

# INTRODUCTION

## Slide 1

The Individuals with Disabilities Education Act was reauthorized and signed into law on December 3, 2004 and final federal regulations were published on August 14, 2006. After publication of the final federal regulations, the State of Missouri revised State Regulations and revised the Compliance Program Review Standards and Indicators Manual and numerous model forms. This presentation, Special Education Finance, is one in a series of trainings to inform the field of the major changes in state and federal regulations and implementing the changes made in the Compliance Standards and Indicators Manual and the state model forms.

Resources and handouts for each of the presentations in the series can be found on the Special Education Funds Management web site.

The Division of Special Education welcomes questions that participants may have after viewing the presentations. Questions can be submitted to the Funds Management by e-mail or by calling 573-751-0622.

We hope you enjoy this series of trainings and find the information useful in your role as an educator, parent, advocate or other individual interested in the education of children with disabilities.

Other topics in this series are:

Discipline for Children With Disabilities

Data Collection and Reporting Overview

The Special Education Process and Changes in IDEA

The Complaint Process

Administration of Special Education

Response to Intervention/ Early Intervening Services

Transition

# **SPECIAL EDUCATION FUNDS MANAGEMENT**

## **Finance of Special Education**

### **Slide 2**

Hello. My name is Debbie Gerlette and I am a supervisor in the Special Education Funds Management section. In this presentation we will cover various Special Education Finance topics.

Let's begin with an overview of the basic funding sources available to school districts.

## Funds Management Contacts

- Web Page:
  - [www.dese.mo.gov/divspeced/Finance](http://www.dese.mo.gov/divspeced/Finance)
- E-mail:
  - [webrepliespfm@dese.mo.gov](mailto:webrepliespfm@dese.mo.gov)
- Main Section Phone Numbers:
  - 573-751-0622 – Voice
  - 573-526-5946 – Fax

### Slide 3

This slide contains:

- the address for Funds Management's web page
- our e-mail address
- and the main telephone number and FAX number for our section.

If you aren't sure which staff person you need to talk to call our main number and you'll be connected to the appropriate person. Or, you may e-mail your questions to our web reply address.

# Special Education Funding

- **Primary Special Education funding**
  - State
  - Local
- **Secondary funding**
  - Federal

## Slide 4

The primary funding sources for Special Education are State and Local funds. The secondary funding source is Federal funds.

The LEA receives monies in the State Foundation Formula labeled “Basic Formula—State Monies”. You do not receive a separate categorical payment for Special Education but you still need to determine how much of these state funds are needed to support your Special Education program each year.

LEAs have maintenance of effort requirements in order to receive Federal Special Education funds. I’ll be discussing maintenance of effort later in this presentation.

# IDEA Section 611 (Part B Entitlement)

## Part B Calculation:

- **Base Amount**
- **Population**
- **Poverty**

### Slide 5

IDEA Section 611 otherwise known as Part B Entitlement Funds are the **federal** funds the LEA receives to help support their special education program.

Each year DESE calculates an allocation for each LEA. IDEA 2004 requires that calculation to be based on three components:

1) a base amount sometimes referred to as the hold-harmless amount—this is an amount that will remain constant each year;

Any funds remaining above the base amount are allocated based on two separate calculations:

2) 85% of the remaining amount is allocated on the basis of “enrolled” children in public and private elementary and secondary schools, and

3) 15% of the remaining amount is allocated on the number of children in poverty as defined by the state agency. In Missouri, this measure is the number of free and reduced lunch children

# **IDEA Section 611 (Part B Entitlement)**

- **Part B Entitlement Web Application**
- **Assurances completed on-line**
- **Estimated Final Expenditure Report due May 15**
- **Revised Final Expenditure Report (FER) due July 30**

## **Slide 6**

LEAs request their Part B funds by completing a Part B web application and an on-line assurance statement by the deadline set each year.

LEAs will receive payments each month. Those payments are coded with revenue code 5441 on School Finance's Monthly payment transmittal.

An estimated Final Expenditure Report or FER is due by May 15 and any changes to the estimated FER need to be reported on a revised FER no later than July 30.

## **Part B Requirements**

- **LEA Provides Assurances to SEA**
- **Maintenance of Effort**
- **Excess Costs**
- **Used to Supplement not Supplant**
- **Proportionate Share**

### **Slide 7**

**Part B has several requirements that will be covered in detail during this presentation:**

- The LEA must provide Assurances to the State Education Agency that they will comply with all the requirements of IDEA
- There is a Maintenance of Effort and Excess Cost Requirement in order to receive funds
- Federal Funds must be used to supplement and not supplant funds for the LEA's special education program and:
- There is a Proportionate Share requirement that requires LEAs to spend a calculated amount of their Part B funds on parentally-placed private school children with disabilities

## Assurances

- **Assurance Statement must be Approved by Local Board before DESE can release federal funds**
- **Keep hard copy of assurance statement in your district**
- **Complete on-line assurance statement in Part B Application**

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Lets start with the Assurance Statement requirement.

An Assurance Statement must be completed and approved before DESE can release federal funds to the LEA. These assurances must be approved anytime prior to submission of your special education Part B budget application. **You do not need to send a hard copy of the approved Assurance Statement to DESE, but the LEA must keep a copy on file.** At the time you submit your Part B budget application, the individual submitting the application will need to confirm on the opening budget page, that the assurances have been approved by the LEA's Board of Education.

The Special Education Compliance Section has additional information and forms on their web page if you have specific questions about compliance plans and the assurances.

## Maintenance of Effort (MOE)

### Eligibility requirement for Part B funds:

- LEAs must spend the same total or per capita amount as it spent from those same sources in the most recent year of either:
  - Local funds only; or
  - State and local funds

CFR 300.203

### Slide 9

In order for LEAs to be eligible for federal Special Education funds they must meet the Maintenance of Effort requirement. The Maintenance of Effort requirement is defined as the following:

LEAs must spend the same amount or more as it did in the previous year from either local only or the combination of local and state funds. MOE may be calculated on a total amount of expenditures or on a per capita amount.

### You should be aware that Maintenance of Effort is a 2 part process:

1. At the beginning of the year the LEA must **budget** at least as much as was expended in the prior year to receive federal funds in the current year.
2. At the end of the year the district must have spent the same amount or more as compared to the prior year.

## **MOE: Basic Requirement Common Problems**

- **LEAs not spending at least as much local, or combination of state and local funds according to the budget they provided to demonstrate they would meet MOE requirements**

### **Slide 10**

It's important that LEAs budget carefully each year. LEAs must spend at least as much local, or combination of state and local funds according to the budget they provided to demonstrate they would meet the MOE requirements.

When LEAs calculate Maintenance of Effort, they should not include Federal funds in their Maintenance of Effort calculation.

## **Examples of Special Education Federal Funds**

- **Part B Entitlement—Revenue Code “5441”**
- **Federal portion Early Childhood Special Education reimbursement—Revenue Code “5442”**
- **Medicaid funds—Revenue Code “5412”**
- **Federal portion High Need Fund—Revenue Code “5441”**

### **Slide 11**

#### **Some examples of Special Education Federal Funds include:**

- Part B Entitlement which can be identified on the Monthly State Aid Transmittal with Revenue Code “5441”.
- The Federal portion of Early Childhood Special Education reimbursement with Revenue Code “5442”.
- Medicaid funds—Revenue Code “5412”.
- And the Federal portion of High Need Fund—Revenue Code “5441”.

## **Audit Standard**

LEA independent auditor is directed to specifically look at and make a statement in the audit as to whether or not the LEA met MOE requirements.

### **Slide 12**

Beginning with the FY07 audit, your independent auditor is directed to specifically look at and make a statement in the audit as to whether or not the LEA met MOE requirements.

## Maintenance of Effort (MOE)

- MOE Instructions and Worksheet located on Funds Management web page
- DO NOT include Federal funds in calculation

### Slide 13

The Funds Management web site has a worksheet and instructions for computing Maintenance of Effort. This form is helpful in capturing all special education expenditures. Remember to **EXCLUDE** any expenditures paid from Federal funds as you are trying to prove that you are spending the same amount from either local only or the combination of state and local funds.

Please keep documentation of the Maintenance of Effort calculation since the LEA will need this information for audit purposes.

The next two slides show the instructions and worksheet for Maintenance of Effort that can be found on the Special Education Funds Management web site.



MISSOURI DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
SPECIAL EDUCATION – FUNDS MANAGEMENT  
VERIFICATION OF MAINTENANCE OF FISCAL EFFORT WORKSHEET  
AS REQUIRED BY PART B – IDEA  
Ages Three Through Age Twenty

*NOTE: Include only special education expenditures from non-federal sources. Federal funds include Part B Entitlement, ECSE Federal funds and some special Purpose Funds. Districts may choose to report either Local Only expenditures or a combination of Local and State Expenditures (34 CFR 300.203(b)). Use the same funding sources when comparing expenditures from one year to the next.*

- LINE NO.**
- A. INSTRUCTION**
- 1-3 Enter the total non federal expenditures for instructional personnel (special education teachers and teacher aides). **DO NOT INCLUDE REMEDIAL READING OR GIFTED.**
- 4-5 Enter expenditures for instructional supplies and equipment.
- 6 Enter the cost for contracted services. These costs may include contractual agreements with an approved private agency, tuition to a neighboring school district, and/or local tax effort for students enrolled in State Schools for the Severely Handicapped or Department of Mental Health.
- 7 Enter additional instructional costs not included on lines 1-6.
- 8 Compute total Instructional Expenditures and enter.
- B. ADMINISTRATION**
- 9-10 Enter the total non federal expenditures for special education administrative positions.
- 11-12 Enter expenditures for special education administrative supplies and equipment.
- 13 Enter costs for clerical personnel directly assigned to special education duties and activities.
- 14 Enter travel expenses for special education administration.
- 15 Enter additional special education administrative costs not included on lines 9-14.
- 16 Compute total Administrative Costs and enter.
- C. TRANSPORTATION**
- 17-18 Enter salaries and employee benefits for employees hired by the district to provide special education transportation.
- 19 Enter costs for special education transportation services provided via contractual agreement.
- 20 Enter additional transportation costs not included on lines 17-19.
- 21 Compute total Transportation Costs and enter.
- D. PERSONNEL DEVELOPMENT**
- 22 Enter reasonable and necessary costs for special education staff to attend personnel development activities. Payment of stipends is not an allowable cost.
- 23 Enter costs for contractual services pertaining to special education personnel development activities (i.e., consultant expenses).
- 24 Enter additional special education personnel development costs not included on lines 22 and 23.
- 25 Compute and enter total costs for Personnel Development.

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Page 1

## Slide 14

Here's page 1 of the Maintenance of Effort Instructions. These instructions will assist you as you work through the Maintenance of Effort worksheet.

| WORKSHEET—MAINTENANCE OF FISCAL EFFORT (MOFE)   |           |             |                      |
|---|-----------|-------------|----------------------|
| 2006-2007 SCHOOL YEAR (ACTUAL)  |           |             |                      |
| 2007-2008 SCHOOL YEAR (BUDGETED)  |           |             |                      |
| <i>Include only those special education expenditures from non-federal sources. Districts may choose to report either Local Only or a combination of Local and State expenditures. However, you must use the same funding sources when comparing expenditures from one year to the next. (Do not include Part B Entitlement, ECSE federal funds, Medicaid, or Special Purpose Funds federal funds)</i> |           |             |                      |
| <b>Note: All grey areas will automatically calculate as data is entered into worksheet.</b>   |           |             |                      |
|   | Line No.  | SCHOOL YEAR |                      |
|   |           | 2006-2007   | 2007-2008 (Budgeted) |
| <b>A. INSTRUCTION</b>   |           |             |                      |
| Teacher salaries  | 1         | \$ -        | \$ -                 |
| Aides salaries  | 2         | \$ -        | \$ -                 |
| Employee benefits   | 3         | \$ -        | \$ -                 |
| Instructional supplies  | 4         | \$ -        | \$ -                 |
| Equipment   | 5         | \$ -        | \$ -                 |
| Contracted services   | 6         | \$ -        | \$ -                 |
| Other   | 7         | \$ -        | \$ -                 |
| <b>Total Instructional Costs</b>  | <b>8</b>  | <b>\$ -</b> | <b>\$ -</b>          |
| <b>B. ADMINISTRATION</b>  |           |             |                      |
| Salaries  | 9         | \$ -        | \$ -                 |
| Employee benefits   | 10        | \$ -        | \$ -                 |
| Supplies  | 11        | \$ -        | \$ -                 |
| Equipment   | 12        | \$ -        | \$ -                 |
| Contracted services   | 13        | \$ -        | \$ -                 |
| Travel  | 14        | \$ -        | \$ -                 |
| Other   | 15        | \$ -        | \$ -                 |
| <b>Total Administrative Costs</b>   | <b>16</b> | <b>\$ -</b> | <b>\$ -</b>          |
| <b>C. TRANSPORTATION</b>  |           |             |                      |
| Salaries  | 17        | \$ -        | \$ -                 |
| Employee benefits   | 18        | \$ -        | \$ -                 |
| Contracted services   | 19        | \$ -        | \$ -                 |
| Other   | 20        | \$ -        | \$ -                 |
| <b>Total Transportation Costs</b>   | <b>21</b> | <b>\$ -</b> | <b>\$ -</b>          |
| <b>D. PERSONNEL DEVELOPMENT</b>   |           |             |                      |
| Staff reimbursement   | 22        | \$ -        | \$ -                 |
| Contracted services   | 23        | \$ -        | \$ -                 |
| Other   | 24        | \$ -        | \$ -                 |
| <b>Total Personnel Development Costs</b>  | <b>25</b> | <b>\$ -</b> | <b>\$ -</b>          |
| <b>E. SUPPORT SERVICES</b>  |           |             |                      |
| Salaries  | 26        | \$ -        | \$ -                 |
| Employee benefits   | 27        | \$ -        | \$ -                 |
| Supplies  | 28        | \$ -        | \$ -                 |
| Equipment   | 29        | \$ -        | \$ -                 |
| Travel  | 30        | \$ -        | \$ -                 |
| Other   | 31        | \$ -        | \$ -                 |
| <b>Total Support Services Costs</b>   | <b>32</b> | <b>\$ -</b> | <b>\$ -</b>          |
| <b>F. ADDITIONAL AREAS</b>  |           |             |                      |
| Operation of plant  | 33        | \$ -        | \$ -                 |
| Community services  | 34        | \$ -        | \$ -                 |
| Other   | 35        | \$ -        | \$ -                 |
| <b>Total Additional Areas Costs</b>   | <b>36</b> | <b>\$ -</b> | <b>\$ -</b>          |

**Slide 15**

This is what the Maintenance of Effort worksheet looks like. We have an Excel version of this worksheet on our web site which will calculate some totals for you.

## MOE: Example #1

- FY06 McKinley LEA spent for education of children with disabilities:
  - \$100,000 local funds
  - \$900,000 combined state and local funds
- FY07, McKinley LEA must spend at least:
  - \$100,000 of local funds **OR**
  - \$900,000 of combined state and local funds
- FY07 McKinley actually spent:
  - \$97,000 of local funds and
  - **\$905,000 of state and local funds**

**FY07 MOE met using combination of state and local funds**

### Slide 16

The next couple of slides have some examples of how LEAs can meet MOE requirements. Let's start with Example #1.

In this example, McKinley LEA spent \$100,000 from local funds and \$900,000 in combined local and state funds in the prior year (FY06). In order to be in compliance with the MOE requirement, the LEA must spend in FY07 at least \$100,000 in local only funds or \$900,000 in combined state and local funds.

In this example McKinley LEA actually spent \$97,000 in local funds which if they were trying to meet MOE on the basis of local funds only, they would **not** have met the MOE requirement since in the prior year they expended \$100,000 in local funds.

However, they did meet MOE using the combination of state and local funds since they spent \$905,000 which is greater than the \$900,000 expended in FY06.

## **MOE: Example #2**

- In FY06, Harrison LEA spent a total of \$100,000 local funds and \$900,000 combined state and local funds on the education of children with disabilities
- In FY06, Harrison LEA had 150 children with disabilities; in FY07 that number drops to 130

### **Slide 17**

In Example #2 Harrison LEA spent a total of \$100,000 in local funds and \$900,000 from a combination of state and local funds in FY06.

In FY07 this district experienced a significant drop in child count. Because the LEA had a significant drop in child count, they may find that meeting the Maintenance of Effort requirement on a per child basis is a better option.

The next slide will show how to calculate Maintenance of Effort on a per child basis.

## Calculating Per Child Amount

### Formula:

FY06 Local only funds divided by Dec. 1 2005  
child count = Per Child amount

$$\$100,000 / 150 = \$667$$

FY06 State and Local funds divided by Dec. 1,  
2005 child count = Per child amount

$$\$900,000 / 150 = \$6,000$$

### Slide 18

In this example we are calculating a per capita or per child amount for both the Local only and the combination of Local and State funds.

***To calculate a per child amount for Local only funds, you would simply take the total amount expended in FY06 and divide by the December 1 2005 child count. In this case it's \$100,000 divided by 150 which results in a per child amount of \$667.***

***To calculate a per child amount for the combination of state and local only funds, you again take the total amount expended and divide by the December 1 child count of that same year. In this case it's \$900,000 divided by 150 which results in a per child amount of \$6,000.***

***Now to determine the total minimum amount the district would have to spend in the next fiscal year, you would multiply the current child count of 130 by the rates calculated on this slide. The next slide shows the minimum amount the district would need to spend from either local only or the combination of local and state funds.***

## Example #2 (cont.)

**FY07 Harris LEA required to spend:**

**\$86,710 (\$667 per child \* 130) in local funds**

**OR**

**\$780,000 (\$6,000 per child \* 130) state and local funds**

**FY07 Harris LEA spent:**

**\$80,000 in local funds**

**AND**

**\$800,000 in state and local funds**

**LEA met MOE on a per child basis using the combination of state and local funds**

### Slide 19

On this slide we are using the per child calculation **from the prior slide**. This shows the amount of funds needed to meet Maintenance of Effort in FY07. **Remember the LEAs child count in FY06 was 150 but in FY07 it dropped to 130.**

As you can see in the box on the left side of the screen, the LEA must spend in local funds at least \$86,710 in total or \$780,000 from the combination of state and local funds. The **local only** total was determined by multiplying the per child rate of \$667 by the December 1 child count of 130. The **combination of state and local funds** total used the \$6,000 per rate and was multiplied by child count of 130.

As you can see in the box on the right side of the screen, the LEA actually spent \$80,000 in local funds which falls short of the \$86,710 required to spend. However, by using the combination of state and local funds they met Maintenance of Effort since they were required to spend a minimum of \$780,000 and they instead spent \$800,000.

Remember that you have these options when meeting the MOE requirement but also remember you must compare the **same source of funds from year to year to demonstrate compliance with Maintenance of Effort.**

# MOE: Exceptions

- Voluntary departure of special education staff
- Decrease in enrollment of children with disabilities
- Termination of a costly obligation for a specific child
- Termination of a costly long-term purchase
- Assumption of the cost by the high need fund

## SLIDE 20

**IDEA does permit some allowable exceptions when a LEA cannot meet MOFE.** Let's go over the list and I'll provide some examples of how it may apply to some particular situations:

•1) Voluntary departure of special education staff

•A teacher retired and was replaced with a lower paid teacher. You can claim the difference in salaries and benefits paid from state or local funds. If you are using "Local Only" for MOE purposes, be sure and only claim the difference in Local funds.

•2) Decrease in enrollment of children with disabilities.

•LEA experienced a significant drop in the number of students with disabilities from one year to the next. This LEA may want to consider calculating MOE on a per child basis as shown in example #2.

•3) Termination of a costly obligation for a specific child because the child has left the jurisdiction of the LEA or no longer needs the program of special education.

•District had a child placed in a private agency that moved. Those costs associated with that child may be used to reduce maintenance of effort.

•4) Termination of a costly long-term purchase such as the acquisition of equipment or construction of school facilities.

•5) Assumption of the cost by the high need fund—districts may reduce their fiscal effort by the amount previously expended from state and/or local funds that now qualifies for reimbursement through the state operated fund. The state operated fund in Missouri is called the High Need Fund.

***The LEA would only claim as a reduction the federal amount received from the state.***

## **MOE: Adjustments**

- For any fiscal year that an LEA's allocation exceeds the amount of its prior year's subgrant, the LEA may reduce its expenditure of local or state and local funds by not more than 50% of the increase in federal funds
- The LEA must use an amount of local funds equal to the reduction for activities that could be supported with funds under the ESEA (NCLB)

### **Slide 21**

IDEA permits LEAs to reduce their level of Maintenance of Effort by 50% of their 'New Money' or the "Increase in Entitlement" amount. However, the LEA must use an amount of local funds equal to the reduction for activities that could be supported with funds under the Elementary and Secondary Education Act or No Child Left Behind.

We will go through a couple of examples later in this presentation to explain how to calculate the "new money".

## MOE: Adjustments (cont)

- MOE and Early Intervening Services (EIS) are Interconnected
- If SEA determines that LEA is unable to establish and maintain FAPE or if the SEA has taken action against the LEA under section 616 of the Act and Subpart F of the regulations, the SEA must prohibit the LEA from reducing the level of expenditures for that fiscal year

### Slide 22

MOE adjustments and Early Intervening Services (EIS) are Interconnected.

If the State Education Agency determines that an LEA is unable to establish and maintain FAPE or if the SEA has taken action against the LEA under section 616 of the Act and Subpart F of the regulations, the SEA must prohibit the LEA from reducing the level of expenditures for that fiscal year

# **Early Intervening Services (EIS)**

**LEA may use up to 15% of their Part B Allocation for EIS (limitations are tied to MOE).**

## **Slide 23**

LEAs may use up to 15% of their Part B entitlement for **Early Intervening Services or EIS** to students in Kindergarten through grade 12 who have not been identified as needing special education services but are in need of additional academic and behavioral supports to succeed in the general education environment. The federal regulations recommend particular emphasis on students in Kindergarten through 3<sup>rd</sup> grade.

•Again LEAs may use 15% of their Part B Allocation for Early Intervening Services—however there are limitations tied to MOE).

# EIS

- **Intent is to:**
  - Intervene early
  - Keep the child out of special education
- **Funding may be used for:**
  - Professional development for teachers and other staff
  - Services **prior** to being identified
  - Scientifically based literacy instruction
- **Funding may not be used for;**
  - Placement in special education classrooms
  - Instruction by special education teachers prior to identification

## Slide 24

**The intent of Early Intervening Services** is to intervene early and keep the child out of special education.

### **Funding may be used for:**

- 1) Professional Development for teachers & other staff. PD may be provided by entities other than LEAs and should be directed toward enabling personnel to deliver scientifically based literacy instruction and where appropriate, instruction on the use of adaptive and instructional software.
- 2) Funding may also be used for Services **prior** to child being identified or;
- 3) Scientifically based literacy instruction

### **Funding may not be used for:**

- 1) Placement in Special Education classrooms
- 2) Instruction by Special Education teachers **prior** to identification

## EIS (continued)

- **Not intended to:**
  - either limit or create a right to FAPE under Part B
  - delay appropriate evaluation of a child suspected of having a disability
- **EIS funds may be coordinated with ESEA (NCLB) funded activities; however**
  - must be used to supplement and not supplant funds made available under the ESEA

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Early Intervening Services are not intended to create a right to a Free Appropriate Public Education or FAPE under Part B or to delay evaluation of a child suspected of having a disability.

The activities associated with EIS may be coordinated with existing No Child Left Behind funded activities; however, they can only be used to supplement and not to supplant the funds made available under the Elementary and Secondary Education Act.

# Examples of Adjustments

## Example 1

**\$1,000,000 Current Year Entitlement**  
– **\$ 900,000 Prior Year Entitlement**  
**\$ 100,000 Increase in Entitlement**  
**(New Money)**

**Maximum MOE reduction = \$50,000 (50% of increase)**

**Maximum for EIS = \$150,000 (15% of Current Year Entitlement)**

## Slide 26

Lets go over some examples of how MOE adjustment and EIS decisions impact each other. In this example the LEA has a current year entitlement of \$1,000,000. Their prior year Entitlement was \$900,000 which is an increase of \$100,000. This \$100,000 is referred to as the “New Money”. Remember that only 50% of the new money can be used for the MOE adjustment so this LEA’s 50% is \$50,000. Also the maximum amount the LEA may use for EIS is 15% or in this example \$150,000.

In this example if the district chooses to use an amount between \$50,000 and \$150,000 for EIS, they may not reduce MOE since the maximum amount of MOE reduction is \$50,000.

If the district chooses to use \$30,000 for EIS, it has \$20,000 remaining to reduce the MOE (\$50,000 maximum MOE reduction minus \$30,000 the LEA is using for EIS = \$20,000 maximum MOE reduction).

If the district does not spend any of the allowable funds for EIS, they may reduce MOE by the full \$50,000.

# Examples of Adjustments

## Example 2

**\$2,000,000** Current Year Entitlement  
– **\$1,000,000** Prior Year Entitlement  
**\$1,000,000** Increase in Entitlement  
(New Money)

**Maximum MOE reduction = \$500,000**  
(50% of increase)

**Maximum for EIS = \$300,000 (15% of**  
**Current Year Entitlement)**

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In this example the LEA has a current year entitlement of \$2,000,000. Their prior year Entitlement was \$1,000,000 which is an increase of \$1,000,000.

The maximum amount for the Maintenance of Effort reduction is \$500,000 and the maximum amount that can be used for Early Intervening Services is \$300,000.

If the LEA chooses to use no funds for MOE reduction, it may set aside the maximum of \$300,000 for EIS since they do not intend to use any funds for a Maintenance of Effort reduction.

If the LEA chooses to use no funds for EIS, they may use the maximum \$500,000 for a MOE reduction.

If the district chooses to use \$100,000 for MOE reduction, it may only use \$200,000 for EIS since the maximum amount for EIS in this example is \$300,000.

## **EIS/MOE: Decision Issues**

### **➤ MOE reductions**

- Amount taken will reduce the level of expenditure that an LEA must make for special education in subsequent years

### **➤ EIS services**

- May reduce the number of children who need special education in the future, thus reducing future increased costs

### **Slide 28**

I'd like to point out that any reductions your LEA is allowed to make in MOE either by the adjustments to MOE or the MOE exceptions will reduce the level of expenditure that an LEA must make for special education in subsequent years.

Also, early intervening services may reduce the number of children who need special education in the future, thus reducing future increased costs.

# Verification of Excess Cost

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## Excess Cost (Verification of)

- Federal funds may only be used to pay excess cost of children with disabilities
- Districts must document that children receiving special education services cost more than those in regular education

34 CFR 300.202

### Slide 30

Another requirement for receiving federal special education funds is the Excess Cost Requirement.


- Federal funds may only be used to pay the **excess cost** of providing special education and related services to children with disabilities.
- Districts must document that children receiving special education services cost more than those in regular education.
- Beginning with the FY07 independent audit, the LEA auditors will make a statement in the audit as to whether or not the district maintains a copy of the excess cost calculation.

## **Excess Cost Calculation – IDEA Regulations Appendix A**

- Worksheet on Funds Management web page
- Complete prior to beginning of each school year
- Use preceding year data when completing worksheet
- Expenditures must be separated by Elementary and Secondary
- Form and supporting documentation must be maintained on file for 5 years

### **Slide 31**

- An example of the Excess Cost Calculation is in Appendix A of the IDEA Regulations. We have developed a form based on this example in the regulations and it is posted on the Funds Management web site. The next slide shows our form.
- You should complete this worksheet prior to the beginning of each school year. This will document the minimum amount of state and local funds that must be spent on children with disabilities before using federal funds.
- Use the preceding year data when completing the worksheet.
- Expenditures must be separated by Elementary and Secondary according to IDEA regulations.
- The completed form and supporting documentation must be maintained on file for 5 years and available for audit purposes.

| A   B |   | C  |      | D   | E   | F |
|-------|---|--|------|---|---|---|
| 1     |  | <b>MISSOURI DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION</b>   |      |   |   |   |
| 2     |   | SPECIAL EDUCATION - FUNDS MANAGEMENT   |      |   |   |   |
| 3     |   | <b>VERIFICATION OF EXCESS COSTS CALCULATION</b>  |      |   |   |   |
| 4     |   | Use the preceding year data when completing this worksheet. This form must be completed at the beginning of each calendar year by the district. The form and supporting documentation must be submitted to the DE for a minimum of five (5) years. |      |   |   |   |
| 5     |   |  |      |   |   |   |
| 6     |   |  |      |   |   |   |
| 7     |   |  |      |   |   |   |
| 8     |   |  |      |   |   |   |
| 9     | <b>A</b>  | <b>Total expenditures all sources (preceding year)</b>   |      | <b>Elementary<br/>(Grades K-8<br/>Only)</b> | <b>Secondary<br/>(Grades 9-12<br/>Only)</b> |   |
| 10    | 1   | Expenditures for all students from State and Local funds   | \$ - | \$ -  | \$ -  |   |
| 11    | 2   | Expenditures for all students from Federal funds   | \$ - | \$ -  | \$ -  |   |
| 12    |   | <i>Total Expenditures</i>  | \$ - | \$ -  | \$ -  |   |
| 13    | 3   | Minus capital outlay and debt service  | \$ - | \$ -  | \$ -  |   |
| 14    |   | <i>Total Expenditures for all students</i>   | \$ - | \$ -  | \$ -  |   |
| 15    |   |  |      |   |   |   |
| 16    | <b>B</b>  | <b>Deductions (Actual expenditures-De Min Use)</b>   |      |   |   |   |
| 17    | 1   | Minus funds expended under IDEA, Part B  | \$ - | \$ -  | \$ -  |   |
| 18    | 2   | Minus funds expended under ESEA, Title I, Part A   | \$ - | \$ -  | \$ -  |   |
| 19    | 3   | Minus funds expended under ESEA, Title III, Part A and B   | \$ - | \$ -  | \$ -  |   |
| 20    | 4   | Minus funds expended from State and Local for children with disabilities   | \$ - | \$ -  | \$ -  |   |
| 21    | 5   | Minus funds expended from State and Local for programs under ESEA, Title I, Part A, and Title III, Part A and B  | \$ - | \$ -  | \$ -  |   |
| 22    |   | <i>Total Deductions</i>  | \$ - | \$ -  | \$ -  |   |
| 23    |   |  |      |   |   |   |
| 24    |   | <i>Total Expenditures</i>  | \$ - | \$ -  | \$ -  |   |
| 25    |   |  |      |   |   |   |
| 26    | <b>C</b>  | <b>Average annual per student expenditure</b>  |      |   |   |   |
| 27    | 1   | Adjusted Total Expenditure Amount from Step B  | \$ - | \$ -  | \$ -  |   |
| 28    | 2   | Average number of all students enrolled (including students with disabilities) on the last Wednesday in September for the current year   |      |   |   |   |
| 29    | 3   | Average annual per student expenditure   |      |   |   |   |
| 30    |   |  |      |   |   |   |
| 31    | <b>D</b>  | <b>Students with disabilities</b>  |      |   |   |   |
| 32    | 1   | Number of students with disabilities in the LEA  |      |   |   |   |
| 33    | 2   | Average annual per student expenditure   | \$ - | \$ -  | \$ -  |   |
| 34    | 3   | Total minimum amount the LEA must expend for children with disabilities before using Part B funds  | \$ - | \$ -  | \$ -  |   |
| 35    |   |  |      |   |   |   |
| 36    |   |  |      |   |   |   |
| 37    |   |  |      |   |   |   |
| 38    |   |  |      |   |   |   |

**Slide 32**

Here's the Verification of Excess Cost form posted on the Funds Management web site.

This worksheet was designed to perform some auto calculations. Remember to separate the Elementary and Secondary Costs.

## **Excess Cost Calculation (continued)**

- Calculation will indicate the minimum of amount of local and/or state funds the district must spend on children with disabilities before using Part B funds

### **Slide 33**

The LEA calculation will indicate the **minimum** amount the LEA must spend on children with disabilities before using Part B funds.

# **PROPORTIONATE SHARE**

Children in Private Schools

**Slide 34**

## Proportionate Share

- Each LEA shall spend a proportionate amount of its Part B funds on parentally-placed private school children with disabilities 34 CFR 300.133(a)(1)-(2)
- District where a private school is located is responsible

### Slide 35

The final topic I will be discussing in this presentation is the Proportionate Share Requirement.

Proportionate Share is the amount of Part B funds an LEA must spend on parentally-placed children in private schools with disabilities. ***LEAs receive a portion of their Part B fund calculation based on the count of their private school children reported in core data.***

One significant change in IDEA is the district where the private school is located is responsible for the proportionate share requirement.

## **LEA Responsibility: Child Find**

**Each LEA must locate, identify and evaluate all children with disabilities who are enrolled by their parents in private, including religious,...schools located in the school district served by the LEA**

34 CFR 300.131(a)

### **Slide 36**

IDEA requires that each LEA must locate, identify and evaluate all children with disabilities who are enrolled by their parents in private schools including religious schools located in their school district.

## **Expenditures**

Each LEA must spend the proportionate amount of their Part B funds on students ages five (5) to twenty-one (21) who have been evaluated and determined eligible for special education and related services by the public school

### **Slide 37**

According to IDEA 2004 each LEA must spend an amount that is the same proportion of the LEA's total subgrant under section 611(f) providing special education and related services (including direct services) to parentally placed private school children with disabilities for children aged 3 through 21.

Children age 3 through 5 are considered to be parentally placed private school children if they are enrolled in a private school that meets the definition of elementary school in 300.13. In Missouri an elementary school is defined as a non profit institutional day or residential school, including a public elementary charter school that provides elementary education for kindergarten through eighth grade. Therefore, in Missouri, private preschool children are not considered under the proportionate share rule.

LEAs should calculate their proportionate share amount by June 30th of each year or before using current year data. According to regulations, LEAs must calculate proportionate share using a count of eligible students conducted on any date between October 1 and December 1st, inclusive, of each year. An example is if a LEA is calculating proportionate share for June 30, 2007, they will be using data from the 2006-2007 school year.

### CALCULATING PROPORTIONATE SHARE

The following guidance is provided for school districts as they address their responsibilities for providing special education and related services to parentally-placed private school children. Effective July 1, 2005, the Individuals with Disabilities Education Improvement Act of 2004 (IDEA 2004) requires that each school district determine the proportionate amount of Federal funds to be expended by the district for children attending private schools located within their district's jurisdiction. IDEA 2004 places the responsibility for special education services with the district where the private school is **located** and not with the district in which the child resides.

In order to calculate the proportionate amount of IDEA Part B funds that must be expended on services for this population of children, districts must collect the required data as directed below and complete the calculation. A spreadsheet is available for districts to use when calculating proportionate share.

**For the 2007-08 school year and later**, the proportionate share calculation will represent the amount of federal funds that must be spent for this population of students in the next fiscal year; therefore, the calculation must be completed by June 30th each year. The data used will be from the current fiscal year. Districts will need the allocation from IDEA section 611 (ages 5-21). The Part B Web-Application displays the allocation that must be used in the calculation.

**Required data:**

Number of eligible children in the private schools ages 5-21 – This includes private school and home schooled children **eligible and served** as well as private school and home schooled children **eligible but not served** by the public school

Number of eligible children in the public school ages 5-21 – This includes children enrolled in public schools **eligible and served** as well as public school children **eligible but not served** by the public school

Total Part B flow-through allocation

Number of children served from private schools (included in Dec 1 child count)

Eligible students are students who have been evaluated and determined eligible for special education and related services by the public school. Served students are students who are receiving special education and related services through the public school. In Missouri, home schooled children are included in this population of parentally-placed private school children. They must be included, as appropriate, in the data defined above.

**Calculation:**

$$\frac{\text{Total Proportionate Share for Private School Children}}{\text{Total Flow-Through Allocation}} = \frac{X}{\text{Total Eligible Public \& Private School Children}}$$

**Example of the Calculation:**

If the total Part B flow-through allocation is \$152,500 and the number of eligible private school children is 20 with a total of eligible public and private school students of 320, the formula would look like this:

$$\frac{\text{Total}}{X} = \frac{\$152,500}{20} : \frac{320}{X} = \$9531.25$$

This is the total amount of Federal funds that must be spent for the group of parentally-placed private school children. Any unspent funds must be obligated during a carryover period of one additional year.

Districts without private schools in their jurisdiction or home schooled children identified with disabilities need to establish procedures for collecting the necessary data and calculating proportionate share should their current demographics change.

## Slide 38

Here is a copy of the instructions and information used in calculating Proportionate share that is posted on our web site.

|    | A | B   | C            | D   | E |
|----|---|---|--------------|---|---|
| 1  |   |   |              |   |   |
| 2  |   |   |              |   |   |
| 3  |   | <b>MISSOURI DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION</b>  |              |   |   |
| 4  |   | SPECIAL EDUCATION FUNDS MANAGEMENT  |              |   |   |
| 5  |   | <b>PROPORTIONATE SHARE WORKSHEET</b>  |              |   |   |
| 6  |   |   |              |   |   |
| 7  |   | District enters information in highlighted cells.   |              |   |   |
| 8  |   | Numbers in non-highlighted cells are calculated by the spreadsheet.   |              |   |   |
| 9  |   |   |              |   |   |
| 10 |   | <b>Public School:</b>   |              |   |   |
| 11 |   |   |              |   |   |
| 12 |   | <b>Private School(s) in District:</b>   |              |   |   |
| 13 |   |   |              |   |   |
| 14 |   |   |              |   |   |
| 15 |   |   |              |   |   |
| 16 |   |   |              |   |   |
| 17 |   | <b>Eligible Private School Children in Private Schools in the District's Boundaries</b>                                 |              |   |   |
| 18 |   | <b>Data</b>   | <b>Count</b> | <b>Possible Data Source*</b>  |   |
| 19 |   | children eligible and served ages 5 - 21  | 0            | District data collection, collaboration meeting with private schools in the district and/or Nonpublic Survey data   |   |
| 20 |   | children eligible but not served ages 5 - 21  | 0            | District data collection, collaboration meeting with private schools in the district and/or Nonpublic Survey data   |   |
| 21 |   | Home schooled children eligible but not served ages 1 - 21  | 0            | District data collection  |   |
| 22 |   | <b>TOTAL eligible private school children</b>   | <b>0</b>     | Calculated Total  |   |
| 23 |   |   |              |   |   |
| 24 |   | <b>Eligible Public School Children</b>  |              |   |   |
| 25 |   | Public school children eligible and served ages 5 - 21  | 0            | December 1 child count, Screen 11, total count of children served, ages 5 - 21, excluding private school and home schooled children eligible and served reported above. |   |
| 26 |   | Public school children eligible but not served ages 5 - 21  | 0            | District data collection  |   |
| 27 |   | <b>TOTAL eligible public school children</b>  | <b>0</b>     | Calculated Total  |   |
| 28 |   |   |              |   |   |
| 29 |   | <b>Eligible Public and Private School Children</b>  |              |   |   |
| 30 |   | Total eligible public and private school children   | 0            | Calculated Total  |   |
| 31 |   |   |              |   |   |
| 32 |   | <b>Proportion Private: Public</b>   | 0.00%        | Calculated Percentage   |   |
| 33 |   |   |              |   |   |
| 34 |   | <b>Total Part B Flow-Through Allocated:</b>   |              |   |   |
| 35 |   | Federal Funds   | \$ -         | Part B Flow-through allocation (IDEA Section 611)   |   |
| 36 |   |   |              |   |   |
| 37 |   | <b>PROPORTIONATE SHARE</b>  | <b>\$ -</b>  | <b>Calculated Proportionate Share**</b>   |   |
| 38 |   |   |              |   |   |
| 39 |   | *Other data sources may be used as appropriate, but must be consistent with federal regulations.                        |              |   |   |
| 40 |   | **This is the total pool of money required to be expended on parentally placed private school students in the district. |              |   |   |
| 41 |   |   |              |   |   |

**Slide 39**

And here is worksheet that can be used when performing the calculation. This worksheet is also posted on our web site. We have the worksheet set up to calculate and pre-populate some of the cells.

## Appendix B – Example of Proportionate Share Calculation

### Expenditures

Number of eligible children with disabilities

In public schools    300

In private schools   + 20

320

Federal Part B Flow-Through LEA receives    \$ \$152,500

\$152,500

320

\$476.57 a student

x 20 students

\$9,531.25 for proportionate share

### Slide 40

Here's an example of a proportionate share calculation. In this example, the LEA has 300 eligible children with disabilities in the public school and 20 eligible children with disabilities in the private school for a total of 320 children that must be used in the calculation.

This LEA has an allocation of \$152,500 in Part B funds. The amount per child is determined by dividing the Part B allocation by the 320 children. In this case the amount per student is \$476.57. Multiply the amount per student which is the \$476.57 by the 20 eligible private school children and this LEA's proportionate share obligation is \$9,531.25

If a LEA doesn't have any eligible private school students when they conduct their count between October and December, the proportionate share calculation will be zero and the district will not be required to spend any Part B monies on proportionate share services the following school year even if they receive transfer students or identify new students through evaluations.

## **Expenditures/Proportionate Share**

- State and local funds may supplement but not supplant federal funds for this population 34 CFR 300.133(d)
- Cost of child find may not be considered in proportionate share obligation 34 CFR 300.131(d)

### **Slide 41**

State and local funds may supplement but not supplant the Part B federal funds for this population. In other words, the amount of Proportionate Share must come from Part B funds and the LEA may supplement with State or local funds.

Also, the cost of child find may not be considered in proportionate share obligation.

# **Carryover Requirement**

**Any unspent funds must be obligated during a carryover period of one additional year**

34 CFR 300.133(a)(3)

## **Slide 42**

If an LEA has not expended all of their calculated proportionate share funds by the end of the fiscal year for which Congress appropriated the funds, they must obligate the remaining funds for special education and related services to parentally-placed private school students with disabilities during a carryover period of one additional year. If the funds are not spent during the rollover year, they would revert back to the State Education Agency.

If LEAs are unable to spend all of their Proportionate share monies, they might need to consider increasing the level and type of services they are providing for private school students which would be discussed as part of the consultation meeting.

# **Additional Funding Sources**

Hello,

My name is Shelley Witherbee. I am a Supervisor in the Funds Management Section at the Division of Special Education. While Debbie Gerlette covered the basic, more typical types of Special Education Funding, I will be covering additional funding sources that are less common.

## **Additional Funding Sources**

- **Local Tax Effort (LTE)**
- **Medicaid**
- **Special Purpose Funds**

**High Need Fund**

**Public Placement Fund**

We will be covering three types of additional funding sources available to school districts: Local Tax Effort, also known as Billbacks; Medicaid; and Special Purpose Funds. The Special Purpose funds include the High Need Fund and the Public Placement Fund.

## **Local Tax Effort (Section 167.126, RSMo.)**

The first topic we will cover is Local Tax Effort.

## **Local Tax Effort (LTE) Billback**

**LTE is applicable when a district is educating a non-domicile student. Non-domicile means the parents or legal guardian live in a school district outside of the serving school district.**

**Districts may bill the domicile district for the LTE amount when serving non-domicile students.**

**Districts may also receive bills from outside districts serving students.**

According to Section 167.126 of the Revised MO State Statutes, A school district which is not a special school district SHALL pay an amount equal to the average sum produced per child by the local tax effort of the district of domicile. This is a statutory requirement.

Basically, local tax effort is a local revenue source for all school districts comprised of property taxes, Intangible taxes, M & M surtaxes, In-Lieu-of taxes, and city sales tax. The calculation for this funding is based on the number of students whose parents reside in the district. This rate is different for each school district and may be found on the School Finance website.

Local Tax Effort billback is applicable when a district is educating a non-domicile student. Non-domicile means the parents or legal guardian live in a school district outside of the serving/educating school district. Since the non-serving district is receiving the LTE revenue for that student, it is not only appropriate but required by statute to send that revenue on to the district actually providing educational services.

Districts may bill the domicile district for this revenue if educating a non-domicile student. However, this works both ways. Your district may also receive a bill from an outside district if they are serving one of your students. For example, if Columbia was serving a Jefferson City student, Columbia would bill Jefferson City for the Local Tax Effort Amount. Columbia would be sending the bill, Jefferson City would be paying it.

# **How to Billback**

**Determine domicile district from enrollment records.**

**Determine Local Tax Effort Rate for the domicile district**

**<http://www.dese.mo.gov/divadm/finance/local/>**

**Calculate the Local Tax Effort Amount  
(on following slide)**

**Send Invoice to Domicile District**

How does a district billback? The first step is to determine the domicile district. This may be done through the Children's Division Office, court records, or enrollment records that transferred with the student.

Once the domicile district is established, the Local Tax Effort Rate must be determined for that district. This rate may be found on the School Finance webpage. It is important to distinguish between the Local Tax Effort Rate and the Local Tax Effort Amount. The rate is established by school finance, the calculated amount based on the rate is what is billed to the serving district.

After finding the posted rate on the School Finance webpage, the district will need to calculate the Local Tax Effort Amount to bill the domicile district, which is shown on the next slide. The invoice may be submitted to the domicile district after these steps are completed. The domicile district is required by statute to pay the district billback for local effort within 90 days.

If the district billback for local effort invoice is not paid within 90 days, the district may ask DESE to intervene and determine through an investigation if the LTE amount is owed.

## **LTE Calculation Example**

**Local Tax Effort Rate : \$5,032**

**Attendance Days of Non-Domicile Student: 97**  
**Do not include ESY or Summer School Attendance**

**Calendar Days: 174**  
**(Section 163.021.1, RSMo)**

$$\mathbf{\$5,032 / 174 * 97 = \$2,805}$$

Local Tax Effort Amounts are based on days of attendance. It is calculated by taking the Local Tax Effort Rate, divided by the calendar days (174), and then multiplied by the attendance days of the student. The calculation uses 174 days because this is the State minimum calendar days. The district may choose to use the actual number of calendar days of the domicile district if they wish. In the example above, the Local Tax Effort Rate is \$5,032. However, based on the student attendance, the Local Tax Effort Amount to be billed is only \$2,805. Again, this was calculated by taking the LTE rate, divided by 174, and multiplying by the student attendance.

## **LTE Exceptions**

### **Districts may not be billed when:**

- **Parental Rights are Terminated**
- **Orphaned**
- **Parents/Legal Guardian are Incarcerated**
- **Parents/Legal Guardian live out of state**
- **Information is Unknown or untraceable**
- **Student is placed with family members in district (Grandparents, Aunt/Uncle, etc).**

There will be certain situations when school districts may NOT bill the Domicile District for Local Tax Effort. They are: If the parental rights are terminated; if the student is orphaned; if the parents/legal guardians are incarcerated; if the parents/legal guardians live out of state; if the domicile information is truly unknown or untraceable; or if the student is placed with family members in the district. In these situations, districts may not billback.

## **SSSH LTE**

**The State Schools for the Severely Handicapped (SSSH) will bill LTE for all students, both domicile and non-domicile.**

**Section 162.740, RSMo**

The State Schools for the Severely Handicapped will bill LTE for all Students, both domicile and non-domicile. There is a separate statute that allows them to bill for all students.

## **LTE Webpage**

For more information about Local  
Tax Effort, visit the Funds  
Management Website at:

<http://www.dese.mo.gov/divspered/Finance/lte.html>

For more information about Local Tax Effort, visit the Funds Management website.

## **Medicaid / MO HealthNet**

The next funding source we will cover is Medicaid. Due to SB 577, Medicaid will be called MO HealthNet effective September 1, 2007.

## **Medicaid / MO HealthNet**

**School Districts have the option to bill MO HealthNet for IEP directed Occupational, Physical, and Speech Therapies.**

**Districts and Individual Therapists must enroll as MO HealthNet Providers in order to bill MO HealthNet for these services.**

**Districts must also obtain Parental Consent and a Physician Script to bill MO HealthNET for these therapies.**

MO HealthNet is a health insurance program that is federally funded for people below the 300% poverty level. In Missouri, school based services that are reimbursable through MO HealthNet are: Occupational, Speech, and Physical Therapy that are directed by the IEP.

Districts must enroll as a MO HealthNet Provider in order to bill for therapy services. The district will be assigned a billing provider number. In addition, each individual therapist employed by the district must enroll as a MO HealthNet Provider. The therapist will be assigned a performing provider number. Both of these numbers will be needed in order to submit a Medicaid claim.

Section 300.9 of I-D-E-A as reauthorized in 2004 requires written parental consent before billing MO HealthNet for any therapy services. A physician script must also be obtained prescribing the therapy as indicated in the IEP.

## **MO HealthNet Webpage**

For more information on MO HealthNet Billing, please visit the Funds Management website at:

[http://www.dese.mo.gov/divspeced/  
Finance/medicaid.html](http://www.dese.mo.gov/divspeced/Finance/medicaid.html)

There is also a step-by-step billing presentation on this webpage.

For more information about MO HealthNet and the billing process, please visit the Funds Management MO HealthNet Website. There is a step-by-step billing presentation on this webpage.

## **Special Purpose Funds**

**High Need Fund**

**Public Placement Fund**

The last additional funding source we will cover is Special Purpose Funds, which includes the High Need Fund and Public Placement Fund.

# High Need Fund

We'll start with the High Need Fund.

## **High Need Fund (HNF)**

**The High Need Fund (HNF) is for any student with a disability, regardless of placement, whose educational costs exceed 3 times the Current Expenditure per Average Daily Attendance (ADA) amount.**

This fund established under Senate Bill 287 to create a “safety net” for school districts educating any student with a disability, regardless of placement, whose educational costs exceed three times the Current Expenditure per Average Daily Attendance, also known as Current Expenditure per ADA.

The Current Expenditure per ADA amount is calculated by School Finance from the Annual Secretary of the Board Report (ASBR). This amount basically takes all of the districts expenditures divided by the Average Daily Attendance for all students. The outcome of this calculation is considered to be the average cost of educating a student in the district.

It is the district’s responsibility to meet the 3x amount in educational costs for each eligible student. DESE will pay for all costs exceeding three times based on the available appropriation. Students that districts may want to target for the fund include:

- Students who have previously been eligible for the SIF, ECF, SDSF and SHCRP funds
- Students in contractual placements
- Students with a Personal Aide
- Students with a large amount of Related Services
- Students with private nurses

## **Reimbursement Formula**

**Educational Costs for Student**

**– 3x Current Expenditure per ADA  
amount**

---

**= District Reimbursement Amount**

The formula used under the High Need Fund takes the educational costs of the student minus the 3 times the Current Expenditure per ADA amount. The outcome is the district reimbursement from the fund. The district is able to use Federal, State and local revenues to help them meet the 3x amount.

Payment for the HNF is made the following fiscal year in which services were provided.

## **Reimbursement Example**

**Current Expenditure per ADA: \$6,500**

**District Portion: \$19,500**

**(\$6,500 \* 3)**

**Educational Costs for Student: \$80,600**

**High Need Fund Reimbursement: \$60,500**

**(\$80,600 - \$19,500)**

In the example on the slide, the Current Expenditure per ADA is \$6,500. Three times this amount is \$19,500. The district would be responsible for paying up to this amount for the student. If the educational costs for the student were \$80,600, the formula would take this amount and subtract the \$19,500. This comes out to \$60,500 in which the district would be eligible for reimbursement under the HNF.

# Sample Application

**Hint after 3x:** DESE USE ONLY 1. This category will automatically calculate.

| STUDENT INFORMATION           |                               |                 |             |                     |                     |         |                         |                             |                                       |                                     |  |
|-------------------------------|-------------------------------|-----------------|-------------|---------------------|---------------------|---------|-------------------------|-----------------------------|---------------------------------------|-------------------------------------|--|
| Student Name<br>(Last, First) | MOSIS<br>Student ID<br>Number | DOB<br>MM/DD/YY | Instruction | Related<br>Services | Trans-<br>portation | Tuition | Assistive<br>Technology | Other*<br>Describe<br>Below | DESE<br>USE<br>ONLY<br>Total<br>Costs | DESE<br>USE<br>ONLY<br>3x<br>Amount | DESE<br>USE<br>ONLY<br>Amount<br>Requested |
| 1                             |                               |                 |             |                     |                     |         |                         |                             | 0.00                                  | 0.00                                | 0.00                                       |
| 2                             |                               |                 |             |                     |                     |         |                         |                             | 0.00                                  | 0.00                                | 0.00                                       |
| 3                             |                               |                 |             |                     |                     |         |                         |                             | 0.00                                  | 0.00                                | 0.00                                       |
| 4                             |                               |                 |             |                     |                     |         |                         |                             | 0.00                                  | 0.00                                | 0.00                                       |
| 5                             |                               |                 |             |                     |                     |         |                         |                             | 0.00                                  | 0.00                                | 0.00                                       |
| 6                             |                               |                 |             |                     |                     |         |                         |                             | 0.00                                  | 0.00                                | 0.00                                       |
|                               | MOSIS                         | YY              |             |                     |                     |         |                         |                             |                                       |                                     |  |

The application is very simple to complete. There is one application form for all eligible students. The district completes the white areas, while the gray shaded areas automatically calculate. There are five categories of costs to track, which are described in the following slide.

## **Costs to Track for HNF**

- **Instructional Costs**
- **IEP Related Services**
- **Transportation**
- **Contractual Services/Tuition**
- **Assistive Technology**
- **Other\* (must include description)**

The costs that may be claimed under the HNF include: Instructional Costs, IEP Related Services, Transportation, Contracted Services and/or Tuition, Assistive Technology, and Other. The district will need to track these costs throughout the year for eligible students in order to complete the application. Funding from the IDEA Risk Pool may NOT be used to support the following:

Pay legal fees, court costs, or other costs associated with a cause of action brought on behalf of a child with a disability to ensure FAPE.

Pay costs that otherwise would be reimbursed as medical assistance for a child with a disability under the State Medicaid program.

## **Due Date**

**The application is due  
January 15 following the  
year in which services  
were provided.**

The application is due January 15 following the year in which services were provided. This date insures that the ASBR from the prior fiscal year has been completed which allows for an accurate calculation of the “current expenditure per ADA.

Districts are required to maintain all expenditure documentation for reimbursement requests under the HNF for three (3) year after the “due” date of the application

## **HNF Webpage**

**For more information about the  
High Need Fund, visit the Funds  
Management Website at:**

**[http://www.dese.mo.gov/divspece  
d/Finance/HighNeedIndex.html](http://www.dese.mo.gov/divspece<br/>d/Finance/HighNeedIndex.html)**

For more information about the HNF, visit the Funds Management website.

## **Public Placement Fund**

The other Special Purpose fund is the Excess Cost for Public Placement Fund.

## **Public Placement Fund (PPF)**

**The Public Placement Fund is for both IEP and non IEP students placed within a non-domicile district by DMH, DFS, DYS, or a Court of Competent Jurisdiction, whose educational costs exceed the revenues received by the district.**

**Domicile: the district where the parent or legal guardian resides. The residence the student would return to if released from custody.**

This fund is for both IEP and non IEP students placed within a non-domicile district by DMH, DFS, DYS, or a Court of Competent Jurisdiction, whose educational costs “exceed” the revenues received by the district. So basically, students eligible for this fund must meet these conditions:

- 1) They are being educated in a non-domicile district
- 2) They were placed in the district by DFS, DYS, DMH or a Court of Competent Jurisdiction.
- 3) The educational costs must exceed the revenues received for these students.

## **Reimbursement Formula**

$$\begin{aligned} & \text{Educational Costs} \\ & - \text{Revenues} \\ & = \text{Excess Cost Reimbursement} \end{aligned}$$

The application calculates the reimbursement by taking the educational costs minus the revenues received by the district. In some cases, the district receives enough revenues to cover the cost of educating these students; therefore, does not receive any reimbursement on the PPF.

Payment is made the following fiscal year in which services were provided.

## **Student Information**

- **Placing Agency**
- **Student Demographic Information**
- **Individualized Education Plan**
- **School Setting**
- **Enrollment Dates**
- **Local Tax Effort/Domicile Information**
- **Attendance**
- **Receiving School District Transportation**

The district must provide the following information on the student in order to complete the PPF application: Placing Agency, student name, if the Student had an IEP, the school setting in which services are provided, enrollment dates, Local Tax Effort/Domicile Information, the attendance days for the student, and whether or not the student received district transportation.

## **Revenue Sections**

- **Basic State Aid / State Adequacy**  
**Target (ADA \* \$6,117)**
- **Local Tax Effort (Attendance/174 \* LTE)**
- **Transportation (Total Revenue/ADT \* ADA)**
- **Part B Entitlement (Entitlement/Child Count \* IEP Students on Application)**

The revenue section of the application includes basic state aid, local tax effort, transportation state aid, and Part B Entitlement. These are calculated based on the student information entered.

## **Cost Sections**

**Option A: For students being served in regular and special education classrooms in the district.**

**Option B: For students being served in a district operated separate classroom/program**

**Option C: For students being served in contractual placements.**

The application has the district breakdown costs by the type of educational setting. Students being served in regular and special education classrooms along with other domicile students are categorized under Option A. Students being served in a district operated separate classroom and/or program are categorized under Option B. Students being served in a contractual placement are categorized under Option C.

## **Due Date**

**The PPF application is due  
October 15th following the year in  
which services were provided.**

The PPF application is due October 15 following the year in which services were provided.

## **PPF Webpage**

**For more information about the  
Public Placement Fund, visit the  
Funds Management Website at:**

**<http://www.dese.mo.gov/divspeced/Finance/PPFindex.html>**

For more information about the PPF, visit the Funds Management website.

## **Funds Management Contacts**

➤ Web Page

[www.dese.mo.gov/divspeced/Finance](http://www.dese.mo.gov/divspeced/Finance)

➤ Email

[webrepliespefm@dese.mo.gov](mailto:webrepliespefm@dese.mo.gov)

➤ Main Section Phone Numbers

573-751-0622 Voice

573-526-5946 Fax

This has been an overview of Special Education Funding. If you have any questions regarding the information presented today, please contact us. Thank you.