



Interagency Funding Practices

September, 2001

1. Why is the Department of Children, Families and Learning the lead agency for Part C Individuals with Disabilities Education Act (IDEA)?

The governors of each state are responsible to designate a lead agency in each state. In Minnesota, the Department of Children, Families and Learning has been designated as the lead agency. This agency was selected because extensive work was being done in the area of early childhood. Systems were already in place for the deployment of staff, distribution of funds and program financial accountability.

2. What does the term “Supplanting” mean?

Supplanting or non-supplanting are terms most often associated with federal funds and federal programs. Federal funds are generally appropriated to encourage program expansion and growth in targeted areas such as Part C. Supplanting occurs when federal dollars are used to fund services previously funded with state and local dollars. Accounting practices must track expenditures to assure federal funds increase and expand services and do not supplant services previously funded with state and local dollars.

The non-supplanting concept has also been used with Part C when referring to expenditure and responsibilities between and among participating state and local agencies. For example, several federal and state statutes have held agencies responsible to maintain a prior level of service and/or expenditure (i.e., maintenance of effort), prior to Part C, to prevent agencies from shifting program costs to another agency. Counties are to maintain their 1993 level of expenditures as required by M.S. 125A.

3. What is the process for interpreting what supplanting is? Who would serve as a resource?

Agencies must know the amounts expended in state and local resources in the prior year for any given activity. They must then expend at least that amount in the next year before allocating federal funds to expand and enhance the program. Accounting procedures and program records must be maintained that will ensure agencies are in compliance with this requirement.

Local Directors of Special Education, coordinators of ECSE programs and state level personnel should be able to address the non-supplanting requirements.

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Interagency Funding Practices

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4. Could you offer some specific examples of what supplanting may be in the arena of family support?

It is more important to follow the principle of non-supplanting after it is determined what activities are eligible for family support dollars. For example, if it is determined a particular activity is eligible for family support dollars through Part C and Section 619, and it has been funded in the past by a particular agency, that agency should continue to expend at the same level. Part C and Part B, Section 619 funds should be used to make it available to more people or to use the funds to enhance what is already being done.

5. What are the differences between “encumbered” and “expended”?

We use these terms to mean the following: You encumber funds when you inform the fiscal host of the intent to spend funds that have been budgeted. When you fill out a purchase order for a computer, the funds are in the budget and are encumbered so that they will not be spend on something else. The funds are expended when the invoice is received from the vendor and is paid.

6. What are the timelines to expend funds for the various funding streams? (Funding Source Code H, I, J)?

The timelines are July 1 through June 30 for all three of the funding sources. However, any unexpended amount of your entitlement under FSC H, as of June 30, is automatically carried over into the next fiscal year. The carryover amount is automatically the first money expended the next year. There is no carryover from one year to the next for FSC I and J.

Fiscal hosts may require that expenditures be reported to them prior to June 30 in order to close books for the year. This does not mean activities cannot be planned for June. However, there may be local reporting procedures in place of which you should be aware.

7. What fiscal reporting system is in place for family support funding? Can other agencies utilize this system?

The electronic data reporting system (EDRS) through the Department of Children, Families and Learning is the system for accessing family support funds. All expenditures must be reported on EDRS in order to receive reimbursement. It is the responsibility of the IEIC to work with the fiscal host to set up a process for expediting reporting and payment procedures. This is true for all aspects of the early intervention system.

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Interagency Funding Practices

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8. Can FSC H (early intervention service funds), I (IEIC) or J (family support) funds be contracted to other entities such as advocacy organizations, non-profits, and other local governmental bodies?

Yes, the fiscal host can contract with another agency or entity. The fiscal agent will report the amount of the contract on EDRS to receive the aid and issue a contract to the agency administering the funds. The contract will specify the activities and/or duties of the sub-contractor. The sub-contractor will need to maintain records of activities and expenditures and make those available for audit purposes. This applies to all aspects of the early intervention system.

9. Could you identify what IEIC family support funds cannot be used for?

Family support funds (FSC J) are designed to build and improve community partnerships, community capacity and enhance the continuum of existing family support programs available in the community. Funds are to address two or more elements of family support, as defined by MN*TAFS. Family support funds are not intended for the purchase of individual services, equipment or personal vouchers to families.

It is important to keep in mind that family support funds are only one of several revenue sources available to fund family support activities. Local IEICs receive funding through FSC J to develop and implement community based family support activities. These family support activities are distinct from and should not be used to fund such things as: Child find, service coordination, core services, special instruction and related services for eligible children, and additional services including respite care.

For example, for eligible children under age 3, service coordination and early intervention respite care as defined in M.S. 125A may be funded through FSC H when local funds are not available. Respite care may be available for children ages three through five who meet eligibility criteria in programs such as Developmental Disabilities and Mental Health. Respite care could also be available through Developmental Disabilities, Family Support or home and community-based waivers if eligibility requirements are met. In some counties, the local county social service plan includes respite care services under specific conditions. Informal community supports are another source to be considered. A community work group could be created to address this issue.

Local IEICs and their family support subcommittees use a planning tools (needs assessment, participation data, and satisfaction surveys) in their efforts to develop a

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Interagency Funding Practices

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local system of family support. The elements of family support include: Parent-to-parent support; Information, referral and resources; Community support; Networking activities; Sibling and extended family support; Leadership and advocacy training; Training; and Support groups.

10. Fiscal reimbursement to families is often a complicated and lengthy process.

How can we simplify reimbursement to families for family support expenses?

Our recommendation is to clearly define what activities are eligible for family support funds. It is the responsibility of both the fiscal host and the IEIC to jointly develop timely reimbursement procedures for families. Sub-contracting with another agency may offer an option for easier reimbursement procedures.

11. Periodically, IEIC family support subcommittees have struggled to access funding on a year round basis. Do you have any suggestions for dealing with this issue?

All federal funds are set up on a fiscal year basis. Funds can be accessed from July 1 through June 30. Early on, become familiar with your fiscal host's year end procedures.

12. If parents are hired by a school district to implement IEIC family support activities, does their reimbursement have to correlate with school personnel salary schedules (i.e. paraprofessional, clerical, etc.)?

If a district were to employ a parent to carry out specific responsibilities, I would think the school board would have to establish an employment category and set an appropriate wage level.

13. Can a parent be employed as a consultant by a school district? What procedures would need to be in place? What are the benefits/drawbacks to this strategy? Are there any limitations in the number of hours they can be hired for?

Yes, a district may contract with a parent to carry out specific activities. This can be done through a formal contract to be paid when the conditions of the contract are met, or if a long-term contract, at certain agreed upon intervals. The benefits to a school district are as follows: The parent does not become an employee of the district, and the district pays an agreed upon amount of the contract and does not have to withhold FICA, taxes, etc. The disadvantage to the parent is he/she has to report to social security and submit estimated taxes to the IRS.

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Interagency Funding Practices

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14. Can a parent be employed by an agency other than a school district and be reimbursed to implement family support activities?

Yes, the agency would submit its invoices to the fiscal host so the expenditures can be entered on EDRS.

15. Do union bargaining rules apply or impact a parent being employed to complete IEIC family support activities? Any recommendations?

The union rules could very well impact a parent being employed by any of the agencies. This would depend on whether the position is considered permanent, long term and how the position is defined and classified within the organization.

16. What are the definitions for: stipend, reimbursement, salary/wages and contract? How do they relate to taxable income?

Stipend: A fixed payment, usually for a specific task or activity. For example, a stipend might be paid for reading grant applications.

Reimbursement: To repay someone for expenses incurred. For example, to compensate someone for childcare expenses or travel expenses.

Salary/wages: A fixed payment, at regular intervals for work performed. A person receiving a salary is on the company or agency payroll, and usually a long-term commitment is established.

Contract: An agreement between two more or parties with expectations and outcomes clearly defined for all. Contracts are generally used for larger projects than are stipends.

When a person is salaried, the employer withholds and remits taxes and social security for the employee. Persons receiving a stipend or contract must manage taxes and social security payments themselves.

17. What happens to family support (FSC J) funds that are not spent at the local level?

If family supports funds are not spent within the fiscal year ending June 30, they will not carry over to the next year for that IEIC.