

Money, Monitoring, The Law and your District

Lake Area Technical Institute-Watertown
Mitchell Technical Institute-Mitchell
Hilton Garden Inn & Suites-Rapid City
April 2019

Agenda

1. General & Legislative Updates
2. Office of Grants Management
 - Allowable Cost Policy
 - Allowed vs. Unallowed Costs
 - Cash Management Policy
 - Special Education Maintenance of Effort
3. Office of School Finance & State Aid
 - FY2020 State Aid Updates
 - FY2020 budget
 - Average Teacher Compensation Accountability & General Fund Cash Balance Accountability
 - ESSA Financial Report
 - Extraordinary Cost Funds

For an electronic copy of the presentation
please go to DOE's 2020 School Budget page:

<https://doe.sd.gov/ofm/schoolbudget.aspx>

2019 Legislative Session

[SB 191](#) – SB 191 contains the FY2020 appropriation for the Department of Education:

	General Funds	Federal Funds	Other Funds	Total Funds
Personal Services	\$5,933,406	\$5,512,751	\$1,865,466	\$13,331,623
Operating Expenses	\$602,002,095	\$182,552,925	\$4,880,526	\$789,435,546
Total	\$607,935,501	\$188,065,676	\$6,745,992	\$802,747,169
F.T.E.				187.0

2019 Legislative Session

[SB 179](#) – SB 179 provides a 2.5 percent increase for state aid to general education – bringing the target for statewide average teacher salaries from \$40,131.96 to \$50,360.26 for FY 2020. The bill increases the overhead rate in the funding formula to 33.06 percent. The bill also sets general fund levies as follows:

- Maximum levy of \$6.821/thousand dollars of taxable valuation (subject to limitations noted below)
- Maximum ag levy of \$1.473/thousand dollars of taxable valuation
- Maximum owner-occupied levy of \$3.296/thousand dollars of taxable valuation

[SB 182](#) – This bill sets the maximum special education fund levy at \$1.616/thousand dollars of taxable valuation. It also revises the definition of local effort for the purposes of special education state aid to \$1.416/thousand dollars of taxable valuation and updates the funding per disability levels as follows:

- Level 1 -- \$5,665.27
- Level 2 -- \$13,074.98
- Level 3 -- \$16,664.57
- Level 4 -- \$16,160.97
- Level 5 -- \$28,865.25
- Level 6 -- \$8,314.11

2019 Legislative Session

SB 1 and SB 3 – These two bills came about as a result of the Legislature’s summer study of the Extraordinary Cost Fund.

- [SB 1](#) moves the Extraordinary Cost Oversight Board into statute; it is currently in administrative rule. It also adds a member of the Legislature to the board.
- [SB 3](#) creates the Special Education Interim Legislative Committee and outlines the committee’s purpose and membership. It charges the committee with reporting its findings and recommendations by the next legislative session.
 - Member of the Interim committee will likely be selected at the Legislature’s next Executive Board meeting in April.

2019 Legislative Session

[HB 1001](#) – HB 1001 revises the timing of the recalculation of disability levels in the state aid to special education funding formula. It changes from a recalculation every three years to a recalculation every two years, starting with the recalculation in FY 2020.

Timeline for next two rebases:

1. FY2020 Rebase: Effective FY2021 using average expenditures from FY2017, FY2018 and FY2019
2. FY2023 Rebase: Effective FY2024 using average expenditures from FY2020, FY2021 and FY2022

Additional education related and all bills can be found [here](#)

Special Education Disability Category Rebase Schedule

with passage of HB 1001

FY2013		Fiscal Years used to calculate disability categories for FY2017	
FY2014			
FY2015			
FY2016	Rebase approved by legislature		
FY2017	Effective Fiscal Year of disability category rebase	Fiscal Years used to calculate disability categories for FY2021	
FY2018			
FY2019			
FY2020	Rebase approved by legislature	Fiscal Years used to calculate disability categories for FY2024	
FY2021	Effective Fiscal Year of disability category rebase		<u>Statute change.</u> <u>Rebase every two years.</u>
FY2022			
FY2023	Rebase approved by legislature	Fiscal Years used to calculate disability categories for FY2027	
FY2024	Effective Fiscal Year of disability category rebase		
FY2025			
FY2026	Rebase approved by legislature	Fiscal Years used to calculate disability categories for FY2030	
FY2027	Effective Fiscal Year of disability category rebase		
FY2028			
FY2029	Rebase approved by legislature	Fiscal Years used to calculate disability categories for FY2033	
FY2030	Effective Fiscal Year of disability category rebase		
FY2031			
FY2032	Rebase approved by legislature		
FY2033	Effective Fiscal Year of disability category rebase		

Report Card 2019

- August 5 – Draft Report Card Review
- August 12-23 – Appeal Window
- September 16 – Report Card Review at Board of Education Standards
- September 16 – Release of Report Card

Year End Signoff

- South Dakota Year End Signoff checklist included in your packet
- Important your district completes the checklist so your Accountability/SPI calculations can be determined in an accurate and timely manner.

****All Accountability information reported by the district must be submitted to DOE by June 14, 2019****

For questions regarding the Report or Year End Signoff contact:

Shannon Malone

Title Programs Administrator

Shannon.Malone@state.sd.us

605-773-6509

Perkins Reauthorization

- In July 2018, Congress reauthorized the Carl D. Perkins Career & Technical Education Act of 2006 as the Perkins V.
- South Dakota will submit a transition plan in May 2019 and a full four-year state plan in April 2020. The Department of Education will be leading stakeholder consultations throughout 2019 to gain input on the new state plan as required by the law.
- A Perkins handout is included in your materials. For more information please visit:
<https://doe.sd.gov/cte/PerkinsV.aspx>

Or contact the Division of Career and Technical Education within the Department.

Written Procedures for Allowable Costs and Cash Management

Grants Management

Rob Huffman

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Policy vs Procedures

Policy

- Why you administer things a certain way.
- The goal or objective
- May Require an adoption by a school board or other governing body

Procedures

- How you perform the functions necessary to conform to your policy
- Step by step process to meet the objective.
- Don't require formal adoption by a governing body

Uniform Guidance Required Procedures

Procedures

- Allowable Costs - §200.302(b)(7)
- Time and Effort - §200.430
- Cash Management - §200.302(b)(6) & §200.305



Written Procedures

- SD Department of Education staff and independent auditors will ask to review these.
- If there are no written procedures there may be a finding during a fiscal review or single audit.
- A finding may require corrective actions to be taken by the subrecipient and increase the likelihood of additional monitoring.

Written Procedures

- Procedures are each individual district's internal steps for ensuring that only allowable costs will be charged to the grant.



Allowability of Costs

Financial Management

§ 200.302 (b)(7)

Required written procedures must address how the subrecipient is ensuring that costs on the federal grant are allowed under the individual Federal program *and* in accordance with the cost principles established in the Uniform Grant Guidance.

Allowable Cost

- What does “allowable cost” mean?
 - A cost that complies with all legal requirements that apply to a particular Federal education program including
 - statutes
 - regulations
 - guidance
 - applications
 - and approved grant awards.



Federal Cost Principles

- **Necessary**
- **Reasonable**
- **Allocable**
- **Consistent Treatment**
- **Adequately Documented**



Allowable Cost Analysis

- Is this cost specifically included in the District's approved grant budget?
- Is the cost permissible under the relevant Federal program?
- Is the cost consistent with program specific fiscal rules?
- Is the cost consistent with the Federal cost principles in 2 CFR 200s?

Necessary

- A cost is “necessary” if it meets an important program objective – it must address an existing need.
- **2 CFR §200.403(a)**

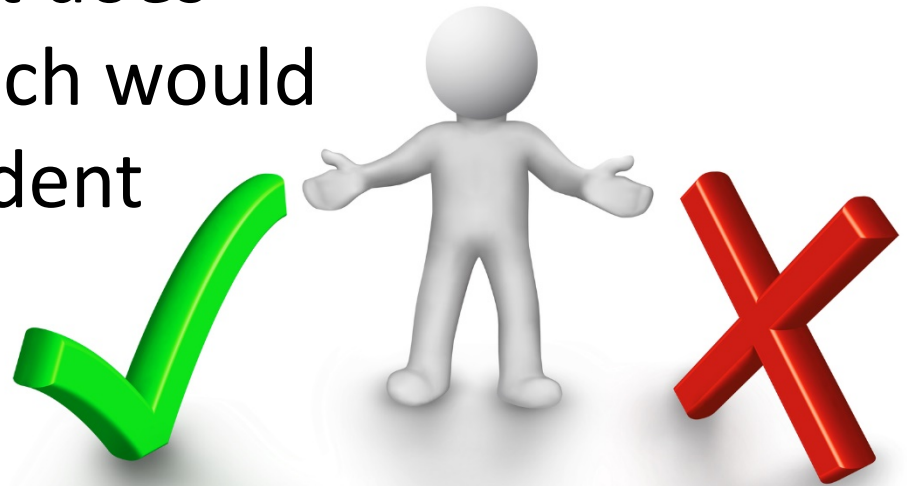


Determining Necessary

- The cost is needed for the proper and efficient performance of the grant program.
- The cost is identified in the approved budget or application.
- The cost aligns with identified needs based on results and findings from a needs assessment.
- The cost addresses program goals and objectives and is based on program data.
- Existing resources are NOT sufficient.

Reasonable

- A cost is “reasonable” if in its nature and amount it does NOT exceed that which would be incurred by a prudent person



- **2 CFR §200.403(a) and 2 CFR §200.404**

Determining Reasonable

- The cost is a type generally recognized as ordinary and necessary for the efficient performance of the federal ward.
- Market prices for comparable goods or services for the geographic area.
- No significant deviation from established practices.
- Would I be comfortable defending this purchase?

Allocable

Once the cost is determined to be allowed...

It must then be allocable.

- To what extent are the expenditures charged to a particular grant program benefiting the program?
 - When an LEA charges 100 percent of an expenditure to a federal program, the LEA must ensure that the program is receiving the entire benefit of these costs.

Allocable to Federal Awards 2 CFR 200.405(a)

Consistent Treatment

- The cost must be consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the subrecipient.
 - Subrecipients cannot apply different rules for allowable costs based on funding source.
- **CONSISTENT WITH POLICES AND PROCEDURES 2 CFR §200.403(c)**

Consistent Treatment

- A cost may not be assigned to a Federal award as a direct cost if the same type of cost has already been allocated as an indirect cost.

CONSISTENCY
IS 

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Accorded Consistent Treatment 2 CFR § 200.403(d)

Adequately Documented

- § 200.302(b)(3) – Records must adequately identify the source and the application of funds
- Expenditures must be supported by source documentation
 - Vouchers with supporting invoices
 - Payroll Documents
 - Contract
 - Time and Effort Documents

Adequately Documented 2 CFR §200.403(g)

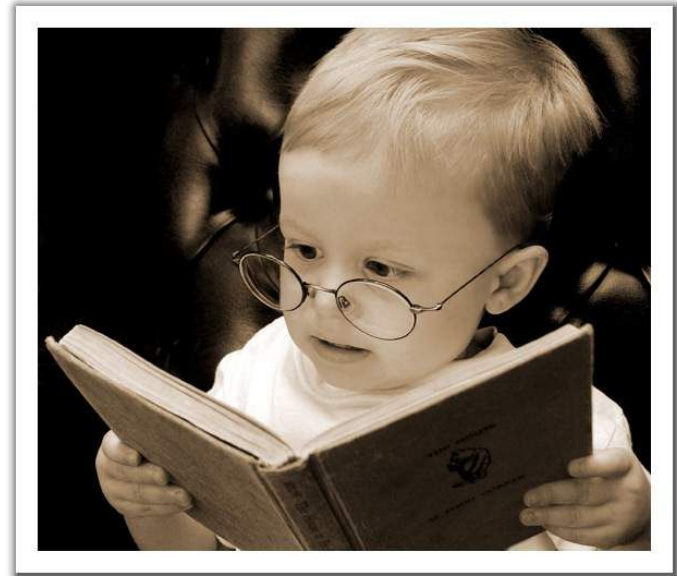
Documenting Costs

- Use of Sub Object or Facility Code
- Dollar amount of claim should match general ledger by line item and in total.



Uniform Grant Guidance

- The Uniform Grant Guidance has 55 specific items of cost.
 - Not all Inclusive
 - Items not listed follow “Basic Considerations”



<https://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>

Examples of Generally Allowable Costs

- Compensation
 - Personal Services (2 CFR § 200.430)
 - Fringe Benefits (2 CFR § 200.431)
- Conferences (2 CFR § 200.432)
- Employee Health and welfare costs (2 CFR § 200.437)
- Equipment (2 CFR § 200.439)
- Professional Services Costs (2 CFR § 200.459)
- Training and Education Costs (2 CFR § 200.472)
- Travel Costs (2 CFR § 200.474)

Examples of Unallowable Costs

- Alcoholic Beverages (2 CFR § 200.423)
- Bad Debts (2CFR § 200.426)
- Donations (2 CFR § 200.434)
- Contributions (2 CFR § 200.434)
- Fines and Penalties (2 CFR § 200.441)
- Goods or services for personal use (2 CFR § 200.445)
- Funds for Religion (Part 76 EDGAR; 34 CFR § 76.533)
- Real Property/Construction (Part 76 EDGAR)

Example

Funds can be used to cover
conference costs?

Maybe

Conferences

- Allowable costs include:
 - Rental of facilities, speakers fees, and transportation, **UNLESS: restricted by the federal award.**
 - Be cognizant of a particular federal program's rules, as the rules can be very different between federal grant programs.
- US Ed Guidance provides more details on Costs pertaining to conferences and meetings that are allowable under USED programs.

Food and Beverages

US Ed Guidance is very restrictive on using funds for food and beverage purchases.



Advertising and Public Relations

Allowable

- Charging advertising costs for staff recruitment to IDEA is allowed
- A Title I Schoolwide program using TI funds to print flyers advertising the dates of the Academic Parent Teacher Team meetings is allowed

Not Allowed

- An LEA would not be allowed to use federal funds to promote their school during open enrollment.
- Using federal funds to provide all parents coffee mugs displaying the school's logo is not allowed.

General Costs of Government

- **UNALLOWABLE – 2 CFR § 200.444**
- Salaries and other expense of the chief executive of a local government or local governmental body.
 - Superintendents
 - School Board

Written Procedures – Allowable Costs

Sample questions to address when developing written procedures:

- Who creates the Federal program budget?
- Who enters the grant budget?
- Who verifies the grant budget aligns with the ledgers?
- Who verifies allowability of each cost?
- How is this communicated between areas?

Written Procedures – Allowable Costs

- Who is the informed contact for DOE or auditor questions?
- When cost changes occur within the program, who is notified? (*changes to business or program needs*)
- When cost changes are identified, what is the timeline for submitting budget amendments?
- Who verifies allowability of each amended cost?
- How is this communicated between areas?

Written Procedures – Allowable Costs

Additional Considerations:

- Who is responsible for generating documentation demonstrating a cost is reasonable, necessary or allocable?
- Where is this documentation kept?
- Where is correspondence regarding budget reviews by DOE kept for each of the Federal grants?

Written Procedures for Allowable Employee Costs

**Time & Effort
Documentation
§200.430(i)**

**Standards for
Documentation of
Personnel
Expenses**



- ❖ Charges to federal awards must be based on records that accurately reflect the work performed.
- ❖ Applies to all employees who are paid with federal funds.

Time & Effort Documentation

§200.430(i)

Standards for Documentation of Personnel Expenses



- Include all activities of the employee, both federally and non-federally funded.
- Comply with the subrecipient's established accounting policies and practices.

Time & Effort Documentation

§200.430(i)

Standards for Documentation of Personnel Expenses



- Support the distribution of the employee's salary among cost objectives if the employee work on multiple, unrelated activities (per grant guidelines)
- Documentation records should be adjusted in a timely manner if there are significant changes in the employee's work activity.

Employee Time Distribution Records

– Type Required

- Depends on how many “cost objectives” the employee worked on.
- The cost objectives must be connected to the employee’s work activities
- What is a cost objective?
 - A specific grant award, *or other category of costs*, that requires the grantee to track specific cost information.

Weekly time sheet

Employee name						
Department						
Week ending						

Day	Morning		Afternoon		Overtime	
	In	Out	In	Out	In	Out
Mon						
Tue						
Wed						
Thu						
Fri						
Sat						
Sun						

Hrs			
-----	--	--	--

Signature	
Authorisation	

Single Cost Objective Time Distribution Records

- If an employee works on a **single** cost objective:
 - Semi-Annual Certification
 - Signed by employee or supervisor every six months
 - After-the-fact

Multiple Cost Objective Time Distribution Records

If an employee works on **multiple**
cost objectives:

- Personnel Activity Report (PAR) or equivalent documentation are required.

Personal Activity Reports Time Distribution Records

- PAR must be:
 - After-the-fact
 - Account for 100% of employee's work
 - Signed by employee
 - Prepared at least monthly and coincide with one or more pay periods
 - Time increments should be sufficient to recognize the number of different activities performed

Substitute System

- The SD DOE may approve an LEA to use a substitute system.
- LEA must submit a **Substitute System Certification Form** and receive approval from the SDDOE before using a substitute system.

Substitute System Requirements

- Employee must work on a predetermined schedule.
- The employee cannot work on multiple cost objectives at the exact same time on their schedule.
- The schedule must identify the specific activities and account for the employee's total time.

Substitute System Requirements

- The employee's schedule must be attached to the time and effort report
- Must be certified at least semiannually by the employee and a supervisory official.

Monday	Tuesday	Wednesday	Thursday	Friday
8:00-8:30 Consult with staff regarding Title I students/curriculum	8:00-8:30 Consult with staff regarding Title I students/curriculum	8:00-8:30 Consult with staff regarding Title I students/curriculum	8:00-8:30 Consult with staff regarding Title I students/curriculum	8:00-8:30 Consult with staff regarding Title I students/curriculum
8:30-8:45 Break	8:30-8:45 Break	8:30-8:45 Break	8:30-8:45 Break	8:30-8:45 Break
8:45-9:15 Special ed. support	8:45-9:15 Special ed. support	8:45-9:15 Special ed. support	8:45-9:15 Special ed. support	8:45-9:15 Special ed. support
9:15-10:00 Small group reading	9:15-10:00 Small group reading	9:15-10:00 Small group reading	9:15-10:00 Small group reading	9:15-10:00 Small group reading
10:00-10:30 Small group math	10:00-11:00 2 nd grade Title I reading/math	10:00-10:30 Small group math	10:00-11:00 2 nd grade Title I reading/math	10:00-10:30 Small group math
10:30-11:00 2 nd grade Title I reading/math		10:30-11:00 2 nd grade Title I reading/math		10:30-11:00 2 nd grade Title I reading/math
11:00-11:30 Lunch Break	11:00-11:30 Lunch Break	11:00-11:30 Lunch Break	11:00-11:30 Lunch Break	11:00-11:30 Lunch Break
11:30-11:45 Individual special ed. student catch-up	11:30-11:45 Individual special ed. student catch-up	11:30-11:45 Individual special ed. student catch-up	11:30-11:45 Individual special ed. student catch-up	11:30-11:45 Individual special ed. student catch-up
11:45-12:35 Small group math	11:45-12:35 Small group math	11:45-12:35 Small group math	11:45-12:35 Small group math	11:45-12:35 Small group math
12:35-1:05 Small group writing	12:35-1:05 Small group writing	12:35-1:05 Small group writing	12:35-1:05 Small group writing	12:35-1:05 Small group writing
1:05-1:20 Break	1:05-1:20 Break	1:05-1:20 Break	1:05-1:20 Break	1:05-1:20 Break
1:20-1:40 Title I prep	1:20-1:40 Title I prep	1:20-1:40 Title I prep	1:20-1:40 Title I prep	1:20-1:40 Title I prep
1:40-2:30 First grade Title I reading/math	1:40-2:30 First grade Title I reading/math	1:40-2:30 First grade Title I reading/math	1:40-2:30 First grade Title I reading/math	1:40-2:30 First grade Title I reading/math
2:30-3:30 Title I lesson planning and student learning plan follow-up	2:30-3:00 Title I lesson planning	2:30-3:30 Title I lesson planning and student learning plan follow-up	2:30-3:00 Title I lesson planning	2:30-3:30 Title I lesson planning and student learning plan follow-up
	3:00-3:30 Bus duty		3:00-3:30 Bus duty	

Time & Effort Documentation

§200.430(i)

Standards for Documentation of Personnel Expenses



- The subrecipient's system of internal controls must include processes to review after-the-fact interim charges made to a Federal award based on budget estimates.
- All necessary adjustments must be made such that the final amount charged to the federal award is **ACCURATE, ALLOWABLE AND PROPERLY ALLOCATED.**

Procedures/Personnel Costs

- Subrecipient develops the procedures
- Use same procedure for all federal grants,
- Identify “single cost objective” staff per grant – meaning 100% of the person’s time could be charged to a particular grant (based on the grant’s objectives)
- For all others, determine how the business office will know the accurate amount to claim.

Written Procedures – Allowable Costs

- Who identifies each staff person with a status of single cost objective or multiple cost objective?
- How is this status determined?
- How often is this information reviewed and updated?
- Where is the information stored?
- How is this communicated between areas?

For staff with multiple cost objectives

- How is the amount of staff person's time budgeted on the grant determined?
- What documentation or process is used to support the amount budgeted?
- How often is this information reviewed and updated?
- Where is the information stored?
- Who verifies charged amounts against supporting documentation prior to a claim being made?

For short-term work

(substitutes, stipends, summer school, etc.)

- Does the time sheet identify the federal funding source or cost objective?
- Who verifies the short-term work is an allowable cost under the federal program?
- Are sign in sheets required for trainings covered by stipends?
- Who verifies the work was completed prior to submitting a claim?
- How is this communicated between areas?

Cash Management

Payment

§ 200.305



- Required written procedures must address both advance payments and cost reimbursement. The written procedures should include steps involved in obligating, liquidating, and claiming of federal funds.

Types of Payments

Advance Payment

- Requesting federal funds for expenditures not yet incurred.
- South Dakota Department of Education seldom uses this payment method

Cost Reimbursement

- Requesting federal funds for expenditures *after* they have been liquidated.
- Predominately used with all grants allocated by South Dakota Department of Education

Cost Reimbursement



Expenditures are obligated and liquidated prior to reimbursement

Obligating Funds

- A fiscal transaction should be approved:
 - By a person (program manager) who can attest the planned or actual expenditure is allowable and approved under the federal program; and
 - By another person (business manager/accountant) who can attest to the availability of funds and to its consistency with the approved budget. The person would enter the transaction into the fiscal record.
 - Each of these individuals should initial or sign the documentation for the transaction.

Written Procedures – Cash Management

Obligating Funds:

- Who has authority to generate a PO?
- How is a PO generated?
- Who has authority to approve a PO?
- Who determines the purchase is an allowed cost?
- What information is used to make the determination it is an allowed cost?


Written Procedures – Cash Management

Obligating Funds:

- Who verifies that the goods or services have been budgeted on the federal grant?
- Who has access to the credit card?
- What purchases are allowed on the credit card?
- Who reconciles the credit card bill?
- What supporting documentation is required for credit card claims?

Liquidating Funds

To liquidate an obligation, the service has occurred or the purchased item has been received and payment has been made to the vendor or the provider.

 A claim for payment would not be made if the obligation has yet to be liquidated.

Written Procedures – Cash Management

Liquidation:

- Who verifies the goods have been received or service performed? *How is this verification done?*
- Who determines the service was completed per contractual expectations? *How is this verification done?*
- How is this communicated between areas?

Written Procedures – Cash Management

Liquidation:

- How is an invoice approved for payment?
Who gives final approval?
- What is the payment process?
- What supporting documentation is required prior to payment?
- Who determines the goods are being put into use in the federal program?

Claiming Funds

Requests for funds of federal grants awarded by DOE must be completed using the Grants Management System with a corresponding expenditure report.

All detail to support the claim, such as purchase orders, is maintained by the recipient.

Written Procedures – Claiming Process

Procedures that will walk through your LEA's claiming process, from beginning to end.

- Who prepares the claim?
- How are costs compared to an approved budget?
- How are costs determined allowable?
- Who reviews the claim?
- Who authorizes the claim?
 - What are the checkpoints for the authorizer?

When you provide a written procedure to an auditor they should be able to walk through the process and see appropriate supporting documentation, signatures and sign off as indicated in the procedures.

ANY
QUESTIONS
?

www.rekrutin.com

ReKruITn.com

Useful Links

State of South Dakota Department of Education

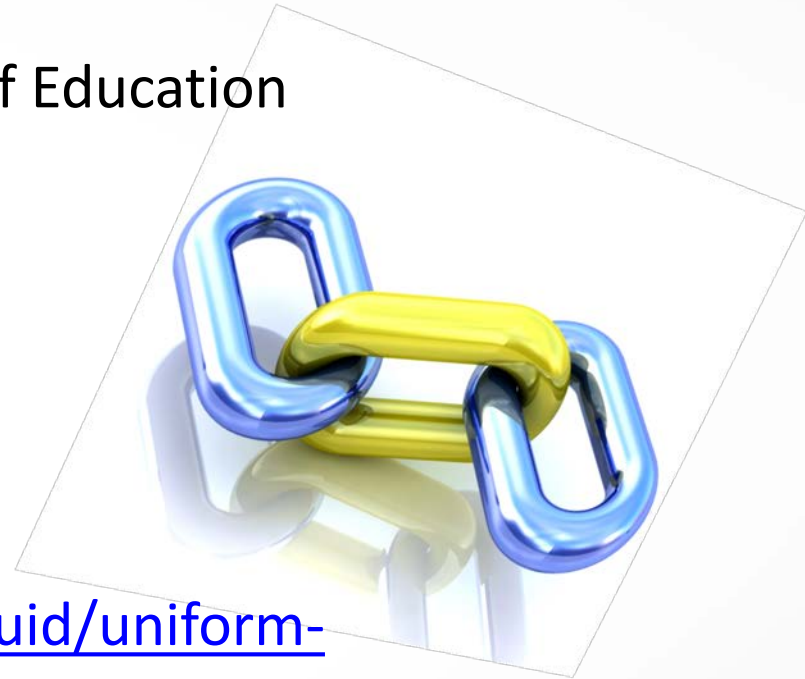
<http://doe.sd.gov/>

Grants Management System

<http://doe.sd.gov/ofm/GMS.aspx>

US Department of Education

<https://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>



THANK YOU FOR YOUR TIME

Rob Huffman
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Maintenance of Effort Compliance

Individuals with Disabilities Education Act (IDEA)

Why is this important to you?

- MOE is a requirement of LEAs in order to receive IDEA Federal funding.
- LEA must budget & spend enough money every year to meet MOE.
- Changes made to the SPED program could have an impact on your districts MOE expenditures.

Who needs to meet MOE?

- Any district that receives IDEA Part B, OR;
- Districts that don't receive IDEA Part B directly but are part of a Co-op.

What is Maintenance of Effort?

- The IDEA MOE requirement obligates an LEA receiving IDEA Part B funds to spend at least the same amount of local, or state and local funding for special education and related services as it expended in the appropriate comparison fiscal year.

What Does the Comparison Year Mean

- The comparison year is the last year the LEA was compliant with that specific test.
- The LEA has to be compliant with the amount shown on the MOE form for the comparison year.
 - There could be different years for any of the test options.

MOE Form

This example is a district that tracks state and local combined expenditures. There are two different comparison year amounts. The district needs to meet MOE on at least one of the two test options below. Remember the comparison year is the last time the district made MOE on that particular test and that is the amount the district needs to meet for FY18.

LEA Name	District Business Official	Date
SAMPLE SCHOOL DISTRICT	Robyn Seibel	12/03/2018

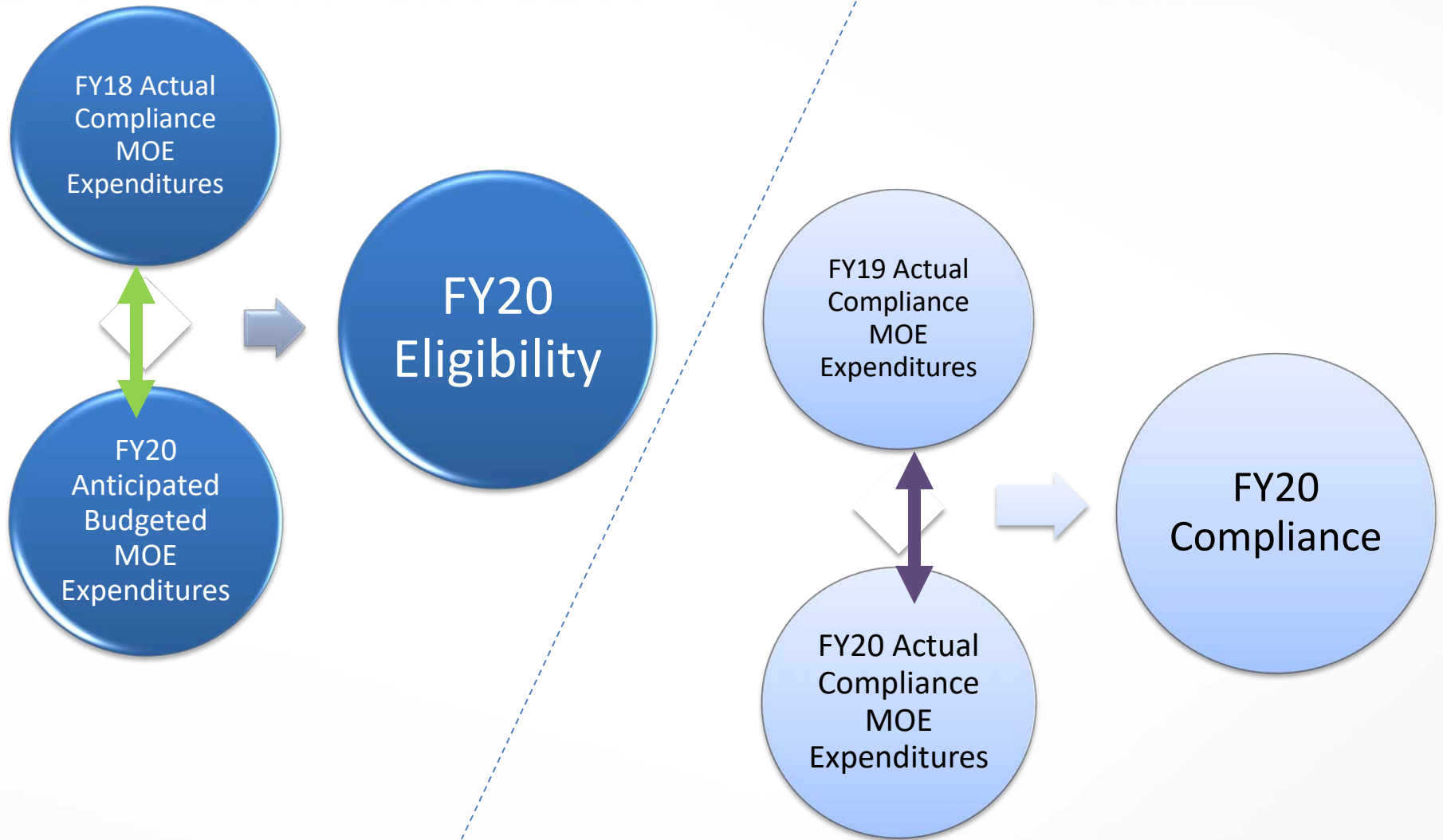
I certify to the best of my knowledge the information provided is accurate and correct.

MOE Compliance Determination								
	FY 2018	Comparison Year Amount	Comparison Year Child Count	Comparison Year	Initial Shortfall	Total Exceptions	Final Shortfall	Met MOE
Local Expenditures	NA	NA	NA	NA	NA	-		
State & Local Expenditures	-	5,701,899	701	2017		-		
Local per Child Count	NA	NA	NA	NA	NA			
State & Local per Child Count	-	9,309	568	2015		-		

The Standards of MOE

There are two MOE standards:

- Eligibility – this standard is completed at the time of application in the Grants Management System. LEA's must show they are budgeting enough to meet the MOE requirement for the upcoming FY.
- Compliance – this standard is completed in the fall after the FY has ended, the annual report is done, and is based on actual expenditures. LEA's must meet this requirement or they will have to pay back the Department of Education the shortfall.



MOE Compliance Methods

- To meet MOE compliance, the LEA has to meet one of the four method options:
 1. Local funds only (must have auditable data)
 2. The combination of state and local funds
 3. Local funds per capita (must have auditable data)
 4. The combination of state and local funds per capita

- Some LEAs track the combined state and local method and others track them separately. Having all four methods allows you more options to meet MOE. If you're a district that tracks combined and you'd like to track separately contact me.

LEA Name	District Business Official	Date						
SAMPLE SCHOOL #3	Robyn Seibel	12/03/2018						
<input checked="" type="checkbox"/> I certify to the best of my knowledge the information provided is accurate and correct.								
MOE Compliance Determination								
	FY 2018	Comparison Year Amount	Comparison Year Child Count	Comparison Year	Initial Shortfall	Total Exceptions	Final Shortfall	Met MOE
Local Expenditures Method 1		306,345	62	2017		39,528		
State & Local Expenditures Method 2		640,258	62	2017		82,614		
Local per Child Count Method 3		5,163	54	2015		732		
State & Local per Child Count Method 4		10,327	62	2017		1,332		

What is included in MOE?

Yes	No
✓ Local Expenditures	✗ State or Local Expenditures for Coordinated Early Intervening Services (CEIS)
✓ State Expenditures	✗ IDEA
	✗ Medicaid Direct Reimbursements
	✗ Impact Aid
	✗ Other Federal

***Based on Special Education expenditures NOT revenues!**

Exceptions to MOE

- There are certain exceptions that may allow for a reduction in MOE.
- Exceptions entered must be for the current FY.
- The LEA must be able to show that allowable exceptions were previously paid for out of state and/or local funds.
 - Important for monitoring purposes

Exceptions to MOE Continued

1. The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.
 - Please note that a reduction in force, such as contract non-renewal or staff lay-off, is not an allowable exception.
2. A decrease in the enrollment of the number of children with disabilities. Automatically calculated for you.

Exceptions to MOE Continued

3. The termination of obligation of the agency to provide a program of special education to a particular child with a disability that is an exceptionally costly program, because the child has either:
 - Has left the jurisdiction of the agency;
 - Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or
 - No longer needs the program of special education. *change in IEP services.

4. The termination of costly expenditures for long-term purchases.*
 - Examples may include the acquisition of equipment.

****State law does not allow the use of state and local special education funds for this purpose. Please contact the department if you have questions regarding this exception.**

Justification of Exceptions

- Multiple exceptions may apply.
- LEA is required to submit detailed information about each exception.
- Must be able to show allowable exceptions were previously paid for out of local or state funds.
- If exceptions are approved, LEA maintains new reduced MOE expenditure level.

Unallowable Exceptions

- Reduction in revenue
- Reduction in cooperative fees
- Costs previously paid from IDEA funds rather than State and Local
- Restructuring per student percentages that districts pay
- Cost saving measures of any kind

Consequences of Non Compliance

What happens if the LEA doesn't make the required MOE level of effort and does not have an allowable exception?

- The district must pay the DOE an amount equal to the amount of the short-fall.
- It must be paid from local or State funds. It has to be non-federal money. DOE is required to send the money to the federal government.
- The district's MOE level stays at the same level it would've been had it made MOE.

Maintenance of Effort Recap

- Based on expenditures not revenues
- Done twice a year, Eligibility and Compliance
- Have to spend the same amount or more as the comparison year
- Four method options available to meet MOE
- The LEA must meet at least ONE method
- If tracking Local Only expenditures, there must be auditable data
- Decreased revenue or coop fees and cost savings of any kind are not allowable exceptions



?? Questions

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FY2020 State Aid Updates

- Target Teacher Salary - \$50,360.26 (increase of 2.5%)
- General State Aid Levies – Pay 2020
 - Agriculture \$1.473 per \$1,000 valuation
 - Owner Occupied \$3.296 per \$1,000 valuation
 - Non-Ag (Utilities) \$6.821 per \$1,000 valuation
- General State Aid Calculator -
<https://doe.sd.gov/ofm/schoolbudget.aspx>
- FY2020 General State Aid Per Student Equiv. \$5,762.80
- Special Education Levies – Pay 2020
 - Local Effort, 100% participation funding formula \$1.416 per \$1,000 valuation
 - Maximum Levy (required for ECF districts) \$1.616 per \$1,000 valuation
- Extraordinary Cost Fund \$4,000,000

Budgeting for FY2020

- Help with estimating FY2020 state aid (general, special education and sparsity) is available on the DOE website:

<https://doe.sd.gov/ofm/schoolbudget.aspx>

- General State Aid Calculator
- Maximum CO property tax request for pay 2020
- Special Education Aid Calculator
- Sparsity Aid Calculator, etc.

Other Revenue Equalization

We hear many comments such as “my district is losing funding due to other revenue equalization”.

The extend of any “loss of funding” depends are where your district may be in the “phase in” of the other revenue equalization. Remember, as we phase in the other revenue the \$\$ collected determine the increase in the overhead rate. Moving from 31.67% to 33.06% could have made a substantial difference in your total general state need and general state aid.

Here is how it works.....

Example School District:						
Other Revenue Baseline:		\$105,268				
Funding Fiscal Year	Student Count	Baseline	Other Revenue Reported on Annual Report	Reported Revenue from Annual Report	Local Effort Recognized in Funding Formula	Total Amount from all school district added as local effort will increase the overhead % rate used in formula
FY2018	233	\$105,268	So for calculation of general aid in FY2020 the amount equalized will be the FY2018 actual revenues received compared against the base.	\$64,446	\$0	31.04%
FY2019	232	\$84,214	FY2017	\$71,722	\$0	31.67%
FY2020	232	\$63,161	FY2018	\$70,861	\$7,700	33.06%
FY2021	232	\$42,107	FY2019	\$70,861	\$28,754	34.83%
FY2022	232	\$21,054	FY2020	\$70,861	\$49,807	37.32%
FY2023	232	\$0	FY2021	\$70,861	\$70,861	38.37%

Note: Remember the "other revenues" will continue to be paid to the Example School District as in the past -- there was no change in how the revenue is received by the district.

Year	Student Count	Need BEFORE Overhead Rate Applied	Overhead Rate	Overhead \$	TOTAL NEED	Local Effort - OTH Revenue	TOTAL OTHER REVENUE	Gain due to change in Overhead Rate
2017	256	\$1,289,585	31.00%	\$399,771	\$1,689,356	\$0	\$71,722	
2018	233	\$1,193,826	31.04%	\$376,564	\$1,570,390	\$0	\$70,861	\$478
2019	232	\$1,201,325	31.67%	\$380,459	\$1,581,784	\$0	\$70,861	\$8,049
2020	232	\$1,231,368	33.06%	\$407,087	\$1,638,455	\$7,700	\$70,861	\$25,366

As you can see above the district does have a portion of their other revenue equalized in FY2020 but also the increase in the overhead rate has been increased and actually as a result this district has gained an estimated \$17,666 (\$25,366 - \$7,700).

Any questions about other revenue equalization?

5 Year History of Other Revenues Received by the District

Any district may review the revenue amounts reported for all 6 other revenues from a report available in Annual Report program.

- Click on **Reports**
- Select Report Group **District**
- Select – **DVR – All Reports**
- Look for **Report: Other Revenue Summary Report**

Revenue Account:	<u>1140</u>	<u>1210</u>	<u>2110</u>	<u>2200</u>	<u>3113</u>	<u>3114</u>
FY2014	\$89,250.63	\$0.00	\$9,023.51	\$1,627.41	\$0.00	\$5,726.80
FY2015	\$64,836.98	\$0.00	\$7,325.44	\$1,214.08	\$0.00	\$7,363.28
FY2016	\$45,135.81	\$0.00	\$7,485.11	\$1,327.78	\$0.00	\$10,497.20
FY2017	\$51,496.35	\$0.00	\$7,164.04	\$2,637.21	\$0.00	\$10,434.22
FY2018	\$50,612.97	\$517.51	\$7,144.79	\$2,450.56	\$0.00	\$10,136.39

4/3/2019

FY2020 Accountabilities

- Teacher Compensation

- Compare reported TC average from FY2017 to FY2019
- The district's FY2019 average **MUST BE equal to or greater than** the reported average from FY2017.
- Penalty for non-compliance - \$500 per total FTE reported for TC
- See Teacher Compensation Calculator - <https://doe.sd.gov/ofm/schoolbudget.aspx>

- Monthly Excess Cash Balance – General Fund

- % of cash balance = lowest monthly amount divided by the TOTAL general fund expenditures for FY2019 (may not include any “other financing uses”).
- Allowable percentages: (student count is the lesser of the 2 previous years or the current year)
 - » Student count less than 201 40%
 - » Student count 201 to 599 30%
 - » Student count greater than 599 25%

Penalty for Teacher Compensation (TC) Non-Compliance

- My district's 2019 average TC is not equal or greater than the TC average reported for 2017 – what happens next?
 - District may complete a waiver form and submit before first Friday in November (October 31st).
 - Present waiver to School Finance & Accountability Board
 - If approved the waiver must then be also approved by Joint Committee on Appropriations (JCA)
 - If approved by JCA, no penalty.
 - If not approved by either SFAB or JCA, penalty is \$500 x total FTE of teachers reported for TC. Penalty is a reduction of general state aid in FY2020.

Timeline for Teacher Compensation

- **Currently available**, Teacher Compensation calculator available to all school district administrators to determine if meeting the accountability regarding average TC.
- **July 1, 2019**, school districts may start to enter TC data (Annual Financial Report)
- **August 1, 2019**, TC data is due. (SDCL 13-8-47)
- **August 30, 2019**, TC data is considered late and subject to penalties (SDCL 13-8-47 & 13-13-38)
- **September 25, 2019**, SASF staff complete their review and notify school district administrators to finalize their submission by signing final certification.
- **October 4, 2019**, all districts will be notified by email of their TC accountability status based on submitted data and penalties pursuant to SDCL 13-13-73.6. (ARSD 24:44:01:04)
- **October 9, 2019**, TC waiver form will be posted and accessible for districts to use.
- **October 31, 2019**, waiver form and all supporting documentation for TC must be submitted to DOE (ARSD 24:44:01:08).
- **November 13, 2019**, SFAB board will meet to review submitted waivers. All districts submitting a waiver must be in attendance.
- **November 20, 2019**, SFAB will meet to approve a written report of their determinations, this report must be submitted within 5 business days to the Joint Committee on Appropriations for approval. (ARSD 24:44:01:08)

Timeline for Excess Cash

- **July 1, 2019**, AFR program open and data files, teacher compensation, monthly cash balance data may be submitted.
- **August 1, 2019**, Annual report data DUE (SDCL 13-8-47)
- **August 30, 2019**, Annual report past due and subject to penalties (SDCL 13-8-47 & 13-13-38)
- **September 25, 2019**, SASF staff complete their review and notify school district administrators to finalize their submission by signing final certification.
- **October 4, 2019**, all districts will be notified by email of their excess monthly cash status based on submitted data and penalty.
- **October 9, 2019**, Excess cash balance waiver form will be posted and accessible for districts to use.
- **October 31, 2019**, waiver form and all supporting documentation for TC must be submitted to DOE.
- **November 13, 2019**, SFAB board will meet to review submitted waivers. All districts submitting a waiver must be in attendance.
- **November 20, 2019**, SFAB will meet to approve a written report of their determinations, this report must be submitted within 5 business days to the Joint Committee on Appropriations for approval. (ARSD 24:44:01:08)

Preparation for ESSA Reporting

- In FY2018 DOE developed an excel template to be tested by a few districts to assist in ESSA school level fiscal reporting.
- In FY2019 **ALL districts** will be asked to report expenditures (via survey added to annual report) to further test the process. Results will be provided to all districts to review.
- In FY2020 All districts will report ESSA calculations AND data will be displayed on school/district report cards.

ESSA Template

- Developed by DOE to assist school business officials in reporting school level expenditures by revenue source (federal or state/local) per student.
- Modeled after the Excess Cost report used by Grants Management Office for Special Education.
- Received positive feedback from our volunteer districts.

Timeline for ESSA Reporting

- Complete template with all reported financial data. Data will be available after all districts have signed off on their annual reports and DOE has prepared an upload file of other needed data items (early December).
- Districts will have 1 month to complete the template and enter the ESSA information into a survey form as part of the annual report.
- Starting in FY2021, based on FY2020 data, a file will be provided to include per student costs on report card.

Tips to Make ESSA easier

- **TRACK** your federal expenditures for all restricted federal grants. Assign a # to each grant and include in your coding for both revenue and expenditures.
- The sum of all restricted federal grants received should be very comparable to the total federal expenditures reported on ESSA template (all restricted federal grants are paid on a reimbursement basis). Some expenditures may be an “excluded” expenditure such as PK, capital acquisitions, etc.
- Use additional coding fields to track school level expenditures when it can be identified.

Special Education Data Analysis

- New legislation passed that requires DOE to rebase SE disability funding amounts every 2 years.
- Have you ever seen or reviewed your district's SEDA (Special Education Data Analysis)?
- Based on SE expenditure data reported AND child count – a cost per disability is calculated for each district.
- Accuracy of this calculation is based on the quality of financial reporting from the districts.

Pension Fund

- When MUST a district close their Pension Fund?
 - An allowance to operate a Pension Fund by a school district ends as of 6/30/2020.
 - So any time between NOW and 6/30/2020 a school district may close this fund.

Section 25 (SB131, 2016) The pension fund of the school district is provided for the purpose of financing payments to the South Dakota Retirement System and to finance pensions to retired employees of a school district that has established a pension system. Upon discontinuance of the pension fund any unexpended balance shall be transferred to the general fund. This section is repealed on July 1, 2020.

Factor to consider: Excess Monthly Cash Balance in General Fund

Extraordinary Cost Funds

- <https://doe.sd.gov/ofm/exordincost.aspx>
- Is my district eligible to apply for ECF?
 - Is the special education levy for pay 2019 at the maximum? \$1.567 per thousand?
 - Is the district participating in CEIS? Either federal or state/local?
 - The district may not have any outstanding deficiencies pursuant to ARSD Chapter 24:05:20.

Extraordinary Cost Fund Timeline

- Accepting applications from April 1st thru Monday, April 29th
- Please consider applying earlier rather than later so that DOE may review your applications and make you aware of questions about your application – allowing time to correct if necessary.
- May 10th – ECF board meeting to review all applications
- May 13th-17th – Districts notified regarding funding status
- May state aid – approved ECF included with monthly state aid payment.

Contact Information

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