

Three Tiers of Funds Are Involved with the 50% MOE Reduction:

Tier One

This is the charge back of the benefits for the reduction of the expenditures on FIN 740. LEA does not have to do the charge back method but could charge the benefit expenditures directly to Finance Dimension 419 or 480.

Tier Two

This is the documentation of the ESEA expenditures with Finance 000 Course Code 633. The easiest and cleanest is Title VIII – Impact Aid. Here you can make a clean documentation of your expenditures by using this tier of funds to pay for instruction – such as regular education teachers. It is advisable that you do not split a teacher who is charged to FIN 000 Course Code 633 as you can have more in expenditures on Course Code 633 than you are eligible for as there is no penalty. It is a good idea to have this tier very clean as far as eligibility as it will have the most scrutiny. If the district uses the second tier of funds for instruction there is little question as it being an appropriate use of the funds. MDE will use the expenditures reported under FIN 000 Course Code 633 to determine an LEA's MOE base in 09-10.

Tier Three

The funds that you freed up from having budgeted staff now on FIN 000 course 633 can be used for any purpose at the discretion of the district. This is where I would suggest that the district purchase the van and it will be available for any purpose. However, if this van is going to be used for special education then you would want to contact Kelly Wosika to secure the information needed to make a claim for state special education aids.

Please see the example below:

Tier One

District wishes to reduce MOE by \$50,000 and charges back \$50,000 to FIN 419, Object 295.

- District Coding of Charge Back to Benefits:
DB 01 – XXX – (401-420) – 419 – 295 – 000
CR 01 – XXX – (401-420) – 740 – 295 – 000

Tier Two

District charges two second grade teachers' salaries to Finance 000, Course Code 633 in the amount of \$53,050. (Remember that there is no penalty to charging more to Finance 000 Course Code 633 than the MOE reduction). The \$50,000 freed up from applying the Tier One funds to Tier Two frees up the budget funds from the budget that go to Tier Three.

District documenting the 50% MOE reduction:

DB 01 – XXX – 203 – 000 – 140 – 633
CR 01 – XXX – 203 – 000 – 140 – 000

(Elementary teachers' salaries)

- Member District Coding of Charge Back to Benefits:
DB 01 – XXX – (401-420) – 619 – 295 – 000
CR 01 – XXX – (401-420) – 740 – 295 – 000
- Reimbursement from Coop to Member District:
01 – XXX – (401-420) – 419 – (303/304) – 000

Tier Three

The district's use of these funds (\$50,000) is at the sole discretion of the district and there is no accountability for ARRA or IDEA rules and regulations.