American Rescue Plan (ARP) Funds, IDEA Grants, and MOE Considerations

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IDEA Part B Funds in Arizona

Purpose of IDEA Part B Grants

To assist local and public education agencies (PEAs) in assuring that all children with disabilities (ages 3-21) have available to them a free appropriate public education which emphasizes special education and related services designed to meet their unique needs.

IDEA Preschool is a grant dedicated to students who are receiving special education services and are ages 3-5.

The funds under Part B may be used for the **excess cost** of providing special education and related services.

“Public educational agency” means a school district, a charter school, an accommodation school, a state supported institution or any other political subdivision of this state that is responsible for providing education to children with disabilities. A.R.S. § 15-761

IDEA Consolidated-Entitlement Grant

IDEA Basic

- Serves students ages 3-21
- Section 611 of the IDEA
- Approximately $200 Million in Fiscal Year 2022 (FY22)
- 640 public education agencies

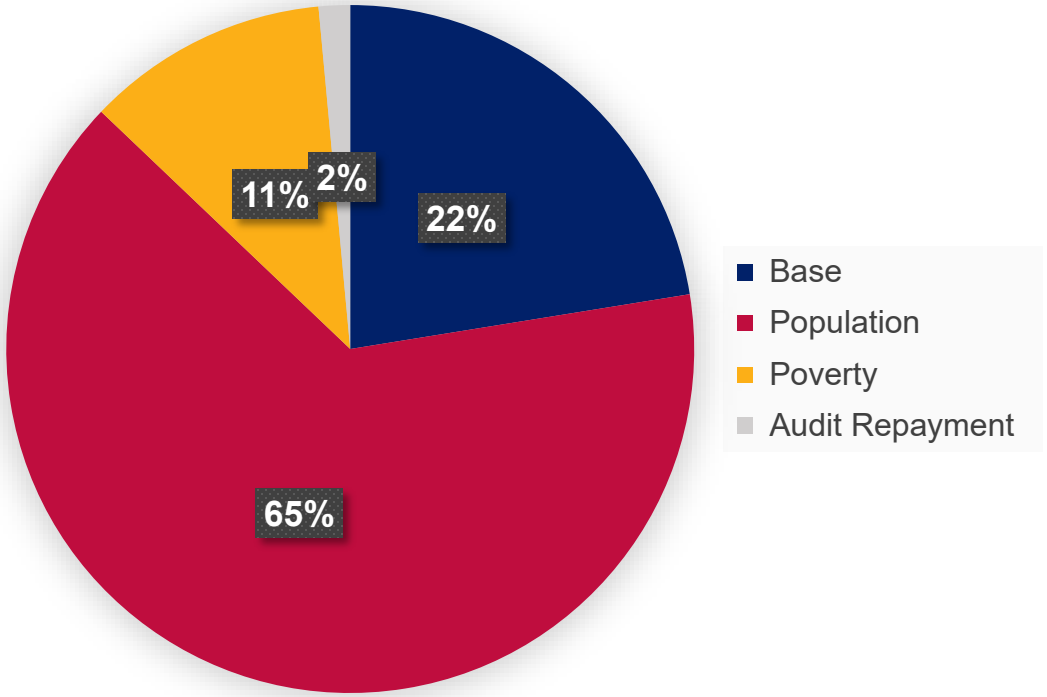
IDEA Preschool

- Serves students ages 3-5
- Section 619 of the IDEA
- Approximately $5 Million in FY22
- 440 public education agencies
  - Charter schools that offer kindergarten programs may be eligible for the Preschool grant

IDEA Basic FY2021

638 Public Education Agencies

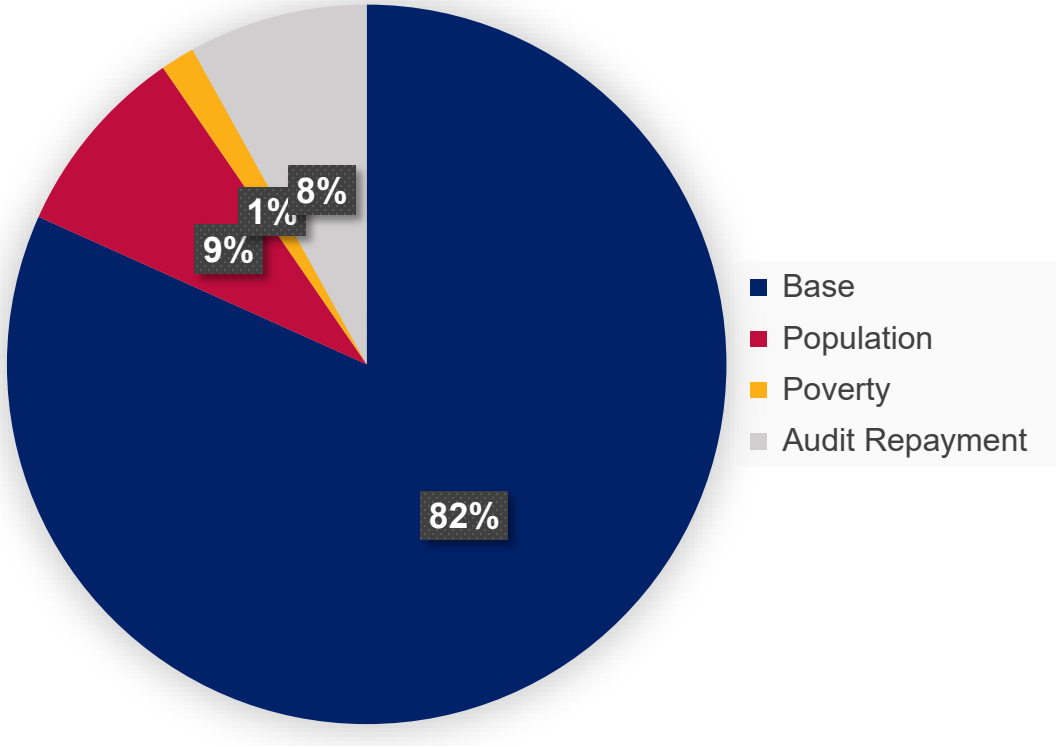
Base:	$ 45,947,295.00
Population:	$ 132,330,442.90
Poverty:	$ 23,352,431.10
Audit Repayment:	$ 3,013,029.29
Total:	$ 204,643,198.29



IDEA Preschool FY2021

444 Public Education Agencies

Base:	$3,756,686.00
Population:	$ 399,766.90
Poverty:	$ 70,547.10
Audit Repayment:	$ 369,690.89
Total:	$4,596,690.89



Register for the February webinar for more information about allocation calculations.

American Rescue Plan (ARP) Act

ARP IDEA Consolidated-Entitlement Grants

American Rescue Plan (ARP) Funds

Section 2014 of the American Rescue Plan Act of 2021 and the Individuals with Disabilities Education Act

Part B and Part C of the IDEA authorize assistance to States to support the provision of special education and related services to children with disabilities and the provision of coordination of early intervention services for infants and toddlers with disabilities and their families, respectively.

Allocation	Federal	Arizona
IDEA Part B Grants to States (Section 611, ages 3-21)	$2,580,000,000	$45,663,432
IDEA Part B Grants to States (Section 619, ages 3-5)	$200,000,000	$2,946,794
IDEA Part C Grants for Infants and Families (AzEIP, ages 0-3)	$250,000,000	$4,372,627

How does the influx of ARP funds impact Arizona?

Arizona – Federal Award	FFY20 Actual (SFY21)	FFY21 Estimate (SFY22)
Part B Section 611	$225,997,627	$278,357,322
Part B Section 619	$5,677,740	$8,694,552

Arizona – IDEA Consolidated-Entitlement Grant	FY2021	FY2022 (IDEA + ARP)
Part B Section 611	$204,643,198	$250,306,630
Part B Section 619	$4,596,691	$7,543,485

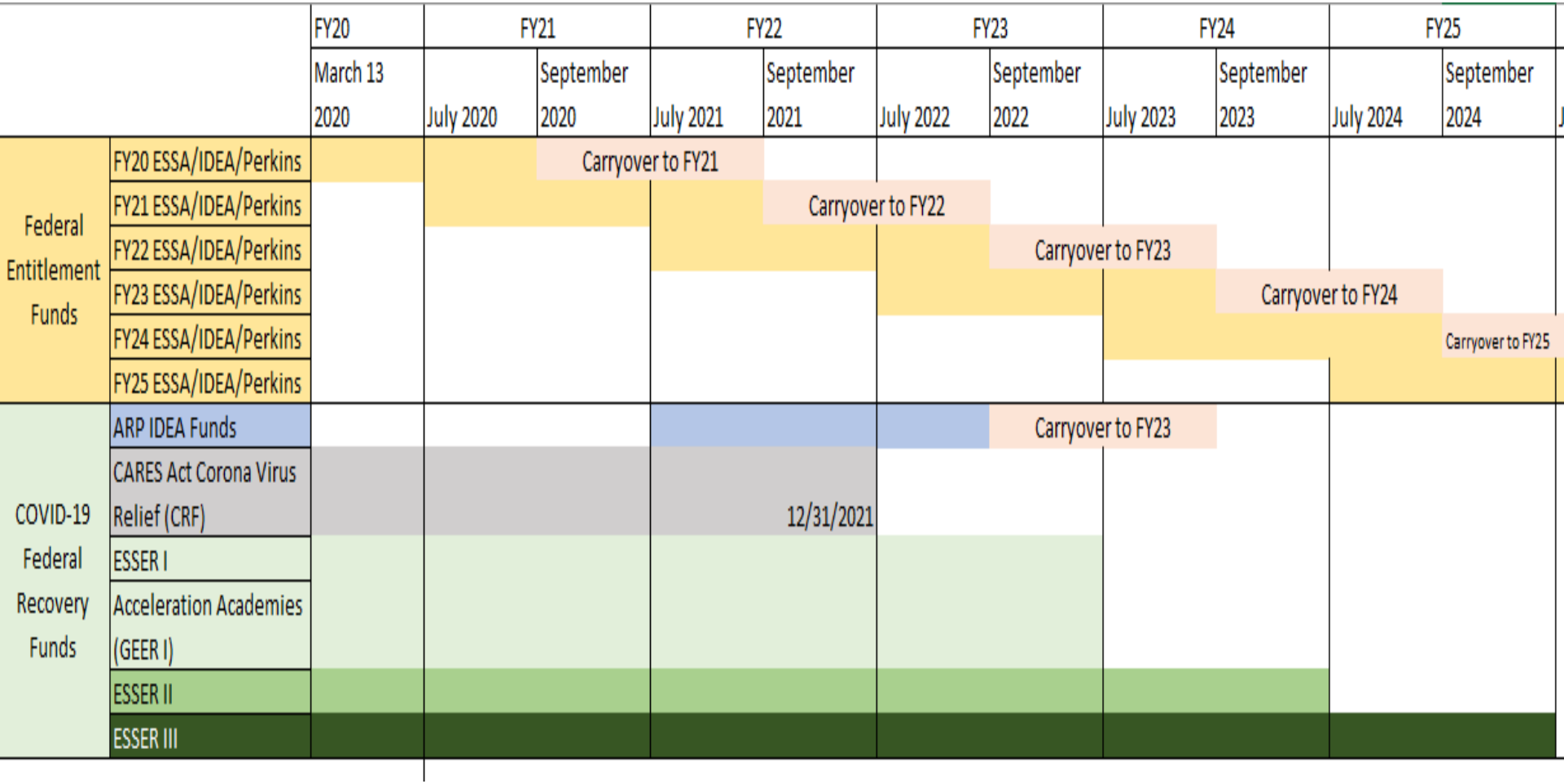
How will PEAs apply for ARP funds?

ADE/ESS will offer a new funding application for ARP IDEA Basic and ARP IDEA Preschool funds.

- ARP Act funds are IDEA funds
- All the requirements for the use of IDEA funds apply
- ARP Act funds are subject to MOE Eligibility requirements.
- All ARP Act IDEA funds must be obligated by September 30, 2023, and expended by January 28, 2024.

- All ARP Act IDEA funds will have separate CFDA #'s:
  - Section 611: 84.027X
  - Section 619: 84.173X

How does ARP interact with other federal relief funds?



Are ARP funds subject to proportionate share and CCEIS calculations?

Yes.

As ARP funds are considered IDEA funds, any increase to your overall allocation to IDEA will require an increase to the amount you must obligate for proportionate share and comprehensive coordinated early intervening services (CCEIS).

The allocation workbook will be updated on the ESS Program Management website soon.

Excess Cost Requirements

For a particular cost to be allowed, it must be an excess cost of providing special education and related services. Only allowed costs may be charged to the flow-through or preschool entitlement grants.

When determining whether a budget item does not supplant those funds, ask the following guiding questions:

In the **absence of special education needs**, would this cost exist?

If the answer is…

- No, then the cost is an excess cost and may be eligible.
- Yes, then the cost is not an excess cost and is not allowed.

Is this cost **also generated by students without disabilities**?

If the answer is…

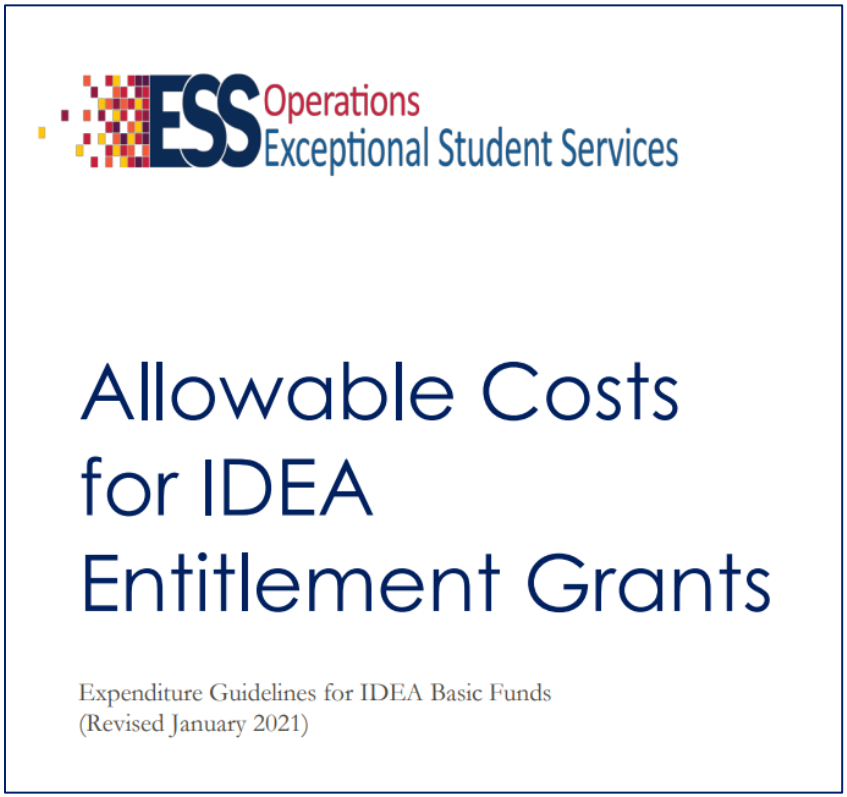
- No, then the cost is an excess cost and may be eligible.
- Yes, then the cost is not an excess cost and is not allowed.

If it is a child-specific service, **is the service documented in the student's IEP**?

If the answer is…

- Yes, then the cost is an excess cost and may be eligible.
- No, then the cost is not an excess cost and is not allowed.

Allowable Costs Under the IDEA



Visit the ESS Program Management website to download the January 2021 Allowable Costs Guide.

The January 2022 webinar will focus on Allowable Costs Under the IDEA.

Reminders and Considerations

- Consider sustainability
- Consider focus on challenges from the Pandemic
  - School re-entry
  - Disruption in the education of children with disabilities
  - Mental Health Services
- Consider focus on issue of equity of special education and early intervention services

What may PEAs spend ARP funds on?

- Personnel, employed by PEA or Contracted vendors
- Professional Development
- Technology purchases

The ARP IDEA funds follow allowability rules of the IDEA.

LRP Suggested Use of Funds

- Teacher Retention
  - Fund teacher preparation (Grow Your Own SPED Teacher Programs)
  - Professional Development
- Student Evaluations
  - Address backlogs of evaluations and reevaluations of students for IDEA eligibility
    - Contract with external/private evaluators to support PEA staff
- Student Supports
  - Social-emotional and Mental health supports
  - Evaluations
  - Assistive technology

How does your PEA plan to spend ARP funds in FY22?

Mentimeter

ARP Funds

Go to

www.menti.com

Enter the code

1883 6695



Or use QR code

MOE Considerations

Maintenance of Effort - Overview

IDEA Fund Compliance Test

Fiscal Year: 2021
Entity ID: [redacted]
LEA (CTDS): [redacted]
Status: Closed (Met)
Exception Year: 2020

	Overall	Method 1 Local Cost	Method 2 2019 State and Local Cost	Method 3 Local Per Capita Cost	Method 4 2013 State and Local Per Capita Cost
2020 Amount		N/A	$784,704.00	N/A	$8,245.29
Comparison Year Amount		N/A	$686,646.59	N/A	$8,518.87
Difference		N/A	$98,057.41	N/A	($273.59)
2020 SPED Count				N/A	x 95.1700
Total Difference		N/A	$98,057.41	N/A	($26,037.21)
Status	Met	N/A	Met	N/A	Not Met

Access the MOE Compliance test results by logging into the ESS Portal from ADEConnect.
Register the MOE Compliance webinar in March 2023.

Allowable Adjustment to Local Fiscal Efforts (MOE Reduction)

There is an opportunity for PEAs to reduce state/local expenditures when there is an increase to the federal allocation.
The additional 20% for IDEA Basic and 50% for IDEA Preschool from ARP Act funds present an opportunity for PEAs to budget less in state/local expenditures in FY2022.

Some conditions apply.

What criteria determine whether a PEA may use the MOE adjustment?

- PEA's Section 611 federal allocation for current fiscal year is greater than its allocation for the previous fiscal year (FY22 IDEA and ARP v. FY21 IDEA)
- PEA "met requirements" in the SEA's most recent determinations (FFY19 Determinations)
- SEA has not taken responsibility for providing FAPE for eligible children with disabilities in the PEA or taken action against the PEA under section 616 of IDEA
- PEA is not required to reserve the maximum 15 percent of its IDEA Part B allocation on CCEIS due to significant disproportionality under 34 CFR 300.646

34 CFR § 300.205 - Adjustment to local fiscal efforts in certain fiscal years

(a) Amounts in excess. Notwithstanding § 300.202(a)(2) and (b) and § 300.203(b), and except as provided in paragraph (d) of this section and § 300.230(e)(2), for any fiscal year for which the allocation received by an LEA under § 300.705 exceeds the amount the LEA received for the previous fiscal year, the LEA may reduce the level of expenditures otherwise required by § 300.203(b) by not more than 50 percent of the amount of that excess.

(b) Use of amounts to carry out activities under ESEA. If an LEA exercises the authority under paragraph (a) of this section, the LEA must use an amount of local funds equal to the reduction in expenditures under paragraph (a) of this section to carry out activities that could be supported with funds under the ESEA regardless of whether the LEA is using funds under the ESEA for those activities.

34 CFR § 300.205 - Adjustment to local fiscal efforts in certain fiscal years (continued)

(c) State prohibition. Notwithstanding paragraph (a) of this section, if an SEA determines that an LEA is unable to establish and maintain programs of FAPE that meet the requirements of section 613(a) of the Act and this part or the SEA has taken action against the LEA under section 616 of the Act and subpart F of these regulations, the SEA must prohibit the LEA from reducing the level of expenditures under paragraph (a) of this section for that fiscal year.

(d) Special rule. The amount of funds expended by an LEA for early intervening services under § 300.226 shall count toward the maximum amount of expenditures that the LEA may reduce under paragraph (a) of this section.



How do you calculate the MOE adjustment?

Table 1	
FFY20 (FY21) IDEA Basic Allocation:	$1,000,000
FFY21 (FY22) IDEA Basic and ARP IDEA Basic Allocations:	$1,210,000
Increase in IDEA Basic allocations (FFY21 amount – FFY20 amount):	$210,000
Amount by which the PEA may reduce its level of effort using the MOE Adjustment ($210,000 x 50%):	$105,000

How do you calculate MOE adjustment with voluntary CEIS?

Table 2	
FFY20 (FY21) IDEA Basic Allocation:	$1,000,000
FFY21 (FY22) IDEA Basic and ARP IDEA Basic Allocations:	$1,210,000
Increase in IDEA Basic allocations (FFY21 amount – FFY20 amount):	$210,000
Amount by which the PEA may reduce its level of effort using the MOE Adjustment ($210,000 x 50%):	$105,000
FFY21 IDEA Preschool and ARP IDEA Preschool Allocations:	$121,000
Amount by which the PEA may reserve for voluntary CEIS (15% x total FFY21 allocations $1,331,000)	$199,650
Amount available for MOE Adjustment and voluntary CEIS	$105,000 (lesser of the two amounts)

Example of MOE Reduction in Compliance Test

FY 2020 Allocation	15% CEIS Cap	Available for Reduction
100647.10	15227.25	15227.25
FY 2019 Allocation	CEIS Expenditure	
49064.17	0.00	
50% increase IDEA fund		
25791.47		
Requested Reduction		
15227.25		

In this case, the maximum reduction this LEA can take is the lesser of the 15% CEIS Cap and the increase in IDEA funding. Let's look at these funds another way.



Example – Medium School District

XYZ School District	611, Basic Grant	Prop Share, Basic	619, Preschool Grant	Prop Share, Preschool	CEIS
FY21 IDEA Grant	$ 397,003.39	$19,532.57	$13,944.75	$ 331.89	$ 61,642.22
2022 IDEA Grant	$ 402,958.44	$20,832.95	$14,153.92	$ 353.85	$ 62,566.85
2022 ARP Grant	$ 79,400.68	$ 4,105.02	$ 2,788.95	$ 69.72	$ 12,328.44
Total for FY22 ARP/IDEA funds	$ 482,359.12	$24,937.97	$16,942.87	$ 423.57	$ 74,895.30
Difference 2022-2021	$ 85,355.73		$ 2,998.12		
50% of decrease Part B, 611	$ 42,677.86				
Max reduction of M&O budget	$ 42,677.86				

Example – Large School District

123 School District	611, Basic Grant	Prop Share, Basic	619, Preschool Grant	Prop Share, Preschool	CEIS
FY21 IDEA Grant	$2,512,731.48	$48,244.44	$80,636.28	$1,169.23	$389,005.16
2022 IDEA Grant	$2,550,422.45	$48,968.11	$81,845.82	$ 761.17	$394,840.24
2022 ARP Grant	$ 502,546.30	$ 9,648.89	$16,127.26	$ 149.98	$ 77,801.03
Total for FY22 ARP/IDEA funds	$3,052,968.75	$58,617.00	$97,973.08	$ 911.15	$472,641.27
Difference 2022-2021	$ 540,237.27		$17,336.80		
50% of decrease Part B, 611	$ 270,118.63				
Max reduction of M&O budget	$ 270,118.63				

Example – Charter School

ABC Charter School	611, Basic Grant	Prop Share, Basic	619, Preschool Grant	Prop Share, Preschool	CEIS
FY21 IDEA Grant	$106,619.35	$ -	$1,183.25	$ -	$16,170.39
2022 IDEA Grant	$108,218.64	$ -	$1,201.00	$ -	$16,412.95
2022 ARP Grant	$ 21,323.87	$ -	$ 236.65	$ -	$ 3,234.08
Total for FY22 ARP/IDEA funds	$129,542.51	$ -	$1,437.65	$ -	$19,647.02
Difference 2022-2021	$ 22,923.16		$ 254.40		
50% of decrease Part B, 611	$ 11,461.58				
Max reduction of M&O budget	$ 11,461.58				

What if the PEA uses voluntary CEIS?

Table 3	
Amount available for MOE Adjustment and voluntary CEIS	$105,000 (lesser of the two amounts)
MOE Adjustment	$105,000
Voluntary CEIS budget	$50,000
Amount available for PEA's MOE Adjustment	$55,000

The MOE adjustment – voluntary CEIS budget = Amount available for MOE adjustment.

The PEA will report CEIS expenditures on FY22 Completion Report in Fall 2022. MOE adjustment will be submitted in FY23 MOE Compliance test (FY22 AFR) in March 2023.



MOE Adjustment Conditions

- Freed-up funds must be spent on activities under ESEA and ADE will track those funds
- Funds expended for voluntary CEIS reduce the maximum amount that may be reduced
- PEAs required to spend IDEA funds for comprehensive CEIS are not eligible for the MOE Adjustment

What may the PEA do with reduced state/local funds?

(b) Use of amounts to carry out activities under ESEA. If an LEA exercises the authority under paragraph (a) of this section, the LEA must use an amount of local funds equal to the reduction in expenditures under paragraph (a) of this section to carry out activities that could be supported with funds under the ESEA regardless of whether the LEA is using funds under the ESEA for those activities.

The reduced SPED200 expenditures must be spent and tracked according to 34 CFR 300.205 (b).

The PEA must spend funds on activities that align with the ESEA.
ESS Program Management will provide a workbook for you to track expenditures.

What are examples of activities that could be supported with freed-up funds?

- Title I, Part A – Improving Basic Programs Operated by PEAs
- Title I, Part C – Education of Migratory Children
- Title II – Preparing, Training, and Recruiting High-Quality Teachers, Principals, or other School Leaders
- Title III – Language Instruction for English Learners and Immigrant Students
- Title IV, Part A – Student Support and Academic Enrichment Grants



How should a PEA track the use of freed-up funds?

- IDEA does not include a data collection or reporting requirement
- PEAs should retain documentation such as expenditure reports
- Report should document use of amount equal to MOE Adjustment
- ADE will require the PEA to submit this report on the FY23 MOE Compliance Test (FY2022 AFR)

How will ADE monitor the use of freed-up funds?

- Verify the amount is no greater than 50 percent of the PEA's section 611 allocation increase
- Require an assurance from the PEA
- Request a plan describing the intended or actual use of the freed-up funds
- Request documentation from the PEA on the actual expenditure of the freed-up funds (FY23 MOE Compliance test, March 2023)

Which PEAs may not take advantage of the reduction?

- PEAs that did not receive Meets Requirements for FFY19 PEA Determinations
- PEAs that were flagged for Significant Disproportionality in FFY19

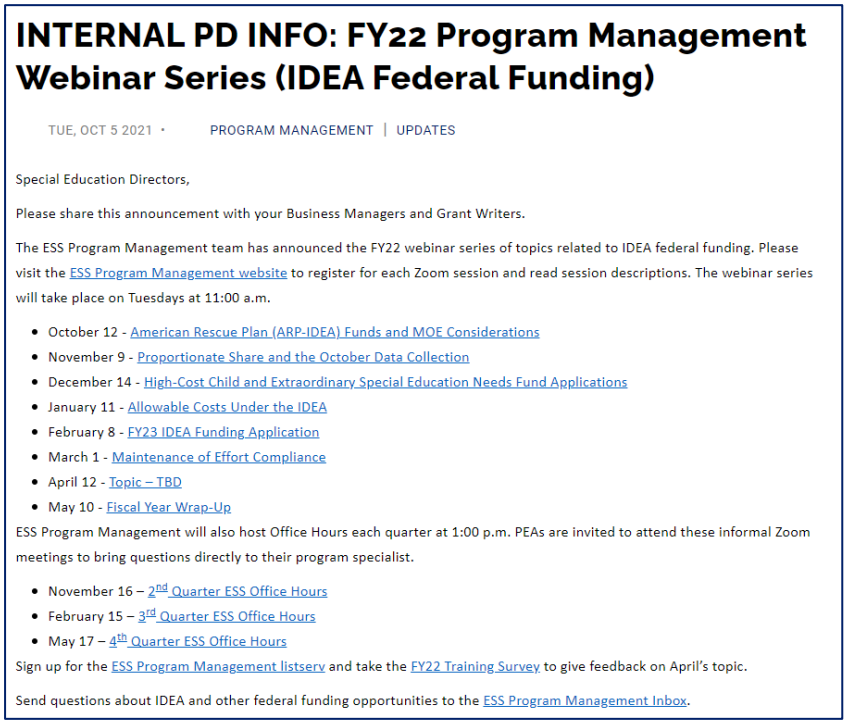
E-mail the ESS Operations team if you have concerns about the PEA not being eligible for the MOE adjustment because of these criteria.



Next Steps

- Review IDEA and ARP IDEA Allocations on the ESS Program Management Website
- Ensure your FY22 IDEA Consolidated-Entitlement Grant is approved by SEA Director approval, revision may be necessary
- Meet with PEA team to plan for ARP funds
- Determine whether the PEA will plan to take allowable adjustment to local fiscal efforts for FY22 (March 2023 Compliance Test)
- E-mail ESS Program Management for questions about MOE Adjustment considerations

FY22 ESS Program Management Webinar Series



INTERNAL PD INFO: FY22 Program Management Webinar Series (IDEA Federal Funding)

TUE, OCT 5 2021 • PROGRAM MANAGEMENT | UPDATES

Special Education Directors,

Please share this announcement with your Business Managers and Grant Writers.

The ESS Program Management team has announced the FY22 webinar series of topics related to IDEA federal funding. Please visit the ESS Program Management website to register for each Zoom session and read session descriptions. The webinar series will take place on Tuesdays at 11:00 a.m.

- October 12 - American Rescue Plan (ARP-IDEA) Funds and MOE Considerations
- November 9 - Proportionate Share and the October Data Collection
- December 14 - High-Cost Child and Extraordinary Special Education Needs Fund Applications
- January 11 - Allowable Costs Under the IDEA
- February 8 - FY23 IDEA Funding Application
- March 1 - Maintenance of Effort Compliance
- April 12 - Topic – TBD
- May 10 - Fiscal Year Wrap-Up

ESS Program Management will also host Office Hours each quarter at 1:00 p.m. PEAs are invited to attend these informal Zoom meetings to bring questions directly to their program specialist.

- November 16 – 2nd Quarter ESS Office Hours
- February 15 – 3rd Quarter ESS Office Hours
- May 17 – 4th Quarter ESS Office Hours

Sign up for the ESS Program Management listserv and take the FY22 Training Survey to give feedback on April's topic.

Send questions about IDEA and other federal funding opportunities to the ESS Program Management Inbox.

The FY22 webinar series has been posted to the ESS Program Management website.

Take the FY22 training survey to let us know what you'd like to learn about in April 2022.

Sign up for our listserv.

Contact Us

ESS Program Management web page:
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