

**Special Education Updates and
State Aid Calculations for State Fiscal
Years (SFY) 2014 and 2015**

MASBO Fall Conference

George TL Holt, Supervisor
Division of School Finance
November 15, 2013

Minnesota Department of
Education

Topics for Today...

- Substitute System for Time and Effort Reporting
- SFY 2013 Reconciliation
- Additional Section 611/Finance 419 Funds
- Finance 723 vs. 728
- Temporary Foster Placements - Preschoolers
- SFY 2014 Special Education Funding
 - Cross Subsidy Reduction Aid
 - Excess Cost Aid Changes
- SFY 2015 Tuition Changes

Minnesota Department of
Education

education.state.mn.us

2

**Substitute System for Time and Effort
Reporting**

- On September 18, a memorandum was sent to all Superintendents, Business Managers and Directors of Special Education announcing the U.S. Department of Education (USDOE) Substitute System for Time and Effort Reporting.
- This substitute system is for those that work on more than one cost objective as those staff have to do a Personnel Activity Report (PAR).
- The substitute system is for one fiscal year and districts will have to reapply each fiscal year.

Minnesota Department of
Education

education.state.mn.us

3

Substitute System for Time and Effort Reporting (2)

- Staff who work on a regular schedule may use that schedule rather than a PAR to document work on more than one cost objective.
- The substitute system applies to all federal funds a school district, charter school or cooperative receives from the Minnesota Department of Education (MDE).
- School districts, cooperatives and charter schools will have to apply to MDE for approval to use this substitute system.

Substitute System to Time an Effort Reporting (3)

- The substitute system is based upon the instructional year of the school district.
- If a district has 6 hours in an instructional day and 175 days of school, then there are 1,050 hours in the instructional year.
- A deviation to the substitute system would be 5% or anything over 52.5 hours.

Substitute System for Time and Effort Reporting (4)

- An employee on a regular schedule cannot deviate from the schedule for more than 5% of the time – cumulative.
- Examples of Deviations
 - Special education teacher substituting in regular education,
 - Teacher providing professional development during a regular scheduled teaching day that is not related to a cost objective such as curriculum development for regular education.
 - Special education teacher traveling with the basketball team for a day as head coach.

Substitute System for Time and Effort Reporting (5)

- Examples of a change in schedule that are **not** a schedule change:
 - A special education teacher has a substitute to complete the Individualized Education Program (IEPs) as it is still the same cost objective and an allowable cost.
 - A special education teacher participating in an IEP meeting rather than in the classroom teaching.
 - The schedule is based upon the instructional days of the school year. Therefore, a snow day is not considered a deviation from the regular schedule of instructional days.

Substitute System for Time and Effort Reporting (6)

- If a staff member deviates 5% of the contract year then that staff member will have to return to PAR reporting for the balance of the year.
- If a regular schedule changes, say at quarter or semester time, then the new schedule can still be used; however, payroll will have to adjust the cost code allocations.
- Schedules can be attached to a semi-annual certificate.

Substitute System for Time and Effort Reporting (7)

- Please see ListServ emails to the Directors of Special Education and Business Managers for more details or contact your superintendent for the Superintendent's mailing of September 20, 2013.
- Included in that mailing were examples of when it is more than one cost objective for special education, and information from USDOE for Title.

UFARS/EDRS Reconciliation

- The comparison report data is used to reconcile Uniform Financial Accounting and Reporting Standards (UFARS) and Electronic Data Reporting System (EDRS) data.
- The State Special Education Aids categories are:
 - Salaries (68%)
 - Contracted Services (52%)
 - Supplies/Materials/Equipment (47%)

Minnesota Department of
Education

education.state.mn.us

10

Reconciliation

- After all data has been closed and EDRS manual edits have been completed, the Division of School Finance will run the program to reconcile EDRS data to audited UFARS data.
- If the difference between UFARS and EDRS is zero for all of the funding categories then the reconciliation is complete.
 - **Great job!!!!**

Minnesota Department of
Education

education.state.mn.us

11

Reconciliation (2)

- If the difference between UFARS and EDRS is not zero and EDRS data is less than UFARS for each of the funding categories no adjustment will be made.
- However, the district should verify that it did not miss data for EDRS that have been reported on UFARS.

Minnesota Department of
Education

education.state.mn.us

12

Reconciliation (3)

- If the difference between UFARS and EDRS is not zero and EDRS data is greater than UFARS for any or all of the funding categories of salaries, contracted services, supplies/ equipment/materials then EDRS will be adjusted downward to the UFARS amounts.
- A simulation of the reconciliation report will be posted next week for SFY 2013.

Reconciliation (4)

- For special education federal funds the reconciliation of total UFARS expenditures by Finance Dimension to the total entries on EDRS by Funding Source Code and total draws on the State Educational Record View and Submission (SERVS) Financial.
- For special education reconciliation, there is no comparison to UFARS Object Codes or UFARS Course Codes

Additional Funds!!!

- MDE received an additional Federal Fiscal Year (FFY) 2012/SFY 2013 allocation of Section 611/ Finance 419 Funds.
- Nation-wide the total is \$2+M because a state did not maintain Maintenance of Effort (MOE).
- The \$35,042 additional allocation has been loaded to SERVS Financial.
- Local Education Agencies (LEAs) can balance forward to SFY 2014.

Finance 723 vs. 728 Transportation

- The Division of School Finance gets many questions about “special transportation.”
- Rule of thumb: The reason for the transportation would be the criteria to select the appropriate Finance Dimension.
- If the purpose is to bring/take the student to his/her instructional environment and the student has special transportation adaptations or accommodations in his/her IEP, it would be Finance Dimension 723

Finance 723 vs. 728 Transportation (2)

- If the purpose of the transportation is to take the student to a care and treatment site or to return the student to the school of origin, then the appropriate Finance Dimension is 728.
- If the student is being transported to a care and treatment site, or the school of origin, even if the student has special transportation in his/her IEP, the purpose of the transportation would be Finance Dimension 728.

Temporary Foster Placements – Preschoolers

- When a pre-school student has been placed in temporary foster care the student is considered homeless until the placement is no longer temporary.
- If a pre-school student is referred for a special education evaluation, then the resident district (where the parents reside) is responsible to conduct the assessments.
- If a non-resident district is requested to do the assessment, then that district must contact the resident district for permission.

**Temporary Foster Placements –
Preschoolers (2)**

- If the resident district agrees, then the non-resident district will have a purchase of service for the assessment and IEP procedures.
- The non-resident district will invoice the resident district for the cost with appropriate information so the resident district may enter the information on MARSS for the general education revenue and enter the purchase of service with service code “U” on EDRS for state Special Education program aid.

Minnesota Department of
Education education.state.mn.us 19

**State Special Education Aids
for SFY 2014**

- Definition of State Special Education has changed as there are now three components of state special education aids:
 - Initial State Special Education Aid,
 - Excess Cost Aid and
 - Cross Subsidy Reduction Aid – SFY 2014 & SFY 2015.

Minnesota Department of
Education education.state.mn.us 20

**State Special Education Aids
for SFY 2014 (2)**

- The current entitlements that are in the Integrated Department of Education Aids System (IDEAS) for state special education aids are the “End of Session” calculations. These calculations include estimates for:
 - State special education regular aid,
 - State special education excess cost aid,
 - Cross subsidy reduction aid, and
 - Special education tuition adjustments.

Minnesota Department of
Education education.state.mn.us 21

New for SFY 2014 (2)

- **Unreimbursed Nonfederal Special Education Expenditures**
 - Minnesota statute 125A.79, Subdivision 1 was amended by the 2014 Legislature to redefine state special education expenditures.
 - Effective SFY 2014, MDE will be collecting additional data that will be used in the November and February budget forecasts as well as our funding formula calculations for SFY 2016 that is based upon SFY 2015 data.

Funding Source Code (FSC) 'a' (Lower Case a)

- The new Funding Source Code will be used to report to MDE the non-reimbursable expenditures from the SFY 2013 funding calculations.

UFARS OBJECT CODE	EDRS SERVICE CODE	DESCRIPTION
See Code Sheet	A	Payroll Personnel (Salaries Only- Director, Supervisors and support staff - only)
See Code Sheet	b	Contracted Personnel/Agency Services for Staff
365/366	F	Travel & Travel Chargeback
430	h	Instructional Supplies - NEW
401	I	General Supplies

Funding Source Code 'a'(2)

UFARS OBJECT CODE	EDRS SERVICE CODE	DESCRIPTION
320	K	Electronic Communication Services
195-295 & 397	L	Fringe Benefits
329	M	Dissemination
530	O	Equipment for office Supervision/ Management
820	R	Dues/Membership (use with Activity Code V)
See Code Sheet	U	Purchase of Services (salaried personnel from other districts)
401/430	u	Purchase of Instructional Supplies/Material

Funding Source Code 'a' (3)

- Important Considerations for FSC 'a':
 - These data will not have aid calculated on EDRS as only the expenditure data are needed in the calculations.
 - These data, once entered in EDRS for SFY 2014, will be reloaded annually to the next fiscal year.

Funding Source Code 'a' (4)

- These data will have its own EDRS/UFARS Comparison Report and will sum total entries on EDRS to total on UFARS.
- These data will be a part of the reconciliation process.

Funding Source Code 'a' (5)

- The only staff that could be entered on FSC 'a' would be directors of special education, assistant directors and their support staff that are not federally funded. These must be entered individually on EDRS.
- All non-personnel data can be totaled to a single line entry under Program/Disability Code 420 or if the district desires it can be summed to the disability level.

Funding Source Code 'a' (6)

- **The rules of thumb:**
 - The expenditure must be eligible.
 - The expenditure can only be entered on EDRS once!

Minnesota Department of Education
education.state.mn.us

28

**Cross Subsidy Reduction Aid
SFY 2014 & 2015**

- **Cross Subsidy Reduction Aid (only for school districts – types 1, 2 and 3) is based upon current year data with three basic data components:**
 - Average Daily Membership (ADM) served for grades K-12,
 - K-12 Students enrolled on October 1, who are eligible to receive free lunch plus one-half of the pupils enrolled who are eligible for reduced price meals and the total number of students enrolled on October 1, for grades K-12 , and
 - Levels of students by disabilities from the December 1, Child Count served.

Minnesota Department of Education
education.state.mn.us

29

Cross Subsidy Reduction Aid

- **Review attached Cross Subsidy Reduction Aid Spreadsheet.**

Minnesota Department of Education
education.state.mn.us

30

Changes to Special Education Excess Cost Aid – SFY 2014

- The 2013 Legislature revised Special Education Excess Cost Aid by amending Minnesota Statute 125A.79 Subdivision 1. The changes in the calculation of this aid are:
 - “Uses prior year data in calculation of the Excess Cost Aid rather than current year except for Cross Subsidy Reduction Aid which is current year.
 - Deleted Tuition Billing Expenditures and Revenue from the calculation.

Changes to Special Education Excess Cost Aid – SFY 2014 (2)

- Accounts as a revenue the amount of general education revenue and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60% of the school day for the portion of time pupils receive special instruction and services outside of the regular classroom excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.”

Changes to Special Education Excess Cost Aid SFY 2014 (3)

- Review attached Special Education Excess Cost Aid Spreadsheet.

Special Education Tuition Billing Effective SFY 2015

- Beginning in SFY 2015, tuition billing is changed so that the resident district is responsible for 90% of unfunded costs (vs. 100% currently) and serving district/charter is responsible for 10% of unfunded costs for open-enrolled students (3 – 4% of total costs).
- Does not apply to students placed by the resident district, (e.g. at an intermediate), or served at a charter school with very high special education concentration.

Example of 90-10 Tuition

Student with 1-1 Paraprofessional	
ADM = 1.0 Level 2	
Net Cost Reimbursable	\$ 11,844.81
Net Cost Non-reimbursable	\$ 4,998.73
Net Tuition Cost	\$ 16,843.54
10% Serving District Cost	\$ 1,684.35
90% Resident District Cost	\$ 15,159.19

One Last Thought...

- The Division of School Finance does everything by the numbers – district numbers. Please, please include your district number and type in all emails and correspondence.
- It will save the time that our new staff – and some more mature ones – spend looking up district numbers.
- When you consider how many “Minnesota” LEAs that we have it could save some errors.

Contact Information

- **Michael Brooks**
 - **SERVS Financial Applications,**
 - SERVS Financial Electronic Grants Management System (EGMS),
 - **Special Pupils,**
 - **Maintenance of Effort and**
 - **Financial Verification**

651-582-8240
michael.brooks@state.mn.us

Minnesota Department of
Education

education.state.mn.us

37

Contact Information

- **Steve Collins**
 - **EDRS data and support,**
 - **State Applications,**
 - **Application MOE,**
 - **Calculation of Initial Aid SERVS Financial Budgets,**
 - **Substitute System Time and Effort,**
 - **EDRS IP Log-In updates, and**
 - **EDRS End-of-Year Edits.**
- **651-582-8467**
- stephen.collins@state.mn.us

Minnesota Department of
Education

education.state.mn.us

38

Contact Information

- **George Holt**
 - **Supervisor,**
 - **Out of State Travel Approval,**
 - **One-to-One Professionals - Tuition**
 - **SERVS Financial Cashier and**
 - **Primary responsibility for Funding and Data.**
 - **651-582-8889**
 - george.holt@state.mn.us

Minnesota Department of
Education

education.state.mn.us

39

Contact Information

- **Michelle Jones**
 - **SERVS Financial,**
 - Chart of Accounts,
 - Part C, Discretionary Funds,
 - **Tuition Billing,**
 - Tuition Program Appeals, and
 - SERVS Fund Balance Adjuster

651-582-8577
michelle.jones@state.mn.us

Minnesota Department of
Education education.state.mn.us 40

Contact Information

- **Mike Landers**
 - **State Special Education Aid,**
 - **Excess Cost Aid,**
 - **ADSIS Budgets,**
 - **Cross Subsidy,**
 - **Home-based Travel,**
 - **Remodeling/Construction Approval and Vehicle Approvals.**

651-582-8810
mike.landiers@state.mn.us

Minnesota Department of
Education education.state.mn.us 41

Contact Information

- **Mike Matlock – Part Time**
 - **Assist Colleagues in Transitioning to New Assignments,**
 - **Review and revise Special Education Funding and Data Reference Guide, and**
 - **Assist in workload.**

• **651-582-8379**
 • mike.matlock@state.mn.us

Minnesota Department of
Education education.state.mn.us 42

Contact Information

- **Glenda Meixell**
 - Special Education Directors Database,
 - ListServ Distribution,
 - Support to Special Education Funding and Data Team and
 - Non-Public School Surveys.
- **651-582-8713**
- glenda.meixell@state.mn.us
mde.spedfunding@state.mn.us

Minnesota Department of
Education

education.state.mn.us

43

Contact Information

- **Carol Hokenson**
 - **Manager**
 - Special Education Data and Funding,
 - Calculation of all State Aids,
 - Levies and
 - MARSS.
- **651-582-8840**
- carol.hokenson@state.mn.us

Minnesota Department of
Education

education.state.mn.us

44
