

StreamBox

September 22, 2022

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>> All right. Good morning, everyone. Thank you so much for joining us this morning as we talk about maintenance of effort. It is 9:30. So in everyone's interest of time, we're going to go ahead and get started. I am Lisa BLANton and I serve region 5, traditional and charter and Region 6 charter schools. So thank you, again, so much for joining us this morning. And we're going to start with-- I will wait for Adam to click on the next slide. While he's doing that, we wanted to mention, please, if you are going to ask questions and we welcome questions, please make sure to put those in the chat or and you know, we will have some time at the end of the session if you want to unmute and ask your questions then, but if you to decide to send a chat individually to one of us just don't send it to Adam. He's unable to see the chat since he's working the PowerPoint. You are welcome to send an individual chat to Elizabeth, Melinda or me, or you can just send it to everyone. We'll be monitoring the chat as we go through the session. I'm going to start us off and talk about this slide. We like to start with the components of general supervision. This is what DPI's responsibility is and although I'm not going to go through every single one of these areas, we will be talking about fiscal management today. That's our focus and just making sure that we are all appropriately managing our fiscal resources, both state and federal. And of course, the fiscal management part ties in with the other pieces here. So all right. Next page, next slide is the agenda and so these are the things that we're going to discuss today. Of course, we want to always start off with the regulations and policies and explain the why. We'll also talk about MOE methods, what goes into MOE or

maintenance of effort. We'll look at the CFR calculator activity and exceptions and what happens if your MOE is not met. All right. We're going to talk about why first. Where is this required?

so remember that the MOE is required-to-ensure that the PSUs are not replacing state and local money with federal funds. And maintaining effort means that in each year for your education of students with disabilities that you are doing two things. One is that you're budgeting at least as much as you expended for your students with disabilities in the most recent year that your PSU met MOE. And the other areas that you expend at least as much as you expended in the most recent year in which your PSU met MOE. Next slide. All right. So the purpose of requiring MOE is to help ensure that all PSUs are providing FAPE for our students with disabilities. We want to make sure that sufficient funds are used to serve students with those disabilities and we examine the use of those state and local dollars that you put into your maintenance of effort. We also want to make sure that we, as a state agency, are providing the available funds for the PSUs so that they're able to provide FAPE for their students. This slide is basically addressing how funds provided can't be used to reduce the amount that you're spending on your students with disabilities from state and/or local funding. Below the level of expenditures for which you met MOE the previous year. You have to expend from when you met maintenance of effort. So with maintenance of effort, there are two standards. We will go into more detail about particularly the second part and there are two standards. One is your eligibility or your budget. So you must budget at least as much as you expended the last year in which information is available and which you met and then the other standard which is what we're going to focus on today is compliance expenditures. And that compares from the previous year in which you met MOE. I believe Adam will be going over that just a little bit more in just a little bit to help you understand that a little bit more. Our responsibility as a state agency is to make sure that and we determine that the PSUs budget for students with disabilities, at least the same amount from one of the four methods that we will discuss in a few minutes as the PSU spent for that purpose from the same source. And you have to have one of those four and the compliance

standard, which, again, I said we will focus is that federal funds cannot be used to reduce the level of expenditures for the education of students with disabilities from local or state and local funding that you are given below what what was spent from the previous year you that met. Again, you've got to make make sure you that spend as much or more from the-- in the previous year in which you met your maintenance of effort. All right. So I believe I am turning it over to Adam now.

>> Adam: You are. Thanks so much, Lisa. This is Adam Parent and I am the fiscal monitor for regions 7 and 8 and traditional schools in Region 6, and I'm really pleased to be with you guys today. I appreciate you taking time out of your busy schedules to be able to attend this important session. As Lisa was just speaking about that comparison and subsequent year and those are the years where you last met in one of the four categories and we'll talk more about those four categories but those are in local or state and local and each of those per cap, and we'll talk a little bit more about those, and you have to be able to meet those both in the eligibility and the compliance standards and those comparison years differ for each year and each standard. So if you think back to last year when we were brand new to using that CIFR form, and we will go over that in just a moment, think about that tab 4 where you had green boxes and red boxes from when you met maintenance of effort and when you did not meet maintenance of effort in that area.

And we'll talk a little bit more about how to read that chart and how to look at comparison and subsequent year. And in CCIP, you always see the preceding fiscal year's information. Not always the comparison or subsequent year in which you met. So that compliance standard is exactly the same way. That's what we're about to submit. So what you expended, you have to make sure that you meet at least one of the four categories for that. To determine the level of effort, the PSU must look back in the last year in which the effort was maintained and you must select that that's the area you are going to meet in. It defines the level of effort a PSU must meet to inMa Tain that effort. If you have a large amount one year in local funds and that's what you expended and that will increase your maintenance of effort and it may make it more difficult to meet in preceding years

if that local amount of funds does not maintain so this is a screen shot of that form that I was speaking about. As you can see, across the top, there are the ways in which you can meet maintenance of effort, if they wanted to meet in local per CAPITA, that amount, they would have to go back to the baseline year here of 30967 to be able to meet in that area. Lucky for this PSU-- it is a sample--they met every year in state and local total. To be able to go back the last subsequent year here if they wanted to meet it would be the last time they were green. Would you have to expend at least \$63,407 to select the area in which it was selected. Think submitting this year you can locate or request your MOE form from last year. So if you have a saved copy, you are welcome to use that saved copy of the form from last year, or you can go back into last year's grant, the '22 grant, and pull it from the maintenance of effort expenditure category, and if you can't find it any of those ways, you can also reach out to your fiscal upon tore and we would be able to provide you with that information. There will be more information on how to locate these forms and step-by-step directions coming out in the next week or so via EC Division weekly updates. So all of the information that you're going to submit and you can see this arrow here is pointing to where tab 8 is going to be. That is your year two amount. You're not going to adjust any of the other tabs, other than tab 8 and possibly tab 9. Oui talk a little bit more about that. You can see here where tab 8 is located with in that form but bear with me while I transition to my sample form. So once I'm on my tab 8, or on my screen, I'm going to scroll all the way over to tab 8, year two amounts. That year two amounts is first going to show one the eligibility standard. We've actually filled that out on our side. It should be blank for years and you can leave it blank. You'll scroll all the way over to the right. If it will allow me. Scroll all the way over to the right. This is where your base information will be entered. Making sure that we always enter our child count and that child count is pulled from your direct child count so whatever is in NCCIP is your child count that will be entered on this page. And the screen shot should populate and the uptated one will have a population.

It is a reminder to enter your child count. Hold on just one moment. Let me refresh my presentation to see if our screen shots will show up. There we go. Awesome. So when

you have completed your CIFR calculator form, which is the form I just showed you, you will go into your '22-'23 grant and enter it where the tab below or arrow below shows. That maintenance of effort expenditures, you do not want to use the maintenance of effort budget section. That is the section that you completed when completing your IDEA grant and that is your eligibility standard. This down here is your maintenance of effort compliance standard. If you are currently in NCCIP and you are looking at that tab, it does not open. It will not open until October 1st when maintenance of effort opens, and it will only open for PSUs that have a '22-'23 IDEA grant that is fully approved. If you do not have full approval yet, your maintenance of effort will not open until your '22-'23 IDEA grant fully approved. So next, we're going to go into what exactly goes in that form. Before we do that, I'm going to show you on the live site where that will live. So I'm using our N N.C. DPI test school. I'm going to scroll down to the bottom. Go to maintenance of effort expenditures and right now, your page should look like this because your maintenance of effort is not available to be filled out. You will fill out this box. These two boxes will auto-top late for you. You will enter your state and local expenditure total which comes from your CIFR calculator form as well as your total local only expenditures and then you will complete the other sections and uplocate the calculator form. You will select your method for whatever you are planning to meet. Whatever green box you have on your CIFR calculator form, you will use this dropdown to select state and local, local only, local per CAPITA or state and local per CAPITA. Now I'm going to transition to Elizabeth millen for what you are going to report for maintenance of effort.

>> Good morning. This is Elizabeth and I'm the fiscal consultant for Region 3-S and 4. Adam, next slide. In previous years if some of you have been around for a while, you know the form that we were using gave you budget codes and you filled in the blanks. Well, it really is up to the PSU to determine which budget codes that you use to fill out that right-hand side of tab 8. We have given you some examples and any that are strictly EC, you can put over in 032, 029, 063 because those are EC program reporting codes so any expenditures, state or local, and those can go in. After that you're going to list your purpose codes that

you have EC expenditures in. So 5210, 5220, 30, 40, 6200 if you are using those and you are using those in the calculation. One caution for the 6550, of course that is transportation, make sure that is special transportation. Transportation just for EC students, you would not pro-rate transportation for all students because all students, EC students or regular Ed students first, and they're entitled to transportation.

It's just if it's over and above that normal transportation and you have special coded that in your budgets. So those are just examples of what you may include. The one thing to not include are federal funds. You never include-- because this is your state and local expenditures and included in those federal funds are your Medicaid funds. Medicaid never loses its federal identity. So it cannot be included in your maintenance of effort. So the four methods for MOE, we've talked about, they were on the grid. It can be your total state and local imieped. Your total local, your per CAPITA or per child state and local. Your per CAPITA or per child local only. Each one of those, you only need to meet it in one of those methods. But you have all four as an option as you are calculating your MOE. So if you want to look back as Adam has shown you on the table, what your previous method that you used last year you that met, but you are not required meet in that same method this year. As long as your level is in range with the last time you met and say local only, then you can choose local only and our new spreadsheet makes that very easy because it's going to put it in green for you if you met in that method. You can meet in more than one method each year. You just pick the method you want to select when you do the dropdown as met. So the table that Adam has pulled up, you notice the-- for '22, there is only one area that it was met. So that would, of course, be your area. And all you have to have is one green. All you have to do is meet N1. That was total state and local. The previous year, they met across the board, can pick any one of the four. So it doesn't have to be the same method each year. It could be a different method each year and as long as it's in one method, you are good.

you do not have to meet knit every single method. Okay. I'm going to hand it off to Melinda, who is going to talk to you about the exceptions that are allowable under MOE.

>> Melinda: Thank you, Elizabeth. Thanks for being here. I'm

Melinda Martina. I'm the fiscal monitoring consultant for Regions 1 and 2. I am going to walk you through some exceptions and adjustments this are allowable under our current policy and regulations. In order to get you to a green box. There are both exceptions and adjustments that are allowable. They both help you to reduce your level retained moving forward so if you utilize an exception or adjustment and reduce your MOE, that is sort of your new standard. When you take exception to, you do need to be very mindful of how those exceptions will impact your excess cost calculation. Next, all right. The first exception that we're going to talk about is regarding your voluntary departure of EC staff, and that includes retirement or someone decides to leave your district. There's a departure for just cause. These are individuals that are directly associated with the exceptional children's program. It does not include a reduction of force. So if your PSU enacts your reduction in force policy, the individuals that are reduced through that policy do not fall under the voluntary departure exception. So just remember that. It is positioned by position. So it is very important that you maintain a log of some sort. So that you can go back and identify the positions for which you're electing to utilize this voluntary departure exception for. It's the total salary of the departing Special Education teachers minus the total salary of the new Special Ed teachers.

so when we're talking about the replacement of a teacher, you can have a high paid teacher who retires and when you hire a new teacher that may be on an emergency licensure or they're a first-year teacher, you may also take the adjustment under the voluntary departure clause or the difference in those salaries. Next, please.

>> Adam: A quick note on those.

Those salaries must be paid out of state and local. They not be federally paid people to use them for maintenance of effort. Make sure while you're tracking, like Melinda said, that you are tracking that they are state and local employees from EC budget codes.

>> Melinda: Thank you, Adam. Another opportunity you have to reduce your maintenance of effort under the exception clause would be a decrease of enrollment of students with disabilities on your December 1 child count. We have seen this in many PSUs where there's been a

significant decrease in the number of students that are being reported on their child count, and this is an exception opportunity that you may or may not wish to take as a PSU. In some cases, you have a high cost obligation for services for a student, and those services are now going to be terminated for whatever reason so there's a termination of your obligation for a high cost student with a disability. And there are a couple of reasons for that. That student is moving from your district and moving into another district or the student has reached the age in which we no longer have to provide FAPE for that child and our services are being terminated.

or the IEP team has determined that program is no longer the appropriate program and it's changing for whatever reason to a program that doesn't cost the PSU quite as much and in that case, you may also take that exception. All right. And I covered this. The child no longer requires Special Ed or the services in place are less costly and again, if services change, it's really left up to the IEP team. You're making a decision based on the least restrictive environment and the parents are not disputing this particular change that you are taking an exception for. An example under this particular exception, if you have a child with a disability and you have placed that child in a residential facility, that program costs you other your PSU, \$169,000. The student no longer needs that program. They've graduated. They graduated with a regular diploma last year and this year, the PSU will no longer have that expense and you can reduce your MOE by the \$169,000. So that is-- can be significant in helping you to meet MOE in one of the four areas. An additional example would be that your student is in an in-state facility and its cost is \$80,000 per year. You've met with the IEP team. The residential facility is no longer needed and it changes the child's placement under the new placement. It will cost the PSU less to provide the services to the child to one of the four areas. Next, Adam. And finally, the termination of costly expenditures for long-term purchases and we rarely see this. However, sometimes the acquisition of specific equipment or the construction of a particular school would allow for this particular exception under the MOE rule. However, long term is more than a year. So this truly is more than a year so two years plus and that particular

expense no longer exists. And finally, the assumption of the high cost fund operated by the state education agency and this includes federal dollars from are high cost funds to assume portion of your cost for the high needs child and that particular exception may also be utilized to reduce your MOE. And just in general, it's permissible for you to take any of the exceptions that you meet the standard for in one year. As long as each exception applies. Sow must meet the exception rules in order to take the exception and you may apply these exceptions to reduce the required MOE level and meet your compliance standard in any of the four methods of MOE. So to get your box to go green on your CIFR calculator, you may utilize any of these exceptions or all of these exceptions as long as it applies within that fiscal year. And now, I am going to turn this over to Elizabeth millen to walk you through the live site.

>> **Elizabeth:** Okay. Thank you, Melinda. So as Adam is taking us back to our calculator form, again, you're going to be working in year two, and this will be tab 9 for year 2. Give Adam a second to get everything adjusted. Okay. Again, you're going to scroll all the way over to the right-hand side to where it says compliance standard exceptions to MOE. The very top, if you have those departing personnel. So remember, you're always working a year behind. So it's not that they were with you last year and they're not there this year. You got to go back another year. So you not have their salary in the '21-'22 year. But you can have them in the '20-'21 year. Please do not put names. There is a column for names but we don't want names. We want position. And this is any EC position that was paid out of state or local EC funding. Adam got a little carried away with the salary and benefits. If any of you were paid EC teachers this much, let me know if you have a vacancy.

[LAUGHTER]

He was just demonstrating the difference between those, but the retiring teacher with their salary and their benefits and then the new hired fresh graduate with their starting teacher salary and benefits, would you count that exception of the difference between those two. So he's going to make it a little more realistic for me. Thank you, Adam. The decrease in child count will automatically calculate for you if there was, in fact, a decrease in your child count. For our school, there was an increase of one student. So

there is no decrease, but had there been a decrease in the child count, it would pre-calculate that for us and that bottom line would tell you the allowable reduction. Adam. That high cost student that you've been paying for that is now graduated and you know longer are that expenditure, again, please do not give us the student name. Give us a student identifier and the reason that it's no longer a high cost and what that cost cost you in '20-'2, not in '21-'22. You are saying you didn't have that expense in '21-'22. The exception D, the termination of a long-term purchase, Melinda talked about that. I have never seen that one use. It is there. I have never seen that one used. And the last one is that cost assumed by the SEA. For us, that is risk pool. So if you had the cost for a nurse in 2020-2021 school year and in '21-'22, you applied for and received risk pool fund force that student, the cost that you paid prior to receiving risk pool funds can be deducted as an MOE. Adam is going to take us back. The final area, and we have started to get in a lot of questions about this one, is the adjustment for MOE. Because everyone knows that we received additional funds in IDEA through the ARP funds, specifically 185. So because we know you got that increase of money, the law does say that you can reduce your MOE by 50% of increase. If you meet the conditions. The first conditions is that you're providing FAPE. So DPI has not had to step in to say you're not providing free and appropriate public education for your students, and you haven't been under any corrective action for that. If you meet that one, then you're good. Meet requirements on the LEA determinations, those will be released soon. The team has been working on those. You have to meet requirements in order to take this adjustment. So if you are anything less than meet requirements, if your needs assistance or needs interventions, this one is not an option for you. And you have not been identified with significant disproportionality. So if you had to do a CEIS plan and you automatically had 15% rolled over into PRC-70, this is not an option for you. If you can say, yes, you're providing FAPE, yes, you met requirements when the LEA determinations come out and you haven't been identified as significant disproportionate, then this is an option for you to reduce your MOE by 50% of that increase. For example, if you had \$100,000 in PRC-185 and you meet all of these conditions, you can reduce your MOE by \$50,000

because I like easy math. So \$100,000, you can reduce your MOE by 550,000 if you meet these conditions. But there's more. Adam? Next slide. If you meet the conditions and you're reducing, you have to reduce your-- you had to have reduced your MOE expenditures by that exact amount. So that 50,000 that I referenced, or more if you've taken any of those exceptions for child count reduction and those things. So you have to show that your MOE has been reduced by the amount of the exceptions and the reduction that you are taking. You're required to submit a letter from your superintendent to Sherry Thomas explaining the adjustment and also showing how those funds were reallocated last school year to support activities under ESSA. So you're reducing by the exact same amount or more if you have taken exceptions. You are writing the letter saying you have taken the adjustment, and you're showing how those funds were reallocated for ESSA, and upon request, you have to show us tracking information of how those funds were spent. So examples of ways and this is not an exhaustive list. Examples of ways to reallocate those funds from EC to ESSA, would be 21st century schools, school dropout prevention program, preparing training, recruiting highly qualified teachers and principals, improving student reading and these are just examples.

This is not an exhaustive list of how you could have reallocated those funds. Just a word-- well, let's finish that. Then I will do that. So if you take an exception, there is a letter that is required from the superintendent to Sherry Thomas. If you take the adjustment, there is a different letter that is due. If you take both, both letters are due to Sherry. Those actually can be uploaded into the grant with your spread sheet. And we will make templates of these available on the N.C. DPI resource tab. So I just need to update them. They're there. We just need to make sure that they are updated. A caution about taking that reduction in MOE. You can take it. Don't set yourself up to-- once these funds are gone and expended, which the 185, 186, 187 have to be expended this year. How are you going to pay for things next year if you don't have that federal money and you also don't have that local money that you've are or state money that you've reduced your MOE? That's another thing to look into before you take that adjustment to not set yourself up to fall off a funding Cliff because you don't have the funds

that you've reduced by. And we're going to turn it back to Lisa to talk to you about what happens if you don't meet MOE.

>> All right. Thank you, Elizabeth. So if you get to the point and you are going to meet MOE, the first step is to and we will work with you and review any guidance that we can regarding some possible exceptions that you may have. Once we do that, then you will add any exceptions that you- - we've determined may be available. You'll put those into the grant within CCIP, and then the next step will be the fiscal consultant will review what you have submitted and determined if MOE was met, and we will let you know, of course, one way or the other, if it was met or not, and if MOE was not met in any method, then the EC division will notify the PSU and reach out letting you know the repayment that will be required. If you were not able to use an exception or an adjustment. Okay. Next slide. Due dates. This is what everybody's wanting to know. It was already mentioned that that as long as you have an initially approved IDEA grant, MOE will open up for you on October 1, so if you are still trying to get corrections done or there are budgets that are being waited on to be submitted, try to get those done ASAP because the end of the month is next week, I believe. So this month has certainly went by fast and of course, MOE is due by close of business on October 31. So here are contact information for all of us. Of course course, our Section Chief for special programs and data is Nichole Sinclair and then we have listed our region's email and phone numbers for all of the assigned regions that we supervisor. So please reach out to us if you have any questions. That is what we are here for. So I don't think there have been any questions in the chat. But we are finishing-- we're finished up now. So if you have questions, feel free to put any in the chat or unmute, and ask us, we'll hang around to answer any questions that you may have.

>> Also, this is Elizabeth again. Last year, we did offer some drop-in support sessions and we will be doing that again aand it is not anything mandatory. It is not training. It's just us making ourselves available through Webex for you to drop in, ask a question, ask for some support and then just move on with your day. We will post those in the weekly update, along with a link of how you can just drop in and ask us questions.

We did have a question about the presentation. Thank you, Lisa, for answering that. But yeah. -- Adam, can you go to website-- to CCIP and show them the resource tab, please in that's a question we have coming up. Yes, and please, if finance officers need to reach out to us, please have them reach out to us. We did do a presentation similar to this at the finance conference over the summer so if they were there, they did see that. If not, then please have them reach out to us as well. As far as where to find your calculator form, it was used last year, the form-- the form we introduced last year is good for ten years. If you kept a copy of that, you have access to it and you can just go over as we have said to year two which is tab 8 and 9, and if you are new and you do not have a copy of that, it was uploaded into last year's grant. You can find it there. Or you can reach out to your fiscal consultant and we will help you get a copy of that. For child count, it is the December child count because your federal dollars are based on December. That number is already in your grant, and if it doesn't align with what you submitted with your child count, that is the official child count that was submitted to OSEP. Oh, no. Adam. It was submitted to OSEP. Go to resource tab, and it may not align with what you submitted, but there are things that the federal reporting team have to check and sometimes have to remove students from that time child count before it is submitted to OSEP. That number is in your grant, on your MOE expenditure page and that is the one that has to be used in your calculator. Adam, I'll let you take it.

>> Adam: So once this is uploaded, hopefully by the end of day Monday, we'll have this presentation and the PowerPoint presentation uploaded. You go to N.C. DPI resources. You do not have to be signed in to CCIP to get to this. You will go to the N.C. DPI resources. Scroll down to EC and expand that. You can see there are multiple tabs with the trainings. You will expand maintenance of effort and you can see last year's training and last year's letter templates are attached because the new information is not released yet.

This is where you will find all of the information as well as there's going to be some instructions and step-by-step coming through weekly updates. Hopefully, next week on Wednesday, there will be some instructions coming out. We also can always reach out to any of your fiscal monitors as

you are going through this process. We can get you through that. And as a reminder, you can find your former form in last year's grant under the same tab so you'll be able to go to your '22 grant and maintenance of effort expenditures, that uploaded form is there. If you can't find it or you don't have that kind of access, please just reach out to one of us and we will be able to get you the form for your PSU.

>> I was typing an answer to the question, thank you, Adam, that we got. Finance officers cannot sign up for our weekly updates. That is restricted just to the EC Director, EC coordinator. One person from each school. The EC Director/coordinator can forward that to your finance officers or anyone else in your district that you feel like needs that information. But those are sent directly to EC Directors and then through office of charter school to the charter schools. So that's something-EC Directors will have to share. Additional questions? Guys, we finished early. We always leave time for questions. Do not feel like you have to hang out with us. If you have gotten all the information you feel like you can handle for one day, we will get everything uploaded for you next week. We have to wait on our recording to come back and verify, but we will be here if you have additional questions for us. Yes, question. I

>> I wanted clarity on what you said. Only EC Directors can go to and relay it to anyone else on their team.

>> That is a weekly update that comes from the office of Exceptional Children at DPI. The EC Director should be on that listserve to get that information. For charter schools, it comes through-- it goes to the office of charter schools and then the office of charter schools sends it out. But the EC Director has access to that on a weekly basis. It comes out on Wednesdays.

>> I'm the EC Director and I don't recall any of those emails.

>> Are you a charter or traditional?

>> A charter.

>> Okay. It's coming through office of charter schools. But reach out to your regional coordinator. I don't know if it's-- it may be Lynn Metcalf.

>> Yeah, I have Lynn.

>> Okay. Reach out to Lynn and ask her about those.

>> Is that separate from the weekly memo?

>> It's the weekly update that comes out from the EC office. I'm not sure how charters roll it out. I think the office of

charter school may roll it out through what they send out.

>> Because I get a weekly email from Lynn, but--

>> That's it. That's it. Yeah, she forwards it on.

>> Okay.

>> Kayla, this is Lisa, I just saw your email. I will respond and maybe we can look at a day next week that we can meet.

>> Okay. Thank you.

>> You're welcome.

additional questions, guys, we'll be here. Thank you all. For joining us today.

>> [Adam](#): I'm going to stop the recording since questions have slowed down.

>> Thank you, Christine. Excellent job as always.

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