

Memorandum

TO: Directors of Special Education
School Business Managers
Fiscal ListServ Members

FROM: George Holt, Supervisor
Division of Program Finance

DATE: January 27, 2014

SUBJECT: Special Education and Tuition Updates

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Save the Date

The Special Education Funding and Data workgroup has scheduled several WebEx trainings that will provide information on the basics of several of the functions of this workgroup. Each presentation is scheduled for 2:00 p.m. following the SERVS WebEx trainings. Advanced registration is required for these presentations and information will be provided prior to the actual presentation. Again, please note that these presentations are for Special Education at 2:00 p.m. The SERVS WebEx trainings continue to be at 1:00 p.m. The Special Education Funding and Data Workgroup WebEx Training Schedule is shown below.

Special Education Funding and Data Workgroup WebEx Training Schedule

Date	Time	Topic	Presenter
February 12, 2014	2:00 p.m.	Tuition Billing – Overview and Reports	Michelle Jones
April 9, 2014	2:00 p.m.	Maintenance of Effort	Michael Brooks
May 14, 2014	2:00 p.m.	State and Federal Applications	Steve Collins and Michael Brooks
June 11, 2014	2:00 p.m.	SERVS Applications and Budgets	Michelle Jones and Michael Brooks
August 13, 2014	2:00 p.m.	Special Pupil Application	George Holt and Michael Brooks
September 10, 2014	2:00 p.m.	EDRS 1 – Basic	Steve Collins
October 8, 2014	2:00 p.m.	December 1 Child Count	Michelle Jones

Indirect Costs

The Special Education Funding and Data workgroup has been reviewing the data entered on EDRS under Service Code i (little i) for indirect Costs. In some cases, overdraws appear to have been made by districts, cooperatives and charter schools. The approved indirect cost rate calculation was changed in SFY 2012 to be in compliance with findings from the Inspector General's Office. The new indirect cost rates are posted to The Minnesota Department of Education's (MDE's) website, typically in March for that fiscal year. No longer are cooperatives, charter schools or intermediates eligible for eight percent unless it is so calculated. The data used in the calculations come from UFARS.

The revenue from indirect costs that are generated from a federal grant may go to defray some of the costs that a district or cooperative incurs from its overall operations. Indirect costs revenue cannot be used to pay for activities or programs that are already being claimed for special education reimbursement (34 Code of Federal Regulations (C.F.R) 75.561).

A spreadsheet has been developed to assist districts, cooperatives and charter schools to calculate the indirect costs that can be entered on EDRS under Service Code i. The spreadsheet is typically posted the end of March of the current fiscal year. The spreadsheet may be found at Data Center > Data Reports and Analytics > School Finance Spreadsheets > Special Education > Indirect Calculations > 2014. This spreadsheet has the restricted indirect cost rate.

End of Year SFY 2013

The districts, cooperatives and charter schools that appear to have exceeded the approved restricted indirect cost rate will be contacted by Michael Brooks requesting the district to verify the information. There was a notice sent on January 21, 2014 to those districts who have been identified to have exceeded their maximum indirect cost rates. Districts were requested to respond by February 14, 2014 if they did not agree with the findings and had information that would nullify the amount exceeded. The district will have to repay those funds to MDE if no response is received by February 14, 2014. Districts should not repay the funds until an invoice is received from MDE. For guidance on how to repay federal funds drawn from SERVS Financial, please see Source Code 406 in the UFARS Manual.

Calculation of State Special Education Aids

The Division of School Finance has completed and validated many of the components of the SFY 2014 special education aids. The entitlements that are currently on the Integrated Department of Education Aids System (IDEAS) for SFY 2014 are from the end of session spreadsheet. The state special education aids for SFY 2014 will be:

- State Special Education Aid based on current reimbursement formula using current year data,
- Excess Cost Aid that will not include tuition revenue or expenditures in the calculation using prior year data, and
- Cross Subsidy Reduction Aid that will be using the lesser of two calculations that will have current year data.

For the purpose of accounting for Cross Subsidy Reduction Aid in the calculation of tuition rates, the State Special Education Aids will be combined on the tuition rate report with the Cross Subsidy Reduction Aid for a total Aid so that all aid can be accounted for when calculating tuition rates. On the "Tuition Billing Regular School Rate Calculation Report" line 13 will include State Special Education Aid and Cross Subsidy Reduction Aid.

We anticipate the first calculation for SFY 2014 State Special Education aid will be run for the February 28, 2014 IDEAS payment period. Reports from the calculations of aid and tuition will be posted to the Minnesota Funding Report (MFR) system.

SFY 2013 Tuition Calculations

The first calculation of SFY 2013 using final UFARS, EDRS and Minnesota Automated Reporting Students System (MARSS) will be completed for the January 30, 2014 IDEAS payment period. Included in this calculation will be the transportation cost and revenue to determine district and charter school transportation rates. The typical reports will be posted to MFR prior to the payment period.

In reviewing preliminary data, it appears that there are a number of issues with the one-to-one paraprofessional service hours being reported through EDRS. Michelle Jones is in the process of contacting those cooperatives and charter schools where the paraprofessional hours available do not align with the hours of service that the students received. If these are not corrected prior to the final calculation in the middle of February 2014, the Division of School Finance shall make such amendments to the rates to assure that the resident districts are not over billed for one-to-one paraprofessional services.

SFY 2013 Tuition Calculations – Application of Federal Funds

The school districts that have dedicated federal special education funds to their resident students served by other districts, cooperatives and charter schools will have those funds applied on the tuition calculations for the January 30, 2014 IDEAS payment period. The application of those funds will be found on MFR > Special Education Tuition Billing > “Special Education Tuition Billing District Calculation.” The federal funds that were applied to the tuition expenditures and revenues will be found under Column E. The districts, charter schools and cooperatives who will be receiving federal special education funds for non-reimbursable costs will find that the state special education aid adjustment for tuition will be reduced by the amount of the federal funds. MDE’s Agency Finance will distribute payments in February to districts, cooperatives and charter schools that equal the amount of the state special education aid reduction.

Districts may wish to refer to Business Bulletin 44 (July 2010) that is available under MDE > School Support > School Finance > Financial Management and select Past School Business Bulletins. Funds that were dedicated by the resident districts for non-reimbursable costs but were not used will be returned to SERVS Financial under SFY 2013, Finance Code (FIN) 419. Districts not using their entire set aside will be notified by School Finance to balance forward any remaining funds to SFY 2014.

Update EDRS Data for State Special Education Aids – January 31, 2014

Districts, cooperatives and charter schools need to have all EDRS data updated by January 31, 2014 as those data will be included in the calculation of state special education aids for SFY 2014. If data are updated and complete as possible the result will be the correct entitlement of state special education aids and tuition adjustments.

Special Pupil Forms for SFY 2014

The special pupil forms have been revised and are posted to the MDE Website. The new forms for SFY 2014 are posted to MDE’s website at: MDE > School Support > Forms. The four forms are:

- Special Expenditure Application – Court Placed Non-Minnesota Residents with IEPs (ED-02432-08)
- Special Expenditure Application – Out-of-State Tuition for Minnesota Residents (ED-02431-08)
- Special Expenditure Application – Special Pupils with IEPs (ED-02433-08)
- Special Expenditure Application – Special Pupils without IEPs (ED-02434-08)

New procedures have been added to the applications including the attachment of the MARSS Report 17 for the student. Districts are requested to destroy all previous forms as the submission of old forms will be returned to the school district.

SERVS Financial - Balance Forward SFY 2013 to SFY 2014

Now that SFY 2013 has been closed, it is time that districts, cooperatives and charter schools to balance forward any remaining funds from SFY 2013 to SFY 2014. It is recommended that each district double check that these funds have been balanced forward so that the funds will not be lost to Minnesota students with disabilities. A significant amount of SFY 2012 funds were never balanced forward, hence, not available to provide special education and related services.

FIN Codes 421, 432, 437 and 435 cannot be balanced forward. Allocations have been reduced to the amount expended.

SERVS Financial - Do Reversals Now!

Once the SFY 2013 funds have been balanced forward to SFY 2014, do the necessary reversal to assure that those funds are expended – NOW! A number of reversals were not processed this last year because the districts waited until there were not enough funds to provide the cushion needed to complete the reversal transactions. If the reversals do not show “Cleared” in SERVS Financial within one week of posting, the districts should contact the SERVS Financial Cashier at MDE.Cashier@state.mn.us to seek assistance to clear the transactions requested.

Reconciliation of Federal and State Special Education Aids

The Special Education Funding and Data workgroup is compiling the data for the reconciliation of federal and state aids paid to districts, cooperatives and charter schools. For federal funds, the reconciliation will involve the total draws from SERVS Financial and the total UFARS expenditures by UFARS Finance Dimension. If the draws on SERVS Financial are greater than the expenditures on UFARS, then there is an overpayment. Steve Collins will be in contact with those districts that have overpayment issues to repay the federal funds. Districts are not to refund the overpayment to MDE until an invoice is received. Again, for guidance on repaying federal funds to MDE, districts are requested to review the information in the UFARS manual under Source Code 406.

The reconciliation of state special education aid is by funding categories. Those categories are (1) salaries and purchased services, (2) contracted services and placements and (3) supplies, materials and equipment. Audited UFARS data will be used to verify the expenditures by these categories. A simulation of this process has been posted to MDE’s website at MDE > Data Center > Data Reports and Analytics > MFR > Special Education > 2013 < “Special Education / UFARS Reconciliation.”

If a district, cooperative or charter school cannot reconcile because of UFARS or EDRS unresolved issues, they need to contact Steve Collins at stephen.collins@state.mn.us for further instructions. Just to be clear, the Special Education Funding and Data workgroup will not change any UFARS or EDRS data; but may assist the districts that had issues that could impact the reconciliation report. It appears that many issues continue to be with Finance 741 and Funding Source Code c (Little c).

SFY 2014 New Service Code Little ‘f’ – Field Trips Object Code 369

Service Code f (little f) has been added to EDRS for SFY 2014 for entry fees/student travel allowances associated with field trips (UFARS Object Code 369) that are eligible for state special education aids or federal special education funds. To be eligible for these funds, the trip has to be only for students with IEPs and have a purpose related to the students’ annual measurable goals. The cost of transportation should not be coded to Service Code ‘f’ or Object Code 369.

The Special Education Funding and Data workgroup will be working with the Financial Management team to better align Service Codes on EDRS to UFARS Object Codes. This may mean that in SFY 2015 there will be additional service codes added to EDRS.

Object Code 556 – Technology Equipment for Special Education Direct Instruction

Districts are reminded to use UFARS Object Code 556 for any technology equipment for special education that is used in direct instruction. The expenditures would be entered on EDRS under Service Code P. This Object Code was added in SFY 2013 and it needs to be used for all equipment that is used for direct instruction of students with IEPs. If the district does not capitalize the expenditure, then Object Code 433 should be used as Object Code 556 should only be used if the equipment is capitalized by the district under School Board Policies or \$5,000 as required by the Education Department General Administrative Rules (EDGAR), whichever is less.

On-Line FTE Edits

All data entries on EDRS with a File Folder Number from the Minnesota Department of Education Board of Teaching or Board of Administrators Licensure will be edited against all other FTEs entered for that File Folder Number. If the FTE limits exceed the established limits for certain conditions, there will be an error message posted to the line that is being entered. The error message will state, “Cross District FTE Exceeds Allowable Amount – Use Option 9 to Contact Districts on Cross District FTE Review Screen.”

If a district or charter school gets the FTE error message:

- Save the line with the error message,
- Return to the EDRS Main Menu,
- Select Item 9 “Cross District FTE Review”,
- At the first prompt enter the data year, e.g. ‘13-14’,
- At the second prompt, key in the File Folder Number and touch enter.

The district(s) that have claimed the same File Folder Number in the same fiscal year will be displayed. It will be the responsibility of the district or charter school to contact the other districts or charter schools to clear the error message with the appropriate FTE. Once the FTE meets the criteria as stated below, the district or charter school may retain the line and if the FTE is correct, the line error message will be automatically removed.

The maximum FTE limits are:

- Personnel Type Code (PTC) of either (02) Program Coordinator, Directors (09) or Assistant Directors/Supervisors (10), the maximum is 1.45,
- Any Federal Funding Source Code (FSC) the maximum is 1.33,
- Regular School Year (RSY) State FSC no Extended School Year (ESY) Disability Code 412 or PTC (007) maximum is 1.17
- RSY State FSC along with ESY staff FSC, the maximum is 1.14,
- Only RSY State FSC, the maximum is 1.02 and
- Only ESY staff FSC, the maximum is .14.

There will be circumstance where staff will be reported for more than the allowable FTE. These situations will be addressed on an individual basis. The district will need to send additional

information to MDE justifying why the staff is reported for more than the normal duty year. If the justification is accepted, the line errors will be removed by MDE staff.

If you have any questions regarding this process send an email to mde.spedfunding@state.mn.us.

Diagnostic Assessments – Reporting on EDRS

As discussed at the last Directors' Forum and from information released by the Minnesota Department of Human Services (DHS), if district personnel have the appropriate licensure to administer Diagnostic Assessment (DA), the district can invoice DA directly to DHS for IEP-Medical Assistance Revenue (Source 071). Questions have arisen about the reporting of these individuals on EDRS and the expenditures on UFARS. If a school psychologist or social worker is appropriately licensed as a mental health professional, then they are eligible to do DA's. When the school psychologist is doing typical psychologist evaluations they are performing the duties of a school psychologist and should be coded to PTC 13. When a school psychologist is doing a diagnostic assessment, they are not functioning as a school psychologist but as a mental health professional.

When a school psychologist or a school social worker is doing diagnostic assessments as a mental health professional those expenditures and time must be coded on EDRS as a personnel type code 49 - Mental Health Professional - and the expenditures are coded to UFARS Object Code 158. You can track the time throughout the year and do a journal entry at the end of the year on UFARS as well as make the adjustments on EDRS. Remember to reduce the time and expenditure of the School Psychologist on EDRS for those costs that are attributable to services as a mental health professional. The cost objective is still special education so it is a single cost objective for personnel activity reporting (PAR).

UFARS Course Code 640 – Professional Development

Districts are reminded that Course Code 640 is used by special education to designate a professional activity using federal special education funds. Course Codes 641 and 642 are not to be used as the Division of School Finance does not track the expenditures by the year of the funds as it was not required by the Legislative Auditor for reconciliation. Districts should use Course Code 640 for all federal special education funded professional development.

Students with IEPs in Residential Care and Treatment Summer School

The Division of School Finance has received a number of questions these past few months about student invoices from summer school provided in residential care and treatment program. Minn. Stat. 125A.515 indicates:

“Subd. 7. Minimum educational services required. When a student is placed in a facility approved under this section, at a minimum, the providing district is responsible for:
(1) the education necessary, including summer school services, for a student who is not performing at grade level as indicated in the education record or IEP; and...”

If the student, including students with IEPs are below grade level and are in a residential care and treatment program approved under this statute, then summer school must be provided.

These summer school activities are not to be considered ESY as they are summer school (regular education). The resident district is required under this statute to be responsible for the costs of the summer school. Since this is not ESY services, the summer school costs are not eligible to be entered on EDRS as a contracted student placement. Again, these summer school services in a residential care and treatment program are considered regular education.

Special Education Funding and Data Workgroup Primary Contacts

Michael Brooks – michael.brooks@state.mn.us (651-582-8240)

SERVS Financial Applications

SERVS Financial Electronic Grants Management System (EGMS)

Special Pupils

Maintenance of Effort

Steve Collins – stephen.collins@state.mn.us (651-582-8467)

EDRS data and support

State Applications

Application/Initial MOE

Calculation of Initial Aid/ SERVS Financial Budgets

EDRS IP Log-In updates

EDRS End-of-Year Edits

Substitute System for Time Reporting

George Holt – george.holt@state.mn.us (651-582-8889)

Supervisor of Funding and Data

SERVS Financial Cashier

Federally Funded Out-of-State Travel

Michelle Jones – michelle.jones@state.mn.us (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 – mike.landiers@state.mn.us (651-582-8810)

Calculation of State Special Education Aids

ADSIS Budgets

Cross Subsidy

Home-based Travel

Federally Funded Remodeling/Construction Approval and Vehicle Approvals

MDE.spedfunding@state.mn.us is the email of the Special Education Funding and Data workgroup. This email account may be used when the individual is not sure of which member of the workgroup is to be contacted or if the workgroup member is out of his/her office.