

# EARLY CHILDHOOD SPECIAL EDUCATION FEDERAL FUNDING FAQ

## EARLY CHILDHOOD SPECIAL EDUCATION (ECSE) FEDERAL ALLOCATIONS

### **Will all LEAs receive an ECSE 611 and ECSE 619 allocation?**

All Local Education Agencies (LEAs), including districts and charter schools, with a Kindergarten program will receive an ECSE 619 Federal allocation amount. ECSE 619 funds are Federal IDEA Part B Section 619 funds that must be used to provide special education and related services to 3-5 year old students with disabilities. This may include 5 year olds with disabilities in Kindergarten. These Federal funds are provided to LEAs at the beginning of the fiscal year to be obligated and spent during the year. LEAs have two years to obligate and spend ECSE 619 funds.

Not every LEA will receive an ECSE 611 Federal allocation. While all LEAs will receive Federal IDEA Part B Section 611 funds, only those LEAs with a prior year ECSE Individualized Education Program (IEP) child count will have a percentage of Federal IDEA Part B Section 611 funds set aside for ECSE 611 funding. Federal IDEA Part B Section 611 funds must be used to provide special education and related services to 3-21 year old students with disabilities. These Federal funds are provided to LEAs at the beginning of the fiscal year to be obligated and spent during the year. LEAs have two years to obligate and spend ECSE 611 funds. Any ECSE 611 funds not spent in the first year will become Part B 611 carryover funds the next year.

### **What child count is used to calculate the ECSE 611 and 619 allocation amounts?**

The IDEA Part B Section 611 allocation is calculated by formula based on prior year population and poverty data and the December 1, 1998 child count, or the December 1 child count of the first year a child count existed for the LEA. Once the total IDEA Part B Section 611 allocation is calculated, DESE determines a percentage of the total IDEA Part B Section 611 allocation amount to set aside for ECSE 611. This percentage is calculated based on prior year ECSE IEP child count.

The ECSE 619 allocation is calculated by formula based on prior year population and poverty data and the December 1, 1997 child count, or the December 1 child count of the first year a child count existed for the LEA.

### **Before this change, had Federal funds for ECSE under 611 and 619 always been calculated on the December 1 child count?**

Before this change of allocating ECSE Federal funds by formula, the amount of ECSE Federal reimbursement was (very generally) dependent on the amount of allowable prior year ECSE costs and the amount of state reimbursement received for the ECSE program.

### **What if I had an ECSE program last year and don't have a program in the current year?**

If the LEA incurred ECSE expenditures last year, the LEA should submit an ECSE FER to claim state reimbursement for those costs. Allocated ECSE 619 funds can be used for current year special education and related services for 5 year olds with disabilities in Kindergarten, child find costs, and professional development for staff serving 5 year olds with disabilities in Kindergarten. Allocated ECSE 611 funds can be spent on current year special education and related services for K-12 students with disabilities, as these funds can be spent on serving students with disabilities aged 3-21. The ECSE state funds that will be received based on the LEA's prior year ECSE allowable costs may be spent on any LEA costs, as these are state funds and do not have to be spent on ECSE expenditures.

### **What happens if I do not request the entire ECSE 611 and/or ECSE 619 allocation amount?**

LEAs have two years to obligate and spend ECSE 611 funds. Allocated ECSE 611 funds may be spent on both ECSE and K-12 special education and related services for students with disabilities, as these funds can be spent on providing services to students with disabilities ages 3-21. Any ECSE 611 funds not expended in the first year in which they were allocated will carry over to the next fiscal year and become Part B 611 carryover funds.

LEAs have two years to obligate and spend ECSE 619 funds. Any ECSE 619 funds not expended in the first year in which they were allocated will carry over to the next fiscal year and ECSE 619 carryover funds. If the LEA does not want to budget and/or spend the entire amount of ECSE 619 funds, the LEA is allowed to forfeit the current year and/or carryover amount of ECSE 619 funds. The forfeiture of ECSE 619 funds can only be done once on the budget grid. After the budget application with the forfeiture of funds is approved, the LEA cannot increase or decrease the amount of ECSE 619 funds forfeited. Any ECSE 619 current year and/or carryover funds must be forfeited no later than December 31<sup>st</sup> each year. Forfeited ECSE 619 funds are then reallocated to another LEA, according to CFR 34 §300.817.

### **Will there be a reallocation process?**

Yes. After December 31<sup>st</sup>, DESE will reallocate forfeited ECSE 619 funds to other LEAs in the State that are not adequately providing special education and related services to all students with disabilities aged 3-5 residing in the areas served by those other LEAs. DESE will not reallocate ECSE 611 funds as these funds can be spent for special education and related services in the K-12 program if they are not needed for ECSE expenditures.

## **REIMBURSEMENT PROCESS/PAYMENT**

### **Will all ECSE FER expenses be paid with state funds? If we are requesting Federal ECSE 611 and/or ECSE 619 funds to pay for current ECSE expenses, how does that affect the reimbursement for prior year ECSE expenses?**

Prior year ECSE allowable costs are reimbursed through the ECSE FER with state funds. The amount of state reimbursement received through the ECSE FER is based on the amount of prior year ECSE allowable expenditures and the amount of current year ECSE 611 and ECSE

619 funds. When the ECSE FER is submitted, the current year ECSE 611 and ECSE 619 allocated amounts are subtracted off the total amount due to the LEA. The remaining total amount due to the LEA will be reimbursed with state funds through monthly payments. The LEA will not request these state payments, but will receive them in each monthly school payment after the ECSE FER is approved. Federal ECSE 611 and 619 funds are requested through the ePeGs Part B Special Education payment request throughout the year as needed.

Example:

Prior Year ECSE Allowable Expenditures =	\$120,000
Current Year ECSE 611 allocation =	- \$30,000
Current Year ECSE 619 allocation =	- \$15,000
ECSE State Reimbursement Amount =	\$75,000

### **Am I losing any ECSE reimbursement?**

No. Allowable ECSE expenditures will be reimbursed with Federal ECSE 611, Federal ECSE 619, and/or ECSE State revenue.

### **How can I tell the difference between ECSE and Part B payments on my payment transmittal?**

ECSE reimbursement will be identified on payment transmittals as ECSE - State (revenue code 5314), IDEA – 611 ECSE (revenue code 5442), and IDEA - 619 ECSE (revenue code 5442). IDEA Part B Entitlement revenue for K-12 special education expenditures will be identified on payment transmittals as IDEA Entitlement Funds, Part B IDEA (revenue code 5441).

### **Can I submit an ECSE 611 or ECSE 619 payment request prior to my ECSE FER submission?**

Yes. ECSE 611 and 619 funds may be requested through ePeGs Part B Special Education payment requests once the Part B Special Education Budget Application for that year is approved. It is not necessary to wait until the ECSE FER is submitted to begin requesting ECSE 611 and 619 reimbursement through payment requests.

## **CODING ECSE EXPENDITURES**

### **Should ECSE expenditures still be coded to ECSE (1281/2559) function codes?**

The function code is no longer used to track ECSE expenditures. The project code will be used to track ECSE expenditures, so the LEA may utilize non-ECSE function codes for ECSE expenditures if the code is an appropriate place for ECSE funds to be spent.

### **Where can LEAs find a quick reference to frequently used function codes for ECSE program expenditures?**

A list of frequently used ECSE function codes may be found at:

<https://dese.mo.gov/sites/default/files/sef-CodingGuidance.pdf>.

**Does every ECSE expenditure need to have a project code?**

Yes. The project code field may not be left blank or reported as a zero. ECSE expenditures paid with ECSE 611 Federal revenue should be tracked with a 44200 project code, ECSE expenditures paid with ECSE 619 Federal revenue should be tracked with a 44201 project code, and ECSE expenditures paid with state, local, or county revenue should be tracked with a 12810 project code. Special education project codes may be located at: <https://dese.mo.gov/sites/default/files/sefCodingGuidance.pdf>.

**How does the LEA determine if a special education expenditure is for K-12 or ECSE in the general ledger?**

The project code used will indicate if the special education cost is a K-12 or an ECSE expenditure.

**Will I have to break out separate line items for 611 and 619 in my general ledger to show which ECSE Federal funds were used to pay the expenditure?**

Yes. ECSE expenditures paid with ECSE 611 and ECSE 619 funds must be coded separately in the general ledger with a separate project code (44200 and 44201, respectively).

**How are non-allowable/non-reimbursable ECSE costs coded?**

ECSE costs paid with non-Federal funds that are not reimbursable through ECSE state funding should be coded with project code 12210. This will allow the cost to be included in Maintenance of Effort (MOE), but will keep the cost from pulling into the ECSE FER.

**Does every ECSE expenditure need to have a source code?**

Yes. The source code field may not be left blank or reported as a zero. LEAs must indicate if local (1), county (2), state (3), or Federal (4) funds were used to pay for the expenditure.

**What building location code is used to report ECSE costs?**

Report the costs to the location code of the building(s) where services are provided.

**What location code should be used to report ECSE Extended School Year (ESY) services?**

ECSE ESY should be coded to the location code where the services are provided.

**EXPENDITURES FOR KINDERGARTEN ELIGIBLE STUDENTS SERVED IN THE ECSE PROGRAM**

**Can federal funds be used for students who are Kindergarten eligible but continue to be served in the ECSE program?**

Yes. Districts/LEAs may continue to serve Kindergarten eligible children in the ECSE program with ECSE 611 funds, or Part B 611 funds if the district/LEA does not receive an ECSE 611 allocation. Districts/LEAs may also use ECSE 619 funds to serve Kindergarten eligible children in the ECSE program who are 5 years of age.

**How do I track expenditures for students who are Kindergarten eligible but continue to be served in the ECSE program?**

ECSE 619 funds used to provide special education and related services for students who are Kindergarten eligible but continue to be served in the ECSE program must be tracked with project code 44201. ECSE 619 funds can only be used to serve students who are 3, 4, and/or 5 years of age.

ECSE 611 funds used to provide special education and related services for students who are Kindergarten eligible but continue to be served in the ECSE program must be tracked with project code 44200. ECSE 611 funds can be used to provide special education and related services to 3-21 year old students with disabilities

State/local/or county funds used to provide special education and related services for students who are Kindergarten eligible but continue to be served in the ECSE program must be tracked with project code 12210. These expenditures will not be included on the ECSE FER, but will be included in MOE.

**If students who are Kindergarten eligible but continue to be served in the ECSE program are receiving services paid through ECSE Federal 611 or 619 reimbursement, are those expenditures reported on the ECSE FER the following year?**

Costs incurred for serving students who are Kindergarten eligible but continue to be served in the ECSE program paid with ECSE 611 and/or ECSE 619 funds will be reported in the ECSE FER. However, because ECSE state reimbursement is not available for costs incurred for serving students who are Kindergarten eligible but continue to be served in the ECSE program, any state/local/county funds used to serve these students will not be included on the ECSE FER. ECSE state reimbursement is only available for costs incurred for serving students in the ECSE program who are NOT eligible for Kindergarten.

**How will ECSE Federal funds be reimbursed for costs incurred for students who are Kindergarten eligible but continue to be served in the ECSE program?**

If ECSE 611 or 619 Federal funds are used for serving students who are Kindergarten eligible in the ECSE program, that amount will be requested through ePeGs Part B payment requests and reimbursed in the next school payment.

**EXPENDITURES FOR KINDERGARTEN STUDENTS**

**Can federal funds be used for students served in Kindergarten?**

Districts/LEAs may use ECSE 611 funds, or Part B 611 funds if the district/LEA does not receive an ECSE 611 allocation, for services provided to students with disabilities in Kindergarten. Districts/LEAs may also use ECSE 619 funds to serve Kindergarten students who are 5 years of age.

### **How do I track expenditures for Kindergarten students with disabilities?**

ECSE 619 funds used to provide special education and related services for Kindergarten students with disabilities who are 5 years old must be tracked with project code 44204. If the LEA uses ECSE 619 funds for these costs, the LEA must keep appropriate supporting documentation on file to tie the cost to 5 year olds with disabilities in Kindergarten (IEP required service/support/item) or prorate the cost if the expenditure is for 5 and 6 year olds with disabilities in the Kindergarten classroom.

ECSE 611 funds used to provide special education and related services for Kindergarten students with disabilities who are 5 or 6 years old must be tracked with project code 44203. IDEA Part B Section 611 funds used to provide special education and related services for Kindergarten students with disabilities who are 5 or 6 years old must be tracked with project code 44100. Because ECSE 611/Federal IDEA Part B Section 611 funds are funds that are used to provide special education and related services to 3-21 year old students with disabilities, it is not necessary to prorate the cost of the expenditure between 5 and 6 year olds with disabilities in the Kindergarten classroom.

State/local/or county funds used to provide special education and related services for Kindergarten students with disabilities who are 5 or 6 years old must be tracked with project code 12210.

### **If the same function codes are used for K-12 special education and ECSE costs, how are the costs differentiated between K-12 and ECSE?**

If Federal funds are used to pay for the cost, the project codes used will show if the special education cost is a K-12 special education (Part B 611 = 44100, ECSE 611 = 44203, ECSE 611 = 44204) or ECSE (ECSE 611 = 44200, ECSE 619 = 44201) cost.

If State/local/county funds are used to pay for the cost, the project codes used will show if the special education cost is a K-12 special education (12210) or ECSE (12810) cost.

### **If Kindergarten students are receiving services paid through ECSE Federal 611 or 619 reimbursement, are those expenditures reported on the ECSE FER the following year?**

No. Costs incurred for serving special education Kindergarten students will not be reported in the ECSE FER. Those expenditures will be reported in the Part B FER under the appropriate function/object code.

### **How will ECSE Federal funds be reimbursed for serving students with disabilities in Kindergarten if they are not reported on the ECSE FER?**

If ECSE 611 or 619 Federal funds are used for serving students with disabilities in Kindergarten, that amount will be requested through ePeGs Part B payment requests and reimbursed in the next school payment.

## ePeGS REPORTING

### **Will ePeGs have changes related to the new code structure?**

Yes, more function codes are added to all grids. In addition, the ECSE and Part B FERs will automatically pull expenditure data into the grids based on the expenditures reported in the ASBR. Therefore, it is important that LEAs code K-12 special education and ECSE expenditures with the assigned special education project codes.

### **Will the Part B budget application still be due by July 1 for substantial approval?**

Yes, the Part B budget application is due July 1, 2018. ECSE 611 and ECSE 619 funds will be budgeted in the Part B budget grid based on the object code.

### **When is the FER deadline for ECSE?**

The ECSE FER to report prior year ECSE costs will be due October 15 each year.

## ECSE PERSONNEL

### **If we use the ECSE 611 and 619 Federal funds for salary and benefits, do we identify ECSE staff and complete Semi Annual Certification forms for those employees?**

Yes, any time Federal funds are used to pay even a portion of an employee's salary/benefits and that employee works 100% on special education (ECSE-12<sup>th</sup> grade), a semi-annual certification form must be completed for the employee.

### **What if any implications will this have on Medicaid claiming for direct and indirect services and ECSE personnel?**

This new process will not change anything regarding Medicaid Claiming. Just as in the past, the LEA must ensure ECSE staff paid with Federal funds are not included on the Medicaid Expenditure Report and/or roster, or that the Federally paid portion of their salary is backed out. As far as indirect, the calculation at DESE will change to not include any expenditures with a project code of 44100, 44200, or 44201 in the indirect calculation.

### **If we are serving multiple districts, should they be sending us their ECSE funds?**

No, the other districts sending students to an LEA for ECSE services should not send the serving LEA their ECSE Federal funds. The serving LEA will be reimbursed for incurred allowable ECSE expenditures.

### **Can you direct me to a list of allowable purposes for ECSE 611 and ECSE 619 Federal funds used outside of the ECSE program?**

ECSE 619 funds are Federal IDEA Part B Section 619 funds that must be used to provide special education and related services to 3-5 year old students with disabilities. This may include 5 year olds with disabilities in Kindergarten.

ECSE 611 funds are Federal IDEA Part B Section 611 funds that must be used to provide special education and related services to 3-21 year old students with disabilities.

A good “rule of thumb” to follow to determine if an expenditure should be coded as a special education cost is to ask the following:

- Is the expenditure required to implement an IEP?  
If yes, include as special education cost.
- Is the expenditure required to run the special education program?  
If yes, include as special education cost.
- Is there adequate documentation to justify and track the use of the item/service by the special education program?  
If yes, include as special education cost.
- Would the cost exist in the absence of the special education program?  
If yes, DO NOT include as special education cost. If the LEA would have the cost regardless of whether or not special education students were served by the LEA, then the cost should NOT be coded as a special education cost.