

ESIT Fiscal Workshop

SFY2025



Introductions & Agenda

- Participants – Introduce yourself in the chat!
 - Name
 - Agency
 - What do you hope to take away from this workshop?
- Use the chat box or raise your hand for questions
- BIKE RACK – topics/questions we cannot get to during the workshop
- 2 – Hour workshop:
 - Introduction: 5 minutes
 - Section 1: 40 minutes
 - Break: 5-10 minutes
 - Section 2: 25 minutes
 - Break: 5-10 minutes
 - Section 3: 20 minutes
 - Questions: 10 minutes



Topics to cover

- IDEA Part C Purpose
- Part C Fiscal Requirements and Required Assurances of the State Lead Agency (SLA)
 - System of Payments Policy
 - Payor of Last Resort (POLR)
 - Control of Funds & Property
 - Records Retention
 - Internal Controls
 - Maintenance of Effort (MOE)
 - Fiscal Controls
- Contracting for Part C Services
 - SLA Contracts
 - Part C Fund Sources
 - Fiscal Controls & Monitoring
- Resources





IDEA Part C Purpose

To provide financial assistance to states to:

- Develop and implement a statewide, comprehensive, coordinated, multidisciplinary, interagency system that provides ES services
- Facilitate the coordination of payment for ES services, from Federal, State, local & private sources
- Enhance State capacity to provide quality ES services and expand/improve existing ES services
- Enhance the capacity to identify, evaluate, and meet the needs of all children
- Encourage States to expand opportunities for children who would be “at risk”

[34 CFR §303.1](#)





Fiscal Requirements for Part C Program

DCYF is responsible for the identification and coordination of all available resources for early support services within the state, including those from federal, state, local, and private sources.

Federal

- IDEA Part C and its implementing regulations ([34 CFR part 303](#))
- Government-wide: OMB (Office of Management & Budget) Uniform Guidance ([2 CFR part 200](#))
- Department of Education: EDGAR & Departmental Guidance

State

- Statute: [RCW 43.216](#)
- Regulation: [WAC 110-400](#)
- State Lead Agency Policy/Guidance – [DCYF ESIT Policies & Procedures](#)





Key Part C Fiscal Requirements

1. Annual application requirements ([34 CFR §303.202](#), [34 CFR §303.203\(b\)\(1-2\)](#))
2. **Responsibility of Lead Agency** (including financial oversight) ([34 CFR §303.120](#))
3. Application (including budget)
4. **Payor of Last Resort (POLR)** ([34 CFR §303.510](#))
5. **System of Payments (SOPAF)** ([34 CFR §303.500\(b\)](#), [§303.520](#), [§303.521](#))
6. **Maintenance of Effort (MOE)** and prohibition against supplanting ([34 CFR §303.225](#))





Required Assurances of the State Lead Agency (SLA)

- Payor of Last Resort (POLR)
- Control of Funds & Property: Financial Management Systems
- Records Retention
- Internal Controls: Control Environment, Risk Assessment, Control Activities, Information & Communication, & Monitoring
- Maintenance of Effort (MOE): Supplement not Supplant
- Fiscal Controls: Budget vs. Expenditure, Cost Principles, Prior-Approvals





System of Payments Policy

General Requirements: [WAC 110-400-0130](#) & [RCW 43.216.020](#)

- Exists in writing
- Part C funds used only as Payor of Last Resort
- Specifies which functions and services are subject to system of payments
- Clearly identifies services eligible at no cost

System of Payments:

1. Use of Public Benefits or Public Insurance [§303.520\(a\)](#)
2. Use of Private Insurance [34 CFR §303.500\(b\)](#)
3. System of Payments & Fees [§303.521](#)
4. Policy on Contesting the Imposition of Family Fees

[34 CFR §303.500 – Use of funds, payor of last resort, & system of payments](#)

[DCYF System of Payments & Fees Policy: 14.B Policy](#)





Payor of Last Resort (POLR)

Payor of Last Resort:

1. Part C of IDEA funding **can only be used for EI** when another fund source is not available for the family.
2. Part C funds may not be used to satisfy a financial commitment for services that would otherwise have been paid from another public or private source.
3. If necessary to prevent a delay in the timely provision of EI services, Part C funds may be used to pay the provider pending reimbursement from the agency/entity that has ultimate responsibility for the payment.

[15.A Use of Funds Policy – 15.A.1 – Payor of Last Resort \(POLR\)](#)

[34 CFR §303.510](#)

[Fiscal Module - POLR](#)





Financial Management Systems

- Expenditures:
 - Payroll expenses
 - Costs associated w/ contracted EI services
 - Training & professional development expenses
 - Costs of supplies & materials
- Maintaining records that identify the source & application of IDEA Part C funds
- Effective control & accountability over funds and property purchased with IDEA Part C funds
- Comparison between budget & expenditure
- Allowability





Records Retention & Access

- Retention
 - Financial records and supporting documents
 - Program records pertinent to Part C
 - Minimum 3-year retention period – longer if state policy requires (6 years – RCW 40.14.060)
 - Exceptions to record retention:
 - Ongoing litigation or audits
 - Department requests

[2 CFR §200.334 -- Retention requirements for records](#)

[RCW 40.14.060](#)





Internal Control Components

- A. Control Environment
- B. Risk Assessment
- C. Control Activities
- D. Information & Communication
- E. Monitoring

[34 CFR §303.120](#)



Maintenance of Effort (MOE)

- **Do not commingle** Part C funds with state funds.
- Use Part C funds to **supplement** – not supplant (replace) - state and local public funds

Goal: make sure states **maintain or increase financial support** for IDEA Part C programs from one year to the next



Budget at least the same amount of state and local public funds spent in the **most recent preceding fiscal year** for which information is available.



Verify that the total amount of state and local funds spent for Part C was **at least the same or more spent in the previous year.**

34 CFR §303.225 & DCYF Maintenance of Effort Procedures – **COMING SOON!**

Collection and timely reporting of accurate fiscal data needed for MOE is a shared responsibility across all the ESIT Provider Agencies. However, the actual calculation, documentation, and compliance obligation for Maintenance of Effort lies solely with the State Lead Agency (SLA).





Use of Funds: Cost Principles



Necessary

Program purpose
Lead agency mission/vision
Needs of recipients



Reasonable

The “reasonable person” standard
Geographic location
Availability/scarcity of goods & services
Urgency



Allocable

Funding = Benefit
Shared benefit = shared cost

[ECTA Use of Funds modules](#)

[OSEP Use of Funds](#)

[2 CFR §200.400-200.475](#)

[DCYF Use of Funds Policy 15.A](#)





Prior Approvals

The following are allowable only with prior approval of OSEP:

- 1. Budget Changes** – revision of cost items within budget and program plans (including transfers among direct cost categories in which the cumulative amount exceeds or is expected to exceed 10% of the current total approved SLA grant budget)
- 2. Equipment** for assets that have a useful life of more than 1 year, and an acquisition cost of **\$5,000** or more

ESIT Providers request prior-approval from DCYF

THEN

DCYF requests prior-approval from OSEP

[2 CFR §200.407](#)

[Pre-Approval FAQ](#)

[OSEP Policy Support 22-03: Guidance for Common Prior Approval Requests under IDEA Parts B/C \(Dec 2022\)](#)





Indirect Costs vs. Direct Costs

Direct Costs:

- Costs that are budgeted and expended that can be attributed to implementing the requirements of IDEA Part C.

Indirect Costs:

- Shared costs of an organization necessary to the operation and the performance of its programs. This requires the use of a cost allocation formula that confirms shared benefit commiserate with shared costs.
- Examples: Office supplies shared by multiple programs/cost centers, % of program directors' time spent on agency-wide administrative functions such as board meetings, finance, etc., facilities - shared spaces such as conference rooms, & staff time for personnel responsible multiple programs that cannot be tracked by program



WAC 110-400-0140: Use of Funds

1. EIS provider agencies must comply with the use of funds guidance and requirements as set forth in state and federal law
2. **State and federal funds for the ESIT program may only be expended for ESIT required activities as described in state and federal law.**
3. **Administrative indirect expenses must be limited to no more than 10% of the total public moneys received by an EIS provider agency providing Part C required components or direct services.**
4. **Administrative indirect expenses must be limited to no more than 5% of the total public moneys received by an EIS provider agency acting as a pass through for state or federal funding.**
5. Under the department's authority, local ESIT budgets will be monitored and subject to audit for allowable expenditures.
6. **EIS provider agencies must bill all applicable funding sources including public and private insurance and families, prior to using state and federal funds for early intervention services.**
7. Public funds for the ESIT program may not be used for transition activities required under Part B of the Individuals with Disabilities Education Act.



WAC 110-400-0140: Use of Funds (continued)

8. Under Part C, allowable transition activities may be paid for with early intervention funds. EIS provider agency participation in allowable transition activities may include the following:
 - a. The determination of potential eligibility for Part B prior to referral to Part B.
 - b. Transition planning and activities in the IFSP, including:
 - i. Discussions with parents and training, as appropriate, regarding future placements and other matters related to the child's transition; and
 - ii. Procedures to prepare the child for changes in service delivery, including steps to help the child adjust to, and function in, a new setting.
 - c. Facilitation and participation in the transition conference.
 - d. Sharing of information, with parental consent.
 - e. Attending the eligibility and IEP meeting, upon parental request.





Contracting for Part C Services

- Each system must include a policy pertaining to the contracting or making of other arrangements with public or private individuals or agency service providers to provide early intervention services in the State, consistent with the provisions of part C of the Act, including the contents of the application, and the conditions of the contract or other arrangements. The policy must:
 - Include a requirement that all early intervention services must meet State standards and be consistent with the provisions of this part; and
 - Be consistent with [2 CFR part 200](#) (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)

[34 CFR §303.121](#)



SLA SFY25 ESIT Contracts

28 ESIT Service Delivery Contracts: 43 total ESIT Provider Agencies Statewide

- 4 County Lead Agencies (CLA): (King County, Pierce County, Snohomish County & Spokane RHD)
 - 19 ESIT Provider Agencies (subcontractors)
- 22 ESIT Provider Agencies - Direct Service Delivery Contracts
- 2 Tribal Nations – Direct Service Delivery Contracts

25 Statewide Contracts:

- Outreach: Central Directory for WA EI services, DOH ESIT brochures, & Parent Survey for ESIT families
- Provider Development: Neuro-Relational Framework, Promoting First Relationships Training (SSIP), WA-AIMH Reflective Supervision & Infant Mental Health, and Domestic Violence Training
- Technical Assistance & Consultation: Sensory Disabilities w/ blindness or vision impairments & deafness or hearing loss
- Mediation & Training Services
- Community of Practice
- IECC Support (King County)
- Data Management System
- PIE Member Trainings
- Concrete Goods



Fund Sources for Part C

- **Federal Fund Sources:**
 - Tri-Care (DHA)
 - **Part C of IDEA Grant***
- **State Fund Sources:**
 - Public Insurance (Medicaid/Apple Health)
 - **State Special Ed 0-3***
 - **ELTA (Education Legacy Trust Account)***
 - DDA (Developmental Disabilities Administration)
 - DOH Neuro-Developmental Center (NDC) Infrastructure funds
- **Local Fund Sources:**
 - County Tax Levy (County Millage)
 - Local City/Government
 - United Way
 - Private Insurance
 - Family Fees
 - Fundraising/Cash Donations
 - Foundations

* Disseminated by DCYF

Funding Sources for Part C: Federal, State and Local





DCYF ESIT Fund Sources

Allocated to ESIT Contractors by DCYF

State:

1. State Special Ed 0-3 - \$156,480,754 (FY25 January Allocation to ESIT Provider Agencies)
2. ELTA (Education Legacy Trust Account) - \$2,000,000 Annually (FY25 Jul Allocation to ESIT Provider Agencies)

Federal:

1. IDEA Part C FFY24 – \$11,533,567
(FY25 Jul Allocation to ESIT Provider Agencies)
 - \$6,280,811 – Part C base Allocation (FFY24)
 - + \$500k (FFY23) – Part C Equity in Access Funds
 - TOTAL Part C in SFY25 = \$6,780,811

FY25 Contractor Allocation Totals – Jan 1, 2025



Special Education 0 – 3 (State)

- The County EIS Rate, a per-child allocation methodology, is derived from the Basic Education Allocation (BEA) rates times **1.15**, for each Resident School District Catchment Area and weighted by enrollment within each county. RCW 43.216.580.
- County EIS rates will be adjusted to reflect the updated BEA rates made available by OSPI in **October**, **January** and **April** of each contract year.
- State Special Ed 0-3 contractor compensation is based on the single monthly count multiplied by the County EIS rates. DCYF must pay for all children served, per [RCW 43.216.580](#).

ESIT Sped Funding Protocol for Rates Adjustments & Allocations

County EIS Rates – July 2024

OSPI Apportionment (BEA Rates)



ELTA: Education Legacy Trust Account (State)

- Contractor allocations are based on the total ELTA allocation set-aside for ESIT divided by the DCYF annual average enrollment caseload. DCYF disseminates 100% of funds through direct service contracts (no indirect costs).
- For DCYF contractors - ELTA compensation is based on actual cost reimbursement and cannot exceed the maximum allocation outlined in the Contract Budget.

RCW 83.100.230: The education legacy trust account is created in the state treasury. Money in the account may be spent only after appropriation. Expenditures from the account may be used only for support of the common schools, and for expanding access to higher education through funding for new enrollments and financial aid, **early learning** and childcare programs, and other educational improvement efforts.



Part C of IDEA (Federal)

- Contractor allocations are based on the total Part C federal grant set-aside for service delivery divided by the DCYF annual average enrollment caseload.
- For DCYF contractors - Part C compensation is based on actual cost reimbursement and cannot exceed the maximum allocation outlined in Contract Budget.
- Funds used for the provision of direct ESIT Services are payor of last resort. In accordance with the requirements of 34 CFR, all other federal, state, local and/or third-party funding must be accessed, applied first, and documented at a systems-level.
- Funds must not commingle with other funds and used to supplement the level of State and local funds expended for eligible infants and toddlers with disabilities and their families, and in no case to supplant those State and local funds.





IDEA Part C Obligation & Liquidation

- 1. **Forward Funding:** Congress makes IDEA funds available to states on July 1 BEFORE the start of the fiscal year, instead of at the start of the fiscal year on October 1.
- 2. **Tydings Period:** This allows the SLA an additional 12 months to obligate any funds that were not obligated at the end of the first 12 months. As a result, states have 27 months total to obligate funding for each federal fiscal award.
- 3. **Period of Performance:** The period of time that the SLA can incur obligations to carry out activities authorized by the federal award. The SLA must liquidate all obligations incurred under the award by 120 days after the end of the funding period.
- 4. **Obligations:** Contracts, subawards, orders placed for property & services, or other similar transactions during the funding period that will require payment. 34 CFR 76.707

FFY 2024	
7/1/24 – 9/30/25	15 months – Federal Funding Period
10/1/25 – 9/30/26	12 additional months – Tydings Period
10/1/26 – 1/28/27	120 days – Liquidation of Obligations
1/28/27	Grant Closed

FIRST IN – FIRST OUT

FFY22 = 7/1/22 – 9/30/24 = \$10,733,999 (+1.4%)
 FFY23 = 7/1/23 – 9/30/25 = \$11,477,514 (+6.5%)
 FFY24 = 7/1/24 – 9/30/26 = \$11,533,567 (+0.5%)

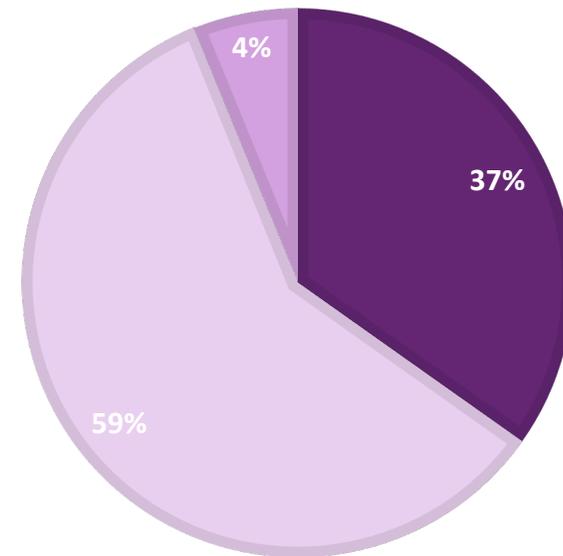




FFY24 Part C Budget

- DCYF SLT Salary/Benefits = \$3,485,395
- DCYF SLT Goods/Services & Travel = \$193,000
- DCYF Indirect Costs = \$608,308
- Service Delivery Contracts = \$6,780,811
- Statewide Data Management System = \$346,053
- State Mediation Services = \$30,000
- State Central Directory = \$55,000
- SICC Meetings = \$35,000
- **TOTAL = \$11,533,567**

■ DCYF ■ Service Delivery Contracts ■ Statewide



Key Points

- Early Support provider agencies must bill all applicable funding sources including public and private insurance and families, prior to using state and federal funds for early support services.
- State and federal funds for the ESIT program may only be expended for ESIT required activities as described in state and federal law.
- All expenditures must meet the federal Cost Principles: Necessary, Reasonable, and Allocable.
- All fund sources should be tracked separately.
- For DCYF Contractors - ELTA & Part C compensation is based on actual cost reimbursement and A-19 invoice vouchers must include supporting documentation.





Fiscal Workbook

- The purpose of the [Budget Projection](#) is to demonstrate the planned use of ALL ESIT funds for the provision of early support services and verify alignment of expenditures to budget.
- The purpose of the [Revenue & Expenditure Year-End Report](#) is to ensure DCYF can accurately report and meet our obligation to coordinate ALL Early Support funds available across WA state. It is a snapshot of a full, comprehensive Financial Profile for each Provider Agency. It can also be used in support of equity-based requests for funding distribution.



DCYF Contractor Compensation: A-19 Invoices

Monthly A-19 Billing Invoice Vouchers are due:

- Non-CLA affiliated ESIT Provider Agencies - on or before the last day of the following month
- CLA – monthly invoices consistent with their existing billing cycles

**All properly completed invoices will be processed and paid within 30 days of receipt*

ELTA & Part C compensation must include detailed information supporting monthly expenditures:

- Monthly or Quarterly Expense Summary as produced by an accounting system and clearly detailing expenses incurred for each Payment Point in that period's A-19 Voucher.
- Monthly or Quarterly Payroll Summary for each staff person paid under the contract for that period; and/or
- Invoice documentation supporting payment for contracted services, as appropriate.



Fiscal Controls & Monitoring

The State Lead Agency should have both preventative & detective fiscal controls.
Audits are detective and are not a substitute for fiscal monitoring.

Cross-cutting:

- Cost Principles: Allowability of expenditures
- Cash Management
- Equipment Management
- Reporting
- Subrecipient Monitoring
- Procurement

ESIT (Part C) specific:

- Indirect costs
- Prior-Approvals
- Payor of Last Resort
- SOPAF – System of Payments & Fees/Hardship
- Maintenance of Effort
- SICC Functions



Fiscal Controls & Monitoring

ESIT Statewide Integrated Monitoring System (E-SIMS)

Resource & Sustainability Team:

- Federal Part C Grant Application
- State Sped 0-3 Forecast & Rates adjustments
- Fund Allocation & Payment Processing
- Fiscal Monitoring & Reporting
- Technical Assistance
- Fiscal Guidance

Fiscal Integrity Reviews:

Purpose: Identify & reduce potential financial risks in order to protect public funds. Validate whether contractors are exercising good financial stewardship.

3 Main Review Areas:

1. Policies/Procedures
2. Payroll Testing
3. Accounts Payable Testing

Systems Analysis:

Critical Elements:

1. Data Management
- 2. Fiscal Accountability**
3. Dispute Resolution
4. Monitoring Priority Areas
5. IFSP Implementation
6. IFSP Procedural



Resource & Sustainability Team

Assist with Fiscal Oversight

- Federal Part C Grant Application + State Sped 0-3 Forecast + Sped 0-3 Rates Adjustments
- Allocation of all ESIT Funds
- Expenditure to Budget Tracking and MOE Calculations
- Fiscal Monitoring & Reporting
 - ESIT Provider and Statewide Contracts (*in collaboration w/ FIRs and On-Site Analysis*)
 - Review & Approve Annual Projected ESIT Contractor Budgets
 - Review & Approve ESIT Contractor invoices & backup documentation (including SMC verification)
 - Budget to Expenditure Comparison
 - Review & Approve ESIT Contractor Revenue/Expenditure Year-End Reports
- Targeted Fiscal Technical Assistance
- Statewide Fiscal Workshop/Guidance

Lauren Thompson – Resource Allocations Manager

Sakada Buth – Resource Allocations Specialist

Kali Wraspir – Resource Allocations Specialist



Fiscal Integrity Reviews (Annual)

3 Main Review Areas

1. Policies/Procedures Monitoring: Per federal regulations, must maintain a written financial management system with strong internal controls (i.e.: budget & carryover, cost allocation plan, procurement)
2. Payroll Testing: Verify hours reflect actual time worked and not budgeted between funding sources (i.e.: proper allocation, timesheet review)
3. Accounts Payable Testing:
 - a) Verify expenditure(s):
 1. Is for legitimate business purpose that is reasonable, allowable & properly allocated; and
 2. Followed entity policies/procedures as well as application federal/state regulations; and
 3. Is supported by adequate documentation, to include proper authorization.

Catherine DeBock – ESIT Fiscal Review Specialist



Fiscal Integrity Review Elements

- Budget and Coding
- Audit
- System of Payments and Fees / Hardship
- Payor of Last Resort
- Cost Allocation Plan
- Indirect Rate
- Accounts Payable
- Time and Effort
- Subrecipients / Subcontractors and Monitoring
- Procurement
- Prior-Approvals
- Equipment



Fiscal Integrity Reviews – Exceptions

Policy/Procedure	Payroll	Accounts Payable
Missing policies/procedures - SOPAF - POLR	Hours charged to the grant were worked outside of the contract period of performance	Not enough supporting documentation to verify charge
Not tracking grant funds separately from other income & expenses		Missing signed/dated contract for contracted services
Not tracking type of grant funds used		Missing itemized receipts
		Incorrect allocation
		Incorrectly charged to the grant
		Outside of contract period of performance
		Exceeded WA state OFM per diem/mileage rate
		Missing purchase approvals



Fiscal Integrity Reviews – Best Practice

When in Doubt, Document

- Documentation is key - it provides written justification/proof of actions taken

Reimbursement is based on Actual Time, Not Budget

- Payroll: If staff time is split (50% ESIT/50% ECEAP), their timesheet should be based on actual time spent on each funding source

Build strong policies & ensure staff are trained

Know Where to find Per Diem Rates

- Follow OFM/GSA rates – contractors should know where to find the rates to reduce risk of exceeding them
- For [in-state travel](#)
- For [out-of-state travel](#)
- For all [travel-related questions](#)
- To exceed a hotel rate, written preapproval must be obtained prior to booking



Systems Analysis Program Review

(every 3 years)

Fiscal Accountability Review Elements:

- Systems Analysis Program Review Pre-Visit CFRR (Child & Family Record Review) Tool
 - SOPAF
 - Systems Analysis Program Review On-Site Visit Interview
 - Fiscal Policies, Procedures and/or practice changes
 - Use of Funds
 - Payor of Last Resort
- * Follow-Up on outstanding item(s)/exception(s) from Fiscal Integrity Review (if applicable)

Tammy McCauley – Accountability & Quality Improvement Manager

Jessica Baffoe - Quality Improvement Specialist

Debbie Kirby - Quality Improvement Specialist

Kirsten Dixon – Quality Improvement Specialist



Resources

- **DCYF ESIT Program** [Policies & Procedures](#) & [ESIT Program](#) & [ESIT Resources](#) & [ESIT Contract Materials](#)
- **IDEA** – Individuals with Disabilities Education Act – [Subchapter III: Infants & Toddlers with Disabilities](#) & [Fiscal Resources for Grantees](#)
- **ECTA** – Early Childhood Technical Assistance Center – assists states in developing high-quality state early intervention & early childhood special education services systems. System Framework: [Finance Component](#) & [Fiscal Modules](#)
- **OSEP** – Office of Special Education- [ESIT Program](#)
- **CFR** – Code of Federal Regulations: codification of the general and permanent regulations promulgated by the executive departments & agencies of federal government of the US.
 - 34 CFR 303 – [Education: Subtitle B, Chapter III, Part 303 – ESIT](#)
 - 2 CFR 200 – [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)
- **CIFR** – [The Center for IDEA Fiscal Reporting](#) – assists state lead agency staff in improving the collection, reporting, analysis & use of IDEA Part C fiscal data.
- **RCW** – Revised Code of Washington: statutes passed by state legislature or by vote of the people (legislative branch) [RCW 43.216](#) - DCYF
- **WAC** – Washington Administrative Code: Regulations or rules adopted by state agencies (executive branch) [Title 110-400](#) – ESIT Program



Questions??

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SURVEY

