



**MSBO Annual Conference**  
**April 19, 2018**

# **PROPORTIONATE SHARE**

A Brief Overview of the Requirement,  
Implementation and Common Challenges

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# An Overview

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



# Flowthrough & Preschool Calculations

## *§300.133(a)*

The LEA\* where the private schools are located must expend:

- A proportionate share of the LEA's total subgrant under §611(f) of IDEA on services for parentally-placed children aged 3-21 in accordance with a required formula; and
- A proportionate share of the LEA's total subgrant under §619(g) of IDEA for services for parentally-placed children aged 3-5 in accordance with a required formula.

❖ **NOTE: *IDEA* defines an Educational Service Agency as an LEA. Therefore, in Michigan an ISD, RESA or ESD is an LEA.**



# Annual Count

*§300.133(c)*

Each ISD must:

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

For example, for Flowthrough 2016-17 (170450 grant) use Fall 2015 Count.



# Supplement not Supplant

## *§300.133(d)*

- State and local funds may supplement and in no case supplant the proportionate amount of Federal funds required to be expended for parentally-placed private school children with disabilities under this part.



# Eligible Children with Disabilities

*Appendix B of IDEA*

The Proportionate Share for parentally-placed private school children with disabilities is based on total children eligible to receive special education and related services, not just those served.



# Proportionate Share Calculation

A separate calculation is required for the Flowthrough Grant and the Preschool Grant

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



# What you need to know

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





# What you need to know (cont.)

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



# Contact Information

- For questions related to Proportionate Share requirements and expenditures:
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  - Michael Wynn, CFE [wynnm@michigan.gov](mailto:wynnm@michigan.gov)
- For questions related to Programmatic activities related to Proportionate Share
  - Beth Cooke, [cookee@michigan.gov](mailto:cookee@michigan.gov)



# EXCESS COST UPDATE

- What is the Excess Cost Requirement?
  - 34 CFR §§300.16 and 300.202(b) and at Appendix A to Part 300
  - IDEA Part B funds can be used only for expenses above and beyond what is spent on average on an elementary or secondary student, which is known as “excess cost.”



# EXCESS COST UPDATE (cont.)

Excess Cost testing development  
status



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# LOCAL EDUCATIONAL AGENCY MAINTENANCE OF EFFORT

An Overview of the LEA MOE Requirement with  
Clarification of the Eligibility and Compliance Standards

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# WHAT IS LEA MOE?

- LEAs must expend at least as much as they did previous year on education of children with disabilities.
- Two standards:
  - Eligibility: Must budget at least as much as they expended in last year for which information available.
  - Compliance must actually expend at least as much as they expended in previous year (comparison year)- More on this later.



# OVERVIEW

- NPRM Published in September of 2013.
- Purpose of NPRM: To amend the LEA MOE regulations in §300.203 to clarify existing policy and make changes to:
  - The Compliance Standard
  - The Eligibility Standard
  - The Level of Effort Required of an LEA in the Year after it Fails to Maintain Effort (referred to as the Subsequent Years Rule)
  - Consequences for Failure to Maintain Effort



# OVERVIEW

(continued)

No changes to the LEA MOE exceptions §300.204) or the LEA MOE Adjustment (§300.205).





# STRUCTURAL CHANGES

Regulations reorganized and renumbered the subsections under §300.203 as follows:

- a) Eligibility standard
- b) Compliance standard
- c) Subsequent years
- d) Consequence of failure to maintain effort



# SUBSEQUENT YEARS RULE WHAT IT MEANS

- Defines what level of effort an LEA must meet in order to maintain effort in the year after an MOE failure:
- Level of effort that would have been required in the absence of that failure, not the LEA's reduced level of expenditures.



## Impact of Method on the Subsequent Years Rule

- To determine required level of effort, must look back to last year in which LEA maintained effort
- But must look back to the last year in which it maintained effort **using the same method by which it is establishing compliance.**
- We will explore this further with examples later on.



# EXCEPTION: § 300.204(b)

(b) A decrease in the enrollment of children with disabilities.

- **NEW:** OSE implementing an auto-calculation when ISD aggregate shows a decrease in headcount.



# MOE ADJUSTMENT OR FLEXIBILITY (§300.205)

If the IDEA allocation increases, the LEA, if it meets certain conditions, may reduce its MOE level up to 50 percent of the increase in the allocation.

- Conditions
  - Providing FAPE
  - Meets Requirements
  - Has not been identified with a Significant Disproportionality
- **NEW:** OSE only making this available to be elected at Eligibility submission or during the fiscal year. No longer available to elect during Compliance testing.



# USE OF EXCEPTIONS AND THE ELIGIBILITY STANDARD

- Prior regulations silent on applicability of exceptions and adjustments (§§300.204 and 205)
- Based on comments, decision was made to explicitly allow LEAs to consider the exceptions:
  - to the extent the information is available;
  - exceptions taken in the intervening year; and
  - exceptions that LEAs reasonably expect to take in the fiscal year for which the LEA is budgeting.



# MAKING IT CONCRETE

- Next series of slides takes these principles and applies them with real numbers
- We hope this will help illustrate what all of this means and how it works.



# Appendix E – Table 4

Fiscal Year	Actual Level of Effort	Required Level of Effort	Met MOE?
2012-2013	\$100	\$100	YES
2013-2014	\$90	\$100	NO
2014-2015	\$90	\$100	NO
2015-2016	\$110	\$100	YES
2016-2017		\$110	





# Appendix E – Table 5

<b>Fiscal Year</b>	<b>Local only</b>	<b>State and local</b>	<b>Local only per capita</b>	<b>State and local per capita</b>	<b>Child count</b>
2016	\$500	\$950	\$50	\$95	10
2017	\$400	\$950	\$40	\$95	10
2018	\$500	\$900	\$50	\$90	10



# Example Data

<b>Fiscal Year</b>	<b>Local only</b>	<b>State and local</b>	<b>Local only per capita</b>	<b>State and local per capita</b>	<b>Child count</b>
2016	\$10,500	\$21,000	\$1,050	\$2,100	10
2017	\$10,400	\$21,600	\$1,300	\$2,700	8
2018	\$10,650	\$21,500	\$1,065	\$2,150	10
2019	\$10,800	\$22,200	\$900	\$1,850	12
2020	\$8,900	\$22,000	\$890	\$2,200	10



# Appendix E – Table 6

<b>Fiscal Year</b>	<b>Original Required Level of Effort</b>	<b>Exceptions &amp; Adjustments</b>	<b>Required Level of Effort</b>	<b>Actual Level of Effort</b>
2016	\$500	--	\$500	\$500
2017	\$500	--	\$500	\$400
2018	\$500	\$50	\$450	\$450
2019	\$450	\$10 + \$10	\$430	\$405



# Appendix E – Table 6

Fiscal Year	Child Count	Original Required Level of Effort	Exceptions & Adjust.	Required Level of Effort	Actual Level of Effort
2016	10	\$50	--	\$50	\$50
2017	10	\$50	--	\$50	\$40
2018	10	\$50	\$50/10	\$45	\$45
2019	9	\$45	\$20/10	\$43	\$45



# Appendix E – Table 9

	Local only	State and local	Local only per capita	State and local per capita	Child Count
Actual 2015	\$500	\$1,000	\$50	\$100	10
Exc. & Adj. taken in 2016	-\$50	-\$50	-\$5	-\$5	
Expected Exc. & Adj. for 2017	-\$25	-\$25	-\$2.50	-\$2.50	
Eligibility standard requirement in 2017	\$425	\$925	\$42.50	\$42.50	



# CONSEQUENCES FOR MOE FAILURE

- If LEA fails MOE, SEA **must** repay Federal Government out of Non-Federal Funds (or non-accountable Federal Funds).
- **May** require repayment from LEA out of Non-Federal Funds (or non-accountable Federal Funds).
- This is **not** new: based on GEPA (20 U.S.C. 1234a)
- Clarify by making it explicit in regulations
- Also clarifies how much must be returned



# AMOUNT TO BE REPAID FOR LEA MOE FAILURE

...an amount equal to the amount by which the LEA failed to maintain its level of expenditures in accordance with paragraph (b) of this section in that fiscal year, or the amount of the LEA's Part B subgrant in that fiscal year, whichever is lower.

§300.203(d)



# Questions and Comments





# Follow Up

- If you have further questions contact:
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