for.”

The two groups recommend that reporting be limited to five to ten of the “most critical” issues, to be collected in a single consolidated data statement.

Other issues are less clear-cut. Under IDEA, for example, schools that over-identify children for special education are required to redirect 15 percent of their federal funds to provide support for struggling learners, often using a multi-tiered model called “Response to Intervention,” or RTI. ED guidance says that such funds can’t be used for students in the basic, or first, level of instruction, but can be used for students identified as needing more intensive support (level 2 or higher). The two organizations recommend that *any* school or district be allowed to use up to 15 percent of its IDEA funds, regardless of whether it has been ordered to do so, and that they have the ability to use them for all tiers, including the basic tier.

An even thornier issue in the case of RTI is Title I’s “supplement not supplant” requirement. Essentially, Title I is designed to be an “extra” support above and beyond state and local funding. If a state or district requires all schools to implement RTI, using Title I funds for that purpose can create a risk of supplanting. The two organizations

have asked ED to allow waivers that would allow states to exempt schools from the supplanting requirement if they are using funds to implement a “robust” RTI model.

The groups also called upon ED to release guidance on maintenance of effort, which is defined differently under the two laws, “creating confusion at the local level.”

Another thorny issue is graduation rates. The concept is treated quite differently under Title I and IDEA. Under Title I, states must count all students who graduate within four years. They may report on a five-year cohort, although they receive less credit for this group of students. IDEA, however, allows students to remain in school through age 21, and they are not counted as successful graduates for the purposes of Title I reporting.

The groups recommend that ED provide a common definition of graduation rate and a single data collection point, with the academic accomplishments of those who take longer to graduate under IDEA given the same measure of accountability as students without disabilities who graduate in four or five years.

“Having multiple measures of graduation rates and separate systems of collecting data creates an expensive duplication of effort that does little to improve schools or the graduation rate of students,” according to the report. “Furthermore, it fails to give districts credit for the academic achievements of students with disabilities who need more than four or five years to [graduate].”¹¹

—Andrew Brownstein

For More Information

To view the entire report, go to http://www.national-titleiassociation.org/resource/resmgr/special_education/title_i_-_idea_coordination_.pdf

EL Assessment (continued from p. 6)

ity evidence for the ELPAs cannot be included in the funded package to any significant extent. This flips the typical role of the EAGs from supporting the enhancements (which now must be funded by outside sources) to funding the assessments themselves, leaving open the question of where the money will come from. Four years from now, states should not be left wondering what the scores their new ELPAs (or any other consortium-developed assessments) actually tell us about students’ knowledge and skills, and whether these scores can be used for any particular purpose (say, exit from services, growth analyses, program evaluation or teacher evaluation).

Fortunately, through one of its 2009 EAG awards, ED provided a framework for how states and the consortia they engage in should think about (and be prepared to demonstrate) the quality of the assessments they build and the meaning of their test scores. The *Evaluating the Validity of English Language Proficiency Assessments* project, es-

tablished through an EAG to Washington state, generated validity evaluation concepts and tools that can be applied to any system of ELPAs. These resources were purposely created to address the full range of decisions related to English learners’ acquisition of English language proficiency, from the Home Language Survey and screening process through the studies necessary to understand how well an ELPA is functioning to the evidence required to make a legally defensible exit decision. ED can draw upon these resources to evaluate the degree to which awardees are creating meaningful assessments, and awardees (not to mention providers of additional funding) can use them to identify and conduct the studies that will contribute to their validity evaluations.

The times are certainly interesting ones for student testing, with these major projects now underway. Notwithstanding the challenges posed by limited funding, the new ELPA assessment project has the potential to dramatically advance the ability to serve English learners and will provide a critical piece in the new assessment structure.¹¹

New Compliance Supplement Released, with Details On Federal Funding Accountability and Transparency Act

The Office of Management and Budget has issued the 2011 *Circular A-133 Compliance Supplement*, providing significant details about Federal Funding Accountability and Transparency Act reporting, as well as updates to clarify reporting under the American Recovery and Reinvestment Act (ARRA). The supplement applies to single audits for the fiscal year that began July 1, 2010.

The “Reporting” section in Part 3 of the supplement states that first-tier subaward reporting requirements under FFATA (Pub. L. 109-282) are contained in 2 C.F.R Part 170 for grants and cooperative agreements and in the Federal Acquisition Regulation for contracts. In general, FFATA reporting requirements do not apply to ARRA awards. However, if a subaward is made using both ARRA and non-ARRA dollars, the reporting requirements in Section 1512 of ARRA would apply to the ARRA portion and FFATA requirements would apply to the remainder.

FFATA reporting became effective for new grants and cooperative agreements Oct. 1, 2010, for all discretionary and mandatory awards of \$25,000 or more made with a new Federal Assistance Identification Number (FAIN) (i.e., the unique award number that is assigned by the federal awarding agency to an individual grant or cooperative agreement, as opposed to a program-wide Catalog of Federal Domestic Assistance number). Grant and cooperative agreement recipients and contractors must report FFATA subaward information in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) by the end of the month following the month in which a subaward or obligation was made and, for contracts, the month in which a modification was issued that changed any previously reported information.

The supplement states that auditors should determine which of a recipient’s awards are subject to FFATA reporting requirements by reviewing the award terms, the federal awarding agency’s assignment of a new FAIN, the effective date of the reporting requirement and whether the entity passed funds through to first-tier subrecipients. Auditors should also select a sample of recipient payments for first-tier subawards from non-ARRA awards or from awards issued with both ARRA and non-ARRA dollars. They should obtain related subaward agreements and determine if the subaward is subject to FFATA reporting based on its timeframe, size and value.

If the subaward is subject to reporting under FFATA, the auditor should:

- use the award number of the prime recipient’s award to find it on USASpending.gov; and

- review the subaward documents and key data elements for compliance testing to assess whether the applicable subaward actions were reported, the key data elements were accurately reported and are supported by source documentation, and the subaward was reported in FSRS no later than the last day of the month following the month in which the subaward or the contract modification was signed.

Recovery Act Reporting

One of the key updates in this year’s supplement regards “best available data.” Recipients who are subject to the requirements in Section 1512 of ARRA must report expenditures as of the last day of a calendar quarter for the full quarter. Due to the accounting closing process, however, some recipients may not have the actual expenditures amount by the end of the 10-day ARRA quarterly reporting window. The OMB said that in those instances, recipients can use “best available data,” which represents the full quarter and can include estimates for the final month in the quarter.

OMB noted that if estimates are used for quarterly reporting, the recipient should have a process for reviewing the submitted reports and determining if there are any material differences that would require the report to be corrected during the FederalReporting.gov continuous correction period. Recipients do not have to correct a submitted report if there are no material differences. The supplement emphasized that ARRA recipients may not use a best available data approach as part of a “lag methodology,” which uses finalized data for two months of a quarter but does not include the final month.

The overall compliance supplement includes 19 new programs, two deleted programs and five new programs that were added to program clusters (Only 3 are ED programs). In Appendix 7, “Other OMB Circular A-133 Advisories,” the OMB included a list of 166 ARRA programs that are not covered in Parts 4 or 5 of the supplement but may be subject to a Circular A-133 single audit. It also listed five ARRA programs that are not covered by the single audit requirements. Additionally, Appendix 3 includes a new table with agency contacts for each program in Parts 4 and 5 of the supplement. 

—Jerry Ashworth

For More Information

The 2011 Circular A-133 Compliance Supplement is available at http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2011.