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Bureau of Special Education FY'17 Memo #6

Date: September 15, 2016

To: Superintendents of Schools
Directors of Special Education

From: Office of the Commissioner

Division of Educational Improvement
Bureau of Special Education

Re: IDEA Federal Funds

The New Hampshire Department of Education (NHDOE), Bureau of Special Education (Bureau) is providing guidance regarding IDEA federal funds that are distributed to districts; these funds are obligated to districts for twenty-seven (27) months. In previous years, the Bureau has given these funds to districts for a twelve (12) month period and then "carried over" remaining funds into the district's following year's IDEA funds.

Beginning with Fiscal Year 2017 IDEA funds, the funds will be uploaded into the grant management system for 27 months, which means that the grant period will be for the period July 1, 2016 through September 30, 2018. The FY2016 will still be "carried over" into the FY2017 funds, however; this will be the last year that the grants will be processed with this method. With the FY2107 allocation, districts will have access to their FY2017 and FY2018 funds for 27 months (in total) as the two grant years will run in succession like they did in the past (with a short overlap in the summer months) but will be inventoried once within the 27 month window allowing the funds to be accessed without the need to carry funds over. Further information on the fiscal year cycles of the grant is provided below.

Districts' ability to access funds for 27 months benefits the districts in several ways. For example, with the previous method, districts had two inventories to calculate; one for the 12 month period and one for "carryover." With the new process, districts will have one complete inventory for the life of the grant, which is the 27 month period. The 27 month period also eliminates the wait time for districts that is associated with the Bureau process for calculating each district's "carryover" amount. Regarding planning activities, districts will now have the ability to plan to access funds for the extended school year and other summer time activities without having to wait for the following year's July 1st funds to be uploaded by the Bureau. Additionally, when planning for parentally placed students, districts will no longer need to "carryover" funds that were never used from the previous year as these funds will be accessible to allocate within the 27 month window.

Allocations to Districts

Grants are referred to by the date in which they end. The State's fiscal year is July 1st to June 30th. The grant that was allocated to districts this year is referred to as the FY2017 grant.

A new IDEA grant award is allocated to districts each year. The federal government's award schedule is such that grants "officially" begin October 1st each year and end September 30th, giving the grants a 12 month term. However, States are allowed to allocate the funds to districts earlier than October 1st, for the start of the fiscal year, which in New Hampshire is July 1st. Adding the 3 month term (this past July 1, 2016 until September 30th) to the two 12 month terms of the government's fiscal year timeline of (October 1st to September 30th) gives the period of 27 months.

<u>The 3 month time line of the "early" allocation by the State</u> (July 1 st - September 30 th 2016)
<u>+ The 24 months of the federal fiscal year</u> (October-September 2016-2017 and October-September 2017-2018)
<u>= a period of 27 months</u>

Obligations and Disbursements

Each new 27 month cycle will begin with a 3 month term that coincides with the previous federal fiscal year for the months of July, August and September. This means that each district will have available two different grants; however, funds are drawn down chronologically in a "First In, First Out" method so that the oldest money is obligated (bound for use) and disbursed before any new money is spent. Any unspent funds from one fiscal year would continue to be drawn down within the 27 months of availability before a new fiscal year's award would be charged.

The following is an example of the 27 month obligation calculation:

A district receives a \$100,000 IDEA allocation for fiscal year 2012. The start date is July 1, 2011, the State's fiscal year, and starts the 27 months of obligation time. During the time period of July 1, 2011 through June 30, 2012, the district expends \$75,000 of its IDEA grant leaving \$25,000 unobligated.

The next fiscal year starts July 1, 2012. The district receives another \$100,000 IDEA allocation for fiscal year 2013, however, there was still \$25,000 left from the fiscal year 2012 grant which remains available to the district. The district now has \$125,000 available in IDEA funds.

With the 'first in, first out' practice, any expenditures made in fiscal year 2013 are going to be charged against the fiscal year 2012 award until that award is spent down to zero. Once that happens, expenditures will then be charged against the 2013 grant.

When funds aren't fully obligated

In continuing with this "example" lets us presume that in fiscal year 2013 only \$24,500 was expended and is charged against the fiscal year 2012 grant, but since it is not the total amount of carryover, fiscal year 2012 is still not fully obligated.

Going into fiscal year 2014, the district received a \$100,000 IDEA allocation, plus has the entire year fiscal year 2013 allocation and the remaining 2012 allocation amounts carry over into 2014. The district now has \$200,500 in IDEA funds. However, the district only has three months left of the 27 months to spend the FY2012 award. The obligation of the remaining \$500 must take place between July 1 and September 30 and expended by November 30th or those funds are lost to the district (Section 76.709(b) EDGAR).

In the case that the district makes allowed obligations between July 1st and September 30th in the amount of \$10,000. The first \$500 would be charged again the fiscal year 2012 award, closing it out and the remaining \$49,500 is charged against the fiscal year 2013 award.

FY 2012 Award July 1, 2011 to June 30, 2012	Receives \$100,000	Expends \$75,000	Unobligated \$25,000
FY 2013 Award July 1, 2012 to June 30, 2013	Receives \$100,000		
Plus unobligated from FY 2012	<u>\$ 25,000</u>		
=	\$125,000	Expends \$24,500	Unobligated \$100,500
FY 2014 Award July 1, 2013 to June 30, 2014	\$100,000		
Plus unobligated from 2012	\$ 500		
Plus unobligated from 2013	<u>\$100,000</u>		
=	\$200,500	Expends \$49,500	Obligates the \$500 from FY2012

Please direct all questions regarding the use obligation and disbursement of funds to:
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