

DATE:	February 27, 2020
SUBJECT:	Clarification Regarding House Bill 3 Dyslexia Allotments, Use of PIC 37, and IDEA-B LEA MOE
CATEGORY:	Funding, Compliance, and Monitoring Implications
NEXT STEPS:	Share with appropriate staff

This letter provides clarification on the House Bill 3 (HB3) dyslexia allotments, program intent code (PIC) 37, and the impact of the use of PIC 37 on the Individuals with Disabilities Education Act (IDEA) local educational agency (LEA) maintenance of effort (MOE) compliance requirement. These topics were originally discussed in the [TAA letter posted on September 5, 2019](#), titled “House Bill 3 (HB3) Implementation of the Special Education and Dyslexia Allotment and Senate Bill 2075 Monitoring.”

HB3 Dyslexia Allotments, PIC 37, and IDEA-B LEA MOE

As stated in the [TAA letter dated September 5, 2019](#), LEAs are required to code all expenditures associated with their HB3 dyslexia allotment to PIC 37. This includes expenditures associated with both special education and non-special education students.

Title 34 of the Code of Federal Regulations, Part 300.203–Maintenance of Effort, requires TEA to ensure that LEAs receiving IDEA-B grant funds comply with the IDEA-B LEA MOE requirement. It further requires TEA to include *all* local and state funds expended for special education and related services in the IDEA-B LEA MOE calculation. In consultation with legal counsel, TEA analyzed this requirement as it pertains to the dyslexia allotment and has concluded that LEAs must distinguish between expenditures associated with special education students and non-special education students.

HB3 Dyslexia Allotments and IDEA-B LEA MOE for 2019–2020

During the 2019–2020 school year, LEAs must separately track expenditures coded to PIC 37 that are associated with special education students and those associated with non-special education students. TEA advises LEAs to use a local option code when using PIC 37 to track the expenditures that are associated with providing special education dyslexia services that would qualify as allowable expenditures for IDEA-B LEA MOE.

In fall 2020, TEA will contact LEAs to request data on PIC 37 expenditures associated with special education students through a special data collection. This reported amount, rather than the entire amount coded to PIC 37, will be included in the IDEA-B LEA MOE calculations that compare 2019–2020 to the last MOE-compliant school year expenditures. The 2019–2020 IDEA-B LEA MOE compliance reports will be available in April or May 2021.

HB3 Dyslexia Allotments and IDEA-B LEA MOE for 2020–2021

TEA is currently exploring the creation of a distinguishing PIC to make reporting requirements as clear and simple as possible for LEAs. As soon as a new PIC is created, TEA will notify LEAs and provide additional guidance as needed. It is TEA’s intention to begin use of a distinguishing PIC for the 2020–2021 school year.

For Further Information

If you have further questions about the use of PICs, please contact the Financial Compliance Division at (512) 463-9095 or schoolaudits@tea.texas.gov.

If you have further questions about IDEA-B LEA MOE and the expenditures used to calculate compliance with this reporting requirement, please contact the Federal Fiscal Compliance and Reporting Division at (512) 463-9127 or compliance@tea.texas.gov.