



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING


RICK SNYDER
GOVERNOR

BRIAN J. WHISTON
STATE SUPERINTENDENT

MEMORANDUM

DATE: March 2, 2017

TO: Local and Intermediate School District Superintendents
Public School Academy Directors

FROM: Venessa A. Keesler, Ph.D., Deputy Superintendent 
Division of Educator, Student, and School Supports

SUBJECT: Requesting Public Comment for Special Waiver of the 15% Carryover for
Pontiac City School District

The Michigan Department of Education (MDE), on behalf of Pontiac City School District, is requesting permission from the United States Department of Education (USED) to waive the limitation for the MDE to grant a Title I, Part A 15% carryover waiver to Pontiac City School District more than once every three (3) years. The MDE is providing an opportunity for public comment as required for this waiver.

The Pontiac City School District has had a structural deficit for a number of years which contributed to the Governor declaring it in a state of Financial Emergency on June 30, 2013. Subsequently, Pontiac entered into a Consent Agreement with a revised educational plan, and an outside consultant was appointed to review its finances and oversee spending. Pontiac also entered into a Compliance Agreement with MDE to ensure that the district expends its federal funds in compliance with all applicable requirements. As a result, Pontiac experienced significant cash flow difficulties and delays in spending Title I, Part A funds during the 2013-14, 2014-15, and 2015-16 school years.

The MDE, on behalf of the Pontiac City School District, is requesting this waiver to ensure that the students of the district receive the full benefit of the supplemental programs purpose of Title I, Part A (see attachment).

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The MDE is opening this waiver request for public comment, on behalf of the Pontiac City School District. If you would like to comment on this request, please email your comments to TitleICarryoverWaiver@michigan.gov. This mailbox will be available for ten (10) business days. All comments will be given consideration by the MDE and attached to the request sent to USED.

cc: Michigan Education Alliance

Attachment: Pontiac's Title I Carryover Waiver Request

Attachment

Title I, Part A 15% Carryover Waiver for 2015-16 Funds

REQUIRED WAIVER INFORMATION:

Please describe the reasons the Local Educational Agency (LEA) was unable to obligate and expend at least 85% of the 2015-16 Title I, Part A allocation.

For several years, the School District of the City of Pontiac (PSD) has faced daunting financial challenges characterized by persistent and systemic fiscal imbalances and deficit conditions, aggravated by the deterioration in revenues received from property taxes due to reduced property values and reductions in school aid exacerbated by declining pupil counts.

Despite its efforts to restore its financial stability, PSD has experienced acute financial stress with its deficit quadrupling over 3 years to close the 2011-2012 fiscal year with a \$37.7 million deficit, representing more than half of the District's total general fund revenue for that year.

As of June 30, 2013 PSD had a deficit fund equity of \$51.7 Million. This and other factors led the Governor of the State of Michigan to declare on August 14, 2013 that PSD was in a state of Financial Emergency.

As part of its effort to address the state of Financial Emergency, on September 18, 2013, PSD entered into a Consent Agreement with the Michigan Treasury Department. The Consent Agreement includes enhanced financial reporting and budget approval requirements and assigns the Treasury Department strict oversight over PSD's financial and operational activities. PSD will continue to operate under this Agreement for multiple years to come.

PSD devoted significant time during FY13/14 to identify sources of revenue and develop and implement the required educational services and improvement plans under the Consent Agreement. In FY14/15 and 15/16, PSD was vastly successful in the continuous implementation and monitoring of the plans and its ability to have cash available to implement items included in the consolidated applications as well as in other local, state and federal grants. PSD has also been very successful with decreasing the amount of federal grant audit findings within our annual financial statements thru close compliance monitoring. Our finding went from fourteen (14) federal findings in FY12/13 to ZERO (0) federal findings in FY15/16; this is a feat PSD is very proud of.

With this plan, cash availability, and the previous granted waiver of 13/14 funds and 14/15 funds, the district was able to expend: 1.) \$8.6 Million of \$13.2 Million from our 14/15 Title I, Part A application, a total of 65% of the award and 2.) \$8.0 Million of \$10.6 Million from our 15/16 Title I, Part A application, a total of 75% of the award (a 10% utilization INCREASE from 14/15). We continue to embark upon closing the achievement gap across all levels. Although we are showing some academic gains, financial challenges are still impacting the availability of supplemental resources within classrooms.

PSD looks forward to having the same success in utilizing our Title I, Part A funds in FY16/17 as we did in FY14/15 and 15/16, if this request is approved. Our schools are participating in Consolidation of Funds (Schoolwide Consolidation) for the first time this school year (16/17) and we truly believe that our students will immensely benefit from this model in order to more closely meet the needs of our students.

Furthermore, if this request is approved, the School District of the City of Pontiac has updated and is ready to continue implementing its plan to maximize the utilization of both the current 2016-2017 Title I, Part A allocation award and the 2015-2016 Title I, Part A carryover in order to both meet the needs of our students and at the same time meet our compliance obligations with respect to our Consent Agreement, the Title I, Part A Compliance Agreement and the 2016-2017 Title I, Part A Application.

After detailed description, complete the following assurance statement:

Kelley Williams of School District of the City of Pontiac (63030) submitted the following Certification of Title I, Part A 15% Carryover Waiver for 2015-16 Funds on September 21, 2016:

Our LEA acknowledges that when granted this waiver, we agree to abide by the following set of assurances:

- Our LEA will comply with the statutory and regulatory obligations associated with this waiver in respect to our 2015-16 Title I, Part A allocation (ESEA Section 1127).
- Our LEA will comply with all reporting requirements associated with this waiver as set forth by the United States Department of Education and the Michigan Department of Education (ESEA Section 9401).

By sending this e-mail, I understand that our agency is requesting a Title I, Part A Carryover Waiver. This request will be reviewed based on Federal requirements. The LEA will receive an e-mail confirming approval or denial by the Office of Field Services.

PLEASE SAVE THIS COMPLETED REQUEST AND ATTACH TO THE E-MAIL TO: TitleICarryoverWaiver@michigan.gov. Please maintain a copy of the submitted assurance and the e-mail from your "Sent Items" for your records.