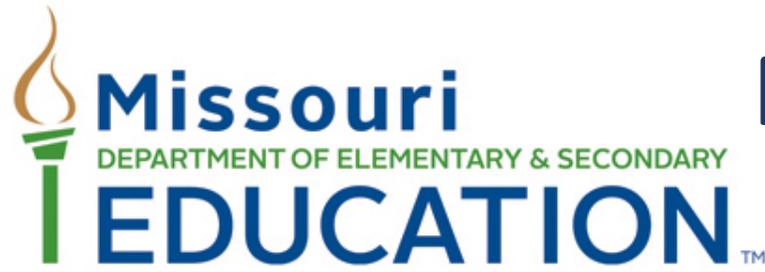


SPECIAL EDUCATION FINANCE PRESENTS:



NEW DIRECTORS FINANCE ACADEMY

High Need Fund

AUGUST 2020



HIGH NEED FUND (HNF) PURPOSE

Established pursuant to Section 162.974, RSMo, and IDEA, Section 300.704 (c) to provide funding support for districts/LEAs with “High Need Students.”

“High Need Students” are special education students whose educational costs exceed three times (3x) the district/LEA’s current expenditure per Average Daily Attendance (ADA).

The current expenditure per ADA is calculated by School Finance on the Annual Secretary of the Board Report (ASBR).

HIGH NEED FUND (HNF) FORMULA

HNF Applications are submitted and reimbursed the following year in which services were provided. For example, the district/LEA will submit a HNF application in 2020-21 for services that were provided in the 2019-20 school year.

STEP 1: Determine Threshold Amount

District/LEA Current Expenditure per ADA Amount	\$6,500
3X District/LEA Current Expenditure per ADA Amount	\$19,500

STEP 2: Determine Reimbursement Amount

Total Special Educational Costs for Student	\$32,000
3X District/LEA Current Expenditure per ADA Amount	<u>-\$19,500</u>
HNF Reimbursement Amount	\$12,500

IDENTIFYING STUDENTS

Students typically eligible for this fund include, but are not limited to:

- Students with personal aides or nurses
- Students in contractual placements
- Students receiving a large amount of related services
- Students receiving one-on-one instruction

ALLOWABLE COSTS

Only costs associated with providing direct special education and related services that are identified in the student's IEP will be reimbursed by the HNF. Any expenditures for general education services are not allowed to be claimed.

Special Education and Related Costs include:

- Special Education Instruction
- IEP Related Services
- Transportation
- Tuition/Contractual
- Assistive Technology/Supplies

SPECIAL EDUCATION INSTRUCTIONAL COSTS

- Special Education Teachers
- Paraprofessionals
- Interpreters
- Others as appropriate

IEP RELATED SERVICES

- Occupational, Physical, Speech Therapy
- Orientation and Mobility
- ABA Consultation
- Braille Instruction
- Counseling
- Vision Therapy
- Music Therapy
- Nursing Services

TRANSPORTATION

Costs for district/LEA operated routes for students with disabilities and individualized routes for students with disabilities can be claimed.

- Bus Transportation
- Bus Aide
- Cab Fare
- Contractual Transportation
- Parent Reimbursement

TUITION/CONTRACTUAL

The actual cost from the invoices received for the student with a disability can be claimed.

- Private Agencies
- Outside School District/LEA Tuition
- Cooperative Costs

ASSISTIVE TECHNOLOGY/SUPPLIES

The actual cost from the invoices received on the assistive technology/supply for the student with a disability can be claimed.

- Harness
- Braille Writer
- Speech-to-text software
- Computer
- Lift Chair
- Stander
- Walker
- Apps
- Warranties/Maintenance for Equipment

PRORATED COSTS

All costs must be prorated based on the number of students or minutes served.

EXAMPLE:

Special Ed Teacher Salary:	\$41,000
Number of Students Served:	12

$$\$41,000 \div 12 = \$3,416.66 \text{ per student}$$

Examples of proration methods to use for each type of reimbursable cost are available in the HNF Manual.

MO HEALTHNET (MEDICAID) BILLING

The district/LEA must indicate if it billed MO HEALTHNET (Medicaid) for reimbursement on occupational therapy, physical therapy, speech therapy, private duty nursing, personal care, behavior health, or hearing aid services for each student on the application.

This allows DESE to ensure that monies paid under the High Need Fund are drawn from the appropriate fund source. See 34 CFR 300.704.

UNALLOWABLE COSTS

- General Education Services
- Bus Purchase/Lease Purchase
- Facility Purchase/Lease Purchase
- Rent
- ADA Accessibility (elevators, ramps, safety rails, etc)
- Court Costs
- Legal Fees
- Other costs associated with a cause of action brought on behalf of a student with a disability

APPLICATION

The HNF application is optional.

Districts/LEAs will complete the HNF application through the DESE Web Applications ePeGS system starting in the 2020-21 school year for services provided in the 2019-20 school year.

Districts/LEAs must mark students as high need in the June MOSIS Student Core file. Students from the June MOSIS Student Core file will be auto populated into the HNF application.

Districts/LEAs will need to resubmit the MOSIS file in order to add or delete students, if needed. The application must be saved the day after the MOSIS file is resubmitted to allow the student data to refresh in the application.

Applications are due September 30 each year.

REIMBURSEMENT

Districts/LEAs with approved HNF applications may receive reimbursement from both state and federal sources. Reimbursement is 100% of approved costs.

Payment is typically received in January or February:

- State High Need Fund Revenue – Revenue code 5381
- Federal High Need Fund Revenue – Revenue code 5437

State HNF revenue can be used at the district/LEA's discretion.

Federal HNF revenue **MUST** be used for current year K-12 special education program costs. It does not have to be spent for high need costs. Districts/LEAs must ensure that federal expenditure requirements are followed for expenditures paid with federal HNF revenue.

SPECIAL EDUCATION PROJECT CODE

Project code to use when coding special education expenditures paid with federal HNF revenue

Project Description – Federal Funding	Project Code
Special Education High Need Fund - Federal	43703

MUST use source code 4

FEDERAL REIMBURSEMENT

The Cash Management Improvement Act (CMIA) requires districts/LEAs to demonstrate when receiving federal funds that the federal funds are coded to an expenditure by the date the federal funds are received.

Districts/LEAs must complete a Journal Entry Correction in the general ledger to tie these HNF federal funds to a current K-12 special education expenditure.

It is not necessary to try code HNF federal funds to high need costs. Because the funds are IDEA funds, they can be coded to any allowable current year K-12 special education expenditure.

JOURNAL ENTRY CORRECTION

District/LEA receives payment of federal funds.

A journal entry correction must be completed **ON THE DAY FUNDS ARE RECEIVED** to recode the expenditure with a 4 source code and a federal project code to “tie” the funds to a specific expenditure.

- Pick a special education expenditure from the general ledger that was initially coded to a non-federal project code (state, local, or county).
- Complete journal entry correction to change the funding source of the expenditure.
- This may require the expenditure line to be split into 2 lines with 2 different funding sources.

Step 1: Receive HNF Federal Funds in Payment Transmittal

Payment Transmittal \$4,500.01

3/27/2021

Payment Year: 2020-21

Month: March

Deposit Date: 3/27/2021

Check/EFT Number: EF003241700658

Deposit Amount: \$148,649.12

Revenue Code	Revenue Name	CFDA Number	Federal Award Identification Number (FAIN)	Monthly Payment	Minus Bond Payment Direct Deposit	Net Monthly Payment
5113	Prop C			\$ 38,865.19		\$ 38,865.19
5311	Basic Formula-State Monies			\$ 139,098.00	\$51,107.00	\$ 87,991.00
5312	Transportation			\$ 5,240.00		\$ 5,240.00
5314	ECSE-State			\$ 2,033.06		\$ 2,033.06
5437	Spec Ed High Need Fund-Federal	84027A	H027A170040	\$ 4,500.01		\$ 4,500.01
5441	Spec Ed Part B Entitlement	84027A	H027A170040	\$ 10,019.87		\$ 10,019.87
TOTAL				\$ 199,756.13	\$51,107.00	\$ 148,649.13

Step 2: Pick an Expenditure Coded to Non-Federal Account in the General Ledger

GENERAL LEDGER
MONTH: 3/2021 FISCAL YEAR: 2021

FD	FUNC	OBJ	LOC	SRCE	PROG	DESCRIPTION	BUDGET	CURRENT MONTH
FUNCTION CODE 1221: SPECIAL EDUCATION								
02	1221	6111	1050	3	12210	SE CERTIFIED SALARY	135,000.00	15,500.01

Step 3: Journal Entry Correction to Recode to Federal Special Education Account (4 source code and 43703 project code) by the date received

GENERAL LEDGER
MONTH: 3/2021 FISCAL YEAR: 2021

FD	FUNC	OBJ	LOC	SRCE	PROG	DESCRIPTION	BUDGET	CURRENT MONTH
FUNCTION CODE 1221: SPECIAL EDUCATION								
02	1221	6111	1050	3	12210	SE CERTIFIED SALARY	135,000.00	15,500.01

JOURNAL ENTRY CORRECTION
3/27/2021

TRACE #	FD	ACCOUNT CODE	ACCOUNT NAME	POSTING DESCRIPTION	AMOUNT
331	02	1221 6111 1050 3 12210	SE CERTIFIED SALARY	CORRECTION HNF FED FUNDS	-4,500.01
331	02	1221 6111 1050 4 43703	SE CERTIFIED SALARY	CORRECTION HNF FED FUNDS	4,500.01
331	02	1221 6111 1050 3 12210	SE CERTIFIED SALARY	CORRECTION HNF FED FUNDS	11,000.00

JOURNAL ENTRY CONSIDERATIONS

- If a journal entry correction is completed for payroll, must ensure all staff complete the appropriate time and effort documentation.
- If a journal entry correction is completed for equipment, must ensure inventory requirements are met.
- If a journal entry correction is completed for purchased services, must ensure procurement procedures were followed.

ACTIVITY

HNF ACTIVITY

Determine the reimbursement amount for the high need student.

HNF ACTIVITY

HNF ACTIVITY

Determine the reimbursement for the high need student.

District/LEA Current Expenditure per ADA \$ 10,000.00

3x the District/LEA Current Expenditure per ADA _____

Description of Costs	Total Cost	HNF Portion of Cost
Special Education Teacher that serves 10 students	\$ 40,000.00	
Personal Paraprofessional	\$ 25,000.00	
Speech Therapist that services 50 students	\$ 50,000.00	
Contracted Occupational Therapist for this student only	\$ 1,000.00	
Contracted ABA Therapy for this student only	\$ 3,000.00	
Nursing Services that serves 20 students	\$ 60,000.00	
Legal fees associated with due process case	\$ 10,000.00	
Parent Reimbursement for Transportation Costs	\$ 4,000.00	
Total Costs	\$ 193,000.00	

HNF Portion of Costs _____

3x the District/LEA Current Expenditure per ADA _____

Total HNF Reimbursement _____

HNF ACTIVITY - ANSWERS

HNF ACTIVITY

Determine the reimbursement for the high need student.

District/LEA Current Expenditure per ADA	\$	10,000.00
3x the District/LEA Current Expenditure per ADA	\$	30,000.00

Description of Costs	Total Cost	HNF Portion of Cost
Special Education Teacher that serves 10 students	\$ 40,000.00	\$ 4,000.00
Personal Paraprofessional	\$ 25,000.00	\$ 25,000.00
Speech Therapist that services 50 students	\$ 50,000.00	\$ 1,000.00
Contracted Occupational Therapist for this student only	\$ 1,000.00	\$ 1,000.00
Contracted ABA Therapy for this student only	\$ 3,000.00	\$ 3,000.00
Nursing Services that serves 20 students	\$ 60,000.00	\$ 3,000.00
Legal fees associated with due process case	\$ 10,000.00	\$ -
Parent Reimbursement for Transportation Costs	\$ 4,000.00	\$ 4,000.00
Total Costs	\$ 193,000.00	\$ 41,000.00

HNF Portion of Costs	\$	41,000.00
3x the District/LEA Current Expenditure per ADA	\$	30,000.00
Total HNF Reimbursement	\$	11,000.00

RESOURCES:

HNF Manual

<https://dese.mo.gov/financial-admin-services/special-education-finance/special-education-finance-hnf-ppf-and-rbp>

HNF Payment History

<https://dese.mo.gov/financial-admin-services/special-education-finance/special-education-finance-hnf-ppf-and-rbp>

