



TO: Superintendents

FROM: Tom Melcher, Director  
Division of School Finance

DATE: April 4, 2012

SUBJECT: Change in Budget Process for Federal Special Education Funds, FY 2013

Effective FY 2013, the Minnesota Department of Education (MDE) will be managing the budget process for federal Special Education funds on the Electronic Data Reporting System (EDRS) instead of through the State Educational Record View and Submission (SERVS) Financial System. This change applies to the following Uniform Financial and Reporting System (UFARS) Finance Codes:

EDRS Funding Source Codes	UFARS Finance Dimensions	Description
B	419	Section 611 Federal Flow-Through 3-21
F	420	Section 619 Early Childhood 3-5
G	421	Low Incidence (RLIF)
H	422	Part C Infants and Toddlers 0-2
h	423	Part C Regional IEIC Grant for Children 0-2 <b>NEW</b>
Z	425	Coordinated Early Intervening Services (CEIS)
z	429	Mandatory Coordinated Early Intervening Services (CEIS) <b>NEW</b>
p	430	Section 619 Centers of Excellence Discretionary Regional CSPD 3-5 <b>NEW</b>
k	431	School-wide Title
W	432	Regional CSPD - Discretionary Projects 3-21
#	435	Continuous Improvement Monitoring Process (CIMP)
f	437	Section 619 Preschool CSPD 3-5
g	440	Low Incidence ECSE Autism
x	446	Part C Regional Centers of Excellence CSPD Grant 0-2 <b>NEW</b>

This change will affect the way local education agencies (LEAs) submit applications, budgets, reconcile federal expenditures and request draws for special education federal funds starting in FY 2013. Following is a discussion of the changes for FY 2013.

### Applications

Applications for the above UFARS Finance Codes will continue to be approved on the Electronic Grants Management System (EGMS) in the same manner as before. The administrator of the LEA will apply the electronic signature to each application and statement of assurances to submit it for review by the Primary Contact in the Division of School Finance. An application must be approved before a budget reflecting valid expenditures will be loaded from EDRS to SERVS Financial.

## **Allocations**

Allocations less any adjustments such as SSB (State Services for the Blind), federal funds applied to nonreimbursable expenditures from tuition billing or CEIS (Coordinated Early Intervening Services) will be loaded to SERVS Financial. LEAs will be required to accept the funds on SERVS Financial before budgets can be loaded to SERVS Financial.

## **UFARS and EDRS**

A table has been developed to align EDRS codes to UFARS Object Codes. Salaries reported on EDRS will crosswalk directly to the UFARS Object Code and will be posted in the budget with that Object Code on SERVS Financial. In order to assign a UFARS Object Code to an EDRS Service Code it was necessary to consolidate UFARS Object Codes. For example, the UFARS Object Code 200 for series for benefits is coded on EDRS under Service Code L. The expenditures under Service Code L will be posted to the budget as UFARS Object Code 220-Health Insurance in SERVS Financial. There are several UFARS Object Codes for equipment that will have one main UFARS Object Code assigned for the table to move EDRS data to SERVS Financial.

## **Budgets**

Starting in FY 2013, LEAs will no longer submit budgets through SERVS Financial. LEAs will be required to submit all expenditures on EDRS by Funding Source Codes (FSC). The data will be validated on EDRS. Error free data will be summed to the UFARS Object Code level and Finance Code each Wednesday morning and loaded to SERVS Financial. The budget on SERVS Financial will automatically be funded and active. LEAs will be able to view their budgets but will not be able to amend the budgets through SERVS Financial. Any changes to your budget will need to be made in EDRS so that data validations can be applied. With this change, MDE staff will no longer have to approve budgets as data validations will check for licensure checks, pre-approval and reasonableness. District staff should save considerable time, by only having to enter expenditures once instead of the double entry now occurring with SERVS Financial and EDRS.

## **SERVS Financial Draws**

LEAs will continue to make draw requests through SERVS Financial as in the past based upon the budget loaded from EDRS every Wednesday morning. LEAs may submit draw requests by UFARS Finance Dimension and Course Code through SERVS Financial as in the past. The weekly draws will be processed on Tuesday mornings from draw requests made until 11:59:59 p.m. on Monday.

## **Balance Forward**

Districts will continue to manage the funds allocated through SERVS Financial. Unobligated and/or unbudgeted funds from one fiscal year can be balanced forward to the next fiscal year. For example, if the LEA has not used all the funds allocated in State Fiscal Year (SFY) 2012 the LEA may balance forward those funds to SYF 2013. The LEA has 27 months under the Tydings Amendment to obligate those funds. LEAs are reminded to draw the oldest funds available first before utilizing current year allocations.

## **Reconciliation**

The reconciliation process will be completed by taking the lesser of (1) the sum of all error free entries on EDRS by Funding Source Code or (2) total expenditures all disabilities reported on UFARS by Finance Dimension. The total draws on SERVS Financial will be reconciled to the "lesser of" either UFARS or EDRS.

More information on this process and the table to align EDRS Codes to UFARS Object Codes will be provided to in the FY 2013 Special Education Application materials that should be available in early May.

Any questions concerning this change can be directed to George Holt, Supervisor Special Education Funding Team, Division of School Finance at [george.holt@state.mn.us](mailto:george.holt@state.mn.us).

cc: School Business Managers  
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