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**State of Vermont**  
**Vermont Department of Education**  
120 State Street  
Montpelier, VT 05620-2501

To: Superintendents  
Special Education Administrators  
Business Managers

From: Margaret C. Schelley  
Special Education Finance Manager

Date: June 20, 2011

Subject: Final Special Education Expenditure Report for FY-2011 Instructions

Field Memo: 11-06

The final Special Education Expenditure Reports for FY-2011 are ***due in this office on August 1, 2011***. As there is a **late penalty of \$100 per business day** (16 V.S.A. § 2968(b)), please be sure that the reports are received at the Department of Education on or before August 1<sup>st</sup> to avoid the penalty. The rules relating to the implementation of the penalty are found in 2366.4 of the Vermont State Board of Education Rules.

#### FY-2012 INITIAL ADVANCES HELD UNTIL FINAL FY-2011 REPORTS RECEIVED

The initial fund advances for the FY-2012 State Special Education funding formula and EEE grants for school districts will be held until the final FY-2011 Special Education Expenditure Reports are received. The initial fund advances for FY-2012 will be released with the August 15<sup>th</sup> payment if the FY-2011 final reports have been submitted on time. The initial advances will be issued as ACH transfers. If you need to update the ACH transfer information, you need to contact Susan Lynch in our Accounting Office at 828-0480 or by fax at 828-1631.

#### REMINDERS REGARDING COMPLETING WORKSHEET A, B & C FOR FINAL REPORT

**Worksheet A** is the form used to bill the State for the special education costs for State-Placed students. The form is cumulative so, if there are any costs for the year, the form needs to be completed. The actual special education cost is to be reported for each individual student listed separately by service. A list of the most common services is included in the instructions for Worksheet A. As a bill, it must **list the actual beginning and ending date for each service** provided to that student. The ending date of service should not be June 30<sup>th</sup> unless the student is receiving services beyond the school year. When claiming tuition, you must include the name of the program as well as the school district or organization operating the program. If you have questions about whether a student is State-Placed, you can contact Donna Trucksess at 828-5931.

**Also Medicaid claims must be filed for the State-Placed students in order for the school district to receive all of their State-Placed student reimbursement. The department policy is currently to hold \$1,000 for each missing Medicaid claim up to the amount of the Worksheet A claim for the student. If you have questions on which Medicaid claims need to be filed or want to explain why claims cannot be filed, you should contact Nicole Tousignant at 828-5111.**

**Worksheet B** is used to report the special education costs for students whose special education costs exceeded \$50,000 for the year. The reporting on Worksheet B is limited to students - ages 3 through 21. The expenditures are limited to those paid for special education and related services provided from July 1, 2010 through June 30, 2011. The costs can not include those paid from federal funds or claimed for State-Placed Student reimbursement. Only students whose costs meet the threshold are to be reported on the Worksheet B form. The breakdown to school districts is required for multi-district supervisory unions, joint contract districts or interstate school districts so that we know which school districts to pay. For Worksheet B, the extraordinary reimbursement for residentially placed students is held unless the supervisory union has **satisfied the residential review reporting requirements**. If you need more details about a particular student's status in the process, you should contact Mike Mulcahy at 828-5108.

**Worksheet C is required to be filed by all school districts for FY-2011.** The report is to provide the Department with the cost to school districts of residential placements for special education students for July 1, 2010 through June 30, 2011. The cost information requested is the cost incurred for the student for the time period that the student was in the residential placement. Each residential placement of a student is to be reported separately. So if a student was placed at Baird for two weeks from September 4-18<sup>th</sup> and then was placed at Baird from December 1, 2010 through June 30, 2011, this would be reported as two separate residential placements. **If the school district did not pay for any residential placements for the school year, then the report is still required and should be submitted with the heading completed and "none" written in the body of the form.**

#### OPTIONAL REPORTS TO BE SUBMITTED WITH FINAL REPORTS

There are three optional reports that can be filed for school districts if funds were spent that qualify for the specific funding mechanism. All applications for these special education provisions for FY-2011 must be submitted by August 1, 2011 to be considered.

**A. Application for Unusual Special Education Funding for FY-2011** is the same form as last year. The statutory provision 16 V.S.A. § 2975 went into effect for FY-2008 and covers funding for unusual special education costs. The application allows a school district to apply under two categories:

1. Unexpected Nature – Costs not able to be anticipated during budget cycle;
2. Unusual Nature – Costs higher than usual for the size of the school district.

The cover sheet must be completed by all applicants. Also separate sections of the application that need to be completed depending on which category the district is applying under. Please be sure to provide all of the information requested as the time frame for reviewing the applications is very tight.

B. There are two categories of **Exceptional Circumstances Funding**:

1. Cost for Students Attending Programs Operated by the Vermont Center for the Deaf and Hard of Hearing (VCD&HH);
2. Extraordinary cost for a school district that is 15% or more of their total formula eligible cost.

For the first category, the school district needs to apply in order to receive funding at the higher 80% rate. For the second category, we do not require school districts to submit applications but we will require the students' IEPs in order to determine if the funding will be approved and occasionally other information. Pursuant to 16 V.S.A. § 2963a (b), the Commissioner's funding decision is based on whether "the school district considered all the cost-effective and appropriate available alternatives for placement and programs for students before incurring these costs."

**Report For Exceptional Circumstance relating to students attending programs operated by the Vermont Center for the Deaf and Hard of Hearing (VCD&HH)** can be used to apply for exceptional circumstance funding for students placed in a VCD&HH program at the school district's expense. This includes all programs operated by VCD&HH whether in Brattleboro or one of its satellite sites. This funding provision allows for an 80% reimbursement rate for formula eligible cost for VCD&HH placements that would otherwise be covered under Special Education Expenditures reimbursement at 56-57%. **In addition to the application, the school district will need to submit copies of the students' complete IEPs for the period of the placement during FY-2011.**

**The school district's cost eligible for extraordinary reimbursement must be at least 15% of the school district's total formula eligible cost for the year to be eligible for the second category of exceptional circumstance funding.** We will calculate whether school districts meet that criteria based on the final FY-2011 Special Education Expenditure Reports. If the department needs additional information to determine whether a school district will be granted exceptional circumstance funding, the supervisory union will be contacted – to request the IEPs of the students reported as having extraordinary cost plus any additional information needed.

**C. Report for FY-2011 on Mainstream Block Grant and Match Spent on Support and Remedial Services** is an option for only a very limited number of school districts. Under the Mainstream Block Grant statute 16 V.S.A. § 2961, subsection (d) allows school districts that do not have sufficient special education eligible costs to use all of the Mainstream Block Grant and local match generated for the year to spend the balance on providing support and remedial services pursuant to 16 V.S.A. § 2902 and 2903. There are very few school districts that have such low special education cost that they can not spend all of their Block Grant and match on eligible special education cost. The one additional requirement to qualify for this provision is that the school district must have maintained a school for school year 2010 – 2011.

The report provides detail on the Mainstream Block Grant and match funds spent for non-special education services. On the final FY-2011 Special Education Expenditure Report, the school districts report only the Mainstream Block Grant (60%) and match (40%) spent on allowable special education costs. This report covers the Mainstream Block Grant and match spent for non-special education services. It includes a breakdown of the expenditures by function and object code as well as providing a description of the services provided. If the expenditures were salary

and benefits, the report needs to include the person's job title and a description of the services the staff member provided and tie those services to the areas allowed in statute (16 V.S.A. § 2902 and § 2903).

#### ADDITIONAL INSTRUCTIONS FOR FINAL REPORT

**Please make sure that the final reports are as accurate as possible. If the figures reported change, you will need to submit an amended report later. If you report major changes on an amended report after the final payments have been calculated, you should include an explanation of the changes and why they occurred along with the amended report. You may be requested to submit other documentation of the additional expenditures before the amended report is accepted by the Department for processing.**

The following are some reminders about the costs that can be included on the final report and the staff documentation requirements. It continues to be important for school districts to maintain documentation to back-up the information reported. The Department will continue audits/reviews of FY-2011 Special Education Expenditure Reports in the fall. Supervisory Unions selected for audit will be notified.

- 1) **Modified accrual accounting is to be used for this report.** Expenses incurred through June 30th, such as the salaries and benefits for services performed on or before June 30, 2011, are to be charged to FY-2011 even if they are paid after July 1st. All expenditures should be included on the report for the appropriate fiscal year based on the dates that the services were performed. All expenditures included in the FY-2011 report should be for the period of July 1, 2010 through June 30, 2011. This includes all costs charged to the FY-2011 IDEA-B grants even if they were obligated as of June 30, 2011 and payment made after the end of the fiscal year.
- 2) **Each school district is required to maintain staff documentation for special education staff for FY-2011 as stated in the Technical Guide for Special Education Cost Documentation dated August 2010 sent out with Field Memo 10-11.** The staff documentation requirements for K-12 Special Education costs for State funding purposes are one of three types:
  - a) Sample weekly schedules within the two established time frames or two one-week time studies for special education staff with regular schedules;
  - b) On-going time documentation or three one-week time studies for staff members who have variable schedules; and
  - c) For summer services, on-going time documentation.

For all salaries and benefits charged to Federal funds, the requirements are one of the two types:

- a) Certifications by school semester for staff working under one cost objective, or
- b) Personnel activity reports for staff working under multiple cost objectives.

The federal staff documentation requirements are included in the Technical Guide starting on page 51.

- 3) We also recommend that you prepare a list to show the amount of salary by employees being charged as eligible special education cost. This information is required during the audit process and it is a good check on the amount reported as salaries on the expenditure report. The listing should include the following information:

- name of employee,
- position title/assignment,
- total FTE worked
- total salary paid to employee for the year
- amount of salary paid to the employee reported as special education cost
- funding source(s) and the amount of salary charged to each funding source.

You can contact Lynne Carpenter if you want a template for the salary reconciliation at 828-0561 or at [lynne.carpenter@state.vt.us](mailto:lynne.carpenter@state.vt.us).

- 4) **The cost of special education separate day programs or special education classes reported as eligible cost needs to be documented by an accounting of the costs assigned to the program and a list of the students participating in the program for the year.** For special education classes or separate day programs operated by a public school, the school district is only allowed to charge as a special education cost, the portion of the program costs that are eligible special education costs for students attending the program to receive their IEP services. The school district needs to track the eligible special education cost for the program and track the students attending the program for the entire school year with each student's entrance and exit dates. The portion of the program costs that is chargeable to special education is based on the student days for special education students for which the program is their IEP placement to the total student days for the program. The staff for these programs need to complete the two-week time studies like all non-core staff. The 20% additional time cannot be assigned to staff working in these programs as the allowable cost is based on the students served by the program. If the program is located at a site away from the school grounds and the staff is assigned 100% to the program, sample weekly schedules will be accepted as staff documentation.
- 5) Only the portion of a Special Education Administrator's salary and benefits that relates to special education functions is to be included as a special education cost in the report. If the Special Education Administrator also performs the functions of Title I coordinator or other non-special education responsibilities, then a portion of the salaries and benefits must be charged to some source other than special education. For building-based Special Education Administrators, on-going staff documentation or three one-week time studies is required to document the portion of salary and benefits charged to special education.
- 6) **The expenditures for each of the IDEA-B Basic and PreSchool Grants listed below must be reported on a separate line on the final FY-2011 Special Education Expenditure Report.**

The following shows the list of possible codes that the supervisory union may have been awarded for FY-2011:

<u>IDEA-B Basic Revenue/Grant Ending Codes</u>	<u>IDEA-B Preschool Revenue/Grant Ending Codes</u>
4226-01 Regular Funds	4228-01 Regular Funds
4226-02 Regular Funds Proportionate Share	4228-02 Regular Funds Proportionate Share
4756-01 ARRA Funds	4758-01 ARRA Funds
4756-02 ARRA Funds Proportionate Share	4758-02 ARRA Funds Proportionate Share

Each of the above are considered separate grant awards and the actual grant expenditures for the year must be shown on a separate line in Part II of the Special Education Expenditure Report in the Expenditures Charged to Federal Grants section. Also separate SDE 1.1's will need to be filed for each of the separate grant awards and this eliminates the report required in prior year's on proportionate share funds as the SDE 1.1 will provide that information.

Please remember that the following IDEA-B grant expenditures must be reported in the **Ineligible Column** of the Special Education Expenditure Report:

- Coordinated, early intervening services (CEIS) which must be reported on the "Non-special education costs charged to Sped grants" line of the report,
- Cost of services to parentally-placed students spent from proportionate share funds (grants with ending 02),
- Indirect costs, and
- Other K-12 expenditures that are ineligible for State funding formula reimbursement such as building renovations.

Also if the costs are reported in the ineligible cost on the top portion of the form, the matching revenue needs to be reported in the ineligible column on the bottom portion of the form. **The grant expenditures for the IDEA-B Basic grants should be shown in the appropriate column of the report: Eligible K-12, Ineligible K-12 or Pre-school based in both the top and bottom sections of the form. This often means that the cost is split between the three columns.**

IDEA-B funds subgranted by the supervisory union to its member districts are only reported on the member districts report. The supervisory union is not to include the transfer of IDEA-B funds subgranted to its member districts as an expenditure on the supervisory union report. Each member district will include on their report the expenditures of IDEA-B funds subgranted from the supervisory union on the top part of the form and will show the amount charged to the specific revenue source on the bottom section of the form.

- 7) Only the expenditures and revenue for **Act 230 grants (Revenue Code 3219)** and **BEST grants (Revenue Code 3213)** which pay for special education eligible costs should be included in the report.
- 8) If any expenditures in Part I of the report are paid from any grant funds, the offsetting revenue used must be reported in Part II of the report. For example, if an EEE teacher is partially funded by an Early Education Initiative (EEI) Grant funds and the employee's whole salary and benefits are reported in Part I of the report as a preschool special

- 9) education cost, then the amount of EEI funds used to pay the salary and benefits must be shown in Part II.

## FEDERAL GRANT REPORTING

**Final SDE 1.1 Reports will be required for each of the Regular and ARRA Federal funds - IDEA-B Basic and Pre-School - Flow Through Projects awarded for FY-2011.** In Part II of the Special Education Expenditure Report, the amount reported under the "Less Federal Funds Used" must be the amount spent (not received) for the year. The amount spent should include accrued expenditures and obligations charged to these grants. This information will be checked against the final SDE 1.1 Forms filed for your grants. If the amount spent on the Special Education Expenditure Report does not agree with disbursements on the final SDE 1.1 Form, you will be asked to correct the report(s) to show the actual grant expenditure amount. A final SDE 1.1 is submitted once all of the grant obligations have been cleared so that a "final" SDE 1.1 does not include any obligations. FY-2012 federal funds after the initial advance will be held up until corrections are made and the total grant expenditures match.

If you have questions while completing the final Special Education Expenditure Report for FY-2011, please call me at 828-5119 or Dana Austin at 828-0769.

### Attachments:

- 1) Report for FY-2011 on Mainstream Block Grant and Match Spent on Support and Remedial Services
- 2) FY-2011 Special Education Expenditure Report – Report for Exceptional Circumstance
- 3) Application for Unusual Special Education Funding for FY-2011

