



# **DIVISION OF FINANCIAL AND ADMINISTRATIVE SERVICES**

## **Special Education Finance**

September 2014

Missouri Department  
of Elementary and Secondary Education

# STAFF

# CONTACT INFORMATION

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# Special Education Finance Web Page

<http://dese.mo.gov/financial-admin-services/special-education-finance>



# FY15 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
Request to Release Prop Share Carryover Funds	2014-15	March 1, 2015
FY15 Part B Budget Application Amendments	2014-15	April 30, 2015

# 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/special-education/special-education-listserv>



# Monthly Webinar Dates

- September 26, 2014 10:30am – 11:30am
- October 15, 2014 10:30am – 11:30am
- November 19, 2014 10:30am – 11:30am
- December 17, 2014 10:30am – 11:30am
- January 21, 2015 10:30am – 11:30am
- February 18, 2015 10:30am – 11:30am
- March 18, 2015 10:30am – 11:30am
- April 15, 2015 10:30am – 11:30am
- May 13, 2015 10:30am – 11:30am



# Special Education Finance Regional Trainings

## **St. Joseph**

- ❑ Wednesday, October 1, 2014
- ❑ Department of Conservation-NW Regional Office
- ❑ Address: 701 James McCarthy Drive, St. Joseph, MO 64507
- ❑ 11:30 am-3:30 pm
- ❑ Seating for 50 people

## **Cape Girardeau**

- ❑ Wednesday, October 8, 2014
- ❑ Cape Girardeau Public Library (O.C. Hirsch Room & G.F. Hirsch Room)
- ❑ Address: 711 North Clark, Cape Girardeau, MO 63701
- ❑ 11:30 am-3:30 pm
- ❑ Seating for 100 people



# Special Education Finance Regional Trainings

## **Kirksville**

- ❑ Wednesday, October 15, 2014
- ❑ Department of Conservation-NE Regional Office
- ❑ Address: 3500 South Baltimore, Kirksville, MO 63501
- ❑ 11:30 am-3:30 pm
- ❑ Seating for 72 people

## **Jefferson City**

- ❑ Friday, October 17, 2014
- ❑ Governor Office Building Room 450
- ❑ Address: 200 Madison Street, Jefferson City, MO 65101
- ❑ 11:30 am-3:30 pm
- ❑ Seating for 75 people



# Special Education Finance Regional Trainings

## Springfield

- Monday, October 20, 2014
- Springfield “Library Center” Auditorium
- Address: 4653 South Campbell Avenue, Springfield, MO 65810
- 11:30 am-3:30 pm

Special Education Finance Regional Training information is posted at:

<http://dese.mo.gov/financial-admin-services/special-education-finance/news-and-updates>



# Special Education Fiscal Monitoring Guide

Special Education Fiscal Monitoring Guide found at  
<http://dese.mo.gov/sites/default/files/sef-MonitoringGuide2015.pdf>

## Fiscal Topics Included in the Guide

Obligation of Funds	Period of Availability
Coding Federal Expenditures	Cash Management
Equipment	Internal Controls
Procurement	Allowable Costs/Use of Funds
Time and Effort	Capital Outlay
Proportionate Share	Coordinated Early Intervening Services
Maintenance of Effort (MOE)	



# Maintenance of Effort



# Maintenance Of Effort (MOE) Requirement

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.

(34 CFR §300.203)



# MOE Requirement 2013-14

## MOE Compliance Requirement

- The LEA must **SPEND** the same amount or more of State and/or Local in **CURRENT YEAR** as compared to **PRIOR YEAR** to be in compliance.

FY14 State and/or Local Sped Expenditures  $\geq$  FY13 State and/or Local Sped Expenditures

## MOE Eligibility Requirement

- The LEA must **BUDGET** the same amount or more of State and/or Local in **NEXT YEAR** as compared to **CURRENT YEAR** to be in compliance.

FY15 Budgeted State and/or Local Sped Expenditures  $\geq$  FY14 State and/or Local Sped Expenditures



# Methods for Meeting MOE

LEAs can meet MOE by one of the following methods:

- ❑ Total Local Funds Only
- ❑ Per Child/Per Capita Local Funds Only
- ❑ Total Combination of State and Local Funds
- ❑ Per Child/Per Capita Combination of State and Local Funds

LEAs only have to report expenditures for the method they choose to meet in 2013-14. This will change in 2014-15 with the new proposed regulations.



# MOE – What to Include

Description	Function Code
Special Education and Related Services	1221
Proportionate Share Services ( <b><u>supplemental only</u></b> )	1224
Tuition, Special Education Program Within State	1931
Professional Development	2200
Transportation and Maintenance	2500
Facility Acquisition and Construction	4000
ECSE Transportation	2559
All other ECSE Services	1280

All Special Education expenditures within these function codes paid for with **non-Federal** funds must be included in MOE.



# MOE – What NOT to Include

Do **Not** Include Expenditures Paid With:

- Federal Part B Entitlement
- Federal Proportionate Share
- Federal ECSE
- Medicaid
- Federal High Need Fund
- Federal Grants

**NO Federal Expenditures on MOE**



# Reporting Maintenance of Effort

2014-15 and Beyond



# MOE Changes

Throughout 2014-15 year:

- Track special education expenditures from state, local, and federal sources separately



# Funding Sources

Local Funding	Revenue Code	State Funding	Revenue Code	Federal Funding	Revenue Code
Current Taxes	5111	Basic Formula – State Monies	5311	IDEA Part B (611) Entitlement	5441
Proposition C	5113	Transportation State Aid	5312	IDEA Grants (NOT Entitlement)	5437
City Sales Tax	5117	ECSE– State	5314	Non-IDEA Sped Grants	5438
Food Service Program	5150-5164	Public Placement Fund	5369	ECSE– Federal	5442
Other – From Local Sources	5190	High Need Fund - State	5381	Medicaid	5412
Tuition from other LEAs	5810				

# Tracking Separately

Use Source/Project Codes to identify revenue

Special Education Teacher paid with Federal funds:

1221-6100-**41** SE Teacher Salaries \$5,000

Special Education Teacher paid with State funds:

1221-6100-**10** SE Teacher Salaries \$5,000

Special Education Teacher paid with Local funds:

1221-6100-**01** SE Teacher Salaries \$5,000



# Example of GL Coding

41 = Federal, 10 = State, 01 = Local

Function Code	Object Code	Source Code	Description	Amount
1221	6100	41 (fed)	Certificated Salaries	\$10,000
1221	6150	41 (fed)	Non-Cert Salaries	\$10,000
1221	6200	10 (state)	Employee Benefits	\$5,000
1221	6400	01 (local)	Materials/Supplies	\$1,000
2500	6300	10 (state)	Sped Transp. Purchased Services	<u>\$2,000</u>
			<b>Total State and Local Combo MOE Amount</b>	<b>\$8,000</b>

# Calculating MOE in 2014-15

1. Anything tagged with a Federal code will **NOT** be included in MOE.
2. Anything tagged with a State code will be included toward the State and Local combination amount.
3. Anything tagged with a Local code will be included toward the State and Local combination amount AND will also be pulled out separately for the Local Only amount.



# MOE Changes - Compliance

## Reporting Actual MOE on 2014-15 Part B FER:

- LEA no longer selects MOE method
- Report both Local and State Actual Special Education Expenditures separately in MOE grid on Part B FER (due September 30, 2015)



# Testing MOE Compliance in 2014-15

- State will run all four tests to check MOE compliance
- Actual amount spent will be compared to prior years (last time MOE met with that method)
- MOE in 2014-15 will set the local threshold if local expenditures are reported



# Funding Information - Example

Amount to run Special Education Program in 2013-14:  
**\$500,000**

IDEA Part B (611) Allocation in 2013-14:        \$150,000

MOE from State and Local Combination:        \$350,000



# MOE Compliance Examples

Year	State	Local	MOE Combo Method Test	MOE Local Method Test
2013-2014	?	?	\$350,000 Met	NA
2014-2015	\$325,000	\$25,000	\$350,000 Met	\$25,000 *threshold
2015-2016	\$315,000	\$30,000	\$345,000	\$30,000 Met
2016-2017	\$342,000	\$15,000	\$357,000 Met	\$15,000
2017-2018	\$310,000	\$35,000	\$345,000	\$35,000 Met
2018-2019	\$330,000	\$35,000	\$365,000 Met	\$35,000 Met
2019-2020	\$340,000	\$26,000	\$366,000 Met	\$26,000

# Including ECSE in MOE



# Including ECSE Expenditures in MOE

Current year Early Childhood Special Education (ECSE) expenditures must be included in MOE.

How do I determine which ECSE expenditures to include in MOE?

## Answer:

1. Re-code Federal Expenditures
2. Expend Federal Funds within 3 days and Track Separately

\*This must also be done to be in compliance with the Cash Management Improvement Act (CMIA)



# Including ECSE Expenditures in MOE

## Re-coding Expenditures

### Step 1:

Incur Expenditure and Code to General Account/State Funds in General Ledger

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

Receive Federal Funds in Monthly School Payment Transmittal

Federal payment amount	\$5,000.00	4/21/15
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### Step 3:

Journal Voucher to Recode the Expenditure to Federal (“41”) Account w/in 3 Days

1280-6311	-\$5,000.00	
1280-6311-41	\$5,000.00	4/24/15



# Including ECSE Expenditures in MOE

## Expending Federal Funds within Three Days

### Step 1:

Receive Federal Funds in Monthly School Payment

Federal amount	\$500.00	4/21/15
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### Step 2:

Incur and Code to Federal Account (“41”) within 3 Days

1280-6111-41	\$500.00	4/24/15
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# Calculating ECSE Expenditures in MOE

Districts must take the following steps to determine amount of ECSE expenditures to include in MOE:

1. Pull from general ledger all ECSE expenditures (function codes 1280/2559) for year just concluded that have been coded as NON-Federal.
2. Calculate total by function/object code of ECSE expenditures paid with NON-Federal funds for year just concluded and enter into MOE grid.





# Budgeting Maintenance Of Effort

2015-16 and Beyond



# MOE Changes - Eligibility

## Reporting Budgeted MOE on 2015-16 Part B Budget Application:

- Report both Local and State Special Education Budgeted Expenditures separately in MOE grid on Part B Budget Application (due July 1, 2015)
- To determine eligibility for new FY grant award



# Testing MOE Eligibility in 2015-16

- State will run all four tests to check MOE eligibility
- Amount budgeted will be compared to prior years (most recent fiscal year for which information is available)
- Example:
  - 2015-16 budgeted MOE will be compared to 2013-14 actual MOE



# MOE Adjustment



# MOE Adjustment

- ❑ IDEA allows the LEA to reduce MOE threshold when allocations increase from one year to next.
- ❑ This reduction assists LEA in spending increase in Federal funds.

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>



# MOE Adjustment Facts

- ❑ The MOE Adjustment DOES NOT decrease Part B Allocation but instead the amount of Local/State Funds that must be spent on students with disabilities (MOE).
- ❑ MOE Adjustment must be taken in the year of the increase.
- ❑ MOE Adjustment resets the MOE for MOE Adjustment year and future years until LEA voluntarily increases.
- ❑ MOE Adjustment may be taken in conjunction with any allowable MOE exceptions.

