



# How to Be an IDEA Fiscal MVP

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# Purpose

- To provide an overview of specific IDEA fiscal requirements in anticipation of LEA submissions of FFY 2015 IDEA applications.

# Objectives

- Participants will understand the allowable uses of IDEA funds and will be able to walk through a decision-making process to determine whether a particular cost is allowable.
- Participants will understand LEA Maintenance of Effort (MOE) requirements.
- Participants will understand Coordinated Early Intervening Services (CEIS), including voluntary and required implementation, allowable uses of funds, and reporting requirements.

# Use of Amounts

- 34 CFR §300.202.
- Must be expended in accordance w/ IDEA.
- Only used to pay the excess costs of providing special education and related services to children with disabilities.

# Excess Costs

- The excess cost requirement prevents an LEA from using Part B funds to pay for all of the costs directly attributable to the education of a child with a disability.
- An LEA must spend the minimum average amount for the education of its children with disabilities before using Part B funds.
- Excess costs is defined in 34 CFR §300.16.

# Allowable Costs

- IDEA funds may only be used for the excess costs of providing special education and related services.
- A particular cost must also be *necessary* and *reasonable* for the proper and efficient performance and administration of the grant.
- A cost is reasonable if it does not exceed what a district would normally incur in the absence of federal funds.

# Guiding Questions

When determining whether a cost is an excess cost, ask:

- In the absence of special education needs, would this cost exist?
- If the answer is:
  - No, then the cost is an excess cost and may be eligible.
  - Yes, then the cost is not an excess cost and is not allowed.

# Guiding Questions (cont.)

- Is the cost also generated by students without disabilities?
- If the answer is:
  - No, then the cost is an excess cost and may be eligible.
  - Yes, then the cost is not an excess cost and is not allowed.

# Guiding Questions (cont.)

- If it is a child-specific service, is the service documented in the student's IEP?
- If the answer is:
  - Yes, then the cost is an excess cost and may be eligible.
  - No, then the cost is not an excess cost and is not allowed.

# Two Examples

- Is it allowable to use IDEA funds to provide accommodations and services for Section 504 students?
- Can my district use IDEA funds to pay for devices for students with disabilities as part of a one-to-one initiative for all students?

# Questions?

# Maintenance of Effort (MOE)

- Why MOE?
  - To ensure that LEAs do not supplant state/local funding for the education of students with disabilities with federal funds.
- What does MOE compare?
  - MOE compares the amount of funds (local or state and local) budgeted and expended by the LEA from year to year.

# MOE (cont.)

- Described in 34 CFR §300.203.
- Part B funds are not used to reduce the LEA level of local expenditures for the education of children with disabilities below the level of those expenditures for the preceding fiscal year.
- No “particular cost” test.
- Budget test (i.e., what is budgeted) is used to establish LEA eligibility for Part B funds.
- Expenditure test (i.e., what is spent) is used to determine compliance with MOE requirements.

# MOE Examples

- **Budget Test – Eligibility**
  - LEA expended \$900,000 in FY 2012 and budgets \$1,000,000 in FY 2014; therefore, the LEA meets the IDEA MOE eligibility requirement for a FY 2014 grant award.
- **Expenditure Test – Compliance**
  - LEA expended \$900,000 in FY 2012 and expended \$950,000 in FY 2013; therefore, the LEA complied with the MOE requirement from FY 2012 to FY 2013.

# MOE Options

- Four Options
  - Total local funds
  - Total state & local funds
  - Per capita local funds
  - Per capita state & local funds

# MOE Examples

<b>Prior Year MOE Expenditures</b>		
	<b>State &amp; Local</b>	<b>Local Only</b>
<b>Total</b>	\$ 900,000.00	\$ 300,000.00
<b>Per Capita</b>	\$ 9,000.00	\$ 3,000.00
<b>Current Year MOE Expenditures</b>		
	<b>State &amp; Local</b>	<b>Local Only</b>
<b>Total</b>	\$ 950,000.00	\$ 310,000.00
<b>Per Capita</b>	\$ 9,500.00	\$ 3,100.00

# MOE Exceptions

- As described in 34 CFR §300.204, an LEA may reduce MOE for any of the following:
  - a) The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.
  - b) A decrease in the enrollment of children with disabilities.
  - c) The termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the SEA, because the child—
    - 1) Has left the jurisdiction of the agency;
    - 2) Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or
    - 3) No longer needs the program of special education.

# MOE Exceptions (cont.)

- d) The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.
- e) The assumption of cost by the high cost fund operated by the SEA under §300.704(c).

# MOE Exception Example

- A veteran special education teacher retires and is replaced by a less experienced special education teacher.
- The LEA expended \$60,000 on the veteran teacher (salary + benefits) in FY 2012, and \$40,000 on the new hire in FY 2013.
- The LEA can reduce its MOE by \$20,000 (\$60,000 – \$40,000) in FY 2013.

# Adjustment to MOE in Certain Fiscal Years

- Described in 34 CFR §300.205.
- For any FY that an LEA receives an increase in Part B Section 611 funds from the prior FY, that LEA may reduce MOE by up to 50% of the increase, if the following conditions are met:
  - LEA must use the freed-up state & local funds to carry out ESEA activities during the year in which the reduction takes place
  - LEA must receive a determination of “meets requirements” from the SEA for the year of the reduction
  - LEA must not have had action taken against it by the SEA under IDEA section 616
  - LEA must not have had the responsibility for providing FAPE taken away by the SEA
  - LEA must not be determined to have significant disproportionality for the year of the reduction

# MOE Adjustment Example

In 2014, the LEA received a  
Section 611 allocation of \$800,000

In 2015, the LEA received a  
Section 611 allocation of \$900,000

$$900,000 - 800,000 = 100,000$$

$$100,000 \times 50\% = \$ 50,000$$

The LEA can reduce its MOE by \$50,000 in 2015  
if all other conditions are met in that year.

# Consequences of Not Meeting MOE

- The State must repay the federal government the amount of money in which the LEA failed to maintain effort. This payback must be made from non-federal funds or funds for which accountability to the federal government is not required.
- The State has the option to require the LEA to payback the State the amount of money that the LEA failed to maintain effort. If the LEA is required to payback the amount of shortfall to the State, it must use non-federal funds or funds for which accountability to the federal government is not required.

# 2014-15 Continuing Resolution

- The MOE amount for the LEA in the subsequent year is the amount that would have been required had the LEA maintained effort.
- 2014-15 Continuing Resolution (113 hr 83 eah p. 878):
  - “the level of effort a local educational agency must meet under section 613(a)(2)(A)(iii) of the IDEA, in the year after it fails to maintain effort, is the level of effort that would have been required in the absence of that failure and not the LEA’s reduced level of expenditures”
- This codifies OSEP’s Letter to Boundy (4/4/12).

# Example of MOE Requirement in the Year Following MOE Failure

<b>2012-13 MOE Expenditures</b>		
	<b>State &amp; Local</b>	<b>Local Only</b>
<b>Total</b>	\$ 900,000.00	\$ 300,000.00
<b>Per Capita</b>	\$ 9,000.00	\$ 3,000.00
<b>2013-14 MOE Expenditures</b>		
	<b>State &amp; Local</b>	<b>Local Only</b>
<b>Total</b>	\$ 850,000.00	\$ 280,000.00
<b>Per Capita</b>	\$ 8,500.00	\$ 2,800.00

# Questions?

# Coordinated Early Intervening Services (CEIS)

- Why CEIS?
  - To allow—or, in instances of significant disproportionality, to require—LEAs to use IDEA funds for at-risk students in hopes of providing interventions and supports that will reduce the inappropriate referral and identification of students into special education.

# CEIS

- Described in 34 CFR §300.226.
- LEA may use up to 15% of IDEA funds for CEIS:
  - Less any amount reduced pursuant to §300.205.
- To be used on students in K-12, with a particular emphasis on K-3.
- Allowed activities:
  - Professional development.
  - Educational and behavioral evaluations, services, and supports.

# CEIS (cont.)

- LEA Reporting:
  - Annual.
  - Number of children served.
  - Number of children served during previous two-year period who subsequently received special education and related services.
- Coordination with ESEA:
  - Must supplement, not supplant.



# South Dakota CEIS Exceptions

- If a district voluntarily uses...
- **Federal CEIS**, the district will not be allowed to request funds from the SD Extraordinary Cost Fund (ECF).
- **State CEIS**
  - **24:05:36:07. Eligibility for extraordinary costs – Availability of funding.** School districts utilizing state aid for special education funding for the provision of coordinated early intervening services are not eligible for extraordinary costs under chapter 24:05:33.01 for a period of three years following the expenditure of funds under this chapter.

# Disproportionality

As described in 34 CFR §300.646, IDEA requires the annual collection & examination of state- and LEA-level data on all seven racial and ethnic groups in four areas:

- Identification of children as children with disabilities.
- Identification of children as children with particular disabilities (6 high-incidence categories).
- Placement in particular educational settings.
- Incidence, duration, and type of disciplinary actions.

# Disproportionality (cont.)

- Consequences of significant disproportionality:
  - LEA must review and revise policies, procedures, and practices related to the area(s) of significant disproportionality.
  - LEA must reserve maximum (15%) amount of IDEA Part B funds for CEIS
    - To serve children in the LEA, particularly—but not exclusively—children in those groups who were significantly over-identified.
  - LEA must publicly report on revision of policies, procedures, and practices.

# LEA MOE Reduction and CEIS

- Described in Appendix D to Part 300.
- LEAs that seek to reduce their local MOE and use some of their Part B funds for CEIS must do so with caution because these provisions are interconnected.
- The decisions that an LEA makes about the amount of funds it uses for one purpose affect the amount it may use for the other.
- The following are examples that illustrate how §300.205(d) and §300.226(a) affect one another.

# Example 1

- In this example, 15% of the LEA's total grant, which is the maximum amount the LEA may use for CEIS, is greater than the amount that may be used for local MOE reduction (50% of the increase in the LEA's grant from the prior year's grant).

# Example 1 (cont.)

Prior Year's Allocation	\$900,000
Current Year's Allocation	\$1,000,000
Increase	\$100,000
Maximum Available for MOE Reduction	\$50,000
Maximum Available for CEIS	\$150,000

# Example 2

- In this example, 15% of the LEA's total grant, which is the maximum amount the LEA may use for CEIS, is less than the amount that may be used for MOE reduction (50% of the increase in the LEA's grant from the prior year's grant).

# Example 2 (cont.)

Prior Year's Allocation	\$1,000,000
Current Year's Allocation	\$2,000,000
Increase	\$1,000,000
Maximum Available for MOE Reduction	\$500,000
Maximum Available for CEIS	\$300,000

# Summary of MOE/CEIS Interaction

- This means that, no matter how much is available for CEIS (up to 15%) or for MOE reduction, the total amount expended on CEIS and MOE reduction together cannot exceed the lesser of the total amount available for MOE reduction or for CEIS.

# Questions?



# Thank you!

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