Minnesota Department of Education

Via Electronic Transmission

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TO: Directors of Special Education
            Special Education Fiscal
            School Business Managers

FROM: Carol Hokenson, Manager
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SUBJECT: Birth to Two Maintenance of Effort (MOE)

The rules issued for the Individuals with Disabilities Education Act (IDEA) at 34 CFR 300.203 require states to calculate a Birth-Two (Part C) MOE separately from ages 3-21 (Part B) MOE. Starting in State Fiscal Year (SFY) 2013 districts and cooperatives must separate expenditures for students Birth–Two from those for students with Individual Education Programs (IEPs) who are ages 3 – 21. Uniform Financial Accounting and Reporting Standards (UFARS) Finance Dimension 741 and the electronic data reporting system (EDRS) Funding Source Code (FSC) c have been established for districts to separate these expenditures. For the discussion below, Part B will be students with IEPs who are ages 3-21 and Part C will be students who are Birth–Two.

The Division of School Finance has received inquiries on how districts should distinguish between Finance Dimension 740 and 741expenditures (EDRS FSC A and E versus c) especially for personnel services. If the employee has only Part C students as an assignment then the total salary, benefits and other expenses should be direct charged to Finance Dimension 741 and entered on EDRS under FSC c.

If personnel have assignments that are for Part C and Part B students then a year-end journal entry would be required. Typically districts may charge the salaries and other expenditures to Finance Dimension 740 and then do an end-year journal entry. There are several methodologies that a district may use to separate these expenditures. Once a district has decided on a methodology, it must be used consistently during the year and from year to year.

The methodologies are:

Schedules
If a service provider that works both with Part C and Part B students has a regular schedule of service times throughout the week, then the schedule can be used to support and calculate the time spent providing services to students who are Part C. For example a Speech/Language Therapist works with Part C students for two hours on Monday, three hours on Wednesday and two hours on Thursday with the balance of the work week spent with Part B students. This schedule may be used to calculate the portion that should be charged to Finance Dimension 741. The student contact day is 6.5 hours for a total of 38.5 of students' time served. From the schedule below the therapist has 7 hours of Part C services.

$\dfrac{7.0 \ \text{hours}}{38.5 \ \text{hours}} = .182$ Annual Salary of therapist is $47,500 x .182 = $8,645 is a journal entry to Finance 741 and a proportionate amount of travel, benefits, supplies, etc., are also moved from Finance 740 to Finance 741. The salary and eligible supplies and travel are also entered on EDRS under Funding Source Code c. Do not

forget to reduce the expenditures on EDRS under FSC A that were originally entered.

Service Hours

The total service hours of the students that were provided services by an individual service provider may be used as the denominator and the total service hours of the Part C students would be the numerator. For example, an occupational therapist provided 730 hours of special education service hours. The Part C students had 112 of those hours.

$\frac{112 \text{ service hours}}{730 \text{ service hours}} = .153$ Annual Salary of OT is $55,000 x .153 = $8,415 is a journal entry to Finance 741 and a proportionate amount of travel, benefits, supplies, etc., are also moved from Finance 740 to Finance 741. The salary and eligible supplies and travel are also entered on EDRS under Funding Source Code c. Do not forget to reduce the expenditures on EDRS under FSC A that were originally entered.

Time Sampling

NOTE: The time sampling discussed below is only for the purpose of determining the Part C MOE. Districts are still expected to have some form of documentation that can substantiate the employee provided special education and related services. (See Question 4 – Q&A: Personal Activity Reports (PARs) and Periodic Certifications at MDE>School Support>Special Education Programs>Compliance and Monitoring>Compliances>Fiscal Monitoring.)

If staff members do not have a regular school who serve Part C and Part B students, then a time sampling method may be used. Time sampling would be for a full week and done four times throughout the year when no breaks were scheduled and the activities of the district would be typical service days, e.g. no district-wide testing, or major activities that would interrupt the schedule. The time sampling would be only for the purpose of determining the average time a service provider serves Part C and Part B students. The four time samplings would be averaged and then used to compute the school year total. For example, a physical therapist works a variable schedule that is projected to change throughout the year. The student contact day is 6 hours for a total of 30 student contact hours per week.

First Time Sampling	5 hours of 30 were Part C
Second Time Sampling	5.5 hours of 30 were Part C
Third Time Sampling	10.5 hours of 30 were Part C
Fourth Time Sampling	7.0 hours of 30 were Part C
Sampling Totals	28.0 hours of 120 were Part C or .233 of the total time.

Annual salary of the physical therapist was $61,000 x .233 = $14,213 of the total, salary would be a journal entry to Finance Dimension 741. Also, .233 of the benefits, travel, supplies and materials would be charged to Finance 741.

Equipment

If equipment is purchased that is eligible for state special education program aid and that equipment is used by staff who works with Part C and Part B students, then a proportionate amount of the expenditure for the equipment would be charged to Finance 740 and 741. The proportionate share could be the same percentage the staff member works in Part C and Part B.

Questions regarding the Part C MOE may be directed to Lisa Backer at lisa.backer@state.mn.us or George Holt at george.holt@state.mn.us.

cc: ECSE Coordinators