

# IDEA Fiscal – Part II

Agency of Education

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# Agenda

- IDEA B Basics
- IDEA B Reporting Requirements
- SEA Monitoring Requirements
- Connect the dots
- Reporting Requirements: What's Changing?
- Next Steps

# IDEA B Basics

- Formula grants that assist states in providing a free and appropriate public education (FAPE) in the least restrictive environment (LRE) for children with disabilities ages three through 21
  - IDEA Basic (611): for **ages 3 through 21**
  - IDEA PreK (619): for **ages 3 through 5**

# IDEA B Basics

- LEA must provide for the education of children with disabilities consistent with state policies and procedures (34 CFR 300.201)
- IDEA funds shall
  - pay excess costs of providing special education and related services (34 CFR 300.202(a)(2) and Appendix A to Part 300)
  - supplement not supplant state, local, and other federal funds (34 CFR 300.202(a)(3))
  - Not be used to reduce the level of expenditures (MOE) for the education of students with disabilities made by the LEA below the level from the previous year, or the previous year MOE was met (34 CFR 300.203)

# IDEA B: Reporting Requirements

- SEA
  - Maintenance of State Financial Support (MFS)
    - 34 CFR 300.163
- LEA
  - IDEA B Grant Expenditures
    - 2 CFR 200.302
  - Excess Cost
    - 34 CFR 300.202(a)(2) and Appendix A to Part 300
  - Maintenance of Effort (MOE)
    - 34 CFR 300.203

# LEA Reporting Requirements: IDEA B Grant Expenditures

- IDEA Basic (611) & PreK (619)
- Proportionate Share
  - 34 CFR §300.133 and Appendix B to Part 300
- Coordinated Early Intervening Services (CEIS)
  - 34 CFR §300.226(b); 34 CFR §300.646(d)

# IDEA Reporting Requirements: IDEA B Grant Expenditures - *Proportionate Share*

- Each LEA must expend, during the grant period, on the provision of special education and related services for **parentally-placed children with disabilities enrolled in private elementary schools and secondary schools** an amount that is equal to a proportionate share of the LEA's Basic (611) and Pre-K (619) grants based on child count
  - 34 CFR §300.133 and Appendix B to Part 300
- LEA must control the use of these funds and cannot send these funds to the independent school directly
  - IDEA Section 612(a)(10)(vi)(vii)

# LEA Reporting Requirements: IDEA B Grant Expenditures - *Coordinated Early Intervening Services (CEIS)*

- An allocation of up to 15% of IDEA B funds (611 & 619) may be used for coordinated early intervening services (CEIS)
- Services to help children who need additional academic or behavioral support to be successful in school. They can include professional development and educational and behavioral evaluations, services, and supports.
- 34 CFR §300.226(b); 34 CFR §300.646(d)

# LEA Reporting Requirements: IDEA B Grant Expenditures - *Coordinated Early Intervening Services (CEIS)*

1. Voluntary: 34 CFR §300.226
2. Mandatory: 34 CFR §300.646(d)
  1. 15% CEIS election required when significant disproportionality exists – i.e. overrepresentation by race or ethnicity of students with disabilities
  2. Leads to additional reporting requirements
  3. Formula for disproportionality is changing in FY20 in response to federal guidance
    1. While Vermont does not traditionally trigger mandatory CEIS, preliminary analysis suggests that mandatory CEIS may result from a changing formula

# LEA Reporting Requirements: Excess Cost

The excess cost requirement ensures that an LEA spends at least as much on children with disabilities as on children without disabilities before using IDEA funds.

34 CFR 300.202 and Appendix A to Part 300

# LEA Reporting Requirements: Excess Cost

**Excess costs:** “...those costs that are in excess of the average annual per-student expenditure in an LEA during the preceding school year for an elementary school or secondary school student, as may be appropriate, and that must be computed after deducting—

- (a) Amounts received— (1) Under Part B of the Act; (2) Under Part A of title I of the ESEA; and (3) Under Parts A and B of title III of the ESEA and;
- (b) Any State or local funds expended for programs that would qualify for assistance under any of the parts described in paragraph (a) of this section, but excluding any amounts for capital outlay or debt service.”

34 CFR §§300.16, 300.202(b), and Appendix A to Part 300

# LEA Reporting Requirements: LEA MOE

An LEA must budget and spend at least the same amount of **state and local funds it spends for the education of children with disabilities** as compared to the prior year, or the last year MOE was met, on a total or per capita basis

34 CFR §300.203

# LEA Reporting Requirements: Summary

Federal Requirement	Allowable SpEd Expenditures (Budget & Actual)	Calculation	Non-Fiscal Reporting Requirements
IDEA Basic	Federal Sources	No	None
IDEA Basic Proportionate Share	Federal Sources	No	None
IDEA PreK	Federal Sources	No	None
IDEA PreK Proportionate Share	Federal Sources	No	None
CEIS	Federal Sources	No	Student Progress
Excess Costs	State & Local Less Federal Sources	Yes	None
MOE	State & Local Less Federal Sources	Yes	None

# Allowable Costs

An allowable special education expenditure is a cost in excess of general education costs.

**Excess costs to general education costs must meet these criteria:**

1. In the absence of special education needs, this cost would not exist;
2. This cost is not generated by eligible students without disabilities; and
3. The special education, related service, and/or supplementary aids and services, to which this cost is attributable, is documented in the student's IEP.

Additional guidance about standards for determining costs for federal grants is available from Office of Management and Budget (OMB) Uniform Grants Guidance (2 CFR, Part 200).

# Allowable Costs: Examples

- Markers
- Staff Time

# Allowable Cost – Additional Guidance

# SEA Monitoring Requirements

- Not only does SEA require a \$ figure for allowable special education expenditures in order to meet its reporting requirements but...
- SEA needs to “prove” that these dollars were in fact spent on **special education allowable costs**
  - Federal: 2 CFR – Subrecipient Monitoring and Management
  - State: Bulletin 5 – requires monitoring of state grants per the Agency’s grants management plan and in accordance with Federal Requirements

# SEA Monitoring Requirements

## 2 CFR §200.331

- SEA must monitor the activities of the LEA to ensure compliance with terms and conditions of the federal award
- SEA may impose on the LEA any additional requirements necessary in order for the SEA to meet its own responsibility to the Federal awarding agency, including identification of any required financial and performance reports.

# SEA Monitoring Requirements

- LEA responsibilities
  - Comply with all requirements of the Federal award
    - 2 CFR 200.300 (b)
  - Self-monitor to ensure compliance with applicable requirements of the award
    - 2 CFR 200.328

# SEA Monitoring Requirements

- Per 2 CFR 200.302 an LEA's financial management system (FMS) must
  - include records demonstrating compliance
  - be sufficient to generate reports
  - allow the **tracing of funds to a level of expenditures adequate to establish that such funds have been used as intended by the Federal award**
  - reflect accurate, current, and complete financial results of the award or program
  - identify in its accounts all Federal awards **received** and **expended** and the Federal **programs** under which they were received

# SEA Monitoring Requirements

- Per 2 CFR 200.302 an LEA's financial management system (FMS) must allow the tracing of funds to a level of expenditures adequate to establish that such funds have been used as intended by the Federal award
- Breaking down the requirement
  - System /allows /tracing
    - What system?
      - The LEA's financial management system
    - What does the system trace?
      - Funds
    - What funds?
      - Funds that were awarded by the Federal government
    - How detailed does the tracing system have to be?
      - You have to track the funds you received to the expenditure level with enough detail to show that you spent the money in accordance with the way the Federal government intended you to spend the money when they gave you the award.

# Connect the dots

- The burden is on the LEA to satisfy tests for MOE and Excess Costs.
  - Accomplished by budgeting and spending the appropriate amount of state and local funds on allowable special education expenditures
- LEAs must account for these dollars in their FMS
- SEA must establish a system that proves that these dollars were spent (by LEA) according to the definition of allowable special education costs
- SEA requires documentation down to the expenditure level to prove this

# Connect the dots

- Historically the system that allows the SEA to prove allowable use of funds by the LEA has combined:
  - desk audits
  - site visits
  - Both involve pulling accounting records and associated back up, including time studies for staff costs
- Redesign of the system to be determined...
  - Can we establish a methodology that meets the requirements of the feds and state standards for monitoring but is less burdensome to LEAs?

# Goals of a new monitoring system

1. Align State monitoring to Federal Standards so that the ease of spending state and federal dollars on special education are equivalent
2. Providing accountability for public dollars with system that supports fiscal transparency
3. Minimize administrative burden to LEAs

# Reporting Requirements: What's Changing?

Reporting Requirement	Change
Service Plans	Simplify Content & Delivery
Special Education Expenditure Reimbursement Request (SEER)	Eliminated
State Placed Student Reimbursement Request	Simplify Content & Delivery
Time Studies	TBD
Extraordinary Cost Reimbursement	Simplify Delivery
Allowable PK-12 Special Education Expenditures (State & Local)	Previously met with final SEER
IDEA B Budgets	Simplify Delivery
IDEA B Reimbursement Requests	Simplify Delivery
IDEA B Expenditures	Simplify Delivery

# Next steps

- Continue working groups with Special Education Directors and Business Managers to flesh out ideas for monitoring design and understand implications for local business processes
- Continue internal inventory of existing monitoring processes
- Solicit guidance from Feds/Brustein on interpretations of anticipated “flexibility” around documentation of time and effort
- Finalize “Allowable Costs for Vermont State Special Education Funding and IDEA B Entitlement Grants”

# Questions

- Website for [IDEA law](#)
- Website for [Bulletin 5 – Policy for Grant Issuance and Monitoring](#)
- Website for [CIFR](#)
- Website for [IDC](#)
- Website for [Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)