

IDEA-B LEA MOE

Federal Fiscal Compliance and Reporting
Texas Education Agency (TEA)



DIVISION OF
FEDERAL FISCAL COMPLIANCE
& REPORTING

Topics

- ▶ Commissioner's rules
- ▶ Eligibility standard
- ▶ Compliance standard
- ▶ Legal basis for reducing MOE
- ▶ Compliance review process
- ▶ Enforcement
- ▶ IDEA-B LEA MOE compliance review report
- ▶ Contact and resource information



Commissioner Rules

- ▶ December 10, 2015 To The Administrator
Addressed letter from TEA's commissioner
 - **Summary of finance (SOF) data** – Use first September “Near Final” report.
 - **Decrease in enrollment of children with disabilities** – LEA now has flexibility to claim expenditures based on decrease of enrollment.



Eligibility Standard

- ▶ 34 CFR 300.203(a)
- ▶ Establishes eligibility for IDEA-B award for a fiscal year.
- ▶ LEA must **budget** for the education of children with disabilities at least the same amount as the LEA spent from “most recent fiscal year for which information is available”.
- ▶ Most recent fiscal year means it must be audited and final data.



Eligibility Standard (continued)

- ▶ **Budget** at least the same amount, from at least one of the following sources:
 1. Total amount of local funds only
 2. Total amount of combination of state and local funds
 3. Per capita amount of local funds
 4. Per capita amount of combination of state and local funds



Eligibility Standard (continued)

- ▶ Report **budgeted** amount on the *BS6016 – Fiscal Compliance Requirements* schedule of *Special Education Consolidated Grant Application* for the next school year.

20xx-20xx Special Education Consolidated Grant Application	
Program Budget	
BS6016 - Fiscal Compliance Requirements	
Part 1: LEA MOE (Maintenance of Effort) for Eligibility and MOE Reduction	
Per 34 CRF 300.203(a,b), to be eligible to receive an IDEA-B grant, each LEA must ensure that the amount of state and local funds or only local funds it budgets for the education of children with disabilities in that year is at least the same, either in total or per capita, as the amount it expended for services to children with disabilities in the most recent fiscal year for which information is available and the LEA was in MOE compliance. Each LEA must budget the same fund source as used to meet the MOE compliance test, meaning either state and local funds or only local funds.	
For each LEA complete the information requested below for items 1-5. Help	
<input type="checkbox"/> <input type="checkbox"/>	LEA Name: <input type="text"/>
for Eligibility	Expenditures
Enter the amounts below, of either state and local funds or only local funds, to demonstrate MOE for grant eligibility purposes. Remember, to be eligible the budgeted amount must equal or exceed the expenditures for the most recent year in which complete expenditure data are available and the LEA was in MOE compliance.	
1.	Amount of special education expenditures for the most recent year in which complete expenditure data are available and the LEA was in MOE compliance.
2.	Budget for special education for 20xx-20xx <input type="text"/>



Eligibility Standard (continued)

- ▶ **Budget** amount allows LEAs to *consider* exceptions and adjustment to fiscal effort the LEA:
 - *“Took in 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; and*
 - *Reasonably expects to take in the fiscal year for which the LEA is budgeting.”*



Eligibility Standard (continued)

- ▶ Subsequent years rule is applicable to the eligibility standard.
- ▶ Subsequent years rule means the comparison year the LEA goes back to is the last fiscal year the LEA met compliance for that source.



Eligibility Standard (continued)

- ▶ Example of meeting eligibility standard:
 - LEA wants to use the combination of state and local funds to meet eligibility standard for 2016-2017.
 - LEA has information for 2014-2015, the most recent audited fiscal year for which information is available, but LEA failed to meet MOE in 2014-2015 using that method.
 - LEA met MOE in 2013-2014 using that method.
 - LEA must use 2013-2014 as comparison year if LEA wants to use this method.



Eligibility Standard (continued)

- ▶ Illustration of meeting the eligibility standard
- ▶ Budget for only **one** of the four methods to meet eligibility standard

School Year (Fiscal Year)	Local	State and local funds	Local funds Per capita	State and local Per capita
2013-2014	\$550*	\$1,200*	\$55*	\$120*
2014-2015	\$500**	\$1,250*	\$50**	\$125*
2015-2016				

Amount to
budget to meet
 eligibility
 standard in
2016-2017

\$550

\$1,250

\$55

\$125

*= Met MOE

**= Failed MOE

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Compliance Standard

- ▶ **LEA is responsible** for meeting the compliance standard
- ▶ 34 CFR 300.203(b)
- ▶ LEA must **expend** for the education of children with disabilities at least the same amount as the LEA expended ***in the preceding fiscal year***, except as provided in 300.204 (exceptions) or 300.205 (adjustment to fiscal effort).
- ▶ Preceding fiscal year means the prior year.



Compliance Standard (continued)

- ▶ The ***comparison year*** for the compliance standard is the “preceding fiscal year”, however, due to the subsequent years rule in 300.203(c), the comparison year means ***the last school year in which the LEA met MOE for that test method.***
- ▶ The LEA does not have use the same source for the compliance standard as it used for the eligibility standard.



Compliance Standard (continued)

- ▶ **Expend** at least the same amount, from at least one of the following sources:
 1. Total amount of local funds only
 2. Total amount of combination of state and local funds
 3. Per capita amount of local funds
 4. Per capita amount of combination of state and local funds



Compliance standard (continued)

- ▶ Example of meeting compliance standard:
 - LEA wants to use the combination of state and local funds to meet compliance standard for 2015-2016.
 - The preceding fiscal year is 2014-2015, however LEA failed to meet MOE in 2014-2015 using that method.
 - LEA met MOE in 2013-2014 using that method.
 - LEA must use 2013-2014 as comparison year if LEA wants to use this method.



Compliance Standard (continued)

- ▶ Illustration of meeting the compliance standard
- ▶ Only **one** of the four methods needed to meet compliance standard

School Year (Fiscal Year)	Local	State and local funds	Local funds Per capita	State and local Per capita
2013–2014	\$500*	\$1,000*	\$50*	\$100*
2014–2015	\$550*	\$900**	\$55*	\$90**
Amount to expend to meet compliance standard in 2015–2016	\$550	\$1,000	\$55	\$100

* = Met MOE

** = Failed MOE



Legal Basis for Reducing MOE

- ▶ 300.204 – Exceptions
 - Voluntary departure of personnel
 - Decrease in enrollment
 - Termination of an exceptionally costly program
 - Termination of costly long-term purchases
 - Assumption of cost by the federal high cost fund grant (Fund 226)
- ▶ 300.205 – Adjustment to Fiscal Effort
 - MOE Voluntary Reduction



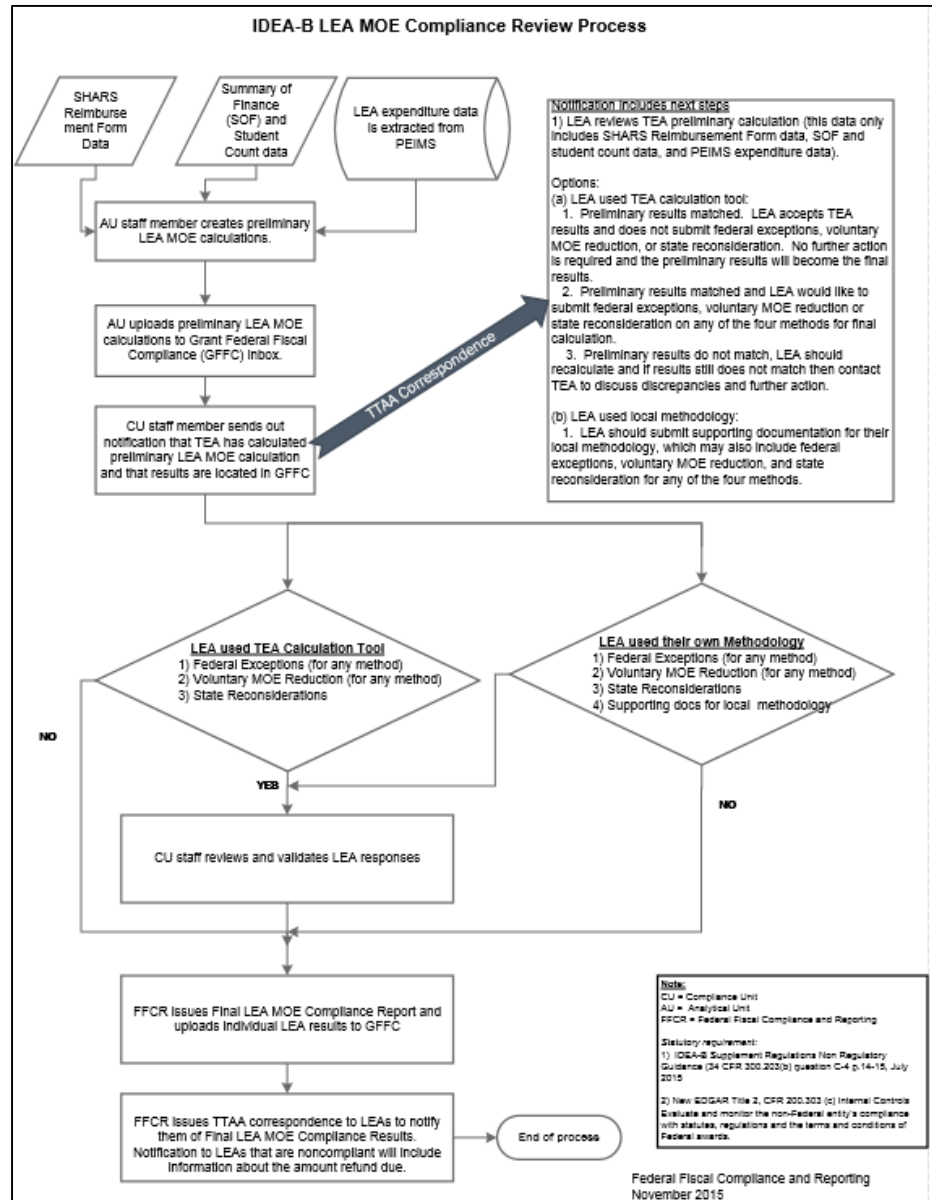
Compliance Review Process

- ▶ TEA performs a compliance review of IDEA-B LEA MOE
 - Data sources include PEIMS expenditures, SHARS Reimbursement Form data, Summary of Finance (SOF) data, and special education student count data.
 - Review consists of three main processes:
 - ❖ Preliminary results
 - ❖ TEA review and evaluation of LEA responses
 - ❖ Final results



Compliance Review Process

► Flowchart handout



Compliance Review Process (continued)

- LEAs will be notified of the *preliminary* IDEA-B LEA MOE results when they become available in GFFC Reports and Data Collections via To The Administrator Addressed (TTAA) notification.
- ▶ LEA reviews TEA *preliminary* IDEA-B LEA MOE results.



Compliance Review Process (continued)

- ▶ If the LEA used TEA's IDEA-B Calculation Tool, one of the following outcomes should apply:
 1. Preliminary results matched. LEA accepts TEA results and does not submit federal exceptions, voluntary MOE reduction, or state reconsideration. No further action is required, and the preliminary results become the final results.
 2. Preliminary results matched. LEA submits federal exceptions, voluntary MOE reduction, or state reconsideration for the final calculation.
 3. Preliminary results do not match. LEA recalculates. If results still do not match, LEA contacts TEA to discuss discrepancies and further action.



Compliance Review Process (continued)

- ▶ Instead of TEA's IDEA-B Calculation Tool, the LEA may choose to use a local methodology calculation.
- ▶ If so, the LEA must submit supporting documentation for its local methodology, which may also include federal exceptions, voluntary MOE reduction, and state reconsideration for any of the four methods.



Compliance Review Process (continued)

- ▶ For an LEA that submits federal exceptions, voluntary MOE reduction, and state reconsideration during the *preliminary* results process, TEA reviews and validates LEA responses with supporting documentation to be considered in the final results.
- ▶ TEA will issue a TTAA notification of **final** IDEA-B LEA MOE Compliance results and availability of the final report in GFFC Reports and Data Collections.



Compliance Review Process (continued)

- ▶ Notification to noncompliant LEAs will include information about the amount refund due.
- ▶ LEA should **only** send refunds in response to a specific request from TEA.



Enforcement

- ▶ TEA will issue an enforcement letter to the noncompliant LEAs requesting the refund due.
- ▶ Payment must be made from non-federal funds.
- ▶ The LEA has 30 days from date of TEA's enforcement letter to submit the refund amount.



Preliminary Compliance Report Example

PRELIMINARY

IDEA-B LEA MOE Compliance Review
School Year (SY) 2014-2015
(Fiscal Year 2015)

LEA Name: ABC ISD

CDN: 101922

Region: 6

Status: Non-compliant

		Test Methods				Special Ed Student Population	*Refund Due
		Test 1 State and Local (S&L)	Test 2 Per-Capita S&L	Test 3 Local Only	Test 4 Per-Capita Local Only		
(a)	Last compliant SY for test method	2013-2014	2013-2014	2013-2014	2013-2014		
(b)	Last compliant SY total expenditure and per-capita expenditure amounts	\$4,643,024.00	\$9,121.65	\$4,508,436.00	\$8,845.44		
(c)	2014-2015 SY total expenditure and per-capita expenditure amounts	\$4,128,801.00	\$7,790.19	\$3,598,859.09	\$6,790.30	530	
(d)	Preliminary deficiency amount (only for Fail results)	-\$514,223.00	-\$705,779.50	-\$909,576.91	-\$1,089,224.11		\$514,223.00
(e)	Preliminary compliance result (Pass/Fail)	Fail	Fail	Fail	Fail		
(f)	Total exceptions and/or adjustment to fiscal effort validated by TEA						
(g)	Final compliance result (Pass/Fail)						

LEGEND:

- (a) The last school year (SY) that the LEA met MOE compliance for that test method (i.e., "last compliant SY").
- (b) Total expenditure (Tests 1 and 3) and per-capita expenditure (Tests 2 and 4) amounts for the last compliant SY that the LEA met MOE for that test method.
- (c) Compliance review SY total expenditure (Tests 1 and 3) and per-capita expenditure (Tests 2 and 4) amounts for each test method.
- (d) Preliminary deficiency amount for Tests 1 and 3 is the difference in total expenditures (lines c and b) and the per-capita deficiency amount for Tests 2 and 4 is the difference in the per-capita expenditure amounts (lines c and b) multiplied by the special education student population.
- (e) Preliminary Pass or Fail test result for each test method.
- (f) Amount of total exceptions and/or adjustment to fiscal effort submitted by the LEA for validation by TEA. Approved amounts will be reflected on the Final IDEA-B LEA MOE Compliance Review report.
- (g) Final Pass or Fail test result for each test method will only be shown on Final IDEA-B LEA MOE Compliance Review report. Approved exceptions and/or adjustment to fiscal effort (row f) offsetting preliminary deficiency amounts will result in Pass for those test methods.

*Refund Due - The smallest deficiency amount of the four failed tests. DO NOT SUBMIT REFUND until LEA receives an enforcement notice.



Final Compliance Report Example – 1 of 2

FINAL

IDEA-B LEA MOE Compliance Review
School Year (SY) 2014-2015
(Fiscal Year 2015)

LEA Name: ABC ISD

CDN: 101922

Region: 6

Status: Compliant

		Test Methods				Special Ed Student Population	*Refund Due
		Test 1 State and Local (S&L)	Test 2 Per-Capita S&L	Test 3 Local Only	Test 4 Per-Capita Local Only		
(a)	Last compliant SY for test method	2013-2014	2013-2014	2013-2014	2013-2014		
(b)	Last compliant SY total expenditure and per-capita expenditure amounts	\$4,643,024.00	\$9,121.85	\$4,508,436.00	\$8,846.44		
(c)	2014-2015 SY total expenditure and per-capita expenditure amounts	\$4,128,801.00	\$7,790.19	\$3,598,859.09	\$6,790.30	530	
(d)	Preliminary deficiency amount (only for Fail results)	-\$514,223.00	-\$705,779.50	-\$909,576.91	-\$1,089,224.11		
(e)	Preliminary compliance result (Pass/Fail)	Fail	Fail	Fail	Fail		
(f)	Total exceptions and/or adjustment to fiscal effort validated by TEA	\$706,000.00	\$706,000.00	\$706,000.00	\$706,000.00		
(g)	Final compliance result (Pass/Fail)	Pass	Pass	Fail	Fail		\$0

LEGEND:

- (a) The last school year (SY) that the LEA met MOE compliance for that test method (i.e., "Last compliant SY").
- (b) Total expenditure (Tests 1 and 3) and per-capita expenditure (Tests 2 and 4) amounts for the last compliant SY that the LEA met MOE for that test method.
- (c) Compliance review SY total expenditure (Tests 1 and 3) and per-capita expenditure (Tests 2 and 4) amounts for each test method.
- (d) Preliminary deficiency amount for Tests 1 and 3 is the difference in total expenditures (lines c and b) and the per-capita deficiency amount for Tests 2 and 4 is the difference in the per-capita expenditure amounts (lines c and b) multiplied by the special education student population.
- (e) Preliminary Pass or Fail test result for each test method.
- (f) Amount of total exceptions and/or adjustment to fiscal effort submitted by the LEA for validation by TEA. Approved amounts will be reflected on the Final IDEA-B LEA MOE Compliance Review report.
- (g) Final Pass or Fail test result for each test method will only be shown on Final IDEA-B LEA MOE Compliance Review report. Approved exceptions and/or adjustment to fiscal effort (row f) offsetting preliminary deficiency amounts will result in Pass for those test methods.

*Refund Due - The smallest deficiency amount of the four failed tests. DO NOT SUBMIT REFUND until LEA receives an enforcement notice.



Final Compliance Report Example – 2 of 2

Expenditure and Per-capita Expenditure Comparison Amounts
for *next year's*
IDEA-B LEA MOE Preliminary Compliance Review
School Year (SY) 2015-2016
(Fiscal Year 2016)

	Test Methods			
	Test 1 State and Local (S&L)	Test 2 Per-Capita S&L	Test 3 Local Only	Test 4 Per-Capita Local Only
Last compliant SY for test method	2014-2015	2014-2015	2013-2014	2013-2014
Last compliant SY expenditure and per-capita expenditure amounts	\$4,128,801.00	\$7,790.19	\$4,508,496.00	\$8,845.44
2015-2016 SY expenditure and per-capita expenditure amounts	TBD	TBD	TBD	TBD

LEGEND:

TBD: To Be Determined Spring 2017



Contact and Resource Information

- ▶ Division of Federal Fiscal Compliance and Reporting
 - compliance@tea.texas.gov
 - (512) 463-9127
- ▶ IDEA-B LEA Maintenance of Effort page of TEA website
 - IDEA-B LEA MOE Guidance Handbook
 - IDEA-B LEA MOE Calculation Tool and Instructions
 - Federal guidance



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