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SPECIAL EDUCATION BUDGETS AND CONSOLIDATED APPLICATION PROCESS

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Administration Procedures for IDEA Formula Grant

IDEA & ARRA Sections 611 – Flow- through and 619 - Preschool Grants

A. State Grant Application Process

- The Georgia Department of Education (Department) receives an estimated IDEA grant allocation in the winter of each year from the Office of Special Education Programs (OSEP). A state application packet, ED FORM 9055, includes a submission statement for Part B of IDEA, assurances related to policies and procedures, other state assurances and certifications, a description of the use of funds on an Excel interactive spreadsheet, upper age limit description, and a description of state rules that exceed the federal IDEA regulations. ARRA was added after passage in February 2009 as a supplemental allocation for FY2010.
- The FY2011 state application was posted for sixty days beginning on March 1, 2010 to April 30, 2010. Public comments were accepted from April 1 through April 30, 2010.
- The U.S. Department of Education (US ED) provides guidance to the State educational agencies (SEA) on the eligibility application and the formula funding requirements for the IDEA grants. The Non-regulatory Guidance is available at www.ed.gov.
- The Division’s Program Manager prepares the grant allocation recommendations for all federal formula grants for each local educational agency (LEA) as determined by US ED guidelines. The Budget Office prepares the state grants for each LEA.
- The Division Director prepares an Item of Information to be sent to the State Board of Education (SBOE) two months prior to the June SBOE meeting and submits it to the Associate Superintendent, the Deputy Superintendent, the Department Cabinet, and Department Dry Run for approval/revision prior to being sent to the SBOE.
- The Division Director prepares the Superintendent’s Recommendation Action Item for all grants. Approval is secured from the above group and it is placed on eBOARD for the State Board members to review prior to the State Board meeting in June for approval.
- Grant period and Notification of Approved Grantees are as follows:
 - a. The grant period runs for 27 months and is concurrent with the state fiscal year: July 1- June 30 of each year with a second year for carryover funds. A completion report is due by September 30 of each year.
 - b. LEA notification occurs with the posting of the grant allocation in the Consolidated Application portal and on the Division’s website after SBOE approval in June.

- Grant Award Notification from the U.S. Department of Education (US ED) for the funding of the formula programs is sent the first week in July with funding for the first quarter. An additional notification for the total grant allocation is sent in October.

B. LEA Grant Application Process

- Comprehensive LEA Improvement Plan (CLIP) to include Special Education
 - a. The grantees are required to submit a local special education plan through the district wide CLIP process with Superintendent sign-off which is emailed to the Division's Program Manager for approval/revision through the Consolidated Application portal (34 CFR 300.200). This plan provides goals and descriptors for program improvement based on the district's profile data to address measurable objectives, strategies and evaluation components as needed. Training is provided at the annual March Special Education Director's Meeting (mandatory) and through a webinar in May for the new CLIP and annual updates thereafter. In addition, the CLIP and budget process is presented to any new special education administrators in September. These trainings are used as part of the scoring in the risk assessment process.
 - b. Once the special education portion of the CLIP is approved the LEAs may submit their budgets to the Program Manager for approval/revision. Program guidance can be found on the Department's website at www.gadoe.org/ci_exceptional.aspx by accessing Budgets, Grants, Data Collection and Reporting. A special education federal and state grant program handbook will be available in FY 2011.
- Budget Submission and Approval
 - a. The special education director completes the Program Information section of the IDEA grant with other required data - Maintenance of Effort (MOE), Proportionate Share, Personnel Vacancy, Coordinated Early Intervention Services, and the Local Performance Plan. The budget is completed and signed-off prior to final approval by the Superintendent. General and Special Education Assurances must be signed before it can be submitted electronically to the Division's Program Manager. These assurances are available on the Consolidated Application under Assurances.
 - b. The Program Manager reviews the required data tabs and attachments to ensure the special education plan is satisfactorily completed. The budget is then reviewed for accuracy to include the total grant amount as well as appropriate Function and Object Codes with the allowable proposed expenditures. The Program Manager may require revisions prior to approval of the plan and budget.
 - c. Once approved and signed off by the Program Manager, it is sent to Grants Accounting. With their final approval, funds are placed in the Grants Accounting

Online Reporting System (GAORS) so grantees may request funds as required by the Department's Grants Accounting Unit.

- Monitoring

- a. The Program Manager monitors the amendments and expenditures of grantee funds as required by IDEA, OMB Compliance Supplements, EDGAR, and GEPA.
- b. The Program Manager provides technical assistance upon request and at meetings throughout the year to assist LEAs with proper management and expenditure of grant funding.
- c. The Program Manager will encourage the timely request of funds and use the following as a benchmark to identify potential lapse in funds. This is not a requirement that the percentage of funds must be drawn down by this time but as a benchmark to alert the Program Manager when it may be necessary to provide technical assistance to grantees:
 - 25 percent draw down by January
 - 50 percent draw down by March
 - 75 percent draw down by June.
- d. The Program Manager checks the completion reports to determine the need for a reallocation of funds as needed.
- e. The Division monitors all local educational programs serving students with disabilities as determined by an annual fiscal risk assessment in collaboration with the Financial Review section in the Finance and Business Operations (FBO) and supplements it with a six year cycle self-assessment instrument during the Records Reviews process. (Monitoring Manual for GCIMP at S:\SIA\SIA Program Ops Manuals\Special Education-IDEA programs\GCIMP.

- Final Record Storage

The Program Manager uses the Consolidated Application for storage of historical records for each LEA's special education plan, budget and amendment approvals. Any other pertinent records are maintained within the Division (complaints, mediation, due process and monitoring records).

Allocation of Formula Grant Programs (IDEA and ARRA, Part B, Section 611 and 619)

The U.S. Department of Education (US ED), Office of Special Education and Rehabilitative Services (OSERS), Office of Special Education Programs (OSEP) determines the allocations to states under the Consolidated Appropriation Act. Once Georgia's annual state application with assurances is approved, the state superintendent receives a grant award notification letter including a table (FFY 2010 Allocation for Grants to States) with the total award, the LEA base amount, the maximum set aside available for administration, and the maximum other set aside with a Risk Pool for the discretionary amount. The supplemental ARRA grants provided 100% flow through to the LEAs with no set asides or administration funds.

Federal Distribution of IDEA Funds

IDEA statutes and regulations provide the formula for state grant awards as described in 34 CFR 300.703. After reserving up to 3% for technical assistance activities, outlying areas and states and the Department of the Interior for Indian Tribes, the remaining amount is allocated to states. For Section 611 funds, if the state allocation is greater than the preceding fiscal year, each state is allocated what it received for FY 1999 with any remaining amounts divided among states according to their relative population of all children aged 3-21 at 85% and those living in poverty at 15%. If there is a decrease in funding but an amount greater than FY 1999 then each state is allocated an amount equal to what it received in FY 1999 with any remaining funds divided proportionally based on the increase it received between the prior fiscal year allocation over the FY 1999 level compared to the total of such increase for all states. If there is a decrease equal to or lesser than the FY 1999 amount, each state would receive the FY 1999 amount or ratably reduced amount respectively.

For Section 619 Preschool funds, each state is allocated what it received for FY1997 for children aged 3-5 with the same general population and poverty percentages.

State Distribution of IDEA Funds

The State must award each local education agency the amount that agency would have received for FY 1999, if the State had distributed 75% of its Section 611 grant for that year. After making this base allocation, the State shall allocate 85% of any remaining funds on a basis of relative numbers of children enrolled in public and private elementary and secondary schools within the agency's jurisdiction and allocate 15% of those remaining funds to those agencies in accordance with their relative numbers of children living in poverty. Free and reduced lunch figures from the October full time equivalency (FTE – 1) count are utilized to define poverty for each agency (34 CFR 300.705). As detailed breakout of the federal allocation process is at S:\SIA\SIA Program Ops Manuals\Special Education-IDEA programs\2011Budget.

For Section 619 Preschool funds, each state is allocated what it received for FY1997 for children aged 3-5 with the same general population and poverty percentages (34 CFR 300.8).

Allocation Process for LEAs

1. All LEAs are treated equitably.
2. The Program Manager estimates the allocation amount for administration, discretionary and flow through with minimums and maximums provided in the grant award table.
3. On a spreadsheet, the estimated flow through amount minus base allocation is determined and the product is multiplied by 85% for general population and 15% for poverty to obtain three allocations - base, general population and poverty.
4. Collect previous October (FTE-1) student counts by district, state charter school, state school and other state operated programs (Departments of Mental Health and Developmental Disabilities, Corrections, Juvenile Justice and Labor) for the general population total for the state and each LEA.
5. Collect previous fall private and home school count from student count data.
6. Collect previous October poverty student count from nutrition website with adjustments.
7. Collect previous students with disabilities count from December (FTE-2) until FY 2012 budget and then collect it from FTE-1).
8. Copy previous base student count, percentage of state total and allocation. Add any new LEAs and recalculate latter figures.
9. Calculate the LEAs percentage of the state total in each column for poverty and general population and multiply each LEA percentage by the total state allocation.
10. Add the base, poverty and general population amounts to obtain a total allocation for each LEA. Round off to the nearest dollar.
11. State schools and state operated programs have a hold harmless provision based on 85% of their FY 2008 allocation to protect them from getting a decrease since their population is limited to students with disabilities. Discretionary funds are added to their calculated amount to receive the hold harmless amount established (from discretionary funds).
12. An estimated amount is added for anticipated new state charter schools and for expansion of any charter school programs in the fiscal year.
13. Make adjustments in the administration, discretionary and flow through allocations as needed to finalize the LEAs allocation prior to eBOARD and SBOE meeting deadline.
14. Once the State Superintendent's recommendation is approved by the SBOE, the allocation is official. This allocation is sent to FBO to post on the Consolidated Application. Allocations are subtracted from those LEAs that have a known consortium or shared services program with those funds provided to one fiscal agent to provide for the coordination of the program delivery of services.

State Maximum Set Asides

The maximum set aside for administration is calculated separately but cannot be greater than the amount available for FY2004 as determined by the award table. The Division's personnel with operational and contractual costs total about 1.5% or less than \$5,000,000 for administration. A portion of this set aside is required for monitoring, enforcement, complaint investigation and the mediation process to include the cost of the mediators and support personnel.

Other State level set asides are contingent upon the amount the State actually sets aside for discretionary and administration. Since Georgia uses the latter and the set aside for administration is over \$850,000, the maximum amount for discretionary or other State level activities is ten percent (10%) of its FY2007 award adjusted for inflation. In addition, ten percent (10%) of the discretionary set aside is reserved for the high-risk pool grant to LEAs.

The remaining portion of these discretionary funds may be used: for direct and support services to include personnel preparation and professional training; to support paperwork reduction; to assist LEAs in providing positive behavioral interventions; to improve the use of technology in the classroom to enhance learning; to purchase assistive technology devices; for development of transition programs; to assist LEAs with personnel shortages; to support capacity building and improve the delivery of services; for alternative programming for those who have been expelled; to develop accommodations and alternate assessments; and to provide technical assistance to LEAs and schools. The total state set aside amount is about 10% of the grant, thus, 90% is flowed through to the LEAs. Federal Preschool and ARRA grants are 100% flow through funds to the LEAs.

LEA Set Asides

LEAs may have set asides also. If there are private and home school students with disabilities within the district, a proportional share amount of funds must be calculated for equitable services. A template is provided to calculate the percentage of private and home school students as compared to those who attend public school to determine the proportional share amount available. If the LEA has no private or home schools students in item a., item b **must** be provided from the census data count between October 1 and December 1 of the preceding year (FTE 1). The LEA must provide direct services to eligible private/home school students with disabilities through a services plan and maintain control of these funds.

Coordinated Early Intervention Services (CEIS) is required if the LEA was reported as having disproportionate representation in the district. Fifteen (15%) percent of the IDEA and Preschool allocation must be used to provide interventions for high risk regular education students in grades K-12 but preferable grades K-3 to prevent referral to and placement in special education. In addition, an LEA may optionally choose to use up to 15% of their funds to provide interventions for high risk regular education students. A template is provided to ascertain LEA status – not applicable, required or optional usage of CEIS and to determine the CEIS amount. These set asides can be found within the Consolidated Application within the Program Information tab and then the Exceptional Students tab for Proportionate Share and CEIS.

Delaying Local Educational Agency (LEA) Access to Funds

If the Georgia Department of Education (Department) determines that an LEA or grantee has failed to comply with program requirements, the Department may through the following means delay the availability of funds for the program in which non-compliance occurred until the LEA complies or submits a corrective action plan (approved by the Department) to comply. Such actions may result from grantee requirements for compliance monitoring, LEA audit findings or LEA failure to comply with IDEA regulations.

The Division will adhere to the following procedures:

- Notify the Office of Finance and Business Operations (FBO) regarding non-compliance issue(s). Notification must include actions to be taken.
- Notify the LEA in writing about the non-compliance issue(s). Notification must be submitted in writing from the Division's Associate Superintendent or Deputy Superintendent.

Note: When an LEA moves quickly to resolve issues of non-compliance due to the reasons above, delaying access to funds may not be necessary.

- Notify Grants Accounting to delay access to LEA funds, if appropriate. Notification must be submitted in writing from the Division's Associate Superintendent or Deputy Superintendent. Non-compliance issues that require delay of funds for more than 60 days must be submitted to the Cabinet through the Deputy Superintendent. The Deputy Superintendent schedules the issue as a Cabinet agenda item. The Cabinet will determine further action including notification to the State Board of Education (SBOE), if warranted.
- Provide technical assistance to resolve the non-compliance issue in a timely manner. Resolutions requiring policy, procedures and/or practices changes must be addressed through a formal corrective action plan. The LEA must submit a corrective action plan to ensure compliance. This includes the area of non-compliance, the actions taken to become compliant, a timeline for full compliance and the person(s) responsible for implementing each action.
- Corrective action plans are approved by the Division's Director and the Associate Superintendent or Deputy Superintendent. Upon approval, the Division will notify FBO that funds can be released to the LEA and the LEA that funds are available. The District Liaison must monitor the corrective action plan and provide appropriate feedback.
- Maintain the documentation related to the above and notify the LEA when it has satisfied the provisions of the corrective action plan.

Electronic Consolidated Application Approval Process –

IDEA & ARRA Grants

Three-Year Comprehensive LEA Improvement Plan (CLIP) Consolidated Application (Con App) Approval Procedure

- All Years of the Three-Year CLIP:
 - a. The LEA Three-Year Comprehensive LEA Improvement Plan consists of four major components: a recommended planning process, the LEA Comprehensive Plan Descriptors, the LEA Implementation Plan and the district level profiles.
 - b. Each LEA plans and develops its CLIP. There are 16 of 31 descriptors available for the special education plan development; they may use the Implementation Plan items; or the School Improvement template or any combination for completion of the CLIP.
 - c. The LEA Consolidated Application Coordinator completes the CLIP and signs off.
 - d. The Superintendent receives a sign-off notification email from the LEA Consolidated Application Coordinator.
 - e. The Superintendent signs off on the CLIP.

- Year One of the Three-Year CLIP:
 - a. Review teams of 4 – 5 people representing various programs are established to review the LEA CLIPs.
 - b. Each review team establishes its procedures for reporting findings to the review team leader.
 - c. When a district level superintendent signs off on the CLIP, an automatic email is sent to all Department Education Program Specialists.
 - d. Team members assigned to the LEA begin an independent review of the CLIP.
 - e. As each team member finishes the review of the CLIP, the team member emails the team leader with the individual's findings.
 - f. Once all findings have been submitted to the team leader, the team leader aggregates the data and reports the findings to all team members.
 - g. Each individual reviews all findings of the team and responds for agreement or disagreement with the finding and reports back to the team leader (consensus building).
 - h. If the team has reached consensus, the team leader emails the Department Consolidated Application Education Program Specialist with the findings for that LEA.
 - i. The Department Consolidated Application Education Program Specialist emails the State Plan Approver who then either approves the CLIP or requests a revision.
 - j. If the team cannot reach consensus, the team leader emails the Department Consolidated Application Education Program Specialist stating that the team is unable to reach consensus indicating the area(s) where consensus could not be reached.
 - k. The Department Consolidated Application Program Specialist emails the LEA Program Approver who reviews the area(s) where the review team is unable to reach consensus and determines whether to approve the CLIP or request revision.

- Years Two and Three of the Three-Year CLIP:
 - a. The Education Program Managers receive an automatic email and review the CLIP.
 - b. If revisions are necessary, the Education Program Specialist (Professional Learning, Title I, Part A; Title I, Part D; Title II, Part A; Title III; Title V, Part A; Title VI, Part B; and IDEA) rejects the CLIP giving reason(s) for the rejection.
 - c. The State Consolidated Application Coordinator receives the rejection via email and forwards to the State Plan Approver.
 - d. The State Plan Approver sends the rejection notice to the District Consolidated Application Coordinator to make the requested revisions.
 - e. The District Consolidated Application Coordinator makes the requested revision and signs off.
 - f. The Superintendent receives sign-off notification.
 - g. The Superintendent signs off.
 - h. The Education Program Managers receive an automatic email.
 - i. If revisions are accepted Education Program Managers sign-off on the CLIP.
 - j. The State Consolidated Application Coordinator receives an automatic email and forwards the CLIP to the State Plan Approver.
 - k. The State Plan Approver signs off.

Two-Year ARRA Funds Planning

Consolidated Application (Con App) Approval Procedure

- Year One of the Two-Year ARRA Funds Planning:
 - a. Review teams of 4 – 5 people representing various programs are established for reviewing LEA ARRA Funds Planning.
 - b. Each review team establishes its procedures for reporting findings to the review team leader.
 - c. When a district level superintendent signs off on the ARRA Funds Planning, an automatic email is sent to all Department Education Program Specialists.
 - d. Team members assigned to the LEA begin an independent review of the ARRA Funds Planning.
 - e. As each team member finished the review of the ARRA Funds Planning, the team member emails the team leader with that individual's findings.
 - f. Once all findings have been submitted to the team leader, the team leader aggregates the data and reports the findings to all team members.
 - g. Each individual reviews all findings of the team and responds as to agreement/disagreement with the finding and reports back to the team leader (consensus building).
 - h. If the team has reached consensus, the team leader emails the Department Consolidated Application Education Program Specialist with the findings for that LEA.

- i. The Department Consolidated Application Education Program Specialist emails the State Plan Approver who then either approves the ARRA Funds Planning or requests revision.
 - j. If the team cannot reach consensus, the team leader emails the Department Consolidated Application Education Program Specialist stating that the team is unable to reach consensus indicating the area(s) where consensus could not be reached.
 - k. The Department Consolidated Application Program Specialist emails the LEA Program Approver who reviews the area(s) where the review team is unable to reach consensus and determines whether to approve the ARRA Funds Planning or request revision.
- Year Two of the Two-Year ARRA Funds Planning:
 - a. The Education Program Specialists receive an automatic email and reviews-the ARRA Funds Planning.
 - b. If revisions are necessary, the Education Program Specialist (Title I, Part A and/or IDEA) rejects the ARRA Funds Planning giving reason(s) for the rejection.
 - c. The State Consolidated Application Coordinator receives the rejection via email and forwards to the State Plan Approver.
 - d. The State Plan Approver sends the rejection notice to the District Consolidated Application Coordinator to make the requested revisions.
 - e. The District Consolidated Application Coordinator makes the requested revision and signs off.
 - f. The Superintendent receives sign-off notification.
 - g. The Superintendent signs-off.
 - h. The Education Program Specialists receive an automatic email.
 - i. If revisions are accepted, the Education Program Specialist signs-off on the ARRA Funds Planning.
 - j. The State Consolidated Application Coordinator receives an automatic email and forwards the ARRA Funds Planning to the State Plan Approver.
 - k. The State Plan Approver signs off.

IDEA and ARRA Consolidated Application (Con App) Approval Procedure

- The LEA Special Education Director/Supervisor/Coordinator provides the following required information for the Special Education plan for the IDEA and ARRA, Section 611 grants:
 - a. Fiscal Efforts Tab (State provides data for meeting MOE and Excess Cost)
 - b. Proportional Share Tab
 - c. Personnel Vacancy Tab
 - d. Coordinated Early Intervening Services Tab
 - e. Upload File Tab for attachments – Local Performance Plan and Exceptions for MOE
 - f. Budgets

Note: Other grants require budget completion only.

- The Superintendent receives sign-off notification email from Special Education Director or the Con App Coordinator.
- The Superintendent signs-off on the Special Education program. (The General Assurances and Special Education Assurances must be accepted before sign-off is possible).
- The State Con App Program Manager for Special Education receives the Superintendent sign-off notification email.
- The Division's Program Manager reviews the application and budget.
- If revisions are necessary, the Program Manager rejects the application, giving reason(s) for the rejection.
- The Con App Coordinator receives the rejection email, makes requested revisions and signs-off.
- The Superintendent receives a sign-off notification email from the Con App Coordinator.
- The Superintendent signs-off.
- The Con App Division's Program Manager receives the Superintendent sign-off notification email.
- The Program Manager reviews the revised application and budget.
- The Program Manager completes and signs-off on the Consolidated Application when all revisions have been made and the special education plan and budget is approved.
- The Grants Accounting specialist in FBO has final approval of the application and budget.
- The grant funds are transferred into the district's Grants Accounting Online Reporting (GAORS) account.
- The Superintendent, District Con App Coordinator or Special Education Director receive an approval email.
- The processed audit trail serves as the approval letter/notification for the districts.

Maintenance of Effort (MOE)

A local educational agency (LEA) may receive IDEA funds only if the Department determines that the LEA has not reduced the level of expenditures for the education of students with disabilities from the preceding fiscal year on the basis of total expenditures of local or a combination of state and local special education funds or on a per pupil expenditure basis:

- The Department provides the total expenditures of state and local funds to determine if the MOE standard is met. If the Department determines that the LEA has met the MOE requirement based on total expenditures of state/local special education funds, no further calculations are required.
- If the LEA does not meet the MOE requirement based on total expenditures of state /local special education funds, a per pupil amount is calculated by the Program Manager.

If an LEA fails to meet the MOE standard for the total and per pupil expenditures of state and local special education funds, the LEA may reduce the level of expenditures where such reduction is attributable to the following **MOE exceptions**:

- The voluntary departure, retirement or otherwise, or departure for just cause of special education or related services personnel;
- A decrease in the enrollment of students with disabilities;
- The termination of the LEA's obligation to provide a program to a student with a disability that is an exceptionally costly program because the student has left the LEA, reached the maximum age or no longer needs the program;
- The termination of costly expenditures for equipment or school construction; and,
- The assumption of cost for the high cost funds operated by the State.

The "Exception to the Local MOE" form must be copied, completed and placed in the Upload File in the Program Information tab before the IDEA budget can be reviewed and approved. If the LEA does not meet the MOE requirement with the above exceptions, the LEA must reimburse the difference to the state with non-federal funds.

Excess Cost

IDEA funds provided to LEAs may be used only to pay the excess costs of providing special education and related services to children with disabilities. Excess costs are those costs for the education of an elementary 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 or secondary school student. An LEA must spend at least the average annual per student expenditure on the education of an elementary or secondary school student with a disability **before** IDEA funds are used to pay the excess costs of providing special education and related services. The LEA is required to compute the minimum average amount separately for students with disabilities in its elementary and secondary schools (34 CFR 300.16). This amount is calculated by the Department based on the most current expenditure reports. The combined

enrollments may not be used to compute this average. The method for calculation of excess cost is available in the regulations at Appendix A of part 300 or at:

<http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>.

Supplement Not Supplant

A local educational agency (LEA) may use IDEA funds only to supplement and not supplant federal, state and local funds. However, if the LEA meets or exceeds its level of state/local expenditures for special education and related services from year to year, either in total or per pupil, then IDEA funds are in fact, supplementing those state/local expenditures.

An LEA presumed to be in violation of the supplement, not supplant requirement in IDEA will be required to document that the MOE standard has not been met prior to the presumption being tested. It is important to remember, however, that any determination about supplanting is very case specific; this makes it difficult to provide general guidelines without examining the details of the situation. OMB Circular A-133 Compliance supplement presumes supplanting has occurred if federal funds are used to provide services that:

- Were required to be made available under other federal, state, or local laws;
- Were provided with non-federal funds in prior years; or
- Were provided to IDEA participating children, if those same services are provided with non-federal funds to non-IDEA children.

NOTE: A 1992 amendment published in the Federal Register indicates that when MOE is met, the supplement not supplant rule does not apply for special education.

Commingling of Funds

Federal funds paid to the state cannot be commingled with State funds (34 CFR 300.162(b)). This is satisfied by using a separate accounting system for each of the different grant awards to prevent the commingling of funds.

Indirect Costs

In general, indirect costs represent the expenses or overhead for doing business. These expenses are not easily identified with a particular grant or contract but are necessary for the general operation of the organization. Costs for utilities, communication, and accounting services within a central office are typical indirect costs that are difficult to assign a specific person or grant.

The Department calculates the indirect cost percentage rate for local educational agencies (LEAs) each fiscal year based on requirements established by the US ED. If the LEA decides to apply an indirect cost rate, it is strongly recommended that the business office is involved in the calculation of the dollar amount. **Initial fiscal year maximum indirect cost charges are calculated**

by the Program Manager and can be found in the Special Education website under Budgets and Grants and then the current FY Allocations.

An indirect cost calculator on the Special Education website should be used when carryover is added to the grant award to determine the maximum amount of indirect cost that may be charged for each federal grant.

BUDGET CHECKLIST

Local Education Agency: _____ FY: _____

This checklist is provided for the Program Information data, Budgets and Assurances to ensure its completion.

Yes	No	ARE ALL ITEMS COMPLETED
		Program Information Tab then Exceptional Students for MOE, CEIS, Proportional Share and Personnel Vacancies
		Maintenance of Effort (MOE) is calculated and is met in the aggregate or per pupil basis. If not, an exception to MOE form is completed that is equal to or greater than the amount of difference and attached in the Upload File for approval.
		All special education personnel and vacancies data from the district has been completed from the previous school year.
		Proportional Share form for parentally-placed private school students who are SWD is calculated for 3-5 and 3-21.
		Coordinated, early intervening services tab is completed and the calculation matches the required or optional set-aside amount.
		Appropriate attachments have been completed and uploaded – Local Performance Plan, MOE exceptions are documented, etc.
		Budget Pages Tab
		All allocated funds are budgeted (there are no unbudgeted funds).
		Indirect cost is calculated correctly if appropriate. Equipment is subtracted prior to calculating indirect costs.
		Personnel are budgeted appropriately.
		Director’s salary must be from the state funds earned and then local funds or a proportional amount from federal funds.
		Budgeted funds meet cost principles of necessary, reasonable and allocable.
		Fringe benefits are consistent with personnel being paid from the corresponding budget.
		Set asides for CEIS and Proportionate Share Amounts are calculated correctly. Sign off to send to the Superintendent
		Assurances Tab
		Superintendent must sign off on the assurances before sending budgets to the Department.

Budget Amendments

The LEAs must submit budget amendments for any changes in the original approved budget that **exceeds 125 percent** in any function code using the LEA Consolidated Application approved amendment process and when the LEA has carryover or reallocated funds. Once you enter the Consolidated Application portal, find the budget needed and click on Create Amendment to access the budget function and object codes to revise or budget the total amount of funds. Special Education Directors are encouraged to collaborate with their business office or bookkeeper in submitting any budgets.

Carryover Funds

The IDEA permits LEAs to carryover federal funds not expended in the initial fiscal year due to the Tydings Amendment which extends the award for an additional 12 months. While the law permits local educational agencies (LEAs) to carryover funds, LEAs are encouraged to expend the fiscal year allocation within that fiscal year. In most years, guidance specifies not to carryover more than 25 percent of the initial allocation. Due to the budget crisis for fiscal years 2009, 2010 and 2011, this 25% carryover limitation has been eliminated, thus, 100% carryover is available. Remember that federal funds are available for twenty-seven (27) months and any remaining funds are loss to the district. Carryover does not apply to state funds since it has only a one year life.

The Department verifies the official carryover amount in early fall once the LEAs have submitted their online completion reports. LEAs are notified within the Consolidated Application portal regarding the exact amount of carryover funds available and a budget amendment must be submitted using the approved process. LEAs may spend their carryover on any of the allowable function and object codes as approved in the initial budgeted items and posted in the allowable expenditures form found in the Special Education website under Budgets and Grants. The state Special Education Program Manager and Finance Office specialist must approve the amended budget in the Consolidated Application before funds are posted in GAORS.

The following procedure should be followed for set aside carryover amounts, that is, the coordinated, early intervening services (CEIS) and the proportional share funds for equitable services for private and home school participants who are students with disabilities:

- If the LEA could not spend all the funds it had available for CEIS or for providing equitable services to private/home school students with disabilities, the LEA must carryover any remaining funds. These carryover funds would be in addition to funds that the LEA would otherwise be required to use to provide CEIS and/or equitable services for parentally-placed private school students with disabilities in the new fiscal year allocation.

The LEA retains control of the Federal funds being carried over into the following year for direct services to students with disabilities. No funds are provided directly to the private/home schools.

Carryover Waivers

Individual LEAs are not allowed to automatically carry funds over into the next fiscal year. Grants Accounting in FBO verifies their expenditures and drawdown of funds to calculate the total amount of carryover funds available. After the current fiscal year's budget receives final approval, the carryover is posted in the Consolidated Application portal. The Tydings Amendment allows for a 27-month period of availability to use federal funds (Section 421(b) of GEPA).

Local educational agencies (LEAs) must expend a minimum of 75% of their initial federal allocation in the fiscal year funds were made available. In Georgia, the fiscal year is defined as the period between July 1 and June 30. A waiver may be granted once every three years for just cause to carryover more than 25% of the federal funds by emailing the request to the Special Education Program Manager. A return email to the LEA with approval or denial of the request should be placed in grant file.

Note that waivers for FY 2009 - 2012 are not necessary since the 25% limitation has been lifted and any remaining funds from the initial allocation may be carried over (100%).

Closeout

Grants accounting provides a schedule and procedures to close grants each year. Completion reports are submitted electronically to Grants Accounting with a September 30 due date. The last completed budget by the LEA in the Consolidated Application portal is transferred to the completion report for the LEA to provide their expenditures. Any variance of more than 125% within a function code requires an amendment to be submitted prior to final closeout.

Grantee Payment Process – IDEA and ARRA Grants

Once grants are approved in the Consolidated Application portal by the Program Manager and then FBO, funds are placed in the Grants Accounting Online Reporting System (GAORS). LEAs then may drawdown funds by following the directions in the GAORS manual using the DEO147 – Monthly Report of Expenditures and Estimated Requirements for Grant Funds forms.

Purpose: Used to request payments and report expenditures to Department of Education.

1. Click on “Add New DE147”.
2. Your system number and name will automatically appear on this screen.
3. Verify the Fiscal Year that funds are being requested. If the fiscal year is changed, click on “Retrieve the Grant” to display approved grants.
4. Use the drop down menu to select the approved grant you are requesting funds. Click on the appropriate grant.
5. Again, click on “Retrieve the Grant”. This action will retrieve the grant information for the selected grant (ex. Approved budget and grant period).
6. Verify approved budget, grant period or any grant information.
7. Input information required.
8. Make necessary comments in the Comments Field to assist in DOE’s approval of payment.
9. Click “Recalculate” to update information. **SAVE. If you are the preparer only, this is as far as you can go.**
10. **The payment will go into “Open Status”**
11. **The Submitter must access the system, approve and submit request.**
12. Date Paid by DOE will appear in the Box.

Completion Report –IDEA and ARRA Grants

Completion Reports are due to the Department within 90 days of the end of the grant period. Completion reports for IDEA grants are due no later than September 30th of each year. This report is completed electronically through the Department’s portal based on the last approved budget in the Consolidated Application. If an LEA is over the 125% threshold, an amendment must be created to correct it as soon as possible.

Completion Reports for the two ARRA grants are not due until September 30, 2011. These grants remain open for two years and can be accessed through the FY2010 dropdown box in the Consolidated Application portal to process amendments, draw down funds and access the completion reports.

LEA Audit Resolution

An audit is a formal or official examination of records and accounts with the intention to verify that proper accounts have been utilized, proper procedures have been followed, and attending documentation has been maintained. If an auditor is unable to verify a Program’s accounts, procedures, and documentation, the local educational agency (LEA) will be notified in writing, either by first class mail or by electronic mail, of an exception or audit finding(s). The following steps will be taken by the Division for Special Education Services and Supports to resolve LEA audit finding(s) through the single audit process.

- The Office of Finance and Business Operations (FBO), Financial Review section must follow-up and close all audit reports which show findings and improper or questioned costs. A copy of the LEA Audit Reports with finding(s) will be sent or emailed to the Director for Special Education Services and Supports.
- The Director will review the report and forward it to the Program Manager.
- The Program Manager will review the exception or audit finding(s) documentation to determine if the findings may be cleared with a desk audit or warrant an on-site visit. If the former, an email will be sent to FBO to close the audit review but the Program Manager will follow-up with the LEA to ensure future compliance. If there is a question regarding return of funds or repeated findings for two years, an on-site fiscal monitoring visit and a corrective action plan is warranted.
- The Division may conduct an on-site visit with an LEA staff member to investigate special education cluster finding(s) that cannot be cleared with a desk audit. The LEA must be notified in writing, either by first class mail or by electronic mail, of the pending on-site review. The notice must identify the date and time of the review and appropriate personnel that must be available during the review process to resolve.

- A written analysis of the results of the on-site review must be submitted to the Division’s Director. Recommendations for a corrective action or for providing the LEA technical assistance will be determined by the Director.

IDEA, Part B Special Education
AUDIT RESOLUTION TRACKING FORM

Fiscal Year _____

LEA	Audit #	Summary of Finding	Grants Program Manager On-site Visit	Corrective Action Required	Date of Resolution	Documentation on File/Sent to FBO
<i>Example City/County Charter or RESA</i>	<i>08-45</i>	<i>Inappropriate documentation of time log</i>	<i>Harry Repsher 05-05-10</i>	<i>Follow-up next year to verify compliance.</i>	<i>06-06-10</i>	<ul style="list-style-type: none"> • <i>Email sent to FBO (date)</i> <i>If necessary:</i> • <i>Corrective Action Plan sent to FBO (date)</i> • <i>Resolution Letter sent to FBO (date)</i>

Reallocation of IDEA Funds

The State educational agency (SEA) has the responsibility to reallocate IDEA funds based on the provision in CFR 300.817 and state procedures. **If at the end of the grant period (twenty-seven months), there are funds remaining, the Program Manager collaborates with Grants Accounting personnel to zero out the fund balance.** Since expenditures from the next grant are used, a reallocation to the LEAs on an equitable basis or to other discretionary programs is required. In addition, **the Department reserves the right to change its priority according to the needs of the LEAs and schools.** Any change in the priority must follow the Department's established procedures for policy changes and LEAs must be notified in writing regarding these changes.

The Department calculates the total amount of funds available for reallocation no later than 90 days after the close of the federal fiscal year or September 30. The Division must submit an Item for Information and an Action Item to the State Board of Education (SBOE) according to established Department procedures in order to grant these reallocated funds to LEAs. Upon approval by the SBOE, the Department shall notify LEAs regarding how to access the additional funding. **LEAs must expend these carryover funds within the grant period, July 1 - June 30, in which funds are reallocated** and all applicable requirements for expenditure of funds must be met.

Annually, Department personnel review the U.S. Department of Education (US ED) and Office of Management and Budgets (OMB) guidance regarding file retention. OMB Circulars and any other guidance published by the US ED can be found at www.ed.gov. The Department must retain any paper and electronic files of LEAs receiving federal grant funds for a minimum of five years. Files must be maintained by the Office of Finance and Business Operations and the Division for Special Education Services and Supports.

LEA Risk Assessment (IDEA)

Federal regulations and general supervision administrative procedures require the State educational agency (SEA) to monitor high risk programs (S:\SIA\SIA Program Ops Manuals\Special Education-IDEA programs\GCIMP). The Division defines high risk as:

- LEAs showing evidence of serious or chronic compliance problems.
- LEAs with financial audit findings that withhold funds or with the same finding for 2 years.
- LEAs with a high number of complaints from parents and other stakeholders.
- LEAs with complaints from parents/other stakeholders about irregularities in using funds.

In addition, other elements that may cause an LEA to be determined as high risk are:

- LEAs receiving an IDEA allocation in the top 25 percent of LEAs.
- LEAs having new personnel not familiar with special education program requirements.
- LEAs having directors/supervisors/coordinators not attending training sessions.
- Other items as listed on the Risk Assessment Checklist.

Thus, a high risk assessment does not necessarily mean an LEA is not performing the requirements of the program, federal regulations, or administrative procedures. It does mean that an LEA may be at a higher risk of having program elements that could lend themselves to causing an LEA not to perform the activities associated with the federal rules, regulations, and administrative procedures in a manner that keeps the LEA in compliance.

Determining a Risk Rating

The Division will conduct a risk assessment each year to determine if an LEA falls into the high risk category for program monitoring and/or fiscal monitoring. The following Fiscal High Risk Intervention Elements will be combined with the FBO Risk Rating to determine each LEA's fiscal risk score. Those LEAs with a score between 0 to 25 points would be determined to be a low risk. Those LEAs with a score between 26 to 100 points would be determined to be a medium risk. Those LEAs with a score greater than 100 points would be determined to be at high risk. The goal for an LEA would be to have a low risk rating score. Intervention Risk Assessment Strategies have been determined for each risk rating group.

HIGH RISK INTERVENTION ELEMENTS

Elements	Point Values
*New Superintendent (12 months or less in LEA)	<ul style="list-style-type: none"> • 5 points = New Superintendent • 0 points = No New Superintendent
New Director (2 years or less experience as a Special Education Director)	<ul style="list-style-type: none"> • 10 points = New Director • 0 points = No New Director
*LEAs with a new financial officer (12 months or less in LEA)	<ul style="list-style-type: none"> • 5 points = New Financial Officer • 0 points = No New Financial Officer
Director attends Division sponsored workshops and technical assistance on program and compliance requirements.	<ul style="list-style-type: none"> • 10 points = Attending 0 sessions. • 5 points = Attending less than 50% of sessions. • 3 points = Attending more than 50% of sessions. • 0 points = Attending all sessions. <p>Training and Technical Assistance includes:</p> <ul style="list-style-type: none"> • New Director’s Workshop if applicable • Spring Special Education Meeting • IDEA, Part B Consolidated Application Training • IDEA, Part B Monitoring Training Sessions
LEAs in the top 25 percent of LEAs receiving the greatest portion of IDEA funding.	<ul style="list-style-type: none"> • 10 points = LEA in top 25 percent. • 5 points = 2nd Tier of LEA funding. • 0 points = 3rd - 5th Tier of LEA funding.
*LEAs having one or more audit irregularities.	<ul style="list-style-type: none"> • 10 points = 3 or more findings. • 5 points = 1 or 2 findings. • 0 points = No audit findings.
LEAs having more than one audit finding(s) in the special education cluster.	<ul style="list-style-type: none"> • 10 points = 1 or more findings with the return of funds. • 5 points = 3 or more findings. • 3 points = 1 or 2 findings. • 0 points = No findings.
LEA Fiscal Self Assessment completed.	<ul style="list-style-type: none"> • 10 points = Not completed. • 5 points = Corrective action needed on an item. • 0 points = In compliance with all items.
LEAs meeting the MOE requirement.	<ul style="list-style-type: none"> • 10 points = MOE requirement not met. • 0 points = MOE requirement met.
LEA is identified for Corrective Action in GCIMP process.	<ul style="list-style-type: none"> • 10 points = Yes • 0 points = No corrective action
Special education plan and budgets timelines are met.	<ul style="list-style-type: none"> • 10 points = Timelines not met. • 0 points = Timelines met

*Item scored by Financial Review

Determining an LEA’s Final Fiscal Risk Rating

An LEA’s final fiscal risk rating is determined by adding the Financial Review and the Division risk ratings. Criteria and scoring is available at S:\SIA\SIA Program Ops Manuals\Special Education-IDEA programs\Risk Assessment. Those LEAs with a final risk score between 0 to 25 points would be determined to be a low risk district. Those LEAs with a final risk score between 26 to 100 points would be determined to be a medium risk district. Those LEAs with a final risk score of 101 or higher would be determined to be a high risk district. **LEAs within the following high risk elements are automatically monitored regardless of the LEA’s final fiscal risk score:**

- Department decision to monitor the LEA.
- LEAs with fiscal irregularities or that return special education funds.
- LEAs with the same special education cluster finding two years in a row.
- LEAs with completion reports with a variance over 125% two years in a row.

Risk Intervention Strategies

Once an LEA’s fiscal risk is assessed, the Program Manager must monitor the LEA based on the risk intervention strategies in the chart below:

Risk Group	Intervention(s)
High Risk	<ul style="list-style-type: none"> • The LEA will be monitored each year by the Program Manager unless the special education cluster had no audit findings. In addition, the LEA may receive an on-site technical assistance visit from an appropriate Education Program Specialist.
Medium Risk	<ul style="list-style-type: none"> • The LEA self-monitoring instrument will be shared with the district liaison for technical assistance as needed. Once every six years the Records Review Specialist must conduct a records review and fiscal self-assessment in collaboration with the Education Program Specialist during an on-site technical assistance visit unless a Focus Monitoring visit occurs. The LEA must provide documentation as required.
Low Risk	<ul style="list-style-type: none"> • The LEA self-monitoring instrument will be shared with the district liaison for technical assistance as needed. Once every six years the Records Review Specialist must conduct a records review and fiscal self-assessment in collaboration with the Education Program Specialist during an on-site technical assistance visit unless a Focus Monitoring visit occurs. The LEA must provide documentation as required.

Monitoring of Grantees

Federal regulations and administrative procedures require that the State educational agency (SEA) to monitor the implementation of program requirements and the expenditure of federal funds. The program requirements are monitored following Georgia's Continuous Improvement Monitoring Process. The Division's fiscal monitoring process consists of four major components:

- Review and Approval of Expenditures – Local Educational Agencies (LEAs) must submit an annual special education plan and budget through the Consolidated Application process for revision/approval. The Program Manager reviews each application and budget to ensure that items are appropriate before approving LEA plans and budgets. Once budgets are approved, the Program Manager tracks how well LEAs are requesting funds to ensure that LEAs are likely to meet the expenditure draw downs for IDEA and ARRA funds.
- Self-Assessment Checklist – All LEAs complete the IDEA Fiscal Monitoring Self-Assessment Questionnaire for FY 2011 to submit to the Division.
- Single Audit – The Financial Review section of the Department has the responsibility to follow-up and close audit reports which show findings and improper or questioned costs (see procedures on audit resolution). LEAs with single audit findings are left open pending a desk audit by the Division. The Division reviews each finding to determine if an audit report can be closed or the LEA must return funds to the Department.
- On-site Monitoring – The Division's Program Manager and appropriate District Liaison will monitor those LEAs meeting the criteria established for fiscal high risk systems and to close audit reports that require an on-site visit.

The following procedures are followed for the on-site monitoring visit:

- On-site Fiscal Monitoring Team

Each on-site Fiscal Monitoring Team consists of a minimum of two members. The specific make-up of a particular team is determined by the program size of the LEA.

- Preparation Prior to On-site Visit
 - a. The Program Manager and the LEA District Liaison arrange a date for the on-site monitoring visit.
 - b. The Division provides written notification of the visit to the LEA Superintendent with a copy to the Special Education Director. The notification includes the purpose, date and time of the visit, and a copy of the *Fiscal Monitoring Instrument* (S:\SIA\SIA Program Ops Manuals\Special Education-IDEA programs\IDEA Fiscal Monitoring Instrument).

- c. The LEA is required to provide the documentation/evidence for each of the components on the monitoring instrument. The LEA may solicit technical assistance from the District Liaison regarding appropriate documentation.
- On-site Fiscal Monitoring Visit
 - a. The on-site visit typically lasts for one or two days. The team will review all documentation/evidence items. After the on-site visit is completed, the team members follow up with additional contact as necessary.
 - b. The Program Manager is responsible for ensuring the LEA is asked to report any fraudulent activities occurring in the program and whether or not the LEA has been asked to participate in any fraudulent activities for the program.
- Fiscal Monitoring Feedback and Follow up
 - a. Fiscal Monitoring Report: After the on-site monitoring visit, the item ratings are discussed to reach consensus and the final report is written. The Division provides a fiscal monitoring report to the LEA within 30 business days of the on-site visit. The report is sent to the LEA Superintendent and the Special Education Director. The report contains recommendations, findings, and required corrective actions that together provide an analysis of the implementation of IDEA and ARRA funds.
 - b. LEA Response: Upon receipt of the final report from the Division, the LEA has 30 business days to respond to any required corrective actions. When the monitoring team determines that the response indicates that the LEA has taken steps to ensure full compliance in the identified areas, the Division's personnel ensure that notice is sent to the LEA approving the proposed corrective actions.
 - c. LEA Corrective Action: The LEA District Liaison monitors the implementation of the timeline of the LEA corrective action(s) and recommends appropriate alternatives if strategies are not implemented in a timely manner. Any LEA failing to correct deficiencies outlined in the LEA written corrective action timeline are subject to a delay of funds until corrections are made.
 - d. Report Analysis: The Division maintains a database of all on-site visit reports by monitoring cycle. Analysis of the findings, recommendations, and commendations from the report provide a picture of the Division's efforts to provide supervision of and technical assistance to the LEA.