FUNDING UPDATES: SPECIAL EDUCATION DIRECTORS’ MEETING MAY 2015

MAINTENANCE OF EFFORT (MOE) FOR SPECIAL EDUCATION UPDATE:


Subsequent Years Rule (Boundy Letter):

*Fiscal years beginning on July 1, 2013 or July 1, 2014 - 34 CFR 300.203(c)(1):

If an LEA fails to meet the MOE requirements, the level of expenditures required of the LEA for the fiscal year subsequent to the year of failure is the amount that would have been required in the absence of that failure, not the LEA’s reduced level of expenditures.

*Fiscal year 2015 and beyond – 34 CFR 300.203(c)(2),(3):

The same rule as above, except it distinguishes between “local only” funds and the “combination” of state and local funds.

Year One: Met MOE based on all four tests.

Year Two: Met MOE from a “combination” of state and local funds, but failed based on “local only.” Determination: Meets MOE.

Year Three: Failed MOE from a “combination” of state and local funds, but met based on “local only”, provided the “local only” amount in Year Three is compared to the “local only amount” from Year One – the last year compliant with “local only” funds. Cannot compare the “local only” amount in Year Three to the “local only” amount from Year Two, because Year Two showed a decline based on “local only.”

EXCESS COST (SPECIAL EDUCATION) UPDATE:


TEA revised the methodology for calculating the excess cost amount, based on clarification received from USDE. Revised guidance dated May 12, 2015, effective 2015-2016 grant year.

In the past, expenditures used in the calculation were only campus-based (instructional) expenditures.

Revised methodology: expenditures will include district-level expenditures, not just campus-based expenditures. The law requires all expenditures (not just instructional expenditures) from all fund sources be used in the calculation (minus capital outlay and debt).

Effective date for new methodology: 2015-2016 (using all expenditures from 2014-2015 for the calculation of the excess cost amount to be spent in 2015-2016)

Perform the calculation twice in the year:
1) Preliminary Calculation: Prior to submitting the 2015-2016 eGrants application, perform an estimated calculation, based on estimated expenditures from 2014-2015
EDGAR/UNIFORM GRANTS GUIDANCE UPDATE

*USDE will be releasing additional guidance on implementing the new Uniform Grants Guidance for the administration of federal education grants; Parts of EDGAR are in transition

*USDE will release a guidance document on Time and Effort soon

*TEA will be issuing additional guidance on implementation of EDGAR in June

*Must have written policies and procedures that align with new EDGAR in place before applying for July 1 grants

*Anyone at the LEA who reviews a budget must understand the Federal Cost Principles

*Independent Auditor: Best to resolve issues with auditor before final report is issued; TEA required to issue management decision on audit findings

*Audit Visits:
  *Self-assessment critical; required under 2 CFR Part 200.328
    - Remedy the problem areas or develop corrective action plan
    - Have corrective action plan in place at the time of the audit visit, even if implementation will be in the future (Specific Measurable Objectives, Timelines, Clear Lines of Responsibility)
  *Resolve issues identified by auditor as early as possible; respond carefully at each level of audit report (draft, final); don’t wait until the end (attorney fees incurred during appeals)
  *Very important that LEA’s leadership attends the entrance and exit conferences; shows you take this seriously

*Procurement is the number one area of fraud; proper procurement policies and procedures are critical in reducing fraud, waste, and abuse

  *Majority of fraud: payments made for work that never happened

  *2 CFR Part 200.318(b) LEA must maintain oversight to ensure contractors perform in accordance to terms, conditions, and specifications of the contract
    - Extremely important to ensure the contractor/vendor met the conditions of the contract prior to payment of the contract (audit finding)

  *May receive three bids, but there is a possibility that one company sent in all three bids (two of the companies were fake) – do you have a system to ensure that the businesses that submit bids are real businesses?

*NEW – Organizational Conflict of Interest – In addition to written conflict of interest policy for LEA’s employees, officers, or agents, if an LEA has a parent, affiliate, or subsidiary organization that is not a state or local government, the LEA must also maintain written standards of conduct covering organizational conflicts of interest. 2 CFR Part 200.318(c)(2)