



# DIVISION OF FINANCIAL AND ADMINISTRATIVE SERVICES

## Special Education Finance Update

## Charter Administrative Summit

September 2013

Missouri Department  
of Elementary and Secondary Education

# STAFF

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# Special Education Finance Web Page

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



# 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)

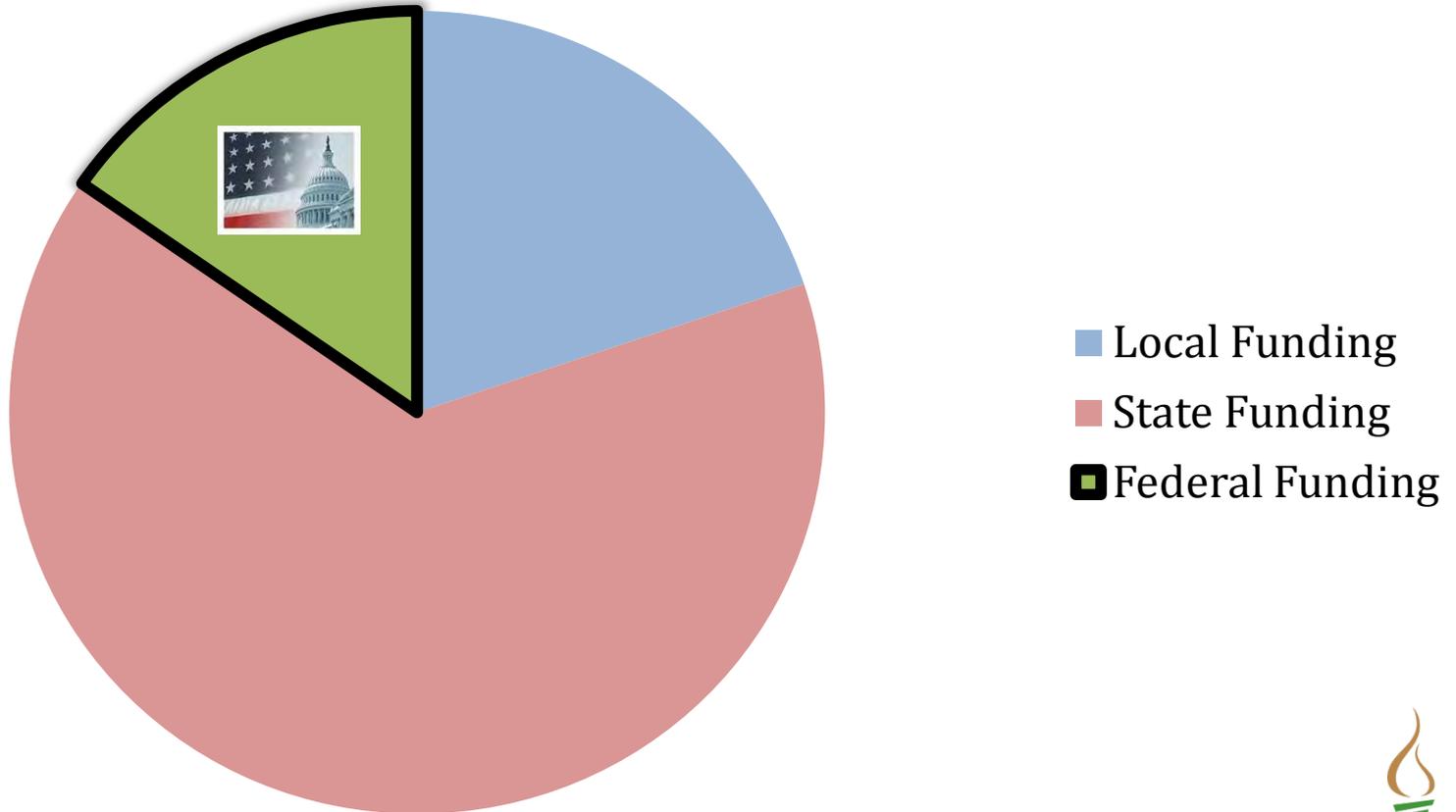


# PART B IDEA SPECIAL EDUCATION FUNDS



# Federal Part B IDEA Funds

## Federal Special Education Program Funding



# Federal Part B IDEA Funds



IDEA Part B Entitlement funds (Section 611) are Federal funds your LEA receives to help support your special education program and implement IDEA.

2013-14 \$169 million Part B



# Federal Part B IDEA Funds Formula

Three separate components in formula:

1. **Base Amount**

2. **Population Count**

- September Enrollment
- Home School
- Non-Public
- Neglected/Delinquent

3. **Poverty Count**

- Free/Reduced Lunch Count



# Permissive Use of Part B Funds

## How can I use my federal Part B funds?

- Costs of Special Education and Related Services
- Supplementary Aids and Services
- Administrative Case Management
- Coordinated Early Intervening Services (CEIS)
- Special Education buses (prior approval)
- Construction/Renovation of Special Education facilities (prior approval)



# OBLIGATIONS AND PERIODS OF AVAILABILITY



# Grant Cycle / Obligation Period / FER Reporting Period

Grant Cycle	Obligation Period	FER Reporting Period
July 1, 2013 (Budget Application due date) to June 30, 2014	Date of Substantially Approved Application to June 30, 2014	Date of Substantially Approved Application to September 30, 2014 (FER due date)
<p>Period during which funds may be obligated and expended.</p> <p>*New money can't be used for an old obligation/expenditure.</p>	<p>Part B funds shall not be obligated until the date the Budget Application has been substantially approved (the date the Application is submitted or July 1, whichever is later). <u>Obligations must be made prior to expenditures.</u></p>	<p>For any obligations made from substantial approval date of the Part B Budget Application to June 30<sup>th</sup> of that fiscal year (during the <u>obligation period</u>), LEAs can expend funds to September 30<sup>th</sup>.</p>

District/LEA:

Year: 2013-2014

Select a District

Funding Application: Special Education Part B Entitlement - Submittal and Approval Version: Initial

Number

Status: Approved

- ▶ ePeGS Homepage
- ▶ Planning Tool
- ▼ Funding Application Menu
  - ▶ Current Funds Available
  - ▶ Career Education
  - ▶ School Improvement
  - ▼ Special Education
    - ▼ Special Education Part B Entitlement
      - ▼ Budget Application
        - ▼ Initial
          - ▶ Budget Grid
          - ▶ Capital Outlay
          - ▶ **Submittal and Approval**

<a href="#">Core Assurances</a>	Click link to view and agree to assurances.
<a href="#">Grant Specific Assurances</a>	Agreed to 6/6/2013 by
Substantially Approved	Approved on 7/1/2013

Submitted on 6/6/2013 by

Substantially Approved Date: 07/01/2013

Update

Revoke

Budget Grid Print

Save Comments

District Comment:



# When is an Obligation Made?

<b>IF THE OBLIGATION IS FOR--</b>	<b>THEN THE OBLIGATION IS MADE--</b>
Acquisition of real or personal property	On the date the school district makes a binding written commitment to acquire the property
Rental of real or personal property	When the school district uses the property
Personal services by an employee of the school district	When the services are performed
Personal services by a contractor who is not an employee of the school district	On the date the school district makes a binding written commitment to obtain the services
Performance of work other than personal services	On the date the school district makes a binding written commitment to obtain the work
Public utility services	When the school district receives the services
Travel	When the travel is taken

EDGAR §76.707



# CODING AND CASH MANAGEMENT



# MO Accounting Code Structure

## Fund-Function-Object-Project (if applicable)

Example:

Fund	Function	Object	Project
11	1221	6100	02

[http://dese.mo.gov/divadm/finance/acct\\_manual/documents/sf-CAccountingCodeOverview\\_000.pdf](http://dese.mo.gov/divadm/finance/acct_manual/documents/sf-CAccountingCodeOverview_000.pdf)



# 2013-14 Function Codes

Description	Function Code
Special Education and Related Services	1221
Coordinated Early Intervening Services	1223
Proportionate Share Services	1224
Tuition, Severely Disabled Program Within the State	1931
Professional Development	2200
Transportation and Maintenance	2500
Facility Acquisition and Construction	4000
ECSE Transportation (MOE only*)	2559
All other ECSE Services (MOE only*)	1280



# Object Codes

Description	Object Code
Certificated Salaries	6100
Non-Certificated Salaries	6150
Employee Benefits	6200
Purchased Services	6300
Materials and Supplies	6400
Capital Outlay (including equipment)	6500





# Separate Tracking

LEAs must track their federal special education expenditures separately from their state/local special education expenditures.

## ❑ **EDGAR 76.730**

- Records shall be kept that fully show the amount of Federal funds received and how the funds are expended.

## ❑ **EDGAR 80.20**

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

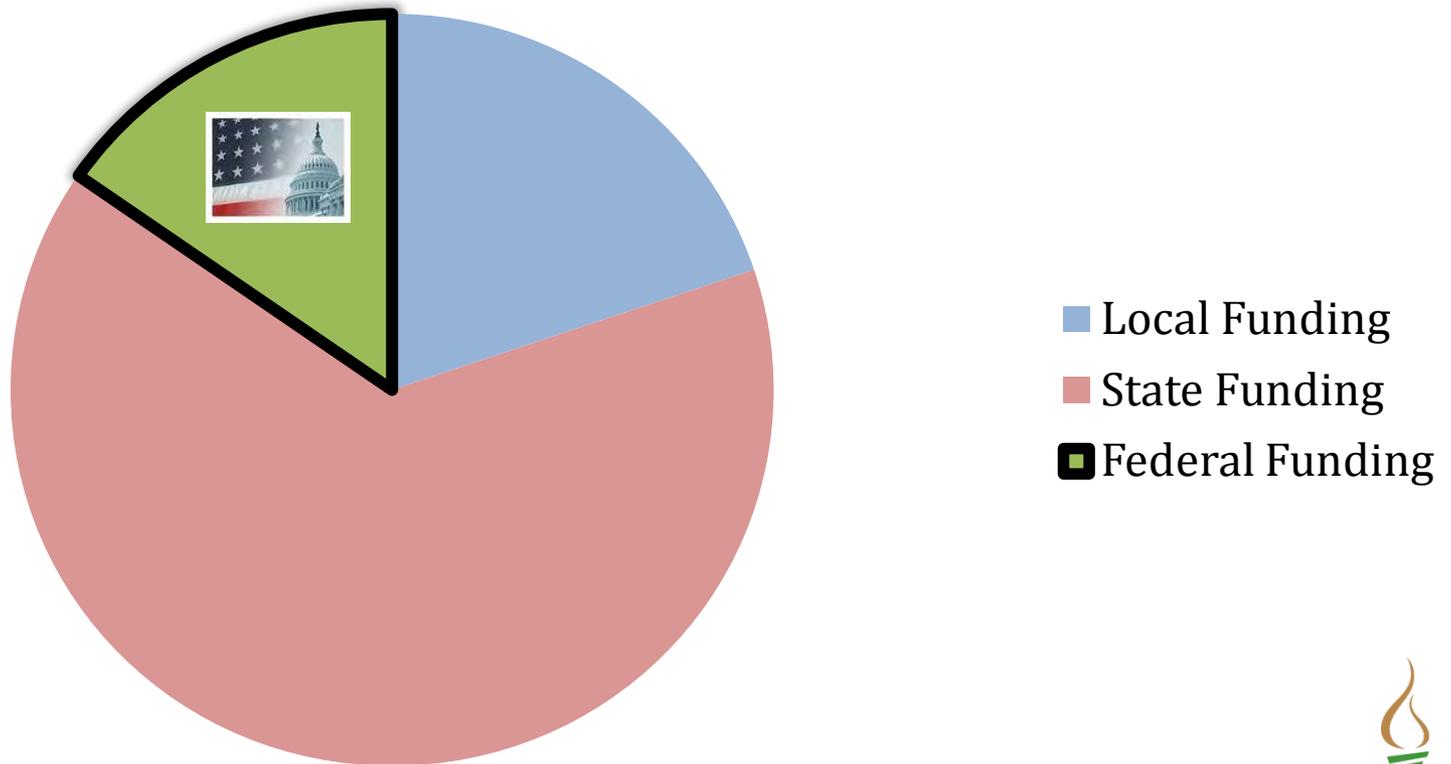
## ❑ **MO Financial Accounting Manual**

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



# Separate Tracking

## Special Education Program Funding Separate Tracking





# Separate Tracking

## WHY?

**To ensure expenditures meet IDEA and other federal requirements.**

- ❑ Track staff paid with Part B funds in order to complete OMB A87 Time Reporting Requirements
- ❑ Track equipment in order to comply with EDGAR Equipment Management and Inventory Requirements
- ❑ Track procurement to determine if the LEA is following purchasing policy and procurement rules
- ❑ Maintenance of Effort (MOE) calculation will be more accurate
- ❑ Help the LEA determine Part B payment request and FER amounts and prevent overpayments
- ❑ Ensure compliance with the Cash Management Improvement Act (CMIA)



# Expenditure Source

## QUESTION:

How can a LEA track State, Federal, and Local expenditures?

## ANSWER:

You have **three** options:

1. Use Project Codes (**Preferred Method**)
2. Use Expenditure Descriptors
3. Use Varying Function Codes



# Federal Special Education Coding Examples

## Project Code Option:

1221-6111-02	SE Teacher Salaries	\$5,000.00
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## Expenditure Descriptor Option:

1221-6111	SE Federal Teacher Salaries	\$5,000.00
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1221-6111	SE IDEA Teacher Salaries	\$5,000.00
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## Function Code Option:

1225-6111	SE Teacher Salaries	\$5,000.00
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# Cash Management Improvement Act

When receiving federal funds LEAs must have either:

Already spent the funds

-OR-

Will spend the funds within 3 business days of receipt of funds

\*\*Violating CMIA requires interest to be calculated and funds returned.



# CMIA Compliance

RULE: LEAs can't "sit" on federal funds; an action must be taken to tie federal funds to an expenditure under one of the following three options.

## OPTIONS:

- Expend as Federal Upfront
- Journal Voucher as Federal
- Request & Expend as Federal



# Expend as Federal Upfront

1. Incur the expenditure and code to the federal account upfront.
2. Then request and receive reimbursement for the expenditure. Since the reimbursement is already tied to the expenditure, there is no need to take further action.

LEAs should ensure they do not request more than they have incurred in expenditures under this option.

- Examples: Entitlement and Statewide Collaborative Improvement Grants where grant amounts are known up-front.



# Expend as Federal Upfront

## EXAMPLE

### Step 1:

Incur and Code to Federal Account

1221-6311-02	\$15,000.00	10/10/13
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### Step 2:

Request and Receive Funds

Payment	\$15,000.00	11/21/13
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# Journal Voucher as Federal

1. Incur the expenditure and code to the general or state/local account upfront.
  2. Request and receive reimbursement for the expenditure.
  3. Then, upon receipt of funds, journal voucher the expenditure to the federal account **within 3 days** to tie the funds to a federal expenditure.
- Examples: ECSE and HNF federal reimbursements.
  - \*Caution: Don't JV to personnel, equipment or purchased services over procurement threshold.



# Journal Voucher as Federal

## EXAMPLE

### Step 1:

Incur and Code to General Account/State Funds

1221-6311 or 1280-6311	\$5,000.00	3/10/14
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### Step 2:

Request and Receive Funds

Payment	\$5,000.00	4/21/14
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### Step 3:

Journal Voucher to Recode to Federal Account within 3 Days

1221-6311 or 1280-6311	-\$5,000.00	
1221-6311-02 or 1280-6311-02	\$5,000.00	4/24/14



# Request & Expend as Federal

1. Request funds first based on an obligated amount and receive the funds.
2. Then code as a federal account expenditure to an upcoming expenditure **within 3 days of receipt.**

This option is not recommended unless an expenditure is a certainty or reoccurring on a regular basis, such as payroll and monthly membership dues.



# Request & Expend as Federal

## EXAMPLE

### Step 1:

Request and Receive Funds (Based on Obligations)

Payment	\$5,000.00	1/21/14
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### Step 2:

Incur and Code to Federal Account within 3 Days

1221-6111-02	\$5,000.00	1/24/14
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# TIME AND EFFORT REPORTING



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

## What is Time and Effort Reporting?

- ❑ Must demonstrate = If employee is paid with federal funds, then employee worked on that specific grant program
- ❑ Establishes in an audit that allowable costs were maintained



# Who must complete?

- ALL employees funded with federal dollars
- Required when any portion of an employee's salary is charged to a federal grant
- Not contractors or vendors



# Types of Cost Objectives

“Cost Objective” means a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred. – OMB Circular A-87

## Single cost objective

- Employee works solely on a single program
  - Special Education

## Multiple cost objective

- Employee works on different programs
  - Special Education and Regular Education



# OMB Circular A-87

## Time and Effort Reporting Guidelines

Cost Objective	Criteria	Documentation Required
<b>Single Cost Objective</b>	<ul style="list-style-type: none"><li>Employee works solely on a single Federal award or cost objective</li></ul>	<b>Semi-Annual Certification</b> <ul style="list-style-type: none"><li>Must be prepared at least semi-annually; and</li><li>Must be signed after-the-fact by employee or supervisory official having firsthand knowledge of the work performed by the employee.</li></ul>
<b>Multiple Cost Objectives</b>	<ul style="list-style-type: none"><li>More than one Federal award;</li><li>Federal award &amp; non-Federal award;</li><li>Indirect cost activity &amp; direct cost activity;</li><li>Two or more indirect activities that are allocated using different allocation bases;</li><li>Unallowable activity &amp; a direct or indirect cost activity; or</li><li>One Federal award with multiple cost objectives.</li></ul>	<b>Personnel Activity Report (PAR)</b> <ul style="list-style-type: none"><li>Reflect an after-the-fact distribution of the actual activity of the employee;</li><li>Account for the total activity for which each employee is compensated;</li><li>Be prepared at least monthly &amp; coincide with one or more pay periods; and</li><li>Must be signed after-the-fact by the employee.</li><li>At least quarterly, the actual time reflected on the PAR must be compared to the payroll charges, and if differences exist, then payroll adjustments must be made.</li></ul>

# OMB Circular A-87

## Time and Effort Reporting Guidelines

Cost Objective	Criteria	Documentation Required
<b>Multiple Cost Objectives with Fixed Schedule (Substitute System)</b>	<ul style="list-style-type: none"><li>• Currently work on a schedule that includes multiple activities or cost objectives that must be supported by monthly personnel activity reports;</li><li>• Work on specific activities or cost objectives based on a predetermined schedule; and</li><li>• Not work on multiple activities or cost objectives at the exact same time on their schedule.</li></ul>	<b>Substitute System Certification &amp; Fixed Schedule</b> <ul style="list-style-type: none"><li>• Indicate the specific activity or cost objective that the employee worked on for each segment of the employee's schedule;</li><li>• Account for the total hours for which each employee is compensated during the period reflected on the employee's schedule; and</li><li>• Be certified at least semi-annually &amp; signed by the employee &amp; a supervisory official having firsthand knowledge of the work performed by the employee.</li></ul>
<b>Stipend and Extra Duty Pay</b>	<ul style="list-style-type: none"><li>• Pay for extra work beyond an employee's regular contract</li></ul>	<b>Written Agreement</b> <ul style="list-style-type: none"><li>• Indicates the extra work to be performed;</li><li>• Date(s) of performance;</li><li>• Amount to be paid to the employee; and</li><li>• Must be signed by the employer &amp; the employee to show the acceptance of the terms.</li></ul> <b>And</b> <b>Semi-Annual Certification or Personnel Activity Report</b>

# MAINTENANCE OF EFFORT



# Maintenance Of Effort (MOE) (34 CFR §300.203)

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



# Maintenance of Effort (MOE)

LEA is required to spend the same amount in total or per capita (child) basis for students with disabilities as it spent from those same sources in the prior year of either:

Local Funds only



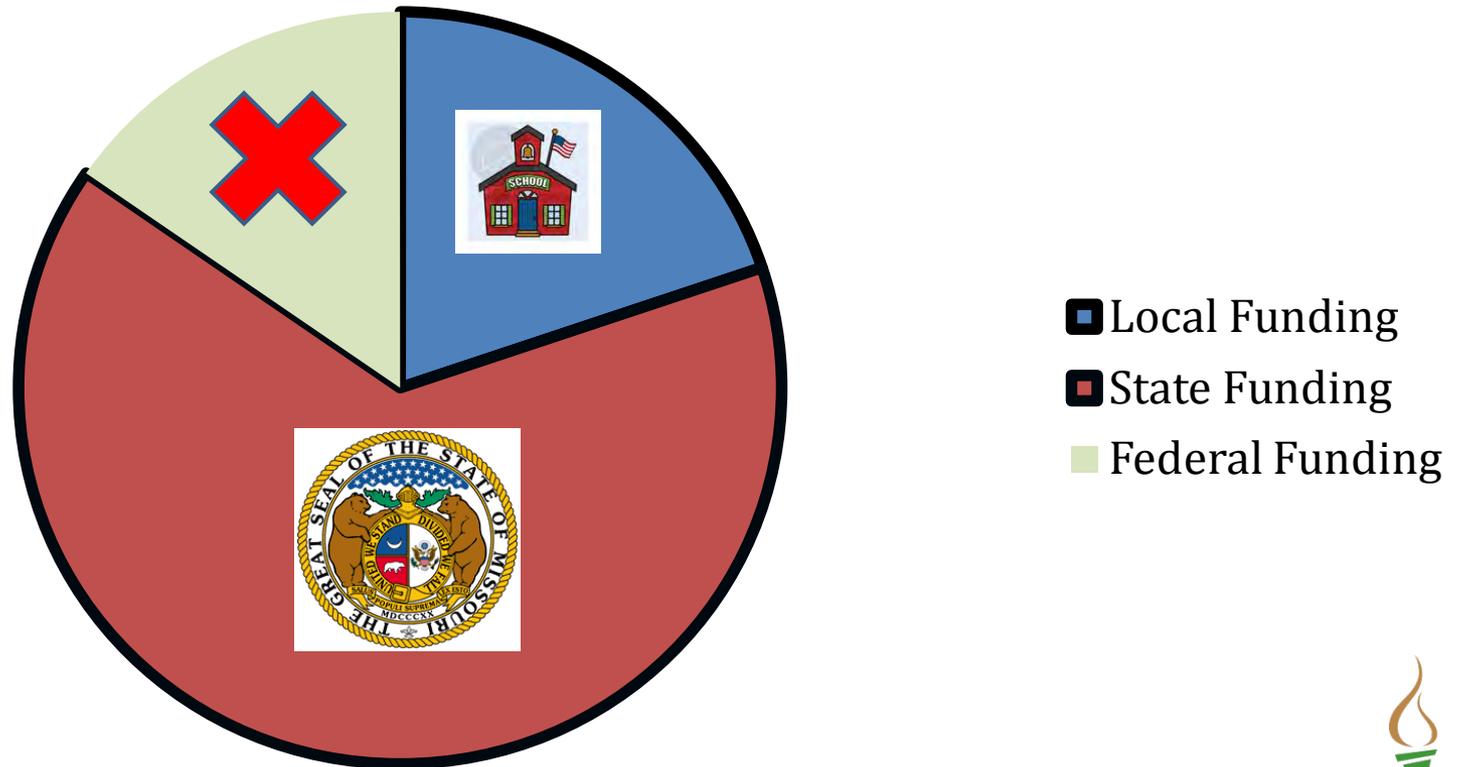
OR

Combination: State and Local Funds



# Maintenance of Effort

## State/Local Special Education Program Funding MOE



# Calculating MOE

Include ONLY special education expenditures paid from non-federal sources

Do Not Include Expenditures Paid With:

- Federal Part B
- Federal ECSE
- Medicaid
- Federal High Need Fund
- Federal Grants (e.g. Collaborative Statewide Improvement Grant )



# Calculating MOE – State & Local

1. Code all Special Education expenditures in the general ledger to a special education function code.
2. Determine what Special Education expenditures will be paid with federal, state, and local funds.
3. Tag all **federal** special education expenditures with (1) a project code, (2) an expenditure descriptor, or (3) a varying function code to identify it as a **federal** expenditure.
4. Anything remaining in the general ledger that is not tagged as a federal special education expenditure will be the MOE amount.



# Calculating MOE – Local Only

1. Code all Special Education expenditures in the general ledger to a special education function code.
2. Determine what Special Education expenditures will be paid with federal, state, and local funds.
3. Tag all **federal** special education expenditures with (1) a project code, (2) an expenditure descriptor, or (3) a varying function code to identify it as a **federal** expenditure.
4. Tag all **state** special education expenditures following one of the options above to identify it as a **state** special education expenditure.
5. Any remaining SE expenditures in the general ledger that are not tagged with as a federal or state expenditure will be the MOE amount.

# MOE Exceptions

- ❑ Voluntary Departure, or Departure for Just Cause, of Special Education Staff
- ❑ Decrease in Enrollment of Children with Disabilities
- ❑ Termination of a Costly Obligation for a Specific Child
- ❑ Termination of a Costly Long-Term Purchase
- ❑ Assumption of the Cost by the High Need Fund

These are the ONLY allowable exceptions to MOE



# MOE Adjustment

MOE Adjustment is calculated by taking 50% of the increase in allocation from prior year to current year Part B allocation.

Example:

Prior Year's Allocation:	\$900,000
Current Year's Allocation:	\$1,000,000
Increase:	\$100,000
<b>Max Available for MOE reduction:</b>	<b>\$50,000</b>



# Resources

- ❑ General Federal Guidance

- EDGAR – Education Department General Administrative
- OMB Circulars

<http://dese.mo.gov/fas/GeneralFederalGuidance.html>

- ❑ DESE Accounting Manual (School Finance)

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

- ❑ Individuals with Disabilities Education Act (IDEA) Regulations

<http://www2.ed.gov/legislation/FedRegister/finrule/2006-3/081406a.pdf>

- ❑ MO State Plan for Special Education

<http://dese.mo.gov/se/stateplan/index.html>



# FY14 Due Dates

Title	Services Year	Due Date
FY14 Part B Budget Application	2013-14	July 1, 2013
FY13 ECSE Expenditure Report	2012-13	Sept. 17, 2013
FY13 Part B FER	2012-13	Sept. 30, 2013
Public Placement Fund Application	2012-13	Oct. 31, 2013
High Need Fund Application	2012-13	Nov. 30, 2013
Readers for the Blind Application	2013-14	Nov. 30, 2013
Request to Release Prop Share Carryover Funds	2013-14	March 1, 2014
FY14 Part B Budget Application Amendments	2013-14	April 30, 2014