Minnesota Department of Education

MEMORANDUM

Date: May 1, 2013

To: Directors of Special Education

From: Carol Hokenson, Manager
Division of School Finance

RE: State Fiscal Year (SFY) 2014 Special Education Application Materials and Eligibility for Program Approval and Maintenance of Effort (MOE)

Program and Aid Approval

As part of the program and aid approval for special education, Minnesota Statutes, section, 125A.75, Subdivision 4, states:

> *"before June 1, of each year each district providing special instruction and services to children with a disability must submit to the commissioner an application for approval of these programs and the budgets for the next fiscal year."*

In order to ensure compliance with statute, the following forms must be completed and approved by the Minnesota Department of Education (MDE) before state and federal aids can flow to districts.

NOTE: Each Local Education Agency (LEA) is required to employ a director of special education.

Minnesota Rules 3525.2405, subpart 1. Director's requirement. The school board in every district shall employ, either singly or cooperatively, a director of special education to be responsible for program development, coordination and evaluation; in-service training; and general special education supervision and administration in the district's total special education system…

Forms to be submitted:

1. The Statement of Assurances (ED-01350-30) must be completed and signed by the licensed director of special education and either the superintendent or clerk of the school board and submitted to the department. For cooperatives, intermediates, service cooperatives and education districts, each member and participating district must have this form filled out and signed by both the director of special education and the district superintendent or school board clerk.
2. State Cover Sheet must be signed by the director of special education and submitted to the department. The state cover sheet must indicate:
    - The number of teacher contract days for the regular school term
    - The number of minutes in the contract day. (In most instances, lunch is not considered part of the school day unless staff is REQUIRED TO BE PRESENT during the lunch period.)
    - Which district or cooperative serves as your applicant agency for federal funds?

3. Federal Cover Sheet must be signed by the director of special education.
   Circle Yes or No for:

   - Whether or not your district authorizes MDE to withhold up to $5.00 per child count for the State Services for the Blind (SSB) for the LEA's children and youth with disabilities,
   - Whether or not your district intends to use up to 15 percent of Section 611 and 619 funds for Coordinated Early Intervening Services (CEIS) (please include the amount for CEIS). Completion and submission of the supplemental document titled Request for FY 2014 Coordinated Early Intervening Services is recommended to be submitted through the SERVS application process by October 1.
   - Whether or not your district intends to use not more than 50 percent MOE reduction to local fiscal efforts.

   Note: The school district or charter school must retain or change its state and federal data lines on the Electronic Data Reporting System (EDRS).

4. Request for SFY 2014 Federal Funds for Special Education Tuition Adjustment (ED-02448-05) this form must be signed by the Director of Special Education. Note: Send the form to MDE only if you want to use federal funds for nonreimbursable tuition costs no later than August 15, 2013.

All forms must be completed, signed and returned via mail to MDE by June 1, 2013. **No electronic copies will be accepted.** All required forms are posted to the MDE website. Access your State and Federal Cover Sheets on the Data Reports and Analytics web page. Under School Finance Reports, select Minnesota Funding Reports (MFR). Use the drop down boxes to select your District, Category: Special Education; Year: 13-14; Report: Special Education Regular Year – Initial Report. **No Fax or electronic forms will be accepted.**

Access the Application for Special Education Funds - Statement of Assurances (FY 2014). **Prior year forms will not be accepted.**

To access the Request for FY 2014 Federal Fund for Special Education Tuition Adjustment. **Prior year forms will not be accepted.**

Access the Program Aid Approval for First Year Charter Schools (FY 2014). **Prior year forms will not be accepted.**

Charter schools that are in their *FIRST* year of operation must complete the New Charters form and request a State and Federal Cover Sheet from MDE. Contact Michelle Jones michelle.jones@state.mn.us or call 651-582-8577 to obtain these forms.

Mail all forms to:

Special Education Funding and Data
Minnesota Department of Education
1500 West Highway 36
Roseville, MN 55113-4266

Federal Special Education Data Reporting

The budget process for federal Special Education funds is managed on EDRS instead of through the State Educational Record View and Submission (SERVS) Financial System.

A federal application will continue to be submitted through SERVS Financial on the Grants Management Directory and approved by the primary contact in the Division of School Finance. Allocations for Part B

Section 611, Part B Section 619 and Part C Infant and Toddlers will be loaded into SERVS Financial. LEAs will be required to accept the funds under "Manage Allocations/Competitive Awards" by checking the boxes that you have read and agree to the Statement of Assurances and applying the electronic signature. Any adjustments to Part B Section 611, Finance Code 419 such as State Services for the Blind (SSB), federal funds applied to nonreimbursable expenditures from tuition billing will be loaded into SERVS Financial as a fund balance adjustment. If a district intends to use up to 15 percent of Section 611 and 619 funds for CEIS, these funds will be loaded into SERVS Financial under Finance Code 425 or if Mandatory, Finance Code 429.

LEAs are required to submit all expenditures on EDRS by funding source codes. The data will be edited and validated on EDRS. Error free data will be summed to the Uniform Financial and Reporting System (UFARS) object code level and finance code each Wednesday morning at 7:30 a.m. and loaded into SERVS Financial overnight Wednesday. The budgets will be available on Thursday morning.

LEAs will be able to view (read only) their budgets but will not be able to amend the budget through SERVS Financial. Any changes to your budgets will need to be made in EDRS so that data edits can be applied. The budgets will automatically become funded and active by SERVS Financial, except for those that have SERVS errors, i.e., budget is less than draws and budget exceeds allocation.

LEAs will make draw requests through SERVS Financial based upon the budget loaded from EDRS every Wednesday. Draw requests will continue to be made by UFARS Finance Dimension and Course Code. The weekly draws will be processed on Tuesday mornings from requests made by 11:59:59 p.m. on Monday. LEAs will need to have an approved State and Federal Special Education Application before a draw request will be processed. The LEA must complete and submit the following for approval:

- The signed paper copy of the statement of assurances,
- State and Federal Cover Sheets,
- Retain EDRS data lines,
- Maintained initial MOE,
- Application through SERVS Financial on the Grants Management Directory for each finance code,
- Accept funds on SERVS Financial by finance code,
- Have a Data universal Numbering System (DUNS) Number on SERVS Financial

Special Education State and Federal EDRS Data

Data lines entered on EDRS as of April 30, 2013, are copied into SFY 2014 on May 1, 2013, at 7:30 a.m. as your proposed budget for the upcoming year. Each line item has been renumbered for the new year and has an error message stating **"Initial Data - Has Not Been Retained or Changed."** You will need to call up each line on EDRS and either retain, change or delete the line in order to remove the error message on the data line. (See menu item #4 on EDRS) for the retain process.

Extended year (Funding Source Code (FSC) E) for SFY 2014 includes July and August 2013, and June 2014. Since districts will be reporting and/or updating June 2013 data lines through June, MDE will not copy FSC E data lines forward until August 15, 2013.

The following Funding Source Codes have been copied into the SFY 2014 school term:

Funding Source Code A	State Special Education Aid – Regular Year,
Funding Source Code B	Section 611 Federal Flow Through (ages 3 – 21),
Funding Source Code F	Section 619 Federal Preschool Incentive (ages 3 – 5),
Funding Source Code G	Federal Low Incidence Discretionary (Regional),

Funding Source Code H	Federal Part C Infants and Toddlers (ages Birth – 2),
Funding Source Code R	Local Collaborative Time Study (LCTS),
Funding Source Code W	Federal Regional Comprehensive System of Personnel Development (CSPD) Discretionary Projects (ages 3 – 21),
Funding Source Code Z	Coordinated Early Intervening Services (CEIS),
Funding Source Code c	Part C Infants and Toddlers Birth – 2
Funding Source Code h	Part C Regional Interagency Early Intervention Committee (IEIC) Birth – 2,
Funding Source Code j	Third Party Expenditure,
Funding Source Code p	Section 619 Centers of Excellence Discretionary Regional (CSPD) 3 – 5,
Funding Source Code x	Part C Regional Centers of Excellence CSPD Grant Birth – 2 and
Funding Source Code z	Mandatory Coordinated Early Intervening Services (CEIS)

The following EDRS Service Codes have been copied into the SFY 2014 school term:

Service Code A	Payroll Personnel (includes expenditure data),
Service Code B	Contracted Personnel/Agency Service for pupils (no expenditure data),
Service Code H	Instructional Supplies and Testing Materials (no expenditure data),
Service Code U	Purchase of Services (includes expenditure data),
Service Code b	Contracted Personnel/Agency Services Staff (no expenditure data),
Service Code u	Purchase of Instructional Supplies & Materials (no expenditure data) and
Service Code p	Purchase of Contracted Services (no expenditure data).

Calculation of State Aid Entitlement and Tuition Billing Rate Calculation for SFY 2014

MDE will calculate the first state aid entitlement and tuition adjustments for SFY 2014 for the July 15, 2013 Integrated Department of Education Aids System (IDEAS) payment period. If all of the application forms are received and processed, and EDRS data lines are updated, the EDRS data as of June 18, 2013 will be included in the aid entitlement and tuition adjustments. Districts whose applications have not been processed or data updated on EDRS will not be included in calculation of the state special education aid entitlement and tuition rates will not be calculated.

MOE for Federal Special Education SFY 2014 Program Application Approval

34 Code of Federal Regulations (C.F.R.) 300.203 Maintenance of effort

a. General. Except as provided in 300.204 and 300.205, funds provided to an LEA under Part B of the Act may not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.
b. Information. The LEA must have on file with the State Education Agency (SEA) information to demonstrate that the requirements of paragraph (a) of this section are met...

On June 1, 2013, MDE will review state EDRS retained lines for SFY 2014 (including lines in error) and compare them to EDRS lines reported in SFY 2012 (the most current closed year) to determine if LEAs are maintaining effort. Therefore, it is very important that district EDRS expenditure data be updated. LEAs will be notified in writing of the status of their application approval. The following expenditure data will be reviewed for MOE.

- Funding Source Code A – State Special Education Program Aid-Regular Year
- Funding Source Code c – Part C Infant and Toddlers Birth -2

- Service Code A – Payroll
- Service Code U – Purchase of Services
- Service Code X – To be Hired

If you anticipate that you will be hiring staff and will be increasing payroll or purchase of services expenditures on EDRS in SFY 2014, service code "X" (To Be Hired Personnel) is available to enter these expenditures. This service code can only be entered on EDRS with funding source code "A", state regular year. Service code "X" requires a personnel type code, disability code, time unit, number of time units and expenditure amount. In the description field, please type payroll or purchase of services. Service code "X" will not generate special education program aid. Service code "X" will automatically generate an error message. MDE will delete any lines entered under service code "X" on October 31, 2013.

Failure to maintain effort will result in the federal budgets not being loaded into SERVS Financial until an LEA demonstrates that they have maintained effort for Part B Section 611 (Finance Code 419) and Part B Section 619 (Finance Code 420). If an LEA has not increased budgeted expenditures to SFY 2012 levels or justified why effort has not been maintained, districts will not be able to access their federal funds. Below is a list of possible exceptions which may justify your district not maintaining effort:

Exceptions to these requirements also set forth in 34 C.F.R. 300.204 allows local education agencies to "reduce the level of expenditures where such reduction is attributable to:"

> …(a) The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel. (b) A decrease in the enrollment of children with disabilities. (c) The termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the SEA, because the child-- (1) Has left the jurisdiction of the agency; (2) Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or (3) No longer needs the program of special education. (d) The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities…

EDRS On-Line Edits

Several edits have been added over time to EDRS to comply with the Education Department General Administrative Rules (EDGAR) requirements for prior approval before obligating the federal funds. LEAs are required to secure prior approval from the Division of School Finance prior to undertaking any obligation or purchasing. LEAs may email a request for prior approval to mde.spedfunding@state.mn.us. The Division has no authority to approve any of these expenditures after the fact. EDRS will automatically place an error message on these Service Codes when entered on EDRS. The Service Codes are:

- Service Code ? – Out-of-State Travel
- Service Code N – Construction and Remodeling
- Service Code O – Equipment for Office Supervision/Management ($5,000 or more)
- Service Code P – Equipment for Instruction and Technology
- Service Code Q – Equipment for Transportation Services

In addition, automatic error messages have been placed on Personnel Type Codes (PTC) to assure that the expenditure is necessary and reasonable. The PTCs listed below have been problematic in prior end-of-year edits and now require approval before the expenditure is allowed. The error message will indicate that the LEA must submit a statement justifying the expenditure to mde.spedfunding@state.mn.us before the error message can be removed. These PTCs are:

- 16 – Consultant
- 25 – Other Therapists
- 38 – Security Specialists

Applications for Coordinated Early Intervening Services (CEIS)

LEAs are encouraged to submit their requests for CEIS funds to be transferred from Finance 419 to Finance 425 at the time of the application. There are two ways that LEAs may request these funds; namely, by submitting an amount of funds to be transferred or to indicate that the LEA requests 15 percent of the Finance 419 and 420 allocations. The maximum allowed by IDEA is 15 percent of Section 611 (Finance 419 and 420, combined). If an LEA wishes to use the maximum, they need to enter 15 percent on their application. There are two opportunities for the LEAs CEIS funds to be loaded into SERVS Financial. These are at the time of the initial entitlements (typically in September of the current fiscal year) and when the final entitlements are loaded into SERVS Financial (usually at the end of February during the current year). No changes will be made by the Division of School Finance except at those two times.

LEAs are strongly encouraged to have all SFY 2014 applications submitted for CEIS funds by October 1, 2013. Applications submitted after that date may be delayed in the review and approval process.

Please direct your questions to mde.spedfunding@state.mn.us