

MEMORANDUM

DATE: July 24, 2012

TO: Directors of Special Education
School Business Managers

FROM: Carol Hokenson, Manager
Division of Program Finance

SUBJECT: Special Education Funding and Data Updates

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Reports for SFY 2013 on Minnesota Funding Report (MFR) System

Comparison Reports of Special Education Expenditure Data

The Uniform Financial Accounting and Reporting Standards (UFARS)/Electronic Data Reporting System (EDRS) Comparison Reports will be posted to MFR starting early August as UFARS submissions are received. These reports are posted each Monday morning to MFR. The data from the comparison report are the same data that are used to calculate the reconciliation. Districts are encouraged to review this report after UFARS data submissions to assure that the data on EDRS and UFARS are aligned.

Reconciliation of State Special Education Expenditure Data

A simulation of the reconciliation of UFARS/EDRS data will be posted to the web in mid-September for SFY 2013. This is an automated process with the following criteria:

1. If the difference between UFARS and EDRS is zero for all of the funding categories of salaries, contracted services and supplies/equipment and materials for the "Tot All Disabilities", then the reconciliation process is complete with no adjustments.
2. If the difference between UFARS and EDRS is not zero and EDRS is less than UFARS for each of the funding categories for "Tot All Disabilities" no adjustment will be made by MDE.
3. If the difference between UFARS and EDRS is not zero and EDRS is greater than UFARS for any or all of the funding categories of salaries, contracted services and supplies/equipment/materials for "Tot All Disabilities", then EDRS will be adjusted to UFARS for each funding category.

Reconciliation of SERVS Financial

The reconciliation of SERVS Financial data will be completed by the comparison of EDRS data to audited UFARS data and then to the draws posted to SERVS Financial. The total of the expenditures on EDRS by Funding Source Code will be reconciled to the total expenditures on UFARS by Finance Dimension. The reconciliation is not by UFARS Object Code or UFARS Course Code but total expenditures. The total draws on SERVS Financial will also be compared to the audited UFARS data by total draws to total expenditures.

IEP-MA Report

The IEP-MA Report is posted to MFR on Wednesday mornings. This report is a summary of the data that will be provided from EDRS to the Minnesota Department of Human Services (DHS) to calculate IEP-MA rates. Districts are reminded to verify the information from this report to assure that services invoiced to DHS for IEP-MA revenue have data to support the rates. For example, if a district is invoicing for nursing services and there is no data for school nurses or other nursing services on EDRS, the rates for that service will be set to zero by DHS as there is no supporting entries on EDRS for the service invoiced. Just a reminder that Minnesota Statutes, Section 125A.21 indicates "...Eligible expenditures must not be made from federal funds or funds used to match other federal funds..." Districts are reminded that they may not invoice DHS for IEP-MA services provided by federally funded personnel including Local Collaborative Time Study (LCTS) (Finance Dimension 799) or IEP-MA revenue (Finance Dimension 372).

Balancing Forward SFY 2013 Federal Funds

Local Education Agencies (LEAs) will be soon finalizing their UFARS data. After these data have been finalized the LEAs are reminded to update the data on EDRS for the budgeting process prior to moving any funds to SFY 2014. If the LEA balances forward the federal special education funds prior to completing the budget process, the budgets on SERVS Financial will be locked and no adjustments from EDRS will be accepted by SERVS Financial. Steps to finalizing SFY 2013 data are:

1. Enter data on EDRS to finalize SFY 2013 SERVS Financial Budget
2. SERVS will process any data changes on Wednesday and the new budgets will be posted to SERVS Financial by Thursday morning of each week.
3. LEAs may then balance forward funds from SFY 2013 to SFY 2014

If an LEA has already balanced forward funds from SFY 2013 to SFY 2014 and the budget was not finalized, the LEA may have to balance back sufficient funds for SERVS Financial to process any budget changes from amended EDRS data.

LEAs that have federal special funds from SFY 2012 still available in SERVS Financial have been notified of those funds. If the LEA cannot use those funds then the LEA is requested to contact the Special Education Funding and Data workgroup for a form that can release those funds to be reallocated to the students with disabilities in Minnesota rather than being returned to the US Department of Education.

Non-Resident ECSE Contracted Student Placements

If an EDRS error message appears when a district enters a contracted student placement on EDRS, the district should check to see if the student is a resident of the district that is entering the data. If the student is a resident of another district EDRS will error the line on EDRS. To clear the error message, the serving district should send a "Uniform Tuition Billing One-to-One Services – 2012-13" to the Division of School Finance. The Special Education Funding and Data workgroup will remove the error message and will have the information from that line used to invoice the resident district for any unreimbursed costs.

Special Pupils Applications

Special Pupil Applications are due by October 7, 2013 for SFY 2013 expenditures. The forms are available on MDE's website.

- ED-02432 "Special Education Application – Court Placed Non-Minnesota Residents with Individual Education Program (IEPs) 2012-13" This application is for non-Minnesota resident students who have IEPs and have been placed by a Minnesota court or human services into a Minnesota care and treatment facility.
- ED-002431 "Special Education Application – Out-of-State Tuition for Minnesota Residents 2012-13" This application is for Minnesota resident students who have IEPs and have been placed out of state into a care and treatment facility by a Minnesota court or Minnesota human services agency.

- ED-02433 “Special Education Application – Special Pupils With Individual Education Programs (IEPs) 2012-13” This application is for students whose (1) parental rights have been terminated, (2) parents reside out of state after placement, (3) no resident district could be determined or (4) parents are a resident of a Minnesota Department of Corrections facility.
- ED-02434 “Special Education Application – Special Pupils Without Individual Education Programs (IEPs) 2012-13” This application is for students who do not have an IEP and have been placed into a residential care and treatment facility. The only criterion for these students is that the rights of the parents have been terminated.

State Fiscal Year 2014

State Special Education Aid

The statute specifying the definition of state special education aid for SFY 2014 was revised by the 2013 Legislature to include:

- Initial State Special Education Aid (the regular program aid as calculated from EDRS data).
- Cross-Subsidy Reduction Aid, and
- Excess Cost Aid.

Effective in SFY 2014 these three aids combined will now be state special education aid. In addition, a revision to Minnesota Statute 125A.76, now states that a district’s estimated entitlement for special education aid equals 97.4 percent of the district’s entitlement for the current fiscal year. The final adjustment payment must be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

Unreimbursed Nonfederal Special Education Expenditures

Minnesota Statute 125A.79, Subdivision 1 was amended by the 2013 Legislature to redefine state special education expenditures to include expenditures that were not previously eligible for state special education aid as well as those that were. Effective FY 2014, MDE will begin collecting on EDRS the additional data needed for this new definition. This data will be used in our November and February budget forecasts as well as our funding formulas beginning in FY 2016. Funding Source Code ‘a’ (Little a) – New.

A new Funding Source Code was established on EDRS for districts, charter schools and cooperatives to enter the expenditures for “Unreimbursed Nonfederal Special Education Expenditures” that will be used in the calculation of state special education aids. [View the SFY 2014 State Non-Federal Cost Code Sheet](#) for FSC ‘a’. UFARS Finance Dimensions 317, 335, 372, 740, 741 and 799 should be included with Program Codes 400-420. The expenditures for the following UFARS Object Codes are to be included in the entries on EDRS for FSC ‘a’:

UFARS OBJECT CODE	EDRS SERVICE CODE	DESCRIPTION
See Code Sheet	A	Payroll Personnel (Salaries Only)
See Code Sheet	B	Contracted Personnel/Agency Services for Pupil
365/366	F	Travel & Travel Chargeback
430	h	Instructional Supplies
401	I	General Supplies
320	K	Electronic Communication Services
195-295 & 397	L	Fringe Benefits
329	M	Dissemination
530	O	Equipment for office Supervision/ Management
820	R	Dues/Membership (use with Activity Code V)
See Code Sheet	U	Purchase of Services (salaried personnel from other districts)
401/430	u	Purchase of Instructional Supplies/Material

Important Considerations for FSC 'a':

- These data will not have aid calculated on EDRS as only the expenditure data are needed in the calculation of State Special Education Aids.
- These data, once entered in SFY 2014, will be preloaded annually to the next fiscal year so districts will not have to re-enter the data. However, expenditure data will need to be retained and updated annually.
- These data will have its own EDRS/UFARS comparison report and the total entries on EDRS will be reconciled to the total expenditures under the appropriate Finance Dimensions and Object Codes as noted above.
- These data will be a part of the reconciliation process.
- Staff data for FSC 'a' will have to be entered on a single line for each staff member for licensure verification except for paraprofessionals as those can be the total expenditures on a single entry.
- All non-personnel data can be totaled to a single line entry under Program/Disability Code 420 or if the district desires can be summed to the disability level. Again, a single entry for each service code may be used to reduce the reporting burden to the district and the district can use Program/Disability Code 420.
- Budgeted data should be entered on EDRS for SFY 2014 as soon as that data is available with actual expenditures updated prior to the close of EDRS for SFY 2014.

Cross Subsidy Reduction Aid

Cross Subsidy Reduction Aid was authorized by the 2013 Legislature as an addition to Minnesota Statute 125A.76, Subdivision 2b for SFY 2014 and 2015 and applies only to school districts not charter schools. Cross Subsidy Reduction Aid is based upon current year data with three basic data components:

- Average Daily Membership (ADM) served for grades K-12,
- Students enrolled on October 1 who are eligible to receive free lunch plus one-half of the pupils enrolled who are eligible for reduced price meals and the total number of students enrolled on October 1 for grades K-12 , and

- Levels of students by disabilities from the December 1 Child Count served.

Below is a table of the assigned funding levels by disabilities that will be used in the calculation of the Cross Subsidy Reduction Aid.

MARSS Disability Code	Disability	Funding Level
01	Speech/Language	1
02	Developmental Cognitive – Mild-Moderate	4
13	Developmental Cognitive – Moderate-Severe	4
04	Physically Impaired	4
05	Deaf-Hard of Hearing	3
06	Visually Impaired	4
07	Specific Learning Disabilities	1
08	Emotional/Behavior Disorder	3
09	Deaf-Blind	4
10	Other Health Disabilities	1
11	Autism Spectrum Disorder	2
12	Developmental Delay	2
14	Traumatic Brain Injury Disabled	1
16	Severely Multiply Impaired	2

[View the Calculation of Cross Subsidy Reduction Aid for FYs 2014 and 2015.](#) The calculation is based upon the less amount of calculation (a) or (b).

Changes to Special Education Excess Cost Aid

The 2013 Legislature revised Special Education Excess Cost Aid by amending Minnesota Statute 125A.79 Subdivision 1. The changes in the calculation of this aid are:

- Uses prior year data in calculation of the Excess Cost Aid rather than current year except for Cross Subsidy Reduction Aid which is current year.
- Deleted Tuition Billing Expenditures and Revenue from the calculation,
- Accounts as a revenue the amount of general education revenue and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time pupils receive special instruction and services outside of the regular classroom excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

[View the Calculation of State Special Education Excess Cost Aid for SFYs 2014 and 2015.](#)

FY 2014 Federal Allocations

The Division of Program Finance is in the process of loading the estimated or initial federal allocations for Section 611 (Finance 419) and 619 (Finance 420) into SERVS Financial. Section 611 (Finance 419) will have deductions for Coordinated Early Intervening Services (FIN 425). The deductions for State Services for the Blind and for Special Education Tuition will not be deducted until the final allocations are made towards the end of February, 2014.

If a district or charter school wishes to have a CEIS program and did not submit an application by September 15, 2013 for SFY 2014, the Division of School Finance will accept those

applications; however, the funds will not be made available until the final allocations are calculated towards the end of February 2014.

These deductions may require the district or charter school to enter SERVS Financial under "Manage Allocations and Competitive Awards" to adjust the allocation to equal the funds available after the deductions are made for CEIS.

Tuition Billing Updates

Cost Coverage Report

The cost coverage report has been corrected to exclude the state special education aid for the Alternative Delivery of Special Education Services and Transition Disabled Aid. The cost coverage report is posted for cooperatives and charter schools. This report should now more accurately reflect the revenue and expenditures for special education and related services provided by the charter schools and cooperatives.

One-to-One Services Form for Tuition Billing

For the purpose of the MDE's Tuition Billing System the One-to-One Services are for licensed personnel who are hired solely for a non-resident student. These services could be interpreters, licensed nurses, etc., that were employed or contracted solely for the non-resident student. It is not for the typical speech/language occupational and physical therapies provided to students. These services are built into the mid-points for the calculations of service hours. The One-to-One Services form may also be used for individual contracted student services that are for a non-resident student, a contracted student placement or specially designed equipment. The one-to-one services form is due to the Division of School Finance by September 16, 2013 for SFY 2013. One-to-one professional forms that are for shared services serving more than one student will be returned to the serving district as the employee or contracted service/placement was not exclusively employed for the non-resident student but are a shared service.

Special Education Funding and Data Primary Contacts

[Michael Brooks](#) (651-582-8240)

SERVS Financial Applications

SERVS Financial Electronic Grants Management System (EGMS)

Special Pupils

Maintenance of Effort

[Steve Collins](#) (651-5482-8467)

EDRS Data and Support

State Applications

Application MOE

Calculation of Initial Aid SERVS Financial Budgets

EDRS IP Log-In updates

EDRS End-of-Year Edits

[George Holt](#) (651-582-8889)

Supervisor

SERVS Financial Cashier

Federally Funded Out-of-State Travel

Reconciliation of State and Federal Expenditures

[Michelle Jones](#) (651-582-8577)

SERVS Financial Chart of Accounts

Part C and Low Incidence Applications and Budgets

Fund Balance Adjuster

Child Count (12/1)

Tuition Billing

[Mike Landers](#) (651-582-8810)

Calculation of State Special Education Aids

ADSIS Budgets

Cross Subsidy

Home-based Travel

Federally Funded Remodeling/Construction Approval and Vehicle Approvals