Arkansas State Department of Education
Division of Elementary and Secondary Education IDEA Part B Fiscal Accountability

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I. IDEA Fiscal Accountability Overview

The Division of Elementary and Secondary Education (DESE), Special Education Unit (DESE-SEU) must ensure fiscal accountability for the use of IDEA Part B and Preschool funds. The DESE-SEU has established procedures for calculating, allocating, reporting, monitoring, and verifying the use of IDEA Part B flow-through and discretionary funds to the local educational agencies (LEAs). The remaining sections of this document describe in detail the Federal and State requirements related to the annual distribution and use of IDEA funds to support the special educational needs of children with disabilities.

II. Glossary of Terms

DESE-SEU – Division of Elementary and Secondary, Special Education Unit
CEIS – Coordinated Early Intervening Services
CCEIS – Comprehensive Coordinated Early Intervening Services
CFR – Code of Federal Regulations
EDGAR – Education Department General Administrative Regulations
ESY – Extended School Year
FAPE – Free and Appropriate Public Education
GEPA – General Education Provisions Act
IDEA – Individuals with Disabilities Education Act
LEA – Local Education Agency
LRE – Least Restrictive Environment
MFS – State Maintenance of Financial Support
MOE – Maintenance of Effort
OMB – Office of Management and Budget
PSPS – Private School Proportionate Share
OSEP – Office of Special Education Programs
RFP – Request for Proposal
III. **Allocations of IDEA Funds to LEAs**

Each year Arkansas receives Federal grant funding from the U.S. Department of Education under Section 611 of the Individuals with Disabilities Education Act (IDEA). After setting aside necessary and allowable amounts for State administration and other State-level activities, the DESE-SEU must annually allocate the remainder of the grant funds as flow-through sub-awards to Arkansas LEAs, including charter schools that operate as LEAs. The funding formula is calculated on a combination of a base amount, plus a percentage based on the total number of children enrolled in each jurisdiction, plus a percentage based on relative numbers of children living in poverty. The specifics of the funding formula are outlined in 34 CFR §300.705.

It is important that each LEA provides DESE-SEU with accurate child count data, school enrollment data, private school enrollment data, and free and reduced lunch count data. This will ensure that a fair and equitable distribution of the IDEA flow-through funds is determined each year.

For more information related to allocation procedures, see Appendix A.

IV. **Internal Controls**

*Definition:* means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

(a) Transactions are properly recorded and accounted for, in order to:
   (1) Permit the preparation of reliable financial statements and Federal reports;
   (2) Maintain accountability over assets; and
   (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal awards.

(b) Transactions are executed in compliance with:
   (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
   (2) Any other Federal statutes and regulations that are identified in the 2 CFR Part 200; and

(c) Funds, property, and other assets are safeguarded against loss from unauthorized used or disposition.

In addition, internal controls are organizational practices, typically in policies and
procedures, to reduce risk of waste, fraud, and abuse of funds, reduce risk of non-compliance with laws, regulations, and policies, and to improve overall performance.

Sound internal controls must include an accounting system that focuses on how the funds are used (i.e. “fund accounting”). DESE/SEU has developed and utilizes internal controls to ensure that all personnel, contractual services, and goods (equipment and instructional supplies) funded and purchased with IDEA grants and subgrants are budgeted for and expended in accordance with the applicable provisions of IDEA and other Federal requirements. Accounting records must be supported by source documentation including:

- Cancelled checks;
- Paid bills;
- Payrolls;
- Time and attendance records; and
- Contract and sub grant award documents.

At the local level, fiscal controls and accounting procedures must be sufficient to: (1) permit preparation of required reports; and (2) permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibition of applicable statutes. Actual expenditures must be compared with budgeted amounts in State-approved grant applications. In addition, the financial management system in each LEA must be able to:

- Prepare reports as required by EDGAR, UGG, and IDEA;
- Provide a complete disclosure of financial results (e.g. cash flow, expenditures, amendments);
- Ensure that there is accountability in how IDEA funds are used;
- Ensure that IDEA funds are not commingled with State funds and/or local funds; and
- Ensure that IDEA funds are used to supplement and not supplant State, local, and other Federal funds [34 CFR §§300.162(c) and 300.202(a)(3)].

LEAs are permitted to amend their IDEA grant within the approved direct cost budget to meet unanticipated needs and to make limited program changes. However, post-award changes to budgets and projects that exceed ten percent require prior approval of DESE-SEU.

Additional information specific to the ten percent variance rule can be found in Appendix B.

V. Maintenance of Effort (MOE)

The Division of Elementary and Secondary Education (DESE) is required by federal
regulation to ensure all school districts in Arkansas comply with 34 CFR §300.203 of the Individuals with Disabilities Education Act (IDEA), which mandates that local education agencies (LEAs) meet a maintenance of effort (MOE) obligation. This regulation requires districts to spend at least the same amount of local or local plus state dollars for a current school year on the delivery of special education and related services, as were spent the previous year. A worksheet with examples of “MOE tests” for how a district would determine whether their MOE requirement has been met is included in Appendix C of this document.

State Level Maintenance of Financial Support (MFS)

The IDEA, Part B state-level MFS requirement (Section 612(a)(18) of the IDEA and 34 CFR §300.163) provides that a state is eligible to receive Part B funds as long as “the State does not reduce the amount of State financial support for special education and related services for children with disabilities, or otherwise made available because of the excess costs of educating those children, below the amount of that support for the preceding fiscal year.”

Under the IDEA, Part B state-level MFS requirement, states identify the amount of funds that are budgeted by the state, including the SEA and other state agencies for the education of children with disabilities, and state funds that are made available to LEAs for the education of children with disabilities.

Local Level MOE Requirement and Exceptions

The IDEA, Part B district-level MOE requirement (Section 613(a)(2)(A)(iii) of the IDEA and 34 CFR §300.203) is that the LEA must budget, for the education of children with disabilities, at least the same total or per capita amount from either of the following sources as the LEA spent for that purpose from the same source for the most recent prior year for which the information is available:

- local funds only; or
- state and local funds.

Documentation that all LEAs have met the MOE budget requirement described above is provided to DESE-SEU through the local application for Part B funds. In addition to meeting the MOE budgeting requirement (the “eligibility standard”), all school districts must also meet the MOE expenditure requirements (the “compliance standard”).

The U.S. Department of Education’s Office of Special Education Programs (OSEP) specifies the level of effort a district must meet in order to maintain effort in the year after an MOE failure. These clarifications use the terms “Comparison year” and “Subsequent Year” rules.

The level of effort a district must meet in the fiscal year after it fails to maintain effort is
the level of effort that would have been required in the absence of that failure, not the
district’s reduced level of expenditures. Meaning, to determine level of effort, a district
must look back to the most recent fiscal year in which the district maintained effort. In
addition, the district must look back to the most recent fiscal year in which the district
met MOE using the same method.

This has an impact on both the eligibility standard (the budgeting requirement) and the
compliance standard (the expenditure requirement).

Under Section 613(a)(2)(A)(iii) of the IDEA and 34 CFR §300.203, the Division of
Elementary and Secondary Education (DESE) is required to ensure all school districts in
Arkansas meet a Maintenance Of Effort (MOE) obligation.
In meeting the IDEA Maintenance of Effort (MOE) requirements, school districts
must meet two standards:

- Eligibility Standard: A district must budget at least as much as they
  expended in the most recent year for which information is available.
- Compliance Standard: A district must expend at least the same amount of local
  or local plus state dollars for a current school year on the delivery of special
  education and related services, as were spent the previous year (comparison
  year).

The district must budget for the education of children with disabilities, at least the
same total or per capita amount of local or local plus state dollars as the district spent
for that purpose from the same source for the most recent prior year for which the
information is available.

In addition, a district must expend at least the same total or per capita amount of local
or local plus state dollars for a current school year on the delivery of special education
and related services, as were spent the previous year (comparison year).

Documentation that all districts have met the MOE Eligibility/Budget requirement
described above is provided to DESE/SEU through the local application for Part B
funds.

In determining whether districts have met the MOE Compliance/Expenditure
requirement, DESE/SEU reviews final expenditure information submitted by districts.
This review is conducted in the Fall of each year after Cycle 1 submission.

In the case where a district has not met its MOE requirement, ADE may require the
district to pay back the specified amount to ADE, however ADE must provide the unmet
funds to the US Department of Education using non-federal funds. The level of effort
that a district must meet in the year after it fails to meet its MOE requirement is the
level that it should have met in the prior year.
Examples of how a district would meet the MOE Eligibility/Budget and the MOE Compliance/Expenditure requirements are provided in Appendix C of this document. Additional information, including a worksheet with examples of “MOE tests” for how a district would determine whether their MOE requirement has been met is also provided in Appendix C.

VI. Use of Funds

Obligation and Liquidation

IDEA, Part B funds are available for obligation from July 1 of a given year until September 30 of the second subsequent year (27 months later). While statute and regulation allows LEAs to carry over funds for one year, LEAs are encouraged to expend most of their allocation within the current fiscal year. In addition, LEAs must obtain prior approval from the DESE/SEU when:

- Revising the scope or objectives of a project;
- Extending the period of availability of funds;
- Changing key persons in cases where specified in an application or grant award; and
- For certain types of post-award changes in budgets [EDGAR §80.30(d)].

After funds are no longer available for obligation there is an additional 90 days for liquidation. If a state determines that the LEA is adequately providing FAPE to all children with disabilities using only state and local funds, the SEA can reallocate any portion of the LEA’s funds not needed to provide FAPE. The reallocated portion is distributed to other LEAs that are not providing adequate services to eligible children. In this case the LEA would need to notify the State well before the liquidation period that they are unable to expend remaining carryover funds.

Allowable Costs

Under the Uniform Grants Guidance, Subpart F, and EDGAR 34 CFR §80.22, the following general criteria must be met in order for a cost to be allowable under any Federal award.

The cost must —

a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
b. Be allocable to Federal awards under the provisions of 2 CFR §200.404.
c. Be authorized or not prohibited under state or local laws or regulations.
d. Conform to any limitations or exclusions set forth in 2 CFR §200.404,
Federal laws, terms and conditions of the Federal award, or other
governing regulations as to types or amounts of cost items.
e. Be consistent with policies, regulations, and procedures that apply uniformly
to both Federal awards and other activities of the governmental unit.
f. Be accorded consistent treatment. A cost may not be assigned to a Federal
award as a direct cost if any other cost incurred for the same purpose in like
circumstances has been allocated to the Federal award as an indirect cost.
g. Except as otherwise provided for in 2 CFR §200.405, be determined in
accordance with generally accepted accounting principles.

The following list illustrates some examples of allowable uses:

1. LEAs are permitted to use IDEA funds to pay for special education teachers,
special education administrators, related service providers, instructional
assistants, and secretarial support staff that directly provide services or support
services to students with disabilities.

2. LEAs are permitted to use IDEA funds for special education staff to attend out of
district or out of state meetings and conferences; only to the extent such costs are
reasonable and necessary to accomplish the goals and objectives of the grant.\(^1\) The
number of attendees and the approval process should be carefully considered and
fully documented as related to the special education responsibilities of each
potential attendee.

3. LEAs are permitted to use IDEA funds for travel expenses only to the extent such
costs are reasonable and necessary and do not exceed charges normally allowed
by the LEA in its regular operations consistent with its written travel policies.
LEAs should follow their own travel and per diem rules and costs when charging
travel expenses to their IDEA grant.

4. LEAs are permitted to use IDEA funds to purchase instructional materials to be
used by special education teachers and related service providers to meet the
unique educational needs of children with disabilities.

5. LEAs are permitted to use IDEA funds to purchase, lease, or otherwise
provide for the acquisition of assistive technology devices to maintain or
improve the functional capabilities of children with disabilities.

6. LEAs are permitted to purchase food only when those purchases directly relate to
instructional activities involving food shopping and preparation. Food purchases
and activities must be supported by teacher lesson plans and be necessary to
meet student IEPs related to independent living goals and objectives.

7. Costs of external meetings and conferences are allowable when the primary

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\(^1\) U.S. Office of Management and Budget Cost Principles for Federal grants [34 CFR 230]
purpose is the dissemination of technical information beyond the recipient entity, are allowable. This includes costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences.

8. LEAs are permitted to contract for services only if (1) there is a written contract specifying the terms of the vendors' services; (2) the contract providers are appropriately licensed; (3) the fees are determined to be reasonable and customary for the provision of such services in the area; (4) the LEA has determined that the services cannot be provided by district employees; and (5) the LEA has internal controls in place to verify the delivery of contracted services as specified in contracts and on submitted invoices.

Non-allowable Costs

There are numerous non-allowable uses of Federal funds, including IDEA grant funds. The DESE-SEU may seek to recover any Federal funds identified, in an audit or through onsite monitoring as having been used for unallowable costs. If DESE-SEU determines that an LEA must return funds, those funds cannot be returned out of the IDEA grant [34 CFR §300.202]. The following is a list of specific non-allowable expenses; however, this list is not exhaustive. Any questions related to the allowability of IDEA fund use that is not included below should be directed to DESE-SEU.

1. IDEA funds may not be used to pay attorneys' fees or costs of a party related to any action or proceeding under section 615 of the Act, (including attendance at IEP meetings, due process hearings, appeals of due process hearings to Federal court, court recordings) [34 CFR §300.517(b)].

2. IDEA funds may not be used to pay any person for influencing, or attempting to influence:
   - An officer or employee of any agency;
   - A member of Congress;
   - An officer or employee of Congress; or
   - An employee of a member of Congress.

3. IDEA funds may not be used to influence the awarding of, or the extension, continuation, renewal, amendment, or modification of any contract or cooperative agreement.

4. IDEA funds 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 [34 CFR §300.203] (see Maintenance of Effort section).
5. IDEA funds may not be used to support activities under Section 504, including allocation of staff time, purchase of materials, or in support of direct services to non-special education students.

6. IDEA funds may not be used to pay for entertainment, including costs for amusement, diversion, or social activities.

7. IDEA funds may not be used to purchase gifts, gift cards, prepaid cards, or awards for staff or students.

8. IDEA funds may not be used to purchase or support the use of computer networks and servers.

9. IDEA funds may not be used to pay for students to participate in SAT or ACT college entrance exams, or for preparatory classes related to these exams.

10. IDEA funds may not be used to pay for students with disabilities to participate in general summer school programs.

11. IDEA funds may not be used to pay for contracted employees’ continuing education classes and/or conferences related to securing or maintaining their certification and/or licensure.

12. IDEA funds may not be used to pay for student medications, or for medical devices that are surgically implanted.

VII. Excess Cost Requirement

Amounts provided to the LEAs under IDEA Part B must be used only to pay the excess cost of providing special education and related services to children with disabilities, and must be used to supplement State, local, and other Federal funds and not to supplant those funds. Excess costs are those costs for the education of an elementary school or secondary school student with a disability that are in excess of the average annual per student expenditure in an LEA during the preceding school year for an elementary school or secondary school student, as may be appropriate.

Special education includes specially designed instruction, at no cost to the parent, to meet the unique needs of a child with a disability, including instruction conducted in the classroom, in the home, in hospitals and institutions and in other settings, and instruction in physical education. Related services include transportation and such developmental, corrective and other supportive services as may be required to assist a child with a disability to benefit from special education [34 CFR §300.202].

More detailed information related to excess costs can be found in Appendix D.
VIII. Indirect Cost Requirements

“Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective; and (b) not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved” [2 CFR §200.414 Indirect Costs].

“Direct costs” are those costs that can be identified specifically with a particular Federal award or that can be directly assigned to activities in support of a Federal award relatively easily with a high degree of accuracy.

Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, it is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect cost in order to avoid possible double-charging of Federal awards.

Indirect costs charged to the grant are determined by applying the restricted indirect cost rate (RICR) to total direct costs of the grant minus capital outlays, subgrants, and other distorting or unallowable items as specified in the State’s indirect cost rate agreement. Although districts should calculate what their maximum indirect cost each year could be based on the full amount of their grant award, the final calculation should be based only on the amount of the expenditures incurred each year, and can in no way exceed the State’s RICR. The transfer of the indirect costs should occur on or after the expenditures have occurred.

A cost may not be allocated to a Federal award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a Federal award as a direct cost. Typical indirect costs include:

- Rented or shared space or facility.
- Payment of proportionate amount for utilities.
- Payment for proportionate share for services.
- Distribution of cost pool so as to produce equitable results.

In addition, accounting, auditing, payroll, personnel, budgeting, purchasing, and operation and maintenance of plant facilities are all examples of services which typically benefit several activities and programs, and for which appropriate costs may be attributed to IDEA by means of the indirect cost allocation plan [EDGAR §76.560-76.579 and 2 CFR §200.414].
IX. Personnel Requirements

For IDEA Part B, personnel must be utilized in accordance with the applicable provisions of Part 300. Time distribution documentation for all federally funded employees is a standard requirement for payroll activity and personnel activity reports. The reports must provide an after-the-fact certification of the conformance of payroll charges with the activity of each employee, unless a mutually satisfactory alternative is approved by the awarding agency.

Fringe benefits are an allowable expense if the following conditions exist:

- They are provided under established written policies;
- The costs are equitably allocated to all related activities, including Federal awards; and
- The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the governmental unit.

Employees can either be fully funded using IDEA grant funds, or partially funded using a combination of Federal and local or State funds. Both options, and the specific requirements for each, are described below.

**Single Federal Award or Cost Objective**

Most LEAs use a portion of their IDEA grant funds to pay 100 percent of the salaries and employee benefits for some of their special education staff. In this case, when employees are expected to work solely on a single Federal award or cost objective, a periodic certification for each of these employees must be made supporting their salaries and wages. This documentation must show that the employee worked solely on IDEA activities for the period of the certification.

The required certifications must be after-the-fact and:

- Be prepared at least semi-annually;
- Be signed by the employee; or
- By a supervisory official having firsthand knowledge of the work performed by the employee.

Certification periods are to be established as appropriate to provide adequate oversight and stewardship of Federal awards consistent with the business and reporting cycles of the recipient. In no case will certification periods exceed 12 months. [2 CFR §§200.104 and 200.430-431]; 34 CFR §300.202(a)]

**Multiple Activities or Cost Objective**

Some LEAs use their IDEA grant funds to pay a portion or percentage of the salaries and
employee benefits for some of their special education staff. In this case, when employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports (PAR) or equivalent documentation that meets the following standards:

- They must reflect an after-the-fact distribution of the actual activity of each employee, in accordance with their job description;
- They must account for the total activity for which each employee is compensated;
- They must be prepared at least monthly and must coincide with one or more pay periods; and
- They must be signed and dated by the employee and the employee's immediate supervisor.

LEAs often refer to these employees as split-funded. Extreme caution must be adhered to by LEAs when deciding to split-fund employees in order to avoid supplanting. An example of a split-funded employee could be a special education director that is 90 percent funded from the IDEA grant and 10 percent funded from district funds. The special education director performs special education duties 90 percent of the time and performs Section 504 coordinating duties for the 10 percent funded from district funds. All positions funded partially from IDEA funds and partially from non-IDEA funds must be included in the LEAs' approved budget. In addition, employee benefits for split-funded staff must be prorated based on the funding ratio. The LEA must be able to verify that benefits are charged to the appropriate funding source for those salaries paid with multiple funding sources.

**Use of IDEA Funds for Nursing Positions**

Some LEAs seek approval to use IDEA funds for salary and employee benefits for Licensed Registered Nurses. In order to be an allowable use of IDEA Part B funds, the nursing responsibilities must be IEP-driven or related to the evaluation of children. [34 CFR §300.34 (c)(13)] The day-to-day cost of providing general nursing services in a school is not allowed for IDEA grant-funded nursing positions. Only the actual time providing related services as required by IEPs or performing evaluations is allowed.

Nursing positions must be fully justified (and state-approved) in each annual IDEA grant application and must specify whether or not the nurse has only special education responsibilities or also includes non-special education duties. In addition, if a nurse is split-funded, documentation of efforts and activities must be reflected on time distribution sheets and personnel activity reports, as required for all split-funded employees.
X. Contracting for Services

Contracts using IDEA Part B funds must be for services, materials, supplies or other items to be provided in accordance with the applicable requirements of Part 300.

Specific contract terms may need to be included depending on the type of contract. LEAs shall not contract with parties that have been debarred or suspended. Additional information on the Excluded Parties List System may be found at https://www.sam.gov/. In addition, all contracts must be for a period of no more than one year, and must include a termination clause. LEAs are expected to have procedures in effect to ensure that contractors meet the terms of their agreements, and must maintain documented internal controls to this effect.

LEAs must use careful judgment when determining whether to employ staff to provide related and support services, or to secure those services through individual or agency contracting. According to EDGAR §75.515(b), “the grantee may not use its grant to pay a consultant unless (1) there is a need for the services of that consultant; and (2) the grantee cannot meet that need by using an employee rather than a consultant.”

In addition, the cost of contracting for services must be reasonable, and defensible to auditors. According to 2 CFR §§200.303 and 200.306, “To be allowable under Federal awards, costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards.” A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

XI. Equipment and Supplies

Purchase of Equipment

Equipment purchased with Federal funds shall be used for the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. [2 CFR §§200.48, 200.58, and 200.439] All equipment purchased using IDEA Part B funds must be used in accordance with the applicable provisions of Part 300.

Equipment is defined as an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the government unit for financial statement purposes, or $5,000 per unit. [2 CFR Part 225 Appendix B, 15(a)] LEAs may make allowable purchases of equipment $1,000 per unit using IDEA Part B funds providing they receive prior approval from DESE-SEU. To be allowable under Federal awards, costs must be considered by DESE-SEU to be both necessary and reasonable.

Procedures for managing equipment (including replacement equipment), whether
acquired in whole or in part with grant award funds, until disposition takes place will, as a minimum, meet the following requirements:

1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
4. Adequate maintenance procedures must be developed to keep the property in good condition.

**Leasing of Equipment**

Where appropriate, LEAs are permitted to use IDEA funds to lease equipment in support of their special education programs. LEAs must carefully evaluate decisions related to lease versus purchase alternatives in order to determine the most economical approach.

Allowability of leases is based upon:

- Leasing costs of comparable equipment;
- Alternatives available; and
- The type, life expectancy, condition, and value of the equipment leased.

All leases must be entered into by way of a written contract that specifies the terms and conditions of the lease. Lease contracts must be reviewed periodically to determine if needs or circumstances have changed, and if other options are determined available. For IDEA, Part B, leases must be in accordance with the applicable provisions of Part 300.

**XII. Fixed Assets/Inventory Requirements/Records Retention**

All property procured through the use of IDEA, Part B funds must be used in accordance with the applicable provisions of Part 300. A physical inventory of the property, including equipment, must be taken and the results reconciled with the property records at least once every two years. Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition. Property records must contain information set forth in EDGAR §80.32(d)(1), which includes:

- A description of the property, a serial number or other identification...
number;
• The source of property;
• Who holds title;
• The acquisition date;
• Cost of the property;
• Percentage of Federal participation in the cost of the property;
• The location, use and condition of the property; and
• Any ultimate disposition data including the date of disposal and sale price of the property.

Each LEA must develop and utilize adequate maintenance procedures to keep property in good working condition. Inventory lists should reflect the current status and location of each piece of equipment purchased with IDEA funds. Each piece of equipment purchased with Federal IDEA funds should have a fixed label that clearly identifies the funding source (IDEA). In addition, a control system should be in place to ensure adequate safeguards to prevent misuse, loss, damage, or theft of the property. Any loss, damage, or theft must be investigated and the results documented.

Financial Records

Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. [2 CFR §200.333]

And finally, LEAs must maintain control of, hold title to, and administer equipment and property purchased with IDEA funds that are used to provide services to children in private schools [34 CFR §300.144(a)].

XIII. Coordinated Early Intervening Services (CEIS)

An LEA may voluntarily set aside up to 15 percent of its IDEA sub-award for coordinating early intervening services (CEIS). See Appendix E of the IDEA regulations for examples when LEAs set aside 15 percent of funds for CEIS. If an LEA voluntarily sets aside 15 percent of its IDEA award for CEIS, OR is required to set aside 15 percent of its IDEA sub-award due to a finding of significant disproportionality, it may not adjust its fiscal effort under §300.205. Appendix E of the IDEA regulations provides examples of how CEIS and adjustments to fiscal effort interact with each other [34 CFR §§300.226 and 300.208(a)(2)].

If LEAs utilize IDEA funds for staffing positions related to CEIS, extreme caution must be taken to avoid supplanting. An example of this would be a Social Worker or Behavior Specialist position that was 100 percent district funded in a previous school year, and
then split 50-50 percent district and IDEA funding in the current year, with 50 percent of
the employee’s time devoted to CEIS activities. Unless in that year, the LEA also hired a
new Social Worker (not CEIS) or Behavior Specialist (not CEIS) that was paid out of
district (non-IDEA) funds for at least 50 percent of his/her salary, there could very well
be a supplanting issue.

More detailed information related to CEIS requirements can be found in Appendix E.

XIV. Extended School Year Services (ESY)

Extended school year is the provision of special education and related services to
students with disabilities in accordance with their Individualized Education Program
(IEP) beyond the normal school year of the local district and at no cost to the parents of
the students [34 CFR §300.106]. Eligibility for ESY must be determined each year for
every child that has a current IEP.

More detailed information related to ESY requirements can be found in Appendix F.

XV. Proportionate Share of Funds for Parentally Placed Private School and
Home-schooled Children with Disabilities

IDEA 34 [CFR §§300.129-144] sets forth the requirement of LEAs to serve children with
disabilities who are parentally placed in private schools and home schooled. The
calculation of the proportionate share for each year is based on the annual count of the
number of parentally-placed private school and home school children with disabilities
that was conducted in the previous year and reported in the IDEA Part B and Preschool
application for the current year. LEAs must use their proportionate share funds to pay
for services provided to parentally placed home school and private school children.

IDEA requires that LEAs have in place policies and procedures to ensure that they locate,
identify, and evaluate all children with disabilities who are enrolled by their parents in
private schools located within the LEA. Such schools include religious, elementary and
secondary schools that meet the State’s definition of elementary school or secondary
school.

Each district must set aside and spend during the grant period, on the provision of
special education and related services for the parentally placed private school children
with disabilities enrolled in private elementary schools and secondary schools located
in the LEA an amount that is equal to—

(1) A proportionate share of the LEA’s subgrant under section 611(f) of the Act for
children with disabilities aged 3 to 21. This is an amount that is the same
proportion of the LEA’s total subgrant under section 611(f) of the Act as the number of parentally-placed private school children with disabilities aged 3 to 21 enrolled in private elementary schools and secondary schools located in the LEA is to the total number of children with disabilities enrolled in public and private elementary schools and secondary schools located in the LEA aged 3 to 21; and

(2) A proportionate share of the LEA’s subgrant under section 619(g) of the Act for children with disabilities aged 3 – 5.

Consistent with section 612(a)(10)(A)(i) of the Act and § 300.133 of these regulations, annual expenditures for parentally placed private school children with disabilities are calculated based on the total number of children with disabilities enrolled in public and private elementary and secondary schools located in the LEA that are eligible to receive special education and related services under Part B, as compared with the total number of eligible parentally placed private school children with disabilities enrolled in private schools located in the LEA. This ratio is used to determine the proportion of the LEA’s total Part B subgrants that is to be expended on services for parentally placed private school children with disabilities enrolled in those schools.

It is important to note that the proportionate share of IDEA funds must be determined before designating funds for any Coordinated Early Intervening Services (CEIS), as specified in section § 300.226 of the IDEA regulations. Dollar amounts must be calculated for both 619 funds and 611 funds. The combined amounts for ages 3 – 5 and ages 3 – 21 represent the total amount that must be set aside. The total required amount can be spent out of 611 dollars.

An example and worksheet of how proportionate share is calculated is included in Appendix G.

XVI. Fiscal Monitoring Requirements

It is each state’s responsibility to monitor the activities of sub-recipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. This requirement includes the use of Part B IDEA funds.

Under Section 2 CFR §200.331(b), “pass-through entities must evaluate each sub-recipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the sub-award for the purpose of determining the appropriate monitoring actions. Risk is the identification of events or circumstances that could have a negative impact on, or indicate compromise in, an LEA’s ability to effectively administer the fiscal requirements of federal grant programs.
Fiscal Monitoring Procedures

The DESE-SEU has established a risk-based process for fiscal monitoring that is designed to ensure LEAs comply with fiscal requirements applicable to IDEA Part B, and to the Uniform Grants Guidance. This process will be implemented according to risk factors identified through a variety of sources, including grant applications and other information submitted to and reviewed by ADE-SEU.

All LEAs will be required to complete the “Risk Assessment for Sub-grantee’s Use of IDEA Part B Funds” annually. Depending on the level of risk a district scores, the district may be required to provide additional information or be monitored, regardless of the cycle they may be on for monitoring. If a district is monitored off cycle, they will still remain on their regular cycle.

The four-year fiscal monitoring cycle will align and be conducted concurrently with the special education program monitoring cycle. LEAs on the cycle will be selected for onsite monitoring visits and/or submission of applicable items on the “IDEA Part B Fiscal Monitoring Protocol” based on established risk.

- LEAs determined to be at low risk will continue to participate in routine budget application and submission reviews.
- LEAs assigned medium risk will be asked to submit applicable items on the “Part B Fiscal Monitoring Protocol” along with evidence to verify the information submitted.
- Those LEAs at highest risk may receive an on-site visit.

The DESE-SEU will utilize a standard protocol, “Checklist for Sub-grantee’s Use of IDEA Part B Funds,” to determine risk based on a rubric with point values assigned to each of the following risk factors.

- Evidence of financial instability (Fiscal Distress)
- Risk Assessment for Sub-grantee’s use of IDEA Part B Funds
- History of Maintenance of Effort issues or failure to meet
- History of late submission of required data or financial information (Part B Application, Annual Financial Report)
- History of audit findings
- Inaccurate or unverifiable reporting of actual expenditures and carryover on previous year budgets
- Issues related to timely use of, obligation, and liquidation of funds
- New Special Education Director and/or Business Manager

The DESE has the authority under Section 452 of GEPA to withhold, in whole or in part, any further payments of IDEA funds to an LEA that fails to correct identified fiscal
noncompliance. Prior to withholding IDEA funds, the LEA must have reasonable notice and an opportunity for a hearing. Pending the outcome of the hearing, the ADE may suspend payment to the LEA; suspend the authority of the LEA to obligate funds, or both. Withholding or suspending of funds is limited to the programs or projects (or portions thereof) that affected the determination.

In addition to these actions, the ADE may utilize any other authority available to it to enforce the requirements of IDEA, including a referral to the ADE Standards Assurance Unit for review of compliance with the rules governing standards for accreditation.
APPENDICES

A - G
Special Education, Section 611 funds will be allocated initially, using preliminary data for new or significantly expanding charter schools in early August. These allocations will be recalculated in early February of each year to adjust for final actual data for new and significantly expanding charter schools. The preliminary allocation of funds is described below.

The Fiscal Support Manager and the Federal Programs Manager will independently calculate the Special Education School Age – Section 611 Allocations. The Federal Programs Manager will e-mail her file to the Fiscal Support Manager and all allocations will be compared to ensure accuracy in calculation. Allocation amounts will be reconciled and approved by the Federal Programs Manager in writing. The approved allocation amounts will then be published via an ADE Commissioner’s Memo on the ADE website.

An LEA can elect to not participate in the Special Education, Section 611 School Age funding by signing a Declaration of Non-Participation and submitting the signed form to ADE. The Fiscal Support Manager will maintain an electronic copy of Declaration of Non-Participation forms on the network share drive for auditors review.

1. **Obtain the Individuals with Disabilities Education Act – Part B, Section 611 – Table I (State Grant Award Table)** from the following web address: http://www2.ed.gov/fund/data/award.idea/index.html
   (Example: For the 2020-2021 allocation – Use the FY20 State Grant Award Table)

2. **Using the State Grant Award Table**, complete the Grant Award Allocation Summary, indicating the following amounts:
   A. **Total Grant Award** (State Grant Award Table)
   B. **State Administration** (State Grant Award Table) – (Maximum Available for Administration will be used **Note:** This amount will match the amount set aside for Administration in the Interactive Spreadsheet)
   C. **Discretionary Funds** (State Grant Award Table) – (Maximum Other Set-Aside If Actual Administration is Greater than $850,000 Without Risk Pool will be used **Note:** This amount will match the amount set aside for Other State-Level Activities in the Interactive Spreadsheet)
   D. **Total State Set-Aside** (B. State Administration (+) C. Discretionary Funds)
   E. **Pass-through Funds to LEAs** (A. Total Grant Award (-) D. Total State Set-
Aside)

F. **LEA Base Allocation** (State Grant Award Table)

G. **Pass-through Funds Remaining for Population and Poverty Allocation** (E. Pass-through Funds to LEAs (-) F. LEA Base Allocation)

H. **85% Population Allocation** (G. Pass-through Funds for Population and Poverty Allocation * 85%)

I. **15% Poverty Allocation** (G. Pass-through Funds for Population and Poverty Allocation * 15%)

J. **Total Pass-through Funds to LEAs** (F. LEA Base Allocation (+) H. 85% Population Allocation (+) I. 15% Poverty Allocation)

3. **Base Calculations** – Obtain the beginning base amount from the prior year’s allocation files. These base amounts may be adjusted for the following instances:

- If a charter school opens for the first time or significantly expands its enrollment in the current year;
- If a new LEA is created, ADE will divide the base allocation for the LEAs that would have been responsible for serving children with disabilities now being served by the new LEA, among the new LEA and affected LEAs based on the relative numbers of children with disabilities ages 5 – 21 currently provided special education by each of the LEAs;
- If one or more LEAs are combined into a single new LEA, the base allocations of the LEAs will be combined into the merged LEA;
- If, two or more LEAs, geographic boundaries or administrative responsibility for providing services to children with disabilities ages 5 – 21 change, the base allocations of affected LEAs must be redistributed among affected LEAs based on the relative numbers of children with disabilities ages 5 – 21, currently provided special education by each affected LEA; and
- If an LEA received a base payment of zero in its first year of operation, the base payment will be adjusted for the first fiscal year after the first December 1st special education child count in which the LEA reports that it is serving any children with disabilities. ADE will divide the base allocation for the LEAs that would have been responsible for serving children with disabilities now being served by the LEA, among the LEA and affected LEAs based on the relative numbers of children with disabilities ages 5 – 21 currently provided special education by each of the LEAs.

A. The Fiscal Support Manager will obtain the prior year’s December 1st school age special education student counts (5 – 21 year olds, including kindergarteners) for district LEAs and open enrollment charter schools via e-mail from the Director of Data Management, UALR. (Example: For the 2020-2021 allocation – Use December 1, 2019 (5-21) count)

B. The Fiscal Support Manager will then calculate the **Base Amount Per Child** = The individual LEA’s prior year base allocation (/) The individual LEA’s prior year December 1st school age special education student counts from A.
C. The Fiscal Support Manager will determine which charter schools are new or significantly expanding based on data from the ADE Charter School office.

D. The Fiscal Support Manager will then request that each new or significantly expanding charter school provide Preliminary Charter Prior Year/Resident District data for special education students, age 5 – 21 years. For all special education children, the Fiscal Support Manager will request the following individual student data from each of these charter schools: current year student grade level, student’s resident district, and the student’s prior year district attended. The data provided by the individual charter schools will then be compiled into the “PY District” summary tab, which indicates which districts the students currently attending these charter schools attended in the prior year and the resident district for each student. This data will be used to determine which district LEAs base allocation amounts will be reduced to establish/increase the base for the new/significantly expanding charter schools.

**NOTE:** The resident district will be used as the sending district to establish a base for all students without a prior year district (i.e. first time enrolled kindergarteners, or out of state transfers). Otherwise, the prior year district will be used as the sending district.

E. The Base Amount Per Child for the sending district will be multiplied by the number of students from the sending district that attend the charter school. This amount will be added to the charter school LEA’s base and deducted from the sending district’s base amount.

F. A Preliminary Adjusted Base Allocation will be calculated by taking the Prior Year's Beginning Base Allocation (-) Base Amount Transfers OUT To Charters (+) Base Amount Transfers IN To Charters

4. **Population –**

A. The Fiscal Support Manager will calculate the population component of the allocation by first obtaining the 10/1/20XX School Age (5-21) Enrollment = Prior Year's October 1st School Age (5 – 21) Enrollment Count by District from the ADE Data Center [https://adedata.arkansas.gov](https://adedata.arkansas.gov) - Statewide Information Systems Reports/DistRICTS/Enrollment Count/School Year 20XX-20XX (Example: For the 2020-2021 allocation – Use the 2019-2020 Enrollment Count)

B. The Fiscal Support Manager will then obtain the 10/1/20XX Private School Enrollment = Prior Year's October 1st Private School Enrollment from ADE Data Center [https://adedata.arkansas.gov](https://adedata.arkansas.gov) /Statewide Information Systems Reports/Schools/Private Schools/School Year 20XX-20XX (Example: For the 2020-2021 allocation – Use 2019-2020Private School Enrollment)

C. Total Enrollment will be calculated = 10/1/20XX School Age (5 – 21) Enrollment (+) 10/1/20XX Private School Enrollment

D. A Relative Share % will be calculated as follows: Individual LEA’s Total Enrollment (/) Total Enrollment of all LEAs.
A. Population Allocation = Relative Share % * 85% Population Allocation.

B. For new or significantly expanding charter schools, the Fiscal Support Manager will obtain the Preliminary July 1, 20XX New/Expanded Charter Enrollment = Current Year July 1st School Age (5-21) Enrollment Count by District (Only include increases in enrollment for new/significantly expanding charter schools) – Obtained from the Title I July 1st Child Count Data Forms. These increases in enrollment will be added to the prior year's 10/1/20XX Enrollment and a new Relative Share % will be calculated for each LEA. The Relative Share % will then be * by the 85% Population Allocation in order to obtain the Preliminary Revised Population Allocation.

5. Poverty –

A. The Fiscal Support Manager will calculate the Poverty component of the allocation by first obtaining the 10/1/20XX School Age F/R (5-21) Count = Prior Year October 1st Districts Meal Status from ADE Data Center https://adedata.arkansas.gov /Statewide Information Systems Reports/Districts/Free-Reduced Lunch Counts-Paid/School Year 20XX- 20XX (Example: For the 2020-2021 allocation – Use the 2019-2020 Free- Reduced Lunch Count)

B. A Relative Share % will be calculated as follows: Individual LEA's 10/1/20XX School Age F/R (5-21) Count (/) Total 10/1/20XX School Age F/R (5 – 21) Count of all LEAs.

C. Poverty Allocation = Relative Share % * 15% Poverty Allocation.

D. For new or significantly expanding charter schools, the Fiscal Support Manager will obtain the Preliminary July 1, 20XX New/Expanded Charter F/R Count = Current Year July 1st School Age (5 – 21) F/R Count (Only include increase in free/reduced lunch counts for new/significantly expanding charter schools) – Obtained from the Title I July 1st Child Count Data Forms. These increases in free/reduced lunch counts will be added to the prior year's 10/1/20XX Free/Reduced lunch counts and a new Relative Share % will be calculated for each LEA. The Relative Share % will then be * by the 15% Poverty Allocation in order to obtain the Preliminary Revised Poverty Allocation.

6. Total –

The Preliminary Revised Base, Population and Poverty Allocations will be added together to obtain the Total Allocation for each LEA.

Preliminary Allocation - Additional Distribution (IF NEEDED)

An additional distribution of Title VI-B, Section 611 funds may be necessary if any discretionary or administrative funds have not been expended by ADE from the prior year's school age grant and the agency has not determined the need to carry over such funds for use in the next fiscal year. The Fiscal Support Manager will distribute any remaining prior year discretionary and administrative funds to the
LEA’s based on the 85% population/15% poverty allocation in early August. The Fiscal Support Manager will use the enrollment and free/reduced lunch count data and population and poverty allocation method as were used in the prior year’s allocation of funds.

**Final Allocation File**

The final allocation of Special Education, Title VI-B, Section 611 funds will be calculated when the current year December 1st special education child counts are finalized in early February. Base, population and poverty allocations will be adjusted for current year new and significantly expanding charter schools and any federal award changes made by USDE. The Final Allocation of funds is described below.

The Fiscal Support Manager and the Federal Programs Manager will independently calculate the Final Special Education School Age – Section 611 Allocations. The Federal Programs Manager will e-mail her file to the Fiscal Support Manager and all allocations will be compared to ensure accuracy in calculation. Allocation amounts will be reconciled and approved by the Federal Programs Manager in writing. The approved allocation amounts will then be published via an ADE Commissioner’s Memo on the ADE website.

7. **Obtain the Individuals with Disabilities Education Act – Part B, Section 611 – Table I** to ensure that no changes have been made to the Grant Award (State Grant Award Table) from the following web address: http://www2.ed.gov/fund/data/award/idea/index.html (Example: For the 2020-2021 allocation – Use the FY20 State Grant Award Table)

8. **Using the State Grant Award Table**, complete the Grant Award Allocation Summary, indicating the following amounts:
   A. Total Grant Award (State Grant Award Table)
   B. State Administration (State Grant Award Table) – (Maximum Available for Administration will be used)
   C. Discretionary Funds (State Grant Award Table) – (Maximum Other Set-Aside if Actual Administration is Greater than $850,000 Without Risk Pool will be used)
   D. Total State Set-Aside (B. State Administration (+) C. Discretionary Funds)
   E. Pass-through Funds to LEAs (A. Total Grant Award (-) D. Total State Set-Aside)
   F. LEA Base Allocation – (State Grant Award Table)
   G. Pass-through Funds Remaining for Population and Poverty Allocation (E. Pass-through Funds to LEAs (-) F. LEA Base Allocation)
   H. 85% Population Allocation (G. Pass-through Funds for Population and Poverty Allocation *85%)
I. **15% Poverty Allocation** (G. Pass-through Funds for Population and Poverty Allocation * 15%)

J. **Total Pass-through Funds to LEAs** (F. LEA Base Allocation (+) H. 85% Population Allocation (+) I. 15% Poverty Allocation)

9. **Base Calculations** – Obtain the beginning base amount from the Preliminary Allocation File’s Prior Year 20XX Final Adjusted Base Allocation.

A. The Fiscal Support Manager will obtain the prior year’s December 1st school age special education student counts (5 – 21 year olds, including kindergarteners) for district LEAs and open enrollment charter schools via e-mail from the Director of Data Management, UALR. (Example: For the 2020-2021 allocation – Use December 1, 2019 (5 – 21) count)

B. The Fiscal Support Manager will then calculate the Base Amount Per Child = The individual LEA’s prior year base allocation (/) The individual LEA’s prior year December 1st school age special education student counts from A.

C. The Fiscal Support Manager will determine which charter schools are new or significantly expanding based on data from the ADE Charter School Office.

D. The Fiscal Support Manager will then obtain the current year December 1st school age special education child counts (5 – 21 years old, including kindergarteners) for open enrollment charter schools via e-mail from the Director of Data Management, UALR. (Example: For the 2020–2021 allocation – Use the December 1, 2020 (5 – 21) count). For all special education children, the Fiscal Support Manager will request the following individual student data from each of these charter schools: current year student grade level, student’s resident district and the student’s prior year district attended. The charter school will be given their current year December 1st child count to ensure that the proper student data is provided to ADE for allocation purposes. The data provided by the individual charter schools will then be compiled into the “PY District” summary tab, which indicates which districts the students currently attending these charter schools attended in the prior year and the resident district for each student. This data will be used to determine which district LEAs base allocation amounts will be reduced to establish/increase the base for the new/significantly expanding charter schools.

**NOTE:** The resident district will be used as the sending district to establish a base for all students without a prior year district (i.e. first time enrolled kindergarteners, or out of state transfers). Otherwise, the prior year district will be used as the sending district.

E. The Base Amount Per Child for the LEA sending district will be multiplied by the number of students from the sending district that attend the charter school. This amount will be added to the charter school LEA’s base and deducted from the sending district’s base amount.
F. A Final Adjusted Base Allocation will be calculated by taking the Prior Year Final Adjusted Base Allocation (-) Base Amount Transfers OUT to Charters (+) Base Amount Transfers IN to Charters

10. Population –
A. The Fiscal Support Manager will calculate the population component of the allocation by first obtaining the 10/1/20XX School Age (5 – 21) Enrollment = Prior Year’s October 1st School Age (5 – 21) Enrollment Count by District from ADE Data Center https://adedata.arkansas.gov /Statewide Information Systems Reports/Districts/Enrollment Count/School Year 20XX – 20XX (Example: For the 2020-2021 allocation – Use 2019-2020 Enrollment Count)
B. The Fiscal Support Manager will then obtain the 10/1/20XX Private School Enrollment = Prior Year’s October 1st Private School Enrollment from ADE Data Center https://adedata.arkansas.gov /Statewide Information Systems Reports/Schools/Private Schools/School Year 20XX-20XXX (Example: For the 2020-2021 allocation – Use 2019-2020 Private School Enrollment)
C. Total Enrollment will be calculated = 10/1/20XX School Age (5 – 21) Enrollment (+) 10/1/20XX Private School Enrollment
D. A Relative Share % will be calculated as follows: Individual LEA’s Total Enrollment (/) Total Enrollment of all LEAs.
E. Population Allocation = Relative Share % * 85% Population Allocation.
F. For new or significantly expanding charter schools, the Fiscal Support Manager will obtain the Final October 1, 20XX New/Expanded Charter Enrollment = Current Year October 1st School Age (5 – 21) Enrollment Count by District (Only include increases/decreases in enrollment for new or significantly expanding charter schools) - Obtained from the Title I October 1st Child Count Data Forms. These increases in enrollment will be added to the prior year’s 10/1/20XX Enrollment and a new Relative Share % will be calculated for each LEA. The Relative Share % will then be * by the 85% Population Allocation in order to obtain the Final Revised Population Allocation.

11. Poverty –
A. The Fiscal Support Manager will calculate the Poverty component of the allocation by first obtaining the 10/1/20XX School Age F/R (5–21) Count = Prior Year October 1st District Meal Status –from the ADE Data Center https://adedata.arkansas.gov /Statewide Information Systems Reports/Districts/Free-Reduced Lunch Counts-Paid/School Year 20XX-20XX (Example: For the 2020-2021 allocation – Use the 2019-2020 Free-Reduced Lunch Count)
B. A Relative Share % will be calculated as follows: Individual LEA’s 10/1/20XX School Age F/R (5-21) Count (/) Total 10/1/20XX School Age F/R (5-21) Count of All LEAs
C. Poverty Allocation = Relative Share % * 15% Poverty Allocation.

G. For new or significantly expanding charter schools, the Fiscal Support Manager will obtain the Final October 1, 20XX New/Expanded Charter F/R Count = Current Year October 1st School Age (5-21) F/R Count (Only include increase in free/reduced lunch counts for new/significantly expanding charter schools) – Obtained from the Title I October 1st Child Count Data Forms. These increases in free/reduced lunch counts will be added to the prior year’s 10/1/20XX Free/Reduced Lunch Count and a new Relative Share % will be calculated for each LEA. The Relative Share % will then be * by the 15% Poverty Allocation in order to obtain the Final Revised Poverty Allocation.

12. **Total** –

The Final Revised Base, Population and Poverty Allocations will be added together to obtain the Total Allocation for each LEA.

The Fiscal Support Manager will maintain electronic files on the network share drive of all allocations and supporting documentation of the grant awards for auditors review.

The Fiscal Support Manager and the Federal Programs Manager will independently calculate the Special Education School Age – Section 611 grant disbursements. Grant disbursements will be calculated and paid monthly, on a reimbursement basis. The Federal Programs Manager will e-mail her payment file to the Fiscal Support Manager and all grant disbursements will be compared to ensure accuracy in calculation. The monthly grant disbursements will be forwarded to the Special Education Division Manager and the Assistant Commissioner, Learning Services or his/her designee for approval prior to payment.

**Preliminary Allocation File**

**Section 619**

Special Education, Section 619 Federal Preschool funds will be allocated initially, using Preliminary data for new or significantly expanding charter schools in early August. These allocations will be recalculated in early February of each year to adjust for Final actual data for new and significantly expanding charter schools. The Preliminary Allocation of funds is described below.

The Fiscal Support Manager and the Federal Programs Manager will independently calculate the Special Education Federal Preschool – Section 619 Allocations. The Federal Programs Manager will e-mail her file to the Fiscal Support Manager and all allocations will be compared to ensure accuracy in calculation. Allocation amounts will be reconciled and approved by the Federal Programs Manager in writing. The approved allocation amounts will then be
published via an ADE Commissioner’s Memo on the ADE website.

An LEA can elect to not participate in the Special Education, Section 619 Federal Preschool funding by signing a Declaration of Non-Participation and submitting the signed form to ADE. The Fiscal Support Manager will maintain an electronic copy of Declaration of Non-Participation forms on the network share drive for auditors review.

1. **Obtain the Individuals with Disabilities Education Act – Part B, Section 619 – Table II (State Grant Award Table)** from the following web address: 
   http://www2.ed.gov/fund/data/award/idea/index.html
   (Example: For the 2020-2021 allocation – Use the FY20 State Grant Award Table)

2. **Using the State Grant Award Table,** complete the Grant Award Allocation Summary, including the following amounts:
   
   A. **Total Grant Award** (State Grant Award Table)
   B. **Maximum State Set-Aside** (State Grant Award Table) – (Maximum State Set-Aside will be used)
   C. **Maximum Administration** (State Grant Award Table) – (Maximum Available for Administration will be used)
   D. **Remaining State Set-Aside for Other State Activities** (B. Maximum State Set-Aside (-) C. Maximum Administration)
   E. **Pass-through Funds to LEAs** (A. Total Grant Award (+) D. Remaining State Set-Aside for Other State Activities) ADE may choose to fund any or all State Set-Aside and Administration funds to LEAs for any given year.
   F. **LEA Base Allocation** (State Grant Award Table)
   G. **Pass-through Funds Remaining for Population and Poverty Allocation** (E. Pass-through Funds to LEAs (-) F. LEA Base Allocation)
   H. **85% Population Allocation** (G. Pass-through Funds Remaining for Population and Poverty Allocation * 85%)
   I. **15% Poverty Allocation** (G. Pass-through Funds Remaining for Population and Poverty Allocation * 15%)
   J. **Total Pass-through Funds to LEAs** (F. LEA Base Allocation (+) 85% Population Allocation (+) 15% Poverty Allocation)
   K. **Minimum Pass-through Funds to LEAs** (State Grant Award Table)

3. **Base** – Obtain the beginning base amount from the prior year's allocation files.
   These base amounts may be adjusted for the following instances:
   
   - If a charter school opens for the first time or significantly expands its enrollment in the current year;
   - If a new LEA is created, ADE will divide the base allocation for the LEAs that would have been responsible for serving children with disabilities now being served by the new LEA, among the new LEA and affected LEAs
based on the relative numbers of children with disabilities ages 3 – 5 currently provided special education by each of the LEAs;

- If one or more LEAs are combined into a single new LEA, the base allocations of the LEAs will be combined into the merged LEA;
- If, two or more LEAs, geographic boundaries or administrative responsibility for providing services to children with disabilities ages 3 – 5 change, the base allocations of affected LEAs must be redistributed among affected LEAs based on the relative numbers of children with disabilities ages 3 – 5, currently provided special education by each affected LEA; and
- If an LEA received a base payment of zero in its first year of operation, the base payment will be adjusted for the first fiscal year after the first December 1st special education child count in which the LEA reports that it is serving any children with disabilities aged 3 – 5. ADE will divide the base allocation for the LEAs that would have been responsible for serving children with disabilities aged 3 – 5 years now being served by the LEA, among the LEA and affected LEAs based on the relative numbers of children with disabilities ages 3 – 5 years currently provided special education by each of the LEAs.

A. The Fiscal Support Manager will obtain the prior year's December 1st preschool special education child counts (3 – 5 year-olds, including kindergarteners) via e-mail from the Director of Data Management, UALR.

- Use the EC child count including 5 year-old kindergarteners for the preschool student count (Example: For the 2020-2021 allocation – Use the December 1, 2019 Early Childhood Child Counts)

B. The Fiscal Support Manager will then calculate the Base Amount Per Child = The individual LEA's prior year base allocation / Individual LEA's prior year December 1st preschool special education child counts from A.

C. The Fiscal Support Manager will determine which charter schools are new or significantly expanding based on data from the ADE Charter School office.

D. The Fiscal Support Manager will then request that each new or significantly expanding charter school provide Preliminary Charter Prior Year/Resident District data for special education students age 3 – 5 years. For all special education children, the Fiscal Support Manager will request the following individual student data from each of these charter schools: current year student grade level, student's resident district, and the student's prior year district attended. The data provided by the individual charter schools will then be compiled into the “PY District” summary, which indicates which districts the students currently attending charter schools attended in the prior year and the resident district for each student. This data will be used to determine which district LEA's base allocation amounts will be reduced to establish/increase the base for the new/significantly expanding charter schools.

NOTE: Only students age 3 – 5 years will be included on the PY District summary and the resident district will be used as the sending district to
establish a base for all students without a prior year district (i.e. first time enrolled kindergarteners). Otherwise, the prior year district will be used as the sending district.

E. The **Base Amount Per Child** for the sending district LEA will be multiplied by the number of students from the sending district that attend the charter school. This amount will be added to the charter school LEA's base and deducted from the sending district's base amount.

F. A **Preliminary Adjusted Base Allocation** will be calculated by taking the **Prior Year's Beginning Base Allocation (-)** Base Amount Transfers OUT To Charters (+) **Base Amount Transfers IN To Charters**

4. **Population** –
   A. The Fiscal Support Manager will calculate the population component of the allocation by first obtaining the 10/1/20XX **School Age (5-21) Enrollment** = Prior Year’s October 1st School Age (5-21) Enrollment Count by District from the ADE Data Center [https://adedata.arkansas.gov](https://adedata.arkansas.gov) /Statewide Information Systems Reports/Districts/Enrollment Count/School Year 20XX-20XX (Example: For the 2020-2021 – Use the 2019-2020 Enrollment Count)
   B. The Fiscal Support Manager will then obtain the 10/1/20XX **Private School Enrollment** = Prior Year’s October 1st Private School Enrollment from the ADE Data Center - [https://adedata.arkansas.gov](https://adedata.arkansas.gov) /Statewide Information Systems Reports/Schools/Private Schools/School Year 20XX-20XX – (Example: For the 2020-2021 – Use 2019-2020 Private School Enrollment)
   C. **Total Enrollment** will be calculated = 10/1/20XX **School Age (5-21) Enrollment** (+) **10/1/20XX Private School Enrollment**
   D. **Relative Share %** will be calculated as follows: Individual LEA’s Total Enrollment (/) Total Enrollment of all LEAs.
   E. **Population Allocation** = **Relative Share %** * 85% Population Allocation.
   F. For new or significantly expanding charter schools, the Fiscal Support Manager will obtain the Preliminary July 1, 20XX **New/Expanded Charter Enrollment** = Current Year July 1st School Age (5-21) Enrollment Count by District (Only include increases in enrollment for new/significantly expanding charter schools) – Obtained from the Title I July 1st Child Count Data Forms. These increases in enrollment will be added to the prior year 10/1/20XX Enrollment and a new **Relative Share %** will be calculated for each LEA. The **Relative Share %** will then be * by the 85% Population Allocation in order to obtain the Preliminary Revised Population Allocation.

5. **Poverty** –
   A. The Fiscal Support Manager will calculate the Poverty component of the allocation by first obtaining the 10/1/20XX **School Age F/R (5-21) Count** = Prior Year October 1st Districts Meal Status from the ADE Data Center [https://adedata.arkansas.gov](https://adedata.arkansas.gov) / Statewide Information Systems
Reports/Districts/Free-Reduced Lunch Counts – Paid/School Year 20XX – 20XX (Example: For the 2020-2021 allocation – Use the 2019-2020 Free-Reduced Lunch Count)

B. A Relative Share % will be calculated as follows: The individual LEA’s 10/1/20XX School Age F/R (5-21) Count (/) Total 10/1/20XX School Age F/R (5-21) Count of all LEAs.

C. Poverty Allocation = Relative Share % * 15% Poverty Allocation.

D. For new or significantly expanding charter schools, the Fiscal Support Manager will obtain the Preliminary July 1, 20XX New/Expanded Charter F/R Count = Current Year July 1st School Age (5 – 21) F/R Count (Only include increase in free/reduced lunch counts for new/significantly expanding charter schools) – Obtained from the Title I July 1st Child Count Data Forms. These increases in free/reduced lunch counts will be added to the prior year 10/1/20XX Free/Reduced lunch counts and a new Relative Share % will be calculated for each LEA. The Relative Share % will then be * by the 15% Poverty Allocation in order to obtain the Preliminary Revised Poverty Allocation.

6. Total –
   The Preliminary Revised Base, Population and Poverty Allocations will be added together to obtain the Total Allocation for each LEA.

**Final Allocation File**

The final allocation of Special Education Federal Preschool, Section 619 funds will be calculated when the current year December 1st special education child counts are finalized in early February. Base, population and poverty allocations will be adjusted for current year new and significantly expanding charter schools and any federal award changes made by USDE. The Final Allocation of funds is described below.

The Fiscal Support Manager and the Federal Programs Manager will independently calculate the Final Special Education Federal Preschool – Section 619 Allocations. The Federal Programs Manager will e-mail her file to the Fiscal Support Manager and all allocations will be compared to ensure accuracy in calculation. Allocation amounts will be reconciled and approved by the Federal Programs Manager in writing. The approved allocation amounts will then be published via an ADE Commissioner’s Memo on the ADE website.

7. Obtain the Individuals with Disabilities Education Act – Part B, Section 619 – Table II (State Grant Award Table) from the following web address: http://www2.ed.gov/fund/data/award/idea/index.html (Example: For the 2020-2021 allocation – Use the FY20 State Grant Award Table)

8. Using the State Grant Award Table
Complete the Grant Award Allocation Summary, including the following amounts:

A. **Total Grant Award** (State Grant Award Table)

B. **Maximum State Set-Aside** (State Grant Award Table) – (Maximum State Set-Aside will be used)

C. **Maximum Administration** (State Grant Award Table) – (Maximum Available for Administration will be used)

D. **Remaining State Set-Aside for Other State Activities** (B. Maximum State Set-Aside (-) C. Maximum Administration)

E. **Pass-through Funds to LEAs** (A. Total Grant Award (+) D. Remaining State Set-Aside for Other State Activities)

F. **LEA Base Allocation** (State Grant Award Table)

G. **Pass-through Funds Remaining for Population and Poverty Allocation** (E. Pass-through Funds to LEAs (-) F. LEA Base Allocation)

H. **85% Population Allocation** (G. Pass-through Funds Remaining for Population and Poverty Allocation * 85%)

I. **15% Poverty Allocation** (G. Pass-through Funds Remaining for Population and Poverty Allocation * 15%)

J. **Total Pass-through Funds to LEAs** (F. LEA Base Allocation (+) 85% Population Allocation (+) 15% Poverty Allocation)

K. **Minimum Pass-through Funds to LEAs** (State Grant Award Table)

9. **Base** – Obtain the beginning base amount from the Preliminary Allocation File’s **Prior Year 20XX Final Adjusted Base Allocation**.

A. The Fiscal Support Manager will obtain the prior year’s December 1st preschool special education child counts (3 – 5 year-olds, including kindergarteners) via e-mail from the Director of Data Management, UALR - Use the EC Child Count including 5 Year Kindergarteners for the Preschool student count (Example: For the 2020-2021 allocation – Use the December 1, 2019 Early Childhood Child Counts)

B. The Fiscal Support Manager will then calculate the **Base Amount Per Child** = The individual LEA’s prior year base allocation (/) Individual LEA’s prior year December 1st preschool special education child counts from A.

C. The Fiscal Support Manager will determine which charter schools are new or significantly expanding based on data from the ADE Charter School office.

D. The Fiscal Support Manager will then obtain the current year December 1st preschool special education child counts (3 – 5 year olds, including kindergarteners) for open enrollment charter schools via e-mail from Jody Fields, Director of Data Management, UALR. (Example: For the 2020-2021 allocation – Use the December 1, 2020 (3 – 5 year olds, including kindergarteners) count). For all special education children, the Fiscal Support Manager will request the following individual student data from each of these charter schools: current year student grade level, student’s
resident district and the student’s prior year district attended. The charter school will be given their current year December 1st child count to ensure that the proper student data is provided to ADE for allocation purposes. The data provided by the individual charter schools will then be compiled into the “PY District” summary, which indicates which districts the students currently attending charter schools attended in the prior year and the resident district for each student. This data will be used to determine which district LEA’s base allocation amounts will be reduced to establish/increase the base for the new/significantly expanding charter schools.

**NOTE:** Only students’ age 3 – 5 years will be included on the PY District summary and the resident district will be used as the sending district to establish a base for all students without a prior year district (i.e. first time enrolled kindergarteners). Otherwise, the prior year district will be used as the sending district.

**E.** The Base Amount per Child for the sending district LEA will be multiplied by the number of students from the sending district that attend the charter school. This amount will be added to the charter school LEA’s base and deducted from the sending district’s base amount.

**F.** A Final Adjusted Base Allocation will be calculated by taking the Prior Year Final Adjusted Base Allocation (-) Base Amount Transfers OUT To Charters (+) Base Amount Transfers IN To Charters

### 10. Population –

**A.** The Fiscal Support Manager will calculate the population component of the allocation by first obtaining the **10/1/20XX School Age (5-21) Enrollment** = Prior Year’s October 1st School Age (5-21) Enrollment Count by District from the ADE Data Center [https://adedata.arkansas.gov](https://adedata.arkansas.gov)/Statewide Information Systems Reports/Districts/Enrollment Count/School Year 20XX-20XX (Example: For the 2020-2021 allocation – Use 2019-2020 Enrollment Count)

**B.** The Fiscal Support Manager will then obtain the **10/1/20XX Private School Enrollment** = Prior Year’s October 1st Private School Enrollment from the ADE Data Center [https://adedata.arkansas.gov](https://adedata.arkansas.gov)/Statewide Information Systems Reports/Schools/Private Schools/School Year 20XX-20XX (Example: For the 2020-2021 allocation – Use 2019-2020 Private School Enrollment)

**C.** **Total Enrollment** will be calculated = **10/1/20XX School Age (5-21) Enrollment** (+) **10/1/20XX Private School Enrollment**

**D.** **Relative Share %** will be calculated as follows: Individual LEA’s Total Enrollment (/) Total Enrollment of all LEAs.

**E.** **Population Allocation** = **Relative Share %** * 85% Population Allocation.

**F.** For new or significantly expanding charter schools, the Fiscal Support Manager will obtain the Final 10/1/20XX New/Expanded Charter
Enrollment = Current Year October 1st School Age (5 – 21) Enrollment Count by District (Only include increases in enrollment for new or significantly expanding charter schools) – Obtained from the Title I October 1st Child Count Data Forms. These increases in enrollment will be added to the prior year 10/1/20XX Enrollment and a new Relative Share % will be calculated for each LEA. The Relative Share % will then be * by the 85% Population Allocation in order to obtain the Final Revised Population Allocation.

11. Poverty –
   A. The Fiscal Support Manager will calculate the poverty component of the allocation by first obtaining the 10/1/20XX School Age F/R (5-21) Count = Prior Year October 1st District Meal Status – from the ADE Data Center https://adedata.arkansas.gov /Statewide Information Systems Reports/Districts/Free-Reduced Lunch Counts-Paid/School Year 20XX-20XX (Example: For the 2020-2021 allocation – Use the 2019-2020 Free-Reduced Lunch Count)
   B. A Relative Share % will be calculated as follows: The individual LEA’s 10/1/20XX School Age F/R (5 – 21) Count (/) Total 10/1/20XX School Age F/R (5-21) Count of all LEAs.
   C. Poverty Allocation = Relative Share % * 15% Poverty Allocation.
   D. For new or significantly expanding charter schools, the Fiscal Support Manager will obtain the Final October 1, 20XX New/Expanded Charter F/R Count = Current Year October 1st School Age (5-21) F/R Count (Only include increase in free/reduced lunch counts for new/significantly expanding charter schools) – Obtained from the Title I October 1st Child Count Data Forms. These increases in free/reduced lunch counts will be added to the prior year’s 10/1/20XX Free/Reduced Lunch Count and a new Relative Share % will be calculated for each LEA. The Relative Share % will then be * by the 15% Poverty Allocation in order to obtain the Final Revised Poverty Allocation.

12. Total –
   The Final Revised Base, Population and Poverty Allocations will be added together to obtain the Total Allocation for each LEA.

   The Fiscal Support Manager will maintain electronic files on the network share drive of all allocations and supporting documentation of the grant awards for auditors review.

   The Fiscal Support Manager and the Federal Programs Manager will independently calculate the Special Education Preschool – Section 619 grant disbursements. Grant disbursements will be calculated and paid in equal monthly payments. The Federal Programs Manager will e-mail her
payment file to the Fiscal Support Manager and all grant disbursements will be compared to ensure accuracy in calculation.
The monthly grant disbursements will be forwarded to the Special Education Division Manager and the Assistant Commissioner, Learning Services or his/her designee for approval prior to payment.

Beginning in the 2015-2016 fiscal year, Section 619 grant disbursements will be made on a reimbursement basis.
APPENDIX B – 10% VARIANCE RULE

EDGAR 80.30(c) allows budget changes up to 10% of the total approved budget without ADE approval.

❖ The “10% Variance” in federal fund expenditures refers to when actual expenditures exceed budgeted expenditures.
❖ It is not considered a ‘variance’ when actual expenditures are less than budgeted expenditures.
❖ Districts may make budget changes of up to 10% of the total budget amount without ADE approval.

10% Variance of Function Code

• Compare each Function Total Actual Expenditures to Function Total Budgeted Expenditures.

• Actual line item expenditures cannot exceed budgeted line item expenditures by more than 10% of Total Budgeted Expenditures.
  • See example below: Total budgeted expenditures are $300,000. 10% variance would be $30,000.

• Look at each line item to determine if the line item is out of compliance
  • See example below: Function 1220, Resource Room total line item budgeted expenditures are $40,000. The final actual line item expenditures are $44,000. The function is in compliance because the final actual line item expenditures are only $4,000 more than the budgeted line item expenditures, which is less than 10% of the total budgeted expenditures (or $30,000).

• If the function line item actual expenditures are greater than the budgeted line item expenditures by 10% or more of the line item total, it is out of compliance.
  • See example below: Function 2292, LEA supervisor total line item budgeted expenditures are $125,000. The final actual expenditures are $167,000. The variance in the budget expenditures of $125,000 to the actual expenditures of $167,000 is $42,000, which is out of compliance because the function line item actual expenditures are more than the allowed $30,000. (10% of the function total budget)
  • See example below: Function 2160, OT/PT line item was not budgeted. The final expenditure was $46,000. The variance is more than $30,000. (10% of the function total budget) Therefore it would be necessary to amend the final expenditure report.
10% Variance of Object Code

- If an object column total actual expenditure is greater than the budgeted expenditure, then determine if the column is out of compliance.

- Check the OBJECT Column Totals:

- **61000, Salaries:** Variance cannot be greater than 10% of Total Budget.
  - Total budget is $300,000. 10% variance would be $30,000.
  - Variance for the Total Object column for Salaries cannot be more than 10% of the total budget ($30,000)
  - The object code 61000 (salaries) would require an amendment

- **62000, Variance cannot be greater than 10% Total budget. This would not require an amendment because the difference in budget and actual expenditures is not more than 10% of the budget.

- **63000, Variance cannot be greater than 10% Total budget. This would not require an amendment.**
### 10% Variance of Object Code

<table>
<thead>
<tr>
<th>Function</th>
<th>Fund Description</th>
<th>Salaries 61000</th>
<th>Benefits 62000</th>
<th>Supplies 66000</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1220</td>
<td>Resource</td>
<td>55,000.00</td>
<td>14,750.00</td>
<td>6,000.00</td>
<td></td>
</tr>
<tr>
<td>1230</td>
<td>1:15 Class</td>
<td>50,000.00</td>
<td>13,500.00</td>
<td>8,000.00</td>
<td></td>
</tr>
<tr>
<td>1240</td>
<td>1:10 Class</td>
<td>53,000.00</td>
<td>14,250.00</td>
<td>12,650.00</td>
<td></td>
</tr>
<tr>
<td>1250</td>
<td>1:6 Class</td>
<td>47,000.00</td>
<td>12,750.00</td>
<td>13,100.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total Budget Amount</strong></td>
<td></td>
<td>205,000.00</td>
<td>55,250.00</td>
<td>39,750.00</td>
<td>300,000.00</td>
</tr>
<tr>
<td><strong>Actual Amount Spent</strong></td>
<td></td>
<td>240,000.00</td>
<td>55,600.00</td>
<td>55,650.00</td>
<td></td>
</tr>
<tr>
<td><strong>Variance-Budget to Actual</strong></td>
<td></td>
<td>-35,000.00</td>
<td>-350.00</td>
<td>15,900.00</td>
<td></td>
</tr>
</tbody>
</table>

10% Variance of Total Budget is $30,000.

- **Summary:** Function Row Totals and Object Column Totals cannot be greater than 10% of the Total Budget.
APPENDIX C – MAINTENANCE OF EFFORT

Under Section 613(a)(2)(A)(iii) of the IDEA and 34 CFR §300.203, the Division of Elementary and Secondary Education (DESE) is required to ensure all school districts in Arkansas meet a Maintenance Of Effort (MOE) obligation. Districts should consider their MOE status when developing their annual budgets, along with Excess Costs, Private School Proportionate Set Aside and Comprehensive and Voluntary Coordinated Early Intervening Services (CCEIS/CEIS). All four of these additional fiscal requirements impact a district’s use of its Part B funds.

In meeting the IDEA Maintenance of Effort (MOE) requirements, school districts must meet two standards:

- **Eligibility Standard:** A district must budget, for the education of children with disabilities, at least the same total or per capita amount of local or local plus state dollars as the district spent for that purpose from the same source for the most recent prior year for which the information is available.

- **Compliance Standard:** A district must expend at least the same total or per capita amount of local or local plus state dollars for a current school year on the delivery of special education and related services, as were spent the previous year (comparison year).

Documentation that a district has met the MOE Eligibility/Budget requirement described above is provided to DESE/SEU through the local application for Part B funds.

In determining whether districts have met the MOE Compliance/Expenditure requirement, DESE/SEU reviews final expenditure information submitted by districts. This review is conducted in the Fall of each year (after Cycle 1 submission).

**NOTE:** Under the IDEA, there are NO WAIVERS of MOE requirements available to school districts.

The U.S. Department of Education's Office of Special Education Programs (OSEP), effective July 1, 2015, specifies the level of effort a district must meet in order to maintain effort in the year after an MOE failure. These clarifications use the terms “Comparison year” and “Subsequent Year” rules.

The level of effort a district must meet in the fiscal year after it fails to maintain effort is the level of effort that would have been required in the absence of that failure, not the district's reduced level of expenditures. Meaning, to determine level of effort, a district must look back to the most recent fiscal year in which the district maintained effort. In addition, the district must look back to the most recent fiscal year in which the district
met MOE using the same method.

This has an impact on both the Eligibility/Budget standard and the Compliance/Expenditure standard.

Expenditures reported to be used in determining MOE compliance must include all costs associated with providing special education and related services to children and youth with disabilities that are above and beyond the costs of providing regular education programs to nondisabled students.

Expenditures for special education and related services must be reported by source of funds (state and local) and federal expenditures are not used to determine whether the division has met its MOE requirement. Each entry must represent actual expenditures and be consistent with federal and state definitions of special education and related services.

Expenditures can include:

- direct instruction/provision of special education service through an Individualized Education Program (IEP);
- costs such as salaries and benefits (full and prorated costs) of staff who provide special education and related services;
- costs associated with special transportation as called for in an IEP;
- prorated proportionate costs of certain equipment purchases or certain construction costs;
- costs associated with the provision of special education and related services for divisions responsible for the education program in a regional or local jail; and
- costs for providing special education and related services through a homebound or home-based model.

Excluded expenditures could be:

- costs associated with capital outlay or regular education programs and services should be excluded from this expenditure calculation;
- general capital outlay;
- general transportation costs;
- any expenditures that apply to all students (such costs apply to students with disabilities as well);
- prorated costs should not include a blanket application of costs based on child count data; and
- Legal expenses, including attorney fees and other related hearing expenses.

The methodology a district uses for allocating costs should not vary from year-to-year.
By meeting both the Maintenance of Effort (MOE) and Excess Cost requirements, a district is in compliance with the non-supplanting provisions of federal law and regulation.

**Maintenance of Effort “Tests”**

As indicated above, the “tests” for determining MOE expenditure compliance are specified in §300.203 of the IDEA:

- State and Local combined expenditures
- Local expenditures only
- State and Local per pupil expenditure (per capita)
- Local per pupil expenditure (per capita)

In the case where a district has not met its MOE requirement, DESE must pay back the US Department of Education using non-federal funds the difference between what the LEA actually spent and what it should have spent to meet the MOE requirement, or the amount of the LEA’s Part B subgrant for that fiscal year, whichever is lower. DESE may require the district to pay back DESE. The level of effort that a district must meet in the year after it fails to meet its MOE requirement is the level that it met the last year the LEA met MOE.

The following examples show how the four MOE tests work:

**State & Local MOE TEST #1**

Spend the same amount of local plus state funds as were spent for the previous year; the first test compares the reported local plus state expenditures for the current year compared to the last year the LEA met MOE;

Prior Year Local + State Expenditures: $7,820,000  
Current Year Local + State Expenditures: $7,500,000  

Year-to-Year Comparison: $(320,000)  

MOE Test #1 status: FAILED

**Local Only MOE TEST #2**

Spend the same total amount of local funds only as were spent for the previous year; the second test compares the reported local expenditures for the current year compared to the last year the LEA met MOE;

Prior Year Local Expenditures: $4,320,000  
Current Year Local Expenditures: $4,020,000
**State & Local per Capita MOE TEST #3**

Spend the same per capita amount of local plus state funds as were spent for the previous year; the third test produces a per capita amount (a per pupil dollar amount) derived by taking the reported local plus state expenditures and dividing this amount by the number of students with disabilities the district is legally responsible for serving. This per capita amount for the current year is compared to the per capita amount for the last year the LEA met MOE.

Prior Year Local + State Expenditures: $7,820,000  
Prior Year Child Count: 1,200  
Prior Year Per Capita: $6,516

Current Year Local + State Expenditures: $7,500,000  
Current Year Child Count: 1,175  
Current Year Per Capita: $6,382

Year-to-Year Comparison: ($134)

MOE Test #3 status: FAILED

**Local Only per Capita MOE Test #4**

Spend the same per capita amount of local funds as were spent for the previous year; the fourth test produces a per capita amount (a per pupil dollar amount) derived by taking the reported local expenditures and dividing this amount by the number of students with disabilities the district is legally responsible for serving. This per capita amount for the current year is compared to the per capita amount for the last year the LEA met MOE.

Prior Year Local Expenditures: $4,320,000  
Prior Year Child Count: 1,200  
Prior Year Per Capita: $3,600

Current Year Local Expenditures: $4,020,000  
Current Year Child Count: 1,175  
Current Year Per Capita: $3,421

Year-to-Year Comparison: ($179)
Maintenance of Effort Allowable Exceptions

In the case where a district does not meet at least one of the MOE “tests”, reductions to the expected level of effort may be taken for reasons specified in Section §300.204 of the IDEA regulations. These possible exceptions are:

1. §300.204(a): The voluntary departure, by retirement or otherwise, or departure for just cause of special education or related services personnel;

   This voluntary departure exception does not include reduction-in-force (RIF) or other termination, does not include staff transferred to other positions and does not include medical leave.

2. §300.204(b): A decrease in the enrollment of children with disabilities;

   NOTE: A decrease in enrollment between the two most current years child count.

3. §300.204(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-
   
   ● Has left the jurisdiction of the agency;
   ● Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or
   ● No longer needs the program of special education.

   NOTE: Any possible exceptions under §300.204(c) apply to a specific student, not to a program or vendor.

4. §300.204(d): The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

   Possible exceptions under §300.204(d) could include certain equipment, certain construction costs, certain supplies/materials (software/computers) or certain programs. The termination of costly expenditures that are the result of a district reducing costs by being “frugal” or by “doing the same for less” are not considered to be allowable exceptions.
Maintenance of Effort Adjustment

In accordance with section §300.205 of the IDEA regulations, for any fiscal year for which the allocation received by an LEA under Sec. 300.705 exceeds the amount the LEA received for the previous fiscal year, the LEA may reduce the level of expenditures otherwise required by Sec. 300.203(a) by not more than 50 percent of the amount of that excess if the district is meeting MOE and excess cost. The district must spend the ‘freed-up’ local (or state and local) funds on activities that are authorized under the Elementary and Secondary Education Act (ESEA) of 1965.

This provision cannot be used by any district that has been identified as having significant disproportionality, and is required to reserve 15 percent of their federal Part B award for Coordinated Early Intervening Services (CEIS). However, if a district voluntarily chooses to set aside up to, but not to exceed, 15 percent of its federal Part B grant award, the amount the district chooses to set aside is reduced by the amount taken for the allowable exception under this provision.

Meeting the MOE Eligibility Standard with Comparison Year Rule, Subsequent Years Rule and Different Methods

In order to meet its Eligibility/Budget MOE requirement, a district must budget at least as much as they expended in the most recent year for which final information is available (comparison year). This basic requirement has been clarified so that now, in order to “pass” any one of the four eligibility/budget MOE tests, the district must go back to a year in which the final compliance/expenditure MOE test had been met and must budget at least that amount. A district cannot just meet one of the four tests in a given year and be considered to have met its MOE compliance requirement.

The expenditure totals displayed for fiscal years 2013-2014 and 2014-2015 in this table are examples of final expenditures used in those years’ MOE Compliance/Expenditure tests and assume either no allowable exceptions were approved for the fiscal years in question or that the allowable exceptions had been approved and the district still did not meet its MOE requirement. The dollar amounts displayed in the final line are the amounts the district must budget for each of the four tests.

Projected budget amounts reported to meet the district’s Eligibility/Budget MOE requirement are not the amounts used to determine the district’s Compliance/Expenditure MOE requirement. Actual final expenditures are used for that requirement.
NOTE: clarification from OSEP to the Eligibility/Budget requirement now allows a district to take any of the allowable exceptions and adjustments to its MOE requirement specified under §300.204 and §300.205 of the IDEA and apply those exceptions to the projected budget amount it must report to meet the Eligibility/Budget requirement. These exceptions can be those approved by the ADE for the MOE determination for the intervening year or years between the most recent fiscal year for which information is available and the fiscal year for which the LEA is budgeting.

The allowable exceptions projected for the upcoming budgeted year applied to the district’s Eligibility/Budget tests WILL NOT necessarily be automatically approved for use in the district’s Compliance/Expenditure MOE tests.

### Met MOE = *

### Failed MOE = **

The following table shows expenditure information submitted by a sample school district and its Maintenance of Effort (MOE) compliance status across several years. This table demonstrates how the requirements for the “Comparison Year” and the “Subsequent Years Rule” work. In order to meet its MOE compliance tests, a district can not just meet one of the four tests in a given year and be considered to have met its MOE requirement.

The expenditure totals displayed in this table are final expenditures and assume either no allowable exceptions were applied for the fiscal years in question or that the allowable exceptions had been applied and the district still did not meet its MOE requirement.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State + Local</th>
<th>Local Only</th>
<th>State + Local per capita</th>
<th>Local per Capita</th>
<th>Child Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 – 2012</td>
<td>$1,100 *</td>
<td>$400 *</td>
<td>$110 *</td>
<td>$40 *</td>
<td>10</td>
</tr>
<tr>
<td>2012 – 2013</td>
<td>$1,300 *</td>
<td>$450 *</td>
<td>$130 *</td>
<td>$45 *</td>
<td>10</td>
</tr>
<tr>
<td>2013 – 2014</td>
<td>$1,200 **</td>
<td>$550 *</td>
<td>$120 **</td>
<td>$55 *</td>
<td>10</td>
</tr>
<tr>
<td>2014 – 2015</td>
<td>$1,300 *</td>
<td>$500 **</td>
<td>$130 *</td>
<td>$50 **</td>
<td>10</td>
</tr>
<tr>
<td>2015 – 2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Required Amount to Budget for 2016 – 2017</td>
<td>$1,300</td>
<td>$550</td>
<td>$130</td>
<td>$55</td>
<td>10</td>
</tr>
<tr>
<td>Fiscal Year</td>
<td>State + Local</td>
<td>Local Only</td>
<td>State + Local per capita</td>
<td>Local per Capita</td>
<td>Child Count</td>
</tr>
<tr>
<td>-------------</td>
<td>---------------</td>
<td>------------</td>
<td>--------------------------</td>
<td>-----------------</td>
<td>-------------</td>
</tr>
<tr>
<td>2011</td>
<td>$21,000</td>
<td>*</td>
<td>$2,100</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>2012</td>
<td>$21,600</td>
<td>*</td>
<td>$2,700</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>2013</td>
<td>$21,500</td>
<td>**</td>
<td>$2,150</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>2014</td>
<td>$22,200</td>
<td>*</td>
<td>$1,850</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>2015</td>
<td>$22,000</td>
<td>**</td>
<td>$2,200</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Required MOE 2015-2016</td>
<td>$22,200</td>
<td>$10,800</td>
<td>$2,700</td>
<td>$1,300</td>
<td></td>
</tr>
</tbody>
</table>

Met MOE = *  
Failed MOE = **
APPENDIX D – EXCESS COST

Under Section § 300.202 of the IDEA regulations, except as otherwise provided, amounts provided to an LEA under Part B of the Act may be used only to pay the excess costs of providing special education and related services to children with disabilities.

Districts should consider their Excess Cost requirement when developing their annual budgets, along with MOE status, Private School Proportionate Set Aside and Coordinated Early Intervening Services. All four of these additional fiscal requirements impact a district’s use of its Part B funds.

Excess costs are those costs for the education of an elementary school or secondary school student with a disability that are in excess of the average annual per student expenditure in an LEA during the preceding school year for an elementary school or secondary school student, as may be appropriate.

An LEA must spend at least the average annual per student expenditure on the education of an elementary school or secondary school child with a disability before funds under Part B of the Act are used to pay the excess costs of providing special education and related services.

Section 602(8) of the Act and § 300.16 require the LEA to compute the minimum average amount separately for children with disabilities in its elementary schools and for children with disabilities in its secondary schools. LEAs may not compute the minimum average amount it must spend on the education of children with disabilities based on a combination of the enrollments in its elementary schools and secondary schools.

§300.16: Excess costs mean those costs that are in excess of the average annual per-student expenditure in an LEA during the preceding school year for an elementary school or secondary school student.

§300.202: The excess cost requirement prevents an LEA from using funds provided under Part B to pay for all of the costs directly attributable to the education of a child with a disability.

The federal intent is that each school district would provide students with disabilities everything a non-disabled student has (desk, books, classroom, school, teacher, etc.).

Federal intent also recognized that after these students were found eligible to receive special education services, and had an individual program of instruction designed to meet their unique needs (the IEP), it was going to cost the district MORE to serve these students.
Therefore, the federal intent was to provide funding to assist districts with the *excess costs* of providing special education and related services to students with disabilities. The intent was also to ensure districts spend dollars to cover all those basic costs they would be providing anyway, if these students with disabilities didn’t have any extra or special needs “before” spending their federal Part B dollars.

At both the elementary and secondary school levels (each computed separately), the excess cost requirement stipulates a district must be spending (in state and local funds) at least as much (average amount per pupil) on students with disabilities, as it is spending on all your other students (average amount per pupil).

Appendix A to the IDEA regulations has four components:

- Compute total expenditures
- Subtract certain expenditures
- Compute average annual per pupil amount
- Determine minimum amount of funds to spend for students with disabilities

By meeting both the Maintenance of Effort (MOE) and Excess Cost requirements a district is in compliance with the non-supplanting provisions of federal law and regulation.

**Excess Cost Calculation**

The Excess Cost calculation has four basic components:

- Compute total expenditures
  - Subtract certain expenditures
- Compute average annual per pupil amount
- Determine minimum amount of funds to spend for Students With Disabilities

Sources needed for Excess Cost Calculations:

AFR, Cycle 9 data collection from APSCN
December 1st special education child count of current year
First 3 quarter ADM of AFR year
District locations, percentages, and grade information

For student enrollment information, districts will need to consider elementary as K – 6 and secondary as 7 – 12.

See Excess Cost Calculation (AFR) Summary Report and Excess Cost Calculation form examples below.
## Excess Cost Calculation (AFR) Summary Report

<table>
<thead>
<tr>
<th>LEA #/District</th>
<th>Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure Type</th>
<th>Elementary</th>
<th>Secondary</th>
<th>District</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Total Expenditures (2014-15)(Funds 1,2,3,4,5, 6, 7 &amp; 8—excluding preschool programs)</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>2. <strong>Less Capital Outlay from Funds 2, 6, 7 (Object 67000 – 67999) &amp; Building/Debt Service/Capital Outlay Funds (Funds 3, 4 &amp; 5)</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>3. <strong>Total Expenditures Less C.O. &amp; D.S.</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>4. <strong>Title VI-B Expenditures</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>5. <strong>Title I Expenditures</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>6. <strong>Title III-A &amp; B Expenditures</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>7. <strong>State/Local Sp Ed Expenditures (Fund 1&amp;2/Program 200-269)</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>8. <strong>Other (State/Local Expenditures such as NSLA &amp; Other )</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>9. <strong>Total Deductions</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>10. <strong>Total Expenditures Less Deductions</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>11. <strong>3 Quarter ADM for 14-15</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>12. <strong>Average Exp Per Student (APPE)</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>13. <strong>Child Count (12-1-15)</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>14. <strong>Total Minimum Amount That Must Be Spent Before Using Part B funds</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
### Excess Cost Calculation (AFR)

<table>
<thead>
<tr>
<th>LEA #:District</th>
<th>Fiscal Year</th>
</tr>
</thead>
</table>

#### Grade Allocations for 3rd Quarter ADM for Year of AFR and Dec. 1st Child Count for current year

- **Elementary K-6**
- **Secondary 7-12**

#### Elementary Dec. 1 Child Count  
#### Secondary Dec. 1 Child Count

#### Expenditure Allocation by Location (Elementary & Secondary)

<table>
<thead>
<tr>
<th>Location Code</th>
<th>Location Name</th>
<th>Elementary Allocation (%)</th>
<th>Number of Elementary Students</th>
<th>Secondary Allocation (%)</th>
<th>Number of Secondary Students</th>
</tr>
</thead>
</table>

Ele. & Sec. % should add up to 100%. These would only be split if building houses both Ele. & Sec.

### % of Elementary ADM for district  
### % of current year Dec. 1

### % of Secondary ADM for district  
### % of current year Dec. 1
APPENDIX E – COORDINATED EARLY INTERVENING SERVICES (CEIS)

As permitted by section § 300.226 of the IDEA regulations, a school district may use 15 percent (or up to 15 percent) of their Part B award to provide certain services to students who ARE NOT identified under the IDEA as students with disabilities.

Districts should consider whether they are required to use 15 percent of their Part B award or whether they are planning to voluntarily use up to 15 percent of their Part B award when developing their annual budgets, along with Excess Cost, Private School Proportionate Set Aside and MOE status. All four of these additional fiscal requirements impact a district’s use of its Part B funds.

Districts are required to set aside the full 15 percent of their Part B award for CEIS if it has been determined by the DESE that the district has significant disproportionality. This situation is described as follows:

Each State that receives assistance under Part B of the Act, and the Secretary of the Interior, must provide for the collection and examination of data to determine if significant disproportionality based on race and ethnicity is occurring in the State and the LEAs of the State with respect to—

- The identification of children as children with disabilities,
- including the identification of children as children with disabilities in accordance with a particular impairment described in section 602(3) of the Act;
- the placement in particular educational settings of these children; and
- the incidence, duration, and type of disciplinary actions, including suspensions and expulsions.

In the case of a determination of significant disproportionality with respect to the identification of children as children with disabilities, or the placement in particular educational settings of these children, in accordance with paragraph (a) of this section, the State or the Secretary of the Interior must –

- Provide for the review and, if appropriate revision of the policies, procedures, and practices used in the identification or placement to ensure that the policies, procedures, and practices comply with the requirements of the Act.
- Require any LEA identified under paragraph (a) of this section to reserve the maximum amount of funds under section 613(f) of the Act to provide comprehensive coordinated early intervening services to serve children in the LEA, particularly, but not exclusively, children in those groups that were significantly overidentified under paragraph (a) of this section; and
• Require the LEA to publicly report on the revision of policies, practices, and procedures described under paragraph (b)(1) of this section.

In analyzing the data sets for determining significant disproportionality, the state will use prior year data since discipline data are a data set with cumulative data for the entire year but the other data sets use the December 1st “snapshot”. The analysis by the state will be completed as soon as possible after data sets have been determined to be final so LEAs know whether they will be required to set aside 15% of their award or so they can decide to set aside the 15% voluntarily.

A school district might choose to voluntarily set aside up to 15 percent of their Part B award for Coordinated Early Intervening Services (CEIS). This situation is described as follows:

• The district may not use more than 15 percent of the amount the LEA receives under Part B of the Act for any fiscal year, less any amount reduced by the LEA pursuant to § 300.205, if any, in combination with other amounts (which may include amounts other than education funds), to develop and implement coordinated, early intervening services, which may include interagency financing structures, for students in kindergarten through grade 12 (with a particular emphasis on students in kindergarten through grade three) who are not currently identified as needing special education or related services, but who need additional academic and behavioral support to succeed in a general education environment. (See Appendix D for examples of how § 300.205(d), regarding local maintenance of effort, and § 300.226(a) affect one another.)

In implementing coordinated, early intervening services under this section, an LEA may carry out activities that include:

• Professional development (which may be provided by entities other than LEAs) for teachers and other school staff to enable such personnel to deliver scientifically based academic and behavioral interventions, including scientifically based literacy instruction, and, where appropriate, instruction on the use of adaptive and instructional software; and

• Providing educational and behavioral evaluations, services, and supports, including scientifically based literacy instruction.

Each LEA that develops and maintains coordinated, early intervening services must annually report to the SEA on—

• The number of children served under this section who received early intervening services; and
• The number of children served under this section that received early intervening services and subsequently receive special education and related services under Part B of the Act during the preceding two year period.

**Coordination with ESEA**

Funds made available for CEIS may be used to carry out coordinated, early intervening services aligned with activities funded by, and carried out under the ESEA if those funds are used to supplement, and not supplant, funds made available under the ESEA.
APPENDIX F – EXTENDED SCHOOL YEAR

This state funding source covers the costs of Extended School Year (ESY) services for eligible children ages 3 – 21 with disabilities in need of such services; supports the provision of special education services to foster children who are wards of the state; and provides funds to assist districts in paying salaries for special education supervisors and early childhood coordinators.

The procedures for filing extended school year services is available at https://arksped.k12.ar.us/FundingAndFinance/ExtendedSchoolYear.html
APPENDIX G – Proportionate Share for Parentally Placed Private School Children with Disabilities

Under section § 300.132 of the IDEA regulations, districts are required to complete a formula to identify the amount they must set aside of their Part B award to be used to provide special education and related services, through a Services Plan, to children whose parents have placed their child in a private school but who still want their child to receive some special education. The process districts must follow to determine which children might receive which special education services are described in the IDEA regulations.

Districts should consider their Private School Proportionate Set Aside when developing their annual budgets, along with Excess Costs, MOE status and Coordinated Early Intervening Services. All four of these additional fiscal requirements impact a district’s use of its Part B funds.

The following is the federal regulatory language districts must comply with in meeting this requirement:

- Each district must set aside and spend, during the grant period, on the provision of special education and related services for the parentally placed private school children with disabilities enrolled in private elementary schools and secondary schools located in the LEA an amount that is equal to –

  1. A proportionate share of the LEA’s subgrant under section 611(f) of the Act for children with disabilities aged 3 – 21. This is an amount that is the same proportion of the LEA’s total subgrant under section 611(f) of the Act as the number of parentally placed private school children with disabilities aged 3 – 21 enrolled in private elementary schools and secondary schools located in the LEA is to the total number of children with disabilities enrolled in public and private elementary schools and secondary schools located in the LEA aged 3 – 21; and

  2. A proportionate share of the LEA’s subgrant under section 619(g) of the Act for children with disabilities aged 3 – 5. This is an amount that is the same proportion of the LEA’s total subgrant under section 619(g) of the Act as the total number of parentally placed private school children with disabilities aged 3 – 5 enrolled in private elementary schools located in the LEA is to the total number of children with disabilities enrolled in public and private elementary schools located in the LEA aged 3 – 5.

Consistent with section 612(a)(10)(A)(i) of the Act and § 300.133 of these regulations, annual expenditures for parentally placed private school children with disabilities are calculated based on the total number of children with disabilities enrolled in public and private elementary schools and secondary schools located in the LEA eligible to receive special education and related services under Part B, as compared with the total number
of eligible parentally placed private school children with disabilities enrolled in private elementary schools located in the LEA. This ratio is used to determine the proportion of the LEA’s total Part B subgrants under section 611(f) of the Act for children aged 3 to 21, and under section 619(g) of the Act for children aged 3 – 5, that is to be expended on services for parentally placed private school children with disabilities enrolled in private elementary schools and secondary schools located in the LEA.

Proportionate share costs are not limited to direct services but can include consultative services, equipment or materials for eligible parentally placed students with disabilities, or training for private school teachers and other private school personnel.

LEAs are prohibited from using the set-aside amount for administrative costs, the costs of child find and the evaluation process of parentally placed private school students.

§ 300.132 (c) “....Each LEA must maintain in its records and provide to the SEA, the following information....”

- The number of children evaluated;
- The number of children determined to be children with disabilities; and
- The number of children served

NOTE: In Arkansas, home school children are also required to be included in the calculation.

The proportionate share of IDEA funds must be determined before designating funds for any Coordinated Early Intervening Services (CEIS), as specified in section § 300.226 of the IDEA regulations.

Dollar amounts must be calculated for both 619 funds and 611 funds. The combined amounts for ages 3 – 5 and ages 3 – 21 represent the total amount that must be set aside. The total required amount can be spent out of 611 dollars.

Funds must be set-aside during the Grant Period and funds not expended during the first year of the Grant Period must be carried over to the second year of the Grant Period. Any funds not expended during the first 24 months of the Grant Period may be spent on expenditures not related to parentally placed private school students.
The following is an example of how the private school proportionate share is calculated.

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Number of eligible children with disabilities in the District (December 1, 2014 Child Count)</td>
<td>300</td>
</tr>
<tr>
<td>2.</td>
<td>Number of parentally placed or home school eligible children with disabilities in private schools or home school located in the district and number identified as needing services but services not being provided. Use Dec. 1, 2014 Child Count and Private School Survey Questions 4 &amp; 5.</td>
<td>20</td>
</tr>
<tr>
<td>3.</td>
<td>Total Title VI Part B allocation to the District (current year only)</td>
<td>$152,500</td>
</tr>
<tr>
<td>4.</td>
<td>Average allocation per eligible child (#3 divided by #1)</td>
<td>$508.33</td>
</tr>
<tr>
<td>5.</td>
<td>Amount to be expended for parentally placed children and home school children with disabilities (PSPS) (#4 multiplied by #2)</td>
<td>$10,166.60</td>
</tr>
</tbody>
</table>