July 1, 2014
Honorable David C. Hespe
Acting Commissioner
New Jersey Department of Education
100 Riverview Plaza
PO Box 500, Route 29
Trenton, New Jersey 08625-0500

Dear Acting Commissioner Hespe:

We have conditionally approved New Jersey’s application for Federal Fiscal Year (FFY) 2014 funds under Part B of the Individuals with Disabilities Education Act (IDEA Part B). Our conditional approval is based on our review of the application submitted by the New Jersey Department of Education (NJDOE) to the U.S. Department of Education, Office of Special Education Programs (OSEP), on May 13, 2014 and June 27, 2014, including the assurances provided in Section II and incorporated by reference to this letter as noted in Enclosure A. In addition, the State provided specific assurances that it will:

1. Operate consistently with IDEA Part B and applicable regulations; and

2. Make such changes to existing policies and procedures as are necessary to bring those policies and procedures into compliance with the requirements of IDEA Part B as soon as possible, and not later than June 30, 2015. Within Section II of its application, the State has included, for each assurance it cannot meet at this time, the date by which it expects to complete necessary changes to any policies and procedures that are not yet in compliance with the requirements of IDEA Part B.

In a memorandum dated June 27, 2014, NJDOE provided a specific assurance that it will revise New Jersey regulation N.J.A.C 6A:14-2.5(c) to comply with the provisions in 34 CFR §300.502 regarding independent educational evaluations (IEEs) by eliminating the language which gives the local educational agency (LEA) an opportunity to conduct an assessment in an area that was not part of the initial evaluation or reevaluation before granting a parent an IEE, and submit to OSEP the revised regulation as soon as it is finalized, but no later than December 31, 2014. NJDOE also provided an assurance that throughout the period of the State’s FFY 2014 grant under Part B of IDEA, the State will monitor its LEAs to ensure compliance with the provisions of 34 CFR §300.502 regarding IEEs. In addition, NJDOE will provide OSEP with a copy of the memorandum notifying all LEAs of the change to New Jersey regulation N.J.A.C 6A14-2.5(c), regarding IEEs and the provisions of 34 CFR §300.502.

Please note that as part of your application for FFY 2014, your State has made an assurance, pursuant to 34 CFR §80.11(c), that it will comply with all applicable Federal statutes and regulations in effect during the FFY 2014 grant period. Any changes made by the State, after OSEP approval, to information that is a part of a State’s application, must meet the public participation requirements in 34 CFR §300.165.
Enclosed are the State’s grant awards for funds currently available under the Consolidated Appropriations Act, 2014 -- P.L. 113-76 for the IDEA Part B Section 611 (Grants to States) and Section 619 (Preschool Grants) programs. These funds are available for obligation by States from July 1, 2014, through September 30, 2016, in accordance with 34 CFR §76.709.

The amount in your award for Section 619 represents the full amount of funds to which you are entitled. However, the amount shown in your award for the Section 611 program is only part of the total funds that will be awarded to you for FY2014. Of the $11,472,848,000 appropriated for Section 611 in FY2014, $2,189,465,000 is available for awards on July 1, 2014, and $9,283,383,000 will be available for awards on October 1, 2014. Under the Section 611 formula, in a year in which the amount available for allocations to States increases from the prior year, subject to certain maximum and minimum funding requirements, State allocations are based on the amount that each State received from FY1999 funds, the general population in the age range for which each State ensures a free appropriate public education (FAPE) to all children with disabilities, and the number of children living in poverty in the age range for which each State ensures FAPE to all children with disabilities.1

In FY2014, the appropriation for the Preschool Grants program is $353,238,000. Under the Section 619 formula, in a year in which the amount available for allocation to States increases from the prior year and is less than the amount allocated to the States for FY1997, State allocations are based on the amount that each State received under section 619 for FY1997, ratably reduced, subject to the requirement that no State’s allocation shall be less than its section 619 allocation for the preceding fiscal year.

Enclosure B provides a short description of how Section 611 funds were allocated and how those funds can be used. In addition, Table I in Enclosure B shows funding levels for distribution of Section 611 funds and the parameters for within-State allocations.

Enclosure C provides a short description of how Section 619 funds were allocated and how those funds can be used. In addition, Table II in Enclosure C shows State-by-State funding levels for distribution of Section 619 funds.

Section 611(e)(1)(C) of the IDEA provides that “[p]rior to expenditure of funds under this paragraph [section 611(e)(1) concerning funds for State administration], the State shall certify to the Secretary that the arrangements to establish responsibility for services pursuant to section 612(a)(12)(A) are current.” We read this provision to mean that if a State does not have interagency agreements or other arrangements in place to establish responsibility for the provision of services, the State may not expend funds available to the State under Section 611(e)(1) [State administration funds] until the State has these agreements or arrangements in place.

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1 The amount that a State’s allocation may increase from one year to the next is capped at the amount the State received in the prior year multiplied by the sum of 1.5 percent and the percentage increase in the total amount appropriated for Part B of IDEA from the prior year. Additionally, the maximum amount that a State may receive in any fiscal year is calculated by multiplying the number of children with disabilities ages 3 through 21 served during the 2004-2005 academic year in that State by 40 percent of the annual per pupil expenditure (APPE), adjusted by the rate of annual change in the sum of 85 percent of the children aged 3 through 21 for whom that State ensures FAPE and 15 percent of the children living in poverty. Because there are multiple caps, in any year the “effective cap” on a State’s allocation is the lowest cap for that State.
Under section 608(a)(2) of the IDEA, each State that receives funds under IDEA Part B is required to inform in writing local educational agencies located in the State of any State-imposed rule, regulation, or policy that is not required by IDEA or Federal regulations. A State may use the same list of State-imposed rules, regulations and policies that it was required to submit to the Department in Section IV of its IDEA Part B application for this purpose.

The enclosed grant awards of FFY 2014 funds are made with the continued understanding that this Office may, from time to time, require clarification of information within your application, if necessary. These inquiries may be necessary to allow us to appropriately carry out our administrative responsibilities related to IDEA Part B.

In Section V of its IDEA Part B application, pursuant to the authority in IDEA section 618(a)(3), the State was required to submit data on the total amount of State financial support made available for special education and related services for children with disabilities in State fiscal year (SFY) 2012 and SFY 2013. If OSEP receives information through audits, fiscal monitoring or other means that raises questions about the data your State has provided in Section V, OSEP will follow-up with your State.

As a reminder, all prime recipients of IDEA (Part B or Part C) funds, must report subaward information as required by the Federal Funding Accountability and Transparency Act of 2006 (FFATA), as amended in 2008. First-tier subaward information must be reported by the end of the following month from when the award was made or obligated. FFATA guidance is found at http://www2.ed.gov/policy/gen/leg/recovery/rms-web-conferences.html. Please contact your State’s Fiscal Accountability Facilitator if you have further questions.

We appreciate your ongoing commitment to the provision of quality educational services to children with disabilities.

Sincerely,

Melody Musgrove, Ed.D.
Director
Office of Special Education Programs

Enclosures
Enclosure A
Enclosure B
Enclosure C

cc: State Director of Special Education