



School Business Alert

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Sequestration

There is much talk in the air about the effects of the implementation of federal sequestration. Sequestration impacts most of the federal education funds received by the state of Iowa and the Iowa Department of Education. The amount of the sequester being applied to federal fiscal year (FFY) 13 funds is 5 percent. In most cases, FFY13 funds are the funds that will be distributed starting this July 1, 2013. The various Food and Nutrition Programs (School Hot Lunch, School Breakfast, CACFP, etc.) are exempted from sequestration.

Additionally, the Perkins funding Iowa receives is a small enough amount compared to other states that a statutory hold-harmless provision kicked in, so Perkins funding to schools and community colleges will not be reduced.

Most of the projections for reductions that you've seen are based on FFY13 federal budget requests or projected FFY13 funds. Of course, projections are not the same as actual funds. The attached spreadsheet shows the actual allocations of funds to your school, AEA, or community college this fiscal year and uses those allocations to project the reduction you will receive to those funds in the next fiscal year. There will be no reduction of funds this fiscal year. By sending this now, you can use these estimates for planning forward using the reduced amount.

Actual allocations for next fiscal year will be distributed this summer. These allocations will likely be slightly different than this because the federal grant awards will likely be slightly different. It should also be noted that this is the first reduction in a 10-year sequestration process. If sequestration continues as written, and we continue to have 5 percent reductions each year for the next 10 years, we will undoubtedly see the impact of sequestration grow.

We hope this helps. If you have questions about these estimated allocation impacts, please contact Jeff Berger at 515.281.3968 or jeff.berger@iowa.gov.

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The March School
Leader Update can be
found at:

www.educateiowa.gov

Medicaid

If Your LEA is Not Billing

Nearly 1 out of 3 Iowa LEAs do not currently participate in the Medicaid claiming program. If yours is a district that has never participated or has discontinued, you may want to reconsider. Medicaid claiming for allowable costs can reduce the cost of special education and reduce the amount of local property taxes used to support the special education program where federal resources would have been available.

In FY12, Iowa LEAs were paid a total of \$71.8 million and retained \$43.9 million, approximately 61 percent. In FY12, 11 LEAs were paid \$1 million or more, 27 were paid \$500,000 or more, 58 were paid \$250,000 or more, and 113 were paid \$100,000 or more. The median LEA total payment was \$92,000 (retaining \$56,000) and the average LEA total payment was \$303,000 (retaining \$185,000).

Provider enrollment or re-enrollment is easy and DE staff will help you get started or help you better consider participating by:

- reviewing a sample of IEPs for billable services;
- offering an estimate of likely reimbursement;
- rolling out education to your nursing, paraprofessional, and special education teachers; and
- linking your LEA to free billing software to self bill.

If your LEA is Billing

Please submit claims promptly and do not wait until year end, if possible. In FY12, 39 percent of the total LEA dollars were paid in the final quarter. Timely submission allows the LEA to receive its money sooner, rather than later. In addition, if any claim needs re-submission or additional documentation, LEA health and transportation staff are still available before summer. Submitting timely makes it easier to match the net revenues received with the related expenditures since both occur within the same fiscal year and the district wouldn't be estimating what the net revenues and related expenditures are. Claims for the fiscal year not received by the end of the accrual period will need to be set up as a receivable and deferred revenue (using the Medicaid project code) in the district's books. Early filing may help alleviate the extra entries.

For further information, contact Jim Donoghue at jim.donoghue@iowa.gov or 515.281.8505.

Title IIA Reimbursement Application

An application has been created to file for reimbursement for Title IIA funds, and it's now available in the portal. An upload to the CAR/COA Test Records will fill out the form in the Title IIA application. Contact Isbelia Arzola at Isbelia.arzola@iowa.gov or 515.281.3954.

Contracted Versus District Provided Services/Costs

A question recently was raised requesting clarification on charging non-allowable special education expenditures to special education when they are provided as a contracted service. Allowable costs for the use of special education weighted dollars is limited to actual, instructional special education services. Therefore, costs associated with items like administration or rent are not an allowable special education expenditure, even if they are provided on behalf of a district through contracted services. The process of providing a service does not determine an expenditure's allowability. The type of expenditure does. If you have further questions, please contact Bill Roederer at bill.roederer@iowa.gov or 515.281.7972.

Upcoming Deadlines	
Annual Audit Submission—Extension Request	3-31-13
AEA Budget Proposal—Resubmit Unapproved	4-15-13
Budget Certification	4-15-13
Budget Guarantee—Board Resolutions Due to DOM	4-15-13
ISP/VPPEL—Copy of Ballot or Resolution Due to DOM	4-15-13