



# **DIVISION OF FINANCIAL AND ADMINISTRATIVE SERVICES**

## **Special Education Finance Updates What to Look for in FY12**

Fall, 2011

Missouri Department of Elementary  
and Secondary Education

# Topics



- Due Dates
- Accounting Code Changes
- ePeGs Changes
- Fiscal Monitoring Top Findings
- Part B Requirements
- Schoolwide Considerations
- ECSE Expenditure Guide Updates



# Special Education Funding

# Due Dates

- FY12 Part B Budget Application due July 1, 2011
- FY11 ECSE Expenditure Report due September 17, 2011
- FY11 Part B FER due September 30, 2011
- CEIS Reporting Verification Sheet due September 30, 2011
- FY11 ECSE ARRA FER due September 30, 2011
- FY11 Public Placement Fund Application due Oct. 31, 2011
- FY11 High Need Fund Application due January 31, 2012
- Readers for the Blind Application due January 31, 2012

<http://dese.mo.gov/divspced/Finance/documents/FY11duedates.pdf>

# SEls Messages

- Special Education Listserve messages
- SELs2
  - Open to anyone wanting to subscribe
  - Subscribers receive the exact same messages as subscribers to SELs
  - Those interested in subscribing to SELs2 can do so by going to the following website:  
[http://dese.mo.gov/divspeced/sels2\\_subscribe.html](http://dese.mo.gov/divspeced/sels2_subscribe.html)



# Accounting Code Changes

# Function Codes – Special Education

## □ OLD

### ■ Deleted / Renamed Existing Function Codes 1221-1241

1220 Mentally Retarded

1235 Partially Seeing

1221 Mild/Moderate Mentally Retarded

1236 Blind

1222 Severe/Profound Mentally Retarded

1237 Hard of Hearing

1230 Orthopedic Impairment

1238 Deaf

1231 Remedial Speech & Language

1239 Deaf-Blind

1232 Developmental Speech and Language

1240 Emot/Behav Disturbed

1233 Physically Disabled

1241 Emotionally Disturbed

1234 Other Health Impaired

# Function Codes – Special Education

- NEW

- 1221 – Special Education and Related Services

Instruction specially designed to meet the unique needs of a child with a disability and other such developmental, corrective and supportive services as required by the child's Individualized Education Program (IEP) through the Individuals with Disabilities Education Act (IDEA). (Includes Homebound Instruction for students with IEP's.)

# Function Codes – Special Education

## □ NEW

- 1 223 – Coordinated Early Intervening Services (CEIS)

Programs supported with IDEA funds for students in grades K-12 who need additional academic support to succeed in their general education environment, but who have not been identified as needing special education services.

# Function Codes – Special Education

- NEW

- 1224 – Proportionate Share Services

Programs and services supported with IDEA funds for home schooled and parentally-placed private/parochial school students with disabilities.

This code may **only** be used to record those expenditures made to meet the requirements of 34 CFR 300.132-300.144 and Appendix B to Part 300 for the above stated services.

# Revenue Codes – Special Education

## □ OLD

- 5441 – Individuals with Disabilities Education Act (IDEA)

Amounts received through PL 108-446, 2004, previously known as PL 94-142, “Education of the Handicapped, Act B” (includes Federal portion of the High Need Fund and other small or one time grants as appropriate).

# Revenue Codes – Special Education

- NEW
- 5441 – IDEA Entitlement Funds

Entitlement amounts received through the Individuals with Disabilities Education Act (IDEA) grant for providing special education and related services to students with disabilities.

# Revenue Codes – Special Education

- NEW

- 5437 – IDEA Grants

Cooperative, Competitive Improvement, SWIS, SET,  
High Need Fund

Amounts received through special competitive grants or state initiatives from the Individuals with Disabilities Education Act (IDEA) set-aside funds. These are not IDEA entitlement funds.

# Revenue Codes – Special Education

- NEW
- 5438 – Non-IDEA Special Education Grants

Amounts received for special education initiatives with federal funds other than IDEA funds.

# Accounting Manual



The complete updated Missouri Financial Accounting Manual is located at:

[http://dese.mo.gov/divadm/finance/acct\\_manual/CompleteAccountingManual.html](http://dese.mo.gov/divadm/finance/acct_manual/CompleteAccountingManual.html)



# ePeGs Changes

# Business Rules – All DESE Offices

- ❑ Budget Application – Due July 1 (no back-dating)
- ❑ Budget Amendments will not be allowed after April 30<sup>th</sup> without DESE approval
- ❑ Fewer Function Codes (will have descriptors)
- ❑ Final Expenditure Report (FER) – Due September 30 (no amendments unless audit finding)
- ❑ Once FER is created the rest of the system will shut down (no payment requests or budget amendments for that school year)
- ❑ If the FER is not submitted by the due date, LEA can't access their current year funds until submitted

# Business Rules – Continued

- ❑ Payment Requests – Due 11:59 pm on 1<sup>st</sup> of the month (indicate Actual Cumulative Program Year Expenditures to Date and Additional Anticipated Expenditures by Receipt of Funds on payment requests)
- ❑ Payment requests through June, July, Aug, and Sept (payment transmittals will indicate current year since budget cycles will overlap)
- ❑ Overpayments/CMIA – districts must return and calculate interest on all overpayments
- ❑ No book transfers on overpayments (trans ins/trans outs)
- ❑ Revenue and Function Code Changes (see Accounting Manual)

# Special Education Function Codes

Function Codes for FY12 include:

- 1221 – Special Education and Related Services
- 1223 – Coordinated Early Intervening Services
- 1224 – Proportionate Share
- 2200 – Professional Development
- 2500 – Transportation and Maintenance
- 4000 – Facilities Acquisition and Construction



# Fiscal Monitoring Visits

# Fiscal Monitoring Findings

- Expenditures not tracked separately
- Maintenance of Effort (MOE) calculation and documentation
- Cash Management
- No inventory / tracking of equipment
- No Single Funding Certification Forms / Time and Effort Logs for federally paid employees
- Obligations prior to budget applications



# Part B IDEA Requirements

# Part B IDEA Requirements

- ❑ Assurances
- ❑ Excess Cost (Verification of)
- ❑ Maintenance of Effort
- ❑ Supplement – NOT Supplant
- ❑ Proportionate Share
- ❑ Office of Management and Budget (OMB) Circular A-87  
Certifications/Time and Effort Logs
- ❑ Inventory Control for items purchased with IDEA funds
- ❑ Capital Costs
- ❑ Prorating Expenditures

# Part B IDEA Requirements

- ❑ CEIS if LEA has a determination of significant disproportionality
- ❑ Education Department General Administrative Regulations (EDGAR)
- ❑ Payment Requests - CMIA
- ❑ Tracking Federal Expenditures

# Assurances (34 CFR §300.200)

- Districts/LEAs providing services to students with disabilities must submit annual assurances to the Department regarding their compliance with the applicable federal and state statutes and regulations.
- Assurances are agreed to in ePeGs reporting system through the Core Assurances and Grant Specific Assurances.

# Excess Cost (34 CFR §300.202)

- Federal funds may only be used to pay excess cost of providing special education and related services to children with disabilities.
- District/LEA must spend at least the minimum average amount for the education of its children with disabilities before Part B funds are used.
- Districts must document that children receiving special education services cost more than those in regular education.
- The Department will calculate the Excess Cost each year. If LEA/District does not meet Excess Cost, the Department will contact the LEA/District.

# Maintenance Of Effort (MOE)

## (34 CFR §300.203)

Funds provided to a District/LEA under Part B must not be used to reduce the level of expenditures for the education of children with disabilities made by the District/LEA from local funds below the level of those expenditures for the preceding fiscal year.

# Supplement Not Supplant (34 CFR §300.202)

Federal Part B Funds may only be used to supplement state, local or other non-federal funds spent on students with disabilities.

**MOE MET =  
MET NON SUPPLANT REQUIREMENT**

# Proportionate Share

## (34 CFR §300.133)

- Each District shall spend a proportionate amount of its Part B funds on parentally-placed private school children with disabilities.
- District where a private school is located is responsible.
- Districts are also responsible to provide services to home-schooled students with disabilities.

# Office of Management and Budget (OMB) Circular A-87

## Federal Requirements

- Records Retention
  - 3 years past end of grant
- Allowable Costs
  - Must be necessary and reasonable
- Indirect Costs
  - Costs incurred for a common or joint purpose benefiting more than one cost objective, and
  - Not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved

# OMB Circular A-87

## ■ Federal Award Certifications

- Employees paid with Part B funds who work on a single cost objective must sign certifications to indicate that they worked solely on that program for the period covered by the certification.
  - Must be completed and signed at least semi-annually after the work has been performed

(OMB) Circular A-87, Part 225 Appendix B.8.h(3))

- Employees working on multiple activities or cost objectives must maintain time and effort logs to determine the amount allocable to Part B.
  - Must be prepared at least monthly after the work has been performed and must coincide with one or more pay periods

(OMB) Circular A-87, Part 225 Appendix B.8.h(4 & 5)

# Inventory Control

## EDGAR 80.32

All capital outlay purchased with federal monies costing \$1000 or more per unit/set is subject to inventory management and control requirements as follows:

- Items shall be physically marked.
- Inventory records must be current and available for review and audit. The following information must be included to be in compliance:
  - description of the property
  - manufacturer's serial number or other identification number
  - identification of the funding source used to purchase property
  - acquisition date and unit cost
  - source of property (vendor name)
  - percentage of federal funds used for purchase
  - present location, use, condition of the property, and date the information was reported
  - items purged, transferred or replaced must have pertinent information recorded regarding the disposition of the equipment

# Inventory Control

## EDGAR 80.32

- Adequate safeguards must be in effect to prevent loss, damage, or theft of the property.
- Any loss, damage, or theft must be investigated and fully documented.
- The District/LEA is responsible for replacing or repairing lost, damaged, destroyed, or stolen property.
- If stolen property is not recovered, the District/LEA should submit copies of the investigative report and insurance claim to DESE.
- Replaced equipment is automatically considered property of the originally funded program and should be inventoried accordingly.
  - Adequate maintenance procedures must be implemented.
  - A physical inventory of items must be taken and the results reconciled with the inventory records at least once every two years.

# Capital Costs (Federal Funds)

## (34 CFR §300.718)

Prior Approval is required:

- Alteration / Renovation: changing an existing LEA-owned structure
- Construction - building a new structure
- Real Estate - purchasing a structure or land
- Buses/Vehicles

The Part B Capital Outlay Purchase Approval Form is located at:  
<http://dese.mo.gov/divspeced/Finance/partbentitlement.html>

# Prorating Expenditures



IDEA requires all expenditures with IDEA funds to be directed 100% toward Special Education; otherwise the cost should be prorated, unless the benefit to non-special education students is incidental and justifiable.

# Coordinated Early Intervening Services (CEIS) (34 CFR §300.226)

District/LEA may use up to 15% of their Part B 611 Allocation to assist students in Kindergarten through Grade 12 not yet identified as needing special education services but need additional academic and behavioral supports to succeed in the general education environment.

Federal regulations recommend particular emphasis on students in Kindergarten through 3<sup>rd</sup> grade.

# CEIS – Significant Disproportionality (34 CFR §300.646)

If significant disproportionality is determined, the District/LEA **must** reserve the maximum amount (15%) for CEIS to provide comprehensive CEIS to serve children in the District/LEA, particularly, but not exclusively to children in those groups that were significantly over identified.

# Cash Management Improvement Act (CMIA)

The Cash Management Improvement Act (CMIA) requires that funds be spent within three business days of receipt of funds.

Payment requests may only include amounts already expended and/or amounts that will be expended within three business days of receipt of funds.

Violating CMIA requires interest to be calculated and returned.

# Separate Tracking



All federal funds MUST be tracked separately from other funding sources.

- **EDGAR 74.21(2)**

- Records that identify adequately the source and application of funds for federally-sponsored activities.

- **EDGAR 75.702**

- A grantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds.

- **MO Financial Accounting Manual**

- Federal funds generally require separate identification and reporting within the LEA's audit report.

# Part B IDEA Requirements

- More information regarding Part B IDEA Requirements can be found under Part B Fiscal Guidance at:

<http://dese.mo.gov/divspeced/Finance/partbentitlement.html>

- Part B Federal Expenditure Requirements – “Cheat Sheet”
- Part B Federal Expenditure Requirements PowerPoint



# Schoolwide Considerations

# Special Education Considerations

- Districts may use Part B IDEA (611) funds for any activities under its schoolwide program plan but must comply with all other requirements of Part B of the Individuals with Disabilities Education Act (IDEA) to the same extent as it would if it did NOT consolidate funds under Part B of the IDEA in the schoolwide program.
- This is for both fiscal and compliance related requirements.

# Part B (Spec Ed) Requirements

- Proportionate Share Obligations
- Coordinated Early Intervening Services
- Maintenance of Effort/Supplement Not Supplant
- Excess Cost (calculated by the Department)
- Compliance Requirements

# Part B IDEA Pooling Options

- Districts may pool a portion of their Part B IDEA allocation or the entire allocation, given there are no set-asides.
- Districts may pool a portion of their state/local funds for special education, or all of their state/local funds for special education.
- Districts may do both Part B IDEA and state/local funds for special education.

# Budget Application

- Whether pooling all or a portion of Part B IDEA allocation, districts must submit both a Schoolwide budget application and a Part B IDEA budget application.
- These budgets will “feed” into each other and transfer data.
- Any amendments to one application will result in the need for an amendment to the other program’s application.

# Payment Requests

- Payment requests will depend on how the district chooses to pool funds.
- If pooling all Part B IDEA funds, payment requests will be made through the Schoolwide system.
- If pooling a portion of Part B IDEA funds, payment requests will need to be made through both systems for each portion.

# Final Expenditure Report (FER)

- Districts will have to complete both the Schoolwide Pool FER and the Part B IDEA FER.
- These FERs will “feed” into each other and transfer data.
- Any amendments to one FER will result in the need for an amendment to the other program’s FER.



# ECSE Expenditure Guide

# ECSE Expenditure Guide / Updates

<http://dese.mo.gov/divspeced/Finance/documents/sef-ECSEmanual.pdf>

- ❑ Fiscal guidelines related to operating an ECSE program
- ❑ “Updates” section highlighting what sections were recently updated
- ❑ Includes allowable and non-allowable items
- ❑ Frequently Asked Questions section
- ❑ Contains all the forms / cheat sheets related to ECSE
- ❑ Technical Assistance Contacts

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