NEW SUPERINTENDENT FALL MEETING

October 14, 2014

Division of Financial and Administrative Services
Special Education Finance

Missouri Department
of Elementary and Secondary Education

TOPICS

- Special Education Finance Due Dates
- Coding Federal IDEA Expenditures
- Cash Management
- Maintenance of Effort (MOE) Proposed Regulations
- Tiered Monitoring
- Special Education Technical Assistance Contacts

SPED DUE DATES

SPED FINANCE DUE DATES

Title	Services Year	Due Date
FY15 Part B Budget Application	2014-15	July 1, 2014
FY14 Part B FER	2013-14	Sept. 30, 2014
FY14 ECSE Expenditure Report	2013-14	Oct. 17, 2014
Public Placement Fund Application	2013-14	Oct. 31, 2014
High Need Fund Application	2013-14	Nov. 30, 2014
Readers for the Blind Application	2014-15	Nov. 30, 2014
Release Prop Share Carryover Funds	2014-15	March 1, 2015
FY15 Part B Budget Application Amendments	2014-15	April 30, 2015

CODING FEDERAL IDEA EXPENDITURES

CODING FEDERAL EXPENDITURES

- Special Education expenditures should be coded to Special Education function codes as defined in the Missouri Accounting Manual.

FUNCTION CODE	DESCRIPTION	REPORT IN EPEGS AS…
1221	Special Education and Related Services	1221
1223	Coordinated Early Intervening Services (CEIS)	1223
1224	Proportionate Share Services	1224
1281	Early Childhood Special Education (ECSE)	1281
1931	Tuition, Special Education Programs Within The State	1931
2553	Contracted Disabled K-12 Transportation Services	2500
2554	District Operated Disabled K-12 Transportation Services	2500
2559	ECSE Transportation	2559

Function codes may fall into a higher coding level in the ASBR (i.e. 1221 falls into 1220)

CODING FEDERAL EXPENDITURES

General Ledger Example-FY14

01	1231	6111	105	00	Bilingual	198,471.26
01	1240	6151	105	00	Title I Aides	1,032,532.56
					Total	1,231,003.82

Annual Secretary of the Board Report (ASBR)
Version 1.119.1255

Function Code	Description	Total All Funds
1192	Juvenile Program	0.00
1210	Gifted	88,101.22
1221	Special Education and Related Services	607,444.30
1223	Coordinated Early Intervening Services	0.00
1224	Proportionate Share Services	1,231,003.82
1250	Supplemental Instruction	1,323,885.61
1271	Bilingual	0.00

Since there are no codes between 1224 and 1250, these expenditures may roll into an unintended code in the ASBR.

CODING FEDERAL EXPENDITURES

- Districts/LEAs must track expenditures paid with IDEA Part B federal funds separately from all other funding sources.
- Districts/LEAs should use a project/source code to identify IDEA Part B federal funds in the general ledger.
- Expenditure descriptors should be specific enough to determine the purpose of the expenditure.

METHOD	DESCRIPTION	EXAMPLE
Project/Source Code	A code is designated as a special education federal expenditure and is attached to the end of the accounting code structure.	Function-Object-Source 1221-6100-41

CODING FEDERAL EXPENDITURES

GENERAL LEDGER

MONTH: 01/2014 FISCAL YEAR: 2014

FD	FUNC	OBJ	BLD	PC	DESCRIPTION	BUDGET	CURRENT MONTH	YTD	Balance
FUNCTION CODE 1221: SPECIAL EDUCATION SERVICES									
01	1221	6111	105	41	SE CERTIFIED SALARY	176,229	19,581	117,486	58,743
01	1221	6151	105	00	SE SALARY NONCERT	148,835	16,537	99,223	49,612
01	1221	6211	300	41	SE TEACHER RETIREMENT	110,946	12,327	73,964	36,982
01	1221	6221	300	00	SE NON TEACHER RETIREMENT	12,467	1,385	8,311	4,156
01	1221	6231	105	41	SE SOCIAL SECURITY	11,576	1,286	7,717	3,859
01	1221	6241	300	00	SE MEDICARE	11,474	1,275	7,649	3,825
01	1221	6251	105	41	SE MEDICAL INSURANCE	121,177	10,098	60,589	60,589
01	1221	6311	105	01	SE PROFESSIONAL DEVELOPMENT	10,539	25	6,897	3,642
01	1221	6321	105	41	SE CONTRACT THERAPY SERVICES	127,825	3,814	99,419	28,406
01	1221	6331	300	00	SE EMPL TRAVEL REIMBURSEMENT	1,100	10	743	357
01	1221	6341	105	41	SE EMPL ITINERANT TRAVEL	5,642	78	4,201	1,441
01	1221	6411	105	00	SE GENERAL CLASSROOM SUPPLIES	11,000	1,256	9,461	1,539
01	1221	6421	300	00	SE IEP SUPPLIES	15,657	284	3,698	11,959
01	1221	6511	105	01	SE EQUIPMENT	5,243	-	1,694	3,549
					SUBTOTAL	**769,710**	**67,957**	**501,053**	**268,657**

Project/Source Code “41” designates expenditures paid with IDEA Part B federal funds.

CASH MANAGEMENT

CASH MANAGEMENT

- Cash Management is the process of requesting and receiving funds from the federal government, and then disbursing those funds.
- Cash Management is governed by the Cash Management and Improvement Act (CMIA), which was implemented to prevent the earning of interest on federal funds.
- To avoid earning interest, an action must be taken in the general ledger to tie all federal funds to a specific expenditure within 3 business days.
- The district/LEA has 3 options for "tying" federal funds to expenditures.
  - Code In Advance
  - Journal Voucher/Recode
  - Request And Expend

CASH MANAGEMENT

- CODE IN ADVANCE EXAMPLE

Step 1:
Incur and code to federal account in general ledger

Step 2:
Request and receive funds

Step 3:
No further action needed

CASH MANAGEMENT

- CODE IN ADVANCE METHOD

GENERAL LEDGER

MONTH: 01/2014 FISCAL YEAR: 2014

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					SUBTOTAL	**769,710**	**67,957**	**501,053**	**268,657**

Code expenditures with project/source code “41” to designate paid with federal funds.
Request funds. No further action needed.

CASH MANAGEMENT

- JOURNAL VOUCHER/RECODE EXAMPLE

Step 1:
Incur and code to non-federal/general account in general ledger

Step 2:
Request and receive funds

Step 3:
Journal Voucher/Recode as federal expenditure

CASH MANAGEMENT

- JOURNAL VOUCHER METHOD

Federal Payment = $4,218

GENERAL LEDGER

MONTH: 01/2014 FISCAL YEAR: 2014

FD	FUNC	OBJ	BLD	PC	DESCRIPTION	BUDGET	CURRENT MONTH	YTD	Balance
FUNCTION CODE 1281: ECSE SERVICES									
01	1281	6122	105	00	ECSE CERTIFIED SALARY #1	32,813	3,646	25,521	7,292
CR	1281	6122	105	00	ECSE CERTIFIED SALARY	32,813	(3,645)	21,875	10,938
01	1281	6122	105	42	ECSE CERTIFIED SALARY*	3,646	3,646	3,646	-
01	1281	6152	105	00	ECSE SALARY NONCERT	23,147	2,572	18,003	5,144
CR	1281	6152	105	00	ECSE SALARY NONCERT	23,147	(2,572)	15,431	7,716
01	1281	6152	105	00	ECSE SALARY NONCERT*	23,147	2,000	23,000	147
01	1281	6152	105	42	ECSE SALARY NONCERT*	572	572	572	-
01	1281	6252	105	00	ECSE TEACHER RETIREMENT	11,364	1,263	8,839	2,525
01	1281	6322	105	00	ECSE PURCHASED SERVICES	7,915	1,258	4,763	3,152
01	1281	6422	105	00	ECSE SUPPLIES	6,379	360	3,347	3,032
01	1281	6522	105	00	ECSE EQUIPMENT	4,681	-	4,028	653
*RECODED FROM CORR					**SUBTOTAL**	**90,517**	**12,744**	**73,716**	**16,801**

#3

1. Code expenditure to non-federal account (project code "00" designates paid with state funds).
2. Request & receive funds.
3. Journal Voucher to recode as ECSE federal expenditure with project/source code "42" <u>within</u> 3 days.

CASH MANAGEMENT

- REQUEST AND EXPEND EXAMPLE

Step 1:
Request and receive funds (based on obligations)

Step 2:
Incur and code to federal account within 3 business days

CASH MANAGEMENT

- REQUEST & EXPEND METHOD

GENERAL LEDGER

MONTH: 01/2014 FISCAL YEAR: 2014

FD	FUNC	OBJ	BLD	PC	DESCRIPTION	BUDGET	CURRENT MONTH	YTD	Balance
FUNCTION CODE 1221: SPECIAL EDUCATION SERVICES									
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01	1221	6321	105	41	SE CONTRACT THERAPY SERVICES	127,825	3,814	99,419	28,406
01	1221	6331	300	00	SE EMPL TRAVEL REIMBURSEMENT	1,100	10	743	357
01	1221	6341	105	41	SE EMPL ITINERANT TRAVEL	5,642	78	4,201	1,441
01	1221	6411	105	00	SE GENERAL CLASSROOM SUPPLIES	11,000	1,256	9,461	1,539
01	1221	6421	300	00	SE IEP SUPPLIES	15,657	284	3,698	11,959
01	1221	6511	105	01	SE EQUIPMENT	5,243	-	1,694	3,549
					SUBTOTAL	**769,710**	**67,957**	**501,053**	**268,657**

Request federal funds (based on obligations). Incur expenditure and code with project/source code "41" to designate paid with federal funds <u>within</u> 3 business days.

CASH MANAGEMENT

- No matter which coding option is utilized for federal funds, the district/LEA should consider the following:
  - If the district/LEA codes expenditures in the general ledger above the allocation amount, the district/LEA risks requesting overpayments and subsequently violates CMIA.
  - The district/LEA must ensure that expenditures coded as federal in the general ledger match the monthly payment transmittal.
  - If a journal voucher is completed for payroll, the district/LEA must ensure all staff complete the appropriate time and effort documentation.
  - If a journal voucher is completed for equipment, the district/LEA must ensure inventory requirements are met.
  - If a journal voucher is completed for purchased services, the district/LEA must ensure procurement procedures were followed.

MAINTENANCE OF EFFORT

MAINTENANCE OF EFFORT

- Maintenance of Effort (MOE) is the amount of **STATE** and/or **LOCAL** funds a district/LEA spends on the special education program.
- IDEA requires MOE to be maintained from year to year unless an allowable exception applies.

  (FY14 = $350,000, then FY15 = $350,000 or higher)
- New Proposed Regulations will change the way MOE is reported and the tests that are run to determine if the district/LEA meets MOE.

MAINTENANCE OF EFFORT

- PROPOSED REGULATIONS

- NEW MOE REGULATIONS: **http://www.regulations.gov/#!documentDetail;D=ED-2012-OSERS-0020-0001**

MAINTENANCE OF EFFORT

CHANGE:

- District/LEAs must be able to distinguish expenditures paid with federal , state AND local funds in the general ledger.
- District/LEA will report all state and local expenditures separately in ePeGs.
- FY15 will set the threshold for local funds if the district/LEA has never reported local funds separately before (less than a handful of districts/LEA have reported local MOE).

How does the district distinguish between state and local expenditures?

MAINTENANCE OF EFFORT

METHOD	DESCRIPTION	EXAMPLE
FEDERAL Project/Source Code	A code is designated as a special education **federal** expenditure and is attached to the end of the accounting code structure.	Function-Object-Source 1221-6100-**41**
STATE Project/Source Code	A code is designated as a special education **state** expenditure and is attached to the end of the accounting code structure.	Function-Object-Source 1221-6100-**00**
LOCAL Project/Source Code	A code is designated as a special education **local** expenditure and is attached to the end of the accounting code structure.	Function-Object-Source 1221-6100-**01**

The use of project/source codes within the general ledger is the only means for determining which funding source (federal, state, or local) paid the expenditure.

MAINTENANCE OF EFFORT

GENERAL LEDGER

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					SUBTOTAL	**769,710**	**67,957**	**501,053**	**268,657**

State MOE Amounts (designated by “00” project/source code).

Local MOE Amounts (designated by “01” project/source code).

MAINTENANCE OF EFFORT

CHANGE:

- If a district/LEA chooses to meet on local funds only, the comparison year will not be the prior year, but the year in which the highest amount of local funds were expended.

MAINTENANCE OF EFFORT

Year	State	Local	MOE Total	MOE Local Method Test
2013-2014	?	?	$350,000	Combo
2014-2015	$325,000	$25,000	$350,000	Combo/Local (sets local threshold)
2015-2016	$315,000	$30,000	$345,000	Local
2016-2017	$342,000	$15,000	$357,000	Combo
2017-2018	$310,000	$35,000	$345,000	Local
2018-2019	$330,000	$35,000	$365,000	Combo/Local
2019-2020	$340,000	$26,000	$366,000	Combo

MAINTENANCE OF EFFORT

CHANGE:

- New regulations require both an eligibility test and a compliance test.
  - The eligibility test compares the past expenditures to budgeted expenditures.
  - The compliance test compares current expenditures to past expenditures.

Currently doing these tests, but regulations change the years that are being compared during tests. Eligibility test must be done during budget application, not FER.

MAINTENANCE OF EFFORT

Eligibility Test under PROPOSED REGULATIONS

Combination Method

EXPENDED PRIOR YEAR ≤ BUDGETED UPCOMING YEAR

FY14 Expended ≤ FY16 Budgeted

Local Method

HIGHEST EXPENDED YEAR ≤ BUDGETED UPCOMING YEAR

? ≤ FY16 Budgeted

MAINTENANCE OF EFFORT

Compliance Test under PROPOSED REGULATIONS

Combination Method

PRIOR YEAR ≤ CURRENT YEAR (maybe)

FY14 Expended ≤ FY15 Expended

Local Method

HIGHEST EXPENDED YEAR ≤ CURRENT YEAR

? ≤ FY15 Expended

MAINTENANCE OF EFFORT

- Questions about Proposed Regulations
  - Local Only Method indicates the amount to meet must be based on a period of years in which the most amount of funds were expended (not necessarily the prior year). How far back must be tracked?
  - Does the Combination method follow the same rule or is it just the prior year amount? The regulations don't indicate a period of years, but the examples given in the regulations meet MOE based on the period of years.
  - Can the MOE amount for local only be met in the threshold year if the prior year is reported as $0?

NOTE: Regardless of the answers to the above questions, districts/LEAs MUST still report both state and local expenditures separately starting on the 2014-15 MOE grid.

TIERED MONITORING

TIERED MONITORING CYCLE

- Districts/LEAs are sorted into three Cohorts (groups)
- There are 4 Levels in the Tier Monitoring Cycle
  - Desk Audit/Application Review
  - Tier 1: Self-Assessment/Desk Monitoring
  - Tier 2: On-site Monitoring
  - Tier 3: Training and Preparation
- Cohorts will move through the Tier Levels from year to year

TIER LEVEL	2014-15	2015-16	2016-17
Desk Audit/Application Review	All Cohorts	All Cohorts	All Cohorts
Tier 1: Self-Assessment	Cohort 1	Cohort 2	Cohort 3
Tier 2: On-site Monitoring	Cohort 3	Cohort 1	Cohort 2
Tier 3: Training & Preparation	Cohort 2	Cohort 3	Cohort 1

SPED TECHNICAL ASSISTANCE CONTACTS

TECHNICAL ASSISTANCE CONTACTS

- Cathy Ellingsworth

  District Codes 039, 048, 092, 096, 115

  (573) 751-0623

  cathy.ellingsworth@dese.mo.gov

- Morgan Colbert

  All Other District Codes

  (573) 751-6904

  morgan.colbert@dese.mo.gov