
American Recovery and Reinvestment Act of 2009

IDEA Recovery Funds
Office of Special Education and
Early Intervention Services
June 3, 2009



ARRA Expenditure

- Presentations with examples of appropriate uses of the ARRA funds
 - http://www.michigan.gov/documents/mde/ISD-FinanceDirectorsPresentation3-19-09_272217_7.pdf
- FAQs on Allowable Uses of ARRA funds
 - http://www.michigan.gov/documents/mde/Appropriate_Use_of_Funds_5-8_277795_7.pdf



IDEA Recovery Funds Fiscal

- Appropriate use of Funds – Process for submitting questions
 - Form will be available on Webpage for submitting questions
 - MDE team will regularly review and post answers



IDEA Recovery Funds Fiscal

- Existing statutory language applies
- Considered Part of 2009-10 IDEA Award
 - Separate application in MEGS
 - Recovery specific reporting quarterly in addition to existing requirements



IDEA Recovery Funds Fiscal

- Award available to Michigan
 - 50% on 4/1/09
- Available to LEAs through the MEGs application
 - Subject to current CMS reimbursement rules
- Period of obligation 2/17/09 to 9/30/11
 - Fiscal years 08/09, 09/10 & 10/11



IDEA Recovery Funds Fiscal

- Separate ARRA application in MEGS
- Requires new program designs & budgets
- Includes questions around the ARRA guiding principles and assurances
- All else is consistent with Regular IDEA Award application



What is Maintenance of Effort?

- Part B funds must not reduce State and local spending
- Supplement not supplant



Who is affected?

- Every ISD, LEA and PSA that is allocated and directly expends IDEA funds (Part B) – Including Pre School Funds, for the provision of Special Education programs and services
- Any PSA or LEA that does not receive IDEA (Part B) funds **is not affected**



Determination of MOE

- Calculate effort on a total cost basis
- Calculate effort on a per capita basis (head count or FTE) – Birth to 26
- Exceptions under §300.204



Components of MOE

- IDEA Part B Flowthrough Allocation
- SE 4096 Special Education Cost Report
- SE 4094 Transportation Cost Report
- December 1 Head Count
- Audited September Pupil Membership Count



IDEA Recovery Funds Fiscal

- State & local expenditure reduction
 - 50% of increase in Part B §611 (Regular and ARRA allocations)
 - Must spend equal amount for ESEA activities
 - SEAs report LEA's ESEA use of funds
 - Reminder – tie-bar to Early Intervening Services (EIS) - dollar for dollar reduction
 - Determinations limit availability of this option



IDEA Recovery Funds Fiscal

- Spending in fiscal year 08/09
 - **Work with your business office!**
 - Involves re-coding appropriate expenditures from State or local funds to the ARRA grant
 - Possible new program designs
 - Funds remain fiscal year 09/10 money
 - Watch linkages
 - Maintenance of Effort (MOE)
 - Medicaid billing



IDEA Recovery Funds Fiscal

- Spending in fiscal year 09/10

- Regular and ARRA funds combined for all fiscal year calculations including
 - Early Intervening Services – 15%
 - 50% Rule – Maintenance of Effort
 - Proportionate Share



IDEA Recovery Funds Fiscal

- LEAs may use up to 15% of Part B grants (§611 and 619) Regular and ARRA allocations for Early Intervening Services
 - Reminder – tie-bar to 50% rule/dollar for dollar reduction



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ARRA and Title I

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Office of School Improvement
Field Services Unit



ARRA Comes in Two Large Sections

- State Fiscal Stabilization
- Direct Education
 - Title I, Part A
 - Title I, Part A School Improvement
 - Title II, Part D Educational Technology
 - Title X, Part C Homeless
 - IDEA Special Education
 - Other

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Maintenance of Effort and Supplement Not Supplant

- Supplement, not Supplant
 - <http://www.ed.gov/programs/titleiparta/fiscalguid.doc>
- Maintenance of Effort
 - www.michigan.gov/mde
 - Under Offices, click on State Aid & School Finance



Title I: Supplement Not Supplant

Basic concept:

- Categorical (grant) funds are additional resources to provide targeted services beyond the basic educational program
- Categorical funds do not replace nor are they a substitute for state and local expenditures



Supplanting

[Title I, Part A Section 1120 A (b)]

- Using federal funds to substitute or replace existing or previously existing programs and services funded by non-federal sources (state/local)
 - Example: Last year the LEA used state and local funds to provide a writing program (i.e. specialized teacher, materials, assessments, etc.). This year the LEA wants to use Title I funds to continue the program.



Supplanting

- Substituting or replacing funds from other federal/state programs required by law for specific categories of students
- Examples:
 - Using Title I funds to hire staff to give state assessments
 - Using Title II funds to pay for professional development activities required by state law
 - Using Title I funds to pay for class required by LEA board for graduation



Supplanting

- Using Title I funds to provide a program in a Title I school, while using state and local resources to provide the same program in a non-Title I school



Supplanting and Comparability

- Annually the district must ensure that comparable state and local resources are utilized in all schools
 - Comparability application submitted in the fall verifying district wide comparability



Supplement, Not Supplant

An LEA is responsible for all school operating requirements under state and local laws or policy utilizing state and local funds

- If an LEA supported the activity with state and local funds last year, it cannot use federal funds to support the activity this year.
- If a program, service or activity is provided to some students using state and local funds, it must be provided to Title I students using state and local funds



Auditors presume supplanting if federal funds were used to provide services...

- That were required to be made available under other state, local or federal laws;
- That were provided with non federal funds in the prior year.



An LEA may rebut the presumption of supplanting...

- If the LEA demonstrates it would not have provided the services if federal funds were not available
- No non-federal resources are available.
- Extensive documentation is needed
 - Multiple year budgets
 - Reduction of state and local funding
 - Board action independent of federal fund availability
- The activity is allowable under the program



Title I: Maintenance of Effort

- Basic concept:
LEAs must demonstrate that the level of state and local funding is maintained from year to year.
- For Title programs, the level of state and local funding for the previous year must be maintained at the level of 90% of the second preceding year.



ARRA Section 14012, fiscal relief

- (d) Maintenance of effort: upon prior approval from the Secretary, a state or LEA that receives funds under this title (stabilization) may treat any portion of such funds *that is used for elementary, secondary, or post secondary education as nonfederal funds for the purpose of any requirement to maintain fiscal efforts **under any other** program administered by the Secretary.*



Section 14012, fiscal relief

- Notwithstanding (d), the level of effort required by a state or local educational agency for the following year shall not be reduced.



Title I: Allowable Uses

- The program office must determine the activities that are needed through a data driven needs assessment.
- The fiscal office typically identifies reasonable costs using the procurement process
- The program and fiscal offices must jointly determine the fund source, allowability, reasonable, necessary and compliance with all guidance

Requires careful coordination between the program offices and the fiscal offices



Title I: Allowable Uses

Supplementary activities*

- Direct services to students
- Extended day, extended year instruction
- Parent involvement
- Professional development
- Program development
- Student support services
- Staff salaries and benefits
- Substitutes
- Transportation
- Program materials & supplies

*Must play by the Title I rules



Oversight Responsibilities

- All regular required reporting applies
- Unprecedented transparency and reporting requirements for ARRA funds
 - Specifics unknown
 - Minimally quarterly reports
 - Document
- Not just fiscal reporting, includes qualitative linkages to the goals and principles of ARRA



Reporting and Transparency

- Transparency: Expect any official documents to be made available to your public, stakeholders and the media
- Reporting: Reporting guidelines will be coming out in waves from USED.
 - We will keep you informed.
 - Expect quarterly reporting.
 - By accepting the funds you are agreeing to report as required.



Questions?

