Maintenance of State Financial Support: Calculation Mechanics and Key Procedural Components

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Panelists

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Session Objectives

Participants will learn about

- The importance of written maintenance of state financial support (MFS) procedures.
- Procedural components to consider for their state MFS procedures.
- Questions to consider in the development of comprehensive MFS procedures.
Understanding the MFS Requirement
Why must state financial support be maintained?

IDEA requires states to maintain their annual level of funds made available for special education and related services.

MFS provides a safety net of support for LEAs.
What is MFS?

34 CFR §300.163(a) Maintenance of State financial support

General. A State must not reduce the amount of State financial support for special education and related services for children with disabilities, or otherwise made available because of the excess costs of educating those children, below the amount of that support for the preceding fiscal year.
34 CFR §300.163(b) Reduction of funds for failure to maintain support

The Secretary reduces the allocation of funds under section 611 of the Act for any fiscal year following the fiscal year in which the State fails to comply with the requirement of paragraph (a) of this section by the same amount by which the State fails to meet the requirement.
Developing Your Policies and Procedures
Why are written procedures important?

- Builds state’s understanding of compliance
- Demonstrates state’s ability to meet MFS
- Helps staff implement and comply with MFS requirements
- Helps stakeholders understand and support compliance
Recommended Components

Component 1: Purpose of State’s MFS Procedures

Component 2: Staff Responsibilities and Timeline for Collecting, Validating, and Reporting MFS Data

Component 3: State’s Definition of “Made Available”

Component 4: Direct Legislative Appropriations Supporting Special Education and Related Services

Component 5: SEA Financial Support for Special Education and Related Services

Component 6: Other State Agency Financial Support for Special Education and Related Services

Component 7: MFS Calculation

Component 8: Validating and Reporting MFS Data

Component 9: Actions in Case of Failure to Maintain Financial Support
Updating State’s MFS Procedures: Why?

What prompted you to review and update your MFS calculation and/or procedures?
Component 1: Purpose of State’s MFS Procedures

What additional state requirements, if any, exist that may impact the MFS requirement and procedures?

How are MFS procedures used?

How are stakeholders, including other state agencies or direct service providers included or involved in implementing MFS procedures?
Component 2: Staff Responsibilities and Timelines

Which offices are responsible for implementing these procedures?

What specific staff positions have final oversight?

Which office(s) are responsible for reviewing and verifying the MFS data of other state agencies?
Component 3: State’s Definition of “Made Available”

“Made available” does not mean “expended”

• How does the state identify all state funds made available for special education and related services or otherwise made available because of the excess costs of identifying and educating children with disabilities?

• What are the categories of funding that comprise state financial support for special education and related services?

• What exceptions, if any, are there to the general principle that “made available” does not mean “expended?”
Components 4 – 6: Sources of State Support

Direct Legislative Appropriations Supporting Special Education and Related Services

• Is there a direct special education appropriation or is it part of a broader education appropriation?

SEA Financial Support for Special Education and Related Services

• What is the method for distributing state funds for education and special education to LEAs?

Other State Agency Financial Support for Special Education and Related Services

• Which agencies potentially provide direct services to children with disabilities in accordance with their IEPs?
Tennessee Maintenance of State Financial Support

State and Regional Agencies
- Department of Intellectual and Developmental Disabilities
- Department of Health
- Department of Corrections
- Department of Human Services
- TennCare

Tennessee Department of Education

Service Providers
- Local Educational Agencies (Includes Department of Children’s Services)
- TN School for the Blind
- TN School for the Deaf
- West TN School for the Deaf
Components 7 – 8: MFS Calculation and Data Validation

• What resources (e.g., spreadsheet, database report) does the SEA use to perform and document the annual calculation?

• How does the SEA ensure the data reported are based on complete and audited financial data, including data submitted by other agencies, and reflect any adjustments made throughout the year?
### Worksheet to Enter Maintenance of State Financial Support Amounts for State Fiscal Year (SFY) 2016

#### SEA Funds

<table>
<thead>
<tr>
<th>SEA Office or Division</th>
<th>Identifier or Budget Code</th>
<th>Description</th>
<th>Amount of State Funds</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Division of Financial Administration</td>
<td>1200 - Subgrantee</td>
<td>1250 - Special Education and Related Services</td>
<td>$98,754,432</td>
<td>Minimum foundation formula for spec. ed. &amp; related serv.</td>
</tr>
<tr>
<td>Division of Financial Administration</td>
<td>1200 - Subgrantee</td>
<td>1260 - Extended School Year Services</td>
<td>$1,350,000</td>
<td>Special appropriation to offset cost of providing ESY to elig.</td>
</tr>
<tr>
<td>Division of Financial Administration</td>
<td>1200 - Subgrantee</td>
<td>1270 - PR5</td>
<td>$2,500,000</td>
<td>Special appropriation to expand amount of funds for LEAs</td>
</tr>
<tr>
<td>Division of Curriculum and Instruction</td>
<td>1300 - Specially-Designed Instruction</td>
<td>1360 - Alternate Assessment</td>
<td>$500,000</td>
<td></td>
</tr>
</tbody>
</table>

**Total SEA Financial Support for Fiscal Year Ending June 30, 2017**

$103,104,432.00

#### Other State Agency Funds

<table>
<thead>
<tr>
<th>Other State Agency</th>
<th>Identifier or Budget Code</th>
<th>Description</th>
<th>Amount of State Funds</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Mental Health</td>
<td>1425 - Psychological Services</td>
<td></td>
<td>$229,000</td>
<td>Behavioral counseling</td>
</tr>
<tr>
<td>Department of Mental Health</td>
<td>1340 - Early Identification &amp; Assessment</td>
<td></td>
<td>$345,000</td>
<td>Psychological and behavioral assessments</td>
</tr>
<tr>
<td>Department of Behavioral Health and Developmental Disabilities</td>
<td>1600 - Vocational Education</td>
<td></td>
<td>$2,500,000</td>
<td>Vocational counselors for transition age students with disabilities</td>
</tr>
<tr>
<td>Department of Behavioral Health and Developmental Disabilities</td>
<td>1650 - Job Coaching</td>
<td></td>
<td>$1,000,000</td>
<td>On site job coaches for students with disabilities</td>
</tr>
<tr>
<td>Department of Children and Families</td>
<td>1000 - No State Funding Made Available</td>
<td></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Department of Corrections</td>
<td>1010 - Total State Funding Made Available</td>
<td>1250 - Special Education and Related Services</td>
<td>$400,500</td>
<td></td>
</tr>
<tr>
<td>Dept./Blind/Other Low Incidence</td>
<td>1300 - Specially-Designed Instruction</td>
<td>1250 - Special Education and Related Services</td>
<td>$4,500,000</td>
<td></td>
</tr>
<tr>
<td>Department of Health</td>
<td>1100 - School Health Services</td>
<td></td>
<td>$750,000</td>
<td>Includes medication administration/monitoring/feeding/ct</td>
</tr>
</tbody>
</table>

**Total Other State Agency Financial Support for Fiscal Year Ending June 30, 2017**

$9,724,500.00

**Total State Financial Support for Fiscal Year Ending June 30, 2017**

$112,828,932.00
Component 9: Failure to Maintain Financial Support

What mechanism, if any, does the state have in place to request that additional funds be allocated if it appears it may not meet MFS?

What is the process for making this request?
Wrap-up and Lessons Learned
Revisiting MFS Procedure Components

Component 1: Purpose of State’s MFS Procedures
Component 2: Staff Responsibilities and Timeline for Collecting, Validating, and Reporting MFS Data
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Component 5: SEA Financial Support for Special Education and Related Services
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Component 9: Actions in Case of Failure to Maintain Financial Support
Lessons Learned

Recommendations for other states who are reviewing or updating procedures

What are some action steps you are thinking of as a result of this session?
Resources

CIFR Practice Guide: Writing MFS Procedures (forthcoming)

CIFR’s MFS Toolkit (https://cifr.wested.org/resources/mfs/mfs-toolkit/)

• Quick Reference Guide
• Funding Flow Ideograph Tool
• Timeline Development Tool
• MFS Data Collection and Reporting Tool
  • Supplemental Materials: Letter to Other State Agencies and Data Entry Form
OSEP Memorandum 10-05

Please complete a session evaluation form before leaving.

Your input is important in helping us develop meaningful content for states.

Thank you!