Agenda

- OSE Finance Updates
- Program Fiscal Reviews
- Primary Point of Contact
- LEA Maintenance of Effort Updates
- Proportionate Share
- Excess Cost
- Q & A
Office of Special Education
Finance Updates
OSE Finance Updates

- New staff
- New staffing structure
- Website
- Technical assistance
Program Fiscal Reviews (PFRs)
Monitors assigned by region

- Common Findings
  - Unapproved Personnel
    - [https://www.michigan.gov/mde/0,4615,7-140-6598_88188---,00.html](https://www.michigan.gov/mde/0,4615,7-140-6598_88188---,00.html)
  - Unallowable Costs
    - [https://www.michigan.gov/documents/mde/StateAid_IDEA_PartB_Section611_Allo
      wable_Costs_519694_7.pdf](https://www.michigan.gov/documents/mde/StateAid_IDEA_PartB_Section611_Allo
      wable_Costs_519694_7.pdf)
  - Proportionate Share
  - Lack of Documentation
Office of Special Education Finance
Primary Point of Contact
Single Point of Contact

- Single point of contact for ISDs, LEAs, and PSAs for IDEA Flowthrough, State Aid Reimbursement, and Pupil Accounting:
  - Sean McLaughlin, Financial Analyst, mclaughlins@Michigan.gov, (517) 241-7123
  - JL Purves, Financial Analyst, purvesj@Michigan.gov, (517) 241-7081
Single Point of Contact

Breakout for single contact:

- Sean McLaughlin – Financial Analyst
- Cindy Keller – Auditor
- JL Purves – Financial Analyst
- James Williams IV - Auditor
Local Educational Agency
Maintenance of Effort
Maintenance of Effort

- Two standards
  - Eligibility and Compliance – An LEA must **budget** and **expend** at least the same amount of either local, or state and local, funds on a total or per capita basis.
  - LEA MOE Eligibility and Compliance requirements are tested at the ISD level in the aggregate including the ISD’s LEAs and public school academies (PSAs).
- 2017-18 fiscal year and moving forward includes all ISDs/LEAs/PSAs in the aggregate regardless of whether districts receives federal IDEA, Part B funding.
Maintenance of Effort

- **Status:**
  - LEA MOE Eligibility and Compliance testing in Catamaran
  - 2017-18 Compliance Testing – Went “live” April 23, 2019. All ISD’s met MOE Compliance under at least one of four methods
  - 2019-20 Eligibility Testing – on schedule for June 2019
Proportionate Share
Proportionate Share

- *Individuals with Disabilities Education Act (IDEA) §300.133*
- Flowthrough & Preschool calculations
- Annual Count
- Supplement not Supplant
- Eligible Children with Disabilities
- Proportionate Share Calculation *Appendix B*
- What do you need to know
Proportionate Share

§300.133(a)
The LEA* where the private schools are located must expend:

- A proportionate share of the LEA's total subgrant under §611(f) of IDEA on services for parentally-placed children aged 3-21 in accordance with a required formula; and

- A proportionate share of the LEA's total subgrant under §619(g) of IDEA for services for parentally-placed children aged 3-5 in accordance with a required formula.

**NOTE: IDEA defines an Educational Service Agency as an LEA. Therefore, in Michigan an ISD, RESA or ESD is the LEA.**
§ 300.133(c)

Each ISD must:

- Ensure that the count is conducted between Oct. 1 and Dec. 1 of each year (Official Fall Count)
- Use the prior year count to determine the amount the ISD must spend on providing special education and related services in the next fiscal year.

For example, for Flowthrough 2019-20 (200450 grant) use Fall 2018 Count.
§ 300.133(d)

- State and local funds may supplement and in no case supplant the proportionate amount of Federal funds required to be expended for parentally-placed private school children with disabilities under this part.
The Proportionate Share for parentally-placed private school children with disabilities is based on total children eligible to receive special education and related services, not just those served.
## Proportionate Share

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISD: (Any ISD)</td>
<td>School Year: (i.e. 2016-17)</td>
</tr>
<tr>
<td>Grant Number (i.e. 170460)</td>
<td>Official Fall Count-PY (i.e. Fall 2015)</td>
</tr>
<tr>
<td>Number of eligible children (3-5) with disabilities in public schools in ISD</td>
<td>100</td>
</tr>
<tr>
<td>Number of parentally placed eligible children (3-5) in private schools in ISD</td>
<td>10</td>
</tr>
<tr>
<td>Total number of eligible children</td>
<td>110</td>
</tr>
<tr>
<td>Total IDEA Section 619 Preschool funds allocated to ISD</td>
<td>$50,000</td>
</tr>
<tr>
<td>Average allocation per eligible child</td>
<td>$454.55 (50,000/110)</td>
</tr>
<tr>
<td>Multiply by Number of parentally placed children (3-5)</td>
<td>10</td>
</tr>
<tr>
<td>Total Proportionate Share Requirement</td>
<td>$4,545.50 (454.55 x 10)</td>
</tr>
</tbody>
</table>
Proportionate Share

- Proportionate Share calculations MUST be done at the ISD level
- Calculations MUST be done for the Flowthrough (ages 3-21) and Preschool (ages 3-5) grants separately
- Both calculations MUST include ages 3-5
- Expenditures MUST be tracked for the Flowthrough and Preschool grants separately
- Calculations use current year total allocations and prior year ISD total counts
- Students included in the counts MUST be enrolled in elementary or secondary private schools
Proportionate Share

- ISDs are responsible for ensuring the expenditure requirement is met overall and may be in coordination with their LEAs.
- MUST budget in MEGS+ the amount(s) each LEA will spend in the 371 function code
- MUST upload the calculation into MEGS+ application
- MUST attribute expenditures to the Proportionate Share based upon ACTUAL work performed and not BUDGETED
- MUST HAVE DOCUMENTATION to support ACTUAL work performed justifying expenditures.
Excess Cost
Excess Cost

- An LEA must use IDEA funds to pay only the excess cost of providing special education and related services for children with disabilities in a given school year.
- Calculates elementary and secondary schools separately
- Not a year-to-year comparison
- Tests whether or not the LEA spent a minimum average amount for the education of elementary and secondary school children with disabilities before using IDEA funds.
Excess Cost

- **Calculation (Appendix A)**
  - **a.** First the LEA must determine the total amount of its expenditures for elementary school students from all sources—local, State, and Federal (including Part B)—in the preceding school year. Only capital outlay and debt services are excluded.
  - **b.** Next, the LEA must subtract from the total expenditures amounts spent for:
    - **(1)** IDEA, Part B allocation,
    - **(2)** ESSA, Title I, Part A allocation,
    - **(3)** ESSA, Title III, Parts A and B allocation,
    - **(4)** State and local funds for children with disabilities, and
    - **(5)** State or local funds for programs under ESSA, Title I, Part A, and Title III, Parts A and B.
    - These are funds that the LEA actually spent, not funds received last year but carried over for the current school year.
c. Except as otherwise provided, the LEA next must determine the average annual per student expenditure for its elementary schools dividing the average number of students enrolled in the elementary schools of the agency during the preceding year (including its children with disabilities) into the amount computed under the above paragraph. The amount obtained through this computation is the minimum amount the LEA must spend (on the average) for the education of each of its elementary school children with disabilities. Funds under Part B of the Act may be used only for costs over and above this minimum.
Excess Cost

- Calculation (Appendix A) (continued)
  - d. Except as otherwise provided, to determine the total minimum amount of funds the LEA must spend for the education of its elementary school children with disabilities in the LEA (not including capital outlay and debt service), the LEA must multiply the number of elementary school children with disabilities in the LEA times the average annual per student expenditure obtained in paragraph c above. Funds under Part B of the Act can only be used for excess costs over and above this minimum.
Excess Cost

- Status:
  - LEA Excess Cost Testing will be in Catamaran
  - LEA Excess Cost system is currently being developed in Catamaran
  - Followed the development of the MOE Eligibility and Compliance Testing development
  - Have received further clarification from federal technical assistance centers
  - Student counts/costs to be considered
  - Timing of testing
Excess Cost

- Status (continued):
  - Will be continuing to work with MSBO sub-group on development, training and implementation planning
  - Will include Single Audit perspective (members on the sub-group)
  - Will include all ISDs/LEAs/PSAs in the aggregate testing.
  - The following slides are some screenshots of the Excess Cost testing in Catamaran.
## Excess Cost

### Excess Cost District Data Form

**Arenac Eastern School District (06010) Nov2018**

**Fields with * are required.**

3. Enter the amount of state and local funds your district spent during the 2017-18 school year on all elementary students and secondary students.

- In answering this question, be sure to include ALL state and local expenditures. This includes things like food service, capital projects, debt service, sinking funds, Career Technical Education, General Fund, Special Education Fund, Adult Education Fund, etc.
- Do not include any federal expenditures.
- If you are filing this out as an ISD, do not include transfers to Districts and ISDs, as those expenditures will be recorded by such Districts.

<table>
<thead>
<tr>
<th>Grade Levels</th>
<th>Total Number Of Students, 17-18</th>
<th>State And Local Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>2</td>
</tr>
</tbody>
</table>

**Elementary***

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Secondary***

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**District Notes**

Districts may use this space to jot down notes and/or upload files for future reference. This information will not be reviewed by the ISD or MDE and is strictly for Districts' reference. It will be available when Excess Cost must be completed next year.
# Excess Cost

<table>
<thead>
<tr>
<th>District Notes</th>
<th>District Notes and Attachments for Future Reference</th>
</tr>
</thead>
</table>

Districts may use this space to jot down notes and/or upload files for future reference. This information will not be reviewed by the ISD or MDE and is strictly for Districts’ reference. It will be available when Excess Cost must be completed next year.

Click here to provide feedback on this question (optional)

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MDE Office of Special Education
### Excess Cost District Data Summary

#### Arenac Eastern School District (06010) Nov2018

**Last Modified: 2/13/2019 9:33:08 AM by Alex Krames**

Here is the data you provided. Look it over to make sure it is correct. When you are finished, click Submit to SSD.

<table>
<thead>
<tr>
<th></th>
<th>Grade Levels</th>
<th>Elementary</th>
<th>Secondary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total Number of Students, 13-18</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>State and Local Expenditures</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>3</td>
<td>Federal Expenditures</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>4</td>
<td>Debt Service</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>5</td>
<td>Capital Outlays</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>6</td>
<td>Part B IDEA</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>7</td>
<td>ESSA Title I, Part A</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>8</td>
<td>ESSA Title VI, Parts A &amp; B</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>9</td>
<td>State and Local ESSA</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>10</td>
<td>State and Local Spec Ed</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>11</td>
<td>Number of Students, 13-18</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Excess Cost

Part 1 of 2

Excess Cost and Aggregate Threshold

Allegan Area Educational Service Agency (03000) Nov 2018

Last Modified: 10/18/2018 10:07:24 AM by System


4 of 11 Districts have submitted Excess Cost data.
4 of 11 District Data Forms have been accepted by the ISO.

Expenditures

<table>
<thead>
<tr>
<th></th>
<th>Elementary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and Local Expenditures</td>
<td>$129,000</td>
<td>$463,500</td>
</tr>
<tr>
<td>Federal Expenditures</td>
<td>$3,800</td>
<td>$4,500</td>
</tr>
</tbody>
</table>
Excess Cost

Part 2 of 2

<table>
<thead>
<tr>
<th>Required Deductions</th>
<th>Elementary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service</td>
<td>$3,700</td>
<td>$7,600</td>
</tr>
<tr>
<td>Capital Outlays</td>
<td>$1,539</td>
<td>$2,102</td>
</tr>
<tr>
<td>Part B IDEA</td>
<td>$5,510</td>
<td>$1,414</td>
</tr>
<tr>
<td>ESSA Title I, Part A</td>
<td>$4,968</td>
<td>$17,548</td>
</tr>
<tr>
<td>ESSA Title III, Parts A &amp; B</td>
<td>$66,612</td>
<td>$4,510</td>
</tr>
<tr>
<td>State and Local ESSA</td>
<td>$5,751</td>
<td>$8,732</td>
</tr>
<tr>
<td>State and Local Special Education</td>
<td>$4,245</td>
<td>$8,721</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Excess Cost Threshold Calculation</th>
<th>Elementary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Expenditures, 17-18</td>
<td>$40,475</td>
<td>$417,773</td>
</tr>
<tr>
<td>Total Number of Students, 17-18</td>
<td>1,690</td>
<td>2,700</td>
</tr>
<tr>
<td>Average Annual Per-Pupil Expenditure, 17-18</td>
<td>$25</td>
<td>$155</td>
</tr>
<tr>
<td>Number of SDWs, 18-19</td>
<td>3380</td>
<td>6,688</td>
</tr>
</tbody>
</table>

| Anticipated Excess Cost Threshold, 18-19 | $84,500 | $10,383,450 |
Maintenance of Effort vs. Excess Cost

- Center for IDEA Fiscal Reporting (CIFR) document on Key Differences between IDEA Local Education Agency Maintenance of Effort and Excess Cost Requirements
Office of Special Education Finance
Contact Information
Contact Information

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  - Supervisor, Financial Manager, Program Finance
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- **Cindy Keller**
  - Auditor, Program Fiscal Reviews
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- **James Williams IV**
  - Auditor, Program Fiscal Reviews
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- **Joni Jay**
  - Financial Analyst, ISD Flowthrough Allocations
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  - jayj1@Michigan.gov
Other - Questions and Answers