

# 2R Charter Schools *IDEA* Entitlement Allocations

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Special Education Team, DPI

## IDEA Flow-through & Preschool Entitlement Grants

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- Funds under the Individuals with Disabilities Education Act are provided to school districts on an entitlement (non-competitive) basis for programs and services to children with disabilities.
  - “Flow-through” provides funds for special education services to children ages 3-21.
  - “Preschool Entitlement” provides funds for special education services to children with disabilities ages 3-5.

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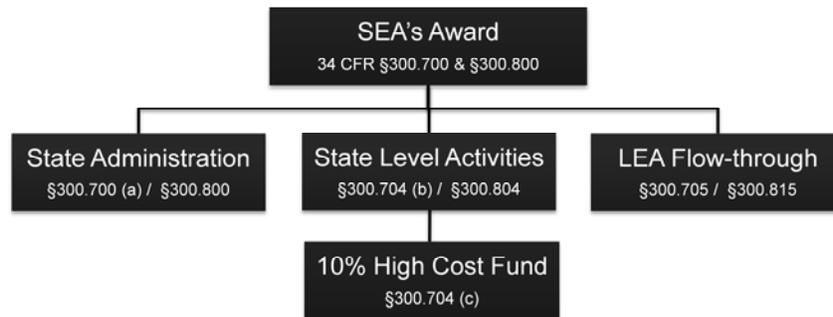
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## Distribution of IDEA Part B Funds



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States establish eligibility for funds by submitting an application to US Department of Education.

A small portion of the SEA's award is set-aside for state administration, state level activities and the high cost fund, referred to in Wisconsin as the "Keeping the Promise" fund for high cost special education students.

The majority of the SEA's award is directed towards LEAs to supplement the excess cost of special education at the local level.

IDEA Part B entitlement funds include both the "flow-through" funds (covering children ages 3 to 21) and "preschool" funds (covering children ages 3 to 5).

## Distribution of LEA funds

### ■ Base payments

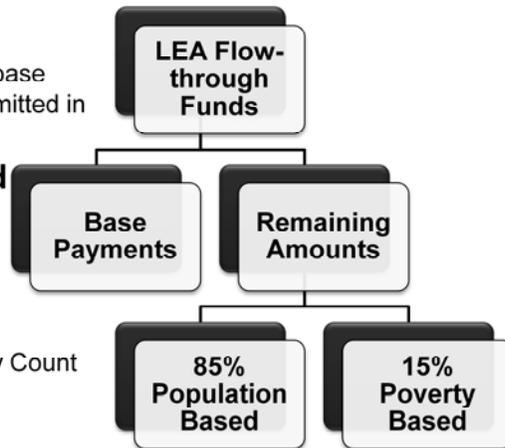
- Each district generates a "base amount" equal to data submitted in 1999 (FT) and 1997 (PS)

### ■ 85% Population Based

- LEAs submit enrollment on the third Friday of September (ISES data)

### ■ 15% Poverty Based

- DPI uses the Title I Poverty Count



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The distribution of LEA entitlement funds is based on a calculation determined in the IDEA statute.

Through this calculation, each district generates a "base amount" with the base amount based on the LEA's December 1, 1998, child count.

IDEA Part B funding has seen a moderate increase each year since the base payments were established in 1997 and 1999. The "remaining amounts" in this graph reference the funding that is provided to LEAs above the amount that was available for the base payments in 1997 and 1999.

The IDEA recovery funds will be included in the "Remaining Amount" portion of this calculation. Remaining amounts are then distributed to LEAs based on the LEA's total student enrollment and Title I poverty count.

## 2R Charter School IDEA Calculations

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- Prior to FY 2010, the calculation used for 2R Charter Schools was not the same used for all other Wisconsin LEAs
- Final rules require DPI to distribute funds to 2R Charter Schools the same as all other Wisconsin LEAs
- New calculation will be used FY 2010 forward

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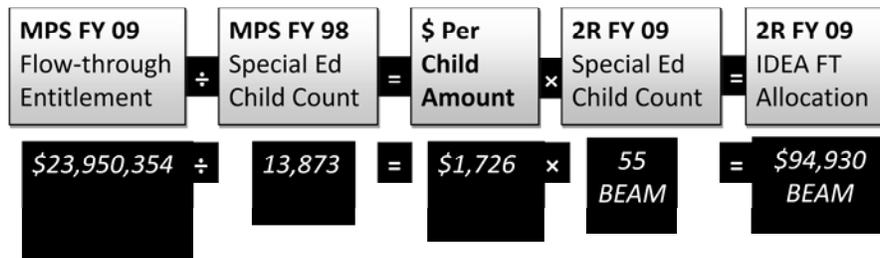
The calculation currently employed by DPI to determine allocations for 2R charter schools is not the same calculation used in determining all other LEA allocations, thus funds are not distributed in the same manner.

Final rules set forth on December 1, 2008 require SEAs to distribute IDEA Part B funds to public charter schools that operate as LEAs in the same manner as funds are distributed to all LEAs, effective with funds that become available on July 1, 2009. (34 CFR §300.705; 34 CFR §300.815)

Beginning with funds that become available on July 1, 2009, the IDEA Part B allocations distributed to Wisconsin 2R charter schools will be based on the formula established in the regulations. (34 CFR §300.705; 34 CFR §300.816)

## Former 2R Charter Calculation

- Funding previously based on Special Education Child Count



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The IDEA Part B funding allocation established by regulation uses “base payment” as part of the calculation. This base payment is the amount an LEA received as an IDEA Part B allocation in 1999 for flow-through and 1997 for preschool. All new funds since then are distributed on a basis of 85% enrollment and 15% Title I Census poverty count. At the time this law went into effect, DPI was not collecting special education child counts for 2R charter schools because the first of what we now call “LEA 2R charter schools” were just beginning to be established.

Due to a lack of previous guidance on how to calculate LEA 2R charter school IDEA funding, DPI established a calculation for 2R charter schools that based funding on the Special Education Child Count. This graphic was the calculation for determining a Milwaukee 2R charter school’s IDEA Part B flow-through allocation for the 2009 fiscal year:

DPI would take Milwaukee School District’s fiscal year entitlement allocation and divide it by the number of special education students Milwaukee reported serving in 1998 to determine the per child amount for the 2R charter school allocation. This per child amount was then multiplied by the number of special education children served by a 2R charter school as reported by the 2R charter school on the third Friday in September ISES count for the fiscal year. The multiplication of the per child amount against the number of special education students served by the 2R charter school would determine the 2R charter school’s IDEA allocation.

## Shortfalls of the current allocation calculation

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- Based on special education child counts, which are not finalized until the end of January of a given fiscal year.
- Allocations were based on estimates for a majority of the fiscal year.
- 2R charter schools could not plan on a consistent allocation amount from year to year.

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For most 2R charter schools, the requirement to switch over to this new calculation will come as good news.

Under the current system, calculations for 2R charter school allocations rely on the Special Education Child Count of the fiscal year of the allocation. This child count is collected on October 1<sup>st</sup> and is not in a substantially finalized form until the end of January.

2R charter schools do not receive their final allocation for a fiscal year until early February. This means that a charter school was operating on an estimated allocation amount for 7 months of the 12-month fiscal year. The estimated allocation is the amount the 2R charter school received in the previous fiscal year and has varied extremely from estimated allocation to final allocation.

The reality of this situation is that 7 months into the fiscal year, 2R charter schools would need to figure out how to reduce their IDEA budgets to match their final allocations. Some 2R charter school would see reductions in their estimates upwards of \$40,000.

2R charter schools could not rely on a base amount from year to year and so would have difficulty in planning.

## Calculation for 2R Charter Schools

### ■ Base payments

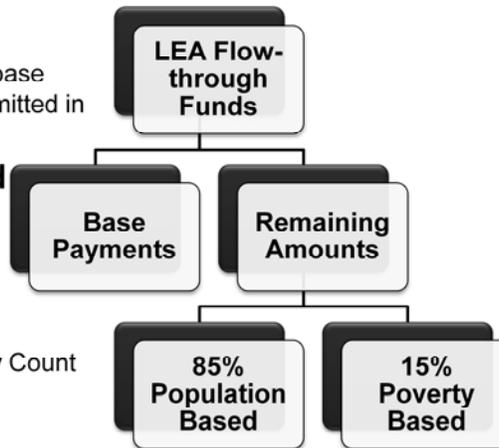
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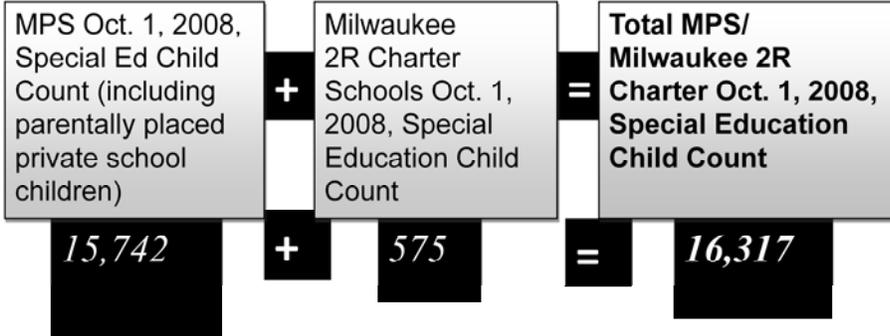
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On December 22, 2008, DPI received a letter from the US Department of Education reinforcing the message that SEAs must ensure that charter schools receive Federal education funds to which they are entitled. The letter also stated that the OMB Compliance Supplement (which concerns A-133 audits) has been revised around this issue making it more likely that the SEA's compliance with these requirements will be audited.

A base payment had to be established for the existing 2R charter schools. The remaining two pieces of the equation - enrollment and poverty count - are already collected by DPI.

## 2R Charter – New Calculation

### ■ STEP 1 – Determining Special Education Child Count



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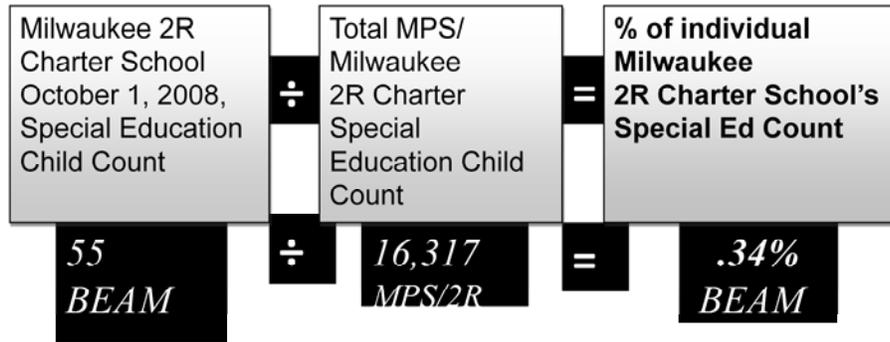
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This slide contains the calculation to determine an existing 2R charter school's base payment. This example uses Milwaukee 2R charter school figures (data pieces vary slightly when calculating Racine 2R charter schools and also when calculating preschool allocations).

In Step 1 of this process, the Special Education Child Count must be established. This is done by adding Milwaukee School District's Oct. 1, 2008, special education child count, as collected by ISES, and adding it to the aggregated special education count of all existing Milwaukee 2R charter schools.

## 2R Charter – New Calculation

- STEP 2 – Determining a Milwaukee 2R charter school's child count percentage of the whole



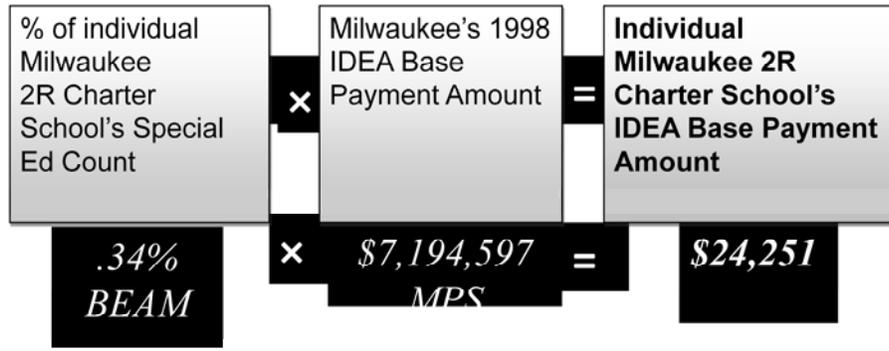
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The second step for determining a 2R charter school's base amount is to take the Oct. 1, 2008, special education count at the 2R charter school and divide it by the aggregate special education count of the Milwaukee Public School district and Milwaukee 2R charter schools to determine the 2R charter schools percent of the whole.

## 2R Charter – New Calculation

- **STEP 3** – Determining a Milwaukee’s 2R charter school’s Base Payment Amount (used in FY10 forward)

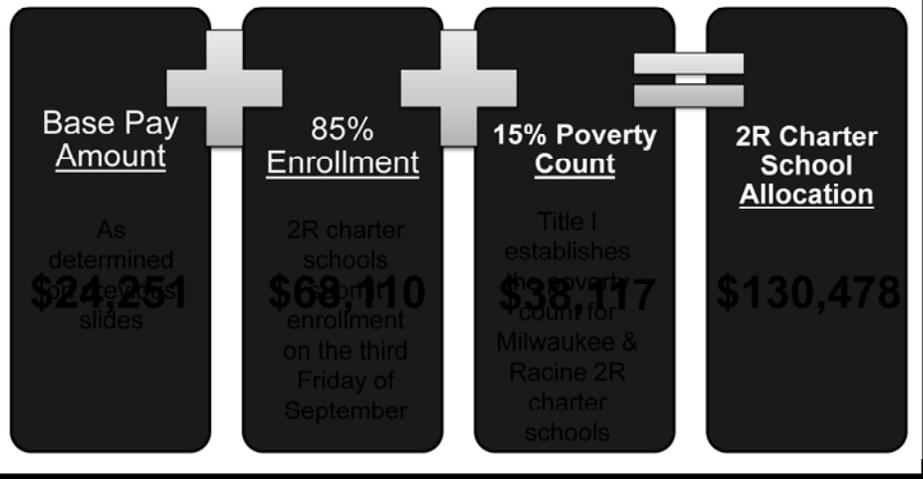


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That percent of the whole is then multiplied by the base payment Milwaukee received in 1998 for their IDEA flow-through allocation. This amount becomes the 2R charter school’s base allocation from July 1, 2009, forward. The IDEA allocation consists of this base amount (in this example \$24,251) plus funding based on the 2R charter schools total student enrollment and Title I poverty count.

## 2R Charter Calculation



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This slide details the calculation that will be used beginning with fiscal year 2009-2010.

The base payment was established on the previous slides. Any new IDEA funding is distributed to the 2R charter schools based on the school's total student enrollment and the poverty count as determined by Title I. The combination of base pay, enrollment and poverty count establishes the 2R charter school's allocation for a fiscal year.

## **SPECIAL CIRCUMSTANCES**

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- Establishment of a new 2R Charter School
  - Allocation established within five months from operation start
  - Will not affect the allocations for established 2R charter schools during the fiscal year of the start up
  - Base pay amounts will be adjusted the following year for all existing 2R charters

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There are some special circumstances around the allocations for 2R charter schools. One circumstance concerns the establishment of a new 2R charter school.

An allocation must be provided within five months from when a 2R charter school begins operation. A base payment amount will be determined by accessing the new 2R charter school's special education child count as received October 1 in order to determine the base pay amount. This will not affect the allocations already established for other 2R charter schools and LEAs for that fiscal year. However, the base pay amounts will be adjusted the following fiscal year for all 2R charter schools and LEAs that are affected by the creation of the new 2R charter school.

## **SPECIAL CIRCUMSTANCES**

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- Closing of a 2R Charter School
  - Will not affect the allocations for established 2R charter schools during the fiscal year the school closes
  - Base pay amounts will be adjusted the following year for all existing 2R charters

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If a 2R charter school closes, adjustments will be made to all affected 2R charter school and LEA base pay amounts the fiscal year following a 2R charter school's closing.

## **SPECIAL CIRCUMSTANCES**

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- Significant increases in enrollment or poverty count
  - Adjustments will be made in January
  - Utilize the ESEA significant increase calculation
    - 20% increase with student populations over 100;
    - Increase of 20 students with student populations under 100

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If a 2R charter school sees a significant increase in enrollment or poverty count, a January adjustment will be made in the 2R charter school's allocation. The recommendation is to utilize the ESEA significant increase calculation (20 / 20 rule).

ESEA's significant increase calculation means that an adjustment will be made to a 2R charter school's allocation during a fiscal year if the school sees a 20% increase in student populations with an enrollment over 100 or an increase of 20 students if the school has a student enrollment under 100.

## Early Childhood Circumstances

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- Prior to FY 2010, if a 2R charter school that normally served 3 to 5 year olds were serving not children with disabilities in that age group, preschool allocation was reduced to 0

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An additional regulation change beginning July 1, 2009, requires the state education agency to allocate funds to eligible school districts, including public charter schools that operate as school districts, even if the school district is not serving any children with disabilities. (34 CFR §300.705(a))

At this time, 2R charter schools who report serving no students with disabilities either in ages 3 to 5 or 3 to 21 have their Part B allocations reduced to \$0. After July 1, 2009, this will no longer occur.

## Early Childhood Circumstances

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- With fiscal year 2009-10, all 2R charter schools that serve this age group will receive an allocation regardless of number of children with disabilities enrolled.
  - Funds may be spent on child find activities

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For all 2R charter schools that serve 3 to 5 year old children, this issue will be resolved through the revision of the IDEA Part B allocation calculations for 2R charter school allocation. The allocation generated by the enrollment and poverty counts would provide a 2R charter school with an allocation annually even if no children with disabilities were being served in 2008 (the child count year in which the base pay amount will be determined).

If a 2R charter school has only middle and / or high school grades, the policy used for all non-2R charter schools would be implemented. The current policy is LEAs that have only middle and / or high school grades do not receive an IDEA preschool allocation.

## Allocation Spreadsheets

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- The IDEA allocation spreadsheets are located at:

### Flowthrough

- [http://dpi.wi.gov/sped/grt\\_flow.html](http://dpi.wi.gov/sped/grt_flow.html)

### Preschool

- [http://dpi.wi.gov/sped/grt\\_pren.html](http://dpi.wi.gov/sped/grt_pren.html)

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This slide contains links to the allocation spreadsheets for fiscal year 2009-2010. 2R charter schools can view their IDEA allocations using the new formula.